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 MEMBER OF EUROPEAN COMMISSION

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Dear Mr. Allister,

Thank you for your letter of 18 January 2008, in which you describe some of your concerns over the proposed increase in compulsory modulation, as indicated in the Communication on the Health Check of the CAP Reform, and in particular, its relation to voluntary modulation, as applied in the UK.

As I indicated to you in reply to your previous letter of 12 September 2007, I see an EU-wide increase in compulsory modulation in the context of a political consensus on the requirement for more rural development funds to address the needs of the agricultural sector arising from the new challenges, such as climate change, water management, renewable energies or protection of biodiversity.

Moreover, I am far from being content with the cut in Pillar II support, which followed the 2005 decision on the Financial Perspectives, and which presents an obstacle to the realisation of our objectives in the current budgetary period.

You will be aware that, at the time of the decision on the current voluntary modulation, the Commission undertook to examine the issue of modulation in the framework of the Health Check of the CAP reform and to give special attention to the financing of the second pillar. Furthermore, I am of the opinion that any further increase of compulsory modulation should be envisaged with a corresponding reduction of the applied rate of voluntary modulation.

It is my intention to keep to this commitment. In this context, I have taken note of the comments you have made and they will be taken into account in our reflections in the period leading up to the adoption by the Commission of its legislative proposals for the Health Check in May this year.

Yours sincerely,



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