Future of the CAP after 2013

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The European Parliament adopted a resolution on the Future of the Common Agricultural Policy after 2013.

Parliament notes that the CAP reforms initiated in 1992 and 1999 and, in particular, the 2003 reform, which was reviewed during the Health Check and introduced the principle of decoupling, as well as the various sectoral reforms, were all intended to allow EU farmers to better respond and react to market signals and conditions. It wishes for this trend to continue in further reforms, while some market measures are still needed in view of the specific features of agricultural production.

An amendment adopted in plenary recalls that agriculture has always been a producer of public goods, or of what in today's context may be called **'first-generation' public goods**, the reference here being to food security and food safety, and to the high nutritional value of agricultural produce, which should continue to constitute the primary raison d'être for the CAP, corresponding to its essence and representing the first concern of Europe's citizens. The more recently identified or **'second-generation' public goods**, e.g. the environment, land management or animal welfare, while also objectives of the CAP, are complementary to the first-generation goods and should therefore not replace them.

The resolution also recalls that European agriculture faces **new challenges**: food security, the rising prices of foodstuffs and volatile market prices, the fight against climate change, water, soil and biodiversity management, consumer demands for high quality products, better animal welfare as well as competitiveness, the rural exodus, ageing of the rural population, pressures on agricultural earnings, achieving equal levels of development and cohesion.

The need for a strong CAP post 2013: given these challenges and in the light of the Europe 2020 Strategy, Parliament considers that the priorities of the European Common Agricultural Policy post-2013 should be part of a **common and credible multi-functional agricultural food policy with the necessary funding** both to provide effective and targeted support to farmers and respond to the concerns of the rural community, as well as benefiting society as a whole. The CAP should enable agriculture to play its part in the European economy and ensure it has the tools to compete on world markets.

Members consider that the **future European agricultural policy must remain a common policy** and that it should not be renationalised. It believes that direct support should remain fully financed by the European budget and reject any further cofinancing which could harm fair competition within the EU Single Market. This policy should ensure the coexistence of i) high-added-value farming with high-quality primary and processed products, giving it a strong position on world markets; ii) farming open to regional markets; iii) farming geared to local markets.

Parliament recalls that one of the main reasons why the EU needs a strong CAP is to contribute to the maintenance and development of viable and dynamic rural communities, at the heart of European cultural diversity. It takes the view that this calls for the socio-economic gap between rural and urban communities to be narrowed, in order to avoid the growing land abandonment and rural depopulation which are further isolating rural areas.

The resolution underlines the urgent need to attract younger generations and women to rural areas through long-term policies and to provide new and alternative economic opportunities for them to ensure a

sustainable rural population. New ways of attracting young people should be explored, such as the availability of favourable loans and credit for investments and recognition of their professional skills, in order to ensure they are able to enter the rural economy with relative ease.

Noting that the **cross-compliance** system remains one of the appropriate means of optimising the provision of eco-system services by farmers and meeting new environmental challenges by securing the provision of basic public goods, Parliament notes, however, that the introduction of cross-compliance has raised a whole range of problems relating to administrative issues and acceptance by farmers, who had the impression that they were losing a degree of freedom in their work. They call therefore for the administrative burden on farmers to be reduced through a simplified implementation system for cross-compliance requirements.

CAP priorities for the 21st century: Parliament agrees on the need to fix certain central key building blocks: security of supply of food products and fair trade, sustainability, agriculture across Europe, the quality of foodstuffs, conservation of biodiversity and environmental protection, and green growth to achieve a fair and more sustainable CAP. They consider that the current two-pillar structure (production supports and rural development) should be maintained.

***A fair CAP*:** the resolution insists that EU agriculture must remain competitive against fierce competition and trade-distorting measures on the part of trading partners and/or countries where producers are not subject to standards as high as in the EU as regards, in particular, product quality, food safety, the environment, social legislation and animal welfare. Members believe that improving competitiveness at different levels (local, regional, internal market and world markets) should still be a fundamental objective of the CAP post-2013. They call on the Commission to uphold the interests of European farmers in the context of multilateral and bilateral trade agreements negotiated on behalf of the EU.

Stressing that farmers require long-term investment prospects and adequate incomes in order to carry out their tasks, Member call for the guarantee of a **fair and stable return for the farming community** to remain a primary goal for the new CAP, whilst providing good value for money and fair treatment for consumers.

Parliament calls for flexible and efficient market measures to be set in place to ensure an adequate safety net within the future framework of the CAP in order to avoid extreme market price volatility, provide a greater degree of stability, and provide rapid and efficient responses to economic crises arising in the sector. It takes the view that this should be complemented by a risk management system that helps minimise the consequences of natural and health disasters. It also calls for a fair distribution of CAP payments and insists that it should be fair to farmers in both new and old Member States.

Members consider that reducing direct payments under the first pillar would have devastating consequences, not only for farmers but, to an equal extent, for the countryside, for agriculture-linked public services, for consumers and for society, given that the latter is a beneficiary as a whole. They add that direct payments are, therefore, essential and must be maintained.

***A sustainable CAP*:** the agriculture sector has a **leading role to play in tackling climate change** by reducing GHG emissions, increasing carbon sequestration capacity and developing and using more renewable energy sources and bio-based materials.

Parliament believes that climate considerations should be integrated across CAP measures where appropriate. It believes that an EU-funded top-up direct payment should be made available to farmers through simple multiannual contracts rewarding them for reducing their carbon emissions per unit of production and/or increasing their sequestration of carbon in the soil through sustainable production methods and through the production of biomass that can be used in the production of long-lasting agro-materials.

Parliament takes the view that investment in agricultural innovation should be further encouraged, inter alia through the CAP and EU research and development framework programmes, in order to address new challenges. It recommends, to this end, the active presence of agronomic advisors in the regions to guide farmers in their attempts to deliver environmental public goods.

***A green CAP*:** Parliament notes that the market has failed, to date, to properly reward farmers for protecting the environment and other public goods. It considers that green growth should be at the heart of a new rural development strategy that focuses on creating new green jobs through:

- the development of local dynamic tools such as local marketing, local processing, and support for projects involving all stakeholders from the local farming sector;
- the development of biomass, bio-waste, bio-gas and small-scale renewable energy production, as well as encouraging the production of second-generation biofuels, agro-materials and green-chemistry products,
- investing in modernisation and innovation, as well as new research and development techniques for adaptation to, and mitigation of, climate change;
- providing training and advice to farmers in applying new techniques and to assist young farmers entering the industry.

***Food quality*:** the resolution stresses that the development of food quality policy, including in terms of geographical indication (PDO/PGI/TSG), must be a priority aspect of the CAP and be deepened and strengthened so that the EU can maintain its leadership position in this area. It takes the view that, in the case of these high-quality products, the use of original management, protection and promotion instruments should be allowed.

***Agriculture across Europe*:** Parliament calls for the continuation of specific measures to compensate farmers producing in disadvantaged areas such as areas with natural handicaps, including mountainous regions, environmentally sensitive areas and/or regions which are the most affected by climate change, and outermost regions, in order to ensure that agricultural activity takes place so that land continues to be managed and local food is produced across the EU, reducing the threat of land abandonment and ensuring balanced territorial management across the EU and a **rational development of agricultural production.**

***A common and simple policy*:** Members believe that the new CAP, through a simplified support system, must be easy to administer, transparent, and reduce red tape and administrative burdens on farmers, particularly for smaller producers. They believe that this could be achieved inter alia by moving towards the use of delivery tools that set the goals and empower farmers to choose their own farming systems to meet these objectives, such as outcome agreements, simple contracts and multiannual payments.

The CAP in the multi-annual financial framework: the resolution underlines the need, given the new Common Agricultural Policy objectives, to provide adequate funding in the new multiannual financial framework (MFF), in order to be able to better support the policy in accordance with the major challenges this crucial sector for EU food security will have to face in the coming years.