CAP towards 2020: meeting the food, natural resources and territorial challenges of the future

2011/2051(INI) - 25/05/2011

The Committee on Agriculture and Rural Development adopted an own-initiative report by Albert DESS (EPP, DE) in response to the Commission Communication 'The CAP towards 2020: meeting the food, natural resources and territorial challenges of the future'.

Whilst welcoming the Commission communication, Members recognise the need for further reform of the CAP in line with the changing nature of the farming industry in the EU27 and the new international context of globalisation. They call for the **continuation of a strong and sustainable CAP with a budget commensurate with the ambitious objectives** to be pursued in an effort to meet the new challenges and firmly reject any moves towards a renationalisation of the CAP.

The committee calls for the CAP to remain **structured around two pillars**: pillar 1 should remain fully financed by the EU budget and yearly based, while multiannual programming, a contractual approach and cofinancing should continue to apply under pillar 2. Members call for the EU agricultural budget in the next financing period to be maintained **at least at the same level as the 2013 agricultural budget**.

(1) Direct payments: Members also call for a strong, well funded first pillar to remain in existence that is capable of meeting the new challenges to European agriculture. They call for a **fair distribution of CAP funding** for the first and second pillars both among Member States and among farmers within a Member State. This will entail the gradual replacement, following a transitional period, of the system based on outdated historical reference values with support payments which are fair and thus allocated more effectively among countries, among different agriculture sectors and farmers.

The report advocates therefore a **single farm payment system which effects a certain redistribution** in the interests of fair distribution of direct payment funds in the EU as a whole. It proposes that each Member State should receive a minimum percentage of the EU average direct payments and that a ceiling should be set.

In the case of direct farm payments, it advocates moving away from historical and individual reference values used for distribution among Member Statesand calls for a transition to an area-based regional or national premium for decoupled payments in the next financing period.

Members welcome the recognition of the role of **small farmers** in European agriculture and are in favour of establishing a specific, simplified aid scheme for them. They consider that direct payments should be reserved only for **active farmers**.

(2) Resource protection and environmental policy component: Members believe that natural resource protection should be more closely linked to the granting of direct payments and call, therefore, for the introduction, through a greening component, of an **EU-wide incentivisation scheme** with the objective of ensuring farm sustainability and long-term food security through effective management of scarce resources (water, energy, soil) while reducing production costs in the long term by reducing input use. This scheme should go hand-in-hand with a simplification of the cross-compliance (CC) system for recipients of direct payments and should balance environmental and economic performance.

The report states that further greening should be pursued across Member States by means of a **priority catalogue of area-based and/or farm-level measures that are 100% EU-financed**. Examples of such

measures could include: (i) support for low carbon emissions and measures to limit or capture GHG emissions; (ii) support for low energy consumption and energy efficiency; (iii) precision farming techniques; (iv) crop rotation and crop diversity.

Members call for the new CAP to include **targets for the use of sustainable energy** and to promote the conservation of **genetic diversity**, comply with Directive 98/58/EC on Animal Welfare and abstain from funding the production of food from cloned animals and their offspring or descendants. It stresses the need to develop **efficient irrigation systems**.

(3) Cross-compliance (CC) and simplification: the report points out that the CC system remains one of the most appropriate means of optimising the provision of baseline ecosystem services by farmers and meeting new environmental challenges by securing the provision of basic public goods. It notes, however, that the implementation of CC has encountered a range of problems relating to administration and acceptance by farmers.

Members consider that direct payments are not justified without conditions and therefore that a CC system that is, as a result of the greening of the CAP, simplified and efficient in practice and at administrative level in terms of controls should apply equally to all recipients of direct payments. Cross-compliance must be **risk-based and proportional** and must be respected and sufficiently enforced by the competent national and European authorities. Monitoring of CC should be more linked to performance criteria and to encouraging farmers to achieve results. Furthermore, farmers themselves should be more involved in this monitoring.

(4) Instruments, safety net and risk management: the report considers that it is important to be able to take action to counter excessive price volatility and react in good time to crises caused by market instability in the context of the CAP and on world markets. It emphasises that the CAP should incorporate a certain number of **flexible and effective market instruments** which act as a safety net, fixed at appropriate levels and available in the event of serious market disruption. These instruments should include specific supply-management instruments which, if employed fairly and on a non-discriminatory basis, can provide effective market management and prevent crises relating to overproduction, at zero cost to the Union budget.

Members call for a **multi-tiered safety net** extended to cover all sectors, comprising a combination of tools such as public and private storage, public intervention, market disruption instruments and an emergency clause. A special reserve budget line which could be swiftly activated should be made available in **future EU budgets** to provide a rapid reaction tool in the event of severe crises in the agricultural markets.

The Commission is called on to examine the extent to which the **role of producer groups or sectoral associations** in risk prevention and in promoting quality can be extended to all production sectors. The report calls for measures of this kind to take particular account of products covered by quality-label schemes.

(5) The food supply chain: the report calls for measures to be taken to strengthen primary producers' and producer organisations' management capacity and bargaining power vis-a-vis other economic operators in the food chain (primarily retailers, processors and input companies), while respecting the proper functioning of the internal market. While respecting the proper functioning of the internal market, Members take the view that the functioning of the food supply chain must urgently be improved through **legislative initiatives** to achieve greater transparency in food prices and action to address unfair commercial practices, enabling farmers to obtain the added value they deserve. They call on the Commission to strengthen the position of farmers and promote fair competition.

With a view to giving farmers a stronger position in the food chain, instruments that will help farmers to run short production chains that are transparent and efficient should be developed.

(6) Rural development: the report recognises the importance of rural development policies as defined and financed in the second pillar, and the need for further development of the rural economy, the agri-foods and non-food sector and a better quality of life in rural areas. Members consider that rural development measures must respond to the challenges in the fields of food security, sustainable management of natural resources, climate change, biodiversity loss, depletion of water and soil fertility, and must enhance balanced territorial cohesion and employment. These measures should also encourage self-sufficiency in production of on-farm renewable energy, notably from agricultural waste products.

In this context, particular attention should be devoted to assisting **young farmers** through attractive measures such as access to land, grants and favourable loans, particularly in the fields of innovation, modernisation and the development of investment etc.

Members emphasise that rural development policy must enable all natural and human potential of rural areas to be harnessed also by means of quality agricultural production, for example by means of direct sales, product promotion, supplying local markets and diversification as well as biomass outlets, energy efficiency, etc. They also stress that appropriate infrastructure for the development and dissemination of agricultural knowledge and innovation systems is needed, including education and training opportunities, farm advisory services and exchange of best practices.

The committee advocates, therefore, introducing targeted measures, to be decided by the Member States in the second pillar, to attain common rural development objectives of the EU (2020 Strategy).