The evolution of the agricultural incomes in the European Union

2002/2258(INI) - 22/01/2004

The committee adopted the own-initiative report by Georges GAROT (PES, F) on trends in agricultural incomes. Recalling that one of the fundamental aims of the CAP was still to ensure a fair standard of living for the agricultural community, the report noted that farm incomes increased by 7% in the EU between 1995 and 2002, but that this was only possible through a 15.7% decrease in the number of farms, an increase in farm size, more intensive production and increasing pluriactivity and diversification. It pointed out that there were still major disparities in agricultural incomes per full-time farmer, due partly to disparities in labour productivity, but also to the uneven breakdown of aid: 20% of farms received 73 per cent of direct aid, covering 59% of cultivated land and only 25% of jobs. MEPs said that market regulation and price stabilisation were essential to the stability of incomes in dealing with price fluctuations caused by weather conditions, world price trends and supply crises. Guaranteed institutional prices should act as an essential safety net, but should be set at a level which avoids providing an attractive outlet leading producers away from the market. The report also called for the establishment of crisis management mechanisms, "which may be implemented as a last resort whenever market prices remain below safety-net levels for significant periods". In addition, it stressed that falls in the price of farm products do not affect trends in consumer food prices or vice versa. It therefore asked the Commission to consider the issue of the economic organisation of producers and the ways in which farm products are marketed. The committee considered it legitimate to maintain the level of public support for agriculture so that farmers are able to remain on the land throughout the Union. It believed that, when the Commission submits legislative proposals which directly affect agriculture (such as environmental measures), it should also indicate the economic impact which the legislation will have on agriculture. MEPs said that 'decoupling' of aid from production levels was liable to accentuate territorial problems and create an imbalance between sectors if a large number of farmers decided not to produce while continuing to receive aid. The fact that the 'decoupled' aid system would be applied in different ways in different Member States meant that it might be deemed no longer acceptable by the general public and the WTO if it was based on historically acquired rights, without allowing for fairer remuneration for all farmers and all production. MEPs therefore considered that future proposals to convert decoupled aid into a support system must permit sustainable cultivation and animal husbandry, consistent with the public service benefits of multifunctional agriculture and with international trade rules. MEPs deplored the fact that the funding proposed for transfer to rural development was inadequate. The report also stressed that compulsory cofinancing was a serious hindrance to rural development policy. It therefore called for the share of national contributions to be reduced and for greater coherence between the two 'pillars' of farm support and rural development.