Commom agricultural policy CAP: risk and crisis management

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The committee adopted the own-initiative report drawn up by Friedrich-Wilhelm GRAEFE ZU BARINGDORF (Greens/EFA, DE) in response to the Commission's paper on risk and crisis management in agriculture. The report made a number of general recommendations before going on to look at the three specific policy options being proposed by the Commission (insurance against natural disasters, mutual funds and basic income guarantees).

It criticised the Commission's "one-sided approach" based on compensation and indemnification and called for a greater emphasis on preventive measures to reduce risks and avert crises, for example, the use of vaccination and better surveillance of illegal imports. Moreover, the definition of 'market crisis' should be extended to cover the issue of restrictions imposed by third countries on EU agricultural exports. Common market organisations (COMs) should be maintained in particularly vulnerable areas such as fruit and vegetable production. MEPs also said that, in view of the widespread removal of duties on agricultural products agreed within the WTO, there was a need to define the conditions for market access, as a preventive measure, to prevent economic, ecological and social dumping. They added that consideration should be given to granting aid for the purchase of fuel in times of exceptional fuel price rises, while at the same time encouraging the production of energy crops through increased aid to producers. Finally, the committee wanted special attention to be devoted to the position of young farmers, who are especially vulnerable to crises and disasters as they are often deeply in debt as a result of buying their farm.

Turning to the three options set out in the Commission's policy paper, the report acknowledged that **insurance against natural disasters** was "the most tried and tested tool on the market" and that insurance premium subsidy was an accepted form of aid within the WTO. It pointed out that the co-financing of premiums, or reinsurance schemes, would require substantially greater funding from the EU and national budgets than the intended 1% of modulation. The Commission was urged to set up an EU-funded public insurance scheme for individual production areas and production methods, as well as a consistent and affordable reinsurance scheme for all Member States under the CAP.

MEPs welcomed the Commission's suggestion that support could be provided for **mutual funds** for sharing producer risk, and pointed out that producer organisations were of crucial importance in providing more effective insurance cover through risk spreading and pooling of interests vis-à-vis capital markets and the private insurance sector. Accompanying national and EU measures were needed in the field of tax relief and credit facilities, in order to encourage private investment and contributions.

Finally, the committee noted the proposals on providing **general coverage against income crises** and said that this should be discussed in the context of the future revision of the CAP. Any such system would entail enormous administrative costs. Rather than developing state-funded coverage against crises, it would be better to ensure that private insurance schemes were reliable and efficient. What was needed was a "rapid and flexible" crisis intervention system.