Basic information

2009/2156(INI) INI - Own-initiative procedure	Procedure completed
Agriculture in areas with natural handicaps: a special health check **Subject** 3.10.01.02 Rural development, European Agricultural Fund for Rural Development (EAFRD) 3.10.01.06 Less-favoured agricultural areas	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
AGRI Agriculture and Rural Development	DORFMANN Herbert (PPE)	02/09/2009
	Shadow rapporteur GARCÍA PÉREZ Iratxe (S&D)	

Committee for opinion	Rapporteur for opinion	Appointed
REGI Regional Development	ESTARÀS FERRAGUT Rosa (PPE)	06/10/2009

European Commission

Commission DG	Commissioner
Agriculture and Rural Development	CIOLOŞ Dacian

Key events

Date	Event	Reference	Summary
21/04/2009	Non-legislative basic document published	COM(2009)0161	Summary
22/10/2009	Committee referral announced in Parliament		
16/03/2010	Vote in committee		Summary
23/03/2010	Committee report tabled for plenary	A7-0056/2010	
19/04/2010	Debate in Parliament		
05/05/2010	Decision by Parliament	T7-0132/2010	Summary

05/05/2010	Results of vote in Parliament		
05/05/2010	End of procedure in Parliament		

Technical information	
Procedure reference	2009/2156(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/7/00914

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE430.737	05/01/2010	
Amendments tabled in committee		PE438.477	09/02/2010	
Committee opinion	REGI	PE430.606	24/02/2010	
Committee report tabled for plenary, single reading		A7-0056/2010	23/03/2010	
Text adopted by Parliament, single reading		T7-0132/2010	05/05/2010	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2009)0161	21/04/2009	Summary
Commission response to text adopted in plenary	SP(2010)4415	06/09/2010	

Agriculture in areas with natural handicaps: a special health check

2009/2156(INI) - 21/04/2009 - Non-legislative basic document

PURPOSE: to revise aid scheme for farmers in areas with natural handicaps.

BACKGROUND: in place since 1975, the aid scheme to farmers in Less Favoured Areas (LFA) provides a mechanism for supporting the continuation of farming and thus maintaining the countryside in mountain areas, in less favoured areas other than mountain (the so-called *'intermediate LFAs'*) and in areas affected by specific handicaps.

Mountain areas cover nearly 16% of the agricultural area of the EU. **Approximately 31% of the agricultural land of the EU is classified as intermediate LFA, on the basis of a wide range of criteria** whose diversity throughout the EU was spotlighted by the European Court of Auditors as a possible source of unequal treatment. Only a limited proportion of farms in these areas, corresponding to 7% of total EU farms, receive an LFA payment and the average amount of the allowance significantly varies among the Member States, from 16 euro per hectare in Spain to 215 euro per hectare in Belgium.

The logic of intervention of the LFA scheme was revised in 2005. To enhance the contribution of the rural development policy to the EU sustainable development strategy, it was decided to clearly focus the objectives of the scheme on **land management**.

In 2005, the Council did not achieve an agreement on a possible Community wide system for classifying these areas in line with the new definition and the policy objectives. It was therefore decided to maintain the previous system in force for a limited period of time and the Commission was asked to undertake a review of the LFA scheme with a view to presenting a proposal for a future payment and designation system applying from 2010.

Despite the process of intense cooperation with national authorities and stakeholders and the scientific consultations carried out by the Commission since 2005, the limits resulting from the scale of pan-European data do not allow the Commission to present a legislative proposal underpinned by thorough analysis of a possible new delimitation system. The information necessary to assess the outcome of a new delimitation approach at detailed scale is only available – or can be collected – at national level.

The aid scheme to farmers in areas with natural handicaps needs to be reviewed **in order to adapt the intermediate LFA delimitation and payment system to the land management objectives decided in 2005**, to improve its **transparency** and objectivity while giving due weight to national and regional peculiarities, and to promote the targeting of the aid to the situations for which the hazard of land abandonment is greatest.

It should be noted that this **review exercise does not affect mountain areas** (already classified based on objective common criteria) **or areas with specific handicaps** (e.g. islands and coastal areas) which are classified according to those specific handicaps.

CONTENT: with this Communication, the Commission reports on the state of play of the LFA review exercise and seeking to further involve the Member States in the analysis in order to elaborate on **solid ground a proposal for an area delimitation system** consistent with the EU objectives for NHP and stable over time.

The problems that remain to be tackled within the current review exercise are the lack of transparency of the systems used by the Member States for classifying intermediate less favoured areas, the insufficient targeting of the aid on sustainable land management, notably by targeting on the situations most in danger of land abandonment and the need to achieve the common area classification approach.

The document focuses on the three following issues:

1) Making the less favoured areas delimitation system more effective: the current classification of intermediate LFAs is partially based on socio-economic criteria that no longer reflect the core objectives of national handicap payments and have been inherited from the original approach of the scheme which is now out of date. Furthermore, the evolution of the demographic and economic data used has not been taken into account to up-date the delimitation. In addition, it has occurred with reference to a wide range of national criteria often not comparable at a European level. This diversity significantly reduces transparency and may lead to an insufficient targeting of the aid in the light of the objectives of the measure.

With the help of scientific experts, **the Commission has identified 8 soil and climate criteria** (outlined in a technical annex to this communication) that may be a good basis for objectively and clearly classifying such areas.

The **assessment of the common criteria made until now cannot however be regarded as exhaustive, because of the lack of adequate data at EU level**.

In order to facilitate the achievement of the Community's tasks, and in particular to provide a solid basis for elaborating the required legislative proposal, the Commission suggests that **Member States be invited to simulate the application on their territory of the biophysical criteria** listed in this Communication and to produce maps of the areas that would result eligible under such simulations.

The simulations should not be considered as a new LFA delimitation but will constitute a valuable means of gauging the feasibility of the review options identified and eventually underpin a future legal proposal setting up the framework for a new LFA delimitation in a long-term perspective.

2) Targeting the aid to extensive farming systems important for land management: the intensity of farming systems is often a reflection of natural conditions. Areas where natural handicaps have not been offset by human intervention and technological progress are in general characterized by low-input, low-output farming systems due to the physical constraints farmers face.

Thanks to technical progress and human intervention, farmers have in several cases managed to overcome successfully the natural handicaps and are able to carry out profitable agriculture in areas where the natural conditions were at the origin quite unfavourable. In this kind of situation, there is **no justification for classifying the area as affected by natural handicaps**.

In addition, limiting the eligible zones to those actually suffering from natural handicaps is a sine qua non for targeting the aid to areas at risk of marginalisation and land abandonment and where extensive farming is important for land management. Beyond the area delimitation, appropriate eligibility rules applied after the process of area delimitation within the zone designated as disadvantaged, in order to target the aid to the farms complying with the objectives of the scheme are a useful tool for directing the aid to areas for which the hazard of abandonment is greatest.

3) Simplification potential: establishing a **common set of delimitation criteria** would simplify the implementation of the national handicap payments scheme at EU level, as the almost 100 indicators currently applied by the Member States at different threshold values, would be replaced by 8 criteria clearly defined and associated with the same minimum thresholds all over the EU territory.

One biophysical indicator would be sufficient for classifying an area as affected by natural handicap, while in the current system an area needs to exhibit all the three types of handicaps mentioned in Article 19 of Regulation (EC) No 1257/1999 for being designated.

National authorities should send their **simulations to the Commission by 21 October 2009**. The new classification system is likely to be in place in 2014.

Agriculture in areas with natural handicaps: a special health check

2009/2156(INI) - 05/05/2010 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution on agriculture in areas with natural handicaps: a special health check following the Commission Communication 'Towards a better targeting of the aid to farmers in areas with natural handicaps'.

It recalls that 54%, more than half of the utilised agricultural area in the EU is classed as less-favoured areas. Members stress the importance of an appropriate compensatory payment for less-favoured areas as an indispensable tool to secure the provision of high-value public goods such as maintaining the management of the land and the cultivated landscape in these regions. Less-favoured areas, in particular, are often of high value in terms of the cultivated landscape, biodiversity preservation and environmental benefits, as well as rural employment and the vitality of rural communities. Parliament urges the Commission to devise a comprehensive strategy to eliminate the disparities between Member States in dealing with these areas and promote an integrated strategy that takes account of specific national and regional characteristics.

It notes that, as a result of the reform of legislation on support for less-favoured areas and the adoption of Regulation (EC) No 1698/2005, the previous category of 'intermediate LFAs' has been abolished and eligible areas are defined as areas 'affected by significant natural handicaps'. The socio-economic criteria used prior to the 2005 reform by some Member States may no longer be used to delimit areas with 'natural handicaps', but may continue to be used to define areas with 'specific handicaps', which are supported pursuant to Article 50(3)(b) of Regulation (EC) No 1698/2005. Parliament stresses the need to manage these less favoured areas not only with a view to producing nutritious foodstuffs, but also as a contribution to overall economic development, increased quality of life and demographic and social stability in these areas. In this sense, it calls on the Commission to take into account also the social implications of the new classification for areas with natural handicaps. Members point out that, in contrast to agri-environmental measures, compensatory payments for less-favoured areas must not be subject to additional specific conditions regarding the method of land management which would go beyond cross-compliance requirements. The LFA scheme must in principle offer compensation to farmers who are also land managers operating with significant natural handicaps which the market does not compensate for as such. Parliament stresses, however, that LFA payments must be linked to active farming of the land, i.e. the production of food.

It takes the view that the eight biophysical criteria proposed by the Commission could, in principle, be suitable for delimiting areas with natural handicaps to a degree, but stresses, that the criteria may not be used in all cases for objectively delimiting areas with natural handicaps. The eight biophysical criteria might not prove to be sufficient and the proposed threshold value of 66% of the area might not be found suitable in all cases for determining the actual handicap in a manner respectful of the great diversity of EU rural areas. The crop grown, the combination of soil types, soil moisture and climate are, among others, also factors relevant for the purpose of determining the actual handicap in a given area. Accordingly, Parliament recommends that the case for socio-economic criteria such as distance from markets, lack of services and depopulation be re-examined, on a purely objective basis. It urges the Commission to take into account all the standpoints expressed during the consultation with the Member States, regional and local authorities and farming organisations, regarding the definition of areas with natural handicaps. Members make suggestions for the revision of criteria, including the inclusion of a geographical criterion referred to as ‘isolation’, the review of the definition of the criteria of 'soil moisture balance' and 'field capacity days’. The Commission is asked to pursue its research efforts with a view to including potential additional criteria in the new LFA scheme in order to further adapt its proposals to practical difficulties farmers are facing and build a robust set of criteria which will remain suitable in the long term.

In addition, in order to apply these criteria and establish realistic threshold values in practice, it is essential that the necessary biophysical data are available to the Member States and regions with a sufficient degree of accuracy in relation to the natural environment. Parliament supports, therefore, the test of practical application of the proposed criteria introduced by the Commission. It calls for the detailed maps that are to be submitted by the Member States to be used if necessary to adapt the limit values of the criteria, defining areas with natural handicaps, and the proposed threshold value of 66% at Member State or regional level (to the reality in terms of the natural environment). It emphasises that a final opinion on the basic territorial unit chosen, the criteria and the threshold values proposed by the Commission can only be given when the detailed maps drawn up by the Member States are available. In the absence of such simulation results, the proposed 66% threshold as well as the thresholds defining the criteria themselves must be viewed with considerable caution and can only be objectively and appropriately adjusted once the national maps are made available. Members call on the Commission therefore promptly to examine the results of the mapping exercise and, on this basis, to draw up as soon as possible a detailed communication to the European Parliament and the Council on the delimitation of areas with natural handicaps.

When the final map of intermediate disadvantaged areas is drawn up, objective national criteria should also be taken into account in order to make possible the adaptation of the definition of the areas to the different specific conditions in each country.

Parliament states that a degree of voluntary, national fine-tuning of the criteria for support for areas with natural handicaps to be necessary in order to be able to respond appropriately to particular geographical situations where natural handicaps have been offset by human intervention. However, where land quality has been improved, the burden of ongoing associated maintenance costs such as drainage and irrigation must be taken into consideration. Parliament proposes that farm data (such as farm income and land productivity) be used for this purpose, but the decision on the criteria to be used for fine-tuning must lie with the Member States since many Member States have already developed a suitable system of differentiation which should be maintained.

Lastly, Members emphasise the responsibility of the Member States in connection with the objective designation of areas with natural handicaps and the formulation of balanced programmes for rural development, and underline the need for partnership with regional and local authorities in this process