Basic information

2011/2051(INI) INI - Own-initiative procedure	Procedure completed
CAP towards 2020: meeting the food, natural resources and territorial challenges of the future **Subject** 3.10 Agricultural policy and economies 3.10.15 Agricultural production, farm surpluses, shortages and quotas, non-marketing premiums 3.70.01 Protection of natural resources: fauna, flora, nature, wildlife, countryside; biodiversity 4.70 Regional policy 6.30 Development cooperation	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
AGRI Agriculture and Rural Development	DESS Albert (PPE)	29/09/2010

Committee for opinion	Rapporteur for opinion	Appointed
DEVE Development	ARSENIS Kriton (S&D)	09/12/2010
ENVI Environment, Public Health and Food Safety	KADENBACH Karin (S&D)	09/02/2011
ITRE Industry, Research and Energy	ROHDE Jens (ALDE)	15/02/2011
REGI Regional Development	SIEKIERSKI Czesław Adam (PPE)	09/12/2010

Council of the European Union

Council configuration	Meetings	Date
Agriculture and Fisheries	3084	2011-04-14
Agriculture and Fisheries	3077	2011-03-17
Environment	3075	2011-03-14

European Commission

Commission DG	Commissioner
Agriculture and Rural Development	CIOLOŞ Dacian

Key events

Date	Event	Reference	Summary
17/11/2010	Non-legislative basic document published	COM(2010)0672	Summary
14/03/2011	Debate in Council		Summary
17/03/2011	Debate in Council		
07/04/2011	Committee referral announced in Parliament		
14/04/2011	Debate in Council		Summary
25/05/2011	Vote in committee		Summary
31/05/2011	Committee report tabled for plenary	A7-0202/2011	
22/06/2011	Debate in Parliament		
23/06/2011	Decision by Parliament	T7-0297/2011	Summary
23/06/2011	Results of vote in Parliament		
23/06/2011	End of procedure in Parliament		

Technical information

Procedure reference	2011/2051(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Strategic 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/7/04498

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE458.545	15/02/2011	
Amendments tabled in committee		PE458.827	21/03/2011	
Amendments tabled in committee		PE460.871	21/03/2011	
Amendments tabled in committee		PE460.934	21/03/2011	
Amendments tabled in committee		PE460.935	22/03/2011	
Amendments tabled in committee		PE460.936	22/03/2011	
Amendments tabled in committee		PE460.937	22/03/2011	
Committee opinion	ENVI	PE458.861	13/04/2011	

Committee opinion	REGI	PE460.746	13/04/2011	
Committee opinion	DEVE	PE460.764	13/04/2011	
Committee opinion	ITRE	PE458.808	14/04/2011	
Committee report tabled for plenary, single reading		A7-0202/2011	31/05/2011	
Text adopted by Parliament, single reading		T7-0297/2011	23/06/2011	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2010)0672	17/11/2010	Summary
Commission response to text adopted in plenary	SP(2011)8296	03/10/2011	

National parliaments

Document type	Parliament/Chamber	Reference	Date	Summary
Contribution	DE_BUNDESRAT	COM(2010)0672	20/12/2010	
Contribution	EL_PARLIAMENT	COM(2010)0672	27/01/2011	
Contribution	UK_HOUSE-OF-LORDS	COM(2010)0672	04/02/2011	
Contribution	IT_CHAMBER	COM(2010)0672	19/04/2011	
Contribution	CZ_SENATE	COM(2010)0672	09/05/2011	
Contribution	FR_SENATE	COM(2010)0672	13/05/2011	

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

2011/2051(INI) - 23/06/2011 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution on ‘The CAP towards 2020: meeting the food, natural resources and territorial challenges of the future’.

Whilst welcoming the Commission communication, Parliament recognises 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. It calls 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**.

Parliament also 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. The EU agricultural budget in the next financing period to be maintained **at least at the same level as the 2013 agricultural budget**.

The resolution highlights 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. The Commission is called upon to intensify its efforts in the field of research and development for the purposes of innovation and promotion. EU research and development programmes devote constant attention to agricultural and nutritional research.

(1) Direct payments: Parliament also calls for a strong, well funded first pillar to remain in existence that is capable of meeting the new challenges to European agriculture. It calls 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 resolution 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 resolution 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. **Feed efficiency plans** should also be developed. It also stresses the need to develop **efficient irrigation systems**.

Parliament calls 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.

Members believe that animal-welfare-friendly methods of production also have a positive impact on animal health, food quality and food safety while being more friendly for the environment.

(3) Cross-compliance (CC) and simplification: the resolution 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: Parliament 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 resolution calls for measures of this kind to take particular account of products covered by quality-label schemes.

An amendment adopted in plenary insists on the need to assess the specific situation in the **milk and milk products sector**, before March 2015, so as to ensure the smooth functioning and stability of the milk market.

Underlining the pivotal role of milk production for European agriculture, Parliament calls on the monitor and allow the sustainable development of the dairy market, through sufficient policy instruments for milk and milk products for the time after 2015 and a framework of fair competition ensuring a stronger position for primary producers and a more balanced distribution of returns along the entire food production chain (farm to retail).

(5) The food supply chain: the resolution 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: Parliament 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.

The resolution stresses that Less Favoured Areas (LFAs) are often of high value in terms of the cultivated landscape, biodiversity preservation and provision of environmental benefits, as well as for the dynamism of rural areas. It advocates in this context that the compensatory allowance for disadvantaged areas in the second pillar be retained and calls for its effectiveness to be increased.

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.

Parliament 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).

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

2011/2051(INI) - 17/11/2010 - Non-legislative basic document

PURPOSE: to present options for reform in order to meet the challenges facing the Common Agricultural Policy towards 2020.

BACKGROUND: in preparation for this Communication, the Commission organised an extensive public debate earlier in 2010 that concluded with a conference in July 2010.

The Council discussed the reform through four successive Presidencies whilst the European Parliament (EP) adopted a resolution on the CAP post-2013.

In the course of these discussions, the overwhelming majority of views expressed concurred that the future CAP should remain a **strong common policy structured around its two pillars**: a **greener and more equitably** distributed first pillar and a second pillar focussing more on **competitiveness and innovation, climate change and the environment.**

In broad terms, the views expressed recommended the following strategic aims:

- to preserve the food production potential on a sustainable basis throughout the EU, so as to guarantee long-term food security for European citizens and to contribute to growing world food demand, expected by FAO to increase by 70% by 2050;
- to support farming communities that provide the European citizens with quality, value and diversity of food produced sustainably, in line with our environmental, water, animal health and welfare, plant health and public health requirements;
- to maintain viable rural communities, for whom farming is an important economic activity creating local employment; this delivers multiple economic, social, environmental and territorial benefits.

CONTENT: the Commission's response to the debate on the future CAP comes in the form of this Communication, which outlines options and launches the debate with the other institutions and with stakeholders. The legal proposals will be presented in 2011.

1) THE NEED FOR REFORM : the CAP has evolved, but further changes are necessary in order to respond to the new challenges notably:

- to address rising concerns regarding both EU and global **food security**;
- to enhance the **sustainable management** of natural resources such as water, air, biodiversity and soil;
- to deal with both the increasing pressure on agricultural production conditions caused by ongoing **climatic changes**, as well as the need for farmers to reduce their contribution to GHG emissions, play an active role in mitigation and provide renewable energy;
- to retain and enhance competitiveness in a world characterized by increasing globalisation, and **rising price volatility** while maintaining agricultural production across the whole European Union;
- to make best use of the diversity of EU farm structures and production systems, which has increased following EU enlargement, while maintaining its **social, territorial and structuring role;**
- to strengthen **territorial and social cohesion** in the rural areas of the European Union -notably through the promotion of employment and diversification;
- to make CAP support **equitable and balanced** between Member States and farmers by reducing disparities between Member States taking into account that a flat rate is not a feasible solution, and better targeted to active farmers;

- to pursue the **simplification of the CAP implementation procedures** and enhance control requirements and reduce the administrative burden for recipients of funds.

The three main objectives for the future CAP would thus be:

Objective 1:viable food production: (i) to contribute to farm incomes and limit farm income variability; (ii) to improve the competitiveness of the agricultural sector and to enhance its value share in the food chain; (iii) to compensate for production difficulties in areas with specific natural constraints because such regions are at increased risk of land abandonment.

Objective 2: sustainable management of natural resources and climate action: (i) to guarantee sustainable production practices and secure the enhanced provision of environmental public goods; (ii) to foster green growth through innovation; (iii) to pursue climate change mitigation and adaptation actions.

Objective 3: balanced territorial development: (i) to support rural employment and maintaining the social fabric of rural areas; (ii) to improve the rural economy and promote diversification; (iii) to allow for structural diversity in the farming systems, improve the conditions for small farms and develop local markets.

2) FUTURE INSTRUMENTS: all potential options of the future CAP imply changes in present CAP instruments. The Communication explores how instruments could be defined:

Direct payments: the adaptations necessary for the direct payment system relate to the redistribution, redesign and better targeting of support, to add value and quality in spending. There is widespread agreement that the distribution of direct payments should be reviewed and made more understandable to the taxpayer. The criteria should be both economic and environmental.

The future of direct payments to be granted to active farmers could be based on the following principles, taking up the concept proposed by the European Parliament:

- basic income support through the granting of a basic decoupled direct payment, providing a uniform level of obligatory support to all farmers in a Member State (or in a region) and an upper ceiling for direct payments received by large individual farms ("capping");
- enhancement of environmental performance of the CAP through a mandatory “greening” component of direct payments by supporting environmental measures applicable across the whole of the EU territory, for actions in the form of simple, generalised, non-contractual and annual environmental actions that go beyond cross-compliance and are linked to agriculture (e.g. permanent pasture, green cover, crop rotation and ecological set-aside);
- promotion of the sustainable development of agriculture in areas with specific natural constraints by providing an additional income support to farmers in such areas in the form of an area-based payment;
- voluntary coupled support may continue to be granted, within clearly defined limits to take account of specific problems in certain regions where particular types of farming are considered particularly important;
- a simple and specific support scheme for small farmers should replace the current regime in order to enhance the competitiveness of and contribute to the vitality of rural areas and to cut the red tape.

Market measures: the public debate revealed a broad consensus on keeping the overall market orientation of the CAP while also maintaining the general architecture of the market management tools. The 2009 dairy market crisis highlighted the important role that existing mechanisms play in supporting the market in times of crisis. However, some specific adaptations appear necessary, most notably in streamlining and simplifying instruments currently in place, as well as in introducing new policy elements with respect to the functioning of the food chain.

Rural Development: there are strong calls for the policy to continue to fully integrate the constraints and opportunities of the environment and climate change. Within this framework, **environment, climate change and innovation** should be guiding themes that steer the policy.

For the policy objectives to translate into results on the ground, effective delivery mechanisms are of paramount importance. A common strategic framework for EU funds may be envisaged. In addition, a risk management toolkit should be included to deal more effectively with income uncertainties and market volatility.

It is also essential to further strengthen and simplify the quality (including organic farming) and promotion policies in order to enhance the competitiveness of the agricultural sector.

3) BROAD POLICY OPTIONS: the Communication presents three broad policy options, indicative of potential paths whose impact will be analysed before final decisions are made. All three options are based on a two-pillar structure (with a different balance between pillars).

Option 1: introduction of further gradual changes to the current policy framework. This option would focus on adjustments and improvements in the area of equity in the distribution of direct payments between Member States. It would ensure continuity and stability with the current CAP, thus facilitating long-term planning for operators along the food chain.

Option 2: make major overhauls of the policy in order to ensure that it becomes more sustainable, and that the balance between different policy objectives, farmers and Member States is better met. This option would imply greater spending efficiency and greater focus on the EU value added.

Option 3: a more far reaching reform of the CAP with a strong focus on environmental and climate change objectives, while moving away gradually from income support and most market measures.

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

2011/2051(INI) - 14/03/2011

The Council discussed **environmental aspects of the Common Agricultural Policy (CAP)**, in view of its upcoming reform. The Council's discussion was a response to the Commission communication “The CAP towards 2020”.

Ministers emphasised the importance of the CAP for the **protection of the environment and the climate** and for delivering environmental public goods, such as **biodiversity** protection or **flood** prevention. They welcomed the fact that the Commission had proposed to make sustainable management of natural resources and climate action one of the objectives of the reformed CAP.

Delegations stressed that **"greening" the CAP** was an important contribution for achieving the objectives of the Europe 2020 strategy. For the Commission, measures such as the maintenance of permanent pasture and green cover, set aside and crop diversification could be made mandatory for beneficiaries of direct payments. They help to curb climate-harming emissions.

At the same time, some ministers advocated **targeting rural development measures** to support biodiversity, the protection of water resources, reduction of greenhouse gas emissions and adaptation to climate change.

Many asked for **greater simplification and for more flexibility** to take into account regional and national environmental conditions. Some argued that the rural development measures in the so-called second pillar of the CAP were more suitable for providing such flexibility.

The views of ministers will feed into the debate of the Agriculture Council on the CAP reform.

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

2011/2051(INI) - 14/04/2011

The **Netherlands** delegation briefed the Council about the **impact of common agricultural policy (CAP) changes on developing countries**.

Several delegations supported the Netherlands' view that the consequences of CAP changes on farmers in developing countries should be taken into account in the Commission's impact assessment on the upcoming CAP reform.

The Presidency recalled that the Council, in its November 2009 conclusions on policy coherence for development, agreed that ensuring global food security was a priority issue, while emphasising the role of the CAP and its impact on developing countries.

In its communication on the CAP towards 2020, the Commission stated that improved production capacity needs to respect EU commitments in international trade and Policy Coherence for Development.

Recognising the role of EU agriculture on the global markets, the Netherlands pointed out the need to closely monitor the impact CAP changes may have on third country markets.

The Commission recalled that the impact of the CAP on developing countries is far less substantial now than it was some years ago. However, the consequences of the changes for developing countries would be analysed in the impact assessment to be presented by the Commission in the second part of this year together with the legislative proposals on the CAP after 2013.