

Opinion of the Committee of the Regions on ‘The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future’

(2011/C 192/05)

THE COMMITTEE OF THE REGIONS

- stresses that direct payments must continue to be the cornerstone for stabilising farmers’ incomes in return for the delivery of public goods and as compensation for the EU’s higher production standards and always provided that decoupling does not risk the disappearance of production in areas with permanent natural handicaps;
- highlights that CAP and cohesion policy cannot be seen in isolation one from the other. The territorial objectives of these two policies must be more closely dovetailed than hitherto, especially at EU level;
- reiterates its support for the proposal to establish a common strategic framework covering the Structural Funds and other territorial development funds such as the EAFRD and the EFF;
- voices its concern regarding the preliminary guidelines issued by the European Commission on the regulation of the agricultural markets for the period post 2013, and considers that the future of the Common Agricultural Policy is indissolubly linked to the maintenance of public market regulation mechanisms to combat price volatility and guarantee stable prices for both producers and consumers;
- states that the CAP’s future has to be seen in relation to the future of European trade policy. If the EU wants to make its contribution to the world’s food security, then EU and international trade policy must do what is necessary – within the WTO and elsewhere – to ensure that farming in the EU is able to produce in a fair environment;
- draws attention to devolved responsibility in the shaping of future cohesion and agricultural policy. While not querying the Community approach of these policies or the added value of a common policy, local and regional authorities must be more closely involved than hitherto in shaping the future pillars of future CAP. There is no questioning the need to set up a multi-level governance framework if the CAP’s Community approach is to be maintained, local responsibility bolstered and greater public acceptance secured;
- emphasises that common agricultural policy objectives can only be reached if adequate funding– is still forthcoming after 2014.

Rapporteur	Luis DURNWALDER (IT/EPP), Chairman of the Bolzano Autonomous Provincial Executive
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I. GENERAL COMMENTS

THE COMMITTEE OF THE REGIONS

Notes:

1. Farming is very important for the development of Europe's rural areas as it provides employment for almost 30 million people. These areas account for 90 % of the Union's territory and are home to 60 % of its citizens.

2. Farming ensures EU food supplies and helps to generate economic activity and jobs. It also provides valuable living environments, contributes to regional hydrogeological systems and preserves cultivated landscapes and tradition. Without farming, a multipurpose, sustainable development of Europe's rural areas is inconceivable.

3. This is why the Common Agricultural Policy (CAP) has been one of the European Economic Community's core areas of activity since its inception. The CAP has demonstrated how Community policies can deliver a high degree of added value for European society, whereby the aims of the EU 2020 strategy can be furthered through territorial pacts.

4. One reason why the CAP is – and remains – a success is that it has again and again over the decades coped with, and adapted to, fresh challenges facing Europe and the world.

5. What now makes it necessary to reconfigure the CAP for the period after 2013 are the following factors: the general economic climate, price volatility, the drop in farming incomes, the increasing demand for food and agricultural raw products around the globe, the necessity to make production methods sustainable and more environmentally friendly – especially greater climate protection and protection against the negative effects of climate change in farming – and improved animal welfare and sound consumer protection, in terms of food security and guaranteed supply of agricultural products.

6. Back at its 85th plenary session on 9-10 June 2010, the Committee of the Regions adopted an own-initiative opinion on the future of the CAP after 2013 where the Committee of the Regions expressed the view that the CAP must:

— remain a common policy;

— ensure that Europeans have a secure, independent food supply;

— ensure farm income stability;

— benefit all products, encourage changes in agricultural practices, and promote jobs and sustainable land use;

— favour those production systems that best preserve the environment and natural resources including landscape and bio-diversity;

— take into account natural and geographical handicaps (mountains, islands, sparsely populated areas, outermost regions);

— focus on agriculture and food;

— help bring about progress and simplification in certain implementing and administrative arrangements for the first and second pillars of the CAP, notably by increasing and improving local authority involvement;

— have a budget that is up to the challenges and issues to be addressed.

7. On January 27 2011, the Committee of the Regions adopted the Outlook Opinion on Local Food Systems, underlining the value of a multifaceted European agriculture and the added value of local marketing for environmental, social and economical needs.

8. In pursuance of the CoR's work on the CAP reform, and in response to the communication published in November 2010, the Committee of the Regions notes that the Commission's communication picks up on many of the points raised in the CoR opinion referred to above and stresses that these are valid points and must be taken on board in the reform.

9. In particular, the Committee of the Regions highlights the importance of the CAP – especially the second pillar – for the overall development of rural areas in Europe. The CAP also has many points in common with cohesion policy, which means that these two policy areas – albeit distinct and each essential in its own right – cannot be seen in isolation one from the other. The territorial objectives of these two policies must be more closely dovetailed than hitherto, especially at EU level. The Committee emphasises the need for sufficient resources to be earmarked for axis III of the second pillar in order improve quality of life and to promote diversification of the rural economy.

10. The Committee of the Regions draws attention to devolved responsibility in the shaping of future cohesion and agricultural policy. While not querying the Community approach of these policies or the added value of a common policy, local and regional authorities must be more closely involved than hitherto in shaping the future pillars of future CAP. There is no questioning the need to set up a multi-level (EU Member States, regions and local authorities) governance framework if the CAP's Community approach is to be maintained, local responsibility bolstered and greater public acceptance secured. At the same time, however, this subsidiarity principle must not be allowed to generate redundant tiers of planning and hence intolerable red tape.

Challenges of the CAP

Notes further:

11. The demand for food will rise worldwide. The reason for this is both the anticipated increase in the world population and a rise in purchasing power triggering changes in diet in many emerging countries. The CAP, which has the primary role of feeding the people of Europe and contributing to food balance can and must do its bit to satisfy this growing world demand. Above and beyond this, farming also contributes a great deal to the provision of public goods, which could also mean supplying energy and renewable raw materials – which do not directly compete with food production – and conserving dynamic rural areas.

12. To this extent, the CAP's future has to be seen in relation to the future of European trade policy. If the EU wants to make its contribution to the world's food security, then EU and international trade policy must do what is necessary – within the WTO and elsewhere – to ensure that farming in the EU is able to produce in a fair environment. If farming has to comply with restrictions that are tougher than the international norm and generate extra outlay, these additional costs must be factored into the import rules agreed in international trade agreements.

13. Farming has a very special connection with the environment. Sustainable use of the natural resources is therefore not merely a legitimate concern for society, but also a vital interest of farmers themselves and of crucial importance for maintaining farm production potential. This is why farming should also contribute to taking on the challenges of climate change, loss of soil fertility, water shortage and water pollution, and loss of habitats and biodiversity – and why the CAP must help to provide solutions to these impending problems.

14. The role of farming in combating climate change needs to be clearly spelled out here. Farmers have already made enormous efforts to slash greenhouse gas emissions. In addition to this, however, some very solid work still needs to be done on adjustment strategies, so that farming will continue being able to fulfil the functions already alluded to. However, it also needs to be spelled out that the soil can play a role as a CO₂ sink, at the same time enhancing its productive capacity by increasing its organic matter content and the carbon sink effect of woody crops. Farming is one of the sectors that plays a key part in solving the problem. It plays its part in sustainable energy supply and in establishing the use of less harmful chemicals based on renewable raw materials. Here, the regional and local authorities have a particular role to play in nurturing innovative energy ideas, including ones based on biomass. The most important sustainably produced energy source here is wood. This is why rural development has to involve strengthening both the forestry sector, in those regions where forests play a part in protection measures, in tackling erosion and in improving the potential for tourism, and the use of residues from pruning woody crops.

15. The Committee of the Regions backs the Commission's position of continuing to build agricultural policy on two complementary pillars and maintaining the current orientation of those pillars. Nevertheless, the Committee stresses the need for a clearer distinction between the objectives assigned to each pillar.

16. First-pillar direct payments guarantee farmers' incomes, pay them for delivering public goods which Europe's citizens would be loath to surrender (such as landscape conservation, environmental protection and food safety) and seek to offset the competitive handicap they face vis-à-vis their competitors on the world market as a result of the EU's higher standards, as well as forming a buffer against market volatility.

17. The second pillar promotes rural development. It must thus match the specific needs of the regions, and regions and local authorities must be involved in shaping it, as they share responsibility for designing the second pillar through co-financing.

18. The Committee of the Regions emphasises that common agricultural policy objectives can only be reached if adequate funding— is still forthcoming after 2014.

II. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

Direct payments

19. stresses that direct payments must continue to be the cornerstone for stabilising farmers' incomes in return for the delivery of public goods and as compensation for the EU's higher production standards and always provided that decoupling does not risk the disappearance of production in areas with permanent natural handicaps;

20. supports the call for a more equitable distribution of direct payments in future, as the current direct payments system based on historical production volumes distorts competition within the EU and should be replaced by a system giving equal treatment to all types of farming in the EU;

21. thinks that single payments must continue to be harmonised within Europe in order to avoid market imbalances within the EU. Stresses, however, that both pillars must be taken into account when funds are allocated to the Member States;

22. advocates continuing the decoupled single payments model, and supports the Commission's proposals to phase out as fast as possible the approach of the historical reference period and traditional single payments for particular farms; thus it also champions the transition to regionalised payments;

23. highlights the need, in the course of this gradual transition, to dismantle the unfair distribution of single payments within Member States (the product of the historical distribution), since this is at odds with the spirit of decoupling and has led – and continues to lead – to unacceptable market imbalances within Member States but highlights the need to establish a transition period allowing farms to adjust to the new payments system;

24. supports the Commission's proposal to introduce a ceiling for single payments; stresses that this must make allowance for the different types of farm and farm associations and the contribution a farm makes to providing jobs; as well as of the number of members in the case of legal persons, it must not stand in the way of the structural adjustment of farming in the European Union that the times now require;

25. highlights the Commission's notion that coupled payments must continue to be provided in areas beset by particular difficulties and for types of farming that are particularly important for the sector's viability in these areas. In this connection, the importance should be highlighted of grazing stock for upland areas, Arctic regions, island regions and sparsely populated areas, all production systems that due to climate and difficult terrain require specific assistance and especially for maintaining the dairy economy in these areas once the milk quota system has expired. It is impossible to maintain areas used for farming, especially meadows, pasture in mountain and upland areas and Mediterranean woodland pastures, without a functioning dairy sector. Low-yield olive groves are similarly of vital importance in upland zones and other zones where farming is subject to climate constraints. Moreover it is also important, in order to safeguard European pasture ecosystems and farming in specific regions, to maintain the beef/veal, sheep and goat meat sector. The unique cultivated landscape of these terrains would be lost were these areas to disappear; Stock-rearing also accounts for use of marginal land in peri-urban areas. This is important in terms of safeguarding open spaces (e.g. as flood plains) while still making some economic use of them. Without coupled payments, the viability of the sector would be threatened so that it could no longer fulfil this role;

26. the coupled payments permitted by the WTO must be used in full;

27. endorses the Commission's recommendation to raise single payments in less favoured regions and so compensate their higher production costs and promote farming all over Europe; stresses that a hike of this kind to ensure fair incomes for farmers in all of Europe's regions is both justified and necessary;

28. emphasises that the CAP and farmers should not stand alone in actively tackling the new environmental challenges and even less without any increase in the funds earmarked for this purpose;

29. stresses that the agri-environmental programmes in the second pillar should help attain the goal of more environmentally geared farming. It should be pointed out in this connection that some Member States take up less than 10 % of the total second-pillar budget and so offer farmers virtually nothing in the way of agri-environmental programmes. The Committee proposes, therefore, that all Member States be obliged to use at least 10 % of the total second-pillar budget for agri-environmental programmes and that this be achieved by setting a reduced co-financing rate of at least 10 % for this purpose;

30. believes that organic farming and integrated farming should receive greater support within the Common Agricultural Policy as they are part of a sustainable development policy;

31. thinks there is a pressing need, given the speed at which working farmers in the European Union are ageing, to plan additional measures for young farmers. The support so far offered to young farmers in the second pillar has proved inadequate to stop the average age of working farmers from rising. Today, only 7 % of farmers in the EU are younger than 35, while a third are over 65. The possibility must therefore be explored of increasing direct payments to young farmers in the first pillar in order to give the young an additional incentive to work in farming;

32. points out there is a need for adequate public services for younger generations to start up farms in rural areas. By stimulating them to acquire innovative and environmental friendly production systems and providing new alternative economic opportunities, the rural agricultural capacity can be maintained;

33. backs the Commission's proposal to bring in simpler and specific support rules for small farmers in order to preserve this kind of farming, allowing additional support to be given to them, especially in less favoured areas, and to do away with unnecessary bureaucracy; stresses, in connection with this, that 82 % of Europe's farmers receive less than EUR 5 000, so that cutting unnecessary bureaucracy for small farmers would make a big difference in the bureaucracy faced by farmers and make them better disposed to the CAP;

34. underscores the fact that cross-compliance and the integrated administration and control system have to be simplified in a way that does not compromise the system's functioning. The approaches to take on this are: a) the introduction of key criteria valid throughout the EU for on-the-spot inspection of cross-compliance, and b) a halving of inspection quotas for cross-compliance and the integrated administration and control system, so as to standardise requirements and inspections in the different European regions, if Member States can demonstrate that they have effective systems in place and are applying workable tolerance thresholds;

35. shares the Commission's view that payments must be restricted to working farmers, with the proviso that part-time farmers must not lose out, since these play an important role in keeping farming alive, particularly in less favoured areas; suggests however that the Commission should provide basic definitions on the topics 'working farmer' and 'farmland' that can be further fleshed out at Member State or regional level;

36. takes the view that in those sectors, such as the fruit and vegetable, wine sectors or sugar, that have so far had their own market organisation rules – and hence the system of decoupled single payments has either not been applied or applied only partially – these specific arrangements should remain in place;

Market measures

37. voices its concern regarding the preliminary guidelines issued by the European Commission on the regulation of the agricultural markets for the period post 2013, and considers that the future of the Common Agricultural Policy is indissolubly linked to the maintenance of public market regulation mechanisms to combat price volatility and guarantee stable prices for both producers and consumers;

38. points out that Community preference must continue to be seen as an important principle of the CAP and that it does a great deal to maintain Europe's food sovereignty;

39. takes the view that the remaining market instruments – such as intervention, and private and public storage and export subsidies restricted to sensitive products – have proved indispensable and should therefore remain as a safety net with a corresponding budget heading;

40. points out that decoupling has led to European farming being more market oriented but that this has resulted in extremely volatile prices which could be detrimental to farm sustainability;

41. points out that market instruments must be designed, on the one hand, to ensure that agricultural markets are supplied to cushion farmers from sharp slumps in price (and hence income) and, on the other, to keep the volatility of prices consumers have to pay for food within bounds;

42. believes that these instruments must as a matter of necessity be improved, and that the possibility of extending the list of products for which temporary storage is provided, lengthening intervention periods and implementing measures for the temporary interruption of production should be examined. It is also necessary to take appropriate action to prevent abuses in the trade in agricultural commodities without harming the operation of the markets. The overall aim is to prevent market volatility as a result of agricultural and health crises;

43. points out that the farmers' share of the added value generated along the food chain is dwindling and that market instruments have to be worked out that put a halt to this trend; in this connection, calls on the Commission create framework rules for producers in all product sectors to set up producer and sectoral groupings and thereby strengthen the position of farming in the food chain. Moreover, for milk production in particular in areas with natural handicaps and in other areas with vulnerable production systems or structures, producer groupings and pooled marketing should be supported in order to cushion the impact when the milk quota runs out and to stop production moving elsewhere;

44. would welcome European Commission investigation of the impact of retail intermediaries on food producers, distributors, suppliers, consumers and the wider environment;

45. considers that the Community competition rules must be revised, so that a real balance can be achieved in the food chain;

46. takes the view that in addition to public market management tools, mutual insurance schemes, such as multi-risk insurance, have to be extended and that, in this connection, opportunities have to be created for Member States so that they can support groupings and cooperation between farmers among themselves to safeguard one another or to link with other parts of the food chain, thus cutting red tape;

47. stresses that in recent years the EU has made strenuous efforts to have export subsidies phased out; points out, however, that any definitive jettisoning of this market instrument in international trade must also be contingent upon the willingness of third countries to follow suit within the WTO this would necessitate export support instruments that are compatible with WTO rules;

48. calls on the Commission to ascertain what the precise impact of the current quota system's expiry would be and to come up with measures to safeguard production and processing;

49. urges the Commission to ensure that any options put forward for the future of regulation in the sugar and isoglucose sector reflect an approach that ensures European production, with a level of income for beet growers that enables existing crops and processing plants to continue;

50. in this connection, calls on the Commission to redouble its efforts in innovation R&D and in promotion; therefore asks for continuous attention for food related research in future European Research and Development programmes;

51. calls on the Commission – in trade policy generally and especially in bilateral agreements – to champion the interests of European farming vigorously and to take on board the impact of trade policy – especially of bilateral accords or accords within the WTO – on the CAP and on European farming; whereas in order to secure European sustainability standards at a global level, WTO-negotiations are a key factor;

52. points out, in this connection, that consumers have a right to require from imported food the same high standards on social rights, food safety, environmental protection, quality

and animal welfare that farming in the European Union delivers. This is right must be vigorously protected in international and bilateral trade negotiations;

Rural development

53. notes that, despite the efforts invested by the Union in the CAP and in cohesion policy, many rural areas in Europe, continue to be plagued by depopulation and decline and have a level of development that is below the EU average and far below the level of most urban areas;

54. draws attention to the particular role played by farmers in peri-urban areas, where there can be intensive pressures on rural and agricultural resources; stresses that this production of food and public goods near urban populations should be maintained;

55. for this reason, stresses the importance of the CAP second pillar for the overall development of rural including peri-urban areas;

56. stresses the importance of the CAP second pillar for the modernisation of farming, for the preservation and socio-economic improvement of the agricultural structure and, especially, for the preservation and improvement of rural areas and their communities as a whole; a rural development policy must therefore be put in place that is supportive of agricultural competitiveness, with part of this policy being dedicated to action on agricultural structures and infrastructures and on the agri-food industry;

57. highlights the fact that rural development has a lot to offer in terms of achieving the EU objectives set out in the 2020 strategy; however there needs to be a clear understanding and demarcation of where to draw the line between the tasks of the thematic EU policies and their funding streams (namely, climate, energy) and what should be supported by CAP (or Regional) Funds;

58. notes that rural development measures are included in the second pillar of the CAP – and hence an instrument of agricultural policy –, but they also have many affinities with cohesion policy. This is why the goals of the second pillar and cohesion policy have to be aligned in the planning process in order to avoid any possibility of overlapping or 'grey areas' and to exploit synergies and to bring the focus of rural development policy back to farming to this end, calls for the administrative rules governing the various European funds to be harmonised;

59. reiterates its support for the proposal to establish a common strategic framework covering the Structural Funds and other territorial development funds such as the EAFRD and the EFF;

60. calls for the regions' devolved responsibilities to be particularly respected when the second pillar is reconfigured and for a true multi-level governance approach to be pursued that respects the distinct importance and powers of the regions in adapting measures to the particular needs of the region; in this connection, highlights the subsidiarity approach in the second pillar, by which the Member States or regions take responsibility for choosing which measures to implement depending on regional characteristics;

61. therefore believes that a bottom-up delivery of rural development policy and funds should first and foremost be addressed through strong local development partnerships;

62. thinks there is a pressing need, given the speed at which Europe's working farmers are ageing, to plan measures that will appeal to young farmers, aimed at attracting new players to the sector and to extend the support they have so far received under the second pillar;

63. in addition, calls for the introduction of special measures to implement the proposals set out in the Quality Package, such as encouragement for the modernisation of farms that produce quality products and support for consumer awareness campaigns;

64. thinks that farmers should be given advice not only about cross-compliance, but about all other important areas (production technologies, business management, coping with new challenges, introducing innovations, environmental management issues, steps to mitigate climate change, etc.) and that dedicated measures should be designed to support this within the second pillar. The focus here should be on supporting accredited advice services. The aim must be to give all EU farmers access to competent advisory services, whether provided by the state, public bodies or the private sector;

65. stresses the particular importance of diversification for small farms, farms in disadvantaged areas, in the northernmost regions with very low population density and in island, cross-border and mountain regions and calls for incentivising measures to be introduced with this in mind;

66. underscores the importance of providing good quality upskilling opportunities to the farming sector, especially for

the period following initial vocational training. The headlong pace of change in the farming and food sector, as well as in related sectors, makes lifelong learning essential;

67. backs the Commission's endeavours to foster cooperation between farmers within the CAP second pillar, especially in sharing resources for marketing products, joint organisation of work and working together on stock farming to reduce the competitive disadvantage of small farms;

68. stresses the particular importance of the CAP second pillar for farms in less favoured areas and accordingly supports the Commission's proposal to retain compensation payments as a feature of rural development plans; in this connection, proposes retaining the current scope while raising the present ceiling to cope with needs in particularly poorly structured mountainous regions and peri-urban areas where the countryside is highly urbanised; also proposes a specific package of measures to support the northernmost regions with very low population density and island, cross-border and mountain regions, measures that could include contributions to collection costs, special measures for hill grazing, a biodiversity payment and recognition of mountain products when revising the EU quality policy;

69. underlines that improvements to competitiveness must, in many regions, necessarily be accompanied by improvements to agricultural infrastructure; also points out that innovation is an indispensable requirement in adapting to climate change, improving resource efficiency and optimising operational management, and that it therefore needs to be given greater support;

70. points out that the Commission is seeking to achieve a uniform EU-wide redefinition of disadvantaged intermediate zones and is concerned about implementing this review; takes the view that the new criteria mooted for this must hit the mark and that the Member States and regions must be given sufficient subsidiarity and flexibility; stresses that, in any event, the new configuration must come with an appropriate transition period to cushion the changeover;

71. highlights the fact that, given the challenges offered by climate change and the need for sustainable rural development, support for actions aimed at sustainable use of water in agriculture by reducing water consumption and pollution, should be strengthened and facilitated, as should measures to promote the replenishment of aquifers (e.g. maintenance of terraces in island and mountain regions, enhancing soil fertility), damage prevention measures and measures to remedy damage caused to agricultural infrastructure by climate disasters;

72. stresses the importance of agri-environmental programmes and calls for all Member States in future to use at least 10 % of the total farming budget available to them for such programmes in order to contribute effectively to making farming sustainable and to recognise high natural value agricultural systems which make it possible to preserve and restore biodiversity in agricultural areas and help ensure improved water and soil protection;

73. points out that agri-environmental programmes need to come with incentives to make them more acceptable to farmers, and also that a value should be put on the externalities generated by certain farming practices;

74. is of the opinion that enabling co-financing by third parties can make implementing regional development plan measures considerably easier;

75. stresses that active forestry management is particularly important for safety in many rural – especially mountainous – areas and for tourism appeal; for this reason, the regions should have the option of supporting forestry management within the regional development plans;

76. stresses the importance of LEADER for the integrated development of rural areas, especially because of the bottom-

up principle, which has proved very effective, and therefore calls on the Commission to retain and reinforce this approach. There is also a need to improve the opportunities for coordinating projects falling under local development plans within the LEADER framework. It is important, however, that LEADER be made more flexible in future and that priority is given to innovative approaches. The current axis-based system in regional development plans has proved rigid. Local authorities and regions must therefore have greater flexibility so they can take better account of local requirements. Regional development plan procedures, especially the reporting arrangements, must be simplified;

77. furthermore believes that the LEADER approach should be used in conjunction with a local development partnership model based on bottom-up local development strategies with multi-sectoral actions, cooperation on innovation, and networking;

78. takes the view that restrictions in supporting investment in food production concerns must be adjusted to structural developments (raising or removing SME thresholds);

79. points out that the costs of planning, management, evaluation, monitoring and control have now become far too high and must therefore be cut back significantly.

Brussels, 11 May 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO
