

Opinion on the reform of the common agricultural policy (CAP):

- Proposal for a Council Regulation (EEC) on agricultural production methods compatible with the requirements of the protection of the environment and the maintenance of the countryside
- Proposal for a Council Regulation (EEC) instituting a Community aid scheme for forestry measures in agriculture
- Proposal for a Council Regulation (EEC) instituting a Community aid scheme for early retirement from farming

(92/C 98/12)

On 15 November 1991, the Council decided to consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Economic Community, on the abovementioned proposals.

The Section for Agriculture and Fisheries, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 7 February 1992. The Rapporteur was Mr Bento Gonçalves.

At its 294th Plenary Session (meeting of 26 February 1992), the Economic and Social Committee adopted the following Opinion by a majority vote with two abstentions.

1. GENERAL ASPECTS

1. Purpose of the measures

1.1. The Commission proposals are intended to accompany and complement the changes to be made in common market organization, and include measures affecting areas already covered by Community policies, viz. agri-environment, afforestation, and early retirement.

1.2. This objective is to be seen in the context of the difficult situation regarding both agricultural markets and international relations in the farm sector; the measures required will undoubtedly have to cater for the present situation and, above all, be forward-looking and amount to a real reform package.

2. Lack of clarity with regard to the planned changes' content and scope

2.1. In many respects the content, thrust and scope of the planned measures are poorly defined and the intended timescale is vague.

3. Strengthening of economic and social cohesion

3.1. The wide variations in agricultural structures within the Community and the obvious differences in the degree of rural development between Member States [as indicated in the Commission Communication on 'The Future of Rural Society' ⁽¹⁾] would suggest that the types of action envisaged in the present document should be drawn up with great care: it is vital to strengthen economic and social cohesion, with due regard for the various aspects of harmonious Community development.

4. Need for convergent and adaptable measures

4.1. Forthcoming reform of the structural funds must include gradual and progressive rationalization of both productive and environmental aspects, and assistance should be sought to this end.

4.1.1. The indirect repercussions of restrictive common agricultural policy (CAP) reform measures on sectors upstream and downstream of agriculture cannot be ignored.

4.1.1.1. These sectors will require suitable adjustment measures.

4.1.2. At the same time, care must be taken to ensure that the initial measures are not unsuited to large areas of Community countryside, proving ineffective or even counter-productive.

⁽¹⁾ Doc. COM(88) 501 final.

4.2. The appropriateness and impact of the measures discussed in this Opinion therefore depend to a large extent on their compatibility with the on-going process of CAP reform and on their adaptability to changes in structural fund policy. Such measures should apply horizontally in all Member States.

4.3. The topics dealt with in the present document are part and parcel of the CAP reform pursued by the Commission. The Committee maintains its criticism [*cf.* the Committee Opinion on the Development and Future of the CAP⁽¹⁾] that the CAP reform measures are too fragmentary. If these measures are dealt with in isolation, the CAP reform may be unevenly balanced and hence have an adverse effect.

II. PROPOSAL FOR A COUNCIL REGULATION (EEC) ON AGRICULTURAL PRODUCTION METHODS COMPATIBLE WITH THE REQUIREMENTS OF THE PROTECTION OF THE ENVIRONMENT AND THE MAINTENANCE OF THE COUNTRYSIDE

5. Homogeneous areas

5.1. The term 'area which is homogeneous' [Art. 3(2)] needs to be defined more clearly if the various schemes are to address the problems specific to each area more consistently, without prejudice to current aid for disadvantaged and upland regions, and the impact of the measures is to be properly assessed *a posteriori*.

6. Training of farmers

6.1. It should be noted first and foremost that the aid scheme is to include the training of farmers, bearing in mind their need to have knowledge of farming practices compatible with the environment.

7. Industrial cooperation

7.1. Fair and sensible methods must be devised for pinpointing the incidence of the various causes of excessive intensification, particularly with regard to fertilizers and plant protection products—an area in which the cooperation of the chemicals industry would be highly desirable.

8. Further forms of extensification

8.1. With regard to further forms of extensification, referred to in Article 2(1)(b), other measures (apart

from those concerning the production of crops including forage) could usefully be included.

9. Community part-financing

9.1. It is felt that the word 'may' in the last intent of Article 7(2), referring to Community part-financing of aid, should be replaced with a more binding formula, although current Community regulations must be borne in mind. The 50% and 75% rates indicated in this indent should be taken as the minimum rates.

10. Monitoring and further measures

10.1. Monitoring is an extremely difficult and sensitive task, and should not be the sole responsibility of the Member States. In the Committee's view, the Commission should draw up a set of standard principles and should also establish a basis for inspections and the implementation of further measures.

11. Consultation of the Economic and Social Committee

11.1. The three year report referred to in Article 9(2) should be presented to the Committee in the same way as it is to be presented to the European Parliament.

III. PROPOSAL FOR A COUNCIL REGULATION (EEC) INSTITUTING A COMMUNITY AID SCHEME FOR FORESTRY MEASURES IN AGRICULTURE

12. General aspects

12.1. These measures are of key importance, as they are aimed at promoting an area of production in which there is a large Community deficit, particularly as regards timber.

13. Specific comments

13.1. Article 2

13.1.1. Not all aspects of the proposal are sufficiently comprehensive or balanced. One aspect which needs to be assured is agriculture's ability to compete with other activities—including forestry—in demands for available land.

13.1.2. Without questioning the general value of afforestation with fast-growing varieties, especially

⁽¹⁾ OJ No C 40, 17. 2. 1992, p. 56.

eucalyptus and certain conifers, more fertile land should be preserved for the sake of balance. This should be done in particular in rural areas lacking in added value, which are threatened with depopulation, are exposed to high forest fire risks or offer few alternatives to agriculture.

14. Clarification of beneficiaries

14.1. The Committee considers Article 2(2)(a) to be of great economic, social and even political importance, but feels that it is too generally worded.

- a) Farm tenancy systems vary widely among Member States: an effort should be made to reconcile the actual and potential interests of landowners and tenants, and to ensure that commitments arising from investment co-financed by the Community and the Member State are fulfilled.
- b) While the Committee agrees that afforestation schemes promoted by the public authorities should receive Community aid, the opportunity offered by Article 2(3) should be extended to others, including mixed bodies, such as regional development associations, cooperative bodies and bodies administering fallow land. (The definition of such legal bodies will depend on the land of each Member State.)
- c) The importance of communally-owned land throughout the Community needs to be emphasized.

15. Article 4

15.1. In adopting their multi-annual zonal programmes, Member States must take account of widely differing environmental conditions: Article 4(2) does not provide enough information on the content of such programmes.

15.2. A more balanced approach could prove more effective and create conditions favourable to fairer competition between Member States.

16. Combining the forestry aid with other measures

16.1. The Committee, unlike the Commission, thinks that there is a case in some instances for combining the afforestation aid scheme with the schemes for early retirement and environmental protection. This accumulation of aid makes sense, in both economic and social terms, in many rural areas of the Community.

IV. PROPOSAL FOR A COUNCIL REGULATION (EEC) INSTITUTING A COMMUNITY AID SCHEME FOR EARLY RETIREMENT FROM FARMING

17. General comments

17.1. This proposal is highly important in social and demographic terms and for the modernization of agriculture. Some doubts must however be raised by the existing system's failure to achieve clear and universal success: the system applies to only a small number of persons and consequently lacks widespread effect.

17.2. Variations in Member States' social security systems make it difficult to frame simple legal provisions which would constitute a reasonable response to the current situations and be in keeping with the objectives set.

17.3. The Committee believes that this question will become still more complex in the future as a result of the growth in worker mobility in the wake of the Single Act, and the increasing trend in some Member States for farmers to engage in part-time farming or resort to non-farming services.

17.4. This is encouraging the emergence of an increasingly heterogenous network of farm businesses and farmworkers, in terms of both business aims and degree of dependence on farming. There will also be an increase in the number of farmworkers working on more than one holding.

17.5. Grounds therefore exist for the Commission to inject a degree of flexibility into some of the rigid provisions contained in the proposals. However, there should be effective coordination of national early retirement schemes with a view to their standardization.

18. Specific comments

18.1. Article 5

18.1.1. The Committee believes that the proposed conditions of eligibility should be reviewed and made more flexible, in order also to cover workers having been employed on more than one holding or in seasonal

work [*cf.* Art. 5(2), first indent and Art. 5(3), third indent]. The Committee thinks also that there is no justification to limit eligibility to two workers per farm [final paragraph of Art. 3(2)].

18.1.2. Since the primary aim of the proposal is to release land rather than to establish a new type of early retirement, there are grounds for transferring such land first and foremost to young farmers in order to make farms competitive. Progress in Community agriculture will largely depend on young farmers and their use of modern management techniques.

18.2. *Releasing of land* (Art. 6)

18.2.1. Released land will have to be included in reparcelling or other ownership-transfer operations, as provided for in Article 6(6). These operations will make a decisive contribution to the future of European agriculture and will strengthen rural society.

18.2.2. The Commission should endeavour to make the scheme more compatible with the afforestation aid scheme in order that proper advantage may be taken of the two initiatives. The central aim is to enable those who wish to remain on the land to do so.

18.2.3. It is now clear that so far the rural exodus has not been halted everywhere in the Community. Demographic indicators in certain regions point to large-scale abandonment, depopulation or desertification. While the underlying reasons for these phenomena may differ, they all demand some sort of corrective action.

Done at Brussels, 26 February 1992.

V. CONCLUSIONS

19. The Committee welcomes the Commission's proposals but would ask that consideration should be given to the concrete suggestions contained in its Opinion and to the following conclusions:

- a) Certain provisions should be made more flexible, and graduated in favour of the regions most dependent on agriculture, so as to take due account of the distinctive features of national agricultural and social structures.
- b) The Commission should take steps to make the measures in the three areas (environment, afforestation and early retirement) more compatible and complementary both *per se* and in relation to the changes to be brought about by the reform of the structural funds: this will require more funds⁽¹⁾. The Committee considers that the funds earmarked for afforestation cover an insufficient area.
- c) The various national early retirement schemes should be effectively coordinated with a view to convergence of the schemes in force in each Member State.
- d) A permanent, institutionalized structure should be established to back up and assess the measures, and gauge how they affect the different regions. It is the Committee's view that since, among other considerations, the preservation of rural society is at stake and success depends very much on the information of potential beneficiaries, such a structure must have an active input from farming, cooperative and trade union organizations.

⁽¹⁾ See doc. COM(91) 415 final, Summary Table VI/G/5.

The Chairman
of the Economic and Social Committee
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