

Wednesday 12 March 2008

CAP 'Health Check'

P6_TA(2008)0093

European Parliament resolution of 12 March 2008 on the CAP 'Health Check' (2007/2195(INI))

(2009/C 66 E/03)

The European Parliament,

- having regard to the Communication from the Commission to the European Parliament and the Council of 20 November 2007 entitled 'Preparing for the "Health Check" of the CAP reform' (COM(2007)0722),
- having regard to Council Regulation (EC) No 1782/2003 ⁽¹⁾ of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers,
- having regard to its position of 11 December 2007 on the proposal for a Council regulation amending Regulation (EC) No 1782/2003 and Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) ⁽²⁾,
- having regard to its resolution of 25 October 2007 on rising feed and food prices ⁽³⁾,
- having regard to its position of 26 September 2007 on the proposal for a Council regulation derogating from Regulation (EC) No 1782/2003 as regards set aside for the year 2008 ⁽⁴⁾,
- having regard its position of 14 February 2007 on the proposal for a Council regulation laying down rules for voluntary modulation of direct payments provided for in Regulation (EC) No 1782/2003, and amending Regulation (EC) No 1290/2005 ⁽⁵⁾,
- having regard to its resolution of 8 June 2005 on Policy Challenges and Budgetary Means of the enlarged Union 2007-2013 ⁽⁶⁾,
- having regard to the Interinstitutional Agreement (IIA) of 17 May 2006 between the European Parliament, the European Council and the Commission on budgetary discipline and sound financial management ⁽⁷⁾, and in particular Annexes I and III thereto and Declarations Nos 3 and 9 thereof,
- having regard to the Act concerning the conditions of accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic and the adjustments to the Treaties on which the European Union is founded ⁽⁸⁾,
- having regard to Council Decision of 22 March 2004 adapting the Act concerning the conditions of accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic and the adjustments to the Treaties on which the European Union is founded, following the reform of the common agricultural policy ⁽⁹⁾,
- having regard to the mandate given by the European Council to the European Commission for negotiations in the field of agriculture in the European Council Conclusions in preparation of the Third WTO Ministerial Conference of 26 October 1999,

⁽¹⁾ OJ L 270, 21.10.2003, p. 1. Regulation as last amended by Regulation (EC) No 146/2008 (OJ L 46, 21.2.2008, p. 1).

⁽²⁾ Texts adopted, P6_TA(2007)0598.

⁽³⁾ Texts adopted, P6_TA(2007)0480.

⁽⁴⁾ Texts adopted, P6_TA(2007)0411.

⁽⁵⁾ OJ C 287 E, 29.11.2007, p. 341.

⁽⁶⁾ OJ C 124 E, 25.5.2006, p. 373.

⁽⁷⁾ OJ C 139, 14.6.2006, p. 1.

⁽⁸⁾ OJ L 236, 23.9.2003, p. 33.

⁽⁹⁾ OJ L 93, 30.3.2004, p. 1.

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- having regard to Article 33(2) of the EC Treaty, which has been incorporated, unamended, into the Treaty of Lisbon,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Agriculture and Rural Development and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0047/2008),
- A. whereas agriculture, together with the downstream food industry, is one of the biggest economic sectors in the EU, plays a decisive role in security of food supply in the EU and is also playing an increasingly important part in building EU energy security,
- B. whereas a common EU agricultural policy (CAP), based on an economic, ecological and social European agricultural model guaranteeing sustainability and security of food supply, will also be necessary in the future; whereas, however, the successful introduction of reforms must be continued, including further boosting rural development,
- C. whereas in future the CAP will need to remove the current obstacles to young people entering agriculture by establishing transfer from one generation to the next as one of its priorities,
- D. whereas reducing bureaucracy in the agricultural sector through the introduction of transparent, simpler and less cumbersome provisions would lead to both lower costs for agricultural holdings and producers and lower administrative expenditure,
- E. whereas the CAP must evolve to deal with very different agricultural and regional structures, while at the same time responding to new challenges such as climate change, soil and water protection, greater openness to the world market and the provision of biomass, raw materials and renewable energy; whereas it needs to be equipped with sufficient resources and to maintain the original objectives of the CAP, as recently reaffirmed in the Treaty of Lisbon, which may be summarised as the production of healthy food products of high quality, thereby guaranteeing supplies for all Europeans at reasonable prices and enabling farmers to maintain their income levels,
- F. Whereas any future changes to the CAP should take into account the specific situation of developing countries, in particular the least developed countries, and avoid endangering the production and commercialisation of agricultural products in such countries,
- G. whereas the system of direct support has, largely successfully, undergone fundamental reform on three occasions since 1992, and all the major market organisations, with the exception of the dairy sector, have done so since 2004,
- H. whereas all developed countries have an agricultural policy; whereas new circumstances, such as the increasing world population, climate change, increasing demand for energy, a reduction in price support and greater openness to the world market are leading, on the one hand, to a rise in market prices for agricultural products in the EU and, on the other hand, to considerably wider fluctuations in yields and greater price volatility, and it is therefore more necessary than ever to continue with the common agricultural policy,
- I. whereas security of food supply (understood in both the quantitative and the qualitative sense) will remain one of the key aims of the CAP, alongside the preservation of ecosystems, without which there can be no sensible, sustainable production, and optimisation of land use throughout the EU,
- J. whereas the EU has made a considerable effort to reduce agricultural spending in relation to the total budget, as a proportion of which it has fallen from almost 80 % in the 1970s to 33 % by the end of the current financial perspective, while the total area given over to farming has increased by 37 % since 2003, owing to the accession of new Member States,

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- K. whereas the Heads of State and Government made commitments at the Berlin Summit regarding the guarantee of total expenditure for the first pillar of the CAP until 2013,
- L. whereas the 2004 Act of Accession provides derogations from the application of certain rules of the CAP to the new Member States in order to offset the lower level of direct payments,
- M. whereas there is, in some regions, no alternative to some traditional types of agricultural production, which often constitute key agricultural activities for the regions in question and must therefore be preserved and supported at all costs, on imperative environmental and regional policy grounds and in order to safeguard the economic and social fabric especially in view of the CAP's role in the so-called convergence regions, where agriculture and stockbreeding tend to be of major importance as an instrument of economic development and job creation,
- N. whereas farmers in the EU must be guaranteed stability so as to ensure that their expectations are met and that they are not defrauded of their investments, while in some sectors the regulatory systems need to allow for medium and long-term forecasts,
- O. whereas the EU legislator must avoid discrimination against EU farmers and stockbreeders both within the EU itself and vis-à-vis competitors from third countries, or use suitable instruments to create equal opportunities for EU farmers and stockbreeders (level playing-field); whereas, in particular, it should be ensured that the quality, health, environmental, animal welfare and other standards with which EU farmers are required to comply are also observed by anyone exporting agricultural products to the EU,
- P. whereas the aims of the CAP are formulated in Article 33 of the EC Treaty and, subject to the full ratification of the Treaty of Lisbon, all essential legal and budgetary decisions concerning the CAP will require the approval of Parliament,
- Q. whereas guaranteeing security of food supply for EU citizens is a priority, and whereas this can best be achieved through a combination of supporting EU food production and through imports within the framework of the WTO rules; such security of food supply also depends on the EU's contribution to the building up of world stocks (which today are dramatically low), allowing the EU not only to protect itself against shortages, but also to take responsibility with regard to global security of food supply,
- R. whereas there is a need for more detailed reflection on the evolution of the markets and its repercussions on the internal market, given the international context regarding raw material production and prices,

Introduction

1. Insists on upholding the concept of a sustainable, competitive and multifunctional agriculture, which maintains the specific character of each sector and area of production and whose basic objective is to supply the population with healthy and safe food products, in sufficient quantities and at reasonable prices for the consumer;
2. Believes that the 2003 CAP reform was, in key aspects, a great success as it markedly improved the transparency and efficiency of the CAP and the responsibility and market orientation of farmers, and believes that this process must be continued on the basis of respect for the undertaking given by the Heads of State and Government in December 2002 to maintain the first-pillar agricultural funds in full until 2013; points out that, in return, the administration of the CAP and the many EU Directives and Regulations which have an impact on farmers must undergo further, significant simplification so as to relieve the burden on farmers, although this simplification must not lead to a renationalisation of the CAP or to a larger cut in the aids received by farmers in the EU;

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3. Considers the scrapping of all form of regulation within the CMOs to be politically undesirable since, as the current situation shows, European and global reserves stand at dramatically low levels, which is having negative repercussions on consumer purchasing power and farmers' incomes, while at the same time encouraging speculation; emphasises that, besides this, instruments are needed to combat a potential economic downturn and the risks posed by health incidents and increasingly frequent natural disasters arising from the unsettled climate;
4. Welcomes, therefore, the technical adjustments arising from the above-mentioned Commission Communication aimed at ensuring that the 2003 reform works, and calls on the Commission to underwrite the basic economic principle of stability within the CAP;
5. Calls on the Commission, with a view to future reforms, to carry out a cost-benefit analysis of the CAP in terms of security of food supply, self-sufficiency of supply and the preservation of rural communities; calls on the Commission to undertake an analysis of the potential cost to the consumer of higher food prices arising from increased world demand vis-à-vis the expenditure represented today by agricultural policy for the public;
6. Believes that the challenge for the EU as regards the WTO negotiations is to match any future constraints in a way that maximises its domestic welfare; stresses that it is for the EU to make the best use of the available flexibility, e.g. in the case of 'sensitive products'; stresses, however, that the condition for any WTO agreement on agriculture is to reach an agreement on intellectual property covering geographical indications and recognition of the Non-Trade Concerns as import criteria;
7. Calls on the Commission, in the context of the current WTO negotiations, to take account of the specific characteristics of agricultural production as a food production sector and a structuring element for territorial balance, preservation of the environment and the safeguarding of adequate quantitative and qualitative levels of food safety;
8. Considers, however, that the EU must still have sufficient instruments to be able to safeguard against market and supply crises in the agricultural and health sectors in the future;
9. Stresses the need to proceed to the recognition, in an effective manner and by suitable means (financial and others), of agriculture's productive, environmental and rural functions;
10. Supports, in principle, the integration of general aims into the CAP, in particular those of security of food supply, territorial coherence, the protection of consumers, the environment, the climate, animals, renewable energy and biodiversity; points out, however, that this must form part of a sustainable development policy combining economic performance, the conservation of natural environments and resources, local development and social justice; points out, however, that the Heads of State and Government have confirmed the aims of the CAP by retaining the substance of Article 33 of the EC Treaty in the Treaty of Lisbon signed on 13 December 2007;
11. Stresses that the integration of general aims into the CAP should not call into question the production of agricultural and livestock products in the mountain, disadvantaged, remote and island regions of the EU, which use extensive production systems, produce agricultural and livestock products in large measure for the local market but also sell such products on Member States' national markets;
12. Takes the view that, if the EU introduces stringent requirements for EU farmers and producers, it should ensure that those same requirements are met by anyone exporting agricultural products to the EU and that the EU must push for the inclusion of the general aims referred to above in the WTO negotiations;

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13. Rejects a reduction in the total budget of the first pillar for the period up to 2013 and points out that, at a time of sudden upheavals in agricultural and stockbreeding markets and with ongoing reforms at their mid-term stage, reliability, security and, in particular, respect for the decisions taken in 2003 are crucial concerns for farmers;

14. Rejects any discrimination according to farm size and legal form in the direct payments but acknowledges at the same time that all redistribution of aid in the first pillar must be based on a holistic assessment of its effects on social and regional cohesion, employment, environment, competitiveness and innovation;

15. Calls for aid to be reserved exclusively for farmers actively involved in agriculture;

16. Points out that the above-mentioned Commission Communication pays too little attention to the problems, needs and challenges facing the agricultural sector of the 12 new Member States, and urges that this be taken into account in the forthcoming reforms, and that targeted additional funding for restructuring and modernisation also be considered;

Direct payments

17. Considers that direct payments will remain vitally necessary in the future as a basic income guarantee, not only in the event of market failure but also for the provision of public goods by farmers and as compensation for Europe's environmental, food safety and security, traceability, animal welfare and social standards, which are very high by international comparison;

18. Notes, however, that the level of payments does not always seem to be in balance with the compliance efforts made by the farmers concerned, because payments still depend to a large extent on historic spending;

19. Calls, therefore, for a report by the Commission, which should assess the extra costs which farmers incur due to their compliance with the common standards in the field of the environment, animal welfare and food safety in comparison with their main competitors on the world market; the report should further compare these costs with the actual amount received by farmers in direct payments; the report should be sufficiently specific for different kinds of farmers in the separate Member States; the report should also be published before the decision-making procedures for the common agricultural policy after 2013 start;

20. Welcomes the proposal of the Commission to allow Member States, on a voluntary basis, more flexibility in moving towards a separation of direct payments from historical reference values and towards a flatter system, and calls on the Commission to clarify, together with the submission of the legislative proposal, whether in view of positive experience in the Member States a faster transition to an area-based regional or national single premium of decoupled payments would be feasible for Member States on a voluntary basis by 2013; notes, however, that those Member States with full (or partial) decoupling based on historical payments may choose to leave this system in place until 2013; calls on the Commission to undertake a study of the potential impact of an area-based premium, in particular with regard to farms with high livestock densities on comparatively small areas;

21. Stresses that, by opting for a transition to a regional model, account should be taken of the difficulties arising from the particular nature of specific rights for livestock farming, i.e. the fact that some livestock farmers do not have any, or have only a small area of agricultural land, and also the fact that extensive livestock farming in many regions within the EU is based on collective use of commonly held grazing land, which belongs to municipalities, communities or government bodies;

22. Believes that, given the increasing number of sectors covered by the Single Payment Scheme (SPS), and in light of the experience obtained in implementing that regime, certain decisions and implementing rules appear to be unnecessarily rigid and complicated, and that it therefore seems necessary to redefine the rules, scope and suitable management patterns of its implementation in those Member States and sectors which so wish;

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23. Considers that decoupling of direct payments has in general led to a successful market orientation of EU agriculture, given the increased effect on income and greater autonomy in decision-making on the part of farmers and the associated simplification of the CAP; calls on the Commission to push through the decoupling policy at a faster pace, unless this were to result in considerable social, economic or environmental drawbacks in certain regions, in particular the least favoured regions; notes however, that further impact assessments are to be prepared in order to comprehensively determine the effects of decoupling for specific regions, for production and the land market;
24. Believes that, in general, decoupling direct aid from agricultural production can in the long term contribute to reducing the negative environmental impact of EU agriculture, provided that it is accompanied by increased support for sustainable practices in rural development;
25. Points out, that any further decoupling should only take place after careful consideration of the potential effects including, but not limited to, the balance between the different agricultural sectors, the increased danger of monocultures, and the threat to labour-intensive agricultural sectors;
26. Recognises that the situation regarding headage-based premiums, including milk premiums, is not comparable, in view of serious market distortions caused, inter alia, by rising feed prices, which have a greater effect on certain livestock production systems practised in the EU;
27. Considers that, in certain regions, such as mountain regions and other regions with specific difficulties (islands, dry or humid areas, outermost regions etc.), where there are no alternatives to relatively labour-intensive livestock farming, a complete decoupling of headage-based premiums may be accompanied by substantial social, economic and environmental drawbacks following changing input prices, which are incompatible with the goals of the Treaty; calls for accurate reference data to be used as a base for awarding payment entitlements in case (partial) decoupling takes place;
28. Is aware of the key role played by livestock farming in European agriculture, especially in certain countries and regions with large-scale animal husbandry and, as a result, considers that it would be reasonable to partially maintain coupled animal premiums for the time being; recognises the important role these very successful farm holdings play in the regional economy; recalls that Articles 47 to 50 of Regulation (EC) No 1782/2003 contain a solution for high livestock densities that should be further explored for the period after 2013;
29. Considers, however, that this in itself will not be enough; welcomes, therefore, as a first step in the right direction, the announced amendment of Article 69 of Regulation (EC) No 1782/2003 (hereinafter referred to as 'Article 69'); notes, however, that this instrument should not be used as a disguised way of introducing voluntary modulation and a double strengthening of the second pillar; furthermore, this instrument should not lead to renationalisation of the CAP and the level playing field between Member States should be respected as much as possible;
30. Calls for appropriations under Article 69 to be allocated primarily for measures to promote territorial coherence and strengthen individual sectors, in particular measures to prevent agricultural production, and especially livestock farming, from being abandoned in areas where this would have highly detrimental effects on nature, the countryside or regional development (in particular mountain areas, wetlands or areas affected by water scarcity, other especially disadvantaged areas and grassland in extreme locations), measures designed to restructure and boost key agricultural sectors (e.g. the dairy and beef cattle and sheep sectors), and area-based environmental measures (e.g. organic farming) which to date have not been included in the second pillar and risk management;
31. Considers that the budget for the revised Article 69 could, subject to the results of an impact assessment and on a voluntary basis, cover up to 12 % of direct payments per Member State;
32. Calls on the Commission to submit proposals for common rules in respect of Member States' application of Article 69 in order to avoid barriers to trade and distortion of competition as far as possible, incorporating them, where necessary, within the common organisation of the market; calls also for all measures requiring the application of Article 69 to be notified to the Commission; calls, finally, on the Commission to draw up an impact analysis, which should be annexed to its legislative proposal;

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33. Considers that measures designed to strengthen individual sectors should in principle be funded under the first pillar in the long term; considers, therefore, that the Commission must carry out a thorough evaluation of the results of the implementation of the revised Article 69 in preparation for post-2013 reform;

34. Calls on the Commission, in addition, to submit, by 30 June 2010, a report setting out comprehensively how Community production of arable products as well as security of supply for livestock farming in Europe can be safeguarded in the long term with regard to the different production systems within the EU, multi-functionality and regional aspects (such as mountain, disadvantaged and small island areas); considers that the report should also deal with the question of how far the aims of the CAP, including as they relate to sustainability and social aspects, can be achieved in a more efficient, targeted way by means of decoupled, indirect support, e.g. premiums for extensive grassland and pasture land, a special milk and meat production payment, premiums for stables which are constructed and furnished in line with common animal welfare and environmental standards, or specific instruments for crisis management; stresses that the report needs to answer the question of whether, or to what extent, in view of the specific needs of regions with intensive animal holdings, coupled animal premiums or solutions along the lines of those suggested in Articles 47 to 50 of Regulation (EC) No 1782/2003 will still be needed after 2013;

35. Recommends that those new Member States who so wish should be permitted to apply the Single Area Payment Scheme (SAPS) until 2013, and calls on the Commission to examine whether implementation of the SAPS could be further simplified by amending the rules on areas eligible for aid;

36. Believes that all budgetary appropriations earmarked for CAP implementation that are saved, or are not utilised, should be spent within the CAP;

37. Considers that direct payments will also be required after 2013, but that these need to be based on new objective criteria, notably on direct employment generated by farms, or developed more clearly in the direction of a reward for farmers for land stewardship or compensation for certain effective services of general interest or for specific standards, including animal welfare standards, and that the extent to which the significant differences between regional area payments within Europe and the different funding for the second pillar are appropriate, should be examined; calls on the Commission to propose suitable measures designed to ensure that the full rate of direct payments is received only by persons and undertakings which are actually involved in agriculture;

Simplification, cross-compliance and market orientation

38. Supports, after an appropriate phasing-out period, the gradual integration of production-based payment schemes which are smaller and therefore very cumbersome to administer (dried fodder, hemp, flax, potato starch) into the single area payment scheme, unless this were to result in considerable social, economic or environmental drawbacks in particular regions; if necessary, for reasons of regional policy, accompanying measures should be provided for in accordance with Article 69; calls on the Commission to carry out a case-by case analysis of its economic and regional impact, which demonstrates that this is the appropriate solution and identifies the necessary timeframe for its implementation; stresses that decoupling should not jeopardise the very existence of the forms of production concerned;

39. Supports the immediate abolition of the set-aside obligation, a volume control instrument which has lost its significance in a decoupled direct payment system and is extremely cumbersome to administer, and the conversion of set-aside entitlements into normal entitlements;

40. Considers that, against the background of a reduction in the areas under set-aside following the increase in demand for agricultural products, any environmental advantages procured through set-aside, such as crop pollination by bees, can be better and more directly obtained by Member States through measures under the second pillar and by altering the definition of the maintenance of good agricultural and environmental conditions (GAEC) to facilitate development of the biodiversity of wildlife and its habitats;

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41. Calls for the gradual abolition of the energy crop premium in the course of a phasing-out period, because energy crop premiums are very cumbersome to administer and have little or no energy policy advantages in the current market environment;
42. Calls for the appropriations which have not been used as a result of abolishing the energy crop premium to be made available, *inter alia*, specifically for accompanying measures in connection with the organisation of the milk market, especially in mountain areas and other areas with specific difficulties;
43. Calls on the Commission to make available unused appropriations under the agriculture budget which were earmarked for market management measures such as intervention, export subsidies or storage, primarily on the basis of Article 69 for strengthening the economy in rural areas, in particular agricultural holdings, in keeping with rural development objectives;
44. Considers that direct payments without cross-compliance (CC) can no longer be justified; emphasises in that respect that the new Member States must be assisted by the EU in the application of the CC rules in the course of a transitional period;
45. Rejects any widening of the scope of CC, in view of reductions in direct payments, as long as Member States and the Commission fail to make substantial progress in simplifying and harmonising monitoring rules and the Commission does not present an overview of the costs connected with CC to farmers; refers in this context to its position of 11 December 2007;
46. Considers that CC should be restricted to checks on essential standards of the European model of production and standards to which systematic and harmonised checks in the different Member States can be applied;
47. Calls for greater effectiveness of CC in relation to its objectives and a more homogeneous implementation across the Member States; calls on the Commission to develop clearer guidelines to assist the Member States in implementation;
48. Calls for an end to disproportionate burdens placed on livestock farming by CC; calls, in particular, for a critical examination of certain hygiene and identification standards (e.g. ear tags);
49. Could envisage a modest adaptation of the requirements to maintain GAEC and sustainable land management with regard to altered environmental and production conditions (climate change, biomass), if the introduction of the new requirements in a comparable way throughout Europe were guaranteed;
50. Considers that Member States applying the SAPS should be entitled to implement the CC principle progressively, in order to be able to properly prepare for the introduction of the necessary control systems and convince farmers of the need to meet the appointed standards;
51. Calls on the Commission to press on with the simplification of the CAP and, in so doing, regularly to review items of legislation to determine whether they are necessary and whether their actual provisions are expedient; states, in this regard, that it should propose additional measures, such as simplified transfer rules for payment entitlements in the event of non-activation, merging of minimum payment entitlements, introduction of a single premium in the case of small recipients, simplification, reduction or abolition of the rules governing the national reserve, depending on the transition to the regional/national single area payment, waiving the cancellation of payment entitlements in the event of non-use, abolition of handwritten registries for cattle and other livestock;
52. Calls further on the Member States to ensure timely payments, and on the Commission to allow prepayments to be made to farmers;
53. Calls on the Commission to create the necessary mechanisms to ensure that third-country imports meet the same standards as Community products in terms of conditionality, food safety, etc;

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Safety net

54. Considers that, in view of the anticipated increase in environmental and climate dangers and in the risk of epidemics and considerable price fluctuations in the agricultural markets, additional risk prevention is of vital importance as a safety net;

55. Recalls that market-oriented production, appropriate crop rotation, diversification, financial market instruments, supply chain contracts and insurance are all important ways in which farmers can protect themselves against risk and that, in principle, responsibility for appropriate risk prevention lies with farmers;

56. Believes that, in order to address market failure, the intervention system should be kept and reformed into a strict safety net for exceptional circumstances with rules based on world market trends;

57. Supports, therefore, the Commission's proposal to lower the intervention thresholds for market crops to zero, maintaining an — if appropriate reduced — intervention threshold only in the case of wheat;

58. Considers that private sector or mixed insurance schemes, such as multi-hazard insurance, must be developed as a matter of urgency in view of increasing risks; is aware of the fact that this can only succeed with public contributions to the financing; underlines the fact that the introduction of these schemes must not under any circumstances endanger the level playing field between the different Member States; calls on the Commission to consider introducing or supporting a Community-wide reinsurance system in the future, with a view to dealing with problems arising from climate-related or environmental disasters;

59. Recalls that almost all relevant third countries operate this kind of State-aided system;

60. Considers that, as a result, a first step should be the creation of sources of financing for the national or regional funding of risk insurance schemes starting in 2009, to take account of the various potential risks in Europe; considers also that the Commission should examine the extent to which producer groups, sectoral and interprofessional associations and private insurance companies can be incorporated into the schemes;

61. Considers that, in view of the completely different conditions in the individual sectors, different sectoral solutions (comparable to the solution in the fruit and vegetable sector) are probably preferable to horizontal approaches;

62. Considers that these measures should be partly funded under the first pillar on the basis of Article 69, since they fall within the scope of market policy;

63. Requests the Commission to consider the possibility of introducing instruments for managing market crises and climate crises, aimed at producer groups and cooperatives, to help them bear the costs associated with a fall in the aggregate amount contributed by their members;

64. Considers that risk management and risk prevention measures must not be allowed to lead to the reintroduction of support measures based on production;

65. Considers, therefore, that the Commission must develop a common framework for the funding of risk management systems by Member States on the basis of respect for the systems currently in use or approved by the Commission in the past, in order to exclude, as far as possible, effects that distort competition and trade, if necessary by establishing common rules within the single market organisations;

66. Calls on the Commission to submit, by 30 June 2010, a comprehensive analysis of existing risk management systems and possibilities for their further development at Community level after 2013;

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Modulation/capping ceiling/degressivity/minimum threshold

67. Points out that the imposition of degressive ceilings, modulation and budgetary discipline may, if the Commission's proposals are implemented, have a substantial redistributive impact in certain regions;

68. Considers that any change in rural development appropriations which is incompatible with the agreed (sub)ceilings of Annex III of the Interinstitutional Agreement (IIA) of 17 May 2006, must be agreed by all three signatory parties;

69. Points out that there has been as yet no impact assessment of the effects of further modulation, degressivity and minimum thresholds on the labour market in rural areas and regional cohesion; points out that, for that reason, an assessment of the first pillar must be carried out;

70. Stresses that the lower limits proposed by the Commission could have a non-negligible impact in some Member States and may affect the distribution of CAP payments between Member States, whereas the upper limit implies a transfer of some 500 million *euro* from the first to the second pillar; recalls that there are serious doubts remaining regarding the present cost-effectiveness of second pillar measures; believes, therefore, that savings coming from the possible application of this measure should remain within the first pillar;

71. Rejects the Commission proposal on degressivity (with a reduction of up to 45 %) in its present form, as there is no clear link between the size and wealth of a farm, and as it fails to factor in the workforce needed to maintain a large scale agricultural holding; the Commission proposal would put large farms or associations at an unjustifiable disadvantage and lead to a reduction in the workforce and the destruction of well-developed, competitive structures and would result in the splitting of farms purely for support-related reasons, which would cause structural fracturing in some regions of Europe;

72. Considers that degressivity and/or the establishment of maximum ceilings can only be acceptable on the basis of a comprehensive assessment of the consequences for the job market and regional policies, and only if it became possible for account to be taken of the number of full-time workers covered by social security or certain farm structures (farms run by several families, cooperative organisations, etc.) compared with the total farm labour costs, with a view to a reduction of degressivity; calls on the Commission to bear in mind that smaller farms joining together to form a single legal entity in order to create economies of scale and become more competitive should not be disadvantaged;

73. Calls for any funds resulting from degressivity to be kept in the regions or Member State concerned, where they will be used, for example, to finance measures in accordance with Article 69 or under the second pillar; calls for these funds to be applied directly for the benefit of farmers;

74. Supports the proposed raising of the minimum thresholds, in light also of the 2006 annual report of the Court of Auditors, which could be set at one hectare or the corresponding amount of 250 *euro*, combined with the introduction of a single premium or a minimum lump sum for small recipients; states, however, that in duly justified cases of major differences in agricultural structures, Member States should be granted the option of setting the minimum thresholds;

75. Supports, however, the efforts of the Commission to secure appropriate financing for a sustainable policy for rural areas under the second pillar of the CAP, although that objective must not be attained at the expense of the first pillar;

76. Points out that, in view of the already drastic nature of individual reductions, a further reduction in direct payments of 8 % cannot, in the absence of an impact assessment, be accepted;

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77. Considers that, in light of widespread calls for a reduction in large payments, a progressive modulation could be envisaged, on the basis of the available information and on the basis of an impact assessment taking into account farm structure (associations etc), farm labour and/or labour costs and specific production types in the different direct payment systems (for example, specific problems of farms and regions with high density livestock on comparatively small areas).

The funds from the progressive modulation are to be distributed according to the prevailing rules governing modulation funds and to remain in the regions or Member State in which they accrue;

The European Parliament could envisage a progressive modulation in the following form:

Direct payments of EUR 10 000-100 000	– 1 % (for the entire period 2009-2013)
Direct payments of EUR 100 000-200 000	– 2 % (for the entire period 2009-2013)
Direct payments of EUR 200 000-300 000	– 3 % (for the entire period 2009-2013)
Direct payments of over EUR 300 000	– 4 % (for the period period 2009-2013)

78. Calls for voluntary modulation to be replaced by compulsory modulation;

79. Considers that modulation funds should be made available primarily using the Leader method and for measures aimed at combating the loss of biodiversity, risk insurance, adapting to climate change, measures targeting the sustainable use of biomass, accompanying measures for structural reform (e.g. organisation of the milk market), safeguarding production in mountain or small island regions and other similarly disadvantaged areas, quality assurance including animal welfare measures, organic farming, disposal measures and adapting to technical advances; calls for all these measures to be targeted directly at farmers;

Milk market organisation

80. Is aware that the current system of milk quotas in its present form is unlikely to be continued after 2015, and calls on the Commission to carry out a comprehensive examination of how the organisation of the milk market might look in the future; calls on the Commission to put forward for the period after 2015 a convincing plan for the milk sector that guarantees the continuation of milk production in Europe, including in mountain regions, outlying regions, and other regions with specific difficulties;

81. Draws the Commission's attention to its decisions ⁽¹⁾ in connection with the mini-milk package concerning market measures and the milk fund;

82. Calls on all parties involved to use the time up until 2015 to stabilise or strengthen market positions, and ensure a 'soft landing' for the European dairy sector, preferably by structural quota increases;

83. Calls for the milk quota to be adjusted according to the market in response to changes in demand on world markets; considers, therefore, that quotas should be increased by 2 % in the milk year 2008/2009 on a voluntary basis for each Member State; calls on the Commission to allocate the increase to the national reserve; calls for an annual review of the quota;

84. Calls, furthermore, for a substantial reduction in the super-levy for the 2009/2010 milk year and further decreases in subsequent years in order to counterbalance a rise in quota prices and for Europe-wide ex-post offsetting of quotas in order to enable quotas to be better utilised;

85. Calls for specific accompanying measures to prevent the dairy industry in mountain regions and other regions with particular difficulties from being abandoned in cases where there are no alternatives to the traditional dairy industry or where abandoning agricultural activity would lead to the loss of areas of natural significance;

⁽¹⁾ Texts adopted of 5.9.2007, P6_TA(2007)0371, P6_TA(2007)0372, P6_TA(2007)0373.

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86. Considers that sufficient funds to maintain the dairy industry — especially in mountain areas, outermost regions (such as the Azores) and other regions with comparable difficulties — must be made available, primarily by means of Article 69, e.g. by means of top-ups to area payments (comparable to measures in the sugar sector), in the form of premiums for dairy cattle, for grassland or extensive grazing, of a specific milk payment or special regional programmes to reinforce or restructure the sector and to promote specific high-quality products;

87. Considers that strengthening of producer associations, sectoral and inter-professional organisations could constitute a further element of the revised Article 69;

88. Asks the Commission and the Member States to examine the possibility of a non-linear increase in national quotas with a view to introducing additional increases for Member States where the production quotas have traditionally been in deficit;

89. Considers that, in order to finance these measures, it is necessary to create a specific fund (Milk Fund), which could be partly financed from the savings arising from the reform of the sector;

Other matters

90. Points out that the strengths, and the future, of European agriculture are to be found in regional, traditional and other recognised high quality products and value-added products;

91. Calls on the Commission, in this connection, to introduce a 'European mark' to identify the quality of EU agricultural and food production on the European market as well as the international markets, and identifying the strict standards, in relation to the environment, animal welfare and food safety under which production takes place;

92. Calls, therefore, on the Commission to present a comprehensive plan for improving the marketing of high quality European products at home and abroad, e.g. by means of information and promotion campaigns, support for the formation and development of the activities of producer organisations or other forms of sectoral organisation and introducing targeted labelling which sets out, in particular, the origin of the agricultural raw materials used and that is clearer and more transparent for consumers;

93. Calls on the Commission to increase, as part of a budget adjustment process, the appropriations earmarked for information and promotion campaigns on the internal market and external markets;

94. Calls on the Commission to consider the need for a genuine communication policy dealing with the CAP which would be designed to reduce the gulf between the agricultural world and society, and which would not function solely as a promotional and advertising mechanism;

95. Considers that producer and inter-professional organisations require further bolstering and support, particularly in Member States in which there are only a small number of such organisations, so as to give farmers a better market position with regard to retail and trade and, concurrently, quality assurance systems in the food production chain should be promoted, including alternatives to existing manufacturing practices;

96. Calls on the Commission and the Member States to take the necessary measures to prevent speculative activity, capturing of the market in food products and the formation of cartels by food companies exploiting the present absence of legislation or controls, producers' and consumers' lack of organisation, and the lack of suitable infrastructures, measures which are aimed exclusively at boosting profits, reducing producer prices and imposing high prices on consumers;

97. Regrets that the Commission missed the opportunity to tackle more broadly the problems linked to increased imports of food and feed which do not correspond to EU standards and thus risk undermining the EU's achievements in environmental, animal welfare and social conditioning of public aid; calls on the Commission to propose measures to remedy this situation as soon as possible, and to ensure compliance with Community environmental and health legislation;

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98. Calls on the Commission to develop as a matter of urgency a comprehensive plan to push through European non-trade concerns in world trade talks, in particular the issue of the recognition and protection of geographical indications, animal welfare, the state of health of imported animal and plant products etc., so as to prevent unfair competition against European producers and to avoid the export of animal welfare and environmental problems to third countries; calls on the Commission to actively advocate in the WTO negotiations the concept of qualified market access with a view to promoting sustainability standards in agriculture;

99. Points out that European agriculture will not be sustainable in future without appropriate external protection; calls, therefore, for application of the same quality and safety standards to third-country products as to EU products;

100. Takes the view that the abolition of export subsidies should be combined with promotional activities conducted in third countries;

101. Recalls that in the context of climate change, two main policy challenges emerge for agriculture: the mitigation of greenhouse gas emissions responsible for climate change and the adaptation to climate change impacts; stresses that this means that agriculture faces a double challenge: reducing its own emissions while adapting to the expected effects of global warming;

102. Stresses that climate change is not only an environmental but also a social and economic problem and, therefore, environmental concerns and efforts in the agricultural sector, one of the most vulnerable sectors that directly depend on climatic factors, should take into account the need to guarantee the economic and social viability of rural areas;

103. Recalls that agriculture's contribution to the greenhouse effect (as a source of two powerful greenhouse gases: methane and nitrous oxide) is limited, and is diminishing in the EU, due to the implementation of measures already in place within the CAP framework such as CC, agri-environmental schemes and other rural development measures;

104. Calls on the Commission to examine the extent to which these achievements can be further improved by integrating agriculture into the Kyoto Mechanisms;

105. Considers that the supply of renewable energy from agriculture should not be pursued one-sidedly to the detriment of livestock farming and of the security of food supply of people in Europe and throughout the world, of sustainability and of biodiversity; calls on the Commission, therefore, to carry out an impact assessment of support measures for renewable energy in the context of security of food supply and the environment; calls for appropriate funding for research and the introduction of recent and efficient energy technologies which exploit biomass to the full (e.g. second generation biofuels); strongly reiterates the fact that, in the short term, biogas plants based on animal-origin residues have the largest, most sustainable potential for growth in terms of providing additional energy from biomass;

106. Underlines the strong relationship between agricultural activity and water quality and quantity, and stresses that pressures from agriculture on the water environment need to be managed in a sustainable manner; believes that environmental legislation in combination with the 'polluter pays' principle should be the guiding principle for the effective achievement of sustainable water management and environmental objectives;

107. Considers that development of the system of agricultural payments must continue beyond 2013 and calls on the Commission to present, by 30 June 2010, not least in view of the fact that European farmers need long-term planning security, a comprehensive analysis of possible ways of reshaping the system, in particular by setting strategic objectives which reflect the development of European agriculture as a means of exploiting innovation, making good use of land, guaranteeing production quality, maintaining farmers' incomes and safeguarding the environment and security of food supply; calls on the Commission to examine a thorough-going administrative simplification, in particular for annual premium payments of less than 20 000 euro per recipient;

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108. Points out that biodiversity is affected, created and threatened by agriculture; considers that global, local and EU efforts are needed to protect the valuable ecosystem services that biodiversity provides, namely air and water purification, pollination of crops and protection from erosion;

109. Points out that in the current programme period 2007-2013, rural development (and its financing instrument EARDF) as the second pillar of CAP has an important regional impact; urges the Commission to exploit the possibilities for a more coherent implementation in relation to the regional policy programmes (structural funds) in order to come to an integrated approach in fields where synergy can be obtained;

110. Believes that there can be no rural development without agricultural activity, and that the objective must be to ensure economic viability for the inhabitants of rural areas and to improve their quality of life;

111. Urges the Commission to present a coherent set of proposals in order to maintain and develop sustainable agricultural activity, especially in less-favoured areas and areas with natural disadvantages, as these are of crucial importance for protecting biodiversity and preserving ecosystems;

112. Calls on the Commission to step up research and technology transfer measures, particularly in order to promote more environmentally and ecosystem-friendly production methods in the interests of sustainable agriculture;

113. Draws attention to successful projects around the EU where cooperation at local and regional level between farmers, environmental groups and authorities has successfully reduced the environmental impact of agriculture;

114. Considers, especially, that any future system must focus more strongly on aspects of the social, economic and territorial coherence and integrated development of rural and also peri-urban areas, reinforcing key agricultural sectors, rewarding effort and compensating for extra burdens, and risk management; considers that the relationship between the first and the second pillar must be entirely redefined for this purpose;

115. Takes the view that European agriculture can provide environmentally-friendly solutions to the most pressing problems facing our urbanised society in peri-urban regions as well, and can thus contribute to achieving the objectives of the both the Lisbon and Göteborg strategies;

116. Draws attention to the particular role played by farmers in peri-urban areas; peri-urban farmers and land managers can promote solutions that meet both Lisbon (knowledge, research, innovation) and Goteborg (sustainability) objectives;

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117. Instructs its President to forward this resolution to the Council and the Commission.
