



## Contribution from the Regions of the "Four Motors for Europe" on the Common Agricultural Policy towards 2020

21-03-2012

### References:

*European Commission Communication: "Meeting the food, natural resources and territorial challenges of the future", 18 November 2010*

*Legislative proposals to the European Parliament on the reform of the Common Agricultural Policy: "A new partnership between Europe and farmers", 12 October 2011*

*"The Common Agricultural Policy needs to be redefined. A new balance has to be established through a genuine partnership between society as a whole, which offers the financial resources through a public policy, and farmers, who keep rural areas alive, who are in contact with the ecosystems and who produce the food we eat." (Dacian Cioloș, Brussels, 12 October 2011)*

The Regions of the "Four Motors for Europe" have decided to take part in the debate on the future of the Common Agricultural Policy (CAP) by working closely on the texts put forward by the European Commission, and by contributing their expertise and their knowledge of the ground.

Before beginning, though, they wanted to set down a number of decisive facts that form a common framework for their positions and without which, they believe, no far-reaching reform of the Common Agricultural Policy is possible:

- Upstream of actual production, the preservation of farming lands and the replacement of generations of farmers: there will be no effective agricultural and food policy if farming land continues to disappear in our regions, especially in peri-urban areas. Europe must there take pains to maintain the farming land, also to preserve biodiversity of our ecosystems, in which it has been investing public money for decades and take steps to protect it, in liaison with the Member States.
- Downstream of production, it is necessary to strengthen the situation of agricultural producers in the food chain as well as the local and regional value of production potentials. Due to increasing price volatility on agricultural markets, the producers need more market power.

To these preliminary remarks, the Regions would like to add measures that they would like to see included in the priorities of the future European programme:

- Restore agriculture to the role it deserves in the food value chain;
- Maintain the role of rural development as distinct from the mainly agricultural pillar on one hand and urban development on the other;
- Adapt competition rules so that they help all types of agriculture develop, and make allowance for the distinctive features of each;



- Adopt specific measures in favour of peri-urban areas.

Under the general funding of the Common Agricultural Policy, the Regions of the "Four Motors for Europe" call for an increase of both pillars' budget. Especially the contribution for the future challenges has to be forced by the EU.

### Delegated powers

In general the Regions are afraid of the delegated powers given to the Commission to adopt delegated acts. Neither in 1st pillar nor in 2nd pillar the rules should limit the national or regional power and flexibility.

### Pillar 1: direct payments

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#### Article 5 and following: set aside historical references and gradually give direct payments a more regional focus

The Regions of the "Four Motors for Europe" agree with the principle. They note that they will be in different starting situation in 2014, taking account the differences in the application of the CAP force, but they all agree that basic payments must be redistributed overcoming the historical criteria, in a new fair way based on more than one criteria.

#### Article 9: definition of an active farmer

The Regions of the "Four Motors for Europe" share the objective of confining direct subsidies to active farmers, but the definition proposed by the European Commission can raise problems: in some cases, a farmer who derives a significant percentage of his/her revenue from farming might not be granted direct payments in excess of 5% of his/her non-agricultural receipts under the allocation conditions proposed by the Commission (especially on small areas with high added value per hectare). Moreover, it may be difficult to apply the ceiling consistently throughout Europe and it would generate high administrative costs (to define and measure non-agricultural receipts and areas naturally kept in a state suitable for grazing or cultivation). The Regions of the "Four Motors for Europe" accordingly suggest letting each Member State define what constitutes an "active farmer", based on specific regional characteristics (including definitions borrowed from the law or the parameters already tested for the management an control system), which is more in line with with the current legislation and the European Parliament's intention.

#### Article 18 and following: basic payments

The Regions of the "Four Motors for Europe" are in favour of convergence for these payments. In case of regionalisation of this decoupled model, other criteria than agricultural area should be allowed to distribute subsidies among regions and among farmers within the same region, such as employment, production potential and added value and others addressing the special context of livestock farming. They advocate subsidiarity at Member State level for the choice of criteria and the method of calculation.



## **Article 29 and following: greening**

The Regions of the "Four Motors for Europe" agree with the principle of "greening" EU wide. However, they point out that it will be necessary to have a room to adapt the requirements to the different situations on the ground, and the real needs of the territories, in order to attach greater importance to the outcome than the means used to achieve this greening.

## **Article 38 and following: optional coupled support**

The Regions of the "Four Motors for Europe" are in favour of integrating the possibility of extending and developing certain strategic productions, in particular for maintaining livestock farming in certain areas, in particular less favoured areas. In this regard, objectives such as a better proteic livestock feed self-sufficiency at regional level and others may justify this measure.

## **Article 47 and following: small farmer scheme**

There is agreement among the Regions of the "Four Motors for Europe" that the scheme should be made optional.

## **Pillar 1: a single "Common Market Organisation"**

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The Regions of the "Four Motors for Europe" agree in principle on maintaining mechanisms to stabilize the market of agricultural products, in particular for a certain control of the supply of agricultural products. The Commission proposals addressing this matter are insufficient. Any further market deregulation is rejected.

Market measures should aim at setting an appropriate framework of conditions to the markets, preventing crisis, ensuring safety and food quality, an adequate information to consumers, including through the adoption of traceability systems and appropriate labeling. In fact, a better functioning and transparency of the food chain is a prerequisite for the market stability.

The Regions of the "Four Motors for Europe" stress that it is an absolute necessity to introduce tools that will lead to an added value for the farmers in the food value chain, and effectively protect them from the volatility of global prices for agricultural products, especially on the milk market. From this point of view, making it possible under Pillar 2 to set up mutual funds to attenuate the effects of this volatility on farmers' income seems unjust (because it depends on Member States' resources) and less effective than a global and common preventive system at European level.

On this point in particular, the Regions of the "Four Motors for Europe" call on the European Union to enforce the rules of international trade reciprocity on the sanitary and environmental standards it imposes on itself. In this area, differentiated systems should be set up for different strategies between trading partners. In this respect, the Regions of the "Four Motors for Europe" ask the European Commission to abandon strictly bilateral negotiations with third countries, and promote fair trading strategies applied to groups of countries according to their economic level.



## Pillar 2: European Agricultural Fund for Rural Development (EAFRD)

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### Common strategic framework

The Regions of the "Four Motors for Europe" acknowledge that much has been done to rationalise measures and make the European funds created by this innovation interoperable. However, the Regions note that, given the European Commission's proposals, the EAFRD's measures are likely to be more or less saturated by agricultural needs. Some regions are also afraid that urban zones will drain off the lion's share of ERDF and ESF funding, ultimately leaving too little for non-agricultural development of rural and peri-urban areas. For instance, it may concern timber industry, information and communication technology, renewable energy, services to the population in those areas. Accordingly they would like special attention to be paid to peri-urban and rural areas in the allocation of ERDF and ESF structural funds. By reciprocity, the funding of nature protection measures under the 2nd pillar should not be applied – also for investment activities – only to rural areas.

The Regions of the "Four Motors for Europe" consider that rural development programmes are best defined and implemented at regional level. The Regions of decentralised Member States are therefore concerned that the introduction of the common strategic framework, which will include the EAFRD in the partnership contract between Europe and the Member States, will establish a further level of negotiation with the central authorities. They therefore request more time and greater flexibility for defining integrated planning documents and programmes of adequate quality, and the same period of programming, equally reducing the evaluation time.

### Article 5: EU priorities for rural development

On the whole, the Regions of the "Four Motors for Europe" support the six priorities proposed. However, they would like to make the following observations:

Priority 3: promoting food chain organisation and risk management:

The Regions of the "Four Motors for Europe" note that the European Union's competition policy and sanitary rules will have to be brought into line with this priority if it is to be implemented, especially to help primary producers become better integrated in the food chain, quality programmes, local markets, short supply chains, etc.

Priority 4: restoring, preserving and enhancing ecosystems dependent on agriculture and forestry:

The Regions of the "Four Motors for Europe" agree with this priority, but note that, where they are concerned, it can only be achieved if farming land is maintained as such, whereas it is threatened by urban sprawl and infrastructure growth (cf. our introductory remarks). They ask EU authorities to introduce measures that will enable a return on investment on public funds paid to agriculture, by urging the public authorities that manage land use in the Member States to preserve farming land sustainably, taking into account the biodiversity and landscape, in the medium term. In particular, the battle between farming income and revenue from land speculation is too unequal in peri-urban areas, and any subsidies paid to farmers in these areas will not be sufficient to guarantee farms' long-term viability.



Priority 4(b): "improving water management" and 5(a) "developing efficient use of water by agriculture":

The Regions of the "Four Motors for Europe" ask the European Commission to work on a 20-year time frame for assessing the irrigation requirements for agriculture, given the consequences of global warming, the effects of which are already perceptible. Certain Regions will have to be able to finance new irrigation facilities in areas that are not presently under irrigation, while applying a policy of water efficiency. Failing that, current agricultural productions are under threat and we risk seeing the equivalent products imported from areas outside the EU where the water shortage is even more acute, with the environmental and social consequences that entails.

### **Article 17: Support measures for quality programmes for agricultural and agri-food products**

The Regions of the "Four Motors for Europe" notes there is a need to improve consumers' awareness of the existence and specifications of products produced under the EU, national or regional quality programmes. Support should be provided to producer groups to inform consumers and promote products provided under quality schemes supported by Member States within their rural development programmes, as it is in the current programming period within 133 measure.

### **Article 36: cooperation**

This measure can apparently be used to finance research into local development strategies, and their implementation. The Regions of the "Four Motors for Europe" propose that, for a given territory, a variety of measures offered by the EAFRD (or even the ERDF or the ESF) can be implemented in the form of contractual obligations, to support multi-year action programmes that apply these strategies, providing territorial governance is set up to direct them.

### **Article 37 and following: sanitary, climatic and economic risk management**

The Regions of the "Four Motors for Europe" note that this measure has been transferred from Pillar 1 to Pillar 2. They object to this transfer: these are market management measures that should be included in Pillar 1. The transfer to Pillar 2 submit these measures to co-financing by the Member States, which distorts competition among European farmers who may or may not have access to them, according to members States' resources level.

The Regions question the efficiency of mutual funds for intending to offset collapsing prices.

### **Article 61: European partnership for innovation, productivity and sustainable agriculture**

The Regions of the "Four Motors for Europe" recognise that such a measure is of great benefit. They would like to know its precise geographic scale. They believe the regional level is the most appropriate level for setting up task forces and operational action plans, backed by national resources in this area and a European network with a useful critical mass.