European Economic and Social Committee

Reform of the Common Agricultural Policy: civil society has its say!

In Opinion 58/2012, the EESC renews its call to the European Parliament, the Council and the Commission for **a robust CAP budget to be maintained** at least at the same level as in the current budget period.

The EESC welcomes the effort to close the gap between the level of support received by farmers in the different Member States. The main features for the future CAP in terms of the **redistribution of financial resources among Member States** should be balance, fairness and pragmatism, bearing in mind the agricultural diversity across the EU.

Also, in some Member States, where historical payments are still in use, the convergence between national envelopes in addition to **internal convergence** will create difficulties. In these cases internal convergence will require flexibility, a longer transition period and progressive change throughout the period.

The EESC supports a phased-in reduction by **capping** direct payments, and, as stated in previous opinions, further urges the Commission to adopt an implementation method that takes into account the specific characteristics of businesses made up of cooperatives and farm producer associations.

The EESC endorses the decision to introduce a simplified support scheme for **small farmers**, but doubts whether the support rates proposed by the Commission will be high enough to promote the development of small agricultural holdings.

Being well aware of the difficulties involved in **defining the concept of the active farmer**, the EESC proposes that such a definition should include among its requirements the production and marketing of agricultural products and the creation of public goods and services of social interest.

The EESC supports the Commission's proposal to consider the establishment of **young farmers** as one of the Union's rural development priorities, in part through the implementation of thematic sub-programmes within rural development programmes. The EESC also very much welcomes the proposal to introduce income support for young farmers starting agricultural activity under Pillar I.

The greening component of Pillar I is a way of creating a stronger and more visible link between direct payments and the environmental public goods produced by farming. The EESC believes that this system should be kept simple, and should ensure environmental outcomes from all farmers across the EU.

The EESC has already declared that **maintaining biodiversity** is an essential, key task which not only represents an ethical and moral obligation but is also of strategic importance in the long term. There are sufficient economic reasons to act more quickly and more effectively.

The Committee draws attention to the need to ensure that important aspects of **Pillar II** are not completely disregarded. The principle of earmarking 25% of funds for environmental protection measures and climate change measures is therefore important. A minimum amount should also be earmarked at least for the LEADER approach.

One very positive element in the Commission proposal is the introduction of **European Innovation Partnerships**.

The EESC considers that Pillar II should reflect the huge problem of **drought**, soil erosion and desertification in the southern regions of the EU and recommends drafting a special measure to address this issue. At the same time, however, account should be taken of the additional costs incurred in northern Member States for draining agricultural land.

Taking into consideration the serious conditions facing agricultural activities in mountain and island regions, the EESC proposes that the Commission extend the 85% co-funding rate not only to less developed regions but to mountain and island regions as well. The proposed redefinition of "other areas" in the context of **less favoured areas** requires further revision.

With a view to strengthening their rural development policy, Member States are given the **possibility of transferring funds** from their direct payments envelope to their rural development envelope. At the same time, Member States in which the level of direct support remains lower than 90% of the European average should be allowed to transfer funds from their rural development envelope to their direct payments envelope. The EESC recommends that the Commission increase from 5% to 10% the flexibility for transferring funds from Pillar II to Pillar I.

The extreme price volatility experienced in recent years points to the need for more effective market management instruments. Under the Treaty, one of the aims of the CAP is to **stabilise markets**. Stable markets are important. For this reason, the EESC believes that the market instruments tool box should be much more ambitious, in order to avoid major price fluctuations.

Since 77% of the EU-27 food market is already controlled by only fifteen commercial chains, the Committee feels that efforts are needed to balance commercial supply against the **market power of big retail**. Consideration should be given to whether competition law is enough to prevent the emergence of market dominance and questionable contractual practices.

It is vital to strengthen the position of farmers and their organisations in the food supply chain, in order to secure a better return from the markets. It is also of paramount importance for EU competition rules to be adjusted to allow producer organisations and cooperatives to strengthen their positions on the market. In order to increase the bargaining power of farmers within the food production chain, the EESC also considers it necessary to create conditions for developing **short supply chains** managed directly by farmers.

The Committee believes that the **risk management** tools should help reduce the fluctuation of income and market instability. The strengthening of insurance products and the creation of mutual funds should help farmers facing higher price volatility, greater exposure to new animal and plant diseases as well as more frequent poor weather conditions.

In order to ensure that the action of the **European Globalisation Fund** has maximum impact, the EESC believes that the fund should not be used to support European agriculture.

The EESC believes that the CAP must be a primary instrument for forging alliances with consumers, encouraging provision of relevant information on how food has been produced throughout the value chain or life cycle. Products must be **clearly traceable by the consumer**, who could be the best ally in achieving more sustainable European agri-food production which respects the environment and creates better jobs.

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