

Hearings of European Commissioners-designate

Phil Hogan

Agriculture and Rural Development

Hearing due to be held on Thursday 2 October at 09.00 hours.



Phil Hogan, Ireland.

EP Committee responsible for the Hearing
Agriculture and Rural Development (AGRI)

Biography

Born in 1960, Phil Hogan holds degrees in education. He set up his own business as an auctioneer before going into local politics, as a member of Kilkenny County Council from 1982 to 2003. A Senator from 1987 to 1989, he was first elected to Parliament in 1989, holding his seat until the present day. He was Minister for the Environment, Community and Local Government from 2011 to 2014.

This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. A full set of such Briefings can be found at:

http://epthinktank.eu/commissioner_hearings

Background

Based on objectives set in the Treaty of Rome, the Common Agricultural Policy (CAP) aims at increasing agricultural productivity, ensuring a fair standard of living for farmers, stabilising markets and assuring the availability of food supply at affordable prices. Agriculture is strategically important for ensuring secure supply of healthy and quality food to 500 million EU citizens. The farming sector, with about 12 million full time-jobs, may represent only a limited part of the EU economy. However, in association with the agro-food industry, these sectors account for about 6% of the EU's GDP and 46 million jobs. Today's EU is a net exporter of agri-food products.

The CAP has evolved over time, subject to successive reforms. Beyond the production and market dimensions of farming, the CAP has increasingly recognised and provided support to the societal and public service assets of agriculture and the multifunctional role of the farmers in the global rural economy, whether in terms of the management and conservation of landscapes, the sustainable use of natural resources, the mitigation of climate change, the production of energy and biomaterials, etc. This policy also benefits from a considerable, though over time progressively reduced, part of the EU budget (from about €55 billion in 2014 to less than €50 billion in 2020).

Rural development policy, which aims at a balanced territorial development of rural areas, is an integral part of the CAP. Rural areas, characterised by a very wide diversity of environmental conditions and agricultural activities, cover 77% of the EU's territory (47% farm land and 30% forest) and are home to about half of the EU population.

The portfolio on Agriculture and Rural Development mainly covers the EU policy orientations and funding for agriculture and rural development and the markets of agriculture products (including the quality policy). Some policies closely related to the CAP, such as animal health and welfare, plant health, feed and food safety and biotechnology (including GMO cultivation), remain outside the portfolio.

Treaty base and EP competence

The Treaties (Article 4(2)(d)TFEU) provides that the Union shares competence with the Member States in the area of agriculture. Title III 'Agriculture and Fisheries' (Articles 38 to 44) sets the main bases of the EU agricultural policy. Since the Lisbon Treaty, the EP is now co-legislator for most of agricultural policy dimensions. However, the Treaty also foresees some exceptions to the ordinary legislative procedure, where the Council decides alone (see Articles 42(2) and 43(3)).

Recent developments

Some key elements of a reform engaged in 2003 were consolidated in 2009 (the 'health check') to aim, among other things, at making farming activities more competition- and market-oriented, notably by reinforcing the decoupling of EU aid from the volume produced and by moving towards a farm single payment scheme. In 2013, a new package of reforms was agreed to govern the agricultural policy and its funding for 2014-20. The CAP's two-pillared structure has been maintained: the first pillar covers direct payments to farmers and market policy; the second pillar is about rural development policy. The links between those two pillars have been strengthened, to allow more flexibility (notably for a Member State shifting budget from one pillar to the other) and better integrated approaches to policy support. In broad terms, the new CAP is about reorienting the decoupled aid system towards a more multifunctional financial

support, consolidating the common market organisation towards a market-driven process (also confirming the end of the production quotas systems), and promoting a more cohesive territorial approach to rural development.

The new system for direct payments shifts away from simple decoupled aid back towards more targeted aid: a basic payment per hectare – only eligible for active farmers (and possibly higher for the first 30 hectares) – can be complemented by specific support for environmental costs and services (greening), for young farmers, for coping with natural constraints or for some economic and social reasons (aid coupled with production). The system is simplified for small farmers with limited income. EU management of production and supply for key products is to be phased out (milk by 2015, sugar by 2017, vine cultivation by 2020), while the rules on the Common Market Organisation (CMO) were revised. Measures aimed at strengthening the powers of farmers in the market chain, notably through producer or interbranch organisations, are increased. The new CMO also revises market intervention measures (with a focus on market disruption and crisis situations, thanks to a reserve fund), measures on aids schemes (notably with increased options for promotion campaign), and reduced options for subsidies to exports.

The new Rural Development Policy aims at balanced territorial development in rural areas, better coordinated and integrated with other EU sources of funding. It focuses on support for knowledge-based farming, innovation, competitiveness, preserving natural resources and environmental sustainability.

In this portfolio area, the outgoing Commission sees its main achievements as having secured a more focused and more efficient agricultural budget for the next seven years, in having a more environment-oriented agriculture policy supporting sustainable farming practices, and in having stimulated economic growth in the agricultural sector and boosted exports.

European Parliament

Since the Lisbon Treaty, the ordinary legislative procedure applies to almost all agricultural policy decisions. The Council and the EP also take joint decisions on all agricultural expenditure. If it already exercised influence on the CAP before (notably through own-initiative reports and resolutions), the EP has now been, for the first time, co-legislator on a substantial CAP reform package. At the end of 2013, after long negotiations on the Multiannual Financial Framework for 2014-20, the EP gave its support to the basic regulatory texts relating to the new CAP.

During the last parliamentary term, with the Agriculture Committee often in the lead (including overseeing sets of Commission delegated acts in relation to the CAP reform), the EP also addressed numerous other agriculture related issues. It decided on new rules on contracts in the dairy sector and updating the policy on agricultural product quality. It also adopted first reading positions on other legislative proposals: for example, on the animal and plant health package, of importance to agriculture but not under the Agriculture portfolio. It also adopted a number of own-initiative reports and resolutions, for example on agriculture and international trade, stressing therein that 'external trade policy must not jeopardise the EU's ability to maintain a strong agricultural sector and to ensure food security against a background of increased market volatility', or on fair revenue for farmers, noting that the Treaty objective of fair income in agriculture has not been attained.

Priorities and challenges

A major priority for the Commissioner-designate will be to implement the newly-reformed CAP, including the rural development policy, within the jobs and growth agenda, and paying special attention to subsidiarity, flexibility and simplification, with possible further simplification in the areas of direct payments. Priorities for the mandate will also include supervising expenditure, reviewing the effectiveness of spending, monitoring the benefit of action at EU level and preparing for further reorienting the CAP towards jobs, growth, investment and competition in the perspective of the 2016 review of the multiannual financial framework. Renewed efforts are required in the agriculture sector to contribute to energy efficiency and emissions reductions. Implementing the CAP implies also more specific challenges, such as the adaptation of the dairy sector to the end of quota system, answering recent strong criticisms from the EU Court of Auditors on EU financial support for the wine sector, and addressing the current crisis resulting from the Russian ban on imports of EU farm products.

International negotiations covering agricultural goods, such as those relating to the Transatlantic Trade and Investment Partnership (TTIP) or within the WTO, are also of great importance, notably with regard to the EU policy on quality products (e.g. protected geographical indications), on cultivation and use of genetically modified organisms and on the use of hormones or cloning in animal farming (this latter proposed for new EU rules).

In terms of work in progress, the new EP will have to give its first-reading position on some initiatives already tabled (e.g. proposal for aid schemes for the supply of fruit, vegetables and milk in schools, proposal to review the EU framework for organic production). It may also express its position on a new EU forest strategy.

Further reading

Common agricultural policy, [Factsheets on the European Union / European Parliament, 2014](#).

Overview of the [work of the Committee on Agriculture and Rural Development](#) during the 2009-2014 legislative term / European Parliament, 2014.

[Agriculture and rural development](#) / European Commission (website).

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