

## **Future of the CAP after 2013**

### **European Parliament resolution of 8 July 2010 on the future of the Common Agricultural Policy after 2013 (2009/2236(INI))**

*The European Parliament,*

- having regard to Part Three, Title III, of the Treaty on the Functioning of the European Union,
- having regard to the Health Check of the Common Agricultural Policy,
- having regard to the Commission document ‘Europe 2020: A strategy for smart, sustainable and inclusive growth’ (COM(2010)2020),
- having regard to its study on ‘The Single Payment Scheme after 2013: New Approach, New Target’,
- having regard to the International Assessment of Agricultural Science and Technology (IAASTD) report drawn up by the United Nations Food and Agriculture Organisation and the World Bank and signed by 58 countries,
- having regard to the Commission publication on the ‘Prospects for agricultural markets and income 2008-2015’,
- having regard to the Commission document ‘The CAP in perspective: from market intervention to policy innovation’,
- having regard to the study ‘Provision of public goods through agriculture in the European Union’ by the Institute for European Environmental Policy,
- having regard to the Commission White Paper ‘Adapting to climate change: Towards a European framework for action’ (COM(2009)0147), as well as to the staff working documents entitled ‘Adapting to climate change: the challenge for European agriculture and rural areas’ (SEC(2009)0417) and ‘The role of European agriculture in climate change mitigation’ (SEC(2009)1093),
- having regard to the study ‘CAP reform beyond 2013: An idea for a longer view’, conducted by Notre Europe,
- having regard to the Working Document on the future of the Common Agricultural Policy after 2013<sup>1</sup>,
- having regard to its resolution of 29 March 2007 on the integration of the new Member

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<sup>1</sup> AGRI\_DT (2010)439305.

States into the CAP<sup>1</sup>,

- having regard to its resolution of 5 May 2010 on EU agriculture and climate change<sup>2</sup>,
  - having regard to its resolution of 25 March 2010 on agricultural product quality policy: what strategy to follow?<sup>3</sup>,
  - having regard to Rule 48 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 Budgets (A7-0204/2010),
- A. whereas the EU must continue to ensure food security for its citizens and participate in global food supply, while cooperating in a better and more coherent manner with the rest of the world, especially with the developing countries in order to help the long-term development of their agricultural sectors in a sustainable way that maximises local know-how; whereas in the current situation where the global number of hungry people exceeds 1 billion and in the European Union there are over 40 million poor people who do not have enough to eat, scientific developments should be used if they can provide appropriate solutions to alleviating world hunger, notably through better resource efficiency,
- B. whereas global food demand is expected to double and world population is predicted to grow from 7 billion today to 9 billion by 2050 according to the FAO, and global food production will need to increase accordingly against a background of pressure on natural resources, meaning that the world will need to produce more food whilst using less water, less land, less energy, fewer fertilisers and fewer pesticides,
- C. whereas the objectives of the CAP, as listed in Article 39 of the Treaty on the functioning of the European Union (TFUE), aim at increasing agricultural productivity, ensuring a fair standard of living for the agricultural community, stabilising markets, guaranteeing availability of supplies, and ensuring that supplies reach consumers at reasonable prices; whereas, to date, the CAP has met its goals to a large extent, and has participated in the efforts to foster EU integration, territorial cohesion in Europe and the functioning of the single market; it has, however, only partially contributed to a fair standard of living for the agricultural community, and has not yet achieved agricultural market stabilisation, as markets have become extremely volatile, putting food security at risk; whereas further efforts are needed if the CAP is to fulfil its goals while preserving the environment and rural employment,
- D. whereas agriculture and forestry remain important sectors of the economy and at the same time provide essential public goods by maintaining natural resources and cultural landscapes, a precondition for all human activities in rural areas, whereas these sectors are already making the largest contribution in the EU to the achievement of the European climate and energy targets, particularly the targets for renewable energies from agriculture- and forestry-derived biomass, whereas this contribution must continue to grow in the future, and whereas these bio-energy sources also help to reduce the EU's energy dependency and, in the context of increasing energy prices, to create new jobs and improve

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<sup>1</sup> Texts adopted, P6\_TA(2007)0101.

<sup>2</sup> Texts adopted, P7\_TA(2010)0131.

<sup>3</sup> Texts adopted, P7\_TA(2010)0088.

incomes in the sector,

- E. whereas EU citizens receive significant benefits from the CAP in terms of availability and choice of safe, high-quality food at reasonable prices, food security, protection of the environment, creation of employment and measures for combating climate change,
- F. whereas there are currently 13.6 million people employed directly in the agricultural, forestry and fishery sectors, with an additional 5 million people working in the agri-food industry, where the EU is the world's largest producer of food and beverages; whereas this represents 8.6% of total EU employment and accounts for 4% of the EU's GDP,
- G. whereas as a result of the last EU enlargements (2004 and 2007), an additional 7 million farmers were added to the total agricultural labour force and the area of agricultural land increased by 40%; whereas real agricultural per capita income has fallen by 12.2% in the EU-27 for the past 10 years, gradually falling back to 1995 levels, whereas the average agricultural income in the EU-27 is less than 50% of the average income in the rest of the economy, while production costs for commodities such as fertilisers, electricity and fuel are at their highest level in the last 15 years, making the continuation of agricultural production in the EU very difficult,
- H. whereas, since 7% of farmers in Europe are under 35 years old, while four and a half million farmers who are over 65 years old will have stopped working by 2020, the future of the agricultural sector may be at risk if the number of farmers continues to decline,
- I. whereas agriculture provides the main land cover in the EU, occupying 47% of the entire territory of the European Union; whereas across the EU there are 13.7 million agricultural holdings, generating over EUR 337 billion in production, whereas 15% of agricultural land in the EU (some 26 million hectares) is in mountainous areas, and whereas the natural handicaps in those areas make farming difficult,
- J. whereas the average physical size of agricultural holdings has increased as a result of the restructuring of the sector, but small farms still remain predominant in the EU, with an average farm size of 12.6 hectares; whereas subsistence farms remain a critical challenge, especially in new Member States, where subsistence farming accounts for half of the total labour force, and whereas small farms and the farmers who run them are particularly important in the delivery of non-production public goods,
- K. whereas the economic crisis has had a serious negative effect on agriculture, with farm income decreasing by 12.2% on average between 2008 and 2009 and unemployment in rural areas increasing in the last year; whereas as a direct effect of the economic crisis, consumption in Europe decreased on average by 10.55% between 2008 and 2009, and in some Member States this reduction exceeded 20%; whereas other effects of the economic crisis have been a lack of access to credit for farmers and a strain on the public finances of the Member States, weakening their ability to provide co-financing,
- L. whereas price volatility in agricultural markets is a permanent feature, but has recently increased dramatically owing to a combination of factors – including extreme weather conditions, energy prices, speculation and demand changes – and is expected to increase further, as predicted by both the OECD and the FAO, leading to extreme booms and busts in agricultural commodity prices on European markets, whereas between 2006 and 2008, the prices of several commodities rose considerably, some by as much as 180%, as was the

case for grains; whereas dairy prices collapsed in 2009, falling on average by 40%, and whereas other products such as cereals, fruit and vegetables, olive oil have also been affected, and extreme fluctuations in prices have had detrimental consequences for producers and have not always benefited consumers,

- M. whereas agri-environmental indicators show an important potential for the agricultural sector in the effort to mitigate the effects of climate change, particularly with regard to carbon sequestration, direct reductions in net greenhouse gas emissions and the production of renewable energy, which secure genuine emission savings; whereas sustainably practised agricultural activity is essential for the preservation of biodiversity, water management and combating soil erosion and can be a key factor in addressing climate change,
- N. whereas greenhouse gas emissions caused by agricultural activity (including rearing of livestock) decreased by 20% between 1990 and 2007 in the 27 Member States; whereas the proportion of these emissions produced by agriculture dropped from 11% in 1990 to 9.3% in 2007, inter alia as a result of more effective use of fertilisers and liquid manure, the recent structural reforms of the CAP and the gradual implementation of agricultural and environmental initiatives,
- O. whereas the EU has become a net importer of agricultural goods with over €87.6 billion worth of products being imported each year (around 20% of world agricultural imports); whereas in some cases the balance of trade has steadily shifted in favour of third countries (the EU now imports €19 billion worth of agricultural products from Mercosur countries and only exports under €1 billion worth to the region); whereas the EU continues to experience a widening trade deficit in agricultural products,
- P. whereas the EU remains the world's leading exporter of agricultural goods (roughly 17% of total global trade); whereas the EU has lost a significant market share in the last 10 years (in 2000 the EU contributed about 19% of world trade); whereas the EU exports mainly high added-value and processed products (67% of all its agricultural exports),
- Q. whereas high-quality products are essential to the production and export potential of the European Union and represent a very large share of its international trade, whereas the EU is exporting high-profile products with considerable economic value, and in the case of products with protected origin and geographical indications the net value of these products and foodstuffs is EUR 14 billion a year (excluding wines and spirits, which also account for a significant share of EU exports), whereas, in order to continue developing high-quality production to meet consumers' expectations, account should be taken of the specific needs of these sectors to ensure their competitiveness, including the need for more effective protection of EU geographical indications and protected origin labels by third-country trading partners,
- R. whereas producer support estimates (PSEs) show that total farm support in the EU has been gradually decreasing since 2000 and is now comparable on a per capita basis with the level of support in the EU's major trading partners, while other trading partners have maintained and increased trade-distorting subsidies over the last few years,
- S. whereas the current distribution and level of support to Member States and farmers results from the distribution and level of that support in the past, when it was coupled with the type and scale of production and represented compensation for the fall in farmers' incomes

resulting from the substantial drop in guaranteed prices; whereas that method of distribution gives rise to an understandable sense of injustice on the part of some EU farmers, and maintaining it is, moreover, inconsistent with the future goals of the CAP,

- T. whereas, since 2007, voluntary modulation mechanisms have allowed the redeployment of financial aid between direct payments and rural development, without however improving the transparency, legitimacy and simplification of the financial resources allocated to agriculture,
- U. whereas the share of CAP expenditure in the EU budget has steadily decreased from nearly 75% in 1985 to a projected 39.3% in 2013; whereas this represents less than 0.45% of the EU's GDP; whereas the decline in budgetary expenditure on market measures is even more significant – from 74% of all CAP expenditure in 1992 to less than 10% at present; whereas CAP expenditure has constantly moved away from market support and export subsidies to decoupled payments and rural development,
- V. whereas these reforms have substantially altered farm support instruments, while maintaining the CAP's three founding principles, namely:
  - a unified market,
  - Community preference,
  - financial solidarity,
- W. whereas, since the CAP will have to confront many challenges and pursue broader objectives after 2013, it is essential that the budget the EU allocates to the CAP is at least maintained at current levels,
- X. whereas the Treaty on the functioning of the European Union renders the multiannual financial framework (MFF) a legally binding act with which the annual budget has to comply,
- Y. whereas expenditure in the form of direct aid accounts for 0.38% of EU GDP (2008 figure), whereas expenditure linked to the rural development policy accounts for 0.11% of EU GDP,
- Z. whereas the current small margins available under Heading 2 as from the 2011 budget year make it very difficult for the Union to respond appropriately to market crises and unexpected global events and may deprive the annual budgetary procedure of its substance,
- AA. whereas, with the entry into force of the Lisbon Treaty, the European Parliament has gained the power to shape the Union's agricultural policy, not only as regards multiannual agricultural programmes but also by amending the annual budget for agriculture, thus giving Parliament responsibility for ensuring a fair and sustainable common agricultural policy,
- AB. whereas with the entry into force of the Lisbon Treaty, the Common Agricultural Policy is subject to the ordinary legislative procedure and the European Parliament has an important responsibility to help adopt sound and efficient legislation in this area,
- AC. whereas according to the latest Eurobarometer, 90% of EU citizens surveyed consider

agriculture and rural areas to be important for Europe's future, 83% of EU citizens surveyed are in favour of financial support to farmers and, on average, they believe that agricultural policy should continue to be decided upon at European level,

AD. whereas the objectives and substance of the future Common Agricultural Policy must be subject to broad public discussion in order to increase public knowledge of the CAP, and whereas the Commission's initiative on the public debate on the future of the CAP after 2013 is therefore to be welcomed,

AE. whereas the CAP must be geared to the maintenance and development of multifunctional, area-wide, sustainable agriculture in Europe,

### ***The evolution of the CAP: from market distortion to market orientation***

1. Recalls that the CAP has undergone radical reforms over the last 25 years, in particular bringing about a fundamental shift from production support to producer support<sup>1</sup>, reducing regular intervention buying and the dumping of European surpluses on world markets<sup>2</sup> and making the CAP and EU farmers more market-oriented;
2. Recalls that the CAP played a crucial role in increasing production and feeding Europe's population after the Second World War; recalls furthermore that the CAP was the first common EEC policy, which paved the way for European cooperation and integration in other policy areas;
3. Points out that CAP market instruments specific to each sector play a fundamental role and are now used as safety nets to help reduce market volatility in order to guarantee farmers a certain degree of stability; (stresses that the changed market policy has not led to a reduction in farmers' dependence on purchasers; notes, moreover, that since the adoption of decoupled Single Farm Payments there has been a resolute move away from trade-distorting measures in line with WTO requirements;
4. Notes that the CAP reforms initiated in 1992 and 1999 and, in particular, the 2003 reform, which was reviewed during the Health Check and introduced the principle of decoupling, as well as the various sectoral reforms, were all intended to allow EU farmers to better respond and react to market signals and conditions; wishes this trend to continue in further reforms, while some market measures are still needed in view of the specific features of agricultural production;
5. Points out that rural development is now an integral part of the CAP architecture, and should remain an important element of the future CAP through a well-equipped rural development strategy with its focus on rural communities, improving the environment, modernising and restructuring agriculture, strengthening cohesion in EU rural areas, revitalising disadvantaged areas and areas at risk of abandonment, improving product marketing and competitiveness and maintaining employment and creating new jobs in rural areas, as well as on the new challenges addressed in the Health Check, namely climate change, renewable energies, water management and biodiversity;
6. Recalls that agriculture has always been a producer of public goods, or of what in today's

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<sup>1</sup> See graph 1 annexed to report A7-0204/2010.

<sup>2</sup> See graph 2 annexed to report A7-0204/2010.

context may be called 'first-generation' public goods, the reference here being to food security and food safety, and to the high nutritional value of agricultural produce, which should continue to constitute the primary *raison d'être* for the CAP, corresponding to its essence and representing the first concern of Europe's citizens; the more recently identified or 'second-generation' public goods, e.g. the environment, land management or animal welfare, while also objectives of the CAP, are complementary to the first-generation goods and should therefore not replace them;

7. Welcomes the recognition of the multi-functional role of farmers in delivering public goods such as preserving our environment, high-quality food production, good animal husbandry, shaping and improving the diversity and quality of valued landscapes in the EU, and the move to more sustainable farming practices by not only meeting the basic requirements for maintenance of the land in a Good Agricultural and Environmental Condition (GAEC) but also achieving even higher standards through agri-environmental schemes, precision farming, organic production and all other forms of sustainable agricultural practice;
8. Recalls that the CAP is the most integrated of all EU policies and therefore logically accounts for the largest share of the EU budget; recognises that its share of the budget has steadily decreased from about 75% of the total EU budget in 1985 to 39.3% by 2013<sup>1</sup>, representing less than 0.45% of total EU GDP<sup>2</sup>, whilst at the same time support is more thinly spread today with 12 new Member States joining the EU;
9. Is of the opinion, therefore, that the CAP has evolved, becoming greener and more market-orientated, and has dramatically reduced its impact on developing countries, whilst at the same time supporting farmers to produce high-quality food for European consumers;

***The challenges that the CAP post-2013 must respond to***

10. Points out that food security remains the central challenge for agriculture not only in the EU but globally, in particular in developing countries, as the world population is predicted to grow from 7 to 9 billion by 2050 and demand for food is projected to double by 2050 according to the FAO (especially in emerging economies such as China and India);
11. Affirms that Europe must continue to contribute to global food supplies in order to make a contribution to meeting that need against a background of increasing discontinuation of farming, less water and reduced energy inputs owing to the impact of climate change, which will act as a serious constraint on European capacity to increase supply;
12. Notes that the global energy crisis and increasing energy prices will drive agricultural production costs up, leading to rising food prices and increasing market price volatility for both farmers and consumers, which will have a detrimental effect on the stability of food supply and will seriously constrain the ability to maintain and increase current production levels; considers, however, that energy self-sufficiency for the agriculture and forestry sectors could increase its sustainability;
13. Believes that agriculture is well placed to make a significant contribution to the fight against climate change by continuing to reduce its Greenhouse Gas (GHG) emissions and

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<sup>1</sup> See graph 3 annexed to report A7-0204/2010.

<sup>2</sup> See graph 4 annexed to report A7-0204/2010.

increasing carbon sequestration;

14. Recognises that farming has already made considerable progress in cutting its greenhouse gas emissions and, in general, addressing environmental problems (management of water resources, soil, biodiversity, biomass, etc.), but maintains that those efforts need to be continued in order to gear production methods to a more sustainable form of development that is efficient in environmental and social, as well as economic, terms;
15. Recalls that consumers' expectations of guaranteed food safety must be met, as well as their demands for higher quality standards, better animal welfare and good value for money;
16. Considers that the CAP must continue to provide solutions to, and tangible assistance in combating, the threat of land abandonment, rural depopulation and the ageing of the rural population in the EU by establishing appropriate funding and assistance for that purpose, in order to ensure the long-term sustainability of rural communities in the EU; , believes, therefore, that it is also necessary to continue with target-oriented rural development within the CAP;
17. Believes that the CAP must provide immediate responses to the effects of the economic crisis on farming businesses such as the lack of access to credit for farmers, constraints on farm incomes<sup>1</sup>, and increasing rural unemployment;
18. Points out, therefore, that differences in the capacity of Member States to deal with the economic crisis might result in increasing inequalities among rural regions in the EU;
19. Recognises that the CAP must take into account the differences in structure and modernisation needs of agriculture in the enlarged EU, with the aim of achieving equal levels of development and cohesion;
20. Believes that, in the light of these challenges, the CAP priorities post-2013 should be embedded in a strong, sustainable, well supported and credible multifunctional food and agricultural policy which sends strong signals to support farmers efficiently in a targeted manner and provide answers to the concerns of the rural community whilst benefiting the wider society;

### ***The need for a strong CAP post-2013***

#### ***Meeting socio-economic needs***

21. Is of the opinion that, in the light of the Europe 2020 Strategy, a strong and sustainable European Common Agricultural Policy is needed to serve the interests of all European farmers and deliver wider benefits to society; takes the view that it should enable agriculture to play its part in the European economy and ensure it has the tools to compete on world markets; believes that, for strategic reasons, the EU cannot afford to rely on other parts of the world to provide for European food security in the context of climate change, political instability in certain regions of the world and potential outbreaks of disease or other events potentially detrimental to production capacity;

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<sup>1</sup> See graph 5 annexed to report A7-0204/2010.



22. Recalls that EU agriculture remains a central sector of the EU economy, making an important contribution to EU GDP and jobs both directly and indirectly through the multiplier effect on both the upstream and downstream food and drink industry market; believes, therefore, that a strong agriculture and a strong food and drink industry are inextricably linked, with each contributing to the other's success, in particular on export markets;
23. Recalls that one of the main reasons why the EU needs a strong CAP is to contribute to the maintenance and development of viable and dynamic rural communities, at the heart of European cultural diversity, and that they are the key to sustainable, balanced socio-economic development across all European territory; takes the view that this calls for the socio-economic gap between rural and urban communities to be narrowed, in order to avoid the growing land abandonment and rural depopulation which are further isolating rural areas;
24. Points out that there is an urgent need to attract younger generations and women to rural areas through long-term policies and to provide new and alternative economic opportunities for them to ensure a sustainable rural population; considers that new ways of attracting young people should be explored, such as availability of favourable loans and credit for investments and recognition of their professional skills in order to ensure they are able to enter the rural economy with relative ease; recognises the obstacles young farmers face when willing to enter the sector, such as high start-up costs, the sometimes prohibitive cost of land and difficulty in accessing credit opportunities, especially in difficult times;
25. Believes that the increase in rural unemployment should be tackled by preserving existing jobs, encouraging high-quality jobs and fostering additional opportunities for diversification and new income sources;
26. Recalls, as Article 39 of the Lisbon Treaty rightly suggests, that agriculture is a specific sector which suffers from a long-term production cycle and several types of market failure such as high market volatility, great exposure to natural disasters, a high level of risk, lack of demand elasticity, and the fact that farmers are 'price-takers' rather than 'price-makers' in the food supply-chain;
27. Considers that, in the case of some agricultural sectors which require substantial capital investment over the course of multiannual cycles of production (of milk, citrus fruits, wine, olives and fruit in general), new supply management methods need to be introduced;
28. Points out, most importantly, that in the future European agricultural policy must remain a common policy and that only a balanced and fair system of support across the EU with a common set of objectives and rules – albeit acknowledging the specific features of certain sectors and regions – can deliver the appropriate conditions for farmers and a properly functioning single market with fair competitive conditions for agricultural products and farmers within the EU, thus achieving greater value for money than could be delivered by renationalised, and possibly conflicting, agricultural policies in individual Member States;
29. Considers that the CAP should ensure the coexistence of:
  - high-added-value farming with high-quality primary and processed products, giving it a strong position on world markets;

- farming open to regional markets;
- farming geared to local markets, bearing in mind that some of the farmers involved are small farmers with limited incomes who, were they to abandon farming, would, owing to their age, qualifications or lifestyle choices, have great difficulty in finding work outside farming, particularly at a time of recession and high unemployment;

*Delivering benefits in terms of public goods*

30. Stresses that food is the most important public good produced by agriculture; recognises that farmers deliver a range of public goods which the market does not reward them for; therefore insists that they must be fairly rewarded and further incentivised to continue delivering safe and higher-quality products, better animal welfare conditions and additional environmental benefits, , in addition to creating more jobs, in order to preserve the countryside throughout Europe;
31. Recalls, therefore, that unless sustainable (economically, socially and environmentally viable in the long term) farming activity continues across the EU, the provision of public goods will be at risk;
32. Recognises that generations of farmers have shaped the valued EU landscapes and, therefore, should be rewarded for continuing to do so in a sustainable way, especially in mountain regions and naturally disadvantaged areas; believes that they are actively contributing to the great cultural value and attractiveness of Europe, providing the backdrop for successful rural tourism; points out that this should, however, be complemented by European regional policy and national instruments to ensure, by means of suitable synergetic effects, the creation of stable regional conditions, which are an essential precondition for properly functioning agriculture;
33. Points out that farmers have the potential to deliver additional environmental benefits that match societal demands, in particular soil preservation and restoration, sound water management and quality improvement and farmland biodiversity preservation, and that they must be encouraged to do so and that investment support must be provided to this end;
34. Points out that the cross-compliance system makes the granting of direct aid subject to compliance with statutory requirements and the maintenance of farmland in good agricultural and environmental condition, and remains one of the appropriate means of optimising the provision of eco-system services by farmers and meeting new environmental challenges by securing the provision of basic public goods; notes, however, that the introduction of cross-compliance has raised a whole range of problems relating to administrative issues and acceptance by farmers, who had the impression that they were losing a degree of freedom in their work; calls therefore for the administrative burden on farmers to be reduced through a simplified implementation system for cross-compliance requirements;
35. Believes that the climate impact of agriculture can be considerably mitigated by means of improved education and training of people working in agriculture, better use of innovations stemming from research and development and improving the efficiency of agricultural production;
36. Believes, in line with the latest research available, that without a common agricultural

policy and Good Agricultural Practice, unsustainable modes of production would develop across the EU (extreme intensification on the best land and widespread land abandonment in disadvantaged areas), causing serious damage to the environment; insists that the cost of support through a strong CAP is nothing compared to the costs of no action and its negative unintended consequences;

### ***The new CAP priorities for the 21st century***

37. Believes that agriculture is well placed to make a major contribution to delivering the new EU 2020 Strategy priorities of tackling climate change and creating new jobs through green growth and supplying renewable energy whilst at the same time continuing to provide food security for European consumers by producing safe and high-quality food products;

### ***A fair CAP***

38. Insists that EU agriculture must remain competitive against fierce competition and trade-distorting measures on the part of trading partners and/or countries where producers are not subject to standards as high as in the EU as regards, in particular, product quality, food safety, the environment, social legislation and animal welfare; therefore believes that improving competitiveness at different levels (local, regional, internal market and world markets) should still be a fundamental objective of the CAP post-2013 in order to ensure that the EU has a wide range of diversified high-value food and other agricultural products which continue to win a greater share of the world market, as well as ensuring fair trade and remunerative prices for farmers;
39. Recalls that EU farmers produce food to the highest safety, quality and animal welfare standards and should be rewarded for doing so; believes that imports from third countries should, respecting WTO rights and obligations, meet the same requirements to ensure fair competition and guarantee that consumers can make an informed choice regarding the products they buy, based inter alia on reliable traceability; calls on the Commission to uphold the interests of European farmers in the context of multilateral and bilateral trade agreements negotiated on behalf of the EU;
40. Insists that the maintenance of farming activity across the whole of Europe is fundamental in order to maintain diverse and local food production, secure rural socio-economic dynamism and jobs, particularly in the context of the current economic crisis, and prevent the threat of land abandonment across EU rural territory through continuous preservation of the environment and landscape management; believes, therefore, that disadvantaged regions should be given the opportunity to overcome additional obstacles caused by their specific situation and to take the measures needed to adapt; considers that the specific challenge of subsistence farming must be addressed;
41. Stresses that farmers require long-term investment prospects and adequate incomes in order to carry out their tasks; calls therefore for the guarantee of a fair and stable return for the farming community to remain a primary goal for the new CAP, whilst providing good value for money and fair treatment for consumers, not least through increasing competitiveness in the agricultural sector and allowing farmers to cover their real costs and respond to market signals;
42. Calls for measures to be taken to strengthen primary producers' and producer

organisations' management capacity and bargaining power vis-à-vis other economic operators in the food chain, and encourage the formation of organisations that strengthen the links between the various stakeholders within branches, given that they can improve information sharing and help bring supply into line with consumers' demands; takes the view that such developments could improve the functioning of the food supply-chain with greater transparency of food prices and action to address unfair commercial practices, enabling farmers to obtain the added value they deserve; believes that these objectives may call for an adjustment or clarification of EU competition rules to take account of the specific features of the agricultural markets, provided they do not hinder the proper functioning of the single market;

43. Believes that there have to be flexible and efficient market measures to ensure an adequate safety net within the future framework of the CAP in order to avoid extreme market price volatility, provide a greater degree of stability, and provide rapid and efficient responses to economic crises arising in the sector; takes the view that this should be complemented by a risk management system that helps minimise the consequences of natural and health disasters;
44. Takes the view, also, that, in order to enable the market to be managed more efficiently and to avoid overproduction crises, the specific instruments for the management of production potential which are available in some sectors should be retained, based on the principles of fairness and non-discrimination;
45. Calls for a fair distribution of CAP payments and insists that it should be fair to farmers in both new and old Member States;
46. Considers that reducing direct payments under the first pillar would have devastating consequences, not only for farmers but, to an equal extent, for the countryside, for agriculture-linked public services, for consumers and for society, given that the latter is a beneficiary as a whole; direct payments are, therefore, essential and must be maintained; draws attention to the possibly unfavourable impact of any reduction in CAP funding on the value of farms, with serious repercussions especially for farmers with bank loans, particularly in the context of the economic crisis which has seriously affected European agriculture;
47. Believes that viable farming businesses are fundamental to sustaining thriving rural communities as they generate employment and services at local level; considers therefore that the CAP should involve local communities in order to provide the necessary conditions for their socio-economic viability, including through the preservation of family farms and the continuous restructuring and modernisation of farms where it is needed; recalls that diversification measures and rural infrastructure development are also important in this respect;

#### *A sustainable CAP*

48. Believes that agriculture has a leading role to play in tackling climate change by reducing GHG emissions, increasing carbon sequestration capacity and developing and using more renewable energy sources and bio-based materials; believes that climate considerations should be integrated across CAP measures where appropriate;
49. Considers that production efficiency is fundamental to more sustainable management of

scarce resources and that farmers should innovate in their technical production methods by using the most efficient financial, scientific and technical management tools to help meet the growing demand for food and for renewable agricultural materials in a more economically, socially and environmentally sustainable manner;

50. Emphasises in the context of the EU 2020 Strategy that research and development, the use of new technologies and good agricultural practices are important in order to improve competitiveness and increase production while reducing the use of pesticides, fertilisers and scarce resources such as water and energy; takes the view that investment in agricultural innovation should be further encouraged, inter alia through the CAP and EU research and development framework programmes, in order to address new challenges;
51. Recommends to this end the active presence of agronomic advisors in the regions to guide farmers in their attempts to deliver environmental public goods;
52. Believes that safeguards need to be introduced to ensure that biotechnology can continue to be used in agriculture without impacting on existing production methods;

#### *A green CAP*

53. Notes that the market has failed, to date, to properly reward farmers for protecting the environment and other public goods; therefore believes that the CAP must place a greater emphasis on sustainability by providing proper economic incentives for farmers to optimise the delivery of eco-system services and further improve the sound environmental resource management of EU farmland; emphasises that this should be achieved without creating an extra financial or bureaucratic burden for farmers;
54. Believes that, thanks to improvements in production factors linked to advances in knowledge, farmers are well placed to contribute to green growth and respond to the energy crisis through the development of green energy in such forms as biomass, biowaste, biogas, second-generation biofuels and small-scale wind, solar and hydro energy, which will also help create new green job opportunities;

#### *A common and simple policy*

55. Insists that a common agricultural policy is more relevant than ever before to ensure that the cross-border dimension of food supply, climate change, high common standards of environmental protection, product safety and quality and animal welfare is guaranteed in a properly functioning Single Market;
56. Believes that the new CAP, through a simplified support system, must be easy to administer, transparent, and reduce red tape and administrative burdens on farmers, particularly for smaller producers, in order to allow farmers to concentrate on their main task of providing high-quality agricultural products; believes that this could be achieved inter alia by moving towards the use of delivery tools that set the goals and empower farmers to choose their own farming systems to meet these objectives, such as outcome agreements, simple contracts and multiannual payments;
57. Calls for appropriate measures to be taken to explain what the CAP consists of, not only to farmers but to all Europe's citizens, while providing transparently clear information about the objectives being pursued, the means available and the anticipated beneficial effects of

implementing the CAP;

58. Considers that there needs to be a more proportionate and risk-based approach by the Commission to the application of regulatory controls, the conduct of compliance audits and the imposition of financial corrections;
59. Calls for the European Parliament to be provided with prompt, up-to-date information on the current state of the agriculture budget;

### ***Delivering a fair, green and sustainable CAP***

60. Expects the re-design of the CAP in line with the spring European Council conclusion on Europe 2020, with a view to providing instruments that deliver smart, inclusive, green growth;
61. Recognises the wide range of existing and new priorities for the CAP and notes that the new Member States' justified expectation when they joined the European Union was that CAP support would, over time, be comparable with old Member States; in order to fully respond to the new challenges and deliver the priorities of a reformed CAP, calls for the amounts allocated to the CAP in the 2013 budget to be at least maintained during the next financial programming period;
62. Calls for the CAP budget to have an end-of-year flexibility mechanism in order to carry over and reallocate under-spends in the following year;
63. Insists that the CAP should not be renationalised and therefore believes that direct support should remain fully financed by the EU budget, hence rejecting any further co-financing which could harm fair competition within the EU Single Market;
64. Calls for a fair distribution of CAP funds to farmers across the EU; recalls that to respect the diversity of farming in the EU, objective criteria must be found in order to define a fair system of distribution; points out that direct payments contribute to the provision of public goods, help stabilise farmers' incomes and ensure against risks, partially offsetting the socially desirable high standards in the EU and the continuing reduction in tariff barriers, as well as rewarding basic public goods provision, which receives no market compensation;
  - Believes that in order to reduce the disparities in the distribution of direct support funds between Member States and to reflect the wide diversity characterising European agriculture, the hectare basis alone will not be sufficient, and therefore calls on the Commission to propose additional objective criteria and to evaluate their potential impact, taking into account the complexity of the agricultural sector and the differences between Member States, in order to achieve a more balanced distribution;
  - Calls for fair and objective criteria to be clearly defined for the allocation of funds for rural development objectives;
65. Believes that direct support should move to an area basis in all Member States within the next financial programming period; this would constitute a sufficient transition period allowing farmers and agricultural structures that are still using the historical payments system the flexibility to adapt to the changes, and to avoid too radical a redistribution of

support, without prejudice to promptly achieving a balanced distribution of support amongst Member States; notes that the move away from the historical basis may create particular challenges for Member States or regions with a relatively large amount of ‘naked land’ (unclaimed eligible land); calls for the specific needs of such regions to be given full consideration when designing future support; also believes that Member States and regions must continue to have the flexibility to regionalise their area payments system in such a way as to reflect their specific priorities while respecting fair competition in the internal market;

66. Considers that there should be no return to coupled payments as a guiding principle of the CAP; takes the view, however, given the move from a historical to an area support model in the wake of the decisions following the Health Check, that an adequate margin for flexibility should be left to Member States; believes that this flexibility will enable Member States to respond to the specific needs of their territory and to prevent production from stopping completely or the diversity of farming from being reduced; takes the view that this margin for manoeuvre would take the form of capped coupled payments for vulnerable agriculture sectors and territories and environmentally sensitive areas, in compliance with WTO requirements, whilst ensuring fair market conditions for farmers across the EU;
67. Identifies the need for central key building blocks – Food Security and Fair Trade, Sustainability, Agriculture across Europe, Food Quality, Biodiversity and Environmental Protection, and Green Growth – to achieve a fair and more sustainable CAP; considers that the two-pillar structure should be maintained, but that it should avoid duplication of policy objectives and instruments as well as reflecting the content of the building blocks identified here;
68. Believes that, in the interest of simplification, clarity and a common approach, funding for each of the priorities of the CAP must be agreed from the start of the reform;

#### *Food security and fair trade*

69. Maintains that farm viability and quality of life for farmers are a sine qua non if farming activity is to continue; believes therefore that there should be a basic EU-funded direct area payment to all EU farmers in order to ensure the social and economic sustainability of the European agricultural production model, which should provide basic food security for European consumers, allow farmers to produce high-quality food competitively, ensure that farming activity and jobs in rural areas are encouraged across the EU and provide baseline public goods through cross-compliance requirements for Good Agricultural and Environmental Conditions, as well as high quality and animal welfare standards;
70. Calls for an absolute requirement that only active agricultural production be rewarded, whereby minimum activity requirements would be included in the cross-compliance rules as a precondition for payments, and for proportionality to be the key principle applied when enforcing the rules;

#### *Sustainability*

71. Believes that an EU-funded top-up payment should be made available to farmers through simple multiannual contracts rewarding them for reducing their carbon emissions per unit of production and/or increasing their sequestration of carbon in the soil through sustainable

production methods and through the production of biomass that can be used in the production of long-lasting agro-materials;

72. Notes that this would have the double benefit of making EU agriculture more environmentally and economically sustainable through lower carbon emissions and/or improved efficiency and would also ensure that farmers can financially benefit from increased carbon sequestration on their land and put them on the same footing as other industries which are in the EU ETS; calls for clear and measurable criteria and targets to be defined appropriately to allow these payments to be implemented as soon as possible in every Member State;

#### *Agriculture across Europe*

73. Calls for the continuation of specific measures to compensate farmers producing in disadvantaged areas such as areas with natural handicaps, including e.g. mountainous regions, environmentally sensitive areas and/or regions which are the most affected by climate change, and outermost regions, in order to ensure that agricultural activity takes place so that land continues to be managed and local food is produced across the EU, reducing the threat of land abandonment and ensuring balanced territorial management across the EU and a rational development of agricultural production;
74. Believes that any reform to the less-favoured areas (LFA) scheme, particularly regarding how LFAs are designated and classified, should take into consideration the difficulties experienced by farmers in all parts of the EU, as these vary greatly with different biophysical and climatic conditions; takes the view that areas which may be excluded under any new rules should be granted an adequate phasing-out period;
75. Draws attention to the particular role played by farmers in peri-urban areas, where there can be intensive pressures on rural and agricultural resources; stresses that this production of food and public goods near urban populations should be maintained;

#### *Food Quality*

76. Stresses that the development of food quality policy, including in terms of geographical indication (PDO/PGI/TSG), must be a priority aspect of the CAP and be deepened and strengthened so that the EU can maintain its leadership position in this area; takes the view that, in the case of these high-quality products, the use of original management, protection and promotion instruments should be allowed, enabling them to develop in a harmonious fashion and to continue to make their major contribution to the sustainable growth and competitiveness of European agriculture;

#### *Biodiversity and environmental protection*

77. Believes that farmers can contribute to biodiversity and environmental protection, as well as climate change adaptation and mitigation, in a cost-effective way; this therefore needs to be further incentivised; calls for the CAP to provide the opportunity for the vast bulk of agricultural land to be covered by agri-environmental schemes to reward farmers for the delivery of additional eco-system services while encouraging more sustainable, lower-input production models such as organic farming, integrated agriculture, the development of high-nature-value farming and sustainable intensive agricultural practices; considers that all these rural development measures should continue to be co-financed, with an increased



budget if necessary;

### *Green growth*

78. Believes that ‘green growth’ should be at the heart of a new rural development strategy that focuses on creating new green jobs through:
- the development of local dynamic tools such as local marketing, local processing, and support for projects involving all stakeholders from the local farming sector,
  - the development of biomass, bio-waste, bio-gas and small-scale renewable energy production, as well as encouraging the production of second-generation biofuels, agro-materials and green-chemistry products,
  - investing in modernisation and innovation, as well as new research and development techniques for adaptation to, and mitigation of, climate change,
  - providing training and advice to farmers in applying new techniques and to assist young farmers entering the industry;
79. Believes that to underpin the key building blocks of the CAP, an adequate safety net should still be available; takes the view that this safety net should be sufficiently flexible to take account of market developments, and include tools such as public and private storage, intervention and market clearance, which should be activated when required to combat extreme volatility and as a rapid reaction tool in the event of crises; to that end, considers that a special reserve budget line should be made available in the EU budget which could be activated rapidly to respond to crises which arise;
80. Calls for these measures to be backed by instruments designed to help reduce volatility and provide stable conditions for agricultural business and planning; in this context, takes the view that new innovative economic and financial tools such as across-the-board harvest risk insurance policies, futures markets and mutualisation funds should also be considered as a way of dealing with extreme market or climate conditions, without disturbing any private schemes that are being developed;
81. Takes the view that regulating the expansion in production capacity can play a vital role in securing sustainable growth in a number of farming sectors;
82. Insists that, to complement market measures, there is an urgent need to strengthen the position of primary producers within the food-supply chain through a range of actions to address transparency, contractual relationships and unfair commercial practices; takes the view that possible adjustments to competition rules should also be investigated to allow primary producer organisations to become more efficient and grow in size where needed, equipping them with improved negotiating power to stand up to major retailers and processors; in this context, believes that the appointment of national Ombudsmen and/or a European Ombudsman should be considered with a view to solving disputes within the food-supply chain;
83. Recalls that, amongst the current set of market tools and in the context of WTO commitments, export refunds should continue to be phased out in the EU, in parallel with similar measures being taken by WTO partners;

84. Believes that the competitiveness of European agriculture needs to be promoted within and beyond Community borders in order to find ways of meeting the main challenges of the future, including food security in the EU, supplying food to a growing world population, an environmentally sound approach, biodiversity and tackling climate change;
85. Recalls that the EU can fund measures in European and third countries that provide information on, or promote the advantages of, European agricultural and food products in Europe and around the world; believes that the budget for these funds should be reviewed so as to enhance the visibility of EU agricultural and food products on the markets within the EU and in third countries; believes that these promotional schemes should be more widely implemented and have a greater and more effective application under the new CAP;
86. Takes the view that the common agricultural policy must enable a healthier diet to be made available to all consumers, particularly the poorest among them, on the basis of a more varied, accessibly priced range of products; in order to combat poverty and improve health, aid programmes for the poorest in society must be continued, and programmes to boost consumption of fruit and vegetables in schools extended;
87. Believes that the design and implementation of the new CAP should have simplicity, proportionality and the reduction of bureaucracy and of administrative costs at its heart;

*The CAP in the multi-annual financial framework and annual budgetary procedure*

88. Stresses the need, given the new Common Agricultural Policy objectives, to provide adequate funding in the new MFF, in order to be able to better support the policy in accordance with the major challenges this crucial sector for EU food security will have to face in the coming years;
89. Recalls that over the last four years of the current MFF, it was only possible to agree the annual budgets either by using up the existing margins in the different headings of the MFF or through recourse to the revision provided for by paragraph 23 of the Interinstitutional Agreement (IIA) of 17 May 2006 by using the margins available below the ceilings of Heading 2 to finance other EU priorities; points out that, from the 2011 budget year until the expiry of the current MFF (2013), the margins below the ceiling of Heading 2 will be extremely limited;
90. Emphasises that the legally binding nature of the MFF necessitates the introduction of more flexible implementing arrangements so that the Union can respond sufficiently flexibly and effectively to unforeseen events;
91. Draws attention to the fact that, according to Article 314(3) TFEU, the Commission may no longer amend its draft budget once the Conciliation Committee has been convened; recalls that the Commission must present an Amending Letter to update the agriculture forecast in the autumn; insists that the Amending Letter should be available before the EP vote; invites its competent committees to set up an internal procedure in order to define Parliament's position with a view to the Conciliation Committee meeting;
92. Recalls that Pilot Projects (PP) and Preparatory Actions (PA) introduced by the European Parliament have evolved into important tools for the formulation of political priorities and the introduction of new initiatives that often turned into EU activities and programmes, including in the field of agriculture and rural development; believes that pilot projects and

preparatory actions could also in the future be a platform for testing new ideas for reforms;

93. Calls on the Commission to give full consideration to the European Parliament's recommendations when working on its communication and drawing up its legislative proposals;

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