

**Intervention by Mr. Pekka Pesonen, Secretary General of COPA-COGECA  
At the public hearing of European Parliament Committee on agriculture and  
rural development on cross-compliance in the context of simplification the  
CAP**

**Brussels, 8 May 2007**

Ladies and Gentlemen!

Thank you for inviting me to come here today to give you the view of the farming community about cross-compliance. Also, I would like to welcome Committee's initiative to organize this hearing in the context of simplification.

While I believe that the full impact of cross-compliance cannot yet be accurately estimated – it is just too early – it is essential that this policy is closely evaluated.

Perhaps I am following the footsteps of the previous speakers in highlighting the following three points from the European and COPA-COGECA point of view:

- Cross-compliance must be simplified.
- The effects of high European environmental protection standards on farmers' competitive position must be taken into account.

Let me briefly explain our thinking:

**I. Cross-Compliance must be simplified and made more effective**

Many of cross compliance requirements have existed before under national law. As such, infractions were already punishable. Cross-compliance has made it possible that any breaches would also be followed by a cut in the single farm payment. For one and the same infraction, we can now be punished twice. This could also be seen as a legal problem affecting citizens' in this case farmers' rights

The problem is that neither the rules nor the application of penalties are sufficiently clear. For protecting soil organic matter for example, some countries require a farmer to have a soil management plan. Others have made such a plan optional and specified alternatives. Yet others have come up with different solutions.

Of all cross-compliance violations found in 2005, 71% were due to this issue of eartagging of cattle. Because EU rules do not allow for a warning to be given, these infractions were followed by a sanction of 1% or more of payment, which can be increased substantially if the animals continue to lose their ear tags.

The result is confusion and uncertainty amongst farmers. Significant penalties are applied for things that present no danger at all to European consumers. Many farmers have to hire expensive private consultants. All have to spend much more time filling in and double checking forms, as well as leading around more and more inspectors on their farms. Findings in recent Commission rapport on cross compliance state that no additional cost to farmers was found. Perhaps the rapporteurs failed to see the work needed at the farm level in reporting, form-filling and registration.

Even the inspectors are often not sure whether a farmer is in breach of cross-compliance or not. Or how else can it be explained that farmers do not have to be told at the time of the visit whether they have done anything wrong, but only in a control report that can be sent months after an inspection has taken place?

Since COPA-COGECA has recently adopted a position paper on technical simplification I would just like to stress one point:

Do not underestimate the costs of creating a system like cross-compliance and making it work efficiently. It takes a lot of time. If we have radical changes every few years, the costs to farmers will be immense. Let us take the time to ensure that the current system works well, and let us understand its full impact, before changing it yet again.

## **II. Effects on farmers' competitiveness**

Farmers in the EU have to meet some of the highest standards in the world - not only on food safety but also on the environment and animal welfare. In addition we are expected to produce in a way which results in an attractive landscape and contributes to the maintenance of employment and vibrant rural communities.

Meeting these standards inevitably means higher costs and lower productivity.

Since most of our competitors do not face the same constraints, this puts EU farmers at a competitive disadvantage. Yet, at the same time, we are being asked to face much fiercer competition through the opening up of markets. The Trade Commissioner has already offered over 50 per cent cuts in EU agricultural tariffs in WTO. Other trade agreements – with Mercosur and the Mediterranean countries for example - would mean even further pressure.

We must be able to remain in business, even with the world's highest costs for environmental legislation. For instance, in some countries in Europe farmers are paid as little as 28 cents for a litre of milk. At such a price many farmers cannot even cover their costs of production.

What product survives in the marketplace depends primarily on its price. Whether it is shoppers in the supermarket, food processors or caterers, their bottom line is almost always the same.

What is the point of contracting sustainable production in Europe only to replace it with imports? Imports without guarantee they have been produced in a sustainable way – and which very often they are not. This is why COPA-COGECA is in full support of establishing international rules on the environment and animal welfare in particular.

To conclude, I would like to say a few words on the future development on cross compliance.

First of all, like previous speakers, I must emphasize that European farmers are committed to agricultural activity that is sustainable, diverse and follows objectives that the European citizens feel appropriate. When developing cross compliance for instance, it should be kept in mind that all implementation of the CAP must bear a view point of practical, professional farmer. Global picture of the market and its development are of importance, of course. However, we have to remember that eventually it is the farmers themselves that have to cope with the ever increasing demands of the Common Agricultural Policy. Let us not make our farmers paper pushers. I believe that this is ultimately the objective of this Committee, too.

Thank you for your attention.