REPORT

on the farm input supply chain: structure and implications
(2011/2114(INI))

Committee on Agriculture and Rural Development

Rapporteur: José Bové
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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the farm input supply chain: structure and implications
(2011/2114(INI))

The European Parliament,

– having regard to its resolution of 23 June 2011 on the CAP towards 2020: meeting the food, natural resources and territorial challenges of the future\(^1\),

– having regard to its resolution of 7 September 2010 on fair revenues for farmers: A better functioning food supply chain in Europe\(^2\),

– having regard to its resolution of 18 January 2011 on recognition of agriculture as a strategic sector in the context of food security\(^3\),

– having regard to its resolution of 8 March 2011 on the EU protein deficit: what solution for a long-standing problem?\(^4\),

– having regard to the OECD preliminary report of May 2011 on ‘A Green Growth Strategy for Food and Agriculture’\(^5\),

– having regard to Eurostat data on price indices of the means of agricultural production (input costs) and price indices of agricultural products (output prices)\(^6\),

– having regard to Article 349 TFEU, which establishes a specific regime for the most remote regions,

– having regard to the 3rd SCAR Foresight Exercise of the European Commission’s Standing Committee on Agricultural Research (SCAR) on ‘Sustainable food consumption and production in a resource-constrained world’ (February 2011)\(^7\),

– having regard to the ‘Global Report - Agriculture at a crossroads’ by the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD),

– having regard to the JRC report of 2008 on ‘Low input farming systems: an opportunity to develop sustainable agriculture’\(^8\),

– having regard to the JRC report of 2007 on ‘Consequences, opportunities and challenges of modern biotechnology in Europe’,

\(^1\) Texts adopted, P7_TA(2011)0297.
\(^3\) Texts adopted, P7_TA(2011)0006.
\(^4\) Texts adopted, P7_TA(2011)0084.
having regard to the JRC report of 2010 on ‘Compendium of reference methods for GMO analysis’,

having regard to the JRC report of 2010 on ‘Impacts of the EU biofuel target on agricultural markets and land use: a comparative modelling assessment’,


having regard to Rule 48 of its Rules of Procedure,

having regard to the report of the Committee on Agriculture and Rural Development (A7-0421/2011),

<table>
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<tr>
<th>A. whereas high volatility in agricultural commodity and farm input prices has increased insecurity in farm incomes and in long-term investments by farmers, especially for isolated regions, mountain regions, island regions and the most remote regions, for which the factors of distance and isolation entail high additional costs, impacting negatively on the incomes of those regions’ farmers;</th>
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<td>B. whereas total input costs for EU farmers climbed on average by almost 40% between 2000 and 2010, while farm gate prices increased on average by less than 25%, according to Eurostat; whereas the increase in input costs within that decade reached 60% for energy and lubricants, almost 80% for synthetic fertilisers and soil improvers, over 30% for animal feed, around 36% for machinery and other equipment, almost 30% for seeds and planting stock and nearly 13% for plant protection products, highlighting the need to facilitate access to cheaper inputs for farmers, particularly from the world market;</td>
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<td>C. whereas higher food prices do not automatically translate into higher farm incomes, mainly due to the speed at which farm input costs increase and the growing divergence between producer and consumer prices;</td>
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<td>D. whereas higher production costs and difficulties in passing them down the food distribution chain are liable in the short term to jeopardise certain enterprises’ survival while undermining the productive structure in certain Member States, thus worsening the trade balance in terms of imports and dependence on volatile external markets;</td>
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<td>E. whereas the consumer is currently also being disadvantaged in the sense that producers are unable to pass on the exponential rise in the cost of factors of production to the big retailers, who in their case pass that rise on to the consumer with their huge profit margins;</td>
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| F. whereas upward pressure on input prices is expected to rise further as a result of resource
scarcity, growing demand for food in emerging economies and policies which make it harder for EU farmers to gain access to cheaper feed available on the global market;

G. whereas food production can be regularly undermined by a range of factors including the impact of pests and diseases, availability of natural resources and natural disasters;

H. whereas EU agriculture is currently highly dependent on input imports – mainly fossil fuels, but also animal feed and scarce soil-improving minerals such as phosphate – and is therefore vulnerable to price hikes; whereas this has raised major concerns about EU farmers’ competitiveness, especially in the livestock sector;

I. whereas the present price volatility has a European and world dimension, and it is therefore necessary to seek a specific solution at Community level for the agri-food chain, given its strategic role in the Union, while concerted action is already required at G-20 level;

J. whereas the EU is ever more dependent on the factors of production that are required if agriculture is to be preserved in Europe; whereas it is therefore necessary to call for rapid action to reduce that dependence, by means of investments and decisions at a purely political level, so as to ensure greater self-sufficiency in food for the EU;

K. whereas the EU is heavily dependent on fossil fuel imports: whereas increasing resource efficiency is central to the Europe 2020 Strategy and the Commission’s Roadmap to a Resource Efficient Europe;

L. whereas agricultural production in the EU is in the main oil-dependent and the food supply chain relies heavily on the availability and affordability of that fuel; whereas global oil production is expected to start to decline by on average 2-3% per year;

M. whereas increases in crude oil prices are inextricably linked with increases in agricultural input costs, resulting in higher energy, feed and fertilizer prices, which impact on global food production;

N. whereas the manufacture of farm fertilizers is totally dependent on the ready supply of phosphate rock; whereas its commodity price increased by 800% in 2007/2008 and its supply could peak by 2033-2035, after which it will become increasingly scarce;

O. whereas, especially in the livestock sector, costs are also rising due to increasing phytosanitary, animal welfare, environmental protection, hygiene and food safety requirements, as a result of which the competitiveness of European producers will further decrease in comparison with those in third countries, who do not have to comply with these strict requirements;

P. whereas the EU has set a high level of standards in food safety and human and environmental protection, which entails consequences for the time and cost of development of new practices and tools up- and downstream in the food chain;

Q. whereas consumers, faced with a reduction in their purchasing power, are increasingly opting for products whose quality and safety standards are lower than those for products
originating in the EU, and which are not traceable, especially in the case of meat;

R. whereas on average 42% of total water supply in Europe is used by agriculture (Greece 88%, Spain 72%, Portugal 59%) and whereas costs of irrigation, channelling of water in wetland regions and drainage have increased in order to make irrigation technologies more efficient, and whereas some of the water used by agriculture returns to the natural water cycle;

S. whereas the price of farmland and the cost of land rental directly impacts on the viability of farming and on the ability of young entrants to get established in farming;

T. whereas the market concentration of farm input suppliers is very high, with six companies controlling nearly 75% of the agrochemicals market and three companies controlling over 45% of the seeds market; whereas this concentration contributes to maintaining high seed prices and has a substantial negative impact on crop diversity, and whereas the involvement of farmers in the development of price trends is limited; whereas there is high market concentration not only upstream but also in the food (retail) trade, which places farming under additional cost pressure;

U. whereas the viability and competitiveness of small-scale production (minor crops) are disproportionately affected by legislative and structural changes in the input industries, and whereas more needs to be known about the impact of these changes;

V. whereas increased fuel, fertilizer and feed prices represent the main increase in costs for farmers;

W. whereas, in the light of extreme fluctuations in agricultural prices throughout the food chain and related financial speculation, market transparency upstream of the food chain is also essential to improve competition and resilience to price volatility;

X. whereas long-term investments in more efficient input and resource management, including energy, soil and nutrients, water technology, seeds and agrochemicals, is needed to respond to the new economic and environmental challenges, including within the context of the Europe 2020 Strategy; whereas extension services and institutional improvements and innovations affecting the use of inputs, farmers’ attitudes and skills are critically important for adopting more resource-efficient, sustainable and innovative farming systems;

Y. whereas fermentation of slurry is desirable in terms of plant cultivation and the environment, while it is also necessary to create incentives for generating energy from biomass, a measure which will, besides, contribute to sustainable farming;

Z. whereas there is considerable potential in farming for saving energy and costs through improved energy efficiency which could be further improved through local renewable energy production that fully exploits the potential of renewables (especially wind and solar energy, biomass, biogas, biofuels, use of waste products, etc.);

AA. whereas crop diversification and crop rotation can contribute to climate change mitigation and provide for the sustainable use of synthetic fertilisers and pesticides;
AB. whereas production of leguminous protein crops in the EU as well as improved grass-fed production systems would reduce the EU’s protein deficit and its dependence on feed imports and could have major economic benefits for farmers, but will not be a one-size-fits-all solution to the existing multiple imbalances in the farm input supply chain and would also lead to a reduction in the production of other, more resource-efficient arable crops;

AC. whereas farm-saved seeds can offer, in certain circumstances and for specific varieties, an alternative to commercial seeds;

AD. whereas unsuitable storage and transport conditions cause significant quantities of agricultural commodities to be spoilt and hence disposed of, so that they are no longer available as food or feed (FAO, Global Food Losses and Food Waste, 2011);

General solutions

1. Calls on the Commission and Member States to improve the transparency of farm input prices and guarantee that competition rules apply and be enforced throughout the upstream and downstream food market chain;

2. Calls for greater scrutiny and better analysis, at EU and global level, of the economic fundamentals which explain rising food prices – predominantly interactions between supply and demand fluctuations, as well as increasing interactions between the price movements of energy, inputs and food commodities;

3. Calls on the Commission to refine its analysis of the reasons behind extreme market fluctuations and seek greater clarity on the interactions between speculation and agricultural markets, as well as energy markets and food commodity prices; stresses that this should be part of the efforts to better regulate and increase transparency and the quality of information on financial markets at global and EU level, including in the upcoming review of the Markets in Financial Instruments Directive (MiFID) and the Market Abuse Directive (MAD);

4. Calls on the Commission to encourage more efficient agronomic practices and improved, sustainable agricultural resource management, with the aim of producing stable and productive agriculture, reducing input costs and nutrient wastage and increasing innovation, resource efficiency and effectiveness and sustainability within farming systems; is convinced that this could be done within the framework of the announced European Innovation Partnership for agricultural productivity and sustainability; stresses the need for an integrated approach for farmers which brings balance in all areas of farming (production, environment, profitability, social dimension);

5. Calls on the Commission to further support sustainable and productive agriculture, in order to meet environmental and food challenges, as well as ensuring that it remains profitable and competitive in the world market;

6. Welcomes the European Food Prices Monitoring Tool set up by Eurostat and the setting-up of the High Level Forum for a better functioning of the food supply chain, which must
include the input sector operating upstream and should deliver better transparency on input price development and contribute to improved farm gate prices; insists that regular reports on progress made and concrete proposals should be transmitted to and discussed with the European Parliament;

7. Considers that primary producers cannot fully benefit from increased output prices as they are being ‘squeezed’ between, on the one side, low farm gate prices due to the strong positions of processors and retailers, and high input prices due to increased concentration of input companies on the other side;

8. Calls on the Commission to better evaluate the impact of EU legislation on the sustainability and competitiveness of European agriculture; believes that, in particular, consideration should be given to the costs of complying with legislation and the impact that this has on the availability of inputs as well as on the prices of those inputs;

9. Calls on national and European competition authorities to address the abuses of the dominant position of agribusiness traders, food retailers and input companies and to apply EU antitrust legislation, in particular in the fertilisers sector, where farmers face tremendous difficulties in forward-buying essential fertilisers; considers that European competition authorities (DG Competition, etc.) should therefore carry out a full sector inquiry to challenge all anti-competitive practices;

10. Stresses that all action in this field requires a prior definition, which must be conceptually objective and rigorous, of abusive, unfair and anti-competitive practices, so as to enable the necessary specific forms of regulation and monitoring;

11. Urgently calls on the Commission to undertake an in-depth study into the differences in approach between the 27 national competition authorities and policies and to encourage solutions which involve all partners in the food production chain and which prevent dominant positions of one or a mere few parts of the input or output chain, which often occur at the expense of the agricultural producer;

12. Believes it is necessary to introduce a system for the effective control of such practices, either by administrative or by legal means, and to create a mechanism for the assessment and monitoring of Member States by the Commission, while also introducing penalties of a sufficiently deterrent and timely nature;

13. Stresses also the need for an EU-wide system for exchanging information on good practices in nutrient, energy and natural resources and the management of other inputs in order to achieve greater effectiveness and efficiency of inputs;

14. Calls for the new CAP to include specific support measures for better and more efficient resource management and for sustainable practices which reduce input use and costs and improve farmers’ ability to adapt to price volatility, including measures to support short input and food chains;

15. Welcomes the Commission’s increased focus on Europe’s bioeconomy; calls for a substantial part of the next research framework programme to be earmarked for R&D in the efficient use and management of farm-inputs management and improving agronomic
efficiency; stresses that the results of research must be translated into the practical enhancement of agricultural production through training and capacity-building for farmers; stresses the need for better collaboration between the public and private sectors, as well as farmers’ organisations, in this regard, thereby delivering practical applications on the ground which could improve and modernise the industry;

16. Calls on the Commission and the Member States to look further at the role that producers’ organisations and cooperatives could play in organising collective purchases of farm inputs, with a view to strengthening farmers’ negotiating positions vis-à-vis the upstream industry;

17. Calls on the Commission to better inform farmers and consumers about the need for more efficient management of energy, water and natural resources throughout the food chain, so as to significantly reduce waste of resources and food;

18. Recognises that sustainable growth is one of the key priorities of the Europe 2020 Strategy and that the Union’s dependence on fossil fuels exposes it to shocks in these markets; reiterates the need to replace this dependence on finite resources with sufficiently robust alternatives, mindful of the balance between maintaining food production and promoting energy creation;

Energy

19. Calls on the Commission and the Member States to promote investments in energy saving and renewable (wind, solar, biomass, biogas, geothermal etc.) energy production on-farm or in local partnership projects (wind, solar, biogas, geothermal etc.) promoted by local stakeholders with a special focus on using waste and by-products;

20. Emphasises the importance of manure processing, which not only provides renewable energy but also reduces environmental pressure and is a substitute for artificial fertiliser in the form of mineral concentrates; calls on the Commission, in order for manure to be considered as an energy source, to recognise processed manure as a substitute for artificial fertiliser in the Nitrates Directive;

21. Urges the Commission and the Member States to make sure that public support measures for biomass and agro-fuels – including biogas – do not contribute to unsustainable competition for resources between food and energy production, which must be organised sustainably;

22. Calls on the Commission and the Member States to help generate new revenue for farmers by facilitating the integration of energy and heat produced from renewable farm sources into private and public energy systems and grids;

23. Considers that efficient measures for on-farm and local energy saving and management should be made available throughout the EU via rural development programmes and the optional ‘greening’ measures of the future of the CAP;

24. Calls on the Commission to analyse energy costs in the various existing farm systems and the associated input providers, processing industry and distribution systems in relation to
productivity and output, taking into account energy efficiency and use of sustainable energy sources to respond to the new challenges;

**Soil improvers and plant protection products**

25. Calls for efficient measures and incentives such as crop diversification, including planting of legumes and crop rotation adapted to local conditions, in the CAP reform after 2013, given the positive effect they have on climate change mitigation, soil and water quality and the ability of farmers to reduce their input costs;

26. Calls furthermore on the Commission and Council to include investments in precision farming in an optional EU-wide list of ‘greening’ measures to be rewarded within the CAP, as these innovative practices (such as GPS-based soil monitoring) have similar positive effects on climate change mitigation, soil and water quality and farmers’ finances (with significantly reduced use of fertilisers, water, soil improvers, plant protection products and pesticides, which will reduce input costs for farmers);

27. Stresses that EU agricultural production is dependent on the import of phosphate rock for the manufacture of fertilisers, with the majority of it mined in five countries worldwide; calls on the Commission to address this issue;

28. Calls on the Commission and the Member States to encourage – subject to thorough investigation of their possible usage, adequate treatment of potentially harmful substances and strict controls – the recycling of nutrients (especially phosphate and nitrogen) from waste streams and, in particular, recycling waste as part of a cascade process after using it to produce thermal energy; stresses that liquid manure which meets the quality requirements imposed by law on fertilisers and is intended to be processed for that purpose is not a waste product, even if it has previously been fermented in an agricultural biogas plant;

29. Calls on the Commission to better evaluate the impact of the loss of plant protection products on the competitiveness and sustainability of European agriculture, looking in particular at the suitability of products still available and the impact on prices with fewer competing products on the market;

30. Calls on the Commission to consider ways of guaranteeing the future viability of minor crops and minor uses whilst ensuring complete compatibility and coherence with the common agricultural policy and involving all those associated with the food supply chain;

**Animal feed**

31. Repeats its calls for the Commission to swiftly submit to Parliament and the Council a report on the possibilities and options for increasing domestic protein crop production in the EU; stresses that, while increasing domestic protein crop production will yield some benefits, it is unlikely to have a significant impact on the import of feed from outside the EU; believes therefore that other avenues will need to be explored in the short term to address the protein deficit in the EU, and points specifically to the fundamental role of soya imports; calls on the Commission to make sure that these measures do not endanger the EU’s overall objective of security of food supply in terms of productivity and output.
levels;

32. Stresses again the need to introduce in the new CAP suitable measures and instruments to support those farmers cultivating protein crops, thereby potentially reducing the EU’s crop protein deficit and price volatility while also improving agricultural practices and soil fertility;

Seeds

33. Calls on the Commission and the Member States, in the context of the forthcoming revision of Regulation (EC) No 2100/94 on Community plant variety rights, to maintain the possibility for farmers to use farm-produced and farm-processed seed as laid down in Article 14(1) and (2) of this Regulation, given the economic, cultural and environmental benefits and contribution to agro-biodiversity this practice can bring; calls in this context for a fair and balanced examination of both the plant breeding rights and the current restrictions on the use of farm-saved seed with the aim of improving and simplifying the legal framework and to ensure an adequate balance between the need for innovation and the preservation and enhancement of crop diversity as well as the improvement of the livelihoods of small- and medium-scale farmers;

34. Notes the importance of research projects that study the breeding of plant varieties which retain their characteristics in the long term and encourages Member States and the Commission to support such projects in addition to promoting measures to encourage the cultivation of local fodder crops such as flax, triticale and spring vetch (Vicia Lathyroides), etc.;

35. Calls on the Commission to consider setting up a European bank for seeds in order to store and preserve the genetic variety of plants, combat biodiversity loss, and link crop diversity to the cultural heritage of the Member States;

36. Calls, in the light of the upcoming Rio+20 global conference, for a new EU initiative on the conservation, sustainable use and quality marketing of agro-biodiversity, in order to increase added value from farming;

Land prices and land rent

37. Calls on the Commission to conduct a study into the impact that land lease and increased costs for land purchase and lease are having on farming sectors in the EU Member States;

38. Stresses that Single Farm Payment entitlements, where based on historical values or when tradable without land, can be bought up at inflated values by investors and speculators for the purposes of an income stream as opposed to active farming; notes that the distortions created act as a substantial input cost and entrance barrier for new farmers; calls on the Commission, Parliament and the Member States and regions to ensure that CAP reform adequately addresses these problems, and that payment entitlements are available for all farmers for the purposes of active production;

39. Calls on the Commission to draw up a report on the impact of land use for infrastructure development, housing and buffer zones on agricultural holdings’ costs;
Water

40. Calls on the Commission to work, as part of the CAP reform and the Water Framework Directive, towards better irrigation and water drainage and storage systems for agriculture that use water more efficiently and that include improving water storage capacities in soils, water harvesting in dry areas and water drainage in moist areas, as a way of reducing the use of fresh water and also as a precaution against changes in rainfall patterns due to climate change;

41. Calls on the Commission to work towards solutions to drainage problems which take account of factors such as heavy rainfall, low-lying areas and stagnant water;

42. Draws in this regard the Commission’s attention to the positive effect that precision farming has on water use (through GPS-based monitoring of soil conditions and weather forecasts) and demands that investments in these and other innovative solutions which decrease the use of inputs such as water, fertilisers and plant protection products can be covered by ‘greening’ options of the future CAP;

43. Calls on the Commission and the Member States to improve the management and reallocation of water rights and to enhance multifunctional agro-ecosystems and agro-forestry systems;

44. Calls for greater support for training farmers in efficient water management, drainage and irrigation, including practical tools for water storage and measures to prevent nutrient losses or salinisation and paludification, as well as improved water pricing and water administration schemes at local and regional level, in order to help prevent the wastage of water and reduce input costs in the long term; the checking of water pipes should also be encouraged to ensure that water leakage does not have a significant impact on production costs and product quality;

45. Instructs its President to forward this resolution to the Council and the Commission.
EXPLANATORY STATEMENT

In its resolution of 7 September 2010 on "Fair revenues for farmers: towards a better functioning food supply chain in Europe", the Parliament adopted a number of recommendations to solve problems downstream of farm production in order to improve farmers' income. The Parliament suggested substantial policy change in EU competition law and made recommendations for measures to be included in the legislative proposals on CAP 2020 reform. The Commission adopted on 23 November 2010 a follow-up note on this resolution, which announces action in this matter.

This new initiative report identifies problems upstream of farm production, focusing on rising costs of purchased farm inputs over the past decade in the fields of energy, machinery, compound feed, fertilisers, pesticides, seeds, and water. It points at impact on several production sectors, highlights the growing dependence of farmers on an increasingly concentrated input industry, and suggests measures to be taken within the upcoming CAP reform.

With a major CAP reform ahead of us, which will have to respond to a number of major challenges farmers are facing, the goal of this report is to analyse upstream structures and markets and to suggest policy options which can help farmers to reduce input costs, with a view to increase their autonomy and income, so as to move to a more efficient and sustainable use of production resources.

Your rapporteur suggests calling upon Member States and Commission to deliver more data on input and production costs which should then be analysed and regularly provided to farmers by a European price monitoring agency. Price indices might also improve competition in the input sector, and hopefully help farmers to move out of the "squeeze position" between an increasingly concentrated and powerful agro-industry upstream and downstream of primary production.

Furthermore, farmers need support in improving agronomic and environmental performance to respond to new climatic, environmental and economic challenges ahead. As part of "greening measures" as foreseen in the new CAP, farmers will have to reintegrate externalised costs of production involved in better management of biodiversity, water and soil nutrients and should be supported to do so. Of course, those initial outlay costs will provide farmers benefits in the long term, such as resilience to climatic instability, increased soil health and fertility and lower susceptibility to diseases. Once farmers can make better use of on farm input potential they will also become less vulnerable to price volatility.

The Commission should also suggest measures which can encourage farmers to collectively organise the preservation and purchase of inputs, so as to increase their bargaining power, in line with the creation of producer organisation downstream of farming. Farmers should also be encouraged and rewarded if they organise themselves for better resource management and sustainable practices which reduce vulnerability to price volatility.

Your rapporteur wishes to stress in this context that farmers in many countries have already worked hard to improve agronomic practices and to increase economic autonomy from
purchased inputs. Farmers networks have established important collaboration between governmental and non-governmental research bodies and farmers organisations (ie. CEDAPA or CIVAM in France, etc.) for many years and actively disseminate their experiences and results to the wider agricultural communities. This initiative and engagement should be fully recognised by enhancing collaboration between research entities and the farming and rural development organisations and should be taken into account for future farm extension services and training programs.

Your rapporteur suggests structuring the resolution according to the following key agricultural input factors:

**Energy**

EUROSTAT data and Commission analysis indicate that the opening gap between input and production costs and farm gate prices is not economically viable in many sectors. Energy costs of farming have increased by roughly 60% between 2000 and 2010, while farm gate prices have increased only by 25%. These include general increases for carburant, gas and electricity.

Your rapporteur proposes measures to increase the ability of farms to save energy in buildings, farming practices, transport through energy efficiency programmes and to invest into the production of renewable energy on-farm or local (wind, solar, biogas, geothermal, etc.).

In this context he also recommends to analyse and evaluate the amount and costs of energy in existing farm systems and related providers of inputs, processing and distribution systems. In the imminent CAP reform it is important to take into account energy efficiency and use of sustainable energy sources, so as to respond to the new challenges. This includes a rebalancing of crop and animal production in relation to available energy resources and low input production systems, such as grass-fed and extensive livestock production.

**Fertilisers and soil improvers**

Costs for fertilisers and soil improvers have on average doubled in the past decade. Application of nitrate and phosphate inputs carries specific problems, notably run-off where soils and crops cannot sufficiently store and absorb nutrients.

Solutions exist: improving analysis and management of nutrients on farm; cutting back fertiliser expenditure through better soil fertility analysis and management, specifically improving soil crumb structure and organic humus levels (allowing better water and nutrient retention) through manuring, improving the quality of liquid manure, better crop rotation practices, trail hose application in combination with immediate shallow incorporation (according to some research, a reduction of 50kg N / ha in agriculture -or up to 70% of current inputs - is possible in North & West Europe without loss in yields). Nutrient leaching, a major source of nitrate losses to aquatic environments and NO\textsubscript{2} (nitrous oxide) losses to the atmosphere, could be reduced by using certain energy crops as buffer to water protection areas and along open streams.

Also sewage systems of villages and towns should be considered as potential sources of nutrients (biogas), if sufficient separation of potentially harmful substances can be guaranteed.
Seeds

Costs for seeds and planting stock are up nearly 30% on average since 2000. This is partly due to high costs for the purchase of certified seeds and the reduced use of farm saved seeds. Farm saved seeds carry many economic and environmental advantages: they cost farmers 40% less on average than certified seeds, they allow farmers to grow plants which are adapted to the specific agronomic conditions in their regions, often require less fertilisers and plant protection products, while maintaining crop biodiversity. Furthermore, farmers can choose sowing periods that are adapted to their farming conditions, without having to rely on deliveries from seed companies.

More than half of the cereals acreage in Europe is planted with farm-saved seed - and around 90% in a country like Poland - but their development in other sectors such as fruits and vegetables is hindered, amongst others, by the fact that, under Regulation 2100/94, farmers are allowed to plant only 21 plant varieties of farm-saved seeds. On the other hand, the seed industry considers the right to use farm-saved seed as an exemption which should be abolished in the context of the forthcoming revision of the regulation.

Plant protection products and other pesticides

Plant protection products and other pesticides are up nearly 13% on average in the past decade. Solutions include the creation of a balanced Carbon/Nitrogen ratio in the soil and improvement of the soil structure (and as consequence, reduced need to apply pesticides and herbicides, due to reduced plant disease and weed invasion).

Animal feedstuffs and veterinary expenses

Intensive animal production systems apply diets with high shares of compound feed concentrates; the oilseed and protein used are mainly imported from overseas. On average, input prices in this sector rose more than 30% in the past decade.

In its resolution of March 2011 on the EU protein deficit, EP called for setting up the necessary framework for developing protein crop and leguminous production in the EU, so as to reduce the protein deficit of 70% with feed produced from domestic production. There are several leguminous crops eligible for this purpose, in particular peas, field beans and lupins.

Furthermore, crop rotation including leguminous protein crops can reduce fuel consumption in soil treatment, as the content of humus and soil moisture is better preserved and requires less tilling. A recent study published by the European Parliament (PE 438.591) and a study of the French Commission on sustainable development of the French Government (Dec 2009 no 15) estimates a reduction of costs for fertiliser use in France of up to 100 Mio € per annum.

Farm buildings and renewable energy

Costs for non-residential farm buildings are up 20% on average, due to increased costs of building material and construction work. Particularly in the livestock sector, costs are also rising due to hygiene and food security requirements.

In some Member States, farmers were encouraged to invest into on-farm renewable energy
production like wind, solar energy and biogas. For example, in Germany roofs of farm buildings are extensively used to install solar panels, the insulation of buildings is improved and liquid manure is used for biogas. However, national subsidies in the field of biogas have in some cases also led to maize and cereal based biogas plants which have increased land rent and attracted investors which draw profit away from farmers.

**Land prices and land rent**

Land leasing costs are a major cost factor in many farming sectors and Member States and should be considered as input costs. In most of Western Europe, agricultural land sales and rent prices have reached unsustainable levels which have provoked severe disconnection between production capacities, access to land and agricultural use value. In some cases, this is due to urban sprawl, pressure of corporate agriculture and concentration of land property in a few hands. Your rapporteur recommends a monitoring system on land prices and access to land, especially for young farmers.

**Other goods and services including Water**

Given the high importance of water in agricultural production, the EU should support Member States in providing improved water storage systems for agriculture, including improvement of water storage capacities in soils, water harvesting in dry areas as precaution against changes in rainfall patterns due to climate change. Furthermore there is urgent need for better management and reallocation of water rights; the preservation and creation of multifunctional agro-ecosystems and agro-forestry systems so as to improve water retention capacities.
RESULT OF FINAL VOTE IN COMMITTEE

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<th>Date adopted</th>
<th>23.11.2011</th>
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| Result of final vote | +: 30  
| | -: 1  
| | 0: 2  |
| Members present for the final vote | John Stuart Agnew, Liam Aylward, José Bové, Luis Manuel Capoulas Santos, Michel Dantin, Paolo De Castro, Albert Deß, Herbert Dorfmann, Robert Dušek, Iratxe García Pérez, Sergio Gutiérrez Prieto, Martin Häusling, Esther Herranz García, Peter Jahr, Elisabeth Jeggle, Jarosław Kalinowski, Elisabeth Köstinger, George Lyon, Gabriel Mato Adrover, Mairead McGuinness, James Nicholson, Rareş-Lucian Niculescu, Georgios Papastamkos, Marit Paulsen, Britta Reimers, Ulrike Rodust, Czesław Adam Siekierski, Sergio Paolo Francesco Silvestris, Alyn Smith, Marc Tarabella, Janusz Wojciechowski  |
| Substitute(s) present for the final vote | Luís Paulo Alves, Salvatore Caronna, Spyros Danellis, Giovanni La Via, Astrid Lulling, Maria do Céu Patrão Neves, Valdemar Tomaševski |