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REPORT

on Arctic agriculture
(2003/2051(INI))

Committee on Agriculture and Rural Development

Rapporteur: Mikko Pesälä

PR_INI

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PROCEDURAL PAGE

At the sitting of 15 May 2003 the President of Parliament announced that the Committee on Agriculture and Rural Development had been authorised to draw up an own-initiative report under Rule 163 on Arctic agriculture.

The committee appointed Mikko Pesälä rapporteur at its meeting of 12 June 2003.

It considered the draft report at its meetings of 7 October, 4 November and 2 December 2003.

At the last meeting it adopted the draft resolution by 24 votes to 0, with 5 abstentions.

The following were present for the vote: Joseph Daul (chairman), Friedrich-Wilhelm Graefe zu Baringdorf (vice-chairman), Albert Jan Maat (vice-chairman), Mikko Pesälä (rapporteur), Gordon J. Adam, Danielle Auroi, Reimer Böge (for Encarnación Redondo Jiménez), Niels Busk, Christel Fiebiger, Christos Folias, Jean-Claude Fruteau, Georges Garot, Lutz Goepel, Willi Görlach, Liam Hyland, Elisabeth Jeggle, Salvador Jové Peres, Hedwig Keppelhoff-Wiechert, Heinz Kindermann, Christa Klauf (for Michl Ebner), Dimitrios Koulourianos, Xaver Mayer, Jan Mulder (for Giovanni Procacci, Karl Erik Olsson, Neil Parish, Christa Prets (for António Campos), Agnes Schierhuber, Robert William Sturdy and Marialiese Flemming (for João Gouveia, pursuant to Rule 153(2)).

The report was tabled on 4 December 2003.

DRAFT EUROPEAN PARLIAMENT RESOLUTION

on Arctic agriculture (2003/2051(INI))

The European Parliament,

- having regard to the goal set out in the conclusions of the December 1997 Luxembourg Summit, according to which ‘European agriculture must, as an economic sector, be versatile, sustainable, competitive and spread throughout European territory, including regions with specific problems’¹,
- having regard to the conclusions of the March 1999 Berlin Summit, which sought to ensure that agriculture would be multifunctional, sustainable, competitive, and spread throughout Europe, including regions with specific problems, and, in addition, capable of maintaining the countryside, conserving nature, and making a key contribution to the vitality of rural life²,
- having regard to the conclusions of the October 2002 Brussels Summit, which stated that the needs of producers living in the disadvantaged regions of the present European Union should be safeguarded and that multifunctional agriculture would be maintained in all areas of Europe, in accordance with the conclusions of the 1997 Luxembourg European Council and the 1999 Berlin European Council³,
- having regard to its resolution of 3 March 1999 on agriculture in arctic areas⁴,
- having regard to its position of 5 June 2003 on the proposal for a Council regulation establishing common rules for direct support schemes under the common agricultural policy and support schemes for producers of certain crops⁵,
- having regard to its position of 5 June 2003 on the proposal for a Council regulation amending Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and repealing Regulation (EC) No 2826/2000⁶,
- having regard to its positions of 5 June 2003 on the proposal for a Council regulation amending Regulation (EC) No 1255/1999 on the common organisation of the market in milk and milk products⁷ and on the proposal for a Council regulation establishing a levy in the milk and milk-products sector⁸,
- having regard to Rule 163 of its Rules of Procedure,

¹ Presidency conclusions, Luxembourg European Council, 12-13 December 1997.

² Presidency conclusions, Berlin European Council, 25 March 1999.

³ Presidency conclusions, Brussels European Council, 25 October 2002.

⁴ OJ C 175, 21.6.1999.

⁵ P5_TA(2003)0256.

⁶ P5_TA(2003)0257.

⁷ P5_TA(2003)0262.

⁸ P5_TA(2003)0261.

- having regard to the report of the Committee on Agriculture and Rural Development (A5-0463/2003),
- A. whereas the cold climate is a permanent competitive handicap in the EU's subarctic farming regions, where the effective temperature sum in the growing season ranges from 400°C to 1 300°C; whereas the areas in question comprise Finland, the parts of Sweden north of Stockholm, parts of Scotland and the Alps, and the northern coast of Estonia,
- B. whereas the short growing and grazing season resulting from the cold climate entails additional costs where arable farming and stockbreeding are concerned,
- C. whereas for every 100°C drop in the temperature sum, yield falls by about 400 kg per hectare,
- D. whereas the range of crops suitable for growing in the EU's northern regions is narrow and the related processing costs are high,
- E. having regard to the higher transport and processing costs caused by long distances and low population density,
- F. whereas direct support for arable crops under the common agricultural policy is less generous in the EU's northern regions, even though the need is greater; whereas, in addition, the yield obtainable from the usable plant varieties is appreciably lower and the market value per kilogram smaller,
- G. whereas when EU enlargement goes ahead, ten new Member States will join, each with different needs as regards agricultural support; whereas the problems for Community agricultural policy will be exacerbated by the broad spectrum of farming areas differing in social terms and in terms of natural conditions and economic imperatives,
- H. whereas the problems of the countryside in northern regions are being aggravated by the flight from the land and cuts in services; whereas agriculture still has an important role to play in preventing the depopulation of remote farming areas; whereas lost farming jobs are not easy to replace,
- I. whereas in the reform of the common agricultural policy, greater emphasis has been laid on rural development measures; whereas rural development measures will in future become more important in guaranteeing the prerequisites for viable agriculture and in preventing the depopulation and maintaining the vitality of the countryside, especially in subarctic northern regions,
- J. whereas the northernmost parts of Finnish and Swedish Lapland do not have their own specialities apart from reindeer meat; whereas it is impossible to expand reindeer herding, because the number of reindeer cannot exceed the capacity of the winter pastures,
- K. whereas reindeer herding is an important means of livelihood for the Sami, northern Europe's only aboriginal people,

- L. whereas safe, high-quality foodstuffs are the fundamental starting point for a consumer-based food economy,
 - M. having regard to the high educational and skill levels of farmers in northern farming regions,
 - N. having regard to the high standard of environmental protection and the purity of water and the soil,
 - O. having regard to the family farming model, also typically found in northern Europe, which guarantees farm animal health and welfare and enables crops to be grown using virtually no pesticides,
 - P. whereas the Union is aiming to promote the use of renewable energy sources and the sustainable use of non-renewable natural resources,
 - Q. whereas a thriving agricultural sector in turn helps to preserve the natural and man-made landscape,
 - R. welcoming the fact that silage grass aid and the drying allowance were introduced under the common agricultural policy in 2000; whereas, however, these measures are insufficient to offset the problems caused by permanent climatic handicaps,
 - S. welcoming the fact that the Union provides aid for less favoured areas (LFAs); whereas, however, the EU finances that aid only in part; whereas support for less favoured areas will become more important in future in ensuring the survival of agriculture and preventing rural depopulation when the common agricultural policy switches to an aid system decoupled from production,
 - T. whereas in the common agricultural policy the Community has failed to take the problems of northern farming regions sufficiently into account; whereas, on the contrary, it has proved necessary in some countries to resort to supplementary aid payable from national resources,
 - U. whereas the sustainable economic use of forests is of considerable significance to subarctic rural areas as a source of employment opportunities,
1. Considers it essential to realise the goals charted in the conclusions of the summits in December 1997 in Luxembourg, March 1999 in Berlin, and October 2002 in Brussels, according to which agriculture has to be multifunctional, sustainable, competitive, and spread throughout Europe, including regions with specific problems; considers that agriculture in that form can, in addition, help to preserve the countryside and protect the natural environment and can make a key contribution to the vitality of rural life and to safeguarding the fragile social structure of rural areas;
 2. Believes that the rules governing international agricultural trade have to recognise more clearly that production conditions vary in different parts of the globe and farming tasks

are not confined to food production alone;

3. Calls on the IGC to include a provision in the constitutional treaty recognising the permanent special status of sparsely populated northern regions and enabling them to develop;
4. Notes that changing the common agricultural policy is a task requiring a long time frame, in which a fair-minded approach should be brought to bear in order to safeguard food production, not least in subarctic areas; points out that food production in those areas is impossible unless agricultural production pays;
5. Urges the Commission, whenever it produces a significant agricultural proposal, likewise to make regional impact assessments specifying the effects of the proposal on, among other things, subarctic agriculture;
6. Takes the view that direct aids under the common agricultural policy, based on the 1992 decision to reform agricultural and rural development policy, were not designed to allow for the special conditions in subarctic farming areas, although this would have been necessary once Austria, Sweden, and Finland joined the Union in 1995;
7. Believes that, for as long as subarctic northern regions have not been taken into account for direct aid purposes, provision should be made in rural development measures for northern regions, which pose difficulties, especially from the point of view of their natural conditions; considers that measures should likewise be possible to tailor to northern conditions;
8. Believes that when the common policy for the countryside is reformed in the future, the criteria to observe should be such as to be suitable for northern farming regions and ensure that profitable agriculture and a sufficient income level will be objectives eligible for Community funding;
9. Considers it important that public services should also operate in sparsely populated northern farming regions;
10. Proposes that the Commission lay down clear definitions and criteria based on climate, the length of the growing season, low population density, and outlying position so as to ensure that permanent handicaps can be taken into account when support schemes are drawn up;
11. Considers it important that subarctic farming areas should have the possibility of producing food locally, among other things for environmental protection and animal welfare reasons;
12. Believes that agricultural entrepreneurship and motivation to work must be kept alive by maintaining the necessary linkage to production;
13. Calls on the Commission to determine whether import protection is necessary as far as reindeer herding is concerned and stresses that, with the aid of Community support, reindeer herding could be developed as the local inhabitants so decide;

14. Considers it important to promote research on subarctic agriculture and calls for such research projects to be funded under the EU framework programme;
15. Considers that it should be possible to implement an appropriate policy on beasts of prey in a sustainable way at national level in order to enable traditional occupations to be carried on and protect the safety of persons;
16. Considers it important to foster entrepreneurship beyond traditional agriculture and forestry; notes that such activities generate additional income but cannot guarantee a sufficient livelihood unless farming pays;
17. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENT

1. Introduction

Finland, Sweden, and Austria joined the Union in 1995. No new means of action were created for agricultural policy on that occasion. Instead, the agricultural sectors of the three countries were adapted to the existing rules, which had been designed for a central European agricultural policy.

Even after the reform agreed in June 2003, Europe's common agricultural policy (CAP) is based very largely on the guidelines laid down in the 1992 reform whereby cuts in market price support are replaced by income support payable directly to farmers. Consequently, the changes to the CAP do not sufficiently allow for natural conditions in northern farming regions and the permanent handicaps that they entail, especially for Finland and the parts of Sweden north of Stockholm.

Within the common agricultural policy, farming in these outermost parts of Europe, measured in numerical terms, accounts for just 1-2% of EU food production as a whole.

When it adopted Agenda 2000, the Union revised the rules of the game for the common agricultural policy. Direct market price support was replaced in part by income support payable directly to farmers. The overhaul of agricultural policy continued with the reform agreed in June 2003, which to some extent broke the link between support and production.

It is considered important in northern regions, in order to keep rural entrepreneurship alive, that a significant proportion of support should be linkable to the production volume.

It is essential from the point of view of subarctic northern regions for the Union's common agricultural policy to be such that it can be implemented on a regional basis, using means of support suited to northern areas. In that way the policy could be placed on an acceptable footing, not least from the perspective of farmers and consumers. EU enlargement may entail a similar regionalisation challenge.

2. Allowing for permanent adverse natural conditions

The whole of Finland and the Swedish provinces north of Stockholm lie at a latitude between 60° N and 70° N. As a result, winter is markedly colder and longer than in central Europe. The effective temperature sum in these regions is less than 1 300° C. At its lowest, in the northernmost parts, it is just 400° C. The growing season lasts for only 100 to 160 days between May and September. These factors greatly limit the range of usable plant varieties and shorten the grazing season. Wheat and oil-producing plants, for example, can be grown only in the extreme south. Feed corn, used as roughage for cattle in much of the EU, does not thrive in northern regions.

The problems of the countryside in northern regions are being aggravated by the flight from the land and cuts in services. Although farming alone cannot shoulder the burden of preventing rural depopulation and maintaining rural amenities, large-scale stockbreeding in remote rural areas still has an important role to play in that connection. The jobs being shed in the agricultural sector are very difficult to replace with new jobs in other sectors.

One of the strengths of subarctic northern farming regions is the high educational and skill level. A substantial fund of subarctic farming know-how has also been built up. On family farms great care is taken to protect the environment and the purity of the soil and water. In arable farming, for example, the use of pesticides is confined to small proportions, less than 2 kg per hectare, whereas the figure in central Europe can exceed 15 kg per hectare. Stocking density in relation to the total land area is very low, only about three animals per km². Stockbreeding is carried out on an ethically sustainable basis, and, to guarantee quality, quality strategy programmes have been drawn up for various sectors to make production completely traceable from farm to table. The farm produce of subarctic regions, including fruit and berries, can be considered consistent with sustainable development. However, no additional value is obtainable on the market for purity and flavour; on the contrary, the threat lies in the increasingly keener competition with more advantageously priced imports.

3. How can the preconditions to make agriculture pay in subarctic farming areas be guaranteed in the future?

To gear the common agricultural policy more closely to Europe's northern regions, CAP support should be altered in such a way as to allow more effectively than at present for the preconditions required to enable farms operating in different areas to compete on an equal footing on the common market (principle of equal opportunity) and to take greater account than has previously been the case of the real need for economic aid. At least as much support would consequently be paid to areas less favoured in terms of their natural conditions as to the most favoured areas.

To alter the basis on which aids are paid, replacing price compensation with the criterion of need, would enhance the acceptability of the support in international trade negotiations and be better suited than the present direct support to the purposes of a common policy for the enlarged Union. Moves in that direction would also afford an opportunity to shift the emphasis in funding from supporting agriculture to fostering the vitality of the countryside.

Another way of proceeding is to apply the subsidiarity principle more explicitly than at present to the common agricultural policy, following the example of regional and structural policy. Enlargement too will inevitably add to the need to do so. The subsidiarity principle implies that decisions would be taken in the most efficient manner, closer to their intended beneficiaries, and aid channelled to places where it was really needed and could be put to genuine use, taking into account EU territory as a whole. Subarctic regions would be given more powers than hitherto to take national measures to boost the common policy, whenever such measures might enable agricultural production to survive and would not adversely affect the efficiency of the internal market.