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*Committee on Agriculture and Rural Development*

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**2017/2052(INI)**

26.1.2018

# OPINION

of the Committee on Agriculture and Rural Development

for the Committee on Budgets

on the next MFF: Preparing the Parliament's position on the MFF post-2020  
(2017/2052(INI))

Rapporteur: Sofia Ribeiro

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## SUGGESTIONS

The Committee on Agriculture and Rural Development calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Stresses the enormous importance of the common agricultural policy (CAP), as the Union's oldest common policy, in achieving public objectives and responding to evolving challenges through successive reforms, which is fundamental, for example, in producing high quality food and also in supplying non-food goods and services, food security, and the stabilisation and preservation of rural populations, in order to ensure food at an affordable price for around 500 million European consumers, territorial balance and social cohesion, and to guarantee that rural areas are sustainable in the long run; notes further that this costs each EU citizen only EUR 0.32 per day; recalls that agriculture and the food industry represent 16 % of European industry's total turnover, and account for over 44 million jobs in the entire food supply chain, 10 million jobs directly in agriculture, 11 million farms and EUR 130 billion a year in income from exports; stresses that, through its two pillars, the CAP helps to stabilise farmers' incomes, while promoting environmental programmes and economic activity in rural areas;
2. Points out that under the current MFF 2014-2020, and for the first time, the CAP is no longer the EU policy with the biggest budget (over the last three decades its share of the MFF has regrettably fallen from 75 % of the MFF to only 38 %); states clearly that, through numerous policy reforms, CAP spending has been reduced and has become more targeted, market-orientated and geared towards improving the competitiveness of EU agriculture;
3. Notes also that the integration of further tasks and objectives into the CAP, which are not necessarily remunerated by the market, was carried out without increasing its budget and while the EU was enlarged to include more Member States; emphasises that the challenges and demands have increased, including, for example, the need to ensure that food supplies are secure and environmental resources are protected, the development of sustainable farming practices, greening, investment in new farming technology, and the mitigation of the effects and impacts of climate change;
4. Urges the Commission to increase, or at the very least to maintain at its current level, the CAP budget post-2020, so that the two-pillar structure of the CAP can be maintained to help farmers in every sector, to achieve the key goals of increasing farmers' income, protecting and creating jobs, innovation and complying with the Sustainable Development Goals (SDGs) and to meet the commitments to implement the Paris climate change agreement; stresses that any further cut to the CAP budget will have a negative impact on the competitiveness of the agricultural sector and regional development in the EU in Europe's farming communities and rural areas, which is a possibility flatly rejected by Parliament;
5. Considers that the CAP budget should reflect the high European added value of this policy, consisting of both a single market for agri-food products and social, environmental and cohesion benefits at EU level, and points out that the CAP is no longer merely a sectoral policy; considers that a reduction in the CAP budget as a share

of EU-27 GDP would reduce the effectiveness of the CAP in meeting Union objectives; feels that the budget level of this policy should guarantee its full Union-status in financial terms;

6. Stresses that the CAP is a comprehensive and fully-fledged EU policy that is one of the cornerstones of European integration; notes that this policy achieves more and more public objectives and is responding flexibly to new challenges and to the evolving needs of the EU and its society through reforms, notes that it is responsible for the conditions of competition in the single market, thus determining the predictability and stability of the conditions under which agricultural activities are carried out;
7. Notes with concern that the uncertainty about the future of the CAP in the context of the MFF is already having negative repercussions in rural areas, with a dispiriting effect on people working in agriculture, creating a situation that could lead to crises in the EU for the sector and in terms of food supply;
8. Stresses that the CAP and its budget form a common operating framework for the agricultural sector in the European Union, and that the absence of these elements of the European project would prevent the functioning of an efficient common market for agri-food products in the EU, as Member States would compete with each other concerning the level of support for agriculture, thereby distorting competition;
9. Draws attention to the Commission's high level of ambition in terms of trade negotiations and liberalisation of access to the European agricultural market for some of the world's most competitive agricultural producers; stresses, on the other hand, that European society has the expectation that agricultural production in the EU will be carried out in accordance with some of the highest norms and standards in terms of quality and food safety, animal welfare, environmental protection and climate protection; stresses, in this context, the important compensatory role of the CAP and the related financial support for maintaining the competitiveness of European agriculture;
10. Calls on the Commission to take further steps to simplify the CAP funding system, to reduce farmers' financial and administrative burdens and to ensure proper public information about the CAP and what its budget provides, as the amount of aid publicised can be misleading given that the public is unaware that since the CAP was set up in 1962 the Member States have pooled their resources in order to create a common policy and a single market for agricultural produce, and that it thus no longer has a national counterpart in the Member States; stresses the need to raise awareness of the EU's important role in supporting European food production and draws attention to the fact that the CAP not only delivers high quality products at very affordable prices to Europeans but there is also the hidden benefit of ensuring that consumers have extra disposable income to drive other sectors of the economy; stresses that this can only continue if the level of the CAP budget is increased, or at the very least maintained; points out that if every policy was fully financed from the EU budget, the CAP would represent just 1% of that budget, which is reasonable, as it supplies food for more than 500 million Europeans; stresses that the CAP represents less than 0.4 % of total public expenditure in the EU and the Member States, which is a small amount compared to the average of 49 % of EU GDP spent on public expenditure; highlights that EU farmers adhere to high animal welfare, environmental and food safety standards and should

therefore be supported to continue these important practices;

11. Stresses that the current instability in the agricultural markets and high price volatility demonstrate the need to maintain farm subsidies, as they allow market failures to be more effectively managed and controlled; acknowledges in this context that the higher food prices and sales of produce in recent years have not been passed on to farmers; insists that concrete support is needed to address the lack of access to credit for farmers and declining farming income; recalls also that European consumers are not prepared to pay for their food at a price which would be undeniably higher if the agricultural sector were not receiving public support;
12. Highlights that whilst farm subsidies only account for an insignificant amount in relation to the Member States' total GDP, they are essential for ensuring continuity in farming and security of income for farmers; reiterates that the CAP is essential in helping to reduce farm income volatility and helping young farmers to enter the farming sector and make their farms profitable, thereby creating direct and indirect employment in the sector;
13. Notes that income volatility resulting from price volatility due to the worsening conditions in the agriculture sector needs to be managed, especially as the costs of production are increasing; highlights that the CAP deals insufficiently with the instability of farming incomes and agricultural markets, and that the decrease in the CAP budget is likely to further aggravate this issue, thereby affecting the most vulnerable sectors in the industry;
14. Calls on the Commission to conduct a study on the amount of money that would revert to the European Agricultural Guarantee Fund (EAGF) if direct payment caps of €150 000, €100 000 and €50 000 were applied across the EU;
15. Recalls that Brexit will have a projected impact of between EUR 3.8 and EUR 4.1 billion a year on the CAP, and calls therefore on the Commission to compensate for this loss by finding alternative forms of financing, for example by increasing Member States' contributions as a percentage of gross national income, developing new forms of own resources, taking on board some of the reforms proposed by the High Level group on Own Resources and improving the functioning of the CAP, in an effort to keep the CAP budget intact following the UK's departure from the EU, so that it can fully meet the current and future challenges facing European farming;
16. Asks the Commission to facilitate access for the agricultural sector to other financial instruments such as the European Fund for Strategic Investments (EFSI); believes that if new conditions concerning CAP payments are to be created, the Commission should match these with an appropriate increase in its budget; stresses the need to increase funding in line with responses to the various cyclical crises in sensitive sectors such as milk, pork, fruits and vegetables, and emphasises that price volatility should be combated by proposing new instruments, taking into account the possible impact of Free Trade Agreements on these sectors and bearing in mind the increasing need to foster the competitiveness of European agriculture sector globally; draws attention furthermore to the growing impact of external conditions on European agriculture and the CAP and the consequent need for additional instruments to counter possible future crises in agricultural markets originating outside the EU's borders;

17. Stresses the importance of improved budget control and calls on the Commission to develop a policy that will give a better account of the destination and results of EU taxpayers' money;
18. Stresses the need for the Commission to keep direct payments intact as they help to avoid distortions of competition between Member States, and to maintain the competitiveness of EU agricultural products externally; vehemently rejects the introduction of any national co-financing which would correspond to the partial renationalisation of the CAP and could lead to the emergence of different CAPs in the different Member States, resulting in a strong bias towards the net contributors to the EU budget and upsetting the functioning of the single market; stresses that the CAP, as the only fully integrated EU-level policy, contributes the highest European added value and that a nationally-financed agricultural policy would be considerably more expensive; rejects any attempt to force Member States to co-finance the CAP; acknowledges the importance of continuing to fund rural development programmes given their contribution to European territorial and social cohesion, as rural areas represent around 90 % of the EU; urges the Commission to take due account of the different costs of production and labour, together with the contribution made by agriculture to employment in the individual Member States, in continuing the process of both convergence of direct payments in the Union under the next multiannual financial framework, and internal convergence within Member States and their regions; stresses the importance of maintaining the variety of measures, including voluntary coupled support, available to Member States to maintain production in sectors vital for vulnerable areas without a distorting effect on the internal market; highlights that direct payments are an important safety net and income support for farmers;
19. Stresses that agriculture, especially primary production, is particularly sensitive to the damage caused by climate-induced natural phenomena (droughts, floods, storms, precipitation, etc.), and therefore urges the Commission to develop a mechanism to support measures to reduce and prevent such damage which could also include compensation for losses incurred by primary agricultural producers as a result of climate change-induced disasters;
20. Calls on the Commission, in the next CAP budget, to consider rejuvenating the sector by making it easier for young people and new farmers to join the industry and for older people to leave it; urges the Commission to continue developing generational renewal measures, thus supporting the modernisation and rejuvenation of the farming sector, always with a view to using and transferring knowledge;
21. Recalls that most rural areas are among the least-favoured regions of the EU, whose GDP per capita is significantly lower than the European average; feels, therefore, that rural development remains an important challenge for balanced territorial development and that these areas need support in terms of raising employment levels and living standards, as well as in terms of developing non-agricultural roles; stresses that the promotion of economic and social cohesion in the EU is still an ongoing task for the EU budget; considers, therefore, that EU budget funding for rural development under the CAP should be strengthened, while the criteria for distributing this support among the Member States should continue to take into account the differences in a rural population's wealth, size and area given over to agriculture;

22. Calls for targeted renewed support for those farmers most in need, including family, small and medium-sized farms and, through targeted practical measures, for those in areas facing natural constraints, as well as those in the most disadvantaged, mountain and outermost regions, thereby securing food production and supplies more effectively in all parts of the EU and preventing the depopulation of rural areas; calls for support to accurately target those working directly on the land, without excluding part-time farmers, who in many cases have diversified their activities and should not be penalised for such efforts; notes that incentivising future farming through an appropriate future budget for the CAP and positive differentiation for the most vulnerable areas is crucial for the agriculture sector; calls on the Commission to envisage increasing the envelope for programmes of options specific to isolation and insularity (POSEI), as called for by Parliament, in order to safeguard a scheme which is very important to outermost regions; recalls that three Member States are eligible for those programmes, which represent less than 1 % of the CAP budget; notes in particular that community-led local development such as the LEADER programme represents an efficient use of CAP funds; calls for increased funding to be awarded under the future MFF to the setting-up and development of producer organisations;
23. Calls on the Commission within the next MFF to support farmers' access to innovations such as modern breeding techniques and precision farming by increasing synergies between different forms of funding programmes and improving the role of agriculture in EU research programmes; notes the growing role and potential of new technologies in agriculture, but points out that they remain unaffordable for a large proportion of farmers;
24. Calls on the Commission to present a proposal for a legal framework for the food supply chain in the EU and to guarantee that it is financed properly, in order to combat unfair trading practices (UTPs) in the single market and ensure a certain level of transparency and certainty for farmers which will enable them to make well-informed decisions that will not only benefit the farmers themselves, but also consumers, and avoiding such practices as below-cost selling and the resultant drop in farming incomes; calls for measures to be funded which boost the bargaining power of farmers in the food supply chain; recalls Parliament's overwhelming support for an EU regulatory framework to tackle UTPs;
25. Notes producer interest in EU product-promotion programmes, and calls on the Commission to sustain the current trend of strengthening the resources for such programmes while also, however, conducting an evaluation of the associated administrative requirements and conditions, which often present difficulties, especially for small and medium-sized and new producers and the associations representing them;
26. Considers that the first four scenarios set out by the Commission in its White Paper of March 2017 are not ambitious enough; stresses that the fifth scenario must be the starting point for any reflection on the future of the EU budget post-2020; believes that the duration of the next MFF should be as long as possible (at least seven years), with a long-term outlook of 2050 for the development of the EU's agricultural sector, in order to ensure the predictability and stability of CAP funding for the future, especially given the importance of the security of food supply and increased instability in the sector, as well as to increase the possibility for pilot programmes to succeed.





## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	23.1.2018
<b>Result of final vote</b>	+: 32 -: 3 0: 5
<b>Members present for the final vote</b>	John Stuart Agnew, Clara Eugenia Aguilera García, Eric Andrieu, Richard Ashworth, José Bové, Daniel Buda, Nicola Caputo, Paolo De Castro, Jean-Paul Denanot, Albert Deß, Jørn Dohrmann, Herbert Dorfmann, Norbert Erdős, Luke Ming Flanagan, Martin Häusling, Esther Herranz García, Peter Jahr, Ivan Jakovčić, Jarosław Kalinowski, Zbigniew Kuźmiuk, Philippe Loiseau, Mairead McGuinness, Ulrike Müller, James Nicholson, Maria Noichl, Marijana Petir, Laurentiu Rebegea, Bronis Ropé, Ricardo Serrão Santos, Czesław Adam Siekierski, Tibor Szanyi, Marc Tarabella, Marco Zullo
<b>Substitutes present for the final vote</b>	Franc Bogovič, Stefan Eck, Jens Gieseke, Maria Heubuch, Karin Kadenbach, Momchil Nekov, Sofia Ribeiro, Annie Schreijer-Pierik, Hannu Takkula, Tom Vandenkendelaere, Thomas Waitz
<b>Substitutes under Rule 200(2) present for the final vote</b>	Stanisław Ożóg

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

32	+
PPE	Franc Bogovič, Daniel Buda, Albert Deß, Herbert Dorfmann, Norbert Erdős, Jens Gieseke, Esther Herranz García, Mairead McGuinness, Marijana Petir, Sofia Ribeiro, Annie Schreijer-Pierik, Czesław Adam Siekierski, Tom Vandenkendelaere
S&D	Clara Eugenia Aguilera García, Eric Andrieu, Nicola Caputo, Paolo De Castro, Jean-Paul Denanot, Karin Kadenbach, Maria Noichl, Ricardo Serrão Santos, Tibor Szanyi, Marc Tarabella
ECR	Jørn Dohrmann, Zbigniew Kuźmiuk, James Nicholson, Stanisław Ożóg
ALDE	Ivan Jakovčić, Ulrike Müller, Hannu Takkula
ENF	Philippe Loiseau, Laurențiu Rebeca

3	-
GUE/NGL	Stefan Eck, Luke Ming Flanagan
EFDD	John Stuart Agnew

5	0
ECR	Richard Ashworth
Verts/ALE	José Bové, Martin Häusling, Bronis Ropé
EFDD	Marco Zullo

Key to symbols:

+ : in favour

- : against

0 : abstention