24.9.2020

OPINION

of the Committee on Agriculture and Rural Development

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2021 (2020/1998(BUD))

Rapporteur for opinion: Petri Sarvamaa
PA_NonLeg
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. Regrets that, in the proposed revised ceiling for the new heading 3 of the Multiannual Financial Framework (MFF) for the period 2021-2027, the major categories of the Common Agricultural Policy (CAP) spending are likely to be cut in 2021, namely direct payments, market measures and rural development; recalls Parliament’s previous resolutions asking for CAP funding for the period 2021-2027 to be maintained, in real terms, at least at current levels; points out that a number of agricultural sectors have been hard hit by the COVID-19 outbreak and that possible cuts will lead to a deepening of the crisis caused by that outbreak, extending it to other sectors;

2. Regrets the proposed cuts to the CAP budget in the Council’s MFF proposal especially in light of the new demands that will contribute to the Union’s climate and biodiversity objectives in line with the targets set by the Paris Agreement, and also in the fields of food security, economic growth, territorial and social balance, health and economic crises such as that caused by the COVID-19 outbreak, as well as other factors affecting food security; recalls that the decreases in the CAP budget have continued constantly and the funds from the CAP budget have been transferred to other headings;

3. Agrees with the draft general budget for 2021 that the fact that new reform of the CAP will apply only after 2021 must not come at the cost of failing to deliver on the European Green Deal; expresses hope that while in 2021 the CAP will still be implemented in accordance with the 2014-2020 rules, the choices and measures implemented on the ground will lead to more positive changes and set us on the path of truly sustainable transition including for the sake of farmers, food security, and the future of Union farming;

4. Takes note of the EUR 55 182 million in commitments and EUR 54 879.9 million in payments for agriculture; is concerned about the severe decrease of 7.4 % in European Agricultural Guarantee Fund (EAGF) appropriations (EUR 3 231 million less in commitments and EUR 3 215 million less in payments) compared to the budget for the financial year 2020; notes that the European Agricultural Fund for Rural Development (EAFRD) appropriations are increased to EUR 15 002.9 million in commitments (+2.1 %) and EUR 14 715 million (+12.2 %) in payments compared to the budget for the financial year 2020; takes note of the net transfer of EUR 753.9 million from the EAGF to the EAFRD;

5. Urges the Council to allow the Union to meet its commitments in providing sufficient funding for a safe, high-quality food supply, climate action, environmental protection and for the Just Transition Mechanism and the Just Transition Fund, which the agriculture sector needs to benefit significantly from in order to reach the targets of the European Green Deal; stresses that increased farming sustainability requirements to help meet climate and environmental targets in 2030 will necessitate substantial investment by farmers to avoid a decline in production and revenue caused by higher costs, and that this cannot be achieved without adequate CAP funding;
6. Draws attention to the fact that the COVID-19 crisis has had a severe impact on numerous Union holdings and has highlighted the importance of Union food production and supply; stresses the need for increased access to funding for the acquisition of state-of-the-art technologies in agriculture; recalls that food security, and food chain sustainability are priorities and require investments and support to farmers and small and medium-sized enterprises (SMEs) in rural areas; highlights therefore the need for a strong EAFRD and swift utilisation of the Next Generation EU funds in 2021, given the urgency of frontloading Union commitments from that new recovery instrument;

7. Highlights that, according to the Court of Auditors’ opinion No 5/2020\(^1\), the link between performance and funding in the Just Transition Fund is relatively weak and there is a significant risk that further spending will be allocated to finance the unsuccessful transition repeatedly; stresses that a sound needs analysis would support better allocation of the Union’s financial resources and target the objectives to be achieved;

8. Notes and deplores the fact that the draft general budget for 2021 fails to indicate the contribution of different instruments, including the CAP, to financing biodiversity; reiterates that the Union should track its biodiversity-related expenditure to fulfill its reporting obligations under the Convention on Biological Diversity;

9. Takes the view that the cut to appropriations for the promotion of agricultural products (EUR 4 million less, namely a 2.1 % cut) and the lack of appropriations for intervention measures in agricultural markets such as private storage and public intervention (EUR 10 million) seem removed from the situation for agricultural markets, which are still unstable, and from the need for the production and consumption of agricultural products on the single market and on external markets to be revived;

10. Calls, with a view to contributing to the recovery of the Union's agricultural sectors and rural areas, for part of the recovery plan appropriations under the EAFRD for 2022, 2023 and 2024 to be made available within the framework of advance payments from 2021;

11. Stresses that the Commission, when revising the draft general budget for 2021 through the amending letter, needs to adjust its figures upwards in order to address the market crises in certain key Union agricultural sectors and rural territories negatively impacted by the COVID-19 crisis and to contribute to their recovery; points out that a number of support measures to combat the effects of the COVID-19 crisis have not been implemented in certain Member States and need to be more closely tailored to the specific needs of the various agricultural sectors;

12. Stresses that there has been embezzlement of Union agricultural aid; underscores, in that context, the importance of tying Union agricultural aid in future to a review of the rule of law in the Member States;

13. Highlights the importance of small farms in rural areas, which require particular attention and increased financial resources;

14. Recalls the importance of the Union budget, through rural development, and Horizon Europe and the European Innovation Partnership (EIP) programmes in supporting research and innovation in food, agriculture, as well as fossil-substituting and renewable bioeconomy in the transition to a more sustainable and future-proof land use and a zero-carbon, resource-efficient circular economy;

15. Stresses the necessity of dedicating a significant share of the funds from the Horizon Europe programme to the agri-food sector, especially in the broader context of the “Farm to Fork Strategy”; is convinced of the importance of research, development and innovation in that sector and of ensuring that the results of research and innovation reach farm level; supports increasing the programme’s appropriations to ensure safe, high quality food and innovative forms of agriculture in the Union and further recalls that proper advisory services for farmers and other rural operators play an important role in reaching those targets;

16. Reiterates its concern about the market and budgetary consequences of a “no-deal” withdrawal of the United Kingdom from the Union; requests the allocation of additional resources for market and policy measures in order to ensure adequate means are readily available in the event of further market disturbance; strongly opposes any unexpected cut in CAP allocations in 2021 in the event that there is no agreement between the Union and the United Kingdom;

17. Recalls that all new sustainability requirements for producers should be properly funded and supported as the Commission considers the CAP to be an appropriate framework to contribute to the relevant objectives of the European Green Deal; welcomes the aim to determine the best arrangements for setting minimum mandatory criteria for sustainable food procurement in the third quarter of 2021 and calls for sustainability aspects to be better taken into consideration;

18. Criticises the fact that, in the Commission proposal, the budget for the POSEI programme is being cut by EUR 9 million, namely a 3.9% reduction, despite the Commission’s commitments to maintaining the same level of support for the Union’s outermost regions; calls for the maintenance of, at least, the current level of support, as provided for in Regulation (EU) No 228/2013 of the European Parliament and of the Council; stresses the vital importance of the POSEI programme for the maintenance of the agricultural activity and for the supply of food and agricultural products in the outermost regions, which must be provided with adequate resources; recalls the specific socio-economic problems of those regions as a result of their geographical situation, in particular their remoteness, insularity, small size, difficult topography and climate, as acknowledged in Article 349 TFEU;

19. Suggests ensuring sufficient funding for the use of new breeding techniques as well as

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their development and research to improve the sustainability and competitiveness of agriculture and its adaptation to climate change;

20. Considers that the trade agreement between the Union and Mercosur will cause additional challenges for many agricultural sectors, especially meat production, and reminds the Commission of the need to maintain a level playing field in the agricultural sector; points out the need to cope with possible similar negative effects caused by other trade agreements and tariff measures imposed by third parties and calls for the necessary budgetary resources for market measures for the impacted sectors;

21. Recalls that improving food security and the resilience and sustainability of the food chain requires investments in farmers, cooperatives and SMEs and points out that the ongoing COVID-19 crisis has emphasised the strategic role that agriculture plays in avoiding a food crisis, by providing safe and high-quality food at affordable prices; welcomes that agriculture is among the recipients of the investment support through the EAFRD in the Recovery Package; demands that the appropriations of the Recovery Package are also implemented as from 2021; further considers that agriculture and food chain security should not be negatively impacted by onerous requirements; welcomes the Commission’s intention to draw up a food sector contingency plan for times of crisis in the fourth quarter of 2021;

22. Urges Member States to tackle the demographic problem and lack of generational renewal faced by the agricultural sector and further insists to give sufficient support measures for young farmers and gender equality in rural areas;

23. Stresses that, without ambitious revision of the financing and functioning of the agricultural crisis reserve, the Union will not be able to effectively and swiftly respond to further market disruptions; reiterates, therefore, Parliament's proposal to revise the financing and functioning of the agricultural crisis reserve as part of the negotiations on the regulation on the CAP transition;

24. Welcomes the establishment of a crisis reserve fund of EUR 450 million, in 2018 prices, per year and further insists that using the fund should not result in corresponding cuts in direct payments for later years;

25. Points out that the sanctions regarding the Russian military intervention in Ukraine are still justified despite their negative impacts on the agricultural sector; asks for a proper allocation of the budget to mitigate those impacts;

26. Demands that import standards on agricultural products from outside the Union need to be equal to Union standards and recalls that in the recent Farm to Fork strategy the Commission underlined that imported food must continue to comply with relevant Union regulation and standards; demands compensation from the budget for the Union’s farmers if there is a gap in production standards;

27. Regrets that bioeconomy has been side-lined in the European Green Deal initiative and further insists that the Union’s bioeconomy strategy is followed and the funding is sufficient for the actions to be taken;

28. Calls for adequate financing of forestry measures through the Union budget, such as
sustainable forest management, taking into account all of the economic, social and environmental aspects of the forest-based value chain is the key to step up the fight against climate change; acknowledges the need for sustainably managed forests;

29. Underlines the importance of carbon farming to reach the European Green Deal targets; emphasises the importance of funding for new pilot projects regarding the carbon farming initiatives in 2021;

30. Emphasises that digitalisation is the key to modernising agriculture, making it more competitive and helping it in adaption to climate change; calls on the Commission to provide adequate budgetary allocations for constructing and improving rural broadband; further recalls that in the Farm to Fork strategy the Commission aimed to accelerate the roll-out of fast broadband internet in rural areas to achieve the objective of 100 % access by 2025;

31. Recalls the importance of information campaigns, improved labelling and education to help citizens in transforming their consumption habits towards more sustainable agricultural products produced in the Union; suggests promoting schemes for animal welfare, healthy food and nutrition;

32. Notes that rural development funds in the Recovery Package play an important role in funding CAP Pillar II; however deplores the fact that the support is temporary and lasts only until 2023;

33. Calls for a better implementation and renewal of animal welfare policy to achieve concrete results in improving the welfare of animals; points out that many Member States do not comply with the current rules; suggests proper allocation of budget to monitor and enforce the obligations;

34. Insists that the COVID-19 crisis measures supporting agricultural sectors need to continue in 2021; further demands for labour mobility to be taken into account to tackle possible long-term labour and other agricultural inputs shortage in Union farming;

35. Is concerned about possible price spikes and shortages of important food products due to the COVID-19 crisis; calls on the Commission and the Member States to monitor the price volatility of agricultural products, which has adverse effects on farmers’ incomes as well as consumers, and to react punctually and effectively when needed;

36. Reaffirms the vital importance of the Union school fruit, vegetables and milk scheme to tackle the challenges of obesity and malnutrition created by unhealthy diets in the Union; asks the Commission to cut the red tape involved in the scheme and stresses the need to promote healthy eating habits in children and the consumption of fruit, vegetables and plain milk;

37. Recalls that the Commission has pledged EUR 20 000 million a year to tackle the possible new sustainability requirements imposed by the biodiversity strategy; insists that the funding must come from outside the CAP budget; points out that meeting those objectives must not reduce food security or the livelihood of rural areas in the Union; reiterates the importance of maintaining biodiversity and further recalls that responsibility for this lies not just with farmers and forest owners but with all of society;
underscores the importance of voluntary protection measures.
INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

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| Result of final vote | +: 43  
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**Members present for the final vote**

**Substitutes present for the final vote**
Claude Gruffat, Michaela Šojdrová, Marc Tarabella
## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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Key to symbols:
- + : in favour
- - : against
- 0 : abstention