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Committee on Development

2011/0280(COD)

25.6.2012

OPINION

of the Committee on Development

for the Committee on Agriculture and Rural Development

on the proposal for a regulation of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy
(COM(2011)0625 – C7-0336/2011 – 2011/0280(COD))

Rapporteur: Birgit Schnieber-Jastram

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SHORT JUSTIFICATION

From the perspective of development policy, one could suggest an entirely different CAP than that presented in the reform proposals by the Commission. A more ambitious CAP reform, where the targeting of direct payments would be pursued more insistently and coupled payments would be phased out, would have a greater impact on removing the remaining distortions caused to world markets by the CAP.

However, a number of well-known incoherencies have been dealt with during past CAP reforms, a trend continued by the current Commission proposals. Farm support has been largely decoupled and the roles of market intervention mechanisms and export refunds have been significantly reduced.

One of the major innovations in the latest reform proposal is the mandatory greening component of direct payments, by supporting environmental measures across the EU, giving priority to climate and environmental policy goals. This will not create a competitive situation with farmers in developing countries. In addition, the mandatory environmental measures will contribute to curbing climate change, which has heavy repercussions on many developing countries. While details may have to be improved, the rapporteur strongly supports the greening component of the Commission proposal.

Despite the positive trends, however, there are still real problems that should be addressed from the viewpoint of development policy. The reformed CAP continues to have external effects which are not sufficiently reflected in the Commission proposals. Therefore, the CAP regulations must be carefully checked in the light of the treaty obligation to ensure Policy Coherence for Development (PCD) (Article 208 TFEU).

There are no across-the-board-impacts of the CAP on all developing countries but it has been shown that in concrete cases individual CAP measures can lead to import surges in developing countries which threaten the livelihoods of local farmers and undermine agricultural sector policies adopted by developing countries to enhance their long-term food security. In addition, in the light of a broader understanding of PCD which goes beyond "do no harm", some elements of the "second pillar" could help create synergies and enhance cooperation between farmers in Europe and the developing world.

The rapporteur therefore proposes amendments along the following lines:

- The CAP should be placed in the broader framework of the EU's Policy Coherence for Development and its external impacts should be closely monitored, involving the governments and stakeholders of the partner countries.
- Export subsidies should be totally phased out. In the meantime, exports refunds should not be granted if there is a risk of serious harm for local producers in developing countries. In general, safety net measures such as intervention buying, can lead to a replacement of adjustment costs for non-EU producers.

- The EU's policy and dependence on protein plant imports has negative environmental and social impacts in exporting developing countries. Promoting the growing of leguminous crops in Europe could also mitigate climate change and could positively contribute to biodiversity and soil fertility.
- As already proposed by the Development Committee in 2011, direct payments should be decoupled from production "so as to create a level playing field between EU and developing countries' agricultural products and stimulate fair trade and sustainable growth".

The rapporteur is aware that these changes alone will not be sufficient to address the global challenge of food security and the concerns of developing countries as regards the functioning of agricultural markets. Other policies, in particular EU trade policy, but also energy policy or food safety policy, crucially affect the developing world, but these challenges can not be addressed in the context of this reform proposal. For example, Economic Partnership Agreements should allow and encourage net-food-importing developing countries to rebuild and strengthen their agricultural sector.

Development policy and policy dialogue have to be used in a targeted manner to enable developing countries to benefit from international agricultural trade and to apply, as the Union does, modern market management instruments. One problem in this context is the power concentration along certain points of the food chains. In developing countries, it is typically the largest producers that are advantaged in export-led agriculture.

The core challenge for PCD is when interests in developing countries and in Europe conflict. The long-term perspective is that these interests can be aligned and the creation of win-win situations can be facilitated. Thus, the aim of the rapporteur's proposals is not to undermine the CAP's legitimate goals but to make selective adjustments where they are deemed necessary from the perspective of development policy.

AMENDMENTS

The Committee on Development calls on the Committee on Agriculture and Rural Development, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Proposal for a regulation Recital 1a (new)

Text proposed by the Commission

Amendment

(1a) In accordance with Article 208 of the Treaty on the Functioning of the European Union (TFEU), the reform should ensure that the objectives of

development cooperation, including those approved in the context of the United Nations and other international organisations, are taken into account by the CAP. Measures taken under this Regulation should not jeopardize the food production capacity and long term food security of developing countries, in particular least developed countries (LDCs), and should contribute to achieving the Union's commitments on mitigating climate change.

Justification

According to Article 208 TFEU, all EU policies which are likely to affect developing countries must take development objectives into account. Facilitating developing countries' agricultural development and enhancing global food security are major objectives of EU development cooperation. The EU's agricultural policy has external effects, influencing in particular agricultural trade. The PCD principle requires that potential repercussions on local agricultural markets and local producers in developing countries be monitored and, wherever possible, avoided.

Amendment 2

Proposal for a regulation

Recital 26

Text proposed by the Commission

(26) One of the objectives of the new CAP is the enhancement of environmental performance through a mandatory 'greening' component of direct payments which will support agricultural practices beneficial for the climate and the environment applicable throughout the Union. For that purpose, Member States should use part of their national ceilings for direct payments to grant an annual payment, on top of the basic payment, for compulsory practices to be followed by farmers addressing, as a priority, both climate and environment policy goals. Those practises should take the form of simple, generalised, non-contractual and annual actions that go beyond cross-

Amendment

(26) One of the objectives of the new CAP is the enhancement of environmental performance through a mandatory "greening" component of direct payments which will support agricultural practices beneficial for the climate and the environment applicable throughout the Union. For that purpose, Member States should use part of their national ceilings for direct payments to grant an annual payment, on top of the basic payment, for compulsory practices to be followed by farmers addressing, as a priority, both climate and environment policy goals. Those practises should take the form of simple, generalised, non-contractual and annual actions that go beyond cross-

compliance and are linked to agriculture such as crop diversification, maintenance of permanent grassland and ecological focus areas. The compulsory nature of those practises should also concern farmers whose holdings are fully or partly situated in 'Natura 2000' areas covered by Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora and by Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds, as long as these practises are compatible with the objectives of those Directives. Farmers who fulfil the conditions laid down in Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91 should benefit from the 'greening' component without fulfilling any further obligation, given the recognised environmental benefits of the organic farming systems. Non-respect of the 'greening' component should lead to penalties on the basis of Article 65 of Regulation (EU) No [...] [HZR].

compliance and are linked to agriculture such as crop diversification, *the* maintenance of permanent grassland and ecological focus areas *and the production of crops which are beneficial to the climate and the environment, which help lower production costs and which stimulate local markets in animal feed.* The compulsory nature of those practises should also concern farmers whose holdings are fully or partly situated in 'Natura 2000' areas covered by Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora and by Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds, as long as these practises are compatible with the objectives of those Directives. Farmers who fulfil the conditions laid down in Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91 should benefit from the 'greening' component without fulfilling any further obligation, given the recognised environmental benefits of the organic farming systems. Non-respect of the 'greening' component should lead to penalties on the basis of Article 65 of Regulation (EU) No [...] [HZR].

Amendment 3

Proposal for a regulation

Recital 33

Text proposed by the Commission

(33) Member States should be allowed to use part of their national ceilings for direct payments for coupled support in certain sectors in clearly defined cases. The resources that may be used for any coupled support should be limited to an appropriate

Amendment

(33) Member States should be allowed *until the end of 2016* to use part of their national ceilings for direct payments for coupled support in certain sectors in clearly defined cases. The resources that may be used for any coupled support should be

level, while allowing such support to be granted in Member States or in their specific regions facing particular situations where specific types of farming or specific agricultural sectors are particularly important for economic, environmental and/or social reasons. Member States should be allowed to use up to 5 % of their national ceilings for this support, or 10 % in case their level of coupled support in at least one of the years of the period 2010-2013 exceeded 5 %. However, in duly justified cases where certain sensitive needs in a region are demonstrated, and upon approval by the Commission, Member States should be allowed to use more than 10 % of their national ceiling. Coupled support should only be granted to the extent necessary to create an incentive to maintain current levels of production in those regions. This support should also be available to farmers holding, on 31 December 2013, special payment entitlements allocated under Regulation (EC) No 1782/2003 and Regulation (EC) No 73/2009 and who do not have eligible hectares for the activation of payment entitlements. As regards the approval of voluntary coupled support exceeding 10 % of the annual national ceiling fixed per Member State, the Commission should further be empowered to adopt implementing acts without applying Regulation (EU) No 182/2011.

limited to an appropriate level, while allowing such support to be granted in Member States or in their specific regions facing particular situations where specific types of farming or specific agricultural sectors are particularly important for economic, environmental and/or social reasons. Member States should be allowed to use up to 5 % of their national ceilings for this support, or 10 % in case their level of coupled support in at least one of the years of the period 2010-2013 exceeded 5 %. However, in duly justified cases where certain sensitive needs in a region are demonstrated, and upon approval by the Commission, Member States should be allowed to use more than 10 % of their national ceiling. Coupled support should only be granted to the extent necessary to create an incentive to maintain current levels of production in those regions. This support should also be available to farmers holding, on 31 December 2013, special payment entitlements allocated under Regulation (EC) No 1782/2003 and Regulation (EC) No 73/2009 and who do not have eligible hectares for the activation of payment entitlements. As regards the approval of voluntary coupled support exceeding 10 % of the annual national ceiling fixed per Member State, the Commission should further be empowered to adopt implementing acts without applying Regulation (EU) No 182/2011.

Amendment 4

Proposal for a regulation Article 3a (new)

Text proposed by the Commission

Amendment

Article 3a

Policy coherence for development

In accordance with Article 208 TFEU, the objectives of development cooperation,

including those approved in the context of the United Nations and other international organisations, shall be taken into account in the implementation of this regulation. Measures taken under this Regulation shall not jeopardize the food production capacity and long-term food security of developing countries, in particular of least developed countries (LDCs), and shall contribute to achieving the Union's commitments on mitigating climate change.

Justification

According to Article 208 TFEU, all EU policies which are likely to affect developing countries must take development objectives into account. Facilitating developing countries' agricultural development and enhancing global food security are major objectives of EU development cooperation. The EU's agricultural policy has external effects, influencing in particular agricultural trade. The PCD principle requires that potential repercussions on local agricultural markets and local producers in developing countries be monitored and, wherever possible, avoided.

Amendement 5

Proposition de règlement Article 32 – paragraphe 1

Texte proposé par la Commission

Farmers shall ensure that at least 7 % of their eligible hectares as defined in Article 25(2), excluding areas under permanent grassland, is ecological focus area such as land left fallow, terraces, landscape features, buffer strips and afforested areas as referred to in *article* 25(2)(b)(ii).

Amendement

Farmers shall ensure that at least 7 % of their eligible hectares as defined in Article 25(2), excluding areas under permanent grassland, is ecological focus area, such as land left fallow, terraces, landscape features, buffer strips, ***land planted with nitrogen-fixing crops*** and afforested areas as referred to in *Article* 25(2)(b)(ii).

Amendment 6

Proposal for a regulation Article 59 – paragraphe 3

Text proposed by the Commission

However, Articles 14, 20(5), 22(6), 35(1), 37(1) and 39 shall apply from the date of entry into force of this Regulation.

Amendment

However, Articles 14, 20(5), 22(6), 35(1), 37(1) and 39 shall apply from the date of entry into force of this Regulation.

Articles 38 to 41 shall apply until 31 December 2016.

PROCEDURE

Title	Direct payments to farmers under support schemes within the framework of the CAP
References	COM(2011)0625 – C7-0336/2011 – 2011/0280(COD)
Committee responsible Date announced in plenary	AGRI 25.10.2011
Opinion by Date announced in plenary	DEVE 25.10.2011
Rapporteur Date appointed	Birgit Schnieber-Jastram 7.11.2011
Discussed in committee	24.4.2012
Date adopted	19.6.2012
Result of final vote	+: 25 -: 0 0: 0
Members present for the final vote	Thijs Berman, Michael Cashman, Véronique De Keyser, Leonidas Donskis, Charles Goerens, Catherine Grèze, Filip Kaczmarek, Gay Mitchell, Norbert Neuser, Jean Roatta, Birgit Schnieber-Jastram, Michèle Striffler, Keith Taylor, Eleni Theocharous, Patrice Tirolien, Ivo Vajgl, Anna Záborská, Iva Zanicchi
Substitute(s) present for the final vote	Agustín Díaz de Mera García Consuegra, Gesine Meissner, Csaba Óry, Judith Sargentini, Patrizia Toia
Substitute(s) under Rule 187(2) present for the final vote	Ioan Enciu, Gabriele Zimmer