

AER CONTRIBUTION TO THE EC CONSULTATION ON CAP AFTER 2013

1. Why do we need a Common Agricultural Policy?

The European Union needs a strong Common Agricultural Policy (1.1), with a budget adapted to the challenges ahead (1.2) because the agricultural market needs to be regulated in order to:

- Ensure the sustainability and competitiveness of European agriculture (1.3)
- Improve and guarantee food security and quality (cf. part.2.1 and 2.2)
- Make sure the management of our rural landscapes responds to current and upcoming challenges (rural exodus, environment...) (cf.part.2.3)

The Common Agricultural Policy is also needed to support the continued development, competitiveness and prosperity of rural areas.

1.1 A policy that should remain a community policy.

- It is crucial to keep a strong European agriculture based on the quality of its products and the identity of its regions.
- The CAP should remain a community policy and should not be re-nationalised in any way. Indeed, the presence of agriculture in our European regions is only possible with the existence of the CAP and remains a prerequisite for the survival of rural areas, which otherwise run the risk of losing a large part of their already wavering population to already congested cities confronted by huge environmental challenges.

1.2 A budget that should not be reduced.

- CAP is not only an instrument to support farmers: it is also an instrument for the development of a large part of EU territory. As a result, it is inconceivable to reduce the budget already earmarked for this purpose.
- Reviewing the distribution and the instruments of its regulation and implementation is certainly a priority but the support can under no circumstances be lessened while most of Europe's competitors will maintain if not strengthen their national policies to support agriculture.
- Furthermore, the challenges facing agriculture today, in particular the environmental question but also food security, justify the need for a serious and comprehensive approach to agriculture.

1.3 Competitiveness of European agriculture.

- It is a major objective of European agricultural policy. Competitiveness must be strengthened as a means to ensure not only food security for European citizens but also as a means to enable Europe to export part of its production and know-how.
- The EU objective should be in no way the end of the support to European farmers: practically all producer countries worldwide support their agriculture in one way or another. This is closely linked to the notion of food sovereignty.
- The very controversial question of farmers' incomes must boil down to one core element: guaranteeing stable income for farmers, often subject to market fluctuations, arbitrary elements of regulation and risks linked to the nature of their profession (such as climatic risks). But farmers produce what we can refer to as a public good: feeding the population remains a primary need for all. It is essential to guarantee the continuity of their revenues for long periods in order to protect them against various hazards, which they do not have the means to control.

2. What are our society's objectives for agriculture in all its diversity?

Regarding agriculture expectations vary from one European country and region to another but the 3 main issues are:

- Food quality and security (2.1)
- The environmental impact of agriculture and the preservation of landscape and biodiversity (2.2)
- Dynamic rural areas (2.3)

2.1. Food quality:

This is without doubt a sector offering good perspectives for the future, which should become an essential commercial trademark for the European Union. Quality products indeed reflect the diversity and know-how specific to European regions. The EU must thus become a reference for quality food products. That is where the EU's comparative advantage lies compared with its competitors.

- Products known as "quality" products remain today a commercial niche but tend to increase and to attract a growing number of consumers. These products need a strengthened and simplified support from the EU, specifically with regard to the information to consumers and stakeholders of the supply chain.
- In the framework of this quality agriculture, more and more regions give priority to short supply chains, supporting local producers in direct contact with consumers or with a limited number of regional intermediaries. We note here a triple concern of preserving the environment, supporting farmers' income and promoting an agriculture of quality products. It is essential for the CAP, in its political choices, to lean towards a strong and concrete support of these channels.
- The issue of security of food supply should necessarily be approached in a global perspective and give way to top-down harmonisation of food safety and traceability norms. It is time for the WTO to seriously tackle this issue.

At European level the European Food Safety Authority (EFSA) should be reformed for increased independence towards agro-alimentary industries as well as towards



European institutions.

2.2. The environmental issue:

- The relation between agriculture and environmental protection is complex and deserves a true European strategy that goes beyond the principle of conditionality. Should this relation be strengthened it should not be to the detriment of the survival of smaller holdings.
- Preserving natural resources (water, forests, biodiversity) and managing energy use are key challenges for future decades and should enable, through an apt relation between the CAP 2nd pillar and the 1st pillar but also for environmental policies on all governance levels to give to rural areas sustainable opportunities for development and for creating attractive economies and residencies.
- It is impossible to let farmers and rural areas in general alone be responsible for tackling the environmental challenge, which is why a partnership between cities, peri-urban areas and more isolated locations is particularly pertinent in this case.

2.3. Dynamic rural areas

European rural areas in all their diversity, have been confronted for several decades with difficulties linked with demography, (rural exodus, ageing population...), environnement (lack of sound agriculture, importance of road transport, declining biodiversity...) and economic attractiveness (restriction of general interest services, low accessibility, lack or inadequacy of training for the local workforce ...).

The CAP can thus not be separated from the rural development policy, the objective of which is to support dynamic and prosperous rural areas and not to serve as a lifeline for declining regions.

3. Why should we reform the current CAP?

The main reasons for the need of reform are:

- Farmers' incomes (3.1)
- Global challenges (3.2)
- Environmental issues (3.3)

3.1. Farmers' incomes

The question of farmers' incomes is extremely controversial. Indeed there may often be a lack of efficiency. But it has to be underlined that farmers want to live from their work, and not on EU subsidies. The current CAP tends to favour quantity instead of quality, thus endangering the survival of small farms that may be resource efficient, productive and producing quality goods. The CAP should also target help at farmers working in areas of permanent physical disadvantage. It is essential to guarantee a continuity of revenues and a fair and competitive agricultural sector. (see also 1.3 and 2.1)



3.2. Global issues

Agricultural products are subject to considerable speculation on global markets. It would be irresponsible to leave farmers face such high risks without supporting them. At a time where most of Europe's competitors are either maintaining or strengthening their national policies to support agriculture, it is crucial to support European agriculture. Furthermore the lack of exhaustive criteria at WTO level (in terms of economic, social and environmental norms) makes support for quality agriculture absolutely necessary, indeed the compliance with European norms is at the same time an added value and an added cost to European products. In order for the European agriculture to become more competitive and conquer new niche markets, the CAP should focus on quality. (see also 1.3 and 2.1)

3.3. Environmental issues

Despite the reforms the inclusion of environmental norms in the current CAP is not satisfactory. The new CAP should take environmental issues better into account in order to be adapted to the reality farmers are faced with and reward good practices and sound farming. (see 2.2)

4. What tools do we need for tomorrow's CAP?

4.1. Better governance

The implementation of real governance is the *sine qua non* condition for the achievement of these objectives. This governance necessarily brings the principles of territorial cohesion and multilevel governance into practice in order to allow for adapted responses to the challenges posed by structural specificities inherent to rural areas and farms.

- Increased responsibility of regions in terms of agriculture, land settlement and protection should imperatively be accompanied by the recognition of this role, through the involvement beforehand in the definition of the common agricultural policy and its national ramifications. This also requires increased responsibility in the management of the CAP.
- This is all the more important that it is not possible to handle agricultural and rural issues in a standardised way, without taking into account the specificities of each territory, and even of each farm. The diversity of the European agricultural landscape is almost unique in the world. This should be an asset. It implies nonetheless a CAP capable of adapting to this diversity, and a CAP that can count on strengthened territorial stakeholders for conveying the policy.
- In this context it is necessary to distinguish on one hand peri-urban areas, which are confronted with problems that are generally closely related to those of urban areas or to their relation with urban areas, and, on the other hand, isolated rural areas which face problems that are rather geographical and generally linked with low density.



Better distribution of the budget

The CAP is not only a tool to support farmers: it is above all a tool supporting the

development of a whole part of Europe. It is therefore inconceivable to reduce the budget already earmarked for this purpose. Reviewing the distribution and the instruments of its implementation is certainly a priority but the support can under no circumstances be lessened while most of Europe's competitors will maintain if not strengthen their national policies to support agriculture.

4.3. Better coordination with the competition and cohesion policies

- It is essential to maintain a second pillar, in order to give Europe a strong quality agriculture identity and to make of it an added value in comparison to its competitors.
- Modulated financing through the reduction of subventions in the framework of the 1st pillar (reduction which would be all the more feasible if a reform of the supply chain were to take place) must go to the maintaining of services of general interest in rural areas and to innovative agricultural investments in the 2nd pillar.

4.4. Better coordination of the CAP with other European and national policies.

- Conditions for competition between European countries should be harmonised, as well as the distribution of funds. It is essential to rethink the European CAP as a truly common policy, made of synergies and complementarities between countries rather than a strictly competitive relation between the countries and regions in the Union, which results today from the fiscal and legislative disparities. Fiscal and legislative disparities can be tools for protective measures; this is especially crucial in cross-border regions. To ensure the new CAP is fair and efficient for all Europeans, harmonisation of economic policies is necessary.
- There is also a need to ensure better synergy across related EU policy areas and funding programmes. It is particularly important to highlight the need for connectivity and consistency between the CAP and European biodiversity, energy, climate change and Europe 2020 initiatives.

4.5. Control of the supply chain

The issue of the supply chain and intermediaries between producers and consumers is an equally central question which has an impact on part of the income of farmers and consequently on European aid. This chain must be reformed if we want to guarantee an income for farmers as a direct result of their labour rather than a public subvention. Beyond the question of revenue for farmers, one must consider the competitiveness of quality agriculture. Benefits made by intermediaries should be controlled by an ad hoc tool on European level to stabilise this chain as well as the income of producers and consumer prices.

5. What should be the objectives of the future rural development policy?



- a. Rural development cannot be separated from the CAP, the objective of which is to support dynamic and prosperous rural areas rather than to serve as a crutch for almost fully deserted areas.

- b. Socio-cultural and environmental protection of rural areas is also extremely important.

Most regions in Europe are made up of territories known as “rural” areas and are thus concerned by the issues linked to rural development and agriculture. The presence of agriculture in all our European regions is a strong illustration of the identity of our continent and a significant component of the landscape in our territories. Questions of autonomy, food quality and security are a priority for all citizens in Europe as elsewhere.

The Common Agricultural Policy therefore concerns all actors of society, starting with regions, as a result of their closeness to citizens and their capacity to determine various territorial issues including economic development, environmental protection, the well-being of citizens and preserving socio-economic heritage.

The Common Agricultural Policy concerns farmers, who remain key actors in the well-being of the European population but the challenge to be answered goes far beyond the issue of the income of farmers, although this remains an unquestionable reality.

In the past decades, rural areas in Europe, taken in all their diversity, have known difficulties linked to problems of demography (rural exodus, population ageing), environment (sometimes unreasonable methods of agriculture, heavy road transportation, loss of biodiversity, etc.) and economic attractiveness (restrictions of services of general interest, low accessibility, lack of or inadequate training of the local workforce, etc.)

The CAP is therefore inseparable from rural development policy, and the latter aims to support dynamic rural areas rather than be a mere lifeline.

6. How can the management of the RD policy be improved?

- The link between the 2nd pillar of the CAP and cohesion policy remains a sensitive point. Although it is undeniably necessary to better coordinate both policies, which both have a strong territorial impact and an influence on development issues, the two policies are nonetheless not interchangeable, especially if cohesion policy continues to be considered as the main financial instrument for the Europe 2020 strategy which does not make reference to rural areas. Reshuffling the competencies by transferring the 2nd pillar to Cohesion policy would risk an urbanisation of rural development questions, which would be lost in the more general issues of economic development. Solutions must be found to compensate for the lack of synergies existing today.
- Modulated financing through the reduction of subventions in the framework of the 1st pillar (reduction which would be all the more feasible if a reform of the supply chain were to take place) must go to the maintaining of services of general interest in rural areas and to innovative agricultural investments in the 2nd pillar.



7. How can Rural development policy instruments be made more effective?

7.1. Increased flexibility

- More flexibility is needed in the management of the programmes for rural development, which do not permit a certain number of investments dedicated to the conversion of rural areas, such as for example in the area of energy. Linkages must be created between the funds so as to give way to global development strategies that go beyond the unique question of agriculture. The question of accessibility, closely linked to environmental issues and services of general interest are at the heart of the 2nd pillar of the CAP.
- A further devolved and simplified management of the CAP would increase the efficiency and effectiveness of its delivery. The current model is needlessly bureaucratic and, as a result, deters uptake of funds.

7.2. The LEADER methodology.

The considerable work that has been achieved in this framework by local and regional stakeholders for many years now should continue to inspire political decision makers at all levels.

- This methodology should be adaptable to different scales: be it for small projects aimed at giving local stakeholders the means to increase ownership of territorial development problems, or for more ambitious projects requiring larger budgets, implying cooperation of different territories and having a clearly identifiable socio-economic or environmental impact.
- Support for innovative pilot-projects that are by definition risky is lacking in a sector that desperately needs innovation. As in the case of the Cohesion Policy, AER asks for the return of a financial tool dedicated to innovative territorial projects that are by definition risky.

A long term strategy is absolutely fundamental. If we lack vision and major guidelines for the next decades, farmers will not acquire the needed visibility. For many of them, this is equivalent to having no guarantee of their short-term survival. A large part of European agriculture is at stake. It is the role of the European Union, with the support of member states, regions and stakeholders in the fields of agriculture and rural development to define these guidelines and to give to the rural stakeholders a real role in the definition of tomorrow's Europe

