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Brussels, 20 May 2010

**Copa-Cogeca's initial contribution to the European Network for Rural Development (ENRD) invitation to provide written inputs in preparation for June 8<sup>th</sup> 2010 Coordination Committee meeting on public debate on the future of the Common Agricultural Policy including the Rural Development Policy**

Dear Sir/Madam,

Copa-Cogeca is actively participating to the work of ENRD. We would like to respond to your invitation to provide written input to serve as the basis to discuss the ENRD Coordination Committee's shared vision, goals and targets for Rural Development Policy Post 2013, as part of preparation for the public debate on the future of the CAP.

As our internal discussion at this stage is still progressing we would like to provide you with our preliminary views and hope these can be taken on board when developing a vision, goals and targets that would apply to future Rural Development Policy after 2013.

Furthermore we are looking forward to continue discussing these issues jointly with other participants of the Coordination Committee and share our views in the upcoming ENRD Coordination Committee meeting to be held on 8th June 2010 in Brussels, Belgium.

**1. The main objectives for the future CAP including Rural Development Policy**

Copa and Cogeca consider that existing measures which help stabilise markets and farmers' income must be maintained. However, given the increasing market volatility, new measures will be required to ensure consumers, as well as producers, greater stability.

Copa and Cogeca therefore consider that the following tools should be examined when discussing adjustments to the CAP, of which RDP is a key part, after 2013:

- improving the competitiveness of the European agricultural, agro-food and forestry sector;
- ensure that all production is carried out in a way which protects the environment (air, soil, water), protects animal welfare and biodiversity and provides an attractive countryside;
- encourage land management practises which promote biodiversity, resource and habitat conservation, taking into account specific regional conditions;
- maintenance of LFA payments and specific support to farmers in clearly defined cases;
- improving the quality of life in rural areas and encouraging diversification of the rural economy through business development;
- reinforcement of measures to enable farmers and cooperatives to play a positive role in meeting new challenges, notable climate change and water constraints;
- ensure the necessary policy instruments to guarantee a generation renewal in the agricultural sector. This should facilitate both access to land and to farming and vocational training to young farmers;
- ensure EU agriculture's contribution to reducing GHG emission and the EU's dependence on energy imports through the production of renewable non-food resources.

These main objectives must be met with an adequate budget if farmers are to continue to provide these wide-ranging benefits and contribute to meeting the challenges facing the EU in the years to come. The RDP should essentially remain within the framework of the 2<sup>nd</sup> pillar of

the Common Agricultural Policy. This would enable to maintain the focus of 2<sup>nd</sup> Pillar and Rural Development Programmes on agricultural, and in some extent on forestry development. Thus, measures should focus primarily on the economic wellbeing of farming businesses. RDP shall have an impact both directly and indirectly on the agricultural and forestry sectors. It is also extremely important that any adjustments to the RDP post 2013 reinforce the common nature of the policy, while taking into account the diversity of European agriculture.

In this context it's important to note that the policy also should aim at supporting Member States reach the objectives of other EU initiatives, such as:

- The EU2020 Strategy - smart, sustainable and inclusive growth
- Various directives such e.g. Nature 2000 directives, Water Frame Work Directive, Nitrates Directive etc.

## **2. Effective policy instruments in the future**

Copa and Cogeca believe that the overall characteristics that we expect from the future CAP should also be inherent in rural development. A common and consistent approach to rural development policy and delivery across member States is a pre-requisite as is ensuring that the policy benefits farmers. Policy instruments could be made more effective by ensuring that the delivery framework allows for effective management of delivery. An effective delivery framework should for example allow regional priorities as it currently occurs to be included whilst also restricting delivery bodies from an excessive tailoring of the programme.

### ***Improved competitiveness and market returns***

Improving competitiveness is one of the three main objectives of the RDP and must remain as a priority also in the future implementation. This means that the future RDP must provide concrete support to investment in agricultural businesses. Such instruments would be improved if they were accompanied by measures providing training and advice (qualification measures), within an integrated concept. There is also a need to have more emphasize on the implementation of new technology and on knowledge transfer from research to the sector.

Improving the position on the market is also a significant challenge, which could be addressed in the future RDP by supporting efficient market structures and better marketing strategies. The goal is to include farmers in the food chain in a fairer way than today.

This would also contribute to the rebalancing the power in the food supply chain.

### ***Maintenance of LFA payments and specific support to farmers in clearly defined areas***

Current measures relating to LFAs and mountainous areas will remain an essential part of the CAP after 2013. In additional, article 68 type measures to assist vulnerable sectors or regions must be continued. Aid to assist vulnerable sectors must be assessed with careful consideration in order to avoid distortions to competition.

### ***Agri-environmental payments***

Farmers and foresters manage over three-quarters of the land in the EU and are therefore in the best position to provide additional rural services valued by society. Currently farmers and forest owners are only able to offset the additional costs or income foregone incurred in providing these public services and therefore there is no financial incentive to undergo the additional work involved. If public demand for these services is to be met, they should be treated as an entrepreneurial activity and rewarded accordingly. Agri-environmental payments have to offer genuine incentives to farmers and take into account the benefits farmers are delivering rather than the income foregone. This would benefit the development of agri-environmental programmes.

Additionally measures should become more targeted and focused. However, this might cause problems in terms of simplification. Agri-environmental measures must be targeted and of easy implementation and control.

### ***Reinforcement of measures to enable farmers and cooperatives to play a positive role in meeting new challenges***

The CAP after 2013 should build upon and reinforce the targeted measure introduced in the Health Check to deal with the new challenges facing the EU. Measure to improve competitiveness in agriculture should therefore be developed to assist farmers to adjust to and mitigate climate change (including measures to improve water efficiency). The provision of training and advice should also be reinforced in a way that ensures knowledge transfer of applied research and innovation to farm level (end user).

With the appropriate incentives farmers have the potential to make an important contribution to mitigation to climate change by providing rural services in their role as land managers (e.g. water management to reduce flooding, improve groundwater storage, increase fire resistance) as well as carbon sequestration.

### ***Forestry***

There is no doubt that forestry and wood processing will play a very important role in the future. Sustainably managed forests and a sufficient volume of mobilised wood will have a key role to play for EU to meet the **estimated** demand for renewable raw material and energy from forests in the future. European forests **and a competitive forest sector** will contribute to a green economy and thus have a role also in the rural development policy. However, the main focus of future RDP must remain on agriculture practices.

European forestry has had functioning free markets and wish to maintain these also in the future. Therefore any new support schemes should focus on measures which do not cause distortions to competition and lead into market disturbances.

### ***Learning from previous experiences***

When establishing future policy it is important to look to the outcomes and experiences of all Member States in delivering rural development, especially in the case of the Leader axis. As we approach a mid-term review of the programme, it seems nonsensical that the timing of this review does not tie in with the commission's timetable for CAP 2013. Unfortunately, it appears a missed opportunity that information on the implementation and efficiency of the current programme is not used in a better manner to contribute to the process of developing future policy. There appears to be little scope for knowledge transfers within review process. In theory, there should be significant scope for sharing of experiences and best practices, and this should go across country boundaries.

## **3. Improved management of the policy**

Financial solidarity, combined with an adequate budget, is the only way to ensure that CAP remains a common policy without distortions to competition. Financial solidarity should lead to a fair and equitable treatment of all farmers taking into account differences in conditions. No widening of co-financing is therefore acceptable. Current co-financing should be made mandatory in order to avoid distortions to competition.

Modulation between the two pillars should be eliminated – the budgetary amounts for the main elements of the CAP should be fixed over the whole of the financial perspective period.

### ***The implementation of RDP at local level***

So far, the project approach and Leader model have been two dominant methods of implementation and of ensuring local involvement. Working with these has been a learning experience with both strengths and weaknesses. Administrative complexity is just one of the problems and it hampers the implementation.

It is important that all adjustments to the CAP pass the farmers' "simplification" test. Currently most attempts at simplification have been to the benefit of administrative bodies rather than farmers.

There is a dilemma and an inherent contradiction between a bottom-up approach and one which is controlled and regulated from above. If we are to succeed with a local commitment, there must be opportunities for other local applications in addition to the Leader model.

### ***The regionalisation of RDP***

The territorial dimension is a political issue for both RDP and Cohesion policy. The purpose of this dimension is to have a policy adapted and responding to regional conditions and thus improving efficiency of delivery.

A regionalised implementation of the RDP sets high demands on a clear strategic guidance based on comprehensive and degraded objectives. There is a clear risk of losing effectiveness with regionalization. We also see that the current application differs between Member States, from a single program of up to about 20 programs in the respective Member State. The RDP must respond to problems and challenges that individual member state are facing. Each member state has specific circumstances that have prominent effects on farmers' activities and these must be taken into account when planning concrete measures.

In the so-called functional regions we see as a future possibility to a limited extent. Functional regions can be an opportunity for very specific and cross-border action.

### ***The relation between RDP and other policy areas in EU: cohesion policy, environmental policy, climate policy and the Europe 2020.***

The RDP is related to other policy areas such as cohesion policy and environmental policy. However, bearing in mind that farmers and foresters manage over three-quarters of EU territory, rural development must remain part of the CAP. This would ensure that the policy is aimed at improving agricultural enterprises in rural regions. The EU's Regional policy must be consistent with the goals of RDP.

In addition, to ensure that all the policies have an unifying effect the rural perspective should be more clear in the cohesion policy. The existence of RDP should not be an excuse **not** to prioritise in the Cohesion Policy projects related to rural entrepreneurship.

I hope that you can take our comments into consideration and we will keep you updated on the progress of our work.

Yours Sincerely,



Pekka Pesonen  
Secretary General  
Copa-Cogeca