

## **A REFORM OF THE COMMON AGRICULTURE POLICY**

### **Proposals for a Mediterranean agriculture post-2020**

#### ***General considerations***

EPP Members from France, Spain, Portugal and Greece in the European Parliament take note of the Commission Communication “The Future of Food and Farming” and support the announced objectives of modernisation and simplification of the Common Agricultural Policy (CAP).

In the context of the preparation of the next reform of the CAP, the above-mentioned Members would like to stress the position supported by the EPP Political Assembly regarding the future of the Common Agriculture Policy: for a strong, sustainable and innovative EU agriculture.

The EPP position adopted last September highlights the challenges faced by European agriculture and the key political priorities that should shape the next reform. Furthermore, the EPP states in its document that this policy must remain a strong EU instrument for the future and that only a well-funded CAP can provide the European Union with a tool that guarantees food security and meets high food safety, environment and animal welfare standards.

The key objectives of the CAP must be: to foster a smart and resilient agricultural sector, via guaranteeing fair incomes and a stronger position for farmers within the food supply chain, to provide public goods to European society via ensuring a sufficient level of food supply for consumers at a reasonable price and contributing to the environmental and climate objectives of the EU and finally to strengthen the socio-economic fabric of rural areas. Besides, ensuring generational renewal and promoting knowledge and innovation in agriculture and rural areas should be given great attention within the CAP as the future of the sector strongly depends on the attractiveness of the EU agricultural policy.

The first pillar should remain entirely financed by the EU and the two-pillar structure maintained, as it is underlined in the EPP position. The EPP Members from the five countries referred to above would like to stress that priority be given to the first pillar, while, as a complement, the second pillar should be better targeted to the agriculture activities. Moreover, in line with the Group’s opinion, the first and the second pillar should remain clearly separated as they play very different roles.

While the first pillar contributes to the competitiveness of European farmers and has introduced over the time huge environmental added value and strong conditionality also in terms of food safety and animal welfare, the second pillar finances key actions for the future of European agriculture and territories by helping the restructuration and sustainability of agriculture activity, compensating natural handicaps and providing second generation public goods to citizens.

As for market measures and food chain policy, maintaining and further improving existing instruments should be key objectives in the current debate, considering that price volatility, climate and health-related hazards, market disturbance and malfunctioning of the food supply chain can put at risk the survival of numerous holdings in the European Union.

The CAP budget should at least be maintained in the next Multi-Annual Financial Framework as, due to the high level of the living standard in Europe and the highest labour costs in the world, it still aims to compensate the difference between the market prices and the production costs. Moreover, only a strong budget would allow the CAP to keep a high level of ambition in the implementation of environmental and food safety standards.

CAP resources should be adapted to future needs and challenges, like those derived from the impacts of Brexit and of free-trade agreements adopted by the EU with its main trading partners. The development of new EU policies and objectives must not be done to the detriment of a successful CAP.

Finally, the European Union must first face the negotiations on the withdrawal of the United Kingdom from the EU and set a clear and stable post-Brexit financial framework, before triggering discussions on the future CAP reform.

Rather than a hasty reform, sufficient time should be devoted to this process to respond adequately to the challenges faced by European agriculture and respect the institutional prerogatives of the co-legislators.

In this purpose, the current CAP should thus continue to 2024. This would allow separating the CAP reform from the financial discussions and allow for necessary period of analysis on the impact of Brexit on the EU farm and food sectors.

<p><i><b>The Mediterranean position on the Commission Communication on the Future of Food and Farming</b></i></p>
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As representatives of the Mediterranean area, we would strongly support some very concrete principles that reflect the particularities and the needs of our regions.

Mediterranean EU regions are more vulnerable to the impacts of climate change, such as drought, fires and desertification, so greater efforts will be required by farmers in these areas to adapt their activities to the altered environment. Such efforts should be reflected and supported in the CAP policy framework, as climatic cohesion should be transversal to all common policies

We would like to stress our specific opinion on some areas of discussion regarding the CAP reform such as the key chapters of the new delivery model, the future of the direct payments, the need for a sound resilient and market policy, the specificities of Mediterranean sectors and rural development policy, where we make the following proposals:

**1. A NEW DELIVERY MODEL**

- The Common Agriculture Policy must remain a common policy. Any renationalisation attempts of the CAP, via co-financing of the first pillar or disproportionate use of the subsidiary principle, must be avoided as it would lead to imbalances for competition in the single market.
- A coherent new delivery model would be welcomed, if it ensures real simplification and flexibility for farmers, without adding new constraints on Member States and thus a new

layer of complexity. Based on the two-pillar structure, which must remain an important feature of the CAP, such a new delivery model should ensure a direct relationship between the EU and European farmers. The CAP tool box should continue to allow farmers to make the appropriate choices which best correspond to their business model, no matter what their specific situation and/or mode of production.

- The European Parliament and the Council should, via the codecision procedure, set the general EU objectives, measures and financial allocations, while providing coherent room for manoeuvre and reasonable level of flexibility to Member States to cope with their specificities and needs without hindering the principles of the Internal Market.
- A sound set of European rules and tools for the application of the Agricultural Policy should remain in place to safeguard the common nature of this policy and to avoid distortions of competition between Member States.
- Member States should be allowed, in relation with their agricultural sectors, to make use of the EU-defined tool box available under the first and the second pillar to develop coherent and performance-based national strategies aiming at ensuring food security and the viability of farms, fostering competitiveness and sustainability of agricultural sectors, delivering on environmental and climate objectives and ensuring rural development, with due respect to the rules and principles of the EU single market.
- Part of such national strategies should be devoted to the adaptation of EU tools and objectives to the Member States needs and specificities, especially with regards to delivering on environmental and climate objectives. Farmers should be allowed to select the most effective ways and means of achieving the goals set at EU level. Rather than over-prescribing the means of their implementation, green tools should be more performance-based and innovative solutions provided by certification schemes and measure of equivalence should be further developed by Member states and farmers in relation with the European Commission.
- The European Commission would be in charge of assessing and monitoring the implementation of the strategic plans developed by Member States and in doing so, should commit itself to respect strictly the political agreement and the objectives set by the co-legislators without adding extra layers of rules and of policy objectives.
- The entry into force and the application of the new delivery model should not imply any delay in the annual payments given to farmers and, therefore, a transitional period or a prolongation of the current legislation should be introduced to ensure a soft landing.
- The revision of the Single Common Market Organisation (SCMO) should not be detached from the proposals on the new delivery model, as it is still necessary to improve the mechanisms in place to deal with crises and to reinforce the role played by farmers in the food chain.
- Generational renewal is one of the key challenges of the farming sector in the EU and should be one of the main crosscutting objectives of the next reform.
- The application of the CAP framework in the Outermost Regions, should fully explore the scope of Article 349 of the TFUE that should be used in its entirety.

## 2. **DIRECT PAYMENTS**

- Direct payments are essential to compensate the additional costs created by the highly demanding requirements of environmental protection, food safety, tractability and animal welfare EU legislation and to reward goods and services provided by farmers to society.
- Direct payments provide the first substantial layer of stability and a safety net to farm incomes as they represent from a tangible portion of annual farming incomes to as much as 100% of farm incomes in certain regions and should continue to allow farmers to compete on a level playing field with third countries.
- Direct payments must be more targeted to farmers, as those who contribute to the stability and the future of our rural regions and who face economic market risks. Any major changes to the system should nonetheless be avoided.
- Direct payments should continue to ensure the diversification of production in every Member States.
- The environmental requirements included in the first pillar should be at least simplified, and differentiated treatments should remain for certain productions, like permanent cultures.
- Coupled support should be at least maintained for certain sensitive sectors, which play an essential role in the development of rural areas.
- The POSEI programmes for outermost regions should be kept separate from the general EU direct payments scheme, since those regions face specific challenges due to their remoteness, insularity, small size, difficult topography and climate or economic dependence on few product

## 3. **RESILIENCE AND MARKET POLICY**

- Market management instruments must be reviewed and their implementation should become more flexible and more efficient to react quickly to market crisis and combat price volatility. Experience from the dairy crisis must be learnt and innovative tools further developed.
- The CAP risk management tools (insurance, income stabilisation tools and mutual funds) have been reviewed by the Omnibus regulation and more thought should be given to create additional incentives for the access and use of such tools by farmers and Member States. Nevertheless, those insurance schemes should be compatible with the national schemes already put in place.
- Some challenges, such as climate change, biodiversity and water management, go beyond the CAP and serve other policy objectives. Therefore, their funding should also be ensured by other instruments.
- Strengthening the position of farmers within the food supply chain remains a key objective of the CAP. Based on the progress made by the Omnibus regulation, farmers should be provided with further incentives to organise and use collectively enhanced bargaining power. European initiatives to avoid the abuse of power and to ensure better functioning of

the food chain, via fighting against unfair trading practices and increasing market transparency are still needed.

- Promotion actions should be maintained and, where possible, reinforced.
- A workable and efficient EU fund for agricultural crises, should be set up in the SCMO as an independent financial instrument placed outside of the budgetary principle of annuality, thus allowing budgetary transfer from one year to the other. That fund should allow quick and effective responses to crisis situations.

#### **4. MEDITERRANEAN SECTORS AND SPECIFICITIES**

- Specific tools for Mediterranean sectors should remain in the first pillar. If integrated in the framework of the new delivery model, sectorial strategies for fruits and vegetables, wine and apiculture should remain compulsory for the producing countries and the specificities of these tools and rules should be kept.
- Management systems should be reinforced, mainly in fruits and vegetables, wine and olive oil.
  - The fruits and vegetables regime should be maintained under the current rules, which are based on the application of operational programs by the Producer Organisations and the absence of dedicated national envelopes. The EU current marketing standards in fruits and vegetables should be maintained.
  - A planting authorisation scheme should remain as production management system in the wine sector beyond 2030. Better coherence at European level between the national wine programs should be introduced. The EU current marketing standards in wine sector should be maintained.
  - A new self-help management tool should be introduced for olive oil that would allow storage action in those years where there is an overproduction, to release it in the market when the production is below the demand.
- Supply management measures for cheeses and ham with a protected designation of origin or a protected geographical indication or for wine should be maintained and, if appropriate extended to cover all quality-labelled products in line with the CAP objectives.
- The CAP should give due recognition to the strong environmental benefits provided by certain sectors, like sheep and goat or protein crops. Better support should also be given to increase the leguminous plant productions in the EU, taking into consideration their positive impact on the environment and the need to reduce the EU dependency on imports of proteins for feed.
- In the framework of the global EU strategy on forest, special attention should be paid to the Mediterranean forests, which suffer more from climate change and fires, putting at risk potential for agricultural production and biodiversity. Therefore, the greater use of residues in agriculture as a renewable, efficient and sustainable source of energy for rural areas should be supported and promoted.

## 5. RURAL DEVELOPMENT POLICY

- Rural Development policy's main aims should remain securing a competitive and sustainable agriculture sector in the future by fostering investment, innovation and research actions, supporting knowledge transfers and transition to new modes of production, compensating extra-costs due to specific constraints and encouraging generational renewal.
- Direct investment supports should be better targeted to the dual demands of economic and environmental performance and consider the needs of the farms themselves. Financial instruments, the Horizon 2020 programme and the European Fund for Strategic Investments (EFSI) should be accessible to all farms and used in parallel to support the agricultural sector and to provide access to finance for bigger investments and projects. The role of intermediaries is essential to increase the use of such instruments by the farming sector.
- Transition support schemes should be maintained and encompass the use of new technologies, such as precision and digital farming, for its role in making agricultural production more competitive and sustainable.
- Special support for mountain areas, islands, the outermost regions, and other less favoured areas should be maintained while special treatment should be granted to farmers who have extra costs due to specific constraints linked to high value natural areas or contractual measures such as the Agri-Environmental-Climate measures.
- Better support should be given to young farmers since the current second-pillar start up support is not always efficient and does not encompass investment support. Financial instruments of the second pillar should also be mobilised to support the entry of young farmers in the sector. Furthermore, initiatives aimed at promoting succession planning, facilitating and encouraging collaborative arrangements — such as partnerships, shared farming, contract rearing and leasing between old and young farmers — should be supported by the CAP. Finally, an exit scheme, allowing old farmers to retire and young farmers to entry into the sector should be introduced to reach effectively the objective of generational renewal.
- Administrative burden should be eliminated, and the current long approval procedure should be reviewed to avoid delaying the application of Rural Development programs in each multiannual financial framework. Those delays strongly reduce the effectiveness of the programs and create huge uncertainty to European farmers.
- New rural Development lines, which are not matched with extra funds, should be avoided.