



**European Committee  
of the Regions**

Commission for Natural Resources (NAT)

**DISCUSSION DOCUMENT  
Stakeholder meeting**

for the own-initiative opinion on

**The CAP post-2020**

Rapporteur: **Guillaume Cros** (FR/PES)  
*Vice-President of the Regional Council of Occitanie*

**8 March 2017  
2.30 – 6.30 p.m.  
Room JDE 51**

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**Interpreting:**

Participants may speak in:

FR/DE/EN/PL

Participants may listen in:

FR/DE/EN/PL

## **BACKGROUND**

Launched in 1962, the common agricultural policy is one of the European Union's oldest policies. Since the 1992 reform and the 1994 agreement on international trade rules (WTO), agricultural prices in the EU have been progressively aligned with world prices. In line with these rules and this new approach, the European Union has decoupled public support from the production process, and has abandoned the market regulations in place in certain sectors of production. The principle is that the CAP should no longer interact with the agricultural markets, and that farmers should base their choices on market signals.

Rural and intermediate areas account for 91% of the EU's territory, 60% of its population, 43% of its gross added value and 56% of its jobs. They are absolutely vital if the European Union is to reach its objectives of economic development with cohesion and solidarity, job creation, food security, combating climate change, sustainable use of natural resources, and transition to renewable energy. The EU needs to make better use of the many strengths of its rural areas.

Agriculture is still a key driver of the rural economy: agricultural holdings employ 28 million people in rural areas. Many economic activities in the industrial and services sectors depend on a healthy agricultural sector. However, the number of agricultural holdings in the EU has fallen by 20% in the seven years from 2007 to 2013 alone, dropping from 13.6 million to 10.8 million according to the latest official statistics from Eurostat. This reduction in the number of farms is, of course, accompanied by significant rural job losses.

There is therefore an urgent need to maintain and strengthen the European Union's efforts in these areas, with a reform of the common agricultural policy designed for and with them.

This imperative is shared by all the European institutions.

While the European Commission has not yet adopted a position on the future CAP after 2020, it did make a commitment to rural development in the Cork 2.0 declaration<sup>1</sup>, the aim of which is to find out how rural areas fit into major contemporary issues such as economic development, digitalisation, demographic growth, the environment, ecological transition, etc.

On 27 October 2016, the European Parliament adopted a resolution on how the CAP can improve job creation in rural areas<sup>2</sup>, setting out its objectives for the CAP after 2020. The Committee on Agriculture and Rural Development regularly holds hearings on the challenges for agriculture post-2020 and on preparations for CAP reform.

Finally, in 2016 the European Agriculture Council launched its discussions on the future of the CAP.

## **CHALLENGES AND OPPORTUNITIES**

Today, agriculture and rural areas are facing major challenges.

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1 [http://ec.europa.eu/agriculture/events/rural-development-2016\\_en](http://ec.europa.eu/agriculture/events/rural-development-2016_en)

2 <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2016-0427+0+DOC+XML+V0//EN>

Contrary to the objective of the Treaty of Rome, all too many farmers have very low incomes, below the poverty threshold. Farming's lack of economic appeal as a career exacerbates the problem of an age pyramid that is very un conducive to generational renewal. Increasingly volatile agricultural markets and falling agricultural prices, which are often (wrongly) presented as inevitable, discourage many young people from taking over their parents' farms.

In spite of the EU Court of Auditors' repeated observations in its opinions regarding the very unequal distribution of direct payments under the first pillar of the CAP between farms, between regions and between Member States, public support (which is still allocated on a per-hectare basis) is focused on a small number of large agricultural holdings.

Distribution of value added along the food chain is all too often achieved at the expense of producers and for the benefit of the agri-food industry and large-scale retailers.

Loss of wild and agricultural biodiversity, soil erosion and artificialisation, and the pollution or overuse of groundwater in some areas, all have an impact on the natural resources necessary for agriculture and food security in the EU.

Global warming is already having a significant effect on some types of farming, and the outlook is worrying, particularly in the south of Europe. Efforts to adapt to the warming that has already occurred and to prevent it getting worse present both a challenge and an opportunity for European agriculture to shift its production methods.

The need for dietary changes, in view of both the health risks and the costs to society of obesity, will have an impact on agriculture that the EU needs to prepare for. Antibiotic resistance in bacteria and the effects of certain phytosanitary treatments can no longer be ignored.

The depopulation of many rural areas and villages shows the inconsistencies between, on the one hand, the objective of territorial cohesion and rural development and, on the other, the concentration of agricultural production and economic activity in certain regions with good agro-climatic conditions that are favoured by the EU's agricultural, trade and other policies.

These and other challenges mean that it is essential to fundamentally reform the common agricultural policy.

Agriculture is still a pillar of rural development, but it is not the only one. Farmers' diversification of their activities, and the other socio-professional sectors operating in rural areas, must be mobilised to promote the sustainable, diversified and balanced development of rural society.

Moreover, consumers are increasingly demanding local, high-quality agriculture that has a high environmental and social value and creates jobs and added value.

## **QUESTIONS & DEBATE**

In its previous opinions, the European Committee of the Regions has repeatedly highlighted two priority objectives:

- preserving agriculture across the EU and keeping rural areas alive in order to meet the territorial cohesion objective enshrined in the Treaty of Lisbon;
- strengthening the economic health of stakeholders in the sector to create jobs and added value.

This new outlook opinion will aim to flesh out these objectives by means of concrete measures, with three key themes being identified:

#### Direct payments to farms

- What does the future hold for direct payments under the first pillar of the CAP?
- What impact do these direct payments have on our regions, given the challenges of generational renewal and income stability for farmers?
- Is the redistributive payment option extended to all Member States a fairer system that would once again make the CAP a public policy that serves the general interest?
- Is the per-hectare payment the best tool for achieving the employment objectives?
- How much would the degressivity and capping thresholds need to be lowered to enable the current uneven distribution of first-pillar payments to be redistributed?

#### Market measures to tackle the volatility of agricultural prices and stabilise farm incomes

- What measures should be adopted to reduce the volatility of agricultural prices upstream? Should the EU weigh in on the international trade rules for agriculture with a view to market regulation?
- Should the direct payments system be partly replaced by a third pillar with guarantee systems, countercyclical aid or other types of instrument for improving risk management?
- How can value added be better distributed along the food chain, benefiting farmers' incomes and their stability?

#### Greening the CAP

- Do you think that current greening measures are enough to address the environmental and climate challenges we are facing?
- What is the best response to these challenges, monoculture or crop rotation?
- Should the greening measures be reviewed again after 2020 to simplify their implementation, or do we need legal stability to encourage farmers to develop agricultural practices that benefit the climate or the environment?
- Should the percentage of ecological areas be increased? Should the cultivation of crops be permitted there? If so, should phytosanitary treatments be authorised?
- What are your views on the European Committee of the Regions' proposal<sup>3</sup> to introduce territorial pacts signed between regional authorities and groups of farmers?
- Is it justified for direct payments to continue to be conditional on the implementation of greening measures? Is the current level of 30% of direct payments being conditional on compliance with greening measures high enough?

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<sup>3</sup> Opinion on legislative proposals on the reform of the Common Agricultural Policy and Rural Development Policy post-2013

- Should the greening measures under the CAP not be harmonised with the environmental measures under the EAFRD (e.g. agri-environmental measures) and the ERDF (e.g. Natura 2000, protection of ecological focus areas)?

### Rural development

- Should ERDF be turned (back) into the centralised instrument for supporting development in rural areas, particularly those facing significant constraints?
  - How can the "rural lens" referred to in the Cork 2.0 declaration be put into practice? How can other Community funds and programmes contribute to rural development policy?
  - Does the proposal for a rural agenda supported by the European Committee of the Regions meet needs in terms of income diversification, integrated development and relaunching of investment for rural areas?
  - How can we safeguard the resources for implementing local strategies (Leader or others)?
  - How should funding be rebalanced between the first and second pillars?
  - The Common Agricultural Policy supports the diversity of Europe's regions and their specific features, for example by means of specific aid schemes (such as the scheme for the outermost regions). Should other special aid schemes be established? For what type of region?
  - How can we consolidate the 6th priority of the second pillar, i.e. social inclusion, poverty reduction and economic development?
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