

The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future

European Parliament resolution of 23 June 2011 on the CAP towards 2020: meeting the food, natural resources and territorial challenges of the future (2011/2051(INI))

The European Parliament,

- having regard to the Communication from the Commission, ‘The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future’ (COM(2010)0672),
- having regard to Article 43(2) of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EC) No 1290/2005 on the financing of the common agricultural policy¹,
- having regard to Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)²,
- having regard to Council Decisions 2006/144/EC³ and 2009/61/EC on Community strategic guidelines for rural development⁴,
- having regard to Regulation (EC) No 1234/2007 establishing a common organisation of agricultural markets⁵,
- having regard to Regulation (EC) No 73/2009 establishing common rules for direct support schemes for farmers⁶,
- having regard to its resolution of 8 July 2010 on the future of the Common Agricultural Policy after 2013⁷,
- having regard to its resolution of 16 June 2010 on EU 2020⁸,
- having regard to the Council Presidency Conclusions of 17 March 2011 on ‘the CAP towards 2020’,
- having regard to the Opinion of the European Economic and Social Committee of 18 March 2010 on ‘the reform of the common agricultural policy in 2013’,
- having regard to the Opinion of the Committee of the Regions, ‘The CAP until 2020

¹ OJ L 209, 11.8.2005, p. 1.

² OJ L 277, 21.10.2005, p. 1.

³ OJ L 55, 25.2.2006, p. 20.

⁴ OJ L 30, 31.1.2009, p. 112.

⁵ OJ L 299, 16.11.2007, p. 1.

⁶ OJ L 30, 31.1.2009, p. 16.

⁷ Texts adopted, P7_TA(2010)0286.

⁸ Texts adopted, P7_TA(2010)0223.

- food, natural resources and rural areas – the future challenges’,
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Agriculture and Rural Development and the opinions of the Committee on Development, the Committee on the Environment, Public Health and Food Safety, the Committee on Industry, Research and Energy and the Committee on Regional Development (A7-0202/2011),
- A. whereas a sustainable, productive and competitive European agricultural sector makes a vital contribution to meeting the objectives set by the Treaties for the CAP and the objectives of the EU 2020 Strategy, whereas it can also help to meet new political challenges such as security of supply of food, energy and industrial raw materials, climate change, the environment and biodiversity, health and demographic change, and whereas the forthcoming CAP reform will be the first in which the European Parliament will co-legislate with the Council, in accordance with the Lisbon Treaty,
- B. whereas food security remains the central challenge for agriculture not only in the EU but globally, in particular in developing countries, as the world population is predicted to grow from 7 to more than 9 billion by 2050, requiring a 70% increase in global agricultural production according to the FAO; whereas more food will need to be produced against a background of higher production costs, severe volatility in agricultural markets and mounting pressure on natural resources, meaning that farmers will have to produce more using less land, less water and reduced energy inputs,
- C. whereas food has a strategic importance and whereas the most favourable way of ensuring food security is by maintaining a stable, competitive agricultural sector; whereas a strong CAP is central to this and to the preservation, environmental sustainability and economic development of the EU's rural areas in the face of the threat of land abandonment, rural depopulation and economic decline,
- D. whereas the CAP reform of 2003 and the Health Check of the Common Agricultural Policy of 2008 have sought to contribute to a new architecture for the CAP that is more effective and transparent, characterised by greater market orientation; whereas this process must be continued and the administration of CAP instruments and procedures must be significantly simplified in practice in order to reduce the burden on farmers and administrations,
- E. whereas in its resolution of 8 July 2010 on the future of the CAP after 2013 the European Parliament laid the foundations for a sustainable agricultural policy which would allow European producers to be competitive in local, regional, national and international markets, and whereas it supported the concept of a multifunctional, broad-based agriculture spread throughout Europe, particularly in areas with natural handicaps and extremely peripheral areas, and also took into account the difficulties faced by small farms,
- F. whereas the CAP must be equipped with the necessary instruments to cope with serious market and supply crises and extreme price volatility in the agricultural sector; whereas it must be ensured that these instruments are not only up to date and

effective but also flexible, so that they can be implemented quickly when necessary,

- G. whereas the incorporation of renewed and ambitious objectives into the CAP, particularly relating to consumer protection, environmental protection, animal welfare and regional cohesion, is to be welcomed and these high standards should be defended at international level so as to ensure the viability and competitiveness of European farmers, who face higher production costs; whereas long-term productivity and food security, especially in view of climatic disturbances, depends on due care for natural resources, particularly soil, water use and biodiversity,
- H. whereas the agricultural sector has a crucial role to play in the fight against climate change, in particular by reducing its own greenhouse gas emissions, by developing carbon sequestration and through the production of biomass and sustainable energy, thereby creating an additional revenue stream for farmers' incomes,
- I. whereas the CAP should also support specific management of farmland which is rich in biodiversity (such as high nature value farmland) and agro-ecosystems within Natura 2000 areas and, in this context, a transition to lower-input models (including organic farming), permanently unploughed pastures or agricultural wetlands,
- J. whereas the share of CAP expenditure in the EU budget has steadily decreased from nearly 75% in 1985 to a projected 39,3% in 2013, whereas the CAP, despite being one of the longest-standing policies of the EU and the only one which has been communitised, accounts for less than 0,5% of the EU's GDP, while public expenditure accounts for some 50% of GDP, and whereas, following the successive enlargements of the European Union, the area of agricultural land has increased by 40% and there are twice as many farmers as in 2004,
- K. whereas according to the latest Eurobarometer poll, 90% of EU citizens surveyed consider agriculture and rural areas to be important for Europe's future, 83% of EU citizens surveyed are in favour of financial support to farmers and, on average, they believe that agricultural policy should continue to be decided upon at European level,
- L. whereas the European Parliament has often expressed its opposition to a renationalisation of the CAP and an increase in cofinancing, which could detract from fair competition on the EU internal market, and therefore, looking ahead to the forthcoming reform, once again rejects any attempt to renationalise the CAP by means of the cofinancing of direct payments or a transfer of funds to the second pillar,
- M. whereas a two-pillar CAP should be retained, with each pillar's structure and objectives being clearly defined and designed in a way that allows each to complement the other,
- N. whereas small farmers in the EU make a vital contribution to the CAP's objectives and whereas the obstacles they face must be duly taken into account in the reform process,
- O. whereas, in the new Member States applying the single area payment scheme, a large proportion of farmers, especially in the stockbreeding sector, are not entitled to

direct payments because they do not own agricultural land,

- P. whereas farmers are receiving a steadily decreasing share of the value added generated by the food supply chain and whereas a properly functioning food supply chain and measures to improve the bargaining position of producers are necessary prerequisites to ensure that farmers obtain a fair return for their produce,
- Q. whereas the per capita real income of farmers has fallen dramatically in the past two years and whereas, as a result of constant decline, it has now fallen below the level it had attained nearly 15 years ago, whereas agricultural incomes are notably lower (by an estimated 40% per working unit) than in the rest of the economy, and income per inhabitant in rural areas is considerably lower (by about 50%) than in urban areas and whereas Eurostat data shows that employment in the agricultural sector fell by 25% between 2000 and 2009,
- R. whereas the world economy is becoming increasingly integrated and trade systems are being liberalised more by multilateral and bilateral negotiations and whereas agreements at multilateral and bilateral level must ensure that third-country production methods for export to the EU provide European consumers with the same guarantees in terms of health, food safety, animal welfare, sustainability and minimum social standards as those provided by EU methods,
- S. whereas rural development, in the face of growing disparities, loss of social capital and cohesion, demographic imbalances and out-migration, is a vital component of the CAP and whereas future rural development policies need to work towards a better territorial balance and offer less bureaucratic and more participatory governance of rural development programmes, which should include measures to increase the competitiveness of the farming sector and effectively support the strengthening and diversification of the rural economy, protect the environment, promote education and innovation, boost quality of life in rural areas, especially in less-favoured areas, and counteract the abandonment of farming by young people,
- T. whereas, on the one hand, only 6% of European farmers are aged under 35 and, on the other, 4.5 million farmers will retire in the next 10 years; whereas generational renewal should therefore be seen as one of the priority challenges for the future CAP,
- U. whereas the CAP must take into account the need to mitigate the specific constraints and structural problems facing the agricultural and forestry sectors in the outermost regions of the EU as a result of their insularity and remoteness and the fact that the rural economy is heavily dependent on a small number of agricultural products,
- V. whereas quality policy is an integral part of the future CAP, which means that developing and strengthening this policy, particularly in the case of geographical indications, will be decisive for the sustainable growth and competitiveness of European agriculture,
- 1. Broadly welcomes the Commission Communication ‘The CAP towards 2020: meeting the food, natural resources and territorial challenges of the future’; recognises the need for further reform of the CAP in line with the changing nature of the farming industry in the EU27 and the new international context of

globalisation; calls for the continuation of a strong and sustainable CAP with a budget commensurate with the ambitious objectives to be pursued in an effort to meet the new challenges; firmly rejects any moves towards a renationalisation of the CAP;

2. Calls for the CAP to remain structured around two pillars; points out that pillar 1 should remain fully financed by the EU budget and yearly based, while multiannual programming, a contractual approach and cofinancing should continue to apply under pillar 2; insists that the two-pillar structure should serve the purpose of clarity, each pillar complementing the other without overlapping: the first pillar should deliver objectives which require ‘across-the-board’ action whereas the second pillar should be outcome-oriented and flexible enough to easily accommodate national, regional and/or local specificities; considers, therefore, that, whilst the current two-pillar architecture should be retained, changes to it are essential in order to target more effectively all the measures needed under each of the two pillars and their respective financing arrangements;
3. Points out that food security remains the *raison d’être* of agriculture, not only in the EU but also throughout the world, and in particular in the developing countries, since the world faces the challenge of feeding 9 billion people by 2050 while reducing the use of scarce resources, notably water, energy and land; calls for a sustainable, productive and competitive European agricultural policy that makes a significant contribution to meeting the objectives set by the Treaties for the CAP and the EU 2020 Strategy priorities of smart, inclusive and sustainable growth; believes that agriculture is well placed to make a major contribution to tackling climate change, creating new jobs through green growth and supplying renewable energy whilst at the same time continuing to provide safe, high-quality food products and food security for European consumers;
4. Considers it essential to establish a clear set of rules for the longer term so that European farmers can plan the investment needed to modernise agricultural practices and develop innovative methods that will lead towards more agronomically sound and sustainable agricultural systems, a process vital to guaranteeing their competitiveness on local, regional and international markets;
5. Believes that, in the interests of simplification, clarity and a common approach, funding for each pillar of the CAP must be agreed from the start of the reform;
6. Calls for the EU agricultural budget in the next financing period to be maintained at least at the same level as the 2013 agricultural budget; recognises that adequate financial resources will be necessary in order to meet the challenges of food security, environmental protection, climate change and territorial balance in an enlarged EU, as well as to allow the CAP to contribute to the success of the EU 2020 Strategy;
7. Is convinced that this new agricultural policy, geared to sustainable food production systems, must primarily be based on greater overall complementarity between the first pillar, which covers direct payments, and the second pillar, which deals with measures to support rural development; takes the view that under the new CAP public funds must be recognised as a legitimate form of payment for public goods provided to society whose costs are not offset by market prices and that public

money should be used to incentivise farmers to deliver European-wide extra environmental services; believes that this targeted approach will deliver EU-wide objectives while offering the necessary flexibility to accommodate EU agricultural diversity; believes that such a system would make every element of the payments deliver clear public benefits in a transparent manner for the taxpayer, farmers and society as a whole;

8. Calls for sustainability, competitiveness and fairness to be guiding principles underpinning a CAP which preserves the special character of the individual sectors and production locations, with the task of providing the people with safe and healthy food in sufficient quantities and at appropriate prices, and providing raw materials for a strong European processing and agri-foodstuffs industry, as well as for renewable energy production; emphasises that the EU's standards in terms of food safety, environmental protection, animal welfare and respect for minimum social standards are the highest in the world; calls for a CAP that guarantees the high standards of European agriculture in international competition (external quality protection);
9. Recognises that many of these new challenges and objectives are embodied in legally binding international commitments and treaties which the EU has agreed upon and signed, such as the Kyoto Protocol/Cancun Agreements and the Ramsar and Nagoya Conventions;
10. Stresses that simplification is fundamental and must be a driving objective of the future CAP, with the costs of administering the policy at Member State level being reduced, and that clear common legal bases are needed, which must be notified promptly and lend themselves to uniform interpretation;
11. Stresses that the development of food quality policy, including in terms of geographical indication (PDO/PGI/TSG), must be a priority aspect of the CAP and be deepened and strengthened so that the EU can maintain its leadership position in this area; takes the view that, in the case of these high-quality products, the use of original management, protection and promotion instruments should be allowed, enabling them to develop in a harmonious fashion and to continue to make their major contribution to the sustainable growth and competitiveness of European agriculture;
12. Calls on the Commission to intensify its efforts in the field of research and development for the purposes of innovation and promotion; urges therefore that future EU research and development programmes devote constant attention to agricultural and nutritional research;

Direct payments

13. Notes that decoupled direct payments, conditional upon cross-compliance requirements, can help to support and stabilise farm incomes, allowing farmers to supply, in addition to food production, vitally important public goods for the whole of society, such as ecosystem services, employment, landscape management and rural economic vitality throughout Europe; considers that direct payments should reward farmers for providing these public goods, as the market does not supply public goods alone and does not yet recompense farmers for providing them, at a

time when farmers often face high production costs in order to produce high-quality food and low farmgate prices for their produce;

14. Calls for a strong, well funded first pillar to remain in existence that is capable of meeting the new challenges to European agriculture;
15. Calls for a fair distribution of CAP funding for the first and second pillars both among Member States and among farmers within a Member State, in which a pragmatic approach should be the fundamental principle for objective criteria; rejects major disparities in the distribution of these funds among Member States; takes the view that this will entail the gradual replacement, following a transitional period, of the system based on outdated historical reference values with support payments which are fair and thus allocated more effectively among countries, among different agriculture sectors and farmers; points out that this also calls for more effective support payments which are better targeted and offer greater incentives in order to help agriculture make a shift towards more sustainable farming systems; in line with the Commission Communication, rejects a uniform flat-rate direct payment for the whole of the EU which would not reflect European diversity; considers that preserving the diversity of farming and production locations in the EU is a central objective and therefore advocates taking account of the specific production conditions in the Member States as far as possible through a more targeted system of direct payments;
16. Advocates therefore a single farm payment system which effects a certain redistribution in the interests of fair distribution of direct payment funds in the EU as a whole; proposes that each Member State should receive a minimum percentage of the EU average direct payments and that a ceiling should be set; advocates the earliest possible implementation with a limited transitional period;
17. In the case of direct farm payments, advocates moving away from historical and individual reference values used for distribution among Member States and calls for a transition to an area-based regional or national premium for decoupled payments in the next financing period; recognises, however, that the situations in the individual Member States are very disparate, requiring special measures per region;
18. Considers that Member States which currently apply the simplified Single Area Payment Scheme (SAPS) should switch, after a limited transitional period, to the single farm payment system with entitlements; calls for support, including financial and technical support, in making the conversion;
19. Welcomes the recognition of the role of small farmers in European agriculture and rural development; is in favour of establishing a specific, simplified aid scheme for small farmers, who help to stabilise rural development; calls on the Commission, in the interests of transparency and legal security, to establish flexible and objective criteria for the status of small farmers to be defined by each Member State; calls for Member States to decide, in accordance with subsidiarity, which farmers qualify for this scheme;
20. Calls for a further simplification of the direct payment system, especially for simplified transfer rules for payment entitlements in the event of non-activation, for the rules governing the national reserve, depending on the transition to the

regional/national single area payment, for merging of minimum payment entitlements and for an effective and unbureaucratic monitoring system for both pillars; considers that administrative systems which can be proven to be operating well should be looked upon favourably in the light of the scale of monitoring prescribed;

21. Notes that measures to target generational renewal in the agricultural sector are needed, given that only 6% of European farmers are younger than 35 and, at the same time, 4.5 million will retire in the next ten years; recognises that young farmers face obstacles to starting up, such as high investment costs and lack of access to land and credit; emphasises the fact that the measures for young farmers contained in the second pillar have proved to be insufficient to stop a rapid ageing of the agricultural sector and calls for proposals to reverse this unsustainable trend, which should include changes to the rules governing the national reserve to gear them more to young farmers;
22. Stresses that the CAP should be gender-neutral and that both spouses should be assigned the same rights when working in the business; highlights the fact that about 42% of the 26.7 million people working regularly in agriculture in the European Union are women, but that only one holding in five (around 29%) is managed by a woman;
23. Considers that decoupling has essentially proved its worth, allowing greater autonomy in decision-making on the part of farmers, ensuring that farmers respond to market signals and placing the vast bulk of the CAP in the WTO green box; endorses the Commission's suggestion that in future as well coupled premiums should continue to be paid in certain areas in which there is no alternative to the established, cost-intensive forms of production and products; acknowledges, therefore, that production-based premiums might be defensible within a narrowly defined framework even after 2013;
24. Calls therefore for Member States to have the option of allowing part of the direct payments to remain wholly or partially coupled within WTO limits in order to finance measures to mitigate the impact of decoupling in specific areas and sectors that are economically, environmentally and socially sensitive; believes furthermore that these payments could promote area-based environmental measures and territorial cohesion and promote, support and boost key sectors, including quality improvement, the production of agricultural raw materials, certain specific types of production or certain types of farming;
25. Observes that, for historical reasons, farms in the European Union have very diverse structures in terms of size, employment arrangements, labour productivity and legal form; is aware that direct payments are being allocated in a way which has called their legitimacy into question; takes note of the Commission's proposal to introduce an upper ceiling for direct payments and welcomes this attempt to address the issue of the CAP's legitimacy and public acceptance; asks the Commission to consider the introduction of similar mechanisms that contribute to these, such as a system of degressivity of direct payments in the light of the size of agricultural holdings that takes into account the objective criteria of employment and sustainable practices;

26. Calls on the Commission to submit practical proposals for helping the livestock farming sectors in the medium and long term to cope with the rising prices of inputs; considers that this could entail incentives for using grassland systems and protein crops in arable rotation, which would deliver greater economic advantages for farmers, respond to the new challenges and lessen dependence on protein crop imports and could have a favourable impact on the cost of animal feed; calls upon the Commission to propose an element of flexibility for Member States along the lines of the current Article 68, to avoid excluding livestock farms focussed on quality and sustainability from the new support system and to take into account their specific character;
27. Considers that direct payments should be reserved only for active farmers; realises that, under the system of decoupled direct payments, each farmer who uses farmland for production and maintains GAEC should receive direct payments; calls on the Commission therefore to devise a definition of 'active farmer' which the Member States can administer without additional administrative effort or expenditure, while it should be ensured that traditional farming activities (full-time and various degrees of part-time), regardless of legal status, are classified as active farming and that the range of land tenure and various forms of land management arrangements as well as management of common land are taken into account; considers it necessary to specify that the definition of an active farmer should exclude cases in which the administrative costs of making a payment are higher than the actual amount of the payment itself;
28. Advocates compensation for natural disadvantages in the second pillar and rejects a complementary payment in the first pillar on account of the additional administrative work involved;

Resource protection and environmental policy component

29. Considers that improved natural resource protection and management is a central element in sustainable farming, which justifies, within the framework of the new challenges and objectives of the EU 2020 Strategy, additional incentives to encourage farmers to adopt environmentally sound practices that go beyond the baseline requirements of Cross-Compliance (CC) and would complement the already existing agri-environmental programmes;
30. Believes that natural resource protection should be more closely linked to the granting of direct payments and calls, therefore, for the introduction, through a greening component, of an EU-wide incentivisation scheme with the objective of ensuring farm sustainability and long-term food security through effective management of scarce resources (water, energy, soil) while reducing production costs in the long term by reducing input use; believes that this scheme should provide maximum support for farmers who are engaged or who wish to engage, step by step, more in agricultural practices designed to achieve more sustainable production systems;
31. Emphasises that this scheme should go hand-in-hand with a simplification of the CC system for recipients of direct payments, should be applied through simple measures, should balance environmental and economic performance, should be relevant from an agronomic point of view and should not be discriminatory towards

farmers already participating to a great extent in agri-environmental programmes;

32. Rejects the implementation of a new additional payment system that leads to extra control and sanction systems for greening; insists that practical hurdles for farmers and administrative complexity for authorities must be avoided; insists, moreover, that, in order to streamline the administrative procedures associated with these measures, all agricultural controls should be, as far as possible, operated concomitantly;
33. Calls therefore on the Commission to submit as soon as possible an impact assessment of the administrative practicalities involved in the implementation of a greening component; emphasises that environmental measures have the potential to boost farmers' production efficiency and insists that any possible costs and income foregone, arising from the implementation of such measures, should be covered;
34. Takes the view that further greening should be pursued across Member States by means of a priority catalogue of area-based and/or farm-level measures that are 100% EU-financed; considers that any recipient of these particular payments must implement a certain number of greening measures, which should build on existing structures, chosen from a national or a regional list established by the Member State on the basis of a broader EU list, which is applicable to all types of farming; considers that examples of such measures could include:
 - support for low carbon emissions and measures to limit or capture GHG emissions
 - support for low energy consumption and energy efficiency
 - buffer strips, field margins, presence of hedges, etc.
 - permanent pastures
 - precision farming techniques
 - crop rotation and crop diversity
 - feed efficiency plans;
35. Believes that the EU has a role to play in meeting the challenges of food security and energy security, and therefore needs to ensure that agriculture plays a full role in meeting both these challenges; believes therefore that it is inappropriate for compulsory set-aside to be included in the list of sustainability measures as proposed by the Commission;
36. Calls for the CAP to include targets for the use of sustainable energy; believes that the agriculture sector could use 40% renewable fuels by 2020 and be fossil-free by 2030;
37. Notes that next-generation biotechnology is ready now and therefore urges the Commission to develop a cross-sectoral biomass policy for next-generation biotechnology including sustainability criteria for biomass as part of the reform of the CAP to enable the development of a sustainable market for biomass from

agriculture, agroindustrial enterprises and forestry by incentivising the collection of available residue for bioenergy production, whilst preventing an increase in emissions and a loss of biodiversity;

38. Stresses that rational European policies such as cheaper diesel for agricultural use and excise tax exemptions for power and fuel produced for agricultural purposes, particularly for electrically powered irrigation pumps, could help European farmers to produce more and supply both the domestic and export markets in agricultural products; stresses also the importance of innovative irrigation systems to ensure the sustainability of European agriculture, given the devastating effects of climate change such as drought, heat waves and desertification on farmland intended to supply the people with food;
39. Stresses the need to develop efficient irrigation systems so as to ensure efficient agricultural methods in the Member States capable of covering domestic food demand and supplying the export market in agricultural products, bearing in mind that there will in future be a shortage of water and in particular drinking water;
40. Deplores the fact that the EU's biodiversity targets have yet to be met and expects the CAP to contribute to efforts to achieve these and the Nagoya biodiversity targets;
41. Calls for the new CAP to promote the conservation of genetic diversity, comply with Directive 98/58/EC on Animal Welfare and abstain from funding the production of food from cloned animals and their offspring or descendants;
42. Believes that animal-welfare-friendly methods of production also have a positive impact on animal health, food quality and food safety while being more friendly for the environment;
43. Stresses the importance of exploring all possible opportunities for cooperation between the Member States, involving all stakeholders, for the purposes of soil protection;

Cross-compliance and simplification

44. Points out that the CC system makes the granting of direct payments subject to compliance with statutory requirements and the maintenance of farmland in good agricultural and environmental condition, and remains one of the most appropriate means of optimising the provision of baseline ecosystem services by farmers and meeting new environmental challenges by securing the provision of basic public goods; notes, however, that the implementation of CC has encountered a range of problems relating to administration and acceptance by farmers;
45. Considers that direct payments are not justified without conditions and therefore that a CC system that is, as a result of the greening of the CAP, simplified and efficient in practice and at administrative level in terms of controls should apply equally to all recipients of direct payments; emphasises that cross-compliance must be risk-based and proportional and must be respected and sufficiently enforced by the competent national and European authorities;
46. Considers that better resource protection and management should also be a basic

element in farming within CC as a result of which greater environmental benefits can be attained; calls for CC controls to become streamlined, effective and efficient and for a targeted approach to the scope of CC; calls for the exchanging and mainstreaming of best practice systems between paying agencies and monitoring bodies, such as the interoperability of databases and best use of appropriate technology, in order to reduce as much as possible the bureaucratic burden to farmers and administration; considers that CC should be restricted to standards related to farming, which lend themselves to systematic, straightforward monitoring and are based on an obligation to achieve results, and that the rules should be harmonised; emphasises the importance of tolerance levels and the application of proportionality within any new penalty system;

47. Considers that monitoring of CC should be more linked to performance criteria and to encouraging farmers to achieve results; believes furthermore that farmers themselves should be more involved in this monitoring, given their knowhow and practical experience, and considers that this would have the effect of setting an example and motivating less efficient farmers in particular;
48. Rejects the introduction of burdensome and unclear requirements derived from the Water Framework Directive into the cross-compliance system until the state of play of implementation of the Directive in all Member States has been clarified;
49. Recognises the considerable efforts already made in the livestock sector, currently in difficulty, to upgrade buildings and equipment to hygiene and health standards; without prejudice to the basic principles of food safety and traceability, calls for a critical review of certain hygiene, animal health and animal marking standards with a view to ending the disproportionate burdens imposed on small and medium-sized enterprises (SMEs); calls in particular upon the Commission to review EU hygiene standards, particularly local or direct marketing and the shelf life of products, in order to make them proportionate to the risks and avoid placing a disproportionate burden on small production channels such as direct producer-consumer relations and short food supply chains;

Market instruments, safety net and risk management

50. Considers that it is important to be able to take action to counter excessive price volatility and react in good time to crises caused by market instability in the context of the CAP and on world markets; recognises the fundamental role played by market support measures in responding to crises in the agricultural sector in the past, particularly the role of intervention and private storage; stresses that market support measures must be effective and activated promptly when needed to avoid serious problems for producers, processors and consumers and to allow the CAP to deliver its primary strategic objective: food security;
51. Emphasises that the CAP should incorporate a certain number of flexible and effective market instruments which act as a safety net, fixed at appropriate levels and available in the event of serious market disruption; believes that these instruments should not be activated permanently and must not serve as a continuous and unlimited outlet for production; points out that some of these instruments exist already, but can be adapted, whilst others can be created as needed; considers that, in view of the widely differing conditions in the individual sectors, differentiated

sectoral solutions are preferable to across-the-board approaches; draws attention to the difficulties that farmers encounter in attempting to forward-plan at times of extreme volatility; considers that, given increased market volatility, market instruments need to be reviewed to enhance their efficiency and flexibility, ensure more rapid deployment, extension to other sectors if necessary and adjustment to current market prices and provide an effective safety net without creating distortions;

52. Takes the view that these instruments should include specific supply-management instruments which, if employed fairly and on a non-discriminatory basis, can provide effective market management and prevent crises relating to overproduction, at zero cost to the Union budget;
53. Calls for a multi-tiered safety net extended to cover all sectors, comprising a combination of tools such as public and private storage, public intervention, market disruption instruments and an emergency clause; calls for private storage and public intervention to be permitted for specific sectors where market disruptions are of limited duration; calls furthermore for a market disruption instrument and an emergency clause to be established for all sectors in common, making it possible for the Commission, under certain circumstances, in the event of crises to take action over a limited period of up to one year, which should be more efficient than hitherto; considers therefore, that a special reserve budget line which could be swiftly activated should be made available in future EU budgets to provide a rapid reaction tool in the event of severe crises in the agricultural markets;
54. Considers that the use of intervention instruments falls within the scope of the executive competences of the Commission; stresses however that the European Parliament must be promptly informed about envisaged actions; emphasises in this context that the Commission must take due account of positions adopted by Parliament;
55. Calls for the effectiveness of the intervention system to be improved by means of an annual assessment, performed pragmatically and in light of the situation on the markets;
56. Considers that, in view of the anticipated environmental, climate and epidemiological challenges and in view of the considerable price fluctuations on agricultural markets, additional, more effective, risk prevention measures accessible to all farmers in the various Member States are of vital importance, at Union, Member State and individual farm level, to protect incomes;
57. Recalls that market-orientated production, direct payments and competitiveness are at the heart of any insurance against risk, and that it is also incumbent on farmers to take account of and anticipate risk; supports the Member States, in this context, in making national risk insurance instruments available to farmers without renationalisation and distortion of the markets; takes the view, therefore, that the Commission should devise common rules on optional support from Member States for risk management systems, possibly by creating common rules conforming to WTO rules in the common market organisation, in order to eliminate any distortion of competition in the internal market; calls, furthermore, on the Commission to notify all measures to introduce risk management and to submit an appropriate

impact assessment with the legislative proposals;

58. Considers that private-sector insurance schemes, as well as multi-hazard insurance schemes (such as climate insurance, insurance against income loss), futures contracts and mutual funds, partly financed by public funds, could be developed and promoted as options in the Member States in view of increasing risks; endorses particularly in this connection joint action by farmers to form consortia and cooperatives; welcomes the development of new innovative tools; stresses, however, that they should be WTO-compliant and not distort intra-EU competition conditions and trade; calls, therefore, for a framework to be provided for those Member States implementing these measures, which should be enshrined in the Single Common Market Organisation;
59. Calls on the Commission to examine the extent to which the role of producer groups or sectoral associations or 'interprofessions' in risk prevention and in promoting quality can be extended to all production sectors; calls for measures of this kind to take particular account of products covered by quality-label schemes;
60. Calls on the Commission to propose, as part of the CAP reform, specific measures to encourage the establishment of new producer organisations, in order to strengthen their market position;
61. Advocates that the 2006 sugar market regime be extended at least to 2020 in its existing form and calls for suitable measures to safeguard sugar production in Europe and to allow the EU sugar sector to improve its competitiveness within a stable framework;
62. Insists on the need to assess the specific situation in the milk and milk products sector, before March 2015, so as to ensure the smooth functioning and stability of the milk market;
63. Believes that the Commission should consider proposing that planting rights in the wine sector be maintained beyond 2015 and should take account of this in its assessment report, to be submitted in 2012, on the 2008 reform of the wine CMO;
64. Underlines the pivotal role of milk production for European agriculture and for the livelihood and maintenance of rural areas, especially milk-producing grassland regions and naturally disadvantaged regions within the EU, and stresses the need to guarantee a sustainable security of supply of milk products for European consumers; is convinced that a secured supply of milk products is best guaranteed through a stable dairy market, where farmers can gain a fair price for their produce; therefore, calls on the Commission to monitor and allow the sustainable development of the dairy market, through sufficient policy instruments for milk and milk products for the time after 2015 and a framework of fair competition ensuring a stronger position for primary producers and a more balanced distribution of returns along the entire food production chain (farm to retail);
65. Considers that management systems should be reinforced in fruit and vegetables (citrus and all the products concerned), wine and olive oil, and that a more efficient crisis fund in fruits and vegetables, better crisis management in the wine sector and an updated private storage system for olive oil are needed;

International trade

66. Calls for the EU to ensure consistency between the CAP and its development and trade policies; in particular urges the EU to be attentive to the situation in developing countries and not jeopardise food production capacity and long-term food security in those countries and the ability of their populations to feed themselves, while respecting the principle of Policy Coherence for Development (PCD); considers, therefore, that EU trade agreements on agriculture should not hamper markets in the least developed countries;
67. Recalls the commitment given by the WTO members during the 2005 Hong Kong Ministerial Conference to achieving the elimination of all forms of export subsidies in full parallelism with the imposition of discipline on all export measures with equivalent effect, notably export credits, agricultural state trading enterprises and the regulation of food aid;
68. Asks the Commission to provide a detailed impact assessment of all ongoing trade negotiations, in particular the EU-Mercosur Association Agreement, which should not negatively affect the developing countries and hinder the effectiveness of the CAP towards 2020;
69. Notes that food is not merely a commodity but that access to food is fundamental to human existence; calls on the EU through its trade and development policies to promote sustainable farming practices and food security in LDCs and developing countries in a context of increasing demand and increasing food prices;
70. Calls on the Commission to examine what role the concentration of international trade in cereals has played in the growth of price fluctuations;

The food supply chain

71. Calls for global-level solutions to be formulated to tackle speculation in agricultural commodities and extreme price volatility, as they potentially put food security at risk; recognises, however, the importance of a properly functioning futures market in agricultural commodities; takes the view that coordinated international action is the only effective means of curbing excessive speculation; supports, in this connection, the proposal by the French Presidency of the G20 that the group should agree measures to combat the increasing volatility in the prices of agricultural raw materials; advocates a worldwide notification and coordinated action system for agricultural stocks intended to provide food security; observes, therefore, that consideration should be given to maintaining stocks of vital agricultural commodities; emphasises that if these objectives are to be achieved, storage capacities must be increased and market monitoring and surveillance instruments developed; stresses in particular the alarming effects that global price volatility has on developing countries;
72. Highlights the fact that – as opposed to the sectors upstream and downstream of primary agricultural production – average incomes of farmers and rural households have continuously decreased over the past decades compared to the rest of the economy, reaching only half of urban households' incomes, while traders and retailers have substantially increased market power and margins in the food chain;

73. Calls for measures to be taken to strengthen primary producers' and producer organisations' management capacity and bargaining power vis-à-vis other economic operators in the food chain (primarily retailers, processors and input companies), while respecting the proper functioning of the internal market; takes the view that the functioning of the food supply chain must urgently be improved through legislative initiatives to achieve greater transparency in food prices and action to address unfair commercial practices, enabling farmers to obtain the added value they deserve; calls on the Commission to strengthen the position of farmers and promote fair competition; believes that the appointment of ombudsmen should be considered with a view to solving disputes between the operators along the food supply chain;
74. Considers, furthermore, that with a view to giving farmers a stronger position in the food chain, instruments that will help farmers to run short production chains that are transparent and efficient, have limited environmental impact, promote quality and provide information to the consumer involve fewer intermediaries and promote fair and transparent price formation should be developed;
75. Calls for the retention of the scheme to provide support for the poorest members of society;

Rural development

76. Recognises the importance of rural development policies as defined and financed in the second pillar, in view of their contribution to improving environmental performance, modernisation, innovation, infrastructure and competitiveness and the need for further development of the rural economy, the agri-foods and non-food sector and a better quality of life in rural areas; also highlights the need for attaining political objectives, including the EU 2020 Strategy objectives of smart, sustainable and inclusive growth, that should also principally benefit farmers and rural communities;
77. Considers that rural development measures must respond to the challenges in the fields of food security, sustainable management of natural resources, climate change, biodiversity loss, depletion of water and soil fertility, and must enhance balanced territorial cohesion and employment; considers that these measures should also encourage self-sufficiency in production of on-farm renewable energy, notably from agricultural waste products; affirms that rural development measures should help to keep increased added value in rural areas, promoting the enhancement of rural infrastructure and the provision of affordable services to local populations and businesses;
78. Considers that, in this context, particular attention should be devoted to assisting young farmers; believes that, given the rapidly ageing rural population in Europe, attractive measures to encourage the establishment of young farmers and other new entrants is essential and that support schemes in the second pillar should be extended, e.g. access to land, grants and favourable loans, particularly in the fields of innovation, modernisation and the development of investment etc., and expects that the implementation of such mechanisms will be made available in all Member States;
79. Proposes that a substantial percentage of agricultural land should be covered by

agri-environmental schemes, which should provide financial and technical incentives for farmers to convert to more sustainable, more resource-efficient, lower-input models of farming;

80. Emphasises that rural development policy must enable all natural and human potential of rural areas to be harnessed also by means of quality agricultural production, for example by means of direct sales, product promotion, supplying local markets and diversification as well as biomass outlets, energy efficiency, etc.;
81. Stresses that appropriate infrastructure for the development and dissemination of agricultural knowledge and innovation systems is needed, including education and training opportunities, farm advisory services and exchange of best practices, so as to modernise agriculture, help innovative farmers to pass on their experience and improve added value chains in rural areas; believes that such programmes should be made available in all Member States;
82. Advocates, therefore, introducing targeted measures, to be decided by the Member States in the second pillar, to attain common rural development objectives of the EU (2020 Strategy); underlines the importance of an overall targeted and outcome-oriented European framework, while recognising that Member States and regional authorities are best placed to decide on the programmes which, locally, can make the greatest contribution to European targets; calls, therefore, for subsidiarity and flexibility to apply when designing rural development programmes and for a strong participative local and subregional partnership approach, applying the LEADER method in the design and implementation of the future European and national rural development programmes; considers that a reduced national contribution applicable to the more targeted measures should be determined on the basis of impact assessments and detailed simulations;
83. Advocates, in the context of rural development, that targeted measures also be provided for the protection of mountain forest;
84. Asks the Commission to establish new financing tools supporting especially farmers entering the agricultural sector in getting access to favourable loans, or a new system, for instance called JERICHO ('Joint Rural Investment CHOice'), for the Rural Development Fund, based on the experience from the JEREMIE initiative under the Structural Funds;
85. Stresses that Less Favoured Areas (LFAs) are often of high value in terms of the cultivated landscape, biodiversity preservation and provision of environmental benefits, as well as for the dynamism of rural areas; advocates in this context that the compensatory allowance for disadvantaged areas in the second pillar be retained and calls for its effectiveness to be increased; believes that the targeted nature of support to farmers operating in LFAs is of the utmost importance for the continuation of agricultural activities in these areas, thereby reducing the threat of land abandonment; emphasises that the fine tuning of criteria must lie with Member States, and regional and local authorities, within the EU framework;
86. Stresses that rural structures differ widely in the Member States and therefore require different measures; calls therefore for greater flexibility to allow the Member States and regions to adopt voluntary measures, which should be

cofinanced by the EU on condition that these measures have been notified to the Commission and approved; points out that the cofinancing rate should continue to take account of the specific needs and circumstances of convergence regions in the post-2013 period;

87. Advocates that, in the case of second-pillar measures which are of particular importance to Member States, the current cofinancing rates should continue to apply after 2013; stresses, however, that any additional national cofinancing should not lead to a renationalisation of the second pillar or increase the gap in Member States' ability to cofinance their priorities;
88. Recalls that modulation, in all its varieties, both compulsory and voluntary, as a means to fund rural development measures expires in 2012 and highlights the need to secure adequate funding resources for pillar 2 in the next funding period;
89. Calls for abrupt changes in the allocation of appropriations in the second pillar to be avoided, as Member States, local authorities and farms require certainty and continuity to enable them to plan; emphasises that the discussions on the allocation of this funding should be indissociable from the discussions on the allocation of funding under the first pillar; calls therefore on the Commission to establish a pragmatic approach, as the fundamental principle for the redistribution of second-pillar funds; recognises the need for a fair distribution of second-pillar funds between Member States according to objective criteria that must reflect the diversity of needs in European areas; advocates that these changes be achieved after a limited transition period in parallel with the changes made to first-pillar fund distribution;
90. Favours rules on cofinancing in rural development that allow, at regional or local level, for complementarities between public and private funds of the nationally cofinanced share, thus reinforcing the available means to pursue the objectives defined by public policy for rural areas;
91. Calls for a simplification at all levels of programme planning and management in the second pillar in order to boost efficiency; calls further for simplified, effective and efficient systems for the monitoring, evaluation and reporting of cross-compliance measures; believes that checks and monitoring for the first and second pillars should be harmonised and made more coherent, with similar rules and procedures, to reduce the overall burden of checks on farmers; calls for more flexible operation of the five-year commitment period for agri-environmental measures;
92. Calls for cooperatives to be exempted from the provisions of Commission Recommendation 2003/61/EC regarding the non-eligibility of undertakings exceeding specified SME thresholds for access to rural development funding and, in general, aid payments above a certain limit;
93. Takes the view that the outermost regions should continue to benefit from specific treatment under rural development policy in the future, since the geographical difficulties that they face and the small number of agricultural products on which the rural economy in these areas depends justify maintaining a Community cofinancing rate of up to 85% to cover the cost of their rural development programmes;

94. Welcomes the move towards greater coordination at EU level between rural development programmes and cohesion policy in particular, with a view to avoiding duplication, contradictory objectives and overlapping; recalls, however, that the scale of the projects under EU cohesion policy and rural development programmes is different and therefore advocates that the funds remain distinct and that rural development programmes maintain their focus on rural communities and be preserved as politically autonomous instruments;
95. Takes the view that cohesion policy, together with a new and powerful CAP, will release the economic potential of rural areas and generate secure jobs, guaranteeing the sustainable development of these areas;
96. Stresses the importance of policies designed to encourage cross-border cooperation between Member States and third countries with a view to the adoption of practices to protect the environment and ensure the sustainability of natural resources in cases where farming activities, in particular the use of water, have cross-border implications;

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97. Instructs its President to forward this resolution to the Council and the Commission.