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Meeting the Challenge

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

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Introduction

President Kendall, Secretary of State Spelman, ladies and gentlemen,

Thank you for inviting me to NFU's Annual Conference and for this excellent opportunity to explain to you, first hand, what is on the table, and why, when we look at the future of the Common Agricultural Policy.

I will structure my intervention only on a few issues I know are particularly important to you, and afterwards I will be ready to take your questions

CAP, a strategic choice

We are at a turning point in CAP history. European farms and agri-food businesses are under pressure.

On the one hand they are facing international competition; on the other hand they operate within the constraints of the choices our society (in the European Union) makes in terms of how we farm, how we care about the environment, about animal welfare, about our traditions.

At the same time, the EU is a major player for global food production and it has the ambition to stay so in the long term. This is a strategic choice.

The agri-food industry in Europe can provide a major boost for jobs and growth, especially during this period of economic downturn and budgetary austerity. The EU is the biggest exporter of agri-food products in the world, with 100 billion Euro (nearly 85 billion pounds) in 2011.

To continue this successful track-record, our farmers need support, need stability, need a coherent tool-box to fight economic turmoil and price volatility.

This is why I believe in a strong Common Agricultural Policy, backed by a strong budget. This is why I believe that maintaining direct payments across European farming sectors is a strategic choice we must make, as well.

The overall budget proposed by the Commission from 2014 to 2020 is basically a freeze at 2013 levels.

In the current economic climate, I believe that this is a decent approach. But you might be aware that there is strong political pressure to reduce the CAP budget.

A reform that will boost our economic competitiveness

With this reform, we remain committed to a market-oriented agriculture - building on the progress made in the past 20 years.

Decoupling of subsidies remains at the core of our policy. Production decisions have to be driven by markets, not by subsidies.

There will of course still be investment grants available under Rural Development.

We are strengthening our Farm Advisory Services, to help farmers respond to new challenges, such as adapting to climate change.

We will have a Rural Development policy which will address the challenge of innovation more than ever before, as well as continuing investment and structural change.

For young farmers, there will be a higher direct payment for new entrants, as well as start-up grants.

We will have an improved organisation of the markets but also a more rapid response mechanism, and measures to boost producer organisations

These are key elements to ensure the competitiveness of agriculture in the longer term.

The CAP post 2013 will have to find the right balance between these strategic goals: economic sustainability, environmental sustainability and social acceptability.

Flat rate payment

If we want the CAP to be a forward-looking policy, we can no longer justify direct payments based on historic references that go back to ten years ago.

This is why we are looking to move towards a flat-rate payment per hectare in each region or member state.

Farmers in England will benefit from the fact that they have already moved to a flat-rate payment per hectare.

On the other hand, I know that this is not the case for Wales.

I am aware of your concerns.

We want to avoid any disruptive effects that could impact the viability of farms during the conversion from an historical to a regional model of flat rate payment.

Capping and Active Farmers

The new Common agricultural policy will continue to support farmer's income, but this support will be better tailored to objective needs.

This is also why we are introducing tighter rules on capping and active farmers.

For years, the CAP has been criticised for giving disproportionate subsidies from public money to economic operations that may not really need it. The economic crisis, with taxpayers shouldering heavy burdens throughout Europe, is making this argument even more sensitive.

And this criticism is even more acute today: it is publicly IMPOSSIBLE to defend why the EU is giving large amounts of money, public subsidies, decoupled – meaning unconditional, for activities with no link whatsoever with farming.

Moreover, if we justify direct payments as support to farmer's income, there should be a limit for it.

It is a matter of transparency and accountability. If we want these payments to continue, they have to be socially acceptable.

But this is not a Robin Hood operation!

The CAP will not take money from the big farms to give them to the small ones. Moreover, money resulted from capping will not be transferred to other member states of the EU, but stay in the same country.

The idea is to limit the large, unconditional payments or to have better targeted payments towards, for example, innovation and other measures including competitiveness.

Greening - the measures

The CAP reform aims at strengthening the competitiveness and sustainability of agriculture and maintaining its presence in all regions.

We cannot talk about sustainability without taking our responsibility for the protection of environment and management of natural resources.

30% of the direct payments received by farmers will be linked to respecting certain agricultural practices beneficial for the climate and the environment.

We put forward three agricultural practices that are both simple and efficient, while having a clear and positive environmental impact all across the European Union:

Crop diversification has beneficial effects on the quality of the soil, retention of water and organic matter, fighting erosion of soils, reduction of inputs

Maintaining permanent pasture – good for carbon sequestration, biodiversity and water management

Maintaining an “ecological focus area” (at least 7% of farmland - excluding permanent grassland – i.e. field margins, hedges, trees, fallow land, landscape features, biotopes, buffer strips, afforested area). This is not set-aside! It is a measure aiming first of all to preserve biodiversity and to better use the existent landscape features.

Greening – two more arguments

Allow me to add TWO more arguments in favour of greening:

FIRST,

I know many farmers in UK are already meeting some of these requirements.

Others are doing even more under the agri-environmental measures in the rural development programme or under national environmental schemes.

We do not want you to do less and we are not going to disregard your efforts! We will find the appropriate ways to recognise efforts made under your agro-environmental schemes where they genuinely contribute to greening, while not removing the incentives to do more or better in the second pillar.

The key point with these agricultural practices linked with direct payments is to have a real impact at European level.

And we can have it only if we ask every single farmer in the EU to employ these practices. This is why this cannot be voluntary.

But again, we are not going to penalise the champions.

SECOND, I keep hearing that these measures cost money and have an impact on EU's production capacity.

But what are the costs of doing nothing?

For UK alone the costs of soil erosion over 10 years are of more than half a billion¹ euro – not to mention the impact this has on the resources of fresh water.

¹ DEFRA study "Safeguarding our soils" 2009, "an estimated cost of 53 million euro per year in the UK alone

We are losing 275 hectares of soil per day in the EU because of soil sealing (permanent covering of soil with impermeable material) and associated land intake. This means over 100,000 hectares per year.

Soil biodiversity is threatened by soil acidification, which is modifying the soil ecosystem and reducing crop yields.

Intensive use of irrigation – beyond related problems of water scarcity – accelerates the salinisation of the soils, thereby affecting again soil productivity.

This is the vicious circle we have to break! This is the circle that we can turn virtuous, through the proposed CAP measures.

We have chosen measures which are easy to apply² and easy to control, measures that will not have an impact on prices and production.

It is a long-term investment in a sustainable competitiveness.

Competitiveness through research and innovation

Setting agricultural production onto a sustainable growth path will be possible only with major research and innovation efforts.

To this end, the EU budget proposals for 2014-2020 earmarked €4.02 billion to research and innovation in agriculture and the overall supply chain. (Societal Challenge "Food Security, sustainable agriculture, marine and maritime research and the bio-economy". This is double what is available at present.

Fostering innovation and a knowledge-based agriculture is at the core of the new Rural Development Policy.

This does not just mean funding laboratory work! We need to develop the technologies that are most relevant for farmers and can be easily transferred into their farming practices.

It includes measures such as knowledge transfer, farm advisory systems, co-operation measures, and investments - including pilot projects, and - as a facilitating mechanism - the European Innovation Partnership for agriculture.

The new CAP proposes new measures for farm advisory systems services, also linked to climate change mitigation and adaptation, to environmental challenges and to economic development and training.

It will also provide a better alignment between market demands and production constraints.

Market orientation – milk quotas

With this reform, we remain committed to a market-oriented agriculture.

With the milk quotas already set to expire, the Commission proposed an end to the last remaining quota regime – for sugar, in 2015.

It should be the market that decides how much sugar we should import or export –

However, I don't need to tell you that the market alone is not enough to secure something as strategic as our food production.

² For example we have excluded "green cover" because it would require an additional control and would delay payments to farmers.

We will therefore maintain the existing systems of public intervention and /or private storage aid.

In addition to these, we want to introduce a generalised system for responding to market crises in any sector - such as the rapid response that we were able to give to fresh vegetable growers last summer, following the E-coli crisis.

Simplification & Final remarks

These are just a few subjects that I wanted to raise here with you on the reform of the Common Agriculture Policy.

But to make it work, we have to reach yet another objective: SIMPLIFICATION. In all the measures and tools that we are proposing with the new CAP, we take into account the need to simplify the application of this policy.

For direct payments we put forward a simple tool, for administrations and for farmers alike, i.e. a single new system with simplified management and a flat-rate payment for small farmers.

Greening measures have been designed in such a way that their implementation must make rational sense. It is out of the question to increase the number of inspections or the amount of paperwork.

The number of GAECs (good agro-environmental conditions) will be reduced from fifteen to eight; and five Statutory Management Requirements out of the current eighteen will be eliminated. The remaining thirteen have been clarified where necessary.

We have to keep our capacity to explain taxpayers what they are paying for: concrete, measurable results of this policy.

But while ensuring rigorous management of public money we need to work together to simplify this policy in Brussels but also at national or local levels.

And for this, I count on your input and cooperation, as well as that of your national and devolved administrations.

Rather often criticism on complexity does not distinguish among the creators of that complexity, nor is it accompanied by better ideas on how to do things.

This reform is a commitment for the future of European agriculture and European society.

To make it work it needs the engagement of all!

Thank you for your attention!