



EUROPEAN COMMISSION

Dacian Cioloș

European Commissioner for Agriculture and Rural Development

**Strengthening rural areas and agricultural sectors to
boost growth, competitiveness and sustainability of EU
farms**

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

COPA-COGECA Congress/Budapest
2 October 2012

[Ladies and Gentlemen,]

Our discussions on the CAP reform started a few years ago. At present, we are at a key step in this process. Your organizations have been fully involved. Today I would like to have with you a concrete discussion on the future of the CAP centred on several main issues. The future of the CAP should be organized around three main pillars for farming: competitiveness, growth and sustainability.

The mainstay of Community action is – and will continue to be – direct aid, which makes up virtually 80% of the CAP budget. However, I am not going to hide from you the fact that I am worried. Once again, just as at every critical stage of discussions about the Community budget, I am hearing dangerous ideas being voiced. Apparently, some people are still under the illusion that the CAP continues to have the scope for manoeuvre it used to have in the past. Let me be clear: it does not.

The European Commission has been true to its responsibilities and submitted a proposal for the CAP that, while ambitious, is still realistic. Our proposal assures the two pillars of the CAP a sound future. It does, however, call for a degree of rationalisation. It is vital that this proposal be confirmed by the Member States and the European Parliament. And you, too, have an important and urgent role to play promoting this proposal and winning support in the weeks to come.

Let me be perfectly clear: an agreement on a reduced CAP budget would entail sacrifices. And, as everyone realises, the tendency, especially for some Member States - and that would be easy to understand - would be to ring-fence direct payments. And that would happen at the expense of the second pillar and of all the instruments it includes, with the foreseeable consequences. We don't want heads of government to have to choose between the first and second pillars. They are complementary and belong together

Direct payments will remain at the heart of our strategy. To maintain credibility in the medium and long term, however, this support must evolve in a manner consistent with the economic dynamics of the farming sector.

For example, it is no longer acceptable for two hectares of hill land in the same Member State with the same agronomic potential, to account for differences of €100 to €600 and, in some regions, even more. Over the period 2014-2020, a genuine convergence campaign is quite simply unavoidable if we want to still be credible.

I am well aware that this will entail difficult decisions. The precise arrangements are open for discussion. My purpose is not, of course, to destabilise the most competitive farms at a time when there is demand and when medium-term prospects are favourable.

Indeed, I have not proposed strict convergence on the national scale. Nor have I proposed administrative regional convergence. I have proposed convergence within agricultural regions.

This proposal should enable each Member State to define homogeneous groupings in which each sector and each major agronomic and agricultural activity will be supported in proportion to its real needs – rather than with historical references that were perhaps justified in the past but which are becoming less and less relevant with the passage of time.

I sometimes hear it said that this approach runs counter to production values. I say it is just the opposite. Among other things, it will make it possible to enhance the overall potential of European farming – and hence production – by opening up margins for investment and new perspectives in areas previously under-endowed for historical reasons.

By the same token, it is my conviction that, under present conditions, the farm holdings whose payments are to be reduced currently have all the advantages to gradually recover on the markets what they may lose in terms of aid during this period.

We need to bolster the competitiveness of European agriculture. Once again, however, I am well aware that this cannot be achieved overnight. I am open to striving to achieve the necessary convergence with the objective of strengthening the productive agricultural sector as a whole, and that does not mean sacrificing some for the benefit of others.

The same goes for 'greening'. I have heard many distorted misinterpretations of my proposals. This tool has been designed for ensuring the sector's economic sustainability and maintaining Europe's long-term production capacity. In the meantime, it is necessary for the farming sector's brand image, enabling it to be recognised for its contribution rather than viewed in terms of preconceptions.

It's not a question of wrapping the environment in cotton wool. You know, to make the colour green, you need blue, yellow, and a bit of experience to make the resulting mix an attractive colour. The idea is not to paint agriculture in green (to make some green-washing).

I am not taking up a dogmatic stance on this topic. These days, I spend most of my time in the field, meeting farmers and discussing with them to see how this works properly, in practice, at grass-roots level. I am aware that above certain latitudes the opportunities for crop diversification are more limited. These are aspects that we will take into account.

I am not going to list in detail all the flexible arrangements possible. I indicated the flexible arrangements very early in the negotiations. But I must put my foot down on one thing: I am firmly opposed to the idea of a pick-and-mix menu. Farmers would be the first to suffer from this kind of à la carte approach. It may seem attractive at first, because it appears to please everyone. But a 'menu' approach actually causes chaos, creating distortions between European farmers and, in the final analysis, no one is satisfied!

To avoid this problem, apart from the three simple measures proposed by the Commission, there is a keyword: equivalence. There may be agri-environmental measures which are even more beneficial for the environment and which are already supported under the second pillar.

But we have to do things properly. Member States may propose measures to replace one or more of the three greening measures. The alternative agri-environmental measures will be assessed to ensure that their impact is at least equivalent to that of the three initial measures. If this is the case, the implementing farm holdings will be entitled to receive funds for both 'greening' under the first pillar and agri-environmental action under the second pillar. My rationale is based on encouraging, not discouraging.

Before concluding on the subject of greening, let me quickly address a point which has prompted much discussion: the 7% of Ecological Focused Areas. I will repeat it as much as necessary: this is not set-aside.

Firstly, we are going to take into account areas which were not eligible to date but which nonetheless form part of the ecological infrastructure of a holding. Areas which it is important to protect and enhance. A few days ago, in Ireland, next to pasture land I saw parts of fields which were not taken into account because they contained bushes and tall grass. They are part of the farm, and they will indeed be taken into account.

Next, we can work on acknowledging environment-friendly production in response to the 7% Ecological Focus Area measure, and also on the partly collective management of this environmental infrastructure. There is still technical work to be done on these two issues. We are making good progress, however, in both directions with a view to enabling this measure to make a real contribution to the farming sector in terms of environmental impact, while remaining manageable and in line with our goal of sustainable agriculture.

Lastly, to conclude, I would just like to touch upon market instruments. This is a matter I have already discussed with some of you. My proposals on this issue have been underestimated. Discussions with the Parliament and the Council will of course determine the size of the step we are going to take towards a new system of management for agricultural markets, but the current volatility of prices is absolutely untenable in the long term – something needs to be done.

The first thing is that we need more responsive safety nets at European level. Let me be quite clear: at European level we need the financial means to intervene quickly. With limited budgetary resources, rapid reaction is essential – though of course we must avoid intervening unnecessarily.

The second factor is the preventive and anticipatory instruments provided for under the second pillar. Farmers and farming sectors need to familiarise themselves with these tools and make them a key part of income security.

third factor is organisation. This is not some intangible term; it is very down-to-earth. This reform gives farmers new scope to – collectively – carry real clout and get organised.

Alongside my fellow Commissioners – Mr Tajani, Mr Barnier and Mr Dalli – I have decided to focus on the food chain and on commercial practices. We have seen the limited extent of what can be achieved by voluntary action. We should not be afraid to employ legal means to tackle abuses by the heavyweights among the operators concerned.

This is the general context in which we should put the ongoing debate on planting rights for wine, looking to the future. I shall repeat today what I said at the beginning of September: Wine with or without GI [Geographical Indications] needs regulation. Liberalisation is not an option.

This regulatory framework should give more scope to producers – those in contact with the markets on a daily basis. It should make it possible for the sector to develop, with the help of Community-level instruments to prevent any accidents.

So, we need a safety net at the European level, but national management of wine authorisations with greater involvement of the professionals, in particular for PDO wines.

The high-level group has made progress with its work. There is still one meeting to be held at the end of November which, I am sure, will provide an opportunity to move forward on the issues still to be clarified with a view to arriving at a consensus favourable to the future of the sector, in particular for wines without geographical indications.

By way of conclusion, let me stress that, with regard to the three key avenues for the future that I have discussed – convergence, greening and organisation – I wish to maintain the strong coherence between the territorial and sectoral approaches. The two approaches are complementary and overlap.

I am firmly convinced that by boosting territories and boosting sectors we will also boost farm holdings. The CAP reform will define the instruments and the means. The system will then need to be supplemented by more sector-based approaches, so that the three priorities that I have set for European agriculture – namely competitiveness, growth and sustainability – become a daily reality across all European farming sectors.