



**European Committee
of the Regions**

NAT-VI/021

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DRAFT OPINION

The CAP after 2020

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Deadline for tabling amendments:

3 p.m. (Brussels time) **on 27 June 2017** Amendments must be submitted using the online tool for tabling amendments (available through the Members' Portal at <https://memportal.cor.europa.eu/>).

Number of signatures required: 6

Reference document

Draft opinion of the European Committee of the Regions – The CAP after 2020

THE EUROPEAN COMMITTEE OF THE REGIONS

I. GENERAL COMMENTS

1. welcomes the European Commission's approach of involving the European Committee of the Regions in the foresight exercise for the CAP after 2020; observes that agriculture, food and rural areas are facing major challenges which make a rethink of the CAP necessary;
2. notes that the agricultural sector is the second biggest industrial employment sector in the EU employing 22 million farmers and 44 million people in the rest of the agri-food chain providing more than 500 million Europeans with the highest quality food supply at affordable prices;
3. argues that the CAP should be turned into an agricultural policy that is **FAIR, SUSTAINABLE AND BASED ON SOLIDARITY** for the benefit of farmers, regions, consumers and members of the public; considers that only a strong and common European agricultural and food policy can guarantee food security at European level and ensure that rural areas are dynamic;
4. believes that a CAP which pays farmers better through a regulated market is necessary to make farming attractive and ensure safe and high quality European agriculture;
5. recognises that the economic, social, environmental, regional and international legitimacy of the CAP is key to its survival. The European agricultural sector has some key qualities that form the basis for its competitiveness: innovativeness, robust logistics and infrastructure, great diversity, the significant natural, cultural and historical assets of agricultural areas, the large number of family-run farms, and a highly developed culture of entrepreneurship. All of these qualities offer potential that we need to make more use of, via a targeted CAP, in order to further strengthen agriculture and rural areas;
6. is convinced that the success of the CAP is founded on unity, and that there must be no shift away from this in the future towards renationalisation, hoping that the regions will be strengthened in keeping with the principle of subsidiarity;
7. draws the European Commission's attention to the growing interest among consumers in sustainably and locally produced, high-quality and fair priced food that meets animal protection standards and has a high environmental and social value, as well as creating jobs and added value; this is also evident from the increase in demand;
8. notes farming's lack of economic appeal as a career, which exacerbates the problem of an age pyramid that is very uncondusive to generational renewal¹;
9. notes that the CAP, despite having a significant budget, is associated with a considerable decrease in agricultural employment (the number of farms in the EU fell by 20% between 2007 and 2013);

¹ Opinion of the European Committee of the Regions on Supporting young European farmers, COR-2016-05034.

10. points out that numerous studies have demonstrated that the CAP has contributed to the concentration of agricultural production in certain regions at the expense of others, undermining the EU's territorial cohesion goals;
11. believes it is of great importance to give greater consideration to mountain agriculture;
12. recalls that, despite warnings by the European Court of Auditors, the distribution of public support among farms and Member States remains very unequal; notes that since 1992, the uncapped allocation of direct payments per hectare has resulted in farmland and direct payments becoming heavily concentrated; the latter should take account of the range of farming models in Europe and apply compensation to ensure farming is maintained in all regions;
13. notes that a great many farmers have a very low income that is below the poverty threshold, and that this contradicts the Treaty of Rome's aim of ensuring "a fair standard of living for the agricultural community" (Article 39) and that it is necessary to make farming incomes more secure (prices, direct aid);
14. notes that, too often, farmers are forced to sell their products at prices that are below their production costs, leading to a spiralling reduction in costs and prices;
15. supports the conclusions of the EC Agricultural Markets Task Force of November 2016 and calls on the European Commission to propose a legislative proposal to fight unfair trade practices;
16. believes that, as demonstrated by the CoR study on the Market Responsibility Programme in the dairy sector, market regulation is for many sectors more effective and less costly than the retroactive triggering of crisis measures and would therefore enable the CAP budget to be put to better use;
17. considers that income insurance schemes need to be studied as they might benefit insurance providers rather than farmers and would prove expensive for taxpayers in the event that prices fell sharply, without addressing price volatility;
18. stresses that the EU, which is now the world's largest importer and exporter of food, has increased its dependence on third countries and developed a trade policy that contradicts its aim of reducing greenhouse gas emissions;
19. notes that an increasing proportion of those agricultural products that were previously produced in Europe are now imported from countries with low labour costs;
20. notes that cooperatives and producer organisations may play a key role in the agri-food sectors, allowing the farmers to concentrate supply, reduce costs, provide a number of services and strengthen their position in the food chain;
21. notes that EU exports of surpluses (milk powder, chicken, etc.) at prices below the cost of production in Europe reduce the productive capacity of developing countries and encourage their

populations to emigrate, contrary to the EU's commitment to take account of the Sustainable Development Goals (SDG) adopted by the United Nations in 2015 in its "policy coherence for development"; also observes that the European Union is the biggest importer of foodstuffs from developing countries and notes that European imports (fruit, vegetables, lamb, etc.) at prices below the cost of production in Europe reduce productive capacity in the EU;

22. notes that agricultural prices in Europe are increasingly linked to the price of the lowest bidder on the world market and that European farmers are therefore subjected to greater competition, despite the fact that they must comply with more stringent environmental and health standards;
23. stresses that the added value of agricultural production has been largely extracted upstream and downstream (agro-industry, large-scale distribution);
24. notes that rural areas are falling behind urban areas and that this gap is all the more worrying as it is still growing, partly because the development of big cities and capitals is picking up pace²;
25. regrets the accelerated loss of biodiversity on farmland and in the wild, which threatens the resilience of our agricultural systems and natural areas;
26. is concerned that erosion and soil degradation due to unsustainable farming practices put the fertility of the soil at risk, and that the increasing encroachment of urban areas onto farmland takes up the space that is needed to maintain food security in Europe;
27. takes note of the agricultural pollution of certain water tables and rivers, as well as the occasional overuse of these waters for irrigation purposes;
28. stresses that global warming is already having a significant agricultural impact, which makes it all the more urgent to redirect production methods;
29. is concerned about the potential use of big data by private companies, which may result in farms being placed under technical and financial supervision;
30. notes that Brexit is likely to lead to a reduction in resources for the CAP as well as a loss of markets lowering the EU export turnover to the UK;
31. points out that the share of the EU budget devoted to agriculture – despite being only 0.7% of European GDP in 2014 – is enough to build a genuine common European policy that is of strategic importance for food security;
32. notes that the cost to public health of certain diets that cause obesity, diabetes, etc., and certain agricultural practices (overuse of antibiotics in industrialised livestock farming, certain hazardous pesticides remaining on the market, etc.) is much higher than the CAP budget;

²

"Investment for jobs and growth. Promoting development and good governance in EU regions and cities - Sixth report on economic, social and territorial cohesion," European Commission, 23 July 2014.

POLICY RECOMMENDATIONS

33. proposes that the future European agriculture policy after 2020 should be structured around the following objectives, which are widely shared:
- a) developing sustainable and prosperous agriculture anchored in the diversity of rural areas;
 - b) guaranteeing the food security of the European population at fair prices;
 - c) providing a healthy, nutritious, varied and high-quality diet, sourced primarily from the surrounding area (circular economy);
 - d) ensuring a fair and sufficiently stable income for farmers;
 - e) guaranteeing the renewal of the largest possible number of farms, underpinning the dynamism of rural areas;
 - f) not destabilising the agricultural economies of third countries;
 - g) ensuring that all agricultural production methods are based on practices that protect human health, soil and the environment, including the aquatic environment, enhance biodiversity both in the wild and on farmland, meet animal protection standards, and reduce global warming, e.g. by reducing the emission of harmful greenhouse gases;
 - h) distributing the public funds of the common agricultural and food policy (CAFP) more fairly among farms and Member States according to objective, non-discriminatory criteria, based on their ability to contribute to the EU's sustainable development objectives, (including accelerating the equalisation of direct payments across the Member States);
 - i) applying the proportionality principle to the monitoring system to which farmers are subject;
 - j) promoting economic, social and environmental development of all rural areas;
34. notes that the complexity of the CAP makes it difficult, or even risky, for individual entrepreneurs to apply for subsidies, and that it should be simplified;
35. hopes that the CAP budget will be kept at a level sufficient to meet the needs of European agriculture;
36. notes that many of the challenges set out above concerning climate, energy, food production and biodiversity can be tackled by the agricultural sector using innovative solutions and entrepreneurship. However, this will require more money, because the transition is progressing slowly and requires more investment in the roll-out of innovations and risk-taking than the sector can currently handle;
37. calls on the European Commission to carry out a detailed assessment of the results of the current CAP when it comes to applying the objectives assigned to it in the EU Treaties in terms of agricultural income and market stabilisation and to introduce criteria for allocating the basic premium that reflect the value of work;
38. recommends tackling the volatility of agricultural prices, providing market-driven income opportunities for farmers and making food chains fairer³;

³ Opinion of the European Committee of the Regions on Regulating price volatility of agricultural products, COR-2016-03169.

39. calls for support for steep-slope or mountain vineyards to be increased;
40. calls on the EU to use its influence as the world's largest food importer and exporter to change the international agricultural trade rules introduced in 1994 (WTO) so as to encourage greater fairness and solidarity in trade relations;
41. advises the EU to regulate its agricultural markets so as to prevent surpluses and shortfalls and stabilise agricultural prices;
42. proposes that an annual precautionary savings fund be introduced, to be carried over to the following year if it is not spent in its entirety⁴;
43. views the duty to stop exporting agricultural and food products at prices below the average production costs in Europe as a result of public aid as being connected to the right to protect the EU from cheap imports that frustrate its production capacity; calls on the Commission to guarantee fair conditions in bilateral trade agreements and partnerships entered into with third countries;
44. calls on the EU to bring in genuine cooperation agreements to replace the bilateral "free" trade agreements and economic "partnerships" with third countries. These agreements should have adequate resources and priority should be given to family farms, with a particular focus on local and regional markets and short supply chains; also calls on the EU to properly reflect the interests of its agriculture sector in trade agreements, in order to minimise the threats for European production;
45. suggests that a review should take place of EU competition law so as to allow all stakeholders in a given sector, including consumers and public authorities, to decide on a fair distribution of the added value and profit margins along the value chain and to allow farmers to strengthen their position on the market;
46. calls for a review of EU law on awarding public contracts in the mass catering sector, incorporating a locality clause for food supply, with a view to promoting local food supply; also calls for a greater exchange of good practices between local and regional authorities, a local market for organic farming products, and small-scale processing that provides rural jobs;
47. calls for research funded by the EU budget and the EIB on agricultural and rural cooperation to be geared in particular towards:
 - a) the sustainable efficiency of production processes and farms;
 - b) high-quality and environmentally-friendly production methods; agroecology;
 - c) restoring degraded agricultural soil fertility and biodiversity;
 - d) social innovation in rural areas: local public services for agricultural production methods, small-scale processing and local distribution of agricultural products;
 - e) technical innovations that increase the autonomy and resilience of farms;

⁴ Opinion COR 2016/-03169.

- f) sustainable forest management;
 - g) farming practices aimed at combating climate change;
 - h) animal welfare and sustainable solutions for plant and animal diseases;
48. calls for a switch from a direct payments per hectare approach to one based on direct payments per hectare capped and modulated per agricultural worker - understood as a farmer or employee working directly on the farm - in order to:
- a) maintain and develop agriculture in agro-climatically disadvantaged areas, including mountain areas, which have higher production costs;
 - b) support small family farms often with a production volume too low to secure a sufficient income from farming, but which play an important role in revitalising rural areas, emphasising that greater support for the first hectares is crucial to small farms, especially in mountain areas;
 - c) support the setting-up of young farmers;
 - d) in all regions, support an ultimate transition towards production methods that are: more resilient, more autonomous, lower-input, free from chemical pesticides, healthier; and which: reduce global warming, promote biodiversity, improve water quality and respect animal welfare;
 - e) nurture the development of organic farming;
 - f) boost agriculture in areas with high environmental value;
 - g) support the development of high-quality regional chains with high added value;
49. calls for environmental measures and aid for environment- and climate-friendly practices to be reinforced by means of:
- a) mandatory crop rotation, including of leguminous plants, in order to make EU livestock less dependent on plant protein imports and reduce nitrogen fertilisers, which are energy-intensive as well as being major producers of greenhouse gas emissions;
 - b) upholding the ban on ploughing permanent grassland, in order to encourage biodiversity and carbon sequestration in the soil;
 - c) maintaining ecological focus areas in which the cultivation or use of plant protection products is prohibited, to help prevent biodiversity loss;
 - d) the availability of specific instruments to prevent risks related to climate change;
 - e) other greening measures at regional level;
50. recommends that any award of direct payments should be on the condition that the social standards in place in the Member States are respected, in order to protect the rights of agricultural workers;
51. calls for a financial rebalancing from the first CAP pillar to the second, with the funds being allocated to rural development; also calls for an increase in rural development budgets and for a greater degree of subsidiarity enabling Member States to transfer funds from the first to the second pillar;

52. reiterates that the Member States and regions should be given more power to regulate farmland and set restrictions to that end, particularly to tackle Europe's land-grabbing and concentration phenomenon, which is limiting young farmers' options to set up a farming business⁵;
53. proposes that the second-pillar funds should be primarily aimed at:
- a) bringing farmers and consumers closer together by means of short supply chains;
 - b) support for farmers whose production methods go above and beyond the minimum environmental standards, so as to encourage farming with a high ecological value;
 - c) support for the development of environmentally-friendly cultivation techniques, while also maintaining ecosystems of high environmental value and encouraging afforestation of land as a carbon sink;
 - d) support for the promotion of innovation and research in favour of more sustainable production and processing methods;
 - e) support for the provision of information and advice to farmers;
 - f) support for sectoral development that has an official agricultural quality label;
 - g) small-scale processing of local agricultural products;
 - h) caterers being supplied with organic and local products;

Synergies between EU funds for rural development

54. proposes strengthening EU financial support for rural development, which has decreased significantly in comparison with the previous programming period without decreasing funds available under the first pillar;
55. proposes substantial, robust support for investment in maintaining family farms, with regard in particular to production, distribution and diversification;
56. recommends adopting a rural programme enabling all EU policies to prioritise innovation and cooperation in, and the development of rural areas in line with territorial cohesion goals⁶;
57. proposes making it easier to pool the various funds aimed at rural development so as to support:
- a) the adaptation of farmers to the markets (e.g. advisory services, farm management services, trainings, etc.);
 - b) initiatives promoting farmers setting up cooperatives or producers organisations;
 - c) risk management tools to fight against the extreme price volatility;
 - d) investment to adapt offer to the consumers demand;
 - e) local initiatives for developing rural employment;
 - f) vocational training in rural professions;
 - g) technical and social innovation for a society that is post-carbon, digital, circular and user-friendly;

⁵ European Committee of the Regions opinion on Supporting young European farmers, [COR-2016-05034](#).

⁶ European Committee of the Regions opinion on Innovation and modernisation of the rural economy, [OJ C 120, 05.04.2016, p. 10.](#)

- h) appreciating the economic, ecological and recreational value of forest areas;
 - i) promoting partnership and alliances between the agricultural sector and managers of protected areas;
 - j) closing the rural digital connection gap;
 - k) maintaining and developing local public services;
 - l) maintaining and developing attractive landscapes and villages;
 - m) rural tourism;
 - n) developing local, small-scale, renewable energy sources;
58. also advocates making use of the broader potential of agricultural and forest areas – particularly peri-urban areas – for economic, ecological, climate, energy and recreational purposes, such as local food and energy production and rural tourism. This means that the CAP needs to target not only farmers, but also entrepreneurs who are no longer focused on primarily agricultural activities, and who are currently not eligible for CAP support due to their new activities or to their urban location. This applies in particular to measures focusing on innovation and cooperation, and those focusing on physical investment;
59. calls for a thorough assessment of the Structural Funds by means of the "rural proofing" mechanism recommended in the Cork 2.0 Declaration⁷;
60. welcomes the European Commission's Smart Villages initiative and proposes that this concept be extended to Smart Rural Areas;
61. insists on the need to continue to harmonise the Structural Fund operating rules by means of the common strategic framework so as to facilitate the design and management of rural development programmes and promote integrated and place-based approaches⁸;
62. suggests that a discussion be held on reconciling the various non-agricultural regional development funds.

Brussels, ...

⁷

Cork 2.0 Declaration on A Better Life in Rural Areas, European Commission, September 2016.

⁸

[OJ C 120, 05.04.2016, p. 10.](#)

II. PROCEDURE

Title	The CAP after 2020
Reference(s)	
Legal basis	TFEU Article 307(4)
Procedural basis	Outlook opinion
Date of Commission letter	7 February 2017
Date of Bureau/President's decision	7 February 2017
Commission responsible	Commission for Natural Resources
Rapporteur	Guillaume Cros (FR/PES), Vice-President of the Regional Council of Occitanie
Analysis	February 2017
Discussed in commission	1 June 2017
Date adopted by commission	1 June 2017
Result of the vote in commission (majority, unanimity)	Majority
Date adopted in plenary	Scheduled for 12 and 13 July 2017
Previous Committee opinions	CdR 65/2012 fin Opinion of the Committee of the Regions on the legislative proposals on the reform of the common agricultural policy and rural development policy post-2013 CdR 2799/2015 fin – Opinion of the European Committee of the Regions on Innovation and modernisation of the rural economy CdR 3169/2016 fin – Opinion of the European Committee of the Regions on Regulating price volatility of agricultural products CdR 5034/2016 fin – Opinion of the European Committee of the Regions on Supporting young European farmers
Consultation of Subsidiarity Monitoring Network	