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DRAFT REPORT

on The Future of the Common Agricultural Policy after 2013
(2009/2236(INI))

Committee on Agriculture and Rural Development

Rapporteur: George Lyon

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on The Future of the Common Agricultural Policy after 2013 (2009/2236(INI))

The European Parliament,

- having regard to the Title III of the Treaty of Lisbon,
 - having regard to the Health Check of the Common Agricultural Policy,
 - having regard to the European Commission document "Europe 2020: A European strategy for smart, sustainable and inclusive growth",
 - having regard to the European Parliament study on "The Single Payment Scheme after 2013: New Approach, New Target",
 - having regard to the European Commission publication on the "Prospects for agricultural markets and income 2008-2015",
 - having regard to the European Commission document "The CAP in perspective: from market intervention to policy innovation",
 - having regard to the study "Provision of public goods through agriculture in the European Union", by the Institute for European Environmental Policy,
 - having regard to the study "CAP reform beyond 2013: An idea for a longer view", conducted by Notre Europe,
 - having regard to the Working Document on the future of the Common Agricultural Policy after 2013, AGRI_DT (2010) 439305,
 - having regard to the draft report on EU agriculture and climate change, adopted in the Committee on Agriculture and Rural Development (PR\794091),
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Agriculture and Rural Development (A-0000/2009),
- A. whereas to date, the Common Agricultural Policy has met its goals, with regards to achieving better productivity in the food chain, contributing to a fair standard of living for the agricultural community, market stabilisation and the provision of food supplies to EU consumers at reasonable prices;
- B. whereas agriculture remains an important sector of the economy and at the same time provides essential public goods by maintaining natural resources and cultural landscapes, a pre-condition for all human activities in rural areas;
- C. whereas agriculture is the main EU land cover, occupying 47% of the entire territory of

the European Union; whereas across the EU there are 14.5 million agricultural holdings, generating over 355 billion Euros in production; whereas most of the EU farms can be found in the EU 12, whilst most of the agricultural area remains in the EU 15 with more than 70% of agricultural land;

- D. whereas there are currently 13.6 million people employed directly in the agricultural, forestry and fishery sectors, with an additional 5 million people working in the agri-food industry, where the EU is the world's largest producer of food and beverages; whereas this represents 8.6% of total EU employment and accounts for 4% of the EU GDP;
- E. whereas after the last EU enlargement (2004 and 2007), an additional 7 million farmers have been added to the total agricultural labour force and the area of agricultural land has increased by 40%; whereas income per labour unit has been rising considerably less in agriculture than for the economy as a whole for the past 10 years; whereas the average agricultural income in the EU-27 is less than 50% of the average income in the rest of the economy;
- F. whereas the average physical size of agricultural holdings has increased as a result of the restructuring of the sector, however, small farms still remain predominant in the EU, with an average farm size of 12 hectares; whereas subsistence farms remain a critical challenge, especially in new Member States where subsistence farming accounts for half of the total labour force;
- G. whereas the economic crisis has had a serious negative effect on agriculture with farm income decreasing by 12.2% on average between 2008 and 2009 and unemployment in rural areas increasing in the last year; whereas as a direct effect of the economic crisis, consumption in Europe decreased on average by 10.55% between 2008 and 2009, and in some member States this reduction surpassed 20%; whereas other effects of the economic crisis has been a lack of access to credit for farmers, and a strain on public finances of the member States weakening their ability to provide co-financing;
- H. whereas price volatility in agricultural markets has increased dramatically and is expected to increase further, leading to extreme booms and busts in agricultural commodity prices in the European markets; whereas between 2006 and 2008, prices for several commodities rose considerably, some as high as 180%, as was the case for grains; whereas dairy prices collapsed in 2009, falling on average by 40%; whereas extreme fluctuations in prices have had detrimental consequences for producers and have not benefited consumers;
- I. whereas agri-environmental indicators show an important potential for the agricultural sector in the effort to mitigate the effects of climate change, particularly with regards to carbon sequestration and the production of renewable energy; whereas agricultural activity is essential for the preservation of biodiversity, water management, combating soil erosion and can be a key factor in addressing climate change;
- J. whereas greenhouse gas emissions caused by agricultural activity (including rearing) decreased by 20% between 1990 and 2007 in the 27 member States; whereas the proportion of these emissions produced by agriculture dropped from 11% in 1990 to 9.3% in 2007, inter alia, as a result of more effective use of fertilisers and liquid manure, the recent structural reforms of the CAP and the gradual implementation of agricultural

and environmental initiatives;

- K. 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 this represents less than 0.45% of the EU GDP expenditure; whereas the decline in budgetary expenditure for market measures is even more significant – from 74% of all CAP expenditure in 1992 to less than 10% at present; whereas CAP expenditure has constantly moved away from market support and export subsidies to decoupled payments and rural development;
- L. whereas, as a result of these reforms, the EU has become a net importer of agricultural goods with over 78 billion € worth of products being imported each year (around 20% of world agricultural imports); whereas in some cases the balance of trade has steadily increased in favour of third countries (the EU now imports 19 billion € worth of agricultural products from Mercosur countries and only exports under 1 billion € to the region); whereas the EU continues to experience a widening trade deficit in agricultural products;
- M. whereas the EU remains the world's leading exporter in agricultural goods (roughly 17% of total global trade); whereas the EU has lost important market share in the last 10 years (in 2000 the EU contributed about 19% of world trade); whereas the EU exports mainly high added-value and processed products (67% of all its agricultural exports);
- N. whereas high quality products are essential exports of the European Union and represent a very large share of its international trade; whereas the EU is exporting high-profile products with considerable economic value, in the case of products with protected origin and geographical indications, the net value of these products and foodstuffs is 14 billion € a year (excluding wines and spirits, which also account for a significant share of EU exports);
- O. whereas the EU must continue to ensure food security for its citizens as well as help feed the world's poor; whereas the number of hungry people now exceeds 1 billion and in the European Union today, there are over 40 million poor who do not have enough to eat;
- P. whereas global food demand is expected to double and world population is predicted to grow from 6 billion today to 9 billion by 2050 according to the FAO, and global food production will need to increase accordingly against a background of pressure on natural resources;
- Q. whereas producer support estimates (PSE) show that total farm support in the EU has been gradually reducing since 2000 and is now comparable on a per capita basis with the level of support in the EU major trading partners, such as the United States;
- R. whereas according to the latest Euro-barometer, 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;
- S. whereas with the entry into force of the Lisbon Treaty, the Common Agricultural Policy is subject to the ordinary legislative procedure and the European Parliament has an important responsibility in providing sound and efficient legislation in this area;

The evolution of the CAP: from market-distortion to market-orientation

1. Recalls that the CAP has undergone radical reforms over the last 25 years; in particular, the fundamental shift from production support to producer support¹, ending regular intervention buying and the dumping of European surpluses on world markets², making the CAP and EU farmers more market-oriented;
2. Points out that CAP market instruments are now used as safety nets to help manage market volatility and ensure a certain degree of stability; moreover, since the adoption of decoupled Single Farm Payments, there has been a resolute move away from trade distorting measures in line with WTO requirements;
3. Welcomes the fact that the 2003 CAP reform and the 2008 Health Check have allowed EU farmers to better respond and react to market signals and conditions;
4. Points out that Rural Development is now an integral part of the CAP architecture with its focus on rural communities, improving the environment, modernising and restructuring agriculture and improving product marketing and competitiveness;
5. Welcomes the recognition of the multi-functional role of farmers in delivering public goods such as preserving our environment, high quality food production, good animal husbandry, shaping and improving the diversity and quality of EU valued landscapes, and the move to more sustainable farming practices by not only meeting the basic requirement for Good Agricultural and Environment Conditions (GAEC), but also achieving even higher standards through agri-environmental schemes, precision farming and organic production;
6. Recalls that the CAP is the most integrated of all EU policies and therefore logically accounts for the largest share of the EU budget; recognises that its share of the budget has steadily decreased from about 75% of the total EU budget in 1985 to 39.3% by 2013³, representing less than 0.45% of total EU GDP expenditure⁴; whilst at the same time support is more thinly spread today with 12 new member States joining the EU;
7. Is of the opinion, therefore, that the CAP has evolved, becoming greener and more market-orientated, and has dramatically reduced its impact on developing countries, whilst at the same time offering support to farmers to produce high quality food for European consumers;

The challenges CAP-post 2013 must respond to

8. Points out that food security remains the central challenge for EU agriculture as the world population is predicted to grow from 6 to 9 billion by 2050 and demand for food will

¹ See graph 1 annexed

² See graph 2 annexed

³ See graph 3 annexed

⁴ See graph 4 annexed

double by 2050 according to the FAO (especially in emerging economies such as China or India);

9. Affirms that Europe will have to make a substantial contribution to meeting that need against a background of less land, less water and reduced energy inputs due to the impact of climate change which will act as a serious constraint on European capacity to increase supply;
10. Notes that the global energy crisis and increasing energy prices will drive agricultural costs of production up, leading to rising food prices and growing market price volatility for both farmers and consumers; this will have a detrimental effect on the stability of food supply and will seriously constrain the ability to maintain and increase current production levels;
11. Believes that agriculture is well placed to make a significant contribution to the fight against climate change by continuing to reduce its Greenhouse Gas (GHG) emissions and increasing carbon sequestration;
12. Recognises the importance of reinforcing the progress already made to preserve biodiversity and protect the environment;
13. Recalls that consumers' expectations for guaranteed food safety must be met, as well as their demands for higher quality standards, better animal welfare and good value for money;
14. Believes that the CAP must provide immediate responses to the effects of the economic crisis on farming businesses such as the lack of access to credit for farmers, constraints on farming income¹, and increasing rural unemployment;
15. Considers that the CAP must continue to provide solutions to the threat of land abandonment, rural depopulation and the ageing of rural population in the EU to ensure the long-term sustainability of rural communities in the EU;
16. Believes that in the light of these challenges, the CAP post-2013 must send strong signals and provide answers to the concerns of both the rural community and wider society, through a strong, sustainable, well supported and credible multi-functional food policy;

The need for a strong CAP post-2013

Supporting socio-economic needs

17. Is of the opinion that a strong European common agricultural policy is needed to ensure that EU farmers remain competitive on the world market against well subsidised trading partners; believes the EU cannot afford to rely on other parts of the world to provide for European food security in the context of climate change, political instability in certain regions of the world, and potential outbreaks of diseases or other events potentially detrimental to production capacity;

¹ See graph 5 annexed

18. Recalls that EU agriculture remains a central sector of the EU economy making an important contribution to EU GDP and jobs both directly and indirectly through the multiplier effect on both the upstream and downstream food and drink industry market; believes, therefore, that a strong EU agriculture is at the very heart of a successful export-led EU food and drink industry;
19. Recalls, as Article 39 of the Lisbon Treaty rightly suggests, that agriculture is a specific sector which suffers from a long-term production cycle and several types of market failure such as high market volatility, great exposure to natural disasters, high level of risk, lack of demand elasticity, and the fact that farmers are 'price-takers' rather than 'price-makers' in the food supply-chain;
20. Recalls that one of the main reasons why the EU needs a strong CAP is to contribute to the development of viable and dynamic rural communities, at the heart of European cultural diversity and with the view to ensuring a sustainable and balanced socio-economic development across all European territory;
21. Points out that there is an urgent need to attract younger generations to rural areas and provide new and alternative economic opportunities for them to ensure sustainable rural population;
22. Believes that rural unemployment should be tackled by providing opportunities for diversification and new income sources;
23. Points out, most importantly, that in the future, the European agricultural policy must remain a common policy; only a harmonised level of support across the EU with a common set of objectives and rules can deliver the appropriate level playing-field for farmers and a well functioning Single Market with fair competition conditions for agricultural products within the EU;

Delivering benefits in terms of Public goods

24. Recognises that farmers deliver a range of public goods the market does not reward them for; therefore, insists that they must be fairly rewarded and further incentivised to continue delivering higher quality products, better animal welfare conditions and additional environmental benefits;
25. Recalls, therefore, that unless farming activity is preserved across the EU, there will be no provision of public goods possible;
26. Recognises that generations of farmers have shaped the valued EU landscapes and, therefore, should be rewarded for continuing to do so in a sustainable way, especially in natural disadvantaged areas; believes they are actively contributing to the great European cultural value and attractiveness, providing the backdrop for successful rural tourism;
27. Points out that farmers have the potential to deliver additional environmental benefits that match societal demands, in particular: soil preservation and restoration, sound water management and quality improvement, farmland biodiversity preservation and they must be encouraged to do so;

28. Believes that agriculture has a tremendous potential to adapt to and mitigate the impacts of climate change;
29. Believes, in line with the latest research available, that without a common agricultural policy, unbalanced modes of production would develop across the EU (extreme intensification on the best land and widespread land abandonment in disadvantaged areas) causing serious damage to the environment; insists that the cost of support through a strong CAP is nothing compared to the costs of no action and its negative unintended consequences;

The new CAP priorities for the 21st century:

30. Believes agriculture is well-placed to make a major contribution to delivering the new EU 2020 Strategy priorities of tackling climate change and creating new jobs through green growth whilst at the same time continuing to provide food security for European consumers by producing safe and high quality food products;

A fairer CAP

31. Insists that EU agriculture must remain competitive against fierce competition from well-subsidised trade partners; therefore believes that competitiveness should still be a fundamental objective of the CAP post-2013 to ensure that the EU has the raw materials to produce high-value European food products and they continue to win a greater share of the world market, as well as providing farmers with fair trade;
32. Recalls that EU farmers produce food to the highest safety, quality and animal welfare standards; believes that imports from third countries should meet the same requirements to ensure fair competition;
33. Insists that the maintenance of farming activity across the whole of Europe is fundamental to maintain a diverse and local food production and prevent the threat of land abandonment across EU territory;
34. Calls for the guarantee of a fair and stable return for the farming community to remain a primary goal for the new CAP, whilst providing good value for money and a fair return for consumers;
35. Calls for measures to be taken to strengthen producers' and producer organisations' bargaining power and improve the functioning of the food supply-chain with greater transparency on food prices and action to address unfair commercial practices;
36. Believes that there has to be a minimum safety net within the future framework of the CAP in order to manage extreme market price volatility and provide rapid and efficient responses to economic crises arising in the sector;
37. Asks for a fairer distribution of CAP payments and insists it has to be fair to farmers in

both new and old member States¹;

38. Believes that viable farming businesses are fundamental in sustaining thriving rural communities;

A more sustainable CAP

39. Believes that agriculture has a leading role to play in tackling climate change by reducing GHG emissions, increasing carbon sequestration capacity and developing and using more renewable energy sources; believes climate considerations should be integrated across CAP measures, where appropriate;
40. Considers that production efficiency is fundamental for a more sustainable management of scarce resources; farmers should innovate by using the latest financial, scientific and technical tools to help meet the growing demand for food in a more economically, socially and environmentally sustainable manner;

A greener CAP

41. Notes that the market fails to reward farmers for protecting the environment; therefore, believes that the CAP must become greener by incentivising farmers to maximise the delivery of eco-system services to further improve the sound environmental resource management of EU farmland;
42. Believes that farmers are well placed to contribute to green growth and respond to the energy crisis through the development of green energy such as biomass, biowaste, biogas, second generation biofuels and small-scale wind, solar and hydro-energy which will also help create new green job opportunities;

A common and simple policy

43. Insists that a common agricultural policy is more relevant than ever before to ensure that the cross-border dimension of food supply, climate change, high common standards for environmental protection, product safety and quality, and animal welfare, is guaranteed in a well-functioning Single Market;
44. Believes the new CAP must be simple to administer and reduce red-tape and administrative burdens on farmers by moving towards the use of delivery tools such as outcome agreements and simple contracts;

Delivering a fairer, greener and more sustainable CAP:

45. Recognises the wide range of new priorities for the CAP and notes that the new member States' expectations when they joined the European Union was that CAP support would, over time, reach parity with old member States; therefore, calls for the 2013 CAP budget

¹ See Graph 6 annexed

amount to be at least maintained post-2013 if the EU is to meet its current commitments and successfully deliver the new priorities;

46. Calls for the CAP budget to have an end of year flexibility mechanism in order to carry over and reallocate under-spends into the following year;
47. Insists that the CAP should not be re-nationalised and therefore believes that core direct support should remain fully financed by the EU budget, hence rejecting any further co-financing which could harm fair competition within the EU Single Market;
48. Calls for a fair distribution of CAP funds to farmers across the EU; recalls that to respect the farming diversity in the EU, objective criteria must be found in order to define a fair system of distribution;
 - (1) Believes that in order to reduce the disparities in the distribution of direct support funds between member States, the hectare basis alone will not be sufficient and, therefore, calls for additional objective criteria such as a purchasing power coefficient to be used to achieve an overall balanced distribution;
 - (2) Asks for fair and objective criteria to be clearly defined for the allocation of funds for rural development objectives;
49. Believes that the CAP priorities should be embedded in a multi-functional food policy which supports farmers efficiently in a targeted manner, whilst benefiting the wider society;
50. Believes that, in the interest of simplification, clarity and a common approach, funding for each of the five building blocks of the CAP must be agreed from the start of the reform;
51. Believes that direct support should move to an area basis in all member States by 2020, allowing those that are still using the historic payments system, the flexibility to phase-in the difficult changes at their own speed¹;
52. Believes that member States and regions must continue to have the flexibility to regionalise their area payments system in such a way as to reflect their specific priorities;
53. Notes that the move away from historic basis may cause particular challenges for member States or regions with a relatively large amount of so-called 'naked land' (unclaimed eligible land); calls for the specific needs of such regions to be given full consideration when designing the future support;
54. States that there should be no return to coupled payments as a guiding principle of the CAP; however, given the move from a historic to an area support model, a limited margin for flexibility should be left to member States to answer the specific needs of their territory, in the form of capped coupled payments for vulnerable grassland livestock areas, in compliance with WTO requirements;
55. Identifies the need for five key building blocks, namely; **Food Security and Fair Trade**,

¹ See Table 7 annexed

Sustainability, Agriculture across Europe, Biodiversity and Environmental Protection, and Green Growth, to achieve a fairer, greener and more sustainable CAP;

Food security and fair trade

56. Believes that there should be a basic EU funded direct area payment to all EU farmers in order to provide basic food security for European consumers, allow farmers to produce high quality food competitively against well subsidised trade partners (US), ensure farming activity continues across the EU and provide baseline public goods through cross-compliance requirements for good agricultural and environmental conditions, as well as high quality and animal welfare standards; calls for an absolute requirement of minimum activity to be included in the cross-compliance rules and proportionality to be the key principle applied when enforcing the rules;

Sustainability

57. Believes that an EU funded top-up direct area payment should be made available to farmers through simple contracts rewarding them for reducing their carbon emissions per unit of production and increasing their sequestration of carbon; this would have the double benefit of making EU agriculture more environmentally and economically sustainable through improved efficiency; this would also ensure that farmers can financially benefit from increased carbon sequestration on their land and put them on the same footing as other industries which are in the EU ETS; asks for clear and measurable criteria and targets to be defined appropriately to allow for these payments to be implemented as soon as possible;

Agriculture across Europe

58. Calls for the continuation of specific measures to compensate farmers producing in areas with natural handicaps in order to ensure that agricultural activity takes place and local food is produced across the EU, reducing the threat of land abandonment and ensuring a balanced territorial management across the EU; this support scheme should remain co-financed as it currently is;

Biodiversity and environmental protection

59. Believes that the CAP needs to further incentivise biodiversity and environmental protection measures by providing the opportunity for the vast majority of agricultural land to be covered by agri-environmental schemes to reward farmers for the delivery of additional eco-system services; other measures beneficial to the environment such as organic farming projects, the sustainable use of forests, water and soil, and the development of high-nature value farming should also be encouraged; all these rural development measures should remain co-financed with an increased budget if necessary;

Green Growth

60. Believes that 'Green Growth' should be at the heart of a new rural development strategy focussing on creating new green jobs through: the development of biomass, biowaste, biogas and small scale renewable energy production as well as encouraging the production of second generation biofuels, investing in modernisation and innovation as

well as new research and development techniques for adaptation to and mitigation of climate change, providing training and advice to farmers for applying new techniques and assist young farmers into the industry, adding value to high quality products through promotion and marketing measures;

61. Believes that to underpin the five key building blocks of the CAP, a minimum safety net against extreme price volatility should still be available as a rapid action crisis tool; to that end, a special reserve budget line should be made available in the EU budget which could be activated rapidly to respond to arising crises; new innovative financial tools should also be considered such as risk insurance schemes and futures markets to help reduce market volatility;
62. Insists that, to complement market measures, there is an urgent need to strengthen producers' position in the food chain through a range of actions to address transparency, contractual relationships and commercial practices; possible adjustments to competition rules should also be investigated to allow producer organisations to grow in scale and size equipping them with the power to stand up to major retailers and processors;
63. Recalls that amongst the current set of market tools, export refunds should continue to be phased out according to WTO agreements;
64. Believes that the design and implementation of the new CAP should have simplicity, proportionality and the reduction of bureaucracy at its heart and, therefore, calls on the Commission to use outcome agreements, simple contracts and territorial contracts where appropriate;
65. Calls on the Commission to give full consideration to the European Parliament's recommendations when working on its communication and drawing up its legislative proposals;
66. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENT

The Common Agricultural Policy has been successful in fulfilling the objectives as set out in the original Treaty of Rome. Over the past 50 years, the CAP has increased productivity, contributed to a fair standard of living for the agricultural community, stabilised markets, secured the availability of supplies and provided consumers with quality food at reasonable prices. The CAP of the future will have to face new and pressing challenges and has to provide a framework for the future based on stability, predictability and flexibility in times of crisis.

The background to the reform is one of economic crisis and serious financial difficulties facing member States, taxpayers, farmers and consumers and, therefore, we must set out a coherent and credible way forward for the CAP post-2013.

The CAP will have to adapt to a changing European and global context. First and foremost, European agriculture must ensure food security to its own consumers and contribute to feeding a steadily growing world population. For the first time, however, we just cannot "turn on the tap" and produce more food through the use of extra energy and extra inputs. Why? There are two main reasons: firstly, the energy crisis, the rising cost of energy and the need to reduce GHG emissions will act as major constraints to increased production. Secondly, the impact of climate change will close off the option of bringing large tracts of extra land into production. Climate change will also cause water shortages and droughts which again will act as a break on increasing production. As a result, EU and worldwide agriculture will have to produce more food with less land, less water and less energy.

The foundation stone of the CAP should still be to ensure that European agriculture is competitive against well-subsidised trading partners such as the US, Japan, Switzerland or Norway, providing EU farmers with fair trade conditions. It must also continue to support agricultural activity across Europe, with the view of ensuring local food production and a balanced territorial development.

In addition, it is very important for today's agriculture to demonstrate that it is well placed to make a major contribution to delivering the new EU 2020 Strategy priorities of tackling climate change, innovating, and creating new jobs through green growth, whilst at the same time continuing to provide food security for European consumers by producing safe and high quality food products. European farmers and the CAP must show that they have some of the answers to the 21st century challenges, and that they are part of the solution, not part of the problem.

With the expansion of the EU to 27 member States, it is vital that new member States' expectations for fair treatment are eventually honoured. To meet the new priorities and the expectations of all EU member States, the CAP budget amount needs to be at least maintained at 2013 levels in the context of the new financial perspectives.

In the report, I have set out the priorities for a common and credible multi-functional agricultural food policy which will deliver support to farmers for the benefit of the wider society. I have set out five key building blocks namely; **Food Security and Fair Trade, Sustainability, Agriculture across Europe, Biodiversity and Environmental Protection, and Green Growth**, to deliver a fairer, greener and more sustainable CAP for the future.

**A FAIRER, GREENER AND MORE SUSTAINABLE
CAP POST-2013**

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| <p align="center"><u>BIODIVERSITY AND ENVIRONMENTAL PROTECTION</u></p> <p><i>(agri-environmental measures for the majority of agricultural land, forestry investment, water and soil improvement, organic and HNV farming)</i></p> <p>→ Outcome agreements and territorial contracts</p> <p>Co-financing</p> | <p align="center"><u>GREEN GROWTH</u></p> <p><i>(integrated rural development, additional climate measures, green energy, R&D, innovation, modernisation, training, green jobs, young farmers, quality policy)</i></p> <p>→ Integrated approach, subsidiarity</p> <p>Co-financing</p> |
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| <p align="center"><u>FOOD SECURITY AND FAIR TRADE</u></p> <p align="center">DIRECT SUPPORT</p> <p><i>(competitiveness, food security, fair income support, farm activity providing basic public goods)</i></p> <p>→ area-based payments (by 2020) with basic cross-compliance</p> <p>EU budget</p> <p align="center"><u>FLEXIBILITY FOR MEMBER STATES</u> <i>(transition, national priorities, grassland livestock, competitiveness)</i></p> <p>----- → capped limited coupled payments</p> | <p align="center"><u>SUSTAINABILITY</u></p> <p align="center">CLIMATE CHANGE TOP-UPS</p> <p><i>(climate change mitigation, production efficiency)</i></p> <p>→ contractual top-ups based on clear targets</p> <p>EU budget</p> | <p align="center"><u>AGRICULTURE ACROSS EUROPE</u></p> <p align="center">AREAS WITH NATURAL HANDICAPS</p> <p><i>(farming activity across the EU, local food production, threat of land abandonment)</i></p> <p>→ Ongoing reformed schemes</p> <p>Co-financing</p> |
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| <p align="center">MARKET MEASURES – MINIMUM SAFETY NETS</p> <p><i>(volatility management, crisis cushion, competitiveness)</i></p> <p>→ Rapid action tools, reserve EU budget line, new tools, food-supply chain adjustments</p> <p>EU budget</p> |
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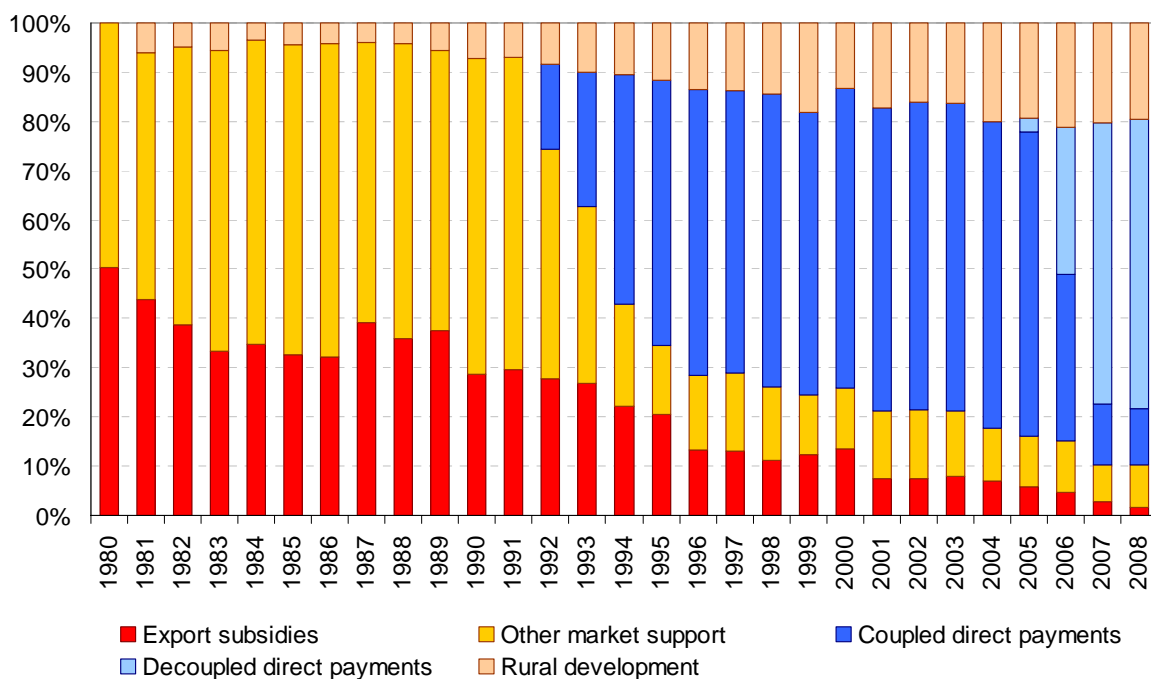
COMMON, CLEAR, SIMPLE AND FLEXIBLE FRAMEWORK TO SUPPORT FARMERS AND BENEFIT SOCIETY IN A MORE EFFECTIVE MANNER

In the context of the implementation of the new Lisbon Treaty provisions, the European Parliament must take its new responsibilities as co-legislator in agricultural matters seriously. The Commission and Council should work more directly, equally and in good faith with Parliamentarians on this particular dossier.

To that aim, I intend to use as efficiently as possible the possibilities offered by the new institutional context. I will defend the key role to be played by Parliament, whilst adopting a flexible approach to policy making, with particular emphasis on proportionality and subsidiarity.

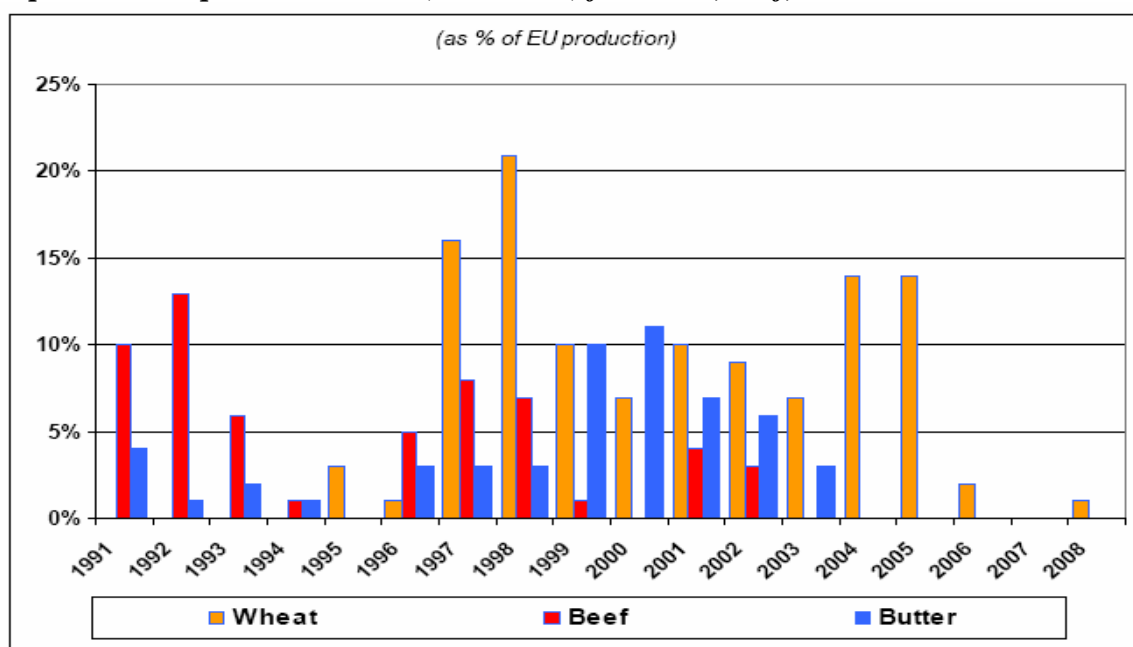
ANNEX

Graph 1: Evolution of CAP expenditure and CAP reform path.



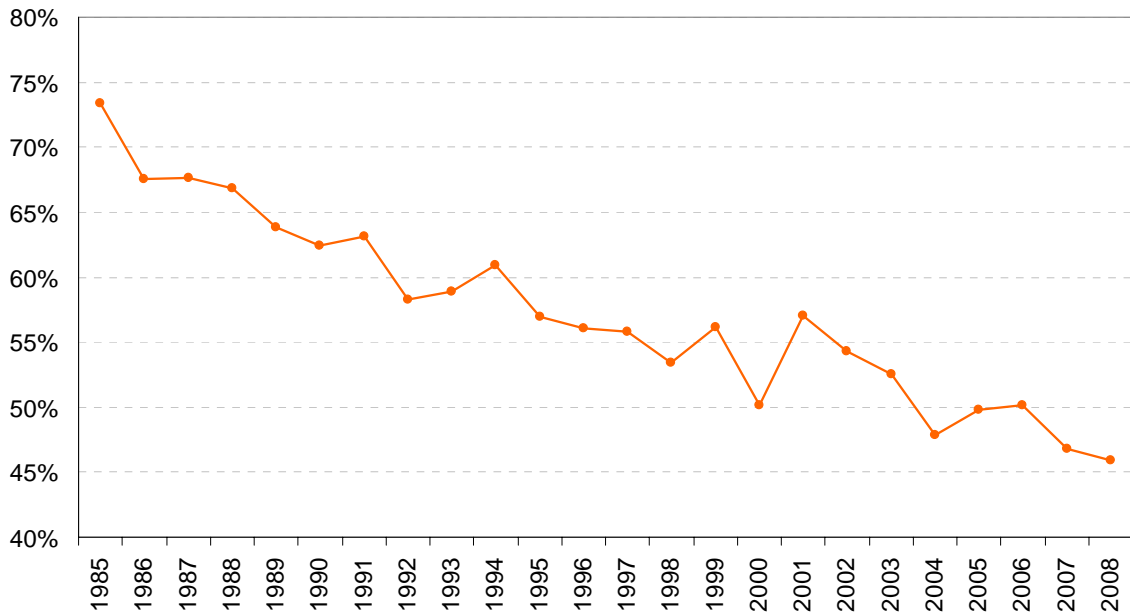
Source: European Commission, DG AGRI (updated by DG AGRI-Unit L.1 on 5.3.2010)

Graph 2: EU surpluses over time (1991-2008) for wheat, beef, and butter



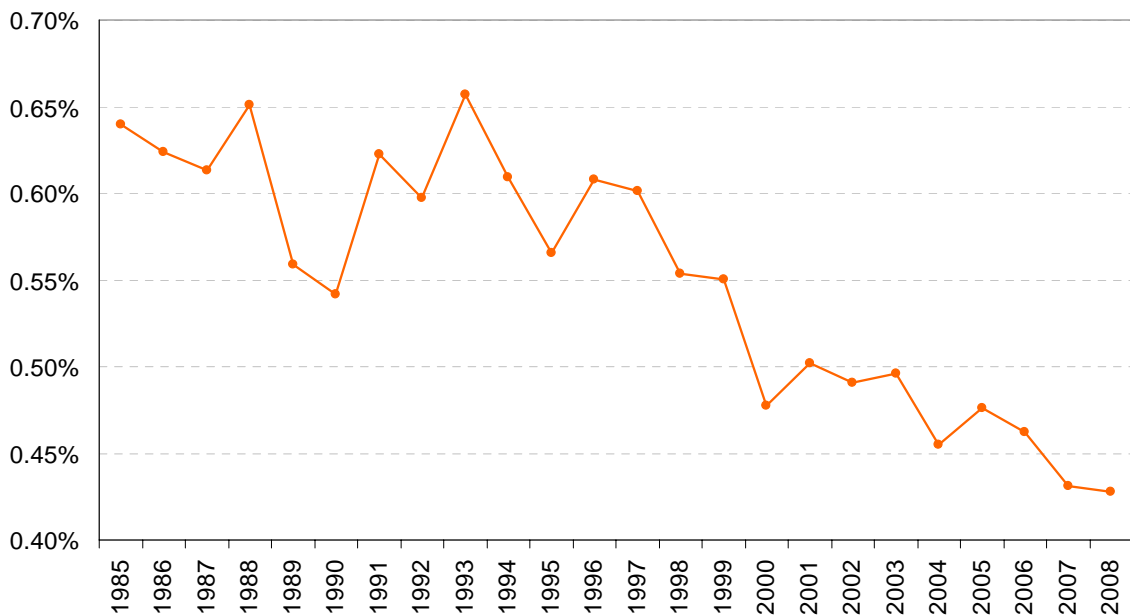
Source: European Commission, DG AGRI, Discussion Paper December 2009 – Why do we need a Common Agricultural Policy?

Graph 3: Percentage of CAP expenditure in EU expenditure



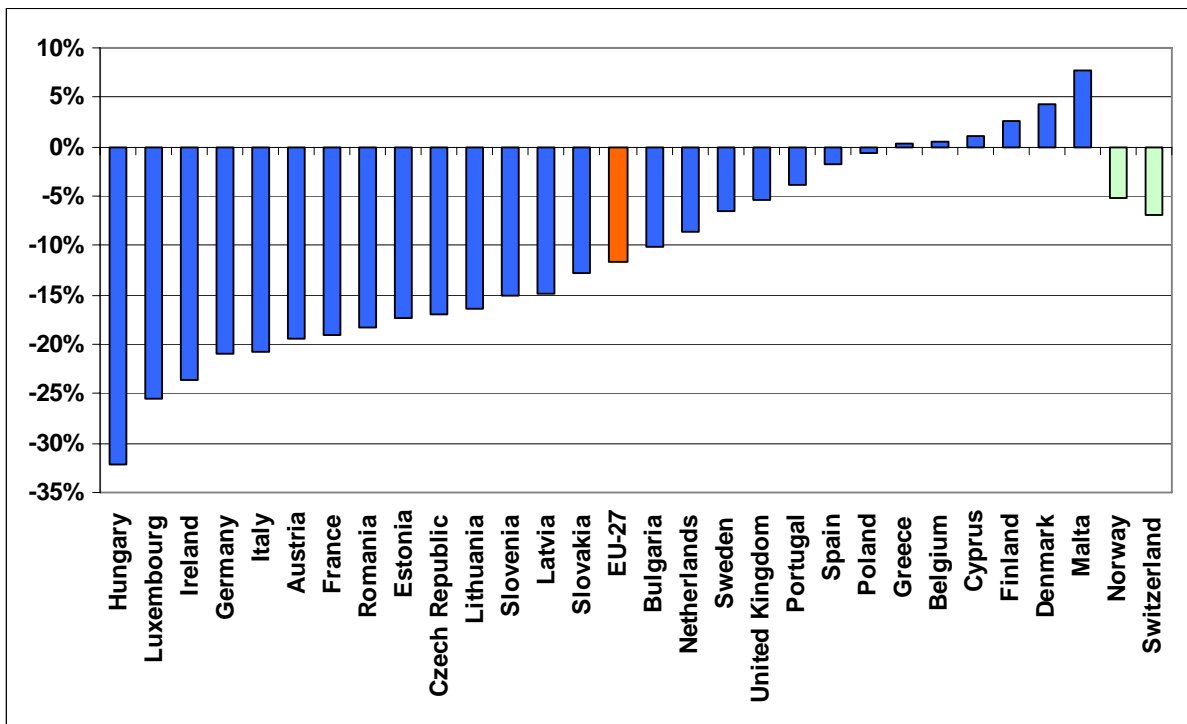
Source: European Commission, DG AGRI (updated by DG AGRI-Unit L.1 on 5.3.2010)

Graph 4: Percentage of CAP expenditure in EU GDP



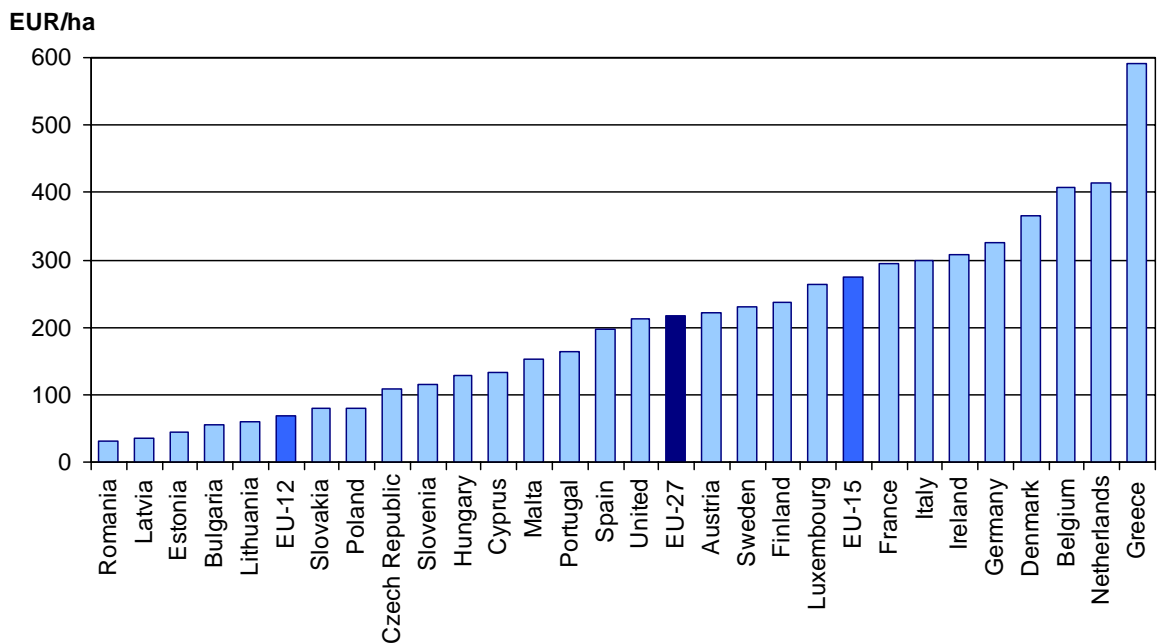
Source: European Commission, DG AGRI (updated by DG AGRI-Unit L.1 on 5.3.2010)

Graph 5: Change in real agricultural income per worker in 2009 compared to 2008 (percentage) per MS



Source: Eurostat, graph created with data from March 2010 (updated by DG AGRI-Unit L.1 on 8.3.2010, figures for 2009 are Eurostat estimates)

Graph 6: Direct payments per Member States, average per hectare, 2008



Source: European Commission, DG AGRI (updated by DG AGRI-Unit L.1 on 5.3.2010)

Table 7: Options chosen for SPS implementation in member States

| MODEL | REGIONALISATION | MEMBER-STATES AND REGIONS |
|---|------------------|--|
| SPS, historical | non-regionalised | Greece, Spain, France, Ireland, Italy, Netherlands, Austria, Portugal |
| | regionalised | Belgium (Flanders + Brussels, Walonia), UK - Scotland and Wales |
| SPS, regional model | one region | Malta |
| SPS, dynamic hybrid moving to flat-rate | non-regionalised | Denmark |
| | regionalised | Germany (by Bundesländer), Finland (3 regions based on reference yields), Sweden (5 regions based on reference yields), UK - England (3 regions according to soil) |
| SPS, static hybrid | non-regionalised | Luxembourg, Slovenia |
| | regionalised | UK - Northern Ireland |
| SAPS | one region | Bulgaria, Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Romania, Poland, Slovakia |

Source: drawn from European Commission table, DG Agriculture D.1.