



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from: Presidency
to: Delegations

Subject : Informal meeting of the Ministers of Agriculture
(La Hulpe, Belgium, 19-21 September 2010)
- Choosing today for a stronger CAP tomorrow

Delegations will find attached in Annex I a working document prepared by the Presidency with a view to the informal meeting of the Ministers of Agriculture in La Hulpe on 19-21 September 2010.

The questions to be addressed by Member States are in Annex II.

CHOOSING TODAY FOR A STRONG CAP TOMORROW**1. INTRODUCTION**

Two months ago, on 19 and 20 July 2010, the European Commission organised an important international conference on the CAP post-2013. Approximately 600 experts, representing a wide range of stakeholder organisations, non-governmental organisations, Member state administrations, research institutes and academics, gathered in Brussels to exchange their views on the challenges for 2020 and beyond, and to propose ways forward for this important European policy. Prior to this conference, between April and June 2010, EU citizens and interested organisations were invited to share their opinion on the CAP post-2013 online. The results of this public debate, together with recent Eurobarometer surveys, provided the conference attendants with a clear view of Europeans' perceptions and expectations of agriculture and the CAP.

The findings of the conference will provide input for the European Commission's Communication on the future CAP foreseen for the end of 2010. In anticipation of this Communication, the Belgian Presidency proposes to continue discussion on the future of the CAP during the informal meeting of Agriculture Ministers in La Hulpe.

As background to the discussion in La Hulpe, this note provides an overview of key tendencies, observations and expectations concerning the future CAP resulting from the public debate and the conference. It does not attempt to reflect or summarize positions expressed by Member States during previous discussions in the Council (Agriculture and Fisheries). The issues and questions for discussion are set out in Annex II.

2. THE NEED FOR A STRONG CAP

Among EU citizens, farmers and other stakeholders, there is a general view that the CAP has been successful in achieving its objectives. Many, though not all, argue that several reforms of the CAP in recent years have taken agricultural policy in the right direction. Looking to the future, the public debate on the CAP post-2013 has shown that a common agricultural policy at EU level is considered by most as more desirable than a series of national and/or regional policies or no agricultural policies at all. A common European approach is seen as the best way to address common challenges, to maintain a level playing field within the EU, and to continue to play an important role in a globalising world. Reconciling environmental, economic, social as well as territorial developments is considered to be an important overarching objective of the CAP, as Europeans recognize that the market does not always provide all the answers.

The original objectives of the CAP, as included in the Treaties, remain very relevant today providing sufficient, safe quality food at reasonable prices and ensuring a fair income for farmers. At the same time some more recent or even new objectives are emerging from the debate with a higher priority than before: promotion of an economically, socially and ecologically sustainable European agricultural sector, climate change mitigation, territorial balance, taking account of the non-market externalities of agriculture and the global food challenge.

All these elements, lead to the conclusion that the CAP should remain an important European policy and an essential contributor to the Europe 2020 strategy for sustainable, smart and inclusive growth.

3. KEY AREAS FOR FUTURE EU POLICY ACTION

The conference and the public debate revealed a wide range of priorities post-2013. Nevertheless, some emerged as more important than others, and allow a preliminary listing of key areas for future EU policy action in agriculture.

The EU has to:

1. Ensure that the CAP guarantees food security for the EU, using a number of tools to achieve this aim;
2. Contribute to global food security; avoid damaging the economies or food production capacities of developing countries; and help in the fight against world hunger;
3. Continue efforts to offer a reasonable income for farmers, across all areas, even in those areas where farming is difficult;
4. Protect the environment and biodiversity, mitigate climate change; promote and support the move towards more sustainable farming systems; and conserve the landscape;
5. Maintain the diversity of EU farming across the whole of the EU, from areas suffering from land abandonment to urban fringes; and sustain the rural economy and preserve/create rural jobs;
6. Ensure that the distribution of CAP support is better balanced keeping in mind that more equity does not necessarily mean the same amount for each farmer;
7. Pay more attention to the territorial function and dimension of agriculture, taking account of the diversity of today's European agriculture;
8. Recognise that the market cannot (or will not) pay for the provision of public goods and benefits; that this is where public action has to step in and that this is why a reformed CAP should provide for the correct payment to farmers for the delivery of public goods and services;
9. Continue to push the competitive and potentially competitive sectors of Europe's sustainable agricultural sector towards market orientation;
10. Ensure that the CAP is simpler, easier to understand and more transparent;
11. Continue to invest in the quality and safety of European products, turning EU diversity and regional differentiation into an asset; increase promotion of EU products; and stimulate local and regional markets;

12. Give more importance to innovation and dissemination of research, towards a more competitive and ecologically sustainable agricultural sector across the whole of the EU;
13. Deliver efficient tools to counter severe price volatility and provide tools to manage income volatility;
14. Introduce transparency along the food chain, with a greater say for producers; stimulate co-operation among farmers and across the food chain and facilitate the organisation of producers;
15. Ensure fair competition conditions between European and imported products;
16. Pay special attention to young farmers and to training a skilled workforce.

There is a general view that the two pillars of the CAP should be maintained and that the rural development fund should not be merged with the cohesion funds. However the relationship between the two pillars should be clarified and their coherence and coordination should be strengthened bearing in mind the need for better coherence and coordination with other EU development policies.

Finally, most agree that these changes should not happen overnight but gradually, thereby offering different types of farming and the affected areas a sufficiently stable environment to adapt.

4. MANAGEMENT OF THE CAP

The latest enlargements have made the EU even more diverse, including in terms of agricultural systems and areas. This diversity should be seen as an asset, but it also means that Member States and regions have different needs which the CAP has to cater for. To manage diversity and turn it into an asset, Member States agree that there is a need for a more flexible approach. This implies greater involvement of regional and local actors to adapt the CAP to their specific situations and needs. Nevertheless, a greater role for different levels of government in the future CAP will also require better coordination between the different levels as well as enhanced monitoring to guarantee a coherent and well-balanced CAP in favour of all European farmers and citizens.

Initially, pillar I and II support were conceived to serve different purposes. Pillar I provides for EU financed market support and direct income support to farmers entirely based on horizontal common rules. Pillar II currently provides support focused on improving the competitiveness of the agricultural and forestry sector, improving the environment and the countryside, enhancing the quality of life in rural areas and encouraging diversification of the rural economy. However, today many recognise that, over time, there has been a blurring of the roles and responsibilities, leading to increasing overlap and reducing transparency.

For the future, many would like the relative roles and the relationship between the 2 pillars to be clearer, thus enabling both pillars to achieve greater complementarity. Similarly, the public debate has also generated a call for more attention to be paid to the interplay between the CAP and other internal and external policies.

As regards funding, there are clear differences between Member States on the amount of financial resources to be allocated to each pillar of the CAP. These differences can be explained by past agreements as well as the EU's diversity in needs, agricultural systems and geography (e.g. presence of less-favoured areas), but they are equally the result of strict EU agreements on what Member States can spend on direct support and rural development. Therefore, it is recommended to have a discussion about how to achieve a better budgetary balance between both pillars across the EU.

In order to further the debate on the future CAP, the Belgian Presidency invites Ministers to respond to the questions contained in [Annex II](#).

Issues to be discussed by the Member States

I. The public debate revealed several opinions on what the first pillar and in particular the direct aid schemes should achieve. The most commonly heard views were:

- 1. For many people the direct aid scheme should provide, as underlined in the Treaty of Lisbon, a reasonable income for farmers taking into account the fact that the market alone is not always able to do so, and that there is a need for protection against extreme price volatility.*
- 2. Most underlined the objective of food security; this also touches on topics such as keeping land in good agricultural and environmental condition.*
- 3. Others emphasized the need for legitimate compensation for the higher quality and safety standards and procedures.*
- 4. Many stated that Pillar I should also promote and reward the provision and the effective delivery of EU-wide public goods, such as mitigation of climate change and combating biodiversity loss.*

Question 1:

Based on this feedback from the public debate, what should the future role of the first pillar be?

II. During the public debate many expressed the need for more flexibility in managing the CAP. The CAP should provide, among others, for farm modernisation, the deployment of new resources for innovation towards the diversification of rural areas, and to address challenges in a rapidly changing world. The question on the need for greater "financial flexibility" in order to develop a more dynamic CAP remains open. However a more flexible mechanism is recommended to allow for more "territorial implementation" while achieving the "common goals" assigned to the CAP.

Question 2:

How can the future CAP have the necessary flexibility to address regional specificities and to manage unpredictable economic crisis situations?