

# Agriculture



PARLIAMENTARY GROUP  
OF THE PARTY OF EUROPEAN SOCIALISTS

**Europe's Common Agriculture Policy (CAP) was set up against a backdrop of food shortages and rationing following World War II. The CAP produced spectacular results and the Community was soon able to overcome the food shortages of the 1950s, achieving self-sufficiency and then regularly generating surpluses. Effectively guaranteeing farmers prices for their food, the CAP works in three ways:**

- Farmers receive direct payments for certain products such as cereal, tobacco, olive oil, beef and veal.
- The EU intervenes when prices for agricultural produce drop below a certain level and buys up surplus EU stock until the price has gone up above the intervention level. Surplus produce is destroyed or disposed of cheaply on markets outside the EU or used as food aid to third countries.
- The EU has an external customs tariff which requires levies to be imposed on agricultural products from non-EU countries, raising their prices.

From the mid-70s onwards, surpluses in Community production began which could not be absorbed either internally or on the world market and by the early 1980s intervention buying under the CAP had led to Europe's infamous surpluses.

Reforms in 1992 and 1999 reduced guaranteed prices, created set-aside land, extended quotas and began transferring financial support from the products to the producer by the introduction of a direct payments scheme. As a result of budgetary discipline and regulation of production, the percentage of the EU's budget going to agriculture has fallen below 50%.

At the same time, the EU is increasing efforts to increase the economic potential and the environmental importance of rural areas in order to increase employment capacity and make agriculture more sustainable. With the globalisation of world trade, quality and safety demands from consumers, and EU enlargement, European agriculture is now facing new realities and challenges.

## The European Parliament

Parliament exercises an increasing influence over the CAP through reports and resolutions initiated in Parliament. This despite the fact that Parliament has for a long time had only advisory powers on agriculture, and some Council decisions do not even require it to be consulted. Power of decision over the EU agriculture budget remains essentially with the Council. We want full co-decision powers for the Parliament over agriculture at the end of the next IGC:

Agriculture is a huge area of work for the Parliament and is covered mainly by the Agriculture & Rural Development Committee, with some aspects dealt with by the Committee on Environment, Consumer Protection and Public Health. The work covers:

- Organisation of agricultural product markets for everything from cereals, beef, veal, sugar, and rice, through fruit and vegetables, to hops, wine, oil crops, nuts, flowers and plants.
- Food safety in all stages of production from the field to the table.
- Decisions on the amounts of agricultural subsidy when the EU budget is set each year and then retrospective overview of the spending on agricultural subsidies (by the Budget Control Committee).
- Highlighting the need to promote rural development through the 'second pillar' of the CAP, the rural development chapter, and structural fund programmes such as LEADER, and to reconcile the economic dimension of agriculture with its social, environmental and land-use roles and the need to protect regional products.



- Preparing and tracking the WTO negotiations.
- Preparing and making operational the next EU enlargement.

## PES Group successes

CAP reform is a long process involving representatives from many quarters, and particularly the Socialist Group. We believe that CAP reform is necessary but demand that the multifunctional European Agricultural model be developed, strengthened and protected against unfair external competition. In this context, Socialists support the principle of decoupling payments from production in the recently adopted proposal arising from the Commission's mid-term review, through a partial decoupling.

We need obligatory modulation to release the sums from direct payments into the second pillar for rural development in view of the next enlargement.

Our key priorities in this process are:

- for the reformed system to be transparent, limit its support for production and to require a more reasonable input from the public purse;
- to move towards supporting farmers in their role as custodians of our countryside and wildlife habitats through the CAP 'second pillar' created by the Rural Development Regulation, allowing farmers to use a proportion of EU farm subsidies for rural development; e.g. agri-environmental measures, renovation of villages, direct marketing, early retirement schemes, help for young farmers, etc.
- to prevent depopulation;
- to support structural development in rural areas;
- to safeguard employment;
- to secure recognition at the WTO of our food production and safety standards;
- to ensure our exports do not disturb the agricultural economy of developing countries.

All of these in the light of pressures from lower world trade prices while at the same time reducing the negative effects on developing countries and, of course, ensuring the food we eat is safe.

In addition to CAP reform and the ongoing work on agricultural product markets, we have secured results in the following areas:

- New standards for animal transport including eight-hour journey time limits or 500 Km maximum distance and phasing out the abolition of the export scheme which subsidises the export of thousands of live animals every year to far away destinations.
- Improved beef labelling to give better traceability and essential information on beef from outside the EU which is used in mince.
- Creation of a European Food Safety Authority which will have: an independent management board appointed after public hearings, and discussions held in public; scientific committees to advise on risk assessment and communication; an advisory board drawn from the institutions of the Member States; rigorous scrutiny of all food and animal feed both produced in the EU and imported into it; a role in the Rapid Alert System to tackle urgent crises in Member States; recognition of 'traditional foods' within Europe's different cultures, as important elements in our food supply.
- Better standards set on contingency planning, movement restrictions and disposal to minimise the impact of any future outbreak of foot and mouth disease, and vaccination considered from the outset depending on the circumstances and veterinary advice.

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