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CAP Reform - a good deal despite resistance from some Governments

In November, at the end of long negotiations, the European Parliament reached a political agreement with AGRI Ministers from Member States on the reform of the CAP.

The new rules, operating from 2014 to 2020, bring in important changes, such as:

- greater transparency over who benefits from CAP money
- a fairer distribution of subsidies between older and newer Member States and within Member States
- rules to ensure subsidies go only to genuine and active farmers
- support for young and new farmers starting out
- making part of CAP funds conditional on meeting environmental criteria
- at least 30% of spending on Rural Development must be on environmental measures
- tapering of CAP funding for bigger agricultural holdings
- a higher co-financing rate for Rural Development programmes in the less developed and outermost regions.
- more flexibility to shift funds between direct payments to farmers and rural development.

The S&D Group has welcomed the changes, even though the more radical reform we had campaigned for was blocked by some Member States and by right-wing MEPs in the Parliament itself.

In 2010, the Group called for a radical reform, for which we'll continue to fight in the coming years:

- a more consistent CAP in line with EU development policies
- a much stronger shift to sustainable agricultural production through energy savings, reduced use of chemicals, more sensitive management of ecosystems and promotion of biodiversity
- a strong social dimension, creating jobs - especially green jobs - in rural areas and reducing disparities in rural incomes
- reducing complicated CAP bureaucracy
- limiting direct payments to farms using intensive farming.

ANNEX A

A New Start for European Agriculture

Socialists and Democrats call for a radical transformation of the CAP

Just months before the European Commission is due to present its own proposals for CAP reform, an S&D Group policy paper [\[link\]](#) has called for an end to CAP handouts, which in the past have directed the heaviest subsidies to the biggest farmers.

In place of generalised subsidies, we call for CAP spending to be focussed on contractual payments, in return for promoting public goods such as environmental services, landscape management, biodiversity and rural employment.

The S&D Group paper argues that agriculture's primary, strategic function of feeding the population needs to be ensured by a strong European agricultural policy. For that reason, the Group is against renationalisation of agricultural policy and against any co-financing which is not subject to common rules.

A New Agriculture, Food and Environment Policy

The S&D paper says a new CAP must:

- establish a fairer partnership between North and South, in line with EU development policy
- encourage sustainable agricultural production and animal welfare, through energy savings, reduced use of chemicals, more sensitive management of ecosystems and promotion of biodiversity
- have a strong social dimension, creating jobs - especially green jobs - in rural areas and reducing disparities in rural incomes.

Agriculture and cohesion policy together absorb three-quarters of the EU budget - in future they must work hand in hand. We call for sufficient budgetary means to meet the ambitious policy goals and propose that the EU should consider creating new carbon credit instruments, to exploit agriculture's enormous potential in the fight against climate change.

The nuts and bolts of reform

The S&D proposals would sweep away the old CAP's widely discredited two-pillar system - where most of the money goes on income support, while a much smaller budget goes to a hotch-potch of rural development schemes - and neither has much to do with clear and defensible policy objectives.

In their place, we would introduce an **Integrated Payment System** with three elements:

- a basic payment per hectare of cultivated land, for all farmers who conclude a contract to meet a set of environmental and social standards, subject to a maximum ceiling to be defined.

- a payment to farmers in regions affected by one or more natural handicaps, based on meeting defined production and environmental targets.
- a third payment, available in environmentally sensitive regions, in return for example for maintaining extensive grazing, preserving areas rich in biodiversity, or practising organic farming.

The new CAP would also have a **safety net** element, to cope with unforeseen events such as extreme climate conditions, animal disease epidemics or volatile product prices. This would use tools such as intervention prices, storage, food aid for deprived groups and market stabilisation funds. Stronger regulations would aim to achieve fairer distribution of added value between the producers, processors and distributors.

Rural development measures would be coordinated with regional and cohesion policy, and a new emphasis put on research and innovation, including the development of green technologies.

These proposals would bring greater transparency to the CAP, sweep away much of the complicated bureaucracy of the current system and create a framework of stable rules for the medium and long term so farmers could plan their investments in security.

European Agriculture and the world

European agriculture must remain competitive internationally. At the same time, the EU must insist, in the WTO's Doha Round, on trade rules which are compatible with food security, protection of the environment and climate change mitigation. The new CAP must be designed to meet these objectives, and ease the way for a fair and successful outcome to the Doha Round.

The EU is abandoning all agricultural export subsidies: trade negotiations should aim for further cuts in other trade distorting subsidies. The new CAP must be consistent with EU development policies; and the EU should include binding environmental and social clauses in its trade agreements.

Conclusions

Since 1957, every CAP reform has aimed to take one step at a time, while maintaining the original philosophy. This approach is too timid for a radically changed world.

Our aim is to reaffirm the importance of European farmers and the need for a strong common agricultural policy, capable of tackling new challenges, by creating a new CAP which will be a model of effectiveness, fairness, sustainability and responsibility.