

## Position of the Assembly of European Regions on the future Common Agricultural Policy and Rural Development policy of the European Union

*Adopted by the General Assembly in Istanbul (11/11/2010)*

Most regions in Europe are made up of territories known as “rural” areas and are thus concerned by the issues linked to rural development and agriculture. The presence of agriculture in all our European regions is a strong illustration of the identity of our continent and a significant component of the landscape in our territories. Questions of autonomy, food quality and security are a priority for all citizens in Europe as elsewhere.

The Common Agricultural Policy therefore concerns all actors of society, starting with regions, as a result of their closeness to citizens and their capacity to determine various territorial issues including economic development, environmental protection, the well-being of citizens and preserving socio-economic heritage.

The Common Agricultural Policy concerns farmers, who remain key actors in the well-being of the European population but the challenge to be answered goes far beyond the issue of the income of farmers, although this remains an unquestionable reality.

In the past decades, rural areas in Europe, taken in all their diversity, have known difficulties linked to problems of demography (rural exodus, population ageing), environment (sometimes unreasonable methods of agriculture, heavy road transportation, loss of biodiversity, etc.) and economic attractiveness (restrictions of services of general interest, low accessibility, lack of or inadequate training of the local workforce, etc.)

The CAP is therefore inseparable from rural development policy whose objective is to support dynamic and prosperous rural areas rather than to serve as a crutch for almost fully deserted areas.

### **What objectives for the Common Agricultural Policy?**

#### **A community policy, that should remain as such.**

- It is essential to keep a strong European agriculture based on the quality of its products and the diversity of its regions.
- Also, the CAP must remain a community policy and should, in no way, be re-nationalised. Indeed, the presence of agriculture in our European regions is only possible with the existence of the CAP and remains a prerequisite for the survival of rural areas, which otherwise run the risk of losing a large part of their already wavering population to already congested cities confronted to huge environmental challenges.
- A further devolved and simplified management of the CAP would increase the efficiency and effectiveness of its delivery. The current model is needlessly bureaucratic and, as a result, deters uptake of funds.

### **A budget that should not be reduced.**

- CAP is not only an instrument to support farmers: it is also an instrument for the development of a large part of EU territory. As a result, it is inconceivable to reduce the budget already earmarked for this purpose.
- Reviewing the distribution and the instruments of its regulation and implementation is certainly a priority but the support can under no circumstances be lessened while most of Europe's competitors will maintain if not strengthen their national policies to support agriculture.
- Furthermore, the challenges facing agriculture today, in particular the environmental question but also food security, justify the need for a serious and comprehensive approach to agriculture.

### **Provision of public goods**

Public goods are not only referring to environmental protection and landscape preservation, which are already taken in consideration in the direct payments provided to European farmers. Agriculture also plays a key social role in keeping rural areas alive. Farmers also sometimes contribute to preserving the cultural heritage of a territory, by producing certain types of food. Farmers are producing public goods and should be financially supported mainly in this context.

The expectation of public goods largely depend on a territory's characteristics and tend to vary from one region to another: public objectives should therefore be defined at territorial level and Regions should have more margin, in cooperation with all stakeholders, to define what they consider should be the farmers' contribution to public objectives.

### **Competitiveness of European agriculture.**

It is a major objective of European agricultural policy. Competitiveness must be strengthened as a means to ensure not only food security to European citizens but also as a means to enable Europe to export part of its production and know-how. Tools for regulation, traceability and food safety standards should be implemented at WTO level.

The EU objective should be in no way the end of the support to European farmers: practically all producer countries world-wide support their agriculture in one way or another. This is closely linked to the notion of food sovereignty.

### **Farmers' income.**

This very controversial question must boil down to one core element: guaranteeing stable income for farmers, often subject to market fluctuations, arbitrary elements of regulation and risks linked to the nature of their profession. But farmers produce what we can refer to as a public good: feeding the population remains a primary need for all. It is essential to guarantee the continuity of their revenues for long periods in order to protect them against various hazards which they do not have the means to control. The current CAP tends to favour quantity instead of quality, thus endangering the survival of small farms that may be resource efficient, productive and producing quality goods. It is necessary to implement tools for the channelling of funds to small farms in order for them to be able to live from their revenue. The CAP should also target help at farmers working in areas of permanent physical disadvantage

*In order to reach these objectives, a long term strategy is absolutely fundamental. If we lack vision and major guidelines for the next decades, farmers will not acquire the needed visibility. For many of them, this is equivalent to having no guarantee of their short term survival. A large part of European agriculture is at stake. It is the role of the European Union, with the support of member states, regions and stakeholders in the fields of agriculture and rural development to define these guidelines and to give to the rural stakeholders a real role in the definition of tomorrow's Europe.*

## **What are the main challenges for the Common Agricultural Policy and what does AER suggest?**

### **The environmental issue :**

- The relation between agriculture and environmental protection is complex and deserves a true European strategy that goes beyond the principle of conditionality. Should this relation be strengthened it should not be to the detriment of the survival of smaller holdings.
- Preserving natural resources (water, forests, biodiversity) and managing energy use are key challenges for future decades and should enable, through an apt relation between the CAP 2<sup>nd</sup> pillar and the 1<sup>st</sup> pillar but also for environmental policies on all governance levels to give to rural areas sustainable opportunities for development and for creating attractive economies and residencies.
- It is impossible to measure the environmental challenge weighing on the shoulders of farmers and rural areas in general, which is why a partnership between cities, peri-urban areas and more isolated locations is particularly pertinent in this case.

### **Quality products.**

- Quality is defined by a wide range of parameters including the type of product, the kind of production (organic, locally produced, integrated farming etc), the cultural added value, the food processing and conditioning, the environmental footprint (which is not restricted to the carbon footprint), animal welfare etc. The definition of quality is to a great extent territorially determined. Consumers should be in a position to set their priorities in terms of quality.
- Quality products are without doubt a niche for the future, which can become an essential asset for the European Union because quality products reflect the diversity and know-how specific to our territory. The EU must thus become a reference for quality food products. That is where lies the EU's advantage compared to its competitors.
- Products known as "quality" products remain today a commercial niche but tend to increase and to attract a growing number of consumers. These products need a strengthened and simplified support from the EU.
- In particular, stronger emphasis should be put on providing consumers and stakeholders of the supply chain with a clear, easily accessible and comparable information, which allows them to make an informed choice.
- In the framework of this quality agriculture, a growing number of regions give priority to short supply chains, supporting local producers in direct contact with consumers or with a limited number of regional intermediaries. We note here a triple concern of preserving the environment, supporting farmers' income and promoting an agriculture of quality products. It is essential for the CAP, in its political choices, to direct part of the funds to support of these channels.

### **Supply chain**

- The issue of the supply chain and intermediaries between producers and consumers is an equally central question which has an impact on part of the income of farmers and consequently on European aid. This chain must be reformed if we want to guarantee an income for farmers as a direct result of their labour rather than a public subvention. Beyond the question of revenue for farmers, one must consider the competitiveness of quality agriculture. Benefits made by intermediaries should be controlled by an ad hoc tool on European level, to stabilise this chain as well as the income of producers and consumer prices.

### **Coordination of the CAP with other European and national policies.**

- Conditions for competition between European countries should be harmonized, as well as the distribution of funds. It is essential to rethink the European CAP as a truly

common policy, made of synergies and complementarities between countries rather than a strictly competitive relation between the countries and regions in the Union, which results today from the fiscal and legislative disparities.

- There is also a need to ensure better synergy across related EU policy areas and funding programmes. It is particularly important to highlight the need for connectivity and consistency between the CAP and European biodiversity, energy, climate change and Europe 2020 initiatives.

### **Strengthening the bridges between regional policy and CAP:**

- The link between the 2<sup>nd</sup> pillar of the CAP and cohesion policy remains a sensitive point. Although it is undeniably necessary to better coordinate both policies, which both have a strong territorial impact and an influence on development issues, the two policies are nonetheless not interchangeable, especially if cohesion policy continues to be considered as the main financial instrument for the Europe 2020 strategy which makes little reference to rural areas. Reshuffling the competencies by transferring the 2<sup>nd</sup> pillar to Cohesion policy would risk an urbanisation of rural development questions which would be lost in the more general issues of economic development.
- Bridges should be foreseen to foster the non-agricultural factors of rural development. The provision of public goods and services of general interest in rural areas currently often constitute a grey zone where it is very difficult to find financial support for projects. Similarly, the question of accessibility, closely linked to environmental issues and services of general interest are at the border between of the 2<sup>nd</sup> pillar of the CAP and regional policy. New mechanisms could therefore be proposed to allow for the definition of programmes providing joint support from ERDF, ESF and EARDF to these projects.

### **2<sup>nd</sup> pillar of the CAP :**

In this framework, it is essential to maintain a second pillar, in order to give Europe a strong quality agriculture identity and to make of it an added value in comparison to its competitors.

- Modulated financing through the reduction of subventions in the framework of the 1<sup>st</sup> pillar (reduction which would be all the more feasible if a reform of the supply chain were to take place) must go to the maintaining of services of general interest in rural areas and to innovative agricultural investments in the 2<sup>nd</sup> pillar.

More flexibility is needed in the management of the programmes for rural development, which do not permit a certain number of investments dedicated to the conversion of rural areas, such as for example in the area of energy. Linkages must be created between the funds so as to give way to global development strategies that go beyond the unique question of agriculture.

### **The LEADER methodology.**

The considerable work that has been achieved in this framework by local and regional stakeholders for many years now should continue to inspire political decision makers at all levels.

- This methodology should be adaptable to different scales: be it for small projects aimed at giving local stakeholders the means to increase ownership of territorial development problems, or for more ambitious projects requiring larger budgets, implying cooperation of different territories and having a clearly identifiable socio-economic or environmental impact.
- Support for innovative pilot-projects that are by definition risky is lacking in a sector that desperately needs innovation. As in the case of the Cohesion Policy, AER asks for the return of a financial tool dedicated to innovative territorial projects that are by definition risky.

**Governance:**

The implementation of real governance is the *sine qua non* condition for the achievement of these objectives. This governance necessarily brings the principles of territorial cohesion and multilevel governance into practice in order to allow for adapted responses to the challenges posed by structural specificities inherent to rural areas and farms.

- Increased responsibility of regions in terms of agriculture, land settlement and protection should imperatively be accompanied by the recognition of this role, through the involvement beforehand in the definition of the common agricultural policy and its national ramifications. This also requires increased responsibility in the management of the CAP.
- This is even more so important that it is not possible to handle agricultural and rural issues in a standardised way, without taking into account the specificities of each territory, and even of each farm. The diversity of the European agricultural landscape is almost unique in the world. This should be an asset. It implies nonetheless a CAP capable of adapting to this diversity, and a CAP that can count on strengthened territorial stakeholders for conveying the policy.
- In this context it is necessary to distinguish on one hand peri-urban areas, which knows problems that are generally closely related to those of urban areas or to their relation with urban areas, and, on the other hand, isolated rural areas which face problems that are rather geographical and generally linked with low density.

*AER Secretariat, Committee 1, ED*

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