

MEETING OF THE CHAIRPERSONS OF THE COMMITTEES ON RURAL AFFAIRS ON THE REFORM OF THE COMMON AGRICULTURAL POLICY

OVERVIEW

21–22 July 2013

Vilnius

The Meeting of the Chairpersons of the Committees on Rural Affairs on the Reform of the Common Agricultural Policy (CAP) took place on 21-22 July 2013 in the Seimas of the Republic of Lithuania in Vilnius. The meeting focused on two topics: *Common Agricultural Policy after 2013* and *Small Farming: Current Situation and Future Prospects*.

The meeting was opened by Mr Saulius BUCEVIČIUS, Chair of the Committee on Rural Affairs of the Seimas of the Republic of Lithuania. His introductory remarks were followed by a welcome address by Dr Vydas GEDVILAS, Speaker of the Seimas.

In Session I of the meeting the following keynote speakers took the floor: Prof Vigilijus JUKNA, Minister of Agriculture of the Republic of Lithuania (presentation on *Common Agricultural Policy after 2013*), Dr Czesław Adam SIEKIERSKI, Vice-Chair of the Committee on Agriculture and Rural Development of the European Parliament (presentation on *Reform of the Common Agricultural Policy: input of the European Parliament*), and Dr Tassos HANIOTIS, Director of the Economic Analysis of the Perspectives and Evaluations Directorate of the Directorate General for Agriculture and Rural Development of the European Commission (presentation on *Challenges to implementation of the reform of the Common Agricultural Policy*).

In Session II of the meeting the following keynote speakers took the floor: Dr Rasa MELNIKIENĖ, Director of the Lithuanian Institute of Agrarian Economics (presentation on *Contribution of small farmers to sustainable rural development in the EU*), Ms Hanny van GEEL, Member of the Coordination Committee of the European Coordination *Via Campesina* (presentation on *What could small farmers expect from the reformed Common Agricultural Policy*), and Valdas KAVALIAUSKAS, a farmer and Chairman of the Board of the Association VivaSol (presentation on *Development challenges for small farms from a farmer's point of view*).

Abstract of the presentations of Session I

Minister of Agriculture Prof Vigilijus JUKNA focused on the inter-institutional political agreement on the CAP reform package that had been reached on 26 June 2013. He said that the task ahead of Lithuania, as the Presidency of the Council, was to finish the work related to the approval and timely entry into force of the necessary transitional provisions of the CAP reform for 2014. The Minister noted that the new reform would enable a more flexible redistribution of funds between pillar I and pillar II of the CAP and would put in place a simplified payments scheme for small farmers. Moreover, Member States preserved the right to allocate up to 13% of all direct payments to production-based support. On the other hand, the Minister observed that Lithuania would remain one of the Member States receiving the lowest direct payments in the EU. The Minister also stressed that Member States would have to be responsible for making decisions regarding the support for small farmers, the elimination of the so-called “sofa farmers” from the system of direct payments and the choice of the greening measures. According to the Minister, rural development policy in the future would have to focus on reducing social exclusion in rural areas, stimulating local markets and promoting innovation.

In his presentation, Dr Czesław Adam SIEKIERSKI stressed the role of the European Parliament in the negotiations regarding the key aspects of the new reform, such as direct payments, greening, support schemes for young and small farmers, and rural development measures. He observed that after the adoption of the Treaty of Lisbon the European Parliament for the first time participated in shaping of the reform as a fully-fledged co-legislator with the Council of the EU. However, Dr SIEKIERSKI took note of the fact that the new reform excluded other important aspects of the CAP, including capping direct payments ceilings, fairer and more balanced allocation of direct payments among Member States (external convergence), and financial flexibility between pillar I and pillar II of the CAP. The speaker expressed hope that progress would be achieved on these issues during the Lithuanian Presidency.

Dr Tassos HANIOTIS stressed that with the new reform the EU was gradually moving from the principles of *what* and *how much* to produce towards the aim of *how* to produce. This is why more attention had been given to environmental requirements and greening. According to him, when drafting the proposal for the reform, the European Commission had identified three objectives of the reform: food security, sustainable management of natural resources and socio-economic development of rural areas. The speaker also noted the need to strengthen innovation in agriculture with the help of new financing instruments, such as the European Innovation Partnership.

Summary of the debate of Session I

Participants in the discussion spoke of the need to apply CAP instruments flexibly (having regard to the existing differences between Member States) and focused on greening, support for young farmers and the significance of innovation. Some speakers emphasised that interference by politicians in the agricultural market should be limited as much as possible and that market signals should be the major driving force of the agricultural sector. The issue

of product traceability was discussed in the context of the horse meat scandal that had shaken Europe at the beginning of 2013. The representative from the European Commission noted that measures to improve product traceability were underway. Participants from those Member States receiving lower payments noted the existing differences in direct payments and the difficult situation of farmers in their respective countries. It was emphasised that the role of national Parliaments had increased both in the context of the implementation of the reform and through the application of the principle of subsidiarity.

Abstract of the presentations of Session II

Session II was opened by Dr Rasa MELNIKIENĖ, who emphasised the link between small farming and sustainable rural development. According to her data, 80 per cent of EU farms were smaller than 10 hectares. The speaker noted that the CAP had developed in several stages: the initial objective of increasing productivity had been replaced by the aim of increasing competitiveness, whereas in recent years the primary objective had shifted to ensuring sustainability. Dr MELNIKIENĖ underlined that small farms played a significant role in ensuring sustainability because they produced fresh and natural food and used environment-friendly technologies. Besides, small farms responded to the needs of the local market in a more flexible way than the large farms.

Ms Hanny van GEEL gave a critical account of the current farming system and invited politicians to reconsider the strategy of the agricultural policy. She believed that the current system was too focused on industrial agriculture and the pursuit of profit rather than the production of healthy and sustainable food. Referring to the principle of food sovereignty, Ms van GEEL said that people should have the right to democratically define their own food and agricultural systems without harming other people or the environment.

The representative of small farmers, Mr Valdas KAVALIAUSKAS, introduced the model of his farm based on local resources, manual labour and minimal costs. He noted that his farm delivered production directly to consumers, with no intermediaries. Mr KAVALIAUSKAS specialised in the production of cheese. He had established an association of cheese producers, a public enterprise and a cooperative. In this way the farmer contributed to the development of the local community and the strengthening of community ties. Mr KAVALIAUSKAS noted that small farms had very limited administrative resources, therefore it was of particular importance to reduce the administrative burden to such farms.

Summary of the debate of Session II

Other participants in the meeting noted that small farms were important in economic terms, since they provided a living for a significant part of the population in the EU and contribute to reducing unemployment. The role of small farms was noted of particular importance in rural development and in preserving the landscape. Participants from the Scandinavian countries pointed out that locally produced food had gained popularity in their countries thus strengthening the role of small farms.

However, some participants stressed that small farms were less competitive in economic terms. Moreover, they claimed that small farms would not be able to feed the whole population of the EU or the world. It was proposed that small farms should merge in order to be able to adopt new technologies and become more competitive.

Concluding remarks by the Chair

A strong and sustainable CAP, endowed with adequate resources to meet new global challenges, should be maintained.

Only through enhanced competitiveness, sustainable management of natural resources and balanced development of rural areas can the agricultural sector have a significant contribution to the achievement of the goals of Europe 2020 strategy.

By responding to the needs of the local market and through responsible use of natural resources small farmers play an important role in contributing to efficient and sustainable development of rural areas.

Farmers below the age of 35 make up only a small share of all EU farmers and in the next ten years this share will further diminish. Therefore, one of the priorities of the CAP should be to attract more young people into the agricultural sector.

Fair and objective allocation of funding between and within the Member States is one of the factors enabling equal competition for all farmers in the EU.

Practical procedures and tools of the CAP should be simplified in order to reduce the administrative burden for farmers and managing authorities.

Agreement on the reform of the CAP after 2013 has been finally reached after nearly two years of negotiations. The new reform has taken into account the existing differences between various agricultural regions in the EU, the need to reform the CAP in a gradual way, and the fact that the agricultural sector in the EU is closely linked to the economy as a whole.

The future of the CAP largely depends on the individual Member States, since it is their responsibility to ensure effective implementation of the reform of the agricultural policy. National Parliaments will therefore play a significant role in implementing the reform.