

THE FUTURE OF AGRICULTURE IN EUROPE

WHITE PAPER



The Youth of the European People's Party stands strongly with European Farmers. Agriculture and its continued growth and development is of utmost importance to the future of Europe. Currently the European farming and food sector provides nearly 44 million jobs across the Union. European Farmers provide high quality affordable food to more than 500 million Europeans, and export over €130 billion worth of agricultural products each year.

As the European landscape continues to change, so too does the Agricultural landscape and it is vital that European policy in this area adapts to meet the needs of farmers all over Europe. The Agricultural Sector is continually faced with challenges such as climate change, lack of generational renewal and the growing need for increased agricultural produce due to increasing population. European Agricultural policy needs to address these challenges. The imminent departure of the United Kingdom from the European Union also poses threats to Agriculture. Whilst it is estimated that Brexit will leave a €10.2 billion permanent shortfall in the EU budget, the British net contribution to the Common Agricultural Policy is approximately €3 billion. There is no easy solution to this problem, and whilst member states are not unanimous in their view of how to deal with this, the European Commission and Parliament should investigate every possible mechanism to deal with this shortfall.

Common Agricultural Policy (CAP)

The CAP is the cornerstone of European Agricultural Policy. Introduced in 1962 under the Treaty of Rome, its original objectives were to provide a safe, sustainable and stable supply of food at a fair price for consumers and farmers alike. CAP promotes animal welfare, job creation and growth, keeping rural regions sustainable.

CAP is a system of subsidies and support programmes for agriculture operated by the European Union. The CAP budget is split into three core areas: direct payments to farmers, rural development programmes and market measures. It currently accounts for about 40% of the EU's budget.

In the fifty years since its adoption, CAP has undergone many reforms including the McSharry reforms in the 1990's and the Fischer Reforms in the early 2000's and it is now facing further reforms post 2020.

The 2020 reforms will seek to simplify and modernise the current CAP and streamline its application. As set out in the European Commission Communication on the Future of Food and Farming¹, the future CAP should set the basic policy parameters for the Union and allow the Member States to bear greater responsibility and accountability for how they meet objectives and achieve agreed targets. The chosen course towards market orientation should be maintained. Therefore, we reject the expansion of sectors coupled support.

YEPP acknowledges the need for these reforms and in particular the need for these reforms to support young farmers.

A fairer distribution of CAP Direct Payments

The role of direct payments in stabilizing farm income is vital to the sustainability of agriculture. However, the distribution is at times not conducive to productivity. Currently, 20% of the farmers receive 80% of the payments.² Small farms (< 5 hectares) constitute around 50% of the farms, but they only receive around 5.9% of the direct support. The European Commission proposes three solutions which YEPP is in support of. Firstly, the introduction of degressive payments as a way of reducing the support for large farms. A possible implementation of this measure could entail a steady and moderate digression of direct payments starting from 200 hectares. The second measure is a further redistribution of payments by providing additional support in a targeted manner to small-medium sized farms. We acknowledge that further discussions on the level of direct payments in the various Member States will be needed. Recognizing the significant differences in average salaries and purchasing power, we do not expect full convergence in the near future. And lastly, we need to make sure the support targets genuine farmers. In order to do so, YEPP believes that we need to change the definition of an active farmer³ to those who actively farm in order to earn their living.

YEPP opposes the omnibus proposal, surrounding articles 267-270 on the CAP basic acts, which would make the application of the active farmer definition optional for Member States. It is imperative that the same definition of the active farmer is enforced by all Member States. A clear definition of 'active farmers' in all member states is paramount for the future of the CAP and EU agriculture in general.

Young Farmers

Article 50 of EU regulation No 1307/2013 provides the young farmer definition. Young Farmers are entitled to a direct payment under the young farmer scheme. Compulsory criteria in all Member States with regard to the definition of the young farmer includes an age limit of 40 years, a max payment length of 5 years and the qualifying persons to be setting up on a agriculture holding for the first time or have set up a holding in the preceding 5 years of their first submission for a basic payment. Additionally, Member States have the option to define further objective criteria, for example Ireland upholds an agricultural education requirement to qualify as a young farmer. YEPP proposes that an agricultural education requirement should be a mandatory criterion under the young farmer definition across member states. A more educated farming workforce would ensure that all young farmers had the necessary knowledge and skills for improved productivity.

1 https://ec.europa.eu/agriculture/sites/agriculture/files/future-of-cap/future_of_food_and_farming_communication_en.pdf

2 <http://www.anglocelt.ie/news/farming/articles/2018/02/22/4152590-80-of-cap-payments-go-to-just-20-of-farmers/>

3 Only persons who fulfil one of the following can be considered as an 'active farmer' and will be eligible to receive a direct payment; a. A 'farmer' is defined as a person who carries out an agricultural activity such as 'the rearing or growing of agricultural products including harvesting, milking, breeding animals and keeping animals for farming purposes'. b. Persons who do not engage in one or more of these activities must at a minimum maintain their land in 'good agricultural and environmental condition'. c. Where land can be described as an area 'naturally kept in a state suitable for grazing or cultivation' (marginal land), each Member State must establish a level of 'minimum activity' to be carried out by farmers on such land.

Generational Renewal

For the future of agriculture in the European Union, it is of vital importance that new generations take up farming. Currently, the farming population is aging at a rapid rate. Currently, 55.7% of European farm owners are 55 or over, whilst only 6% of farm owners are under 35. According to the European Commission, young farmers face considerable obstacles to starting up a farming enterprise. One economic obstacle is the high land prices. YEPP supports the following measures in order to promote generational renewal.

Firstly, as with the additional support using direct payments in a targeted manner to small-medium sized farms, we want the same additional support to young farmers. This can - at least partially - be financed by the budget that is saved due to the introduction of degressive payments.

Secondly, we would like to emphasise the need for and importance of new models of collaboration between generations of farmers. These include share-farming, partnerships, and long-term leasing. A Land Mobility Service would help in this effort. The introduction of a Land Mobility Service would primarily mean the funding of national or regional organizations engaged in promoting and facilitating matching services between young and old farmers, thereby increasing the land mobility. These organization would be tasked with actively promoting the aforementioned sustainable collaborative arrangements. In order to strengthen and secure the position of young farmers in relation to landowners and leasing lands, further security of land leases should be provided for.

Thirdly, in order to promote the generation change, pensioners cannot receive direct payments when they already receive a statutory pension.

Lastly, we would like to propose two measures that will increase the young farmer's access to credit. First of all, it is necessary to improve cooperation with the European Investment Bank (EIB) and the European Investment Fund (EIF). They have to create financial instruments dedicated to young European farmers. And secondly, it is necessary to have an increased availability of both short and long-term loans with low interest for young farmers.

A Greener CAP

CAP links agriculture with the protection of the environment, which in turn mitigates and adapts to the effects of climate change. In relation to climate change, agriculture both contributes to emissions and seeks to mitigate them. As climate change continues to offer many difficult challenges, agricultural practises need to develop and adapt to deal with these challenges. It is vital that the next CAP would be a greener one, and would keep count of the climate differences between north and south European countries.

YEPP supports the European Council's conclusions as part of the EU's 2030 Climate Change and Energy Policy Framework⁴ which recognises the special relationship between agriculture, the environment and food security.

⁴ <http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%205644%202014%20REV%201>

YEPP believes that future reforms of CAP payments should promote and reward reaching sustainability targets, specifically regarding water, air and soil quality. The reforms should also allow for further subsidiarity and flexibility for Member States to take account of their national and regional specificities and to contribute to a more efficient delivery of the aims of CAP as well as environmental protection and biodiversity obligations.

Implementation of innovation can help us reach a sustainable method of farming. For instance with livestock farming, innovation will allow us to substantially reduce greenhouse gas emissions without impacting the stock of cattle, by selectively breeding the animals on the basis of low greenhouse gas emissions. Another instance will be reducing the harm done by organic fertilizers by changing the composition of fodder. This allows for the economic production to stay intact, while decreasing the impact on the environment.

YEPP should call the Commission to review the use of inorganic fertilizers in the Nitrate Directive and speed up the ongoing process of the so-called fertilizers regulation which should facilitate the trade of CE-fertilizing organic products. A new separate procedure must be introduced for the approval of biological pesticides which is quicker and consists of the fitting experts.

Better coordination with policy instruments outside the CAP is also needed. Coordination across funding opportunities is needed to end uneconomical overlap in scope between projects funded by the European Agricultural Fund for Rural Development and other European Structural and Investment funds, mainly the European Regional Development Fund e.g. renewable energy funding. As we seek to reduce our greenhouse gas emissions, we need to look at changing the way we produce energy. YEPP supports the introduction of measures to increase and improve on farm renewable energy production.

Rural Development

CAP Rural Development policies have strengthened and revitalized rural areas all across Europe. It is imperative that this would continue to be the case. It is necessary to ensure financial compensation for farmers that are facing challenges such as mountain farming.

YEPP supports the Cork 2.0 declaration which advocates for a better life in rural areas and the premise that rural development must be a dominant feature of any future CAP.

Co-operation across policy portfolios is essential to rural development as well as using the relevant EU funds, such as the European Structural and Investment Funds and the European Fund for Strategic Investments (EFSI), for projects that promote digitalisation and greater internet connectivity speeds in rural areas. Furthermore, such projects will organically help to tackle the shortfall in investment into farm restructuring, modernisation, innovation, diversification and the uptake of new technologies. Member States need to work at national level to ensure the relevant action plans and funds are being made accessible to rural areas to overcome these challenges.

Food Production

CAP plays a leading role in developing high quality food chains which deliver high-quality food in all over the world. Therefore, it is fundamental to protect European Geographical Indications (GIS) on the global market through bi and multilateral trade agreements. It is also important to recognize the “MADE IN” that assures the origin and the process behind products defending high quality all over the world.

It is important to acknowledge that farming methods and food standards vary greatly globally. When trade deals concern agricultural products, production and food standards are also negotiated. The combined economic power of the European Union gives it the opportunity to set a high standard. Therefore, in order to reduce the global environmental impact of farming and to ensure consumer and food safety, the European Union should always pursue European standards in current and future trade deals involving agricultural products. Furthermore, the European Union should ensure that the product standard in the Union itself remains high in practise and national authorisation control mechanisms should be reviewed and screened frequently.

Conclusion

The future of agriculture in Europe is faced with many threats and it is important that these are addressed. The CAP 2020 reforms are the most pivotal CAP reforms since its introduction in 1962.

YEPP fully supports measures that will simplify and modernize CAP as we know it and ensure that Europe remains a global leader in promoting and practicing sustainable, modern and proficient agriculture.

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