

AGRICULTURE

The Common Agricultural Policy (CAP) has been facing several reforms which were initiated as a result of internal pressures, for example budgetary concerns and changing public preferences, as well as external pressures, such as multi-national WTO-commitments which prohibit unfair barriers to trade.

Since the previous reform in 1992, the MacSharry-Reform, the general trend of the CAP has been characterised by a reduction in traditional price support schemes (intervention prices) that stimulate production and have caused a lot of problems in the past, such as costly surpluses. Parallel to a reduction in price support, other measures have been established to compensate farmers for income losses.

FIRST AND SECOND PILLARS

The management of the CAP and its budget are divided into two: firstly, the agricultural markets (1st pillar) bringing together all the Common Market Organisations (CMOs), and secondly, rural development (2nd pillar).

A RELATIVE SMALL BUDGET CONCERNING THE IMPORTANCE!

The current agricultural budget (53 billion euros) represents 1 % of the total EU public expenditure and less than 0.5 % of the EU GDP. Is this really enough for a sector that stewards 80 % of the land area with 40 % of the population, employing 5 % of the work force and representing 3 % of the GDP?

These measures are defined for the eligible products within the Common Market Organisations and compose the - originally the one and only - "First Pillar" of CAP. This First Pillar still absorbs the bulk of the agricultural budget.

With the 2003 Fischler reforms, radical changes in the CAP have had a profound effect on the rural economy and livelihoods. In order to ensure representation of the interests of rural stakeholders at the European level, ELO has played an active role in the latest EU agricultural reform. Its role, as the most holistic representative of landowners in the EU, has been to ensure that the rural sectors are given appropriate attention in policy making and thus to ensure that the framework for a dynamic rural economy is present.



CAP REFORM 2003

The CAP Reform proposed by Commissioner Fischler aims at decoupling payments from production, allowing Member States to take necessary measures to link payments to land (i.e.: tax on landless entitlement sales, direct area payments). ELO supports the decoupling of direct payments from production when they are linked to the good land stewardship and management practices of its legal user. Council Regulation (EC) No 1783/2003 of 29 September 2003 amending Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) provides some support for sustainable land management.

ELO has supported the CAP reform but stresses the crucial importance of providing adequate economic support to rural areas to compensate for economic and financial losses. In the absence of supportive political and economic frameworks, EU rural areas will not be able to develop competitive and innovative sectors that provide employment and increase environmental services and public goods in addition to food, fibre and fuel to the European population. These frameworks must consider that rural areas will face challenging effects of climate change related events (drought, flooding, storms,..) with possible damage to agricultural production and threats to food, feed and environmental security.

In the context of the Fischler reforms, the most important changes have been:

Cross compliance: the allocation of direct payments conditional to respect for the statutory requirements of 19 Community Acts including 5 environmental Directives, the maintenance of agricultural land in good agricultural and environmental conditions (GAEC) and the maintenance of permanent pastures. This is an incentive to comply with statutory environmental requirements, such as the Nitrate Directive, the GAEC to improve the environmental performance of European agriculture, and to reduce overproduction of foodstuffs.

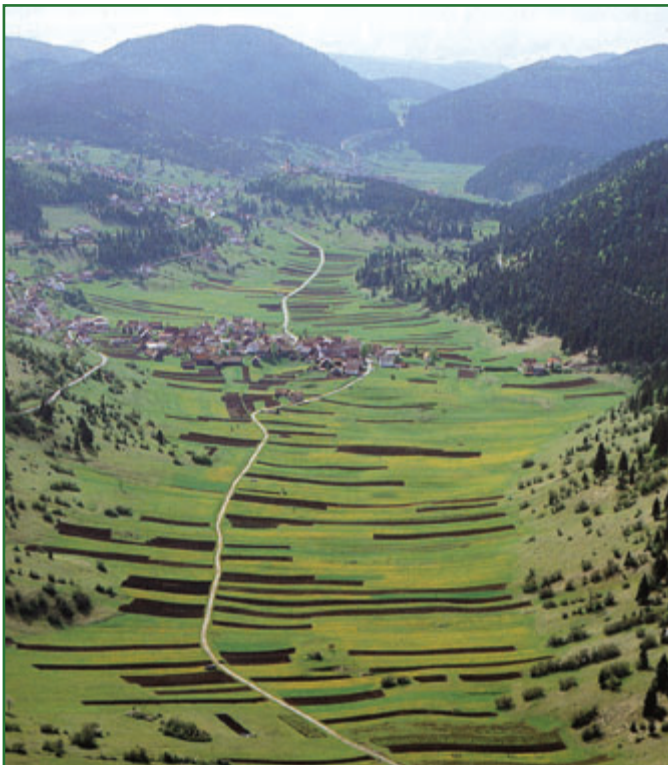
Modulation: reduction in direct payments (1st pillar), where increased amounts of funding are transferred to the 2nd pillar (rural development) in order to help fund rural development measures and the adoption of environmentally friendly production techniques.

Decoupling: single farm payments decoupled from production replacing most of the direct payments with the effect of reducing incentives towards intensive production.



Currently, ELO is working on developing scenarios for the development of the agricultural sector for the period 2005-2020 such as SCENAR 2020, funded by DG Agriculture of the European Commission. ELO's participation ensures that rural stakeholders, landowners and managers are represented as the key actors in developing and maintaining a dynamic and prosperous countryside and that future policy development takes this essential fact into consideration.

Furthermore, ELO participates in Advisory Groups and Working Groups of the European Commission and the European Parliament. ELO thus pro-actively defends and promotes its members' interest at the Community level. ELO is also member of the Consultative Committee on Agriculture and Rural Development of the Commission to ensure that the landowners' interests are always represented.



ELO is deeply involved in promoting a wide variety of social, economic and environmental interests of landowners, whether concerning their interest in utilising alternative crops and promoting renewable energy sources or protecting biodiversity through developing sustainable hunting methods. ELO is at the forefront of developing and implementing good practices, receiving the necessary support through its European network.

By supporting the interests of landowners and managers as well as resource holders, ELO aims to develop competitive economic activities in rural areas. This involves agriculture, forestry and other rural activities, such as sustainable field sports and outdoor leisure activities. The strength of these sectors must remain and become increasingly innovative and competitive to face the free market conditions of an increasingly globalised world. A thriving, competitive and diverse rural economy is crucial for the future of Europe's rural communities facing big challenges such as production for food security and coping with environmental risks (including climate change related events such as drought, flooding, natural hazards...).