

The CAP post 2013

Conference on the public debate

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Closing Report

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I would like to associate myself with the remarks of Bertrand Hervieu on the value and vitality of the discussions of the last two days. It is of course an impossible task to try to summarise or synthesise the wide variety of viewpoints that were expressed. Like Bertrand, I will attempt to identify some common themes which can contribute to the formulation of the Commission paper later in the autumn. My remarks come with a health warning: they are inevitably a highly personal and subjective reflection on the discussions which we have heard. In my contribution I focus particularly on the public goods and rural development debates.

A positive orientation

A first issue is how the Commission paper will frame the case for the CAP post 2013. To me, it was striking how often the case for continued and enhanced CAP support was made from a defensive perspective. Without support, rural areas cannot survive. Without support, European agriculture cannot compete. These views seemed to envisage the CAP as a social policy designed to pick up the pieces that market forces had left behind.

Alternative views expressed sought to align CAP objectives with the Europe 2020 vision of sustainable growth, smart growth and inclusive growth. Where some saw limitations, they saw opportunities.

The challenge of meeting rising global food demand with increasingly scarce resources of land, water and fossil fuel energy and in an environmentally sustainable way could mean some increase in real food prices in the coming decades. This would be a totally new departure from the economic treadmill of declining real food prices which farmers have had to cope with over the post-war period and particularly since 1970.

Even allowing for the controversies around first-generation biofuels, farming is well placed to provide renewable energies in the future, whether from windpower, biomass or methane digestion.

Farming can also contribute to green growth, based on its contribution to public goods, the preservation of biodiversity and the fight against climate change.

Rural areas are discovering new ways of valorising their resources, emphasising not just their production values but also their amenity resources and their nature values and the strength of their social capital.

It thus seems important to link the CAP reform paper to the positive contribution which agriculture and forestry can make to the Union's overall Europe 2020 goals.

Public goods

Clearly, there is a huge interest in using the CAP to promote the supply of public goods. Four issues raised in the discussions seem important to clarify in the Commission paper.

What are public goods?

There is clearly a need for a consistent definition of public goods. The term has become a very wide and elastic one. For the purposes of policy design, it may be appropriate to distinguish those beneficial by-products which are inherently linked to normal farm management and which the farmer cannot help but supply in the course of profitable food production. Here, there is no market failure and no case for public support.

However, in many cases there will be a need to encourage either particular low-intensity farming practices or to support farming in general in some areas to prevent land abandonment to ensure the continued supply of public goods. In other cases, there are public goods which require a particular effort by farmers or other landowners to supply, such as maintaining wetlands or habitats, flood resilience, or promoting rare breeds, which can also justify public support.

When to pay for public goods?

Inherent in any notion of public goods is what should we expect farmers to supply as a matter of course, as part of good farming practice, and what are we justified in paying farmers to provide as going beyond good farming practice. Where should the threshold be drawn? In some areas, such as water pollution, this debate is settled. In other areas, such as animal welfare, it is still very much alive. More broadly, it is a question of what to include in the cross compliance conditions in Pillar 1. The Commission paper may make proposals on this.

What to pay for public goods?

How much are taxpayers willing to pay for the public goods supplied by agriculture? How to define what is a sufficient level of public goods? To say that agriculture produces public goods is not an open-ended cheque. Eurobarometer surveys showing a high level of public support are of limited guidance because those surveyed are not asked to make a payment for these public goods. The size of the budget for public goods will obviously be the subject for debate in the next financial perspective.

How to pay for public goods?

Many contributors argued for targeted payments for public goods, both from an efficiency and effectiveness point of view, and from a monitoring and accountability point of view. The argument was that such payments are in competition with payments for health and education services, or social welfare support, and thus taxpayers needed to be convinced of their value.

Targeting and monitoring raise transactions and administrative costs, but the intangible nature of public goods means that their value needs to be demonstrated if public support is going to be sustained. However, there were warnings that only seeking to support public goods through pillar 2 may overload administrative capacity, and thus there is a case for adapting the first pillar also to target environmental public goods.

Rural development

The broader dimension

There was broad agreement that the EU needs a rural policy to address the particular socio-economic challenges of rural areas and to assist rural areas to play their part in meeting the Europe 2020 goals.

Perhaps because of the makeup and composition of the conference, there was no real challenge to the general presumption that rural development policy should remain part of the CAP rather than, say, part of cohesion policy, although some speakers did express frustration that rural development policy was run through Ministries of Agriculture despite a clear need for multi-sectoral interventions.

There was a general acceptance of the great, and growing, diversity of rural areas, particularly since the accession of the new Member States. Perhaps not surprisingly, there was a heavy focus on the problems of lagging rural areas facing out-migration and population decline, and where the economic role of agriculture remains disproportionately high.

There was a broad agreement that improving the quality of life in these lagging rural areas with a view to ensuring they were attractive places for young people to live requires a territorial approach which emphasises accessibility – to good public services, to better infrastructure such as highspeed broadband, and to remunerative employment possibilities. These largely involve areas of responsibility outside the CAP. Agricultural incomes are often low in these lagging regions even relative to national farm income, but farmers can gain from a more vibrant non-farm economy through the opportunities it creates for pluriactivity and off-farm income diversification.

Pillar 2 programming

The specific nature of rural areas means that there is a continuing role for agricultural adjustment measures and measures to influence rural land management including forestry.

There was broad acceptance of the desirability of retaining the two pillar structure, although it was recognised that over time there was an increasing blurring of the roles and responsibilities of the two pillars. Greater clarification of their relative roles and the relationship between them was seen as desirable by many.

There were many contributions which called for specific targeted measures to assist small farmers, but also those who wondered how such a focus fitted with EU efforts to improve global competitiveness.

Many contributions returned again and again to a limited number of themes:

- The desire for territorial targeting
- The desire for greater integration and coordination of the various EU and national instruments addressing rural development, at both EU, national and regional levels;
- The desire for greater flexibility in implementation to reflect the diversity of the situations of different rural areas;
- The desire to reinforce the LEADER and bottom up participatory approaches to rural development and to exploit the advantages of networks and mutual learning;
- The desire for more simplified procedures;
- And appropriate monitoring and evaluation, including the construction of indicators.

Direct payments

In conclusion, there was relatively little discussion about the mechanics of Pillar 1 direct payments during the conference. Insofar as direct payments will remain part of the CAP, there was acceptance of the need for new criteria for the distribution of direct payments between farmers and member states. Possible criteria which were put forward by speakers included land area, employment, support for sustainable management of high nature value grassland, public goods provision more generally, and that they should be confined to active farmers. This is clearly an area where the Commission paper will be awaited with great interest.