

CELCAA comments on the CAP Health Check

Agri-produce traders welcomed the Commission Communication on the Health Check of the Common Agricultural Policy (CAP) and the broad consultation started by Commission services on the consolidation of the reform. European sectoral associations representing agri-produce traders of the various plant and animal products already replied to the consultation for their respective sectors. Herewith, CELCAA, the umbrella organisation of agricultural and agri-food trade, comments on general issues or common concerns of its member organisations. CELCAA strongly supports the endeavour followed by the Commission since 1992 to foster market orientation and increase competitiveness of European agricultural sector. CELCAA also shares the political decision to re-orientate support to agricultural producers towards sustainability and, thus, to re-allocate European spending to newly defined societal objectives.

Increase market orientation and improve international competitiveness

Agri-produce traders welcome the Commission disengagement of price support and the decoupling of aid from agricultural production allowing agricultural markets to provide the right signal to economic operators. Additional market orientation in sectors with quantitative production restrictions would enable European agriculture to seize current and future market opportunities on expanding world markets. A minimum safety net should be established for extreme price fluctuations resulting from market failures or crises, which have to be adapted to the particularities of the agricultural sector concerned. It is important that the offer of agricultural raw materials satisfies an increasing European and global demand for food, feed and non-food products. In any case food and feed markets should have a priority. In order to offset volatility, i.e. when markets are going to be too bullish, a temporary relief on import duties could facilitate sound markets.

Evolution of the US\$/€ exchange rate

Source: European Central Bank

One growing concern among exporters is the increased pressure on international competitiveness of European agri-produce resulting from the weak US \$ and the resulting adverse evolution of the US\$/€ exchange rate. The phasing out of export refunds and their abolition by 2013 raises concern amongst exporters. Export refunds should be maintained as long as politically feasible in order to ensure competitiveness of European agri-produce on world markets, Dismantling of export refunds should be done in parallel and simultaneously with other forms of export subsidisation used by trading partners.

With the exception of the tobacco sector, where the premium is based on a deficiency payment and not on price support scheme and where total decoupling, if applied before the completion of the current market adjusting period (i.e. before 2013), will lead the entire European chain to its extinction before 2010.

A worry concerning competitiveness on the internal and international markets for European agri-produce of animal origin is the increased cost resulting from European animal welfare legislation. It is vital to ensure that EU policies on animal welfare and international trade are compatible to avoid disadvantaging EU operators who are required to comply with higher legal standards.

To foster international competitiveness is to promote awareness and knowledge on the quality of European agri-produce in the EU and on emerging and expanding markets in China, India, South East Asia, Latin and Central America. Adequate funding for promotional measures should be ensured in the agricultural budget.

Further interaction of agriculture policy with other policy areas is needed in order to ensure long-term international competitiveness of European agriculture. Agricultural research facilitates identification of new production methods and technology ensuring that agriculture meets future challenges. The use of modern technology like green biotechnology and the sustainable use of inputs into agriculture production like plant protection products, fertilisers, veterinary products, etc. has to be authorised on the basis of transparent scientific advice.

Modern agricultural technology enables the agriculture offer to expand in order to satisfy an

increasing demand for agricultural raw materials on European and global markets.

Furthermore, it could open-up new marketing possibilities for the agri-produce sector.

Next to

conventional agricultural production, market opportunities for organic agri-produce should

also be developed and exhausted providing the consumer with an alternative choice. The choice of safe and sustainable production methods should be left to the agricultural producer

based on his own assessment of the evolution of agricultural markets. In order to address

public perception agricultural policy makers should devote greater attention to communication and inform consumers objectively and regularly on different production methods.

Addressing market failures and new challenges through transparent measures based on clear set of objectives and priorities under rural development

CELCAA acknowledges the need to correct market failures resulting from external costs.

Targeted rural development programmes could ensure long-term sustainability of European

agriculture and enable European agriculture to face new challenges like climate change and

water management. CELCAA refers to the following reports of the European Court of Auditors "Special report 7/2006 concerning rural development investments: do they effectively address the problem of rural areas?" and "Special report N° 3/2005 concerning

rural development: the verification of agri-environment expenditure". Funds spent for rural

development should be transparent and linked to clearly defined objectively verifiable indicators in order to justify and obtain social acceptance on the expenditure of taxpayers' money for rural development in the long run. Additional precision of the objectives, determination of priorities, indicators for the evaluation of the impact of measures and a cost-benefit analysis of the money spent are needed in order to enable adequate monitoring, verification and control. Recipients of money and activities financed under rural development should be clearly identifiable and targeted to specific objectives and priorities.

Level playing field and equal opportunities for economic operators in rural areas

CELCAA emphasises that a level playing field between different operators in agri-produce trade should be maintained. Equal opportunities should be ensured to agri-produce traders, be they co-operative or private enterprises, with regard to the access to credit for innovative investments, diversification, insurance against crises and marketing. It has to be ascertained that all operators, active in the collecting, grading, storing, distributing and marketing of agri-produce, are represented in the various interprofessional organisations established in different Common Market Organisations (Wine, Olive Oil, Fruit and vegetables), independently of their organisational form (co-operative or private). Trade provides to the producers and the producer organisations a real added value by making available a number of essential skills and services (e.g. supply of inputs for production, logistics, sorting, packing, dissemination of information, market development and commercial expertise).

CELCAA is the European umbrella organisation for agri-produce trade. The membership comprises 13 major European sectoral trade organisations representing collectors, distributors, storers, importers and exporters of cereals, oilseeds, sugar, fruits and vegetables, animal feeds, oils and fats, potatoes, tobacco, spices, live animals and meat (cattle, pigs, sheep, goat, poultry and game), eggs and egg products, dairy and dairy products, game, honey and flowers. Further sectors represented are butchers (International Butchers' Confederation) and the German association representing trade in hops and hop products. CELCAA aims to facilitate the agri-produce trade in Europe and beyond by providing a platform for consultation and discussion and effectively voicing the views of the trade vis-à-vis the European institutions and international organisations. More information can be found at <http://www.celcaa.eu>.