

- A phased increase from 5 % to 20% between 2008 and 2013, e.g. to 10% in 2010.

Considerations:

- The EU is taking a decision on the CAP for the period after 2013. Therefore it is wise to put essential parts of the policy on the agenda now.
- An interim health check of the current EU policy will be carried out in 2008.
- Legislation particularly on environment and animal welfare will lead to additional investments for agriculture in the years to come. In 2009, the Water Framework Directive (KRW) will already start to take effect.
- The space allowed by the CAP to member states for voluntary modulation amounts to 20%, of which the Netherlands uses only 5%.
- Informing Brussels that broadening of possibilities is desired, before 2010.

**Viewpoint 5: Greening of Pillar 1 (income support) as well**

We propose:

- Allowing a more substantial role for the social objectives, also in relation to Pillar 1 funds.
- This, for instance, can be achieved by direct payment of services aimed at social objectives.
- Pursuing possibilities for removing the link between allowances and hectares and to 'redistribute' on the basis of 'innovation -green objectives- social grounds'.

Considerations:

- Direct payment for work is better than payment for loss of income.
- The majority of EU funding is likely to continue to end up at Pillar 1.
- More social objectives via Pillar 2 alone is insufficient.
- In the event of increasing spatial pressure and continuing liberalisation, Dutch food security is likely to decline: less agricultural land, more cattle breeding and less arable farming.
- It is important to reward green and blue services at a more competitive market level.

Comments:

- The future amount of the total CAP budget, and the extent to which fewer funds will be available from alternative sources, will be an influencing factor on the ultimate decision-making process.
- Political choices with regard to the entire EU budget and the continuing liberalisation of the world food market will cause the overall extent of the CAP budget to be reduced.



**Glossary and abbreviations**

Flat rate	Equal corporate allowance per hectare
CAP	Common European Agricultural Policy (in Europe)
KRW	Water Framework Directive
Modulation	Transfer of budget from Pillar 1 to Pillar 2
Peri-urban	in the vicinity of (major) cities
Pillar 1	Income support
Pillar 2	Rural development
PURPLE	Peri Urban Regions Platform Europe
Randstad Region (RR)	Cooperative venture between the four provinces, the four major cities and the four urban regions in the Randstad

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The objective of the cooperation in the Randstad Region between the provinces of Noord-Holland, Zuid-Holland, Utrecht and Flevoland, the major cities of Amsterdam, The Hague, Rotterdam and Utrecht and the urban regions of Amsterdam and Rotterdam, the City Region of Haaglanden and the Utrecht Region Administration is to improve the international competitive position and the quality of life in the Western part of the Netherlands (and Randstad Holland in particular).

December 2007

# POSITION

subject The future of the rural areas in the Randstad

# PAPER

## The position of the peri-urban areas in the CAP of the EU

### Why is the CAP important to the Randstad?

#### Agriculture accounts for a large share of Randstad surface area

*Within the Randstad, 60% of the total surface area is agricultural. This share percentage is only just below the percentage for the rest of the Netherlands. The CAP particularly applies to soil-bound agriculture. Soil-bound agriculture accounts for nearly 99% of the total agricultural surface area in the Randstad. The agricultural land share, and with that the impact of the CAP in the Randstad, will continue to be substantial in the future.*

#### Objectives of the Randstad authorities

The Randstad Region pursues development as an economically competitive region in Europe that offers a high standard of living. Within this context, an economically vigorous rural society is an important precondition.

Improvement in the competitive position and the quality of life in the Randstad can be achieved by:

- increasing the perception, accessibility, potency and qualities of the peri-urban area for the user;
- improving business climate;
- strengthening clusters and sectors with a high level of expertise;
- providing fast and frequent connections between, to and from economic centres in the Randstad to European levels;
- improving flood protection systems;
- improving the knowledge and support for encouraging investment climate.

The objectives of the Randstad authorities specifically for the rural area and/or agricultural sector are:

- new and broader range of functions for the rural area;
- an agricultural sector that forms part of a socially, culturally and ecologically sustainable rural policy;
- support for agricultural and rural societies affiliated to social objectives;
- more competitive and sustainable agricultural use of the rural area;
- greater affiliation with changing attitudes and wishes from the urban area. This is particularly valid in a peri-urban area such as the Randstad;



In brief: the landscape in the Randstad offers a multitude of unique qualities that contribute to these objectives and which must therefore be preserved. The presence of agricultural entrepreneurs continues to be vital to a vigorous rural society. Hence the Randstad authorities attach a lot of value to a policy in which the agricultural sector forms part of a social, cultural, economical and sustainable rural policy with a wide range of functions.

- preservation of the many unique natural and cultural historic qualities of nature and the landscape;
- preservation of the economic function and the role of agriculture in maintenance of nature and landscape.

#### Randstad as a participating region of PURPLE

During the Dutch chairmanship of the EU in 2004, at the initiative of the province of Zuid-Holland in its capacity of member of the Randstad Region (RR), the Peri Urban Regions Platform Europe (PURPLE) was founded in The Hague. The objective of PURPLE is to influence the Common Agricultural Policy (CAP) in Europe, which is revised for a new policy period starting in 2013.

Prior to that, a health check of the current EU policy will be carried out in 2008.

In addition to Randstad Region, participating peri-urban regions include: Catalonia, Flanders, Ile-de-France, MHAL (province of Limburg), Frankfurt Rhine/Main, Rhone-Alps, Nord Pas de Calais, Mazovia, South-East England, Dublin, Stockholm and the West-Midlands. The board was elected and all parties have signed a partnership agreement. Twice a year, the elected representatives of the twelve regions meet at a general meeting. In May 2006, the member of the Executive Council of Province of South Holland Lenie Dwarshuis, was elected President of the platform for a second term, with a mandate until the spring of 2008.



#### Objective of the Position Paper

On the 7th and 8th of November 2007, during a PURPLE conference in Maastricht, the Randstad authorities made the necessary statements and decided on their contributions towards the PURPLE network and the Brussels lobby.

This position paper reflects upon the desired role of the CAP for an attractive and vigorous Randstad. When preparing the position paper, different discussions took place in small focus groups of entrepreneurs, knowledge and interest groups and governments, a number of interviews have been conducted and a symposium has been organised. This symposium was held on 12 October 2007 in Woerden, in order to obtain a proper insight into the state of affairs, the problems and various viewpoints as well as to set priorities for the lobby.

#### Vision on peri-urban areas and revision of the CAP

The core vision of Randstad Region on the CAP is that it can only count on social and political support if the CAP is more affiliated to social objectives. Randstad Region defines social objectives as ones including sustainable production, preservation of vulnerable cultural landscapes, public health, food security and economic vigorousness and the quality of life in the rural society. Agriculture can make an important contribution to the realisation of these objectives.

The revision of the CAP in 2013 will enable a shift in the current system of corporate allowances towards a powerful system of investments and awards for social objectives, within which agriculture continues to play a principal role. The Randstad authorities are pleading for pursuing a two-tiered policy. That is to say, they will make concrete proposals for short-term adjustments in the CAP within the framework of the interim evaluation in 2008. They do this on the basis of a long-term vision towards the desired direction of the CAP after 2013.

The above plan of action is worked out in greater detail below as part of a viewpoint of the Randstad authorities.

#### Viewpoint 1: Specific position peri-urban regions

We argue that:

- A Common Agricultural Policy (CAP) continues to be required in Europe, also after 2013.
- Peri-urban areas, such as the Randstad, deserve a fully-fledged position in the CAP of the EU.
- The diversity of and within peri-urban areas must be better protected.
- Funds for rural development (Pillar 2 in the CAP) must be used in a wider scope as well as for entrepreneurs in the rural area other than agricultural (or it must be possible to do so).



- It must also be possible for funds, allocated for rural development, to be used in the urban area.

Considerations:

- In terms of land use, functionality and the role of soil-bound agriculture and horticulture, the Randstad area is comparable to other rural areas in the Netherlands and parts of the rest of Europe.
- Peri-urban areas play a vital role in linking up urban and rural areas.
- Social objectives, such as sustainability, climate, health, education, food and animal welfare need additional attention, particularly in peri-urban areas. Furthermore, due to the high population density and the intensive use of land, measures in peri-urban areas such as the Randstad, yield better results than in many other regions.
- The Randstad offers a wide diversity in landscape, nature and cultural history and, as a peri-urban area, also incorporates a large group of consumers due to the vicinity of the city.
- In peri-urban areas, the production costs for agriculture are higher (land, labour).
- The urban pressure on the rural area will continue to increase in the coming years and thus continuous attention must be paid to the balance between the wishes of the city on the one hand and the preservation and

strengthening of the rural economy (including a multifunctional agriculture) on the other hand.

- An increasing number of parties are starting to play a role in the maintenance and social-economic vitality of the rural areas. Particularly urban parties play an increasingly important role in this.

#### Viewpoint 2: Innovation and sustainability

We propose:

- Giving priority to allocating a budget for stimulating innovation (Axis 1 of Pillar 2) and to increase the competitive power in the farming sector.
- Managing and stimulating sustainability by means of allocating funds from the CAP.

Considerations:

- The current system of income support via Pillar 1 does not sufficiently encourage innovation, does not sufficiently encourage entrepreneurship, impedes corporate development aimed at the free market and social objectives and offers fewer opportunities to young farmers.
- Greater financial room is needed for broader range of rural functions, for payment possibilities for green and blue services and environmental and climate objectives at a competitive market level.
- Growing energy crops on a large scale is not an

economically viable option for peri-urban areas in the Randstad. Land prices are too high and there is too much spatial pressure. However, the Randstad can contribute to a reduction in CO2 emissions in alternative ways, e.g. by preserving open spaces, planning for nature reserve areas (e.g. nature compensation schemes), promoting regional products and facilitating regional sales systems (reducing transport).

- Now that the set-aside scheme has been discontinued for some time, there is a risk of increasing the pressure on natural values by more intensive use of the land.
- There is no need for a new (bureaucratic) subsidy system for production support, causing new butter mountains and milk lakes in due course. The same applies to stimulating 'innovative' production for bio fuels.

#### Viewpoint 3: Broadening the CAP application

We propose:

- More effective steering mechanisms over the funds in Pillar 1.
- Binding the funds of Pillar 1 to social objectives.
- Structurally changing the current relation between Pillar 1 and Pillar 2 to the advantage of the latter, i.e. increasing modulation.
- Pleading in Brussels for broadening the possibilities to apply the CAP depending on objective (customisation, voluntary/flexible co-financing, private funds, mandatory/voluntary modulation).
- Treating agricultural businesses equal to SMEs when it comes to state aid. In due course, applying the same threshold to small-scale government aid, that currently applies to the SME sector, i.e. a maximum of € 200,000 government subsidies for every three years.

Considerations:

- A revision of the CAP is prepared for the period after 2013.



- With a view to the social justification, financial support can no longer be based on historic rights, but must be based on social objectives instead.
- The corporate allowances system (flat rate per hectare and/or historical grounds) is inflexible, poor in terms of manageability and does not sufficiently contribute to social objectives and thus lacks social justification.
- The CAP currently involves too much legislation and red tape and must be simplified.
- Income support is expected to be needed less in the years to come, due to recovering market prices.
- In the period after 2013, it is expected that reduced funding will be available to the CAP.
- Pillar 2 provides better opportunities for more effective steering and tailor-made approach at area level. More can be achieved by a more powerful link between Pillars 1 and 2.
- Broadening the scheme for relatively small-scale government aid, which does not require European approval (de minimis), will simplify the CAP and help to cut back income support via Pillar 1.

#### Viewpoint 4: Timely response to future developments

We propose:

- Including a partial transfer of the funds of Pillar 1 to Pillar 2 in the discussion on the revision of the CAP – starting from now.
- Deciding upon the extent to which greening and/or modulation of Pillar 1 will take place and at what pace, before 2010.
- Utilizing efficiently the nationally available space for voluntary modulation (more than 5%), before 2010.