



EUROPEAN COMMISSION

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Dear President,

The Commission would like to thank the Camera dei deputati for its Opinion on the legislative package proposed by the European Commission for the reform of the Common Agricultural Policy {COM(2011) 625_626_627_628_629_630_631} and apologises for the delay in replying.

The Commission takes note of the different comments made by the Camera dei deputati and would like to provide the following clarifications.

The Commission welcomes your support for a strong budget for the Common Agricultural Policy. The Commission proposal for the Multi-annual Financial Framework (MFF) for the period 2014-2020 aimed to maintain CAP spending at 2013 levels; also, the Commission has proposed the continuation of certain schemes under another heading of the MFF (such as the scheme for most deprived persons and the measures for food safety) as well as the reservation of significant amounts within Research and Innovation.

The reduction of disparities between farmers and Member States is one of the major challenges of this reform. As the current wide variation in direct payments based on purely historical criteria is difficult to justify for the future CAP, the Commission proposed that the future national direct payment envelope would no longer reflect a historical reference period but would ensure that all Member States move towards the EU average of direct payments, while taking account of the differences that still exist in economic and natural conditions across the EU. The proposed path towards more convergence between Member States has been guided by the consideration that a pragmatic, economically and politically feasible manner of redistributing payments between Member States is to increase the envelopes of Member States with below average direct payments while at the same time limiting the reduction in direct payment levels of the Member States with above average payment levels (such as Italy).

As regards the budget for rural development, the Commission has not yet proposed a distribution key among Member States. The criteria for this distribution should better match the objectives of the future policy while also taking into account the current distribution to ensure continuity. The draft regulation delegates the further elaboration of these criteria to the Commission as is the case today.

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Making 30% of direct payments to farmers conditional upon respect of environmental actions effectively would turn a substantial part of first pillar payments into payments for delivering ecosystems services. All "green measures" contribute to preserving biodiversity, water, soils, and landscapes as well as to climate change mitigation and adaptation. The proposal has sought to keep the costs for farmers reasonable and the administration of the policy manageable. Given the nature of Pillar I, the greening requirements are necessarily generalized, non-contractual, annual environmental measures.

The proposed greening requirements were chosen in such a way as to bring real environmental enhancement of the CAP while limiting the additional costs and burden in the operation of the farm. In fact, farmers who already apply sound environmental practices in their agricultural activities would face very little additional demands through greening. However, the greening measures and the green payment would prevent them from turning towards more intensive and less environmental practices. By adjusting to the greening practices, farmers make a choice for their long term competitiveness and for an economically, environmentally and socially sustainable way of managing their farms and ensuring EU food security.

The proposal on the future single Common Market Organisation (sCMO) aims to strengthen the safety net for farmers within the context of continued market orientation of previous reforms. The proposals aim to improve the ability of the Commission to respond swiftly and effectively to future crisis situations, both in terms of the measures that can be taken and the available funding. In particular, the proposal aims to modernise the provisions on exceptional measures by providing a simplified and common platform to tackle future potential crisis situations.

The sCMO proposal aims to further increase market orientation through the dismantling of existing production quota limitations and the removal of schemes that are no longer relevant. Quotas create rigidities and are contrary to the objectives of increased competitiveness and market orientation. They are neither justified in the context of growing world demand and slowing productivity growth.

For this reason, the Commission has not proposed to renew sugar quotas after 30 September 2015. However, in order to allow the sector to adjust, the Commission has proposed that post-quota contracts should be mandatory between sugar growers and sugar producers, the conditions of which would be further determined by means of delegated acts. Furthermore, even after the ending of the quota, the Commission has proposed that white sugar should remain within the system of private storage aid in order to provide a safety net for the sector.

As regards the specific proposal of applying the automatic decommitment rule at national level in the case of regionalised rural development programmes, we should take into account the risk of damaging the principles of sound financial management. Also, we should not forget that the new Rural Development Policy would operate in a more coordinated framework with the structural funds. Furthermore, there is a need to take into account that there are mechanisms in place that would allow Member States to balance the situation by temporarily transferring the EAFRD contribution between the regions without modifying the total allocations at the Programme level.

As regards your proposal of having the possibility to submit regional programmes in addition to a national programme (specific to some particular measures, like risk

management or promotion), there is a need to take into account the risk of weakening the coherence of the overall strategic intervention as well as to fragment the strategy in the same territory; additionally, this approach is contrary to the simplification principle and increases the administrative burden.

The set of measures under the new rural development policy would certainly offer plenty of instruments to the Member States for supporting short circuits. Moreover, in addition to the standard programme-based structure, Member States would also now be given the opportunity to offer special support to certain groups, areas or objectives, if they wish. In this sense, the new draft EAFRD regulation gives the possibility to create a thematic sub-programme for short circuits. The new set of measures also offers plenty of possibilities to support women farming entrepreneurs. As regards the support to quality products and the setting up of risk management tools, the Commission considers the 2nd pillar to be more appropriate, taking into account the need to adapt the instruments to the specific needs of each territory.

In the current discussions on the technical aspects of the implementation of the new CAP, the Commission is very concerned about the need for a sound financial management that would allow in all Member States an efficient and optimal use of the resources and would allow us to respond appropriately to the new economic, environmental and territorial challenges.

Finally, the Commission takes note of your demand for maximum transparency along the process of drafting the delegated and implementing acts.

The Commission hopes that the explanations provided clarify the issues raised by the Camera dei deputati of the Italian Republic and looks forward to continuing the dialogue on this subject. In this context, it should be mentioned that the negotiations between the EU-institutions on the reform package are on-going. The co-legislators have adopted their respective negotiation positions in March with a view of finding a political agreement on the reform package by June.

Yours faithfully,

Maroš Šefčovič
Vice-President