

# SENATE OF THE REPUBLIC

16<sup>TH</sup> LEGISLATURE

Doc. XVIII  
No 154

## RESOLUTION OF THE 9<sup>TH</sup> STANDING COMMITTEE

(Agriculture and Agri-Food Production)

(*Rapporteur*: Senator ANDRIA)

*approved at the session of 18 April 2012*

ON THE

**PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING RULES FOR DIRECT PAYMENTS TO FARMERS UNDER SUPPORT SCHEMES WITHIN THE FRAMEWORK OF THE COMMON AGRICULTURAL POLICY (COM(2011) 625 FINAL)**

ON THE

**PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING A COMMON ORGANISATION OF THE MARKETS IN AGRICULTURAL PRODUCTS (SINGLE CMO REGULATION) (COM(2011) 626 FINAL)**

ON THE

**PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON SUPPORT FOR RURAL DEVELOPMENT BY THE EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT (EAFRD) (COM(2011) 627 FINAL)**

ON THE

**PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE FINANCING, MANAGEMENT AND MONITORING OF THE COMMON AGRICULTURAL POLICY (COM(2011) 628 FINAL)**

ON THE

**PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING COUNCIL REGULATION (EC) NO 73/2009 AS REGARDS THE APPLICATION OF DIRECT PAYMENTS TO FARMERS IN RESPECT OF THE YEAR 2013 (COM(2011) 630 FINAL)**

AND ON THE  
**PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF  
THE COUNCIL AMENDING COUNCIL REGULATION (EC) NO 1234/2007 AS  
REGARDS THE REGIME OF THE SINGLE PAYMENT SCHEME AND SUPPORT  
TO VINE-GROWERS (COM(2011) 631 FINAL)**

*pursuant to Article 144(1) and (6) of the Rules of Procedure*

**Sent to the President's Office on 23 April 2012**

**TABLE OF CONTENTS**

Text of the Resolution p. 4

Opinion of the 14<sup>th</sup> Standing Committee p.7

The Committee, having examined, pursuant to Article 144 of the Rules of Procedure, the following proposals for Regulations of the European Parliament and of the Council: COM(2011) 625 final, COM(2011) 626 final, COM(2011) 627 final, COM(2011) 628 final, COM(2011) 630 final and COM(2011) 631 final,

whereas:

these six proposals for Regulations together constitute the package for the management and reform of the common agricultural policy (CAP). This subject area was already reformed in 2003 with Regulation (EC) No 1782/2003 and Regulation (EC) No 1783/2003, but a new revision has been deemed necessary owing both to the enlargement of the European Union and the ongoing crisis facing the primary sector;

the proposed package must be linked in with the Multiannual Financial Framework for 2014-2020, which will contain guidelines on the budget for the new CAP, the proposed legislative framework of which is intended to cover the same period;

more specifically, the package of proposals under examination traces its origins to the European Commission communication (and associated European Parliament resolution) on the future challenges for European agricultural policy, which showed that the majority of problems concerning the primary sector could be attributed to factors external to agriculture and thus required a wider political response coordinated at Community level;

these two documents show that pressure on agricultural incomes is getting progressively worse: farmers are facing ever increasing risks, productivity is slowing down and the means of production are becoming more expensive. Accordingly, agricultural income support should be maintained and instruments to better manage risks and respond to crises should be reinforced;

the objective of the reform is to bolster the competitiveness and sustainability of agriculture and consolidate it throughout Europe, so as to guarantee European citizens food security with healthy, quality food, protect the environment and encourage the development of rural areas. The new CAP also aims to foster innovation, support employment and stimulate smart, sustainable and inclusive growth in the agricultural sector, so as to make a decisive contribution to the Europe 2020 strategy. It should be stressed in this regard that it is necessary to effectively construct an agricultural policy for the future that is easy to apply and flexible in its management and in the implementation of its measures for dealing with instability and emergencies in an agricultural market that is ever more at the centre of global challenges;

the measures on 'capping' could be disadvantageous, particularly in certain situations where farmers cooperate in synergy, and could also lead to land fragmentation. In any case, these rules would lend themselves to evasion, as they would entail unwelcome and costly red tape for farmers;

the comments by the 14<sup>th</sup> Standing Committee on 18 January 2012 are taken into account;

as far as the assessment of compliance with the principle of subsidiarity is concerned, the objectives set cannot be sufficiently achieved by the Member States, thus making it necessary for there to be Community action, which is better suited to achieving those aims:

a) expresses the opinion, pursuant to Protocol 2 to the Treaty on the Functioning of the European Union, that the proposals comply with the principle of subsidiarity;

b) makes the following comments on the merits of the proposals:

1) with a view to better, more marked differentiation between the two pillars into which future CAP instruments must be arranged, we agree that the first and second pillars must be more clearly separated, so as to respond to the need to simplify the procedures for making decoupled direct payments to active farmers, reducing as far as possible the intermediate political stages and providing for conditions for receiving payments that are as uniform as possible throughout the Community, keeping national subsidiarity at an essential minimum;

2) as a general point, it appears necessary to draw attention to the fact that the distribution of Community agricultural funding between the Member States must take account not only of the area parameter, but also others such as gross saleable agricultural production, value added, the cost of living, land values, and the quantity and quality of the agricultural labour force;

3) the redistribution of resources envisaged by the proposals may lead to a reduction in the budgets available to countries such as Italy, which would suffer a significant cut in the maximum funding from direct payments, the main form of CAP spending. It is thus necessary to render more gradual the transition from the current system of direct payments to the wider system envisaged in the proposals, because of the need to avoid unexpected reductions in payments to producers, particularly in countries such as Italy where the decoupled payment per unit of area varies widely between very divergent minimum and maximum values. Accordingly, suitable margins of flexibility should be guaranteed so as to support more at-risk production models in the changeover to the new aid system;

4) as far as direct payments are concerned, the minimum threshold for payment applicable to all the Member States should in any case be raised significantly, with a view to greater simplification and administrative savings. It should also be stressed that progressive reduction and capping may unjustly discriminate between undertakings on the basis of their physical and economic size and hinder their potential for growth;

5) the conditions for the allocation of entitlements to basic payments set in the proposals appear overly restrictive and such as to require, in the new launch phase, a guarantee of equal opportunities for all producers in access to the scheme, with the procedures for the initial allocation of payment entitlements being broadened and made more flexible;

6) with regard to 'greening', the commitment imposed on beneficiary farmers, for the full surface areas of holdings, could lead to imbalances between holdings practising different types of agriculture. This demonstrates the need for the Member States to be given ample scope for action to define the commitments in question, justified by the need to respect the different production systems in the various countries, even derogating from the single market principle, and the need to cut red tape in the instrument and make it easier to implement. We also believe that the compulsory funding earmarked for such payments is excessive and should thus be cut significantly, while possibly giving the Member States the option of increasing the proportion up to the proposed 30%. Also desirable would be a reduction in the percentage threshold (e.g. from 7% to 3%) introduced for the 'ecological focus areas' option. This is justified by the need not to marginalise the productive and economic function of the sector and to ensure greater balance in the size and implementation methods of the 'greening' component. The 7% threshold should be reduced to 3% also in cases in which the specific

conformation of the land – a complex landscape patchwork, with agricultural land alternating with ecological focus areas – would render useless such solutions imposed on individual holdings. For this option ('ecological focus areas') the range of eligible crops needs to be widened with the inclusion of permanent crops (fruit and vegetable crops, vines, olive trees, and Mediterranean crops in general), whose environmental benefits and contribution to combating CO<sub>2</sub> emissions are being demonstrated increasingly clearly and are backed up by scientific studies and publications. It also seems appropriate to amend the provision according to which unpaid sums for 'greening' commitments are returned to the Community budget. These resources should be specially set aside for use by the Member States;

7) while we appreciate the environmental reasoning behind the proposals, we believe that the reform should predominantly be a matter of agricultural policy and thus of economic policy, in the context of which direct payments serve to encourage agricultural production and a greater degree of self-sufficiency in the Community. Moreover, the concept of 'active farmer' does not appear to have been made at all clear; it would be preferable to use the term 'professional farmer', which is a recognised concept in Italian law, where the term 'professional agricultural entrepreneur' is used;

8) given the uncertainty and instability characterising the main agricultural markets in both structural and cyclical terms, and given the increasingly widespread volatility of basic prices and the risks to income inherent therein, the future common agricultural policy must feature robust measures to manage market risks. Accordingly, these instruments should be included in the second pillar of the CAP, so as not to impinge on the amount of resources under the first pillar and thus avoid undesirable reductions in the sums available for direct payments;

9) again with regard to the second pillar of the CAP, we do not agree with using area as the main parameter for distributing the resources for rural development, partly because this indicator has already been used to a great extent for the first pillar. In this connection, and taking account of the objectives of rural development (competitiveness of agricultural undertakings, respect for the environment and development of rural areas), various more appropriate indicators suggest themselves, such as the number of holdings, an absence of young people, small holding sizes, soil erosion, organic farming, the rural population and the number of agricultural operators. It is also necessary to make it possible for Member States where planning is carried out at regional level to opt for a national financial framework, which is necessary for performing the automatic decommitment calculation and thus warding off the risk of the resources of regional administrations being lost;

10) while we appreciate the new elements introduced to the proposal for a Regulation establishing a common organisation of the markets in agricultural products as compared to the current action framework, it appears vital for there to be increased effort across the board aimed at restoring balance in relations within the food sector and creating a well organised agricultural component, starting from a review of the role and functions of producers' organisations. At the same time, action should be taken to bolster the functioning of the instruments envisaged in the various sectors for activities to manage market crises and emergencies.

# COMMENTS AND PROPOSALS OF THE 14<sup>TH</sup> STANDING COMMITTEE

(EUROPEAN UNION POLICY)

(Rapporteurs: Senators DI GIOVAN PAOLO and SANTINI)

Rome, 18 January 2012

The Committee, having examined documents COM(2011) 625, 626, 627, 628, 630 and 631 final,

whereas those documents constitute a single integrated package aimed at overcoming the future challenges facing European agriculture policy, follow on from the European Commission communication entitled 'The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future' (COM(2010) 672 final), and at the same time fall within the framework of the new financial perspectives 2014-2020;

taking account of the statements made by the Minister for Agricultural, Food and Forestry Policy on 19 October 2011 at the 9<sup>th</sup> Senate Committee on the state of negotiations on, and prospects for, the CAP reform and the speech by the European Commissioner for Agriculture and Rural Development at a joint meeting of the Agriculture and European Union Policy committees of both the Chamber of Deputies and the Senate on 18 November 2011 and the debate that followed it;

taking account of the statements made by the Minister for European Affairs on 12 January 2012 at the 14th Standing Committee on his Department's policy positions;

taking account also of the resolutions on the 'new agriculture policy' passed and sent to Parliament by the regional councils of Emilia-Romagna (resolution of 9 November 2011), Veneto (Decision No 96 of 30 November 2011), Le Marche (resolution of 6 December 2011), Calabria (resolution of 5 December 2011) and Sardinia (resolution of 13 December 2011),

comments favourably on the proposals, for matters within its remit, highlighting the following points:

the legal basis for the proposals for Regulations has been correctly identified as Articles 42 and 43 of the Treaty on the Functioning of the European Union (TFEU) concerning the possibility to adopt measures on the common organisation of agricultural markets, other provisions necessary to pursue the objectives of the common agricultural policy and measures on price fixing prices, levies, aid and quantitative limitations, including with reference to the applicability of competition rules;

the proposals also comply with the principle of subsidiarity and the principle of proportionality, as the objectives of the common agricultural policy cannot be achieved sufficiently by individual Member States and the measures provided for concern only what is necessary to achieve the objectives set;

as it is currently configured, the CAP reform will lead to an overall reduction in funding of 12% by 2020, with significant and inevitable repercussions on the aid to Italian farmers and holdings. This reduction, which is confirmed by the fact that the CAP constitutes a smaller percentage of the new multiannual financial framework (37.4% as compared to 42.4% in the previous MFF) will be particularly disadvantageous for Italy owing to the new mechanism for

distributing funds, which envisages a gradual redistribution of direct aid to Member States below 90% of the European average in terms of the aid received proportionate to the total area of agricultural land. This mechanism will entail an objective disadvantage for countries such as ours which, owing to their geographical structure and production-related choices, including those of a historic and cultural nature, do not adhere to the extensive system of agriculture that predominates in the European Union;

as far as these 'structural' aspects of the CAP are concerned, the 14<sup>th</sup> Committee, like the 9<sup>th</sup> Committee (Agriculture and Agri-Food Production), has already intervened on various occasions since the start of the 16<sup>th</sup> Legislature not only in the debate on the state of health of the CAP (the 'health check') but also in the transposition of several Directives contained in the various draft Community affairs laws;

the area-based calculation criterion should at least be adjusted in the manner described in the aforementioned resolution of Veneto regional council, using parameters such as holdings' gross saleable production, value added, or the number of workers employed;

while we agree in general terms with the reasoning underpinning the proposals, we are concerned by the idea of setting a quota of 30% of agricultural projects per Member State for so-called 'green projects', as the parameters identified do not seem to take account of the specific characteristics of the various States' land. As rightly observed in the resolution approved by Sardinia regional council, 'the identification of beneficial agricultural practices cannot fail to take account of the soil and climate characteristics of individual areas'; the alternative being clear and unavoidable difficulties in putting 'greening' projects into effect in reality. As highlighted in particular in the resolution of Emilia-Romagna regional council, the exclusion of trees from 'greening' would strongly penalise Mediterranean countries as well as being too rigid and of dubious utility in terms of real environmental protection;

with regard more specifically to the proposal for a Regulation on direct payments (COM(2011) 625 final), the measures introduced seem to increase the administrative burdens and red tape for access to these payments. Moreover, as the resolution of Calabria regional council has made very clear, since the definition of 'active farmer' has not taken account of the national definitions of farmer and professional farmer, these measures have rendered that definition unexpectedly wide;

with regard to the proposal for a Single CMO Regulation (COM(2011) 626 final), a particular cause for concern is the absence of significant new elements guaranteeing more effective instruments to prevent and manage crises, even derogating, where strictly necessary, from the competition rules. It should also be highlighted that the decision to put an end to the planting right regime in the wine sector has not been overturned (as requested on many occasions by Italy and other European producer countries), and provision has not been made to appropriately bolster the quality and traceability systems for agricultural products – an issue that Italy holds dear and on which it has also passed legislation – particularly in the fruit and vegetable sector;

as far as the proposal for a Regulation on rural development (COM(2011) 627 final) and the proposal for a cross-cutting Regulation (COM(2011) 628 final) are concerned, it should be emphasised that the European Commission has not included any provision that will prevent the application of national decommitment to resources for regional Rural Development Plans. It would be useful and desirable for the Member States (and particularly those where planning is carried out at regional level) to enjoy greater financial flexibility and mechanisms for



offsetting between regions so as to increase the effectiveness of spending and avoid the automatic redistribution of unspent funds by the European Commission. As stated in this connection in the resolution of Le Marche regional council, 'it seems appropriate to propose that decommitment caused by lower capacity for spending in a given region should not lead to a loss of funds for the national system as a whole'. A provision of a different type should thus be proposed, according to which any funds not used would still remain assigned to the Member State to be divided later among the regions in such a way as to keep their rate of implementation and expenditure at a constant rhythm;

lastly, the Committee should consider whether it is appropriate to send the House, pursuant to Article 50 of the Rules of Procedure, the resolution on the proposals in question owing to the political and economic importance of the proposed agricultural reform package in view of (a) the past system of the UK rebate, a solution that should not be repeated in this new multiannual period, (b) the role of agriculture in ways of life and in social and cultural identity and (c) the very European welfare community system itself.