



EUROPEAN COMMISSION

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C(2012) 6898 final*

Dear Lord Boswell,

The Commission welcomes the Opinion of the House of Lords on the future of the CAP {COM(2011) 625_626_627_628_629_630_631 final} and apologises for the delay in replying.

It has taken careful note of the different issues raised in the Opinion put forward by the House of Lords and would like to make the following remarks:

The Commission welcomes the support of the House of Lords for initiatives taken within this reform proposal to support innovation and research. The future competitiveness and sustainability of European agriculture will crucially depend on its capacity to find innovative solutions to the many challenges the sector faces.

The reform proposals aim to target support in order to achieve the most efficient use of limited budgetary resources in maintaining a sustainable agricultural sector throughout the EU, with a clear focus on delivering results on the key EU priorities. The future CAP will contribute to the Europe 2020 strategy of smart, sustainable and inclusive growth, particularly by supporting innovation and improving the uptake of research, by promoting resource efficiency, increasing competitiveness and providing environmental public goods, and by unlocking local potential and diversifying rural economies.

Under the Commission proposals for the new CAP, research and innovation would be given a strong boost, through the proposal to earmark €4.5 billion to research and innovation in "Food Security, Sustainable Agriculture and the Bio-Economy". The new European Innovation Partnership (EIP) "Agricultural Productivity and Sustainability" will aim to foster the innovation capacity of the agro-food sector by improving the links between the farming sector, the advisory services and the scientific world. The EIP network infrastructure will help to bridge the gap between research and new technologies and their widespread uptake in practice.

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This reform also takes a novel approach to accelerating the process of integration of environmental requirements by introducing a strong greening component into the first pillar of the CAP for the first time, so that all EU farmers in receipt of support deliver environmental and climate benefits, beyond cross compliance, as part of their everyday activities. The Commission has proposed just three simple annual, non-contractual measures, which bring real environmental enhancement of the CAP through Pillar I, while limiting the additional cost and burden in the operation of the farm and which are easy for Member States to control. These greening measures form the basis for applying more targeted, multi-annual, regionally specific measures through Pillar II. This will enable more efficient targeting of available resources within Pillar II to achieve enhanced environmental measures.

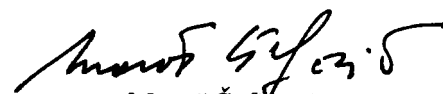
The Commission welcomes the House of Lords' support for measures that address risk management including the new risk management toolkit under rural development, but would like to underline the contribution of direct payments to keeping farming in place throughout the EU territory by supporting and stabilising farmers' income, thus ensuring the long term economic viability of farms and making them less vulnerable to fluctuations in prices. Other measures which, combined, attenuate the impacts of volatility include more efficient market intervention measures and rural development measures which help farmers to diversify their production structures, and hence reduce risk.

The Commission appreciates the support of the House of Lords for other elements of the Rural Development proposal, notably efforts to encourage co-operation among producers and others in the food chain, aimed at counteracting the fragmented nature of the sector.

Finally with regard to your concerns about modulation of funds to Pillar II, the Commission would like to mention the flexibility that has been proposed for Member States to transfer up to 10% of funds from Pillar I to Pillar II which should enable the UK to access the finance necessary for its Rural Development programmes.

I hope these explanations address the issues raised in the House of Lords' report and I look forward to continuing our political dialogue in the future.

Yours faithfully,


Maroš Šefcovič
Vice-President