



Northern Ireland  
Assembly

## Research and Information Service Briefing Note

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# Reforming the CAP – European Parliament Office Conference, Cavan, 25<sup>th</sup> November 2011.

## 1 Overall impressions

This conference dealt with many of the issues and concerns that the ARD committee have already registered in relation to the CAP Reform process. Common themes for discussion amongst the speakers and delegates on the day included:

- The greening proposals and their potential impacts;
- The new Basic Payment Model and potential winners and losers it could create;
- The challenge posed by implementation and auditing of finalised policy;
- The apparent lower priority for food security;
- The need for regulation of the food supply chain; and
- The real opportunity and responsibility for stakeholders to get involved in shaping the policy and the key role for MEPs as result of co-decision.

## 2 Background

The European Parliament offices in Ireland and the UK held the first of a planned two conferences focussing on the issue of CAP reform on the 2th November 2011, at the Farnham Estate Hotel in Cavan.

The stated aim of the conference was to encourage dialogue around CAP Reform and to also gather the views of stakeholders that would be shared with MEPs. Reflecting this aim the conference included contributions from EC officials, farming representatives, and MEPs, past and present, from Ireland, the UK and the Netherlands.

Around 60-80 people attended the event including agriculture students, farmers, councillors, TDs, journalists and civil servants involved in agricultural policy development.

As sponsors and organisers of the event Francis Jacobs from the European Parliament Office in Ireland, and James Temple-Smithson from the equivalent office in Scotland opened proceedings.

Margaret Stanley and Kevin Lyons from the North South Ministerial Council (NSMC) also drew attention to the fact that agriculture and the specific issue of CAP reform are key elements for NSMC co-operation.

## 2 Speakers and key points.

All of the speakers were introduced by Dr Tom Kelly, Director of Knowledge Transfer within Teagasc, who also acted in the role of chair and moderator for questions posed by conference delegates.

### 2.1 Overview of CAP Reform proposals – Betty Lee, DG AGRI

Betty Lee's presentation was largely based on that given by Commissioner Ciolos on the 13<sup>th</sup> October and covered the main elements of the CAP Reform proposals including the economic, environmental and territorial challenges that had shaped the proposals and the 3 broad policy objectives of:

- Viable food production;
- Sustainable development of natural resources; and
- Balanced territorial development.

Betty acknowledged that there were areas within the policy proposals which were already proving to be contentious including:

- Redistribution between and within Member states;
- The new Direct Payment model; and
- Definitions of agricultural activity and active farmer.

In spite of these areas of contention Miss Lee did highlight that the CAP proposals offered an opportunity for simplification of the CAP, whilst the new Common Strategic Framework for Rural Development had the key concept of knowledge transfer at its core.

## 2.2 John Bryan, President, Irish Farmers Association (IFA)

Mr Bryan emphasised that the IFA remains supportive of a strong CAP with the necessary budget to implement it.

The IFA however have major concerns with a number of elements within the proposals including:

- The apparent move away from food security given the growing demand for food;
- The active farmer definition described as a “joke” – is a farmer really active if only 5% of their income comes from farming?;
- Can Ireland, North and South, really compete with agriculture in places like New Zealand and Chile which have poor/low animal welfare and environmental standards?;
- Redistribution of funds under the new Basic Payment Scheme will penalise productive farmers who have invested heavily in their businesses whilst rewarding less productive farmers who haven't invested;
- Transition period for new payment scheme needs to be longer than currently proposed and needs to protect the productive farmer;
- The 2014 reference year proposal is “crazy” – already distorting the market rather than assisting it. It would be better to use the 12<sup>th</sup> October 2011 (day before the proposals were published) as the cut off for the reference period;
- As a result of the proposals, con-acre land prices are already rising and people are being forced off of land that they may have farmed for generations;
- Coupled support should be allowed to account for 10% of national envelope;
- There remains a need for further LFA support and investment support for businesses within the Pillar II measures;
- Pillar II needs to be well funded – national governments should be required to co finance (50/50) as allowing national governments to pay less will be catastrophic for the effectiveness of these measures.

Given the emphasis on greening within the proposals, John put forward the view that given that Irish agriculture is largely grass/pasture based it is questionable on how it could be any greener, and that there is no more sustainable model for agriculture. He also emphasised that the CAP already had many greening elements and components such as the REPS scheme, in which 60,000 farmers had participated, and which had been highly successful.

On the general point of simplification, a key commitment within the reform proposals, John put forward the view that farmers were currently overburdened and that national governments, who implemented EU Directives and regulations were also now overly cautious in doing so, to the disadvantage of farmers.

### **2.3 Alan Jagoe, National President, Macra na Feirme**

Mr Jagoe welcomed the proposal for a young farmer scheme within the CAP reforms as a means of addressing the generational weaknesses within Irish agriculture created by an ageing workforce and the relative lack of young people entering the industry.

Mr Jagoe did however emphasise the opinion that the spending of 2% of national envelope on a young farmers scheme needs to be mandatory if young farmers are to benefit.

Young farmer start-ups and co-financing as set out under the Pillar II (Rural Development) proposals were also elements that Macra and its members were happy with but there was also a lot of negativity amongst the membership on the issue of 'greening' with the predominant view being that the CAP was already green enough.

### **2.4 John Thompson, President, Ulster Farmers Union (UFU)**

Mr Thompson built upon many of the points made by previous speakers and highlighted the disappearance of food security from the CAP proposals and the fact that rather than cutting red tape the proposals seemed likely to increase bureaucracy and complexity.

A key concern for the UFU is related to the actual implementation and subsequent auditing of revised CAP proposals given the ongoing issues with disallowance currently being experienced within Northern Ireland.

Other notable issues with the reform proposals as identified by Mr Thompson included:

- The definition of permanent grassland (one of the proposed greening measures)- does this definition take account of the challenge of regeneration/reseeding given the 5% variance figure beyond the reference year of 2014;
- The Ecological Focus Area proposal – doesn't take account of the work that has been done to date in relation to set aside, hedgerows etc. and which is recognised by many European officials as best practice when compared to many other parts of the EU;
- The 2014 reference year – opportunities and threats to farming can change rapidly over the years and the use of a fixed reference year does not give farmers the flexibility to respond; and
- Support for the Young Farmer Scheme but it doesn't go far enough – more needs to be done to encourage new blood and to assist older farmers wishing to leave or step back from the industry.

## **2.5 Mairead McGuinness MEP, Shadow rapporteur, European Parliament's Agriculture and Rural Development Committee**

Mrs McGuinness highlighted the fact that this current proposed reform of the CAP will be the first time that the process will be subject to co-decision between the Parliament and Council of Ministers. As a result she also believed that it was 50/50 as to whether there would be agreement on a reformed CAP within 2013.

This situation presents challenges and opportunities in equal measure and the European Parliament's Agriculture and Rural Development Committee is currently in the process of formulating and drafting its views on the CAP reform proposals.

A key opportunity and responsibility for stakeholders is that if they want changes to the CAP reform proposals they need to get directly involved, even to the point of actually writing new proposals or amending existing ones.

One of the key elements for CAP reform is the size of the overall EU budget and Mrs McGuinness emphasised that there had been no final decision made here, and that it was not impossible that the budget could change, a situation which would be more likely to result in a decrease, rather than an increase, to the CAP budget.

In addition, the re-distribution principle at the heart of the CAP reform proposals will effectively mean that there are no extra funds for countries such as Ireland, and that in reality they will be obliged to do more with less.

Mirroring the earlier comments by John Thompson, Mrs McGuinness also focussed on the role of auditors in making the proposals workable. If simplification and greening are to work, the European Court of Auditors will need to take nature into account rather than writing volumes of interpretive audit guidelines which are then further interpreted by auditors in the field.

The other major issue of concern for Mrs McGuinness was the position of farmers within the food supply chain and the lack of credence given to this issue within the CAP reform proposals. In effect the CAP reform proposals focus on producers without dealing with the supermarkets and the role that they play within the food supply chain. Mrs McGuinness questioned whether this omission reflected a fear of public debate on the issue of EU Competition Law.

## **2.6 Neil Parish MP, former MEP and current member of the Westminster Committee for Environment, Food and Rural Affairs**

Mr Parish set out his position that the CAP Reform proposals were a backward step.

He argued that what was needed was radical surgery which would result in less regulation and a more open market for agriculture.

Mr Parish also viewed the 7% Ecological Focus Area proposal as “crazy” given the need for Northern Europe to produce more food in light of increasingly difficult growing conditions within parts of the southern hemisphere such as Australia.

The UK Government was also vehemently opposed to any increases to either the overall EU or CAP budgets – a situation which was unlikely to change.

Mr Parish also made a plea that the CAP reform proposals should be revised in light of the potential penalties that they would bring to the arable farmers within the UK. This would not just impact on the arable farmers but many of the UK’s poultry farmers who don’t receive a Single Farm Payment and who rely heavily on the arable sector for feed.

The overwhelming need for flexibility within the CAP and how it was implemented and interpreted was something that Mr Parish saw as a particular priority for reform.

## **2.7 Esther de Lange MEP, substitute member of the European Parliament Committee for Agriculture and Rural Development**

Mrs de Lange gave what she herself termed the Dutch perspective on the CAP Reform proposals which she saw as playing out both at an EU and a national level.

There were 5 key points in her presentation as follows:

- Importance of CAP – there is an ongoing debate within the Netherlands as to whether the CAP is still needed. As a result there is a real need for a pro-active strategy to show the value of the policy and its continuation;
- Income payments – equal is not fair on an EU basis. The proposed redistribution proposals are a fair compromise – convergence is fair. There is also an issue regarding payments for different agricultural sectors and how redistribution will affect the industry. The Dutch want no increase to the EU and CAP budgets;
- Greening the CAP – proposals will be unworkable within the Netherlands and are more akin to “a Soviet era diktat” than a workable policy. Similarly to Ireland how permanent pasture is defined, and regenerated, will potentially cause problems within the Netherlands. In overall terms implementing greening proposals will cost Dutch farmers more than they will gain in payments and under the auspices of the 7% Ecological Focus Area they are also now being asked to include areas that they were previously asked to exclude;
- Food Security – a priority for the Dutch farmers but as others have pointed out seems to have disappeared from the CAP proposals;
- Competition Policy – need for more effective mechanisms to protect the role of farmers within the food supply chain and to limit the powers of supermarkets.

## **2.8 Bairbre de Brún MEP, member of the Environment and Petitions Committee in the European Parliament**

In her presentation Mrs de Brún touched upon the challenge for MEPs posed by CAP reform as they sought to fulfil the role of a constituency representative whilst also dealing with the wider strategic issues.

The challenge facing Commissioner Ciolos also feature heavily given the responses to the proposals to date which ranged from universal praise to universal rejection depending on the stakeholder. Part of the challenge of the next few years will be in seeking to develop some kind of consensus around the policy proposals.

In terms of specific areas for concern, in line with what other had already mentioned, Mrs de Brún highlighted the issue of land ownership and the particular impact of con-acre within Ireland, Northern and South. The active farmer definition was also an area which needed more work if it was not to disadvantage local farmers.

Mrs de Brún also had questions around whether the proposed greening of Pillar I will actually benefit farmers and the environment, and she was clear in her assertion that greening shouldn't impose additional burdens on farmers.

The proposed reference year of 2014 and the transition period towards the new Basic Payment Scheme were also areas that Mrs de Brún felt required more work given their potential to have a negative impact on local agriculture.

In looking to the process there is now a very real need to gather detailed information on the policy proposals and their potential impacts. This process will also be critical in terms of the public debate and the actual shaping/reshaping of the policy proposals over the next few years.