

# 1<sup>ST</sup> ROUNDTABLE OF STAKEHOLDERS ON THE REFORM OF THE CAP

## "HOW CAN THE NEW CAP ENSURE COMPETITIVENESS OF THE EUROPEAN FARMING?"

### OUTCOME OF THE MEETING

**The 1<sup>st</sup> Roundtable of Stakeholders on the CAP Reform took place on the 23<sup>rd</sup> of April 2010. OPERA had the pleasure of welcoming to the debate agricultural attaches representing the different member states, representatives of regional governments in Brussels, farmer associations, NGO's, industry, etc.**

The participants had the opportunity to contribute to a lively, balanced and open debate on the issue of ensuring competitiveness of EU agriculture through the instruments of the CAP.

### INTRODUCTION

*The subject was introduced by Mr. Jaime Lillo, Deputy Director General for the Coordination of Rural and Water Policies, representing the Spanish Presidency of the European Union. Mr. Lillo gave a detailed opinion on the general context of the CAP reform, the vision and approach undertaken by the Spanish Presidency of the EU to contribute to this process and on the Spanish view on ensuring competitiveness.*

The Spanish Presidency, embracing the slogan "Food and Agriculture: a strategic sector in Europe", stresses the importance of a competitive and well-balanced agricultural sector in times of global economic crisis.

It believes agricultural activity has a strategic role through its multifunctional contribution to the economy and the well being of

the consumers and farmers, as well as through its role in the sustainable management of natural resources and combating climate change.

Mr Lillo brought to our attention that the Spanish Presidency has three objectives as regards the agricultural policy sector:

- to contribute to the process of reforming CAP;
- to promote the competitiveness of EU agricultural production as a precondition to ensure economic viability and sustainable management of resources;
- to promote gender balance.

It is the view of the Spanish Presidency that **competitiveness** of European Agriculture plays a crucial role in an open market, especially in the context of the WTO talks and their potential outcome. It considers that proposals for the CAP reform must be carefully balanced with the need to maintain stable food prices and the economic vulnerability of farmers in the aftermath of the financial crisis.

Though cautious assessment might show that we want to conserve the instruments we have, we need to constantly re-evaluate our standards to allow for possible improvement of market tools to form an effective safety net. Mechanisms have to be put in place to contribute to the transparency of the food chain, so as to ensure fair distribution of profit margins at each level.

Observing the EU's competitors, it became evident that the competitiveness of EU production has yet to catch up with many

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imported products. We need to ensure that EU farmers have access to similar tools of production as their global competitors, and that the products imported into the EU market have to comply with similar production standards.

Mr Lillo considered the future debates at Council level, including those envisaged at informal meetings of the 27 ministers, will focus on food security translated in retaining or upgrading the EU's production capacity, whilst ensuring the supply of safe and good quality products. The EU is expected to actively respond to the global demand of food in times of scarcity, raising the question on what instruments can be used to maintain the economic attractiveness of agriculture.

The Spanish Presidency will seize the opportunity to realise the chosen slogan "Food and Agriculture: a strategic sector in Europe" and to explain the strategic value of agriculture.

### The debate

*Following Mr Lillo's introduction, a summary of the debate among participants is as follows:*

Illustrated by the numerous opinions expressed by the participants, the **budget**, of course, poses certain restraints, but the financial resources have to be allocated in order to progress towards the objectives set by society for agriculture.

Although the EU2020 strategy recovered the idea of agriculture as a profit sector and as a contributor to growth and employment, most Europeans do not see agriculture as a priority and the CAP is frequently criticised. European attitudes differ to those in the US, China and India, where food production is held in high importance.

The general European **public perception** that agriculture is a sector that takes the majority of the EU budget, along with additional pressure on financial resources due to the economic crisis, could adversely impact on the possibilities to reach the objectives set for the CAP.

There is a strong need to reaffirm **food production** as a benefit for the society at a level which is perceived to be at least as important as other potential contributions by agriculture, for example, to combat climate change. The food crisis has attracted some attention to the importance of food production, but still

further action needs to be taken.

When discussing the competitiveness of agriculture, the issue of **protecting natural resources** has to remain paramount. Increasing productivity has to be achieved in a context where agriculture can reduce its impact on resources. The tools to become more competitive also have to embrace the concerns of society on how its food is produced and what are the long term effects.

The supplementary costs created by observing the various **standards of production** to ensure environment and resources protection, as well as to ensure food safety, have to be taken into account in designing the instruments in the future CAP.

The Commission's economic strategy for 2020 identifies **intelligent growth** as one of the three directions for development. However the reality is that the sources for this growth are poor, due to the insufficient support of **Research and Development** activities throughout the EU. Intelligent growth in agriculture has to be linked to resource and knowledge dissemination, but the CAP still lacks efforts to deliver these services.

The new CAP has the chance to address four major problems faced currently by the research and development activities in Europe, to promote:

- horizontal coordination of research priorities across the EU and vertical coordination with the needs of the agricultural production;
- financial support to a level comparable with the resources employed in agricultural R&D by other competitors on the world market;
- creation of a business environment to promote private research and public-private partnerships, along with information campaigns to change the negative public perception on the results on technological development;
- delivery mechanisms at farm level to increase the uptake of the results.

Research and development now means facilitating the delivery of public goods such as combating climate change and providing for water and soil protection.

Even where sufficient knowledge seems to be available, knowledge distribution to farmers, again, is the missing part;



policy objectives and the reality on the ground do not match up.

Another problem pointed out during the discussion was the implication of the failure to coordinate **research investment** and efforts among Member States, as a result of the fragmentation across Europe.

The instruments to ensure **farmer's incomes** at a fair level, as compared with other sectors of economic activity, need to be further envisaged. The EU and society needs to confront the potential negative impacts of a concentration of production in some areas, and abandonment of land in others in the absence of these instruments.

During the debate, it was considered worth investigating further if it would be appropriate to devise objectives and policy instruments to enable a differentiated approach for the variety of farming systems existing in the EU, to enable farmers to stay in business and deliver benefits to society.

Concluding the different topics touched upon by the discussion; Europe has a multi-functional agricultural model. Agriculture primarily means the production of food, but it also integrates agri-tourism, preserving landscapes, fuel production and stimulating rural economies. If we want to hold

on to this role, we need to redefine competition in a new, European, way. European agricultural policy needs to find new tools to keep and enhance its role – both internally and globally.

## OPERA conclusions

Following the debate on "How can the new CAP ensure competitiveness of the European farming", we have retained the following ideas:

- agriculture has to be perceived as a strategic sector due to its multifunctional role for the society;
- food security has to be acknowledged as a central preoccupation for society and for the CAP;
- strong action is needed to support research activities and their delivery in practice, so as to obtain their multiplying effect for the production of both food and public goods;
- protection of the environment and resources has to be incorporated in the future policy as well as ensuring that agriculture remains economically viable and is still able to produce public benefits;
- European farmers need to have a level playing field with producers from other parts of the world in terms of tools available and standards;
- the objectives set for agriculture can not be reached without the corresponding budget.