

BUDAPEST MEETING OF CENTRAL EUROPEAN CHAMBERS OF AGRICULTURE

representing: **Poland, Hungary, the Czech Republic, Slovakia,
Romania, Estonia, Latvia, Lithuania and Croatia**

28-29 November 2011, Budapest, Hungary

JOINT DECLARATION

CONCERNING THE EU COMMISSION'S LEGISLATIVE PROPOSALS ON THE FUTURE CAP 2014-2020

Representatives of the Hungarian Agricultural Chamber, the National Council of Agricultural Chambers of Poland, the Agrarian Chamber of the Czech Republic, the Slovak Agricultural and Food Chamber, the Federation of Romanian Agricultural Producers, the Estonian Chamber of Agriculture and Commerce, the Latvian Agricultural NGOs, the Lithuanian Farmers' Union and the Croatian Agricultural Chamber have gathered to discuss their organizations' reactions to the Commission's legislative proposals concerning the future Common Agricultural Policy. Members of the aforementioned organizations have formed their common position on the key points of the proposed new CAP legislation as follows:

GENERAL REMARKS

The past 5 years of the current CAP regulation has proved to be a disappointment for the majority of our countries. The size and power of our agricultures has, in most of the cases, lost ground instead of developing further, our farmers' income security has weakened instead of being stabilized.

We believe a lot of this phenomena is strongly associated with the way the present system of CAP is designed and operated, with special regard to failing to provide a level playing field for all farmers across the Common Market and failing to efficiently make them competitive against their 3rd country rivals.

For this reason our countries had hoped to see fundamental changes in the design of the new CAP for the period 2014-2020. However, we are disappointed to see that the current proposal from the Commission does not encompass any major change of direction from the current system.

The Commission's proposal in its present form fails to envisage a stronger and more competitive European agriculture – instead it puts additional costs and various other administrative burdens on farmers. It does not come up with a genuinely simplified and transparent new regulation - instead it complicates the present system even further. It does not bring about a new, fair system of resource allocation – instead it still tolerates the historical reference system for many more years to come with yet another transition period.

We need a stronger, simpler and fairer CAP than the one currently proposed by the Commission.

DIRECT PAYMENTS

CAP Budget:

We appreciate the Commission's efforts to maintain a strong CAP budget. However, freezing the CAP budget in nominal terms, together with other income-reducing and cost-increasing elements proposed (e.g. the 30 % mandatory greening, the 7 % ecological set-aside etc.) means that farmers' incomes are bound to suffer a major decline in real terms.

Allocation of payments:

The Commission's proposal basically plans to maintain the deep division between fellow member states in the level of direct payments by allowing the historical reference system to be around for many more years to come, with yet another long transition period. This runs totally against the several official promises and political decisions taken in the past to get rid of this discrimination by the end of the current budget period. Therefore we call upon the Commission to reconsider it and come up with a fundamentally new system of calculating the national envelopes under Pillar 1 which are acceptable to all MSs. The new system must not be based on historical references anymore and must not include further transitional periods. We believe that only by this can we make the new CAP a truly Common Agricultural Policy for the benefit of all European farmers, without discrimination.

Active farmers:

We agree with the Commission's determination to make sure CAP funds are received by those actually delivering agricultural production. On the other hand we are deeply concerned that the uniform definition proposed will fail to address national differences in production structures. Setting certain criteria to be met by all MSs but allowing for some flexibility at national levels would better serve the original objective. We also believe that being an 'active' farmer should involve actual output of agricultural goods.

CAP simplification:

The Commission proposes to introduce yet further layers of bureaucracy and red tape on farmers and governments. Despite the Commission's acceptance of the urgent need to simplify the CAP, its proposals on cross compliance, on greening, on capping and its definition of active farmers will all make the system less transparent to the public and much more burdensome for farmers and governments. If a proposal does not result in simplification it must be reworked.

Capping:

The Commission's proposal for a complicated system of capping direct payments would act as a disincentive to the modernisation of farm structures. It would also penalise farmers who have

already made the effort to achieve economies of scale and would also discriminate against farms using contract labour. Capping is therefore rejected.

Mandatory Greening:

The Commission's proposals on greening under the 1st Pillar will have an extremely negative impact on both farmers and consumers with very little guarantee of environmental benefits. Imposing the same requirements on over 12 million farms in very diverse situations is probably the most inefficient way of achieving environmental benefits. Farmers must be able to choose measures which fit their farm situation and local conditions. We call for all greening measures to be reconsidered and moved to under Pillar 2 without any reduction in funding for Pillar 1 and under the condition that capping will be eliminated. Greening measures should be introduced on a voluntary basis.

Coupled payments

We welcome the opportunity to use up to 10 % of the national envelope to provide limited coupled payments but we call for more national flexibility in using this measure. Member States should be free to identify the sectors to benefit rather than specifying the list of eligible sectors at EU level (art. 38). The maximum level of support should be allowed to be higher for the most sensitive sectors.

Cross compliance

The whole regulation system of cross compliance must be substantially simplified in order to ease the administrative burden on farmers with special regard to the procedure of calculating sanctions. There is also a great need to streamline and achieve greater harmonisation of the mandatory rules across the EU. Produce entering the EU from 3rd countries should meet the same production requirements as the ones prescribed for EU producers.

We do not support the supplement of the proposal by the Directives for the Water Framework (2000/60/EC) and for Pesticides (2009/128/EC). To our opinion, Water Framework is already implemented through a number of laws in all MSs. On the other hand, we believe that the introduction of the Pesticide Directive for cross compliance would be a far too early step at this stage.

Young farmers' and small farmers' scheme

We recognise the Commission's efforts to achieve simplification through the introduction of a small farmers' scheme but it is essential that this is accompanied by measures to support small farmers' profitability and to encourage structural reform.

We support the Commission's intention to attract young entrants into farming. However, we believe that the real obstacle for young farmers is the low level of income and profitability of farm businesses in the market.

COMMON MARKET ORGANIZATION

Market measures

Export refunds should be maintained and efficiently operated in trade with 3rd countries. We refuse the proposals to weaken and complicate the present system despite the principles set in the Lisbon Adaptation. Further rapid and unjustified elimination of market measures would cause serious losses to producers, processors and consumers alike because the weak safety net is unable to prevent extreme price fluctuations. Therefore we propose to reinforce these tools, especially in the area of cereal market intervention. We call for intervention reference prices to be fully updated and adjusted to today's market conditions.

We call for the milk quota, the sugar quota and planting rights for the wine sector to be maintained at least until 2020. (With reservations concerning the milk quota from Estonia, concerning the milk and sugar quota from Latvia and concerning planting rights from Croatia.)

We are against the aid schemes for milk powder for feed and casein to be withdrawn.

Producer Organisations

The extension of the product coverage for recognition of producer organisations and their associations, as well as interbranch organisations, is welcomed. However, we are concerned that conditions and procedures for recognition of POs are proposed to be fully in the Commission's authority. It would impede proper control and supervision therefore we refuse it.

Producer organisations also need to be guaranteed "legal certainty" with regard to Community competition law so that they are able to consolidate, thereby becoming more effective on the market. It is important that support to producer groups is not limited to those defined as SMEs so that larger sized groupings are also encouraged.

If current regulation of the producers' organizations in the fruit and vegetable sector will be moved to under Pillar 2, a compensation is necessary for their autonomous investment support which will be lost.

Producers' and interbranch organizations should be supported fully under the 1st Pillar.

RURAL DEVELOPMENT

General remarks

The Commission proposes to allocate 50 % of the RD budget based on „new, objective criteria" to be specified later, allowing for a +/- 10 % difference from current national RD support levels. We are extremely concerned by the lack of clear definitions on these criteria and do not accept any decrease in the RD resources for member states below the average EU development level. The new allocation

of RD funds must not result in any distortions between member states, especially in favour of the more developed countries on the expense of the less developed ones.

We also propose that 10 % of the total national envelopes be allowed to be reallocated between Pillar 1 and 2, according to MSs' own decisions.

LFA Payments

We find it essential that LFA payments, too should only be received by active farmers in the future. We also propose that the threshold for being eligible for the LFA scheme should be brought down to 50 % instead of the 60 % proposed by the Commission. Furthermore, we cannot accept any degressivity based on farm size in payments.

Currently all LFA payments are made under Pillar 2. The Commission is now proposing that Member States can use up to 5% of funds for direct payments to make payments to areas with natural constraints. This amounts to making farmers pay, through a cut in their direct payment, for measures previously funded by the EAFRD. We see no justification for this and consider that these payments should continue to be covered entirely by Pillar 2.

Risk Management

The maintenance of current risk management measures and the introduction of an additional voluntary income stabilisation tool are welcomed. However, it must be further examined under which pillar they should be introduced and how the details of implementation should be elaborated. Under this measure, we call for a compensation for farmers' insurance payments to ensure proper risk management and we also call for their mandatory self-contribution to be brought down to 10 %.

This Declaration was issued in 15 original copies in English, consists of 6 numbered pages and was hereby signed by all participating parties according to their full consent.

Budapest, 29 November, 2011

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