

FUTURE OF AGRICULTURE, FOOD QUALITY, AND RURAL LIFE

A modern EU strategy must comprise all aspects of agriculture, rural life, the food industry, consumer safety, environmental protection, energy policy, subsidiarity and solidarity. It must prepare the European Union for enlargement and, at the same time, be firmly anchored within the WTO.

The European People's Party and the European Democrat Union felt it necessary to establish a joint working group to address these issues.

EPP/EDU ad hoc Working Group draft Basic Document. Adopted as a Working Document by the EPP Political Bureau, Brussels, December 6, 2001.

The following were the conclusions of the group :

- agriculture is of significant interest, not only as a main common policy of the EU, but also to all European citizens both as consumers and as taxpayers;
- this policy costs nearly 50 % of the EU budget but only 0.5% of the GDP of the Member States, and maintains 80% of the surface of the EU and 7 million farmers;
- millions of farming families in the European Union have suffered severe income losses through the drastic downturn of the beef meat market with substantial price drops in the wake of the BSE and FMD crises and the resulting media-induced hysteria, resulting in the survival of thousands of farm holdings now being threatened;
- grave irritations among consumers have led to insecurity and a loss of confidence;
- forthcoming enlargements of the European Union will necessitate certain modifications of the Common Agricultural Policy, especially with a view to its financability;
- commercial agreements of the EU with third countries have not reflected sufficient consideration of the impact of these on Community producers, especially in the Mediterranean region, and, that in the future a previous impact report should be made before any concession is made,
- CAP reforms introduced by Commissioner Fischler have changed the priority from support for mass production to support of farmers and their families, but should strengthen the emphasis of the CAP from quantity to quality support;
- WTO negotiations following the Doha Declaration on the basis of Article 20 of the Agreement on Agriculture are of fundamental importance for the further economic development of European agriculture and rural areas;
- the EPP is a party for all the people of Europe, consumers and producers alike.
- Article 33 of the Consolidated Treaties of the European Union ought to be amended to add references to multi-functionality and rural development in :
 - preserving the aesthetic value of the countryside,
 - reserving recreational and amenity potential,

- aiding its role in water accumulation and supply, soil formation and nutrient recycling and fixation,
- ensuring the protection of wildlife,
- aiding storm protection and carbon sequestration capacities of the countryside,
- protecting animal welfare, and bio-diversity;
- farmers, like other business people, deserve a stable long-term policy framework, in which they can plan their enterprises and their lives and provide themselves, as far as possible, with full time work in the rural areas in which they live;
- the European Union is doing insufficient research on the risks to human health arising at different points in the food production and distribution chain and should undertake such research in order to protect its own consumers and to ensure that it is not reliant on work commissioned by nations which are its commercial rivals;
- imports of agriculture goods should meet comparable standards of food safety, animal welfare, health and hygiene as EU productions;
- that the functioning of the agricultural market has become increasingly dominated by massive single unit buyers, such as the large supermarket chains.

It is our belief that these policies should be based on the following fundamental principles:

Personalism: Supporting the farmer and not the product

Subsidiarity: returning the freedom to invest and produce back to the farmer by letting EU-wide market regulations of price and quantities fade out over the next 10 years.

Solidarity: Showing solidarity and Christian compassion to farmers across the world by allowing them to sell their products to European consumers based on a rule of law.

Belief in European integration: and provide a secure basis for the "European model" of agriculture within the framework of the WTO.

Sister parties of the EPP and the EDU call on the competent Councils of Ministers, the Council of Heads of State and Governments, the European Commission, and the legislative bodies and governments of the Member States, to act quickly and adopt the necessary and well co-ordinated measures in order to

- restore and sustain consumer confidence in the European Union on a long-term basis;
- promote sustainable methods of farming and secure the future of farmers as Small and Medium Sized Entrepreneurs (SMEs) ;
- improve the value for money obtained from agriculture;
- ensure the re-opening of the necessary export markets;

- undertake impact studies before any commercial agreements with third countries are signed in order to avoid negative consequences of the agreements and to compensate EU producers if they suffer income loss;
- provide the funds which are absolutely indispensable for farmers to cope with the consequences of disasters;
- show the necessary solidarity with both farmers and associated businesses which have been profoundly affected by the most severe crisis of recent times;
- ensure the sustainability of the principles of the Common Agricultural Policy including post-enlargement;

A systematic approach comprises three stages of development. These are

- immediate measures,
- medium-term measures, and
- and the development and preparation of longer-term strategies for a future-oriented Common Agricultural Policy (CAP).

The fundamental principles of the CAP :

- unity of the market
- Community preference, and
- financial solidarity.

apply to each of the three stages. However, the concrete implementation and application of these principles - especially with a view to the future enlargement of the EU - will have to be guided by past experience and the external environment.

1. Immediate measures

a) The European Food Agency proposed by the European Commission is designed to make the assurance of food safety and of food quality more effective. This is a welcome initiative and we urge a quick decision on establishing it.

b) The highest possible standards on food safety, environmental protection, animal welfare and the approval of drugs and chemicals should be established by the EU for all EU Member States as soon as possible. Unilateral developments by individual Member States should be avoided. This is a special priority, so as to preserve fair competition within the Single Market without internal borders.

The regionalisation of markets for agricultural and forestry on the basis of Article 36 of the Treaty establishing the European Community (protection of the environment and consumer health) leads to distortions of competition, which are not justified, because it is wrong to assume that any EU Member State will fail to apply the necessary care in the national approval of agricultural and forestry inputs or in the protection of environmental and consumer health. Moreover, in accordance with the "Cassis de Dijon" ruling of the European Court of Justice, foodstuffs which

have been lawfully placed on the market of one Member State may be placed on the market of all EU Member States. Hence, national restrictions on the market for agricultural inputs should have no impact whatsoever on the final products of agriculture and forestry. In an effort to eliminate the competition-distorting regionalisation of markets, it would be a logical step to apply the "Cassis de Dijon" principle also to this sector: Agricultural and forestry inputs approved in one EU Member State should be automatically approved in any other Member State.

c) Funding: given the scope and the unprecedented severity of the BSE disaster, the necessary funding - taking account of the full scope of the Berlin decisions of 1999 - should be provided to meet this challenge.

2. Medium-term measures ("MID-TERM REVIEW")

The "mid-term review" of experience gained to date with Agenda 2000, to take place in 2002, should be an occasion for corrections and improvements with a view to arriving at a longer-term strategy.

The EPP / EDU puts forward the following as "food for thought" as desirable modifications and improvements of Agenda 2000 in the context of the Mid-Term Review:

a) Ratio of livestock units to area: We should move to patterns of production which are economically and ecologically sustainable having regard to the feed production and waste absorption capacity of the land in the area.

b) We recognize the value of quantitative controls in taking immediate pressure off the market and improving and preserving production in less favoured areas.

c) The EPP believes in market mechanisms as the preferred method of settling allocation problems.

d) There should be a review of the mechanism of compensatory payments to take account of economic, ecological and socially desirable considerations.

e) There should be stronger incentives for farmers to participate in the "environmental programmes" offered under the framework of Regulation 1257/99, etc.

f) There should be increased participation in all Member States in measures relating to "rural development". This would result in a greater emphasis on the principle of subsidiarity in agricultural and rural-development policy, which will become more important in an enlarged European Union with widely different conditions:

g) Development of a future-oriented "protein-feed" strategy for the EU. The amendments to the Blair House Agreement required for this purpose ought to be pursued in the course of the WTO negotiations on agriculture.

h) Farming and farmers should be protected from the abuse of monopoly positions wherever they occur.

i) There should be promotion of the cultivation of crops for renewable energy and raw material production on agricultural land.

Farm Animal Welfare

It is in producers' interest to respond to growing public concerns about animal welfare. Increasingly, consumers want food which has been produced both sustainably and humanely.

These concerns could be addressed by encouraging more extensive production with an emphasis on high animal welfare standards and environmental protection. Such systems have been developed and often involve only a small increase in production costs.

Animal transport is another issue of great public concern, both because of welfare implications and its role in facilitating the spread of infectious animal diseases -e.g. foot and mouth disease. Each year, over two million pigs, cattle, sheep and horses are transported on very long journeys within the EU or to or from third countries, many to be slaughtered on arrival at their destination.

Much progress would be made by a more rigorous enforcement of animal transport legislation.

Reflections on a Common Agricultural Policy for the future

Beyond the Mid-term Review, the goals and strategies for agriculture and rural development after 2006 should be developed in an intensive process of discussion.

From the viewpoint of the European People's Party, a future-oriented policy for rural areas and the further development of the CAP should be based on the three fundamental principles of Christian social doctrine:

- solidarity
- subsidiarity
- personalism

The principle of solidarity obliges us to consider the benefit of society as a whole in our efforts. This is the special quality of the social market economy as developed by the Christian Democrats. We want to create the possibility for all to benefit from social peace and have a share in economic prosperity. This is also part of the mandate of the European Union. The policies of the Union, including the CAP, must contribute towards overcoming the imbalance between rich and poor and ensure greater cohesion of the different economic areas of the Union. This task must be taken up, in particular, in view of the future enlargement of the Union.

We feel especially committed to the principle of subsidiarity. The larger the future Union, the more important will it be for the individual to understand the decisions taken by the Union's institutions. Hence, decisions should be taken at the level which is closest to the EU citizen. Democratic legitimacy presupposes a high measure of subsidiarity. As regards the CAP, this goal should be reached through greater flexibility and a wider scope for Member States, regions and individuals as long as it does not put the Community framework and fair competition between producers within the single market into question.

The principle of personalism is anchored in a commitment to the priority of the individual, the primacy of free will, and the accountability of the individual person for his or her actions or inactions. This is the unique feature which distinguishes our approach from Socialist or social-democratic ideologies. These ideologies continue to value the collective more highly than the individual. In connection with the CAP, our commitment manifests itself in two areas:

- First, there must be a direct connection between the person and his or her achievement. This should also be expressed in the design of direct payment schemes, which are intended as a

compensation for public services rendered and not as a gift given out of charity. This needs to be emphasized more strongly in the further development of the CAP.

- Second, the issue of land ownership and its availability for lease are also directly linked to the principle of personality and the accountability of the individual for his/her property. The European People's Party feels that a system of widespread land ownership is a socio-political value *per se* which deserves to be defended.

- Third, farmers and food producers need a policy and financial framework that will remain stable over time and not be subject to political decisions that make long-term farm business planning difficult or impossible.

The European model of agriculture, as defined by the Council of Ministers of Agriculture in 1997, points the way to the further development of the CAP:

"In the opinion of the Council, European agriculture as an economic sector must be versatile, sustainable, competitive and spread geographically throughout Europe (including less favoured regions and regions with specific problems). It must be able to maintain the countryside and conserve natural resources, making an essential contribution to the vitality of rural regions, and meeting the concerns and requirements of the consumers in terms of food quality and safety, environmental protection, and animal welfare."

This statement calls for the following comment:

It is the essence of multi-functionality that agricultural activity, in addition to its primary productive role, comprises an increasing range of private and public services. A combination of sources of income derives logically from this development.

Sustainability is a deep-rooted principle of farming. Succeeding one's parents on a farm holding and passing it on, possibly in improved condition, to the following generation has always been a mainstay of farm life and thought.

The principle of competitiveness clearly shows that farmers are entrepreneurs and have readily assumed the function of competing market operators. It is up to political decision-makers to provide the framework for fair and free competition both within the EU and with third countries and cost-reflective prices. With agriculture under pressure to open up to competition, it is essential to prevent a distortion of competition through an unjustifiable concentration of power in the distribution sector or through other unfair operating conditions.

The commitment to the survival of agriculture throughout Europe implies that agricultural activities in Europe must not be confined to favourable locations, but should also be maintained in less privileged areas and in areas with specific problems. This requires special support schemes.

A number of specific conclusions regarding an EU strategy of agriculture and food production can be derived from the above:

a) A future oriented-strategy must be focussed on the European consumer and the opportunities in the European food markets:

Safety and quality, consideration of specifically European "sensitivities" (e.g. use of hormones, genetic engineering, etc.), safeguarding of adequate prices and/or remuneration at all levels (farmers, processors, distributors) are important. The constructive co-operation of the food retail trade is indispensable.

The European approach should seek to persuade the other major food-producing nations to accept European values and norms in regard to food safety where such values and norms are based on rational argument, on scientific evidence, and on a reasonable and precautionary appraisal of risks.

This goal can be reached through the European food model, which has four elements:

- health and safety,
- quality
- origin,
- diversity.

b) New opportunities for the quality products of EU farmers and the EU food industry must be opened up in the international markets. Making the best possible use of the special assets of the individual Member States with their top quality products, their branded goods, and their regional markets is a promising way forward for the future.

c) The CAP must be designed to cope with the challenge of enlargement. The market organisation and the system of quantitative control must be adjusted accordingly; at the same time, the production of renewable energy and raw materials as a cost-effective way of utilising large areas of agricultural land must be stepped up.

Given the problems for agricultural policy caused by the likely volume of funding required for EU enlargement and by the competitive situation expected to develop after enlargement, a model of degressive compensatory payments has a useful contribution to make where the purpose of the payments is a social one based on need, but where payments are based on the provision of "public goods" which the public wishes farmers to provide, all units, of whatever size, should be eligible for payments, without digression, on the basis of the quality and amount of the "public goods" provided.

Co-financing, which has proved its merits in the field of rural development, would, if applied in market measures, represent a step backwards from one of the earliest common policies of the Union. It would potentially interfere with fair competition within the Union, and would work against the principle of a single market. Member States have a margin of discretion in the implementation to otherwise the rural development measures and hence co-financing can be justified there. No such discretion exists or could be allowed, in relation to market measures, so co-financing is not appropriate in that area.

d) A new CAP must rest on a secure basis within the framework of the WTO. The multi-functionality of European agriculture and the specific concerns of safety, quality, environmental protection, animal welfare, and social welfare must be securely anchored within the WTO. Distortions of competition in international agricultural trade must be eliminated including all forms of export capacity enhancements. Precise product declarations are essential for EU quality and safety standards to be strictly applicable to imports from third countries.

In line with these fundamental objectives, negotiations have to be conducted following the successful outcome of the WTO Ministerial in Doha. The "blue box", the "green box", and the amber box will have to be preserved. In the context of WTO, commitments to guarantees of market access must be balanced and multilateral. If, for example, guarantees of access to EU markets are sought by the Cairns Group, the EU must be offered similar and reciprocal

guarantees. On export restitutions the EU should insist that on all forms of export support, comparable limitations have to be applied. If the EU is asked to reduce export restitutions all other forms such as export credits or the support part of state trade enterprises must be reduced in the same way.

e) The principle of subsidiarity should be applied consistently to the Common Agricultural Policy. The European Union should set the binding rules for all member states and provide the appropriate framework: quality standards, production rules, labelling, competitive rules, safeguarding of the basic principles: a unified market, Community preference, and financial solidarity.

The European Union must speak with one strong voice to the outside world - that is to say in WTO, OECD, FAO, Codex Alimentarius Committees and in multilateral agreements.

The specific implementation of the Common Agricultural Policy should be subject to the principle of subsidiarity, wherever this appears to be meaningful:

Whatever can best be done at a lower level should be implemented at that level in an autonomous and tailor-made manner (Member States, regions, local authorities), with the EU assisting implementation in the spirit of subsidiarity. Past experience in the fields of regional development, cohesion and rural development constitutes a valuable framework for reference.

f) European agriculture should be a model of ecological sustainability

Therefore, a reformed system of financial support ought to provide strong incentives for environmentally friendly agriculture. Harmful specialisation and unduly intensive use of the land should be avoided. Also, the positive effects of sound agriculture on biological diversity must be more fully appreciated. Use of toxic products should not be supported by EU money. The use of antibiotics in feed-stuffs should be prohibited.

g) Agriculture and rural development are to be regarded as a unity.

The economic development in agriculture and forestry, in the processing industry, in tourism, in the service sector, and in trade and industry in rural areas and their central communities constitutes a closely interacting system. Positive developments in one sector have a favourable impact on the income and employment opportunities in other sectors in a rural area, and vice versa. The regional assistance approach, adopted by the EU already some time ago and supplemented by rural development as the "Second pillar of the Common Agricultural Policy" created within the framework of Agenda 2000, is welcomed and should be further pursued. Employment in rural areas shall be an aim of policy.

As agriculture and rural development have to be regarded as a unity, they have consequently to be decided following the same rules. At the moment, however, only the second pillar is part of the co-decision procedure with the European Parliament. The first pillar is decided by the Council alone. This is not coherent because the main part of the agricultural budget is still spent within the first pillar. In addition, more and more aspects of agriculture like environmental and public health have been taken out of the agricultural sector to put them under co-decision procedures. This tendency means that there is a risk that agriculture policy making will become more and more fragmented. To stop this dangerous tendency, the establishment or changes of common market organisations, aspects of financing CAP, environmental and health aspects within the agricultural sector should all be made subject of the co-decision procedure with the European Parliament.

The European Food model:

Europe should develop a 'model' or concept of food quality and assurance. This model should aim at:

- -better and more informative labelling of food products on sale in Europe
- -the elimination of the risk of salmonella poisoning from the European food chain
- -the elimination of the risk of e-coli 0157 poisoning from the European food chain
- -the elimination of all spraying of crops with antibiotic fungicides in Europe
- -stronger EU level controls on feeds given to animals
- -traceability of all ingredients used in foods on sale in Europe, including in processed and prepared foods
- -improved facilities for testing the presence of dioxins in foods on sale in Europe

promotion of "healthy eating" so as to help reduce the damage done by obesity to European health.

Summary:

A modern EU strategy must combine agriculture, rural life, the food industry, consumer safety, environmental protection, energy policy, sustainability, subsidiarity, and solidarity. It must prepare the EU for enlargement and, at the same time, be firmly anchored within the WTO.