



## RESTORING THE MEANINGFULNESS OF THE CAP

*Joint Working Group on the reform of the CAP,  
between the Committee for European Affairs and the Committee  
for the Economy, Sustainable Development and Spatial Planning*

**Report by Mr Jean BIZET, Mr Jean-Paul EMORINE,  
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Report n° 102 (2010-2011)

Is the CAP ever mentioned without immediately being associated with the word “reform”? Yet, the succession of reforms over the last twenty years has not solved the difficulties in agriculture.

The CAP has suffered from a loss of legitimacy. The fact that agricultural income aid has been turned into a right is

not readily understood by citizens. Besides, a part of public opinion believes that environmental issues have not been given enough attention within a policy that is essentially directed at generating high performance in the various farming sectors. The reform of the CAP is the opportunity to re-examine these issues.

### ***I. The principles***

1 – Food safety must remain one of the principles on which the CAP is founded. This is a basic goal that Europe owes its citizens both in quantitative terms and in terms of quality and safety. It is also a precaution that Europe owes to the whole world. In the longer term, opting in favour of imports is tantamount to encouraging exclusion since Europe, being wealthy, will be able to pay for its food while poor countries will not.

2 – The primary function of agriculture is to provide quality food to the population. Farming activity takes place in an environment which is no less than the common heritage of society and needs to be safeguarded. It fulfils numerous useful functions for the country — environmental services and other “public goods” — that deserve support and reward.

3 – To quote the terms of the joint Franco-German position paper on 14 September 2010, Europe needs a strong CAP that is

market-oriented but maintains a regulatory scheme.

4 – The competitiveness of European agriculture must be assessed on the basis of other criteria, both social and environmental. The CAP must allow the coexistence of an agricultural sector with strong added value and capable of exporting with locally-based farming which is so essential to territories.

5 – The renewed CAP must be simple and clear. To acquire legitimacy, it must seek out the adherence of both civil society and farmers. The reform cannot be implemented without them and, even less so, against them.

6 – France must be part of a strategy of alliances. The joint Franco-German position paper is a first success. An agreement involving Poland is also likely to receive everyone’s consensus.

## II. Direct aid

7 – Convergence of the levels of direct support between Member States cannot be avoided. It should occur as a gradual process. It could be organised around the idea of a scale of aid that includes a basic aid common to all Member States and a supplementary aid that would take into account the average income in the particular country and the ratio between the farming income and the average national income.

8 – This convergence must take into account the financial sustainability of the reform by the Member States and cannot ignore the levels of contribution of Member States to the Union's budget.

9 – The national system of historical references used to calculate the amount of direct aid leads to too much inequality and

misunderstanding. As such it should not be maintained.

10 – It would be worthwhile to examine the opportunity of setting a ceiling on direct aid by establishing a connection with the level of employment in the farm or the agricultural activity.

11 – The European regime of direct aid should leave some leeway for allocating aids so that Member States are able to support given actions without adversely affecting competition between Member States.

12 – The expression “*single payment entitlement*”, translated in French as “*droit à paiement unique*”, conjures up the idea of a right to a subsidy. France should rename this aid “*compensatory aid*”.

## III. Market regulation

13 – The principle of regulation lies at the heart of the CAP. In an environment where prices are extremely volatile, it seems senseless for the European Union to abandon this instrument.

14 – Implementation of interventions on the market must be speeded up and reduced to less than two months after the first signs of a crisis appear, rather than belated response.

15 – Interventions on the market must not simply be limited to acting as a safety net with absurdly low intervention prices. It must be capable of preventing crises.

16 – If the principle of Community preference is not maintained, then

international trade in agricultural products must abide by the principle of reciprocity. Europe must be able to fight with equal arms. The sanitary and environmental requirements the European Union imposes on its own production must also be applied by the countries exporting to Europe.

17 – The European Union must not, as it was tempted to do, unilaterally disarm prior to the international trade negotiations. Agriculture should not be the adjustment variable.

18 – The European Union must promote the establishment of a common export platform.

## IV. Interventions in relation to the supply from producers

19 – Interventions should take on new forms so as to modernise management tools for agricultural holdings and to give

farmers weight in their relations with the industrial and retailing sectors.

20 – It seems necessary to develop insurance mechanisms for unforeseeable climate and health-related events, as already authorised by Article 68 of the Regulation on direct support schemes, as well as mechanisms relating to forward markets.

21 – Tax rules also need to be adjusted so that farmers can make provision for price variation risks, similarly to current practices in the industrial sector.

22 – Concerning producer organisation, it appears necessary to:

- Adapt European law so that producers can form groupings;
- Encourage contractualisation between producers and operators in the food

industry and/or retailers, based on a standard European contract. That is to say contracts entered into at the broadest level possible and for which the State would act as a guarantor, not as manager;

- Broaden the scope of the powers given to inter-branch organisations;
- Ensure a fair sharing out of the added value throughout the entire circuit.

23 – In order to encourage groupings of producers that, in some sectors, carry very little weight faced with the industrial and retailing sectors, the use of a budgetary tool might be considered in the form of a supplementary aid granted to producers who operate through a professional organisation.

## ***V. The CAP and the environment***

24 – Environmental issues have become of crucial importance to European society. The CAP must encourage a positive contribution of agriculture to the environment.

25 – The concept of “public goods” does enshrine the idea that agricultural activity is beneficial to the common heritage and offers huge potential. But it must be admitted that communication on this topic is still difficult.

26 – Analysis of the environmental consequences of farming activity should not limit itself to production conditions but

be extended to the question of international trade. Some agricultural trade relations were only able to develop because the environmental cost of transportation is never considered.

27 – There are two options:

- Intensifying cross-compliance through the “greening” of direct aid under the first pillar – the Commission’s option;
- Introducing a true territorial and environmental strategy, separated from direct aid measures, which would be the heart of a rural development policy focusing on the territories.

## ***VI. The institutional organisation of the CAP***

28 – The current scheme with two pillars can be maintained but the wording and the contents need to be reformulated.

- The current distinction based on budgetary grounds (first pillar: European funding; second pillar: co-financing) is ineffective;
- The European Commission proposes a more dynamic temporal separation

between income support (first pillar) and structuring actions (second pillar).

- The Senate Working Group proposes a policy mix with a first pillar devoted to agriculture and food and a second pillar oriented towards the territories and the environment.

### First pillar: agriculture and food

29 – Agriculture should be re-budgeted as one of the items in the pluriannual financial framework.

30 – The first pillar should serve the farmers with simple instruments, compensatory aids, intervention mechanisms and measures supporting the competitiveness of the agricultural sector. Environmental cross-compliance must be simplified.

31 – Modulation – the gradual transfer of the first pillar to the second pillar – should be eliminated.

### Second pillar: the territories and the environment

32 – The second pillar would focus on the territories (including aids in mountain regions and disadvantaged areas) and the environment.

33 – Rural development policy offers considerable potential. The current guidelines that focus on selected topics are lacking in ambition and coherence.

34 – The first focus of a renewed rural policy in the framework of the CAP is to work in conjunction with farmers:

- Provide support for changes in the farming profession so that producers are encouraged to increase added value;
- Encourage local relationships between producers and consumers or people who counsel and advise on matters relating to food.

35 – The second focus of a territorial policy concerns the environment. Rural areas are in a better position to implement specific measures: measures to fight climate change, biodiversity promotion, protection of water quality, anticipation of difficulties in water supply, etc.

36 – The various measures under the second pillar could be funded in a way similar to that used for structural funds, with variable rates of cofinancing as per objective. The highest rates would be designed to encourage expenditure on the particular environmental area.



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