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EU plans green farming revolution

Yann Ollivier | 9th October 2011

Tags common agricultural policy, environmental subsidies, eu

IN A radical and controversial overhaul of its Common Agricultural Policy (CAP), the EU plans a greener, fairer farm policy by tying subsidies to environmental concerns, according to leaked documents seen by AFP.

The documents outline a proposed reform of the CAP from January 2014 to be presented on Wednesday by the European Union's agriculture commissioner, Dacian Ciolos.

Among his proposals to reform the CAP, which traditionally accounts for about 40 per cent of the bloc's annual spending of nearly 140 billion euros (\$A194 billion), is a call for 30 per cent of EU direct farm subsidies to be conditioned on respect for the environment.



The idea of greening Europe's farms triggered an angry response from Europe's leading farmers' organisation, Copa-Cogeca.

AAP

The measures include crop diversity - planting at least three varieties, with no more than 70 per cent of land used for a single crop - and using seven per cent of arable land as ecological fallows that are havens for plants, animals and insects.

But the idea of greening Europe's farms triggered an angry response from Europe's leading farmers' organisation, Copa-Cogeca.

"At a time when the Chinese are massively purchasing land in Africa, we are being asked to leave seven per cent of our land fallow," said German Copa-Cogeca official Gerd Sonleitner.

The group said the reform would leave six to seven million hectares idle.

To even out subsidies in the interests of fairness, Ciolos plans to cap payouts to farmers at 300,000 euros per year. In addition, levies would be applied progressively on all payments exceeding 150,000 euros.

Big farms with a large number of workers could win exemptions as salaries could be deducted from the handouts, according to the European Commission proposals.

Some states, such as Britain, Germany and the Netherlands, are strongly opposed to capping subsidies on the grounds it could lead to a carve-up of large farms.

Responding to criticism from the EU's Court of Auditors, the commission proposals seek to ensure that more effort is made to ensure subsidies go only to "active farmers" rather than airports or golf-club as has sometimes been the case.

In Britain, Queen Elizabeth II and the Duke of Windsor, major beneficiaries of the CAP, will continue to receive the aid but might be strongly affected by the capping.

Whilst 80 per cent of EU farm subsidies now go to 20 per cent of the bloc's biggest farms - in terms of production, and often based on data a decade old - from 2014 to 2019 the subsidies progressively will be calculated per hectare, should the proposals be approved.

It was hoped this would favour more extensive farming and radically revise the arithmetic.

Calculations for France and Italy, respectively the largest and fourth largest recipients of PAC subsidies, are now based on production figures from the early 2000s.

France would see a 1.5 per cent fall in subsidies in the 2014-2019 period, while Romania, Bulgaria and the three Baltic nations would see an increase - in Romania's case, of 33.7 per cent.

But eastern EU members, which have complained of below-average subsidies, would continue to be behind the older EU members, with Latvia notably 54 per cent below the average.

According to the documents, the CAP budget would decrease in constant prices from 57.4 billion euros in 2013 to 50.2 billion euros in 2020, slipping to 33 per cent of the total budget.



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EU reform plans target greener, fairer farm subsidies

Wed, Oct 12 2011

By Charlie Dunmore

BRUSSELS (Reuters) - The EU's executive proposed on Wednesday making farm subsidies fairer and more environmentally friendly, in a bid to win support for keeping EU agricultural spending at about 55 billion euro-a-year (\$75 billion-a-year) up to 2020.

Critics of the bloc's common agricultural policy (CAP) had urged the European Commission to take advantage of high global food prices and cut the huge subsidies it pays to farmers in a reform of the policy from 2014.

But against a backdrop of increasing market volatility, resource scarcity and climate change, the Commission had already rejected calls for subsidy cuts, and said the reform should refocus spending on the threats facing EU farmers.

"The next decades will be crucial for laying the foundations of a strong agricultural sector that can cope with climate change and international competition. Europe needs its farmers. Farmers need Europe's support," EU agriculture chief Dacian Cioloș said in a statement.

The Commission's desire to keep overall farm spending at more or less its current level until 2020 was confirmed in proposals for the EU's next long-term budget for 2014-20, announced in June.

The budget stance is supported by pro-farming countries such as France, whose President Nicolas Sarkozy has pledged to defend the CAP with an eye on rural support in next year's presidential elections.

But the plans will face opposition from other countries such as Britain and Sweden, who want to see a sharp cut in EU farm spending to fund new growth-enhancing measures such as research and innovation.

Under the plans, the bloc will start the process of trying to even out the imbalances in EU aid paid to farmers in western Europe versus less well-off producers in the east.

But Poland said the plans did not go far enough, and criticized the fact that it could take until 2028 until equality was achieved between farmers across the EU.

"This is no reform proposal, but some cosmetic changes that would prolong the status quo as regards the distribution of the EU funds," Poland's farm minister Marek Sawicki told a news conference. "It's a mockery that the Commission, recognizing the need to equalize direct subsidy levels, at the same time proposes to achieve that over 14 years."

The CAP reform plans must now be jointly approved by EU governments and lawmakers in the European Parliament -- a process which is expected to take up to two years to complete.

Cioloș, who is Romanian, said the final shape of the reform would depend on the outcome of linked talks on the overall EU budget, where some large states with high deficits are looking to cut overall spending to ease pressure on public finances.

"We will need favorable political conditions to agree the overall EU budget, on which the CAP budget is dependent, and on which the final shape of the CAP reform is dependent," he told reporters in a briefing before announcing the proposals.

NEW ELEMENTS

At present, farmers in Italy and Greece receive about 400 euros per hectare on average, compared to less than a hundred euros per hectare in Latvia.

Cioloș said he wanted farmers in all countries to receive at least 90 percent of the average level of direct payments -- currently about 270 euros per hectare -- but added that the goal would be only partially implemented by 2020.

To help free up funds for the redistribution, Cioloș said large individual farms would see their subsidies capped at 300,000 euros a year from 2014.

In future, 30 percent of direct subsidies will be conditional on meeting new environmental criteria, such as forcing arable farmers to grow at least three different crops, and leaving seven percent of farmland fallow.

The plans drew accusations of "greenwash" from environmentalists who wanted the measures to go further, but EU farmers said the requirements would hurt their competitiveness.

"It does not make sense to require every single farm to stop producing on a certain percentage of their land when world food demand is set to rise by 70 percent by 2050," EU farm union Copa-Cogeca said in a statement.

French farm minister Bruno Le Maire said the Commission's environmental proposals were too complex.

"In the spirit of innovation, France supports the principle of 'greening' the CAP. But it has to be simple and provide incentives, and take account of the budget context. In their current form, the Commission proposals do not meet these objectives," he said in a statement.

UK Environment Secretary Caroline Spelman said Britain was pleased with proposals to force farmers to do more to help the environment, but questioned the extent of the proposed reform.

"While some of the Commission's rhetoric is right, overall we're disappointed, and the proposals as they stand could actually take us backwards," she said in a statement.

The plans included a proposal to grant EU subsidies only to "active farmers," and Ciolos said he doubted airports and golf courses needed the EU farm subsidies they currently receive.

The 27-nation bloc should retain its existing market management tools after the reform -- including public intervention and private storage aid -- to cope with market volatility and future food crises, Ciolos said.

In a last-minute change, the Commission agreed to propose ending the bloc's system of national sugar production limits and minimum prices from 2015 -- not in 2016 as had been suggested in earlier drafts of the reform plans.

The move is designed to avoid a repeat of the current shortage of sugar on the EU market, and will also allow an increase in EU sugar exports, which are capped under world trade rules because of bloc's quota system.

"This is a direct response to a policy that was formulated without any scarcity of sugar in mind. Changes like this will be needed to make the bloc's policy efficient in a world where sugar production is tight," said Keith Flurry, senior soft commodities analyst at Rabobank.

(\$1 = 0.733 Euros)

(Additional reporting by Gabriela Baczyńska in Warsaw, David Brough in London and Sybille de La Hamaide and Emmanuel Jarry in Paris; editing by Rex Merrifield and Keiron Henderson)

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