

## Analysis

### *of the EU Commission's guidelines on the new CAP "Future of Food and Farming"*

#### Commission's proposal

##### Direct payments

- Support targeted at genuine farmers, focusing on those who are actively farming in order to earn their living
- Differences between Member States in CAP support should be reduced.

##### Risk management

- It is important to set up a robust framework for the farming sector to successfully prevent or deal with risks and crises

#### Evaluation of the Commission's proposal

→ **Important point – should be included in the CAP.**

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→ **Robust framework essential. The enshrinement in law of a crisis instrument is important:** a combination of market monitoring and response to the market enables impending crises to be recognised and reacted to in a three-phase programme (Market Responsibility Programme – MRP). Voluntary production cuts are an essential element of the programme. This instrument increases the producers' market orientation, as it enables market signals to be detected quickly and producers to react accordingly.

For more on this:

<http://www.europeanmilkboard.org/special-content/market-responsibility-programme.html>

→ **Present structure does not prevent crises – so is inadequate.**

- The CAP already offers a layered set of tools helping farmers to prevent and manage risks, from direct payments and market intervention to post-crisis

-> **Intervention:** can be applied in the event of seasonal surplus volumes, but is ineffective in the event of chronic instabilities.

compensation and the present second-pillar measures in particular an Income Stabilisation Tool (IST) and insurance support

**-> Post-crisis compensation, Income Stabilisation Tool and insurance policies:**

They do not prevent crises, which are often due to surplus production. The money paid can compensate for a price collapse in the short term, but in fact it leads to the continued generation of surpluses.

However, pay-outs could be coupled with production reductions - this could reduce the market imbalance. It can only be completely solved if at least a cap in production is applicable to all producers during crises.

- New indexes to calculate farm income losses, reducing red tape and costs.

→ **Important point. It is essential to work with realistic cost data. For more on this:** <http://www.europeanmilkboard.org/milk-production-costs.html>

### Generational renewal

- Generational renewal should become a priority in a new policy framework, but it must be recognised that Member States are in the best position to stimulate generational renewal using their powers on land regulations, taxation, inheritance law or territorial planning.

→ **Young people only enter the sector if it has a future, i.e. an acceptable income is achievable.** As this is currently not the case, the young generation is turning away from the sector. The EU level has an important responsibility in this. An effective EU crisis instrument that stabilises the sector is called for (see above).

### Free trade agreements

- It cannot be ignored that specific agricultural sectors cannot withstand full trade liberalisation and unfettered competition with imports. We therefore need to continue to duly recognise and reflect the sensitivity of the products in question in trade negotiations.

→ **Important point. Sensitive sectors like the dairy sector must be excluded from free trade agreements.**