



POSITION PAPER

EDA CONTRIBUTION TO EC CONSULTATION ON CAP AFTER 2013

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WHY DO WE NEED A EUROPEAN COMMON AGRICULTURAL POLICY?

Agricultural policy in the EU should remain a Common policy to ensure a level playing field for all actors.

The internal market is a major achievement and is crucial for the further development of the dairy sector.

National co-financing should be avoided, particularly voluntary co-financing.

Direct payments and market management measures must remain fully financed at EU level.

Renationalisation of the CAP in any form should be avoided.

WHAT ARE SOCIETY'S OBJECTIVES FOR AGRICULTURE IN ALL ITS DIVERSITY?

Society expects the farmers and the food industry to deliver high quality products whilst respecting the environment, animal welfare and dealing with climate change.

WHY SHOULD WE REFORM THE CAP?

The CAP should be adapted to better meet new challenges: it should be moving towards a policy that promotes agricultural production, which is economically sustainable and faces up to the challenges in areas such as conservation, animal welfare and climate change.

The CAP should fundamentally be an agricultural policy. Greater emphasis should be put on improving the competitiveness of agriculture both on a European level and a global level, ensuring food security and addressing extreme price volatility through a few safety net mechanisms.

The direction of travel should still **be towards a more market orientated industry.**

There should be no reversion to comprehensive market management or the recreation of the quota regime in the dairy sector.

Greater reliance on the market means that the EU should not become involved in contractual relations between producers and purchasers in the dairy sector. Producer organisations should not be exempt from competition law rules on market share. Interbranch organisations should not be formed in the dairy sector with the specific aim of concentrating and coordinating supply and marketing of the produce of the members.

Expansion of Pillar II should not be financed by reducing Pillar I. As such **modulation** (deductions in direct payments to finance Pillar II) should be scrapped.

The focus of **Pillar II** should be on addressing strategic issues in the farming sector such as

- Assisting the process of restructuring, farm modernisation and innovation
- Rewarding environmental enhancement
- Assisting adaptation to climate change

Rural development should be an integrated part of the CAP and mainly be a business policy that promotes the agricultural sector in rural areas.

WHAT TOOLS DO WE NEED FOR TOMORROW'S CAP?

Direct payments are vital to the competitiveness of EU farming in general and should remain an essential element of the CAP. For individual farms it is important to commercial viability and investment planning.

The historic payment method is now redundant and should be reviewed.

Future direct payments should be directed towards the delivery of public goods such as food security, landscape management, and environmental services. In this discussion it is important to point out that imported commodities do not live up to European standards.

Any allocation method should not discriminate against larger farms.

Market management: The EU should seek to limit the extremes of price volatility.

Intervention: The EU should provide an intervention safety net at a price that does not incentivise over-production and should be available all year round at a fixed price (no tendering). Earmarked accumulated stocks should be used to minimise upward extremes of price.

Export refunds should only be phased out as part of a balanced deal in the WTO negotiations

Private Storage Aid (PSA) for butter should continue to be used to limit price volatility arising from seasonal variations in production. The PSA schemes for SMP and Cheese should be reintroduced and used when needed.

Other tools:

- **Futures markets** will not reduce price volatility, but can help reduce price risk. The development of futures markets depends on private initiatives but the Commission may help their emergence by providing education as well as timely and reliable market information
- **Insurance schemes** should be examined but should only be pursued if they are demonstrably more cost effective than EU market measures and do not lead to a renationalisation of the CAP
- **Research and Development.** Significantly more resources should be shifted over to research and development, not only for the farm level, but also for the processing sector.
- **Marketing/promotion.** The EU should continue to fund marketing support through the school milk scheme to encourage the consumption of dairy products amongst the next generation of consumers. It should also provide funding for generic advertising campaigns within and outside the EU.
- **Nutritional policy.** The EU's policy on consumer nutritional information should focus on balanced diets, in which dairy products have to play an essential role.

ABOUT THE EUROPEAN DAIRY ASSOCIATION

The European Dairy Association represents the interests of dairy processors in the European Union. The membership of the EDA consists of the national trade associations for dairy processors in each EU Member State.

FOR MORE INFORMATION

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