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European Commission
Agriculture and Rural Development




**A EUROPEAN VIEW OF RURAL DEVELOPMENT WITH PARTICULAR
EMPHASIS ON AGRI-ENVIRONMENTAL MEASURES**

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**A EUROPEAN VIEW OF RURAL DEVELOPMENT
INTRODUCTORY REMARKS (1)**



European Commission
Agriculture and Rural Development

- “A European View of Rural Development”
- What does this imply?
- focus on how RD Policy can address objectives and challenges which are specifically European and close to the heart of European citizens
- emphasis on “value added” at EU level (versus at national level).
- context of the review of the CAP (and of RD policy) for the period after 2013

2




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INTRODUCTORY REMARKS (2)




- Keep in mind...
 - no decisions have yet been taken about the content of the CAP for the next period; clear connection with the financial perspectives; delay due to the financial crisis and the change of Commission
 - the Commission is planning to publish a Communication on the post-2013 CAP in the second half of 2010 in order to officially initiate the discussion
 - nevertheless, the general policy direction and the challenges to be addressed are clearly visible

3



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INTRODUCTORY REMARKS (3)




A conceptual framework for working out the new policy

- consider first the overarching goals of the EU and the general political context
- define the challenges (old and new ones) to be addressed by the new policy
- agree on the objectives and goals to be achieved (general and specific ones) and only then discuss about measures and instruments.

4



SETTING THE SCENE FOR DEFINING OBJECTIVES AND GOALS (1)
 THE OVERARCHING GOALS OF THE EU AND THE GENERAL POLITICAL CONTEXT (1)




Policy issues are currently discussed in the background of the economic crisis and of a general political and economic reorientation of the EU characterized by:

1. The drive to translate the broadly accepted vision for a “New European Economy” into concrete actions and programmes within the framework of the Lisbon Strategy for Growth and Development after 2010.


This new economy should be:

- open and competitive in global markets
- able to create jobs, attractive to skills and investments,
- innovative, rich in knowledge and human capital
- able to adjust in a changing world; and
- sustainable: efficient in its use of resources; supportive to social cohesion

5




SETTING THE SCENE FOR DEFINING OBJECTIVES AND GOALS (2)
 THE OVERARCHING GOALS OF THE EU AND THE GENERAL POLITICAL CONTEXT (2)




2. The on-going reflection on the future of the European Strategy of **sustainable development**, building on Gothenburg
 - aiming at the creation of sustainable communities able to manage and use resources efficiently, to tap the ecological and social innovation potential of the economy and ensure prosperity, environmental protection and social cohesion
 - recognising the mutually re-inforcing character of economic environmental and social cohesion objectives
3. The re-inforcement of the **territorial cohesion** objective of the EU by the Lisbon Treaty
4. The challenges of **climate change** and **energy security**

6




SETTING THE SCENE FOR DEFINING OBJECTIVES AND GOALS (3)
CHALLENGES TO BE ADDRESSED BY THE EU RD POLICY




1. Increasing pressure on **competitiveness** and **stability** of agriculture and food production in the face of more **liberal** and increasingly **volatile** world agricultural markets
2. Increasing threats to the **sustainability of natural resources**
 - more intensive and **changing** land use
 - climate change – energy security
 - the global dimension of **WATER, SOIL, CARBON** (double food, half emissions by 2050).
3. The challenge of **promoting sustainable development** of rural areas, contributing to **growth and employment** and improving **territorial cohesion** within the EU
4. The specific **political challenges on the CAP**: legitimacy; efficiency; flexibility; simplification

7




POTENTIAL OBJECTIVES AND GOALS OF THE CAP AFTER 2013

OVERALL CAP OBJECTIVES




- Maintaining the food and renewables production base
- Providing environmental public goods and services
- Contributing to viable rural areas and to a balanced territorial development

8



THE SECOND PILLAR OF THE CAP(1)

FIRST A GENERAL QUESTION



Question :


- Should the concept of the two pillars be retained?
- No intention at this moment to question the current structure

Still, adjustments may be necessary, for example :

- in order to simplify the policy and avoid the need for defining complex delimitation criteria for the purpose of avoiding overlapping and preventing double financing with similar actions under the first pillar (eg. F&V; Wine; Art. 68)
- to better tap the potential for complementarities and synergies between agriculture/food/forest products and public goods and business development/provision of services in rural areas


- Question of co-financing

9



A EUROPEAN VIEW OF RURAL DEVELOPMENT

Objective 1: Foster a competitive agricultural sector



GOAL: A SUSTAINABLE AND COMPETITIVE AGRI-FORESTRY-FOOD SECTOR WITHIN VIABLE RURAL ECONOMIES

- INNOVATE AND RESTRUCTURE -

Focus:

Innovation: not only new technology but also: new products; new processes; new markets; new forms of cooperation; research and development in general


Human and social capital: “know-how”: technical, managerial, business, environmental skills; young farmers; cooperation and networking skills;

Efficiency gains: better management; adding value to products; quality and assurance; energy efficiency

Adapt to/and mitigate climate change: investments; renewable energies


Restructuring: CAP reforms; nMS; global challenges

10



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Objective 2: Preserve Natural Resources (1)




LAND MANAGEMENT FUNCTION STRATEGICALLY MORE IMPORTANT THAN EVER

Why?


- In addition to the well established objectives of the current policy, future projections concerning world food production needs and climate change implications have made it imperative to better protect and conserve natural resources in Europe, to take the lead in climate change mitigation and to preserve the capacity of the EU to produce good quality food in sufficient quantities in the future too.

11



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Objective 2: Preserve Natural Resources (2)




Focus:

- **Preserve natural resources and traditional landscapes:** WATER (quantity, quality), SOIL; BIODIVERSITY; HNV/LFA farming and forestry systems;
- **Mitigate climate change:** GHG emissions; carbon sinks; renewable energies; afforestation; water management


Operationally: Provide incentives in response for public goods both in established and innovative new ways

12



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Objective 2: Preserve Natural Resources (3)



Let me stop for a moment on climate change mitigation/adaptation


- best dealt with at EU level (EU added value)
 - Joint responsibility in reducing GHG emissions
 - Need to invest jointly in innovation, research, new technologies
 - Joint support for awareness raising, training and advisory services for farmers
 - Energy efficiency, biomass and biogas, manure management
 - Water management (quality; efficiency, economy, sustainability in the use of water resources)
 - Joint efforts to deal with extreme weather conditions (protection and preservation of natural resource potentials)
 - Joint actions to combat and control the spread of new pathogens and diseases

13



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Objective 3: Sustainable development of rural areas




Key words: diversification, quality of life; cooperation; “place-based development”

Focus:


- **Develop human capital:** Creativity and innovation; entrepreneurship business skills; networking skills
- **Exploit social capital:** Empowerment of local actors, networks, leader groups, partnerships, cooperations, on-line communities etc.
- **Promote innovation and productive investments:** new businesses; basic services; “place-based” opportunities; ICT etc.

14




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Additional questions related to RD




- What are the most suitable delivery mechanisms for our RD policy?
 - Strategic approach and targeting
 - Toolkit: type and range of measures, level of detail specified at EU-level
 - Evaluation and monitoring
 - Coherence and complementarity
 - Partnership principle
- Criteria and trade-offs:
 - Effectiveness and efficiency in creating measurable added value
 - Simplification versus accountability
 - Flexibility versus targeting

15



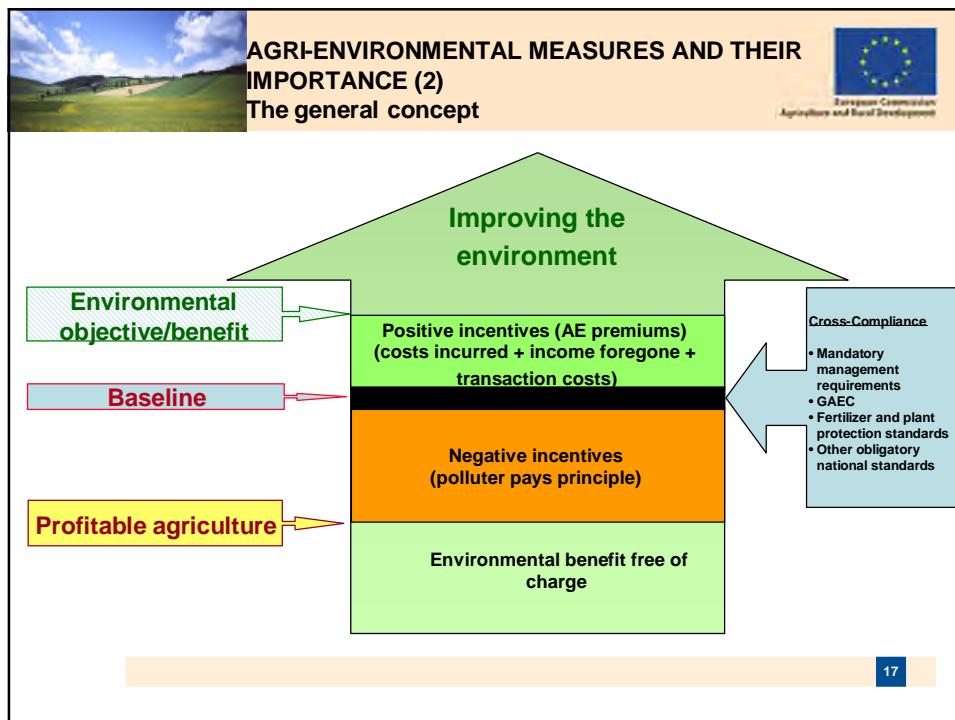
AGRI-ENVIRONMENTAL MEASURES AND THEIR IMPORTANCE (1)




IN THE CURRENT PERIOD 2007-2013

- Single most important group of measures programmed by MS
 - ✓ Axis 2, 44% of EAFRD funding (pre-HC)
 - ✓ AE, roughly 50% of Axis 2 (close to 20 billion euro before HC/RP)
- Only measure whose programming is obligatory for MS
- In HC-RP, biodiversity and climate change (which are basically AE) are expected to absorb close to 50% of the additional funds
- Generally very high levels of expenditure in countries such as
 - Ireland
 - Austria
 - Finland
 - Sweden
 - UK


16



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- AGRI-ENVIRONMENTAL MEASURES AND THEIR IMPORTANCE (3)**
- European Commission
Agriculture and Rural Development
- Important issues of the current period**
1. Base-line requirements and cross-compliance rules
 - Related to developments in the first pillar (eg. changes in mandatory requirements and GAEC by HC)
 - Important in the debate about the legitimacy of future direct payments
 2. Principle of costs incurred and income foregone
 - Fundamental, there to stay
 - To be verified by independent expertise
 3. Controllability and verifiability
 - Responsibility of the MS; Commission cannot provide guidance beyond some general rules
 - 30% rule for certain reductions
 - Complexity increases administrative burden (but light measures not acceptable)
 4. Issue of tolerable error level and the Court of Auditors.
- 18




AGRI-ENVIRONMENTAL MEASURES AND THEIR IMPORTANCE (4)




AE vs NATURA 2000 vs PAYMENTS UNDER THE WATER FRAMEWORK DIRECTIVE

- AE: requires a base-line, is voluntary, time-restricted and its rules are defined at programming
- Natura 2000 payments: made for obligatory requirements defined in management plans and can be more permanent;
- WFD payments: normally to be made for more substantial obligatory and permanent requirements defined in management plans; Commission implementing rules not yet ready.

19




AGRI-ENVIRONMENTAL MEASURES AND THEIR IMPORTANCE (5)




What about the future...

- Clearer demonstration of the environmental benefit
- Controllability/ verifiability remains fundamental (light measures can easily lead to financial corrections by the Commission after auditing)
- MS to consider trade-off between complexity and administrative burden
- Importance of AE for biodiversity/climate change mitigation increases; however farmers required to comply with additional standards under Natura 2000 and the WFD would have a legitimate expectation for permanent aids rather than time-restricted AE payments
- Management plans for Natura 2000 and the WFD may not always be prepared with an eye on clarity as regards the environmental benefit, nor as regards verifiability and controllability; discerning the baseline of additional AE measures may become more difficult

20



CONCLUDING REMARKS



Creating added value at EU level requires working together to support necessary structural changes in agriculture and the rural economy where dynamism, innovation and creative entrepreneurship can flourish while ensuring a healthy environment and social equity. This, in turn, requires investing in physical, human, social and environmental capital, with a clear focus on technological innovation, ensuring long-term economic viability, environmental protection and social cohesion.

Maintaining the food and renewable production base of Europe and safeguarding the provision of environmental public goods and services is gaining momentum in view of climate change, energy dependence and the projections on future global food supply requirements. Agri-environmental measures can play an important role in this respect but the principle of costs incurred/income foregone must be preserved and controllability ensured.

21