

# For a socially, economically and ecologically responsible agricultural policy and development of rural areas –

concept for the shaping of direct payments within the 1st pillar of the CAP

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**DIE LINKE.**  
I M B U N D E S T A G

LINKE suggestions for the discussion of the post-2013 Common EU Agricultural Policy

presented by the German Parliamentary Group DIE LINKE, the spokespersons on agricultural policy of the parliamentary factions within the German Bundestag and the Landtage, as well as of the federal association “Agricultural Policy and Rural Areas” within the executive committee of DIE LINKE.

## Introduction

With the negotiations about the new European fiscal term 2014 – 2020 and the expiration of the regulations of the structural funds at the end of 2013, the European Union (EU) has entered an important debate regarding the future design of the common European policy, which puts the whole fiscal framework up for discussion. Obviously this includes the objectives, principles and the design of the future Common Agricultural Policy (CAP). A strong CAP continues to be necessary for economical, social and ecological reasons, as well as for reasons of supply security and price stability within the EU.

Already a number of suggestions for reform have been brought forward. None of them dispute the perpetuation of a multifunctional agriculture. In the past, to secure important sectors of agriculture, on the one hand the regulative law was expanded and constantly adapted, on the other hand, and specifically within the second pillar of agricultural policy, numerous special support programs were developed. These legal demands have so far been used to justify the operational direct payments of the first pillar (Cross Compliance = CC). They were intended to level the differences in costs resulting from the conditions within the EU framework as compared to other producing regions with lower standards.

The CAP is meant to be an instrument for securing the food sovereignty of the member states, the supply security regarding foodstuffs, raw materials and renewable energy, for honoring efforts towards

the protection of the environment and the climate, as well as for the preservation and development of cultural landscapes. The CAP needs to offer a general framework for agricultural farms, thereby laying the basis for the development of rural areas. A new CAP will have to open up new opportunities for the economic development of rural areas, social improvement, better protection of the environment and an effective contribution to the preservation of resources and the climate. A major part of the European budget is designated to go towards these tasks, and this availment will require a wide acceptance among the public. In this respect, the debate on “public goods” is of particular importance.

The preservation of biodiversity and a contribution to climate protection are also part of the multifunctionality of agriculture. In spite of all existing programs and all legal framework, these environmental core problems of the 21st century have not been adequately addressed by means of the existing instruments of agricultural policy.

Direct payments towards agricultural farms and support programs under the EAFRD directive are increasingly under pressure of justification. Narrow state finances as well as criticism of past decisions in agricultural policy aggravate the problem. To the agricultural farms, on the other hand, direct payments are of great importance, as for many of them these ultimately constitute an essential part of their revenue. In order to achieve a high level of social acceptance for the CAP, a wide and open debate is needed. Justified criticism of the CAP must not be ignored (any more). For a long time already, direct payments of the 1st pillar have been considered by some objectors as unecological, aimless and unacceptable subsidisation without any service in return. Export subsidisation should have long since become a thing of the past. Historical subsidisations need to be terminated. Single payment schemes should be replaced by new programmes that reward present rather than past achievements. As of 2013, the principle must hold

that public money should only be spent for clearly verifiable public achievements. Those who do not generate some tangible social or ecological benefit can no longer expect to receive European funds. Agricultural farms have to be offered incentives to generate such public achievements.

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From the LINKE's point of view an up to date agricultural policy, while considering all global interrelations, needs to accommodate, much more than up to now, the ecological and social requirements of the respective European region. A fair distribution of the subsidies, the prevention of negative repercussions of European agricultural policy on the so-called Third World, preservation of biodiversity and increased climate protection need to be some of the pivotal aspects in the discussion of the future agricultural policy.

The LINKE's concept for the shaping of the CAP is intended to ensure a comprehensive, sustainable utilisation and the protection of all European agricultural landscapes (fields, meadows, forests, waters, etc.), taking into account the natural characteristics and difficulties of the disadvantaged areas, because it is notably from these areas that effective contributions to the protection of environment, nature and climate can emanate. An additional aim is to strengthen the role of agriculture in rural areas from an employment policy point of view. Hence the factor work should take increased significance in the future CAP.

DIE LINKE expects a concept for the CAP after 2013 that is geared to clearly defined social (maintenance and creation of jobs) and ecological (preservation of biodiversity, structural diversity, carbon capture, water protection, climate protection, etc.) criteria. We expect such a concept to contribute to an increased social acceptance of CAP that has to prevail beyond 2013. In this spirit we would wish our ideas to stimulate an extensive national and European discussion.

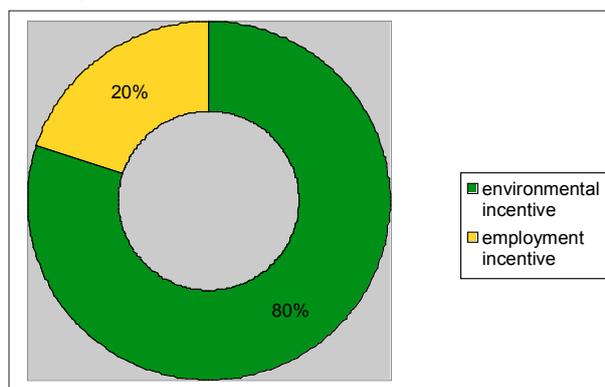
## Concept

### 2 pillars

DIE LINKE holds a long-term plan of consolidating the EU budget funds for the CAP in one pillar, but supports the transitional retention of the 2-pillar model for the 2014-2020 programme term. The sustainable development of rural areas is an important objective of the CAP (2nd pillar). DIE LINKE acknowledges the necessity of a second pillar funded according to needs, for the support of structural improvement measures in structurally disadvantaged areas. In this respect the LEADER approach and the bottom-

up-principle offer good opportunities for a possible future consolidation of the first and second pillar of the CAP, and with the implementation of regional managements a better coordination of all structural improvement funds (ERDF, EAFRD, ESF) on the ground can be achieved. Also for the second pillar the principle should hold that tangible social and ecological benefits need to be generated in order to receive payments. The design of the second pillar is not the topic of this concept.

### First pillar of the CAP



**fig. 1:** The direct payments of the first pillar consist of the environmental and the employment incentive

Regarding the financial scope of the first pillar we assume that the present amount should preferably be kept constant. We object to a co-financing of these funds by the member states because this would be to the disadvantage of poorer member states. In order to be able to honour ecological and social achievements within the first pillar, we want it to be composed of two parts. The first part, comprising 80% of the available funds, will be awarded for ecological achievements (environmental incentive). The second part comprises the remaining 20% (employment incentive).

### Environmental incentive

For the environmental incentive there will be entrance requirements (**CC+**) based on the existing CC regulations. In addition to these regulations, agricultural farms that wish to apply for environmental incentive have to

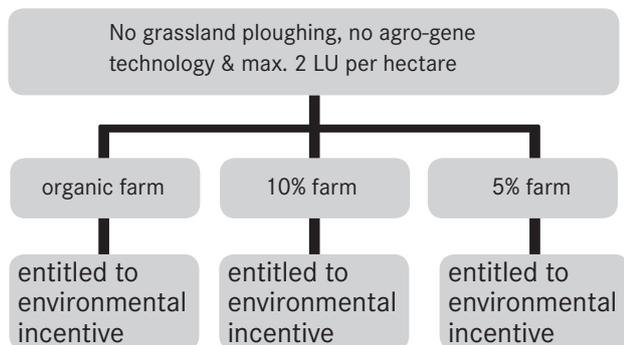
- refrain from converting grassland into fields, and
- refrain from growing genetically modified crops and from using animal feed made from genetically modified plants, and
- keep a maximum of 2 livestock units (LU) / hectare of farm area.

If these basic requirements are met, the farms can choose between **three options**, in order to gain access to the environmental incentive:

1. certification as **organic** farm, or

2. cultivation of **10%** of farm area as ecological priority areas for one or several years, as effective biotope network, or

3. allocation of **5%** of farm area as permanent ecological priority areas, as effective biotope network.



**fig. 2:** Entrance requirements for environmental incentive

If all these requirements are met, the farms can claim the environmental incentive. Adhering to these CC+ criteria is meant to result in an increase of biodiversity, a more varied agricultural structure, better protection of waters and the climate and a more balanced distribution of livestock holdings. The definition of what is to be recognized as „ecological priority area“ in each member state should be decided nationally and notified by the EU Commission, so that the respective priorities can be considered accordingly. For example, in regions with very intensive agricultural structure, hedgerows acting as stepping stone biotopes are of particular significance, while in arid regions it may be more important to reserve space for water protection.

### Environmental incentives differentiated into a minimum of three levels.

In order to account for the different biophysical characteristics of Europe and thus to sustain the continued large-scale land use, at least three different levels of environmental incentives should be introduced, on the basis of specific landscape types, which are to be defined on the EU level. The most barren regions should receive the highest amounts, and the most favourable areas the lowest amounts. The classification of these three regions of incentive levels has to be discussed again and laid down in the CAP process until 2013, and will not be dealt with further in the present concept. Apart from these three different levels there should be no further environmental incentives of differing levels. A redistribution of funds among the member states is inevitable and in accordance with the idea of a common Europe.

### Employment incentive

The portion of the employment incentive among the first pillar funds will be distributed to the member states in one step, according to the respective utilized agricultural area. In a second step, the funds that are now available as national employment incentive are transla-

ted into the employments within each member state (for example according to the annual work unit, the standardized manpower or the European size unit “ESU”).

The amounts available within each member state are different and can be organized by the member states, and claimed by the farms. These are entitled to receive the employment incentive if they

- pay their employees the national minimum wage, and
- maintain social security standards according to the national requirements.

Farms without employees are not subject to these criteria but still eligible to receive the incentive. The employment incentive specifically boosts work and income, rather than supporting capital and input intensive approaches.

Environmental and employment incentives are mutually dependent

The essential aspect of our concept is the additional revenue that farms can achieve through the accomplishment of the defined ecological and social achievements. Here the principle holds that the adherence to the criteria of employment and environmental incentive are mutually dependent, meaning that even farms operating on high ecological standards must allow themselves to be measured against the social criteria, in order to gain a claim on the environmental incentive. At the same time this involves that farms which cannot or do not want to follow the CC+ criteria are not entitled to receive the employment incentive. The actual performance may be controlled by the government, or the creation of a certification system for agricultural farms may be an option. These changes of the first pillar of CAP should be introduced within an adequate transitional period.

### European forest policy

So far, forest policy falls under the competence of the member states. Meanwhile, numerous responsibilities for the protection of European natural resources have been transferred to the EU. At the same time, we are becoming increasingly aware of the growing importance of the forests – for example with regards to climate protection. It is therefore time for a common European forest policy. This would mean that the EU is in charge of all land use. Therefore we suggest the development of a European forest fund, similar to the European Fisheries Fund.

According to our concept production related (coupled) subsidies are a thing of the past. The revenue from the production of agricultural commodities for food production or for renewable raw materials etc. is accumulated independently of agricultural policy influences at the market. Hence it is necessary to shape the framework conditions at the world markets. Particularly for the WTO it is absolutely essential to specify ecological and social standards.