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An Comhchoiste um Chumarsáid,
Acmhainní Nádurtha agus
Talmhaíocht
Teach Laighean
Baile Átha Cliath 2



Joint Committee on Communications,
Natural Resources and Agriculture
Leinster House
Dublin 2

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7 June 2012

To all Chairpersons of relevant Committees of National Parliaments.

Dear Chairperson,

Re: Reform of the Common Agricultural Policy (CAP) 2014 to 2020.

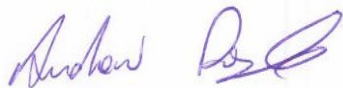
I am directed by the Joint Oireachtas Committee on Communications, Natural Resources and Agriculture to refer to a Political Contribution published today by the Committee on Reform of the Common Agricultural Policy (CAP) 2014 to 2020. A copy of the Contribution is attached.

I am further directed by the Committee to state that the Contribution is a considered response by the Irish Parliament to the CAP reform proposals. In this regard, the Committee has sought the views of Mr. Dacian Ciolos, the Commissioner for Agriculture and Rural Development, on the concerns raised in the Contribution.

Finally, I am directed to state that in the interests of interparliamentary cooperation on EU matters, the Committee agreed that it would be helpful to forward this contribution to the appropriate Committee in each Member State's National Parliament and to the Chairperson of the European Parliament (EP) Committee on Agriculture and Rural Development. As you will see the Committee has a number of concerns, some of which we believe may be shared by our colleagues in other Parliaments.

Thank you for your assistance.

Yours sincerely,



Andrew Doyle, T.D.

Chairman,

Joint Committee on Communications, Natural Resources and Agriculture.



**Tithe an
Oireachtas**
**Houses of the
Oireachtas**

An Comhchoiste um Chumarsáid,
Acmhainní Nádurtha agus Talmhaíocht

**An Cion maidir le hathchóiriú an
Chombheartais Talmhaíochta, 2014 - 2020**

Meitheamh 2012

Joint Committee on Communications,
Natural Resources and Agriculture

**Contribution on the Reform of the
Common Agricultural Policy, 2014 - 2020**

June 2012

JOINT COMMITTEE ON COMMUNICATIONS, NATURAL RESOURCES AND AGRICULTURE

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REFORM OF THE COMMON AGRICULTURAL POLICY (CAP) 2014 TO 2020

1. Background

The Joint Committee on Communications, Natural Resources and Agriculture has considered the European Commission's proposals regarding the Reform of the Common Agricultural Policy for the period 2014 to 2020 (COMS (2012) 625 to 629 inclusive). It has also had public hearings on the issue of CAP Reform with the EU Commissioner for Agriculture and Rural Development; Department of Agriculture, Food and the Marine Officials; 3 Irish MEP's (Ms. Marian Harkin, Ms. Mairéad McGuinness and Ms. Phil Prendergast); the Irish Farmers Association (IFA); the Irish Cattle and Sheep Farmers' Association (ICSA); the Irish Creamery and Milk Suppliers Association (ICMSA) and Macra na Feirme. Copies of the relevant presentations are contained at *Appendix 1*. Links to the transcripts of the Committee meetings are contained at *Appendix 2*.

Following its deliberations, the Committee has prepared this contribution which seeks to address the key issues and asks that the Commission take into account the views and positions set out in this contribution as part of the negotiations.

2. General Comments on the key issues

The Committee supports the three objectives given by the EU Commission for its reform proposals:

- viable food production in the EU,
- sustainable management of natural resources and climate action, and
- balanced rural development,

and believes that it needs to be based on the historic family farm structure.

2.1 Overall CAP Budget

The future funding of CAP for the period 2014 to 2020 will be determined by decisions made regarding the Multi Annual Financial Framework (MFF). Decisions made regarding the MFF are fundamentally important as CAP accounts for 26% of the overall MFF budget. Reductions in the MFF budget

would have adverse effects on allocations for agriculture through the CAP. It is imperative that an early decision is reached on the MFF budget to dispel the current uncertainty regarding the future CAP budget. Uncertainty will inevitably lead to market instability and is disadvantageous to both producers and consumers.

A strong CAP is fundamentally important for **food security**, **environmental sustainability** and **indigenous job creation**, which impact on all EU citizens to some degree. Moreover, the CAP can be seen to be engaged in 'public goods' provision and this deserves a value such as is the case with carbon credits. The 2014 to 2020 CAP will need to be properly resourced if it is to continue to build on the solid foundations laid by the previous CAP's and to ensure that it can deliver on the 3 key areas stated above.

The Committee believes the retention of at least the existing levels of budgetary expenditure on CAP is a prerequisite to achieving the objectives that have been set out for the CAP in the 2014 to 2020 period. In that context, Ireland will need to retain at the very least its existing share of the CAP if it can deliver on the ambitious targets set out in the Proposals.

2.2 The distribution of Direct Payments.

The distribution of Direct Payments both between and within Member States is a critical issue to get agreement on and will be a key determinant of how effective the CAP will be in the coming years. The Committee accepts that there is broad agreement that there would be a move towards convergence of Direct Payments. It contends, however, that this should be done in a more gradual or phased way than is envisaged in the current Proposals – both between and within Member States.

Ireland's historic production model is outdated as a means of entitlement assessment, but the current proposal seeks to move to a flat rate at an accelerated pace that would have severe negative consequences for Irish farmers and other sectors of the Irish economy. Based on the criteria in the Proposal, it is estimated 76,000 Irish farmers would gain 86% on their current payments while 57,000 would lose 33%. More significantly, the figures indicate

that more productive farmers would lose out, which is in complete contravention of the spirit of the CAP.

It is proposed, therefore, that there should be a 'limit' on losses to any farmer in the redistribution of funds by using the **approximation approach** where all payments move towards, but not fully, to the average. A key principle would be that it only applies when lands are in production. This is in effect the same model as the '*Pragmatic Approach*' adopted by the Commission in the current CAP. The approximation approach is a model that would promote equity, create a level playing field and protect small farmers, particularly those farming in areas of natural constraint.

Finally, it is envisaged that National Allocation Proposals will be based on Past Performance and Objective Criteria. While this sounds good in theory, the identification of Objective Criteria that fits all Member States is very problematic. This underlines the need for greater **flexibility/autonomy** for Member States to make decisions that reflect local conditions. A key principle is that entitlements would activate only when land is in production.

2.3 Greening of Direct Payments

There are serious concerns that the greening of direct payments proposals as they stand will create significant additional bureaucracy. This does not accord with the simplification of the CAP, which is a key priority in the reform proposals. In that context, it is proposed that the green payments should be part of the Direct Payment rather than 'decoupled' as a way of reducing the administrative burden.

Furthermore, the CAP is already a 'greened' programme as evidenced by measures in both Pillars and by the implementation of the EU Water Framework Directive (WFD), the Nitrates Directive et al. The proposal to allocate a full 30% of the national envelope for greening measures may be misguided and needs to be examined further.

It is recognised internationally that Ireland operates extremely high greening standards as evidenced by the high demand for Irish agricultural products worldwide and our enviable natural habitat throughout the Island. Greening

measures in a reformed CAP should recognise Member States such as Ireland that have consistently operated a greening regime. This recognition should take the form of giving Member States greater flexibility in the way payments are made.

There is also considerable scope to incorporate greening into normal farming practices and be included as part of the Cross Compliance and Good Agricultural Environmental Conditions (GEAC) measures. Farmers should be able to choose from a **menu of greening options** as a way of overcoming the current limitations of the Proposal that seeks to impose a 'one size fits all' solution.

2.4 Definitions of a) an Active Farmer and b) Areas of Natural Constraint (disadvantaged areas).

The definition of an Active Farmer is a key issue but also a very complex one and needs careful consideration. The Committee's opinion, and one shared by the main stakeholders, is that an active farmer is one who is engaged in productive work and who may be involved in reinvesting in their business or creating employment. Part time farmers should also be recognised in this definition given that a significant number of farmers, through necessity, have another employment and the income from that employment is often reinvested in their farm. One suggestion would be that there be an "exclusion lot" as opposed to "qualifying criteria".

The definition and future direction of Areas of Natural Constraint (disadvantaged areas) needs careful consideration in the ensuing negotiations. Ireland has specific concerns over the criteria proposed to identify such areas and has put forward an additional 'wet soil' criteria reflecting this country's distinctive wet climate. Farmers who farm in natura and restricted areas need special protection in any redefinition of these areas.

2.5 Attracting Young Farmers into the Industry.

There is universal agreement that encouraging young farmers to remain in the industry or to become new entrants must be actively encouraged throughout the European Union.

At present, for instance, only 5% of Irish farmers are under 35 years of age, a figure that is replicated throughout the EU. There are a number of specific measures under CAP reform that should be utilised effectively to address this problem as outlined below.

The Committee supports the proposed measure of a **Top-Up Payment of 25%** for young farmers, paid as part of their Single Farm Payment. In Ireland, however, there is a need for greater flexibility to ensure Ireland can fully access the support that is already provided in the CAP proposals (up to 2% of Pillar 1). The restrictive criteria proposed would render it impossible to draw down the full amount available.

The Committee fully supports a **Single Payment National Reserve** that prioritises young farmers who are staring out in the farming industry. Furthermore, it believes it is essential as a mechanism to ensure young farmers have access to direct payments in an equitable way. It will be important to manage the Reserve effectively so that adequate funds are available each year for young farmers. It is also important that the 2011 reference year contained in the Proposals does not act as a barrier to new entrants applying for entitlements from 2014 onwards. In this regard, the Committee suggests that consideration is given to introducing a 'rolling' reference year where the previous year is the reference year in a 3 year cycle and payments are not made if farming activity ceases.

The Committee fully supports the proposed **Young Farmer Installation Package** contained under the Rural Development proposals in Pillar 2 of CAP. Farming is a capital intensive industry particularly in the early years. This measure should prove a catalyst to deliver on increased new entrants into farming and encourage young farmers to invest in dynamic and sustainable family businesses. It should be mandatory on Member States to implement all young farmer measures, such as this, that are ultimately agreed under the Rural Development Programme.

The proposed co-funding of 80% at EU level and 20% at national level is also a positive proposal.

The Committee fully supports the measure regarding **Partnerships, Share Farming and Joint Arrangements**. In particular, this measure should assist young farmers who have no family farm to inherit and older farmers who have no successor. It should go some way to address this serious structural deficit that exists throughout the EU and threatens the future viability of the agriculture industry.

In tandem with this, there is a need to develop proposals to encourage older farmers to retire and thereby pass on their farms to a new generation. It is perhaps a missed opportunity that the current Proposals do not contain an **Early Retirement Scheme** for EU farmers. Ireland has administered an Early Retirement Scheme in recent years and the model used could be examined with the possibility of developing a similar Scheme for inclusion in the current proposals.

2.6. Rural Development Programme: Pillar 2.

It is fundamentally important that the Rural Development Programme (Pillar 2) is adequately funded as a means of building on from the notable achievements in previous Programmes. In Ireland, Rural Development Programmes have played pivotal roles in regenerating rural communities and promoting environmental sustainability. In that context, there are a number of key issues that need to be considered in the ensuing negotiations.

Significant funds are needed to set up companies under the Rural Development Programme that can have the potential to trade internationally and create sustainable employment. Imposing a **€200,000 limit** on grant aid could mitigate against a company achieving its full potential. The Committee believes this limit should be increased very significantly and a more flexible approach taken to co-funding.

In defining 'rural areas', the Committee supports the definition used for rural areas for the Leader Programme for 2007-2013 and believes that the same definition should stay in place for the next Leader Programme for 2014-2020.

There should be a mechanism to **transfer funds** from Pillar 1 to Pillar 2 if that is where the funding is needed most. For example, there is a need to

determine, through further analysis, if 33% of total funding should be set aside for greening measures. Again, this demonstrates the need for greater flexibility to reflect local conditions in the Member States.

In Ireland, it is widely acknowledged that **LEADER Groups** have done valuable work under the Rural Development Programme. The Proposal to bring these groups under the aegis of Irish Local Authorities is not supported by the Committee. The Committee believes such a move would undermine their independence and spirit of community development and innovation.

2.7. Determining a Reference Year.

The determination of a fixed reference/base year (2014) is a serious issue of concern. In Ireland, it is creating major distortions in the land leasing market and it is active farmers renting land who are affected the worst. Ireland has specific and unique difficulties in that the leasing arrangements are much shorter than in many other Member States.

In this regard, the Committee suggests that consideration is again given to introducing a 'rolling' reference year where the previous year is the reference year in a 3 year cycle. The fundamental objective here must be to move to a situation where land is used by active farmers who have a progressive long term plan that results in effective agricultural production.

2.8. Market Control/Emergency Market Support Mechanisms.

The Committee believes consideration should be given to the establishment of a Statutory Monitoring Agency with the powers to implement Market Control Mechanisms if necessary. There is a real danger in milk production, for instance, that the absence of a 'floor' on milk prices could have serious consequences for otherwise viable farming businesses. In particular, young farmers and those who have invested heavily in their businesses, would be vulnerable to price fluctuations in the market place.

In addition, schemes such as private storage, export funds and intervention can be effective in easing market difficulties in times of crisis. While the Committee

is fully cognisant of the competing demands on limited budgets, there needs to be funds put aside for potential crisis situations.

2.9. Simplification of CAP.

The Committee views the simplification of CAP as the single most important issue that should be taken into account at all stages of the negotiations. Simplification of the CAP is an absolute imperative for all the key stakeholders involved from the farmers to the EU Institutions and the national administrations. In this context, the Committee suggests that all CAP Proposals are 'simplification proofed' before final agreement is reached.

The Committee looks forward to receiving the Commission's response to its observations and it hopes that the Committee's recommendations can be taken into account. The Committee also intends to directly contact our counterparts in other national parliaments to share our views on this matter.

3. DECISION OF THE COMMITTEE

It was agreed that –

- the Contribution of the Committee will be laid before both Houses of the Oireachtas, and published on the Oireachtas website;
- a copy will be forwarded to the Minister for Agriculture, Food and the Marine to be taken into account as part of Ireland's negotiating position on the proposal;
- a copy will be sent to Mr. Dacian Ciolos, the European Commissioner for Agriculture and Rural Development, as a considered response by the Irish Parliament to the proposed reform and seek the Commissioner's views on the concerns raised;
- a copy will be sent to Mr. Paolo de Castro, Chairperson of the European Parliamentary Committee on Agriculture and Rural Development, as a Contribution by the Irish Parliament to the proposed reform, for information purposes; and
- a copy will be sent to the Chairpersons of the relevant National Parliamentary Committees, as a Contribution by the Irish Parliament to the proposed reform, for information purposes.



Andrew Doyle T.D.
Chairman
6 June 2012

Appendix 1

Membership of the Joint Committee on Communications, Natural Resources and Agriculture

Deputies:	Tom Barry (FG)
	Michael Colreavy (SF)
	Pat Deering (FG)
	Andrew Doyle (FG) [Chairman]
	Martin Ferris (SF)
	Noel Harrington (FG)
	Martin Heydon (FG)
	Colm Keaveney (LAB)
	Mattie McGrath (IND)
	Michael McNamara (LAB)
	Michael Moynihan (FF)
	Eamon Ó Cuív (FF)
	John O'Mahony (FG) [Vice-Chairman]
	Ann Phelan (LAB)
	Thomas Pringle (IND)
Senators:	Michael Comiskey (FG)
	Paschal Mooney (FF)
	Mary Ann O'Brien (IND)
	Brian Ó Domhnaill (FF)
	Pat O'Neill (FG)
	John Whelan (LAB)

Appendix 2

Orders of Reference of the Joint Committee

Functions of the Committee – derived from Standing Orders (SO)

[Dáil SO 82A; Seanad SO 70A]

- (1) The Select Committee shall consider and report to the Dáil on—
 - (a) such aspects of the expenditure, administration and policy of the relevant Government Department or Departments and associated public bodies as the Committee may select, and
 - (b) European Union matters within the remit of the relevant Department or Departments.
- (2) The Select Committee may be joined with a Select Committee appointed by Seanad Éireann to form a Joint Committee for the purposes of the functions set out below, other than at paragraph (3), and to report thereon to both Houses of the Oireachtas.
- (3) Without prejudice to the generality of paragraph (1), the Select Committee shall consider, in respect of the relevant Department or Departments, such—
 - (a) Bills,
 - (b) proposals contained in any motion, including any motion within the meaning of Standing Order 164,
 - (c) Estimates for Public Services, and
 - (d) other mattersas shall be referred to the Select Committee by the Dáil, and
 - (e) Annual Output Statements, and
 - (f) such Value for Money and Policy Reviews as the Select Committee may select.
- (4) The Joint Committee may consider the following matters in respect of the relevant Department or Departments and associated public bodies, and report thereon to both Houses of the Oireachtas:
 - (a) matters of policy for which the Minister is officially responsible,
 - (b) public affairs administered by the Department,

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- (c) policy issues arising from Value for Money and Policy Reviews conducted or commissioned by the Department,
 - (d) Government policy in respect of bodies under the aegis of the Department,
 - (e) policy issues concerning bodies which are partly or wholly funded by the State or which are established or appointed by a member of the Government or the Oireachtas,
 - (f) the general scheme or draft heads of any Bill published by the Minister,
 - (g) statutory instruments, including those laid or laid in draft before either House or both Houses and those made under the European Communities Acts 1972 to 2009,
 - (h) strategy statements laid before either or both Houses of the Oireachtas pursuant to the Public Service Management Act 1997,
 - (i) annual reports or annual reports and accounts, required by law, and laid before either or both Houses of the Oireachtas, of the Department or bodies referred to in paragraph (4)(d) and (e) and the overall operational results, statements of strategy and corporate plans of such bodies, and
 - (j) such other matters as may be referred to it by the Dáil and/or Seanad from time to time.
- (5) Without prejudice to the generality of paragraph (1), the Joint Committee shall consider, in respect of the relevant Department or Departments—
- (a) EU draft legislative acts standing referred to the Select Committee under Standing Order 105, including the compliance of such acts with the principle of subsidiarity,
 - (b) other proposals for EU legislation and related policy issues, including programmes and guidelines prepared by the European Commission as a basis of possible legislative action,
 - (c) non-legislative documents published by any EU institution in relation to EU policy matters, and
 - (d) matters listed for consideration on the agenda for meetings of the relevant EU Council of Ministers and the outcome of such meetings.
- (6) A sub-Committee stands established in respect of each Department within the remit of the Select Committee to consider the matters outlined in paragraph (3), and the following arrangements apply to such sub-Committees:

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- (a) the matters outlined in paragraph (3) which require referral to the Select Committee by the Dáil may be referred directly to such sub-Committees, and
 - (b) each such sub-Committee has the powers defined in Standing Order 83(1) and (2) and may report directly to the Dáil, including by way of Message under Standing Order 87.
- (7) The Chairman of the Joint Committee, who shall be a member of Dáil Éireann, shall also be the Chairman of the Select Committee and of any sub-Committee or Committees standing established in respect of the Select Committee.
- (8) The following may attend meetings of the Select or Joint Committee, for the purposes of the functions set out in paragraph (5) and may take part in proceedings without having a right to vote or to move motions and amendments:
 - (a) Members of the European Parliament elected from constituencies in Ireland, including Northern Ireland,
 - (b) Members of the Irish delegation to the Parliamentary Assembly of the Council of Europe, and
 - (c) at the invitation of the Committee, other Members of the European Parliament.

b. Scope and Context of Activities of Committees as derived from Standing Orders [DSO 82; SSO 70]

- (1) The Joint Committee may only consider such matters, engage in such activities, exercise such powers and discharge such functions as are specifically authorised under its orders of reference and under Standing Orders.
- (2) Such matters, activities, powers and functions shall be relevant to, and shall arise only in the context of, the preparation of a report to the Dáil and/or Seanad.
- (3) It shall be an instruction to all Select Committees to which Bills are referred that they shall ensure that not more than two Select Committees shall meet to consider a Bill on any given day, unless the Dáil, after due notice given by the Chairman of the Select Committee, waives this instruction on motion made by the Taoiseach pursuant to Dáil Standing Order 26. The Chairmen of Select Committees shall have responsibility for compliance with this instruction.
- (4) The Joint Committee shall not consider any matter which is being considered, or of which notice has been given of a proposal to consider, by the Committee of Public Accounts pursuant to Dáil Standing Order 163 and/or the Comptroller and Auditor General (Amendment) Act 1993.

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- (5) The Joint Committee shall refrain from inquiring into in public session or publishing confidential information regarding any matter if so requested, for stated reasons given in writing, by—
- (a) a member of the Government or a Minister of State, or
 - (b) the principal office-holder of a body under the aegis of a Department or which is partly or wholly funded by the State or established or appointed by a member of the Government or by the Oireachtas:

Provided that the Chairman may appeal any such request made to the Cean
Comhairle / Cathaoirleach whose decision shall be final.

Appendix 3

CAP Reform: Discussion with EU Commissioner Dacian Ciolos

Thursday, 19 January 2012

Mr. Dacian Ciolos: I will be very happy to answer any questions members may have following my brief introduction. I am here in Ireland for the second time during my mandate as Commissioner in the context of the proposals set out in October 2011 for reform of the Common Agricultural Policy. Members are no doubt already aware of the objectives of this reform, but I wish to detail them for the benefit of the committee.

For me, an essential element in encouraging this process of reform was the fact that the Commission proposed a strong budget for the Common Agricultural Policy. In other words, even in these difficult economic conditions, the Commission considered that the European Union must maintain a strong budget for agriculture, taking into account not only our ambitions in regard to food production, but also, in the meantime, to ensure a better management of natural resources. It is our view that agriculture and the agrifood sector can create jobs and contribute to green and smart growth in the European Union. The results the agrifood sector in Ireland is attaining are encouraging of the ambition we have for all of the European Union in regard to the Common Agricultural Policy.

We have decided to maintain a strong Common Agricultural Policy with a direct payment system, albeit a new system of direct payments, and with a strong rural development policy which is more open than in the past. The objective is not only to preserve and develop economic activity in rural areas, but also to stimulate the farming and agrifood sector to play a more important role in economic development of rural areas. We are also seeking to maintain market measures in order to be able to act very quickly in crisis situations and to contribute to increased competitiveness in the agricultural sector, especially by stimulating farmer organisations.

Regarding direct payments, I have said since the beginning of my mandate that if we want to maintain direct payments, we must be credible in our attitude to historical references. We cannot justify for the next period, 2014-2010, a situation where farmers have a level of payment linked to the historical level from ten or 15 years ago. I am aware of Ireland's specific difficulties in implementing the flat payment at regional level. However, it is clear in our proposal that member states already have a flexibility in regard to the definition of the flat-rate payment. It is not the case, for example, that we have only one level of payment for all hectares in Ireland. Rather, each member state has the right and possibility to define regions, taking into account several types of criteria or combinations of criteria. It will be up to member states to define the level of a region, the number of regions and the criteria they wish to use, including administrative or economic criteria, natural condition of production criteria, and so on. We have also allowed for a transitional period whereby we are not asking that the flat payment be implemented in a region from the very beginning, that is, from 2014. Instead, we are offering a flexibility until the end of the budgetary period to progress through the flat payment.

Together with the direct payment system to support basic income for farmers, we are also introducing a green payment. The objective of this is not to affect the competitiveness of our farmers; we have many instruments within the Common Agricultural Policy to deal with competitiveness. When we talk about 30% of direct payments for the greening component, it should be clear that the 30% is for farmers, not for other stakeholders in rural areas. My objective in this was to keep all of the budget in the CAP instead of moving it through other policies such as environmental policy or climate change policy and to have other instruments dealing eventually, perhaps, with farmers in order to attend to this objective. The 30% remains for farmers but will be linked to some agricultural practices enforced across the Union. This is the difference between greening under the first pillar and agri-environmental issues under the second pillar.

Our objective under the first pillar is to use three simple measures which, because they will be enforced in all member states, will have a mass effect. The

agri-environmental measures in the rural development programme will allow us to deal with specific situations in an area and to pay farmers more for these specific agri-environmental measures. We decided to propose three measures and not a menu of measures in order to have the same treatment for all farmers in the Union. If we proposed a menu of measures, we risked a situation where one member state's measure is under the first pillar, that is, greening, while in another member state the same measure would be under the second pillar, that is, agri-environmental measures. Farmers might complain that their member state had imposed a more complicated measure by which they were obliged to abide.

Instead, we wanted a uniform system. As such, we proposed three simple measures that could be easily enforced from Spain to Finland and from Ireland to Poland. There was some argument that the measures were too simple, could not obtain a result and that it would not be a great effort for some farmers - in Ireland, for example - to maintain permanent pasture because permanent pasture is already there. However, this is the very point. Our objective in using these simple measures is to avoid influencing too much the decisions of farmers in terms of structure of crops and so on. The intention is to obtain a mass effect and to show that agriculture across the European Union can meet the common economic objectives and encourage greater competitiveness on the market in a sustainable manner.

This objective was one of the main points I put to the college of the Commission when I asked it to maintain the budget for the Common Agricultural Policy. It was not easy, but I succeeded because we could prove that the future CAP can offer economic competitiveness in a sustainable way and allow us to introduce new measures and elements in order to increase competitiveness, such as research and innovation. I finally secured a strong majority in the college to maintain the budget.

There has been a great deal of discussion on the question of maintaining 7% of the overall area of farms as ecological focus areas. It has been stated this means there would be 7% less land available for agricultural production, but that is not

the case because a certain proportion of agricultural land already does not qualify for payment. This is owing to the fact that there may be vegetation - trees, etc. - on the land and it is, therefore, not eligible to be considered for payment. My proposal is to make this land eligible and support farmers in maintaining it. This matter does not relate to the 7% of land set aside but rather to land which is less fertile. Such land may be less important when it comes to production, but it can be important in maintaining, for example, balanced development in the context of biodiversity.

The three measures we have proposed will not create further administrative bureaucracy because when completing application forms for direct payments, farmers will be able to list matters relating to crop production, areas permanently devoted to pasture, etc. The three measures can be checked when the requirements relating to the rest of the payment are being examined. We took a cautious approach in this regard when we made the decision to propose these measures.

On entitlements, we proposed 2014 as the new reference year for eligibility requirements relating to land. Owing to the fact that I was aware of the problems to which this reference year could give rise in Ireland, just before the adoption of the legislative package we gave a commitment to introduce a second reference year - 2011 - for farmers. Only a farmer who was already involved with the system of payments in 2011 could request a new entitlement in respect of his land in 2014. We took this action in order to prevent people who might use the new reference year of 2014 to claim entitlements, even if they were not working as farmers in 2011. We tried to deal with the specific matters affecting Ireland in this regard. I am aware that particular legislation applies in this country in the context of the utilisation of land. However, the new reference year is required because it cannot be the case that someone who was or is working as a farmer in 2010, 2011 or 2012 and who will not have land in 2014 can request a new entitlement in the latter year for a period of a further seven years. That is why we need to take into account the position in 2014 in the context of land being used for agricultural purposes.

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On the flat payment, I have explained that both regionalisation and the criteria that will apply are the responsibility of individual member states. I took notes yesterday during several discussions and meetings in which I was involved with the Minister, Deputy Coveney, and farmers. I am aware that even in homogenous areas there can be differences and that people do not want the competitiveness of farms to be overly affected in a very short period as a result of the redistribution. We will consider how we might deal with this matter next month in the context of the negotiations due to take place.

We want to maintain a strong rural development policy. We have given more flexibility to member states because under the system of axes, there is compulsory utilisation of budgets in respect of axes or orders. Some member states have encountered difficulties in the context of moving budgets from axes to orders. We are now proposing only six priorities and each member state will take these into account when defining its strategy for rural development. I accept that member states will deal with these priorities in differing proportions in the context of both their objectives and specificities.

We have also introduced new instruments under the second pillar in order to support farming organisations in the creation of producer groups and organisations. This is essential for all sectors in the European Union, not only that which produces fruit and vegetables. There is already a system in place to support producer groups and organisations in that sector. It is vital that all sectors encourage farmers to work together. In the context of proper management of volatility of prices and particular crises and the bargaining power of farmers, the organisations to which I refer are essential. With the new measures, we want to stimulate farmers to organise themselves in order that member states can finance the creation of the producer organisations to which I refer. In addition, it might also be possible to fund common activities among these organisations.

We have also introduced a new instrument to ensure the results of research and innovation will be taken into account in the context of the Common Agricultural Policy. It is a completely new development to have a clear deal - not only in

terms of procedure but also in the context of budgets - and a clear link between research and innovation policy at European level and the Common Agricultural Policy. I worked well and in an extremely efficient manner with the Commissioner, Ms Máire Geoghegan-Quinn, on this matter. For the coming period we have in place a specific research and innovation policy for agriculture and the agrifood sector. Attached to this is a specific budget and particular procedures. In addition, there will be a clear link between the decisions and choices of member states, in the context of the rural development programme, to support investment in one sector or another. This will assist in stimulating work in the area of research and development. The new instrument will be managed at European level and we will deal with the priorities already established under the Common Agricultural Policy.

There remain some matters to mention in the context of the market orientation of the Common Agricultural Policy into the future. Members will be aware that we have some mechanisms in place which are specifically designed to deal with crises. There is also a separate budgetary line devoted to dealing with such crises.

I will be happy to answer any questions members may wish to pose.

**Opening Statement by Mr Aidan O’Driscoll,
Assistant Secretary General,
Department of Agriculture, Food and the Marine.**

Tuesday 1 May 2012

I would like to thank the Committee for its invitation to address it today on the subject of CAP reform. I know that Minister Coveney would welcome an opportunity to discuss this issue with the Committee in the near future. In this short statement I hope to bring the Committee up to date with the current state of play in relation to the negotiations, and will be happy to attempt to answer any questions that Members may have and to listen to Members comments and advice on the negotiations.

In very broad terms, the challenge for the current round of CAP reform is to deliver, in good time, a Common Agricultural Policy that is fit for purpose, that is coherent with the Europe 2020 strategy for recovery and growth, and that supports the twin goals of competitiveness and sustainability. These requirements in turn create further challenges in the form of crucial questions about how much money will be made available for the CAP in the period up to 2020, how these funds will be allocated both between and within Member States, and how the policy content will help to shape and serve the development of European agriculture. I would like to focus my comments on each of these key issues.

Process and Timeframe

Since their publication last October, the Commission’s proposals have undergone two rounds of detailed technical examination at Council Working Group level. The Danish Presidency has begun to produce revised texts in some areas, which reflect where it feels Member States are broadly in agreement on some issues, but which do not yet necessarily equate to final compromise texts.

In the meantime, key policy issues within the reform such as direct payments, greening and simplification have also been discussed by the Council of Ministers

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and by the Special Committee on Agriculture. Negotiations will continue at technical and political level over the next year or more, and it is very likely that the current texts will change considerably before final agreement is reached.

These issues are also being discussed in the European Parliament and will be the subject of reports from rapporteurs on each of the four draft CAP regulations. It is very important to remember that the CAP reform is subject to co-decision, and therefore the Parliament will be a full partner in any final agreement that is reached.

In a parallel process, negotiations on the new Multiannual Financial Framework (MFF) for the EU budget for the period 2014 to 2020 have begun to gather pace. Early drafts of the MFF "Negotiating Box" (that is the draft text of an agreement on the MFF) have been circulated by the presidency. Heading 2 of the MFF covers the CAP, and draft text on this heading has been discussed at the General Affairs Council on 24 April.

It is important to note that key CAP issues will now continue to be discussed in these two parallel tracks – that is:

- In the CAP reform negotiations in the Council of Agriculture Ministers, and at official level in the Special Committee on Agriculture and four separate working groups, and
- In the MFF negotiations in the General Affairs Council, and ultimately in the European Council, with in this case discussion at official level happening at Coreper and a "Friends of the Presidency" group.

And, as I have already mentioned, the key role of the European Parliament in this process, and in final decision making, must also be recognised. As a Member State taking over the reins of the EU Presidency in January 2013, Ireland is committed to playing an active and constructive role in securing agreement on the reform of the CAP.

However, to do this, three things need to be happen:

- there must be progress and ultimately agreement on the MFF

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- there must be substantial progress during the Danish and Cypriot presidencies, at least on technical issues, and
- all three institutions - the European Parliament, the Council and the Commission - need to engage actively in the negotiating process, with a commitment to seeking workable compromise.

Minister Coveney assured Commissioner Ciolos during his visit to Dublin in January that Ireland is willing to play a full role, both before and during our presidency, in seeking agreement on this vital issue, both for the EU and for Ireland.

Content of Reform

In terms of content, the key challenge is to deliver a policy that is fit for purpose and consistent with other EU policies. The outcome of this reform will essentially set the context and policy framework for the future of EU agriculture, so it is important that we get it right.

The Europe 2020 strategy for economic recovery is grounded on the principles of smart, sustainable and inclusive growth. The agri-food sector is hugely important in the context of this strategy and it contributes to all three of its priorities. It follows, therefore, that the reformed CAP must also be based on these three principles and must be coherent with the overall strategy for Europe's economic recovery.

The objectives cited by the EU Commission in its reform proposals reflect this. These three objectives:

- viable food production in the EU,
- sustainable management of natural resources and climate action, and
- balanced rural development

are a very good fit with the agenda of increased competitiveness and sustainability in the Europe 2020 strategy.

In terms of overall policy objectives, therefore, it can be said that the current CAP reform proposals are going in the right direction, and are broadly in line with Ireland's national priorities for smart, green growth under our Food Harvest 2020 strategy.

Priorities for Ireland on delivering a well-resourced CAP

It is Ireland's view that a strong Common Agricultural Policy will make an important contribution to European economic recovery in the years ahead. In order to guarantee a strong CAP, commensurate resources need to be devoted to it. Ireland believes that the funding proposals in the MFF, which maintain CAP spending at current levels in nominal terms post-2013, represent a good starting point. However, it is also our view that the amount proposed by the Commission is the minimum required.

In the MFF negotiations there are intense pressures for reductions in the proposed overall EU budget, and some Member States are seeking to cut the proposed CAP allocations. In this regard, Ireland has been emphasising the fact that the CAP is the budget heading showing most restraint when compared to existing budgetary provisions, and in fact this will entail a small reduction in direct farm payments across the EU.

Distribution of CAP funds between Member States

The issue of how to distribute CAP funds between Member States is obviously a very sensitive one and has preoccupied much of the discussion to date. We have called for the principles of equity and pragmatism to be applied. The priority from an Irish perspective is to ensure that we retain our levels of funding for both direct payments and rural development, i.e. pillars 1 and 2 of the CAP.

The Commission has proposed using what is known as a "pragmatic method" to reallocate Pillar 1 funds (which mainly cover direct payments), using as a base the average payment per eligible hectare in each Member State. This is an approach which was originally proposed by Ireland and which largely protects our funding.

In relation to rural development funds, the Commission have not yet revealed their proposals for national allocations but have said that they intend to base them on a combination of objective criteria and past performance. We have real concerns about this as some of the criteria being considered could lead to a significant reduction in Ireland's allocation. We have made it clear that such an outcome would not be fair or acceptable, and have expressed our preference for the use of the same pragmatic method as the Commission have adopted in pillar 1 – preferably looking at both pillars of the CAP together.

We have called on the Commission to bring their proposal on this issue to the table as soon as possible, and made the point that it is not realistic to expect Member States to agree Pillar 1 allocations, in the absence of proposals on Pillar 2.

Distribution of direct payments within Member States

In relation to the distribution of direct payments to farmers within Member States, the Commission proposal is to gradually move away from payments based on historical production references towards a system of uniform per hectare payments, or flat rates by 2019, in each Member State or region of a Member State. Many Member States already have such flat rates or are evolving towards them.

In response, the Minister has said that we recognise that we cannot continue to base our payments on outdated historic production references. Nevertheless, we have major difficulties with the pace and extent of convergence in the Commission's proposal.

Under a national flat rate around 76,000 Irish farmers would gain an average of 86% on their current payments, while around 57,000 would lose an average of 33%. These are average percentages, and some of the gains and losses would be far larger than this. In general it is clear that the losses would be incurred by more productive farmers. This would have undesirable consequences at a time when Ireland is trying to encourage sustainable intensification in the agri-food sector, as we strive to achieve the objectives in the Food Harvest 2020 strategy.

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We have accordingly been pressing for the maximum possible flexibility to be given to Member States to design payment models that suit their own farming conditions, and to adopt a more gradual, back-loaded transition process, rather than the very rapid, front-loaded approach proposed by the Commission.

We would like to have the possibility of putting a limit on the amount any farmer could lose in any redistribution. This would be consistent with the Commission's desire to achieve a more level playing field, but would avoid a disruptive level or pace of change. The 'approximation' approach, by which all payments could gradually move towards, but not fully to, the average, is one alternative that we believe should be considered in this regard. The Commission's "pragmatic" proposal for redistribution between member states is, in effect, an approximation approach and provides a useful precedent.

The Minister and Department have been very active in seeking allies for this position and have been making significant progress, particularly with a group of Member States with somewhat similar concerns. However it should also be understood that a majority of Member States have no difficulty with the idea of flat rate payments, although they have concerns about other aspects of the proposals.

Greening

One of the key policy issues in this CAP reform is the focus on the "greening" of direct payments. This takes the form of the Commission's proposal to assign 30% of the national payment envelope to a new per-hectare payment to farmers. The Commission have set out three environmental criteria that must be met to qualify for this payment, relating to maintaining grassland, diversifying crops and establishing ecological focus areas on farms.

The Irish Government supports the idea of encouraging sustainable forms of agriculture, which is at the heart of the Food Harvest 2020 strategy, and can support the Commission in its desire to further enhance the green credentials of direct payments. However, it is preferable to do so in a way that avoids adding excessive bureaucracy. The Commission's proposals give rise to concerns in this

respect, since the existence of separate greening conditions will add significant complications to the direct payment system. There are also concerns that the proposed structure of the greening payment would hasten the movement towards uniform national or regional payment rates, with the undesirable consequences I referred to earlier. There are also practical difficulties with the three greening criteria proposed that need to be resolved.

To resolve some of these difficulties, Minister Coveney proposed at a joint session of the Council with Comagri of the European Parliament in November that we adopt a more flexible menu approach to the green criteria. Many other Member States have now also come to this view, but there are a wide range of ideas about how to structure such flexibility and what specifically to include in a menu.

In relation to the structure of a payment, we have suggested that it would be worth considering adding the green criteria to the current cross-compliance and GAEC provisions. This would have the effect of "greening" 100% of the direct payment, at a much lower administrative cost while achieving, at least, an equivalent additional environmental benefit.

It is also clear that there are important points of detail in the criteria for the green payment that will have to be adjusted and will be the focus of detailed negotiations. We have made a range of specific suggestions in this regard.

Other Issues

I want to just briefly touch on some other issues in relation to direct payments and rural development.

The Commission's proposal to use 2014 as a reference year for the establishment of entitlements has been the subject of a good deal of comment in Ireland, but not in other Member States. There is concern here that this provision will lead to some disruption of the land leasing market and therefore we continue to seek more Member State flexibility on this point. The provision has already been subject to some change, with the introduction of a 2011

qualification criterion, which has been further amended in the presidency proposals. The issues are complex and may well change further before the final texts are agreed, and people should bear this in mind in relation to any action on existing leases that they might contemplate.

In relation to the proposals to establish a small farmers' scheme and a top-up for young farmers, the main issues that have been raised relate to whether these measures should be mandatory or optional for member states. We favour an optional approach to the small farmer measure, but have no difficulty with the mandatory nature of the young farmer proposal.

In relation to the rural development proposals, we are broadly satisfied with the thrust of the specific menu of measures provided for in the proposals. We have some specific concerns about forestry and investment measures and are glad to see these being addressed in the presidency's proposals. Our main concerns on rural development relate to the very elaborate, and in our view overly bureaucratic, provisions relating to rural development planning – these will impact more on the administration than the farmer. The long running question of how to define disadvantaged areas (now known as areas of natural constraint) has also been brought into the CAP reform package and is clearly also an issue of major interest to Ireland.

In the time available I will not dwell on the proposals on market measures or commodity market organisation, other than to note that we are supporting the Commission's proposal to abolish sugar quotas in 2015. There is however a strong current among some Member States to extend this to 2018 or 2020. We are also supporting the proposals to provide for a €500m per annum crisis fund for agriculture.

Conclusion

In summary, the priorities for Ireland in these CAP reform negotiations remain:

- a strong and well-resourced CAP,

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- retention of our levels of funding for both direct payments and for rural development,
- maximum possible flexibility for Member States to implement the payment systems and transitional arrangements that best suit their farming conditions.
- as much simplification as possible for the farmer and the administration, subject to proper financial and operational controls.

The negotiation process on CAP is a complex and difficult one, but all our efforts are focused on achieving the best possible outcome for Ireland. These efforts continued last week when the Minister used his attendance at the Council of Agriculture Ministers meeting in Luxembourg to further press the Irish position with his colleagues and to work on building strategic alliances. They will be repeated over the coming months as the process evolves, and will further intensify during our Presidency, during which Ireland will work with other Member States, and with the European Parliament and the Commission, to secure an agreement that will provide an appropriate policy structure for the agri-food sector over the coming years.

Opening Statements by Irish MEPS

(Made following the earlier presentation above by Mr Aidan O'Driscoll)

**Ms. Mairead McGuinness MEP, Ms. Marian Harkin MEP
and Ms. Phil Prendergast MEP**

Tuesday 1st May 2012

Chairman: I welcome the MEPs and know they have busy schedules but this is an important process for them in which to be engaged. It is also important for the committee to hear their perspectives on the CAP reforms.

Ms Mairead McGuinness, MEP: I thank the Chairman for inviting us to participate in the committee's work on CAP reform. It is important to acknowledge the work of the departmental officials in this regard. They have been consistent and excellent in their engagement not just with the Council of farm Ministers but also with the European Parliament. I also acknowledge their active engagement with all Members of the European Parliament. There has been real recognition by officials and the Minister for Agriculture, Food and the Marine, Deputy Coveney, of the role of the Parliament in co-decision.

I am glad the issue of the budget has been raised as a serious matter that is still not resolved. I was concerned when I spoke to some Deputies recently that they thought this issue had been resolved and the deal was done. It is not. I am concerned about what will happen around the overall budget for the European Union. It will be influenced by the political climate of Europe which is not exactly warm. We need to be conscious of the importance to Ireland of ensuring the budget is adequate. Europe's politicians should see a European budget as an instrument for growth and jobs but there is a tendency among member states to regard cutting their contributions to Europe as a badge of honour. That creates a serious danger for Ireland and the Common Agricultural Policy. If the budget is reduced overall there will be cuts to all policy areas. Agriculture will not escape and the rural development budget may also be hit. The impact on direct payments may not be as large but rural development is vulnerable. It is

important, therefore, that we participate fully in the budget discussions and work to improve the political climate of Europe. The European Parliament has demanded a good budget for agriculture and other policy areas but the European Union does not raise taxes. We rely on Heads of State and Government to fund the budgets for EU policy areas. The focus of CAP reform is on direct payments and their redistribution. However, we should not forget rural development, the organisation of the marketplace and market supports.

In regard to direct payments, I do not see greening as a major problem for Ireland. The officials have provided clarity on the details of the proposals, some of which are problematic. We have not yet discussed the redirection of policy towards a public goods payment, the principle of which is that farmers not only produce food but also perform environmental tasks for which the market does not pay them. Deputy Harrington pointed out that the direct payments proposal includes an allocation of 30% for greening linked to the overall budget. Those who argue this is too much should be cautious in seeking a reduction to 20% or 10% in case they endanger the overall budget for direct payments. There are consequences to our actions. There is no doubt that the greening proposal will increase bureaucracy. The Commission has estimated that member states will face a cost increase of 15% in implementing the new system. That issue needs to be addressed.

We have not yet discussed the Commission's plans to abandon the current entitlement system in order to reinvent an entirely new payment entitlement. The field of horses comprises 27 member states but their starting points differ. Some have already introduced flat rate payments and others operate simplified systems or, like Ireland, base their payments on the historic model. The Commission wants all the horses to reach the finish line by 2019 despite their different starting points. That will be practically impossible to achieve but it is difficult to see how flexibility can be translated into a text that member states will be able to implement. I accept it will be difficult for Ireland to move to a flat rate but certain member states which have already made the change do not understand our position. The discussion around 2011 and 2014 is academic

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because we will not change minds that have already been made up. The Department and I have warned repeatedly this is a proposal rather than a decision.

The European Parliament has great expectations for the Irish Presidency. We may have to resolve the overall budget issue, the fisheries issue and the agriculture issue during the Irish Presidency in first six months of next year. It is a lot to ask but officials have indicated a willingness to deliver. If the political climate is better, we can deliver because we will be able to put the budget in place and discuss the details. The Council of Ministers is discussing the details but the Parliament is also involved in that process. As a member of the EPP's negotiating team, I find it extremely difficult to achieve consensus within political groups because of the complexity of the document. The more one reads the greater the difficulty in getting a handle on the detail. Certain proposals, such as active farmer, have already been changed, however, and we can reach agreement quickly in other areas.

The most difficult issue is redistribution, whether between or within member states. Some of the member states which are on low payments, such as the Baltic countries and Portugal, are actively campaigning to get better payments but they are willing to sacrifice agriculture in favour of cohesion if they do not achieve a better redistribution.

We are also holding parallel discussions at Commission level on the issue of fairness in the food supply chain. A report will issue in June from the stakeholder working groups and another major report will be prepared by the end of this year. The outcome of these almost non-political deliberations are as important to the future of Irish agriculture and farm incomes as the issues we are discussing today. The Chairman might bear that in mind because farmers and consumers will be interested in knowing what is happening in that regard.

Ms Marian Harkin, MEP: I endorse what Ms McGuinness has said about the Department's officials and our permanent representation in Brussels. I have found them very helpful and knowledgeable. It is a big help to us as MEPs that

they have their finger on the pulse because, as Mr. O'Driscoll has pointed out, the details of these proposals are intimidating. We often hear generalisations about different aspects of them but our role as parliamentarians is to amend the minutiae of the documents that come before us. Members of all political parties and none can play a role in these debates thanks to co-decision. They can work with MEPs of all parties to understand the details or at least offer their views. That is a role this Parliament can play for the first time because it now has co-decision with the Council.

Deputy O'Mahony asked about the size of the budget. The best estimate anyone can give is that it is approximately 1% of Europe's wealth. The budget proposed for 2013 is €138 billion, which represents an increase on 7% on previous budgets. While the Commission and the Parliament will support this increase one can be sure the Council will seek to cut it. It is difficult to estimate over a seven year period. All I can say is that it will be less than €1 trillion and that Germany and some of the other large countries want to shave significant amounts from it. If we have a smaller cake, the portion for agriculture will also be smaller. We will be supporting a large budget but we do not have the same influence because we do not raise the taxes. The Parliament has always been strong in supporting an adequate budget for agriculture and I have no reason to believe this will change.

The other issues of concern to people will be the flat rate payments and redistribution. Countries such as Romania, Poland and Bulgaria want us to be even more ambitious than we are while Germany and Belgium prefer that we have a proper adjustment period. The view of the agriculture committee of the parliament is that we should have a long enough adjustment period to allow member states to get that point.

I do not need to add to the greening issue. However, there is a great deal of concern in Ireland about it but I do not know that it will create as many problems as we think. The Parliament has strong views on this with the provision for 7% of land to be set aside. Significant amendments to these proposals will be made by the committee and the Parliament. It is something Ireland can probably

will live it whereas the issue of the redistribution of payments is of greater concern.

Ms McGuinness, MEP, mentioned the active farmers issue. We can forget about that because the Commission has had to admit defeat on it. We will have to consider something else, which is a positive move as well. In the past week or two, the European Court of Auditors produced a report on the CAP and there was a presentation last week. I read that representatives of the court will appear before the committee at the end of the month.

Ms Mairead McGuinness, MEP: They appeared before us last week.

Ms Marian Harkin, MEP: Obviously, what I read was out of date. They say that, for example, the level of bureaucracy within the rural development programme, even to them, is mind boggling. There are six layers of rules, which confirms what Deputy Ó Cuív said and that is no way to go about our business. They also had a problem with the definition of "active farmers" and the issue of capping.

The committee is interested in what the Parliament thinks. Recently, we voted on a non-legislative report on greening in Strasbourg. That was a good indication of what the Parliament is thinking. We voted that mandatory greening practices should be adapted to suit the specificities of different member states and they should be workable and not entail too much bureaucracy. That gives an outline of where the Parliament is coming from on those issues.

The Court of Auditors report stated the CAP is too input and expenditure oriented rather than looking at performance and outcomes. This is what the Commission tells us it wants to do but the Court of Auditors report says the way it is designed will not allow for that. They also referred to the additional administrative burden on farmers and member states. They reckon the current administrative budget could increase by 15% to implement the Commission's proposals. All these issues will be taken into consideration by the Parliament when we deal with the reports and the minutiae.

Ms McGuinness, MEP, mentioned the foodchain but the debate is ongoing in the Commission and it is very important for farmers. The agri-environment options scheme was mentioned. I acknowledge the significant impact the scheme has had not only on farmers along the west coast from Donegal to Kerry, but across the country. For the first time in 18 years, there will not be an agri-environmental scheme and I wonder whether that will have an impact on Ireland's allocation from the rural development fund. There may be no connection but I would be interested in the committee's comments on that.

Deputy Ó Cuív mentioned *de minimus* aid earlier. Negotiations are ongoing but I am more than hopeful that the directorate general for competition will not see the €200,000 threshold as a problem. On the basis of communications I have had with officials, they do not say this. I acknowledge the Deputy referred to an increase but we will deal with what is there now. I agree with him that we can look to the next Leader programme. That issue will be sorted and it will take time but I acknowledge it has taken too long.

I refer to the European Globalisation Adjustment Fund. The Commission has made a proposal that farmers may be included under this for the first time. It has a budget of approximately €3 billion and up to €2.5 billion could be available for farmers but that money will only be available if trade deals prove disadvantageous to agriculture, in particular the Mercosur trade agreement. What are the committee's view on that? There are differing views in the Parliament as to whether this is a suitable and sufficient instrument if a trade deal significantly damages agriculture.

Ms Phil Prendergast, MEP: Like my colleagues, I am grateful for the opportunity to address the committee. During my year in the Parliament, I have met the representatives of many farming organisation and families to discuss issues affecting farmers and I have used my position on the agriculture committee to convey their concerns and priorities during the ongoing negotiations. Ireland has participated in the CAP since 1973 and, over the past 40 years, has received more than €45 billion in funding. That has paled into insignificance recently as we talk about billions of euro as if they are just

hundreds of euro. However, the CAP has provided farmers with great income security and has allowed Europe to become largely self-sufficient and less reliant on food imports. Ireland receives the highest amount per capita of member states and that is a reflection of both the success of previous Governments in negotiating the policy and the strength of the agriculture sector here. Ireland receives just under €2 billion in support from the Union every year and the importance of this funding cannot be overstated. In a political discourse dominated by euroscepticism, it is worthwhile to point to the CAP as an example of Europe contributing to improving our communities, increasing rural standards of living and providing employment through Ireland.

I will break my submission down into two parts. I will address issues related to direct payments to farmers under the reforms proposed to pillar 1 and the importance of maintaining a strong focus on rural development post-2013 through pillar 2 supports. There have been many difficulties with the proposals for pillar 1 reform, most notably as they relate to reform of the single farm payment and the so-called the greening of the CAP, which has been covered by the colleagues. However, these changes must take account of the various national contexts in member states. A one-size-fits-all approach would be the ruination of the CAP and it would dilute its potential to bring about genuine improvements in the European agricultural sector. A practical example is the proposals announced to update the small farmer scheme. Many of them, such as the drastically reduced administrative burden through a single defined payment of between €500 and €1,000 to farms of less than 3 hectares, have been discussed by the previous contributors. The number of small farmers varies greatly and, therefore, the Commission cannot be overtly prescriptive when it comes to the percentage of the national envelope that must go to the scheme. There are also problems in Ireland and throughout Europe with how to define an "active farmer". We are all in agreement that golf courses and airports are non-agricultural and industries should not receive pillar 1 supports. However, precisely defining the term "active farmer" is cumbersome.

The current proposals seem to kick the can down the road. They say that an inactive farmer is one whose direct payment equals less than 5% of income received from non-agricultural sources. However, the problem then is whether a non-agricultural source of income can be correctly defined. Can a definition be found which comfortably fits all 27 member states? The expert is Ms McGuinness and, therefore, all questions should be put to her. We agreed this in advance in the interest of brevity. However, we had a chat recently. She said that in the direct negotiations in a committee it comes down to nuances. The use of "a", "is", "them" or "on" could make a difference to the interpretation of what we are discussing. It is that defined and refined. It is also one of the difficulties when there are many languages and interpreters. How things are interpreted or misinterpreted can cause problems for us. There have been some questions regarding creating positive or negative lists outlining criteria for establishing who is an active farmer. While there could be a reasonable compromise we would need to see the specifics of that. The most sensible thing to do in this instance is to allow the individual member states establish their own definition of what an active farmer is, taking into account the peculiarities and nuances of the state in question.

Greening of the Common Agricultural Policy, CAP, has been one of the most difficult areas in the current negotiations. The priority for Ireland should be the introduction of a system which is flexible and adaptable and does not put undue burdens on individual farmers. This will mean ensuring the greening measures are realistic. I was particularly happy last week to hear my party colleague, Luis Capoulos Santos, MEP, who is one of the European Parliament's rapporteurs for this legislation, state that he is in favour of the Commission proposals to allow transfers from pillar 1 to pillar 2 up to a maximum of 10%. I believe it is a sensible move which gives power to member states and will improve the overall effectiveness of the reforms.

The final issue on pillar 1 relates to the top-up payment for young farmers. Greater clarity is needed on the specific definitions contained in chapter 1 of the proposals. There is considerable uncertainty about the precise requirements for

access to the programme. I have received queries from constituents who are concerned that the requirement to have activation entitlement under the single farm payment might prevent new entrants. That is definitely a difficulty and needs to be examined more closely with a usable system put in place. Regarding pillar 2, one of the best things I did since becoming an MEP was to visit various Leader programmes and partnerships across Munster. Since January I have visited IRD in Duhallow, West Limerick Resources and on Thursday I will visit Avondhu Blackwater Partnership in east Cork. I have seen really fantastic work done by these programmes. It has been a pleasure to visit and see a programme in action with such positive benefit for the entire community.

I use this platform to highlight the dangers of diluting the impact for local action groups through alignment. While I favour greater co-operation between local authorities and the action groups, I vehemently oppose bringing these action groups under the control of local authorities, which would destroy the bottom-up approach envisaged in the rural development programme. If some of the measures currently under the control of the LAGs were taken away and given to the local authorities, it would not be in line with the Commission requirement that rural development be undertaken in an integrated fashion. We know of very great successes. If something is not broken we certainly do not need to fix it.

The proposals for reform of pillar 2 have stated that the Commission favours increased integration after 2013 with all aspects of rural development working in synergy. Having seen the work of these organisations and their transformative effect on local communities, I will continue to advocate this position at home and abroad in the European Parliament. I thank the committee for the opportunity to speak here today.



Presentation by IFA President John Bryan

'Reform of the Common Agricultural Policy Post 2013'

Thursday 3rd May 2012

Chairman and members of the Oireachtas, I want to thank you for giving the IFA the opportunity to make this presentation.

Background to CAP reform

Since its inception, the CAP has been of vital importance for producers and provides European consumers with a plentiful supply of high quality, sustainably produced food. The CAP has undergone significant reforms since its inception, prompted by the demands of European consumers. Farmers have responded by providing high quality, sustainably produced food, at reasonable prices.

The CAP has a multi-functional policy role, and provides benefits in a number of key areas:

- Consumers – the CAP provides security of food supply, price stability, and guarantees on food safety and traceability and assured environmental and animal welfare standards ;
- Rural Economy – the CAP, through the Rural Development Policy in particular, maintains economic activity in remote areas, thereby providing a vital support to rural society in Europe;
- Environment – farmers under the CAP meet high environmental standards for sustainable food production and land management.

In return, the CAP provides support for the continuation of the family farm model of production in the EU. The EU plays a leading role in international agricultural trade. It is the biggest global importer of agricultural products, with EU imports valued at €70 billion annually. EU imports from Developing and Less Developed Countries are greater than that amount imported by the USA, Japan, Canada, Australia, and New Zealand combined.

With the world population set to reach 9 billion by 2050, and demand for food set to double, a strong CAP focused on food production is essential. The best way to achieve food security for Europe's 500m consumers is to maintain our production capacity in Europe. Preserving the EU family farm model of production is key to this.

Commission proposals on CAP post 2013

At the IFA AGM in January, the Commissioner for Agriculture, Dacian Ciolos went through his proposals for reform of the CAP post 2013. In his proposals, he outlines three core principles for the CAP after 2013; viable food production, environmental balance and territorial cohesion.

However, the text of the proposals does not support the achievement of these principles. IFA highlighted to Commissioner Ciolos the very damaging impact on agricultural production, farm income, exports and jobs of his proposals. It is disappointing that the Commissioner remained wedded to his proposals for a flat rate payment system to replace the existing model.

IFA is determined that the CAP must support active farmers, and must support the role that the agriculture sector is playing in contributing to our economic recovery and delivering on the *Food Harvest 2020* targets.

With exports of €9b from the agri-food sector in 2011, it is in Ireland's interests that the growth continues. The Government has been strong in looking for a full CAP budget for Ireland and to ensure that funding supports the productive base.

It is critical that significant changes are made to the Ciolos proposals in order that CAP reform works for Ireland.

The CAP Budget

The context for reform of the CAP is different to previous years in that the CAP budget itself is not yet known, as negotiations on the overall EU Budget from 2014-2020 have not yet concluded.

With lower growth prospects pressure may return on the overall EU budget for 2014-2020. However, the opposite must be argued as a well-funded CAP budget underpins economic activity across rural Europe.

It's critical that, in the event of their being downward pressure on the EU budget after 2014, policymakers must maintain a fully funded CAP budget. Indeed, it can be justifiably argued that increasing the CAP and EU Budget is a credible way of stimulating badly needed economic activity and jobs in Europe.

The Single Payment

It is vital that Ireland retains its full funding allocation of over €1.2b for the Single Farm Payment. Once the CAP budget and Member State allocations are decided, the issue that is occupying the minds of many farmers is how the Single Payment will be distributed internally.

The Commission proposals, as currently set out, will undermine active producers and interfere with farmer's normal business decisions. First and foremost, the proposal for a uniform per hectare payment on a national or regional level is of great concern. It takes no account of major differences in the productive capacity of land or levels of investment and commitment by individual farmers

In general the current payment model in Ireland closely matches production level on farms. This fact is supported by the Department of Agriculture's figures.

At the simplest level, given the variance in the existing distribution of payments, the result of this proposal would be a major disruption in payments for individual farmers, and across a very short time period.

This income effect has been identified by many commentators. The speed and scale of the income drop alone would impact on the production decisions of many farmers, their capacity to repay investments and the viability of their business. It has been suggested by some commentators that this may not be a problem. Some farmers would lose out, some would gain and, overall the impact nationally won't be negative. This is clearly not correct.

A uniform payment only makes sense in the context where there is uniformity in the other factors that impact on farm output and income, such as land and returns from the market. Clearly this is not the case for Irish agriculture.

Therefore a flexible payment system linked to the original system, allowing for gradual adjustments, provides an option that will minimise disruption at farm level, and maximise production at national level.

IFA is supportive of a national reserve fund to target to extra supports to productive farmers who expanded their business and may have low entitlements. The Association is also in favour of supporting young farmers based on objective criteria and for the option of a coupled payment of up to 10% to underpin the viability of vulnerable sectors.

The Commission's proposal to use 2014 as a reference year is creating major disruption of the land-leasing market in Ireland. To address this issue, further changes are required that should allow Member States to set their own reference year.

I would like to turn briefly to the other issues that are of importance for Irish farmers, namely the proposed greening measures, Rural Development and the importance of Emergency Market Support measures.

Greening

The EU proposal to use 30% of the Single Farm Payment for greening measures and allocate this on a flat per hectare basis in the first year will cause a significant reduction in payments immediately for farmers and is totally unacceptable.

A separate payment on greening, as proposed, would involve significant additional bureaucracy, administration and processing, leading to substantial payment delays.

The existing cross compliance and particularly GAEC measures, which are currently applied by all farmers in respect of direct payments, contain very significant greening measures. These include prevention of soil erosion, maintenance of soil organic matter and protection of groundwater.

Greening must be incorporated into normal farming practices and included as part of the cross compliance and GAEC measures for the Single Farm Payment. Farmers should be able to choose from a menu of practical 'greening options' on an annual basis.

Rural Development

Ireland has traditionally participated strongly in the Rural Development programme. In the discussions on the Single Farm Payment, it must not be forgotten that Rural Development funding brings in almost €600m annually, through EU funding and national co-financing. Funding in the next programme must take into account past performance of Member States as well as objective criteria.

In addition, the level of co-financing must remain at a standard 50% EU/National Exchequer funding for all measures. Adequate funding must be provided to ensure payment rates across all measures are at a level which allows effective implementation.

The key priority areas for Rural Development must be Agri-environment measures, Support for Less Favoured Areas, On-farm investment and innovation programmes to modernise and improve efficiency across all sectors. The LFA review must allow flexibility at Member State level to reflect country-specific Natural Handicaps.

Emergency Market Support

Emergency Market Support measures are effectively used to put a floor on prices at times of price collapse. We saw this in action during the dairy crisis in 2009. Schemes such as private storage, intervention and export refunds are effective in easing market difficulties.

However, additional funding must be allocated. The Agricultural Crises Reserve Fund is not sufficient.

Conclusion

Reform of the Common Agricultural Policy is nothing new. Farmers have shown their ability to adapt and respond to consumer demands and a changing policy environments.

I believe that the current proposals are inflexible and have the potential to seriously undermine the growth potential of Irish agriculture and the viability of thousands of full time productive farmers. However, with the correct amendments and flexibilities and the smart utilisation of the entire CAP budget Irish farmers will again adapt and continue to deliver for their families, communities and country.



CAP Reform- where do we stand now?

Presentation

Mr Gabriel Gilmartin (President)

Mr Eddie Punch (General Secretary)

Tuesday 8th May 2012

Chairman, Members of the Committee

Thank you for the invitation to address you on the CAP reform proposal, which is undoubtedly the most critical policy issue facing farmers at the moment.

ICSA, as you know, was the association that took the lead on CAP reform in 2003, as the first, and for a long time, the only farm association, to support decoupled payments.

So it's no surprise that we have worked very hard to make the case for the historic Single Payment, and we continue to argue, that if change must come, then change must be gradual, phased in over a long period, and in a way that does not result in significant losses for farmers who have continued to farm in a productive manner since the last reform in 2003.

I think it's fair to say that there is a lot of concern among our members about the implications of what Commissioner Ciolos has proposed. Cattle and sheep farmers are especially dependent on the Single Payment. In 2010, direct payments represented up to 160% of Family Farm Income on drystock farms. Many of these farmers have now exited REPS and have either entered a much less valuable AEOS scheme, or in the case of those who left REPS after May 2011, have no scheme to replace REPS.

The key concerns are:

1. Concern that the EU budget will be sufficient to retain the current level of CAP across Europe and that Ireland gets at least a similar amount to what we get at present.
2. Concern that the flat rate payment will not work in Ireland and that any significant flattening of payments across the board will hit too many farmers too severely.
3. Concern that we don't end up with a whole new regime of extra bureaucracy and restrictions, particularly in relation to greening.
4. Concern over what is happening to the land rental market as a result of the uncertainty around reference years.

The budget remains undecided and it seems that there is no great urgency to get a decision on this. The economic crisis and elections in France are partially to blame. But there is also a range of views on whether the European Union budget should be reduced at a time when austerity is the prescription for many member states.

The problem is that progress on negotiations is delayed in the absence of certainty on the budget. As it stands, it seems to us that we are not on target for a deal to be done under the Irish presidency of the EU in the first half of next year. In turn, it is increasingly possible that the reform will not be in place for 2014 as planned. This raises questions about reference years. In the Ciolos proposal, 2014 is the base year, with eligibility also linked to whether a farmer made an area aid application in 2011. This begs the question; will the relevant years actually be 2012 and 2015 rather than 2011 and 2014?

One thing we are clear on is that there is no possible justification for going back to any form of coupled payments. There is a campaign being run by the meat industry who would like to see some reversal of the implementation of full decoupling.

This is precisely because decoupling has created the conditions that has allowed beef to pass the €4 mark and given us much improved sheep prices over the

past 12 months. The sharp drop in recent weeks in lamb price shows that we are still very vulnerable to fluctuations in supply and demand.

The critical point is that the only sensible means of increased output is in response to improved markets. Putting in place artificial incentives to increase numbers is a roadmap for disaster for farmers.

In any event the options for re-coupling are limited. The proposal would allow Ireland to use 5% of the total national envelope for coupled payments. This is less than €65 million. If it was allocated to the suckler cow, it would be a payment of €65. However, there would also be an equally strong case to allocate it to the ewe.

But would this be of any benefit to farmers? When we had the suckler cow premium, beef price was typically €2.50/kg. Quality weanlings made €1.90/kg live-weight compared with €2.50 to €3 this year.

The problem is that if you go back to a coupled payment, farmers tend to all run in the same direction with the inevitable consequences of over supply benefiting the factories but no-one else. The alternative is to strictly limit it with a suckler quota but all of this is a return to needless bureaucracy for a very small payment, which of course is not actually extra money but a deduction from the decoupled national envelope. It is a case of robbing Peter to pay Peter.

What we want

ICSA believes that the only strategy is build alliances to ensure that the proposals are watered down sufficiently. At the April Farm Council, Portugal proposed that no member state or no individual beneficiary should be subject to a cut greater than 8%. This was supported by Italy and by our own Minister.

ICSA believes that this is a positive development that needs to be built on. Contrary to our worst fears, there are grounds to believe that the Commissioner will have to compromise a lot more than he intended and that we can retain more than we hoped for.

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We accept that some re-distribution may have merit particularly in the case of young farmers or farmers that had enterprises that attracted little or no premia, such as calf-rearing enterprises. However, we are clear that the gains should be limited.

Limited in the sense that only those who are actively farming and continue to actively farm will get an increase. Limited in terms of the total hectares involved. We believe that it is inappropriate to increase payments significantly on more than 100 ha, when there will be farmers with smaller holdings suffering cuts.

Regarding cutting per hectare payments, we think that the EU proposal is actually revolution not evolution. It is unacceptable that Europe wants a flat rate payment within member states by 2019, yet has admitted that a flat rate between member states is not attainable till 2027.

Therefore, we believe that the objective must be that reform is about reducing the extremes between now and 2019- not about a flat rate that sounds plausible in theory but which won't work in practice.

An acceptable arrangement would be one where farmers who possess entitlements in excess of €270/ ha would have some adjustment on a graduated scale. In this model, farmers with entitlements worth between €270-600/ha would be cut by 3% per annum on the amount above €270 and those with entitlements above €600 would be cut by 5% per annum on the balance above €600. Entitlements above €800/ha would be cut by 10%. In this way, there is a gradual move towards more even payments while respecting the principle that almost no beneficiary should lose more than 8%, in the period 2014-2019.

The money saved by these cuts would obviously be much less than the cuts envisaged by Commissioner Ciolos. Accordingly, we would limit the beneficiaries to only deserving cases using objective criteria to limit gains to active farmers and in terms of setting a maximum of 100 ha on which extra rates could be paid.

Greening

ICSA believes that the Greening proposal is confused and unclear. The greening element was initially seen as a voluntary top-up but it now seems that it will be compulsory for all. This makes the setting aside of 30% for a greening component meaningless.

The main concerns are that the 30% will be immediately re-constituted as a flat rate payment, thereby accelerating the move towards full flat rate payments. Second, there is a lot of concern that greening will lead to more red tape. Being required to allocate 7% of area to greening measures is very worrying. In addition, we see that an idea such as the compulsory rotation of three crops is just not workable on a typical sized Irish farm.

In a strange way, we take some consolation from the reality that there is a widespread hostility to the greening details across a lot of the member states and therefore they are likely to be watered down.

One point on this is whether farmers will be allowed to re-submit land which is currently classed as ineligible such as hedgerows, scrub etc. Can this be included in the 7%?

One thing which must happen is that the contradiction between Single Payment and agri-environment schemes must be resolved. Farmers are losing ground and incurring penalties under the Single Payment for marginal land that is being encroached on by scrub but they are blocked from dealing with this under REPS, designated areas and now under the land reclamation regulations.

While a lot of focus is on Pillar 1, we must not lose sight of Pillar 2 reforms. Oireachtas members have a special role here in lobbying to ensure that the Department of Finance faces up to the need for co-funding in order to ensure maximum draw down under Pillar 2.

We would prioritise a return of a young farmer scheme, retention of the Disadvantaged Areas scheme and a new, more viable agri-environment scheme than AEOS, under Pillar 2.

Finally, I might say a few words on the rental market. The disastrous decision to announce a reference period of 2014 in advance has played havoc with rental markets. The subsequent decision to announce that only those who made an application in 2011 has only marginally resolved the problem and it is storing up a whole lot of hardship cases in terms of farmers who start in 2012 or 2013.

We would see that there is a growing need for a land use and tenants' rights reform to give more protection to farmers who are renting ground. The current system is not working. Around my part of the world land just is not available and we are forced to travel to rent ground. With land making up to €200 per acre, there is no sense that we are facing up to this problem. What are young, trained farmers to do?

As a general principle, reference periods should only be announced when the period is passed to avoid the mess we have here. However, I fear that the damage is already done in terms of CAP proposals but I do believe that placing limits on who gains from this reform will be an essential part of tackling this problem so that land is in the hands of active farmers who have a progressive plan for the long term.

In conclusion, Deputies & Senators, I want to commend this committee for its interest in this vital topic. We will be working closely with the Minister and the MEPs, as well as lobbying officials here and in Brussels. We need a strong campaign by the Taoiseach to get movement on the issue of the budget and we need to continue to work to reverse the more extreme elements of this CAP reform proposal.

Mr Tom Moran, Secretary General,

Department of Agriculture, Food and the Marine

Thursday 17th May 2012

I thank the committee for its invitation to address the key issues in the six monthly progress report on developments in the EU from July to December 2011.

Moving on to developments in the EU, as the Committee is aware there have been a number of important policy developments in the agri-food sector during 2011. Of most significance to Ireland was the publication by the Commission of proposals for reform of the Common Fisheries Policy in July 2011 and proposals for reform of the Common Agricultural Policy in October 2011.

CAP/CFP Reform

The CAP reform process is of particular importance in an Irish context and I am pleased to say that the Commission proposals are broadly in line with our national priorities for smart, green growth as set out in our Food Harvest 2020 strategy. Our priorities in the negotiations will be to:

- Deliver a well-resourced CAP,
- Retain Ireland's share of CAP funds,
- Maximise payment model flexibility for Member States,
- Ensure rural development policy supports competitiveness and sustainability,
- Keep the CAP as simple and as effective as possible for farmers and Member States.

The CFP reform package is of equal importance to Ireland in achieving our overall goal of a sustainable, profitable and self reliant fishing industry. The key issues for us in these negotiations will be:

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- Transferable Fishing Concessions (a form of mandatory Individual Transferable Quotas),
- Discards policy and measures,
- Maximum Sustainable Yield (MSY),
- Regionalisation,
- Future funding.

You will recall that the Minister, I and other Department officials have appeared before the Committee on several occasions in recent times to update it on developments in these negotiations. I don't propose to dwell too much on these topics today but to concentrate on other aspects of our involvement at EU level.

Legislative procedures

The Agri-food sector, in general, is a highly regulated sector with a continuous flow of proposals being put forward by the Commission. Since the Lisbon Treaty, the majority of these proposals fall under the Ordinary Legislative Procedure requiring agreement across the three EU Institutions; the Council, the Commission and the Parliament. This of course adds a new dimension to the negotiation process and requires that the Department must engage fully with all three institutions to secure the best possible outcomes for Ireland.

Commission proposals

I would like to briefly touch on some of the proposals presented by the Commission during the latter part of 2011 starting with the proposal to increase the annual quota for imports of high quality beef from the US into EU. This proposal has been adopted by Council and agreed by Parliament and is awaiting final signature. We were not particularly happy with the increased quota but it resolved a long standing dispute between the EU and the US and possibly paved the way for the publication of a draft revised US BSE Rule in March 2012. As the Committee is aware, EU beef does not currently have access to the US market due to the current BSE rule and that we believe that this is an important step in a process which should allow for the resumption in Irish and EU beef exports to the US.

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During 2011, the Commission commenced the process of reviewing promotional measures for agricultural products publishing a summary report of the green paper in December 2011. Agriculture Ministers adopted views on the paper at the December Council and it is expected that the Commission will bring forward legislative proposals towards the end of 2012. We have welcomed the broad thrust of the Commission views to date as they acknowledge the need to simplify and remodel the current EU promotion regime and provide for greater cohesion in promoting EU produce in Third Countries. This focus on the image of EU food is of direct interest to our exports.

Also in the food sector, the Polish Presidency put in a major effort towards the end of December to find a compromise in the discussions to conclude the negotiations on the food aid for the most deprived persons in the Union. The main contentious issues with this dossier revolved around how the programme has evolved, whether or not the programme should be financed under CAP or is more appropriate to social policy. Agreement was reached at Council and by the Parliament in early 2012 resulting in the safeguarding of the programme to 2013 and the Commission will evaluate whether or not this programme should rightly fall within EU social policies.

A key area of particular interest to Ireland is the simplification of processes and a reduction in administrative burdens and compliance costs for the farming community. We are working closely with the Commission and other Member States to bring forward constructive proposals particularly in relation to the CAP in order to reduce those burdens.

Presidency of the Council of the EU

We are now approaching the end of the Danish Presidency of the EU Council and the main focus of this 6 month Presidency has involved intense discussion on the CAP and CFP dossiers. It is widely expected that the conclusion of the negotiations on these important dossiers will fall under the remit of the Irish Presidency in the first half of 2013. For this to happen it will be necessary for the next Multiannual Financial Framework to be agreed and it will also be

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necessary for the three institutions, the Commission, the Council and the European Parliament, to participate actively in the negotiation process in order to progress the negotiations.

As you will be well aware, previous Irish Presidencies have been regarded as very successful and we will do our utmost to continue in this regard. A key element of a successful Presidency will be our level of preparedness. Our Presidency will be the 1st in the trio of Presidencies that we share with Lithuania and Greece. Preparations are well under way in the Department with my officials actively participating in the various preparatory bodies. In addition to the main reform packages, it is expected that the Commission will publish some major dossiers this year and early next year covering Animal Health law, animal welfare, a new plant health strategy, review of the meat inspection aspect of food and feed law and a review of the seeds package. Chair persons have been identified for the various Council working groups that we anticipate will be convened and they are currently participating in specialised training organised by the Taoiseach's Department.

We have intensified our interaction with key players through numerous meetings with relevant Commission officials and key Parliament players particularly the Rapporteurs for the major dossiers. The Minister, I and senior officials are engaged in ongoing meetings with our counterparts in other Member States both to emphasise the issues of importance to Ireland and to gauge the issues of concern to them so that we can be well placed to facilitate compromise positions in order to conclude negotiations on as many dossiers as possible.

Concluding remarks

To conclude, the six monthly report provides the Committee with a summary of proposals published by the Commission during each Presidency term. In the report we highlight the major developments across the various sectors particularly those that impact on Ireland. Any questions or clarification that the Committee would like to pose now, I will be happy to discuss.

Appendix 4

LINKS TO TRANSCRIPTS ON THE OIREACTHAS WEBSITE FOR THE FOLLOWING MEETINGS:

Reform of the Common Agricultural Policy: Discussion with EU Commissioner Dacian Ciolos 19th of January 2012

Reform of Common Agricultural Policy: Discussion with Officials from the Department of Agriculture Food and the Marine and Irish MEP's 1st of May 2012

Reform of the Common Agricultural Policy: Discussion with the Irish Farmers Association 3rd of May 2012

Reform of the Common Agricultural Policy: Discussion with the Irish Cattle and Sheep Farmer's Association (ICSA) 8th of May 2012

Reform of Common Agricultural Policy: Discussion with ICMSA and Macra na Feirme 15th of May 2012