

Debate on the Future of Europe

Irish Farmers' Association Submission

**The Irish Farm Centre
Bluebell
Dublin 12**

4 September 2017

Farming and the EU

Of all of the sectors in society, farmers are those who are most aware of the benefits that EU membership has brought. For Irish farmers, EU membership has meant access to a market of 500 million consumers, the stability provided by CAP payments and the ability to grow and diversify our export markets.

The Common Agricultural Policy was provided for in the Treaty of Rome in 1957, and its objectives were set out in that treaty. These are:

- to increase agricultural productivity,
- to ensure a fair standard of living for farmers,
- to stabilise markets,
- to ensure the availability of supplies, and
- to ensure that supplies reach consumers at reasonable prices.

These principles remain equally relevant today.

Financial solidarity was a key principle of the new CAP, with spending on the CAP to be borne by the central European budget.

The CAP is of vital importance for producers and provides European consumers with a plentiful supply of high quality, sustainably produced food at affordable prices. There is now recognition for the multiple roles of farmers, as food, fuel and energy producers, in addition to meeting environmental requirements and providing other public goods.

Over the years, it has undergone significant reforms, responding to the demands of European society and consumers. The current two Pillar structure of the CAP addresses complementary but differing needs. The role of the Basic Payment and market support measures in Pillar 1 is to support farm incomes and the delivery of public goods. The main focus of the Rural Development Programme under CAP Pillar II is on farm-based economic, environmental and social programmes delivered at Member State and regional level.

Reform of the CAP

The next CAP reform will take place in the context of new challenges facing Europe, including market volatility, climate change, and the UN Sustainable Development Goals (SDGs).

Farmers are committed to delivering on the public goods requirements relating to the environment and climate change. This is in addition to the delivery of quality food, meeting the highest regulatory standards in the areas of food safety, animal health and welfare. In return, farmers must be provided with a fair standard of living.

Simplification of the CAP is also critical. The reform of the CAP over many decades has led to a serious increase in the regulatory burden on farm enterprises. The EU is blamed for the bureaucracy and red tape associated with the CAP. The rules of the payment system and inspection regime must take account of the realities of farming, and the increased use of technology and risk based analysis must be progressed.

IFA believes that the EU should set as a target in the next CAP reform the delivery of a strong, sustainable and competitive agriculture for the benefit of farmers and consumers alike.

This requires a strongly funded CAP budget, reversing the cuts imposed in the MFF 2014-2020, through direct income support and market management measures in Pillar I, and co-financed farm schemes in Pillar II.

EU Budget

In the Commission's White Paper on the Future of Europe, a number of potential scenarios for the development of the EU project are outlined, and their potential impact on key policy areas summarised.

From a farming perspective, we believe continuing the completion of the Single Market remains very important. In addition, strengthening existing common policies, such as the CAP, is critical to securing a strong future for the EU, and in demonstrating to citizens the positives of EU membership.

The Commission's reflection paper on the future of the EU finances identifies that the CAP reaches farmers and citizens even in the most marginal areas of EU, providing a positive impact on economic and social development in those areas. It further suggests that improvement to the policy can arise from putting more emphasis on incentivising farmers to deliver environment and climate public goods and services.

IFA is very concerned that, in four of the five scenarios outlined for the future EU budget, a reduction to the CAP budget, either as a % of the overall EU budget, or a direct cut to the Budget, is envisaged.

IFA recognises the challenges facing the EU budget, including the withdrawal of the UK, a net contributor, from the EU and the need to finance new priorities.

However, it is unacceptable that existing budget programmes, such as CAP and Cohesion funding, would simply be reduced to accommodate new challenges. IFA believes that Member States should increase their contributions, if necessary, to take account of Brexit, to fund existing policies, such as CAP and Cohesion and to take on new priorities, where agreed between Member States.

The last MFF was agreed against a backdrop of economic downturn in the European Union, with direct cuts to the CAP budget. Since then, the EU economy has recovered. IFA believes that the future CAP budget should be linked to the growth of the EU economy, which would enable increases in funding.

Other issues of importance

Brexit

Brexit presents the most serious threat to Irish farming and our agri-food sector since we joined the EU. With 40% of our food exports going to the UK, no other Member State and no other sector is as exposed in these negotiations.

The outcome of the Brexit discussions, and its impact on different Member States and different sectors, is hugely linked with the discussion on the future of Europe.

The IFA has set as key priorities for the agriculture sector in these negotiations:

- maintenance of the closest possible trading relationship between the UK and EU, while preserving the value of the UK market; and
- provision of a strong CAP budget following the UK's departure

EU Trade policy

Within the EU there must be greater coherence between the Common Agricultural Policy and EU trade policy. It is essential that the correct balance is found between opening new markets and trade opportunities, and protecting sensitive sectors.

The value of the EU market cannot be undermined by increases in low cost food imports which do not meet the high food safety, animal welfare, health and environmental standards that are required of EU producers.

Climate Change

In the area of climate change, the October 2014 European Council decision recognises that agriculture has multiple roles and that food production must not be threatened when addressing the climate challenge.

Continued work at Member State level, to ensure coherence between meeting our climate targets and supporting a viable and sustainable agri-food sector, is critical.