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Committee on Agriculture and Rural Development

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DRAFT OPINION

of the Committee on Agriculture and Rural Development

for the Committee on Budgets

on the proposal for a Council regulation laying down the multiannual financial framework for the years 2014-2020
(COM(2011)0398 – C7-0000/2012 – 2011/0177(APP))

Rapporteur: Paolo De Castro

PA_NonLeg_Interim

SHORT JUSTIFICATION

The ongoing discussions about the future MFF are of crucial importance for the CAP and the decisions to be taken on the legislative reform proposals.

The discussions in the European Council and the General Affairs Council on the ‘Negotiating Box’ do not yet, at this point in time, reveal concrete positions or even figures for the future MFF. However, the opinion of the Committee on Agriculture and Rural Development offers an opportunity to highlight its position to the Budget Committee, especially with respect to the current figures for the future MFF.

The starting point for this opinion is the position expressed by Parliament in its resolutions of 8 June 2011 (the SURE report) and 23 June 2011 (the Dess report). On both occasions, Parliament clearly requested that the budget for the CAP should be maintained at least at the same level as in the current multi-annual period.

Analysis of the Commission proposals

When the Commission presented the proposals for the MFF 2014-2020 on 29 June 2011, the proposal for the CAP budget was often referred to as a freeze in real terms. However, a closer analysis of the figures is worthwhile.

Financial framework 2014-2020 (Commission proposal)								
EUR million in 2011 prices								
Commitment appropriations	2014	2015	2016	2017	2018	2019	2020	Total 2014-2020
2. Sustainable Growth: Natural Resources	57.386	56.527	55.702	54.861	53.837	52.829	51784	382.927
of which: Market related expenditure and direct payments	42.244	41.623	41.029	40.420	39.618	38.831	38.060	281.825

Source: COM (2011)398

The figures presented by the Commission are indicated in constant 2011 prices. Similarly, the current MFF 2007-2013 was expressed, at the time of its adoption in 2006, in 2004 prices. By using a deflator of 2 % per annum, these figures can be transformed in ‘current prices’ (which is the way they are usually presented; see http://ec.europa.eu/budget/figures/fin_fwk0713/fw0713_en.cfm)

By using the same deflator of 2 % per annum, these updated figures of the MFF 2007-2013 can also be expressed in 2011 constant prices:

Financial framework 2007-2013 (adjusted according to the different revisions)								
EUR million in 2011 prices								
Commitment appropriations	2007	2008	2009	2010	2011	2012	2013	Total 2007-2013
2. Preservation and Management of Natural Resources	59.689	62.816	58.609	61.154	59.888	59.618	58.909	420.682
of which: market related expenditure and direct payments	49.531	49.046	48.565	48.089	47.616	47.150	46.688	336.685

Source: Compendium of technical sheets. Policy Department D, DG IPOL

Comparing the overall amount of Heading 2 in both tables leads to an overall reduction of EUR 420 682 million- EUR 382 927 million = EUR 37 755 million (9 %).

NB: The original agreement from 2006 (EUR 371 344 million in 2004 prices), without taking into account its various revisions (food facility, Galileo, ITER, etc.) would represent an amount of EUR 426 558 million in 2011 prices for Heading 2 and, taking this figure as a baseline, the Commission proposal for MFF would correspond to a budget cut of approximately 10.3 %.

Conclusions suggested by the rapporteur

In line with the position expressed by Parliament in its earlier resolutions, the budget for CAP should at least be maintained at the same level as in 2007-2013. Thus, the cuts proposed by the Commission should be rejected and Parliament should call for an amount corresponding to the ceilings of the current programming period.

This is even more justified by reference to the fact that, as of July 2013, an additional Member State will have to be covered by the same amount.

Against the background of budgetary constraints in the Member States and the EU budget, it is essential to grant flexibility to Member States for moving funds between the two pillars of the CAP, direct payments and rural development, so that Member States can address the challenges for their rural areas in the most appropriate way.

SUGGESTIONS

The Committee on Agriculture and Rural Development calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Underlines the importance of the Common Agricultural Policy with regard to guaranteeing food supply for its citizens according to the Treaties; notes that demand for food is growing faster than supply; insists that Europe, as the biggest importer of agricultural products, needs to maintain and increase its agricultural potential in order to tackle current and future demands for food in the EU;
2. Reiterates that, according to the TFEU, Parliament and Council are the legislative bodies and that there is no role for the European Council to act as a legislator; insists that the policy content of the future CAP be laid down by the ordinary legislative procedure;
3. Recalls its position as laid down in its resolutions of 8 June 2011¹ and 23 June 2011², stating that the budget for the CAP in the next MFF period should be maintained at least at the same level as in the current multi-annual period;
4. Notes with concern that the Commission proposal for the future MFF, setting an overall ceiling of EUR 382 927³ million for Heading 2 and a sub-ceiling of EUR 281 825 million for direct payments and market related expenditure, would lead to a reduction of EUR 37 755 million in real terms for this heading;
5. Considers that these cuts can not be counterbalanced by expenditure foreseen in other headings (food aid for most deprived persons, agricultural research, food safety reserve, etc.) or by flexibility instruments for unforeseeable expenditure (reserve for agricultural crisis, European Globalisation Fund, etc.), as these are budgetary reserves which do not contain commitment appropriations;
6. Calls, therefore, on the Council to increase Heading 2 and the subheading for direct payments and market related expenditure to EUR 420 682 million and EUR 336 685 million respectively, corresponding to a freeze in real terms, as requested in its earlier resolutions;
7. Underlines the importance of granting flexibility to Member States to move funds between the two pillars of the CAP, in order to address the challenges of rural areas in the most appropriate way;

¹ P7_TA-PROV(2011)0266

² P7_TA-PROV(2011)0297

³ All figures for commitment appropriations (2014-2020), expressed in constant 2011 prices