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**New insights into mountain farming**

*Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort*

Conference on Mountain Farming

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[Ladies and gentlemen],

First of all, I'd like to thank Minister Berlakovich and everyone else involved in putting together – already for the 3<sup>rd</sup> time this year! - a conference on the Future of Mountain Areas, and I'm very happy to be part of it again.

Certainly, the official visits that I've made to inspiring mountain regions in the European Union will be among the visits that I really remember.

I'm glad to have the chance to present today the new Commission document: "Peak performance: new insights into mountain farming in the European Union".

There's a lot in the document and I won't go into all the detail.

One thing I like about the report is that it underlines the strength that we see in the mountains. We see this in the people, of course – when I travel upwards a few hundred metres I usually meet some very tough people! – but we also see strength in a more general sense.

In terms of farming and food, we see some great products made in mountain areas. Some of these have built strong brands. Lots of mountain cheeses fall into this category. *Tiroler Almkäse* is a well-known and popular example, and there are many others.

And of course the mountains of Europe give us lots of other things that we want and cherish – wonderful landscapes with a rich variety of plants and animals. It's not for nothing that the image of the mountains has worked its way deeply into European art and literature.

To talk about this sort of thing in the context of policy-making, we could use the term "eco-system services". It's a slightly dry phrase and it might not mean much to the man in the street. But it does communicate the fact that, in looking after the countryside, farmers and other people in mountain areas are actually providing a service of value.

So, yes, our mountain areas have great strengths. But we know they also have weaknesses.

High altitude makes farming more difficult. So do steep slopes, in various ways. Remoteness is of course another key issue in many cases. And many of our mountain areas are potentially more vulnerable than other areas to problems caused by climate change.

What impact have these and other factors had on mountain farming in recent years?

As the Commission report says, the income on an average mountain farm is actually about the same as for a farm in a non-mountain Less Favoured Area (LFA), at € 13 800 per annual work unit. But it's lower than the average income in non-disadvantaged areas – which is about € 18 900.

Structural change seems to have moved a bit faster in mountain areas than in non-disadvantaged areas – in terms of both farm size and productivity per land unit.

On the other hand, there's no evidence at this stage that there's a greater risk of land abandonment in mountain areas than elsewhere.

In fact, a recent study by the Commission's Joint Research Centre showed that in France, Poland and Spain, the greatest risk of land abandonment is in non-mountain areas.

But! (And there is a "but" behind these facts and others).....

One of the most important points in the paper that I'm presenting today is that we have to look behind the averages. Europe's mountain areas are actually very diverse, so averages really don't tell the whole story.

So in terms of income, there are large differences between one Member State and the next.

And in terms of land abandonment, we know from research that there have been local cases of this, which may have had a negative impact on the environment and the local economy. Also, we just don't have reliable data for all of the New Member States. So ongoing work on developing indicators for land abandonment will be very important.

I could mention another sense in which there are big differences between Member States. Many farmers get income from a second activity. In one European Union country, this is true for more than 80 per cent of mountain farmers. In another country, the level is just 20 per cent.

So the situation of mountain areas is varied. Where does policy fit in?

In the first pillar of the Common Agricultural Policy (CAP), it's not surprising that on average, direct payments are lower in mountain areas than elsewhere. As we know, this is because in many Member States the value of these payments is still strongly linked to past production patterns. I'll say more on this point a little later.

In the second pillar – rural development policy – I would say the picture is fairly positive for mountain areas on the whole.

We know there are a lot of rural development measures available which can be used to help mountain areas. And in fact, 60 rural development programmes (RDPs) specifically address the situation of mountain areas – for example, by giving these areas a high priority or higher grants, or by setting out specific action.

And of course, in the remaining RDPs, mountain areas are still eligible to benefit from various measures, even if they are not specifically mentioned.

If we look at total public support for farms, in 9 Member States this is actually higher in mountain areas than elsewhere.

But as I said a moment ago, we really have to get beyond general statements and find the "devil in the detail".

Some Member States with mountains on their territory really make a big effort to use the policy tools available as skilfully as possible to help their mountain areas.

They use a range of tools from the box – not just the "old favourites" like payments for Less Favoured Areas, but also support for innovation and new types of rural business. They target support effectively, and they try to make sure that it complements other policies – regional policy, for example.

It seems to me that some other Member States take a less precise approach for the time being. They put quite a lot of emphasis on those "old favourites", without much targeting, and sometimes there could be better links with other policies.

I'll make one more observation about different approaches between one Member State and another. I've heard of cases where particular European rules are applied in very different ways to mountain farmers in neighbouring regions. On one side of the border, farmers really feel weighed down by regulation, while on the other side things seem to work fairly smoothly.

Of course, this is an old story in the European Union! But it's still true that the way in which rules are applied at national and regional level can have a huge impact on farmers' lives. Applying the rules in the right way – respecting them fully, without creating silly consequences – is an art form that's worth mastering!

This is a very quick summary of where we are at the moment. What's the way forward?

Obviously, any ideas that we may have in this area must be part of the broader debate about what the CAP will look like after 2013.

Thank you for the "Krün Resolution" on mountain agriculture. There are plenty of ideas in it.

For example, the Resolution suggests a higher maximum amount for the value of LFA payments.

Let's be clear that the current maximum is the average that Member States must respect. So it's already possible to make higher payments for particular areas, if this is justified objectively.

But we could certainly look at raising the maximum average in our discussions about further changes to the CAP.

We could do the same with regard to agri-environment measures. But I should add that through the CAP Health Check it's already possible to make higher agri-environmental payments for action related to climate change, renewable energy and the other "new challenges".

There are other requests in the Krün Resolution which can be considered but which – in my view – are less likely to lead somewhere. For example, the Commission isn't convinced at this stage that a specific premium for ruminants would be the best tool for supporting sustainable management of grassland. We can already do this effectively through agri-environmental payments, and through Article 68 measures.

If we look beyond the Krün Resolution, what else can we say today about the way forward for mountain areas?

With regard to direct payments: it's clear that the way we calculate these will have to change.

There's a strong political consensus that after 2013 we'll have to cut direct payments free from their "historical" anchor. Some politicians say this loudly and some just admit it quietly under their breath! But it's clear that the public won't accept historical models in the long run.

Personally, I doubt very much whether we'll end up paying a single strictly uniform rate per hectare across the whole of the European Union. I think it would make much more sense to start with that as a basis and then vary it from one area to another, according to objective criteria – almost certainly environmental criteria, perhaps economic ones too.

It's not for me to predict today exactly where this debate will go. But I can imagine that using environmental criteria could partly rebalance direct payment calculations to the advantage of mountain areas.

With regard to rural development policy: there's work that Member States can start right now.

All experts say that we need a much more detailed territorial analysis of mountain areas. Member States should get going on this analysis – looking at strengths, weaknesses, opportunities and threats at local level, as far as possible.

This analysis should help us to make sure that RDPs really do address the needs of mountain areas. That process should start with the coming mid-term evaluation of all RDPs, and go further in the next programming period.

In that new period - after 2013, in other words - I've already said elsewhere that I think we need to sharpen up our objectives in rural development policy under the banner of "Green Growth".

That would certainly leave room to make changes which could help our mountain areas.

As the Commission paper on mountain farming points out, it would be possible to tailor rural development measures to the needs of mountain areas.

This could be done by putting a specific "mountain section" in RDPs. For some measures, mountain areas could benefit from higher maximum payments than other areas – as long as all calculations are based on real, objective criteria.

Finally, it's obvious that mountain areas have a huge stake in the ongoing review of our agricultural quality policy.

A policy that helps our agri-food sector to tell the world more clearly about the tasty, healthy, nutritious and generally excellent products it produces, will certainly be good news for mountain farmers.

Lots of aspects of our review of this policy are relevant to mountain areas. But of course, it's particularly relevant that we're examining whether we could give legal protection to the term "product of mountain farming". I personally think that, if it had a well defined meaning, this term could really speak to consumers and persuade them to spend more of their money!

It's time for me to stop talking for a moment because we're all expecting a good, healthy discussion this morning. But before I stop, let me say this.

Is there a future for mountain areas – in the CAP, in our agri-food sector, in the European Union? Yes and again definitely yes!!!

In terms of policy, I know there's been a fear that mountain areas will be pushed to the edges of the debate. And it's true that in some of that European art that I mentioned, mountains are used as a finishing touch in the background, not the foreground.

But in the debate about the CAP after 2013, things don't have to be that way. This year's series of conferences about mountain areas and mountain farming have strongly raised the profile of this issue. There's already a lot that can be done for these areas within the CAP. And I'm convinced that more can be done in future – in partnership between the European institutions, national and regional governments, and the people for whom the policy exists.

The conversation about the future of the CAP is well underway. And the mountains are no longer quietly standing on the edge of it. They have found a strong voice in the political arena. Mountain farming now has its place in the discussions for the future of the CAP after 2013. Therefore I would like to thank all of those who have actively contributed over the last 18 months to the discussions on how to safeguard a sustainable future for our mountain farming.

From the Commission's point of view, the current paper is not the end of the story: this paper is a good and promising basis for the future work on developing and protecting mountain farming in the CAP after 2013.

Let's keep the ball rolling in the interest of our mountain farmers and their families. They all deserve effort from us to help them achieve a sustainable future for themselves.

Thank you.