

CAP Reform: Will the European Parliament take the bull by the horns?

Johan F.M. Swinnen, Louise Knops

7 June 2012

Introduction

The Common Agricultural Policy (CAP) represents nearly 40% of the EU budget and remains a highly controversial policy, despite past reforms that reduced some of its most perverse effects, such as the so-called 'butter mountains' and 'milk lakes' of the 1970s. Today, this sizeable slice of the budget remains largely untargeted and inequalities in payment distribution persist. The 2013 CAP reform therefore represents a valuable opportunity to orient the agricultural sector towards 21st century objectives.

Much has already been said on the European Commission's (EC) legislative proposals (published on 12 October 2011)¹ and scepticism is growing as to whether they are up to the task. Less attention has been paid to the new co-decision role of the European Parliament (EP) in reforming both the CAP and the EU budget; a decisive feature of our post-Lisbon institutional context. This new role will not only have a significant impact on the path the reform is taking, but also on its outcome. Only a few days after a leak of some EP draft reports on the CAP towards 2020,² the question is: what will be the nature and scale of its impact?

As the institution directly representing the interests of EU citizens, and with increased decision-making powers, the EP should move the CAP reform debate beyond national agricultural interests and budgetary disputes. The message of this Commentary is straightforward: there is now a huge opportunity for the EP and European decision-makers in general to change the course of agricultural policy in Europe. The Members of the European Parliament (MEPs) responsible for amending the Commission's legislative proposals have the mandate to respond to calls for a more targeted policy, tailored to current needs, namely a more sustainable and resource-efficient agricultural model. Not seizing this opportunity would discredit the EP in this field and strengthen the already widespread scepticism about the CAP, not to mention the negative consequences that maintaining the *status quo* would have for agriculture as a strategic resource management activity. Despite

¹ For the entire legislative package as proposed by the European Commission on 12.10.11, in the form of seven regulation proposals, see http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index_en.htm.

² AGRAFACTS N°43-12, 01.06.2012.

Louise Knops is a Research Assistant at the Centre for European Policy Studies, Brussels.

CEPS Commentaries offer concise, policy-oriented insights into topical issues in European affairs. The views expressed are attributable only to the author in a personal capacity and not to any institution with which he is associated.

Available for free downloading from the CEPS website (www.ceps.eu) • © CEPS 2012

the necessity for the EP to seize this new opportunity, early evidence suggests that it won't, as many constraints offset the newly acquired powers as co-legislator.

1. Lack of capacity and a weak inter-institutional working culture

Institutions change slowly,³ as do their working practices. A clear – and inevitable – handicap for the EP is that the EC and the Council have built up working relationships since the inception of the CAP. Indeed, until today, reforms have been exclusively in the hands of the EC, ministers and national administrations. Over that period of time, significant expertise and CAP-oriented capacities have been developed at the highest level, both in the EC and member states. As underlined by A. Greer and Th. Hind, the EP's lack of resources in this respect, compared to the two other institutions, jeopardises its ability to deal with

the sheer scale of CAP legislation, take full account of costs and benefits and draw up legislative amendments that offer a comprehensive alternative to the proposals drafted by the Commission.⁴

Today, as the third player in the game, the EP has to catch up on these decades of capacity-building and experience in reforming one of the most technical and cumbersome of EU policies. During a lunch meeting organised at CEPS recently, a senior EC advisor suggested that the EP would increasingly need to rely on the EC's technical expertise to meet the challenge of reform. But an over-reliance on the EC's technical expertise would work against the ultimate goal of applying co-decision to the CAP; that of bringing greater democratic legitimacy to this policy field.

In this sense one could argue that until the EP enjoys such close relationships with both the EC and the Council on the CAP, and until it is equipped with a similar level of resources (in terms of staff and expertise, for example), it is hard to imagine how its formal increase in powers will materialise.

2. The influence of a (conservative) COMAGRI

In all policy fields, parliamentary committees have a crucial role to play, and votes in the plenary sessions are often in line with political agreements reached inside the committees. Committees form the 'backbone' of parliamentary activities.⁵ This is particularly the case for the Agricultural Committee (COMAGRI), which has historically been composed of members with strong 'agricultural' ties (whether from the national political scene, the academic world, the agro-food industry, farm unions or the farming community itself).

With the Lisbon Treaty, and the new powers for MEPs sitting on COMAGRI, there was hope that 'non-farm-related members' would be attracted to this committee and bring their perspective to the debate, thereby going beyond sectoral (agricultural) interests. This has not happened, however. Out of the 44 COMAGRI full members, most of them are former agricultural ministers or secretaries of state, agricultural advisors, farmers' unionists,

³ According to the concept of path-dependency, "initial moves in one direction elicit further moves in that same direction; in other words there are self-reinforcing mechanisms or positive feedbacks" (A. Kay, "Path dependency and the CAP", *Journal of European Public Policy*, Vol. 10, No. 3, p. 406).

⁴ A. Greer and Th. hind, "The Lisbon Treaty, agricultural decision-making and the reform of the CAP: a preliminary analysis of the nature and impact of co-decision", paper prepared for the Annual Conference of Agricultural Economic Society (AES), University of Warwick, 18-20 April 2011.

⁵ Ch. Roedere-Rynning, "From 'Talking Shop' to 'Working Parliament'? The European Parliament and Agricultural Change", *JCMS*, Vol. 41, No. 1, 2003, pp. 116-117.

members of farming associations, doctors in agricultural studies or farmers themselves.⁶ In sum, the nature of the COMAGRI membership seems to be roughly the same as in the past, in effect failing to reflect the plurality of interests linked to agricultural and rural policy.

As a consequence, the reputation of COMAGRI as “a conservative forum welded to the defence of vested interests”⁷, will not be challenged, and progressive ideas to reform the CAP are unlikely to emerge from this forum. A clear illustration of this conservatism is the internal distribution of reports; out of the seven reports, none has been allocated to MEPs from the Liberal or the Green political groups, traditionally seen as progressive political forces.⁸ As explained by MEP Bas Eickhout during the aforementioned CEPS meeting,⁹ this conservatism would be exacerbated in the case of a 1st reading agreement on CAP reform, where the plenary vote can only confirm the outcome of the deal between agriculture ministers and COMAGRI. A 2nd reading agreement is more likely to get ‘non-agricultural’ MEPs involved, and a wider range of ideas reflected in the EP’s input to reform the CAP.

3. A break in the negotiation line

Whilst this commentary focuses on the EP’s response to the EC’s legislative proposals, it would be a mistake not to analyse the negotiation line the Parliament has taken since 2009, with the initiative report by MEP Stéphane Le Foll on Agriculture and Climate Change.¹⁰ More specifically, since the debate on CAP reform began in April 2010 (with the Public Consultation launched by Commissioner Dacian Ciolos), the EP has been a very vocal actor in the discussion, mainly through three key reports: the Georges Lyon, José Bové and Albert Dess reports¹¹. The first two reports were adopted prior to the Communication of the Commission outlining the main reform options (published on 18 November 2010),¹² whilst the third was the Parliament’s official response to it. The earlier Lyon and Bové reports were adopted with a large majority and reflected a high level of consensus on agricultural issues, even among the different political groups of the EP. These consensus efforts put the EP in a very strong position *vis-à-vis* the EC to start negotiating on CAP reform. However, this confident and coherent line was then dramatically weakened by the Dess report, which was the formal EP response to the Commission’s Communication. Indeed, the German Conservative Albert Dess proposed a very controversial first draft report, which was heavily

⁶ The CVs of the Committee for Agriculture and Rural Development members are available at: <http://www.europarl.europa.eu/members/expert/committees/search.do?committee=2870&language=EN>

⁷ Ch. Roederer-Rynning, “The Common Agricultural Policy: the Fortress Challenged”, in H. Wallace, M.A. Pollack and A.R. Young, *Policy-Making in the European Union*, 6th Edition, Oxford University Press, 2010, p. 199.

⁸ Luis Manuel Capoulas Santos (Socialist, Portugal): proposal on direct payments, proposal on rural development and proposal on transitional measures for 2013. Michel Dantin (EPP, France): Proposal on a Single CMO. Giovanni La Via (EPP, Italy): proposal on financing, management and monitoring. Herbert Dorfmann (EPP, Italy): proposal on support to vine-growers. Whilst report allocation must reflect the political weight of political groups in the EP (with the EPP and S&D leading), it is extraordinary that no report of such an important and large legislative package was allocated to any other political group.

⁹ *The European Parliament and CAP reform: How will co-decision affect the outcome?*, CEPS meeting, 22 March 2012.

¹⁰ European Parliament, Report on EU Agriculture and Climate Change (2009/2157(INI)), 17.12.2009 (http://www.europarl.europa.eu/meetdocs/2009_2014/documents/agri/pr/794/794091/794091en.pdf).

¹¹ Georges Lyon Report: European Parliament resolution of 8 July 2010 on the future of the Common Agricultural Policy after 2013 (2009/2236(INI)), José Bové Report: European Parliament resolution of 7 September 2010 on fair revenues for farmers: A better functioning food supply chain in Europe (2009/2237(INI)), Albert Dess Report: European Parliament resolution of 23 June 2011 on the CAP towards 2020: meeting the food, natural resources and territorial challenges of the future (2011/2051(INI)).

¹² European Commission, *Communication from the Commission - The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future*, COM(2010) 672 final, Brussels, 18.11.2010 (http://ec.europa.eu/agriculture/cap-post-2013/communication/com2010-672_en.pdf).

criticised - both by the other political groups and his own. After over 1200 amendments, whittled down to about 60 compromise amendments,¹³ the report was more or less brought back to the original EP line and adopted by a majority at the plenary session of the EP in June 2011. On this occasion, Commissioner Ciolos welcomed the fact that the Dess report showed “a coherent EP approach to the reform - and a logical extension to the own-initiative report by George Lyon last year.¹⁴

Looking at this first ‘co-decision’ experience on the CAP is a useful indication of the potential difficulties the EP may face when amending the Commission’s legislative proposals. It also shows the procedural consequences of the new institutional set-up. Seven months passed between the publication of the Commission’s Communication – a 12-page document released in November 2010 – and the adoption of the EP’s response to it in the plenary session of June 2011. This does not bode well for a smooth process further along the line.

4. Under a tight schedule

There is currently much talk about the potential delays that co-decision may bring and the fear that a new CAP will not be ready for implementation by the 1st January 2014, especially in view of a potential deadlock in the MFF negotiations (on which CAP reform depends, see below).¹⁵ This situation is described by R. Rynning as a paradox:

While potentially making the CAP accountable to a wider constituency, co-decision might also slow down the pace of reform by placing new technical and political constraints on the Commission’s right of initiative.¹⁶

The anxiety about not meeting the 1st January 2014 deadline is also shared by the Parliament itself, which highlighted the need to strike a political agreement on the Multiannual Financial Framework (MFF) ceilings at least one year before the framework enters into force:

Considering the complexity of EU decision-making, added to the busy electoral schedule in many big countries during the negotiation process could compromise the indicative calendar (...).¹⁷

However, despite the seriousness of this threat and the negative consequences of procedural delays, the content of such a crucial policy should not be jeopardised by a tight schedule. If, under the pressure of the EC and the Council, the EP ‘rushes’ its part of the process, the overall quality of its contribution to CAP reform may well be undermined. This would be counter-productive for policy outcomes overall.

5. And the budget negotiations go on...

As mentioned above, (potential) delays in reforming the CAP can partly be explained by the somewhat belaboured budgetary negotiations that are under way at EU level, i.e. adopting

¹³ AGRA FACTS, 25.05.2001, N° 43-11.

¹⁴ Speech of Commissioner Ciolos on the EU plenary adoption of the Dess report (http://ec.europa.eu/commission_2010-2014/ciolos/headlines/speeches/2011/06/20110624b_en.htm).

¹⁵ In a recent post, Peter Becker, a member of the Stiftung Wissenschaft und Politik (SWP), a leading German think tank, hypothesises on the possibility of not finding an agreement on the budget at all, and warns against the negative consequences of this deadlock for the entire EU integration process. Peter Becker, *Framing the debate about the negotiations on the next EU multiannual financial framework – What if?*, <http://www.budgetinperspective.eu/2011/04/what-if/>

¹⁶ Ch. Roederer-Rynning, “The Common Agricultural Policy: the Fortress Challenged”, in H. Wallace, M.A. Pollack & A.R. Young, *Policy-Making in the European Union*, 6th Edition, Oxford University Press, 2010, p. 199.

¹⁷ European Parliament note, *The CAP in the Multiannual Financial Framework 2014/2020*, IP/B/AGRI/NY/2011_12, 11 October 2011, p. 17.

the new MFF for the next seven years. In fact, broadly speaking, one could argue that the MFF talks are dictating discussion on the CAP, leaving very little room for manoeuvre to the EP. This was clearly illustrated in the MFF proposals of the EC (published on 29 June 2011) which included a very specific 'policy fiche' on CAP reform, already giving precise indications, months before the EC published its legislative proposals (12 October 2011).

The drafting of reports and the votes are highly contingent upon the budget talks and the EP is reluctant to make any formal decision until there is more clarity on the level of budget. In recent months, MEPs of the COMAGRI have been discussing the different options available to move forward with their reports, without proceeding to a vote. They finally agreed that no plenary vote should be scheduled before the final deal on the MFF, expected to be struck at the December Council.¹⁸ COMAGRI MEPs are currently examining the draft reports circulated by the Rapporteurs last week, with a committee vote preliminarily scheduled for November 2012.¹⁹

The strong budget-driven nature of these reforms is well known in the history of CAP reforms, but it is accentuated today by the context of severe austerity; as budgetary room for manoeuvre tightens, the usual battle between net contributors and beneficiaries of the CAP is exacerbated, and its share of the EU budget is under unprecedented levels of pressure.

Conclusions

Despite these preliminary predictions and hypotheses, much uncertainty remains over how the EP will use its new role and what impact this will have on the contents of the reform:

While the changes in the Lisbon Treaty formally may increase the power of the EP over the CAP, it is still unclear how agricultural issues will be handled, or whether or not the changes will substantially affect outcomes in practice.²⁰

What is clear, however, is that there is an opportunity to push the CAP beyond the traditional interests represented in the COMAGRI. Society, through its elected representatives, must set new priorities for a policy that affects EU citizens in all aspects of their lives.

To make the most of its new role and meet expectations regarding the CAP, the EP should focus its efforts on developing its own capacity, expertise and policy options in this area, independently from the EC or the Council. This should be a key focus for the next legislative term. At the same time, newly elected Members of the EP should be incentivised to sit on the COMAGRI regardless of their agricultural background, or lack thereof. This would enable the EP to move beyond national agricultural interests and the budget-character of the negotiations that are already overwhelming the debate in the Council. It would also give more credibility to the EP as the representative of EU citizens.

From a political and institutional perspective, it is clear that the more coherent the negotiation line, the stronger it will be. In this sense, the rapporteurship of reports should be distributed to all political groups in the EP (to avoid a marginalisation of certain groups from the debate), proportionate to their political weight, and consensus-building efforts should be deployed to a large extent. This would improve the quality of the EP's input into the process, and as a result strengthen its position in the negotiations with the EC and the Council.

¹⁸ AGRAFACTS N° 15-12, 22.02.2012, AGRAFACTS N°43-12, 01.06.2012.

¹⁹ AGRAFACTS N°43-12, 01.06.2012.

²⁰ A. Greer and Th. Hind, "The Lisbon Treaty, agricultural decision-making and the reform of the CAP: a preliminary analysis of the nature and impact of co-decision", paper prepared for the Annual Conference of Agricultural Economic Society (AES), University of Warwick, 18-20 April 2011.