

13 February 2012

AmCham EU's position on the Commission's proposals for a reform of the Common Agricultural Policy

The American Chamber of Commerce to the EU (AmCham EU) recognises the steep challenges faced both at a European level and globally in achieving an affordable, accessible, diverse, safe and nutritious food supply, while also ensuring that production respects high standards of animal welfare and environmental protection.

AmCham EU broadly welcomes the Commission's Common Agricultural Policy (CAP) proposals as a **step in the right direction**, however in specific areas we believe improvements can be made in order for the CAP to reach its full potential, and accordingly would like to provide the following comments concerning the proposals.

AmCham EU calls for more market orientation within European agriculture

- AmCham EU believes that the market offers good opportunities to farmers and has welcomed the successive reforms of the CAP which have set a direction toward greater market orientation; **we are pleased that the latest proposals confirm this tendency.**
- We also believe that **more determined proposals are needed to promote agricultural competitiveness both at the European and international level** by encouraging a competitive and sustainable agricultural sector, in line with the Europe 2020 strategy. Allowing farmers access to the best technology is crucial for European agriculture to be able to compete in a globalised economy.
- AmCham EU calls for **a more flexible policy**, allowing farmers to choose the production and the production method based on accurate publicly available market information. This will allow and encourage them to react to market signals in order to address price volatility.
- AmCham EU supports the process of further **deregulation of the EU sugar sector** and the abolition of production quotas by 2015, accompanied by reductions in import tariffs to a level that will stimulate competition in the market. This will bring sugar in line with the majority of EU agricultural commodities, as currently sugar is the last significant agricultural product which has not been opened up to market forces. **Continued liberalisation, that takes into account a fair income for European farmers, will help deliver a more competitive EU sugar market while ensuring greater security of supply for sugar users.**

POSITION STATEMENT

AmCham EU calls for productivity and sustainability to be at the heart of the CAP

- AmCham EU believes that both **sustainability and productivity must be at the heart of any future CAP. The two are inseparably linked.** For example, the environmental benefits gained from bio-diversity allow for increased productivity in the field due to higher levels of pollinators. Equally, higher productivity levels allow pressure to be taken off scarce resources such as land, water and soil fertility.
- The proposals for **greening the CAP are a step in the right direction** towards achieving an agricultural system that is both sustainable and productive, and in principle are welcomed by AmCham EU. However **in practice the proposals are too blunt and lack relevant instruments to ensure that the environmental benefits envisaged will become a reality.** AmCham EU calls for the greening measures to be better targeted at regional level to take into account the diversity within European agriculture.

AmCham EU welcomes the increased importance given to research and innovation within agriculture

- AmCham EU believes that **innovation has a key role to play in the sustainable intensification of the quality and quantity of agricultural production** in Europe. In particular, we welcome the substantial increase for innovation in the budget to some €5.1 billion, as well as the proposed innovation partnership concept and the emphasis on transfer of knowledge to farmers.
- AmCham EU, however, believes that **the current regulatory framework for agricultural innovation and techniques act as a major obstacle to the promotion of innovation** within Europe; AmCham EU believes that the current framework should be improved and we would welcome the CAP proposals to take this into account.

AmCham EU calls for a reduction in the administrative burden of the CAP

- AmCham EU fears that the suite of measures put forward by the Commission will **lead to further red tape and administrative burden both for producers and authorities.** Indeed, even following the health check of the CAP, the Court of Auditors reported that implementation of cross compliance measures in the Member States was not working well. The dramatically increased number of similar measures will only make this situation even more burdensome. For example the 30% of aid under the first pillar is made contingent upon wider environmentally friendly practices.

Conclusion

AmCham EU believes that the **Commission's proposals are a step in the right direction toward** finding a solution to the challenges the food and agricultural sectors are currently facing in Europe. We welcome the increased

investment in research and innovation, as well as the liberalisation of the sugar market. However, AmCham EU believes that **the new proposals fail to achieve the full potential of what the CAP can deliver**. AmCham EU calls for greater simplification, increased market orientation and the promotion of sustainable intensive agriculture, which we believe will allow Europe to better meet the challenges ahead.

POSITION STATEMENT

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AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate U.S. investment in Europe totalled €1.4 trillion in 2009 and currently supports more than 4.5 million jobs in Europe.

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