

Synthesis and assessment of the public debate on
the reform of the CAP after 2013

SPAIN

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List of abbreviations

- ASAJA: *Asociación Agraria Jóvenes Agricultores* / Young farmers association
- CCAA: *Comunidades Autónomas* / Autonomous Communities
- CIEGRAM: *Centro de Estudios e Investigación para la Gestión de Riesgos Agrarios y Medioambientales* / Research Centre for the Management of Agricultural and Environmental Risks
- COAG: *Coordinadora de Organizaciones Agrarias* / Farmers' Organization Coordinator
- EAFRD: European Agricultural Fund for Rural Development
- EAGF: European Agricultural Guarantee Fund
- ERDF: European Regional Development Fund
- EU: European Union
- FIAB: *Federación de Industrias de Alimentación y Bebidas* / Spanish Food and Drink Industry Federation
- GDP: Gross Domestic Product
- IESA: *Instituto de Estudios Sociales Avanzados* / Institute for Advanced Social Studies
- LAG: Local Action Group
- LFA: Less Favoured Areas
- MAAM: *Ministerio de Agricultura, Alimentación y Medio Ambiente* / Ministry of Agriculture, Food and Environment
- MARM: *Ministerio de Medio Ambiente, Medio Rural y Marino* / Ministry of the Environment and Rural and Marine Affairs, MARM
- PP: *Partido Popular* / People's Party
- PDO: Protected Designation of Origin
- SEAE: *Sociedad Española de la Agricultura Ecológica* / Spanish Society of Organic Agriculture
- SEO: *Sociedad Española de Ornitología* / Spanish Ornithological Society
- UAA: Utilized Agricultural Area
- UCCL: *Union de Campesinos de Castilla y Leon* / Union of Castile and Leon Farmers
- URCACYL: *Unión Regional de Cooperativas Agrarias de Castilla y León* / Regional Union of Agricultural Cooperatives of Castile and Leon
- UP: *Unio de Pagesos* / Farmer's Union
- UPA: *Union de Pequeños Agricultores y Ganaderos* / Union of Small Farmers and Ranchers
- WTO: World Trade Organization
- WWF: World Wildlife Fund

1. BASIC FACTS

Basic elements can be considered in order to understand the Spanish approach to the agrarian and rural policies:

1. The **heterogeneity** of Spain was frequently mentioned as the biggest non-weather related obstacle facing agricultural managers and policy makers. The country is divided by natural boundaries that break it into distinct regions. From the political transition (1975-85) those regions are Autonomous Communities (CCAA) with a high degree of political autonomy. A total of 17 CCAA are responsible for the implementation of the agrarian policy. The high degree of regional autonomy makes it very hard to reach agreements for a common national position and only the Spanish government, based in Madrid, negotiates at the European Union level.
2. The **Spanish Utilized Agricultural Area** totals 24,230,523 ha. The potentially eligible area for single payments accounts for 20,136,856 ha. In 2009, only 16,232,820 ha had entitled single payments. The distribution of the UAA is as follows: arable land: 12,487,368 ha.; permanent grassland: 6,959,596 ha. and permanent crops: 4,783,559 ha. Fallow is a popular practice in dry areas and accounts for 3,362,000 ha. Permanent crops (6,959,596 ha) are very relevant in Central and Mediterranean regions. Olives (2,483,000 ha,) and vineyards (1,135,200 ha,) are the main permanent crops.
3. **Water availability** is always a concern in Spain. The Spanish rainfall regime is very irregular and non-irrigated crops have a variable success rate, evidenced by their fluctuating annual production. Irrigation is the way to obtain higher and more stable production. Irrigation is a fundamental driving force of Spain's productive agriculture. Around 75-80% of water resources are oriented to the agricultural sector, creating conflicts with other uses. Irrigated land accounts for 3,818,101 ha. Spain has about 1,300 dams while groundwater accounts for around 20% of total water used in agriculture. Total water abstraction per inhabitant -surface and groundwater- is 767 cubic meters, and it is one of the highest in the world. Conservation and ecologist movements are very staunch against the development of new irrigation surfaces.
4. **Agricultural territorial duality**. Spanish agriculture is very contrasting. There are zones with very productive agriculture and capacity to export, but there are also large zones with very low soil quality, important topographic difficulties and low and irregular rainfall. The agrarian production in these zones has low rates of return and cannot survive in open markets. These less productive zones can be divided in mountain areas and flat dry areas. Agriculture remains the main activity in some of these regions, and industry and services are poorly developed. For the regions with a productive agriculture, the main policy topics are related to competitiveness, price volatility and EU protection in the face of imports. For the poor agrarian regions, the main topics are decoupled direct payments, conservation and less favoured areas payments, as well as Natura 2000 payments.

5. **Extensive versus intensive systems.** Spanish agriculture includes very different farming systems or styles. Together with modern and intensive systems there are traditional systems. The following classification synthesizes the different systems:
- ▶ **Traditional extensive systems** in dry land devoted to herbaceous (cereals, sunflower and fallow). In those areas, there is a tendency to cereal monoculture (manly barley). The traditional fallow was one year under production/one year out of production. A policy that supports extensive systems is much appropriated for this system. The natural value of this system is estimated to be very high for the steppe bird concentration.
 - ▶ **Mediterranean crop** systems in dry land, devoted to vineyards, olive groves and almond trees. The landscape value is considered high. Over the last decade, those crops are shifting into low intensity irrigation under a drop system. A modernization policy with more irrigation facilities is demanded in the Mediterranean crop areas.
 - ▶ **Dehesas systems:** extensive agricultural systems with a mixture of crops, cattle and trees. Dehesas are considered by some researchers the most sustainable agrarian system for their complementarily between cereals, forage, wood and high quality meat. It induces a very valuable landscape, but is very fragile as compared to modern techniques.
 - ▶ **Extensive livestock systems**, predominantly in mountain or hilly areas, with sheep, goat and cattle presence. Abandonment is the main concern of those regions and products.
 - ▶ **Intensive systems** in irrigated land dedicated to horticulture (vegetable and fruit crops) and other productions such as sugar beet, alfalfa, cereals, tobacco and cotton. Water contamination and aquifers over-exploitation are challenges for those systems.
 - ▶ **Intensive livestock** systems of pigs, poultry, rabbits and calves. This system is highly concentrated in nitrate vulnerable areas, with notorious problems.
6. **Ecosystems: Fragility and land abandonment.** The ecosystems found in the majority of Spanish regions have remarkable factors of fragility with high risks of erosion, fires and desertification. The disappearance of the agrarian activity negatively affects a large number of these ecosystems. Land abandonment is a concern in some regions of Spain.
7. **High risks in front to natural hazards.** Natural risks are very high due to the frequent strong storms, flooding, very dry periods, frost, snowfall, etc. A crop and weather insurance system was developed with the support of Spanish public funds.
8. **Depopulation,** Spanish population is very unevenly distributed. Except for Madrid, the entire central ring presents very low densities as well as large mountain areas found in nearly all regions or Autonomous Communities, Therefore, in Spain, there are large areas threatened with desertification and depopulation.

2. SELECTED STATEMENTS

2.1. Selection of the stakeholders

The selection of the actors was done considering the following elements:

- **Availability of written documents.** There are few documents and in some cases we also analysed some power points presented in different seminars or meeting, and materials distributed in seminars and workshops. Press releases about the Commission's proposal were also considered.
- **Diversity.** We will include the governments at different levels (national and regional governments), farmers' unions (with a priority to those that operate at national level or that have a national coordination), farmers cooperatives (the position of the network for Spain), environmental organizations (some of those organizations are part of an European network, in that case we are trying to emphasise the points that are specific for Spain), the academia (two studies prepared by university professors) and finally the Forum on the Cohesion of Rural Territories (IESA Forum) that brings together scholars, representatives from the farming sector, rural development network partners and professionals.
- **Relevance.** We selected those organizations with representativeness, impact in the media and in the agrarian forums.
- **Originality.** Also, we are trying to emphasise those actors with novel aspects.

The actors selected:

- **The Ministry for agriculture.** The current Spanish government responsible for agrarian policy and regulation was created in 2008 under the name of *Ministry of the Environment and Rural and Marine Affairs* (MARM), through the merger of the Ministry of Environment and the Ministry of Agriculture, Fisheries and Food. It was renamed as *Ministry of Agriculture, Food and Environment* (MAAM) in December 2011. The MAAM leads the negotiations at the EU level. During the Spanish Presidency of the Council of the European Union (January-June 2010) they initiated the discussion about the future of the Common agricultural policy (CAP), with several meetings and the preparation of several documents. In March 2011 a joint document by Ministry and 11 out of the 17 regional governments on the CAP reform proposals were presented. In October 2011, after the publication of the Commission's legislative proposal, a short joint document with the consensus of the regional governments was presented. The November 2011 general elections have resulted in a change in the Spanish government with the exit of the socialist party and the entry of the People's Party.
- **The regional governments.** Spain is organized in 17 autonomous communities with a large autonomy and competences in agricultural affairs. The regional governments implemented the CAP and each region has a Rural Development Programme. At the beginning of the 2011, MAAM invited the regional governments to discuss their position in regards to the CAP reform. At that time several regions had prepared a document on their position. We have selected

some of those documents from the most populated and largest regions: Andalucía, Castilla-la Mancha, Castilla y Leon and Catalunya. These four regions account for 45% of the Spanish population and 64% of the UAA.

- **Farm Unions.** The main Spanish farm unions are ASAJA, COAG and UPA. ASAJA is a federation of regional farmers unions and agrarian associations, COAG is a confederation of regional unions and UPA is a national association. In addition, we have included the Unió de Pagesos' (UP) position. UP is the most important agricultural organization in Catalunya. For many years UP was member of COAG but a few years ago left COAG. It is now establishing a new state-wide organization called Union de Uniones.
- **Farmer's cooperatives.** In some sectors and in some Spanish regions cooperatives are very important and dynamic. There is a network that associates almost all the most relevant cooperatives. The network's name is "Cooperativas Agroalimentarias" (formerly Confederación Española de Cooperativas Agrarias). Cooperatives have an important presence in the media, conferences and forums in order to defend their views and interests.
- **Spanish Food and Beverage Industry Federation (FIAB).** FIAB was created in 1977 to represent the Spanish industry of food and drinks. Presently, it encompasses 50 sector associations representing nearly 90% of the sector's turnover. Since 1986 it is a full member of the Confederation of the Food and Drink Industries of the EU (CIAA).
- **The academia.** In this group we considered two reports done by university professors. Both studies were under the contract of other institutions (the Spanish ministry for agriculture and a foundation that belongs to the socialist party). These documents have been produced by researchers from the two most influential departments of agrarian economy in Spain: one from Universidad Politecnica de Madrid (CIEGRAM) and another from Universidad Politecnica de Valencia (Compes). There are few documents with a clear position from the university.
- **Territorial forum.** We consider the network *Forum on the Cohesion of Rural Territories (Foro IESA)*. The documents from Foro IESA reflects the consensus on certain issues between the position of specialists of the academia, representatives from the farming sector, rural development networks, environmental activists and professionals. IESA Forum is the only forum with positions in the field of territorial and agricultural policy. Additionally, the Forum IESA gives voice to rural development players, a type of actor with little or no presence in the current debate on the CAP reform.
- **Environmental organisations.** There are few environmental organisations in Spain that take part of the CAP debate. SEO-Birdlife and WWF Spain are the most important Spanish organization involved in the CAP reform discussion. SEAE and Vida Sana represent the lobby of organic producers. However, it is worth saying that most of the documents and power points from that type of organisation are the Spanish translations of documents from a European network (Birdlife International and WWF Europe), with in some cases small adjustments.

2.2. MAAM (Ministry of Agriculture, Food and Environment / Ministerio de Agricultura, Alimentación y Medio Ambiente)

The MAAM was created in 2008, under the name of *Ministry of the Environment and Rural and Marine Affairs* (MARM) through the merger of the Ministry of Environment and the Ministry of Agriculture, Fisheries and Food. It was renamed as *Ministry of Agriculture, Food and Environment* (MAAM) in December 2011. On 22 December 2011 Miguel Arias Cañete was appointed Minister of Agriculture in replacement of Rosa Aguilar who was minister from October 2010 to December 2011.

Spanish position and decisions on agricultural policies are discussed in the framework of the *Consejo Consultivo de Política Agrícola y Pesquera para Asuntos Comunitarios* (Agricultural and Fishery Policy Advisory Council for Community Affairs) composed of MAAM and the regional ministers in charge of agricultural and fishery issues. The position of the MAAM was presented and discussed with the Autonomous Communities in the *Consejo Consultivo de Política Agrícola y Pesquera para Asuntos Comunitarios* that took place the 7 of March 2011 and has the support of 11 Autonomous Communities. In October 2011, the Ministry (MAAM) and the 17 Autonomous Communities agreed on a document with an “initial assessment” of the legislative proposals of the Commission

General orientations

The MAAM documents, as with the documents from the Spanish regional governments, are those that are more in line with the **challenges** identified by the Commission. In fact, according to MAAM, the Commission’s Communication of November 2010 “is in tune with the ideas and findings on CAP reform promoted by the Spanish Presidency of the Council of Agriculture (January-June 2010)”. In addition, MAAM justifies some of their positions because they are coherent with the Commission’s challenges. A long list of challenges are mentioned in MAAM documents: globalization, competitiveness, price volatility, world crisis, legitimacy of the CAP, sustainability, biodiversity preservation, water management, climate change and so on. Climate change is mentioned as a component of Strategy Europe 2000 and as a reason to allocate more funds to Spain due to the special “vulnerability of Spanish agriculture to climate change”.

As in the case of the challenges, MAAM shares the targets proposed by the Commission and considers that the **objectives** included in the Treaty of Rome are still appropriate today. MAAM mentions the following objectives: feasible production of food; sustainable management of the natural resources and mitigation of climate change and territorial balanced development. Furthermore, MAAM underlines that “the main objective of the CAP is viable food production for which it is necessary to stabilize and enhance farm incomes”. In addition, a sufficient farm income, water management, and territorial cohesion are all aspects repeated several times along the documents.

Regarding the content and scope of the planned CAP reform, the Ministry supports in most of the points the maintenance of the *status quo*. In addition, documents from MAAM pointed out the need to strengthen the participation of **women and youths** in the farming sector and they ask for a more active policy to assist young farmers to set up farms. Finally, the Ministry wants to implement “territorial contracts” as an important instrument for rural development. The territorial contract is a formal instrument which

establishes the set of commitments between the government and the farm owners to guide and encourage their activity on behalf of a sustainable rural development.

The amount of **budget** available for the CAP, and the share received by Spain, is an important subject. The ministry considers the CAP budget included in the Multiannual Financial Framework presented in June 2011 as insufficient. According to MAAM, the Spanish agrarian sector must continue receiving an important percentage of the CAP budget due to the specific characteristics of Spanish agriculture and its high risk in the face of climate change. A priority for MAAM is to maintain the level of participation of Spain in the overall CAP spending, and in their opinion the **distribution of funds** between Member States should be based on objectives, measurable criteria established in advance.

In its reaction to the legal proposals of the Commission, the Spanish Minister (Rosa Aguilar) stated that “the convergence between Member States should be done gradually” and “never at the expense of the farmer's pocket.” She also stated “the horizon of convergence raised by the European Commission requires additional funds” (in order to avoid funding cuts in some countries).

MAAM are strongly against “re-nationalization” of the CAP. According to the minister “a common policy is better than several national policies”. In addition, the future CAP should be structured in **two pillars**: “trying to improve synergies and coherence between pillars and avoid overlaps and inconsistencies”. Pillar I must be 100% financed from the EU and Pillar II must be co-financed. MAAM wants to avoid an increase of the participation of the Member States in the budget of Pillar II.

Direct payments

MAAM justifies **direct payments** as a way to assure a farm's basic level of income and to pay for public goods delivery. While the replacement of “active farmers” by “active agriculture” is important, no definition is given for “**active agriculture**”. After the legislative proposals of the Commission were made public, MAAM considered the Commission's “active farmer” concept as unsatisfactory and pointed out that it is “a manifest disaster”: “it implies the exclusion of farmers dedicating 100% of their time to the farm, but who do not receive direct payment from the CAP”.

In several presentations, MAAM agrees with the lack of legitimacy and efficiency of the historical system. Nevertheless, in the last press notes the Ministry defends the maintenance of the current CAP until the end of the economic crisis. After the legal proposals of the Commission were made public, the Ministry and the 17 Autonomous Communities have agreed on a document with an “initial assessment” of the proposals of the Commission. It states a total rejection of the basic payment proposal. Alternatively, it proposes that “the future model of direct payments shall respond to the needs of different orientations and production systems”. In addition, the Spanish Minister (Rosa Aguilar) says that “the flat rate does not fit with our production model, characterized by great diversity and productive richness”

In its reaction to the legal proposals of the Commission, MAAM considered as inappropriate the proposal on a **greening** payment of 30% of the direct payment. The Ministry stated that “including the concept of greening the CAP reform is a positive goal, but it is necessary to review the level of 30% of greening on direct payments”. Following their argument, “farmers are already making sufficient efforts to be compensated for their participation in the environmental preservation”. In addition, the

Spanish Minister argued that the European Commission "must take into account that European agriculture, farmers and ranchers, already meet a whole range of environmental provisions and requirements set out in laws at national level, which makes our agriculture sustainable". In the same way, the last document of the Ministry with the 17 Autonomous Communities pointed out that "our farmers already comply with environmental requirements that must be taken into account". The document also argues that "(greening) requirements must not weaken the competitiveness of the agricultural sector". Finally, Spanish Minister (Rosa Aguilar) stated in October 2011 that "the inadequacy of the proposed greening measures are unacceptable for some of our most representative productions such as olive groves, vineyards, fruit production, irrigated production systems and livestock production in mountain areas, among other".

MAAM supports the maintenance of the **two pillars** structure of the CAP, however they also pointed out that it is necessary to decide which measures must be in Pillar I and which in Pillar II, in order to avoid duplications.

Market measures

MAAM qualified as insufficient the **market and crisis managements tools** of the October proposal. "The EU needs agile, flexible and automatic intervention tools to deal with the crisis. These instruments must be activated in time to meet the sector's problems". The Spanish minister said that the proposed market tools "were not enough in a context of price volatility and profitability crisis". However, they do not specify any alternative, other than to point out that "it is important to support storage".

In order to strengthen the **role of producers** within the food supply chain, MAAM proposes to support the role of producer organizations, to promote **concentration** of production in order to achieve greater business dimension and to put in place mechanisms that allow **transparency** in price formulation and promote **good business practices**. MAAM proposes to explore the applicability in other sectors of the measures included in the *dairy package* (minimum standards for written contracts, contract terms negotiated collectively via producer organisations, specific EU rules for inter-branch organisations and measures for enhancing transparency in the market). After the legal proposals of the Commission were made public, MAAM argued that there was a need to **concentrate supply** and "adapt the **rules of competition**" and stated that "there is a need for more effective market management instruments". MAAM criticizes the lack of precision of the intervention mechanisms and especially the intervention prices.

MAAM is in favour of applying the principle of trade **reciprocity**. In their opinion, today, imports often do not fulfil the requirements imposed on the European production (food safety, quality, environmental issues and animal welfare).

Rural measures

According to the Ministry, the main objective of the second pillar should be **agrarian competitiveness** within the framework of: (1) sustainable management of natural resources; (2) to avoid land abandonment; (3) a better use of water and (4) territorial convergence. In addition, the minister wants **young farmers and women** to be a priority. After the legislative proposals of the Commission were made public, the Spanish minister argued that the new CAP should include "concrete support to rural women" and considered it "unacceptable that the proposed reform of the CAP did not have a single line oriented to women".

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2.3. Andalucía regional government (Junta de Andalucía)

Andalucía is the southern region of Spain. It is the most populous (8.3 millions of inhabitants) and the second largest in area (87,268 km²) of all the autonomous communities of Spain. Andalucía falls under the “cohesion objective”. Andalucía has 150 protected spaces, including two national parks. Nearly 20 percent of the territory is under a protected scheme, which constitutes roughly 30 percent of the protected territory of Spain. The agricultural and food sector has a significant weight in the overall regional economy; 6% of the GDP and 9% of employment. Traditional crops are olive trees, cereals and wine. Over the last decades, a modern intensive horticulture sector has developed, oriented towards the European markets. Andalucía is the biggest beneficiary of the CAP in Spain. In 2010, the value of an entitlement in 2010 was of 365 euros per ha. as compared to 212 euros for the Spanish average. Nevertheless, the amount per beneficiary is very close to the Spanish average. An important reduction in Andalucía’s CAP budget is foreseen. The debate about the future CAP will be especially difficult in that region, where farmers’ demonstrations are common and a large part of the population receive CAP payments. The Socialist Party (PSOE) has been in power since 1978 when the regional government was established. The regional government's position agrees with the regional agrarian organizations (ASAJA, COAG and UPA) and Cooperativas. On the 21st of November the regional government of Andalucía exposed in Brussels to commissioner Dacian Cioloș the proposals of nine European regions (Bavaria, Upper Austria, Bretagne, Pays de La Loire, Poitou-Charentes, Toscana, Emilia-Romagna, Malopolska and Andalucía) to improve the CAP market management mechanisms.

General orientations

The **challenges** identified by the Commission are shared by the Andalucía government, with the inclusion of climate change and biodiversity. According to the regional government the main **targets** of the CAP should be to maintain an economically viable agriculture and to support food production. Regarding the **scope**

of the planned reform of the CAP, after the legislative proposals of the Commission were made public, the regional government argued that “this is not the right time (due to the economic crisis) to propose important changes”. Concerning the budget of the CAP, the Andalusia government defends “almost the same amount of money as today” and argues against renationalisation of the CAP.

The Andalusia government strongly advocates maintaining the current CAP structure in two pillars. **Pillar I** devoted to guarantee food availability and market stability through market intervention tools and direct payments. And **Pillar II** devoted to competitiveness improvement, sustainability and territorial cohesion. Member States should have flexibility to adapt Pillar II to the specific condition of each country.

Direct payments

Regarding direct aids, the Andalusia regional government stated that “**direct payments** are necessary in order to maintain the European agrarian model because the high cost of the model is not sufficiently compensated by the income from the market”. Therefore “income support should be the main objective of direct payments” and direct payment “should be restricted to **active farmers**” (“those that generate employment and wealth”). From the point of view of the regional government, in order to receive payments, the beneficiaries, would require either (1) a minimum of cultivated land, (2) to maintain the land in its productive conditions in areas of permanent crops, or (3) herd a minimum number of livestock according to their farm orientation. In addition, all beneficiaries would have to meet cross-compliance requirements.

After the legal proposals of the Commission were made public, the regional minister for agriculture expressed strong opposition to removing **historical references**. The Andalusia government argues against a **flat rate** at national level or at region level. According to the Andalusia regional government, “direct payments should take into account differences in natural and economic conditions”. Consequently, the amount of the payment should consider (1) production system (cultivate land/pastures, permanent crops/herbaceous, irrigation/non irrigated,..); (2) productive potential and (3) main constraints of the region. In addition, the regional minister (Clara Aguilera) called on the regions to design by themselves their direct aid system “that will allow us to adapt direct payments to the specialisation and specificities of each territory.” In addition, the regional ministry asked for “a clear distinction in the payments for a hectare of olive trees, pastures, crops under irrigation, sheep and goats” and stated that “in proposing a uniform distribution of aid per hectare without taking into account the diversity of each territory, the Commission promotes an unproductive and uncompetitive agriculture sector”.

Regarding the **greening** component of the direct payments system, after the legislative proposals of the Commission were made public, the regional minister for agriculture argued that “We believe that it is not necessary to introduce new green commitments, as our agriculture is already environmentally sustainable”.

Market measures

According to the Andalusia regional government, the decrease of agrarian income, the imbalance in the bargaining power across the food chain and price volatility in global agricultural markets justifies maintaining market measures as part of the CAP. The regional government defends developing tools in order to **concentrate supply**, to modify EU **competition rules** in order to allow greater bargaining power for producers,

to develop **interbranch organizations** and homologated **contracts**. They also propose to increase **transparency** across the food chain, as well as the creation of **codes of conduct and good practice** and an increased **surveillance of anti-competitive practices** in the distribution sector.

After the legislative proposals of the Commission were made public (October, 2011), the regional minister for agriculture insisted that (1) the concentration of supply through **producer organizations** should be a requirement; (2) representatives of the distribution must be part of the **inter-branch organizations**; (3) exceptions to the **rules of competition** (provided for in the EU Treaty) in agricultural production sector must be used following the milk sector example; (4) it is necessary to improve the existing **market withdrawal** mechanism by increasing the amount of product to be removed and by updating the compensation amounts; (5) it would be appropriate to develop an easy criteria for the automatic activation of the **private storage** scheme and (6) the private storage scheme must be implemented to all non-perishables goods, especially to table olives. In addition, the regional minister proposes the creation of an **observatory of prices and trade margins** at Community level to monitor the European production capacity and consumption trends and asked for “maintaining the supply restrictions at least until 2020”.

In respect of **trade negotiations**, Andalucía regional government argues that the EU rules (sanitary, animal welfare, environment,..) should be applied to imported products and asked for compensation for the sectors affected by WTO negotiations or by bilateral agreements

Rural measures

The Andalucía regional government agrees with the Commission on the objectives of the rural measures, namely to improve **competitiveness** of agro-food sector, to protect **environment**, to improve **animal welfare** and to meet a **balanced territorial development**. The regional government proposes to give priority to **young farmers’** settlement, **investment in holdings**, **concentration of supply** and **increase value-added**. By contrast, measures promoting diversification are not seen as a priority.

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2.4. Castilla-la Mancha regional government (Junta de Castilla-la Mancha)

Castilla-la Mancha is a region located in the center of Spain with around two million inhabitants. It is one of the most sparsely populated of Spain's autonomous communities with a very low population density (26 inhabitants per km²). Agriculture is quite important in the region of Castilla-la Mancha; 7.5% of the GDP and 11% of employment. The traditional crops are vineyards (almost 700,000 ha.), olive trees and wheat. The surfaces of vineyard and olive trees under irrigation has been increasing very quickly. There are a lot of cooperatives, some of them very large.

In 2010, the ratio of direct payments per hectare in Castilla-La Mancha reached only 66% of the Spanish average.

Junta de Castilla-la Mancha is the regional government body of Castilla-la Mancha. The regional government's position agrees with the regional agrarian organizations (ASAJA, COAG and UPA) and *Cooperativas*.

General orientations

The document from the regional government shares the **challenges** identified by the Commission in its proposal of November 2010. "Climate change" and "preservation of biodiversity" are just presented as "new challenges". Furthermore, the document pointed out that the "initial general **objectives** of the CAP remain valid". In addition the document accepts without any comments the goals identified in the Commission proposals.

The paper advocates some changes of the CAP using very general arguments, namely "to meet the needs of the entire European food and agricultural sector", "to fulfil the demands and expectations of all European citizens about the agri-food model" and "to reach a coherent and sustainable model from both a socio-economic and environmental point of view". The document stresses the importance of maintaining the CAP **budget** due to the strategic role of agriculture and defends the need to increase the amount of funds that Castilla-la Mancha receives.

Regarding the structure of the CAP, Castilla-la Mancha's regional government defends the maintenance of the **two pillars** structure. Pillar I should contain a direct aid system and the market measures. Pillar II must be an important tool for territorial cohesion and employment promotion. The document supports including new risk management tools, such as income insurances, either through Pillar I or Pillar II.

Direct payments

The document strongly supports the maintenance of the direct payments as a central part of the CAP. A **basic payment** is justified as a "compensation for the benefits to society provided by the agricultural activity". The documents also justifies direct payments as a way to compensate for "over-costs incurred by the high standards of quality and food safety and other ethical or environmentally requirements for European Union production". In addition, to this basic payment, the document proposes three payments: an **additional payment** to compensate natural handicaps for mountain, intermediate (in risk of depopulation) and Natura 2000 areas; a non compulsory **coupled payments** for specific sectors and regions; and an special **aid for small farms**.

The document is very critical with the impacts of **decoupling payments**. “Current direct payments have not encouraged joint marketing strategies by farmers and their organizations, but rather they have served to the contrary. On the other hand, direct payments have not encouraged the modernization of farms and production systems”. According to the document both deficiencies result from the decoupling of direct aids from production and it defends that direct aid must be linked to the development of an “activity”. In addition the document argues against the **historical model** of direct payments due to the differences in the level of payments between regions and Member States. The document supports a new distribution of the aid not based in historical reasons. The document suggests a “flat rate” or “a common base aid” for all agricultural land. However, after the publication of the Commission’s legal proposals the regional government rejected the establishment of a **flat rate** for the basic payments at EU, national or regional level.

Regarding to the definition of **active farmer**, the documents suggests considering the following requirements: (1) must obtain production; (2) must be oriented to the market (commercial strategy); (3) must follow a process of modernization and adaptation in accordance with a sustainable use of natural resources and (4) must generate jobs. Furthermore, the regional government supports establishing a maximum amount of payment per farmer and year. That maximum is justified by the decreasing production of public goods when the farm size increases. In other words, large farms produce less public goods per ha. than small farms.

Market measures

According to the document, there is a need to eliminate bargaining power imbalances across the food value chain as well to address increased price volatility. The proposal is oriented mainly to reinforce the **producers associations**, cooperatives and all types of agreements between producers. Furthermore, the document proposes to develop contractual relationships between farmers and other food chain actors, using a “standard contract”. The **contract** must also include a non compulsory “good practice code”. In their opinion the legislation (normative) about **competition** must take into consideration the specificities of the agrarian sector and must be more flexible than the “monopoly situations”. Producer associations are seen as the only way to reinforce the position of the farmers against the food industry and the distribution.

Regarding the introduction of new **risk management** tools, the documents argue that if risk insurance is included in Pillar I, it can be financed with funds from the direct payments ceiling. However, the advantage of including the risk insurance in Pillar II is the greater flexibility it gives each Member State. The document also pointed out the need to maintain and reinforce the sectoral intervention in situation of crisis (intervention prices; public stocks, etc.) and strongly defends the reconsideration of all measures oriented to restrict supply.

Rural measures

According to the regional government, Pillar II should be maintained in order to assure the **territorial cohesion** in rural areas. The justification and goals are the same as those contained in the Commission’s proposals. The documents suggest three different types of rural development measures: (1) measures oriented to **competitiveness and innovation** (training, farm modernization, advisory services, young settlement, as well as increase of forest and agriculture value added); (2) measures orientated to **rural**

diversification and maintenance of population and (3) actions to address **climate change** with agri-environmental measures and Natura 2000 payments.

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2.5. Castilla y Leon regional government (Junta de Castilla y Leon)

Castilla y Leon is the largest autonomous community in Spain, covering an area of 94,223 Km² but with a population of only 2.5 million inhabitants. It is one of the most sparsely populated of Spain's regions with a very low population density (26.6 inhabitants per Km²). Castilla y Leon is an eligible region under the Regional Competitiveness and Employment Objective. Agriculture is quite important in Castilla y Leon: 5% of the GDP and 10% of employment. The agri-food sector (agrarian and food sector) represents 10% of the GDP. The traditional crops are cereals as well as legumes and vineyards. 10% of the UAA are irrigated. The production of livestock is relevant: ovine production for meat and milk, pigs and cattle.

Castilla y Leon is ranked second out of all Spanish regions for CAP funding reception after Andalucía. In 2010, Castilla y León received 1309 millions € from EAGF (1,049 M€) and EAFRD (260M€). The average value of the Castilla y Leon payment entitlement is only 161 € per ha. compared to the Spanish average of 212 €. The amount per beneficiary is the highest of Spain with 6800€. The Spanish average is 4160€. The Popular Party (PP) has been in power since 1987 in the regional government (Junta de Castilla y León). The regional government's position was agreed with the regional agrarian organizations (ASAJA, COAG, UCCL, UPA and URCACYL).

General orientation

The **challenges** considered in the document are food security, territorial cohesion, to support industrial activities, with priority in food security (to feed 500 million people). The most important **targets** are the following: (1) to provide a reasonable income level to men and women working on their farm; (2) to ensure farm profitability and (3) to compensate for price reductions. Regarding the **scope of the planned reform** of the CAP, the *status quo* is considered a good option for Castilla y Leon. It is not appropriated to introduce changes during the current situation of crisis. Concerning the budgetary aspects, the regional government defends maintaining the current **budget** and argues against **renationalisation** of the CAP. Furthermore, the document wants to maintain the current structure of the CAP in **two pillars** and defends concentrating expenditures in agrarian and food sectors with priority on pillar I.

Direct payments

The regional government strongly supports the permanence of direct payments as a way to compensate for the reduction of institutional prices and the additional costs due to European requirements related to food security, environment, labour and animal welfare. In addition, the regional government argues against **modulation** and against establishing a maximum **ceiling**: "it is a brake on competitiveness and goes against the development of new forms of farm associations". Payments should go mainly to farmers that work directly on the farm and whose income comes basically from farming. Criteria to define the different types of farmers and farms must be strictly established. In its reaction to the legal proposals of the Commission the regional minister (Silvia Clemente) argued against the **flat rate** because "the flat rate hurts intensive livestock farming".

The Castilla y Leon regional government proposes three *types of payments*: (1) a **basic payment** for all sectors (a basic aid for income); (2) a **specific payments** for some productions with different levels according to differences in cost (ie: irrigation or livestock); (3) an **extra payment** for "farmers with agriculture as their main activity" (concept close to full time farmers) and (4) some **coupled payments** for certain farms, that are in crisis or going through difficulties. If a **green components** is added, this component should not detract competitiveness due to an increase in costs or/and a reduction in production. Also they pointed out the need to avoid duplicities with agro-environmental measures (pillar II). After the legal proposals of the Commission were made public, the regional minister expressed her opposition to the greening payment since local agriculture already makes "a great effort to protect natural resources".

Market measures

The regional government wants to maintain, recover and strengthen market measures in order to compensate bargaining power imbalances across the food chain and the price volatility. Consequently they propose to develop new market measures in order to strengthen the bargaining power of producers within the food value chain, namely to establish **contractual relations** inside the food value chain, to promote **interbranch associations** and to support **cooperatives** in order to concentrate supply and to manage the storage, to reform the **rules of competition** at EU level so as to permit the concentration of supply and the negotiation of prices. In addition, taking into account the experience of Spanish crop & weather insurance, a new tool to **manage risks** must be established. Furthermore, the Castilla y Leon government asked to reconsider the removal of milk and sugar quotas.

Rural measures

The Castilla y Leon regional government wants rural measures to be oriented only to farmers, not to the rural population. Measures should be devoted to increase farm profitability and competitiveness, with a clear priority on farm investments, value added, young farmers, training and innovation.

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2.6. Catalunya regional government (Generalitat de Catalunya)

Catalonia's population is 7.5 million inhabitants and is a very urban and industrial region. The agriculture sector is not very significant: less than 2.0% of the GDP and 2.2% of total employment, but the food sector is the main industrial sector. The agriculture sector is very diverse with Mediterranean crops (wine, olive oil, nuts), fruits and vegetables and a very important intensive production of cattle, pigs and poultry. The food cluster is very central including important multinational firms as Nestle and Unilever, Catalan firms such as BonArea-Guissona, Nutrexa and Freixenet and cooperatives such as Cadi.

In 2010, Catalunya received 440 millions € from EAGF (310 M€) and EAFRD (130 M€). The value of an single payment entitlement in 2010 was of 255 euros per ha. as compared to 212 euros for the Spanish average. Nevertheless, the amount per beneficiary is lower than the Spanish average. The regional government's position (Generalitat de Catalonia) agrees with some regional agrarian organizations.

General orientation

According to the regional government, the CAP faces a long list of **challenges**: food security, price volatility, competitiveness, quality, new environmental and energy challenges and territorial imbalances. The main **goals** of the CAP are the following. (1) to strengthen competitiveness; (2) to support farm income and (3) to guarantee high quality, food safety, and healthy products. Special emphasis is done on food security at world level.

The CAP **budget** should not be reduced due to the strategic character of agriculture and the Member States' participation in the co-financing of Pillar II should not be increased. Regarding the **structure of the CAP**, the regional government defends the current two pillars.

Direct payments

The permanence of direct payments is seen as a way to maintain farm viability and the European agrarian production. Direct payments should be limited to **active farmers**. However, according to the regional government a clarification of the concept is necessary. The definition must take into consideration land use, livestock, and land preservation for agrarian or environmental goals, but not other concepts such as the percentage of farm income. In principle, the regional government appreciates the Commission's proposal to move to a regional system for direct payments. This change should be done without any damage to the livestock sector. The producers of intensive livestock without land must receive direct payments.

Concerning the types of payments, the regional government of Catalonia proposes the following: (1) a **basic payment** (the administrative process must be very simple, the producers of intensive livestock must receive basic payments and the basic level must be decoupled for any other indicator); (2) a **green payment** to compensate environmental requirements; (3) an **additional income** support for natural constraints; (4) a **coupled support** for some products and (5) a specific support for **small farms**.

Market measures

The regional government defends more **information and transparency** on agrarian markets and in the food chain, the establishment of contracts **in the food supply chain** (considering the share of margins, not the prices), the reinforcement of **inter-branch associations** in each sector, the development of **good practice codes** and to conserve the remaining intervention instruments. In addition, **future markets** must be promoted and new **risk insurances** must be developed. The regional government strongly argues against the **removal of milk quotas and the vine planting ban**.

Regarding the trade issues, the regional government defends to stop the **negotiations for agreements** with Mediterranean countries as well as the Mercosur. A better clarification and control of the import requirements must be adopted. Import products and internal production requirements must be at the same level (environmental, social, safety, production requirements).

Rural measures

According to the regional government, the main priorities for rural development measures must be the following: to obtain **high quality, safe, and healthy products**; to develop **innovation**; to **strengthen the agro-food sector**; to encourage **cooperatives as well as small and medium food firms** and to promote **short chains**.

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2.7. Regional governments: synthesis of positions

In the next tables, we conduct a synthesis of the positions of the four regional governments in three areas: general orientations and budget, direct payments and market measures.

General orientations and budget

	ANDALUCIA	CASTILLA-LA MANCHA	CASTILLA Y LEON	CATALONIA
Challenges	<ul style="list-style-type: none"> - increasing prices volatility - increasing competition in international markets - food security - climate change - preserve biodiversity 	<ul style="list-style-type: none"> - the same identified by the Commission 	<ul style="list-style-type: none"> - food security - territorial cohesion 	<ul style="list-style-type: none"> - food security - price volatility - competitiveness - quality - new environmental challenges - new energy challenges - territorial convergence
Objectives	<ul style="list-style-type: none"> - to maintain a economically viable agriculture - to support food production 	<ul style="list-style-type: none"> - “the initial general objectives of the CAP remain valid” 	<ul style="list-style-type: none"> - to provide a sufficient income level to men and women working in their farm - to ensure farm profitable - to compensate for the price reduction 	<ul style="list-style-type: none"> - to strengthen competitiveness - to support farm income - to guarantee high quality, safely and healthy products
Budget	<ul style="list-style-type: none"> - almost the same amount of money as today 	<ul style="list-style-type: none"> - to maintain the budget 	<ul style="list-style-type: none"> - to maintain the budget 	<ul style="list-style-type: none"> - to maintain the budget
Structure of the CAP	<ul style="list-style-type: none"> - two pillars with the present content 	<ul style="list-style-type: none"> - two pillars with the present content 	<ul style="list-style-type: none"> - two pillars with the present content 	<ul style="list-style-type: none"> - two pillars with the present content

Direct payments

	ANDALUCIA	CASTILLA-LA MANCHA	CASTILLA Y LEON	CATALONIA
Direct payments: reason to maintain	<ul style="list-style-type: none"> - “to maintain EU agrarian model (high cost)” - income support 	<ul style="list-style-type: none"> - compensation for the provision of basic public goods and services - compensation for over-costs incurred by the high standards of quality and food safety 	<ul style="list-style-type: none"> - compensate for the reduction of institutional prices - compensate for the additional costs due to European requirements related to food security, environment, labour, animal welfare, etc.. 	<ul style="list-style-type: none"> - to maintain farm viability - to maintain the European agrarian production
Direct payment system	<ul style="list-style-type: none"> - against flat rate. - “direct payment linked to production system, productive potential and constrains” 	<ul style="list-style-type: none"> - against flat rate. 	<ul style="list-style-type: none"> - against flat rate. - Flat rate hurts intensive livestock 	<ul style="list-style-type: none"> - against flat rate - the producers of livestock (intensive livestock) without land must receive direct payments.

	ANDALUCIA	CASTILLA-LA MANCHA	CASTILLA Y LEON	CATALONIA
“Greening payments”	- not necessary: “our agriculture is already environmentally sustainable”	- support and additional payment for the delivery of public goods	- opposition to the greening payment since local agriculture already makes "a great effort to protect natural resources".	- against “greening”. - only the current cross-compliance
Active farmers	- “those that generate employment and wealth”	- “active agriculture” and “active farmer” is defined considering the following points: must obtain production, be oriented to the market and follow a commercial strategy, must follow a process of modernization and adaptation in accordance with a sustainable use of natural resources and must generate jobs	- “farmers that work directly on the farm and whose income comes basically from farming”	- a clarification of the concept of active farmer is necessary. The definition must take into consideration land use, livestock, and land preservation for agrarian or environmental goals, but not other concepts as the percentage of farm income

Market measures

	ANDALUCIA	CASTILLA-LA MANCHA	CASTILLA Y LEON	CATALONIA
Strengthening of producers within the food supply chain	<ul style="list-style-type: none"> - the concentration of supply - exceptions to the rules of competition - improve the existing market withdrawal mechanism - an easy criteria for the automatic activation of the private storage scheme; - the private storage scheme must be implemented to all non-perishables goods 	<ul style="list-style-type: none"> - to reinforce the producers associations, cooperatives and all type of agreements between producers - to develop contractual relationships between farmers and other food chain actors, - legislation (normative) about competition must take into consideration the specificities of the agrarian sector 	<ul style="list-style-type: none"> - to strengthen contractual relation inside the food value chain and to promote interbranch associations - to reform competition rules at EU level to permit the concentration of supply and the negotiation of prices - to support cooperatives (processing, marketing, ..) - partnership with the private sector in order to concentrate supply and to manage the storage 	<ul style="list-style-type: none"> - more information and transparency on agrarian markets and in the food chain - contracts in the food supply chain. The contract must be established considering the share of margins, not the prices. - to reinforce the inter-branch associations in each sector - commercial good practice codes must be developed for each product

	ANDALUCIA	CASTILLA-LA MANCHA	CASTILLA Y LEON	CATALONIA
Market disturbances (strategic stocks, private storage, withdrawals, subsidised for consumption,..)	<ul style="list-style-type: none"> - improvements to the existing market withdrawal mechanism - automatic activation of the private storage scheme; - enlargement of the private storage scheme to all non-perishables. 	-	<ul style="list-style-type: none"> - to maintain, recover and strengthen market measures in order to compensate power imbalances across the food value chain public and private storage minimum guarantee prices 	<ul style="list-style-type: none"> - to conserve the remaining intervention instruments - future markets must be promoted
Elimination remaining supply restrictions (milk & sugar quota, planting ban for wine,..)	<ul style="list-style-type: none"> - “maintain the supply restrictions at least until 2020”. 	<ul style="list-style-type: none"> - reconsideration of all measures oriented to restrict supply 	<ul style="list-style-type: none"> - reconsideration of milk quotas removal. - to stop the elimination of sugar quotas 	<ul style="list-style-type: none"> - against the removal of milk quotas - the vine planting ban must be maintained.

2.8. ASAJA

ASAJA (*Asociación Agraria de Jóvenes Agricultores*) is a farm union or an agrarian professional organization. The union is very relevant in the Center and South of Spain. It is close to the People’s Party (a conservative political party, integrated in the European People's Party). The typical partners are large and medium land owners.

Orientation

Concerning the main **challenges** for the CAP, the ASAJA positions contain very few references to climatic change or biodiversity. In addition, they are very critical about restrictions on agricultural activity resulting from the protection of biodiversity (within protected areas or as a result of the Spanish regulations). ASAJA documents mentioned the **goals** for the CAP included in the Commission proposal.

ASAJA is against the CAP **budget** reduction and defends “at least to maintain the CAP’s current budget” and the maintenance of the current distribution between Member States. After the legislative proposals of the Commission were made public (October, 2011), ASAJA insisted that the CAP needs a strong budget and denounced the proposed budget cut.

ASAJA does not discuss the existence of the **two pillars** and their content. “We have to keep the two pillars of the CAP (first and second), clearly defined”.

Direct payments

ASAJA wants to maintain **direct payments**. Following the ASAJA's point of view, direct payments are a compensation for the production of food -because the market does not provide sufficient compensation- and for maintaining employment in rural areas, considered a public good.

According to ASAJA "the definition of **active farmer** (proposed in October 2011) is so weak that it does not protect professional farmers (those living wholly or mainly from the farm) and therefore continues to permit CAP subsidies to non-professionals and land owners". ASAJA wants a new definition. Payments should go to the "superactive farmers", which "live on the farm, invest to modernise and improve the competitiveness of the farm, and produce for the market". ASAJA are against excluding farmers receiving less than 5,000 € to the requirements. "It is difficult to understand in terms of legitimacy of the CAP, because the recipients of less than 5,000 Euros are exempt from meeting the criteria in relation to the figure of active farmers".

ASAJA argue that there is no economic reason for **ceiling payments** and ask that viable holdings and associative enterprises not be harmed by this measure. "Ceiling on direct payments per farm is contrary to the pursuit of competitiveness and market orientation".

ASAJA strongly argues against basic payments "redistribution"/"flat rate" between Member States and within Member States. According ASAJA the current level of direct payments reflects the different levels of production costs and the socio-economic relevance of the crops. After the legislative proposals of the Commission were made public, ASAJA argued that "the **uniformity of basic payments** can create serious imbalances in countries like Spain, with a high variety of agrarian crops and production methods". In addition, they argued that the establishment of a "flat rate", with the same amount for all producers, hurts more productive agriculture -intensive irrigation- and hurts the more intensive cattle raisers. The level of payment must be calculated taking into consideration the productive potential, irrigation/ non irrigation, and land use (pastures, crops).

ASAJA are against the **greening component** and argues that requirements linked to greening payments increase production cost and reduce production capacity. After the legislative proposals of the Commission were made public, ASAJA pointed out that greening involved additional costs and puts "a brake on our production capacity through complex rotation systems of "compulsory fallow"". "Currently, our farmers are doing an important effort in order to meet the environmental requirements".

Market measures

ASAJA defends the maintenance of the current market measures like **public intervention stocks** and **private storage**, as well as updating intervention prices. According the Farmers' Union, price volatility, declining prices (fruits, milk,...) and valued added imbalances across the food chain present a strong case for maintaining the market measures. In its reaction to the legislative proposals of the Commission, they want to implement the "Emergency reserve" in a manner "that provides flexibility and efficiency to better address the crisis". In addition, ASAJA is against the elimination of the remaining **supply restrictions** (milk, sugar,...).

In order to strengthen the **role of producers** in the value added chain, ASAJA encourage transparency in price formation and defends to support **producer's organization** in order to concentrate supply. **Interbranch organization** should be provided with the necessary tools to "manage effectively the supply" in order to reach fair prices for producers. In addition, interbranch organization should integrate the retail sector.

ASAJA requests to maintain **export subsidies** until the WTO has reached an agreement and to guarantee **community preference** in fresh food and in non-processed food. In addition, ASAJA desires to assure that imports comply with the same requirements as that imposed on EU productions. The Commission must ensure strict compliance with the clauses of the trade agreements, on input prices, tariffs, quotas and schedules.

Rural measures

ASAJA suggest 3 **objectives** for rural development measures: (1) Competitiveness (2) Environment and landscape (3) Support to agriculture in LFA. ASAJA requests that rural development measures should be addressed only to the farm actors. **Axis 3** (territorial development) should be competence of ERDF or the Cohesion Fund.

Concerning the content of the **rural development programmes**, ASAJA support agri-environmental measures as a way to integrate agriculture and environment and they asked for more funds for farm modernization (loans, guaranty funds,..).

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2.9. COAG (Coordinadora de Organizaciones Agrarias / Farmers' Organization Coordinator)

Founded in 1977, the COAG is a network or an organisation that coordinates regional agrarian professional organisations and Farmers' Unions. The agrarian model of COAG was based on family farms. Full time farmers must be the sole beneficiary of the agrarian policy. They defend a living rural milieu oriented towards producing quality goods. Agrarian policy must avoid the abandonment of farmers and farms. COAG is not attached to any political party or Workers' union, but was nevertheless close to the

socialist party. COAG is quite powerful in Aragon, Asturias and some parts of Andalucía.

General orientations

COAG identifies three **challenges** of the CAP: (1) food security and the fact that the EU should be able to contribute to world food demand, (2) environment sustainability and climate change and (3) territorial imbalances. COAG mentioned the same **goals** as the Commission, and stated that “we consider valid the objectives of the original CAP, such as food security and improving the farmer’s standards of living”. “Preservation of biodiversity” is mentioned as a goal of the CAP but not much attention is devoted to this topic. In order to reach the objectives of the CAP, COAG considers 3 **tools**: direct payments, market measures and rural development measures.

COAG proposed an adaptation of the CAP to the economic crisis (food provision, farm income and alternative energies). Concerning the **budget** of the CAP, COAG considers the current budget as insufficient to deal with the agrarian challenges (especially new challenges related to the greening of the CAP). According to COAG, the Commission’s proposal of October 2011 implies a reduction of 17% of the payments received by the Spanish farmers. COAG agrees with the **two pillars structure** of the CAP. However, COAG asked for a clarification on the objectives and functions of each pillar.

Direct payments

In their point of view, **directs payments** are a tool to support farm income (it is a minimum income for active farmers). Direct payments must be paid only for “active farmers”. Active farmers and professional farmers are similar in their approach. The maximum **ceiling payment** must be adapted taking into consideration the number of salaried employment.

COAG are against **decoupled payments**. “Direct aids must be linked to the agrarian activity done on the farm”. A system of land-related payments benefits large landowners at the expenses of “the productive, vocational and job creating agriculture”. COAG is clearly against both historical and regional systems, and defend a system of coupled payments. In its reaction to the legal proposals of the Commission, COAG argues that the proposed payment system creates “a transfer of income from irrigated crops and livestock farmers to large landowners’ states”. According to the COAG “flat rate” benefits landowners at the expense of agricultural professionals and the farming social model.

COAG defends four types of payments: (1) basic payment (linked to production), (2) payment for agri-environmental measures (as complementary assistance), (3) compensatory payments in LFA (“the specific production should be compensated in order to alleviate income discrimination”), and (4) other coupled payments.

Market measures

According to COAG, market measures are needed in order to reduce price volatility, to assure that market prices are above production costs, to maintain farmers’ income and to correct for imbalances of bargaining power across the food chain. Current market measures are insufficient. COAG asks for a large number of market **intervention tools**: control of supply, private storage, provision of exceptional measures, border control, entry prices, quotas, etc. COAG defends a review of the intervention thresholds

for olive oil private storage and to enlarge intervention tools (private and public storage) to all sectors. The organizations has a strong position against the elimination of the **milk and sugar quotas** and the removal of planting bans for vineyards.

In relation to the EU trade agreements, COAG is strongly against the continuation of new trade liberalization agreements and wants to reconsider bilateral agreements. "We cannot continue with the hypocrisy of accepting imports from third countries, without any control on the requirements in terms of environmental, social, labour standards, food quality and safety. The requirements imposes to the EU farmers must be complied by the third countries' producers".

Rural measures

COAG supports to maintain rural development measures in order to improve farm efficiency and land management sustainability and agrees with the Commission that measures related to territorial cohesion or territorial development should be coordinate with other EU funds (cohesion, training, employment,...) to improve efficiency.

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- COAG. *La PAC en el Horizonte 2020*. Anuario Agrario 2011.

2.10. UP (Unio de Pagesos / Farmers Union)

The UP, created in 1974, is the most representative farmers' Union in Catalonia, with about 8,000 members. UP has been winning all the farmers' elections since the political transition with a large majority of votes and controls most of the Agricultural Chambers. For many years UP was part of COAG. However, in the last year UP decided to integrate in the new farmers organization *Unio de Uniones* formed by 11 regional farmers' unions.

General questions

According UP, the main **challenges** of the CAP are price volatility and the fact that international prices do not reflect production cost. The UP documents include generic references to "climate change" and "biodiversity" and agree to consider them challenges, but are not included amongst their priority challenges. The UP Union proposes the following **objectives** for the CAP after 2013. (1) to maintain a network of viable holdings; (2) to ensure an adequate income for European farmers, taking into account the difficulties in areas with natural handicaps; (3) to develop the right mechanisms of market management; (4) to implement an income assurance for farm holdings for the case of market adversity; (5) to enhance Community preference, to control imports and to inform consumers on the differences between EU and non-EU

products. UP proposes 3 **tools**: market control measures, direct payments and rural development measures

Concerning the structure of the CAP, UP wants to maintain the **two pillars**. Agri-environmental measures should be included in Pillar I (because they are remuneration for public goods and services) and axis I measures (competitiveness) in Pillar II must be enlarged.

Direct payments

In the opinion of UP, **direct payments** are a compensation for EU production regulations (that increase EU producers' costs above international producers) and remuneration for the provision of public goods and services. In addition, direct payments should guarantee food security and food safety. Direct payments should be limited to individual farmers and enterprises "for whom the agricultural activity is a very significant part of their activities". Companies and individuals with less than 10% of their income coming from the farm must be excluded from direct payments. UP defends a **ceiling** taking into account farm employment: a maximum of 50.000 € per holding plus 20.000 € for each AWU

UP is strongly against decoupled historical system: because it discourages the incorporation of young people, encourages speculation, slows modernization, etc. After the legislative proposals of the Commission were made public, UP argued that a flat rate "is not adequate for countries that have a variety of agricultural and livestock production systems (rain-fed and irrigated annual crops and permanent, intensive and extensive farming, etc.) with very different costs, productions and investments amortization". UP request that **direct payments** must be devoted to professional farmers and taking into account the typology of productive orientation (dry, irrigation, livestock and permanent crops). UP is strongly opposed to the **greening** component because it would increase costs due to demanded requirements. After the presentation of the proposals of the Commission, UP argued that the greening payments were not well adapted to the characteristics of Mediterranean agriculture. The requirements of the greening payment will reduce competitiveness. "The proposal to commit 30% of direct aid to new environmental requirements worsens the current unfair competition from imports".

UP wants **cross compliance** to be revised. The current requirements are more restrictive for the Southern European countries than for those of the Centre and Northern Europe. This is mainly due to water use (irrigation) and the risks of erosion in Southern Europe. The current requirement limits the competitiveness of the southern European countries' agriculture.

Market measures

UP wants to maintain **market regulation** tools and to update intervention prices and defends the establishment of strategic stocks in order to deal with price volatility. UP believes that there is a lack of flexibility in the new "Reserve crisis" fund proposed in October 2011. Objective criteria are not established in order to open and close intervention. For the use of the new "Reserve crisis" fund, UP considers too restrictive the statement of a needed agreement of all 27 Member States. In addition, UP argues that the proposed Reserve crisis fund will produced a re-distribution of Pillar II funds between Member States.

Concerning **risk insurance**, UP proposes a counter-cyclical network with two instruments; a “holding income insurance” (included in green box) and the extension of the market disturbance clause and other anti-crisis instruments to all sectors (transversal clause). The insurance and the anti-crisis instruments should be compulsory for all Member States (all Member States should offer the tool to their farmers) and must be included in Pillar I (100% EU funds)

Regarding to WTO negotiation and bilateral agreements, in their opinion, imports should meet EU requirements (quality requirements, phytosanitary controls, minimum entry prices, etc.) and customs controls must be strengthened.

Rural measures

On the topic of rural development, UP defends an approach that prioritizes measures to enhance competitiveness (farm investments, young farmers, value added, training, innovation). The rural measures must be oriented only to farmers, not for the rural population.

References

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- Nota de la Unió de Pagesos, 19/10/2011, *Unió de Pagesos denuncia que l'acord entre el Ministeri i les comunitats sobre la proposta de la PAC obvia punts clau per a la pagesia catalana* (press release).

2.11. UPA (Union de Pequeños Agricultores y Ganaderos / Union of Small Farmers and Ranchers)

UPA is a farmer's organization created in 1985 and supported by the socialist government. UPA is functioning in all Spanish Autonomous Communities (regions). The number of affiliates is around 80,000.

General questions

The main **challenges** of the CAP identified by UPA are: the increase in the price of inputs (energy, fertilizers,..), the decline in farm income, price volatility, animal diseases and climate change. UPA agrees with the Commission on the **objectives** of the CAP. Regarding the opportunity for reform, UPA argues that there have been too many CAP reforms in recent years. Nevertheless, UPA believes that there are many reasons for changing the policy.

According to UPA, the CAP **budget** should be expanded incorporating the funds from UK rebate abolishment. UPA considers that the Multiannual Financial Framework 2014-2020 and the Commission's October 2011 proposals would cause a "brutal reduction" of 20% of the assistance that Spanish farmers received". UPA want to maintain the **two pillars** structure. Pillar I should include direct payments, the market intervention measures and the current axis 1 and axis 2 of Pillar II. Pillar II should contain current measures of axis 3 and 4 of Pillar II with funds from ERDF and others structural EU funds.

Direct payments

UPA wants to maintain **direct payments** as a measure to support food production (food security), to assure international competitiveness, to reward public goods and services and to compensate for EU additional requirements. UPA support payments only for "active farmers". When the legislative proposals of the Commission were made public, UPA pointed out that "the Commission's proposed definition of active farmers is totally unrealistic". Nevertheless, UPA does not have an alternative proposal definition. UPA supports maximum **ceiling** on direct payments, due to the existence of scale economies on farms, and to take into account employment for the calculation of the amount of direct payments.

UPA criticizes aid decoupling but does not offer alternatives. After the legislative proposals of the Commission were made public, UPA manifest their disagreement to greening payments, because in their opinion the new requirements penalize the competitiveness of European agriculture. The CAP does not compensate enough compared to other world producer regions' costs.

Market measures

The UPA believes that the Commission's proposal has two major weaknesses: market management measures and the improvement of farmers' position within the food chain. The organization wants to enhance **market interventions** in order to deal with price volatility and income decline. Regarding the **strengthening of producers within the food supply**, UPA supports promoting interbranch organizations. Furthermore special treatment must be given to the agricultural sector within Europe's market regulation, in order to meet a better distribution of the bargaining power across the food chain.

Concerning EU trade relations and agreements, UPA defends the **reciprocity** principle and argues that "reciprocity means that the production standards required within the EU also apply to imported products".

Rural measures

Following the UPA's approach, rural development measures are a way to support "territorial agriculture" (local food systems, protected designation of origin products, environment, LFA,...). The organization is strongly against supporting non-agrarian activities with rural development funds.

References:

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2.12. Farmer unions: synthesis of positions

In the next tables, we conduct a synthesis of the position of the four farmer unions in four areas: general orientations and budget, direct payments, market measures and rural development.

General orientations and budget

	ASAJA	COAG	UP	UPA
Challenges	-	- food security - environment sustainability and climate change - territorial imbalances.	- price volatility - international prices that do not reflect production cost	- the increase in the price of inputs - the decline in farm income - price volatility - animal diseases - climate change
Objectives	- those included in the Commission proposal	- those included in the Commission proposal	- to maintain a network of viable holdings - to ensure an adequate income for European farmers - to develop the right mechanisms of market management - to implement an income assurance for farm holdings - to enhance Community preference	- those included in the Commission proposal
Budget	- at least to maintain the CAP's current budget	- considers the current budget as insufficient	-	- budget should be expanded
Structure of the CAP	- to maintain the two pillars	- the two pillars structure	- to maintain the two pillars	- to maintain the two pillars

Direct payments

	ASAJA	COAG	UP	UPA
Direct payments: reason to maintain	<ul style="list-style-type: none"> - a compensation for the production of food - a compensation for employment maintenance in rural areas 	<ul style="list-style-type: none"> - to support farm income 	<ul style="list-style-type: none"> - a compensation for EU production regulations - a remuneration for the provision of public goods and services. 	<ul style="list-style-type: none"> - to support food production - to assure international competitiveness, - to reward public goods and services and - to compensate for EU requirements
Direct payment system	<ul style="list-style-type: none"> - against a flat rate: the level of payment must be calculated taken into consideration the productive potential, irrigation/ non irrigation, land use, etc. 	<ul style="list-style-type: none"> - against both historical and regional systems, - against decoupled payments: "direct aids must be linked to the agrarian activity done in the farm". 	<ul style="list-style-type: none"> - against decoupled historical system - against a flat rate - direct payments must taking into account the typology of productive orientation 	<ul style="list-style-type: none"> - criticizes aid decoupling but does not offer alternatives
"Greening payments"	<ul style="list-style-type: none"> - against the greening component - requirements linked to greening payments increase production cost and reduce production capacity 	-	<ul style="list-style-type: none"> - strongly opposed to the greening component because it would increase costs due to demanded requirements 	<ul style="list-style-type: none"> - against greening: the new requirements penalize the competitiveness of European agriculture
Active farmers	<ul style="list-style-type: none"> - Payments should go to the "super active farmers", which "lives on the farm, invests to modernise and improve the competitiveness of the farm, and produces for the market". 	<ul style="list-style-type: none"> - direct payments must be paid only for "active farmers" 	<ul style="list-style-type: none"> - payments limited to individual farmers and enterprises "for whom the agricultural activity is a very significant part of their activities". 	<ul style="list-style-type: none"> - payments only for "active farmers"

Market measures

	ASAJA	COAG	UP	UPA
Strengthening of producers within the food supply chain	<ul style="list-style-type: none"> - encourage transparency in price formation and defends - to support producer's organization in order to concentrate supply - Interbranch organization should be provided with the necessary tools to "manage effectively the supply" 	-	-	<ul style="list-style-type: none"> - supports promoting interbranch organizations - special treatment must be given to the agricultural sector within Europe's market regulation, in order to meet a better distribution of the bargaining power across the food chain.

	ASAJA	COAG	UP	UPA
Market disturbances (strategic stocks, private storage, withdrawals, subsidised for consumption,..)	<ul style="list-style-type: none"> - maintenance of the current market measures (public intervention stocks and private storage) - updating intervention prices. 	<ul style="list-style-type: none"> - asks for a large number of market intervention tools: control of supply, private storage, exceptional measures, border control, entry prices, quotas, etc - defends a review of the intervention thresholds for olive oil private storage - to enlarge intervention tools (private and public storage) to all sectors. 	<ul style="list-style-type: none"> - to maintain market regulation tools - to update intervention prices - defends the establishment of strategic stocks in order to deal with price volatility. - there is a lack of flexibility in the new "Reserve crisis" fund proposed 	<ul style="list-style-type: none"> - to enhance market interventions
Elimination remaining supply restrictions (milk & sugar quota, planting ban for wine,..)	<ul style="list-style-type: none"> - against the elimination of the remaining supply restrictions (milk, sugar,...). 	<ul style="list-style-type: none"> - against the elimination of the milk and sugar quotas and the removal of planting bans for vineyards. 	-	-
EU trade relations and agreements	<ul style="list-style-type: none"> - to maintain export subsidies until the WTO has reached an agreement - to guarantee community preference - to assure that imports comply with the same requirements as that imposed on EU productions 	<ul style="list-style-type: none"> - strongly against the continuation of new trade liberalization agreements 	<ul style="list-style-type: none"> - imports should meet EU requirements (quality requirements, phytosanitary controls, minimum entry prices, etc.) - customs controls must be strengthened. 	<ul style="list-style-type: none"> - defends the reciprocity principle and argues that "reciprocity means that the production standards required within the EU also apply to imported products".

Rural development

	ASAJA	COAG	UP	UPA
Approach	<ul style="list-style-type: none"> - suggest 3 objectives for rural development measures: (1) Competiveness (2) Environment and landscape (3) Support to agriculture in LFA. - territorial development measures should be competence of ERDF or the Cohesion Fund 	<ul style="list-style-type: none"> - measures related to territorial cohesion or territorial development should be coordinate with other EU funds (cohesion, training, employment,...) 	<ul style="list-style-type: none"> - an approach that prioritizes measures to enhance competitiveness 	<ul style="list-style-type: none"> - to support "territorial agriculture" (local food systems, protected designation of origin, environment, LFA,...).

	ASAJA	COAG	UP	UPA
Beneficiaries	-	-	- rural measures must be oriented only to farmers, not for the rural population.	- strongly against supporting non-agrarian activities with rural development funds.

2.13. Cooperativas Agroalimentarias

Cooperativas Agroalimentarias España is the organization that represents and defends the economic and social interests of the Spanish agricultural co-operative movement. It is a network of 16 regional federations of Agricultural Cooperatives, who offer their services in their respective autonomous communities. Today, *Cooperativas Agroalimentarias España* represents almost 3,000 cooperatives.

Challenges and Targets

According to *Cooperativas*, the **main challenges** of the CAP are: to meet the growing international food demand (“food supply is now a strategic issue to rising global demand”), price volatility, value chain imbalances (concentration of demand versus supply atomization), environment sustainability, climate change and territorial imbalances. Documents from *Cooperativas* do not include references to biodiversity preservation.

Cooperativas identifies as the **main objectives** of the CAP: to ensure food security (food availability), to deal with price volatility, to balance out the bargaining power throughout the value chain and to improve competitiveness.

Cooperativas considers that some **instruments** of the CAP must be reinforced or modified due to new elements (price volatility, deficiencies in the functioning of the food chain, decline in farmers’ income). Market intervention tools (public and private interventions) as well as supply management (concentrate supply through producer’s organization) are seen as important instruments to achieve the objectives pursued.

Concerning the **orientation** of the future CAP, *Cooperativas* supports maintaining the same CAP budget (“a budget according the strategic relevance of the sector”) and preserving the structure in two pillars.

Direct payments

The position of *Cooperativas* is very much focused on market management, food chain and competitiveness. Their position on **direct payments** is not well developed. *Cooperativas* judges direct aids as an income complement as well as a payment for the delivery of public goods and services. According to *Cooperativas*, direct payments must be oriented to compensate “active agriculture”. The concept of “active farmer” is substituted by the concept of “active agriculture”. *Cooperativas* supports a ceiling on direct payments per farm, but excluding associative holdings (not to penalize associative holdings). Modulation must take into account employment.

Cooperativas defends the end of the historical references for direct payments. However, following the legislative proposals of the Commission, *Cooperativas* is against a “flat rate” because “it will not serve to promote productive agriculture”. *Cooperativas*, like some other Spanish farmers’ organizations, argue that a “flat rate” encourages less productive agriculture and takes resources away from more productive agriculture (irrigation, intensive livestock). In addition, according *Cooperativas* part of the **direct payments** must be conditioned to the participation of the farmer in associative initiatives to improve food chain functioning: “direct payments should encourage the concentration of supply”.

Cooperativas defends the following five **types of payments**: a) Basic tariff (not historical references) oriented to “active agriculture” and conditioned to concentration of supply and food chain integration, and implemented under common principles but with subsidiary; b) environmental component (actions beyond conditionality); c) payments to LFA (complements to the compensatory payments in Pillar II); d) coupled payments (old art 68) and e) aid for small farmers.

Cooperativas is against the proposed **greening payment** requirements. After the legislative proposals of the Commission were made public, *Cooperativas* argued that the requirement will reduce farming competitiveness due to increased costs.

Market measures

According to *Cooperativas*, the main justifications for **market intervention** are price volatility, decreasing income and food value chain imbalance. *Cooperativas* suggests rationalizing and simplifying existing instruments, enlarging intervention periods, extending private storage to other products and reviewing quality policy (to allow producers to inform consumer about product attributes). *Cooperativas* suggests creating private market managements tools (through producers associations or inter-professionals in order to implement “product withdrawal”). In addition, the network would like to review the elimination of the milk quotas and sugar market regulations.

Cooperativas emphasizes the concentration of supply as a mechanism to strengthen the **position of producers**. *Cooperativas* regrets that the legislative proposal of the Commission (October, 2011) opened the possibility to support producer’s organizations that are committed to commercializing the production of its partners. *Cooperativas* strongly support improving food chain performance: transparency, bargaining power and contracts.

In its reaction to the legal proposals of the Commission (October, 2011) *Cooperativas* felt it was unfortunate that the **market regulation instruments** remained the same. In their point of view, these instruments are no longer adequate in a situation of extreme price volatility and market globalization. Also the mutual and supply management tools are, in their opinion, poorly developed. *Cooperativas* supports the proposal to introduce a new reserve crisis fund. Nevertheless, they manifested difficulties to use it in an efficient way, because their implementation requires a long procedure.

According to *Cooperativas* the opening of markets must be accompanied by compliance with the EU requirements on food safety, quality, respect for DO and intellectual property. Rights and duties must be harmonized, regarding environmental issues, labour and animal welfare.

Rural measures

Cooperatives defends competitiveness (complementing Pillar I measures), sustainable management of natural resources and balanced territorial development as objectives for rural development measures. Risk management instruments (income and crop assurances, promotion of mutual funds,...) and programmes to encourage cooperatives integration should be included and improved.

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2.14. FIAB (Federación de Industrias de Alimentación y Bebidas / Spanish Food and Beverage Industry Federation)

FIAB was created in 1977 and it is the main lobby of the Spanish food and drinks industry. Currently, it encompasses 47 sector associations representing nearly 90% of the sector's turnover. The Spanish food and beverage industry represents 14% of the net sales of the Spanish industry's total and 8% of the Spanish GDP. The food industry is the leading industrial sector of the Spanish economy and is made up by about 31,000 firms (96% of them are small and medium sized enterprises) that employ 460,000 people, i.e., 17% of all industrial jobs.

Until the appearance of the Commission's proposal in October 2011, the FIAB took no position on CAP reform. Currently, the FIAB has given its opinion only on two issues: **food security** and the **food chain structure**. According to FIAB, the proposed reform does not gather the need to ensure European food supply. FIAB argues that "Europe has to be in the forefront of global food production and the measures presented (in October, 2011) do not reflect this need. In this way, Europe could lose its leadership in global supply markets, something we cannot afford". In opinion of the FIAB, the current CAP is oriented to limit the European agrarian production, whilst FIAB wants reforms that strengthen the competitiveness of the EU agri-food model. Europe must contribute to satisfying the increasing global food demand that FAO forecasts.

In addition, the FIAB regrets that the Commission's proposals do not take into account the whole food chain. The organization argues that "the only possible strategy should cover the entire food chain to converge on the consumer". According to FIAB, the CAP should promote the changes necessary "to achieve a better balance on the food chain,

both at European and national level, establishing rules to arrange trade relations between producers, industry and distribution in respect of the rules of competition”.

References:

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2.15. CEIGRAM (Research Centre for the Management of Agricultural and Environmental Risks)

The CEIGRAM is activity focused on research, broadcast and training, and their main goal is the analysis and management of agricultural and environmental risks. The CEIGRAM was created in 2007 thanks to a collaboration agreement signed by the Entidad Estatal de Seguros Agrarios (ENESA), AGROMUTUA-MAVDA and the Universidad Politécnica de Madrid.

In 2009, the Ministry of Agriculture commissioned to CEIGRAM a study on the reform of the CAP. This study includes three parts. The first part collects information about changes in Spain's agriculture over the last 10 years and analyses the impact of the 2003 CAP reform. The second part compiles the results of a field study carried out in three areas of Spain and the last part, includes a discussion about the impacts of the three scenarios considered by the Commission in the Communication of November 2010. In the realization of the document three workshops with experts and the ministry were carried out.

General questions

The CEIGRAM considers a long list of **challenges** of the CAP, with priority in food security, price volatility, climate change and biodiversity preservation. Concerning the main **goals** of the CAP, the CEIGRAM refers to food security, public goods delivery and territorial cohesion. Furthermore, they pointed out the question of land abandonment. The especial consideration of this issue is due to the fact that the tendency to decrease the cultivated area has been amplified over the last decade in Spain. The decrease was more important in the more decoupled crops.

In the study, a fundamental reform is not demanded. The CEGRAM advocates for maintenance of the **two pillars** structure, direct payments and the other current tools. Nevertheless, important changes in the distribution of the **budget** between measures and potential beneficiaries are proposed. Direct payments must move from a historical base to a three level payments with important impact in their individual and regional distribution.

Direct payments

According the CEIGRAM, direct payments play a role in the stabilization of farm income and in the maintenance of a minimum farm profitability level. That objective is very important in a context of increasing costs and price volatility. About 25% of the Spanish agrarian income comes from direct payments and in their opinion “the end of the generic component of direct payments would be very negative for the sector”.

Another reason to maintain direct payments is to reward for farm public goods delivery. In the study, a mention is made of a **ceiling** to direct payments as a way to have funds for other measures. Not many details given.

CEIGRAM envisages three types of direct payments. First, a **basic payment** calculated taking into consideration the costs of maintaining the production capacity. The payments must be different, if the costs in the diverse territories are to a large extent different. The surface receiving that payment should be increased in the future with the inclusion, as for example fruit and vegetable surfaces. In order to receive basic payments farmers must comply with cross-compliance and with good practice codes and must comply with the maintenance of land production capacity. Second, a **territorial payment** oriented only for specific agrarian systems with high public good delivery. Finally, the **environmental payment** must be contractual and non compulsory and it must compensate for the extra effort in terms of environmental services. The current agri-environmental measures will be included in that category.

According to the CEIGRAM it is inadequate to maintain the historical system for direct payments. Also they do not consider it appropriate to move to a system based only on contractual agreements for the delivery of environmental goods. This is because of particular social characteristics of rural Spain (elderly people, low level of environmental training, etc.).

Market measures

The document by the CEIGRAM proposes a reorganization of the food chain. It is important to support **associative initiatives** as an essential component of the new chain. **Interbranch association** must be strengthened and the **producers' organizations** should contribute to supply concentration. In addition CEIGRAM asks for new individual **risk management tools**.

References

- ▶ CEIGRAM, *Estudio sobre la reforma de la PAC y la agricultura española*, Abril 2010

2.16. COMPES, R. & GARCIA ALVAREZ-COQUE, J.M. (Universitat Politècnica de Valencia)

The study, published in 2009, was done by two professors from the Polytechnic University of Valencia. It was the first report trying to define a Spanish position from the Academic sector. Both professors have a long trajectory in agrarian policy research, especially in subjects related to the assessment of the impact of the world commercial agreements in Mediterranean agriculture. The study was ordered by the *Fundación Alternativas* (very close to the socialist party) and was used as a debate document within the Ministry of Agriculture.

General orientations

Compes and Garcia Alvarez-Coque argue that food security at European level is not relevant and the maintenance and stability of farm income should not be seen as a goal of the CAP and must be moved towards a policy of risk management. According to the authors, competitiveness, territorial cohesion, rural diversification, quality products, climate change and sustainability of natural resources (especially water) should be the **objectives** of the CAP.

Concerning the CAP reform, Compes and Garcia Alvarez-Coque argues that the current model of support based on decoupled payments is not responding to the existing needs of the Spanish agriculture and to what society is expecting from it. Spain might consider supporting alternative policy scenarios that explicitly address non-commercial functions of agricultural areas, as well as contribute to strengthening a competitive and innovative agro-food system. In order to justify the amount of CAP funds transferred to Spain, a substantial reform is needed. All payments must be under contract. **Direct payments** must be reduced until their total disappearance. All future payments must be connected with the principles of **agrarian multifunctionality**. Pillar II must be redefined using the lessons from the Leader program. **Rural development** policy must be oriented mainly to farmers and food entrepreneurs, and must put an emphasis in innovation-training-advisory services. The authors stress the importance of technology transfer and training in the agro-food sector.

Concerning to the **CAP budget**, Compes and Garcia Alvarez-Coque argues that the more realistic scenario is to imagine a reduction of the budget that would be more pronounced than the reduction imposed on other policies. In addition redistribution in benefit to the new Member States is envisaged. In their point of view, a lot of measures must be co-financed and some measures must be developed by the agrarian national policy. The CAP must be reduced.

Regarding the **structure of the CAP**, Compes and Garcia Alvarez-Coque proposes an important transfer of budget from Pillar I to Pillar II. The relation must be 60% Pillar I and 40% Pillar II. Pillar I must maintain the 100% of European funds. In Pillar II the percentage of national funds must remain at the current level. A new Pillar III must include transversal and connected programs

Compes and Garcia Alvarez-Coque argue that **cross compliance** must be simplified. In fact, in the future, cross compliance will not be necessary. This is because some of the standards will be compulsory and the rest will have to be included as requirements in different payments under a contractual form.

Direct payments

Compes and Garcia Alvarez-Coque defend a shift from the current decoupled **direct payments** to a contractual payment system. Payments under contracts can be open to all land owners. The subsidies for investments should also be oriented to entrepreneurs involved in food processing and commercialization. During the transitory period a regional system must be implemented. According to the authors, the contractual payment system must contain two types of aids: (1) a **territorial payments** similar to the current less favoured areas with some changes and (b) an **environmental payment** similar to the agri-environmental measures with improvements. The payments must compensate for the production of public goods and services. Not much information on public goods and the way to establish their price. Other environmental payments must be included in Pillar II and must be oriented to the

new challenges (climate change, water management, quality, food safety). **Greening** payments are not considered by the authors.

Market measures

Compes and Garcia Alvarez-Coque proposed to eliminate most of the **market measures** from the CAP, and move them to a policy of risk management. **Risk insurances** system must be developed outside the CAP and must be the core of the measures to maintain and stabilize farm income. The current intervention via **guarantee prices** and **quotas** must be totally dismantled.

The authors welcome the liberalization of the agrarian markets and the **bilateral trade** and **WTO agreements**. Nevertheless, they argue that it is very important to produce a full list of “sensitive products” in order to avoid very negative impacts in some agrarian sectors. Requirements on import standards must be guaranteed by stricter custom controls.

Rural measures

According Compes and Garcia Alvarez-Coque, the main objective of rural development measures must be to strengthen agrarian and agro-food **competitiveness**. Innovation, training, advisory services must be an important ingredient of the future CAP. The measures must involve the totality of the food chain actors. Most of the benefits of Pillar II must be in the form of investment subsidies. Income transfers must be reduced. The authors suggest that a lot of rural development measures must be implemented under the Leader procedure.

References:

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2.17. Foro IESA (Forum on the Cohesion of Rural Territories)

Foro IESA is a space for reflection and debate, and it is independent of political or administrative institutions. It is a place where people from very different backgrounds come together: specialists of the academic world (universities and scientific research institutes), professionals with expertise in agricultural and rural issues, representatives from the farming sector (unions and cooperatives) and rural development networks, environmental organizations and heads of different public departments and agencies (at the national and regional level). The headquarters of the forum is at the Institute for Advanced Social Studies (Instituto de Estudios Sociales Avanzados, IESA) in Cordoba. The documents reflect the general philosophy of the Forum, but a final proposal defining their view on most points of the CAP’s future reform is not available.

General orientation

The Foro IESA identifies the following **challenges** of the CAP: Food safety and security, sustainability, efficient use of natural resources as water, energy and other inputs, restrictions imposed by the WTO regarding mechanisms of intervention and to meet the challenge of multifunctionality. Therefore, food safety and security (to satisfy Europe’s demand for foodstuffs), to improve efficiency and to promote the

multifunctional dimension of agriculture are identified as the main **objectives** of the agrarian policy.

Regarding the **content and orientation** of the CAP, the Foro IESE argues that the agricultural policy (in both the productive and multifunctional dimension) must remain separate from the territorial development policy. The Foro IESA defends only a CAP with a single pillar. The Pillar will incorporate the current first pillar (market regulation, intervention mechanisms and direct payments) and part of the second pillar (actions that fall under Axis I and the agro-environmental measures).

After the legal proposals of the Commission were made public, they strongly supported the **redistribution of funds** between Member States. The Foro IESA argues that “the EU’s new Member States have the same right as Spain to benefit from the CAP and Structural Funds”.

Direct payments

The approach of the Commission regarding **direct payments** is welcomed by the Foro IESA. They support the regional system. After the legislative proposals of the Commission were made public Foro IESA stated: “It is not a sustainable assistance model (historical model) because it condemns producers of the new EU countries to a level of support four times lower than ours”. In addition, Foro IESA supports the modulation and establishment of a ceiling on direct payments to large farms and firms.

Foro IESA proposes three types of direct payments: (1) a basic direct payment; (b) a territorial payment and (c) an environmental payment. Payments will mainly be in the form of contracts. **Territorial payments** are a central point of their proposals, and are oriented to those territories where agricultural and livestock sectors are not productive enough.

In its reaction to the legal proposals of the Commission, the Foro IESA strongly supported the **greening** of direct payments by means of certain agricultural practices. They argue that “with these requirements the Commission is attempting to recover valuable old agronomic practices (but now abandoned) in order to make agriculture more sustainable and less aggressive to the environment”.

Rural measures

According to the Foro IESA, rural development measures should contribute to achieve **social and economic cohesion** and the **environmental sustainability** of rural territories as well as to fight depopulation. They are in favour of a unique territorial-rural development policy with an integrated approach which pursues the economic, social and environmental sustainability of these territories. It should also promote cooperation between the social and economic actors and contribute to improving living conditions and quality of life. A complete and integrated manner of approaching rural development should be a key feature of the future rural development policies in the EU. They proposed to establish a State Agency for Development to prevent dispersion and to assure coordination between all the funds and the territorial development institutions.

References

- IESA Forum, *From Rural Development to Territorial Development*, Cordoba, December, 2009
- IESA Forum, *Contribution to the debate on the CAP reform and the reform of EU cohesion policy at the horizon 2014-2020*, September 2011
- Eduardo Moyano, Un buen proyecto de reforma de la PAC, Diario de Sevilla, 23.10.2011

2.18. SEAE (Spanish Society of Organic Agriculture / *Sociedad Española de la Agricultura Ecológica*) & Vida Sana

SEAE is a non-for-profit private association. Their objective is the promotion of organic agriculture. The members of SEAE are farmers, technicians, scientists and other people interested in organic food. Similarly, Vida Sana is also a non-for-profit private association that was established in 1974 with the objective of promoting responsible consumption and encouraging organic farming. Their main activities are training, organization of organic fairs, communication of the advantages of organic products and the promotion of organic food consumption. Both organizations are members of IFOAM (International Federation of Agricultural Movements- EU regional Group).

General orientation

According to the SEAE and Vida Sana, the main **goals** of the CAP should be the following: (1) to deliver high-quality food; (2) to ensure a healthy countryside; (3) to ensure market conditions where farmers can achieve adequate living conditions; (4) to provide public goods and (5) to guarantee food security.

The SEAE and Vida Sana defend a fundamental **reform** of the CAP in order to incorporate taxes for agricultural activities causing harm to public goods. Green taxes based on the Polluter Pays Principle are considered as a way to penalize activities causing harm to public goods. Similarly, organic farming must be in the heart of the new policy with a bonus in all support measures. **Direct payments** must be focus on sustainable systems. In addition, according the SEAE and Vida Sana a transparent relationship between farmers and consumers with a coherent and easily-understandable labelling and traceability system is considered a key element of the future policy

Regarding budgetary aspects, the SEAE and Vida Sana support a **budget** of the CAP that is sufficient to meet all objectives. They stated that “the future CAP budget should not be lower than the current budget”. An extensive **redistribution** of the budget will be the result of the proposed policy. Furthermore, they want all measures to be co-financed. The SEAE and Vida Sana argue that “co-financing is the best way to improve responsibility and spending discipline of Member States”

The SEAE and Vida Sana propose a CAP with **one pillar and five axis**: (1) Basic farm and market support; (2) Innovation, Information and Investment; (3) Agri-environmental measures; (4) Farm diversification and (5) Leader approach.

Direct payments

SEAE and Vida Sana support maintaining **direct payments** as a way to provide fair living standards for farmers and to permit sustainability of farming in all regions of Europe. They defend to fix a maximum **ceiling** for payments received by any single large farm. The amount is not established. The **historical references** (for direct payments) and most **coupled payments** should be stopped by 2014 at the latest.

Regarding the types of payments, the SEAE and Vida Sana defends the following: (1) a single area payment (SAP) for all UUA, including permanent pastures and grasslands; (2) an organic payment per ha. differentiated by type of cultivation; (3) a

decoupled flat rate payment for rural areas of special public interest like Less Favoured Areas and High Nature Value farmland and (4): an environmental payment. No greening payment is proposed.

Rural measures

The SEAE and Vida Sana perceive rural development measures as a way to ensure a minimum sustainable productivity of agricultural land. Rural measures will include the proposed axis 2, 4 and 5. Axis 2 is oriented mainly to improve availability of high-quality food and axis 4 and 5 to ensure rural vitality thanks to rural diversification

References

- SEAE & Vida Sana-IFOAM, La PAC después del 2013, ¿Cambios inteligentes o un negocio convencional?. Documento de posición del grupo regional UE de la Federación Internacional de Movimientos de Agricultura Ecológica, 2010

2.19. SEO (Spanish Ornithological Society/Sociedad Española de Ornitología)/BirdLife and WWF Spain

SEO is a conservationist association founded in 1954 and dedicated to the study and conservation of birds and nature. It is therefore the oldest conservation NGOs in Spain, with more than 50 years of uninterrupted activity. SEO is the Spanish representative organization of BirdLife International and is a very active organization with headquarters in Madrid, eight delegations and 38 local groups in more than thirty provinces. Spain is a country very rich in birds. Some traditional farming practices (dry land and extensive systems) are responsible for notorious farmland bird hotspots and SEO is trying to defend those practices.

General orientation

SEO/Birdlife and WWF-Spain don't agree with food security as a **challenge** of the CAP and they stress the following challenges: biodiversity, protected habitats and species, pollution, water stress, soil erosion, climate change and pressure on the land. In their opinion, in order to solve the current food crisis it is not necessary to increase production, because other factors explain high prices and volatility. The subject of competitiveness is not very relevant in their documents. Concerning the **objectives** of the future CAP the two organizations support first and foremost biodiversity preservation and transferring to a more sustainable agriculture. In their opinion, most of the budget must be dedicated to **securing public goods delivery**. All payments must be well targeted and under contracts. Regarding the structure of the CAP, SEO/Birdlife and WWF-Spain defend a structure with a **single pillar** under the name of *Common Rural Policy* and following the philosophy of the current Pillar II.

Direct payments

Following the point of view of SEO/Birdlife and WWF-Spain, direct payments must be the way to secure a sufficient **public good delivery**. The two organizations propose a system with the following three types of payments: (1) a **basic payment** for all farmers and forest owners in order to encourage a basic level of sustainable land management;

(2) a **territorial payment** dedicated to farms and farming systems that are of high social and environmental value (for example High Nature Value farming systems) and (3) an **environmental payment** as an incentive to enhance the provision of environmental goods. They suggest a maximum **ceiling** in the basic payment, although not for the other payments. They also suggest that most of the measures should be open to people other than active farmers (**good stewards**).

Regarding the move from the current payment system (historical model) to the proposed one, in a first step, the system must move to a regional system with payments per ha. In a second step, the payments must be contractual and the amounts depending on the delivery of public goods and services.

Market measures

SEO/Birdlife and WWF-Spain suggest maintaining the current **market intervention** tools with measures financed 100% from EU funds. Regarding the *WTO negotiation and bilateral agreements* they claim to avoid any negative impact to third countries due to the CAP and defend commercial reciprocity and a strict control on import standards.

Rural measures

SEO/Birdlife and WWF-Spain strongly defend a rural development policy oriented towards **environmental sustainability**. Measures to support advice, training and capacity building must be improved and developed following the sustainability principles.

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- Carricondo/Peiteado, *Nuevos retos, nueva PAC*, Fundación de Estudios Rurales. Anuario 2011
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3. COMPARATIVE ANALYSIS AND EXPERTS POINT OF VIEW

3.1. Reform: Is a fundamentally reform demanded?

Background:

- *In 2010, Spain received around 6,000 million Euros from the European Agricultural Guarantee Fund (EAGF) representing 14% of the total expenditures. In addition, Spain received about 1,000 million Euros from the European Agricultural Fund for Rural Development (EAFRD). Spain is the second most important beneficiary of CAP funds after France.*
1. Most of the Spanish actors do not demand a reform of the CAP. In fact, after the presentation of the Commission's legislative proposals, some organizations and regional governments (mainly Junta de Andalucía) argue that is not the appropriate moment (due to the economic crisis) to propose important changes. Environmental organizations and the academia are the only actors asking for changes and fundamental reform.
 2. Most of the Spanish players, including national and regional governments, have a reactive position in regards to the proposals of the European Commission. Proactive positions are exceptional amongst the Spanish actors. Very often, the players prefer the *status quo* than any reform. The fear of losing important funds has blocked the design of proposals.
 3. The position of the different Spanish actors and regions regarding the CAP reform is, in fact, very concerned by the current distribution of the CAP benefits.
 4. Almost all the actors were very critical towards the 12 October 2011 proposals.
 5. In our opinion, the debate on the CAP policy has had a low profile and has been oriented to consider gains and losses of different alternative scenarios. A fundamental CAP reform is only demanded by some environmental and academic actors. Over the last weeks, the debate has increased due to the presentation of the Commission proposals, but in a very reactive or defensive way.

3.2. Challenges/ targets

1. Very often there is a mixture between challenges and objectives. In order to determine the most important targets for each player it is necessary to take into consideration the entire proposal.
2. Most of the documents introduce the challenges identified by the Commission. The list of challenges is very large in most of the papers.
3. Some of the most important challenges identified are closely related to the current economic conjuncture: volatility of prices, income decrease in some

sectors, imbalance in bargaining power of the actors in the food chain, etc. The “new challenges” (climate change, biodiversity, energy crisis) are also mentioned in most of the documents. Food security is mentioned in all the proposals of farmer’s and food entrepreneur’s organizations and the Spanish national and regional governments.

4. Nevertheless, there is not a clear picture of the ranking of challenges. The priorities are also not easy to identify in the Commission documents were the list of challenges is very vast.
5. The MAAM and regional governments put special emphasis on supporting food production and to providing sufficient farm income. Farmers unions stress the maintenance of viable farms. Compes, Cooperativas and FIAB put the accent on competitiveness. SEO-WWF Spain on biodiversity, SEAE-Vida Sana on organic farming and rural vitality and Foro IESA on promoting the multifunctional dimension of agriculture.
6. An aspect to be considered is the emphasis that most of the actors conferred to issues related to water management as a way to obtain sustainability.
7. The range of objectives is very wide and almost all organizations have introduced within their target some connection with the new challenges.
8. In our opinion, the long lists of challenges and targets manifest the lack of current CAP identifiable objectives in the Commission documents and in almost all the actors’ proposals. Productive, environmental, economic, social, sectoral and territorial targets and challenges are mixed, looking for CAP legitimacy.

3.3. Budget

1. Most of the proposals are defending a strong future CAP, with at least the same budget. Although the Spanish actors assume as the most probable scenario the reduction of the CAP budget, they asked for an increase due to the long list of challenges to meet. They are critical with the prevision included in the Commission proposal for the Multiannual Financial Framework 2014-2020.
2. The documents of the Spanish and regional governments and farm unions argue in favour of maintaining the Spanish participation in the budget (in absolute and relative terms) for different reasons. An argument often used is the fragility of Spain’s agriculture in regards to the climate change.
3. Most of the actors propose to maintain the same co-financing system, with 100% of EU funds for Pillar I. They asked for the maintenance of the current levels of co-financing for Pillar II. SEAE-Vida Sana defends a non-discriminative system regarding the co-financing of different measures and to extend co-financing to all measures as a way to improve responsibility and spending discipline to Member States.

4. Renationalization must be avoided in the opinion of most of the players. Only Compes proposes the reduction of the current CAP measures, and to move some of them to the national agrarian policies.
5. The distribution of CAP funds in order to reach a more equitable distribution between Member States is not discussed in most of the documents. Instead of that, most of the actors argue for maintaining the participation of Spain, or its regions, in the total budget as a priority. Others accept that a more equitable distribution between Member States is desirable. However, in their opinion the new distribution should not adversely affect the resources allocated to Spain.
6. In our opinion, Spanish actors are more worried about the redistribution of funds between Spanish regions, farms and sectors than between Member States. As stated above, there are large differences in the average level of payments among regions. An important redistribution that will generate tensions is foreseeable. Special worries are detected in some regions and in some productive sectors.

3.4. Structure of the CAP: pillars and content

1. The majority of actors defend a structure of two pillars with different co-financing regimes. The environmental organizations (SEO-WWF Spain and SEAE-Vida Sana) and Foro IESA propose to move to a unique pillar and Compes to a three pillars structure.
2. The lobbies of the organic production (SEAE-Vida Sana) proposed a non-discriminative system regarding the co-financing of different measures.
3. Most actors defend the maintenance of the current levels of co-financing for Pillar II.
4. About the content, some of the actors asked for including axis 2 or part (agri-environmental measures) in Pillar I (UPA and UP). Others proposed that axis 3 spending should be separate from the CAP and become part of regional or territorial cohesion spending (ASAJA, UP and Foro IESA).
5. MAAM and Junta de Castilla y Leon pointed out explicitly their priority for Pillar I. Compes proposed to move funds to Pillar II until reaching the 40% of funds in Pillar II.
6. Most of the actors wish a better clarification of the content of each Pillar in order to avoid repetitions.
7. In our opinion, as far as the two Pillars will maintain different levels of co-financing and a different budgetary period (annual for Pillar I and multiannual for Pillar II), it will be difficult to join them. Nevertheless, it is important that a better differentiation of the objectives and functions of each Pillar be made to avoid repetitions. The argument that in the future CAP, both Pillars will be more integrated and working in the same direction is not enough to justify the repetition of measures and greater implementation complexity.

3.5. Direct payments

Background:

- *The Spanish model for direct payments after the 2003 reform was the historical one with the maintenance of the maximum permitted coupled payment. This model creates big differences in the payments received among regions and farmers. Despite the fact that Spain is the second largest recipient of CAP funds, current average single farm payments in Spain (212 € per ha.) are below the EU-27 average (250 € per ha.).*
 - *The average single farm payment ranges between 365 € per ha. in Andalucía to 127 € per ha. in Madrid region or 139 € per ha. in Castilla- la Mancha. Farmers with historical payments from rice, olive oil, cotton and irrigated corn have very high payment entitlements.*
 - *From a total of 24 million ha. of UUA, only 16.2 million ha. have been used to activate single farm payment entitlements.*
 - *The Commissions' proposal for a Regulation establishing rules for direct payments to farmers defends "a more equitable distribution of support" and establishes that "the value of entitlements should converge at national or regional level towards a uniform value". This implies the implementation of a uniform payment (flat rate) at national (Spain) or regional level. According article 20 of the Commissions' proposal for a Regulation, "In that case (regional level) they (Member States) shall define the regions in accordance with objective and non-discriminatory criteria such as their agronomic and economic characteristics and their regional agricultural potential, or their institutional or administrative structure".*
 - *A flat rate at national level implies a major redistribution of funds between regions, farmers and productive sectors. Andalucía would be the region that stands to lose the most funds.*
1. The future of the direct payments is the central subject of discussion about the future CAP. The implementation of the flat rate, or the convergence in the value of the payment entitlements, has been one of the main topics of debate among Spanish actors since the publication of the proposals of the Commission (12 October 2011).
 2. The arguments to justify the maintenance of direct payment are basically of three types:
 - to guaranty a basic level of income for farmers (MAAM, Junta de Andalucía, Junta de Castilla y Leon, Generalitat de Catalunya, ASAJA, COAG, Cooperatives and SEAE-Vida Sana);
 - to reward for public goods delivery (MAAM, Junta Castilla-la Mancha, CEIGRAM, Cooperatives, SEO-WWF Spain, UP and UPA) and
 - to compensate for the costs of EU regulations (Junta de Castilla-la Mancha, Junta Castilla y Leon and UP).

3. Some Spanish actors argue for a maximum ceiling. Junta de Castilla-la Mancha pointed out “large farms produce less public goods per hectare than small farms” and in consequence direct payments must be capped and modulated. CEIGRAM justify establishing of a maximum ceiling in terms of having funds for other measures. Compes defend the maximum ceiling during the transitory period. Foro IESA, SEAE-Vida Sana, SEO-WWF Spain, UP and UPA proposed some type of maximum ceiling. MAAM, Junta de Andalucía and the Catalan government don’t comment on this point. ASAJA argues that there is no economic reason to cap or to modulate because they harm viable farms and associative enterprises. The Junta de Castilla y Leon is against modulation and a maximum ceiling because it operates as a brake on competitiveness and in the development of associative firms.
4. Cooperativas, UP, UPA, COAG, Junta de Castilla y Leon and ASAJA proposed to consider the number of salaried workers or the farm employment in the establishment of maximum ceiling or in the calculation of the direct payment amounts.
5. The discussion about the characteristics of the agrarian policy beneficiaries had a long tradition in Spain. In the 80’s, almost all Spanish farm unions defended the idea that only professional farmers should apply for structural aids (modernization and other investment subsidies). At that time the dilemma was between part time farmers and full time farmers. The Spanish law 19/1995 introduced the concept of “farmers with farming as their main activity” (*agricultores a titulo principal* or ATP). ATP are farmers with at least 50% of their income coming from the farm and at least 50% of their time devoted to the farm. Professional farmers and ATP farmers are concepts well introduced in the vocabulary of farmers’ union and cooperatives. Over the last years, decoupled direct payments opened a new debate with the introduction of the concepts of active farmer and active agriculture.
6. With few exceptions (ASAJA and SEO-WWF Spain), the Spanish actors are committed to limiting direct payments to some type of active farmers. However, no clear definition of the concept is made in most of the proposals. Similarly, some actors opted for a concept of “active agriculture” or “active farming” instead of “active farmer”.
7. MAAM and Cooperativas refer to “active agriculture”. CEIGRAM insist on the idea “to maintain the productive land capacity is enough for receiving direct payments”. COAG and the Junta de Castilla-la Mancha propose to direct payments only to “professional farmers” or “farmers with farming as their main activity (*agricultores a titulo principal* or ATP)”. Compes proposes to offer the support to professional farmers, but payments under contracts (territorial and environmental payments) can be open to all land owners. SEO-WWF Spain recommends giving good stewards access to most of the measures, irrespective of the active situation of the farmer. The Junta de Castilla y Leon proposed an extra payment for “farmers with agriculture as their main activity” (*agricultores a titulo principal* or ATP)
8. Finally, all the actors who manifested an opinion in this regard, consider the Commission’s proposal of “active farmer” out of place. They pointed out the incapacity to legitimize the figure of the farmer, and the difficulties to understand it.

9. Different types of payments are proposed, but mainly are a basic payment, an environmental payment and a territorial payment. Environmental and territorial payments in most of the proposal should follow the current system of compensatory payments for Less Favored Areas and the agri-environmental measures. MAAM and Foro IESA proposed to join payments under a farm “Territorial Contract” or a “Farm Global Contract”.
10. Ministry of agriculture (MAAM) and the regional governments have firmly rejected to establish a “flat rate” for the basic payment at national level. Also Ministry of agriculture, regional governments and farmer’s unions have firmly rejected a flat rate at regional level.
11. On October 17, the Ministry and the 17 Autonomous Communities have agreed on a document with an “initial assessment” of the proposals of the Commission. It states a total rejection of the basic payment proposal. Alternately proposes that “the future model of direct payments shall respond to the needs of different orientations and production systems”.
12. UP argue that a flat rate “is not adequate for countries, which have a variety of agricultural and livestock production systems (rainfed and irrigated annual crops and permanent or intensive and extensive farming ...) with very different costs, productions and amortization of investments”. COAG argues that the proposed payment system creates “a transfer of income from irrigated crops and livestock farmers to large landowners properties”. ASAJA defends that “the uniformity of basic payments can create serious imbalances in countries like Spain, with variety agriculture, production and production methods”.
13. For some farmers’ unions (UPA and UP), basic payments is just an income transfer to compensate extra-costs due to EU regulations. Because of this, cross-compliance is not necessary and must be removed.
14. Several actors ask for a simplification and improvement of the current cross-compliance. UP pointed out that the current cross-compliance requirements are more restrictive in the case of Southern European countries.
15. For the proposed greening component of the direct payment, most of the comments are negative. According to governments (at national and regional level) and farmers’ unions’ opinions, the requirements (several crops, maintenance of permanent pastures and ecological set-aside) will increase cost, will reduce production and will detract competitiveness. In the opinion of the MAAM, Spanish farmers are doing enough efforts to maintain the environment, it is not necessary to introduce more requests. They propose to maintain cross-compliance at the current level.
16. Most of the actors understand that it is difficult to distinguish additional direct payments for special environmental services within Pillar I from payments from current agri-environmental measures. Some propose to move agri-environmental measures to Pillar I (Junta de Castilla-la Mancha and Cooperativas), others ask for clarification on what measures are included in each Pillar (MAAM and Junta de Andalucia) and to avoid duplicities (Junta de Castilla y Leon and Generalitat de Catalunya). Other proposals don’t specify in which Pillar it should be included (CEIGRAM and COAG) or they propose a single Pillar (Compes and SEO-WWF Spain). The same comments are found in relation to additional direct payments to farmers suffering from natural constraints within Pillar I.

17. Only COAG and Cooperativas ask for small farms specific supports. ASAJA is against the exclusion of farmers receiving less than 5,000 € (small farms) from the greening requirements or any other cross compliance requirement.
18. In our opinion, the direct payment debate is incomprehensible without considering the differences between coupled and decoupled payments. Only two farm unions (COAG and UP) manifest itself explicitly against the decoupling of direct aids. However, most of the actors argue that aid should be linked to specific agricultural and livestock production systems or productive orientations. In this regard, the former Spanish minister of agriculture Rosa Aguilar rejected the flat rate because “it implies payments regardless of the production per ha” and “therefore goes against productivity”. The Andalucía regional agricultural minister, Clara Aguilera, wants direct aids to be linked to “productive orientation” of the farms. In summary, most of the actors are asking for coupling or to find a way to semi-couple. The key point of the discussion is about how ‘coupled’ should direct payments be: decoupled, semi-decoupled and coupled payments. It is not about the maximum ceiling, active farmers, and other points proposed by the Commission. Most of the actors signal a lack of legitimacy and efficiency of the decoupled direct payments. The Commission proposal does not solve this deficiency.
19. In our opinion, there are two models of direct payments: the current direct payments model (under cross-compliance) and those following the current agri-environmental measures model (contractual model). In some of the proposals it is difficult to know if reference is being made to the first or the second model. There is considerable confusion on that point.

3.6. Market measures justification

1. Documents of the Spanish players are committed to strengthen market measures. Only one environmental organization does not refer to markets measures in their documents. To the contrary, two actors defend the establishment of market measures as “the core of the future CAP” (Cooperativas and UP).
2. The majority of Spanish actors justify market measures by the need to ensure food production (food security) in a context of price volatility and bargaining power imbalances in the food chain.

3.7. Elimination of remaining supply restrictions (milk quota, restrictions on planting vines, sugar quota)

1. All Farmers’ Unions (ASAJA, COAG, UPA and UP) and Cooperativas are emphatically opposed to the elimination of quotas and the vine planting ban. Also the regional governments of Castilla-La Mancha, Castilla y Leon and Catalunya are against the removal of the remaining supply restrictions. MAAM and the regional government of Andalucía, SEO-WWW Spain and SEAE-Vida Sana, CEIGRAM and Foro IESA do not comment on this issue. Compes is the only

Spanish actor that supports the total elimination of milk and sugar quotas and vine planting ban and asks for market liberalization.

3.8. Market intervention tools (Intervention prices, private storage, withdrawals, subsidies for consumption, ...)

1. National and regional governments, farmers' unions and Cooperativas strongly support actions to maintain, recover and strengthen market intervention tools: intervention prices, public stocks, private storage and withdrawals. Environmental organizations, Foro IESA and CEIGRAM do not consider this issue. Compes wants the current intervention via guarantee prices and quotas must be totally dismantled and ask for market liberalization.
2. When the Commission's legislative proposals (October 2011) were presented, farmers' unions and the public administrations were very critical about the "lack of ambition" of the market instruments proposed. Specific comments are oriented to up-date intervention prices and to criticize the functional rigidity of the reserve crisis fund (the vote of the 27 countries is demanded).

3.9. Strengthening of producers within the food supply

1. Within the market measures section, instruments to strengthen the position of farmers within the food supply chain are the aspect that the documents of the Spanish players devote most attention. Governments at national (MAAM) and regional level and Cooperativas are the agents who place greatest emphasis on this issue. By contrast, environmental organizations, Compes and Foro IESA do not address the question. Farmers unions, with the exception of ASAJA, defend the same positions as governments.
2. In order to strengthen the position of farmers in the food chain the following points are proposed:
 - a) to support producers organizations oriented towards the concentration of supply (MAAM, Andalucía, CEIGRAM, Castilla y Leon, ASAJA, Castilla-la Mancha, SEAE-Vida Sana);
 - b) to promote public-private partnerships in order to manage storage (Castilla y Leon)
 - c) to develop interbranch organizations (Castilla y León, CEIGRAM, Catalunya, ASAJA, UPA, SEAE-Vida Sana and MAAM)
 - d) to implement contractual relationships between farmers and other food chain actors (Catalunya, Castilla y Leon, Castilla-la Mancha, Cooperatives and MAAM,)
 - e) to implement "standard or homologated contracts" (Andalucía, Castilla-la Mancha, Catalunya, MAAM),
 - f) to implement voluntary codes of good practices between food chain actors (Andalucía, MAAM) or commercial good practice codes (Catalunya, Castilla-la Mancha)

- g) to reform the rules of 'competition' at EU level to permit the concentration of supply and the negotiation of prices (Castilla y Leon, UPA, Castilla-la Mancha, MAAM)
 - h) to increase transparency along the food chain. (MAAM, Andalucia, Catalunya, ASAJA, Cooperatives), and
 - i) to develop future markets (Catalunya)
3. SEAE-Vida Sana defends measures oriented to shorten the food value chain (short circuits in food chain) as a way to balancing competition and Foro IESA to reinforce local food systems.
 4. FIAB proposes a policy that considers all the food chain.

3.10. Policy with regard to quality

1. Documents from Spanish actors include very few references to the quality policy. There are no proposals in relation to measures of quality support. Compes is the only one that refers to the quality measures "as a way to reinforce competitiveness".
2. Cooperativas wants "to strengthen the role of the producers' association in order to control quality" and the organic producer's lobby (SEAE-Vida Sana) asks for "a coherent and easily-understandable labeling and traceability system as a key element of the future policy".
3. In our opinion, the quality policy is considered by the actors inside the rural development policy and not in the market measures.

3.11. Risk Insurances

1. Most Spanish actors explicitly ask to strengthen and develop new risk management instruments. The strongest positions are found in the regional governments and farmers' organization.
2. Regional governments and farmer's organizations (COAG, UP and UP) want to develop a risk management system that includes income insurance.
3. The emplacement of the instruments of risk management is discussed: in Pillar II (Junta de Castilla-la Mancha, Cooperativas and SEO-WWF Spain) and out of the CAP (Compes).
4. In our opinion, the question of risk insurances is not very developed in the proposals of the future CAP. Nevertheless, Spain has a long tradition in crop and weather insurances and several studies have been considering the possibility to add income insurances to the offer. The issue is considered of major importance. The option of mutual funds is less considered and discussed.

3.12. EU position within the WTO negotiations

1. All Spanish actors, except three (Junta de Castilla y Leon, CEIGRAM and Foro IESA) discussed the issue of international trade relations and bilateral and multilateral trade negotiations.
2. All actors refer to reciprocity. For the actors reciprocity implies that imports must meet the same requirement in terms of environment, social and labour issues and food quality and safety that EU imposes to the European farmers. Current and new trade agreement must be accompanied by compliance with the EU requirements on food safety, quality, respect for Designation of Origin and intellectual property.
3. The Catalan government and COAG want to stop trade negotiations for new bilateral agreements until the end of the current economic crisis.
4. The organic products' lobby (SEAE-Vida Sana) defends to ban "imports of agricultural inputs that contribute to unsustainable use of natural resources and the destruction of small farms and food security in third countries".
5. An environmental organization (SEO-WWF Spain) wants to eliminate the negative impact of the CAP to third countries due to the export of subsidized products. No other actor refers to the issue of export subsidies

3.13. Rural development interventions. Objectives, priorities and targets of the rural interventions

Background:

- *Current Rural Development Programs in Spain have a strong bias towards axis 1 (competitiveness): 51% of resources are allocated to the measures of this axis compared to 34% in the whole EU.*
 - *Measures that have more financial resources are as follows:*
 - *adding value to agricultural and forestry products,*
 - *agri-environmental payments,*
 - *farm modernization and*
 - *developing infrastructure related to the development and adaptation of agriculture and forestry*
 - *Spain is the EU country with the highest percentage of PDR resources managed under the Leader approach*
1. National and regional governments, farmers' unions and Cooperativas and Compes agree to place agriculture competitiveness as the major objective of the rural development Pillar.
 2. Environmental organizations (SEO-WWF Spain and SEAE-Vida Sana) set goals related to sustainability (biodiversity preservation, environmental, public goods delivery) as the only targets of rural development measures.

3. The Ministry of Agriculture (MAAM) stresses the reinforcement of women and youth's position in the agricultural sector as a priority target of rural development. Regional governments, Cooperativas and to a lesser extent the farmers' unions also consider youth farmers' start-ups as a target.
4. Spanish actors do not define specific or measurable targets of rural development measures.
5. In our opinion, the position of the Spanish players in regards to rural development is still dominated by the emphasis on the competitiveness of agriculture including the development of infrastructure (irrigation).

3.14. Adaptation of regulations between EAFRD and other EU funds (Common strategic framework)

1. Documents of the Spanish players devote little or no attention to the relationship between EAFRD and other structural funds. COAG is the only actor which argues that measures related to territorial balance should be coordinate with other EU funds.
2. Farmers' unions traditionally have argued that rural diversification measures and quality of life in rural areas should be funded out of the CAP.

3.15. Less Favored Areas: linking of compensatory payments to biophysical and climatic criteria and other questions

Background:

- *81.7% of the Spain's UAA is included in the different categories of LFA: 33.7% of the UAA in LFA Mountain; 44.8% of the UAA in LFA other (risk of depopulation) and 3.3% of the UAA in LFA specific. By contrast only 54.4 % of the EU-27 UAA is included in the different categories of LFA*
 - *The level of compensation payments in mountain areas in Spain is extremely low: 8 € per hectare compared to 58 € of the EU average. LFA to mountain areas accounted for only 3.4% of the Spanish Rural Development Programs' budget.*
 - *Payments to farmers in areas with socio-economic handicaps and risk of depopulation areas accounted for 2.4% of the Spanish Rural Development Programs budget.*
1. The regional governments of Castilla y Leon and Castilla-la Mancha are the only institutions addressing the delimitation of LFAs. The Junta de Castilla y Leon wants to include areas affected by socio-economic handicaps (risk of depopulation). The Junta de Castilla-la Mancha wants "farmers who live in areas in risk of depopulation to have priority for receiving compensatory payments". Both regions have a large part of their UAA classified as "LFA other": 64.0% in Castilla y Leon and 65.6% in Castilla-la Mancha.

2. Two actors defend the integration of LFA payment in a “territorial contract” encompassing agri-environmental measures (UPA) and other direct payments (Compes).
3. With the exception of the elements mentioned above, the documents of the Spanish players do not consider the issue of the designation of areas facing natural and other specific constraints. Modalities of support are not considered.

3.16. Territory under Natura 2000 and Agri-environmental payments

Background:

- *15.9% of the Spain's UUA is under Natura 2000 (10.4% in UE-27)*
 - *43.4% of the Spain's Forest area is under Natura 2000 (23.6% in UE-27)*
 - *13% of the resources from current Rural Development Programs in Spain are allocated to agri-environmental measures.*
1. Very few comments on the inclusion of forestry elements in the CAP, only in relation to public goods delivery.
 2. The Junta de Castilla-La Mancha proposes specific agri-environmental measures for Natura 2000 areas.
 3. CEIGRAM, Compés and UP considered it appropriate to include agri-environmental measures in Pillar I.
 4. SEO-WWF Spain and SEAE-Vida Sana defend that some agri-environmental measures should become compulsory for all Europe. SEO-WWF Spain indicates that the way to calculate the premium in agri-environmental measures must be modified. The current system of additional cost/loss of profit must be modifying to a system of payments for public goods delivery.

3.17. Rural development: implementation and management. Territorial contracts and Leader approach

Background:

- *The Spanish government recently approved a framework law on territorial contracts. Territorial Contracts are defined as “a formal instrument which establishes the set of commitments between the government and the owner of a farm to guide and encourage their activity on behalf of a sustainable rural development”.*
 - *Currently there are 264 Local Action Groups (LAGs) implementing the Leader approach in Spain.*
1. The Ministry of Agriculture (MAAM), the regional government of Catalunya and the UPA support the implementation of “territorial or global contracts”. According to the UPA, this contract should include LFA payments and agri-environmental measures. Compes defends that “all payments must be under contract”.

2. A farmer union (ASAJA) makes explicit their opposition to the figure of “territorial contracts”. ASAJA argues that “no added value is provided for farmers and contracts have failed in other countries (France)”.
3. There are very few references to the Leader approach. Compes wants “a lot of measures” to be implemented under the Leader approach. The Government of Castilla-la Mancha explicitly supports the maintenance of the Leader approach.
4. In our opinion, the Leader approach has a long and successful tradition in Spain and most of the regional governments support the implementation of measures under this approach. The network of Local Action Groups (LAG) is very dense and is well organized in most of the 17 Spanish autonomous regions. Farmer’s unions are more reluctant to Leader and environmental associations are not very represented in the Leader-LAGs.
5. In our opinion, the future of the implementation of the territorial contract is very doubtful. The Spanish government has recently approved a regulation for “territorial contracts”, but some farmers’ unions (mainly ASAJA) and some regional governments governed by the popular party are strongly against this figure. The victory of the People’s Party (PP) could obstruct the development of territorial contracts.

3.18. Simplification of administrative procedures

1. There are a lot of generic references to the simplification of the administrative procedures, but not many specific proposals. Many actors ask for a simplification of cross-compliance.

