

*Decision of the members of the General Assembly of the German Farmers' Association*

## **Wiesbaden Declaration**

### **General Assembly 2018 of the German Farmers' Association**

Key demands on the EU Financial Framework and the post-2020 Common Agricultural Policy

The Common Agricultural Policy (CAP) is essential for agriculture on both the German and the European level. The CAP ensures the economic stability of farms in open and volatile markets, supports their competitiveness, promotes more sustainable and comprehensive farming and strengthens the attractiveness and vitality of rural areas. Thus, the CAP takes into account the principle of "public money for socially required services".

At the same time, the CAP is a cornerstone of European integration. Securing agriculture and food production must remain the core objective of the CAP. The CAP must equally stand for economic, environmental and social sustainability. The European Commission's proposals from the beginning of June 2018 foresee substantial changes to the architecture of support. These must not distort intra-European competition. The CAP must remain common. The European Commissioner for Agriculture and Rural Development Phil Hogan has given his word to farmers to ensure the simplification of CAP support.

#### 1. Keep the agricultural budget stable in both pillars

DBV demands that the Multiannual Financial Framework (MFF) 2021 to 2027 at least maintains a stable budget at current levels for both pillars of the Common Agricultural Policy (CAP).

The extensive targets and socially required services of farmers put forth by the European Commission cannot be achieved with a smaller budget. Financial cuts of CAP are unacceptable. In accordance with the coalition agreement, the Federal Government is invoked to pronounce itself against any cut of the agricultural budget. For new challenges, additional financial resources must be provided.

2. Continue area based payment scheme – no “enhanced conditionality“ for less compensation and no damage to proven agri-environmental measures

DBV is firmly committed to maintaining the function of direct payments to support agricultural incomes, to hedge risks and to compensate for higher EU standards. Already today, the economic value of these additional services of German agriculture for higher EU standards amounts to 4 billion euros per year compared to the world market (HFFA study).

DBV considers the foreseen significant expansion of the requirements towards a “super cross compliance” (so-called “enhanced conditionality”) – including a simultaneous reduction of the EU’s agricultural budget – to be the completely wrong strategy. This would provoke a substantial loss of the income effect of the 1<sup>st</sup> pillar and a drastic suppression of the leeway left for any additional agri-environmental measures in the 2<sup>nd</sup> pillar.

Proven agri-environmental measures in the 2<sup>nd</sup> pillar must not be compromised. In this field, German farmers already provide voluntary additional services for resource conservation and biodiversity on every third hectare.

Therefore, DBV rejects the transferring of the requirements of today’s Greening measures into “conditionality”. Instead, the goal should be to transpose the Greening measures into the “eco scheme” proposed by the European Commission. For that matter, DBV highly supports a voluntary implementation for farmers.

Any supplementary redistribution of funds from the 1<sup>st</sup> into the 2<sup>nd</sup> pillar on the national level (currently 4.5 % of the 1<sup>st</sup> pillar ceiling in Germany) would further weaken farms economically and must therefore be rejected. The federal state as well as the Länder should use the increasing tax revenues of the coming years to expand the financial resources of the 2<sup>nd</sup> pillar.

The basic payment must remain a fundamental part of the 1<sup>st</sup> pillar in order to further ensure an effective and direct stabilisation of farms and the compensation for high EU standards.

Any degression or capping of direct payments on an operational basis must be rejected because it would call meaningful structures and their development prospects into question. DBV considers an additional payment for the first few hectares up to the average farm size to be an appropriate way to take account of the different farm structures.

3. Avoid competitive distortions in the internal market

DBV insists on comparable framework conditions for all farmers in the common market. The goal must be to avoid any further drifting apart of national support systems with respect to the new Strategic Plans. Subsidiarity in both the implementation and the

administration makes sense. However, the basic elements as well as the conception of CAP must be shaped on the basis of communality in order to avoid undermining the common market. This also means a significant EU-wide limitation of all options for coupled direct payments.

Likewise, the federal state as well as the Länder must ensure in the German Strategic Plan that the competitive position of German agriculture is not impaired.

#### 4. Truly simplify CAP support

It is now that the European Commission has to “deliver” on the simplification of the “CAP support’s bureaucracy”. However, the European Commission’s new proposal still falls short of that. DBV urgently pushes for a change of course in the application and control system. The EU must limit itself to core objectives and the monitoring of simple indicators. The federal state as well as the Länder should be enabled to regulate the detailed requirements for application and control procedures autonomously without the pending risk of EU liability and to actually implement them. Controls and sanctions must be proportionate. Above all, options of tolerances and bagatelles are urgently needed. There is also an urgent need for simplification in the definition of permanent grassland, which has developed into a bureaucratic monster. The abolition of the system of payment entitlements is supported. The scope of Cross Compliance needs to be streamlined to reduce, for example, the disproportionate sanction risk of livestock farms.

DBV resolutely warns against ill-considered proposals to limit direct payments to “genuine farmers” and recalls that the “active farmer clause” has been abolished in 2018 for valid reasons. There is a risk that even part-time farmers and farmers who have established an additional source in order to secure their farms economically (e.g. on-farm-tourism, renewable energies) might be disadvantaged.

DBV criticizes the European Commission’s approach to create vast space for the interpretation and implementation of CAP support by the use of Delegated Acts. DBV demands that all essential points will be explicitly and uniformly regulated with basic EU legislation by the European Council and the European Parliament.

#### 5. Priority for future investments and sustainable management in the 2<sup>nd</sup> pillar

DBV demands to attribute high priority to measures promoting sustainable competitiveness, especially for encouraging investments (including resource conservation), diversification, innovation, education and advice. The promotion of young farmers and young talent is particularly welcomed. This should be achieved through measures under 2<sup>nd</sup> pillar and should be open to all legal forms of organisation.

DBV calls for a more attractive design of agri-environmental measures in the 2<sup>nd</sup> pillar with corresponding incentive margins. The promotion of grazing livestock must be

uniformly expanded nationwide. High priority must also be awarded to compensatory payments for areas with natural or other area-specific constraints.

6. Agricultural markets and risk management

DBV basically rates the proposal for setting up operational programmes for all production sectors (so long fruit & vegetables and wine) as positive. This option should be further discussed for each individual sector.

In the Common Market Organisation (CMO), DBV calls for enhanced antitrust-bundling-options, not only at the producer level, but also at the level of farmer-led marketing and processing organisations – including cooperatives.

Options for supporting the risk provisioning for individual farms in the framework of the 2<sup>nd</sup> pillar should be discussed in depth. Irrespective thereof, DBV considers a tax revenue reserve at national level of utmost importance.

7. Design CAP Strategic Plan in collaboration with agriculture

DBV demands from the Federal Government to set clear political signals for the priorities of the CAP Strategic Plan already at an early stage. The experiences and expectations of agricultural practice should be systematically integrated into the decision-making-process of the federal and the Länder governments. The uniform area based payment scheme for arable and grassland must remain the anchor. Proven Länder-programmes in the 2<sup>nd</sup> pillar must be continued.

8. Create clarity in time

DBV believes the reaching of an agreement on the new Multiannual Financial Framework (MFF) even before the European elections in 2019 to be crucial. The new strategic planning of the CAP needs sufficient time in order to allow farmers to plan well.

Consequences have to be drawn from the precipitous introduction of Greening in 2015. As things present themselves today, the new CAP Strategic Plan will not be finalized in time, which means before the end of 2020/the beginning of 2021. Thus, a transitional period based on the current support system should be adopted in due time.