


Procedure file

Basic information	
INI - Own-initiative procedure	2002/2258(INI)
Procedure completed	
The evolution of the agricultural incomes in the European Union	
Subject 3.10.01 Agricultural structures and holdings, farmers	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	AGRI Agriculture and Rural Development	PSE GAROT Georges	27/11/2002

Key events			
16/01/2003	Committee referral announced in Parliament		
22/01/2004	Vote in committee		Summary
22/01/2004	Committee report tabled for plenary	A5-0022/2004	
10/02/2004	Debate in Parliament		
11/02/2004	Decision by Parliament	T5-0084/2004	Summary
11/02/2004	End of procedure in Parliament		

Technical information	
Procedure reference	2002/2258(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/5/19032

Documentation gateway					
Committee report tabled for plenary, single reading		A5-0022/2004	22/01/2004	EP	
Text adopted by Parliament, single reading		T5-0084/2004 OJ C 097 22.04.2004, p. 0136-0224 E	11/02/2004	EP	Summary

The evolution of the agricultural incomes in the European Union

The committee adopted the own-initiative report by Georges GAROT (PES, F) on trends in agricultural incomes. Recalling that one of the fundamental aims of the CAP was still to ensure a fair standard of living for the agricultural community, the report noted that farm incomes increased by 7% in the EU between 1995 and 2002, but that this was only possible through a 15.7% decrease in the number of farms, an increase in farm size, more intensive production and increasing pluriactivity and diversification. It pointed out that there were still major disparities in agricultural incomes per full-time farmer, due partly to disparities in labour productivity, but also to the uneven breakdown of aid: 20% of farms received 73 per cent of direct aid, covering 59% of cultivated land and only 25% of jobs. MEPs said that market regulation and price stabilisation were essential to the stability of incomes in dealing with price fluctuations caused by weather conditions, world price trends and supply crises. Guaranteed institutional prices should act as an essential safety net, but should be set at a level which avoids providing an attractive outlet leading producers away from the market. The report also called for the establishment of crisis management mechanisms, "which may be implemented as a last resort whenever market prices remain below safety-net levels for significant periods". In addition, it stressed that falls in the price of farm products do not affect trends in consumer food prices or vice versa. It therefore asked the Commission to consider the issue of the economic organisation of producers and the ways in which farm products are marketed. The committee considered it legitimate to maintain the level of public support for agriculture so that farmers are able to remain on the land throughout the Union. It believed that, when the Commission submits legislative proposals which directly affect agriculture (such as environmental measures), it should also indicate the economic impact which the legislation will have on agriculture. MEPs said that 'decoupling' of aid from production levels was liable to accentuate territorial problems and create an imbalance between sectors if a large number of farmers decided not to produce while continuing to receive aid. The fact that the 'decoupled' aid system would be applied in different ways in different Member States meant that it might be deemed no longer acceptable by the general public and the WTO if it was based on historically acquired rights, without allowing for fairer remuneration for all farmers and all production. MEPs therefore considered that future proposals to convert decoupled aid into a support system must permit sustainable cultivation and animal husbandry, consistent with the public service benefits of multifunctional agriculture and with international trade rules. MEPs deplored the fact that the funding proposed for transfer to rural development was inadequate. The report also stressed that compulsory cofinancing was a serious hindrance to rural development policy. It therefore called for the share of national contributions to be reduced and for greater coherence between the two 'pillars' of farm support and rural development. ?

The evolution of the agricultural incomes in the European Union

The European Parliament adopted a resolution based on the own-initiative report drafted by Georges GAROT (PES, France) on agricultural incomes in the EU. (Please see the summary of 22/01/04.) Parliament felt that market regulation and price stabilisation are a means of ensuring the coherence of the new CAP based on fixed and decoupled direct support for production; They are essential to the stability of incomes with a view to dealing with the farm price fluctuations which may result from changes in weather conditions, world price trends and supply crises. It is essential, in this connection, that guaranteed and fixed-ceiling institutional prices within certain production volumes based on the needs of the internal market act as a CAP-wide safety net in future. Instruments to regulate supply should be maintained and even extended in a flexible manner. All the available instruments should be used to respond to fluctuations in farm incomes as a result of climatic conditions or disasters, as is the case for example in Australia, the United States and Canada. In order to act as a safety net, these guaranteed institutional prices should be set on the basis of production costs. The level of these prices should avoid providing an attractive outlet leading producers away from the market, and being used as an argument for bringing market prices down within specific sectors. Parliament also felt that the establishment of sectoral contracts should be encouraged in order to promote product quality and ensure a fairer distribution of added value among partners. Parliament went on to state that the transformation of intervention schemes into mere safety nets is only possible and sustainable if there is an adequate external protection designed to safeguard the three components (economic, social and environmental) of the European agricultural model. Crisis management systems should be established, which may be implemented as a last resort whenever market prices remain below safety-net levels for significant periods. ?