

# RURAL DEVELOPMENT IN THE REFORMED CAP

## Contents

How EU rural development money is actually being spent ..... 1

Hogan: Trade deals have not harmed European agriculture..... 3

Rural development policy 'victim' of conservative Greek farmers..... 5

Czech farmers take the slow lane to renewable energies..... 6

Rural development in Poland will focus on smallholders' poverty ..... 7

Greek agriculture minister: EU must change stance on trade agreements... 9

Wages and land ownership block young Slovaks' return to farming..... 11

Romania wants to boost consumer confidence in organics ..... 12



With the support of



*Preparing the land in Transylvania. Oszdola, 2009.*

## How EU rural development money is actually being spent

Ensuring the long-term viability of the farming sector is a major challenge for central and eastern European countries. The EurActiv network looks at how EU money is being spent in five key countries — Greece, Romania, Poland, Slovakia and the Czech Republic.

The European Union has turned the focus of the reformed Common Agricultural Policy towards employment creation.

Promoting local jobs and supporting young farmers has become a key objective under the rural development pillar of the new CAP, which runs for the period 2014-2020.

The EurActiv network provides an overview of main challenges for the Czech Republic, Slovakia, Poland, Romania and Greece in the implementation of rural development programmes.

## Employment and ageing

All these countries view employment as a key objective for rural development, and consider the ageing population in agriculture a major challenge.

According to a recent Eurostat survey, of the 10.8 million farms in the EU, almost 3.5 million (31.1%) were managed by people aged 65 or over, and a further 2.6 million (24.7%) by managers aged between 55 and 64.

Farmers younger than 35 accounted for just 6% – a figure that raises questions over the long-term viability of the sector.

Nearly 180,000 young farmers are expected to get an installation grant in the current programming period, which runs until 2020, according to Daniel Rosario, the spokesperson for Agriculture and Rural Development at the Commission.

Eurostat figures show that the number of holding managers aged less than 35 is low across the five countries reviewed by EurActiv.

Poland is in the lead, with 12.1% young farmers, followed by Slovakia (8.1%), Greece (5.2%), Romania (4.7%), and the Czech Republic (4.6%).

The Czech Statistical Office has

Continued from Page 1

repeatedly warned that the population living in rural areas and working in the agricultural sector is aging.

“A lot of these people are at retirement age and it is hard to find their successors,” said Miroslav Toman, the President of the Czech Agrarian Chamber, citing low salaries as a major deterrent for young people.

Agricultural analyst Petr Havel stressed that the Czech government should focus more on local development in rural areas. “Infrastructure is the key, but also services – which must be provided by local people who are living in rural areas and who, at the same time, are users of those services,” he stated. Over 80% of residents of rural areas commute to work, and this reduces the demand for products and services in countryside areas.

In Slovakia, rural areas are getting older and less populated. Since 2001, the pre-productive population decreased by 4%. The rural population is less educated, which effectively impedes the uptake of the tertiary sector.

The transfer of applied research results into practice has been insufficient. According to the modified Rural Development Programme, labour productivity in urban areas is 58% higher than in other areas.

In the Slovak case, the Commission says that generational renewal will be enhanced by providing start-up aid support to 600 young farmers and development aid for 330 small family farms.

In Greece, the low number of young farmers partly explains the low level of skills in the profession, which is a huge obstacle for the growth of the local economy.

The Greek government has planned to enhance “agricultural training” by using over 6% of the EU money for the creation of 86,640 training places for farmers and rural businesses.

But in addition to the young farmers question, these member states are also

faced with a number of other challenges.

### Poland: Focus on spending efficiency

Poland will use €13.5 billion of EU rural development money, and has as an objective to enhance farm viability and competitiveness.

EurActiv Poland reports that the new government wants to focus much more on the ‘hard’ aspects of EU funds such as investment in infrastructure, and direct contributions to the farmers. In its adjustments to the Rural Development Programme (RDP), Warsaw clearly takes the focus away from ‘soft’ development such as skill training.

But the main remaining challenge is to increase the efficiency of spending and changing the long-standing “agri-mindset”.

A report by the European Court of Auditors has shown that while Poland is enthusiastic about spending EU money in rural areas, it is struggling to measure the effects of that spending. Beneficiaries are often late in reporting data to the government, which makes Poland’s own reporting to EU authorities patchy or incomplete.

### Slovakia: Addressing regional disparities

For Bratislava, €2.1 billion of public money is made available under the new CAP.

Smallholders represent a huge share of producers compared to only a few large-scale producers. This results in lesser diversification, with only two crops produced in many cases, and low levels of production.

Most of the funds are spent on addressing regional disparities, which are caused by uneven access to finance, EurActiv Slovakia reports. Small communities have to deal with frequently inadequate infrastructure and difficult access to basic services.

### Romania: Poverty in rural areas

The amount of money earmarked for Romania is €9.5 billion, and the government is focussing on fighting poverty.

Poverty affects most rural areas in Romania, which has the highest rate of subsistence agriculture in the EU. Labour productivity in agriculture is four times lower than the European average.

The primary factor of underdevelopment in Romania’s agricultural sector is the poor level of investment and working capital, which leads to low production.

### Czech Republic: Getting “local”

The RDP for the Czech Republic is €3.1 billion and the main priorities set by the government is to increase the competitiveness of agriculture and forestry, including the modernisation of farms.

EurActiv Czech Republic reports that the government wants to focus on ensuring the sustainable management of natural resources and encouraging climate-friendly farming practices.

“The Czech Republic has a long term problem with soil erosion and a lack of water in some parts of the landscape,” President of the Association of Private Agriculture of Czech Republic Josef Stehlík told EurActiv.cz.

Reports indicate that soil erosion endangers 40% of agricultural land. “One of the main challenges is the ability to deal with changing weather conditions bringing dry and strong rainy season,” Miroslav Toman, stressed.

Agricultural analyst Petr Havel noted that the Czech government should focus more on local development in rural areas.

“Infrastructure is the key, but also services which must be provided by local people who are living in rural areas and who, at the same time, are users of those services.”

## INTERVIEW

## Hogan: Trade deals have not harmed European agriculture

Opening up to new markets in Asia and Africa has helped the EU become a net exporter of agricultural products, Phil Hogan told EurActiv.com, responding to criticism of trade deals.

*Phil Hogan is European Commissioner for Agriculture and Rural Development. He spoke to Sarantis Michalopoulos.*

**A midterm review of the EU's long-term budget for 2014-2020 (the Multi-Annual Financial Framework) is scheduled for this year. Is the CAP in danger?**

Obviously there are a series of ongoing studies and internal discussions, so we can't preempt them.

However, I would underline that the CAP is not static. It has evolved considerably over the last 20 years. Indeed, many of the elements of the 2013 Reform are phased over several years – such as the fairer distribution of CAP Direct Payments within and between member states, or the greening requirements aimed at halting monoculture and soil sealing, which are only starting to have an impact now.

At the same stage, given the global challenges of climate change and global food security, I would argue that agriculture policy issues will get more important in the coming years on the world stage.

**How does the European Commission answer critics suggesting that EU commercial deals with third countries penalise European agriculture?**



*European Commissioner of Agriculture and Rural Development, Phil Hogan. [USDA/ Flickr]*

The Commission always carries out careful impact assessments of potential trade agreements. Bilateral trade agreements provide considerable opportunities for the EU agri-food sector as a whole.

The EU's increased global trade in agriculture products has helped the EU agri-food sector expand, thereby providing additional growth and jobs.

In global terms, EU agricultural exports have performed much better than most other sectors in recent years and the EU has become a net exporter, especially for added-value products. This would indicate that commercial deals have not harmed European agriculture. Indeed, as people in Asia and Africa have more disposable income, we see they want to consume European food and drink, and our trade agreements open up these growing markets.

**French pig farmers suspect VAT fraud from their German counterparts whose production is growing while their own is disappearing. How can the Commission deal with fiscal dumping?**

We can confirm that our services received a complaint about the application of the special flat-rate scheme by some pig farmers in Germany. We will look at the complaint according to the relevant legislation, i.e., the EU VAT Directive.

The French farmers already

had meetings with our services, and Commissioner Moscovici's cabinet, at the end of last year, to look at the issue together.

As far as the Commission is concerned, the relevant part of EU legislation (Article 296) is being correctly applied in Germany. We've been clear on this throughout all of our contacts with the group of French farmers.

We intend to bring forward legislative VAT simplification measures to help businesses in particular to operate cross-border and want to reduce the administrative burdens experienced by such businesses. My colleague Commissioner Hill will be better placed to talk about these issues.

We will look at how the concerns of the French pig farmers can be resolved in this context.

**The Commission wants to encourage young farmers. But in French milk production, for instance, some of them work 12 hours a day with no holidays and hardly earn the minimum wage.**

Generational renewal and the setting-up of young farmers are a priority for the rural development policy in France. Thus, in the period 2014-2020, 1.2 billion euros of public funding will be allocated to this objective. This represents 7.5% of the 15, 93 billion

Continued on Page 4

Continued from Page 3

euros of public expenditure for rural development in France.

The major policy instruments used to this end are the setting up support and the interest rate subsidies. For mainland France, the general conditions to access these types of support are defined in the national framework. Additionally, based on local needs and specificities, and in order to meet regional objectives, the regions could complement the basic amount of setting-up support defined in the national framework, with additional amounts.

Over the whole period, more than 38,500 farmers are expected to receive setting-up support and interest rate subsidies.

Additionally, training, advice and cooperation projects will have a special emphasis on young farmers.

Last but not least, it should be mentioned that in many regions, investment projects submitted by young farmers will get extra priority points and higher support rates.

**During the 2007-2013 budgetary period, Italy had a low level of utilisation of its Rural Development funds and only managed to avoid a significant loss in the next period through a final sprint. Can Italy benefit from targeted coaching in order to improve its access to RD funds for the new period?**

The implementation level of the Italian RD programmes during the 2007-2013 programming period has been systematically below the EU average. Nevertheless, the Italian authorities have recovered at the end of the programming period to achieve a delivery rate above the EU average (IT = 98,7; EU = 97.2 %).

The problems were particularly salient in the less developed regions of the South. The low level of utilisation was the result of various elements: a weak central hold on sectorial and regional programmes; dispersion of

the funds over too many themes and priorities; insufficient administrative capacity of many bodies involved in the preparation, management and implementation of the Fund, as well as the effect of budgetary measures on the capacity of regional and local authorities to co-finance projects.

For the new programming period, also due to the administrative capacity issues highlighted, only a few RD programmes have taken up the possibility to use financial instruments. Given the impact that these instruments can have on an optimal use of EU funds, the targeted coaching for member state managing authorities provided by fi-compass could be one valuable element of support.

**In Romania, the financial allocations of the European Union are unevenly distributed between public and private entities, with an overwhelming advantage for public institutions. Is there a criterion or a principle that underpins this type of distribution when it comes to agriculture-related funds? Is the European Commission looking at these elements when it evaluates the results of its financing schemes?**

In the case of support under the CAP, the key factor for the Commission is whether the beneficiary and/or land concerned is eligible or not under the relevant EU rules, whether the EU support serves its objective and if the objectives have been met, rather than whether the beneficiary is public or private.

Direct payments are granted to farmers (i.e. persons – natural or legal – who perform an agricultural activity) who are active in the sense of the EU legislation as implemented by member states upon declaration of eligible hectares irrespective of the type of property. In claim year 2012, more than 1 million farmers in Romania benefited from direct payments.

In the case of the 2nd Pillar of the CAP, we consider that the largest part

of support for rural development in Romania, under the National Rural Development Programme 2014-2020, is in practice allocated to measures where all or the major part of beneficiaries are private (e.g. for investments in farm or food-processing businesses, setting up by young farmers or producer groups, or payments to farmers for farming in an environmentally-friendly manner or in areas with natural constraints).

While it is not possible to make an exact calculation, as an indicative figure, we estimate that well over 5 billion of the 8.1 billion EAFRD allocation targets measures where beneficiaries are primarily private, while it is only support for a few measures (e.g. rural infrastructure, local development under Leader, forestry) where a major part of expenditure tends to be for beneficiaries who are public.

**Slovakia has fairly low agricultural productivity. How do you view the decision made by Slovakia and some other countries to shift funds from the rural development pillar towards direct payments?**

The labour productivity of agriculture in Slovakia is 62% of the EU average. The Slovak national authorities decided to transfer to the 1st pillar part of their rural development allocation.

It should be noted that the right for member states to transfer part of their financial allocation between pillars results from a political agreement reached in the context of the Multi-annual financial framework for 2014-2020. This option for member states is laid down in Article 14 of the Direct Payments Regulation 1307/2013, and is simply notified to the Commission without any need of further justification.

# Rural development policy 'victim' of conservative Greek farmers

A reluctance to innovate among ageing Greek farmers will be a key challenge for implementing EU rural development programmes there under the new Common Agricultural Policy, EurActiv Greece reports.

€5.9 billion of public money is earmarked for Greece's farming sector under the new Rural Development Pillar (RDP) of the reformed CAP.

But in order to take advantage of the new funding provided by the RDP, Greek farmers' mindsets need to change, analysts say.

44.1% of the Greek population lives in rural areas, which represent 82.2% of the country's total land. Agriculture accounts for 13.2% of total employment in Greece, while the food processing industry represents a mere 3.3%, according to the European Commission.

This makes agriculture a key sector for the country's struggling economy.

## Changing agro-habits

Fotis Xatzipapadopoulos, from Gaia Epixeirein, a consultancy which brings together farmers, the IT sector and banking, told EurActiv Greece that the main obstacle for innovation in agriculture is the mentality of Greek farmers.

"We need to encourage a new culture and the EU's rural development programme can help in this direction through the consultancy supply networks funded by it," Xatzipapadopoulos said.

According to the agriculture specialist, the RDP will allow Greek



A sheep farmer on Lesbos island. [Bryan Ledgard / Flickr]

farmers to get access to quality advice in order to make the right decisions and make the best use of their land.

"When a farmer goes bankrupt due to a wrong decision, he then turns to innovation as a solution to the deadlock."

## Precision farming challenge

For Xatzipapadopoulos, precision farming technologies, which are being rolled out in the US and some advanced Western European countries, cannot be applied in Greece because of the different farming circumstances there.

"In the US, farm size is quite large and therefore crops have great variability," he said, noting that modern tools such as satellite technology, sensors or drones would not be affordable for many Greek smaller holders.

"A cost saving of 5% [thanks to precision farming] in a large farm can justify the farmer's capital investment in a modernised tractor," he said. "For small farms, the producer will never get his money back."

The use of precision farming technologies without advice on how to analyse the data would offer nothing to a farmer, he claims.

"The farmer needs to measure, make a soil analysis, take the results which will be examined by a specialist and then be consulted on how to make the best use of the results on a farm," he said, adding that "only through fact-based farming will farmers reduce the cost of the inputs and increase their productivity".

"In Greece there is not such a mentality. Farmers usually get tips for cultivation when they purchase for instance fertilisers without a previous soil analysis. There must be a qualified agronomist to do that."

Xatzipapadopoulos complained that in Greece there was not a mindset for innovation, which results in a major shortage of specialised agronomists.

The only possibility for precision farming to be applied in Greece is through "large-scale projects with a high number of farmer groups who will share the cost".

## The myth of drones

The use of drones in Greek farming is merely a trend, according to Panagiotis

Continued from Page 5

Ilias, an analyst at Neupublic, an IT company.

“In the US a farmer can afford to buy a drone as well as pay specialists to analyse the collected data,” he said, adding that a €15,000 purchase for a Greek farmer is not affordable.

The data collected by a drone has no value for a Greek farmer, as without analysis it can not be translated into advice.

“In Greece, the mentality that dominates is just to sell drones [...] not to help the farmer produce and apply precision farming,” he noted.

### Young farmers open to innovation

Markos Leggas is a young farmer and president of Pegasus Cooperative, specialising in grapes.

Commenting on the new RDP for Greece, he said there were many opportunities for farmers to take a step toward innovation-driven practices, but a number of factors were holding them back.

“[A] Greek farmer has not realised yet that in four years time — meaning tomorrow — he will not be granted subsidies in the same way as he did in the past,” Leggas said.

Young farmers are more open to innovation, he stressed, but sometimes family farms can be a huge hindrance.

“In family farms, the older generations do not let young people take the lead. They are suspicious when it comes to something new,” he said.

He noted there was a shortage of specialised workforce in new agriculture technologies — including agronomists, surveyors, engineers, and data analysts — as many crisis-hit young people have migrated abroad.



Cows lying in the gras at the Suwałki wind park, Poland. [SCA Svenska Cellulosa Aktiebolaget / Flickr]

## Czech farmers take the slow lane to renewable energies

Turning to biogas and other eco-friendly farming practices under the EU's new Rural Development Programme may be challenging for the Czech Republic, where renewable energies have a bad reputation.

The new RDP promotes resource efficiency and supports the shift toward a low-carbon and climate resilient economy in agriculture.

But despite playing a key role in the EU's energy and climate policies, renewable resources face widespread public skepticism in the Czech Republic.

### Public scepticism towards renewables

The bad image of renewables was mainly caused by the over-generous support schemes that benefited large photovoltaic farms at the end of the last decade.

Although the support was drastically cut in 2011 and further limited in the following years — too drastically for many investors in the photovoltaic business — renewable energies were blamed for high electricity prices which, in turn, made their overenthusiastic support toxic for many politicians.

In line with this general scepticism, the national parliament approved in 2013 a bill that effectively halted operational support for all new renewable installations as of 2014.

But later the same year, the ministry of agriculture initiated a revision of the law that finally allowed operational support for biogas stations. This move was justified as a support for farmers and rural development.

### Focus on biogas stations

Biogas stations are often added to existing farms as they use local bio-degradable plant or animal waste to produce electricity or heat.

As such, new biogas stations were also expected to receive EU funding from the Rural Development Programme for the period 2014-2020. Unlike operational support described above, EU funds were expected to boost

Continued on Page 7

Continued from Page 6

investment in new biogas stations.

“There is an enormous amount of biomass produced by agriculture and forestry industries that is unused,” said Hynek Jordán, the agriculture ministry spokesman. “We see tapping the potential of renewable energy sources, especially biomass, as a huge challenge for this [programming] period,” he told EurActiv.cz.

According to the agriculture ministry, the new biogas plants should help processing dung and manure to produce energy. But the transition will be slow.

“It is true that the Rural Development Programme aims to support resource efficiency and the transition to a low-carbon economy in agriculture, food industry and forestry,” said Jakub Heidelberk, project consultant at Cyrrus Advisory. “Nevertheless, from the overall allocation of €3.1 billion only about 3.8% is set aside” for biomass, he noted.

Although the first call for proposals to support the production of solid biomass was launched in early February, a similar call to support biogas station has not opened yet.

Heidelberk believes it could be launched in May but doubted what the real interest among farmers and other project promoters might be.

“For the moment, we do not see many promoters who are interested in investing in energy from renewable sources. There is neither significant interest among our existing clients, nor preliminary queries,” the consultant stressed.

Sources in the biomass industry explained that potential promoters might be currently waiting for the verdict of the European Commission over the Czech support scheme that should guarantee operational support for new stations. The Commission is expected to notify whether the scheme is in line with the EU legislation.

For obvious reasons, project

promoters are watching what the economic framework of future biogas stations would be and whether they will be entitled for both investment and operational support.

### Pellets and bricks

The use of biogas for electricity and heat production in the Czech Republic has so far been rather limited.

Pavel Veselský, director of CETA, a small farm that is using multiple renewable technologies such as photovoltaic panels, or biomass boilers, told EurActiv that three years ago, local citizens complained about having the biogas technology in their backyard and blocked the construction of the farm.

Although the approach of local people tends to change over time, similar cases where people feared odor pollution or increased traffic load, are also frequent.

But biomass is not only about biogas. The Rural Development Programme also aims to promote investment in sites for the production of solid biomass such as pellets and bricks. It can already build on recent experience under previous programming periods.

Lukáš Verner, the head of Ekover, a business based in Central Bohemia, successfully applied for EU funding in the 2007-2013 period for the production of compressed plant based organic materials.

He believes that the EU programme helped his business grow. “Our revenues from production and sales of pelletised biomass fuel represent around 40% of our total income,” Verner told EurActiv.

“We managed to combine our natural interest about environmental protection with an economic profitability of this activity,” Verner noted, adding that the biomass business helped him not only to raise his profits but also to widen his network of partners and clients.

## Rural development in Poland will focus on smallholders' poverty

Warsaw will use the EU's Rural Development Programme to improve the standard of living of “poor” smallholders.

Supporting small and family-owned farms is among goals of the Common Agricultural Policy for the period 2014-2020. Poland stands as one of the primary beneficiaries of this focus.

Poland has one of the highest shares of small farms in its agricultural sector, yet the number of working poor smallholders is high.

73% of Poland's 1.43 million farms are considered by the Central Statistical Office of Poland to be in the “small” category, i.e. under 10 hectares (ha). They also have a small area of cultivation – farms over 15 ha in size, despite representing only 14.3% of all Polish farms in number, have 60% of all arable area in Poland.

In addition, Polish farmers have already proven they are effective in getting access to EU funds and making a good use of them. In 2014, they received almost €3 billion just in direct payments (not including funds from rural developments schemes).

Barbara Fedyszak-Radziejowska, an adviser to Polish President Andrzej Duda and a member of the National Development Council, has noted that “joining the EU has brought [Poland] the first sensible agricultural policy since 1944 [...] Our politicians would never be able to do that by themselves”, Polish press agency (PAP) quoted her as saying.

Continued on Page 8

Continued from Page 7

## New scheme for rural development

The Ministry of Agriculture and Rural Development (MARD) has created a dedicated policy, called Rural Development Scheme for 2014-2020. It governs all of the funds from CAP outside of direct payments (i.e. funds from the so- second pillar), which amount to €3.1 billion.

MARD spokesperson told EurActiv.pl that “while small farms have a relatively small role in [agricultural production], they play an important part in an environmental and social sense. They have a significant potential for producing traditional and local food products, and their plot structure is especially valuable for preserving the landscape and environmental qualities in their area”.

It offers them a deal – in return for capping their payment at the level of €1,250 per year it would allow them certain privileges.

One of these would be an opt-out from the “greening” requirements, mandatory for larger farms but problematic for smaller ones – excluding from production a significant portion of an already small farm for many farmers in Poland means a difference between sustainability and bankruptcy.

PSF also allows farmers to simplify their accounting related to the EU funds. The Warsaw government argues that it will provide double benefit both by making farmers life simpler and lessening the administrative burden on state agricultural agencies resulting in higher efficiency.

## Restructuring as an alternative

and goals of the programme have already been revealed by the government.

According to the ministry, SFR will focus on those farms, whose value is below € 10,000. In return for a one-off payment of €14,000, owners of such farms would promise to increase their value both by at least 20% and to a level above €10,000.

They would also be required to keep that worth for at least five years straight as well – and they would not be able to use other RDS programmes for it. Participation in SFR would render a farmer ineligible for most of the other rural development programmes, in order for them not to use EU funds in order to get more EU money, without adding any value of their own.

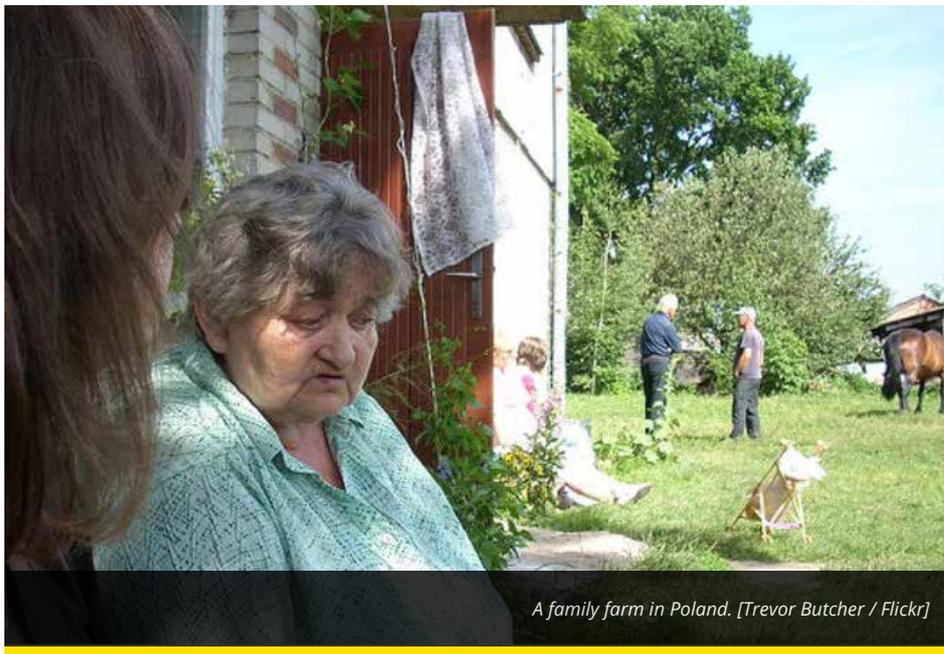
## Less dependence on “brokers”

The ministry is also working on projects that go beyond the scheme. For example, its Legislation Centre is preparing a new law that would allow farmers to sell their products more easily directly to the consumers while still keeping them in line with food safety requirements.

It will allow all farmers and especially smaller ones to make profits from their farms in an easier way and will lessen their dependence on “brokers”.

Poland’s rural areas have already been developing by leaps and bounds after the accession to the EU, and the ministry hopes that the current RDS, despite having earmarked about a billion euro less than the previous RDS, will be able to continue this trend.

At the moment, data provided by the Central Statistical Office of Poland currently indicate growing affluence and satisfaction with the EU among the Polish farmers. The new development schemes will take a while before their effects could be felt on the ground, but the last 10 years have already shown that the Polish farmers are hungry for success and not afraid to compete at the European and even global stage.



*A family farm in Poland. [Trevor Butcher / Flickr]*

## The food security issue

The ministry also underlined the importance of the small farms for ensuring food security in Poland.

The most relevant part of RDS is Payments for Small Farms (PSF) programme. Launched in 2015, it automatically covered all farms which receive less than €1,250 per year and was open to all farmers in Poland.

While PSF is aimed mostly at small, yet sustainable farms, in RDS there is another programme aimed at those farms which are not there yet. The Small Farms Restructuring Programme (SFR) aims at bringing Polish smallholders to a certain level of wealth and profitability.

SFR has been already delayed a few times and is currently scheduled to launch in the first quarter of 2017. Despite the delays, basic requirements

## INTERVIEW

## Greek agriculture minister: EU must change stance on trade agreements

The European Union should change its negotiation tactics regarding trade agreements with third countries and better defend member states, Greek Minister of Agricultural Development Evangelos Apostolou told EurActiv Greece in an exclusive interview.

*Evangelos Apostolou is a Greek Syriza politician who is currently serving as Minister of Agricultural Development and Food under Alexis Tsipras government.*

*Apostolou spoke to EurActiv Greece's Editor-in-Chief, Sarantis Michalopoulos.*

**What is the position of the Greek government on the Russian embargo? Do you think that there should be an initiative to solve the issue with Moscow?**

The imposition of the Russian embargo on agricultural products from the EU has created huge problems for Greek exports of agricultural products. In 2013, the codes [of products] that Russia has banned accounted for 74% of our total exports of agricultural products to Russia, which was the first worldwide export destination for kiwifruit, fresh peaches, strawberries, cherries, nectarines and bass.

Therefore, any attempt to solve the problem is entirely legitimate and necessary. Although the problem must be addressed at the EU-Russia level, the development of bilateral Greece – Russia relations can contribute towards finding some alternative routes to the Russian market.



*Evangelos Apostolou [R] [European Commission]*

Following meetings of the Greek ministry of agriculture leadership with Russian officials, we submitted a draft road map for the development of bilateral relations in agriculture. This will include, among other things, cooperation on issues like promotion of agricultural products, which are not under the exports embargo.

During a meeting of Mr. Kassimis [Secretary General of Greece's Ministry of Agriculture] with the Director of International Cooperation of the Russian Ministry of Agriculture, on 11 February 2016 in Moscow, cooperation issues were again discussed.

They specifically discussed the implementation of the Roadmap in the areas of knowledge transfer, veterinary and phytosanitary inspection, the wine sector, scientific cooperation between research institutions, joint investments in the agricultural sector, as well as issues of cooperation in the organization of events under the "Greece – Russia 2016" year, and the participation of businesses of the two countries in sectoral trade expositions.

**What are your thoughts for agricultural policy after 2020? You have announced the creation of a working group for the future CAP. Has it started its operations?**

The group on the CAP has already begun its work. It is monitoring the evolution of CAP in the first year of its implementation and provides us with opinions on the issues that are raised. Our goal with this group is to issue proposals for reform both for options on a national level and EU regulations. Our thoughts for the future CAP are being formed now, but the basic principle is to move forward to a fairer CAP, with a more balanced distribution of aid and enhance both the sustainability and profitability of farmers.

**Greek farmers have to spend much of their income on production costs. What are you going to do about it?**

Production costs are a result of many factors. Regarding the factors that concern our ministry, we are trying to take action for the benefit of farmers. In this context, we orient Rural Development Program (RDP) toward investments that reduce production costs such as irrigation and energy.

Also via RDP, we promote the actions of producer groups, which on the one hand saves costs due to economies of scale, and on the other hand can enhance the bargaining power

Continued on Page 10

Continued from Page 9

of farmers, and thus the added value they could enjoy from the market.

Finally, considerable amounts have been allocated to the training of farmers and agricultural consultancy that can help farmers be aware of the financial management of their farms in order to become more profitable.

**There is currently a discussion at EU level about how the crisis in agricultural markets will be addressed. What are Greece's goals in Brussels, and what are we asking in favor of Greek farmers?**

The crisis in agricultural markets is a very important issue. The EU needs to take immediate and appropriate measures to alleviate the European farmers, and consequently of the Greek farmers.

The balance of trade in agricultural products between Russia and our country shows that fruit and vegetables have significantly contributed to the impressive widening of the trade surplus before the embargo. Because of the Russian embargo, however, the sector has been hit hard, and despite the fact that the implementation of the EU emergency measures support for fruit and vegetable producers until June 30 2016 is in the right direction, additional measures for the sector are essential.

In addition, regarding the dairy sector, following the end of quotas, the problem of sustainability and the reduction of production have intensified mainly due to the small size of the farms in our country, the increased costs of production and increased milk imports from countries on competitive terms. Therefore, measures for relief in this area are necessary. The issue of the crisis in agricultural markets has been very high on the EU policy agenda.

The discussion has already started in the last Council of EU Agriculture-Fisheries Ministers on 15 February, which will continue in the next Council on 14 March. Our country has submitted

a complete and comprehensive package of proposals, both general, covering all sectors, and special, on the fruit, vegetable and dairy sectors.

We asked for the greatest possible flexibility of the European Commission in approvals of new promotional programs under the new relevant regulation and the adoption of emergency measures to promote an increased budget in the internal market and in third countries. With regard to bilateral economic and trade agreements of the EU with third countries, there should be a differentiation of the negotiation tactics of the EU towards greater balancing of the defence of interests of member states and EU producers who face a competition from lower costs and production standards of third countries.

It is also important to develop a European export credit tool to encourage exports along with the use of financial instruments for granting soft loans.

In addition to these, it is necessary for the fruit and vegetables market to update and increase prices for withdrawal under EU Regulation 543/2011 of the Commission, the increase of the volumes of all product categories under the regulations relating to the implementation of emergency measures to support fruit and vegetable growers and the ability to transfer quantities from one product category to another. It is also necessary to reform the fruit and vegetable entry price system from third countries, and the creation of a safety net for producers' incomes to address market crises.

**What is the strategic goal of the Greek government for agriculture and rural development in the new CAP? According to the latest MoU, Greece should have presented a strategic plan for the primary sector by December 2015.**

The main goals of the national agricultural policy are to develop a sustainable production model that will

ensure the income of farmers, increase the added value of products and lead to increased competitiveness of Greek agriculture. It also aims at strengthening the internationalisation of our products.

In this context, we expect that we can lay the foundations for the next five years to be a positive transformation period of our countryside, towards sustainable and healthy development.

Some of the measures to improve competitiveness of agriculture are the following:

Creation of competitive farms, individual and/or integrated in collective schemes (cooperatives, corporate), in conjunction with the geomorphological and social-economic conditions in which they operate, the products they produce, and markets they are targeting.

Shift of farmers' age composition by favoring younger generations and strengthening of active farmers who show increased professionalism in agricultural production.

Promotion of cooperatives and other collective forms to development pillars of the agri-food system and rural areas.

Use of water resources and energy in terms of sustainability, technical efficiency and economic rationality. The promotion of good agricultural practices and their proper implementation in agricultural activities while optimizing the use of EU funds.

Consolidating the playing field in trade of agricultural products and facilitate businesses in commercial activity.

Optimising synergies and the effectiveness of the individual functions of market-oriented exports.

Customs procedures except for the necessary controls to facilitate the operation of enterprises operating in the field of foreign trade.

## Wages and land ownership block young Slovaks' return to farming

A number of factors ranging from low salaries to difficulties in acquiring land have prevented young Slovaks from access to rural areas.

Slovakia's ageing population in rural areas has become a serious issue. The agreed measures have not managed so far to achieve a generational renewal in the sector.

On an EU level, young farmers aged up to 35 accounted for 6%. Slovakia has a slightly higher number (7.1%) but with national policies at an early stage, this number could be purely coincidental.

### Domestic production has to find its way to the customers

Speaking with EurActiv.sk, Daniel Lešínský, chairman of the Centre for Sustainable Alternatives (CEPTA), said that agriculture should be considered as a strategic area. He stressed that the first major obstacle to motivating young people to start farming was the level of wages. In 2013, the average national wage and the average wage in agriculture were €828 and €630 respectively.

Lešínský noted that in order to secure a viable and resilient agriculture, the promotion of domestic food production needed to be strengthened. The Ministry of Agriculture and Rural Development says the share of the domestic food on store is up to 62.4 %, estimation CEPTA does not share, saying it is approximately 45%.

Other agricultural organisations agree with CEPTA. According to the Slovak Agricultural and Food



*A young farmer. [Rictor Norton & David Allen/Flickr]*

Chamber's latest survey the share of Slovakian products decreased less than 40%.

### The land ownership obstacle

Salaries do not seem to be encouraging; the retail chains are not raising their demand for domestic products and despite some effort from the government, young farmers find it difficult to acquire their own land.

Three weeks ago, Eurostat published its annual statistical book on agriculture. Unlike across the EU, where farming is traditionally a family activity, Slovakia is one of the few EU countries with predominant non-family labour in agriculture (72.4 %).

According to Eurostat, the EU's statistics office, 76.5% of the labour input in agriculture comes from a holder or family members.

"People are willing to return to rural areas, they want to live this particular way, however, we are still experiencing a huge problem when it comes to land ownership", Zuzana Homolová, president of Ekotrend Slovakia and a

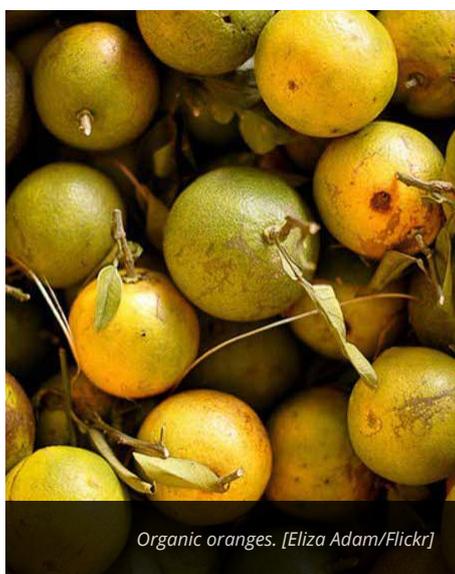
lifelong farmer, said.

At the Innovating the traditional: Reformed Common Agricultural Policy (CAP) in Slovakia workshop recently organised by EurActiv Slovakia, she cited several laws impeding the launch of small and medium agricultural enterprises.

The legislative and economic environment for family farms needs further fine-tuning, Daniel Lešínský noted. He believes that some improvements could be made by establishing a support system of lifelong learning and raising the age of young farmers up to 45 years.

# Romania wants to boost consumer confidence in organics

The Bucharest government wants to give organic farming a boost and – at the same time – increase consumers' confidence in the sector.



Organic oranges. [Eliza Adam/Flickr]

Despite its longstanding tradition of agriculture, Romania is still lagging behind in organic farming compared to other EU partners.

Under the new Common Agricultural Policy (CAP) for the period 2014-2020, organic farming plays an increased role.

Organic farms can be supported by the green direct payments from the first pillar, as well as the second pillar, which is rural development. The latter puts special emphasis to support the sustainable development of rural areas and agriculture.

The Romanian Ministry of Agriculture wants to encourage farmers to switch to organic agriculture, as the area cultivated under the ecological system is well below the EU average. Romanian authorities have earmarked up to €236 million in funding for organic farming.

## A declining sector

According to the National Program for Rural Development (NPRD) 2014-2020, in 2012 only 2.1% of the total utilised agricultural area of Romania was organic, compared with 5.8% in the remaining EU 27.

Considering that organic agriculture yields are lower compared to conventional farming, and organic farmers often cannot cover their costs by just selling the products, the Romanian Ministry of Agriculture and Rural Development is providing producers with support schemes designed to encourage them to turn to organic farming.

In an interview with EurActiv Romania, Agriculture Minister Achim Irimescu said: "Farmers that have organic crops receive financial support so that they meet the standards and implement the requirements of international organisations and markets".

In particular, farmers can receive compensation payments to convert to organic farming practices and methods, and, after the commitment period, to maintain certification for at least five years.

"Moreover, farmers will receive compensation payments, per area unit, to cover additional costs and the loss of income, as the production of organic farms is lower than in the conventional system", Irimescu stressed.

## Targeting "fake" organic products

In the meantime, fake organic food products are under government's scrutiny.

The Ministry of Agriculture is checking operators registered in the organic farming system, based both on the notifications from the European Commission as well as reports received by individuals and companies.

In an effort to achieve the best possible results, the Agriculture Ministry has mobilized other national authorities

specialized in fighting against fraud, such as the tax authority ANAF, the national agency for consumers' protection ANPC and the police, the Romanian official said.

The ministry plans to check more operators than the mandatory sample of 5 percent of the total number of registered farmers.

In addition, the ministry will also create laboratories to analyse soil, product samples in cases where a legislation breach is reported. "Therefore, the credibility of organic products will increase while the monitoring of inspection and certification bodies will become more efficient", Irimescu underlined.

"All these measures will contribute to the improvement of the organic farming system, as the consumers will have more confidence that both organic products and producers opted for this system are complying with the current legislation", Achim Irimescu concluded.

## For information on EurActiv Special Reports...

Contact us

### Daive Patteri

paexecutive@euractiv.com  
tel. +32(0)2 788 36 74

### Natalie Sarkic-Todd

natalie.sarkic-todd@euractiv.com  
tel. +32(0)2 788 36 63

Other relevant contacts:

### Daniela Vincenti

daniela.vincenti@euractiv.com  
tel. +32(0)2 788 36 69

### Rick Zedník

ceo@euractiv.com  
tel. +32(0)2 226 58 12