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A future for Europe's small farms

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Conference 'semi-subsistence farming in the EU: current situation and future prospects'

Sibiu, 14 October 2010

Ladies and Gentlemen,

Welcome to Romania!

I am delighted to see you all here at this conference in the medieval city of Sibiu, the 2007 European Capital of Culture. I am glad that the Icelandic volcanoes have calmed down and that after a delay of several months we finally have the opportunity to discuss the future of small farms in the European Union.

I see some very competent people before me here today and I am sure that they will be bringing the very best of their experience to today's discussions.

There are more than 4.5 million semi-subsistence farms in the European Union (11 million if we add subsistence farms to that figure). Millions of people work on such farms and depend on them for their livelihood, and those people are expecting a positive signal from us with regard to their future, and to the future of small farms, family farms and small-scale producers in general.

Within the European Union there are entire regions where small farms play a vital role, not only in economic terms, but also from a social and environmental point of view. There are regions, such as the one that is the location for today's event, where the small-scale producer represents the cornerstone of rural life and the guardian of traditions and rural consciousness.

Reducing the number of farms is not a prerequisite for success when it comes to agricultural restructuring and boosting the economic performance of agriculture. It may be a consequence of the process, but it is neither necessary nor sufficient.

Reducing the number of farms should not be an objective in itself. The structure of farms depends on the development model adopted, which in turn, depends on the pattern of agri-food consumption.

A farm does not necessarily become more competitive because it is larger. Gains in competitiveness can also be achieved by increasing the value added of the products that leave the farm.

When small-scale producers are not offered alternatives, the consequences are clear: unworked land and the depopulation of rural areas. Eliminating semi-subsistence farms without creating alternatives does not necessarily lead to an increase in the competitiveness of larger farms.

However, before speaking about the future of the common agricultural policy and the measures we envisage in order to support small farms, I would like to stress the following three points:

1. Today, European agriculture, in a European Union of 27 Member States, is a diverse agriculture.
 - European public policies must integrate this diversity and make the most of it. I do not believe that there is a single, pan-European model that would suit all of Europe's regions.
 - European public policies must facilitate market access for all categories of agricultural holdings, whether large or small, in the mountains or in the plains, in the north or in the south.

2. Economic competitiveness is not a characteristic only of large farms.
 - Competitiveness can also be ensured through the diversity of production structures, insofar as this diversity can be exploited by a well-organised market.
 - In a particular production context, households and small farms can find their place on the market. I am thinking here of local markets, regional markets, products with high value added, quality products and traditional products.
3. Semi-subsistence agriculture can be a transition towards the market, in all its forms, starting with the local level.
 - Rural development policy already offers a raft of measures to support small-scale farmers and respond to their needs in relation to restructuring, modernisation, development of local markets and human capital, and developing entrepreneurial culture.
 - However, all of these are possible only if Member States, regions and the farmers themselves know how to take advantage of these opportunities.
 - It is our duty as public policy makers to give them the opportunity to choose their future.

Our experience so far in the implementation of support measures for semi-subsistence farms in 6 Member States in Central and Eastern Europe has already given us a few indications: this type of support can lead to an increase in production and sales and an increase in competitiveness, and can help to maintain jobs on small farms in rural areas.

However, we have also identified some difficulties:

- small farms have a limited co-financing capacity and restricted access to credit, especially at the present time when Europe is recovering from crisis
- bureaucratic problems at European and national level and the jungle of procedures that have to be negotiated exhaust potential beneficiaries, while authorities are overwhelmed by the administrative burden of these programmes
- small-scale producers are poorly informed and advised and in general do not receive the support they need to access these programmes.

There are also other aspects that we need to bear in mind, which relate to the history of this part of Europe:

- after having experienced forced collectivisation, farmers are reluctant to enter into associations, and many are not prepared to deal with European terms that are new to them such as 'entrepreneurial spirit'
- after the transition to a market economy, which has left small-scale producers in a poor financial state and precarious social situation, such producers are tending to drift into the grey economy

The reform effort must start from here.

The future common agricultural policy, conscious of the rich diversity of forms of agriculture in Europe, will have to answer the following questions:

- What is the future of these types of farms and the communities in which they are found?
- What is the public and socio-economic utility of small farms?
- How do we go from the subsistence farming characteristic of the transition period to production for the market and diversification?
- For which kinds of markets can small farms produce, given the diversity of demand in the European Union?
- How should we support small farms without blocking their natural evolution?
- How do we offer them hope for the future?

The common agricultural policy after 2013 will support both the diversity and the performance of European agriculture.

The performance of small farms can be measured not only in terms of economic competitiveness but also by their role in the sustainable management of natural resources and land use.

These are directions of the future common agricultural policy, which appears to be crystallising around three main objectives:

- food safety.
- sustainable use of natural resources
- maintaining regional balance

The common agricultural policy

- will have to ensure that a diverse range of quality products continue to be produced, on farms that use water and soil resources in a sustainable manner and protect biodiversity,
- will have to maintain viable and dynamic rural communities throughout the territory of the European Union.

These goals represent legitimate expectations on the part of Europe's citizens. I am convinced that small farms can meet these expectations if they receive support that is better targeted and better adapted to their needs on the ground.

The instruments that the common agricultural policy has at its disposal will have to be adjusted in order to respond to these new priorities:

Under the first pillar of the common agricultural policy – direct payments and market measures,

- we envisage simple and accessible support measures for small farms, so that we can keep jobs in rural areas, so that they can continue to offer the public goods that European citizens are asking of them. These public goods may be landscapes, or the quality and diversity of the products that these farms bring to market. Such public goods are not always paid for by the market.
- we will propose support measures for specific forms of agriculture, such as agriculture in mountainous areas or in areas where agriculture is considered to be particularly important for economic and/or social reasons.
- under the second pillar of the CAP – rural development,
- rural development programmes will give more importance to agricultural consultancy, the transfer of know-how, training programmes, and also mobilisation of local initiative. Farmers need accessible and immediate support, on the ground.
- we envisage the creation of packages of measures that respond to the specific needs of small farmers or farmers in mountainous areas.
- more importance will be given to projects intended to develop short market chains and foster a direct link between producers and buyers by developing local farmer's markets.
- I am a believer in the co-existence of different production models depending on the requirements of the market. When I speak of markets, I am thinking first and foremost of the consumer, and not about those who would seek at every turn to guide consumer tastes towards products that generate greater profits, without contributing to overall development and the equitable distribution of value added.
- developing and making the most of the diversity of farms and products will have an ally in the form of the European Union's quality policy for the agri-food sector.
- under this policy, we will, amongst other things, be proposing the creation of 'mountain agricultural product' and 'produced on my farm' quality labels, and we will also be offering solutions to support local and regional initiatives for the marketing of food products.

These are the projects that are on my desk. In order for them to become a reality, Member States and the producers themselves will have to see the merits of this opportunity to develop a sustainable form of agriculture in which small farms are viable.

Public policies should offer an equal chance to all of their beneficiaries.

I am convinced that as long as small farms are in a position to market their production and contribute to maintaining landscapes and the vitality of rural areas, then they must be supported.

Thank you for your attention!