RE:TURN

TO THE FUTURE

50 YEARS

of Common Agricultural Policy

Ready for the future

A Partnership between Europe and Farmers

The project is co-financed by DG Agriculture and Rural Development, call for proposals 2011/C 212/11 Support for information measures relating to the common agricultural policy

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RE:TURN

TO THE FUTURE

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All content and opinions expressed on this publication are solely those of Strategma agency and its project partners.

Content

Rose picking
photograph:
Jordan Rusev
Bulgaria

Introduction

This publication is dedicated to the 50th anniversary of the Common Agricultural Policy of the EU. It is a product of the "CAP: Re:turn to the future" campaign, implemented in 2012 in four EU member states: Bulgaria, Estonia, Portugal and Malta.

It was the purpose of this campaign to communicate this European policy, its achievements and its future development. The philosophy we implied in it was involvement. We live in a world overcharged with information flows and messages. Some we try to avoid, other pass by us with a mere recognition of existence and still others stick with us for a while. But how often do we get involved?

The Common Agricultural Policy has its calendar of successes but also failures. 50 years since the beginning there is a lot that can be said and a lot to learn from it. It is not indisputable, just the opposite. It has been and is increasingly so a topic of heated disputes in the EU institutions. Hundreds of legislators and executives are fighting bravely to represent and defend the interests of their constituencies.

This campaign reached out to those constituencies. It was not one-way communication, but an on-going dialogue. We made every effort to make as inclusive as possible and give everyone interested the chance to be heard. And we tried to respond to what the people have to say and organize the events around what was of real interest to them.

In the process the participants from the four countries found a lot of commonalities in their situations and salient issues. Nevertheless, one specific topic was identified for each nation that was largely perceived as the driver of its development aspirations.

This publication has many authors. What you will read in it summarizes a series of discussions held in each country. The contributed opinions, arguments and positions are those of Bulgarian, Estonian, Portuguese and Maltese producers, producer organisations, representatives of responsible institutions, non-government organisations, local activity groups, students, educational institutions and research centres. We cordially thank them all for their time and involvement.

Although fifty years is but a short time in European history, measured in the life of a policy it is a very respectable period. Certainly enough time to demonstrate with a great deal of thoroughness the value of European integration. We can today with confidence that it has met the test of experience.

We live in an age of science and abounding accumulation of social benefits from agriculture: preserving the landscape and biodiversity, high quality organic products, building the social prestige of the profession and its public significance. Those were not however that created the Common Agricultural Policy. Rather, the CAP created them, with the help of all those people and their associations that our campaign addressed and included.

In this publication we tell about a unique opportunity to look not only at our specific national experience but at other national situations in Europe, to share ideas and practices and strive for sustainable solutions.


O Douro
photograph:
Romulo Duque
Portugal

Features of national agriculture

На паша
photograph:
Goran Atanasov
Bulgaria

BULGARIA

FACTS ABOUT BULGARIA

Geography

Bulgaria is situated on the Balkan Peninsula in South-eastern Europe. The country borders on Romania to the north, Serbia and Macedonia to the west, on Greece and Turkey to the south, and the Black Sea to the east.

The republic of Bulgaria covers a territory of 110 993 square kilometres. The average altitude of the country is 470 m above the sea level.

Bulgaria has a varied relief and the alpine regions are situated mostly in the southern part of the country. Stara Planina divides it in two almost equal parts and is a natural barrier that protects the southern part from the cold northern currents. The Danube Plain spreads to the north while the Valley of Roses and the Thracian lowland are in the south.

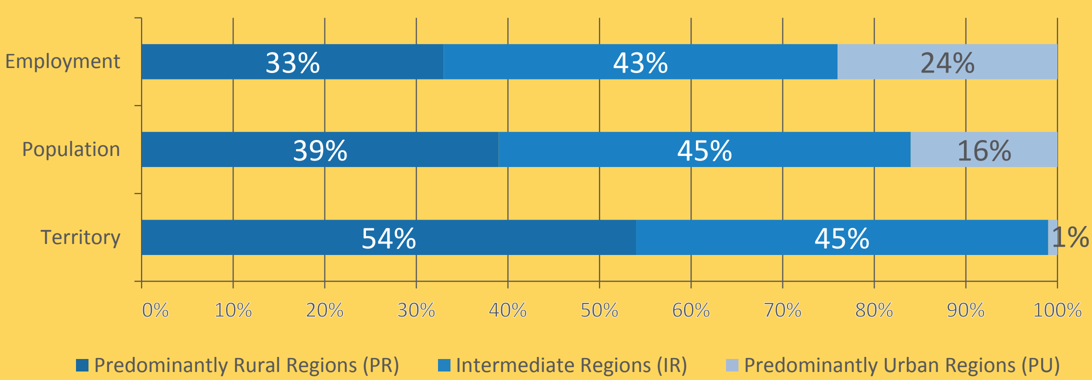
Rila is the highest mountain in Bulgaria and the highest peak on the Balkans, Musala – 2925 m, is rising above. It is followed by the Pirin Mountain with the Vihren peak – 2914 m, and the Rodopi and Vitosha Mountains are also feature alpine relief. The mountains Sredna gora in the central part of the country, Strandzha and Sakar in Southeast Bulgaria, and Osogovo in Southwest Bulgaria are lower but they are picturesque and have preserved their beautiful nature.

The Bulgarian seacoast is also very attractive. About 25 % of the coast line is covered with fine golden sands and many remarkable sea resorts attract numerous tourists.

Demographics

The process of population ageing continues like in most European countries. In 2011 the share of the population under 15 years was vastly low - 13.4%, but the share of population over 65 years kept increasing continuously and reached 18.8%. The trend of population ageing leads to changes in the population age structure: distribution of the population under, at and over working age. The population ageing is also expressed by an increase of the population mean age from 40.4 years in 2001 to 41.2 in 2005, and reaching 42.7 years in 2011.

IMPORTANCE OF RURAL AREAS



Source: Project "50 Years of CAP:Ready for the Future"- Agriculture in the EU – Agricultural Output Components

The smallest district in terms of population is the district of Vidin where 1.4% of the country's population lives, and the biggest district is Sofia cap. - 17.7%. The population in 16 districts is under 200 thousand persons. One quarter is urban population of the two biggest cities, Sofia and Plovdiv. The third biggest district is Varna, followed closely by Burgas, Stara Zagora and Blagoevgrad.

Economy

Bulgaria has come a long way from its turbulent political and economic transition in the 1990s to becoming a member of the European Union in January 2007. Today, it is an upper middle-income economy of 7.6 million people with a per capita income of $6,240. (GNI per capita, 2010.)

In the decade leading up to its EU accession, Bulgaria embraced difficult reforms to build macroeconomic stability and stimulate growth.

Between 2000 and 2010, the average annual growth reached 4.7%. During that same period Bulgaria's per capita income as a share of the EU average increased dramatically from 28 percent to 44%.

Under the current EU financial perspective covering the years 2007-2013, Bulgaria has access to approximately €7 billion in grants. The Government estimates that only 20% of this amount has been absorbed to date, and has identified the efficient use of EU funds as an important opportunity to finance public investments and accelerate EU integration.

BULGARIA IN THE EU

Bulgaria established diplomatic relations with the EU in 1988. In 1993, the European Association Agreement was signed and it entered into force in 1995. In December 1995 Bulgaria submitted its application for EU membership.

In February 2005, the Commission passed a positive judgment on the signing of Bulgaria's Accession Treaty, scheduled for April 2005. Meanwhile, the Commission continued to keep a watchful eye on how Bulgaria was carrying out its commitments with regard to implementing reforms, notably putting into practice an enhanced monitoring system to oversee Bulgaria's final preparations for membership and to compile annual reports on Bulgaria's progress towards the accession, which was completed on 1 January, 2007.

BULGARIAN AGRICULTURE

In 2010 the Ministry of Agriculture and Food carried out the Census on agricultural holdings, which was the first one carried out in the country as an EU member state. The census was conducted in compliance with the requirements of Regulation (EC) No 1166/2008 of the European Parliament and the Council on farm structure surveys. The Agricultural Census is the main source of information on the status and trends in the agricultural development. The goal is to provide a current overview of the agrarian sector, needed for the decision-making in the Common Agricultural Policy. The collected information is about farm structure, utilized agricultural area, livestock number and labour force in agriculture. For the first time in this survey the use of agricultural production methods and application of measures for rural development were observed.

Climate

The climate of Bulgaria is temperate continental with a transition toward subtropical in its Mediterranean version (in the southern parts of the country), with four seasons.

33% of the country's territory is covered with forests (non-coniferous and coniferous). The varied environment is a natural habitat for valuable animal species.

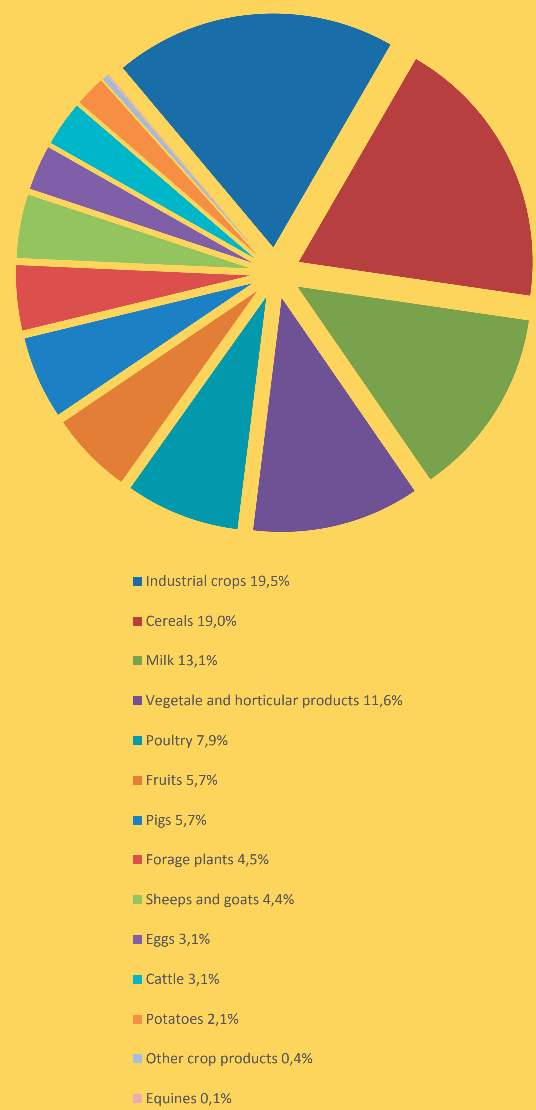
Land

The rivers are comparatively short and low-water. The longest river in Bulgaria is Iskur - 368 km long, while the river with the highest flow is Maritsa. The main rivers in Bulgaria are the Danube (470 km bordering Romania), Vit, Osum, Yantra (tributaries of the Danube), Tundzha, Kamchiya, Arda, Mesta and Struma.

60% of the total area is covered with hills and mountains. The mountains are part of the Alpine-Himalayan mountain chain situated on two continents - Europe and Asia. The mountains are accessible throughout the year and offer unlimited opportunities for entertainment, sports and tourism.

AGRICULTURAL OUTPUT COMPONENTS

2007e - 2011e average



Source: Project "50 Years of CAP:Ready for the Future"-Agriculture in the EU – Agricultural Output Components

Vegetables and crops

During the economic year 2011 the areas used for vegetable production in professional and small farms were approximately 467 thousand decares; crops were harvested from 465 thousand decares of the open-air areas. The yield from the 2011 harvest amounted to 692 thousand tonnes. The largest was the production of potatoes – 232,3 thousand tonnes, tomatoes – 103,1 tones and water melons – 68,0 thousand tonnes. The greenhouse areas used for vegetable production were 10,5 thousand decares.

The vegetables grown on open-air areas in 2011 occupied 456,2 thousand decares. An increase of 9,2 % of the harvested land was observed compared to 2010. 430,2 thousand decares of fresh vegetables were planted (tomatoes, cucumbers, peppers, water melons, potatoes, etc) and yield was delivered from 422,0 thousand decares of them. 16,3% was the decrease of the harvested land with legume crops compared to 2010. Lentils accounted for the largest share of the harvested legume crops (38,7 %), followed by chickpeas (38.5 %) and dried beans (21.9 %). 368,0 thousand tonnes of fresh vegetables were delivered form open-air areas (excluding potatoes and legume crops).

Increase from the previous year was observed in the follow-up and catch crops by 34,4 % and in the greenhouse production by 2,6 %.

Livestock

The trends for livestock farms aggregation continued over 2011. The number of cattle-breeding farms decreased by 2,5 % in 2011 but the number of heads of cattle increased by 2,4 % compared to 2010. The number of sheep-breeding farms decreased by 28,8 % but the number of sheep increased by 6,3 %. In 2011 the number of goat-breeding farms decreased by 28,2 % and the number of goats decreased by 4,2 %. The total number of pigs decreased by 8,4 % and the number of farms decreased by 37,7 %.

HARVESTED AREA, PRODUCTION AND YIELDS OF MAIN CROPS

Crops	Harvested area / ha		Production / thousand tons		Yields / kg/ha	
	2010	2011	2010	2011	2010	2011
Wheat	1 131 565	1 137 462	4 095	4 458	3 619	3 920
Barley	245 328	178 993	833	707	3 397	3 950
Grain maize	327 525	399 421	2 047	2 209	6 251	5 531
Sunflower	729 889	747 131	1 536	1 440	2 105	1 927

The overall milk yield in the farms was 1 285 531 tonnes, of which 1 125 824 tonnes were cow milk, 89 296 tonnes sheep milk, 61 543 tonnes goats milk and 8 868 tonnes buffalo milk. Over the monitoring period 2 880 thousand heads from the livestock farms were sold alive or slaughtered – a 10,5% increase compared to 2010.

According to NSI preliminary data in 2011 from Bulgaria were exported about 803,6 thousand alive animals , of which about 27,3 thousand cattle heads and 776,2 thousand sheep. In the same period in the country were imported over 763,2 thousand animals, of which 733,0 thousand sheep, 28,4 thousand pigs and 1,5 thousand cattle heads.

FUTURE OF THE AGRICULTURE

CAP REFORM

Bulgaria's position on the reform is that CAP should become more comprehensible, simplified and easier to be applied by each farmer. The reformed CAP should not lead to increased administrative burden for farmers and Member States or to higher costs and complicated procedures for its administration.

Direct payments are an important tool to support incomes of farmers and are essentially necessary due to the specificity of agriculture and significantly lower incomes in the sector compared to the other economic activities. The role of direct payments in increasing the competitiveness and viability of farms is essential. Although the goal of the direct payments is defined as an income support, they have an indirect impact on investment activity in agriculture.

NUMBER OF FARMS AND ANIMALS IN BULGARIA AS OF 1ST NOVEMBER 2011

Indicators	Total cattle	Total cows	Calves up to 1 year	Total buffaloes	Female buffaloes	Total pigs	Breeding sows	Total sheep	Total ewes	Total goats	Breeding goats
Heads (in thousands)	557,6	330,0	139,8	9,9	6,3	608,3	53,4	1 454,6	1 173,2	341,4	272,9
Farms (in thousands)	83,8	75,9	50,9	0,8	0,7	61,2	6,6	74,3	73,1	65,8	64,8
Average number of heads per farm	6,7	4,3	2,7	12,8	8,7	9,9	8,1	19,6	16,0	5,2	4,2

The method for correction of the lower levels of direct payments proposed by the European Commission is a step in the right direction. However, Bulgaria considers it necessary to apply a more ambitious approach for a faster and more considerable convergence of direct payments. Bulgaria supports the leaving out of the historical approach in determining the levels of direct payments, as it does not reflect adequately the current situation and does not guarantee a fair support to all EU farmers.

Bulgaria supports the introduction of direct payments ceiling as a means for more equitable allocation of the support, but has reserves towards the proposed ceiling of 150 000 euro. Member States should have the flexibility when implementing the ceiling to take a decision to utilize the saved funds in the frames of First Pillar or Second Pillar.

A "green" component in the direct payment is justified, but the proposed 30% share is too high. Regarding the 7% ecological focus areas Bulgaria supports the position of the European Parliament, stating that the EU has a significant role in meeting the challenges of food supply and energy security and thus should guarantee that agriculture takes an active part in managing these two challenges; due to that reason the Commission proposal for mandatory set aside is not suitable.

The country considers that more flexibility should be provided in setting the share and the specific requirements for receiving a "green" payment to give Member States the chance to address protection problems and needs, specific for each country environment.

For Bulgaria, keeping the possibility for implementation of the voluntary coupled support in certain sectors is important because it will allow improving the ratio of the payments in the arable and livestock sectors.

Bulgaria supports strengthening the role of innovations and diversification of aid opportunities aiming to activate the cooperation between agriculture and forestry, and research activity in these sectors.

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Lifline
photograph:
Kristian Potsepp
Estonia
ESTONIA

FACTS ABOUT ESTONIA

Geography

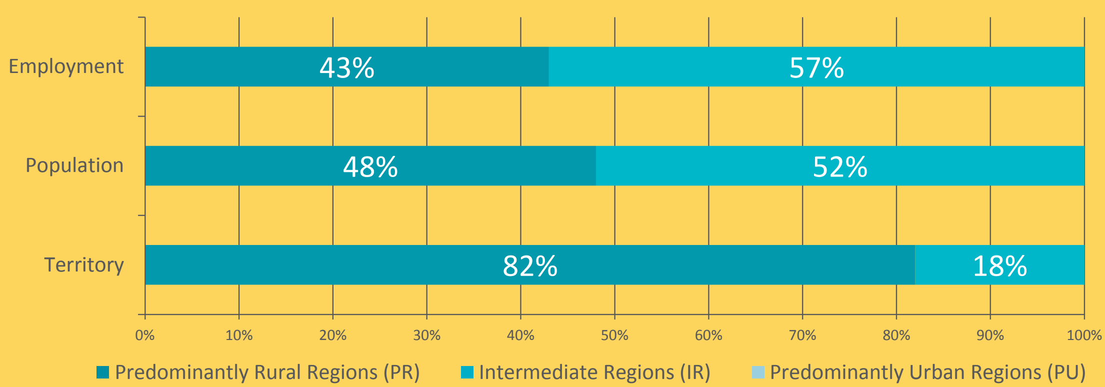
Estonia is a low, flat country covering 45,226 square kilometres. Estonia has a long, shallow coastline (1,393 kilometres) along the Baltic Sea, with 1,520 islands dotting the shore. The two largest islands are Saaremaa (literally, island land) and Hiiumaa. The country's highest point, Suur Munamdgi (Egg Mountain), is in the hilly southeast and reaches 318 meters above sea level. Estonia is covered by some 1.8 million hectares of forest. Arable land amounts to 926,000 hectares. Meadows cover about 252,000 hectares, and pastureland is about 181,000 hectares. There are more than 1,400 natural and artificial lakes in Estonia. The largest of them, Lake Peipsi (3,555 square kilometres), forms much of the border between Estonia and Russia. Located in central Estonia, Võrtsjärv is the second-largest lake (270 square kilometres). The Narva and Emajõgi are among the most important of the country's many rivers.

Estonia has a temperate climate, with four seasons of near-equal length. Average temperatures range from 16.3°C on the Baltic islands to 17.1°C inland in July, the warmest month, and from -3.5°C on the Baltic islands to -7.6°C inland in February, the coldest month. Precipitation averages 568 millimetres per year and is the heaviest in late summer.

Demographics

Urban areas in the country (75%) tend to be more connected than rural areas (73%), but the gap is decreasing year on year. According to Internet World Stats there were 993,785 internet users in Estonia (representing 77.5% of the population) in mid-year 2012 (June 30, 2012).

IMPORTANCE OF RURAL AREAS



Source: Project "50 Years of CAP:Ready for the Future"- Agriculture in the EU – Agricultural Output Components

Economy

Estonia, a 2004 European Union entrant, has a modern market-based economy and one of the highest per capita income levels in Central Europe and the Baltic region. Estonia's successive governments have pursued a free market, pro-business economic agenda and have wavered little in their commitment to pro-market reforms. The current government has followed sound fiscal policies that have resulted in balanced budgets and low public debt. The economy benefits from strong electronics and telecommunications sectors and strong trade ties with Finland, Sweden, Russia, and Germany. Tallinn's priority has been to sustain high growth rates - on average 8% per year from 2003 to 2007. Estonia's economy fell sharply into recession in mid-2008, primarily as a result of an investment and consumption slump following the bursting of the real estate market bubble. However, Estonia rebounded well from the economic crisis. GDP contracted 14.3% in 2009, but the Estonian economy now has the highest GDP growth rate in Europe, largely thanks to a boom in exports and increased foreign investment following Estonia's adoption of the euro on 1 January 2011. Although Estonian GDP returned to a positive growth in 2010, unemployment continued to rise, reaching an all time high of 19.8% in early 2010.

ESTONIA IN THE EU

Since the spring of 2004, when Estonia became a member of the European Union, Estonia has demonstrated that it is an active and constructive partner and continues with these pragmatic policies in its further integration into the EU. European Union membership is an invaluable factor in raising Estonia's political and economic profile, so a strong and well-functioning EU that is politically influential and competitive on the world stage is in its best interest. This goal is reflected in the Estonian government's European Union Policy for 2011-2015, which keeps in mind the broader interests and developments in the Union and presents Estonia's proposals for coming to terms with the challenges standing before it.

The situation of Estonian enterprises has improved with the EU membership. Possibilities for national, as well as international cooperation have broadened. With the help of support from the EU, farmers have been able to start using new technologies, better production methods, machinery and everything else that has helped increase productivity and the quality of products. Thanks to the CAP, Estonia has around a billion hectares of well maintained agricultural land and valuable semi-natural areas. This is a great asset for the country.

Bliss
photograph:
Lii Roosa
Estonia

ESTONIAN AGRICULTURE

On the basis of the revised data of the Agricultural Census there were 19,600 agricultural holdings in Estonia in 2010, of which 5% produced three quarters of the standard output of the whole state. Almost 900 large holdings had in their possession more than half (55%) of the utilized agricultural area and 83% of the livestock units. In 2010, large holdings provided work for 11,000 full-time employees and their standard output per annual work unit was nearly 41,000 Euros.

At the same time almost three quarters of the holdings are small, producing only 5% of the standard output. 3,500 agricultural holdings do not produce agricultural output and only maintain their agricultural land in good farming and environmental condition.

Another specific characteristic is the high percentage of rented land in Estonia. In 2010, the owners used only 40% of agricultural area (in large holdings 30%), while the rest was rented land or land used free of any charge. The owners of agricultural holdings of legal persons (companies) are mainly Estonian residents. In the possession of almost a hundred of the agricultural holdings belonging to foreign entrepreneurs there is only 4% of the country's agricultural area of Estonia, but also 6% of the cattle, 40% of the pigs and 76% of the poultry.

Compared to the previous 2001 Agricultural Census, the number of agricultural holdings has decreased almost three times in 2010. The number of persons involved in agricultural work and their labour input has decreased more than twice. The growth of agricultural area is 8% to 941,000 hectares, of which 12% is still maintained permanent grassland not used for production purposes. Thus compared with the European Union (EU) average, there is much more land in Estonia which is not used for production purposes, but only maintained in good condition and eligible for the EU support (the EU average in 2007 was 0.9%).

About a third of persons involved in agricultural work also have other gainful activity, not directly related to the holding and for 85% of them agriculture is a subsidiary activity. 13% of the agricultural holdings have other non-agricultural profitable activities where the land, buildings or equipment are used (contractual work, forestry, tourism, etc.). More than 1,300 holdings hope to earn additional income from organic farming – compared to the year 2003 the organic farming area and area in a conversion period to organic farming has increased three times and is now almost 122,000 hectares already. In addition to searching for other sources of income, farmers have tried to decrease the production costs by using modern production methods. Already on more than a quarter of the cultivated land alternative production methods are used, i.e. conservation tillage or zero tillage, which enables to optimise production costs and is at the same time environmental friendly.

Climate

Estonia's climate is influenced by its close proximity to the Baltic Sea and the intensive cyclonical processes of the Atlantic Ocean, making it rather milder despite the country's northern latitude. Typical for the region are moderate temperatures with an average of +5C. Winters are usually moderately cold, followed by cool springs, moderately warm summers and long, rainy autumns.

The agro-climatic conditions in Estonia in combination with its marshy lowlands, occasional spring floods and moderate temperatures are mostly suitable for the cultivation of grass, potatoes, traditional vegetables such and Nordic fruits and, in central Estonia, and grain. The conditions for cattle breeding are quite favourable.

Land

As of 2001, the size of the agricultural land in Estonia is almost 1.5 million ha, or 42% of the entire territory. Of the agricultural land, the arable land constitutes 78% and the natural grasslands - 21%. About 2 million ha, or 45% of the entire Estonian territory, are occupied by forests, and another 283 000 ha, or 6%, are under water.

The land most suitable for agricultural activity is situated in the regions Järvamaa, Jõgevamaa, Lääne-Virumaa and Tartumaa.

SPECIFICS

The Agricultural land (percentage of land area) in Estonia was 21.96 in 2009, according to a World Bank report, published in 2010. Agricultural land refers to the share of land area that is arable, under permanent crops, and under permanent pastures. Arable land includes land defined by the FAO as land under temporary crops (double-cropped areas are counted once), temporary meadows for mowing or for pasture, land under market or kitchen gardens, and land temporarily fallow. Land abandoned as a result of shifting cultivation is excluded. Land under permanent crops is land cultivated with crops that occupy the land for long periods and need not be replanted after each harvest, such as cocoa, coffee, and rubber. This category includes land under flowering shrubs, fruit trees, nut trees, and vines, but excludes land under trees grown for wood or timber. Permanent pasture is land used for five or more years for forage, including natural and cultivated crops.

AVERAGE YIELDS OF FIELD CROPS BY FIELD CROP AND YEAR (KILOGRAMS PER HECTARE)

	2010	2011	2012
Cereals	2 464	2 598	3 528
Potatoes	17 456	17 836	17 500
Annual forage crops	14 033	17 478	..
Multiannual forage crops	11 361	12 110	..

Source: Statistics Estonia

Average yields of forage crops and permanent grassland is presented in green fodder weight.
The data for 2012 are early estimates, kilograms per harvested hectare.

Cereal

According to the preliminary data of Statistics Estonia, the cereal production was 771,900 tons in 2011, which is 14% more than in the previous year. Compared to the previous year, the production of wheat, barley and rye increased.

Of the total cereal production, 360,400 tons of wheat, 294,400 tons of barley and 30,900 tons of rye were produced. The average yield per hectare was 2,600 kilograms of cereals, of which 2,806 kilograms of wheat, 2,492 kilograms of barley and 2,317 kilograms of rye.

The sown area of cereals was 297,200 hectares in 2011, 8% more than in the previous year. The sown area of wheat was 128,500 hectares, which is the largest of the last thirty years. The sown area of barley increased the most (by 13%) and amounted to 118,100 hectares in 2011 but nevertheless it was the smallest in the last thirty years. During the last five years the threshold for rye was exceeded and in 2011 the sown area of rye amounted to 13,300 hectares.

The production of legumes was 15,500 tons and the average yield was 1,807 kilograms per hectare. In 2011, the legumes were sown on 8,600 hectares, which is the largest sown area of legumes during the last three decades.

The production of potatoes amounted to 150,900 tons, which was 8% less compared to the previous earlier. Three years ago the sown area of potatoes dropped under 10,000 hectares and comprised 9,300 hectares in 2011. The average yield of potatoes was 16,284 kilograms per hectare.

Livestock farming

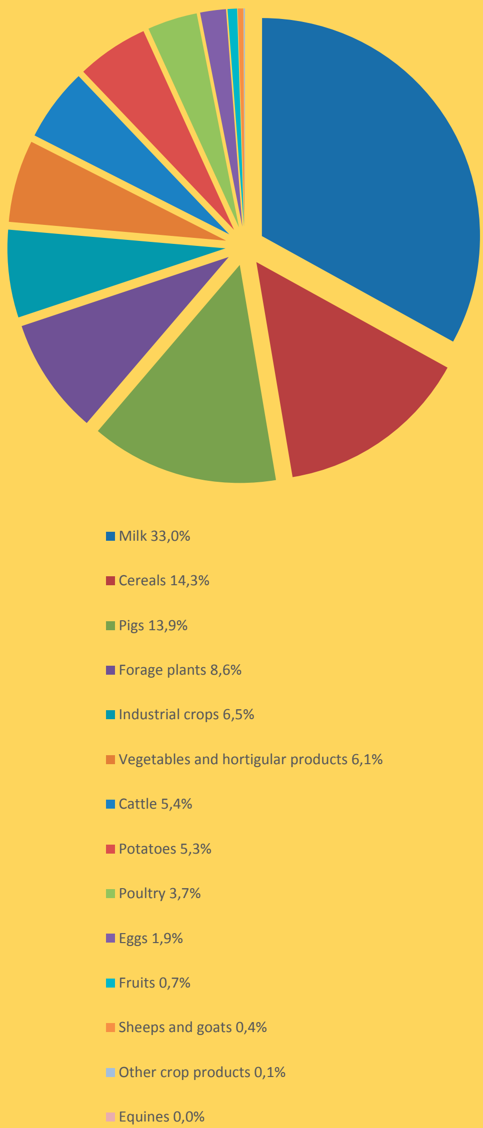
On 31 December 2011, the number of cattle in Estonia amounted to 239,400, of which 95,500 were dairy cows. In 2011, the average milk production per cow was 7,136 kilograms, i.e. 115 kilograms more than in 2010. According to preliminary data of Statistics Estonia, the production of milk amounted to 694,800 tons in 2011, which is 3% more than a year before. The number of dairy cows did not change significantly compared to the previous year, but milk production per cow kept increasing.

At the end of the year, there were 362,200 pigs and 91,400 sheep and goats in Estonia. The number of pigs decreased by 3% and the number of sheep and goats increased by 11% during the year.

In 2011, the agricultural producers of Estonia produced 185.4 million eggs, which is 2% more than a year before. 116,300 tons (live weight) of livestock and poultry were slaughtered in holdings or sold for slaughter to meat processing enterprises; the production of meat (live weight) increased by 4% compared to the previous year. At the same time the production of beef decreased and the production of pork, poultry meat and mutton and goat meat increased.

AGRICULTURAL OUTPUT COMPONENTS

2007e - 2011e average



Source: Project "50 Years of CAP:Ready for the Future"- Agriculture in the EU – Agricultural Output Components

FUTURE OF THE AGRICULTURE
CAP REFORM

The future of the CAP is extremely important not only for the Estonian agricultural producers, but for the society at large. Taking the current economic situation and the uneven development of the regions in the EU, one of the first goals of the CAP has been brought back into attention – the food security of the population. It was publicly discussed whether and why the European Union should have a Common Agricultural Policy.

Discussions on the topics of the European Union next budget period (2014–2020) are currently taking place. The Estonian position is that the CAP has to continue in the future, because it definitely would not have a positive influence on Estonian rural life and agriculture, if common goals would crumble into various policies of different Member States.

Considering the Estonian natural conditions, it can be presumed that agriculture has a future in the country, especially in case of global warming and water scarcity. Estonia has more agricultural land per person than elsewhere in Europe. This provides the opportunity of growing agricultural crops both for food and bio energy production. Moreover, Estonian strength lies in research and development, which supports innovation and promotes the usage of new technologies.

If the CAP is designed together and responsibly, Europe can ensure equal competition conditions for the Member States, preservation of valuable landscapes and environmental protection. A common policy enables to draw attention to supplying the population with safe food, animal welfare and environmental protection all over the European Union.

Sources:

http://www.agri.ee

http://www.stat.ee/

Children the future of rural society!
photograph:
Merike Viilup
Estonia


Preparação
photograph:
Francisco Mendes
Portugal
PORTUGAL

FACTS ABOUT PORTUGAL

Geography

Portugal is located at the very western tip of the Iberian Peninsula, in South-western Europe. It borders Spain to the north and the east, and the North Atlantic Ocean and the Mediterranean Sea to the west and the south respectively. The Portuguese Republic is made of Continental Portugal and the two autonomous regions - the archipelagos Madeira to the southeast and the Azores to the northwest (each consisting of several islands).

Demographics

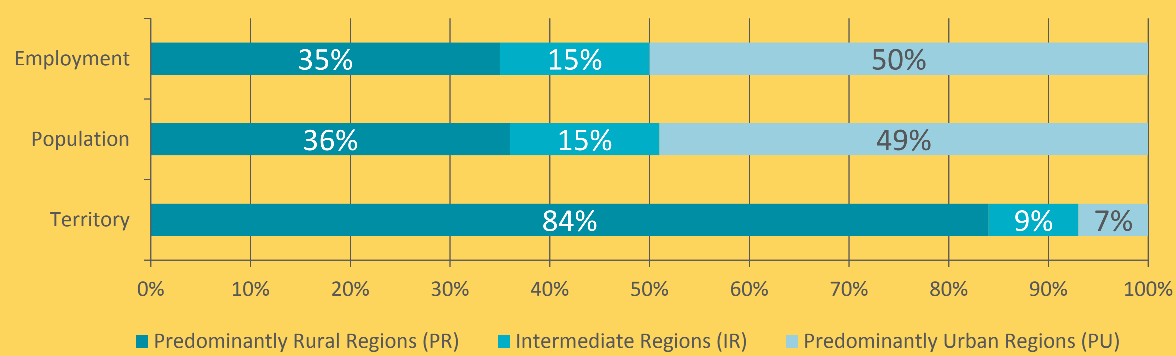
The population of Portugal is 10 781 459 (July 2012 est.).

The total population in Portugal was last recorded at 10.6 million people in 2011, up from 8.9 million in 1960, changing 19 by percentage points during the last 50 years. The population of Portugal represents 0.15% of the world´s total population, which arguably means that one person in every 655 people on the planet is a resident of Portugal.

Economy

Portugal has become a diversified and increasingly service-based economy since it joined the European Community - the EU's predecessor - in 1986. Over the past two decades, successive governments have privatized many state-controlled firms and liberalized key areas of the economy, including the financial and telecommunications sectors. The country qualified for the Economic and Monetary Union (EMU) in 1998 and began circulating the euro on 1 January 2002 along with 11 other EU members. The economy had grown by more than the EU average for much of the 1990s, but fell back in the period 2001-2008, and contracted 2.5% in 2009, before growing 1.3% in 2010. In 2011 the GDP fell again, as the government implemented austerity measures, including a 5% public salary cut, a 2% increase in the value-added tax, and an extraordinary tax on yearend bonuses to comply with the conditions of an EU-IMF financial rescue package, agreed in May 2011. GDP per capita stands at roughly two-thirds of the EU-27 average.

IMPORTANCE OF RURAL AREAS



Source: Project "50 Years of CAP:Ready for the Future"- Agriculture in the EU – Agricultural Output Components

A rigid labour market has been an obstacle to greater productivity and growth. Portugal has also been increasingly overshadowed by lower-cost producers in Central Europe and Asia as a destination for foreign direct investment. Portugal's low competitiveness, low growth prospects, and high levels of public debt have made it vulnerable to bond market turbulence. The government reduced the budget deficit from 10.1% of GDP in 2009 to 4.5% in 2011, an achievement made possible only by the extraordinary revenues obtained from the one-time transfer of bank pension funds to the social security system. Investors, however, continue to express concern about the government's ability to achieve future budget deficit targets and obtain foreign financing to cover its sovereign debt obligations when the EU-IMF financing program expires in 2013.

PORTUGAL IN THE EU

Portugal joined the European Community (now EU) in 1986, following a transition period lasting until 1992, and adopted the organization's key policies. These included dropping protectionist tariffs and eliminating all barriers to the movement of goods and capital between Portugal and other member states. The European Community also required Portugal to phase out subsidies to public enterprises and to adopt agricultural reforms.

Portugal's economy benefited from increased trade ties to Europe and from the EU financial aid, aimed at improving the country's infrastructure.

Dimensões
photograph:
Francisco Mendes
Portugal

PORTUGUESE AGRICULTURE

In 2007, about 181 600 agricultural holdings in Portugal had an economic size of at least one European size unit (ESU), compared to 219 000 in 2005 (a 17 % reduction).

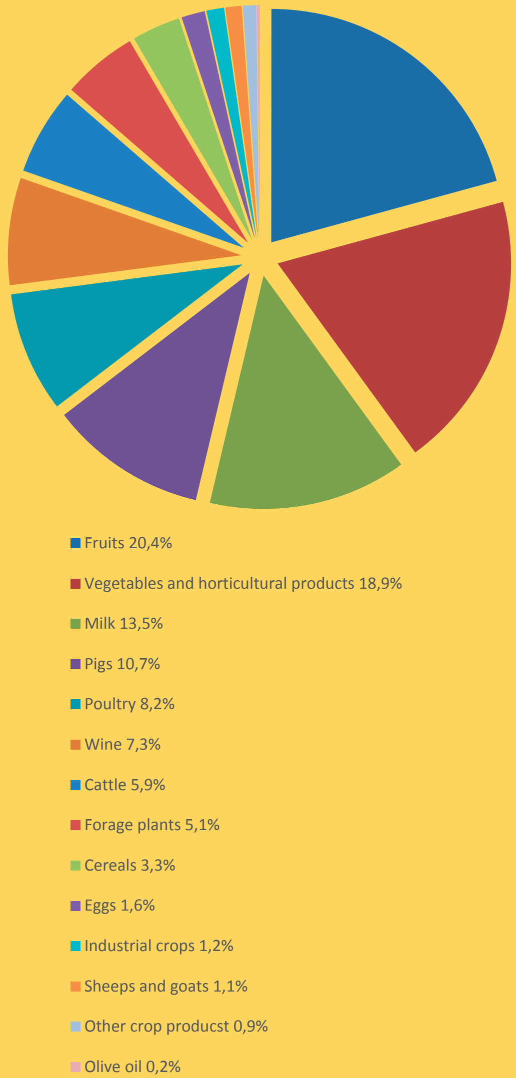
These farms made use of 3.3 million hectares (ha) of utilised agricultural area (UAA), (5 % less than in 2005), which makes the average size of a holding in Portugal 18 ha (compared with 16 ha in 2005). These holdings employed 266 600 annual work units (AWUs), the equivalent of 266 600 people working full time, a decrease of 16 % since 2005. The average area per AWU was 12.5 ha (around 1.5 ha more than in 2005). The farms contained 1.98 million livestock units (LSU) in 2007. From 2005 to 2007 the number of farms with livestock decreased by 17 %.

Amongst the 181 600 agricultural holdings in 2007:

- 35 % made use of less than one AWU, while another 22 % made use of two or more AWUs;
- 31 % used less than 2 ha, while 5 % used 50 ha or more;
- 48 % of Portuguese farms specialised in vegetal production, and 18 % in livestock
- 18 % of the holdings specialised in mixed cropping;
- 11 % were specialists in vineyards; and
- 10 % of the holdings specialised in fruit and citrus fruit.

AGRICULTURAL OUTPUT COMPONENTS

2007e - 2011e average



Source: Project "50 Years of CAP:Ready for the Future"- Agriculture in the EU – Agricultural Output Components

SPECIFICS

Vegetables and crops

Early estimates on October 31 point to another good campaign for maize production, surpassing 800 thousand tons, for a second year in a row. Similarly, on processing tomato a new yield record of 93 tons per hectare was achieved. In a year strongly marked by extreme drought, stress should be laid on the very positive results shown by spring crops which reinforces the importance of irrigation in the future of national agriculture, at a time when the financial supports for this sector are not assured in the CAP reform negotiations. In wine production, forecasts show a slight increase, with good quality. A sharp decline in the yield of olive groves for oil was recorded, for the first time in the last five years, particularly in the rain-fed ones, severely affected by the drought conditions that occurred during the production cycle. Breaks on fresh fruits are also expected, namely on pear (-50%) and apple (-25%). Another bad year is foreseen for sweet chestnut production, even worse than in 2011. It should also be noted that the rainfall occurred in October allowed the relief of the drought conditions, without however causing major disruptions in preparing the soil for the installation of winter crops.

Different regions

Norte & Centro

The north (the area between the Duro and Minho Rivers, including the district of Trás-os-Montes) is mountainous with a wet (18—249 cm of rainfall/year), moderately cool climate. It contains about 2 million hectares of cultivated land, excessively fragmented into tiny (3-5 hectares) family owned farms, also known as minifúndios*. Large, mechanized farms which specialize in commercial production of a variety of crops are also to be found in this region. On average, Portugal's northern levels of technology and labour productivity are among the lowest in Western Europe. Extreme underemployment of agricultural workers accounts for the north being the principal and enduring source of Portuguese emigrant labour.

The farms in the north produce the potatoes and kale that are used to make caldo verde soup, a staple of the Portuguese diet, and the grapes that are used to make vinho verde (or green wine), a light sparkling white wine said to aid the digestion of oily and greasy food. Northern farms are too small to benefit from mechanization and their owners too poor to invest in irrigation, chemical fertilizers, or better seeds; hence, agriculture in the north has remained labour-intensive despite efforts to regroup Minifúndios to increase farm size and efficiency.

Centro & Lisboa e Vale do Tejo

The centre (roughly between the Duro and the Tagus Rivers) is bisected by the Mondego River, the land to either side of which is some of the most fertile in Portugal and produces irrigated rice, corn, grapes, and forest goods on

* Minifúndio – a small land holding or a farm usually owned by individual farmers, ranging between 2 and 6 hectares (1-3 acres) and typical of northern and central Portugal.

medium sized (about 100 hectares) farms under a mixture of owner-cultivation and share-cropping. Portugal's centre contains the Estrala Mountains, where sheep raising is common and wool, milk, and cheese are produced, especially mountain cheese (Queijo da Serra), similar to the French brie. In the valley of the Dão River, a full-bodied, fruity wine - much like Burgundy - is produced. In the southern part of the centre, where the climate is dry and soils are poor, stock raising mixes with cereal crop cultivation. In Estremadura, the area north of Lisbon, better soils and even rainfall support intensive agriculture. The small farms of this area produce lemons, strawberries, pears, quinces, peaches and vegetables. Estremadura also produces red wine at Colares and white wine at Bucelas.

The centre is a diverse zone of about 75,000 hectares that includes rolling hills suitable primarily for tree crops, poor dry land soils, and the fertile alluvial soils of the banks of the Rio Tejo. A variety of crops are grown on the productive areas under irrigation: grains, mainly wheat and corn, oil seeds (including sunflowers), and irrigated rice. Farms located in the Rio Tejo Valley typically are 100 hectares in size.

Alentejo & Algarve

The south (Alentejo and Algarve) is a vast rolling plain with a hot arid climate. It contains about 2.6 million hectares of arable land and produces the bulk of Portugal's wheat and barley. It also produces one of Portugal's chief exports, cork, which is made of bark cut from cork oaks at 9-year intervals. There are vast groves of olive trees around the towns of Elvas, Serpa and Estremoz that provide Portugal's olives. The warm climate of the Algarve (the most southern region of Portugal) is favourable for the growing of oranges, pomegranates, figs and carobs. Almonds are also produced.

Farms in the south, except for the Algarve, are large estates (typically 1 000 hectares or more in size) known as latifúndios*, worked by a landless, wage-earning rural work force. After the Revolutions of 25 April 1974, these large estates were taken over by the state and turned into collective farms. During the 1990s, as the radicalism of the Revolution moderated, collectivized agriculture was seen as counter-productive, and the nationalized estates were gradually returned to their original owners in exchange for cash payments or small parcels of land for the collective farm workers.

The south is dominated by the Alentejo, a vast, rolling plain with a hot, arid climate. The Alentejo occupies an area of approximately 2.6 million hectares, about 30% of the total area of mainland Portugal, and produces about 75% of the country's wheat. Although much of the area is classified as arable land, it is dominated by poor soils and consequently yields of dry land crops and pasture are low by West European standards. The Alentejo is also known for its large stands of cork oak and its olive groves. The Algarve, less than a third the area of the Alentejo, occupies the extreme southern part of Portugal. This dry land area is characterized by small holdings where animal grazing and fishing are the principal occupations of the inhabitants.

Madeira & Azores

Both regions are particularly dependent on agriculture, especially the Azores.

* Latifúndio – a large farm/landed estate generally south of the Tagus River.

FUTURE OF THE AGRICULTURE
CAP REFORM

The Portuguese authorities believe that of the three reform options proposed by the Commission, the second one is the most balanced and appropriate for negotiations on the future CAP, and it explores crucial elements of interest to Portugal, such as:

- Strong CAP, pursuing its specific mission, in conjunction with the priorities and objectives of the Europe 2020 Strategy, with greater legitimacy, equity and effectiveness;
- Architecture in two complementary pillars: a 1st pillar that will include the different tools of direct support to farmers granted on an yearly basis throughout the EU, and market regulation and intervention measures; and a 2nd pillar encompassing the various multi-annual decentralised programming measures of support to farmers and rural development, while considering the specificity and diversity of the territories;
- Redistribution of direct support, with abandonment of historical references and a more equitable distribution among farmers, regions and Member States, taking into account the need to compensate European farmers for the high standards in terms of quality, food safety and environmental protection that they must comply with, and to maintain an economically viable and sustainable agriculture throughout the EU;
- Specific simplified support scheme for small farmers and additional compensation to farmers in less-favoured areas;
- Keeping the overall orientation of market regulation measures with a view to obtain an effective safety net and more equitable distribution of value along the food chain;
- CAP support for Rural Development in its three components (competitiveness, sustainable management of natural resources and territorial balance), with instruments adjusted to the diversity of agriculture and territories and to new challenges.

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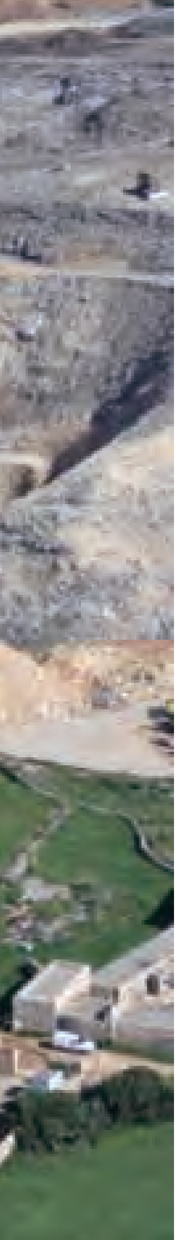
Agriculture by the sea in Madeira Island

photograph:
Carla Oliveira
Portugal

photograph:
John Portelli
Malta

MALTA



FACTS ABOUT MALTA

Geography

The Republic of Malta is located in the Mediterranean and consists of three small inhabited islands - Malta, Gozo and Comino, and numerous smaller islands and islets which are uninhabited. The total size of the country is only 312 km^2, making it one of the smallest states worldwide.

Demographics

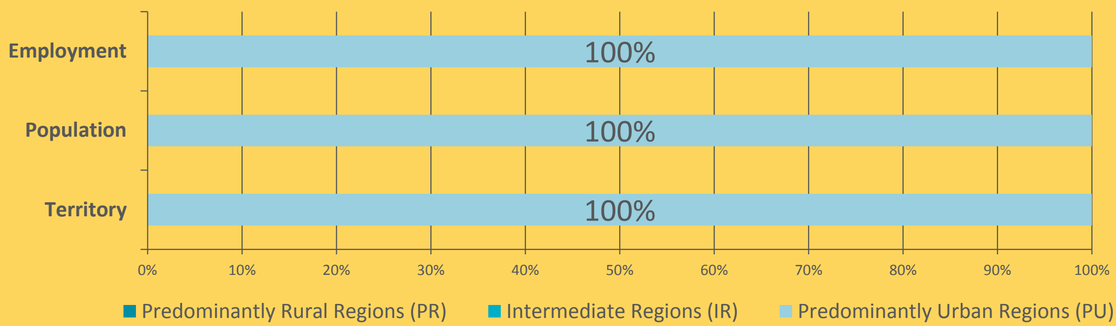
As of July 2012, the Maltese residents are close to half a million, or approx. 410 000 people in total. Given the small territory of the state, the density of the Maltese population is one of the highest in the world - 1 282 people/km^2. The majority of the Maltese population, that is about 93%, resides on the main island of Malta. The islands of Gozo and Comino are less inhabited. Malta's fertility rate is below the EU average and the population growth in recent years has largely been from immigration, putting pressure on the pension system. Since the size of the country is so small, no specific statistics exist regarding the population and employment distribution in rural vs. urban regions.

Economy

Malta produces only about 20% of its food needs, has limited fresh water supplies, and has few domestic energy sources. Malta's geographic position between Europe and North Africa makes it a target for illegal immigration, which has strained Malta's political and economic resources. Malta's fertility rate is below the EU average, and the population growth in recent years has largely been from immigration. Malta adopted the euro on 1 January 2008. Its economy is dependent on foreign trade, manufacturing, and tourism, and was hurt by the global economic downturn.

Malta has low unemployment relative to other European countries, and growth has recovered since the 2009 recession. The financial services industry has grown in recent years and in 2008-2009 it escaped significant damage from the international financial crisis largely because the sector is cantered on the indigenous real estate market and is not highly leveraged, and the banking system is closely regulated. Fiscal stimulus measures contributed to deterioration in the public finances.

IMPORTANCE OF RURAL AREAS



Source: Project "50 Years of CAP:Ready for the Future"- Agriculture in the EU – Agricultural Output Components

MALTA IN THE EU

Since 2004, Malta is the smallest European Union member.

On accession, as far as Maltese agriculture is concerned, the sector started developing toward the European model of agriculture, characterised by its multifunctional dimensions. This model addresses the multiple vocations of agriculture and is thus in consonance with Maltese societal aspirations. In the case of fisheries, the sector joined the EU organisation with its accent on conservation management and fish marketing structure and standards.

Malta joined the European Union as an Objective 1 region. The country also negotiated a Less Favoured Area status for all its territory. The appropriate modalities of participation in the Common Agricultural Policy under its First and Second Pillar, as well as the Common Fisheries Policy can potentially make Malta realise these goals. To that intent the Maltese Government has negotiated a Special Market Policy Programme for the national agriculture and a Rural Development Programme.

The final goal for these sectors are those of transforming Maltese agriculture into a small scale viable self-sustainable sector and upgrading Maltese fisheries into a dynamic sector in consonance with the country's needs and aspirations.

MALTESE AGRICULTURE

The number of holdings in 2010 amounted to 12,529 with a total of 11,453 hectares of utilised Agricultural Area. The majority of agricultural holdings in Malta and Gozo are relatively small, with 73.5% of the agricultural holdings having a UAA less than 1.0 hectare each. Medium-sized agricultural holdings made up 24.4% of the total; such holdings comprise between one and five hectares, while 2.1% are considered large.

The cultivation of forage crops, covering 5,553 hectares or 48.5%, is predominant. A total of 1,123 hectares are used for kitchen gardens. This reflects the high number of small agricultural holders. Area under vines declined by 137 hectares in 2010. However it has to be noted that the decline was registered in the local variety vines (-251 hectares) and table vines (-57 hectares), while the international varieties increased by 171 hectares.

Malta's agricultural sector is quite small, accounting for 1.62% of the GDP (NSO, 2010). About 35% of the island's territory, approximately 11,000 hectares, is utilised for agricultural purposes. Maltese agriculture is composed of small-scale farmers who sell most of their produce locally. Over the years, farming activities have changed becoming more intensive and considerably increasing the amount of irrigated land. Irrigation continued to escalate further after Malta joined the EU. This has created a huge demand on all water resources in the Maltese Islands.

SPECIFICS

Maltese agriculture has traditionally held to a crop rotation pattern. It starts with cash crops and ends with legumes and forage. Cash crops production can take place twice each year. Vegetable production includes, above all, spring and winter potatoes, melons, onions and tomatoes, followed by eggplants, green peppers, kohlrabi, etc. Such activity covers around 50% of the agricultural land area. The remaining area is devoted to fruit production that includes stone fruits primarily peaches, citrus, figs, prickly pears and strawberries. Vine growing is very important and remains one of the most promising agricultural activities.

Fruit and vegetables

The supply of fresh fruit and vegetables in the third quarter amounted to 12.7 million kilograms, a decline of 6.8 % over the comparative period in 2011. Conversely, the wholesale value increased by 6.3%, amounting to €4.6 million.

Livestock

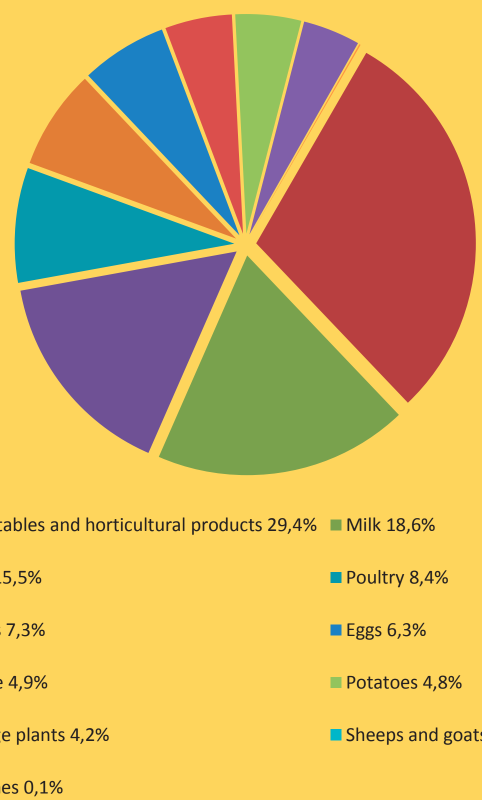
The livestock sector consists mainly of cattle, swine, poultry, sheep and goats. In December 2011, the pig population amounted to 46,287 heads, down by 34.4 % or 24,296 over 2010. A decline of 26.9 % was recorded in the breeding stock, which ultimately contributed to a 36.4% drop in fattening pigs. The census revealed that 116 holdings (11.5 %) were engaged in pig production. Of these, 72.4% had less than 400 pigs and accounted for 31.8% of total stock, or 14,730 heads. On a regional level, the pig population decreased by 34.7% in Malta and by 29.5% in Gozo and Comino.

Dairy cows, which represented 42.5% of all cattle in 2010, declined by 8.2% to 6,362.

Meat production in the third quarter of 2012 amounted to 2,483 tonnes, a drop of 15.0 percent over the comparative period in the previous year. This was brought about by drops in the production of beef and pig meat by 10.1% and 30.4% respectively. On the other hand, an increase of 15.4% was registered in the production of broiler meat.

AGRICULTURAL OUTPUT COMPONENTS

2007e - 2011e average



Source: Project “50 Years of CAP:Ready for the Future”- Agriculture in the EU – Agricultural Output Components

FUTURE OF THE AGRICULTURE
CAP REFORM

Malta's proposed solutions for the CAP reform are mainly centred on those outlined by the Presidency. The continuation of reducing regulatory subsidies and other price controls is important for Malta because it will help farmers become better stewards of their lands. Malta supports the proposal to make sure that the CAP reform is "fairer, greener, as well as more efficient and effective starting in 2014 to 2020". The transition may be difficult for farmers, but it is realized that climate change is an unavoidable issue that the CAP should continue to address in the reform. In the long run, Malta and all of Europe will benefit from sustainable agricultural policies that can be secured in this CAP reform. With financial incentives, farmers will be more motivated to adopt greener business practice. Regarding the total budget for CAP, Malta supports the proposal to make sure that 30% of payments are put towards "greening" measures.

Malta proposes an education program for farmers to ensure that proper "greening" measures are taken, as well as a regulatory committee that oversees the progress. Said committee and education program would aid farmers in transition to become more environmentally ethical, while maintaining a fiscally sensible business. "Saved" monies Malta will have from capping the payments to farmers at €300 000 would help with diversification and progress in rural areas. Thus, Malta supports the proposed goals of making sure that the CAP integrates environmental sustainability within agriculture in a way that promotes growth in a more free-market strategy.

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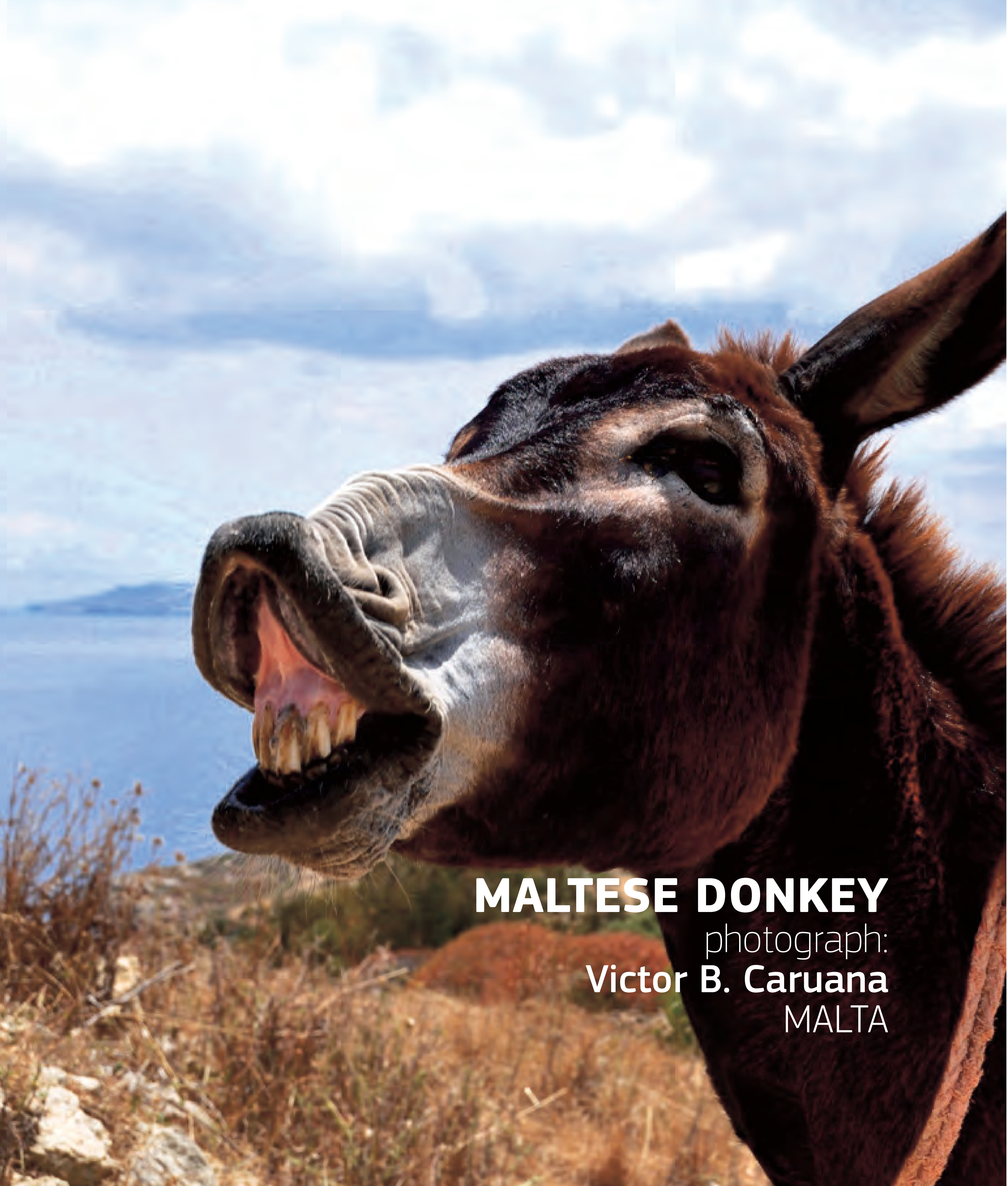
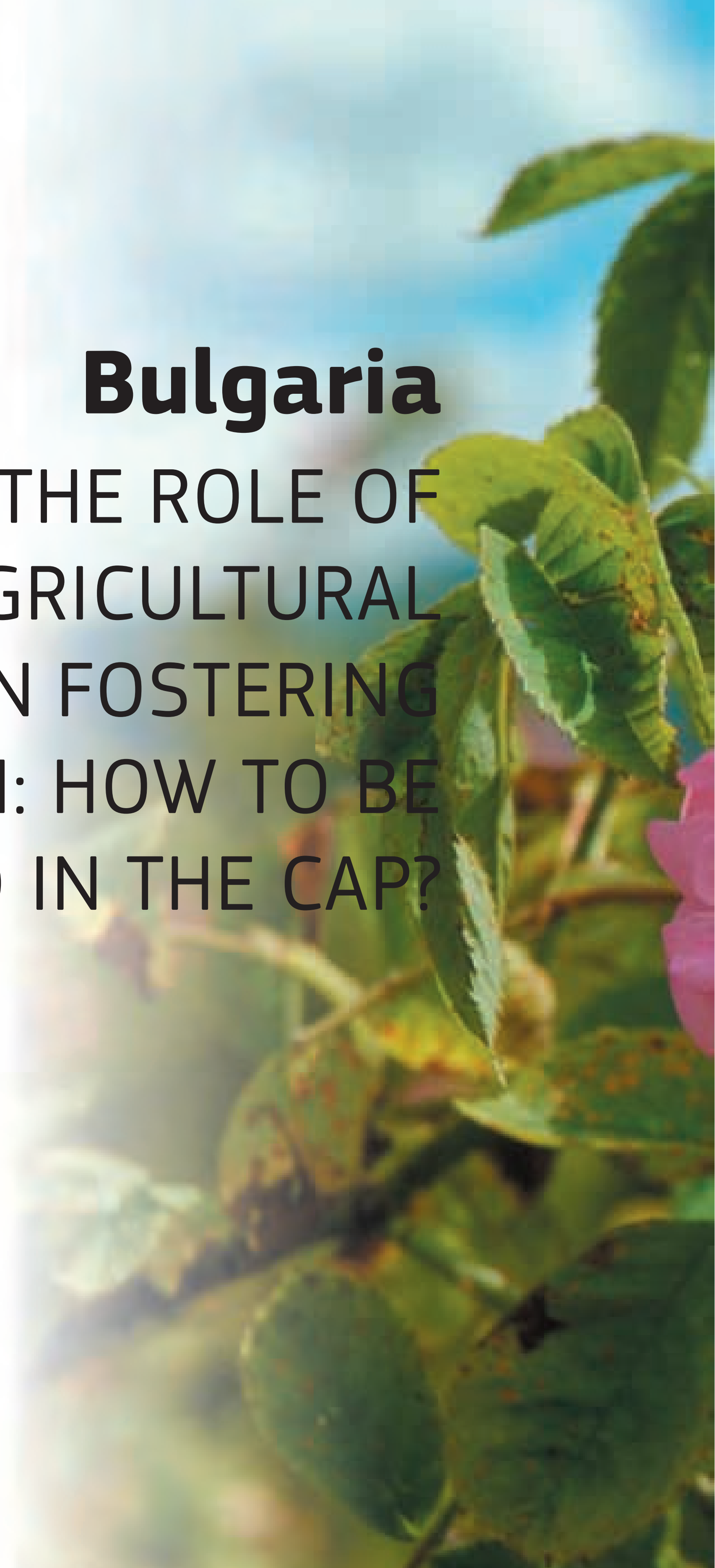

MALTESE DONKEY
photograph:
Victor B. Caruana
MALTA

Bulgaria

THE ROLE OF AGRICULTURAL EDUCATION IN FOSTERING INNOVATION: HOW TO BE REFLECTED IN THE CAP?



50 YEARS
of Common Agricultural Policy
Ready for the future

A Partnership between
Europe and Farmers


Bulgarian Roses
photograph:
Georgy Raijekov
Bulgaria

Concept

In the spirit of the new realities professional schools for agriculture all over Europe have to be able to respond to the demands of the green sector and the rural areas. They must be flexible to changes, able to regularly update their course structure and adapt their curricula to new situations, new technologies and new demands of the society. In order to do that, schools will need good teaching facilities, equipment and machinery. They must have good relationship and collaborate with all relevant representatives and stakeholders of the sector.

In order to prepare the would-be producers to meet the consumers' demands, schools must teach students a holistic approach to food production. Students are to acquire skills and in-depth knowledge regarding the whole chain of food production ("from farm to fork"). In the process, schools should promote individual entrepreneurship and strengthen their co-operation with enterprises.

Motivated and skilled school managers and teachers are key elements in the preparation of education for facing the new challenges. Teachers must be trained and up-dated continuously in production techniques and their prerequisites, but they must also develop their capacities in relation to pedagogy, foreign languages and communication skills. The new role of the teacher is that of a facilitator of the learning process, giving to the students the responsibility for their own learning. Mobility projects, study visits and work placements in farms at home and abroad are important tools for students, but also for teachers' training process. European programs could finance some of these initiatives.

Not least, the agricultural education community has to cope with major environmental, economic and social challenges in order to provide to the coming generations a safe, healthy and prosperous future.

In the coming years it will be an important task for the educators to further develop and spread more widely a concept of modern food production integrated into a rural economy based not only in science, but which integrates scientific results with rural development policies, societal and educational needs, as well as expectations of new generations of consumers.

photograph:
Maria Grigorova
Bulgaria

Summary of discussion

The Bulgarian Ministry of agriculture and food has established insufficient initiative on behalf of the beneficiaries and insufficient involvement in the opportunities created by the CAP funding, which is why the available resources cannot be efficiently utilised.

The results from the last two farm structure surveys were not at all good for Bulgaria. Of all the farm managers – which in the agro-statistics are defined as those taking decisions about sowing periods, harvesting, phyto-sanitary activities etc. - only 3% have agricultural education, in particular 2.08% secondary professional education and 0.83% higher education. The age structure shows that 4% of the farm managers with secondary education are between 25 and 44 years' old and those with higher education between 25 and 34 years' old are 2%.

There are several mechanisms used to encourage the young people with specialised education to join the agricultural sector. Among them is Measure 112, where the eligibility criteria include professional skills and knowledge. If the applicants cannot comply with the set conditions in their business plan, they are obliged to fulfil them within 3 years of signing the contract. Having the respective education provides one with an advantage in the ranking of the projects because it brings 25 points. Another opportunity is Measure 111, which aims to increase the knowledge of active agricultural producers through training. The training under this measure is free of charge and combines the efforts of professional schools, universities and research institutes. All over the EU the percentage of people with specialised education is low in the rural areas, but Bulgaria is at the bottom of the rank. Even worse is that the situation has not changed between 2003 and the latest survey from 2010.

The link between agricultural production and agricultural education is interrupted, if it ever existed. Producers often complain they cannot find drivers for their modern machines. CAP cannot solve the problem of the low percentage of farmers with specialized education, but it can assist the creation of opportunities and

incentives for them. At the same time the requirements of the next programme period will demand plenty of specialized knowledge and skills, which can only be covered by educated people.

The Ministry of education has recently updated the curriculum of professional schools in agriculture and included the European programme for the rural areas in the theoretical and practical training of the students. New professions were added to the training menu like “Management of crop and animal farms” and “Argo-environmentalist”. It is however the conclusion that more efforts will be needed on behalf of both ministries, of education and of agriculture, to get closer to the school children through information and communication activities. The largest proportion of the funds of the national program for modernization of the professional education was dedicated to the agricultural schools: of the 26 professional secondary schools financed by the Ministry of education, the largest is the share of agricultural schools.

It is very important that students are given the opportunity to visit the farms and productions and see the novelties and modern technologies. However, this should not depend on any personal relationships between school masters and producers who happen to know each other; it should be done in a systematic and regulated manner. There is the other side of the concern with the outdated equipment in the schools – the teachers are not qualified to teach the students how to handle the new equipment.

New initiatives are internships for university and college students, training specialists for agricultural activities, so that for a 240 hours’ period they would have the chance to see and touch a specific activity or production. A project is being implemented with EU funding for improving the quality of professional education, such as developing training curricula and agendas with the help of the business, taking advantage of the demarcation principle and combining the CAP funds with those of the ESF.

As concluded by school directors, the interest in Measure 111 for training of agricultural producers is very strong, but interaction with the business creates real difficulties. Schools expect from the state to intervene with some measures.

School director: “I go to a producer to negotiate practice in real working conditions and the usual response is two or three students can be taken. This does not work for us. The situation is definitely improving because the business began selecting students, training them and then hiring them and the effect is tremendous. We have observed how the German system works and it is very effective.”

In the opinion of food industry’s representatives it a possible solution is to organize visits of the agro-machinery exhibitions in Ruse, Dobrich or Stara Zagora, where the students can get acquainted with the modern technological development. The problem as they see it is elsewhere - in the low education level in this branch and the outdated school programs.

Branch organization representatives: **"We want to finance schools in 35 municipalities to work with us and qualify students for a certain specialty. We need literate people in the business to work with. You know that agriculture is the foundation of the light industries.**

We are ready to hold meetings with any school in the municipalities where we work, to help in order to get the workers we need eventually."

Another issue is that the public discourse on agriculture and the policies in his field are dominated by negative statements, problems, irregularities and incomplete activities. This is not at all stimulating for the young people and needs to be counteracted somehow. Furthermore, the problem of acquiring practical knowledge and skills at the professional schools can be solved with some flexibility, organization, distribution of the children between the farms.

The **Bio-products' Association** welcomes the introduction of agro-environmental subject in the curriculum. That is interpreted as a first step and raises expectations for development. This development in the educational aspect should be parallel to the development of the sector and that is where the concern is rooted. The National Plan for transition to bio agriculture prescribes serious funds for research in biological agriculture. At this point in time, towards the end of the program period, no investments have yet been made.

"We had a very serious problem with vegetables that is also valid for the conventional horticulture. I am talking about the fields infected by a certain caterpillar. I am not a scientist and cannot properly define it, but it is a fact it created enormous problems and that is evident by the prices of vegetables. The reason for those prices is the draught plus this bug which has practically destroyed our crops. The solution could have come from the science."

As science in agriculture is not included in the European funds, it has to rely only on the state budget. This is a very difficult situation because, to start with, the infrastructure of the research institutes is hopelessly outdated. Modern equipment has not been provided for more than 20 years now. Since science forms the foundation of innovations, the debate on education must not exclude them. Currently there is no connection between the two, or at least no one makes the effort to establish it.

All stakeholders in the sector agree that science forms the foundation of the competitive and environmentally-friendly, and in fact of any production. Without developing science Bulgarian agriculture cannot progress and equally it cannot be developed without well trained specialists. So the goal of science, education and smart growth is consensual.

To this end, the optional classes available to professional schools for agriculture are not sufficiently utilized. For instance, the schools can choose to do them together with the employers. Relevant draft amendments to the legislation are in the process of being prepared for the professional education and are currently examined by the parliament.

One possible reason why the youth are unwilling to study agriculture is scarce information. It is a matter of organization and planning of the measures for the next program period today. In the future one of the indicators of success in the system of education will be the labour market situation. In order to improve the connection with the business, in the new program period opportunities should be provided for building networks in the various sectors. The role of information campaigns is paramount here. People are still not sufficiently aware of the opportunities and, if the process starts with cropping up interest, it should be instigated.

Lead arguments

Agriculture will be a leading sector in the country in the next decade and the responsibility for educating the future generation of agricultural producers to meet the new challenges lies with all the stakeholders.

Very few young people are motivated and willing to study agriculture, but surely the opportunities for financing, if promoted more consistently, will have an effect.

Public discourse on agriculture and the policies in his field are dominated by negative statements, problems, irregularities and incomplete activities, which discourages the youth from pursuing a career in the sector.

Even the best education cannot ensure the desired development, if it does not go hand in hand with science.

A separate financial instrument is now being planned and viewed as a solution in the next period that will allocate funds to science in general and research in agriculture in particular.

Key messages

The food industry starts looking for workers today in 2012 and until 2015 we need to achieve a reverse trend. Therefore **hopefully this is just the beginning of this dialogue**.

It is the responsibility of all of us (authorities, associations, educational institutions and non-government sector) to formulate the right messages to the students when talking about the agricultural business and the CAP.

In the next period money should be provided for research in agriculture.

Радост
photograph:
Teodora Koleva
Bulgaria

BULGARIAN ASSOCIATION OF AGRICULTURAL PRODUCERS

IMPLEMENTATION OF CAP AND DEVELOPMENT OF THE FARMS IN BULGARIA

Why do farmers need subsidies

Farmers are bound by a lot of commitments and responsibilities of public significance. All consumers demand good quality and organic type of agricultural produce. Farmers are also expected to protect the environment, groundwater, air, etc. There are also other obligatory practices they have to observe, subject to the respective financial, technical and human resource requirements. Farming has positive impact on rural development, economic growth, employment possibilities in areas of high unemployment. In this respect, subsidies compensate to a degree farmers' investment in their activities.

There is a need for a change in the public perception of the sector. Agriculture is not just about providing farming products and affordable pricing. It is also about environmental protection, dynamic territorial development and the place of Europe on the world market. The present concern is no longer with competition between the EU member states, but with competition between the EU and the rest of the world.

The CAP budget and national contributions do not constitute social benefits but a means of covering all responsibilities and burdens farmers have to take care of on a daily basis. Subsidies were introduced in order to mitigate the very high risks accompanying agriculture. Other types of production could be abandoned if they prove to be inefficient, but what would happen if all farmers give up, under the pressure of circumstances?

Effects

Effects from the application of the 2007-2011 Common Agricultural Policy:

- Processes of restructuring, consolidation and modernization of farms;
- Provision of minimum income support for farmers;
- Improved agro-environmental conditions of production - use of more effective agricultural systems;
- Better rural living conditions.

Effects from the application of direct payments:

- Higher and more secure incomes for farmers, including in times of economic crisis, climate change and natural disasters;
- A constantly growing interest by applicants – an annual increase of 5 thousand new producers;
- An increase of tillable land kept in good farming condition and a reduction in the share of agricultural "wastelands".

Change in structure – the sector is getting more professional

- The relative share of cooperatives has been decreasing, unlike the shares of commercial companies (an increase from 0,2 to 1%) and sole traders;
- The number of farms of over 100 ha exploited tillable land have doubled from 3879 to 5232. The same is valid for the groups of 10 to 50 ha and from 50 to 100 ha;
- These results signify a positive trend of farm consolidation, broadening the prospects for development of intensive modern agriculture.

Grain production

Due to the higher yields in 2012, grain production in total has increased by 14,3% compared to 2011. Wheat production in 2010 was 3% higher than that in 2009.

There has also been increase in grain maize production that can be attributed to the increase in the amount of cultivated lands, as well as in the average yield.

As a result of the increase in the amount of areas cultivated with oats, rice and triticale, the production of these crops has been on the rise, too.

Grain growing is a leading sector in Bulgaria. Grain trade is number one in the country. Labour costs in the sector have been falling with time, while investment and mechanization have been increasing.

Vegetable growing

Vegetable growing requires higher expenses, wherefrom the high cost price of end products, which makes the marketing more difficult. The process has been additionally negatively affected by the established practice of direct subsidies per hectare. This forces farmers to switch to crops with lower cost value per hectare.

Animal breeding

An increase in the average number of animals per farm has been observed for all breeds, signifying intensification of the processes of specialization in animal growing.

Public perception

One positive trend in the development of farming has been the continuously growing contribution of EU funds in support of agriculture and rural areas.

Nearly 70 % of the Bulgarian citizens believe that Bulgarian farming is in need of intense modernization and development. According to an AFB-commissioned survey, the same opinion is held by those most involved in farming and competent on the topic, i.e. farmers and other rural community members. At present, 55% of the population is profitably involved in farming as land owners, land-lease lenders, agricultural producers or landlords. 97% of the Bulgarian land owners claim that their land is cultivated (by a lease-holder, a cooperative or themselves). 61% of the rural land owners are farmers to a degree, but due to the small size of their farms, nearly 70% of them cannot even meet their family needs for agricultural products.

ESTONIA

EFFECTIVENESS AND SUSTAINABILITY OF INNOVATIVE AND GOOD PRACTICE IN RURAL AREA DEVELOPMENT

50 YEARS
of Common Agricultural Policy
Ready for the future

A Partnership between
Europe and Farmers

Männikjärve raba
photograph:
Väino Valdmann
Estonia

Concept

Recently the European Parliament released a policy study titled "How to Improve the Sustainable Competitiveness and Innovation of the EU Agricultural Sector". The study reviews the extent to which the current CAP and related EU policies promote sustainable competitiveness and innovation in agriculture, and assesses the current legislative proposals for CAP reform. It finds that the current policy does not realise its potential and that, although the reform package represents an improvement, particularly in its proposals for Pillar 2, more could usefully be done. Recommendations are made to strengthen the balance of the package and improve proposals for each pillar of the CAP. Key ingredients include better advice, knowledge transfer, more use of locally tailored, strategically planned measure-packages, fuller sustainability-proofing and new incentives for innovation.

Among the outlined key policy implications are:

- Greater clarity on the definitions of sustainable competitiveness and innovation are needed to ensure these terms are clearly understood by all those involved in CAP policy development and implementation;
- Guidance and funding need to foster much more active and interactive kinds of network behaviour, in respect of the National Rural Networks (NRN), the European Network for Rural Development (ENRD) and the new innovation partnerships. New innovation networks could also be promoted for whole territories and sectors, both within and between Member States, to increase the diffusion of learning from successful examples in specific places and contexts.

The EP concludes that in order to promote sustainable competitiveness and innovation in European agriculture, there is a need for the CAP to do more to:

- highlight the importance of knowledge and capacity building at regional, national and supra-national levels, among all beneficiaries and stakeholders;
- stimulate directly the development and adoption of mechanisms to encourage collaborative working, especially at the territorial and issue-or sector-specific levels (where concerted effort between actors will produce the greatest results);
- increase the use of LEADER-style, strategic, multi-objective and partnership-based planning and delivery mechanisms within the framework.

Innovation is understood as the process that adds value or solves a problem in new ways and seen in the development of improved cost-effective ways to address problems and opportunities faced by rural communities. Pillar 2 of the CAP in the next program period is envisaged as the facilitator, enabler and promoter of innovation in rural areas.

The most important innovations are those that:

- change the way small holders and other rural people invest, produce and market their products and manage their assets;
- help rural people get organised, communicate and interact with partners;
- influence policies and institutions.

Summary of discussion

Looking back at the past we see that the goals for CAP have changed over the course of time, just as our lives and our goals change. With the reforms the market regulation instruments have been to a great extent replaced by direct payments. Today CAP relies on innovation, sustainable growth and sustainable development, which involves competitiveness, environmentally sustainable production and the social dimension.

As a concept innovation means doing something in a new way; it incorporates improvement, as well as a different approach for improvement. It does not necessarily mean new technology; it can be new handling or methodology. Innovation is different depending on the context. When we speak about the Common Agricultural Policy, it will have different expressions depending on context.

According to statistics the urbanization rates in Europe are quite high. If we have at look at the countries participating in this project, here is what we see: in Malta it is 91%, in Estonia - 69%, in Bulgaria - 67% and in Portugal 66%. These percentages are growing. In this context to it seems wiser to stop separating urban from rural and start combining the development plans and planning the developments initiatives together.

People living in the rural areas often work in the city. The terms “rural” and “urban” today are effectively a social definition, i.e. they express personal self-identification as a city or a rural dweller. It is interesting to see what the source of innovation is in this setting, where it comes from and where can we find new solutions. It is known that innovation always accompanies certain changes, either in industrial or in market structure and especially in businesses. One particular factor is some sort of a crisis. Economic crisis is also a basis for new solutions, more efficient solutions to provide better and higher quality services that meet people’s need.

In an age of high information and communication technology it will be foolish not to use all the available technical solutions and opportunities. ICT is the basis for innovation in the public sector but also a challenge. A private company can easily afford to introduce novelties because it does not have the obligation to provide an uninterrupted public service. But in the public sector there is much less room for errors because the responsibility is greater. And a common concern for both sectors is that legislation is often slow to catch up. Estonia is among the leaders in Europe in electronic services.

Improving the competitiveness of agriculture is a very topical issue for the authorities in Estonia at the moment. Ready-made solutions do not exist. Not least because it is important to clarify what competitiveness means:

- does competitive agriculture mean that the country grows everything it needs; or
- does competitive agriculture mean that agriculture is competitive to other industries; or
- does competitive agriculture mean it is competitive compared with other agricultural sectors in other European countries; or
- should Estonian agriculture be competitive on the global agricultural market; or
- is it all of the above?

A possible interpretation is that the country can produce food without seriously damaging the environment or even contributing to the welfare of the environment. When we speak about CAP, we also speak about land improvement, food processing, to certain extent forestry, the diversification of agriculture within the agricultural sector and also in non-agricultural activities. One challenge is to find the balance between these different activities. **A competitive agriculture does not focus on one activity alone**, but must strike a balance between all those different activities.

The competitive agricultural sector is more readily associated with the second pillar. In order to keep developing during the next programme period, Estonia must continue receiving the same level of funding. It is very important for Estonia to get direct payment levels that are comparable with the rest of Europe, but not at the expense of the second pillar. Among the main tools and instruments for development are the cooperation between entrepreneurs and the networking, short supply chains, the LEADER experience as well as the simplified procedures.

The CAP today doesn't deal with agriculture and agricultural production only; it also touches on plenty of other subjects. Right now it is clear that jobs can be created in the countryside first and foremost through micro businesses, through small enterprises and so this is an area where new programmes and new funding should be directed. In our development programme today we have the village centres that are being developed. It is very important that these centres and small enterprises have access to knowledge. **That is one area where funding should be directed to provide for good knowledge and information services**.

Competitiveness in agriculture is an all-European concern. When it comes to EU competitiveness, the issues are common and determine our countries' competitiveness in the field of agriculture. It has to do with the societal organization and its derivative costs, such as health insurance, social insurance, environmental expenses and so on. Most countries outside the EU do not have to bear as much. So if we intend to burden our economies with such expenses in the future, then the EU agriculture cannot be competitive world-wide in the prices of products because production in the other countries is much less expensive. To this end CAP funds could be used to fund environmentally friendly production for example, or invest in the welfare of birds and all these kind of things. Clearly, there are no simple solutions because the European societies have taken on the responsibility of caring for citizens and for the planet.

Within Europe, on the other hand, competition is not entirely balanced and fair. We all know that the differences between the supports for agricultural producers are 5 to 7 times. The result for Estonia is a lot of imports: for example pig meat is imported, simply because it is less expensive when it comes from abroad. Why is that? Because other countries get more support than Estonia does. The EU is about solidarity between the member states and this should be reflected in the amount of support they get for their agricultural production.

What should be done is to target those companies that own 10 to 100 hectares and have not been investing much in recent years. Smaller land owners should not be neglected either, because the smaller holdings usually belong to people living in the rural areas. These two groups of producers have a lot of potential for increased competitiveness, but also for introducing less attractive and less known products on the market. If we look at the young farmers, we can see that areas like natural herbs or bio fertilizes are gaining popularity and developing rather well. What they should learn is cooperation. If they do not work together, spreading information, being innovative and finding markets will be much more difficult.

Another key word is clusters. When people are small producers, they produce small volumes. For example the share of fruit on the domestic market is small because most producers are small. Clusters mean bringing together not only producers, but also the applied sciences, the local governments and entrepreneurs. This is an area that is still to be developed. The second pillar is the one that creates change and can bring together know-how for innovation in those areas of activity that are still rather conservative.

Who should be supported: small or large entrepreneurs? Estonia has large producers and they produce 70% of its agricultural products. According to the statistics 20% of the producers produce 80% of the products. Right now the data shows that this 20% of larger producers are managing well thanks to EU support; they have developed quite well technically and scientifically. If compared with the older EU member states however, the deficit is obvious. That is, funds should be geared towards structural changes, creation of cooperatives in the rural areas, as well as environmental protection.

Normally the cheap import goods come from extremely large companies. Does that mean large companies need to be supported to become more competitive? And if they are supported, will this lead to improvement in the quality of life and more employment in the rural areas? Hardly. So who needs more support and attention, and if the large entrepreneurs get supported, does that help the society more or not? The large holdings can compete on the international market because they can afford to produce cheaper food. But cheaper food is never the highest quality food. Estonian tomatoes should get their real flavour back for example. The big retail chains drive the horticulture sector because they determine the rules. And what they want are more attractive looking and more durable vegetables, which does not really contribute to taste.

Good practice

In addition to the 7th Framework Programme, which financed fundamental research mostly, Estonia also needs local applied science. Applied research does not get enough funding. It is a fact that innovation can only be judged from a time distance. The Estonian agriculture has changed, even from an emotional perspective. If we take the rapeseed growing for instance, they effectively changed the landscape with these beautiful bright yellow fields. On a more practical tone, this new crop requires new agricultural technology. So the producers formed an association and addressed the ministry with the issues they needed solved. At a meeting with representatives of the research institutes they stated the research questions that they needed answered. Several months later a research programme was designed and funding as secured.

As regards Estonian competitiveness in agriculture, high quality is what would bring more money back to the rural areas. The country is located in the north and the climate and soils are not very favourable, so large-scale production of good quality cheap products is unrealistic. Therefore Estonia needs to focus on quality and high added value products. And cooperatives have a very important role to play in the marketing of such products.

Sustainable rural areas mean building on values. In order to take advantage of the existing potential, competing in mass food production is not the wise strategy. CAP's orientation is increasingly towards the environmental aspect, which is one of the sustainability dimensions. The rural areas in Estonia have their unique environment and the wise investments will be in to use this environment in an innovative way for agricultural purposes. Europe at the moment is aiming at sustainable agriculture intensification, which would guarantee entrepreneurial development, smaller input and preservation of the nature. We all need to look at the opportunities that nature offers. Functional diversity is also getting increasing attention and that means diversity achieved with smaller input, for instance clean waters and soils.

The importance of educating consumers, a Maltese example

Maltese pork meat is known as one of the best in Europe. Today most of the products that people buy are frozen. When consumers buy the frozen meat, they lose the value they pay for when buying fresh meat. And they either do not realize it, do not have the financial abilities or are simply not informed. The point is, not only the farmers but consumers also need to be educated.

A small local producer organised his own training for consumers regarding the value of fresh food and why they should consume local products. Using this example, we could add the aspect of social farming here, i.e. rehabilitation of people with special needs, for helping large families offering recreation activities, bringing school children to rural areas. It is also a good opportunity for small and medium size land owners to become more competitive offering additional services. Out of the 19 000 people employed in agriculture, if recalculated to full-time work, we only get 6 000 jobs. So the income does not allow full employment and in order to diversify it, new alternative services should be offered. Social farming appears as a very good option, as experience in the Netherlands shows. The farmers can offer environmental services as well. This is done in Estonia, for example maintaining natural resources. It is another important activity that helps keep rural areas vital and viable.

Steve Job's definition of innovation says it is something completely ordinary that people do every day, which begins with ideas. If ideas get bounced around, discussed, looked up from different angles, then eventually they come to real results. Innovation is a tool in entrepreneurship.

This means taking risks, being brave and having the courage to do things differently, not just going along with the mainstream. First and foremost, innovation has to do with the change in mentality, especially when looking at the rural areas. Nowadays many young and successful youth are moving back from the city to live in the countryside. In agriculture today we can see tractors that are as comfortable as luxury cars. In villages, in rural settlements, there are bike paths that a lot of people use. There is high-speed internet connection, which equally qualifies as innovation.

To a great extent, innovations emerge as solutions to the existing problems. It is a widespread trend for people to leave the rural areas and search for employment elsewhere. As a result, schools and nurseries get closed down, followed by post offices and stores. Actually, those are the social centers where rural dwellers meet and exchange experiences. Therefore it is good to see that some of these centers have been revitalized and modified into multifunctional centers with libraries and various kinds of services. This is a two-way type of innovation. On the one hand, there are different state functions all centralized in one location like the tax & custom authorities, postal and telecommunication services etc. On the other, it is a place where people can socialize and spend time with each other.

Example of rural services in Estonia regarded as innovative:

The local governments in Estonia have the responsibility to transport children to school. Normally this is done with school buses. In rural areas the problem of scarce public transport exists. To solve the situation many local governments decided to make the school buses public. Thus people who know the bus itinerary can use it to go from point A to point B at certain times. Drivers sell tickets and they are allowed to pick up other residents. Also, students can use these buses for free. In other words, the system was reorganized. The local governments generate profit from selling ticket and everything worked out well.

Horticulture operates in free market conditions without any support and innovation comes about quite slowly. The owners will only invest in something like that when they can afford it and at the moment they cannot afford it. So the political decisions for the next program period will not really affect producers in horticulture.

Example of agricultural practice in Estonia regarded as innovative:

A Finnish-owned company located near Tartu, village of Louna, grows cucumbers. This producer does not use any chemical pesticides. Their crop was infected by a bug and instead of looking for substances to eliminate it, they used another bug which eats the pest.

It is very important to get the rural people, the farmers back into the circle of decision-makers. Right now they do not have the feeling that they are important, that they can make any change whatsoever. Doing things together is not the same as in socialist times; a different type of cooperation exists now, one in which each individual has value and all contribute to the common cultural development.

Lead arguments

Rural and urban life is merging and it is no longer cost effective to have separate development strategies for them.

Innovation is necessary in the public sector in order to better meet people's changed needs and expectations. The public sector also needs to cut costs and stay within budget.

The share of pillar II should be bigger in the CAP than it is now. The second pillar helps introduce structural change; it enables innovation and allows bringing higher quality production to the market.

More money is not a solution; the real value is in more cooperation and innovation, entrepreneurship, the entrepreneurial spirit.

If producers have new responsibilities that bring new expenses, then ways should be found to compensate them somehow.

Research, education and training should absorb a bigger portion of the funds in the future.

Estonia needs to focus on quality and high-added value products and come up with simpler solutions for bettering life in rural areas.

Social farming is a sector that has no competition in Estonia and if it is developed, then small and medium size land owners could use the open market quite well.

People have forgotten that cooperatives were very important even in historical sense 100 years ago, so going back to this format can prove useful.

Key messages

The second pillar is the one that creates change and can generate know-how, so that innovation is focused on areas of activity that are still rather conservative.

Funds should be geared towards structural changes. Cooperation in urban areas should be funded as well, because it has to do with the environment protection.

Most of the research funding is going into basic scientific research while applied research is under-funded.

Cooperation and cooperatives in agriculture could be a new innovative solution for post-communist societies.

Producers, consumers and scientists in collaboration can form clusters. This will foster innovation in management, in mentalities and attitudes.

NGO ESTONIAN VILLAGE MOVEMENT KODUKANT

„ALL ESTONIA SHALL LIVE!“

NGO Estonian Village Movement Kodukant is an association of non-governmental organisations, structured at 3 levels:

- 1 National Association made up of the County Associations and 6 other NGOs;
- 15 independent County Associations, one in each Estonian county;
- Village Associations.

Kodukant embodies the spirit and values of the villages and is driven by a passion to retain rural life and traditions. It is a voice and market place for rural people and a uniting force for the many dispersed rural communities.

How it all started?

The movement Kodukant started in late 1991, when some enthusiasts of country life from Estonia established contacts with the national village initiatives in Sweden, called “All Sweden Shall Live”. The motivation was to improve the conditions in the countryside. Decades of occupation had left Estonian villages and rural people devastated. Structural changes in the transition from a central planning system to market economy had huge consequences for the structure of Estonia’s rural settlements with increased poverty, unemployment, limited growth of services and depopulation of rural areas. NGO Estonian Village Movement Kodukant was officially established on 9 October 1997. This decision was made at the first Rural Parliament, which gathered in 1996.

Traditions

Rural Parliament of Estonian Villages

Kodukant’s Rural Parliament (Maapäev) is unique due to the fact that participants from all sectors all over Estonia are brought together to discuss the problems of the countryside. It plays an important role in setting the overall strategic direction for Kodukant, and making links with the membership and government. Rural Parliament is organised over two years in the summer.

Village of the Year

The number of active and successful villages and rural societies has been increasing all over Estonia. They take part in the local decision making processes, bring extra resources to the area and teach their members self-assertion. To compliment their activities, Kodukant rewards the best villages with a title of honour “The Village of the Year”. The first title was awarded in 2005. There are usually 15 nominates (from each county organisation) and the winner is announced at the Rural Parliament.

Summer school for village elders

The idea to have a summer school grew out of the Mapping project. The aim of the event is to support communication and share the experiences. For two days the role and tasks of village elders are under discussion in workshops and illuminated from different levels of village, local authorities and state.

Kodukant Youth Days

As becomes obvious from the title, the target group of this event are young people who live in the countryside. The aim of the event is to bring the young people together to share and let them share their experiences. This event takes place every year and has a new focus each time. In 2008 and 2009 the focus was on representing and custody; in 2010 we discussed possible ways for a young person to help develop his/her place of birth; each participant made an action plan for achieving their ideas and goals.

Kodukant Training Centre (KTC)

Kodukant Training Centre is a private school established by Kodukant in 2003. KTC is an adult education centre whose main aim is to organize informal educational training and retraining, providing the basis for the development of a versatile rural community.

Its aim is to take the education as close to the target group as possible. Its strengths are the readiness to act all over Estonia and the long-term experience in the field of civil society development. We consider experience as well as sharing it and learning from experience very important. We aim at practical results in longer trainings and activating our learners by using different active teaching methods.

Sharing is caring!

Strategic directions

The priorities according to our plan for years 2008-2013:

Youth program

AIM: **Involving youth in local village associations and Kodukant youth projects for sustainability of rural areas and also for the development of Kodukant.**

Since 2005 Kodukant has dedicated more attention to rural youth offering them regular training, innovative initiatives, events with the purpose of sharing experiences, and capacity building for organising local activities. The target group of Kodukant youth program are young people (15-32) living in the countryside in the areas where the possibilities for leisure time activities are very limited.

Supporting enterprising people

AIM: **People living in rural areas have a more enterprising spirit; they are active in their village associations and have launched services for their communities**.

We instigate enterprising villages to offer local services and products, thus giving the members of the community new jobs and practical experience in business. Special focus is placed on local community houses that have become real multifunctional centres in many places.

Kodukant also promotes the cooperation networks of rural companies and NGOs to jointly offer products and to make the symbiotic marketing work.

Enterprising spirit has been supported by several projects:

- Village tourism (community-based tourism) is a tourist product, which introduces life in Estonian villages: environment, common community activities, village culture and sights, products and services of small entrepreneurs using local resources. It originates from the principles of sustainable tourism and is part of rural tourism.
- Community service is a feature that assists the community development and creates new jobs. Services are usually offered by NGOs.
- Study enterprise is an entirely new initiative. For a period of one year people create a common product or service and while putting it into practice learn management, communication, book-keeping skills etc. That helps their performance on the labour market or facilitates the starting of their own companies.

Village heritage and living environment

Aim: **To use the heritage to increase the quality of life of the communities, support and develop the activities of village elders as a part of village culture.**

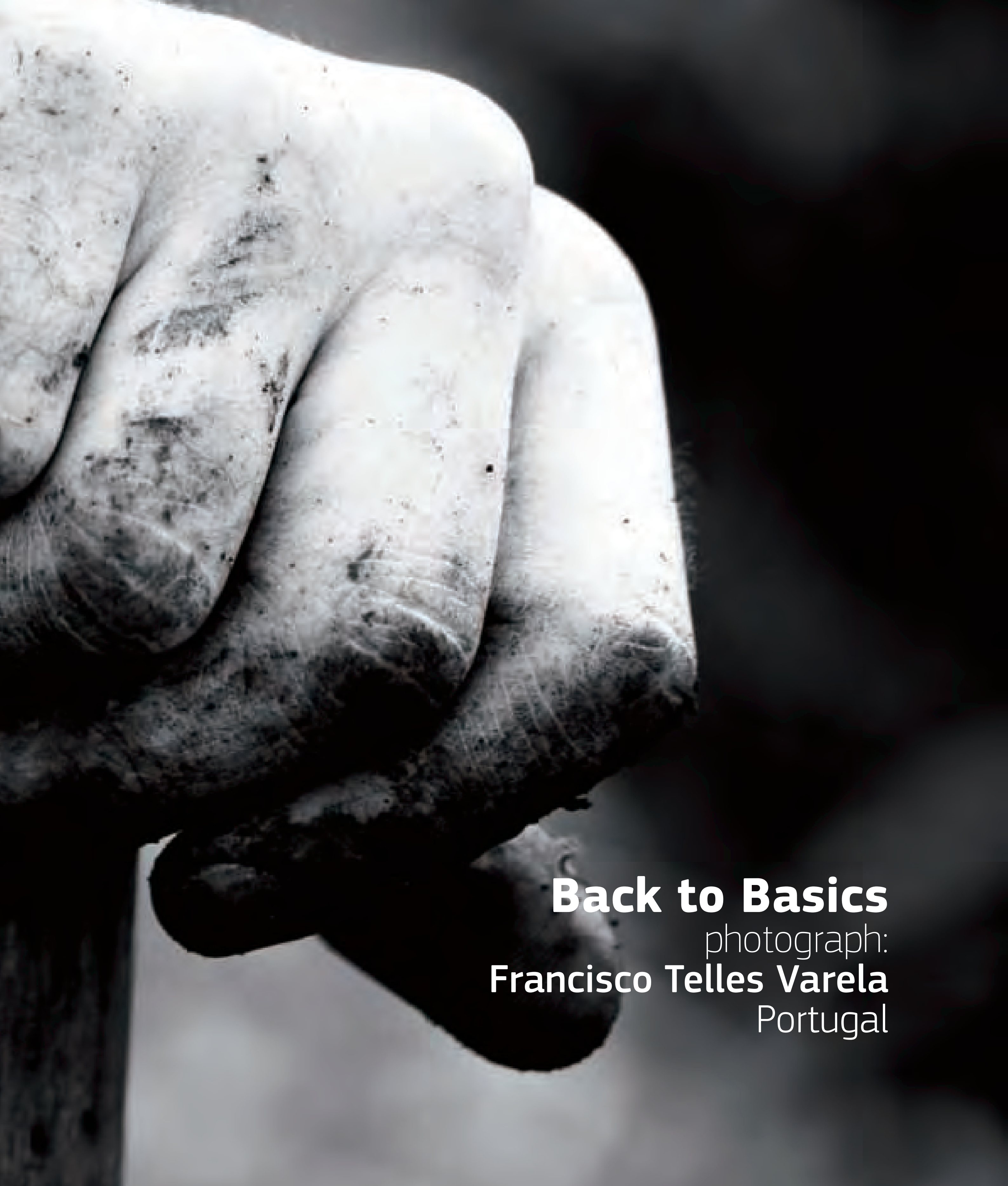
- Maintaining, preserving and sustaining cultural heritage and traditions imply development of social capital. Kodukant does this through training heritage developers and chroniclers. Together with these trainings it is important to support the ability for initiating new activities.
- Supporting active network of village elders, raising awareness of their role in implementing local democracy.
- Village elder can be volunteers or partly compensated for their contributions. The local authorities usually have a special regulation, setting the tasks, responsibilities and reimbursement basis for village elders. Understanding the role of a village elder differs in different parts of Estonia. In some places village elders have a key role in the mediation between the village community and the local authority, in other places they are just a representative body.

PORTUGAL

THE IMPACT OF CAP ON EUROPEAN FARMERS – IS THE POLICY FAIR?

50 YEARS
of Common Agricultural Policy
Ready for the future

A Partnership between
Europe and Farmers


Back to Basics
photograph:
Francisco Telles Varela
Portugal

Concept

When presenting his proposals to the European Parliament, Commissioner Ciolos said:

"As you know, the CAP goes through a reform when decisions on the budgetary perspectives are being taken. We have to bear in mind our objectives but also the political feasibility of reaching a decision on the entire budget, the CAP budget included.

Politics – and especially at European level – is the art of the possible and of finding the right balance. The most important thing is to encourage movement in the right direction, which is exactly what we are doing by entering this first phase until 2020 on the one hand and by setting ourselves the objective of greater fairness in the context of forthcoming financial perspectives on the other."

The cross-country distribution of budget transfers has long been a dominant factor shaping reform discussions.

A costly policy, the Common Agricultural Policy (CAP) comprises systems of the European Union agricultural subsidies and programs and represents 48% of the EU budget. It has received considerable amount of criticism in recent years and the reform remains one of the biggest challenges for the EU and its members. Reforms aim to reduce import controls and make a switch to land stewardship rather than specific crop production.

Maintaining the EU's commitment to free trade requires a uniform level of payment across the Member States, and special rebates to certain states that are currently in place seem unfair, and thus make their abolition a necessity.

In the latest package of CAP reform proposals the rural development policy, according to the Citizens' Summary, **"will focus on increasing competitiveness and promoting innovation";** the notion of rural development promoting multifunctional outputs seems to be getting pushed to one side.

Meanwhile, according to the same Citizens' Summary, Pillar I direct payments will **"better reflect the public service that farmers produce (e.g. efforts to protect the environment)"**. This means environmental protection will be funded through the better-resourced Pillar, but is Pillar I the appropriate policy tool? Indeed, ensuring Pillar I payments deliver on environmental goals will see their eligibility rules get a lot more complicated, at the same time as efforts are made to make market management tools simpler. Is this really the best way to get the CAP to support and reinforce the broader goals of Europe 2020?

Modulation, the re-cycling of Pillar I monies into Pillar II budgets, has been progressively extended through the 1999, 2003 and 2008 reforms. Reverse modulation was a measure offered to the new Member States in 2004 and 2007, as a way of alleviating the temporary effects of their Pillar I direct payments being

phased in over 10 years. Rather than taking the opportunity to bring that to an end and further enhance Pillar II, however, reverse modulation has now been extended to all Member States.

The Portuguese authorities' position on the future of the CAP post-2013 states that of the three reform options proposed by the Commission, the second one is the most balanced and appropriate for negotiations and explores crucial elements of interest to Portugal. It underscores that the redistribution of direct payments should be based on reliable and equitable criteria, with abandonment of historical references in favour of **convergence of support among farmers, sectors, regions and Member States**, taking into account the different economic, social and environmental objectives of these payments.

As pointed out in the position, for this orientation to be politically feasible the redistribution of direct payments among farmers, which Member State not yet having adopted the regional model will have to abandon the historical model and rely on new objectives and criteria, must be consistently accompanied by a redistribution process among the Member States. Failing to do so will maintain unjustified discrimination and distortions of competition among farmers in the different Member States.

Summary of discussion

Among the countries represented in this project Portugal is the one with the longest history of EU membership and longest experience of CAP respectively. Theoretically, it should have a better balance of the CAP funds compared with the other member states, but that does not seem to be the situation. Portugal joined the EU in 1986 but, in spite of the quarter of a century of the CAP mechanisms it has not got any closer to the older members. That is reality. Each time reforms are being made Portuguese farmers hope they will get closer to those countries, but it has not happened yet. It still ranks 23rd in direct payment amounts. So the farmer unions in the country are aiming at greater equality of payments. Clearly, this cannot happen overnight, but it seems feasible in the next two programme periods till 2028. From today's perspective this seems like a very long time, but it is not. For doing exactly the same functions as in Portugal, Estonia or Bulgaria a farmer in Germany or France receives 4 to 6 times bigger payments. It is time to set the deadline for balancing them.

The budget is another concern. It is not acceptable to have the entire reduction in the funds focused on the rural development. It should be more evenly distributed. Simplification also calls anxiety. From an administrative point of view the reform is rather complicated and the practical implementation of the measures can create problems and non-utilization of the amounts. The threat exists as well for certain production sectors in Portugal to disappear

because they are less competitive and more heavily dependent on subsidies. That is to say, in the case of reforms that are unfavourable for Portugal it could lose its rice, tomato or grape production. The purpose of the reforms is to make the member states, including Portugal, more productive and more competitive than they are today.

One of the necessary measures concerns irrigation. The limitations imposed on it in terms of support are truly problematic for the Portuguese producers. The climate is dry in this country; rain is not enough for the crops. Sometimes it does not rain for months. Therefore irrigation is fundamental to the farmers and **there is no reason why rural development projects should not support investments in irrigation**. CAP should continue to be an all-European policy, applicable for all of Europe, but it equally needs to adapt to a variety of rural territories and types of agricultures.

Another challenge that CAP should respond to is the need to reconcile the food security levels in Europe and with the productivity of European agriculture at the international level. That is not an easy task. The demand for food is increasing worldwide, which is the result of the demographic growth and the trend toward environmental sustainability.

There is a range of novelties in the proposals for the direct payments in the new period, such as the increased amounts for natural areas and young farmers, and the simplified control level. In terms of rural development there is the common strategic development framework for Europe 2020 that outlines the key actions in the policy implementation. Each member state shall have to prepare and elaborate them. The overall architecture shall have to be reflected in concrete steps in the rural development programs.

In order to become fairer, CAP needs to come up with some effective answers. The approach should lead to greater convergence among the member states with regard to financial support. Although the Commission provides the possibility for the member states to set different levels of support for their regions, this is not sufficient diversification.

The other sensitive point is the greening of the payments, which for many is a cause of concern. The foreseen compulsory requirements for farmers engaged in biological agriculture are too demanding. In this respect the European Parliament's position introduces certain flexibility. Portugal advocates greater flexibility in the setting of the national ceilings and the determination of practices. For instance, there are the Mediterranean specifics that should be accounted of. There is the sensitive issue of irrigation, which is also part of the adapting to climate change – something very important for countries like Portugal located in Southern Europe, which are more severely affected by it.

Permanent crop must be considered as crops that fulfill the greening requirement. This means that olive trees, vines and other crops like rice must be automatically considered as fulfilling the greening requirement. They play an important role in terms of biodiversity and carbon retention. Verification of these practices need not be obligatory and the implementation of CAP measures should be simplified. Regarding the diversification of crops, this should only apply to minimum areas of 10 hectares and in extensive areas growing of two crops instead of three should be norm.

It is a positive development that support is envisaged for the creation of producer groups. This should be extended beyond the creation however, into consolidating and broadening the scale of existing associations. All the formats like mergers, agreements or vertical integration should be supported.

Support to small farms deserves special attention in the case of Portugal. The operational objective of increasing the production competitiveness directs the focus toward the private initiatives. This means an inclusive structural organization, which covers greater number of agents throughout the food chain. Parallel with that the objective of sustainability, i.e. good utilization of natural resources and proper utilization of the territory also demands a good amount of effort. The expectations are that the European Social Fund will make a contribution to the training activities in the agriculture and forestry sectors.

Complementarities are equally necessary between the first and second pillar of the CAP in order to support the marketing of the products. This support should go to the agents involved in the creation of value and not to intermediaries.

LEADER in Portugal has a 15-year history. Today there are significant results, in particular in the form of created employment. Local development associations have considerably grown in number between 1991 and 2007, from 20 to the current 52. Under LEADER until 2007 the number of financed projects was 1624 and they created 8412 jobs. At the moment the number of LAG's in Portugal is 47 and there are 4 on the Azores and 2 on Madeira Island. What makes the LEADER projects so successful is the LAG's proximity to the community and the process of strategizing **together with** the local agents and citizens. In the groups' terminology this is called local partnership: together people analyze the weak points and build a development framework that involves measures to overcome them. The important thing is that the strategy must indicate development factors that make use of the LEADER funds.

In these local development partnerships all the entities from different sectors – rural, cultural, forestry, farming – are supported on project basis according to the strategy defined for the respective territory and the territorial dynamics. The LAG itself is gaining experience in working with other Community funds and generating new proposals for the next Community framework. Networking with other local associations and entrepreneurs is fundamental to this approach.

Although the supported projects are small-size, they make a difference at the local level. A key thing about the LAG is the role that the local agents play in its functioning. They monitor its work, analyze its findings and it is generally accountable to them, reporting to them. The knowledge that it generates – urban, rural, and maritime – is constantly changing and evolving and following its dynamic is important.

The Ministry of agriculture has a big responsibility because it is in charge of the LEADER approach and it is the one that pursues job creation, higher quality of life, attractiveness of the rural spaces etc. It is paramount to learn from the past experience and do our best to avoid the delays because they are at the beneficiaries' expense.

A cultura de um Povo
photograph:
Rómulo Duque
Portugal

Young farmers are one very serious problem Portugal is faced with. At the moment young farmers are considered people up to 40 years' of age. From today's perspective the only way to increase their number is to increase the age. If the age is extended by 5 years, another 10% of pseudo-young farmers will add to the cohort. Although an all-European issue, the trend of aging farmers is evident in Portugal.

Since the question of attracting young people to the profession is considered crucial for the future of the agricultural sector, ten challenges to young farmers have been identified that call for actions. The most fundamental among them is access to land. Acquiring land as property is quite expensive. Furthermore, owners are not really motivated to lend their land. Turning this challenge into an opportunity seems a very difficult task indeed. There are desolate lands that are not used, so this could be one direction where the solutions will be sought. Another challenge derives form external factors. For some crops and areas irrigation must be secured, there is no other solution. The risks of having the crops ruined can only be mitigated by making CAP support a significant percentage of the revenues, i.e. 50-60%.

The aging of the farmers is considered a very serious threat. The joke in guild is that this situation can only be solved if the "young farmer" age is extended up to 65. One factor that adds to the gravity of the problem is that professional training for young farmers has been missing for decades. Even with the current measures being implemented, it is still not enough. There is a strong deficit for on-the-job practical training for example.

Access to credit is not less problematic than access to land and leads to instability in the agricultural sector. Some positive developments have started emerging recently in the form of credit lines of national and international banks that did not exist until just two years ago. The future of agriculture is a very sensitive issue in Portugal. It is therefore the firm belief of all involved in this branch that when reforming the policies, the Council of Ministers of agriculture will take into consideration some serious questions related to the support of young farmers' association.

The proportion of young farmers is one, but not the only one common concern that Portugal and Bulgaria have. Direct payments are equally an area that raises similar concerns, especially at the background of the fact that Europe's environmental ambitions place it in an unfavourable position on the world market of agricultural products and reduce its competitiveness.

In Bulgaria direct payments are complemented with additional national payments and specific support is provided under certain schemes, such as maintaining the level of production in the dairy sector. There is an additional scheme for sheep and goats and also an additional quality scheme for fruits and vegetables. As a result of this support competitiveness and sustainability have increased and market orientation has improved. Undoubtedly, producers enjoy higher and more secure incomes.

The implementation of the direct payments caused some structural changes in the sector. Among those are increased dynamics of the land market and increased size of the agricultural land maintained in good farming condition. The number of holdings has grown and there is on-going concentration. Having all those positive developments in mind, it is Bulgaria's priority, similar to Portugal, to make every effort to ensure that the levels of financing from the EU budget are now lowered. In order for agriculture to be able to fulfill the ambitious policy goals, they should at least be maintained in their current format. Furthermore, there are new challenges added that agricultural producers have to face, such as those related to climate change and biodiversity.

Another important aspect is the completion of the simplification process. The first pillar as the tool for supporting not only the income of farmers but also for increasing the competitiveness and viability of the farms must remain well financed.

Regarding the redistribution of direct payments proposed by the Commission, the method for correcting the lower levels of payment is a step in the right direction. What is needed however is a faster and more significant convergence between the member states. Clearly, the historical approach is no longer adequate. The introduction of the capping as an element of this reform seems reasonable and promises fairer distribution of the support.

As regards the new greening component, it is definitely important to achieve ecological benefits. However, it is a threat to the sector's competitiveness and the 30% share is too high. It would be best if the member states have the discretion to apply the green payment within certain limits. The proposed 7% of ecological focus area is similarly too high and will have a negative effect on the economic viability of the European farmers. In the interest of flexibility it would be best, if the different schemes are maintained independent of each other.

The proposed new scheme for allocation of up to 2% of the financial package to direct payments in additional support to young farmers is rational and can contribute to improving the demographic structure of those employed in the European agricultural sector.

Bulgaria as a member state has to face several challenges related to this reform and they concern the dynamics of land use, the updating of the farm register and of course the better targeting of support towards active farmers.

Another very important aspect is the distribution of the direct payment because now 80% of the beneficiaries receive around 20% of them.

Any discussing of should take into consideration four essential elements: the funds, water, soil and the farmer. The job that is done so fat by the EU as regards the latter looks like a failure: considering a farmer young at the age of 40 does not look ahead into the future. Regarding water, as much as it sounds to be a problem in Portugal, it is much greater in Malta. It happens, just as was the case a couple of weeks ago, that Malta is flooded by 85 mm of rainfall per square meter and all of it is lost. Having in mind the draughts on the island, it is a disaster for farmers to lose this water and not be able to preserve any of it. So the flexibility of the funds matters a lot. Thus what is good for Germany or France is not necessarily good for Malta or Portugal, too.

Actually, most of what applies to Portugal also applies in Estonia, strange as it may sound, because in the European context they are quite far apart in many ways – geographically, historically, economically etc. For instance instead of irrigation Estonia needs melioration because in regularly has 40 days of continuous rain in the autumn and 70% of the potatoes remain in the field by mid-October, and the temperatures are already around zero. In other words, the water problem has the opposite dimension, but everything else seems to be quite close.

The most important thing for Estonian farmers is of course convergence. All the represented countries would like to see much more of it much sooner than proposed because right now the whole group of Portugal, Bulgaria and Estonia is at the bottom of the rank. Even with the Commission's proposal by the year 2020 Estonia will still be somewhere around 64% of the European average and that does not sound fair. **The differences in the distribution of funds between the member states are too big.** Some of them, and therefore a portion of this unfairness, is the result of natural differences, but most of it is artificial and originates form the pragmatic approach, in particular in the first pillar. The proposal is much more on the pragmatic than on the fair side.

More than 50% of the Estonian territory is forest and another 25% is swamps and bogs and other green areas. Clearly, one solution cannot apply for the whole of Europe. For instance the greening solutions that might be the proper ones for other regions are not necessarily solutions in Estonia. The country is green anyway.

The capping is welcome by the producers and they would even like to see the limit lowered because they realize that the CAP is actually paid by the European tax payers. It cannot be a fair usage of the European tax payers' money, if 80% of the budget goes to the 20% of the largest farms in Europe. That helps them to innovate, to be much more effective, it gives them tools that in no way will be available to the small farmers and the situation will end up with small farms being bought by large farms, and human misery and abandonment of rural areas. That should be prevented and most likely the taxpayers would agree with this conclusion.

The question about innovation and research is a very important area, even more so with the strategic vision for the new period of rural development. It is something that cannot be avoided, if we want to increase the competitiveness of European farms and the marketing of European products.

Camadas
photograph:
Francisco Mendes
Portugal

Lead arguments

All four countries – Bulgaria, Estonia, Portugal and Malta - share very similar problems and concerns.

CAP needs to come up with some effective answers to the identified problems in order to become fairer.

CAP should continue to be an all-European policy, applicable for all of Europe, but it equally needs to adapt to a variety of rural territories and types of agricultures.

The differences in the distribution of funds between the member states are too big.

Support envisaged for producer groups is a positive development.

Support to small farms deserves special attention in the case of Portugal.

The LEADER approach is actually the one that pursues job creation, higher quality of life, attractiveness of the rural spaces etc.

Key messages

CAP should help overcome the vulnerability of the sector.

About the greening, greater flexibility in the setting of the national ceilings and the determination of practices is the welcome solution.

The expectations are that the European Social Fund will make a contribution to the training activities in the agriculture and forestry sectors.

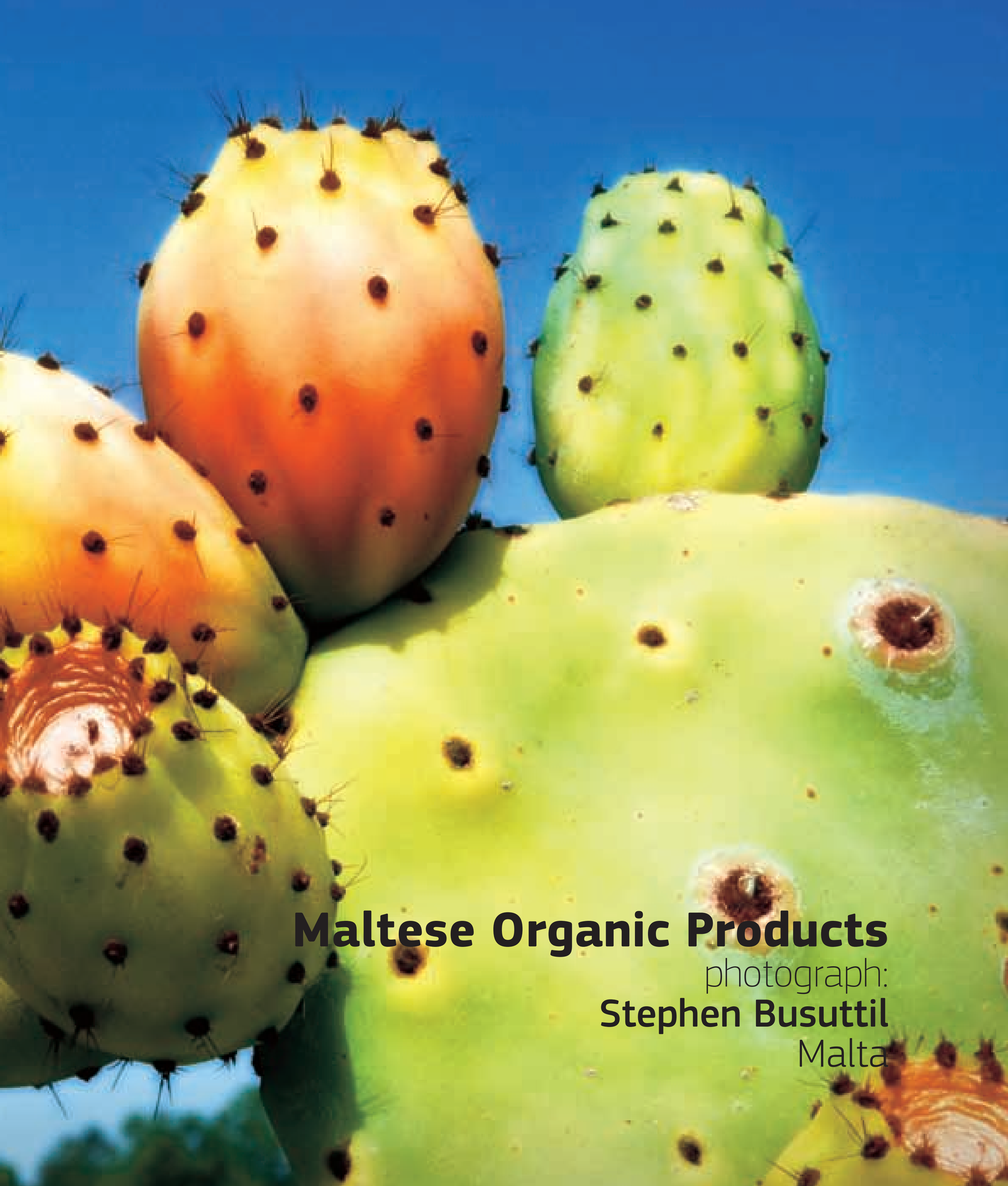
The Commission proposal is much more on the pragmatic than on the fair side.

MALTA

THE RIGHT BALANCE BETWEEN COMMON AND PARTICULAR IN CAP

50 YEARS
of Common Agricultural Policy
Ready for the future

A Partnership between
Europe and Farmers



Maltese Organic Products
photograph:
Stephen Busuttil
Malta

Concept

It has been recognized by the European Commission that in some areas in the member states, notably those with a low productivity of soils or economically unfavourable structures, agricultural activities and land management as such are at risk. The disappearance of farming results in losing the associated environmental and cultural assets, such as typical landscapes and valuable habitats. Those assets have the characteristics of public goods, because the demand and supply cannot be satisfied through market mechanisms.

It has been equally recognized at European level that policy measures are needed for ensuring delivery of these goods. However, public goods cannot be delivered without the necessary farming capacity being in place - "public money for public goods" can only be delivered where there is an agricultural presence to which this condition can be attached.

The 2013 reform has as its main goal to preserve the relevance of the policy and to be able to do that, the framework under which it functions has to prove itself capable to address the main challenges, which the EU agriculture is expected to face in the current decade: economic, environmental and climate change pressures as well as the territorial aspect. The CAP should respond to these challenges by better integrating its objectives with other EU policies and adjusting its measures accordingly.

In its motion for a resolution on the future of CAP the European Parliament points out that the European agricultural policy must remain a common policy and that only a balanced and fair system of support across the EU with a common set of objectives and rules – albeit acknowledging the specific features of certain sectors and regions – can deliver the appropriate conditions for farmers and a properly functioning single market with fair competitive conditions for agricultural products and farmers within the EU, thus achieving greater value for money than could be delivered by renationalised, and possibly conflicting, agricultural policies in individual Member States.

EP believes that disadvantaged regions should be given the opportunity to overcome additional obstacles caused by their specific situation and to take the measures needed to adapt. The definition and future direction of disadvantaged areas (areas of natural constraint) will be given careful consideration in the negotiations. For instance farmers who farm in natura and restricted areas might need special protection in their redefinition. In line with delivering a fair, green and sustainable CAP, the Parliament **calls for the specific needs of such regions to be given full consideration when designing future support;** it also believes that Member States and regions must continue to have the flexibility to regionalise their area payments system in such a way as to reflect their specific priorities while respecting fair competition in the internal market.

Furthermore, what is envisaged for the next period is the continuation of specific measures to compensate farmers producing in disadvantaged areas such as areas with natural handicaps, including mountainous regions, environmentally sensitive areas and/or regions which are the most affected by climate change, and outermost regions, in order to ensure that agricultural activity takes place so that land continues to be managed and local food is produced across the EU, reducing the threat of land abandonment and ensuring balanced territorial management across the EU and a rational development of agricultural production.

Summary of discussion

Of all the EU policies the most maligned over the past years has been the CAP. It has been subject to so many attacks on the basis of its success and very often it is considered to be the black sheep of the EU funding system, of the EU structure itself. The question we need to ask is whether this attack is justifiable; do we need the CAP, why is there CAP in the first place? If we go back to the very beginning, CAP was born in a period of hunger and post-war disaster. It was structured in a certain style, which aimed to promote EU agriculture and food production, and support farmers. It was the first tool against poverty and hunger that pervaded Europe at the time. Fortunately and unfortunately it became the victim of its own success because by the late 70s - early 80s it already had enemies and skeptics attacking the overproduction that epitomized CAP. That was the first stage in the public perception.

There was a first significant reform some 10 years ago, where CAP moved away from direct subsidies. It moved away from increasing production and started introducing other elements which were more interesting to the consumer and the general population. It turned to the concerns and needs of the consumers from an environmental, food safety and animal welfare points of view. Those were concerns that were cropping up in surveys and opinion polls of EU citizens. The Europeans no longer wanted to eat food coming from badly treated animals; they did not want to live in an environment where excessive use of pesticides and fertilizers damaged the natural environment and eventually their health. Gradually the policy started adapting to the trend in the attitudes.

On the international front, world trade specialists advised that European policies should stop relying on internal subsidies, barrier protection and export subsidies and focus more on quality control and quality products that were in demand for meeting the requirements that we the Europeans had put on the table. That was the first success. CAP is now more concerned about how to produce better food that answers the consumer needs.

"I was involved in agriculture for certain amount of years and I've always found that lack of proper information and lack of communication results in creation of a vacuum that gives space for misinformation. When the right information is not advertised and communicated enough, the chances are that someone else will say something not based on reality and facts and it will take ground. I will use the metaphor of a field here, there are many farmers here. If the field is not sawn with the right seeds, you will get weeds growing. And it is the same in the information sector. Unless you send the right information and communicate CAP properly, it will be the wrong facts that will create negative perceptions."

The interest of Malta as a small country is to have a policy that is orientated more toward pillar 2 instead of the direct payments. The production-linked payments are not substantial in this country, they do not mean anything. But pillar 2 with its project-based financing is not only about more efficient production; it takes on board all the other criteria that are of serious interest to the national market, which still has to compete with imports. Another area where there is major deficiency in the communication of CAP is imports from third countries from outside the EU. The same standards are not applied to imported materials because no sufficient means exist to control how they were produced outside of European borders. In such a situation of very strong competition by imported product it is logical that CAP per se should be advertised for securing higher quality. There are many more aspects and the bottom line is that the EU policy in agriculture needs to be given its recognition as successful.

The balance between the commonality and the specificity of CAP is an obvious imperative in the circumstances that we live in. In the process of European integration this policy that started with six countries had to incorporate a lot more until today's 27. That was not an easy task and CAP today represents perhaps the best compromise under the circumstances.

One of the salient points in the next step in terms of overall strategy is to have better public goods and make a real differentiation throughout the community of which sectors can continue to be price competitive, which farmers will continue to need strong elements of direct support to carry out their activity and which sectors will need to continue improving the added value and the differentiation of their products in terms of freshness, locality and in terms of links with territories and the communities they serve in a manner that secures better premium price.

Following the debate in the European Parliament and the contribution that the MEPs have been making to this debate, one of the factors that emerge more clearly is that there is perhaps an even closer understanding of the different needs of specific stakeholder groups

and specific areas of the Community. It is a difficult task because they have to go through more than 1800 amendments before reaching a first opinion of the EP on the CAP reform.

There are **features that unite all the countries represented here and one is the large number of small farmers**. Small farmers are also those running family businesses. In Malta there are numerous inherent difficulties, geophysical and structural difficulties that the national agriculture has to overcome. The main characteristic of farms in Malta is their size, which is in no way comparable with anything in Europe. There is very high fragmentation of parcels, about almost 13 000 holdings spread on an even smaller number of hectares. That means an average parcel size of less than 1 hectare.

Another difficulty, typical of many islands in the Mediterranean, is the terracing of the fields which makes them not easily accessible. It is difficult to use machines on such a terrain. In many cases farmers not only have very small parcels, but they also have more than one, spread around the island geographically. This situation increases certain costs such as fuel for example, which is nowadays not negligible. Another serious problem is **soil erosion**. The only real guardian against this phenomenon is an age-old and man-made protective barrier, the traditional rubble walls. They are made of assorted shaped stones, which together form a good stronghold. In addition, this is part of the island's biodiversity because they create a microcosm for different species, for example lizards. The problem gets further complicated because the organic matter is not very intense and often needs to be supplemented. The depth is not sufficient to combat other aspect of soil erosion like misshaping of the contours that farmers need to actually work upon.

Just as any other country in the Mediterranean basin, Malta has a problem with **water scarcity**. The climate and structure of the island is such that water comes mainly from ground water sources and from reverse osmosis processes. Farmers are thus confronted with the need of harvesting as much rain water as possible. Climate change is a new factor that needs to be addressed, with periods of changing conditions, which necessitate adaptation strategies. They have to be quite forward-looking and anticipate all sorts of things that today are hard to anticipate.

One of the most important aids to Maltese farmers would be greater capacity for water storage. A lot of water is being lost on this island from the rains in the beginning of the season (end of September-October). The island gets nearly 80 mm of rain but most of it goes into the sea.

From the Maltese point of view one of the relevant debates on the entitlements and the reform of pillar 1 is the effect they have on land values. A major challenge for farmers today is the very high competition for land from non-farmers and non-farming purposes. The result is a very significant increase in the price. The other **great challenge is the aging of the farming population**, clearly not unique for the country but observed all over Europe. We know farming is a risky and unstable business. There is the climate factor, pests, infestations and the farmer has to take a variety of risks. Many governments around the world and of course the EC think these risks need to be compensated through some form of public support. Finding instruments that can really help young farmers set up effectively and find the right conditions to make a viable enterprise is one of the difficult debates that ministers, the Commission and the Parliament are involved in.

Malta, where agriculture plays a fundamentally important role in the preservation of rural landscapes, the environment and many of the traditions that define the soul of its communities, relies strongly on pillar 2. The transformations that pillar 2 has brought about in agriculture over the past 8 years have been quite astounding. On many farms today the level of automation and technology was unthinkable even 10 years ago. Malta is the member state with the highest rate of second pillar funding and that means a euro of the European tax payer money spent on Maltese agriculture gives proportionately the most public goods back to Europe.

The actual value of pillar 1 entitlements per hectare places Malta with those member states which are in a relatively closer position to the EU average. There is an important number of smaller farmers who receive rather small amounts of direct aid and quite an important number of so-called micro-farmers (farming less than 1 hectare). The result is the lowest amount of entitlements of the global amount of support under pillar 1 of the CAP, if we take the average per beneficiary. So one of the future challenges will be to find ways of better focusing the resources in pillar 1 on small farmers, and finding better ways of supporting micro-farms in their environmentally important activities.

Estonia for instance considers the 2nd pillar much more vital. Farmers there believe that the leveling of pillar 1 payments does not really have to be in the form of increased payments.

Water on this island is scarce and perhaps too much abused. Originally, water was used by the agricultural community. Today, this very scarce resource is being used by everyone: to fill up pools with it; to serve the industry needs. It is bottled and sold at 300 times the normal price of tap water, while farmers are left with the difficult task of finding not just water, but good quality water. It is well known that once you exceed a certain level of salinity the water cannot be used for irrigation. Supply depends on groundwater to mix it with portable water, and 55% of the portable water on the island comes from energy intensive processing, desalination process.

Second to water, the biggest problem of agricultural producers in Malta is the marketing. When the products one produces are seasonal and cannot just leave them somewhere for three months, it makes a huge difference. When they are frozen, one loses from the price. Therefore the focus on public organizations is the right one. The key for these two sectors, agriculture and fisheries, is that the POs should be owned by the same sector, owned by the farmers, owned by the fishermen, owned by the producers.

In Malta there are no meadows for cows to graze on. They must be fed in their sheds. That is the only space they have, their sheds. They are feed with the hay produced by the farmers and that hay occupies more than 50% of the land. Now, if they go, then 50% of the land will have to either be left fallow or be used to produce other products.

Intensive education for farmers is of vital importance; even the smallest producers. It is sometimes discouraging because after a 40-hour training course you can still see farmers spraying their fields without using any protective clothing and without thinking that the substances are poisoning them. There should be inspections of farmers during their work, just as factories are visited by health and safety inspectors. This does not exist, but most of the farmers know that some of the things they do are illegal or not recommended and do it after 4 or 5 o'clock when the authorities are not around. This is a challenge that applies to all of Europe.

Malta and Bulgaria obviously have very common views for the future of the CAP and similar priorities as well. Starting with the problems of nitrates and water scarcity, infrastructure for irrigation is a huge problem in Bulgaria, as it is in Portugal. In order to be competitive on the market, fruit and vegetable producers must be able to irrigate the land. Getting an adequate price for their production is also a problem. That is why it is a priority for the future that CAP becomes better adapted to the food chain.

There is a common understanding all over Europe that the position of farmers on the market should be significantly improved. It is a common problem for all member states. The issue of a younger generation of farmers is not Maltese-specific either. Farming is not the most prestigious profession in Bulgaria, although lately there have been indications of young people getting involved. But this will take a lot of work.

One very specific problem in Bulgaria that associate it with Malta is a region with some 40 000 producers growing the oriental type of tobacco on very small pieces of land. Because of its soil quality this land is not suitable for any other types of products and tobacco growing has been traditional for generations. Due to the small plots they cannot be included in the support system, which is why **Bulgaria also needs a more adaptive CAP with more flexibility to channel the subsidies in a more appropriate way.**

Both in Malta and Bulgaria we hear farmers saying, “Is this agency there to pay money or to get money back and to sanction people and create problems to them?” The truth is the national paying agencies have the duty to make sure the money is spent properly. They are bound by the European rules and if they do not follow them, the money will be stopped. Therefore the rules must be followed strictly and the farmers should learn to abide by the EU rules, if they want to get the EU subsidies.

Stimulating young people to go into farming has a cost and it is quite high. Portugal implemented preferential treatment for reaching young farmers with national investment, completed with EU investments. As a result for 2012 (till October) about 2000 new young farmers joined the sector, while between 2010 and 2011 there were 20 000 new jobs opened in agriculture. The price of this is a substantial capital investment. We all know money is rare and expensive and the problem with young farmers is they do not have the money for capital costs. Nevertheless, the preferential treatment never gives you one hundred percent of what you need.

Estonia has been quite successful with the pillar 2 measures’ investments tailored to attract young farmers and all of those funds have been utilized. Estonia is also a small country, maybe not as small as Malta, but with a population of 1.4 million and it had 233 new applicants for the young farmers’ investment measures and that is pretty good. There was 4 million euro to spend and the applications were for 9. This shows that the measure works and that young people want to pick up farming and invest in that business.

Encouraging young farmers to get into the business works in Bulgaria and should continue in the next period. Because of the economic crisis in certain regions in Bulgaria with favourable natural conditions for farming many people who own land start considering growing vegetables or organic production – it can make a living.

The real goal of agricultural policy is to be able to segment the cohort, determine who does what and who needs which type of support. In a situation of scarce financial resources the key challenge is the right allocation according to needs.

If Malta's specifics are such that it is very hard to achieve what it needs to achieve and the framework is more of an obstacle than a solution, we should find better ways. The concept of having a CAP is good but it still has to allow for national specifics. If the decision-makers cannot understand national issues, at least they have to provide for enough flexibility where the countries can decide how best to utilize their funds to fix their own problems. If there are problems that are nation-specific, it cannot be expected that people who have no idea of them will spend too much of their time trying to solve them.

Cooperatives are a possible solution. As a whole, the cooperative movement in Malta is made up of 65 cooperatives with a turnover of about 72.2 million euro every year. Presently the cooperatives have over 4 900 members and employ around 260 workers who are not members. It is true that like in any other business every now and then the cooperatives fail to perform successfully and at times they even get dissolved. However, the number of those dissolved is far less than the number of newly registered.

Estonian farmers and cooperative movements, the whole reputation of cooperative movement was kind of tarnished during the Soviet times. This is an issue that the Bulgarian would certainly understand. Our post communist societies are still trying to tackle this problem. The older generation would not hear of cooperatives. It is clear that the Soviet style cooperatives were a different thing, but the heritage is still there so it remains an issue.

Seedling
photograph:
Ronnie Said
Malta

In Estonia there are two public organizations in agriculture: the Farmers' Federation and the Central Union of Estonian Farmers. Most Estonian farmers however, around 19 000 according to the Paying Agency, do not belong to either of these two organizations.

Similarly, public organisations are not developing very well in Bulgaria. Somehow Bulgarian farmers are not willing to organize themselves, to combine their efforts for a common goal. The ready answer is that it is not in their mentality. Perhaps if financial aid is provided in the next period, the situation will start changing and they will realize uniting has an added value for marketing reasons, for processing reasons, for better bargaining and increasing their power in the food chain.

Malta has got a lot of disadvantages, for instance its size, limitations, position, type of climate and so on. Nevertheless Malta can offer its facilities for research, development, training and awareness, knowledge creation, sharing and diffusion, exchange programs aimed at young farmers and study groups.

The alternative outlook

Being small is a point of view. Europe consists of regions. We do not talk about 27 countries but hundreds of regions. So Malta can change its self-perception to a region, not a country and then it will not be small. Portugal is made of 7-8 regions. Some have a problem with the scarcity of the population. And agriculture is probably the only sector which is still growing.

It seems too much time and energy is invested into demanding preferential treatment instead of using innovative solutions. We need to identify how to use the instruments we already have in a smarter way. If people opt to introducing innovative solutions and sharing experiences, they would not concentrate on demanding more. All countries and areas have their own advantages and disadvantages. Malta has 8 dry months and the climate is the problem; Estonia has 8 wet months and the climate is equally a problem. Germany probably also has specific problems; does that mean it needs preferential treatment. Preferential treatment can equally refer to very small and very big countries.

At the end of the day, agriculture is the most important economic factor globally. Even if we produce millions of televisions and computers, we are not going to eat the bites. Agriculture is also the biggest contributor to the changing landscape. All over Europe forests have been cut down. Today land is among the most important economic assets because its value is higher than the value of eventual produce from it. Statistics today gives a pessimistic forecast of the average age in the agricultural sector.

The optimistic point is that the average age in organic agriculture is between 32 and 35.

Although we have seen a big economic downturn all over Europe and the world, investment in this sector has grown. It is the only sector that is really growing economically. In Spain, for example, they have observed an exodus of young people leaving the city centers and migrating to rural areas, going back to the roots. The same is happening in Portugal.

There are new economic and environmental realities that European societies have to face. There is nothing we can do to balance the climatic conditions or the availability of resources. We have to adapt. The biggest problem is getting people to adapt to the new realities.

No one can seriously expect that when they are setting up a framework to fit the entire EU, the decision makers will keep Malta first and foremost in their mind. That is unreasonable. However, the term framework in itself suggests something rigid, at least an element of rigidity where one thing is fixed to another and therefore you cannot break it apart as you wish and put it back together as you like.

Local Activity Groups

There are three LAGs set up in Malta, implementing the LEADER programme. The target groups include municipalities, farmers, crafts persons and other organizations and sectors. A LAG represents the territory. As the LEADER program provides the flexibility to adapt the funds to the needs, it moves away from the rigidity of the EU. It allows a bottom-up approach whereby the group talks to the community, identifies its problems and then allocates the available funds accordingly.

Linkages to consumers or better short supply chains are one of the focal points of the European Commission for the new programming period. Short supply chains have been overlooked for too long. Yet available data shows that already thanks to recognition and support, 15% of EU farms sell more than half of their produce locally.

Consumers often complain that local products are hard to find and difficult to distinguish from other products. This has been indicated in the European Commission's focus on short supply chain for the next programme period. Despite the difficulties the short supply chain is one of the priorities in the new CAP 2014-2020.

Short supply chains and better linkage to consumers adds value and brings to life the traditions of fine local products. Furthermore when farmers deal directly with the consumer, they gain better income from sales. They are also a solution to the waste of food, because with the direct contact the producer will provide what is really wanted and be able to make estimates. They mean reduction of transport costs, better utilization of fuel, etc. Even if they do not become the norm, short supply chains do create extra value. This type of marketing. must be rediscovered. Another advantage is a fresher, higher quality produce and a more competitive price than imported products. The farmers will earn more because the intermediary is eliminated.

There are certain challenges that Malta needs to overcome with regard to the short supply chains. One is that due to the size of the island there is insufficient supply to cater for all the demands from consumers. However, in additional to buying the product directly from the farmer, the consumer has the added value of learning how the products are cultivated and what their seasonality is, which is a serious contribution to their healthy diet.

One specific action used to boost that effect is the Culinary and Crafts Festival for the territory. It is an opportunity for farmers to exhibit, explain about and sell their products and also to create synergy between them and their clients. There will be culinary competitions organized where chefs will be using the local products to deliver a particular dish of the region. We are going to create also a database for putting the producers in touch with each other. And hopefully producers will remain in touch for future events. Transnational cooperation, we have just signed a contract with an Italian agricultural LAGs whereby we'll be offering the

opportunity to the operators and producers from the region to participate in a festival in Italy where they will be networking with other producers, sharing working methodologies, techniques, promoting their products and maybe even improve their earnings from the sale of the product.

In Estonia short supply chains are also used. For instance a small producer group announces direct sales and people can order in advance through a web site. With time they build up loyal customers and in this way networks are created. The problem there is actually who should take the initiative to start the cooperation and bring the two sides together. More problems usually emerge along the way, such as the small producers have to follow the same rules and regulations as big producers.

One of the main advantages of organic farming is that you can easily attract a market sector which is interested in gate farming. People go on a farm, sometimes they can pick up the stuff themselves. It is a growing market sector, where farmers enjoy the interaction at the end of the day with the consumer. People like meeting the person who's producing their food. That feeling has been lost but there is a renaissance of food culture. This was initially launched by Italy who became leaders in slow food culture but it's having a good spill-out effect on the rest of Europe. We have to go back to food, not to eating. Today we confuse eating with food. This culture is also having its good effect in Malta. It is an opportunity that has to be explored by farmers as regards for example to go to organic.

Lead arguments:

Malta is the member state with the highest rate of second pillar funding and that means a euro of the European tax payers' money spent on Maltese agriculture gives proportionately the most public goods back to Europe.

Agriculture is the only sector that is really growing economically.

In a situation of scarce financial resources the key challenge is the right allocation of the CAP according to needs.

One of the most important aids to Maltese farmers would be greater capacity for water storage.

The biggest problem is getting people to adapt to the new realities.

It seems too much time and energy is invested into demanding preferential treatment instead of using innovative solutions.

Key messages

With all its unique features Malta has the right to claim that CAP is not beneficial to it.

In order to overcome the described difficulties, the categorical opinion of Maltese producers is that most of the funds must be channeled towards research, education and training.

If people opt to introducing innovative solutions and sharing experiences, they would not concentrate on demanding more.

FRANCIS GALEA, KOOPERATIVI MALTA

SMALL MEMBER STATES DESERVE PREFERENTIAL TREATMENT

When we started on this experience way back in June in Sofia, we tried to explain the existing challenges of a small island state like Malta. An island:

- just over 316 sq. km and 80 km. distant from the mainland;
- so small yet comparatively overpopulated with 1,330 persons per sq. km.;
- with a scarcity of soil, water, and manpower; especially skilled youths in certain sectors of the economy.

Malta has short winters with around 500 mm of rain, a yearly average of eight dry months with over 3,000 hours of sunshine per year. Every year, agriculture in Malta requires as much as 28.5 million cubic meters of water. These statistics will surely put us first in climatic deficiencies among all the EU countries. Moreover we welcome approximately 1.5 million tourists per year. All this leads us to understand the importance of fruit and vegetable production throughout the year, conservation of fertile soil, the necessity of water storage and to reduce water pollution above all**.**

In order to have permanent green fields and reach the crop diversification expected by the EU, Malta deserves a better treatment. The size of our fields and the average amount of hectares cultivated by each farmer is almost irrelevant when compared with farmers in the remaining 26 EU countries. So, the impression that you will hopefully be able to get during this visit in Malta is going to be something unimaginable, that is, far smaller than what in Europe is estimated as small. All this will lead you to approve our idea that a **Common Agricultural Policy** is not beneficial for Malta and similar states. To survive, Malta deserves a preferential treatment diverse from the set of common regulations laid down for other nations.

To uplift these difficulties we said it categorically that most of the funds must be channelled towards research, education and training. As we have all experienced the results of direct subsidies, for the coming years up to 2020 we must be innovative. A lot has been said about innovation and to be truly innovative we must modify the funding system and make it more flexible.

By directing most of the CAP funds towards these categories we hope to make a step or two forward and improve both the skills and abilities of our farmers and herdsmen. We also hope to have a clear policy, guidelines and strategy for our agricultural sector and above all we make sure that this sector is sustainable. In this manner, the present farmers will work more willingly knowing that they will make a decent income. Such results will give ample proof and example to stimulate young persons to continue their studies or research, enhance their skills and join the farming sector.

According to the census held in 2010, we have

18,539 farmers of which only 1,301 work full time. This means that in ten years we lost 223 or 14.6% of the full time farmers. This is something that has to be addressed since full time farmers are considered as a dying breed. On the other hand we had a positive result since the amount of cultivated arable land increased by 1,796 hectares to 11,453 hectares. If we focus on the full time farmers we find that of the 1,301 full time farmers:

- 88 farmers are less than 25 years old;
- 167 between 25 to 35 years;
- 234 between 35 to 44 years;
- 374 between 45 to 54 years;
- 341 between 55 to 64 years;
- 97 over 65 years.

These statistics speak for themselves and obviously need to be pondered upon since in the part-time farmer's category we find only 1,804 below the age of 34 years.

This small island of Malta has no resources. It has to import most of the products, especially foodstuffs. If we exclude the 372 hectares for fruit trees, 111 hectares for oranges/lemons, 140 hectares for olive trees and 614 hectares for vineyards we are left with the remaining 9,078 hectares for various other items, mainly arable land for crop rotation. 5,553 of these are used for animal fodder, 1,731 for vegetables, 701 for potatoes, seeds and various other items.

We cannot have a complete portrait of the local scene without mentioning the herdsmen. The last census shows that we have 15,688 cows of which 6,740 are for milk production and, 70,593 pigs. These two small but important industries are organized in two separate co-operatives. The first one, the **Milk Producers Co-Operative Society Ltd** was registered in June 1958, 54 years ago. Having for some years held together as a company, the then 1,200 milk producers realized that the co-operatives model was far more beneficial for them.

Today, this co-operative is made up of 122 members, has its own Feed Mill and owns 75% of the factory, **Malta Dairy Products**: a factory that produces various types of milks, yogurts, creams, cheeselets and ricotta. These members have strived to work together along the years and, more recently when Malta joined the EU struggled hard to restructure and remain competitive.

Likewise, the pig farms have their own co-operative. During the past few years these two co-operatives could not make a lot of progress due to the increased prices of cereals. This September all indicators showed that world food prices continued to rise, amongst them corn and soybean. Even the **Food and Agriculture Organization** warned about a 1.4% rise. We have other animal farms which cater hens, rabbits, sheep and goats but none of these are established in a co-operative.

Some may ask: How much is it valid to have a Co-Operative's Movement in Malta? To highlight the validity of such a Movement here are some statistics.

Currently the Co-operative's Movement is made up of 65 co-operatives that have a turnover of about 72.2 million Euro every year;

- Presently, the co-operatives have over 4,900 members and employ around 260 workers who are not members. It is true that like any other business, every now and then co-operatives fail to perform successfully, and at times have to be liquidated. But the total of those that have to go for the process of liquidation are far less than those newly registered. If we take into account the performance of the Co-operative Movement between 2008-2011 we find that 15 new co-operatives were registered while 12 were liquidated;
- During 2012, the Board of Co-operatives registered 4 new co-operatives and had no liquidations.

To enjoy a continuous success a co-operative needs to have a dynamic, experienced and motivated manager. A co-operative also has to be able to produce the service or product by its members at a competitive price while keeping in mind the interest of its members and the society where it operates. Similar to other organizations, a co-operative must make profits, be flexible and ready to change when circumstances arise. So it is always an asset if we learn and introduce new methods of production with innovative methods of organization and management entwined with loyalty and commitment.

All this leads us to express ourselves more clearly and reaffirm that **Small Member States Deserve Preferential Treatment**. This is why we are saying **preferential** and not just **common.** This is also why we have repeatedly stressed about the need that CAP should be flexible. All member states have their particular advantages and disadvantages. We must show that collectively we can work hand in hand and are prepared to carry the weight. Malta has got a lot of disadvantages, its size, limitations, position, type of climate etc. Nevertheless Malta can offer its facilities for:

- Research, development, training and awareness;
- Knowledge creation, sharing and diffusion;
- Exchange programmes aimed at young farmers and study groups.

This plan will not only help these four countries, but many other member states who believe and are expecting flexibility for transfers between Pillar I and Pillar II and so, improve the distribution of direct payments.

The year 2012 has been chosen by the United Nations as the International Year of Co-

operatives. Together with **Malta** there are 33 more European countries with 90 organisations, one of them **Koperattivi Malta**, represented in Co-operatives Europe. In Europe alone there are over 160,000 co-operative enterprises made up of 123 million individual members.

UN Secretary General Ban Ki Moon said: "**Co-operatives are better tuned to local needs and better positioned to serve as engines of local growth. By pooling resources, they improve access to information, finance and technology. Their underlying values of self-help, equality and solidarity offer a compass in challenging economic times. By contributing to human dignity and global solidarity, co-operatives truly do build a better world**."

As a final message let us also strive to build a better world by putting forward our collective innovative ideas for a truly **Common Agricultural Policy** in favour of agriculture, food safety, the environment, and the farmer so that mutually we secure a healthier future.

MALTA ORGANIC AGRICULTURE MOVMENT (MOAM), JOHN PORTELLI

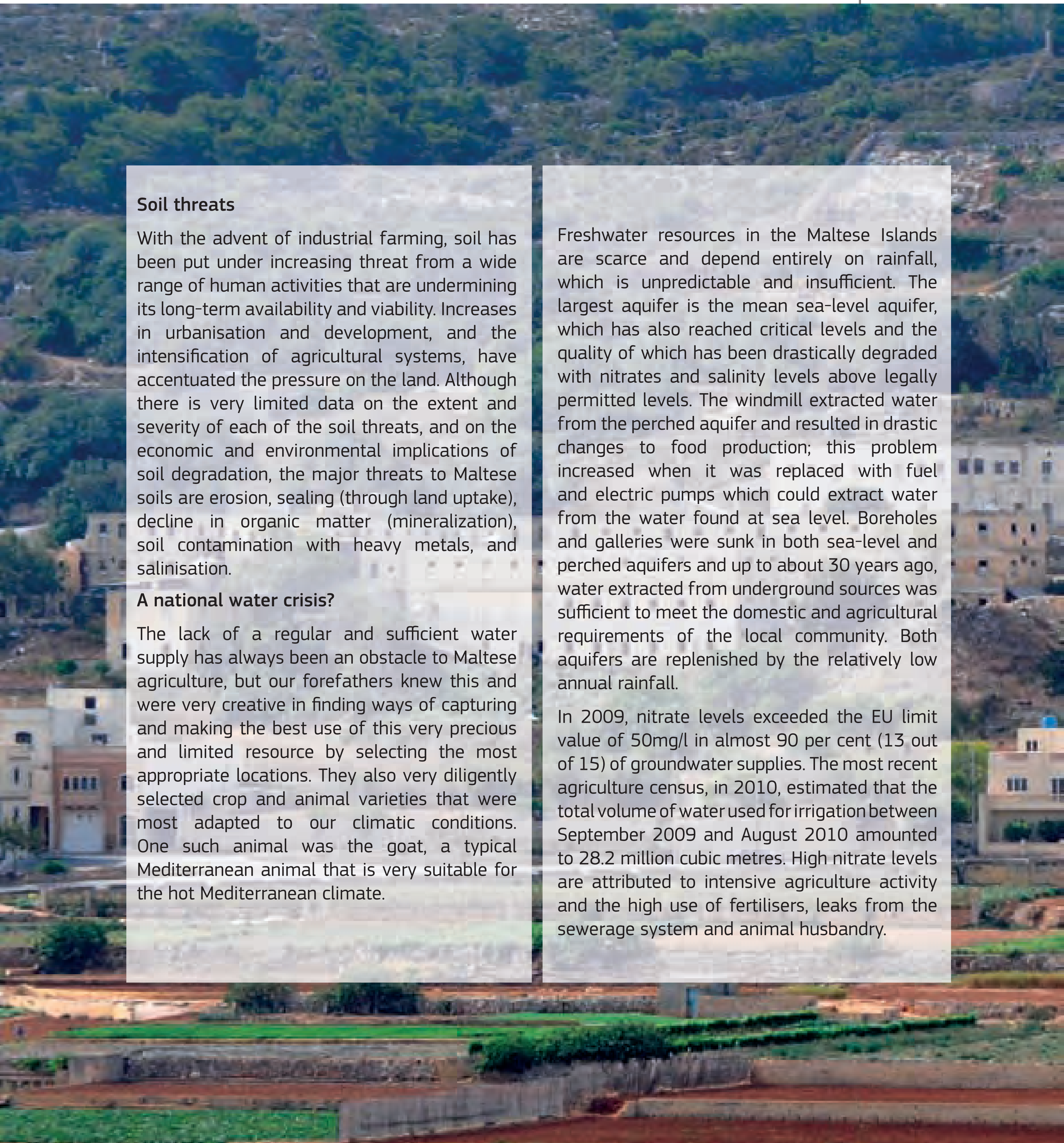
THE SOCIO-ECONOMIC AND ENVIRONMENTAL SUITABILITY OF INDUSTRIAL ANIMAL FARMING IN MALTA

The increasingly intensive exploitation of and dependence on cultivated plants and animal husbandry to produce food gradually replaced total reliance on hunting, gathering, fishing and foraging. It also meant that people were much more tied to the land that they cultivated. The period characterised by these far-reaching changes is conventionally referred to as the "New Stone Age", or "Neolithic" and it is against this backdrop that the Maltese Islands appear to have been settled some time before 5,000BC.1 Over the thousands of years that have followed, agriculture has left its deep mark on social and economic life, and the environment, of the Maltese Islands. This is clearly visible from the rural landscape to be found all over the islands and is also evident from the old village cores that were once rural settlements and eventually grew into villages and towns. New occupiers brought with them new cultures and traditions. Olive trees and grape vines, as well as cotton plantations, were a common sight; so much so that Roman historians referred to the islanders' prowess in producing cotton and honey. We also have evidence that olive oil was produced on a large scale and that it was a major source of revenue.

A recent history of agriculture

Agricultural development is hampered by land fragmentation resulting from inadequate legislation, land parcels that are too small or too irregularly configured to be farmed efficiently, shallow soil and an inadequate supply of water. Most farming was carried out on small terraced strips of land that precluded the introduction of large-scale mechanisation. As a result of increasing urbanisation, the agricultural labour force has become increasingly older, and more farming is carried out on a part-time basis. Nevertheless, production levels have risen gradually due to improved techniques in the cultivation of some crops. The major crops are potatoes, tomatoes and fruit (especially citrus and drupes) and since the late 1990s there has been a substantial increase in grape and olive production. Malta is hardly self-sufficient in food production, and beef is mostly imported. With the country's accession into the EU, Malta's agricultural sector has become open and competitive. But intensive agriculture has also been the major cause of soil depletion and mineralization and, worst of all, the contamination of our limited fresh groundwater supply.

Over the last 50 years, the method of producing animals for food has changed from the extensive system of small and medium-sized farms owned by a single family to a system of large, intensive operations where the animals, sometimes in their thousands, are housed in large numbers in enclosed structures that resemble industrial buildings more than a traditional farm. This change has happened primarily out of view of consumers but has come at a cost to the environment and has had a negative impact on public health, rural communities and the health and wellbeing of the animals themselves.



Soil threats

With the advent of industrial farming, soil has been put under increasing threat from a wide range of human activities that are undermining its long-term availability and viability. Increases in urbanisation and development, and the intensification of agricultural systems, have accentuated the pressure on the land. Although there is very limited data on the extent and severity of each of the soil threats, and on the economic and environmental implications of soil degradation, the major threats to Maltese soils are erosion, sealing (through land uptake), decline in organic matter (mineralization), soil contamination with heavy metals, and salinisation.

A national water crisis?

The lack of a regular and sufficient water supply has always been an obstacle to Maltese agriculture, but our forefathers knew this and were very creative in finding ways of capturing and making the best use of this very precious and limited resource by selecting the most appropriate locations. They also very diligently selected crop and animal varieties that were most adapted to our climatic conditions. One such animal was the goat, a typical Mediterranean animal that is very suitable for the hot Mediterranean climate.

Freshwater resources in the Maltese Islands are scarce and depend entirely on rainfall, which is unpredictable and insufficient. The largest aquifer is the mean sea-level aquifer, which has also reached critical levels and the quality of which has been drastically degraded with nitrates and salinity levels above legally permitted levels. The windmill extracted water from the perched aquifer and resulted in drastic changes to food production; this problem increased when it was replaced with fuel and electric pumps which could extract water from the water found at sea level. Boreholes and galleries were sunk in both sea-level and perched aquifers and up to about 30 years ago, water extracted from underground sources was sufficient to meet the domestic and agricultural requirements of the local community. Both aquifers are replenished by the relatively low annual rainfall.

In 2009, nitrate levels exceeded the EU limit value of 50mg/l in almost 90 per cent (13 out of 15) of groundwater supplies. The most recent agriculture census, in 2010, estimated that the total volume of water used for irrigation between September 2009 and August 2010 amounted to 28.2 million cubic metres. High nitrate levels are attributed to intensive agriculture activity and the high use of fertilisers, leaks from the sewerage system and animal husbandry.

Environmental impact

Agriculture, in particular animal husbandry, creates large volumes of waste. Unfortunately, some of this waste is not always dealt with correctly, causing considerable harm to the environment. It is extremely important that this waste is managed properly, especially since Malta and Gozo have been designated “nitrate vulnerable zones” under the European Commission’s Nitrate Directive. This designation presents a severe limitation on the quantity of and manner by which untreated biological residue and manure may be disposed of on agricultural land, hence entailing the need to improve the handling of manure on farms and its subsequent application/disposal on agricultural land.

The economic assessment

The economic gain from agriculture is also measured against other economic activities. The agro-food processing industry accounts for just fewer than three per cent of the value added generated by the total economy and two per cent of employment. Part-time employment amounted to 17,238 people (93 per cent), while 1,301 (seven per cent) worked on a full-time basis.

Direct employment distribution has also changed dramatically in recent years, with a shift from full-time to part-time farmers. There has also been a fall in the number of animal farms. The 2010 census shows that 12,529 hectares of land is used for agricultural purposes. With a population of 415,000 and 1.4 million tourists a year, the country will never be self-sufÞ cient, which means we are mainly dependent on imported food. In one way or another, even locally-produced food is dependent upon imported raw material such as seeds, agro-chemicals, animal fodder, plants, equipment and energy.

The sustainability of the dairy industry is questioned in a 2010 EU Dairy Report, which concludes: “The highest operating costs are observed in Malta (310 €/t), due to its insular characteristics and the necessity to import feed. Although Malta grants some national aid to dairy farms (34 €/t in 2007) in order to compensate, the resulting gross margin is still among the lowest in the EU.”

An environmental assessment

Although agriculture makes only a small contribution to Gross Domestic Product, it accounts for the largest single use of land and is a major contributor to the environmental character and quality of the rural landscape. Its products provide a limited degree of self-sufficiency, whilst it provides a full or part-time livelihood for a significant number of people, contributing to the rural economy and to the maintenance of rural communities. In short, agriculture has multiple functions and a value beyond its limited economic role. There is considerable variation in the type of accommodation provided for livestock. Accommodation constructed in the 1960s and 1970s requires modernisation, while more recent buildings could have been better designed.

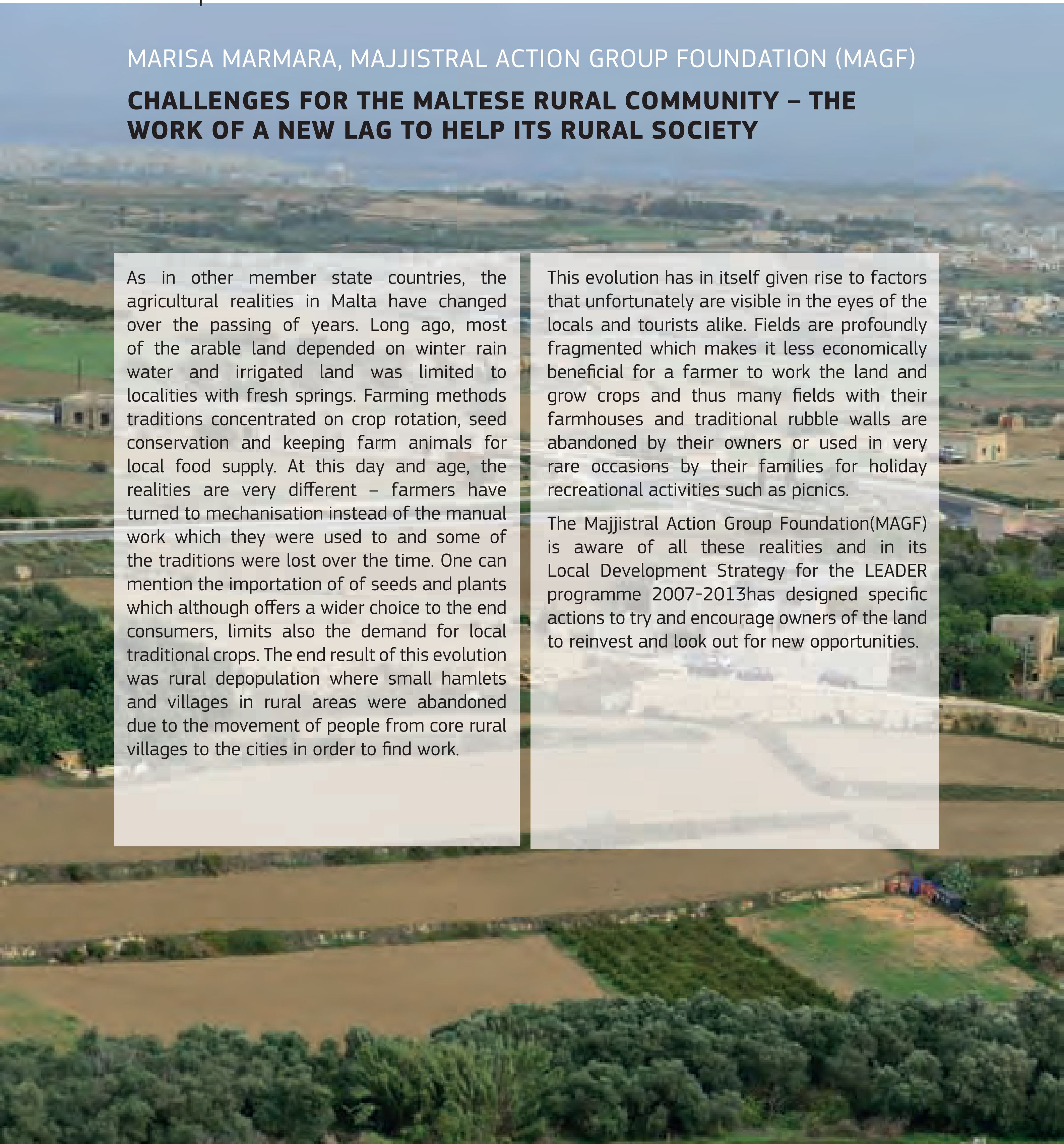
In the planning and design of most of these buildings there is insufficient provision for either the storage of feed and/or the manure produced. It is very evident that the development of the livestock sector has not been fully aware of the damage that livestock farming can cause to the environment. The density of livestock per hectare of arable land in Malta and Gozo is high, and is completely dependent on imported feed, whilst experiencing a build-up of nutrients in the soil. Apart from fragmentation and degenerating land management practices, other environmental problems appear to be nitrate, phosphate heavy metal and pesticide pollution, mainly as a result of the misuse and/or overuse of chemicals and concentrated livestock production.

This led the EU to rethink its future Common Agricultural Policy (CAP) to protect humanity. The links between the richness of the natural environment and farming practices are complex. Many valuable habitats in Europe are maintained by extensive farming and a wide range of wild species rely on this for their survival. But inappropriate agricultural practices and land use can also have an adverse impact on natural resources. The CAP has identified three priority areas for action to protect and enhance the EU's rural heritage:

- Biodiversity and the preservation and development of natural farming and forestry systems, and traditional agricultural landscapes;
- water management and use;
- dealing with climate change.

The CAP ensures that its rules are compatible with environmental requirements and promote the development of agricultural practices that preserve the environment and safeguard the countryside. Farmers are encouraged to continue playing a positive role in the maintenance of the countryside and the environment. This is achieved by targeting aid at rural development measures that promote environmentally-sustainable farming practices such as agro-environment schemes and enhancing compliance with environmental laws by penalising disregard of these laws by farmers by a reduction in financial support from the CAP.

Harvest
photograph:
Ronnie Said
Malta



MARISA MARMARA, MAJJISTRAL ACTION GROUP FOUNDATION (MAGF)

CHALLENGES FOR THE MALTESE RURAL COMMUNITY – THE WORK OF A NEW LAG TO HELP ITS RURAL SOCIETY

As in other member state countries, the agricultural realities in Malta have changed over the passing of years. Long ago, most of the arable land depended on winter rain water and irrigated land was limited to localities with fresh springs. Farming methods traditions concentrated on crop rotation, seed conservation and keeping farm animals for local food supply. At this day and age, the realities are very different – farmers have turned to mechanisation instead of the manual work which they were used to and some of the traditions were lost over the time. One can mention the importation of of seeds and plants which although offers a wider choice to the end consumers, limits also the demand for local traditional crops. The end result of this evolution was rural depopulation where small hamlets and villages in rural areas were abandoned due to the movement of people from core rural villages to the cities in order to find work.

This evolution has in itself given rise to factors that unfortunately are visible in the eyes of the locals and tourists alike. Fields are profoundly fragmented which makes it less economically beneficial for a farmer to work the land and grow crops and thus many fields with their farmhouses and traditional rubble walls are abandoned by their owners or used in very rare occasions by their families for holiday recreational activities such as picnics.

The Majjistral Action Group Foundation(MAGF) is aware of all these realities and in its Local Development Strategy for the LEADER programme 2007-2013has designed specific actions to try and encourage owners of the land to reinvest and look out for new opportunities.

The creation of a Rural tourism network is one of the concepts that Majjistral Action Group Foundation is adamant that can help create new opportunities to the farmers and the rural communities in its territory. Rural tourism, if managed correctly, can offer new income earning opportunities for our farmers whereby tourists visiting their farms can be enticed to buy the local products and thus automatically increase interest in the production of local products and produce.

Rural tourism will increase appreciation of farming and rural issues and promote awareness about the value of the agricultural sector and its direct and indirect contribution towards environmental issues. Yes, because without farmers, our landscape would not be so attractive; without farmers, more land will not be cultivated and will be abandoned to its natural state without the visual attractiveness of fruit trees, vineyards and cultivated lines of crops; without farmers, rubble walls will be left to the hands of time and wear; without farmers, farmhouses will be utilised only for personal use limiting the possibility of today's communities and our children, tomorrow's generation, to enjoy a rural experience within a traditional farmhouse.

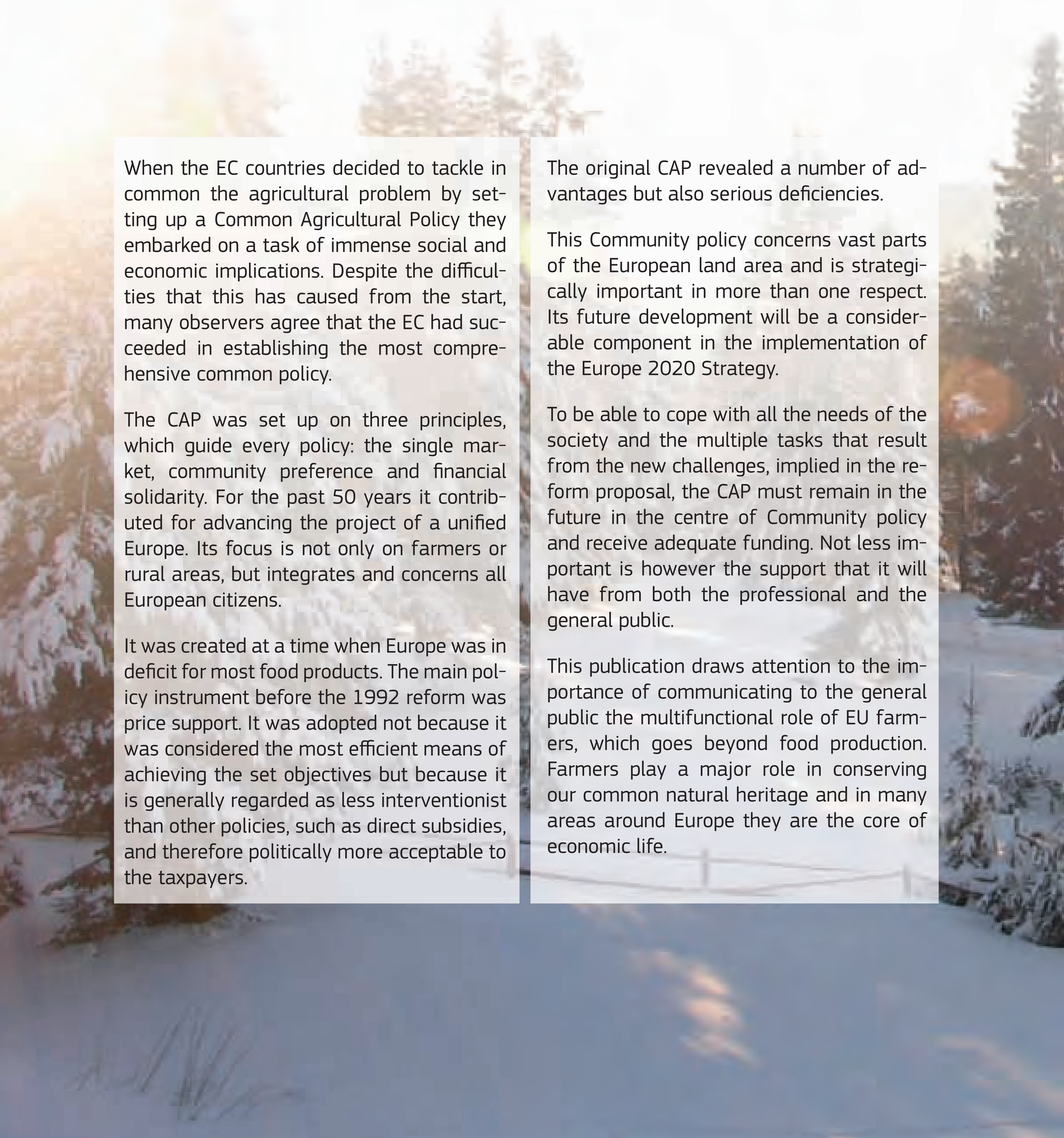
Rural tourism can reverse current trends and increase interest in young farmers, rural tourism can create direct linkages to end consumers of local products and produce and thus work towards the important creation of new short supply chains.

Rural tourism is part of the innovative future for today's and tomorrow's agricultural community in Malta and it is part of the work that MAGF, a new LAG, will be doing for its rural community.

50 YEARS
of Common Agricultural Policy
Ready for the future

A Partnership between
Europe and Farmers

CAP: PAST AND FUTURE



When the EC countries decided to tackle in common the agricultural problem by setting up a Common Agricultural Policy they embarked on a task of immense social and economic implications. Despite the difficulties that this has caused from the start, many observers agree that the EC had succeeded in establishing the most comprehensive common policy.

The CAP was set up on three principles, which guide every policy: the single market, community preference and financial solidarity. For the past 50 years it contributed for advancing the project of a unified Europe. Its focus is not only on farmers or rural areas, but integrates and concerns all European citizens.

It was created at a time when Europe was in deficit for most food products. The main policy instrument before the 1992 reform was price support. It was adopted not because it was considered the most efficient means of achieving the set objectives but because it is generally regarded as less interventionist than other policies, such as direct subsidies, and therefore politically more acceptable to the taxpayers.

The original CAP revealed a number of advantages but also serious deficiencies.

This Community policy concerns vast parts of the European land area and is strategically important in more than one respect. Its future development will be a considerable component in the implementation of the Europe 2020 Strategy.

To be able to cope with all the needs of the society and the multiple tasks that result from the new challenges, implied in the reform proposal, the CAP must remain in the future in the centre of Community policy and receive adequate funding. Not less important is however the support that it will have from both the professional and the general public.

This publication draws attention to the importance of communicating to the general public the multifunctional role of EU farmers, which goes beyond food production. Farmers play a major role in conserving our common natural heritage and in many areas around Europe they are the core of economic life.

As a part of the overall communication campaign, the book illustrates our belief that listening to the audiences is not less important than releasing information to them. Since the entire communication effort was organized on the principle of connecting with people, in these concluding line we would like to express our warm and special thanks to the following organizations and the individuals representing them in this campaign:

Bulgaria

- Bulgarian Association of Agriculture Producers
- National Grain Producers Association
- Agrozone Magazine

Estonia

- Estonian Farmers' Federation
- LAG East-Harju Partnership
- Kodukant Movement
- Central Union of Estonian Farmers
- Estonian Horticultural Association

Portugal

- Portuguese Farmers Confederation
- Minha Terra
- LAG ADREPES

Malta

- Kooperattivi Malta
- Organic Agriculture Movement
- LAG Majjistral

Eesti

http://cap.europe.bg

Portugal

България

Malta

Strategma Agency implemented the campaign "CAP:Re:turn to the future". This is the fourth communication project that we have co-financed in collaboration with DG AGRI of the EC, dedicated to the Common Agricultural Policy, and the first international one. As a priority they were all oriented at the young audiences. It is our belief that supporting causes of social significance is an important aspect of responsible business and we consider it part of our corporate social responsibility. In this effort the company is led by the conviction that true European integration can only happen when our nations have a good understanding, acceptance and active attitude to the common policies and causes.