

Conference of Directors of EU Paying Agencies

Speech

28th October, 2010

Director General,

Ladies and gentlemen,

Firstly, as Chairwoman of the Council of Agricultural Ministers in the European Union, I am delighted to welcome you here in Belgium for your bi-annual conference. I would like to congratulate the 3 Belgian Paying Agencies for the excellent work they have carried out during the last few years. A Paying Agency, a public service, a service to the public, we should say, to the service of operators, should be responsive, flexible and effective. Allow me to highlight in particular the important role recently played by the Belgian Intervention and Refund Agency, for which I am responsible as Federal Minister, in handling the milk crisis and through its contribution to improving the free distribution system to those most in need.

Flexibility is one of the central themes of the CAP reform, which I would like to say some words about it now. As you know, the CAP's future after 2013 ranks high in Belgium's Presidency programme. Last month's informal meeting of Agricultural Ministers in La Hulpe focussed mainly on two aspects: the future role of the first pillar and the flexibility the CAP must have in order to resolve specific regional issues and handle unforeseeable economic crises.

The first issue concerned direct aid and its justification and importance. It also touched upon the fundamental issue of market instruments to strengthen the competitiveness of European agriculture and provide a stable income for farmers: effective and simple safety nets to use, more transparent markets and more balanced trade relations between sectors.

Finally, more comprehensively, the enquiry also focussed on the distribution of budgetary resources between the 2 pillars of the CAP.

The second issue concerned the possibility of more territorial and/or dynamic implementation of the CAP, without however compromising the fulfilment of the common objectives of the European Union agricultural policy.

I am able to tell you, at this stage, that there is a wide consensus between the Member States for maintaining a strong CAP for the benefit of farmers and citizens, too. A strong CAP balanced equally on 2 pillars, even though these two components should be more complementary, consistent and transparent. However, no delegation has questioned the principle of a 1st pillar financed exclusively on the basis of European resources. In my opinion, the 1st pillar should allow the European Union to maintain and develop its agricultural production under economically acceptable terms for farmers by allowing a safety net of a sufficient level to stabilise the income of our farmers who are confronted by unpredictable markets and volatile prices. To sum up, the first pillar must above all be built on simple, coherent measures and allow the farmers to be guaranteed some predictability faced with a constantly shifting economic context.

As regards the 2nd pillar, the widely shared expression is also “more flexibility”. More flexibility to take into account specific regional or territorial issues and also more flexibility with targeted policies in favour of maintaining farmers’ income; policies which can be developed in addition to the measures of the 1st pillar.

Today, there are still those who are pessimistic about the CAP's future. Of course, all is not settled yet. Differences of opinion still exist, for example over the criteria for direct aid payments. Likewise, different opinions still remain regarding the scale and level of the flexibility it will be necessary to integrate into the CAP to take into account the diversity of situations. But I like to be optimistic. We have nearly 2 years left to work on these points of difference and to convince the sceptics of the validity of a strong CAP.

It is now up to us to make headway with defining the operational framework and levers in terms of tools and financial resources to assign to this policy which we all feel strongly about. Tomorrow's CAP should in fact combine the concerns of the profession and the wishes of the people, and be granted the appropriate means for its ambitions.

To end this point, the CAP does not need to be revolutionised, but adapted in the face of globalisation. The European Union must have the capacity to renew its management tools and render them functional in a global context.

Your bi-annual meeting of directors of Paying Agencies is an opportunity for an informal exchange between players in the field in touch with farmers and the industry, the political world, the Commission and the European Court of Auditors. I am delighted about this meeting and, in the light of the preparatory work, I can only express my satisfaction regarding the interest aroused by the two working groups in the continuation of the previous meeting in Oviedo in Spain.

Concerning the EM financial systems, each has its own structures and methods of financing which may vary from one Paying Agency to the next, each one presenting advantages and disadvantages. I think exchanging experiences is useful and allows you to determine good practice which you can submit to your regulatory authorities at the end of this workshop.

There are many different monitoring practices in paying agencies, both within the organisation and externally in accordance with European and/or national legislation. They tend to be on the increase despite the positive development in clearing debts and the decrease in spending in some sectors. Monitoring is necessary but must be in proportion to the risks incurred and not hinder the “core business” of the paying

agencies. Exchanging your views as players in the field means that certain facts should be revealed, and suggestions should be made for avenues to be explored and recommendations with a view to rationalising them.

Ladies and gentlemen, you know how committed I am to dialogue, the exchange of experiences and reflection. You can be sure that the Council and I will pay great attention to the results of your work during these two days.

I wish you a fruitful conference.

Sabine Laruelle

Chairwoman of the Council of Agricultural Ministers of the EU