

To the attention of

Vice President Antonio Tajani
 Commissioner Dacian Ciolos
 Commissioner Johannes Hahn
 Commissioner Lázló Andor

European Commission
 1049 Brussels

Brussels, 4 March 2013
 N° 0094/BMD

Dear Vice-President Tajani,
 Dear Commissioner Ciolos,
 Dear Commissioner Hahn,
 Dear Commissioner Andor,

As President of UEAPME, the European Craft and SME organisation, I would like to share with you my concerns about the negotiations on the European Agricultural Rural Development Fund (EARDF). As you are certainly aware, SMEs and especially micro, small and craft enterprises, contribute in an essential way to the economic and social cohesion as well as the development of rural areas. More than 7 million SMEs are located in rural areas, where they are the most important employer. In some areas, they are often the only employers.

UEAPME has expressed its support for the proposed EAFRD Regulation, in particular the third objective of achieving a balanced territorial development of rural areas. Most of the priorities listed in article 5 respond well to this objective, addressing all economic activities including non-farming SMEs.

However, UEAPME rejects the request of the European Parliament's Agriculture and Rural Development Committee (AGRI Committee) to refocus the operational measures of the EAFRD almost exclusively on farming or activities related to farming and forestry businesses. With the adoption of several amendments in this sense, the vote of the report on the EAFRD in the AGRI Committee on 23 January 2013 is to my mind a major setback:

- Member States would have the possibility to give priority to activities directly related to farming and forestry, for training (article 15-2), for consulting services (article 16-6), for support to the creation of enterprises and investments (article 20-2). Member States might exclude de facto the types of cooperation with local non-farming SMEs, concerning in particular the processing and commercialisation of agricultural products (article 16) despite the fact that they are involved in the territorial development. Such a measure will have the effect that a large number of Member States will decide to exclude non-farming SMEs of production and services from the benefit of aids that the Commission intended for them. To illustrate this I recall the low results of the measure 312 axe 3 of the current EAFRD.

UEAPME urges the EU Institutions to guarantee that the non-farming SMEs are eligible according to the articles 15, 16, 20 and 36 irrespective of whether they are having a link or not with farming and forestry.

- UEAPME supports the demand of the AGRI Committee to include the processors in the definition of short supply chains (article 2.1.t). This must allow the creation of local development strategies, which include all local economic partners, which create benefit, notably in the food chain. However, UEAPME is worried that the measures dedicated to the development and support of short supply chains are exclusively reserved to farmers alone (articles 16 and 17) as well as to the promotion of food chain organisation in agriculture (article 5-3) and to primary producers (article 36-1a).

UEAPME urges for measures in favour of setting up and promotion of short supply chains, as they are defined by the AGRI Committee that they are clearly open to SMEs in processing and/ or non-farming activities.

- The support exclusively given to farmers to diversify their activities in areas other than non-farm primary processing, as well as measures to support direct sales of processed products or of services such as Tourism (article 18-3 and article 20-2), does not meet European competition rules. UEAPME cannot admit that the EU and the Member States shall reserve public aid for the benefit of farmers alone to carry out activities not covered by Annex I of the TFEU or those under secondary processing or direct marketing of products. Farmers and non-farm enterprises in the same activities must practice in the same manner and under the same rules in order to avoid distortions of competition.

UEAPME urges for aid to farmers in processing as well as marketing of products or tourism activities that these are granted in the same way to non-agricultural businesses. In the same spirit, the most favorable financing rate granted to young farmers to diversify into processing activities (article 18-3) must also be granted to new non-farm micro and small enterprises engaged in the same activity.

Furthermore, we are opposed to amendment 47 of the AGRI Committee, which authorises the Commission to approve a rural development programme proposed by a Member State before the adoption of the partnership agreement. It is contrary to the spirit of cohesion of territories and to the principles of CPR: I believe that would be detrimental to the principles of complementarity and coherence between the different programmes of CPR. Such measure would allow on the one hand distinguishing between rural development and the development of other territories, on the other hand to do away with the principle of partnership governance and the ability of the Commission to ask the Member State revise its draft partnership agreement. The Commission shall have the right to refuse measures of a draft partnership agreement if they are likely to create distortions of competition between agricultural and non-agricultural actors.

UEAPME urges all EAFRD measures, proposed by a Member State, are expressly included in the partnership agreements and meet the ex-ante conditions.

I believe that the EAFRD must support the sustainable development of all economic sectors and activities concerned. Accept a development strategy of a single sector or a single economic actor goes against the realities of rural areas and could deconstruct its economy. UEAPME therefore asks the Commission, the Council, the Parliament and the Member States and regions to remain in a logic of integrated development of rural areas by giving priority to local development strategies closely involving producers, processors and consumers.

Thank you very much for your attention. I hope that our concerns will be taken on board for the benefit of an integrated approach to all actors in rural areas.

My staff and I remain of course available to talk with you in person about the challenges that lay ahead.

Yours faithfully,



Gunilla Almgren
UEAPME President