



# Conseil Européen des Jeunes Agriculteurs

## Draft Position on agricultural insurance

October 2003

### **PROPOSAL FROM EUROPE'S YOUNG FARMERS: AN AGRICULTURAL INSURANCE AS A SUPPLEMENT TO THE CAP**

**Young farmers need to adopt to the new market requirement through an increased business approach. Though there are certain risks for which the farmer has no control, such as natural disaster or contagious animal diseases, and for which it is time to introduce a European insurance action plan as a supplement to the CAP.**

By the very nature of production condition agricultural holdings are vulnerable to natural risks, whether climate or animal health, which could jeopardise the actual continued existence in the production cycle.

There is a number of new risks whose financial consequences can be considerable posing a burden for farming covering cases like: changing wheather conditions, risks of epidemics in livestock which is increasing with increased globalisation, lacking safety and tracability in the global food chain, potential introduction of the polluter pays principal. Furthermore, with the latest reform of the Common Agricultural Policy appealing to farmers to become more competitive and where agricultural support will be linked to a historical reference the tendency might be that the young generation is getting bigger and more specialised, leaving them more sensitive in case of crisis.

The current mechanisms of the CAP do not sufficiently foresee any emergency aid to help farmers reduce fluctuations of income linked to these new risks. Today, the only Community instrument is its capacity to approve/reject national state aid. For instance, there is no European approach to make sure that a crisis can be overcome in an harmonised way across Europe, neither is there no European financial instrument to deal with extensive agricultural losses.

The farming business is a major factor for guaranting food safety, maintaining the countryside, protecting the environment, taking care of the welfare of the animals and preserving the vitality of the rural society, and the culture and traditions that goes with it. This is why Europe's young farmers believe it is time to develop a European approach, as a supplement to the CAP, to reduce the income variations to protect farmers against new risks as follows:

- Each Member State must set up a Solidarity fund obliging completely to compensate (replacement value) a clearly defined number of emergency payments, to the farmer who respect the health legislation but are subject to natural hazards.
- The Community should draft a single common text laying down a compensation system for risks and fix the formula to be used in all parts of Europe when calculating the level of compensation. As part of this single common text it must be specified that young

farmers, having set up within five years, are especially sensitive to market risk and should be entitled to receive a special premium rate.

- The Solidarity fund shall be mainly financed through membership, though the Member State must contribute by paying at least the administrative costs linked to the management of the compensation fund while the Commission must guarantee the reinsurance of the system. The systems to be put in place will only be efficient if working under the principle of solidarity between sectors and regions.
- The management of the system must be simple and efficient, able to react quickly in case of crisis and by offering fast payments.
- An integrated approach with the objective of ensure any farm must be developed to protect the farmer against risks which threaten not only the competitiveness but also the survival of agricultural holdings, and the social fabric of the countryside. The Commission must as an integrated part of the agricultural insurance system strengthen existing policies to encourage the farmer to target investments to reduce risks encouraging them to prevent these damages from happening.
- The development of the solidarity fund must be coupled to a special public information programme for all European farmers to provide neutral information and training on risk and risk management tools to the farmers.

In certain Member State an insurance system model already exist and it should be left free to choose a public, semi-public or private. Also the Member State should be left free to decide if the farmers involvement should be on a voluntary or obligatory base.

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*CEJA is made up of 22 national organisations from the 15 European Union Member States and 6 associated members from the candidate countries representing around one million young farmers in Europe. CEJA represents the political interests of its members with the primary goal of ensuring installation of young farmers, and is considered one of the key advocates for the agricultural sector. CEJA's main objectives are to ease the installation in Europe, to inform and train young farmers, to act as a forum for communication and dialogue between young farmers and to sensitise European citizens to farming related issues.*