

**Committee of the Regions****NAT-V-022****98th plenary session, 29 and 30 November****OPINION****THE EUROPEAN INNOVATION PARTNERSHIP:
AGRICULTURAL PRODUCTIVITY AND SUSTAINABILITY**

THE COMMITTEE OF THE REGIONS advises the European Commission:

- to acknowledge the key position of local and regional authorities and stakeholders in making the EIP for Agricultural Productivity and Sustainability a success;
- to fully involve local and regional authorities in governance structures set up to stimulate and monitor this initiative;
- to define "raising productivity" as "producing more and better with less";
- given that the EIP should address the following themes, to allow a broad range of topics regarding primary production, resource management, bio-economy, the supply chain, quality, food safety and consumers;
- to prioritise innovation programmes ensuring the maintenance of agricultural activities throughout Europe, ensuring that research efforts will be included that benefit livestock farming regions, peri-urban regions, areas subject to natural constraints, and local farming areas;
- to favour bottom-up SME innovation initiatives over industry initiatives, in order to counter the existing imbalance in involvement, resulting from different levels of organisation and capacity;
- to continue to put effort into improving the position of primary producers in the food production, processing and distribution chain;
- to allow operational groups to also use EARFD support for initial costs, such as for developing an approach for tackling a technical and scientific issue.

Rapporteur

Henk Brink (NL/ALDE), Member of the Executive Council of the Province of Drenthe

Reference document

Communication from the Commission to the European Parliament and the Council on the European Innovation Partnership "Agricultural Productivity and Sustainability"
COM(2012) 79 final

**Opinion of the Committee of the Regions –
The European innovation partnership: Agricultural productivity and sustainability**

I. CHALLENGES AND OBJECTIVES

THE COMMITTEE OF THE REGIONS

The Europe 2020 Innovation Union flagship initiative

supports the Europe 2020 strategy for smart, sustainable and inclusive growth, and is aware that:

1. to survive competition in the global playing field, Europe needs to increase its efforts to maintain and improve its position on trade, industrial leadership and excellence in the science base;
2. European knowledge on sustainable food production, including knowledge on farm management, ICT solutions, food safety, agro-biotechnology, growth technology, crop protection, water, residues, energy and waste management and agrosociology, is welcomed worldwide and has huge marketing potential in rapidly emerging and developing markets within and outside Europe;
3. to succeed in generating value from this knowledge, Europe needs 1) more innovative SMEs to create growth and jobs, 2) more private investment, 3) innovation achieved across existing and emerging sectors, 4) multi-disciplinary collaborations to create breakthrough solutions, and 5) stakeholders who are keen to get promising solutions tested, demonstrated and scaled up;

Challenges on agriculture, food security and natural resources

notes that:

4. the world is currently facing a diverse and significant set of challenges: continued population growth and growth in spending capacity, triggering changes in diet and increased demand for primary products, combined with threats to global agricultural production capacity as a result of climate change;
5. these challenges are accompanied by the threat of scarcity of food, feed, fossil fuels, commodities, fibres and fresh water, by increasing soil degradation and biodiversity loss and by an increasing risk of financial market failure, of political imbalance and of armed conflicts;
6. agriculture and food supply must in future be more sparing in their use of water and fossil fuels, use less fertiliser and phytosanitary products, be more diversified and be smarter in

making the most of synergies between arable farming, livestock farming, organic waste management, residue streams and renewable energy production;

and points out that:

7. Member States and stakeholders have repeatedly expressed a strong interest in promoting innovation in agriculture through a Union-wide approach and that the European Council of 20 June 2008 already pointed to the "need to pursue innovation, research and development of agricultural production, notably to enhance its energy efficiency, productivity growth and ability to adapt to climate change";
8. similar conclusions have been drawn by farming organisations and chambers of agriculture and that the G20 communiqué from Cannes underlines the vital need to invest in agricultural research and innovation;

Therefore, the Committee of the Regions

9. welcomes the Commission's initiative to promote innovation in the agricultural sector by establishing a specific European Innovation Partnership on Agricultural Productivity and Sustainability and its two major objectives of 1) helping the agricultural sector to become more productive and efficient (with a reversal of the recent slowdown in productivity gains by 2020) and 2) promoting the sustainable development of agriculture (ensuring appropriate land use by 2020);
10. particularly welcomes the fact that local agricultural and food systems are reflected in the themes mentioned as being eligible for cooperation, i.e. horizontal and vertical cooperation among supply chain actors for the establishment of logistics platforms to promote short supply chains and local markets, and promotion activities in a local context relating to the development of short supply chains and local markets;
11. welcomes the Commission's proposal to allocate EUR 4.5 billion to research and innovation on food security, the bioeconomy and sustainable agriculture (under Horizon 2020);
12. agrees that funds from the CAP should, in conjunction with funds from the research framework programme, support the EIP on agricultural productivity and sustainability to bridge the gap between the research world and farming practice;
13. believes that a shift required from the agricultural sector, needed because of increasing urgency for resource efficiency, will result in primarily producing more food in a more sustainable way, but also in supplying a variety of different societal services and bio-based products, related to health, leisure, land management, waste management, feed, fibres and renewable energy. This broader scope will benefit both the sector and society; provided that a

good balance between food and non-food production is secured, that the focus of the agriculture sector is on the re-defined CAP priorities and that authorities are consistent in steering towards these priorities;

14. believes that this redefined agricultural sector provides new business and innovation opportunities for Europe's value chain;
15. believes that, in order to make optimal use of natural resources, strong interactions are needed between the agriculture, bioeconomy and science sectors¹ in order to create a sustainable and more efficient agricultural sector. In view of agriculture's role as producer of biomass as a source of energy, care should be taken to achieve a balance between production of food products and biomass;

II. CONCERNS/KEY FACTORS FOR SUCCESS

Concerns

would point out that:

16. the effort to bridge the gap between practice and science is crucial, but the simple existence of the EIP does not address the cultural and professional gap between two equally important angles: 1) the angle of the science community, which tends to focus on excellence in the science base, on frontier research, future and emerging technologies, skills and career development, and research infrastructure; and 2) the angle of entrepreneurs and policy makers, who look for ways to generate value from knowledge and for solutions that help address societal needs and business opportunities. Communication and incentives will be needed on both sides;
17. the proposed EAFRD offers a number of incentives, as laid down in Articles 15, 16, 18, 20, 33, 36, 46, 53, 61, 62 and 63, but these will not be embraced unless an EIP knowledge broker communicates the possibilities at Member State level before the Partnership Contracts are finalised and during the process of drafting the national and/or regional operational Rural Development Programmes;
18. the EIP will not be incorporated in the Rural Development Programmes, unless national co-financing is programmed to fund the different stages of the innovation process: 1) cooperation (to establish the operational groups) for business development (to start an innovation project); 2) knowledge transfer and advisory services (to acquire expertise and to make use of existing research results); 3) entering quality schemes (to encourage societal benefits and business results); and 4) investment (financial support for achieving the objectives; productivity and sustainability);

¹ CdR 1112/2012 – EDUC-V-024 "Innovation for sustainable growth: a bioeconomy for Europe".

19. so far, five European Innovation Partnerships have been set up, on the following subjects:

- a. active and healthy ageing, SEC(2011) 1028, adopted on 1.9.2011
- b. raw materials, COM(2012) 82, adopted on 29.2.2012
- c. agricultural productivity and sustainability, COM(2012) 79, adopted on 29.2.2012
- d. water, COM(2012) 216, adopted on 10.5.2012
- e. smart cities, C(2012) 4701, adopted on 10.7.2012

and all are 1) important to regional and local authorities but also, 2) dependent on regional stewardship, support and funding to be a success; however, up to now regional authorities have not been invited to be involved in the process;

Key factors for success

points out that:

20. regions and rural communities can play a decisive role in steering and co-financing the actions undertaken via the EAFRD and other means to stimulate innovation, and are now indispensable in tailoring support to the specific agricultural, environmental and territorial characteristics of a given region, thus enabling more efficient use of European funding;
21. regions and rural communities would welcome having a say on priorities or implementation and management arrangements;
22. setting up a multi-level (European, national, regional) governance framework is an essential requirement for a successful overhaul of the Common Agricultural Policy post-2013, including the EIP;
23. stakeholders will be expected to form a basic operational group that would continue to explore knowledge gaps regarding e.g. technology, business models, organisational systems, marketing strategies, consumer needs and education, and will need EAFRD funding for this; their next step could be to look for partners and create a multidisciplinary team, to explore the use of cross-border cooperation and/or to explore the existing knowledge base before contacting the EIP Network for further support, but that this next step should not be obligatory;
24. certain bottom-up innovation initiatives on sustainability or productivity might be welcomed at a regional or national level, but would still risk not matching the priority theme selection as set out in the Strategic Implementation Plan (SIP) and multi-annual roadmap (published by the High Level Steering Group (HLSG) after consulting the Standing Committee on Agricultural Research and the Rural Development Committee); however, this should not form

an obstacle to receiving support, since it would have a strong discouraging effect on participants and create a breach in the innovation spiral at its most vulnerable point;

25. innovation and knowledge brokerage is indispensable in launching an innovation process and in pushing for progress;

III. POLICY RECOMMENDATIONS

To the European Commission

would strongly advise the European Commission:

26. to acknowledge the key position of local and regional authorities and stakeholders in making the EIP for Agricultural Productivity and Sustainability a success;
27. to fully involve local and regional authorities in governance structures set up to stimulate and monitor this initiative;
28. to invite a Committee of the Regions representative to be involved in the work of the high-level steering group which will be defining strategy for the EIP and the coordination committee of the European network for rural development, in order to ensure that the initiative is implemented in line with the real needs of local and regional authorities;
29. to oblige Member States to integrate the EIP cross-sectoral objectives in the Partnership Contract;
30. to define "raising productivity" as "producing more and better with less";
31. given that the EIP should address the following themes, to allow a broad range of topics regarding primary production, resource management, bio-economy, the supply chain, quality, food safety and consumers;
32. to prioritise innovation programmes ensuring the maintenance of agricultural activities throughout Europe, ensuring that research efforts will be included that benefit livestock farming regions, peri-urban regions, areas subject to natural constraints, and local farming areas;
33. to favour bottom-up SME innovation initiatives over industry initiatives, in order to counter the existing imbalance in involvement, resulting from different levels of organisation and capacity;

34. to focus on sustainable farming, on productive farming as a result of the availability of up-to-date technology, on preventing food waste and post-harvest losses and on responsible consumer behaviour in addition to intensifying production volumes;
35. to focus on EU export and marketing of knowledge and (bio)technology and on fair involvement in remote local (metropolitan or small-scale) production in third countries;
36. to continue to put effort into improving the position of primary producers in the food production, processing and distribution chain;
37. as an incentive for scientists to close the innovation gap, to push for "degree of practical use of research results" to be added to rankings for knowledge institutions;
38. to welcome leading European networks of regions, research institutes and clusters on high productivity and sustainable agriculture; calls on the Commission to acknowledge the role of such networks and clusters and facilitate knowledge transfer between entrepreneurs at both local and interregional level;
39. to allow Member States to support early-stage and regional activities by operational groups – that work on EIP objectives and targets – with EAFRD funds and regional co-financing, regardless of their success in also obtaining support from the EIP Network after responding to calls;
40. to agree that operational groups may either operate within the borders of a Member State or have members in several Member States and in third countries;
41. to refer to "farmers and producer organisations", where "farmers" are mentioned as eligible, in order to make it easier to establish a group;
42. to allow operational groups to also use EARFD support for initial costs, such as for developing an approach for tackling a technical and scientific issue or to make use of an innovation and knowledge broker;
43. prior to establishing the High Level Steering Board, SHERPA support group/taskforce, support desk for Operational Groups and secretariat writing the Strategic Implementation Plan, to appoint a communication team that would promote the use of 1) the EIP in the National Rural Development Programmes; 2) the Horizon 2020 options for supporting research projects, multi-actor projects, clusters of innovation actions, innovation brokers and innovation centres; 3) the facilities and contacts of the EIP Network; and 4) a handbook/guidelines for local groups;

To local and regional authorities,

would advise local and regional authorities:

44. to support involvement with and programming of the EIP in the EAFRD Operational Programmes and to prepare for establishing operational groups;
45. to give advice to the Member States to seriously consider the urgency for addressing productivity, resource efficiency and sustainability and there for to spend at least 10% of the total contribution from the EAFRD on fostering knowledge transfer and innovation in agriculture, forestry, and rural areas;
46. to strengthen their current involvement in the National and European Rural Development Network.

Brussels, 30 November 2012

The President
of the Committee of the Regions

Ramón Luis Valcárcel Siso

The Secretary-General
of the Committee of the Regions

Gerhard Stahl

IV. PROCEDURE

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| Title | Opinion of the Committee of the Regions on the European Innovation Partnership: Agricultural Productivity and Sustainability |
| Reference(s) | COM(2012) 79 final |
| Legal basis | Art. 307(1) |
| Procedural basis | Optional referral |
| Date of Commission letter | 13 February 2012 |
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| Commission responsible | Commission for Natural Resources (NAT) |
| Date adopted by commission | 1 October 2012 |
| Result of the vote in commission | Adopted by a majority |
| Date adopted in plenary | 30 November 2012 |
| Previous Committee opinions | <ul style="list-style-type: none">- Committee of the Regions outlook opinion on local food systems – CdR 341/2010 fin- Opinion on the legislative proposals on the reform of the Common Agricultural Policy and Rural Development Policy post-2013 – CdR 65/2012 fin- Draft Committee of the Regions opinion on Horizon 2020 (framework programme for research and innovation) CdR 402/2011 fin |
| Date of Subsidiarity Monitoring Consultation | |