



The CAP reform explained

Prague, 19 February 2014



Agriculture
and Rural
Development

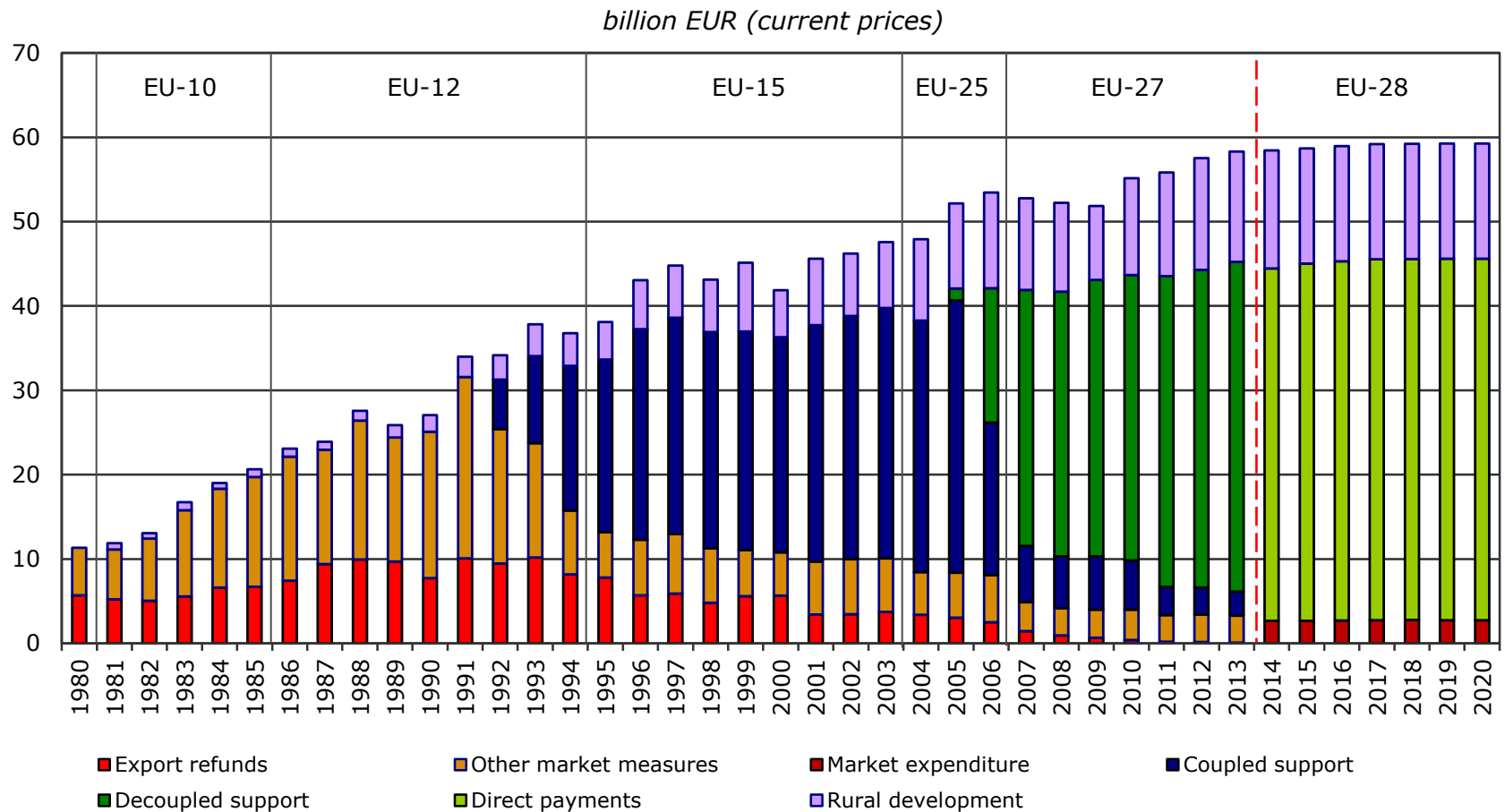
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Outline

Four basic questions of (any) reform

1. How much?
2. For whom?
3. Why?
4. How?

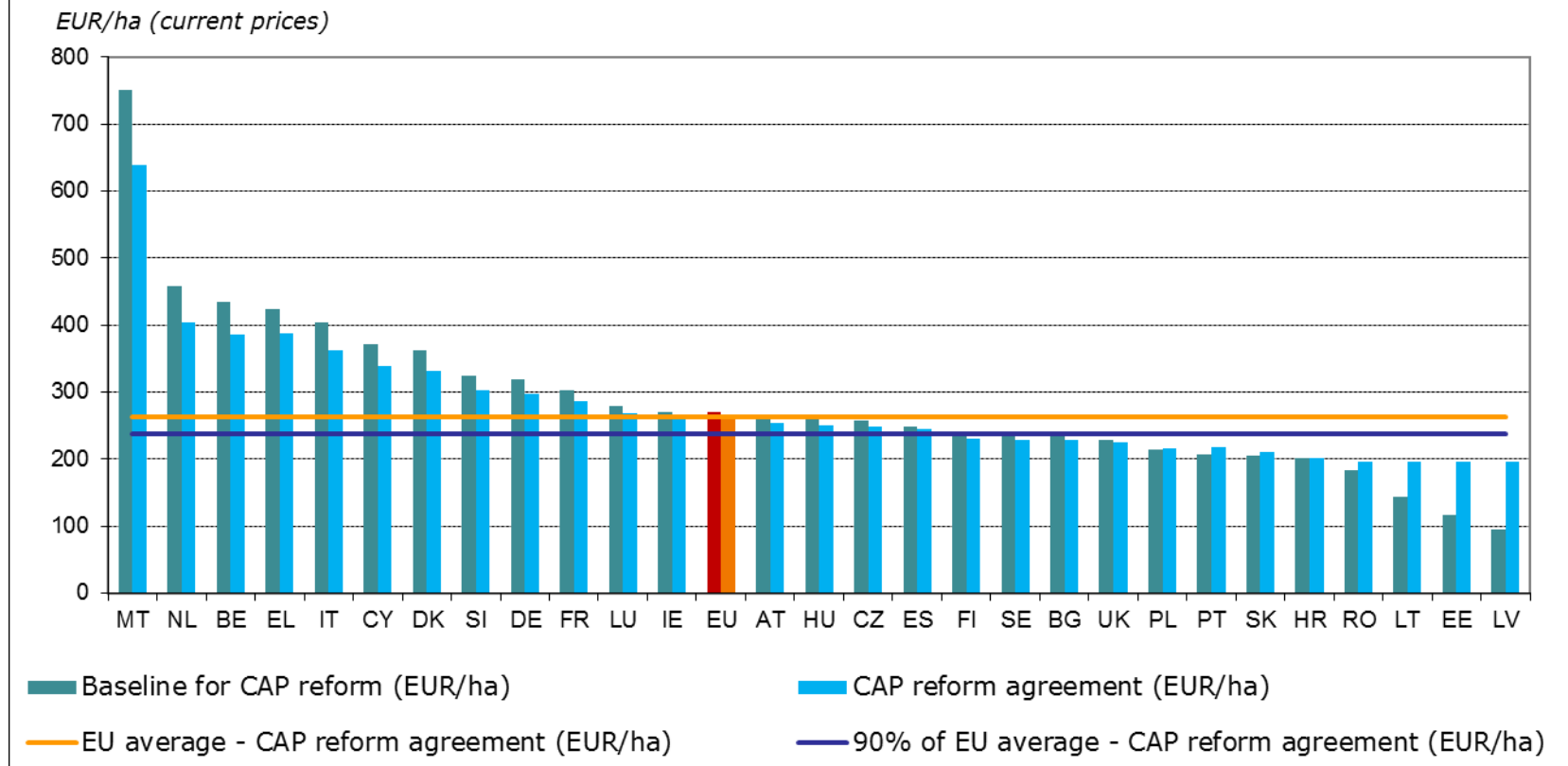
How much: the path of CAP expenditure 1980-2020



Source: DG Agriculture and Rural Development.

For whom: redistribution of Direct Payments

Closing one third of the gap between current level and 90% of the EU average and all MS reaching minimum level of aid by 2020



Why: the main drivers of CAP reform

What sort of "insecurities" drive the current policy debate?

- *Commodity price developments: volatility, co-movement and level*
- *Supply concerns: terms of trade, productivity, climate change*
- *Demand concerns: food chain "bottlenecks" in price transmission, economic crisis*

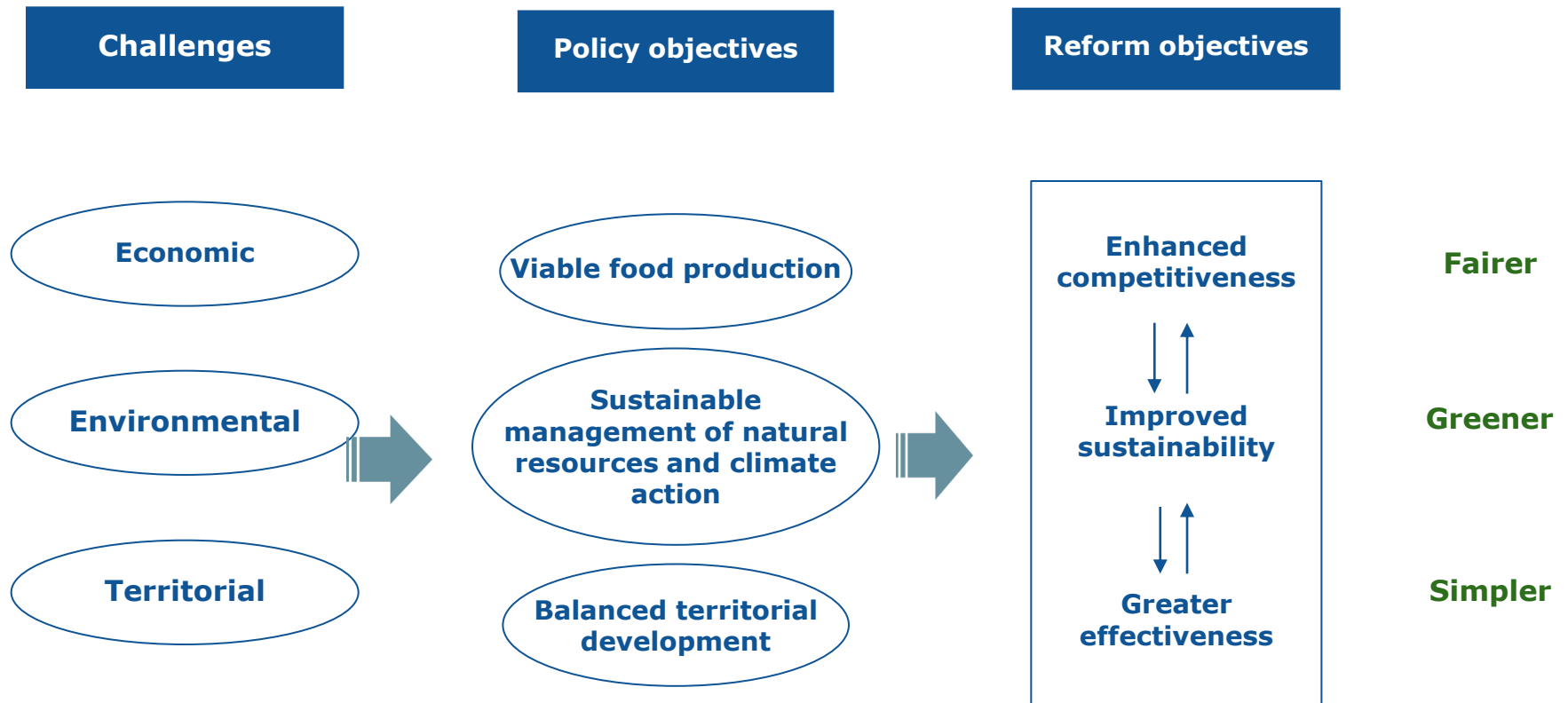
The CAP reform process can be viewed as an effort to address

- *Market failures, especially those linked to economic and environmental sustainability*
- *Policy failure in areas linked to the fairer distribution and "green" targeting of support*
- *"Jointness" in delivery of private and public goods (one as prerequisite for the other)*

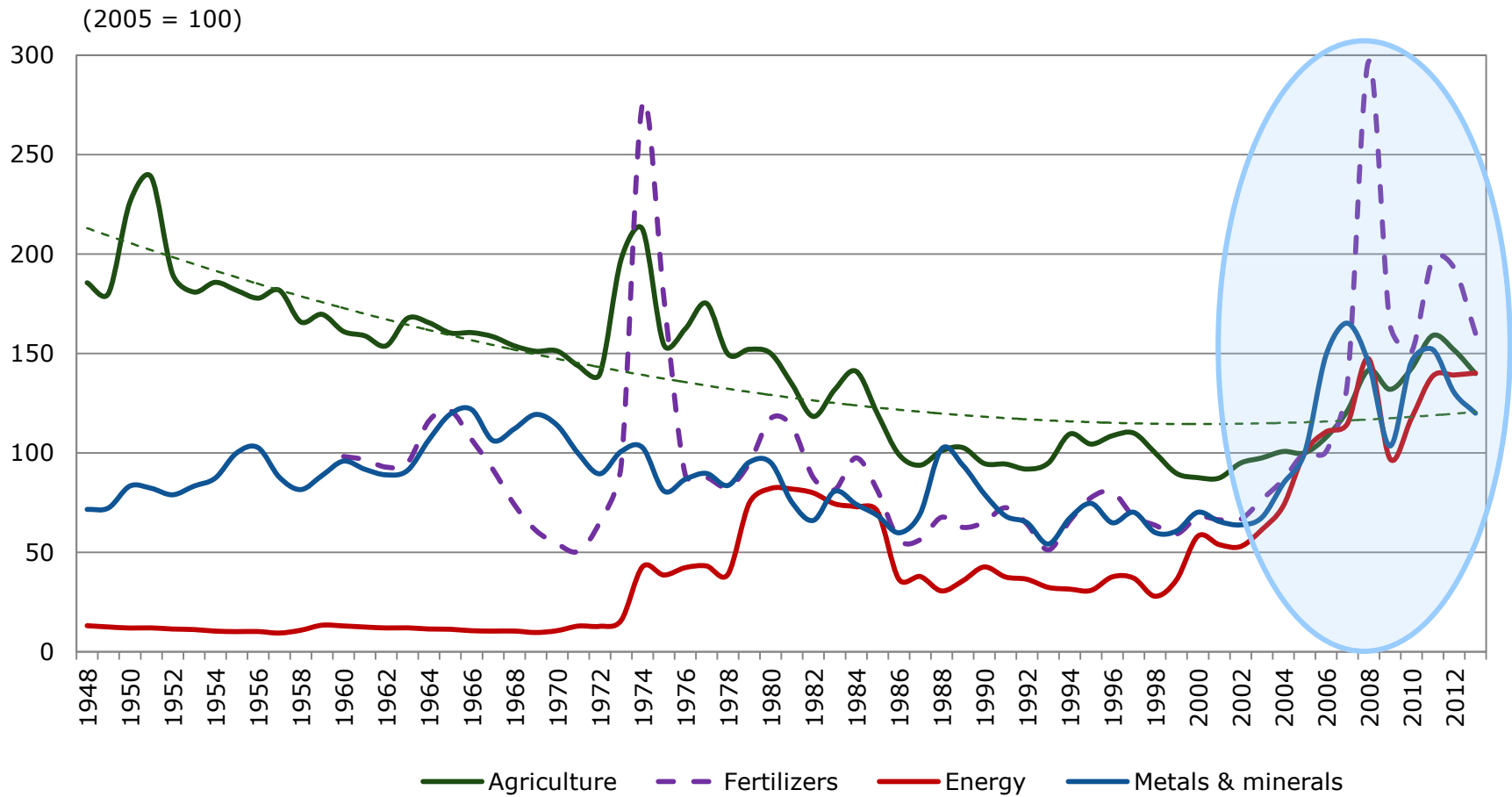
The CAP shifts its focus and its policy paradigm

- *Retargeting of support shifts reference from farmer/beneficiary to (fixed) land*
- *"Greening" in all its aspects moves focus to condition support on land use*
- *Research, Innovation, Monitoring and Evaluation to better target land use changes*

The objectives of CAP reform

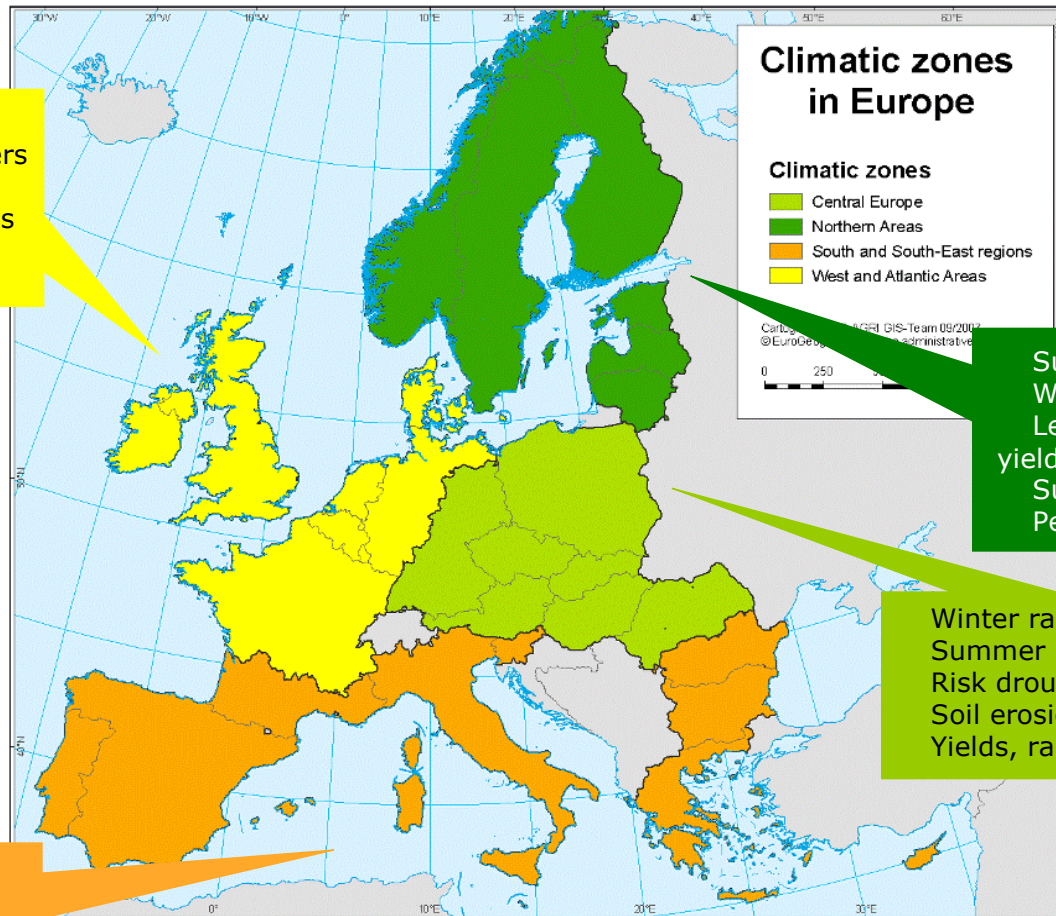


Annual real commodity price indexes



Source: World Bank

Climate change – Possible impacts on EU agriculture



Floods risk
Hotter and drier summers
Sea levels
Risk crop pests, diseases
Crop, forage yields
Animal health, welfare

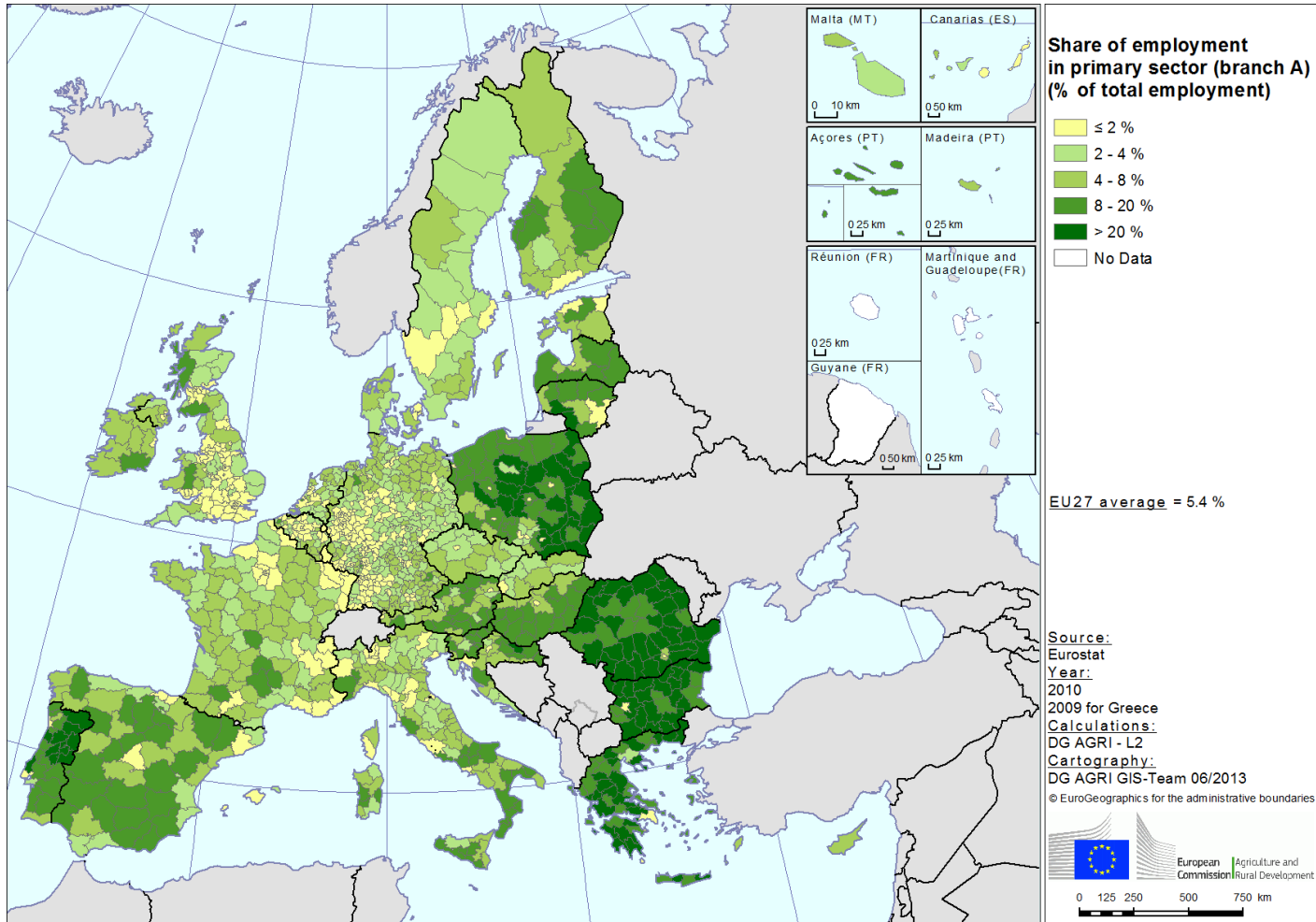
Summer rainfall
Winter storms, floods
Length growing season, yields
Suitable farmland
Pests, diseases risks

Winter rainfall, floods
Summer rainfall
Risk drought, water stress
Soil erosion risk
Yields, range of crops

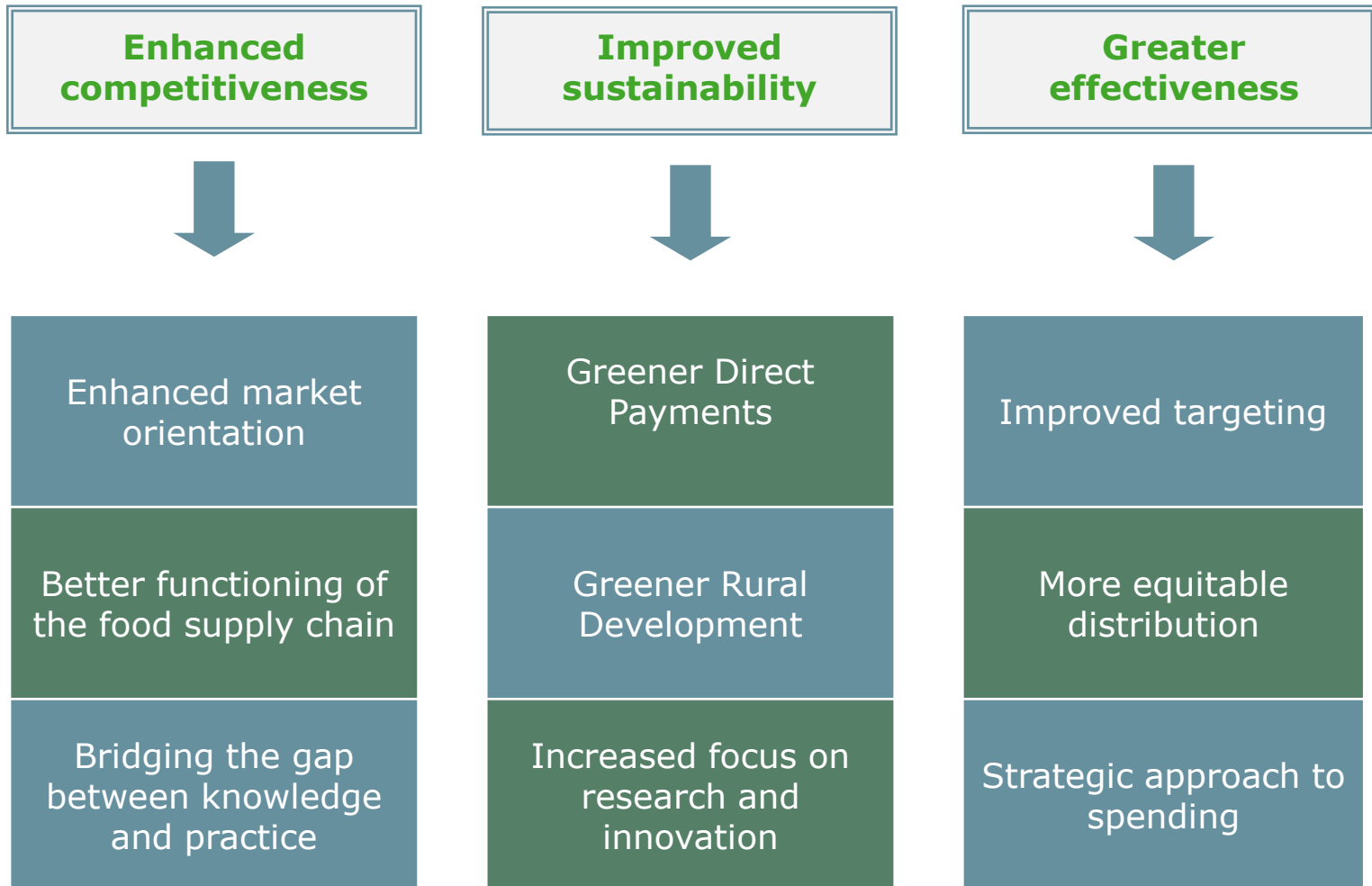
Water availability
Risk drought, heat spells
Risk soil erosion
Growing season, crop yields
Optimal crop areas

Source: DG Agriculture and Rural Development, based on EEA reports, JRC and MS academic studies.

Importance of primary sector in employment



How: the future CAP at a glance



How: enhanced competitiveness

Enhanced market orientation



- ✓ Phasing out of quotas and other restrictions to production
- ✓ Streamlining market measures; enhancing the safety net
- ✓ Strengthening the crisis management mechanism

Better functioning of the food supply chain



- ✓ Reinforced framework for POs and IBOs
- ✓ Financial support for creation of Producer Organisations
- ✓ Strengthened support to short supply chains

Bridging the gap between knowledge and practice



- ✓ European Partnership for Innovation in Agriculture
- ✓ Boost to agricultural research and knowledge transfer
- ✓ Enhance Farm Advisory Services

How: improved sustainability

Greener direct payments



- ✓ Introduce mandatory "green" practices at farm level
- ✓ Link these practices to 30% of direct payment budget
- ✓ Reinforce cross-compliance

Greener rural development



- ✓ Priorities on "resource efficiency" & "eco-systems"
- ✓ Enhance ambition for environment/climate measures
- ✓ Mandatory min of 30% for environmental actions spending

Increased focus on research and innovation



- ✓ "Agricultural productivity and sustainability"
- ✓ Boost to agricultural research and knowledge transfer
- ✓ Enhance Farm Advisory Services

How: greater effectiveness

Improved targeting



- ✓ Provisions for active farmer and young farmers
- ✓ Green payment
- ✓ Specific support to regions, sectors and farm size

More equitable distribution



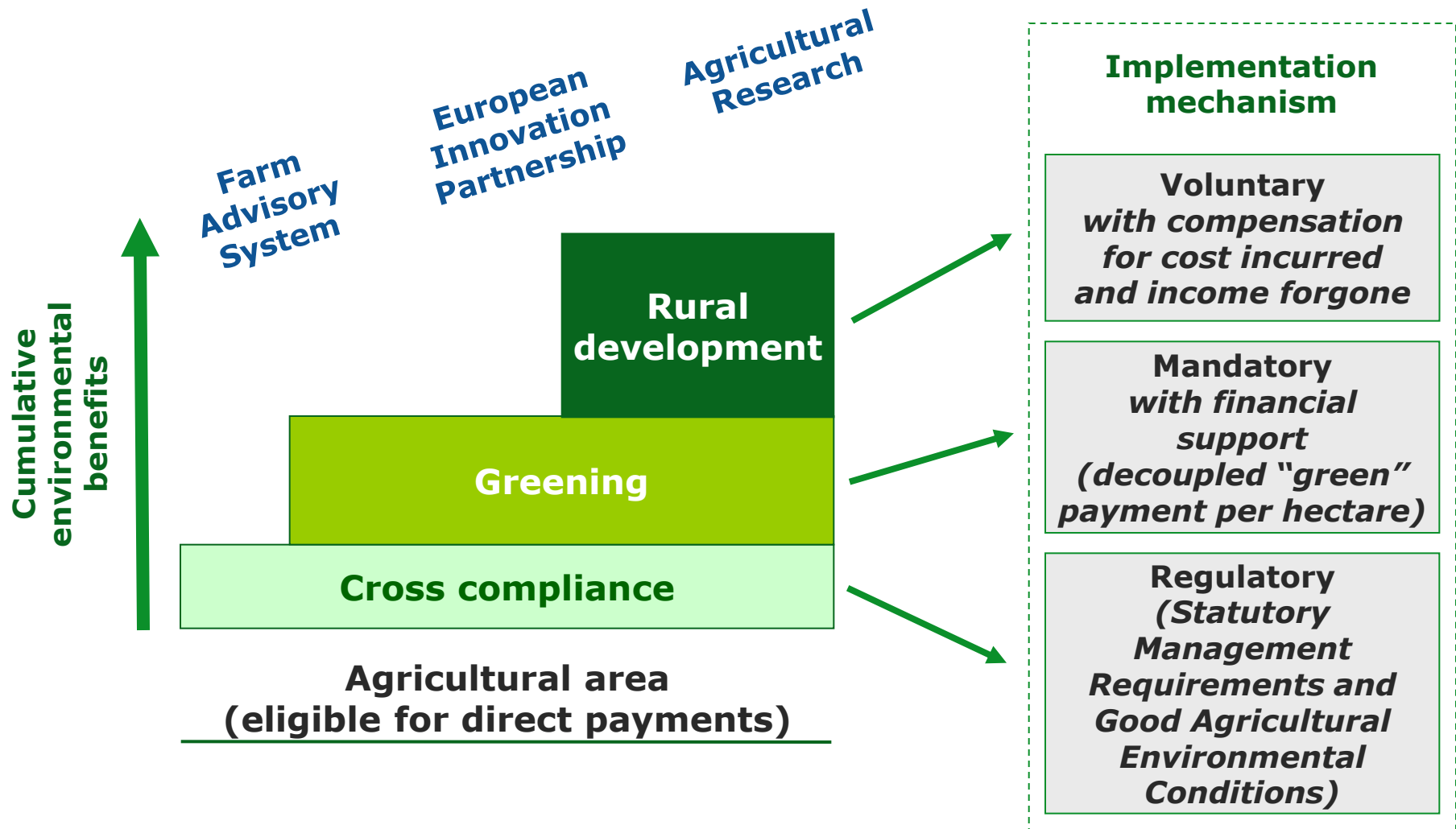
- ✓ Convergence of payments among MS
- ✓ Convergence of payments among farmers
- ✓ Flexibility in choice of regionalisation for MS

Strategic approach to spending



- ✓ Improved integration with other EU policies
- ✓ Strategic approach in rural development programming
- ✓ Improved monitoring and evaluation of policy

The new greening architecture of the CAP



For further information

Campaign on the new CAP "Taking care of our roots"

http://ec.europa.eu/agriculture/cap-for-our-roots/index_en.htm

Political agreement on the CAP2020

http://ec.europa.eu/agriculture/cap-post-2013/agreement/index_en.htm

Legal proposals

http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index_en.htm

Impact assessment

http://ec.europa.eu/agriculture/policy-perspectives/impact-assessment/cap-towards-2020/index_en.htm



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Thank you