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# ***The security of supply in the EU and the future of the Common Agricultural Policy***

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- ***The recent international events have been a stress test for the CAP. Has the CAP been flexible enough to address the boom and bust in the commodities market?***
- ***What is the outlook for the future? What new challenges? How should the CAP be shaped for the post-2013?***



- ***The causes of the boom and bust of 2007-2008 have been comprehensively analysed and are well-known:***
  - supply and demand, energy prices, exchange rate, etc.
- ***How did the EU respond?***
- ***A series of short-term ad-hoc measures were taken...***
  - ...both when prices went up (release intervention stocks of cereals, suspension of import duties)...
  - ...and when they went down (dairy measures)
- ***...while the Health check was being adopted***
  - reinforcing market-orientation



- ***These measures proved to be extremely useful. However, new/old challenges have (re)emerged...***
  - Higher price and income volatility (in a context of more exposure of farmers to markets)
  - More trade openness/liberalisation (DDA, FTAs)
  - Insufficient price transmission in the food supply chain
  - Speculation in the financial markets
  - Economic and financial crisis
  - Climate change
  - New institutional setting (EP)
  - EU budget



***...which has raised a number of questions on the future of the CAP, in particular***

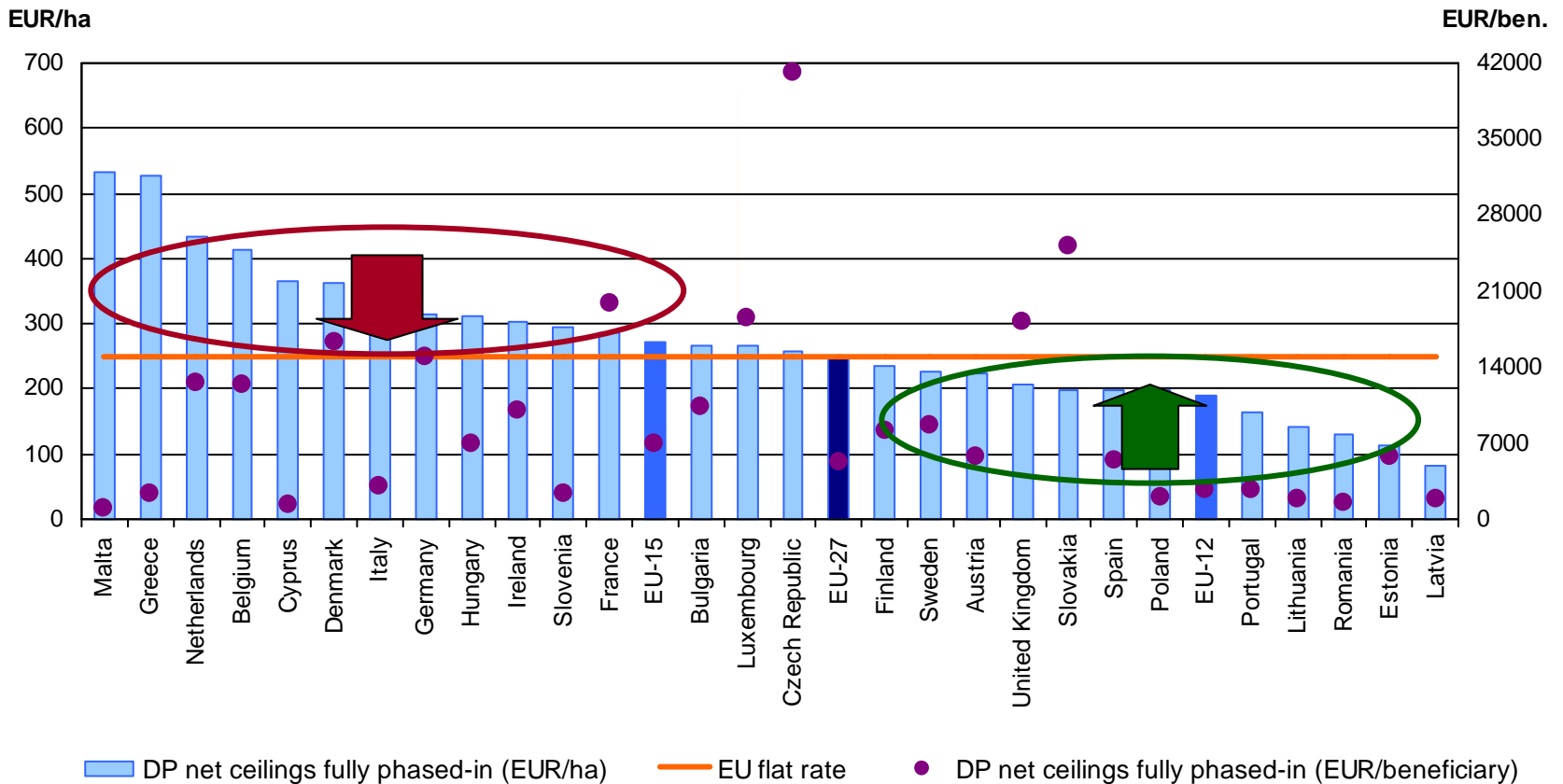
- the relationship between the two pillars and the issue of modulation
- the delivery of public goods and the baseline requirements
- balance between challenges in rural development (competitiveness, environmental and rural economy)
- the role of market instruments
- the distribution of decoupled payments amongst farmers and the need of rebalancing amongst Member States

# The distribution of payments



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## Average payments per ha (UAA) and per beneficiary



Source: European Commission – DG Agriculture and Rural Development

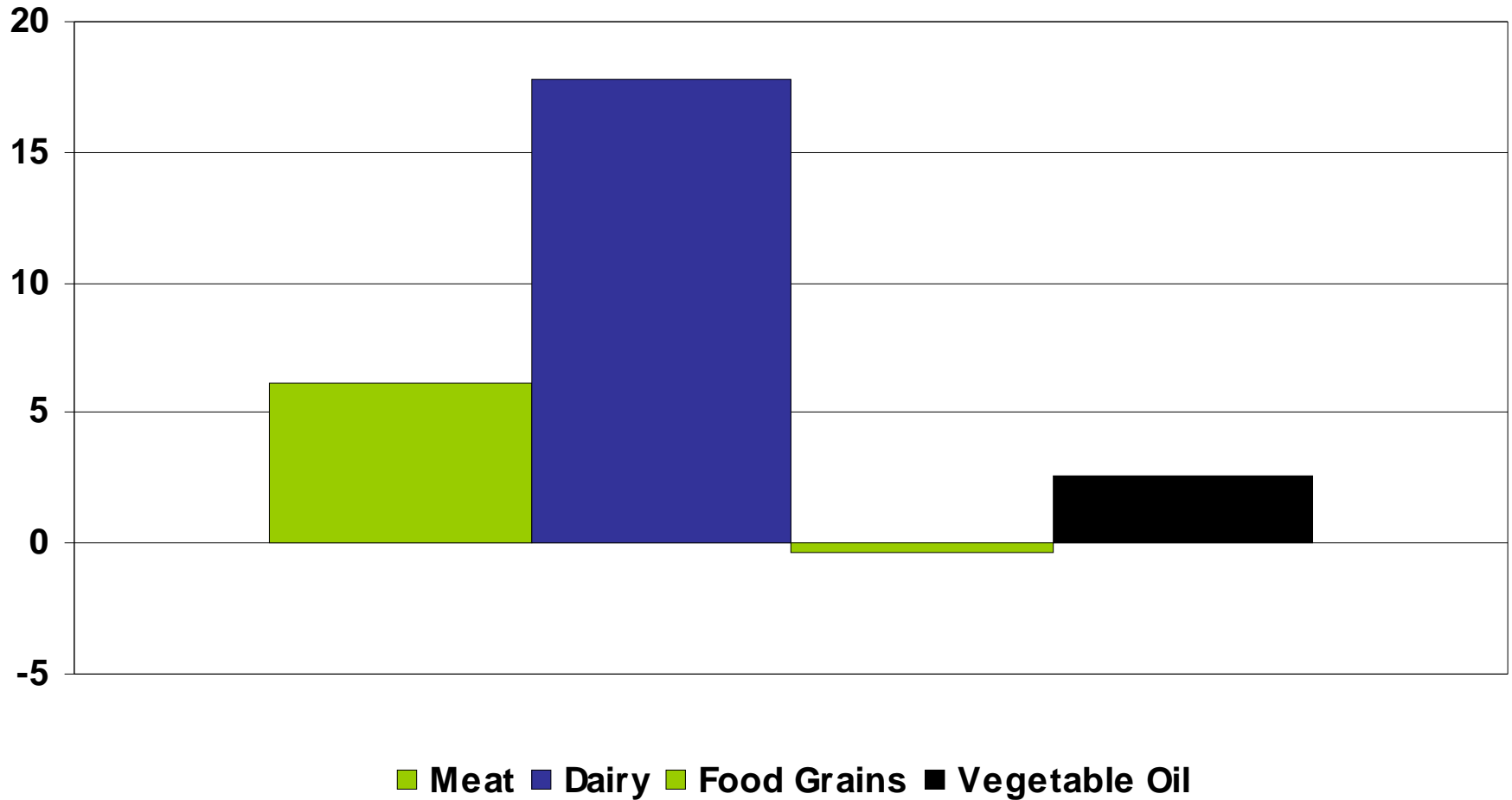


- ***The need to adapt the CAP measures is based on the assumption that a strong CAP is still very much necessary to ensure a sustainable agriculture in the EU***
- ***A sound and sustainable agriculture in the EU is also needed in the context of world food security***

# Changes in Per Capita Food Consumption 2009-2019



Kg/person





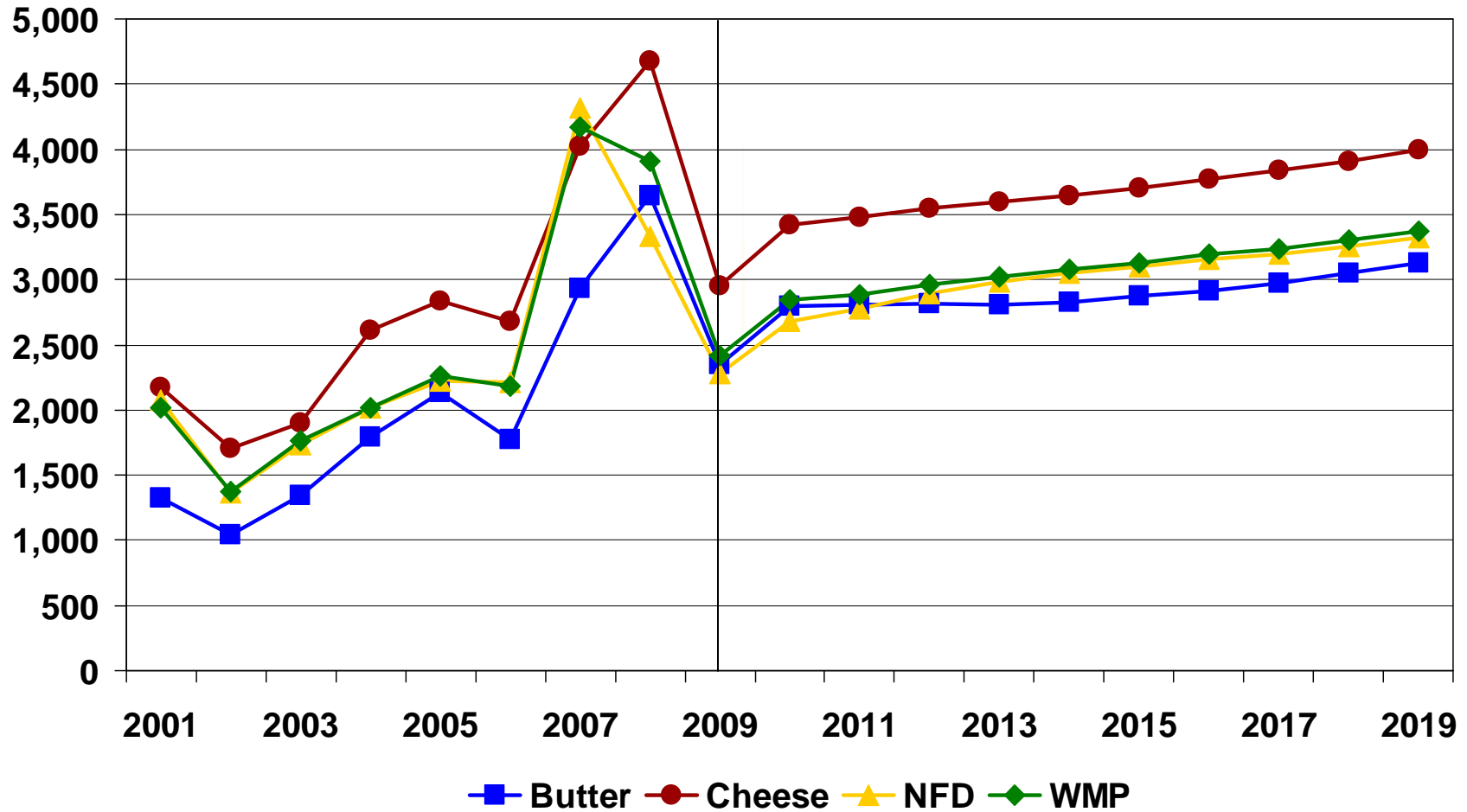


# The M-T outlook for dairy prices



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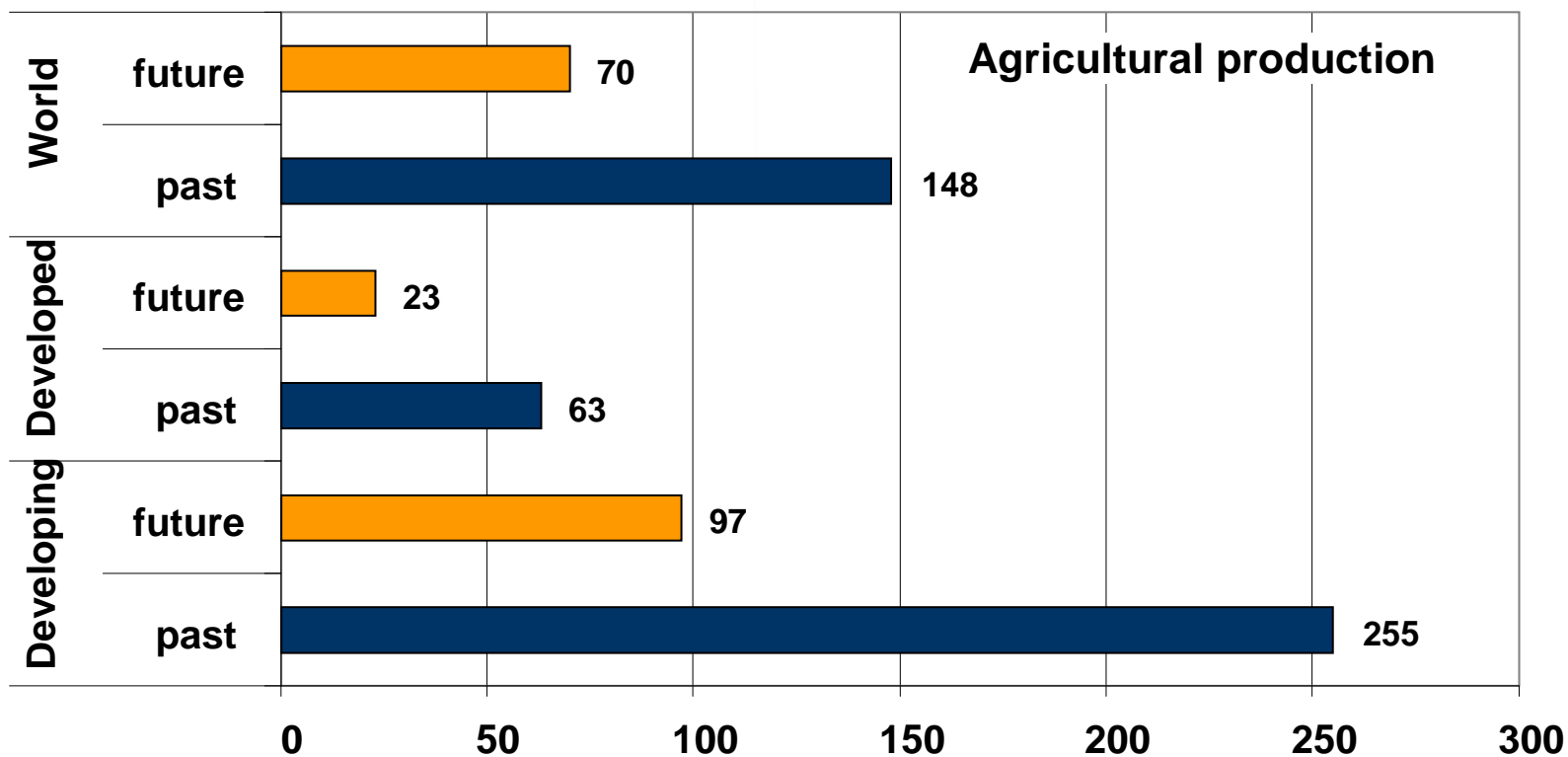
Dollars per mt



Source: Fapri



## How much more needs to be produced by 2050? (%)





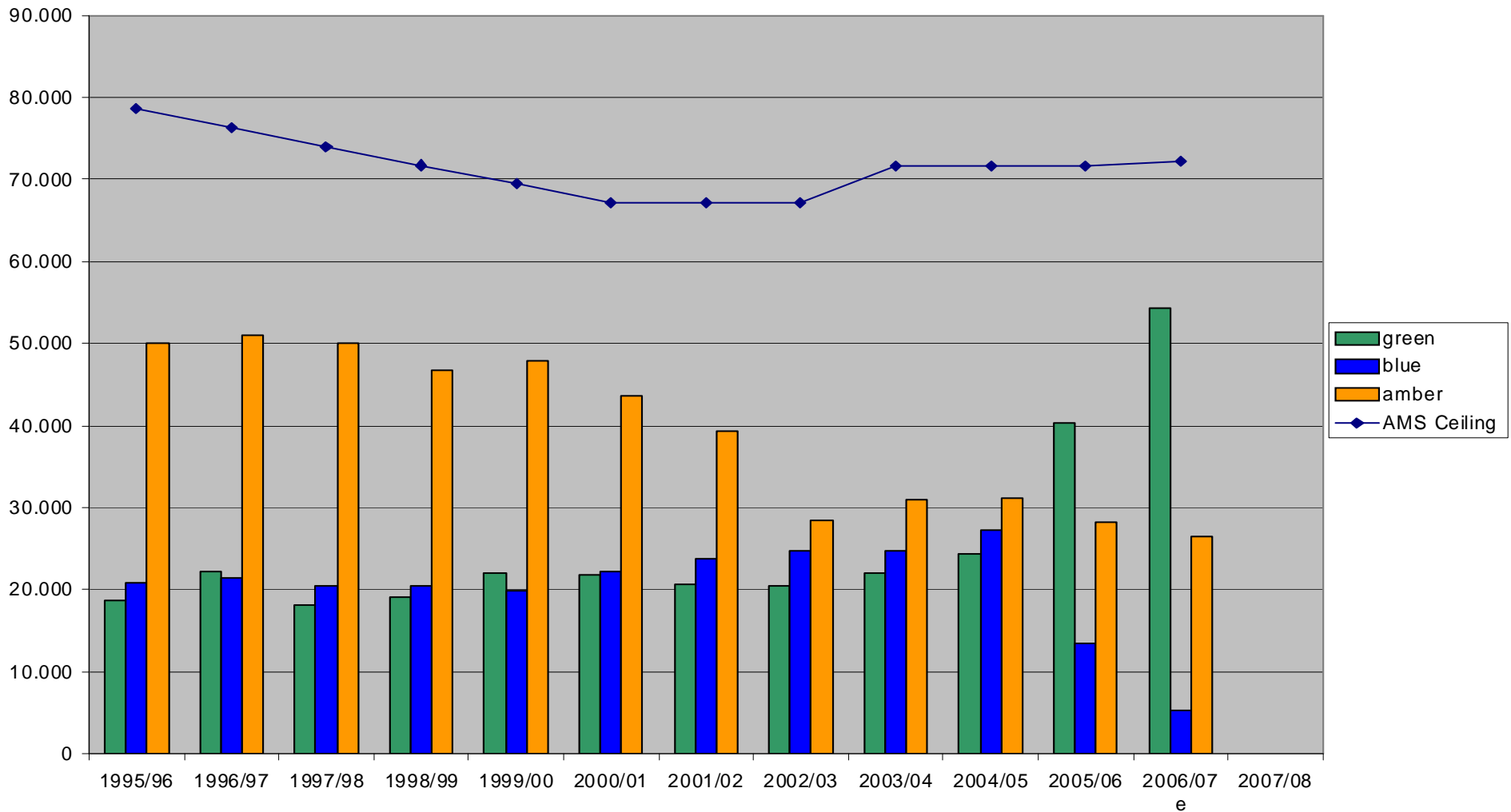
- ***EU Agriculture will necessarily play an important role in the world food context***
- ***It is important that this role be played in consistency with the existing international rules***
- ***The last fifteen years are revealing in this sense...***



# EU domestic support expressed in WTO boxes (bn €)

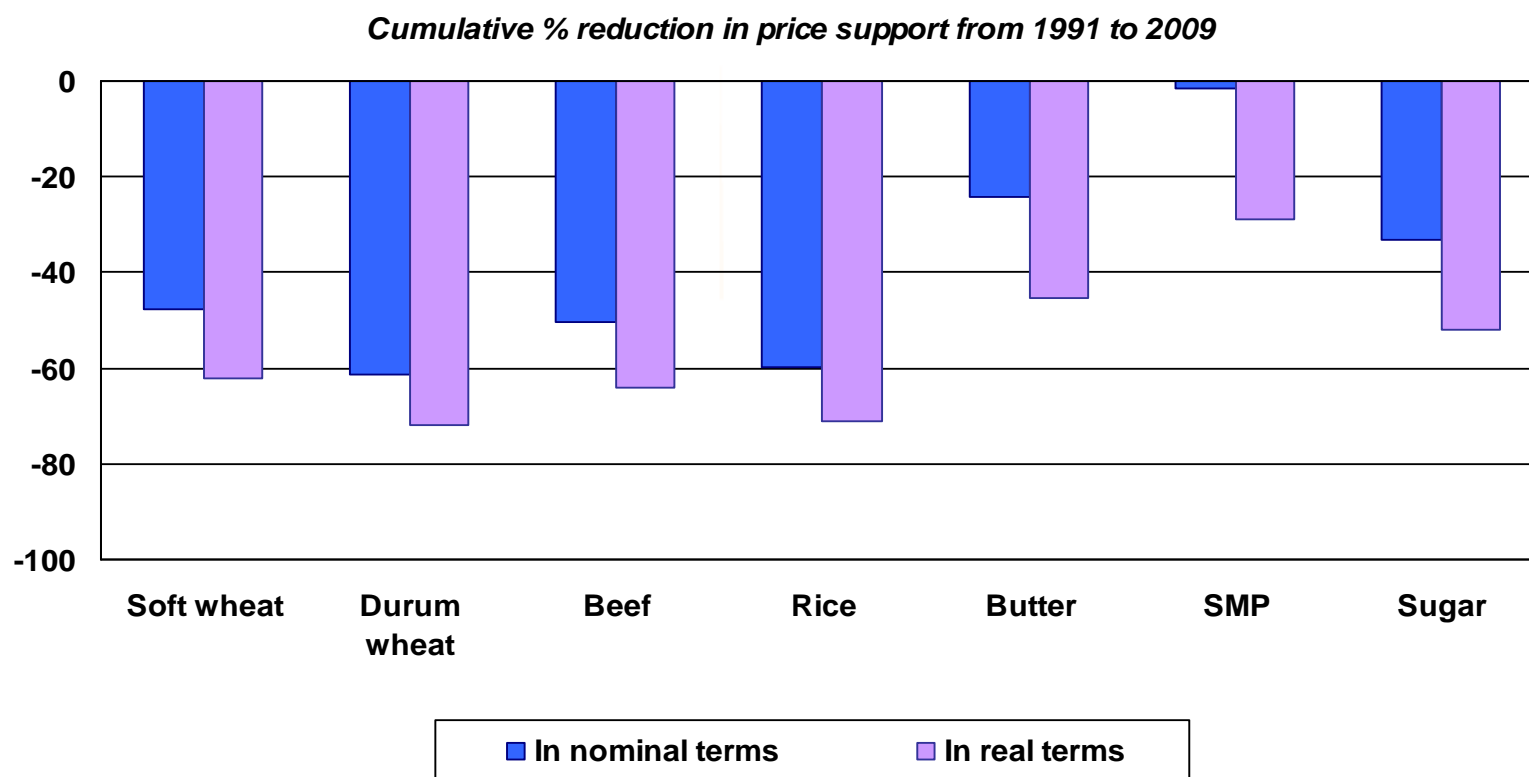


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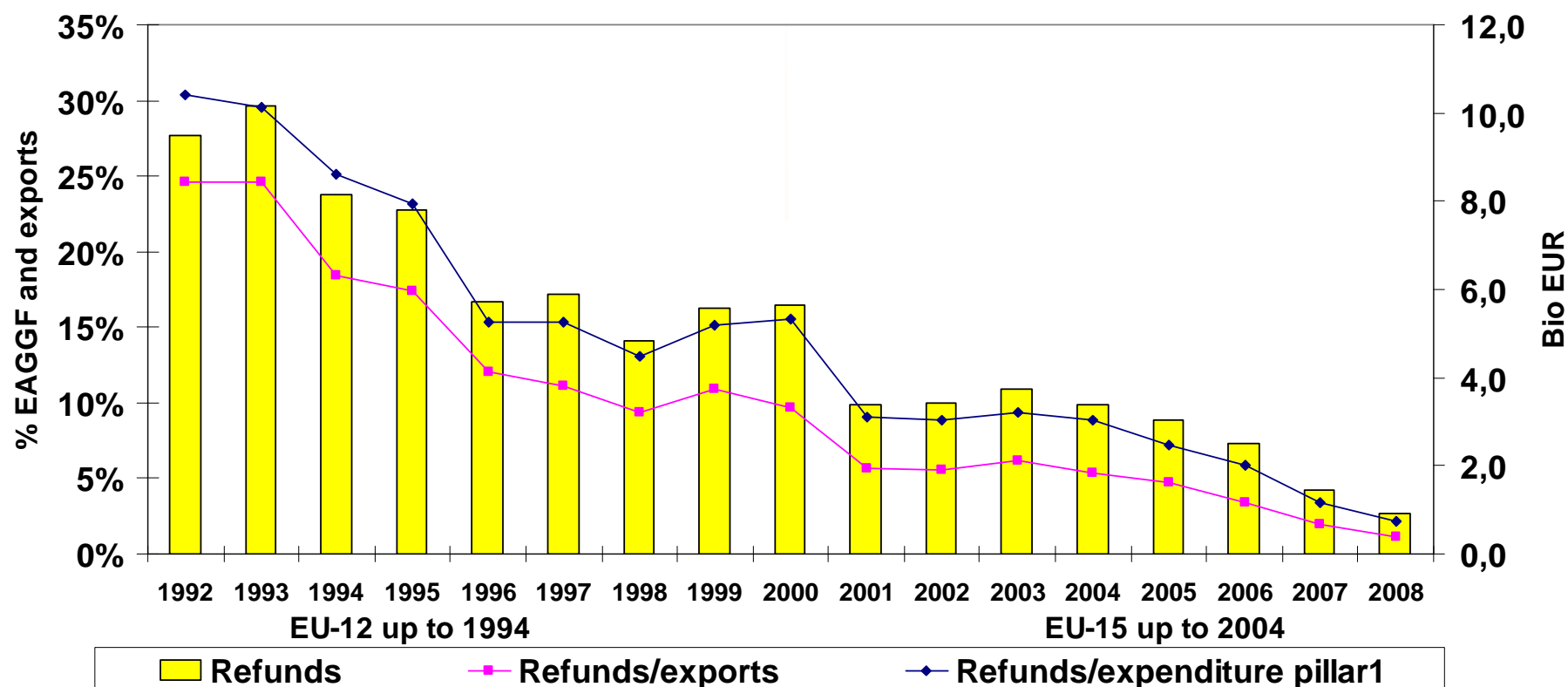
## Cumulative reductions in EU price support



Source: European Commission - DG Agriculture and Rural Development

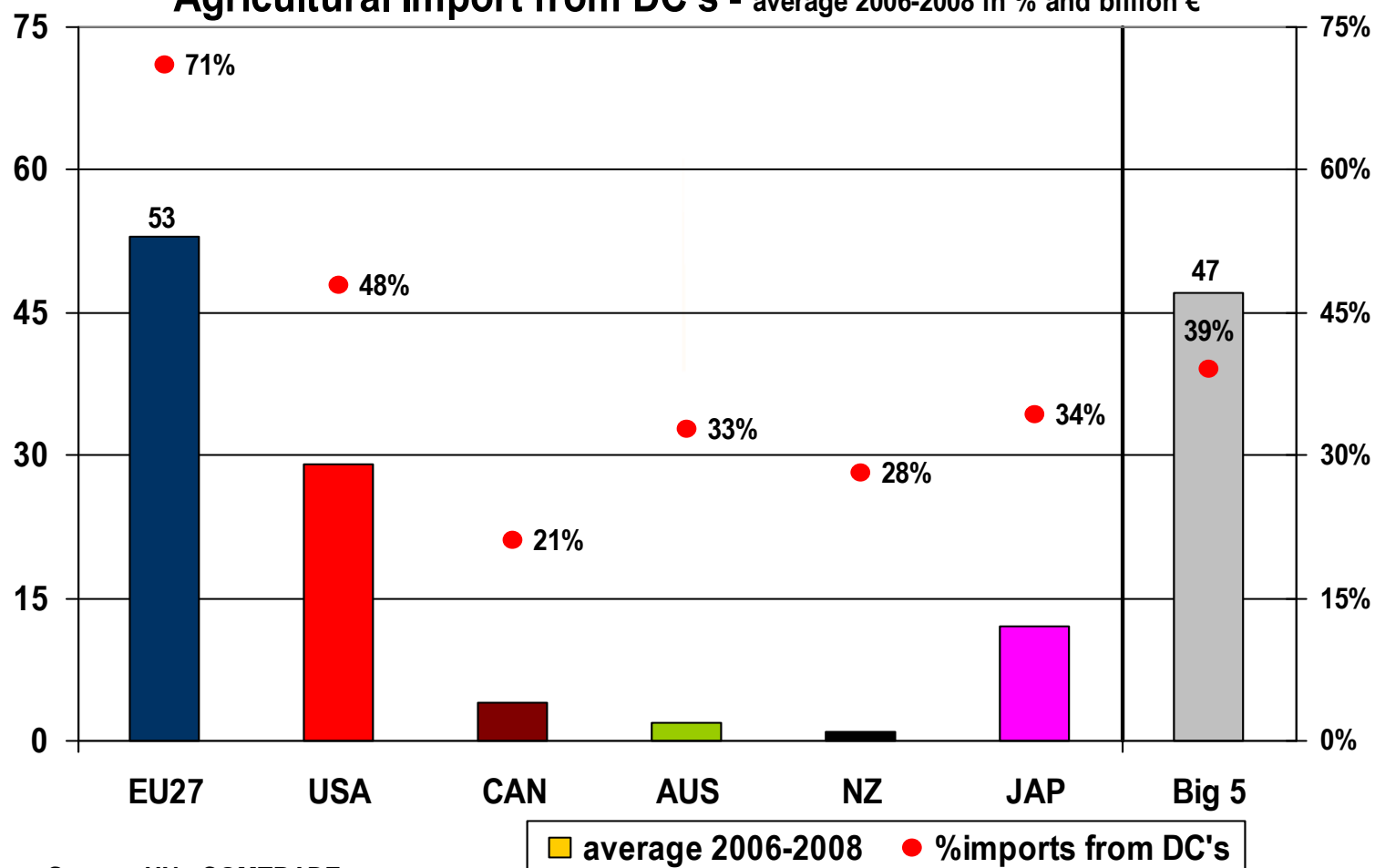


## Export refunds, billion € and % of agricultural expenditure and exports





## Agricultural Import from DC's - average 2006-2008 in % and billion €





- ***The EU will continue to look at the potential impact of the CAP on developing countries. The Commission has recently proposed that the post-2013 measures be assessed against the EU's world security and development objectives in the context of the the Policy Coherence for Development work programme (PCD).***
- ***The PCD work programme is conceived as a tool for all EU institutions and Member States, to guide their reflection and decision-making across the broad range of decisions that affect developing countries' opportunities, including development cooperation.***
- ***The Commission, through inter-service consultations and impact assessments (including trade sustainability assessments), will ensure that development objectives are taken into account and reconciled with other EU objectives.***





## **Conclusions**

- ***The CAP is a necessary policy to allow a sustainable agriculture in the EU***
- ***It needs to be reviewed in the light of the challenges ahead***
- ***A sustainable agriculture in the EU is necessary to address world food security***
- ***The assessment of the consistency between the CAP and the EU's development policy is fully integrated into the EU's decision making process***



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***Thank you for your attention !***

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