



European  
Commission



# Modernising and Simplifying the Common Agricultural Policy

Hearing of the  
European Economic and Social Committee

*"A possible reshaping of the Common Agricultural  
Policy"*

Brussels - 19 April 2017

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#FutureofCAP

Agriculture  
and Rural  
Development



## Summarising the CAP debate

### Achievements of the CAP reform path

- *Bridging the gap between world and EU farm prices, thus increasing **competitiveness***
- *Turning the EU from a major **trade** player for both exports and imports into a net agro-food exporter*
- *Providing relative **income** stability within a very volatile income and price environment*

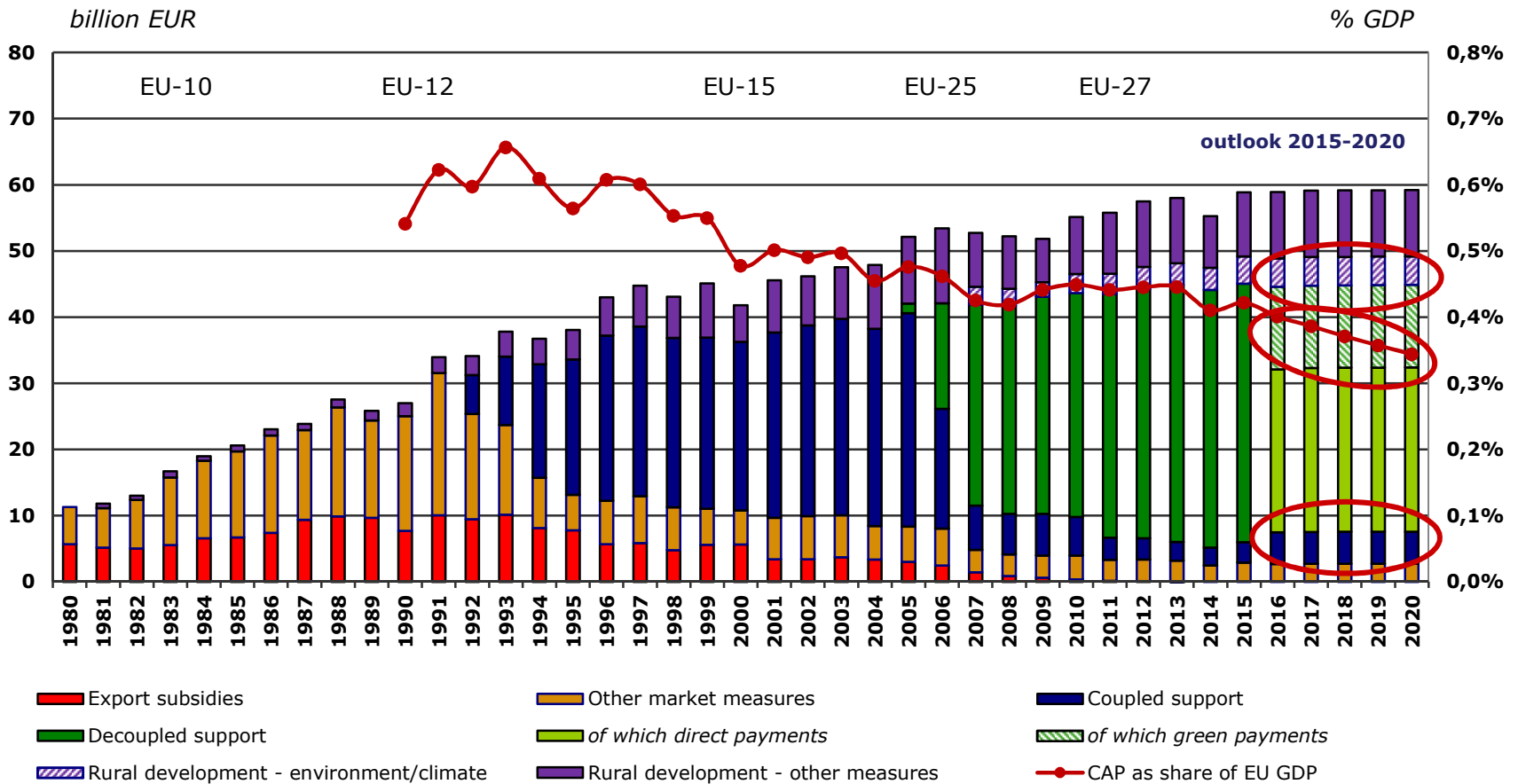
### Shortcomings of the CAP reform path

- *Despite progress, the **environmental performance** of EU agriculture requires further improvement*
- ***Productivity** growth is mainly driven by the outflow of labour, and less by research or innovation*
- *Questions on **equity, safety net and simplicity** of the CAP are still hotly debated*

### Drivers and future challenges

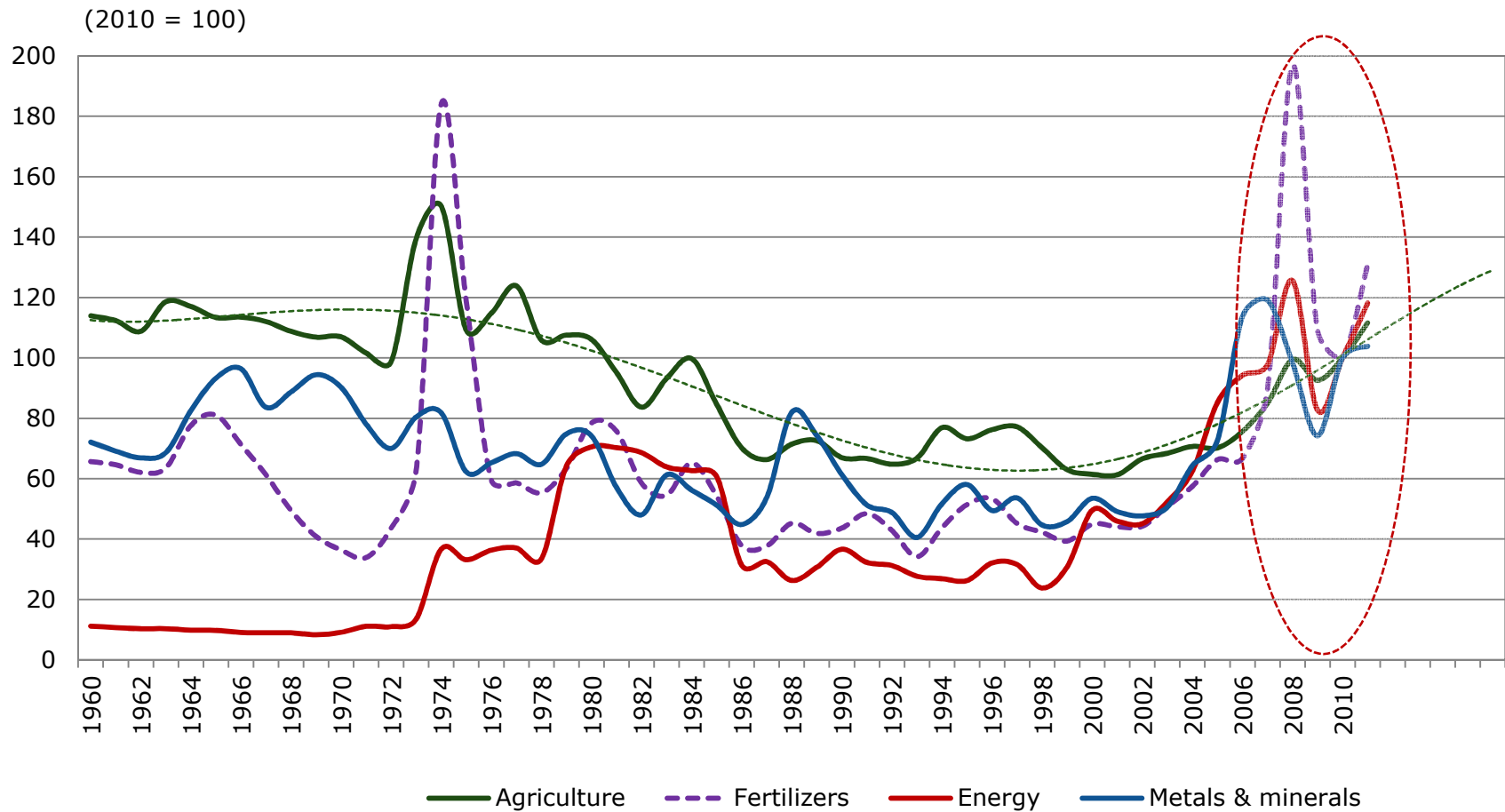
- *The **changing** commodity, economic and **price environment***
- *The changing **trade environment** – especially the shift from multilateral to regional agreements*
- *New **climate change**, environmental and broader sustainability priorities*

## Main issues for the future CAP debate: *public money for private and/or public goods?*



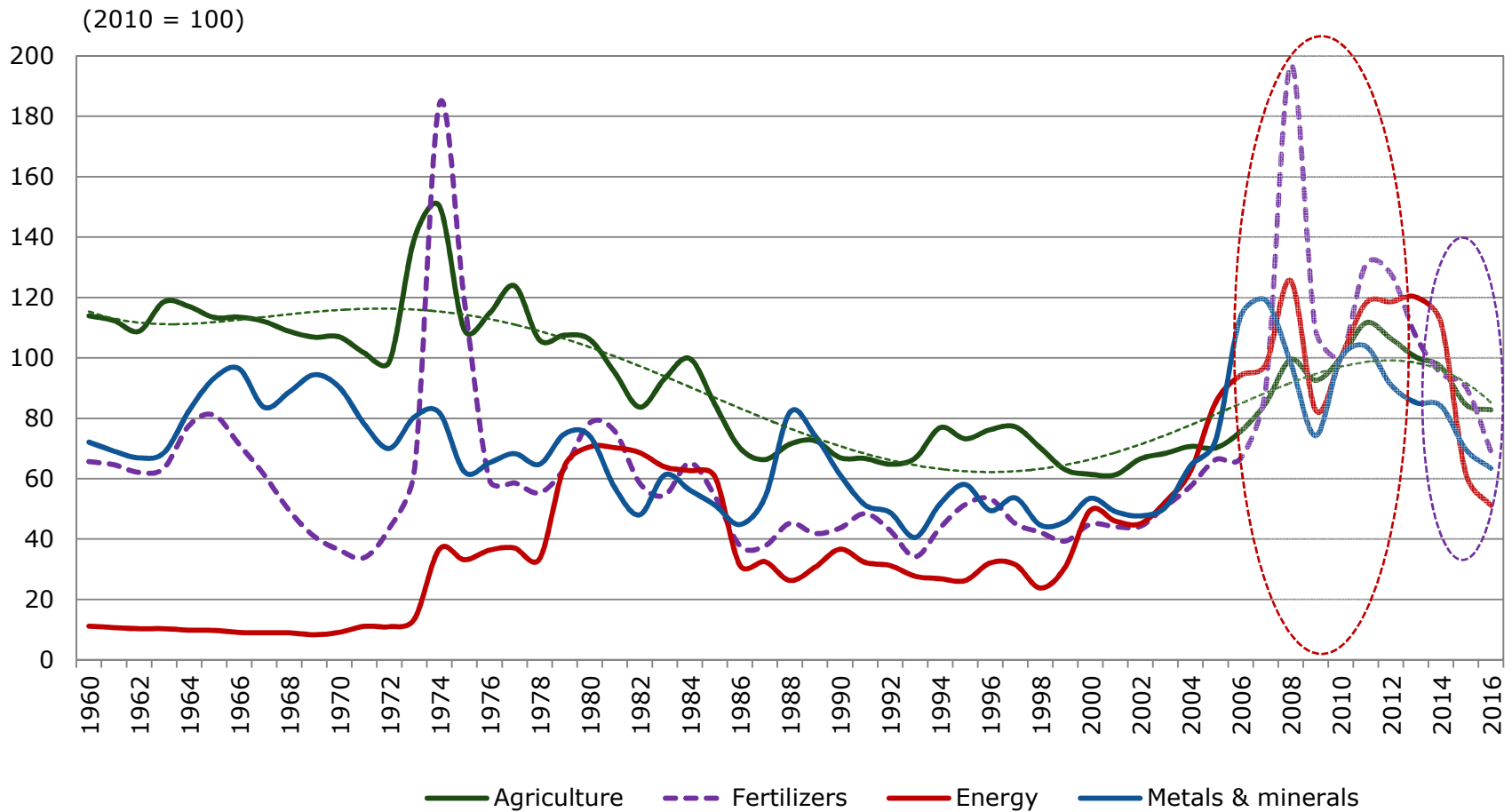
Source: DG AGRI.

## The trend in real commodity prices observed till 2011...



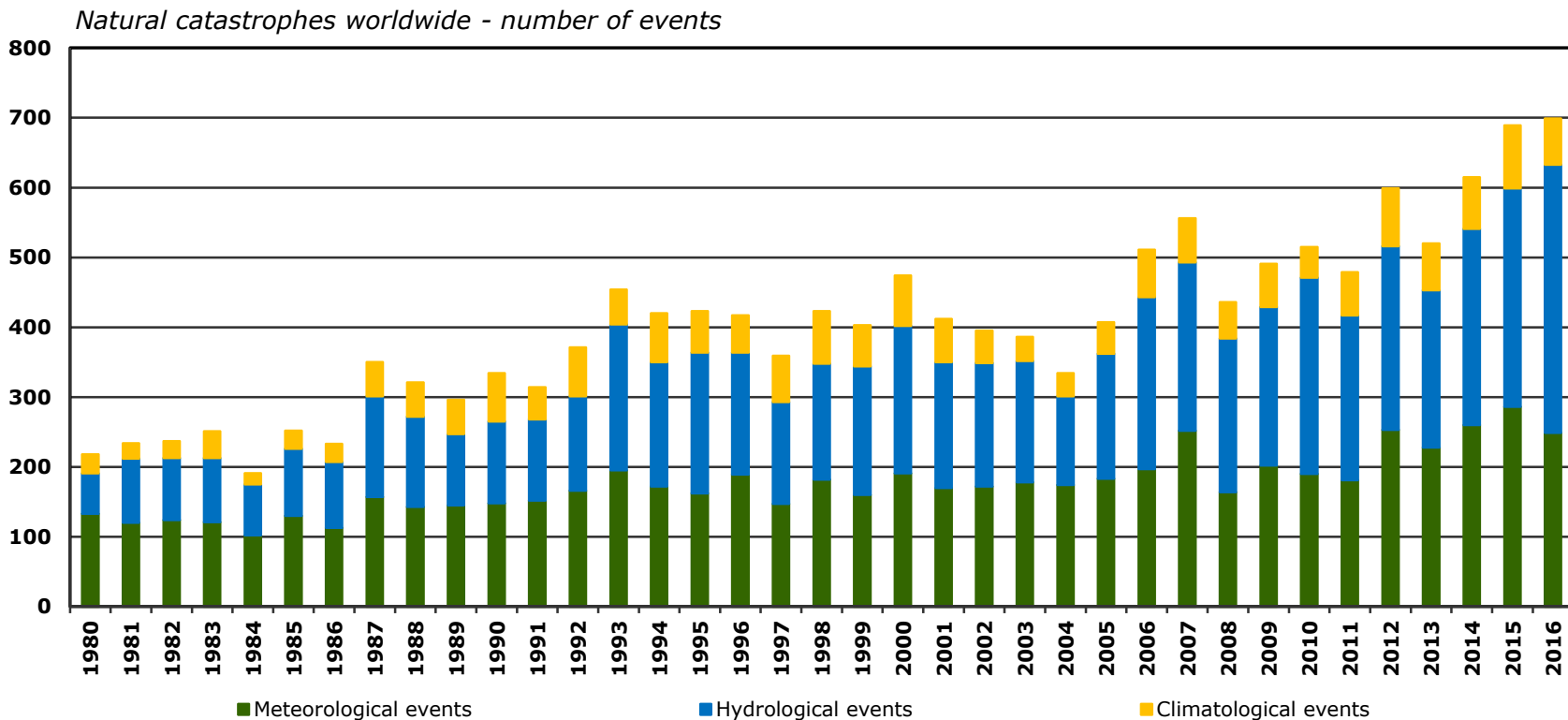
Source: World Bank.

## ...dramatically changed in recent years



Source: World Bank.

## Climate linked loss events in dramatic increase



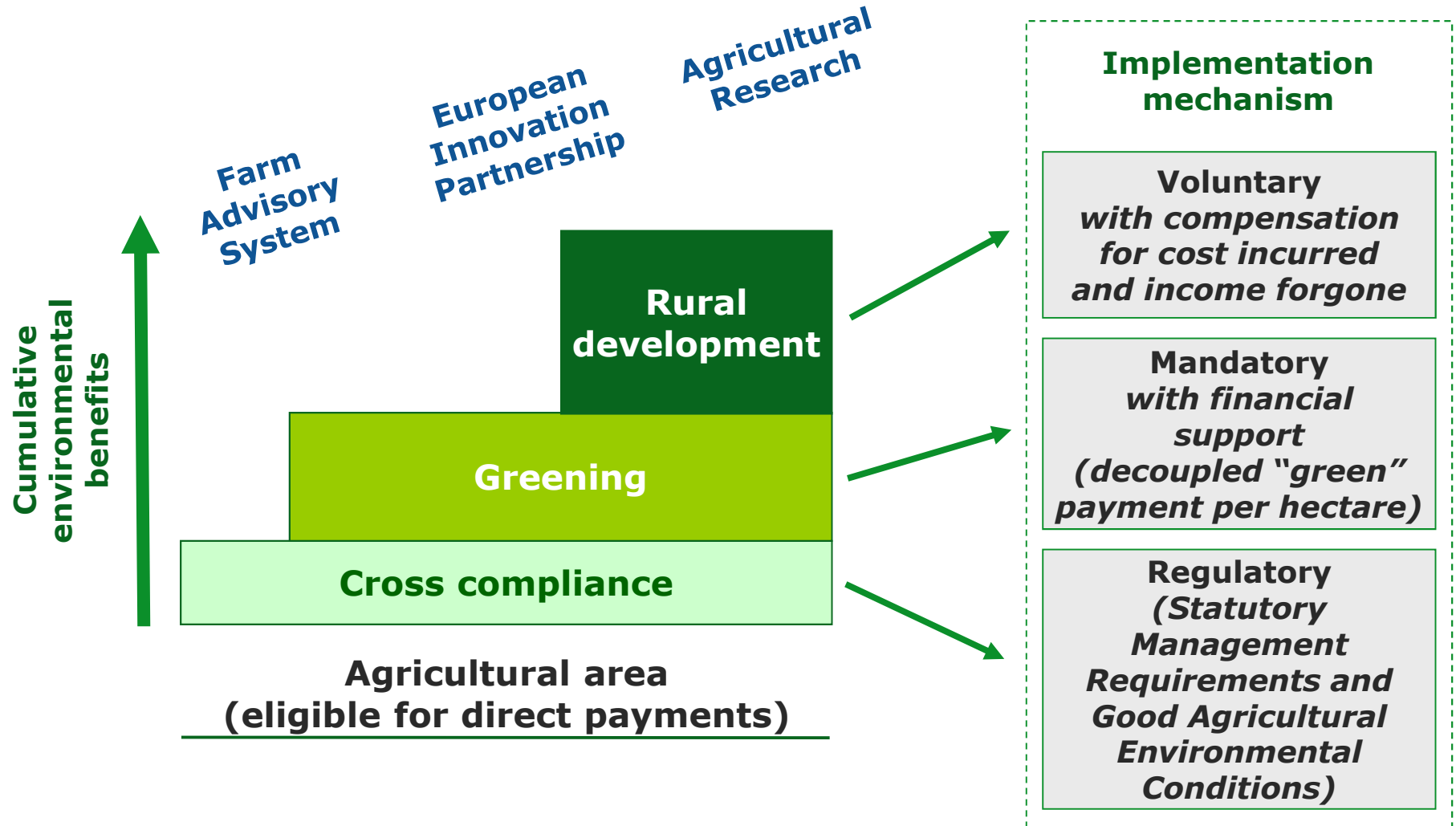
*Meteorological events: Tropical storm, extra-tropical storm, convective storm, local storm*

*Hydrological events: Flood, mass movement*

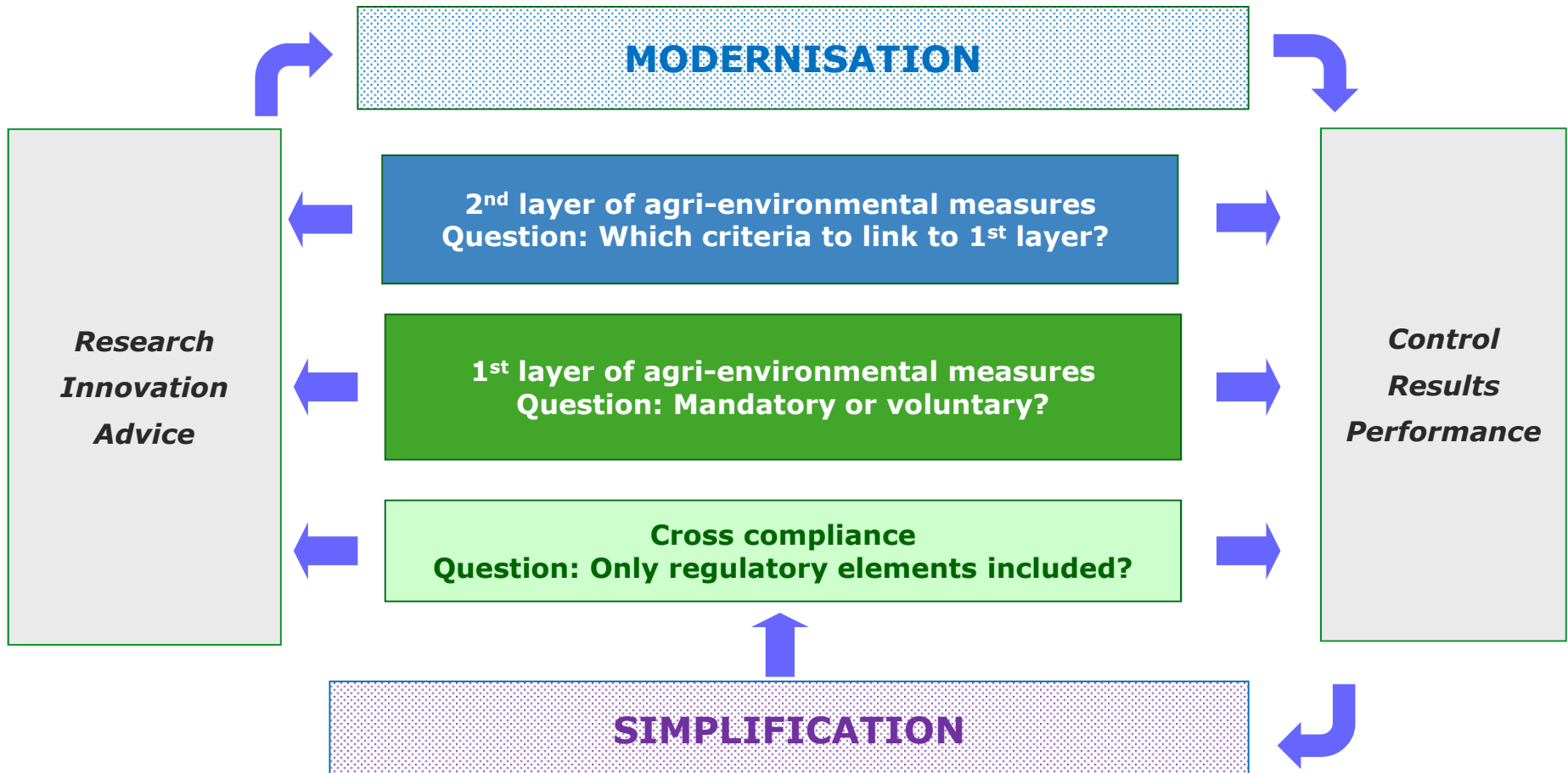
*Climatological events: Extreme temperature, drought, forest fire*

Source: © 2017 Münchener Rückversicherungs-Gesellschaft, Geo Risks Research, NatCatSERVICE (January 2017)

## The "greening" architecture of the CAP...



## ...raised questions on the relationship of its layers







## Turning tensions into synergies and better targets

### Tensions that the future CAP has to address

- *The economy versus the environment – and the impact of cost pressure on environmental ambitions*
- *Subsidiarity versus simplification – especially with respect to EU value added priorities*
- *Jobs versus growth – the difficult, but also promising impact of new technologies on agriculture*

### Synergies that the future CAP has to develop

- *Find the right balance of support between the private and the public good – both face market failures*
- *Redefine the balance between EU, MS and farm responsibilities – to simplify and avoid policy failures*
- *Address jobs and growth challenges in rural areas and in the food chain – to enhance resilience*

### Main questions that the future CAP has to reassess and address

- *Better targeting requires a clear choice of the main target – is it the farm or its land?*
- *Shift towards performance requires a fundamental rethinking of control logic (what, why, how)*
- *Technologies (especially of EU-lead) provide major opportunities, but meet resistance in their use*



## **Reports and data available at:**

[https://ec.europa.eu/agriculture/index\\_en.htm](https://ec.europa.eu/agriculture/index_en.htm)

[https://ec.europa.eu/agriculture/policy-perspectives/index\\_en.htm](https://ec.europa.eu/agriculture/policy-perspectives/index_en.htm)

[https://ec.europa.eu/agriculture/policy-perspectives/impact-assessment/index\\_en.htm](https://ec.europa.eu/agriculture/policy-perspectives/impact-assessment/index_en.htm)

[https://ec.europa.eu/agriculture/markets-and-prices/index\\_en.htm](https://ec.europa.eu/agriculture/markets-and-prices/index_en.htm)

[https://ec.europa.eu/agriculture/events/2016-outlook-conference\\_en](https://ec.europa.eu/agriculture/events/2016-outlook-conference_en)

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[https://ec.europa.eu/agriculture/cap-indicators\\_en](https://ec.europa.eu/agriculture/cap-indicators_en)

**[https://ec.europa.eu/agriculture/consultations/cap-modernising/2017\\_en](https://ec.europa.eu/agriculture/consultations/cap-modernising/2017_en)**

**Thank you for your attention!**