Modernising and Simplifying the Common Agricultural Policy

Hearing of the European Economic and Social Committee

"A possible reshaping of the Common Agricultural Policy"

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#FutureofCAP
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...

(2010 = 100)

...dramatically changed in recent years

Climate linked loss events in dramatic increase

Natural catastrophes worldwide - number of events

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...

- Agricultural area (eligible for direct payments)
  - Cross compliance
  - Greening
  - Rural development

- Implementation mechanism
  - Voluntary with compensation for cost incurred and income forgone
  - Mandatory with financial support (decoupled "green" payment per hectare)
  - Regulatory (Statutory Management Requirements and Good Agricultural Environmental Conditions)

- Farm Advisory System
- European Innovation Partnership
- Agricultural Research
...raised questions on the relationship of its layers

- 1st layer of agri-environmental measures
  - Question: Mandatory or voluntary?

- 2nd layer of agri-environmental measures
  - Question: Which criteria to link to 1st layer?

- Cross compliance
  - Question: Only regulatory elements included?

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**MODERNISATION**

**SIMPLIFICATION**
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/events/2016-outlook-conference_en

https://ec.europa.eu/agriculture/statistics_en

https://ec.europa.eu/agriculture/cap-indicators_en

https://ec.europa.eu/agriculture/consultations/cap-modernising/2017_en

Thank you for your attention!