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european farmers european agri-cooperatives

copa*
geopa
european farmers

CAP post 2013: Copa-Cogeca' s perspective

Geopa-Copa Seminar European Agricultural Labour Market

Paulo Gouveia, Director | Kaunas, Lithuania, 26.11.2013

Outline

- Challenges for European Farmers
- The current Common Agricultural Policy (CAP) – its strengths & weaknesses
- Priorities if we are to meet new challenges
- CAP reform: main elements of the political agreement
- CAP reform: Copa-Cogeca's perspective

Global challenges to agriculture

Growing demand for agricultural products:

- Change in dietary patterns (higher quality protein)
- Food/feed/non-food opportunities (e.g. bio-economy, energy)

Agricultural production under increasing pressure:

- Increasing strain on limited natural resources
- Climate change:
 - Increasing risk of extreme weather events (e.g. floods, droughts)
 - Long-term changes in climate
 - Plant and animal health status (lack of adequate tools for prevention, control and eradication of new emerging diseases/pests)

=>

**Maintain viable farm production in Europe
& adapt to and mitigate climate change**



Additional challenges to European agriculture

- ✓ Challenges of growth and employment in the overall economy - competitiveness and profitability via investments and innovation
- ✓ Cost-price squeeze
- ✓ Competition with third countries as a result of increasing trade liberalisation
- ✓ High regulatory production standards - food safety, animal welfare and environment
- ✓ EU dependence on imports from third countries which do not apply the same standards
- ✓ Unbalanced and unfair functioning food chain

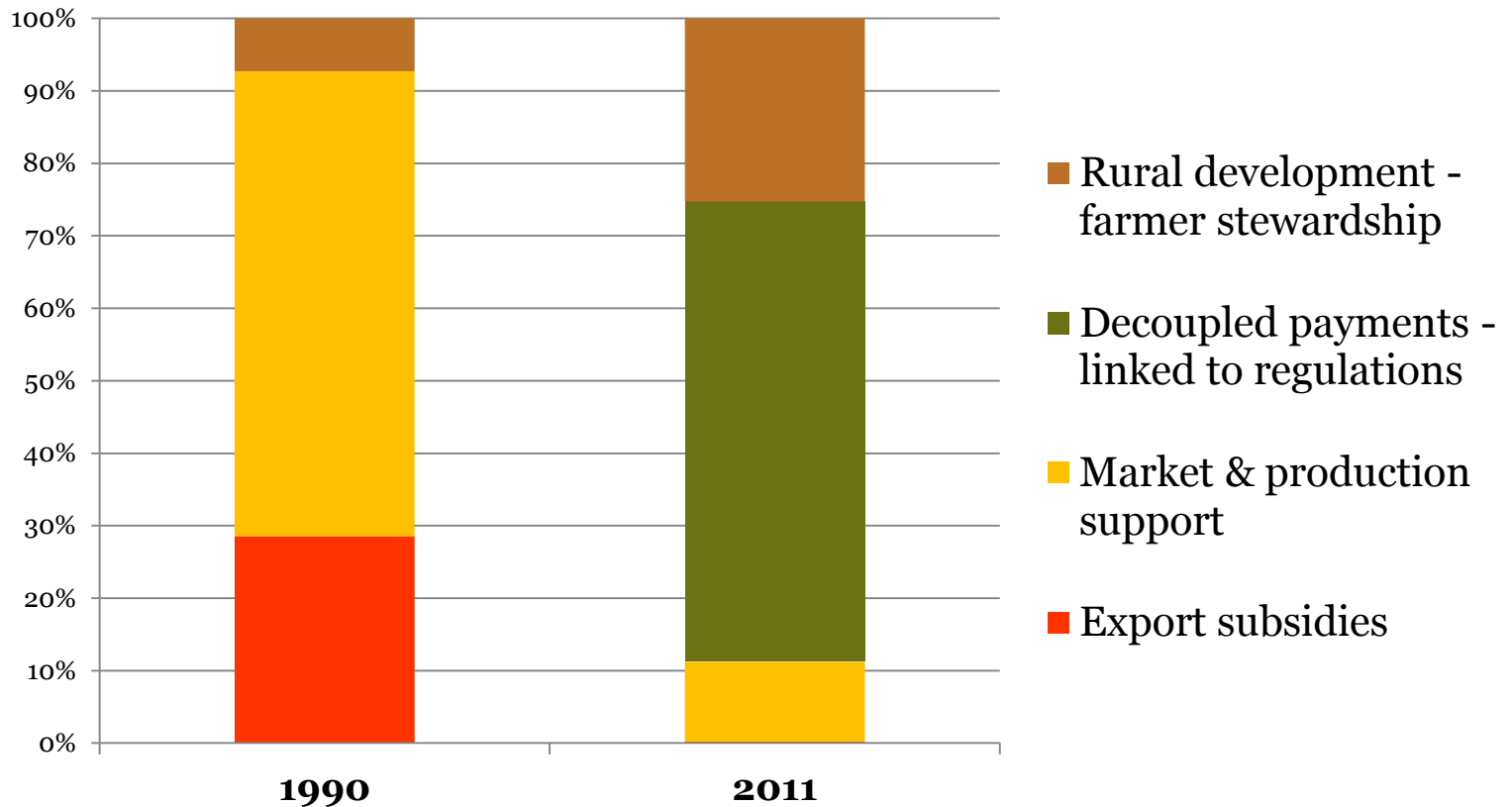
**Is the new CAP able
to respond to these
challenges?**



The Current CAP: strengths & weaknesses

CAP has already been 'greened'

Breakdown of CAP expenditure in %

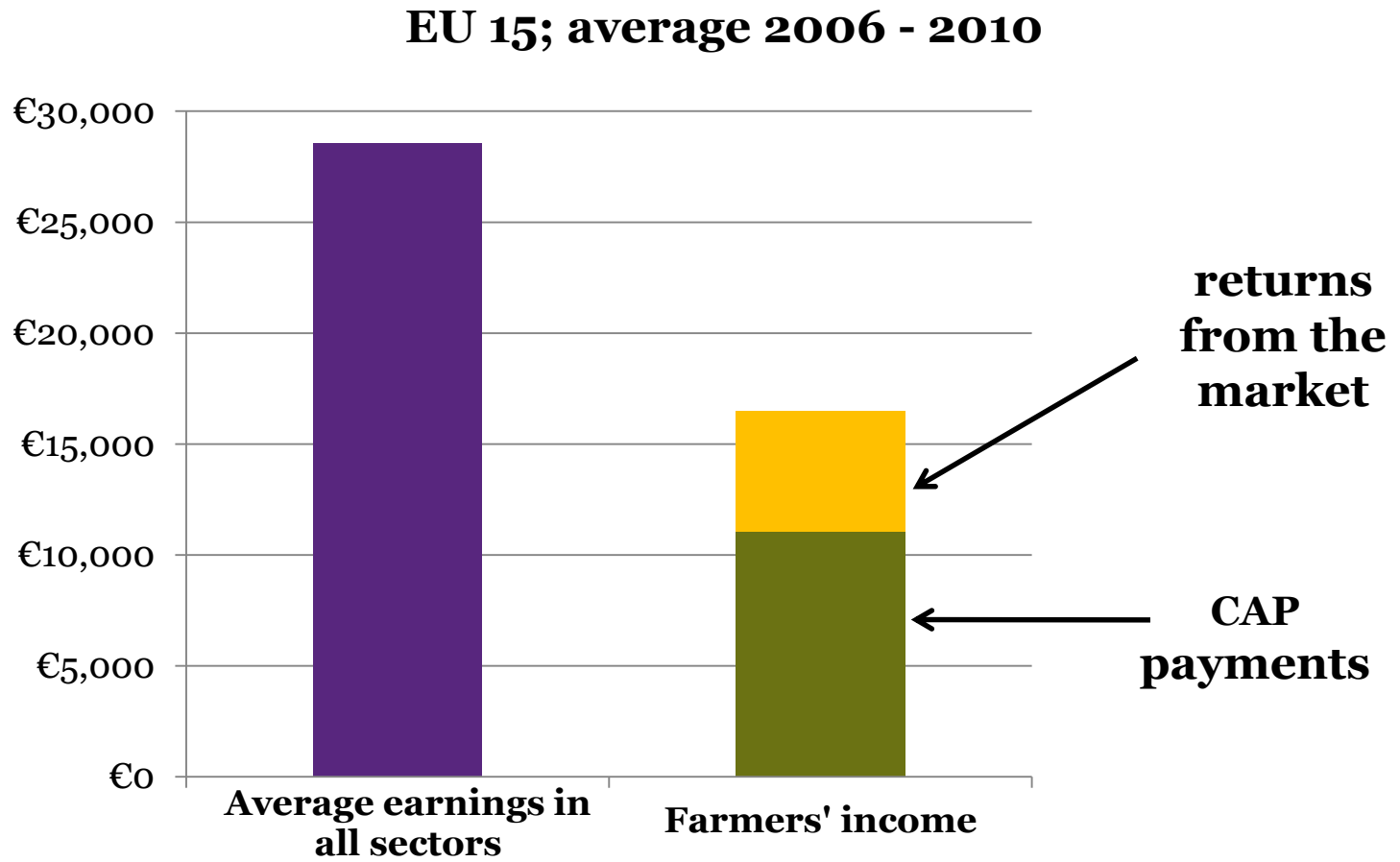


Source: EU budget

CAP priorities since 1990



Low level of profitability – high dependence on CAP payments



Source: Economic accounts & Farm Accountancy Data Network, Eurostat

Policy priorities if we are to meet future challenges

Past world growth rate above 2% pa but will it continue:

**Growth in
world
production
% per
annum**



A bar chart with a single olive-green bar representing the growth rate. The y-axis is labeled 'Growth in world production % per annum'. The bar has the value '2.6%' written inside it.

Period	Growth Rate (% per annum)
2000-2010	2.6%

2000-2010

Source: FAO, 2011

Finite resources – land & water

Climate change

- more extremes
- need to adapt production
- need to mitigate climate change

Priority - productivity gain achieved sustainably - green growth

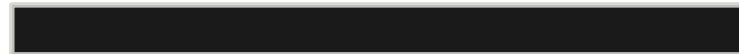
Future CAP – as before?



Or a more balanced CAP?

Profitability &
productivity

High standards
& land
management



A photograph of a combine harvester in a field, unloading grain into a red tractor trailer. The harvester is on the left, and the trailer is on the right. A person in a green shirt is visible in the background on the right. The sky is overcast. A large orange text box is overlaid on the bottom right of the image.

CAP reform – main elements of the political agreement

CAP reform - Procedure

12 April 2010

Public debate
on the future of
the CAP

Communication
from the
Commission

Legislative
proposals

EP reports

Council
mandate

Trialogues

24 September 2013

Final political
agreement between
the three institutions

- Wider representation of interests
- New institutional reality: the European Parliament (EP) co-legislator for the first time in agriculture
- Budgetary constraints across the EU



Main elements of the Direct Payments Regulation (DP)

- MFF 2014-2020 decision - a 15% reduction in CAP spending
- External convergence: redistribution of DPs between Member States (MS)
- Transfers between pillars
- Crisis reserve to be deducted from DPs and refunded if not used
- ✓ Internal convergence: move to a flat rate payment within MS
- ✓ Compulsory degressivity and voluntary capping of payments above certain limits
- ✓ “Active farmer” & minimum requirements for receiving DPs

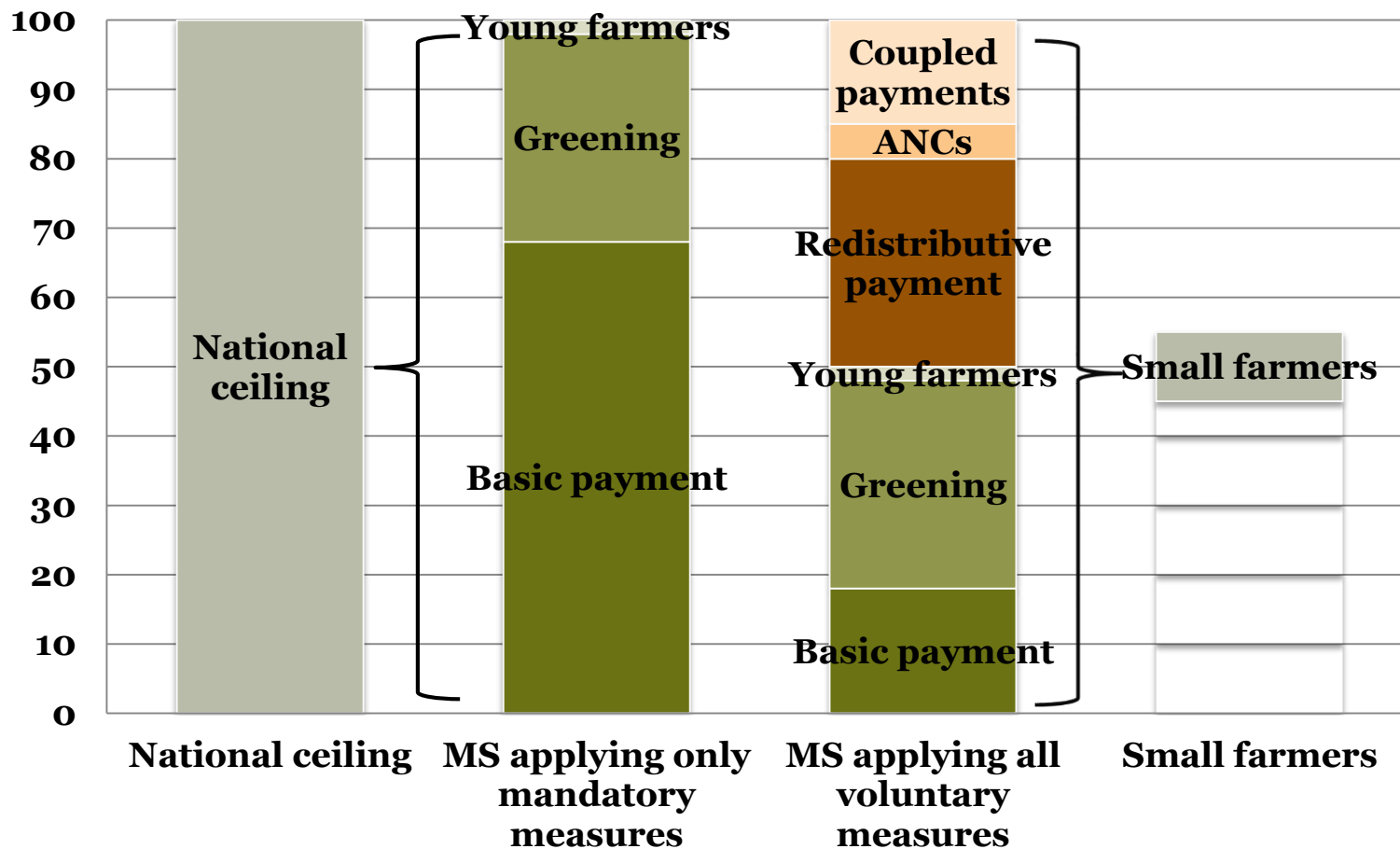
-
- = applying from 2014
 - ✓ = applying from 2015

New support schemes

Support schemes	Description	Amount
Basic payment	Mandatory	Remaining amount
Redistributive payment	Voluntary	Up to 30% of ceiling
Greening	Mandatory	30% of ceiling
Payment for Areas with Natural Constraints (ANC)	Voluntary	Up to 5% of ceiling
Payment for young farmers	Mandatory	Up to 2% of ceiling
Coupled payments	Voluntary	Up to 8%-13% of ceiling plus 2% for protein crops
Payment for small farmers	Voluntary	Up to 10% of ceiling

New support schemes applying from 2015

Flexibility in national decision-making



Greening



- **Crop diversification**
 - ✓ Between 10-30 ha of arable land: at least 2 crops, with the main one not covering >75% of that land
 - ✓ >30 ha of arable land: at least 3 crops, with the main one not covering >75% of that land and the 2 main crops together not covering >95% of that land
- Maintain at least 95% of **permanent grassland** calculated at national, regional or sub-regional level
- **Ecological Focus Area** on 5% of arable land >15ha
- **Equivalent measures**
 - ✓ Agri-environment-climate measures, only on land eligible for DPs
 - ✓ National/regional certification schemes
- **Organic farming** *ipso facto* green

Main elements of the Single CMO Regulation

It applies from 2014

- Maintenance of most public intervention and private storage provisions
- Safeguard clauses for all sectors to enable the Commission to take emergency measures, which will be funded from the crisis reserve
- Systems of production limitation:
 - ✓ end of milk quotas in 2015 and integration of the “milk package”
 - ✓ end of sugar quotas in 2017, with contractual arrangements to continue afterwards
 - ✓ end of vine planting rights in 2015, replaced by a new authorisation scheme until 2030
- Regulation of supply for cheese and ham with PDO/PGI



Main elements of the Single CMO Regulation (cont'd)

- Contractual relations open to all sectors
- Producer Organisations & Inter-Branch Organisations
 - ✓ Now covering all sectors
 - ✓ Extension of rules (e.g. standard contracts, marketing standards)
 - ✓ Possibility for POs to collectively negotiate contracts for the supply of olive oil, beef, cereals and other arable crops
 - ✓ In case of severe imbalance in the market, the Commission may authorise POs or IBOs to take certain temporary measures collectively (e.g. market withdrawal or storage by private operators) to stabilise the sector concerned



Main elements of the Rural Development Regulation

- **Common Strategic Framework** translates the EU 2020 objectives in concrete opportunities
- **Partnership agreement** – defines the priorities for the use of the five funds
- From four axes in Rural Development (2007-2013) to **six priorities:**
 1. Fostering **knowledge transfer and innovation**
 2. Enhancing **competitiveness** and farm viability
 3. Promoting **food chain organisation** and risk management
 4. Restoring, preserving and enhancing **ecosystems**
 5. Promoting **resource efficiency** and supporting the shift towards **a low-carbon** and climate-resilient economy
 6. Promoting **social inclusion, poverty reduction and economic development**



Main elements of the Rural Development Regulation (cont'd)



- ✓ 25 measures – e.g. investments, setting-up producer groups and organisations, area facing natural or specific constraints, risk management
- ✓ At least 30% of the EAFRD for agri-environment-climate measures, environment and climate investments, forestry measures, organic farming and Natura 2000
- ✓ Targeted agri-environment-climate measures
- ✓ No new measures to boost competitiveness nor for more efficient use of resources
- ✓ Higher support for collective actions
- ✓ Co-operation measure – more options: pilot projects, sharing of facilities and resources, joint approaches to environmental projects etc.
- ✓ EIP for agricultural productivity and sustainability – operational groups targeting innovation in agriculture and forest

Main elements of the Horizontal Regulation

- Less control requirements where previous checks have shown good results *vs* more checks in regions where there are problems
- Farm Advisory System
- Greening:
 - ✓ No double funding
 - ✓ No penalty other than forfeit of greening payment in 2015 and 2016, then penalty going up to 20% and 25%
- Cross compliance:
 - ✓ Simplification and early warning
 - ✓ Review clause in 2017 on the inclusion of WFD and SUD
 - ✓ Provisions for small farmers
- Administrative penalties for non-compliance
- Monitoring and evaluation in 2018 and in 2021

CAP reform – Next steps

24 September 2013

Summer 2014

• **Finalisation of the basic acts**

- ✓ Adoption by EP Plenary (20th November) and by Council in December
- ✓ Publication and entry into force in January/February 2014

• **Transitional Regulation for 2014**

- ✓ Adoption by EP Plenary (20th November) and by Council in December
- ✓ Publication and entry into force before end 2013

• **Delegated and implementing acts (DA & IA)**

- ✓ First meetings of experts groups and management committees have taken place
- ✓ Discussions to be finalised before end 2013 to allow for adoption by the Commission before the EP recess period
- ✓ Publication and entry into force before summer 2014

A photograph of a farmer in a blue jacket standing in a wooden barn. The barn has a high, vaulted wooden ceiling with exposed beams. In the foreground, a cow is lying down on a bed of straw. The overall scene is dimly lit, with light coming from a window on the left. A solid green square is overlaid on the left side of the image.

CAP reform - Copa-Cogeca's perspective

Main objectives – will they be achieved?

- Ensure maintenance of production in the EU
=> *Support going to “active farmers”, but the most productive farms will be penalised*
- Further improve the environmental sustainability of farming in an effective, practical & fair way
=> *Mandatory greening may bring some environmental benefits, but with high costs & increased bureaucracy*
- Improve farmers’ economic position and reduce farmers’ dependency on DPs
=> *Decreasing DPs, but not matched with measures to improve farmers’ share of income from the market*



Main objectives – will they be achieved? (cont'd)

- Targeted and flexible approach of Pillar 1
⇒ *Implementation takes account of specificities in MSs, but coherence within a **common** EU policy must be ensured*

- Strengthen farmers and agri-cooperatives' position in the food chain
⇒ *POs and IBOs may contribute partially to enhance farmers' position in the food chain, but further action needed*



Main objectives – will they be achieved? (cont'd)

- Encourage “green growth” - measures to improve environmental sustainability whilst reinforcing farmers’ economic position (e.g. greater resource efficiency)
⇒ *No specific measures to encourage green growth, but greater flexibility for MSs to use RD measures for this purpose*
- Broader concept for Farm Advisory System; vocational training
⇒ *Need targeted action*
- Reduce red tape and administrative burdens
⇒ *More not less red tape*



Thank you

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