Reform of the Common Agricultural Policy

Subject to the ordinary legislative procedure, the reform of the EU's Common Agricultural Policy (CAP) is under discussion in the Council and Parliament. The plenary is to consider negotiating mandates for the Committee on Agriculture and Rural Development under Rule 70a on the four main legislative proposals of the CAP reform package.

Overview of CAP reform proposals

For the Commission, the CAP should remain a policy of strategic importance, promoting viable food production, environmental sustainability and balanced territorial development, while becoming fairer, greener and economically more competitive.

The proposed 'Horizontal Regulation' would set general CAP financing rules and provisions on simplified management and control of agriculture funds (including a common framework with other EU funds). It would reinforce cross compliance (notably on environmental and climate objectives) and bring the CAP into line with the Europe 2020 strategy. This proposal maintains the two pillar structure, while introducing some flexibility for transfers between the pillars.

Pillar I covers annual **direct payments** to farmers as from 2014 (with transition for 2013 payments already decided) as well as specific **market measures.** The proposed 'Direct Payments Regulation' would promote sustainable agriculture (30% of MS' allocations should be dedicated to measures beneficial to the environment or the climate). It also seeks to better target support to certain actions (e.g. diversification, permanent pasture), areas (notably those facing natural constraints) or beneficiaries (e.g. genuine active farmers, capped support for large beneficiaries). Based on simplified measures (e.g. single type of payment entitlements), the new direct payments system also aims for more convergence of the level of support within and between Member States.

The new 'Single Common Market Organisation' (CMO) would review provisions on public intervention, private storage, emergency situations (e.g. market disturbance), cooperation through producer and inter-branch organisations or aid to specific sectors. Safety mechanisms for the dairy sector would be reviewed; support to some sectors (e.g. hops, silkworms) would end.

EU agriculture in 2010-2011

- **≈ €385 billion** output value (producer prices 2011)
- **> 9.7 million** full-time annual **jobs**
- **> 1.7 million km²** of utilised agricultural area (> 40% of EU territory)
- **≈ 134 million livestock units** (indicator based on feed needs; e.g. = 1 dairy cow, = 10 sheep, or = 71.4 laying hens)
- **≈ 12 million agriculture holdings**:
  - 32% Romania; 14% Italy; 13% Poland
  - 49% with surface area less than 2 ha; 3% of more than 100 ha
  - 25% specialised in field crops; 15% focused on grazing livestock
  - 1.3 % in organic farming

Pillar II covers the proposed 'Rural Development Regulation', building on a proposal for a Common Strategic Framework for EU funding instruments. In particular, it encourages innovation and reinforces networks or cooperation measures, notably through higher co-financing rates which would also continue to apply to less developed regions. It would establish some tools (e.g. support to mutual funds) to deal with volatility in agricultural markets.

CAP budget

Put in perspective, the cost of the CAP has gradually decreased since the 1970s as a proportion of European gross national income and of the total EU budget.

In its conclusions on the 2014-2020 Multiannual Financial Framework (MFF), the European Council allocated €277.85 billion and €84.93 billion to CAP pillars I and II respectively. These budgets are lower than the current MFF and the Commission's initial and amended proposals. Detailed figures for reduction vary, but the overall CAP budget would suffer a two-digit cut compared to 2007-2013.

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