

Common agricultural policy

- **Jobs, growth and investment** – Employment in the EU's rural areas is above its pre-crisis level. In 2015, 65 % of the working-age population had jobs.
- **Energy union and climate change** – Net greenhouse gas emissions from EU agriculture continued to fall in 2014 to 516 million tonnes of CO₂ equivalent, down from nearly 522 million tonnes in the baseline year of 2012. Emissions continued their positive long-term trend, having fallen by 24 % since 1990 in the EU-28.
- **Digital single market** – Broadband access in rural areas is improving. Next-generation access in rural areas had reached 40 % of homes by mid-2016 while standard access had climbed to 93 % of homes by mid-2016.

Source: [European Commission](#).

What is agricultural policy for?

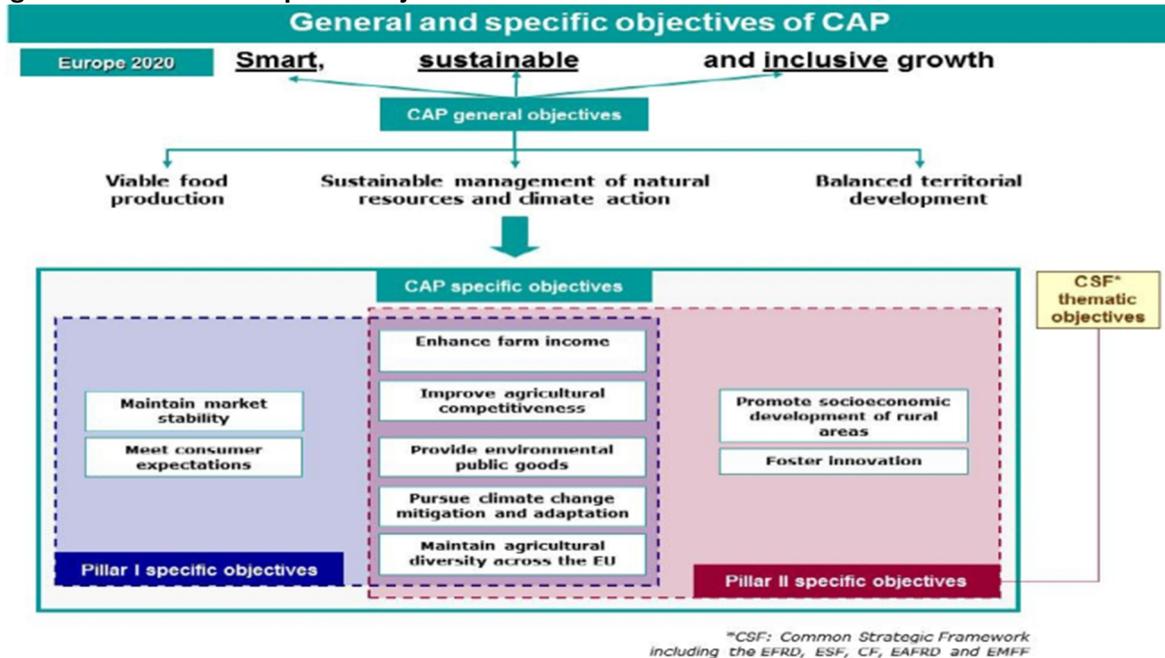
After World War II, Europe was in pieces, devastated and facing a shortage of food. The main objective of the European Coal and Steel Community, a new institution set up in 1952, was therefore to work to unite a fragmented Europe. Lack of food was one of earliest challenges; action at European level was necessary in order to make Europe self-sufficient in food and to secure an adequate food supply and the free flow of food and agricultural products within Europe. The common agricultural policy (CAP) was formed in 1962 to ensure that people could have food at affordable prices and that farmers would earn a fair living for their work. CAP is one of the European Union's oldest common policies.

A sizeable world import-export market exists for agricultural products. In 2016 the EU28 exported €131 billion and imported €112 billion in agri-food products, with a balance of €19 billion ([European Commission](#)). Global agricultural prices are determined freely, based on supply and demand. If producer prices for agricultural products were higher, farmers would earn more and there would be less need for agricultural support; higher food prices do not benefit consumers however. The [OECD-FAO](#) expects real prices to remain flat or decline for most commodities. The reduction in prices poses existential challenges for many farmers who cannot compensate for price reductions by increasing their (production) efficiency or production levels. The European Union's agri-food sector is one of its biggest economic sectors, numbering 22 million farmers and agricultural workers. Around 44 million jobs in food processing, food retail and food services are dependent on agriculture ([European Commission](#)).

The role of the EU's common agricultural policy is to assist in providing a decent standard of living for Europe's farmers and agricultural workers, along with a stable, varied and safe food supply for European citizens. It contributes to job creation and economic growth, helps to mitigate climate change (by means of financial incentives for greener farming for instance) and also encourages sustainable development.

Figure 1 below describes CAP's objectives and the channels through which these are to be reached.

Figure 1 – General and specific objectives of CAP

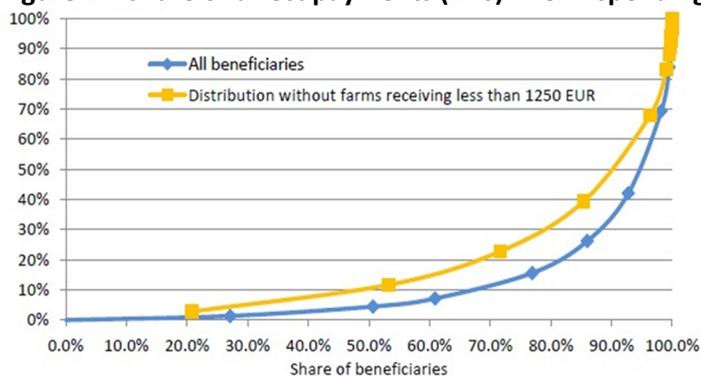


Source: European Commission.

CAP also has an essential role to play in achieving the Juncker Commission's 10 priorities, in full coherence with other policies, namely: boosting quality employment, growth and investment; harnessing the potential of the energy union, the circular economy and the bio-economy while bolstering environmental care and fighting and adapting to climate change; bringing research and innovation out of the labs and onto the fields and markets; fully connecting farmers and the countryside to the digital economy; and contributing to the European Commission's agenda on migration (Source: [European Commission](#)).

CAP has three inter-connected elements. These are income support for farmers (direct payments), market measures, and rural development. CAP operates by means of the European Union budget for agriculture. Under the 2014-2020 multiannual financial framework €408.31 billion is reserved for CAP (approximately 38 % of the EU's total budget). CAP expenditure is financed via two funds, which form part of the EU's general budget. These are first the European Agricultural Guarantee Fund ([EAGF](#)) for direct payments to farmers ([Pillar I](#)), which includes measures to regulate agricultural markets, such as [intervention buying](#) and [private storage aid](#); and second the European Agricultural Fund for Rural Development ([EAFRD](#)) for the rural development programmes of the Member States ([Pillar II](#)).

Figure 2 – Share of direct payments (DPs) in CAP spending



Source: European Commission.

The amount of support is not linked to the volume of agricultural products produced. Around

7.3 million EU farmers receive direct payments. Currently approximately 70 % of payments go to 10 % of all recipients.

Over the years, the CAP financing structure has changed considerably. Export subsidies and market support measures have gradually decreased. Coupled direct payments (payments linked to production) have almost been phased out and replaced by decoupled direct payments (payments linked to hectares owned). The share of rural development financing has remained stable on the whole.

CAP improves Europe's food security. CAP helps to ensure that Europeans have stable food supplies at reasonable prices. Without CAP, EU Member States would have their own national systems, which would impact negatively on the functioning of the single market.	CAP promotes food quality, traceability and diversity.	CAP is used to protect the rural environment. Farmers are encouraged to use fewer chemicals and to protect wildlife.
	A populated and well maintained countryside is one of the EU's greatest assets. CAP offers training for farmers, and assistance to young farmers starting up.	

Europeans want good quality food products

According to [Eurobarometer](#) (2016):

- More than half of Europeans think the EU's main objectives in terms of agriculture and rural development policy should be ensuring agricultural products are of **good quality, healthy and safe** (56 %) and ensuring **reasonable food prices for consumers** (51 %).
- Europeans believe the EU is fulfilling its role in securing the food supply in the EU (70 % agree) and in ensuring agricultural products are of good quality, healthy and safe (65 %).
- Whilst an absolute majority agree the EU is fulfilling its role in ensuring a fair standard of living for farmers (52 %), a high proportion of respondents do not hold this view (35 % disagree). Similarly, important minorities disagree the EU is fulfilling its role in ensuring reasonable food prices (33 % disagree) and protecting the environment (31 % disagree).
- The majority of Europeans consider all of the listed priorities of the CAP to be important, with two priorities mentioned more often as being 'very important': investing in rural areas to stimulate economic growth and job creation (47 %), and strengthening the farmer's role in the food chain (45 %).

Examples of CAP-financed projects

A wide variety of [projects](#) have been financed through the CAP for [example](#):

- Fruit and vegetable producer organisations (EU wide – €736 million)
The EU encourages farmers to set up producer organisations (associations and producer groups) and, by so doing, to strengthen their position on the market.
- School milk scheme and school fruit scheme (EU wide – €250 million; €150 million for fruit and vegetables and €100 million for milk).
This programme aims to increase the consumption of fruit and vegetables and dairy products at school so as to encourage healthier eating habits, in the context of declining consumption of fresh fruit and vegetables and an increased incidence of child obesity.
- Market emergency measures, Poland (€72 million)
- Broadband infrastructure in rural Lithuania (€51 million)
- Restructuring a winery [bottling plant](#) (Spain)
- Investment for adding value to [meat products](#) (Czech Republic)
- Complex development of a [Mangalica farm](#) (Hungary)
- Introducing new machinery and market innovations on [Eberlin's Apiary](#) (Latvia)

Source – [European Commission](#).

Focus on rural development

Key targets from the 2014-2020 rural development programmes include the following:

- At least 30 % of funding for each rural development programme to be dedicated to measures relevant for the environment and climate change
- 3.8 million training places
- 15 000 cooperation projects
- 333 000 agricultural holdings to invest in restructuring or modernisation
- 178 000 agricultural holdings to be set up or further developed
- 310 000 farms to become involved in quality schemes, short supply chains, local markets or producer groups/organisations
- 646 000 farms to be covered by risk management schemes
- 113 000 non-agricultural jobs to be created, of which 79 000 from the creation, diversification and development of small businesses; 44 000 through the [LEADER](#) approach to local development
- 50 million rural citizens to benefit from improved services

Source: [European Commission](#).

Future challenges

According to the OECD and the FAO, the food and agriculture sector is up against a critical global challenge, namely that of securing access to safe, healthy and nutritious food for a growing world population, while at the same time using natural resources more sustainably and making an effective contribution to climate change adaptation and mitigation. In the face of this and numerous other global challenges, the future shape and format that CAP should take is still unknown. Eurobarometer provides insight into the expectations Europeans hold regarding common agricultural policy, and thus underpins continued improvements to CAP to reflect societal changes and shifting priorities.

The European Commission considers in its [reflection paper on the future of EU finances](#) that 'there is a growing call for the policy to focus further on the provision of public goods, such as safe and healthy food, nutrient management, response to climate change, protection of the environment and its contribution to the circular economy'. Consequently the Commission has presented various options, including the 'introduction of a degree of national co-financing for direct payments in order to sustain the overall levels of current support'.

A modernised CAP should be better able to respond to global challenges. It should provide more common public goods and generate more added value via better coordination and internal cooperation. Smarter and more efficient, economic and effective use of the EU's common resources will be key factors for success in the next 60 years of common agricultural policy.

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