



THE CAP'S EVOLUTION IN THE CONTEXT OF ARTICLE 208 TFEU

Presentation to **Joint DEVE-AGRI hearing on**
"The impact of the Common Agricultural Policy on
developing countries"

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Article 208 TFEU

- **Commitment to Policy Coherence for Development**
 - “The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries .”
- **Commitment to UN Sustainable Development Goals**
 - “The Union and the Member States shall comply with the commitments and take account of the objectives they have approved in the context of the United Nations and other competent international organisations.”



Main messages

- Impacts of CAP on developing countries are not black or white
 - CAP itself has changed a lot
 - Heterogeneity among developing countries
 - CAP instruments often have unintended effects
 - Humility and careful analysis needed
- Even where incoherence in food supply chains is identified, the CAP is not always (often?) the appropriate instrument to address these problems
- We can identify three phases in the debate on the coherence between the CAP and development

Phase 1: Eliminate export dumping and market restrictions



Phase 2: The world food crisis 2008, 2011



Photo credit: Friends of the Earth Europe

Claim that increased poverty and malnutrition in developing countries due to high food prices caused by biofuel mandates disputed



Photo credit: RSPB advertisement

Phase 3: The sustainability agenda

- CAP contributes to export dumping
 - Direct payments allow export sales below costs of production
 - ... but limited impact in practice
- EU agricultural imports appropriate 'virtual' land and water in developing countries
 - ... but trade in agricultural goods is a perfectly natural response to differences in factor endowments across countries
- EU agricultural imports may have adverse impacts in terms of negative environmental externalities and growing social inequalities
 - ... best addressed by using our power as a major importer to improve standards in exporting countries

How best can CAP contribute to global food security?

- Open trade is vital to the food security of both exporting and importing developing countries
 - Trade's importance growing with climate change impacts
- Avoid CAP instruments likely to distort world markets
 - Counter-cyclical payments
 - Voluntary coupled support
 - Support transition of Pillar 1 direct payments to targeted payments supporting public goods
- Encourage greater efforts to reduce agricultural GHG emissions given limited carbon budget to remain with 2° target