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The impact of the CAP on developing countries

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Summary

1. The external dimension of the CAP
2. Impact of the CAP 2014–2020 on developing countries
3. Implications for future CAP reforms

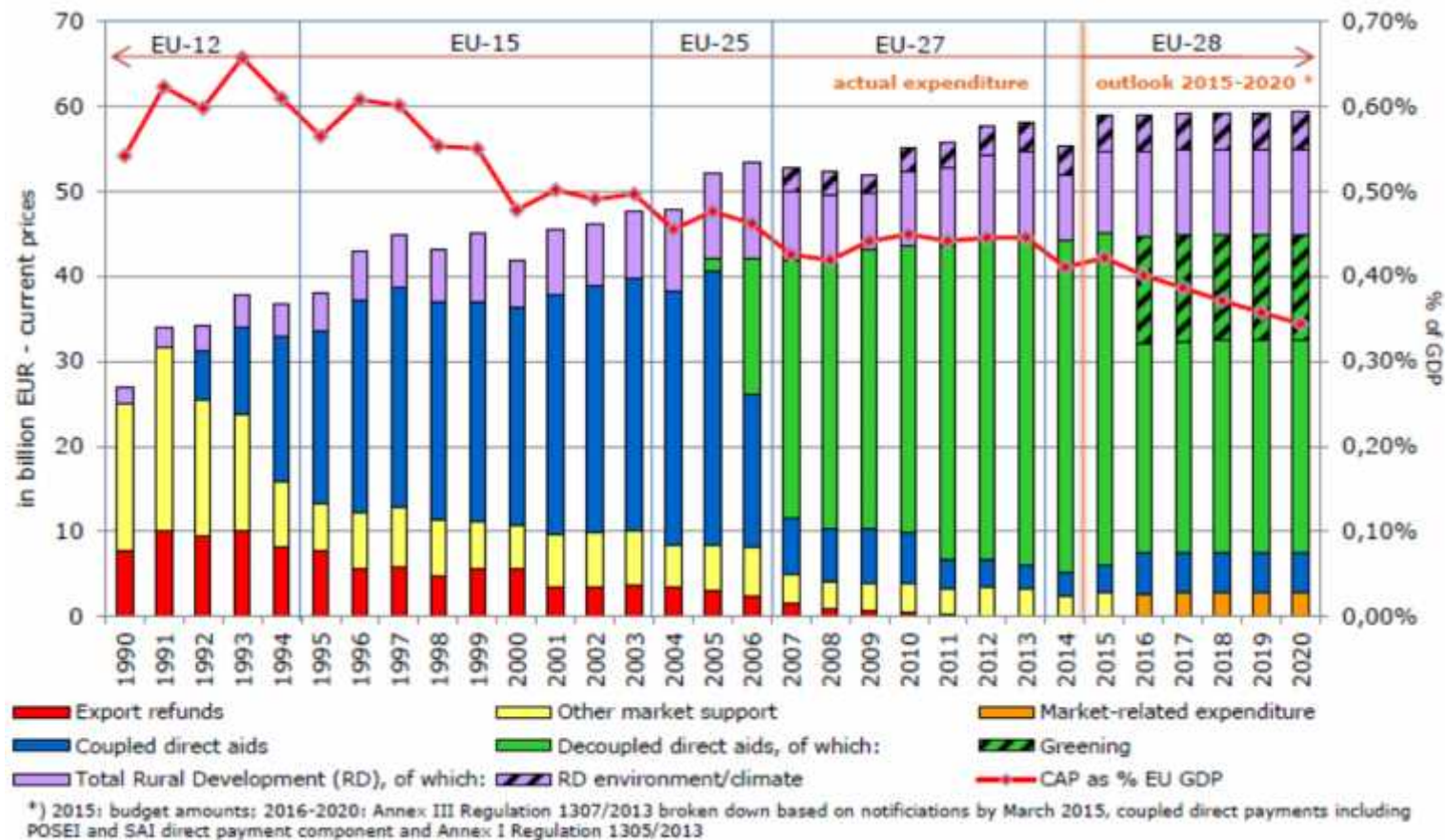


The external dimension of the CAP



Progress towards stronger market orientation and enhanced agricultural sustainability

Allocation of CAP budget over time



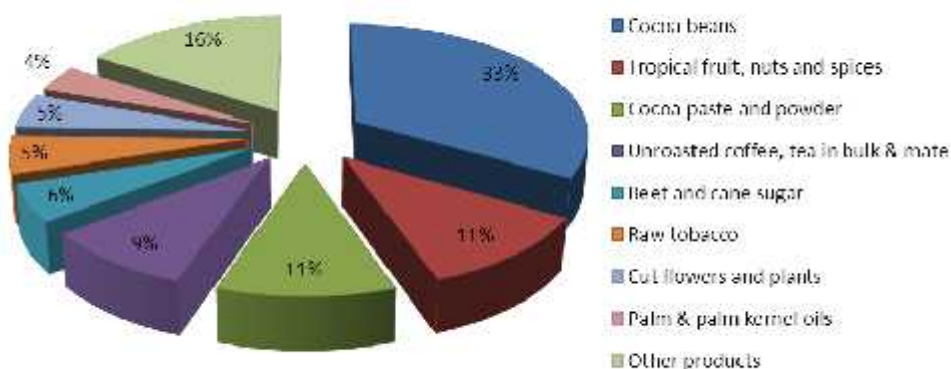
- ▶ end of export subsidies
- ▶ gradual phasing out of coupled payments
- ▶ reinforcement of instruments to address environmental concerns

Major role of the EU in international agricultural markets and global food security

EU exports by destination (2016)		
Destination	Value Mio €	% Share
USA	20743	15.8
China	11385	8.7
Switzerland	7897	6.0
Japan	5774	4.4
Russia	5626	4.3
Saudi Arabia	4580	3.5
Norway	4305	3.3
ACP countries	7953	6.1
Total agri-food exports	131139	100.0

EU imports by origin (2016)		
Origin	Value Mio €	% Share
Brazil	11940	10.6
USA	11216	10.0
Argentina	5888	5.2
China	5076	4.5
Switzerland	4670	4.2
Turkey	4640	4.1
Indonesia	4148	3.7
ACP countries	13309	11.9
Total agri-food imports	112245	100.0

► The EU is the major importer of agricultural products from ACP countries



Top EU agri-food imports from ACP countries (2016)



► Trade balance: positive trends for ACP countries

Impact of the CAP 2014-2020 on developing countries



Impact assessment studies



The ex-ante impact assessment of the CAP 2014–2020 included – for the first time – an coarse evaluation of effects on third countries

Complex causal links between CAP instruments and their impact on developing countries

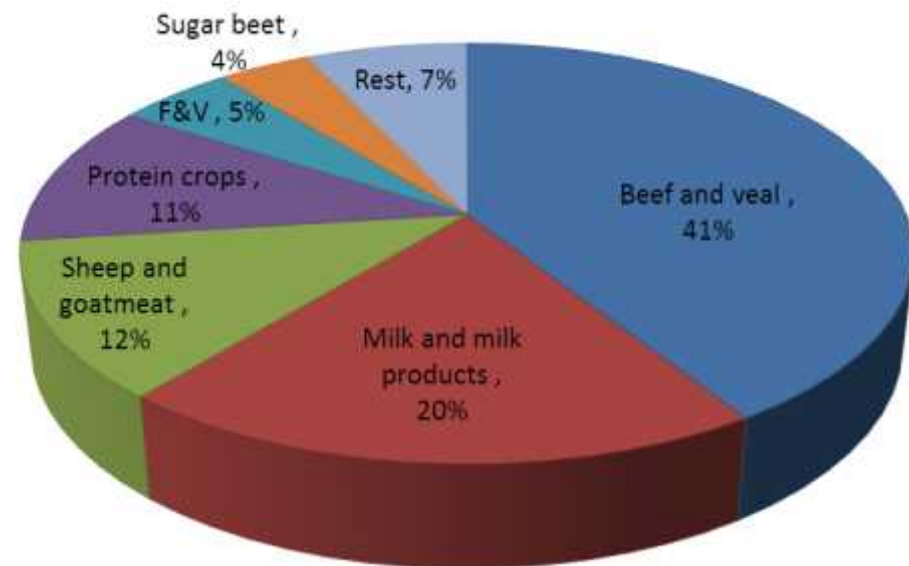
Few studies assess the **net impact** of the CAP on developing countries

Food security impacts

- ▶ Greater trade openness has strengthened competition and facilitated market access
- ▶ Some concerns remain related to the introduction of voluntary coupled support (VCS)



Share of VCS from P1 DP (45.4 Bio € in 2105)



Most supported sectors (% total VCS in 2015)

Effects of the CAP 2014-2020 (CAPRI simulations)



Evaluation of Agricultural Policy Reforms in the European Union

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Table 2.A1.2. Hectares and herd sizes of groups of crops and animals (1000 heads or hect

Activity	Reference	CAP 2014-20	No-VCS	No-greening
Utilized agricultural area	183 663	0.1%	0.1%	-0.4%
Cereals				
Oilseeds				
Other arable crops	6 108	7.4%	0.9%	8.2%
- of which pulses	1 201	27.3%	1.6%	28.8%
Vegetables and Permanent crops	14 022	0.0%	0.0%	0.0%
Fodder activities	83 316	0.6%	0.3%	-1.0%
Set-aside and fallow land				
All ruminants				
All cattle activities				
Beef meat activities				
All Dairy				
Other animals				
Pasture	59 520	1.9%	1.9%	-1.3%
Arable land	124 143	-0.8%	-0.7%	0.0%

Effects of CAP 2014-2020 compared to the previous CAP (reference) + disaggregation of effects (horizon 2020)

VCS stimulates production of protein crops

For most animal products:
Without VCS production would decline and prices would rise, with a net positive effect on overall agricultural income



Environmental impacts

- ▶ The CAP 2014-2020 introduce new instruments to reconcile agricultural production with environmental and biodiversity protection
- ▶ Increased competition can boost agricultural development of non-EU countries but can also imply risks for sustainable development and food security
- ▶ Concerns on the coherence of CAP support with environmental and climate objectives

Social and demographic impacts

- ▶ Little evidence on the CAP's effects on employment in developing countries

- ▶ Main findings:

Non-distorting agricultural support can improve the development of global value chains

Increased trade exports to the EU in some cases has also resulted in adverse impacts on rural livelihoods and the environment

Eligibility criteria under the recent GSP+ may be an efficient instrument to promote sustainable development avoiding adverse effects for vulnerable population

Effectiveness of this instrument to be confirmed

Recommendations for future CAP reforms



Progress towards PCD

- ▶ Despite strong progress towards PCD, challenges remain to enhance coherence across EU policies
- ▶ Key challenges:
 - Align future CAP reforms with EU commitments to the global agenda on sustainable development (SDGs, Paris Climate Agreement)
 - Adopt a cross-sector policy approach to respond to the challenge of developing a more sustainable and climate-resilient agriculture
- ▶ PCD requires being able to measure cross-sectoral impacts of policies
 - A more systemic approach to monitoring and evaluation of agricultural policies is needed to further explore opportunities for synergistic policy measures (both at internal and external levels)
 - Specific PCD indicators are needed to monitor the CAP contribution to food security and SDGs in developing countries

Particular areas of concern

- ▶ Market-distorting effects (both internally and for developing countries) of the reintroduction of coupled support in the CAP 2014-2020
 - VCS should be restricted to most vulnerable sectors (protein crops,...)
- ▶ Conflicting incentives of some CAP instruments vis-à-vis environmental and climate objectives
 - Take into account the environmental effects (internal and external) of the support to livestock production
- ▶ Degree of effectiveness of the new GSP scheme to promote food security and contribute to the SDGs
 - Design of eligibility criteria to avoid adverse effects

**Thank you very much
for your attention!**

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