

PODCAST on the CAP

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VOICE 2

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You're listening to the European Parliamentary Research Service podcast on the EU's Common Agricultural Policy.

VOICE 1 (to introduce the topic)

The EU's Common Agricultural Policy, known as CAP, has constantly been adapted to respond to contemporary challenges. The latest reform, in 2014, aimed at making it greener and more market oriented.

VOICE 2 (to continue introducing the topic)

But how is it working? And what further changes may be needed in the light of the new economic, social and environmental challenges facing the sector? We'll find out in this podcast!

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VOICE 1

Did you know that there are 10.8 million farms in the EU? In 2015, they produced over 316 million tonnes of cereals; 12 million tonnes of apples and 152 million tonnes of milk, among many other products.

VOICE 2

But farming is not just about food. It is about rural communities and the

people who live in them. It is about looking after our countryside and its natural resources, about keeping the rural economy alive.

VOICE 1

This is why since the very beginning, the EU's Common Agricultural Policy has strived to help farmers fulfil these multiple tasks. But the CAP is facing serious long term challenges, starting with food security...

VOICE 2

According to the UN's Food and Agriculture Organization, food production will have to double in order to feed a world population of 9 billion people in 2050. The question is, how can this be done in a sustainable way?

VOICE 1

Another challenge is climate change. As its effects on agricultural production are expected to intensify over time, the question is how can we protect this sector and use all its potential to mitigate, adapt and make a positive contribution to the EU's climate targets?

VOICE 2

Addressing territorial cohesion and global price volatility are also important challenges, and the European Parliament's Agriculture Committee has called for new instruments to help farmers cope with volatile prices.

VOICE 1

But how has the EU's Common Agricultural Policy been adapted to respond to these and other challenges? Let's take a closer look...

MUSIC BREAK

VOICE 2

The last CAP reformed was agreed in 2013 and covers the period 2014-2020. Its overall aim is to improve the competitiveness and sustainability of European agriculture. To do this, it continues the trend established by previous reforms, moving from product to producer support.

VOICE 1

To make it more market oriented, the new policy gets rid of existing restrictions to production, which means that –with the exception of a few products- farmers can grow whatever they want on their land. Of course farmers have to operate in an intensely competitive market.

VOICE 2

Moreover, the introduction of a Greening Payment – where 30% of the available national envelope is linked to the provision of sustainable farming practices – aims at rewarding farmers for their services to the wider public, for example protecting landscape and farmland biodiversity.

VOICE 1

To benefit from these payments, farmers are also obliged to keep their land in good condition and to respect environmental, food safety, phytosanitary and animal welfare standards. But, how are these new instruments working in practice and what further challenges need to be considered for the future orientation of the CAP post 2020?

MUSIC BREAK

VOICE 2

Let's look at 6 different policy instrument, starting with the climate change instruments. The EU has committed itself to cutting greenhouse gas emissions by at least 40% below 1990 levels by 2030. And the new CAP can make a big contribution towards this objective!

VOICE 1

For instance, through the greening component in the direct payments system, and the requirement for Member States to spend at least 30% of their rural development funding from the EU budget on climate change mitigation and adaptation, as well as environmental actions.

VOICE 2

But given the ways in which agriculture can help to mitigate climate change -for example through the use of cover crops to slow erosion and improve soil health, or biogas production- should climate change instruments be enhanced in the post-2020 CAP?

VOICE 1

And here's some more food for thought...

Direct payments today account for more than 70% of the CAP budget, and 30% of the whole EU budget. They were introduced to provide a basic income for farmers, and over the years they have evolved from being essentially a lump sum payment to all farmers, to an instrument linked to specific objectives such as rewarding green practices and supporting young farmers, for example.

VOICE 2

But as discussions on the modernisation and simplification of the CAP after 2020 get underway, it is likely that the issue of direct payments will be explored again ...

VOICE 1

The experience gained so far from implementing "greening payments" is also likely to be discussed, as results from its early implementation have proved rather mixed... but let's wait and see as there is much room for discussion.

VOICE 2

On the positive side, they have helped to recognize the role of farmers in providing environmental public goods and they can have a positive environmental impact on a wide geographical area, but excessive red tape, perceived additional costs on farmers and poor effectiveness are adding some "cons" to the list...

VOICE 1

So further simplification and alternative approaches for greening the CAP will certainly be considered in the post-2020 debate!

VOICE 2

Simplification is another big challenge for the future, and the current Commission has already started working on it, launching 4 waves of simplification actions to make life easier for both farmers and managing authorities. But work is far from over!

VOICE 1

Collapsed milk prices and the Russian ban on EU food imports have brought the whole question of risk management to the forefront of the debate.

VOICE 2

Although CAP support for agricultural risk management has increased, the share of funds being spent on crisis and prevention measures is still very low... representing only 0.4% of the total CAP budget. Besides, member states have been somewhat reluctant to use these support measures. But why?

VOICE 1

Well, a European Parliament study published in March 2016 points to the lack of a harmonised EU approach to risk management, besides other weaknesses of the system. So there are a number of questions to be considered in the next CAP reform debate. For example, what would be the precise role of EU assistance in any crisis in the agricultural sector? What role should insurance companies play?

VOICE 2

Another question for the future is how to use the CAP instruments to better promote rural development. But perhaps the most important issue will be how the next generation Common Agricultural Policy will be structured and what orientation it will take.

VOICE 1

The last reform was the most market-oriented reform to date. It introduced market intervention measures to help farmers cope with crisis such as those experienced recently. But farmers are still having a hard time... and some stakeholders are asking for more specific tools to deal with price volatility.

VOICE 2

The European Parliament has been drawing attention to the impact of the crisis on farmers and has produced several reports on the challenges and potential solutions for the sector, highlighting the role innovation can play in sustainable agriculture and farm management, and seeking ways to create more jobs in rural areas and to help stabilize prices.

VOICE 1

The Parliament is also deeply involved in the reflections on the agricultural challenges beyond 2020 and, as discussions will be linked to the debate about the next Multiannual

Framework –which sets the limits for the annual general budgets of the EU-, the Parliament’s take on it will be decisive for the future Common Agricultural Policy.

VOICE 2

The EU’s spending in agricultural and rural development spending has been gradually decreasing over the past years, but will this trend continue?

VOICE 1

We’ll be following the discussions!

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JINGLE to conclude

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