



# The Future of Food and Farming: *EU and the CAP*

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**#FutureofCAP**





# ***The objectives of the Communication at a glance***

***Strengthen the environmental and climate ambition...***

- ***... because it is urgent***

***Better target support ...***

- ***... because it is fairer***

***Rely more on knowledge, innovation and technology ...***

- ***... because it is modern***

***Rebalance the responsibilities between EU, MS and the farmer...***

- ***... because it could be simpler***

# ***What does the Communication aim to do?***

***Confirm agriculture's crucial role and contribution ...***

- ***... in food provision, environmental protection and jobs and growth creation***

***Consolidate and improve CAP framework ...***

- ***... through broad avenues of reflection about the future policy orientation***

***Prioritise simpler rules and more flexible approaches ...***

- ***... for the CAP to better deliver its results at EU, MS and farm level***

# THE CONTRIBUTION OF EU AGRICULTURE TODAY



**44 MILLION JOBS**  
IN THE FOOD CHAIN



**CLIMATE & CLEAN ENERGY**  
AND ENVIRONMENT



**FOOD SECURITY**  
FOR 500 MILLION  
CONSUMERS



**STEWARDSHIP**  
48 % OF EU LAND



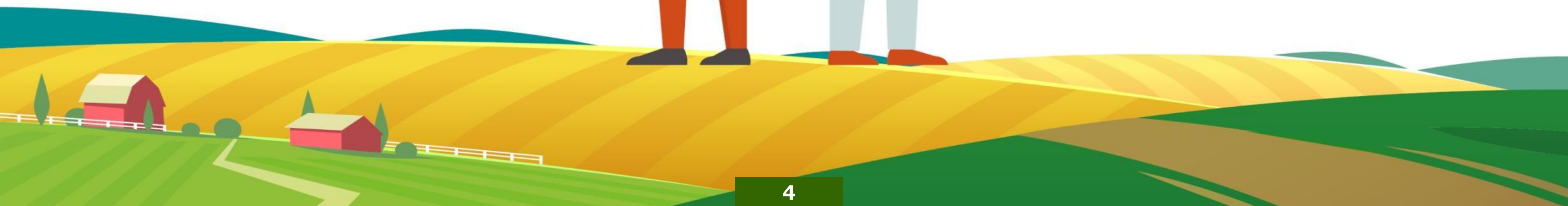
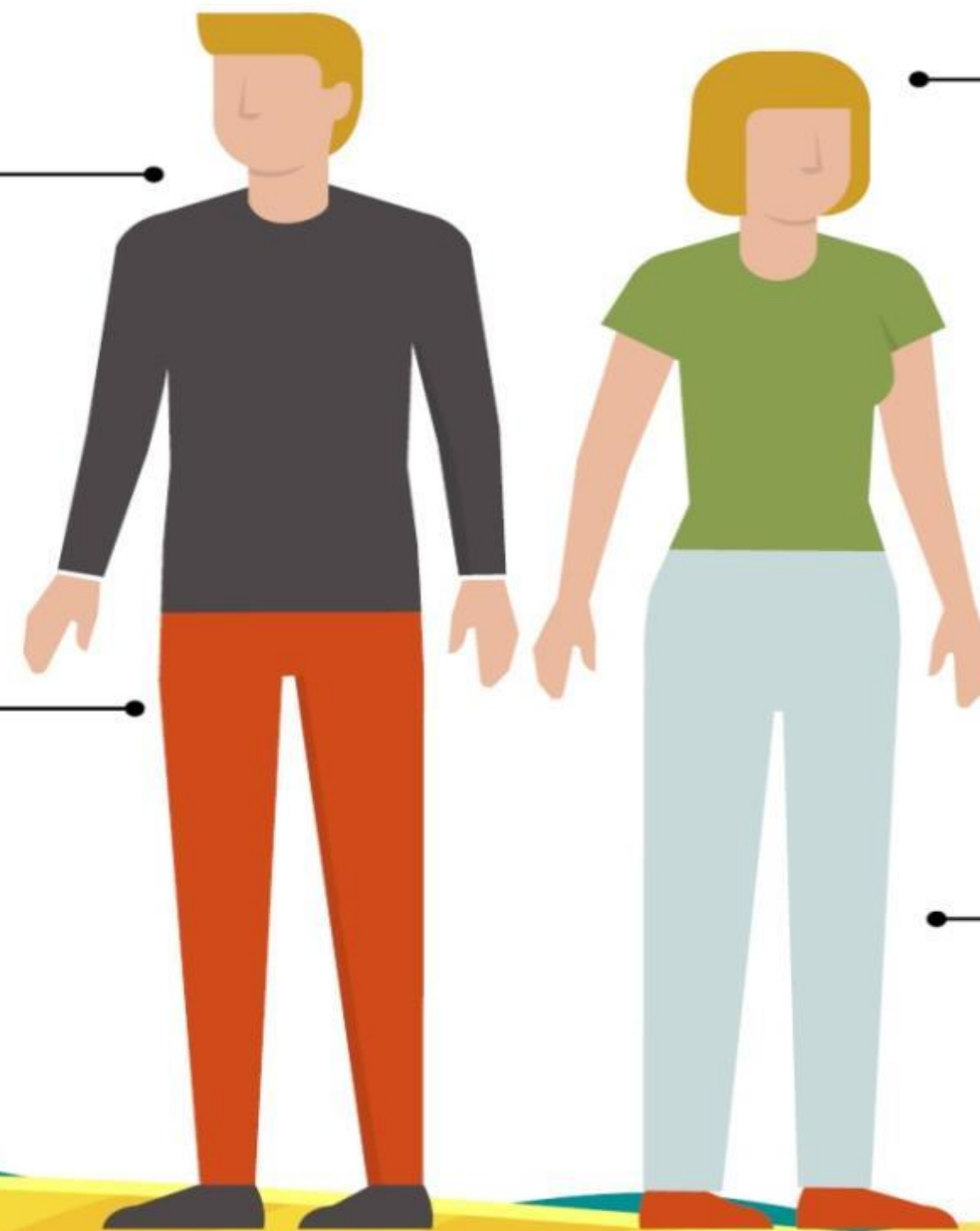
**SINGLE MARKET**



**BIO & CIRCULAR**  
ECONOMY



**EU AGRI-FOOD**  
EXPORTS € 131 BN



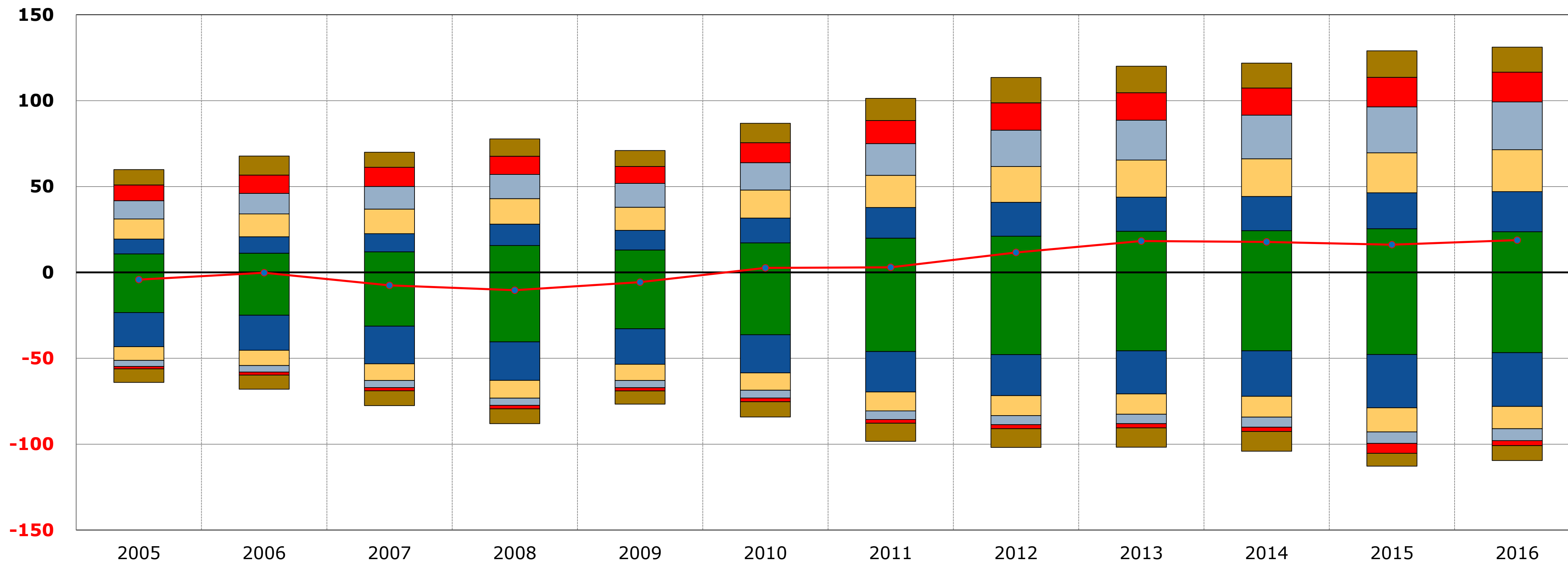
# ***Why a Communication on Food and Farming?***

***Analysis and wide public consultation confirm major achievements of the CAP...***

- ***Increasing EU competitiveness ...***
  - ***... and turning the EU into a net agro-food exporter***
- ***Positively impacting jobs and growth ...***
  - ***... in rural areas and the food chain throughout the EU territory***
- ***Providing relative income stability ...***
  - ***... within a very volatile income and price environment***

# EU net agro-food exporter

EU agricultural exports and imports 2005-15 (in billion €)



Commodities Other primary Processed (incl. wine) Food preparations Beverages Non-edible Balance

Source: COMEXT.



# ***Why a Communication on Food and Farming (cntd)?***

***...but also shortcomings to be addressed***

- ***Despite progress the environmental performance of EU agriculture ...***
  - ***... requires further improvement to meet ongoing and future challenges***
- ***Productivity growth is mainly driven by the outflow of labour ...***
  - ***... and less by research, innovation or capital investment***
- ***Questions on equity, safety net and simplicity of the CAP ...***
  - ***... are still hotly debated despite repeated efforts to address them***

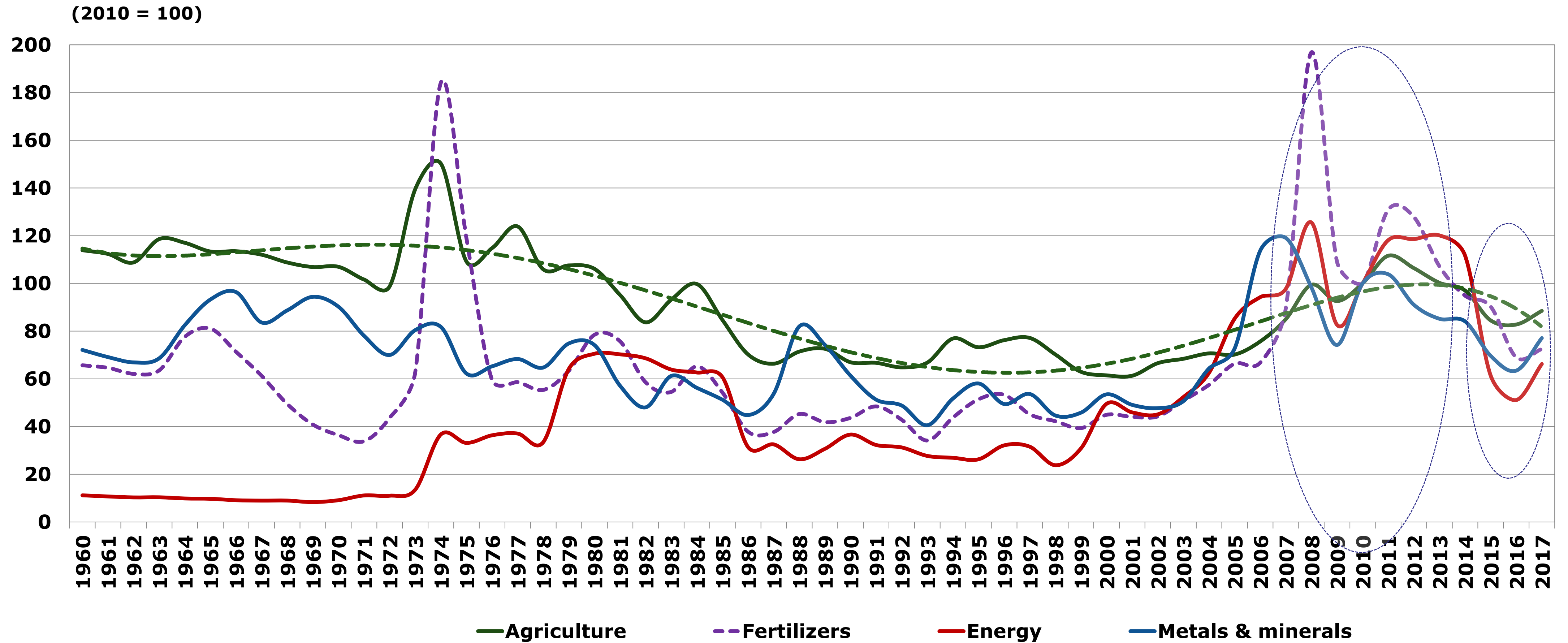
# ***What has changed since the last reform?***

***Basic parameters that influenced decisions of the 2013 CAP reform differ today:***

- ***The world commodity, economic and price environment ...***
  - ***... especially in terms of both the level (lower) and expectations for agricultural prices***
- ***The world trade environment ...***
  - ***... especially the shift from multilateral to regional agreements***
- ***New climate change, environmental and broader sustainability priorities ...***
  - ***... especially COP21 and commitments stemming from it***



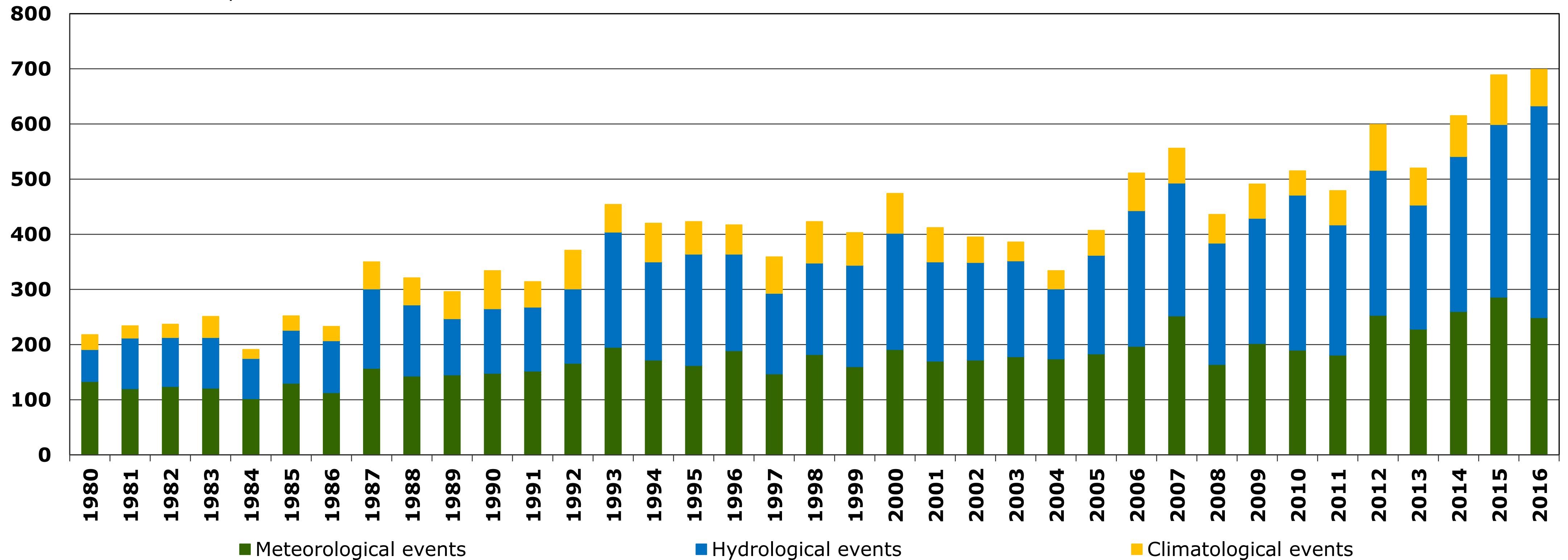
# Commodity price changes in recent years



Source: World Bank.

# Climate linked loss events in dramatic increase

Natural catastrophes worldwide - number of events



Meteorological events: Tropical storm, extra-tropical storm, convective storm, local storm

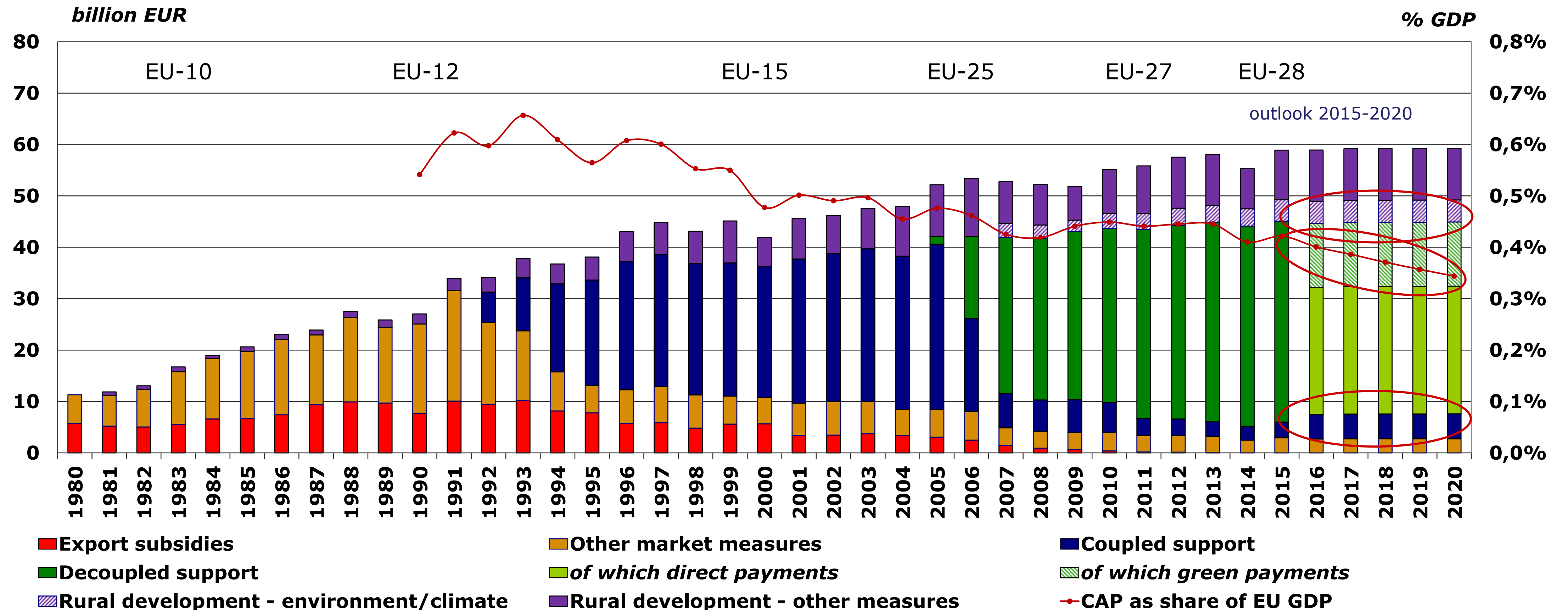
Hydrological events: Flood, mass movement

Climatological events: Extreme temperature, drought, forest fire

Source: © 2017 Münchener Rückversicherungs-Gesellschaft, Geo Risks Research, NatCatSERVICE (January 2017)



# Main issues for the future CAP debate: public money for private and/or public goods?



Source: DG AGRI.

# ***Strengthening environment and climate action***

## ***EU sets wide objectives ...***

- ***... on air, water, soil and biodiversity***

## ***EU sets list of available types of intervention ...***

- ***... suitable for achieving CAP objectives***

## ***MS define the most pertinent schemes/operations ...***

- ***... based on EU-priorities and their specific needs***

## ***Farmers apply for schemes and comply with stringent criteria ...***

- ***... defined by MS to reflect environmental needs***



# ***Better targeting support***

***Farm income still lags behind income in the rest of the economy ...***

- ***...with Direct Payments providing an important income safety net in all regions***

***The current distribution of area-based payments reflects land distribution ...***

- ***... and is thus concentrated among a minority of farmers***

***To target direct payments more effectively alternative approaches can be explored ...***

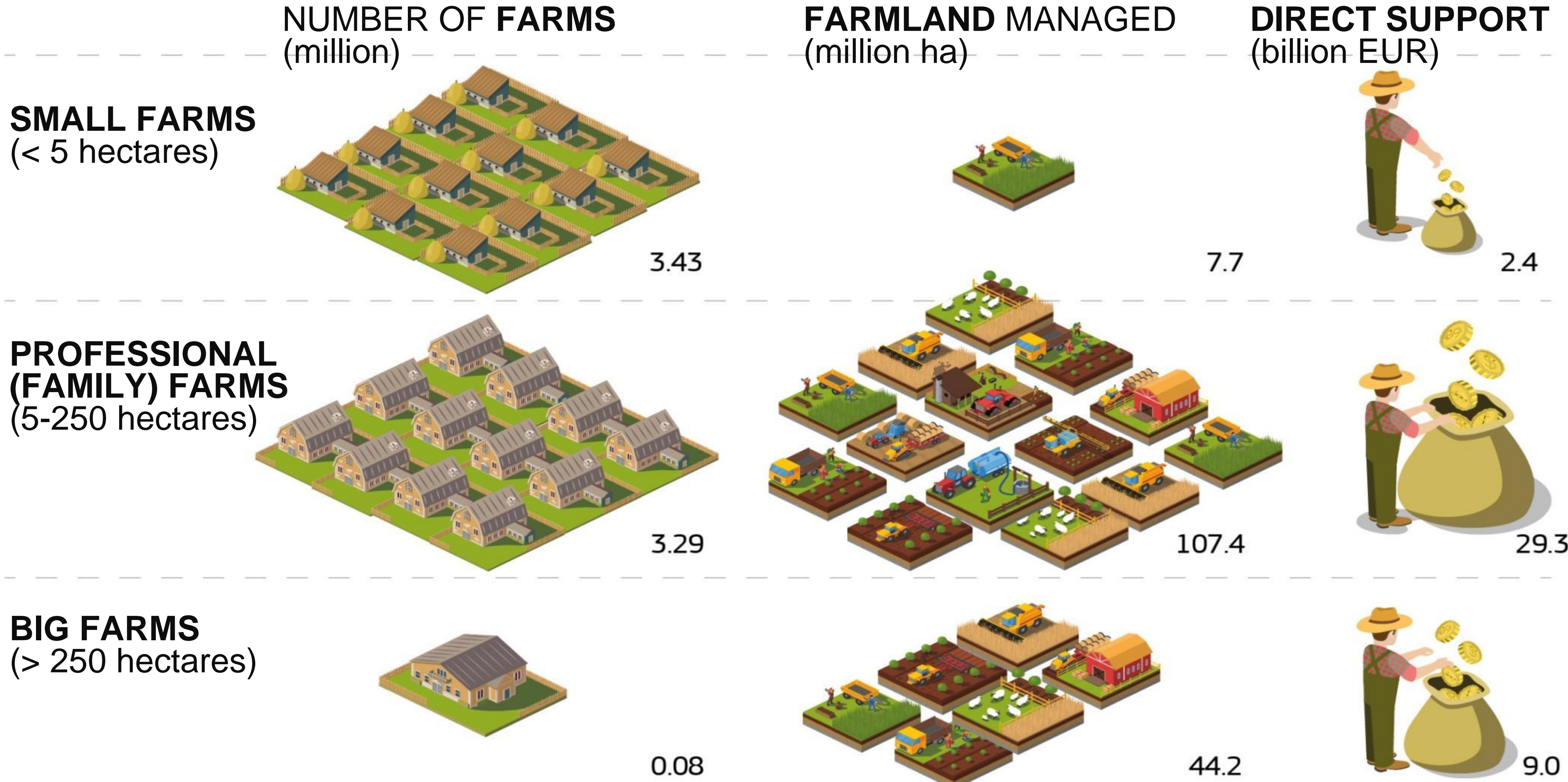
- ***... such as compulsory capping, degressivity or redistributive payments***

***To follow the principle of equality among member states ...***

- ***... differences in CAP support between them should be reduced***



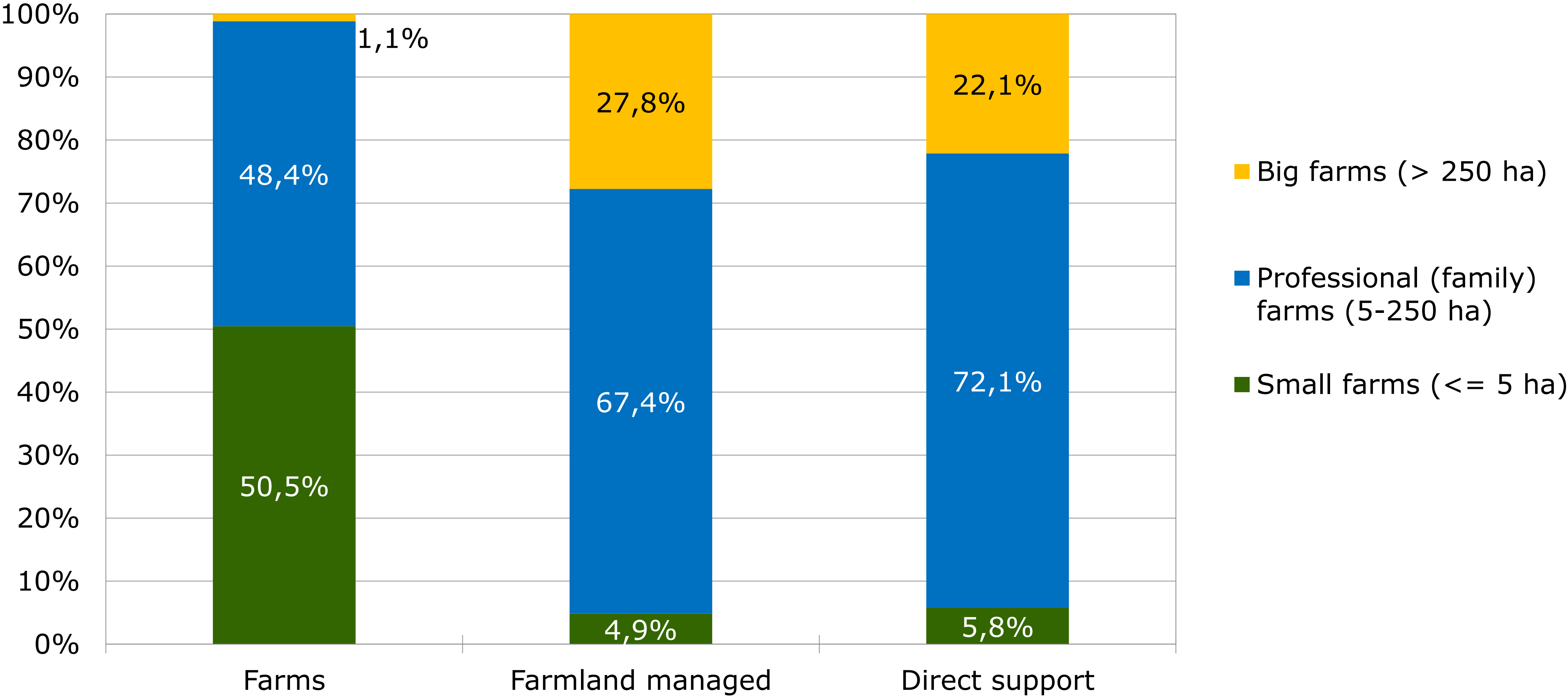
# DISTRIBUTION OF EU DIRECT SUPPORT TO FARMERS



Source: CATS control data, 2015



# *Distribution of EU direct support to farmers (%)*



# ***Rely more on knowledge, innovation and technology***

***A better link of what we know to what we grow ...***

- ***... would promote the use of smart agriculture***

***Anticipating future knowledge needs ...***

- ***... should promote research to address them in a wide array of farm-related issues***

***Exchange and transfer knowledge ...***

- ***... will spread and multiply the impact of innovative practices***

***Well performing Agricultural Knowledge and Innovation Systems...***

- ***... are essential to bridge the knowledge gap among farmers***

# ***A new model of sharing responsibilities***

***Moving from one-size-fits-all to more tailored made solutions ...***

- ***... will reduce EU requirements to what is necessary to ensure EU value is added***

***The Union would still set the basic policy parameters of the CAP ...***

- ***... fulfilling the Treaty obligations and other EU agreed objectives (e.g., COP21, SDGs)***

***Member States should establish "CAP strategic plans" approved by the Commission ...***

- ***... tailoring interventions to reflect local conditions and needs in line with EU-objectives***

***A shift from compliance to results and performance...***

- ***... would increase MS flexibility in their design of measures/compliance requirements***



# ***Focus on performance***

***A performance-based policy implies two distinct, but interconnected processes ...***

- ***... that of assessing the policy and that of assessing the policy implementation***

***A meaningful assessment of policy performance can rely on the manner by which...***

- ***... specific targets are achieved, especially with respect to specific objectives***

***Reliable policy assessment requires a selection of a set of indicators reflecting how ...***

- ***... the supported intervention contributes to achieving the specific objectives***

***Policy performance is assessed multi-annually based on a combination of methods ...***

- ***... while policy implementation requires closer monitoring at an annual basis***

# *Other priorities*

## *Promote growth and jobs in rural areas...*

- *... to address structural weaknesses and promote bio-economy*

## *Attract new farmers ...*

- *... to address the generational renewal challenge*

## *Improve risk management tools ...*

- *... to better address price, income and production-related risks*

## *Address broader EU concerns and the global CAP dimension ...*

- *... from emerging health challenges, to food waste and trade issues*

# FUTURE OF FOOD AND FARMING

FAIR INCOME

KNOWLEDGE & INNOVATION

FOOD SECURITY

RESILIENT FARMING SECTOR

CAP

GENERATIONAL RENEWAL

ENVIRONMENTAL CARE

THRIVING RURAL AREAS

CLIMATE ACTION





# ***Reports and data available at:***

[https://ec.europa.eu/agriculture/index\\_en.htm](https://ec.europa.eu/agriculture/index_en.htm)

[https://ec.europa.eu/agriculture/policy-perspectives/index\\_en.htm](https://ec.europa.eu/agriculture/policy-perspectives/index_en.htm)

[https://ec.europa.eu/agriculture/policy-perspectives/impact-assessment/index\\_en.htm](https://ec.europa.eu/agriculture/policy-perspectives/impact-assessment/index_en.htm)

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[https://ec.europa.eu/agriculture/events/2016-outlook-conference\\_en](https://ec.europa.eu/agriculture/events/2016-outlook-conference_en)

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[https://ec.europa.eu/agriculture/consultations/cap-modernising/2017\\_en](https://ec.europa.eu/agriculture/consultations/cap-modernising/2017_en)

[https://ec.europa.eu/info/news/future-cap-whats-cooking-next-cap\\_en](https://ec.europa.eu/info/news/future-cap-whats-cooking-next-cap_en)

***Thank you for your attention!***