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

- **CLIMATE & CLEAN ENERGY AND ENVIRONMENT**
- **STEWARD** 48% OF EU LAND
- **BIO & CIRCULAR ECONOMY**
- **44 MILLION JOBS IN THE FOOD CHAIN**
- **FOOD SECURITY FOR 500 MILLION CONSUMERS**
- **SINGLE MARKET**
- **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 €)

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

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Farms (million)</th>
<th>Farmland Managed (million ha)</th>
<th>Direct Support (billion EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMALL FARMS (&lt; 5 hectares)</td>
<td>3.43</td>
<td>7.7</td>
<td>2.4</td>
</tr>
<tr>
<td>PROFESSIONAL (FAMILY) FARMS</td>
<td>3.29</td>
<td>107.4</td>
<td>29.3</td>
</tr>
<tr>
<td>BIG FARMS (&gt; 250 hectares)</td>
<td>0.08</td>
<td>44.2</td>
<td>9.0</td>
</tr>
</tbody>
</table>

Source: CATS control data, 2015
Distribution of EU direct support to farmers (%)

- Farms: 48,4% (Big farms (> 250 ha)), 50,5% (Small farms (<= 5 ha)), 1,1% (National farms (5-250 ha))
- Farmland managed: 67,4% (Big farms (> 250 ha)), 4,9% (Small farms (<= 5 ha)), 72,1% (National farms (5-250 ha))
- Direct support: 27,8% (Big farms (> 250 ha)), 5,8% (Small farms (<= 5 ha)), 22,1% (National farms (5-250 ha))

Legend:
- Orange: Big farms (> 250 ha)
- Blue: Professional (family) farms (5-250 ha)
- Green: Small farms (<= 5 ha)
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
- Resilient Farming Sector
- Environmental Care
- Knowledge & Innovation
- Food Security
- Generational Renewal
- Thriving Rural Areas
- Climate Action

CAP
Reports and data available at:

https://ec.europa.eu/agriculture/index_en.htm
https://ec.europa.eu/agriculture/events/2016-outlook-conference_en
https://ec.europa.eu/agriculture/statistics_en
https://ec.europa.eu/agriculture/cap-indicators_en
https://ec.europa.eu/agriculture/consultations/cap-modernising/2017_en

Thank you for your attention!