

## **CAP**

The Common Agricultural Policy (CAP) has a pivotal role in the European Union, not only because farmland and forests account for more than 77% of land within the EU, but also because CAP is an essential mechanism for facing new challenges in terms of food quality, environmental protection and trade. The CAP offers a European perspective to a sector which has a very strong impact on peoples' daily lives in the form of food and agriculture. Its main purpose is to set the conditions which allow farmers to fulfil their multiple functions in society, the first of which is to produce food.

The EU has 500 million consumers and they all need a reliable supply of healthy and nutritious food at affordable prices. At the same time, farmers must be able to make a comfortable living from their work, and society must be made more aware of the value of their dedication and commitment.

Many young people no longer see farming as an attractive profession, with the result that there are fewer farmers. Encouraging young farmers and ensuring continuity from one generation to the next is a real challenge for rural development in the EU.

EU citizens are the ultimate beneficiaries of the CAP through a secure supply of high-quality food from EU farmers. Consumers can also easily find out how and where their food was produced because of the EU's labelling and traceability rules.

Born more than 50 years ago when the founder members of the EU had not long emerged from a decade or more of food shortages, the CAP began by subsidising production of basic foodstuffs in the interests of self-sufficiency. The CAP of today, on the other hand, emphasises direct payments to farmers as the best way of guaranteeing farm incomes, food safety and quality, and environmentally sustainable production.

This approach makes it easier to recognise the role farmers play in improving quality, preserving biodiversity and traditional landscapes, and in keeping rural economies alive. It strikes a balance that spends the money where it is most needed, gives consumers safe food at a fair price and value for money for the EU taxpayer.

The change of emphasis began in the 1980's after the policy of self-sufficiency in key foodstuffs began to produce excessive surpluses. Beef and butter mountains, milk and wine lakes are now a thing of the past as a result of changes to make the CAP more cost-effective. The CAP once accounted for nearly 70% of the EU budget. Now it takes well under half as the EU has curbed CAP spending. At the same time, the range of activities funded from the budget for agriculture has expanded to include rural development and the environment. Less than 1% of all public expenditure in the EU goes on support for EU farmers.

Worries about the cost of the CAP and diminished concerns about food security were not the only drivers of change. As agriculture modernised and the EU economy became more service-oriented, the number of people working on the land dropped and survival of rural economies could no longer be taken for granted.

Therefore, as part of the EU's 'Agenda 2000' -reform, rural development officially became the second pillar of the CAP alongside farming. While Member States remain responsible for their forestry policies, the European Commission helps co-ordinate those policies and also ensures that farm and rural policies do not conflict with the interests of sustainable forestry.

Agenda 2000 acknowledged also other concerns, such as food-related health scares. This resulted in environmentally sound production methods, high standards of animal welfare, and food safety and quality becoming higher priorities.

Subsidies for production were largely replaced by direct payments to farmers. These payments are nowadays conditional on compliance with environmental, food safety, animal and plant health, and animal welfare standards, as well as on keeping farmland in good condition, both for farming and in terms of preservation of the country side.

The regular and consistent adjustment of the CAP to pressures from European society and its evolving economy was again illustrated by the reforms in 2003, aimed at enhancing the competitiveness of the farm sector, promoting a market-oriented, sustainable agriculture and strengthening rural development policy. Throughout the latter half of 2000's, the CAP was further modernised and simplified as part of an aim to reduce regulatory burden and red-tape.

The new agreement on CAP reform, covering years 2014-2020, continues the path of reforms started in the early 1990's. The new CAP maintains the two pillars, but increases the links between them, thus offering a more integrated approach to policy support. It introduces a new architecture for direct payments, an enhanced safety net and strengthened rural development. The new policy continues the move from product to producer support and also to a more land-based approach. This is in response to the challenges facing the sector, many of which are driven by factors that are external to agriculture, such as economic (e.g. food security, price volatility and high production costs), environmental (e.g. resource efficiency, soil and water quality and biodiversity) and territorial (demographic, economic and social developments such as depopulation that rural areas face).