

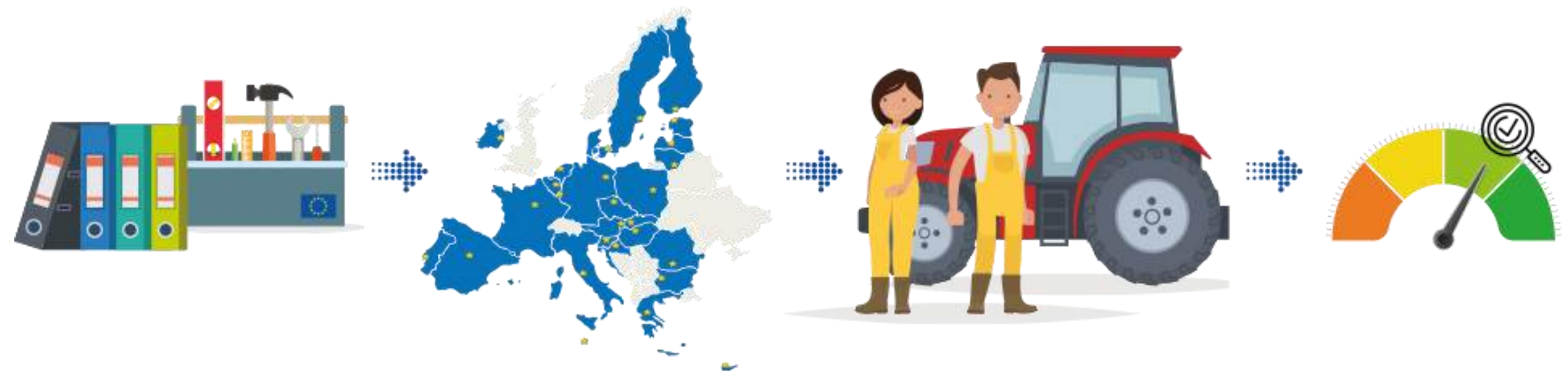
12th Annual Working Meeting of: Ministers of Agriculture from SEE



THE FUTURE OF FOOD AND FARMING: EU AND THE CAP

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European Commission

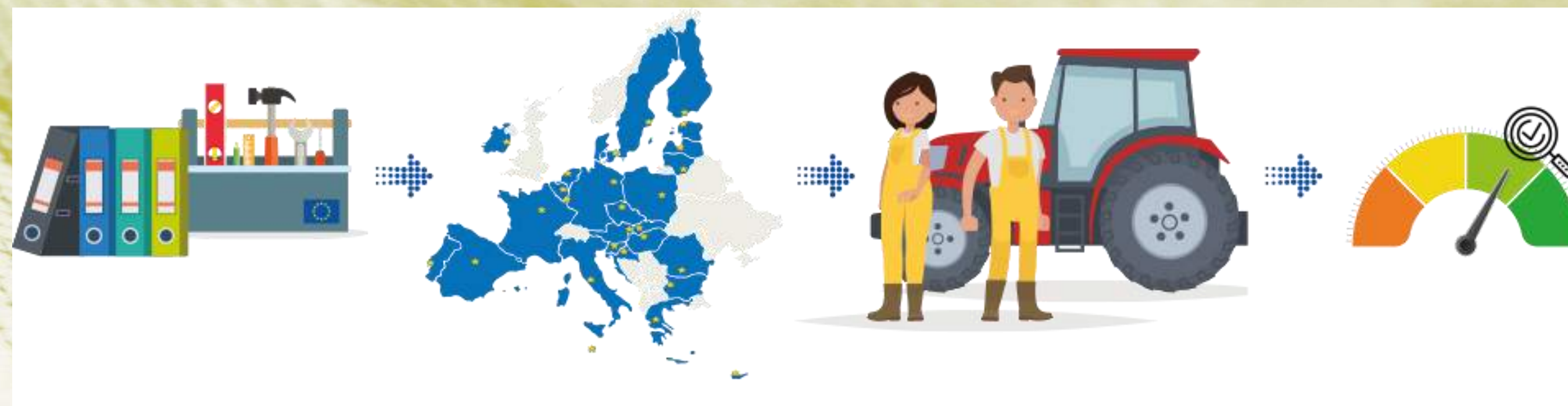
15 NOVEMBER 2018



#FutureofCAP



The Future CAP in a nutshell





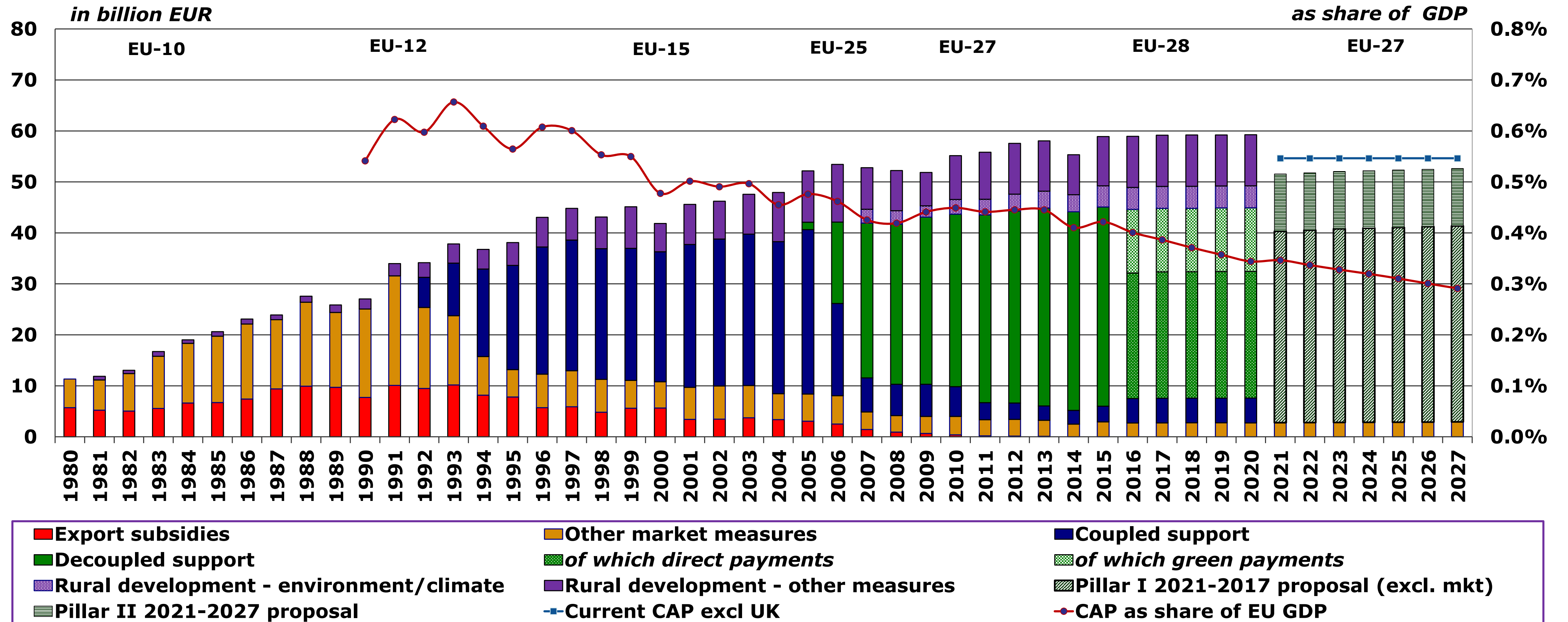
THE FUTURE CAP PRIORITIES AT A GLANCE

- **Simplification and modernisation of the CAP**
- **Support to the development of a knowledge-based agriculture**
- **Higher ambition on environment and climate action**
- **A fairer and more effective distribution of support across MS and farmers**
- **A more balanced way of working together**





HOW MUCH: CAP BUDGET IN PERSPECTIVE (current prices)



Source: EC-DG AGRI.

Note: Budget figures are actual until budget year 2016, programmed from 2017-2020, and based on the MFF proposal for 2021-2027.





WHY: LESSONS LEARNT FROM ASSESSING THE CAP

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

- Increase in EU competitiveness turned the EU into a net agro-food value-added exporter
- Positive impact on jobs, growth and poverty reduction spread in all EU rural areas
- Relative income stability within a very volatile farm-income and commodity-price environment

...but analysis and public opinion also reveal shortcomings to be addressed...

- Despite progress, the environmental performance of EU agriculture requires improvement
- Productivity growth is mainly driven by labour outflow and less by R&I or investment
- Equity, safety net and simplicity questions persist despite CAP efforts to address them

...in a changing broader environment within which the CAP operates

- Expectations about the level of agricultural and commodity prices changed from CAP post-2013
- The world trade environment has shifted from multilateral to bilateral/regional agreements
- New climate change, environmental and sustainability commitments stem from COP21 and SDGs



WHERE DO EU FOOD MARKETS GO?

What are the main trends in EU food markets?

- *Increasing share of value-added exports, but domestic market still dominates EU production (90%)*
- *Arable crop production stable in land use, but with mixed risks and opportunities on productivity*
- *Livestock sector more challenged as a result of demand shifts, trade negotiations and diseases*

What has changed in the food security debate?

- *What to feed the world with? Food demand patterns change within a growing obesity/hunger paradox*
- *At what price to feed the world? Changing price patterns and the (uneven) distribution of benefits*
- *At what environmental cost to feed the world? Increasing pressures on resources and climate change*

Is climate change the catalyst for sustainability?

- *Challenge now widely recognized, thus adaptation strategies and best practices could gain momentum*
- *Strategies addressing diverse climatic conditions spread innovative solutions across the globe*
- *But mind the emerging gaps - on knowledge, technology and perceptions about science*

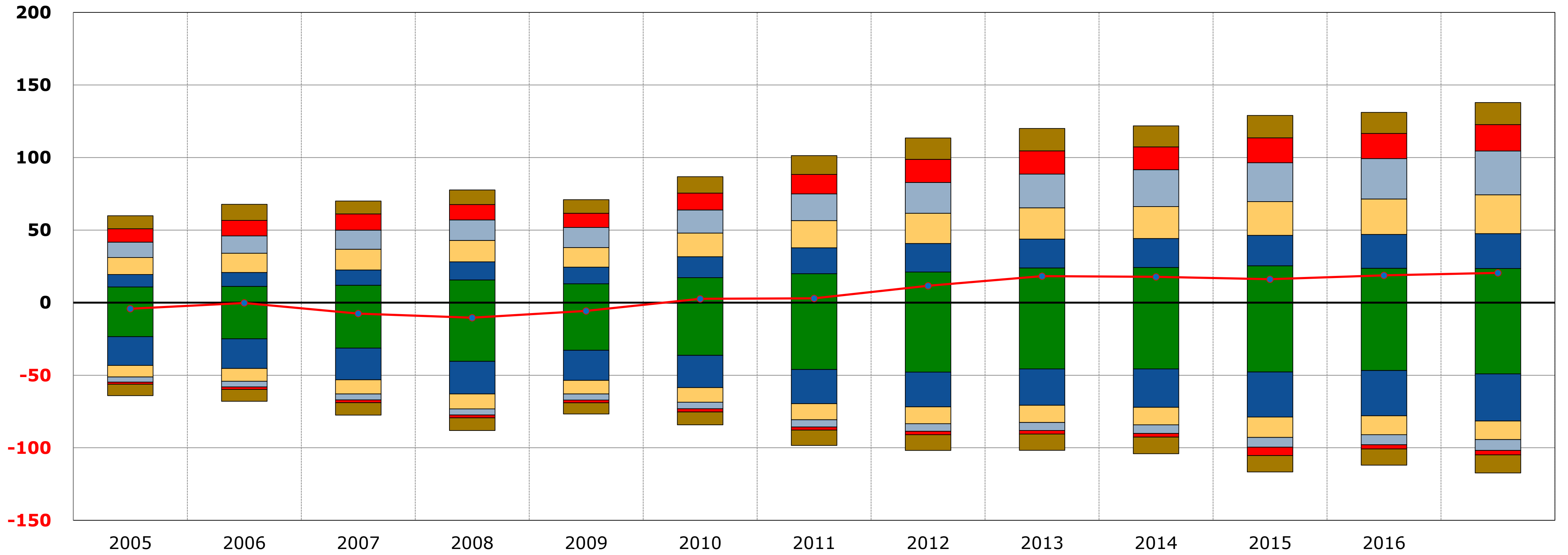
Achievements and challenges at a glance





EU 28 AGRI-FOOD (2005-17)

EU agricultural exports and imports 2005-17 (in billion €)

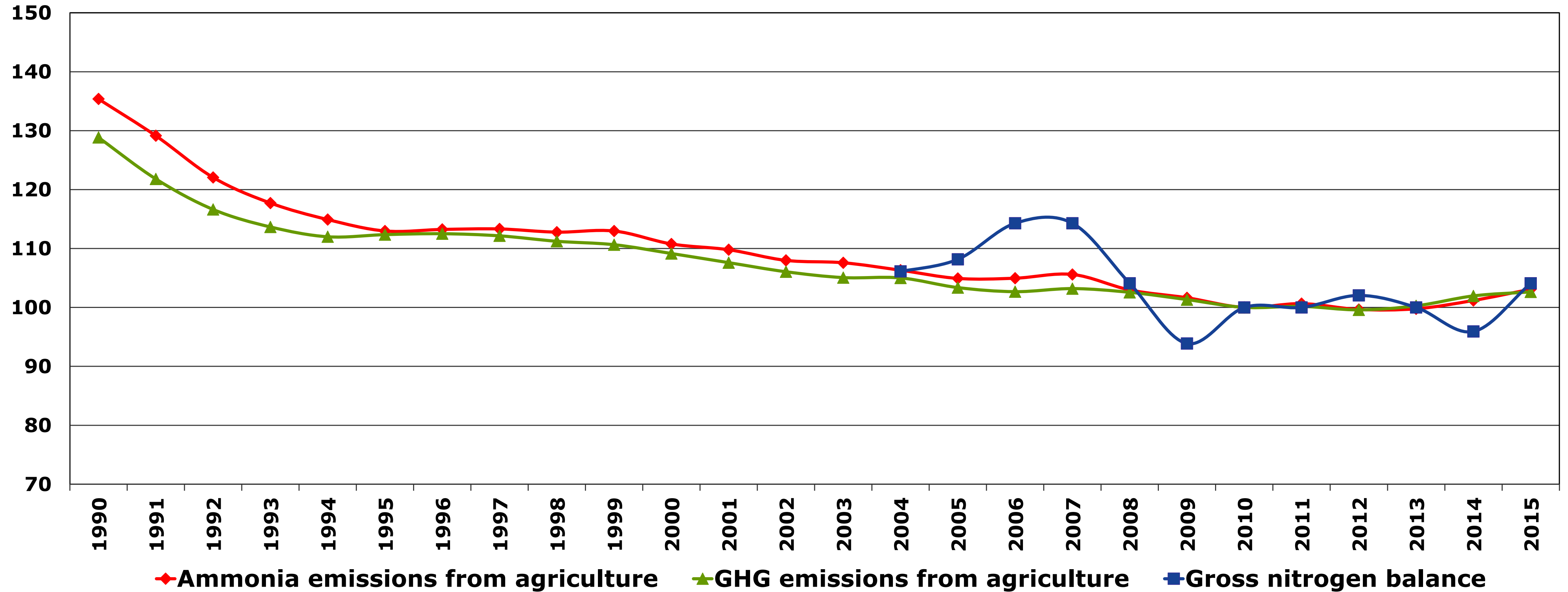


Commodities Other primary Processed (incl. wine) Food preparations Beverages Non-edible Balance



THE NEED TO DO MORE ON CLIMATE AND ENVIRONMENT

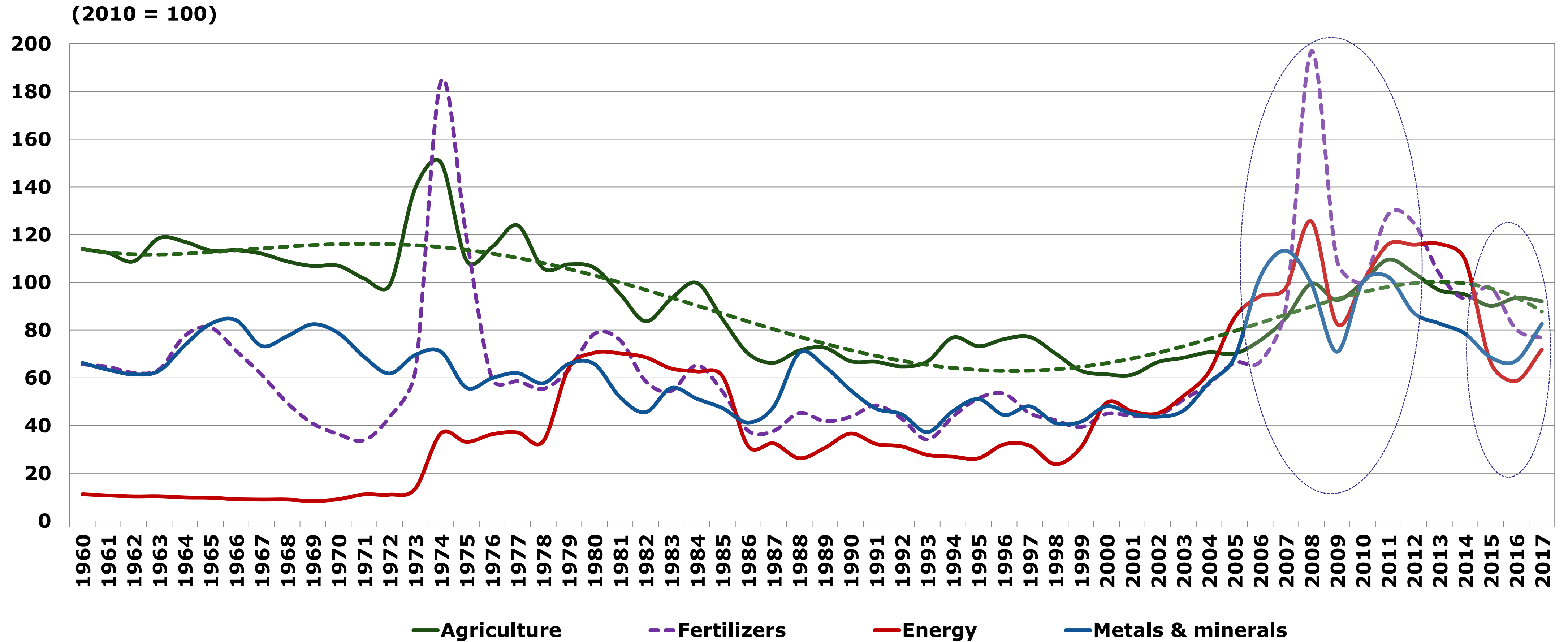
Reduction in environmental impact indicators (2010=100)



Source: Eurostat.



COMMODITY PRICE WAVES (REAL PRICE INDICES)



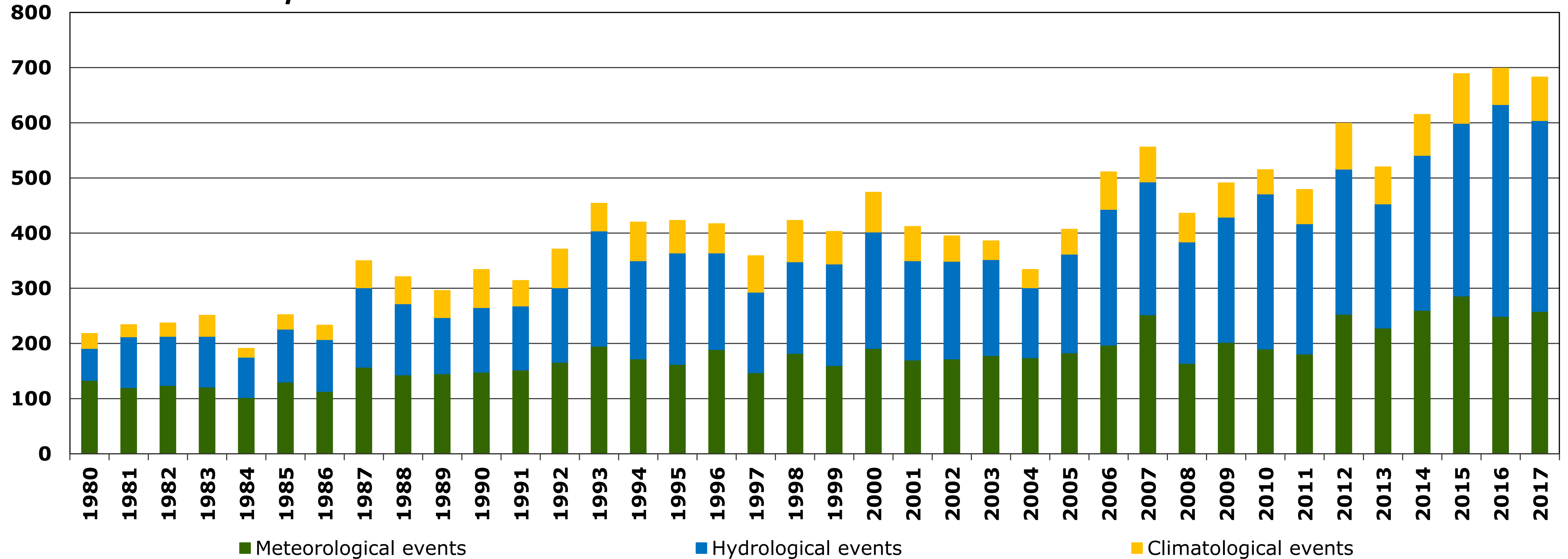
Source: World Bank.





WORLDWIDE EXTREME WEATHER EVENTS

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)



CAP objectives and priorities





WHAT FOR: THE NEW ARCHITECTURE OF CAP OBJECTIVES

BROADER CAP OBJECTIVES

**FOSTER A
RESILIENT FARM SECTOR**

**BOLSTER
ENVIRONMENT AND CLIMATE**

**STRENGTHEN
FABRIC IN RURAL AREAS**

SPECIFIC CAP OBJECTIVES

Economic

Environment & Climate

Social

Ensure fair income
Increase Competitiveness
Rebalance power in food chains

Climate change action
Environmental care
Landscapes and biodiversity

Generational renewal
Vibrant rural areas
Food and health quality

CROSS-CUTTING CAP OBJECTIVES

Sustainability

Modernisation

Simplification





WHAT FOR: PRIORITIES OF THE FUTURE CAP

Strengthening environment and climate action

- EU sets wide objectives and list of available types of intervention on air, water, soil, biodiversity
- MS Strategic plans define the pertinent actions to meet EU objectives based on MS specific needs
- Farmers apply for schemes and comply with stringent environmental criteria defined by EU/MS

Better targeting of support

- DPs provide an important safety net for farm income lagging behind the rest of the economy
- Better targeting of income support improved with internal convergence and redistributive payments
- Fairer distribution is improved with digressive cuts above 60 000 € and capping at 100 000 €

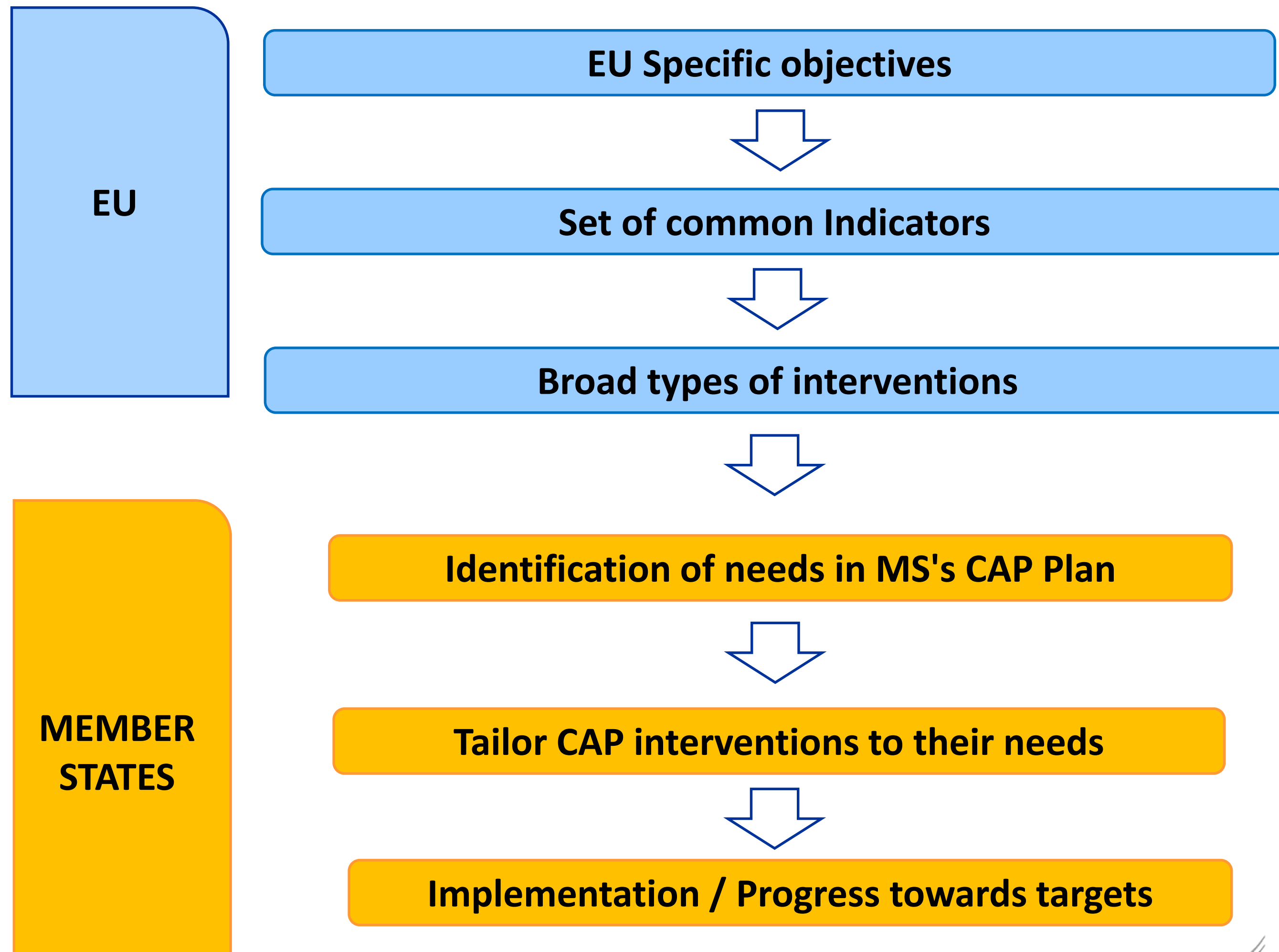
Relying more on knowledge, innovation and technology

- A better link of what we know to what we grow is promoted by the use of smart agriculture
- Anticipating future knowledge needs promoted with more funding for research to address them
- Exchange and knowledge transfer relies more on improved functioning of the FAS/EIP Systems





HOW: THE NEW DELIVERY MODEL OF THE CAP





HOW: FOCUS ON PERFORMANCE

Multi-annual programming approach for the whole CAP

COMMON OBJECTIVES

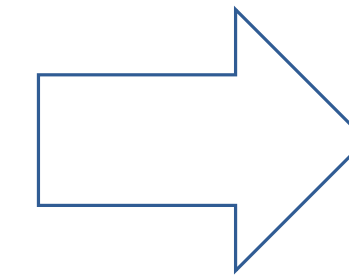
INDICATORS

TYPES OF INTERVENTIONS

Assurance

Annual Performance Clearance

Linking expenditure to output

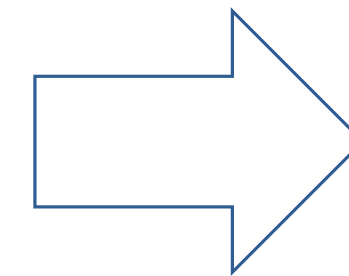


Common Output Indicators

Monitoring

Annual Performance Review

Checking progress towards targets

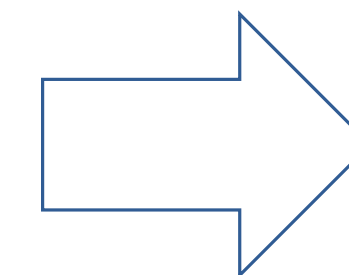


Common Result Indicators

Policy performance

Interim Evaluation

Assessing performance towards objectives



Common Impact Indicators





IMPACT ASSESSMENT: ITS CONCLUSIONS AT A GLANCE

Redistribution and better targeting of support: income effects

- *Income effects are asymmetric with respect to farm size and sector affected*
- *Both cuts and the distribution of support matter, negatively impacting short-run competitiveness*
- *Flexibility in redistribution of support crucial in mitigating potentially negative income impacts*

The dilemma of raising environmental ambition: mandatory or voluntary?

- *Voluntary measures increase flexibility and improve targeting, but introduce uncertainty in ambition*
- *Mandatory measures increase area coverage and improve ambition, but are by design less targeted*
- *The right balance, based on needs and evidence, requires appropriate administrative capacity*

Risks and mitigating factors: impact on modernisation and simplification

- *Challenges at the EU level: Simplification of legislation and approval procedures of Strategic Plans*
- *Challenges at the MS level: Evidence supporting a needs-based approach for Strategic Plans*
- *Challenges at the farm level: Better link to advice and faster integration into Farming 4.0 realities*





REPORTS AND MORE INFORMATION

On MFF Material

https://ec.europa.eu/commission/publications/factsheets-long-term-budget-proposals_en

http://ec.europa.eu/budget/mff/index_en.cfm

On CAP legislative proposals, Impact Assessment and Background

https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap_en

https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap_en#documents

Thank you for your attention!

