The Future of CAP
and the shift towards performance

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#FutureofCAP
The Future CAP in a nutshell
THE FUTURE CAP PRIORITIES AT A GLANCE

- **Simplification and modernisation** of the CAP ...
  - ... and a fairer and more effective **distribution of support** across MS and farmers

- **Support to the development of a** knowledge-based agriculture ...
  - ... with higher ambition on **environment and climate action**

- **A more balanced way of working together** between EC and MS ...
  - ... and a shift **from compliance to performance**
How much: CAP budget in perspective
THE CAP GRADUALLY SHIFTED FROM PRICE SUPPORT...

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.
...TO COUPLED PRODUCER SUPPORT...

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.
...AND THEN TO DECOUPLED SUPPORT...

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.
…WITH MORE FLEXIBILITY EXPECTED IN THE FUTURE

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.
Achievements and challenges at a glance
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
GAP BETWEEN EU AND WORLD PRICES

EU price as percentage of world price

Source: DG AGRI.
EU 28 AGRI-FOOD (2005-17)

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

Source: DG AGRI.
EVOLUTION OF NOMINAL FARM INCOME

Source: DG AGRI, based on Eurostat and USDA data.
PROGRES ON CLIMATE AND ENVIRONMENT

Reduction in environmental impact indicators (2010=100)

- Ammonia emissions from agriculture
- GHG emissions from agriculture
- Gross nitrogen balance

Source: Eurostat.
FOR WHOM: CONVERGENCE OF DIRECT PAYMENTS (2027)

Source: EC-DG AGRI.
Note: Direct payment amounts exclude payments for cotton.
Source: EC-DG AGRI.
Agriculture and Rural Development

COMMODITY PRICE WAVES (REAL PRICE INDICES)

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
GLOBAL CHALLENGES AND THE BIG PICTURE

Globalisation
macro-economy and trade

Globalisation
macro-economy and trade

Societal demands
change in tastes and preferences

COP21 and SDGs
produce less with more (costs)

Farming 4.0
produce more with less (inputs)

Mind the gaps!
Knowledge Applications Perceptions

Pw Pe

P Q
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**
- Ensure fair income
- Increase Competitiveness
- Rebalance power in food chains

**Environment & Climate**
- Climate change action
- Environmental care
- Landscapes and biodiversity

**Social**
- Generational renewal
- Vibrant rural areas
- Food and health quality

**CROSS-CUTTING CAP OBJECTIVES**

**Sustainability**

**Modernisation**

**Simplification**
HOW: THE NEW DELIVERY MODEL OF THE CAP

**EU**
- EU Specific objectives
- Set of common Indicators
- Broad types of interventions

**MEMBER STATES**
- Identification of needs in MS's CAP Plan
- Tailor CAP interventions to their needs
- Implementation / Progress towards targets
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


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

On CAP legislative proposals, Impact Assessment and Background


Thank you for your attention!