



European Commission
Agriculture and Rural Development



The CAP after the Health Check

*Agricultural Policy Analysis and Perspectives
DG for Agriculture and Rural Development
European Commission*



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Agriculture and Rural Development

- **1. *The CAP today***
- **2. *The CAP until 2013***
- **3. *The CAP beyond 2013***

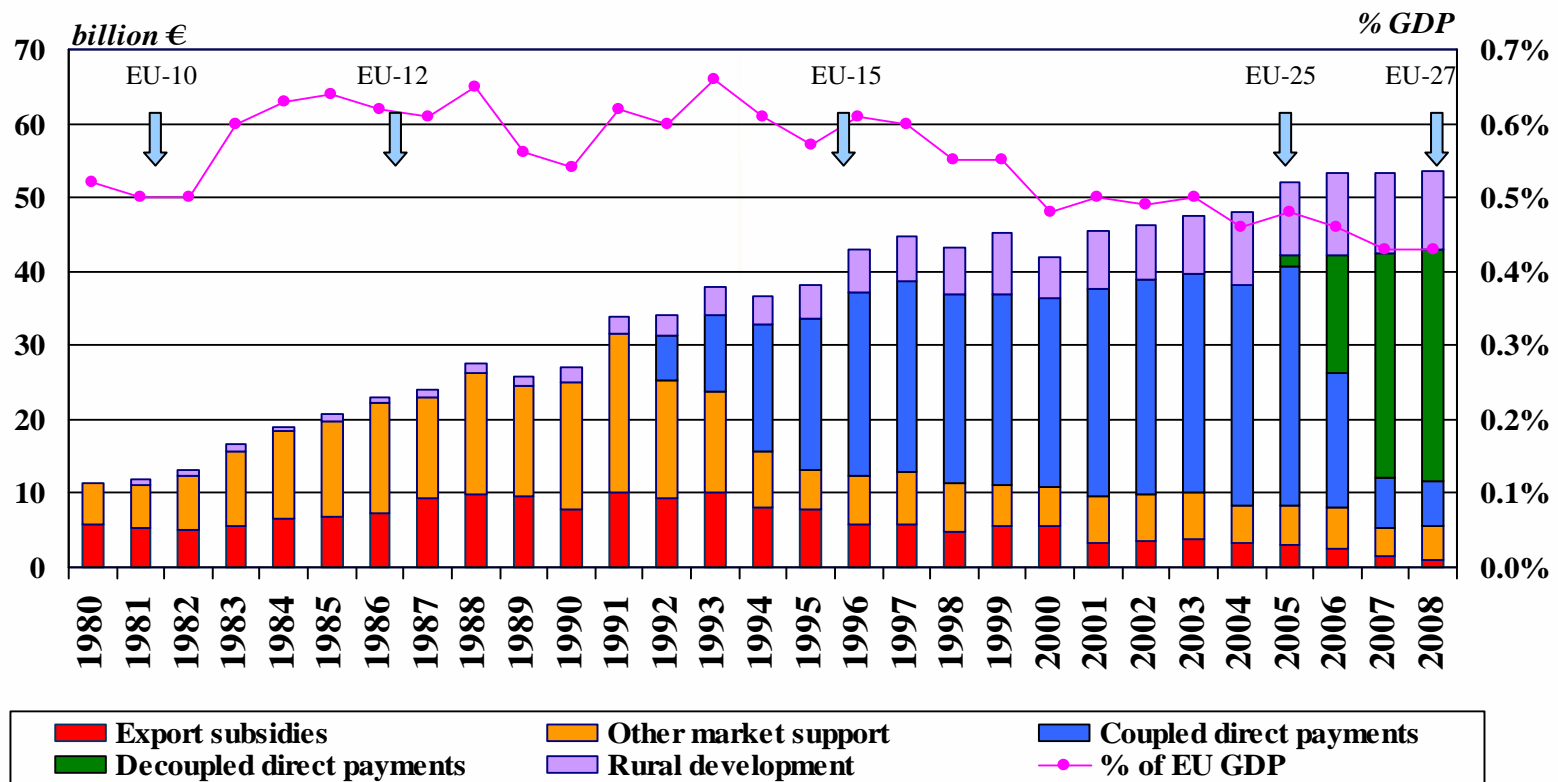


1. *The CAP today*

- ***A substantially reformed policy ...***
 - Farm support is mainly decoupled and subject to cross-compliance
 - Role of market intervention mechanisms is significantly reduced
 - Rural Development policy is strengthened with funds and policy instruments



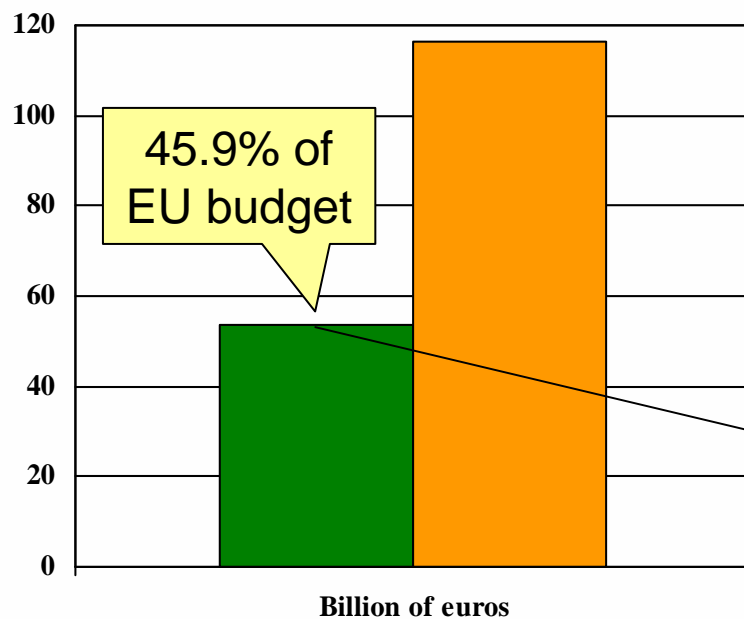
CAP expenditure and CAP reform path





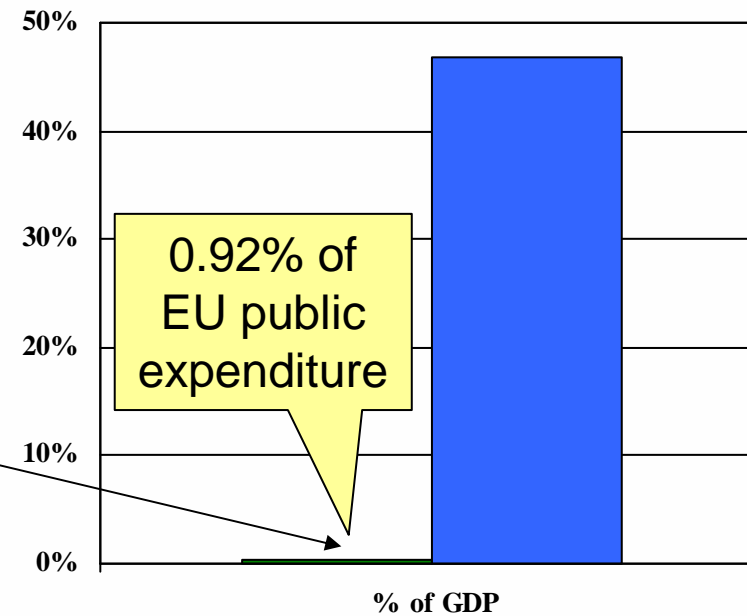
... and alternative views on its cost

*CAP cost in 2008
(in absolute terms)*



■ CAP expenditure ■ EU budget

*CAP cost in 2008
(in relative terms)*



■ CAP expenditure ■ All EU public expenditure



1. *The CAP today*

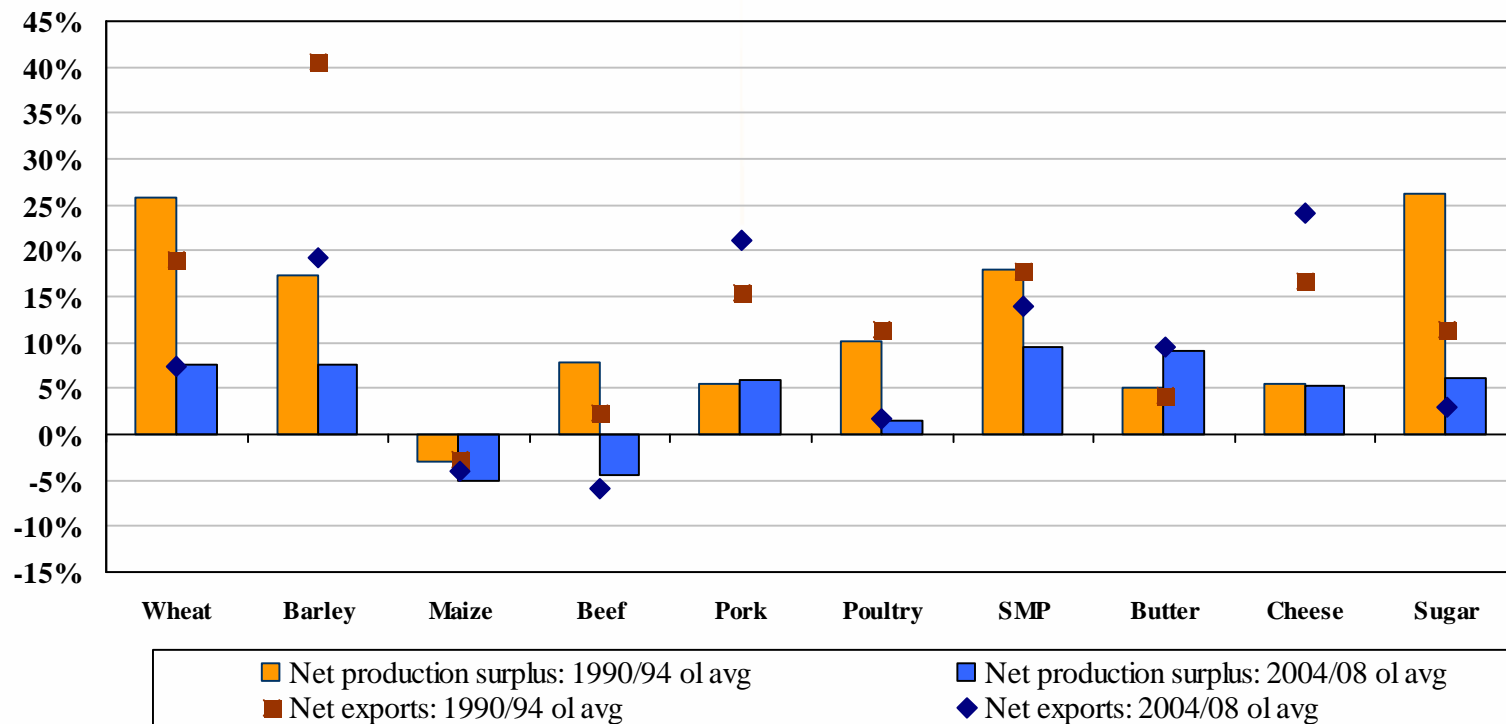
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- ***... and better performing***
 - Surpluses belong to the past
 - Competitiveness is improved
 - Better value for money



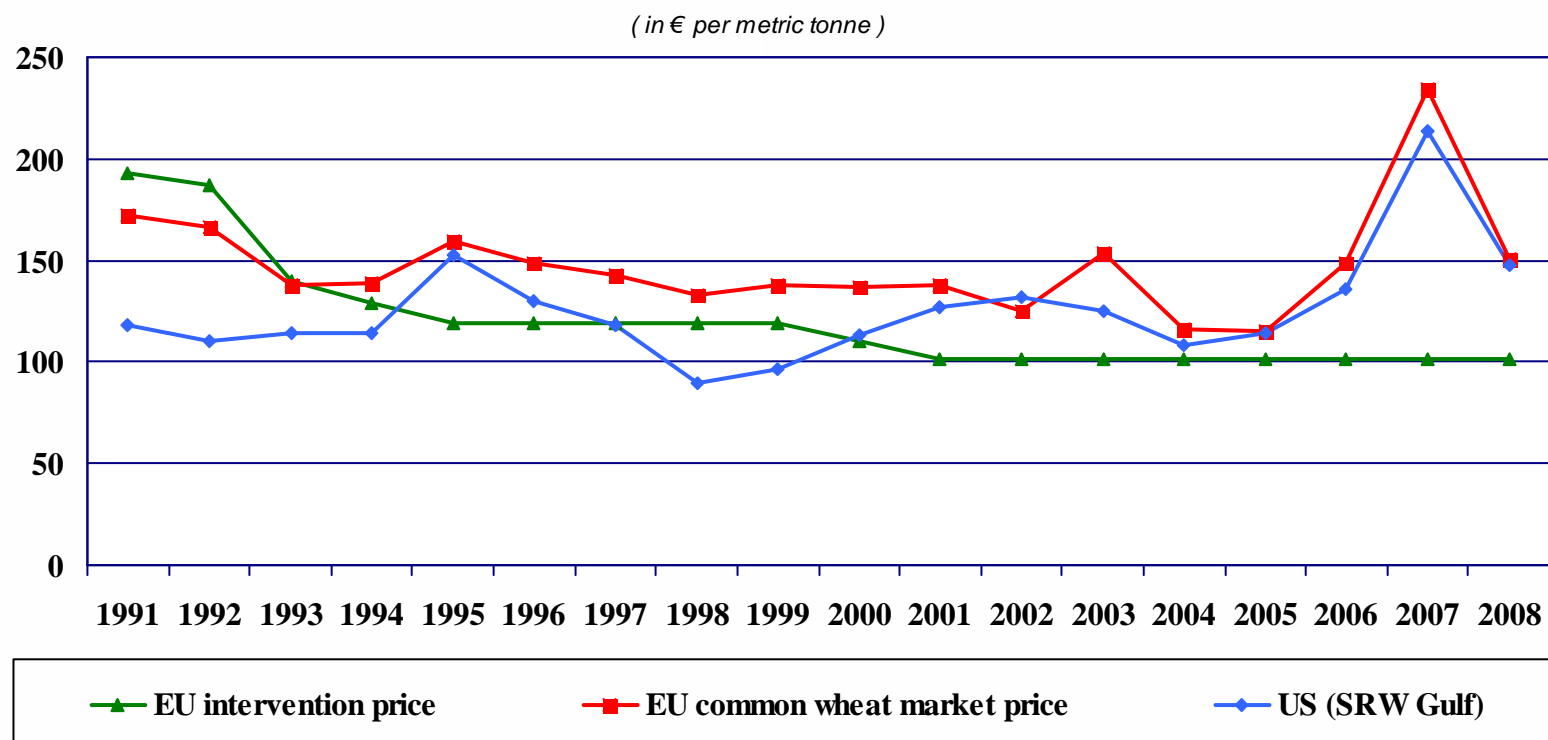
Impact of CAP reforms on EU net production surplus

Net production surplus as % of consumption / Net exports as % of World exports



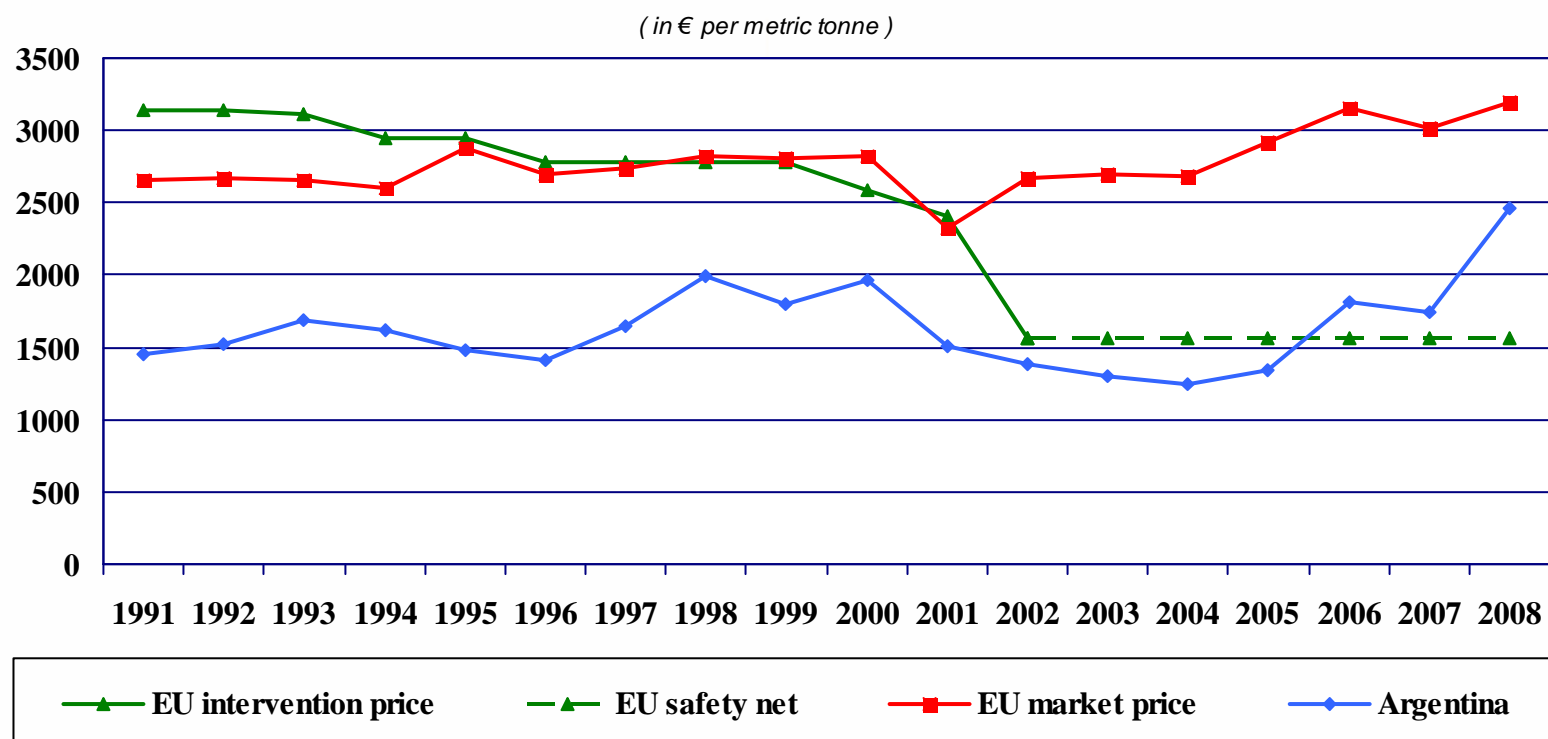


The evolving role of EU support prices - wheat



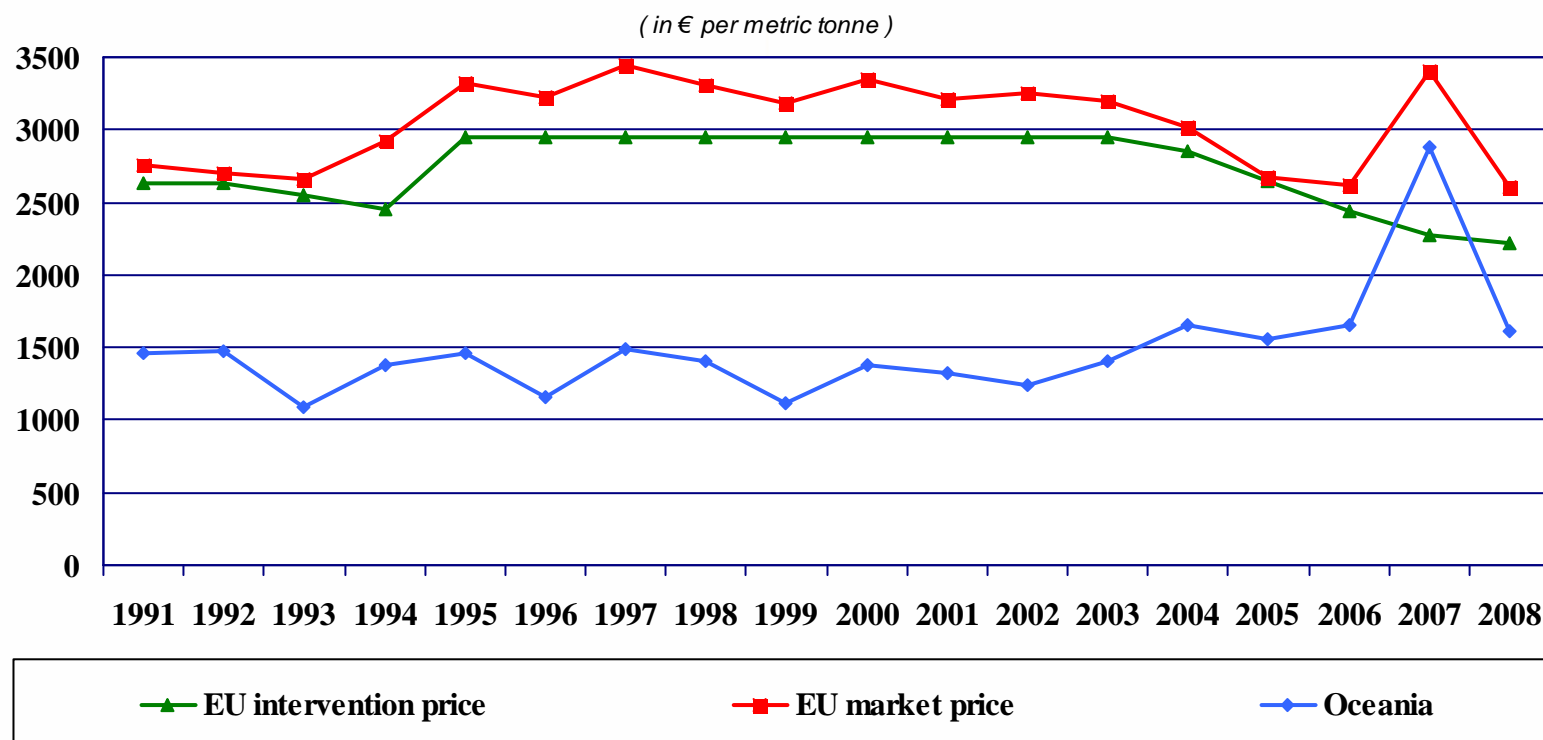


The evolving role of EU support prices - beef



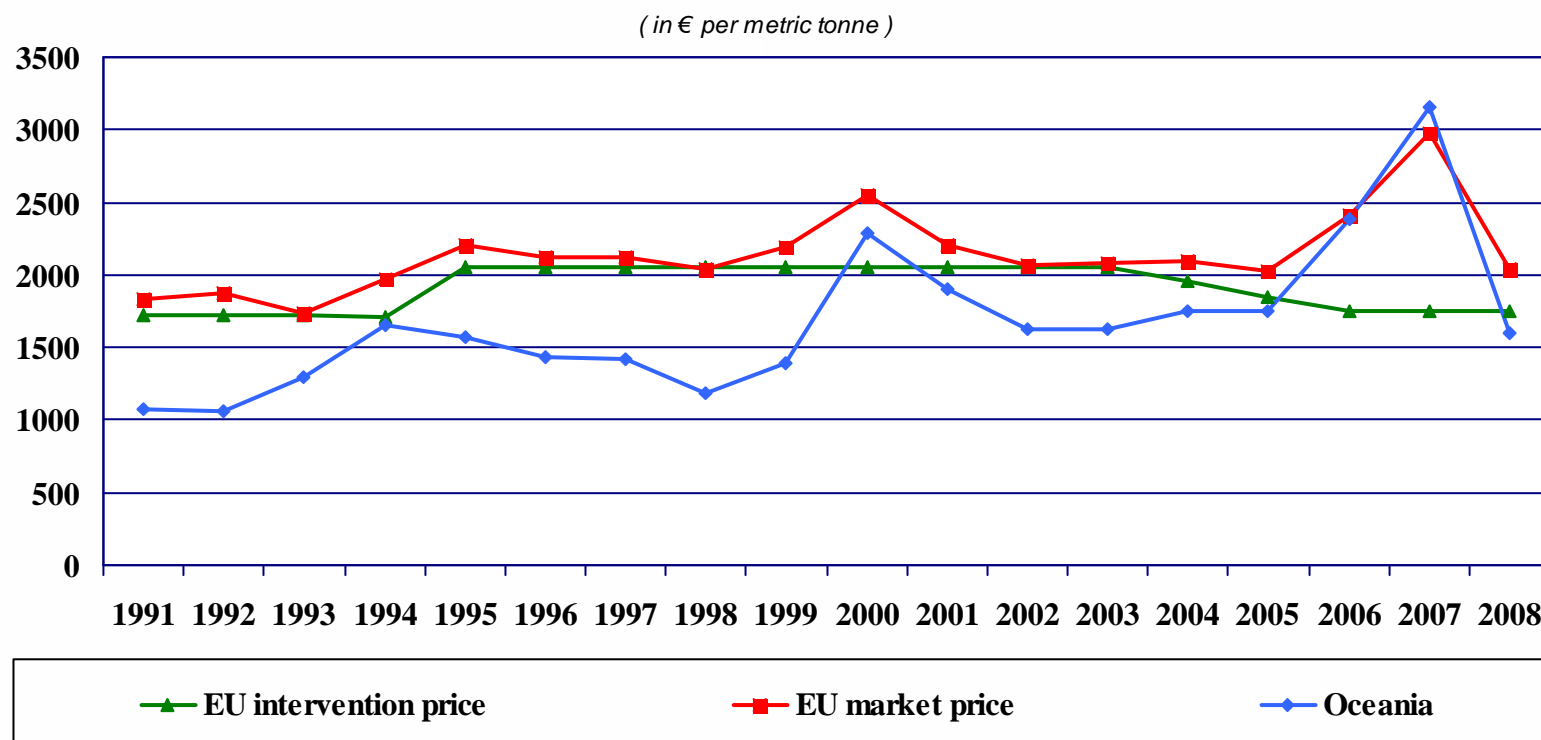


The evolving role of EU support prices - butter





The evolving role of EU support prices - SMP





2. *The CAP until 2013*

■ ***“Health Check” – fine tuned the reform process***

Direct aids

- Further decoupling
- MS allowed to move to flatter rates of support
- New article “68”
 - *Targeted measures to economic/environmental disadvantages in certain regions/sectors*
 - *Risk management measures*

Market mechanisms

- Increase milk quotas by 1% annually
- Intervention streamlined and simplified

Rural development

- “New challenges” (Climate change, bioenergy, water management, biodiversity, innovation, dairy)
- Modulation increase

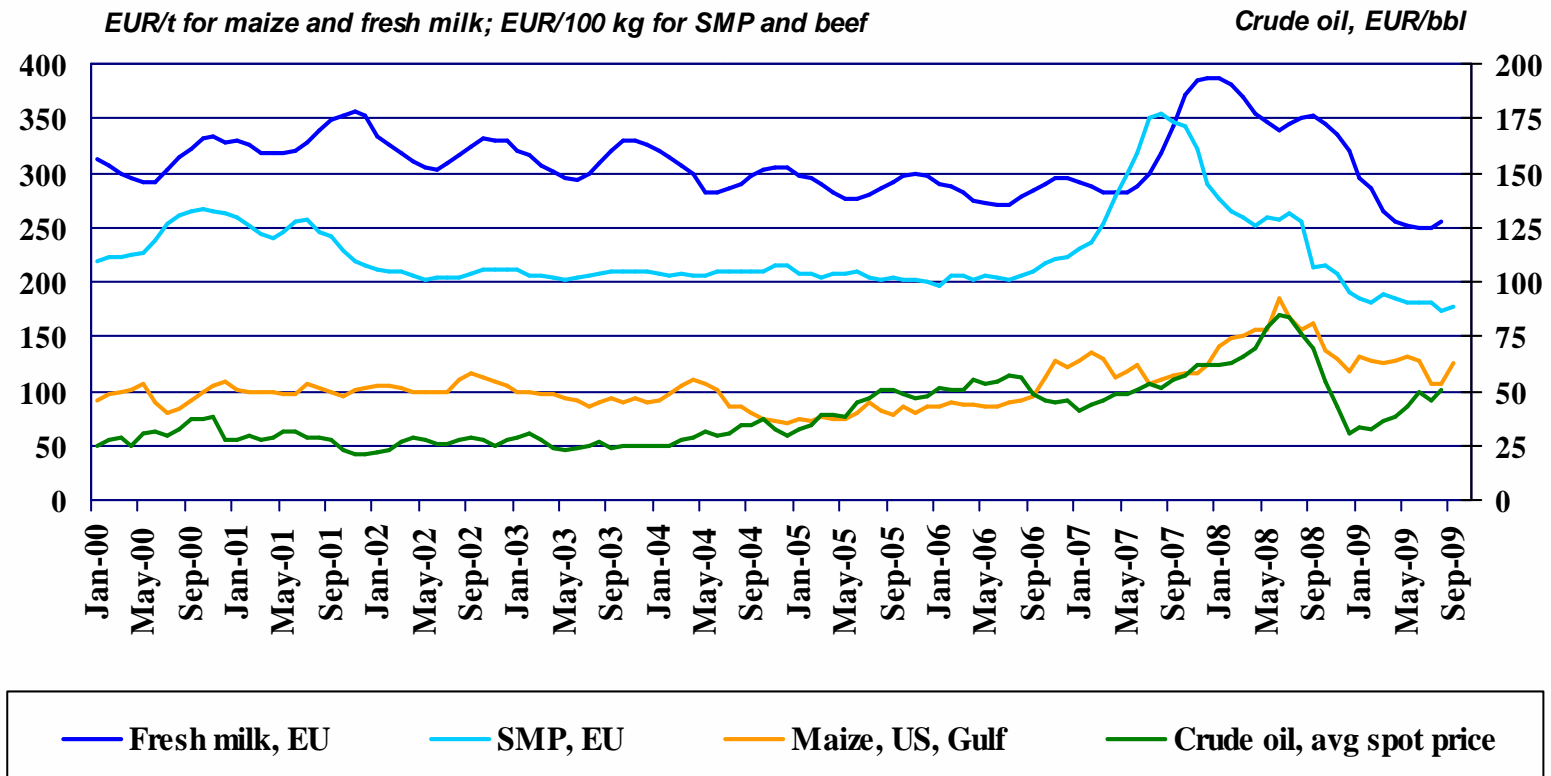


3. The CAP beyond 2013

- ***General context***
 - Volatility in production and prices
 - Economic crisis
 - Food security, climate change, limited resources



Recent trend of some commodity market prices





3. *The CAP beyond 2013*

- ***General context***
 - Volatility in production and prices
 - Economic crisis
 - Food security, climate change, limited resources

- ***Institutional context***
 - New European Parliament and Commission
 - Lisbon Treaty
 - WTO
 - New financial perspectives
 - *New priorities for EU budget*
 - *Budget for CAP?*

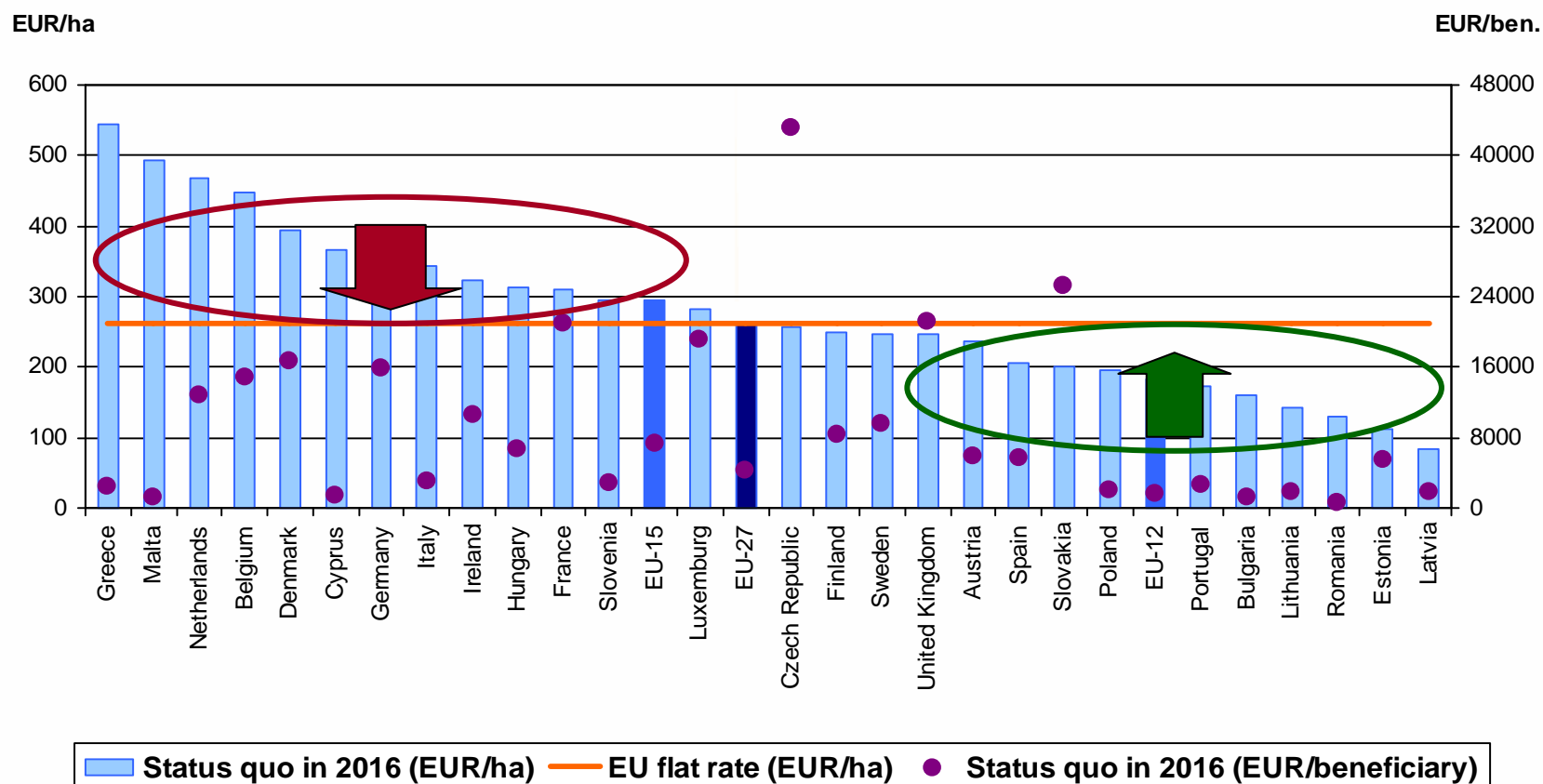


3. *The CAP beyond 2013: the debate*

- ***Do we need the “C” and the “P” of the CAP?***
- ***Current structure (I and II pillar)? If yes*** ↓
 1. ***Direct payments***
 - Income support vs. public goods
 - Redistribution within and among Member States



Average payments



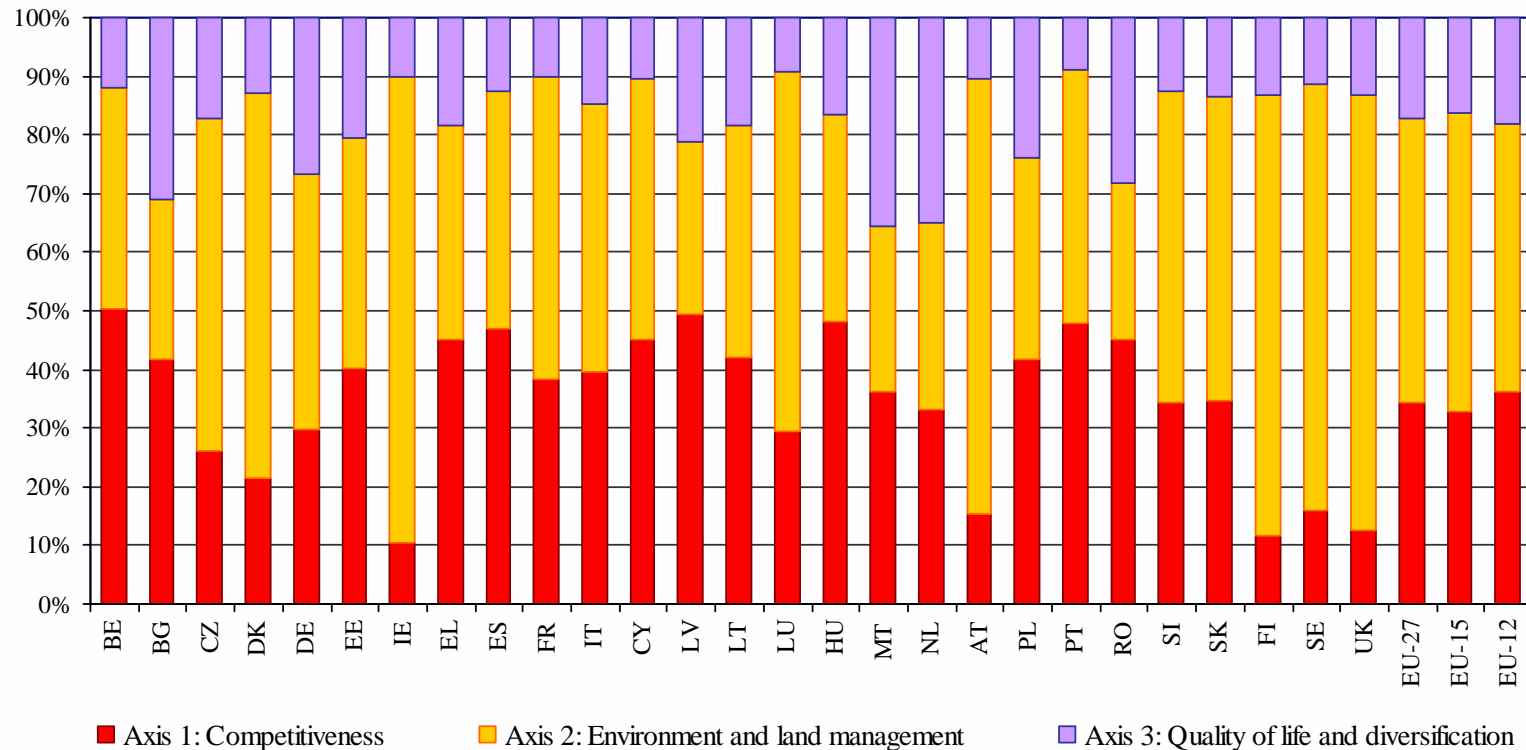


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 - Safety net
 - Other instruments
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 - Balance between competition, environmental and rural economy challenges
 - The 3rd axis of RD an integral part of the CAP reform?



The three Rural Development thematic axes (2007-2013)

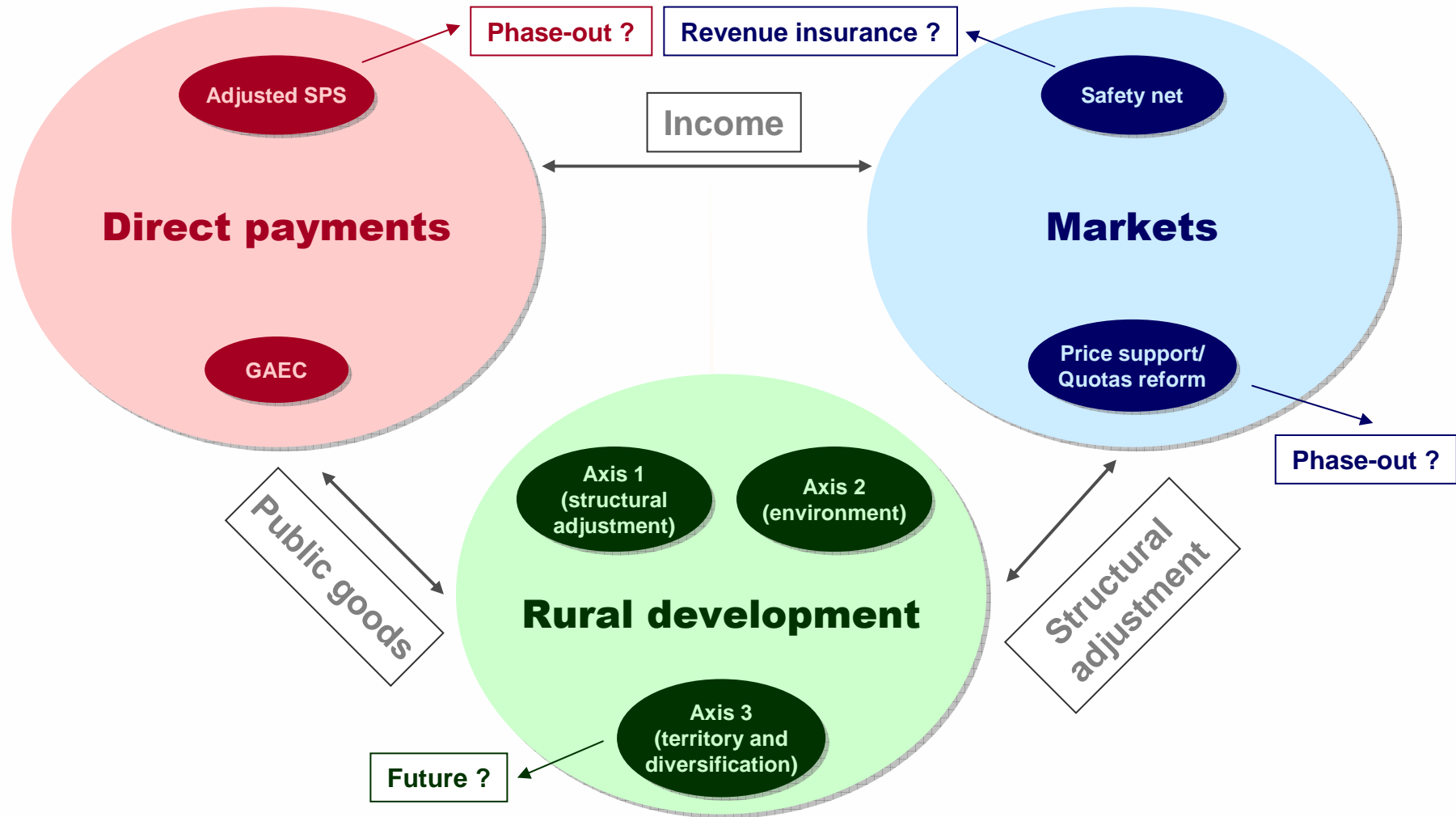




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 4. ***Financing***
 - Distribution between pillars and areas
 - Co-financing

In a nutshell, CAP policy questions...

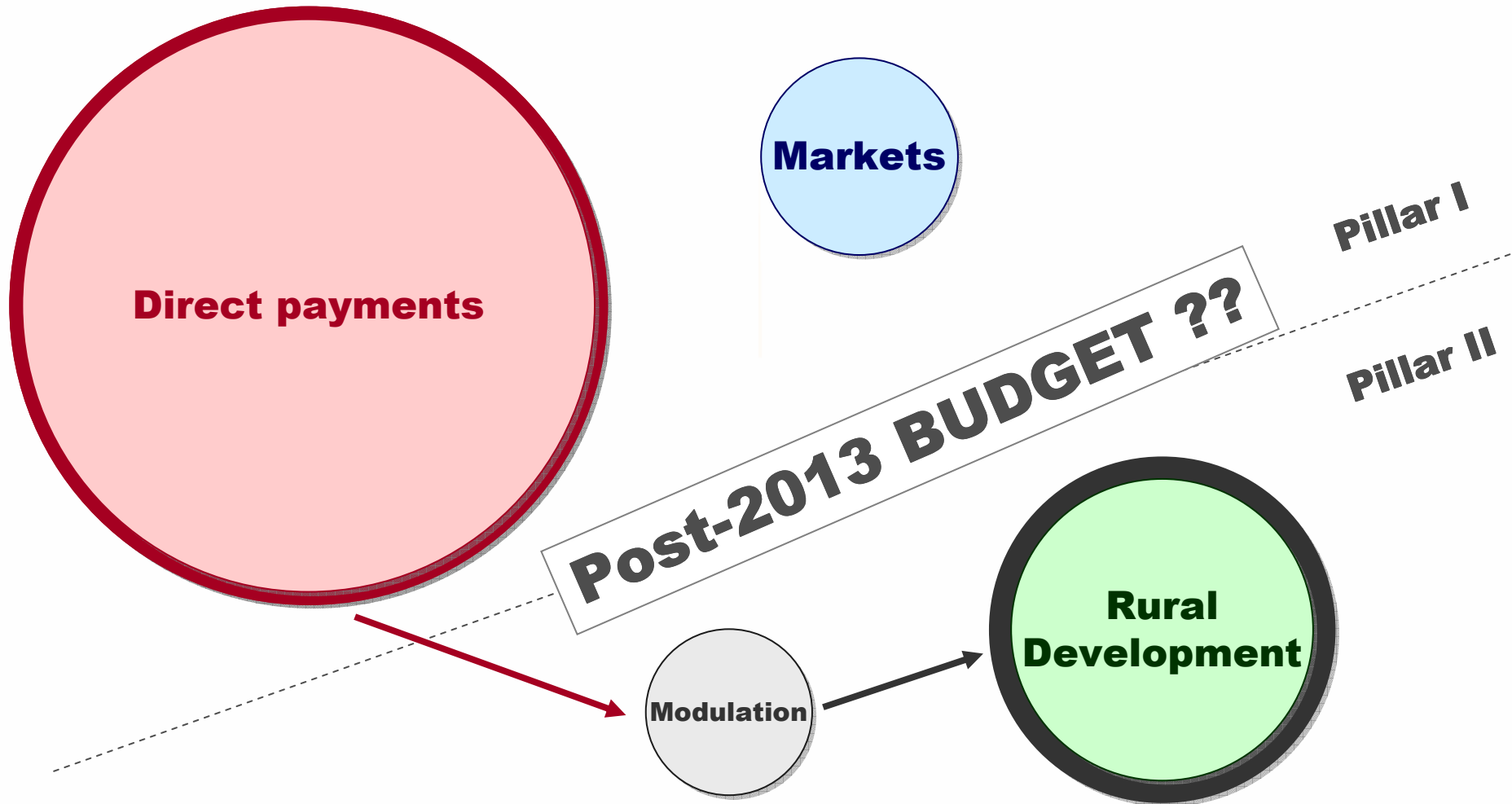




...and CAP budget questions



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For further information

- ***CAP Health Check***
http://ec.europa.eu/agriculture/healthcheck/index_en.htm
- ***EU agriculture and CAP reform***
http://ec.europa.eu/agriculture/index_en.htm
- ***Economic Analysis and Evaluation***
http://ec.europa.eu/agriculture/analysis/index_en.htm
- ***Agricultural Policy Analysis and Perspectives***
http://ec.europa.eu/agriculture/analysis/perspec/index_en.htm



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Thank you