Setting the scene – a political introduction

PEGASUS – Workshop - Ways to enhance the sustained provision of environmental and social benefits – findings and lessons for policy and practice

Hugo Costa – GPP – Policy and Planning Department
IGOT, Cidade Universitária, 24 de novembro 2017
Setting the scene – a political Introduction

1. Current Context
2. CAP post 2020 Agenda
3. Strategic Principles for the CAP post 2020
Setting the scene – a political Introduction

1. Current Framework
CAP Treaty Objectives – Article 39.º of TFEU

- Increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour;

- Ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;

- Stabilise markets;

- Assure the availability of supplies;

- Ensure that supplies reach consumers at reasonable prices.

In working out the CAP and the special methods for its application, account shall be taken of:

- the particular nature of agricultural activity, which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions;

- the need to effect the appropriate adjustments by degrees;

- the fact that in the Member States agriculture constitutes a sector closely linked with the economy as a whole.
Main drivers (either single or combined)

- **Globalisation / Trade policy** (gradual decoupling of direct support) - e.g.: 1992 and 2003 Reforms
- **New priorities** (meeting societal challenges) - (e.g. 2013 CAP Reform: environmental focus)
- **Budget** (Multiannual Financial Framework) - e.g. 1999 Reform
- **The European budget is not an instrument of financial transfer between Member States, it is “primarily an investment budget”,** High Level Group on Own Resources, final report “Future Financing of the EU”
Current Framework

Level of Support
Direct Payments & Rural Development (€/ha UAA)

Direct Payments
Rural Development

Malta  Chipre  Grécia  Eslovénia  Áustria  Bélgica  Holanda  Itália  Hungria  Finlândia  Dinamarca  Alemanha  Luxemburgo  Croácia  Eslováquia  República Checa  França  EU 28  Portugal  Polónia  Suécia  Irlanda  Esónia  Espanha  Lituânia  Bulgária  Reino Unido  Roménia  Leónia
Distribution of CAP funds between Direct payments and Rural Development (%)

France: 82% Direct Payments, 18% Rural Development
Spain: 81% Direct Payments, 19% Rural Development
EU 28: 75% Direct Payments, 25% Rural Development
Áustria: 55% Direct Payments, 45% Rural Development
Portugal: 50% Direct Payments, 50% Rural Development

Fonte: GPP a partir de DG AGRI
PT MAIN DECISIONS DIRECT PAYMENTS – current CAP

- **Coupled Payments [20%]** – 117,54 M€
- **Young Farmer Payment [2%]** – 11,64 M€
- **Greening Payment [30%]** – 174,62 M€
- **BPS [48%; 45,3% from 2017]** – 274,19 M€
- **Redistributive Payment [3,9% from 2017]** – 23,05 M€

**Small Farmers Scheme**
- [500 € in 2015 and 2016; 600 € from 2017]**
A3. Environment, efficiency on the use of resources and climate

M7. Agriculture & natural resources
Ac7.1. Organic Farming
Ac7.2. Integrated Production
Ac7.3. Natura 2000 Payments inc. Local schemes
Ac7.4. Soil Conservation
Ac7.5. Efficient use of water
Ac7.6. Traditional permanent crops
Ac7.7. Extensive grazing (Traditional Permanent Pastures; Montado; Protection of Iberian wolf)
Ac7.8. Genetic Resources
Ac7.9. Agroforestry Mosaic
Ac7.10. Forest-environment payments - maintenance of riparian galleries
Ac7.11. Non-productive investments
Ac7.12. AECM Bee Support

- **Avoid** abandonment of extensive systems (opportunity cost) and compensate loss of income due to the adoption of best practices.

- Main focus on *agricultural production* systems which *simultaneously provide public goods or environmental services*.

- **Geographic delimitation for eligibility** for some measures (municipalities or parishes)

- Additional iAECM incentives for farmers who are members of Producer Organizations for some measures

- Although the model for collective applications has not been formally adopted, there are *increase* in the number of farmers and in the area with AECM contracts with the current RDP: *Organic Farming and Integrated Production* (very significant increase) *Traditional Permanent Crops and Soil conservation* (significant increase)
CROSS COMPLIANCE

Area - Environment, climate change, good agricultural condition of land
Main Issue - Water
Protection of waters against pollution caused by nitrates from agricultural sources; Establishment of buffer strips along water courses; Compliance with authorisation procedures for use of water irrigation; Protection of ground water against pollution, as far as it relates to agricultural activity

Main Issue - Soil and carbon stock
Minimum soil cover; Minimum land management reflecting site specific conditions to limit erosion; Maintenance of soil organic matter level

Main Issue - Biodiversity
Directive on the conservation of wild birds; Directive on the conservation of natural habitats and of wild flora and fauna

Main Issue - Landscape, minimum level of maintenance
Retention of landscape features, and including a ban on cutting hedges and trees during the bird breeding and rearing season

Area - Public health, animal health and plant health
Main Issue – Food safety
General principles and requirements of food law, Directive concerning the prohibition on the use in stockfarming of certain substances having a hormonal or thyrostatic action and beta-agonists

Main Issue - Identification and registration of animals
Identification and registration of pigs, bovine animals, ovine and caprine animals

Main Issue - Animal diseases
SMR 9 - Prevention, control and eradication of spongiform encephalopathies

Main Issue - Plant protection products
SMR 10 - Use of plant protection products on the market

Area Animal welfare
Main Issue – Animal welfare
SMR 11 - Minimum standards for the protection of calves, pigs and animals kept for farming purposes
2. CAP post 2020 Agenda
ECONOMIC AND POLITICAL CONTEXT IN THE EU

Which pressures for change?
Which constraints for EU public policies?
Which spending priorities?

• European economic growth and need to increase employment
• Geo-strategic (im) balances
  - Brexit Effect
  - Development of the Chinese economy
  - Tension with Russia
  - “Trump” Effect
  - Neighbourhood - Migration / Security / Defence issues
  - Elections in Germany

• International Commitments
  - (SDG, Paris Agreement, Bilateral Trade Agreements, WTO, OECD Declaration of Agricultural Ministers 2016)
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<tr>
<th>CALENDAR</th>
<th>CAP POST-2020 Agenda</th>
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<td>2015</td>
<td>LUX</td>
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<tr>
<td>Sep</td>
<td>• Sustainable Development Goals - UN</td>
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<td>Dec</td>
<td>• Paris Agreement on Climate Change</td>
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<td>NL</td>
<td>Apr</td>
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<td>May</td>
<td>• Meeting of OECD Committee for Agriculture at Ministerial Level – “Best Policies for a Productive, Sustainable and Resilient Global Food System”</td>
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<td>• Informal Agriculture Council - Guidance Document “Food of the Future - The Future of Food”</td>
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<td>• French contribution to the Informal Agriculture Council – “A new CAP for a Competitive, Sustainable and Resilient Agriculture”</td>
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<td>2016</td>
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<td>SK</td>
<td>• Conclusions of the Ministerial meeting on Agriculture held in Chambord on French initiative</td>
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<td>• Cork 2.0 Declaration– “A Better Life in Rural Areas”</td>
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<td>• Communication from the Commission - 2017 Work Programme – “Developing A Europe that protects, empowers and defends” (10 political priorities, modernising and simplifying the CAP)</td>
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<td>Nov</td>
<td>• Report of the Agricultural Markets Task Force</td>
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<td>Dec</td>
<td>• European Parliament Workshop: Reflections on the agricultural challenges post-2020 in the EU - preparing the next CAP reform</td>
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<td>• Agricultural Outlook 2016 Conference</td>
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3. STRATEGIC PRINCIPLES FOR THE POST 2020 CAP
Outcome of the conference “A living countryside” proposes policy guidelines for the future of Rural Development:

- **Importance of the agricultural and forestry sectors in the European economy**;
- Great potential in **job creation**, maintenance of the **countryside production of environmental public goods and climate action**;
- Need for **complementing the rural development policy with other EU policies** in order to produce relevant results both for rural residents and for the society at large.
Public Consultation – The European Commission held a public consultation on modernising and simplifying the CAP between February and May 2017. The results were announced at the High Level Conference held on 7 July 2017.

https://ec.europa.eu/agriculture/consultations/cap-modernising/2017_en

Factual summary - Challenges

- Deliver more benefits for environment and climate change;
- Support direct income;
- Foster reestructuring and innovation;
- Improve Farmer’s position in the value food chain.
CAP post 2020 Objectives:

• Ensure productive activity throughout the EU, by safeguarding the resilience, occupation and vitality of rural areas;

• Promote an efficient and innovative agriculture, by guaranteeing farmers balanced relations in the food supply chain and by meeting the food and nutrition needs of European citizens;

• Preserve EU natural resources - soil, water and biodiversity, diverse landscapes - while providing a concerted response to climate change mitigation and adaptation.
CAP post-2020 principles:

1. Environment, climate, health, nutrition and animal welfare
   • Enhance the production of **value-added public goods** generated in the sector (environment, climate, healthy food, animal welfare);
   • **Improve synergy** and coordination between cross-compliance, greening and agri-environmental and climate measures;
   • Encourage **flexibility** to obtain environmental gains (**shorter period contracts**, **environmental certification models**);
CAP post-2020 principles:

2. Resilience as a competitive advantage

- To aim at Investment, Innovation and Research, and Risk Management as a way to increase the sector resilience, competitiveness and attractiveness;
- Global risk management:
  - better articulation between direct payment schemes;
  - base level of income support;
  - support for areas with natural constraints, and
  - coupled payments.
- In addition, reserve part of this type of payments to enable farmers with common interests at sectorial or regional level to sign contracts, on a voluntary basis, to minimise extreme price or income volatility.
CAP post-2020 principles:

3. Balanced relations in the food supply chain
   • Derogation of competition rules to improve concentration of primary supply;
   • EU regulation of good practices, preventing unfair trading practices;
   • Specific schemes for the wine and fruit and vegetable sectors.

4. Small farms and young farmers
   • Support for small-scale farming;
   • Support for young farmers (simplification and coordination of support for young farmers; access to credit; access to knowledge transfer).
Next Steps

Issues to be discussed from the beginning of December

• More focused on results and greater subsidiarity for MS;
• Joint programming of the two pillars at the MS level;
• New CAP delivery model;
• new environmental and climate framework (merger of cross compliance and greening w/ increase of management practices, plus voluntary AECM focused on more targeted objectives)
• Convergence of DP between MS; Co-financing of CAP; Capping and degressivity; Flexibility between pillars; Generational renewal; Type of Risk management approach; Small farmers support; Role of advisory and innovation linked to investment support, use of new technologies to make controls easier.
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Thank you for your attention!