The Future of Food and Farming: EU and the CAP

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The objectives of the Communication at a glance

Strengthen the environmental and climate ambition...
  ➢ ... because it is urgent

Better target support ...
  ➢ ... because it is fairer

Rely more on knowledge, innovation and technology ...
  ➢ ... because it is modern

Rebalance the responsibilities between EU, MS and the farmer...
  ➢ ... because it could be simpler
What does the Communication aim to do?

Confirm agriculture's crucial role and contribution ...
  ➢ ... in food provision, environmental protection and jobs and growth creation

Consolidate and improve CAP framework ...
  ➢ ... through broad avenues of reflection about the future policy orientation

Prioritise simpler rules and more flexible approaches ...
  ➢ ... for the CAP to better deliver its results at EU, MS and farm level
Why a Communication on Food and Farming?

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

- **Increasing EU competitiveness** ...
  - ... and turning the EU into a net agro-food exporter

- **Positively impacting jobs and growth** ...
  - ... in rural areas and the food chain throughout the EU territory

- **Providing relative income stability** ...
  - ... within a very volatile income and price environment
Why a Communication on Food and Farming (cntd)?

…but also **shortcomings to be addressed**

- Despite progress the environmental performance of EU agriculture ...
  - ... requires further improvement to meet ongoing and future challenges

- Productivity growth is mainly driven by the outflow of labour ...
  - ... and less by research, innovation or capital investment

- Questions on equity, safety net and simplicity of the CAP ...
  - ... are still hotly debated despite repeated efforts to address them
What has changed since the last reform?

Basic parameters that influenced decisions of the 2013 CAP reform differ today:

- The world commodity, economic and price environment ...
  - ... especially in terms of both the level (lower) and expectations for agricultural prices

- The world trade environment ...
  - ... especially the shift from multilateral to regional agreements

- New climate change, environmental and broader sustainability priorities ...
  - ... especially COP21 and commitments stemming from it
Main issues for the future CAP debate: public money for private and/or public goods?

Source: DG AGRI.
Commodity price changes in recent years

Climate linked loss events in dramatic increase

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)
Strengthening environment and climate action

EU sets wide objectives ...
- ... on air, water, soil and biodiversity

EU sets list of available types of intervention ...
- ... suitable for achieving CAP objectives

MS define the most pertinent schemes/operations ...
- ... based on EU-priorities and their specific needs

Farmers apply for schemes and comply with stringent criteria ...
- ... defined by MS to reflect environmental needs
Better targeting support

Farm income still lags behind income in the rest of the economy …
  ➢ ...with Direct Payments providing an important income safety net in all regions

The current distribution of area-based payments reflects land distribution ...
  ➢ ... and is thus concentrated among a minority of farmers

To target direct payments more effectively alternative approaches can be explored ...
  ➢ ... such as compulsory capping, degressivity or redistributive payments

To follow the principle of equality among member states ...
  ➢ ... differences in CAP support between them should be reduced
Distribution of EU direct support to farmers (%)
Rely more on knowledge, innovation and technology

A better link of what we know to what we grow ...
- ... would promote the use of smart agriculture

Anticipating future knowledge needs ...
- ... should promote research to address them in a wide array of farm-related issues

Exchange and transfer knowledge ...
- ... will spread and multiply the impact of innovative practices

Well performing Agricultural Knowledge and Innovation Systems...
- ... are essential to bridge the knowledge gap among farmers
A new model of sharing responsibilities

Moving from one-size-fits-all to more tailored made solutions ...
- ... will reduce EU requirements to what is necessary to ensure EU value is added

The Union would still set the basic policy parameters of the CAP ...
- ... fulfilling the Treaty obligations and other EU agreed objectives (e.g., COP21, SDGs)

Member States should establish "CAP strategic plans" approved by the Commission ...
- ... tailoring interventions to reflect local conditions and needs in line with EU-objectives

A shift from compliance to results and performance...
- ... would increase MS flexibility in their design of measures/compliance requirements
Other priorities

Promote growth and jobs in rural areas...
  ➢ ... to address structural weaknesses and promote bio-economy

Attract new farmers ...
  ➢ ... to address the generational renewal challenge

Improve risk management tools ...
  ➢ ... to better address price, income and production-related risks

Address broader EU concerns and the global CAP dimension ...
  ➢ ... from emerging health challenges, to food waste and trade issues
Focus on performance

A performance-based policy implies two distinct, but interconnected processes...

- ... that of assessing the policy and that of assessing the policy implementation

A meaningful assessment of policy performance can rely on the manner by which...

- ... specific targets are achieved, especially with respect to specific objectives

Reliable policy assessment requires a selection of a set of indicators reflecting how...

- ... the supported intervention contributes to achieving the specific objectives

Policy performance is assessed multi-annually based on a combination of methods...

- ... while policy implementation requires closer monitoring at an annual basis
The CMEF experience

DG AGRI's long and deep analytical experience ...
  ➢ ... is based on a wide and expanding use of statistical information

The ever increasing reliance on indicators for policy assessment ...
  ➢ ... requires a close look into their quality, use and (often) misuse

Recent threats and opportunities for data availability ...
  ➢ ... should lead to a rethinking of the "what, how and why" of their need
How can policies benefit from these investments?

Figure x. Worldview-2 image, 15-08-2011, Flevoland. Test parcel for variable rate application in yellow outline (above). WDVI image of test parcel (lower-left). Reglone dose instruction map (lower-right)
The "what?" of monitoring information

Current CMEF (Common Monitoring and Evaluation Framework) ...
- ... consolidation in market, direct payment and RD data almost finalised

Timing of the 1st Report of the CMEF will be anticipated ...
- ... to become available before the summer of 2018

A significant body of statistical information is already public ...
- ... and the full set will become available in Spring 2018
The "why?" of monitoring information

Shift of policy focus from compliance to results ...
- ... was already anticipated in DG AGRI thinking (see 2015 BFOR Brief)

This shift requires a better understanding of its implications ...
- ... especially with respect to the difference between outputs and results

Policy performance requires analysis based on indicators ...
- ... but by themselves, indicators are not measures of performance
EU GHG emissions from agriculture (mio t)

Source: European Environmental Agency.
The "how?" of monitoring information

In certain areas, policy performance can be measured ...
  ➢ ... where specific targets are set, on the basis of (multi-annual) results

In other areas, further progress in data detail is required ...
  ➢ ... especially in areas (e.g. soil practices) where policy impact takes time

In some, assessing policy performance is less straightforward ...
  ➢ ... as results depend on multiple, often exogenous factors (e.g. income)
Some reflections...

"Politically correct" statements on facts is the easy thing to do...
  ➢ ... it only takes isolating a fact to support a pre-determined opinion

Factually correct statements on policy are more tricky...
  ➢ ... as it requires connecting the dots and identifying causality links

A shift on results does not necessarily require more information...
  ➢ ... but better links and synergies between existing sources of information
...leading to conclusions and future steps

Recent examples identify promises as well as challenges in ...
  ➢  ... using indicators to assess results (e.g., WB analysis, LUCAS)

Basic requirements for a simplified and improved future CMEF ...
  ➢  ... include streamlining indicators and distinguishing outputs from results

Better link of statistical, administrative, satellite and farm data ...
  ➢  ... could potentially facilitate data collection and improve quality
Is climate change the catalyst for policy reform?

Climate change is not disputed ...

- ... but is a widely recognised challenge in the EU

Diverse EU climatic conditions facilitate the search ...

- ... for multiple solutions and diversified strategies

Both mitigation and adaptation strategies ...

- ... are at the core of the EU policy debate
The EU leads in the search for solutions...

In all EU-related policy domains ...
  ➢ ... climate change is a driver for best practices

Taking the lead in the challenge recognition ... 
  ➢ ... allows for its internationalisation

The free provision of climate-relevant information ...
  ➢ ... by EU satellite technologies is widely recognised
... but mind the emerging gaps ...

The knowledge gap ...
- ... between a universal problem and its non-universal solutions

The technology gap ...
- ... between those that moved fast into innovation and those lagging behind

The perception gap ...
- ... the role of science is doubted when its applications are most in need
Where does farm policy fit in this?

In better linking what we know to what we grow ...  
- ... by filling the knowledge gap with new research priorities

In better exchanging and transferring knowledge ...  
- ... by bridging the gap between those advanced and those left behind

In better targeting measures to objectives ...  
- ... so that the focus shifts on incentivising and recognising desired results
Farming practices can make a difference

Source: JRC 2013 crop model simulations.
Reports and data available at:

https://ec.europa.eu/agriculture/index_en.htm
https://ec.europa.eu/agriculture/events/2016-outlook-conference_en
https://ec.europa.eu/agriculture/statistics_en
https://ec.europa.eu/agriculture/cap-indicators_en
https://ec.europa.eu/agriculture/consultations/cap-modernising/2017_en


Thank you for your attention!