



Finding out about... the Common Agricultural Policy*

Background

Established in 1957 by the Treaty of Rome, the Common Agricultural Policy (CAP) took effect in 1962. The objectives of the CAP are set out in the Treaty Establishing the European Community (EC Treaty), Article 33 of which states that they shall be:

- (a) to 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;
- (b) thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;
- (c) to stabilise markets;
- (d) to assure the availability of supplies;
- (e) to ensure that supplies reach consumers at reasonable prices.”

Agricultural production increased under the CAP, to such an extent that, by the 1980s, there was concern that excessive production was being encouraged. The CAP was also criticised for costing too much to administer. Financial support for agriculture has fallen from nearly 70% of the EU budget in the 1970s to 34% for the period 2007-2013.

The CAP has been reformed a number of times. In 1968 the Mansholt Plan sought to reduce the number of people employed in agriculture and to create more efficient farms. Although not implemented fully, the Plan formed the basis of agricultural development until further

reforms were introduced in the 1980s. Proposals were published by the European Commission in 1983 and a package of reform measures was agreed by the European Council in February 1988.

In the early 1990s, Agriculture Commissioner Ray MacSharry put together a package intended to cut both production levels and costs. Measures included the introduction of early retirement schemes, incentives for farmers to diversify and to adopt less intensive production methods, and the policy of ‘set-aside’ under which some land is taken out of production (in response to high cereals prices and low EU stock levels, the Council decided in September 2007 that farmers will be allowed to use set-aside land for agricultural purposes in 2008).

Preparations for enlarging the EU led to further reforms in 1999 under Commissioner Franz Fischler in the context of Agenda 2000. These were also intended to promote the needs of the rural environment and of rural communities.

The Union’s 2004 enlargement added some four million farmers to the existing seven million in the 15 ‘old’ Member States, and expanded the Union’s agricultural land from 130 million hectares to 168 million - an increase of some 30%.

“The aim of the common agricultural policy (CAP) is to provide farmers with a reasonable standard of living, consumers with quality food at fair prices and to preserve our rural heritage.”
europa.eu/pol/agr/overview_en.htm

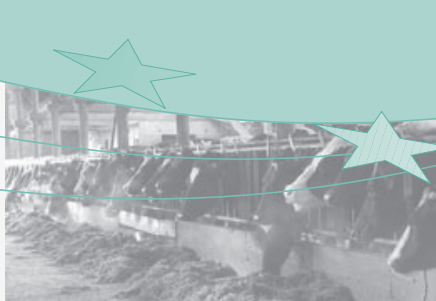
To help prepare the CAP for the impact of enlargement, further reforms were undertaken in 2003. The most radical step was the so-called ‘decoupling’, under which payments to farmers are no longer linked to production, but take the form of a Single Farm Payment. Farmers are no longer paid just to produce food, but must also care for the environment, and respect food safety and animal welfare standards. The idea being that they are ‘freed’ to respond to the demands of the market.

Money saved by reducing direct payments to larger farms is to be used for funding rural development initiatives. Rural development is seen as “the key tool for the restructuring of the agriculture sector” and for encouraging diversification and innovation in rural areas.

February 2005 saw the relaunch of the ‘Lisbon Strategy for growth and jobs’. Originally adopted in March 2000, the Strategy aims to make the EU the world’s most dynamic and competitive economy by 2010 and impacts on a wide range of policies - including agriculture.

For the agricultural sector, the Lisbon Strategy means achieving strong economic performance and the sustainable use of natural resources. The CAP’s new focus on entrepreneurship - creating and responding to demand - is seen as helping the sector’s economic performance, although the Commission has warned that “A more entrepreneurial approach will require a change of culture and working habits in many organisations and will require support and encouragement (both political and financial).”

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In October 2005, the Commission adopted proposals for simplifying the CAP. The Communication 'Simplification and Better Legislation for the Common Agricultural Policy' (COM (2005) 509) was claimed to be "part of the CAP's contribution to realising the EU's Lisbon strategy". It proposed that simplification should be at both the policy and technical levels, with its focus being mostly on the latter (suggested actions included "Cleaning up agricultural rules"; introducing a Single Common Market Organisation (CMO) Regulation to replace the 21 currently in place - a proposal backed by Agriculture Ministers in June 2007; and reforming the CMO for sugar - the changes should reduce EU sugar production to sustainable levels and were agreed by the Agriculture Council in September 2007).

2005 also saw a new Regulation (1290/2005) on the rules for financing the CAP. Spending on the CAP is now funded through the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD).

In October 2007, in a move aimed at increasing the transparency of CAP funding, the Agriculture Council agreed that Member States will publish "all recipients of money paid out under the CAP, regardless of how much aid they receive."

Information sources

The most comprehensive source is the website of the Commission's Agriculture and Rural Development Directorate-General (ec.europa.eu/agriculture) which provides material under a number of headings, including:

- ▶ 'The big issues' ('Rural development', 'Trade', 'Agriculture and food', 'Enlargement')
- ▶ 'Survey' ('What do Europe's citizens think about the CAP?')
- ▶ 'Analysis' ('Economic analysis and evaluation')
- ▶ 'Latest news'
- ▶ 'Focus on' (summaries on a range of topics, sometimes in the form of web pages with links to relevant documents; occasion-

ally just links to a specific document; wine, bananas, biofuels and simplifying the CAP were just some of the issues covered in late October 2007)

- ▶ 'Policy areas' (coverage of a dozen topics, including 'Direct payments', 'Organic farming', 'State aid'; similar format to 'Focus on')
- ▶ 'Services' (which includes details of a range of relevant publications, from newsletters - e.g. 'Agriculture Newsdigest', 'Agri Newsletter' - to the *annual report* on the agricultural situation in the EU)

Agriculture is something in which other Commission DGs also have an interest, including the DG for Health and Consumer Protection, which is responsible for food safety. Its website is at ec.europa.eu/dgs/health_consumer (a list of all the DGs can be found at ec.europa.eu - see under 'Who's who').

The 'Activities' section on the main page of Europa (europa.eu) has a link to a page on 'Agriculture', which provides a useful starting point for research. It offers an overview and a number of main sections, including: 'Key sites', 'Documentation', 'Summaries of legislation', 'Legal texts'.

The 'Summaries of legislation' pages (previously SCADPlus) offer background information under the following headings:

- ▶ General framework
- ▶ Regional dimension
- ▶ Markets for agricultural products
- ▶ Food safety
- ▶ The environment and organic farming

The section can be accessed direct at europa.eu/scadplus/leg/en/s04000.htm or via europa.eu/scadplus.

The annual *General Report on the activities of the European Union* and the monthly *Bulletin of the European Union* each have sections on 'Agriculture and rural development', providing summaries of relevant developments and references to significant legislative documents.

The *General Report* is at europa.eu/general-report/en/welcome.htm (look for 'Chapter III - Solidarity' - 'Section 2 - Solidarity with future generations and management of natural resources' - 'Agriculture and rural development'). The *Bulletin* is at europa.eu/bulletin/en/welcome.htm - choose chapter 18.

The European Parliament's interests in agriculture can be monitored via the 'Agriculture and fisheries' section on Europarl (europarl.europa.eu), which highlights selected news items from the past few years.

Background material on the CAP can be found in Section 4.1 of European Parliament Fact Sheets. The latest version is dated 2004 and does not take account of recent changes, but is useful for historical developments. Access is via europarl.europa.eu - then 'Parliament' - 'Archives' - 'Fact Sheets on the EU'.

The interests and work of Parliament's Committee on Agriculture and Rural Development (AGRI) can be discovered via the 'Parliamentary committees' link on the main Europarl page.

Member States' interests in agricultural matters are officially the concern of the Agriculture and Fisheries Council. Ministers usually meet once a month and details of their meetings can be found in press releases on the Council's website (consilium.europa.eu - 'Press' - 'Press releases' - 'Council meetings').

The CAP is dealt with in the European Economic and Social Committee by the Section for Agriculture, Rural Development and the Environment (NAT - follow the link under 'Sections' at the main page: eesc.europa.eu).

In the Committee of the Regions, the relevant Commission is DEVE, responsible for Sustainable Development. Details can be found at cor.europa.eu under 'CoR Commissions'. ■

* This is an updated version of the text first published in *European Information* April 2002.