

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**
- **Support to the development of a knowledge-based agriculture**
- **Higher ambition on environment and climate action**
- **A fairer and more effective distribution of support across MS and farmers**
- **A more balanced way of working together**

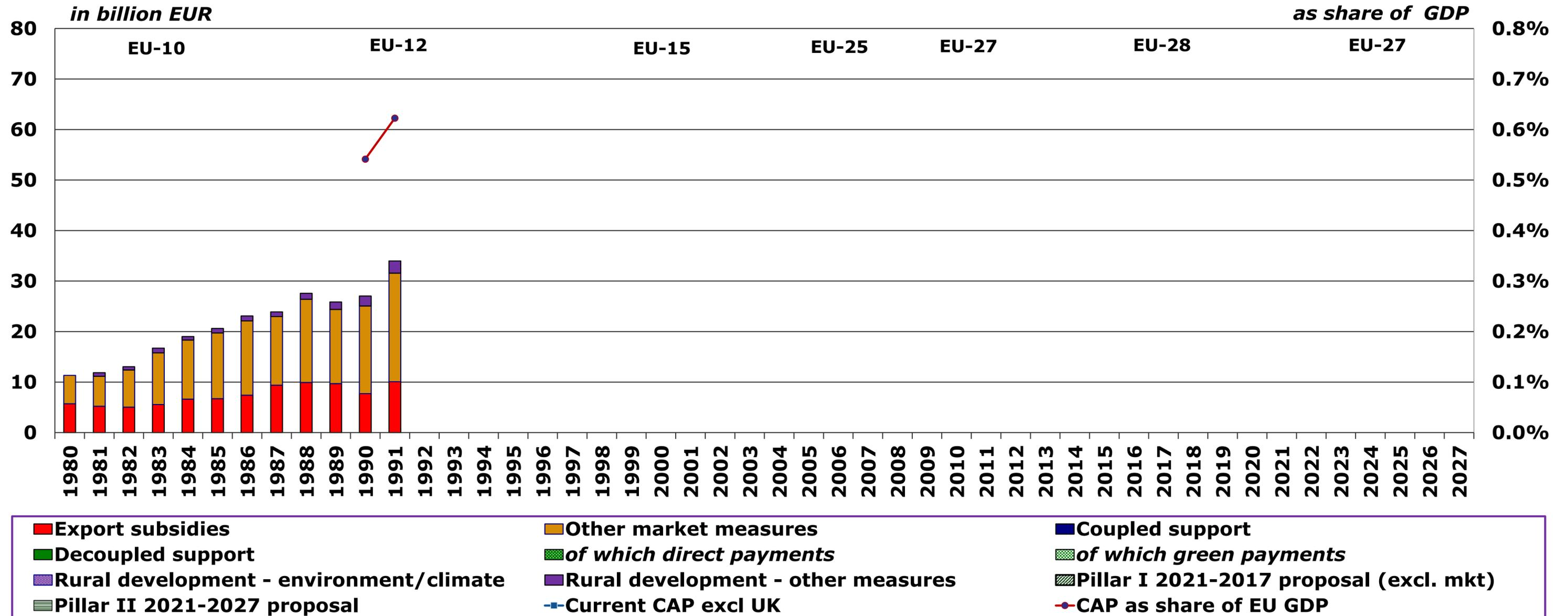


How much: CAP budget in perspective





THE CAP GRADUAL SHIFTED FROM PRICE SUPPORT...



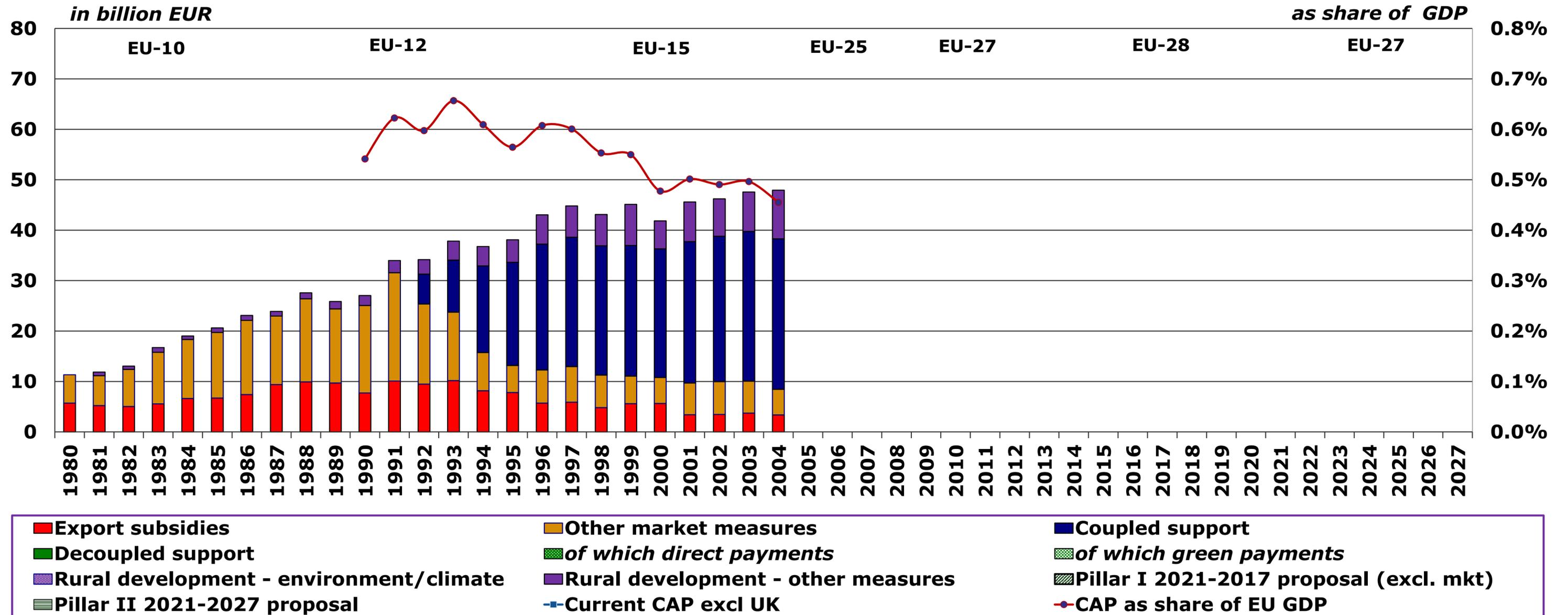
Source: EC-DG AGRI.

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...



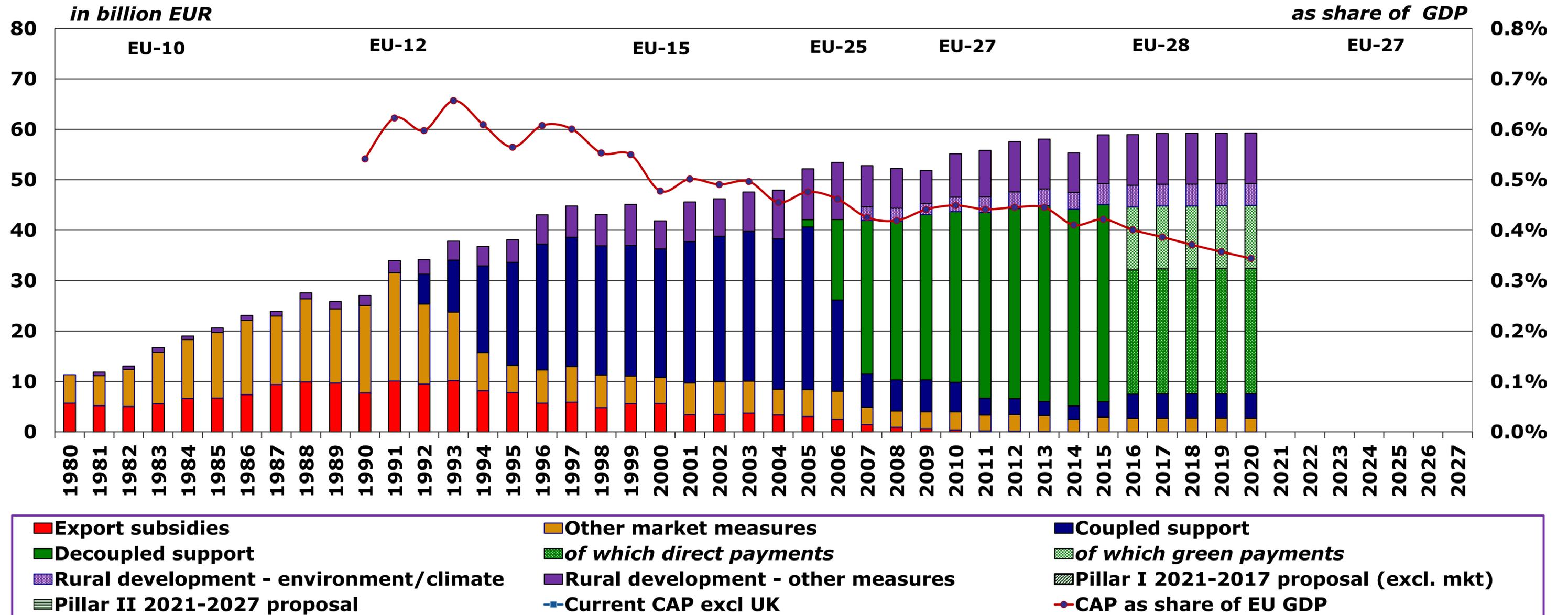
Source: EC-DG AGRI.

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...



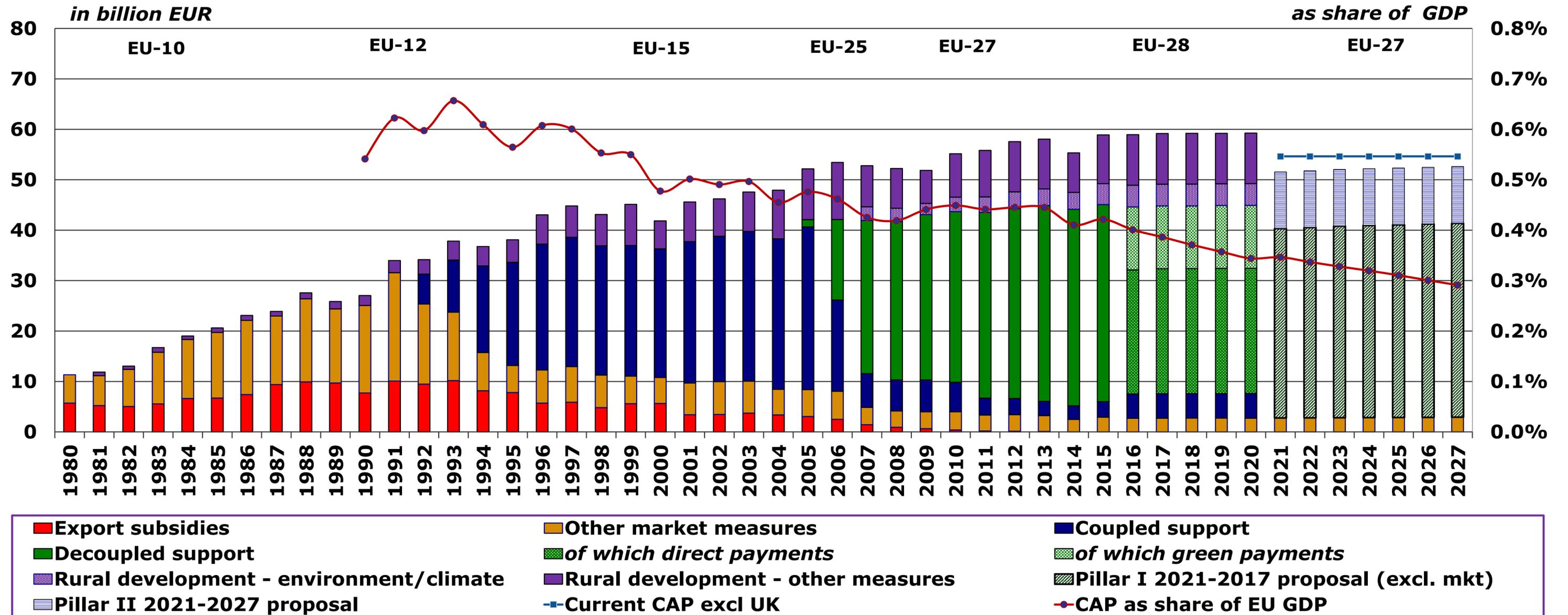
Source: EC-DG AGRI.

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





WHY: LESSONS LEARNT FROM ASSESSING THE CAP

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*

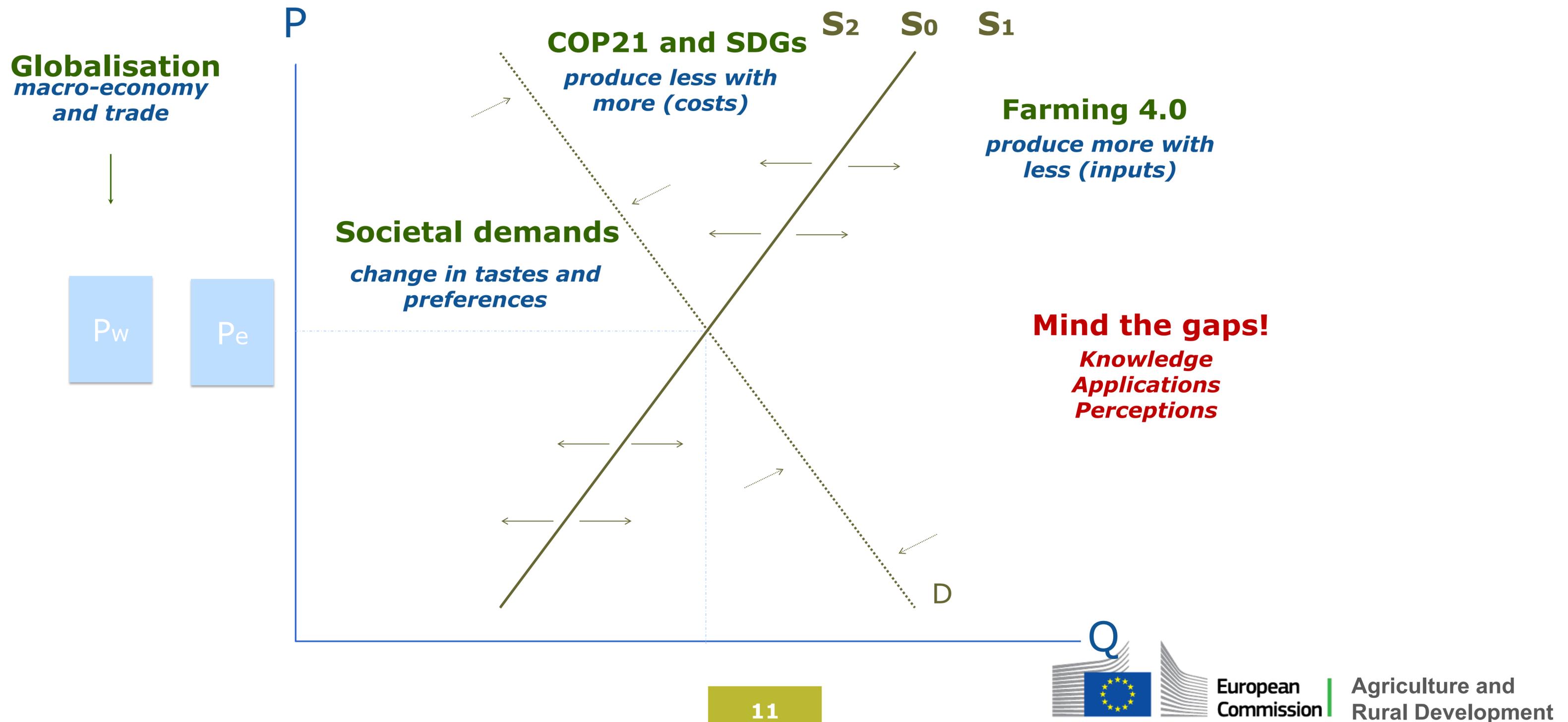
...in a changing broader environment within which the CAP operates

- *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*





GLOBAL CHALLENGES AND THE BIG PICTURE



CAP objectives and priorities





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

Environment & Climate

Social

Ensure fair income
Increase Competitiveness
Rebalance power in food chains

Climate change action
Environmental care
Landscapes and biodiversity

Generational renewal
Vibrant rural areas
Food and health quality

CROSS-CUTTING CAP OBJECTIVES

Sustainability

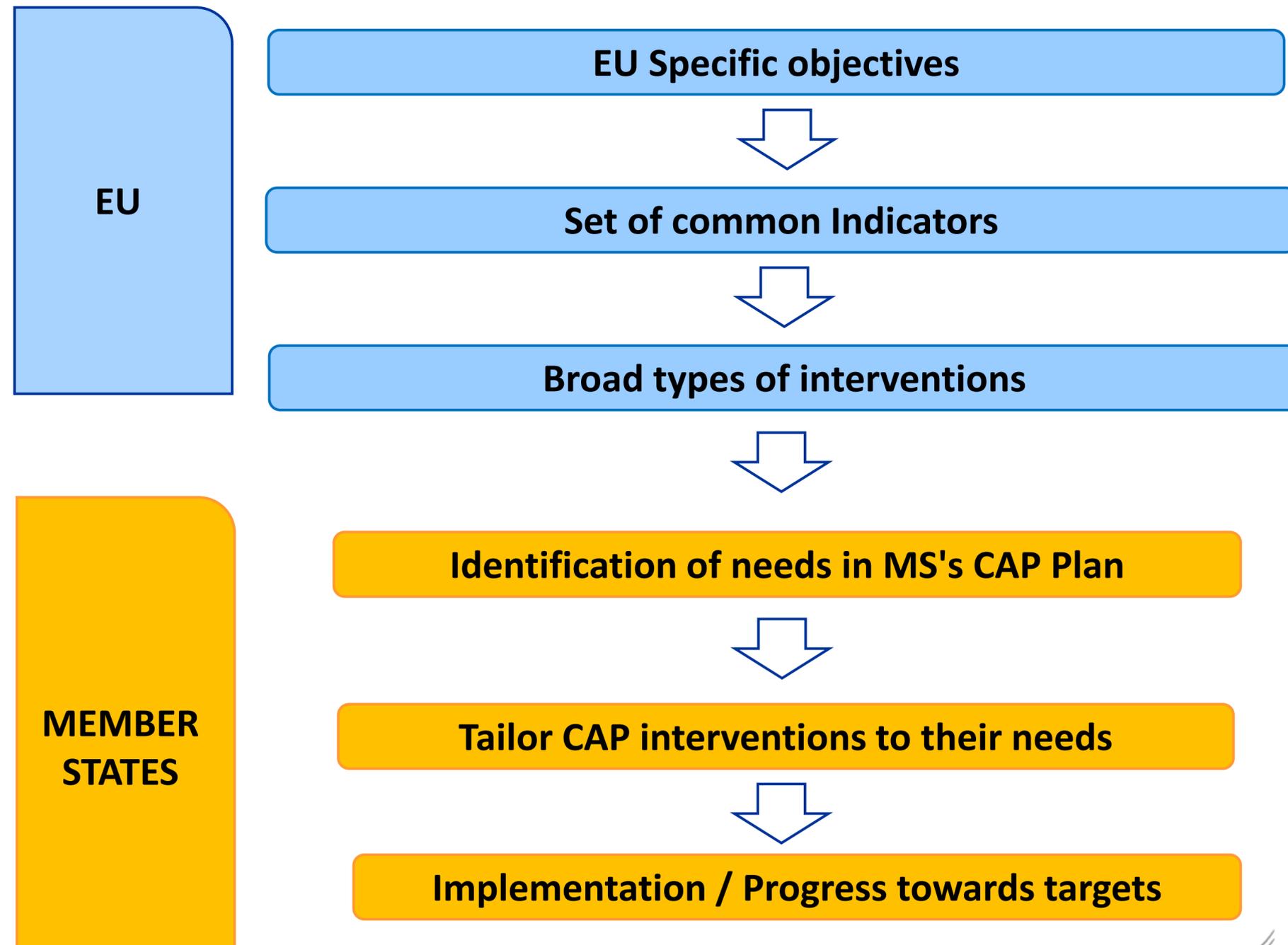
Modernisation

Simplification





HOW: THE NEW DELIVERY MODEL OF THE CAP





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

https://ec.europa.eu/commission/publications/factsheets-long-term-budget-proposals_en

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

On CAP legislative proposals, Impact Assessment and Background

https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap_en

https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap_en#documents

Thank you for your attention!

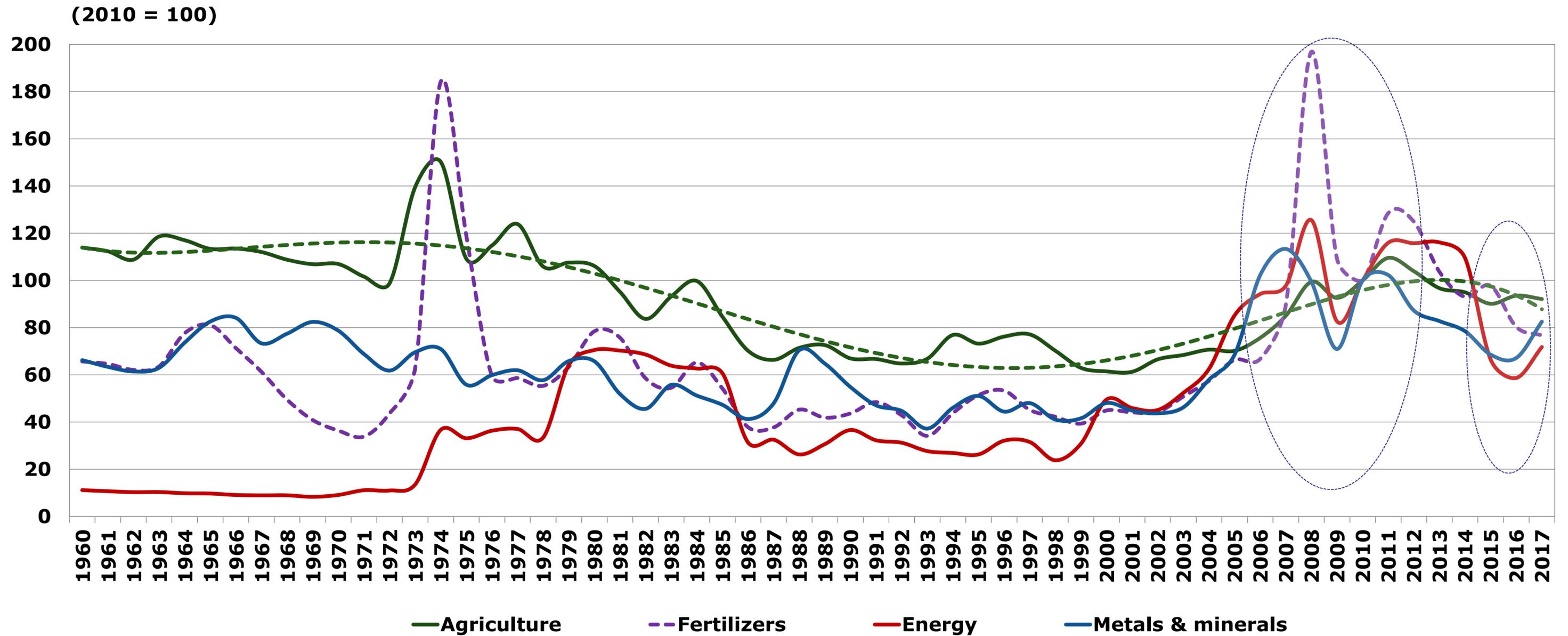


Annex





COMMODITY PRICE WAVES (REAL PRICE INDICES)

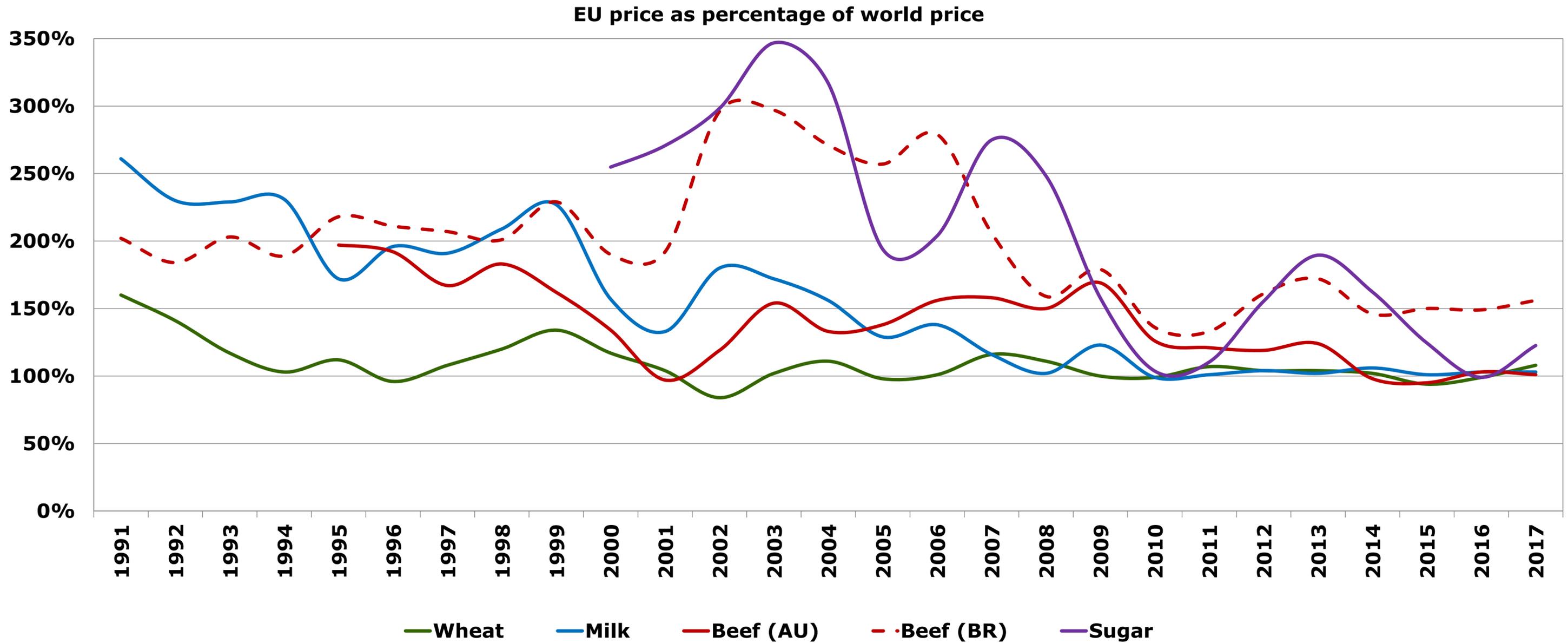


Source: World Bank.





GAP BETWEEN EU AND WORLD PRICES

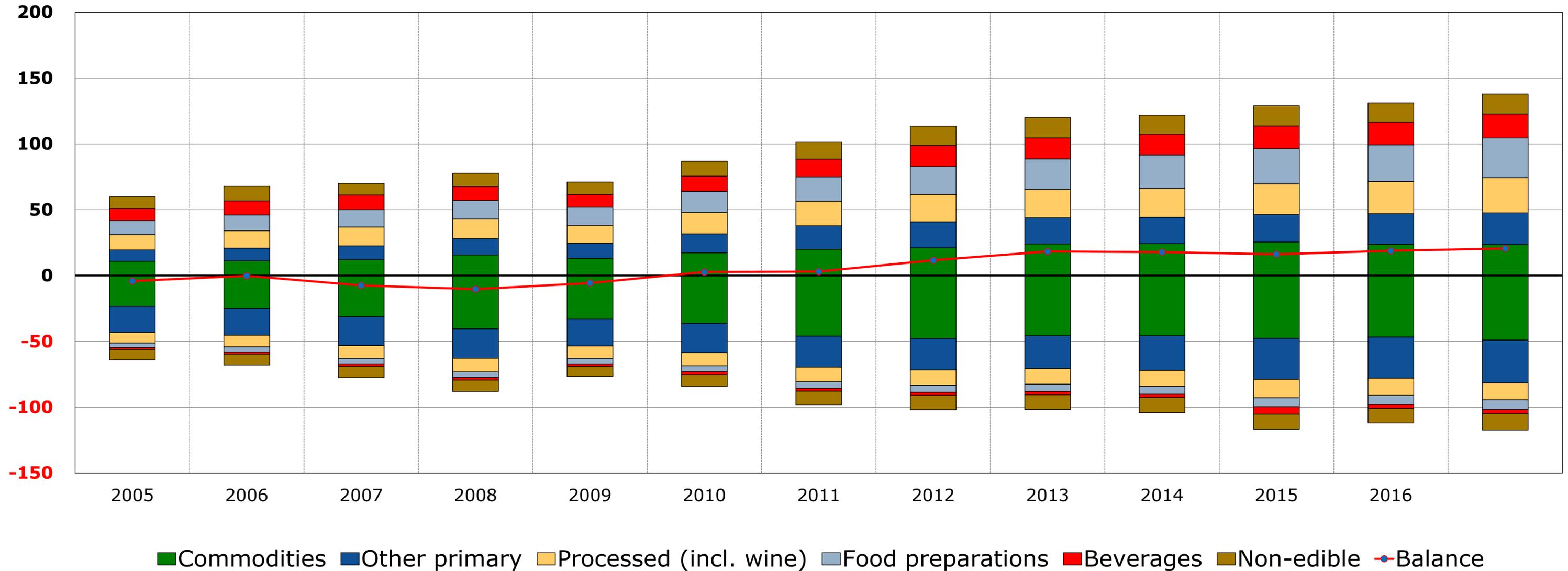


Source: DG AGRI.



EU 28 AGRI-FOOD (2005-17)

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

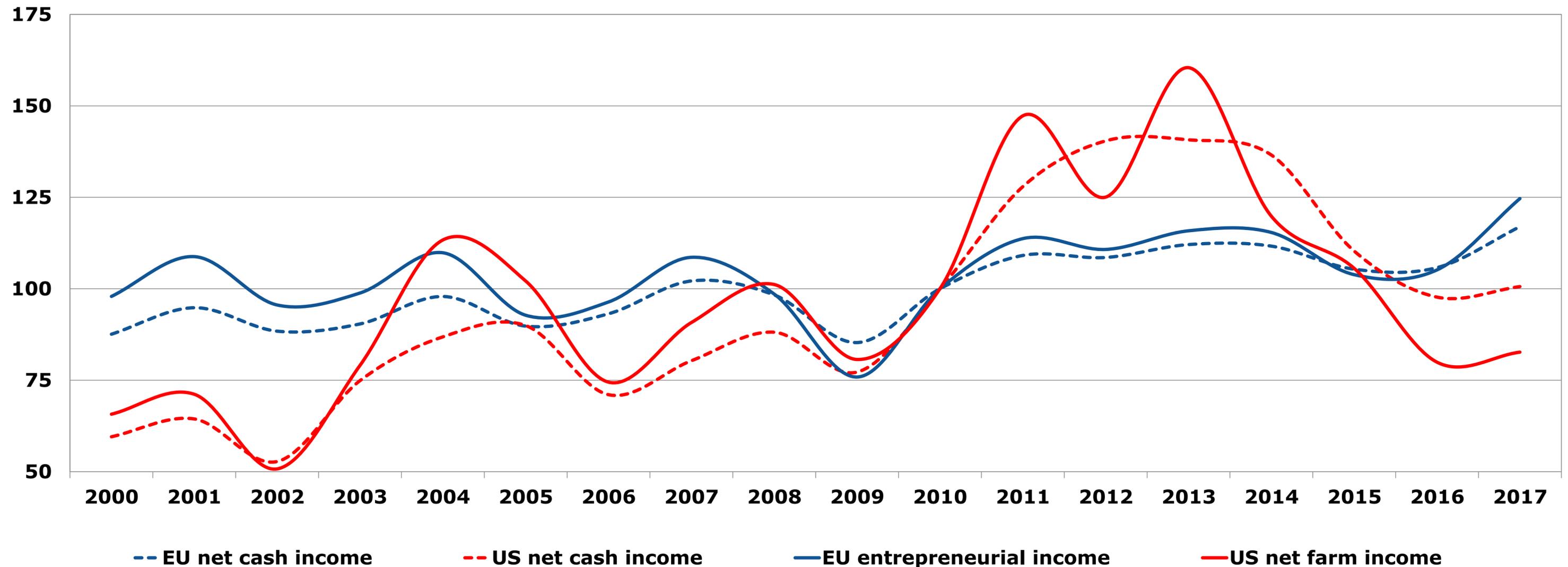


Source: DG AGRI.



EVOLUTION OF NOMINAL FARM INCOME

EU and US nominal farm income (2010=100)

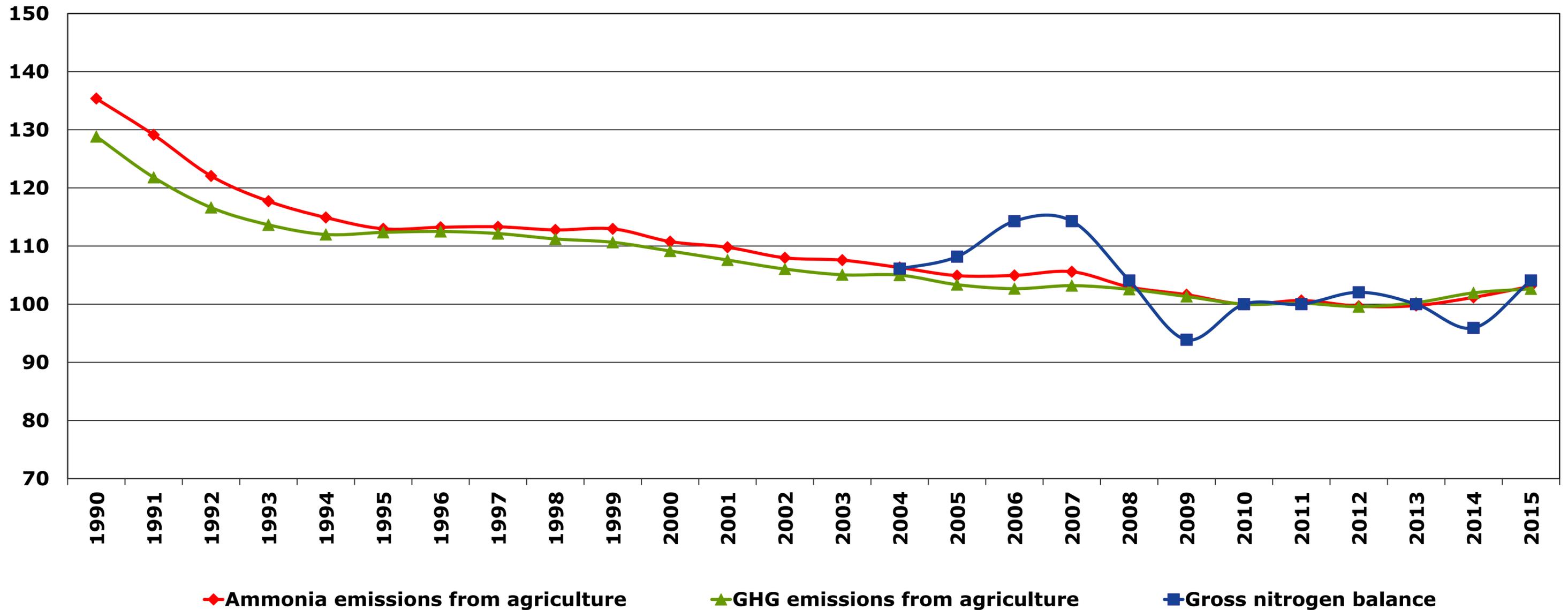


Source: DG AGRI, based on Eurostat and USDA data.



PROGRES ON CLIMATE AND ENVIRONMENT

Reduction in environmental impact indicators (2010=100)



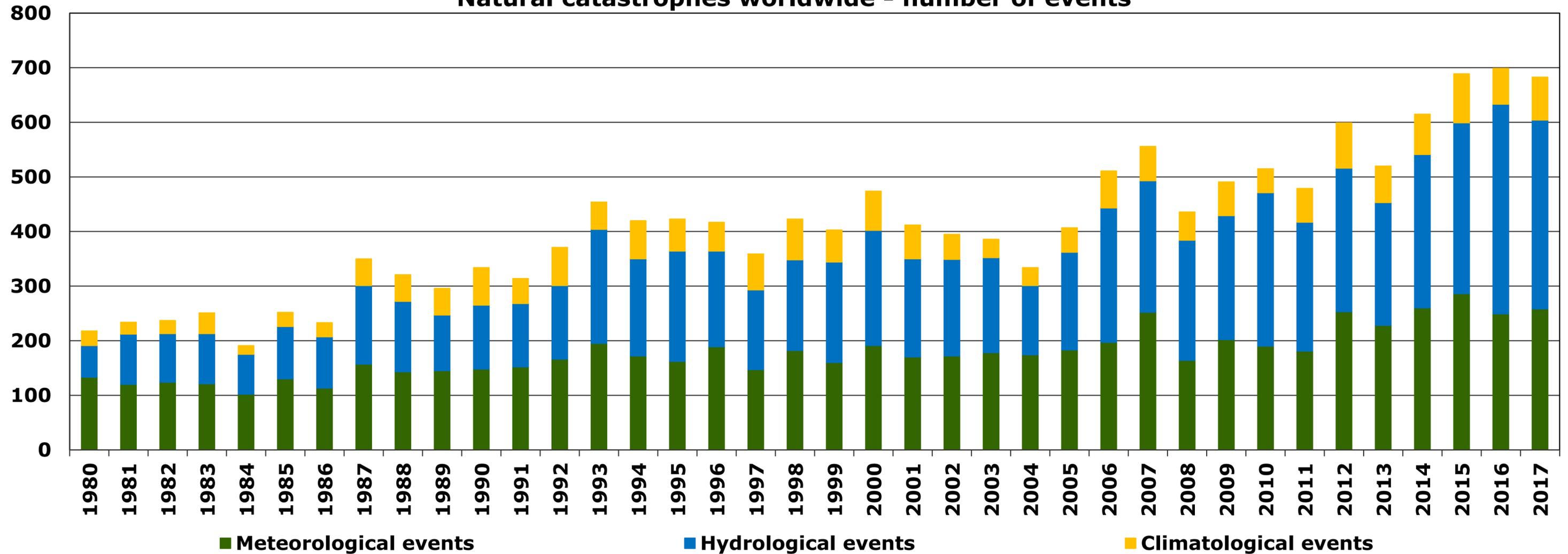
Source: Eurostat.





WORLDWIDE EXTREME WEATHER EVENTS

Natural catastrophes worldwide - number of events



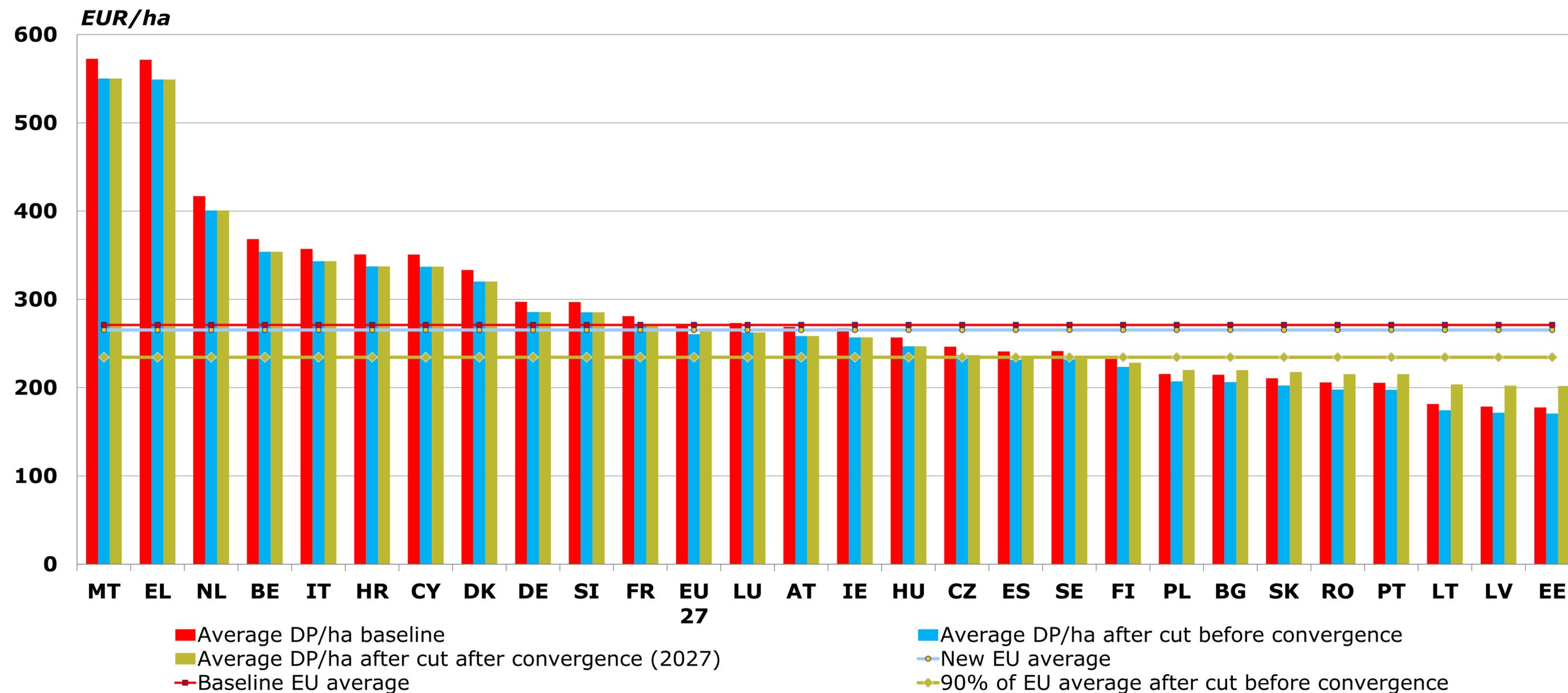
Meteorological events: Tropical storm, extra-tropical storm, convective storm, local storm
Hydrological events: Flood, mass movement
Climatological events: Extreme temperature, drought, forest fire

Source: © 2017 Münchener Rückversicherungs-Gesellschaft, Geo Risks Research, NatCatService (January 2017)





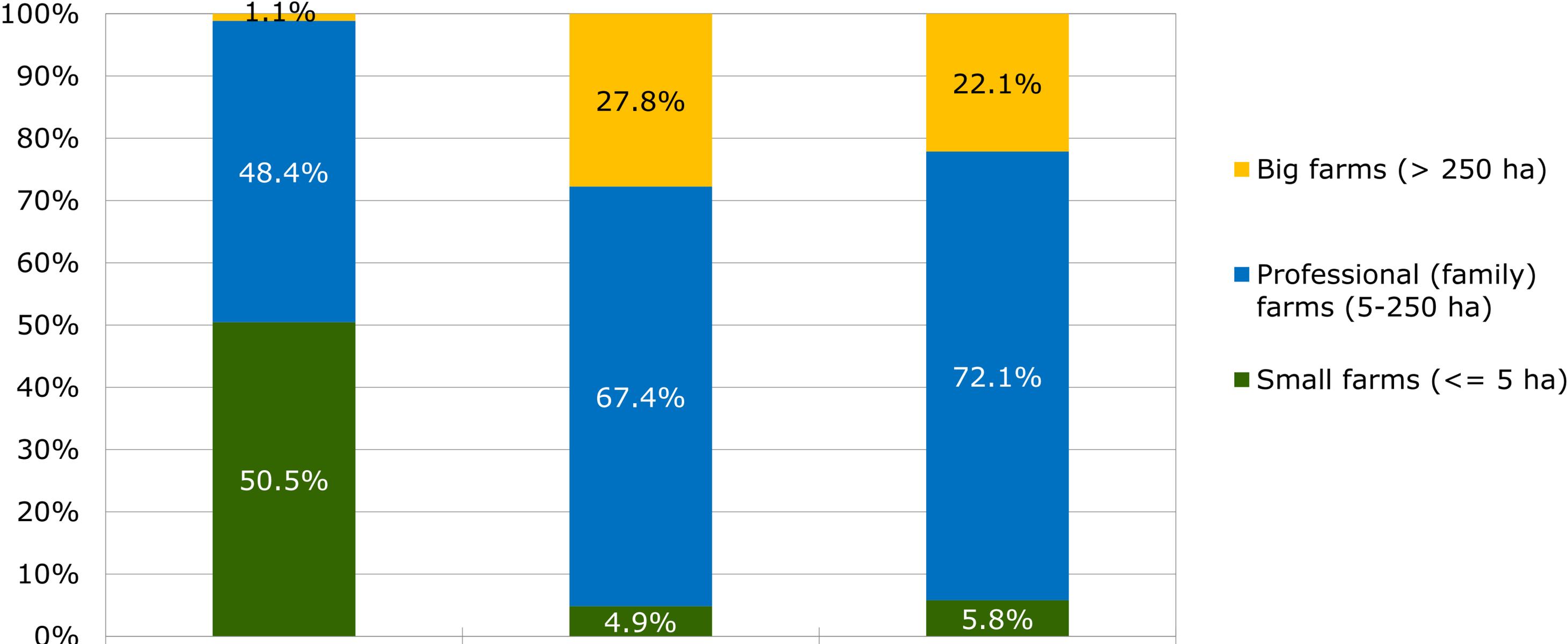
FOR WHOM: CONVERGENCE OF DIRECT PAYMENTS (2027)



Source: EC-DG AGRI.
 Note: Direct payment amounts exclude payments for cotton.



DISTRIBUTION OF DIRECT SUPPORT TO FARMERS - EU



Source: EC-DG AGRIF

Farms

Farmland managed

Direct support



THE CAP CYCLE: SAFEGUARDS

