

THE FUTURE OF THE COMMON AGRICULTURAL POLICY (CAP)

THOUGHTS AND REFLEXION OF THE UEAA

STEERING COMMITTEE MEMBERS

SUMMARIES

Brussels, 28 September 2017



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Position and Remarks of the of Czech Academy of Agricultural Sciences to preparation on the CAP after 2020

The EU Common Agricultural Policy (CAP) ranks among the most vital EU policies. It sets the framework for European agriculture and thus the conditions for the production of quality, healthy and safe food produced in a sustainable manner but also other public goods such as rural employment, landscape and environmental protection, biodiversity.

Recent situation and some important problems in Czech Agrarian Sector related to the CAP 2020+

- Farm structure – extreme dual structure based on large farms and large fields (land blocks);
- Agriculture and environment – soil quality, water retention capacity, water quality, biodiversity;
- Farm systems under climatic change – drought changing regional conditions, risk management under price and weather volatility;
- Lower productivity and competitiveness on farm and particularly on food industry level;
- Orientation on commodities with a lower demand on quantity and quality of labour (cereals, rape seeds x livestock, fruits, vegetables etc.).

Position of the Czech government and Agrarian Chamber towards possible CAP 2020+ and other conditions

- Strictly against capping for large farms or against any similar measures above present conditions;
- Equal conditions in national/regional supports;
- Maintain or even increase the share of Voluntary Coupled Payments (up to 30%), particularly to cattle breeding and crop commodities more labour demanding;
- European rules for retail chains.

Possible main research and advisory activities under the CAAS towards CAP 2020+ conditions

There are more research results, innovations and knowledge already available to solve main problems of Czech agriculture, but barriers and problems are linked mainly with:

1. their implementation though extension services (AKIS);
2. political acceptance/will to apply them;
3. willingness to apply them on farms;
4. sufficient public and private sources to realise changes;
5. to support the development of an effective AKIS and educational systems;
6. to prepare and analyse possible” optimal“ options for reduction of supports for large farms, if need be, including options based on transitional „soft landing“;
7. to analyse possible options related to VCS, especially with respect to cattle breeding;
8. to participate on the development of a system of financial investment instruments to minimize „moral hazards“ and deadweight losses of supports;
9. to participate on environmentally, economically and technologically optimal/viable solution for a complex “greening“ of the CAP: allocation of measures to three layers with a higher stress on regulatory measures?
10. to participate on the development of a holistic risk management system in all three levels, with a stress on adaptation of farms on climate change effects (especially drought);
 - a. changes in farm systems;
 - b. water regime – increasing of water retention capacity of soil, decreasing of erosion, increasing of organic matter etc.;
 - c. new varieties, new breeding techniques (non GMO – but?);
 - d. new machinery and technologies – precise farming, bio economy;
 - e. improved water regimes.

Prague, 20 September, 2017

FRANCE

For a more efficient, fair and sustainable Common Agricultural Policy

PAC Group, Academy of Agriculture of France, September 2017

Report of the CAP Group of the Academy of Agriculture of France : <http://www.academie-agriculture.fr/actualites/academie/quelle-pac-pour-quelle-agriculture>.

How to give a better answer to societal expectations in order to legitimate the CAP again?

1. Softening the high volatility of the prices by anticipating the evolutions in order to stabilize the agricultural markets.

The stabilization of the markets must become a priority again, because in Europe farmers are weakened by the succession of crises they are confronted with. The best way is to try and regulate the offer. The Commission has at its own disposal a set of exceptional measures in this field to act « in case of prices falling significantly» (withdrawal from the market, free delivering, aid to private storage, temporary cut of production, exceptional raising of customs duties ...). **Control of the volumes and storage remain necessary. A certain level of protection at the borders must be safeguarded** for the main European productions, justified by the extra costs of the standards imposed to the producers in the EU.

2. Implementing countercyclical supports in case of serious market crises and insurance incentives in case of climatic or sanitary crises.

Considering the social, qualitative and environmental standards which are imposed to the agricultural production in the EU, the production costs will more often remain higher than the world prices and the direct payments will remain necessary in Europe. In order to meet the objectives of regulating the markets, these aids should have a countercyclical function (anticrisis), i.e. they should be adjusted to the price fluctuations. In order to conciliate the objectives of market regulation and social equity, the countercyclical direct payments should be digressive and capped; their amounts should be adjusted to the situation of the markets. Farmers should have the possibility to allocate the totality or a part of their direct payments to regulation funds managed by collective bodies such as producer organizations.

3. Strengthening the economic power of the farmers and making the setting up of contracts easier in the food processing industry.

The Commission itself often acknowledges that the markets are unbalanced at the expense of the farmers. That is why it is necessary to strengthen the means of the producer organizations and their power of negotiation. It is also necessary to improve the information provided to the agents; by doing so they would have a better knowledge of the markets that would reduce the inner size of the price volatility. This requires that the members of the interbranch organizations should be able to: 1) exchange about the making of present and future contracts, 2) exchange about the future situation of the markets, volumes and prices included, 3) build tools to share risks to have accurate information beyond the first transaction, so that the different actors may coordinate one another in order to draw up strategies permitting to soften the fluctuations. That is why the rules of competition must be revised and a political commitment must be undertaken at the level of Heads of States and Governments;

4. Better payments for environmental, climatic services provided by farmers.

As a penalty tool, the present conditionality aims first to limit the «negative externalities», and not to increase the value of the production of « positive externalities ». The agroenvironmental measures *stricto sensu* do not pay for environmental services. There are already different systems of production providing environmental services: for example, agricultures at a low level of inputs, cattle breeding with grass only, organic farming, cultures of leguminous plants ... The payments of the environmental and territorial services should be inserted among contractual and collective approaches at the scale of the territories and for a period of ten years in order to guarantee the durability of the commitments.

To meet the challenges of food and sanitary security, jobs, preservation of the environment and mitigation of climate change, which are at the heart of the European citizens' concerns, the confidence farmers will have in their future is necessary. That is why the PAC Group of the Academy of Agriculture of France is in favor of a new PAC taking well into account the market management, the risk prevention, the strengthening of the economic power of the farmers and the protection of the environment. So, this new PAC will be part of the coherence of all the European policies

Future of the CAP Georgofili Academy

Florence, 18 September 2017

The lines of activity of Georgofili Academy in the context of the CAP were presented by the President during the opening ceremony in April 2017.

At the presence of the Commissioner Hogan starting from the Cork declaration and concerning the following points:

1) **Increase the prosperity of rural** areas through the increase of the commodities as cereals, milk, meat, etc. of which the country is not self-sufficient even recovering the lands that are abandoned;

2) **Supporting the chain of value** from the primary agriculture production of commodities through the agro industry transformation, the great organized distribution up to the private and commercial restoration putting in value the Italian tradition of food and strengthening the cooperation within the single areas;

3) **Increasing the revenue of farmers** studying models that allow to face the risks related to the markets fluctuations and climate fluctuations starting from the various types of farms and solving some infrastructural weakness.

As the logistics costs, the energy cost, i.e. and through the innovation and the quality of products related to the traditional varieties;

4) **Putting in value the rural environment** mainly in the hills and mountain area increasing the animal breeding and the forestry activity

5) **Managing the environment** through new agronomic techniques environmentally friendly and increasing the agriculture activities related to the Circular economy in the field of wastes, energy, natural fibers, green chemistry

6) **Reducing the impact of agriculture** on climate change both through new agronomic techniques and enhancing the production in agriculture of renewable energies solar, wind, biomass, biofuel

7) **Increasing and improving the technical training**, spreading the technical information among the farmers and increasing the cooperation among the representative associations

8) **Improving the governance** through the technical information on innovation areas and supporting scientific research through the action of universities, agriculture schools, Academies, professional associations and the representative association

9) Studying the way to move with **less bureaucracy** helping the farmers through simple and fast procedure both at national level and at European level

10) **studying models of assessment** and evaluation of agriculture policies, in terms of cost / benefit to maximize the effect of financial support to agriculture.

For each point Academy established a Commission preparing a policy document that is presented during a public meeting in the Academy.

Future of the CAP – from the point of view of Lithuanian institute of agrarian economics

The European Union has launched discussions on the Common Agricultural Policy (CAP) post-2020. Many years ago, in shaping the CAP, the most important task of farmers was to provide the EU population with food. In the current discussion agenda, particular attention will be paid to the issues of importance to European societies such as climate change and preservation of natural resources, social problems caused by migration, necessity to utilise more rationally the available resources by developing the bioeconomy and the circular economy. Lithuania will also become a participant in this discussion and will face the challenges of reconciling the interests of agricultural producers with the changing needs of society.

In the opinion of the Lithuanian academic community, only by the consistent implementation of the goals of sustainable development, agriculture fully fulfills the mission, which the society expects to realize. The application of the principle of sustainable agricultural development in agricultural policy aims at creating opportunities not only to provide EU population with safe and high-quality food, increase the income of farmers, while preserving the viability of rural areas, but also to address the problems of intensive agriculture due to the overexploitation of bioresources, the necessity for agriculture contributing to the improvement of human health and the maintenance of a clean living environment and countryside conservation.

Today Lithuanian agriculture faces the same challenges as European countries a few decades ago. Rural social problems and the huge emigration from rural to urban centres due to farmers' poverty in the middle of the last century in Europe initiated the emergence of the CAP. Although Lithuanian agriculture is granted EU support and is supported by the national budget, it is unable to successfully address the social problems of farmers.

In the opinion of the Lithuanian academic community, in order to increase the sustainability of the agricultural sector and rural viability, in the future programming period, the CAP must address the following challenges:

- Agriculture for most rural population should remain a partial or main source of income.
- Agricultural activity should increasingly be based on the principles of the bioeconomy and circular economy through responsible use of land and other natural resources in order to leave a more beautiful and better environment for future generations.
- Farms should be encouraged to combine various activities (crop production, animal husbandry, fisheries, tourism, energy production, etc.), thus improving the renewal of natural resources and reducing the risk of loss of income.
- To motivate farmers to focus more on meeting the needs of Lithuanian consumers while preserving the competitive advantages of Lithuanian agriculture in export markets.
- To take advantage of the various business opportunities offered by the agricultural sector, to encourage farmers to use innovative consumer food supply models (the sharing economy) and to process agricultural produce on their farms.
- To search for new forms of collaboration, to increase the importance of cooperation at all stages of the food supply chain, so the farmers could see the benefits of cooperation.
- To enhance the attractiveness of rural areas as a place of residence for urban residents and rural youth who have acquired education, creating opportunities for creativity in agriculture and bringing income in the village closer to the city's income.
- To reduce social, economic and demographic differences between remote and situated close to cities rural areas.

18th of September 2017, Vilnius

The Standpoint of the Academy of Agricultural and Forestry Sciences of Romania, **on the Updating and Simplification of the Common Agricultural Policy (CAP)**

We identified more impediments that prevent reaching the proposed objectives in the present day Common Agricultural Policy (CAP). Consequently we consider that it is necessary to update and simplify CAP. For this reason we have in view the following:

The necessity to introduce new objectives for the modernization of CAP, such as:

1. A pillar three at CAP – financial instruments that consider the peculiarities of agriculture but also other peculiarities of economy in the rural space.
2. The development of the system of local and regional fairs.
3. To support the system of integrated activities (production, processing, distribution) that solve mostly the problem of food chain and traceability.
4. The development of the system to capitalize “*at the gate of the farm*”
5. To place (to introduce) in CAP a system of education, research – innovation - extension (agricultural, economic and rural).

The simplification of the present day Common Agricultural Policy and the reduction of administrative responsibility for farmers is possibly by:

1. To carry out an eco-conditionality system by reanalysing or even elimination of GAEC standards (they are overlapped).
2. To create and support the production of protein crops.
3. The development of a system to prevent the control - audit actions.
4. The simplification of measures to access the financial sources.
5. To reduce the pressure of controls even of the number of controls on the beneficiaries of funds for investments and even for direct payments.
6. To simplify the guides for measures application. They should be simple, clear and easy to understand by beneficiaries without and possibility of a different interpretation.
7. The development of an authorized technical assistance system (consultancy).
8. CAP support for the implementation of new systems and technologies to carry out controls but they must not create no justified problems for beneficiaries.

Other measures for CAP updating:

1. CAP availability to the national realities and peculiarities.
2. The development of some objective measures in order to maintain the diversity of agricultural products.
3. A higher mobility of financial sources at the two existing CAP pillars;
4. To support some measures of technical consulting;
5. The introduction of some well-established measures on national resources conservation and improved utilization: water, soil, biodiversity and genetic sources (European and national genetic patrimony management).
6. Measures to consolidate the producers position in the food chain.
7. To eliminate any discriminations among the agricultural producers from the member states. To eliminate any historic references.
8. Special programs for the areas with special natural conditions.
9. Measures to conserve the cultural and material patrimony of the rural space.



SPAIN

UEAA meeting , Brussels, 28 September 2017

REFLEXIONS ON THE FUTURE COMMON AGRICULTURAL POLICY

Madrid, 16 September 2017

5 relevant points of view from Spain:

1. The CAP budget should be maintained at a level in accordance with the European ambitions. Cofinancing would be a major CAP renationalisation.
2. A more balanced food chain is also a major issue as farmers income should come mainly from the markets.
3. In the current volatility context, crisis and risk prevention and management is also a core issue.
4. Climate change adaptation and mitigation has to be in the center of the next policies. Farmers role should be enhanced and supported in order to achieve a sustainable competitiveness.
5. In that context, a sustainable water management policy is key for Spain,

Asociación Nacional de Ingenieros Agrónomos
Asociación Española de Economistas Agrarios

A more effective common agricultural policy in future – the opinion of the Royal Swedish Academy of Agriculture and Forestry (KSLA)

A review of Common Agricultural Policy (CAP) will be made in connection with a new budget period from 2021. It is crucial to design the CAP for the best benefit of EU agriculture in connection with the budget constraint. Only then will the policy be effective.

Although there is a number of difficulties in CAP, it should be emphasized that successive progress has been made since the surplus and budget problems in the 1980s became acute. But despite the advances, there are **problems which need to be solved**.

As time passes, the rules have become **increasingly complex**. The latest reform has been very complex with problems for both the administration in the member states and the farmers. Breaking that trend is also important in order to maintain the legitimacy of CAP.

The issue of funding CAP is even more central to CAP 2020. This means that particular attention must be paid to measures that are best suited to the EU level (cross-border problems).

Measures in Pillar I have historically been focused on supporting production by supporting farmers' incomes and have a historical link. To a significant extent, support in fertile areas have been **capitalized in higher land values**.

The long-term most important activity to guarantee food supply in the world is to **increase agricultural productivity**. It is not possible to rely on increased area and other production resources to balance the needs of an increased population. Increasing agricultural research is therefore necessary. **Financing of agricultural research** has not been part of the agricultural policy, but the issue should be addressed if parts of the agricultural fund could be used for this purpose.

Conveying new knowledge through advice, innovation support and digitization, can already be partly financed by Pillar II of the Agricultural Fund. Efforts in this direction should be amplified.

Measures having cross-border effects should be a key task of CAP. Good examples are climate, antibiotics, biodiversity and emissions of plant nutrients. Agricultural research, as mentioned above, can also be seen in the context of cross-border measures.

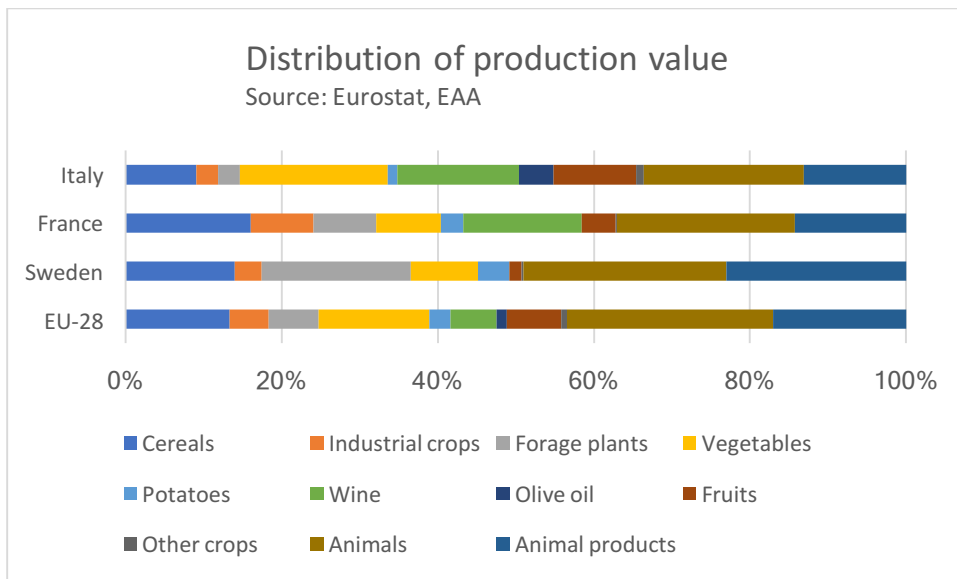
The conditions for agriculture varies a lot between different parts of Sweden, as well as in other parts of EU. One goal for the policy should be **opportunities for agriculture also in areas with weak conditions**.

CAP should be able to provide contributions for measures beyond the EU level (for example animal welfare) regardless of whether it is national legal requirements or not.

Industries where the price fluctuation tends to be strong, can deter investments. Political capacity to deal with crises (for example rapidly falling prices) and trends in capitalization of aid in higher land and lease prices, are further issues that need to be addressed to increase efficiency. Where there are available market solutions, such should be chosen before political interventions.

Annex: Swedish agriculture in short

A view of Swedish agriculture compared to EU-28 and Italy and France is shown in the figure. It is obvious that animals (mainly beef, pork and poultry) and animal products (mainly milk and egg) are more important in Sweden than in most other countries. And therefore and because of small area for corn, the share of the agricultural land used for forage plants is higher than in many other countries.



Brussels, Belgium**Comment of the President of the National Academy of Agrarian Sciences of Ukraine,
Academician Yaroslav Hadzalo to the CAP**

The priorities of CAP European Countries are important for Ukraine as target benchmarks for the formation and implementation of a balanced modern agrarian policy that would ensure the balance of sustainable agrarian development of the country.

Ukraine is trying to upgrade its agrarian policy, which, accordingly, requires a certain amount of time, since it is impossible to jump through abyss in two steps.

The main aspects of the Strategy for the Development of the Agrarian Sector of Ukraine for the period up to 2020 were adopted by the Resolution of the Cabinet of Ministers of Ukraine (October 17, 2013 No. 806-p).

They correspond to the new program period for 2014-2020 of the CAP EU countries in the context of:

- priority of sustainable development through policy targeting to social and economic development of communities;
- efficient use of resources for ecosystem conservation and prevention of negative climate change risks;
- introduction of innovations in rural economy development;
- increasing the competitiveness of farmers and their inclusion in value added chains;
- stimulating of a partnership development with processing enterprises and guaranteeing and protecting the rights of agricultural producers through a development of professional and non-governmental organizations;
- promoting diversification of employment in rural areas, which will ensure the growth of the rural economy.

European integration vector of Ukraine and the main priorities of the CAP today are the basis for the formation of a new organizational structure and modern directions of research of the National Academy of Agrarian Sciences as the main institution of Ukraine for scientific and development of the branches of the agro-industrial complex.

In order to implement the legal basic principles of development and activities of the agricultural sector of the EU countries into the Ukrainian economy, the NAAS scientists prepared the draft of Law of Ukraine "On the Fundamentals of Agrarian Policy of Ukraine for the period up to 2026". This Law takes into account the current state, national and world trends and, in view of this, offers the appropriate tactics and strategy for the development of the agro-industrial complex of Ukraine.

UNITED KINGDOM

Agricultural Policy in the UK – post Brexit (Brussels, 28 Sept 2017)

Brexit offers those of us in the UK a blank piece of paper of Agricultural policy for the first time since 1945. This is seen by progressive thinkers as an opportunity.

There is a general acceptance amongst progressive thinkers that against the pressures of the Health Service and Education the Basic Payment Scheme is unsustainable.

All countries across the EU farm in differing circumstances. UK farming features the following –

Strengths –

- Larger farms than are typical across the EU
- Excellent basic research
- Close to a huge market
- Growing interest in food provenance
- Amongst the world leaders in food safety and traceability – a legacy of BSE!
- Good growing climate

Weaknesses –

- Technical performance that has fallen behind other industrial countries
- Not of National Performance – less than 1% of GDP and employment
- Poor applied research and extension
- Close to lots of people – road network fragments land holding

Current spend –

- £2 Billion – Basic Payment
- £1 Billion – Pillar 2 – dominated by Countryside Conservation

Successful farms in the future –

- Large commodity producers
- Small Niche Producers
- Rural business – diversified – farming is only a (small) part

Policy options –

- Countryside Conservation
- Protection of our uplands
- Retirement scheme – but of limited duration
- New Entrants
- Applied Research and Extension
- Endemic disease
- Capital grants – including drainage
- Specialist areas - Care farming

London 18 September 2017

D Gardner