



European Commission  
Agriculture and Rural Development



## *The CAP after the Health Check*

*Agricultural Policy Analysis and Perspectives  
DG for Agriculture and Rural Development  
European Commission*



- **1. *The CAP today***
- **2. *The CAP until 2013***
- **3. *The CAP beyond 2013***

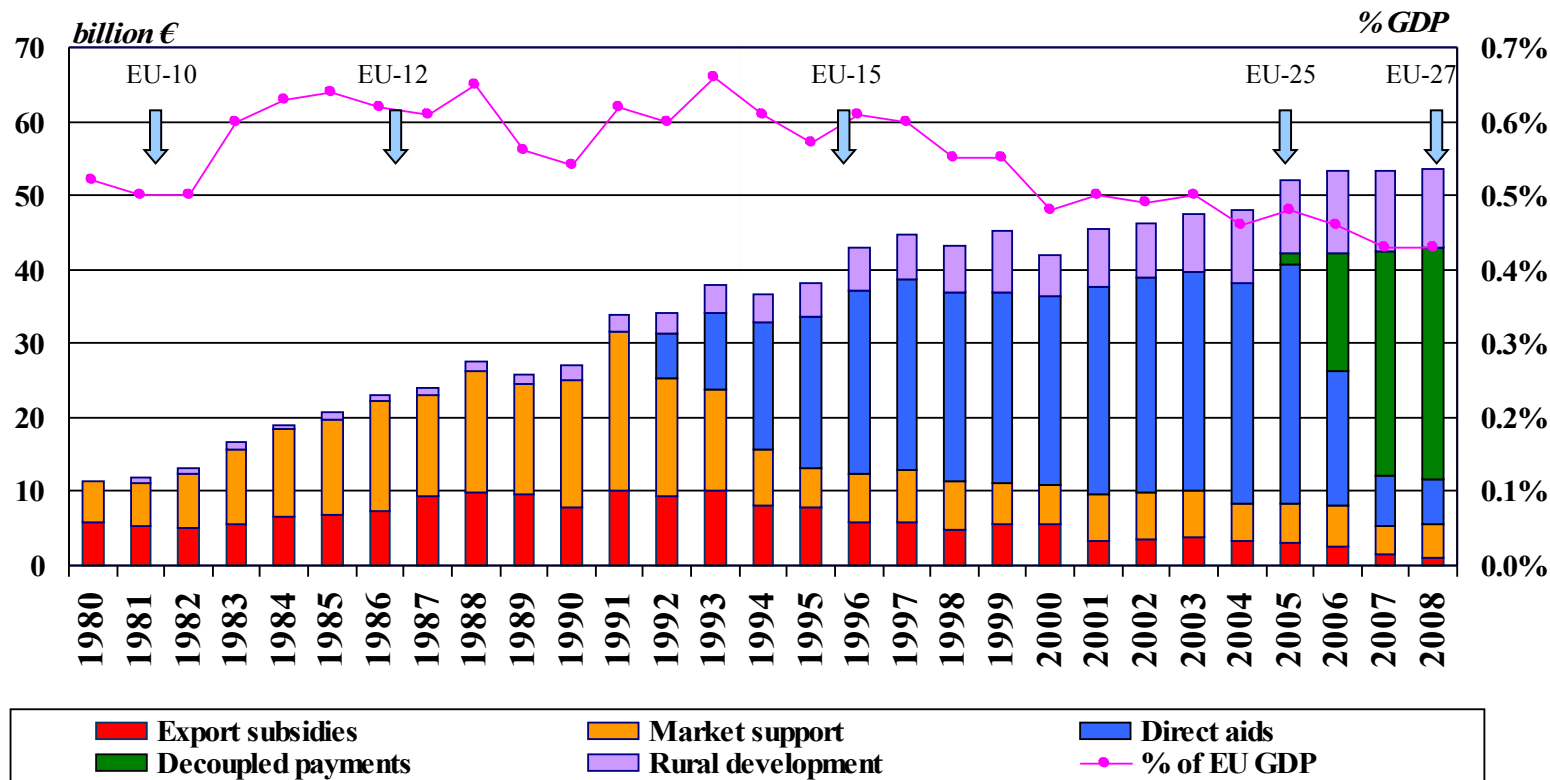


# 1. *The CAP today*

- ***A substantially reformed policy ...***
  - Farm support is mainly decoupled and subject to cross-compliance
  - Role of market intervention mechanisms is significantly reduced
  - Rural Development policy is strengthened with funds and policy instruments
  
- *... and better performing*
  - Surpluses belong to the past
  - Competitiveness is improved
  - Better value for money



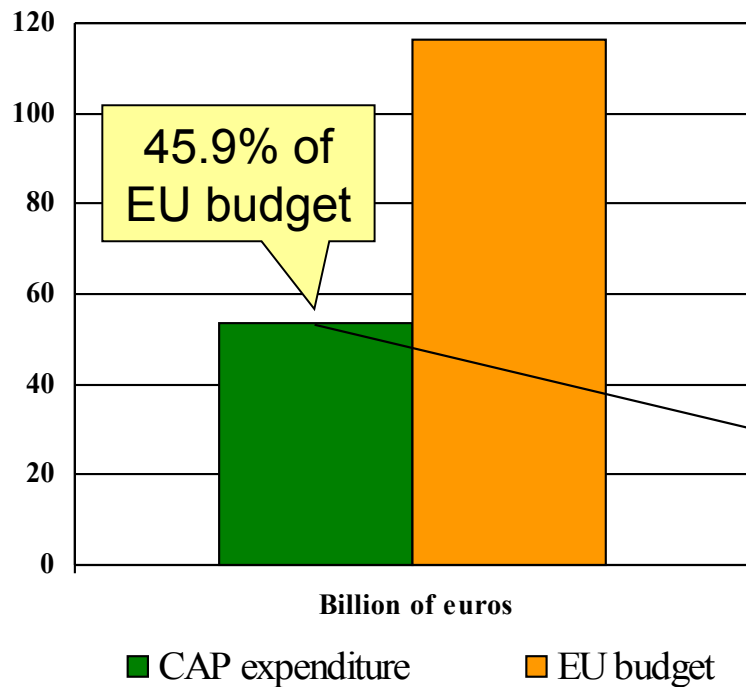
# CAP expenditure and CAP reform path



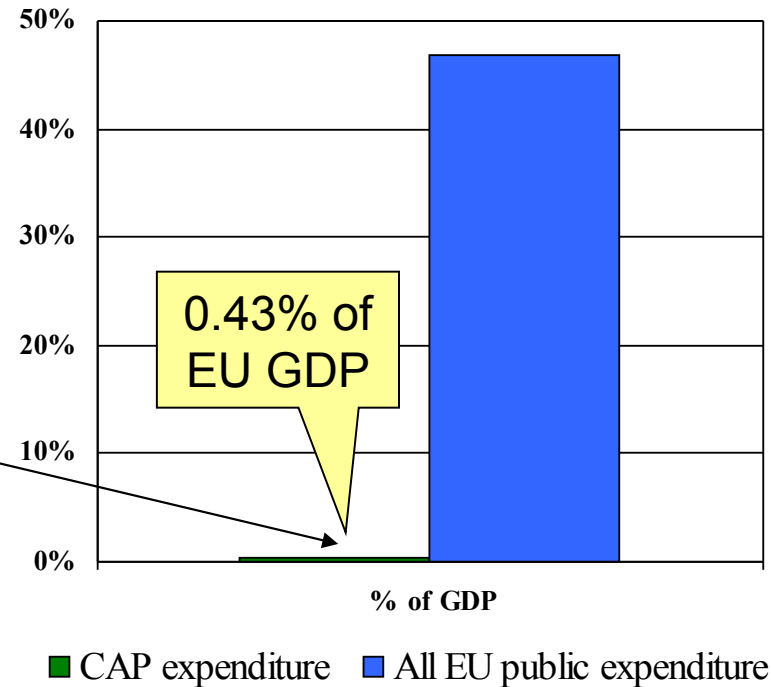


## ... and alternative views on its cost

*CAP cost in 2008  
(in absolute terms)*



*CAP cost in 2008  
(in relative terms)*





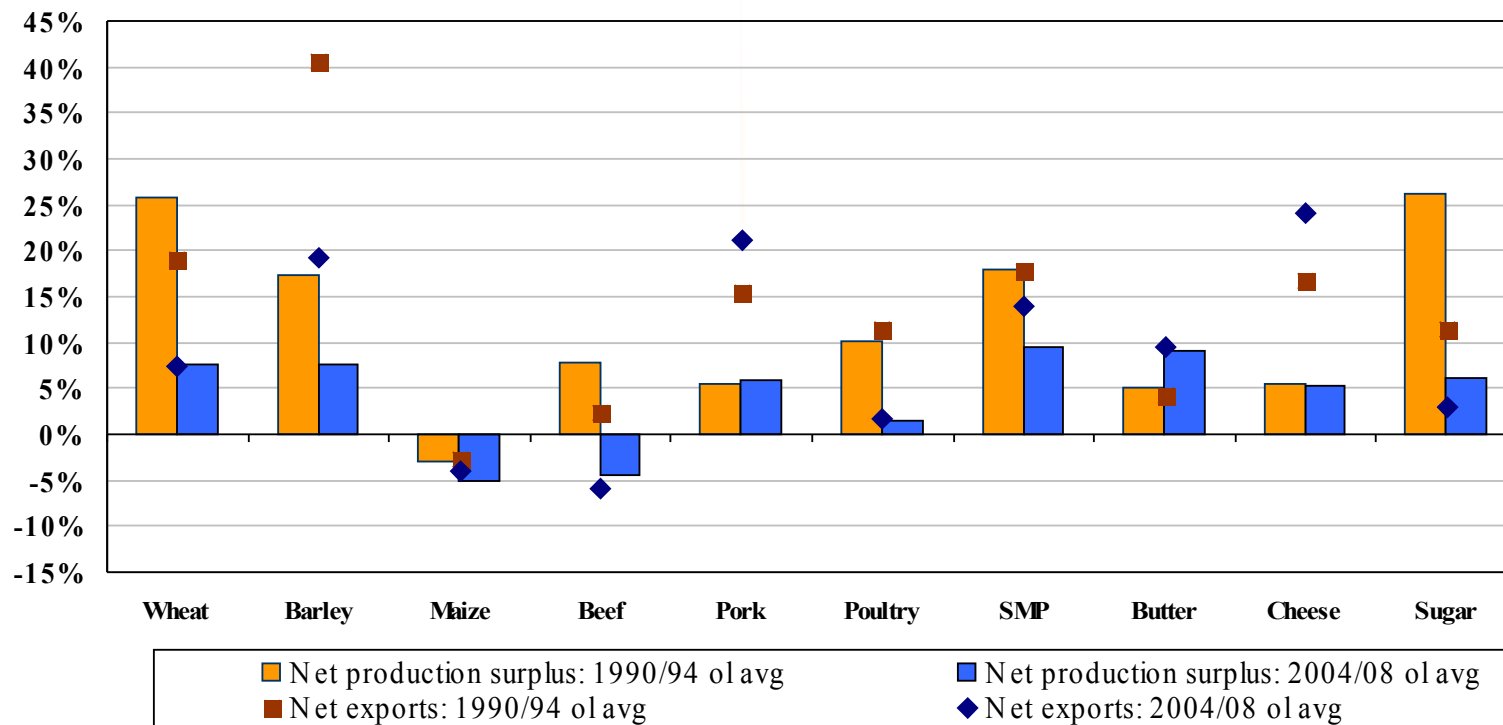
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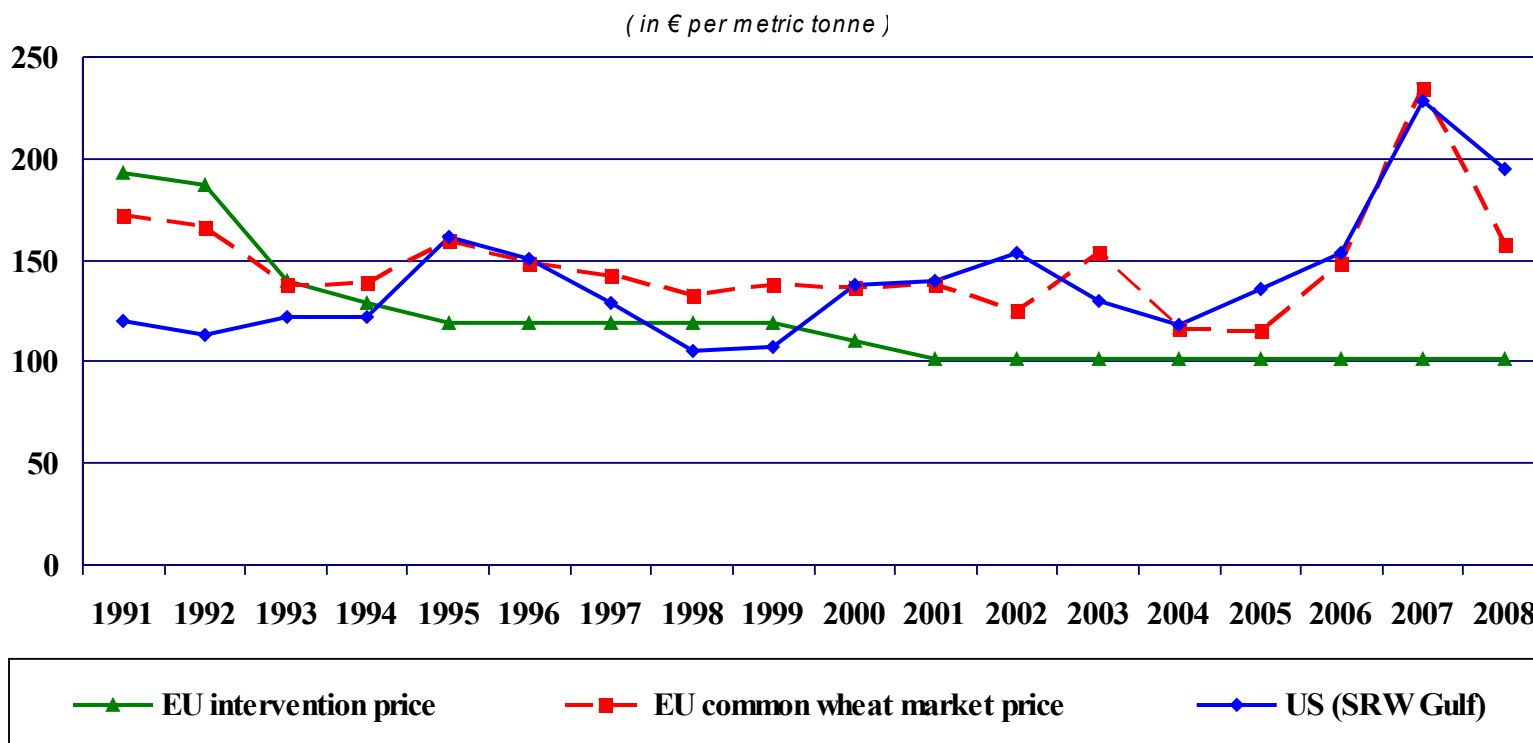
# Impact of CAP reforms on EU net production surplus

*Net production surplus as % of consumption / Net exports as % of World exp<sub>t</sub>*





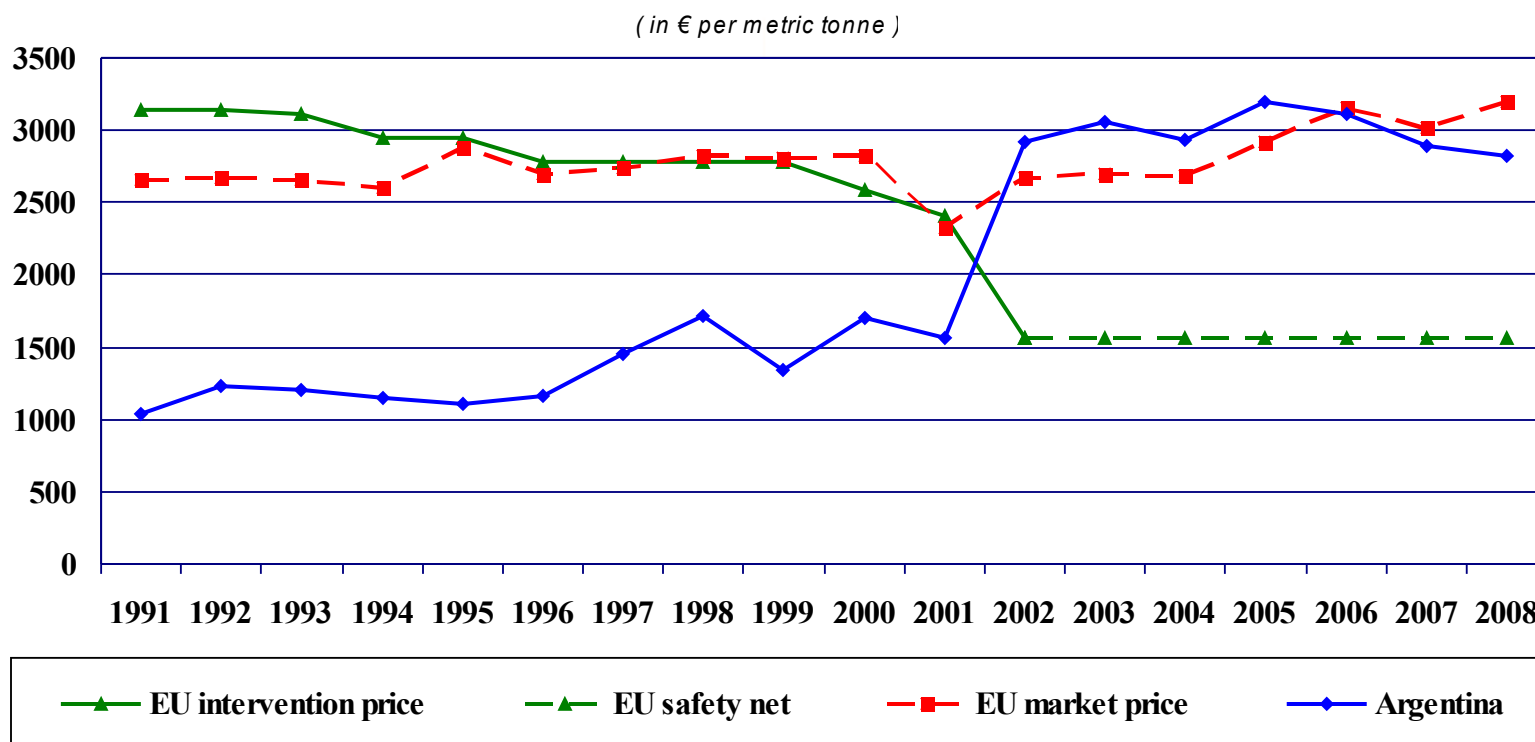
## The evolving role of EU support prices - wheat





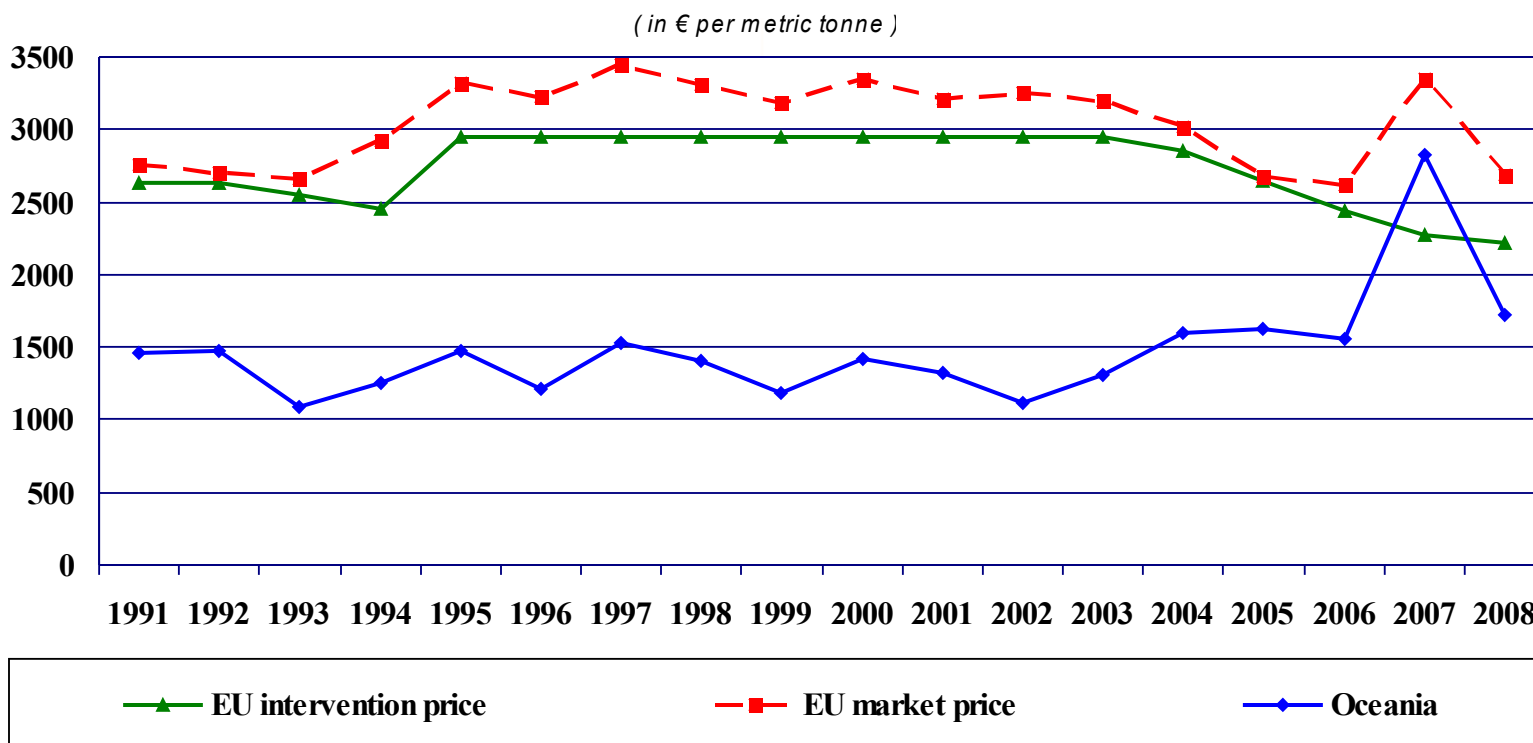


## The evolving role of EU support prices - beef



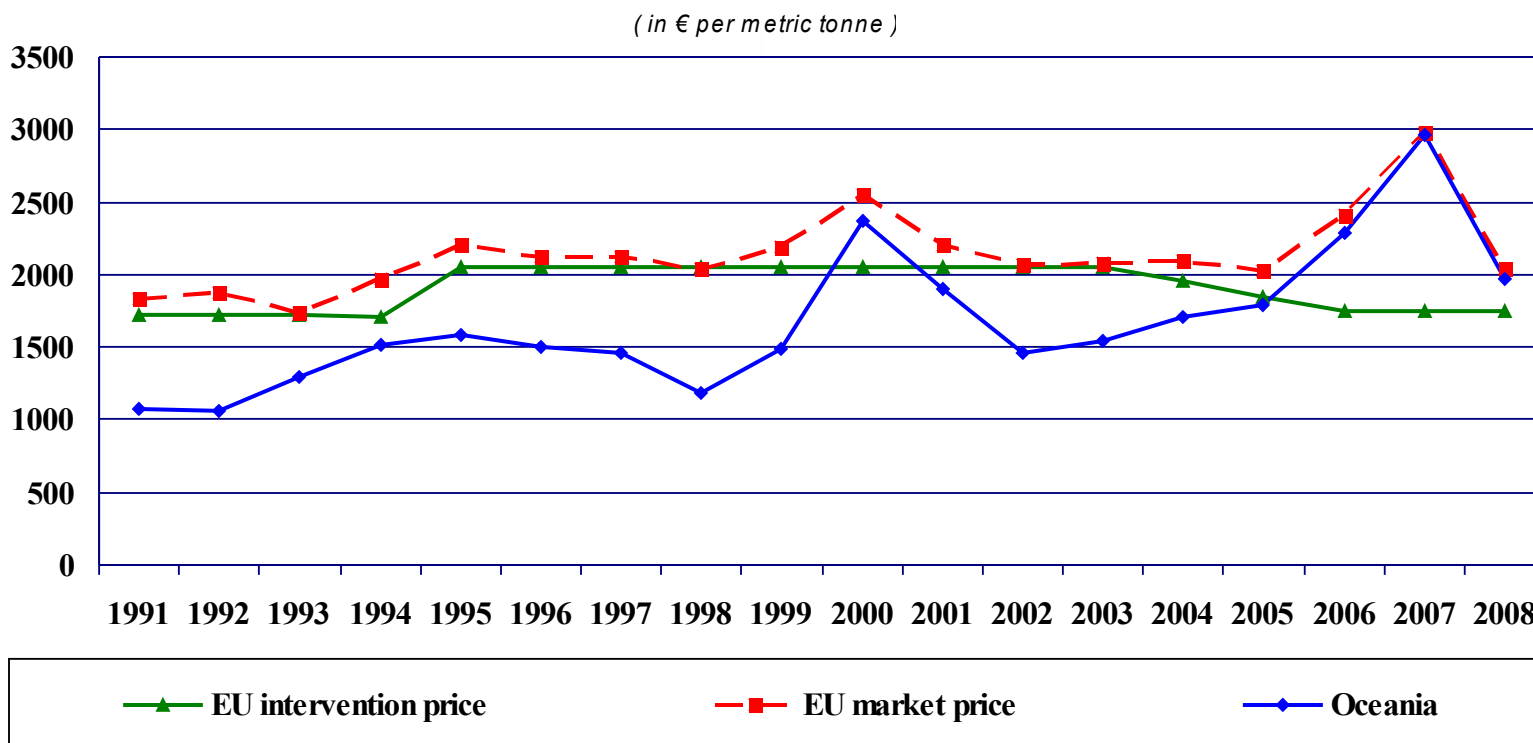


## The evolving role of EU support prices - butter





## The evolving role of EU support prices - SMP





## 2. The CAP until 2013

### ■ **“Health Check” – fine tuned the reform process**

#### ***Direct aids***

- Further decoupling
- MS allowed to move to flatter rates of support
- New article “68”
  - *Targeted measures to economic/environmental disadvantages in certain regions/sectors*
  - *Risk management measures*

#### ***Market mechanisms***

- Increase milk quotas by 1% annually
- Intervention streamlined and simplified

#### ***Rural development***

- “New challenges” (Climate change, bioenergy, water management, biodiversity, innovation, dairy)
- Modulation increase



## 3. *The CAP beyond 2013*

### ■ **General context**

- Volatility in production and prices
- Economic crisis
- Food security, climate change, limited resources

### ■ *Institutional context*

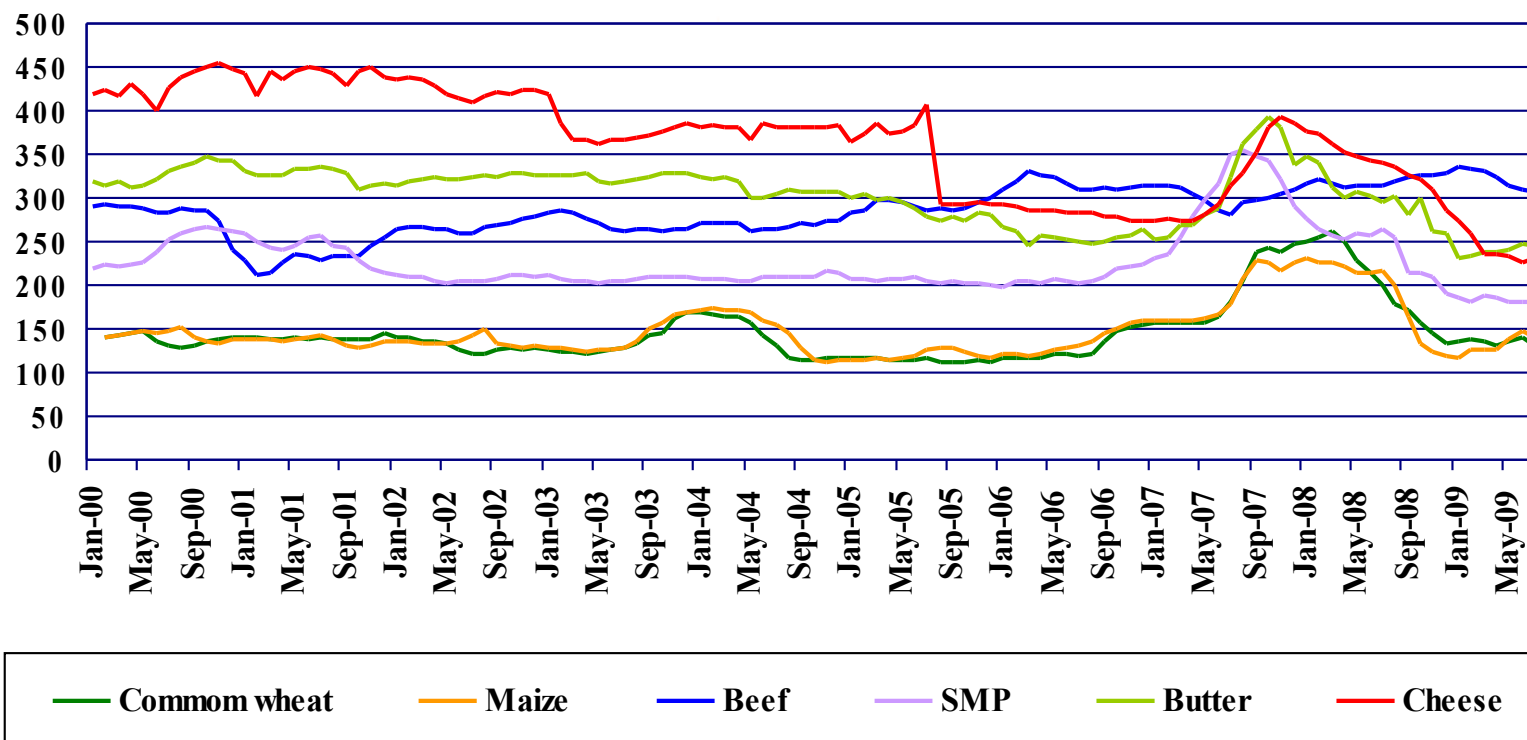
- New European Parliament and Commission
- Lisbon Treaty
- WTO
- New financial perspectives
  - *New priorities for EU budget*
  - *Budget for CAP?*



## Recent trend of EU agricultural market prices

EUR/t for cereals; EUR/100 kg for beef and dai

Source: DG AGRI (Agriview)





## 3. *The CAP beyond 2013*

- *General context*
  - Volatility in production and prices
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  - Food security, climate change, limited resources
  
- ***Institutional context***
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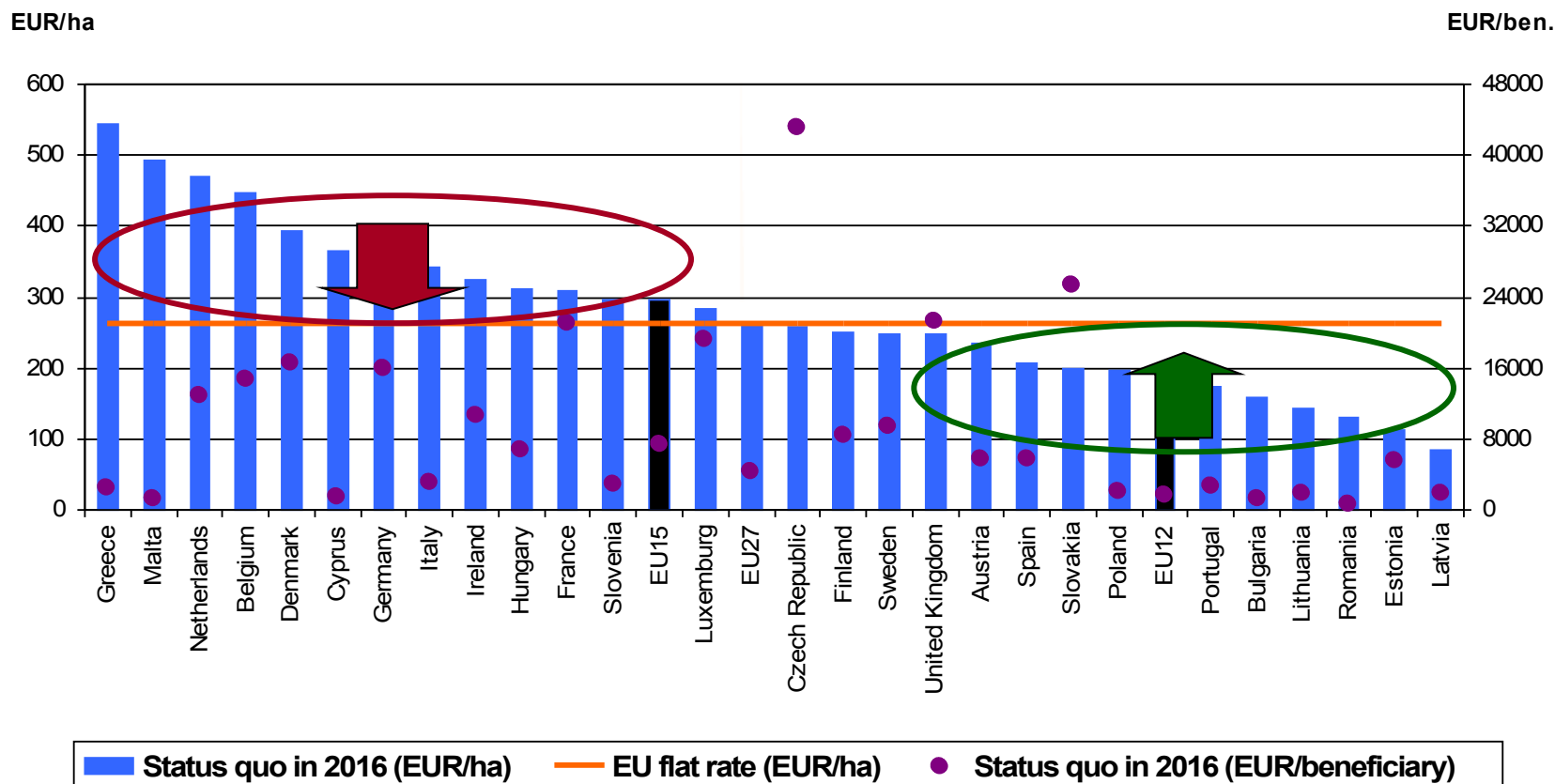
### 3. *The CAP beyond 2013: the debate*

- **Do we need the “C” and the “P” of the CAP?**
- **Current structure (I and II pillar)? If yes** ↓
  1. **Direct payments**
    - Income support vs. public goods
    - Redistribution within and among Member States
  2. *Market mechanisms*
    - Safety net
    - Other instruments
  3. *Rural development*
    - Balance between competition, environmental and rural economy challenges
    - The 3rd axis of RD an integral part of the CAP reform?
  4. *Financing*
    - Distribution between pillars and areas
    - Co-financing





## Average payments





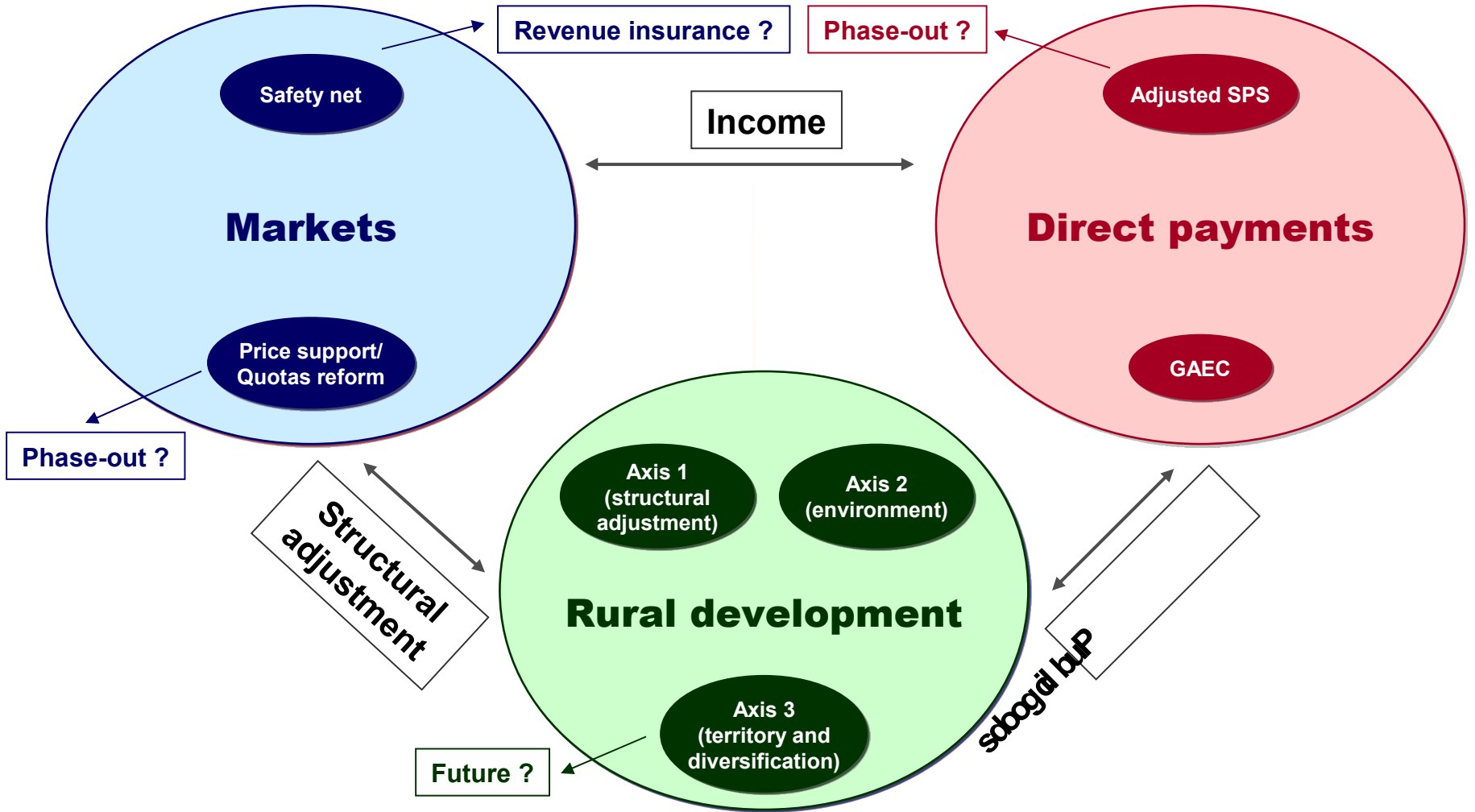
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# In a nutshell, CAP policy questions...



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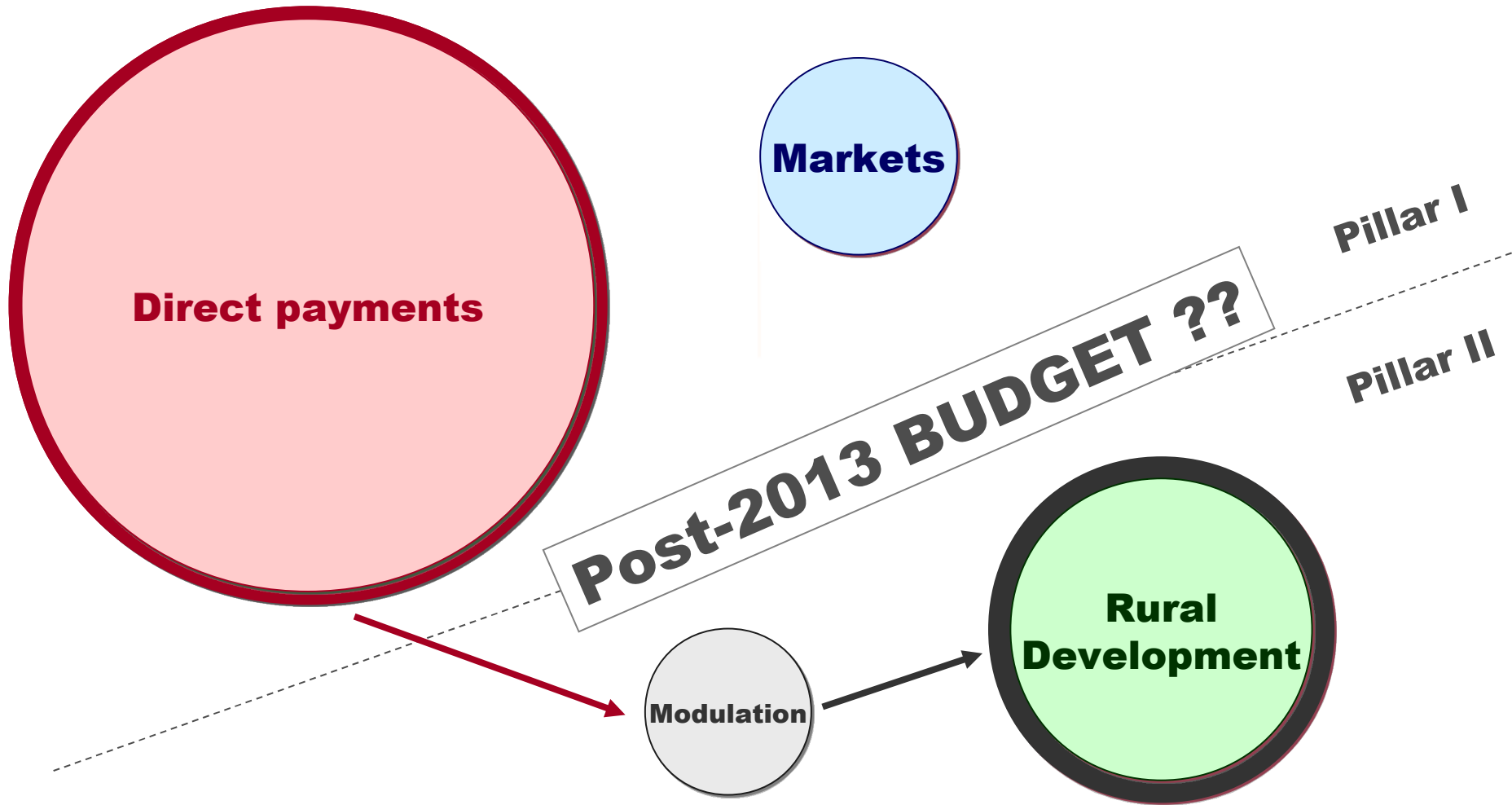




# ...and CAP budget questions



European Commission  
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## *For further information*

- ***CAP Health Check***  
[http://ec.europa.eu/agriculture/healthcheck/index\\_en.htm](http://ec.europa.eu/agriculture/healthcheck/index_en.htm)
- ***EU agriculture and CAP reform***  
[http://ec.europa.eu/agriculture/index\\_en.htm](http://ec.europa.eu/agriculture/index_en.htm)
- ***Economic Analysis and Evaluation***  
[http://ec.europa.eu/agriculture/analysis/index\\_en.htm](http://ec.europa.eu/agriculture/analysis/index_en.htm)
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*Thank you*