DIRECTIONS OF COMMON AGRICULTURAL POLICY

DIRECŢIILE POLITICII AGRICOLE COMUNE

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Abstract: *The Common Agricultural Policy has largely contributed to the achievement of the objectives that were to be achieved by now. Over the past 50 years, the CAP has increased productivity, a contributed to a fair standard of living for the agricultural community, stabilized markets, secured the availability of supplies and provided consumers with quality food at reasonable prices.*

The CAP has undergone fundamental reforms over time to respond to changing economic conditions as well as societal expectations and demands. Drivers and challenges of today are not only related to CAP per se, but also extend to the wider institutional and economic setting within which the policy evolves.

Key words: *Common Agricultural Policy, Lisbon Treaty*

INTRODUCTION

The CAP has its roots in 1950s Western Europe, whose societies had been damaged by years of war, and where agriculture had been crippled and food supplies could not be guaranteed.

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MATERIAL AND METHOD

Data are the graphics that reflect the evolution of indicators in the CAP, based on Eurostat statistics.

RESULTS AND DISCUSSIONS

The CAP aimed at encouraging better productivity in the food chain, ensuring fair standard of living to the agricultural community, market stabilisation and ensuring the availability of food supplies to EU consumers at reasonable price. The historical development of the CAP is shown in Figure No. 1

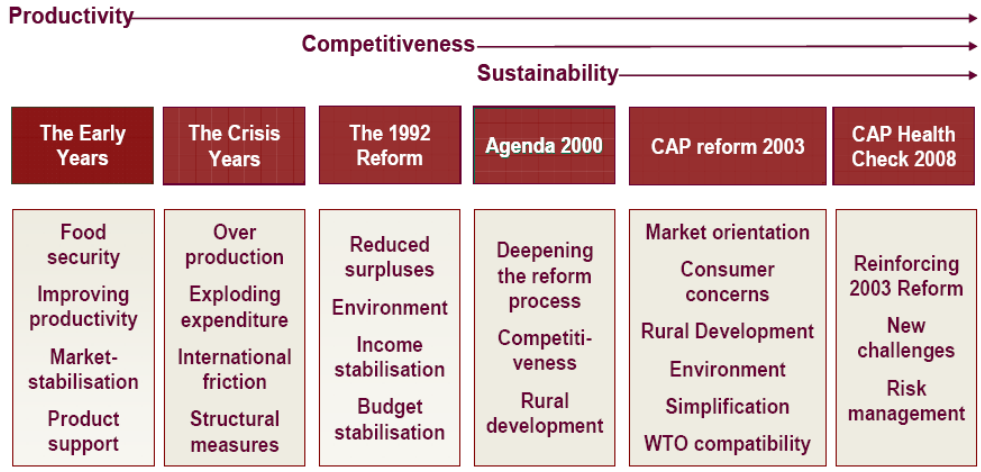


Fig. 1 - Historical development of the CAP

For the future, the CAP will have to face new and pressing challenges and has to provide a framework for the future based on stability, predictability and flexibility in times of crisis.

The CAP will have to adapt to a changing European and global context. First and foremost, European agriculture must ensure food security to its own consumers and contribute to feeding a steadily growing world population.

To support the fight against climate change, it will have to produce more food with less land, less water and less energy.

Moreover, the CAP must adapt to an increasingly unstable economic environment: the global financial and economic crisis, and the recent extreme volatility of the prices have affected farmers and the viability of the whole agricultural sector.

The changing Community institutional architecture and the definition of new priorities constitutes the context of the debate concerning the CAP reform. Firs, agriculture must define its role within the new Strategy 2020 and to have an active contribution to the European response to the economic and financial crisis.

Moreover, the CAP should take into account the changes considered in other EU policies, such as the cohesion policy, and the discussions concerning the competitiveness the agri-food sector. Most importantly, agriculture will have to defend its share of the EU budget, in the context of the budgetary review and of defining the new expected financial perspectives.

Last, but not least, in the context of the implementation of the new provisions of the Lisbon Treaty, the European Parliament, as co-legislator, must take its new responsibilities agricultural matters seriously, while the Commission and Council should work more closely, in good faith and equally with Parliamentarians on this particular dossier.

The CAP has had a substantial contribution, so far, to the fulfilment if the objectives allocated to it within reforms.

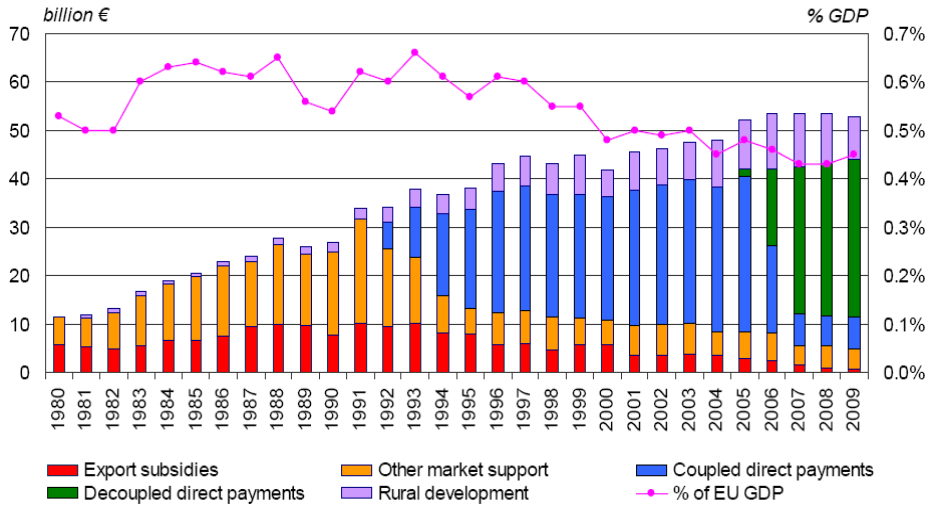


Fig. 2 - The path of CAP expenditure (1980 – 2009, billion current €)

The percentage of the EU budget allocated to the CAP has been reduced from 75% to approximately 40% in the present, representing no more than 0.45% from the total din EU's GDP expenditure, while the number of farmers has doubled with the adhesion of 12 new Member States.

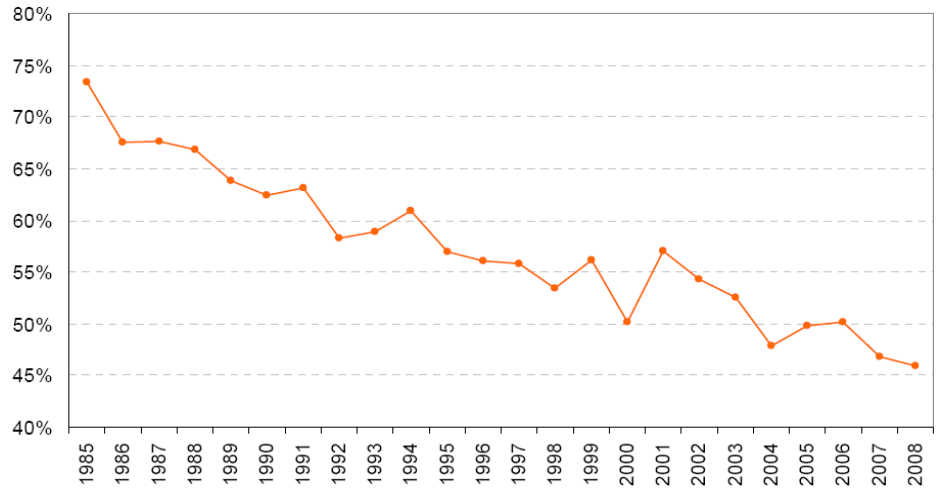


Fig. 3 - The percentage of the EU budget allocated to the CAP

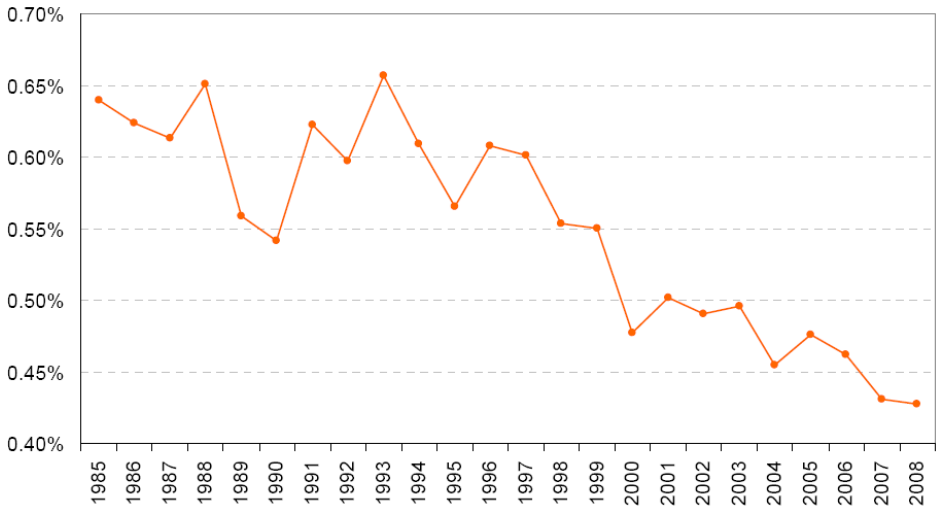


Fig. 4 – The percentage of CAP expenditure from the EU's GDP

The challenges that the CAP post-2013 must respond to:

- Food security in the context of the world population growth (from 7 to 9 billion by 2050) and the increasing related demand for food, especially in emerging economies, against the background of the increased pressure on the environment (soil, water, energy);
- EU agriculture vulnerability to the impact of the climate change and to the deterioration of the environment over time ;
- The economic crisis, as immediate challenge (lack of access to credits, constraints on public expenditure, increase in unemployment);
- High EU consumers' expectations concerning the quality of food, animal welfare standards and good value for money;
- EU aging rural population and the threat of land abandonment and rural depopulation.

EU needs a solid common agricultural policy in order to guarantee:

- A competitive community agriculture on world markets;
- EU food security in an unstable global context;
- A valuable contribution of the community agriculture and the downstream agri-food sector to the EU economic growth and employment;
- Correcting market dysfunctions, such as the exposure to natural disasters, a high level of risk, lack of demand elasticity, and the fact that farmers are 'price-takers' rather than 'price-makers' in the food supply-chain;
- A properly functioning single market and a fair competitive environment, so that farmers can perform their activity under fair competitive conditions on the EU market.

CONCLUSIONS

The social dimension of the CAP must continue to approach major concerns: the income lower than the EU average for the farmers in most member states and the decrease in the farmers' income (by an average -12,2% last year, in EU-27); the need for a sustainable, dynamic and well-balanced social and economic growth of the European rural communities whereas agriculture provides the main land cover, occupying 47% of the EU entire territory; the need to attract younger generations to rural areas and activities and to approach rural unemployment.

CAP architecture:

1. preserving the 2 pillars:

- Pillar I – Direct payments and market measures

- Pillar II – Rural development

2. the possibility to implement payments on the surface in AXIS 2 (agri-environment payments, for disfavoured areas) in the NRDP in Pillar I

Pillar I - Direct payments and market measures:

- Balancing direct payments with European ones and renouncing the historical reference based on which the current level of direct payments was set
- Maintaining the Single Payment Scheme (payment able to provide decent incomes to farmers)
- Direct support – that should also represent a remuneration for the complex services provided by farmers for the society in rural areas (preserving biodiversity, preserving rural landscapes, animal welfare)
- Reconsidering the role of small farms /households and developing a simplified system of payment per hectare (for those with less than 5 ha).
- Encouraging the development of small farms and connecting them to markets
- Preserving or identifying new tools for the intervention on the market meant to act as a "safety net"/insurance tools, in crisis situations and that should allow for maintaining EU agriculture at a competitive level in relation to third countries and under price volatility conditions.
- Identifying a community financial mechanism for the risk management that can be used in deep crisis situations and sufficiently flexible to have rapid effects.
- Simplifying eco-conditionality standards.

Pillar II – Rural development

- The rural economy development component should remain a part of the CAP
- Identifying new support measures:

- to stimulate land amalgamation,
- to encourage the development of non-agricultural economic activities in the rural environment,
- to counter climate change.

REFERENCES

1. EUROSTAT; Date of extraction: Fri, 25 Mar 11 http://ec.europa.eu/agriculture