

# EU Agricultural Policy

## Our land, our food, our future.



*“Since its inception more than 50 years ago, the CAP has evolved constantly to adapt to changing economic, farming and environmental challenges. With the CAP reform of 2013, we have made full use of our new powers in the European Parliament to ensure the best possible deal for farmers, consumers and the environment”*

**Albert Dess MEP (Germany)**

EPP Group AGRI Coordinator and Rapporteur for the CAP  
Transitional Regulation



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# 1. What is the agricultural policy and why do we need it?

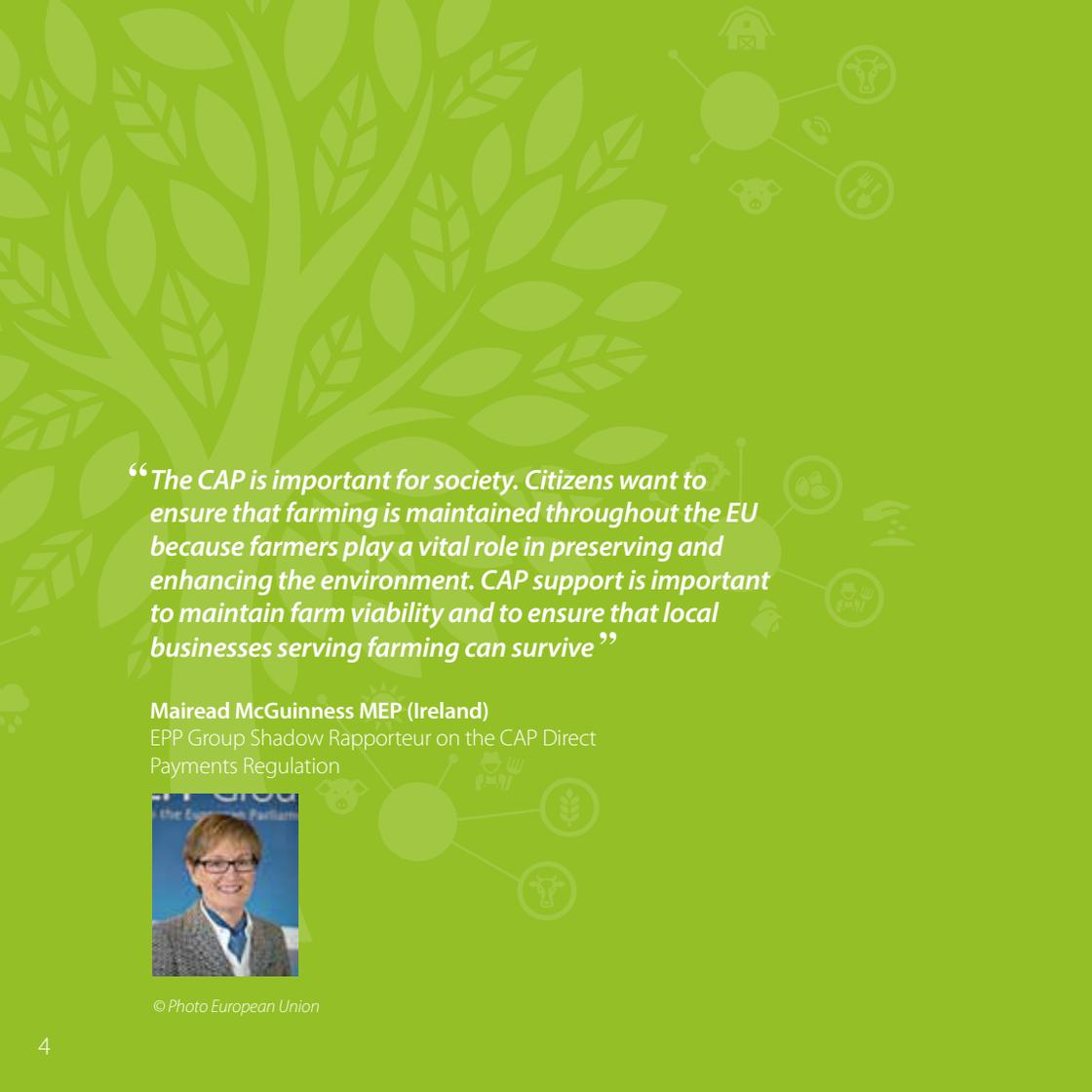
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Unlike for most other sectors, agricultural policy is almost exclusively European. The EU “Common Agricultural Policy” (CAP) allows European farmers to produce high quality and safe food at affordable prices for more than 500 million European citizens. It also plays a key role in the economic development of rural areas and in the sustainable use of natural resources.

The EPP Group is committed to a strong, sustainable, competitive and fair CAP and has made sure that the reform of 2013 enables our farmers to do what they do best: **produce our uniquely European high quality food products and preserve our unique rural areas.**

None of these objectives can be attained without providing financial support to farming and rural areas. For the period 2014-2020, over **€400bn** will be available to support European farming.





*“The CAP is important for society. Citizens want to ensure that farming is maintained throughout the EU because farmers play a vital role in preserving and enhancing the environment. CAP support is important to maintain farm viability and to ensure that local businesses serving farming can survive”*

**Mairead McGuinness MEP (Ireland)**

EPP Group Shadow Rapporteur on the CAP Direct  
Payments Regulation



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## 2. Ensuring food security and preserving the natural environment

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Sufficient affordable food for all can no longer be taken for granted. By 2050, the world will need to double its food production to meet global demands. Therefore, agriculture remains a **strategic priority for the EPP Group**.

Our Group wants to keep farming at the heart of European policy-making because farms create jobs and help stimulate sustainable economic growth, thereby keeping Europe competitive. We have prioritised measures to tackle the increased price volatility seen on agricultural markets in recent years. We did so by making sure farmers have the possibility to pool together so they can get a fair price for their products. We also guarantee safety net provisions farmers can rely on in crisis situations. Under the newly introduced “Greening” requirements, farmers must comply with even stricter standards in order to receive full CAP payments, including: production methods that respect the environment; the adoption of farming practices to fight climate change and ensure the quality and sustainability of the farmed land; and the consideration of existing plants, crops and animal welfare.

The EPP Group succeeded in making the new greening requirements more practical and balanced. This will simplify their implementation.

***“The European Parliament has succeeded in simplifying the complex administrative machinery for farmers. European farmers have to comply with the highest standards in the world, but at the same time we have to make sure that we allow farmers to do what they know best - farming”***

**Giovanni La Via MEP (Italy)**

EPP Group Rapporteur on the CAP Financing, Management and Monitoring Regulation



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### 3. The new Common Agricultural Policy

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The new Common Agricultural Policy (CAP) is based on two pillars. The first pillar consists of direct aid to the farmers, who have to guarantee food security and high food quality. They are equal to all farmers across the EU. The second pillar in the development concentrates on rural development. It aims at reducing differences in development of EU rural areas and agriculture. The second pillar has a certain flexibility, to respect the different needs at national and regional level.

- *Pillar One: direct payments and market support measures*  
The direct payments ensure income support, allowing farmers to make a decent living and reward them for the environmental benefits they provide. Market measures are designed to ensure stability in the markets and help farmers cope should difficulties arise.
- *Pillar Two: Rural Development*  
Rural Development measures help boosting the vitality of rural areas, for example by helping farmers modernise their farms and become more competitive, by helping them diversify their activities - including in the non-farming sector - and by providing them with incentives to take on additional commitments to improve the environment. They account for around one-fifth of CAP spending and are part-financed by the Member States.

*“The programmes for Rural Development will greatly enhance local and regional cooperation between agriculture and other sectors, stimulate the direct marketing of our high quality agriculture products, intensify investment in innovation and help preserve our natural environment”*

**Elisabeth Köstinger MEP (Austria)**

EPP Group Shadow Rapporteur for the CAP Rural Development Regulation



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## 4. Boosting our rural areas

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The EPP Group attaches great importance to the economic vitality of our countryside. Therefore we played a major part in shaping the new Rural Development policy, ensuring that farming is its main beneficiary.

Within the new policy, Member States will be able to design their own multi-annual programmes, selecting the options best-suited to their needs.

- A more **modern, innovative** and **knowledge-based** agricultural sector through a range of support instruments;
- Specific support for farm restructuring, for **young farmers** and for **small farms**;
- **Risk management** support through insurance and mutual funds and an income stabilisation tool if extreme difficulties are encountered;
- Aid for setting up **producer groups** which can develop into full **producer organisations**, so as to strengthen farmers' position in the food supply chain;
- **Support payments** for agri-environment and climate measures, organic farming, mountain areas, areas with natural constraints and for forestry measures.

Moreover, the **LEADER programme**, consisting of concrete projects to boost local development, should account for at least 5% of Member States' Rural Development funds.



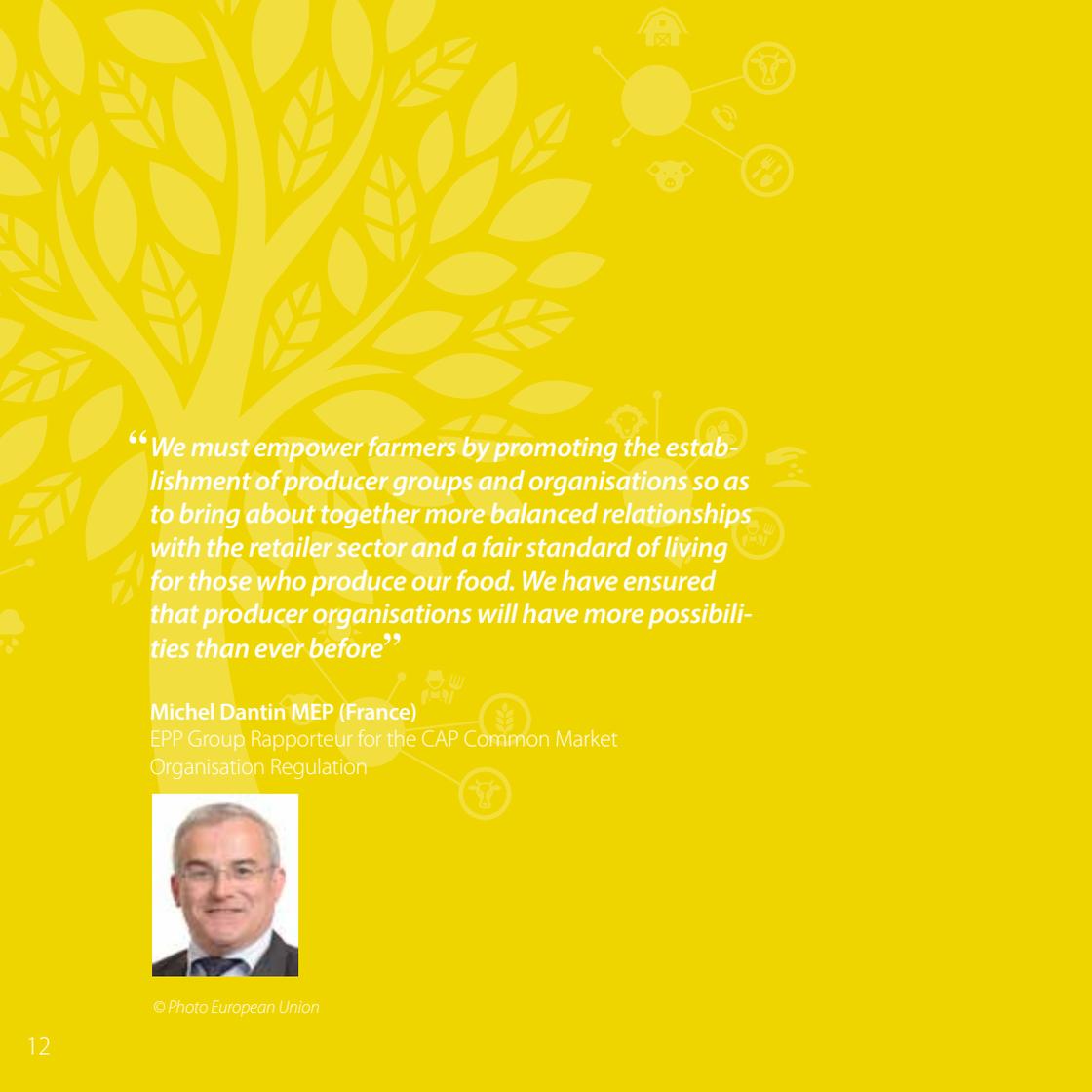
## The LEADER Programme at work:

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CULTLANDS - Conservation of European Cultural Landscapes  
*Cooperation of Austria, Spain, Poland and Hungary*

The changes in the way we live today have made the survival of traditional ways of farming uncertain in some regions. They belong, however, to our natural and cultural heritage. The EU LEADER initiatives encourage farmers and other rural actors to do so supporting them with concrete measures. By providing an Austrian apple farmer with a cider press, for example, he can continue to grow apples in the same way his ancestors did before him. Or by granting a European label with information about the quality and production process to hams, Spanish pig farmers can continue to work as tradition prescribes it. The same goes for apiculture products from Poland. The objective of these projects is the marketing of extensively produced products in a sustainable way.





*“We must empower farmers by promoting the establishment of producer groups and organisations so as to bring about together more balanced relationships with the retailer sector and a fair standard of living for those who produce our food. We have ensured that producer organisations will have more possibilities than ever before”*

**Michel Dantin MEP (France)**

EPP Group Rapporteur for the CAP Common Market Organisation Regulation



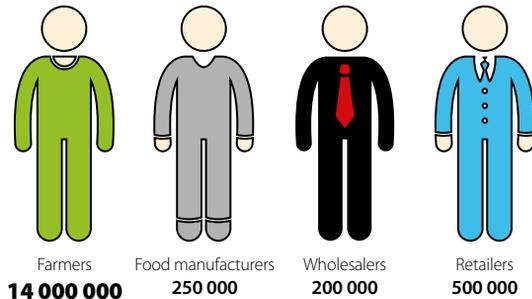
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## 5. Better functioning of the food supply chain

The large majority of farms are relatively small with an average size of only 12 hectares. 70 % of farms are even less than five hectares in size. Consequently, farmers can find it hard to get the best market price for their products. Their efforts to improve quality and add value to their products is often not rewarded by the market. For the EPP Group it is therefore vital to help farmers to strengthen their bargaining position within the food supply chain. The new CAP measures support farmers to form producer organisations so that they can sell their products collectively, enabling them to exert greater market power within the food supply chain.

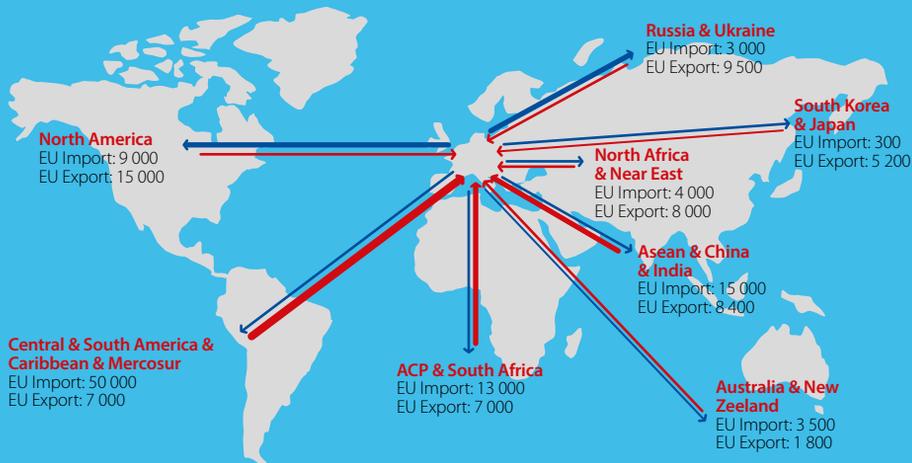
### Concentration along the food chain: number of enterprises

Many retail outlets (supermarkets, shops, etc.) belong to a small number of companies which have very strong bargaining power.



Source: Eurostat - Structural Business Statistics and Structure of Agricultural Holdings, data are 2077 (agriculture) and 2009 (other sectors).

## EU Agricultural Trade (million EUR)



Source: Document DG AGRI International aspects of agricultural policy, data are rounded, representing the average for 2008 - 2010.

## 6. CAP – Myths and reality

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### **The CAP is too expensive**

*Agriculture is almost entirely funded from the EU budget, which means that there is very little national spending. This explains why agriculture appears to take up such a large chunk of the EU budget.*

### **The CAP leads to “butter mountains” and “wine lakes”**

*Virtually all CAP support is now decoupled from production, meaning that farmers produce according to market signals and not just to claim subsidies. In 2013, market intervention amounted to just 5%. It became a genuine safety net for crisis times.*

### **A large proportion of direct payments go to large landowners**

*The size of farms varies widely across Europe. To ensure an equitable distribution the CAP reform offers the Member States the possibility to curve payments. This means farmers are paid higher amounts on the first hectares claimed for and payments decrease for larger farms.*

### **Subsidised EU-exports distort world-trade**

*The CAP reform maintains an export subsidy mechanism in place but it can only be triggered in the most exceptional of circumstances.*

### **The EU is closed to food imports from poorer countries**

*The EU is the largest importer worldwide of agricultural products: about one-third of exports from developing countries are destined for the EU, making it the biggest importer from developing countries worldwide.*



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