Future of the CAP after 2013 – the Farmers’ Perspective

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Outline

- the current Common Agricultural Policy (CAP) – its strengths & weaknesses
- priorities if we are to meet new challenges
- the future policy
CAP has already been ‘greened’

Breakdown of CAP expenditure in %

- Rural development - farmer stewardship
- Decoupled payments - linked to regulations
- Market & production support
- Export subsidies

Source: EU budget
CAP priorities since 1990

Profitability & productivity

High standards & land management
- Food safety requirements
- Environmental requirements
- Animal welfare
- Stewardship
Low level of profitability – high dependence on CAP payments

EU 15; average 2006 - 2010

Average earnings in all sectors vs. Farmers' income

Source: Economic accounts & Farm Accountancy Data Network, Eurostat
Policy priorities if we are to meet future challenges

Past world growth rate above 2% pa but will it continue:

- Finite resources – land & water
- Climate change
  - more extremes
  - need to adapt production
  - need to mitigate climate change

Priority - productivity gain achieved sustainably - green growth

Source: FAO, 2011
Future CAP – as before?

Profitability & productivity

High standards & land management
- food safety requirements
- environmental requirements
- animal welfare
- stewardship
Or a more balanced CAP?

- Profitability & productivity
- High standards & land management
Farmer obliged to apply measure on 'greening' list in order to receive payment. e.g.:

- crop rotation/diversification
- ecological set-aside – no production on x% of land
- maintain permanent pasture

Result:
- higher costs for farmers
- lower productivity

Commission proposes more ‘greening’

Current payments

Basic payment linked to reinforced regulations

New greening payment

Result:
- higher costs for farmers
- lower productivity
Counter proposal

Incentives for Green growth

NOT more ‘greening’

- **resource efficiency** (nutrients/water)
- **reduced GHG emissions** (biogas production from residues, feed adaptation, green cover crops...)
- **carbon sequestration** (reduced tillage, agri-forestry, perennial energy crops....)
Priorities for the future CAP

- resource efficiency
- carbon sequestration
- reduced emissions

Farmers
Green growth

- advisory/training
- exploit more fully existing research
- on-farm demos/trials

Advisors
Know-how

- more funding
- targeted to green growth
- practical for EU type farms

Scientists
Research

- market stability
- improved profitability

Farmer’s Investment

- exploit more fully existing research
- on-farm demos/trials
- resource efficiency
- carbon sequestration
- reduced emissions

- advisory/training
- improved profitability
- targeted to green growth
- practical for EU type farms
Sustainability & productivity

Not a business opportunity for farmers

A necessity!