

How does the EU define “Rural and Agriculture”?

An update on the EU's Common Agriculture Policy

By Roger Waite,
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What is the European Union?

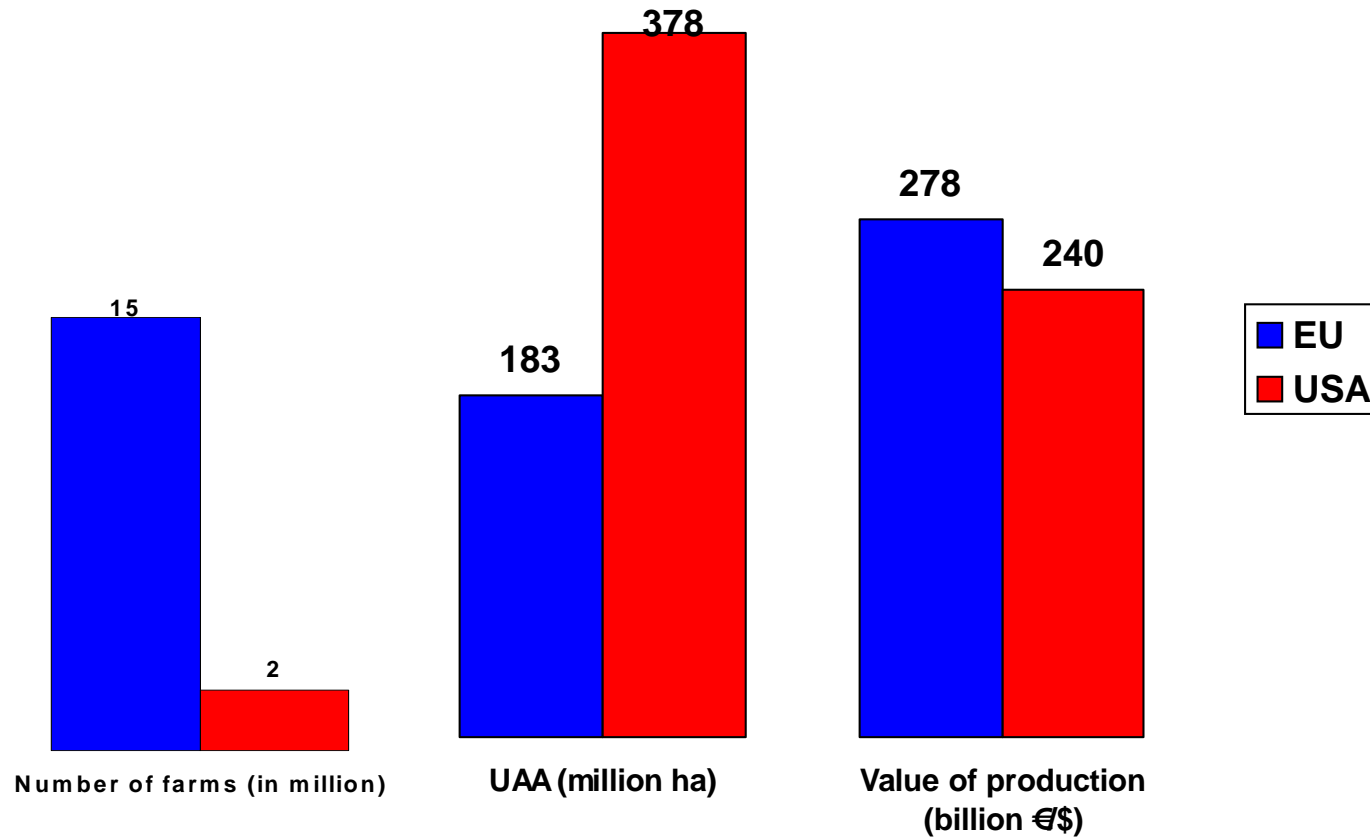
27 Member States

490 million people

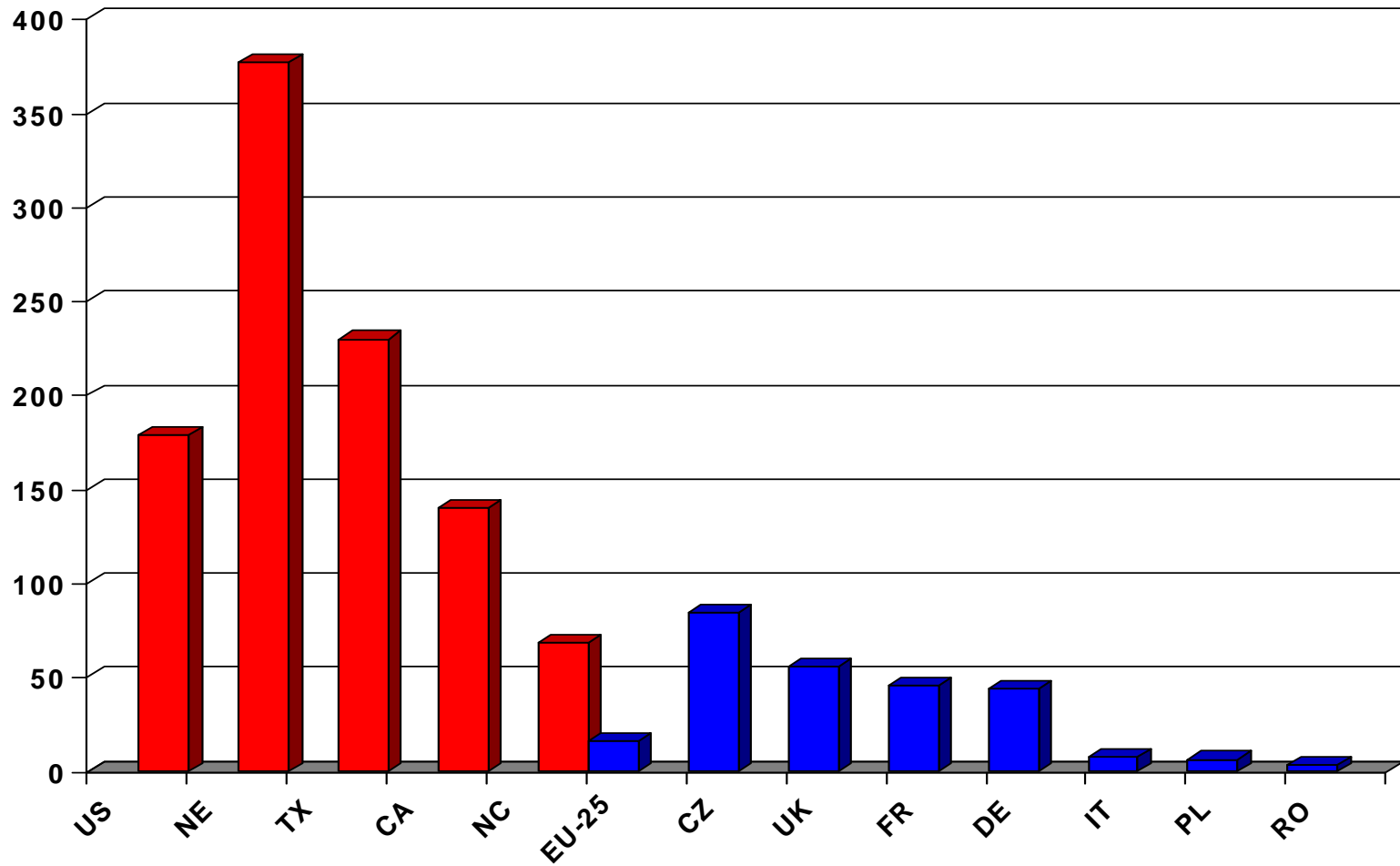
15 million farmers



US and EU Farm sectors at a glance



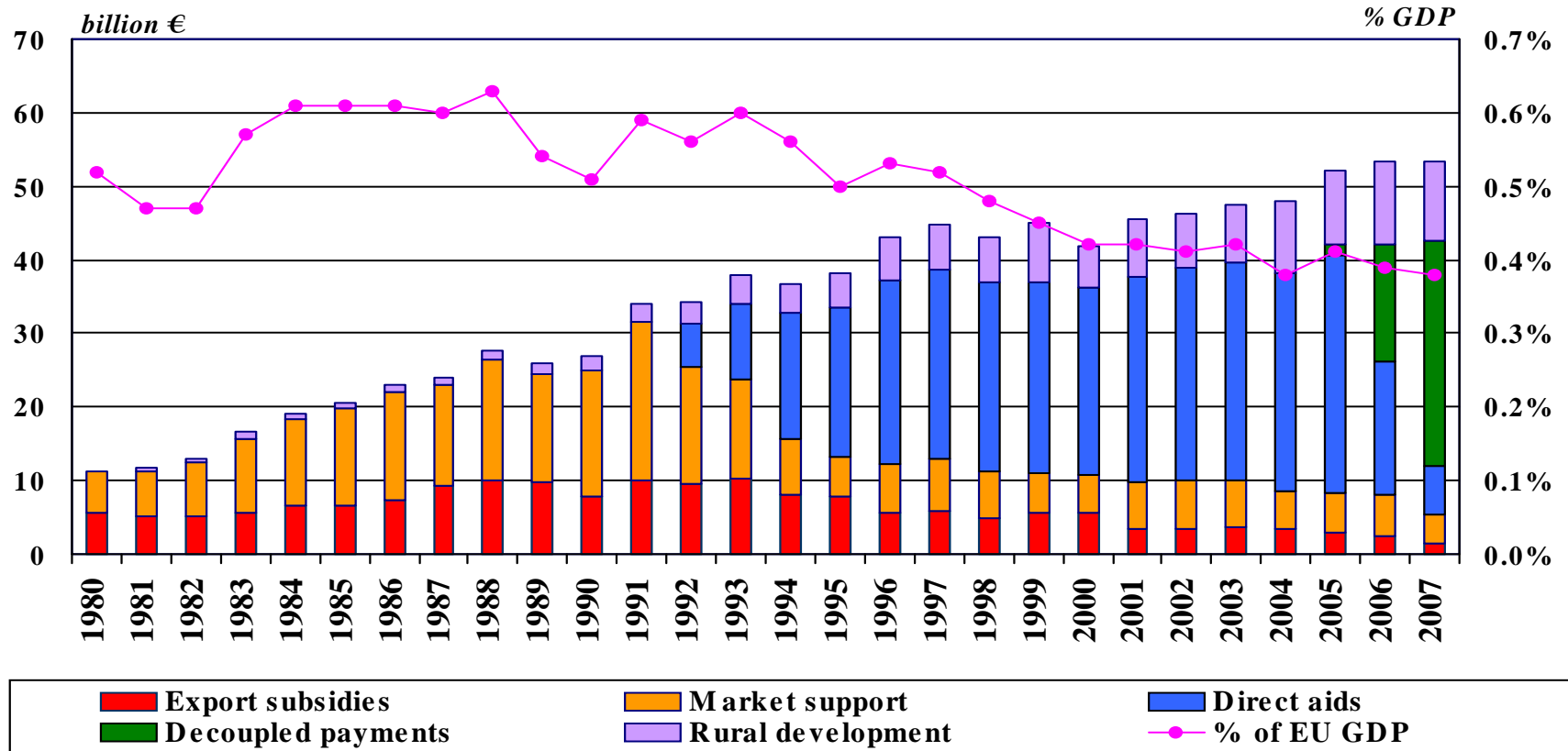
Average Size of Farms – US and EU (ha)



The CAP : from Past to Present

<p>Early years 1960's</p>	<p>Crisis years 70's - 80's</p>	<p>1992 CAP Reform</p>	<p>Agenda 2000</p>	<p>2003 CAP Reform</p>
<p>Price support</p> <p>Secure food supplies</p> <p>Improve productivity</p> <p>Stabilise markets</p> <p>Income support</p>	<p>Production control</p> <p>Slow down expenditure</p> <p>Reduce international friction</p> <p>Reduce surpluses</p>	<p>Price cuts + compensation</p> <p>Have an UR agreement</p> <p>Stabilise budget</p> <p>Protect income</p> <p>Competitiveness</p>	<p>More price cuts + compensation</p> <p>Identify EU Farm Model</p> <p>Rural development</p> <p>Protect environment</p> <p>Enlargement</p> <p>Competitiveness</p>	<p>Single Farm Payment</p> <p>Market orientation</p> <p>Consumer concerns</p> <p>Environment</p> <p>Farm income</p> <p>DDA context</p>

CAP spending in recent years



2007-2013 Rural Development plans

- 94 different plans, e.g. 4 in UK, 14 in Germany 17 in Spain; 21 in Italy; Regional flexibility;
- EU money, national/regional co-funding (50-50, or 25-75 in poorest regions), private funding;
- EU contribution € 90.8 bn,
National co-financing € 57.7 bn,
Private spending € 64.8 bn,
National top-ups € 12.4 bn,
- **TOTAL € 225.7 bn**

RD options 2007-2013

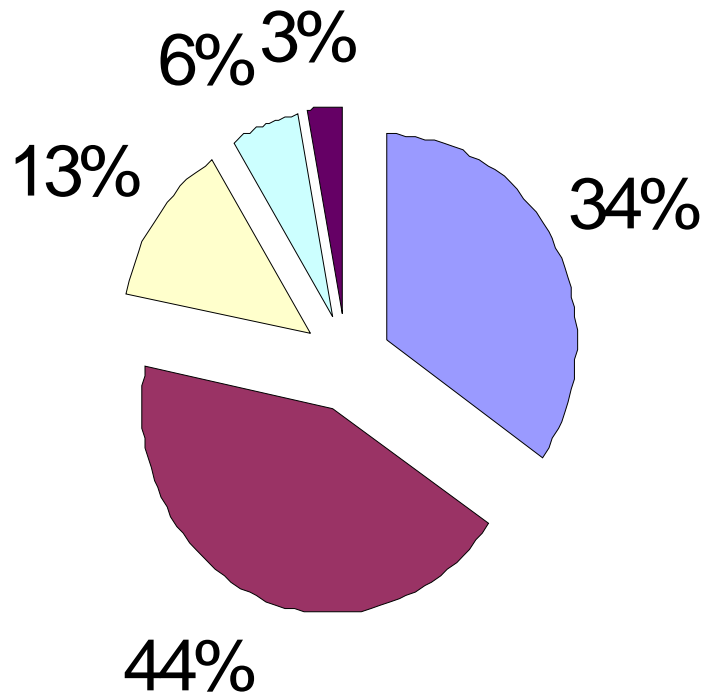
Axis 1 – Economic Investment (at least 10%) -
e.g. Modernisation, training

Axis 2 – Environmental (at least 25%) - e.g.
LFA payments; non-productive investments;

Axis 3 – Social (at least 10%) e.g. Village
renewal; Diversification for rural tourism;

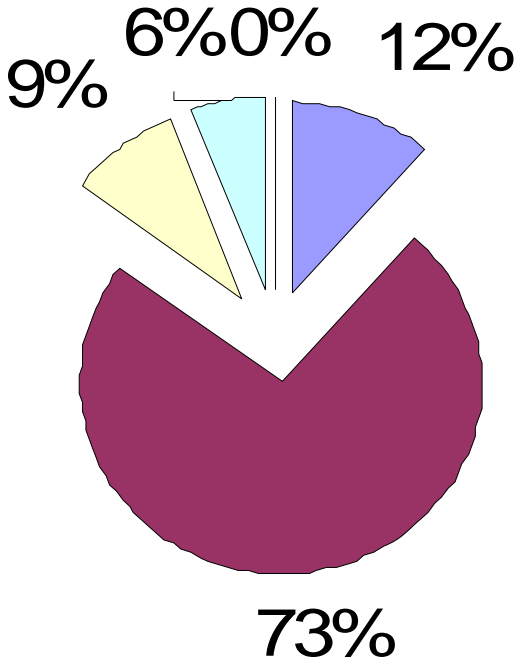
LEADER + schemes – local input pilot
projects (at least 5%)

How 2007-2013 funds are allocated



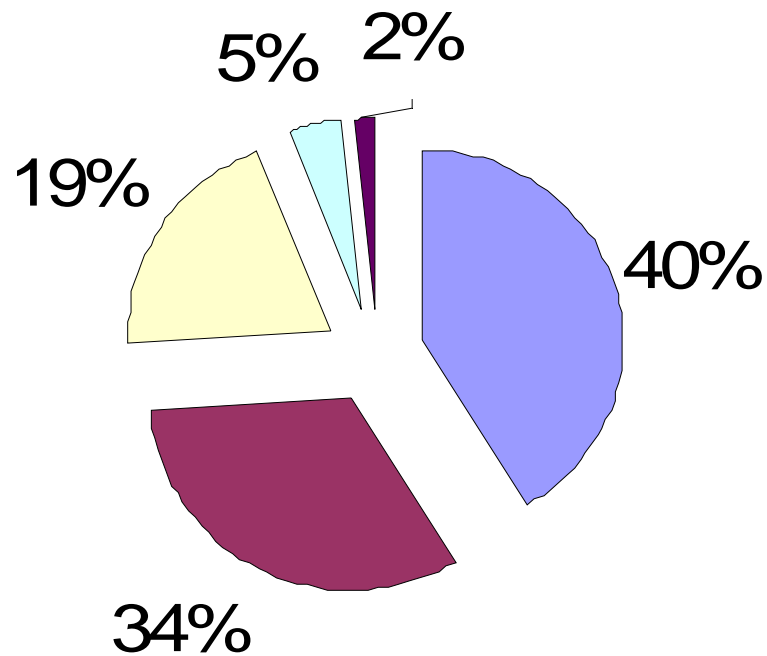
- Axis 1 - Improving the competitiveness of agriculture
- Axis 2 - Improving the environment & the countryside
- Axis 3 - Improving the rural economy & diversification
- Axis 4 - LEADER
- Technical aid, Direct aid for Bul & Rom

British RD allocations 2007-2013



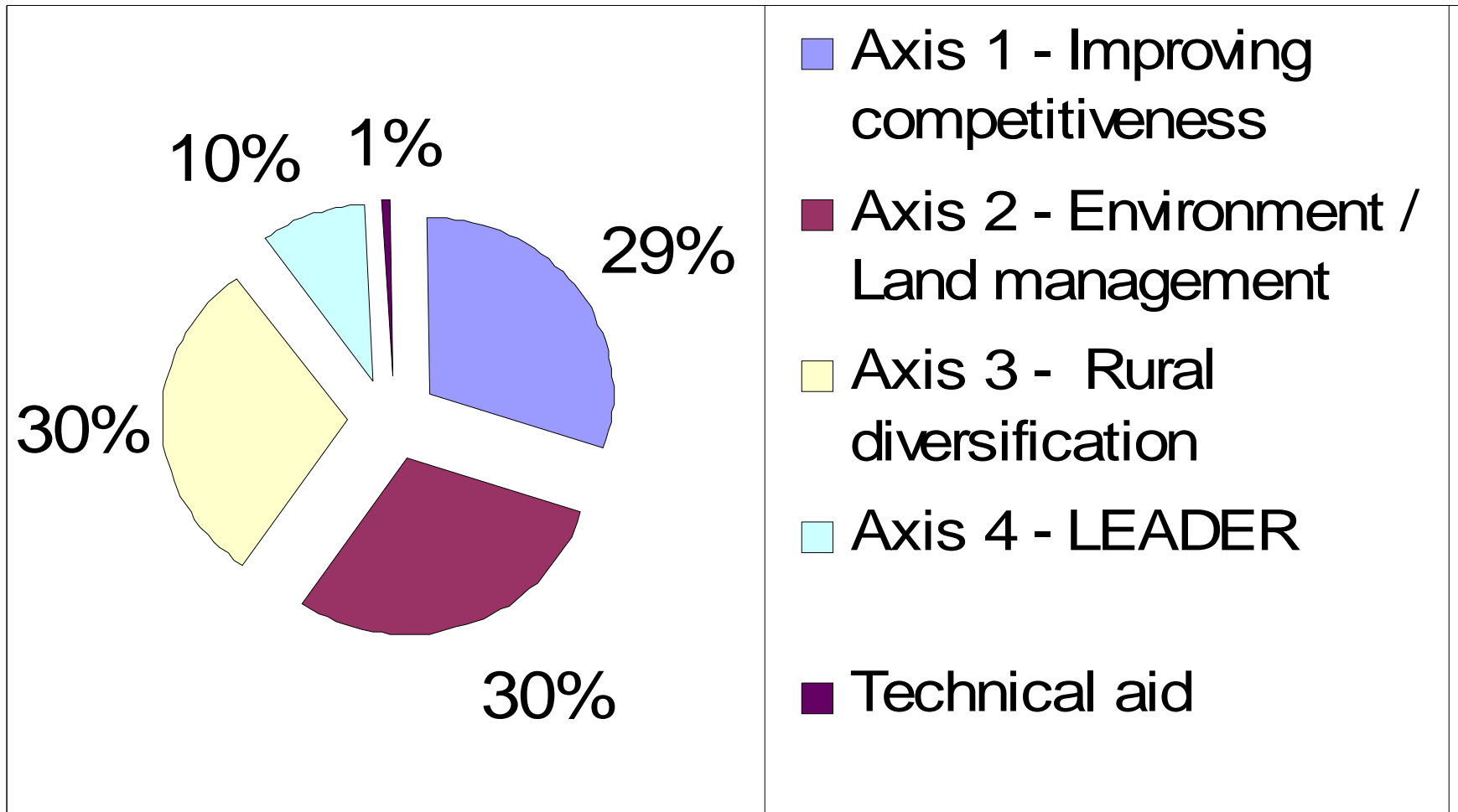
- Axis 1 - Improving competitiveness
- Axis 2 - Environment / Land management
- Axis 3 - Rural diversification
- Axis 4 - LEADER
- Technical aid

Polish RD allocations 2007-2013



- Axis 1 - Improving competitiveness
- Axis 2 - Environment / Land management
- Axis 3 - Rural diversification
- Axis 4 - LEADER
- Technical aid

Dutch RD allocations 2007-2013



Axis 1 – Improving competitiveness

- Training - 2 250 000 agriculture, food & forest workers
- Early retirement - 86 000 releasing 906 000 ha;
- New entrants - 176 000
- Advisory services 1 160 000 farmers; 82 000 forest owners;
- New products & techniques: 216 000 farms; 45 000 forest; 17 000 processing co.s; 9 000 cooperation initiatives;
- Added value 60 000 enterprises;
- Infrastructure 42 000 projects;
- New Member State market investment - 110 000 semi-subsistence farms; 2 000 producer groups;

Axis 2 Land Management & Environment

- **Agri-environment schemes** - 2.96 million farms covering 38.89 million hectares;
- **Afforestation** – 600 000 ha of farmland involving 117 000 farmers
- **Less Favoured Area Payments**
 - Mountain areas* - 1.41 million farms, covering 18.15 million ha;
 - Other natural handicap* - 1.59m farms & 33.52m ha;

Axis 3 – Diversifying the rural economy

- Training 440 000 rural inhabitants
- Non Agricultural jobs on farm 71 000 jobs
- New SMEs 114 000 jobs
- Expanded tourist activities 185 000 jobs
- Better basic services 35.77 million rural dwellers will benefit; e.g. Rural broadband
- Village renewal 39 000 projects

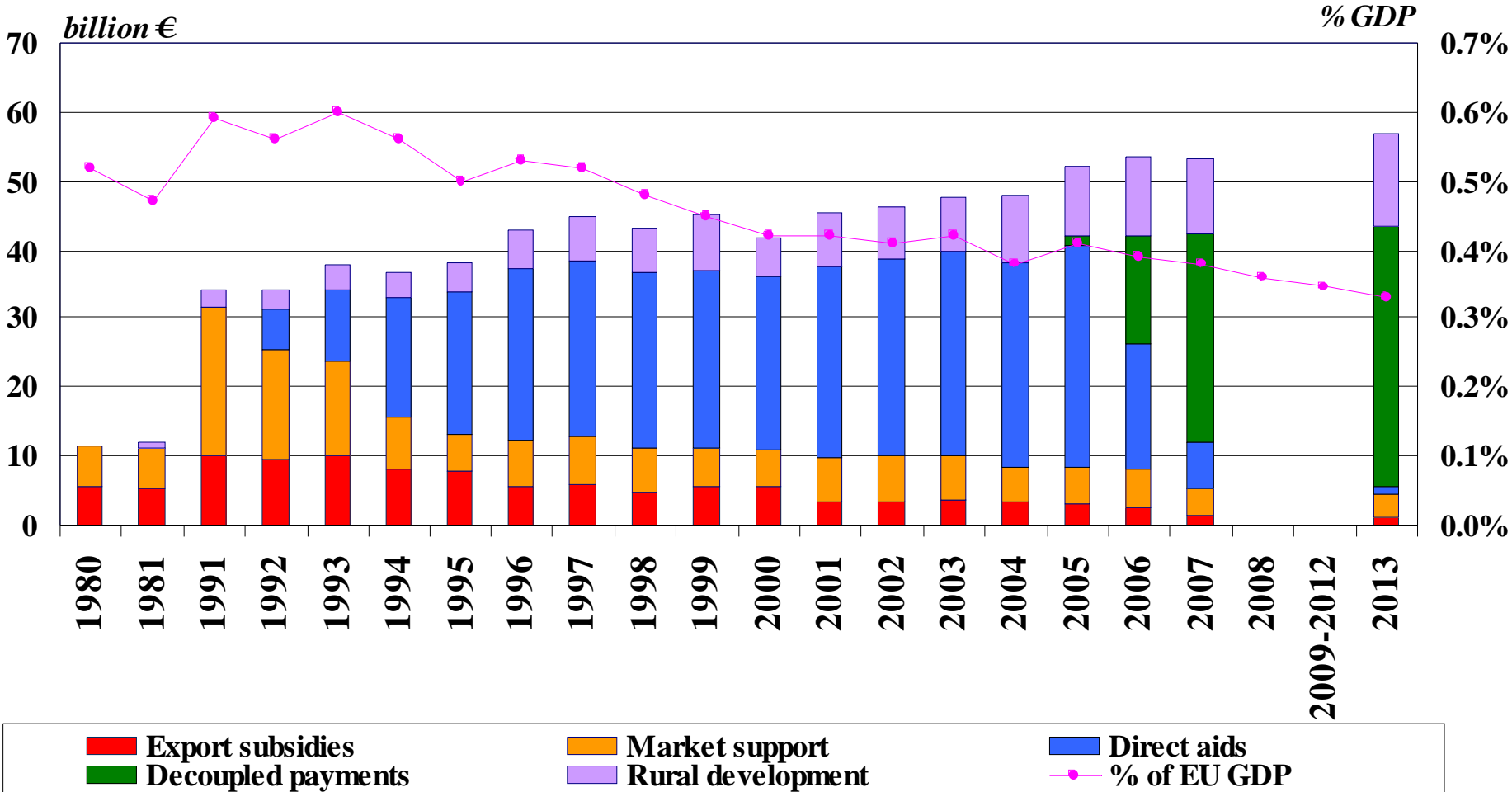
LEADER schemes

- Enhancing local/regional governance
- Capacity building
- Locally-initiated pilot projects
- €5.5 bn includes €3.7bn for diversification / quality of life; €522m for competitiveness; €165m for environmental protection;
- €265m for inter-regional projects

November 2008 CAP “Health Check”

- Completing 2003 changes/ justifying post-2013 CAP
- End to compulsory set-aside; 5 x 1% milk quota increase as soft landing for end to dairy quotas in 2015;
- Further decoupling of aid (except suckler & sheep);
- Flexibility to re-channel 10% of direct aid (Art.68);
- **Additional Compulsory modulation (+5% by 2013) & progressive modulation (4% for >€300 000) – providing extra €3.2 billion for RD 2010-2013;**
- **RD: New Challenges – Climate Change; biodiversity; water scarcity; renewables; - plus innovation; dairy accompanying measures;**

Forecast RD spending by 2013



Post-2013

- Next reform (2011/12) – the biggest ever
- Export refunds & “coupled” payments gone
- Doubts about value of EU. What does European taxpayer want? A new CAP
- Flat-rate hectare payments? Co-funded?
- Additional payment for public goods provided
- More RD – climate change, renewables, water scarcity & biodiversity; a living countryside

Thank you for listening !

Roger Waite, editor

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