

Synthesis and assessment of the public debate on the reform of the CAP after 2013

Synthesis of Country Reports: Executive Summary

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Executive Summary

The EU Common Agricultural Policy (CAP) has undergone several reform processes since its creation after World War II. The concepts of multifunctionality of farming and sustainability have gained importance, rural development policies have become part of the CAP and environmental concerns are targeted via binding obligations as well as optional agro environmental measures. Over the years, the CAP has moved more and more away from price support mechanisms to direct payments. An important reform step was the decoupling of direct payments from production in the so-called Fischler reform of 2003. However, amongst other things, the degree of decoupling and the system of implementation of direct payments vary between the member states. Also, different stakeholder groups take different views on what the objectives of a European agricultural policy should be and what instruments should be applied in order to meet these objectives. These different views become evident in the public debate on the reform of the CAP after 2013.

The **aim of this research project** was to summarise and assess the public debate on the reform of the CAP after 2013 in ten EU member states following the publication of the European Commission's Communication Regions entitled "The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future" (COM 2010 672 final) in November 2010. In this Communication the Commission describes the previous reform path of the CAP, defines future challenges for the CAP (food security, environment and climate change, territorial balance) sets out objectives of the future CAP (viable food production, sustainable management of natural resources and climate action, balanced territorial development) and specifies future instruments (including the capping and greening of direct payments)¹ as well as three broad policy options.

For the purpose of this analysis various statements of stakeholders in the public debate on agricultural policy, like governments, farmers' unions, scientists or environmental non-governmental organisations were analysed by country experts in the Czech Republic, Finland, France, Germany, the United Kingdom (UK), Greece, Hungary, Poland, Slovenia and Spain². The selected member states represent new as well as old member states and a variety of climatic conditions and agricultural structures.

In their reports the experts summarised the stakeholders' positions on the different elements of the CAP reform proposed in the Commission's Communication, put them into context, determined the issues dominating the debate in the respective member state and drew conclusions. Reactions of stakeholders towards the far more detailed legislative proposals published by the EU Commission in October 2011 could only be included in the reports if they were accessible at time of writing (September until end of October 2011). So, even if reactions to the legislative proposals were incorporated as far as possible, most of the analysed statements refer to the Communication of November 2010.

The country reports provide the basis of this **synthesis**. It is in the nature of such a synthesis that it cannot reflect the whole range of opinions contained in the country reports. The authors tried to identify main lines of argument, common aspects and differences in and be-

¹ A summary of the Commission's proposals as expressed in the Communication of November 2010 and the Legislative Proposals of October 2011 as well as the used sources is provided in chapter 3 of the synthesis report.

² Authors of the country reports: François-Gaël Lataste, Aurélie Trouvé (France), George Vlahos, Stathis Klonaris (Greece), Petri Liesivaara, Ellen Huan-Niemi, Jyrki Niemi (Finland), Luka Junvančič (Slovenia), Janet Dwyer, Nick Lewis (UK), Jaroslav Pražan (Czech Republic), Iwona Nurzyńska (Poland), Edina Ocskó (Hungary), Lourdes Viladomiu, Jordi Rosell (Spain), Cordula Rutz, Jörg Schramek, Winfried von Urff (Germany)

tween the public debates in the analysed countries. Even though this was done with all due care, it cannot be ruled out that the relative importance of certain aspects is assessed differently by those who participated in the debate.

The **stakeholders mainly involved** in the public debate in the ten analysed member states are:

- Governmental bodies: Mostly, the ministries of agriculture elaborate the national governments' position on the CAP reform. Sometimes the ministries of the environment or governmental environmental agencies prepare their own statements, which can, like in the case of France, differ substantially from the position taken by the ministry of agriculture. In some countries, like Spain, Germany and the UK, regional administrative agencies also draw up their own, sometimes diverging, positions.
- Farmers' unions, land owners' associations, associations of agricultural cooperatives.
- Non-governmental organisations (NGOs) in the fields of environmental protection and nature conservation, development cooperation and rural development: their involvement differs in scale and scope from member state to member state, e.g. some NGOs in Germany make quite detailed suggestions (for example with regard to the greening of direct payments), whereas NGOs in Finland publish more general statements about agriculture.
- Scientific councils and think tanks.

Apart from the overall objectives and the general architecture of the CAP, the **issues dominating** the debate on the CAP reform in the ten analysed member states are³:

- The proposed greening of direct payments.
- The capping of direct payments: mainly discussed in these member states where some large farms might be affected by such a policy, such as the Czech Republic or Germany.
- The limiting of support to "active farmers" and the respective definition of the term.
- The harmonisation of direct payments schemes in the EU, the degree of decoupling, the way to implement decoupled direct payments.
- The call for a simplification of the CAP and reduction of bureaucracy.
- The overall scale of the CAP funding.
- The distribution of funds between member states: the call for a more equitable distribution of funds between new and old member states is the dominating issue in most new member states.
- The wish to maintain agricultural production in the entire EU and to ensure sufficient income for farmers.
- Market measures: a focus of the debate in some countries, like Spain and France, while of minor importance in other countries, e.g. Slovenia.
- Issues of specific national interest, e.g. national support to certain sectors or areas.
- Rural development policies: of interest in some, mainly new, member states and of hardly any importance in other member states, e.g. France. In some countries, like Germany, the debate on rural development only gathered momentum after the publi-

³ The order of the issues listed is not weighted.

cation of the legislative proposals in October 2011 and therefore could only partially be reflected in this study.

Challenges and Targets

Most stakeholders agreed in principal with the **challenges and targets** identified by the Commission. However, different groups of stakeholders stress different challenges and objectives. For many governments alongside with the mainstream farming organisations competitiveness and productivity (often seen in connection with the need to contribute to global food security) of the EU farming sector should be the main objectives of the CAP. Neither governments (with the exemption of the UK central government, which calls for a shift from a policy of support for the agricultural sector as such to a policy of public support for the provisions of public goods) nor the mainstream farming organisations demand a **fundamental reform** of the CAP. A fundamental reform is often demanded by agricultural economists and NGOs. However, while environmental and other NGOs, like scientists, frequently demand a more fundamental reform and improved targeting of the CAP they often favour strict environmental and social regulations both in the EU and with regard to international agricultural trade over market liberalisation.

Reform Orientation

The **two-pillar structure** of the CAP is hardly questioned by governmental bodies in the analysed countries. Only the UK central government argues in favour of phasing out the first pillar for the benefit of a strengthened second pillar. The mainstream farming organisations also accept the current two-pillar structure, but often state that pillar two must not be strengthened at the expense of pillar one. Like most governmental bodies, the farming organisations would like to see the two pillars to be kept distinctly divided. In the opinion of most mainstream farming organisations the focus of the second pillar should lie on support to the agricultural sector, but the opinions range from the Polish agricultural chamber, which explicitly acknowledges the importance of the rural development measures of the CAP, to some farmers' organisations in Spain that would like to see rural development policies to be excluded from the CAP and to become part of cohesion policies. Various proposals to change the current structure of the CAP come from scientific bodies and non-governmental NGOs.

With regard to the **funding** of the CAP only the UK central government and some scientists call for a drastic reduction of the overall EU CAP budget. Most governments, alongside with the farming organisations and NGOs argue in favour of a financially strong CAP. Especially the new member states oppose any suggestion to increase the burden on national budgets or in their words to "renationalise" the agricultural policy. They, like the farmers' organisations in the new member states, strongly demand a **more equitable distribution** of funds, especially with regard to direct payments, between the old and new member states. This claim is more or less openly rejected by the governments and farming organisations in the old member states, which argue that only a minor redistribution would be acceptable in order to avoid disruptions and that the distribution of funds should be based on criteria such as the contribution of a country to the EU budget or that differences in purchasing power and production costs should be taken into account.

Direct Payments

Interestingly, not all governments of the countries included in this analysis, had yet publicly expressed a position on the proposed **capping of direct payments** received per farm. The opponents, the Czech Republic, the German federal government and the UK central gov-

ernment argue that such a policy would impair competitiveness and increase bureaucracy. The German federal government additionally argues that direct payments serve as remuneration for public goods provided per hectare by small and large farms alike. The Hungarian government attaches its support to the condition that the remaining funds can be used according to national priorities. Some governmental and administrative bodies in France suggest a distribution based on employment. The mainstream farmers' organisations, which take a position on this issue, mainly oppose it as having a negative impact on efficiency and impairing necessary structural change. However, farming organisations in Greece, like the Greek government, support such a policy, just like NGOs from all countries which also support the coupling of the provision of direct payments with employment. The proposal to limit the provision of direct payments to "**active farmers**" is opposed by a number of governments, either on the grounds that such a policy would have adverse effects on part-time farmers or on the grounds that the implementation should be optional for member states. However, even the governments as well as the farmers' organisations that support such a policy in principle, criticise the proposed definition of "active farmer", either as too wide or as too narrow. Non-governmental organisations disagree on that issue. While some, e.g. environmental and social initiatives in Poland, support the limitation to "active farmers", others, like environmental organisations in Spain, argue that support should be granted to all "good stewards".

With regard to the **greening of direct payments** many governments, like the ones of Greece, Poland or Spain, argue that such a policy would constitute an additional burden on farmers, create additional costs and therefore impair the competitiveness of the EU agricultural sector. This opinion is in line with the view of the mainstream agricultural organisations, which mostly fiercely oppose the introduction of 7% ecological focus areas as this is seen as counterproductive in times of rising demand for food and biomass for energy production. Other governments, like in Slovenia, principally accept the proposal, but argue that the specifications are too rigid or should be adapted to national conditions. The UK central government questions the environmental benefits of such a policy. Scientists from different countries mostly argue in favour of an implementation of environmental policies via the second pillar in the form of contractual payments. The intention of the greening is very much supported by most NGOs, but, especially after the concrete obligations were made public, many expressed their disappointment as the obligations were seen as insufficient or even counterproductive.

In many countries, such as Spain, France and Finland governments would like to furthermore be able to support at least certain sectors of national interests with **coupled payments**. In Hungary, Greece, Slovenia and Poland additional support to **small farms** is regarded necessary.

Market Measures

With regard to market measures most governments support the introduction of additional **risk management tools**, only the UK central government stresses that this should be in the form of temporary support to private instruments. Such a temporary form of support is also brought forward by scientists from France, and Germany. NGOs from Germany criticise the concept of supported risk insurances as this is seen to favour risky input-intensive high-yielding production methods and provide a disincentive for farmers to adopt precautionary measures. Proposals to strengthen the **role of producers** in the food supply chain are broadly welcomed by governments as well as by farming organisations. Opinions on **supply management and intervention mechanisms** differ widely. Some countries, like Spain and France emphasize the importance of supply management tools and intervention systems. Others, like the Slovenian government, which supports the abolishment of the sugar quota system, but would like to keep up the existing system of wine planting rights, take a middle

position. The UK central government argues in favour of a simplified system of market measures and would like to see all quota systems to be abolished. This position is in line with the view of scientists from several countries, some of whom also emphasize the need to foster quality production. The abolishment of **export subsidies** is demanded by the UK central government, the federal government of Germany (under WTO rules) as well as scientists and NGOs from several countries. An issue put forward by many non-governmental organisations is the demand to support **local food markets**. NGOs from France and Spain, like their national and regional governments (and in the case of Spain also like the farmers' unions), call for **stricter environmental and social rules** to be applied to imported food.

Rural Development

Different opinions prevail on the question what the focus of the second pillar should be. While mainly the mainstream farming organisations and some governmental bodies, like in Spain, argue that the focus should lie on agriculture and its competitiveness, others, like governmental bodies, scientists and NGOs from Poland, Hungary, Germany and the UK stress the importance of **integrated rural development** measures and would like to see the **LEADER** approach to be strengthened in the future rural development policy. The need to ensure that an adequate share of second pillar funds is spent on **environmental measures** is stressed by NGOs from several countries.

Some stakeholders, like governmental bodies, scientists and NGOs from Finland, welcome the idea to base compensatory payments on **biophysical and/or climatic criteria**, although it has to be noted that only few of the analysed stakeholders expressed an opinion on that topic. Others, e.g. governmental bodies and the mainstream farming organisations oppose or at least question the approach. Better **targeting** of second pillar funds in general as well as the simplification of the monitoring and evaluation process is demanded by many stakeholders.

Conclusions

The range of opinions presented in this study is truly broad. At the one end of the spectrum the debate in countries like Spain or France is dominated by the call for strongly interventionists policies protecting European farmers from international competition and volatile prices, while at the other end most stakeholders in the United Kingdom try to find ways to efficiently target the public funds provided by the CAP on the provision of public goods and services.

Overall, it becomes evident that the positions adopted by the various groups of stakeholders are influenced by

- their convictions about what the objectives of the CAP should be, especially with regard to the question how the European agricultural sector and thus the CAP can best contribute to global food security,
- national characteristics, like the prevailing climatic conditions, the agricultural structure, the political and administrative system and historical developments,
- sectoral interests, e.g. with regard to the introduction of stricter environmental obligations demanded by environmental NGOs and opposed by the mainstream farmers' organisations.

A detailed presentation of the research findings can be found in the complete synthesis report.