

Future of the Common Agricultural Policy

Presidency discussion paper – Informal ministerial lunch

Agriculture is a core element of the European society; indispensable in maintaining landscapes, producing food and providing jobs in rural areas. A resilient agriculture needs to be supported by a policy that caters to these societal and environmental needs, focusing on the farmer and rural population in general.

It becomes increasingly clear that volatility on the agricultural markets, questions of food security and quality or climate change mitigation, to name but a few, will all constitute the backdrop of policy considerations for the period post 2020. It is essential that the Common Agricultural Policy be a part of the solution, delivering on all the five ambitious goals as set out in Article 39 of the Treaty on the Functioning of the EU. These challenges are further compounded by the need to ensure generational continuity in the sector and to face increased competition from third country agricultural production.

It is no secret that the manifold global challenges put an increased strain on the European Union budget. Effectiveness of spending is at the top of the agenda of European institutions, with some voices calling into question the funding of some of the European policies, including the CAP. It is therefore paramount that the confidence of European farmers and the public at large in the CAP be restored and strengthened. In order for the CAP to bring measurable positive outcomes, a level playing field needs to be ensured, whether among farmers themselves, among the actors of the food supply chain generally, or the Member States from a broader perspective.

After the first two years of implementation of the CAP since its most recent reform of 2013, the reflections on its future form have already begun, in part triggered by a succession of crisis affecting several sectors to which mostly ad hoc responses have been provided. It is safe to say that the CAP, as one of the major European policies in place for the past decades, currently finds itself at a crossroads. It may therefore be timely for European policy makers to step up their reflection, however uneasy, on the possible reshaping of the CAP in order for it to better react to the various challenges that lie ahead, while being as simple as possible to implement.

So far, several policy talks have touched upon the future of various elements of the CAP. From these preliminary discussions, valuable messages can be extracted.

This year, the **Netherlands Presidency** conducted a debate during its Informal ministerial meeting on 31 May. It has been pointed out that more funding should be directed to agricultural research and innovation; however, from sources other than the CAP. Links between agricultural and food policy were discussed as well. The CAP should support growth and jobs, as well as strengthen the resilience of

agriculture in cases of climatic and economic crises. Digital revolution in agriculture and precision agriculture should be promoted.

On 1 - 2 September 2016 Ministers of agriculture met at Chambord, France to informally exchange views on the topic. The main message from the meeting in **Chambord** is that the concept of the CAP should not be abandoned and the renationalization of agricultural policies should be avoided. A strong agricultural sector is needed, backed by a reliable and stable policy providing effective tools in times of crises. Importance should be given to the climate change and the issue of fair value chain. An essential point to be borne in mind is a unanimous call for a policy framework that is readable, coherent and easily communicated towards the citizens.

A few days after, on 5 - 6 September, a conference took place under the auspices of Commissioner Phil Hogan, indicating policy orientations for the future of Rural Development in the **Cork 2.0** declaration. Participants from all three main EU institutions and other stakeholders first and foremost agreed that the agricultural and forestry sectors are of great importance for the Union's economy. Their potential to provide employment should be acknowledged, as well as their role in shaping the landscapes and providing environmental public goods and services related to biodiversity, soil, water and climate action. One of the guiding principles for European rural policy should be complementarity with other EU policies and focus on delivering relevant results for rural citizens and society as a whole.

The market orientation of the CAP should be reaffirmed; however, it seems that the market itself is not a panacea to all the particularities of agriculture, the recent crisis in the milk and other sectors being a proof of that. In this context, the Commission together with the Slovak Presidency organized a **High Level meeting on milk** on 16 September to tackle the future of the milk sector. One of the main messages of the meeting is the need to anticipate the crises before they happen and the readiness to deploy effective safety net mechanisms. A well-functioning and balanced food supply chain is key, ensuring level playing field for all actors in the value chain. In order to achieve this, the position of the farmers in the food supply chain needs to be strengthened. These issues are topical also in the work of the Agricultural Markets Task Force.

With a view to facilitating the discussion the Presidency invites Ministers to address the following questions:

- 1. Do you consider that a strong Common Agricultural Policy can provide solutions for the economic, societal and environmental challenges outlined above?**
- 2. On which elements of the current Common Agricultural Policy should emphasis be put in future policy talks in view of delivering on its ambitious goals?**