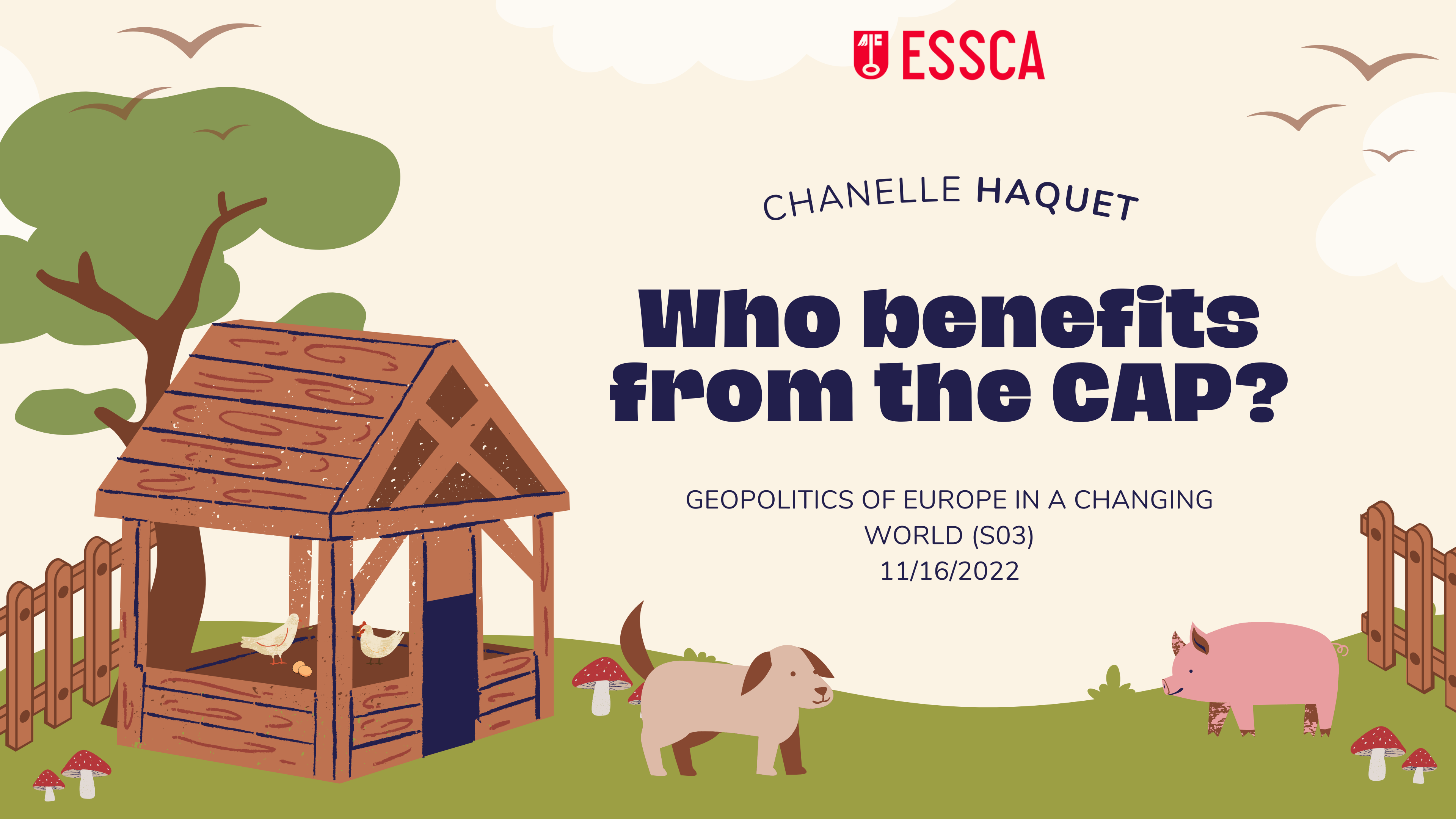


CHANELLE HAQUET

Who benefits from the CAP?

GEOPOLITICS OF EUROPE IN A CHANGING
WORLD (S03)
11/16/2022

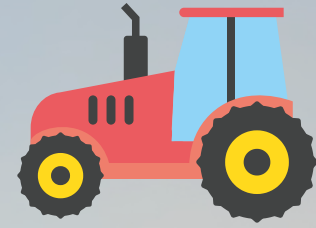


SUMMARY

- Introduction
- I- The history of the CAP
- II- Who benefits from the CAP between the Members States?
- III- Who benefits from the CAP inside the Member States?
- Conclusion



INTRODUCTION



CAP AKA Common Agricultural Policy



- First true common policy in the EU
- In the EU's budget since the 50's
- Many reforms since the 80's
- Today = 30% of EU's budget
- Part of the European's legacy

Box 22.1 The common agricultural policy in its early days

The legal base: Article 39 Treaty of Rome, 1957 (unchanged since)

- 1 The objectives of the common agricultural policy shall be:
 - (a) to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour;
 - (b) thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;
 - (c) to stabilise markets;
 - (d) to assure the availability of supplies;
 - (e) to ensure that supplies reach consumers at reasonable prices.
- 2 In working out the common agricultural policy and the special methods for its application, account shall be taken of:
 - (a) the particular nature of agricultural activity, which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions;
 - (b) the need to affect the appropriate adjustments by degrees;
 - (c) the fact that in the Member States agriculture constitutes a sector closely linked with the economy as a whole.

Art.39, Treaty of Rome

But what's the CAP?

- Created in 1962
- Has been set up to help the farmers of the time
- Today, 2 pillars: market support, prices and farm income, and rural development
- Criticized : its unequal redistribution of direct payments



- Who are the winners and who are the losers
 - Agricultural area: finger pointing
- => Who really benefits from the CAP?





I- THE HISTORY OF THE CAP



07/30/1962:

creation

1992:

preserving ecosystems

2013:

updated CAP

1984:

quotas

2003:

funds for farmers

2023-2027:

new CAP



WHY DO WE NEED THE CAP?



RURALS AREAS

More than 77% of the territory of the EU
50% of its population



FARMERS

12M in the EU



THE INDUSTRY

6% of its GDP
46 millions jobs



Aids from the CAP via:

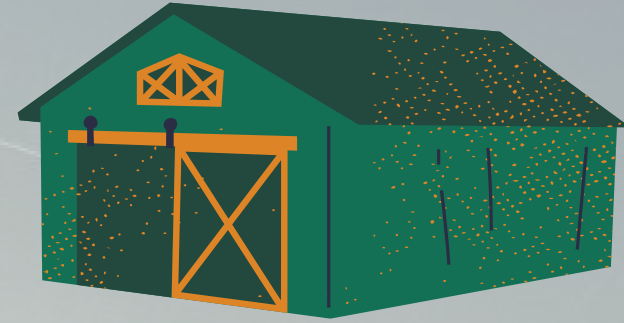
1- Direct income support payments

2- Market measures

3- Aid for rural development



II- WHO BENEFITS FROM THE CAP BETWEEN THE MS?



DID YOU KNOW?

France: country that benefits most from the CAP

OLD MS VS NEW MS

- Old MS & New MS: receive differently the direct payments of the CAP
- => Inequality between West and East of Europe
- Old MS: use a national envelope based on a number of hectares available
 - New MS: use an envelope based on political negotiations and a budget calculation --> 30% lower

SOLUTION?:

- “External convergence”: envelopes are recalculated for all the MS
- Objective: to give the same amount per hectare of Useful Agricultural Area to all the MS.
- How?: the best-endowed MS finance the increase in the envelope of the least endowed MS





WHY?

Too much flexibility

Distortions of competition between European farms

Political pragmatism + constraints of social acceptability

DID IT HELP FOR THE INEQUALITY?

No

For some MS: their amount after convergence are still very high compared to other

Some MS: benefited despite being among the MS with the highest average amounts of aid per farm in the EU

WHO BENEFITS FROM THE CAP BETWEEN THE MS?

Old MS and some New MS



III- WHO BENEFITS FROM THE CAP INSIDE THE MS?



INSIDE A COUNTRY

Aids may differ depending on:

- 1- The history of the land
- 2- The region
- 3- The size of the farm
- 4- The type of production
- 5- The production method

=> Inequalities in the redistribution of aid would benefit producer countries and owners of large farms



MODELS

- Single Payment Entitlements (SFEs) received until 2015 depended on the distribution arrangements chosen by his country
- Most of the old MS: historical model
- Other MS: mixed model
- England: single rate of SFP/ha at national level
- MS that joined the EU in 2004 and 2007: simplified aid system at regional level

=> System of area aid which mechanically favors large farms + It maintained strong disparities between small farms and large farms


SOLUTION?:

- "Internal convergence": all farmers considered 'active' receive a basic payment per hectare of UAA + a green payment conditional on compliance with environmental practices
- Amounts of the basic payment per hectare: must converge towards a single value at national or regional level
- MS should: offer an additional payment for young farmers setting up
- MS may: provide for supplementary payments for:
 - 1- Farmers located in areas with natural constraints
 - 2- The first hectares of each farm
 - 3- Vulnerable production
 - 4- Production representing a particular challenge
- Compulsory regressivity



WHO BENEFITS FROM THE CAP INSIDE THE MS?

- Big farms
- Cereal farmers



A typical farm who benefits most of the CAP: a big cereal farm in one of the old MS of the EU

CONCLUSION

- Farmers are dependent to direct payments
- The rural development policy of the CAP is fairer

=> “CAP 2023-2027” = 01/01/23 --> one wonders if one day we will have a real fair and common CAP or if this is just one of many European dreams

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Photos: by my sister



The End