欧州農業と次期共通農業政策改革
European agriculture and the next CAP reform

Prospects and Challenges

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Plan of the presentation

1- Agricultural in the EU : a high diversity

2- Prospects for agricultural markets in the EU

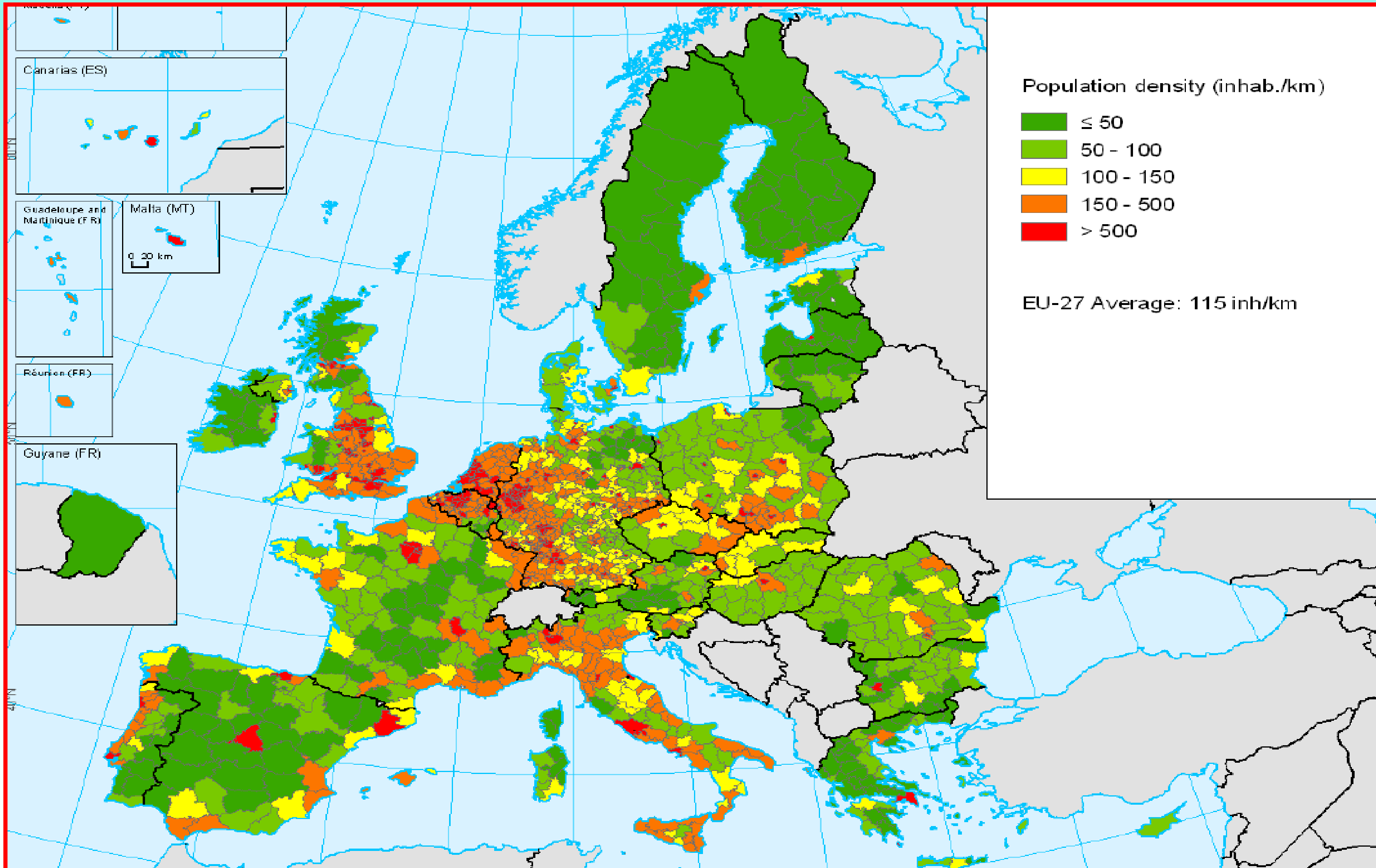
3- Common Agricultural Policy (CAP) towards 2020

1- Agriculture in the EU: a high diversity

European Union : some basic information

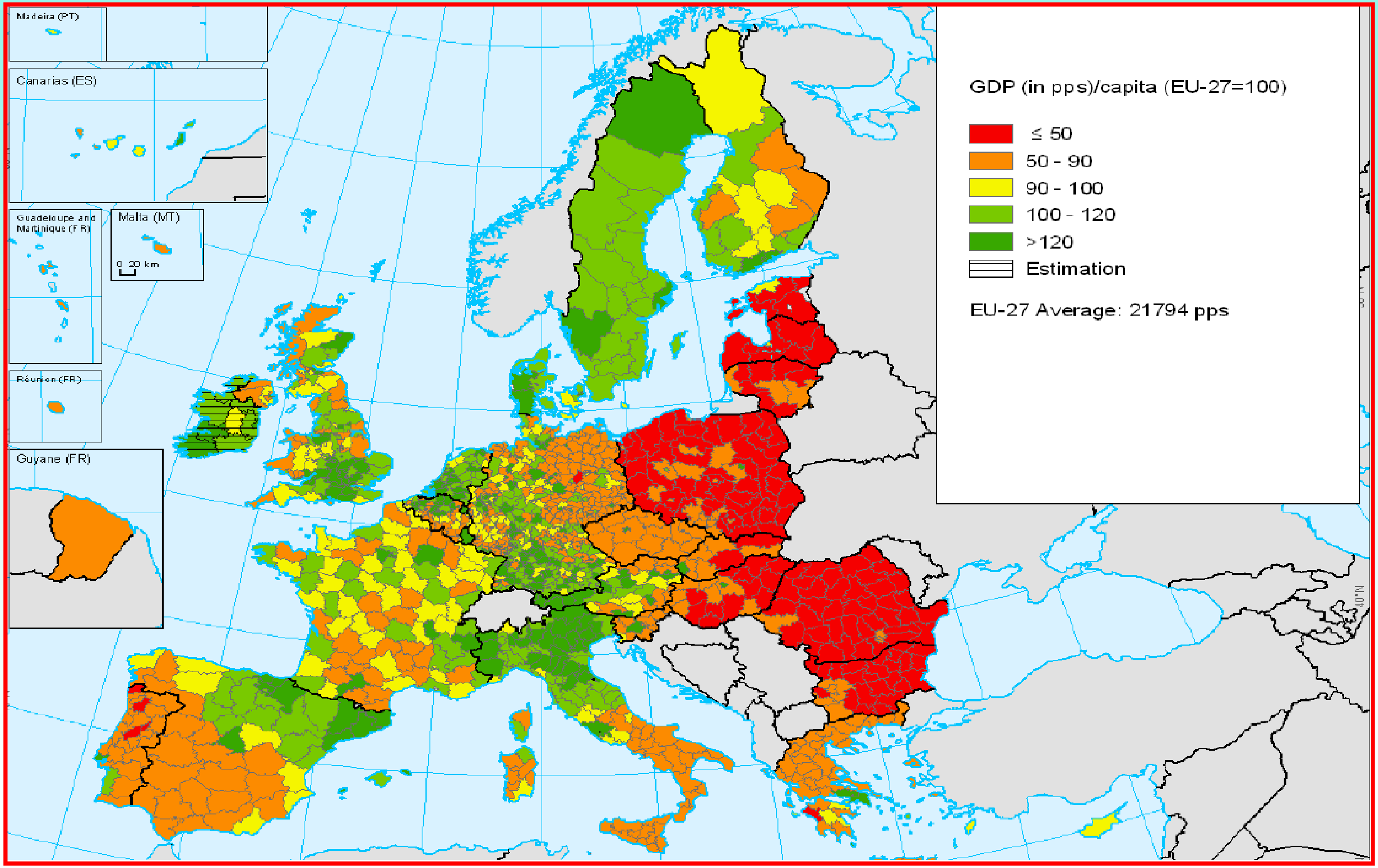
	Share in EU-27		
	GDP	Population	Rural population
Country	2010f	2010f	2007
Germany	20.3	16.3	12.2
France	15.9	12.9	15.6
United Kingdom	13.8	12.4	1.5
Italy	12.6	12.0	10.4
Spain	8.7	9.2	5.1
Netherlands	4.8	3.3	0.1
Poland	2.9	7.6	12.3
Belgium	2.9	2.2	0.8
Sweden	2.8	1.9	1.8
Austria	2.3	1.7	2.8
Denmark	1.9	1.1	2.0
Greece	1.9	2.3	4.1
Finland	1.5	1.1	1.9
Portugal	1.4	2.1	3.3
Ireland	1.3	0.9	2.7
Czech Republic	1.2	2.1	2.9
Romania	1.0	4.3	8.4
Hungary	0.8	2.0	4.1
Slovakia	0.5	1.1	2.3
Luxembourg	0.3	0.1	0.0
Slovenia	0.3	0.4	0.8
Bulgaria	0.3	1.5	2.5
Lithuania	0.2	0.7	1.3
Latvia	0.1	0.4	0.7
Cyprus	0.1	0.2	0.0
Estonia	0.1	0.3	0.6
Malta	0.1	0.1	0.0
EU-27	100.0	100.0	100.0

Population density in EU-27 (inhabitants per Km²)



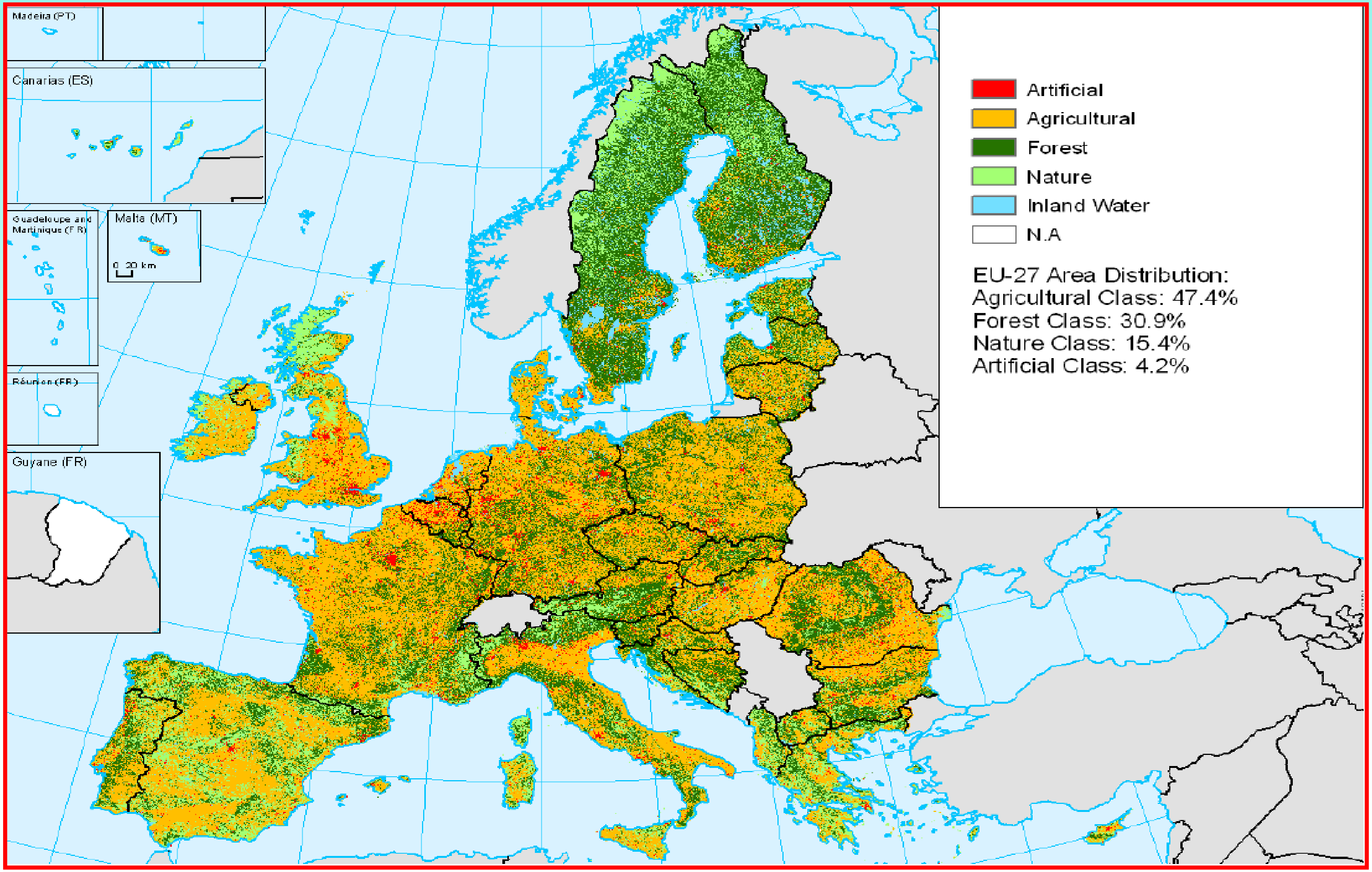
European Commission – Directorate General for Agriculture and Rural Development (Eurostat)

Gross Domestic Product per capita (EU27=100)



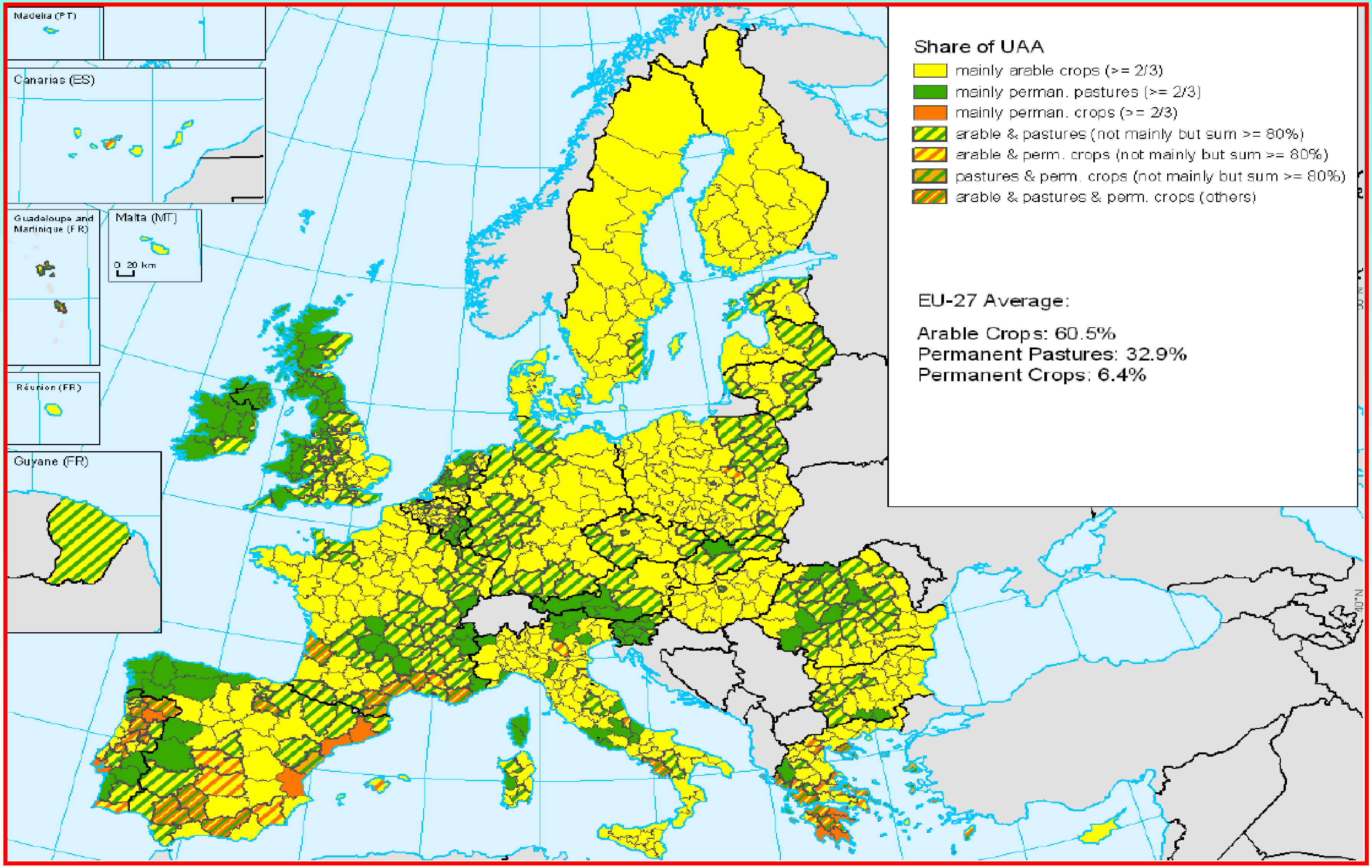
European Commission – Directorate General for Agriculture and Rural Development (Eurostat)

Land cover in the EU-27



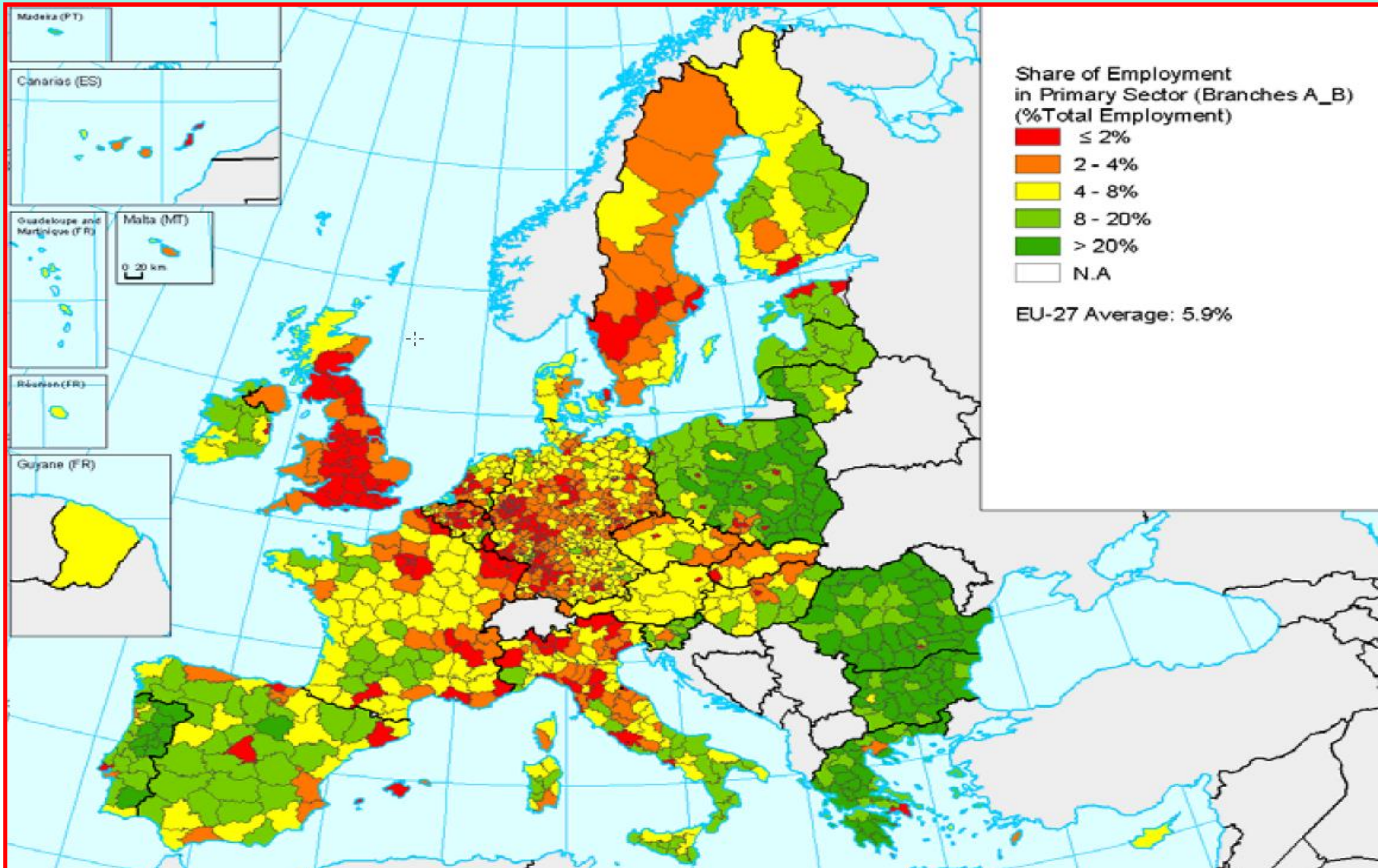
European Commission – Directorate General for Agriculture and Rural Development (Eurostat)

Agricultural land use in the EU-27



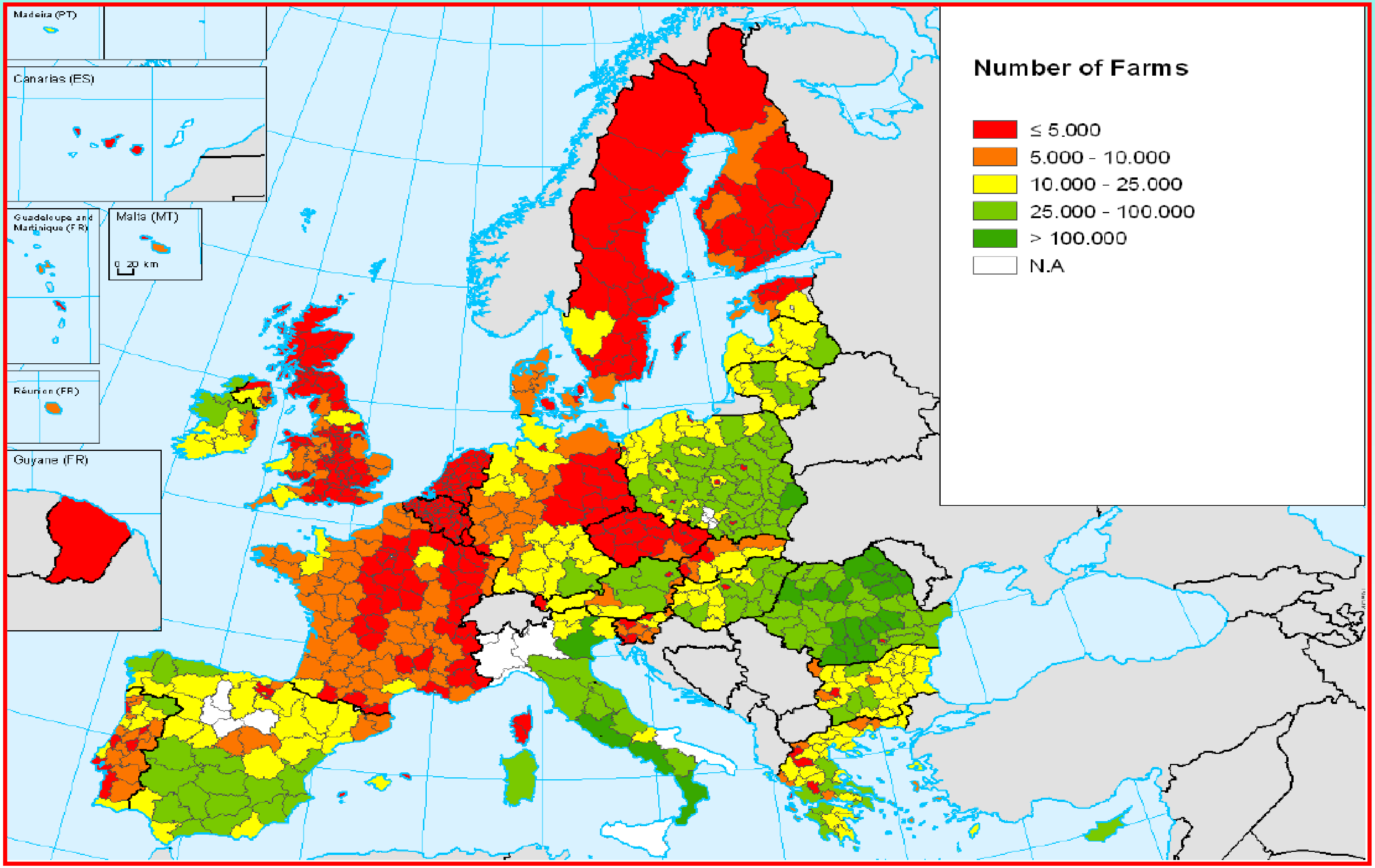
European Commission – Directorate General for Agriculture and Rural Development (Eurostat)

Primary sector in % of total employment (EU-27)



European Commission – Directorate General for Agriculture and Rural Development (Eurostat)

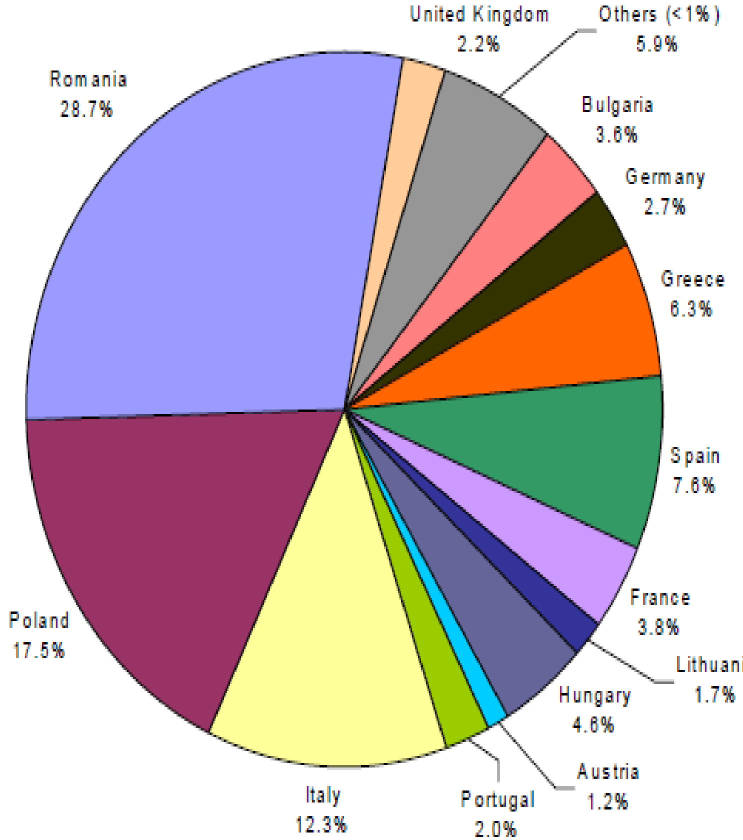
Number of farms in the EU-27



Farms and agricultural area in the EU-27 member states

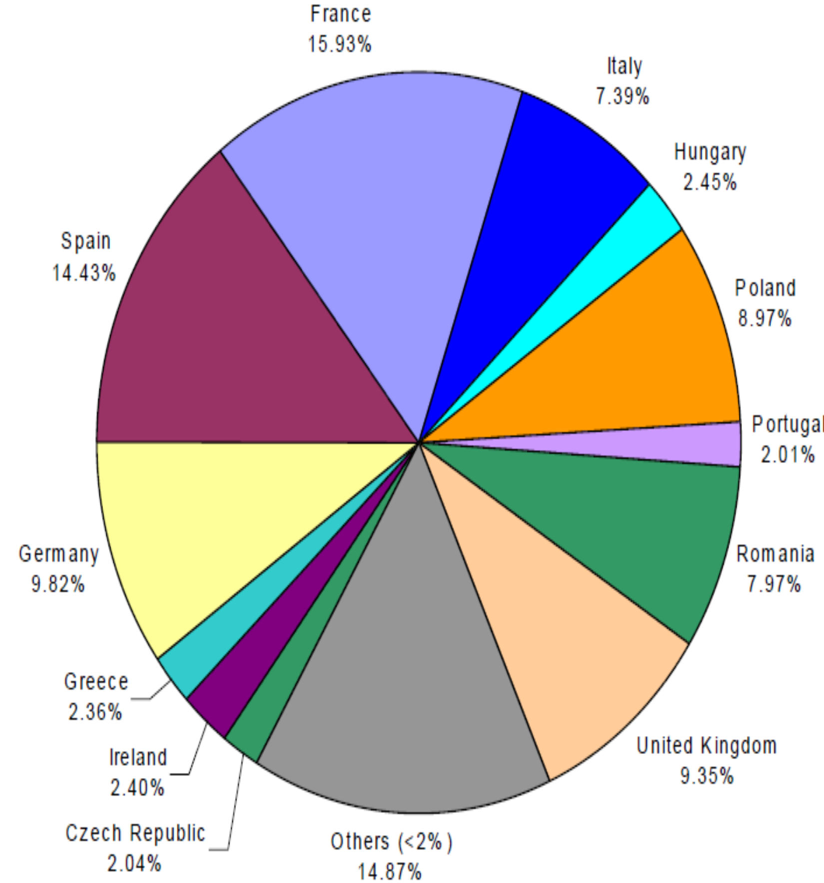
Farms

EU-27 = 13,4 millions



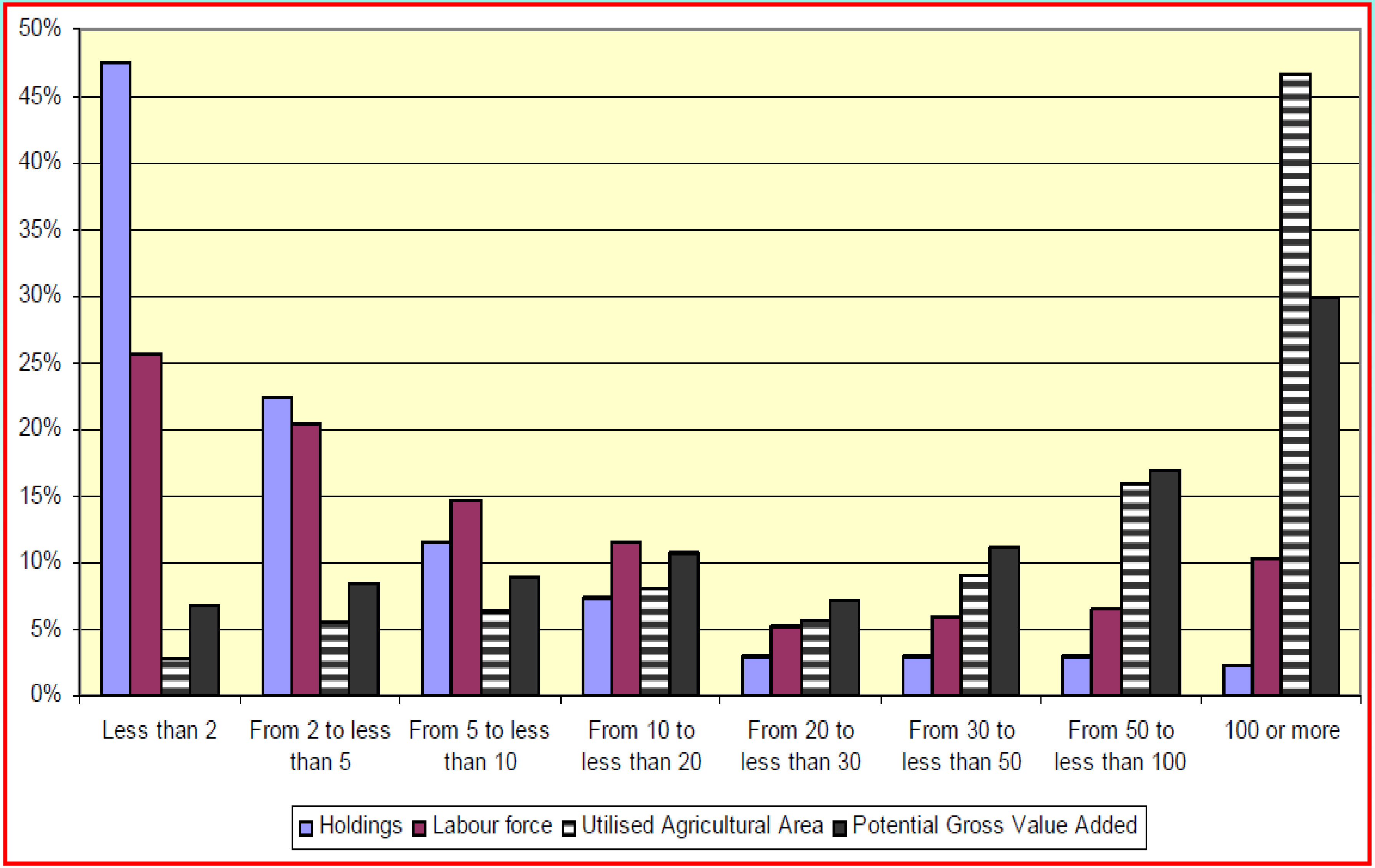
Usable Agriculture area

EU-27 = 178 millions hectares



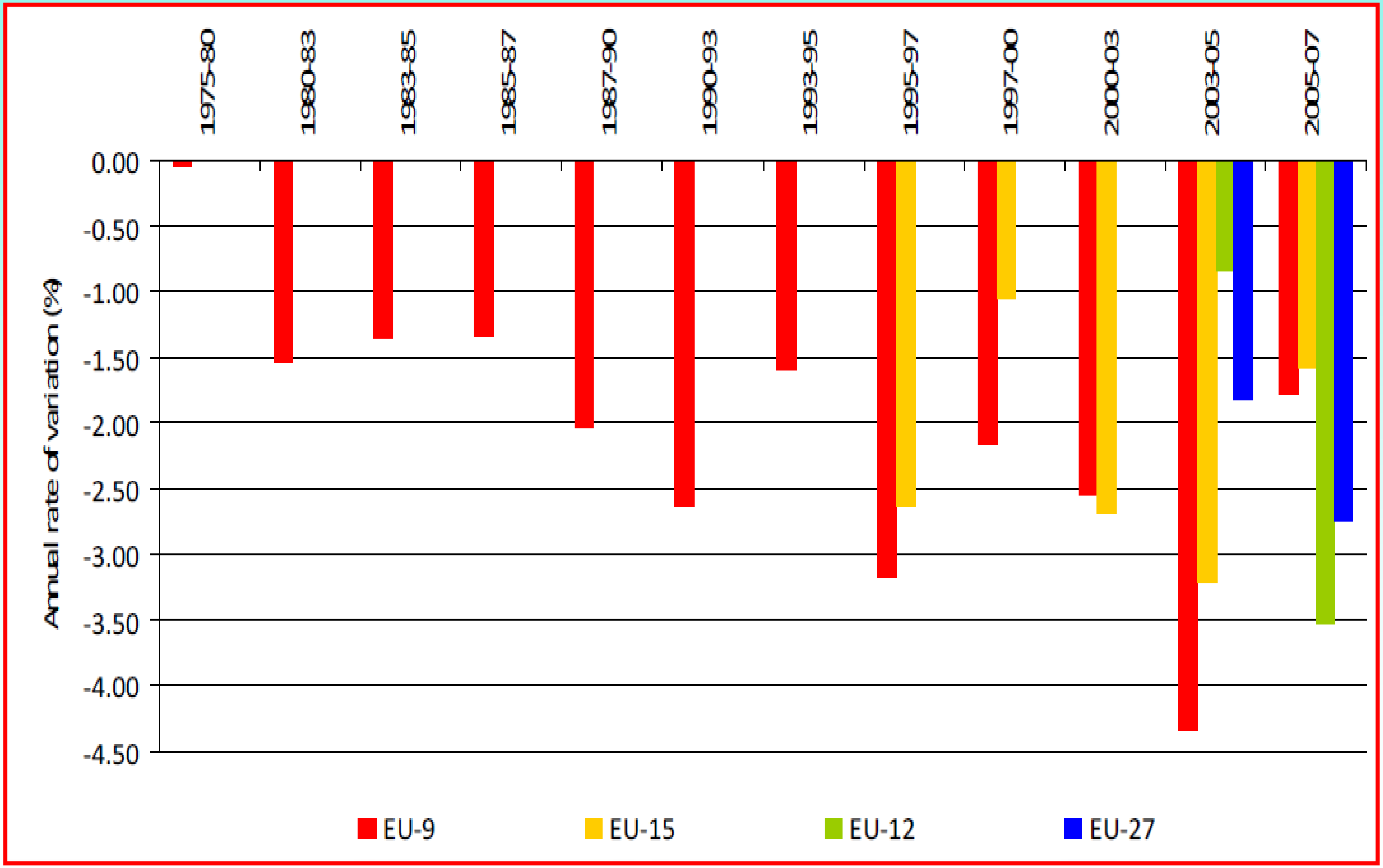
Eurostat, Farm Structure Survey

Agriculture in the EU-27 according to size of farms



Eurostat, Farm Structure Survey

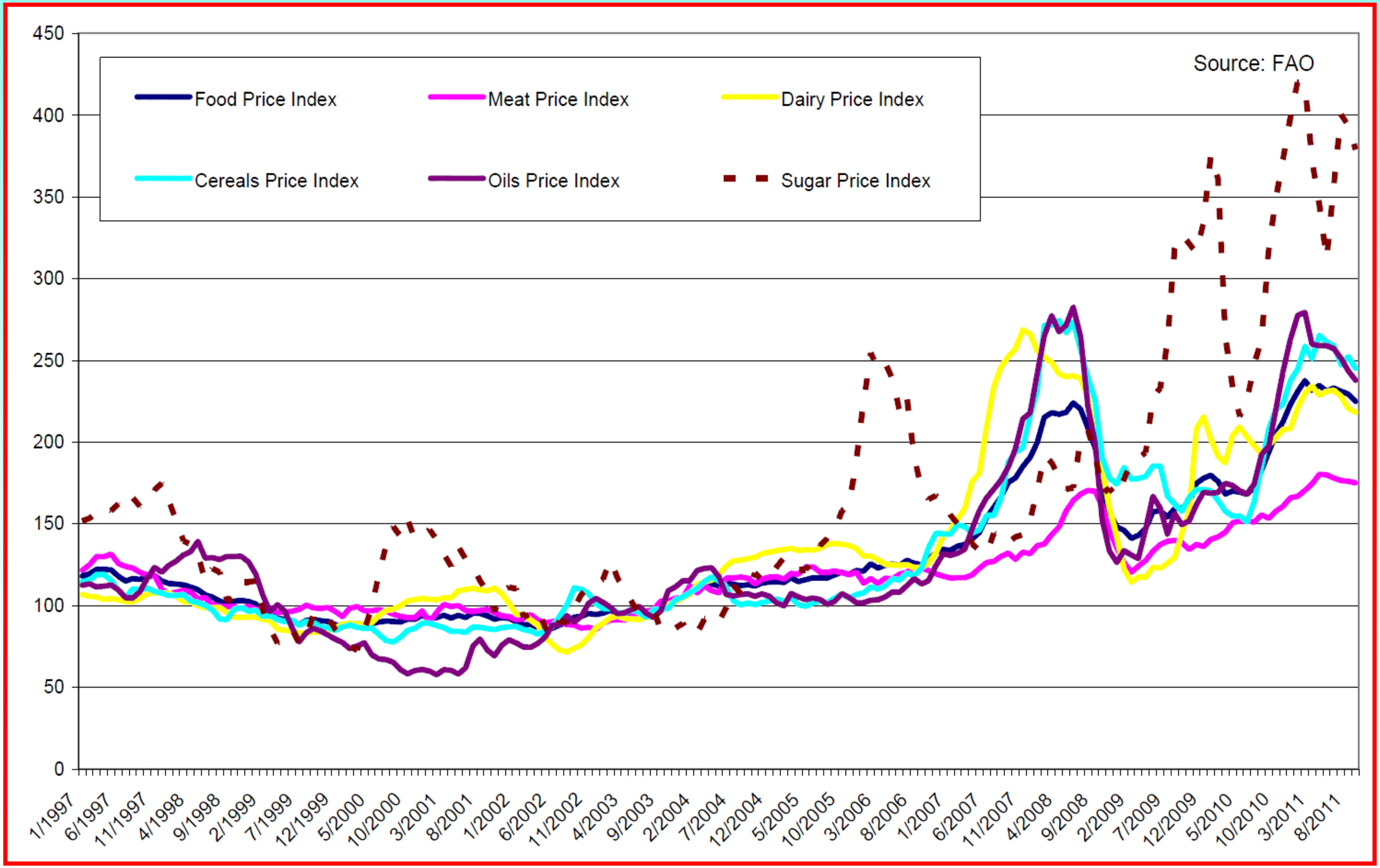
Annual rate of change in the number of farms in the EU (1975-2007)



EUROSTAT, Farm Structure Survey, 1975-2007

2- Prospects for agricultural markets in the EU

FAO monthly food price (Indices 2002-2004 =100)



FAO

Risks in agriculture and the farms strategies

➔ Agriculture : a risky activity

- **Risks related to production cycle** (bad weather, accidents, etc.)
- **Risks related to markets** (price volatility)
- **Risks related with marketing** (product sales)

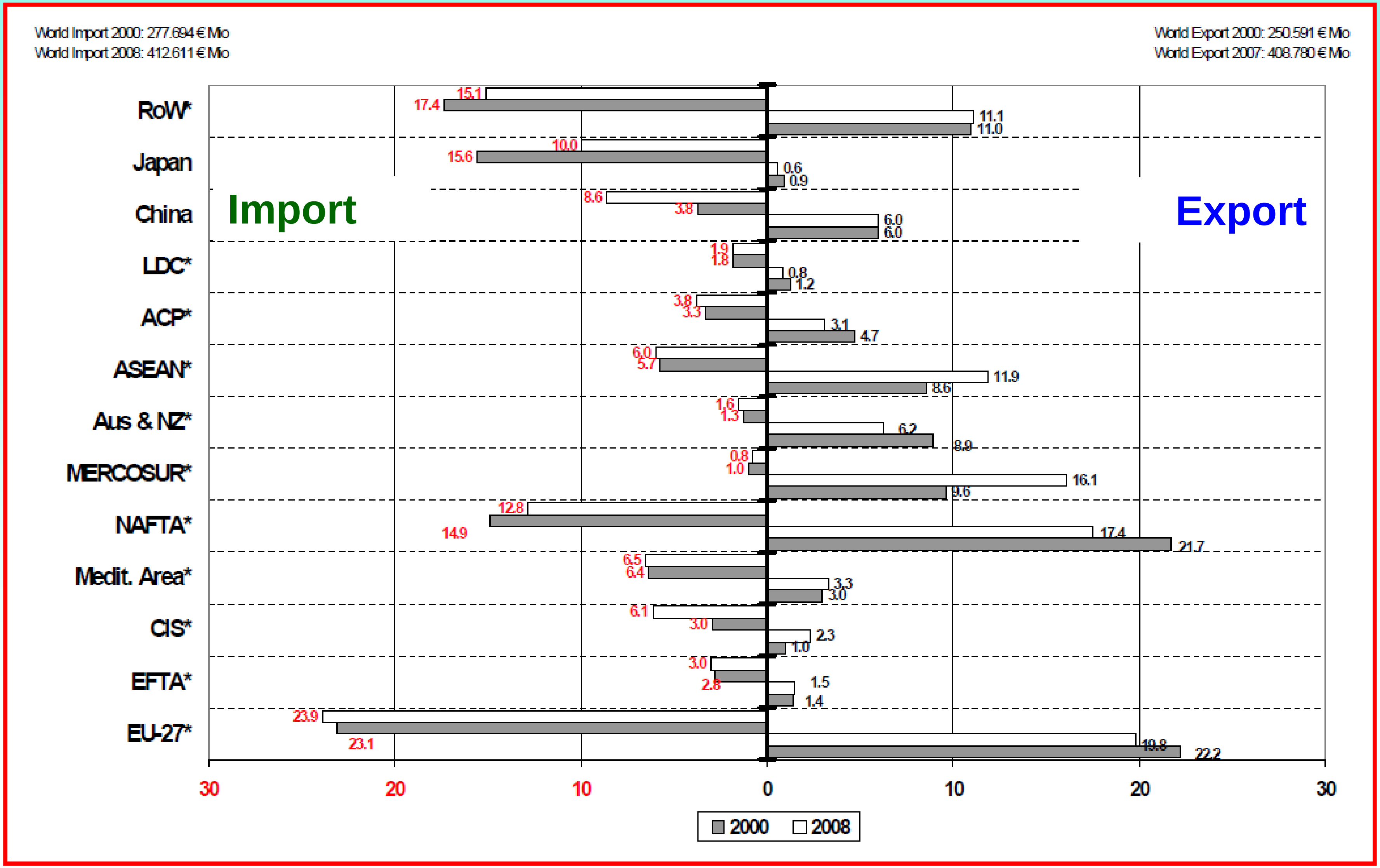
➔ The diversification of activities (agricultural or not)

- **Yes, but the CAP encourages the specialization**
  Decoupling, economical efficiency, work simplification…
- **The Pillar II measures may encourage diversification**
  Short circuits ; agri-tourism ; crops / cattle breeding

➔ Limit the volatility of intermediate consumptions prices

- **More autonomous production systems**
  Arbitration between autonomy, labor productivity and economic efficiency
- **Purchase the intermediate consumptions in a collective way**
  Stocks in a long term

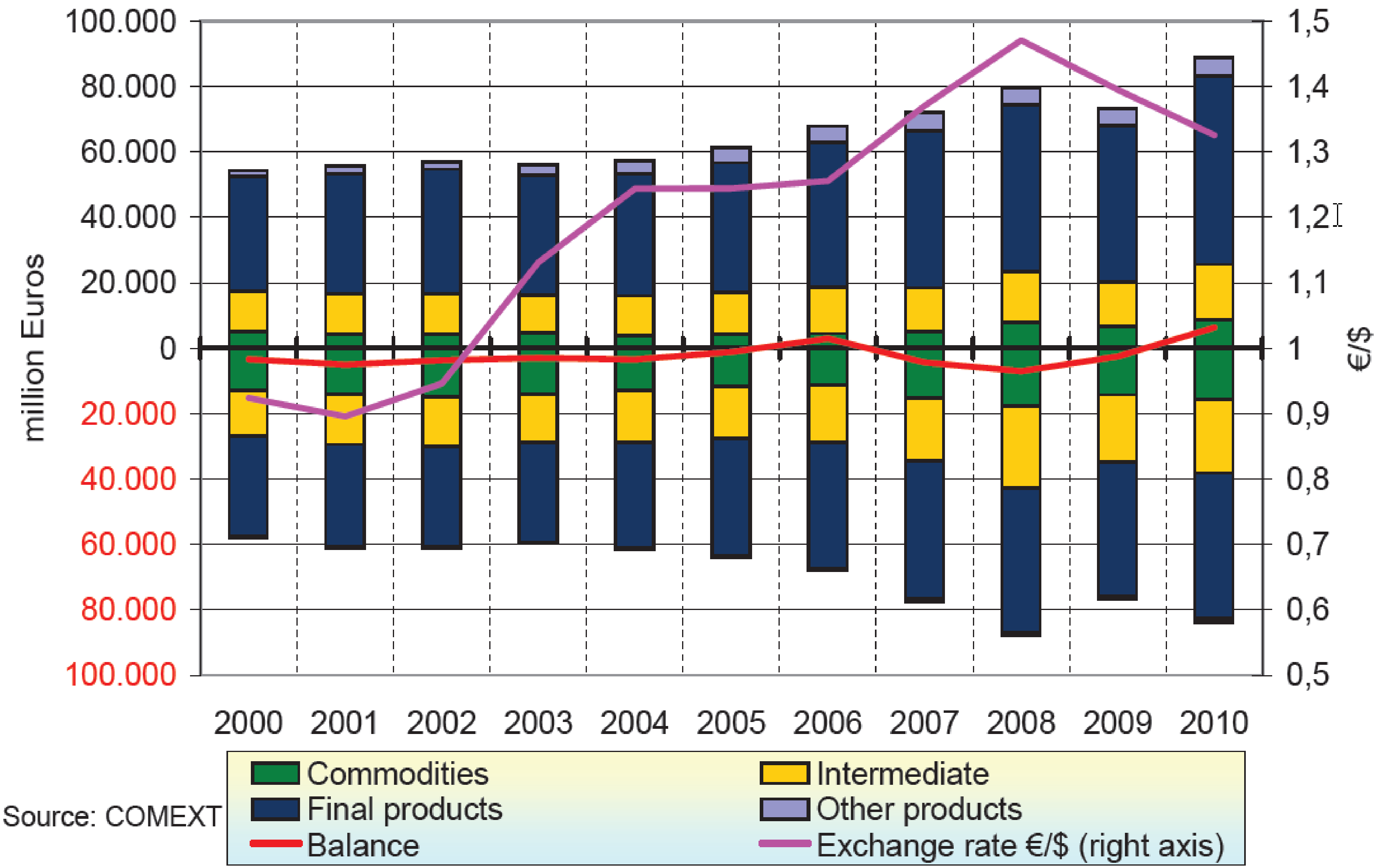
Share in World Agricultural Trade (in %)



Excluding all relative INTRA-TRADE

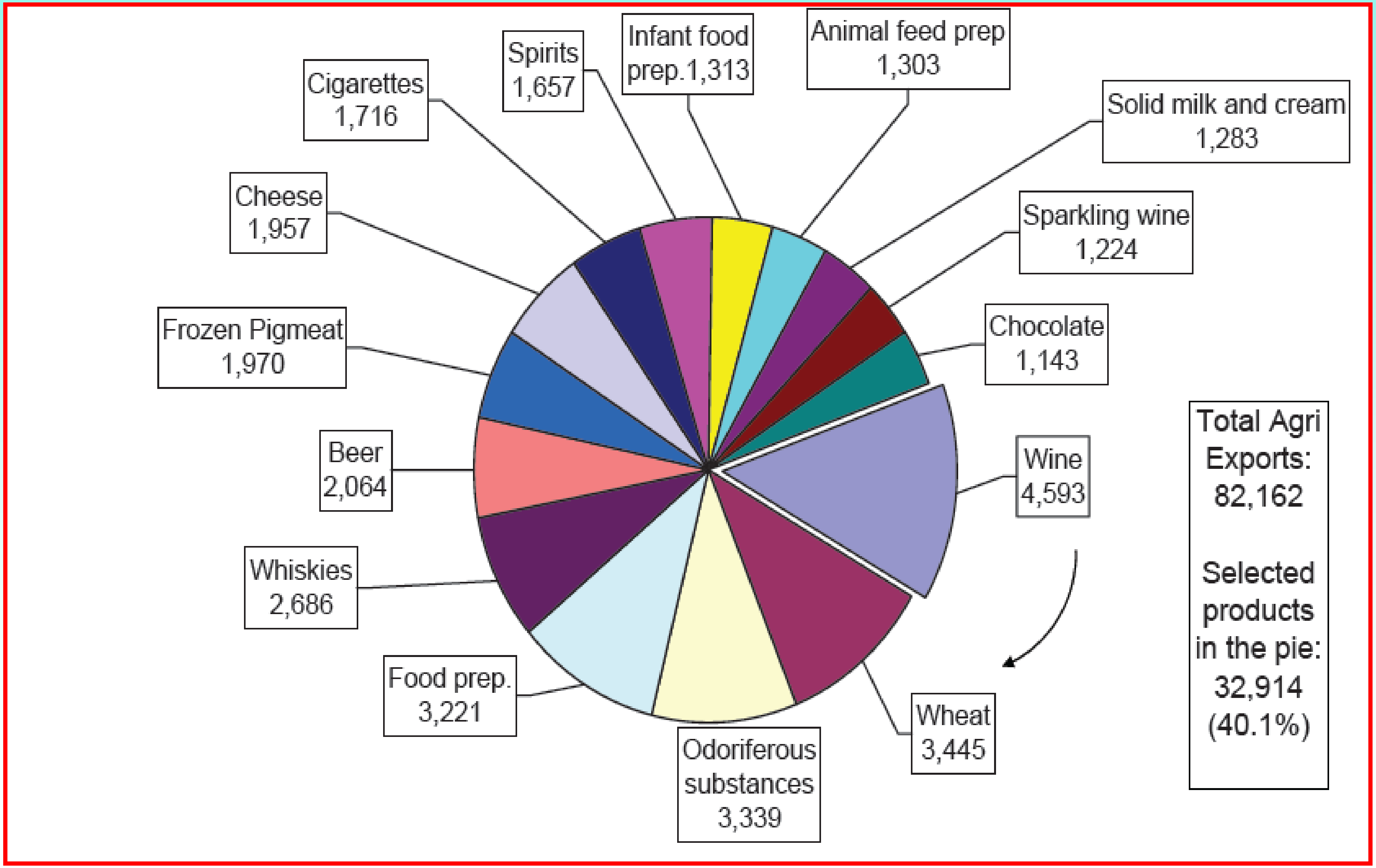
COMTRADE

Trade of agricultural products in the EU-27

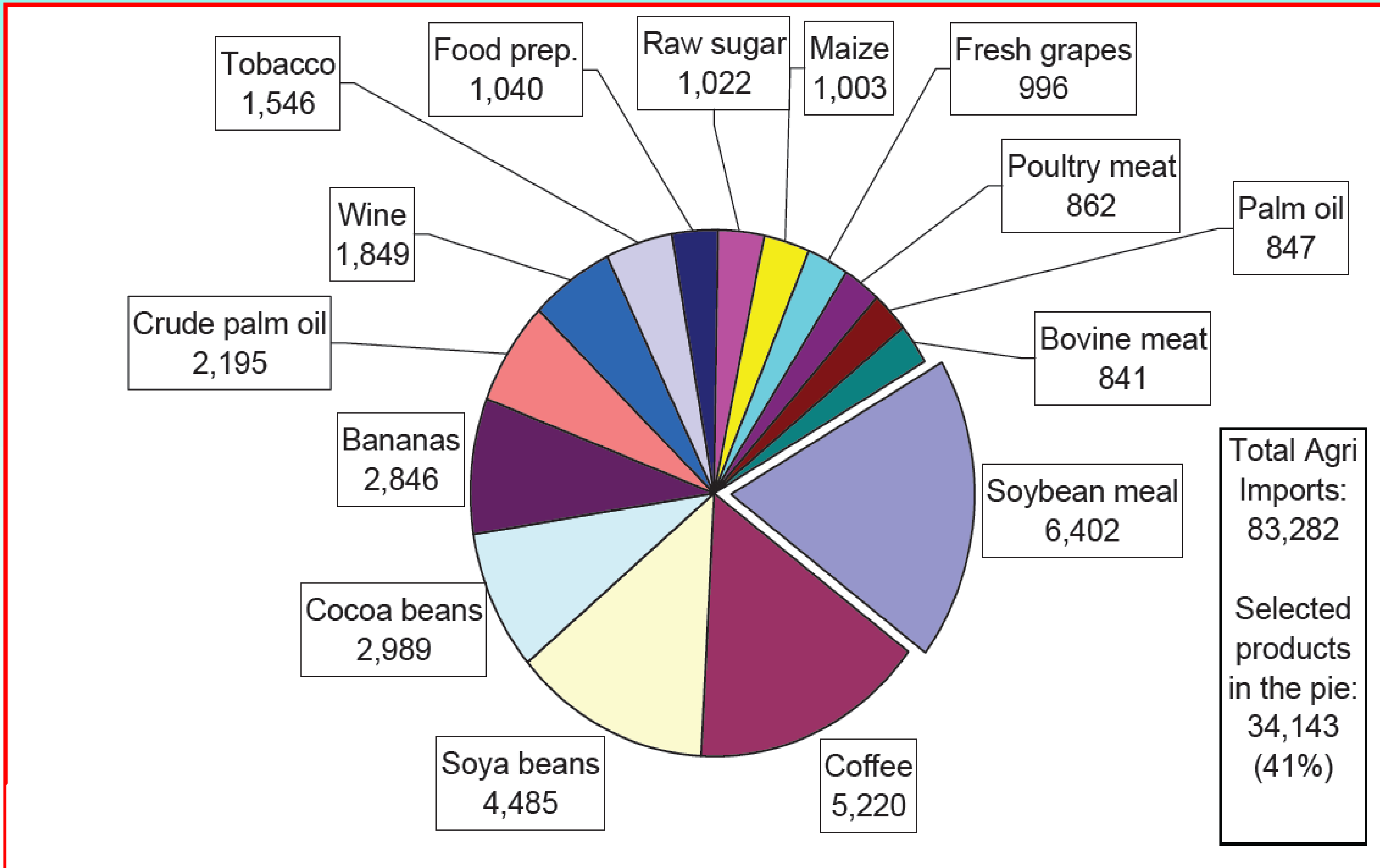


Source: COMEXT

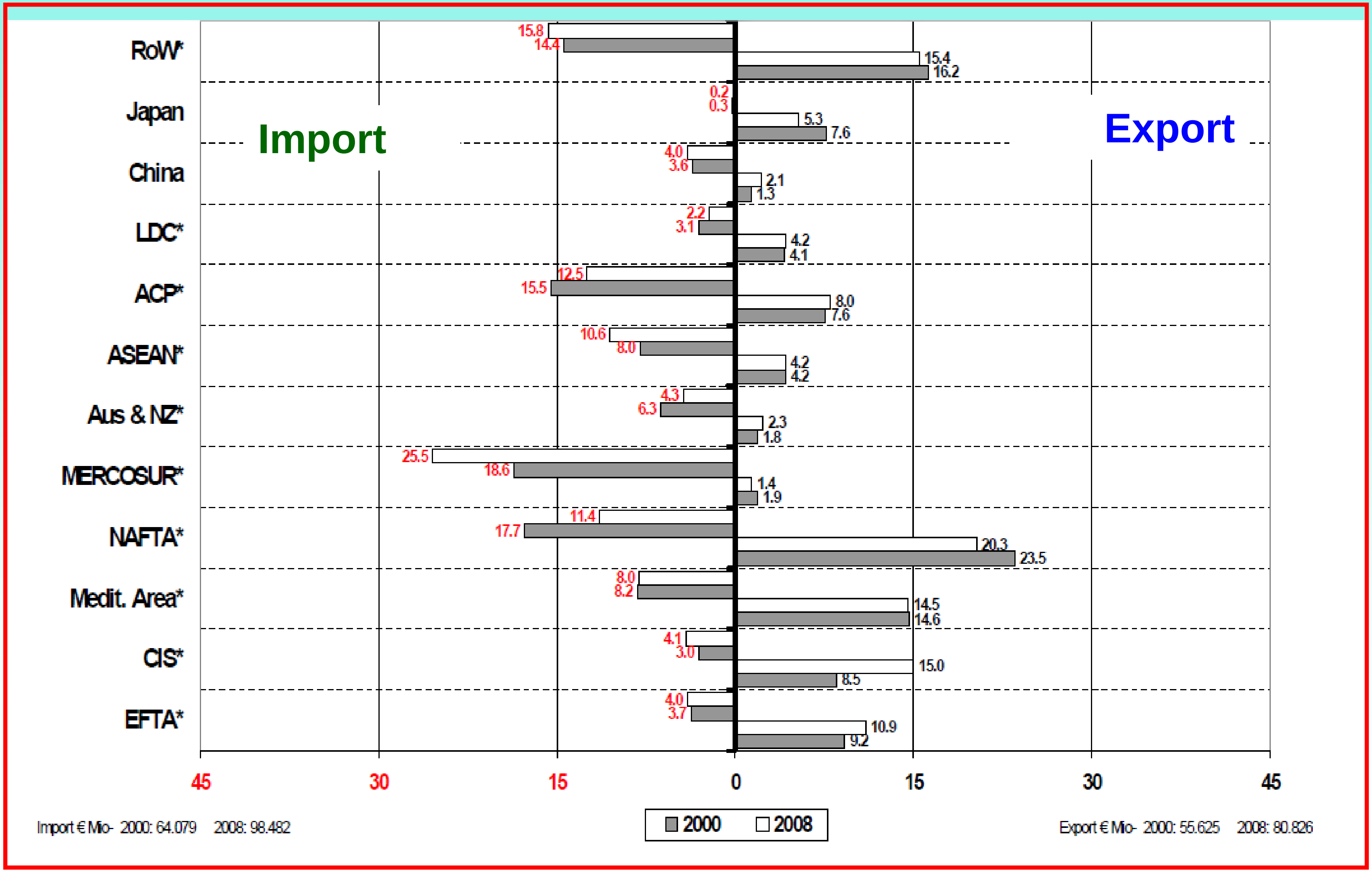
Agricultural exports for EU-27 (average 2008-2010 in million euros)



Agricultural imports for EU-27 (average 2008-2010 in million euros)

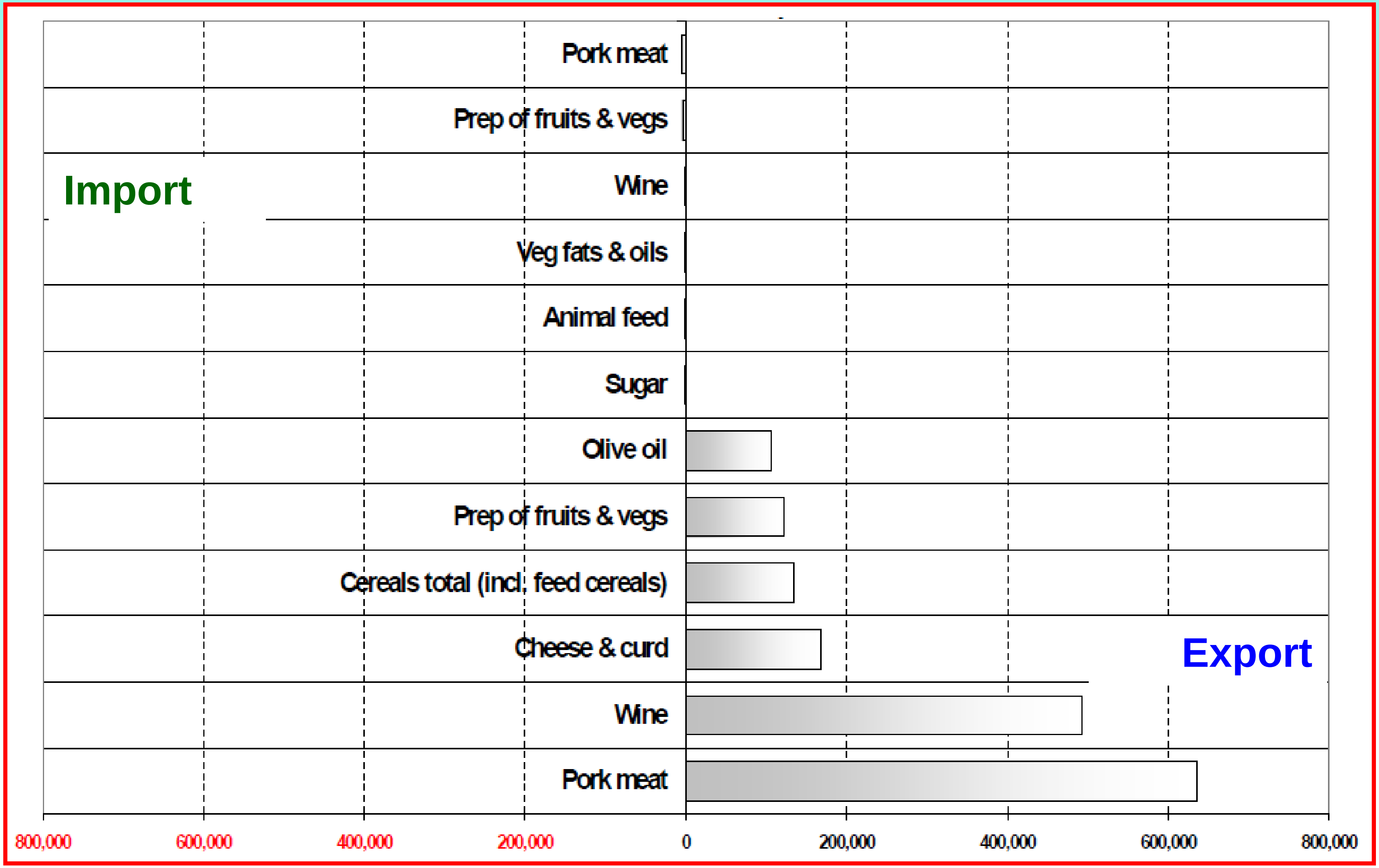


EU-27: Agricultural trade by origin and destination (in %)



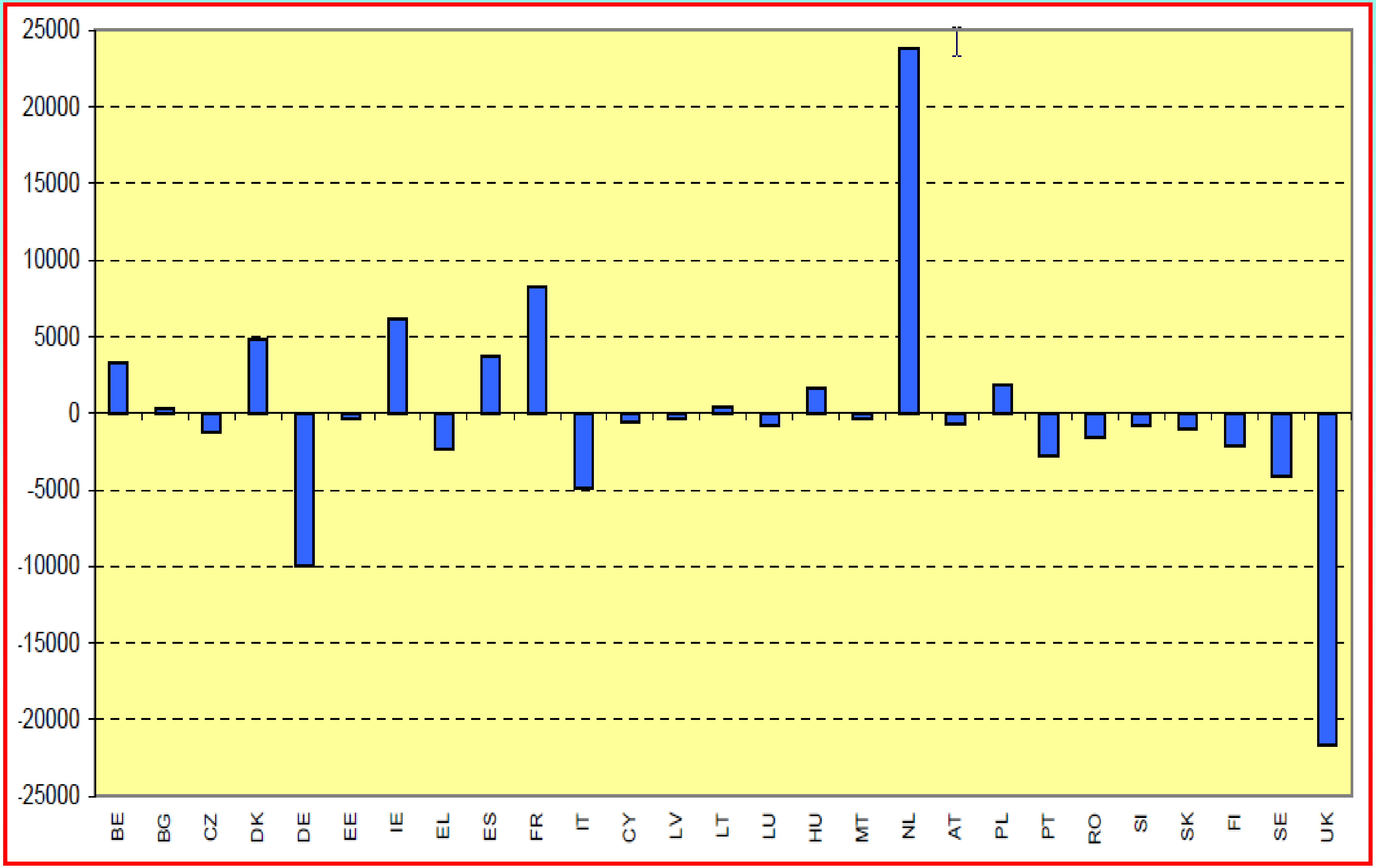
COMTRADE

EU-27 trade with Japan (main traded products 2009 - € 1000)

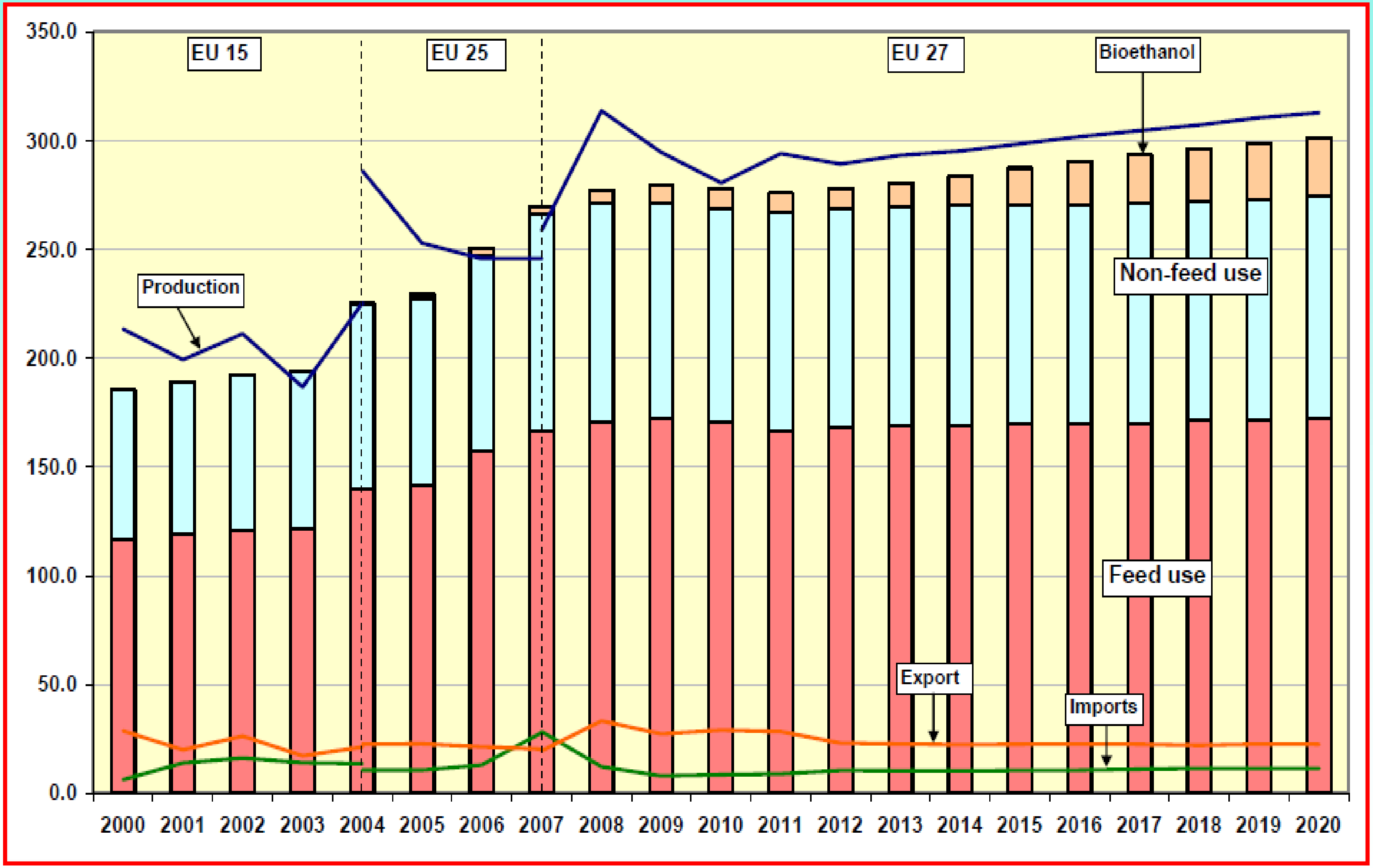


Eurostat - COMEXT

EU trade in food and agricultural products (Million €, 2009)

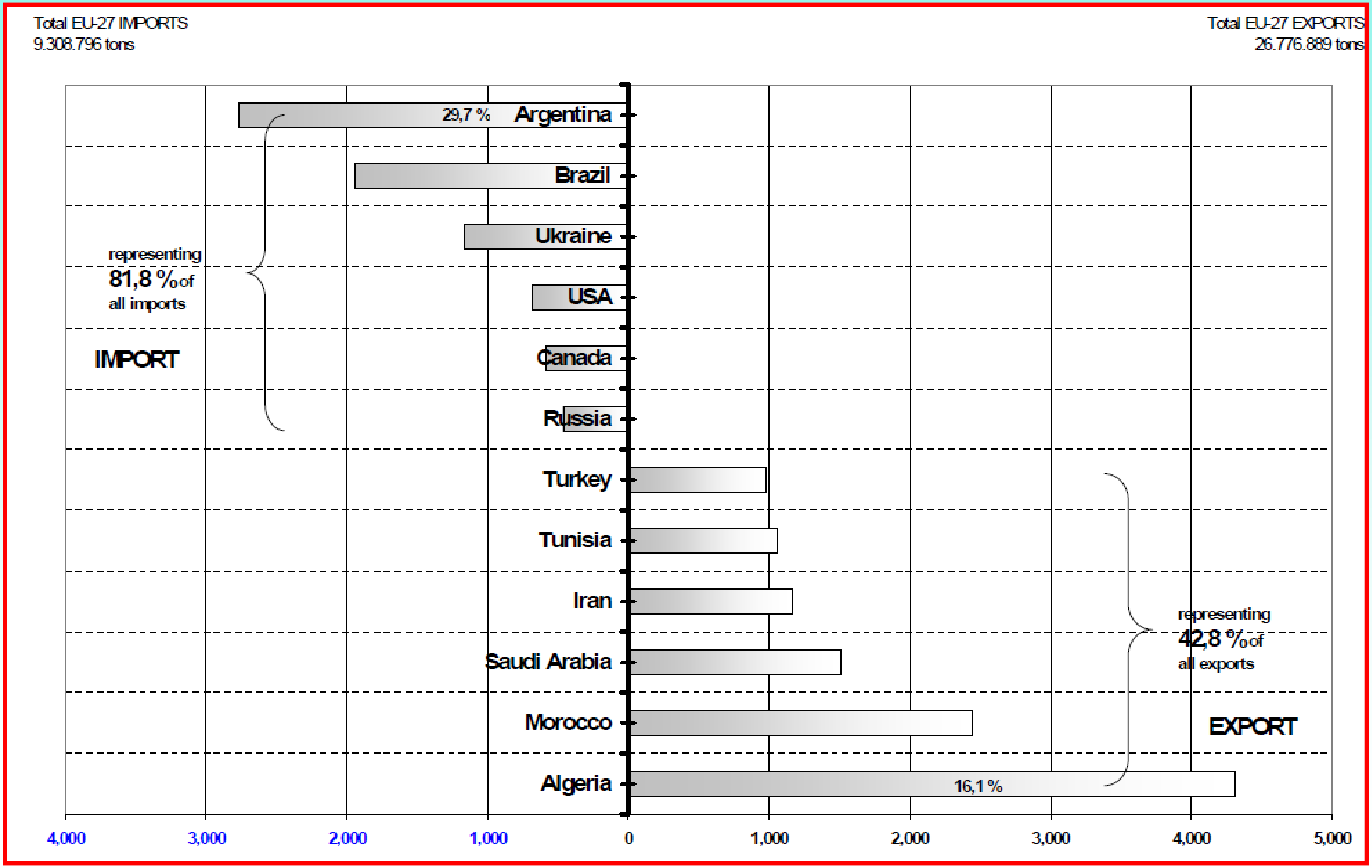


Cereal market in the EU (million tons, 2000-2020)



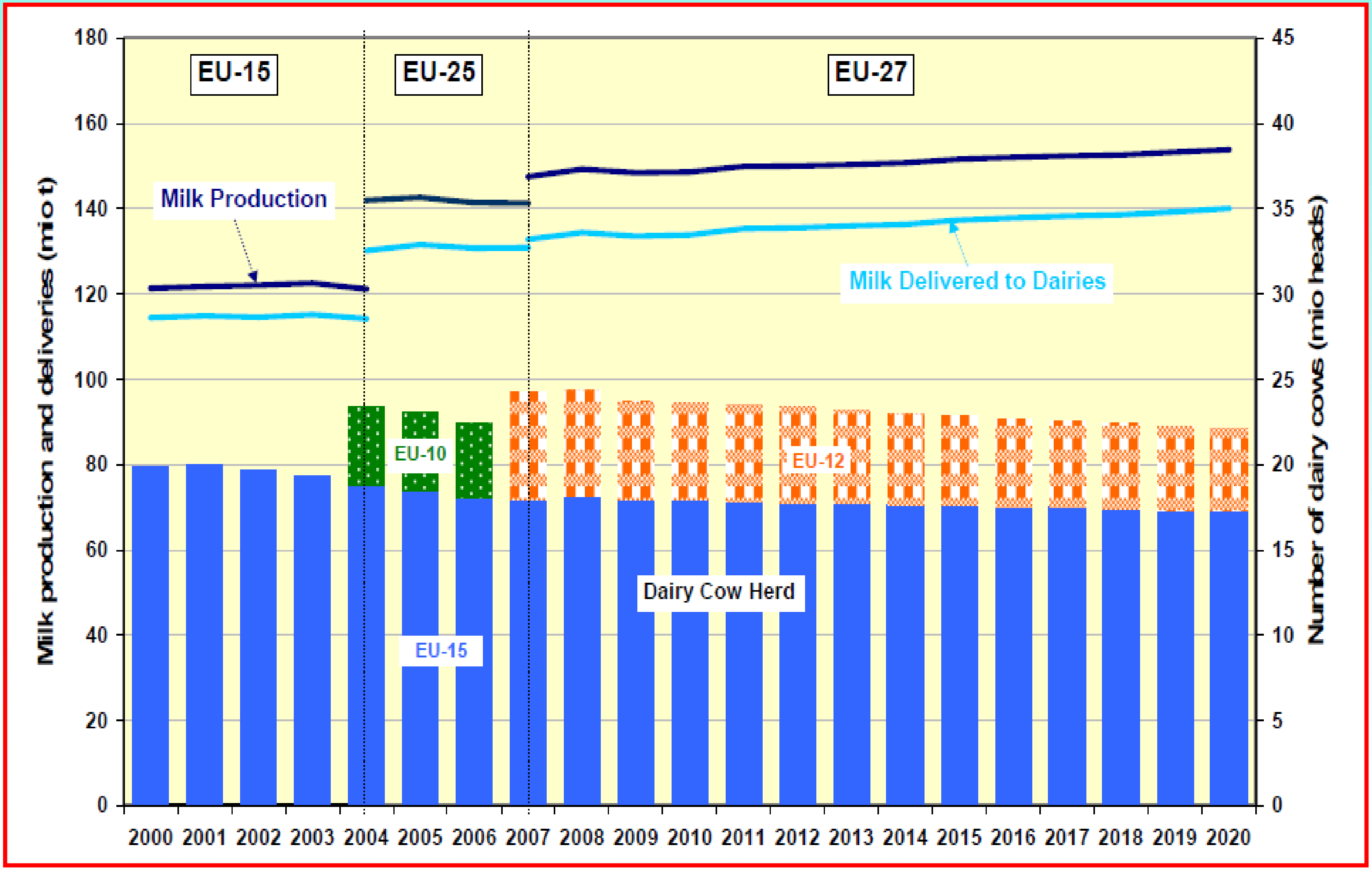
European Commission – Directorate General for Agriculture and Rural Development

Cereals trade of the EU-27 (1000 Tons, 2009)

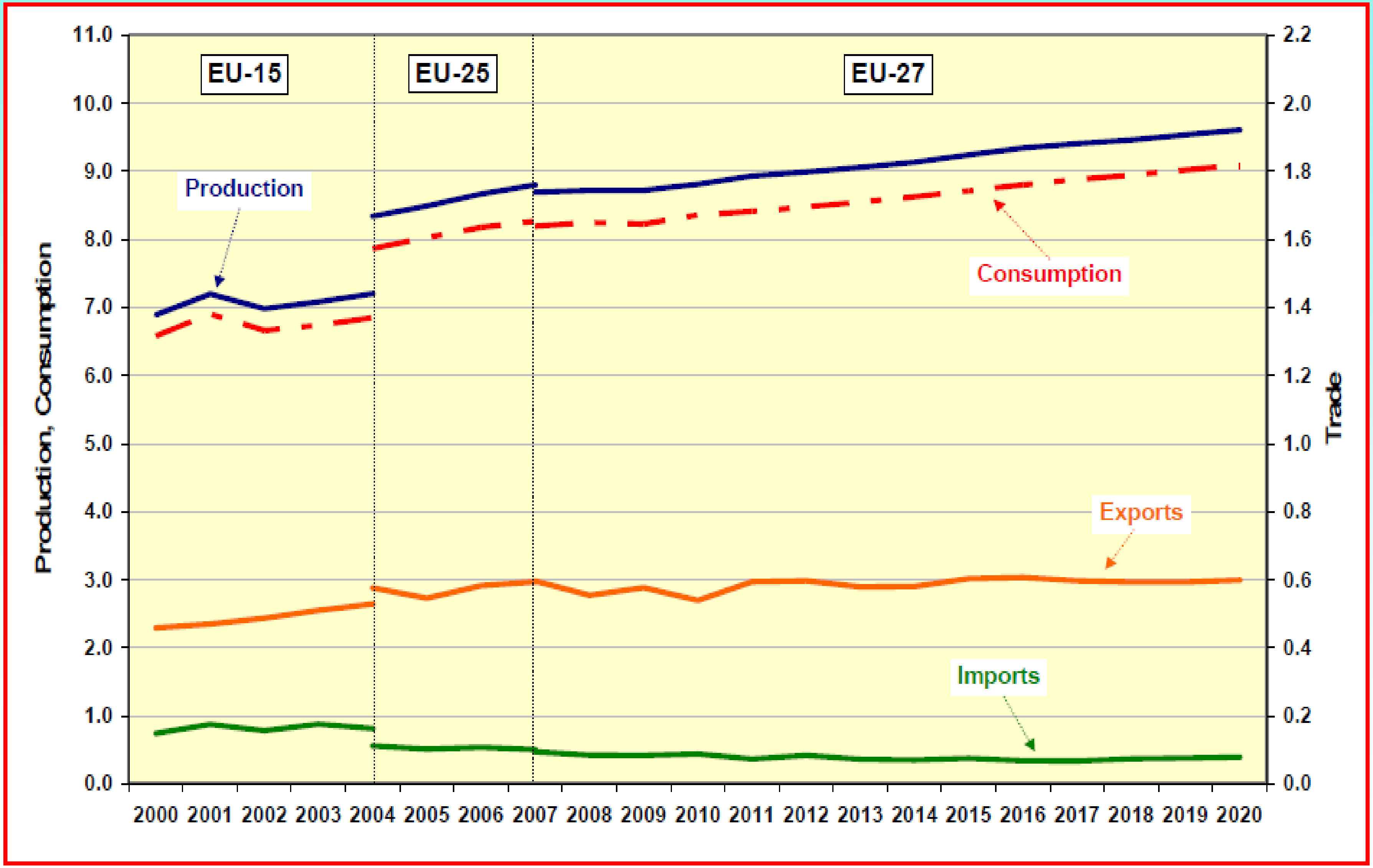


Eurostat - Comext

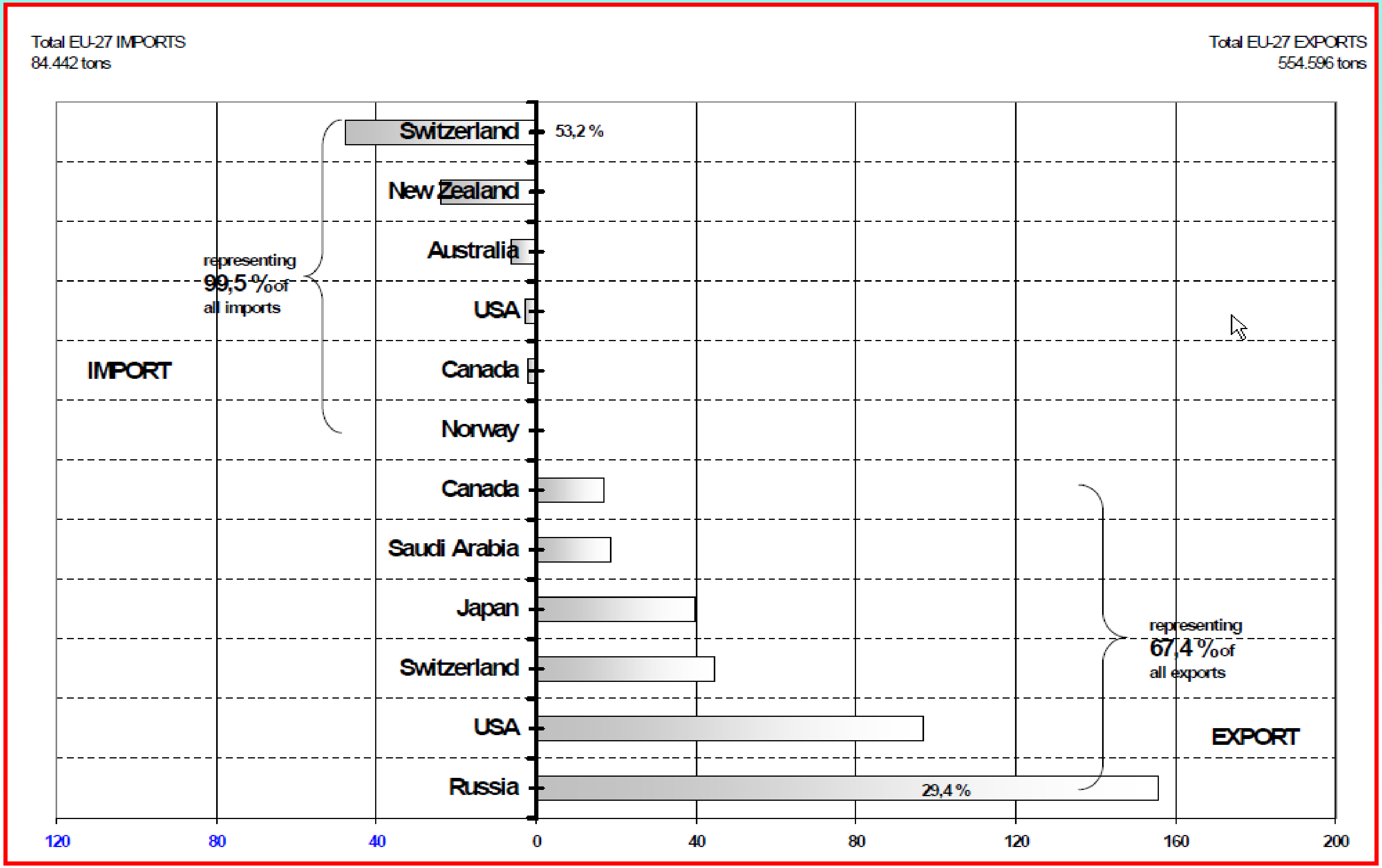
Cow's milk supply and dairy herd in the EU



Cheese market in the EU (million tons, 2000-2020)

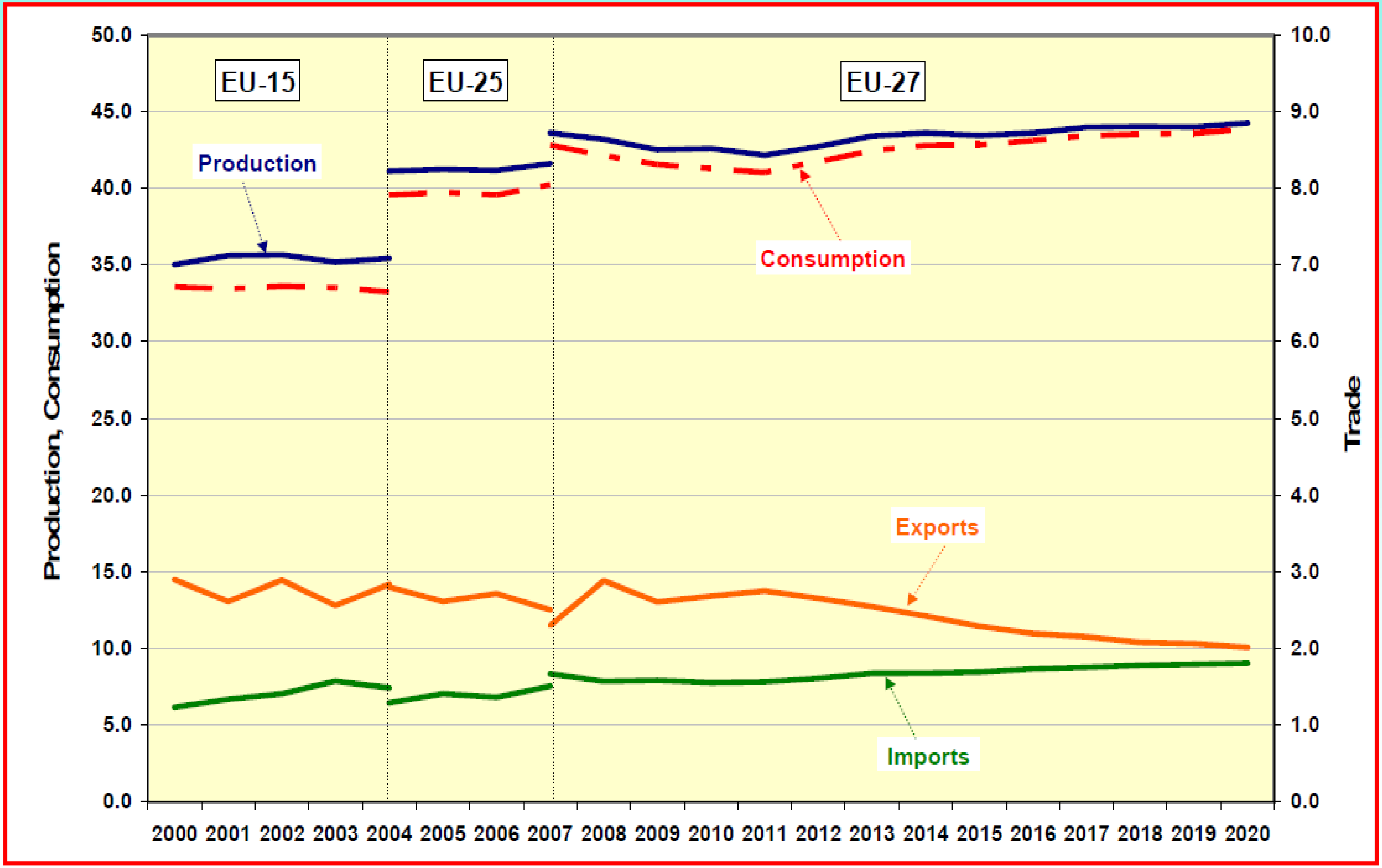


Cheese trade of the EU-27 (1000 Tons, 2009)

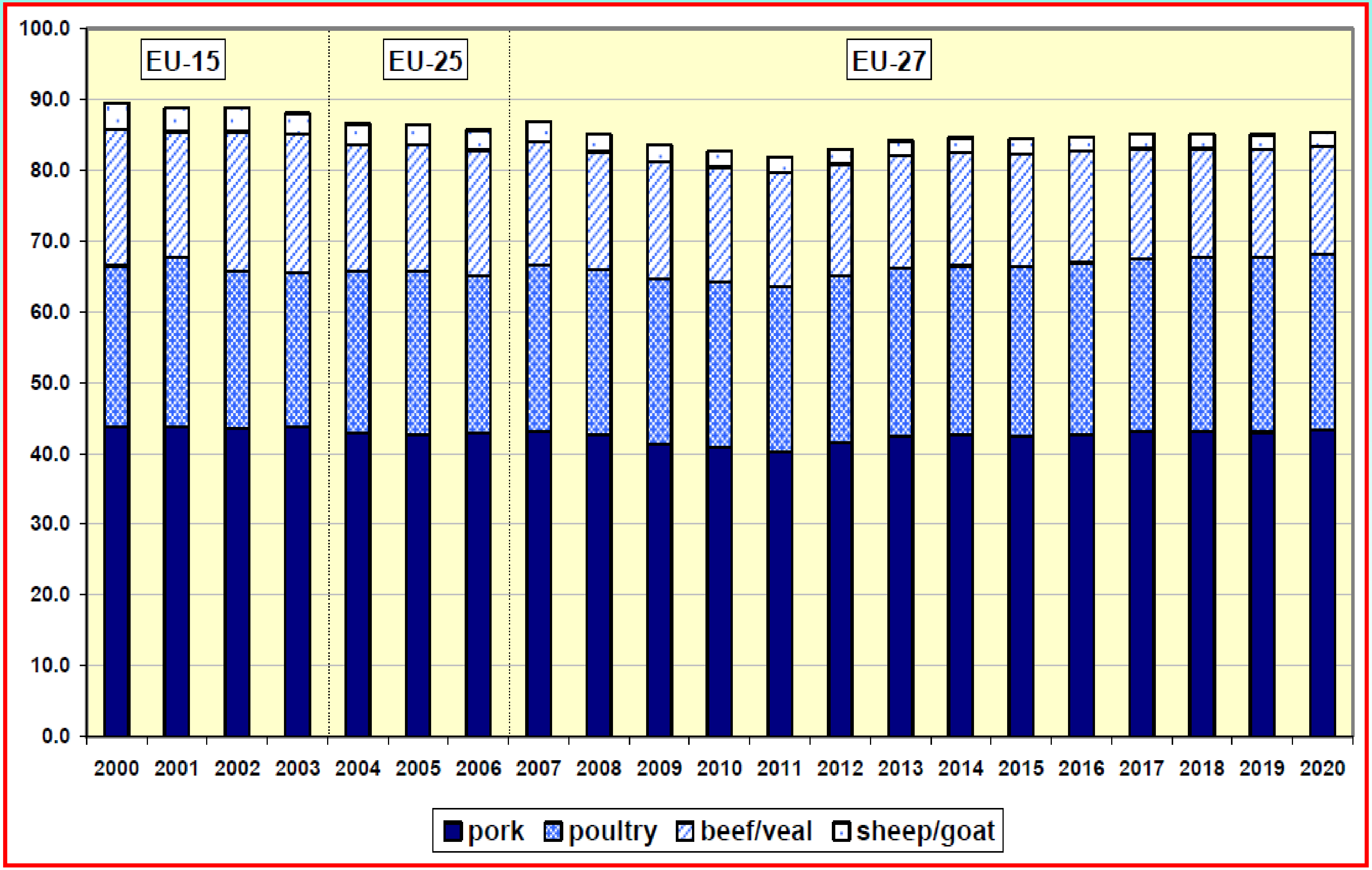


Eurostat - Comext

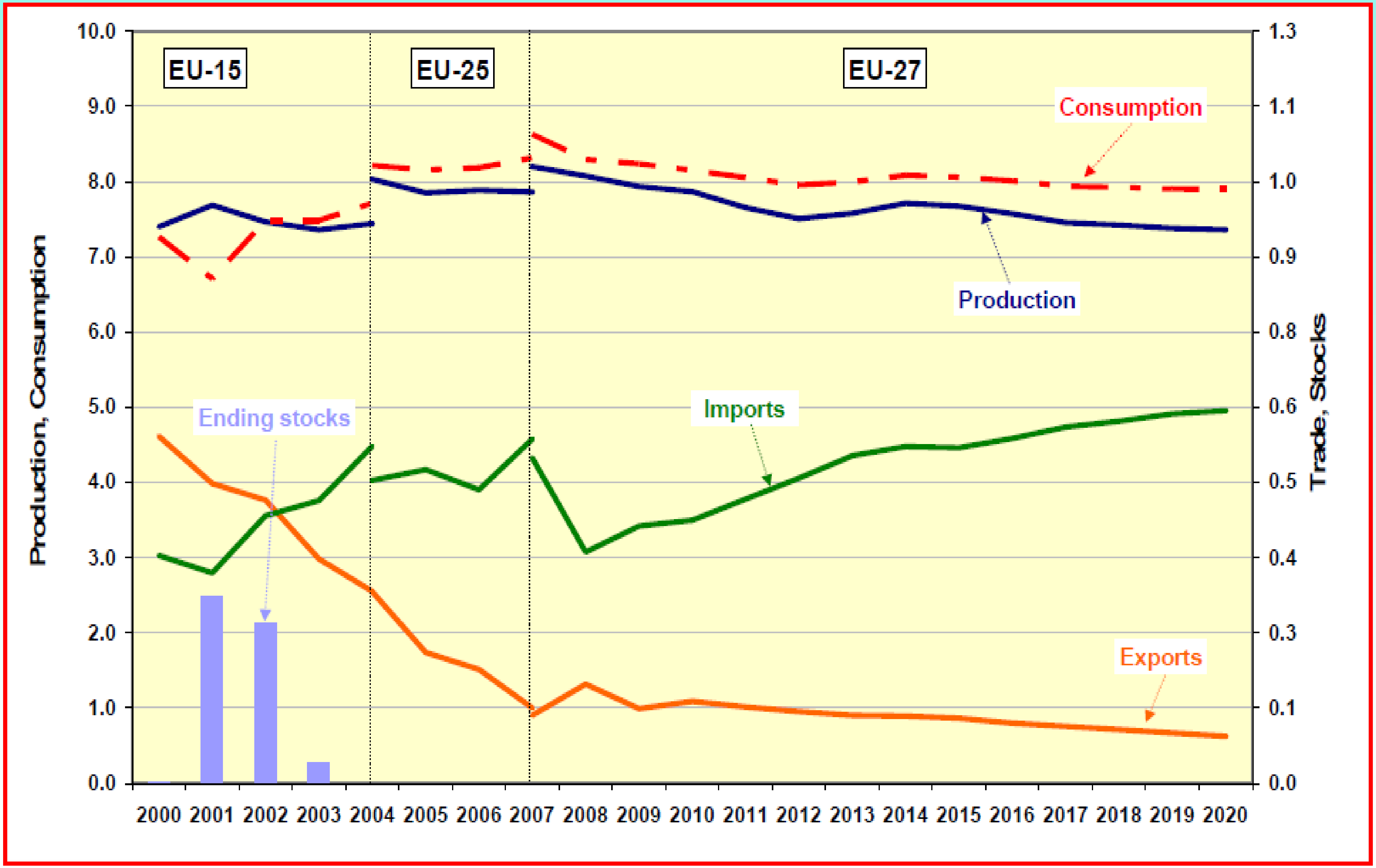
Meat market in the EU (million tons, 2000-2020)



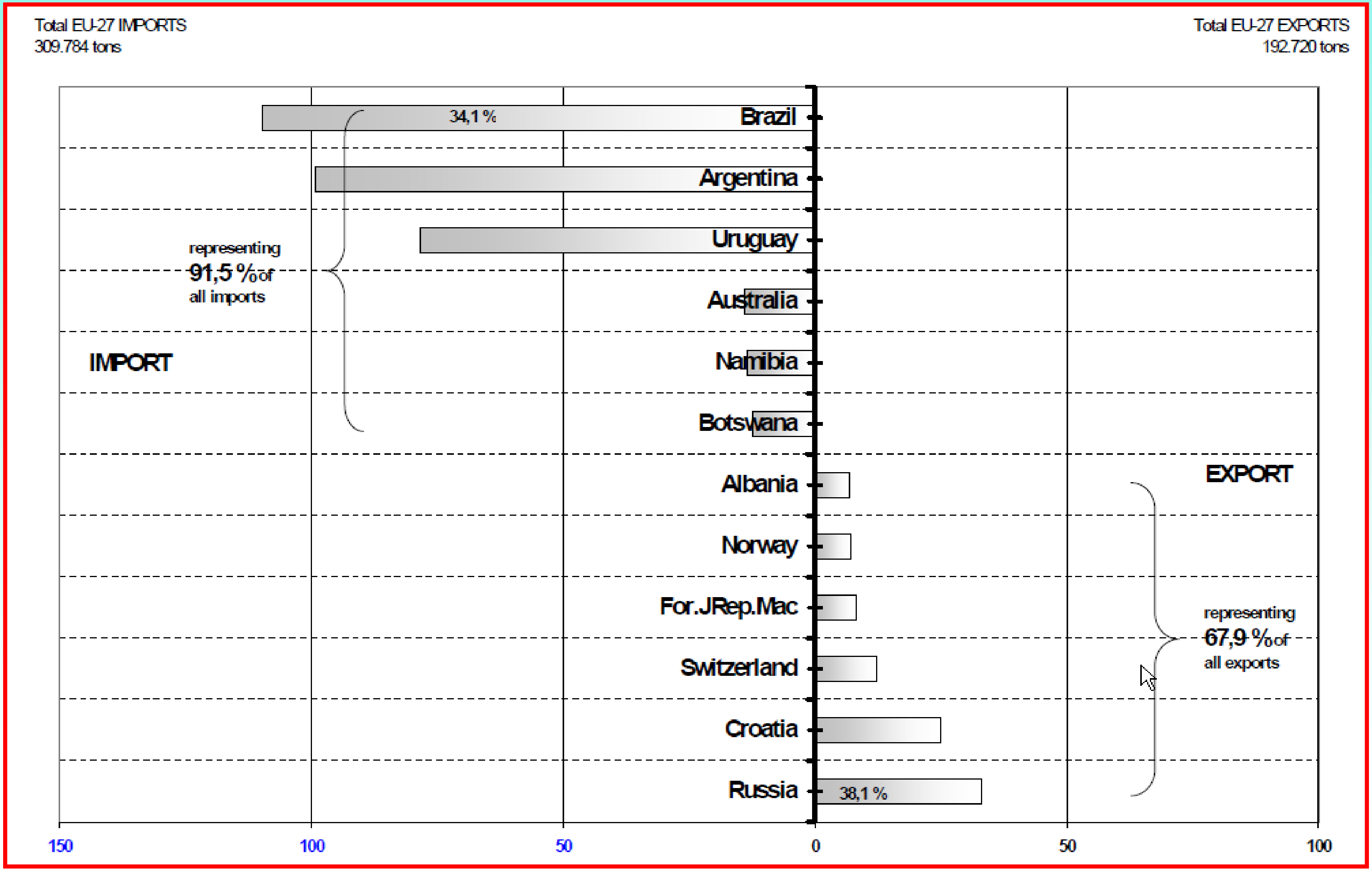
Meat consumption per capita in the EU (kg per year, 2000-2020)



Beef meat market in the EU (million tons, 2000-2020)

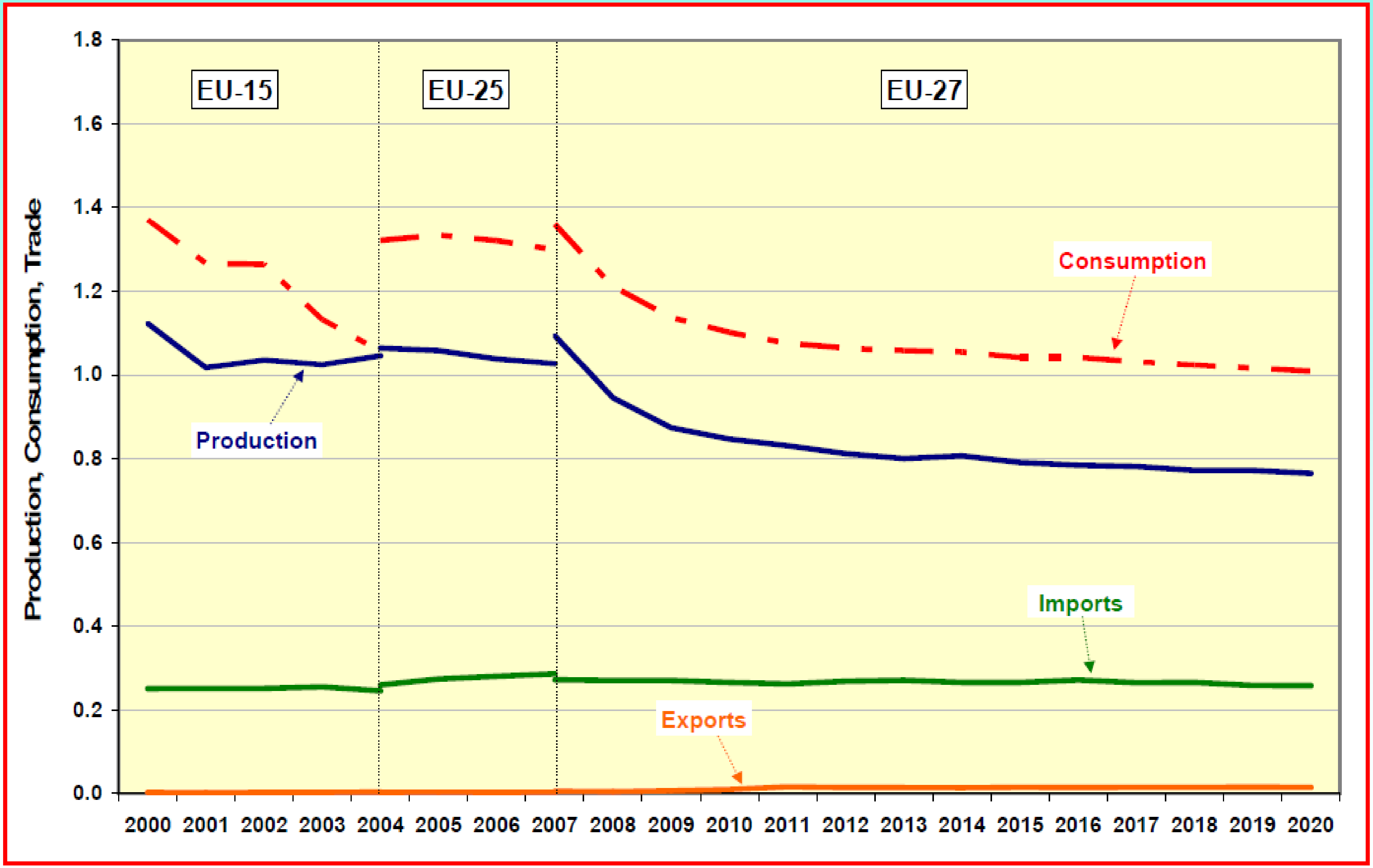


Beef meat trade of the EU-27 (1000 Tons, 2009)

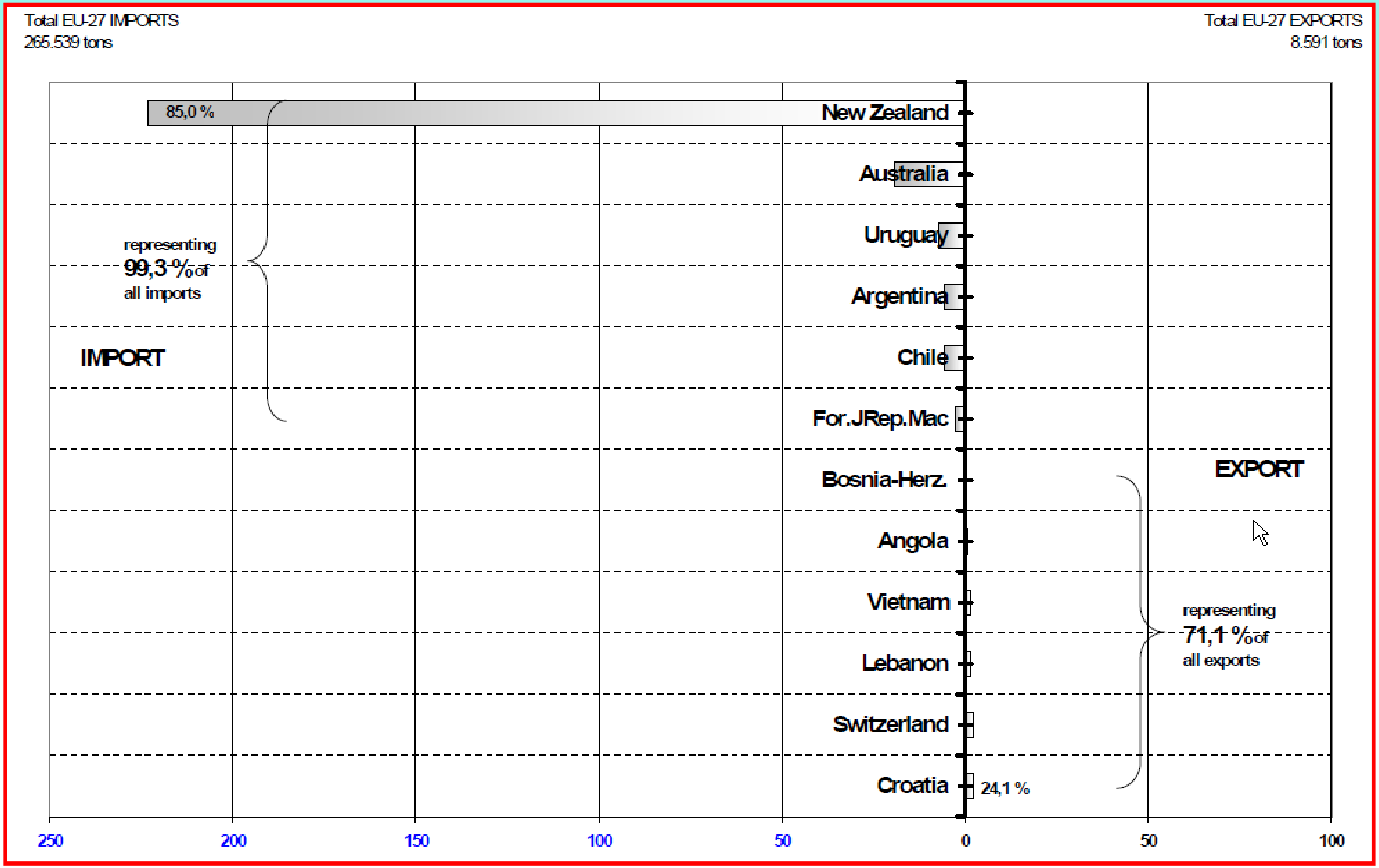


Eurostat - Comext

Sheep and goat meat market in the EU (million tons, 2000-2020)

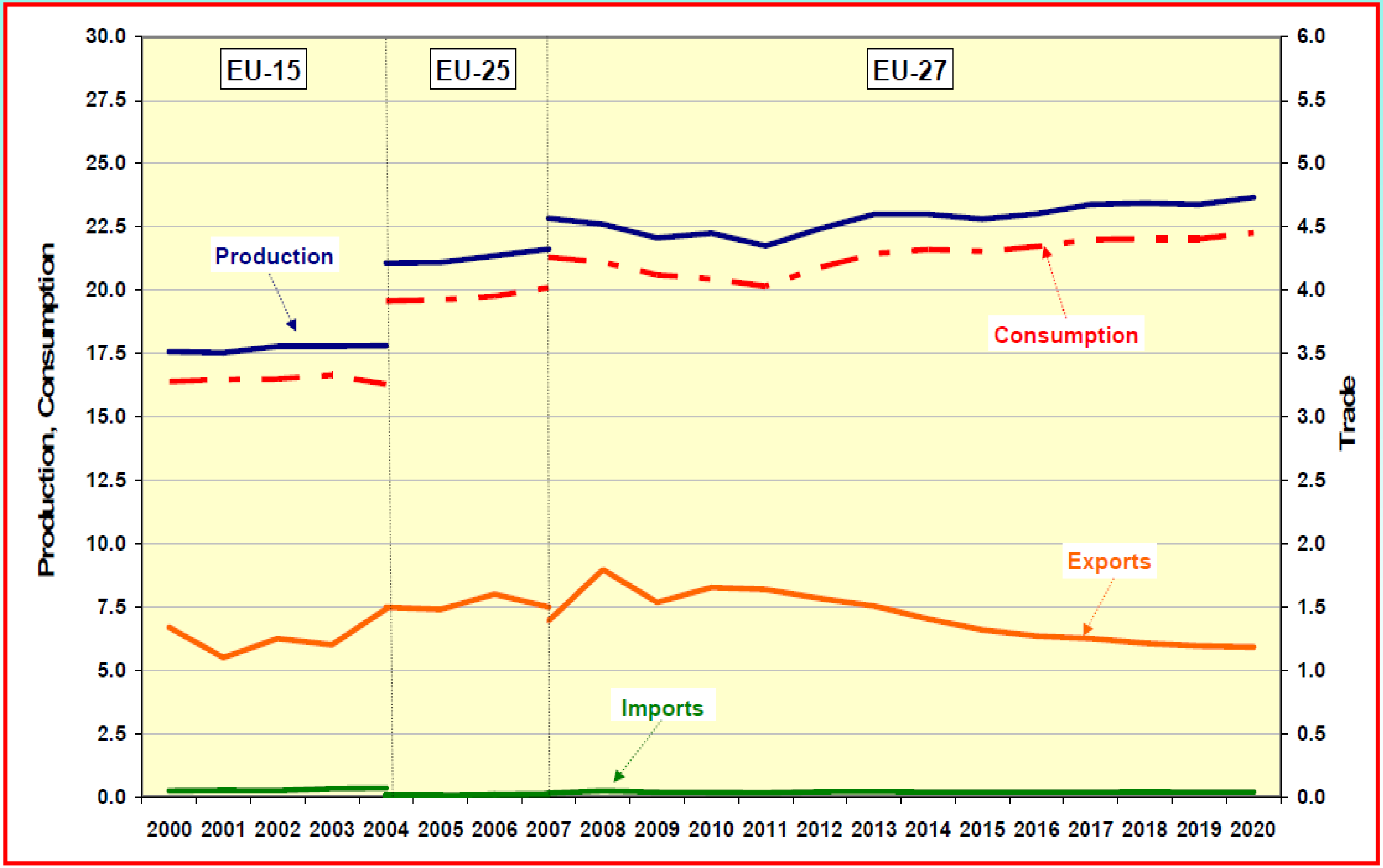


Sheep and goat trade of the EU-27 (1000 Tons, 2009)

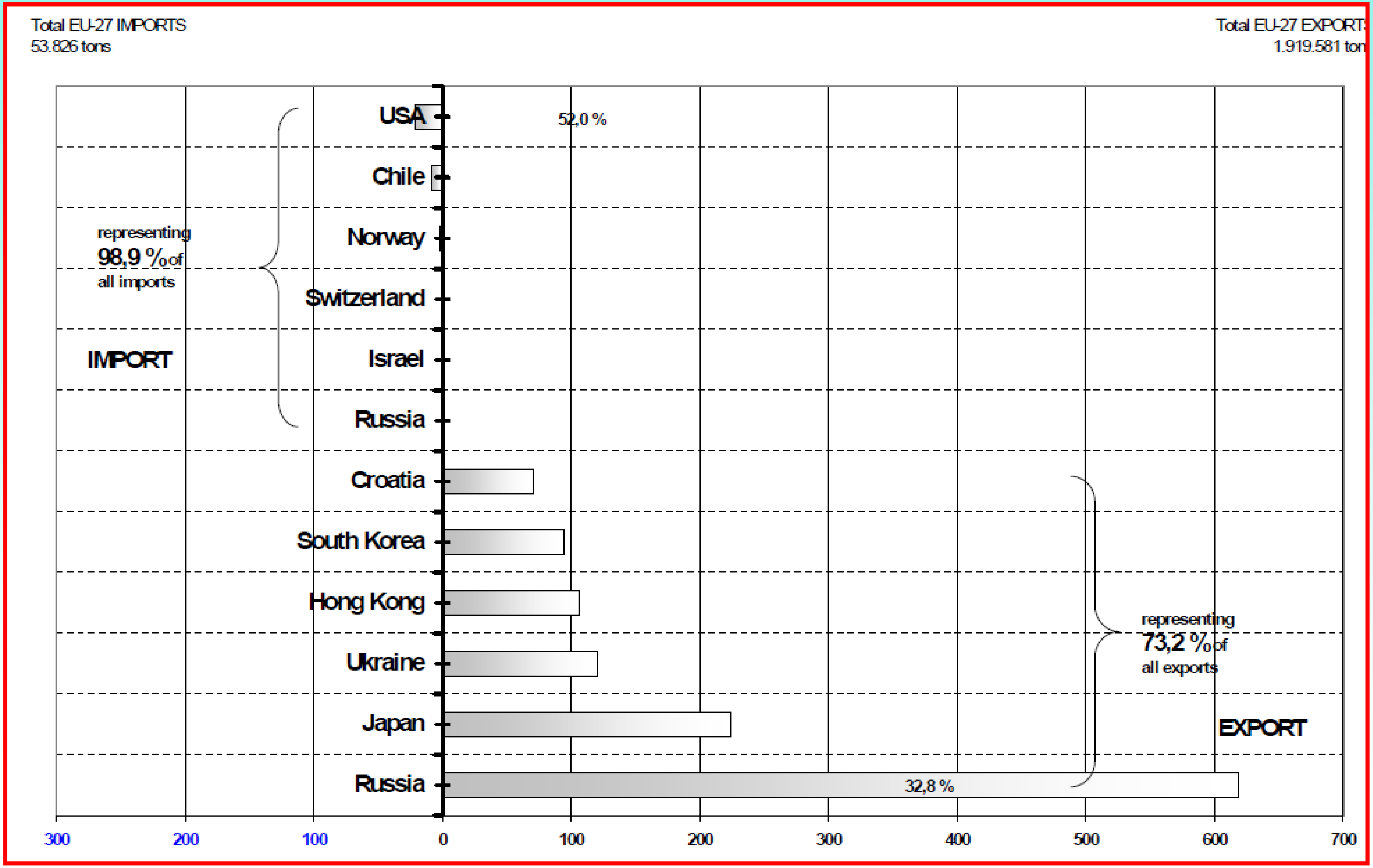


Eurostat - Comext

Pork meat market in the EU (million tons, 2000-2020)

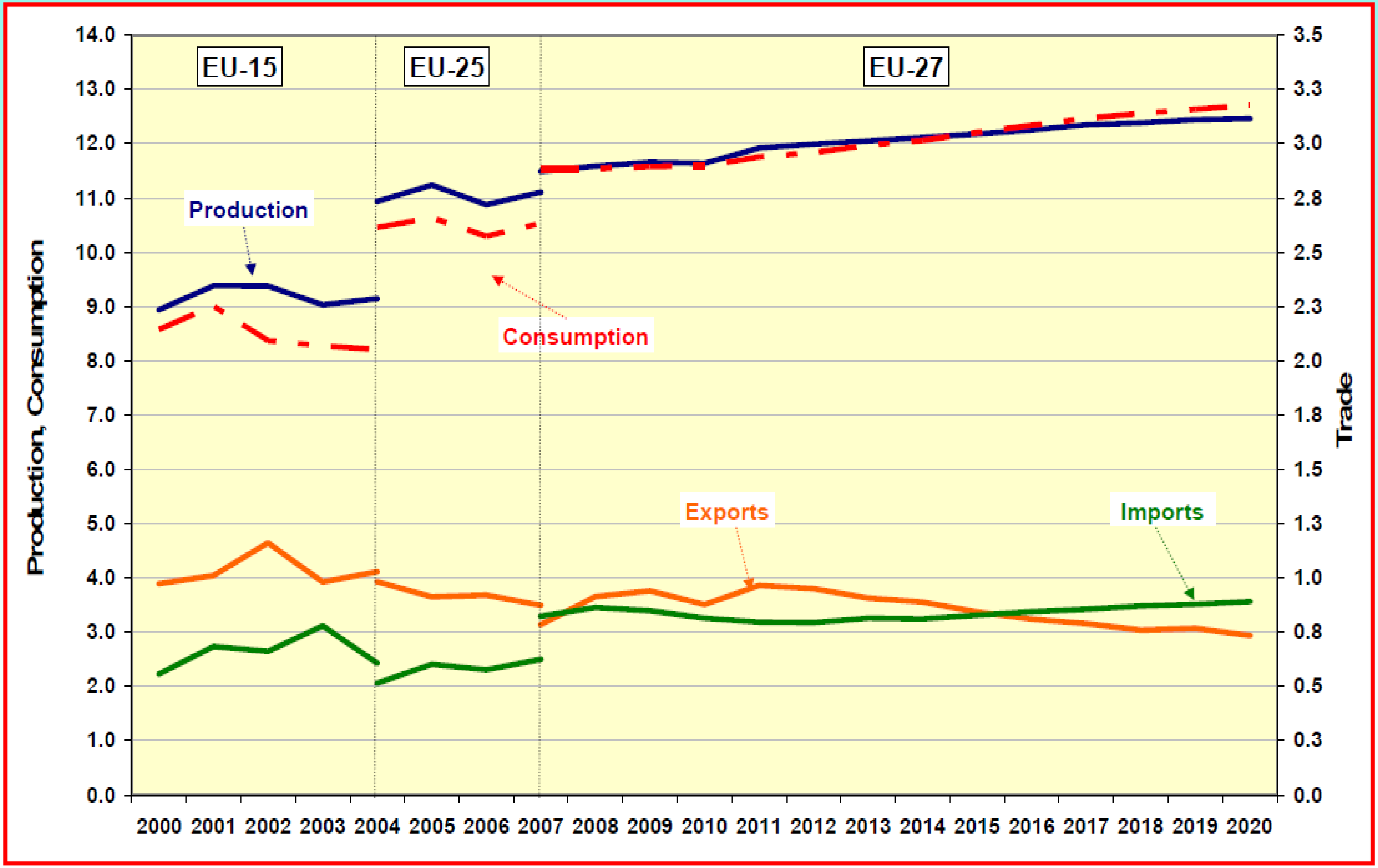


Pork meat trade of the EU-27 (1000 Tons, 2009)

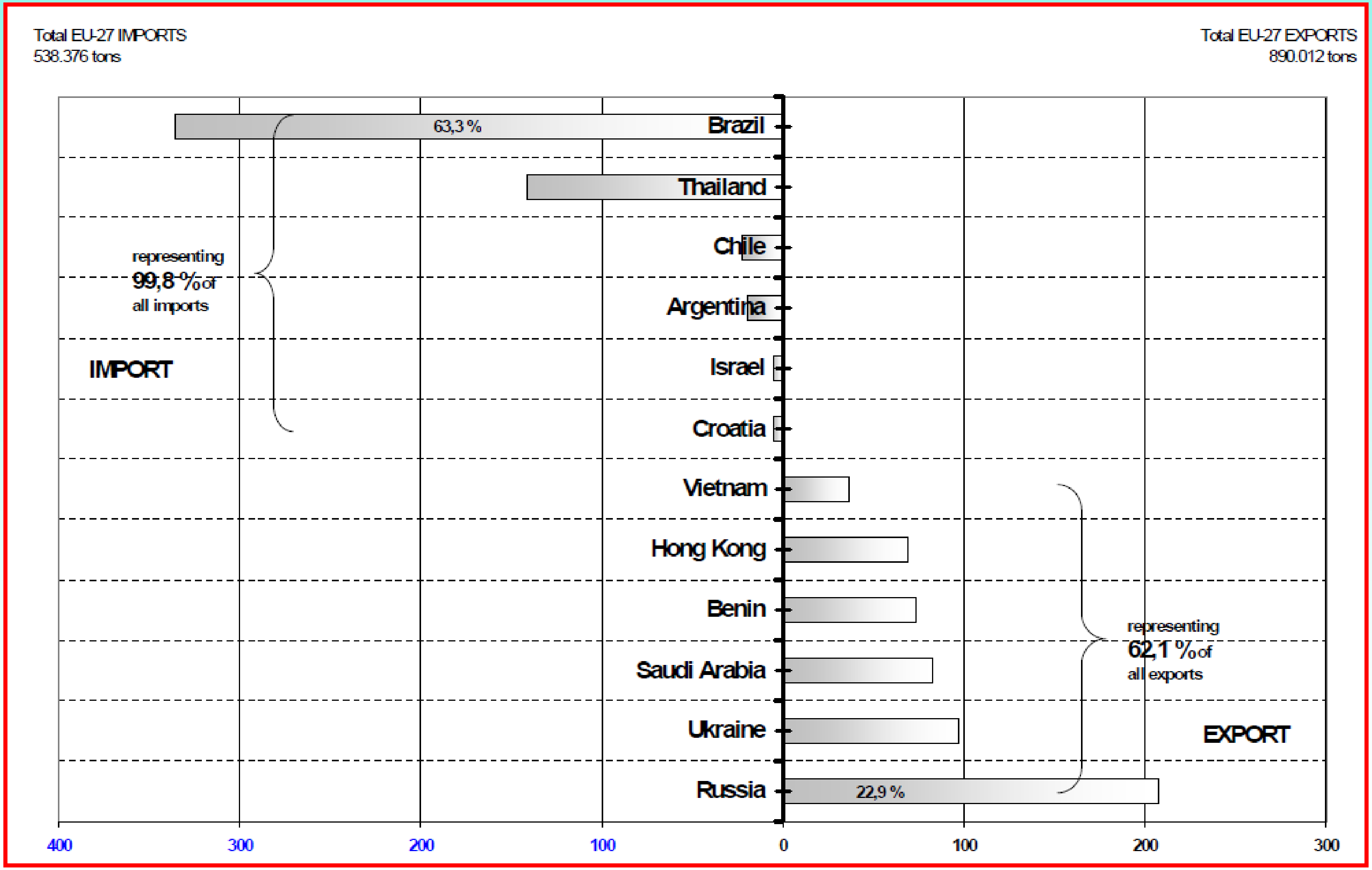


Eurostat - Comext

Poultry meat market in the EU (million tons, 2000-2020)



Poultry meat trade of the EU-27 (1000 Tons, 2009)



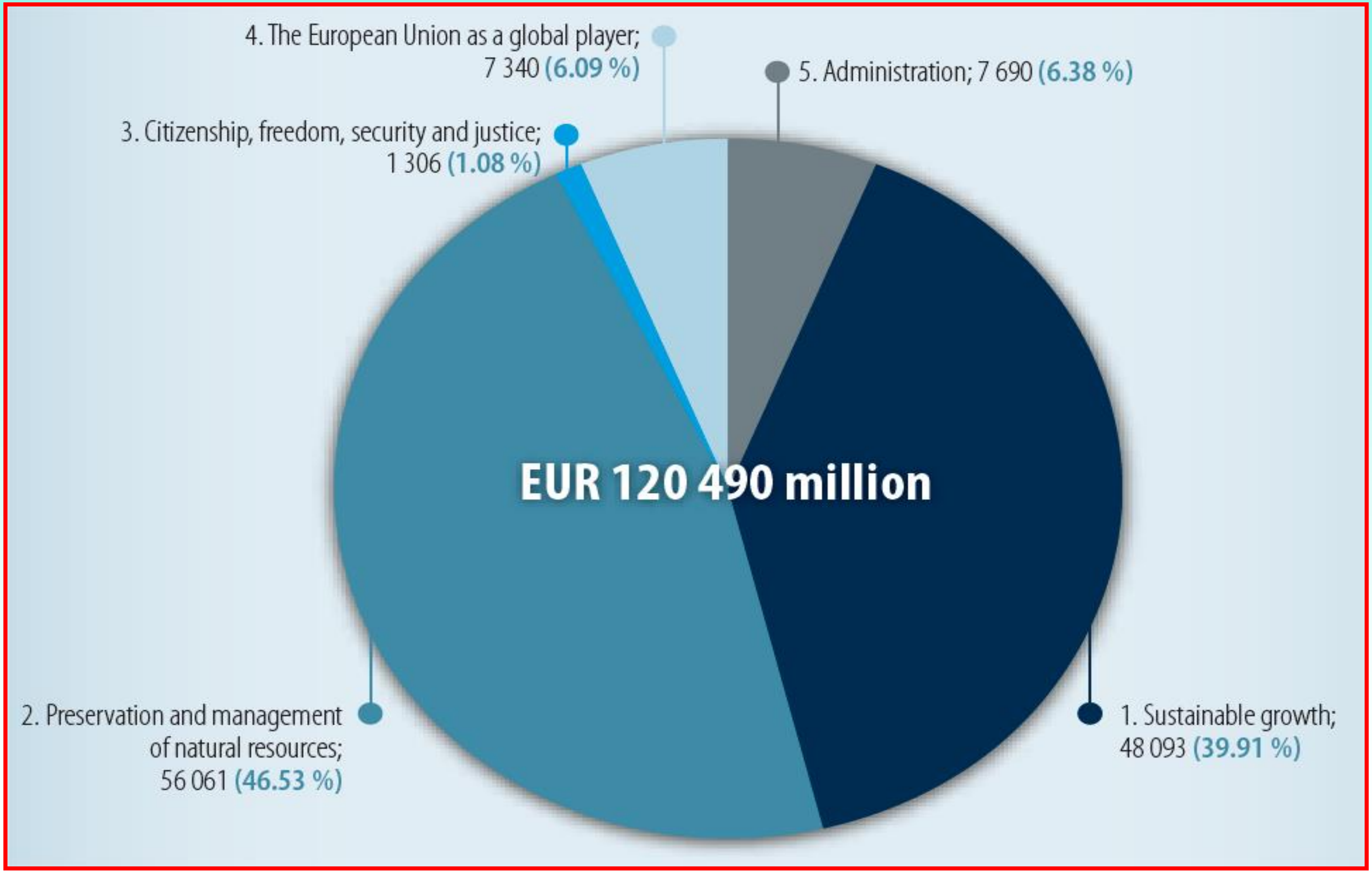
Eurostat - Comext

3- Common Agricultural Policy (CAP) towards 2020

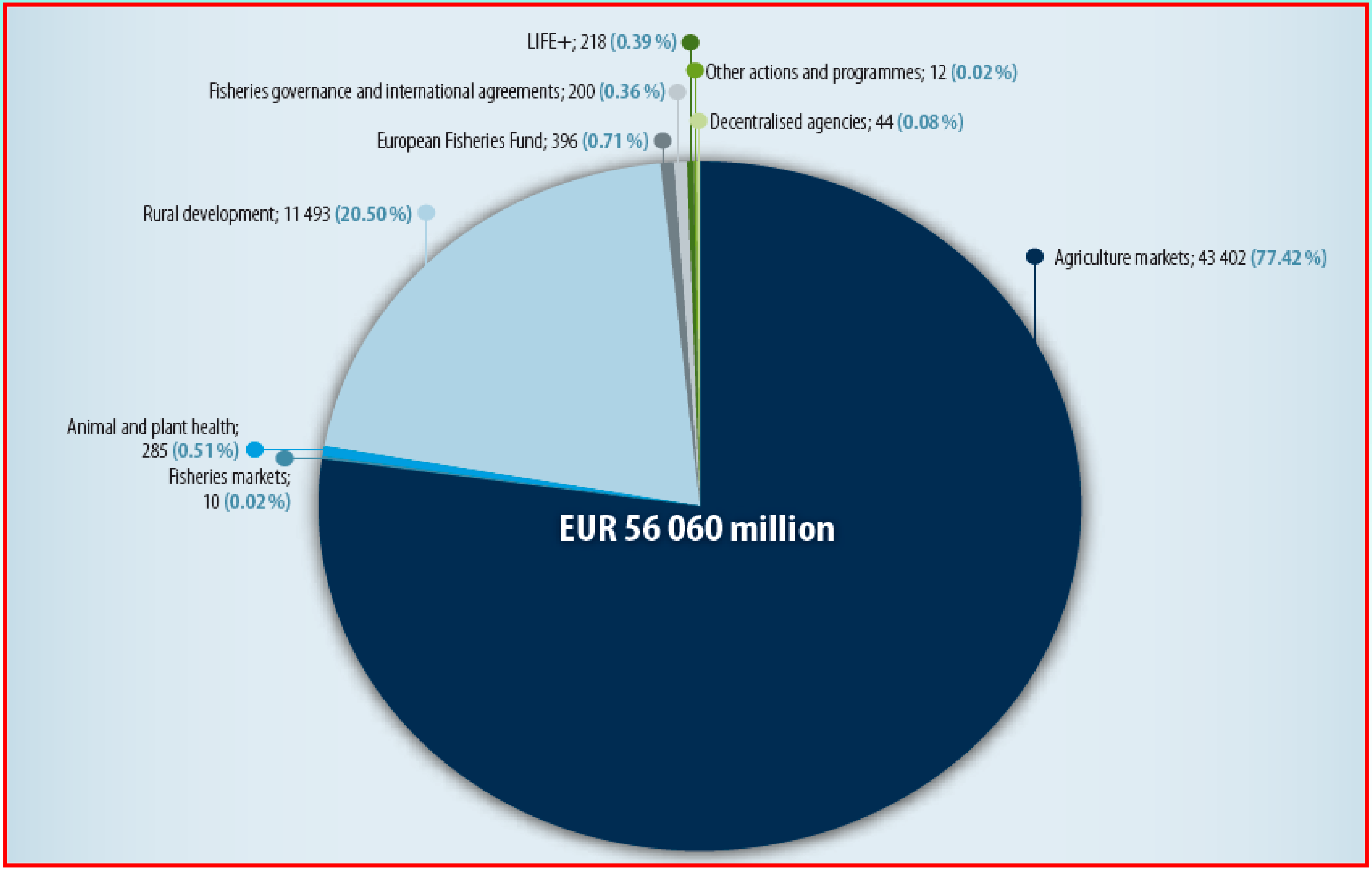
What are the challenges for European agriculture ?

The early years	The crisis years	The 1992 reform	Agenda 2000	Reform 2003	Health check 2008
• Food security	• Over production	• Reduced surpluses	• Deepening the reform	• Market Orientation	• Decoupling (increase rate)
•Improving productivity	•Exploding expenditure	•Environment	•Competiti-veness	•Environment and Rural D.	•New challenges
•Market stabilisation	•International friction (GATT)	•Income stabilisation	•Rural development	•WTO - CAP compatibility	•Risk management
•Income support	•Structural measures	•Budget stabilisation	•Modulation (optional)	•Dairy reform	•Flexibility (article 68)

Budget 2010 for EU-27

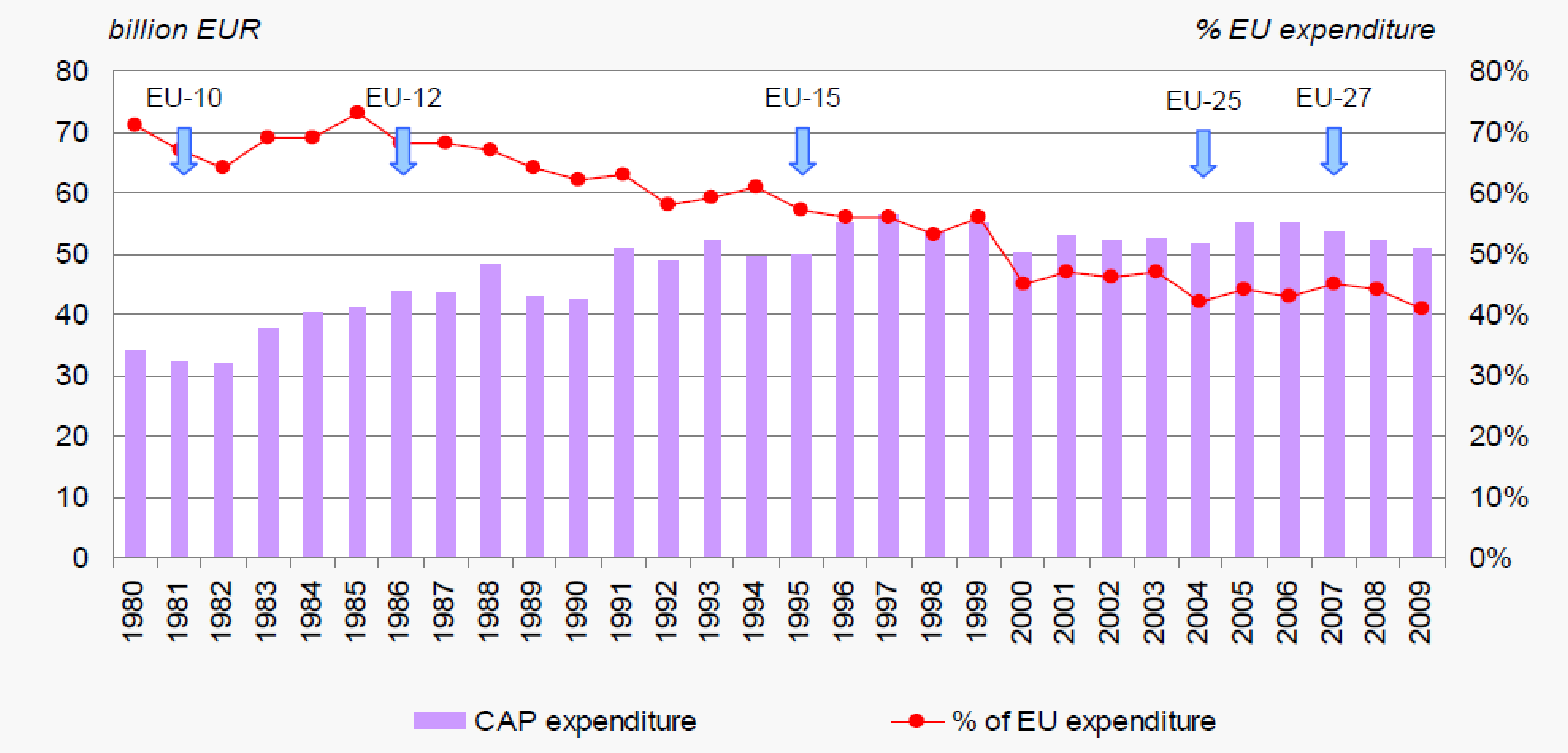


EU Funds for "Preservation and management of natural" 2010



European Commission

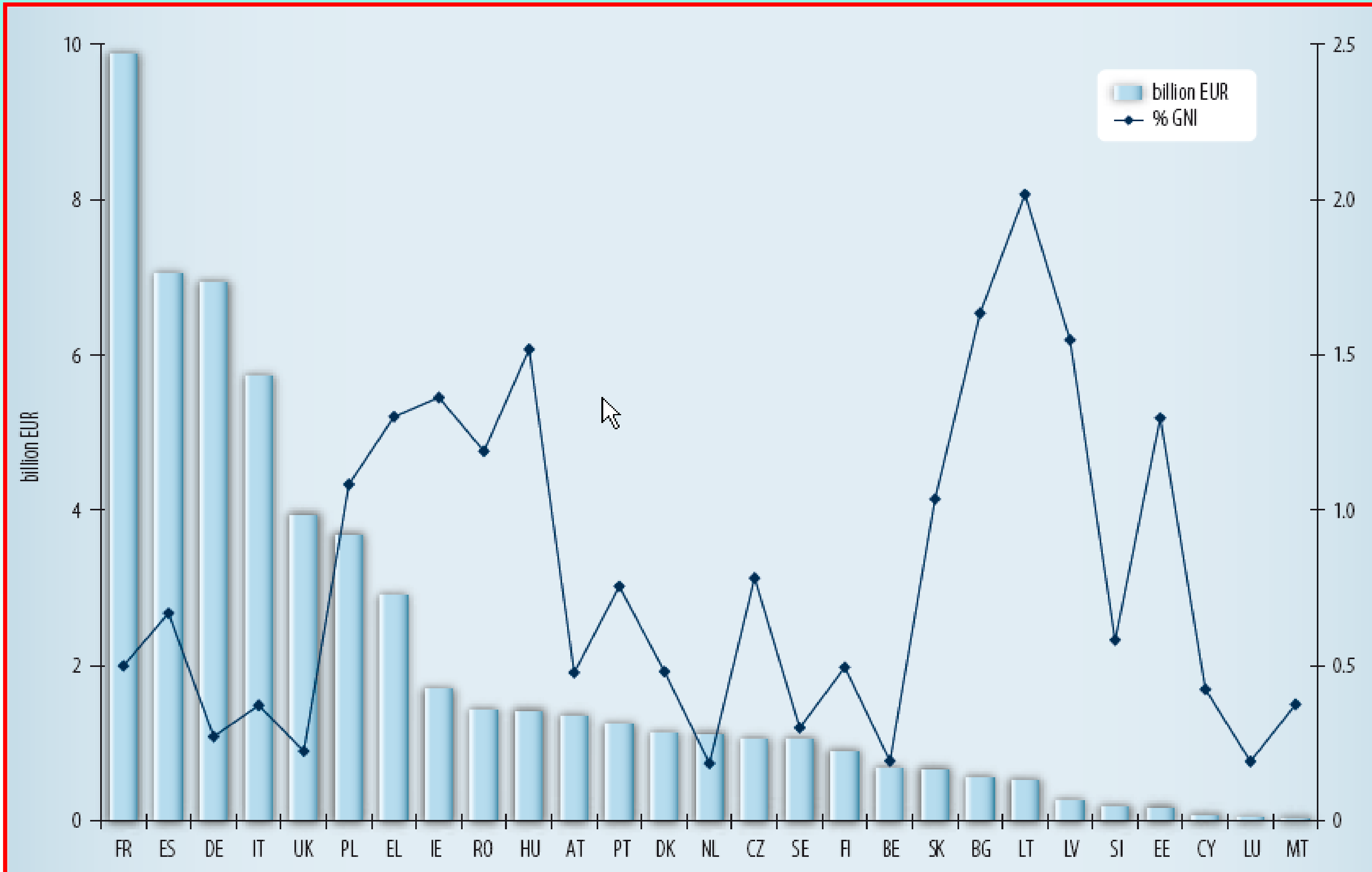
CAP expenditure as a share of GDP



This graph shows the development of CAP expenditure over the years as share of the EU budget. This share has decreased very sharply over the past 25 years, from almost 75% to 41% and is forecasted to be around 39% in 2013. This decrease has taken place despite the successive EU enlargements. This downward path of CAP cost in the EU is due mainly to the CAP reforms and to the increase of other EU policies.

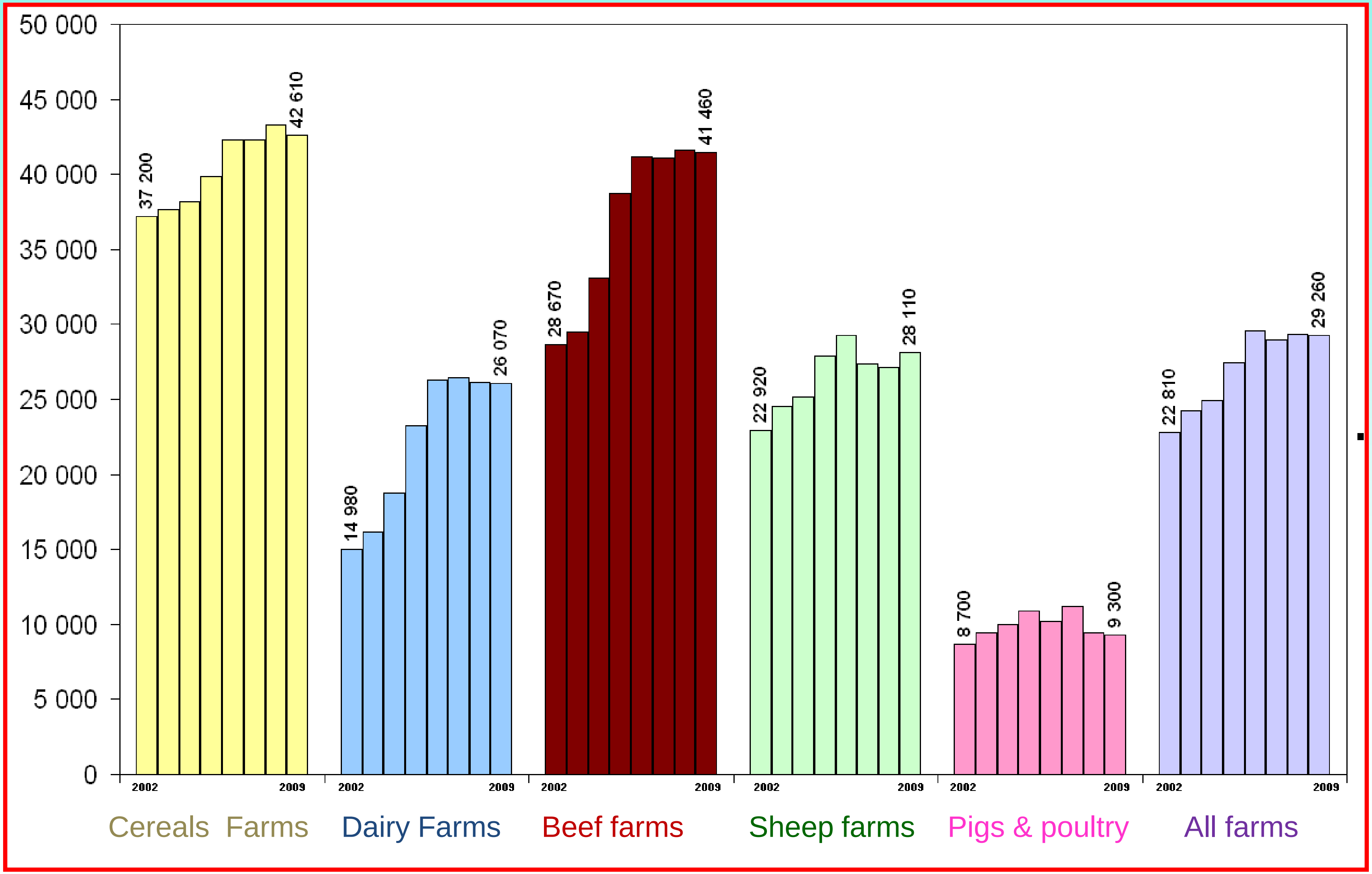
DG Agriculture and Rural Development, DG Economic and Financial Affairs and Eurostat

EU Funds for "Preservation and management of natural”



European Commission – Data 2009

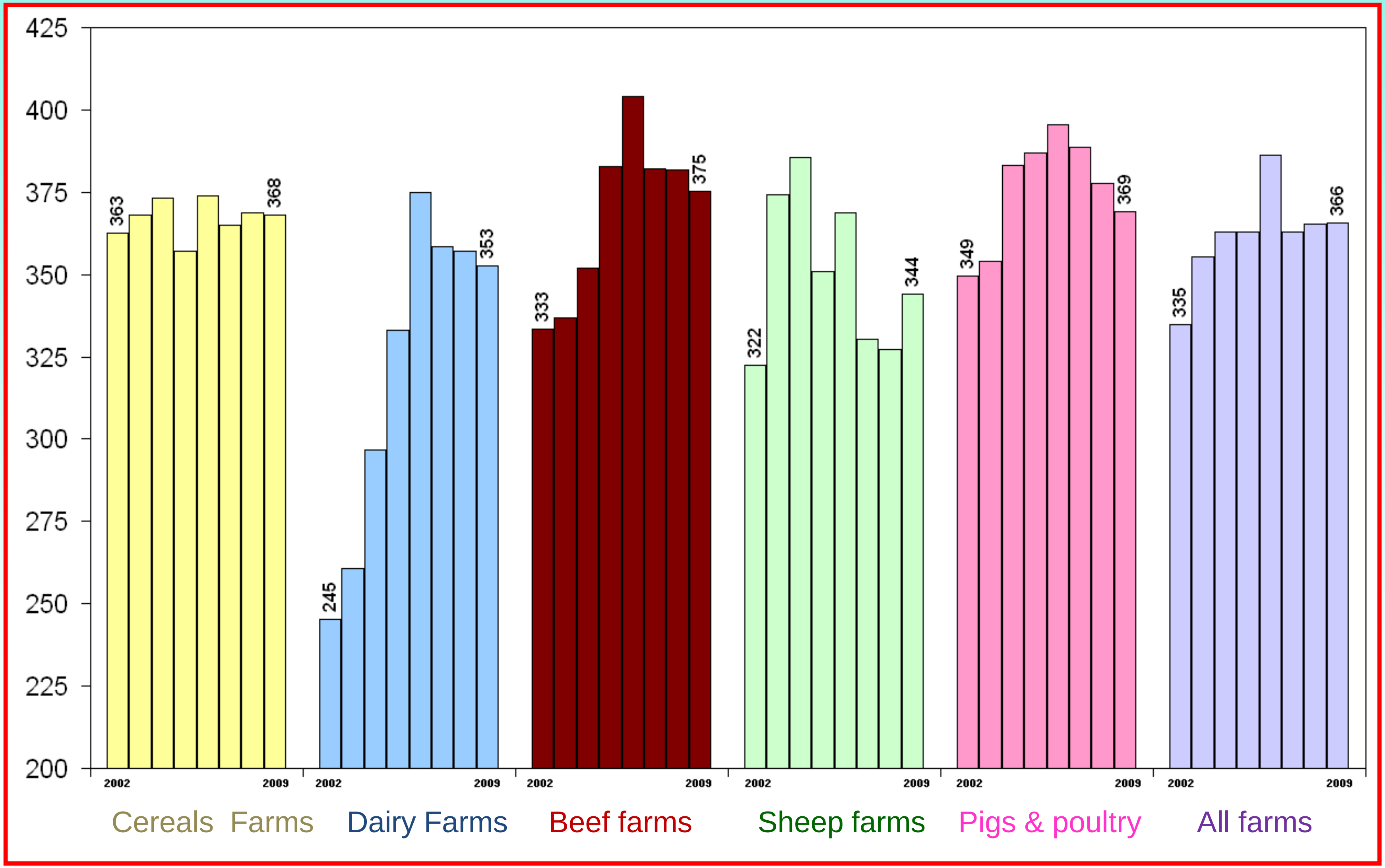
Direct subsidies per farm in France (euros, 2002-2009)



Subsidies from the pillar 1 and 2 of the CAP (including cofinancing)

SSP-FADN France 2002-2009 / INRA SAE2

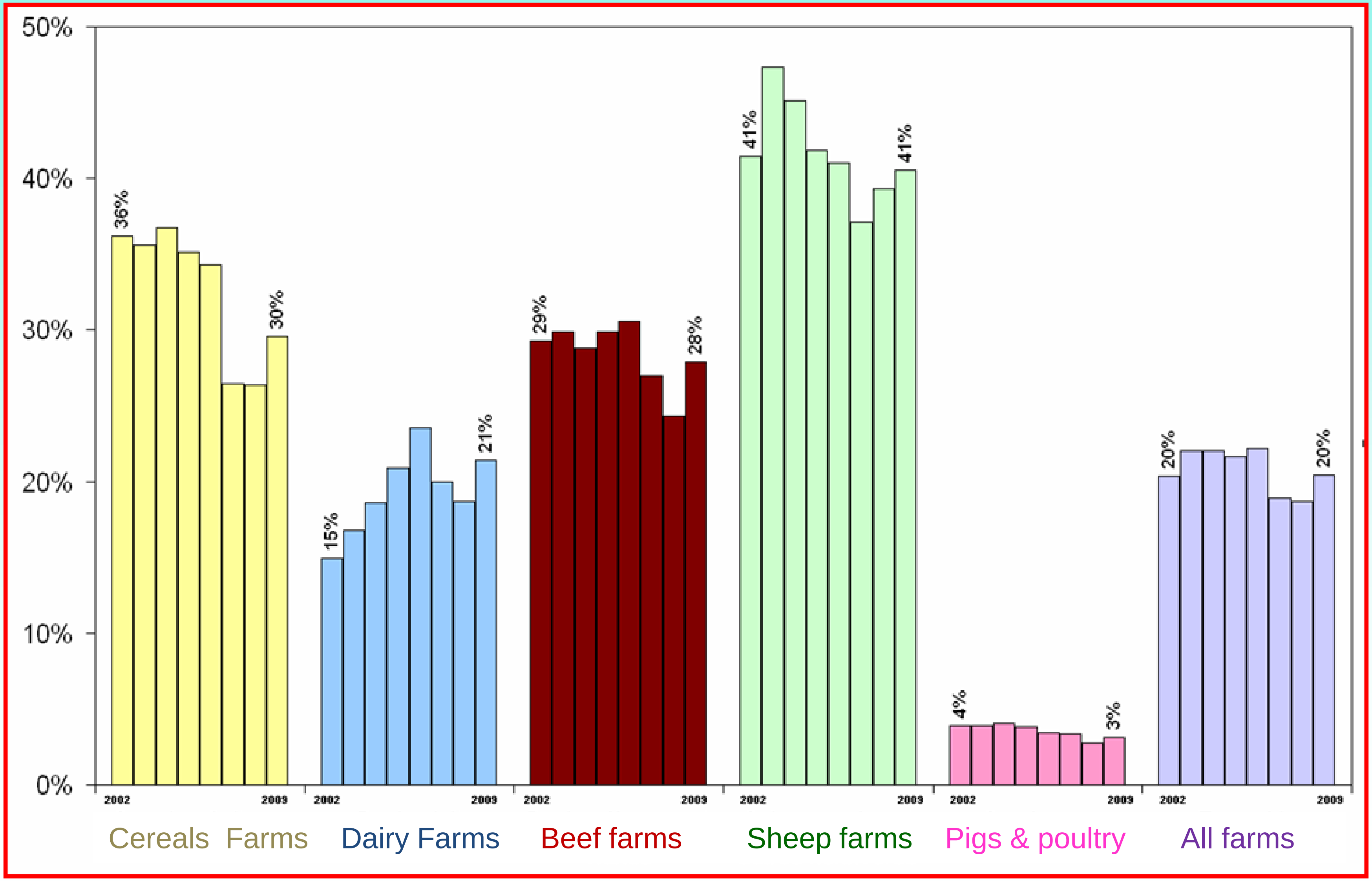
Direct subsidies per hectare in France (euros, France)



Subsidies from the pillar 1 and 2 of the CAP (including cofinancing)

SSP-FADN France 2002-2009 / INRA SAE2

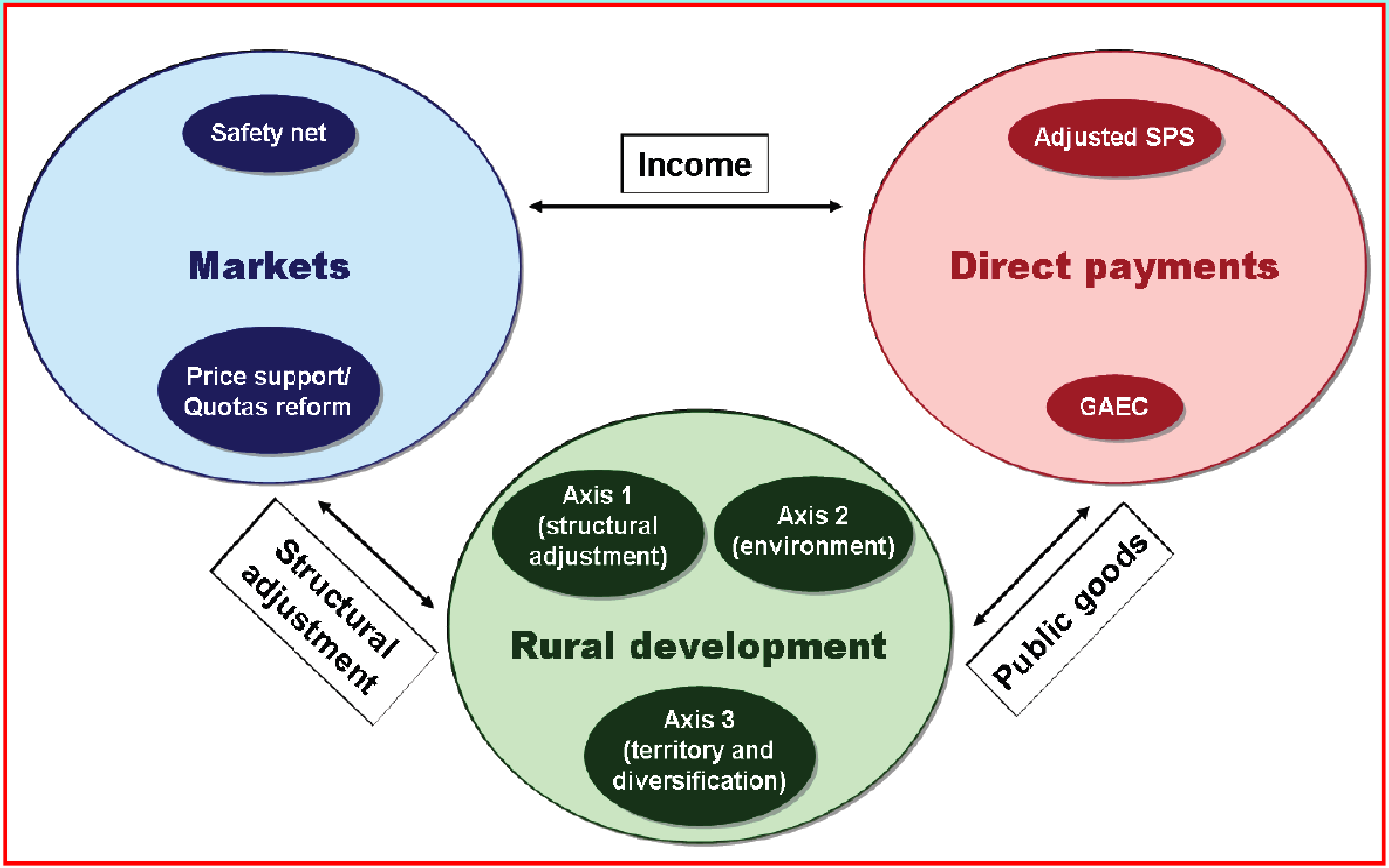
Direct subsidies in % of the total output in France (euros, France)



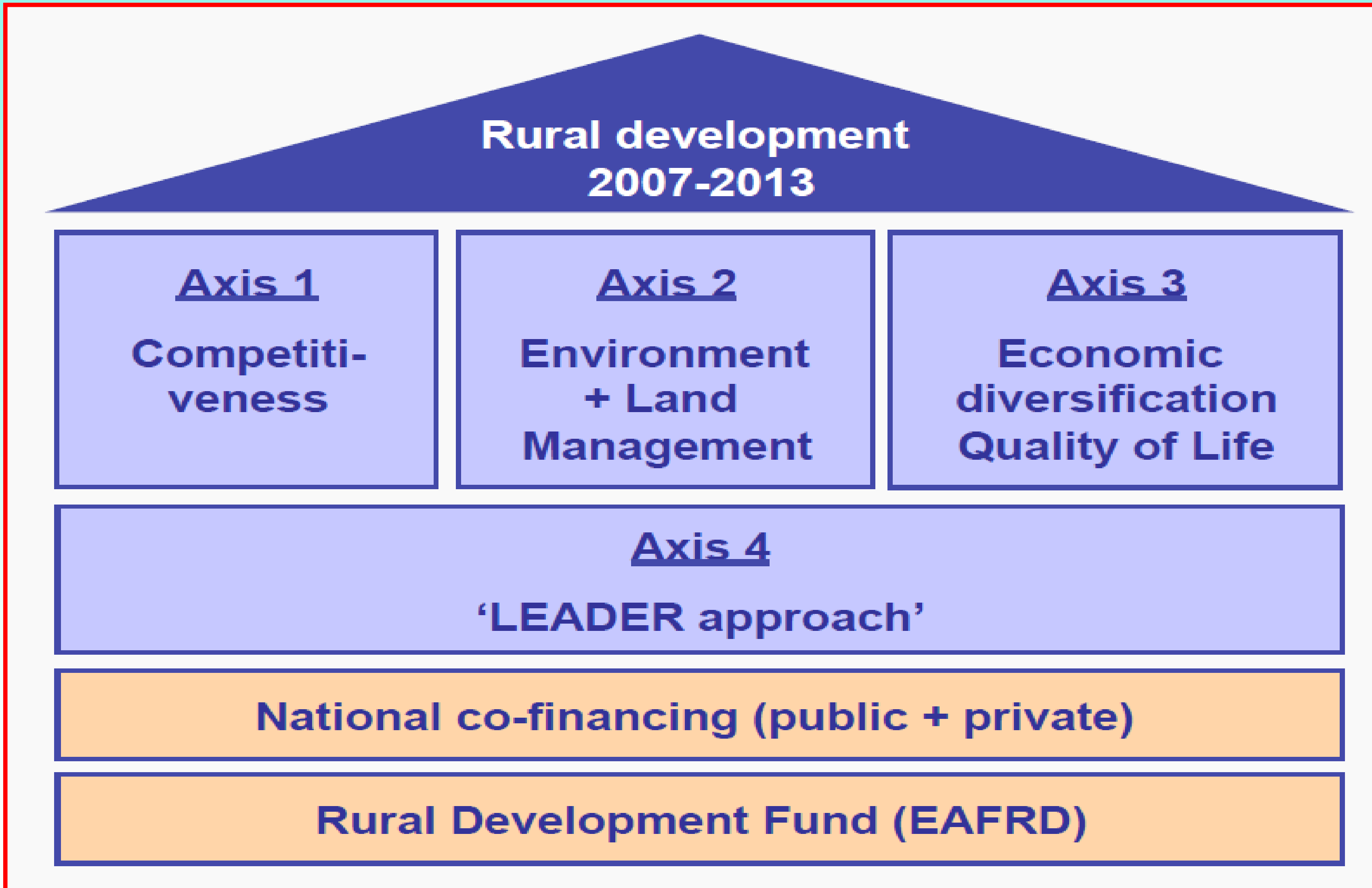
Subsidies from the pillar 1 and 2 of the CAP (including cofinancing)

SSP-FADN France 2002-2009 / INRA SAE2

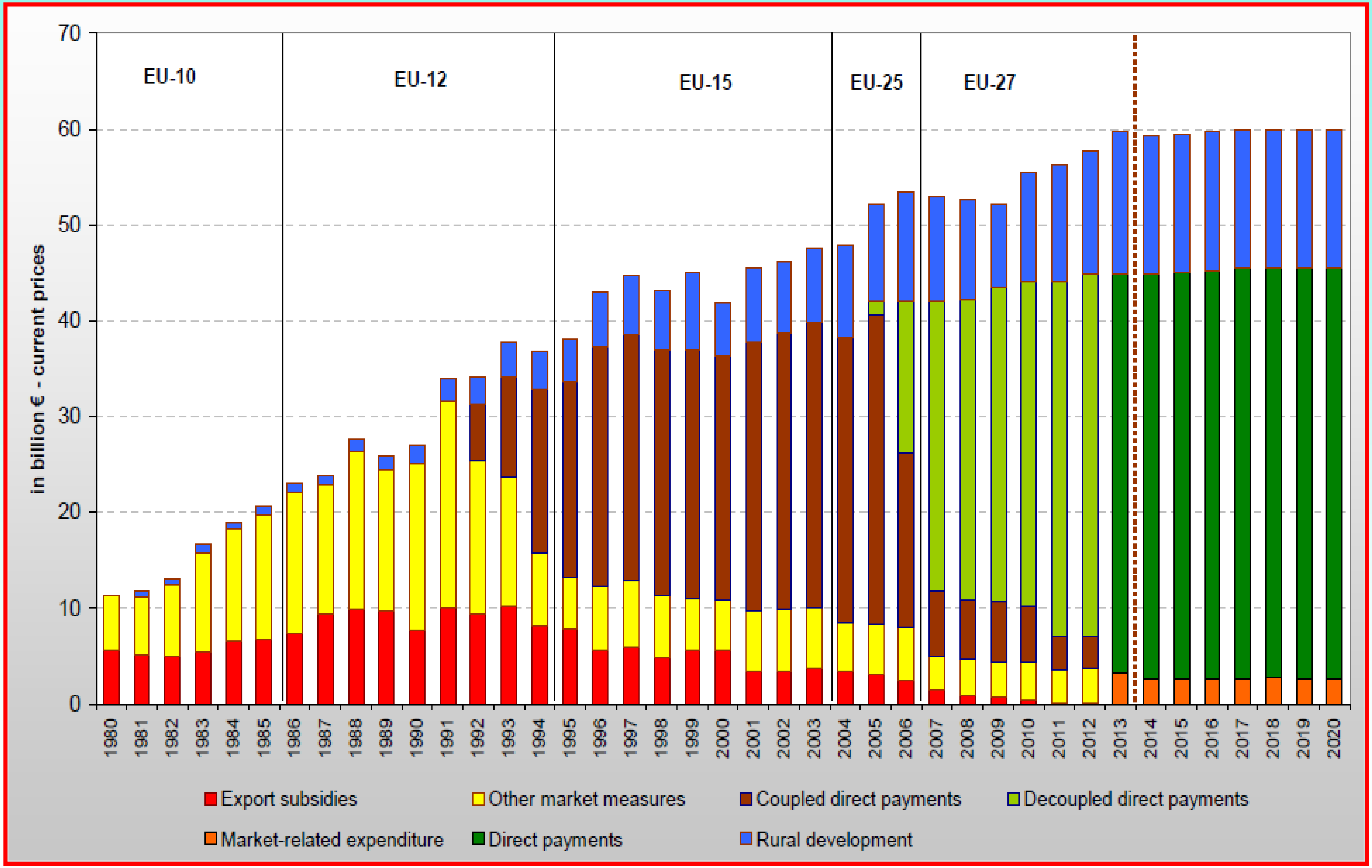
Structure of the CAP (Common agricultural policy)



Structure of the rural development program (2007-2013)



The path of CAP expenditure (1980-2020, billion € - current prices)



The CAP today ("CAP towards 2020")

A substantially reformed policy…

- Structured in two complementary pillars
- Farm support mainly decoupled and subject to cross-compliance
- Role of market intervention mechanisms significantly reduced to safety net level
- Rural development policy strengthened with funds and new policy instruments

… better performing…

- Surpluses belong to the past
- Competitiveness improved
- Improved transfer efficiency
- More sustainable farming
- Integrated approach for rural areas
- Contribution to EU budget stability

… and resulting in a territorial and environmentally balanced EU agriculture

EC-DGAGRI (Proposals 18 November 2010)

The main steps to define the next CAP (calendar)

12 April - 11 June 2010: Public debate (citizens and organizations)

19 - 20 July 2010: Public conference in Brussels (EC – DGAGRI)

18 November 2010: EC communication « CAP towards 2020 »

23-11-2010 au 25-01-2011: Consultations on impact assessments

29 June 2011: EC proposals on the EU budget 2014-2020

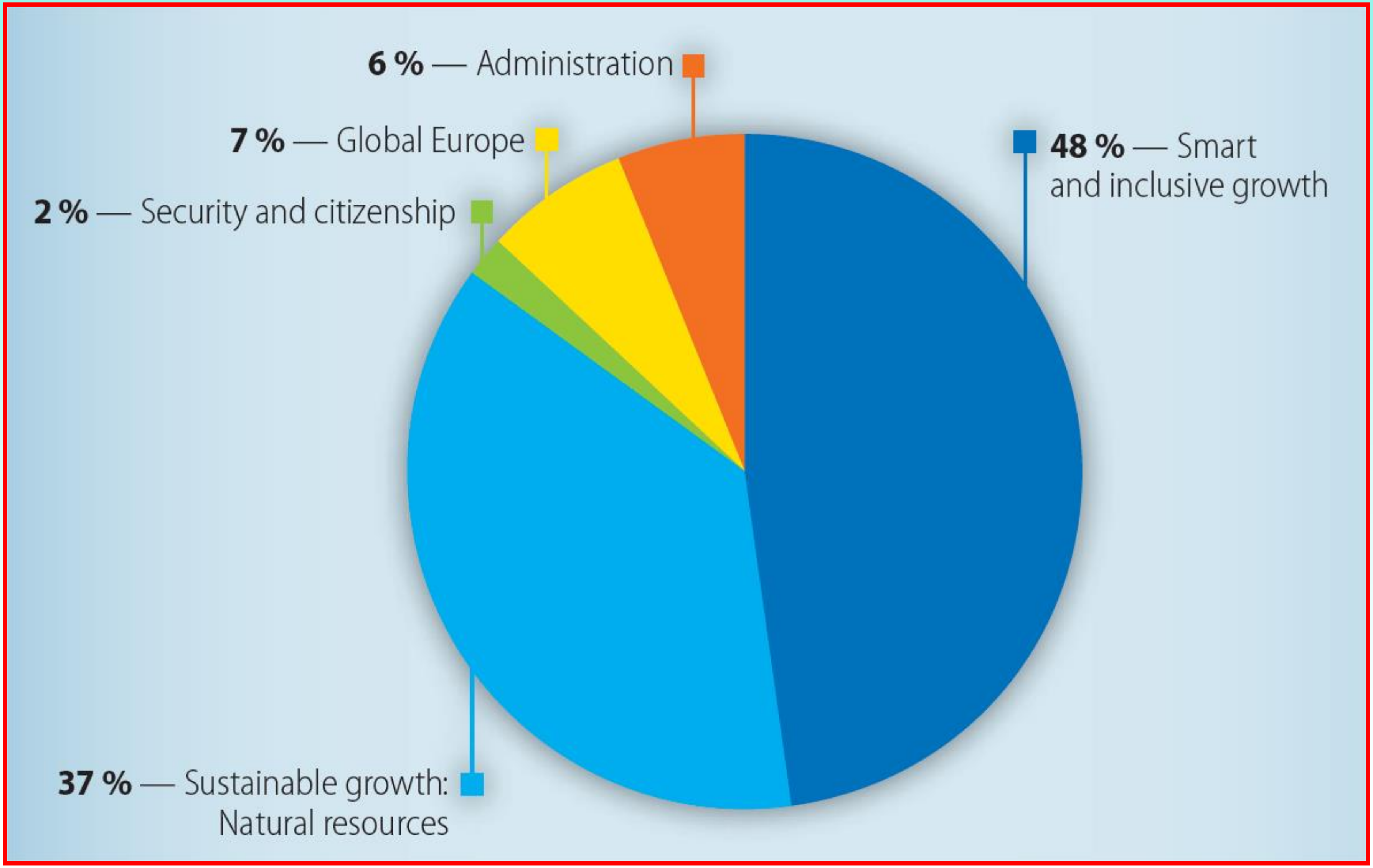
12 october 2011: EC proposals on the next CAP

2011-2013: Debate in European Parliament and European council

CAP 2014-2020 : Budgetary questions in five steps

- **Budget of the European Union for 2014-2020**
  - **Member states' economic difficulties and financial solidarity**
- **Proportion of the EU budget granted for agriculture**
  - **« Europe 2020 » (employment, innovation, education, social inclusion, climate/energy)**
- **Allocation of the CAP funds between the two pillars**
  - **Pillar 1 (market measures and direct payments) ; Pillar 2 (contractual payments with cofinancing)**
- **Allocation of the CAP funds between member states**
  - **A low rebalancing of funds is envisaged between EU-15 and EU-12**
- **Allocation of subsidies within each member state**
  - **Significant flexibility for the Member States (subsidiarity)**

2014-2020 Multiannual Financial Framework for the EU-27



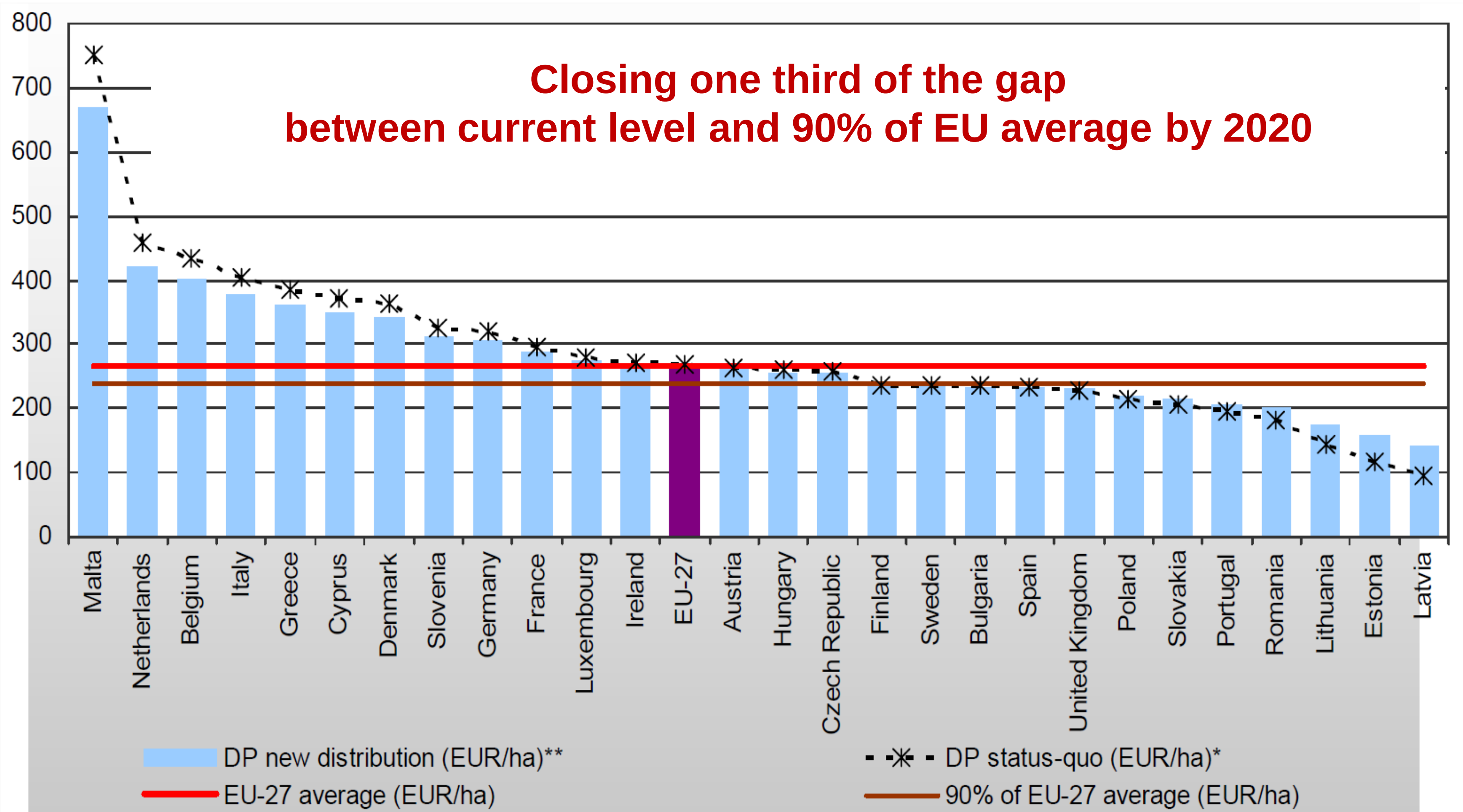
European Commission

2014-2020 Multiannual Financial Framework for the EU-27

	Billions euros 2014-2020 (current prices)
Total Pillar I and II	**418.4**
• Pillar I – direct payments and market expenditure	317.2
• Pillar II – rural development	101.2
Total additional amounts	**17.1**
• Food safety	2.5
• Most deprived persons	2.8
• Reserve for crisis in the agricultural sector	3.9
• European Globalisation Fund	2,8
• Research and innovation	5.1
Total proposed amounts for the period 2014-2020	**435.5**

European Commission

Redistribution of direct payment between countries 2014-2020



* Calculated on the basis of all direct aids on the basis of Council Regulation (EC) No 73/2009, after modulation and phasing-in, except POSEI/SAI and cotton and potentially eligible area 2009

** Calculated on the basis of Annex II to DP proposal for claim year 2019 (budget year 2020) and potentially eligible area (PEA) 2009

What are the challenges for European agriculture ?

Economic

- Food security
- Price variability
- Economic crisis

Environmental

- GHG emissions
- Soil depletion
- Water/air quality
- Biodiversity

Territorial

- Vitality rural areas
- Diversity

What CAP instruments to meet the reform objectives?

Enhanced Competitiveness

- Improved economic tools to address market developments

- Crises reserve / Risk management toolkit

- Improved position of farmers in the food supply chain

- Research, innovation and knowledge transfer and an improved Farm Advisory System

Improved Sustainability

-New 'green' payment in Pillar I

-Enhanced cross compliance for climate change

-Two environmental priorities for rural development

- Research, innovation and knowledge transfer and an improved Farm Advisory System

Greater Effectiveness

- Redesign of direct payments

- Common strategic framework for EU funds

- Redistribution of direct payments across and within Member States

• Allocation of rural development envelopes

• Simplification of the policy

Border protection through tariffs

➔ The WTO negotiations on tariffs

- **An average cut in bound tariffs** (developed countries: -54%)
- **A tiered formula for reducing tariffs**
- **A small % of products declared « sensitive »**

➔ The theoretical effects of lower tariffs

- **A loss to taxpayers** (customs revenue, but…direct aid)
- **A loss to producers** (lower prices and competition)
- **A gain to consumers** (lower prices in short term…but security in a long term?)

➔ What strategies for the EU?

- **Incorporate new dimensions to the debate:** environmental, social,…
- **In case of serious crisis:** possible use of exceptional tariffs
- **Sectors not really sensible :** cereals (and also pork, milk : no import)
- **One sector very sensible:** beef (but some changes in Brazil since 2009-2010)
- **Strengthen the EU standards, traceability and differentiation**

Export refunds

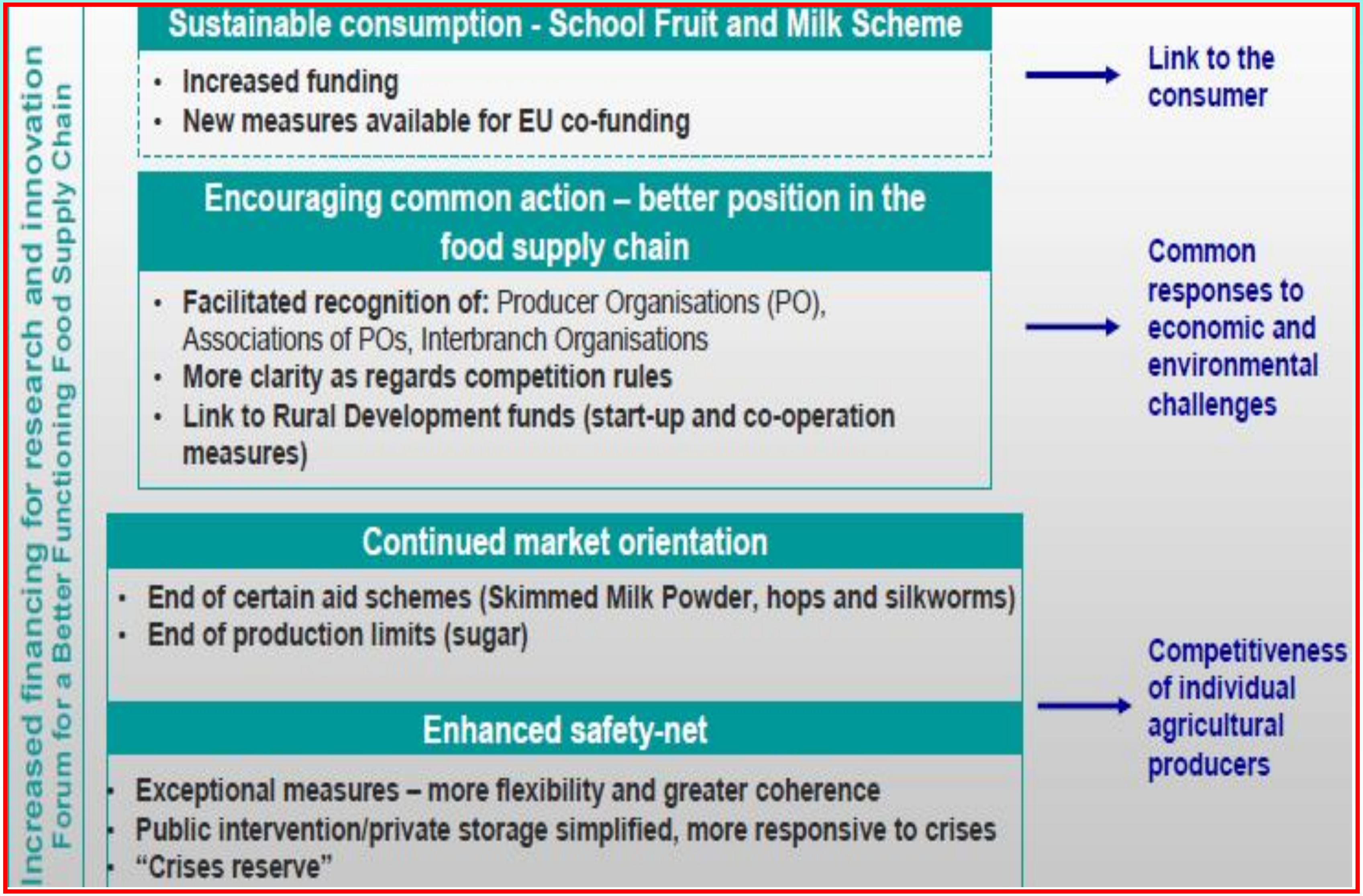
- **They are condemned by WTO rules**
  - **All forms of export subsidies will be removed**

    Export refunds ; disciplines for state commercial enterprise ; export credits
  - **Food aid: some stricter rules**

    Encourage financial donations to purchase food in the bordering regions/countries

- **What strategies for the EU?**
  - **Innovation and competitiveness of agribusiness**
  - **Exchange rates in the long term (Euro / USD)**
  - **Some hopes: growth of international trade ; difficulties in some exporters (Australia)**
  - **Export refunds were helpful especially in times of crisis (milk, sugar, pork,…)**
  - **This justifies to maintain intervention prices at low level**

Market regulation



Public intervention and safety nets

➔ A long process of institutional prices decline since 1992

- **Are we at the end of the road?**

➔ The maintenance of safety nets, to a low level, is useful…

- **To cope with temporary market crisis**
  For long-term crisis…it's better (more efficient) to grant subsidies

- **Their utilization should be rare**
  Positive trends in international prices

- **Small influence on incomes and their distribution**
  Intervention prices are often lower than costs of production

- **Productions are more or less concerned (extension to others?)**
  - Beef: 1 560 €/t ; market deficit in the EU (95%) and in many countries
  - Sheep and goat meat: a private storage aid ; market deficit in the EU (80%)
  - Pork: abandonment of public intervention (not used)
  - Milk: butter (30 000 T / 2 218 €/t) ; WMP (109 000 T / 1 700 €/t)
  - Cereals: wheat (3 Millions T / 101.3 €/t)

From public regulation (milk quota) to private contracts

➔ Milk quotas have/had some advantages

- A good efficiency for supply control (price stability ; low cost for public policies)
- A contribution to the geographical distribution of supply (for some countries)

➔ Milk quotas have/had limits

- A non optimal allocation of resources
- An artificial increase in costs (quota market)
- A rigid system face to the opportunities of international expansion
- An instrument of the past (abolishment of the other intervention instruments)

➔ Risks and opportunities

- A hope: a growing global market (Oceania : some difficulties to develop)
- Contracts: to consolidate the link between producers and industrials
- Price: balance supply and demand (competition between countries and enterprises)
- Key concepts: production costs ; transport costs of milk
- For disadvantaged areas: targeting support + « quality package »

Rural development measures

- **To achieve the objectives of the Europe 2020 strategy…**
  (sustainable growth, smart growth, inclusive growth)

- **…A new common strategic framework**
  - **The European Agricultural Fund for Rural Development Fund (EAFRD)**
  - **Development Fund (ERDF)**
  - **European Social Fund (ESF)**
  - **Cohesion Fund (CF)**
  - **European Maritime and Fisheries Fund (EMFF)**

- **Six priorities**
  - **Fostering knowledge transfer and innovation**
  - **Enhancing competitiveness**
  - **Promoting food chain organisation & risk management**
  - **Restoring, preserving & enhancing ecosystems**
  - **Promoting resource efficiency & transition to low carbon economy**
  - **Promoting social inclusion and economic development**

Rural development : key measures

- ➔ Knowledge transfer, information actions and advisory services
- ➔ Investments in physical assets:

  Higher support rates for young farmers, collective investments and integrated projects
- ➔ Farm and business development

  Extended support for small farmers, young farmers and small businesses
- ➔ Agri-environment-climate payments and organic farming: joint actions
- ➔ Significantly reinforced co-operation measure

  Including pilot projects, short supply chain, local promotion
- ➔ New risk management toolkit
- ➔ Leader approach strengthened across EU funds
- ➔ European Innovation Partnership and Prize for innovative, local cooperation

The decoupling of direct payments

➔ The single farm payment: a compliance of the CAP with the WTO

- No distortion on production and trade (annex 2 of the Uruguay round)

➔ Main advantages of decoupled payments

- Interannual predictability of funds used for the CAP
- Efficiency of the transfer (payment directly granted to farmers)
- Market signals (prices) are better taken into account by farmers

➔ Main weakness of decoupled payments

- Subsidies are granted independently of prices received
- A capitalization of subsidies in the land prices (increasing costs)
- Environmental requirements are weak (through cross-compliance)
- A risk of abandonment of production in vulnerable areas

New design of direct payments (1/2)

A national envelope of direct payment for each member state

➔ A « green payment »

- **A payment per hectare** (30% of the national envelope of direct payments)
- **Farmers must meet three conditions**
  - Maintain the permanent grassland (2014)
  - Crop diversification : at least three cultures (if more than 3 hectares of arable lands)
  - Ecological focus area: 7% of agricultural surfaces (except permanent grassland)

➔ A payment for areas with natural constraints

- **A payment per hectare** (until 5% of the national envelope of direct payments)
- **An optional measure** (choice of member states ; including for the definition of areas)

➔ Coupled payments for specific production

- **An optional measure** (until 5% of the national envelope of direct payments)
- **Application at national or regional level**
- **In France for example : premiums for suckler cows**

New design of direct payments (2/2)

➔ A young farmer scheme

- Until 2% of the national envelope of DP (under 40 years and during 5 years)
- An additional payment per hectare (+25%, limited to 52 hectares in France)

➔ A small farmer scheme

- Simplification of claims and controls (until 10% of the national envelope)
- Lump sum payment to be determined by member state

➔ Degressivity and capping (except green payment)

- Capping when direct payments per farm above 300 000 euros
- 70% (250 000 to 300 000 €) ; 40% (200 000 to 250 000 €) ; 20% (150 000 to 200 000 €)

➔ A basic payment scheme (direct payment which are not allocated above)

- New entitlements in 2014 (definition of active farmers)
- National or regional flat rate per eligible hectare
- Regions and criteria to be chosen by member state

CONCLUSION

The future of European agriculture

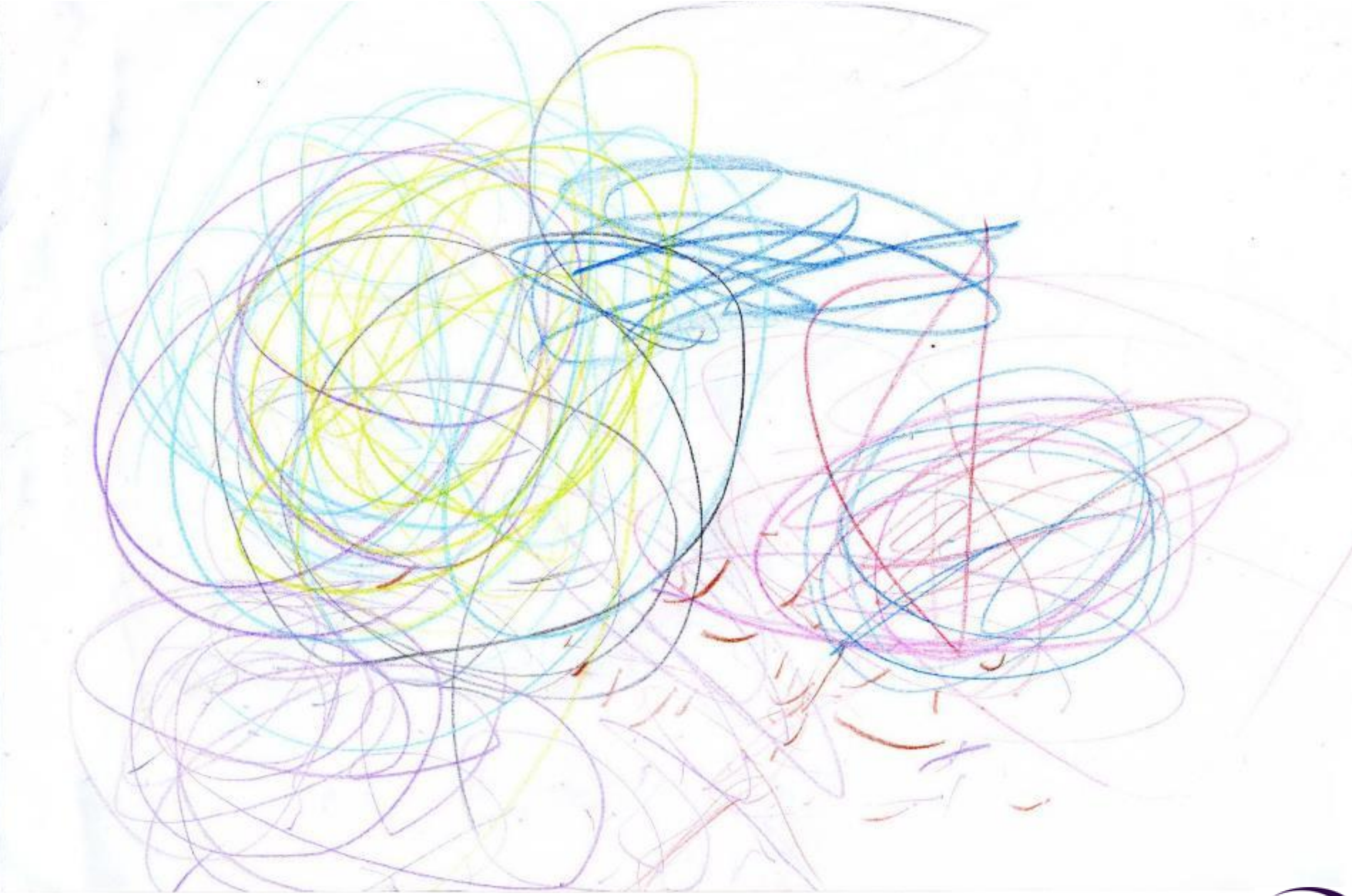
➔ Some good reasons to believe in the future…

- **Global demand of food is growing** (espacially in developping countries)
- **New sources of use for agricultural product**
- **Several competitors are not able to seriously increase their export**
- **Standards and traceability permit to keep the confidence of consumers**
- **The concentration of agrofood companies becomes higher**

➔ Challenges for policy makers and actors

- **Rebalance market power** (transparency, added value sharing)
- **Fight against price volatility** (safety nets, contracting, tariffs, insurance)
- **Targeting of direct support** (non-market goods provided by farmers)
- **Encourage investments in new agricultural systems**
- **Improve the communication between farmers and the (urban) society**

Thank for your attention



ご清聴ありがとうございます