



Common Agricultural Policy (CAP)

Background The Common Agricultural Policy (CAP), introduced over 50 years ago, began by subsidising the production of basic food stuffs in the interests of self-sufficiency. Today, the CAP is moving more and more towards direct payments to farmers to ensure farm incomes, food quality and safety and environmentally sustainable production.

CAP reform June 2003

In June 2003, a fundamental reform of the CAP, that will completely change the way the European Union supports the farming sector, was adopted.

Second wave of CAP reform 2004

The second wave of reform extends the June 2003 agreement by introducing measures applying across all sectors as well as specific provisions to cater for the specific needs to each sector.

Key elements (common to all sectors) of the new reformed CAP:

- A "single farm payment" for EU farmers, independent from production volumes making farmers more competitive and market orientated, reducing many of the incentives to intensive production that have carried increased environmental risks (limited links between production and subsidy may be maintained to avoid abandonment of production).
- Payments will be linked to the respect of environmental, food safety, animal and plant health and animal welfare standards ("cross-compliance").
- Beneficiaries of direct payments will also be obliged to maintain all farmland in good agricultural and environmental condition.
- The single payment amounts will be calculated on the basis of farmers' historic production volumes (most likely for the 2000-2002 period).
- A strengthened rural development policy with more EU money to help farmers to meet EU production standards.
- A reduction in direct payments ("modulation") for bigger farms to finance this new rural development policy.
- A mechanism for financial discipline to ensure that the farm budget, which is fixed until 2013, is not overshot.
- Various revisions to the market policy of CAP (intervention price and increments).
- Specific needs of the sectors catered for through allowing for a significant proportion of the financial support to the sectors to be retained in 'financial envelopes' for use only in the sector concerned e.g. member states may choose to target support to particularly sensitive and less-developed regions.
- Restructuring to be available in cases where it is possible that production may no longer be viable in the longer term.
- Proportion of the direct aid to go towards quality improvement measures.

Further information:

For further information on all aspects of the CAP visit the Scottish Executive Environment and Rural Affairs Department (SEERAD) website www.scotland.gov.uk/topics/agriculture and click on CAP reform. This section includes a very useful, downloadable 'frequently asked questions' document (PDF).

Contact the Carrefour: carrefour@hient.co.uk

References:

Scotland Europa, *Funding Tracker*, Mar/Apr 2004

European Commission: Directorate General for Agriculture, Newsletter *The second wave of CAP reform*, May 2004