

*Expert seminar*

## The CAP and the other European policies: Peculiarities and Convergence

The Common Agricultural Policy (CAP) is perceived as a *policy apart* among the other Community policies. Established by the 1957 Rome Treaty as the first integrated common policy, it was for a long time the only common policy. The role of the CAP in environmental protection, public health and the rural territories, requires no further proof, neither do the links between the CAP and the problems of energy security. Its centralised character has given rise to a very important regulatory output at Community level (accounting for the bulk of the Community “acquis”).

Despite successive reforms (1992, 1999, 2003), criticisms about the efficiency and legitimacy of the CAP have not relinquished. In particular, it is sometimes accused of excessively favouring certain states, regions and productions, as well as inadequately contributing to rural development, environmental protection and biodiversity, notwithstanding the reframing between the first and second pillar.

Despite a constant reduction of CAP expenditure in relative terms, its budgetary weight is still considerable with €2 billion or 40% of the European budget. The Community budget, although important in absolute terms (over €100 billion per year) is in fact relatively modest (1% of the UE Gross Domestic Product and 2.5% of the overall public expenditure in Europe). Despite the enlargement of the EU and the assumption of new competences, the Community budget has grown since the 1980s in real terms. However, its relative size has decreased in comparison to Gross National Income. The particular statute of first pillar expenditure of the CAP has allowed it to remain unaffected, while the allocated means for the new priorities of the EU has stagnated (“Competitiveness for growth and jobs”, “Citizenship, security and justice” and “The EU as global actor”).

With regard to the substance of the CAP, certain critics have denounced the structural contradictions between the CAP and the other Community objectives. The environment, consumer purchasing power and the competitiveness of agro-alimentary industries have often suffered, even though recent reforms have partially re-established the equilibrium. Moreover, issues like food aid remain unanswered, the relationship with the EU’s competition policy is paradoxical (some sectors are less subject than others to the discipline imposed by competition rules), aid to third countries is thwarted, and the redistribution of first pillar expenditure does not really contribute to EU cohesion.

With the CAP Health Check, the European Council has launched a reflection on the mid-term agricultural challenges, which will continue under the Czech Presidency. This examination is necessary, since recent evolutions have remodelled the outlook of agriculture, in terms of high prices, pressures on global food demand, the management of natural resources, climate change, etc. The analysis will thus have to be followed by political choices and budgetary decisions in order to provide a modernised political framework for European agriculture and the rural areas.

In this context, characterised by pressure on the expenditure side of the budget, making the CAP more coherent with the other Community policies seems essential. The opportunity of such a political and financial redefinition presents itself with the budgetary review in 2008/2009, which the Commission was asked to perform by the European Council in December 2005. As a global green power, consisting of largely rural areas, Europe has a lot to gain by revising its policy and much to lose by maintaining the status quo.

During the last months, *Egmont* and *Notre Europe* have published analyses and propositions with regard to new CAP reforms after 2013. These think tanks are organising a meeting of experts, researchers,

representatives of the European institutions and political decision-makers, in order to exchange views on how the framework of a new European agricultural project could look like, reconstructed in function of the mid-term challenges, in coherence with other Community policies and in accordance with the principle of good governance, while at the same time trying to identify what contribution agriculture can continue to have at the socio-economical level and the ensuing consequences thereof.

The discussions of 3 December 2008 will be held in English and French. The *Chatham House* rules will apply. The principal conclusions of the debates will be published in the beginning of 2009 in a common publication of *Egmont* and *Notre Europe*, in order to contribute to the debate on the review of the upcoming Community policies.

Reference documents:

“The new context of the agricultural debate in Europe”, Franklin DEHOUSSE and Peter TIMMERMAN, Egmont Paper, n°22, June 2008.

<http://www.egmontinstitute.be/paperegm/ep22.pdf>

“Health Check of the CAP: What’s at stake?”, Jacques KELLER-NOËLLET and Peter TIMMERMAN, Working Paper European Affairs Program, n°4, 2008.

<http://www.egmontinstitute.be/papers/08/eu/EWP-2008.04-HealthCAP.pdf>

“CAP Reform beyond 2013: An idea for a longer view”, Jean-Christophe BUREAU and Louis-Pascal MAHÉ, *Notre Europe*, May 2008.

[http://www.notre-europe.eu/uploads/tx\\_publication/Etude64-CAP-Propositions-EN\\_01.pdf](http://www.notre-europe.eu/uploads/tx_publication/Etude64-CAP-Propositions-EN_01.pdf)

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## - Programme -

08.30-09.00 **Arrival and registration**

09.00-09.15 Welcome and introduction

### **09.15-11.00 Session 1 – The specifics and the restraints of the agricultural sector**

Agriculture ensures some essential societal missions: it produces food and natural resources and guarantees food security; it shapes Europe's rural areas and contributes substantially to the territorial equilibrium. Its production processes provide us with natural resources, although these applications sometimes conflict with other applications of rural areas, they shape the European rural countryside, where it constitutes the principal base of economic activity and thus of revenue, not only for farmers, but for the populations living in the rural areas in general.

⇒ *Is a Common Agricultural Policy necessary to ensure these missions?*

11.00-11.20 Coffee Break

### **11.20-13.00 Session 2 – Convergence between the objectives of the CAP and other Community policies**

The CAP of 2008 is the result of a historical process and an accumulation of policy measures taken in response to the issues arisen over the course of the years. The coherence between the CAP and other Community policies, such as environmental protection, competition and aid to third countries, is often questioned. Doubts are also raised with regard to climate change and food aid for the most disadvantaged populations. However, it is undeniable that the CAP has allowed the EU to become one of the principal global agricultural powers and that it has contributed to other EU policies by ensuring food security, sustainable development, the protection of natural resources, biodiversity and rural development.

⇒ *How does the CAP contribute to the objectives of the EU? How to improve the contribution of the CAP in the overall strategy of the EU?*

13.00-14.15 **Lunch**, followed by a synthesis of this morning's debates (14.00-14.15)

### **14.15-16.00 Session 3 – What budget and what governance for the new CAP?**

The current funding of the CAP poses a double problem: first, the question of equilibrium between the common financial effort in favour of the agricultural sector and the resources allocated to other EU policies. Secondly, the problem of the disparities generated by the CAP between its costs and benefits, both in general terms and at the level of individual Member States. This disparity has been criticised for a long time. It is, among others, one of the reasons for the British rebate that has been extended to other Member States to the detriment of clarity and budgetary orthodoxy.

⇒ *Does the re-alignment between agricultural expenditure and expenditure in other EU policy areas necessarily require a reduction of agricultural expenditure?*

⇒ *Can the agricultural budget be reduced without changing the principles and objectives of the CAP as it is currently defined?*

⇒ *If the repartition of charges between the EU and the Member States is changed, what instruments should the European budget finance? Which instruments should remain totally or partially at the account of national budgets? What non-financial instruments allow the EU to intervene in agricultural matters?*

**16.00-16.30 Conclusion**