

Feeding Europe

60 years of common agricultural policy



For generations, people in Europe and beyond have enjoyed a wide variety of high-quality food. This did not happen by accident.

It was the **EU's common agricultural policy** which, for the first time, introduced rules for Member States that would support the farming sector after years of devastating war and famine.

The policy, known as the CAP, has evolved over decades to respond to a changing market, consumer demands and factors such as climate change and the need for sustainable development.

Sixty years since its birth, the CAP today supports an open single market for EU agricultural food products, ensuring affordable prices, maintaining some of the world's highest safety and environmental standards, and keeping rural communities vibrant.





The 1962 agreement

In the early days of 1962, after 140 hours of discussions, the ministers of the six founding countries of the European Communities concluded an agreement giving legal effect to the first common agricultural policy in Europe.

The policy's original goals are included in the Treaty of Rome, and **remain at the heart of the CAP today:**

- increasing productivity and stabilising markets
- ensuring the availability of food at reasonable prices
- providing fair living standards to farmers





What is the common agricultural policy today?

A secure supply of safe food, even in the middle of a crisis

The CAP and its instruments are there to ensure food security for consumers. The stable availability of food over many years has enabled people to take the provision of food for granted.

Yet recent years – with the COVID-19 crisis and Russia's military aggression against Ukraine – have created challenges for our agri-food system, making the **security of food supplies** a real concern again. When the pandemic hit EU countries, many supermarket shelves were nearly emptied initially amid fears that the slowdown of the economy could lead to severe food shortages.

But the pandemic did not mean Europeans went short of food.

Measures taken by the EU and Member States within existing CAP regulations, as well as in the transport sector, were key to ensuring the **continuity of food production and distribution**. Rules allowing seasonal workers to cross borders were simplified, allowing their key contribution to EU agriculture to continue without interruption.

In addition, a greater flexibility of the CAP rules meant that farmers and rural development beneficiaries who were facing cash flow problems received advances, increased state aid, and loans and guarantees at favourable conditions. Exceptionally, unused funds under rural development programmes were also made available to provide temporary relief to those particularly affected.



To tackle possible crises, the EU has adopted a **contingency plan to ensure food supply and food security**. In the event of a crisis, a coordination mechanism is put in place through which the European Commission, Member States and other actors such as food producers can ensure that food supply remains secure.





Supporting the sector and its growth

The farming sector faces some unique challenges. It is highly dependent on the weather and the climate, and production requires time and planning, resulting in a gap between consumer demand and supply. Unpredictable demand patterns cause permanent market instability, leading to volatile prices. These factors affect farmers' revenues, which are around 40% lower than those in other sectors.

Public support for farmers is necessary to **ensure a supply of safe and affordable food**. Through direct payments, the CAP ensures that farmers can rely on a more stable income, weathering the impact of fluctuating prices and demand. Since the early 2000s, farmers mainly receive payments according to the area they farm and not its output.

Through the CAP, the EU also supports the development of the farming sector. As older farmers are retiring, fewer and fewer young people are choosing to start a career in farming. Only 11% of the EU's farm managers are under 40 (as of 2016). It is a challenge to attract younger talent to the sector.

Since the reform of 1992, the CAP has included measures to **encourage younger generations** to take up farming and promote environmentally friendly farming. Since then, people in rural areas have benefitted from increased and better focused CAP support for the modernisation of agriculture, and the diversification of economic activity in the countryside.

Support can take the form of direct grants or loans, which can be used to fund start-ups and kick off development projects. Economic support for young and new farmers is intended to be complementary to the measures taken to make rural areas thrive: together, they have the potential to create a virtuous circle and convince new generations to settle and do business in Europe's countryside.



Milena Chodnicka
farm owner, Poland



"Thanks to EU funds, we have been able to develop our farm. The funds were also an encouragement for us to stay in the countryside".



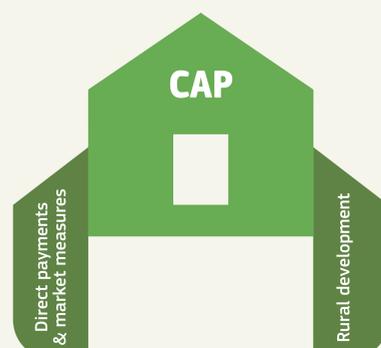


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Helping rural Europe to thrive

In the 2000s, the EU enlarged and now has 27 Member States. The farmed area increased considerably. Efforts to empower local communities to improve the competitiveness of farm holdings, create jobs, and improve livelihoods were intensified. Rural development became the second 'pillar' of the CAP.



Amongst other benefits, funding for rural development provides support for farming in disadvantaged areas, helping to ensure that these areas remain populated. It also contributes to **making remote and mountainous areas more liveable** by providing support for infrastructure and services such as health, childcare, and broadband.

A key method to deliver on these objectives is LEADER. With this method, people in the community are engaged in the design and delivery of strategies, decision-making and resource allocation for the development of their rural areas.

'Local action groups' are the vehicle of this innovative method. Through these, people and local organisations channel their energy and resources into the development of their territory and community, allowing for a bottom-up community-driven approach to the use of funds.



Xavier Sohet

coordinator of the local action group Pays des Tiges et Chavées, Belgium



"The LEADER approach benefits our local area by providing considerable financial resources that allow the implementation of ambitious projects, which the municipalities would not be able to carry out, on a range of topics".





Creating an open market for products

Establishing and regulating the common market has been at the centre of the CAP since its inception. From the outset, market rules based on price guarantees and state intervention were set for most agricultural products.

As the CAP evolved, a **single common market** for all products was created, moving away from a price support policy to market-oriented agriculture.

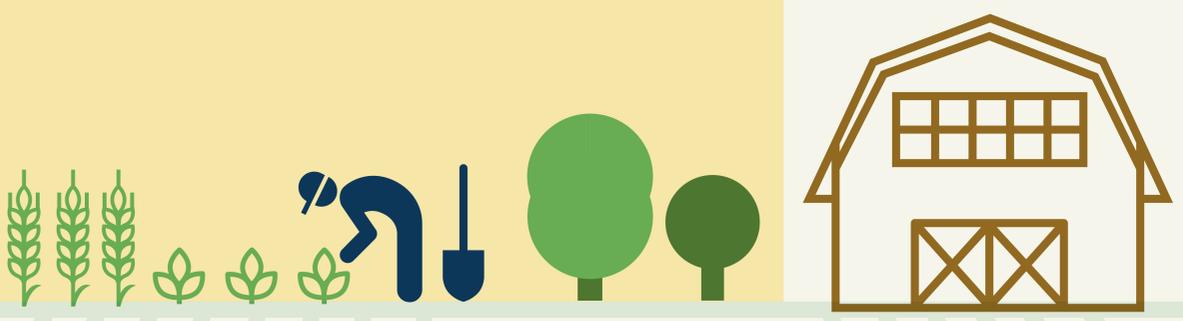
Today, the single market offers European farmers access to 447 million customers in 27 countries, allowing them to distribute their produce beyond national borders.

That is how Greek olives and olive oil can be found on supermarket shelves in Sweden, or Irish farmers can sell their meat in Italy.

447
million EU citizens

EU farmers also export to countries outside the EU. On a global level, EU agri-food products are sold and consumed by millions of people all over the world, making the EU the **top global exporter of food**. But the EU also imports food and agricultural commodities from other countries. In a market-oriented approach, where the EU is committed to the multilateral trading system and expanding its network of bilateral trade agreements, the EU is the third largest food importer worldwide today.

Top world agri-food exporters 2020 (billion €)





Protecting Europe's know-how

The EU is a major exporter of agri-food products as a result of its diverse and rich offering of local and regional high-quality foods, the result of long traditions and know-how in agriculture.



The **EU's geographical indications** (PDO, PGI and TSG) recognise intellectual property rights for certain product names, protecting them from imitations and misuse. They are a useful marketing tool and also help consumers to recognise quality products.

Around 3,500 wines, spirits and foods, ranging from olives to ham and cheese, are today protected under EU law, shielded from unlawful practices in the EU and worldwide.

Besides quality labels, the CAP helps **to strengthen the role of farmers in the supply chain** through support to producer organisations.



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Protecting Europe's know-how

In a market characterised by a large number of small farms and fewer retailer groups, farmers often face a power imbalance in negotiations. To help smaller farms increase their market power when defending their interests within the supply chain, the CAP **supports producer** organisations and associations of producer organisations.

Taking the form of cooperatives or other such groups, producer organisations help farmers by, for example, planning their production, marketing their products, and providing assistance on technical matters. Many such organisations play a key role in promoting geographical indications in their communities and beyond.



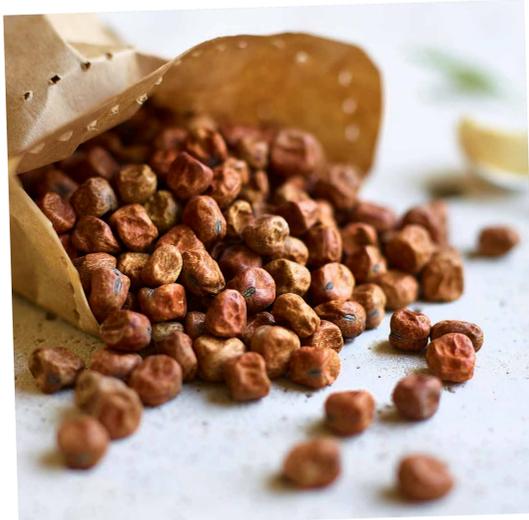
Marta Donadoni
production manager at
Latteria Sociale Valtellina,
Italy



"The 'protected designation of origin' (PDO) mark means products are recognisable, closely linked to their area of origin and therefore unique."

3,400

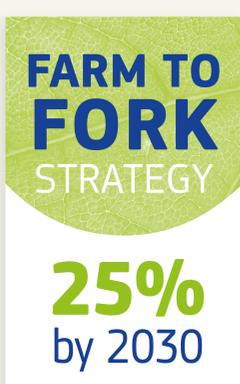
There are around **3,400 recognised producer organizations** in the EU, half of which are operating in the fruit and vegetable production sector.





Organic farming

- Around 30 years ago was the first time organic policies were harmonised in Europe. Since then, the sector has seen great development, with the launch of the organic logo in 2010 being a key milestone.
- By 2019, 66% of agricultural land under organic farming was granted CAP support and 7.8% of agricultural land was under organic farming in the EU-28.



- By 2030, the Farm to Fork strategy aims to raise the percentage of land under organic farming to **at least 25%**.
- To achieve this, the Commission has launched the organic action plan, which consists of three main axes:

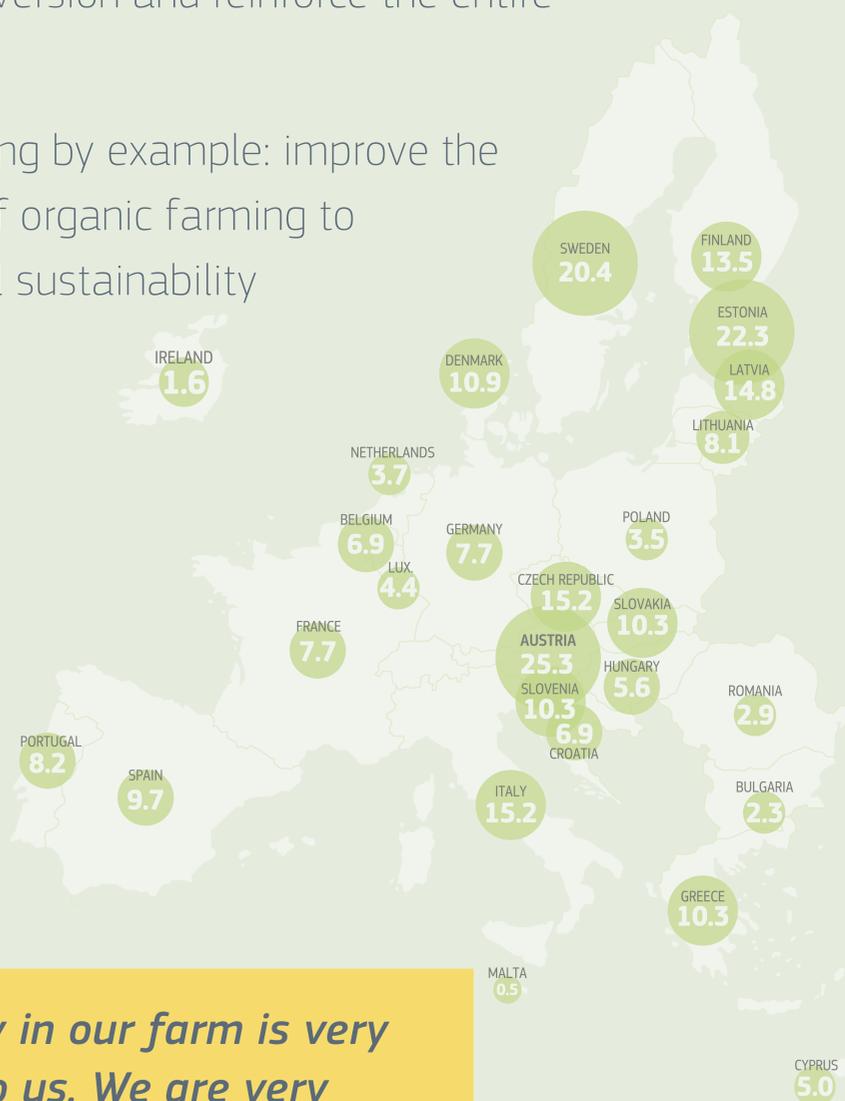
Axis 1: stimulate demand and ensure consumer trust.

Axis 2: stimulate conversion and reinforce the entire value chain.

Axis 3: organics leading by example: improve the contribution of organic farming to environmental sustainability



Joe Melody
farm owner, Ireland



"Biodiversity in our farm is very important to us. We are very lucky in that we have a river bank along the river Shannon, which is Ireland's largest river".





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The CAP from 2023

For 60 years, the CAP has helped to ensure that Europeans have safe food to eat. Gradually, the EU's most integrated policy has shifted to a model supporting a barrier-free market for EU products characterised by common standards and high quality. It has shown that it can move with the times and adapt as needed.



2021 marked another milestone in the evolution of the CAP with the adoption of the reformed policy. From 2023, when the new reform takes effect, the CAP will make further progress in its long history, making it a fairer, greener and more performance-based CAP.

To respond to changing needs and challenges, the 2023 – 2027 EU agricultural policy will:

- support 7 million beneficiaries across the EU
- provide high-quality food to 450 million Europeans
- have a budget of €387 billion, 1/3 of the total EU budget
- contribute to climate action with some 40% of its budget



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40%

of the new CAP budget will go to environmentally respectful farming





The CAP from 2023

What is new in the common agricultural policy?

More flexibility and strategic planning

Ten specific policy objectives have been defined at EU level but each Member State is asked to design a **national strategic plan** to outline how it intends to reach the EU goals for social, environmental, and economic sustainability in agriculture and rural areas by:

- analysing its needs and tools
- defining actions and targets
- outlining the specific interventions which will be available to farmers

Better targeting of financial support

Income support will be distributed more fairly. Payments per farmer might be reduced and capped as part of a more comprehensive redistribution of support from larger to smaller farms.

Funds will be prioritised for:

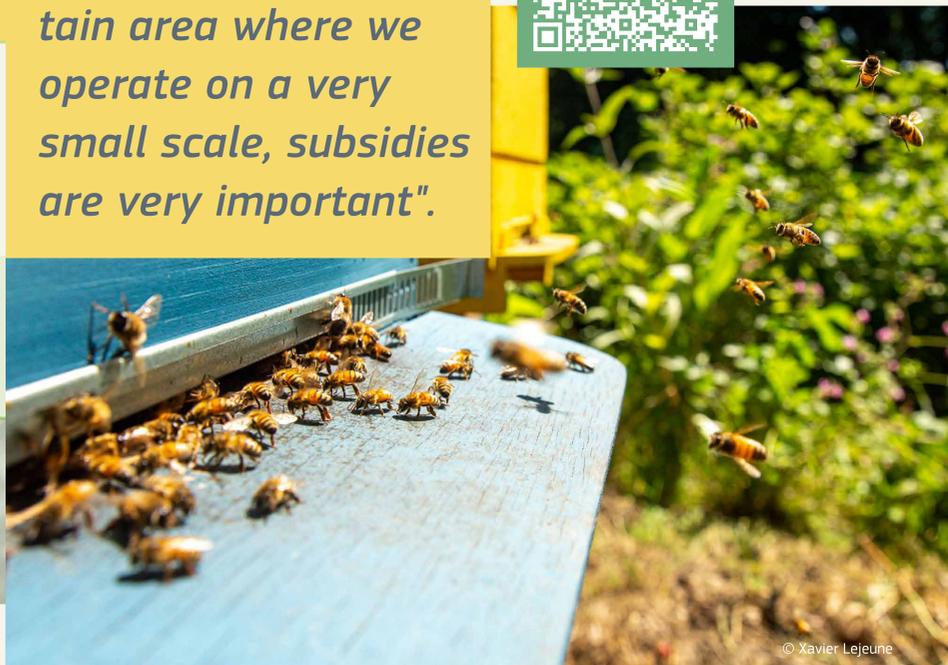
- small farms
- young farmers
- active farmers
- women in farming

CAP payments will be linked to the respect of certain EU labour standards and beneficiaries will be incentivised to improve working conditions on farms.

"For me as a young farmer in Austria, especially in a mountain area where we operate on a very small scale, subsidies are very important".



Elisabeth Huber
farm owner, Austria



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The CAP from 2023

Focus on performance and results

Member States will plan their interventions based on a needs analysis and will report on their performance based on the objectives of the strategic plans.



Farmers will receive financial support on the condition that they adopt practices beneficial for the climate and the environment.



Greener farming practices



Through **eco-schemes**, specific payments will be provided to farmers that adopt climate-sensitive and nature-friendly practices, in line with the European Green Deal objectives. Examples of these actions are:

- organic farming
- crop rotation
- carbon farming
- agro-ecology

Member States must use:

at least 25% of their CAP direct income support budget for eco-schemes



35%

of their rural development budget for actions that benefit the climate and environment





The CAP from 2023

Fostering knowledge, research and innovation

Advancing research, knowledge sharing and innovation will be essential for securing a smart and sustainable agricultural sector.

The Commission has proposed to set aside **€10 billion from the Horizon Europe programme** for projects relating to food, farming, rural development and the bioeconomy.

The reformed CAP will benefit from this increased investment, incorporating stronger agricultural knowledge and innovation systems (AKIS) to **boost the development of innovation projects**, disseminate their results, and encourage their use as widely as possible. Farm Advisory Services will also be a key tool to enhance sustainable production by **encouraging the adoption of precision and smart farming techniques**.

"All the digitalisation, automation and herd management in our cowshed means we can control our costs and income; it makes work in the cowshed less labour-intensive so we have more time for ourselves and our children. I think it's worth it".



Kamil Chodnicki
farm owner, Poland



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