

# **HISTORY AND DEVELOPMENT OF THE CAP**

Dr Mark Harwood  
European Documentation and Research  
Centre  
University of Malta

# The Challenge of Devising One CAP

- EU agriculture is highly complex
- Agricultural sectors differ across the Union in terms of:
  - Output
  - Geographic limitations
  - Efficiency of the sector
  - Employment
  - Economic importance

**Can one policy fit all?**

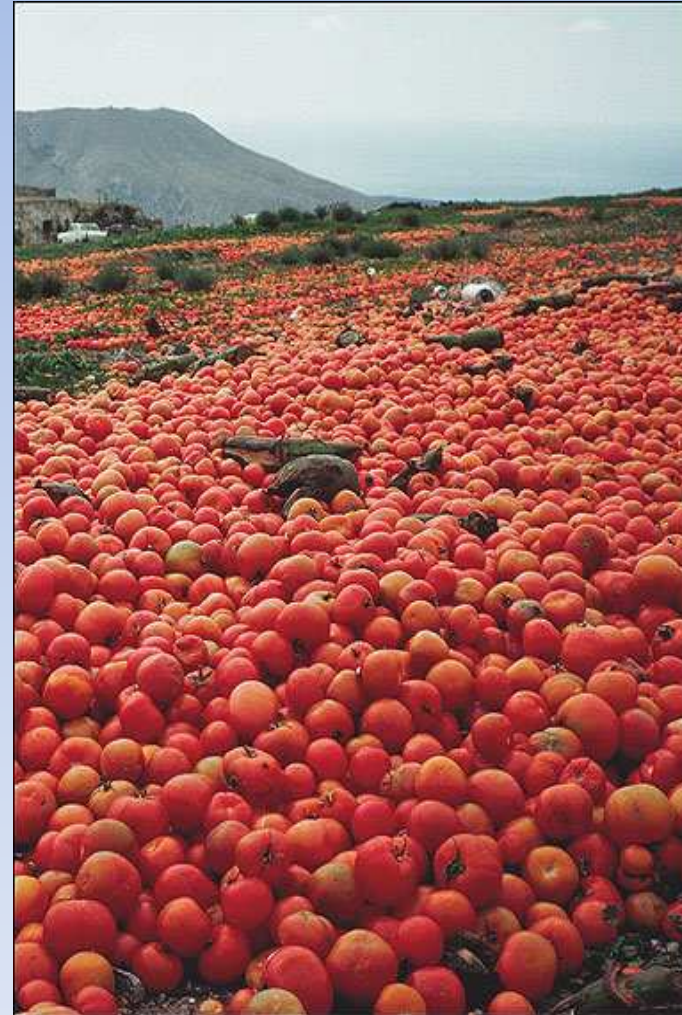


## Supporting Agriculture: a social policy

- Protection of agricultural sectors is an accepted practice in developed economies to guard against a natural exodus from the land to higher income employment in urban centres
- Agriculture is considered special:
  - Prices fluctuate
  - Food stuffs are vital
  - Balance of payment problems

# The Price of a Social Approach

- But protection involves fund redistribution, higher prices, unfair trading, administrative costs and damaged external relations
- CAP advocated greater production that outstripped demand leading to food mountains



# The Common Agricultural Policy

CAP was devised in 1960

- Originally a Franco-German compromise
- Article 39 (Rome Treaty) envisaged:
  - Increase productivity
  - Fair standard of living
  - Stabilised markets
  - Assured food supply
  - Fair priced goods





# MacSharry Reforms and the GATT

- The 1992 MacSharry Reforms (and the importance of the wider context on the need to strike a compromise within the GATT)
- Agenda 2000 (a weak compromise, ultimately defeated by opposition from key member states)



# Resisting Change: Reforming CAP

- Main beneficiaries have fought to maintain the CAP (primarily France, Ireland, Belgium, Spain)
- As a highly technical area with its own decision-making system within the EU, agriculture often stands apart from the other policy areas and this makes cross-policy compromise difficult
- Farmers constitute one of the most powerful and formidable lobbying groups in Europe
- Farmers also represent an important minority in national politics, often determining the success of governments in coalition systems

## Recent reforms in Agriculture

- Reforms have continued to develop apace in the area of CAP:
- 2003 saw radical reforms including the decoupling of subsidies from particular crops, single-farm payments and increased cross-compliance
- 2003 reforms were heavily influenced by the impending 2004 enlargement which brought into the EU countries with large but relatively inefficient farming sectors
- 2005 and changes to the sugar regime

# Growing Momentum for Reform

- Increased pressure through GATT/WTO
- Diversified interests within Commission
- Widening of institutional actors (Lisbon)
- Diminished role for interest groups
- Budget concerns



## **The Common Agriculture Policy covers:**

- Direct payments to farmers, including the Single Payment Scheme and the Single Area Payment Scheme
- Agricultural markets (including the Common Market Organizations, promotion and export refunds)
- Rural Development (including improving the countryside and its environment, the quality of life and diversification of rural economies, the competitiveness of agriculture)

- Environment protection (including the integration of environmental objectives into the CAP as well as promoting agricultural practices which preserve the environment)
- Forestry measures including afforestation efforts (primarily concerned with the coordination of the forestry policies of the Member States)
- Organic farming (focused on developing the market for organic food as well as increasing efficiency, transparency and consumer confidence)

- European system for developing and protecting foodstuffs (mainly through the allocation of the PDO (Protected Designation of Origin), PGI (Protected Geographical Indication) and TSG (Traditional Speciality Guaranteed) certificates to promote and protect food products)
- Promotion of EU agricultural products, both within the Single Market and abroad
- Rules for allowing state aid to the sector, more commonly referred to as Agricultural State Aid
- EU Agricultural funds