

Model European Parliament 2nd Mediterranean Regional Session Athens 5-10 October 2018

Committee on Agriculture and Rural Development (AGRI)

With the Common Agricultural Policy (CAP) making up 39% of the EU's overall budget and the negotiations for the next financial framework well under way, would it be wise for the EU to reduce CAP's budget? Taking into consideration that the Mediterranean countries rely heavily on CAP for their rural development, what other measures can the EU take towards a sustainable and competitive agricultural policy?

1. *Key Terms*
2. *Main Stakeholders*
3. *Recent Reforms*
4. *Statistics / Graphs*

1. Key Terms

CAP: Common agricultural policy;

Agroecology: the study of ecological processes applied to agricultural production systems;

Organic agriculture: a system that begins to consider potential environmental and social impacts by eliminating the use of synthetic inputs;

Agricultural Economies: any local or national economy heavily dependent on agriculture;

Subsidies: A subsidy is a form of financial aid or support extended to an economic sector.

2. Main Stakeholders

The Main stakeholders include farmers who receive income support from the EU, young people who want to work in the agriculture sector, local authorities which must take initiatives at a local level and which receive 5% of their country's Rural Development budget under the LEADER Program, Small and Medium Enterprises and the Member States.

The EU needs CAP because farmers suffer from two potential problems: a) farm incomes have fallen considerably because of increasing global food production and new entrants into the market, b) prices for agricultural products are extremely unstable because of changing weather patterns, unstable oil prices and changing consumption needs.

On the other hand, critics say that the CAP has become badly unbalanced. In the financial year of 2009 only 20% of the total direct payments went to 70% of beneficiaries, something that holds true for both new and old Member States. This disparity leaves nearly 3/4 of EU farmers surviving on less than €5,000 a year. Although small farmers account for about 40% of EU farms, they receive only 8% of available subsidies from the Union.

3. Recent Reforms

Recent reforms have introduced a basic mechanism¹ which separates payments from production. This means that farmers still receive money as a one-off payment. In addition, the introduction of the ‘decoupling system’ disengages income support from area of productivity.

The CAP's budget is spent in 3 different ways which mirror the focus areas of the Union's initiatives as well as the issues that need to be discussed during our Committee Meetings:

A) Income support for farmers and assistance for complying with sustainable agricultural practices: farmers receive direct payments, provided they follow strict EU regulations relating to food safety, environmental protection and animal health and welfare (‘greening initiative’). These payments are fully financed by the EU and account for 70% of the CAP budget. The goal is to achieve crop diversification as well as the preservation of ecological areas on farms.

B) Market-support measures: less than 10% of the CAP budget is used to address adverse weather conditions.

C) Rural development measures: these are intended to help farmers modernise their farms and become more competitive. Rural programmes are co-funded by Member States and each Member State must develop a Rural Development Programme. The EU must find new innovative agricultural practices through the introduction of new technology techniques and the training of farmers. Taking into consideration that only 6% of farmers are under the age of 35, the EU must find ways to motivate young people to be involved in the agricultural sector by providing aid to create start-ups.

Agricultural markets in the EU²

The EU helps farmers produce the products and the quantities the consumers demand. It also provides mechanisms to prevent economic, health or weather crises. Especially climate change has brought about longer and hotter summers which ruin the growth of grapes and wheat. The Union's response has been to set up an emergency mechanism. In the case of a crisis, the EU also helps farmers be better insured. Equally important is the effort to encourage EU farmers to cooperate with professional and inter-professional organisations. One of the European Commission's goals is to improve the transparency of agricultural prices and of commercial practices.

Under CAP, the Rural Development Programmes apply to all rural areas within the Union and support farmers, farm labourers, Small and Medium Enterprises and local authorities.

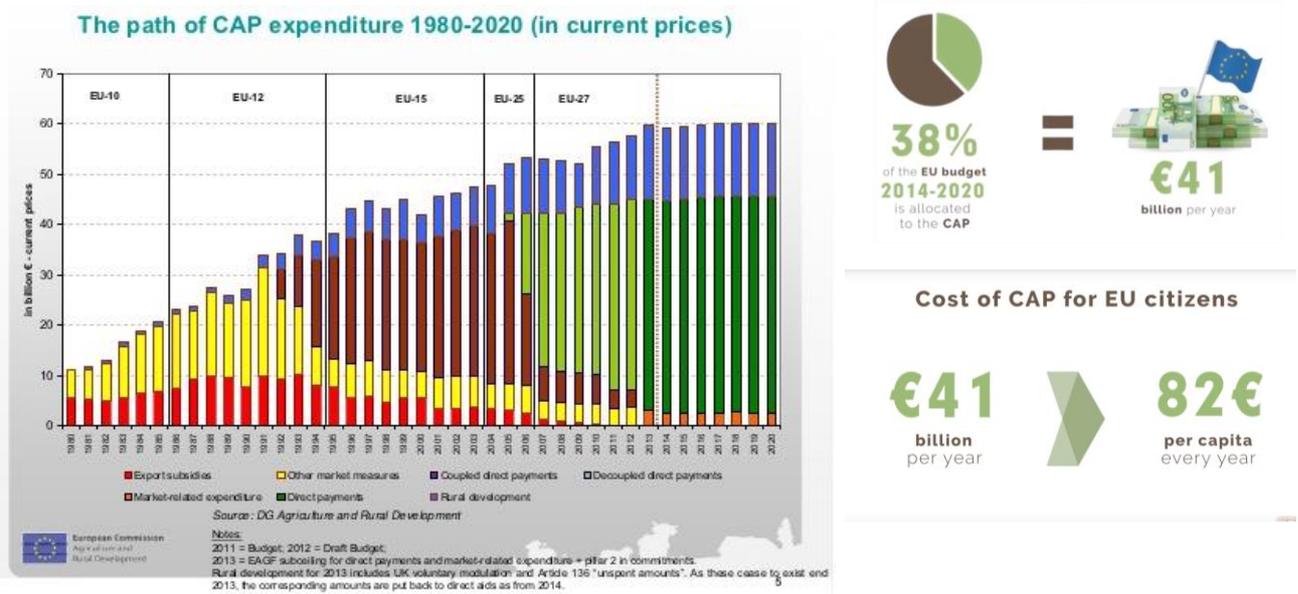
¹ You can find more information about this at this link: The Guardian: the EU Common Agricultural Policy. 2003. Last accessed 05/27/2018. <https://www.theguardian.com/world/2003/jun/26/eu.politics1>

² You can find more information about this at this link. European Commission: Press Release Database. 2013. Last accessed 05/27/2018. [http://europa.eu/rapid/press-release MEMO-13-631_en.htm](http://europa.eu/rapid/press-release_MEMO-13-631_en.htm)

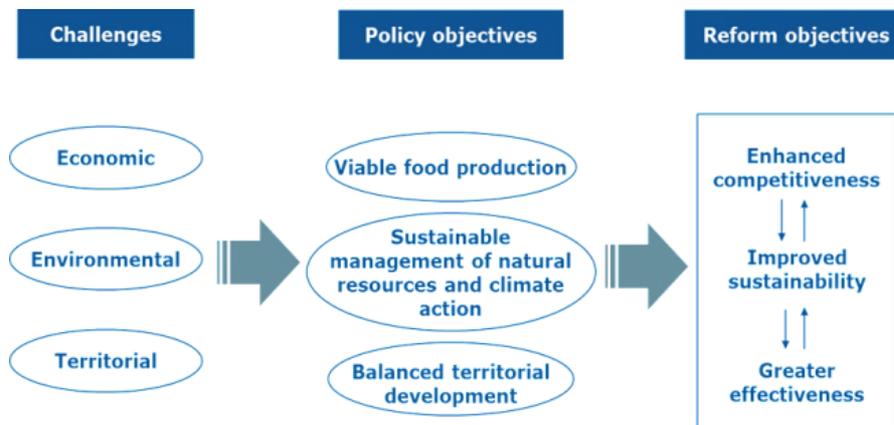
4. Statistics/ Graphs

We have selected some graphs that can prove useful in better understanding the committee issue.

a. About the EU budget that is allocated to the CAP



b. About policy objectives and our challenges



c. About farms and farmers

