

EU Common Agricultural Policy beyond 2020



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There are currently two processes running in parallel which will determine the shape of the EU's Common Agricultural Policy after 2020 – the preparation of the next long-term EU budget framework, the Multiannual Financial Framework (MFF), and the debate around the CAP Communication on the future of food and farming after 2020. This presentation will explain the key points in both debates.

The Commission's budget proposal must address the financing of the gap left by the UK departure from the EU, as well as find ways of financing expenditure on new EU priorities, such as migration, security and defence. Budget Commissioner Oettinger proposes to find savings of about €9 billion mainly from cohesion spending and the CAP, while asking Member States to increase their gross contributions to the EU budget by about €16 billion (compared to an overall budget of around €160 billion). The cuts to the CAP and cohesion budget in this scenario will be of the order of 5-10% but not more. Such a scenario is consistent with maintaining the CAP Pillar 1 budget fixed in nominal terms, given that there is no commitment to maintaining the real value of direct payments. However, this Commission proposal will require the remaining EU-27 Member States to increase their contributions to the EU budget to some degree. A number of the existing net contributor Member States have made clear their opposition to increasing their gross contributions. It is too early to say how this debate will play out among the Member States in the European Council, but it now seems that at least the starting point will be a favourable one from the farmers' point of view.

The Commission's Communication on the future of food and farming after 2020 published in November

2017 is intended to address both the modernisation and simplification of the CAP. Modernisation means preparing the CAP to focus more on new priorities that have become more important since the last CAP reform. The proposed objectives for the CAP are not that different to those underlying the last reform, although there are important differences in emphasis which will be highlighted in the presentation.

Simplification of the CAP is the second goal of the Communication. This will be achieved by a radical departure from the traditional delivery model of the CAP where detailed prescriptive rules are set down in the basic CAP regulations and Member States must ensure that these rules are met when making payments to farmers. Instead, the EU would set basic policy parameters while Member States would have more responsibility as to how to achieve agreed EU objectives. There are still many questions which remain unanswered about how the new delivery model based on Member States submitting CAP strategic plans will work in practice.

Legislative proposals are expected shortly after the publication of the Commission's MFF proposal in late May. It is very unlikely that these proposals would be approved by both Parliament and Council prior to March 2019 when the term of the current Parliament comes to an end and elections take place in May 2019. This would mean that discussion on the next CAP would be postponed until after the new Parliament takes up office, with a new Commission and possibly a new Commissioner. In this situation, one wonders about the future of the ideas in the CAP Communication. In any case, it would seem sensible to prepare for some prolongation of the current CAP regulations for a few years after 2020.