

*A FAIRER, GREENER, AND  
MORE SUSTAINABLE CAP  
FOR THE FUTURE*

George Lyon MEP, April 2010

# *Challenges*

- Food Demand doubles by 2050
- Cannot turn on the food tap as before
- Constraints - land, water, energy
- Climate change
- Green growth
- Environmental protection
- Market volatility

**A FAIRER, GREENER AND MORE SUSTAINABLE  
CAP POST-2013**

<p align="center"><b><u>BIODIVERSITY AND ENVIRONMENTAL PROTECTION</u></b></p> <p><i>(agri-environmental measures for the majority of agricultural land, forestry investment, water and soil improvement, organic and HNV farming)</i></p> <p>→ Outcome agreements and territorial contracts</p> <p><b>Co-financing</b></p>	<p align="center"><b><u>GREEN GROWTH</u></b></p> <p><i>(integrated rural development, additional climate measures, green energy, R&amp;D, innovation, modernisation, training, green jobs, young farmers, quality policy)</i></p> <p>→ Integrated approach, subsidiarity</p> <p><b>Co-financing</b></p>
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# Shaping the CAP

<p align="center"><b><u>FOOD SECURITY AND FAIR TRADE</u></b></p> <p align="center"><b>DIRECT SUPPORT</b></p> <p><i>(competitiveness, food security, fair income support, farm activity providing basic public goods)</i></p> <p>→ area-based payments (by 2020) with basic cross-compliance</p> <p><b>EU budget</b></p> <p align="center"><b><u>FLEXIBILITY FOR MEMBER STATES</u></b> <i>(transition, national priorities, grassland livestock, competitiveness)</i></p> <p>----- → capped limited coupled payments</p>	<p align="center"><b><u>SUSTAINABILITY</u></b></p> <p align="center"><b>CLIMATE CHANGE TOP-UPS</b></p> <p><i>(climate change mitigation, production efficiency)</i></p> <p>→ contractual top-ups based on clear targets</p> <p><b>EU budget</b></p>	<p align="center"><b><u>AGRICULTURE ACROSS EUROPE</u></b></p> <p align="center"><b>AREAS WITH NATURAL HANDICAPS</b></p> <p><i>(farming activity across the EU, local food production, threat of land abandonment)</i></p> <p>→ Ongoing reformed schemes</p> <p><b>Co-financing</b></p>
<p align="center"><b>MARKET MEASURES – MINIMUM SAFETY NETS</b> <i>(volatility management, crisis cushion, competitiveness)</i> → Rapid action tools, reserve EU budget line, new tools, food-supply chain adjustments <b>EU budget</b></p>		
<p align="center"><b>COMMON, CLEAR, SIMPLE AND FLEXIBLE FRAMEWORK TO SUPPORT FARMERS AND BENEFIT SOCIETY IN A MORE EFFECTIVE MANNER</b></p>		

# *5 Key Building Blocks*

## **1 - Food security and fair trade**

- EU funded direct area payments -

### Aims:

- Competitiveness with trade partners
- Fair and sustainable returns for farmers
- Fair trade in the food chain
- Fairer distribution of DP across the EU
- Basic public goods and activity

## 2 - Sustainability

- Top-up contractual area payments -

### Aims:

- Agriculture's key role to tackle climate change
- Reduce CO<sub>2</sub> emissions and increase carbon sequestration
- Production efficiency and sustainability

### 3 - Agriculture across Europe

- Co-financed payments for areas with natural handicaps-

#### Aims:

- Continuation of compensation for natural handicaps
- Ensure farming activity can continue in the EU's most threatened areas

## 4 - Biodiversity and environmental protection

- Co-financed measures -

### Aims:

- Tackle farm biodiversity loss and further protect soil and water resources
- Ensure most farmers have access to agri-environmental schemes

## 5 - Green Growth

- Co-financed measures -

Aims:

- Rural development at the heart of EU 2020 Strategy
- Encourage small-scale renewables, and green energy sources
- Young farmers, innovation and new jobs

# *Market measures and functioning of the food-chain*

- Minimum safety nets for crisis management and possible new financial tools to tackle high volatility such as risk insurance schemes or futures markets
- A special reserve budget line to respond to arising crises
- Better return for farmers along the food chain by increasing transparency, and addressing unfair commercial and contractual practices
- Possible adjustments to competition policy to strengthen farmer organisations

## *Other key measures and principles*

- No Re-nationalisation of CAP
- Objective criteria for CAP area-based payments by 2020 across the EU: hectare basis + adjusting elements (PPS)
- Fairer allocation of funds for rural development
- No modulation but flexibility at national/regional level to implement schemes and payments
- Simplicity, proportionality, cutting red-tape