

# Common Agriculture Policy of the European Union



*Dr David Rees*



**Origin: WW2**



**Food Security**



**CAP  
Treaty of Rome  
1957 (1962)**



**Dumping**



**CAP reform  
2014-2020**



## Objectives

- 1. To increase agricultural productivity**
- 2. To ensure a fair standard of living for farmers**
- 3. To stabilise markets**
- 4. To guarantee availability of supplies**
- 5. To ensure fair prices for consumers**

## Three key policies

Tariffs on imports

Quotas on imports

Minimum prices

## 1992 MacSharry reforms

**Set-aside (10%)**

**Direct grants (not related to production)**

## 2013 (2014-2020 budget)

**Pro-environmental reform (30%)**

**Limit on total receipts**

# ***Agricultural production to feed the world in 2005***

	Africa	Asia	S. America	N. America	Oceania	Europe	World
Pop. Growth	3.14	1.69	1.8	1.31	1.61	0.91	<b>1.76</b>
Needs change	1.07	1.02	1.03	0.99	1	0.98	<b>1.02</b>
Diet change	1.64	1.38	1.07	1	1	1	<b>1.28</b>
Cum. effect	<b>5.14</b>	<b>2.34</b>	<b>1.92</b>	<b>1.31</b>	<b>1.61</b>	<b>0.91</b>	<b>2.25</b>

*Ref: Philippe Collomb 'Une voie étroite pour la sécurité alimentaire d'ici à 2050'*

**+125%**

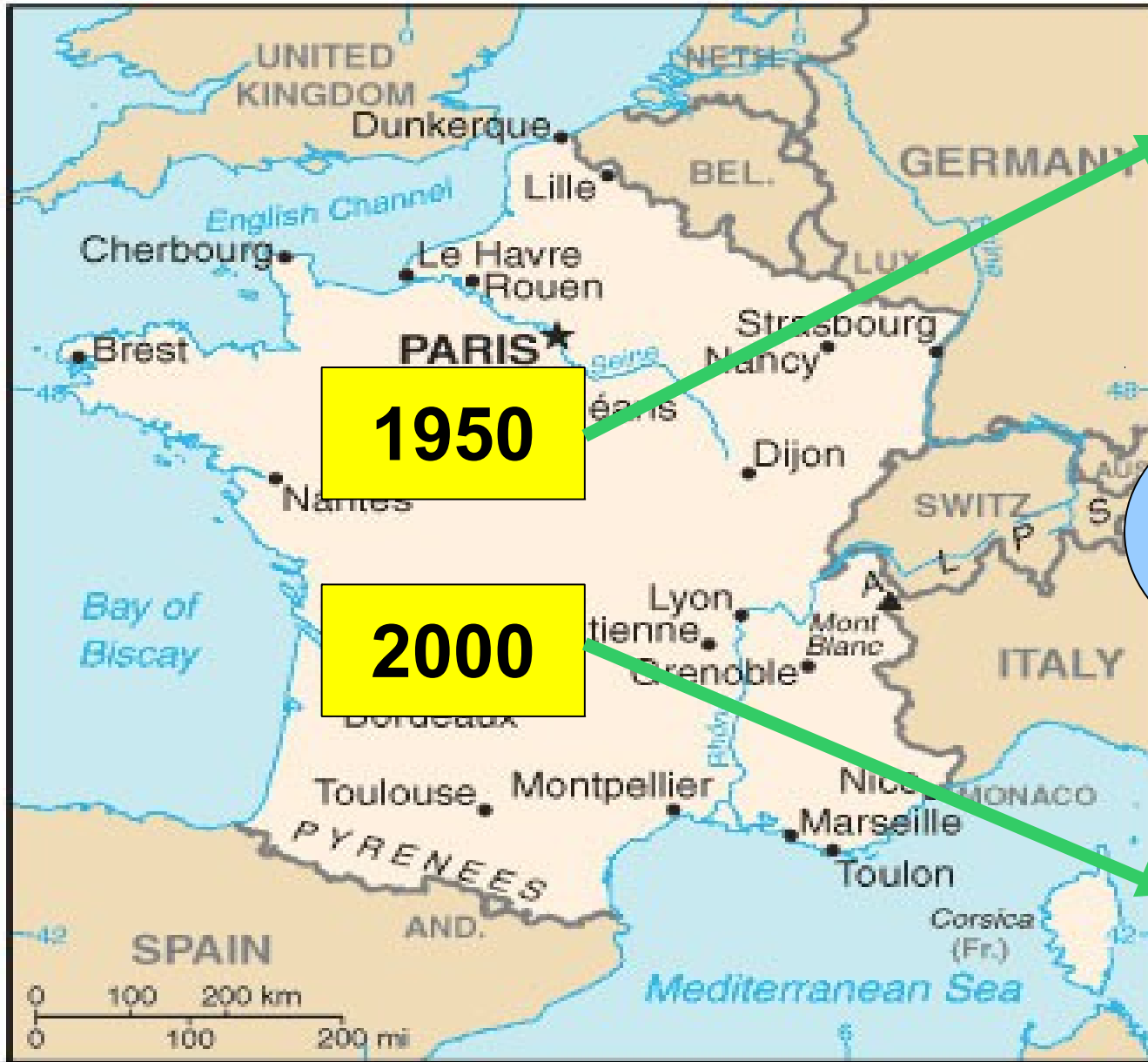


***2006: an Indian consumes 4kg of meat per year  
: an American consumes 80kg of meat per year***

***2050: If Indians and Chinese consumed 40kg of meat per year?***

***(1kg of meat requires about 4-10kg of cereal)***

# France



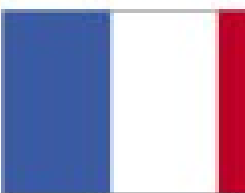
**1950**

**2000**

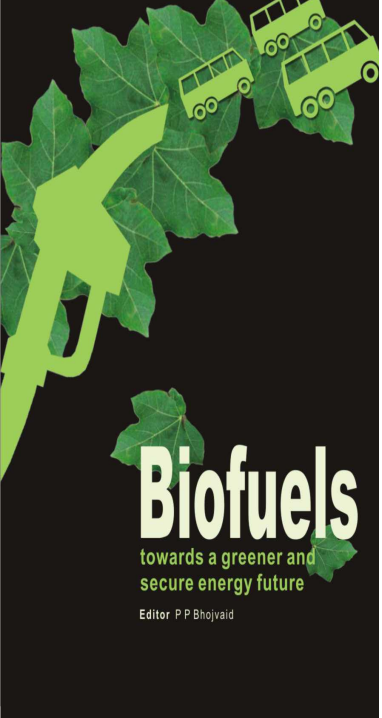
**8m farmers  
1 farmer fed  
5 people**

**Agronomy:  
pesticides  
fertilisers  
mechanisation**

**0.8m farmers  
1 farmer feeds  
100 people**



**France: 23% of EU15 production  
Top producer: beef, poultry  
BUT – has to import 75% animal feed from USA, Brazil & Argentina**



# Biofuels – a solution or a menace?



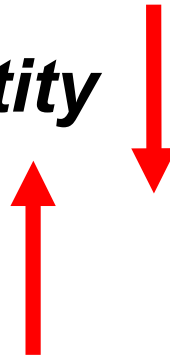
*Biofuel production*



**Corn for food**

**Quantity**

**Price**



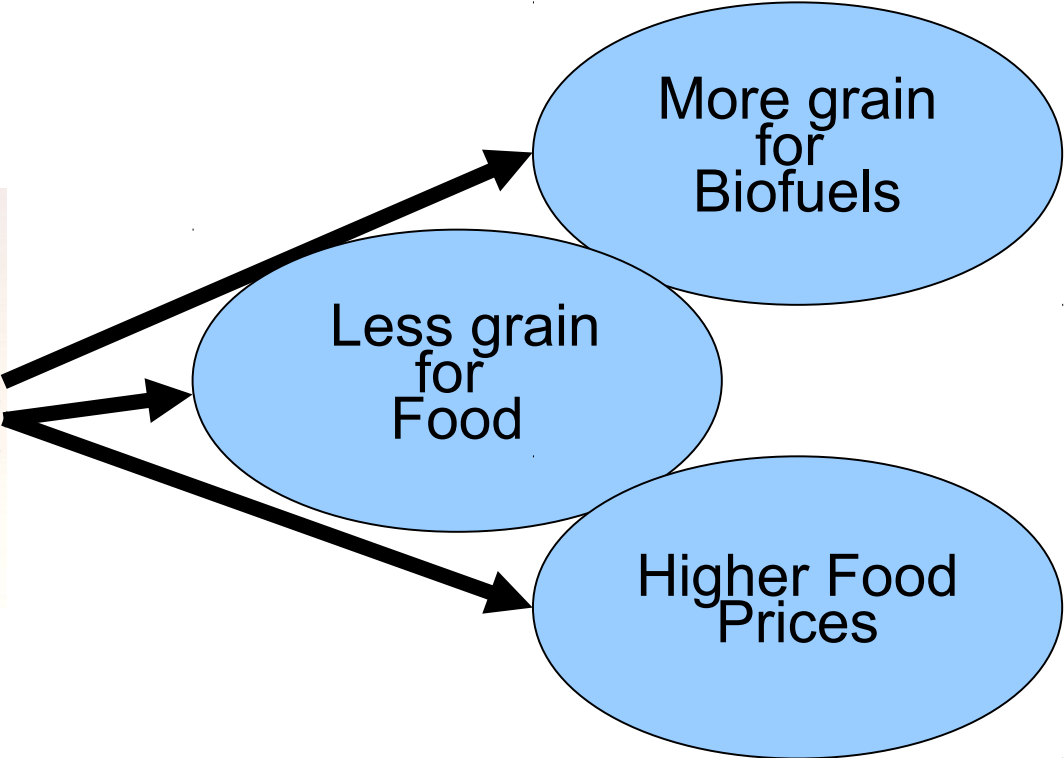


Biocarburants



2005: 0.5%  
2010: 5.75%  
2020: 20%

Ethanol and Biodeisel more profitable than agriculture when oil 80+\$ per barrel



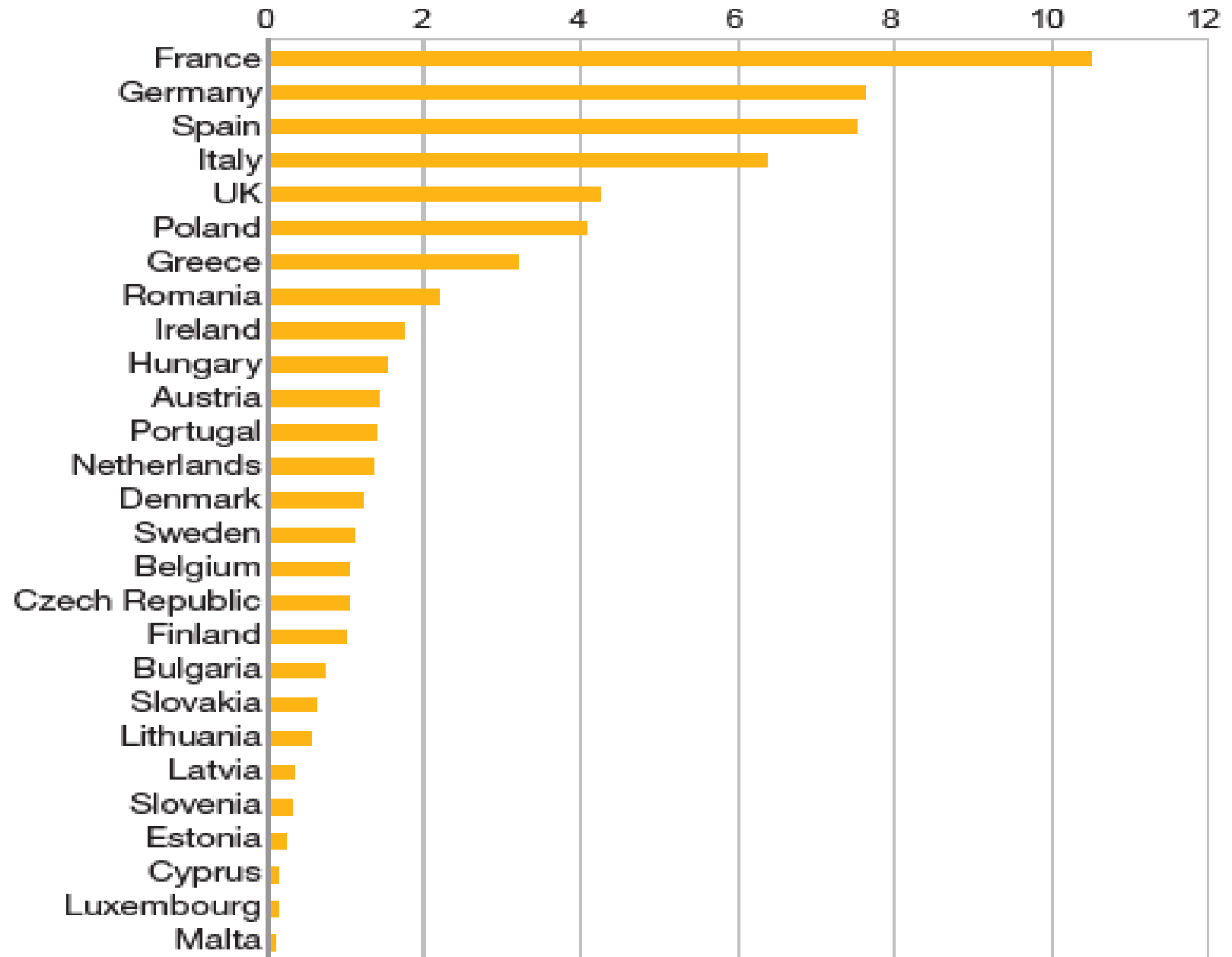
# Importance of agriculture in the economy



Source: European Commission

# Total CAP allocations in 2009 (including sugar restructuring fund)

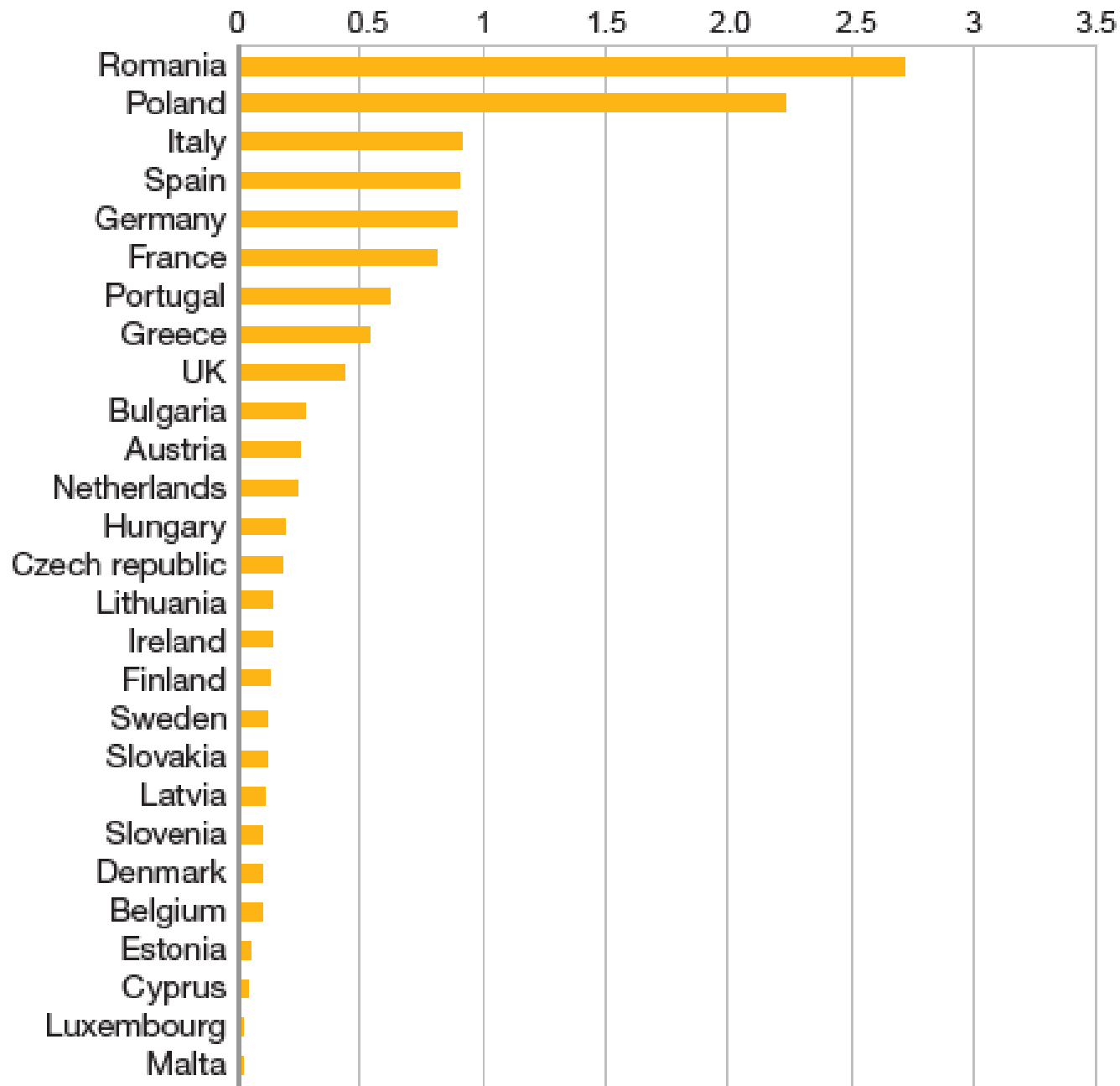
Euros (billions)



CAP combined total: 59.8bn euros

# Employment in agriculture, forestry, hunting and fishing 2008

Millions of people



Source: European Commission



## ***The responsibility of the CAP***

### **Agricultural subsidies:**

**Switzerland 68%**

**Japan 56%**

**EU 32%**

**USA 16%**

**Australia 5%**

***Tax barrier against importing non-EU food 60%  
(as opposed to 5% for industrialised goods)***

***If the EU reduced its import taxes by 60%, it  
would increase by 20% developing country exports***

***What EU do we want? The EU could stop agricultural export subsidies and transform competitive production (sugar...) to internal production.***

***Could use stock control to stabilise prices and stop speculation***

***Could create regulation of speculation in food***

***N.B. What place for food in EU / USA Free Trade agreement?***