

## Information Guide



## Common Agricultural Policy

**A guide to the European Union's Common Agricultural Policy (CAP)  
with hyperlinks to sources of information within European Sources Online  
and on external websites**

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## Introduction

The Common Agricultural Policy is the link between an increasingly urbanised world and an increasingly strategic farming sector. This is why I have proposed a new partnership between Europe and farmers based on a Common Agricultural Policy renewed as from 2013.

This new partnership fits into the historical perspective of what is a top-level EU policy, one which recently celebrated its fiftieth anniversary [...]. It also reflects the desire to reshape the contract of confidence between European citizens and their farming sector based on the Common Agricultural Policy.

Dacian Cioloş, European Commissioner for Agriculture and Rural Development, in [The Common Agricultural Policy: A partnership between Europe and Farmers](#).

## Background

The Common Agricultural Policy (CAP) was set out in the Treaty of Rome (1957) and established in 1962. It was intended to enable the European Community to avoid the food-shortages experienced during and after the war. Moreover, a common policy was needed to ensure the free movement of agricultural goods in the planned Common Market. The CAP was to ensure that mechanisms of market intervention - which Member States wanted to remain strong - did not interfere with the basic principles of the borderless market.

To this purpose agricultural policy was designed as a Common policy, indicating that the responsibility for this area lies exclusively with the Community (as opposed to the individual Member State or a shared competence).

CAP has become one of the most important policy fields for the European Union. Agriculture was still a very significant sector of post-war European economies, both in terms of economic production and share of employment. Even with the decline of the industry's importance, the CAP has over the years managed to keep its position as the one policy area which has traditionally stood for more than half of the Community budget.

It is widely held that the CAP has been successful in achieving its initial aims. It has ensured a stable food supply across the Community and has effectively extended the Single Market to the production and trade in agricultural goods. The CAP has not been able to halt far-reaching structural changes in Europe's agricultural sector but has positively contributed to the modernisation of the sector and the outflow of labour to other parts of the economy as well as the support of a much smaller agricultural community.

Nevertheless, the CAP has faced increasing criticism and pressure to reform for different reasons. These range from its impact on the environment, human and animal health, its influence on global trade in agriculture, especially on exporters in developing countries to the pressure it puts on the EU's budget.

'A partnership between Europe and Farmers' was the slogan used by the [CAP@50](#) campaign to mark the 50th anniversary of the Common Agricultural Policy (see also Press Releases [IP/12/36](#) and [MEMO/12/32](#)).

## Legal basis

In the [Treaty on the Functioning of the European Union](#) (TFEU), Article 4(2) identifies agriculture and fisheries (other than the conservation of marine biological resources) as an area where competence is shared between the EU and the Member States.

Article 13 requires 'full regard' to be paid to the welfare of animals in a number of EU policies, including agriculture and fisheries.

The main provisions of the TFEU concerning agriculture and fisheries are set out in Articles 38-44 (Title III).

Article 38(1) states:

The Union shall define and implement a common agriculture and fisheries policy. The internal market shall extend to agriculture, fisheries and trade in agricultural products. 'Agricultural products' means the products of the soil, of stockfarming and of fisheries and products of first-stage processing directly related to these products. References to the common agricultural policy or to agriculture, and the use of the term 'agricultural', shall be understood as also referring to fisheries, having regard to the specific characteristics of this sector.

Article 39 sets out the objectives of the CAP, which are defined as:

- (a) to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour;
- (b) thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;
- (c) to stabilise markets;
- (d) to assure the availability of supplies;
- (e) to ensure that supplies reach consumers at reasonable prices.

The common organisation of markets is established under Article 40(1), with 40(3) enabling 'one or more' agricultural guidance and guarantee funds to be set up.

Legislation in the field of agriculture is based on the principle of mutual recognition of national rules, with common rules created where mutual recognition isn't possible.

The European Commission initiates legislation under the CAP. It also has far-reaching powers to manage the policy, but on many issues is obliged to consult [Committees](#) where Member States are represented. Decisions in Committees are made by qualified majority.

## Reform of the CAP

### CAP criticism

Not only has the Common Agricultural Policy always been one of the most important policy fields of the Community, it has also been one of the most controversial. Criticism has centred on several aspects.

Starting in the 1970s excessive surplus production became the norm for certain agricultural goods - symbolised in the infamous butter mountains and wine lakes - as a consequence of guaranteed prices and funding which was linked to production. The outcome of this was that food was either dumped or sold off at heavily subsidised prices on the world market.

The CAP has long been accused of having created one of the most protectionist regimes in the world by immensely subsidising EU farmers and putting restrictions on imports, thus keeping out competition from other regions. The World Trade Organisation has urged the EU to change this system and to bring it more in line with concepts of trade liberalisation, which the EU is strongly advocating in other fields.

The massive costs of the CAP - which have traditionally made up the largest share of the Community budget - are another focus of criticism. The question of agricultural spending has led to bitter controversies between Member States which are strong agricultural exporters such as France, the Mediterranean countries, Denmark and Ireland, and net food importers such as the United Kingdom, Germany and others which want to see this huge financial burden reduced.

The Commission does take steps to recover CAP expenditure from the Member States, because of non-compliance with EU rules or inadequate control procedures on agricultural expenditure (see, for example, Press Releases [IP/09/1375](#), [IP/10/961](#), [IP/11/476](#), [IP/12/944](#), [IP/13/160](#), [IP/13/389](#)).

### **Early attempts to reform the CAP**

Pressure from both within the EU and third countries and organisations has led to several attempts to reform the CAP.

The 1968 Mansholt Plan, named after the then responsible European Commissioner Sicco Mansholt, recognised that the CAP was not sustainable in its current then format and aimed at encouraging larger structural reforms in the agricultural sector. The reduction of the labour force in the sector and the creation of larger more competitive farm units were key elements of the plan. The plan was published on 18 December 1968 as 'The Reform of Agriculture in the European Economic Community' ([COM\(68\)1000](#); see also Commission [Press Release](#); both courtesy Archive of European Integration).

Several innovations were introduced during the 1970s and 80s to reduce agricultural expenditure and surplus production:

- A co-responsibility levy on dairy farmers and later production quotas for milk
- An arable land set-aside system
- Premiums for the extensification of production and the conversion of surplus products
- Direct income aid system.

In 1985 the European Commission presented its proposals for the future of the CAP in the Green Paper 'Perspectives for the Common Agricultural Policy' ([COM\(85\)333](#); text courtesy of Archive of European Integration).

### **The 1992 reform (MacSharry reform)**

The reforms of the CAP which were adopted by the Council (see Press Release [IP/92/430](#)) on 21 May 1992 bear the name of Ray MacSharry, then European Commissioner for Agriculture (see Press Release [IP/92/430](#)). Details were given in a Commission Reflections Paper of 1 February 1991 on 'The development and future of the CAP' ([COM\(91\)100](#)) and in a follow-up Communication of 22 July 1991 ([COM\(91\)258](#)).

The reforms aimed at cutting back guaranteed agricultural prices and restricting the overall CAP budget. Although facing strong opposition from Europe's farmers this was to be the first major reform of the CAP and it was generally regarded as successful.

The crucial innovation introduced with this reform was that the system of unlimited guaranteed prices was shifted towards one of direct income support for farmers, which was specific to each agricultural sector. A range of other corrective mechanisms was added or extended, such as set-aside schemes, early retirement schemes or afforestation grants.

The reforms also introduced environmental conditionality for aid and incentives to production of quality food.

## **Agenda 2000**

In spite of the 1992 reforms, the budget share of the CAP was bound to increase even further. This, a changing world market in agricultural products and growing pressure on the EU from the World Trade Organisation to review its protectionist policy, produced the need to take reforms further.

Agenda 2000 (see [Summaries of EU legislation](#)) was the name of the financial framework for 2000-2006, finalised at the March 1999 [Berlin European Council](#), which was meant to enable the EU to take on the imminent eastward enlargement.

It was agreed to freeze agricultural spending until 2006 at about €43bn per year, including rural development and pre-accession aid. Market support prices for cereals, beef, milk and other products were to be further decreased so that they eventually only serve as a safety net.

In an attempt to decentralise the CAP and reduce bureaucracy, it was planned to give Member States more leeway in the allocation of funding and the redistribution of aid according to special needs of regions or individual farms (modulation). Re-nationalisation or the removal of financial support for agriculture, however, was ruled out.

The enhancement of the EU's rural development policy, financed from the Second Pillar of the CAP (the First Pillar being measures for market support) was meant to underline the multi-functionality of agriculture. This rural development policy which shall 'contribute to the regeneration of rural areas and the promotion of diversification' brings together measures of economic, social and cohesion policy under one single framework ([Regulation 1257/1999](#) of 17 May 1999, no longer in force).

In addition, new objectives were added to the original aims of the CAP: food safety and security, animal welfare and environmental standards are to play a greater role in the formulation of the CAP and aid to farmers can be made conditional on compliance with these targets ('cross-compliance').

## **Mid-term review and the 2003 reform**

In the Mid-term review of the Common Agricultural Policy ([COM\(2002\)394](#); see also Press Release [IP/02/1026](#)), the European Commission presented its evaluation of the CAP halfway through the implementation of Agenda 2000.

Then European Commissioner for Agriculture, Franz Fischler, asked for a 'wholesale makeover' of the CAP rather than 'a few minor cosmetic changes', but did not want to call into question the CAP's fundamentals (see [SPEECH/02/330](#)). In detail, the Commission advocated the implementation of key measures already decided in the Agenda 2000, thus preparing the ground for the most radical reform of the CAP so far.

However, the European Commission's proposals faced tough opposition from some Member States, particularly France and Ireland, at the October 2002 [Brussels European Council](#). Much to the dismay of some other Member States, French President Jacques

Chirac 'struck a deal' with German Chancellor Gerhard Schröder whereby the two countries agreed that CAP would not be reformed until after 2006, when the financial perspectives agreed at Berlin in 1999 run out. The leaders also agreed that there would be a ceiling on farm spending until 2013.

Yet the European Commission remained committed to reforming the Common Agricultural Policy and tabled a modified proposal in January 2003, which was based on the newly agreed financial framework for agriculture expenditure and was less radical in some points ([COM\(2003\)23](#); see also Press Release [IP/03/99](#)).

Negotiations on these proposals did not lead straight away to an agreement at the [Agriculture and Fisheries Council](#) on 11-12 June 2003. It was only after 'arduous' negotiations that a compromise was found on 26 June - with only Portugal being opposed - and the 2003 reform of the CAP, the most fundamental so far, was agreed.

The European Commission summarised the key elements of the new regime (see Press Release [IP/03/898](#)):

- a Single Farm Payment (SFP) for EU farmers, independent ('decoupled') from production; limited coupled elements may be maintained to avoid abandonment of production - this latter point being a concession to those Member States which originally opposed the reform
- linkage of this Single Farm Payment to the respect of environmental, food safety, animal and plant health and animal welfare standards, as well as the requirement to keep all farmland in good agricultural and environmental condition ('cross-compliance')
- a strengthened rural development policy ('second pillar of the CAP') with more EU money, new measures to promote the environment, quality and animal welfare and to help farmers to meet EU production standards starting in 2005
- a gradual reduction in direct payments for bigger farms - those receiving more than €5,000 in annual aid - to finance the new rural development policy ('dynamic modulation'). This means an annually increasing percentage of payments to individual farms is withheld and transferred into the second pillar of the CAP for central redistribution. The final deal does not go as far as the Commission proposal
- a mechanism for financial discipline to ensure that the farm budget fixed until 2013 is not overshot
- revisions to the market policy of the CAP (reduction of the intervention prices in several sectors).

The proposal of capping overall aid to large farms at €300,000 was dropped. Concerning the transition to Single Farm Payment (decoupled from production) Member States were given the option of a transition period, ending at the latest at the beginning of 2007.

The European Commission welcomed the agreement saying that it meant a fundamental change in how aid was granted to farmers:

In future, the vast majority of subsidies will be paid independently from the volume of production. [...] Severing the link between subsidies and production will make EU farmers more competitive and market orientated, while providing the necessary income stability. More money will be available to farmers for environmental, quality or animal welfare programmes by reducing direct payments for bigger farms.

The key legislative text of the 2003 reform was [Council Regulation \(EC\) No 1782/2003](#), informally known as the 'Horizontal' regulation. The European Commission subsequently adopted three Commission Regulations to implement the reform:

- Regulation 1: Cross-compliance, controls and modulation ([Commission Regulation \(EC\) No 796/2004](#))
- Regulation 2: Single Farm Payment ([Commission Regulation \(EC\) No 795/2004](#))
- Regulation 3: Direct support schemes ([Commission Regulation \(EC\) No 2237/2003](#)): covered those areas of support which were product specific, or where the Member States had the option to retain a certain element of support coupled in the future.

Due to their special nature, the reform of some agricultural sectors was deferred. These included the market organisations for Mediterranean products, such as olives and olive oil, cotton and tobacco, as well as the EU's sugar regime. In some of these sectors long transition times were allowed for the shift to single farm payment while in others a certain area-based component was retained (see individual [agricultural markets](#)).

## 2005 reforms and the Lisbon Strategy

Proposals for simplifying the CAP were adopted by the Commission in October 2005. The Communication 'Simplification and Better Legislation for the Common Agricultural Policy' ([COM\(2005\)509](#)) proclaimed itself to be 'part of the CAP's contribution to realising the EU's Lisbon strategy'.

Originally adopted in March 2000 and relaunched in February 2005, the 'Lisbon Strategy for growth and jobs' aimed to make the EU the world's most dynamic and competitive economy by 2010. For the agricultural sector, the Strategy means achieving strong economic performance and the sustainable use of natural resources. The CAP's new entrepreneurial focus - creating and responding to demand - is seen as helping the sector's economic performance, although the Commission warns on its page [The Common Agricultural Policy and the Lisbon Strategy](#) that:

A more entrepreneurial approach will require a change of culture and working habits in many organisations and will require support and encouragement (both political and financial).

The Communication proposed that simplification should be at both the policy and technical levels, though with the focus mostly on the latter. Amongst the actions proposed were cleaning up agricultural rules; introducing a Single Common Market Organisation (CMO) Regulation to replace the 21 currently in place (this was backed by Agriculture Ministers in June 2007); and reforming the CMO for sugar (agreed by the Agriculture Council in September 2007; in November 2010, the European Court of Auditors (ECA) published an assessment of the 2006 reform of the sugar sector - see Press Release [ECA/10/30](#)).

## CAP Health Check

Published on 20 November 2007, the Communication 'Preparing for the "Health Check" of the CAP reform' ([COM\(2007\)722](#); see also Press Releases [IP/07/1720](#) and [MEMO/07/476](#)) provided a blueprint for streamlining and further modernising the CAP, building on the 2003 reforms. It stated:

the CAP today is fundamentally different from the one of the past, notwithstanding the often paradoxical gap between the results of its reform process and some perceptions about it (most of them relevant to its pre-reform period). But for the CAP to continue to be a policy of the present and of the future, it needs to be able to evaluate its instruments, to test whether they function as they should, to identify any adjustments needed to meet its stated objectives, and to be able to adapt to new challenges.

That more steps need to follow is inevitable – any policy cast in stone in a rapidly changing environment is bound to become obsolete. The CAP has proven that EU agriculture can take such steps successfully and change, but needs to allow farmers to adjust in the context of a predictable policy path.

The Health Check asked three main questions:

- how to make the direct aid system simpler and more effective?
- how to make market support instruments relevant?
- how to confront new challenges, such as climate change and water management?

For further details see the [Communication](#) page and [CAP Health check website](#).

Agriculture Ministers reached political agreement on the proposed Health Check on 20 November 2008 (see Press Release [IP/08/1749](#)) and the Health Check package was adopted by the Agriculture and Fisheries Council on 19 January 2009. The package comprised Council Regulations 72/2009, 73/2009, 74/2009 and Council Decision 2009/61/EC (all published in [Official Journal L30](#), 31 January 2009). The Council Press Release [5471/09](#) stated that the purpose of the measures:

is to simplify the single farm payment scheme and improve its effectiveness, to bring agricultural production more into line with global markets, and through rural development programmes to be better able to meet the new challenges of climate change, renewable energies, water management and preservation of biodiversity with innovation underpinning these four points, as well as those in the dairy sector.

Amongst other things the changes will see:

- phasing out of milk quotas
- abolition of set-aside (see Press Release [IP/08/1069](#))
- decoupling of support to farmers (payments no longer linked to the production of a specific product)
- money moved from direct aid to Rural Development
- new requirements on 'cross compliance' (linking aid for farmers to respect for the environment, animal welfare and food quality standards)
- assistance to sectors with special problems (see also 'Towards a better targeting of the aid to farmers in areas with natural handicaps', published on 21 April 2009 as [COM\(2009\)161](#)).

The Commission is to draw up a report on the implementation of the Health Check by 31 December 2012. However, the changes introduced to simplify the CAP are already judged to have been successful: on 18 March 2009, the Commission issued the Communication 'A simplified CAP for Europe - a success for all' ([COM\(2009\)128](#)), in which it stated:

The results of the simplification process show that the Commission's efforts to move towards a simpler CAP have been remarkably successful. Its active continuation in the future is a clear sign of the Commission's commitment to further simplification. On the basis of first results of the measurement exercise one can realistically expect the objective of a 25% reduction of administrative burden in 2012 to be met. This is all the more impressive as the CAP exists in a dynamic political environment with various and often divergent financial and political interests, against the background of a wide range of farming cultures and structures.



On 16 November 2009, the Commission adopted the Staff Working Document 'Simplification of the CAP: outcome of assessment of 39 simplification suggestions, submitted at the Council (Agriculture/Fisheries) on 24 April 2009 and state of play of other simplification activities' ([SEC\(2009\)1601](#); see also Press Release [IP/09/178](#)).

In October 2009, approval was granted to a first wave of proposals for national or regional rural development schemes using funding available from the CAP Health Check and European Economic Recovery Plan (see Press Release [IP/09/1568](#); for details of the EERP see [COM\(2008\)800](#) of 26 November 2008). A month later the Commission announced details of a second wave of proposals, and details of additional spending were given in January 2010 (see Press Releases [IP/09/1813](#) and [IP/10/102](#)).

The Commission Working Document 'Peak Performance: New Insights into Mountain Farming in the European Union' ([SEC\(2009\)1724](#)) was adopted on 16 December 2009. It identified a number of ways in which the effectiveness and impact of support measures for mountain areas could be improved, including improving communication with consumers and others about mountain farming products.

On 12 April 2010, the Commission launched a public debate on the future of the CAP and in particular on how it should respond to the [Europe 2020](#) strategy (see also Press Release [IP/10/419](#)).

On 18 November 2010, following the consultation, the Commission adopted the Communication 'The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future' ([COM\(2010\)672](#); see also Press Releases [IP/10/1527](#), [MEMO/10/587](#) and [20101112STO94321](#)). The introduction stated:

The Common Agricultural Policy (CAP) is confronted with a set of challenges, some unique in nature, some unforeseen, that invite the EU to make a strategic choice for the long-term future of its agriculture and rural areas. To be effective in addressing these challenges, the CAP needs to operate within the context of sound economic policies and sustainable public finances contributing to the achievement of the objectives of the Union.

The Commission then outlined three broad policy options for the future CAP:

1. This option would introduce further gradual changes to the current policy framework. It would build upon the well-functioning aspects of the policy and focus on adjustments and improvements in the area of the most significant criticism to the CAP, i.e. the issue of equity in the distribution of direct payments between Member States. This option would ensure continuity and stability with the current CAP, thus facilitating long-term planning for operators along the food chain.
2. Another alternative would be to capture the opportunity for reform, and make major overhauls of the policy in order to ensure that it becomes more sustainable, and that the balance between different policy objectives, farmers and Member States is better met. This would be done through more targeted measures which would also be more understandable to the EU citizen. This option would imply greater spending efficiency and greater focus on the EU value added. Such an orientation would allow to address EU economic, environmental and social challenges and strengthen the contribution of agriculture and rural areas to the objectives of Europe 2020 of smart, sustainable and inclusive growth.
3. Another option would be a more far reaching reform of the CAP with a strong focus on environmental and climate change objectives, while moving away gradually from income support and most market measures. Providing a clear

financial focus on environmental and climate change issues through the Rural Development policy framework would encourage the creation of regional strategies in order to assure the implementation of EU objectives.

The 'CAP 2020' Communication was discussed by Agriculture Ministers on 29 November 2010 (see Press Release [16912/10](#)), who summarised the main changes as:

- Direct payments to farmers will better reflect the public service that farmers provide, help support farming even in the most disadvantaged areas and be more fairly distributed, and aimed at active farmers.
- Market management tools will be simplified.
- Rural development policy will focus on increasing competitiveness and promoting innovation.
- New tools will be introduced to help farmers cope with price and income volatility.

The Communication was discussed further at the 17 March 2011 Agriculture and Fisheries Council. In the [Conclusions](#), Ministers confirmed that:

in line with previous CAP reforms, EU agriculture must continue its market orientation and gain competitiveness

On 26 January 2011, the Communication 'A resource-efficient Europe - Flagship initiative under the Europe 2020 Strategy' ([COM\(2011\)21](#)) was adopted. The last of seven Europe 2020 flagship initiatives, it establishes resource efficiency as the guiding principle for a range of EU policies, including energy, transport, climate change, agriculture, fisheries, biodiversity and regional development.

In that context, a number of specific initiatives were scheduled for publication during 2011, including reforms to the Common Agricultural Policy and the Common Fisheries Policy, and a new biodiversity strategy (see also Press Release [IP/11/63](#) and pages on [A resource-efficient Europe](#)).

Proposals to reform the CAP after 2013 were formally adopted by the Commission on 12 October 2011 (see Press Releases [IP/11/1181](#) and [MEMO/11/685](#), and [Legal proposals for the CAP after 2013](#) page). The package comprised seven individual proposals:

- Proposal for a Regulation 'establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy' ([COM\(2011\)625](#); check progress via [PreLex dossier](#))
- Proposal for a Regulation 'establishing a common organisation of the markets in agricultural products (Single CMO Regulation)' ([COM\(2011\)626](#); check progress via [PreLex dossier](#))
- Proposal for a Regulation 'on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)' ([COM\(2011\)627](#); check progress via [PreLex dossier](#))
- Proposal for a Regulation 'on the financing, management and monitoring of the common agricultural policy' ([COM\(2011\)628](#); check progress via [PreLex dossier](#))
- Proposal for a Council Regulation 'determining measures on fixing certain aids and refunds related to the common organisation of the markets in agricultural products' ([COM\(2011\)629](#); check progress via [PreLex dossier](#))

- Proposal for a Regulation 'amending Council Regulation (EC) No 73/2009 as regards the application of direct payments to farmers in respect of the year 2013' ([COM\(2011\)630](#); adopted as [Regulation \(EU\) 671/2012](#); see also [PreLex dossier](#))
- Proposal for a Regulation 'amending Council Regulation (EC) No 1234/2007 as regards the regime of the single payment scheme and support to vine-growers' ([COM\(2011\)631](#); adopted as [Regulation \(EU\) 1028/2012](#); see also [PreLex dossier](#))

Together, the proposals address 10 key elements of reform:

- Better targeted income support in order to stimulate growth and employment
- Tools to address crisis management which are more responsive and better suited to meet new economic challenges
- A 'Green' payment for preserving long-term productivity and ecosystems
- Additional investment in research and innovation
- A more competitive and balanced food chain
- Encouraging agri-environmental initiatives
- Facilitating the establishment of young farmers
- Stimulating rural employment and entrepreneurship
- Better addressing fragile areas
- A simpler and more efficient CAP.

On 18 April 2013, the Commission published proposals on transitional arrangements for the CAP in 2014, including the Direct Payments system (see Press Release [IP/13/339](#)).

(See also: European Parliament: Library Briefing: [Reform of the Common Agricultural Policy](#); [SPEECH/13/215](#): 'Six key points for a consistent CAP reform'; and [MEMO/13/324](#): 'Q&A: next steps for the Common Agricultural Policy (CAP) reform').

## **Animal welfare and food issues**

### **Animal welfare**

Since Agenda 2000, animal welfare has become an increasingly significant issue for the CAP.

In January 2006, the Commission adopted a Communication 'on a Community Action Plan on the Protection and Welfare of Animals 2006-2010' ([COM\(2006\)13](#); see also Press Release [IP/06/64](#)). The primary objectives of the Action Plan were to:

Define more clearly the direction of Community policies on animal protection and welfare for the coming years;

Continue to promote high animal welfare standards in the EU and at the international level;

Provide greater coordination of existing resources while identifying future needs;

Support future trends in animal welfare research and continue to support the 3Rs principle: Replacement, Reduction and Refinement alternative approaches to animal testing;

Ensure a more consistent and coordinated approach to animal protection and welfare across Commission policy areas, also taking into account aspects such as the socio-economic impact of any new measures.

On 28 October 2009, ahead of a second strategy for the protection and welfare of animals, spanning 2011-2015, due to be adopted in December 2011, the Commission adopted the report 'Options for animal welfare labelling and the establishment of a European Network of Reference Centres for the protection and welfare of animals' ([COM\(2009\)584](#); see also [Strategy](#) pages).

In September 2008, the Commission proposed a Regulation on the protection of animals at the time of killing ([COM\(2008\)553](#); see also Press Releases [IP/08/1371](#), [MEMO/08/574](#)). Adopted as [Council Regulation \(EC\) 1099/2009](#) (see Press Releases [11104/09](#), [IP/09/985](#)) it introduced: the appointment of Animal Welfare Officers in certain slaughterhouses; animal welfare to be taken on board in the design, construction and equipment of slaughterhouses; promotion of innovation and a common approach in relation to stunning and killing techniques; improving protection of animals during mass killing operations.

The Regulation replaced Directive 93/119/EC. Changing the type of act from Directive to Regulation:

provides for uniform and simultaneous application, avoiding administrative burdens and inequalities sometimes due to national transpositions and allowing faster implementation. It also establishes a single set of rules that will be clearer and easier to apply both for EU operators and trading partners.

In January 2009, the [European Group on Ethics](#) (EGE) asked the Commission to take account of ethical principles in EU agriculture policies, with food security, food safety, and sustainability being the main priorities and guiding principles for any technology used in agriculture (see Press Release [IP/09/86](#)).

An EU ban on conventional battery cages - based on Directive 1999/74/EC - will enter into force in 2012 (see Press Release [IP/08/19](#), [COM\(2007\)865](#) and Commission's [Laying hens](#) page). On 20 October 2011, the Commission called on Member States to implement the ban and warned it would take measures against those failing to comply with the new rules (Press Release [IP/11/1216](#)).

On 23 March 2009, the Agriculture and Fisheries Council adopted conclusions supporting a Universal Declaration on Animal Welfare (UDAW). The Conclusions (see Press Release [7702/09](#)) included the statement that it is:

important to achieve world-wide acceptance of animal welfare as an issue of common concern and importance

On 8 July 2009, the Commission issued a Report ([COM\(2009\)334](#)) on the application of Regulation 882/2004 'on official controls performed to ensure the verification of compliance with feed and food law, animal health and welfare rules' (the 'Official Controls Regulation' or 'OCR').

On 25 August 2010, the Commission adopted its first report 'on the overall operation of official controls in the Member States on food safety, animal health and animal welfare, and plant health' ([COM\(2010\)441](#)). The report gave:

an overview of the way competent authorities in the Member States carry out official controls to verify compliance with food law legislation (in the broadest sense, including not only food and feed safety but also animal health and welfare and - to some extent - plant health).

Adopted on 10 November 2011, a Commission Report 'on the impact of Council Regulation (EC) No 1/2005 on the protection of animals during transport'

([COM\(2011\)700](#)) found that the Regulation has had beneficial impacts on the welfare of animals during transport, and that it had had no impact on the volume of intra-EU trade in live animals.

On 19 January 2012, the Commission adopted a Communication 'on the European Union Strategy for the Protection and Welfare of Animals 2012-2015' ([COM\(2012\)6](#); see also Press Releases [IP/12/28](#) and [MEMO/12/18](#)). In it, the Commission identified the main common drivers affecting animal welfare in the EU:

- failure of Member States to enforce EU legislation
- lack of appropriate information for consumers on animal welfare
- lack of knowledge about animal welfare on the part of stakeholders
- the need to simplify and develop clear principles for animal welfare

To address these issues, the Commission proposes a strategy based on two complementary approaches: tackling some common problems need in a different and holistic manner, and reinforcing actions that the Commission already performs.

On 14 May 2012, the European Parliament's Agriculture Committee called for improvements in the welfare of animals being transported around Europe, with a maximum transport time of eight hours, and more local slaughterhouses and meat processing plants, so as to reduce the need for long journeys (see Press Release [20120511IPR44899](#)).

(See also: European Parliament: Library Briefing: [Animal welfare protection in the EU](#)).

## **Food issues**

A number of food-related issues have also arisen over the past few years. Recent developments include the following:

On 28 October 2009, the Commission adopted the Communication 'A better functioning food supply chain in Europe' ([COM\(2009\)591](#); see also Press Releases [IP/09/1593](#), [MEMO/09/483](#)), which focused on improving the functioning of the food supply chain, in part by improving commercial relationships between the various actors involved. In response, a High Level Forum for a Better Functioning Food Supply Chain was established by [Commission Decision 2010/C 210/03](#) of 30 July 2010. The Forum first met on 16 November 2010 (see Press Release [IP/10/1510](#)).

In January 2008, the Commission proposed revisions to Regulation 258/97 (the Novel Foods Regulation). The proposals (issued as [COM\(2007\)872](#); see also Press Releases [IP/08/37](#) and [MEMO/08/17](#)) were intended to subject novel foods 'to a simpler and more efficient authorisation procedure, which should enable safe, innovative foods to reach the EU market faster' and to encourage companies 'to invest in developing new types of foods and food production techniques'. The new Regulation was approved by the Agriculture and Fisheries Council of 22-23 June 2009 (see Review of [Regulation \(EC\) 258/97](#) page and [PreLex dossier](#)).

Disagreements between the European Parliament and the Council on proposals for new legislation on novel foods saw three years of negotiations end in failure on 28 March 2011. Each side blamed the other for the lack of agreement, which saw existing legislation on cloning and on food from cloned animals retained (see Press Releases [8308/11](#), [20110324STO16430](#)).

A draft Regulation 'on the provision of food information to consumers' was adopted by the Commission at the end of January 2008 ([COM\(2008\)40](#); Press Releases [IP/08/112](#) and [MEMO/08/64](#)). The proposal seeks to make food labels 'clearer and more relevant to

the needs of EU consumers'. Pre-packaged food would have to display key nutritional information on the front of the package, and there would be general requirements for displaying nutrition information on food labels. The Regulation would also extend current requirements for allergen labelling to non pre-packed food, 'including food sold in restaurants and other catering establishments'. The new legislation was adopted as [Regulation \(EU\) 1169/2011](#) of 25 October 2011.

In June 2008, the Commission published a draft Regulation 'laying down health rules as regards animal by-products not intended for human consumption (Animal by-products Regulation)'. The act was adopted as [Regulation \(EC\) 1069/2009](#) of 21 October 2009 (see also Press Releases [IP/08/911](#) and [MEMO/08/382](#) and [PreLex dossier](#)). The new rules exempt a number of products from veterinary controls, including packaged pet-food, biodiesel, tanned hides and skins. They apply from 4 March 2011 (Press Release [IP/10/1316](#)).

A Green Paper 'on agricultural product quality: product standards, farming requirements and quality schemes' ([COM\(2008\)641](#)), issued in October 2008, aimed to stimulate debate on how to help farmers exploit the quality of the food and drinks they produce. A consultation period on the Green Paper ended on 31 December 2008 (see also [IP/08/1503](#) and [Green Paper page](#)).

Following the Green Paper, a Communication 'on agricultural product quality policy' was published as [COM\(2009\)234](#) of 28 May 2009 (see also Press Release [IP/09/842](#)). In it, the Commission committed itself to a number of actions, including developing guidelines for agricultural product quality certification schemes and improving recognition of EU quality schemes in non-EU countries.

Subsequently, on 10 December 2010, the Commission adopted a 'Quality Package' intended to guarantee quality to consumers and a fair price for farmers. According to the Commission's [Quality package 2010](#) page (see also Press Releases [IP/10/1692](#) and [MEMO/10/669](#)), the initiative:

puts in place for the first time a comprehensive policy on certification schemes, value-adding terms for agricultural product qualities, and product standards, covering the different facets of quality, from the compliance with minimum standards to the production of highly specific products.

The Package comprises:

- a proposal for a Regulation on agricultural product quality schemes ([COM\(2010\)733](#); adopted as [Regulation \(EU\) 1151/2012](#); see also [PreLex dossier](#))
- a proposal for a 'Marketing Standard' Regulation, amending Council Regulation (EC) 1234/2007 ([COM\(2010\)738](#); check progress via the [PreLex dossier](#))
- new guidelines for voluntary certification schemes ([2010/C 341/04](#)) and on the labelling of products using PDO-PGI ingredients ([2010/C 341/03](#))

From 1 July 2009, rules on marketing standards for 26 types of fruit and vegetables were repealed, allowing national authorities to permit the sale of all fruit and vegetables, regardless of their size and shape (see Press Release [IP/09/1059](#)).

Also in October 2008, the Commission launched an EU-wide campaign to promote the School Milk Programme, under the slogan 'Milk - Drink it up' (Press Release [IP/08/1545](#)).

The inaugural European Veterinary Week (EVW) in November 2008 focused on biosecurity (see Press Release [IP/08/1651](#)). The Week coincided with the launch of the [Farmland](#) website, which aims to raise children's awareness of animal welfare issues (Press Release [IP/08/1670](#)).

January 2009 saw the European Parliament approve new legislation on pesticides. The new Plant Protection Products Regulation of 21 October 2009 ([Regulation \(EC\) 1107/2009](#); see also Press Releases [IP/09/47](#) and [MEMO/09/8](#), and [PreLex dossier](#)) was part of a 'Pesticides Package' (see Commission's [Sustainable Use of Pesticides](#) pages).

A Proposal for a Regulation 'on the placing on the market and use of feed', published in March 2008 as [COM\(2008\)124](#), was approved by MEPs in February 2009 (see Press Release [20090204IPR48473](#)) and adopted as [Regulation \(EC\) 767/2009](#) of 13 July 2009 (see also [Animal Nutrition - Marketing of Feed](#) pages).

In April 2009, a second European Commission report on the coexistence of GM crops with conventional and organic farming showed that Member States had made 'significant progress in developing coexistence legislation during the last years' (Press Release [IP/09/532](#)).

From 1 July 2009, marketing standards for 26 types of fruit and vegetables were repealed as part of efforts to cut red tape, allowing national authorities to permit the sale of all fruit and vegetables, regardless of their size and shape (with some exceptions; see Press Release [IP/09/1059](#)). On 6 July 2009, the Commission and representatives of the agro-food industry reached agreement on a 'Roadmap of Key Initiatives' to help promote food quality in the EU (see Press Release [IP/09/1089](#) and [High Level Group on the competitiveness of the agro-food industry](#)).

In July 2009, the Commission approved €27 million to help promote agricultural products in 12 Member States (see Press Release [IP/09/1186](#)) and a year later announced it was providing €30 million to support 19 programmes, in 14 Member States (Press Release [IP/10/873](#)). In December 2010, measures to provide information about produce from Greece, Italy, Poland and Portugal to countries outside the EU were approved (Press Release [IP/10/1682](#)).

The Commission announced on 2 March 2010 that it would propose that Member States be given more choice to decide whether to permit the cultivation of genetically modified organisms (GMOs; see Press Releases [IP/10/222](#) and [MEMO/10/58](#)). On 13 July 2010, it adopted a Communication 'on the freedom for Member States to decide on the cultivation of genetically modified crops' ([COM\(2010\)380](#)) and a proposal for a Regulation 'amending Directive 2001/18/EC as regards the possibility for the Member States to restrict or prohibit the cultivation of GMOs in their territory' ([COM\(2010\)375](#); check progress via the [PreLex dossier](#); see also Press releases [IP/10/921](#), [MEMO/10/325](#)).

A 268-page compendium of results of EU-funded research on genetically modified crops was published in December 2010 as [A decade of EU-funded GMO research](#) (see also Press Release [IP/10/1688](#)).

On 15 April 2011, a Commission report 'on socio-economic implications of GMO cultivation' ([COM\(2011\)214](#)) highlighted current limitations in assessing the socio-economic implications of cultivating GM crops and showed that existing information is often based on preconceived ideas (see also Press Release [IP/11/477](#)). In October 2011, the Commission announced the publication of two independent reports concerning the EU legislative framework on GMOs (see Press Releases [IP/11/1285](#) and [MEMO/11/742](#) and [GMO Evaluation](#) page).

The report 'Dairy market situation 2009', of 22 July 2009 (issued as [COM\(2009\)385](#); see also Press Release [IP/09/1172](#)) set out measures available to help alleviate market difficulties, including making direct payments to farmers early and launching new dairy promotion programmes.

On 17 September 2009, a package of measures was announced by the Commission to help dairy farmers in both the short and long-term (Press Release [IP/09/1333](#)). On 9 October 2009, the Commission proposed amending the Single CMO Regulation to enable the introduction of measures to help the dairy sector in cases of market disturbances (Press Release [IP/09/1501](#)). The act was adopted as [Council Regulation \(EC\) 1140/2009](#) of 20 November 2009.

28 October saw the Commission agree to Member States giving dairy farmers one-off payment of up to €15,000 in State aid, as part of the efforts to stabilise incomes (see Press Release [IP/09/1599](#)).

'Have the management instruments applied to the market in milk and milk products achieved their main objectives?' is the title of an October 2009 report from the European Court of Auditors ([Special Report 14/2009](#); see also Press Release [ECA/09/63](#)). The report looks at the effectiveness of the Commission's management of the market for milk and milk products since the introduction of milk quotas in 1984 and makes a number of recommendations, including:

- that monitoring the development of the market in milk and milk products should continue, so that liberalisation of the sector does not lead once again to over-production
- that in-depth reflection should be given to strategies to tackle the special problems of those regions where milk production is most vulnerable, in particular in mountainous areas, and to tackle the environmental consequences of a geographical concentration of milk production;
- that efforts should be continued to focus milk production, as a matter of high priority, on meeting the needs of the domestic European market and, in addition, on producing cheeses and other high added value products which can be exported on the world market without budgetary support.

In October 2009, in the wake of the dairy sector crisis, a High Level Group on Milk was established. In a report issued in June 2010, the Group made seven recommendations to the Commission on issues including the use of written contracts in the dairy supply chain and the collective bargaining power of dairy producers (see Press Release [IP/10/742](#) and [High Level Expert Group on Milk](#) website).

On 8 December 2010, the Commission adopted the report 'Evolution of the market situation and the consequent conditions for smoothly phasing out the milk quota system' ([COM\(2010\)727](#); see also Press Release [IP/10/1691](#)).

From 1 July 2010, the use of a new 'organic logo' is mandatory on pre-packaged organic products produced in the EU. [Regulation \(EU\) 271/2010](#) of 24 March 2010 amends [Regulation \(EC\) 889/2008](#) to that effect (see Press Release [IP/10/142](#)).

[Regulation \(EU\) 203/2012](#) of 8 March 2012 allows EU wine growers to use the term 'organic wine' on their labels, providing they meet a new set of oenological (wine-making) practices and use organic grapes (see also Press Releases [IP/12/113](#) and [MEMO/12/81](#)).

Following agreement on 15 February 2012 between the European Union and the United States, organic products certified in the EU or the USA may legally be sold as organic in either region from 1 June 2012. Products must be shipped with an organic export certificate, giving details of the production location, the certifying organisation and other information, and must be verified as being free of antibiotics. The deal amends [Regulation \(EC\) 1235/2008](#) to recognise the United States as an 'equivalent third country' (see [Regulation \(EU\) 126/2012](#), text of [Letter to US](#) and Press Release [IP/12/138](#)).



In May 2012, the European Competition Network (ECN) published a [Report](#) 'on competition law enforcement and market monitoring activities by European competition authorities in the food sector' (see also Press Releases [IP/12/502](#) and [MEMO/12/373](#)). The report provides detailed information on how competition works in the food sector, and shows that:

active enforcement of competition law in the food sector, especially at the processing and manufacturing levels, benefits farmers, suppliers and consumers.

On 6 May 2013, the Commission adopted a package of measures aimed at strengthening the enforcement of health and safety standards for the agri-food chain (see Press Release [IP/13/400](#)).

Further relevant material might be found in the ESO Information Guide: [Food Safety in the European Union](#).

## **Functioning of the CAP**

### **Common Market Organisations**

At the outset of the CAP it was decided that, in order to realise a common market for the production and trade of agricultural products, [Common Market Organisations](#) (COMs) should gradually replace national provisions where this was necessary (presently about 90% of final production).

The Common market organisations currently have their legal basis in Article 40(1) of the [TFEU](#).

Since the 1992 reforms, when it was first decided to reduce market support in favour of income support, the COMs have gradually lost their importance. This trend continued with the full implementation of the 2003 reforms and in December 2006 the European Commission proposed the creation of a single Common Market Organisation for all agricultural products, to replace the 21 existing CMOs (see Press Release [IP/06/1824](#)).

The new 'Single CMO Regulation' was adopted by the Agriculture and Fisheries Council and was published on 16 November 2007 as [Regulation 1234/2007](#) 'establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products'. The Regulation applied from 1 January 2008, though various dates were set for its application to specific agricultural different sectors.

Described as 'the flagship of the Commission's action plan to simplify and rationalise the Common Agricultural Policy', the single CMO is a significant step towards streamlining and simplifying the CAP, allowing the repeal of some 50 Council acts and replacing over 650 legal articles with around 200 and - as an example of better regulation - is seen as an integral part of the Lisbon strategy.

Published on 17 June 2009 and applicable from 1 August 2009, [Council Regulation 491/2009](#) amends the Single CMO Regulation to incorporate the wine sector into the legislation (see also Press Release [IP/09/1214](#)).

In the context of CAP reform, the Commission announced on 14 December 2012 that the High Level Group on wine planting rights had completed its work and would present its conclusions to the Council and Parliament (see Press Release [IP/12/1378](#)).

(For further information see DG Agriculture and Rural Development: [A single Common Market Organisation, Summaries of EU legislation](#) and the European Parliament's Factsheet [First Pillar of the CAP: 1: The Single Common Market Organisations](#)).

## Single Farm Payment (SFP)

The link between the level of aid and the level of production of a farm is widely regarded as the foremost reason for overproduction, market distortion and spiralling costs of the CAP. A new system of Single Farm Payment (SFP; also seen as 'Single Payment Scheme' - SPS; see [Summaries of EU legislation](#)) was introduced with the 2003 reform of the CAP. Based on direct income support for farmers it constitutes an important step towards the complete decoupling of aid from the level of production.

The annual payments are based on receipts during the 2000-02 reference period. All payments are subject to compulsory cross-compliance to standards of environment, public, animal and plant health and animal welfare. If a producer does not comply with these standards aids can be reduced or completely withheld.

The EU-15 Member States were allowed to introduce the Single Farm Payment from January 2005 and had to implement it by January 2007. Other Member States are exempt since they will be subject to the gradual phasing in of payments, which started at 25% in 2004 and will reach 100% of EU levels in 2013.

As a concession to Member States which were opposing a more radical reform, it will be allowed, until 2012, to continue certain direct aids alongside the new system, which are somehow linked to production, but have to be subject to cross-compliance. This is to avoid abandonment of production in sensitive regions (for details see DG Agriculture: [Direct payments](#)).

On 29 June 2011, the European Court of Auditors published a report on the Single Payment Scheme (see [Special Report 5/2011](#) and Press Release [ECA/11/23](#)). The Court made a number of recommendations, including:

directing aid to "active" farmers, defining eligible land and agricultural activity more clearly in order to exclude activities that do not increase agricultural productivity as well as parcels not devoted to agriculture.

It also recommends that the value of entitlements should be based on current regional farming conditions, and seek a more balanced distribution of SPS aid between farmers.

## The European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD)

[Article 34](#) of the Treaty establishing the European Community provided for the setting up of a European Agricultural Guidance and Guarantee Fund (EAGGF) to enable the common market organisation. The EAGGF consisted of two parts:

- a Guarantee section: financing the common market organisation (price support mechanisms, direct payments etc.) as well as certain rural policy, veterinary and information measures relating to it. This included [Objective 2](#) funding for rural areas in decline
- a Guidance section: for rural policy measures in [Objective 1](#) regions (those economically lagging behind) and under the rural development Community Initiative ([Leader+](#)).

The administration of the fund was under the joint responsibility of the European Commission and the Member States, co-operating within an EAGGF Committee.

At the Agriculture Council of 30 May 2005 Ministers adopted a Regulation establishing a single legal framework for financing the Common Agricultural Policy from 2007 (see Press

Release [IP/05/633](#)).

[Regulation 1290/2005](#) 'on the financing of the common agricultural policy' establishes a single legal framework for financing CAP spending, via two new funds: the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD). Fully effective from 1 January 2007, the Regulation 'sets specific requirements and rules on the financing of expenditure falling under the common agricultural policy, including expenditure on rural development'. The EAGF element finances various types of expenditure jointly managed by the Member States and the Commission, including direct payments to farmers under the CAP and refunds for exporting farm produce to non-EU countries. The EAFRD finances the Union's contribution to rural development programmes where management is shared by the Commission and Member States.

Three Regulations were adopted in June 2006, laying down detailed rules for the application of Regulation 1290/2005:

- Regulation 1: keeping of accounts by the paying agencies ... ([Regulation 883/2006](#))
- Regulation 2: financing by the EAGF of public storage operations ([Regulation 884/2006](#))
- Regulation 3: accreditation of paying agencies, clearance of EAGF and EAFRD accounts ([Regulation 885/2006](#)).

In October 2007, the Agriculture Council agreed that Member States should publish details of [beneficiaries of CAP payments](#). However, in November 2010, in a decision on two cases brought by German farmers, the Court of Justice found that:

The obligation to publish the names of natural persons who are beneficiaries of such aid and the exact amounts which they have received constitutes, with regard to the objective of transparency, a disproportionate measure.

Although the Commission can still publish details of CAP payments to companies and partnerships, it is currently illegal to publish payments to individuals (see Press Release [110/10](#)).

On 25 September 2012, the Commission adopted a revised proposal for a Regulation 'on the financing, management and monitoring of the common agricultural policy' (COM(2012)551; initially proposed as [COM\(2011\)628](#); check progress via [PreLex dossier](#)). The amended proposal addressed, in part, the issue of publishing information on beneficiaries of EU agricultural funds (see Press Release [IP/12/1006](#)).

(For further details see: DG Agriculture: [Financing the CAP](#), [Summaries of EU legislation](#), and European Parliament: Factsheet: [Financing of the CAP](#)).

## **Rural development policy**

90% of the EU is classified as rural, and is home to more than 60% of the Union's population. Reforms of the CAP, especially the 2003 reform, have seen rural development policy become an increasingly important element of the Common Agricultural Policy. Early initiatives such as the 1968 Mansholt plan and the MacSharry reforms of 1992 had already recognised the need for structural support of rural areas, their agricultural communities and their environment. But it was only with the Agenda 2000 that a wider approach to rural development was given real political and financial support. It was in this light that a 'second pillar' of the CAP was created, to specifically address the issue of rural development.

Current [rural development policy](#) recognises the multi-functionality of agriculture, i.e. those roles which go beyond the production of food, such as preserving landscape and environment, ensuring employment and income for rural populations and offering a basis for rural tourism. It is based on three main legal instruments:

- [Council Decision 2006/144/EC](#) 'on Community strategic guidelines for rural development (programming period 2007 to 2013)'
- [Council Regulation 1698/2005](#) 'on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)'
- [Commission Regulation 1974/2006](#) 'laying down detailed rules for the application of Council Regulation (EC) No 1698/2005'.

In October 2008, the Commission launched the [European Network for Rural Development](#) (Press Release [IP/08/1525](#)). The Network is intended to make it easier for key actors in rural development to share ideas, information and experience.

On 20 July 2011, the Commission adopted a report 'on the implementation of the national strategy plans and the Community strategic guidelines for rural development (2007-2013)' The first of its kind, the report ([COM\(2011\)450](#)) summarised the main developments, trends and challenges concerning the implementation of the national strategy plans and the Community strategic guidelines.

(See also [Summaries of EU legislation](#) and European Parliament Factsheet [Second Pillar of the CAP: Rural development policy](#)).

### **Information measures**

[Council Regulation 814/2000](#) 'on information measures relating to the common agricultural policy', requires the Commission to present a report every two years on the implementation of the Regulation. The objectives of the information measures are defined as:

- helping to explain the CAP as well as to implement and develop it
- promoting the European Model of Agriculture and helping people understand it
- providing information for farmers and others living in rural areas
- raising public awareness of the issues and objectives of the CAP.

The Commission's third such report ([COM\(2009\)237](#)), issued on 20 May 2009 and covering 2007-2008, showed - amongst other things - that 'increased attention was paid to the local context in designing information measures' and that 'Strategic messages were improved and refined'.

A Green Paper 'on promotion measures and information provision for agricultural products: a reinforced value-added European strategy for promoting the tastes of Europe' was adopted by the Commission on 14 July 2011 as [COM\(2011\)436](#) (see also Press Release [IP/11/885](#) and the [Green Paper](#) page). With a deadline of 30 September, it sought views from consumers, producers, distributors and authorities, with the aim of:

shaping a new promotion and information strategy which will be targeted and ambitious in scope in order to draw greater benefit from the considerable resources of Europe's farming and agri-food sector.

EU funding of €3,597m to support 22 programmes promoting agricultural products in the EU and elsewhere was confirmed by the Commission on 25 April 2013 (see Press Release [IP/13/369](#)).

## **The external dimension of the CAP**

### **EU enlargement and the Common Agricultural Policy**

In 2004 ten new Member States from Central and Eastern Europe and the Mediterranean joined the EU, most of which had traditionally strong agricultural sectors. This enlargement considerably increased the EU's agricultural surface - by 30% - and its workforce in the agricultural sector from four to eleven million.

The financial adjustments laid down in Agenda 2000 (see [Summaries of EU legislation](#)) were meant to prepare the EU for the arrival of the new Member States. Most of these countries were bound to be net recipients of agricultural subsidies and would make it impossible to continue the financing of the CAP as it stood at the time.

The deal agreed at the December 2002 [Brussels European Council](#) (see also Press Release [MEMO/02/301](#)) was that direct aids to the new Member States are to be phased in over 10 years, starting off at 25% of EU-15 levels in 2004 and reaching 100% in 2013. New Member States are allowed to add to these payments to a certain degree (national top-ups) with rural development money from the EU or with national resources.

It was furthermore decided that the new Member States should get favourable conditions for receiving rural development funds. Market support measures apply similarly in old and new Member States.

In order to simplify the administration of funds during an initial 3-5 years, new Member States are given the option to apply a Single Area Payment Scheme (SAPS). This means that decoupled direct payments are aggregated into one single 'basket' (national financial envelope) to be distributed to farmers, purely on the basis of the number of hectares of their holding. Eventually Member State are expected to implement the Single Farm Payment scheme.

In December 2012, the European Court of Auditors published its [Special Report No.16](#): 'The effectiveness of the Single Area Payment Scheme as a transitional system for supporting farmers in the New Member States'. Noting that payments have been made to beneficiaries only marginally involved in farming, the Court recommended that support be directed to active farmers and called for a more balanced distribution of aid to farmers in different regions.

As part of the EU's pre-accession strategy a funding instrument, SAPARD ('Special accession programme for agriculture and rural development'; see [Summaries of EU legislation](#)) was set up in 1999 to facilitate structural adjustment in the agricultural sectors and rural areas of candidate countries, as well as to support the implementation of the *acquis communautaire* concerning the CAP before accession day. SAPARD was replaced by [Council Regulation \(EC\) No 1085/2006](#) 'establishing an Instrument for Pre-Accession Assistance' (IPA) which offers assistance to candidate and potential candidate countries. These are listed as: Croatia, Turkey and the former Yugoslav Republic of Macedonia; Albania, Bosnia, Montenegro, Serbia and Kosovo (as defined in UNSCR 1244). The overall objective of the IPA is to:

assist the countries listed ... in their progressive alignment with the standards and policies of the European Union, including where appropriate the *acquis communautaire*, with a view to membership.

The rural development component of the Regulation supports Croatia, Turkey and the former Yugoslav Republic of Macedonia:

in policy development as well as preparation for the implementation and management of the Community's common agricultural policy. It shall in particular contribute to the sustainable adaptation of the agricultural sector and rural areas and to the candidate countries' preparation for the implementation of the acquis communautaire concerning the Common Agricultural Policy and related policies.

(For more details on agriculture and enlargement see: DG Agriculture: [The enlargement of the European Union](#), and Summaries of EU legislation on [Instrument for Pre-Accession Assistance](#) and [Agriculture: Enlargement](#).)

## **CAP and the multilateral framework of the World Trade Organisation**

Agriculture has become an important issue at the negotiations on the liberalisation of global trade in the framework of the World Trade Organisation (WTO). The basis for the agriculture talks is the so called Agreement on Agriculture (1995), attached to the General Agreement on Tariffs and Trade (GATT) for goods.

Although Member States have committed themselves to 'improve market access and reduce trade-distorting subsidies in agriculture' the issue is highly contentious and progress is slow. The highly subsidised agricultural regimes of the European Union, but also that of the United States and other major producers, are facing fierce criticism from developing countries which are in turn expected to embrace free trade.

The lack of a consensus on agriculture is seen as one of the main reasons why the present round of talks, the Doha Round (or Doha Development Agenda - DDA), which was launched in Doha, Qatar in 2001, almost collapsed when the September 2003 [Ministerial Conference in Cancún](#) (Mexico) ended in failure.

The 2003 reform of the CAP strengthened the EU's position on the question of support for its agricultural sector, by re-classifying the vast majority of direct payments as non-trade distorting subsidies (they were moved into the so-called 'Green Box').

After successful talks in Mombasa (Kenya) on 3-4 March 2005 (see Press Release [MEMO/05/88](#)) and in Paris on 4 May 2005 (Press Release [IP/05/545](#)) the next crucial step to revive the Doha Development Agenda was the 6th WTO Ministerial in Hong Kong in December 2005. In the WTO Ministerial Declaration, adopted on 18 December 2005, members resolved

to complete the Doha Work Programme fully and to conclude the negotiations launched at Doha successfully in 2006.

The DDA negotiations were suspended in July 2006, because the gaps between key players remained too wide. However, discussions gradually resumed and in December 2007, WTO Director-General Pascal Lamy, reported that:

we are closer to achieving the major goal we all share - establishing modalities in Agriculture and NAMA (non-agricultural market access), which in turn would pave the way to the conclusion of the Round.

He suggested that it might be possible 'to conclude the Round before the end of 2008'. However, the talks collapsed in July 2008 after the longest WTO Ministerial meeting ever held. A week of negotiations ended in failure when the United States and India (who were - according to the EU - the main culprits) could not agree on a Special Safeguard Mechanism (SSM) intended to protect agriculture in developing countries (see Press Release [The WTO Doha Round Geneva Ministerial, July 2008](#)).

(For more details on trade and agriculture see: World Trade Organization [Agriculture Gateway](#); European Parliament Factsheet: [External aspects of the CAP: WTO agreement on agriculture](#); European Commission DG Agriculture: [Relations with Developing Countries](#) and [Enlargement of the European Union](#); DG Trade: [Doha Development Agenda](#)).

## Information sources in the ESO database

Find updated and further information sources in the ESO database:

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### [13.1.b Common Agricultural Policy - General](#)

### [13.1.c Health - Animal health - Plant health - Animal welfare](#)

### [13.1.d Farming methods](#)

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### [13.4.a Arable crops](#)

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### [13.4.m Other sectors](#)

### [13.5 Common Agricultural Policy - Regional issues](#)

### [13.6 World agriculture](#)

### [13.7 Fisheries](#)

### [13.8 Forestry](#)

## Further information sources on the internet

- European Commission: DG Agriculture and Rural Development
  - [Homepage](#)
  - The CAP
    - [Overview](#)
    - [FAQ](#)
    - [History](#)
    - [The CAP post-2013](#)
    - [Simplification](#)

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- European Commission: DG Environment
  - [Homepage](#)
  - [Environment and Agriculture](#)
- European Commission: DG Eurostat
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- Europa
  - Policy areas: [Agriculture](#)
  - Summaries of EU legislation
    - [Agriculture](#) (includes factsheets under the headings 'Markets for agricultural products', 'Agriculture: enlargement', 'Environment', 'Food', 'General framework')
- European Commission: DG Communication
  - [RAPID](#) press releases database - [Agriculture and rural development](#) (pre-set search)
  - EU news: [Agriculture, fisheries and food](#)
- Legislative and policy making information
  - [Treaty on the functioning of the European Union](#): Article 4(2), 13, 38-44
  - EUR-Lex: Legislation: [Agriculture](#)
  - EUR-Lex: Preparatory legislation: [Agriculture](#)
  - EUR-Lex: Consolidated legislation: [Agriculture](#)
  - EUR-Lex: Case Law: [Agriculture](#)
  - EUR-Lex: Summaries of EU Legislation: [Agriculture](#)
  - European Commission: DG [Agriculture](#)
- European Parliament: Legislative Observatory (OEIL)
 

[Homepage](#): Carry out a [Search](#): scroll down right-hand menu and expand 'Subject'; then expand 'Community policies', choose 'Agricultural policy and economies' and select appropriate sub-heading.
- Council of the European Union
  - [Agriculture and Fisheries Council](#)

- European Parliament
  - [Agriculture and Rural Development Committee](#)
  - [Fisheries Committee](#)
- European Parliament: Fact Sheets
  - Section on [Common policies](#) has Fact Sheets under the headings 'Common Agricultural Policy', 'Forestry policy', 'Common Fisheries Policy'
- European Economic and Social Committee
  - [Agriculture, Rural Development and Environment](#) (NAT)
- Committee of the Regions
  - [Commission for Natural Resources](#) (NAT)
- Committee of Agricultural Organisations in the EU (COPA-COGECA)
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- World Trade Organization (WTO)
  - [Agriculture Gateway](#)

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