How does the EU define “Rural and Agriculture”? 

Roger Waite  
Editor  
AGRA FACTS
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An update on the EU's Common Agriculture Policy

By Roger Waite, Editor of AGRA FACTS
What is the European Union?

27 Member States
490 million people
15 million farmers
US and EU Farm sectors at a glance

- Number of farms (in million):
  - EU: 15
  - USA: 2

- UAA (million ha):
  - EU: 183
  - USA: 378

- Value of production (billion €/$):
  - EU: 278
  - USA: 240
Average Size of Farms – US and EU (ha)
# The CAP: from Past to Present

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CAP spending in recent years

![Graph showing CAP spending from 1980 to 2007, with different categories like Export subsidies, Market support, Direct aids, Decoupled payments, Rural development, and % of EU GDP.](image-url)
2007-2013 Rural Development plans

• 94 different plans, e.g. 4 in UK, 14 in Germany 17 in Spain; 21 in Italy; Regional flexibility;

• EU money, national/regional co-funding (50-50, or 25-75 in poorest regions), private funding;

• EU contribution €90.8 bn,  
  National co-financing €57.7 bn,  
  Private spending €64.8 bn,  
  National top-ups €12.4 bn,  

• TOTAL €225.7 bn
RD options 2007-2013

**Axis 1** – Economic Investment (at least 10%) - e.g. Modernisation, training

**Axis 2** – Environmental (at least 25%) - e.g. LFA payments; non-productive investments;

**Axis 3** – Social (at least 10%) e.g. Village renewal; Diversification for rural tourism;

**LEADER + schemes** – local input pilot projects (at least 5%)
How 2007-2013 funds are allocated

- **Axis 1**: Improving the competitiveness of agriculture (34%)
- **Axis 2**: Improving the environment & the countryside (13%)
- **Axis 3**: Improving the rural economy & diversification (6%)
- **Axis 4**: LEADER (3%)
- Technical aid, Direct aid for Bul & Rom (44%)
British RD allocations 2007-2013

- Axis 1 - Improving competitiveness
- Axis 2 - Environment / Land management
- Axis 3 - Rural diversification
- Axis 4 - LEADER
- Technical aid
Polish RD allocations 2007-2013

- **Axis 1 - Improving competitiveness**: 40%
- **Axis 2 - Environment / Land management**: 19%
- **Axis 3 - Rural diversification**: 34%
- **Axis 4 - LEADER**: 5%
- **Technical aid**: 2%
Dutch RD allocations 2007-2013

- Axis 1 - Improving competitiveness
- Axis 2 - Environment / Land management
- Axis 3 - Rural diversification
- Axis 4 - LEADER
- Technical aid

The chart shows the distribution of allocations with the following percentages:
- Axis 1: 29%
- Axis 2: 30%
- Axis 3: 30%
- Axis 4: 10%
- Technical aid: 10%
Axis 1 – Improving competitiveness

• Training - 2 250 000 agriculture, food & forest workers
• Early retirement - 86 000 releasing 906 000 ha;
• New entrants - 176 000
• Advisory services 1 160 000 farmers; 82 000 forest owners;
• New products & techniques: 216 000 farms; 45 000 forest; 17 000 processing co.s; 9 000 cooperation initiatives;
• Added value 60 000 enterprises;
• Infrastructure 42 000 projects;
• New Member State market investment - 110 000 semi-subsistence farms; 2 000 producer groups;
Axis 2 Land Management & Environment

• **Agri-environment schemes** - 2.96 million farms covering 38.89 million hectares;

• **Afforestation** – 600 000 ha of farmland involving 117 000 farmers

• **Less Favoured Area Payments**
  - *Mountain areas* - 1.41 million farms, covering 18.15 million ha;
  - *Other natural handicap* - 1.59m farms & 33.52m ha;
Axis 3 – Diversifying the rural economy

- Training 440,000 rural inhabitants
- Non Agricultural jobs on farm 71,000 jobs
- New SMEs 114,000 jobs
- Expanded tourist activities 185,000 jobs
- Better basic services 35.77 million rural dwellers will benefit; e.g. Rural broadband
- Village renewal 39,000 projects
LEADER schemes

- Enhancing local/regional governance
- Capacity building
- Locally-initiated pilot projects
- €5.5 bn includes €3.7bn for diversification / quality of life; €522m for competitiveness; €165m for environmental protection;
- €265m for inter-regional projects
November 2008 CAP “Health Check”

- Completing 2003 changes/ justifying post-2013 CAP
- End to compulsory set-aside; 5 x 1% milk quota increase as soft landing for end to dairy quotas in 2015;
- Further decoupling of aid (except suckler & sheep);
- Flexibility to re-channel 10% of direct aid (Art.68);
- **Additional Compulsory modulation (+5% by 2013) & progressive modulation (4% for >€300 000) – providing extra €3.2 billion for RD 2010-2013**;
- RD: New Challenges – Climate Change; biodiversity; water scarcity; renewables; - plus innovation; dairy accompanying measures;
Forecast RD spending by 2013

[Bar chart showing RD spending from 1980 to 2013, with categories including Export subsidies, Market support, Direct aids, Decoupled payments, Rural development, and % of EU GDP. The chart indicates trends and changes over time.]
Post-2013

• Next reform (2011/12) – the biggest ever
• Export refunds & “coupled” payments gone
• Doubts about value of EU. What does European taxpayer want? A new CAP
• Flat-rate hectarage payments? Co-funded?
• Additional payment for public goods provided
• More RD – climate change, renewables, water scarcity & biodiversity; a living countryside
Thank you for listening!

Roger Waite, editor

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