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How does the EU define “Rural and Agriculture”?

Roger Waite  
Editor  
AGRA FACTS

# How does the EU define “Rural and Agriculture”?

## An update on the EU's Common Agriculture Policy

By Roger Waite,  
Editor of *AGRA FACTS*



# What is the European Union?

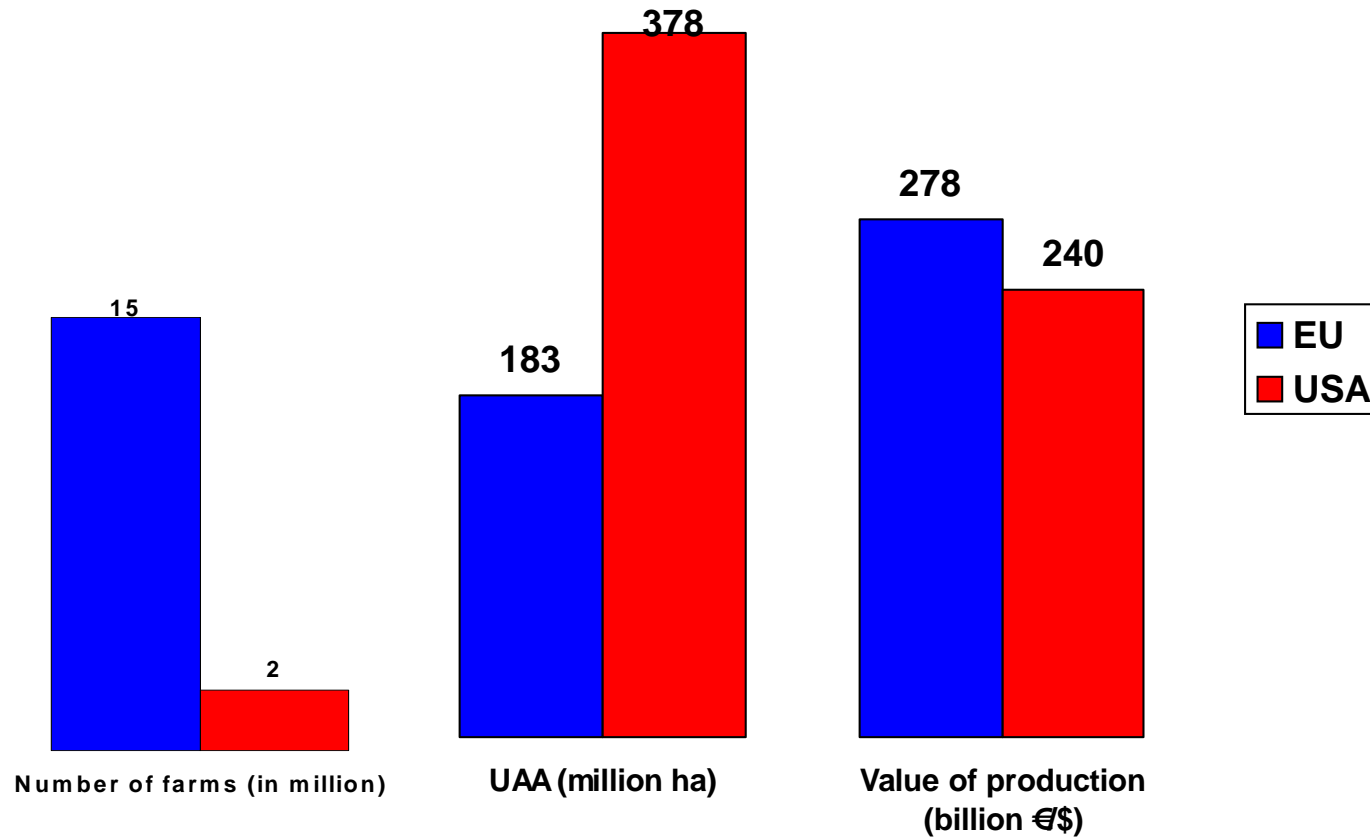
***27 Member States***

***490 million people***

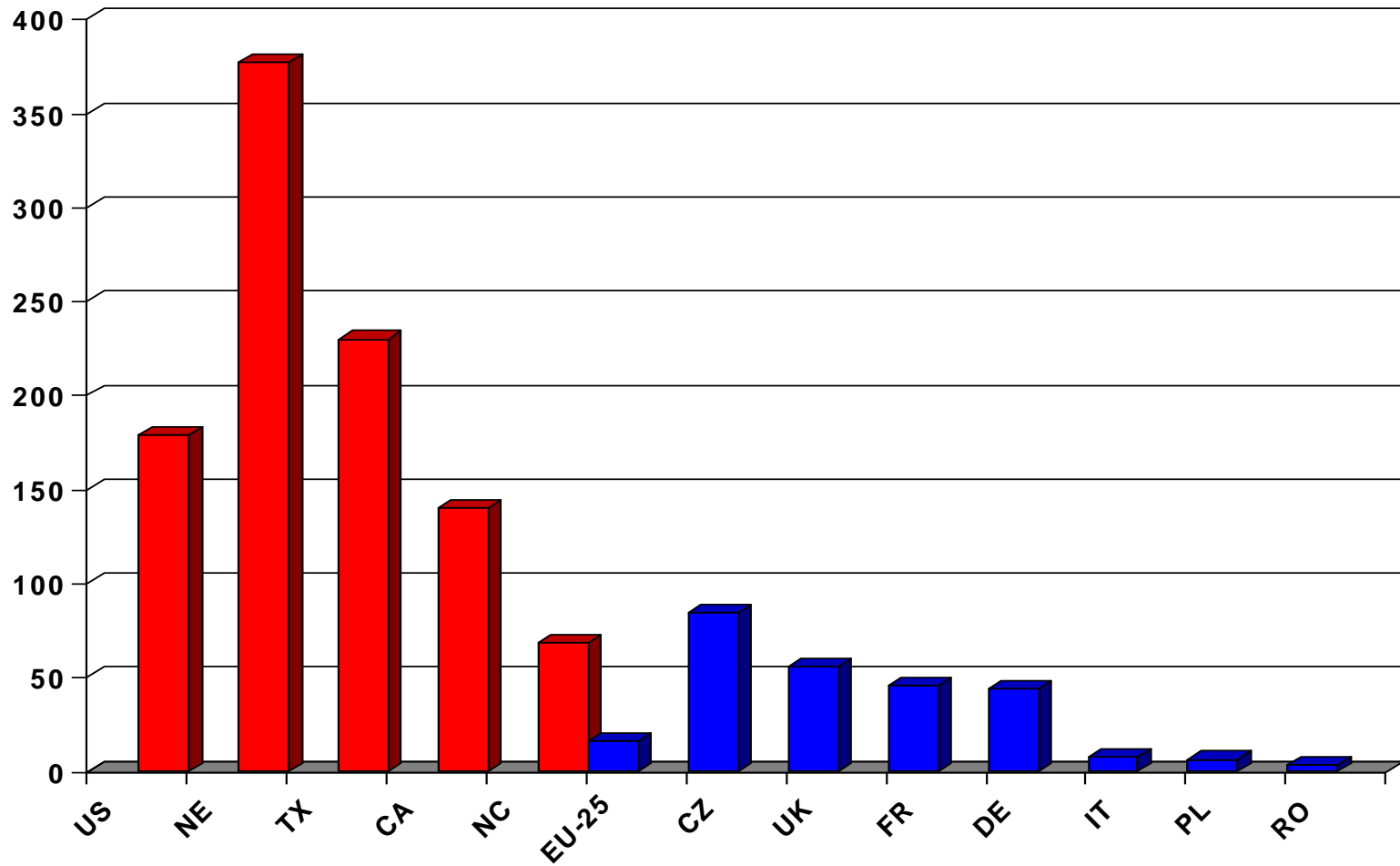
***15 million farmers***



# US and EU Farm sectors at a glance



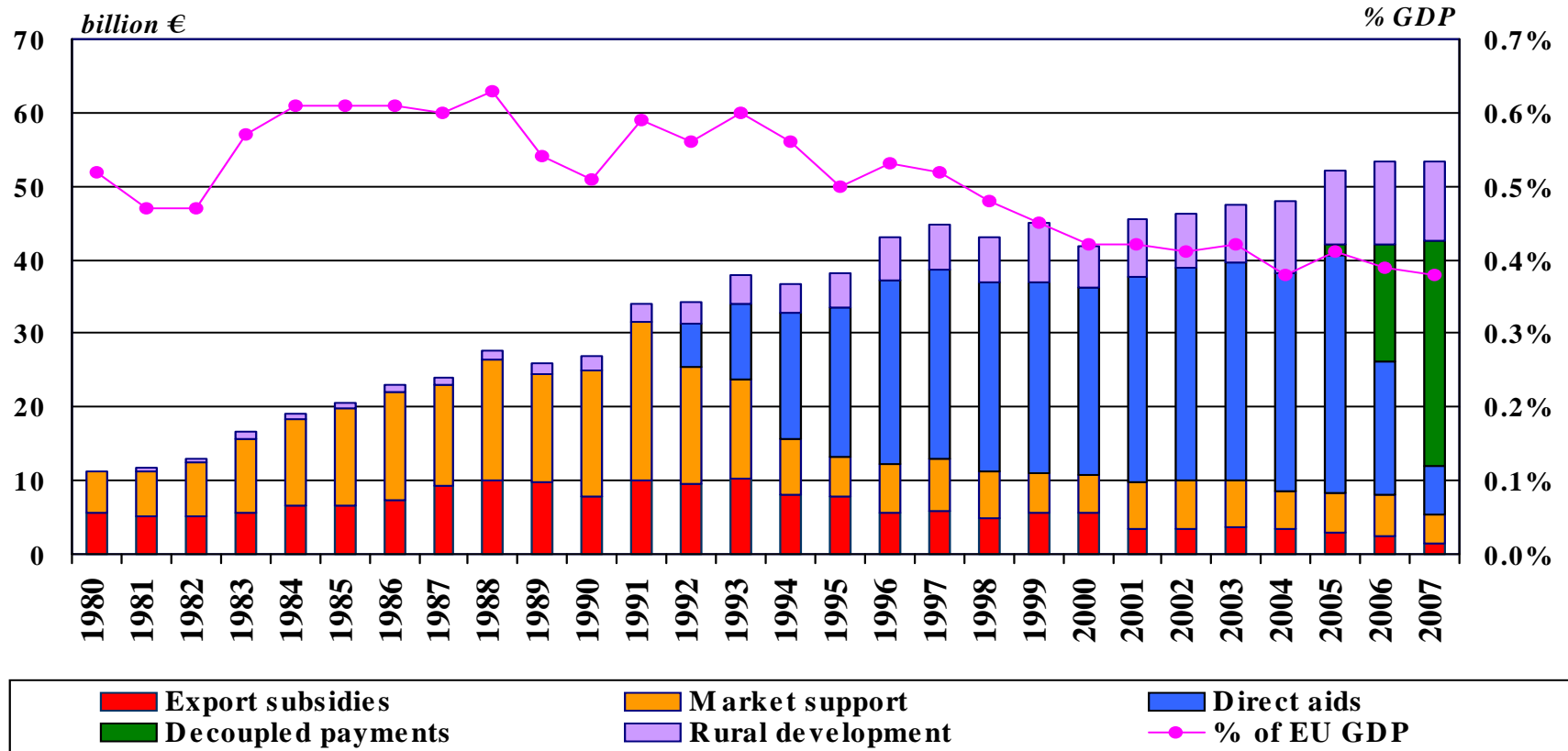
# Average Size of Farms – US and EU (ha)



# *The CAP : from Past to Present*

<p><b>Early years 1960's</b></p>	<p><b>Crisis years 70's - 80's</b></p>	<p><b>1992 CAP Reform</b></p>	<p><b>Agenda 2000</b></p>	<p><b>2003 CAP Reform</b></p>
<p><b>Price support</b></p> <p>Secure food supplies</p> <p>Improve productivity</p> <p>Stabilise markets</p> <p>Income support</p>	<p><b>Production control</b></p> <p>Slow down expenditure</p> <p>Reduce international friction</p> <p>Reduce surpluses</p>	<p><b>Price cuts + compensation</b></p> <p>Have an UR agreement</p> <p>Stabilise budget</p> <p>Protect income</p> <p>Competitiveness</p>	<p><b>More price cuts + compensation</b></p> <p>Identify EU Farm Model</p> <p>Rural development</p> <p>Protect environment</p> <p>Enlargement</p> <p>Competitiveness</p>	<p><b>Single Farm Payment</b></p> <p>Market orientation</p> <p>Consumer concerns</p> <p>Environment</p> <p>Farm income</p> <p>DDA context</p>

# CAP spending in recent years





# 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

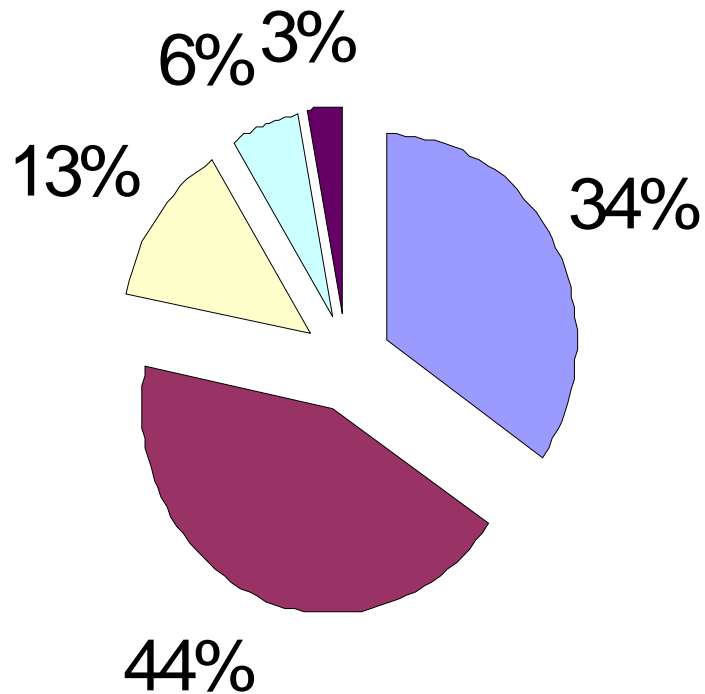
**Axis 1** – Economic Investment (at least 10%) -  
e.g. Modernisation, training

**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;

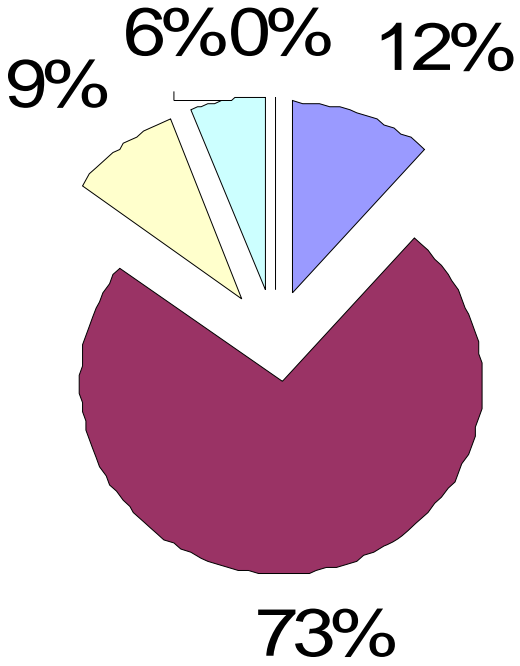
**LEADER + schemes** – local input pilot  
projects (at least 5%)

# How 2007-2013 funds are allocated



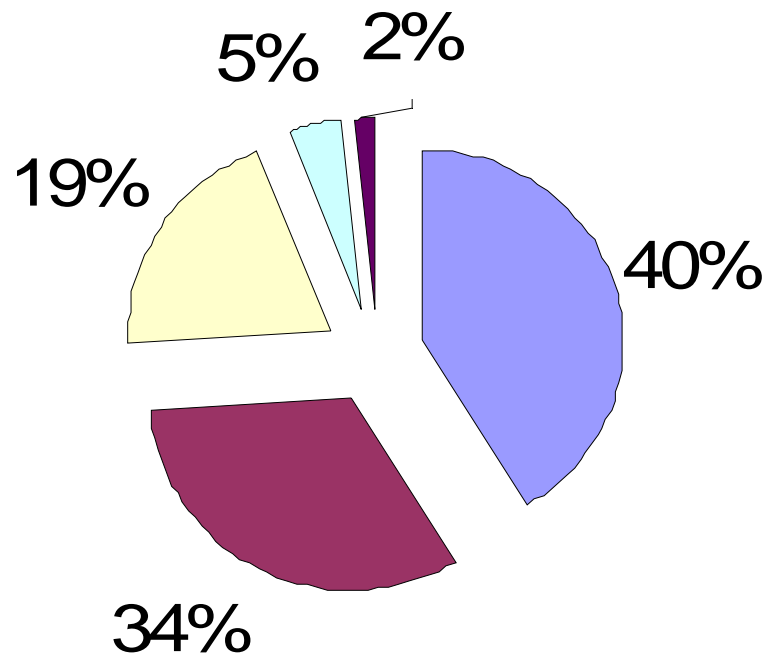
- Axis 1 - Improving the competitiveness of agriculture
- Axis 2 - Improving the environment & the countryside
- Axis 3 - Improving the rural economy & diversification
- Axis 4 - LEADER
- Technical aid, Direct aid for Bul & Rom

# British RD allocations 2007-2013



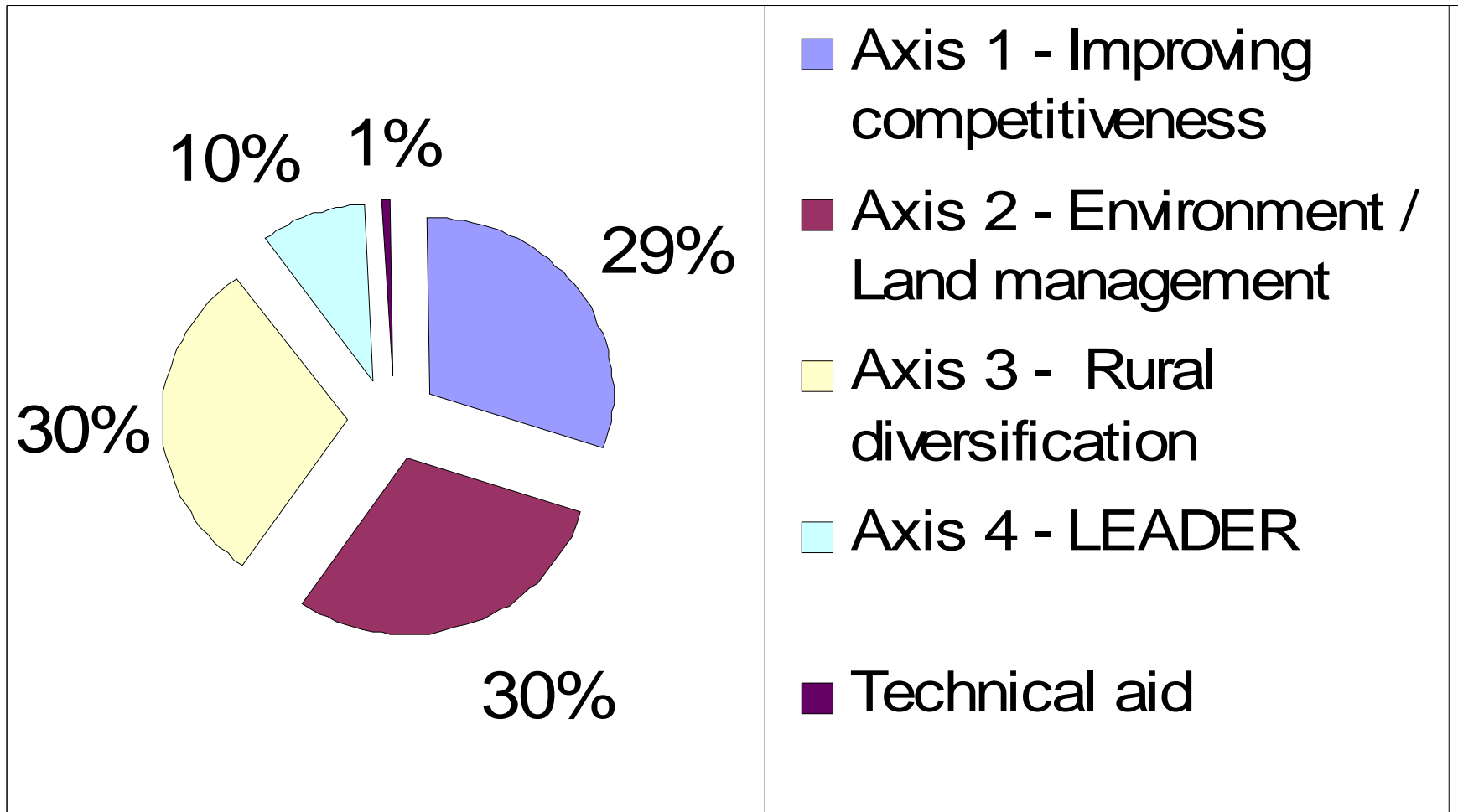
- Axis 1 - Improving competitiveness
- Axis 2 - Environment / Land management
- Axis 3 - Rural diversification
- Axis 4 - LEADER
- Technical aid

# Polish RD allocations 2007-2013



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

# Dutch RD allocations 2007-2013



# 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

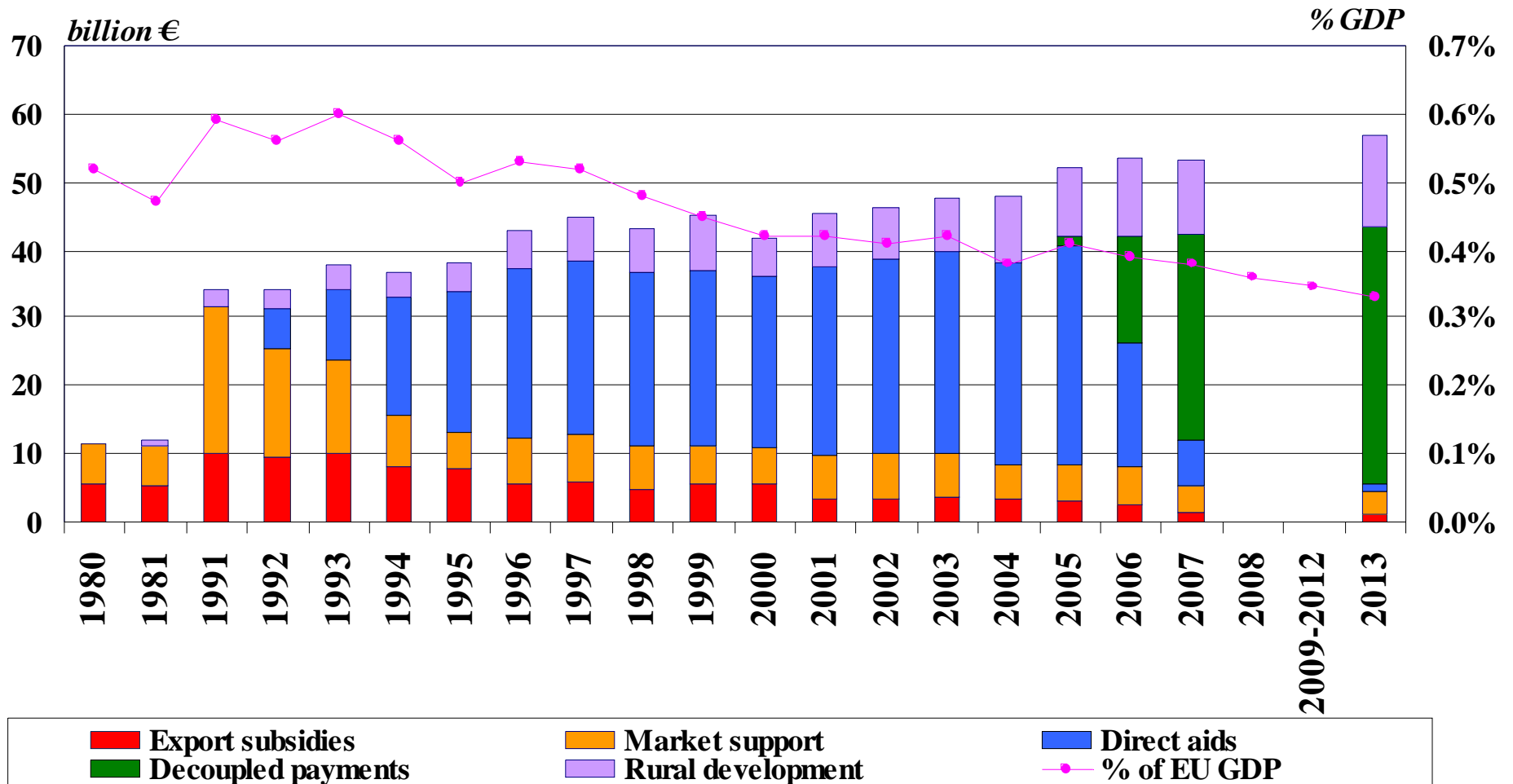
# LEADER schemes

- 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



# 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 hectare 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

***AGRA FACTS / AGRA FOCUS***

53 Rue d'Arlon, B-1040 Brussels BELGIUM

Tel: 0032.2.230.1122; Fax: 0032.2.230.6333

E-Mail: [info@agrafacts.com](mailto:info@agrafacts.com)

Web: [www.agrafacts.com](http://www.agrafacts.com)