



The CAP - an external dimension
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Presentation outline

- 1. A new Commission**
- 2. CAP reform and food security**
- 3. EU and the global food security debate**
- 4. EU trade with Least Developed Countries**
- 5. Economic Partnership Agreements**

1. Transition of Commission



"The main priority of my mandate is to define the CAP after 2013."

*- Dacian Cioloș
EP Hearing, 2010*

The Barroso Commission has now left office. What did the Commissioner achieve in his 4-year term?

- **CAP reform:** decoupling, greening, flatter payment structure within context of joint EP decision-making
- Efficiencies in agriculture budget
- Reforms to improve competitiveness and effectiveness of EU agriculture in world markets
 - EU now a net exporter of agri-food products
- Trade agreements: CETA, SADC/EPAs, Ecuador recently; TTIP – intense negotiations ongoing
 - Geographical Indications protected
 - Ambitious negotiations opened with others-bilateralism prevailing given impasse in GVA

In with the new

What are the challenges for the next few years?

Implementation and review of the CAP

- Simplification and subsidiarity of the CAP – without damaging effectiveness or financial management
- Greening and Ecological Focus Areas

Jobs, growth, investment – especially in rural areas

- Trade – TTIP and opening business opportunities
- Russian ban – diversification (Summer 2014-next steps)
- Abolition of quotas for sugar, dairy
- Research and innovation: Horizon 2020
- Rural Development Programmes funding



"The political agenda for the coming years will be jobs, growth and investment"

*- Phil Hogan
EP Hearing, 2014*

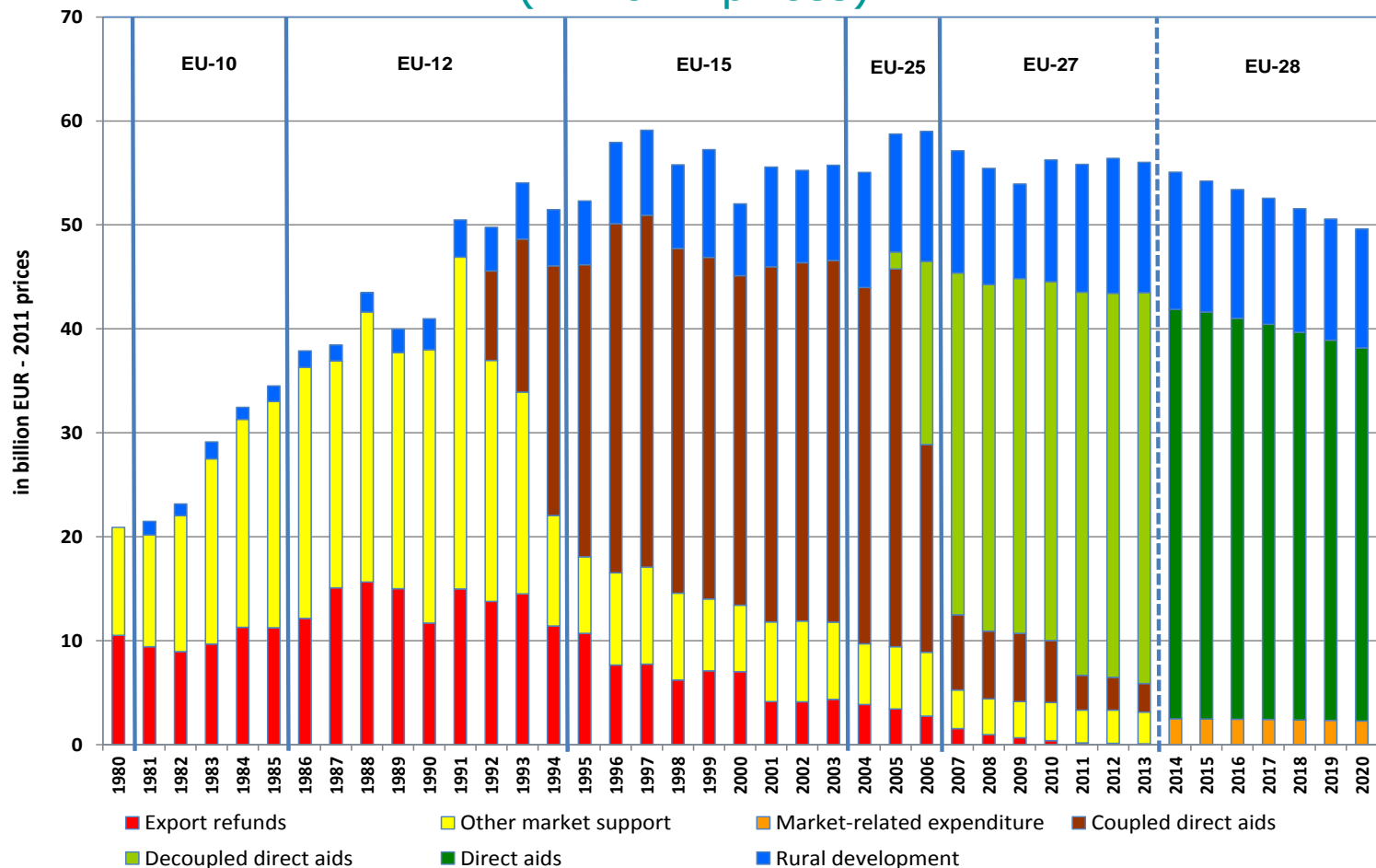
2. CAP reform and food security

The CAP today:

- Deeply reformed: almost all payments decoupled from production
- Simplification of administrative procedures
- EU has become a price taker in the world markets for most agricultural products
- Market intervention mechanisms used only in case of crisis
- Export refunds in a decreasing trend for decades and set at zero since July 2013
- Respond to the effects of climate change
- Risk management tools

The path of CAP expenditure 1980-2020

(in 2011 prices)



Source: DG Agriculture and Rural Development.

The CAP beyond 2013

- Food security is among the strategic aims of the CAP – in addition to territorial balance and competitiveness
- Food security in EU context – what does this mean?
- Enhanced competitiveness and improved sustainability through research, innovation and knowledge transfer
- Improved targeting of financial resources
- Impact on third markets limited or negligible:
 - Decoupled income support and rural development support (WTO "green box" payments)
 - Export subsidies gradually eliminated – potential for abolition in DDA. Bali/post Bali- what's happening to multilateralism?

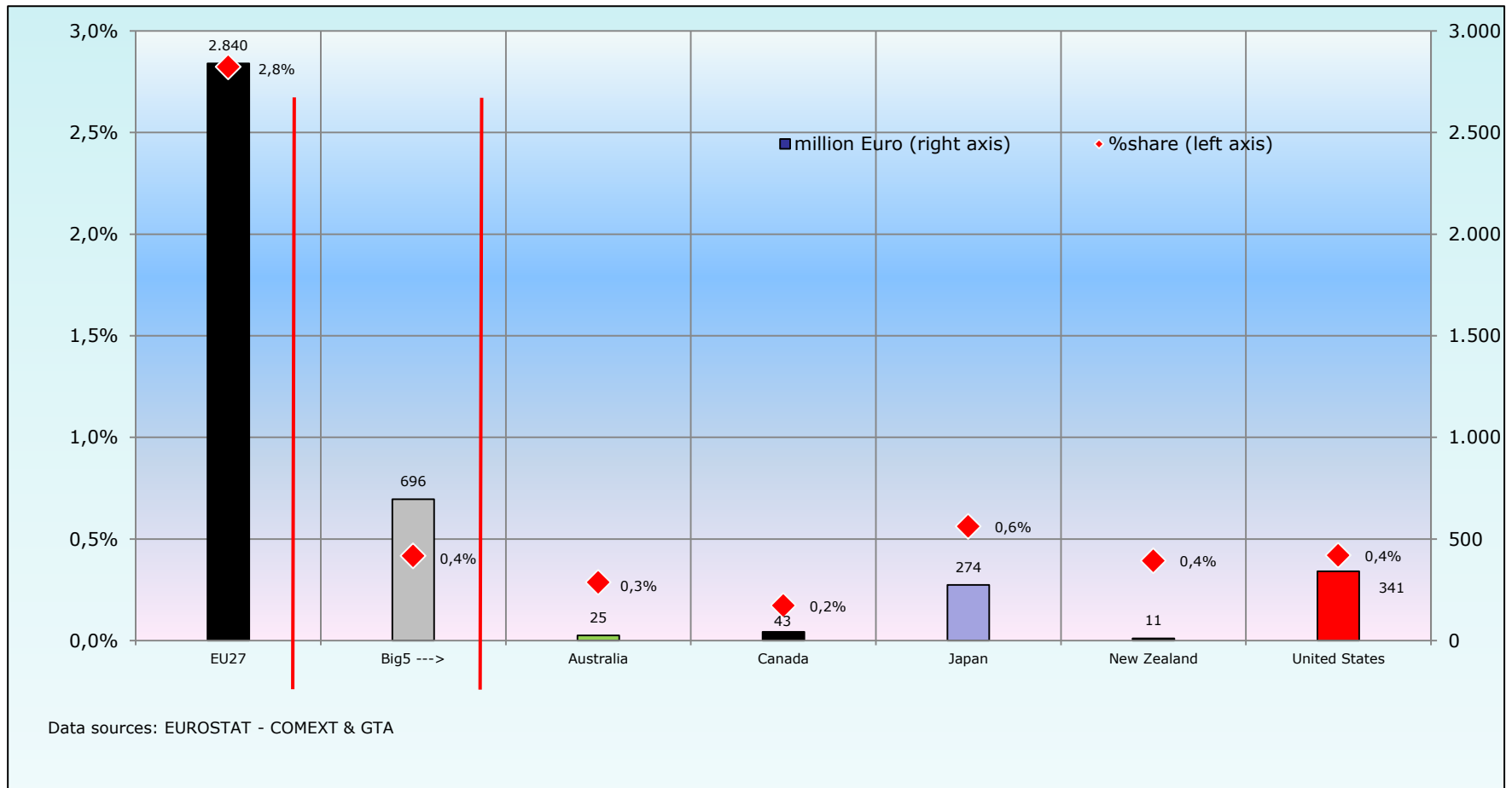
Policy Coherence for Development (PCD)

- In EU terms PCD calls for pursuing the EU objectives while avoiding negative spillover effects that might harm the development prospects
- Adopted by Commission 2005, integrated in Lisbon treaty
- Food Security as a top challenge (amongst five) under PCD – with trade, climate change, migration
- The fourth biennial PCD report was published in 2013; Council Conclusions welcomed the report and laid out priorities
- CAP reform sustained high attention. PCD is factored into CAP reform:
 - Consultation
 - Impact Assessment provisions on Developing Countries (Annex 12)

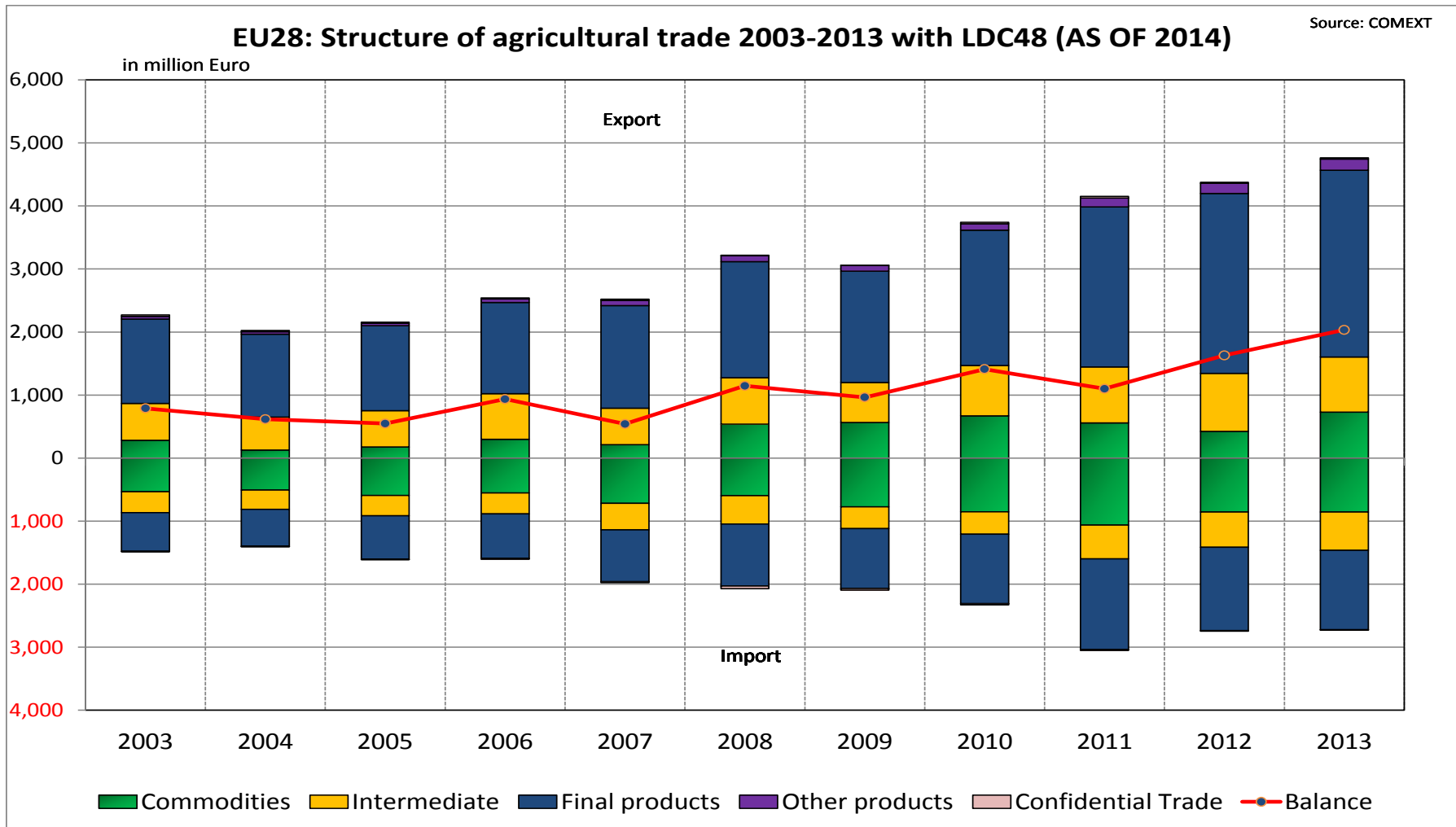
3. EU and the global food security debate

- **Global challenges:** food security, price volatility, economic crisis, speculation and fund management, climate change, expansion of biofuels, investments in land, governance, technology/GM, etc.
- **African Union role:**
 - **CAADP** (Comprehensive African Agriculture Development Programme): aim is 10% Government spending on agriculture to attain 6% growth
 - **Support under the Joint Africa-EU Strategy:** 2012 renewed focus on agricultural cooperation – EU-Africa Summit in April 2014; Malabo Declaration – June 2014- what next in 2015
 - **International leadership:** FAO, CFS, post-2015 Development Agenda and G7, G20 – 2015- DE G7 Presidency and G20 Turkish Presidency
- **Emerging powers:** BRICS and their role in trade and food security (and in International Organisations) – new dynamics – for ex India

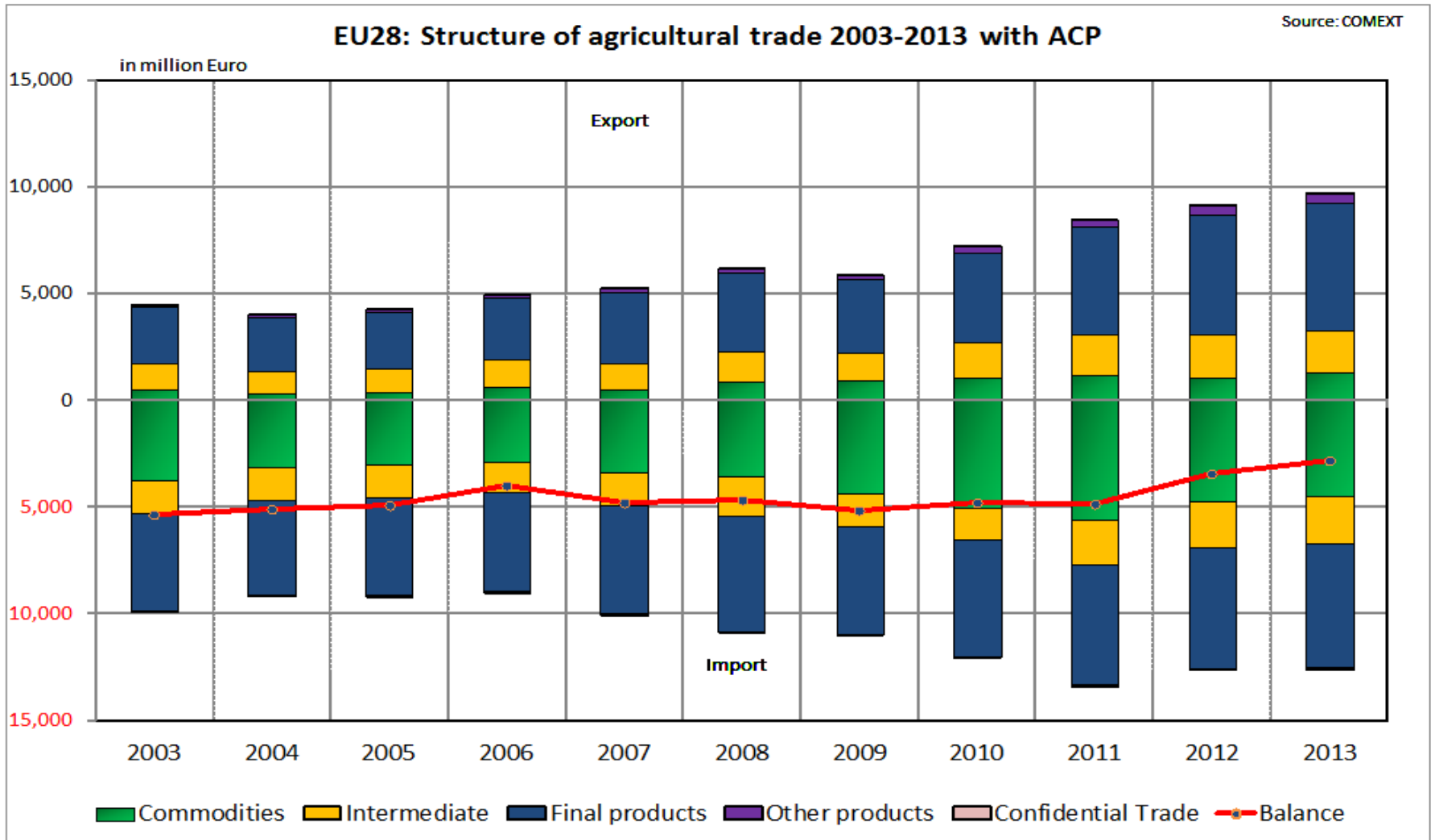
4. EU trade with Least Developed Countries



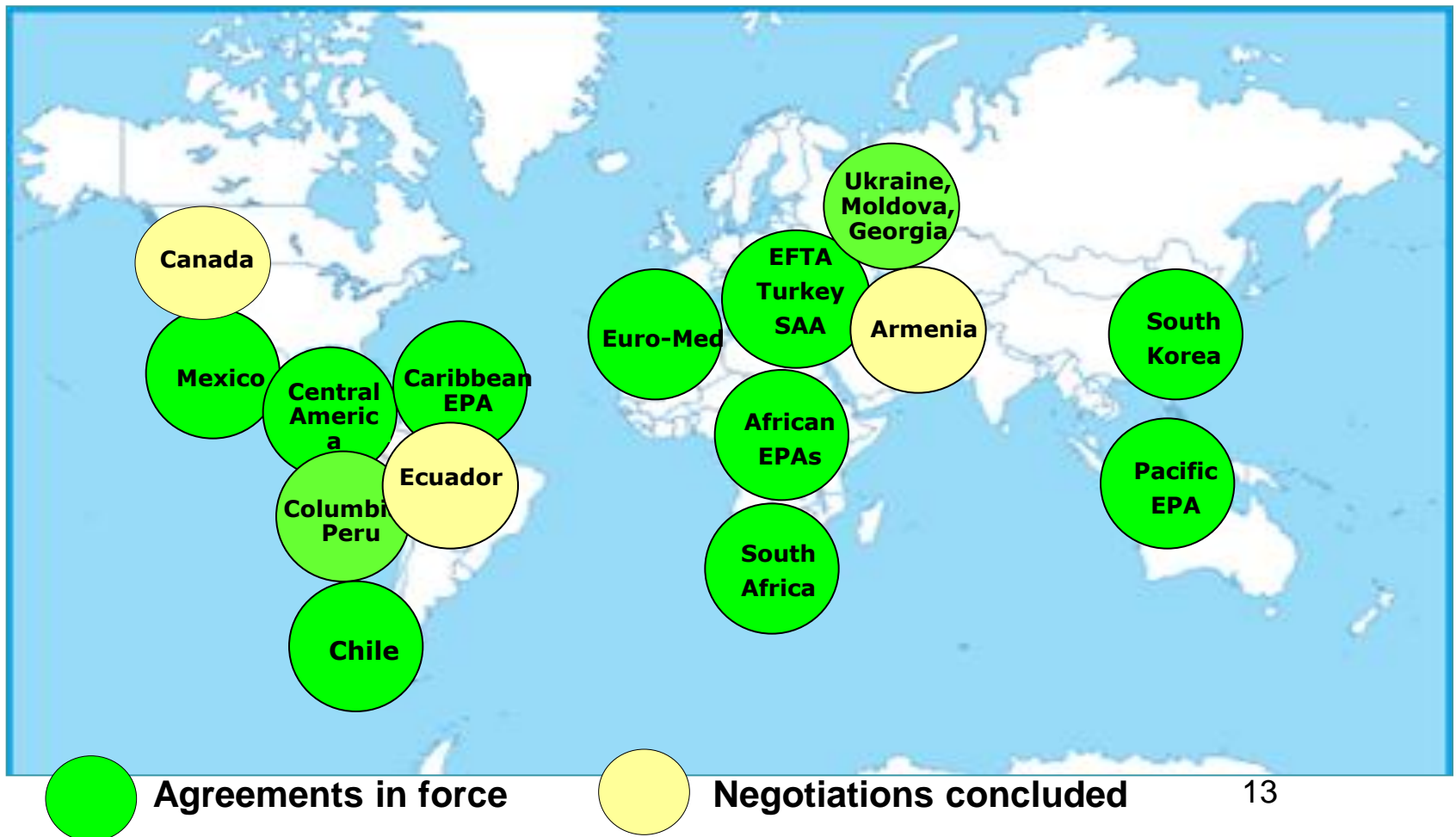
EU28 agricultural trade with LDCs



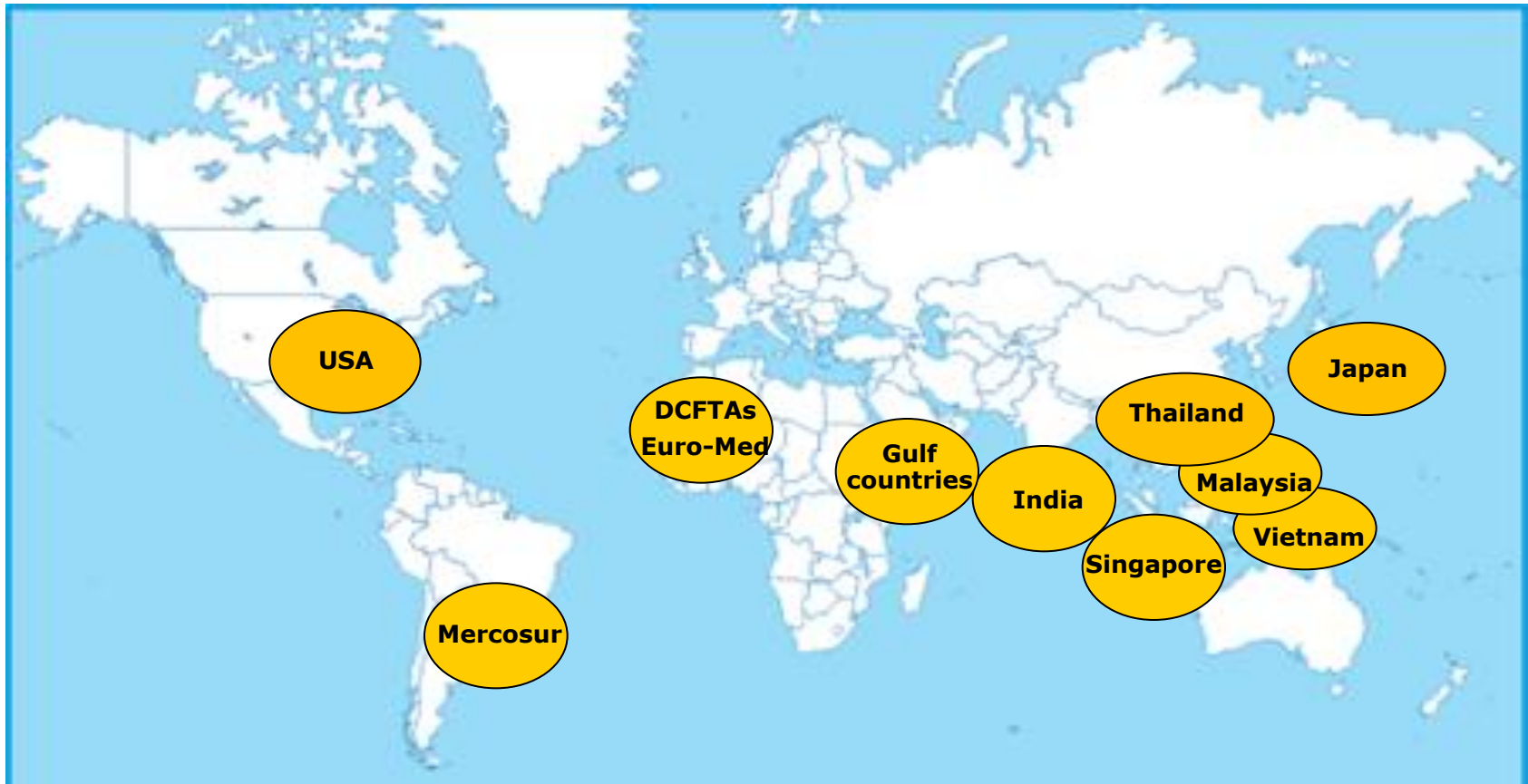
ACP agricultural trade



5. Economic Partnership Agreements Bilateral agreements – state of play



Bilateral Agreements – the future



 Negotiations ongoing

Economic Partnership Agreements

EPA agreements prioritise *development, regional trade and gradual integration into the world economy*:

- Opening of 100% EU market duty- and quota free (except for South Africa given its high level of competitiveness)
- Negotiations with SADC recently concluded- but legal scrubbing ongoing and might not be finalised before early 2015
- Opening of ACP markets in goods slowly and progressively: 15-25 years – policy space respected
- *No undue competition* – through the asymmetry principle, ACP countries can keep permanently tariff/quota protection for the most sensitive 20% of goods, often in agriculture
- Safeguard measures to protect food security and agriculture in the events of disturbance by imports
- Cooperation in agricultural policy and development (e.g. GIs)- why GIs?

Evaluation study

- **Evaluation of the impact** of preferential agricultural trade regimes, in particular Economic Partnership Agreements (EPAs):
 - GSP regime for LDCs and non-LDCs
 - EU-South Africa Trade development and cooperation agreement
 - EPA with the Caribbean and the temporary application of the signed and initialled agreements under the Market Access Regulation
- 6 case studies are included
- The impact should be studied in value, volume and composition
- Expected final report: end of **2014 – finalisation stage now**

Why was such a study necessary? And what will it seek to achieve?

Concluding remarks

- CAP reform consolidated the market orientation of past reforms
- Food security is:
 - one of main policy drivers
 - important issue at global level and in international fora, including G7/G20, post-2015 agenda and partnership with AU
- EPAs are the vehicles for trade development and EU partnership with ACP countries
- Trade and food security – any risk of preference erosion?
- Is the EU perceived as a "bad guy" on agricultural trade in international fora? What is happening in the continent today?

Concluding remarks (2)

Some emerging issues which need to be looked at:

- GM, biotechnology- what type of innovation model for Africa's structural transformation
- Responsible investments (access to natural resources)- beyond CSR
- Financialisation of markets
- Climate change challenges – impact of climate change on security, on gender
 - Migration – Med/ post Arab Spring/ Sahel)
- Water, energy, food nexus- water scarcity – "new oil"
- Rights-based approach to policy making

Overall global challenges for coming years

- Ebola (trade impact)
- Islamic State, Iraq and Syria
- Economic growth, eurozone performance (how is EU perceived by BRICs?)
- Unemployment, jobs
- Trade protectionism, TTIP
- Russia and Ukraine crisis (Russian embargo on food imports)
- International progress on climate change, development etc
- Further enlargement? Fatigue? Turkey, Neighbourhood Policy
- Domestic MS states politics
 - Rise of Eurosceptic parties (new EP configuration)
 - UK referendum?

Thank you for your attention

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DG Agriculture and Rural Development