

## Post 2020 CAP. The Future Starts Now

Caprita Elena Diana  
Doctoral School of University of Economic Studies, Bucharest  
[diana.caprita@gmail.com](mailto:diana.caprita@gmail.com)

### Abstract

*The exponential growth in food demand due to the global increase of population, the failure to eradicate the food waste phenomenon and also the irresponsible consumption of natural resources proves that modern agriculture is at a turning point in which it is utterly necessary to redefine the principles underpinning the industry! The future of European agriculture depends on the CAP post 2020 which must be written by reference to environmental protection. Europeans will for strong and common policies was proven by public consultations, but their support is conditioned by the effectiveness of the solutions identified for farmers-as they face increasing challenges and their reorientation requires both time and financial resources. The efficient design of directives in the post-2020 CAP represents a true opportunity to redefine agricultural policies in close connection with the protection of natural areas. Given the consequences of Brexit on the EU budget, the reform package proposed by CAP proves to be a real challenge!*

**Key words:** sustainable development, green agriculture, CAP, agricultural policies

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### 1. Introduction

Sixty years after the Treaty of Rome was signed, the EU is once again facing a turning point. Today, Europe is too often associated with globalization, austerity, irrational consumption of resources and waste, and this is why a rapid change of paradigm is needed. As Louise O. Fresco, Chairman of the Executive Board of Wageningen University said, in the years ahead, agriculture development needs to be structured on the basis of climate change and, from this perspective, a very big importance has bioeconomy.

This paper aims to determine to what extent the CAP post 2020 will consider the sustainable development objectives and to what extent it will identify efficient measures to tackle climate change problems, while solving the needs and priorities of farmers. The context in which the post-2020 CAP will be developed is more controversial than ever because it is based on the following paradox: the objectives are increasingly daring in terms of the changes that farmers will have to introduce into their production systems, while funding will be reduced. Thus, this paper will present both the objectives and the difficulties faced by CAP post-2020 and also the targeted reforms identified in this stage of the legislative process (after consulting Europeans: both farmers and citizens).

An extremely important aspect will be the financial one. In the context of the EU's general budget cut, CAP will definitely be affected. Although the payment system will be maintained, structured in the two pillars, the amount allocated will be lower (European Parliament, 2017). In the context of Brexit, 4 of the 5 scenarios (relating to the EU budget structure) provide for substantial financial cuts to the CAP (European Commission, 2017). These differences will most likely be covered by the implementation of the co-financing system, which will greatly aggravate both the implementation of reforms and the transition to sustainable food systems.

The post-2020 agricultural policy is based on decoupling economic growth from the consumption of natural resources even though European farmers have the enormous burden of providing high-quality food, in sufficient quantities, for all 500 million inhabitants (Nuwanze, 2017).

The link between agriculture and the climate needs to be reviewed and regulated as the current production system determines extreme climatic events. Implications urge the changes, as there are chain reactions with important economic and social consequences such as population migration from desertified areas. It is necessary to redefine the objectives of agribusiness development: nature-based solutions, promoting organic farming and protecting the land. Starting from the key elements of any change of paradigm: education and funding - transition to sustainable food systems can be done by redesigning the subsidy system. Promoting healthy food, which has been achieved through an environmentally-friendly production process, using resources responsibly, recycling and avoiding pollution- these are the ways that will ensure sustainable development. The solution for achieving CAP objectives after 2020 is implementing an effective mechanism for controlling the results and rewarding the achievement!

## **2. Theoretical background**

Given the importance of the subject, the objectives of CAP and also the proposed reforms have been a highly approached topic in recent years, both in scientific papers and in research articles or in international specialized conferences. Starting from the dedicated work of Fennell, Ritson and Harvey or Grant and Ackrill, who analyzed the main aspects and also the importance of CAP, published ten years ago, there have been numerous articles and research published in specialized journals or discussed in dedicated conferences.

A complex work that aims to clarify the theoretical aspects as well as the practical problems involved in CAP implementation, much more current than the above mentioned, is the work written by Berkeley Hill - Understanding the CAP. Published in 2012, the paper focuses on analyzing the principles of sustainable agricultural policy making. Starting from common principles, the results obtained by each Member State are determined by a cumulation of factors consisting of: the political, economic and administrative context and also the environmental issues that each of them faces differently.

The importance of this topic for the future of nutrition in Europe was also analyzed by Floor Brower and Bruce McCarl, in a paper summarizing the main issues farmers will face in the future, as a consequence of climate change. It is well known that the number of population will explode, causing a steady increase in food demand. Thus, food production will have to increase proportionally to cover the significant difference in demand caused by population growth from 6 billion to 9.3 billion by 2050. At the same time, the structure of food will undergo important changes, mainly due to the increase in the living standard of the population (increase in per capita income), so that the share of meat and milk in the daily menu will increase (Bouwman, 2008, p.75).

The role of international organizations is very important in analyzing the effectiveness of the implemented programs as well as in the development of future strategies, which is why monitoring the official reports of these institutions is an important basis for information in any research. In this respect, the UN position through the voice of the official rapporteur on Food Right, Hildal Evel, and the position of Agriculture Commissioner Phil Hogan are landmarks and important sources of information. They often present statistical data and useful information for both farmers and professionals or researchers at official events! At the same time, in order to properly elaborate agricultural policies, consulting the opinion of Europeans - farmers, organizations or simple citizens - represents a major source of information, which must be used in the decision-making process.

## **3. CAP post 2020- bolder targets, questionable funding**

CAP post 2020 will have to combat climate change and preserve the environment, as this is one of the main challenges for farmers. Once the principles are set by the decision-making institutions, following the public consultation process, each Member State will be able to shape its own strategy in order to achieve the objectives. This flexibility allows states to consider their economic context, their own capacity to generate or attract investment in the agricultural sector, the professional level of the workforce or the average level of the technology used. In order to ensure a unitary implementation, the European Commission will control the whole process, by approving the

strategic plan of each state and also monitoring the progress (European Commission, 2017).

In fact, the economic efficiency of this reform can be guaranteed by strictly conditioning the financing by results. Financial support for farmers will be maintained, but the scheme to be granted will be revised so that resources are distributed to farmers who fully respect the EU's environmental targets.

According to the data provided by the European Commission, among the secondary objectives of the CAP we find: a) Establishing a common risk management platform to help farmers overcome the barriers to climate change; b) Attracting young educated people to the agricultural sector, knowing that at the European level the population involved in agricultural activities is aged, unprofessional, with a low level of studies; c) Organizing debates on the concerns of European citizens (nutrition, health, food waste).

### 3.1 Labor force: a real vulnerability for modern agriculture

CAP post 2020 will also have to solve another vulnerability of the agricultural sector: human resource. Eurostat figures clearly show: the European agricultural sector is both aged and poorly educated. At the same time, it is financially unattractive, employees often work without legal form, and the ratio between the number of young farm managers (under 35) and those over the age of 55 is worrisome. That is why, for the successful implementation of CAP's reforms, it is essential to attract as many young people as possible. The total number of employees working in the agricultural sector is estimated at 22.2 million-8.7 million full-time employees (European Parliament, 2017).

Without significant changes, the transition to sustainable production systems may be jeopardized by the distribution of employees both in terms of age and education. The development of organic farming can not be done in the absence of a skilled labor force, engaged in legal forms, with attractive wages. Without increasing the attractiveness of the agricultural sector among young people, offering them legal forms, stability and the possibility to evolve, all the settled objectives are in danger. As can be seen in Table 1, age distribution is extremely unbalanced and more than half of employees are over 55 years old. For every employee aged less than 35, there are 9 farmers over the age of 55.

Table no 1: Farming population by age

| Age                 | Farming population |
|---------------------|--------------------|
| Less than 35 years  | 6%                 |
| From 35 to 44 years | 15%                |
| From 45 to 54 years | 23%                |
| From 55 to 64 years | 25%                |
| 65 years or older   | 31%                |

Source: European Parliament Briefing (2017)

The ratio becomes even more alarming if we summarize the top 15 EU Member States, where for every farmer aged under 35 we find 11 farmers over 55 years old. For a detailed analysis of the qualified labor deficit in the agricultural sector, we find relevant data in the following table:

Table no. 2: Age structure of farmers and ratio of young farmers to elderly farmers

| Country | Farmers <35 years old | Farmers >55 years old | Ratio= farmers<35 / farmers>55 |
|---------|-----------------------|-----------------------|--------------------------------|
| Cyprus  | 1.7%                  | 70%                   | 0.02                           |
| France  | 8.8%                  | 39.4%                 | 0.22                           |
| Germany | 6.8%                  | 36.3%                 | 0.19                           |
| Italy   | 4.5%                  | 63%                   | 0.07                           |
| Bulgary | 6.4%                  | 61.9%                 | 0.10                           |
| Romania | 4.7%                  | 64.4%                 | 0.07                           |
| EU 27   | 5.9%                  | 54.9                  | 0.11                           |

Source: European Commission, Eurostat (2013)

Unfortunately, in terms of farmers' training, statistical data shown in Table 2 demonstrates the urgent need for specialists all across the continent:

Table no. 3: Farmer population by education:

| Level of education                | Farming population |
|-----------------------------------|--------------------|
| Practical agricultural experience | 69.8%              |
| Basic agricultural training       | 28.7%              |
| Full agricultural training        | 8.5%               |

Source: European Parliament briefing (2017)

### 3.2 Financing post 2020 CAP

According to the European Parliament, the EU budget for 2018 totalizes 156.1 billion euros in commitment appropriations (at current prices), of which 37.6% (58.1 billion euros) is allocated to CAP. Direct payments represent 26% (40.1 billion euros), while rural development measures represent 9.1% of the total allocated (14.3 billion euros).

In the context of Brexit, redrawing the European budget can be a real challenge. Financial support should be given priority to organic farmers as a solution to the budget paradox: an ever-increasing set of reforms on the background of ever-reduced funding! Since the deficit of 13 billion euros will affect CAP in 4 out of 5 scenarios regarding the structure of the post Brexit Union budget, national co-financing programs will be used to cover the difference.

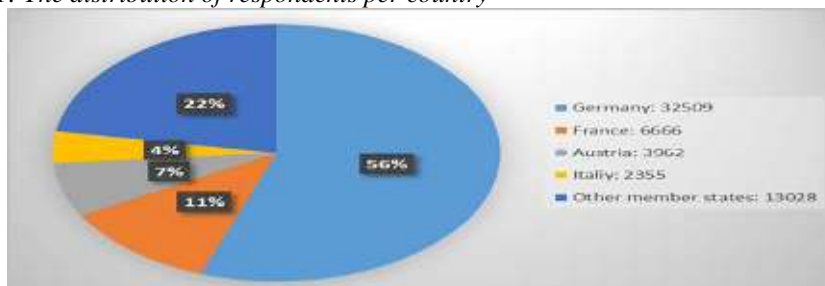
Tuhs, the forthcoming CAP reform should continue with the direct payments, structured into the two pillars, making also a correlation with other policies in areas such as trade, migration, research, climate change or sustainable development.

### 4. Methodology

In developing CAP policies, consultation with citizens is essential. Given the importance of the topic, for representativeness, this paper used the data collected by the European Commission in the framework of a wide-ranging public consultation process, over the course of two months. Between February 2017 and May 2017, respondents answered to a questionnaire, with 28 relevant questions about about "modernizing and simplifying the Common Agricultural Policy", both closed and open.

The resulting data was extremely extensive but in this paper was processed only the relevant data wich shows the citizen's need for a post-2020 CAP. The campaign was a success, recording 322916 responses. Of these, 58,520 were provided in the online questionnaire. Of the total respondents, 36.5% (21386) are farmers while the rest are either organiations (9241 respndants-16%) or citizens willing to participate in the decision making process (27893 respndants- 46%). The respondents could identify both as an individual and as an organization, with multiple options for each of them: a citizen not involved in farming, a citizen involved in a family farm, a citizen involved in a farm with different legal structure or a citizen involved in farming but who does not know wich type of structure to indicate. In this article, the relevant data collected during the consultation were processed so as to outline the opinion of the Europeans about how the post-2020 CAP should be structurated.

Figure no. 1: The distribution of respondents per country



Source: European Commission (2017)

Analysing the distribution of responses according to the respondent's state of origin, we observe an imbalance in the level of involvement. Out of the total respondents, 32,509 respondents, representing 55.6% came from Germany. The ranking is completed by France (6666 respondents- 11.4%) and Austria (3962 -6.8%). The top 3 member states have a comfortable majority, thus influencing the final results in an essential manner. On the opposite side, with a low involvement in the decision-making process we find Romania (250 opinions- 0.5%), Bulgaria (0.4%) and Croatia (0.2 %).

### 5. Findings: European citizens' priorities as emerged from public consultation at EU level

The importance of the CAP is confirmed by the response of about 90% of the participants to the questionnaire. The main arguments behind this view were: the need for a legal framework to stimulate fair competition in the single market as well as the multitude of common problems that farmers face, problems crossing national borders such as climate change, security (83%), the need to maintain economic, social and territorial cohesion across the EU (86%), the need to maintain a common international position (86%), and the need for a common framework for sharing best practices (91%). There is also widespread support for a common budget because it is considered more efficient (62%). At the same time, the expectations of European citizens regarding the solutions offered by the CAP are also to reconcile production patterns and protect the environment. Thus, 85% of respondents estimate that the EU will propose solutions to reduce the impact of climate change (85%), contribute to concrete solutions to environmental protection across the EU (73%) and encourage the supply of healthy and quality products 62%).

Through the responses provided, the public consultation participants identified the CAP priorities after 2020: fair standards of living for farmers, the pressures on the environment and climate change (both mitigation and adaptation). Regarding the most important challenges for EU agricultural and rural areas, most respondents opted for a "fair standard of living for farmers. Out of the total responses, 41222 respondents opted for this answer, which means that it was designated as the top priority (adding most votes). It should be noted that the result is mainly due to the answers provided by farmers (17,758 responses) compared to only 8,838 votes wich came from "other citizens".

For those who do not work in the agricultural field, the priority is "the pressure on the environment and on natural resources", which they have given 23,625 votes, thus placing them in the top priority list, with a total of 35,835. The 3rd place was occupied by climate change-mitigation and adaptation with a total vote of 27333 votes. Other important issues raised by respondents to the questionnaire were the lower level of farm income compared to the EU average (88%) and the fact that farmers receive a limited share of prices (97%). Regarding existing barriers to market entry, access to land and low profitability were identified by respondents as relevant.

Figure no. 3: Priority of the CAP according to the frequency of responses



Source: European Commission (2017)

The public consultation has revealed the high degree of dissatisfaction in relation to CAP efficiency since 56% of respondents consider that the current CAP only partly responds to the needs of the agricultural market and offers only partial solutions to the problems caused by climate change (63%)

## 6. Conclusions

With a population of 500 million people, Europe is trying to provide the necessary food through the work of 22 million employees. In the context of climate change awareness, recognized by the Paris agreement signed in 2015, the development of new agricultural production systems to ensure respect for the environment has become essential. The new paradigm forces decision-makers to take concrete action and CAP is becoming extremely important in ensuring a sustainable future for next generations.

This paper aims to highlight the objectives of the CAP (at the current stage of development) and the vision of Europeans regarding the future CAP priorities. By analyzing the survey we can observe that Europeans are dissatisfied with the current CAP, which only partially responds to real problems (57%) and does not address environmental challenges (63%). Thus, the consultation confirms that Europeans want a CAP built on real problems. The post-2020 CAP must tackle bureaucracy and climate change, focus on reconciliation between production and environmental protection, and emphasize farmers' issues - the priority that has accumulated the most votes from citizens!

As we are talking about a reconciliation of production activities with the environment, both natural resources and human resources are extremely relevant. Farmers will have an important role in implementing CAP reforms, which makes them one of the main vulnerabilities. Consultation is fundamental in the development of new strategies, and this is why survey was the methodological approach. As can be seen from the structure of the paper, the main problems faced by farmers are financing and specialized labor force. The lack of facilities to attract young people into the agricultural sector has an important impact on the sector and the new CAP policy will have to address this issue. The difficult role of the CAP will be to respond to all the issues raised and to propose effective resolution policies, while fighting for the necessary financing!

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