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CHALLENGES OF THE NEW COMMON AGRICULTURAL POLICY REFORM 2014-2020

ABSTRACT

The common policies of the European Union represent the lines of action that the Community has decided to follow in certain fields of activity in order to reach the general objectives that it has established. The Common Agricultural Policy was the first to open the way to European cooperation and integration in other policy fields. The origins of this common policy were closely linked to food scarcity. The paper intends to identify the challenges that agriculture and the Common Agricultural Policy (CAP) will have to face in the period 2014-2020; these challenges could be outlined on the basis of the analysis of past experience, of the present conjuncture and of a wide public debate.

Key words: agriculture, common agricultural policy, food security, natural resources, balanced territorial development.

JEL Classification: Q01, Q10, Q18.

1. INTRODUCTION

The common policies of the European Union represent the lines of action that the Community has decided to follow in certain fields of activity in order to reach the general objectives that it has established. The Common Agricultural Policy was the first EEC common agricultural policy, which opened the way to European cooperation and integration in other policy fields.

These are known as “common” policies as they regard all the European Union Member States. The harmonized action provides a support point that facilitates obtaining better results. The common policies include: the Common Agricultural Policy (CAP), the regional and cohesion policy, the transport policy, the social and employment policy, the environmental policy and the research and technological development policy.

2. STATE OF KNOWLEDGE

The Common Agricultural Policy was the first EEC common policy, which opened the way to cooperation and European integration in other policy fields. The CAP origins were deeply linked to food scarcity.

The reason that lay at the basis of the emergence of a common agricultural policy was that in order to include the agricultural products in the free movement of commodities, the national intervention mechanisms (incompatible with the common market) had to be stopped and transposed at community level.

At present, after the fifth main reform of CAP, following the publication of the new regulations and adoption of delegated acts, the new European agricultural framework was established for the period 2014-2020.

3. MATERIAL AND METHOD

For defining and delimitation of our subject, we used the basic research method; thus, we made a bibliographic synthesis, several data sources being consulted: reference books, scientific articles and documents of the European Parliament and Council (regulations, norms, etc.). The research was materialized into the approach to problems in their evolution, at European level, i.e. in the European Union. The relevant aspects for the approached theme, i.e. the challenges of the new Common Agricultural Policy Reform 2014-2020.

4. RESULTS AND DISCUSSIONS

The challenges that agriculture and the Common Agricultural Policy (CAP) will have to face in the next years were defined on the basis of an analysis of past experiences, of the present conjuncture as well as of a large public debate.

The identified challenges consist of: food security, natural resources and balanced territorial development.

The objectives established for CAP are the following:

- reliable food production;
- sustainable management of natural resources and climate policies;
- balanced territorial development.

The main elements of the CAP legal framework for the period 2014-2020 are established in the following regulations:

1. Regulation proposal of the European Parliament and Council on establishing certain norms with regard to the direct payments provided to farmers through support schemes under the common agricultural policy (“*Regulation on direct payments*”);

2. Regulation proposal of the European Parliament and Council on the common market organization for agricultural products (“*Regulation on single CMO*”);

3. Regulation proposal of the European Parliament and Council on the support to rural development provided from the European Agricultural Fund for Rural Development (EAFRD) (“*Rural development regulation*”);

4. Regulation proposal of the European Parliament and Council on the financing, management and monitoring of the common agricultural policy (“*Horizontal Regulation*”);

5. Regulation proposal of the Council for establishing the measures to determine certain aids and restitutions linked to the common market organization of the agricultural products;

6. Regulation proposal of the European Parliament and Council for modifying the (EC) Regulation no. 73/2009 of the Council with regard to the application of direct payments to farmers in the year 2013;

7. Regulation proposal of the European Parliament and Council for modifying (EC) Regulation no. 1234/2007 of the Council with regard to the single payment scheme and support provided to vine farmers.

Table 1

The main CAP elements proposed for the period 2014-2020

	Pillar I	Pillar II
Main objectives	Viable production of foodstuffs Sustainable management of natural resources and climate changes	Sustainable management natural resources and climate changes Balanced territorial development
Tools	Annual direct payment system to farmers Market measures	Multi-annual measures for rural development on contract basis
Budget for 7 years	317 billion euro	101 billion euro
Member State contribution	Not necessary	Co-financing is necessary
Main proposed modifications	Introducing the greening measure (30% of the budget for direct payments) New cross-compliance standards Several possibilities for coupled payments	New priorities and tools More freedom in budget distribution Change from three “axes” (thematic themes) to six priorities Consolidation of risk management tools

Source: Greening the CAP, An analysis of the effects of the European Commission’s proposals for the Common Agricultural Policy 2014-2020.

The proposals included a series of changes in the Common Agricultural Policy, but probably no change was more contested than the “greening” of direct payments under Pillar 1.

According to the regulations proposed to the European Commission for the direct payments (COM (2011) 627/3) a package of three measures was established so that CAP can increase its support to fight against climate changes and against the natural resource degradation.

The three proposed measures are the following:

- 1) Crop diversification,
- 2) Maintaining permanent grassland¹
- 3) Maintaining an ecological focus area on the arable area of the holdings

This package can benefit the farmers entitled to a payment under the basic payment scheme and who have an area larger than three hectares; the certified farmers in organic farming and who are beneficiaries of direct payments are already qualified for this.

Besides the criterion mentioned above, for the *crop diversification* measure the agricultural land of the farm have to comply with the following conditions:

- not to be fully covered by grassland (cultivated or spontaneous),
- not to be fully left idle
- not to be fully cultivated with crops that are under water a large part of the year,
- the arable land must be cultivated with at least three different crops; none of these crops should cover less than 5% of the arable land, and the main crop should not exceed 70% of the arable land.

The Commission can adopt delegated acts by which to establish the definition of the “crop” term and the norms for the accurate calculation of the share of different crops.

The following conditions must be respected for *maintaining the permanent grassland*:

- the farmers maintain as permanent grassland the areas on their holdings that are declared as such in the application submitted for the application year 2014; this area will become “reference permanent grassland area”;
- the reference permanent grassland areas must be increased in the case when the farmer has the obligation to reconvert the land areas into permanent grassland in 2014 and/or 2015;
- the farmers should be authorized to convert 5% *at most* of their reference permanent grassland areas. The respective limit is not applied in *force majeure* case or under exceptional circumstances.

At the same time, the Commission has the competence to adopt delegated acts by which to foresee norms regarding the increase of their reference permanent grassland areas, renewal of permanent pastures, reconversion of agricultural area into permanent grassland in the case when the mentioned authorized diminution is exceeded, as well as the modification of reference permanent grassland areas in the case of land transfer.

¹ The land areas permanently used (for 5 years and more), which contain herbaceous fodder crops, through cultivation (sown) or natural (spontaneous) and the land areas that are not included in crop rotation.

For the *ecological focus areas*, the farmers must make sure that at least 7% of their hectares are eligible (excluding permanent grassland), representing areas of ecological interest, such as fallow land, terraces, landscape features, buffer strips and afforested areas.

The Commission has the competence to adopt delegated acts for a more detailed defining of the ecological focus areas, and in order to add or redefine other ecological focus areas that can be taken into consideration in order to comply with the above-mentioned percentage.

In order to reach CAP environmental objectives, agricultural land management is a core issue. Greening aims at ensuring that all the farms that benefit from support will deliver these social benefits.

5. CONCLUSIONS

In conclusion, the main modifications brought to CAP Pillar I for the period 2014-2020 are the following: introduction of greening measure (30% of the direct payments budget), new cross-compliance standards and several possibilities to couple the payments. As regards Pillar II the main modifications proposed consist of new priorities and tools, more freedom in budget distribution, change from three “axes” (thematic themes) to six priorities and consolidation of risk management tools.

By its objectives and above-mentioned measures, the Common Agricultural Policy of the European Union creates new sustainable rural development opportunities and lay the bases of a favourable framework for the intensification of the economic potential of rural areas from the European Union in the years to come.

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