

Opinion

CAP

The Last Chance

BY NADÈGE CHAMBON

A decisive date for European agriculture will be 2013. The 2003 compromise to freeze the level of agricultural spending will come to an end and new financial perspectives will be implemented. It could be the dawn of a new era for the Common Agricultural Policy, still governed by principles decided by the Treaty of Rome in 1957. But this will depend on the coming discussions in the European Council about the future of the CAP and the budget. Indeed if the health check doesn't become a discussion about the goals and tools of the CAP after 2013, Europeans will miss the chance to get a new agricultural policy. Firstly, the basis of the next

financial perspectives will be set up in the 2008-2009 budget revision. After that it will be too late to introduce radical changes in the EU budget. Secondly, the European Agenda forecasts European elections and a new Commission in 2009. Once the political landscape changes, deep discussions such as big policy reform will be difficult to imagine. And if Europeans postpone their choices of a future CAP to 2010-2011, the new reform will be influenced by short-term perspectives.

But the CAP does need a new perspective and a strong new political compromise. A "new CAP" has been up and running since 2003: more oriented towards market signals, more connected to world markets, no longer exclusively agricultural but also concerned with other areas of town and country planning. After traumatic crises of overproduction, financial aid to the sector is now disconnected from production quantities. Despite big achievements, and despite important reforms in 1992, 1999 and 2003, these changes and the relative reduction of spending, CAP subsidies are criticised and the principles of the CAP are under attack. Likewise, the context is leading to an inexorable decline in the legitimacy of the CAP.

CAP CRITICISMS

The main focus of criticism is the architecture of the CAP's first pillar — market support measures. The total cost of the CAP is high (43 billions Euros or 40% of the budget); compensation payments are hotly contested on grounds of unfairness (70% of the transfers go to 20% of farmers); the principal beneficiaries - large farms - gain the most from price support and direct payments, without providing public good or positive externalities.

A second focus of criticism addresses the CAP's second pillar, an ensemble of measures with varying objectives—to do with the environmental, planning and social issues—which is more a collection of measures than a clear strategy. In addition to that, the disparities between Member States in the allocation of the budget are a persistent bone of contention for the European project. And a number of Member States won't accept that a large amount of spending should be directed to agriculture, a minor sector of the 21st century European economy.

Hence, Member States' positions are polarised. However, most stakeholders in the debate are prepared for a thorough policy reform. Circumstances have changed. In institutional terms, enlargement of 12 new member states has changed the balance of power: close, long-term coalitions between Member States are a thing of the past. And France, both an engine and a vehicle of blockages and stalling in the CAP's history, has announced that it is ready to lead an ambitious debate.

The French presidency will be in charge of finding a compromise on the health check. Its leading position will determine the outcome of the exercise. Even if the Commission has conceived the health check as "an effort to streamline and to modernise the CAP", France can transform it into an opportunity for long-term reflection. Some signs indicate that French leaders are likely to do it. One of these is the recent tour around Europe of

Michel Barnier, Minister of Agriculture and Fisheries, to meet with other EU agricultural ministries. Besides, as former European commissioner, he has the political experience and skills to engage all partners into a constructive debate. Whether this will happen or not is unknown today. For the answer, we must wait for the Agricultural Council of Annecy on the 20th and 21st of September 2008. ◀

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