

# THE COMMON AGRICULTURAL POLICY (CAP) AND CSA



European Union agricultural policies provide a good example of how a set of guidelines can help a sector evolve from merely guaranteeing food security to adopting a more sustainable market-orientated approach; supporting farmers, rural development and the preservation of the environment.

This approach opens up new possibilities which can potentially help farmers to deal with climate-related issues; for example, the needs for adaptation and mitigation, and the development of a greater resilience to disasters such as flooding, drought and fires. Innovation policies, water and soil regulations, national climate action plans and the carbon credit mechanism all offer sources of support for climate related solutions.

Agriculture is a regional issue and the agronomic and economic measures for adaptation to climate change will vary, depending on financial and environmental resources, practices, and the agricultural sectors.

## The Common Agriculture Policy (CAP) in Europe

In Europe, a combination of different funds aims to support the transition towards a more resilient agriculture that generates fewer emissions. Together, total EU funding towards achieving this aim amounts to around €351.8 billion, including the Common Agriculture Policy (CAP).

CAP is a system operated by the European Union, which provides subsidies and support for agriculture, by combining direct payments to farmers with price/market support. It was initially established to guarantee secure food supplies for European citizens but is now a multi-faceted policy with several key objectives: market-oriented sustainable food production, supporting the incomes of farmers, preservation of the environment and rural development.

Given the pressure on natural resources, agriculture has to shift to more sustainable production methods. The EU has established targeted, cross-compliance criteria, which are mandatory environmental conditions farmers must meet, to receive any type of CAP funding. These rules concern: food safety, animal and plant health, the climate, the environment, the protection of water resources, animal welfare and the condition in which farmland is maintained. If a farmer is found to have disregarded these rules, his or her direct payments may be reduced.

The new EU CAP 2014-2020 includes three main objectives in response to the three main challenges:

- **Economic**, fostering the competitiveness of agriculture.
- **Environmental**, ensuring the sustainable management of natural resources, and climate action.
- **Territorial**, achieving a balanced territorial development of rural economies and communities including the creation and maintenance of employment.

CAP is divided into two main pillars: Direct Payments and Rural Development Policy.

**Direct payments** are funded from The European Agricultural Guarantee Fund (EAGF), based on the number of eligible hectares within a farmer's land. The value of payment per hectare, is established by each of the member states and payments can be made for certain agricultural practices deemed beneficial for the climate and the environment such as: crop diversification, maintaining permanent grassland or developing an ecological focus for an area of at least 5% of the arable area of the holding.

**The Rural Development Policy**, is partly funded by the European Agricultural Fund for Rural Development (EAFRD) and partly from national, regional and private sources. From 2014-2020, this policy aims to improve the economic, social and environmental situation of rural areas in member states by national and regional Rural Development Programs (RDPs). These RDPs include instruments that promote agricultural mitigation and adaptation strategies to enhance: biodiversity, the environmental value of rural landscapes, efficient water management and the transition to a low carbon bio-based economy with reduced rates of GHG emissions. Member states currently benefit from a total of 118 RDPs.

Member States build their RDPs based on at least four of the following six, common EU priorities:

- P1 Fostering knowledge transfer and innovation in agriculture, forestry and rural areas.
- P2 Enhancing the viability / competitiveness of all types of agriculture, and promoting innovative farm technologies and sustainable forest management.
- P3 Promoting food chain organization, animal welfare and risk management in agriculture.
- P4 Restoring, preserving and enhancing ecosystems related to agriculture and forestry.

- P5 Promoting resource efficiency and supporting the shift toward a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors.
- P6 Promoting social inclusion, poverty reduction and economic development in rural areas

These priorities are then broken down into focus areas. For example, Priority 5 covers focus area 5D, reducing greenhouse gas and ammonia emissions from agriculture and focus area, 5E, fostering carbon conservation, sequestration in agriculture and forestry, whilst Priority 4 covers focus area 4B, improving water management.

To implement these priorities, the member states set quantified targets against the focus areas and determine what measures will be used and how much money will be allocated. For each RDP, at least 30% of funding must be dedicated to measures relevant to climate change and the environment. For example, measures that can support the adoption of CSA are:

- knowledge transfer and information,
- advisory services,
- investment in physical assets,
- compensation payments for environmental commitments in agricultural area,
- payments to mountain agriculture with natural constraints,
- compensation payments in forested areas,
- and promotion of cooperation among actors.

In combination with other funds in Europe, such as: the EU maritime and fisheries fund, the Cohesion Fund and the Carbon Credit Mechanism, the CAP aims to support the development of a more resilient agriculture that produces fewer emissions, whilst simultaneously ensuring food security for the future.

#### Further reading:

You can find out more about CAP on the European Commission website:  
[http://ec.europa.eu/agriculture/index\\_en.htm](http://ec.europa.eu/agriculture/index_en.htm)

If you would like to find out more about the future of the UK Agricultural Policy and CAP in light of the UK voting to leave the EU, you may be interested in: Swinbank, A. (2016). Brexit or Bremain? Future Options for UK Agricultural Policy and the CAP. *EuroChoices*, 15(2), 5-10:  
<http://onlinelibrary.wiley.com/doi/10.1111/1746-692X.12126/full>.