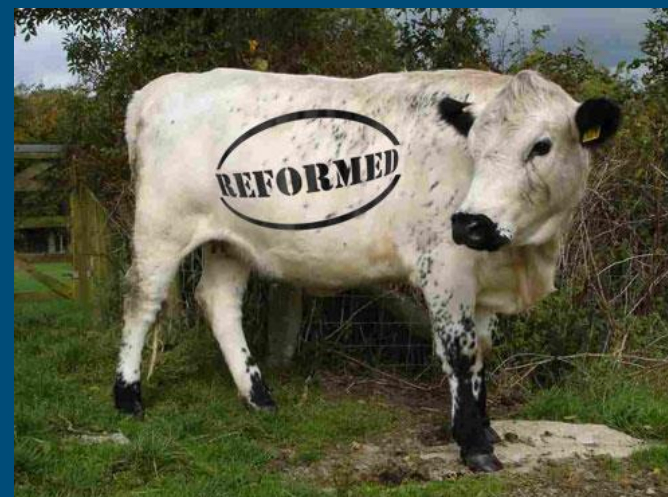


Towards 2020; A Dutch (economist\$) perspective

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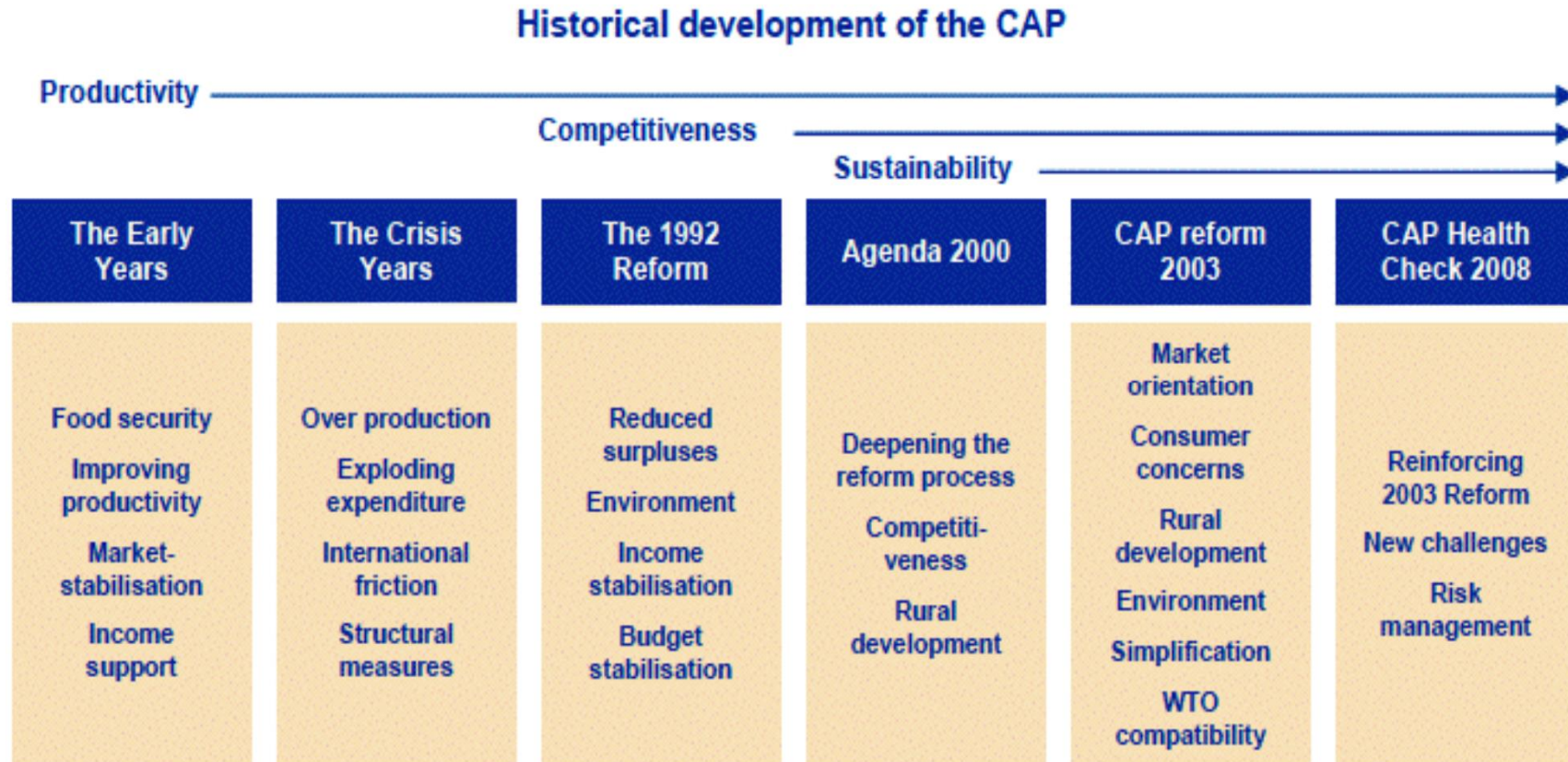


■ Challenges to address

- Economic (food security, price volatility, productivity slow-down, unequal price changes along the food chain, ...)
- Environmental (climate change, water, greening, ...)
- Territorial (equity between MS, coping with bottlenecks. balanced support, ...)



Historical development of the CAP: short history of CAP-reform



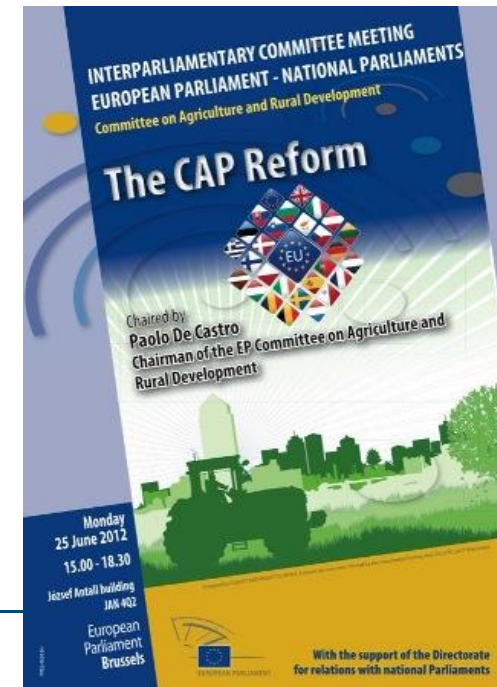
Profit (productivity, competitiveness), people (income support, RDP), planet (sustainability)

wards 2020

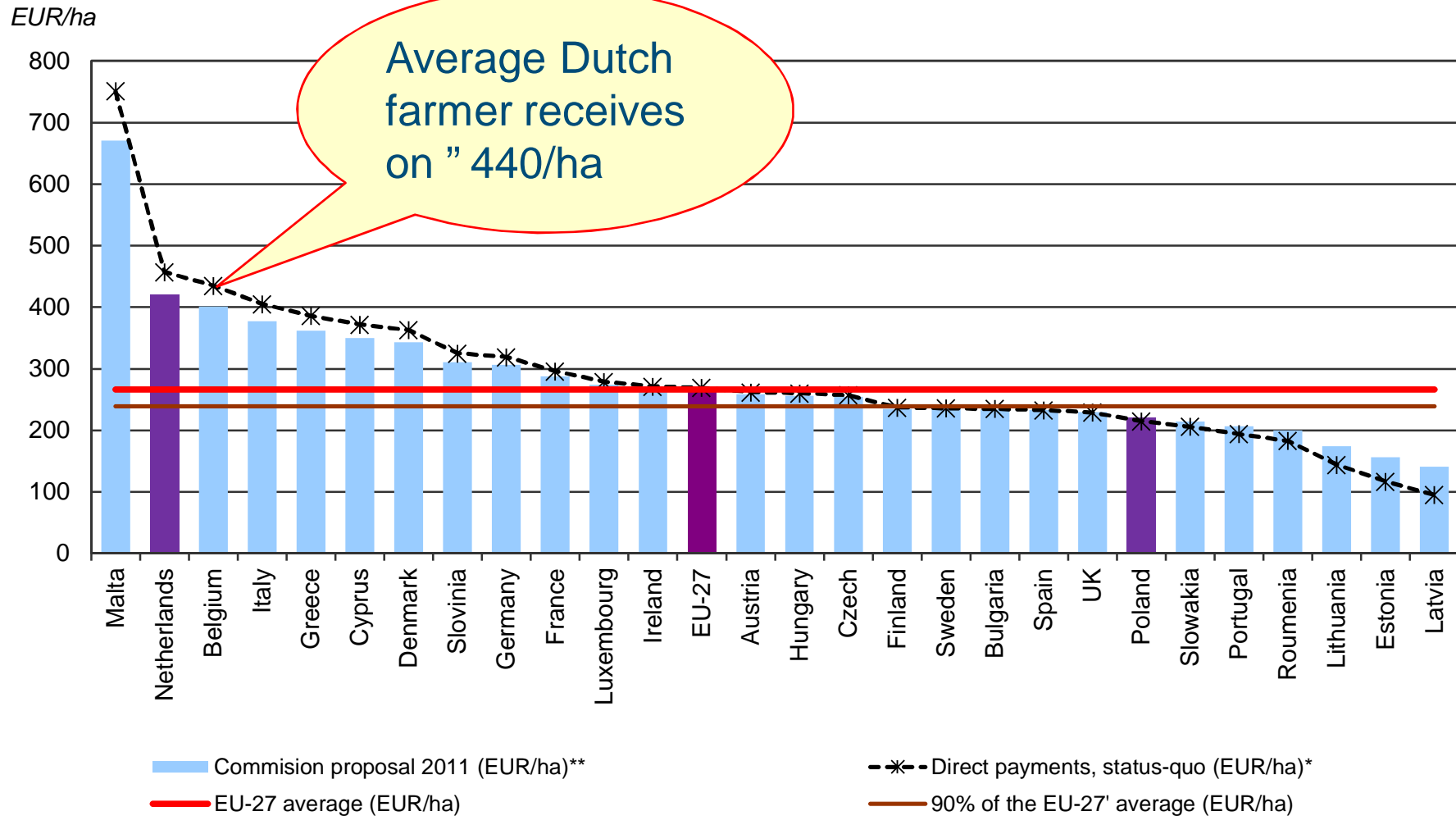


- The decision-making process
 - Commission Communication Nov 2010
 - Proposal Commission (Oct 2011)
 - Council MAFF-agreement 2014-2020 (2013)
 - EU Parliament (2013)
 - Trilogue+(aims to end June, 2013)

- Objectives of reform, ... Make CAP
 - More sustainable
 - Balanced
 - Targeted/Effective
 - Simple & Accountable



wards 2020: reform of DPs



wards 2020: NL payments (estim)

	Part	Explanation	Total amounts (milion euro)		Payment euro/ ha	
			EC	MFF	EC	MFF
	Total budget	For the Netherlands for year 2020	763	735	404	389
1	Basic-payment (68%)	Applicable to all farmers receiving a single farm payment, including fruit and vegetables growers	519	500	275	264
2	Green payments (30%)	Every farmer receiving a basic payment also qualifies for the green payment	229	221	121	117
3	Young farmers (2%) a)	Young farmers till age of 40 get for at maximum 25ha of land a supplement of 25% on top of the basic payment	15	15	8/ 54	8/ 49

Analysis (static or dynamic?)

Direct payment/ ha



hectares/ farm

What are costs of greening?
" 70/ha ?

Dutch farmers

	Arable (excluding starch potato growers)	Starch potato	Dairy	Veal	Other grazing animals	Intensive livestock	Horticulture	Mixed farms	Total NL
Payment per ha-effect-impact	3.000	-16.400	-5.400	-36.000	1.800	1.000	3.900	300	-900
Scale increase-impact	1.300	7.700	5.000	900	0	1.900	3.000	2.200	1.800
Total	4.300	-8.700	-300	-35.000	1.800	2.800	6.900	2.600	900

Comments

- ✓ Veal producers and starch potato growers loose most
- ✓ Extensive farming systems and arable farmers gain

Dutch farmers

- Significant reductions in received payments (i.p. for veal, starch potatoes, and intensive dairy)
- DPs have high share in farm income (50% . 135%)
- CAP-reform will have large impacts on farm income of specific groups (prof, liquid., solvab.)
- Likely to intensify struggle for survival (drives out farmers making a structural loss) => more structural change
- Not yet clear: implementation, exact requirements, support for innovation/competitiveness

Issues of the CAP

■ What were/are they...?

- Productivity increase
- Thus ensure fair income
- Stabilize markets
- Secure availability of supplies
- Reasonable prices for consumers

} Profit

■ What was missing...?

- Sustainability => environment
- => biodiversity
- => rural area

} People

} Planet

- Past CAP reforms made improvements, but still should do better wrt sustainability & environment
- Clear targets are missing
- Learn more from evaluations (effectiveness)
- Targeting of measures needs more strengthening, including targeting on public goods
- Account for heterogeneity

- Switch from SFP to flat rate has large distributional implications in the Netherlands
- Strong negative impacts for (specialized) veal producers and starch potato growers
- Income effects will be even more severe
- CAP should follow a triple P approach, with increased attention for (integrated) sustainability
- Policy reform is usually a gradual process (the tyranny of status quo, MF) but opportunities for reform should be well-used

