The CAP - an external dimension
November 2014

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Presentation outline

1. A new Commission
2. CAP reform and food security
3. EU and the global food security debate
4. EU trade with Least Developed Countries
5. Economic Partnership Agreements
1. Transition of Commission

The Barroso Commission has now left office. What did the Commissioner achieve in his 4-year term?

- **CAP reform:** decoupling, greening, flatter payment structure within context of joint EP decision-making
- Efficiencies in agriculture budget
- Reforms to improve competitiveness and effectiveness of EU agriculture in world markets
  - EU now a net exporter of agri-food products
- Trade agreements: CETA, SADC/EPAs, Ecuador recently; TTIP – intense negotiations ongoing
  - Geographical Indications protected
  - Ambitious negotiations opened with others-bilaterality prevailing given impasse in GVA

"The main priority of my mandate is to define the CAP after 2013."
- Dacian Cioloş
- EP Hearing, 2010
In with the new

What are the challenges for the next few years?

**Implementation and review of the CAP**
- Simplification and subsidiarity of the CAP – without damaging effectiveness or financial management
- Greening and Ecological Focus Areas

**Jobs, growth, investment** – especially in rural areas
- Trade – TTIP and opening business opportunities
- Russian ban – diversification (Summer 2014-next steps)
- Abolition of quotas for sugar, dairy
- Research and innovation: Horizon 2020
- Rural Development Programmes funding

"The political agenda for the coming years will be jobs, growth and investment"
- Phil Hogan
EP Hearing, 2014
2. CAP reform and food security

The CAP today:

- Deeply reformed: almost all payments decoupled from production
- Simplification of administrative procedures
- EU has become a price taker in the world markets for most agricultural products
- Market intervention mechanisms used only in case of crisis
- Export refunds in a decreasing trend for decades and set at zero since July 2013
- Respond to the effects of climate change
- Risk management tools
The path of CAP expenditure 1980-2020
(in 2011 prices)

Source: DG Agriculture and Rural Development.
The CAP beyond 2013

- Food security is among the strategic aims of the CAP – in addition to territorial balance and competitiveness
- Food security in EU context – what does this mean?
- Enhanced competitiveness and improved sustainability through research, innovation and knowledge transfer
- Improved targeting of financial resources
- Impact on third markets limited or negligible:
  - Decoupled income support and rural development support (WTO "green box" payments)
  - Export subsidies gradually eliminated – potential for abolition in DDA. Bali/post Bali- what's happening to multilateralism?
Policy Coherence for Development (PCD)

- In EU terms PCD calls for pursuing the EU objectives while avoiding negative spillover effects that might harm the development prospects
- Adopted by Commission 2005, integrated in Lisbon treaty
- Food Security as a top challenge (amongst five) under PCD – with trade, climate change, migration
- The fourth biennial PCD report was published in 2013; Council Conclusions welcomed the report and laid out priorities
- CAP reform sustained high attention. PCD is factored into CAP reform:
  - Consultation
  - Impact Assessment provisions on Developing Countries (Annex 12)
3. EU and the global food security debate

- **Global challenges**: food security, price volatility, economic crisis, speculation and fund management, climate change, expansion of biofuels, investments in land, governance, technology/GM, etc.

- **African Union role:**
  - **CAADP** (Comprehensive African Agriculture Development Programme): aim is 10% Government spending on agriculture to attain 6% growth
  - **Support under the Joint Africa-EU Strategy**: 2012 renewed focus on agricultural cooperation – EU-Africa Summit in April 2014; Malabo Declaration – June 2014- what next in 2015
  - **International leadership**: FAO, CFS, post-2015 Development Agenda and G7, G20 – 2015- DE G7 Presidency and G20 Turkish Presidency
  - **Emerging powers**: BRICS and their role in trade and food security (and in International Organisations) – new dynamics – for ex India
4. EU trade with Least Developed Countries

Data sources: EUROSTAT - COMEXT & GTA
EU28 agricultural trade with LDCs

EU28: Structure of agricultural trade 2003-2013 with LDC48 (AS OF 2014)

Export

Import

Source: COMEXT

Commodities
Intermediate
Final products
Other products
Confidential Trade
Balance

in million Euro

5. Economic Partnership Agreements
Bilateral agreements – state of play

- Mexico
- Central America
- Colombia/Peru
- Caribbean EPA
- Chile
- Ecuador
- Euro-Med
- South Africa
- African EPAs
- EFTA Turkey
- SAA
- Armenia
- Ukraine, Moldova, Georgia

Agreements in force
Negotiations concluded
Bilateral Agreements – the future

Negotiations ongoing
Economic Partnership Agreements

EPA agreements prioritise development, regional trade and gradual integration into the world economy:

• Opening of 100% EU market duty- and quota free (except for South Africa given its high level of competitiveness)

• Negotiations with SADC recently concluded- but legal scrubbing ongoing and might not be finalised before early 2015

• Opening of ACP markets in goods slowly and progressively: 15-25 years – policy space respected

• No undue competition – through the asymmetry principle, ACP countries can keep permanently tariff/quota protection for the most sensitive 20% of goods, often in agriculture

• Safeguard measures to protect food security and agriculture in the events of disturbance by imports

• Cooperation in agricultural policy and development (e.g. GIs)- why GIs?
Evaluation study

- **Evaluation of the impact** of preferential agricultural trade regimes, in particular Economic Partnership Agreements (EPAs):
  - GSP regime for LDCs and non-LDCs
  - EU-South Africa Trade development and cooperation agreement
  - EPA with the Caribbean and the temporary application of the signed and initialled agreements under the Market Access Regulation
- 6 case studies are included
- The impact should be studied in value, volume and composition
- Expected final report: end of **2014 – finalisation stage now**

Why was such a study necessary? And what will it seek to achieve?
Concluding remarks

- CAP reform consolidated the market orientation of past reforms
- Food security is:
  - one of main policy drivers
  - important issue at global level and in international fora, including G7/G20, post-2015 agenda and partnership with AU
- EPAs are the vehicles for trade development and EU partnership with ACP countries
- Trade and food security – any risk of preference erosion?
- Is the EU perceived as a "bad guy" on agricultural trade in international fora? What is happening in the continent today?
Concluding remarks (2)

Some emerging issues which need to be looked at:

- GM, biotechnology - what type of innovation model for Africa's structural transformation
- Responsible investments (access to natural resources) - beyond CSR
- Financialisation of markets
- Climate change challenges – impact of climate change on security, on gender
  - Migration – Med/ post Arab Spring/ Sahel
- Water, energy, food nexus - water scarcity – "new oil"
- Rights-based approach to policy making
Overall global challenges for coming years

• Ebola (trade impact)
• Islamic State, Iraq and Syria
• Economic growth, eurozone performance (how is EU perceived by BRICs?)
• Unemployment, jobs
• Trade protectionism, TTIP
• Russia and Ukraine crisis (Russian embargo on food imports)
• International progress on climate change, development etc
• Further enlargement? Fatigue? Turkey, Neighbourhood Policy
• Domestic MS states politics
  • Rise of Eurosceptic parties (new EP configuration)
  • UK referendum?
Thank you for your attention

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