

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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European People's Party political group proposes delay in CAP Reform

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Report Highlights:

On September 4, 2017, the European People's Party (EPP), the largest political group in the European Parliament, unanimously adopted its position on the post-2020 Common Agricultural Policy (CAP). While not likely, the most significant element of its position is to allow the current CAP to continue until 2024 rather than 2020.

General Information:

The EPP's position paper on the post-2020 CAP, unanimously adopted by the political group on September 4, 2017, asserts that the EU should "...*first face the negotiations on the withdrawal of the United Kingdom from the EU (Brexit) and set a clear and stable post-Brexit financial framework, before triggering discussions on the future CAP reform. Rather than a hasty reform, the current CAP should thus continue to 2024...*" rather than 2020.

This is backed up by the EPP's view that there is "reform fatigue" in the EU's farming sector which has undergone many reforms in the last 20 years. The political group makes the case for EU farmers to have a period of policy stability as the existing CAP reform has only been implemented relatively recently in some Member States.

The EPP considers that the CAP budget should be kept at levels sufficient to ensure economic sustainability, meet increasing demand for food and non-food purposes, and promote growth and employment in rural areas. Against this background, the overall size of the EU budget is likely to decrease when the UK leaves the EU, as is commonly expected in March 2019. Furthermore, new priority areas including security and defense will require additional financial resources. The EPP insists that the additional money required to finance these new challenges cannot be taken from CAP funds.

Elsewhere, EU Agriculture Commissioner Phil Hogan said at the Informal Meeting of Agriculture and Fisheries Ministers that took place on September 5, 2017, in Tallinn, Estonia, that the impending CAP reform would avoid revolutionary proposals, but rather streamline changes introduced in the 2013 reform. In response to questions from the press about the Commission's intentions for the next CAP reform, he said: "*It will be an evolution rather than a revolution. It's modernizing and simplifying a policy that was just agreed in 2013*".

Addressing the post-meeting press conference, Estonian Minister for Rural Affairs, Tarmo Tamm, said that risk management measures in agriculture were discussed at the meeting, and would be a focal topic in CAP reform. However, FAS USEU's discussions with Commission officials suggest that it would be difficult to introduce effective risk management tools such as crop insurance due to the unavailability of appropriate data in the EU.

The EPP's position paper reflects the views of the largest political group in the European Parliament, but probably will not be accepted by the Commission. It is expected that the EPP is being strategic in its attempts to dissuade the Commission from proposing significant changes to the current agricultural policies. While the uncertainty surrounding Brexit will likely result in the Commission proposing only modest reforms, simply extending the current measures is not a realistic option. It is anticipated that more radical ideas to shake up the CAP by introducing risk management tools such as crop insurance will take a back seat to more pragmatic measures such as simplifying the bureaucracy associated with the current policy and refining environmental requirements.

The Commission is scheduled to publish a Communication on post-2020 CAP reform by the end of 2017 and submit legislative proposals to the Council and the European Parliament at the beginning of

2018. The Commission’s proposal will be debated by the entire Parliament and the Member States at Council as co-legislators with the aim of adopting a new CAP by the first half of 2021.