

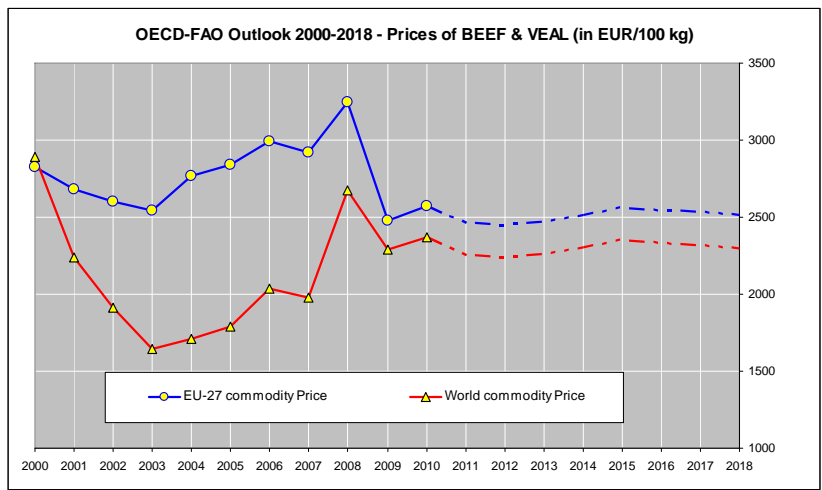


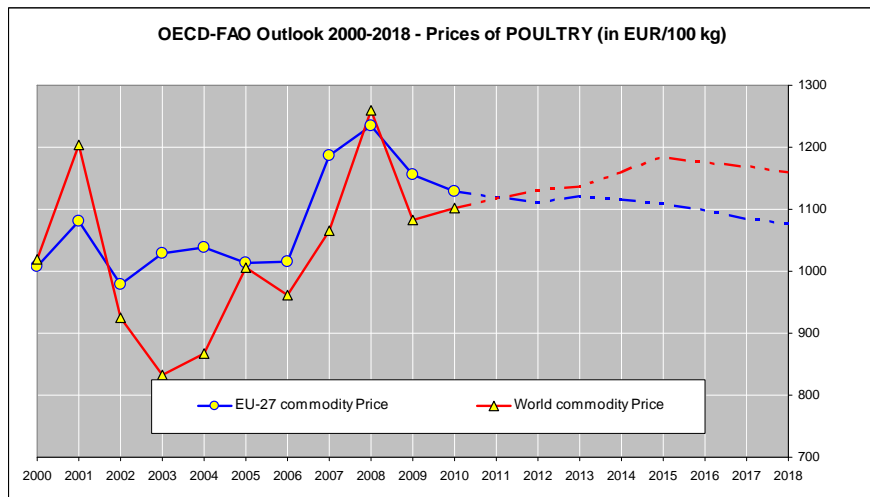
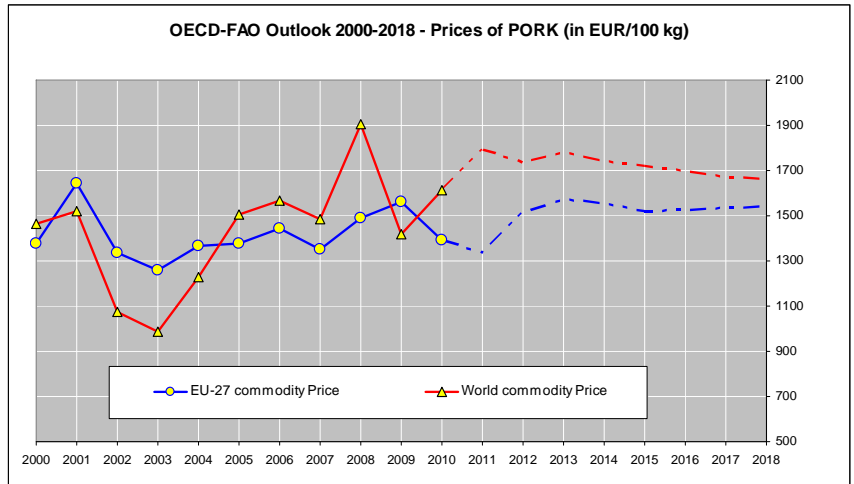
FEFAC Congress
Sustainable competitiveness of the EU livestock and feed sector
«doom & gloom or a silver lining?»
Hamburg, 10 June 2010

Herman VERSTEIJLEN
Director Agricultural Markets,
European Commission

- ***Competitiveness – Animal products***
- ***Future milk policy***
- ***The CAP reform process, post 2013 debate***

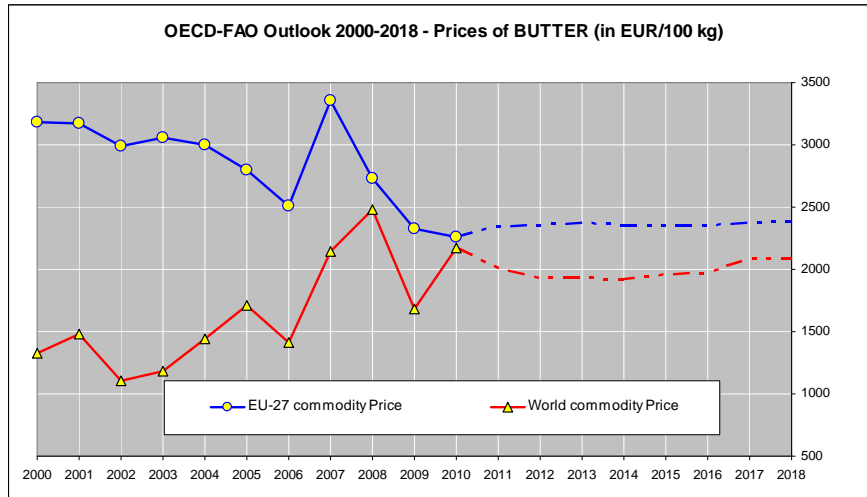
COMPETITIVENESS ANIMAL PRODUCTS







European Commission
Agriculture and Rural Development

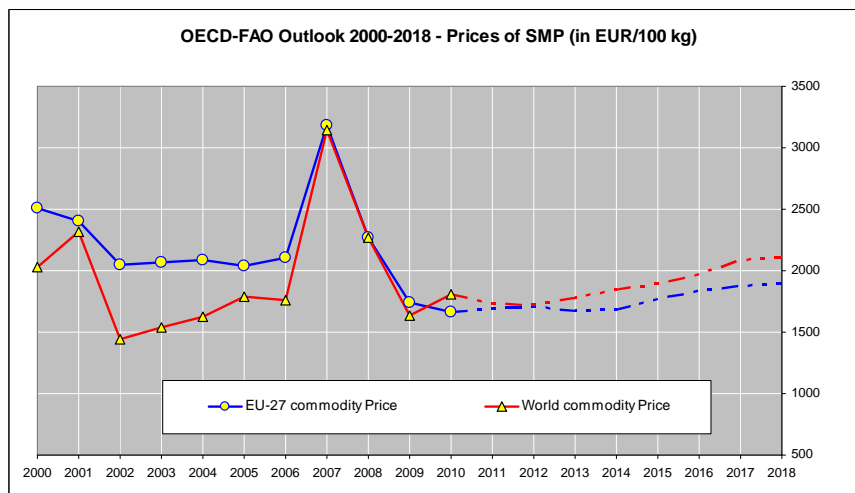


Hambourg, FEAC Congress

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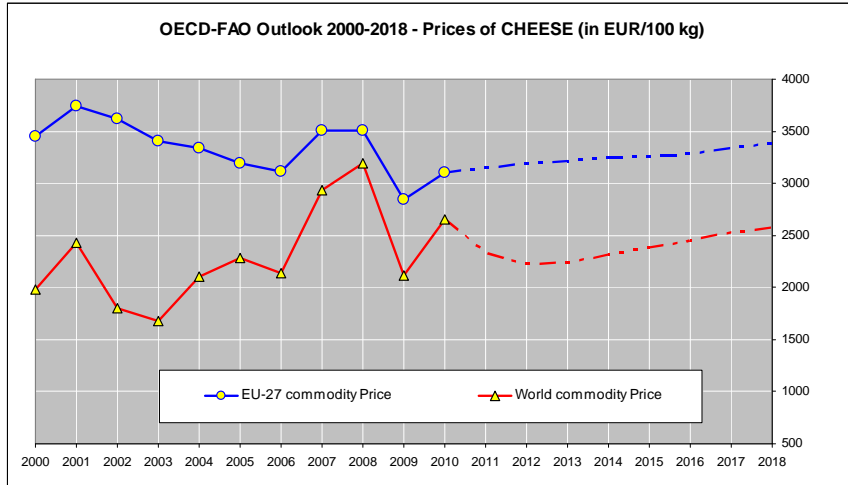


European Commission
Agriculture and Rural Development



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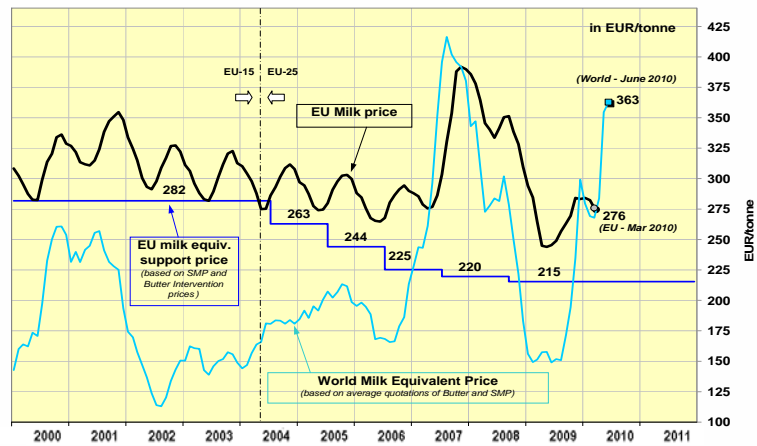
8



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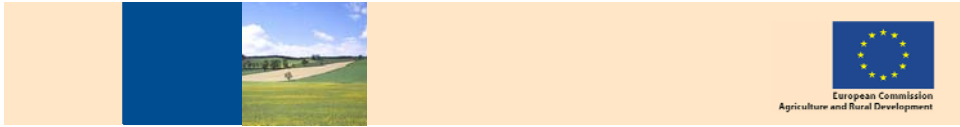
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Dairy price safety net



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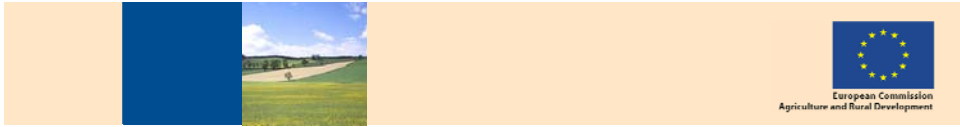
10



FUTURE MILK POLICY



- **Important price fluctuations in milk sector.**
- **Establishment of High Level Expert Group (HLG).**
- **Mandate:**
 - **Contractual relations between milk producers and dairies; balance supply at demand.**
 - **Strengthen the bargaining power of milk producers.**
 - **Transparency for the benefit of milk producers, industry and consumers.**
 - **Are the existing market instruments appropriate, a futures market for dairy!**
 - **Quality issues**
 - **Innovation and research.**
- **Proposals end 2010.**



THE CAP REFORM PROCESS, POST 2013 DEBATE

1. The CAP today

2. The CAP beyond 2013

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1. The CAP today

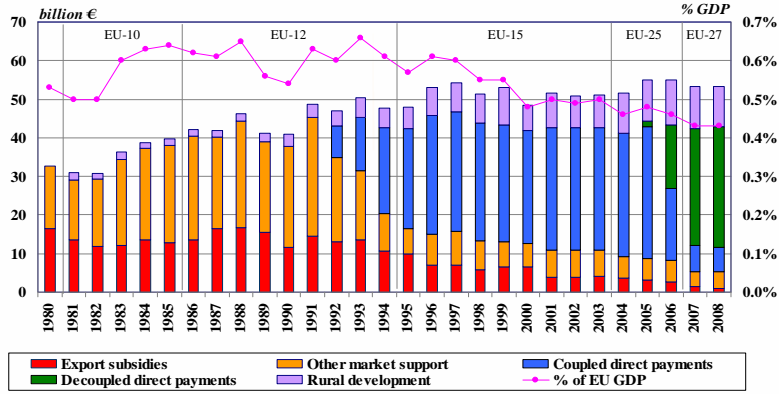
- **A substantially reformed policy ...**
 - **Farm support is mainly decoupled and subject to cross-compliance**
 - **Role of market intervention mechanisms is significantly reduced to safety net level**
 - **Rural Development policy is strengthened with funds and policy instruments**

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CAP expenditure and CAP reform path (2007 constant prices)



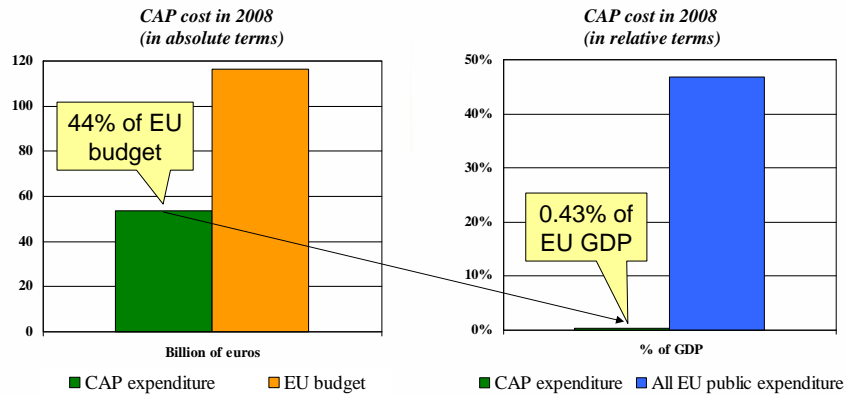
Source: European Commission – DG Agriculture and Rural Development

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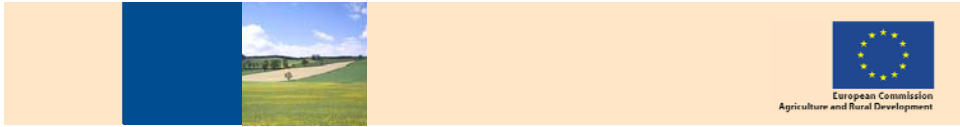
... and alternative views on its cost



Source: European Commission – DG Agriculture and Rural Development

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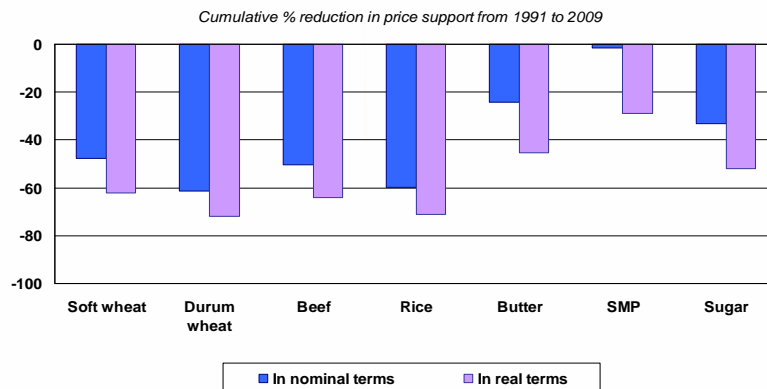
1. The CAP today

- **A substantially reformed policy ...**
 - Farm support is mainly decoupled and subject to cross-compliance
 - Role of market intervention mechanisms is significantly reduced to safety net level
 - Rural Development policy is strengthened with funds and policy instruments

- **... and better performing**
 - Surpluses belong to the past
 - Competitiveness is improved
 - Better value for money and contribution to EU budget stability
 - More sustainable farming

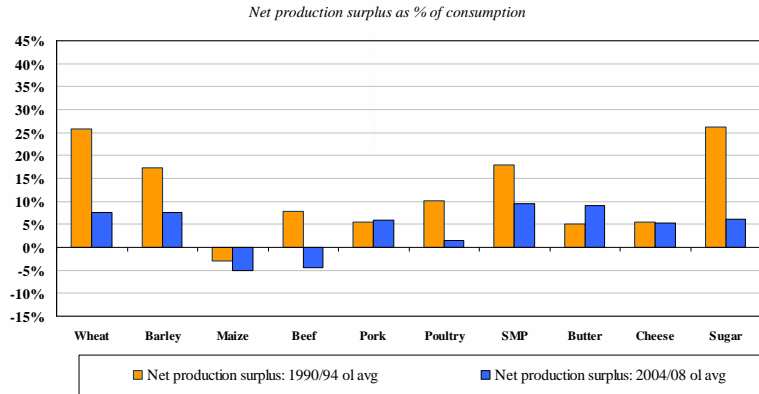


Reductions in EU price support, bringing EU prices in line with world prices



Source: European Commission – DG Agriculture and Rural Development

Impact of CAP reforms on EU net production surplus



Sources: European Commission - Eurostat, OECD-FAO, USDA and Fapri.

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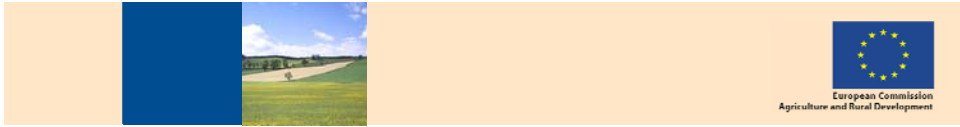
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2. The CAP beyond 2013

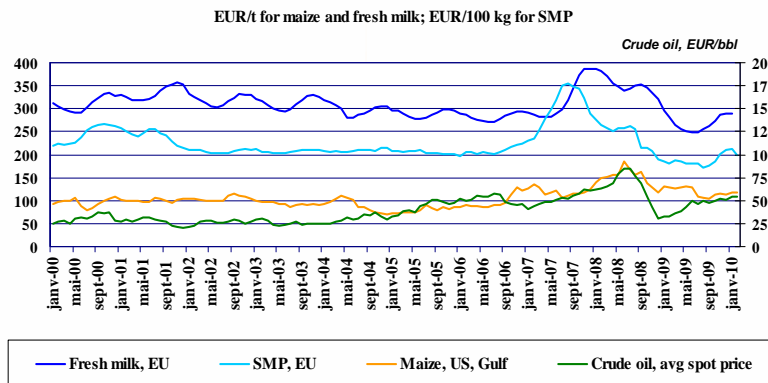
- **General context**
 - Economic crisis
 - Volatility in production and prices
 - Food security, climate change, limited resources

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Recent trend of some commodity market prices



Sources: European Commission and World Bank

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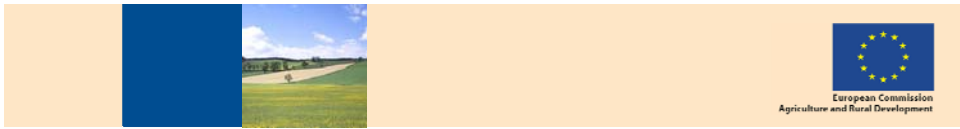
3. The CAP beyond 2013

- **General context**
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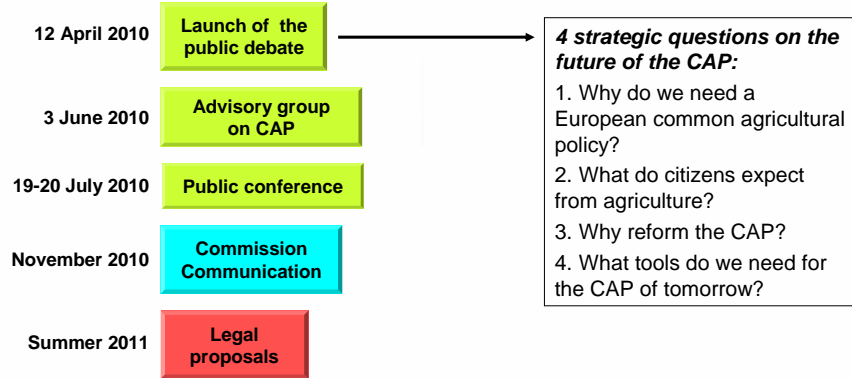
- **Institutional context**
 - New European Parliament and Commission
 - Lisbon Treaty
 - WTO
 - New financial perspectives
 - New priorities for EU budget
 - Budget for CAP?

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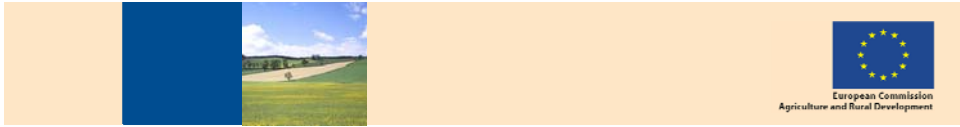


2. The CAP beyond 2013: the debate



3. The CAP beyond 2013: the debate

- Do we need the “C” and the “P” of the CAP?
- Current structure (I and II pillar)?

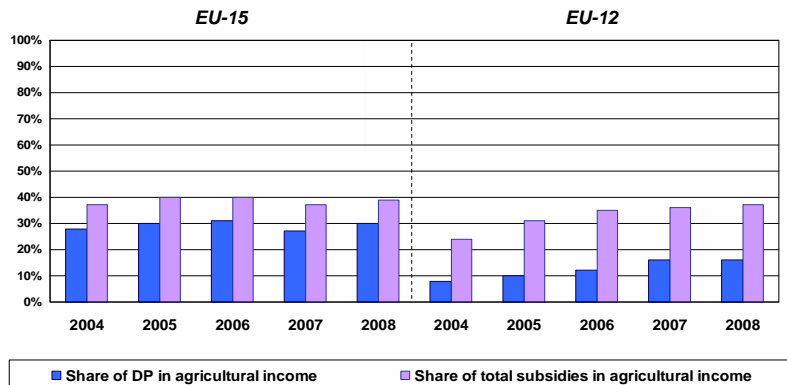


3. The CAP beyond 2013: the debate

- **Do we need the “C” and the “P” of the CAP?**
- **Current structure (I and II pillar)? If yes** ↓
 1. **Direct payments**
 - Income support vs. public goods
 - Redistribution within and among Member States



Share of DP and total subsidies in agricultural income



Source: European Commission – DG Agriculture and Rural Development



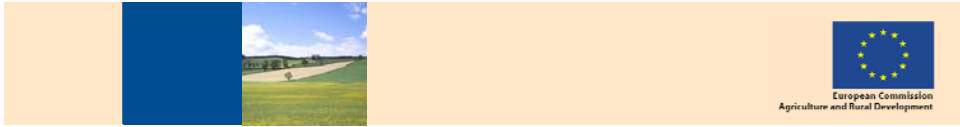
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 - Balance between competition, environmental and rural economy challenges



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 3. **Rural development**
 - Balance between competition, environmental and rural economy challenges
 - The 3rd axis of RD an integral part of the CAP reform?
 4. **Financing**
 - Distribution between pillars and areas
 - Co-financing



For further information

- **The CAP after 2013**
http://ec.europa.eu/agriculture/cap-post-2013/index_en.htm
- **EU agriculture and CAP reform**
http://ec.europa.eu/agriculture/index_en.htm
- **Economic Analysis and Evaluation**
http://ec.europa.eu/agriculture/analysis/index_en.htm
- **Agricultural Policy Analysis and Perspectives**
http://ec.europa.eu/agriculture/analysis/perspec/index_en.htm



Thank you