



EUROPEAN  
COMMISSION

Brussels, **XXX**  
COM(2017) 713

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**The Future of Food and Farming**

## Contents

1.	A NEW CONTEXT .....	3
2.	TOWARDS A NEW DELIVERY MODEL AND A SIMPLER CAP.....	9
3.	A SMARTER, MODERN AND SUSTAINABLE CAP .....	10
3.1.	Using research and innovation to better link what we know to what we grow.....	12
3.2.	Fostering a smart and resilient agricultural sector.....	14
3.2.1.	A fair income support to help farmers to make a living.....	14
3.2.2.	Investing to improve farmers' market reward.....	16
3.2.3.	Risk Management.....	16
3.3.	Bolstering environmental care and climate action and contributing to the achievement of EU environmental and climate objectives .....	18
3.4.	Strengthening the socio-economic fabric of rural areas .....	20
3.4.1.	Growth and jobs in rural areas .....	20
3.4.2.	Attracting new farmers .....	22
3.5.	Addressing citizens' concerns about health, nutrition, food waste.....	23
4.	THE GLOBAL DIMENSION OF THE CAP .....	25
4.1.	Trade.....	25
4.2.	Migration .....	26

None of these benefits can however be taken for granted. Unlike most other economic sectors, farming is strongly affected by the **weather**; it is also frequently tested by **volatile prices, natural disasters, pests and diseases** – with the result that, every year, at least 20% of farmers lose more than 30% of their income compared with the average of the last three years. At the same time **pressure on natural resources** is still clearly present partly as a result of some farming activities. **Climate change** threatens to make all of the above-mentioned problems weigh more heavily. The Common Agricultural Policy (CAP) should therefore lead a transition towards a more sustainable agriculture.

The CAP enabled the development of the most integrated **single market**. It is thanks to the CAP that the EU farm sector is able to respond to citizens' demands regarding food security, safety, quality and sustainability. However, at the same time the sector faces the challenges of low profitability - due *inter alia* to the EU's high production standards, the high costs of production factors and the fragmented structure of the primary sector. The sector now competes at world market prices in most sectors, leads the field in terms of food product diversity and quality and achieves the globe's highest agri-food exports (worth EUR 131 billion in 2016<sup>2</sup>)

### **Solid performance but further work to be done**

Direct payments currently shore up the resilience of 7 million farms, covering 90% of farmed land. While they make up around 46% of the income of the EU farming community, the proportion is much higher in many regions and sectors. They thereby provide relative income stability to farmers facing significant price and production volatility - which helps to keep the EU's vital high-quality food production base spread around the Union<sup>3</sup>. Their impact is supplemented by market instruments. Areas with Natural Constraints are also the object of specific support.

Rural development policy makes a substantial contribution to the farm economy and vital rural livelihoods in various ways. It supports investments; knowledge-building; supply chain organisation; environmental protection and climate action. Rural development programmes in 2014-2020 build on this and widens provision for innovation and risk management. The creation of the European Innovation Partnership for Agricultural Productivity and Sustainability (EIP-AGRI) gave an impetus to knowledge creation and sharing. However, important efforts still need to be done to facilitate the access of farmers to knowledge<sup>4</sup>.

---

<sup>2</sup> See [https://ec.europa.eu/agriculture/trade-analysis/statistics\\_en](https://ec.europa.eu/agriculture/trade-analysis/statistics_en)

<sup>3</sup> Ecorys et al. (2016) *Mapping and analysis of the implementation of the CAP*, p 76-94

<sup>4</sup> See Evaluation study of the implementation of the European Innovation Partnership (EIP), November 2016: [https://ec.europa.eu/agriculture/external-studies/2016-eip\\_en](https://ec.europa.eu/agriculture/external-studies/2016-eip_en)

The implementation of “greening<sup>6</sup>” is qualified as sometimes less ambitious than intended, and is identified in the public consultation as the most burdensome and complex element of the CAP which limits its effectiveness. Climate change has in the meantime become an even more urgent priority, with important costs to be faced by the farming community in the future<sup>7</sup>

This view has also been highlighted by the REFIT Platform, which has put the focus on the excessive administrative burden of the current greening measures, the control and audit system and the growing overlaps between pillar I and II<sup>8</sup>. As indicated by the REFIT Platform, there is a need to reduce the regulatory burden of the CAP and improve its value for money while ensuring the achievement of the objectives and increase its integration with other policy areas.

A first report on the implementation of the current common monitoring and evaluation framework of the CAP, including first results on the performance, will be presented to the European Parliament and the Council in 2018. The Impact Assessment that will underpin the Commission proposal for the post-2020 Common Agricultural Policy will take into account all available evidence on the performance of the policy so far (including results of evaluations and input from the REFIT Platform) and will use this information when analysing specific solutions for the future.

---

<sup>6</sup> European Commission staff working document: Review of greening after one year [https://ec.europa.eu/agriculture/sites/agriculture/files/direct-support/pdf/2016-staff-working-document-greening\\_en.pdf](https://ec.europa.eu/agriculture/sites/agriculture/files/direct-support/pdf/2016-staff-working-document-greening_en.pdf); also Report from the Commission to the European Parliament and the Council on the implementation of the ecological focus area obligation under the green direct payment scheme (COM/2017/0152 final) of 29.3.2017

<sup>7</sup> See *Ecampa2 study (2016)* with the most updated assessment of greenhouse gas mitigation policy options for EU agriculture: [http://publications.jrc.ec.europa.eu/repository/bitstream/JRC101396/jrc101396\\_ecampa2\\_final\\_report.pdf](http://publications.jrc.ec.europa.eu/repository/bitstream/JRC101396/jrc101396_ecampa2_final_report.pdf)

<sup>8</sup> REFIT Platform Opinions on "Cross Compliance", "Greening", "Overlaps between pillar I and II", "Control and Audit", "Rural Development support" and "EU legislation on the Farm subsidies reform". Available at: [https://ec.europa.eu/info/law/law-making-process/overview-law-making-process/evaluating-and-improving-existing-laws/reducing-burdens-and-simplifying-law/refit-platform/refit-platform-recommendations\\_en](https://ec.europa.eu/info/law/law-making-process/overview-law-making-process/evaluating-and-improving-existing-laws/reducing-burdens-and-simplifying-law/refit-platform/refit-platform-recommendations_en)

# THE CONTRIBUTION OF THE CAP TO THE SDGs



**Figure 3**

The public consultation underlined the importance of the three dimensions of sustainability (economic, environmental and social) and linked them to a broader need to **modernise** and **simplify** the policy.

The Commission's **White Paper on the Future of Europe** of 1 March 2017 set in motion a wide-ranging debate on tomorrow's EU, calling on the Union and its Member States to interact better with citizens, be more accountable to them and deliver faster and better on what has been collectively agreed. The Commission's Reflection paper on the Future of EU Finances of 28 June 2017 stimulates further this debate, setting out options and scenarios for the future direction of the EU budget, including among other options a degree of co-financing of the CAP and its implications. Hence, this Communication does neither pre-empt the outcome of this debate nor the proposals for the next multiannual financial framework (MFF).

The Reflection Paper on the future of EU finances called for a shift towards new, sustainable growth that combine economic, social and environmental considerations in a holistic and integrated way and stronger focus on the provision of public goods.

This is the backdrop against which the CAP must take the next steps in its evolution – modernising and simplifying, and working hand in hand with other EU policies – to meet a wide range of pressing challenges and bring out the very best from the Union's farm sector and rural areas, with a greater focus on high standards and actual results, and to support farmers in anticipating and dealing with future relevant challenges and developments.

The planning process should be shaped in a much simpler way, remaining clearly below the levels of complexity exemplified by the current rural development programming. This means in particular that prescriptive compliance elements such as measures' details and eligibility rules at the level of EU legislation should be eliminated. Such simplification would also favour integrated and innovative approaches and render the policy framework more adaptive and innovation friendly.

This means the CAP and the Member States plans should focus above all on the objectives and expected results while leaving sufficient room for Member States and regions to address their specificities. In line with the logic of the Commission's "budget focused on results" approach, a **future delivery system** should thus **be more result-driven**, boost **subsidiarity** by giving Member States a much greater role in rolling out CAP schemes, pursue agreed **realistic and adequate targets** and help **reducing the EU-related administrative burden** for beneficiaries. In such a context simplified cost options and modern technologies offer huge opportunities to reduce this burden, in particular as regards controls. Both farmers and citizens should be enabled to benefit from such advances with a less prescriptive framework.

In this way, as proclaimed by the Cork 2.0 Declaration, the architecture of the CAP as a whole would provide for targeting interventions to well-defined economic, social and environmental objectives while reflecting the needs and aspirations of the territories concerned.

Another crucial function of the Commission would of course consist in supervising the delivery on results and the respect of basic EU rules and international commitments in the framework of a well-designed audit and assurance system. To this end the assurance process would need to be adapted to the requirements of a result-driven policy design including the development and application of solid and measurable indicators and of a credible performance monitoring and reporting.

### **3. A SMARTER, MODERN AND SUSTAINABLE CAP**

European citizens should continue to have access to high quality, affordable, nutritious and diverse food. The way this food is produced and marketed should adapt to citizens' expectation, in particular concerning the impact on their health, the environment and the climate. To ensure this in a context of growing world population, increased environmental pressure and climate change, the CAP has to continue evolving, maintaining its market orientation and its support to the EU family farm model across all the regions of the Union. Similarly, the CAP needs to support and be compatible with efforts that address the root causes of migration towards the EU.

### **3.1. Using research and innovation to better link what we know to what we grow**

Innovations in various fields (agronomy such as nature based solutions, breeding, vertical farming, zootechnics, biological, technological, digital, organisational and product related) are within reach and can serve the multi-functionality of EU agricultural and food systems. Research and innovation are part of the foundation of progress concerning all the challenges which confront the EU's farm sector and rural areas: economic, environmental and social. The needs and contributions of rural areas should be clearly reflected on the research agenda of the European Union and the future CAP will need to enhance even more **synergies with the Research and Innovation Policy in fostering innovation**.

**Technological development and digitisation** make possible big leaps in resource efficiency enhancing an environment and climate smart agriculture, which reduces the environment-/climate impact of farming, increase resilience and soil health and decrease costs for farmers. However, the uptake of new technologies in farming remains below expectations and unevenly spread throughout the EU, and there is a particular need to address small and medium-sized farms' access to technology.

Not only technology but also access to **sound, relevant and new knowledge is very patchy around the Union**. This impedes the performance of certain CAP instruments as well as the farm sector's overall competitiveness and development potential. By contrast, the CAP's capacity to increase the flow of knowledge between partners from different parts of the EU offers strong added value as it will save costs, increase the impact of EU funding and speed up innovation in the different parts of the EU.

### 3.2. Fostering a smart and resilient agricultural sector

#### 3.2.1. A fair income support to help farmers to make a living

As emphasised in the *Reflection paper on the future of EU finances*, direct payments partially fill the gap between agricultural income and income in other economic sectors. They provide an important income safety net, ensuring there is agricultural activity in all parts of the Union including in areas with natural constraints (which also receive income payments under Rural Development Policy) with the various economic, environmental and social associated benefits, including the delivery of public goods. Therefore, direct payments remain an essential part of the CAP in line with its EU Treaty obligations.

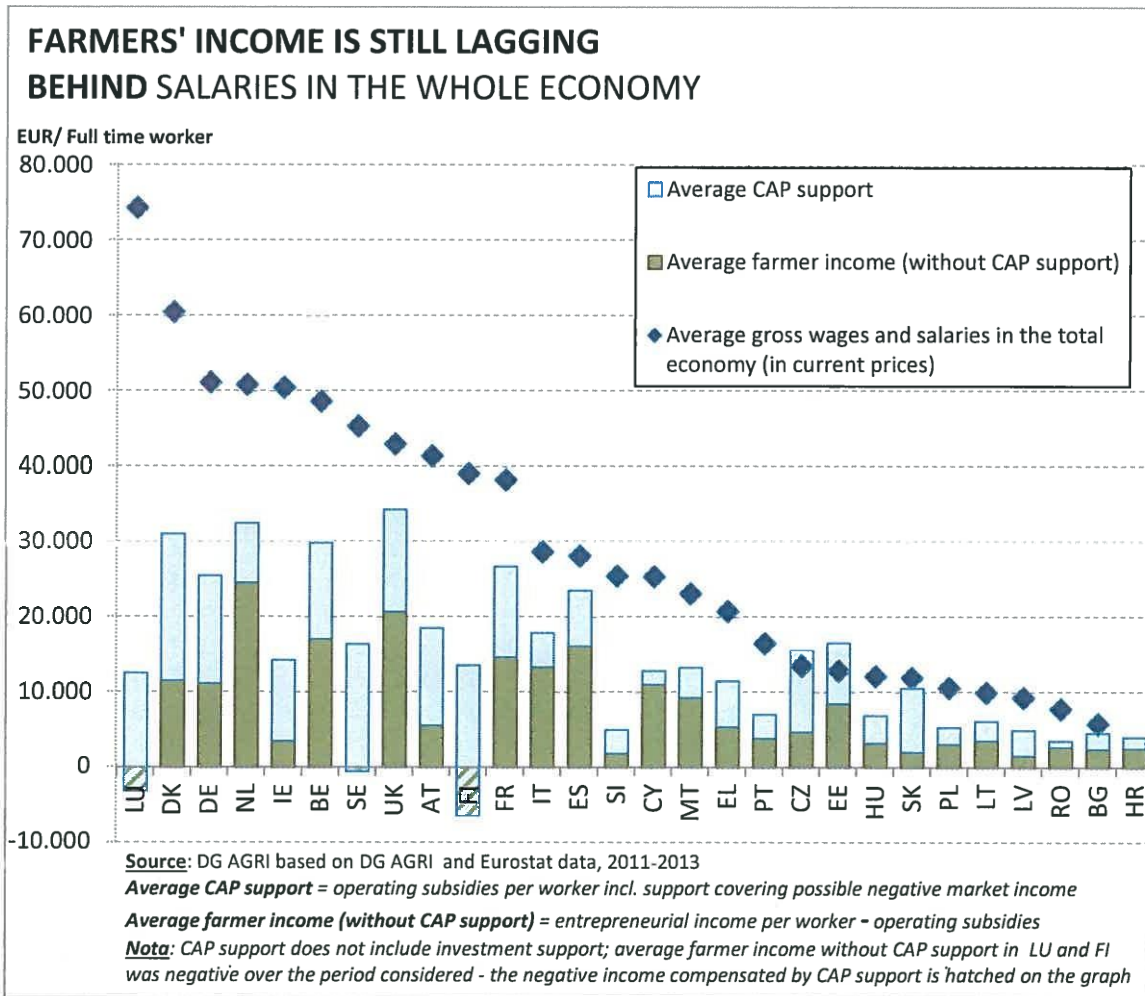


Figure 6



- Ensure support is targeted to genuine farmers, focussing on those who are actively farming in order to earn their living.

At the same time, the CAP needs to play its role in following the principles of "Equality between its Members, big or small, East or West, North or South", which were recalled by President Juncker in his State of the Union address of 2017. In this sense, it should continue to reduce differences between Member States in CAP support. Even if the wide diversity of relative costs of labour and land as well as the different agronomic potentials across the EU should be acknowledged, all EU farmers face similar challenges.

### 3.2.2. *Investing to improve farmers' market reward*

The CAP should play a larger role in helping farmers make more money from the market. There is a clear need to boost **investments** into farm restructuring, modernisation, innovation, diversification and uptake of new technologies and digital-based opportunities such as precision agriculture, the use of big data, and clean energy in order to improve individual farm sustainability, competitiveness and resilience, including against the negative impacts of climate change. The position of farmers in the food chain is an important factor, and will also be addressed by the scheduled proposal to improve the EU food supply chain<sup>10</sup>. Moreover, additional reflections are needed to ensure an improved efficient functioning for agricultural producer organisations. Emerging sustainable rural value chains in areas such as bio-based industries, bio-energy and circular economy, as well as ecotourism offer opportunities for farmers and rural businesses to diversify their businesses, hedge risks and provide additional income: the policy should increasingly focus on supporting such efforts.

The performance of investment support under the CAP should also be improved through better integration of business advice and promotion of collective investments and mechanisms to get effective synergies with research and innovation. The current investment gap in agriculture needs to be addressed, also through more use of innovative financial instruments that take into account the specificities of farming as well as more integrated projects that link various EU instruments (EFSD, ESIF). Further work with the European Investment Bank (EIB) may point the way.

### 3.2.3. *Risk Management*

In the context of a greater market orientation of the CAP, more market exposure led to higher risks of price volatility and an increasing pressure on incomes. Risks also stem from climate change, the associated increased frequency and severity of extreme events and more frequent sanitary and phytosanitary crises. While **farmers, as entrepreneurs, are ultimately responsible** for designing their own on-farm strategies, it is important to set up a robust framework for the farming sector to successfully prevent or deal with risks and crises, with the objective of enhancing its resilience and, at the same time, providing the right incentives to crowd-in private initiatives.

---

<sup>10</sup> Commission Work Programme 2018 – An agenda for a more united, stronger and more democratic Europe, COM(2017)650 final of 24.10.2017.

At the same time, it is worthwhile exploring how to further develop an **integrated and coherent** approach to risk prevention, management and resilience, which combines, in a complementary way, EU-level interventions with Member States' strategies and private sector instruments which address income stability as well as climate risks. A flexible approach, in this context, is a necessary condition to allow tailored solutions for the different types of regional and sectoral needs of farmers and to support their market orientation.

**New avenues should however be explored.** Financial instruments stimulating the inflow of private capital can help to overcome temporary cash flow shortages. Other complementary measures to the current risk management toolkit, such as support for re-insurance of mutual funds or incentives for precautionary savings, may also be envisaged.

Beyond the CAP toolbox, **certain actions at Member State level could help** provided that they are compatible with state aid rules. This concerns for instance provisions in taxation policy that currently discourage farmers to make from savings in good years to cope with bad years.

### **3.3. Bolstering environmental care and climate action and contributing to the achievement of EU environmental and climate objectives**

Climate change and constraints on natural resources will continue affecting farming and driving food security challenges. The EU 2030 Climate and Energy targets set ambitious goals to which all sectors are required to contribute. At the same time, agriculture is one of the sectors most vulnerable to climate change. Water scarcity, changing precipitation patterns, overall temperature increases and variation, increased intensity and frequency of climate-related extremes, presence and persistence of (new) pests and diseases, and fire risks are already challenging current agricultural and forestry practices and production. However, farmers and foresters are not only users of natural resources, but also, indispensable managers of ecosystems, habitats and landscapes. Any new CAP should reflect **higher ambition and focus more on results** as regards **resource efficiency, environmental care and climate action**.

The future CAP should make the best use of research results, ensure that knowledge is shared and implemented and support proliferation of modern technologies to maximise the contribution of agriculture to the EU and global objectives. Climate-smart farming supported by training, advice and innovation is one part of the answer; but this requires an agricultural policy with strong commitment to deliver public goods and ecosystems services related to soil, water, biodiversity, air quality, climate action and the provision of landscape amenities. It is also important that the contribution of the CAP to these objectives is strategic and measurable.

### 3.4. Strengthening the socio-economic fabric of rural areas

#### 3.4.1. *Growth and jobs in rural areas*

Many rural areas in the EU suffer from structural problems, such as a lack of attractive employment opportunities, skill shortages, underinvestment in connectivity and basic services and a significant youth drain. In a Union of equals the potential and aspirations of rural citizens and communities must be better addressed in EU policies. The CAP, and in particular Rural Development Policy, has an important role to play to promote rural jobs and growth as well as to preserve the environmental quality of rural areas.

Joint EU and national investment in infrastructure, natural and human capital development is paramount to support sustainable, quality employment in rural areas. The rural workforce should have better access to vocational training, programmes to develop new skills, quality education and connectivity.

The CAP is one of several EU policies that contribute to prosperous rural areas and it must improve its complementarity with other EU policies such as Cohesion Policy - which also provides substantial EU funding in rural areas - and the Connecting Europe Facility as well as national funds and strategies. Improved coordination between these policies would result in simpler delivery mechanisms and less red tape for administrations and citizens.

**New rural value chains such as clean energy, the emerging bio-economy, the circular economy, and ecotourism can offer good growth and job potential for rural areas.** By-products from agri-food and forestry could find new value as inputs for bio-energy and bio-based industries, while manure can turn into biogas and fertiliser thus supporting both the energy transition and the wider nutrient recycling. This also contributes to the substitution of more polluting and non-renewable resources and materials, and to a reduction of food losses and waste. Sustainable agriculture and forestry are both strategic sectors to develop this potential.

**Growth of the bio-economy in a sustainable business model should therefore become a priority for the CAP strategic plans,** and support the EU circular economy strategy and the development of new business models which will benefit farmers and foresters whilst creating new jobs. This would also boost the CAP's potential to contribute to the Energy Union and the EU Industrial Policy by promoting clean and efficient energy production, including sustainable biomass mobilization in respect of the core principles of the EU circular economy strategy. The EFSI and other financial instruments should leverage additional support from Rural Development programmes in order to provide low cost and longer term loans for entrepreneurs that are willing to invest in rural areas.

Through its rural development policy, the CAP is the "rural champion" of the Union. However, while all macro and sectorial policies have a potential impact on rural communities and many EU funds the capacity to promote rural prosperity, this capacity for rural regeneration is not always maximised. The Commission is therefore committed to promoting a "rural proofing" mechanism, which systematically reviews relevant policies through a "rural lens", considering possible impacts on rural communities.

### 3.4.2. Attracting new farmers

A prosperous agricultural sector can develop only if a real change of generation takes place: our aging agricultural community needs new blood to make the sector more dynamic and open to on-going technological transformations. However, young farmers and other new entrants face considerable obstacles to starting up farming activity, among them economic ones such as high land prices but also societal ones such as the perception of farming as an unattractive or old fashioned occupation.

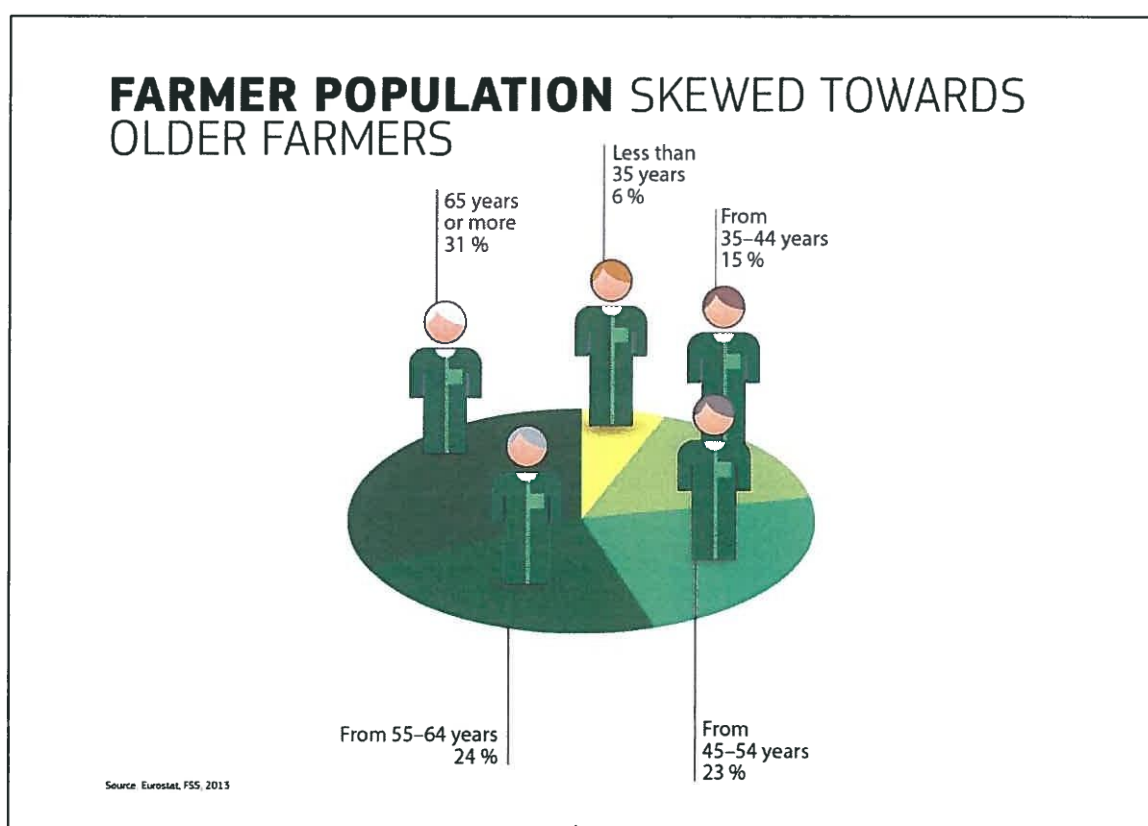


Figure 10

Citizens are also increasingly valuing access to a wide variety of food that carries **broader benefits for society**, such as organic produce, products with geographical indications (GIs), local specialities and innovative food. In synergy with other EU policies, the CAP must continue to respond to these concerns, for instance by modernising organic rules, continuing to make GIs more attractive to farmers and consumers and easier to manage, or addressing the concerns regarding implementation of the Sustainable Use of Pesticides directive<sup>12</sup>. The CAP should become more apt at addressing critical health issues such as those related to **antimicrobial resistance (AMR)** caused by inappropriate use of antibiotics. In line with an ambitious and encompassing approach with regard to **human and animal health** - as embodied by the "One Health" concept<sup>13</sup> – it should also promote the use of new technologies, research and innovation to reduce risks to public health.

Identically the CAP can help farmers to improve the application of EU rules on **animal welfare** and to further increase standards through voluntary initiatives aimed at promoting the market value of animal welfare both within and outside the EU.

The CAP should continue to support production with specific and valuable characteristics through Rural Development as well as to promote and improve its international recognition. The CAP also has a role to play in promoting **healthier nutrition, helping to reduce** the problem of **obesity and malnutrition**, making nutritious valuable products such as fruits and vegetables available for EU citizens. A good example is the Schools schemes, under which free fruit, vegetable and dairy products are subsidised in schools and by using these schemes to promote class room activities related to healthy eating. Campaigns to promote healthy dietary practices and increasing the consumption of fruit and vegetables should be a focal point in the CAP promotion activities.

Consumers' food choices depend on a number of factors going far beyond the remits of the CAP. The most important role for the policy is therefore to **help farmers anticipate developments** in dietary habits **and adjust their production according to** market signals. Strengthening the knowledge triangle in agriculture and forging better links to relevant initiatives such as the European Institute for Innovation and Technology's Food Partnership and the EU Food 2030 research strategy will also help maximise the contribution of the CAP to future-proofing our food system. .

Finally, the CAP can help to reduce **food waste** and food losses by stimulating better production and processing practices (e.g. promoting new technologies that extend the shelf life of perishable products or better matching supply and demand through increased transparency) and by supporting initiatives that transform traditional produce-use-discard consumption patterns into a circular bio-economy.

---

<sup>12</sup> Directive 2009/128/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides.

<sup>13</sup> See also [https://ec.europa.eu/health/amr/sites/amr/files/amr\\_action\\_plan\\_2017\\_en.pdf](https://ec.europa.eu/health/amr/sites/amr/files/amr_action_plan_2017_en.pdf)

Currently, the EU faces export restrictions from many important agri-food markets of third countries due to unjustified sanitary and phytosanitary (SPS) barriers. The EU will continue seeking a fair and balanced relationship with our trading partners and, where appropriate, promoting the EU SPS 'Single Entity' concept. The high standards of the EU will in no case be compromised. Furthermore, the EU, through its different cooperation and technical assistance tools, should foster increased cooperation with EU partner countries and regions, in particular when facing new and emerging animal health and phytosanitary threats.

## **4.2. Migration**

The future CAP must play a larger role in implementing the outcome of the Valetta Summit<sup>16</sup>, addressing the root causes of migration.

Knowledge and know-how gained from CAP-supported projects should be used to develop employment opportunities and revenue-generating activities in regions of origin and transit of migrants, including through the EU External Investment Plan Pilot projects for training young farmers - with the involvement of European farmers' organisations – as well as EU-Africa Union exchange schemes are avenues to explore further. Cooperation on agricultural research and innovation must be deepened through the relevant EU policies and instruments. The Commission is also committed to enhancing strategic policy cooperation and dialogue with the Africa Union on issues related to agriculture and rural development so as to help the region develop its agri-food economy.

Within the EU, agriculture offers opportunities for seasonal workers. Through its rural development arm, the CAP can play a role in helping legal migrants settle and integrate into rural communities. Experience shows that Community-Led Local Development/LEADER is particularly apt for this.

---

<sup>16</sup> See <http://www.consilium.europa.eu/en/meetings/international-summit/2015/11/11-12/#>