

CAP instruments targeting economic vulnerability of farming

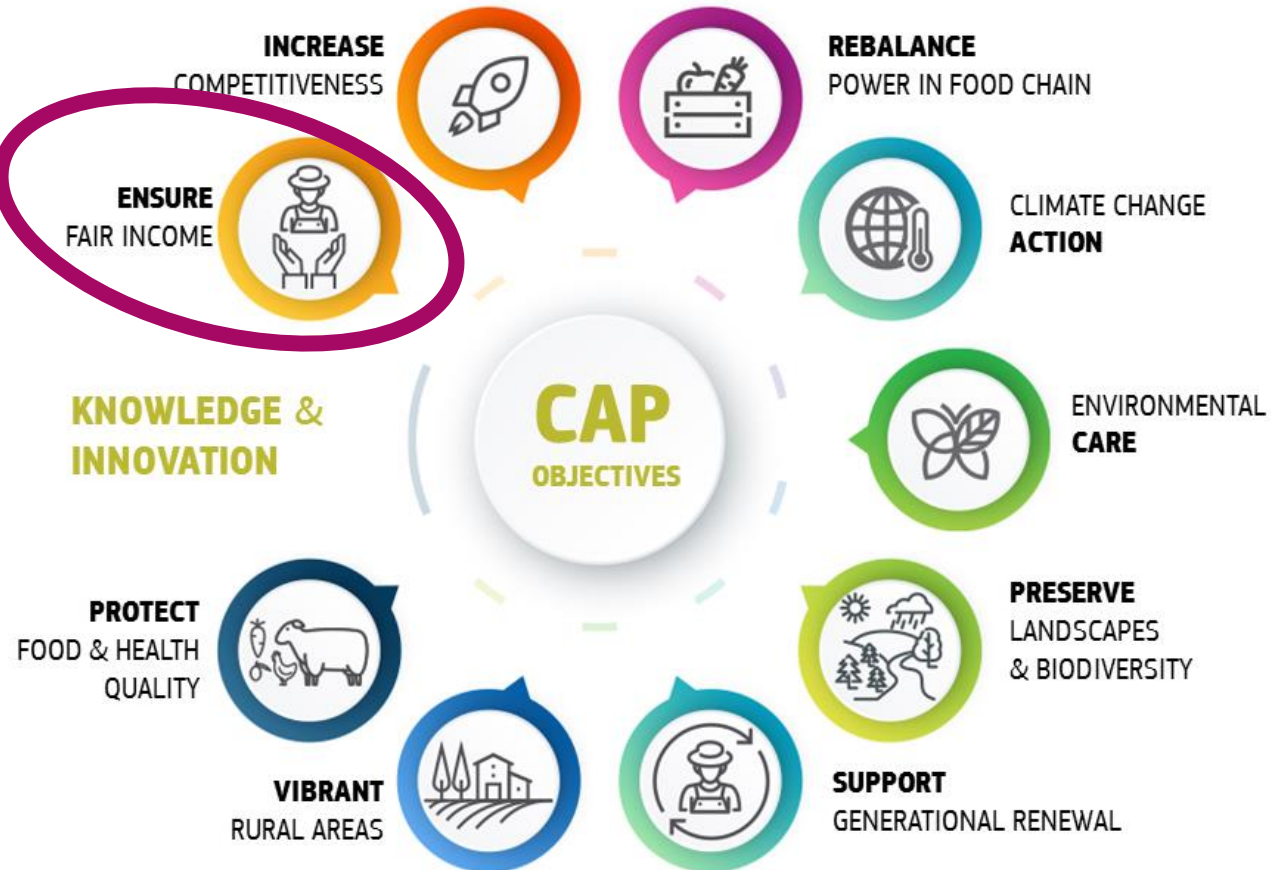
TG on vulnerability of farming

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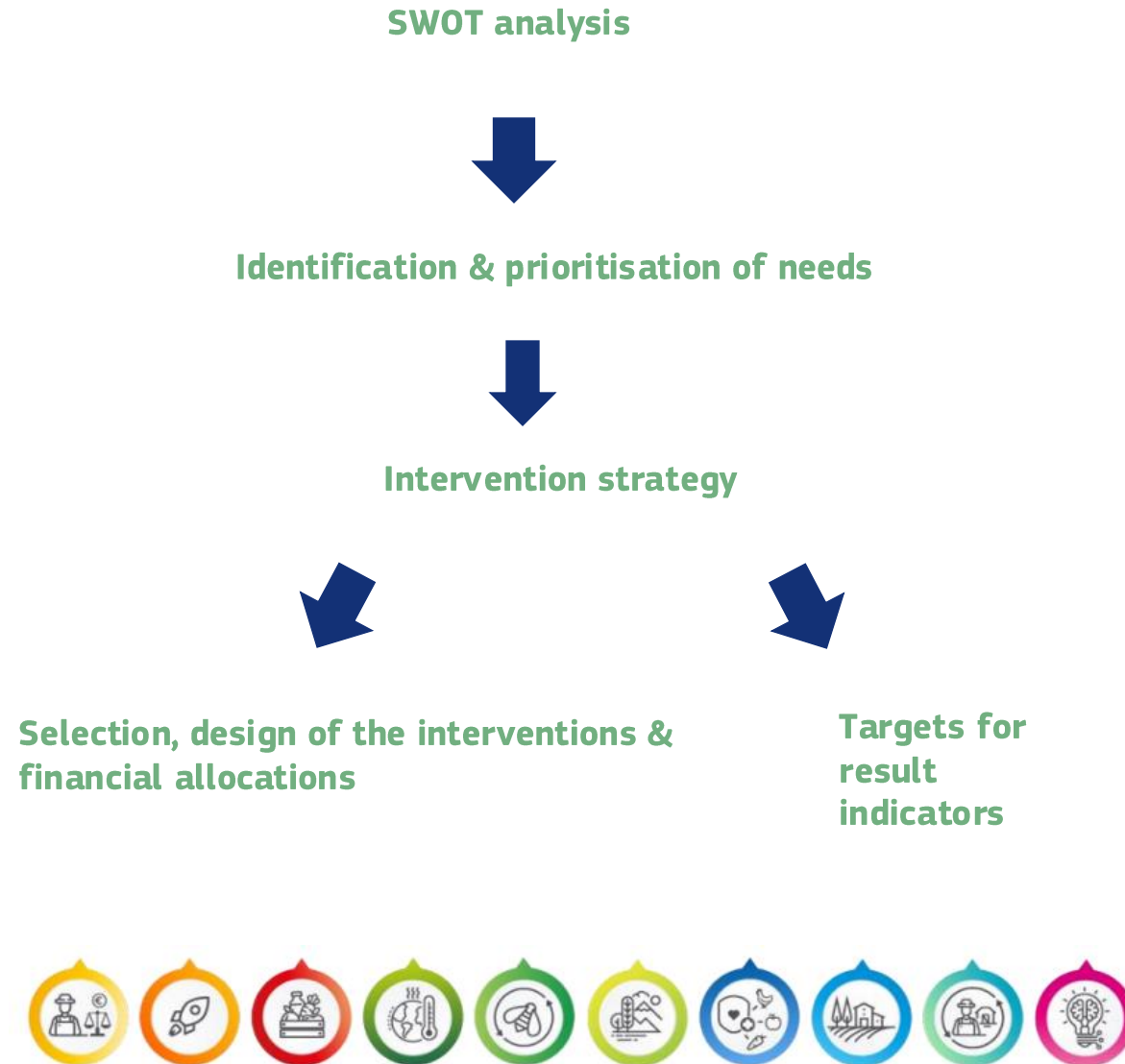
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CAP Objectives & sustainability dimensions

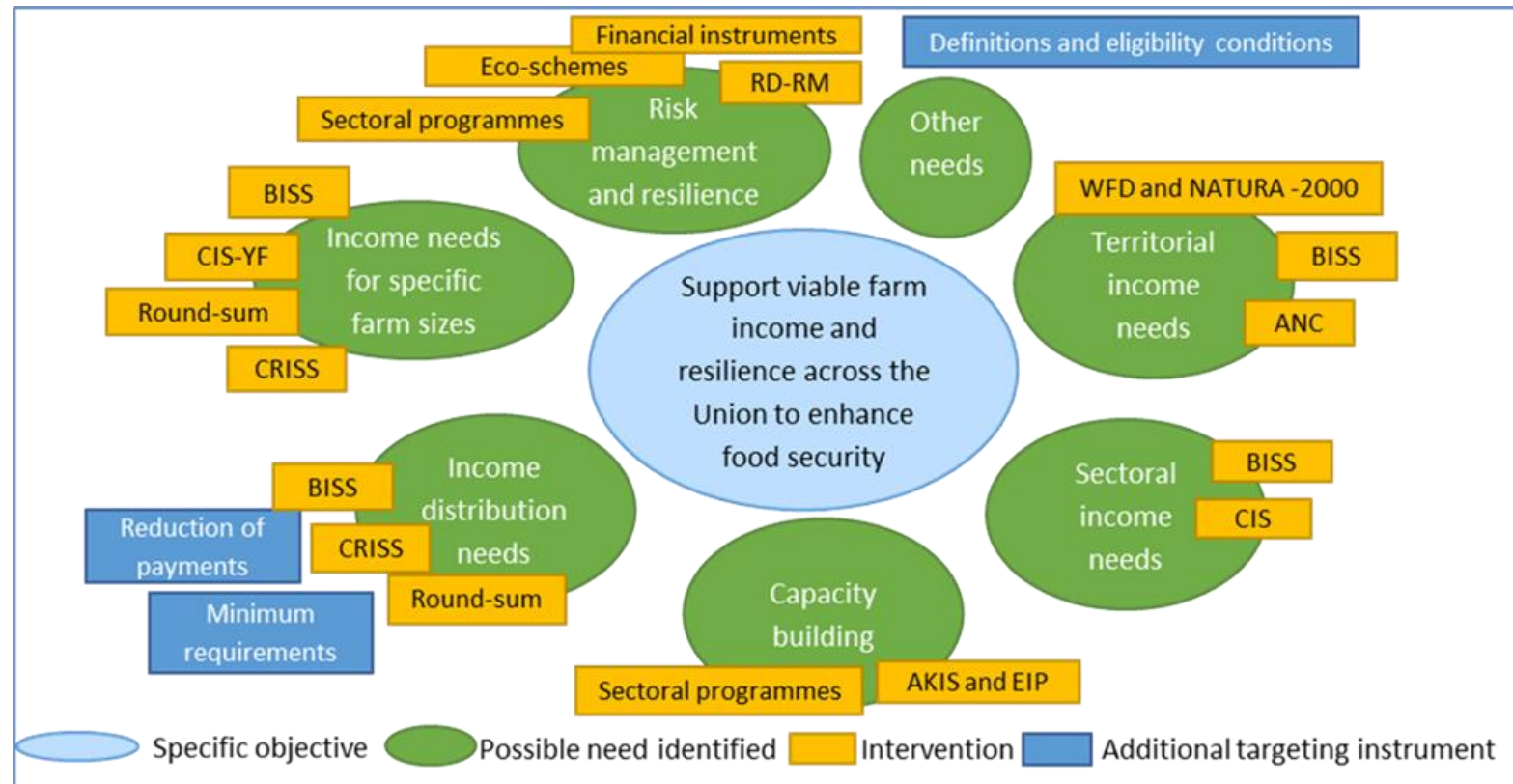
SO1: Supporting viable farm income and resilience



Key steps in programming CAP Strategic Plans (per each Specific Objective)



Member State's intervention strategies addressing economic vulnerability



Main CAP instruments addressing economic vulnerability

1) Mitigating short-term impacts

- Direct Payments: BISS, CIS, CRISS – key interventions to contribute to farm income
- Rural development: ANC, ASD and risk management tools as well as investments in restoration
- Sectoral support: risk management
- Market measures (CMO): Public intervention, private storage, exceptional market measures including the agricultural reserve

2) Building up on long-term resilience

- Sectoral support: investments (in all sectors), restructuring and conversion of vineyards (in the wine sector) and cooperation and research (apiculture and fruit and vegetables).
- Rural Development: investment support, risk management, cooperation, knowledge and advisory services, as well as AECM
- Direct payments: eco-schemes



Direct payments: key interventions

- **Basic Income Support for Sustainability (BISS)** payment per ha to support farm income, support may be implemented through **lump sums for the smallest farms**.
- complemented by targeted top-up payment to address specific incomes needs of **small/medium farms (CRISS)** and **Young farmers (CISYF)**
- **Coupled Income support (CIS)** providing payment per ha or heads to support sectors addressing their difficulties encountered by improving competitiveness, sustainability or quality
- **Eco-schemes (ES)** supporting farmers engaging in voluntary commitments for the environment, climate and animal welfare



Sectoral support: key interventions

- **Investments** in all sectors is the main implemented type of intervention (e.g. 57 % of F&V expenditure) targeting competitiveness (and climate / environmental) objectives;
- **Research and innovation** in all sectors (ringfencing of 15 % in F&V and 5 % in wine) to increase competitiveness and resilience;
- **Restructuring and conversion of vineyards** (wine sector) with the view to adapt to climate change or to replant vineyards in case of health or phytosanitary grubbing-up;
- **12 risk and crisis types of interventions** in F&V, hops, olive oil and table olives, other sectors (e.g. collective storage, restocking with livestock, coaching, mutual funds, insurance, etc.).



Rural development: key interventions

- **ANC** payments aim at compensating farmers for disadvantages in agricultural production due to natural constraints, helping to ensure a fair income and prevent land abandonment
- **ASD** payments aim at compensating farmers for disadvantages in agricultural production resulting from mandatory requirements (Natura 2000, WFD)
- **Risk management tools** contribute to stabilising farm income, it is an action that farmers can take to prevent and mitigate the consequences of potential future events before they occur
- **Investment support** for diversification, prevention and restoration.
- **Cooperation** support contributes to strengthen the position of farmers in the food chain and support innovation
- **AECM**: support for farmers for voluntary commitments to observe agricultural practices beneficial for the climate, the environment and animal welfare – important to increase resilience
- **Knowledge transfer and advisory services** are important enablers for building capacity, innovation and reinforce other tools



Market measures: key interventions

- Common Market Organisation - Regulation (Regulation (EU) No 1308/2013)
 - **Public intervention** for certain products or sectors (e.g. butter, beef and veal sector, wheat, etc.) → establishment of a public intervention price at which the products shall be bought;
 - Aid for **private storage** for certain products
 - **Exceptional market measures:**
 - Measures against market disturbance;
 - Measures concerning animal diseases, plant pests, loss of consumer confidence;
 - Measures to resolve specific problems (limited to 1 year if the two first possibilities cannot be implemented);
 - Financed from the crisis reserve (min 450 million EUR per year).



Some first reflections

- Economic viability and resilience are strictly connected → **whole-farm approach** is needed to strengthen the robustness and adaptability of farms businesses
- A broad range of **different tools under the CAP** is available, including **short-term** and **long-term responses** → question about **better targeting** of certain instruments to the ones most in need and to best combine preventive tools with crisis tools
- **Risk preparedness**: CAP tools can help farmers, however, farmers have to develop their own strategies to best cope with different risks and build up resilience
- A more **consistent and effective approach to risk management** is needed, including preventive and crisis measures
- Take up of **sectoral support and cooperation** could be enhanced to have a considerable effect on economic viability
- **Exceptional measures** mainly address climate-related market disturbances, not sufficient budget for other crises





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Slide 4, source: European Commission: Directorate-General for Agriculture and Rural Development, Chartier, O., Krüger, T., Folkesson Lillo, C., Valli, C. et al., Mapping and analysis of CAP strategic plans – Assessment of joint efforts for 2023-2027, Chartier, O.(editor) and Folkesson Lillo, C.(editor), Publications Office of the European Union, 2023, <https://data.europa.eu/doi/10.2762/71556>

