

THE EU AGRICULTURAL POLICY FROM A LONG RUN PERSPECTIVE: IMPLICATIONS FROM THE EVOLUTION OF THE GLOBAL CONTEXT

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Abstract

This is an invited paper presented at the Workshop on “*Reflections on the Common Agricultural Policy from a long run perspective*” organized by the European Commission, Bureau of European Policy Advisers (Brussels, 26 February 2009).

The paper presents reflections, from a long run perspective, on the implications for the Common Agricultural Policy (CAP) of the expected evolution of the global context, i.e. focusing on the evolution of characteristics of the market and policy scenarios which are not specifically domestic. The long run time horizon has been defined, rather conservatively, as 2030, roughly 20 years from today.

The current CAP and the CAP which can be foreseen by looking only at the reform process since the early 1990s does not seem adequate to help EU farm systems to cope with the new challenges; current or regionalized direct payments are certainly a significant and much needed improvement with respect to the “coupled”, first, and then “partially de-coupled” support of the past, but are not what is needed. What we should consider is the phasing out over a certain number of years of current direct payments and, at the same time, the phasing in of new, or re-designed, policy instruments. This implies going beyond the current two pillars articulation of the CAP. Support should not be linked to the status of farmer, or to the role of care-taker of the rural environment, *per se*, but selectively targeted and linked either to the easily and objectively verifiable production of public goods and services well above the minimum standards set by existing regulations, or to the implementation of a strategy plan of action to remove the factors limiting the competitiveness of the farm (or of the farms and firms of a vertically coordinated production chain).

The organization of the paper is as follows: section two identifies the main drivers for the future of the global context and briefly discusses what can be expected from each of them; section three briefly describes the likely evolution of the CAP based on the changes observed in the past 20 years, since the late 1980s, addresses the issue of its capability to deal with the challenges posed by the new global context and, finally, discusses the implications of the conclusions reached in this respect for the policies relevant for agricultures and local development of rural areas in Europe. Section four concludes.