

UNITED KINGDOM COMMON AGRICULTURAL POLICY

The Common Agricultural Policy (CAP) is Europe's answer to the need for a decent standard of living for 12 million farmers and a stable, varied and safe food supply for its 500 million citizens. It strengthens the competitiveness and sustainability of EU agriculture by providing direct payments and market measures to farmers and finances programmes for the development of rural areas in the EU.

Investing in UK's Agriculture: 2014-2020

During the next 7 years, the new CAP is going to invest almost **EUR 28 billion** in the UK¹ farming sector and rural areas. Among the key political priorities defined at European level are jobs, sustainability, modernisation, innovation and quality. In parallel, flexibility is given to the UK to adapt both direct payments and rural development programmes to its specific needs.

Fairer and greener direct payments

The new direct payments are to be **distributed in a fairer way** between Member States, regions and between farmers, putting an end to 'historical references'. With around **EUR 22.5 billion²**, the budget available for direct payments in the UK will remain stable despite a reduction of 3.2% at EU level. The UK is actually the **5th largest recipient of direct payments** (after France, Germany, Spain and Italy).

Only farmers **currently active** will benefit from income-support schemes and **young farmers** will be strongly encouraged to set up in business. British farmers will take simple, proven measures to promote sustainability and combat climate change with the support of the CAP, with 30% of direct payments linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and conserving 5% of areas of ecological interest.

Greater market orientation

The new CAP continues along the path towards greater market orientation with the abolition of remaining production constraints, sugar quotas in 2017 and confirmation of the end of milk quotas in 2015. Furthermore, export subsidies are to be used under exceptional market conditions only.

Supporting key priorities for UK's rural development

For 2014-2020, the total EU contribution for measures benefiting rural areas amounts to almost **EUR 5.2 billion³**. This will be spent in accordance with well-defined priorities set

¹ Total allocation of Direct Payments and Rural Development for the period 2014-2020 (in current prices).

² This amount already takes into account the transfer of EUR 2 304 million from the direct payments towards rural development (as decided by the national authorities).

³ Half of this amount comes from pillar 1 to pillar 2 transfer.

out in the 4 UK Rural Development Programmes (RDPs), for England, Northern Ireland, Scotland and Wales). These new Programmes will focus on three main objectives:

- Improving competitiveness of the agricultural sector,
- Preserving ecosystems and an efficient use of natural resources,
- Creating conditions for the economic and social regeneration of rural areas.

Protection of the environment, resource efficiency and farming competitiveness are high on the agenda of the new RDPs as well as support for small businesses and job creation.

Key achievements: 2007 - 2013

Since 2007 the CAP has invested **EUR 29.2 billion⁴ in the UK's farming sector and rural areas** with the objective of stabilizing farmers' income, modernising and increasing the sustainability of British farms and securing the supply of safe, affordable and quality food for its citizens.

British farmers benefit from direct payments

Direct payments are a key safety net and a driver for the modernisation of agricultural holdings. In 2012 the UK received **over EUR 3 297 million on direct payments**, benefitting some **178 900 beneficiaries**, almost two thirds of whom received a payment falling within the range between EUR 2000 and less than EUR 50 000. The injection of EU public resources is crucial for British farming, with **CAP subsidies** accounting for **43% of agricultural income** in 2013, to the extent that **farmers' income has caught up with wages and salaries** in other sectors of the economy.

Unlocking UK's trading potential in EU and global markets

Access to the EU Single Market directly increases demand for UK products. Trade has been further boosted by the UK's access to EU Free Trade Agreements, driving the growth in competitiveness of British businesses. **Food exports to global markets** (outside of the EU) have **grown by 60%** over the past decade (on average **5.3% per year**), from EUR 5.6 billion in 2004 to almost EUR 10 billion in 2013. Over the same period the value of the UK's **overall exports** onto the world market has **doubled (8% annual growth)** and was worth EUR €115 billion in 2013. This compares with annual growth in UK imports of 2.6% for food and 4% for all products.

Fostering growth and jobs in UK's rural areas

Since 2007 the CAP has invested **more than EUR 7.5⁵ billion in rural areas in the UK**, focusing on delivering a varied and high quality environment, forestry, supporting less favoured areas and improving the quality of life. Rural Development measures have also contributed to improving the competitiveness of British agriculture and the rural economy. In concrete terms, Rural Development funds have helped the UK to:

- Provide vocational training for 114 000 people, through measures aimed at promoting knowledge and improving human potential;
- Offer 5.1 million people improved services in rural England;
- Bring more than 10 million hectares of land into agri-environment schemes to enhance biodiversity, protect water and improve soil quality.

⁴ Total expenditure for Direct Payments, Market Measures and Rural Development (payments) for the period 2007-2013 (in current prices).

⁵ This includes co-financing by EAFRD with a financial envelope of approximately EUR 4.6 billion of which EUR 2.2 billion come from voluntary modulation (transfer from pillar 1 to pillar 2).

Examples of Rural Development projects supported by the CAP

Farm Diversification Project Provides New Facilities for an Inland Waterway

A dairy farm in England used EAFRD co-financing to take advantage of its location on a busy inland waterway to develop a comprehensive "marina facility" with the creation of 9 new jobs, plus additional benefits for local tourism. This dairy farm employing five people but struggling to remain viable, saw a great opportunity to develop a tourism business servicing the busy waterway traffic near the popular tourism village of Audlem. Already part of an agri-environment management scheme, the farm wanted a diversified income base without compromising on the beauty and tranquility of the area. <http://overwatermarina.co.uk>

Total cost: EUR 2.9 million (EU contribution: EUR 445 000)

Improving the Welsh Dairy Supply Chain

This project was set up to support the dairy sector in Wales including the establishment and delivery of development and demonstration farms together with support for discussion groups. The projects delivered a number of activities which have been broken down into 4 modules which are: 1) Environmental Module addressing energy and water usage efficiency; 2) Health Module, covering knowledge transfer and dissemination of best practice in relation to animal health; 3) Production Efficiency Module to manage grass growth relative to stock demand and instil a collaborative venture approach to address the challenge of increasing herd size; 4) Supply Chain Module and Communication.

Total cost: EUR 2.6 million (EU contribution: EUR 2 482 920)

Agri-environment Support for Scottish Mountain Areas

A farm from Scotland's mountainous region has received RDP support from different measures (including agri-environment payments) to help it produce quality food more effectively in ways which also look after the countryside. Outcomes have safeguarded and strengthened the quality of biodiversity habitats on the farm's 4,590 ha. Multiplier effects include the conservation of landscapes and wildlife that attracts tourist income into the local economy. The farm has also been able to reinvest its RDP support in helping to improve the quality of its livestock and the efficiency of its operations - both of which have positive impacts on the overall competitiveness of the farm business. [Video](#)

Total cost: EUR 31 442 (EU contribution: EUR 18 246)

Scottish Bees boost the Local Economy and Raise Awareness of the Environment in Tayside

This LEADER project supported the establishment of a new cooperative of commercial honey farmers & hobbyists, developed new field trails to attract visitors & raised awareness of the importance of honey bees & pollination to the local environment. It has demonstrated through practical activities, ways in which environmental objectives can be achieved that can also have a real and lasting benefit for the local economy. <http://www.ruraltaysideleader.com/home/home.aspx>

Total cost: EUR 209 301 (EU contribution: EUR 74 727)

In Northern Ireland, a Young Farmer Modernises His Facilities For Pedigree Livestock Production

The aim was to develop a new farmyard on the recently acquired land and provide two purpose-built livestock sheds, one for sheep and one for cattle. The overall goal is to provide modern facilities for the Lakeview Pedigree British Blue Herd, which is the core of the farm business, while enhancing animal safety and welfare conditions. Activities ranged from building works to equipment purchase and installation: building two modern livestock sheds; purchase of modern cattle handling equipment; installing a new automated slurry passage scraping system; acquisition of a sheep transporter; installation of a large vermin-proof bulk feed bin giving livestock access to quality-assured animal feed stored safe from contamination. <http://www.countrysiderural.co.uk/farmmodernisation/press-150410.php>

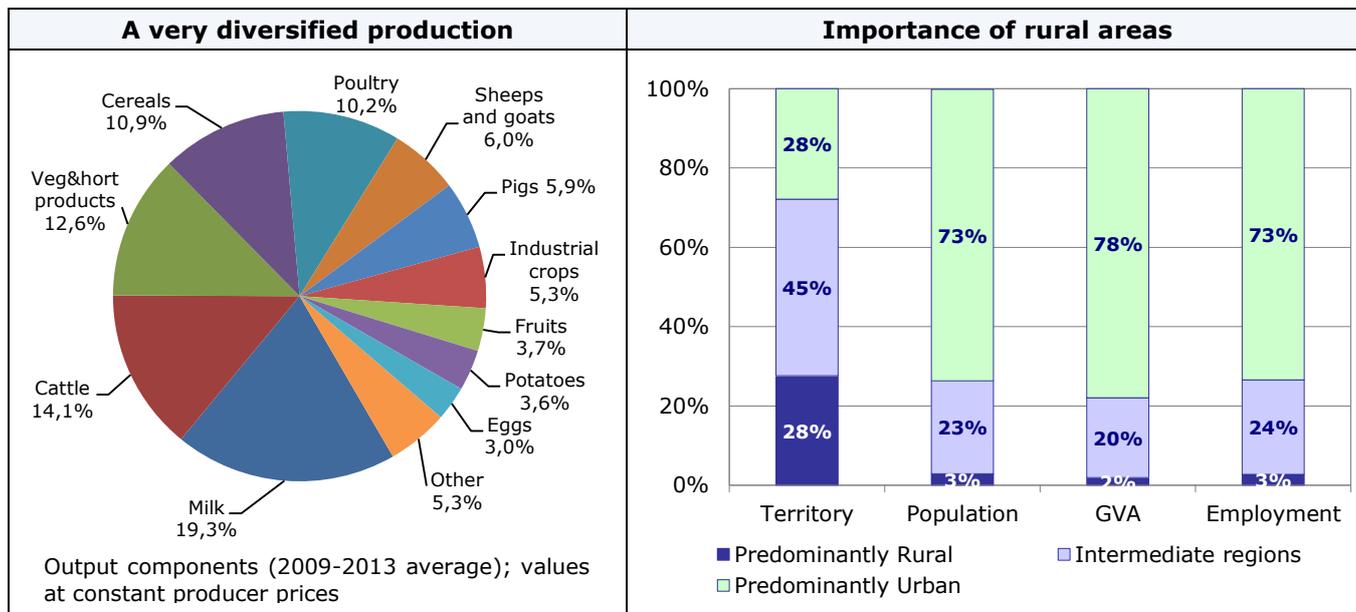
Total cost: EUR 39 894 (EU contribution: EUR 5 694)

UK AGRICULTURE AT A GLANCE

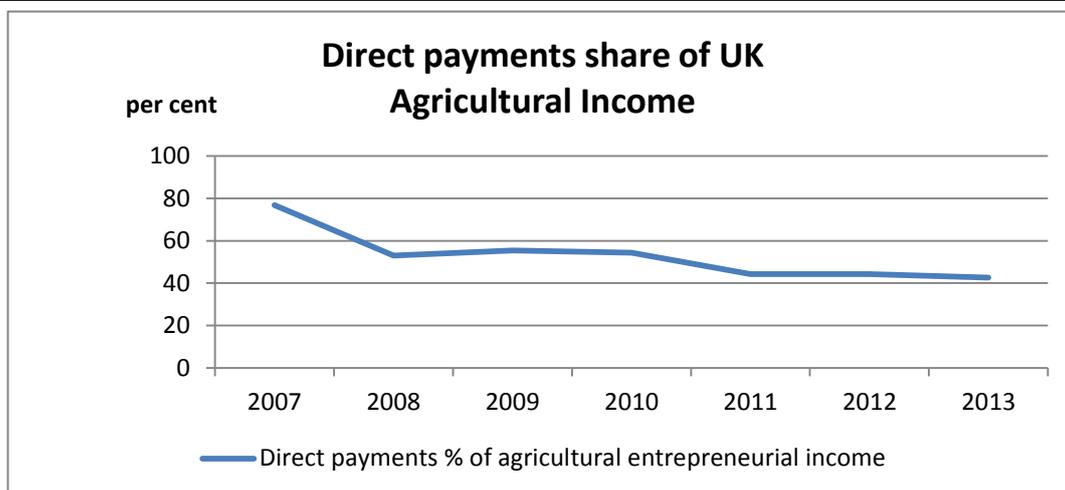
The primary sector accounts for **0.7% of the country's economy (total GVA)** and for **1.2% of total employment**. This is lower than the European average both in economic terms (1.7% in EU-27) and employment (5.2% in EU-28).

UK's 186 790 holdings are **predominantly large**: indeed, 21% of holdings have more than 100 hectares compared to 2.7% in EU-28.

The age structure of the farming community is on average older than in the EU-28: in the UK only 4.1% of farmers are under 35 years old (7.5% in EU-28), while 28.4% are older than 64 (30% in EU-28).



CAP subsidies are essential for UK farm income, accounting for 43% in 2013.



What do the British think of the CAP?

According to the most recent Eurobarometer poll of end-2013, the CAP is becoming **more popular** in the UK, with 72% (up from 63% in 2008) considering that support was either adequate (46%) or insufficient (26%). Now just 12% think that CAP spending is too high compared to 20% five years ago. Of those interviewed 70% believe that the CAP benefits everyone not just farmers. Asked to justify CAP spending, more UK citizens think it compensates farmers for meeting higher standards than those that apply outside the EU.

Data sources: Eurostat and Rural Development Report 2013.