

Europe's agriculture and the Common Agricultural Policy (CAP) – Frequently asked questions

1 - A picture of EU agriculture

How rural is the EU?

Rural areas (farm land and forests) cover over **90% of EU territory** and are home to around **half of its population** (farming community and other residents).

How many farmers are there in the EU?

There are about 12 million full-time farmers in the 27 EU countries.

What types of farming are there in the EU?

Throughout the EU, there are farms practising extensive and intensive farming, as well as conventional and [organic farming](#).

In the EU, **family farming** is an important tradition. Many farms have been owned and run by the same family for generations.

Compare 12 million farmers with an average farm of about 12 hectares in Europe to only 2 million farmers running 180-hectare farms in the US!

Corporate farming – where the farm (i.e. the land, buildings, machinery and livestock) is owned by a commercial company that employs a manager to run it – is rather unusual in Europe.

Does the EU support a particular 'European model of agriculture'?

The EU favours **sustainable, productive, and competitive agriculture**, even in regions where conditions are difficult.

This means **farmers** should be able to live well and be competitive, to respond to consumers' and citizens' concerns regarding food availability and price, quality and safety, environmental protection and the safeguarding of animal welfare.

Rural communities and regions should be preserved as a valuable part of Europe's heritage and landscape and **Europeans** should continue to enjoy not only safe and affordable food but also Europe's beautiful countryside.

Where can I find statistics on EU agriculture?

In our ['Statistics'](#) section and on the [EUROSTAT website](#).

2 - Basic CAP facts

What is the CAP?

The Common Agricultural Policy, or CAP, is the European Union policy of which the overall objectives are to ensure a **fair standard of living** for farmers and to provide a **stable and safe** food supply **at affordable prices** for consumers.

It has evolved a lot since it began in 1962. Today, its **priorities** are to:

- ensure food quality and safety
- protect the environment and animal welfare
- make European Union farmers competitive globally without distorting world trade
- preserve rural communities and boost their dynamism and sustainability.

The reforms of the CAP conducted over the last years reflect a clear political choice:

Continue support for EU agriculture in a manner that meets citizens', taxpayers' and consumer needs and expectations and that does not distort world trade.

Who runs the CAP?

After wide consultation with [advisory groups](#) and other stakeholders, the [Commission](#) drafts proposals. These are transmitted to the Council of [Agriculture Ministers](#) of the 27 European Union countries (for decision) and to the [European Parliament](#) (for decision or consultation depending on the area).

The day-to-day running of the CAP is the responsibility of the EU countries. The European Union's [Court of Auditors](#) plays a big role in supervising the expenditure.

Who decides the size of the CAP budget?

The budget is decided every year by the Council of the European Union and the European Parliament. To keep long-term spending under control, they work within a seven-year "financial framework". The [current financial framework](#) runs from 2007 to 2013.

How is the budget spent?

Spending is concentrated on [direct payments](#) for farmers who meet the European Union's high environmental, animal health and food safety and quality standards. Around 20% of the CAP budget is spent on [rural development](#), to help farmers modernise their farms and become more competitive while actively protecting the environment and their rural communities.

Are all farmers treated equally?

It is true that 20% of farmers receive 80% of the support, because of a number of factors.

Firstly, 20% of farmers own 80% of the land.

Secondly, when the Commission in 1999 proposed to "cap" the support, several EU countries refused this proposition. The Commission, however, continued to believe that it was necessary to make the CAP fairer. It proposed the introduction of a "progressive" element to modulation – a principle that was strongly supported by the public. It was finally introduced in 2008 as part of the [Health Check](#).

Thirdly, the value of support which farmers receive depends on a number of factors, including historical receipts from the CAP over a reference period; areas farmed; and how each EU country chooses to support its farmers. Under the reform package of 2003, EU countries have had an opportunity to carry out a redistribution of direct support to farmers. They can apply a "historical" or a "regional" model for the distribution of direct support, or a combination of the two. The "regional" and hybrid models could be used to correct perceived "unfairness".

Over time, we need to move away from the historical model. Thanks to the Health Check, a higher rate of modulation will be applied for higher direct payments. This means that farmers with higher direct payments will contribute more money to the Rural Development budget.

Does the CAP encourage the modernisation of European Union agriculture?

Yes! There are now more incentives than ever for farmers to keep up with the times by improving their farms, processing and marketing foodstuffs, producing higher-quality foods and using more sustainable and environment-friendly farming methods.

Is there fraud within the CAP?

Only around 0.33% of CAP money was fraudulently used in 2007 according to [OLAF](#), the European Anti-Fraud Office. In recent years, the European Union has tightened up its budgetary controls significantly. The shift towards direct payments for farmers has further reduced the risk of fraud.

Does anyone ever check if the CAP achieves its aims?

Yes. [CAP evaluation](#) is paramount to its efficiency and effectiveness. The European Commission regularly conducts **independent studies** and carries out its own **impact assessments** of current problems and their possible solutions. The assessments include consultations with stakeholders and the public.

We want to inform people in our country about the CAP. Can we get a grant?

Yes. The European Commission helps to finance TV talk shows, seminars, publications and other information initiatives to help people understand the CAP and promote the European model of agriculture. [See grants page](#).

3 - Why the CAP?

Why do we need a 'common' agricultural policy at EU level?

The CAP ensures **fair competition** and **common quality and safety standards** for our food. It also helps the functioning of the **single market**. The great variety of products we can put on our table today would have been unthinkable without the single market which policies like the CAP helped establish.

If there was no CAP, individual countries would still subsidise their farmers. This would lead to **subsidy competition**, which would have to be strictly managed under [EU State Aid rules](#) and could result in **higher overall spending**.

Should the CAP be abolished?

No. We cannot gamble with our food supply by stripping farming of all defence against crises. We cannot count on market forces alone to protect our landscapes against **climate change** or to help our farmers deal with **globalisation**.

To overcome such challenges, the European Union is actively **modernising and simplifying the CAP**.

It has already freed farmers to respond to **market signals** by giving them income support to ensure a certain level of financial security, and it is helping farms become **sustainable** and retain their vigour in the face of global competition.

The goal today is to work towards an ever simpler, more effective and efficient system of support.

Why do farmers need public support – don't they earn enough already?

Contrary to popular belief in some countries, farming is not a money-spinner. Compared to other professions, farmers often **work longer hours** and **earn less**. Essential investment in their businesses is costly and returns only come months, perhaps even years, later.

European Union farmers benefit from income support for supplying the kind of **public goods** which cannot be provided purely by the market – **environmental protection**, animal welfare, high-quality and **safe food**. European Union standards in these areas are amongst the highest in the world. As a consequence, producing food in Europe is more expensive than in countries where such standards are not obligatory.

As **high-cost producers of food**, European farmers would find it very **difficult to compete** against farmers in other countries without public support. Indeed, as the impact of climate change increases, the cost of sustainable farming is only likely to rise.

4 - The cost of the CAP

How much does the CAP cost the taxpayer?

The CAP costs each European Union citizen around 30 eurocents a day. The overall cost to the European Union is about €53 billion a year. This is roughly 40% of the total EU budget. The CAP's share of this budget is constantly shrinking: from 71% in 1984 to an expected 33% in 2013.

Why is nearly 40% of the EU budget spent on agriculture and not on other sectors?

Agriculture is the only sector entirely funded from the EU budget. That means that European spending replaces national spending, which is why it accounts for such a large proportion of the EU budget. **Other policies** such as research, education, transport, defence, pensions and health care **cost much more**, but are paid for out of national treasuries and are implemented by the EU countries themselves.

The proportion of the EU budget going to agriculture is falling (from 71% in 1984 to an estimated 33% in 2013). In return, taxpayers get a plentiful supply of safe, high-quality food, plus the protection of Europe's unique environments and landscapes.

How is the CAP funded?

Money for the CAP comes from the EU's general budget. CAP spending on [Rural Development](#) is jointly financed by EU countries and the EU.

The EU budget itself is financed mainly by the Union's 'own resources' (customs duties; levies; VAT and a resource based on EU countries' gross national income [GNI]). The GNI resource provides roughly three quarters of the EU budget.

Who gets the money and how much?

As of 2009 each EU country must publish lists of all [beneficiaries of CAP payments](#) in order to ensure full **transparency** and accountability.

As a taxpayer who is not a farmer, can I benefit from the CAP?

In helping its farmers, EU society benefits as a whole. It gets a secure supply of affordable food. The average EU household devotes 15% of its budget to food – half as much as in 1960.

By supporting sustainable farming practices, we help protect our environment and our rich and diverse rural landscapes.

How much does my country spend on agriculture?

You can find this information in our ['Statistics'](#) section.

5 - CAP reforms

What did the latest reforms accomplish?

Reform of the CAP began in 1992, and intensified with the reforms of 2003, which cut the link between subsidies and production.

Farmers can now become true entrepreneurs; produce what the market and consumers want, look for profitable new markets and exploit new niches.

They no longer have to "farm for subsidies", producing food for which there is no market.

Farmers now receive an income support payment, on condition that they look after the farmland and fulfil environmental, animal welfare and food safety standards.

If they do not meet these standards, their payments are cut.

The new CAP is much more trade-friendly, as 90% of our direct payments are classed by the WTO as non-trade-distorting.

The CAP gives consumers a wide choice of high quality food.

The Commission is engaged in modernising, streamlining and simplifying the CAP.

Through decoupled payments, we continue to give farmers a certain level of financial security. At the same time, we are liberating them to respond to market signals.

We have adapted our market instruments (such as public intervention) so that they function as real safety nets without blocking normal market signals.

Through the Rural Development policy, we help farmers restructure their farms and care for the environment, thus nurturing dynamic rural areas.

Does the EU still have a 'Common' Agricultural Policy after the recent reforms?

Absolutely.

Spending on Rural Development is partly funded by the Member States, to cater for specific national and regional needs but is governed by common EU rules. Most CAP measures are still governed by common rules and fully funded by the EU budget.

In fact, the CAP *should* remain 'common'. Managing policy at the European level ensures fair competition between EU farmers, keeps spending down and guarantees compliance with the EU's high food safety and environmental standards.

6 - Fact or fiction?

Golf clubs can get farm subsidies

Golf clubs and other businesses can receive subsidies for land they own which is used for farming in line with CAP's rules and conditions. However, Member States can now refuse direct payments to recipients who are not real "farmers".

CAP encourages the production of too much unwanted food

This popular caricature of the CAP is **no longer true**. The days of "butter mountains" and "farming for subsidies" are gone.

Today, farmers can produce **what consumers want** and the market needs and **still get paid**. The only condition is to meet the EU's **strict requirements** on food quality, animal welfare and the environment.

Did you know that according to the World Trade Organisation 90% of all direct CAP payments are **trade-friendly** and don't distort trade?

Thanks to the CAP's evolution, farmers today can be **true entrepreneurs**.

Have the EU beef and butter mountains gone?

In the past, the CAP encouraged farmers to produce more than we needed. The result was **surpluses** (butter, cereals, beef and wine) which cost a lot to store and dispose of.

Thanks to ongoing CAP reforms the days of "Butter Mountains" are gone. Surpluses are a thing of the past.

Now it is becoming easier to match supply with demand. Subsidies are **no longer linked to production**, and farmers are more competitive. They can now produce what the market and consumers really need.

The EU says how big bananas should be

There are EU-wide marketing standards for a few types of fruit and vegetables, but shops can still sell products that don't meet the standards, as long as they are clearly labelled (e.g. "for cooking"). It makes no sense to leave good products out of the market just because they are not the "right" size and shape.

More importantly, the EU's common quality, marketing and labelling standards ensure that whatever the size or shape of farm products, we can be sure when we buy them throughout the EU they are safe and of high quality.

EU taxpayers pay farmers at the expense of other professions

Agriculture is not the only sector to benefit from public support. Sectors like energy, transport, medical and scientific research also receive public grants. Payments to agriculture are more visible in the European context because they are almost entirely financed by the EU budget.

In fact, EU spending replaces what would otherwise come from national treasuries. In sectors like education, defence and health care, national and regional governments bear most or all of the costs.

The EU is alone in providing public support for its farmers

Not true. Most developed countries assist agriculture in one way or another. The CAP is adapted to the social, economic and environmental realities of the EU. Since 1992, a series of reforms has turned it into a modern policy fit for the 21st century.

The CAP is rather bureaucratic

The filling in and checking of forms is sometimes inevitable and even necessary, to ensure the proper use of **taxpayers' money**.

Nevertheless, the Commission is actively trying to [simplify CAP rules](#) and cut out unnecessary paperwork.

Member countries can create unfair competition by applying the CAP unevenly?

EU countries have to apply the CAP on their territory according to the commonly agreed European rules. To minimise unfair competition in the single market, the Commission and the Court of Auditors monitor national spending and can take countries breaking [State Aid rules](#) to court.

7 - Rural Development

What is rural development?

The EU's [Rural Development Policy](#) seeks to maintain the **vitality of the countryside** through the balanced development of rural areas. It is an important part of the CAP.

Who runs rural development?

The Member countries choose measures suited to their specific needs and manage their programmes themselves. The EU pays part of the costs (co-financing).

How much does it cost? Where does the money come from?

The budget for 2007-13 for all 27 Member States amounts to €92 billion (current prices).

The money comes from the European Agriculture Fund for Rural Development (EAFRD) and part of the direct payments to farmers is now transferred to rural development through a mechanism called "modulation".

How is the money used?

Rural development funds can be used for both agricultural and non-agricultural activities, such as:

- extending broadband coverage
- helping small businesses
- helping the food processing industry
- extending childcare so that more mothers living in rural areas can return to work.

EU countries set their own priorities for rural development, but must spend at least 10% of their budget to boost the **competitiveness** of their farming and forestry sectors, at least 25% to improve the **environment** and the countryside and at least 10% to **diversify** the rural economy.

How do farmers benefit?

Farmers can get help and advice on farming, food processing and marketing.

Can rural development policy be adapted to different regions?

Each country formulates a **national strategy** for rural development but specific programmes can be designed and implemented at **regional level**.

How is Rural Development policy different from Regional policy?

Regional development policy provides help mainly to the most **disadvantaged regions** of the EU. Rural development policy applies to **all regions** in all countries.

Rural development policy today not only helps farmers but also people participating in the rural economy like forest owners, farm workers, small business, local non-governmental organisations, etc.

What is "Leader"?

'Leader' is the French acronym for 'Links between actions for the development of the rural economy'. As the name suggests, it is a means of improving the rural economy by stirring local communities into action rather than by imposing ready-made measures. Member States must spend at least 5% of their rural development budget on Leader projects.

Can rural development contribute to the environment?

Each rural development programme must include measures for the protection and enhancement of the EU's natural resources and landscapes in rural areas.

Rural development money is given in exchange and as compensation for actions that, not only protect and preserve the EU countryside, but also help fight climate change. Examples include:

- preserving water quality
- sustainable land management
- planting trees to prevent erosion and floods.

8 - Food prices

Why are food prices rising?

The price rises in 2007-08 resulted from a complex combination of factors:

- a steady **rise in demand** for staple foods, especially in emerging economies, such as China, Brazil and India;
- high **energy prices**, driving up the price of agricultural inputs (fertilisers, pesticides, diesel fuel) and processing and transportation costs;
- **lower cereal yields** for European producers, but also in developing countries, due to years of underinvestment;
- bad weather leading to exceptionally **poor harvests** for major producers and exporters (Australia, European Union, US, Canada, Russia, Ukraine);
- and speculation.

Why do we pay so much for food?

The price of food in supermarkets and shops has little to do with the CAP. For example, the price of cereals (which is subsidised very little by the CAP nowadays) is only a fraction of the price of a loaf of bread (indeed, cereal prices have been falling for many years).

Today, the average EU household spends 15% of its budget on food, compared to 30% in 1960.

Is biofuel production responsible for the recent price increases?

The EU uses less than 1% of its cereal production to make ethanol. It uses two-thirds of its rapeseed crop to make biodiesel, but EU-grown rapeseed accounts for only 2% of global oilseed demand.

In fact, the main reasons for the price increases have been **growing demand** in large countries like China and India and several years of **poor harvests**.

Will high food prices last?

Prices are already back to what they were before the increases of 2007. The commodity price rises in 2007 and early 2008 were probably due to temporary factors, in particular, bad weather. The return to average harvests should ease the pressure on agricultural markets, although the economic crisis may weigh on the farm sector.

Is the CAP to blame for the food crisis?

No. In fact, the CAP can be part of the solution to ease the global pressure on food prices.

After two decades of significant CAP reforms, farmers can now respond to market signals and increase production to react to the higher prices.

Constraints on production such as compulsory set-aside and milk quotas are being abolished, and farmers will be able to maximise their production potential. In addition, there is now much better coordination between the CAP and EU development and trade policies.

Why support farmers when food prices are high?

Agricultural prices have a relatively minor impact on food prices. The cost of cereals accounts for only 5% of the price of a baguette. Big supermarket chains may also bear some responsibility.

We should not allow market fluctuations to jeopardise our food supply. EU farmers produce a steady supply of affordable food and have now been freed by the CAP to respond to consumer demands faster than ever.

What is the EU doing to solve the global food crisis?

During the 2007-08 crisis, the European Union let farmers increase their production of cereals and milk and temporarily suspended import duties for all cereals except oats.

Among other things, it is also planning to **abolish quotas** on production to allow farmers maximise their production potential, revise the [food security programme](#) for the EU's poorest people and increase [aid to poor people outside the EU](#).

The EU Ministers have already granted €1 billion to developing countries for 2008-10, primarily for improving food supply and access to fertilisers and seed.

9 - CAP and the environment

What is the impact of farming on the environment?

Farming can help create and maintain a sustainable environment, but it can also put the environment at risk. Striking a balance can be difficult.

This is why the CAP has been reformed so that farmers today get financial support only in return for respecting the European Union's stringent [environmental requirements](#).

In addition, member countries must spend at least 25% of their rural development budget on protecting and improving the environment and the countryside.

Does the CAP encourage intensive farming?

No. In fact, the CAP rewards extensive production systems. We are not interested in industrialised farming for Europe. There is a place in our model for small as well as large farms.

If we got rid of the CAP tomorrow, the only way for many of our farmers to survive would be to intensify their production. Under the reformed CAP, however, the incentive is not to produce more, but to produce in a **sustainable** and **environmentally-friendly** way.

How does the CAP help the environment?

The CAP stops payments to farmers who do not respect its basic environmental requirements. It also uses more and more of its budget to stimulate extensive and [organic farming](#), landscape preservation and habitat and [biodiversity conservation](#), all of which ultimately protect our environment.

What does the EU do for organic farming?

The EU guarantees its consumers the authenticity and quality of [organic farming](#) products from around the world through strict rules on their labelling and traceability.

Organic farmers and food producers can use the EU's organic logo after going through a strict certification process.

Does the CAP cover forestry?

The CAP does not cover commercial [forestry](#) as such. It is limited to farmers and farming.

However, it does provide some support to farmers who wish to grow trees on their land as part of their broader farming activities. The **afforestation** of agricultural land has become part of agricultural policy. If correctly managed, forestry can have a significant and positive impact on the natural landscape and on **biodiversity**.

10 - The CAP and trade

Can we still talk about Fortress Europe?

The EU has opened up its market significantly over the last two decades. Two thirds of its agricultural imports come from developing countries – more than the US, Canada, Australia, New Zealand and Japan put together. Thanks to bilateral agreements, tariffs for farm imports are low for a number of countries and the 50 poorest countries in the world can export to the EU without tariff or quota limitations.

Should we erect new import barriers to protect our farmers and food?

If we erect new barriers, so will our trading partners. Europe's competitive advantage lies in providing high-value processed foods. Markets in developing countries, including China and India, offer huge opportunities for expansion in that direction.

The best way to ensure food security is to maintain a healthy two-way trade. The best way to protect our farmers is to free them to effectively compete on the world market by providing them with a steady income, which is exactly what the CAP does today.

Do the latest CAP reforms give the EU a stronger hand in WTO talks?

Yes, they do. The EU can now argue persuasively that it **practises what it preaches**, with an agricultural policy that meets farmers' and consumers' needs, while significantly cutting back on trade-distorting domestic subsidies and keeping the EU market open to trade with third countries.

Is the EU responsible for the collapse of the Doha round negotiations in July 2008?

No.

In the Doha Round, the EU offered to phase out all export subsidies by 2013, cut trade-distorting domestic farm subsidies by more than 70% and reduce its average farm tariff by more than half. This **generous offer** allowed the agricultural chapter of the negotiations to progress well.

Unfortunately, **last-minute disagreements** between other countries led to a failure of the talks, wasting an opportunity to pull down trade barriers, open up markets and give a much-needed boost to the global economy.

11 - The CAP and developing countries

Do CAP export subsidies destroy farmers' livelihoods in developing countries?

Not any more.

15 years ago, we spent €10 billion a year on export subsidies. In 2009, we will spend no more than €350 million. The main destinations concerned by export subsidies are the Mediterranean basin and the rest of Europe. Only a very small proportion of subsidised goods find their way to Africa.

In any case, export subsidies are generally no longer needed as our prices are now, for the most part, aligned with world market prices. That is why the EU has pledged to remove them all by 2013.

Do developing countries really benefit from the EU's trade concessions?

In all, the EU has preferential tariff agreements with many developing countries.

The EU provides more trade-related assistance to developing countries than the rest of the world put together – almost €1 billion a year for the last 2-3 years.

The EU takes in 58% of the agricultural exports of the least-developed countries (€2.79 billion in 2007), as well as 60% of Africa's and 45% of Latin America's farm exports. It is by far the biggest **agricultural importer** from these regions.

What is the EU's approach to trade with developing countries?

The EU is in favour of multilateral trade rules that benefit all, and especially developing countries. That is why it believes developed countries should make deeper and faster cuts in tariffs than developing countries.

12 - Food quality and safety

How does the EU guarantee food quality?

[Food quality](#) is guaranteed through labelling, marketing and quality rules, such as the [protection of geographical indications](#), obligatory nutritional information on labels, quality logos and animal welfare standards.

Is our food safe?

The EU has improved [food safety](#) significantly since the food scares of the 1990s and now protects it through hygiene measures, rules on animal and plant health and control of pesticide residues and additives in food, to give only a few examples.

13 - Animal health and welfare

How are animals treated?

EU institutions and member countries must take into account [animal health and animal welfare](#) when formulating and implementing laws and policies.

Under the CAP, farmers must respect animal welfare standards and are given incentives to improve animal welfare even further.

Why does the EU still subsidise live cattle exports?

Most live cattle export subsidies were abolished at the end of 2005, after citizens voiced concerns about the handling of animals exported for slaughter. Only cattle destined for breeding can still benefit from export refunds, as they tend to be treated reasonably well in their new home.

How does the EU protect animal health?

EU rules on [animal diseases](#) - which are binding on the member countries - have been significantly improved over the years, with the accumulation of experience and expertise.

14 - New EU countries

Does the CAP help farmers in new EU countries?

Yes. Due to the importance of farming in the new EU countries and the need to restructure it, the CAP is an extremely important part of the accession treaties.

How are farmers in the new EU countries faring under the CAP?

The prices paid to producers have increased for products like pork, high-quality beef, poultry meat and some dairy products, and farmers' incomes have increased enormously.

In 2007 alone, farm income increased by 40% in real terms compared to the period before accession. This is due not only to better prices and direct payments received under the CAP but also access to the EU's single market.