

The Common Agricultural Policy Explained



European Commission
Agriculture and Rural Development



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1.

The features of European agriculture

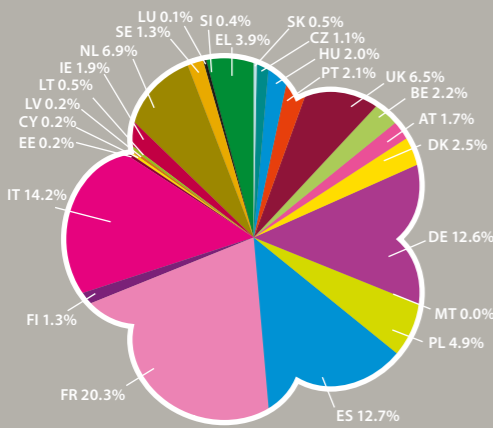
Agriculture and forests cover the vast majority of our territory and play a key role in determining the health of rural economies as well as the rural landscape. Agriculture still has a valuable contribution to make to their sustainable economic development.

Farmers perform many different functions ranging from food and non-food agricultural products to countryside management, nature conservation, and tourism. Farming can thus be described as having multiple functions:

- Europe is both a major exporter and the world's largest importer of food, mainly from developing countries;
- The European farming sector uses safe, clean, environmentally friendly production methods providing quality products to meet consumers' demands;
- The EU farming sector serves rural communities. Its role is not only to produce food but also to guarantee the survival of the countryside as a place to live, work and visit.

Europe's agricultural policy is determined at EU level by the governments of Member States and operated by the Member States. It is aimed at supporting farmers' incomes while also encouraging them to produce high quality products demanded by the market and encouraging them to seek new development opportunities, such as renewable environmentally friendly energy sources.

SHARE (%) IN EU AGRICULTURE (2005)



2.

The farmer's role



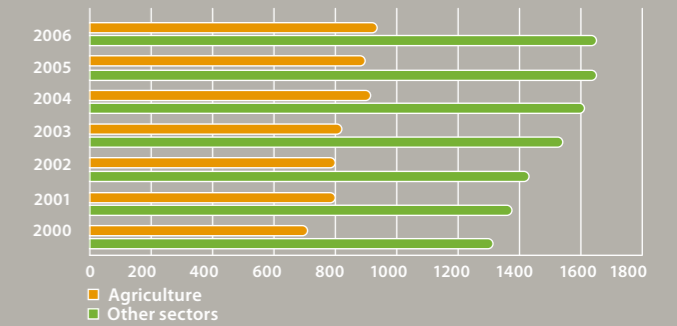
Agriculture involves much more than the production of crops and animals for food consumption. The complexity of their profession requires farmers to play many roles. For most farmers it's a way of life too.

Farmers' primary occupation is food production. To do this they employ time-honoured traditions that have been married to modern science and technology for the purpose of offering great food at an affordable price. This involves using a combination of traditional skills and allied to technical know-how and marketing talent. Farmers increasingly use information technology to aid their production and marketing efforts. To those attributes farmers must increasingly add land management and environmental expertise. In recent years they have been required to include food safety in a repertoire that already included animal health and welfare skills. It is doubtful whether any other occupation requires the practitioner to have such a broad range of abilities.

Most farms are small businesses, often family-run. They are an important local employer in many rural regions and major players in the rural world.

Farmers do not work alone. They are the first link in the food chain, sometimes processing their products on the farm, but more often selling them on to others who transform them into the food products consumers eventually find in the shops.

DEVELOPMENT OF AVERAGE GROSS MONTHLY WAGES IN THE ECONOMY AND GROSS MONTHLY AGRICULTURAL INCOME IN AGRICULTURE – EU 27



3.

A history of successful change

The CAP has always had and continues to have clear reasons to exist. It has constantly evolved to reflect the changing needs of both agriculture and society as a whole.

THE ORIGINAL CAP

The CAP has its roots in 1950s western Europe, whose societies had been damaged by years of war, and where agriculture had been crippled and food supplies could not be guaranteed. The emphasis of the early CAP was on encouraging better agricultural

productivity so that consumers had a stable supply of affordable food and ensure that the EU had a viable agricultural sector.

The CAP offered subsidies and systems guaranteeing high prices to farmers, providing incentives for them to produce more.

Financial assistance was provided for the restructuring of farming, for example by subsidising farm investment in favour of farm growth and management of technology skills so that they were adapted to the economic and social conditions at the time. Certain measures were introduced in the form of help for early retirement, for professional training and in favour of less favoured regions.

The CAP was very successful in meeting its objective of moving the EU towards self-sufficiency from the 1980s onwards. Suddenly, however, the EU had to contend with almost permanent surpluses of the major farm commodities, some of which were exported (with the help of subsidies), others of which had to be stored or disposed of within the EU.

These measures had a high budgetary cost, distorted some world markets, did not always serve the best interests of farmers, to the extent that they quickly became unpopular with consumers and taxpayers. At the same time society became increasingly concerned about the environmental sustainability of agriculture, with the Rio Earth Summit (1992) being a notable landmark in the early 1990s.

The CAP had to change...and it did!

THE CAP OF TODAY

Many important changes to the CAP were already made in the 1980s but, above all at the beginning of the 1990s. Production limits helped reduce surpluses (milk quotas in 1983). A new emphasis was then placed on environmentally sound farming. Farmers had to look more to the market place, while receiving direct income aid, and to respond to the public's changing priorities (MacSharry reform of 1992).

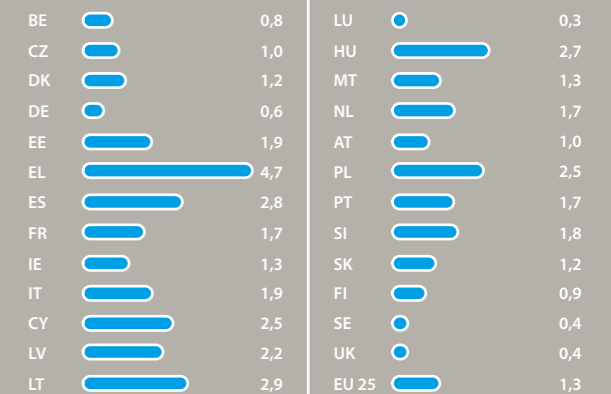
This shift of emphasis, which was effected in 1999 (the "Agenda 2000" reform) and which promotes the competitiveness of European agriculture, also included a major new element – a rural development policy encouraging many rural initiatives while also helping farmers to re-structure their farms, to diversify and to improve their product marketing. A ceiling was put on the budget to reassure taxpayers that CAP costs would not run out of control. Finally, in 2003 a further fundamental reform was agreed.

Farmers are no longer paid just to produce food. Today's CAP is demand driven. It takes consumers' and taxpayers' concerns fully into account, while giving EU farmers the freedom to produce what the market needs. In the past, the more farmers produced the more they were subsidised. From now on, the vast majority of aid to farmers is paid independently of how much they produce. Under the new system farmers still receive direct income payments to maintain income stability, but the link to production has been

severed. In addition, farmers have to respect environmental, food safety, phytosanitary and animal welfare standards. Farmers who fail to do this will face reductions in their direct payments (a condition known as 'cross-compliance'). Severing the link between subsidies and production (usually termed 'decoupling') will enable EU farmers to be more market-orientated. They will be free to produce according to what is most profitable for them while still enjoying a required stability of income.

This series of reforms has now painted a clearer future for the CAP, making more apparent its value to all of society.

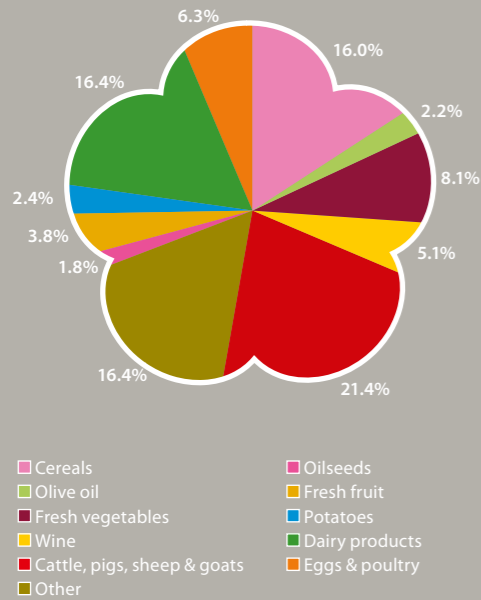
AGRICULTURE'S SHARE OF GROSS DOMESTIC PRODUCT GDP 2005 (%)



4.

A record to be proud of

MAIN EU AGRICULTURAL PRODUCTS (% SHARE OF PRODUCTION BY VALUE - 2005)



Improvements in farm efficiency and the incentives offered by the CAP, led to a major increase in food production from the 1960s onwards. There were dramatic improvements in production and self-sufficiency levels. At the same time farm incomes rose, helped in many cases by growth in the size of farms, as some farmers left the industry and farms amalgamated.

WE PRODUCE NEARLY EVERYTHING

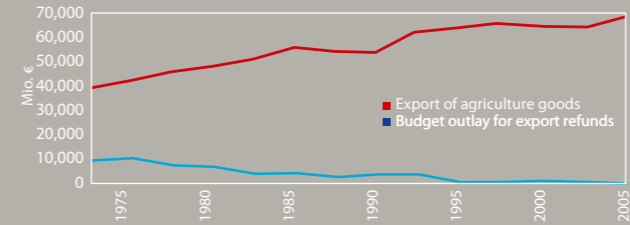
Europe can produce nearly all agricultural products. For several products Europe is considered as the world leader, for example in olive oil, meats, wines, whisky and other spirits. However, the EU is also a major importer of many different types of product.

These natural advantages, together with the CAP's benefits, led to rapid productivity improvements, higher production, food security for most products and ultimately, to surpluses of many farm goods.

Surpluses were taken off the market by subsidising product storage (the public intervention system) or by exporting products, with subsidies, to third countries to avoid a collapse of farmgate prices.

During the 1980s and 1990s the EU brought in policy measures to try to limit production of surplus products. A variety of measures was used: fixed quotas on milk production, with penalties for overshoots; limits on the area of crops/numbers of animals for which a farmer could claim subsidies; at first voluntary, then compulsory set-aside obliging farmers to leave a percentage of their land uncultivated. Gradually these policies succeeded and surpluses were reduced. CAP reforms implemented in the 1990s, which served to reduce the gap between EU prices and world prices, as well as the outcome of the World Trade Organisation

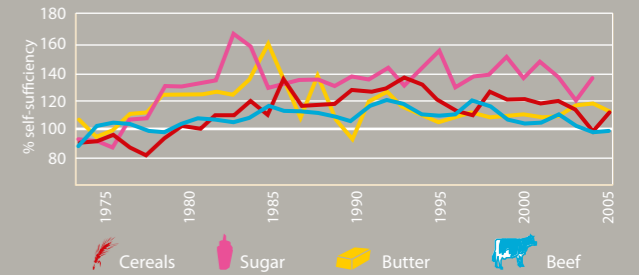
AIDS FOR EXPORTS GO DOWN BUT VALUE OF EXPORTS KEEPS RISING



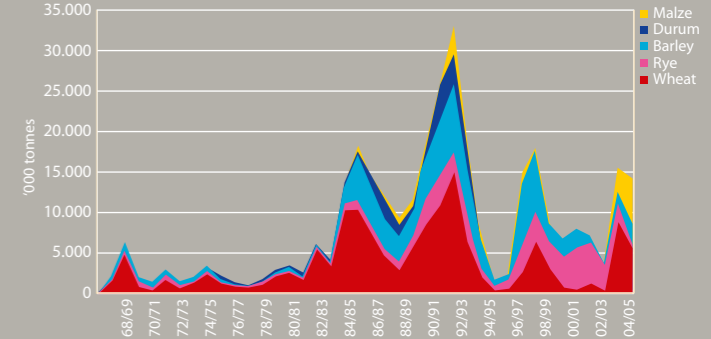
(WTO) agricultural agreement of 1995, reduced the usage of export subsidies (i.e.: compensating exporters for exporting products at world market prices which were lower than EU prices).

As a result of these policy initiatives the EU has managed to reduce its use of export subsidies while at the same time maintaining and even increasing its agricultural exports in certain cases. However, the EU remains a net importer of agricultural products, particularly from less developed countries.

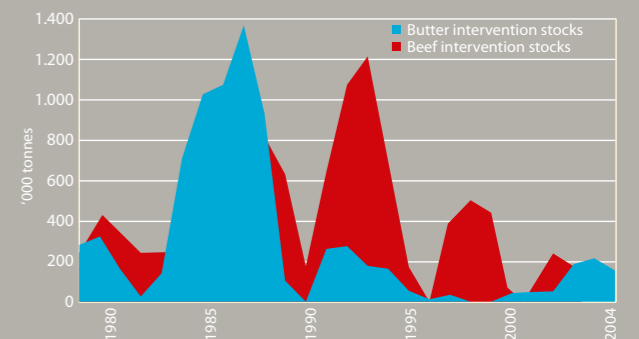
DEVELOPMENT OF SELF-SUFFICIENCY FOR CEREALS, SUGAR, BUTTER AND BEEF IN THE EU



"FOOD MOUNTAINS" NO LONGER EXIST Development of public storage of cereals (intervention stocks)



Development of public storage of beef and butter (intervention stocks)



5.

Quality is a key to success

Europe is known for the diversity of its farming and its agricultural products, which derive from its natural environment and farming methods developed over centuries. Together with fine cookery, Europe's food and drink play a major role in the cultural identity of Europe's peoples and regions. High quality is EU agriculture's key advantage.

HOW DOES THE EU ENCOURAGE BEST QUALITY FOOD PRODUCTION?

Europe has many different regions. The conditions for agricultural production vary. The different regions have specific production methods and culinary traditions. European and global consumers are showing an increasing interest in the qualities of these foods. The EU plays a major role in enhancing these high quality attributes.

The EU safeguards food quality in many ways, for example via measures to enhance food safety and hygiene, clear labelling rules, regulations on animal and plant health and animal welfare, control of pesticide residues and additives in food and via nutritional information. The EU approach includes strict monitoring and control systems, while ensuring the effective functioning of the European single market.

A CONSTANT SEARCH FOR IMPROVEMENT

Efforts to improve food quality have always been part of the CAP, going back to the development of wine quality labelling in the 1980s, and taken forward in the olive oil and fruit and vegetables sectors. They are now a more central part of agricultural policy.

In all areas of the CAP efforts are being made to improve food quality.

Examples of such measures are:

- Beef cattle identification systems and labelling rules, designed to allow full traceability of meat from retail outlet back to the farm of origin;
- Financial incentives available under rural development policy for farmers to improve product quality;
- Specific encouragement for conversion to organic farming.

SPECIAL PRODUCTS HAVE SPECIAL CHARACTERISTICS

The exceptional nature and quality of some products derives from both their place of production and the methods used to make them. Consumers and the food trade are increasingly interested in the geographical origin of food and other characteristics. The EU recognises this and has developed three 'quality logos'.



A product bearing the PDO logo must have proven characteristics which can result solely from the terrain and abilities of producers in the region of production with which it is associated.

A product bearing the PGI logo has a specific characteristic or reputation associating it with a given area, and at least one stage in the production process is carried out in that area.

The Traditional Speciality Guaranteed (TSG) logo is used for products with distinctive features and which either have traditional ingredients or are made using traditional methods.

The advantages of protecting these quality indications are that they:

- Offer guarantees for consumers about origin and methods of production;
- Deliver effective marketing messages about high value-added products;
- Underpin rural businesses producing quality products by protecting the label against fraudulent imitation.

By spring of 2007, the EU had registered nearly 750 geographical indications, designations of origin and traditional speciality guaranteed products. In addition about 2,000 geographical indications for wines and spirits originating in the EU and in third countries are protected on the EU market.

ORGANIC AGRICULTURE

Organic farming is a production method that maintains soil structure and fertility, promotes a high standard of animal welfare, and avoids the use of products authorised in conventional agriculture, such as synthetic pesticides, herbicides, chemical fertilisers, growth promoters such antibiotics or genetically



modified organisms. Farmers use techniques that help sustain ecosystems and reduce pollution. Only a very limited number of additives and processing aids can be used in organic food processing.

EU rules guarantee the authenticity of organic farming products wherever they are produced and ensure that the labelling of organic products is accurate. By law the use of the word 'organic' and its equivalent in other languages on foodstuffs is reserved solely for products of organic farming. This gives guarantees to consumers about the quality and reliability of the organic produce they buy.

EU organic agriculture is one of the most dynamic sectors, accounting in 2004 for an estimated 5.8 million hectares (3.5% of total agricultural area) on 150,000 holdings.

The EU **organic logo** is available for organic farmers and food producers to use on a voluntary basis. It signifies that:

- At least 95% of the product's ingredients have been organically produced;
- The product complies with the rules of the official inspection scheme;
- The product bears the name of the producer, the preparer or vendor and the name or code of the inspection body.



6.

Taking care of the countryside

Rural areas cover 90% of the EU territory, of which more than half is farmed. This fact alone highlights the importance of farming for the EU's natural environment. Farming and nature exercise a profound influence over each other. Farming has contributed over the centuries to creating and maintaining a variety of valuable semi-natural habitats. Today these shape the many landscapes throughout the EU and are home to a rich variety of wild life.

AGRO-ENVIRONMENT MEASURES

Agro-environment schemes have been supported by the EU since they were introduced in by the CAP reforms of 1992. They encourage farmers to provide environmental services that go beyond following good agricultural practice and basic legal standards have been consolidated in one specific axis of Rural Development policy for the period 2007-2013. Aids may be paid to farmers who sign up voluntarily to agro-environment commitments for a minimum period of five years. Longer periods may be set for certain types of commitment, depending on their

environmental effects. It is obligatory for Member States to offer such agro-environment schemes to farmers. This illustrates the political priority attached to these schemes.

A CLEANER ENVIRONMENT

The EU tries to help the environment by:

- Offering financial assistance to farmers who agree to adapt their agricultural practices, in particular by reducing the number of inputs they use or the number of animals per hectare of land, leaving field boundaries uncultivated, creating ponds or other features, or by planting trees and hedges and so going beyond conventional good farming methods;
- Helping with the cost of nature conservation;
- Insisting that farmers must respect environmental laws (laws on food safety and public, animal and plant health) and look after their land properly if they wish to qualify for direct income payments.

GENETICALLY-MODIFIED ORGANISMS AND EU AGRICULTURE

EU legislation on genetically-modified organisms (GMOs) has been in place since the early 1990s and extended and refined since then. The EU introduced specific legislation designed to protect its citizen's health and the environment (while also creating a unified market for biotechnology). There is an approval process based on a case-by-case assessment of the risks to human health and the environment before any GMO or product consisting of or containing GMOs (such as maize, oil seed rape or micro-organisms) can be released into the environment or placed on the market.



7.

Keeping consumers confident about food safety

Developments in the CAP have occurred not only because of changes in farming, but also in response to the demands of society as a whole. These include the increasing concern about food hygiene and safety and animal welfare. Here the CAP and other EU policies, such as consumer protection, have been considerably strengthened since the 1990s.

FOOD SAFETY

Europe's consumers want food that is safe and wholesome. The concern of the EU is to make sure that the food we eat is of the same high standard for all its citizens. There was a major overhaul in response to food safety scares, for example over BSE and dioxin contaminated feed. The purpose was to make sure that EU food safety laws were as comprehensive as possible and that consumers have as much information as possible about potential risks and what is being done to minimise them.

Food safety starts on the farm. EU rules apply from 'farm to fork', whether the food is produced in the EU or is imported from elsewhere in the world.

There are four important elements to the EU's food safety strategy:

- Rules on the safety of food and animal feed;
- Independent and publicly available scientific advice;
- Action to enforce the rules and control the processes;
- Recognition of the consumer's right to make choices based on complete information about where food has come from and what it contains.

ANIMAL HEALTH AND WELFARE

If food is to be safe, the animals it comes from must be healthy. The need to keep animals healthy through good veterinary practice and to prevent outbreaks of contagious animal diseases, such as foot-and-mouth disease, swine fever, or bird flu is an EU priority. If an outbreak does occur, it is carefully monitored and steps are taken to prevent it spreading. All animals and animal products must meet strict health requirements before they can be imported into or traded within the EU. It is a principle underlying EU legislation on animal welfare that animals should not be subjected to avoidable pain or suffering. This is reflected in clear rules on the conditions in which hens, pigs and calves may be reared as well as in which farm animals can be transported and killed. These rules are regularly updated in the light of the latest scientific data and are some of the most rigorous in the world.

Research shows that farm animals are healthier, and produce better food, if they are well treated.

CAP CONTRIBUTION

Ensuring food safety and high animal health and welfare standards is not just a matter of regulations. The CAP offers farmers incentives to improve their performance in these areas. Although respecting the standards in this regard, by applying the principles of cross-compliance, benefits society as a whole this may impose considerable costs on farmers, so financial support is available to help farmers make improvements in these areas under the scope of Rural Development.

8.

Assistance for rural communities

Given that nearly 60% of the population of the 27 Member States of the EU live in rural areas covering 90% of the territory, rural development is a vitally important policy area. Farming and forestry are the main land uses in rural areas, and as such play an important role at the heart of rural communities as the basis for a strong social fabric and economic viability and the management of natural resources and the landscape.

Numerous opinion polls the 27 Member States clearly demonstrate that a living and sustainable countryside matters to European citizens.

A SPECIFIC FUND FOR RURAL DEVELOPMENT

European strategic guidelines for rural development were set out in February 2006. Rural Development policy was strengthened to help rural areas respond to economic, social and environmental issues of the 21st century. The new legal framework and the European Agricultural Fund for Rural Development stress the necessity to stimulate growth and to create employment in these areas to

improve sustainable development in accordance with the Lisbon strategy and the Council of Gothenburg. Rural Development policy for the period 2007-2013 will be based on 3 themes, in accordance with the three axes defined in the new Regulation relating to Rural Development: improving agricultural competitiveness; improving the environment and supporting land management and improving the quality of life and diversifying the economy in rural areas. A fourth axis the "Leader axis", which is inspired by the experience of the Leader Community Initiative, aims at implementing local strategies for rural development through local public-private partnerships. More resources will be available for rural development by reducing the direct payments to farms and transferring these funds to rural development measures (the practice known as modulation). The Member States are henceforth required to apply modulation which implies a reduction (of 5% from 2007) of all direct payments exceeding 5,000 euros per annum.

RURAL DEVELOPMENT

Assistance is provided for farmers and others in rural areas, for such actions as:

- Training in new farming techniques and rural crafts;
- Assisting young farmers to set up on farms;
- Assisting older farmers to retire;
- Modernising farm buildings and machines;
- Assisting farmers to meet demanding EU standards, e. g. environmental, animal welfare and public health;
- Helping establish food processing facilities on the farm so that farmers can earn more income from farm products by adding value to them;
- Improving product quality and marketing of quality products;
- Setting up of producer groups in the new Member States;
- Support for farming in mountainous areas and other areas with handicaps;
- Renovating villages and rural facilities;
- Encouragement of tourism;
- Protection and conservation of rural heritage;
- Agri-environment measures to improve the environment;
- Development strategies put in place by local action groups.

9.

New Member States, new challenges

Enlargement of the EU to include 10 new Member States (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia) from 1st May 2004, and Bulgaria and Romania on 1st January 2007, was a historic milestone in the remaking of Europe after centuries of destructive divisions. Europe as a whole will gain from an assured political stability and security, as well as from the expansion of the internal EU market from 380 to nearly 500 million people.

Numerically, enlargement's impact on EU agriculture is dramatic. A further 7 million farmers have been added to the EU's existing farming population of 6 million of the former 15 Member States. The new 12 Member States add about 55 million hectares of agricultural land to the 130 million hectares in the old EU of 15, an increase of 40%, although production in the EU of 27 will only expand by about 10-20% for most products. This confirms that the large agricultural production potential of the new Member States is still far from being used to its full extent.

Farmers in the new Member States have access to the single market in the EU and benefit from its relatively stable prices, plus direct payments (phased in gradually to reach the full EU level) and rural development measures.

Despite the progress in modernising and restructuring the agricultural sector which has occurred in the new Member States in recent years one of the key challenges has been to improve prosperity in agriculture and rural communities as a whole. The well-publicised differences in prosperity between the EU-15 and new Member States – in 2001, 45% of the EU-15 level (GDP per person adjusted to Purchasing Power Parity) – are even more pronounced in rural areas, because of a combination of lower income and higher unemployment levels in these areas compared with urban regions (these disparities are greater in the new Member States than in the EU-15).

This is a challenge that the EU has already begun to take up, by creating new rural development measures designed to address the specific situation of the new Member States.

It is important to point out that the obligations of EU membership applied immediately to farmers in the new Member States. A key example is food safety, which is such an important issue for EU consumers that no drop in standards at community level could be considered.



10.

The EU – a major world trader in agricultural goods

The EU has extensive contacts and trading relations with third countries and trading blocks. The EU is a major player in global agricultural trade as the biggest importer and second largest exporter of food stuffs. The EU plays a leading role in establishing global trade agreements in the World Trade Organisation (WTO). It has also concluded and is in the process of negotiating bilateral trade agreements with individual third countries, freetrade agreements with its near neighbours, special arrangements with developing countries, granting preferential access to the EU market, and more extensive relationships with regional groupings such as the South American countries of the Mercosur group. The EU is the only big trading group, among the wealthier nations, which is not only granting preferential access to its markets for imports from developing countries, but is in practice actually importing considerable quantities from those countries.

COMMITTED TO MULTILATERAL TRADE RULES

The EU is clear that the growing trade between all countries, whether developed or less so, must be conducted under multilateral trade rules for the benefit of all countries, in particular developing countries. This is why the EU is a strong supporter of the WTO and has always played an active role in the WTO discussions and negotiations on trade in agriculture. The EU is committed to the 'Doha Development Agenda' (DDA), negotiations which aim at further liberalising trade whilst enhancing development. As regards agriculture the agreement of August 2004 paved the way for further negotiations that should deliver a considerably bigger farm trade liberalisation than the previous trade negotiations (the 'Uruguay Round'). The agreement locks in the EU's CAP reform. It should bring a substantial cut in trade-distorting agricultural support, the elimination of trade-distorting export competition practices and contribute to a significant opening of agriculture markets whilst allowing for special treatment for sensitive products. All developing countries will benefit from special treatment, allowing them to liberalise less over a longer period.

THE SECOND LARGEST GLOBAL EXPORTER – AND THE BIGGEST IMPORTER

European agriculture is a major player in the world's agricultural markets. The ability of EU agriculture to produce large quantities of agricultural products, and the diversity and quality of those products, means that the EU has become a major exporter of many foodstuffs (the second biggest exporter globally with agricultural exports worth EUR 72.553 billion in 2006).

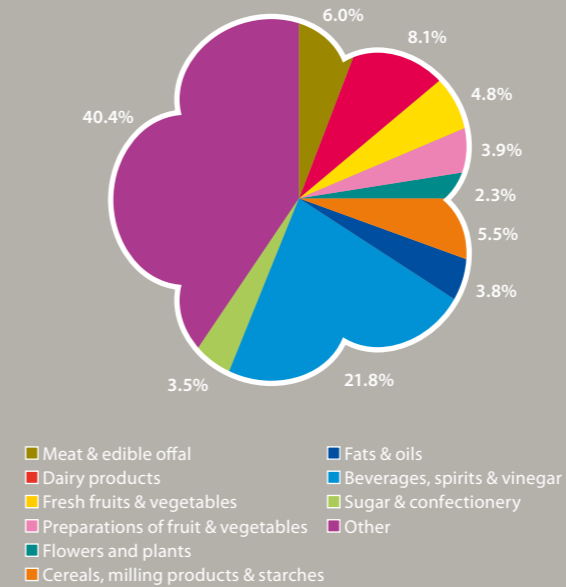
But it is not all one-way traffic. The EU is also the biggest importer of agricultural products in the world. In 2006, EU imports of agricultural products were valued at EUR 67.876 billion.

The EU's net export position has declined in every single sector since 1990.

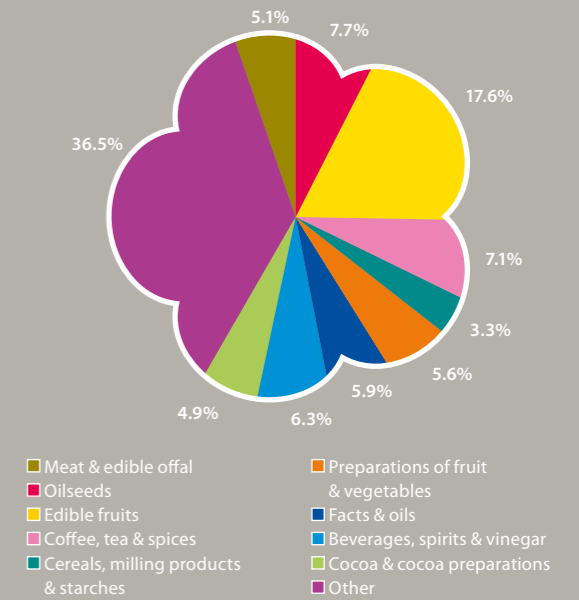
TRADE WITH DEVELOPING COUNTRIES

The EU's record of importing agricultural products from developing and least developed countries is already impressive and is greater than the USA, Japan, Canada, Australia, and New Zealand together.

MAIN EU 25 AGRICULTURAL EXPORTS (% SHARE BY VALUE – 2005)



MAIN EU 25 AGRICULTURAL IMPORTS (% SHARE BY VALUE – 2005)



11.

How much the CAP costs

The CAP has existed for more than 40 years as one of the most important pan-European policies. It is not surprising that the CAP budget has represented a large proportion of the overall EU budget and expenditure, as it takes the place of national policy and expenditure on agriculture. This situation has now changed as CAP expenditure has been limited and as other EU-level policies have been developed. But there are several myths about the cost of the CAP that need to be dispelled.

THE CAP HAS A SEEMINGLY HIGH COST

During the first years of the EU's existence the CAP represented a significant proportion of budget expenditure, over two-thirds on occasions. The CAP costs about EUR 55 billion per year. This represents 40% of the total EU budget, less than 0.5% of GDP in the EU. Not only is the share of CAP in EU GDP declining, but this share is also declining much faster than EU public expenditure.

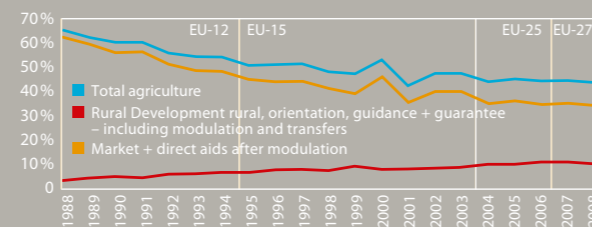
COMPARED TO OTHER PUBLIC EXPENDITURE IT IS REASONABLE

And the CAP's cost should be seen in context. Unlike for other sectors, such as education, defence, transport, healthcare or social security, whose cost is borne by national governments, the Member States have agreed that decisions about the EU's agricultural policy be taken at community level, and that an appropriate budget be put in place to do this. On average each citizen contributes around 2 euros a week to finance the CAP. This is hardly a high price to pay for a healthy supply of food and a living countryside. The proportion of the budget used for market support (cereals, sugar, beef and milk) and for export subsidies has decreased, whilst that for direct aid to producers and for rural development has increased.

BUDGETARY CONTROL

The CAP operates within a set of strict parameters. Budgetary limits are established to control expenditure in any one year and over periods of years. The limits envisaged for CAP market measures and direct aids for the period 2007-2013 allow for no increase in real terms and will effectively become tighter each year as the direct aid payments payable in the 12 new Member States are increased progressively during this period towards the full aid levels already applicable in the former 15 Member States. At the same time the CAP has been reformed (three times in 12 years), partly with the aim of better targeting and control of expenditure. CAP expenditure has been frozen (in real terms) until 2013. Spending will be strictly controlled – a new financial discipline control mechanism is now in place to ensure that the expenditure ceiling is not broken.

AGRICULTURE IN PERCENTAGE OF EU TOTAL BUDGET (Commitments)



12.

The CAP – promoting sustainable agriculture in a global environment

The EU's role in agriculture has always been to help in:

- Ensuring a stable supply of affordable and safe food for its population;
- Providing a reasonable standard of living for EU farmers, while allowing the agriculture sector to modernise and develop;
- Enabling that farming could continue in all regions of the EU.

As the CAP has developed, in line with the requirements of EU citizens, the following factors take on a greater importance:

- Improving the quality of Europe's food;
- Guaranteeing food safety;
- Looking after the well-being of rural society;
- Ensuring that the environment is protected for future generations;
- Providing better animal health and welfare conditions;
- Doing all this at minimal cost to the EU budget (which is funded mainly by taxpayers, i.e. ordinary citizens).

The direction of the current CAP reflects strategic objectives: an agriculture that is competitive on world markets, which respects very strict standards on environment, food safety, and animal welfare, within a framework of a sustainable and dynamic rural economy.

Today's CAP is a policy choice of our society to continue to support EU agriculture while responding to the expectations of citizens, taxpayers and consumers, with the least distortion of international trade.

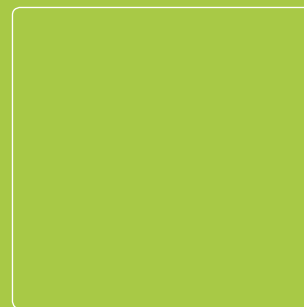
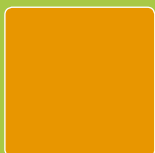
During the coming years the CAP will change further in order to continue to:

- Be a living policy which reflects the needs and expectations of European society;
- Promote a sustainable agriculture offering safe, quality products while protecting the environment and animal welfare;
- Support the multifunctional role of farmers as suppliers of public goods to society;
- Promote the growth and creation of jobs in rural areas;
- Reinforce a competitive and innovative agricultural sector that can respond to the challenges of the world market;
- Be managed by simple and transparent rules.



European Commission
Directorate-General for Agriculture and Rural Development

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