The common agricultural policy (CAP) is Europe’s answer to the need for a decent standard of living for 22 million farmers and agricultural workers and a stable, varied and safe food supply for its 500 million citizens. As a common policy for all 28 EU countries, the CAP strengthens the competitiveness and sustainability of EU agriculture by providing direct payments aimed at stabilising farm revenues, and finances projects responding to country-specific needs through national (or regional) rural development programmes, which also cover the wider rural economy and life in rural areas. The CAP also provides a range of market measures, including tools to address the impact of price volatility and other market difficulties and additional elements, such as quality logos or promotion for EU farm products, which complete CAP action to support farmers. The CAP budget for 2014-2020 is €408.31 billion, with €308.73 billion intended for direct payments and market measures and €99.58 billion for rural development.

UNITED KINGDOM

- covers an area of 248,530 km² of which 71.3% is agricultural land while forests cover 13%
- has a total population of around 65 million, of which around 2 million (or 2.4%) live in predominantly rural regions
- has a farming sector characterised by predominantly large farms (22.4% have more than 100 hectares, compared to 3.1% across the EU as a whole), and the average farm size (94.7 ha) is nearly six times higher than the EU average (16.1 ha)
In the period from 2014 to 2020, nearly €28 billion is expected to be invested in the UK farming sector and rural areas through the CAP. Certain key political priorities for which CAP funding should be used have been defined at European level - jobs and growth, sustainability, modernisation, innovation and quality. At the same time, the UK has flexibility to adapt both direct payments and the rural development programmes to its specific needs. As in the past, the UK has opted to take a regional approach to implementing the CAP, dividing the EU budget foreseen for the UK into four regions (England, Scotland, Wales and Northern Ireland), and leaving it to the local administrations to deal with both direct payments and rural development programmes.

Fairer and greener direct payments

The United Kingdom’s direct payment allocation for 2014-2020 amounts to around €22 billion. This makes the UK the fifth largest recipient of direct payments (after France, Germany, Spain and Italy).

Farmers in UK, as they are across the EU, are subject to so-called ‘greening’ rules, designed to ensure that they farm in a sustainable way and help contribute to the EU’s efforts to tackle climate change, biodiversity loss and soil quality. Under this system, 30 % of the direct payment allocation, paid per hectare, is linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and dedicating 5 % of arable land to environmentally friendly measures (so-called ‘ecological focus areas’).

Two of the four devolved administrations in the UK implement the basic payment scheme in a regionalised manner: since 2015, England has applied a basic payment at a flat rate according to three different types of land (defined as ‘non-severely disadvantaged areas’, ‘lowlands & severely disadvantaged areas’ and ‘upland, other moorland and moorland’); Wales opted for a flat rate payment system by 2019 without applying defining different land types but applying a redistributive payment on the first 54 ha of a claimant’s farm; Scotland applies a basic payment system based on different types of land (‘arable’, ‘temporary or permanent grass’, ‘rough grazing’), although this will become a flat rate payment by 2019; Northern Ireland, which has not defined different types of land, will also introduce a flat rate by 2019.

In addition, the United Kingdom (except England) will cap the amount of basic payments at maximum amounts ranging from €150 000 (Northern Ireland) to €600 000 (Scotland). England applies the minimum reduction of 5% on amounts of basic payments above €150 000. Only Wales grants redistributive payments – linking payments to the first 54 hectares – while applying a reduction mechanism that starts capping payments as of €150 000 by a certain percentage.

The UK authorities have decided to earmark 1.7 % of the direct payments allocation (in 2016) for voluntary coupled support, i.e. linking payments not only to the number of hectares but to maintaining production levels in certain sectors in difficulty, in this case beef and veal as well as sheep meat and goat meat). Those measures concern Scotland, which applies voluntary coupled support.
Supporting key priorities for rural development in the UK

For 2014-2020, a total public contribution of around €8.5 billion (of which €5.2bn from the EU) has been allocated by the UK to help fund measures that will benefit its rural areas. The money is spent according to clear priorities set out in the four UK rural development programmes (RDPs), for England, Northern Ireland, Scotland and Wales. These programmes focus on three main objectives:

- preserving ecosystems and an efficient use of natural resources
- creating conditions for the economic and social regeneration of rural areas
- improving competitiveness of the agricultural sector

Example of a rural development project supported by the CAP

**One-to-one business support helps farmers conquer new markets**

Cywain Agriculture provides one-to-one business support to farmers, helping to translate innovative ideas into a viable and profitable business. Development managers and key individuals within the food sector provide advice, completed by a one-to-one mentoring service focusing on added value.

Each client is allocated a development manager, and together they develop an action plan with specific outcomes. In the early stages of the process, the development managers’ role is very much a “hand holding” one, eventually passing on the support mantle to other export mentors to guide them in the development of their specific product or market. [More information](#).

Total budget €2.7 million (EU contribution: €1.8 million)

More project samples: [European Network of Rural Development](#) and [EU results](#)
Between 2007 and 2013, the CAP invested more than €29.2 billion in the UK’s farming sector and rural areas with the objective of stabilising 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 the CAP**

In recent years, direct payments have been a key safety net for UK farmers. For example, in 2014 some 175 700 UK farm businesses received €3.2 billion in direct payments, 9 860 of which received a payment of below €5 000. Meanwhile, in 2015, the EU spent more than €38 million on market measures in the UK, targeting mainly the fruit and vegetables sectors.

**Fostering growth and jobs in the UK’s rural areas**

In the period from 2007 to 2013, more than €7.5 billion of public funds (including €4.6 billion from EU funds) was invested via the rural development programme in a range of different activities supporting agricultural production and benefitting the UK’s rural areas by preserving its diversity and enhancing its economic strength, cultural richness and social cohesion. In concrete terms, rural development funds helped:

- manage more than 13 million hectares of land with environment and climate friendly methods enhancing biodiversity, protecting water and improving soil quality
- train over 500 000 people in the agri-food sector and rural areas, through measures aimed at promoting knowledge and improving human potential
- the start-up or improvement of almost 50 000 micro-and small enterprises in rural areas
- enhance the competitiveness of more than 40 000 farms.

This work is being built on through the 2014-2020 rural development programmes, where €1.1 billion of EU funds have already been paid out to support structural changes in the agriculture sector, help improve knowledge for farmers and the wider rural population, create jobs in rural areas and increase and maintain sustainable and environmentally friendly agricultural management practices.
Adding value with quality schemes

Through the quality policy of the CAP, the EU provides a number of measures to help producers build on the high quality reputation of European products to sustain competitiveness and profitability. A key tool in this is the register of more than 1,300 protected food names which are classified as a Protected Designation of Origin (PDO), a Protected Geographical Indication (PGI) or a Traditional Speciality Guaranteed (TSG). The production of these registered quality products contributes to diversity, development and growth in the rural areas where they are produced and protects local knowledge, skills and jobs.

The United Kingdom has 69 food products registered, including 25 PDOs (such as Shetland Lamb or West Country farmhouse Cheddar cheese), 40 PGIs (such as Scottish Wild Salmon or Gloucestershire cider/perry) and four TSGs (such as Traditional Bramley Apple Pie Filling).

In addition to the registered products, the EU also helps highlight food that has been produced in a sustainable way with a clearly recognisable organic logo.

Responding to market difficulties

Following the prolongation of the Russian ban on the EU agricultural imports and difficult conditions in certain markets, in October 2015 the European Commission agreed a support package worth €500 million to help those farmers most affected by the difficulties, including €420 million in national allocations to support the dairy and livestock sectors in particular, with flexibility for member states to decide how to target this support. The UK opted to use all of its €36 million allocation for the milk sector.

In July 2016, the European Commission agreed a further solidarity package worth €500 million, including aid worth €350 million aimed at the dairy sector in particular. Of this, roughly €30 million was earmarked for the UK.

According to the most recent Eurobarometer survey, published in January 2016, ‘ensuring the welfare of farmed animals’ (55 % of UK citizens, 35 % in EU28) and ‘protecting the environment’ (32 % of UK citizens, 30 % in EU28) should be the two main responsibilities of farmers in society. ‘Ensuring a fair standard of living for farmers’ (54 % in UK, 49 % in EU28) should be the main objective of the common agricultural policy, according to the British. Questioned on the support the EU provides to farmers, 41 % of the British did not know it existed (EU28: 30 %), while 47 % knew the support existed but did not know the details of how (59 % in EU28).

Source: Eurobarometer survey 440 ‘Europeans, Agriculture and the CAP’
UK agriculture is characterised by:

- **predominantly large farms:** 22.4% of holdings have more than 100 hectares compared to 3.1% in the EU28.
- **elderly farmers:** only 3.9% of farmers are under 35 years old (6.0% in EU28), while 30.5% are older than 64 (31.1% in EU28).
- **low economic contribution:** The primary sector (agriculture, forestry and fishing) accounts for 0.6% of the country’s economy (total GVA) and agriculture for 1.1% of total employment. This is lower than the European average both in economic terms (1.5% in EU28) and in terms of employment (4.3% in EU28).

**A very diversified production**

- Cereals, 16.2%
- Industrial crops, 7.8%
- Forage plants, 4.8%
- Vegetables and horticultural products, 9.9%
- Potatoes, 4.0%
- Fruits, 6.1%
- Milk, 15.6%
- Eggs, 3.9%
- Poultry, 12.2%
- Beef, 6.2%
- Sheep and goats, 0.0%
- Other, 0.6%

**Importing commodities from non-EU countries is important for the UK (2016 data)**

- Exports to EU countries
- Exports to non-EU countries
- Imports from EU countries
- Imports from non-EU countries

**Farmer’s income continues to be more volatile than wages and salaries in other sectors**

- Agricultural income (Indicator A)
- Wages and salary index - Industry
- Wages and salary index - Construction
- Wages and salary index - Services

Data sources: Eurostat, Comext.