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Sustainable Agri-Food Production and Supply Chain Management
CAP and Sustainability

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Topic: ERASMUS-JMO-2021-MODULE

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Today's lecture

Common Agricultural Policy - CAP

CAP and sustainability

Question

Suppose you are a farmer. How do you make production decision?

What to produce?

How much to produce?

Who to produce it for?

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Does agriculture need support?

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Conditions specific to agricultural production

- risky business!
 - highly dependent on the weather conditions
 - production and investment take time and planning >> e.g. if you plant olive tree today and start an olive farm, you sell your first olives after 7 years (av. time for the species in Turkey)
 - markets with many players and almost-identical products

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 - markets with many players and almost-identical products

- important role for ensuring food security, environment and rural communities

The Common Agricultural Policy - CAP



The birth of the Common Agricultural Policy - CAP

First introduced in 1962, by the European Economic Community (EEC)

Post-war economy: Low food production, low farming profits, low accessibility to food - *early years of the Green Revolution*

The main objectives of the CAP:

- increasing agricultural productivity
- ensuring a fair standard of living for farmers
- guaranteeing the availability of supplies
- stabilising the markets
- establishing a secure supply chain with reasonable prices
- harmonising competition rules across all countries

What was put in place to achieve these objectives?

- guaranteed prices for products
- tariffs on external products

The birth of the Common Agricultural Policy - CAP

EEC-wide common “target price” and “intervention price”

intervention price: usually 10-12% less than target price

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The birth of the Common Agricultural Policy - CAP

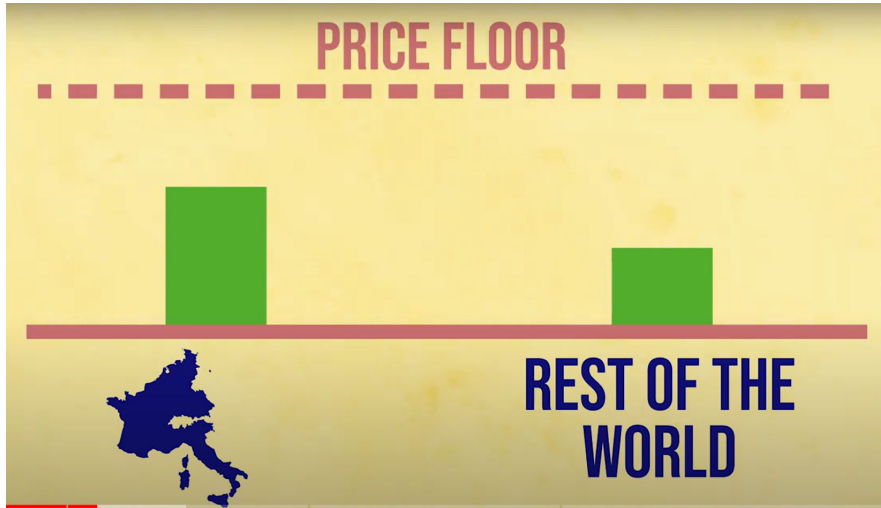
EEC-wide common “target price” and “intervention price”

intervention price: usually 10-12% less than target price

Levies to protect the EU products against cheap imports

What was put in place to achieve these objectives?

- guaranteed prices for products
- tariffs on external products



1970s and 1980s - CAP

Pick of Green Revolution + price guarantee >> Food production boomed by the early 1980!

Wine lakes and Butter mountains...

Why would too much food create a problem?

1970s and 1980s - CAP

Pick of Green Revolution + price guarantee >> Food production boomed by the early 1980!

Wine lakes and Butter mountains...

Why would too much food production create a problem?

- The EEC had to buy the surplus at “target price” and sell at lower price on **global markets**.
 - >> Massive loss for the EEC
 - >> Destroying for the local communities in developing countries
- Boosting agricultural output damaged the environment >> due to intensive methods
- **The largest producers** received most of the benefits

1970s and 1980s - CAP

Pick of Green Revolution + price guarantee >> Food production boomed by the early 1980!

Wine lakes and Butter mountains...

Reform efforts:

1970: The Mansholt Plan - not very welcomed

Idea: to cut production by reducing cultivated area >> 5 millions farmers to give up farming!

1984: Quota system

Idea: to cut production by limiting the quantity produced for certain products

1970s and 1980s - World agenda

Pick of Green Revolution - onset of negative environmental impacts

Food Security was defined (The World Food Conference in 1974) - emphasis on food supply and affordability

“Availability at all times of adequate world food supplies of basic foodstuffs to sustain a steady expansion of food consumption and to offset fluctuations in production and prices”.

The concept of sustainability was first introduced ([“Our Common Future” Brundtland Report](#) in 1984)

Break?

1990s - CAP

How expensive should food security be for governments?

The CAP absorbed about **two-thirds of the EEC's entire annual budget** on average during 70s and 80s.

1992: The Macsharry Reforms

Aims:

- Reducing the CAP budget
- Moving away from unlimited guaranteed prices

What was put in place to achieve these objectives?

- Direct income payments (based on the cultivated area of number of livestock maintained) - cutbacks in price support
- new obligations for farmers to protect environment
- new incentives for farmers to improve food quality

1990s - CAP

The budget was reduced to 50% of the EU budget.

1999: Agenda 2000

Aims:

- to improve agricultural competitiveness
- to provide alternative sources of income in rural areas

What was put in place to achieve these objectives?

- Creation of the second pillar of CAP: **rural development**

1990s - World agenda

Dissolution of the Soviet Union (1991)

The EU was founded (1992)

The definition of **Food Security** matures ([the World Food Summit in 1996](#))

"Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life."

The Euro was born (1999)

Automation in agricultural production and supply chains

2000s & 2010s - CAP

Consensus: support farmers financially so that they can undertake rural stewardship activities. “**European model of agriculture**”

2013 reforms

Aims:

- to respond to concerns such as climate change, animal welfare, food security, sustainable use of natural resources...

What was put in place to achieve these objectives?

- two-pillar structure
- the 'greening' of farm payments - 30% of the direct payments goes to those who fulfill requirements for **crop diversification, grassland conservation and the establishment of ecological focus areas.**
- more equality in the distribution of support
- better targeting of income support to farmers most in need, particularly young farmers, farmers in low income sectors and farmers in areas with natural constraints

2000s & 2010s - World agenda

Rise of **international cooperation** - COP meetings etc.

Rise of **environmental grassroot (local and global) movements**

European Green Deal (2020) - a set of policies to combat climate change

- **The Farm to Fork Strategy**

Digitalization in agriculture - Agriculture 4.0



2023 - CAP

New CAP enters into force (2023-2027)

The budget is around 31% of the EU budget

Aims:

- to allow for greater flexibility for the member states in adapting measures to local conditions
- to provide more targeted support for smaller farms and younger farmers
- to enhance contribution of agriculture to EU environmental and climate goals
- to improve worker rights

Further reading:

https://agriculture.ec.europa.eu/common-agricultural-policy/cap-overview/cap-2023-27_en#anewwayofworking

The Common Agricultural Policy - CAP

In a nutshell

One of the oldest frameworks in the EU (even older than the EU itself!)

First introduced in 1962 by the European Economic Community (EEC)

Evolved significantly since its birth, drained the EU budget for several years (now, only around a third of the budget!)

Criticism towards the status-quo

Implications for countries outside the EU

Planning has evolved over the years from the union-wide to the national/local level.

Currently stands on two pillars:

- direct support and market measures (i.e., financial pillar)
- rural development

Question

Suppose you are a farmer. How do you make production decision?

What to produce?

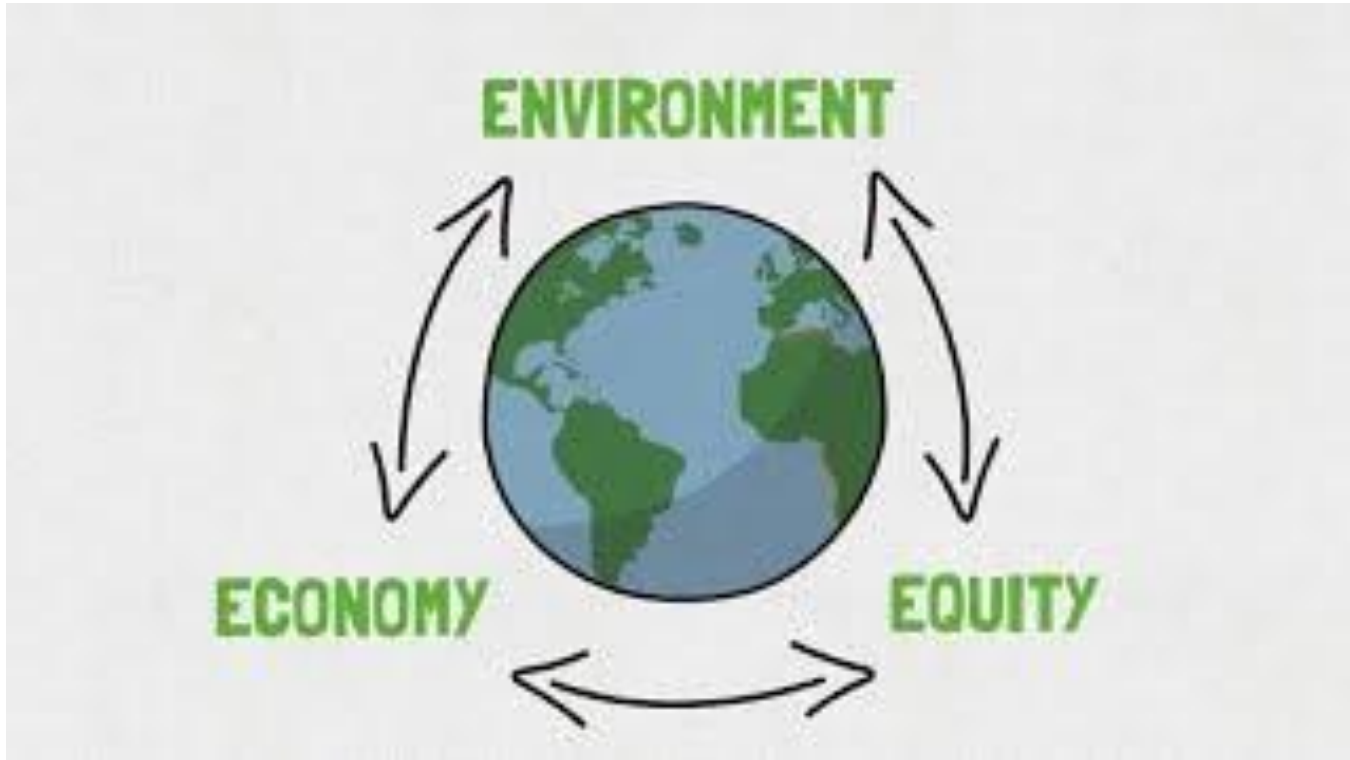
How much to produce?

Who to produce it for?

(yes, the same question)

Break?

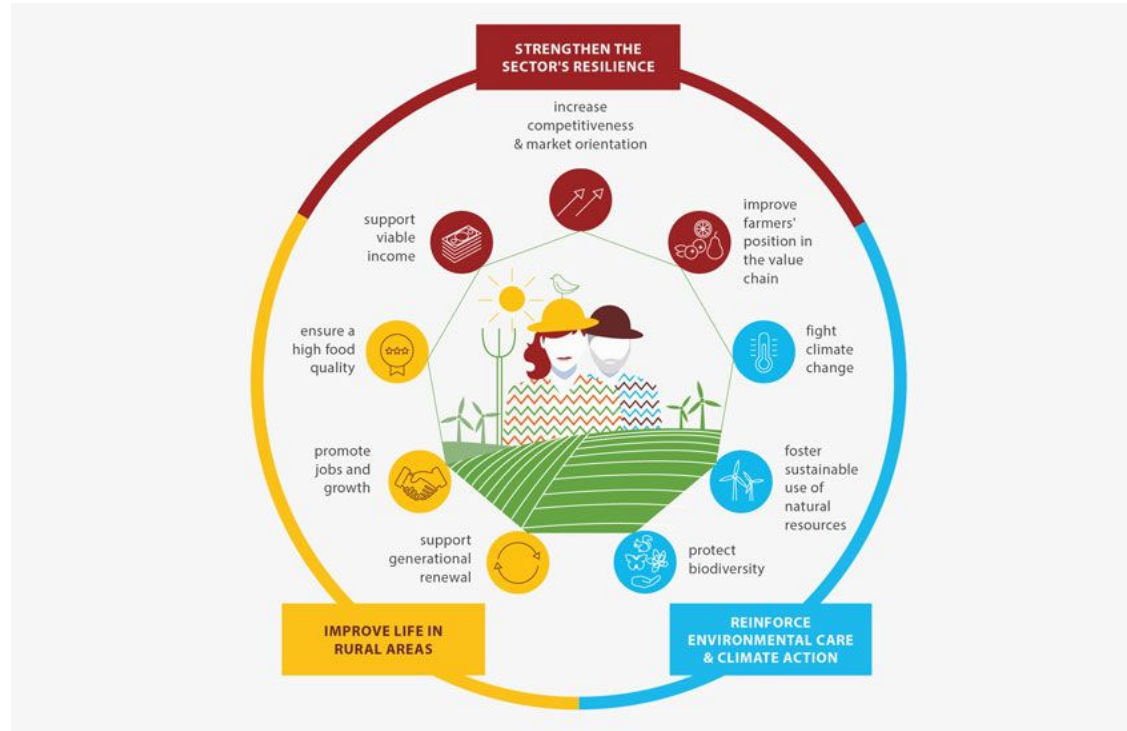
What is sustainability?



Question

What are the major sustainability challenges associated with agricultural production or food supply?

CAP and sustainability



CAP and environmental sustainability

Related CAP measures:

- **cross-compliance** standards link financial support to EU rules on the environment, as well as human, plant and animal health
- **green direct payments** put in place mandatory actions (**maintaining permanent grassland, crop diversity and ecological focus areas**), each geared towards protecting the environment and tackling climate change;
- **rural development** policy supports investments and farming activities that contribute to climate action and the sustainable management of natural resources.

Further reading: https://agriculture.ec.europa.eu/sustainability/environmental-sustainability/cap-and-environment_en

Green direct payments - greening agriculture

permanent grassland



Green direct payments - greening agriculture

ecological focus areas (e.g. hedgerows)



Benefits of Hedgerows



Before

Reduce need for Drainage Maintenance:

- Keeping the channel free of grass and sediments
- Improve drainage by shading out the invasive Reed canary grass
- Stabilize streambanks by creating a dense mat of soil holding roots



During

Improve Water Quality:

- Trapping and filtering of field sediments and runoff.
- Reducing water temperatures and increasing dissolved oxygen
- Creating a physical buffer from pesticide applications



After

Create Habitat:

- Improving cover to shelter fish from predators such as Great blue heron
- Increasing forage for fish by providing habitat for native insects
- Improving pollination of crops by providing habitat for native pollinators

Discussion

1. Please take out your phones and got to <https://chat.openai.com/>
2. **Start a conversation** with AI by asking a question about the topics of today's lecture. You may use the following examples or go for your own:
 - a. How can the role of CAP for **environmental sustainability** be enhanced?
 - b. How can the role of CAP for **social sustainability** be enhanced?
 - c. How can the role of CAP for **economic sustainability** be enhanced?
 - d. How can the role of CAP for **sustainability** be enhanced?
 - e. How can the role of CAP for **sustainable agro-food value chains** be enhanced?
 - f. Are European farmers happy with the CAP?
 - g. Are non-European farmers happy with the CAP?
 - h. Does it makes sense to implement CAP in Turkey?
3. Read AI's answer. Any follow-up questions needed? If not, share with us your thoughts on AI's response: do you agree or disagree? Is the information complete? Is it biased? Is there anything missing?

Thanks for listening

Feel free to contact me!

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Further reading

Recent developments: Grain crisis (Ukraine-Russia war) and CAP's postponed environmental measures

[CAP Environmental Derogations: What is the Impact on Food Security? | Agricultural and Rural Convention](#)

[EU Commission delays new CAP environmental rules to boost EU grain production | S&P Global](#)

Rural Development

European Rural Development Projects Database: [Projects & Practice | The European Network for Rural Development \(ENRD\)](#)

LEADER and CLLD approaches in Rural Development: [LEADER/CLLD | The European Network for Rural Development \(ENRD\)](#)

Çekiç, T. İ., & Ökten, A. N. (2009). Sosyal Sermaye Perspektifinden Kırsal Kalkınma Sorunsalına Yeniden Bakış. Megaron, 4(3): [Sosyal Sermaye Perspektifinden Kırsal Kalkınma Sorunsalına Yeniden Bakış*](#)

Criticism

Status quo over the years: [Common Agricultural Policy](#)

The environmental measures: [New Common Agricultural Policy \(CAP\) plans ignore climate reality and biodiversity crisis](#)

Impacts of CAP environmental measures

Gocht, A., Ciaian, P., Bielza, M., Terres, J. M., Röder, N., Himics, M., & Salputra, G. (2017). EU-wide economic and environmental impacts of CAP greening with high spatial and farm-type detail. Journal of Agricultural Economics, 68(3), 651-681: [EU-wide Economic and Environmental Impacts of CAP Greening with High Spatial and Farm-type Detail - Gocht](#)

Image credits

<https://www.youtube.com/watch?v=tcQTN6CGpQw>

https://www.consilium.europa.eu/media/36986/1811_cap_reform_objectives_4_thumb.jpg

<https://www.growingwithnature.org/what-is-a-hedgerow/>

https://www.whatcomcd.org/_files/ugd/74f091_017203f216594a4584cbe77f1098cb4b.pdf

<https://thefarmingforum.co.uk/index.php?threads/permanent-pasture-advice.174678/>

<https://www.agriland.ie/farming-news/managing-land-in-a-way-that-reduces-soil-carbon-loss/>