

Dear Editor,

Further CAP Reform, or old CAP re-formed?

The latest package of CAP reform proposals, whether looked at on its own terms, or seen in the context of the broad spectrum of measures linked to the proposals for the new Multiannual Financial Framework (MFF), is a veritable curate's egg. Rural development policy, according to the Citizens' Summary, "will focus on increasing competitiveness and promoting innovation"; the notion of rural development promoting multifunctional outputs seems to be getting pushed to one side. Meanwhile, according to the same Citizens' Summary, Pillar I direct payments will "better reflect the public service that farmers produce (e.g. efforts to protect the environment)". This means environmental protection will be funded through the better-resourced Pillar, but is Pillar I the appropriate policy tool? Indeed, ensuring Pillar I payments deliver on environmental goals will see their eligibility rules get a whole lot more complicated, at the same time as efforts are made to make market management tools simpler. Is this really the best way to get the CAP to support and reinforce the broader goals of Europe 2020?

Modulation, the re-cycling of Pillar I monies into Pillar II budgets, has been progressively extended through the 1999, 2003 and 2008. Reverse modulation was a measure offered to the new member states in 2004 and 2007, as a way of alleviating the temporary effects of their Pillar I direct payments being phased in over ten years. Rather than taking the opportunity to bring that to an end and further enhance Pillar II, however, reverse modulation has now been extended to all member states. Meanwhile, after two decades of progressively decoupling CAP support from production, the new proposals allow for some reversal on this as well.

The long term goal, put off until (at least?) 2018 or so and the start of negotiations for the MFF from 2021, is to have a flat rate of payment across all member states. In the meantime, the proposals include a measure which begins the process of payment harmonisation. As the Commission's own Impact Assessment shows, however, of the four options modelled for beginning this process, the one chosen for inclusion in the formal reform proposals was the one generating the least redistribution of EU budget

payments across member states. Even so, it was felt necessary to include the retention and extension of reverse modulation, and the recoupling of some direct supports, to try to limit the budgetary impact across member states.

When presenting his proposals to the European Parliament, Commissioner Cioloş said:

As you know, the CAP goes through a reform when decisions on the budgetary perspectives are being taken. We have to bear in mind our objectives but also the political feasibility of reaching a decision on the entire budget, the CAP budget included.

Politics – and especially at European level – is the art of the possible and of finding the right balance. The most important thing is to encourage movement in the right direction, which is exactly what we are doing by entering this first phase until 2020 on the one hand and by setting ourselves the objective of greater fairness in the context of forthcoming financial perspectives on the other.

The cross-country distribution of budget transfers has long been a dominant factor shaping reform discussions, but with these proposals, it seems to be one step forwards – and two steps back.

There is a theory that suggests the more players there are involved in negotiations, the less likely those talks are to produce much in the way of change. That, however, does not explain the extent to which this package of proposals appears to be putting the CAP into reverse gear.

And these are only some of the budget-related bits of the reform proposals.