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“The Common Agricultural Policy of the European Union – the
present and the future”

5 – 7 December 2017, Stare Jabłonki, Poland

The past, present and future of the CAP – the Hungarian viewpoint

Dr. Tamás Mizik

tamas.mizik@uni-corvinus.hu

Outline

- Introduction
- Past of the CAP
- Current issues
- CAP beyond 2020
- Summary and conclusions

The initial objectives of the CAP

Article 39 of Treaty of Rome:

- to increase agricultural productivity;
- to ensure a fair standard of living;
- to stabilise (commodity) markets;
- to assure the availability of supplies;
- to provide consumers with food at reasonable prices.

Past issues

- Copenhagen summit
 - Agreement on phasing-in by 2013
- Fischler reform (2003)
 - Decoupling
 - Cross-compliance
 - Modulation
 - SAPS/SPS

Current situation I.

- Health Check (2008)
 - Revised modulation
 - Introduction of Article 68
 - Preparing the cancellation of milk quotas
 - Prolonging the SAPS system
 - Introducing new conditions for direct payments
 - Answer to new challenges (adaptation to climate change, halting biodiversity loss and managing natural resources)

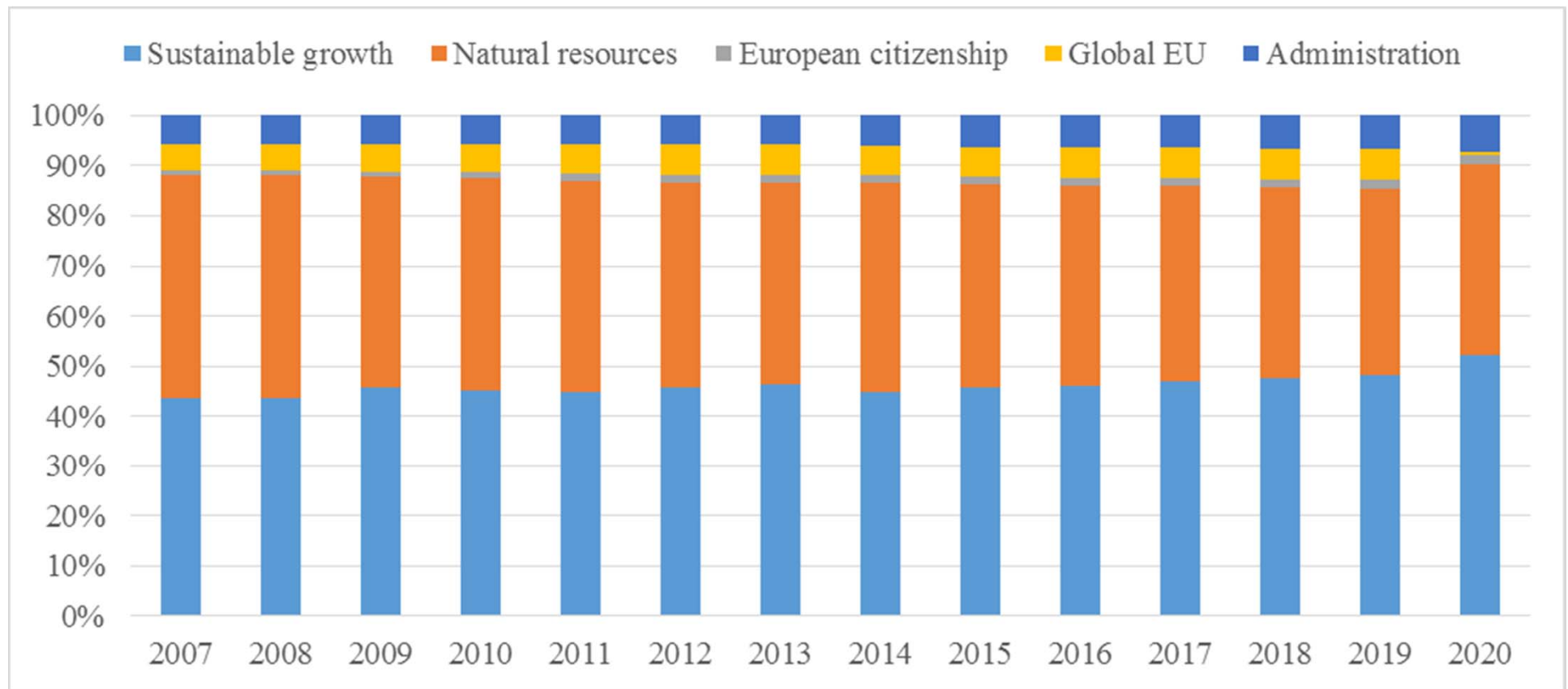
Current situation II.

- Ciolos reform (2013)
 - Basic Payment Scheme + convergence
 - Greening
 - Recoupled payments
 - Capping (1037-1200 ha – 5%, over 1200 ha – 100%)
 - Active farmer

Breakdown of the Hungarian CAP budget

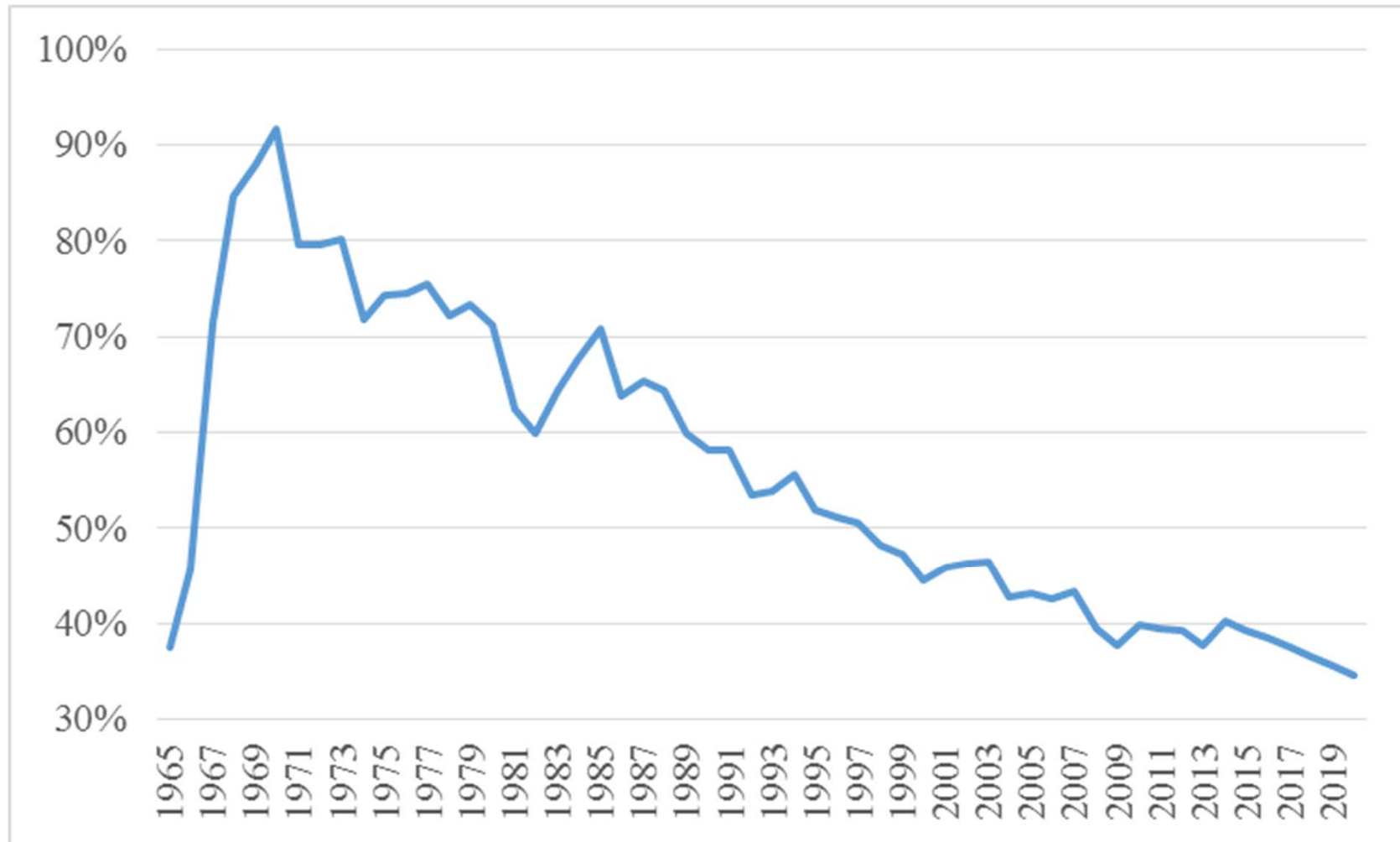
Hungarian envelope	100%
- Greening	30.00%
- Young farmers	0.62%
- Voluntary coupled support	13.00%
- Voluntary coupled protein support	2.00%
- Small Farmers Scheme	0.55%
- Basic Payment (SAPS)	53.83%

Breakdown of EU budget, 2007-2020

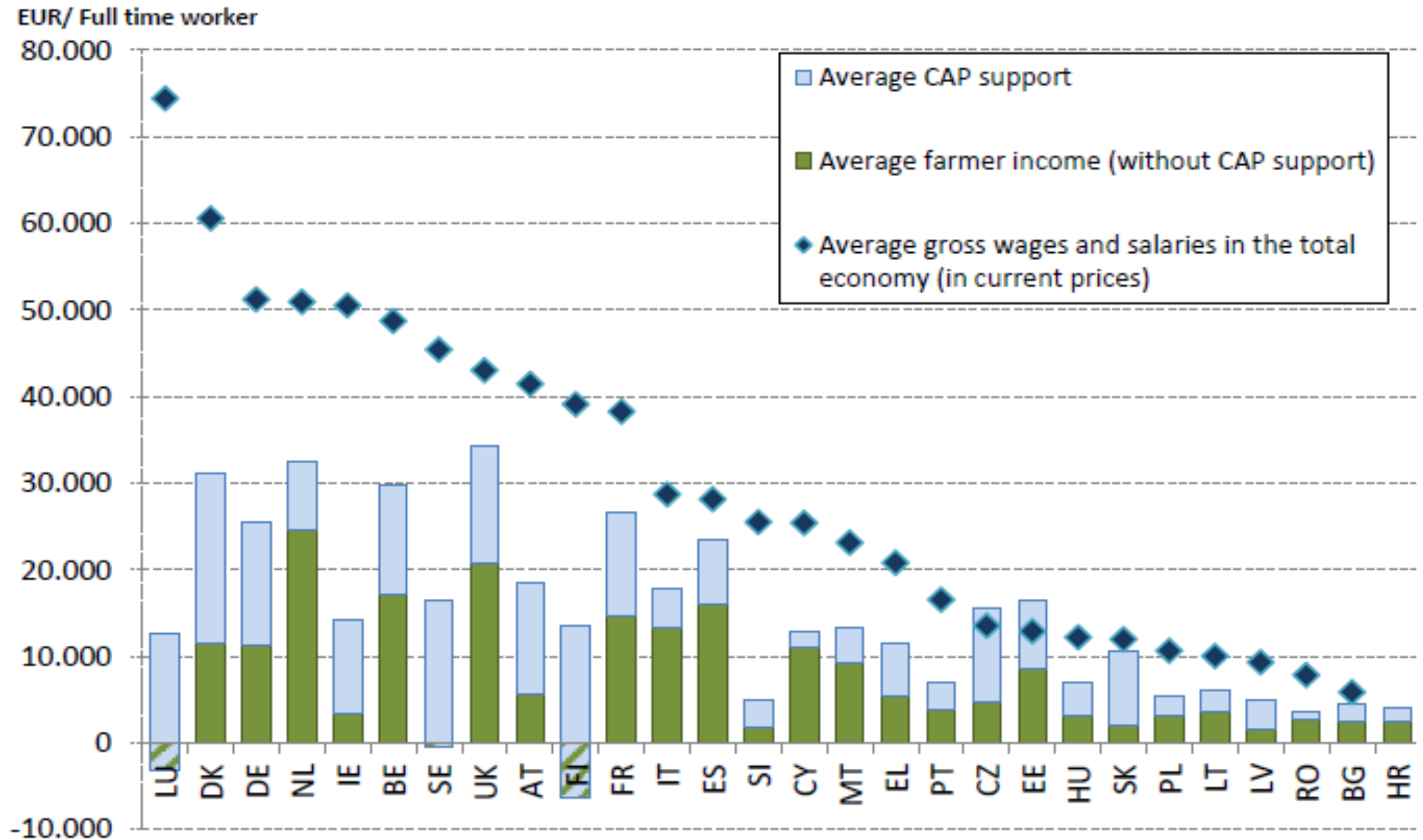


Source: EC and EP

CAP share in the EU budget, 1965-2019



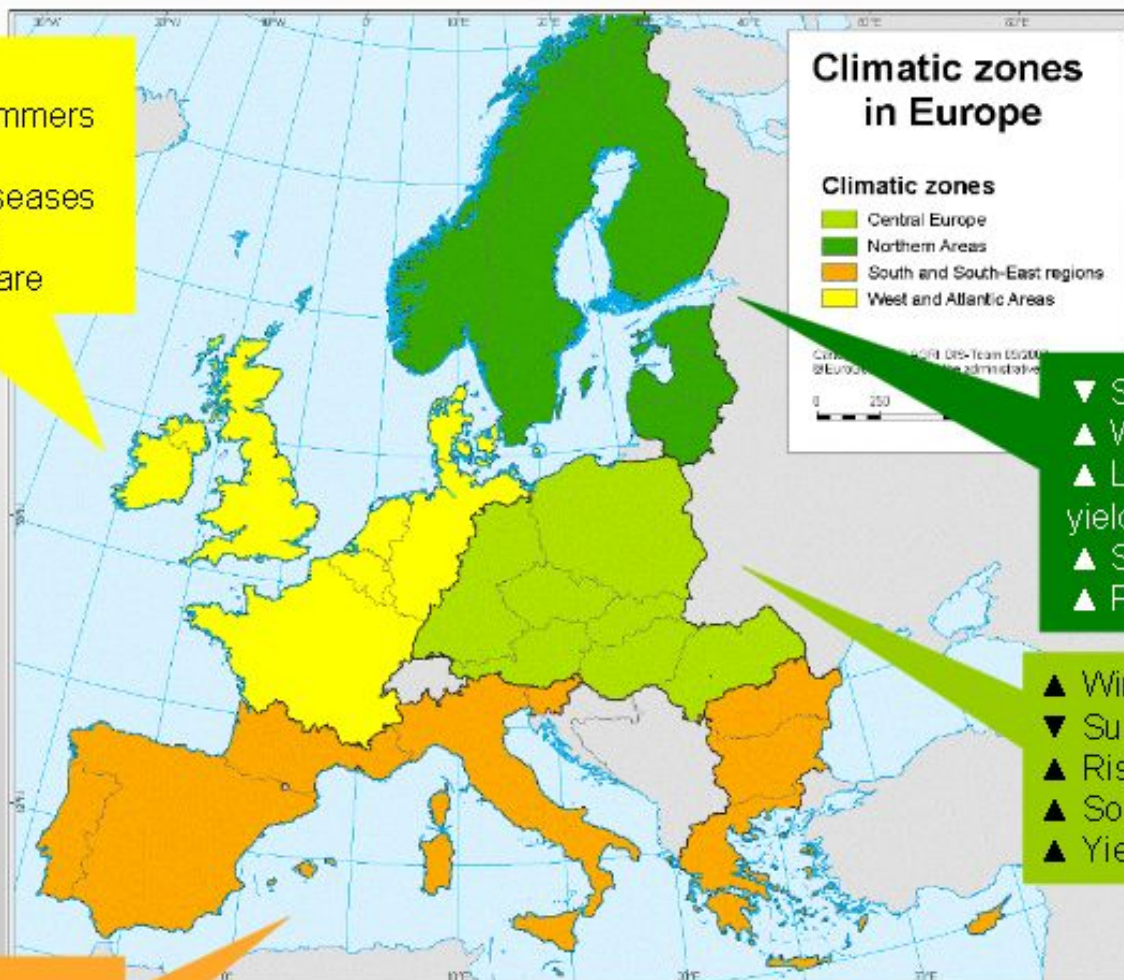
CAP supports have crucial importance



Source: DG AGRI based on DG AGRI and Eurostat data, 2011-2013

Does one fit to all? Environmental challenge

- ▲ Floods risk
- ▲ Hotter and drier summers
- ▲ Sea levels
- ▲ Risk crop pests, diseases
- ▲ Crop, forage yields
- ▼ Animal health, welfare



- ▼ Summer rainfall
- ▲ Winter storms, floods
- ▲ Length growing season, yields
- ▲ Suitable farmland
- ▲ Pests, diseases risks

- ▲ Winter rainfall, floods
- ▼ Summer rainfall
- ▲ Risk drought, water stress
- ▲ Soil erosion risk
- ▲ Yields, range of crops

- ▼ Water availability
- ▲ Risk drought, heat spells
- ▲ Risk soil erosion
- ▼ Growing season, crop yields
- ▼ Optimal crop areas

Source: DG Agriculture and Rural Development, based on EEA reports, JRC and MS academic studies

Post 2020 issues

- Hungarian concept of the future CAP
 - No major changes
 - Preserve the share of CAP in the common budget
 - New objectives with new resources
 - Preserve the two-pillar system
 - No renationalisation of funds
 - Option to shift funds from Pillar 2 to Pillar 1

Post 2020 issues II.

- EC communication
 - Greater responsibility of member states to meet common goals (environment, climate change and sustainability) – own strategic plans
 - Basic parameters – less administration (?)
 - Two pillar system
 - Smart agriculture
 - Greening will be replaced
 - Generational renewal

Summary and conclusions

- CAP played, plays and will play important role
- One does not fit to all
- Status quo (?)
- Possible, but low level budget cut
- Greening proved to be insufficient
- Two pillar system

Thank you for your kind attention!

CAP event