

A Common Agricultural Policy for European Public Goods

Valentin Zahrnt

Research Associate at ECIPE

Editor of www.reformthecap.eu



Expert Declaration: Objectives

- Economic efficiency and competitiveness
- Food security
- Income distribution
- Public goods
 - *Environmental protection*
 - *Landscape preservation*
 - *Food standards*
 - *Rural development*



Expert Declaration: Conclusions

- Abolish first pillar
- Reassess second pillar
- Tighten EU oversight
- Address price volatility carefully

reformthecap.eu philosophy

- CAP debate: emotions and special interests
- Burden of proof: perversely resting with CAP critics
- Common sense & basic principles of economics and good governance
- Independent, high-quality analysis



”The CAP is an effective social policy”

- Non-discriminatory social policies
- Farmers unsuitable target group
- SFP unsuitable instrument
- EU wrong level of governance

”The CAP is an effective and necessary policy for food security”

- Farm-gate prices and purchasing power
- Production and consumption trends and forecasts
- Production potential
- Post-harvest loss reduction potential
- World markets
- Global food security

”The CAP is a necessary compensation for higher EU standards”

- Mandatory and voluntary standards also for imports
- Increased consumer confidence and reduced production loss
- Largely minor extra costs
- All sectors in EU affected by high standards
- CAP subsidies not designed to tackle major undesirable relocation of production

"The CAP needs a big budget."

- Assumption: focus on European environmental public goods
- € 5.3 billion appropriations per year (2007-2013): but poor targeting + local public goods
- Diffuse benefits from SFP + LFA vs diffuse harm from coupled subsidies and Axis 1
- Regulation, taxes, emission trading
- Transition strategy

CAP politics

- 2010 against the tide
- 2011/12 turn around
- Calling for fundamental change & stressing broader EU implications
- Coalition for a green and lean CAP