



The future of the CAP – a view from the farm

A **TEAGASC** study has gathered farmers' views on reform of the Common Agricultural Policy, in particular the link between direct payments and environmental conditionality.

In June 2018, the European Commission outlined proposals for reform of the Common Agricultural Policy (CAP) beyond 2020. The proposals aim to make the CAP more responsive to major challenges such as climate change and generational renewal, while simultaneously supporting farmers in achieving a sustainable and competitive agricultural sector. Previous reforms of the CAP have strengthened the link between the receipt of direct payments and environmental objectives. On the back of the recently published EU Farm to Fork and Biodiversity strategies, this link is set to grow in importance given the grand environmental challenges facing society. It is acknowledged that farmers can play a key role in tackling climate change, as well as maintaining and improving water quality and biodiversity. Given the likely shift in CAP resources towards greater environmental conditionality, this research explores farmer opinion on the link between direct payments and environmental conditionality, as well as their views on where resources should be targeted under the next CAP.

Methodology

Data for this study was collected through the Teagasc National Farm Survey (NFS). This is part of the EU Farm Accountancy Data Network (FADN). The data employed in this analysis relates to 2018 and the

final dataset included for the analysis consisted of 740 farms weighted to be representative of 74,507 farms nationally. In the first instance, farmers were asked their opinion on the linkage between environmental conditionality (as encapsulated through good agricultural practice and cross-compliance standards) and direct payments under the CAP. This relationship had been previously investigated in a 2010 survey of NFS farmers. In both the 2010 and 2018 surveys, farmers were asked if they agreed or disagreed with the principle that "Farmers should only be eligible to receive CAP basic payments scheme monies (single farm payment scheme in 2010) if they meet good agricultural practice and cross compliance standards". They were asked to answer on a five-point Likert-type scale, where 1 was strongly disagree and 5 was strongly agree.

Secondly, in the 2018 NFS, farmers were informed that the future of the CAP is currently under review and that policymakers may choose to prioritise certain areas as the CAP budget may come under pressure. Farmers were again presented with a five-point Likert-type scale and asked to score a series of potential future options for CAP funding prioritisation, such as recoupling/flattening of direct payments, generational renewal, tackling climate change, improving water quality, and promoting biodiversity.

Results

Principle of conditionality – In all, 449 farmers within the NFS were asked the identical question (as set out above) in the 2010 and 2018 NFS surveys regarding the link between CAP payments and environmental conditionality (as encapsulated through good agricultural practice and cross-compliance standards). Support for such a link increased across this cohort of farmers over the period between the two surveys. On a scale of 1 (strongly disagree) to 5 (strongly agree), the mean agreement score increased from 3.9 in 2010 to 4.1 in 2018. It was found that farmers with higher levels of agricultural education and off-farm employment indicated a significantly stronger level of agreement with the conditionality link, as did farmers who were members of discussion groups. Agreement was also stronger among farmers drawing down higher levels of direct payments under pillar 1 and pillar 2 of the CAP.

Future CAP prioritisation – Again on a scale of 1 (strongly disagree) to 5 (strongly agree), mean agreement score results indicated that generational renewal was the highest ranked priority among farmers in the next CAP, with a mean score of 4.05. Next in descending order of importance were improved water quality outcomes (3.98), improved biodiversity outcomes (3.52), and reduction in greenhouse gases from agriculture (3.43). Convergence (flattening) of payments among farmers (2.97) and recoupling of payments to livestock or crops (2.71) were the lowest ranked options by farmers in the survey, as outlined in **Figure 1**.

Of the three main environmental priorities explored in the survey, improved water quality outcomes was the highest ranked issue among farmers by some distance, followed by improved biodiversity outcomes and, finally, greenhouse gas emissions reduction.

Conclusion

Results indicate that there is a strong level of support among farmers for the principle of linking CAP payments to environmental conditionality (as encapsulated through good agricultural practice and cross-compliance standards). The acceptance of this conditionality principle has increased among farmers who were surveyed in both the 2010 and 2018 NFS surveys.

A range of future options for CAP funding prioritisation were presented to farmers and the issue that scored highest was the need to prioritise generational renewal. Ireland has one of the lowest shares of farmers under 40 years of age in the EU (less than 10 %; European Commission, 2016). Of the three main environmental

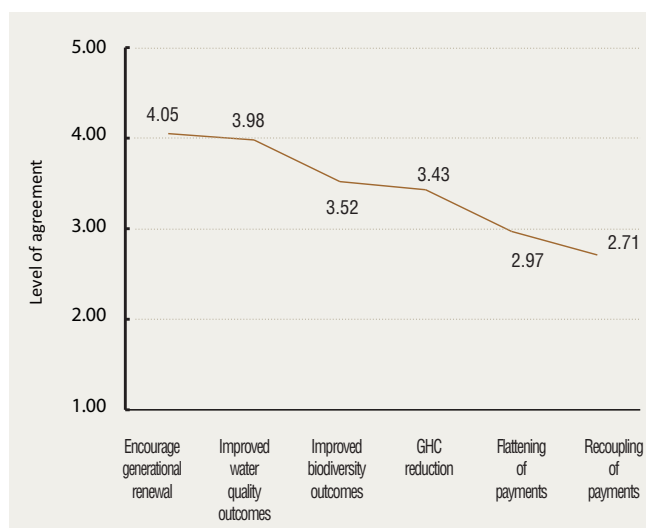


FIGURE 1: Mean agreement score by farmers for different CAP measure prioritisation (N = 740).

priorities explored in the survey, improved water quality outcomes was the highest ranked issue among farmers by some distance, followed by improved biodiversity outcomes and, finally, greenhouse gas emissions reduction. Farmers may have favoured initiatives in the area of water quality as these tend to be associated with local activity and improvements can be seen locally. Similarly, enhanced biodiversity may be recognised as having a local and immediate benefit, whereas the benefits of addressing climate change might be perceived as more long term and not location specific. Across the entire sample, flattening/convergence of payments received a mixed response as there are likely to be winners and losers in terms of payments. Finally, recoupling of direct payments was the lowest ranked option by farmers in the sample.

Reference

European Commission. (2016). 'Proportion of farm managers aged under 40, 2016 %'. Available from: https://ec.europa.eu/eurostat/documents/4187653/8516146/Young+farmers_/a27e105d-cfc2-4bff-9080-7dd62e5c0a6e?t=1531727855268.

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