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# Future direction of CAP

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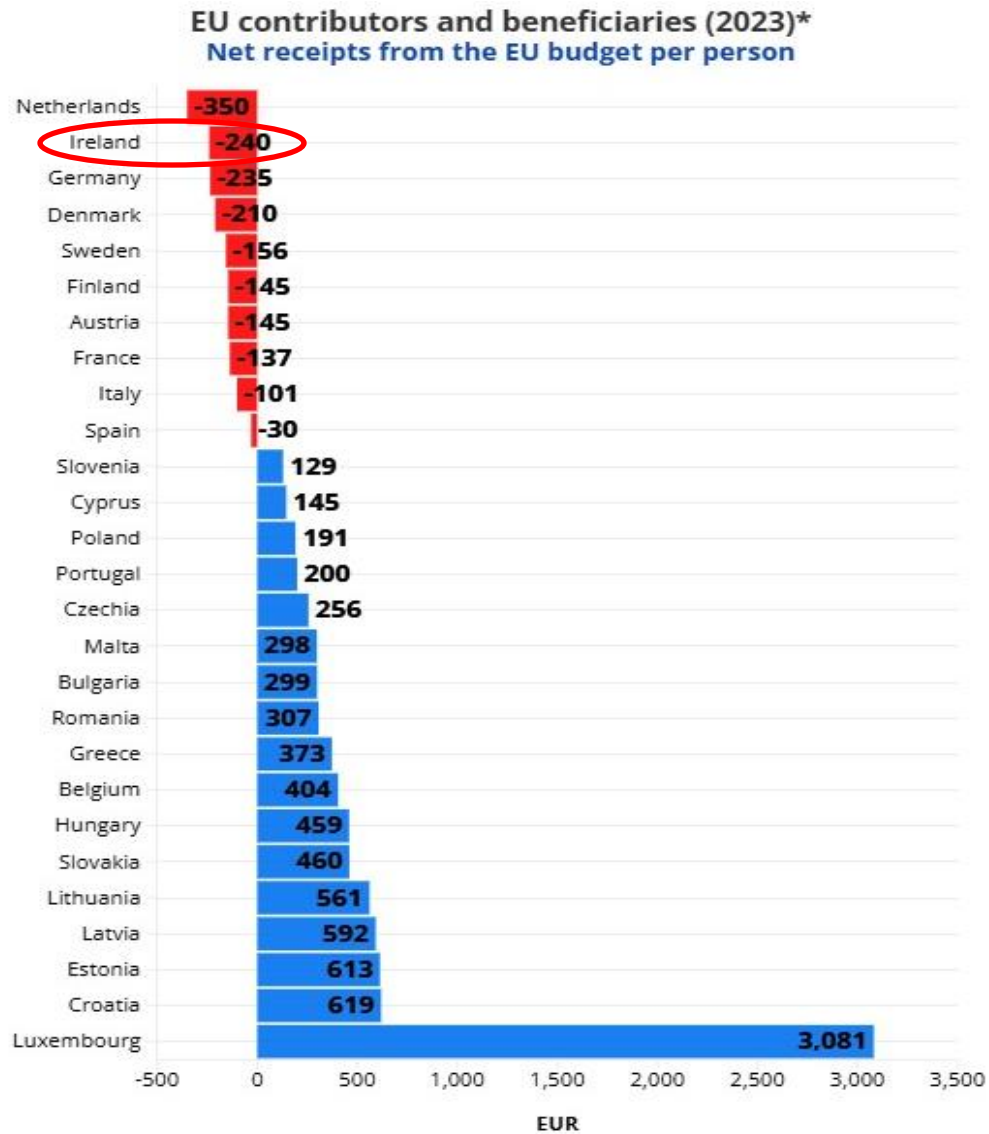
# CAP pivotal to Irish Farm incomes



	2017 - 2023		2023	
Sector	% change in costs	% change in farm income	Average FFI (€)	Contribution of DPs to FFI
Cattle Other	+55%	-9%	14,735	112%
Cattle Rearing	+46%	-31%	7,425	231%
Sheep	+37%	-28%	12,625	161%
Tillage	+106%	-41%	21,399	154%
Dairy	+86%	-45%	49,432	44%
All Farms	+73%	-34%	19,925	99%

**Source:** Teagasc National Farm Survey

# EU MS Contributors/Beneficiaries 2023



**Ireland now one of the  
highest per capita  
contributors to EU Budget**

**Source:** Euro News/ European Commission

# The Green Deal – a raft of regulations for Agri-Food sector



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## Published

Corporate Sustainability Reporting Directive  
Corporate Sustainability Due Diligence Directive  
Carbon Border Adjustment Mechanism  
Supplementing Regulation on Organic Fertilizers  
Energy Performance of Buildings Directive  
Empowering Consumers for the Green Transition Directive

Farm Sustainability Data Network Regulation  
Revision to Industrial Emissions Directive  
Deforestation Regulation  
Packaging and Packaging Waste Regulation  
Carbon Removals Framework Regulation  
Nature Restoration Law  
EU Taxonomy  
Single Use Plastics Directive

## In Progress

Green Claims Directive  
Soil Monitoring Directive  
Revision to the Waste Framework Directive  
Revision to Animal Transport Regulation

## Awaiting proposal

Revision to the Food Information to Consumers Regulation  
Revision to food contact materials  
Revision to the marketing standards for seafood

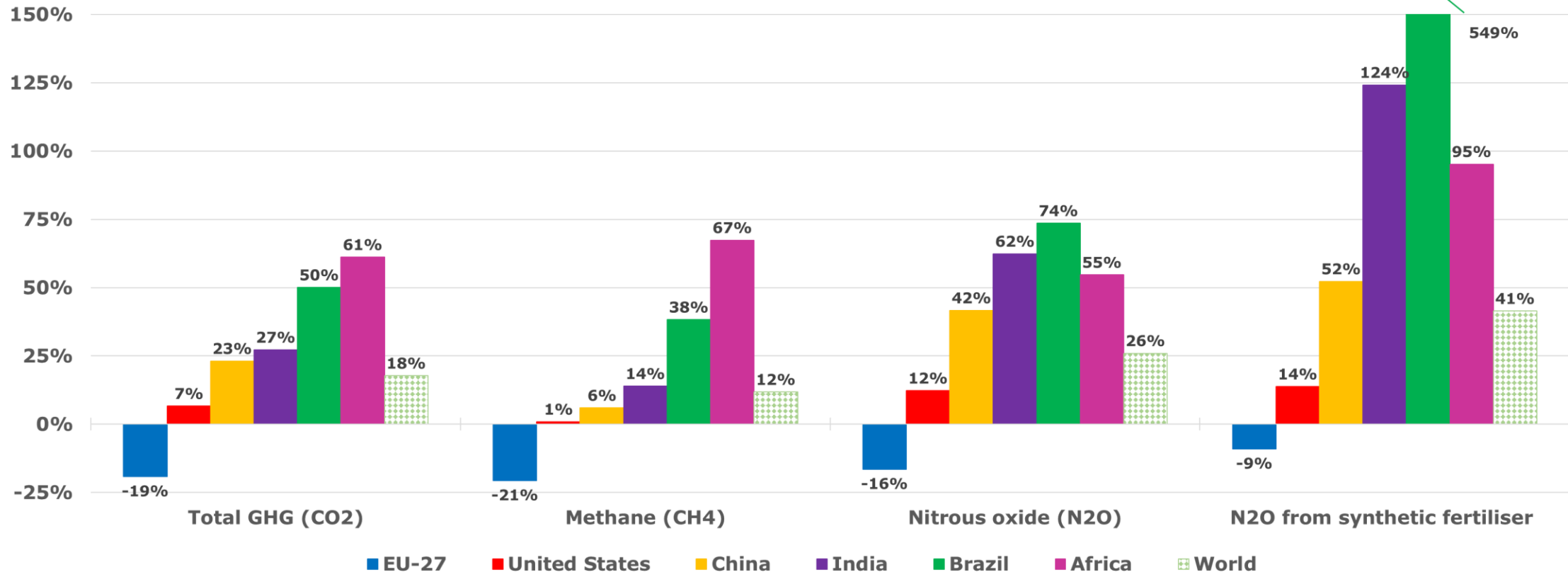
## Stalled/ withdrawn

Sustainable Use of Pesticides (withdrawn)  
Sustainable food systems  
Animal Welfare Labelling  
Animal welfare in housing

# EU had strong sustainability credentials before Green Deal

## One rule for EU farmers, another for non-EU farmers?

Change in total emissions from agriculture, and by source (2017/1990)



# The Outcome: projected % change in EU Output – 2035 vs 2021-2023



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Source: European Commission

# EU Budget under pressure



- Plans to massively increase defence spending under €800bn ReArm Europe proposal
- Pressure on NATO member states to also increase defence spending (23 of 27 EU member states in NATO)
- United Kingdom's exit resulted in c. 5% reduction in overall EU Budget
- Repayments of €712bn NextGen EU funding borrowed to fund recovery from Covid commence in 2028
- EU economy has underperformed placing fiscal pressure on some Member States

# Single Budget Approach - Outline



- Increasing speculation that Commission will propose a major reform of method of allocating funds from EU Budget to Member States in July proposals
- Move away from a programme based approach to a policy-based approach, similar to how the CAP strategic plans were done with programmes requiring pre-approval from Europe
- Aim: to centralise EU money streams into condensed funding pots and make them "Performance Based":
  - HORIZON, EU4Health and Digital potentially into one EU Competitiveness Fund.
  - CAP, Cohesion, Regional Development and Fisheries could also then be merged into one where payments to Member States would be linked to EU determined outcomes - prove that the money being spent is delivering for society.



# Single Budget Approach - Drawbacks



- Potentially no dedicated Agriculture Budget allocation
- Stricter controls of the Commission on Budgetary allocations – not guaranteed as is currently the case with Pillar 1 (once regulations are complied with)
- Puts a lot more power in the hands of National Governments
- Could result in differing levels of direct payment support to farmers across Member States – potentially market distorting
- Potential merging of Cohesion funding with CAP funding a potential big negative for Ireland as we receive very little Cohesion funding
- Pillar 2 particularly vulnerable under reforms – option to ring-fence CAP funding but merge Pillars – much larger impact on vulnerable sectors

# European Commission Vision for Agriculture & Food



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- Direct payments **crucial in supporting and stabilising agricultural income**
- According to Vision, future CAP, as part of the future MFF proposals, will be:
  - **Simpler:**
    - Orient away “**from conditions to incentives**”.
    - **Simplified conditionality** – more tailored to farms and contexts.
    - Income support tools for small and medium sized farms.
  - **More targeted:**
    - ‘Farmers that **actively contribute towards food security/sovereignty**; the **economic viability** of farms; **preservation of our environment**.
    - **Those who need it most** – ANC, young and new farmers, and mixed farms.
    - Enhanced use of **degressivity and capping** considered – more frontloading?
  - **Future orientated:**
    - Resilience to changing conditions
    - Risk preparedness (insurance and de-risking) and crisis management tools.
    - Best support farmers reducing further GHG from farming activities.

# What is required



- IFA oppose potential Single Fund approach - the integrity of CAP must be maintained
- A fully funded, simplified CAP is needed, with farmers and food production at its core
- We need stability with reduced regulations/conditionality including review of cost incurred/income foregone principle
- Review of environmental regulations must be included in any simplification proposals
- The EU need to establish a separate EU environment fund in addition to the CAP
- It will be incumbent on the Government to step in and directly support our vulnerable sectors if the EU fail to do so under next CAP programme
- Producing the highest quality food globally at affordable prices is both a Public Good and a key pillar of the future security of the EU – its time Europe's policy makers recognise this.



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Thank you

