



European Commission  
Agriculture and Rural Development



# Introduction: CAP, general principles, simplification

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Unit H.1 – “Agricultural Law, Simplification”



# Why CAP?

- Situation of agriculture in Europe in the 1950s.
- Political goal of including agricultural products in a common market.
- However, diversity of rules in MS required harmonisation.
- In the Treaty, the CAP is found between Titles on “Free Movement of Goods” and “Free Movement of Persons”.



# CAP: Legal Foundation

Article 3(1)(e) ECT:

“the activities of the Community shall include (...) a common policy in the sphere of agriculture (...)”



# CAP: Purpose

Art. 32 ECT:

„(1) The common market shall extend to agriculture and trade in agricultural products. "Agricultural products" means the products of the soil, of stockfarming and of fisheries and products of first-stage processing directly related to these products.“

„(4) The operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy.“



# Scope, “agricultural products”

- Article 32(3):
- “The products subject to the provisions of Articles 33 to 38 are listed in Annex I to this Treaty.”  
→ Annex I provides an exhaustive list of products covered.



# CAP Objectives (Art. 33 ECT)

- “increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour”;
- “ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture”;
- “stabilise markets”;
- “assure the availability of supplies”;
- “ensure that supplies reach consumers at reasonable prices”.



# CAP Objectives (Art. 33 ECT)

- No hierarchy between objectives;
- Other horizontal policies to be taken into account (environment, animal welfare, development, etc.);
- Wide margin of appreciation.



# CAP Principles

- “Unity of the Market”;
- “Community financing”  
(Art. 34(3) ECT, and Council Regulation [EC] No 1290/2005, EAGF and EAFRD);
- Political issue: “Community preference”  
(→ trade with third Countries, WTO rules).





# Agricultural Legislation

- Article 37(2) ECT:  
“The Council shall, on a proposal from the Commission and after consulting the European Parliament, acting by a qualified majority, make regulations, issue directives, or take decisions, (...)”.
- Conferred powers to the COM for detailed rules (Comitology procedure, Management Committees).



# Implementation of Legislation

- Shared Management
- EC: Legislation and Financing
- MS: Implementation



# CAP Pillars

## “First Pillar”

- CMOs
  - Direct Payments
  - Promotion
- Integral EC Financing

## “Second Pillar”

- Rural Development
  - SAPARD
  - Forestry
- EC Co-Financing

Approximation of laws (quality, organic)



# “First Pillar”

- Since 1992, development from a market – price policy towards an income-support policy.  
Latest step: CAP Reform 2003.
- Financing under EAGF.



## CAP Reform 2003

- Single Farm Payment Scheme,
- income support decoupled from production,
- “cross compliance”  
(linkage to compliance with standards, e.g. hygiene and environment).



# “Second Pillar” (Rural Development)

- Framework for Community support for sustainable rural development;
- Financing under EAFRD;
- Four “Axes”:
  1. Competitiveness of farming and forestry;
  2. Environment and countryside protection;
  3. Quality of life and diversification of the rural economy;
  4. “LEADER approach”.



# Simplification



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