

Non-Tradable Value of the Reformed CAP

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Today about

- ❑ Reflections, related to the full application of the reformed CAP in the new member states (NMS)
- ❑ Challenges for policy development

EU agricultural policies - some reflections from new challenges of the reformed CAP

- ❑ Linkage of decoupled direct payments (DDP) to the RDP measures
- ❑ Not overcompensation of “land in good agricultural condition”
- ❑ Definition and price of public good
- ❑ Land price and enhancing the competitiveness of traditional agricultural sector;
 - Higher earnings from non-agriculturally used land – higher land price
 - Higher land price – less mobility
 - Less mobility- constraint for restructuring
 - No restructuring – the burden for competitiveness increase

EU Rural policies – news from the developments

- ❑ New RD policy on agenda
 - 4 axis and distribution of funds by them
 - In addition –
 - ✓ Modulation of DP
 - ✓ N.B. decoupled part of the DP from the first pillar
- ❑ Challenges
 - More coherent programmes are urged
 - Targeting of measures on real necessities
 - LFA might be reconsidered
 - Exchanges (information, ideas, experiences) should be further promoted
- ❑ Objectives
 - Competitiveness
 - Environment
 - Quality of rural life

Some lessons from ag- and rural policies in Latvia

- ❑ Policies are rather flat
 - Further polarisation instead of convergence
 - Threats of overcompensation
- ❑ To develop life in countryside, people desire:
 - reachable social services in countryside;
 - nice landscape;
 - available communications
- ❑ To develop business in rural areas:
 - for investments in existing and new businesses - predictability of policies and markets – 14 years and 21 year
 - for development of new business- ideas and personal awareness in success
- ❑ Rural people mentally are still dependent on agriculture

EU Rural and agricultural policies – challenges

- ❑ Key challenge -
how to develop and use the Synergy effect?
 - Within RDP measures
 - Within the whole CAP
 - Within the whole policy frame
(agricultural, rural and structural policies)
- ❑ Agriculture
 - Is a backbone of development in rural areas
 - Can not ensure revitalisation or rural areas alone

What the values will be behind the decision?

What does the society expect from its farming sector?

- [physical] production volumes or farmers' incomes (profits)
- decision making freedom or the "state recommendation" are urged
- decision making freedom or lower land lease payment rates
- efficiency in production or employment in rural areas
- simpler administration or more regulative policy
- continuation or former praxes and farming traditions (do we really have them) or adjustment to new market conditions
- intensively used agricultural land or variform landscape
- saving in national budget or more land resources available for farming in future



The main story, still... or the keystones for rural development

- ❑ Rural people capacity building
 - Initiative
 - Awareness
 - Entrepreneurship
- ❑ Environment, where to develop it:
 - Non-conflicting and predictable policies
 - Maintained natural environment
 - Available infrastructure for quality life and business development
- ❑ Are these not the general public interests as well???...



Clear national strategy for rural development is urged

- ❑ Definition of the role of countryside in national development strategy –
 - Rural resources to be used
 - Territory maintenance
 - Internal convergence
- ❑ Recognition of the modern role of agriculture in rural development
- ❑ Development of human oriented policies in the coherent framework with production and business support and infrastructure development policies
- ❑ Real integration of 1st and 2nd pillar of CAP into single agriculture and rural development policy
 - may be DDP should be included in the overall RDP just as one of the measures



Let's develop our own human capacity:

- Forward-looking
- Courage
- Integral thinking
- People – understanding

