

# Chapter 11

## Historical Development and Restructuring of CAP Towards a Sustainable Agriculture

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### **ABSTRACT**

*This chapter addresses the changes through the years in the Common Agricultural Policy (CAP), one of the oldest and most established policies of the European Union, within the framework of the sustainability and environment, and evaluates the impacts of this change within the Turkish agricultural policies. The chapter has three sections. The introduction offers a background knowledge about CAP. In the second section, the reform progress of the CAP is examined through the years. The third section compares economic data on agriculture in Turkey and the EU. Results of the chapter highlight restructuring of CAP towards policies towards sustainability.*

### **INTRODUCTION**

The Common Agricultural Policy (CAP) is one of the oldest policies of the European Union. Following the end of World War II, the six founding members of the Community agreed that the operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy among the Member States.

The objectives of the common agricultural policy, defined in Article 39 of the Rome Treaty (1958) include the followings:

- to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilization of the factors of production, in particular labor

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- thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;
- to stabilize markets;
- to assure the availability of supplies
- to ensure that supplies reach consumers at reasonable prices.

In order to achieve the objectives of CAP, EU adopted three principles. “Single Market” aims to enable free movement of the agricultural products and common prices for the same good within the Member States. “Community Preference” refers to preference of consumption of agricultural goods which are domestically produced within the Union rather than those from outside. “Financial Solidarity” principle aims to finance the expenses arises from implementing Single Market and Community Preference from a jointly created budget.

Beginning from 1970s, European Union become self-sufficient, even gave surplus, in many agricultural products due to the increase in productivity, high support price policy and unlimited buying guarantee. Export incentives and inventory costs of agricultural goods with the fiscal burden of the accession of Spain, Portugal and Greece, which were less developed in agriculture, led to the necessity of reforms in CAP (Anderson & Tyers, 1993).

Common Agricultural Policy was renewed with a number of reforms due to the changing needs of the rural, agriculture. With the so-called Mac Sharry reforms of 1992, the environmental concerns were included within the CAP. Through 2000s, an agricultural policy aspiring “sustainable and comprehensive growth” came into effect.

During the recent years, the agricultural sector faced a series of problems (like climate and environmental effects, decline in production, ageing agrarian population) which hinder access and sustainability of food.

CAP provides a policy framework, remaining coherent with other EU policies, for viable food production, sustainable management of natural resources and climate action and balanced territorial development. Therefore, CAP became more focused on the operational objectives of delivering more effective policy instruments, designed to improve the competitiveness of the agricultural sector and its sustainability over the long term (European Commission, 2013).

## **THE REFORMS OF CAP**

For the period 1962-1980, The CAP was very successful in moving the EU towards self-sufficiency. However, by the 1980s the EU had to contend with almost permanent surpluses of the major farm commodities, some of which were exported (with the help of subsidies), while others had to be stored or disposed of within the EU. The costs of storage and subsidies laid a heavy burden on the budget, whereas they distorted some world markets. At the same time society became increasingly concerned about the environmental sustainability of agriculture.

### **Mac Sharry Reform (1992)**

Mac Sharry Reform of 1992 can be counted as a breaking point of the CAP. Budget responsibility, enlargement, environment, food quality and food security are the reasons of the reform necessity. But

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