



IMPROVING PERFORMANCE AT THE NEXUS OF THE COMMERCIAL AND SOCIAL SECTORS

ABSTRACT

EUROPEAN UNION AGRICULTURE SUBSIDIES/PAYMENTS (JULY 2016)

The Common Agricultural Policy (CAP) is a system of subsidies and support programs for agriculture operated by the European Union (EU), which was initiated in 1962 and has undergone several changes since then to make it more market-oriented and to reduce its cost (from 72 percent of the EU budget in 1984 to 38 percent in 2014). It combines direct payments to farmers in developed and developing economies of the EU together with price and market supports and rural development programs. The CAP had approximately eight million beneficiaries in 2014. The CAP payments system has been largely based on land area and past subsidy levels. So, farmers in the 15 older EU member states benefit much more from the CAP than farmers in newer member states. The new agreement on the CAP reform in 2013 has introduced a new architecture of direct payments: better targeted, more equitable and greener, an enhanced safety net and strengthened rural development with total payments of €362.8 billion for 2014-2020.

