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Views and Comments

FROM THE COMMON TO THE NATIONAL AGRICULTURAL POLICY OF THE EUROPEAN UNION

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History has come full circle. The Common Agricultural Policy (CAP), which was meant to be a counterbalance to the varied support for the agricultural sectors in the Member States, has been divided into many different agricultural policies again. It was formed amidst conflicts of the European communities created in the 1950s. The difficulties in establishing uniform operating rules for the new policy resulted mostly from a significant difference in the costs of producing agricultural products in the individual countries. Therefore, what was widely applied was protectionism and subsidization for agricultural production so as to prevent a decrease in the incomes of domestic agricultural producers. The population living on agriculture was very large; for example, in France and Italy it accounted for about 25% of the population of these countries. No wonder that the initiators of the CAP were France, Italy, and the Netherlands, typically agricultural countries, afraid of the German industrial hegemony. These countries strove to protect their agricultural sectors economically, which constituted one of the major sources of national income.

The introduction of strict rules for the functioning of agricultural markets within the single market and the measures financed by the European Agricultural Guidance and Guarantee Fund (established in 1962) created the most centrally controlled policy of the European Union (EU). The numerous reforms of the CAP, aimed at preventing the crises which occurred as a result of this policy, as well as the evolution of the European integration process itself, have led to an erosion of the existing rules. The Common Agricultural Policy is becoming increasingly less of a Community policy and more of a national one, adjusted to the needs of the individual Member States.

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In the name of the EU principle of subsidiarity

With the introduction of the Treaty of Lisbon, the EU was granted shared competences with the Member States in the field of agriculture, which enables the latter to have a greater influence on decisions being made. A significant change was the recognition of the co-decision procedure as the ordinary legislative procedure of the CAP (previously, the consultation procedure was applicable), which strengthened the role of the European Parliament in the decision-making process.

What is frequently invoked in introducing further amendments to the CAP is the principle of subsidiarity, currently laid down in Article 5(3) of the Treaty on European Union (TEU). It is worth mentioning that it does not apply in the case of the EU's exclusive competences, while in other areas "the Union shall act only if and in so far as the objectives of the proposed actions cannot be sufficiently achieved by the Member States" (Barcz, Kawecka-Wyrzykowska and Michałowska-Gorywoda, 2016, p. 149). Thus, the principle of subsidiarity determines the level of intervention in the areas of competences shared between the EU and the Member States. This applies to measures at the European, national, or regional levels. The EU can intervene only if it is able to act more effectively than the Member States at the national or local levels.

In the case of the CAP, intervention in agricultural markets has been carried out since the inception of this policy at the EU level, while the implementation has been delegated to the Member States. This has applied to both the external policy (market protection through customs duties and import quotas, support for export through export subsidies) and the internal policy (intervention prices for agricultural products, support for storage and consumption, control of supply – milk and sugar quotas) (Grochowska, 2018). The assignment of responsibility for the market policy to EU authorities seems to be a logical consequence of the functioning of the single market. Then, the whole EU benefits due to the allocation of resources according to the comparative advantages of the individual countries and the economies of scale. On the other hand, assigning those tasks to the Member States could lead to a differentiation of intervention systems in agricultural markets and therefore to distortion of the level playing field through the application of varying amounts of support.

The beginnings of applying the principle of subsidiarity to the CAP can be traced to the introduction of the second pillar in 1999, which finances national and regional rural development programs. In this case, the financing of intervention is divided between the EU and the Member States. The latter have the opportunity to pursue, within the framework of existing EU agriculture regulations, their own policy adjusted to local needs and to choose forms of intervention from the "menu" proposed by the European Commission.

The flexibility in applying the CAP measures was significantly extended with the reform of 2003, when decoupled payments were introduced. The Member States could achieve decoupling in different ways, as a result of which there were no two countries in the EU with similar direct payment schemes. The possibilities for differentiating direct payment schemes among the Member States were strengthened by the "Health Check" reform of 2008 and 2013: the CAP became not "common" but *à la carte*.

CAP national strategic plans

Currently, the European Commission is going further in applying the principle of subsidiarity to the CAP and recommends that the Member States prepare strategic plans for 2021-2027, adjusted to the specific needs of their agricultural sectors (Wąs, Malak-Rawlikowska and Majewski, 2018). It proposes a new delivery model to be based on a policy framework for interventions at the EU level, while their implementation will take place at the Member State level. The model lists 9 specific objectives derived from the three pillars of sustainable development. These form the basis on which the performance indicators and broadly defined interventions have been proposed, i.e., a general description of the measures used to achieve the objectives which have been set. The Member States are to identify and determine their own needs for interventions and then, in accordance with the EU objectives, to select, evaluate, and develop the measures chosen from the set provided. The European Commission will approve the plans submitted by the Member States and monitor their results according to the objectives and indicators which have been determined.

The solutions proposed seem to be right, as they are another attempt to formulate the agricultural policy in accordance with a comprehensive intervention logic. These actions necessitate the development of a policy identifying the actual needs for interventions, the formulation of objectives and indicators (at all levels of evaluation) and the selection of the best available methods which can effectively contribute to achieving the objectives set. Should the results turn out to be insufficient, it is possible to modify the funds allocated. This logic is beyond doubt, given the modern principles of public policy management which promote the creation of evidence-based policy. The only possible doubts concern the implementation of these objectives in reality, i.e., whether these measures will actually make delivery of the agricultural policy in the EU more effective. There are concerns – resulting, for example, from experience related to the implementation of greening in the previous CAP reform – that the new model is another pretext for maintaining the redistributive nature of this policy, with impracticable changes in its functioning and effects.

In fact, the new delivery model for the CAP post-2020 is based on the current model of rural development programming (RDP), assuming the same management methods; it therefore contains all the flaws of this system. The research conducted by Erjavec et al. (2018) points to limited incentives for the Member States to make efforts to develop more effective policies and highlights the "accountability gap" as well as the "systemic weakness of intervention logic" in the new model of the CAP. According to the above-mentioned researchers, as a result of the proposed solutions, it will be too easy for the Member States to draw up strategic plans whose major objective will be to minimize the problems related to the absorption and distribution of funds. Additional administrative burdens contribute to a lowering of standards or "race to the bottom".

The CAP strategic plans assume much greater subsidiarity for the Member States as regards the methods to achieve the common EU objectives than before. The increased flexibility may lead to higher returns on public funds due to their better targeting, but it may also have the opposite effect when the Member States are either incapable of or not interested in seeking the best possible results for their intervention. This observation is confirmed by the way in which many Member States have implemented the current CAP. The States have used the available flexibility and adaptability of the support scheme for farmers permitted by the existing legislation in order to reduce their environmental commitments as much as possible (García Azcárate and Folkeson, 2020). This approach will not change with the transfer of strategic planning to the national level. The European Commission presumably perceives this threat: it has introduced a requirement for a minimum obligatory level of funds to be allocated for environmental protection and a new green architecture (eco-schemes).

The significant variation in the implementation of the new model of the CAP in the Member States may further deepen the division into east (south) and west (north), where agricultural problems and methods to solve them are completely different. This stems from historical and socio-economic conditions in various parts of the EU. So far, the solutions to compensate for the delayed economic development in agriculture of the eastern (southern) countries, when compared to the western (northern) countries, have succeeded only partially. Development needs are very diverse and the implementation of the CAP has been so far too demanding, in administrative and financial terms, to bring any benefits to the majority of the rural population, except for rural elites, which are able to acquire significant EU funds (Matthews, 2018).

Several reflections in conclusion

Considering the diversity of agricultural sectors in the EU and different preferences of the Member States, the application of the principle of subsidiarity to the CAP should not be called into question. In fact, it makes it possible to adapt the agricultural policy to the specifics of agriculture in a given country. However, there should be a prerequisite that the effectiveness of the measures applied is higher when the Member States are responsible for their implementation, not the EU. This is the case for the environment, as combating climate change or biodiversity protection require management and financing at the EU level, while local soil, water, and air pollution will be better managed by the Member States and regions. Therefore, in the future CAP it should be clarified which CAP measures should be maintained at the EU level and which can be implemented at the Member State level.

Defining rules common for all Member States and implementing them at the EU and national levels may inhibit the flexibility of strategic plans, but will prevent the renationalization of agricultural policy. The renationalization of the CAP still raises many concerns. Greater subsidiarity for the Member States in developing their own agricultural policy may lead to significant differences in the CAP measures applied, thus leading to the fragmentation of the single market and distortion of the level playing field for farmers in various Member States.

According to some researchers (e.g., Erjavec et al., 2018), these concerns are highly exaggerated and are usually raised by these groups of farmers who are usually the greatest supporters of the most trade-distorting CAP measure, namely, coupled payments. Undoubtedly, the EU agricultural policy has not been uniform for at least a decade, with large differences in direct payment levels per hectare and various payment models, yet the single market has survived. More importantly, the conditions allowing for running a farm in the Member States with regard to regulations and tax policy are even more varied.

Nevertheless, concerns about distortion of the level playing field in the single market cannot be completely dismissed. The single market is one of the European Union's greatest achievements and it is in the interest of European integration to maintain it. Admittedly, the European Commission is going to use its powers to approve individual strategic plans "in order to ensure coherence and the protection of the single market". However, it is worth determining clearly how any potential contradiction between granting the Member States the rights to develop national agricultural policies can be avoided while minimizing various regulatory systems and support schemes at the EU level.

Particular concerns about a level playing field in the EU agricultural sector are not groundless today, given the significant loosening of national assistance rules in order to combat the effects of the Covid-19 pandemic. Numerous assistance packages for whole economies in the individual Member States and the lifting, until further notice, of the budget deficit limits determined for the eurozone by the Maastricht Treaty will have an impact on the functioning of national agricultural sectors in the future. For example, it is forecast that in France public debt is to exceed 110% of GDP against the 60% limit provided in the Treaty, Spain will reach debt amounting to 115% of GDP by the end of the year and Italy's debt will stand at 160% of GDP (Maastricht..., 2020). Therefore, this is another EU policy which has fallen victim to the Covid-19 pandemic. Thus, the question "where is EU integration heading" becomes even more relevant.

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