

The CAP and olive farming in Spain: An impact analysis and some proposals for future reforms

Samir Mili, Tomás García Azcárate

Institute of Economics, Geography and Demography (IEGD)
Spanish National Research Council (CSIC)
Albasanz 26-28, 28037 Madrid, Spain

We first present an analysis of the likely impacts of the the CAP 2014-20 on olive farming systems in Spain using a Positive Mathematical Programming (PMP) model calibrated with the neutral procedure. The model compares the situation of the average olive farm in the baseline year (2011) with its position in a simulated year contrasting the ending result of the political negotiation (scenario 1: all production systems are under CAP green payments), with an alternative scenario 2 where only organic and integrated systems are under CAP green payments.

Results show that the distribution rules of the green payment established in the new CAP do not incentivise the adoption of integrated and organic farming systems. Moreover, an alternative policy allowing the implementation in the olive sector of a green payment scheme equivalent to the implemented in annual crops, could have in a first step positive effect in terms of redistribution of aids from less (conventional) to more environmentally friendly farming practices (integrated, organic), which contributes to better rewarding the public goods generated through such public aids (better environment and product quality), and boosting in the meantime the legitimacy of the CAP financial aids. In a secons step, it could have a dynamic effect that our calculation cannot capture but could be an additional incentive for the adoption of integrated or organic systems.

As far as the CAP post 2020 is concerned, several Commission Communications have opened the debate on the future of the European budget and priorities, on the one hand, and on the future of food and farming, on the other hand. Difficult budget choices will have to be made at a moment where, for instance, the achievement of EU environmental and climatic objectives is high in the agenda. Member states will have to deliver in a more result-driven policy. The Commission is even proposing a sanction mechanism for those member states lacking behind their “agreed realistic and adequate targets”.

What was designed as an alternative scenario can be, in the future, one of the tools that Spain could use in order to deliver “more with less”, i.e. more on public goods with a decreased expenditure. Its impacts would be significantly reinforced if there is a real and effective CAP sustainable shift. Meanwhile, budget austerity has to be a lever for political consistency. Despite (or even thanks to) this difficult context, more could be achieved and delivered. For instance, no public support should be given to non-sustainable irrigation systems; Natura 2000 payments could be 100% EU financed; terms of references and specifications for EU quality schemes and EU promotion programs could be revisited in order to strengthen their environmental requirements.

Keywords: CAP post 2014, CAP post 2020, sustainable olive farming systems.