60 Years of the CAP

Timeline for Development of the Common Agricultural Policy

Sixty years ago, in the 1960s, a decision was taken by the six founding members of the then European Economic Community (EEC) to adopt a common approach to agriculture to restore the economic and social fabric of Europe which had been destroyed by the impact of World War 11 on food production, food security and on farmers' livelihoods. The grand postwar bargain which allowed German industrial products into France and other founding member states in exchange for free movement of agricultural products from France into new markets had facilitated the introduction of a common agricultural policy (CAP) after the signing of the Rome Treaty in 1957 which led to the creation of a common market in the EEC.

Introduction of the Common Agricultural Policy (CAP)

The CAP provided farmers with a guaranteed price for their products, paid from the Community budget, (price supports), introduced protection at the EEC borders on imports (tariffs/community preferences) and providedfor state intervention in case of a fall in market prices (market support). Farmers' payments were based on their total levels of food production and this ensured that they had a fair standard of living. Securing access to the European market for food products had already been identified by the then Taoiseach Seán Lemass as a priority for Ireland's dynamic agriculture sector in 1960.

1970s: The Mansholt Plan

A second milestone in the evolution of the CAP was the Mansholt plan named after Sicco Mansholt, then European Commissioner for Agriculture, who wanted to modernise the agricultural sector and improve the standard of living for farmers by optimising the area of land under cultivation and merging farms to create larger units.

1970s-early 80s: Butter Mountains and Wine Lakes

In the 70s agricultural production started to exceed demand and food surpluses occurred which were widely referred to in the media as 'butter mountains' or 'wine lakes'. The result was that farmers' incomes dipped, because food was either dumped or sold on the world market at much lower prices.

1984: Introduction of Quotas to Curb Over-Supply

To redress the enormous surpluses, the next milestone in the evolution of the CAP was the introduction of quotas (e.g. milk quotas) in 1984 to curtail overproduction, match supply with demand and stabilize farm incomes. Each farmer was given a quota which represented the amount of food they could produce and if they exceeded the quota, a levy would be imposed. This also reduced growing pressure from third countries who were dissatisfied with perceived protectionism in the EU market. Taoiseach Garrett Fitzgerald and Minister Austin Deasy negotiated a good deal for Irish farmers, as agriculture was the largest sector in the Irish economy, which was still, relatively speaking, underdeveloped.

1992: The MacSharry Reform: Direct Income Support for Farmers

In 1992 the first large-scale reform of the CAP, named after the Irish European Commissioner for Agriculture, Ray Mc Sharry, was adopted. The aim of the reform was to reduce the overall CAP budget and move away from unlimited guaranteed prices. Direct payments to farmers were introduced for the first time, based on the area of land cultivated or number of livestock maintained on the farm. The reform also required farmers to protect the environment and provided incentives to improve food quality. Large industrial players like Glanbia and Kerry Group diversified their offerings adopted a more market oriented strategy to meet consumer demand. Technology changed the nature of food processing.

1999: Introduction of Pillar 2 of CAP on Rural Development

In order to address the lack of employment opportunities in agri-sector, the Agenda 2000 strategy introduced a second pillar into the CAP to deal with rural development. This adopted a holistic approach to agriculture and aimed to strengthen cohesion in rural areas and create alternative sources of income for farmers.

2013: Greening the CAP

In 2013, as rural society was thriving, a reform of the CAP was introduced to respond to new concerns such as climate change, animal welfare, food safety and the sustainable use of natural resources. It led to payments to make agriculture more sustainable, fairer distribution of supports between big and smaller farms and incentives for young people to enter a career in farming.

2023-2027: A fairer, more locally targeted, results-oriented policy

The post-2020 reform of the CAP, which was delayed by Covid-19, gives Member States the autonomy to put in place strategic national plans (CSPs). It targets measures at national level to local specificities while retaining the overall 'common' features of the CAP. Reflecting the priorities of the European Green Deal, funding is conditional on compliance with EU environmental laws and biodiversity regulations. Rewards for greener farming and forestry practices, such as eco-systems, become part of the direct payments under the auspices of rural development. The focus shifts from big to small farms with young farmers and female farmers as a priority for direct payments. The protection of workers' rights and knowledge sharing are innovations of the new CAP reform, as is the introduction of innovative technology to farming.