

SPAIN

COMMON AGRICULTURAL POLICY

The Common Agricultural Policy (CAP) is Europe's answer to the need for a decent standard of living for 12 million farmers and a stable, varied and safe food supply for its 500 million citizens. It strengthens the competitiveness and sustainability of EU agriculture by providing direct payments and market measures to farmers and finances programmes for the development of rural areas in the EU.

Investing in Spain's Agriculture: 2014-2020

During the next 7 years, the new CAP is going to invest almost **EUR 45 billion**¹ in Spain's farming sector and rural areas. Key political priorities have been defined at European level such as: jobs, sustainability, modernisation, innovation and quality. In parallel, flexibility is given to Spain to adapt both direct payments and rural development programmes to its specific needs.

Fairer and greener direct payments

The new direct payments are to be distributed in a fairer way between Member States, regions and between farmers, putting an end to 'historical references'. Spain will benefit from the convergence of the direct payments among Member States, with a total amount of **EUR 34.6 billion** for the period 2014-2020.

Only farmers **currently active** will benefit from income-support schemes and **young farmers** will be strongly encouraged to set up in business, with the introduction of a new 25% aid supplement during the first 5 years in addition to already existing measures.

Spanish farmers will take simple, proven measures to promote sustainability and combat climate change with the support of the CAP. 30% of direct payments will be linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and conserving 5% of areas of ecological interest or measures considered to have at least equivalent environmental benefits.

Market measures to strengthen the position of farmers in the food supply chain

To improve the balance of the food supply chain in Spain, new instruments will be dedicated to farmers, enabling them to get better organised and to market their products better. Professional and interprofessional organisations will be strengthened.

Supporting key priorities for Spain's rural development

The EU has allocated around **EUR 8.3 billion** to the rural development policy in Spain. EU priorities for rural development will be achieved through 18 rural development programmes (1 national program, and 17 regional programs, one for each Spanish Autonomous Community). The main priorities for the new programming period will be the following:

¹ Total allocation of Direct Payments and Rural Development for the period 2014-2020 (in current prices).

- Fostering the competitiveness of agriculture
- Ensuring the sustainable management of natural resources and climate action
- Achieving a balanced territorial development of rural economies

Spanish authorities are particularly interested in the new European Innovation Partnership "Agricultural Productivity and Sustainability", and are also exploring the possibility to implement financial instruments to address the existing problems of access to credit currently faced by Spanish farmers.

Key achievements: 2007 - 2013

Since 2007 the CAP has already invested more than **EUR 47 billion²** in Spain's farming sector and rural areas with the objective of stabilizing farmers' income, modernising and increasing the sustainability of Spanish farms and securing the supply of safe, affordable and quality food for its citizens.

Spanish farmers benefit from direct payments

During recent years, direct payments have been a key safety net; particularly important in Spain where the primary sector provides 4.2% of jobs.

For example, in 2012 Spain received **over EUR 5.2 billion** on **direct payments**, benefitting **895 200 beneficiaries**, 74% of whom received a payment below EUR 5000.

Activating the potential of key agricultural sectors

In 2012, the EU spent **around EUR 632 million** on **market measures** in Spain. The biggest share went to the **wine** and **fruit and vegetables** sectors.

Fostering growth and jobs in Spain's rural areas

The injection of public resources into the farming and forestry sector had important multiplier effects, and played a key role in attenuating the effects of the current economic crisis in Spain. The evolution of the Spain agro-food industry was positive, and agricultural products have played a crucial role in the **positive exports evolution** of recent years.

In concrete terms, since 2007 Rural Development funds have helped Spain to:

- Set up more than 8 000 young farmers
- Modernise more than 28 000 holdings, reducing production costs, introducing new technologies, and adding value to products
- Support more than 4 000 agri-food enterprises to improve the efficiency of processing and marketing activities, foster innovation, put emphasis on quality, and promote environmental protection
- Create more than 30 000 new jobs, both in agriculture and in other sectors,

Rural Development funds have also encouraged the evolution of a more sustainable model of agriculture and forestry:

- More than 25 000 farmers received support for organic farming
- Close to 90 000 farmers were supported to use certified environmentally-friendly farming methods
- More than 4.7 million of forest hectares benefitted from preventive and restoration actions

² Total expenditure for Direct Payments, Market Measures and Rural Development (payments) for the period 2007-2013 (in current prices).

Examples of market measures supported by the CAP

Supporting the Spanish wine sector

Spain used to be the third largest wine producer in the EU after Italy and France with an average production of 37.4 million HI over the last five marketing years. In 2013/2014 the Spanish production is expected to sharply rise to 52.6 million HI making **Spain the second largest EU producer**.

For the period 2009-2013 Spain has benefited by a National Support Programme for the wine sector funded with **EUR 1.2 billion**. With the new CAP Spanish wine sector will receive also **EUR 1.2 billion** for the period 2014-2018.

The key priority in the last years has been **restructuring and conversion of vineyards** (with a support of EUR 464 million). This measure had a positive impact by introducing structural changes to the vineyards and reducing the costs of production. Furthermore, it improved the quality of wines by replacing the vine varieties with those that are most sought by the consumers.

Important efforts have been done to promote the Spanish wines in third-country markets, with a total allocation of **EUR 136 million in promotion activities**. Specific attention has been paid to the US, China, Switzerland, Mexico, Japan and Brazil. This support has contributed to maintain the exports of the Spanish wines despite the

Strengthening producer cooperation in the Fruits and Vegetables sector

Spain has the largest number of Producer organisations (POs) in EU. In 2012, had 595 Producer organisations (POs) and 5 Associations of POs, with approximately 166 000 producers of fruits and vegetables, whose annual marketed production was worth around EUR 6 250 Million.

Total EU specific support to this sector, in 2013, was approximately **EUR 180 million**.

Thanks to the EU support, the organisation rate of the Fruit and Vegetables sector in Spain has steadily increased in recent years, going from **51.2% in 2010 to 64.5% in 2012**. The EU average organisation rate for 2012 is 50%.

Providing specific support for the Canary Islands

Being an outermost region, the Canary islands have benefited from the POSEI programme, with a total allocation of **EUR 268 million**. Of this amount, almost **EUR 73 million** are dedicated to the supply of products that are essential for human consumption and for the manufacture of other products or agricultural inputs.

Banana is the main agricultural production in the Canary Islands. Around 400,000 tons of bananas are produced every year, which are mainly exported to the EU. Throughout the past few years the banana sector has reinforced its structure through producers associations, which have contributed to an increase in quality and marketing campaigns. This sector has benefited from a support of **EUR 141 million** from the POSEI programme.

Examples of Rural Development projects supported by the CAP

Andalucía shepherds school (Huescar – Casabermeja – Grazalema - Hinojosa del Duque, Andalucía)

This project aims to provide training to livestock farmers in order to promote extensive grazing practices, favour generation renewal, and increase the quality and added value of livestock products. Extensive grazing is a useful tool to prevent forest fires, preserve biodiversity and maintain landscapes. Training topics covered are animal welfare, feeding techniques, fire prevention practices, preservation of the environment, or management of livestock holdings. More than 30 shepherds have benefited from the four editions of the project.

Total cost: EUR 230 000 (EU contribution: EUR 172 000)

Modernisation of agricultural holding (Cal Tomàs – Ribes de Freser, Barcelona)

The project supported consists of the construction of a new barn in a milk farm (600,000 kg of milk quota) and new facilities (milking parlour). The main objectives of the project were to install the farming facilities (barn, milking parlour) outside the urban area, to adjust the system to the production potential and to ensure the legal requirements of the activity with regard to hygiene and animal welfare. The project contributes to maintain milk production in a mountain area where this activity has suffered a significant decline.

Total cost: EUR 216 000 (EU contribution: EUR 24 840)

Promoting competitiveness of Teruel ham producers (Airesano – La Puebla de Valverde, Teruel)

The project included the purchase of equipment for curing ham, refurbishing of the processing factory, construction of chambers for the final stages of the ham curing process, expansion of storage rooms and construction of rooms for bone removal, ham cutting and packaging. The project aimed to rationalise the process of ham curing, improve the marketing and to apply new technologies. The benefits of the investment are shared among the 1,500 farmers of the local cooperative.

Total cost: EUR 9 510 544 (EU contribution: EUR 523 080)

Hydroponic cultivation of lettuces (Tegueste Fertil, Tenerife, Canarias)

The main objective of this project is the cultivation of both local and imported lettuce using a hydroponic system with closed water circuit and recirculation of nutrient solution. The cultivation techniques supported consist on the preparation of the terrain with the adequate slope and using an anti-weed mesh, and the installation of multi-band planting lines, which are the key element of the hydroponic system. Planting lines consist on an elongated band of polyethylene which gives support to the crop while collecting the remaining of irrigation water at the bottom layer of the band. This technique ensures a high efficiency in the use of irrigation water and implies a significant reduction in the use of chemicals to control pests and weeds.

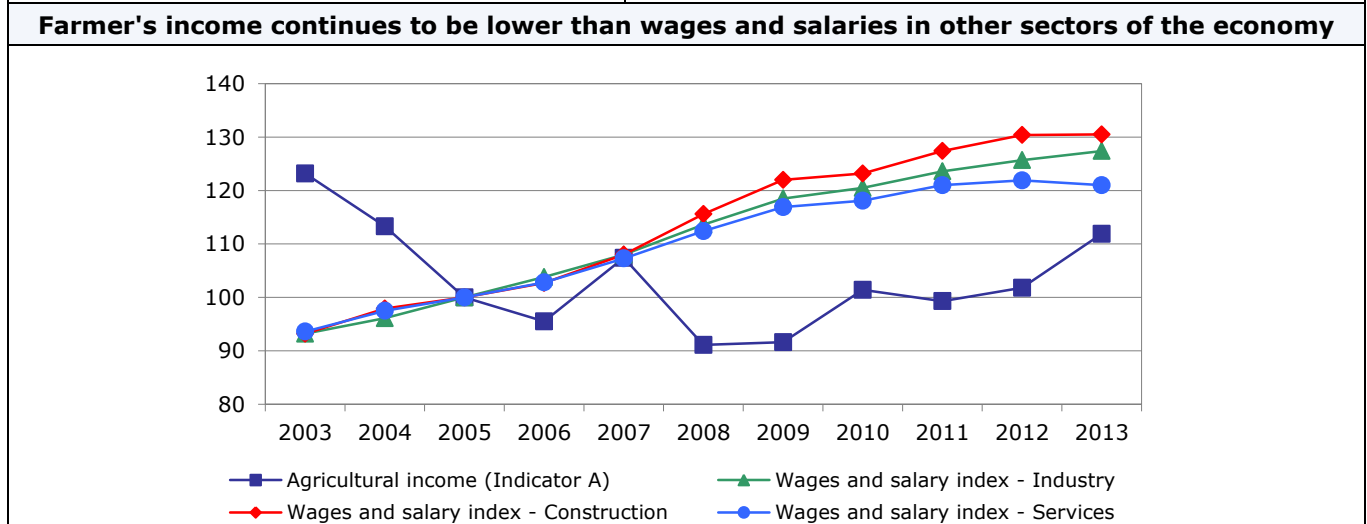
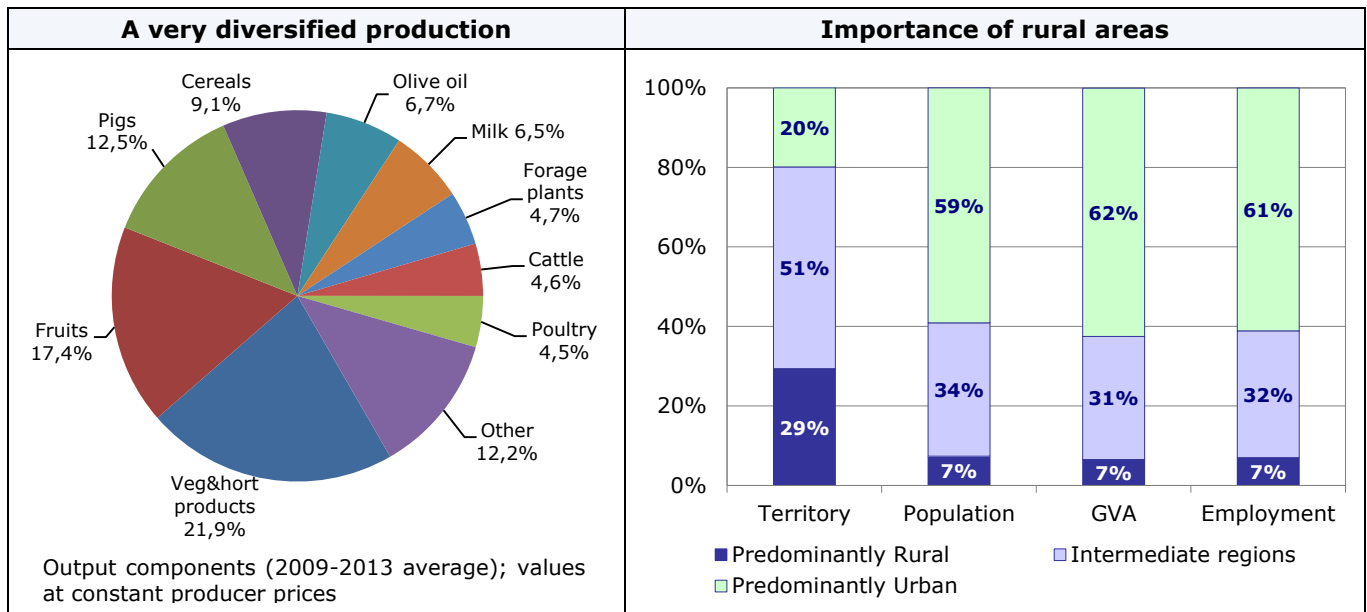
Total cost: EUR 99 724 (EU contribution: EUR 33 056)

AGRICULTURE IN SPAIN AT A GLANCE

The primary sector accounts for **2.7% of the country's economy (total GVA)** and for **4.2% of total employment**. This is higher than the European average in economic terms (1.7% in EU-27) and lower in employment (5.2% in EU-28).

Spain's 989 790 holdings are **predominantly small to medium-sized**. The average size of holdings (24 ha) is higher than EU-28 average (14.4 ha).

The age structure of the farming community is on average slightly older than in the EU-28: in Spain 5.3% of farmers are under 35 years old (7.5% in EU-28), while 30% are older than 64 (30% in EU-28).



What do the Spanish think of the CAP?

According to the most recent Eurobarometer of end-2013, **73% of the Spaniards think that the financial support given by the EU through the CAP is either enough or too low (only 8% consider it "too high")**. The main explanations proffered for why the EU allocates important resources to the CAP are that the need to provide food supply to Europeans (45%), the need to ensure production of food while protecting the environment (40%) and the fact that agriculture requires heavy human and financial investments (27%).

Data sources: Eurostat and Rural Development Report 2013.