Examine the impact of one European Union Policy on Ireland

(30m)

Originally the Common Agricultural Policy (CAP) began in 1962 when the European Community (EC) agreed to intervene in farm trade and buy farm output when the market price fell below an agreed target level. Today, as a common policy for all 28 EU countries, the CAP ensures a fair standard of living for farmers and farming communities and has raised agricultural productivity. CAP has also increased education among farmers and has improved productivity and quality (an example of this can be seen where recently (2014) a €52 million programme to improve genetic quality of beef for farmers was announced). The CAP has also stabilised markets by guaranteeing prices for certain produce, thereby eliminating the unpredictability of the past. Finally, CAP has ensured fair and reasonable food prices for consumers.

In Ireland in 1973, 30% of Irish exports where agricultural whereas now only 8% are, while pre 1973, 80% of Agricultural exports went to Britain, and today less then 30% are. While there have been negative effects through CAP policies, such as the closing of sugar plants in Carlow and Mallow due to the removal of subsides, as a whole CAP has benefited Ireland. This is due to investments under CAP. Reforms of the CAP were first introduced in 1992, by which time CAP had reached 65% of the EU (then called the EEC) budget. Now farmers receive support in the form of subsidies and grants, which have allowed farmers to modernise farming techniques. Older farm buildings were replaced with modern buildings and farm technology and management practices have improved. Initially the bigger farmers were the ones to gain but since the 1992 reforms smaller farms are now benefiting.

Reforms were also required as the price-support system previously in place encouraged overproduction and huge surplus (butter mountains and milk lakes as a result of subsidies linked to production) and countries like Germany and Britain, both with small agricultural sectors as a percentage of their economies, had begun to seriously object to contributing so much to the EU finances. More reforms have been introduced since then which have directly impacted Ireland, such as - subsidies were de-coupled (removed) from production. Quotas were put in place to reorientate production to market demand. Also direct income supports replaced price supports. Farmers have also been encouraged to diversify the rural economy, through the likes of agri-tourism (‘open-farms’ for school tours or operating ‘farmhouse’ B & B’s during the summer months).

A key change in the new CAP, and its impact in Ireland, has been the application of new 'Greening' rules, in order to highlight the benefits farmers provide to society as a whole on issues such as climate change, biodiversity loss and soil quality. Under this system, in 2009, the Rural Environmental Protection Scheme (REPS) closed and was replaced by the Agri-Environment Options Scheme (AEOS). Under this, the maximum payment to farmers is 4,000 euro per year. The three targets under this scheme are to halt the loss of bio-diversity, contribute to improving water quality and combat climate change.

Therefore, as has been highlighted the Common Agricultural Policy has had major impacts on the economy of Ireland.