



SPAIN

CAP IN YOUR COUNTRY

The **Common Agricultural Policy (CAP)** is Europe's answer to the need for a decent standard of living for 22 million farmers and agricultural workers and a stable, varied and safe food supply for its 500 million citizens. As a common policy for all 28 EU countries, the CAP strengthens the competitiveness and sustainability of EU agriculture by providing Direct Payments aimed at stabilising farm revenues and finances projects responding to country-specific needs through national (or regional) Rural Development Programmes, which also cover the wider rural economy.

The CAP also provides a range of market measures, including tools to address market difficulties, and other additional elements such as quality logos, promotion for EU farm products which complete CAP action to support farmers. The CAP budget fixed for the period from 2014-2020 provides a total of EUR 408.31 billion with EUR 308.73 billion intended for direct payments and market measures (the so-called First Pillar) and EUR 99.58 billion for Rural Development (the so-called Second Pillar).



SPAIN

- covers an area of **505 991 km²** of which 80 % is rural, 50 % **agricultural** and 30 % forest and woodland.
- has a total population of **roughly 46 million**, of which **7.3 %** live in rural areas.
- has an **extremely dynamic agri-food industry**, constituting one of the main economic sectors of the country in terms of employment, turnover and exports.
- has a **highly heterogeneous agriculture**, from modern market-oriented agricultural sectors on which a dynamic food industry is based, to more extensive production where low yields result from adverse (dry) climatic conditions or persistent structural problems.

INVESTING

in Spain's agriculture:
2014-2020



In the period to 2020, the new CAP will invest **almost EUR 45 billion¹** in Spain's farming sector and rural areas. Key political priorities have been defined at European level such as: jobs and growth, sustainability, modernisation, innovation and quality. At the same time, Spain has flexibility to adapt both Direct Payments and the Rural Development Programme to its specific needs.

Fairer and greener direct payments

The new Direct Payments are to be distributed in a fairer way between Member States, and between farmers within the same Member State, putting an end to allocations on the basis of "historical references". Given the difficulties of such redistribution, and due to persisting difficulties in certain agricultural sectors, Member States have also more flexibility to take into account specific sectors in particular regions. At **EUR 34.58 billion – just under EUR 5 billion a year** - the budget available for Direct Payments in Spain remains stable, despite a general reduction of 3.2 % at EU level. The Spanish authorities have opted not to make any additional transfers between the respective envelopes for Direct Payments and Rural Development.

A key change in the new CAP is 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, 30 % of

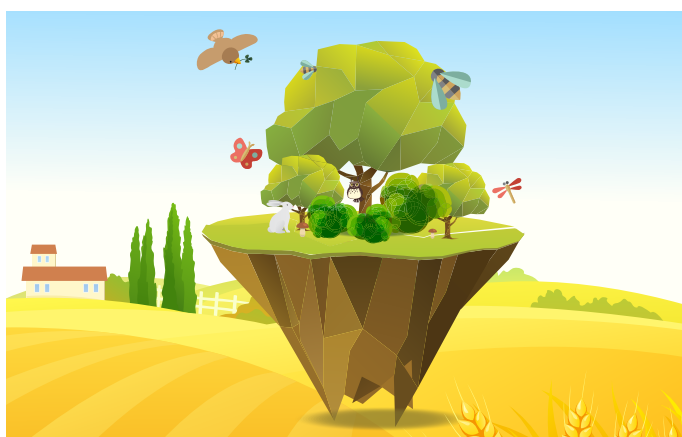
the Direct Payment envelope, paid per hectare, is linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and conserving 5 % of areas of ecological interest or measures considered to have at least equivalent environmental benefit.

The Spanish authorities have decided to apply the [Basic Payment Scheme](#) (which replaces the Single Payment Scheme) on a regional level with a differentiation which takes into account institutional, agronomic and economic criteria.

In addition, Spain's authorities have decided to earmark 12.1 % from its Direct Payment envelope for **voluntary coupled support** (targeting beef fattening, suckler cows, sheep and goat breeding, dairy cows, sugarbeet, rice, tomatoes for processing, nuts, protein crops, vegetables, as well as beef, sheep and milk producers with entitlements but no eligible hectares). Spain also applies the [Small Farmers Scheme](#), a flat-rate simplified system of support for the smallest beneficiaries of up to EUR 1 250 based on eligible amounts in 2015. This scheme reduces the administrative burdens for these farmers, eases the checks on [cross-compliance](#) and exempts them from greening rules.

The Spanish authorities are reducing Direct Payments per individual beneficiary by 5 % for the amounts above EUR 150 000 – the minimum requirement foreseen under CAP rules.

In order to encourage generational renewal, young farmers will benefit by a new 25 % aid supplement during the first 5 years in addition to already existing installation grants.



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

Adding value with Quality schemes

Through the [Quality Policy of the CAP](#), the EU provides a number of measures to help producers build on the high quality reputation of European products to sustain competitiveness and profitability. A key tool in this is the register of more than 1 300 protected food names which are classified as a **Protected Designation of Origin (PDO)**, a **Protected Geographical Indication (PGI)** or a **Traditional Speciality Guaranteed (TSG)**. The production of these registered quality products contributes to diversity, development and growth in the rural areas where they are produced and protects local knowledge, skills and jobs.



At present, Spain has [193 food products registered](#), of which [101 as PDO](#) (such as *Miel de Tenerife*, *Queso Casín* or *Vinagre de Jerez*), [88 as PGI](#) (such as *Gofio Canarios*, *Jamón de Serón* or *Gall del Penedès*) and [four as TSG](#) (such as *Leche certificada de Granja* or *Panellets*).

Moreover, the EU organic logo helps consumers choose food produced in a sustainable way.



Supporting key priorities for the Spain's rural development

Within the EU budget for 2014-2020, Spain has also been allocated an envelope of approximately **EUR 8.3 billion** for Rural Development Programmes, which will be supplemented by co-financing from other public and private sources. The government has chosen to administer this through 18 rural development programmes (1 national program, and 17 regional programs - one for each Spanish Autonomous Community).

Although there are, by definition, variations from one regional project to another, the different [2014-2020 Rural Development Programmes for Spain](#) tend to focus on the **following priorities**:

- fostering the competitiveness of agriculture;
- ensuring the sustainable management of natural resources and climate action;
- achieving a balanced territorial development of rural economies.

The 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.

Rural Development projects supported by the CAP

Boosting tourism in the Regional Park Sierra Espuña

The Regional Park Sierra Espuña has great potential for tourism, but the area was missing a dynamic element to revalorize the village and rural parishes. This dynamic element was created in the form of a circular cyclist trail of 146 km across the Regional Park, financed by rural development funds. Ensuring a minimum environmental impact, the cyclist trail promotes the local economy as bikers who follow the route are potential customers for the local businesses around the itinerary. [More information](#).

Total budget: EUR 40 480 (EU contribution: EUR 30 360)



KEY ACHIEVEMENTS



Between 2007 and 2013, the CAP invested **more than EUR 47 billion²** in Spain's farming sector and rural areas with the objective of stabilising 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 the CAP

In recent years, Direct Payments have been a key safety net. In 2014 almost 870 000 Spanish farm businesses received more than **EUR 5.1 billion** in Direct Payments, 73.8 % of which received a payment below EUR 5000. Moreover, in 2015, the EU spent more than EUR 531 million on market measures in Spain, targeting mainly the fruit and vegetables and wine sectors.

Fostering growth and jobs in Spain's rural areas

In the period from 2007 to 2013, the rural development programme invested **more than EUR 13 billion** of public funds (more than EUR 8 billion from EU funds) in a whole range of different activities supporting agricultural production and benefitting Spain's rural areas by preserving its diversity and enhancing its economic strength, cultural richness and social cohesion. In concrete terms, Rural Development funds provided support 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**.

Strengthening producer cooperation in the Fruits and Vegetables sector

Spain has the largest number of **Producer Organisations (POs)** in the EU. In 2014, there were 585 Producer Organisations (POs) and 6 Associations of POs, with almost 150 000 producers of fruits and vegetables, whose annual marketed production was worth around EUR 6.9 billion.

Thanks to the sector-specific EU support - amounting to just over EUR 205 million in 2014 - the organisation rate of the fruit and vegetables sector in Spain has steadily increased in recent years, rising from **51.2 % in 2010 to 62 % in 2014**. The EU average organisation rate for 2014 is 46 %.

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

Responding to new market difficulties

Since August 2014, the fruit and vegetables sector has been strongly hit by the ban imposed by the Russian federation against EU imports. The Commission has, since then, put in place different sets of measures to counteract the effect of this embargo on the F&V markets. Under market withdrawal measures, some **87 000 tonnes** of Spanish produce was removed from the market in 2014 (at a cost of **EUR 27 million**) and **386 000t** in 2015 (at **EUR 88 million**). The withdrawals were primarily used for charities, food banks, etc.

Following the prolongation of [the Russian ban on the EU agricultural imports](#) and the specific conditions on livestock

markets last summer, the European Commission adopted in October 2015 a [support package worth EUR 500 million](#) to help those farmers most affected most by the difficulties, including EUR 420 million in national envelopes to support especially the **dairy and livestock sectors**, with flexibility to Member States to decide how to target this support. Spain opted to use all of its EUR 25.5 million allocation for the milk sector).

In July 2016, the European Commission announced a [further solidarity package](#) aid worth EUR 500 million including adjustment aid worth EUR 350 million aimed at the dairy sector, with EUR 14.6 million earmarked for Spain.



Supporting the Spanish wine sector

Spain is, with Italy and France, one of the three largest **wine producers** in the EU with an average production of 42 million hl over the last five marketing years.

For the period 2009-2013, Spain benefitted from **EUR 1.5 billion** of EU funding to establish a National Support Programme for the wine sector. For the current programming period 2014-2018, the Spanish wine sector will receive roughly **EUR 1 billion**.

The key priority of the Spanish wine support programme has been restructuring and the conversion of vineyards (with a support paid of **EUR 715 million** from 2009 to 2015). This support measure has had a positive impact by introducing structural changes to the vineyards and reducing the costs of production.

Furthermore, it has improved the quality of wines by replacing certain vine varieties with those that are most sought by the consumers.

Growing attention is now being paid to promoting Spanish wines on third country markets, with a total expenditure over the same 7-year period of **EUR 220 million in promotion activities**. This support has contributed to maintaining the value of Spanish wine exports despite the economic crisis. Spending on investments to modernise production and marketing facilities has taken off in the last couple of years, amounting to **EUR 67 million** in total in 2014-2015. At the same time, support for the distillation of by-products (seeking an environmentally friendly way of disposing of these products) has remained stable at approximately **EUR 30 million per year**.

What do the Spanish think of the CAP?

According to the most recent Eurobarometer survey, published in January 2016, **68% of Spaniards** consider that **agriculture and rural areas are very important for the future** (higher than the 62 % for the EU-28). Spanish respondents also consider that the main objectives of the agricultural and rural development policy should be "ensuring a **fair standard of living for farmers**" (62 %) and "ensuring **reasonable food prices** for consumers"(61 %). As regards the support for the CAP, Spanish respondents consider that the EU financial support is either right (35 %) or too low (38 %) and only 8 % see it as too high. Furthermore, 62 % of the Spanish respondents consider that EU financial support should increase in the future.

The Eurobarometer survey 440 "Europeans, Agriculture and the CAP" can be consulted [here](#).

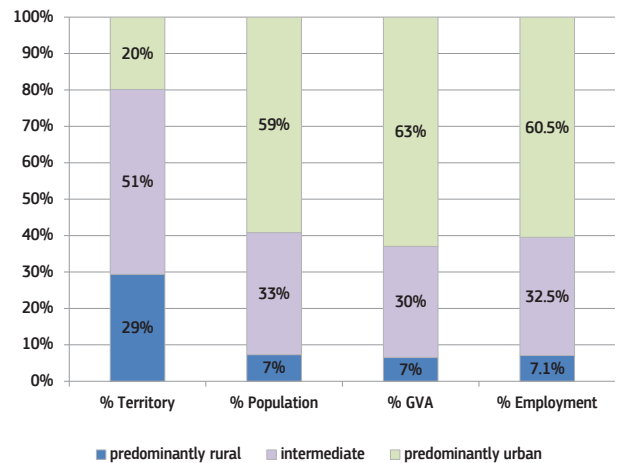


AGRICULTURE AT A GLANCE

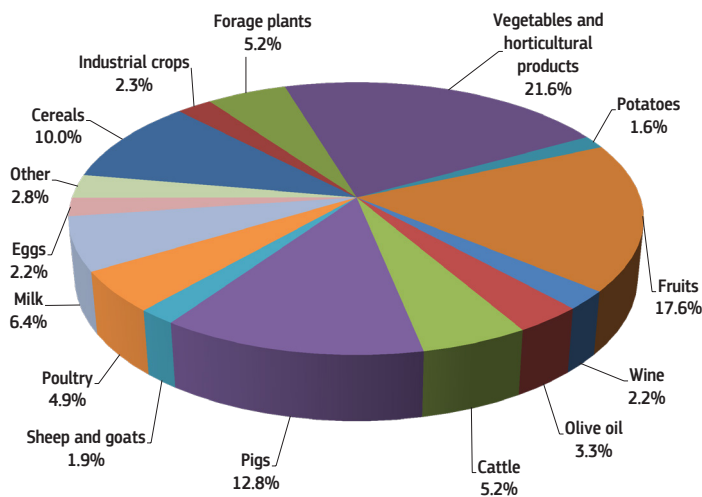
Spanish agriculture is characterised by:

- a high contribution to the economy (2.5 % GVA compared to 1.6 % EU-28) but rather low to employment (4.2 % compared to 4.7 % EU-28);
- small and medium-sized farms, but the average size of holdings (24 ha) is higher than EU-28 average (14.4 ha);
- an old farming community: in Spain 3.7 % of farmers are under 35 years old (5.9 % in EU-28), while 33.3 % are older than 64 (30.6 % in EU-28).

Importance of rural areas

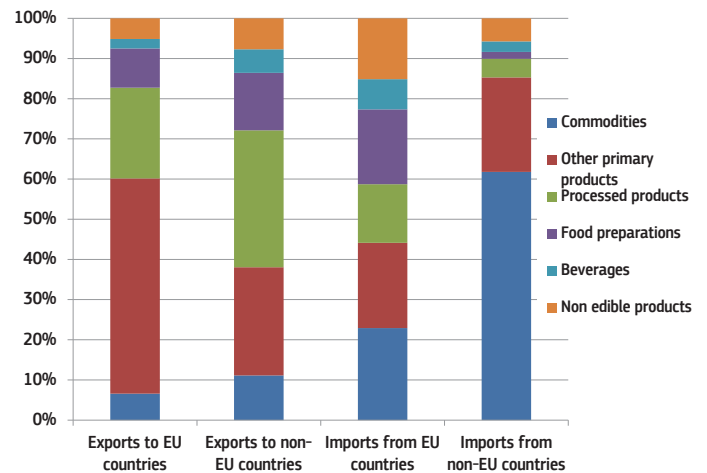


A very diversified production



Output components (2013-2015 average); values at constant producer prices

Agricultural trade with EU Member States is highly important for Spain (2014 data)



Farmer's income continues to be more volatile than wages and salaries in other sectors

