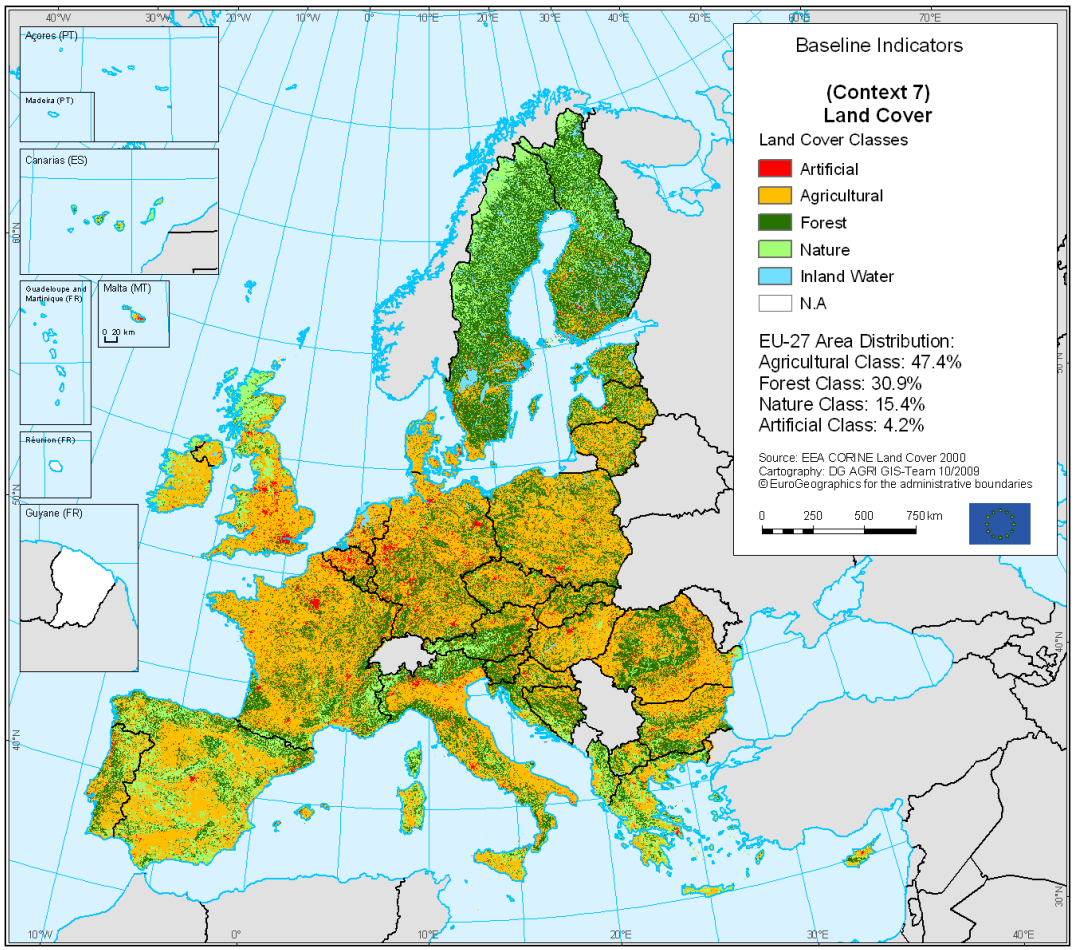
ñEU Plans for Agriculture in the period to 2020ò

Gillian Westbrook

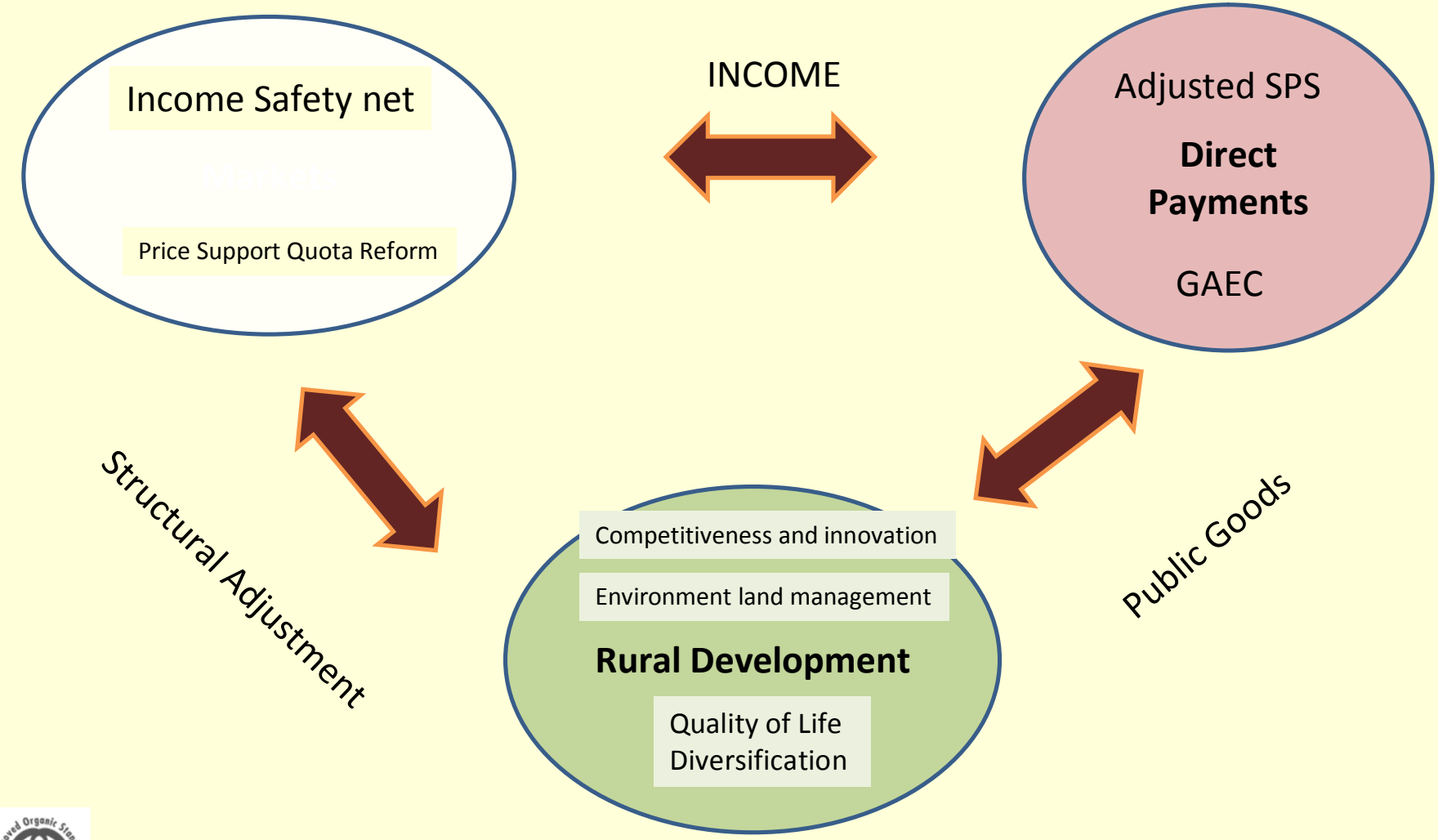
IOFGA

Importance of agriculture in the EU territory

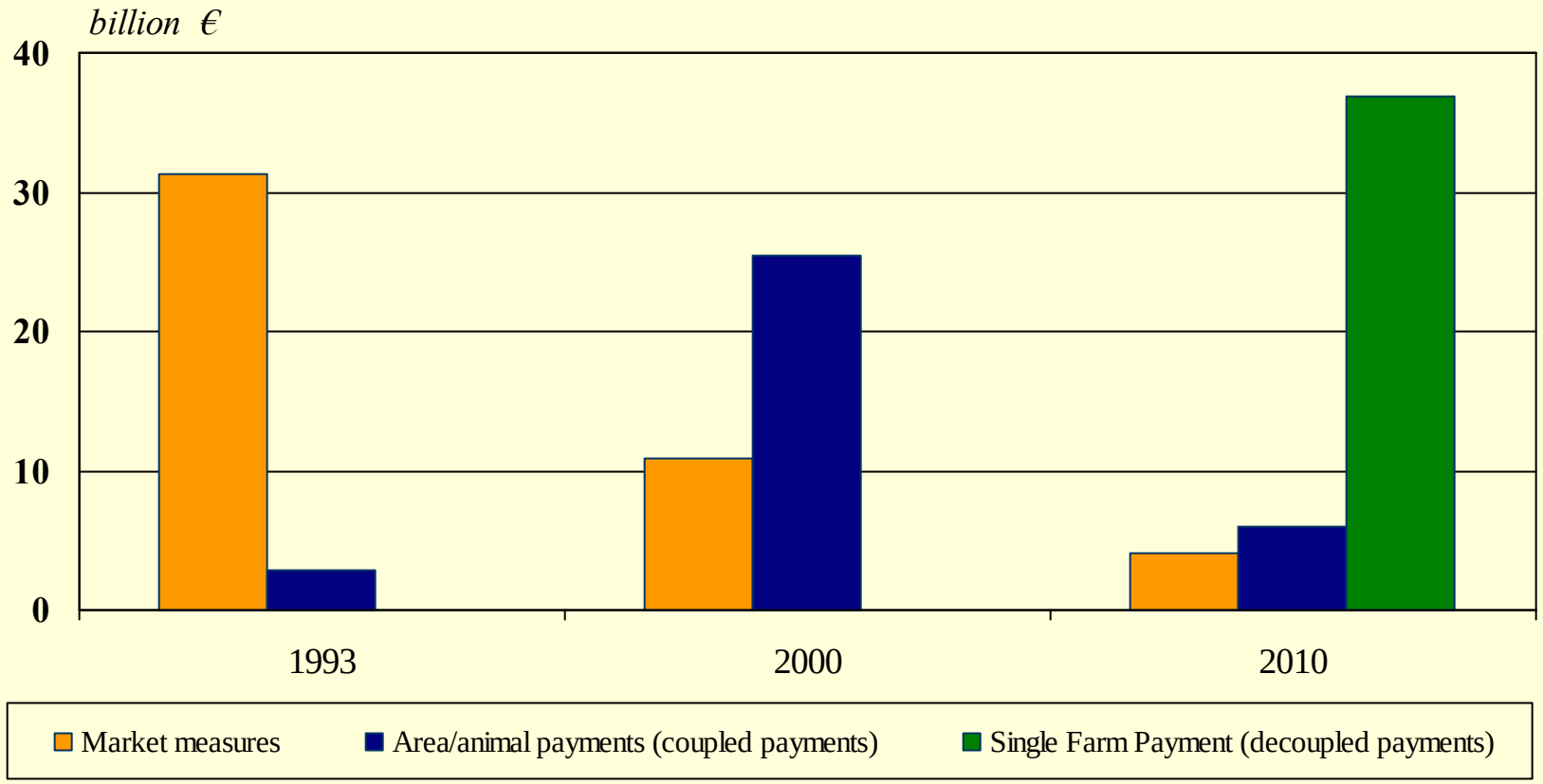


- 13.7 million farms (70% with less than 5 ha)
- The agrifood sector has 17.5 million employees (7.7% of total employment)

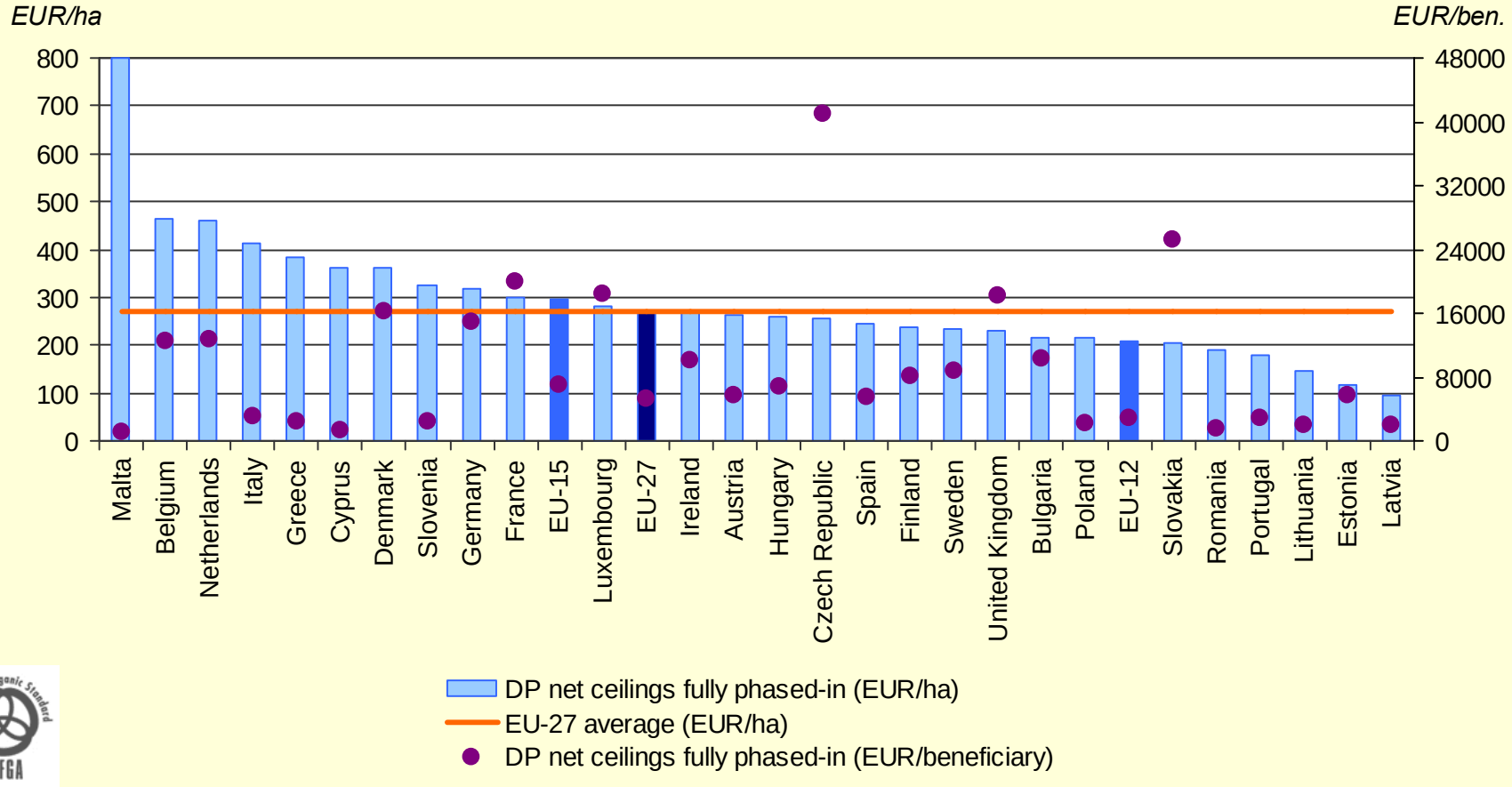
CAP instruments



CAP budget cost trend from Amber to Green



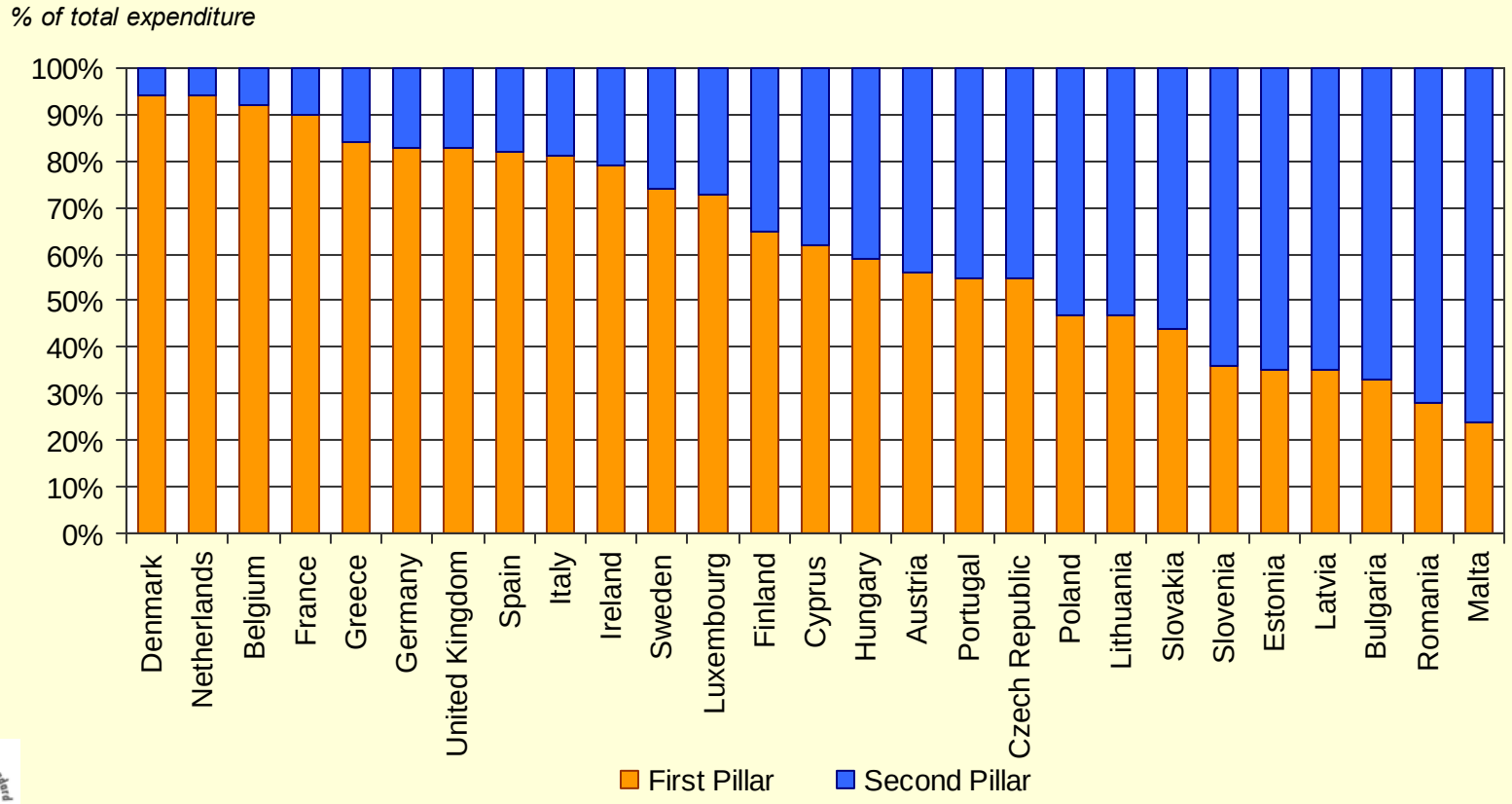
Average direct payments per potentially eligible area and beneficiary
Direct payments net ceilings fully phased-in (in 2016)



Source: European Commission - DG Agriculture and Rural Development

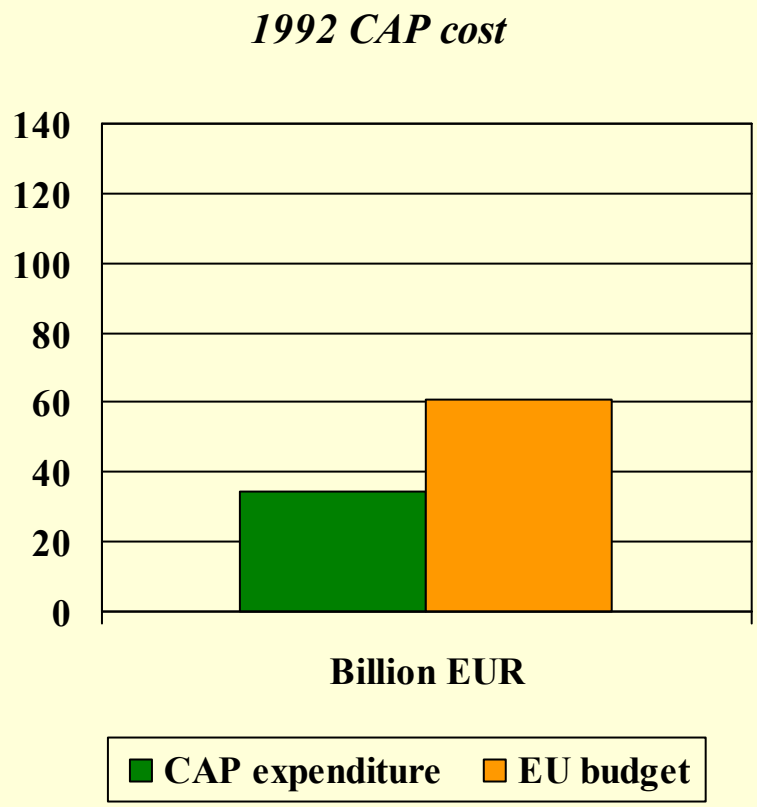
CAP expenditure between pillars

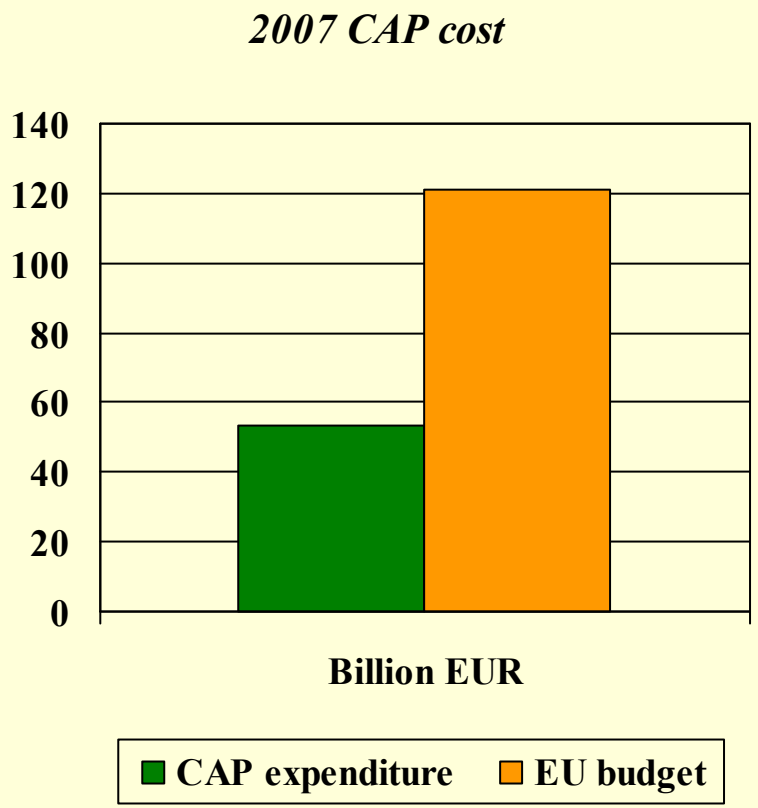
(in 2009)



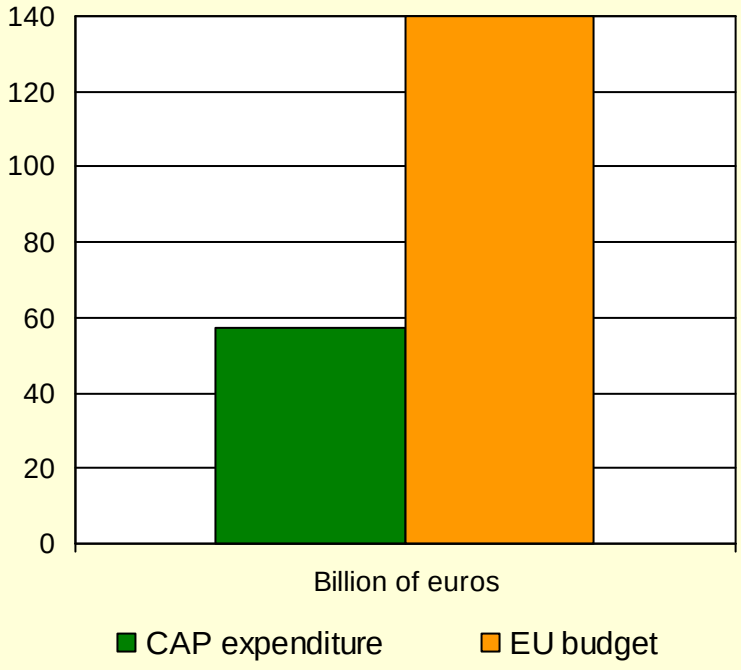
Source: European Commission - DG Agriculture and Rural Development

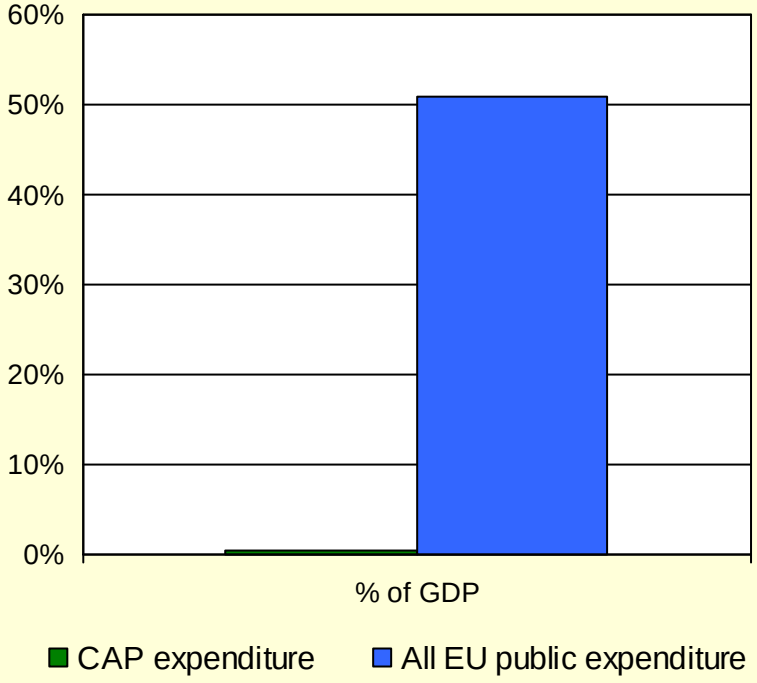
Evolution of CAP share in EU budgeté





Alternative views on the cost of the CAP

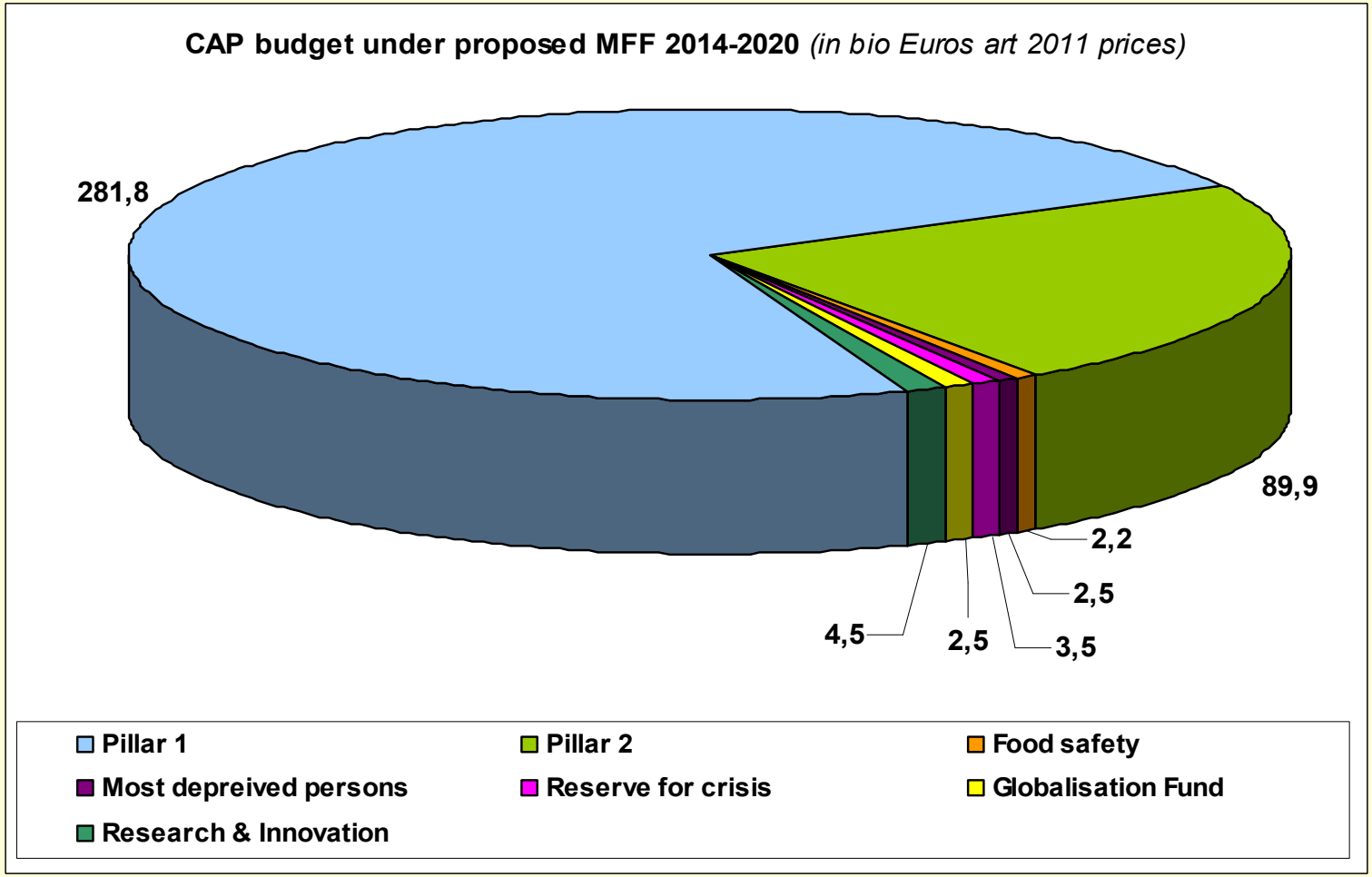




Financial perspectives 2020
2011 proposal

TOTAL CAP budget 2014-20	371,7	ú billions
Pillar 1	281,8	ú billions
Pillar 2	89,9	ú billions
Food safety	2,2	ú billions
Most deprived persons	2,5	ú billions
Reserve for crisis	3,5	ú billions
Globalisation Fund	2,5	ú billions
Research & Innovation	4,5	ú billions

Financial perspectives 2020
29 June 2011 proposal



Time table CAP ï reform and EU budget

- Proposals autumn 2011
- Budget ï Financial Perspective
- Poland ï 2/2011
- Denmark ï 1/2012
- Cyprus ï 2/2012
- **Ireland – 1/2013**
- Lithuania ï 2/2013
- Co-decision EP

Flat Rate Payment

- This is calculated after the initial exclusion of the 30% Greening, (compulsory); 5% DA top-up & 5% coupled payment and 3% national reserve (flexible) = **43% OF NATIONAL purse.**
- Can be national or regionally calculated
- In the first year, the Pillar 1 payment can be allocated on a 40:60 basis between flat rate and current historical SFP (2000-2002)
- By 2019, the payment would be 100% flat rate

Uniform Values

- By January 1st, 2019 all payments in a state or region shall have uniform value
- By December 31st, 2028 all payments in the EU shall have uniform value (since removed)
- This is the main controversial point = ú270/ha ?**<u>In reality its €170/ha + add-ons LINEAR REDUCTION not Compound</u>**

Who Qualifies

- Reference period is amount of ha in 2014
- Only active farmers who used at least one payment entitlement in 2011
- Active farmer: Those whose annual DPs are greater than or equal to 5% of off-farm receipts

YOUNG FARMERS

2% of national envelope to be used for:

- Up to 25% top-up on payment for young farmers
- Payable for 5 years only
- Anomaly- the more you have, the more you get
- Some young farmers have low payments at present so they don't do so well from this
- Maybe a flat rate top up would be fairer eg, úXXX per ha

Large Scale Beneficiaries

Will be cut by:

- 20% on amounts between ú150,000 and ú200,000
- 40% on amounts between ú200,000 and ú250,000
- 70% between ú250,000 and ú300,000
- 100% above ú300,000
- Concession for farm employees linked to their annual wage

Greening

- 30% of total **national envelope** of ú1.245 bn
- Average per eligible ha= ú270; 30%= ú81

Conditions include:

- Maintenance of permanent pasture
- Crop rotation of 3 crops
- Maximum of any one crop to account for 70% of area sown
- 7% ecological set-aside
- **ORGANIC FARMERS** AUTOMATICALLY INCLUDED (ONLY PROPOSED Art 27)

Example

Farmer currently has SFP of ú400/ha

Under the proposals:

Possible scenario (based on following assumptions)

- 30% goes to greening top-up
- 5% goes to DA top-up
- 3% goes to National Reserve
- 5% goes to coupled payment

Example

40% deducted
60% remains to be allocated 50:50 Between flat rate and SFP rate

SFP Rate	400	240 (60%)	144
Flat Rate	270	180 (40%)	64.8
Greening	81	81	81
DA assume		13.5	13.5
			303.30

Distribution of the Single Payment Scheme by payment value

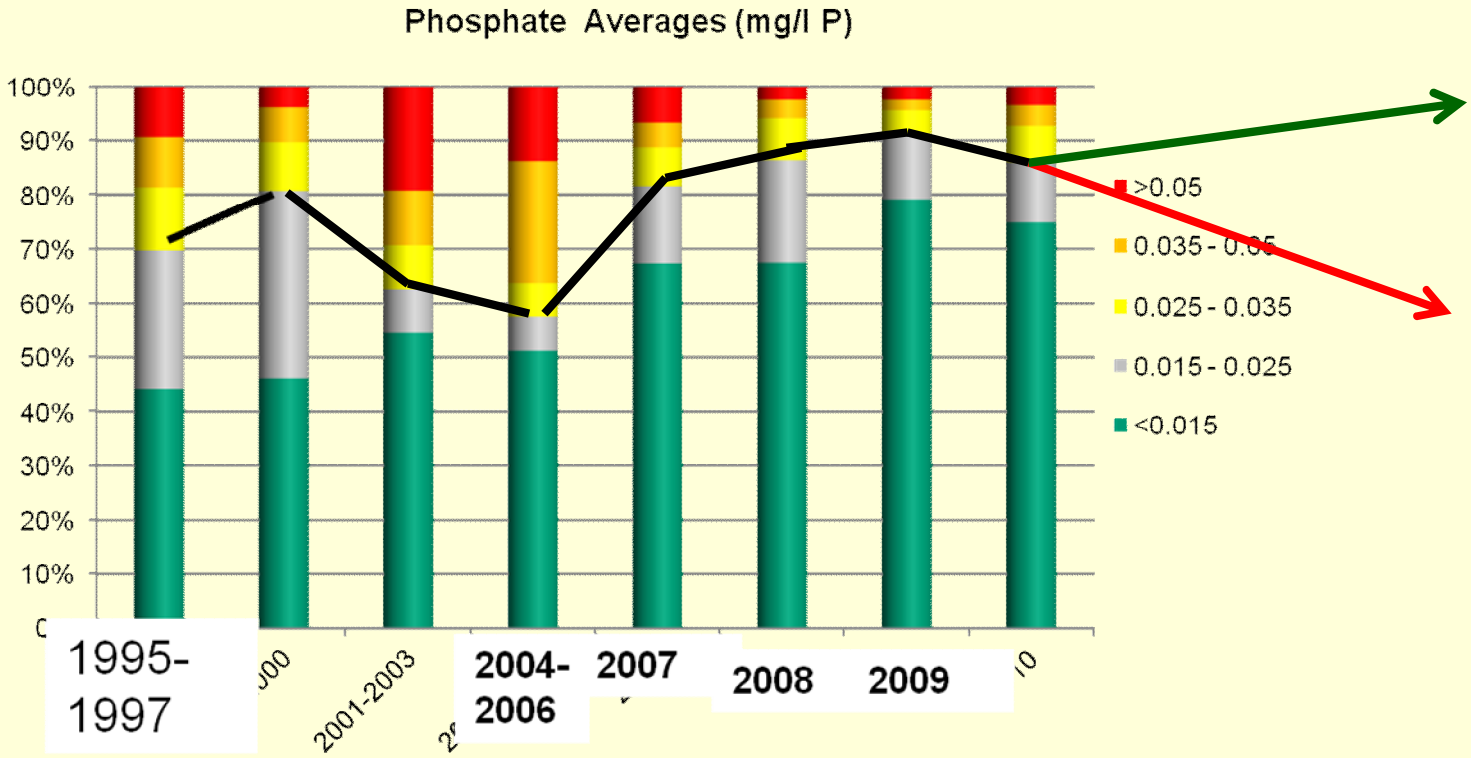
All Payments		
Category	**Number of Herds**	**Net Payments**
Less than ú1,000	11,786	ú6,153,060
ú1,000 - ú2000	13,078	ú19,483,829
ú2,000 - ú3000	11,635	ú28,994,412
ú3,000 - ú4,000	10,065	ú35,106,660
ú4,000 - ú5,000	8,748	ú39,343,860
ú5,000 - ú6,000	7,618	ú41,780,376
ú6,000 - ú7,000	6,589	ú42,751,708
ú7,000 - ú8,000	5,751	ú43,098,128
ú8,000 - ú9,000	4,993	ú42,347,783
ú9,000 - ú10,000	4,321	ú40,990,351
ú10,000 - ú15,000	15,530	ú190,512,029
ú15,000 - ú20,000	8,915	ú154,116,026
ú20,000 - ú50,000	13,421	ú390,735,291
ú50,000 - ú100,000	1,840	ú120,186,488
ú100,000 - ú300,000	248	ú32,227,326
More than ú300,000	4	ú1,527,578
Totals	**124,542**	**€1,229,354,903**

ORGANICS

- Art 30 ï Ecological area refers to WFD and framework for Community action for water policy.
- Soil Framework Directive 1990-2006 the EU lost a potential agri production capability = 6.1 million tonnes wheat
- Soil loss in UK est ú53m/year. Issues both with production and water quality.
- 1990-2000 est 275 ha lost per day in EU = 1,000 km2 year.
- 2000 ï 2006 ROI loss = 14% (EU average 3%).

Organics can deliver: Water Quality (Source: EPA,2011)

An absolute priority; there must be "no deterioration"



ORGANICS =GOOD SOIL & WATER QUALITY = Biodiversity & Climate Change

- **A challenge for environmental management, both for water quality and greenhouse gas emissions**

- **1 kg Phosphorus when present as phosphate will pollute 29 million litres of water (or 6.4 million gallons) A loss of just 30-40 kg N/ha will pollute groundwater from a drinking water perspective**

- **Therefore, need to give priority to minimising 'leakage' of P & N from soils and farmyards**
- **Organic farming practices significantly reduce N & P ground water pollution.**
- **Good soil quality reduce pollution, as per organic systems.**

FINES From EU Good Water Status

- **Ecosystems have a 'legal entitlement' to adequate water (quality & quantity)**
- **The EC will enforce the requirements of the WFD where the WFD objectives are not being met**
- **Associated daughter' Groundwater Directive (2006)**

Additional Measures Will be Needed

- Examples:
  - High status water bodies
  - Areas susceptible to nutrient losses
  - Sediment in runoff
- Increased buffer zones
- Riparian zones
- Prevention of animals in streams

CAP Reform provides the opportunity for imaginative solutions