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Public Workshop on CAP reform

Critical aspects of post 2014 CAP

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Summary

- ELO support for CAP reform to a more integrated rural policy
 - Multiple functions of land management
 - Food **and** environmental security
 - Accept decoupled payment and payment for public environmental goods
- Ciolos reform is a long list of adjustments – not very principled
- Danger that we bury ourselves in this detail whilst the budget slips away



Critical aspects of post 2014 CAP

- EU political and economic situation and budget
- The nature and purpose of Ciolos Reform
 - Redistribution of funds
 - Better targeting
 - Greening
- Other direct payment issues
- RDR and structural funds



EU political and economic situation and budget

- Euro is in danger – and so is the EU
- Scarcity of public funds, need for growth
- Does CAP expenditure offer most EU value?
 - Defensive argument – don't add rural crisis to the macro-economic crisis
 - Positive argument – land based green growth
- Budget questions
 - Total EU budget size:
 - CAP share:
 - Allocation to the two pillars, threat to P2?
 - Member State Shares



The nature and purpose of Ciolos Reform

- To legitimise the CAP
- Three imperatives
 - **Redistribution** of support
 - Better **targeting** of support
 - **Greening** of the CAP, focus on P1
- First reform with
 - 27 Members
 - co-decision, Council + Parliament
 - may end up as piecemeal changes



Redistribution of funds

- What sense in equal payments per hectare?
 - are costs, productivity, challenges & values equal per hectare?
- Redistribution between the Member States
 - Nakedly political – zero sum game
 - Why only a third of the gap?
 - Why only 90% of EU average?
- Redistribution within Member States
 - Regionalisation
 - Choose regions
 - Choose allocation
 - 40% start, convergence by 2019?
 - Too much, too fast for some, too slow for others?
 - Allow flexibility.



Better targeted supports

- Active farmers:
- Progressive cutting and capping
- Young Farmers
- Small farmers
- Areas of Natural Constraints
- Voluntary coupled payments



Active Farmers

- Of course payment for activity
 - ‘agricultural activity’ is widening, must include wider environmental land management
 - ‘farmers’ encouraged to diversify
- Whoever does the management can be paid
- 14 MS say 5% non-agricultural receipts – unworkable, so focus on the land
- Negative list
- Burden of proof on beneficiary?
- Subsidiarity – MS discretion



Progressive cutting and capping

- 8 MS opposed, but COM is determined
- Not-for-profit land managers asking for exemption
- No alternative thresholds or cut % on offer
- Interaction with the 30% greening element
- No clarification of the salary allowance



Young Farmer top-up

- All agree there is a problem
- Is it an entry problem or an exit problem?
- 11 MS say it should be voluntary
- Some (De) says use P2 not P1
- Is a modest top-up the best use of 2% of P1 budget?
- 'Rejuvenation' rather than young



Small farmer scheme

- The Commission's main simplification measure
- The debate is whether all MS should be required to do it
- 11 MS say it should be voluntary



Areas of Natural Constraint

- Application of the bio-physical criteria still not agreed
- 66% of the area affected or 50%
- Should there be a P1 top-up at all?
- Note: if top-up in P1, then P2 payment has to adjust
- Phase-in or immediate switchover



Coupled payments

- Justification: without coupled payments production will disappear
- If the production is fundamentally uneconomic, why does this matter?
- Is this a social or environmental issue?
- Wider list of products? Pigs, tobacco, olives?



Greening the CAP

- Why?
 - To legitimise the policy
 - Because there really is an environmental challenge
- How? Commission says:
 - Focus on P1,
 - EU-wide, simple, generalised, annual
 - plus
 - changes to cross compliance,
 - raised base for P2 Agri-environment
 - Information and advice to farmers



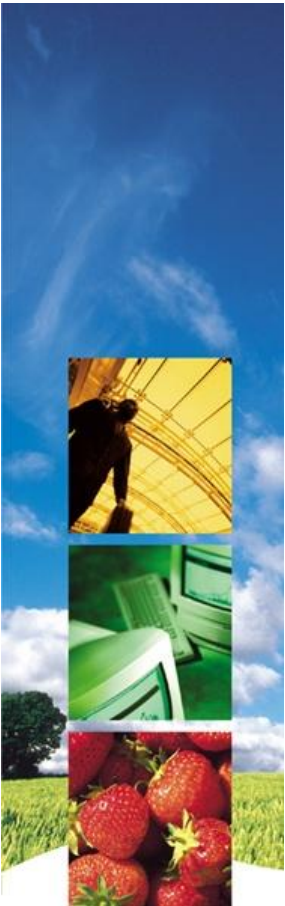
Luxembourg working paper on greening

- More flexibility.
- MS chooses one of three options
 - A develop agri-environment using P1 funds
 - B more choice in COM proposal
 - More categories of green by definition
 - More than three 'agricultural practices'
 - De-link the greening and basic payment
 - C add greening practices to cross compliance



Commission concept paper on greening

- Very nervous of flexibility
 - Watering down, equivalence and complication
- No acknowledgement of Options A or C
- Widen 'green by definition' for agri-environment – climate measures, & environmental certification
- Strict criteria
 - whole farm
 - Measure by measure
 - Not clear how P2 then adjusts
- Crop diversification: 10 ha, change to 5% rule
- Permanent grassland: 8 yrs. non-herbaceous



Other direct payment issues

- Interaction between Pillar 1 greening and agri-environment schemes
- The 30% and 7% still disputed
- More details on Ecological Focus Area:
- Group application of Greening
- EFA trading



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