



# CAP Reform: State of Play

## *Direct payments*

Civil Dialogue Group – Direct payments

*12 February 2021*

# Income support: distribution

	Council	EP
Distribution of DP: improve the targeting, fairness and effectiveness of direct payments	<p><b><i>Clear weakening:</i></b></p> <p>Capping/reduction of payments (MFF): <b>optional for MS</b>, only on BISS, possibility to deduct contract work</p> <p>Genuine farmer: <b>optional for MS, EU principle</b> of what is meant by “genuine farmer” (i.e. depend on farming to earn their living) <b>removed</b></p> <p>Complementary Redistributive Income Support for Sustainability (CRISS): <b>optional for MS</b></p> <p>Round sum for small farmers: allowing to grant it per ha (<b>reducing redistributive effect</b>)</p>	<p><b><i>Some key elements preserved at least partly:</i></b></p> <p>Capping/reduction of payments <b>mandatory</b> (but MFF issue)</p> <p>Genuine farmer <b>mandatory</b>, but <b>EU principle modified substantially</b></p> <p><b>CRISS mandatory</b></p> <p>And even <b>obligation for MS to explain social and economic architecture of the Plan</b> (including complementarity of interventions)</p> <p><b><i>Others not...</i></b></p> <p>Round sum for small farmers: as for Council, possibility to grant it per hectare (<b>reduced redistributive effect</b>)</p>

# Income support: eligibility rules

	Council	EP
Eligibility rules: finding the balance between supporting farming on agricultural land and environmental-climate ambition	<p><b><i>Changes putting at risk the EU level playing field and the objective of eligibility rules</i></b></p> <p>Eligibility of landscape features on virtually <b>half of the area</b></p> <p>Possible endless support for <b>land rendered ineligible by ANY measure contributing to the environment-climate</b> (including paludiculture)</p> <p><b>Option</b> for MS to exclude agricultural land reconverted from non-agricultural</p>	<p><b><i>Changes similar to Council</i></b></p> <p>Eligibility of landscape features on <b>1/3<sup>rd</sup> of area</b> (and all LF being part of agricultural area?!)</p> <p>Possible endless support for <b>land rendered ineligible by ANY measure contributing to the environment-climate</b></p> <p><b>Paludiculture</b> added in definition of agricultural activity</p> <p>Emphasis on <b>agroforestry</b></p>

# Income support: others

	Council	EP
Coupled Income support	13+2%	Level COM kept at 10+2% But back in Blue box And non-food crops removed from the list
Young farmer	Skills /training removed from definition Possibility to grant lump-sum/farmer	40 years = max (no flexibility) 2% >>> 4% and only for CISYF under PI Area threshold mandatory = max AFS 7 years from 1 <sup>st</sup> application Possibility to grant lump-sum/farmer
Transitional National Aid	Phasing-out 5% per year starting in 2024 (current level maintained for 4 years in a row)	Maintained at 2020 level with no end date Update of reference period allowed (>< decoupled nature of support)
Flexibility between pillars	DP to RD = up to 25% RD to DP = up to 25%, and up to 30% for MS with DP/ha below 90% of EU average + up to 15% DP to RD for env/clima + up to 2% DP to RD for young farmers Annual review	DP to RD = max 12% and to be used for AEC for farmers only RD to DP = max 5%, or 12% for MS below average but no more than necessary to bring amount/ha to EU average, to be used for eco schemes only

# A key point with Council: the financial flexibility

Difficult balance between financial flexibility, ring-fencings, and fear of unspent funds jeopardising the strategic approach for direct payments

# A key point with EP: the detailed rules

- **EP reintroduced various specific detailed rules added reducing flexibility for MS**
  - Redistributive payment for a number of hectares = AFS; payment from 1st hectare
  - Scheme for small farmers mandatory for MS with maximum amount at EUR 1250
  - YF (see previous slide)
- **Financial flexibility drastically reduced with introduction of ring-fencings**
  - BISS + CRISS + CIS + sectoral programmes for « other sectors » = at least 60% of Annex VII
  - CRISS = at least 6%
  - CISYF only = at least 4% (instead of 2% including setting-up under RD)
  - Eco-schemes = at least 30%

# Additional points in the EP position

- **Full internal convergence** but possibility to define a maximum area granted basic support
- New **scheme for boosting competitiveness** under DP
- For COM to collect info on **all support (DP and RD) received directly or indirectly by natural persons** and to apply a capping (on-time info and monitoring system through adaptation and extension of ARACHNE system) >>> link with HZR
- Implementation of **Blair House** deleted; no need to justify difficulties for coupled support to protein crops
- Need to demonstrate **importance of sector granted coupled support removed**, but back in Blue box
- Both animals and areas used to rear animals for **bullfighting** ineligible

# Performance based model – key questions

- Annuality of the performance review
- Level of tolerance for deviation from milestones/targets before COM can ask for an action plan
- List of result indicators for performance review
- Performance model or back to compliance?



Thank you for your  
attention