

# Risks and Opportunities for the Rice Sector in the Next CAP

**Presentation to CDG ARABLE CROPS – RICE SECTOR**

**2 July 2021**

Alan Matthews

Professor Emeritus of European Agricultural Policy

Trinity College Dublin, Ireland

[alan.matthews@tcd.ie](mailto:alan.matthews@tcd.ie)

# What is the issue?

- Rice growers currently benefit from above-average support payments per hectare under the 2014-2020 CAP that supports production in the EU
- Support rules will change under the new CAP 2023-2027 and rice farmers risk to lose out
  - Budget envelopes (including flexibility between CAP Pillars)
  - Basic payment will be cut by 25% and more for rice farmers due to redistributive payment and internal convergence
  - Limited potential to increase coupled payments
  - Potentially, more stringent rules for emissions, pesticide and fertiliser use
- BUT new eco-scheme will take up 25% of direct payment envelopes and share of agri-environment-climate measures (AECMs) in Pillar 2 strengthened
- How can rice farmers play a role in the green transition AND maintain their payments?

# Context and background to CAP political agreement

- Main objectives of this CAP reform
  - New governance arrangements with greater responsibilities for Member States
  - Higher level of environmental and climate ambition
  - Better targeting of direct payments
- Green Deal strategy
  - Addresses climate stabilisation, loss of biodiversity, minimise waste and pollution and resource use (circular economy)
  - Agriculture must play its role in achieving these objectives
  - Specific targets set for agriculture in Farm to Fork and Biodiversity Strategies around use of chemical pesticides, nutrient use efficiency and use of nutrients, antimicrobials, organic farming, space for nature, and climate action



# Indicative direct payments per hectare received by rice producers in 2014-2020 CAP, euro per hectare

	Italy	Spain	Portugal
Basic payment	600	580	517
Greening payment		290	
Coupled payment	140	110	201
AECM payment	400*	440	361
<b>Total</b>	<b>1,140</b>	<b>1,420<sup>#</sup></b>	<b>1,080</b>

Source: Communication from FERM

- \* Uncertainty whether Italian AEM payment is averaged across all growers or only for those growers enrolled in AECMs
- <sup>#</sup> Spanish figures are for Valencia, in practice the basic and greening payment received per ha in Spain is lower, at €602/ha, making a total payment of €1,154/ha.

# CAP allocations to main rice-producing Member States, 2021-2027, current prices, million euro

	2021-2027	2014-2020
<b>EAGF commitments</b>		
Italy	25,399.7	26,666.4
Spain	34,124.2	34,061.6
Portugal	4,295.3	4,068.9
Greece	14,529.6	13,956.0
<b>EAFRD commitments (including RRF contribution to EAFRD spending)</b>		
Italy	10,658.7	10,429.7
Spain	8,519.4	8,290.8
Portugal	4,256.9	4,057.8
Greece	4,387.2	4,196.0
<b>Total CAP commitments</b>		
Italy	36,058.4	37,096.1
Spain	42,643.6	42,352.4
Portugal	8,552.3	8,126.7
Greece	18,916.8	18,152.0

# From budget envelopes to payments per hectare

- Previous slide shows Pillar 1 direct payment budget envelopes more or less stable in current price terms (but slight fall in Italy)
- Translating that into payment levels per hectare for rice farmers will depend on various decisions taken at Member State level
  - Possible increases in area of eligible land due to more flexible definition could lower average value of basic payment
  - Flexibility to move budget resources between Pillars
  - Top-slicing 25% or more for eco-schemes
  - Top-slicing 10% for redistributive payment in favour of smaller area farms
  - Further moves towards internal convergence to flatten payments per hectare
  - Maintenance of coupled payments support



# Coupled support for rice production in the EU, claim year 2020 (limit of 13 + 2% as share of direct payments)

Country	Fixed number hectares	Coupled support	Payment per hectare	Share total VCS in direct payments, 2019
Italy	247,653	33,828,005	137	11.00%
Spain	122,060	12,206,000	100	12.08%
Greece	30,410	7,639,276	251	7.99%
Portugal	30,916	6,851,000	222	19.61%
France	21,727	1,900,033	87	15.00%
Hungary	3,692	1,978,958	536	15.00%
Romania	13,300	4,953,000	372	14.90%
<b>Total</b>	<b>469,758</b>	<b>69,356,272</b>	<b>148</b>	

# Summary of payment options

## Measure

Flexibility to move money between Pillars

Basic payment

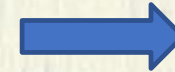
Redistributive payment

Coupled payment

Additional regulatory requirements

Eco-scheme and AECM payments

## Expected impact on payment levels



?





# What are eco-schemes?

- Scope: Eco-schemes must address one of four CAP specific objectives
  - (d) contribute to climate change mitigation and adaptation, as well as sustainable energy;
  - (e) foster sustainable development and efficient management of natural resources such as water, soil and air;
  - (f) contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes;
  - (i) to improve animal welfare and address antimicrobial resistance objectives
- Regulation also includes a list of actions that may be supported, in principle a measure should address at least two of these actions (next slide)

# Actions that can be supported under eco-schemes

- a. Climate change mitigation
- b. Climate change adaptation
- c. Protection or improvement of water quality
- d. Prevention of soil degradation
- e. Protection of biodiversity, conservation or restoration of habitats
- f. Actions for a sustainable and reduced use of pesticides
- g. Actions to enhance animal welfare or address antimicrobial resistance

# Examples of eco-schemes practices

- Conversion to organic farming
- Integrated Pest Management practices
- Agroecology (including improved rice cultivation to minimise methane emissions)
- Agro-forestry
- High nature value farming
- Carbon farming
- Precision farming
- Improved nutrient management
- Protecting water resources



# Main message

- Rice growers currently benefit from above-average support payments per hectare under the 2014-2020 CAP that supports production in the EU
- Support rules will change under the new CAP 2023-2027 and rice farmers risk to lose out
- Additional funding will be available under new eco-schemes as well as larger agri-environment-climate funding
- Rice farmers need to think about how they can contribute to the green transition and access this funding.
- Relevant schemes will need to be included in national CAP Strategic Plans