

Using Coupled Payments to meet CAP objectives

**CIVIL DIALOGUE GROUP
ON DIRECT PAYMENTS**

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DISCLAIMER

This presentation is based upon the Commission's **legislative proposal** that was adopted in June 2018.

Considering that discussions within and between the EU institutions are still under-way, the proposed EU rules may be subject to further changes.

COUPLED SUPPORT: WHERE DO WE COME FROM AND WHERE DO WE GO?

VCS has proven to be a successful tool....

- 4.2 billions EUR earmarked annually for VCS
- about 260 mesures in 27 MS

.... **but** limited capacity in addressing the structural causes of the difficulties identified and in making the targeted sectors/productions more viable and less dependent on subsidies.

→ Challenges for the future:

- To improve efficiency of the tool
- To adapt to the NDM (basic requirements in EU law; performance and result orientation; CAP plans based on SWOT & needs assessments → intervention strategy → interventions to reach specific objectives)
- To take into account possible disruptive effects inherent to coupled support

VCS vs COUPLED INCOME SUPPORT (1/3)

	Current (after Omnibus)	Future post-2020
Name	Voluntary coupled support VCS	Coupled income support CIS
Optional?	Yes	Same
Objective/ aim	To support important sectors in difficulty → To keep sectors viable	NEW! To help important sectors <u>addressing</u> their difficulties by improving their competitiveness, sustainability, quality → To address structural causes → To overcome difficulties → More viable/efficient sectors
Which difficulty	No EU definition	Same
Importance	Economic, social or environmental	Same

VCS vs COUPLED INCOME SUPPORT (2/3)

	Current (after Omnibus)	Future post-2020
Targeting	<p>Yes, to some extent (specific types of farming, regions...)</p> <p><i>Additional/higher difficulties undergone by the population targeted to be demonstrated</i></p>	<p>Yes NEW! More effective: specific types of farming with potential to improve the sector's competitiveness, quality, sustainability</p> <p><i>Can be justified by difficulties undergone at the level of whole sector</i></p>
Eligibility conditions	<p>Mandatory ones (active farmer; eligible ha; I&R) + targeting by MS to some extent</p>	<p>Same (simplified text), more targeting by MS</p>
List of sectors	<p>Positive list (21 sectors)</p>	<p><i>Status quo</i> with 1 exception NEW! non-food crops excl. trees for bio-economy</p>
WTO	<p>Blue-box → Production- limiting scheme: 1) fixed areas (and yield) or animals 2) Strict respect of financial ceilings at measures level</p>	<p>NEW! Amber box, however... Not for boosting production! Some strict limitations remain!</p>

VCS vs COUPLED INCOME SUPPORT (3/3)

	Current (after Omnibus)	Future post-2020
Payments	Annual per eligible ha or head	Same
Budgetary limit (% of DP envelope)	Baseline: 8(+2)% for PC Derogation: up to 13(+2)% Higher (cond. + approval) Exception for < 3 M EUR/year	NEW! Limit of 10%(+2)% for PC Possible derogation for 'approval' MS; % not higher than 2018
Blair House Agreement	Mechanism to enforce the MoU for oilseeds (respect of EU WTO limit)	Same principle (Mechanism adjusted to fit with the CAP plan)
Consistency & cumulation	Specific provisions for VCS	Same principle Provisions in a general article
Validation?	No power of Com to approve (except. above 13+2%)	NEW! Approval of CAP plans (general)
Review	Annual reviews (optional)	Annual, CAP plans amendments

Focus on current vs future possibilities of targeting

VCS	CIS
<p>Whole sector: e.g.: beef&veal; fruit&vegetable; protein crops; olive oil; starch potato...</p> <p>Type of farming or sub-population within a sector : suckler cows; tomato for industrialization; soybeans...</p> <p>Territorialisation: durum wheat in administrative region AA; dairy cows in islands; sheep in mountainous areas...</p> <p>Other targeting elements: Thresholds/ceilings (min/max number of heads or ha); minimum level of calving/kidding; breed or crop varieties; animal age; minimum production/delivery...</p> <p>!! Additional/higher difficulties undergone by the population targeted in comparison to the rest of the sector to be demonstrated to justify the need for support.</p>	<p>Same possibilities <u>PLUS</u> possibility to target support to specific types of farming that have the potential to improve the whole sector. Examples:</p> <ul style="list-style-type: none"> - Farmers engaged in quality schemes - Farmers reaching higher animal welfare standards that the baseline standard - Farmers engaged in good practices codes - Extensive livestock production - Farmers engaged in organic production - Farmers engaged in producers organisation - New intrants - Farmers delivering to local/short circuits <p>Need to demonstrate how the intervention (and the targeting) will help the sector solving its difficulties by improving its quality, competitiveness, sustainability.</p> <p>Need for support to only part of the population can be justified by the difficulties undergone at the level of the whole sector.</p>

EXAMPLE

Difficulty(ies): The whole beef&veal sector is suffering from economic difficulties (decrease of consumption, extra-EU competition...)

Intervention: Support to beef under quality schemes

Aim: To support farmers engaged in quality schemes will aim at improving the **quality** and the **competitiveness** of the B&V sector and hence help solving its difficulties.

Elig. criteria/targeting:

Genuine farmers engaged into an official quality scheme since 1st January of year N-1 and having produced beef under quality scheme in year N-1.

Bovine animals of meat and mixed breeds, of at least 6 months, I&R, and fulfilling the quality scheme requirements.

EP AND COUNCIL POSITIONS (1/2)

COM AGRI (April report)

- Reintroduction of **production-limiting** requirements (post-omnibus)
- Possibility to **target or increase support** according to the beneficiary's commitment to improve its competitiveness, quality or the structuring of the sector
- Removal of **importance**
- Removal of '**non-food crops for bio-economy**' from the sectors' list
- **Obligations** on MS to: address an existing environmental/socioeconomic need; trigger no major internal market distortion; livestock production consistent with the WFD

Next steps: plenary or COM AGRI?

EP AND COUNCIL POSITIONS (2/2)

➤ **Strongly polarized views**

➤ **Heritage from RO Presidency** (progress report)

- Budgetary limit changed: $10+2\% \Rightarrow 13+2\%$
- Addition of exception for less than EUR 3 million per year
- List of sectors extended (mix of legumes and grass)

➤ **FI Presidency:** no further change at this stage

Next steps: progress report? Partial general approach?
General approach?

Thank you for your attention!