

# **Future Development of the Common Agricultural Policy after 2013**

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# Legal basis of the Common Agricultural Policy

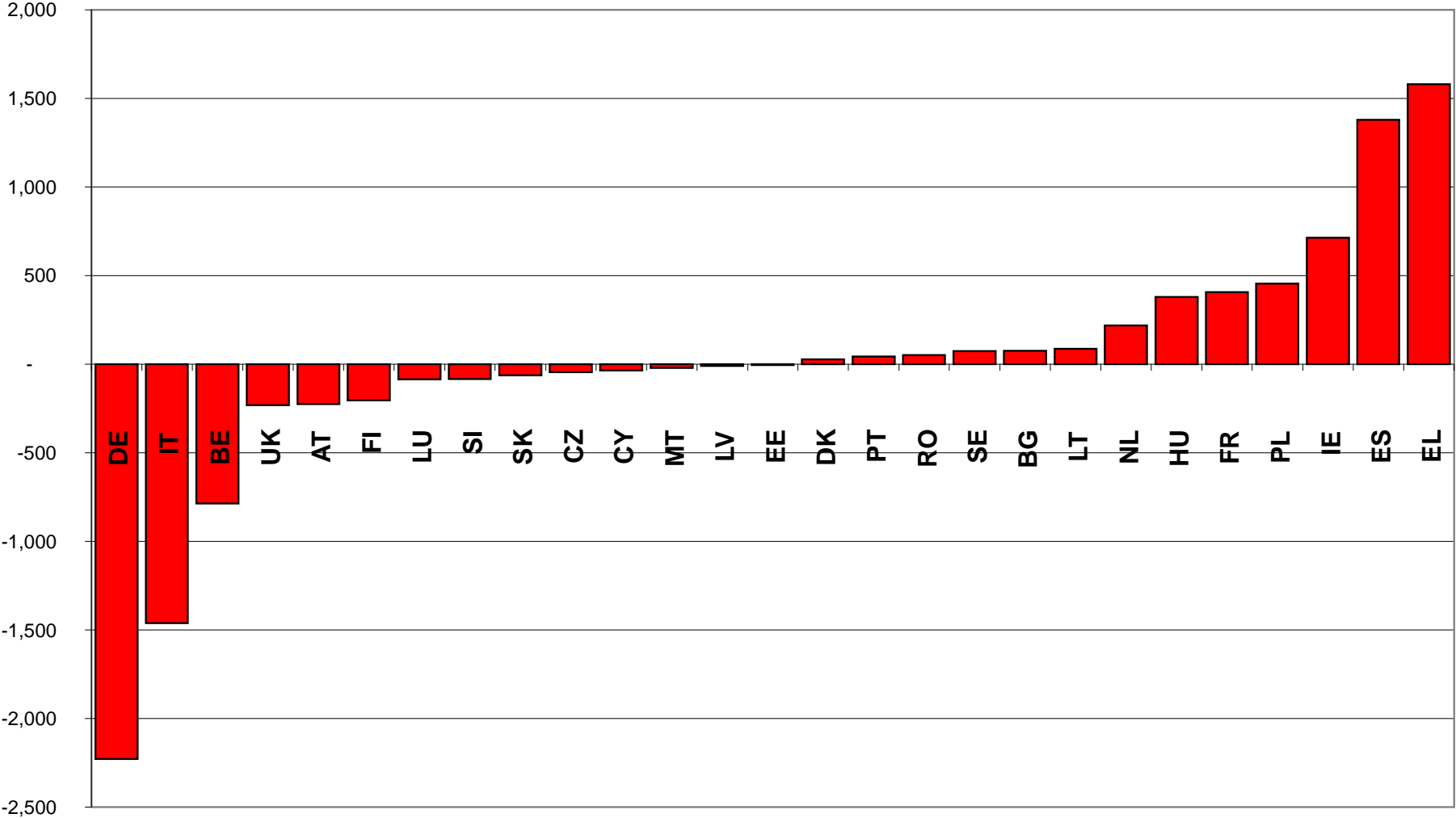
- CAP provisions are essentially contained in 3 Regulations
  - Regulation (EC) No 73/2009      Direct Payments Regulation  
(unlimited validity)
  - Regulation (EC) No 1234/2007      Common Market Organisation  
(unlimited validity)
  - Regulation (EC) on Rural Areas (EAFRD Regulation)  
(valid until 31 December 2013), operational management n + 2 years
- Amendment of the first two Regulations only upon proposal of the COM and with the agreement of the Council and the European Parliament
- EAFRD needs to be extended upon proposal of the COM and with the agreement of the Council/EP
- Conclusion: Legal extension of the EAFRD Regulation is required as, without a decision, the status quo would be maintained into the indefinite future

# Financial Perspective for 2014 - 2020

- Wide-ranging negotiations on all EU policy areas
- **Position of the federal government:**  
**limitation of the EU revenue to 1% of the EU GNI**
- Budget decision (Council) should not be prejudged by specialised policies
- Coalition Treaty: gradual redistribution within the EU budget to the benefit of “new challenges” (e.g. research)
- Conclusion: available EU funds for EU specialised policies still open
- Consequence: CAP reform depends on EU budget decision

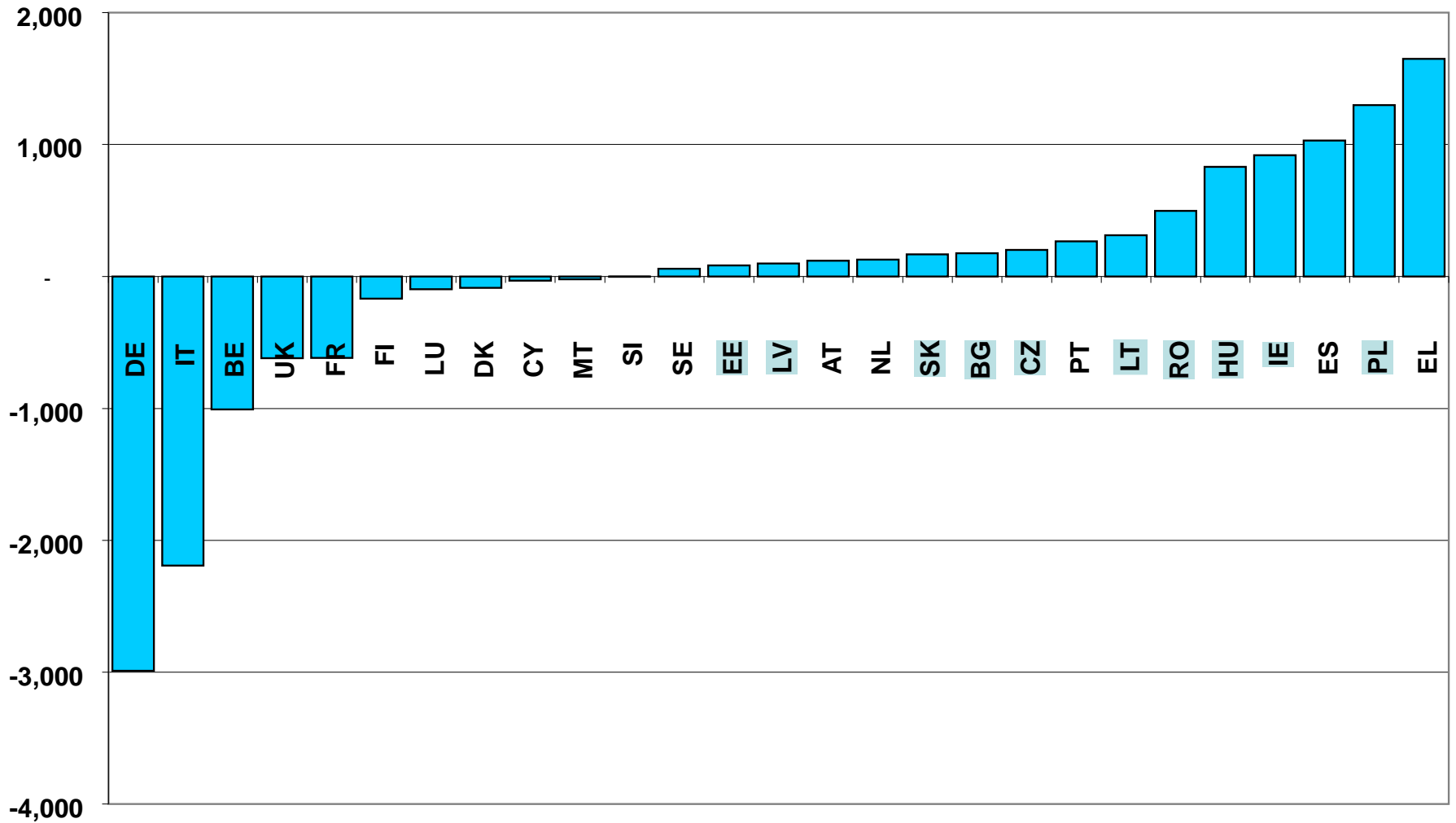
# Net Balance of EU Budget Direct Payments in 2009

Million EURO

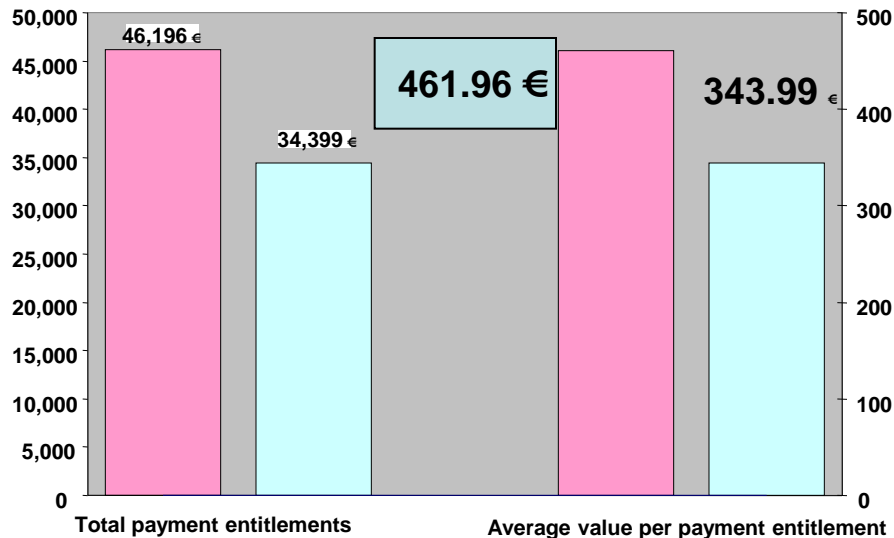


# Net Contributor Balance under Heading 2 of the 2009 EU Budget

Million EURO

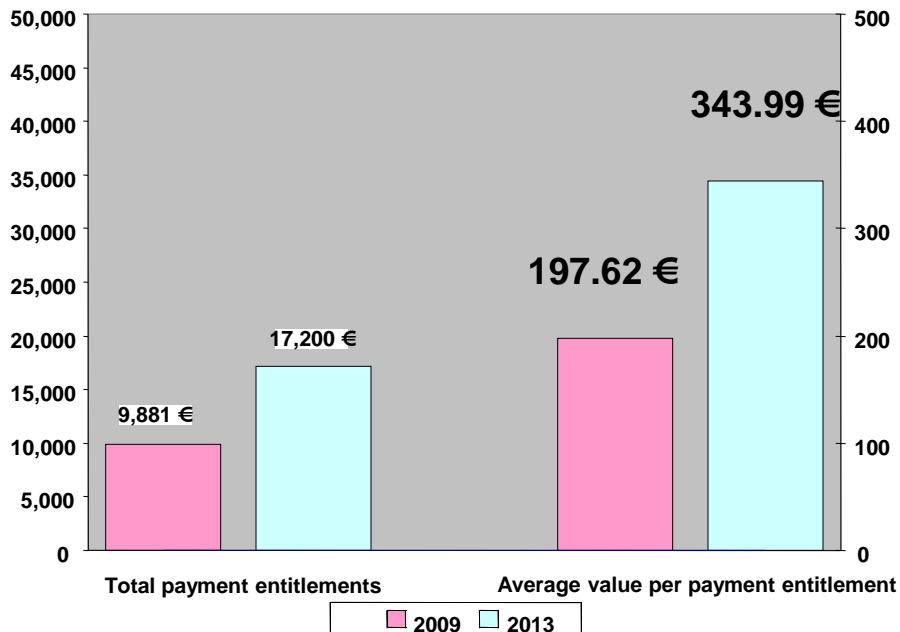


### Intensive dairy farm (silage maize/grass silage)



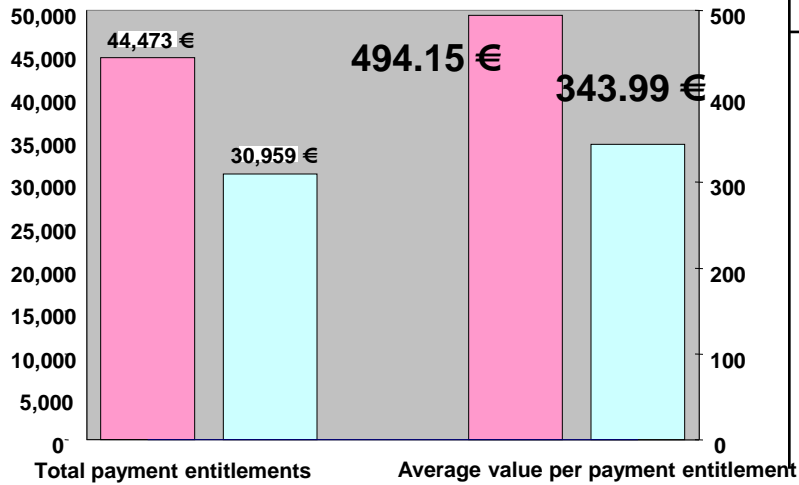
Intensive dairy farm		
Silage maize/grass silage		
UAA	ha	100
Arable land	ha	30
Grassland	ha	70
Silage maize	ha	30
Milk quota	kg	900,000
Milk yield	kg/year	9,000
Dairy cows	heads	100

### Extensive dairy farm (grassland site)



Extensive dairy farm		
Grassland site in a disadvantaged area		
UAA	ha	50
Arable land	ha	0
Grassland	ha	50
Silage maize	ha	0
Milk quota	kg	162,500
Milk yield	kg/year	6,500
Dairy cows	heads	25

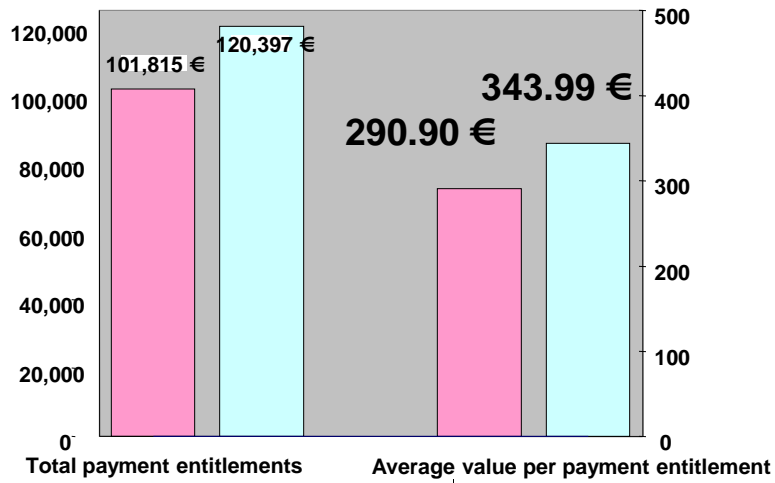
### Arable farm with sugar beet production



### Arable farm with sugar beet production

UAA	ha	90
Arable land	ha	90
Grassland	ha	0
Sugar beet (25 %)	ha	23
Sugar compensation	€/t sugar	82.12
Sugar yield	t/ha	10

### Cereal cropping farm



### Cereal cropping farm

UAA	ha	350
Arable land	ha	350
Grassland	ha	0
Sugar beet	ha	0

2009 2013

- **Premium losses until 2013 (intensive production)**
- :
- **Holdings with reference amounts for tobacco,**
- **farms with intensive cattle production (bull fattening, dairy cows with silage maize as main feed),**
- **(almost) landless sheep farmers and calf fattening farms with special payment entitlements,**
- **arable farms with a high percentage of sugar beet production in the reference period.**
- **Premium gains until 2013 (extensive production)**
- **Pure grassland farms without farm-specific amounts from animal production,**
- **dairy cow and suckler cow farms with extensive grassland management,**
- **holdings with sheep and goat husbandry and extensive grassland management,**
- **pure arable farms without farm-specific amounts (neither from animal production nor from sugar beet production).**



## Affected farms, by payment entitlements (€/payment entitlement)

- **Premium volume of 600 million € or >10 % of the total value of payment entitlements in Germany redistributed.**
- **Winners: 87,360 farm holders (24%) with average payment entitlements of less than €200. Average payment entitlements increased from €129 to €340 (+164 %). Especially pure grassland farms without livestock; farms with a high percentage of permanent grassland and extensive dairy cow, suckler cow and/or sheep husbandry.**
- **Farms with average payment entitlements between €250 and €400 (48 % of all farm holders; 56 % of the payment entitlements, almost unchanged.**
- **Clearly negative: 20,737 or almost 6 % of all farm holders with average payment entitlements between €500 and €1,000.**
- **Very negative: 4,644 farm holders (1.3 %) with average payment entitlements over €1,000. Average value of €1,842 per payment entitlement and 7.4 payment entitlements per holding. Loss of 4/5 of the value of payment entitlements.**
- **Average analysis → there are also individual, more severely affected, cases.**

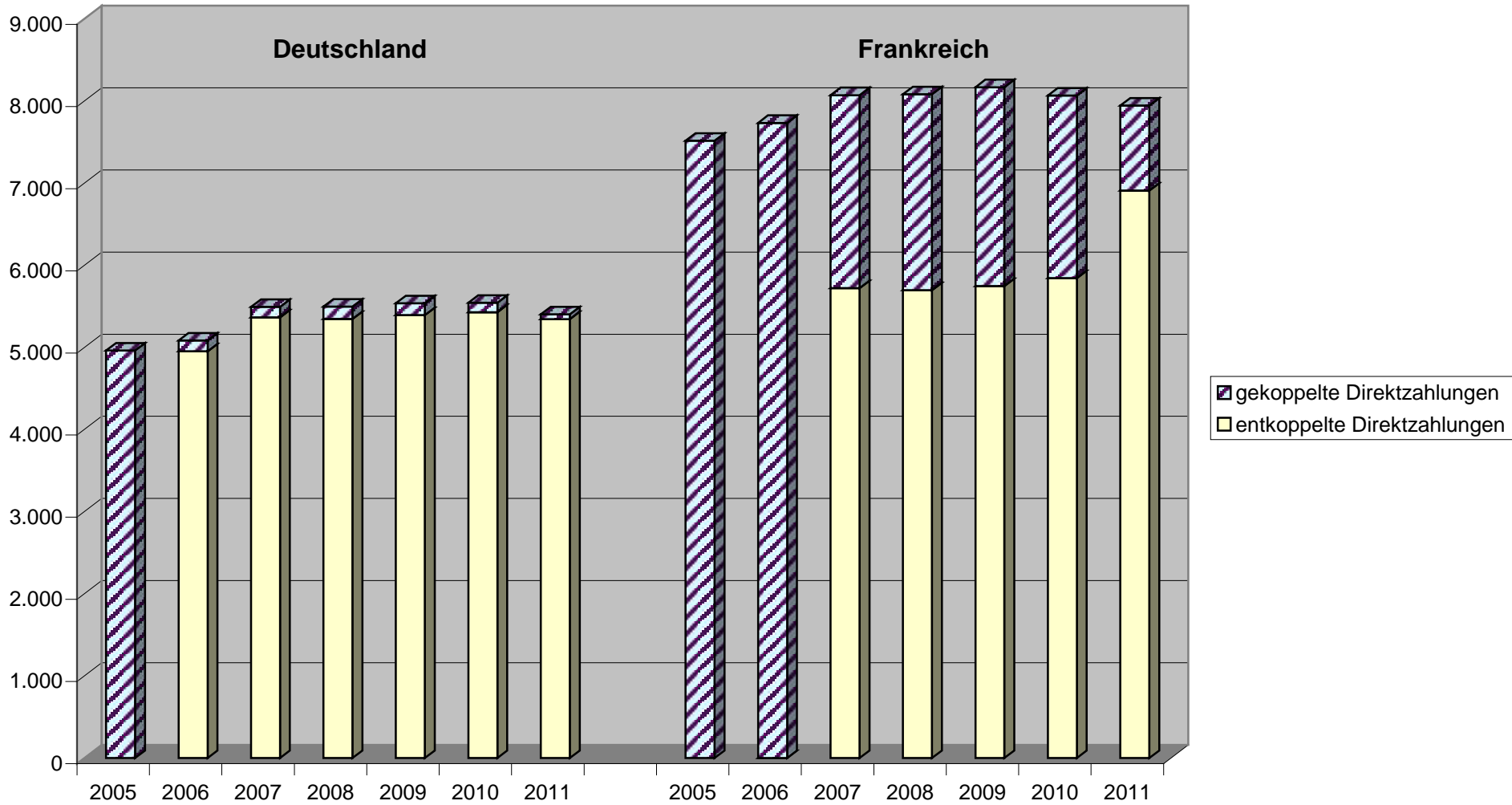
# Entwicklung der EU-Direktzahlungen in Deutschland und in Frankreich, Haushaltsjahre 2005 - 2011

Mio. €

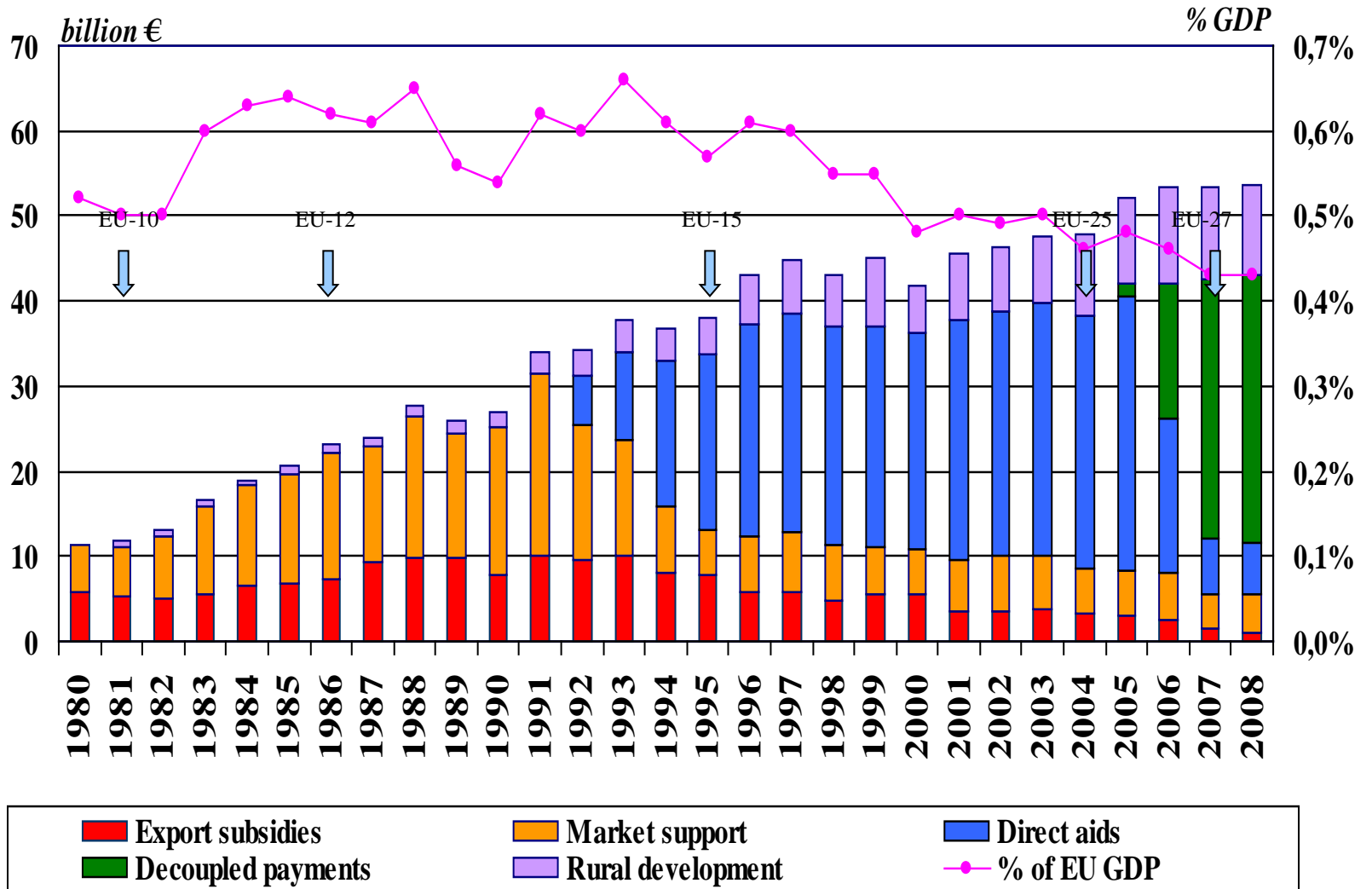
2010 gemäß Haushaltsplan; 2011 gemäß Haushaltsentwurf

**Deutschland**

**Frankreich**



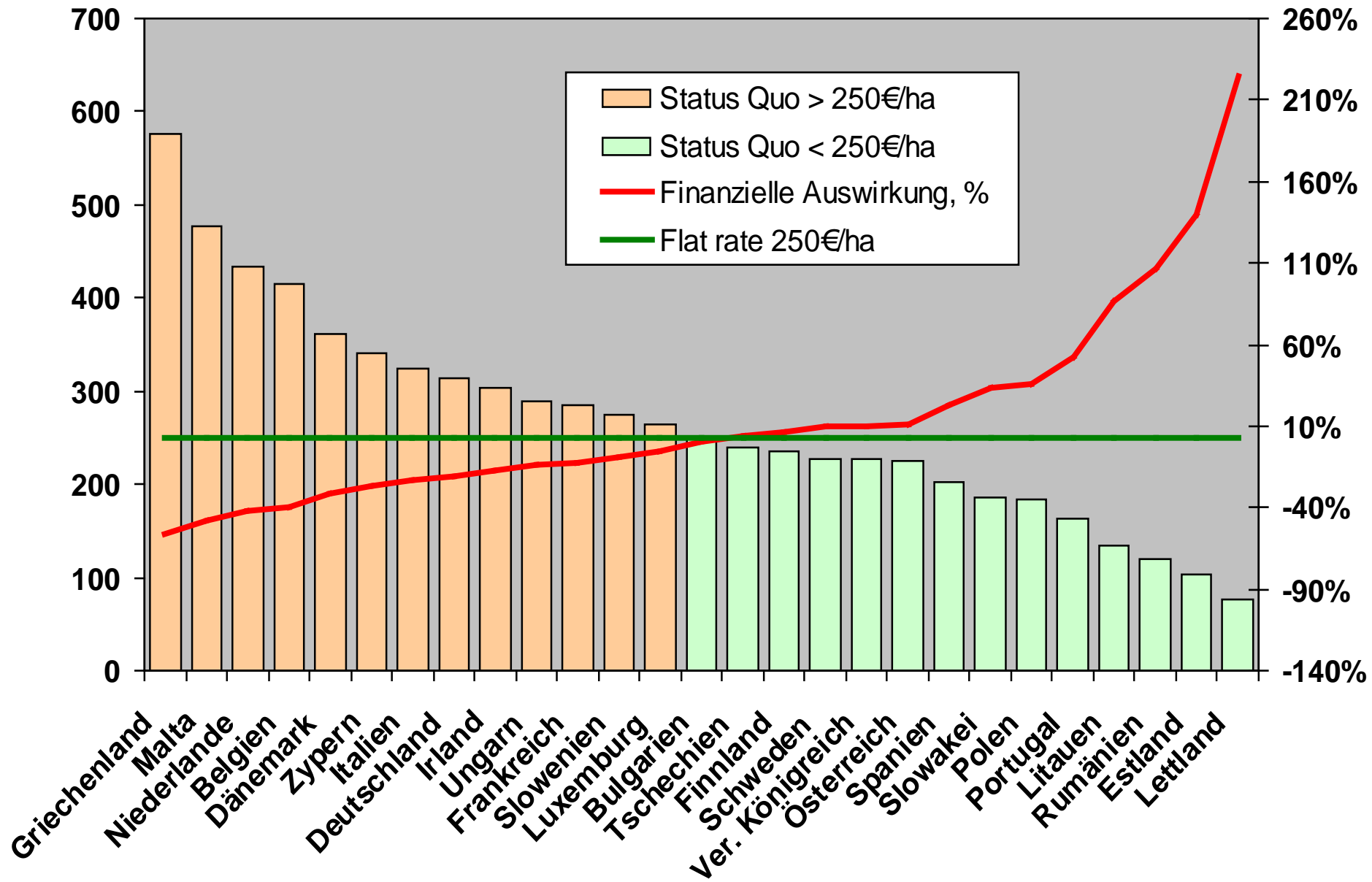
## The paths of CAP reforms and expenditure ■ ■ ■



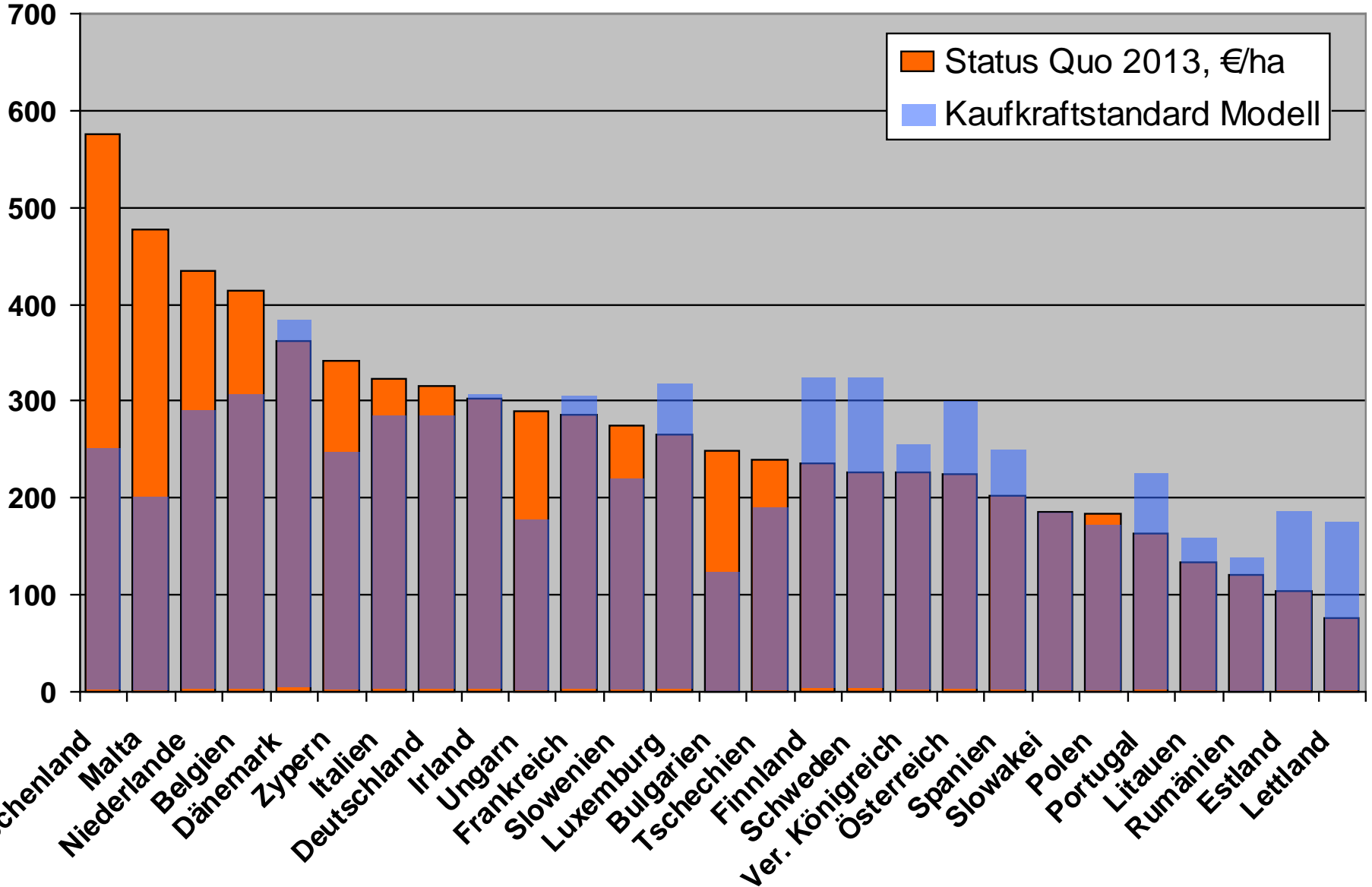
# **General Attitudes towards Direct Payments**

- **Member States**
  - **Maintenance of the status quo**
  - **EU flat rate**
  - **Moderate adjustment of direct payments/ha**
- **COM / EP**
  - **Fair and adequate adjustment of amounts/ha**

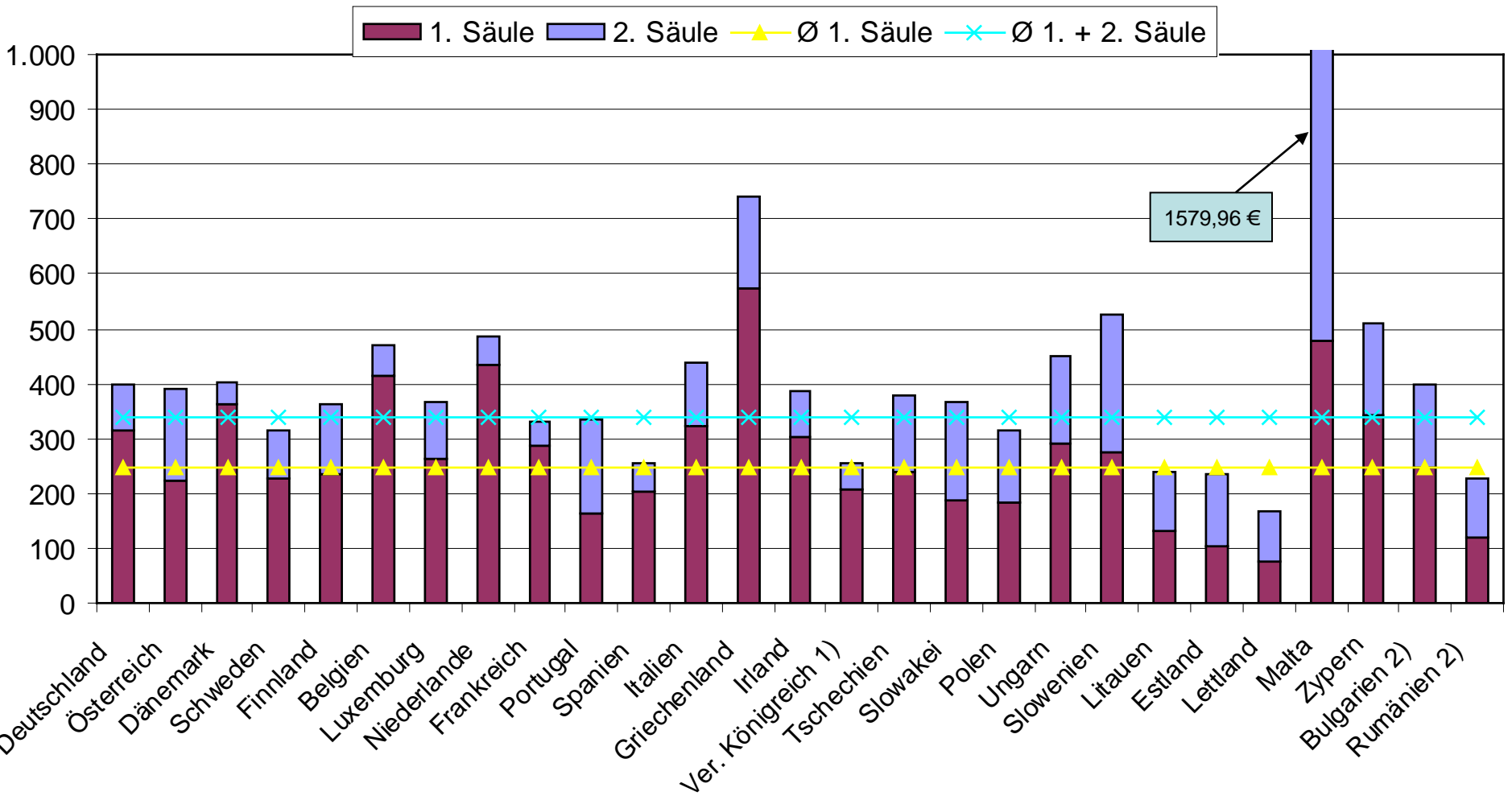
# Comparison: Status Quo 2013 / Flat Rate 250€/ha



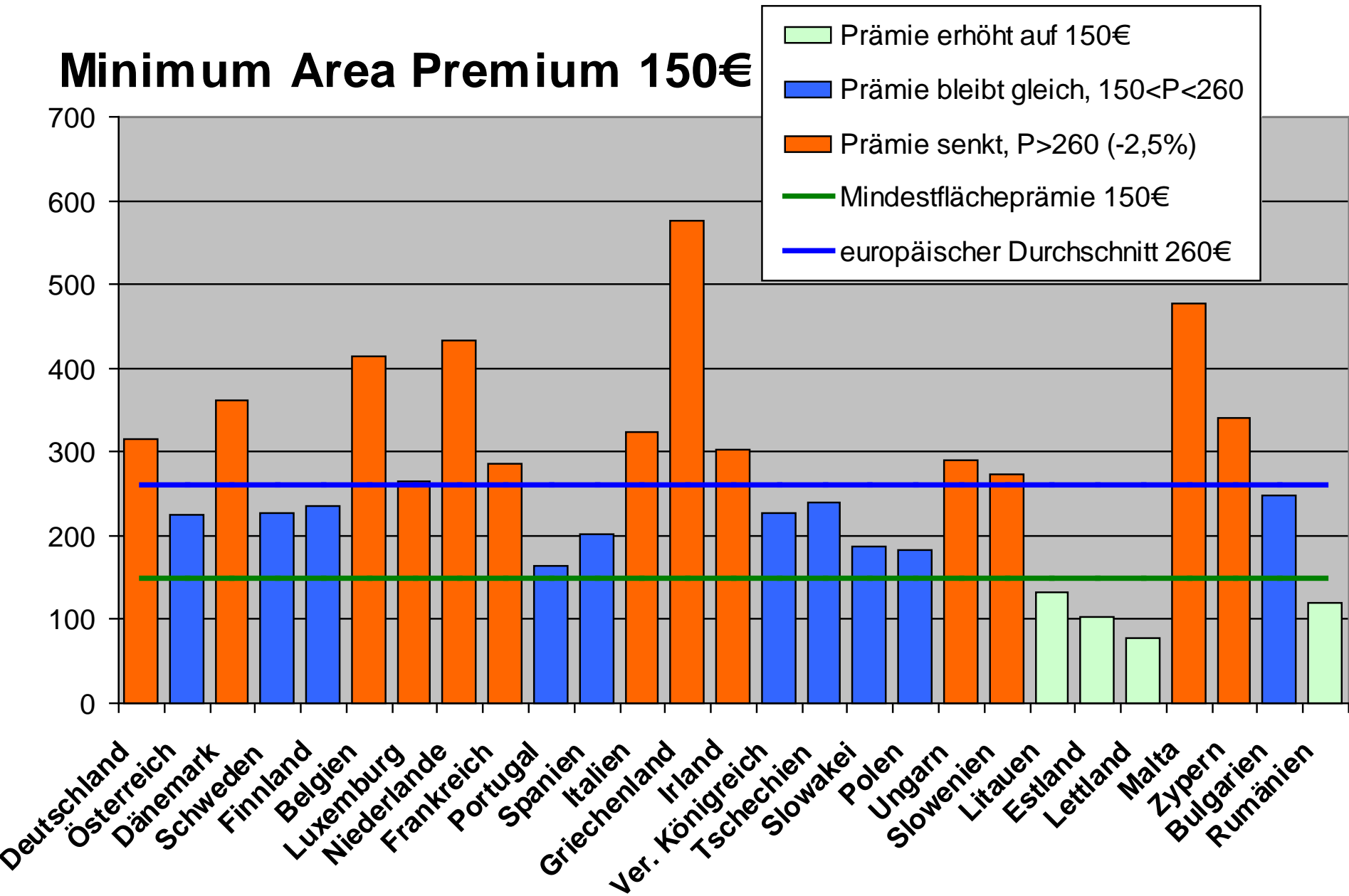
# Comparison: Status Quo 2013 / Purchasing Power Standard Model



# Payments under the 1st and 2nd Pillar (€/ ha)



# Minimum Area Premium 150€





- **Direct payments fulfil the following functions:**
  - **Contribution to securing income**
  - **Contribution to protecting individual enterprises against risks**
  - **Compensation for socially desired high standards in the EU**
  - **Compensation for the phasing-out of tariff protection at the external borders (WTO)**
  - **Remuneration for the services to society that are not rewarded by the market**
- **Stable and decoupled direct payments continue to be the core of the 1st pillar**

- **The financial envelope of the 1st and 2nd pillar must be reliably determined at the beginning of the financing period.**
- **After that, funds should not be reallocated any more**
  - **no modulation**
  - **no farm-related depression**
  - **no capping**

- **Internal (within MS) specification of direct payments should be orientated towards:**
  - **Stable and completely decoupled direct payments**
  - **Preferably regionally comparable amount for grassland and arable land (also in other MS)**
  - **No linking of direct payments to an actual or theoretical labour density (unjustified from an economic point of view; bureaucratic, very questionable from a WTO point of view)**
  - **In principle, direct payments should be allocated as flat rates and linked to cross-compliance requirements**
  - **These should, however, be further simplified**
  - **When new requirements are introduced, old ones should be deleted (one in one out)**

# Market instruments

- Keeping the overall market orientation of the CAP
- Safety net of market instruments to protect the agricultural sector against the effects of extraordinary market crises without constantly intervening in market activities
- Simplification and streamlining of instruments; providing a crisis mechanism for the Commission
- Decision on risk management should be left to the individual farmers
- Strengthening the position of farmers within the food chain

- **2nd pillar**
- **The existing pillar structure, and particularly the measures under the 2nd pillar, are a good basis.**
- **This must be our starting point if we want to achieve further improvements.**
- **Flat-rate, area-based compensation under the 1st pillar is linked to cross-compliance requirements as a matter of principle.**
- **Targeted efforts and services of farmers with regard to the protection of the environment, animals, climate and biodiversity are linked to measures under the 2nd pillar.**
- **Other contributions to the discussion should be taken up and examined.**
- **Upon presentation of the COM Communication, other options for the further development of the CAP should also be examined.**

- **New ideas on the greening component of direct payments should be measured against the following criteria:**
  - **Clear advantages for farmers, rural areas and the environment**
  - **Maintaining a clear division of tasks between the 1st and 2nd pillar**
  - **Avoiding negative financial consequences for farmers and Member States**
  - **No additional administrative and control burden**
- **In view of this, we object to the transfer of the compensatory allowance to the 1st pillar**