



The CAP towards 2020

Implementation of the new system of direct payments

MS notifications

*DG Agriculture and Rural Development
European Commission*



Outline

- 1. A new policy framework for Direct payments**
- 2. Member States decisions for implementation**

The reform introduced a new system of direct payments ...

Ensuring the long-term viability of farms

- *Providing a basic layer of fixed income support*
- *Making them less vulnerable to fluctuations in prices and income*

Enhancing the sustainable management of natural resources

- *Reflecting the important role of agriculture in the joint delivery of private and public goods*
- *Supporting agricultural practices beneficial for the environment and climate*

Contributing to territorial development

- *Allowing for structural and production diversity*
- *Supporting agriculture in specific areas with significant spillover effects on food supply chain and rural economies*

... while enhancing their efficiency

Improved targeting



- ✓ Active farmer
- ✓ Young farmers
- ✓ Green payment
- ✓ Specific support to territories, sectors and size

More equitable distribution



- ✓ Convergence of payments among MS
- ✓ Convergence of payments among farmers
- ✓ Redistributive payment

Greener direct payments



- ✓ Mandatory practices beneficial for environment and climate
- ✓ 30% of direct payment budget
- ✓ Streamlined cross-compliance

New design of direct payments

Capping voluntary for the MS
Degressivity of 5% over 150 000 €

V = voluntary scheme
C = compulsory scheme

Cross compliance
Streamlined

Coupled support* (V)	Natural constraint support (V)
<ul style="list-style-type: none"> Wide range of sectors Up to 8% (or to 13% depending on past level) of DP envelope, +2% for protein crops 	<ul style="list-style-type: none"> For areas with natural constraints – or part of them Up to 5% of the DP envelope
Young Farmer Scheme (C)	
<ul style="list-style-type: none"> Up to 2% of DP envelope < 40 years commencing activity 	<ul style="list-style-type: none"> +25% (/payment entitlements) For 5 years
«Green» Payment (C)	
<ul style="list-style-type: none"> Crop diversification Permanent grassland Ecological focus area 	<ul style="list-style-type: none"> 30% of the DP envelope Thresholds & exemptions Equivalence
Basic Payment Scheme (C)	
<ul style="list-style-type: none"> New BPS entitlements in 2015 SAPS extended until 2020 (EU-10) Internal convergence / derogation with external convergence model 	<ul style="list-style-type: none"> Voluntary redistributive payment (+max.65% on max. 30 ha or AFS; max 30% DP envelope) Definition of 'active farmer'

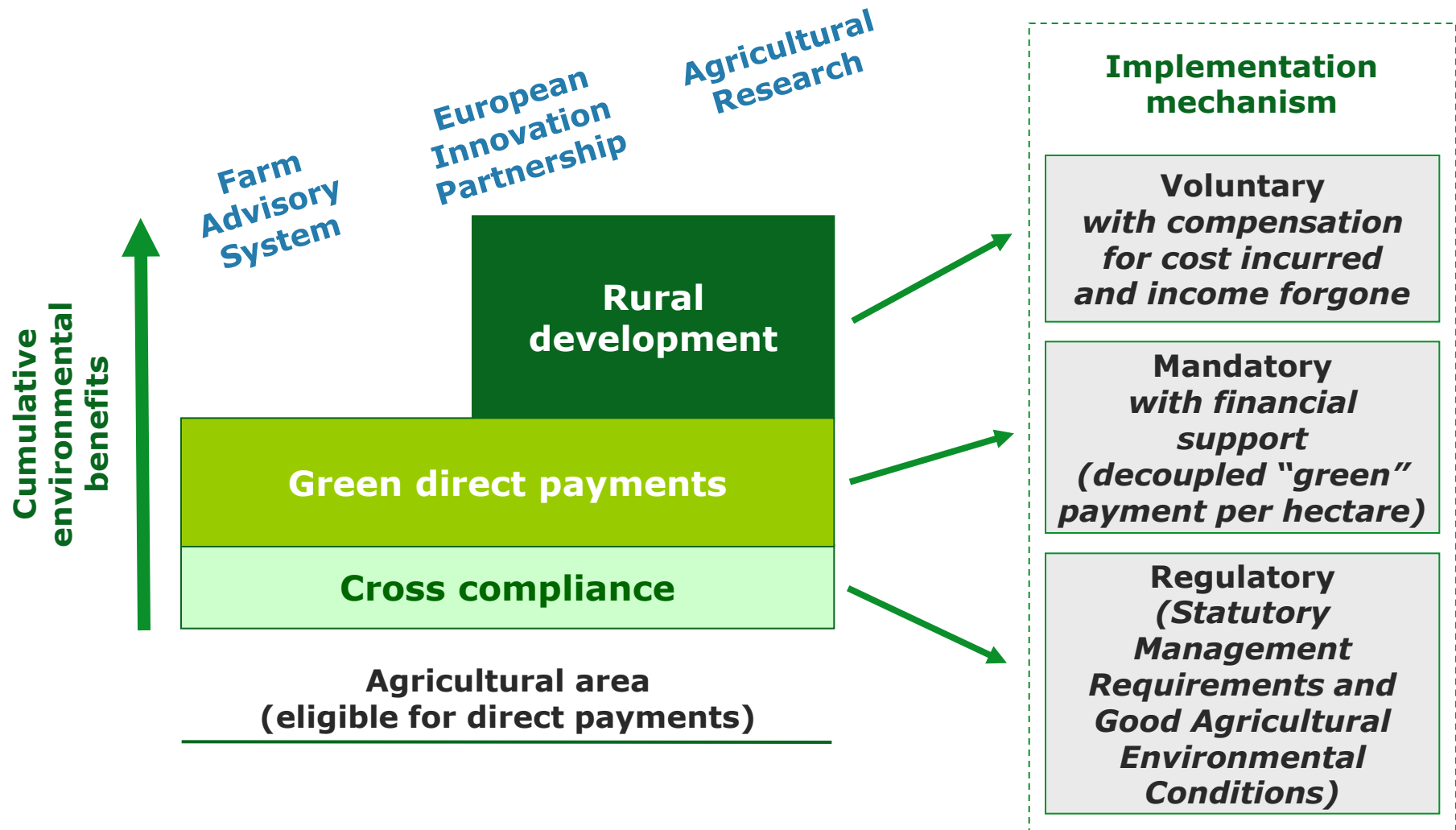
Small Farmer Scheme (V)

- Simplification of claims and controls
- Lump sum payment to be determined by MS under conditions [500 to 1250 €]
- Entrance in 2015

OR

* In some MS (BG, EL, ES, PT) the crop specific payment for cotton is compulsory; obligation derives from 1979 Act of Accession of EL

The 'green payment' in the overall greening architecture



The green direct payment

30% of the direct payment envelope for applying three basic practices :

- Maintaining **permanent grassland**
 - ✓ ban on ploughing in designated areas
 - ✓ national/regional ratio with 5% flexibility
- **Crop diversification**
 - ✓ at least 2 crops when the arable land of a holding exceeds 10 hectares
 - ✓ at least 3 crops when the arable land of a holding exceeds 30 hectares
 - ✓ the main crop may cover at most 75% of arable land, and the two main crops a maximum of 95% of the arable area
- Maintaining an **“ecological focus area”** of at least 5% of the arable area of the holding
 - ✓ only applicable for farms with more than 15 hectares arable land.
 - ✓ figure may rise to 7% after a Commission report in 2017 & a legislative proposal
 - ✓ EFAs may include: field margins, buffer strips, fallow land, landscape features, afforested area, terraces, areas with catch crops, green cover and nitrogen fixing crops, short rotation coppices, agro-forestry, strips of land along forest edges

Equivalence: MS can decide that, instead of applying these three practices, a farmer can undertake practices which are considered equivalent (e.g. crop rotation instead of crop diversification).

Main elements of the notifications due by 1 August 2014

Disclaimer

The synthesis presented in the following slides reflects the content of Member States' notifications available to the Commission services on 23.01.2015. This presentation is made available without prejudice to any finding in respect of their compliance with the regulatory framework

Procedure

- DG AGRI services **assessed completeness** and **consistency** of notifications received by 1 August 2014
- **Numerous bilateral contacts** were taken to request additional information and highlight possible risks of non compliance
- **MS invited to finalise the notification exercise** by end of 2014 (DP except greening) and in January for greening
- **The Commission does not approve/disapprove the notifications** and Member States remain the only responsible of the decisions they have taken in implementing the reform with **two exceptions**:
 - VCS if more than 13 (+2%)
 - Greening equivalence

Direct payments: MS decisions 1.08.2014

By 1 August
2014,
Member
States had
to notify the
Commission
of:

- **Their main policy choices** including the financial allocations
- For BPS, redistributive payment, ANC, VCS, SFS and greening, **further detailed requirements specifying the content and the justifications of the decisions** (additional information on EFA and environmentally sensitive permanent grassland by 1 October and 15 Dec respectively.)
- Their decisions on **reduction of payments, minimum requirements** for receiving direct payments and the **active farmer clause**
- Delayed decision regarding the **flexibility between pillars** [*for those that had not yet transferred funds between pillars for 2014*]

Direct payments: summary of main decisions

Flexibility between pillars

- **Net result** = total transfer from pillar I to pillar II of EUR 3 billion over 6 years (possible review in 2017 for the years 2018 and 2019)

Reduction of payments

- 9 MS to **cap** (100% reduction) the amounts of basic payments at max amounts ranging from KEUR 150 to KEUR 600
- 15 MS to only apply the **minimum reduction of 5%** on amounts above KEUR 150
- 9 MS will **subtract the salaries** actually paid by farmers before applying the reduction of payments' mechanism

Basic Payment

- **Share of DP envelope for basic payment at EU-28 level estimated at 55%**
- The 10 MS currently applying the **SAPS will maintain it until 2020**
- 6 MS to regionalise the BPS (EL, ES, FI, DE, UK, FR)

Voluntary Coupled support

- **All MS but DE** to implement VCS
- MS' plans for VCS = **10% of total DP envelope for EU 28** in 2015
- **9 MS with less than 8%** (IE, NL, LU, UK, AT, DK, EE, EL, CY)
- **11 MS with the maximum percentage of 13%** with 9 of them also using all or part of the additional 2% available in case of support to the protein crops sector
- **3 MS** (BE, FI, PT) to **allocate more than 13 (+2%)** to the VCS (subject to approval by Commission)

Other voluntary schemes

- 8 MS to implement the **redistributive payment** (6 of them will **not apply the reduction of payments**)
- **Only 1 MS** (DK) to implement **the 1st pillar payment for ANC**
- 15 MS to implement the **SFS** but only 2 in the form of a lump-sum equal for all farmers (LV, PT)

Flexibility between pillars: all decisions

Net result of all transfers (possible review in 2017 for the years 2018 and 2019) = **total transfer from pillar I to pillar II of EUR 3 billion over 6 years**

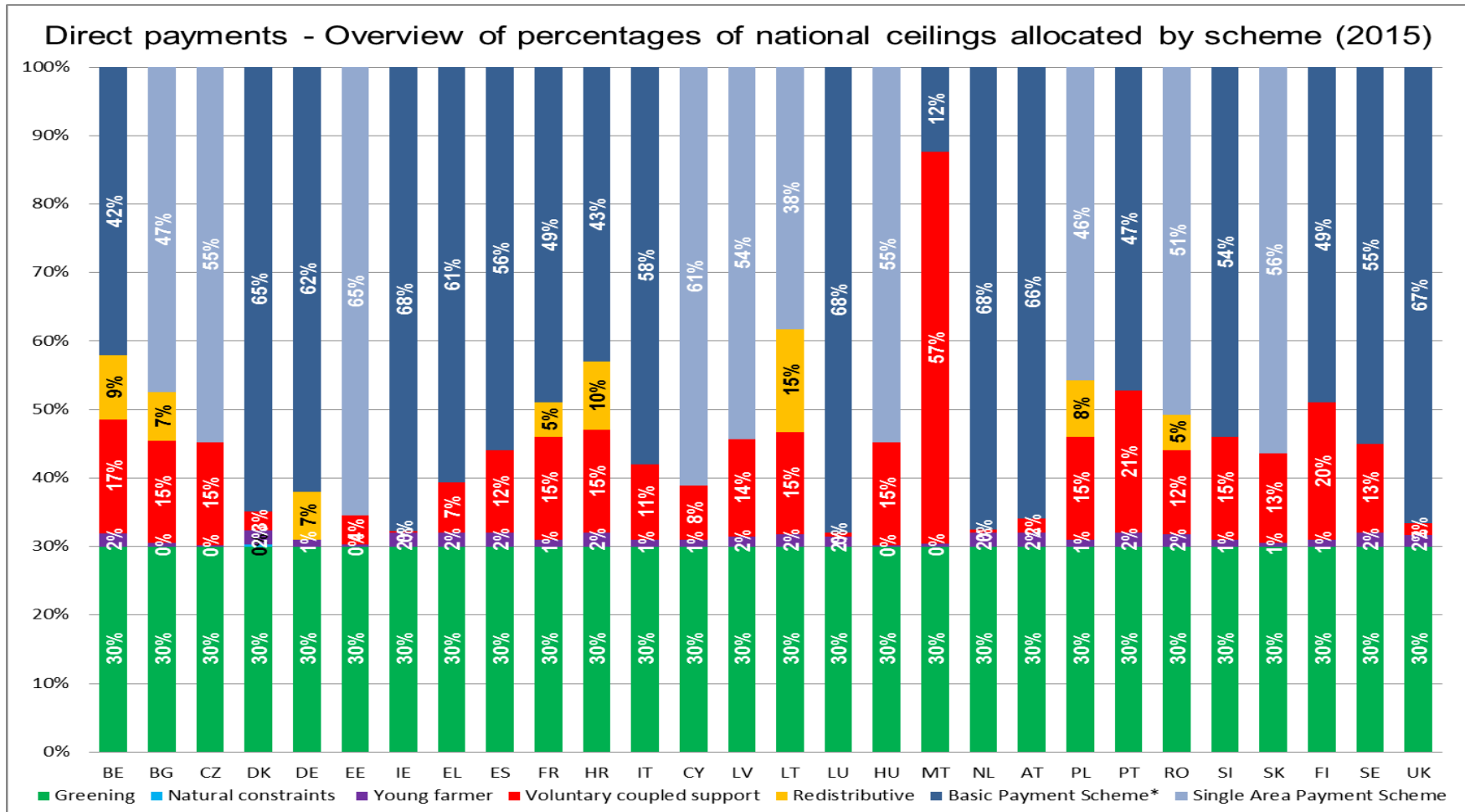
From DP to RD in % of national ceilings (max percentage 15%)							
				DP to RD			MEUR 6.382,6
Financial year	2015	2016	2017	2018	2019	2020	
Claim year	2014	2015	2016	2017	2018	2019	
FR	3.0%	3.3%	3.3%	3.3%	3.3%	3.3%	
LV	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	
UK	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	
BE		2.3%	3.5%	3.5%	4.6%	4.6%	
CZ		3.4%	3.4%	3.4%	1.3%	1.3%	
DK		5.0%	6.0%	7.0%	7.0%	7.0%	
DE		4.5%	4.5%	4.5%	4.5%	4.5%	
EE		6.1%	14.3%	15.0%	15.0%	15.0%	
EL		5.0%	5.0%	5.0%	5.0%	5.0%	
NL		4.0%	4.1%	4.2%	4.2%	4.3%	
RO		1.8%	2.3%	2.2%	0.0%	0.0%	
From RD to DP in % of national ceilings (max percentage 15% or 25% for some MS)							
				RD to DP			MEUR 3.358,2
Financial year	2015	2016	2017	2018	2019	2020	
Claim year	2014	2015	2016	2017	2018	2019	
HR	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	
MT	0.0%	0.8%	1.6%	2.4%	3.1%	3.8%	
PL	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
SK	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	
HU		15.0%	15.0%	15.0%	15.0%	15.0%	

Delegated act modifying the DP and RD financial annexes published on 23.12.2014 (Regulation 1378/2014)

Direct payments: summary of main decisions

	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK		
SAPS		✓	✓			✓							✓	✓	✓		✓				✓		✓		✓					10
Regionalised BPS					✓			✓	✓	✓																✓		✓		6
Redistributive payment	✓	✓			✓					✓	✓				✓						✓		✓							8
No reduction of payment	✓				✓					✓	✓				✓								✓							6
ANC				✓																										1
VCS	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	27
SFS		✓			✓	✓		✓	✓		✓	✓		✓			✓	✓		✓	✓	✓	✓	✓	✓					15

Direct payments: summary of main decisions



Share of DP envelope left for basic payment at EU-28 level in 2015 = 55%

Reduction of payments' mechanism (1)

Amounts above	Reduction %	BE/FL	BE/W	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK/E	UK/NI	UK/SC	UK/W
150 000	5%			✓	✓	✓		✓			✓				✓	✓		✓	✓	✓	✓		✓			✓	✓	✓	✓	✓		✓	
150 000	15%																																✓
150 000	50%													✓																			
150 000	100%	✓							✓	✓												✓	✓								✓		
176 000	100%																		✓														
200 000	30%																																✓
250 000	55%																																✓
300 000	100%			✓																													✓
500 000	100%													✓																			
600 000	100%																																✓
Subtraction of salaries				✓				✓		✓	✓			✓		✓		✓				✓				✓							

Reduction of payments' mechanism (2)

- 9 MS will **cap (100% reduction)** the amounts of **basic payments** at max amounts ranging from KEUR 150 to KEUR 600
- 15 MS will only **apply the minimum reduction of 5%** on amounts of basic payments above KEUR 150
- 9 MS will **subtract the salaries actually paid** by farmers before applying the reduction of payments' mechanism
- Product of the reduction of payments' mechanism as estimated by MS for the 5 years 2015-2019 = **MEUR 558 (around MEUR 112/year)**

Basic Payment Scheme (BPS)

- 6 MS have decided to **regionalise the BPS**: DE, EL, ES, FR, FI, UK (except NI)
- 7 MS will reach a form of **national/regional flat rate**: DE, FR-Corsica, MT and UK-EN in 2015; NL, AT, FI, UK-SC & WA by 2019. SE will reach it in 2020
- Amongst the MS that have opted for a **partial convergence** to the flat rate, 8 opted for the possibility to **limit decrease in the value of payment entitlements above average to 30%** of their initial unit value (EL, ES, FR-except Corsica, HR, IT, PT, SI BE)

Voluntary coupled support (VCS)

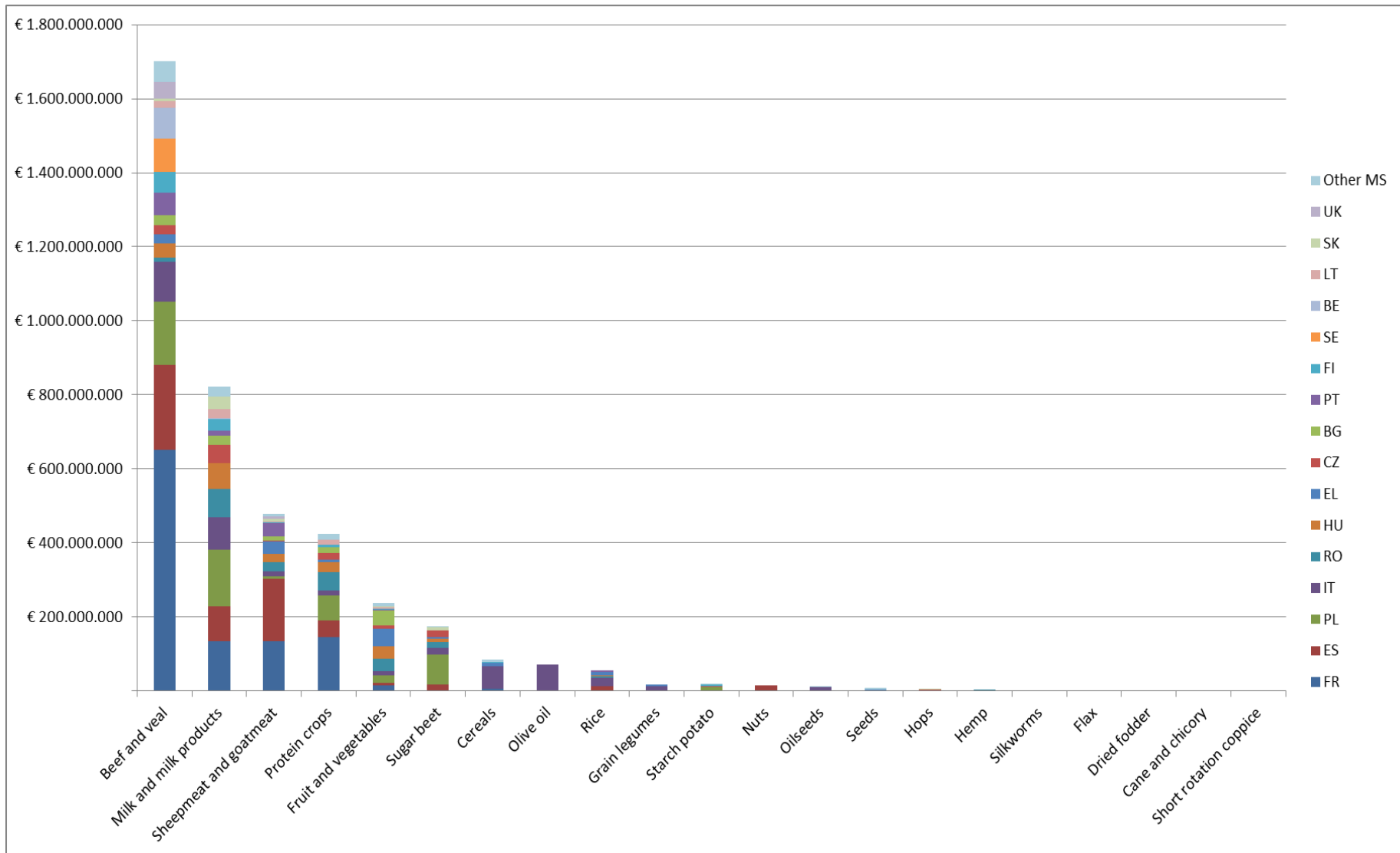
IE	NL	LU	UK	AT	DK	EE	EL	CY	IT	ES	RO	SK	SE	LV	BG	CZ	FR	HR	LT	HU	PL	SI	BE	FI	PT	MT
0.2%	0.5%	0.5%	1.7%	2.1%	2.8%	4.2%	7.4%	7.9%	11%	12%	12%	13%	13%	14%	15%	15%	15%	15%	15%	15%	15%	15%	17%	20%	21%	57%

- VCS = **10% of total DP envelope for EU 28** in 2015
- 9 MS with **less than 8%** (CY, DK, EE, EL, IE, LU, NL, AT, UK)
- 11 MS will use the **maximum percentage of 13%** with 9 of them also using all or part of the additional 2% available in case a corresponding percentage is dedicated to supporting the protein crops sector
- **3 MS to get approval from the Commission** to allocate more than 13 (+2)% to the VCS: BE, FI, PT (2nd quarter 2015)

Voluntary coupled support (VCS)

Sector	AT	BE	BG	CY	CZ	DK	EE	EL	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	Share of total VCS
Beef	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	42%
Cereals								✓		✓	✓				✓			✓							✓			2%
Flax																					✓							0%
F&V			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓		✓	✓	✓		✓	✓		5%
Grain legumes								✓	✓														✓					0%
Hemp											✓										✓		✓					0%
Hops					✓						✓												✓			✓		0%
Milk		✓	✓	✓	✓		✓		✓	✓	✓	✓	✓		✓	✓		✓	✓		✓	✓	✓			✓		20%
Nuts									✓																			0%
Oilseeds															✓			✓										0%
Olive oil															✓													2%
Protein crops			✓		✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓		✓		✓			11%
Rice								✓	✓				✓		✓							✓	✓					1%
Seeds								✓			✓							✓					✓					0%
Sheep & goats	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓			✓	✓	12%
Silkworms								✓															✓					0%
Starch potato					✓					✓	✓							✓			✓							0%
Sugar beet					✓			✓	✓	✓		✓	✓		✓						✓		✓			✓		4%

VCS: sectors supported



VCS: sectors supported

Sectors mostly supported:

- ✓ Beef and veal: 24 MS, 42% of total VCS envelope for 2015
- ✓ Milk and dairy products: 18 MS, 20% of VCS envelope
- ✓ Sheep and goatmeat: 22 MS, 11% of VCS envelope
- ✓ Protein crops: 16 MS, 12% of VCS envelope
- ✓ Fruit and vegetables: 19 MS, 5% of VCS envelope
- ✓ Sugar beet: 10 MS, 4% of VCS envelope

Regional targeting in the UK (beef and veal and sheep), IT (olive oil, protein crops, grain legumes, durum wheat and soya) and PL (hops)

No support for cane and chicory, short rotation coppice, dried fodder

Active farmer clause

- 8 MS **added activities/businesses** to the negative list: BG, DE, EE, IT, MT, NL, RO, UK-Sc
- 6 MS have **extended** the **clause** to all claimants above the threshold : BG, EL, ES, IT, MT, NL
- Most MS set the **exemption threshold** at EUR 5 000, except BE-FI (0), NL (1), LU (100), FR (200), MT (250), LT (500), BE-Wa (350), AT, ES and IT-except mountains (1 250), SK (2 000), BG (3 000)

Greening

Equivalent practices – sent by 1 August 2014

Main figures

- 8 MS initially activated equivalence
 - 3 MS withdrew their application;
- Of the remaining:
 - 2 MS Certification schemes (NL, FR)
 - 3 MS RDP commitments (AT, IE, PL)
- Crop diversification main greening practice
- EFA chosen by 2 MS
- Permanent grassland chosen by 1 MS
- Assessment on-going (due end February)

Member State	Equivalent practice	Detail
France	Certification Schemes	1 national CS → Crop diversification
Netherlands	Certification Schemes	3 national CS → Different practices
Austria	RDP	1 practice → Crop diversification - EFA
Ireland	RDP	1 practice → Crop diversification
Poland	RDP	1 practice → Crop diversification

Greening: main choices overview – sent by 1 August 2014

MS	Equivalent practices	Permanent grassland Ratio level (National OR Regional)	Activation of EFA regional / collective approach	Activation of EFA forest exemption
AT	Only RDP	national	No	No
BE-FL	No	regional	No	No
BE-WA	No		No	No
BG	No	national	No	No
HR	No	national	No	No
CY	No	national	No	No
CZ	No	national	No	No
DK	No	national	No	No
EE	No	national	No	Yes
FI	No	national	No	Yes
FR	Only Certification Schemes	regional	No	No
DE	No	regional	No	No
EL	No	national	No	No
HU	No	national	No	No
IR	Only RDP	national	No	No
IT	No	national	No	No
LV	No	national	No	Yes
LI	No	national	No	No
LU	No	national	No	No
MT	No	N/A	No	No
NL	Only Certification Schemes	national	Only collective	No
PL	Only RDP	national	Only collective	No
PT	No	national	No	No
RO	No	national	No	No
SK	No	national	No	No
SI	No	national	No	No
ES	No	national	No	No
SE	No	national	No	Yes
UK-E	No	regional	No	No
UK-NI	No		No	No
UK-SC	No		No	No
UK-W	No		No	No

MS opting for equivalence	5	Ratio at national level	23	MS applying collective	2	MS applying forest exemption	4
Equivalence through RDP	3	Ratio at regional level	4	MS applying regional	0		
Equivalence through certification schemes	2	Ratio at sub-regional level	0				
		Without perm. grassland	1				

Greening

Ecological Focus Areas – sent by 1 August 2014 (I)

Main figures on EFA

- **Number of activated EFA types**
 - Between **2 and 4** EFA: 6 MS (AT, FI, LT, NL, SI, ES)
 - Between **5 and 9** EFA: 9 MS (CY, DK, EE, EL, LV, MT, PT, SV, UK)
 - **Over 10** EFA: 13 MS (BE, BG, HR, CZ, FR, DE, HU, IE, IT, LU, PL, RO, SK)
- **Category of EFA type**
 - Nitrogen fixing crops: 27 MS
 - Land lying fallow: 26 MS
 - Short rotation coppice: 21 MS
 - Landscape features (at least one): 23 MS
 - Catch crops: 20 MS
 - Buffer strips: 19 MS
 - Afforested areas: 13 MS
 - Agroforestry: 12 MS
 - Strips along forest edges with production: 8MS; without production: 11 MS
 - Terraces: 8 MS

(UK and BE sent notifications on regional basis; in this PPT UK/BE are counted if at least one region activated a given element)

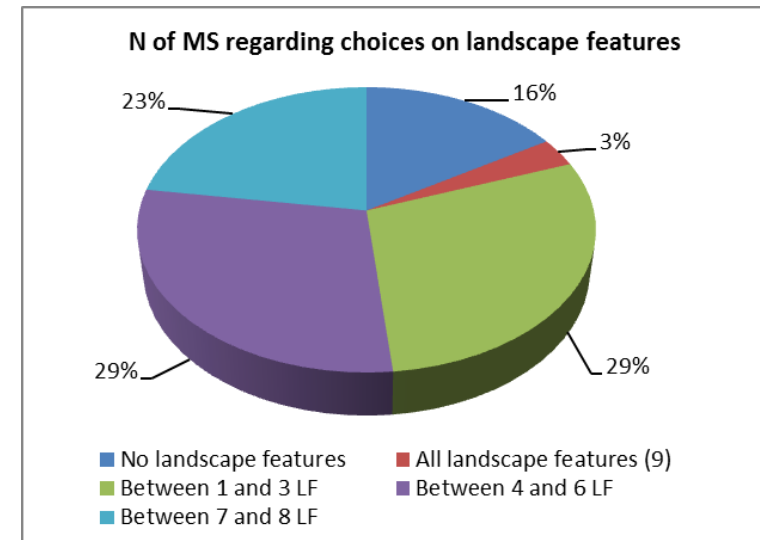
Greening

Ecological Focus Areas – sent by 1 October 2014 (II)

MS choices on landscape features

MS which chose at least 1 LF: 23

- Trees in groups: 17 MS
- Field margins: 16 MS
- Trees in line : 16 MS
- Hedges: 13 MS
- Isolated trees: 13 MS
- Ponds: 11 MS
- Ditches: 14 MS
- Traditional stone walls: 6 MS
- Other LF: 10 MS



Choice between LF defined under Art 45 (set in DA) & under Cross-compliance (CC) requirements

- 5 MS will allow only LF defined under Art 45
- 18 MS will allow both Art 45 and CC LF

Greening

Ecological Focus Areas – sent by 1 October 2014 (III)

Short Rotation Coppice (SRC):

- Between 2 to 11 species per MS
- Most popular: willow (20 MS), poplar (16 MS), alder (14 MS), birch (10 MS) and ash (11 MS)

Catch crops (CC)

- Different approaches to the setting of the required list of crop mixtures; often long list of crop species
- Period of sowing usually between July & September
- Some MS developed criteria for the establishment of mixtures (max % for the mayor species) and on the minimum duration of CC on the field.

Nitrogen Fixing Crops (NFC)

- Between 4 and 19 crops/MS
- Most popular: faba bean (all MS), pea (26 MS), alfalfa (25 MS), lupin (23 MS) and clover (23 MS).
- Biodiversity criteria (selection of NFC): some MS provided detailed while others generic ones
- Geographic criteria: a number of MS decided to allow NFC on the whole territory in light of the Nitrates directive. Some MS did not specify this.

Greening Ecologically Sensitive Permanent Grassland (ESPG) Sent by 15 December 2014

- **MS adopted different approaches to the designation of ESPG in Natura 2000 areas:**
 - 8 MS designated all grassland in Natura 2000
 - 5 MS between 50% and 100%
 - 6 MS less than half of the grassland
 - For some MS data provided remains to be checked
- **4 MS will designate ESPG outside Natura 2000 areas**