

CAP Support for Vulnerable Sectors

March 29th 2021

Presentation to CAP Project Team

Discussion Document



Genuine Farmer - Recap

Proposal for decision

- Economic output metrics used to define Genuine/Active farmer
- Min stocking rate/arable rate also?
- Ban on long-term leasing of entitlements
- Development of entitlements trading scheme

Coupled Payments & Transfer between Pillars Trilogues Proposals

Coupled Payments:

European Commission	EU Agricultural Council	EU Parliament
<ul style="list-style-type: none"> • Limit of 10% of Pillar 1 + 2% for protein crops • Member States who have coupled >13% of Direct payments in the past can increase from 10%, but not beyond % used in 2018. 	<ul style="list-style-type: none"> • Limit of 13% of Pillar 1 + 2% for protein crops 	<ul style="list-style-type: none"> • Limit of 10% of Pillar 1 + 2% for protein crops. • Part can be transferred to support other sectors

Transfer between Pillars:

European Commission	EU Agricultural Council	EU Parliament
<ul style="list-style-type: none"> • Up to 15% Pillar 1 to Pillar 2 and vice versa • Can be increased: <ul style="list-style-type: none"> • by 15% for environmental, climate and other management commitments • by 2% for objectives related to young farmers 	<ul style="list-style-type: none"> • 25% Pillar 2 to Pillar 1 • Can be increased <ul style="list-style-type: none"> • by 15% for environmental- and climate-related objectives and • by 2 % for young farmers • Up to 25% Pillar 1 to Pillar 2 	<ul style="list-style-type: none"> • 12% Pillar 1 to Pillar 2, provided it is used for agro-envi-climate measures • 5% Pillar 2 to Pillar 1 provided it is used for eco-schemes

Coupled Payments Impact on Pillar 1 Funding

- Ireland Pillar 1 funding totals €1.179bn

Coupled Support Level	Pillar 1 Allocation	Estimated average linear reduction/basic payment
10%	€117.9m	€939/farmer
13%	€153.3m	€1,220/farmer

Current National & IFA Position

- Ireland currently only has one coupled payment under Pillar 1 for protein crops
- Additional state support for vulnerable sectors via Pillar 2 co-funded schemes

Current IFA Position

- In the context of increased CAP funding the option of introducing more coupled payments as part of the next CAP must be considered in targeting support to active farmers in vulnerable sectors.
- A targeted payment of €300 per suckler cow, facilitated by a combination of CAP and national funding
- A targeted payment of €30 per ewe through a combination of CAP transition and national funding

Trends in Income and Direct Payments 2014-2019

Sector	2014			2019			% Change 2014 vs 2019		
	BPS	Total DPs	Total DPs as % of Farm Income	BPS	Total DPs	Total DPs as % of Farm Income	BPS	Total DPs	Total DPs as % of Farm Income
Dairy	17104	21295	32%	16433	20300	31%	-4%	-5%	-3%
Cattle Rearing	8535	13613	157%	7716	13805	153%	-10%	1%	-2%
Cattle Other	11718	16204	138%	10820	16205	118%	-8%	0%	-14%
Sheep	11290	18014	125%	11542	18849	128%	2%	5%	2%
Tillage	22827	25777	91%	19150	23096	71%	-16%	-10%	-23%

Note: BEAM excluded from 2019 Direct Payments receipts

Source: National Farm Survey

- With exception of Dairy, all other sectors share aspects of vulnerability
- Suckler and Sheep most dependent on Direct Payments
- Tillage - Sector with largest drop in DPs in 2014-2019 period

Support for Vulnerable Sectors

Suckler coupled payment proposal

- Proposal Detail
 - Suckler: support of €300 per cow/calf unit - €100 from Pillar 1 / €200 from Pillar 2
 - Based on 2021 Suckler herd
 - Sheep: support of €40/mountain ewe & €30/lowland ewe funded through Pillar 2
- Cost of implementation of Pillar 1 segment:
 - Currently 922k suckler cows per CSO Dec '20 Livestock Survey
 - Cost of €92m based on same – equivalent to c. 8% coupled payment
- Cost of implementation of Pillar 2 segment:
 - Ewe support equates to additional €70m Pillar 2 funding (based on 2020 ewe flock)
 - To reach €300/suckler cow required additional €34m of Pillar 2 expenditure over 2020 spend (based on Budget 2021 submission)

Support for Vulnerable Sectors

Suckler coupled payment proposal

- **Observations**

- Delivers direct funding to a very vulnerable sector
- Prioritises suckler farming sector for coupled support over other drystock & tillage sectors
- Linear reduction to fund coupled payment impacts all farmers regardless of sector or profitability

Support for Vulnerable Sectors Targeted Pillar 2 Schemes

- Non-Pillar 1 direct payment receipts 2014-2019

Sector	2014 Non-Pillar 1 payments	2019 Non-Pillar 1 payments	% change 2014 v 2019
Dairy	4191	3868	-8%
Cattle Rearing	5078	6089	20%
Cattle Other	4485	5384	20%
Sheep	6724	7306	9%
Tillage	2950	3946	34%

Note: BEAM excluded from 2019 Direct Payments receipts

- Analysis indicates vulnerable sectors have seen increases in non-Pillar 1 Direct Payment receipts

Current IFA Proposal to support Vulnerable Sectors

- Proposal based on 2021 IFA Pre-Budget Submission

Farm Scheme	2020 Funding	Funding required under current proposals
BDGP	€45m	€90m
BEEP-S	€35m	€52m
ANCs	€250m	€300m
Sheep Welfare	€17m	€77m

- Delivers c. €250/suckler cow support & €30/ewe