

Update to CAP Project Team

April 18th 2021





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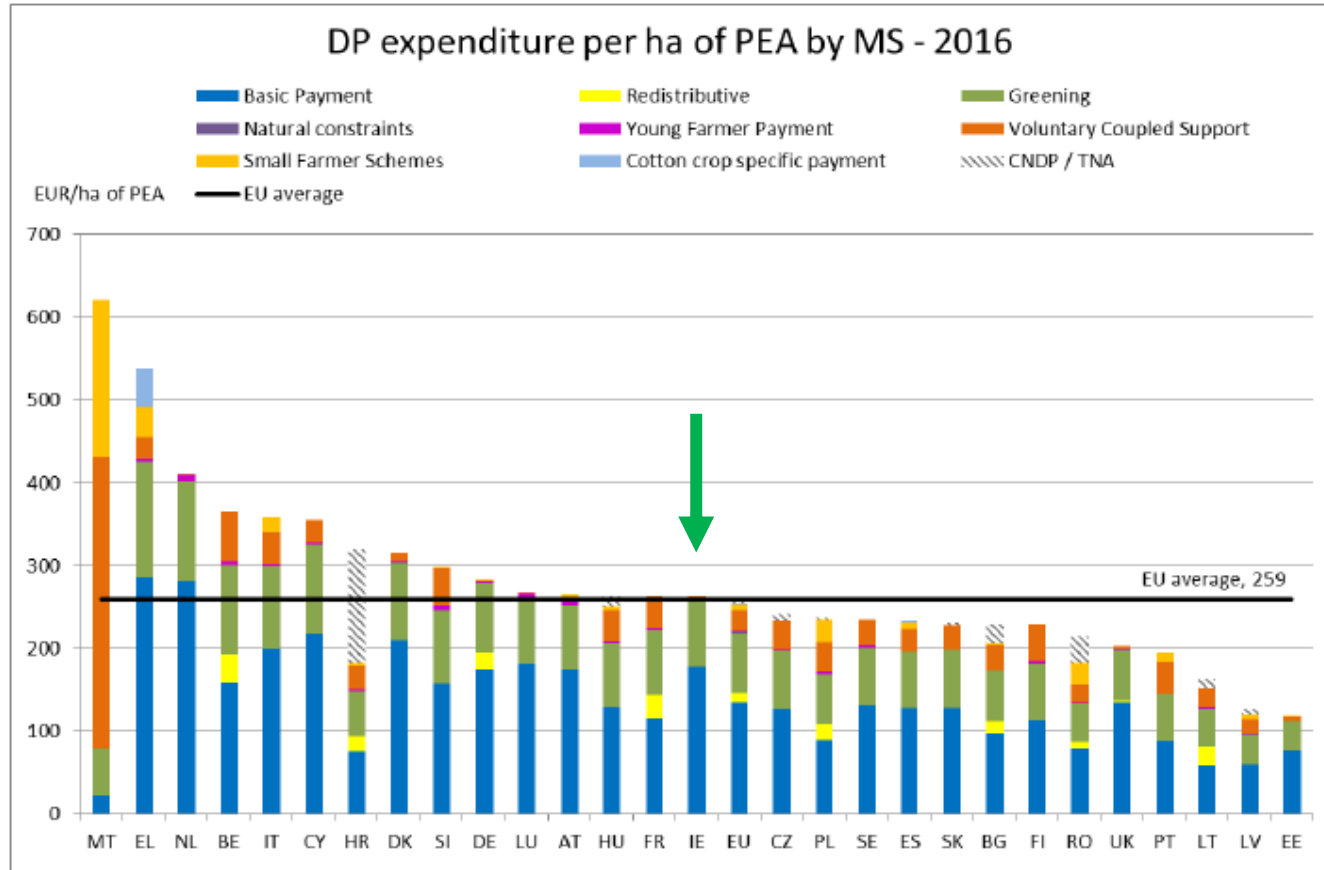
Agenda for today's meeting

- CAP Strategic Plan
- Green Architecture
 - Enhanced Conditionality
 - Eco Schemes and the design of
 - Pillar 2 AECM's
- Genuine Farmer
- Support for the vulnerable sectors
- Redistribution proposals regarding direct payments
 - Convergence
 - CRISS
 - Payment for small farmers
 - Capping
- AOB



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Average entitlements per Member State



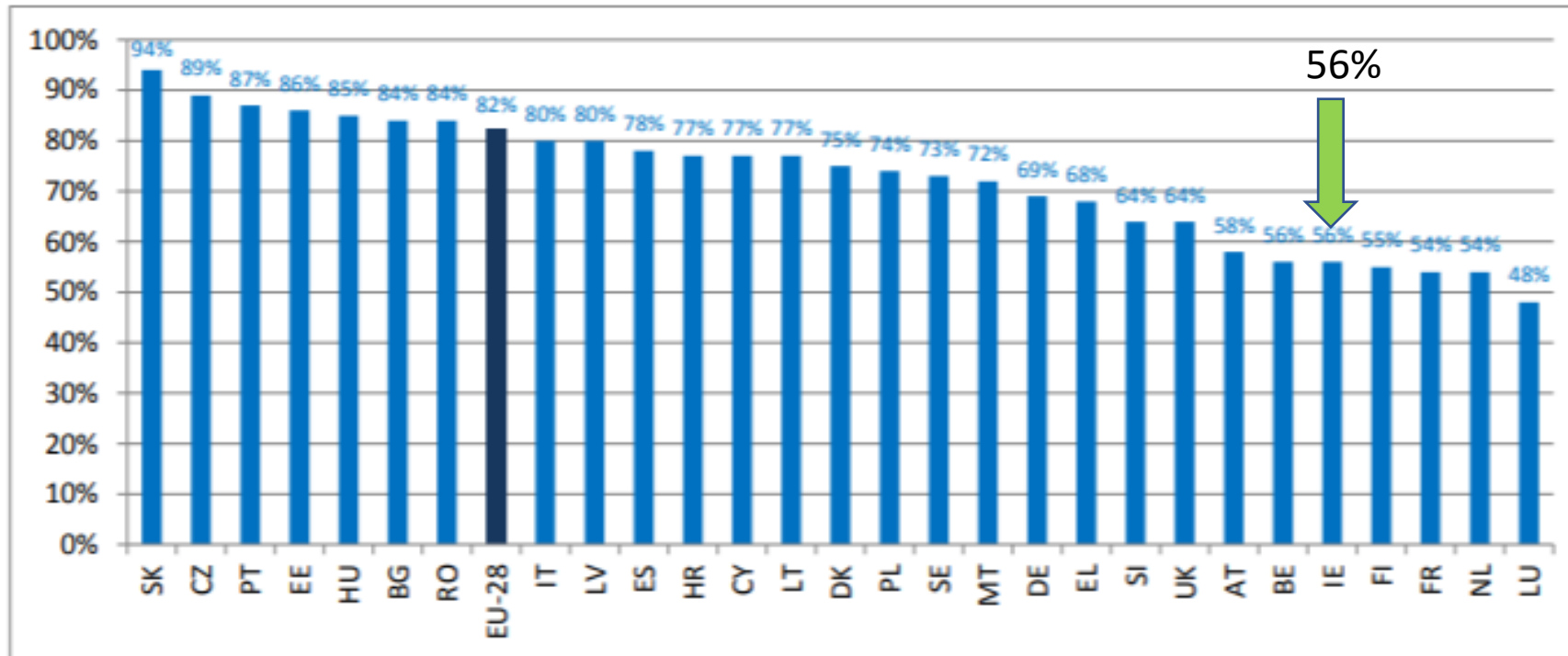
Irish Entitlement values almost match EU average



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Largest Direct Payment Recipients

Figure 7: Share of DP received by the 20% biggest beneficiaries by Member States, 2015



Ireland has one of lowest amount of payments going to top 20% of farmers



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Internal Convergence

- Article 25 of the Direct Payments regulation 1307/2013 establishes that, in principle, by 2019 “*all payment entitlements in a Member State or in a region shall have a uniform unit value*”
- Also details numerous derogations and technicalities that allowed partial convergence (which Ireland opted for)
- The convergence mechanism aims to bring entitlement values towards a national average value
- It is a mandatory provision in the CAP to redistribute funds between farmers
- Trilogue parties took varying approaches for next reforms:
 - Commission seek 75% convergence by 2026
 - Council sought 75% convergence by 2027 (subsequently increased to 85%)
 - Parliament seek 100% convergence by 2026
- The proposal states that increases in the value of payment entitlements should be financed by reducing the value of payment entitlements that have values in excess of the national average



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Internal Convergence 2015-2019

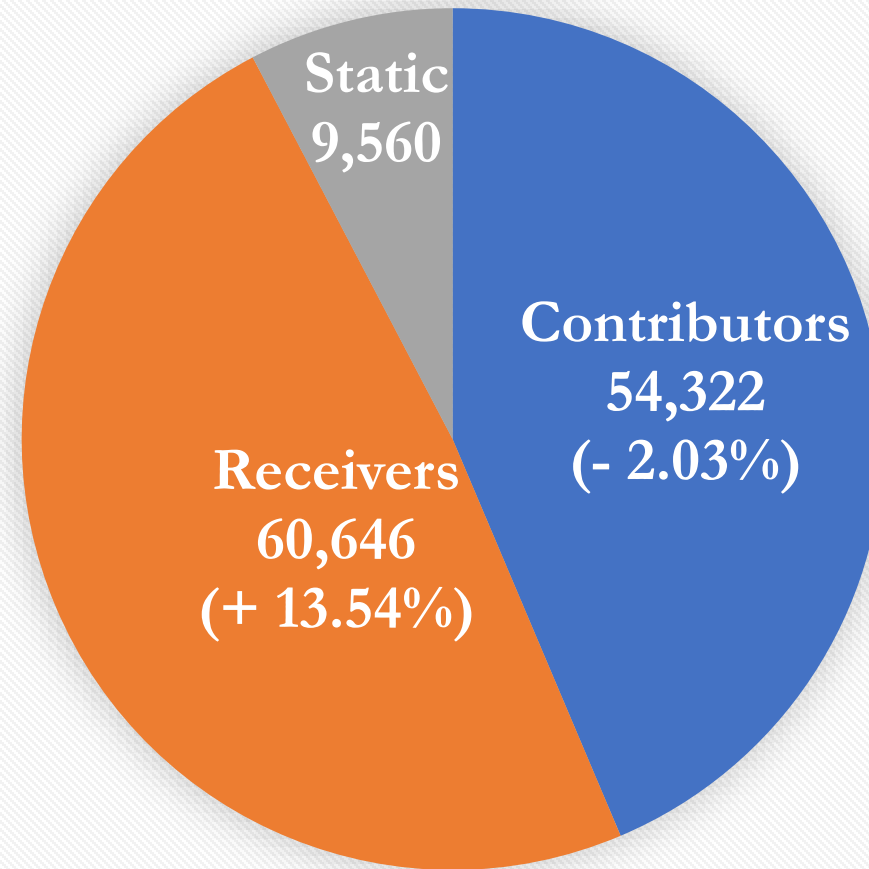
- Member states were given option to avail of derogation to avoid full convergence
- Options included:
 - Target Value
 - How much of gap to close
 - Max 30% reduction option

Member State / Region	Target date	Target value of PE (in % of 2019-average)	Criteria to increase PE to target value	Criteria to decrease PE above average	Maximum decrease		Steps
	Article 25(4) to (7) R1307/2013	Article 25(4) R1307/2013 second sub§	Article 25(4) R1307/2013 first sub§	Article 25(7) R1307/2013	Article 25(7) R1307/2013		Article 25(8) and (9) R1307/2013
Belgium Flanders	2019	90%	1/3 of the gap*	Proportional to the distance to the average**	Yes	30%	5 equal steps starting in 2015
Belgium Wallonia	2019	90%	1/3 of the gap*	Proportional to the distance to the average**	Yes	30%	5 equal steps starting in 2015
Croatia	2019	100%	1/3 of the gap*	Proportional to the distance to the average** (to be confirmed)	No		5 equal steps starting in 2015
Denmark	2019	90%	1/3 of the gap*	Linear reduction ***	No		5 equal steps starting in 2015
France	2019	100%	70% of the gap	Proportional to the distance to the average**	Yes	30%	5 equal steps starting in 2015
Greece	2019	90%	1/3 of the gap*	Linear reduction ***	Yes	30%	5 equal steps starting in 2015
Ireland	2019	90%	1/3 of the gap*	Linear reduction ***	No		5 equal steps starting in 2015
Italy	2019	90%	1/3 of the gap*	Proportional to the distance to the average**	Yes	30%	5 equal steps starting in 2015
Luxembourg	2019	90%	1/3 of the	Linear	No		5 equal steps

Internal Convergence – Irish Approach

- Farmers with entitlements of less than 90% of national average were increased by 1/3 of the gap between initial value and 90%
- Farmers with entitlement valued of 90-100% of average value remained static
- The model ensured that every farmer's entitlement had a unit value of at least €110 (excluding Greening) in 2019
- Farmers with entitlement values above the national average of €184 (excluding Greening) saw a percentage reduction in their entitlement value
- Ireland did not avail of max 30% reduction option

Convergence Summary 2015 to 2019



■ Contributors ■ Receivers ■ Static

- €93m of funds transferred under convergence in 2015-2019 period
- Average increase/decrease hides significant variance of impact on farmers
- Average farm size of contributors was 40ha with 25% classified as large based on output
- Average size of receivers was 35ha with 58% classified as small farmers

Impact of previous CAP reform (2014-2019)

40 ha farm

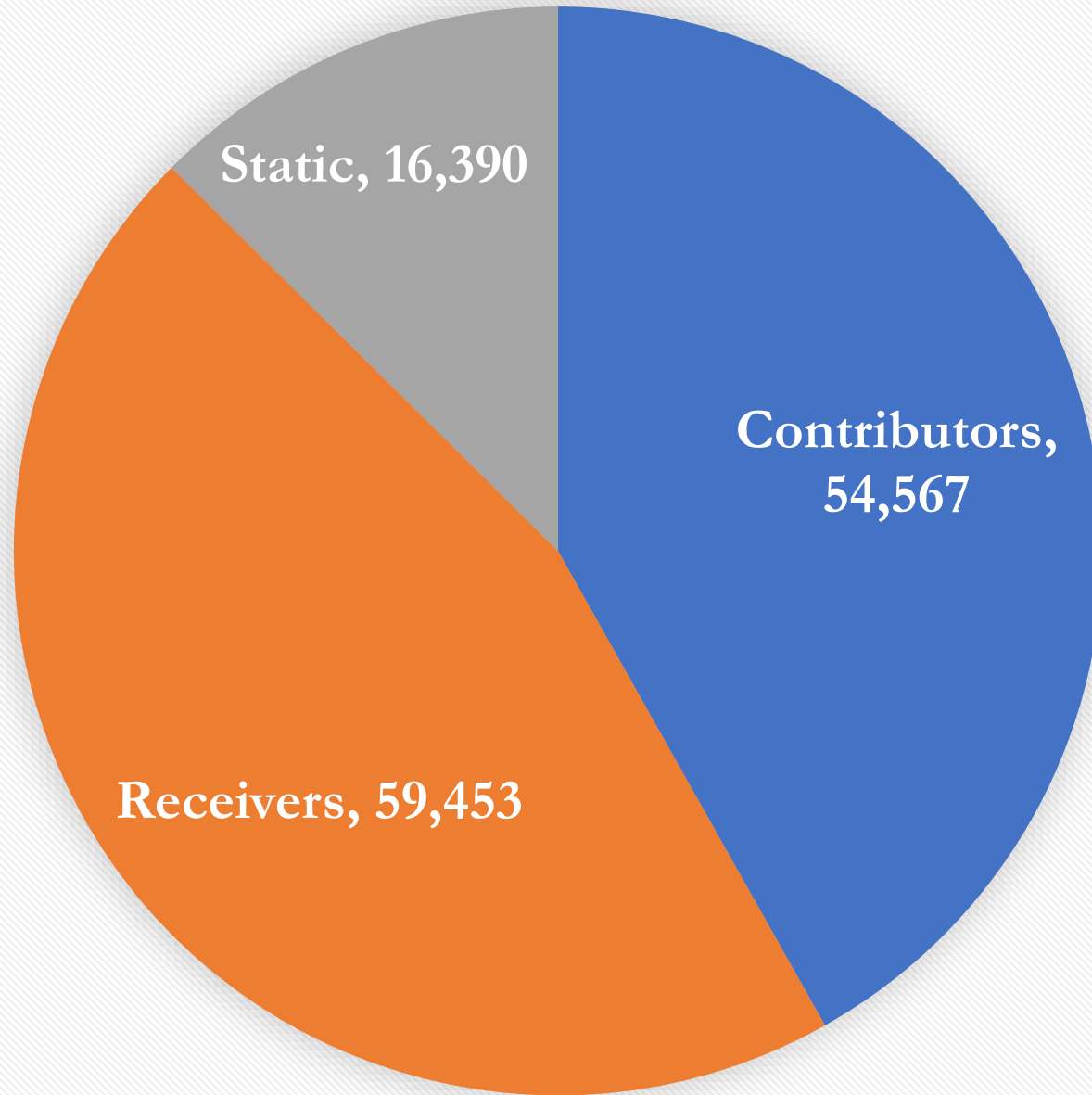
- Value of entitlement at €400/ha (incl. greening)
- Total BPS and Greening: €16,000
- 30 suckler cows (plus followers)
- 150 ewes
- 1.55 lu/ha

Impact of previous CAP reform (2014-2019)

	2014	2015	2016	2017	2018	2019
BPS	16,000	10,300	10,054	9,809	9,577	9,366
Greening	-	4,532	4,425	4,316	4,214	4,122
Total	16,000	14,832	14,479	14,125	13,791	13,488

This represents cuts in payments of 16%

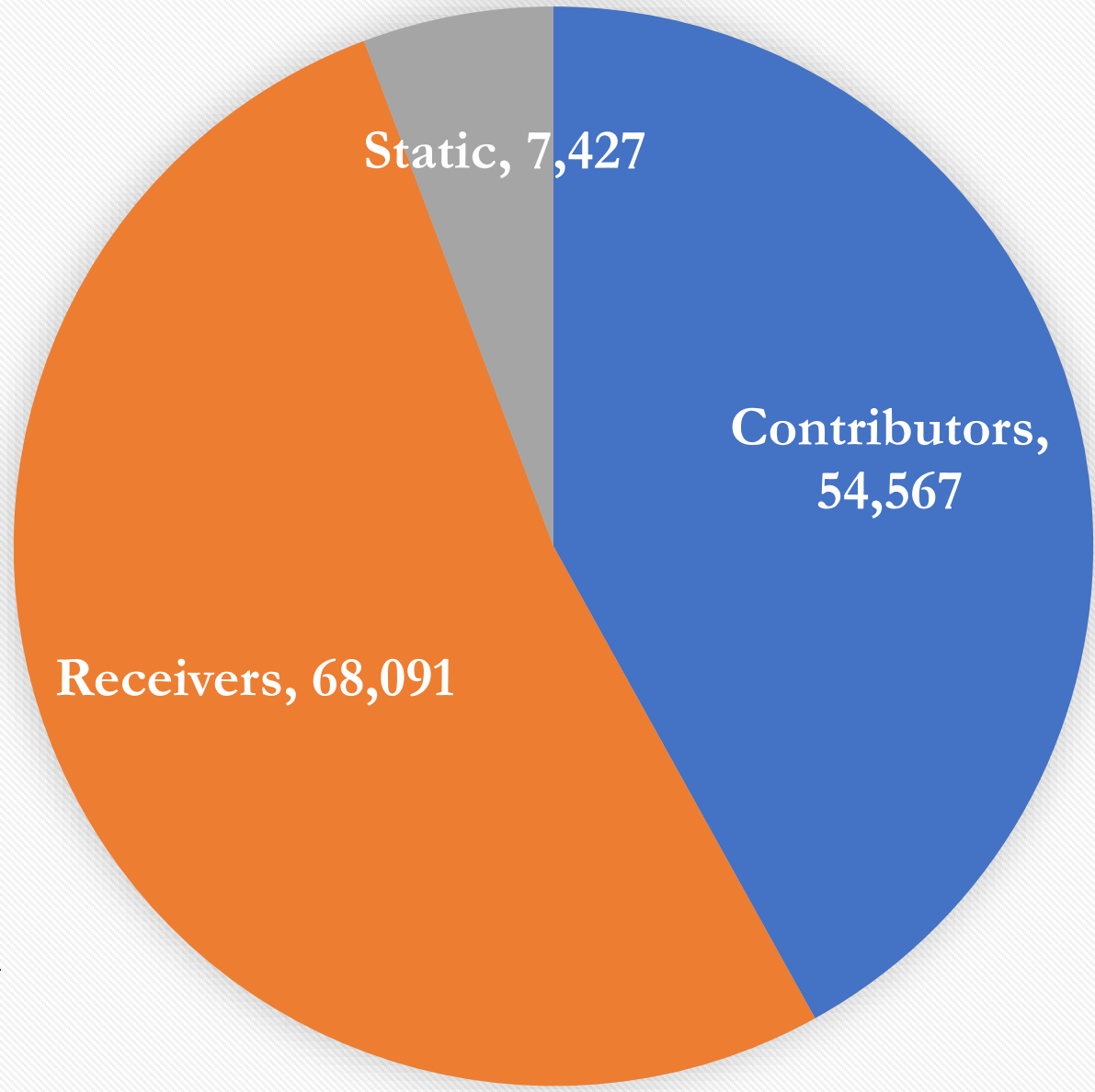
75% Convergence by 2026 – European Commission proposal



Estimated Funds transferred = €45m

■ Contributors ■ Receivers ■ Static

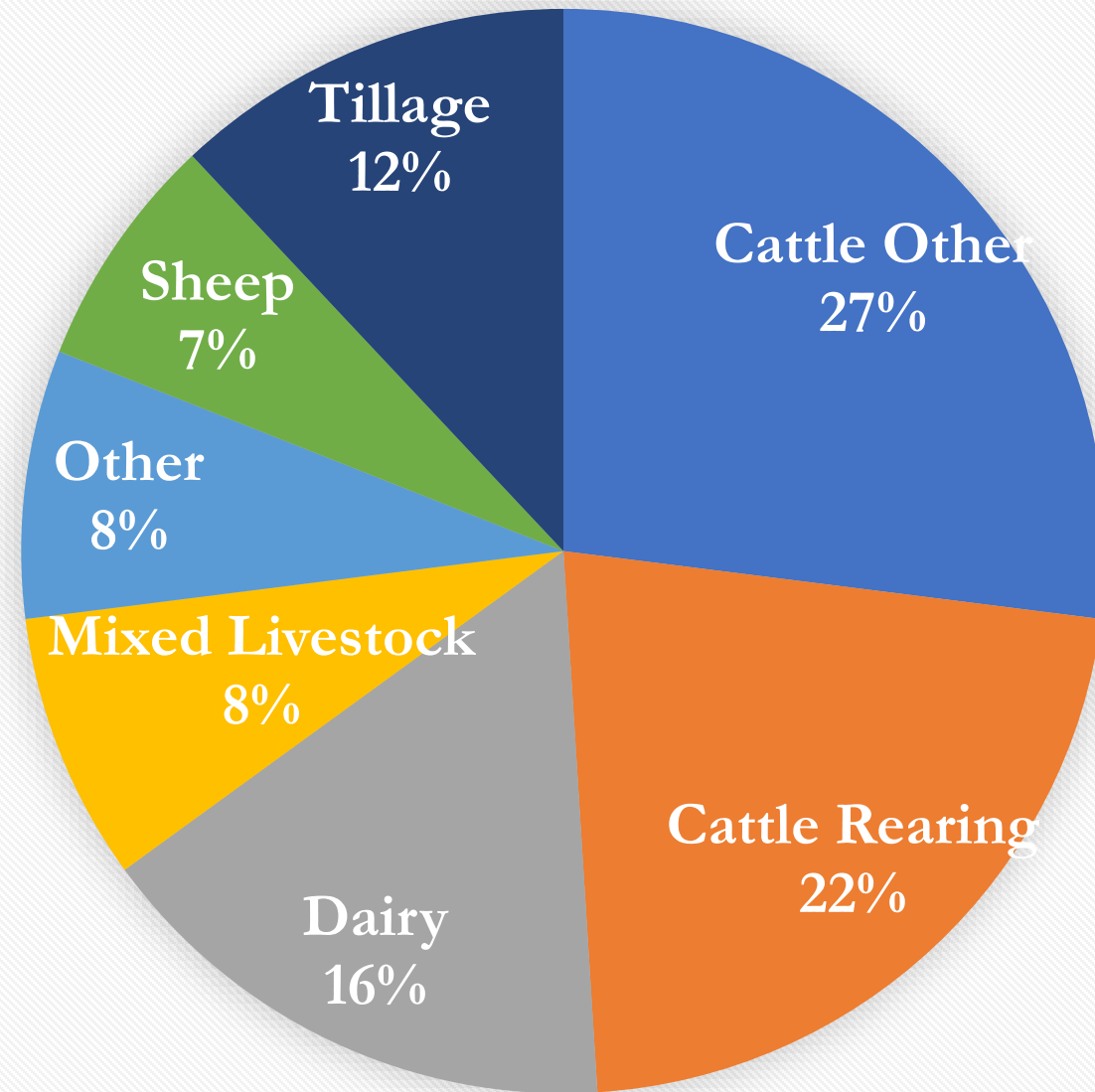
100% Convergence by 2026 – European Parliament proposal



Estimated Funds transferred = €147m

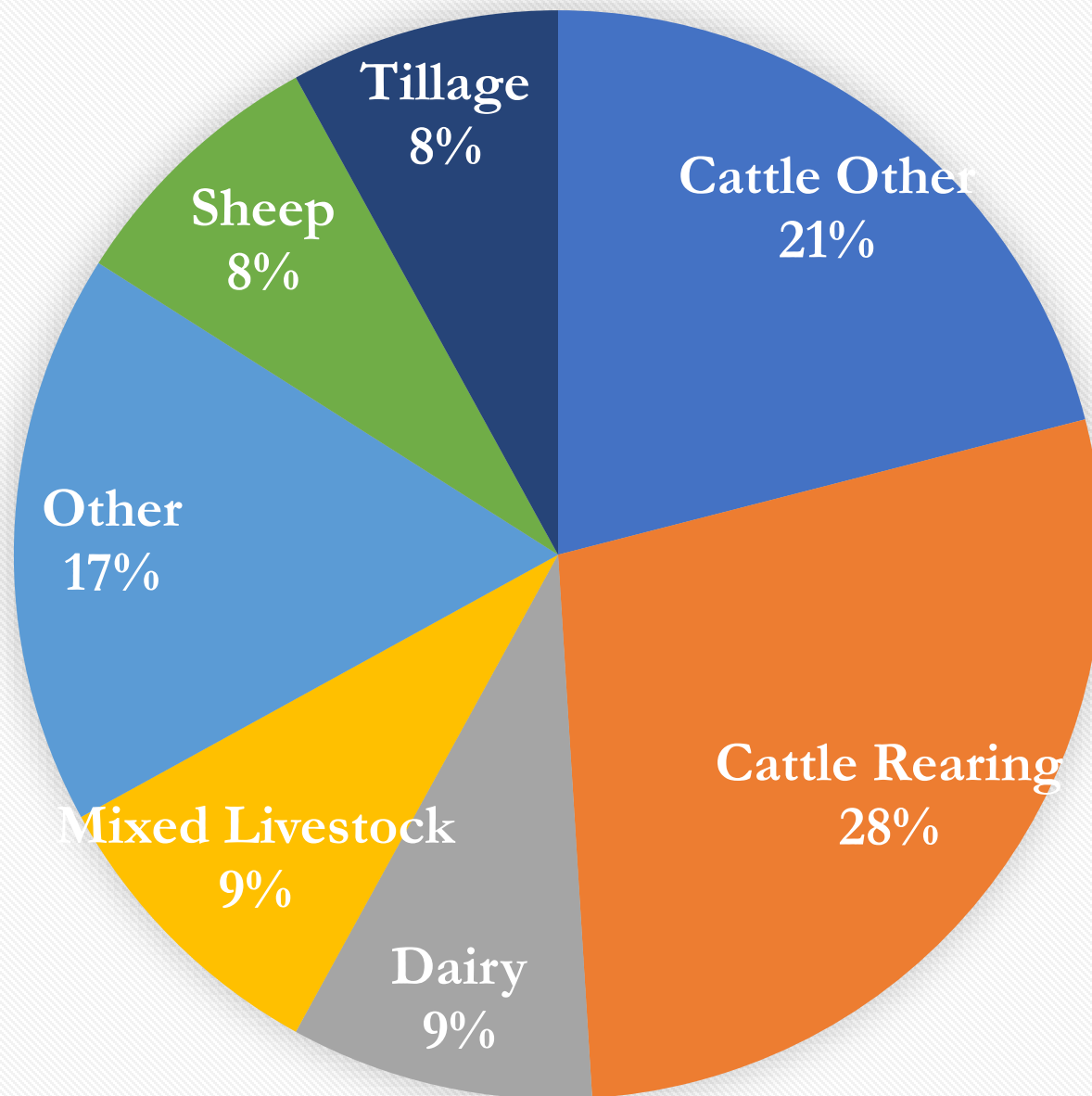


75% or 100% Convergence by 2026 - Sectoral Breakdown of Contributors



■ Cattle Other ■ Cattle Rearing ■ Dairy ■ Mixed Livestock ■ Other ■ Sheep ■ Tillage

75% Convergence by 2026 – Sectoral Breakdown of Receivers



■ Cattle Other ■ Cattle Rearing ■ Dairy ■ Mixed Livestock ■ Other ■ Sheep ■ Tillage



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GAECs – Issues to be raised

- Department must take a flexible approach in adopting GAECs at national level recognising the specific characteristics of Ireland
- GAEC 2: Appropriate protection of Peatlands/Wetlands
 - The economic importance of agricultural activity for rural areas with high levels of wetland and peatland cannot be ignored. Specific practices can be utilised to protect these soils, once it does not undermine the economic agricultural activity taking place on these soils.
 - It is extremely important that any provisions relating to protection of peatlands and wetlands are sensible and practical and do not restrict good agricultural practices.
- GAEC 9: Maintenance of non-productive features and areas including a minimum share of agricultural area devoted to non-productive features or areas
 - Flexible approach must be taken to minimise impact on farmers

Other Key Issues

- Eco Schemes
 - More information needed on their direction, design and implementation
 - Farmers must be given the opportunity to get back the full amount of funds being deducted
- Genuine Farmer
 - How will funds released from Genuine Farmer definition be re-directed to farmers
- Capping
- CRISS (Redistributive payment)