



Joint Degree in Political Economy
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14. The Ciolos reform

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Global discussion as for Agenda 2000

- *All issues: total EU budget; own resources; net national contributions; European policies, in particular cohesion, research and agriculture.*
- *Main guideline: Europe 2020, around some key words: intelligent, sustainable, inclusive.*
- *CAP was not part of the game in the Commission proposal. But was reintroduced by the European Council.*

Commission Budget proposal

- *(Limited) increase in total EU budget: up to 1.05% in commitments and 1% in payments*
- *Freeze in nominal terms for agricultural expenditure (which means a reduction in real terms)*
- *More budget devoted to trans-border investments in energy and transport, research and innovation, education and culture, increased controls at EU borders...*

3 political conclusions

- *Decrease in agricultural budget has not fed an increase for other European priorities*
- *Massive reduction in Europe's means to face agricultural market crises: milk, pigmeat, Russian ban...*
- *Despite official speeches, even bigger cut in investments for rural development. The future is not a real priority: environment, research and development, investments...*

Final Budget decision

- *For the first time, an EU budget cut and an increasing gap between commitments and payments.*
- *Additional reduction of agricultural budget: -4 billion euros for first pillar (concentrated on market management expenditure) but even more for second pillar.*
- *New financial discipline and crisis reserve.*

Direct payments: Greening proposal

30% of the envelope. *Compulsory redistribution in favour of extensive farmers. Not applicable to organic farmers. "Soft greening" in order to be simple and controllable.*

Starting point for public money for public goods.

3 main requirements: *Crop diversification - permanent grassland maintenance and 7% of agricultural area reserved for Ecological Focus Areas*

Direct payments: Greening decisions

30% of the envelope maintained. No compulsory redistribution in favour of extensive farmers.

Even lighter greening: fruit and olive growers excluded; permanent grassland at regional or national level; decreased requirement for crop diversification; some cultivation allowed in ecological focus areas even with some pesticide use...; reduction from 7% to 5%; new report after only 1 year...

Direct payments : External convergence

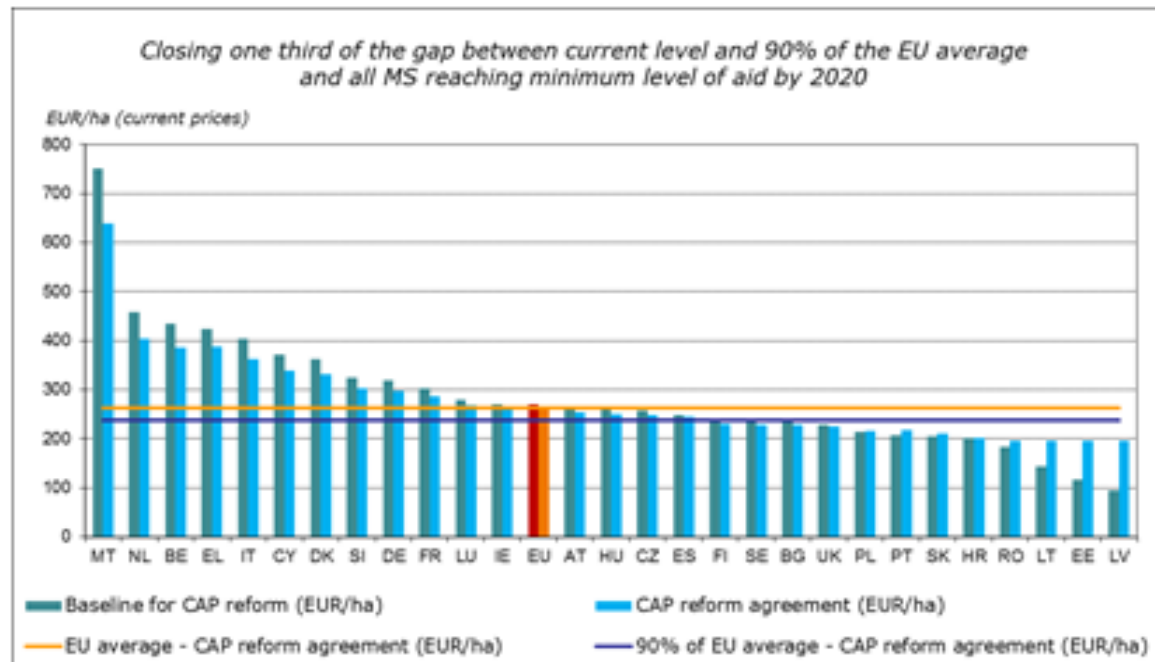
Proposal: for MS with low level of direct payments, reduction by $\frac{1}{3}$ of the difference between their national average and 90% of the EU average.

Decision: In addition, the 3 Baltic states are aligned with Romania

Direct payments: External convergence



Redistribution of Direct Payments



Source: DG Agriculture and Rural Development

Direct payments: Internal convergence

Proposal: beginning of the end of historical references, taking account of territorial structures, agronomic characteristics and potentials. No "one fits all" approach

Decision: large margin for MS. Target is no farmer below 60% of national average but at the end nobody can lose more than 30% of their current payments.

Direct payments: small producers

Optional for MS, simplified regime for direct aids between 500 and 1250 euros



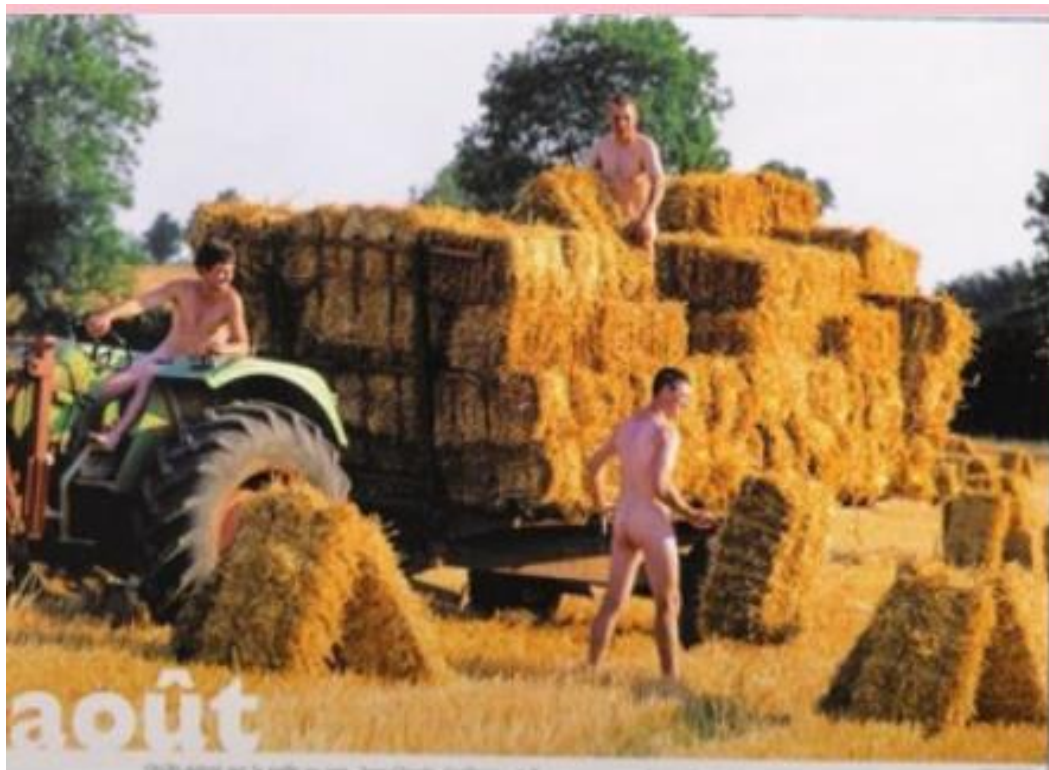
Direct payments: big producers

Direct payments >150,000 € to be cut by at least 5% except if MS decides (like F and D) to increase direct payments for farmers above average size



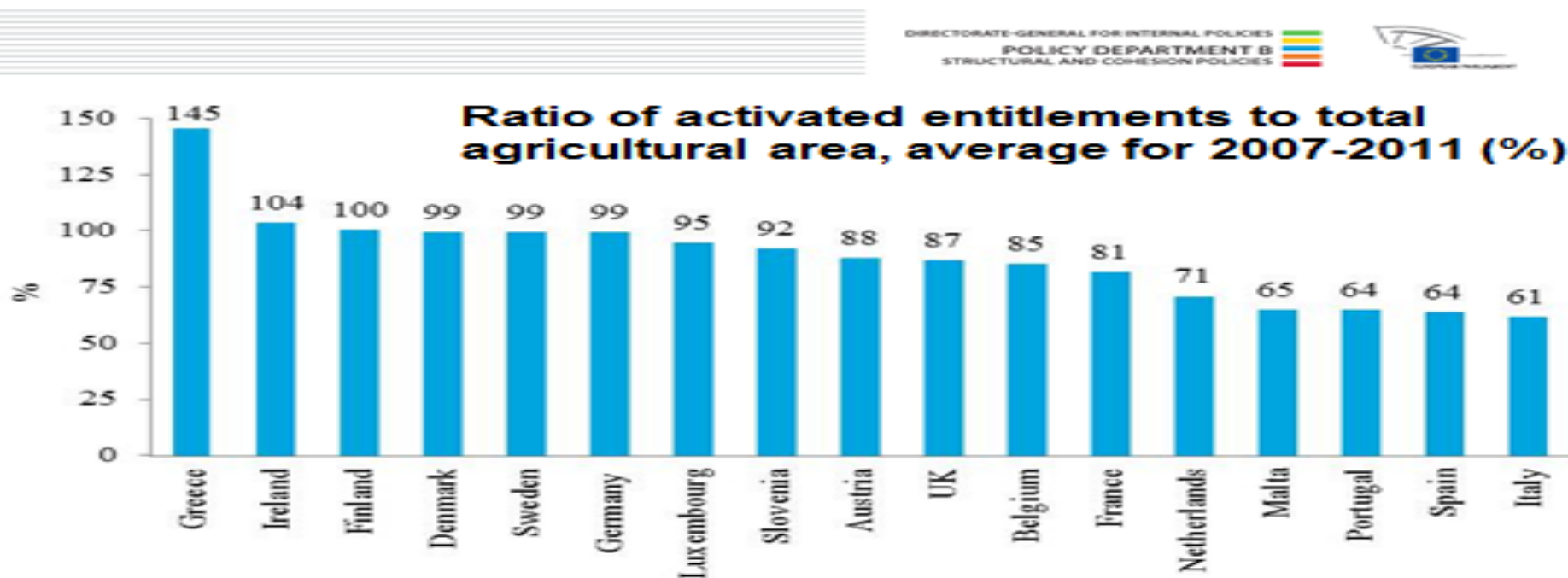
Direct payments: young farmers

Young farmers: Compulsory for MS, up to 2% of national envelope; +25% of direct payments



Direct payments: limitation of eligible area

To avoid a massive increase of eligible area just to get the subsidy



Source: Calculated based on data from European Commission and Eurostat

More on direct payments I

Coupled support: increase to 10% (or even 15% in some case) of the national envelope for direct payments. To be decided by MS.

Active farmers: a real agricultural activity is needed. Normally, airports, railways, water distribution companies, golf courses and other real state companies are not eligible for direct payments. MS can enlarge the exclusion list.

Support in natural constraint areas: Optional, up to 5% of the national envelope

Rural development

*More coordination, coherence and consistency
between all European structural funds*

*A Common Strategic Framework and a
partnership contract signed between the MS and
the Commission*

6 FEADER priorities in line with Horizon 2020

Priorities

*Fostering
knowledge
transfer and
innovation in
agriculture,
forestry and
rural areas*

Enhancing
competitiveness
of all types of
agriculture
and farm viability

Promoting
food chain
organisation
and risk
management
in agriculture

Restoring,
preserving and
enhancing
ecosystems
dependent on
agriculture and
forestry

Promoting resource
efficiency and
supporting the shift
towards a low carbon
and climate resilient
economy in
agriculture, food
and forestry sectors

Promoting social
inclusion,
poverty reduction
and economic
development
in rural areas

Innovation, Environment and Climate Change as cross-cutting themes

Rural Development Programme(s)

Some interesting new elements I

Possible sub-programmes for specific issues such as young or small-scale farmers; mountain areas, short supply circuits

Specific support for cooperation activities by farmers, producer organisations, Interbranches and different actors of the food chain

Operational groups for agricultural research and innovation

Some interesting new elements II

Possible coexistence between national and regional programmes

New risk management toolkit: usefulness in question?

Leader approach strengthened across EU funds

Increased co-financing rates; n+3 rule (instead of n+2)

Rebalancing of the food chain I

Extended support for producer organisations (POs); their associations (APOs) and Interbranches. Recognition optional for MS except for milk, olive oil, fruit and vegetables, wine and hops

Extension of some rules to non-members is possible

Private crisis management allowed under very strict conditions

Rebalancing of the food chain II

Collective price negotiation is allowed for milk, cereals, olive oil and beef producers



Market measures

- *Budget significantly reduced but safety net maintained*
- *Exceptional measures possible for all sectors, if needed, as with the Russian ban crisis*
- *End of milk and sugar quotas confirmed*
- *Increased budget support for school milk and fruit and vegetable schemes*

Research and innovation

*+/- doubling of budget for agricultural research.
Responsibility shared by DG RECH and AGRI*

***European Innovation partnership for
productivity and sustainability, linked also to
operational groups created inside the Rural
Development regulation***

If you want to know more ...

DG AGRI webpage:

http://ec.europa.eu/agriculture/index_en.htm

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