

Negotiations on CAP 2013+: state of play and issues emerging in the debate

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CAP 2013+ Negotiations

- EU budget context
- Negotiation process
- Trends from past CAP reforms
- Broad issues emerging on 2013+
- Specific issues on SPS, Rural Development and market supports
- Irish position in discussions to date

The current context: EU funding

- Financial Perspective 2007 to 2013
- Total Financial Perspective €975 billion
- Heading 2 (natural resources) €418 billion: 42% of budget or 0.4% of EU GDP

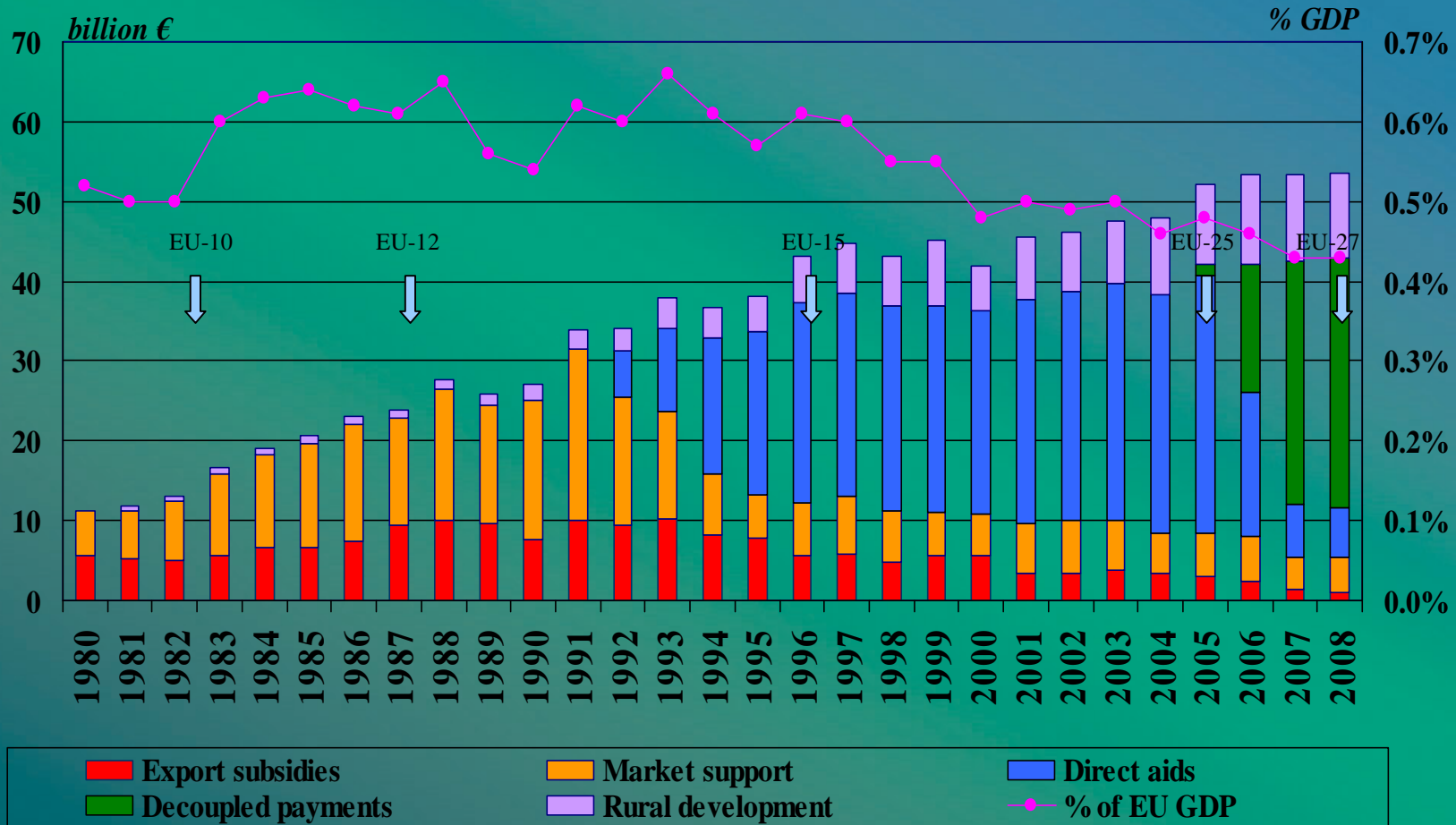
EU Financial Perspective 2013 - 2020

- New Financial Perspective with competing pressures for funds
- Public consultation & leaked budget document: “a further significant reduction in the overall share of the EU budget devoted to agriculture, freeing up spending for new EU priorities”
- Contrast with G22 “..agriculture is central to the core issues for our society: food, preservation of natural resources, job creation, the economic vitality of rural areas, public goods. Agriculture is a key asset for Europe We must have resources for action commensurate with our ambitions.”

CAP 2013+ Negotiation Process

- Parallel negotiations with Financial Perspective
- Initial council discussions in 2009 / 2010
- Bilateral contacts and informal groups ongoing
- Commission Communication in mid 2010
- Legislative proposals in mid 2011
- Co-decision with Euro Parliament

Trends in previous CAP reforms: 1980 – 2008 (source: DG Agri)



Some issues emerging on CAP 2013+

CAP role in food security and income support of family farming

➤ **CAP support for environmental and other public goods**

Keep Rural Development as CAP pillar 2

➤ **Integrate some RD with cohesion / pillar 3 on climate / one pillar CAP**

Full EU funding of pillar 1

➤ **National co-funding of pillar 1**

Include measures to deal with market volatility

➤ **Eliminate market supports**

Differentiated payments within and between MSs

➤ **Equalisation of payments**

Complete decoupling process

➤ **Allow targeted recoupling**

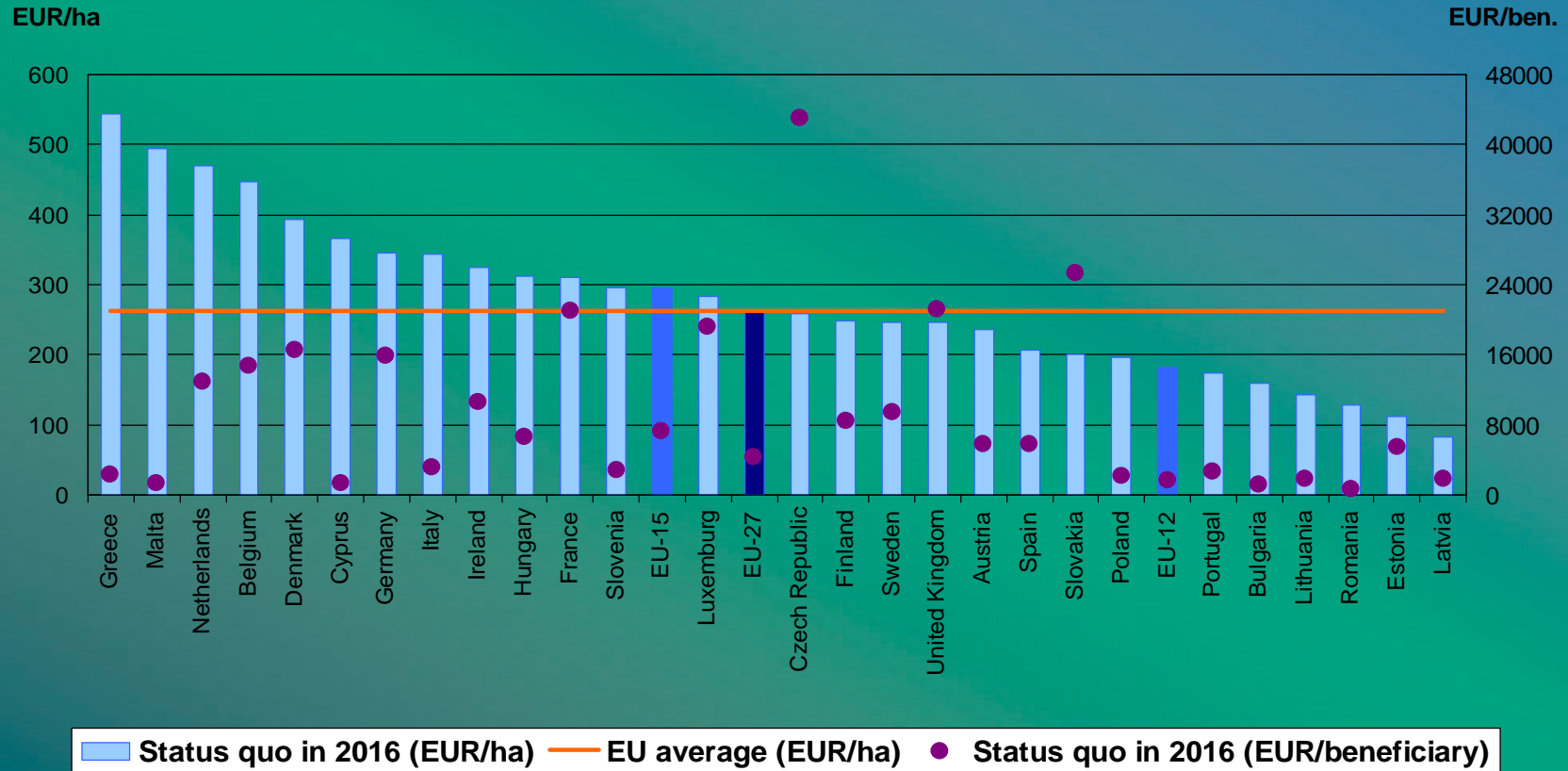


Single Payment Scheme Issues

- Pressure for redistribution of funds between MS
- Credibility of historic model
- Desire for payments based on “objective criteria”
- Increased emphasis on delivery of public goods

Direct payments per hectare and per beneficiary: 2016

(Source: DG Agri)



Single payment options

- Historic model
- EU wide flat rate / adjusted for costs or PPP
- Regional / national flat rate
- Base EU flat rate + tiered additions
- Upper and lower limits
- Caps on payments
- Application of SAPS to EU 27
- More targeted payments – public goods
- Counter cyclical payments

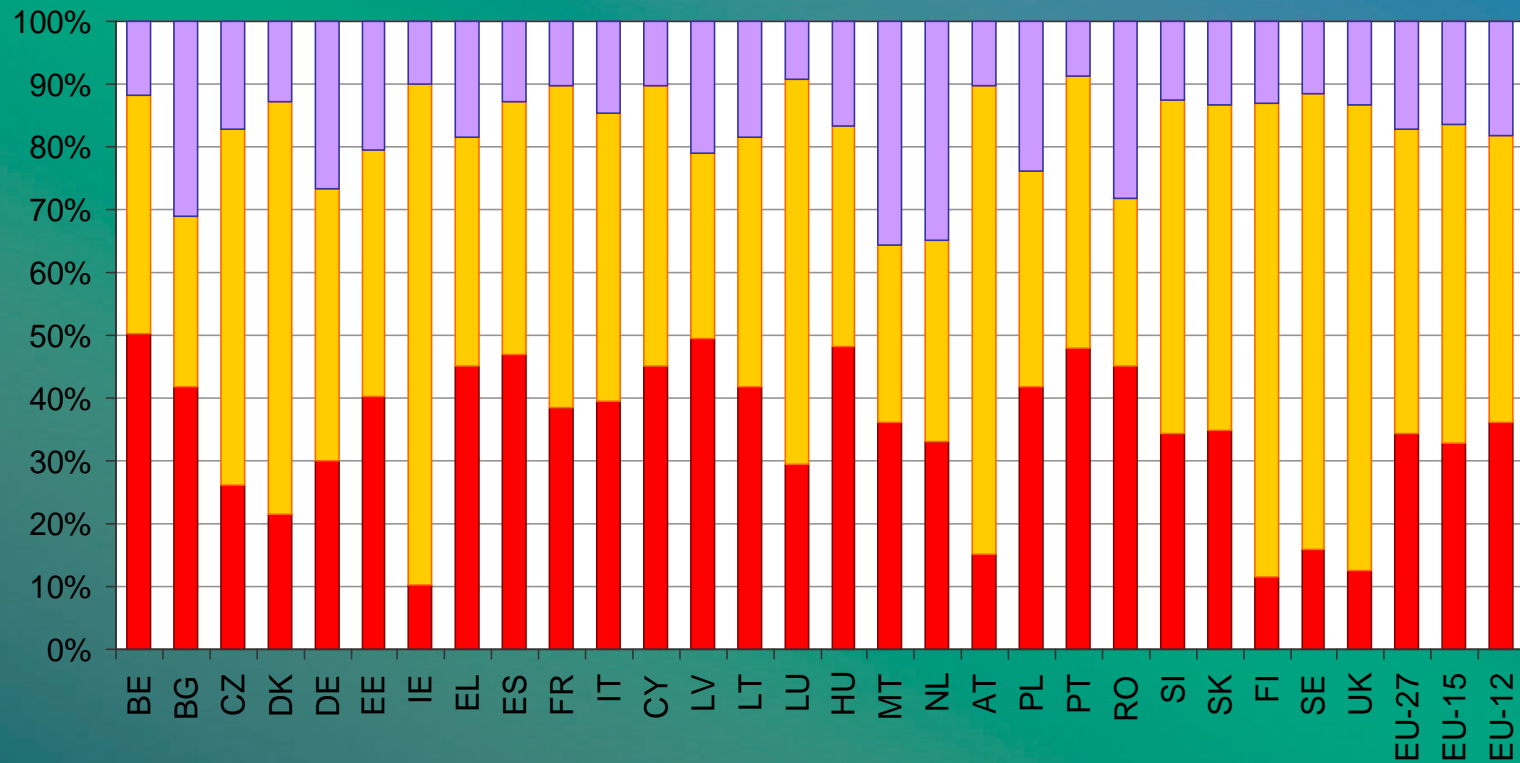
Market Management Issues

- Reduced role for “old” market measures
- But desire to address increased price volatility
- And concern about relative bargaining power in food chain
- Possibilities of risk management - insurance, mutual funds etc.
- Dairy sector discussions point to contracts, futures markets, competition policy

Rural Development Issues

- Coherence with / links to cohesion policy
- Integration of “new challenges” in current regime
- Greater emphasis on measurable outcomes
- Balance of funding in pillar 1 and pillar 2 / modulation ?
- Balance of 3 “Axes”: competitiveness, environment and non-farm / diversification

Relative importance of the three thematic RD axes by Member State: 2007-2013 (source: DG Agri)



■ Axis 1: Competitiveness
 ■ Axis 2: Environment and land management
 ■ Axis 3: Quality of life and diversification

Irish Stakeholder Consultation Outcome

- 60 submissions – range of views
- Support for CAP and CAP funding
- Support for retaining current direct payments – but also some alternatives
- Some call for recoupled payments for vulnerable and strategic sectors and/or grassland premium
- Support for retention of market supports, and for new mechanisms to address volatility
- Opposition to modulation and co-financing
- Consultation process will continue through negotiations

Initial Irish Position on CAP 2013+

- Key context is food supply and sustainable management of natural resources, including climate change – need coherent approach based on family farm structure.
- Therefore need strong and adequately resourced CAP
- As exporter, important focus on innovation and competitiveness
- Support pillar 1 decoupled payments as best means of income support for family farms; accept limited coupling
- Opposed to further co-funding or modulation
- Defend historic basis of SPS

Initial Irish Position on CAP 2013+ contd.

- Need realism on MS distribution of funds – opposed to EU flat rate
- Must address market volatility – consider old and new measures
- Pillar 2: targeted support for competitiveness and sustainability in revised Irish RDP = “green growth” in new CAP.
- Seek to shape agenda on public goods and new challenges
- Simplification should be a key plank of new CAP

Next steps in negotiations

- Continue engagement with member states, Commission and Parliament
- Coordinate with likeminded countries as appropriate
- Encourage Irish interest groups to engage with their counterparts
- Important input from Oireachtas committee
- Continue consultation process with key stakeholders
- Realistic and evidence-based examination of emerging issues to influence and understand others
- 2020 strategy will also shape our approach to the CAP.

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