

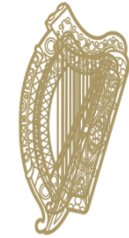


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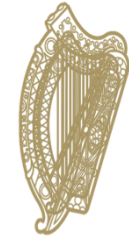
CAP 2020 and Beyond – Major changes Ireland can expect

Francis Morrin
10th September 2019

Key Messages



- A continuation of key EU policies in CAP
- The overall level of the budget, and how the direct payments ceiling is divided will directly impact all parts of direct payments.
- The impact of convergence will depend heavily on the minimum convergence level implemented.
- ECO-schemes will account for a significant part of a farmer's direct payments – their decision to participate or not will have significant impact on their total direct payments amount.



COM 392 – Strategic Plan Regulation

- Contains the key articles relating to direct payments
- Tries to walk the line between giving subsidiarity to member states but also keeping a level playing field across all member states
- Performance based model



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CAP 2020 – current position

Current State of Play



- Commission published draft regulations
- COMAGRI voted but no time for plenary vote
- Finnish Presidency seeking Partial General Approach - December 2019
- Transitional measures?



Budget



- **Multiannual Financial Framework 2021-2027**
 - MFF Budget still to be agreed
 - Discussions led by Finance Ministers
 - Agreed by MS Heads of State and Government
 - Must be unanimous
 - Agreed or rejected by European Parliament
 - Late Autumn 2019?





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CAP 2020 – Direct Payments



DRAFT

**Nothing is agreed until
everything is agreed**

COM 392 – Overview

Current Direct Payments Elements 2015 – 2020	Proposed Direct Payments Elements 2021 – 2027
<p>Basic Payment Scheme (BPS) and Greening Payment</p>	<p>Basic Income Support for Sustainability (BISS) Based on Payment Entitlements and will require increased conditionality including additional SMRs/GAECs.</p> <p>ECO Schemes Mandatory for Member States to set up. Voluntary for farmers to participate. Annual environmental schemes. Compliance with a specific set of green obligations.</p> <p>Sectoral allocations for producer groups / producer organisations in “other sectors”. Up to 3% of the direct payment envelope.</p>
<p>Capping (Reduction of Payments) Member States must reduce BPS Payments over €150,000 by at least 5%. Ireland applied a 100% capping limit on all BPS payments in excess of €150,000. Capping didn't apply to other Direct Payments.</p>	<p>Capping (Reduction of Payments) Capping proposed to apply to all Direct Payments. The cap is set at €100,000 with degressivity from €60,000.</p>
<p>Young Farmers Scheme Additional payment for eligible young farmers.</p>	<p>Complementary Income Support for Young Farmers (CISYF) Additional payment for eligible young farmers. Minimum 2% overall target for young farmer support.</p>
<p>Voluntary Coupled Support Maximum 13% of ceiling plus 2% for protein crops Ireland currently allocates < 1% to the Aid for Protein Crops Scheme.</p>	<p>Voluntary Coupled Support Maximum 10% of ceiling plus 2% for protein crops.</p>
<p>Redistributive Payment Voluntary for Member States to transfer funds from large to small or medium farms.</p>	<p>Complementary Redistributive Income Support for Sustainability (CRISS) Mandatory for Member States to transfer funds from large to small or medium sized farms to improve sustainability.</p>
<p>Small Farmers Scheme Voluntary for Member States to establish a payment for small farms to replace Direct Payments. Voluntary participation for eligible farmers.</p>	<p>Round Sum Payment for Small Farmers Voluntary for Member States to establish a payment for small farms to replace Direct Payments. Voluntary participation for eligible farmers.</p>

Novel Interventions



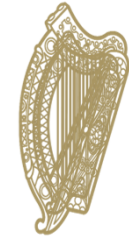
ECO-Schemes:

The European Commission proposals state that all Member States must provide support for a voluntary ECO Scheme. The proposals state that support for ECO Schemes must take the form of an annual payment per eligible hectare granted as either, payments additional to the BISS, or payments compensating beneficiaries for all or part of the additional costs incurred, and income foregone arising from the action(s) undertaken.

Sectoral Interventions

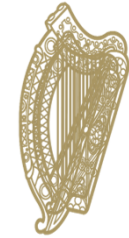
The Commission proposals provide for up to 3% of a Member States allocation for Direct Payments to be spent to fund the actions of recognised producer organisations in a range of “other sectors” outside fruit and vegetables, apiculture, wine, hops and olive oil/table olives. These “other sectors” include cereals, beef and veal, pigmeat, sheepmeat, eggs and poultrymeat.

Payment Entitlements



- No new allocation in the draft Regulations – no “reference years”
- Number of entitlements stays the same, but the value of each is adjusted to match the funding ceiling
- Must set a maximum unit value by 2026 (Ireland currently has €700 per ha = €486 per entitlement + Greening)
- Transfers still possible

Capping



Capping is applied above €60k in tranches:

€60k-€75k – reduce by 25%

€75k-€90k – reduce by 50%

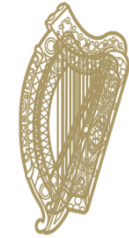
€90k-€100k – reduce by 75%

>€100k – reduce by 100%

These are minimum levels of capping only.

Regulation allows for deduction of salaries and unpaid labour but there are significant administrative challenges associated with this.

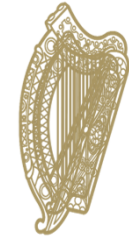
The product of capping must go to CRISS.



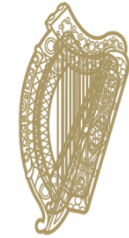
Convergence

- Continuation of the EU policy of convergence
- “must reach a minimum of 75% of national average by 2026”
- Currently at a minimum of 60%
- COMAGRI voted to move to 100% by 2026

Redistribution



- Mandatory redistribution (was voluntary)
- From “bigger” to “smaller and medium” sized farms
- Based on physical area
- Means a transfer of value from farms greater than the average size (~32ha) to those less than the average
- Annual payment per eligible ha
- MS can set the maximum number of ha on which a farmer can be paid
- Amount paid under this measure cannot exceed the national average



Generational Renewal

- Complementary Income Support for Young Farmers ($\geq 2\%$ of the direct payments ceiling)
- National Reserve

Conclusions



- Proposals signal continuation of some EU policies – convergence, redistribution, generational renewal.
- Performance model/CAP strategic plan marks a significant shift
- All Direct Payment interventions interact to create an overall effect.
- Participation in ECO-Schemes will likely have a significant effect on an individuals overall payment amount.
- Overall level of convergence will have an effect