



CAP Health Check, LPIS and second pillar of the CAP

The CAP Health Check

The context of the Health Check (HC)

- Significant increase in **food prices** re-focuses attention on agriculture
- Emerging issues like **energy** and **climate change**
- After the 2003 CAP reform, many other **sectors reformed** (i.e. fruits and vegetables in 2007 and wine in 2008)
- CAP already introduced short-term **adjustments** to respond to crisis
- 2003 CAP reform needs to be **fine-tuned**

HC Aims

*Simplify policy
and better
target direct
support*

*Respond to market
opportunities and price
crises by removing
supply controls*

*Strengthen RD policy to
respond to new
challenges
(climate change, bioenergy, ...)*

On 20/5/2008 the EC (COM 2008, 306/3) presented legal proposals

direct support schemes

**Council Regulation
(EC) 1782/2003**

29 September 2003

Single CMO Regulation

**Council Regulation
(EC) 1234/2007**

22 October 2007

Rural Development

**Council Regulation
(EC) 1698/2005**

20 September 2005

Adoption by the Council: 12/2008 ETA

Direct aid

legal proposals

SPS and SAPS

- MS allowed to adjust their SPS model by moving towards **flatter payments rates** per entitlements
- MS applying **SAPS** allowed to extend it **until 2013**
- **Set-aside entitlements abolished**, Æ normal entitlements
- Payments limitations: minimum amount of payments of **250 EUR** and/or minimum size of eligible area per holding of **at least 1 ha**

legal proposals

Partially coupled support

Remove the remaining coupled support and shifting them to SPS

Exceptions: MS allowed to **maintain coupled support** for **suckler cows**, **sheeps** and **goats** in regions where other economics alternatives are few



legal proposals

Other support schemes

- **Energy crop premium**: abolition in 2010
- **Durum wheat**: abolition and shift into the SPS in 2010
- **Protein crops**: decouple and shift into SPS in 2010
- **Special payment for rice**: decouple and shift to SPS (50% in 2010 and 50% in 2012)
- **Nuts**: decouple and shift to SPS in 2010 (choice for MS to grant national aids in addition to Community aid remains)

legal proposals

Cross compliance

Withdrawal of certain SMR considered not relevant or not linked to farmer responsibility

Deletion of certain articles under the wild birds and habitats directives (SMR 1 and 5) because they are not relevant to farming activities

Deletion of SMR 7 (identification and registration of bovine animals) because it is redundant with SMR 8

Cross compliance

legal proposal

Introduce of new GAEC issue with 2 standards

(retain environmental benefits from set-aside / address water management)

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Minimum level of maintenance: Ensure a minimum level of maintenance and avoid the deterioration of habitats	<ul style="list-style-type: none"> – Minimum livestock stocking rates or/and appropriate regimes – Protection of permanent pasture – Retention of landscape features, including, where appropriate, <u>hedges, ponds, ditches trees in line, in group or isolated and field margins</u>, – where appropriate, prohibition of the grubbing up of olive trees – Avoiding the encroachment of unwanted vegetation on agricultural land – Maintenance of olive groves and vines in good vegetative condition
Protection and management of water: Protect water against pollution and run-off, and manage the use of water	<ul style="list-style-type: none"> – Establishment of buffer strips along water courses, – respect of authorisation procedures for using water for irrigation.

New GAEC

Revised art. 69 of Reg. EC 1782/2003 legal proposals

Currently MS can retain by sector up to 10% of their national direct payments budget for measures for the improvement of the environment and of the marketing and quality of products

- Limitation to the **sector** removed
- Target measures to address **disadvantages** for farmers in regions specialising in dairy, beef, sheep, goatmeat and rice sectors
- Top up entitlements in area subject to **restructuring** and/or **development programs**
- Allow MS to support **risk management** measures (i.e. crop insurance schemes, mutual funds for animal and plant diseases)
- MS applying **SAPS allowed** to apply this provision

Common Market Organisation

legal proposals

Market measures

- Increase milk quotas by 1%** annually from 2009-2013 († 2015)
- Modification of some **market mechanisms** (bread wheat, feed grains)
- Durum wheat, rice and pig meat **intervention abolished**
- Dairy intervention modified** (such as abolition of private storage aid for cheese)
- Decoupling of processing aid** with transitional periods (flax and hemp, dried fodder, starch potato)

Rural Development

Rural Development

RD policy for 2007-2013 is based on three themes (aka "thematic axes")

improving the competitiveness of the agricultural and forestry sector (*axis 1*)

improving the environment and the countryside (*axis 2*)

improving the quality of life in rural areas and encouraging diversification of the rural economy (*axis 3*)

*Some of the funding must support projects based on experience with the Leader Community Initiatives (*axis 4*)*

Rural Development current strategy

Increased importance of RD policy (modulation from 1st to 2nd pillar, 23% CAP expenses)

A greater emphasis on **coherent strategy** for RD across the EU as a whole through the use of National Strategy Plans which must be based on EU Strategic Guidelines

Link with the main **EU priorities** (e.g. Lisbon and Göteborg agendas)

Consistency with other EU policies (economic cohesion and environment)

Assist the implementation of the new market-oriented **CAP** and the necessary restructuring

Extension of **cross compliance** to 8 measures in the axis 2

Some principles in implementing RD

MS shall make use of **IACS**

Comm Reg (EC)1975/2006 Article 11, Administrative checks (axis 2 & 4)

1. ... shall be undertaken on all applications for support and payment claims, and shall cover all elements that it is possible and appropriate to control by administrative means...and measures taken in respect of discrepancies.

*2. ... shall include cross-checks wherever possible and appropriate, **inter alia with data from the IACS**. These cross-checks shall relate at least to **parcels**covered by a support measure*

5. Where applicable, administrative checks on eligibility shall take into account the results of verifications carried out by other services, bodies or organisations involved in controls of agricultural subsidies.

Measures and Cross compliance in RD

Axis 2 measures

Agricultural land (a):

- (i) Natural handicap payments to farmers in mountain areas (**CC applicable**)
- (ii) Payments to farmers in area with handicap other than mountain areas (**CC applicable**)
- (iii) Natura 2000 payments and payments linked to Directive 2000/60/EC-Water framework directory (**CC applicable**)
- (iv) Agri-environment payments (conservation of genetic resources excluded) (**CC applicable***)
- (v) Animal welfare payments (**CC applicable**)

Forestry land (b):

- (i) First afforestation of agricultural land (establishment cost excluded) (**CC applicable**)
- (ii) *First establishment of agroforestry systems on agricultural land*
- (iii) *First afforestation of non-agricultural land (establishment cost excluded)*
- (iv) Natura 2000 payments (**CC applicable**)
- (v) Forest-environment payments (**CC applicable**)

Cross compliance requirements

1st pillar and 2nd pillar

Statutory Management Requirements (SMR),
if applicable

+

Good Agricultural and Environmental Condition (GAEC)

+

only for beneficiaries receiving agri-environment payments

*on the whole holding **minimum requirements for fertilizer and plant protection** products established by national legislation and identified in the RDP*

Cross compliance spatial extent

1st pillar

CC relates to:

- an agricultural activity, or
- an agricultural land of the holding, including the parcels on set aside

2nd pillar

CC applied on the whole holding -> it “applies to non-agricultural land (e.g. forest areas) only insofar as support is claimed for that land” Legal clarification (RIPAC note No 2008-13 on CIRCA)

HC proposal

the term "whole holding" shall not include non-agricultural activities on a holding and non-agricultural areas for which no support in accordance with Articles 36(b)(i), (iv) and (v) of this Regulation is claimed."

Health Check and Rural Development

Address new and ongoing challenges: climate change, bioenergy, water scarcity, biodiversity

axis 1: support for investments can be targeted towards energy, water, production of (feed stocks for) renewable energy

axis 2: agri-env and forestry measures can be used in particular for biodiversity, water management and climate change mitigation actions

axis 3 and 4: local scale renewable energy projects can be supported

MS should use additional modulation exclusively to reinforce existing measures for these challenges

Health Check and Rural Development

More funding via additional, progressive modulation

<i>Thresholds (in €)</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>
1 to 5 000	0%	0%	0%	0%
5 000 to 99 999	2%	4%	6%	8%
100 000 to 199 999	5%	7%	9%	11%
200 000 to 299 999	8%	10%	12%	14%
Above 300 000	11%	13%	15%	17%

Conclusions

Potential discussion topics / challenges

1. Evaluate strategy

- Æ Need for simpler en more integrated systems, considering Institutional arguments vs technological arguments
- Æ Optimal and consistent use of all available data ('where appropriate')

2. IT topics

- Æ How to monitor GAEC?
- Æ What are the LPIS/IACS GIS data requirements?
- Æ How to address eligibility differences due to legacy systems (SPS, vineyards,...)?
EC R 1782/2004 article 44. 2 rev? : Eligible hectare shall mean any agricultural area of the holding except areas under forests or used for non agricultural activities."

How is LPIS affected?

1. some schemes become area based and others more decoupled
 - Æ higher demand on LPIS quality (eligible area values = €€€)
 - Æ extended spatial range (new RP / new parcel types?)
2. non SPS-SAPS schemes must interoperate (crosscheck with IACS registers incl. LPIS)
 1. Other direct aid schemes
 2. RD schemes with spatial relevance
 3. Covering all responsible institutions
- Æ Harmonisation for exchange (& integration ?) of data
- Æ Collaborating control procedures between systems

Thank You for your attention

¡¡GRACIAS!!

