

Common agricultural policy (CAP): direct payments to farmers under support schemes 2014-2020

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Ministers held two policy debates within the framework of the common agricultural policy (CAP) reform. The discussions focused on:

- the **proposal for a Regulation** establishing rules for direct payments to farmers (Direct Payments Regulation);
- [the proposal for a Regulation on the financing, management and monitoring of the CAP \(Horizontal Regulation\)](#).

The **specific issues examined** concerned the basic payment scheme and transparency on CAP payment beneficiaries.

- **Direct payments:** in order to address a number of important concerns raised by delegations on the operation of the basic payment scheme, the Special Committee on Agriculture (SCA) considered a package of Presidency suggested amendments at its meeting on 18 February 2013. In the light of the SCA discussion and the written contributions received thereafter, the Presidency made a number of adjustments to this package as follows:

- **Flexibility on the level of payments and on the total area coming into the basic payment scheme:** the suggested amendments aim to allow Member States (i) to limit the number of payment entitlements for new hectares coming into the system; (ii) to apply a reduction coefficient in respect of permanent grassland; and (iii) to exclude land exclusively used for wine production.

- **Additional flexibility on internal convergence:** the suggested amendments aim to provide Member States applying the Single Payment Scheme and Member States applying the Single Area Payment Scheme with additional flexibility by allowing them to reach partial rather than full convergence.

- **Value of payment entitlements and convergence:** the Presidency has introduced an amendment to Article 22(2) and 22(3a) reducing to 10% the amount to which the calculation of the unit value of entitlements may be limited in the first year of operation of the scheme.

- **Value of payment entitlements and convergence:** the amendment aims at extending the scope of Article 22(3) (convergence) to include those Member States that have chosen to retain their existing payment entitlements.

Other Presidency amendments seek to:

- address the convergence possibilities for those farmers that hold special entitlements not linked to hectares;
- provide that a Member State may take into account the production level on farms in a recent year (not later than 2011) when fixing the pace of convergence in order to speed up convergence in certain circumstances;
- fund the establishment of a national reserve by applying a linear reduction of maximum 3% to their basic payment ceilings;
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- make explicit provision for the use of the national reserve to take account of ongoing land restructuring in certain Member States;
- introduce a voluntary 'redistributive payment' which would allow Member States to grant a top-up on the basic payment for the first hectares of each farm and in so doing take account of the greater labour intensity on smaller farms and the economies of scale of larger farms.

The **Council broadly supported the thrust of the Presidency's compromise package** on the basic payment scheme. Some delegations noted, in this regard, that the principle of there being no agreement until there is agreement on everything should be applied.

Internal convergence: most delegations welcomed the greater flexibility offered for Member States applying the single payment scheme (SPS) or the single area payment scheme (SAPS). However, certain Member States applying the SAPS made their support for the Presidency's compromise conditional on the possibility to progressively abolish the transitional scheme over a longer period.

Coupled aid: delegations had mixed view with some considering that flexibility in regard to internal convergence could result in less generous coupled aid conditions, while others considered that coupled aid could facilitate internal convergence.