

Consultative Committee on CAP after 2013
Dublin, 19 May 2010

The future shape of the Common Agricultural Policy
Information Note on Current State of the Debate

The document under summarises the main developments that have taken place in the discussions on the future of the CAP after 2013 since the Minister launched the Irish consultation process in July 2009 and sets out the main issues dominating the current debate.

1. Main Developments

1.1 Budgetary process

The budgetary review foreseen for late 2009 as a precursor to discussions on a new Financial Perspective for 2014 to 2020 has yet to commence. A communication is expected from the Commission in July followed by legislative proposals in mid 2011. A Commission draft paper emerged in November 2009 and advocated major policy changes and lower funds for the CAP. While it was dismissed as an early draft, not fully representative of the Commission position, it indicates one strand of thinking for the future.

1.2 New Commissioner

In February 2010, Commissioner Ciolos from Romania was appointed Commissioner for Agriculture and Rural Development. The Minister met the new Commissioner shortly after his appointment and accepted the Minister's invitation to visit Ireland later this year. The Commissioner has made a number of public policy statements on the future direction of EU agriculture policy. These are summarised in section 1 of the appendix attached. In April 2010, the Commissioner launched a public consultation for stakeholders and individuals to contribute their views to the debate on the new CAP. The consultation process is focused on four high level questions regarding the broad social benefits of the CAP and the specifics of the reform. This consultation will be followed by a conference on the CAP organised by the Commission in mid July in Brussels.

1.3 Additional policy debates by EU Agriculture Ministers

To add to the policy debates held under the French and Czech Presidencies on overall policy and direct payment issues respectively, during the Swedish and Spanish Presidencies, EU Agriculture Ministers held additional policy debates covering rural development and market management issues. The outcome of these debates was summarised in Presidency conclusions supported by the majority of Member States. The main points are summarised in sections 2 to 5 of the appendix attached. The complexity of the issues and the broad range of views within the 27 Member States are illustrated by the fact that Presidency rather than Council conclusions were agreed in the discussions under the French and Czech Presidencies and Sweden and Spain did not attempt to get the agreement of the Council on these issues.

1.4 Policy papers, discussion documents and bilateral consultations

A substantial number of policy position papers and discussion documents have been produced by Governments, stakeholder organisations, interest groups and research entities. A summary of a selection of these papers is attached at sections 6 and onwards of the attached document.

Of particular note is a draft own initiative report produced by George Lyon MEP for adoption by the European Parliament. This is a useful and comprehensive report and it sets out quite specific proposals in regard to the Single Payment and other issues. A copy of the draft report is attached.

Ireland has been very active in discussions and information exchanges with the Commission and a number of Member States, both at official and political level. We were part of the group of 22 Member States that issued a declaration in Paris last December advocating a strong and adequately resourced EU agriculture policy for the future.

1.5 Agriculture and the EU 2020 strategy

Earlier this year the EU Commission produced a communication setting out the proposed priorities and targets for a replacement strategy for the Lisbon Agenda, to steer the EU to economic recovery, growth and jobs in the period up to 2020. The spring meeting of the European Council of Heads of State and Government agreed conclusions that endorse the broad thrust of the Commission objectives and targets. At the insistence of Ireland and a number of other Member States, the European Council included a reference in the Conclusions on its spring meeting on the need for all common policies, including the CAP, to support the strategy. The conclusions went on to state that “a sustainable, productive and competitive agricultural sector will make an important contribution to the new strategy, considering the growth and employment potential of rural areas while ensuring fair competition”.

2. What are the main issues?

2.1 Amount of Funding

The biggest single issue is the amount of funding that will be available for CAP after 2013, in view of pressures to reduce the EU budget, to reduce the share going to agriculture and to reduce the share going to Irish agriculture. The key context for Ireland is food supply and sustainable management of natural resources, including climate change. We need a coherent approach to this, based on the family farm structure. There is good support for the Irish position that we need a strong and properly funded CAP after 2013 and we will continue to press this point in the negotiations.

2.2 Distribution of funds

There is also pressure from the new Member States for redistribution of funds in their favour. They believe that the use of the reference period 2000 to 2002 to calculate payment levels militates against them. They have called for abolition of the historic model and the application of flatter rates of payment across the EU. They and others take the view is that the further in time we move from the reference period the less credible the historic model becomes. We are prepared to look at all options on this, but will also require our partners in Europe to be equally realistic in their expectations. The current debate, which focuses solely on the distribution of direct payments, without any reference to other EU funding, is not balanced.

2.3 What options for Single Payment are being examined?

There are no formal negotiations or proposals as yet. The starting point for Ireland is that we see no compelling reason to change from the current historical model for determining single payments. We see the historical model as having a distinct advantage in linking the payment with level of farming activity, albeit activity in

2000-2002. That having been said, it would appear that Ireland is in a very small minority of Member States that hold this view and we need, therefore, to be open to looking at alternative models that might command the support of a larger number of Member States, but would be beneficial to Ireland. Most Member States, including ourselves, are carrying out analysis to determine what system might suit us best. The following are among the potential payment models that are under consideration in the informal process:

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

2.4 What is the outcome of the analysis to date?

We know that Ireland would lose out under a simple EU-wide flat rate by nearly 20%, based on current EU SPS funding levels. We also know that movement to a regional or national flat rate in Ireland, based on our current national envelope, would broadly have the effect of shifting funding from farmers in the east to the west and from cattle fattening and tillage farms to cattle rearing and sheep farms with little change on dairy farms.

2.5 What about market management measures?

The future of market management instruments is also under scrutiny. Our view is that existing market support tools are appropriate and we believe there is broad agreement on this among Member States. There is increasing emphasis on risk management mechanisms and we need to look closely at the possibilities offered by such measures. There is also a need to address increased market volatility and we must have effective mechanisms to manage this.

2.6 Rural development

The positioning and status of rural development funding will be an issue including whether elements should be integrated with cohesion/regional policy, and whether the current structure with three “axes” of competitiveness, environment and diversification remains relevant. The “new challenges” identified in the CAP Health Check (water management, bio-diversity, climate change and bio-energy) will again feature and there will be a greater emphasis on measurable outcomes. Ireland’s view is that the core purpose of rural development policy is to support farmers in developing their productive capacity while securing the environment and ensuring the well-being of the wider rural society.

We support the continuation of a two-pillar structure. Axis 1 measures, particularly those directed at investment and which promote competitiveness, perform a pivotal role in encouraging efficiency and innovation in farming for the future. We believe that these measures are critical to the future of Irish and European farming and should be maintained and enhanced.