SUMMARY OF COUNCIL POSITION ON CAP REFORM PROPSALS

DIRECT PAYMENTS

Provisions governing the new basic payment scheme, green payment, single area payment scheme and related measures

National Ceiling

Single Farm Payment ceiling for Ireland is €1.217 billion in 2014, falling to €1.211 billion in 2019 (average €1.214b).

Active Farmer

Member state can:

- set minimum activity level for areas "naturally kept in a state suitable for grazing of cultivation"
- exclude list of non-farm enterprises from payment
- exclude from payment those for whom farming is an insignificant part of their economic activity.

Financial discipline

To finance the crisis reserve (and to avoid breaching the financial sub-ceilings for market related expenditure and direct payments), provision is made for linear cuts on payments above €2,000.

Capping

Member State can voluntarily reduce and/or cap payment at €150k and above.

Payment Entitlements

Entitlements based on hectares declared in 2014, or Member State may decide to base them on hectares declared in 2012 or 2013.

Basic Payment Options

- Flat Rate basic payment by 2019. Convergence in steps starting with 10%
- Partial convergence – (Irish model) Converge basic payment raising those below 90% of national average by 1/3 of the difference between their current payment and 90% of the national average by 2019. This will be financed by proportional decreases in payments above the average – i.e. the highest payments will be reduced most. The greening payment is then applied as a fixed percentage of the final basic payment amount. Provision made for a maximum and minimum payment per hectare if a Member States wishes.
- Redistributive – as add-on, not alternative, to flat rate or partial convergence, Member States may use up to 30% of national ceiling for top-up payment to farmers on hectares up to the national average farm size (32 hectares in Ireland) or up to 30 hectares.

National Reserve

Financed by linear cut in payments in first year of up to 3% of the Basic Payment Scheme to finance allocation of entitlements to young/ new farmers or to prevent land abandonment; Can use to provide general top-up on a permanent basis to all farmers if not needed for other purposes. Reserve replenished annually from unused entitlements which, in future, must be used at least one year out of every two.

Green Payment
30% of national ceiling paid as flat rate per hectare, or if using partial convergence /Irish model as 30% of farmers overall payment.
Green payment requires farmer to meet 3 criteria:

- Crop diversification 10-30 hectares of arable land 2 crops, over 30 hectares three crops. Exemptions include holdings with more than 75% of area under grass.
- Permanent Grassland (PG): Allow farmers convert no more than 5% of PG, but need not apply at farm level if less than 5% conversion at national level. Third option allows up to 7% conversion from area of PG in 2011, with authorisation system above 3.5%.
- Ecological Focus Areas. If non-permanent grass area of holding is more than 15ha, 5% of arable areas must be EFA to start with, rising to 7% after 2 years if deemed appropriate following a review. List of EFA includes fallow, some forest, hedges etc, short rotation coppice and nitrogen fixing crops.

Equivalence: As alternative to three criteria farmers can qualify for greening by participating in agri-environment or national certification schemes that are deemed by Commission to be at least equivalent in terms of benefit to the environment.

ANC
Option for member state to pay a top-up to areas of natural constraint (formerly LFAs) using up to 5% of national ceiling. This is in addition to the payment in the Rural Development Regulation.

Young Farmer
Option for member state to pay farmers below 40 years of age, and newly set up, a 25% top-up, on up to 25 hectares /national average (32 hectares in Ireland), for five years, using up to 2% of national ceiling.

Coupled Support
Option for Member States, including Ireland, to use 7% of national ceiling for voluntary coupled support in specified sectors (including cereals, beef, sheep, dairy but not pigs or poultry); Limit is 12% for SAPS countries and those member states who paid more than 5% of ceiling as coupled support in 2010-2013.

Small Farmer
Member states may operate a simplified payment scheme for farmers with total payments of less than €1k.

Transfers between pillars
Option for Member States to transfer 15% of their annual national ceiling to Rural Development; Member States may equally transfer 15% of their rural development allocation (25% for some new Member States) to pillar 1

MARKET SUPPORTS
All rules governing supply management, market management and market regulation

Sugar quotas
Quota system to end on 30 September 2017; no possibility for reallocation in the meantime

Vine planting rights
New vine planting authorization system from 2019 to 2024 with a review in 2021, annual increases allowed of up to 1%

Intervention/aids to private storage
Current support mechanisms (including export refunds) remain intact but more discretion afforded to the Commission to e.g. activate APS for butter and intervention.

Exceptional measures
Expansion of scope and of measures to deal with emergencies or serious disturbances in the market; more flexibility in triggers for response to crises

Crisis reserve
€2.8 billion crisis reserve created (€400 million per year) to deal with serious emergencies and to be funded by cuts in direct payments, which are refunded if not used

Strengthening food supply chain
Permitted activities of producer and inter-branch organizations extended with a view to improving their status in the food supply chain;

Incorporation of milk package
No reversal of abolition of milk quota; milk package rules adopted to manage expiry of milk quotas (directed largely at strengthening producer organizations) incorporated into the reform

Associations of producer organisations
Current possibilities for funding of producer organizations extended to cover Associations of these organizations.

Marketing standards
Existing marketing standards retained and incorporated into the SCMO Regulation; origin labelling rules for fruit and vegetable sector restored

HORIZONTAL REGULATION
Provisions governing CAP financing rules, cross compliance provisions, on-the-spot checks/administrative penalties and Farm Advisory Service

Cap financing rules
System of financing and advances largely unchanged; Council united against changes proposed by Commission to limit the number of paying agencies, to apply interest charges to late payments and suspend payments for late submission of data

Monitoring and evaluation of CAP
Introduces a common monitoring and evaluation framework for pillar 1 of the CAP, heretofore applied only to pillar 2

Inspections/penalties
Contains rules for all CAP schemes (IACS, market supports etc.); no major changes envisaged but tension between Commission and Council on competence for establishing detailed rules

Council position is greening penalty reduced (from 100% in Commission proposal) to 25% of greening payment; text also clarifies that administrative penalties apply irrespective of whether farmer applied for greening (as the scheme is mandatory)

Double funding
Article 29 prohibits double funding with the exception of organics and agri-environment measures; relevant in the context of the greening proposals in Art 29 of the DP Regulation and the rules on the baseline for pillar 2 funding in Article 29 of the RD Regulation.

Transparency
Provisions on publication of beneficiaries of CAP funds, revised following ECJ judgment, incorporated into the text. Council Legal Service has raised an issue in relation to whether enough consideration has been given to the "least intrusive means" of exercising public control.

Cross compliance/good agricultural and environmental condition
Most provisions unchanged; Commission proposals to include water framework directive and additional rules on protection of wetlands reversed by Council.

RURAL DEVELOPMENT
Main elements:

- Common Provisions Regulation provides for Common Strategic Framework for all EU structural funds
- Three objectives: competitiveness, sustainability and rural economy
- Six priorities: Knowledge, competitiveness, food chain, ecosystems, carbon, jobs
- Innovation, environment, climate change are cross cutting objectives
- No requirement to divide funds into three "axes" as in current regime but expenditure on agri-environment and climate measures must be 25% or more
- Competitiveness objective includes options for farm and business development
- Food chain objective contains options for support to producer groups and for insurance/risk management
- Co-financing rates fixed in MFF agreement, generally 53% with higher rates for agri-environment, knowledge transfer, environment- related forest investments and cooperation

Rural Development Measures
The proposed measures under rural development include funding for knowledge transfer of all kinds, including training and advisory services. On farm investment is provided for in addition to funding for farm and business development. Environmental measures include agri environment and organics and support for forestry includes afforestation and forestry environment measures. New measures include funding for co operation actions and for risk management. Leader projects will also be funded under rural development.

Areas of natural constraint
Formerly known as Less Favoured Areas; to be delineated according to 8 biophysical criteria at LAU2 level; Qualification threshold of 60% of area affected by handicap; Option for MS to include additional 10% agricultural land area as having specific handicaps and for degressive payments for areas no longer qualifying; Council deferred commencement – 2016 – and added cumulation options to meet thresholds and provision that thresholds may be applied at a range of +/- 20% for areas eligible under current programming period.