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Očakávateľné podmienky v poľnohospodárstve nových členských krajín po roku 2013

Expectable Conditions of Farming in New Member States after 2013

Abstract *In April 2011 Dacian Cioloş, the Commissioner for Agriculture and Rural Development in his Executive Summary to the Common Agricultural Policy after 2013 – public debate stated that the Common Agricultural Policy is due to be reformed by 2013. In the meantime a wide ranged formal public consultation on the CAP post-2013 was conducted which was followed by Commission publication of a Proposal to the European Parliament and the Council on 19. October 2011, setting out different options for the future features of the Direct Payments and the CAP. The Commissioner in his introduction called the citizens for to rewrite this project with own words and own objectives as the CAP is a policy of common interest of all having direct impacts on their future existence. In addition to the numerous points raised in the discussions the author tried to articulate the main emerging problems of the present CAP and their possible solutions putting them into the frame of the placed key questions of the public debate: Why do we need a European common agricultural policy and why reform the CAP for tomorrow.*

Key words *capping – landscapes - climate change – biodiversity – greening - support system - referential yield - basic payment*

Abstrakt Komisár Generálneho riaditeľstva pre poľnohospodárstvo a rozvoj vidieka Dacian Cioloş v aprílil 2011 vo svojom Resumé verejnej diskusii o Spoločnej agrárnej politike po roku 2013 vyhlásil, že SAP bude v roku 2013 zrelá na reformu. Medzičasom sa uskutočnil široký prieskum verejnej mienky o SAP po roku 2013, na základe ktorého 19. októbra 2011 Komisia zverejnila svoj návrh Európskemu parlamentu a Rade o priamych platbách a SAP s rôznymi opciami pre ich budúce vytvorenie. Komisár Cioloş vyzval občanov, aby napísali svoje názory s vlastnými slovami a podľa svojich cieľov, keďže SAP je politika spoločného záujmu všetkých, ktorá má bezprostredné dopady na ich budúcnosť. Popri tých tém, ktoré už boli diskutované, autor článku sa pokúsil aj o artikuláciu najzávažnejších problémov súčasnej Spoločnej agrárnej politiky, ako aj o ich možné riešenia, odpovedajúc na otázky stavané vo verejnej diskusii: Prečo potrebujeme jednu Európsku spoločnú agrárnu politiku a prečo je potrebné zreformovať SAP pre zajtrajšok.

Kľúčové slová strop – krajina - zmena klímy – biodiverzita – zazelenenie - podporný systém - referenčný výnos - bázová / základná platba

As to the question why do we need a European common agricultural policy the relevant answer seems to be that we not only need a common but also a really single and fair, from the political and economic power of the respective MS independent, impartial CAP which in the single common market will lead to fair prices, real economic opportunities and equal Community preference to all European farmers while respecting their existing special geographic, economic, environmental and social restrains.

To reach the above stated objective after 2013 is not only necessary to implement a single and generally applied intervention, price and support system, but also the recognition of an equitable system of direct payments terminating the prevailing practice producing unjustifiable differences between the farmers of the Old and New Member States, as well as between politically prefered and discriminated regions within some member states. The end of the present planning period could be a good opportunity to terminate the discriminatory differences and to close the prevailing gaps in the system of direct payments. The Commission, however, in its proposal seems to surpass the opportunity to create at last a common and just system of direct payments for all by closing the existing gaps. It will open new discussions about an equitable solution only after the end of the coming planning period in 2020.

The major reductions of the intervention system to a sole product (bread wheat) made by provisions of Council Regulation (EC) 1234/ 2007 raise the question relating to a need of a wider and stronger safety net of farmers enabling them to face the continuing rough times of volatile world market conditions, as well as such intervention prices which in NMS would promote to approach the substantially higher market prices in EU-15 countries.

The new reform proposals of the Commission concerning the modulation system seems to be a flashpoint to larger farms, when a progressive reduction and capping of support is foreseen while taking account of employment – with exception to outermost regions of EU and the smaller Aegean islands. The proposal might have utmost negative impacts in some Member States, e.g. in Slovakia, where beneath the fact, that the government - in spite of the relevant provision of the Accession Treaty - since 2010 does not support its farmers by any additional payments, additionally it narrows their income by taxation of arable land and even that of direct payments, worsening their international competition capabilities. The capping of SAPS- support over € 300.000 would have the impact of a further major financial restraint to their viability and future economic development. In the conditions of the prevailing world ecenomic crisis and growing stochastic instabilities the proposed changes in modulation of direct payments expectably would force many large cooperatives to react to this challenge by proper measures, e.g. by a reduction of the number of their staff and employes and restrain their production to even fewer varieties. The proposed possibility of reductions of some variable costs from the eligible amount of their direct payments might have only a minor impact on their rationalisation decisions. Finally the author has expressed his hope that the Council and the Parlament of the European Union will realize the real economic and social situation across the EU and will come to a justifiable and equitable solution at direct payments for all farmers, so for those of NMS, taking into account the substantial gaps existing between the income levels and life standards of the farmers of the rich and poor countries which in 2014 will already prevail a decade since their accession to the Union.

Methodology

The article is based on materials provided by a wide range of legislative acts of the European Union, especially the Council Regulations (EC) 1782/2003, 1290/2005, 1698/2005, 1234/2007, 73/2009 and the PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules for direct payments to farmers under support schemes within the framework of the Common Agricultural Policy {SEC (2011) 1154 final}. As methodological approach has been selected the method of due legal and economic text analysis, and last not least, a synthesis of mathematical – statistical calculation of the expectable future economic and political impacts of the proposed measures has been provided.

Scientific work

The prevailing concerns of the European agriculture root in the problems of the CAP which were solved neither by the 2002–2003 reforms nor by the Health Check reform during the past years. The Commission proposals are based on Communication on the CAP towards 2020 to meet the set objectives while keeping its basic structure with two pillars ensuring their financing partly from Community funds and partly from shared financial sources. The Commission in its proposal concentrates on the following three major objectives:

1. Viable food production
2. Sustainable management of natural resources and climate action
3. Balanced territorial development.

According to the Commissions perception these objectives reflect the present global exogenous and endogenous economic and ecologic challenges and stress the demand for a better distribution and targeting of support among and within Member States. The present and expectable future situation indicate that the risks to European farmers will last while the probability of a further slowdown in productivity and a margin squeeze due to rising input prices can be accounted. As the pressure on the agricultural income is expected to continue the Commission proposal is based on the perception that there is a need to maintain the present support and to reinforce instruments to better manage risks and respond to crisis situations possibly evading from ecologic, climate, energy and biodiversity risks.

The reform proposals therefore go beyond the requirements of present Cross Compliance standards by introduction of Water Framework Directives (WFD) and integrate further environmental requirements by introduction of a strong greening component into Pillar I. To ensure their implementation it is proposed to regroup 30 % of direct payments to greening standards of the retention of soil carbon and grassland habitats associated with permanent pasture, by the establishment of ecological focus areas and improvement of the resilience of soil and ecosystems through crop diversification.

To guarantee the ability to meet the set priority objectives the Multi-annual Financial Framework (MFF) will foresee to continue the two - pillar budget structure by maintaining the 2013 support level. According to Article 11 of the Commission proposal the payment levels in Pillar I up to € 300.000 should progressively converge and payments to large beneficiaries should be subject to progressive reductions, while payments beyond this amount are to be annulated as follows:

1. The amount of direct payments to be granted to a farmer under this Regulation in a given calendar year shall be reduced as follows:

– by 20 % for the tranche of more than EUR 150 000 and up to EUR 200 000;

– by 40 % for the tranche of more than EUR 200 000 and up to EUR 250 000;

– by 70 % for the tranche of more than EUR 250 000 and up to EUR 300 000;

– by 100 % for the tranche of more than EUR 300 000.

2. The amount referred to in paragraph 1 shall be calculated by subtracting the salaries effectively paid and declared by the farmer in the previous year, including taxes and social contributions related to employment, from the total amount of direct payments initially due to the farmer without taking into account the payments to be granted pursuant to Chapter 2 of Title III of this Regulation.

3. Member States shall ensure that no payment is made to farmers for whom it is established that, as from the date of publication of the Commission proposal for this Regulation, they artificially created the conditions to avoid the effects of this Article.

At the same time the financing of agriculture should be reinforced by further instruments outside the MFF, creating an emergency reserve to react to crisis situations, and the extension of the scope of the European Globalization Adjustment Fund, as shown in Table 1.

The Pillar II measures - the Rural Development Policy being included in a Common Strategic Framework with other EU shared management funds - will support the implementation of the Natura 2000, WFD and the achievement of EU's 2020 biodiversity strategy. These objectives and the relevant measures should ensure that the future CAP will be a policy of strategic importance for food security, the environment and territorial balance. The Rural Development Regulation sets out common rules for all funds operating under a Common Strategic Framework by common provisions on ERDF, ESF, Cohesion Fund EAFRD and the European Maritime and Fisheries Fund.

In frame of an analysis of possible perspective policies the Commission concluded an impact assessment comparing three alternative scenarios for the future architecture of Common Agricultural Policy:

- Refocus scenario, which would accelerate structural adjustment in the agricultural sector, shifting production to the most efficient areas and profitable sectors,
- The adjustment scenario best allowing policy continuity with limited but tangible improvements both in agricultural competitiveness and environmental performance.
- The integration scenario with enhanced targeting and greening of direct payments.

The Commission considers the integration scenario as the most balanced in progressively aligning the CAP with the EU's strategic objectives and allowing simplification in the streamlining of Cross Compliance and market instruments, or the introduction of the small farmers direct payments scheme as to minimize administrative burdens of controls.

The legal framework of the proposal creates a new situation by the provisions of the Direct Payment Regulation enacting a *Basic Payment Scheme (BPS)* and replaces the Single Payment Scheme (SPS) and the Single Area Payment Scheme (SAPS) as from 2014. In the provisions of the proposal a convergence of entitlements of support to active farmers at national or regional level towards a "uniform value" is foreseen which "is done progressively to avoid major disruptions". According to the proposal the following payments should be provided:

1. *30 % of annual national ceiling* for farmers following good agricultural practices: crop diversification, maintenance of permanent pastures, organic farming and ecological focus areas, e.g. Natura 2000 areas,
2. *Up to 5 % of annual national ceiling* a voluntary payment for farmers in areas facing specific natural constrains (as delimited in RD schemes),
3. *Up to 2 % of annual national ceiling* for young farmers in their installation (up to 5 years), which may be complemented by RD supports.

At the same time up to 10 % of annual national ceiling a simplified scheme for small farmers as a lump sum payment replacing all direct payments while easing their obligations related to greening, cross compliance and controls.

Up to 5 % or more of annual national ceiling as a voluntary coupled support scheme is provided for specific types of farming to maintain the currant level of production.

Last but not least the proposal maintains the possibility for Complementary National Direct Payments for Bulgaria and Romania up to the end of their phase-in and includes a specific payment for cotton in some South European Member States (Greece, Italy, Spain, Portugal and also Bulgaria).

The new direct payments will be based on a single type of payment entitlements and streamline transfer rules, thereby simplifying its management. According to the Commission proposal the budget provisions for the CAP should create a real basis to continue the level of present financial promotion amounting to a total of EUR 435.6 billion over the 2014–2020 – period, allocating EUR 317.2 billion to Pillar I and EUR 101.2 billion to Pillar II. Further funding should be ensured for research and innovation (5.1), food safety (2.5), for food support of the most deprived persons (2.8), in a new reserve for crisis in agriculture (3.9) and in the European Globalization Adjustment Fund outside the MFF EUR 2.8 billion as shown below.

Amounts for the CAP including complementary amounts foreseen in the MFF proposals and the CAP reform proposals
In million EUR (current prices)

Table 1

Budget-Years	2013	2013 adjst	2014	2015	2016	2017	2018	2019	2020	Total 2014-2020
INSIDE MFF										
Heading.2										
Direct.aids and MRE*)	44 939	45304	44830	45054	45299	45519	45508	45497	45485	**317193**
Est. Revenue	672	672	672	672	672	672	672	672	672	**4704**
Direct aids + MRE	45 611	45976	45502	45726	45 971	46191	46180	46169	46157	**321 897**
Rural devel.	14 817	14451	14451	14451	14 451	14451	14451	14451	14451	**101 157**
Total	**60 428**	**60428**	**59953**	**60177**	**60 423**	**60642**	**60631**	**60620**	**60608**	**423 054**
Heading.1										
CSF ARI	N.A.	N.A.	682	696	710	724	738	753	768	**5072**
Most dep.per.	N.A.	N.A.	379	387	394	402	410	418	427	**2818**
Total	N.A.	N.A.	1061	1082	1104	1126	1149	1172	1195	**7889**
Heading 3										
Food safety	N.A.	N.A.	350	350	350	350	350	350	350	**2450**
Outside MFF										
Reserve Agricult. Crises	N.A.	N.A.	531	541	552	563	574	586	598	**3945**
Europ. Global. Max/Ag	N.A.	N.A.	379	387	394	402	410	418	427	**2818**
TOTAL										
Total Com. Proposal	**60428**	**60428**	**62274**	**62537**	**62823**	**63084**	**63114**	**63146**	**63177**	**440156**

Source: Commission Proposal COM (2011) 625 final / 2 *(*) MRE: market related expenditure)*

The distribution of Member States' support should occur according to Article 6 comprising the total value of all allocated entitlements, of the national reserve and of the ceilings as fixed in ANNEX II of the Commission Proposal and shown in Table 2.

National ceilings referred to in Article 6

(In thousands EUR)

Table 2

Cal. year-Contry	2014	2015	2016	2017	2018	2019 -
Belgium	553521	544065	534632	525205	525205	525205
Bulgaria	655661	737164	810525	812106	812106	812106
Czech Rep.	892698	891875	891059	890229	890229	890229
Denmark	942 931	931 719	920 534	909 353	909 353	909 353
Germany	5 275 876	5 236 176	5 196 585	5 156 970	5 156 970	5 156 970
Estonia	108 781	117 453	126110	134749	134749	134749
Ireland	1240652	1239027	1237413	12357789	1235779	1235779
Greece	2099920	2071481	2043111	2014751	2014751	2014751
Spain	4 934 910	4 950 726	4 966 546	4 988 380	4 988 380	4 988 380
France	7 732 611	7 694 854	7 657 219	7 619 511	7 619 511	7 619 511
Italy	4 023 865	3 963 007	3 902 289	3 841 609	3 841 609	3 841 609
Cyprus	52 273	51 611	50 950	50 290	50 290	50 290
Latvia	163 261	181 594	199 895	218 159	218 159	218 159
Lithuania	396 499	417 127	437 720	458 267	458 267	458 267
Luxembourg	34 313	34 250	34 187	34 123	34 123	34 123
Hungary	1 298 104	1 296 907	1 295 721	1 294 513	1 294 513	1 294 513
Malta	5 316	5 183	5 050	4 917	4 917	4 917
Netherlands	806 975	792 131	777 320	762 521	762 521	762 521
Austria	707 503	706 850	706 204	705 546	705 546	705 546
Poland	3 038 969	3 066 519	3 094 039	3 121 451	3 121 451	3 121 451
Portugal	573 046	585 655	598 245	610 800	610 800	610 800
Romania	1 472 005	1 692 450	1 895 075	1 939 357	1 939 357	1 939 357
Slovenia	141 585	140 420	139 258	138 096	138 096	138 096
Slovakia	386 744	391 862	396 973	402 067	402 067	402 067
Finland	533 932	534 315	534 700	535 075	535 075	535 075
Sweden	710 853	711 798	712 747	713 681	713 681	713 681
United-Kingdom	3 624 384	3 637 210	3 650 038	3 662 774	3 662 774	3 662 774

Source: Commission Proposal COM (2011) 625 final / 2

The proposal sees fore a progressive approximation of the payment levels in the way"all Member States with direct payments below 90 % of the EU average will see one third of this gap closed." The calculation of RD- support is based on objective criteria linked to the policy objectives taking into account the currant distribution. The proposal also contains the possibility of flexibility for transfers between the two pillars up to 5 % of direct payments. However transfers from Pillar II to Pillar I can be provided only in those Member States where the level of direct payments remains below 90 % of the EU average.

In order to ensure uniform conditions, implementing powers should be conferred on the Commission in respect of a wide scale of measures, e.g. the fixation of the annual national ceiling for the basic payment scheme, the adoption of rules on applications for allocation of payment entitlements, measures in the field of revision of national reserves, notification of

transfers and their deadlines, setting out ceilings for direct payments and a possible review of the support schemes etc., as shown in Table 3.

Components of direct aids
In million EUR (current prices)

Table 3

BUDGET YEAR	2015	2016	2017	2018	2019	2020	TOTAL
Annex II	42407.2	42623.4	42814.2	42780.3	42780.3	42780.3	256185.7
30 % due to practices climate, environment	12866.5	12855.3	12844.3	12834.1	12834.1	12834.1	77068.4
2 % max. payment for young farmers	857.8	857.0	856.3	855.6	855.6	855.6	5137.9
Basic P. S., "LFA", Vol. Coupled Support	28682.9	28911.1	29113.6	29090.6	29090.6	29090.6	173979.4
10 % Small Farmers Scheme (-from above)	4288.8	4285.1	4281.4	4278.0	4278.0	4278.0	25689.3
Wine transfers incl. in Annex II	159.9	159.9	159.9	159.9	159.9	159.9	959.1
Capping	-164.1	-172.1	-184.7	-185.6	-185.6	-185.6	-1077.7
Cotton	256.0	256.3	256.5	256.6	256.6	256.6	1538.6
POSEI /Small Aeg. Is.	417.4	417.4	417.4	417.4	417.4	417.4	2504.4

Data source: European Commission

Conclusion

The Commission Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy has stated that **"**Due to the successive integration of various sectors into SPS and the ensuing periods of adjustment it has become increasingly difficult to justify the presence of significant individual differences in the level of support per hectare resulting from use of historical references. Therefore direct income support should be more equitable distributed between Member States, by reducing the link to historical references and having regard to the overall context of the Union budget… while taking account of the differences still exist in wage levels and input costs, the levels of direct support per hectare should be progressively adjusted."

To make the support more equitable the Commission proposes the solution in that way that Member States with direct payments below the level of 90 % of the average should close one third of the gap between their current level and this level. The financial burdens of the proposed convergence should be financed proportionally by all Member States with direct payments above the Union average.

The Commission proposal does not aim at a complete convergence of direct payments as it should. As reasons for keeping on lower entitlements in NMS it sees in the differences that still exist in salaries and wage levels and input costs of EU-15 and EU-12 countries without any reasoning about the justifiability of that situation in the future. This arises the question whether the Commission supposes that those differences should be considered as normal, and if they should persist in an unlimited number of years or decades?

To ensure to keep the prevailing differences it provides a derogation to "MS having used the SPS, and in particular the historic model, (a majority of EU-15 countries ! - author) which should be allowed to partially take the historical factors into account even calcualating the value of payment entitlements in the application of the new scheme." This provision clearly expresses the intention of some EU-15 countries not to allow to reach an equitable solution in the distribution of income support between Member States during the planning period 2014–2020. This is why the Commission proposes first to create an average of lower support level by considering of all EU-27 countries, and secondly the 90 % ratio, to which the conversion of lower payments should happen, instead to equilize them - after a transition period of 10 years - to the support level of EU-15 countries, as it was promised to NMS before their accession.

We can state that this is a proposal due to desorient people being not aware of the large scale differences in direct payments in the time being. The myopia (or even impertinance) of the Commission or some MS (?!) peaks in the recital 21 of the Proposal where it indicates that "*a future debate on the Multiannual Financial Framework for the period starting in 2021 should also focus on the objective of complete convergence through the equal distribution of direct support across the European Union during that period."* This statement clearly means even after so many years only a possible perspective discussion instead of in advance stipulated and guarranted phasing-in of equal payment levels already in 2014. To this we

remark that the educated public in NMS is aware of the fact that due to the pevailing distribution of votes in the decision making bodies the EU-15 countries, if they are resolved to do that, will be in position to push throug the Proposal in the Council and also in the Parliament. However the responsible people in Brussels should take to their hearts the dangers of a growing scepsis concerning the credibility and a frank benevolence of the EU-15 countries in relation to NMS which the implementation of such a discriminating proposal will without any doubts reinforce.

Taking into consideration the CAP- objectives and measures, to create fair future conditions for all European farmers and MS the author submits the following main policy recommendations:

1. Equilize the levels of direct payment in all MS to one unified amount per hectare, while taking in account also the services provided by farmers to countryside, ecology and the society in all areas within Pillar I- payments.
2. Take into account the differences in costs and working conditions in LFA within Pillar II- payments.
3. Reinforce the safty net for farmers by reforming the intervention system.
4. Take measures to equilize market price levels of agricultural products in all MS.
5. Consecutively equilize input price levels in all MS to create equal conditions for their economic competence.
6. Create in all MS equal conditions for administrative burdens in agriculture and the taxation of farmers.
7. Seize British rebate as after NMS'-accession it has become completely obsolete.
8. Respect and meet the objectives stated in Art. 33 of Rome Treaty equally in all Member States.
9. Do not seise the comparative cost advantages and trade opportunities of Developing countries by providing high cotton production supports.

We should like to stress that due to the present and expected circumstances in the world it is high time to realize that the opportunity to strenghten trust within the community of EU- countries is running out of time as all of us can be convinced about the historic truth of the known saying: "OMNE REGNUM IN SE IPSUM DIVISUM DESOLABITUR." (J.Christ).

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