

Legislative proposals on the Common Agricultural Policy (CAP) post 2020 Initial position of Greece

On 1 June 2018, the European Commission presented to the European Parliament and to the Council its legislative proposals on the Common Agricultural Policy post 2020. Taking into account that the proposals are currently being discussed by the Council, without prejudice to the progress of the discussions, the Greek positions on certain provisions of the legislative proposals have as follows:

– The new delivery model

The Ministry of Rural Development and Food (MRDF) has expressed its concerns about the new delivery model of the CAP, both in the context of the presentation of the Commission Communication on the Future of Food and Agriculture (November 2017) and the presentation of the Commission's new legislative proposals for the CAP post 2020. We believe that an increased level of subsidiarity could work positively, giving the MSs the possibility to adapt the CAP to their special needs and peculiarities. It is nevertheless necessary to balance between common and national rules, in order not to undermine the "Common" character of the CAP in the long run, which could lead to re-nationalisation of the CAP. Concerns about the re-nationalization of the CAP are also reinforced by the Commission's proposal for a reduced CAP budget post 2020.

CAP should remain a strong common policy, ensuring a fair income support to the European farmers and providing safe, high quality products and affordable food while addressing environmental and climate challenges.

In addition, the integration of Pillar I (direct payments) into the logic of Pillar II (rural development), in the sense that direct payments are to be monitored and assessed on the basis of a set of common indicators and linked to the achievement of objectives, results and performance, raises justified concerns about the smooth absorption of direct payments.

– Objectives

We could agree with the general and specific objectives proposed. However, it should be possible for the MSs to prioritize the specific objectives based on their specific characteristics, needs and capabilities, and consequently be evaluated on the basis of their performance on them.

Yet, many of the defined objectives need to be further clarified on their content (there is a mixture of objectives not always related to each other or clearly defined e.g. forestry).

– Indicators

The indicators should be limited, realistic, simple and verifiable.

The three layers of the Common framework (impact, result and output indicators) are most welcomed. However, the context indicators, although mentioned in the new CAP draft regulation, are not presented yet and not listed in Annex I.

In all, four layers of indicators should be set (context, impact, result and output indicators) to form the Common Context Indicators of CAP. All four layers are needed to program and evaluate the new CAP, and all four indicators should be incorporated in the basic act, the CAP regulation (e.g. Annex I) and not later defined through delegated or implementing acts. The whole set of the four layers of indicators are the basis on which the MSs will be able to program, implement and set the administrative procedures (e.g. ICT tools and systems) on national level. Moreover, it is of paramount importance that the Common Context for Performance and Evaluation of CAP and its

core (set of indicators, systems) should not change during the programming period, as these changes can affect negatively the strategy and performance of the CAP Strategic Plans.

We disagree with the possibility to authorise the Commission to adopt delegated acts in order to amend or add new indicators. It is necessary to ensure a stable environment for evaluation and monitoring of the strategic plans of the CAP.

– Conditionality

We believe that the proposed enhanced conditionality does not serve the modernisation and simplification of the CAP, which is a key objective of the Commission and the MSs for the CAP post 2020. The reinforced conditionality, that blends cross-compliance and greening and also introduces new mandatory commitments, will increase the administrative burden, costs and bureaucracy for beneficiaries and national administrations without assuring the achievement of the ambitious EU environmental and climate goals.

We do not agree with the whole list of requirements of conditionality. In particular, with regard to the complex obligations that are difficult for farmers to apply, we think they should be removed from conditionality since they either increase administrative costs and burden or their aims overlap. In this context, it is proposed that GAEC 5 is eliminated because it involves huge costs and overlaps with SMR 1 and 2. It is also proposed that GAEC 2 and 8 is eliminated from conditionality requirements. It should be explored that the ambitious aspects of conditionality are met through voluntary programs, by providing farmers strong incentives for the undertaking of very strict standards.

Bureaucracy, administrative burden and costs are further increased by not maintaining the current exceptions for micro-farmers. So, we emphasize the need to maintain these micro-farmer exemptions in the CAP post 2020.

We also argue that greening elements should not be applied to 100% of direct payments. Existing exceptions should be maintained (eg greening above 10 hectares).

()GAEG (Good Agricultural and Environmental Condition) / SMR (Statutory Management Requirement)*

GAEG 2: appropriate condition for wetland and peatland (κατάλληλη προστασία των υγροτόπων και τυρφώνων)

GAEG: 5 use of farm sustainability tool for nutrients (βιώσιμη διαχείριση θρεπτικών συστατικών)

GAEG 8: crop rotation (αμειψισπορά)

SMR 1: water policy/ dir 2000/60EC (πολιτική για τα ύδατα)

SMR 2: protection of waters caused by nitrates from agricultural sources/ dir 91/676/EEC (νιτρορύπανση)

- Definitions

In the spirit of strengthening the common provisions of the new CAP, we think that it is appropriate that some definitions such as the genuine farmer, the young farmer and the permanent pasture should have a common baseline while allowing MSs to adjust them taking into consideration their own needs and peculiarities.

Regarding the definition of young farmer, we disagree with the requirement of training for receiving the supplementary income support for young farmers. Training could only be a prerequisite for rural development interventions for the set up of young farmers and rural businesses.

It should be clear that Member States will be able to supplement the definition of permanent pasture in their strategic plans, as amended by the Omnibus Regulation.

– Capping of direct payments

Reduction of payments (capping) in combination with the use of funds obtained as a priority from supplementary redistribution payment can contribute to the objective of supporting small and medium-sized farms. However, we disagree with the reduction of the total size of direct payments. The existing application of reducing only the basic payment rather than other direct payments (eg complementary payment for young farmers, coupled payment, payments to the smaller Aegean islands, etc.) should be maintained.

During the examination of the regulation proposal, Greece has not expressed a position on the proposed limits, as the number of holdings in Greece which are receiving over 60,000 euro direct payments is small, so the proposed limits will not affect the country significantly. However, the issue of capping will be further assessed in the course of the ongoing discussions in the Council

– Eco-scheme

The introduction of the new eco scheme is linked to the EU's increased ambition for the environment and the climate. However, taking into account the requirements of enhanced conditionality and rural development interventions for the climate and the environment, a justified question arises about how the overlap between them will be avoided.

Their differentiation should be ensured and the Commission's support beforehand is required so that various actions are properly selected and delays in the adoption of the strategic plans of the CAP are avoided.

Furthermore, bearing in mind that the eco scheme commitments should be "beyond" conditionality and different from the agri-environmental/climate actions of rural development, it is expected that the process of identifying measures for the eco scheme will be difficult and painful for the MSs, as well as for the control of those measures.

– Redistributive payment

We agree with the introduction of redistributive payment for a more balanced distribution of support to small and/or medium-sized farmers. However, clarifications are needed on how redistributive payment is applied (e.g. will MSs set a percentage of their direct payments to finance the redistributive payment, as is currently the case?). Additionally, the issue of redistributive payments needs to be further assessed in the course of the ongoing discussions in the Council.

- Young farmers support

Taken into consideration that the aging of the population is a common problem across the EU, it is considered preferable to apply compulsory voluntary income support to young farmers.

– Coupled support

We welcome the maintenance of coupled support. For Greece, the provision of granting up to 10% of direct payments to coupled aid, which can be increased by 2% for the support of protein crops, is considered positive.

- Payment entitlements

MSs applying the payment entitlements should retain the possibility of keeping the scheme if they wish. Commission's proposal gives substantial precedence to the support per hectare (SAPSs()), as it stands today with SAPS being a transitional regime.*

It should be optional without giving priority to the support per hectare (SAPS), as indicated in the Commission's proposal, but rather with equal treatment of the two regimes.

()SAPS: Single Area Payment Scheme*

- External convergence

The statement of the European Commission in its Communication of 29 November 2017, that all EU farmers face similar challenges, is not considered appropriate, in light of the wide diversity within the EU and hence Member States allocation of CAP direct payments cannot be based merely on the agriculture area. A variety of factors coherent with CAP objectives should also be taken into account, such as the wide diversity of relative costs of labor and land, the agronomic potentials, the different effect of climate change, farmer's income and the viability of agricultural holdings, the relative size of agricultural holdings as well as the resources available in pillar II. Any further increase in external convergence, than the proposed one, should rather be connected to an increase in the CAP budget.

- Sectorial types of intervention

Regarding the "Types of Intervention in the fruit and vegetable sector", Greece considers that there is an unequal set of interventions in terms of the proportion designed to protect the environment and climate at the expense of the two other important objectives, namely the optimization of production and the increase of competitiveness. We think that this should be changed.

Additionally we consider that the proposed compulsory percentage of 20% of expenditures which must cover environmental actions (instead of 10% of today) is too high, having in mind the enhanced conditionality provided by the new CAP. The increased percentage of 20% will be at the expense of the maintenance or increase of agricultural production and the competitiveness of the sector.

Moreover, we think that the obligation of percentage 5% of expenditures which must cover research and development of sustainable projects, should be voluntary.

We also wish that voluntary actions aimed at strengthening interbranch organizations in the sector should be eligible.

We can understand the possibility of using 3% of the direct support funds of the CAP for other sectors, but we raise our concerns regarding the ongoing reduction of direct payments which are an important safety net for the agricultural income.

- Rural Development

The EU support levels for Rural Development should not be reduced, taking into account the higher expectancies set for Rural Development in the new CAP post 2020 (e.g. contribution to AKIS such as digitization of farming and knowledge transfer, enhanced approach for risk management tools, environmental contribution, etc.).

The intervention of Pillar II to areas with natural constraints should not be excluded from the objective of spending 30% of the expenditures on climate and environmental measures. Using the example of Greece, support of areas with natural constraints has a huge impact on environment, explicitly the conservation of farm activity (husbandry and crop cultivation) has a very positive impact in the preservation of biodiversity in such areas, taking into account the characteristics of the farming activity in such areas (e.g. environmental friendly agricultural practices, low input and density farming, use of traditional practices, use of local varieties and animal breeds).

- Flexibility between direct payments and EAFRD allocations

The possibility given to MSs for the transfer (till 15%) between the two pillars is in principle positive, taking into account the new Structure of CAP and the common approach of covering both pillars through the CAP Strategic Plan.

The possibility to transfer an additional 15% from Pillar I to Pillar II (from EAGF to EAFRD()) could lead to different speeds in terms of achieving environmental/climate objectives among Member States. At the same time, the CAP's objective of income support for farmers is weakening.*

However, we have expressed our doubts about the possibility of the overlapping of the measures of conditionality, eco scheme and agri-environmental/climate measures of rural development.

(*) EAGF: European Agricultural Guarantee Fund
EAFRD: European Agricultural Fund for Rural Development

- Crisis reserve

Crisis reserve should be maintained and used to finance only market intervention tools and crisis measures. We would prefer that the initial amount establishing the crisis reserve originates from outside CAP budget, as the latter is significantly reduced compared to the previous MFF(). It is possible for the crisis reserve to prove insufficient due to the increased trade tensions and the effects of climate change, but we see no need to increase it in advance since there is the possibility to do so within the budget year or for the following ones when the need arises. We see no reason to apply financial discipline to the small Aegean islands regime, as the contribution to the financial discipline would be miniscule and these resources are already insufficient to cover existing needs.*

(*) MFF: Multiannual Financial Framework

- Transitional period and rules

Although the introduction of the new CAP and its delivery model are welcomed, under the terms and constraints mentioned above, an adequate transition period is needed. This is because, except from the transition between periods, the MSs should also adapt (in legislative, management - administrative, technical terms) to the new delivery model of CAP (see the common approach of Pillar I and II and focus on performance). Thus, an adequate transition framework is needed, which entails an adequate transitional time and relevant transitional rules. These transitional rules, decided within the two basic regulations or secondary acts, could cover horizontally all CAP

Strategic plan interventions or at least the Rural Development Programs (RDPs), which include ongoing multiyear interventions, business plans and investments (public and private) and have prolonged duration (e.g. n +3 of RDPs); this way the absorption of funds and successful implementation can be achieved regarding the mentioned interventions.