

The Role of Parliaments in Shaping the Future of Food and Farming, 22-23 November 2018

Proposal of Irish Delegation - Future Debates on CAP

Direct Payments and the Basic Payment

The structure of direct payments must continue to include a core payment and the Committee welcomes the proposal for continuing this approach. However, the Committee also believes that there are aspects of the proposal which may, at a practical level, pose a number of challenges in its implementation.

Central to this are the issues of capping payments, mandatory reduction of payments over €60,000 and the absolute cap of €100,000 on direct payments. The Committee is concerned as to how these may be implemented in practice, as they may undermine the proposal while also undermining efficient systems of payment developed by the Member States. An additional concern is whether payments should be based on entitlements, on a per hectare approach or with both approaches available to Member States.

For example, frontloading through a per hectare approach may have significant benefits for smaller farmers, with higher payments focused on the first set number of hectares. Additionally, the Committee believes that the use of the current reference year model needs to be reviewed at EU and Member State level to assess its operability during the current discussions, with a view to having this addressed for the next CAP.

The Committee also notes that this system may adversely impact collective farms, i.e. farms supporting a number of families, as well as presenting practical difficulties in its implementation. This potential negative impact should be reviewed throughout the negotiations.

The Committee also believes that factoring in labour costs and unpaid work could lead to an undermining of the proposal's objectives and suggests that this is reviewed as to its administrative feasibility. The Committee however, suggests a straightforward cap to payments of €60,000 with no qualifying requirements. At a minimum, the ability to do this should be provided for at Member State strategic plan level to ensure that there are no loopholes, considerations of salaries etc. as this would be unworkable and in effect mean that the cap is not meaningful.

In August 2018, the Irish Parliamentary Budget Office published an analysis of the impact a cap of €100,000 would have on direct payments, concluding that the greatest impact would be on counties where there is less reliance on direct payments through CAP.¹ However, against an overall budget of €1.24 billion per annum, the potential impact is projected as being in the region of €6.6 million, not accounting for degressivity.

The Committee welcomes the prospect of capping arrangements allowing for redistribution of funds to those who are more vulnerable and in need for greater levels of support, in particular the mandatory redistributive element. However, the Committee considers that a cap of €100,000 may not be ambitious enough, and believes that enacting a lower cap would in turn

make more funds available for vulnerable sectors and areas. The Committee notes that Member States have an option to apply 100% degressivity for payments over €60,000: an effective cap on payments at this amount, but suggests that a lower overall cap on payments of €60,000 as the default at EU level may be more suitable, with a requirement for approval from the European Commission for higher payments.