



European Commission  
Agriculture and Rural Development



# Reform of the Common Agricultural Policy **GENERAL PROVISIONS, “SINGLE PAYMENT SCHEME”**

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# 2003 CAP REFORM

## **1 General provisions for all direct payments**

- Cross compliance requirements
- Financial discipline mechanism
- Modulation
- Farm advisory system
- Integrated Administration and Control System
- Other general provisions

## **2 Single payment scheme**



# Principle of Cross compliance

- Establishing a link between:
  - Income support for active farmers and
  - compliance with specific requirements
    - Environment
    - Food safety
    - Animal health and welfare



## Cross compliance (art. 3 -5)

- Compulsory for all farmers receiving direct payments
- Elements:
  - Statutory management requirements (annex III)
  - Good agricultural and environmental condition
  - Maintenance of permanent pasture



# Cross Compliance (art. 4)

- **Statutory management requirements**
  - Protection of Environment
  - (e.g groundwater, habitats)
  - Public animal and plant health
  - (e.g. notification of animal diseases)
  - Animal Welfare
  
- Based on 19 Community legislative acts



# Cross Compliance (art. 5)

- **Maintain land in good agricultural and environmental condition**

Conditions defined by Member States

- **Permanent pasture** shall be maintained in the old Member States at 2003 level (Article 5(2)) and in new Member States at level of 01.05.2004.



# Cross Compliance (art. 6 -9)

- Conditions to be respected on all agricultural areas of the farm
- Non-respect leads to sanctions on direct payments
- € revert to EU (except for 25 % MS may retain)



# Farm advisory system (art. 13 – 16)

- Objective: Help farmers to comply with cross compliance
- Start: By 1 January 2007 obligatory
- Scope: Cross compliance + good agricultural and environmental conditions
- Operators: authorities or by private bodies
- Conditions:
  - Farmers participate on a voluntary basis.
  - Priority to farmers who receive > EUR 15000 direct payments/year
- Obligation of confidentiality
- Review: by 31.12.2010,
  - (if necessary, proposal rendering participation of farmers compulsory).





# Financial discipline (art. 10)

- Starting 2007
- If forecasts are higher than certain threshold -> reduction to be applied
- No prejudice for financial perspective 2007 - 2013
- During the phasing in no reduction applicable



# Modulation

- Aim:  
Additional Community support for measures under rural development programmes
- Basic rule:  
All the amounts of direct payments to a farmer in a given Member State reduced for each year by the following percentages:
  - 2005: 3 %,
  - 2006: 4 %,
  - 2007 - 2012: 5 % each year
- During phasing in: no modulation applicable



## Other general provisions (art. 28- 31)

- **Payments:**
  - in full to beneficiary
  - Once a year 1.12 – 30.06 (derogations)
- **Restriction of payment:**
  - no payment if conditions required artificially created
- **General Review clause:**
  - in the light of market developments +budgetary situation.
- **Evaluation:**
  - of support schemes



## Options for New Member States (art 143 b)

- **Single area payment system  
(transitional)**
- **Single payment scheme**



## **SINGLE PAYMENT SCHEME - Principle**

- Decoupling = Aid to farmer without obligation to produce but to at least maintain the land in good agricultural and environmental conditions on eligible land
- Respect of cross compliance



## **SPS – principle (art. 44 + 46)**

- Farmer receive payment entitlements:
  - to be activated with the same number of ha of eligible area in order to receive payments
  - can be transferred (sale, lease, inheritance) with/without land



## Allocation of funds available for SPS in NMS

- National ceilings for direct payments fixed for MS
- Allocation of nat. ceiling for Single payment to regions
- Regions defined according to objective criteria (MS <1 Mill eligible ha = one region)



# Establishment of payment entitlement in NMS (Regional model) (art. 71 f (1))

Calculation of the value:

« Regional ceiling/number of eligible ha in the region in the first year of implementation»





# **Establishment of payment entitlement in NMS (Regional model) (Art. 44(2))**

## Eligible hectare:

- Agricultural area of the holding: arable land and permanent pasture
- Hops and olive trees under certain conditions
- Not eligible: permanent crops, forests or areas used for non agricultural activities



# Establishment of payment entitlement in NMS (Regional model) (art. 71f (2))

Establishment of the number of entitlements per  
farmer:

« Number of eligible hectare declared in the first  
year of implementation »



# **Establishment of payment entitlement in NMS (Regional model) (art. 71)**

- Different values per unit for grassland (Art 71h)
  
- Set aside entitlements (Art 71j)
  - number= eligible land declared in the first year \* set aside rate
  - value = regional value of payment entitlements
  
  - Derogation for small farmers



# **National reserve – Farmers in special situations (art. 71d))**

- Criteria: objective, equal treatment, avoid distortions of markets and competition
- Linear reduction of value of entitlements if national reserve is not sufficient
- Entitlement for national reserve: no transfer for 5 years except inheritance
- Max. increase of value up to 5000 EUR, or number of entitlements increased
- If not activated each year => back to national reserve



## **Further possibilities to shape the model in NMS (Regional model) (art. 71d (3) and 71 k)**

- Progressive modification according pre-established steps and objective criteria (Art 71 k)
- Allocation of payment entitlements to farmer in specific sectors



# Use of the land (art 71g, art. 51, art 44)

General principle:

- use of the parcels for any agricultural activity except of:
  - Permanent crops, certain exceptions for olive trees
  - Production of fruit and vegetables and table potatoes
  
- But derogation for fruit and vegetables and table potatoes in the regional model:
  - MS establish average number of fruit and vegetables during 2000 – 2002 on national and regional level
  - Allocation per farmer based on the number of ha used for those products in 2003



# Comparison main rules SPS old and new Member States

## SPS (old MS)

- Also historical model available, which calculates the value and number of payment entitlements based on agricultural activity of the farmer during the reference period
- Hybrid model: part of the reference amount allocated following the principles of the historical model

## SPS (New MS)

- Only regional model available but possibility to allocate entitlement to specific sectors (art. 71 d (3))



## Options for New Member States (art 70, Art 64)

- Single payment scheme
- Optional exclusion
  - One or more direct payments (drying aids, seeds)
- Partial implementation= sectors remain partly coupled
  - E.g. arable crops (25%)





# **COUNCIL REGULATION (EC) No 1782/2003**

establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers\*

- **Implementing rules for the SPS:**
  - Reg. 796/2004 (“Reg I”) Cross comp./ IACS
  - Reg. 795/2004 (“Reg II” SPS
  - Reg. 1973/2004 (“Reg II”) Coupled payments and SAPS
  - Reg. 118/2005 fixing the budgetary ceilings