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Different Views on CAP

Report Categories:

Agricultural Situation

Agriculture in the Economy

Agriculture in the News

Approved By:

Eric Wenberg

Prepared By:

Jana Mikulasova

Report Highlights:

The informal meeting of EU Ministers of Agriculture held in Brno last month by the Czech Presidency was to allow ministers to exchange ideas on the future shape of the Common Agricultural Policy (CAP) after 2013, and in particular on the future form of direct farm payments. Ministers agreed that the future direct payments scheme should be simple to implement, sufficiently flexible and above all, easier to justify and explain to the public. The most attractive option seems to be idea of regional area based payments with a flat rate across the EU, with minor variations on national levels. There is wide belief that the CAP must change, but member states are sharply divided on approach. Most leaders want to keep the CAP budget where it is, but can't agree how to make the CAP fair to all countries. The Czech Republic transferred the EU Presidency and its open dossiers July 1 to Sweden.

General Information:

Policy:

The Informal Meeting of Agriculture Ministers in Brno, Czech Republic, hosted twenty Ministers from the EU and hundreds of agrarian experts. The key topic of the meeting was the future of the Common Agricultural Policy, mainly regarding the system of direct payments. The topic is one of the main priorities in agriculture that were set for the period of the Czech EU Council Presidency. For more details please see GAIN reports EZ8006_Czech Presidency Priorities and EZ9004 Midway through the Czech EU Presidency. The aim of the ministerial meeting was to address the system of direct payments and not size of CAP budgets. Ministerial discussions will work on the size of CAP budget with the EU addresses financial perspectives for 2014 – 2020, later this year.

The goal of the Czech EU Presidency and the Informal Ag Ministerial Meeting was to initiate discussion on the future shape of direct payments system after 2013 and to seek input of delegations on the three general questions below. The Czech Republic demonstrated consistency in its approach to be a neutral EU leader as a moderator and initiator of the discussion.

Questions discussed at the informal Ministerial.

- What role and function should direct payments play post-2013 with respect to income support to farmers, providing public goods, etc.?
- What should be the relationship between direct payments and the other existing instruments – particularly market regulation measures & rural development tools?
- What would be the best way to take forward the Council's commitment in the Health Check to thoroughly examine the direct payment system and address the differing level of the direct payments between Member States after 2013?

The current system of direct payments is often criticized by farmers from new EU Member States. The distribution of payments has been unequal, old member states (using the Single Payment Scheme - SPS) have been receiving higher payments than new member states (having the Single Area Payment Scheme - SAPS). The disparities in levels of direct payments are not caused by the slow phase in of farm payments from the CAP, but by the use of different historical reference periods when these payments were calculated on the basis of production indicators. As the Czech First Deputy Minister of Agriculture Ivo Hlavac said at the meeting, the disproportional system of direct payments is already becoming less credible and difficult to defend and this trend will continue particularly after 2013. It calls into question the CAP as a viable budget expenditure of the EU.

According to new Czech Agriculture Minister Jakub Sebesta, summing up the meeting, the Ministers and heads of all delegations agreed that it is necessary to search for opportunities to increase the efficiency of the Common Agricultural Policy model after 2013 and correspondingly search for a model of direct payments that would be easy, sufficiently flexible and above all defensible before the public – the tax-payers.

Ministers also noted the increasing demands to readjust the role and function of direct payments and some called for more emphasis to be placed on the provision of public goods such as the environment. Many commented that a future direct payments scheme would need to fit together with the CAP tools on market regulation and on rural development and should therefore be assessed in this context.

Ministers agreed that finding a solution to making direct payments more effective while taking into account the specific situation in certain sectors would also contribute significantly to simplifying the CAP.

In conclusion, Ministers recalled their commitment in the CAP health check to thoroughly examine the possibilities for developing a fair direct payment system and to address the differing level of direct payments across the Member States for the CAP post 2013.