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Reaction of the Ministry of Agriculture to the CAP Reform Proposal

Report Categories:

Agricultural Situation

Approved By:

Michael Henney, Agricultural Attaché

Prepared By:

Piotr Rucinski, Agricultural Specialist

Report Highlights:

On October 12, 2011 the European Commission (EC) released its proposal for the Common Agriculture Policy Reform for 2014-2020. The Polish Ministry of Agriculture and Rural Development (MARD) reaction included an official release highlighting proposal shortcomings which would undermine future CAP programs.

General Information:

On October 12, 2011 the European Commission (EC) released its proposal for the Common Agriculture Policy Reform for 2014-2020. The Polish Ministry of Agriculture and Rural Development (MARD) reaction included an official release highlighting shortcomings in the document.

The MARD identifies in its publication the continuation of disproportions between member states (MS) in direct payments (Pillar I) based on historical agricultural production practices and the absence of the proposal to guarantee full unification of area based payments across the European Union (EU) as major failings. The MARD had proposed both for adjustments earlier this year. The MARD emphasized that only partial reduction of differences in Pillar I payments between member states is proposed, leading to unification of payments only within regions or countries by the end of 2019, which was untenable for New Member States.

Several other aspects of the CAP proposal also feel under MARD's scrutiny for their perceived obfuscation of the roles of Pillar I and II with future CAPs. Specifically, MARD identified the lack of stronger support for Pillar II payments, the addition of new tasks, and the complicated bureaucratic requirements, especially with regards to the Pillar I mechanism, as contributing to this obfuscation, thus concern. Feeding this perception is the unnecessarily complicated relations between the Good Agricultural and Environmental Conditions (GAEC), the "greening" component of Pillar I, and the agro-environmental activities within the Pillar II.

The MARD noted the emphasis on small farms in the European model of agriculture as a positive aspect of the proposed CAP reform. It supports the idea of capping payments to large farms and increasing payments for small farms. MARD acknowledges as desirable the increasing use of CAP support instruments to address risk management and the widening of certain market intervention programs.

The MARD holds a less favorable position on the following topics in the CAP proposal:

Pillar I

- Proposal to withdraw the Single Area Payment System (SAPS) within the new CAP (currently applied in the "New" MS) and to introduce the Single Area Payments (SAP) system in all ("New" and "Old") member states;
- Creation of a "Green" component in direct payments (Pillar I) and allocation of up to 30 percent of the national envelope for this purpose;
- Possibility of continuing until 2018 the partial (up to 60 percent of the national envelope) differentiation in direct payments among the farms and introduction of unified payment for all farms in 2019;
- Definition of "Active Farmer" as a farmer whose annual direct payments exceed or equal to five percent of total income from the non-agricultural activities;
- Lack of the possibility of implementation of payments related to production of tobacco;

Pillar II

- Higher involvement of administration in implementation of Pillar II of CAP requiring harmonization of the system of programming and implementation with the Pillar I as well as with other programs like Common Strategic Frame and Partnership Contracts;
- Simplification of the system mainly through apparent reduction of the number of activities, but in fact many of activities from the former system were incorporated and consolidated under the one new

activity;

- Increase of requirements for the agro-environmental activities and increase of the level of complication of the system resulting from the introduction of "Greening" component;
- Introduction of new criteria (method) for the areas of difficult farming conditions (ONW) based only on the physical traits and not taking into consideration social aspects.

Market Intervention

- Liquidation of dairy and sugar quota systems
- Change in the mechanism of Private Storage of Butter
- Liquidation of the mechanism of subsidies for use of non fat dried milk for feeding purposes
- Transfer of support for producer groups in the fruit and vegetable sector to Pillar II.

The MARD's opinion of the proposed CAP reform proposal reflects the generally negative opinion on the EC proposal shared among new member states. During public discussion of the EU Ministers of Agriculture on the future CAP reform which took place on November 7, 2011, Lithuanian Parliamentary Member (MEP) Juozas Imbrasas, of the Eurosceptic Freedom and Democracy Group, called the proposal as "against the basic principles" of the EU. He presented as example payments to Lithuanian farmers amount to only half that received by Danish farmers, despite the fact that the two countries have similar areas of farm land.