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Slovakia evaluates CAP in 2007 - 2013 and prepares for 2014 - 2020

Report Categories:

Trip Report

Agriculture in the Economy

Agricultural Situation

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Report Highlights:

Slovak conferees support fairer treatment under CAP 2014-2020 with regards to direct payments, payment eligibility, and greening legislation but recognize CAPs high cost must be better justified to gain EU voter support.

General Information:

On July 12, 2011, the International Economic Conference on the Common Agricultural Policy (CAP) took place in the Agro-institute in Nitra, Slovakia. The conference focused on evaluation of the CAP in 2007 – 2013 and the preparedness for the CAP in 2014 – 2020. The conference, held under auspices of Maria Sabolova, Head of the Agricultural and Environmental Committee of the National Council of Slovakia, was organized by the Slovak Agricultural and Food Industry Chamber.

International speakers included Shelby Matthews, Head Policy Consultant of COPA-COGECA and representatives form the Czech Agrarian Chamber. Slovak Minster of Agriculture, Szolt Simon gave opening remarks, as well as the President of Slovak Agricultural and Food Industry Chamber, Milan Semancik, and Maria Sobolova, Head of the Agricultural and Environmental Committee of the National Council of Slovakia.

Two main topics stood – 1) the current "two speed" form of the EU agricultural policy, where farmers in the old member states (MS) receive higher payments than farmers in the new MS, and 2) the new EU proposal for capping of payments for large farms/agricultural enterprises.

Minister Simon noted that in order to be successful in the international field, the Slovak farmers must first clarify among themselves how to efficiently utilize public resources. He noted that there are very significant regional differences in level of "indirect" investments but that farm output does not correspond to the respective level of investment.

Milan Semancik, President of the Slovak Agricultural and Food Industry Chamber, in his opening remarks described the capping of payments based on farm/enterprise size would be discriminatory, as farms and agricultural enterprises in Slovakia are larger than the EU average. He noted that the Slovak agriculture is in decline due to the current "two-speed" agricultural policy, and urged that the future form of CAP be made fairer with direct payments based on objective production and technical criteria. As an example he highlighted that in 2008 the level of average payments per hectare reached EUR 349 in the EU 15, EUR 519 in Austria, and only EUR 239 in Slovakia. He strongly opposed nationalization of the CAP, positioning that it would be fairer to have one CAP for all MS and without national subsidies.

Mr. Semancik identified other negatives of the current form of CAP, such as payments to farmers without significant active production or who are not increasing productivity, insufficient support for animal production, and an inflexible system of intervention tools.

Slovak farmers are of the position that the new form of CAP should keep the budget at the current level, should keep the two pillar structure, and should eliminate co-financing of CAP payments from national budgets. They are strongly against capping of payments to large farms/enterprises as under the current proposal this would translate to reducing direct payments to the country by 21 percent.

Conference speakers as well participants all agreed that the new CAP should not introduce new discriminatory requirements on MS, such as extending the transition period for the new member states.

Further they positioned that the new CAP should offer greater flexibility and offer more effective intervention tools to help farmers cope with volatility of supply, demand, and prices.

Shelby Matthews stated that COPA shares the same position as Slovakia with regards to capping of payments based on farm/enterprise size. However, she mentioned that the EU has been very keen on introducing capping as it would make CAP more appealing to the EU voter and help justify its high budget. She also noted that most COPA members from the EU 12 are against extending the transitional period for new member states and are calling for no discriminatory practices in the next CAP.

Ms. Matthews pointed out that the EU 2014-2020 proposed budget is set at the current level (as 2013) but noted that because of methodology based using nominal prices, in reality the new CAP budget represents a 12 percent decline from the current level. Since only 7 MS supported decreasing the CAP budget, the EU probably will pursue additional funds to support policy initiatives.

Ms. Matthews also mentioned the proposed greening initiative and the positive image enhancing effect it is to portray on direct payments. According to COPA analysis, the additional greening measures that farmers would be required to apply would increase production costs and lower productivity. She stated that this would not be acceptable especially in the time of increasing global food requirements. COPA, in turn, proposed instead of the EU greening, a "green growth" be pursued. She defined this "green growth" as providing benefits to the environment and also to the farmers, while not ignoring productivity and profitability. The green growth proposal places emphasis on resource efficiency, incentives for reducing greenhouse gas emissions and carbon sequestration. While climate change should be addressed any link to direct payments should not be too strong (a target should be set well below the EU proposed 30 percent of the CAP budget for greening).

Defining an "Active" farmer provided for some passionate discussion. With the final definition of the term to be left to member states to decide, room for difference in definition thus inequality in payments among MS were viewed as real possibilities.

Ms. Mathews closed by noting besides maintaining the CAP budget at the current level and changing greening into green growth, COPA would like to reinforce the position of farmers towards retail sales and to provide more effective safety net to farmers.