



High-level Conference **DIRECT PAYMENTS IN THE CAP 2020**



Panel 3 | Distribution Criteria

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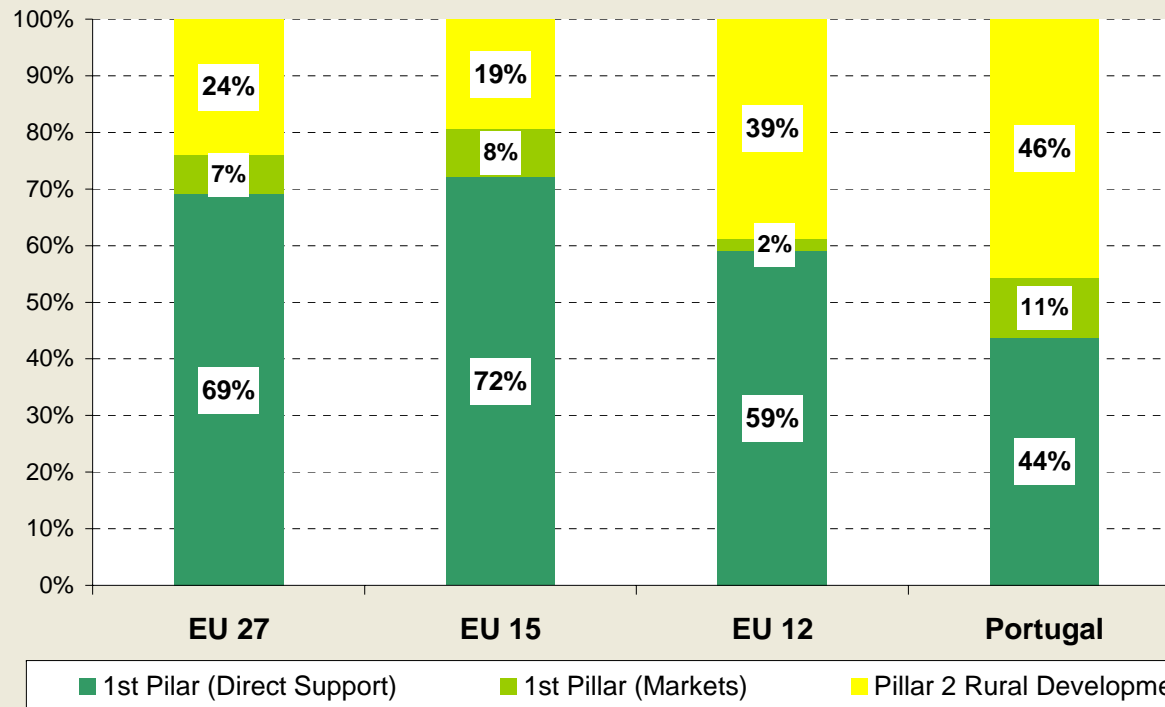


**Ministério da
Agricultura,
do Desenvolvimento
Rural e das Pescas**

GPP
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Breakdown of the allocation for CAP Pillars



Source: 1. º Pilar: Direct Support - GPP calculations based on Annex IV of Reg (EU) No. 307/2011 of the Commission of 29 March 2011 amending Annexes IV and VIII of Reg (EU) No. 73/2009; Market measures - GPP Calculations based on Execution Reports Financial EAGF

Notes: Pillar 1: Direct Support - 2013 National ceilings net modulation (2016 for BG and RO) Market measures - average payments 2007-2009
 2nd Pillar: allocations lineup in 2013 (total Pillar 2 includes Technical Assistance and Rural Network);



Criteria for Distribution of Direct Payments (DP)

Recitals, Fundamental Principles, Alternatives and Results



Preliminary considerations

- A. The two Pillars of the CAP **pursue common general objectives, but aim at specific objectives** and use different instruments, though complementary, so their **distribution criteria should also be different and treated independently**.

- B. The **debate on the CAP** Post 2013 resulted that the distribution of Direct Payments (DP) between MS and between farmers should be thoroughly **reviewed in coherence with the objectives of the new CAP** and of **greater equity**, therefore, **abandoning** the allocation based on **historical entitlements**.

- C. It also resulted as conclusion that the **distribution criteria**, consistent with the objectives, should be based on **reliable data and statistical sources open to public scrutiny**, based on EU methodology and harmonized and transparent throughout the Union

- D. In the public debate, in the positions of European institutions and in technical studies, there have been reported **several methods to distribute the DP**, prevailing position that the overall **value should be divided by MS (national envelopes)** without prior distribution of components (Base Payment, Greening Payment,...)



Fundamental Principles on the criteria for distribution of DP

1. **The UAA should be the main criterion for distribution of DP by MS: i) consistent with the three fundamental objectives of the CAP** (income and viable food production, sustainable management of natural resources and balanced territorial development), ii) respects the requirements of **reliability** and **comparability**, specified before in paragraph C, which does not happen in the same rank, for example, with the concept of *Potentially Eligible Area*.
2. The **volume of labour force** (AWU) can also be a **complementary criterion**, as has happened in previous rounds of allocation of resources of the CAP between MS: **it complies with criteria set out in C and is consistent with the objective of employment of Europe 2020 and the CAP itself** (Employment) and also with two fundamental objectives of the DP (Farmers' Income and Balanced Territorial Development).
3. The inclusion of the **Greening Component, justifies the use of specific environmental criteria** in determining the value of national envelopes of DP. One may be, for example, the relative importance of each MS in the UAA of Nature 2000.
4. To **avoid too strong shocks in regions and in farmers** most strongly affected by the new distribution of DP it may be allowed some mitigation devices or the phasing-in of redistribution. However, **it cannot prevent the new CAP to be more equitable and effective.**



Redistribution Alternatives and Results

1. Considering **limits of DP 2013 net modulation** and the anticipation of the complete phasing-in of BG RO 2016 to 2013, the test scenario of redistribution of DP resulted from two following alternatives.

Criteria of Allocation of DP of CAP post 2013 by MS:

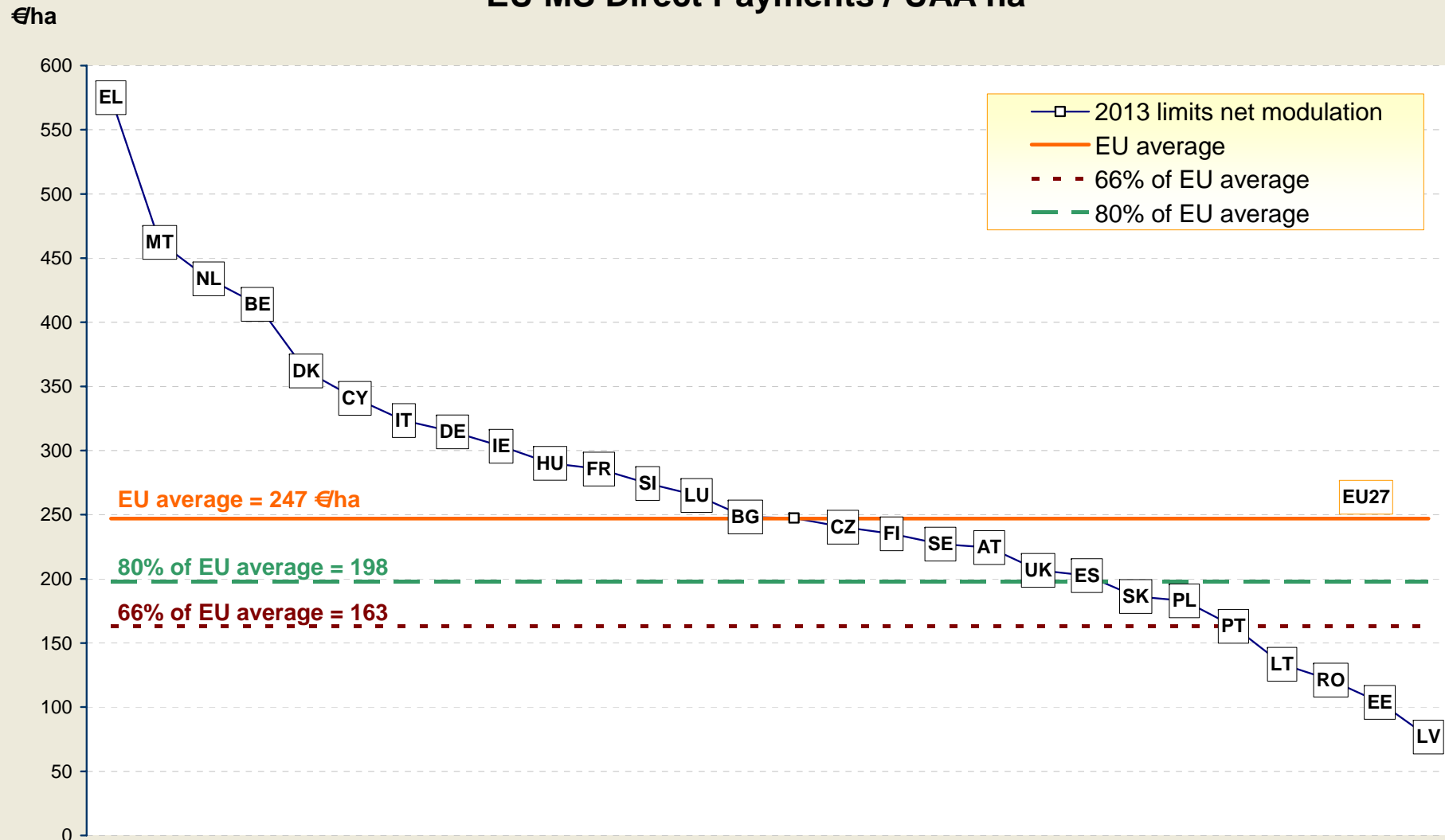
a) **Weight UAA of MS in the EU27**

b) **0.7 Weight of UAA + 0.3 weight of AWU** [both weights of the MS in EU27]

2. The **results obtained and presented in following tables and graphs**, show the intensity and direction of the changes operated in the positions of the various MS .
3. As expected, **MS starting with more favourable positions** than those established by the new criteria would suffer losses that are higher the greater the gap between the start position and results of the new criteria. In contrast, those **MS starting with less favourable positions** than those established by the new criteria, would improve more, as higher the gap between the start position and results of the new criteria.
4. As stated before given the **strong shocks in regions and in farmers** most strongly affected by the new distribution of DP it may be allowed some mitigation devices or the phasing-in of redistribution. Those are not developed in this presentation.

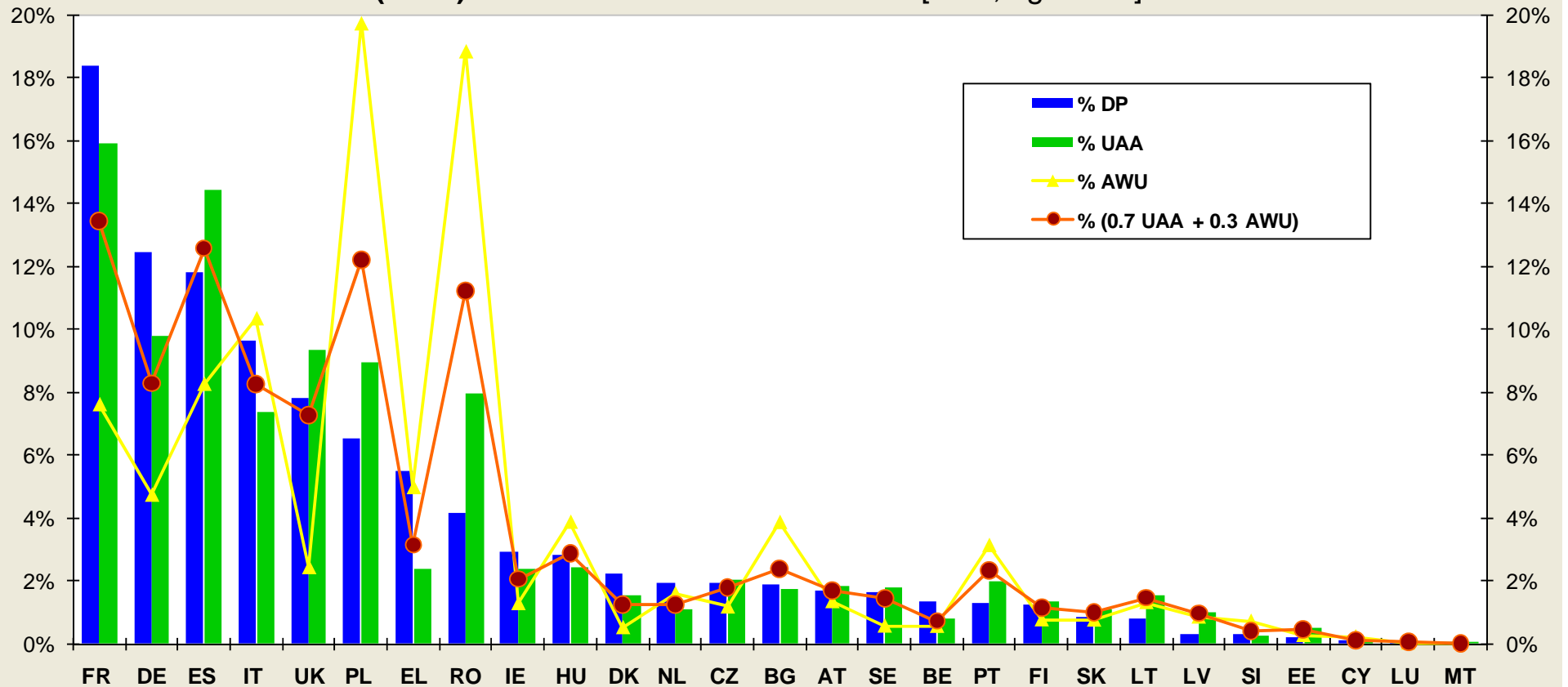


EU MS Direct Payments / UAA ha





MS relative weights in EU27 - Direct Payments (DP) and Area (UAA)[bars, left axis];
Labour force (AWU) and UAA combined with AWU [lines; right axis]

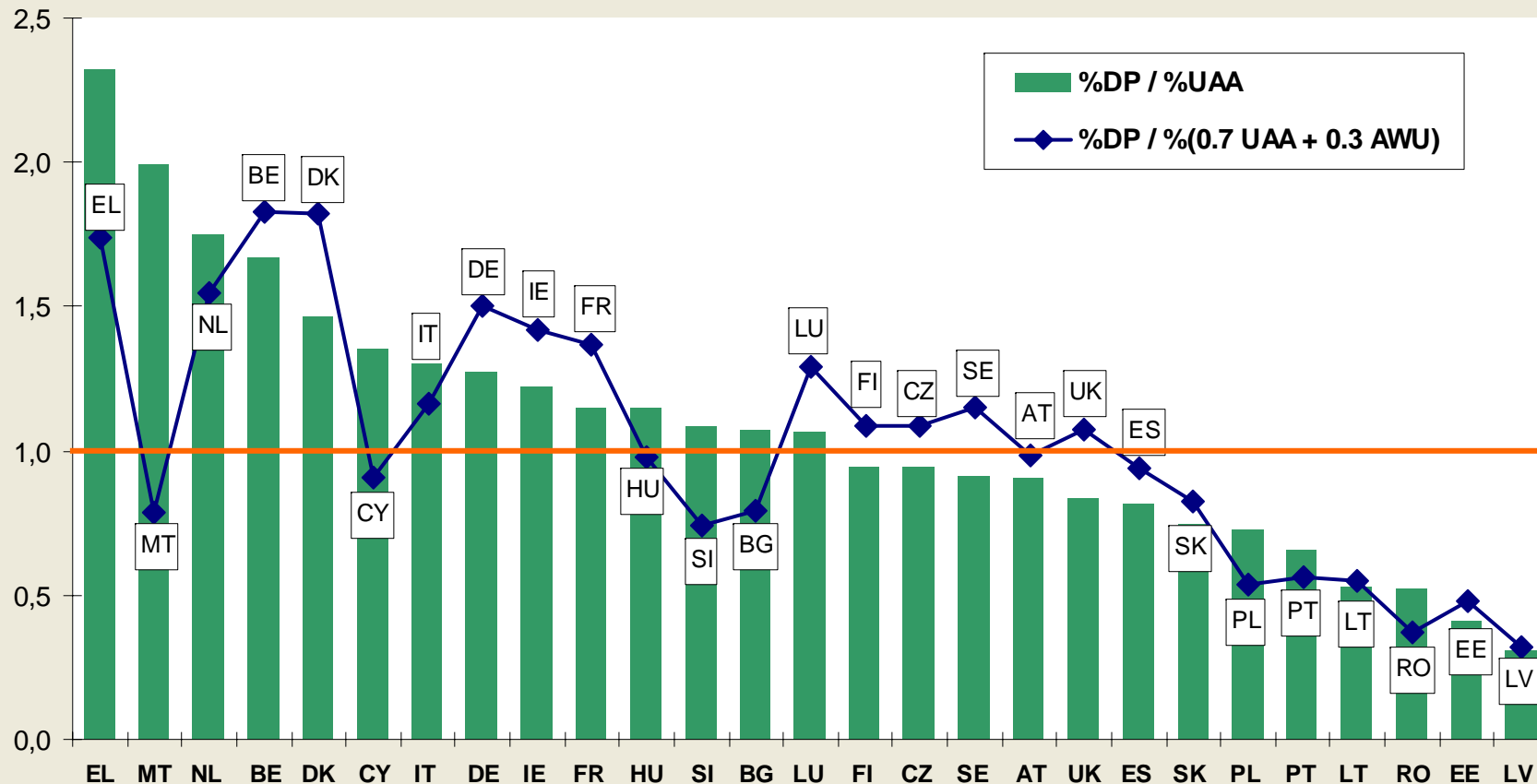


Source:

DP - 2013 national ceilings net modulation; UAA - Eurostat 2007 ; AWU - Eurostat, media 2007-2009

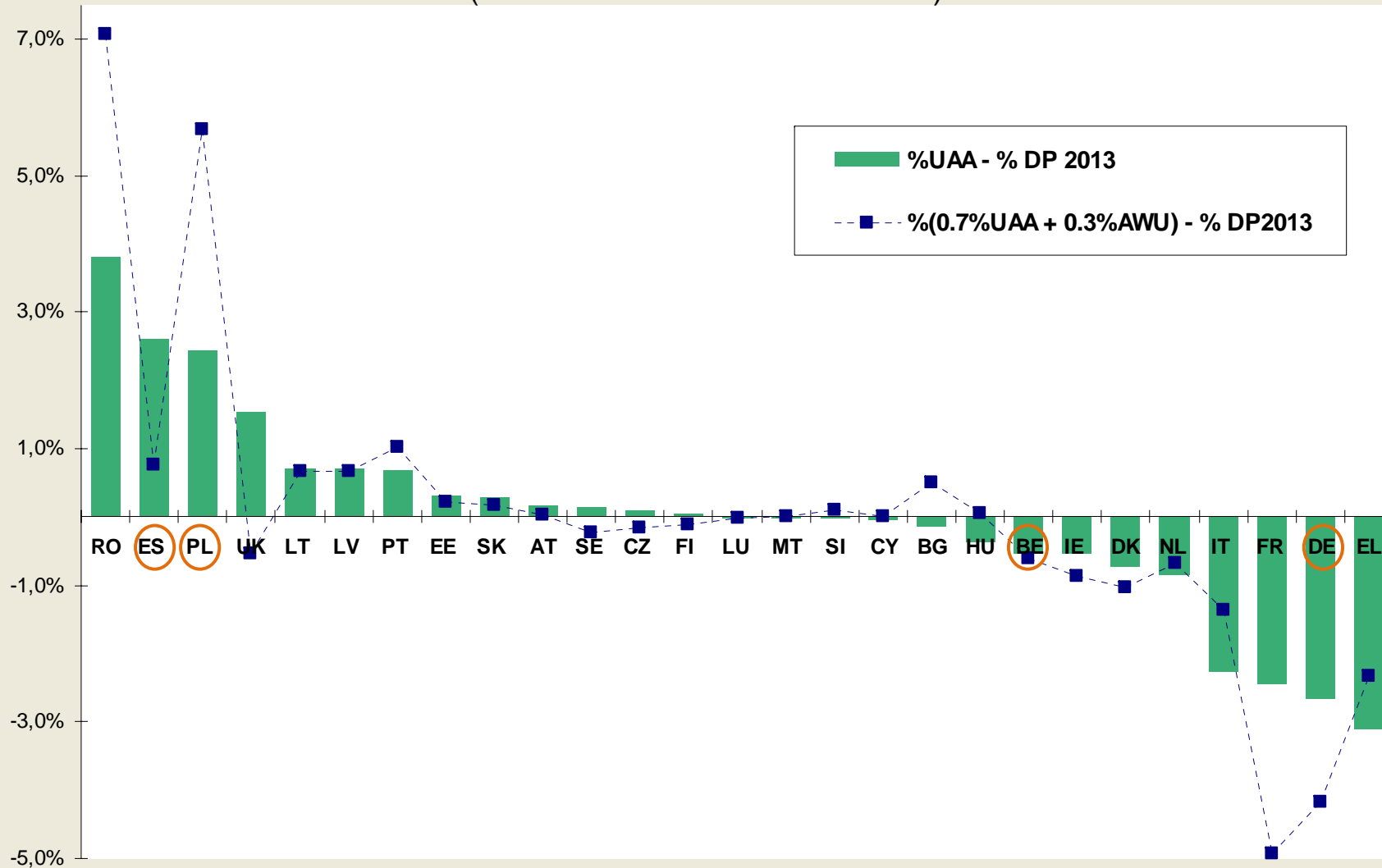


Relation between current DP distribution in 2013 and the results of criteria considered





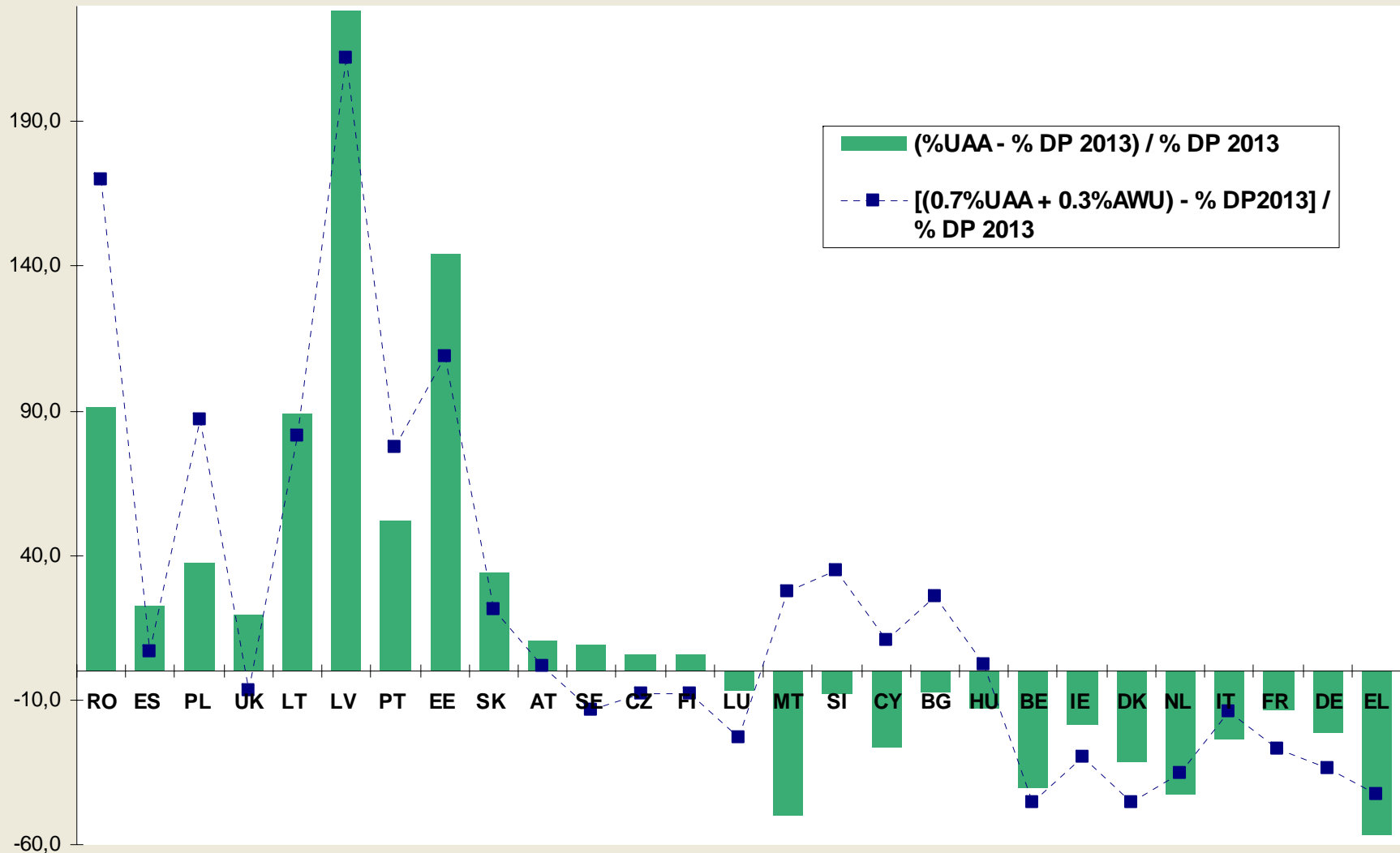
DP Distribution variation (%) by MS in 2013 as result of criteria considered
(variations in the share of each MS)



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Variation (%) of DP "received" by MS in 2013 as result criteria considered





MS		DP	UAA	AWU	0.7 UAA + 0.3 AWU	DP/UAA	DP/(0.7 UAA + 0.3 AWU)	Weight % MS variation		% DP variation by MS	
		%	%	%	%			UAA	0.7UAA + 0.3AWU	UAA	0.7UAA + 0.3AWU
		(1)	(2)	(3)	(4)			(1)/(2)	(1)/(4)	(2)-(1)	(4)-(1)
Belgium	BE	1,3	0,8	0,6	0,7	1,7	1,8	-0,5	-0,6	-40,1	-45,4
Bulgaria	BG	1,9	1,8	3,9	2,4	1,1	0,8	-0,1	0,5	-7,1	26,0
Czech Republic	CZ	1,9	2,0	1,2	1,8	0,9	1,1	0,1	-0,1	5,6	-7,8
Denmark	DK	2,3	1,5	0,5	1,2	1,5	1,8	-0,7	-1,0	-31,6	-45,2
Germany	DE	12,5	9,8	4,7	8,3	1,3	1,5	-2,7	-4,2	-21,3	-33,5
Estonia	EE	0,2	0,5	0,3	0,4	0,4	0,5	0,3	0,2	144,3	108,7
Ireland	IE	2,9	2,4	1,3	2,1	1,2	1,4	-0,5	-0,9	-18,3	-29,6
Greece	EL	5,5	2,4	5,0	3,1	2,3	1,7	-3,1	-2,3	-56,9	-42,6
Spain	ES	11,8	14,4	8,3	12,6	0,8	0,9	2,6	0,8	22,2	6,5
France	FR	18,4	15,9	7,6	13,4	1,2	1,4	-2,4	-4,9	-13,3	-26,8
Italy	IT	9,6	7,4	10,4	8,3	1,3	1,2	-2,3	-1,4	-23,4	-14,2
Cyprus	CY	0,1	0,1	0,2	0,1	1,4	0,9	-0,03	0,01	-26,3	10,5
Latvia	LV	0,3	1,0	0,9	1,0	0,3	0,3	0,7	0,7	228,3	212,0
Lithuania	LT	0,8	1,5	1,3	1,5	0,5	0,6	0,7	0,7	89,4	81,5
Luxembourg	LU	0,1	0,1	0,0	0,1	1,1	1,3	-0,01	-0,02	-6,5	-22,7
Hungary	HU	2,8	2,5	3,9	2,9	1,1	1,0	-0,4	0,1	-13,0	2,2
Malta	MT	0,0	0,0	0,0	0,0	2,0	0,8	-0,01	0,00	-49,8	27,5
Netherlands	NL	1,9	1,1	1,6	1,3	1,8	1,5	-0,8	-0,7	-42,9	-35,3
Austria	AT	1,7	1,8	1,3	1,7	0,9	1,0	0,2	0,0	10,4	1,5
Poland	PL	6,5	9,0	19,8	12,2	0,7	0,5	2,5	5,7	37,6	87,2
Portugal	PT	1,3	2,0	3,1	2,4	0,7	0,6	0,7	1,0	51,9	77,4
Romania	RO	4,2	8,0	18,9	11,2	0,5	0,4	3,8	7,1	91,4	169,9
Slovenia	SI	0,3	0,3	0,7	0,4	1,1	0,7	0,0	0,1	-7,9	34,9
Slovakia	SK	0,8	1,1	0,8	1,0	0,7	0,8	0,3	0,2	34,1	21,2
Finland	FI	1,3	1,3	0,8	1,2	0,9	1,1	0,1	-0,1	5,4	-7,9
Sweden	SE	1,7	1,8	0,6	1,4	0,9	1,2	0,2	-0,2	9,1	-13,3
United Kingdom	UK	7,8	9,4	2,4	7,3	0,8	1,1	1,5	-0,5	19,8	-6,8
TOTAL EU27		100,0	100,0	100,0	100,0	1,0	1,0	0,0	0,0	0,0	0,0

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- Thank you for your attention -

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