

Europe Weathering the Storm or losing its way?



George Lyon MEP, Norfolk Farming Conference
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The Perfect Storm

- Doubling of demand for food by 2050
- Constraints on: land, water and resources
- Climate change: cut on GHG emissions
- Foresight Report: Reduce food waste, Sustainable intensification
- **Commission**: Total silence...focus on biodiversity?

Cereal yield annual growth rate

%	1960-70	1970-80	1980-90	1990 2000	2000 2007
World	3,7	3,5	1,7	1,7	2,1
USA	2,9	5,1	-1,4	1,9	3,9
EU	4,0	2,3	2,6	1,6	- 0,3
Ex-USSR	2,9	0,1	0,6	-4,3	3,9
China	6,4	4,9	3,3	2,1	2,2
India	2,3	2,8	3,8	2,7	1,1
Rest of the world	3,5	3,3	1,8	2,0	2,5

Commission heading in wrong direction – Back to the Past

- Priority legitimising the payments
- Small Farmers Scheme – 40% of EU Farmers
- Sustainability – absolute focus on biodiversity
- Silent on Sustainable Intensification, EU Competitiveness and Bio-tech
- North versus South

Half Time in CAP Game

- **AGRI Committee voted: 23-24 January 2013**
- **MFF Agreed: 8 February 2013**
- **EP Plenary vote: mid-March (11-14)**
- **Trialogues to be concluded by June (?)**
- **Implementation by 2015**

Budgetary situation

- Total EU budget: 960 €billion → 34 €billion cut in 2007/2013
- CAP share of budget: 373 €billion → 47.5 €billion cut in 2007/2013
- Rural Development: 84.9 €billion → 13.2 €billion cut in 2007/2013
- Direct Payment share of Budget: 277.9 €billion → 58.8 €billion cut in 2007/2013
- 17% reduction Starts in 2014 likely to be cuts

Greening: Voluntary vs Compulsory

- **30%** of Direct Payments **100 billion Euros**
- **3 measures:** Crop diversification, Ecological focus areas, Permanent grassland

Big change more flexibility

- ***Ipso facto*** green (green by definition): Organic, Agri Environment measures in PII + Certification schemes

Key debates:

1. Equivalent environmental *impact* (double funding-baseline)
2. Carbon, Energy, Resource Efficiency measures

Greening measures: Crop diversification

- 2 crops on farms with arable area between 10 - 30 ha. No crop more than 80%.
- 3 crops on farms above 30ha. Two main no more than 95%.
- Exemption for holdings above **62nd** parallel.

Greening measures: Ecological focus areas (EFAs)

- Step approach:
 - First year at least **3%**,
 - 2016: **5%**.
 - 2017: European Commission to carry out analysis on whether to move to **7%** as from 2018.

Greening measures: Maintenance of Permanent Grassland and Permanent Pasture

- MS to maintain ratio at national, regional or sub regional level. Limited renewal of grass.

Farms with more than 75% of grassland and up to 50ha of arable land, **exempted** from Crop diversification and EFA measures

Exempts approx 58% of English farmers

Convergence: External

- No MS shall receive less than 75% of the EU average
↓
- Current EU average: 265 €
- 75% EU average: 196 € by 2020
- Big winners Baltic countries Lat, Est, Lith.
- Losers- Neth 7.4%, Bel, It, Den, Ger, Fra, 4.2%
- UK – 2.5%

Convergence: Internal

England to keep current entitlements

First allocation of payment entitlements: 2011 and **2009+2010**

By 2019 payments:

- Shall have a uniform unit value, or
- Deviate from the average by up to **20%**. No farmer should drop by more than **30%** below 2014 levels.
- First step set at **10%** as from the first year of implementation

Capping - Progressive up to 300,000 Euros

- Heads of State made it optional in MFF agreement

Flexibility between Pillars

- Pillar I to Pillar II: MS to shift up to 15% of their direct payments. (co-financing to apply)
- Unallocated 'greening' funds to go to Pillar II for agri-envi measures.
- Pillar II to Pillar I: MS below DP average direct can transfer up to 10%.
- Countries with regional model can apply differing % rates.

Active Farmer

Commission's proposal considerably simplified

- MS to draw up “negative” lists that ***a priori*** exclude non-farm entities (unless they can prove that farming is “significant” to their business).
- Option of minimum stocking activity and keeping land in good agricultural condition
- **Naked land MS can use a co-efficient**

sCMO

- Compromises drift away from more market orientation:
 - ↓
- More market intervention, private storage, more protectionist approach...
- **Paid for by cuts in Direct Payments!!**

Europe – In or Out

- Direct Payments – Yes or No ?
- Access to Single Market – Yes or No ?
- UK would reduce Welfare and Environmental Standards – Yes or No ?
- Reduction in X Compliance – Yes or No ?
- Level Playing Field – Yes or No ?
- Will the Tories Win in 2015 – Yes or No ?

To Sum Up

- Less Cash starting 2014
- Big move away from income support to payment for Environmental Services
- Less Stick more Carrot
- CAP becomes the driver for developing a more Sustainable Intensive Agriculture
- **Part of the Solution – Not part of the Problem**

Thank you for your attention!

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