CAP-Reform and Austrian Agriculture

EESC – Meeting of Farmer’s category,
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Sources: Austrian Ministry of Agriculture, other public information
Cultivated Land in Austria

- **Arable land**: 51%
- **Intensive grassland**: 29%
- **Extensive grassland**: 20%
System of payment entitlements 07-13

- historical model
- regional / hybrid model
- single payment system
### Budget Austria (Mio. € / current prices)

<table>
<thead>
<tr>
<th>MFF</th>
<th>2007-2013</th>
<th>2014-2020</th>
<th>Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mio. €</td>
<td>Mio. €</td>
<td>%</td>
</tr>
<tr>
<td>1.  Pillar – Direct Payments*</td>
<td>5.044</td>
<td>4.850</td>
<td>-194</td>
</tr>
<tr>
<td>Total</td>
<td>9.069</td>
<td>8.792</td>
<td>-277</td>
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*including financial discipline in 2014
**average numbers
Source: Austrian Ministry of Agriculture (BMLFUW)
Payment entitlements from 2015

- **Basis for distribution**: ca. € 693 Mio. for claims 2015 (Budgetyear 2016)

- **Dilution of payment entitlements**
  - 2,3 Mio. PE become around 2,6 – 2,7 Mio. PE
    
    (including pomiculture, wine, vegetable gardening, potatoes, extensive areas)
  
  - Additional redistribution (partly voluntary for MS)
    
    (young & small farmers scheme, flexi between pillars, national reserve, coupling + extensive grassland, higher payment first ha, etc.)
1. Regional model
   flat rate/ha with/without transitional period

2. Approach model (Ireland)
   Modified historical model → convergence towards flat rate 2019
   Possible losses at farm level limited to 30% (optional)
   Value of payment entitlement min. 60% of nat. Ø (obligatory)

In addition:
Distributive payments for the first ha (optional)
Possible model for Austria (under discussion)

- progressive approach towards regional model 10%/15%/25%
- 2 levels of payments
  - arable land and intensive grassland treated equally
  - extensive grassland (common pasture („Hutweide“), mountain meadows)
    - reduction coefficient necessary (0.25)
- alpine pastures: current number of payment entitlements is basis for the future ones
Greening
around 1,15 Mio. ha out of 1,42 = 80 % of arable land affected

Greening

- crop diversification
- EFA
- permanent grassland

**type 1:** equivalence of basic AEM measures (obligatory)
- same effect as greening
- relevant esp. for EFA and crop div. on arable land

**type 2:** basic AEM measures which go beyond greening-scope (obligatory)
- requirements higher than greening
- political decision to reach

**type 3:** voluntary equivalence
- same effect as greening
- farmers choose between greening basic and AEM basic
Other redistributive factors

- **Coupled payments** (if maintained)
  - suckler cow premium
  - milk cow premium

- **Young farmers scheme**
  - obligatory

- **Small farmers scheme**
  - optional for MS, Austria: max. 1.250,- €/farm

- **Cross compliance**
  - no big changes, continuation of current provisions
  - Water Frame Directive to be integrated in GAEC
Assessment of political agreement on the CAP

National envelope 693 Mio. € is earmarked as followed:

- **30 % Greening** (fixed) with wide range eligibility of AECM and organic farming
- up to 3 % national reserve (obligatory)
- up to 2 % young farmers scheme (obligatory)
- 5 % area with natural constraints (optional)
- up to 13 % coupled payments (optional)
- up to 10 % small farmers scheme (optional)

### basic payment scheme
- flat rate per Region – regional model transitional period
- open questions (Austria)
  - transfer between pillars
  - number of redistributive elements (incl. first ha)
  - regional model with internal differentiation (coefficient)

### remarks:

a) **CAP does not imply simplification** – but the **opposit** (for nat. administration)

b) **national envelope will be shortened from** 715 to 693 Mio. €

c) **Greening** has effect on RD-measures; mutual influence, more complicated programming
Assessment II
National scope widening, many uncertainties

- transfer between pillars
- model of direct payments - convergence?
- capping/degression or redistribution
- young farmers scheme: to be concretized
- small farmers scheme: yes/no, if yes: which model?
- active farmer: negativ lists will differ between MS
- greening:
  - permanent grassland: regional or at farm level?
  - EFA: which weighting for measures?
  - equivalence (see last point)
- Future of RD-programms, especially of AEM (→ greenening)
Thank you for your attention!