Sustain

Working briefing on European Member States implementation plans for CAP Reform 2004.

The following tables summarise the situation as at 12 March 2004. The information will be updated as new information comes in and we'd welcome any new information from members or comments on the presentation and content. We are preparing summaries for the accession states. Sources are mainly media based so check for accuracy if quoting.

Background
The final CAP reform deal was agreed on 26th June 2003. Many of the member states came to agreements recently over individual requirements.[i] They will need to provide the commission with their final implementation plans by 1st August 2004. Details relating to the application of National Envelopes, reserve funds, farm audits, cross compliance and so on are still to be confirmed in most cases.

The European commission has said that the new decoupled payments will allow its agricultural support to move away from trade-distorting support, to the WTO's 'green box' which is exempt from subsidy reduction commitments.[iiiii]

Franz Fischler has emphasised that CAP reform is a task for national governments. The reform package is based on an allocation of future subsidy, according to historical receipts, but allows members to average out payments between holdings in a given region. If regional payments are employed such a decision would have to be backed up by an impact analysis, due to worries that too many member states are beginning to stray from historically based payments. Recent indicators have suggested that the four UK plans will be accepted as there is minimum redistribution but that Germany's, for instance may have trouble at the Commission due to the high level of redistribution of funds through their hybrid scheme.

Countries which have announced their position on CAP Reform					
Country	**Main Aim**	**Decoupled?**	**Approach**	**When?**	**Other Issues**
Austria[2]	Caring for Sensitive areas	Some coupling maintained for starch & cattle (100% Suckler cow, slaughter premium 40%, total decoupling for arable.	Historical receipts for individual farmers. [4]	January 1st, 2005	Desires a simple system
Denmark[5]	Using reform as an opportunity to move in direction of a common rural policy.	Will decouple most of its farm aids. Flat rate payment. Male beef premium will remain coupled at 75%	Hybrid regional. Based on historic rights		Use of 'National Envelope'
France[vi]	Maintaining Production levels	'Partial coupling' to the fullest extent. Retaining 25% arable, 50% Ewe premium, 100% suckler cow & calf slaughter, and 40% beef slaughter.		2006. Simulation exercise in 2005	Will take steps to deal with 'trade' in entitlement
Germany[2]	Redistribution of subsidy between regions	Full decoupling by 2005. Some payments to remain coupled to farm 2007-12	'Dynamic Hybrid'-part historical, part regional average,	Fully area based by 2012	Fischler has cast doubt on whether this scheme is ok
Ireland[4]		Full decoupling.	Historical receipts for individual farmers	January 1st, 2005	National Envelopes to be used.
Portugal[vii]	Maintaining farming in rural areas	100% decoupling of cereal payments, the suckler cow premium remains coupled to production, and the beef slaughter premium 40% coupled. Concern about loss of sheep and goat farmers means premia in this sector will remain 50% coupled..	Based on historical levels	will be introduced on January 1, 2005	No National Envelope. Farmer groups happy.
Spain[viii]	Maintaining some links to assist disadvantaged areas.	Still balancing freedom of decoupling with abandonment. Some recoupling likely	Historic payment base	Wish to finalise decision in March or April. January 1st 2006 implementation.	
Sweden[ix]	Keen to not create large re-distributions among	Arable: fully decoupled & distributed on a regional basis, Livestock & Dairy: linked to	Hybrid.	January 2005. Dairy: 2007.	Marginal use of National envelope

	farmers, which could jeopardise production.	historic CAP receipts on individual farms.			until 2005, then review.

UK Table England	Coherence with Curry report, consistency with wider CAP objectives, including greater simplicity & transparency. Attracting widest possible support of stakeholders.	Fully Decouple from 1st Jan 2005	Will move to a single flat rate payment over eight years. The proportion of the available funds to be allocated on a flat-rate basis will rise to 15% in 2006, and then 30%, 45%, 60%, 75% and 90% in each ensuing year, rising to 100% in 2012. Split into 2 regions– severely disadvantages, and all other land.	2005	No use of 'National Envelope' .Modulation at 10% by 2007.
Scotland		Fully Decouple	Base on historic levels. Modulation to rise to 10% by end of 2007	from 1st Jan 2005	National envelope' in addition to the SFP. This will allow payments to be 'top sliced' and used for specific types of farming
Wales		Fully Decouple	Base on historic levels.	from 1st Jan 2005	To consult on National envelope
Northern Ireland		Fully Decouple	basic flat-rate aid, which will be topped up by a supplementary aid linked to each farmer's individual "track record" of CAP aid receipts. That this will provide a budget sufficient to give a basic area payment of at least €68 per hectare (or approximately £48/ha).	from 1st Jan 2005	

Countries which have not announced their position on CAP reform

Country	Decoupled?	Approach	When?	Other Issues
Belgium[9]	In favour of partial decoupling. Retaining coupling for beef.		Favoured 2006 reform	
Finland[4]	Farmers against reform	Enthusiastic for regional model.	Likely to be postponed for as long as possible. Unsure whether administration will be ready by 2005	Already strong RDP scheme.
Luxemburg[3]	In favour of partial decoupling			
Greece[8]	Legal ruling for partial decoupling for Cotton, Tobacco & olive oil. Concern expressed for poorer regions.			
Italy[8]	Legal ruling for partial decoupling for Cotton, Tobacco & olive oil. Concern expressed for poorer regions.			
Portugal[7]	100% decoupling of cereal payments, the suckler cow premium remains coupled to production, and the beef slaughter premium 40% coupled. Concern about loss of sheep and goat farmers means premia in this sector will remain 50% coupled..	Based on historical levels	will be introduced in Portugal on January 1, 2005	No National Envelope. Farmer groups happy.

[i] *Farmers Journal*, 28/06/04

[iii] *Agra Europe Weekly*, 20/02/04, EP/6
[2] agra-net.co,. 'European Dairy Markets'. 05/03/04
[iv] *Agra Europe* Weekly, 20/02/04, N1
[v] *AgraEurope* 10th March 2004

[vii] *AgraEurope* 10th March 2004
[viii] agra-net.co,. 'European Dairy Markets'. 05/03/04
[ix] *Agra Europe weekly*, 20/02/04, N2
[5] agra-net.com, 05/12/03
[4] agra-net.com, 24/10/03
[4] agra-net.com, 24/10/03
[6] DEFRA news release 12/02/04
[7] agra-net.com 04/03/04
[8] agra-net.com 27/11/03
[9] www.farminglife.com.ufuwatch, 8/11/03