

**Czech University of Life Sciences
Seminar on agricultural policy**

October 16, 2014

**A NEW AND GREENER COMMON AGRICULTURAL
POLICY FOR 2015-2020 AND ITS IMPLEMENTATION
IN WALLONIA**

by

Philippe Burny

Walloon Center for Agricultural Research
and
Gembloux Agro-Bio Tech

Gembloux, Belgium

A NEW AND GREENER COMMON AGRICULTURAL POLICY FOR 2015-2020 AND ITS IMPLEMENTATION IN WALLONIA

Philippe BURNY

Scientific Attaché, Walloon Center for Agricultural Research,
Gembloux, Belgium, burny@cra.wallonie.be

and

Professor, Gembloux Agro-Bio Tech, University of Liège,
Gembloux, Belgium, philippe.burny@ulg.ac.be

ABSTRACT

In order to implement the new Common Agricultural Policy agreed upon in 2013, the Walloon government had to make some choices, left to the Member States or the regions within them, which is the case in Belgium. In July 2014, it was decided to implement the green payment (which is compulsory) proportionally to the basic payments, the payment for young farmers (compulsory) at a high level (1.8% of the total envelope for direct payments), an additional payment for the first 30 hectares (payment which is left to the choice of the Member State/region), coupled payments (as much as 21.3% of the total amount of direct payments), and the basic payment (compulsory, representing 29.9 % of the total regional envelope for direct payments only in Wallonia).

KEY WORDS

Common Agricultural Policy, Wallonia, direct payments, greening.

INTRODUCTION

In June 2013, after three years of difficult negotiations, the European Council of Ministers, the EU Parliament and the EU Commission reached an agreement on the new Common Agricultural Policy for the period 2014 – 2020. This political agreement was translated into legal texts in December 2013 (Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 december 2013). The “greening” of the Common Agricultural Policy is one of the main features of the new legislation (see figure 1). However, the Member States have been given the choice to implement different measures according to their own priorities and interest. Further, according to the structure of the Member States, the regions within them can have their own policy. In Wallonia, after discussions between the Minister of Agriculture, the farmers’ unions and interested associations, an agreement was reached about the choices left to the region for the implementation of the new rules.

In 2015, EU farmers can benefit from:	
Compulsory Measures for the whole EU	Optional Measures (MS Choice)
- Basic payment	- Additional payment for the first ha
- Green payment	- Coupled payments
- Young farmers payment	- Payments for less favoured areas
All payments depend on cross-compliance OR Simplified payment for small farmers (MS Choice)	

Figure 1. Direct payments: New concept

(Source of the data: Cabinet du Ministre wallon de l’Agriculture, 2014)

1. GOAL AND METHODOLOGY

The goal of the choices which are made in Wallonia is mainly to soften the negative impact of the CAP reform on farmers who have a low income (less than 25,000 € per year of family agricultural income per family working unit) and who will lose more than 5 % of direct payments between 2013 and 2020.

In order to highlight the decision makers, different scenarios were defined and their impact calculated by the Department of Economics and rural Development of Gembloux Agro-Bio Tech.

In order to assess the impact of the different choices offered to the regional authorities, 14 farm types were defined, based on the real present situation of Walloon agriculture.

Using official data, the impacts on farm income were calculated, and more specifically the impact on the family agricultural income per family working unit.

The total budget available for direct payments is shown in figure 2.



Figure 2. Total envelope for direct payments in Wallonia and in Belgium (2013-2019) in million euros
(Source of the data: Cabinet du Ministre wallon de l'Agriculture, 2014)

2. IMPLEMENTATION OF THE NEW CAP IN WALLONIA

The different payments below have been proposed to the EU commission before August 1st, 2014 and have still to be approved.

2.1. The green payment

This payment is an additional payment for each hectare eligible to the basic payment and which is used for practices favourable to the environment and the climate.

According to the EU regulation, the green payment is compulsory and represents 30 % of the Walloon available amount for direct payments.

In Wallonia, it is decided to implement the green payment proportionally to the basic payment for each farm. So, the green payment per hectare will be different from one farm to another.

In order to get the green payment, the farmers will have to respect these conditions:

- To maintain the permanent pastures;
- To practice crop diversification;
- To introduce or maintain at least 5 % of the arable crops area for environment-friendly purpose.

The areas recognized as favourable to the environment are listed by the EU Commission. The Walloon region will choose within the list in order to implement the conditions according to the socio-economic characteristics of Walloon farms (Terronnes Gavira, F., Burny, Ph., Lebailly, Ph., 2013).

Organic farming is automatically recognized as "green" and gives the right to get the green payment.

2.2. The payment for young farmers

This payment will be granted to new settlers younger than 40, during 5 years.

Nearly the maximum authorized budget decided at the EU level (2%) will be granted: 1.8 % of the Walloon envelope for direct payments.

The way to implement this measure is the following:

- a) 25 % of the mean direct payment per hectare in the region multiplied by the number of rights for basic payments;
- b) The maximum eligible area for each young farmer will reach 90 hectares, defined in order to spend the total available amount of money;
- c) Only the manager of the farm will benefit from the support.

2.3. The coupled payments

This kind of payments is not compulsory, contrarily to the green payment and the payment to young farmers.

According to the EU regulation, the Member States can choose, but are not obliged, to grant coupled payments for a total amount which normally cannot exceed 13 % of the envelope for direct payments. However, a larger share can be agreed upon with the Commission in some specific cases.

In Wallonia, it was decided to ask the Commission to be allowed to grant as much as 21.3 % of the regional envelope for direct payments for coupled payments.

The proposed coupled payments are:

- 21.0 % for cows (for meat and/or milk production) premiums;
- 0.3 % for ewes premiums.

Concerning suckling cows, it is proposed that the quotas would be suppressed and the total support would be redistributed according to historical data and also in favour of young farmers and farmers specialized in bovine meat production.

2.4. The additional payment for the first hectares

This payment is not compulsory neither, but the Walloon government chose to implement it, according to these features:

- 17 % (the maximum allowed by the EU regulation is 30 %) of the total envelope for direct payments will be used;
- The additional payment will be granted to the first 30 hectares of each farm, whatever the total area;
- The payment is increased when the farmer is a member of an association.

2.5. The basic payment

The basic payment represents the remaining amount to be granted, the amount of the other payments being subtracted from the total envelope for direct payments.

The basic payment will replace the present single payment rights.

In Wallonia, it will be equal to 29.9 % of the total envelope for direct payments.

The structure of direct payments in Wallonia is illustrated in figure 3.

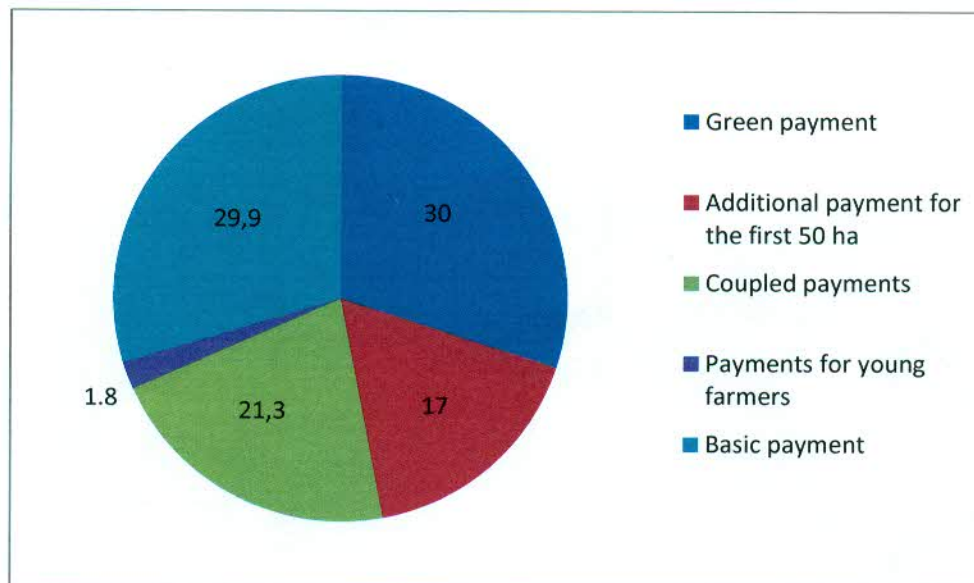


Figure 3. Structure of direct payments in Wallonia

(Source of the data: Cabinet du Ministre wallon de l'Agriculture, 2014)

As it was decided in the EU regulation that convergence has to be implemented not only between but also within Member States, the Walloon government decided the following measures:

- For one farm, the rights of which the mean value is higher than the regional mean will be reduced proportionally to the difference between this value and the regional mean;
- At the end of the period, each value of a basic payment right will at least reach 60 % of the regional mean;
- When the initial value of a basic payment right is lower than 90 % of the regional mean, the difference between this value and 90 % of the regional mean will be reduced by one third;
- No right will see its initial value reduced by more than 30 % (this one will have the priority if ever it is in conflict with the second rule).

CONCLUSION

By implementing the new Common Agricultural Policy during the period 2015-2020, Wallonia will stress on two aspects: the social one and the environment, so called "greening". From the social point of view, the new policy will avoid too big and too brutal negative impacts on direct payments for farmers who got large support in the past, while additional payments will be granted to the first 30 hectares of each farm in order to strengthen the support for small farms. From the environmental point of view, the compulsory "green" payment will be implemented proportionally to the basic payment and, in addition, coupled payments will be granted for cows and ewes, largely fed on permanent pastures and forage crops.

REFERENCES

Cabinet du Ministre wallon de l'Agriculture (2014). *Mise en œuvre du 1^{er} pilier de la Politique Agricole Commune en Wallonie*.

Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 december 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) N°637/2008 and Council Regulation (EC) N°74/2009. L 347, 20.12.2013.

Terronnes Gavira, F., Burny, Ph., Lebailly, Ph. (2013). *Aide à la conception et à la mise en œuvre de la politique agricole commune post 2013 en Wallonie. Annexe 3. Impacts de la réforme du premier pilier pour l'agriculture wallonne. PAC de l'après 2013 : verdissement en Wallonie*, ULg et SPW.