

# *National choices in the new CAP: an analysis of the EU member States' behaviour*

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# Where the paper comes from

The paper arises from a study carried out for the European Parliament on “Implementation of the First Pillar of the CAP 2014-2020 in the EU Member States”

- Aims:
  - Supply an overview of the national choices
  - Identify typologies of behaviour along which to collocate Member States, in order to draw a political geography of the new CAP
  - Shed light on the further steps of the CAP reform process

# The contents of the paper

- ❖ The paper concentrates on the analysis of the national choices thorough 4 keys reading:
  - The speed of transition toward a flat rate payment
  - The selectiveness of the beneficiaries
  - The redistribution of support
  - The “national CAP tailoring”

# The choices of the Member States

- The whole set of decisions at Member States disposal can be synthetically distinguished in:
  - Those defining the players (the beneficiaries of direct payments)
  - Those defining the playing field (the payments scheme to activate)
  - Those defining the rules of game (the specific implementation rules)

# The speed of transition toward a flat rate payment (1)

- In this first key reading, we look at the reform taking into account the progress made compared to the decisions taken under the Fischler reform in order to achieve a flat or a flatter payment, the presence of regional ceilings, the type of green payment (flat or individual)
- Once fixed the arrival point (the flat rate payment or the partial convergence), we look at the progress compared to the Fischler reform in a descending order, from the farthest point (the historical Single Payment Scheme) to the closest point (the regional SPS where each farm receives a flat rate payment)

## The speed of transition toward a flat rate payment (2)

We can identify three groups:

- **Sprinters** are the Member States that dramatically changed their model of support moving from a distribution criterion based (or partially based) on historical farm-related reference towards a flat rate payment
- **Mid-distance runners** are the Member States that move towards a flat rate payment starting from a situation in which the historical farm-payment was already under discussion
- **Cautious** are the Member States that undergo minimum changes compared to their former model of support, moving to a partial convergence

# The speed of transition



# The speed of transition toward a flat rate payment (3)

- **Sprinters** are Austria, Netherlands, Scotland, Wales, starting from the “historical SPS” model, Sweden, starting from the “SPS static hybrid” model, and the Corse region in France. Within this group Scotland intend to get the “fast track” of the reform applying a flat green payment
- **Mid-distance runners** are Finland, England, Denmark and Germany, starting from a “SPS dynamic hybrid” model, and Malta, that moved from a “regional SPS”. Within this group we can further distinguish England and Germany, where a flat rate payment has been reached in 2012 and 2013, respectively, and Finland and Denmark where a flat rate payment would be reached in 2016 and 2019, respectively
- The **Cautious** is by far the largest group and includes Member States that have chosen to adopt a partial convergence and the new Member States who had decided to maintain the SPS

# The selectiveness of beneficiaries (1)

How tight is the selection of beneficiaries? In this context we take into account of:

- The national implementation of the active farmers
- The implementation of more restrictive minimum threshold (physical or financial) for receiving direct payments
- The implementation of additional requirements to receive the payment for young farmers
- The presence of differentiated payments or territorial delimitation in the case of the coupled support

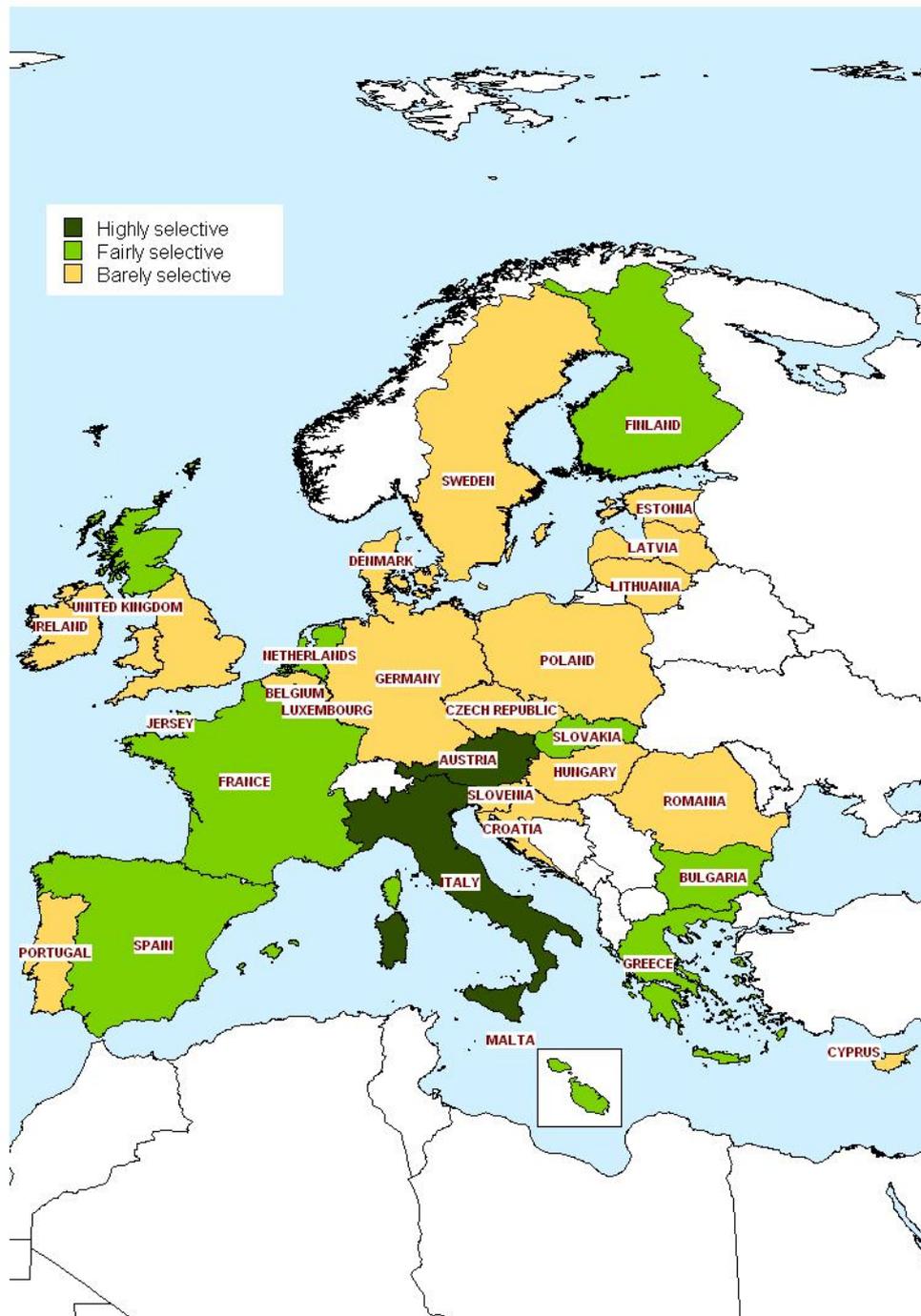
Member States are defined:

**Highly selective**, if impose from 6 to 5 restrictions

**Fairly selective**, if impose from 4 to 3 restrictions

**Barely selective**, if impose from 2 to 0 restrictions

# The selectiveness of beneficiaries



# The selectiveness of beneficiaries (2)

**Highly selective** Member States are Italy and Austria, having fixed the largest number of restrictions

Both countries apply a threshold lower than 5,000 euro to above which need to demonstrate to be active, raised up the minimum threshold, apply differentiation in the coupled payments. Italy has extended the negative list, whereas Austria call for additional requirements in order to receive the payment for young farmers

At the opposite side, the **Barely selective** group includes Hungary, Luxembourg, Latvia, Czech Republic and Poland, that do not apply any restriction, and other 16 countries applying from 2 to 1 restrictions

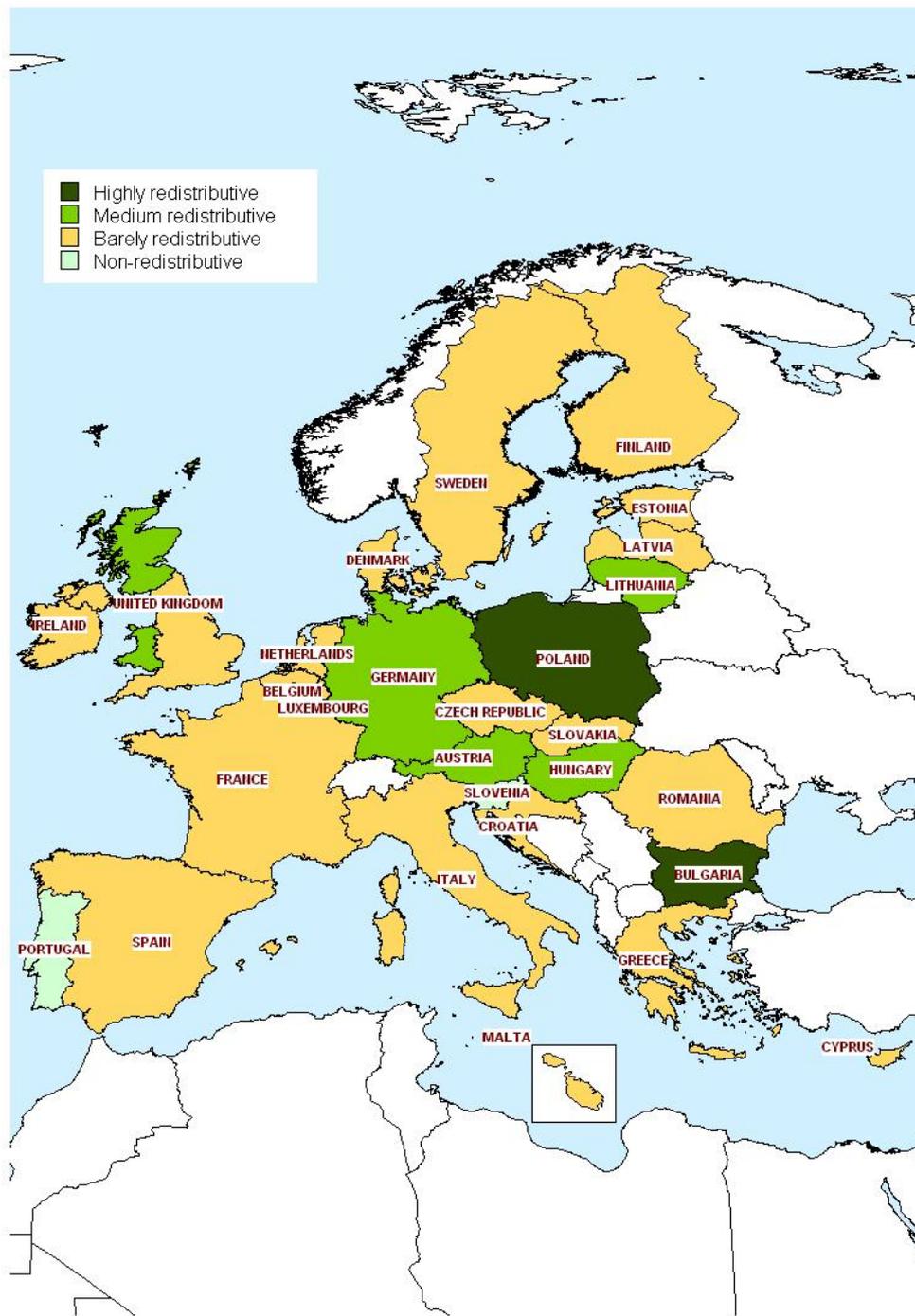
The remaining 9 countries (France, Malta, Finland, Slovakia, Spain, Netherlands, Bulgaria and Greece) can be defined **Fairly selective** being in an intermediate position

# The redistribution effect (1)

How redistributive are the decisions taken by Member States?  
To answer to this question we looked at:

- The shift to a flat rate payment or to a less redistributive partial convergence
- The application of the degressivity at an higher percentage level than that (mandatory) provided for by the EU regulation (5%)
- The application of the redistributive payment at an higher level than 5% (that allows to not apply the mandatory degressivity)

# The redistributive effect



# The redistribution effect (2)

Member States are defined:

**Highly redistributive**, if apply the flat rate payment (or the SAPS) and both degressivity (higher than 5%) and redistributive payment. This group includes Bulgaria and Poland

**Medium redistributive**, if apply flat rate payment/SAPS and the degressivity or the redistributive payment (both at a percentage level higher than 5%) (6 countries)

**Barely redistributive**, if apply one of the redistributive criteria (21 countries)

**Not redistributive at all**, if does not apply any redistributive criteria, thus preserving at the highest pace the historical distribution. This group includes Luxembourg, Slovenia and Portugal

# The “national CAP tailoring” (1)

How much flexibility Member States have used in shaping the “general” rules to the own needs? To answer to this question we looked at the choices concerning:

- The adoption of the flexibility between Pillars
- The adoption of the degressivity (above the mandatory level)
- The model of basic payment (if different from a flat rate payment in 2015)
- The calculation method for green payment (if farm-based)
- The application of the voluntary payments (the redistributive payment, the coupled support, the payment for areas with natural constraints, the small farmer scheme)

# The “national CAP tailoring”



# The “national CAP tailoring” (2)

- **Perfect fitters** are the Member States that had not to do much in order to adapt the new CAP to their specific needs. This group includes England (whose only choice concerns the flexibility between pillars), Finland, Cyprus and Luxembourg (that limited the choices to adapt the model of payment applied and to adopt the voluntary coupled payment)
- **Loose fitters** are the Member States that worked to adjust the CAP to their specific needs. Croatia, Greece and Poland (applying from 8 to 6 options taken into account), Austria, Flanders, France, Hungary, Italy, Spain, Denmark, Romania and Bulgaria (applying 5 options)
- **Medium fitters** are in the half-way (the remaining 16 Member States)

# Concluding remarks (1)

- Qualitative analysis to be improved by more quantitative tools
- The speed of the reform shows that for most Member States the reform is in the middle of the process
- The small group of **Sprinters** has little to lose in terms of political consensus speeding on the path of the reforms
- Most of the “big” Member States opted for a slower pace, giving time to the actors involved to “digest” the process and accept the changes

# Concluding remarks (2)

- In fact, not surprisingly, Member States more **Cautious** in terms of speed of transition towards a flat rate payment (mainly Mediterranean countries) are also pretty much the **Loose fitters** the CAP as it has been drawn by the EU regulation
- They need to adapt the CAP to their agricultural system that is more heterogeneous than that of the Northern Member States
- The same Member States are **Barely redistributive** or **Not redistributive at all** and, not surprisingly, are those accompanying the redistribution with a **High selectiveness** of the beneficiaries

# Concluding remarks (3)

- At the opposite side, the **Perfect** and **Medium fitters** of the CAP are the same Member States that move faster on the path of the reform
- The EU regulation is cut out on their agricultural model and they need little or no effort to wear the new outfit
- The “CAP baseline” is still tailored over a model of low-diversified agriculture, based on arable crops and extensive livestock, realized in low-density, high-green-covered areas
- Therefore, for countries fitting these features (which identify “one” model of European agriculture, not “the” model) the process of adaptation is minimum if not null

# Concluding remarks (4)

- On the other side, for Mediterranean countries and some eastern European countries, the process of targeting, tailoring and derogating has been a good opportunity
- In this sense, they are not to be considered “lazy users” of the CAP but rather “loose fitters” to the dominant model of the CAP: they need a bigger effort to better fit the new CAP to their needs, introducing derogations, compensative measures and counterbalancing choices
- All this has a main consequence compared to the Northern European countries: the CAP becomes for them more complicated and less accepted by their farmers



**Thanks for your attention**