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Abstract

This study discusses flexibility of the Common Agricultural Policy (CAP) from various angles. The current flexibility does not create major conflicts with the objectives of the CAP. It makes decision-making more dispersed over the Member States, but also more effective. There may be small adverse effects on the level playing field. On the positive side, flexibility allows Member States to address specific problems and pursue heterogeneous and/or geographically bound goals. This should be regarded as bounded targeting, not renationalisation.

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LIST OF ABBREVIATIONS

AGRI	Agriculture and Rural Development Committee
AT	Austria
BE-F	Belgium-Flanders
BE-W	Belgium-Wallonia
BG	Bulgaria
BP	Basic payments
BPS	Basic payment scheme
C	Council of agricultural ministers
CAP	Common Agricultural Policy
CMO	Common Market Organisation
COP	Cereals, oilseeds and proteins
CY	Cyprus
CZ	Czech Republic
DE	Germany
DK	Denmark
EAFRD	European Agricultural Fund for Rural Development
EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Commission
EE	Estonia
EEC	European Economc Community
EFA	Ecological focus area
EL	Greece
EP	European Parliament
ES	Spain
ESA	Environmentally sensitive area
EU	European Union

FI	Finland
FR	France
GAEC	Good Agricultural and Environmental Conditions
HR	Croatia
HU	Hungary
IE	Ireland
IT	Italy
LEADER	'Liaison Entre Actions de Développement de l'Economie Rurale'
LFA	Less favoured area
LT	Lithuania
LU	Luxembourg
LV	Latvia
MS	Member States
MT	Malta
NL	Netherlands
PL	Poland
PT	Portugal
RO	Romania
SAPS	Single area payment scheme
SE	Sweden
SK	Slovakia
SL	Slovenia
SPS	Single payment scheme
UK-ENG	United Kingdom-England
UK-N.IREL	United Kingdom-Norhern Ireland
UK-SCOTL	United Kingdom-Scotland
UK-WALES	United Kingdom-Wales

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EXECUTIVE SUMMARY

The Common Agricultural Policy (CAP) is a complex accumulation of legislation. Although the name indicates it is a common policy, the legislation has always allowed some extent of flexibility at Member State (MS) level. Especially the Agenda 2000 reform, the CAP 2003 reform and the CAP 2013 reform gave a boost to the flexibility given to MS in implementing the CAP. **This study discusses flexibility of the CAP from various perspectives**. The history of flexibility in the CAP measures is reviewed and the causes, modes and consequences of the current (2014-2020) flexibility are exposed. The options for flexibility in the future are also highlighted by stylised scenarios. The analysis is synthetic in nature and it is based on typologies, logical reasoning and selected statistical data.

Flexibility in CAP implementation has been used since the early 1970s

The CAP measures may be placed on the continuum of uniformly–flexibly applicable measures. **CAP measures which regulate the operation of the common market for agricultural products and the food supply chain are largely uniformly applicable** by all Member States. These measures refer to public intervention and private storage, aid schemes, marketing standards and conditions for production, producer and interbranch organisations, trade with third countries, competition rules and general provisions. A number of CMO measures have, however, some room for manoeuvre for Member States in order to define their scope, in particular when they include joint funding systems. **In all other CAP measures flexibility is foreseen in the implementation**. These refer to premiums and payments for producers in the market and income policies as well as the agricultural structural policy/rural development policy measures.

Uniformly applicable CAP measures tend to be used for affecting the operation of the market mechanism whereas flexibly applicable measures refer to payments and subsidies to farmers. Flexibility has been present since the three socio-structural Directives of the early 1970s, but it has expanded significantly in the sequence of policy reforms between 1992 and 2013 and currently applies to direct payments and rural development measures.

Regarding the **positions by the key institutions** in the CAP 2013 reform, the Commission was generally most in favour of common, uniform and streamlined measures, whereas the Parliament was generally most in favour of locally adapted, diversified and flexible measures; the Council had varying positions on these two policy modes. These positions manifest diverse views on how to observe increased heterogeneity arising from enlargements of the EU (e.g. role of subsidiarity principle and European Value Added principle) and the multifunctional role of the CAP.

Three types of flexibility

Three types of flexibility were introduced for the **direct payments** in the CAP 2013 reform. First, a number of measures are optional for the MS rather than mandatory. This is called **adoption flexibility**. Second, in several measures the MS have latitude in defining the geographical level of application, eligibility thresholds, payments rates, eligible practices etc. This is called **targeting & design flexibility**. Third, the MS may transfer and reallocate funds between the measures or Pillars within certain limits. This is called **financial flexibility**. Flexibility of the MS is most extensive in the targeting & design of the direct payments and less extensive but still significant in the adoption and finance of the direct payments. Regarding targeting & design flexibility, measures dealing with natural conditions exhibit flexibility in the geography of application (national/regional), measures dealing with

farm structures exhibit flexibility in the payment rates and eligibility thresholds; environmental measures (greening) have flexibility in the definition of eligible practices.

Selection of historical/regional model not dependent on farm size structure

A close look was taken at the **national implementation styles** of the single farm payment scheme (2003-2014) and the basic payment scheme (2015-2020), coupled support (2010-2014; 2015-2020) and redistribution payments and degressivity (2015-2020). Regarding the single farm payment scheme and the basic payment scheme, three different styles can be perceived: (1) MS applying the historical model for the single farm payments and partial convergence for basic payments; (2) MS using the historical model for the single farm payments and full convergence in 2019 for basic payments; and (3) MS applying the SAPS for the single farm payments and the basic payments. However, there are six other implementation styles that each are used by one or two MS. Interestingly, the selection of the historical or regional model does not depend on the farm size structure. Coupled support is widely and continuously used: most EU MS granted such support both in the period 2010-2014 and 2015-2020. However, a few MS /regions did not use it at all in both periods. A small number of MS apply redistributive payments. This option is not always combined with the exemption of the degressivity tax. Most MS use the minimum rate of 5% as degressivity tax. Ten MS use a cap, varying from payments beyond 150,000 EUR to 600,000 EUR. As a whole, the diversity of national implementation styles manifests the historical, structural and natural heterogeneity of European agriculture.

Flexibility: bounded targeting and redistribution rather than renationalisation

The current flexibility has specific effects on meeting the CAP objectives, on the institutional process and on the policy implementation. The current flexibility introduced in the CAP 2013 reform has no major conflicts with the key **objectives of the CAP:** viable food production, sustainable management of natural resources and climate action, and balanced territorial development. Flexibility provides means for addressing heterogeneous circumstances, which is important in achieving the sustainability and territorial objectives of the CAP. Flexibility may retard the productivity growth of EU agriculture and may allow unproductive pro-environmental measures – this may be avoided by monitoring and evaluating effectiveness of the measures, however. Flexibility in the adoption, design & targeting and finance of specific CAP measures makes the **decision-making process** more dispersed over the MS, but also more effective. Achieving a same level of tailoring of the measures to diverse agronomic and structural conditions through centrally designed and agreed regulations would be an enormous bureaucratic endeavour. The current flexibility increases the diversity of the portfolios, implementation modes and funding of CAP measures, but this is bounded targeting and redistribution rather than renationalisation. Increased flexibility relocates complexity of implementation of the CAP from the EU level to the MS or regional level, but does not increase complexity if the existing level of targeting is maintained. Extended flexibility may have adverse effects on the **level playing field** among comparable regions, farms or farming practices facing divergent payments in various MS or regions, but as long as flexibility pursues divergent problems effectively it should not provide illusive competitive advantages.

Three options for future flexibility of the CAP

The future of flexibility of the CAP was discussed by using scenarios. By assigning different degrees of flexibility to the three groups of CAP measures (CMO measures, direct payments and rural development measures), three options for future flexibility of the CAP measures were designed: **(1) no flexibility** in the implementation in all three groups of CAP measures; **(2) maintenance of the current level of flexibility** in the CAP measures; **(3) flexibility in the implementation in all three groups of CAP measures**. In the beginning of 2017, the European Commission launched two sets of future scenarios: one set for Europe by 2025

and the other for the future of the CAP. It appears to be complicated to directly link our flexibility options to these sets of scenarios, as in the scenarios for Europe by 2025 no specific attention is given to agriculture and in the options for the future of the CAP no attention is paid to flexibility. Neverthless, some global linkages can be detected. It turns out that tensions between on the one hand flexibility modes and on the other hand policy objectives, institutional processes and policy implementation, such as a biased balance in the bargaining power in the food chain, retarding productivity growth, risk of renationalisation, increasing complexity of implementation of CAP measures in the MS, and no level playing field, cannot be solved by switching to another flexibility mode. Usually, this is due to new tensions that arise or the persistence of the tension within any flexibility mode. Among the three options for future flexibility of the CAP there is no option with hardly any tensions in the field of policy objectives, institutional processes and policy implementation; **all three options are accompanied by tensions**. Reconfiguration of flexibility implies reconfiguration of tensions.

Recommendations

The findings of this study authorise **two policy suggestions**. First, to safeguard the integrity and efficiency of the common market **it is not feasible to introduce national flexibility in the management of the common market.** Moving away from the current situation of largely uniformly applicable measures may have distortive effects on the internal market. Deviations from the uniformly applied rules for the organisation of the common market and the food supply chain should only be allowed under specific and well-defined circumstances (e.g. the outbreak of an animal disease, natural catastrophe, immigration crisis). Second, the current modes of flexibility for the direct payments (Pillar I) and rural development measures (Pillar II) have generally more positive than negative effects. The current flexibility gives MS the possibility to address specific problems and pursue heterogeneous and/or geographically bound goals. This flexibility should not be regarded as renationalisation, but as bounded targeting. Achieving the current level of targeting and contextual sensitivity through central EU level design and application would result in a flux of bargaining and bureaucracy. Therefore, **there is little need to change the current modes of flexibility.**

1. INTRODUCTION

Scope

The Common Agricultural Policy (CAP) is a complex accumulation of legislation. Although the name indicates it is a common policy, the legislation has always allowed some extent of flexibility at Member State level. In the early days of the CAP this was particularly the case with the implementation of the measures of the common agricultural structural policy, where Member States could choose whether or not to implement the measures and how – within a common framework. Over the years, flexibility was also introduced in the market and income policy. Especially the Agenda 2000 reform (in 1999), the 2003 Fischler reform and the CAP 2013 reform gave a boost to the flexibility given to Member States in implementing the CAP.

The Agenda 2000 reform introduced the principle of the '*national envelop'* for Member States (MS), allowing the targeting of direct payments to specific groups and for specific purposes. The introduction of rural development programming enabled MS to tailor measures to their national and/or regional needs. Elements of flexibility in the CAP 2003 reform encompass the choice to base direct payments on a historical or regional model and the specific standards on Good Agricultural and Environmental Conditions (GAEC) as part of the cross-compliance standards.

The CAP 2013 reform introduced flexibility by, for example, the choice between uniform or convergent basic payments, the introduction of equivalent practices for the greening payments, voluntarily coupling of payments to one or more products, and the application, or not, of the simplified small farmer scheme.

Flexibility in the implementation of the CAP measures enables Member States to take account of their specific needs and circumstances. Such *national tailoring* can be considered a logic response to the diversity of farm structures in the EU28 which has been increased due to the subsequent EU enlargements. On the other hand, flexibility may have serious impacts on the level playing field, decision-making processes and the common agricultural market, and embodies a risk of renationalisation of the CAP.

Objectives

Given the considerations above, the objectives of this study are to:

1) Analyse the role of flexibility given to Member States in the CAP 2014-2020 measures implementation (Pillar I and Pillar II): oriented to better understand the characteristics of 'flexibility notion' and its major causes behind the current 'national tailoring' put in place as well as to detect possible benefits and disadvantages.
2) Explore the current scope of flexibility in the CAP implementation: this analysis will identify the main CAP mechanisms affected by the flexibility approach.
3) Assess the consequences of such flexibility in institutional, policy and operational terms: evaluating in particular the consistency between mechanisms and policy objectives, the possible effects of flexibility on the level playing field, the 'renationalisation' risks, and the increased complexity of the CAP implementation.
4) Provide strategic recommendations for how the European Parliament (EP) can best learn from the flexibility implemented by the latest CAP reform: after detailing the development of this concept in the current CAP, the study should outline possible scenarios for the future of flexibility, propose new forms of flexibility and suggest specific reforms of the main CAP mechanisms.

Approach

For the purpose of this study, we will give an overview of the role of the flexibility in the CAP measures in a historical perspective since the 1960s. Before the year 2000, CAP measures refer to the market and price policy and the agricultural structural policy. After the year 2000, the measures refer to the first and second pillar of the CAP. The measures will be classified according to a typology that is based on two differentiating characteristics: (1) Is the measure generally applicable or has flexibility in its implementation been foreseen? and (2) Is the focus of the measure socio-economic, environmental or both socio-economic and environmental?

Socio-economic measures include instruments supporting income and competitiveness in the agricultural sector and the socio-economic development of the broader rural economy; environmental measures include tools focused on sustainable management of natural resources and climate action. In addition, a number of CAP measures focus both on socio-economic and environmental objectives. Generally applicable measures are implemented by all Member States in the same way; flexibly applicable measures are mechanisms which can be tailored by Member States to address Member State-specific needs.

The next step is to analyse and discuss the major reasons behind the extension of the flexibility in the CAP implementation after 2013. For a better understanding, we analyse two stages: (1) the discussion about and decision on the CAP legislation 2014-2020 at EU level; and (2) the implementation of the CAP 2014-2020 at Member State level.

The final step is to assess the tension between flexibility and the common market from various viewpoints: (1) the consistency between the flexibility notion and the common policy objectives in general and the CAP objectives in particular; (2) the risks of renationalisation; (3) the interlinks between the flexibility and the CAP decision-making process; and (4) the possible impacts of flexibility schemes on the level playing field.

Plan of this study

This study is structured as follows. In **Chapter 2** we classify the CAP measures since the 1960s based on our typology and we discuss if measures that can be flexibly implemented have common features. Next, we focus on the major reasons behind the extension of flexibility in the CAP implementation after 2013, based on two analyses. First, in **Chapter 3**, we analyse and discuss the decision making at EU level on the CAP 2013 reform. Second, in **Chapter 4**, we analyse and discuss the national implementation of flexibility schemes in Member States for the period 2014-2020. In **Chapter 5** we discuss the effects of the current flexibility on policy objectives, institutions and operational terms. In **Chapter 6** we present possible scenarios for the future of flexibility. In the **final chapter** we give conclusions and suggest recommendations regarding new forms of flexibility and reforms of the main CAP mechanisms, based on the findings of this study.

2. THE ROLE OF FLEXIBILITY IN THE CAP IMPLEMENTATION IN A HISTORICAL PERSPECTIVE

KEY FINDINGS

- **Flexibility in the CAP implementation** has been part of the CAP since the early 1970s when the three socio-structural Directives of the agricultural structural policy came into effect.
- **Within the market, price and income policy** (first pillar) measures which regulate the operation of the common market for agricultural products and the food supply chain are largely uniformly applicable with some room for manoeuvre for Member States in order to define their scope, in particular when they include joint funding systems; measures on premiums and payments to farmers are flexibly applicable.
- In the **common agricultural structural policy and rural development policy** (second pillar) flexibility is foreseen in the implementation of all measures.
- **The target point of uniformly and flexibly applicable measures differs**: uniformly applicable CAP measures tend to be used for **affecting the operation of the market mechanism** whereas flexibly applicable measures refer to **payments and subsidies to farmers.**

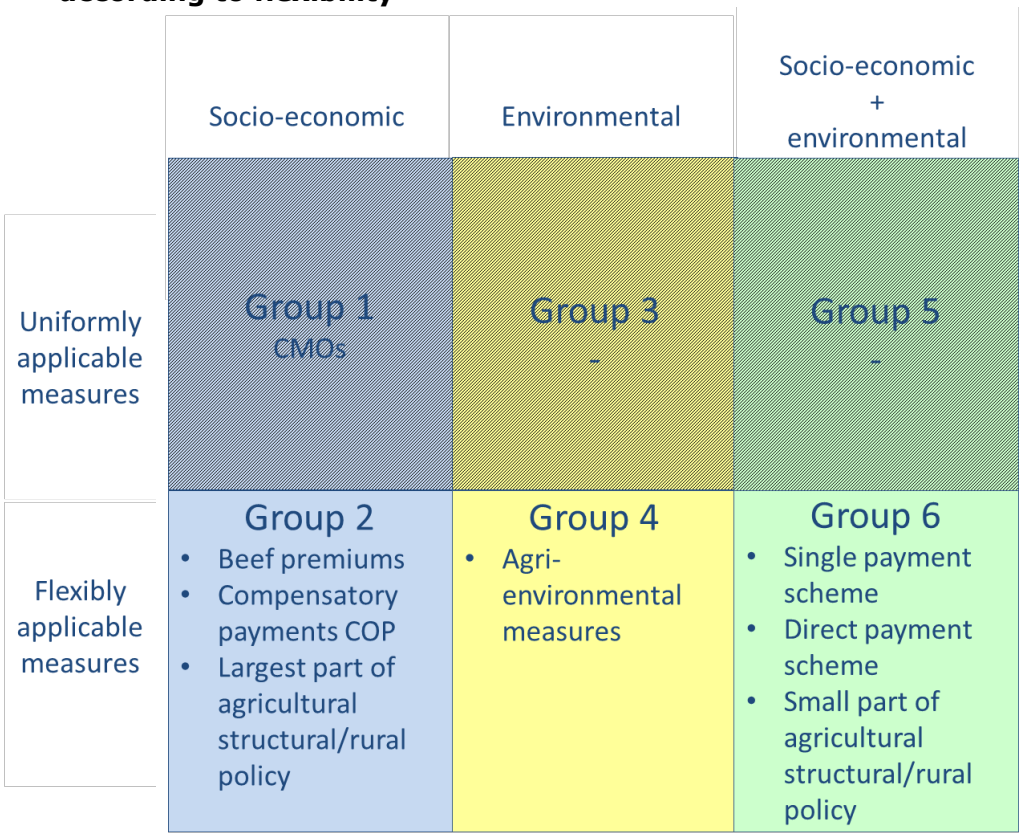
2.1. Introduction

Flexibility in the CAP implementation has been part of the CAP for a long time. Since the early 1970s, it was already used in the agricultural structural policy. With the introduction of beef premiums in the 1980s and the compensatory payments for the cereals, oilseeds and protein (COP) sector in the Mac Sharry reform (1992), flexibility also entered the market, price and income policy. In this chapter flexibility in the CAP implementation is explored from a historical perspective. In **Section 2.2** we classify the CAP measures since the 1960s by using a typology of flexibility schemes. In **Section 2.3** we reflect on the nature of uniformly and flexibly applicable CAP measures.

2.2. Classification of CAP measures

For classifying the CAP measures since the 1960s, we use a typology of flexibility schemes. This typology is based on two differentiating characteristics: (1) Is the measure uniformly applicable (consisting of common and uniform prescriptions) or has flexibility in its implementation been foreseen (leaving room for national tailoring)? and (2) Is the focus of the measure socio-economic, environmental or both socio-economic and environmental? After reviewing the various regulations and directives of CAP measures, each measure has been classified in a group of the typology (**Figure 2.1**). A detailed overview of the classification of the CAP measures and their corresponding regulations/directives can be found in **Annex 2.1**.

Figure 2.1: Overview of the classification of CAP measures since the 1960s according to flexibility



Most CAP measures are flexible

From the classification of CAP measures it appears that CAP measures which regulate the operation of the common market for agricultural products and the food supply chain are largely uniformly applicable by all Member States (**Figure 2.1**). These measures refer to public intervention and private storage, aid schemes, marketing standards and conditions for production, producer and interbranch organisations, trade with third countries, competition rules and general provisions (**Table 2.1**). A number of CMO measures have, however, some room for manoeuvre for Member States in order to define their scope, in particular when they include joint funding systems (cofinancing). Examples are amongst others the aid scheme for the supply of fruit and vegetables to children, the aid scheme for the supply of milk and milk products to children, programmes to support olive oil and the management of the scheme of authorisations for wine plantings. CMO measures have been in force since the 1960s and have often been adapted. Main adaptations were amongst others the introduction of milk quota and stabilisers for cereals in the 1980s in order to limit production. Until 2007 these measures were organised by regulations per sector; following simplification efforts they were put together in the Single Common Market Regulation in 2007.

Apart from the CMO measures, flexibility is foreseen in the implementation of all other CAP measures. The flexibly applicable measures refer both to premiums and payments for producers in the market, price and income policies as well as the agricultural structural policy/rural development policy measures.

Flexibility elements in the market and income policies

Within the market and income policies, premiums for suckler cows and male bovine animals were introduced in the 1980s when markets were unable to guarantee fair incomes for beef producers. These premiums were changed during the Mac Sharry reform into compensatory payments for a reduction of beef intervention prices. This reform also introduced hectare payments as compensation for reducing intervention prices in the COP sector. The flexibility in the implementation of these payments refers to the options for the reference base: the amount of animals/hectares in the reference period in a region or at the individual farm. In the 2003 CAP reform the various payments to farmers were integrated into a single farm payment. Again, flexibility referred to the use of the region or the individual farm as reference base, denoted as *'regional model'* and *'historical model'*. Another flexibility element introduced in 2003 pertains to the cross-compliance conditions for the single farm payments. Part of these conditions on good agricultural and environmental practices (GAEC) could be selected by Member States depending on specific national circumstances. Further, Member States could opt to reserve part of the national ceiling for payments for coupled support for specific products. The CAP 2013 reform resulted in transforming the single farm payment scheme into direct payments, which cover a basic payment for farmers, a greening payment, a payment for young farmers, voluntary payments for redistribution, for farmers in areas with natural handicaps and farmers participating in a simplified small farmers scheme, and a voluntary coupled support scheme (**Table 2.2**). Flexibility in the granting of these payments to farmers refers to whether or not to apply the voluntary payments and the shares of the national envelop to be spent on these various payments. In addition, flexibility is foreseen in capping the amount of direct payments per holding, determining criteria for the definition of active farmers, allowing to shift a share of the national envelop to the second pillar, greening conditions, deciding which areas and landscape elements are included in the ecological focus areas (EFAs), applying a national or regional unit value of payment entitlements, and the rate of convergence of the payment entitlements of individual farmers in 2014 to the unit value in 2019.

Flexibility elements in the agricultural structural policy and rural development policy

The optional nature of the agricultural structural policy and rural development policy is their main element of flexibility: it is up to Member States whether they decide to apply or not to apply a certain measure. Application also implies that Member States have to cofinance the measure. However, in the course of time some restrictions on this optional nature have been made, starting with the obligation for Member States to implement the agri-environmental measures of the Mac Sharry reform (1992). Since Agenda 2000 Member States are obliged to allocate minimum percentages of their rural development budget to specific groups of rural development measures, such as the so-called Axes 1-4 in the Rural Development Programmes of 2007-2013. This type of flexibility can be denoted as *'menu approach'*: Member States can select which dishes they want to eat and indicate whether they want to eat a small, medium or large plate, but their selection has to include at least one dish of each course. Other flexibility elements in the agricultural structural policy and rural development policy are amongst others the determination of the target group of a measure, the amount of the subsidies or payment, and the specific conditions for a subsidy or payment.

CAP measures with environmental objectives are always flexibly applicable

Apart from a distinction into uniformly applicable and flexibly applicable measures, our typology also differentiates CAP measures according their focus: socio-economic, environmental or both socio-economic and environmental. It appears that all uniformly applicable CAP measures have a socio-economic objective (**Figure 2.1**). The absence of uniformly applicable environmental or socio-economic/environmental CAP measures could be

related to the widely varying natural and environmental conditions in the EU, which require tailor-made choices by Member States.

Most of the flexibly applicable CAP measures have a socio-economic aim, targeted at improving the efficiency of farms by developing and reorganising their structure and by promoting supplementary activities, helping to restore the balance between the production and market capacity, and maintaining a viable agricultural community and thus by helping to develop the social fabric of rural areas (Council Reg. (EEC) no 2328/91, art. 1). A number of these measures have already existed for a long time, but regularly measures were skipped or added (**Table 2.1**). Added measures include amongst others LEADER (1991), Participation of farmers in food quality schemes and marketing (2000) and Risk management (2014). The objective of two measures in this group – forestry measures on behalf of agricultural holdings and adjustment of vocational training to the requirements of modern agriculture – was extended with an environmental aim in the early 1990s. These measures have therefore been shifted to the group of flexibly applicable socio-economic and environmental measures from that year on.

Environmental measures intend to contribute to the safeguarding of the environment and the preservation of the countryside, including the long-term conservation of natural farming resources (Council Reg. (EEC) no 2328/91, art. 1). The group of flexibly applicable environmental CAP measures have existed since 1992 (**Table 2.1**), when the agri-environmental measures were introduced by the Mac Sharry reform. This group was expanded with climate change mitigation and adaptation in the CAP 2013 reform.

The single payment scheme from the CAP 2003 reform and the direct payment scheme since the CAP 2013 reform both have a socio-economic and environmental aim by linking income support to environmental conditions. The first agricultural structural measure with both a socio-economic and environmental objective was the Less Favoured Areas (LFA) directive in 1975, aimed at income support and maintenance of the countryside in LFA, followed by investment measures in agricultural holdings in 1985, which could also be related to the protection and improvement of the environment, and the measure on environmentally sensitive areas (ESA) providing income support for farmers who use farming practices that are compatible with the requirements of the protection of the environment, natural resources or maintenance of the landscape and the countryside (**Table 2.1**). In Agenda 2000 three other measures with both a socio-economic and environmental aim were introduced: infrastructure related to the development and adaptation of agriculture and forestry, meeting standards based on Community legislation, and conditions to improve the quality of life in rural areas.

Table 2.1: Detailed classification of CAP measures since the 1960 according to flexibility

	Socio-economic measures		Environmental measures		Socio-economic and environmental measures	
Uniformly applicable measures	CMO-Public intervention and private storage	1962/68-				
	CMO: Aid schemes	1962/68-				
	CMO: Marketing standards and conditions for production	1962/68-				
	CMO: Producer and interbranch organisations	1962/68-				
	CMO: Trade with third countries	1962/68-				
	CMO: Competition rules	1962/68-				
	CMO: General provisions	1962/68-				
Flexibly applicable measures	Premiums for suckler cows and male bovine animals	1980-2003	Agri-environmental measures	1992-	Single payment scheme	2003-2014
					Direct payment scheme	2015-
					Less Favoured Areas (LFA) Directive	1975-
	Compensatory payments for cereals, oilseeds and protein crops	1993/94-2003			Investments in agricultural holdings and the installation of young farmers	1985-
	Three socio-structural Directives of 1972: • modernisation of farms; • measures to encourage the cessation of farming; • socio-economic guidance for and acquisition of skills by persons engaged in agriculture	1972-1985			Environmentally Sensitive Areas	1987-1992
					Adjustment of vocational training to the requirements of modern agriculture	1991-
	Measures to improve the conditions under which agricultural products are processed and marketed	1977-			Forestry measures on behalf of agricultural holdings	1992-

	Premiums for the non-marketing of milk and milk products and for the conversion of dairy herds	1977-1978		Infrastructure related to the development and adaptation of agriculture and forestry	2000-
	Producer groups and associations	1978-1999; 2007-			
	Other measures to assist agricultural holdings, such as the introduction of the keeping of and use of advisory services	1985 -		Meeting standards based on EU legislation	2000-
	Forestry measures on behalf of agricultural holdings[1)]	1985-1992		Conditions to improve the quality of life in rural areas	2000-
	Adjustment of vocational training to the requirements of modern agriculture[2)]	1985-1991			
	Conversion and extensification of production	1987- 1997			
	Aid for set-aside of arable land	1988-1992			
	Early retirement	1988-2013			
	LEADER	1991-			
	Participation of farmers in food quality schemes and marketing	2000-			
	Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions	2000-			
	Diversification of the rural economy	2000-			
	Semi-subsistence farming	2007-2013			
	Risk management	2014-			

1) These measures shifted in 1992 to the group of flexibly applicable socio-economic and environmental measures.
2) These measures shifted in 1991 to the group of flexibly applicable socio-economic and environmental measures.

Table 2.2: CAP Direct Payments for farmers, 2015-2020

	Payment	Description
Compulsory schemes (all MS)	Basic Payment (or Single Area Payment)	This payment ensures basic income support for farmers engaged in agricultural activities. MS which used the Single Area Payment Scheme before 2015 are allowed to use this scheme until 2020. There is a minimum 5% degressivity tax on all basic payments over €150.000 per farm. However, MS which apply the voluntary redistribution payment scheme do not have to impose the degressivity tax. Nevertheless, they can do both if they wish. Up to 68% of the national envelope.
	Green Payment	Farmers receive the green direct payment if they can show that they comply with three obligatory practices (crop diversification, maintenance of permanent grassland and ecological focus areas) which are beneficial for the environment (soil and biodiversity in particular) and for climate. 30% of the national envelope.
	Young farmers scheme	In order to encourage generational renewal, a top-up payment added to the basic payment is given to young farmers (<40 years) for a period of maximum 5 years. Up to 2% of the national envelope.
Voluntary schemes (MS choice)	Redistributive payment	In order to redistribute support to smaller farmers, MS may grant a redistributive payment for the first eligible hectares. Up to 30% of the national envelope.
	Support in areas with natural constraints	Additional payments to farmers in areas with natural constraints. Up to 5% of the national envelope.
	Coupled support	MS may link (or couple) a limited amount of direct payments to certain products in order to maintain the level of production in regions or in sectors undergoing difficulties and that are particularly important for economic, social or environmental reasons. Up to 8/13% of the national envelope plus 2% for protein crops.
	Simplified scheme for small farmers	A one-off payment between €500-1,250 for small farmers that will replace all the other schemes. Up to 10% of the national envelope.

Source: EC (2015a).

2.3. Reflections on the nature of uniformly and flexibly applicable CAP measures

In Figure 2.1 we have classified the CAP measures into uniformly and flexibly applicable measures. Two main findings arise from our classification of CAP measures: (1) measures directed at the regulation of the common market are always uniformly applicable, whereas in the implementation of measures aimed at premiums or payments for farmers or agricultural structural and rural development measures flexibility is foreseen; (2) uniformly applicable measures with an environmental aim or both a socio-economic and environmental aim are lacking. In this section we give some reflections on these findings.

Measures addressing the market mechanism are largely uniformly applicable

CMO measures intend to affect the operation of the market mechanism by regulating the size of supply and/or the size of demand. By regulating supply and/or demand a price level can be obtained that differs from the one without market intervention. Given the common market for agricultural products, such interventions require a uniform approach by all Member States in order to ensure a level playing field for all EU farmers. Flexibility in, for example, intervention prices would imply that farmers in different EU Member States may be faced with different minimum prices for their products, which is at odds with the principle of the common market. Beyond market interventions, CMO measures also include marketing standards or tools related to the organisation of the food supply chain (contractual schemes, producer' organisations, interbranch organisations, etc). Some of these tools are flexibly applicable.

Farmers are the target point of flexibly applicable measures

Flexibly applicable CAP measures refer to payments and subsidies to farmers or groups of farmers. These do not directly affect the outcomes of an abstract market like the uniformly applicable measures do, but indirectly compensate farmers for unfavourable market outcomes by granting premiums and income payments. These measures may also strengthen farmers in dealing with such outcomes by investment subsidies for increasing productivity or support for farming practices that are compatible with the requirements of the protection of the environment. As such, flexibly applicable CAP measures are focused at individual farmers, which operate in largely varying physical and natural circumstances. In such cases, flexibly applicable measures seem to be more appropriate, as they allow for tailor-made solutions.

Uniformly applicable CAP measures disregard external effects

By addressing abstract market outcomes, uniformly applicable CAP measures only take account of market prices and disregard external effects of agricultural production, such as negative impacts on the environment and animal health. As a consequence, there are no uniformly applicable CAP measures with an environmental aim or both a socio-economic and environmental aim. By accommodating market outcomes, flexibly applicable measures take account of both market outcomes and contextual external effects, and hence include both socio-economic and environmental objectives.

3. MAJOR REASONS BEHIND THE EXTENSION OF FLEXIBILITY IN THE CAP IMPLEMENTATION AFTER 2013

KEY FINDINGS

- Regarding the **positions by the key institutions**, the Commission was generally most in favour of common, uniform and streamlined measures, whereas the Parliament was generally most in favour of locally adapted, diversified and flexible measures; the Council had varying positions on these two policy modes.
- Flexibility of the MS is most extensive in the **targeting & design** of the direct payments and less extensive but still significant in the **adoption** and **finance** of the direct payments.
- Regarding **adoption flexibility**, measures addressing structural problems in farm size and production circumstances are treated with most flexibility, whereas achieving balanced distribution of income support and the environmental issues exhibits little flexibility.
- Regarding **targeting & design flexibility**, measures dealing with natural conditions exhibit flexibility in the geography of application (national/regional), measures dealing with farm structures exhibit flexibility in the payment rates and eligibility thresholds; environmental measures (greening) have flexibility in the definition of eligible practices.
- Regarding **financial flexibility**, this approach is strengthening the measures that have a structural orientation.

3.1. Introduction

For understanding the major reasons behind the extension of flexibility in the CAP implementation after 2013 we present two analyses: (1) the discussion about and decision on the CAP legislation 2014-2020 at EU level; and (2) the implementation of the CAP 2014-2020 at Member State level. This chapter presents the results of the first analysis.

In the design of the CAP for 2014-2020 the direct payments to farmers were the hotspot of change, discussion and dispute . The changes in the common market organisation (CMO) and in Pillar II measures were quite limited and did not change the core logic of policy intervention. For this reason, the analysis of flexibility is focused on Pillar I measures.

By looking at what kind of flexibility is included in the Pillar I direct payments, three types may be distinguished (**Table 3.1**). First, a number of measures are optional for the MS rather than mandatory. This is called **adoption flexibility**. Second, in several measures the MS have latitude in defining the geographical level of application, eligibility thresholds, payment rates, eligible practices etc. This is called **targeting & design flexibility**. Third, the MS may transfer and reallocate funds between the measures or Pillars within certain limits. This is called **financial flexibility**.

Table 3.1: Three types of flexibility in the CAP direct payments

Type of flexibility	Illustration
Adoption flexibility	Latitude for the MS to adopt or not a certain measure. Examples: • coupled payments for problematic sectors; special scheme for small farms; aid for the areas with natural constraints.
Targeting & design flexibility	Latitude for the MS to define application scope, eligibility conditions and delivery modes for a certain measure. Examples: • choice of national, regional, sub-regional or farm level application in the greening measure for permanent grasslands; • choice of maximum number of eligible hectares in young farmers' scheme; • choice of farm-specific or collective application of ecological focus areas.
Financial flexibility	Latitude for the MS to constrained reallocation of funds between measures and Pillars. Examples: • reallocation of max. 10% of the financial envelope for direct payments to small farms; • transfer of max. 15/25% of the financial envelope between Pillars I and II.

Source: Annex 3.1

Manifestations of the three types of flexibility are identified in the documented positions of the three key institutions (the European Commission, the European Parliament and the Council) and in the policy outcome: the CAP in 2014-2020. Both these two lines of inquiry suggest some reasons for the specific type of flexibility. On the one hand, the three institutions have different roles, orientations and representations and thus different positions on flexibility. On the other hand, addressing different problems and challenges may ask for different degrees of flexibility.

3.2. Institutional positions on the flexibility in the CAP payments for 2014-2020

The key institutions of the European Union involved in agricultural policy reforms are the European Commission, European Parliament and the Council. Each of these brings their unique features in the policy design process. While the views by the Commission manifest institutionalised policy principles and commitments, the views by the Parliament arise from various coalitions of European political groups and the views by the Council reflect the interests of the national governments. It is expected that these views will differ in policy reform issues. **Table 3.2** summarises the positions of these parties before the political agreements, whenever such documented positions in the trilogue negotiations existed. Not all parties had formal positions in all issues included in the legislative proposals. The positions are arranged as least and most flexibility oriented in each of the topics and flexibility modes.

The topics follow the key issues and measures in direct payments, which are scrutinised for the adoption, targeting & design and financial flexibility.

The positions of the institutions do not follow a universal pattern, but regarding the flexibility modes some general tendencies may be observed. In the **application flexibility**, the European Commission and the European Parliament were least in favour of flexibility and the position of the Council was most in favour of flexibility. In the case of **targeting & design flexibility**, the European Commission was generally least and the European Parliament was most in favour of flexibility. The Council was least in favour of flexibility in several structural measures and most in favour of flexibility in environmental measures. In the case of **financial flexibility**, there were a small number of positions. The European Commission was generally least in favour of flexibility and the European Parliament was generally most in favour of flexibility; regarding transfer between the Pillars, the Council was most in favour of flexibility. The institutions clearly differed in their general orientations towards flexibility, which reflects their different roles, orientations and representations.

As a conclusion, *the "institutional" voice by the Commission tended to speak for common, uniform and streamlined measures, whereas the "citizens" voice by the Parliament tended to speak for locally adapted, diversified and flexible measures; the voice by the "national governments" – the Council – voiced varying positions on these policy archetypes.*

Table 3.2: Institutional positions[1)] on the flexibility in direct payments for 2014-2020

TOPIC	ADOPTION FLEXIBILITY		TARGETING & DESIGN FLEXIBILITY		FINANCIAL FLEXIBILITY	
	LEAST	MOST	LEAST	MOST	LEAST	MOST
Internal convergence of direct payments (within the MS)	..[2)]	..	EC	EP	..	..
External convergence of direct payments (between the MS)	..	..	..	..	..	..
Small farms: redistribution of payments	..	..	..	..	..	..
Small farms: special scheme	EP	C	EC, C	EP	EC, C	EP
Young farmers	EC, EP	C	EC, C	EP	EC, C	EP
Areas with natural constraints	..	..	..	..	..	..
Problematic sectors (coupled payments)	..	..	EC, C	EP	EC	EP
Environment (greening): general	..	..	EC, EP	C	..	..
Environment (greening): crop diversification	..	..	EC	EP, C	..	..
Environment (greening): permanent grassland	..	..	EC	EP, C	..	..
Environment (greening): ecological focus areas	EC	C	..	..	..	..
Degressivity & capping	EC, EP	C	EC, EP	C	..	..
Transfer between Pillars	..	..	..	..	EC	C
Financial discipline and market crisis reserve	..	..	C	EC, EP	..	..
Eligibility for direct payments (active farmers)	EC, EP	C	..	..	..	..

1) EC = European Commission, EP = European Parliament, C = Council; only cases where all these institutions had documented positions are included in the table;
2) .. = no documented position.
Source: Annex 3.1

3.3. Modes and reasons of flexibility in the CAP payments for 2014-2020

Direct payments were extensively redesigned for 2014-2020: New obligatory greening measures and a number of new voluntary measures were introduced and even preconditions for competition-sensitive coupled support were relaxed to a certain extent. Flexibility was introduced in the direct payments concerning *adoption*, *targeting & design* and *finance* of several measures (**Figure 3.1**; **Annex 3.1** may be consulted for technical details). These three modes of flexibility are discussed next more in detail.

Figure 3.1: Manifestations of flexibility in direct payments for 2014-2020

Direct payments provisions	Adoption flexibility	Targeting & design flexibility	Financial flexibility
Internal convergence (within MS)		●	
External convergence (between MS)			
Small farms: redistribution of payments	●	●	●
Small farms: special scheme	●	●	●
Young farmers		●	●
Areas with natural contraints	●	●	●
Problematic sectors (coupled payments)	●	●	●
Environment (greening: general application)		●	
Environment (greening: crop diversification)			
Environment (greening: permanent grassland)		●	
Environment (greening: ecological focus areas)		●	
Degressivity and capping	●	●	
Transfer between pillars I and II	●		●
Financial discipline			
Active farmer (eligibility for direct payments)		●	

Code: ● Includes flexibility; No symbol: no flexibility.

Source: Annex 3.1

Regarding **flexibility in the adoption** of the measures under Pillar I, the flexibility is related to structural issues: farms limited by small size, natural constraints or problematic market sectors. The MS may opt to redistribute payments to small farms, replace the normal payment by a lump sum for small farms, direct part of the payments to farms in areas with natural constraints or transform part of the payments into coupled support to maintain production in specific sectors. They may even choose to avoid the obligatory reduction of direct payments (degressivity) through opting for redistribution of direct payments in favour of small farms. Transfer of finance between the Pillars – between agricultural and rural

measures – is also optional for the MS. On the other hand, the convergence of payments, additional aid to young farmers, allocation of 30% of the payments through greening practices, adoption of financial discipline and provision of a negative list for non-entitled businesses are obligatory for the MS.

As a conclusion, *balanced distribution of income support and the environmental issues exhibit little adoption flexibility, whereas addressing structural problems related to farm size and production circumstances (but not the age of the farmer) is granted with significant adoption flexibility.*

Flexibility in the targeting and design of the measures under Pillar I is the most extensive mode of flexibility and present in most of the measures. Flexibility is in some form present in all measures except for external convergence and financial discipline. Targeting and design flexibility may be related to choosing between a national or regional level of application, defining the payment rates, defining the size thresholds for eligibility, sectors of application and definition of the accepted practices. Looking at the big picture in targeting and design flexibility, the choice in the geography of application is possible in measures where different natural conditions play a role: internal convergence, areas with natural constraints and greening. Latitude in the definition of the payment rates seems to apply to measures that are related to farm size: redistribution, small farm scheme, degressivity & capping and also internal convergence. Latitude in defining the threshold for eligibility also relates to structural issues: redistribution and young farmers. Finally, the MS have latitude in the definition of eligible practices in greening (EC 2016).

As a conclusion, *the MS have a lot of latitude in targeting and design of the direct payments. The measures that deal with natural conditions seem to exhibit flexibility in the geography of application (national/regional), whereas the measures dealing with farm structures seem to exhibit flexibility in the payment rates and eligibility thresholds; environmental measures (greening) have flexibility in the definition of eligible practices.*

Finally, **flexibility on the finance** is more or less as common as application flexibility. This mode of flexibility deals with redistribution, small farms, young farmers, areas with natural constraints, problematic sectors (coupled support) and transfer of resources between the Pillars. The flexibility implies that the MS may decide which share of their national envelope they allocate for these payments within the maximum shares laid down in the regulation. Most extensive financial flexibility is granted for the redistribution of payments for small farms (max. 30%) and for the small farms special scheme (max. 10%). Also transfer between the Pillars provides the MS with a significant financial freedom (max. 15/25% of the envelope). All these measures have a structural background, as well as the other measures with financial flexibility. On the other hand, there is no financial flexibility in the convergence of the payments and in the environmental payments (greening).

As a conclusion, *the financial flexibility is intimately connected with the measures that have a structural orientation.*

As an overall conclusion, *the wide variation of farm structures, natural conditions, environmental concerns and farming practices in the EU have resulted in claims for observing these differences in the design and application of the Common Agricultural Policy measures. In the last reform, these claims are addressed primarily through introduction of targeting and design flexibility in the direct payments, but also in the application (opting in or out) and distribution of finance for various forms of the payments*.

4. NATIONAL IMPLEMENTATION OF FLEXIBILITY SCHEMES IN MEMBER STATES 2014-2020

KEY FINDINGS

- **Three main implementation styles** of the single farm payment scheme (2003-2014) and the basic payment scheme (2015-2020) can be perceived: (1) Member States applying the historical model for the single farm payments and partial convergence for basic payments; (2) Member States using the historical model for the single farm payments and full convergence in 2019 for basic payments; and (3) Member States applying the SAPS for the single farm payments and the basic payments. However, there are **six other implementation styles** that each are used by one or two Member States.
- The selection of the **historical or regional model** does **not** depend on the **farm size structure**.
- **Coupled support is widely and continually used**: most EU Member States granted such support both in the period 2010-2014 and 2015-2020. However, a **few Member States/regions did not use it** at all in both periods.
- A **small number of Member States apply redistributive payments**. This option is not always combined with the exemption of the degressivity tax.
- **Most Member States use the minimum rate of 5% as degressivity tax**. Ten Member States use a **cap**, varying from payments beyond 150,000 EUR to 600,000 EUR.

4.1. Introduction

In this chapter an in-depth analysis is carried out of the national implementation of flexibility schemes in the period 2014-2020. In particular, we focus on the national implementation of the following three measures: (1) the basic payment scheme; (2) coupled support; and (3) redistribution and degressivity.

Historical and regional model

The basic payment scheme (2015-2020) evolved from the single payment scheme, which was in operation since the CAP 2003 reform (**Chapter 2**). The flexibility foreseen in the implementation of the single payment scheme and of the basic payment scheme implied a selection to be made between a historical model and a regional model. By opting for a historical model, in which payments are based on a historical reference, Member States can '*freeze*' the historical distribution of support at farm level. In the regional model all farmers receive an equal amount of support per hectare – a flat-rate payment – irrespective of support received in the past. Member States can also apply a mix of the historical and regional model. In the single payment scheme this was referred to as the hybrid model, in which the payment was partly made up of a payment based on a historical reference and a flat-rate payment per ha. The proportions of the historical and the flat-rate payment could be fixed over time (a static hybrid model) or change (a dynamic hybrid model). The mixed form in the basic payment scheme is embodied in the gradually phasing in of the flat-rate payment per hectare, in which full convergence of all hectare payments is achieved in 2019.

Both the CAP 2003 reform and the CAP 2013 reform provided further options to stay close to the historical distribution of support among farmers by flexibility in the implementation of coupled support. The options in the CAP 2013 reform to grant redistributive payments for the first hectares and to use a degressivity tax for direct payments beyond 150,000 EUR also allowed Member States to stay close to historical support levels.

The new Member States which joined the EU in 2004 or later lack a historical reference of CAP support. Nevertheless, such a reference base was created by using production levels of the years preceding the accession. Instead of the single payment scheme and the basic payment scheme, the new Member States are allowed to opt for the simplified area payment scheme (SAPS) in which flat-rate payments per hectare are granted. Like the old Member States, new Member States have flexibility in the implementation of coupled support, redistribution and degressivity.

Reasons for the national implementation choices are often related to specific features of the farm structure and to the application of measures in the past. Before the introduction of the single farm payments, farms had largely varying levels of historical CAP support, depending on their type and volume of production. The granting of flat-rate payments per hectare in the regional model would result in a redistribution of CAP support from smaller intensive to larger extensive farms. If such a redistribution results in severe drops in CAP support on small farms, this might have detrimental effects on the viability of farming and the countryside. For preventing such effects, Member States can *'freeze'* the historical distribution of CAP support by opting for the historical model

For analysing the way of implementation of the single payment scheme, the basic payment scheme, coupled support, redistribution and degressivity and its relation with specific conditions of the farm structure and the application of measures in the past, we completed fiches per Member State (Annex: **Tables A4.1-A4.32**). Each fiche includes a schematic overview of farm structure indicators, the way of implementation of the single payment scheme, the basic payment scheme, coupled support, redistribution and degressivity, and a brief discussion. Based on a comparative analysis of these fiches, it is explored whether Member States develop more or less similar flexibility paths. Such a similarity in the application of flexibility is denoted as implementation style. In **Section 4.2** we discuss the national implementation of the basic payment scheme; in **Section 4.3** the implementation of coupled support, redistribution and degressivity.

4.2. National implementation of the basic payment scheme

In this section an analysis is made of the national implementation of the basic payment scheme in the EU Member States. For exploring whether Member States tend to use the same model (regional or historical) over time, we related Member States' choices for the single payment scheme (2003-2014) to their way of implementation of the basic payment scheme (2015-2020). It appears that about half of the old Member States use the same model for the implementation of the single payment scheme and the basic payment scheme, manifesting path dependency (**Table 4.1**). However, the other half of the old Member States switched from the one model to the other. The new Member States use for the larger part the single area payment scheme for both the single farm payments and the basic payments. In addition, Malta uses the regional model for the single farm payments and the basic payments, whereas Poland and Slovenia apply different models for the single farm payments and the basic payments. The fact that the new Member States more often use the same model for the single farm payments and the basic payments is probably related to the absence of a historical reference of CAP support for farmers and the rather simple way of application of the SAPS.

Table 4.1: Relationship between model used for the single payment scheme and the basic payment scheme

Models used for the single payment scheme and the basic payment scheme (BPS)	No. Member States[1)]
Using same model for SPS and BPS	
• From historical model for SPS to partial convergence for BP	7
• From regional flat-rate model for SPS to full convergence of BP in 2015	1
• From static/dynamic hybrid model for SPS to full convergence of BP in 2019	1
• SAPS for SPS and for BPS	9
Using different models for SPS and BPS	
• From historical model for SPS to full convergence of BP in 2019	4
• From historical model for SPS to SAPS for BP	1
• From regional flat-rate model for SPS to partial convergence BP	1
• From static/dynamic hybrid model for SPS to partial convergence for BP	3
• From static/dynamic hybrid model for SPS to full convergence of BP in 2015	2

1) Flanders and Wallonia instead of Belgium, England, Wales, Scotland and Northern Ireland instead of the UK.
Source: Tables A4.1-A4.32.

By comparing the used flexibility in the application of the single farm payment scheme with that of the basic payment scheme, it can be analysed whether there are groups of Member States which develop more or less similar flexibility paths. Broadly spoken, three implementation styles can be perceived (**Table 4.2**):

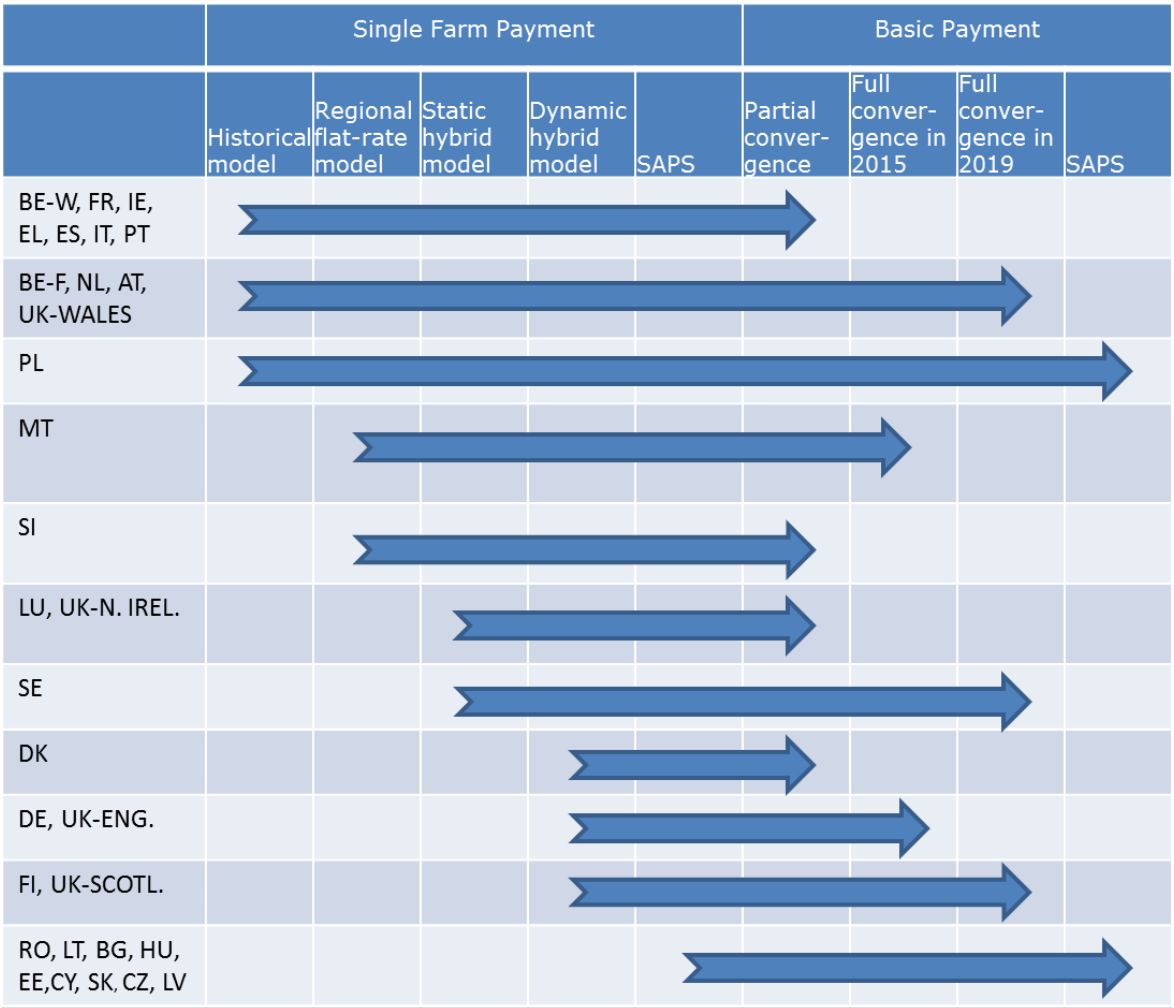
(1) Member States applying the historical model for the single farm payments and partial convergence for basic payments;

(2) Member States using the historical model for the single farm payments and full convergence in 2019 for basic payments;

(3) Member States applying the SAPS for the single farm payments and the basic payments.

However, these implementation styles cover only 18 Member States, revealing that a considerable number of Member States have an individual implementation style or an implementation style that is only shared by one other Member State. The large variety in implementation styles also shows that a similar way of application in the one programming period does not imply a similar way of application in the next period: the same points of departure may result in different follow-ups.

Table 4.2: Member States' implementation of the single payment scheme and the basic payment scheme



Source: Tables A4.1-A4.32.

Selection of historical or regional model not dependent on farm size structure

For analysing whether there is a relationship between the farm size structure and the selection of the historical or regional model for single farm payments and basic payments, we grouped the farms in each Member State into three farm size types:

(1) Small-scale farming (over 25% of all farms are smaller than 2 ha);

(2) Medium-scale farming (over 55% of all farms are between 2-50 ha);

(3) Large-scale farming (over 30% of all farms are larger than 50 ha).

Four of the old Member States (Greece, Italy, Spain and Portugal) have a small farm size structure in general terms. They all apply the historical model for the single farm payments and the basic payments (**Table 4.3**). The farm structure in all other old Member States is classified as medium or large-scale farming. No pattern between farm size structure and applied model of flexibility can be perceived in these Member States: they use the historical and the mixed hybrid model for the single farm payments and partial or full convergence in 2015/19 for the basic payments. The new Member States are all grouped in the types of small and medium-scale farming. The majority of these States applies the regional model. The large variety of Member States' choices for the implementation of the single payment scheme and the basic payment scheme per farm scale group reveals that the selection of the historical or regional model does not depend on the farm size structure.

Table 4.3: Member States' implementation of the single payment scheme and the basic payment scheme according to farm size structure (no. of Member States/regions)

		Small scale (>25% of all farms <2 ha)	Medium scale (>55% of all farms between 2-50 ha)	Large scale (>30% of all farms >50 ha)
Single payment scheme	Historical model	4	5	3
	Regional flat-rate model	2		
	Static hybrid model		2	1
	Dynamic hybrid model		2	3
	SAPS	5	4	
Basic payments	Partial convergence	6	2	4
	Full convergence in 2015	1	1	1
	Full convergence in 2019		5	2
	SAPS	5	5	

Source: Tables A4.1-A4.32.

4.3. National implementation of coupled support, redistribution and degressivity

In this section the implementation of coupled support, redistribution and degressivity in the EU Member States is discussed. These options allow Member States to stay close to historical CAP support levels (in the old Members States) or production levels (in the new Member States).

Most Member States grant coupled support

Coupled support is widely and continually used: most EU Member States granted such support both in the period 2010-2014 and 2015-2020 (**Table 4.4**). However, a few Member States/regions (Germany, England (UK), Wales and Northern Ireland) show a tendency of not using coupled support in both periods, while Luxembourg and Malta only will apply the instrument in the period 2015-2020. Coupled support in the new Member States often equals 15% of the national ceiling (**Tables A4.1-A4.32**). On the whole, all Member States with a small-sized farm structure grant coupled support, varying from 7-21% of their national ceiling in 2015 (**Table 4.5**). About half of the Member States with a medium and large-sized farm structure tend to grant no coupled support or spend at highest 4% of their national ceiling on such support in 2015, whereas the other half spends about 7-21% on coupled support.

Table 4.4: Use of coupled support in the EU Member States, 2010-2020

	Coupled support, 2010-2014		Coupled support, 2015-2020	
	Use	No use	Use	No use
AT, BE-F, BE-W, DK, EL, ES, FR, FI, IE, IT, NL, PT, SE, UK-SCOTL. BG, CZ, CY, EE, HU, LT, LV, PL, RO, SI, SK	→	→	→	
DE, UK-ENG., UK-WALES, UK-N. IREL.		→	→	→
LU, MT		→	→	

Source: Tables A4.1-A4.32.

Table 4.5: Coupled support as percentage of the national ceiling in the EU Member States according to farm size structure, 2015 (no. of Member States/regions)

Coupled support (% of their national ceiling)	Small scale (>25% of all farms <2 ha)	Medium scale (>55% of all farms between 2-50 ha)	Large scale (>30% of all farms >50 ha)
No		2	2
0-4%		4	3
7-21%[1)]	12	7	3

1) 57% for Malta.

Source: Tables A4.1-A4.32.

A small number of Member States apply redistributive payments

Redistributive payments for the first hectares on the farm can be used for granting additional support to small and medium-sized farms. Redistributive payments are used in a small number of Member States: in three old Member States and five new Member States (**Table 4.5**). If Member States grant redistributive payments, they may choose not to apply the degressivity tax. It appears that only five Member States use this option.

Table 4.6: Use of redistributive payments in the EU Member States, 2015-2020

	Use of redistributive payments	Combined with degressivity tax
Belgium-Wallonia, France, Croatia, Lithuania, Romania	x	
Germany, Bulgaria, Poland	x	x

Source: Tables A4.1-A4.32.

Most Member States use minimum rate of 5% as degressivity tax

Member States have to apply a degressivity tax of at least 5% on CAP payments beyond 150,000 EUR per farm. The maximum rate for the degressivity tax is 100%, which is referred to as 'cap'. Most Member States use the minimum rate of 5% as degressivity tax, Italy and Wales being the exceptions (**Table 4.6**). Whereas Italy applies a degressivity tax of 50% beyond 150,000 EUR, Wales applies a sophisticated system for degressivity, consisting of various tax rates at different amounts of basic payments. The little variation in use of the rate of the degressivity tax shows that obviously in most Member States degressivity is not a real issue since only a few farms might be affected by it. Ten Member States use a cap, varying from payments beyond 150,000 EUR in Austria, Flanders (Belgium), Greece, Ireland, Northern Ireland (UK) and Poland to 600,000 EUR in UK-Scotland. Like the degressivity tax, it might be assumed that in practice few farms will be affected.

Table 4.7: Use of degressivity tax in the EU Member States, 2010-2020 (%)

	€150,000	€176,000	€200,000	€250,000	€300,000	€500,000	€600,000
Denmark, Germany, Finland, Luxembourg, Netherlands, Portugal, Spain, Sweden, UK-England, Czech Republic, Cyprus, Estonia, Latvia, Malta, Slovakia, Slovenia	5						
Hungary	5	100					
Bulgaria	5				100		
UK-Scotland	5						100
UK-Wales	15						
Italy	50		30	55	100	100	
Austria, Belgium-Flanders, Greece, Ireland, UK-Northern Ireland, Poland	100						

Source: Tables A4.1-A4.32.

5. EFFECTS OF THE CURRENT FLEXIBILITY ON POLICY OBJECTIVES, INSTITUTIONS AND OPERATIONAL TERMS

KEY FINDINGS

- The current flexibility introduced in the CAP 2013 reform has no major conflicts with the key **objectives of the CAP**.
- Flexibility provides means for addressing **heterogeneous circumstances**, which is important in achieving the sustainability and territorial objectives of the CAP.
- Flexibility may retard the productivity growth and structural adjustment of European agriculture and may allow unproductive pro-environmental measures that do not manifest cost-efficiency; this may be avoided by monitoring and evaluating **effectiveness of the measures**.
- Flexibility in the adoption, design & targeting and finance of specific CAP measures makes the **decision-making process** more dispersed over the MS, but also more effective.
- The current flexibility increases the diversity of the portfolios, implementation modes and funding of CAP measures, but this is bounded targeting and redistribution rather than **renationalisation**.
- Increased flexibility relocates **complexity of implementation** of the CAP from the EU level to the MS or regional level, but does not increase complexity if the existing level of targeting is maintained.
- Extended flexibility may have adverse effects on the **level playing field** among comparable regions, farms or farming practices facing divergent payments in various MS or regions, but as long as flexibility pursues divergent problems effectively it should not provide illusive competitive advantages.

5.1. Introduction

This chapter presents the results of several analyses that are focused on the consequences of flexibility on various aspects of the common agricultural policy and the common market. Specifically, we analyse the consistency between the manifestation of flexibility and (1) the policy objectives, (2) the institutional process and (3) the policy implementation.

Regarding the policy objectives, we present a qualitative assessment of consistency between the manifestations of flexibility and the current objectives of the CAP. The original well-known objectives of the CAP were laid down in the Treaty of Rome in 1957 (Article 39) and they were related to increasing agricultural productivity, ensuring a fair development of agricultural income, stabilising the markets, assuring the availability of supplies and ensuring reasonable consumer prices. The heterogeneous social structure of agriculture and the structural and natural conditions of the regions as well general economic linkages of agriculture were to be observed in the policy design – they were not among the proper objectives. The current "*long-term goals*" (EC 2013, 2) of the CAP are viable food production, sustainable management of natural resources and climate action, and balanced territorial development. These three general goals have been specified through nine more focused objectives (EC, 2010). Compared to the original objectives in the Treaty, this new update

restates several original objectives (farm incomes, competitiveness/productivity), translates some original instructions for policy design into policy goals (addressing natural constraints and structural diversity) and adds a number of goals that were lacking in the Treaty (provision of public goods, promotion of green growth and innovation, climate change mitigation and adaptation, diversification of rural economies and maintenance of rural fabric). The scope of the CAP objectives has expanded along the policy reforms since the 1990s to include not only farms and food markets but also the rural and environmental dimensions. Our analysis of flexibility and the CAP objectives is conducted by means of qualitative reasoning and presented as a consistency matrix, where flexibility (identified in the typology of flexibility schemes in **Chapter 2** and flexibility modes in **Chapter 3**) is contrasted against each of the three key objectives.

Regarding the **institutional process**, we present a qualitative assessment of consistency between the manifestations of flexibility and (a) efficiency of the CAP decision-making process and (b) risk of renationalisation of the CAP. The analysis is conducted by means of qualitative reasoning and presented as a consistency matrix, where flexibility modes are contrasted against each of the two topics.

Regarding the **policy implementation**, we present a qualitative assessment of the consistency between the manifestations of flexibility and (a) complexity of implementation and (b) level playing field. Again, the analysis is conducted by means of qualitative reasoning and presented as a consistency matrix, where flexibility modes are contrasted against each of the two topics.

5.2. Assessment of the design and the scope of the flexibility notion: main effects on policy objectives, institutions and operational terms

CAP objectives

As a first step of the analysis, we discuss the relationship between the flexibility modes and the **CAP objectives**. The three key objectives of the CAP are viable food production, sustainable management of natural resources and climate action, and balanced territorial development. **Table 5.1** presents the results of the consistency analysis between these objectives and flexibility modes.

Regarding the *viability objective*, functioning common markets and income support are the most important means in achieving competitive farm incomes. Application of the common market organisation and redistribution of income support between the MS face no national flexibility in order to safeguard fair competition, which is important for the viability of European agriculture. A fixed amount of support (sum of the national budget ceilings) is redistributed among the MS (external convergence) and within the MS (internal convergence and flexible measures). Mandatory greening obliges all MS to deliver environmental services through agriculture and thus also maintains fair competition among the MS. Targeted aid for young farmers is also mandatory, which contributes to the renewal and viability of farming, since young farmers are generally more educated and development oriented than old farmers. On the other hand, considerable flexibility is allowed to address structural and natural handicaps. Beneficiaries of these actions seldom produce large quantities for the common market and hardly bias fair competition. This flexibility in the adoption, targeting & design and finance contributes to intact and viable local food chains and more equal business opportunities for these particular actors and regions, which produce local special products and enrich food supply more extensively than the largest most competitive farms. Additional support for small farms and disadvantaged regions may retard productivity growth of European agriculture, however. Flexibility in the market management and direct payments

also does not erode the dominant bargaining power within the food chain by the large food processors and retailers.

As a conclusion *about the viability objective, the current flexibility of the CAP sooner enriches than distorts the common agricultural and food markets, but may retard productivity growth of the European agriculture to some extent.*

Regarding the *environmental sustainability objective*, participation in the provision of public goods and climate action is mandatory for the MS by means of greening (Pillar I) and agri-environmental measures (Pillar II). This ensures that some results are achieved and compensates the incapability of market prices to reflect externalities of agricultural and food production. On the other hand, there is considerable flexibility in the design of particular eligibility criteria and practices for the support. The environmental impacts are highly contextual: different farms, farming types and natural environments have different potentials to provide public goods or productive climate actions. Not all MS and farmers have equal resources for providing these services and financial flexibility may equalise possibilities for making a positive environmental contribution. At best, the extensive flexibility assists in tuning the European agriculture to the "*sustainability frequency*" by observing the heterogeneous contexts explicitly. On the other hand, versatile definitions of pro-environmental practices may lead to inefficient and unproductive measures not manifesting cost-efficiency as is reflected in the first experiences in greening (EC 2016). However, in the search for best practices in complex problems this is also an unavoidable feature of the learning process.

As a conclusion *about the sustainability objective, the obligatory adoption and flexible design, targeting and finance of measures appears to be a productive approach in achieving positive results in very heterogeneous circumstances as long as effectiveness of the measures is monitored and evaluated.*

Regarding the *objective of balanced territorial development*, the limited flexibility in the market management and distortive income and market support implies that common markets are not distorted. As not all regions are equally endowed for utilising the common markets, this non-flexible implementation is counterbalanced with targeted support to pursue other agriculture related goals like maintenance of the landscape and the rural fabric. The possibility to redistribute support for alleviating structural and natural handicaps equalises the opportunities further. Together these two features of the current CAP contribute to the viability of both "*strong*" or competitive and "*weak*" or disadvantaged rural regions and societies. Without the possibility for addressing the heterogeneity of territorial circumstances, abandoning agriculture would be extensive in certain regions, since not all handicaps may be removed by structural development. The better the targeting in offsetting structural and natural handicaps, the larger the diversity of vital rural areas and societies. Small farms and farms in unfavourable areas often produce special food, provide touristic services and utilise several income sources and thus maintain the rural fabric and diversification of the rural economy. Targeted support for farming keeps these actors in business and makes the other contributions possible. The structural and natural handicaps are not equally shared among the MS and the regions, and therefore financial flexibility is important in addressing these.

As a conclusion *about the territorial development objective, flexibility is important and productive in addressing the unevenly distributed structural and natural handicaps and contributes to the viability of heterogeneous regions and rural societies.*

Table 5.1: Consistency matrix 1: identifying tensions between flexibility modes and policy objectives

FLEXIBILITY MODES	POLICY OBJECTIVES		
	Viable food production: farm incomes, competitiveness, food chain	**Sustainable management of natural resources and climate action**: environmental public goods, green growth & innovation, climate change	**Balanced territorial development**: rural fabric, diversification, structural diversity
No or very limited flexibility: Mandatory/uniform application of the common market organisation and EU-level allocation of direct payments	*Mixed contribution*. Competition that is open, fair and non-destructive for natural and social capital contributes to competitive and viable food production. Open markets do not balance biased bargaining power in the food chain, however.	*Mixed contribution.* Market prices facilitated by the single common market organisation do not fully reflect externalities, but they should. Mandatory environmental measures alleviate this shortcoming and contribute to provision of public goods and climate action, however.	*Mixed contribution.* Uniform market rules and non-distorting subsidies grant all regions with a possibility to serve the common market with raw materials, food products or local specialities, which contributes to the vitality of rural areas. Not all regions are equally endowed for this, however.
Adoption flexibility: Optional adoption of direct payments related to farm structures and natural conditions and uptake of Pillar II measures	*Mixed contribution.* The possibility to alleviate structural or natural handicaps contributes to intact and viable local food chains. The possibility to favour small farms or disadvantaged regions may retard productivity growth, however.	*Positive contribution.* The possibility to alleviate structural or natural handicaps may contribute to provision of valuable public goods and climate action, but this is highly case and context dependent (e.g. resource-efficiency in small vs. large farms).	*Positive contribution.* The possibility to observe heterogeneous circumstances in the uptake of policy measures contributes to the vitality of many kinds of rural societies, since the needs and the possibilities are contextual.

Targeting & design flexibility: Latitude in the definition of the geography, rates, thresholds, practices etc. in most direct payments and Pillar II measures	*Mixed contribution.* The possibility to observe specific structural or natural conditions in targeting the aid contributes to more equal business possibilities. The possibility to favour small farms or disadvantaged regions may retard productivity growth, however.	*Mixed contribution.* The possibility to design and target measures for different kinds of farms and regions may exploit their potential in the provision of public good and climate action. Versatile definition of pro-environmental practices means that their effectiveness and cost-efficiency varies, however.	*Positive contribution.* The possibility to observe heterogeneous structural or natural conditions in targeting the aid contributes to the vitality of many kinds of rural societies, since the needs and the possibilities are contextual.
Financial flexibility: Latitude in the reallocation of funds for the direct payments related to observe farm structures and natural conditions, among Pillar II measures and between the Pillars	*Mixed contribution.* The needs and the resources to tackle farm problems vary in MS and reallocation of funds may contribute to viable food production in specific regions and sectors. The possibility to favour small farms or disadvantaged regions may retard productivity growth, however.	*Positive contribution.* The needs and the resources to tackle environmental problems vary in MS and reallocation of funds may contribute to sustainable management practices and productive climate action in specific regions and sectors.	*Positive contribution.* The needs and the resources to tackle rural problems vary in MS and reallocation of funds contributes to the vitality of heterogeneous rural societies.

Institutional process

As a second step of the analysis, we elaborate on the tension between the flexibility modes and the **institutional process** by discussing the efficiency of the CAP decision-making and the risk of renationalisation of the CAP (**Table 5.2**).

Increased flexibility of the CAP is often attributed to the increased heterogeneity of European agriculture following enlargements and/or to the increased complexity of the decision-making originating in the large number of MS and multifunctional role and instrumentation of the CAP (Anania and Rosaria Pupo d'Andrea 2015). CAP decision-making was reformed in the Treaty of Lisbon (2007) by introducing co-decision as the ordinary legal procedure and granting the European Parliament and the Council equal positions in the process. Bringing different institutional backgrounds, perspectives and agendas into agreement could possible lead the CAP towards more abstract, non-specific and general level solutions (e.g. "CAP promotes mitigation of climate change") or towards more narrow, specific and partial solutions (e.g. "CAP promotes cultivation of legumes once in five years on farms that cultivate cereals"), since both are avenues for compromising in contradictory issues. From this

perspective, increased flexibility may be considered as a solution to maintaining extensive but meaningful policy agendas. The flexibility mode allows the EU institutions to agree with the targets, measures, guidelines, limits and global finance but to avoid potential disagreement in the specific and contextual claims.

The impact of CAP flexibility on the efficiency of the CAP decision-making is generally positive. On the one hand, issues which could threat the integrity of the common market face no or very little flexibility (market organisation, financial discipline, redistribution of income support between MS). On the other hand, possibilities to tailor policy measures to address many kinds of structural problems are left to the MS. Looking at the huge diversity of farm structures, natural conditions, farming practices and spatial organisations, it would be impossible to design common EU-level criteria for addressing them effectively. How could any algorithm provide a common solution for the huge diversity of contextual problems related to small farms, young farmers, unfavourable natural conditions, adversely affected sectors, environmental management and biased distribution of support? At the MS level or regional level this heterogeneity is more limited, which makes it easier to design an effective portfolio of measures. Delegating authorities for addressing this heterogeneity for the MS makes the EU-level decision-making also easier as fewer compromises are needed.
As a conclusion, *increased flexibility in the adoption, design & targeting and finance of specific – but not all – CAP measures makes the decision-making process more dispersed along with numerous national decisions, but also more effective.*

Regarding the *risk of renationalisation of the CAP*, the key core of the CAP – common market management – is not at risk of renationalisation. Sensitive redistribution of direct payments between the MS also exhibits no flexibility. Extended flexibility in direct payments implies that the different portfolios, implementation modes and funding of CAP measures in the MS increase the diversity of CAP measures, which may be considered as "*bounded renationalisation*". However, current flexibility takes place via redistribution and retargeting of existing funds within each MS within certain limits and following certain principles, which does not mean genuine renationalisation of the CAP.

As a conclusion*, the current flexibility increases the diversity of the CAP, but this is bounded targeting rather than renationalisation.*

Table 5.2: Consistency matrix 2: identifying tensions between flexibility modes and institutional processes

FLEXIBILITY MODES	INSTITUTIONAL PROCESSES	
	Efficiency of the CAP decision-making process	Risk of renationalisation
No or very limited flexibility: Mandatory/uniform application of the common market organisation and EU-level allocation of direct payments	*Mixed contribution.* Management of the common market and prevention of distorting subsidies needs uniform and clear principles with little flexibility, which makes compromising sometimes hard. Increased flexibility in direct payments provides some scope for addressing specific detrimental market developments.	*Insignificant risk.* Common market management and competition rules are the hard core of the CAP and they are not at risk of renationalisation. Sensitive redistribution of the common funds (external convergence) has been decided at EU level without national flexibility.

Adoption flexibility: Optional adoption of direct payments related to farm structures and natural conditions and uptake of Pillar II measures	*Positive contribution.* The possibility to address heterogeneous needs in various areas, sectors and farm groups through adoption of optional measures is left for the MS instead of crafting complex common "objective criteria" by the EU, which promotes efficiency of the decision-making.	*Small risk.* Flexibility is redistribution of existing funds within each MS and does not manifest genuine renationalisation. Adoption flexibility increases the diversity of CAP measures, when all MS do not apply exactly the same measures.
Targeting & design flexibility: Latitude in the definition of the geography, rates, thresholds, practices etc. in most direct payments and Pillar II measures	*Positive contribution.* The possibility to address heterogeneous needs in various areas, sectors and farm groups through specification of eligibility, payment rates and feasible practices is left to the MS instead of crafting complex common "objective criteria" by the EU, which promotes efficiency of the decision-making.	*Small risk.* Flexibility is redistribution of existing funds within each MS and does not manifest genuine renationalisation. Targeting & design flexibility increases the diversity of implementation modes of the CAP measures.
Financial flexibility: Latitude in the reallocation of funds for the direct payments related to observe farm structures and natural conditions, among Pillar II measures and between the Pillars	*Positive contribution.* Possibility to address heterogeneous problems in various MS by reallocating finance for the measures is left for the MS instead of crafting complex common "objective criteria" by the EU, which promotes efficiency of the decision-making.	*Small risk.* Flexibility is redistribution of existing funds within each MS and does not manifest genuine renationalisation. Financial flexibility increases the diversity of allocation of funds for the CAP measures.

Policy implementation

As a third step of the analysis, we elaborate on the tension between flexibility modes and the **policy implementation** by discussing the complexity of implementation and the level playing field (**Table 5.3**). It is worth noting that flexibility is opted for to attain some specific economic, environmental or social objectives. The impact of flexibility on the complexity of implementation and on the level playing field should be discussed against the counterfactual where flexibility does not exist but where the objectives currently pursued through flexibility do exist. The non-existing national flexibility in market management, external convergence and financial discipline limits the complexity in implementation at EU level. The Member States need to follow common, uniform procedures. In the payments that include extended flexibility, the national or regional targeting of the measures adds to the complexity of implementation. This should be compared with the counterfactual of meeting the same targeting objectives with EU-level measures. Such a situation would be extremely complicated and reduce efficiency in meeting the objectives rather than decrease the complexity. The setting is ambiguous, since reduction of the complexity would imply reduction of the targeting and effectiveness in meeting the policy objectives in heterogeneous natural, structural and social contexts.

As a conclusion, *flexibility relocates complexity from the EU level to the MS level, but does not increase it if the current level of targeting is maintained.*

Regarding the maintenance of the level playing field, the setting is stable and fair in common market management operations and competition rules. External convergence in direct payments ignored part of the historical gains and losses that arose from manipulated price and subsidy levels, but at the same time will make the direct payments more equal in the future. Further, comparable regions, farms or farming practices in various MS or regions may face different portfolios, criteria, design and funding of measures due to extended flexibility in the direct payments. This is evidently negative from the perspective of the level playing field. When the divergence exists to alleviate divergent problems effectively, this does not change the status quo competitive positions, however. Moreover, targeting & design of specific measures redistributes payments within the MS and not among them. As a conclusion, extended flexibility may have adverse effects on the level playing field among comparable regions, farms or farming practices in various MS or regions, but as long as flexibility chases divergent problems effectively it should not provide illusive competitive advantages.

Table 5.3: Consistency matrix 3: identifying tensions between flexibility modes and policy implementation

FLEXIBILITY MODES	POLICY INPLEMENTATION	
	Complexity of implementation	Level playing field
No or very limited flexibility: Mandatory/uniform application of the common market organisation and EU-level allocation of direct payments	*Positive contribution.* Common market management and competition rules exhibit no or little flexibility. External convergence and financial disciple exhibit no flexibility and follow simple procedures.	*Mixed contribution.* Common market management and competition rules safeguard the level playing field. External convergence ignores historical losses & gains, but makes direct payments more equal for the future.
Adoption flexibility: Optional adoption of direct payments related to farm structures and natural conditions and uptake of Pillar II measures	*Ambiguous contribution.* Existence of several optional measures increases the complexity of implementation in the MS. Achieving the same precision in observing heterogeneous structural and natural conditions through common measures and criteria by the EU could reduce effectiveness rather than complexity, however.	*Negative contribution.* Comparable regions, farms or farming practices in various MS and regions may or may not receive certain payments depending on their adoption. Adoption of specific measures redistributes payments within the MS and not among them, however.

Targeting & design flexibility: Latitude in the definition of the geography, rates, thresholds, practices etc. in most direct payments and Pillar II measures	*Ambiguous contribution.* Significant latitude for targeting the measures increases the complexity of implementation in the MS. Achieving the same precision in observing heterogeneous structural and natural conditions through detailed differentiation of common measures could reduce effectiveness rather than complexity, however.	*Negative contribution.* Comparable regions, farms or farming practices in various MS and regions may or may not receive certain payments depending on the eligibility criteria and design of the measures. Targeting & design of specific measures redistributes payments within the MS and not among them, however.
Financial flexibility: Latitude in the reallocation of funds for the direct payments related to observe farm structures and natural conditions, among Pillar II measures and between the Pillars	*Neutral contribution.* Reallocation of funds between the measures is a rather simple procedure and does not increase complexity.	*Negative contribution.* Comparable regions, farms or farming practices in various MS and regions may receive rather different amount of payments depending on the share of reallocated funds. Reallocation of funds takes place within the MS and not among them, however.

6. SCENARIOS FOR FLEXIBILITY IN THE IMPLEMENTATION OF THE CAP

KEY FINDINGS

- By assigning different degrees of flexibility to the three groups of CAP measures (CMO measures, direct payments and rural development measures), we designed **three options for future flexibility of the CAP measures:**
  - Option 1: no flexibility in the implementation in all three groups of CAP measures;
  - Option 2: maintenance of the current level of flexibility in the CAP measures;
  - Option 3: flexibility in the implementation in all three groups of CAP measures.
- In the beginning of 2017, the European Commission launched **two sets of future scenarios: one set for Europe by 2025 and the other for the future of the CAP**. It appears to be complicated to directly link our flexibility options to these sets of scenarios, as in the scenarios for Europe by 2025 no specific attention is given to agriculture and in the options for the future of the CAP no attention is paid to flexibility. Neverthless, some global linkages can be detected.
- **The tensions between on the one hand flexibility modes and on the other hand policy objectives, institutional processes and policy implementation,** such as a biased balance in the bargaining power in the food chain, retarding productivity growth, risk of renationalisation, increasing complexity of implementation of CAP measures in the MS, and no level playing field, **cannot be solved by switching to another flexibility mode**. Usually, this is due to new tensions that arise or the persistence of the tension within any flexibility mode.
- Among the three options for future flexibility of the CAP **there is no option with hardly any tensions** in the field of policy objectives, institutional processes and policy implementation; all three options are accompanied by tensions.

6.1. Introduction

The current CAP includes a mix of uniformly and flexibly applicable measures, in which the CMO measures are the uniformly applicable ones and the direct payments and the rural development measures the flexibly applicable ones. Any reform or change in modes of flexibility should be motivated by the wish to improve the performance of the measures in reaching the overall goals of the CAP of viable food production, sustainable management of resources and climate action, and balanced territorial development. In addition, the effects of changes in flexibility modes on institutional processes and policy implementation should be taken into account. In this chapter some scenarios for future flexibility of the CAP measures are explored. These scenarios may help to increase future consciousness of flexibility in the implementation of CAP measures. In this vein, they do not serve forecasting but observe issues that come across with different policy directions. The scenarios in this chapter are designed through logical reasoning rather than some specific futures research method. The temporal orientation of the possible scenarios is post-2020. The scenarios for future flexibility of the CAP are presented in **Section 6.2**, followed by a discussion whether changing flexibility modes may solve tensions with policy objectives, on institutional processes and policy implementation in **Section 6.3**.

6.2. Scenarios for future flexibility of the CAP

For designing scenarios for future flexibility of the CAP, we used two criteria:

(1) the extent of flexibility in the application of the measure;

(2) three groups of CAP measures: CMO measures, direct payments and rural development measures.

Basically, the range of flexibility of CAP measures may vary from no flexibility to complete flexibility (**Figure 6.1**). The current CAP with no flexibility for the CMO measures and flexibility for the direct payments and the rural development measures has a position in between. By assigning different degrees of flexibility to the three groups of CAP measures, we designed three options for future flexibility of the CAP measures (**Table 6.1**):

- Option 1 excludes flexibility in the implementation in all three groups of CAP measures;
- Option 2 is a maintenance of the current level of flexibility in the CAP measures;
- Option 3 has flexibility in the implementation in all three groups of CAP measures.

Figure 6.1: Range for flexibility scenarios of the CAP

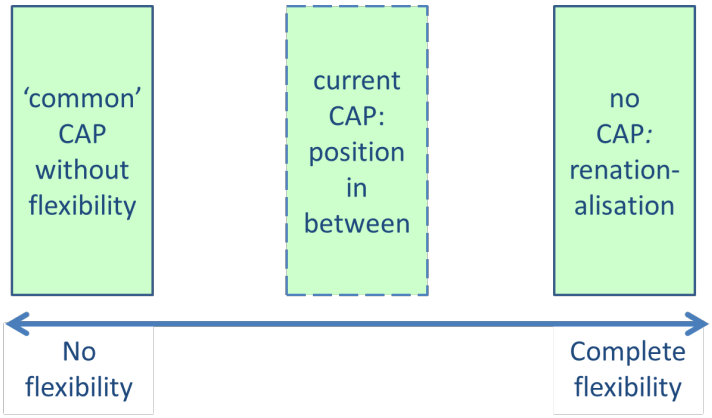


Table 6.1: Three options for future flexibility of the CAP

Measures	Option 1 CAP with no flexibility	Option 2 CAP with flexibility for some measures	Option 3 CAP with flexibility for all measures
CMO	Uniformly applicable	Uniformly applicable	Flexibly applicable
Direct payments	Uniformly applicable	Flexibly applicable	Flexibly applicable
Rural development	Uniformly applicable	Flexibly applicable	Flexibly applicable

The operationalisation of options 1 and 3 requires a large number of choices to be made, as it not a priori given how a uniformly applicable direct payment/rural development measure or a flexibly applicable common market measure is defined. This implies that in option 1 decisions have to be made on the organisation of uniformly applicable measures for direct payments and rural development. Issues such as fixed targets and beneficiaries of the measures and fixed payments per ha or activities have to be agreed for various regions, types of production, farms with different characteristics (size, age of the farmer), management practices etc. Further, in option 3 flexibility options for the common market measures have to be designed. These could refer, for example, to different intervention prices and different market rules in the MS. Considering the issues to be dealt with in option 1 and

3, it may be clear that the exact operationalisation of options 1 and 3 is not simply switching the option of flexibility between 'on' and 'off'; it needs a lot of effort on the precise definition of each measure.

Two sets of future scenarios launched by the EC in the beginning of 2017

In the beginning of 2017, the European Commission launched two sets of future scenarios: one set for Europe by 2025 (**Table 6.2**) and the other for the future of the CAP (**Table 6.3**). On the whole, the scenarios for Europe by 2025 consider varying degrees of future cooperation among EU Member States. The options for the future of the CAP focus on a scenario of no policy change, a scenario of dismantling the CAP and three scenarios of different sets of policy instruments. It appears to be complicated to directly link our flexibility options to these sets of scenarios, as in the scenarios for Europe by 2025 no specific attention is given to agriculture and in the options for the future of the CAP no attention is paid to flexibility. Broadly speaking, flexibility option 2 (maintenance of the current level of flexibility in the CAP measures) could be associated with scenario 1 (Carrying on) for Europe by 2025 and with option 1 (baseline) for the future of the CAP. Flexibility option 1 (no flexibility in the implementation of the CAP measures) could be linked to scenario 5 (Doing much more together) for Europe by 2025, whereas it has no direct linkage with one of the future CAP options. Finally, flexibility option 3 (flexibility in the implementation of all CAP measures) could be related to scenarios 2 and 4 (Nothing but the single market/ Doing less more efficiently) for Europe by 2025 and with option 2 (no CAP) for the future of the CAP.

Table 6.2: Five scenarios for Europe by 2025

No.	Scenario	Brief desciption
1	Carrying on	In a scenario where the EU27 sticks to its course, it focuses on implementing and upgrading its current reform agenda. As a result, the 27 Member States and the EU institutions pursue a joint agenda for action. The speed of decision-making depends on overcoming differences of views in order to deliver on collective long-term priorities. The positive agenda of action continues to deliver concrete results, based on a shared sense of purpose. Citizens' rights derived from EU law are upheld. The unity of the EU27 is preserved but may still be tested in the event of major disputes.
2	Nothing but the single market	In a scenario where the EU27 cannot agree to do more in many policy areas, it increasingly focuses on deepening certain key aspects of the single market. As a result, the EU27 does not step up its work in most policy domains. Cooperation on new issues of common concern is often managed bilaterally. The EU's re-centred priorities mean that differences of views between Member States on new emerging issues often need to be solved bilaterally, on a case-by-case basis.
3	Those who want do more	In a scenario where the EU27 proceeds as today but where certain Member States want to do more in common, one or several "coalitions of the willing" emerge to work together in specific policy areas. As a result, new groups of Member States agree on specific legal and budgetary arrangements to deepen their cooperation in chosen domains. The unity of the EU at 27 is preserved while further cooperation is made possible for those who want.

4	Doing less more efficiently	In a scenario where there is a consensus on the need to better tackle certain priorities together, the EU27 decides to focus its attention and limited resources on a reduced number of areas. As a result, the EU27 is able to act much quicker and more decisively in its chosen priority areas. For these policies, stronger tools are given to the EU27 to directly implement and enforce collective decisions, as it does today in competition policy or for banking supervision. Elsewhere, the EU27 stops acting or does less. Ultimately, a clearer division of responsibilities helps European citizens to better understand what is handled at EU27, national and regional level. This helps to close the gap between promise and delivery, even if expectations remain unmet in certain domains.
5	Doing much more together	In a scenario where there is consensus that neither the EU27 as it is, nor European countries on their own, are well-equipped enough to face the challenges of the day, Member States decide to share more power, resources and decision-making across the board. As a result, cooperation between all Member States goes further than ever before in all domains. There is far greater and quicker decision-making at EU level. Citizens have more rights derived directly from EU law.

Source: EC (2017a).

Table 6.3: Five policy options for the future of the CAP

No.	Brief desciption
1 (baseline)	This option will assess the impact of the CAP remaining as it currently stands, except for simplifications already adopted or proposed.
2 (no policy)	In this option the CAP is dismantled in order to demonstrate the EU value-added of CAP as well as the economic, social and environmental impact of the absence of an EU-wide policy intervention.
3	This option sees Member States/regions programming CAP operations against EU priorities, based on identified needs. It enhances the focus on risk management and investments in restructuring and business development in agriculture and rural SMEs. It puts emphasis on incentives concerning climate change and environment services in a single performance framework, and access to innovation, knowledge, ICT and infrastructure at the local level.
4	This option considers a redefinition of the division of tasks between EU, MS and farm level to enhance the income safety-net with synergies between direct support (including area payments) and risk management. It also aims to better link farm practice to EU-wide environment/climate action targets. Incentives to better integrate existing technologies and the results of research and innovation (through advisory services) will contribute to simplify and modernise controls towards performance-based outcomes.
5	This option envisages a strong redistribution of support from larger to smaller and environmentally-friendly farms. A mandatory 'capping' places an absolute ceiling on direct payment receipts. This option promotes stricter environmental requirements, short supply chains and local markets.

Source: EC (2017b).

6.3. Tensions with policy objectives, institutional processes and policy implementation

In **Chapter 5**, tensions were identified between on the one hand flexibility modes and on the other hand policy objectives, institutional processes and policy implementation. In this section, we discuss whether or not any changes in the flexibility modes will be able to resolve these tensions. This discussion reveals which flexibility mode is accompanied by the least tensions.

Tensions between flexibility modes and policy objectives

In **Table 5.1** tensions between a flexibility mode (no or very limited flexibility, adoption flexibility, targeting & design flexibility, and financial flexibility) and a CAP objective (viable food production, sustainable management of natural resources and climate action, and balanced territorial development) were discussed. These tensions, denoted as a mixed contribution, were:

1. Open markets do not balance biased bargaining power in the food chain;
2. Market prices do not fully reflect externalities;
3. Regions are unequally endowed for agricultural production;
4. The possibility to favour small farms or disadvantaged regions may retard productivity growth;
5. A versatile definition of pro-environmental practices means that their effectiveness varies.

Tensions (1)-(3) are related to uniformly applicable measures and the others to flexibly applicable measures. Changing the flexibility mode of these measures does not resolve these tensions (**Tables 6.4-6.5**). As a conclusion, *tensions with the CAP objectives occur both if measures are either uniformly or flexibly applied.*

Table 6.4: Policy objectives and currently uniformly applicable measures: options to counterbalance tensions by changing the flexibility mode

No.	Tension	Is change to flexibly applicable measures a solution?
1	Open markets do not balance biased bargaining power in the food chain.	No, flexibility in the market management and direct payments does not erode the dominant bargaining power within the food chain by large food processors and retailers.
2	Market prices do not fully reflect externalities.	No, this requires the implementation of for instance taxes, levies and subsidies.
3	Regions are unequally endowed for agricultural production.	No, although flexibility in market rules and price subsidies could compensate for unequal endowments among regions and MS, this would result in other tensions. These arise in the field of policy implementation due to increasing complexity of implementation and adverse effects on the level playing field.

Table 6.5: Policy objectives and currently flexibly applicable measures: options to counterbalance tensions by changing the flexibility mode

No.	Tension	Is change to uniformly applicable measures a solution?
4	The possibility to favour small farms or disadvantaged regions may retard productivity growth.	No, uniformly applicable targeted payments for small farmers or less favoured areas would also retard productivity.
5	A versatile definition of pro-environmental practices means that their effectiveness varies.	No, the flexibility in design is a productive approach in achieving positive environmental benefits in very heterogeneous circumstances. Less flexibility may in theory lead to more effective measures. However, given the widely heterogeneous circumstances in the EU, these measures may not be fit to achieve positive results in the specific circumstances where they need to be applied. Effective monitoring and evaluation of the various measures may be a better option than decreasing flexibility.

Tensions between flexibility modes and institutional processes

In **Table 5.2** tensions between a flexibility mode (no or very limited flexibility, adoption flexibility, targeting & design flexibility, and financial flexibility) and two aspects of institutional processes (efficiency of the CAP decision-making process and the risk of renationalisation) were discussed. One tension, denoted as mixed contribution, was observed: compromises on the principles of the common market and the prevention of distorting subsidies are sometimes hard to reach. This tension is related to uniformly applicable measures. Changing the flexibility mode of these measures does not resolve this tension (**Table 6.6**). As a conclusion, *tensions with institutional processes occur both if measures are either uniformly or flexibly applied.*

Table 6.6: Institutional processes and uniformly applicable measures: options to counterbalance tensions by changing the flexibility mode

No.	Tension	Is change to flexibly applicable measures a solution?
1	Compromises on the principles of the common market and the prevention of distorting subsidies are sometimes hard to reach.	No, flexibility would induce a tension with the institutional aspect of risk of renationalisation.

Tensions between flexibility modes and policy implementation

In **Table 5.3** tensions between a flexibility mode (no or very limited flexibility, adoption flexibility, targeting & design flexibility, and financial flexibility) and two aspects of policy implementation (complexity of implementation and a level playing field) were discussed. These tensions - denoted as ambiguous, mixed or negative contribution - were:

1. External convergence ignores historical losses and gains that arose from manipulated price and subsidy levels;

2. The existence of several optional measures may increase the complexity of implementation for the MS;
3. Significant latitude for targeting the measures increases the complexity of implementing the measures in the MS;
4. Comparable regions, farms or farming practices in various MS and regions may or may not receive certain payments depending on the eligibility criteria and design of the measures.

Tension (1) is related to uniformly applicable measures and the others to flexibly applicable measures. Changing the flexibility mode of these measures does not resolve these tensions (**Tables 6.7-6.8**). As a conclusion, *tensions with policy implementation occur both if measures are either uniformly or flexibly applied.*

Table 6.7: Policy implementation and uniformly applicable measures: options to counterbalance tensions by changing the flexibility mode

No.	Tension	Is change to flexibly applicable measures a solution?
1	External convergence ignores historical losses and gains that arose from manipulated price and subsidy levels.	No, the progressive adjustment of the national envelopes for direct payments of all EU MS to bring them closer to the average level of payment per ha in the EU can only be implemented as a uniformly applicable measure.

Table 6.8: Policy implementation and flexibly applicable measures: options to counterbalance tensions by changing the flexibility mode

No.	Tension	Is change to uniformly applicable measures a solution?
2	The existence of several optional measures may increase the complexity of implementation for the MS.	No, achieving the same precision in observing heterogeneous structural and natural conditions through common measures and criteria by the EU could reduce effectiveness rather than complexity.
3	Significant latitude for targeting the measures increases the complexity of implementing the measures in the MS.	No, achieving the same precision in observing heterogeneous structural and natural conditions through common measures and criteria by the EU could reduce effectiveness rather than complexity.
4	Comparable regions, farms or farming practices in various MS and regions may or may not receive certain payments depending on the national eligibility criteria and design of the measures.	No, achieving the same precision in observing heterogeneous structural and natural conditions through common measures and criteria by the EU could reduce effectiveness rather than differences in the level playing field. Negative effects on the level playing field, if any, will be small as reallocation of funds takes places within a MS and not between.

Switching to other modes of flexibility does not solve tensions

From the discussion in this section it appears that the tensions between on the one hand flexibility modes and on the other hand policy objectives, institutional processes and policy implementation cannot be solved by switching to another flexibility mode. Usually, this is due to new tensions that arise or the persistence of the tension within any flexibility mode. This finding implies that among the three options for future flexibility of the CAP there is no option with hardly any tensions in the field of policy objectives, institutional processes and policy implementation. All three options are accompanied by tensions.

7. CONCLUSIONS AND RECOMMENDATIONS

The CAP has always known some degree of flexibility for the Member States. Flexibility in the implementation of the CAP measures enables Member States to tailor the measures to their specific needs and circumstances. It can be considered a logic response to the diversity of farm structures in the EU28.

There is a downside to flexibility as well. Over the years, the room for manoeuvre for Member States has increased, with the risk that this erodes the level playing field, complicates decision-making processes and violates the common agricultural market. It also embodies a risk of renationalisation of the CAP.

Against this backdrop, the objectives of this study were to analyse the role of flexibility given to Member States in the CAP 2014-2020 implementation of direct payments (Pillar I); to explore the current scope of flexibility in the CAP implementation; to assess the consequences of such flexibility in institutional, policy and operational terms; and finally to provide strategic recommendations for how the EP can best learn from the flexibility implemented by the latest CAP reform.

The conclusions and recommendations of this study are presented below.

1. Conclusions regarding the historical role of flexibility in the implementation of CAP measures

The overarching conclusion is that measures directed at the regulation of the common market and the food supply chain are largely uniformly applicable, whereas measures directly geared at farmers – be it direct payments or agricultural structural policy/rural development policy measures – always have more or less room for national tailoring.

Flexibility for the agricultural structural policy and rural development policy can be traced back as early as the 1970s, when the first directives for structural policy came into force. Flexibility has always been a part of this type of policy, allowing Member States to implement measures in a way that best fits the needs of their farmers and their socio-economic and natural conditions. Flexibility includes for example the decision by a Member State to implement or not certain measures, the definition of the target group, the amount of subsidy paid (within EU set limits) and the specific conditions applied when granting a subsidy.

Flexibility for the direct payments entered at a later stage when payments per ha or per animal were introduced. The introduction of the premiums for suckler cows and male bovine animals in the 1980s led to room for manoeuvre for the Member States, by allowing Member States to decide on payments per animal in the reference period in a region or at the individual farm. Subsequent reforms (Mac Sharry 1992, Agenda 2000, Mid Term Review 2003, CAP 2013 reform) have increased the role of direct payments to farmers in the CAP and the flexibility given to Member States in implementing these payments.

Apart from a distinction into uniformly applicable and flexibly applicable measures, CAP measures can also be differentiated according their focus: socio-economic, environmental or both socio-economic and environmental. It appears that all uniformly applicable CAP measures have a socio-economic objective, whereas the focus of the flexibly applicable measures is more diverse: either socio-economic, environmental or both socio-economic and environmental. This diversity could be related to the widely varying natural and environmental conditions in the EU, which require tailor-made choices by Member States.

2. Conclusions regarding the reasons for the use of flexibility for the direct payments after 2013

Flexibility is a means to address the wide variation in farm structures, natural conditions, environmental concerns and farming practices in the EU. In this study three types of flexibility are distinguished: (1) adoption flexibility (measures are optional for Member States); (2) targeting and design flexibility (Member States have latitude in defining the geographical level of application, eligibility thresholds, payments rates, eligible practices etc.); and (3) financial flexibility (Member States may transfer and reallocate funds between the measures or Pillars within certain limits).

Targeting and design flexibility of the direct payments is most extensive. Less extensive but still significant is flexibility in the adoption, especially for measures addressing structural problems in farm size and production circumstances. Measures to achieve a balanced distribution of support and the environmental issues know little adoption flexibility.

Financial flexibility is highest in the measures that have a structural orientation; measures concerned with the convergence of payments or environmental payments have no financial flexibility.

The analysis of the position of the key institutions in the EU with regard to the extension of flexibility in the CAP after 2013 shows that the European Commission was generally most in favour of common, uniform and streamlined measures, whereas the European Parliament was generally most in favour of locally adapted, diversified and flexible measures. The Council had varying positions on these two archetypes.

3. Conclusions regarding the national implementation of flexibility schemes

The analysis of the national implementation of the single payment scheme for the period 2003-2014 and the basic payment scheme for the period 2015-2020 shows three different implementation styles:

(1) Member States applying the historical model for the single farm payments and partial convergence for basic payments;

(2) Member States using the historical model for the single farm payments and full convergence in 2019 for basic payments;

(3) Member States applying the SAPS for the single farm payments and the basic payments.

These implementation styles only cover 18 Member States. Another six implementation styles are used by just one or two Member States.

National implementation choices often relate to specific farm structure features and to the application of support measures in the past. About half of the old MS use the same model for the implementation of the single payment scheme and the basic payment scheme, showing path dependency, the other half switched models. The majority of the new MS kept using the single area payment scheme. It appears that there is no clear link between farm size structure and implementation style.

Coupled support is widely and continually used: most EU Member States granted such support, both in the period 2010-2014 and 2015-2020. However, a few Member States/regions did not use it at all during both periods.

A small number of Member States apply redistributive payments. This option is not always combined with the exemption of the degressivity tax.

Most Member States use the minimum rate of 5% as degressivity tax. Ten Member States use a cap, varying from payments beyond 150,000 euro to 600,000 euro.

4. Conclusions on the effects of the current flexibility on policy objectives, institutions and operational terms

The possible tension between flexibility and the common market was assessed from various angles relating to policy objectives, the institutional process and policy implementation. This analysis makes clear that the current flexibility in the adoption, targeting and design, and financing of CAP measures, has no major conflicts with the key objectives of the CAP. On the contrary, flexibility provides a means for addressing heterogeneous circumstances, which is important in achieving the sustainability and territorial objectives of the CAP.

Flexibility in the adoption, design and targeting, and finance of specific CAP measures makes the decision-making process more dispersed over the Member States, but also more effective.

The current flexibility increases the diversity of the portfolios, implementation modes and funding of CAP measures, but this is bounded targeting and redistribution rather than renationalisation.

Increased flexibility relocates complexity of implementation of the CAP from the EU level to the MS or regional level, but does not increase complexity if the current level of targeting is maintained.

Extended flexibility may have adverse effects on the level playing field among comparable regions, farms or farming practices facing divergent payments in various MS or regions. As long as flexibility addresses divergent problems effectively, the alleged competitive advantages or disadvantages will be small to negligible.

5. Scenarios for future flexibility in the implementation of the CAP

Any reform or change in the current modes of flexibility should be motivated by the wish to improve the performance of the measures in reaching the overall goals of the CAP of viable food production, sustainable management of resources and climate action, and balanced territorial development. In addition, the effects of changes in flexibility modes on institutional processes and policy implementation should be taken into account. For exploring the future of flexibility of the CAP, we designed three scenarios by assigning different degrees of flexibility to the three groups of CAP measures (CMO measures, direct payments and rural development measures):

- Option 1: no flexibility in the implementation in all three groups of CAP measures;
- Option 2: maintenance of the current level of flexibility in the CAP measures;
- Option 3: flexibility in the implementation in all three groups of CAP measures.

In the beginning of 2017, the European Commission launched two sets of future scenarios: one set for Europe by 2025 and the other for the future of the CAP. It appears to be complicated to directly link our flexibility options to these sets of scenarios, as in the scenarios for Europe by 2025 no specific attention is given to agriculture and in the options for the future of the CAP no attention is paid to flexibility. Nevertheless, some global linkages can be detected.

The scenario analysis made clear that the tensions between on the one hand flexibility modes and on the other hand policy objectives, institutional processes and policy implementation cannot be solved by switching to another flexibility mode. Usually, this is due to new tensions that arise or the persistence of the tension within any flexibility mode. This finding implies that among the three options for future flexibility of the CAP there is no option with hardly any tensions in the field of policy objectives, institutional processes and policy implementation. All three options are accompanied by tensions.

6. Recommendations regarding future forms of flexibility

For the smooth functioning of the internal market, the best way forward is to refrain from national flexibility in the measures regarding the operation of the common market. Moving away from the current situation of uniformly applicable measures may have distortive effects on the internal market and is not in line with the objectives of the EU regarding European integration. Deviations from the uniformly applied rules for the organization of the common market and the food supply chain should only be allowed under specific and well-defined circumstances (e.g. the outbreak of an animal disease, natural catastrophe, immigration crisis).

For direct payments, the situation is different. The CAP 2013 reform has introduced a limited menu approach for the direct payments, that shows some similarities to the menu approach in the second pillar of the CAP. Bound by a set of common rules, MS have much freedom to tailor payments according to their national needs.

Although some regard the direct payments as permanent entitlements to farmers, this can be doubted. Anno 2017 payments between and within the MS still vary widely, despite external and internal convergence. In the next reform of the CAP this will no doubt be a matter of discussion. Combined with the much heard criticism that the direct payments do not serve well their intended purposes, this will fuel the discussion that further changes in the direct payments are necessary. Several options exist, ranging from further cuts in the direct payments and more internal and external convergence to increasing the 'menu approach' for direct payments and any combination of these elements.

The analysis in this study points to the conclusion that the current modes of flexibility for the direct payments have generally more positive than negative effects. The current flexibility gives MS the possibility to address specific problems and pursue heterogeneous and/or geographically bound goals. This flexibility should not be regarded as renationalisation, but as bounded targeting. The negative effects of the current flexibility modes on achieving the policy objectives of the CAP, on institutional processes of the EU and on policy implementation by the MS are small to non-existent. The disadvantages attached to flexibility are outweighed by the advantages. Therefore, there is little need to change the current modes of flexibility.

If the next reform of the CAP should alter the current modes of flexibility - although the policy options for the future of the CAP launched in the beginning of 2017 disregard changes in the flexibility modes - it will be prudent to assess beforehand how the changes would impact on the policy objectives of the CAP, on institutional processes of the EU and on policy implementation to avoid a situation where flexibility has been stretched too far and the advantages of flexibility are outweighed by the disadvantages.

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ANNEX: TABLES

Annex 2.1: Classification of CAP measures

Type no.[1)]	Policy[2)]	Measure	Period
		Common market regulations for a large number of agricultural commodities. These regulations have a common structure of measures. They have often been adapted. Main adaptations were amongst others the introduction of milk quota and stabilisers for cereals in the 1980s in order to limit production. In 2007 the various common market regulations have been merged into the Single CMO regulation (Council Regulation (EC) No. 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation), continued in Reg. 73/2009, continued in Reg. 1308/2013). The eight main measures of the common market regulations are listed below:	Start between 1962 and 1968-
1	P	**(1) CMO-Public intervention and private storage**	Start between 1962 and 1968-
1	P	**(2) CMO-Aid schemes**	Start between 1962 and 1968-
1	P	**(3) CMO-Marketing standards and conditions for production**	Start between 1962 and 1968-
1	P	**(4) CMO-Producer and interbranch organisations**	Start between 1962 and 1968-
1	P	**(5) CMO-Trade with third countries**	Start between 1962 and 1968-
1	P	**(6) CMO-Competition rules**	Start between 1962 and 1968-
1	P	**(7) CMO-General provisions**	Start between 1962 and 1968-
2	P	**Premiums for suckler cows and male bovine animals** (Premium for suckler cows in Council Regulation (EEC) No 1357/1980 of 5 June 1980 on introducing a system of premiums for maintaining suckler cows; premium for male bovine animals in Council Regulation (EEC) No 467/87 of 10 February 1987 amending regulation (EEC) 805/68 on the common organisation of the market in beef and veal and the systems of premiums granted in the beef and veal sector, continued in Reg. 2066/92)	1980-2003

Type no.[1)]	Policy[2)]	Measure	Period
2	P	**Compensatory payments for cereals, oilseeds and protein crops** (Council Regulation (EEC) No 1765/1992 of 30 June 1992 establishing a support system for producers of certain arable crops)	1993/94-2003
6	P	**Single payment scheme** (Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending Regulations (EEC) No 2019/93, (EC) No 1452/2001, (EC) No 1453/2001, (EC) No 1454/2001, (EC) 1868/94, (EC) No 1251/1999, (EC) No 1254/1999, (EC) No 1673/2000, (EEC) No 2358/71 and (EC) No 2529/2001, continued in Reg. 73/2009, continued as: Direct payments (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) No 637/2008 and Council Regulation (EC) No 73/2009)	2003-
2	R	**Three socio-structural Directives of 1972:** • Directive 72/159/EEC on the modernisation of farms; • Directive 72/160/EEC concerning measures to encourage the cessation of farming; and • Directive 72/161/EEC concerning the provision of socio-economic guidance for and acquisition of skills by persons engaged in agriculture	1972-1985
2	R	**Measures to improve the conditions under which agricultural products are processed and marketed** (Council Regulation (EEC) No 355/77 of 15 February 1977 on common measures to improve the conditions under which agricultural products are processed and marketed, continued in Reg. 866/90, continued in Reg. 951/97, continued in Reg. 1257/1999, Chapter VII, continued in Reg. 1698/2005, art. 28-29, continued in Reg. 1305/2013, art. 17b, 26).	1977-
2	R	**Premiums for the non-marketing of milk and milk products and for the conversion of dairy herds** (Council Regulation (EEC) No 1078/77 of 17 May 1977 introducing a system of premiums for the non-marketing of milk and milk products and for the conversion of dairy herds)	1977-1978

Type no.[1)]	Policy[2)]	Measure	Period
2	R	**Producer groups and associations** (Council Regulation (EEC) No 1360/78 of 19 June 1978 on producer groups and associations thereof, continued in Reg. 952/97). This measure is continued in 2007 as: Producer groups (Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), art. 35, continued in Reg. 1305/2013, art. 35)	1978-1999; 2007-
2	R	**Other measures to assist agricultural holdings, such as the introduction of the keeping of accounts and the establishment and operation of groups, services and other facilities for the benefit of several holdings** (Council Regulation (EEC) No 797/85 of 12 March 1977 on improving the efficiency of agricultural structures, art. 2-8, continued in Reg. 2328/91, Title V, continued in Reg. 950/97, Title V-VIII). This measure is continued as: Setting up farm relief and farm management services (Reg. 1257/1999, Chapter IX). This measure is continued as: Use of advisory services and setting up farm relief and farm management services (Reg. 1698/2005, art. 24 and 25, continued in Reg. 1305/2013, art. 15)	1985 -
2 (1985-1992) 6 (1992-	R	**Forestry measures on behalf of agricultural holdings** (Council Regulation (EEC) No 797/85 of 12 March 1977 on improving the efficiency of agricultural structures, art. 20, continued in Reg. 2328/91, Title VIII, continued in Reg. 2080/92). Council Regulation (EEC) No 2080/92, continued in Reg. 1257/1999, Chapter VIII, continued in Reg. 1698/2005, art. 27, continued in Reg. 1305/2013, art. 21-23, 25-27)	1985-
2 (1985-1991); 6 (1991-	R	**Adjustment of vocational training to the requirements of modern agriculture** (Council Regulation (EEC) No 797/85 of 12 March 1977 on improving the efficiency of agricultural structures, art. 21-22, continued in Reg. 2328/91, Title IX, continued in Reg. 950/97, Title X), continued in Reg. 1257/1999, Chapter III, continued in Reg. 1698/2005, art. 21, continued in Reg. 1305/2013, art. 14)	1985-

Type no.[1)]	Policy[2)]	Measure	Period
2	R	**Conversion and extensification of production** (Council Regulation (EEC) No 1760/87 of 15 June 1987 amending Regulations (EEC) No 797/85, (EEC) No 270/79, (EEC) No 1360/78 and (EEC) No 355/77 as regards agricultural structures, the adjustment of agriculture to the new market situation and the preservation of the countryside, insertion of art. 1a and 1b in Reg. 797/85, continued in Reg. 2328/91, Title II and III)	1987- 1997
2	R	**Aid for set-aside of arable land** (Commission Regulation (EEC) No 1272/88 of 29 April 1988 laying down detailed rules for applying the set-aside incentive scheme for arable, continued in Reg. 2328/91, Title I)	1988-1992
2	R	**Early retirement** (Council Regulation (EEC) No 1096/88 of 25 June 1988 establishing a Community scheme to encourage the cessation of farming, continued in Reg. 2079/92, continued in Reg. 1257/1999, Chapter IV, continued in Reg. 1698/2005, art. 23)	1988-2013
2	R	**LEADER** (Community Initiatives LEADER I, LEADER II, LEADER+, continued in Reg. 1698/2005, art. 61-65, continued in Reg. 1305/2013, art. 42-44)	1991-
2	R	**Participation of farmers in food quality schemes and marketing** (Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations, Chapter IX, continued in Reg. 1698/2005, art. 48, continued in Reg. 1305/2013, art. 16)	2000-
2	R	**Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions** (Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations, Chapter IX, continued in Reg. 1698/2005, art. 48, continued in Reg. 1305/2013, art. 18 and 24)	2000-
2	R	**Diversification of the rural economy** (Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations, Chapter IX, continued in Reg. 1698/2005, art. 53-55, 58-59, continued in Reg. 1305/2013, art. 19-1a-ii, 19-1b)	2000-

Type no.[1)]	Policy[2)]	Measure	Period
2	R	**Semi-subsistence farming** (Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), art. 34)	2007-2013
2	R	**Risk management** (Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005, art. 36-39)	2014-
4	R	**Agricultural production methods compatible with the requirements of the protection of the environment and the maintenance of the countryside** (Council Regulation (EEC) No 2078/92 of 30 June 1992 on agricultural production methods compatible with the requirements of the protection of the environment and the maintenance of the countryside, continued in Reg. 1257/1999, Chapter VI, continued in Reg. 1698/2005, art. 38-49, continued in Reg. 1305/2013, art. 17-1d, 28-30, 33-34)	1992-
6	R	**Less Favoured Areas (LFA) Directive** (Directive 75/268/EEC on mountain and hill farming and farming in certain rural areas; in 1985 included in Reg. 797/85 on improving the efficiency of agricultural structures; in 1991 included in Title VI of Reg. 2328/91 on improving the efficiency of agricultural structures, continued in Reg. 950/97, Title IX, continued in Reg. 1257/1999, Chapter V, continued in Reg. 1698/2005, art. 37, continued in Reg. 1305/2013, art. 31-32)	1975-
6	R	**Investments in agricultural holdings and the installation of young farmers** (Council Regulation (EEC) No 797/85 of 12 March 1977 on improving the efficiency of agricultural structures, art. 2-12, continued in Reg. 2328/91, Title IV, continued in Reg. 950/97, Title II- IV, continued in Reg. 1257/1999, Chapter I, continued in Reg. 1698/2005, art. 22 and 26, continued in Reg. 1305/2013, art. 17-1a, 19-1a-i,1a-iii, 1c)	1985-

6	R	**Aid in areas sensitive as regards protection of the environment and of natural resources and as regards preservation of the landscape and the countryside (the so-called Environmental Sensitive Areas (ESA)** (Council Regulation (EEC) No 1760/87 of 15 June 1987 amending Regulations (EEC) No 797/85, (EEC) No 270/79, (EEC) No 1360/78 and (EEC) No 355/77 as regards agricultural structures, the adjustment of agriculture to the new market situation and the preservation of the countryside, adjustment of art. 19 of Reg. 797/85, continued in Reg. 2328/91, Title VII)	1987-1992
6	R	**Infrastructure related to the development and adaptation of agriculture and forestry** (Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations, Chapter IX, continued in Reg. 1698/2005, art. 30, continued in Reg. 1305/2013, art. 17-1c)	2000-
6	R	**Meeting standards based on Community legislation** (Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), art. 31, continued in Reg. 1305/2013, art. 17-5)	2000-
6	R	**Conditions to improve the quality of life in rural areas** (Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations, Chapter IX, continued in Reg. 1698/2005, art. 56-57, continued in Reg. 1305/2013, art. 20)	2000-

1) 1= uniformly applicable, socio-economic; 2 = flexibly applicable, socio-economic; 4 = flexibly applicable, environnemental; 6 = flexibly applicable, socio-economic and environmental (see Figure 2.1).
2) P= price, market and income policy; R= agricultural structural policy /rural development policy.

Annex 3.1: Flexibility modes of direct payments and positions of the key institutions

TOPIC	ISSUE	POSITIONS	FLEXIBILITY MODE IN THE POLICY OUTCOME
Internal convergence of direct payments (within the MS)	Adoption	No documented positions.	No flexibility: convergence of direct payments in each MS should take place by 2019.
	Targeting & design	EC: uniform unit value by 2019; EP: uniform value but 20% deviation possible, increase from 2014 max. 30%; C: uniform value but a third of the gap should be covered if the 2014 value is <90% of the average.	Targeting & design flexibility: the MS may choose a national or regional approach; by 2019, all farmers should get at least 60% of the average payment and if falling below 90% (or max. 100%) of the average, at least a third of the gap to 90% shall be covered; in cutting of the above average payments, the MS may limit farmer-specific losses to 30%.
	Finance	No documented positions.	No flexibility: convergence takes place within the national ceilings ("envelopes", payment entitlements).
External convergence of direct payments (between the MS)	Adoption	No documented positions.	No flexibility: partial alignment of direct payments between MS by adjusting national envelopes until 2019.
	Targeting & design	EC: a third of the payment gap should be closed for MS <90% of the average payment; EP: minimum payment for all MS 65% of the average; C: minimum payment of 196 EUR/ha for all MS by 2020.	No flexibility: if average payment is <90% of the EU average, 1/3 of the difference to 90% will be covered; minimum payment of 196 EUR/ha in 2020 for all MS; above average payments will be adjusted correspondingly.
	Finance	Comes with targeting & design.	No flexibility: the national ceilings are adjusted accordingly.

TOPIC	ISSUE	POSITIONS	FLEXIBILITY MODE IN THE POLICY OUTCOME
Small farms: redistribution of payments	Adoption	EP and C: voluntary; EC: no position.	Adoption flexibility: voluntary for the MS to redistribute direct payments for small farms.
	Targeting & design	EP: up to 50 ha or average size; C: up to 30 ha or average size and max. 65%; EC no position.	Targeting & design flexibility: up to 30 ha or average size, max. 65% of the national average payment.
	Finance	EP and C: max. 30%; EC no position.	Financial flexibility: max. 30% of the national envelope may be taken out and redistributed.
Small farms: special scheme	Adoption	EC: mandatory for MS, voluntary for farmers, max. 1,000 EUR; EP: voluntary for MS, mandatory for farmers, max. 1,500 EUR; C: voluntary for MS and farmers, max. 1,000 EUR.	Adoption flexibility: Small Farmers Scheme is voluntary for the MS and for the farmers; a lump sum 500–1,250 EUR is paid irrespective of farm size [replaces normal payment].
	Targeting & design	EC and C: up to 15% of the national average payment per farmer or national average payment per farmer for up to 3 ha; EP: up to 25% or up to 5 ha.	Targeting & design flexibility: MS may use various methods to fix the payment (up to 25% of the national average payment per farmer or national average payment up to 5 ha or the amount of farmer's normal payment).
	Finance	EC and C: max. 10%; EP: max. 15%.	Financial flexibility: max. 10% of the national envelope.
Young farmers (<40 years)	Adoption	EC, EP: mandatory; C: voluntary.	No flexibility: mandatory for the MS to top-up the Basic Payment by 25% for the first 5 years after installation.
	Targeting & design	EC, C: up to 25 ha or average size; EP: up to 100 ha.	Targeting & design flexibility: the MS may define the maximum number of eligible hectares per farmer within the range 25–90 (and define eligibility criteria in terms of skills or training requirements).
	Finance	EC, C: max. 2%; EP: 2%.	Financial flexibility: max. 2 % of the national envelope.

TOPIC	ISSUE	POSITIONS	FLEXIBILITY MODE IN THE POLICY OUTCOME
Areas with natural constraints	Adoption	No documented positions.	Adoption flexibility: additional payments to farms at LFA/ANC are voluntary for the MS.
	Targeting & design	No documented positions.	Targeting & design flexibility: MS may choose to pay for all designated areas or for some of them; regional application possible.
	Finance	No documented positions.	Financial flexibility: max. 5 % of the envelope.
Problematic sectors (coupled payments)	Adoption	No documented positions.	Adoption flexibility: MS may continue paying coupled support for specific sectors (about 20) in certain regions to maintain current production.
	Targeting & design	EC and C: short list of eligible sectors; EP: long list of eligible sectors.	Targeting & design flexibility: MS may designate the sectors and regions and target a top-up for protein crops.
	Finance	EC: up to 5% or 10%, no top-up for protein crops; EP: up to 15 %, plus 3% for protein crops; C: 5% or 10%, plus 2 % for protein crops.	Financial flexibility: max. 8% or 13% (currently >5%) of the envelope, plus max. 2% for protein crops – or max. 3 mill. EUR per year per MS.
Environment (greening): general	Adoption	No documented positions.	No flexibility: greening is mandatory for the farmers and greening payment is mandatory for the MS.
	Targeting & design	Equivalent practices: EC and EP: No; C: Yes.	Targeting & design flexibility: mandatory greening may be replaced by national or regional environmental certification schemes and organic farming.
	Finance	No documented positions.	No flexibility: mandatory for the MS to use 30% of the envelope for greening payments topping up basic payments.

TOPIC	ISSUE	POSITIONS	FLEXIBILITY MODE IN THE POLICY OUTCOME
Environment (greening): crop diversification	Adoption	No documented positions.	No flexibility: crop diversification is mandatory for the farmers (may be provided by equivalent practices).
	Targeting & design	Threshold for diversification: EC: 3 ha; EP and C: 10 ha – threshold for 2 crops: EC: no; EP and C: 10–30 ha – threshold for 3 crops: EC: 3 ha; EP and C: 30 ha – max. cover of the main crop: EC: 70%; EP: 80%; C: 75%.	Targeting, but no flexibility: at least 2 crops on farms with 10-30 ha of arable land, main crop max. 75% of arable land; at least 3 crops on farms >30 ha of arable land, main crop max. 75%, two main crops max. 95%; at least 2 crops on farms >10 ha of arable land in northern areas – farms are exempted from diversification, if >75% of the arable land is grass, forage or fallow and arable land for other uses is <30 ha, if more than 50% is cultivated with different crop compared to previous year or if they are organic farms.
	Finance	Applies only to greening in general.	No flexibility: see greening (general).
Environment (greening): permanent grassland	Adoption	No documented positions.	No flexibility: maintenance (decrease <5% compared to reference) of permanent grassland is obligatory for the MS and collectively obligatory for the farmers (if exceeded, farm-specific restoration of grassland).
	Targeting & design	EC: farm level application; EP and C: national, regional or sub-regional level application.	Targeting & design flexibility: MS may choose national, regional, sub-regional or farm level application.
	Finance	Applies only to greening in general.	No flexibility: see greening (general).

TOPIC	ISSUE	POSITIONS	FLEXIBILITY MODE IN THE POLICY OUTCOME
Environment (greening): ecological focus areas	Adoption	Threshold for obligatory focus area: EC: all farms; EP 10 ha; C: 15 ha – Coverage: EC: 7%; EP: 3% ->7%(2018-); C: 5% ->7%(2018-).	Targeting, but no flexibility: ecological focus area (min. 5% of the arable land, min. 7% 2018 onwards) is obligatory for the farmers having >15 ha arable land; farms having >75% of the arable land as grass, forage, fallow or legumes and arable land for other uses <30 ha are excluded from the obligation.
	Targeting & design	No documented positions.	Targeting & design flexibility: MS may choose the eligible forms of ecological areas (list with 10 options), implement half of the obligation at the regional level, allow collective implementation for farmers (max. 10) and opt for replacing the obligation by forests (when forests cover min. 50% of the land area).
	Finance	Applies only to greening in general.	No flexibility: see greening (general).
Degressivity & capping	Adoption	Adoption of degressivity: EC and EP: mandatory; C: voluntary – reduction: EC and EP: 20–70%, C: fix per MS.	Adoption flexibility (conditional): Basically mandatory for the MS to reduce the direct payments by min. 5% for the part exceeding 150,000 EUR per year per farmer (funds are transferred to Pillar II), but if MS uses min. 5% of the envelope for redistributive payments, it may opt out from the reduction.
	Targeting & design	Capping (maximum): EC and EP: 300,000 EUR, C: no maximum.	Targeting & design flexibility: MS may vary the reduction (>5%) or set a maximum for the direct payments by choosing the percentage (100%); MS may also cut the reduction by observing farm-specific salary costs from the previous year (favouring employer farms).
	Finance	No documented positions.	No flexibility: degressivity & capping takes place within the national ceilings.

TOPIC	ISSUE	POSITIONS	FLEXIBILITY MODE IN THE POLICY OUTCOME
Transfer between Pillars	Adoption	No documented positions.	Adoption flexibility: option for the MS to transfer finance between the Pillars.
	Targeting & design	Financial operation: targeting through other measures.	No flexibility: financial operation.
	Finance	From Pillar I to Pillar II: EC: max. 10%; EP and C: max. 15% – from Pillar II to Pillar I for MS <90% of the average: EC: max. 5%; EP: max. 10%; C: max. 25% – from Pillar II to Pillar I for the other MS: EC and EP: 0%; C: max. 15%.	Financial flexibility: the MS may transfer max. 15% of their envelope for direct payments (Pillar I) to rural development (Pillar II) without co-funding, and vice versa; MS <90% of the EU average payment level may transfer 25% from Pillar II to Pillar I.
Financial discipline and market crisis reserve	Adoption	No documented positions.	No flexibility: the direct payments are adjusted in face of exceeding budget ceilings or to finance the crisis reserve.
	Targeting & design	Threshold for adjustment: EC and EP: 5,000 EUR, C: 2,000 EUR.	No flexibility: the cut applies to direct payments >2,000 EUR per farmer per year.
	Finance	No documented positions.	No flexibility: a proportional cut of payments.
Active farmers (eligibility for direct payments)	Adoption	Application: EC and EP: mandatory; C: voluntary.	No flexibility: mandatory negative list of professional business activities (e.g. land on airports and recreation areas) that are excluded from direct payments without genuine farming activities.
	Targeting & design	No documented positions.	Targeting & design flexibility: MS have some latitude in defining the negative list.
	Finance	Comes with targeting & design.	No flexibility: modifications take place within the national ceilings.

Sources: Positions from Kovacs et al. (2015); outcomes from EC (2013a, b).

Annex Table A4.1: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Belgium-Flanders

ITEM	BELGIUM (FLANDERS)						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
			x				
Stage of agricultural development, 2013[1)]	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	1				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)[1)]	Yield		Below EU average		Above EU average		
	9.2				x		
Share of farm holders with other gainful activities, 2010 (% of total holders)[1)]	Farm holders with OGA (%)		Below EU average		Above EU average		
	14		x				
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	18	13	4	12	24	13	16
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
	x						
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
			x				

Discussion relationship of the way of implementation and the farm structure	The use of the historical model for the single payment scheme can be related to the relatively high proportion of small and medium-sized farms. Given the small proportion of farm holders with other gainful activities, most farms only rely on agricultural income. The step towards a flat-rate basic payment is gradually made by achieving full convergence in 2019. In order to prevent severe shocks in the amount of CAP support received by farmers, coupled support is given.		
Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
	Suckler cows	x	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	11	
Sectors involved in voluntary coupled support	Beef, milk, sheep & goats		
Discussion relationship of the way of implementation and the farm structure	Over one-third of farms are dairy and other grazing livestock farms. These farms benefit from coupled support.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use	%	
	x	Cap at 150,000 EUR	
Discussion relationship of the way of implementation and the farm structure	The use of a cap for the basic payments can be related to the switch of the historical model for the single farm payments towards full convergence of basic payments in 2019. Capping results in a higher proportion of financial means available for small and medium-sized farms, thereby relieving the decrease in CAP support relatively to historical levels on small and medium-sized farms.		

1) Indicators refer to Belgium.

Sources : Tables A4.1-A4.32: EC (2013c), EC (2015b), Henke et al. (2015), Anania and Rosaria Pupo d'Andrea (2015) and Tables A4.33-A4.34.

Annex Table A4.2: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Belgium-Wallonia

ITEM	BELGIUM (WALLONIA)						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
					x		
Stage of agricultural development, 2013[1)]	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	1				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)[1)]	Yield		Below EU average		Above EU average		
	9.2				x		
Share of farm holders with other gainful activities, 2010 (% of total holders)[1)]	Farm holders with OGA (%)		Below EU average		Above EU average		
	14		x				
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	22	2	1	15	43	2	15
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
	x						
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
	x						

Discussion relationship of the way of implementation and the farm structure	The use of the historical model for single farm payments and partial convergence for basic payments enables Wallonia to prevent drops in CAP support on especially dairy and other grazing livestock farms in less favoured areas.		
Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
		x	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	21.3	
Sectors involved in voluntary coupled support	Beef, milk, sheep & goats		
Discussion relationship of the way of implementation and the farm structure	The proportion of dairy and other grazing livestock farms is considerable in Wallonia. The use of coupled support for these farming types can be linked to the use of the historical model as coupled support limits shocks in support received by farmers.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
	x	9.3	30
Degressivity tax	Use	%	
Discussion relationship of the way of implementation and the farm structure	Again, the use of redistributive payments can be considered as additional support to especially dairy and other grazing livestock farms in less favoured areas. However, it is also a mean to avoid the obligation of applying a degressivity tax on CAP support beyond 150,000 EUR received by large arable farms.		

1) Indicators refer to Belgium.

Annex Table A4.3: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Bulgaria

ITEM	BULGARIA						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
	x						
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	19		x				
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	4.3		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	37				x		
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	17	5	9	13	11	8	37
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
					x		
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
				x			
Discussion relationship of the way of implementation and the farm structure	Given the small-scale farm structure (83% of all farms have less than 2 hectares, whereas only 5% have more than 10 ha) the use of the SAPS is simple and does not result in large differences in amounts of CAP support received by farmers.						

Coupled support			
Coupled support, 2010-2014	Products		Article 68 of Reg. 73/2009
	Soft fruit		x
Voluntary coupled support, 2015	Use		% of national ceiling (2015)
	x		15
Sectors involved in voluntary coupled support	Beef, fruit & vegetables, milk, protein crops, sheep & goats,		
Discussion relationship of the way of implementation and the farm structure	The quite high level of coupled support could be considered here as a stimulus for the many small, rather poorly developed farms to boost production. As such it acts like a modernisation incentive. Given the rather diversified distribution of farms over farming types, coupled support is given to a wide range of products.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
	x	7.1	30
Degressivity tax	Use		%
	x		5% at 150,000 EUR; cap at 300,000 EUR
Discussion relationship of the way of implementation and the farm structure	Redistributive payments can be considered as a mean to spend a considerable share of the national ceiling on small farms. However, it can be wondered whether a degressivity tax and a cap makes sense in Bulgaria. Given the dual farm structure with many small farms and a limited number of large cooperate farms, a degressivity tax makes sense in order to redistribute money to small farms.		

Annex Table A4.4: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in the Czech Republic

ITEM	CZECH REPUBLIC						
Some indicators on the farm structure							
Scale of farm structure, 2013	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
			x				
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	3				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	6.2				x		
Share of farm holders with other gainful activities, 2013 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	34				x		
Distribution of farm types, 2013 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	31	1	11	5	29	2	21
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
					x		
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
				x			

Discussion relationship of the way of implementation and the farm structure	As new Member State, the Czech Republic uses the SAPS.		
Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
		x	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	15	
Sectors involved in voluntary coupled support	Beef, fruit & vegetables, hops, milk, protein crops, sheep & goats, starch potato, sugar beet		
Discussion relationship of the way of implementation and the farm structure	The Czech Republic opts for supporting a wide range of products by coupled support. Given the distribution of farming types, this implies that many farmers benefit.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use	%	
	x	5% at 150,000 EUR	
Discussion relationship of the way of implementation and the farm structure	Given the relatively moderate proportion of small farms, there is little reason to use redistribution payments as additional support for small farms. The Czech Republic opts for the minimum variant of the degressivity tax.		

Annex Table A4.5: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Denmark

ITEM	DENMARK						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
					x		
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	2				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	7.7				x		
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	70				x		
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	41	2	5	9	18	8	14
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
				x			
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
	x						
Discussion relationship of the way of implementation and the farm structure	Denmark applied the dynamic hybrid model in a situation of a relatively large-scale farm structure. From this, the step towards the use of full convergence in 2015 or 2019 would have been expected. However, Denmark uses partial convergence for the basic payments.						

Coupled support			
Coupled support, 2010-2014	Products		Article 68 of Reg. 73/2009
			x
Voluntary coupled support, 2015	Use		% of national ceiling (2015)
	x		2.8
Sectors involved in voluntary coupled support	Beef		
Discussion relationship of the way of implementation and the farm structure	Denmark uses coupled support in a moderate extent to give additional support to the numerous beef producers.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use		%
	x		5% at 150,000 EUR
Discussion relationship of the way of implementation and the farm structure	Given the relatively moderate proportion of small farms, there is little reason to use redistribution payments as additional support for small farms. Denmark opts for the minimum variant of the degressivity tax.		

Annex Table A4.6: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Germany

ITEM	GERMANY						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
			x				
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	2				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	8.2				x		
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	56				x		
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	24	3	8	22	22	6	15
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
				x			
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
		x					
Discussion relationship of the way of implementation and the farm structure	In a situation of relatively few small farms, Germany opts for a dynamic hybrid model for the single payment scheme, that evolves into full convergence of basic payments in 2015.						

Coupled support			
Coupled support, 2010-2014	Products		Article 68 of Reg. 73/2009
Voluntary coupled support, 2015	Use		% of national ceiling (2015)
Sectors involved in voluntary coupled support	Germany makes the transition towards full convergence of basic payments without using the option of coupled support. As more than half of the farm holders rely both on income from agricultural activities and income from other sources, the impact of a drop in CAP support (compared with historical levels) on total farm income is likely to be limited for most farmers.		
Discussion relationship of the way of implementation and the farm structure			
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
	x	7	30
Degressivity tax	Use		%
	x		5% at 150,000 EUR
Discussion relationship of the way of implementation and the farm structure	Despite the relatively moderate number of small farms, Germany applies redistributive payments. This could be considered as a kind of continuation of the dynamic hybrid model for the single payments for small farms.		

Annex Table A4.7: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Estonia

ITEM	ESTONIA						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
			x				
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	4				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	4.0		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	36				x		
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	34	3	2	10	15	2	17
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
					x		
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
				x			
Discussion relationship of the way of implementation and the farm structure	As new Member State, Estonia uses the SAPS.						

Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
		x	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	3.7	
Sectors involved in voluntary coupled support	Beef, fruit & vegetables, milk, sheep & goats		
Discussion relationship of the way of implementation and the farm structure	Only a limited budget is reserved for coupled support. This is granted for a wide variety of products, serving many farms.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use	%	
	x	5% at 150,000 EUR	
Discussion relationship of the way of implementation and the farm structure	Given the moderate amount of the hectare payments and the relatively low proportion of large farms, only very few farms are faced with the degressivity tax.		

Annex Table A4.8: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Ireland

ITEM	IRELAND						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
			x				
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	6				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	9.9				x		
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	44				x		
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	10	0	0	11	76	1	2
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
	x						
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
	x						
Discussion relationship of the way of implementation and the farm structure	Given the relatively high amount of medium-sized farms, Ireland opts for the historical model for single farm payments and partial convergence of basic payments.						

Coupled support			
Coupled support, 2010-2014	Products		Article 68 of Reg. 73/2009
			x
Voluntary coupled support, 2015	Use		% of national ceiling (2015)
	x		0.2
Sectors involved in voluntary coupled support	protein crops		
Discussion relationship of the way of implementation and the farm structure	About three quarters of the farms are other grazing livestock farms and another 10% dairy farms. Given the use of the historical model, coupled support is a complicated way of granting additional support to farmers in specific farming types. In the case of Ireland, farming types other than dairy and other grazing livestock farms are rather insignificant. Granting of coupled support to the dairy and other grazing livestock farms makes therefore hardly sense; some limited coupled support is given to field cropping farms.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use		%
	x		Cap at 150,000 EUR
Discussion relationship of the way of implementation and the farm structure	Given the moderate share of large farms, only a few of them will be affected by the cap at 150,000 EUR.		

Annex Table A4.9: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Greece

ITEM	GREECE						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
	x						
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	13		x				
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	2.9		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	22		x				
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	19	2	58	0	6	1	13
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
	x						
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
	x						
Discussion relationship of the way of implementation and the farm structure	The use of the historical model for the single payment scheme and partial convergence for basic payments can be related to the relatively high proportion of small-sized farms. Given the small proportion of farm holders with other gainful activities, most farms only rely on agricultural income.						

Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
	Cotton	x	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	7.4	
Sectors involved in voluntary coupled support	Beef, cereals, fruit & vegetables, grain legumes, protein crops, rice, seeds, sheep & goats, silk worms, sugar beet		
Discussion relationship of the way of implementation and the farm structure	Coupled support in Greece could be considered as stimulating the many small, rather poorly developed farms to boost production. As such it acts like a modernisation incentive. Given the quite diversified distribution of farms over farming types, coupled support is given to a wide range of products.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use	%	
	x	Cap at 150,000 EUR	
Discussion relationship of the way of implementation and the farm structure	Given the small proportion of large-sized farms, the number of farms affected by the cap will be negligible.		

Annex Table A4.10: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Spain

ITEM	SPAIN						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
	x						
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	4				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	3.3		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	21		x				
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	21	4	49	2	11	3	9
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
	x						
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
	x						
Discussion relationship of the way of implementation and the farm structure	The use of the historical model for the single payment scheme and partial convergence for basic payments can be related to the relatively high proportion of small and medium-sized farms. Given the small proportion of farm holders with other gainful activities, most farms only rely on agricultural income.						

Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
	Suckler cows, cotton, sugar	x	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	12.1	
Sectors involved in voluntary coupled support	Beef, fruit & vegetables, grain legumes, milk, nuts, protein crops, rice, sheep & goats, sugar beet		
Discussion relationship of the way of implementation and the farm structure	By granting coupled support for a wide range of products, drops in CAP support relatively to historical levels due to partial convergence can be softened.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use	%	
	x	5% at 150,000 euro	
Discussion relationship of the way of implementation and the farm structure	Given the small proportion of large-sized farms, only few farms are faced with the degressivity tax of 5% at 150,000 EUR.		

Annex Table A4.11: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in France

ITEM	FRANCE						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
					x		
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	3				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	7.6				x		
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	24		x				
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	26	3	18	10	25	4	13
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
	x						
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
	x						
Discussion relationship of the way of implementation and the farm structure	The use of the historical model for single farm payments and partial convergence for basic payments enables France to prevent drops in CAP support on especially dairy and other grazing livestock farms in less favoured areas.						

Coupled support			
Coupled support, 2010-2014	Products		Article 68 of Reg. 73/2009
	Suckler cows, fruits and vegetables		x
Voluntary coupled support, 2015	Use		% of national ceiling (2015)
	x		15
Sectors involved in voluntary coupled support	Beef, cereals, fruit & vegetables, milk, protein crops, sheep & goats, sugar beet		
Discussion relationship of the way of implementation and the farm structure	The major part of coupled support is granted to beef, milk and sheep & goats, enabling further support to especially dairy and other grazing livestock farms in less favoured areas.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
	x	5	52
Degressivity tax	Use		%
Discussion relationship of the way of implementation and the farm structure	Again, the use of redistributive payments can be considered as additional support to especially dairy and other grazing livestock farms in less favoured areas. However, it is also a mean to avoid the obligation of applying a degressivity tax on CAP support received beyond 150,000 EUR by large cereal farms.		

Annex Table A4.12: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Croatia

ITEM	CROATIA						
Some indicators on the farm structure							
Scale of farm structure, 2013	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
	x						
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	-						
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	4.8		x				
Share of farm holders with other gainful activities, 2013 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	29		x				
Distribution of farm types, 2013 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	21	1	19	7	7	3	41
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
	Not relevant						
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
	x						
Discussion relationship of the way of implementation and the farm structure	The use of partial convergence for basic payments can be related to the relatively high proportion of small-sized farms. This enables to grant CAP support based on historical production levels instead of ha. Given the small proportion of farm holders with other gainful activities, most farms only rely on agricultural income.						

Coupled support			
Coupled support, 2010-2014	Products		Article 68 of Reg. 73/2009
	Not relevant		
Voluntary coupled support, 2015	Use		% of national ceiling (2015)
	x		15
Sectors involved in voluntary coupled support	Beef, fruit & vegetables, milk, protein crops, sheep & goats, sugar beet		
Discussion relationship of the way of implementation and the farm structure	The quite high level of coupled support could be considered here as a stimulus for the many small, rather poorly developed farms to boost production. As such it acts like a modernisation incentive. Given the quite diversified distribution of farms over farming types, coupled support is given to a wide range of products.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
	x	10	20
Degressivity tax	Use		%
Discussion relationship of the way of implementation and the farm structure	Redistributive payments can be considered as a mean to spend additional funds of the national ceiling on the many small farms.		

Annex Table A4.13: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Italy

ITEM	ITALY						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
	x						
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	4				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	5.3		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	25		x				
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	24	2	55	2	6	1	9
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
	x						
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
	x						
Discussion relationship of the way of implementation and the farm structure	The use of the historical model for the single payment scheme and partial convergence for the basic payments can be related to the relatively high proportion of small-sized farms. Given the small proportion of farm holders with other gainful activities, most farms only rely on agricultural income.						

Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
	Prunes	x	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	11	
Sectors involved in voluntary coupled support	Beef, cereals, fruit & vegetables, grain legumes, milk, oilseeds, olive oil, protein crops, rice, sheep & goats, sugar beet		
Discussion relationship of the way of implementation and the farm structure	Due to coupled support for a wide range of products, drops in CAP support relatively to historical levels due to partial convergence can be softened.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use	%	
	x	50% at 150,000 EUR; cap at 500,000 EUR	
Discussion relationship of the way of implementation and the farm structure	Given the small proportion of large-sized farms, the number of farms affected by the partial and the full cap will be negligible.		

Annex Table A4.14: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Cyprus

ITEM	CYPRUS						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
	x						
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	4				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	2.0		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	46				x		
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	7	3	70	0	5	2	12
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
					x		
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
				x			
Discussion relationship of the way of implementation and the farm structure	Given the small-scale farm structure (75% of all farms have less than 2 hectares, whereas only 5% have more than 10 ha) the use of the SAPS is simple and does not result in large differences in amounts of CAP support received by farmers.						

Coupled support			
Coupled support, 2010-2014	Products		Article 68 of Reg. 73/2009
	Citrus fruits		x
Voluntary coupled support, 2015	Use		% of national ceiling (2015)
	x		7.9
Sectors involved in voluntary coupled support	Fruit & vegetables, milk, sheep & goats		
Discussion relationship of the way of implementation and the farm structure	The majority of farms are permanent crop producers. Together with the dairy and other grazing livestock farms these cover about three quarters of all farms. This means that the larger part of the farms at Cyprus benefit from coupled support.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use		%
	x		5% at 150,000 EUR
Discussion relationship of the way of implementation and the farm structure	Given the dual farm structure with many small farms and a limited number of large cooperate farms, a degressivity tax makes sense in order to redistribute money to small farms.		

Annex Table A4.15: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Latvia

ITEM	LATVIA						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
			x				
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	8				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	4.2		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	35				x		
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	38	1	1	21	6	4	21
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
					x		
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
				x			
Discussion relationship of the way of implementation and the farm structure	As new Member State, Latvia uses the SAPS.						

Coupled support			
Coupled support, 2010-2014	Products		Article 68 of Reg. 73/2009
			x
Voluntary coupled support, 2015	Use		% of national ceiling (2015)
	x		15
Sectors involved in voluntary coupled support	Beef, fruit & vegetables, milk, protein crops, sheep & goats		
Discussion relationship of the way of implementation and the farm structure	Latvia opts for supporting a wide range of products through coupled support. Given the distribution of farming types, this implies that many farmers will benefit.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use		%
	x		5% at 150,000 EUR
Discussion relationship of the way of implementation and the farm structure	Given the small proportion of large-sized farms, only very few farms are faced with the degressivity tax of 5% at 150,000 EUR.		

Annex Table A4.16: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Lithuania

ITEM	LITHUANIA						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
			x				
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	8				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	4.7		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	31		x				
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	28	3	1	18	2	1	45
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
					x		
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
				x			

Discussion relationship of the way of implementation and the farm structure	As new Member State, Lithuania uses the SAPS.		
Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
		x	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	15	
Sectors involved in voluntary coupled support	Beef, cereals, fruit & vegetables, milk, oilseeds, protein crops, seeds, sheep & goats, starch potato		
Discussion relationship of the way of implementation and the farm structure	Lithuania opts for supporting a wide range of products by coupled support. Given the distribution of farming types, this implies that many farmers can benefit from this.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
	x	15	30
Degressivity tax	Use	%	
Discussion relationship of the way of implementation and the farm structure	Over 80% of the farms in Lithuania are smaller than 30 ha. So a large number of farms will benefit from redistributive payments.		

Annex Table A4.17: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Luxembourg

ITEM	LUXEMBOURG						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
					x		
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	1				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	6.3				x		
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	28		x				
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	7	1	16	27	39	1	9
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
			x				
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
	x						

Discussion relationship of the way of implementation and the farm structure	Luxembourg applied the static hybrid model in a situation of a relatively large-scale farm structure. From this, the step towards the use of full convergence in 2015 or 2019 would have been expected. However, Luxembourg uses partial convergence for the basic payments. As such it stays close to the historical situation.		
Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	0.5	
Sectors involved in voluntary coupled support	Protein crops		
Discussion relationship of the way of implementation and the farm structure	Three quarters of the farms in Luxembourg are dairy or other grazing livestock farms. Given the choice of Luxembourg to apply the static hybrid model and partial convergence, CAP support received by these farms is derived from historical levels. Apparently, Luxembourg sees no reason to grant these farmers additional support by means of coupled support.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use	%	
	x	5% at 150,000 EUR	
Discussion relationship of the way of implementation and the farm structure	Given the large-scale farm structure, Luxembourg implements a degressivity tax that affects the amount of CAP support received by large farms as little as possible.		

Annex Table A4.18: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Hungary

ITEM	HUNGARY						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
	x						
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	7				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	4.8		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	40				x		
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	21	2	15	1	3	36	19
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
					x		
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
				x			

Discussion relationship of the way of implementation and the farm structure	Given the small-scale farm structure (79% of all farms have less than 2 ha, whereas only 2% have more than 10 ha) the use of the SAPS is simple and does not lead to large differences in amounts of CAP support received by farmers.		
Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
		x	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	15	
Sectors involved in voluntary coupled support	Beef, fruit & vegetables, milk, protein crops, rice, sheep & goats, sugar beet		
Discussion relationship of the way of implementation and the farm structure	The quite high level of coupled support could be considered here as a stimulus for the many small farms to boost production. Given the rather diversified distribution of farms over farming types, coupled support is given to a wide range of products.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use	%	
	x	5% at 150,000 EUR; cap at 176,000 EUR	
Discussion relationship of the way of implementation and the farm structure	Given the dual farm structure with many small farms and a limited number of large cooperate farms, a degressivity tax makes sense in order to redistribute money to small farms.		

Annex Table A4.19: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Malta

ITEM	MALTA						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
	x						
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	3				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	-						
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	44				x		
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	31	12	7	1	9	5	10
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
		x					
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
		x					

Discussion relationship of the way of implementation and the farm structure	Given the small-scale farm structure (89% of all farms have less than 2 hectares, whereas the other 11% is between 2-10 ha) the use of the regional model for the single farm payments does not result in large differences in amounts of CAP support received by farmers. The use of full convergence in 2015 for the basic payments is a logical follow up of the regional model.		
Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	57.2	
Sectors involved in voluntary coupled support	Beef, fruit & vegetables, milk, sheep & goats		
Discussion relationship of the way of implementation and the farm structure	About one-third of the farms benefit from additional coupled support.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use	%	
	x	5% at 150,000 EUR	
Discussion relationship of the way of implementation and the farm structure	Given the lack of large-sized farms, the number of farms affected by the degressivity tax will be negligible.		

Annex Table A4.20: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in the Netherlands

ITEM	NETHERLANDS						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
			x				
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	3				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	9.0				x		
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	36				x		
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	17	14	3	24	28	9	5
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
	x						
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
			x				

Discussion relationship of the way of implementation and the farm structure	The use of the historical model for the single farm payment scheme can be related to the relatively high proportion of small and medium-sized farms. The step towards a flat-rate basic payment is gradually made by achieving full convergence in 2019. This step is related to a wish to simplify the way basic payments are made to farmers and to the search for a justification of payments to farmers.		
Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
		x	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	0.5	
Sectors involved in voluntary coupled support	Beef, sheep & goats		
Discussion relationship of the way of implementation and the farm structure	To keep the administration of payments to farmers simple, no coupled support is given to farmers. The little amount of the national ceiling spend on coupled support is reserved for extensive grazing in nature areas.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use	%	
	x	5% at 150,000 EUR	
Discussion relationship of the way of implementation and the farm structure	To keep the administration of payments to farmers simple, the Netherlands opts for the minimum level of the degressivity tax. In practice, the number of farms affected by this tax is limited.		

Annex Table A4.21: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Austria

ITEM	AUSTRIA						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
			x				
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	4				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	5.7		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	51				x		
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	25	1	9	19	31	6	10
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
	x						
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
			x				
Discussion relationship of the way of implementation and the farm structure	The use of the historical model for the single payment scheme can be related to the relatively high proportion of small and medium-sized farms. The linkage of CAP support to historical levels is gradually abandoned by opting for achieving full convergence of a flat-rate basic payment in 2019.						

Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
	Suckler cows	x	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	1.9	
Sectors involved in voluntary coupled support	Beef, sheep & goats		
Discussion relationship of the way of implementation and the farm structure	Other grazing livestock producers receive some additional coupled support.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use	%	
	x	Cap at 150,000 EUR	
Discussion relationship of the way of implementation and the farm structure	Given the small proportion of large-sized farms, the number of farms affected by the cap will be negligible.		

Annex Table A4.22: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Poland

ITEM	POLAND						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
			x				
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	12		x				
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	4.7		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	37				x		
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	40	2	4	8	3	4	35
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
	x						
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
				x			
Discussion relationship of the way of implementation and the farm structure	The use of the historical model for the single payment scheme enabled Poland to grant CAP support related to farm production levels in the reference period. This historical linkage has been abandoned in the implementation of the basic payments; for this the SAPS has been selected.						

Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
	Suckler cows, sheep and goats, cotton	x	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	15	
Sectors involved in voluntary coupled support	Beef, flax, fruit & vegetables, hemp, hops, milk, protein crops, sheep & goats, starch potato, sugar beet		
Discussion relationship of the way of implementation and the farm structure	For softening drops in CAP support due to the implementation of the SAPS, coupled support for a wide variety of products is granted. By doing so, some relationship with historical production levels can be maintained.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
	x	8.3	30
Degressivity tax	Use	%	
	x	Cap at 150,000 EUR	
Discussion relationship of the way of implementation and the farm structure	Considering the small-scale farm structure, many farms will benefit from redistributive payments. Given the dual farm structure with many small farms and a limited number of large cooperate farms, a cap makes sense in order to redistribute money to small farms.		

Annex Table A4.23: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Portugal

ITEM	PORTUGAL						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
	x						
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	11		x				
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	1.9		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	28		x				
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	9	3	37	3	13	2	32
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
	x						
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
	x						

Discussion relationship of the way of implementation and the farm structure	The use of the historical model for the single payment scheme and partial convergence for the basic payments can be related to the relatively high proportion of small and medium-sized farms. By doing so, the linkage with historical levels of CAP support can be maintained. Given the small proportion of farm holders with other gainful activities, most farmers only rely on agricultural income.		
Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
	Suckler cows, sheep and goats, cotton	x	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	20.8	
Sectors involved in voluntary coupled support	Beef, fruit & vegetables, milk, rice, sheep & goats		
Discussion relationship of the way of implementation and the farm structure	The quite high level of coupled support could be considered here as a stimulus for the many small, rather poorly developed farms to boost production. As such it acts like a modernisation incentive. The majority of farms benefits from this coupled support.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use	%	
	x	5% at 150,000 EUR	
Discussion relationship of the way of implementation and the farm structure	Given the small proportion of large-sized farms, the number of farms affected by the degressivity tax will be negligible.		

Annex Table A4.24: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Romania

ITEM	ROMANIA						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
	x						
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	30		x				
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	3.6		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	28		x				
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	24	1	4	3	7	25	33
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
					x		
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
				x			
Discussion relationship of the way of implementation and the farm structure	As new Member State, Romania uses the SAPS.						

Coupled support			
Coupled support, 2010-2014	Products		Article 68 of Reg. 73/2009
			x
Voluntary coupled support, 2015	Use		% of national ceiling (2015)
	x		14.9
Sectors involved in voluntary coupled support	Beef, fruit & vegetables, grain legumes, hemp, hops, milk, protein crops, rice, seeds, sheep & goats, silk worms, sugar beet		
Discussion relationship of the way of implementation and the farm structure	The quite high level of coupled support could be considered as a stimulus for the many small, rather poorly developed farms to boost production. As such it acts like a modernisation incentive. Given the rather diversified distribution of farms over farming types, coupled support is given to a wide range of products.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
	x	5.2	30
Degressivity tax	Use		%
Discussion relationship of the way of implementation and the farm structure	Over 95% of all farms have less than 10 hectares, which implies that most farms will benefit from redistributive payments and that hence the number of farms over 30 hectares suffering from a moderate decrease in basic payments is limited.		

Annex Table A4.25: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Slovenia

ITEM	SLOVENIA						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
	x						
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	8				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	4.9		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	77				x		
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	17	1	12	10	30	1	29
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
		x					
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
	x						

Discussion relationship of the way of implementation and the farm structure	Given the small-scale farm structure (84% of all farms have less than 10 hectares, whereas only 1% have more than 50 ha) the use of the regional model for the single farm payment does not result in large differences in amounts of CAP support received by farmers. From this, the step towards the use of full convergence in 2015 would have been expected. However, Slovenia opts for partial convergence for the basic payments.		
Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
		x	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	15	
Sectors involved in voluntary coupled support	Beef, cereals, fruit & vegetables, milk, protein crops		
Discussion relationship of the way of implementation and the farm structure	The option to use a high share of the national ceiling for coupled support enforces the tendency reflected in the application of partial convergence to link CAP support to the production level of the farm. Slovenia opts for supporting a wide range of products by coupled support. Given the distribution of farming types, this implies that many farmers can benefit from this.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use	%	
	x	5% at 150,000 EUR	
Discussion relationship of the way of implementation and the farm structure	Given the dual farm structure with many small farms and a limited number of large cooperate farms, a degressivity tax makes sense in order to redistribute money to small farms.		

Annex Table A4.26: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Slovakia

ITEM	SLOVAKIA						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
	x						
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	3				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	5.2		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	47				x		
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	17	1	12	10	30	1	29
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
					x		
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
				x			
Discussion relationship of the way of implementation and the farm structure	As new Member State, Slovakia uses the SAPS.						

Coupled support			
Coupled support, 2010-2014	Products		Article 68 of Reg. 73/2009
			x
Voluntary coupled support, 2015	Use		% of national ceiling (2015)
	x		13
Sectors involved in voluntary coupled support	Beef, fruit & vegetables, hops, milk, sheep & goats, sugar beet		
Discussion relationship of the way of implementation and the farm structure	Slovakia opts for supporting a wide range of products by coupled support. Given the distribution of farming types, this implies that many farmers can benefit from this.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use		%
	x		5% at 150,000 EUR
Discussion relationship of the way of implementation and the farm structure	Given the dual farm structure with many small farms and a limited number of large cooperate farms, a degressivity tax makes sense in order to redistribute money to small farms.		

Annex Table A4.27: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Finland

ITEM	FINLAND						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
			x				
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	5				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	4.0		x				
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	79				x		
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	58	4	1	16	13	3	4
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
				x			
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
			x				
Discussion relationship of the way of implementation and the farm structure	In a situation of relatively few small-sized farms, Finland opts for a dynamic hybrid model for the single payment scheme, that evolves into full convergence of basic payments in 2019.						

Coupled support			
Coupled support, 2010-2014	Products		Article 68 of Reg. 73/2009
	Sheep and goats		x
Voluntary coupled support, 2015	Use		% of national ceiling (2015)
	x		20
Sectors involved in voluntary coupled support	Beef, cereals, fruit & vegetables, milk, protein crops, sheep & goats, starch potato, sugar beet		
Discussion relationship of the way of implementation and the farm structure	About 80% of farmers also have an income from other gainful activities. In order to enhance agricultural production, coupled support is given to a wide range of products.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use		%
	x		5% at 150,000 EUR
Discussion relationship of the way of implementation and the farm structure	Given the relatively limited number of small-sized farms in Finland, no need is felt to support these farms by redistributive payments. Finland opts for the minimum level of the degressivity tax. In practice, the number of farms affected by this tax is limited.		

Annex Table A4.28: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in Sweden

ITEM	SWEDEN						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
			x				
Stage of agricultural development, 2013	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	2				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)	Yield		Below EU average		Above EU average		
	6.6				x		
Share of farm holders with other gainful activities, 2010 (% of total holders)	Farm holders with OGA (%)		Below EU average		Above EU average		
	6		x				
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	41	1	0	8	40	1	5
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
			x				
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
			x (in 2020)				
Discussion relationship of the way of implementation and the farm structure	Sweden opted for the static hybrid model for single farm payments, thereby softening the drop in CAP support relatively to historical levels for the numerous medium-sized farms. In line with this choice, Sweden gradually moves to full convergence of basic payments in 2020.						

Coupled support			
Coupled support, 2010-2014	Products		Article 68 of Reg. 73/2009
			x
Voluntary coupled support, 2015	Use		% of national ceiling (2015)
	x		13
Sectors involved in voluntary coupled support	Beef		
Discussion relationship of the way of implementation and the farm structure	For softening the drop in CAP support relative to historical levels on dairy and other livestock farms, coupled support for beef is granted.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use		%
	x		5% at 150,000 EUR
Discussion relationship of the way of implementation and the farm structure	Sweden opts for the minimum level of the degressivity tax. In practice, the number of farms affected by this tax is limited.		

Annex Table A4.29: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in UK-England

ITEM	UK-ENGLAND						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
					x		
Stage of agricultural development, 2013[1)]	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	1				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)[1)]	Yield		Below EU average		Above EU average		
	8.3				x		
Share of farm holders with other gainful activities, 2010 (% of total holders)[1)]	Farm holders with OGA (%)		Below EU average		Above EU average		
	30		x				
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	33	2	2	8	43	4	8
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
				x			
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
		x					
Discussion relationship of the way of implementation and the farm structure	Agriculture in England is dominated by large-scale arable farming. England used the dynamic hybrid model for the single farm payments, which evolved into full convergence in 2015 for the basic payments.						

Coupled support			
Coupled support, 2010-2014	Products		Article 68 of Reg. 73/2009
Voluntary coupled support, 2015	Use		% of national ceiling (2015)
Sectors involved in voluntary coupled support	The gradual move towards uniform hectare payments is not mixed with coupled support.		
Discussion relationship of the way of implementation and the farm structure			
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use		%
	x		5% at 150,000 EUR
Discussion relationship of the way of implementation and the farm structure	For capping the amount of basic payments received by large-sized farms, the minimum option for the degressivity tax is applied.		

1) Indicators refer to the UK.

Annex Table A4.30: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in UK-Wales

ITEM	UK-WALES						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
					x		
Stage of agricultural development, 2013[1)]	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	1				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)[1)]	Yield		Below EU average		Above EU average		
	8.3				x		
Share of farm holders with other gainful activities, 2010 (% of total holders)[1)]	Farm holders with OGA (%)		Below EU average		Above EU average		
	30		x				
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	23	0	0	7	65	1	3
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
	x						
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
			x				
Discussion relationship of the way of implementation and the farm structure	Cattle production is the main farming type in Wales. The historical model was used for the single farm payment in order to stay close to historical support levels. For the basic payments, the option of full convergence in 2019 is applied.						

Coupled support			
Coupled support, 2010-2014	Products		Article 68 of Reg. 73/2009
Voluntary coupled support, 2015	Use		% of national ceiling (2015)
Sectors involved in voluntary coupled support	The relatively large-sized farms in Wales are not supported by coupled support.		
Discussion relationship of the way of implementation and the farm structure			
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use		%
	x		15% at 150,000 EUR; 30% at 200,000 EUR; 55% at 250,000 EUR; cap at 300,000 EUR
Discussion relationship of the way of implementation and the farm structure	Wales applies a sophisticated system for degressivity, consisting of various tax rates at different amounts of basic payments and a cap.		

1) Indicators refer to the UK.

Annex Table A4.31: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in UK-Scotland

ITEM	UK-SCOTLAND						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
					x		
Stage of agricultural development, 2013[1)]	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	1				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)[1)]	Yield		Below EU average		Above EU average		
	8.3				x		
Share of farm holders with other gainful activities, 2010 (% of total holders)[1)]	Farm holders with OGA (%)		Below EU average		Above EU average		
	30		x				
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	39	1	0	3	48	2	6
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
				x			
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
			x				

Discussion relationship of the way of implementation and the farm structure	Agriculture in Scotland is dominated by large-scale arable and sheep farming. Scotland used the dynamic hybrid model for the single farm payments, which will be evolve into full convergence in 2019 for the basic payments.		
Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
		x	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
	x	10	
Sectors involved in voluntary coupled support	Beef, sheep & goats		
Discussion relationship of the way of implementation and the farm structure	In order to encourage production in less favoured areas, coupled support for beef, sheep and goat meat is given.		
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use	%	
	x	5% at 150,000 EUR; cap at 600,000 EUR	
Discussion relationship of the way of implementation and the farm structure	For capping the amount of basic payments received by large-sized farms, the minimum option for the degressivity tax is applied, followed by a cap at 600,000 EUR. Due to the high level at which the cap is applied, hardly any farms will be affected.		

1) Indicators refer to the UK.

Annex Table A4.32: Implementation of internal convergence of basic payments, coupled support and redistribution/degressivity in UK-Northern Ireland

ITEM	UK-NORTHERN IRELAND						
Some indicators on the farm structure							
Scale of farm structure, 2010	Small scale (>25% of all farms <2 ha)		Medium scale (>55% of all farms between 2-50 ha)		Large scale (>30% of all farms >50 ha)		
			x				
Stage of agricultural development, 2013[1)]	Share of agriculture in total employment (%)		Underdeveloped stage (over 10% of total employment in agriculture)		Developed - highly developed stage (less than 10% of total employment in agriculture)		
	1				x		
Yield of common wheat and spelt, average 2013-2015 (tonnes/ha)[1)]	Yield		Below EU average		Above EU average		
	8.3				x		
Share of farm holders with other gainful activities, 2010 (% of total holders)[1)]	Farm holders with OGA (%)		Below EU average		Above EU average		
	30		x				
Distribution of farm types, 2010 (% of total holdings)	Field crops	Horticulture	Permanent crops	Dairying	Other grazing livestock	Granivores	Mixed farming
	3	0	0	12	79	3	3
Internal convergence of basic payments							
Model used for the implementation of the Single Payment Scheme	Historical model	Regional flat-rate model	Static hybrid model	Dynamic hybrid model	SAPS		
			x				
Convergence mode used for basic payments in the period 2015-2020	Partial convergence	Full convergence in 2015	Full convergence in 2019	SAPS			
	x						

Discussion relationship of the way of implementation and the farm structure	Cattle production is the main farming type in Norther Ireland. The static hybrid model was used for the single farm payment in order to stay rather close to historical support levels. The linkage with historical support levels was maintained for the basic payments: for these payments Northern Ireland opted for partial convergence.		
Coupled support			
Coupled support, 2010-2014	Products	Article 68 of Reg. 73/2009	
Voluntary coupled support, 2015	Use	% of national ceiling (2015)	
Sectors involved in voluntary coupled support	No use of coupled support is made.		
Discussion relationship of the way of implementation and the farm structure			
Redistribution and degressivity			
Redistributive payments	Use	% of national ceiling (2015)	No. of ha supported
Degressivity tax	Use	%	
	x	Cap at 150,000 EUR	
Discussion relationship of the way of implementation and the farm structure	Northern Ireland clearly intends to set a maximum on the amount of CAP support received by farmers by using a cap at 150,000 EUR.		

1) Indicators refer to the UK.

Annex Table A4.33: Some farm structure indicators in the EU Member States, 2010

	Total number of holdings, 2010	Average number of ha UAA per holding, 2010	Distribution of farms according to ha size, 2010 (%)				Share of agricultural, fishing and forestry employment in total employment, 2013 (%)	Yield of common wheat and spelt, 2013-2015 (tonnes/ ha)	Farm holders with other gainfull activities, 2010 (% of total holders)
			Small (<2 ha))	Medium -small (2-<10 ha)	Medium -large (10-<50 ha)	Large (>=50 ha)			
Belgium-Flanders[1)]	28330	22	15	27	47	11	1	9.2	14
Belgium-Wallonia[1)]	14510	51	6	13	39	41	1	9.2	14
Denmark	42100	63	5	21	40	33	2	7.7	70
Germany	299130	56	5	20	47	28	2	8.2	56
Ireland	139890	36	2	17	64	18	6	9.9	44
Greece	723060	7	52	38	10	1	13	2.9	22
Spain	989800	24	30	38	22	10	4	3.3	21
France	516100	54	15	21	27	37	3	7.6	24
Italy	1620880	8	51	34	13	3	4	5.3	25
Luxembourg	2200	60	10	17	24	49	1	6.3	28
Netherlands	72320	26	13	29	42	16	3	9	36
Austria	150170	19	11	38	43	8	4	5.7	51
Portugal	305270	12	50	36	10	3	11	1.9	28
Finland	63870	36	3	19	55	23	5	4	79
Sweden	71090	43	2	33	41	24	2	6.6	6
UK-England[2)]	105550	84	5	18	35	42	1	8.3	30
UK-Wales[2)]	24120	66	4	20	40	36	1	8.3	30
UK-Scotland[2)]	33660	162	5	23	32	40	1	8.3	30
UK-Northern Ireland[2]	23460	43	1	15	58	26	1	8.3	30
Bulgaria	370490	12	83	11	3	2	19	4.3	77
Czech Republic[3)]	26250	133	11	26	36	27	3	6.2	34
Estonia	19610	48	12	42	31	14	4	4	36
Croatia[3)]	157440	10	39	46	12	3		4.8	29
Cyprus	38860	3	75	20	4	1	4	2	46
Latvia	83390	22	12	49	33	6	8	4.2	35
Lithuania	199910	14	16	62	17	4	8	4.7	31
Hungary	576810	8	79	13	6	2	7	4.8	40
Malta	12530	1	89	11	0	0	3	-	44
Poland	1506620	10	24	53	21	2	12	4.7	37

	Total number of holdings, 2010	Average number of ha UAA per holding, 2010	Distribution of farms according to ha size, 2010 (%)				Share of agricultur-al, fishing and forestry employ-ment in total employ-ment, 2013 (%)	Yield of common wheat and spelt, 2013-2015 (tonnes/ ha)	Farm holders with other gainfull activities, 2010 (% of total holders)
			Small (<2 ha))	Medium-small (2-<10 ha)	Medium-large (10-<50 ha)	Large (>=50 ha)			
Romania	3859040	3	74	24	2	1	30	3.6	28
Slovenia	74650	6	27	57	15	1	8	4.9	77
Slovakia	24460	77	39	37	13	12	3	5.2	47
EU28	12248040	14	49	31	14	6	5	6.1	32

1) Share of agricultural, fishing and forestry employment in total employment, 2013 (%), Yield of common wheat and spelt, 2013-2015 (tonnes/ha) and Farm holders with other gainfull activities, 2010 (% of total holders) for Belgium; Share of agricultural, fishing and forestry employment in total employment, 2013 (%), Yield of common wheat and spelt, 2013-2015 (tonnes/ha) and Farm holders with other gainfull activities, 2010 (% of total holders) for the UK; 3) 2013 instead of 2010.

Source: Eurostat Farm Structure Survey, Eurostat Agricultural Production Statistics and Eurostat National Accounts.

Annex Table A4.34: Distribution of farming types in the EU Member States, 2010 (% of total holdings)

	Field crops	Horticul-ture	Perma-nent crops	Dairying	Other grazing livestock	Grani-vores	Mixed	Non-classified farms
Belgium-Flanders	18	13	4	12	24	13	16	0
Belgium-Wallonia	22	2	1	15	43	2	15	0
Denmark	41	2	5	9	18	8	14	3
Germany	24	3	8	22	22	6	15	0
Ireland	10	0	0	11	76	1	2	0
Greece	19	2	58	0	6	1	13	1
Spain	21	4	49	2	11	3	9	2
France	26	3	18	10	25	4	13	0
Italy	24	2	55	2	6	1	9	1
Luxembourg	7	1	16	27	39	1	9	
Netherlands	17	14	3	24	28	9	5	0
Austria	25	1	9	19	31	6	10	0
Portugal	9	3	37	3	13	2	32	1
Finland	58	4	1	16	13	3	4	2
Sweden	41	1	0	8	40	1	5	3
UK-England	33	2	2	8	43	4	8	1
UK-Wales	23	0	0	7	65	1	3	0
UK-Scotland	39	1	0	3	48	2	6	1
UK-Norther Ireland	3	0	0	12	79	3	3	0
Bulgaria	17	5	9	13	11	8	37	0
Czech Republic[1)]	31	1	11	5	29	2	21	0
Estonia	34	3	2	10	15	2	17	18
Croatia[1)]	21	1	19	7	7	3	41	0
Cyprus	7	3	70	0	5	2	12	1
Latvia	38	1	1	21	6	4	21	9
Lithuania	28	3	1	18	2	1	45	2
Hungary	21	2	15	1	3	36	19	3
Malta	31	12	7	1	9	5	10	25
Poland	40	2	4	8	3	4	35	3
Romania	24	1	4	3	7	25	33	3
Slovenia	17	1	12	10	30	1	29	
Slovakia	35	1	2	12	12	5	31	1
EU28	25	2	20	5	10	12	24	2

1) 2013 instead of 2010.

Source: Eurostat Farm Structure Survey.

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