



Protein crops: EU Market situation and related Common Agricultural Policy tools

**LEGATO 2nd Stakeholder Workshop
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European Commission
AGRI/C4*





Outline

1. Evolution of support for protein crops
2. Area, production & yield development
3. Concluding remarks



Evolution of support for protein crops



Evolution of support for protein crops

2003 Reform (R. 1782/2003)

- Single payment scheme – eligible hectares
- Additional payment for protein crops of EUR 55,57 per ha (differential with cereals of 9,5 EUR/tonne was transformed in 55,57 EUR/ha, on basis of the average reference yield in the regions concerned)
- Maximum Guaranteed Area = 1.648 Mioha
- Covers peas, field beans and sweet lupins

2008 Health Check (R. 73/2009)

- Decoupling of support for protein crops until 2012 at the latest
- Article 68 allowing MS to pay specific support to address certain issues
- 3 Member States implemented measures covering protein crops



Evolution of support for protein crops

2013 Reform

- First CAP reform under Lisbon Treaty (EP co-decision)
- All 4 basic acts (CMO, DP, RD, Horizontal) covering two pillars modified together
- 3 principles: competitiveness/sustainability/territorial balance
- Protein crops in the debate: result directly/indirectly link to a number of measures in DP and RD
- DP: Voluntary Coupled Support and greening
- RD: AECM and other measures



Evolution of support for protein crops

2013 Reform – direct payments - VCS

- Blue box: quantitative limits, fixed areas/yields
- Limited list of eligible sectors and productions
- Only to sectors particularly important for economic, social or environmental reasons that undergo certain difficulties (risk of abandonment or of decline in production)
- Only to maintain current production (compared to production in 2009-13 period)
- Fixed percentage of DP envelope (8% or 13%, beyond that COM approval needed): 9 MS with less than 8%, 11 MS use the maximum percentage of 13% with 9 of them also using all or part of the additional 2% available in case a corresponding percentage is dedicated to supporting the protein crops sector
- Decision of MS (envelope size, design of measures, sectors, crops covered), may be revised in 2016 with effect from 2017



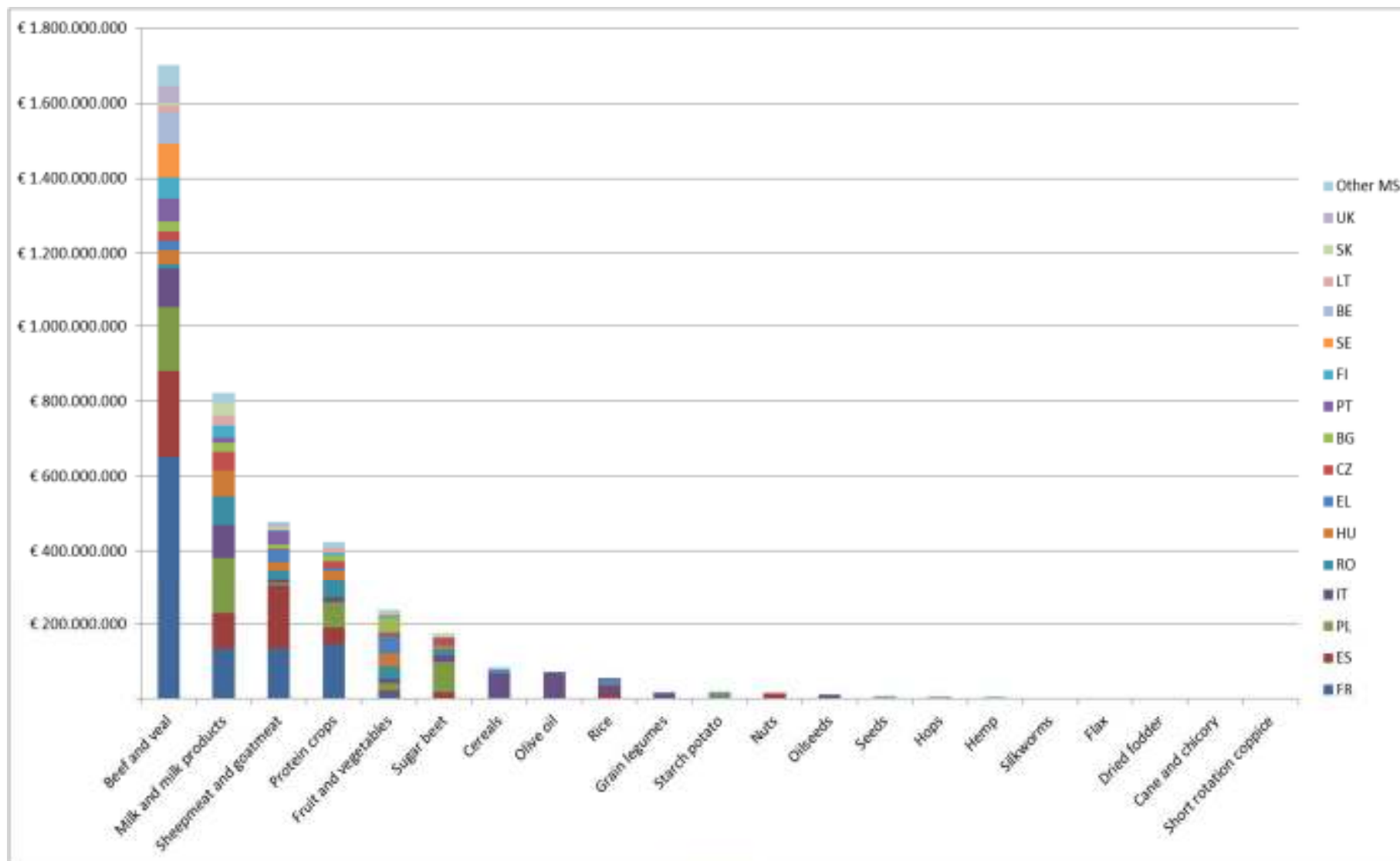
Evolution of support for protein crops

2013 Reform – direct payments – VCS

- Special provision for protein crops: to maintain the protein-based autonomy of the breeding sector, Member States using at least 2 % of DP envelope to support the production of protein crops can increase VCS percentages by up to 2%
- Based on MS notifications by 1.08.2014: 16 MS granting support to protein crops (with 9 using all/part of additional 2%)
- EUR 441 million, overall 10% of VCS envelope, 1% of EU DP envelope
- 4,3 million hectares (estimated average unit amount 102€/ha)
- Biggest support in FR, ES, RO, PL, IT, HU
- To be noted that eligible "protein crops" are defined by MS, may include a variety of crop including peas, beans, sweet lupins (but also soya beans, alfalfa)



VCS: sectors supported





Evolution of support for protein crops

2013 Reform – direct payments - Greening

- 3 measures on permanent grassland and arable land
 - Maintain PG ratio, ban on conversion for environmentally sensitive PG
 - Crop diversification: at least two/three crops
 - Ecological Focus Area choice of farmer to cover 5% of arable land with areas listed (chosen by MS) such as fallow land, landscape features, buffer strips,...
- Links to protein/leguminous crops
 - PG: leguminous crops not considered herbaceous forage
 - EFA:
 - "Nitrogen-fixing crops" one possible EFA
 - If more than 75 % of arable land is used for the cultivation of leguminous crops (or if reaches this combining with grassland) farmer exempted from EFA
 - Only nitrogen-fixing crops that MS "considers as contributing to the objective of improving biodiversity".
 - Has a weighting coefficient of 0,7 (so 1m² is worth 0,7m²)
 - 27 MS have chosen it (except DK) (of which 15 included soya)



Evolution of support for protein crops

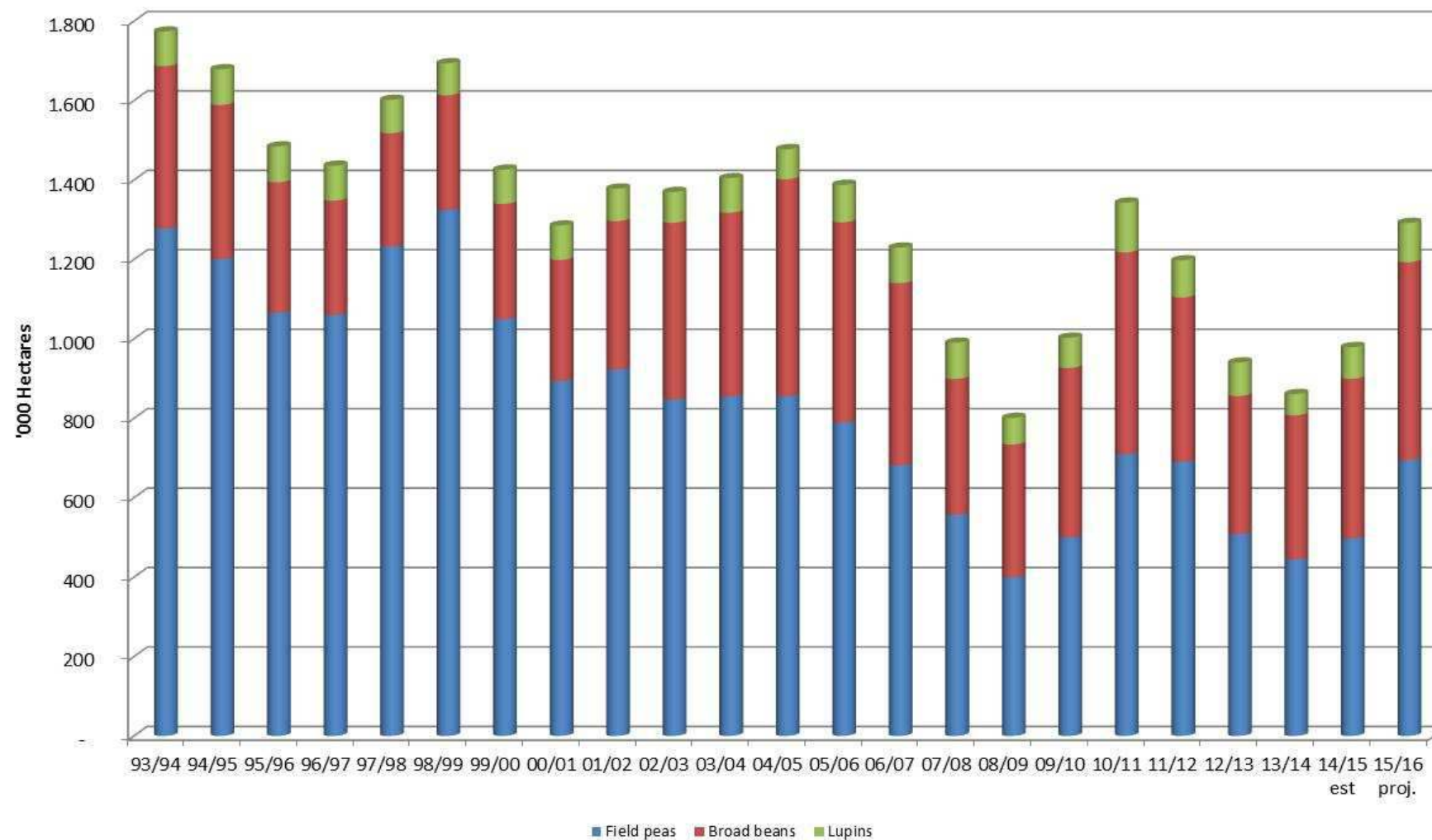
2013 Reform – Rural development

- Green box: no link with production type
- Targeting the farmer as beneficiary:
 - Organic (conversion/ maintenance : Article 29)
 - Agro-environment and climate measure (Article 28)
 - Quality schemes (Article 16) → certification
- Supporting the farming context:
 - Advisory services (Article 16) → training
 - Producer groups (Article 28) → marketing
 - Cooperation (Article 36) → pilot projects
- Innovation : EIP (Article 53) → "operational groups" linking stakeholders with research + networking activities on the EIP-AGRI website
- Research & Innovation: Horizon 2020: 2 topics targeting legumes

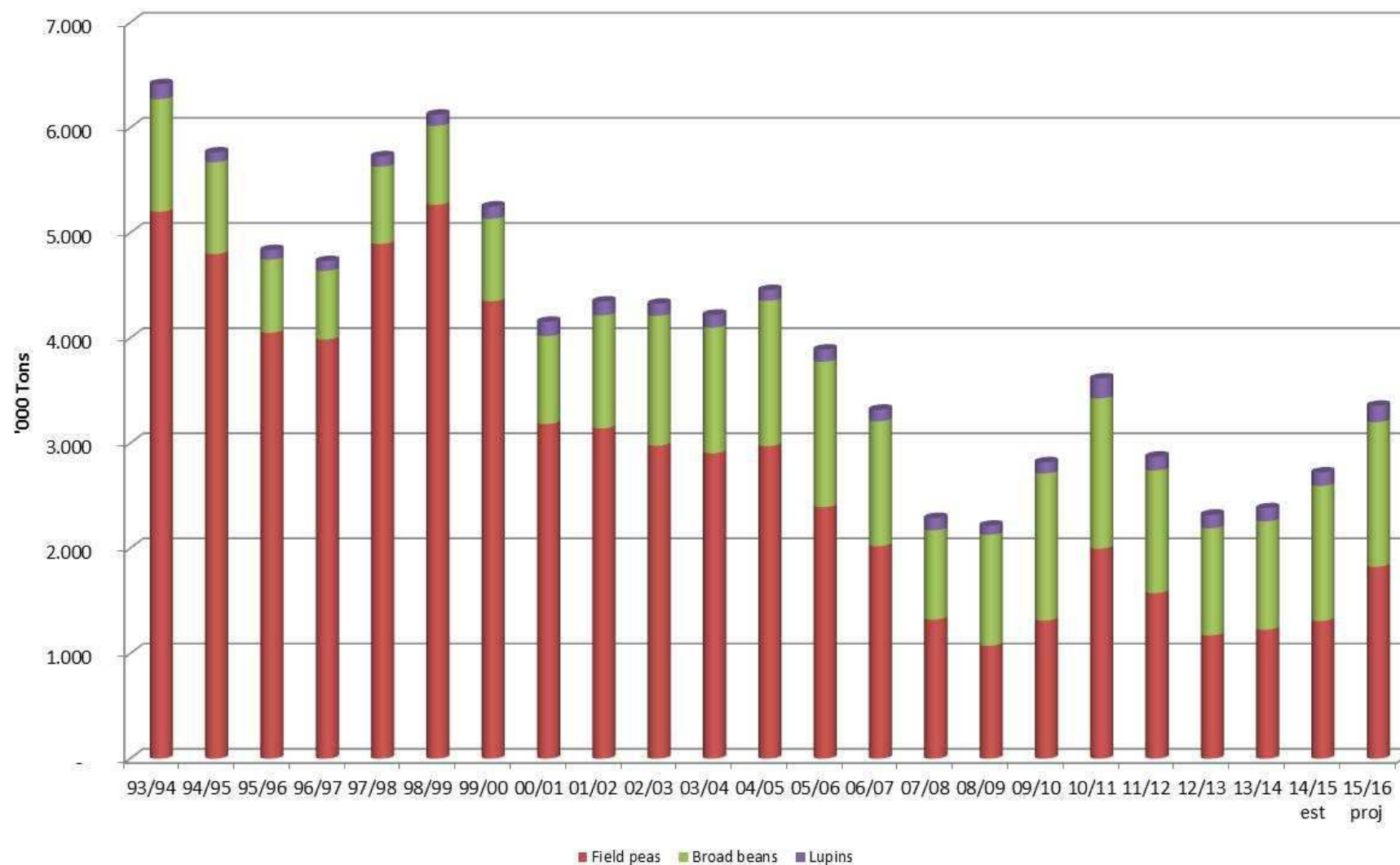


Area, production & yield development

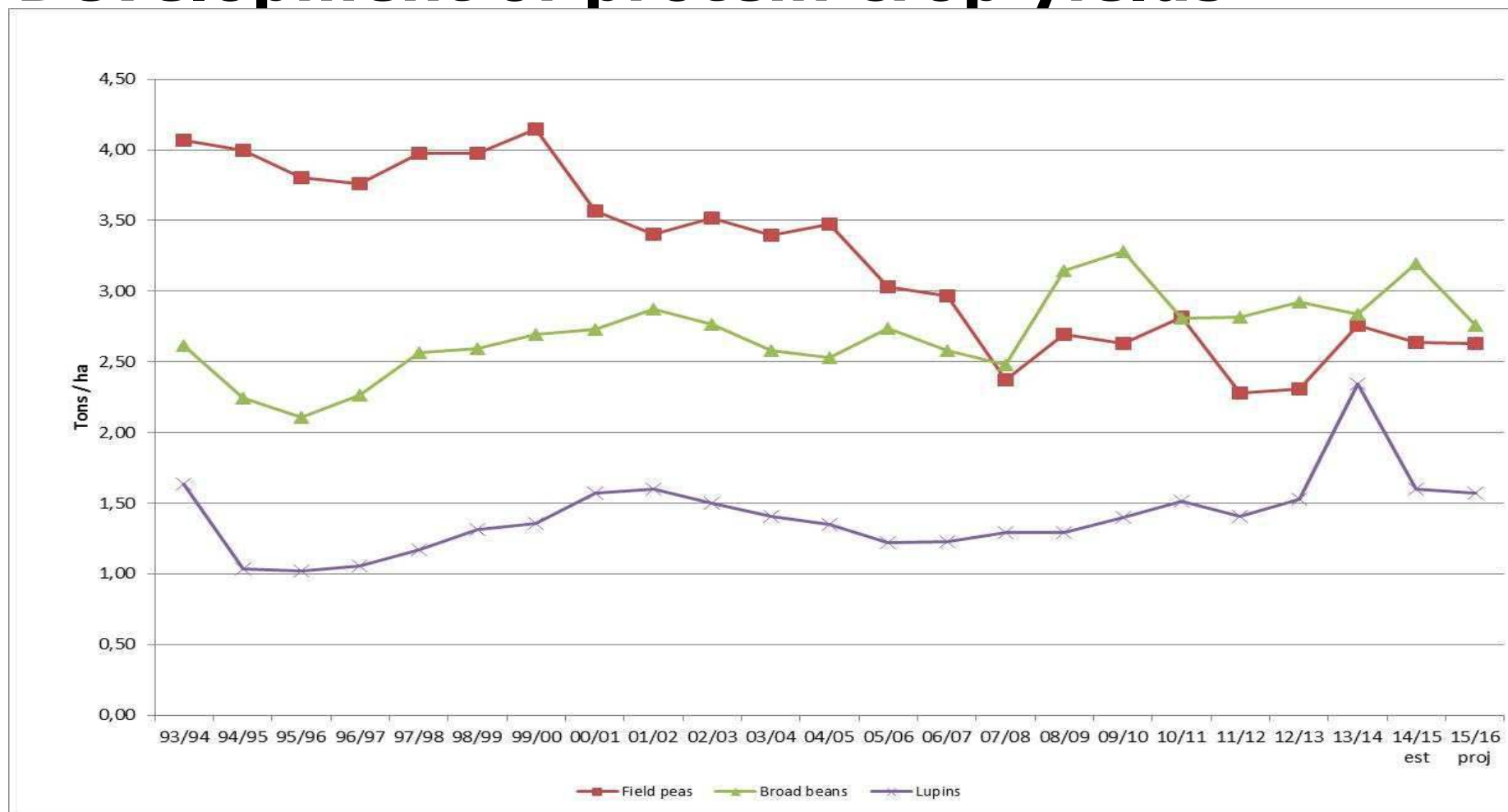
EU protein crops Area



EU Protein crops Production

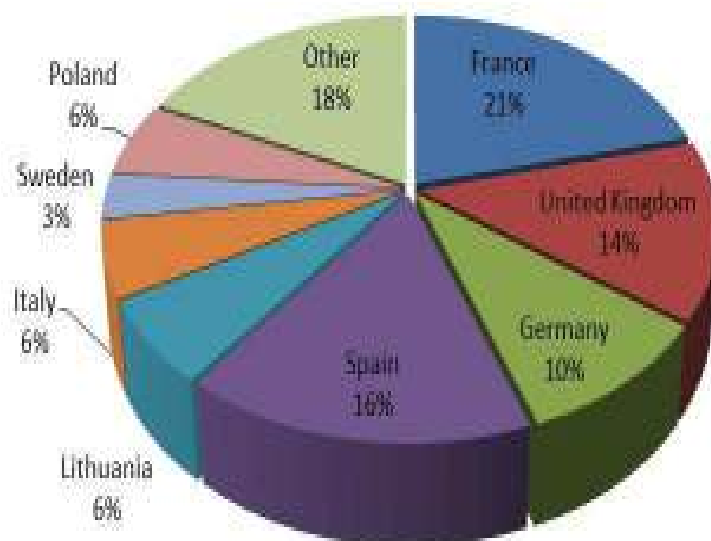


Development of protein crop yields

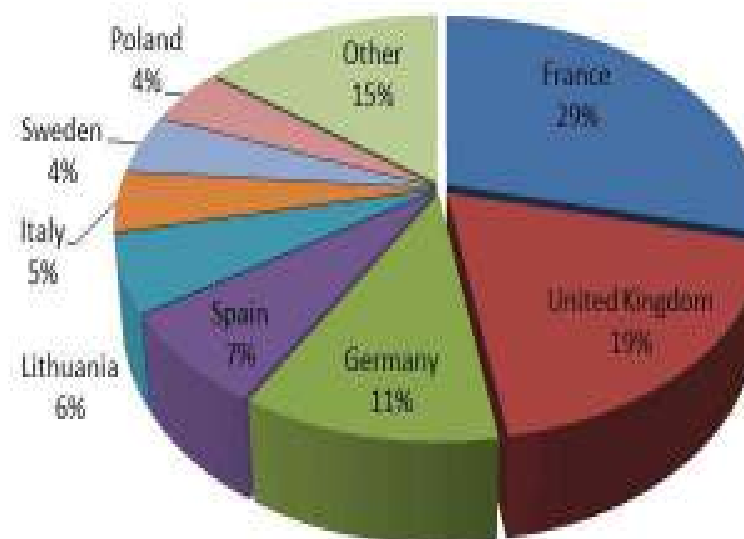


Main producing Member States

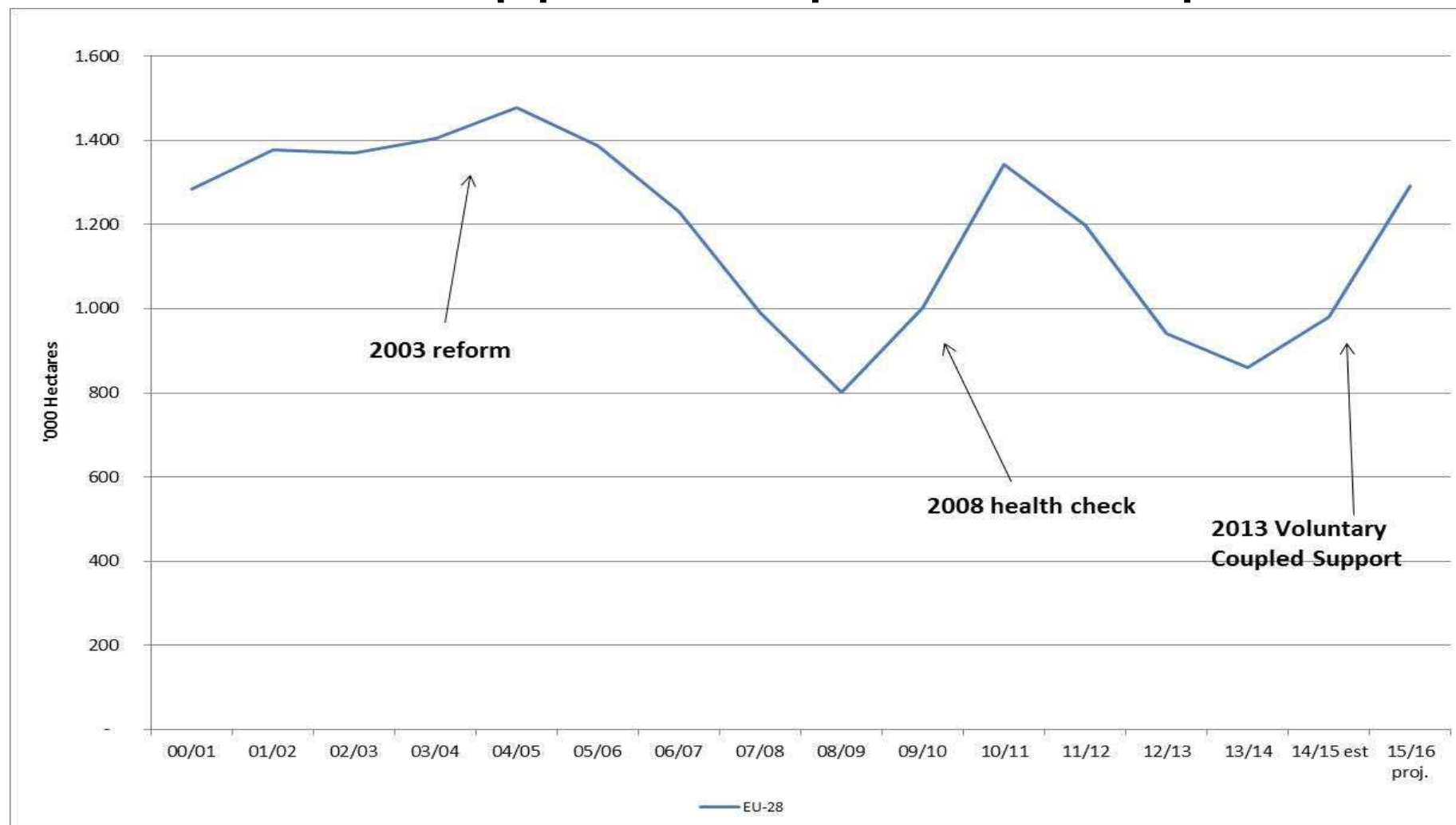
2013 - 2015 average Area
1,043 Mio ha



2013 - 2015 average Production
2,820 Mio tonnes



Effect of support on protein crop area





Concluding remarks



Concluding remarks

Protein crops

- Lacking competitiveness: market orientation leading to decline in production
- Limitation of arable area in the EU
- Environmental benefits – recognised in reform
- Improving performance is needed

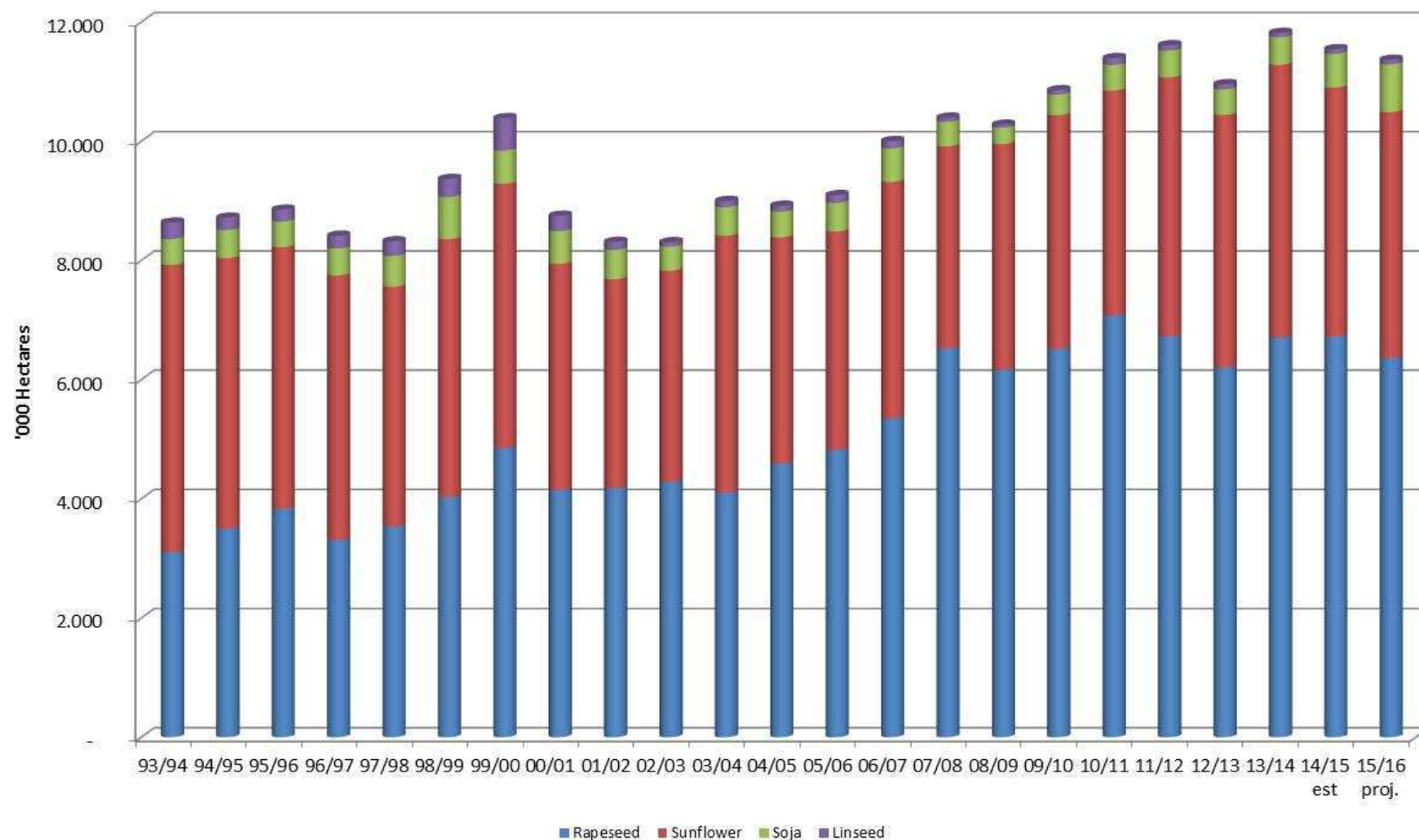
Policy

- Several aid measures at disposal of MS in the new CAP, 1st and 2nd pillar
- But also European Innovation Partnership on "Agricultural Productivity and sustainability": networking and "multi-actor approach" in H2020
- Horizon 2020 (2014-2020): Work Programme 2016/17 adopted with many opportunities

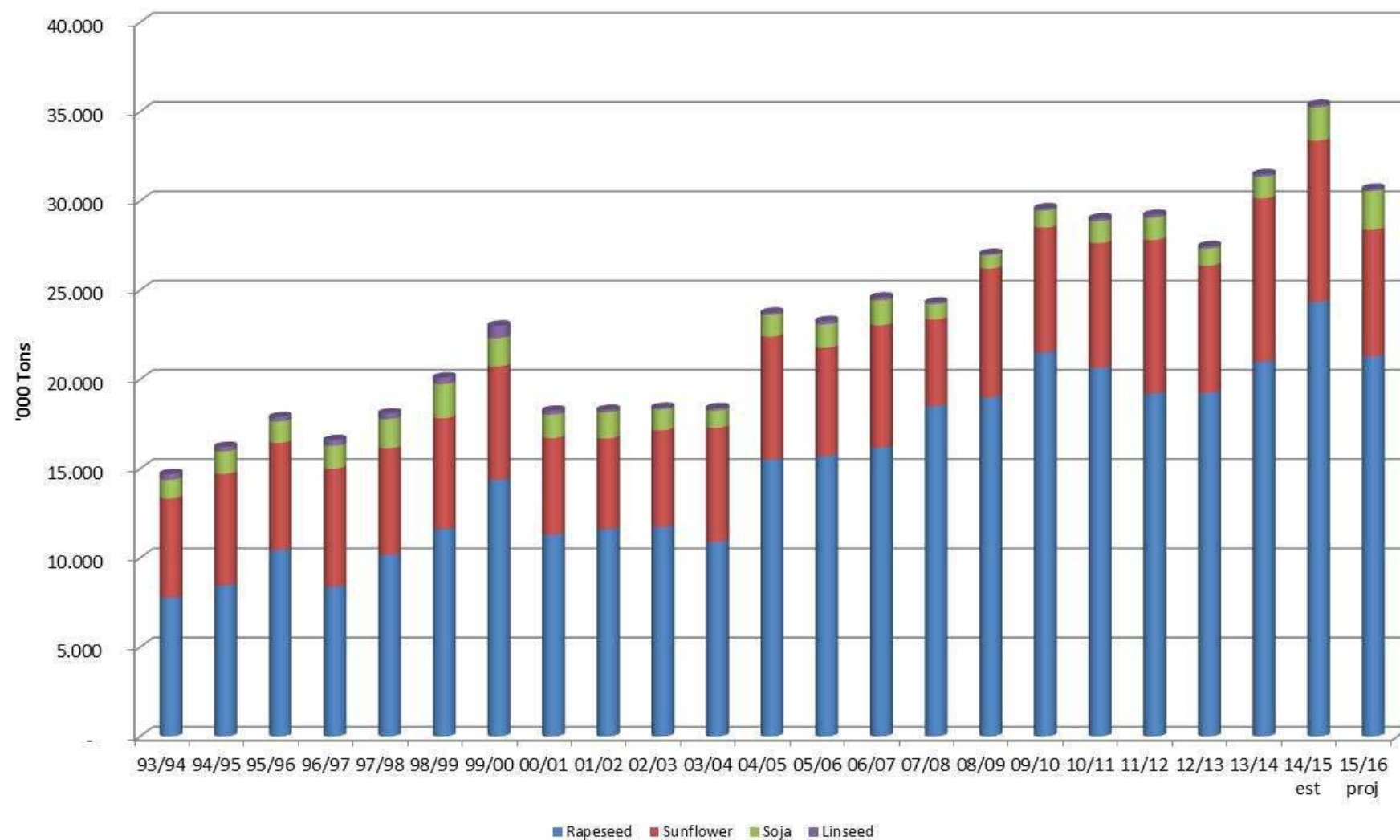


Thank you for your attention!

EU Oilseeds Area



EU Oilseeds Production

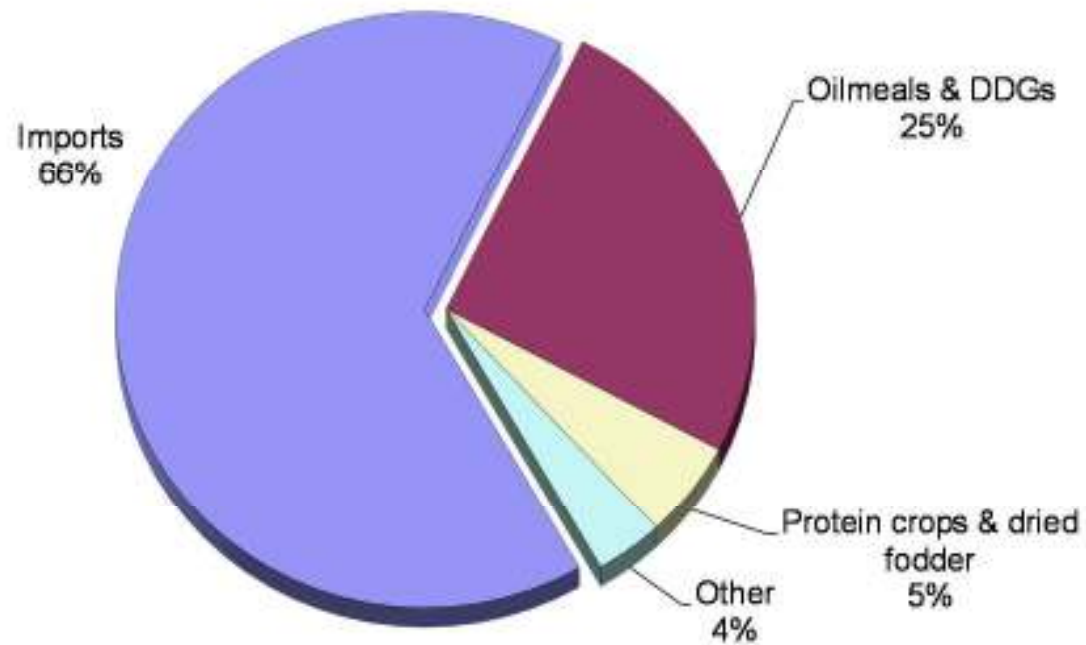


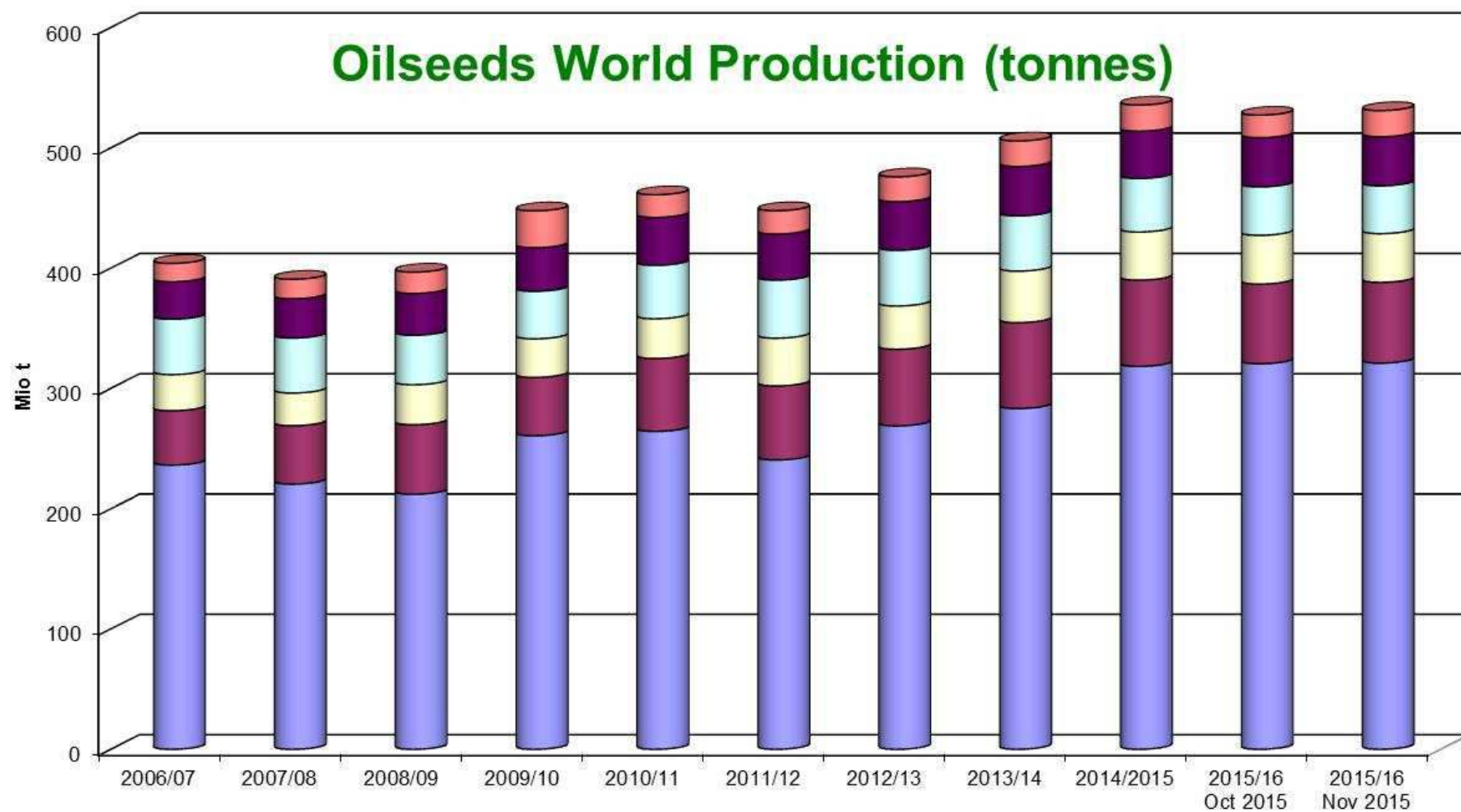
EU OILSEEDS & PROTEIN CROPS PRODUCTION

Mio t	AVG 5 yrs trimmed	2014/15	2015/16 Nov 2015	%change 2014/15	%change 5yrs trimmed
Rapeseed	20,5	24,3	21,3	-12,6	3,8
Sunflower	8,3	9,1	7,1	-21,5	-14,0
Soja	1,4	1,9	2,2	17,4	50,9
Linseed	0,1	0,1	0,1	-7,6	-4,0
TOTAL	30,3	35,4	30,7	-13,3	1,1
Field peas	1,4	1,3	1,8	39,4	33,2
Broad beans	1,2	1,3	1,4	7,1	18,6
Sweet lupins	0,1	0,1	0,2	21,5	20,2
TOTAL	2,7	2,7	3,4	23,3	26,2

Sources : DG AGRI/C/4

Protein need and domestic production

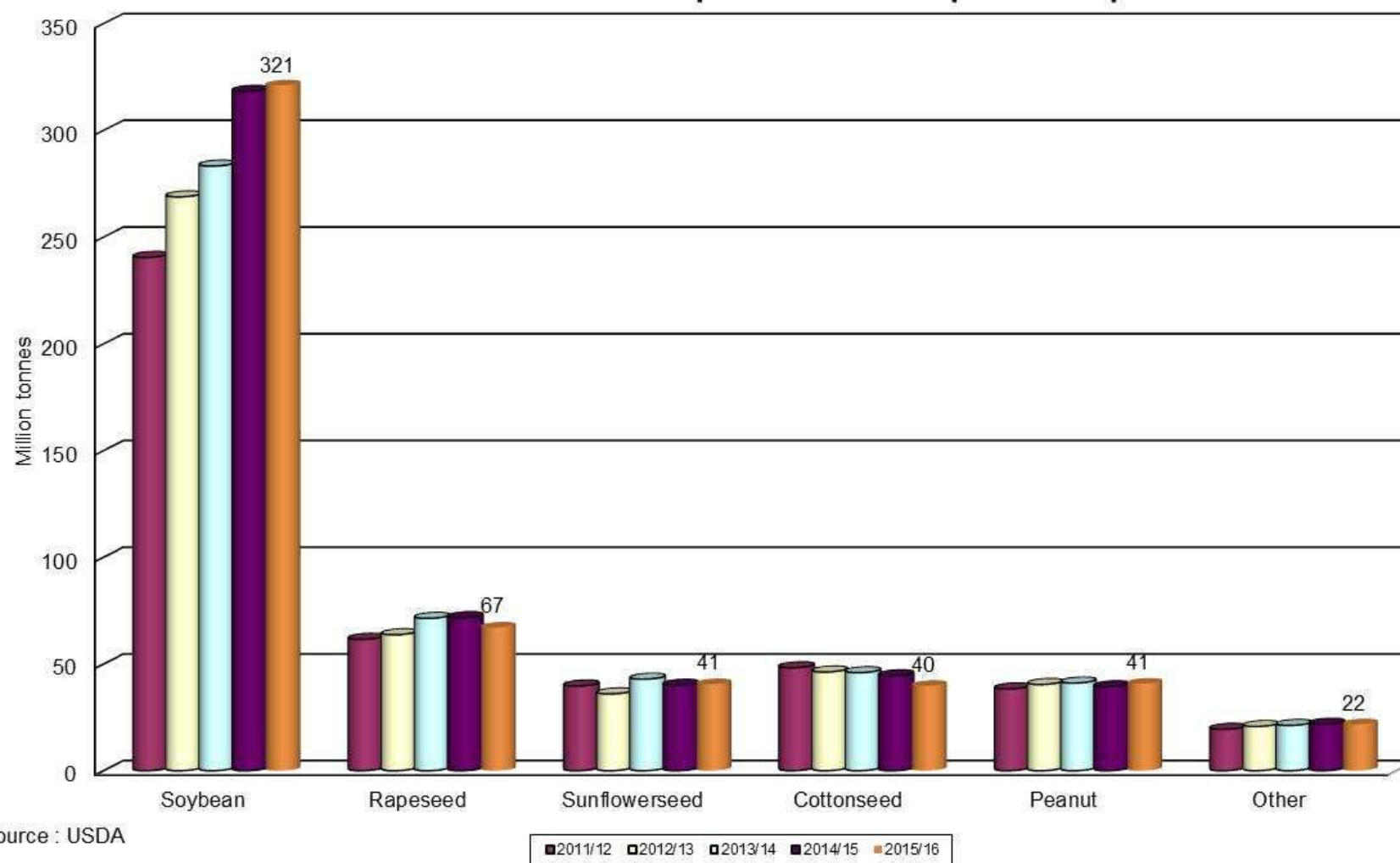


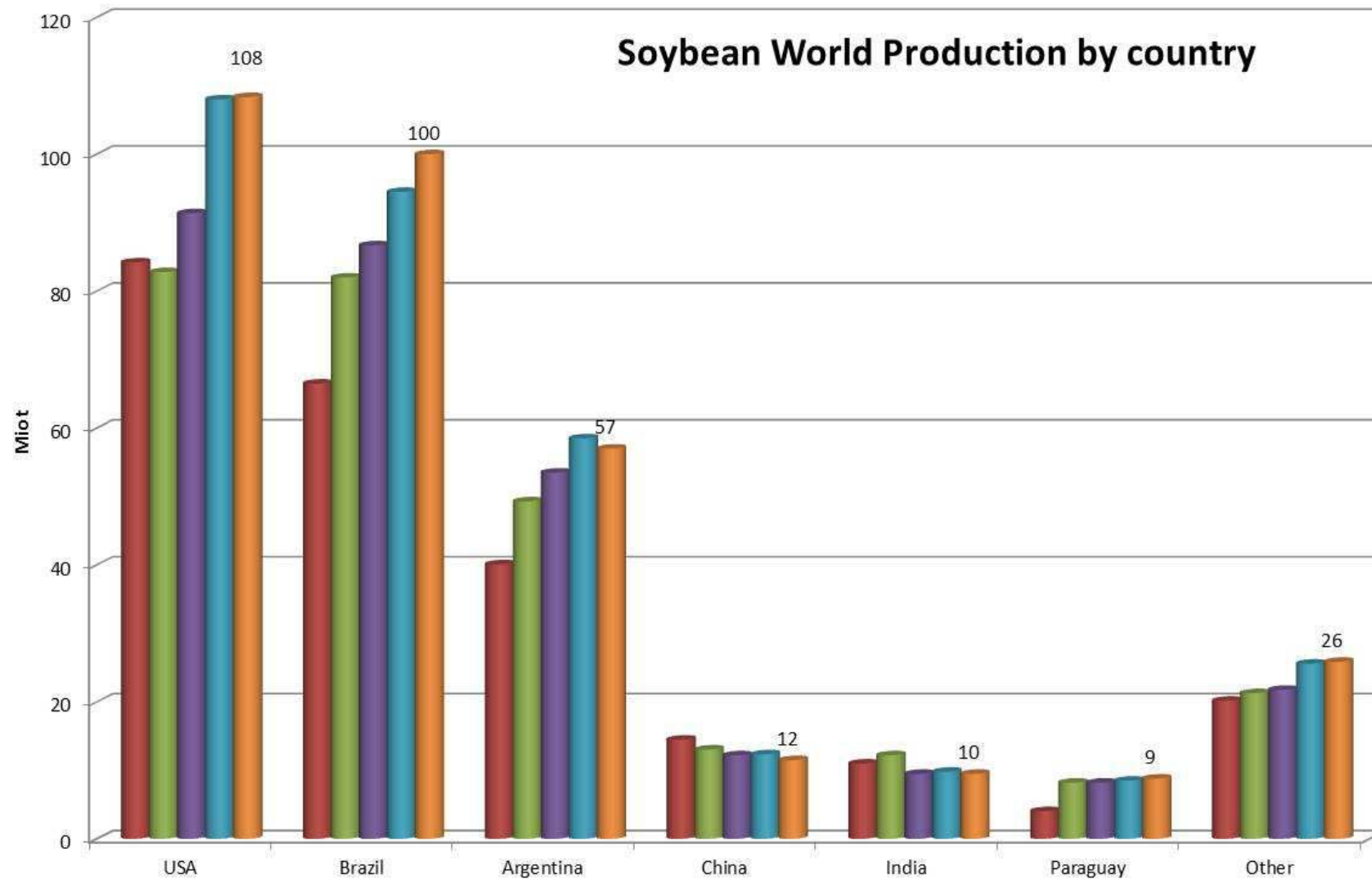


Source : USDA

■ Soybean
 ■ Rapeseed
 ■ Sunflowerseed
 ■ Cottonseed
 ■ Peanut
 ■ Other

Oilseeds world production per crop





Source : USDA

■ 2011/12 ■ 2012/13 ■ 2013/14 ■ 2014/15 ■ 2015/16 (fcast)



New design of direct payments

Capping voluntary for the MS
Degressivity of 5% over 150 000 €

V = voluntary scheme
 C = compulsory scheme

Cross compliance Streamlined	Coupled support* (V) <ul style="list-style-type: none"> Wide range of sectors Up to 8% (or to 13% depending on past level) of DP envelope, +2% for protein crops 	Natural constraint support (V) <ul style="list-style-type: none"> For areas with natural constraints – or part of them Up to 5% of the DP envelope 	
	Young Farmer Scheme (C) <ul style="list-style-type: none"> Up to 2% of DP envelope < 40 years commencing activity +25% (/payment entitlements) For 5 years 		
	«Green» Payment (C) <ul style="list-style-type: none"> Crop diversification Permanent grassland Ecological focus area 30% of the DP envelope Thresholds & exemptions Equivalence 		
	Basic Payment Scheme (C) <ul style="list-style-type: none"> New BPS entitlements in 2015 SAPS extended until 2020 (EU-10) Internal convergence / derogation with external convergence model Voluntary redistributive payment (+max.65% on max. 30 ha or AFS; max 30% DP envelope) Definition of 'active farmer' 		
			Small Farmer Scheme (V) <ul style="list-style-type: none"> Simplification of claims and controls Lump sum payment to be determined by MS under conditions [500 to 1250 €] Entrance in 2015

* In some MS (BG, EL, ES, PT) the crop specific payment for cotton is compulsory; obligation derives from 1979 Act of Accession of EL

OR



European
Commission

Main elements of options chosen by the Member States

(notifications due by 1 August 2014 and 31 January 2015)



Direct payments: MS decisions notified to Commission

By 1 August
2014,
Member
States had
to notify the
Commission
of:

- **Their main policy choices** including the financial allocations
- For BPS, redistributive payment, ANC, VCS and SFS, **further detailed requirements specifying the content and the justifications of the decisions**
- Their decisions on **reduction of payments, minimum requirements** for receiving direct payments and the **active farmer clause**
- Delayed decision regarding the **flexibility between pillars** [*for those that had not yet transferred funds between pillars for 2014*]
- Information on **definitions**, young farmer payment, use of national/regional reserve(s) and transfer of BPS entitlements were due **by 31 January 2015**



Direct payments: summary of main decisions

Flexibility between pillars

- **Net result** = total transfer from pillar I to pillar II of EUR 3 billion over 6 years (possible review in 2017 for the years 2018 and 2019)

Reduction of payments

- 9 MS to **cap** (100% reduction) the amounts of basic payments at max amounts ranging from KEUR 150 to KEUR 600
- 15 MS to only apply the **minimum reduction of 5%** on amounts above KEUR 150
- 9 MS will **subtract the salaries** actually paid by farmers before applying the reduction of payments' mechanism

Basic Payment

- **Share of DP envelope for basic payment at EU-28 level estimated at 55%**
- The 10 MS currently applying the **SAPS will maintain it until 2020**
- **6 MS to regionalise the BPS (EL, ES, FI, DE, UK, FR)**

Voluntary Coupled support

- **All MS but DE** to implement VCS
- MS' plans for VCS = **10% of total DP envelope for EU 28** in 2015
- **9 MS with less than 8%** (IE, NL, LU, UK, AT, DK, EE, EL, CY)
- **11 MS with the maximum percentage of 13%** with 9 of them also using all or part of the additional 2% available in case of support to the protein crops sector
- **3 MS (BE, FI, PT) to allocate more than 13 (+2)%** to the VCS (subject to approval by Commission)

Other voluntary schemes

- 8 MS to implement the **redistributive payment** (6 of them will **not apply the reduction of payments**)
- **Only 1 MS (DK)** to implement the **1st pillar payment for ANC**
- 15 MS to implement the **SFS** but only 2 in the form of a lump-sum equal for all farmers (LV, PT)



Flexibility between pillars: all decisions

Net result of all transfers (possible review in 2017 for the years 2018 and 2019) = **total transfer from pillar I to pillar II of EUR 3 billion over 6 years**

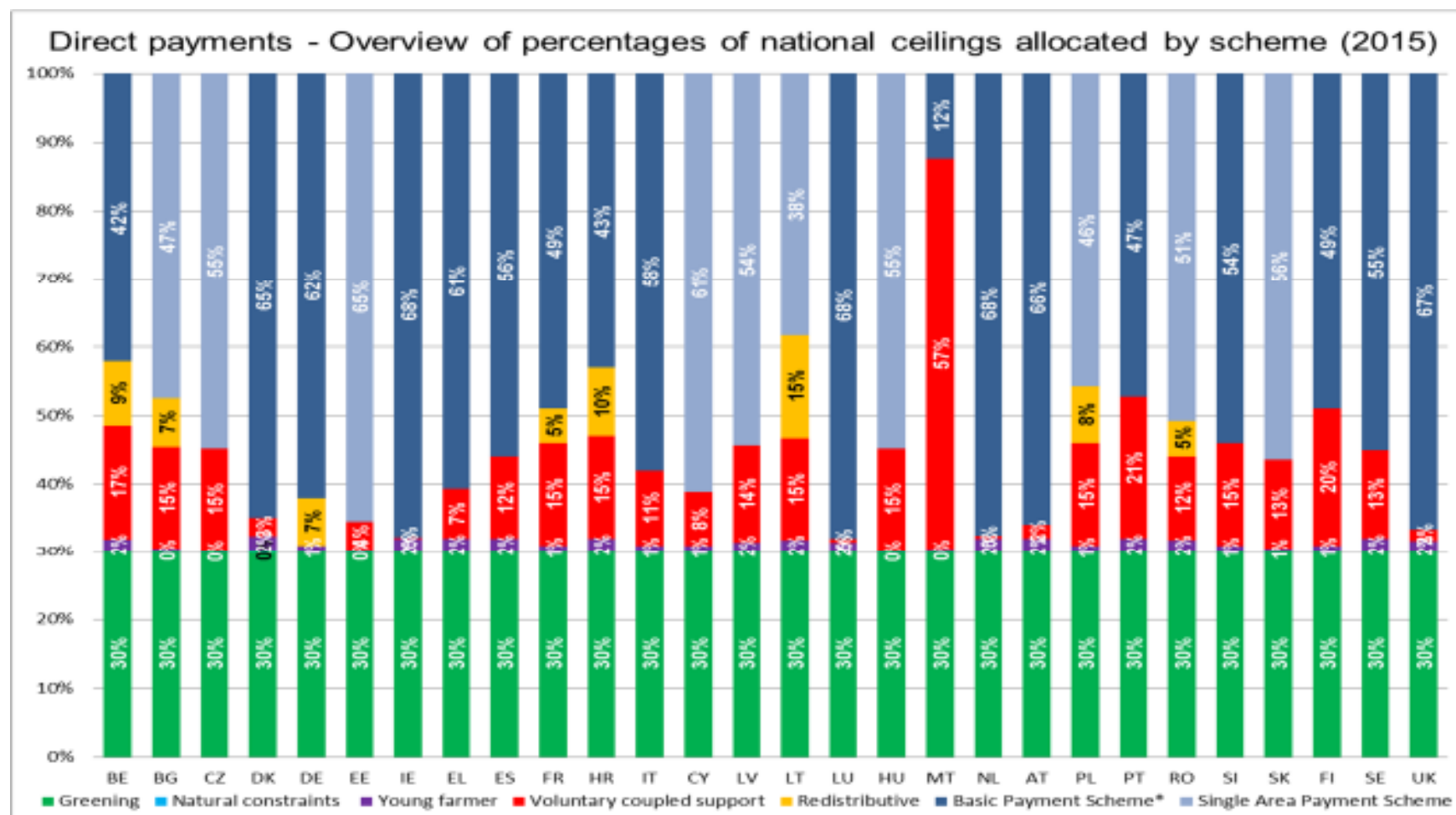
From DP to RD in % of national ceilings (max percentage 15%)						
				DP to RD		MEUR 6.382,6
Financial year	2015	2016	2017	2018	2019	2020
Claim year	2014	2015	2016	2017	2018	2019
FR	3.0%	3.3%	3.3%	3.3%	3.3%	3.3%
LV	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
UK	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%
BE		2.3%	3.5%	3.5%	4.6%	4.6%
CZ		3.4%	3.4%	3.4%	1.3%	1.3%
DK		5.0%	6.0%	7.0%	7.0%	7.0%
DE		4.5%	4.5%	4.5%	4.5%	4.5%
EE		6.1%	14.3%	15.0%	15.0%	15.0%
EL		5.0%	5.0%	5.0%	5.0%	5.0%
NL		4.0%	4.1%	4.2%	4.2%	4.3%
RO		1.8%	2.3%	2.2%	0.0%	0.0%
From RD to DP in % of national ceilings (max percentage 15% or 25% for some MS)						
				RD to DP		MEUR 3.358,2
Financial year	2015	2016	2017	2018	2019	2020
Claim year	2014	2015	2016	2017	2018	2019
HR	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
MT	0.0%	0.8%	1.6%	2.4%	3.1%	3.8%
PL	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
SK	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%
HU		15.0%	15.0%	15.0%	15.0%	15.0%

Delegated act modifying the DP and RD financial annexes published on 23.12.2014 (Regulation 1378/2014)

Direct payments: summary of main decisions

	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK		
SAPS		✓	✓			✓							✓	✓	✓		✓				✓		✓		✓					10
Regionalised BPS					✓			✓	✓	✓																✓		✓	6	
Redistributive payment	✓	✓			✓					✓	✓				✓						✓		✓						8	
No reduction of payment	✓				✓					✓	✓				✓								✓						6	
ANC				✓																									1	
VCS	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	27	
SFS		✓			✓	✓		✓	✓		✓	✓		✓			✓	✓		✓	✓	✓	✓	✓					15	

Direct payments: summary of main decisions



Share of DP envelope left for basic payment at EU-28 level in 2015 = 55%



Reduction of payments' mechanism

Amounts above	Reduction %	BE/FL	BE/W	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK/E	UK/NI	UK/SC	UK/W
150 000	5%			✓	✓	✓		✓			✓				✓	✓		✓	✓	✓	✓			✓		✓	✓	✓	✓	✓		✓	
150 000	15%																																✓
150 000	50%													✓																			
150 000	100%	✓							✓	✓												✓	✓								✓		
176 000	100%																		✓														
200 000	30%																																✓
250 000	55%																																✓
300 000	100%			✓																													✓
500 000	100%													✓																			
600 000	100%																															✓	
Subtraction of salaries				✓				✓		✓	✓			✓		✓		✓				✓				✓							



Active farmer clause

- 8 MS **added activities/businesses** to the negative list: BG, **DE**, EE, IT, MT, NL, RO, UK-Sc
- 5 MS have **extended** the active farmer clause to all claimants above the threshold : BG, EL, ES, IT, NL (cf Article 9(3) of R.1307/2013)
- Most MS set the **exemption threshold** at EUR 5 000, except BE-FI (0), NL (1), LU (100), FR (200), MT (250), LT (500), BE-Wa (350), AT, ES and IT-except mountains (1 250), SK (2 000), BG (3 000)



Basic Payment Scheme (BPS)

- 6 MS have decided to **regionalise the BPS**: **DE**, EL, ES, FR, FI, UK (except NI)
- 7 MS will reach a form of **national/regional flat rate**: DE, FR-Corsica, MT and UK-EN in 2015; NL, AT, FI, UK-SC & WA by 2019. SE will reach it in 2020
- Amongst the MS that have opted for a **partial convergence** to the flat rate, 7 opted for the possibility to **limit decrease in the value of payment entitlements above average to 30%** of their initial unit value (EL, ES, FR-except Corsica, IT, PT, SI BE)

Young farmer payment (YFP)

MS	Additional eligibility criteria		and with the maximum limit of
	As regards appropriate skills	As regards training requirements	
BE-FL		Y	90 ha/entitlements
BE-WA	Y		90 ha/entitlements
BG		Y	30 ha/entitlements
CZ			90 ha/entitlements
DK			90 ha/entitlements
DE			90 ha/entitlements
EE			39 ha/entitlements
IE		Y	50 ha/entitlements
EL			25 ha/entitlements
ES	Y		90 ha/entitlements
FR	Y		34 ha/entitlements
HR		Y	25 ha/entitlements
IT			90 ha/entitlements
CY			90 ha/entitlements
LV			90 ha/entitlements
LT			90 ha/entitlements
LU	Y		lump-sum/farm
HU			90 ha/entitlements
MT			90 ha/entitlements
NL			90 ha/entitlements
AT	Y	Y	40 ha/entitlements
PL			50 ha/entitlements
PT	Y		90 ha/entitlements
RO			60 ha/entitlements
SI			90 ha/entitlements
SK	Y		28 ha/entitlements
FI			90 ha/entitlements
SE			90 ha/entitlements
UK-EN			90 ha/entitlements
UK-NI	Y		90 ha/entitlements
UK-SC			90 ha/entitlements
UK-WA			25 ha/entitlements

Levels will vary with:

- 15 MS + UK-NI having opted for 25% of average DP per ha
- 1 MS having opted for a lump-sum payment (LU)
- The others calculating the 25% level based on basic payment (BPS flat-rate, or SAPS or average value of entitlements held)

17 MS + 3 UK regions have not added eligibility conditions



Voluntary coupled support (VCS)

IE	NL	LU	UK	AT	DK	EE	EL	CY	IT	ES	RO	SK	SE	LV	BG	CZ	FR	HR	LT	HU	PL	SI	BE	FI	PT	MT
0.2%	0.5%	0.5%	1.7%	2.1%	2.8%	4.2%	7.4%	7.9%	11%	12%	12%	13%	13%	14%	15%	15%	15%	15%	15%	15%	15%	15%	17%	20%	21%	57%

- VCS = **10% of total DP envelope for EU 28** in 2015
- **Germany** is the only MS not applying this scheme
- 9 MS with **less than 8%** (CY, DK, EE, EL, IE, LU, NL, AT, UK)
- 11 MS will use the **maximum percentage of 13%** with 9 of them also using all or part of the additional 2% available in case a corresponding percentage is dedicated to supporting the **protein crops sector**



VCS: sectors supported

Sector	AT	BE	BG	CY	CZ	DK	EE	EL	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	Share of total VCS
Beef	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	42%
Cereals								✓		✓	✓				✓			✓							✓			2%
Flax																					✓							0%
F&V			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓		✓	✓	✓		✓	✓		5%
Grain legumes								✓	✓						✓								✓					0%
Hemp											✓										✓		✓					0%
Hops					✓						✓										✓		✓			✓		0%
Milk		✓	✓	✓	✓		✓		✓	✓	✓	✓	✓		✓	✓		✓	✓		✓	✓	✓		✓	✓		20%
Nuts									✓																			0%
Oilseeds															✓			✓										0%
Olive oil															✓													2%
Protein crops			✓		✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓		✓		✓			10%
Rice								✓	✓				✓		✓							✓	✓					1%
Seeds								✓			✓							✓					✓					0%
Sheep & goats	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓			✓	✓	12%
Silkworms								✓															✓					0%
Starch potato					✓					✓	✓							✓			✓							0%
Sugar beet					✓			✓	✓	✓		✓	✓		✓						✓		✓			✓		4%