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NOTE

From: General Secretariat
to: Delegations

No. Cion prop.: 15396/11 + REV 1, REV 2 (NL), REV 3 - COM(2011) 625 final/3

Subject: Proposal for a Regulation of the European Parliament and of the Council
establishing rules for direct payments to farmers under support schemes within the
framework of the common agricultural policy (CAP Reform)
- Internal convergence

With a view to the meeting of the Special Committee on Agriculture on 1 October 2012,
delegations will find attached in Annex a joint paper submitted by the Irish, Danish, Spanish,
Italian, Luxembourg and Portuguese delegations.

CAP 2020: INTERNAL CONVERGENCE OF DIRECT PAYMENTS

Ireland, Denmark, Spain, Italy, Luxembourg and Portugal

The Commission proposes the progressive introduction of uniform national or regional payment rates per hectare by 2019. The above mentioned Member States agree on moving to a direct income support more equitably distributed between farmers by reducing the link to historical references, but question the proposed approach based on a national or regional “flat rate”. Diversity and complexity of agriculture across the EU requires greater flexibility for Member States in an almost fully decoupled system of direct payments.

The economic and financial situation, together with the resulting budget constraints, recommend the highest prudence in moving support between farmers. The objective of maintaining agricultural activity throughout the EU is still present in the CAP towards 2020. Income support should take into account different situations among farmers, regions, and agricultural sectors within the limit of WTO commitments.

Internal convergence between farmers should be consistent with the external convergence proposed between Member States. Therefore, the system of direct payments should allow Member States to limit losses to farmers by partially, rather than fully, converging payments, in the same manner as proposed for convergence between Member States.

All the elements of the proposed system of direct payments should be addressed by this internal convergence model, and not only the basic payment. Three elements are of particular importance in this regard, the “greening” component of the payment, the number of eligible hectares and the level of direct support per hectare.

- Member States should be allowed, on a voluntary basis, to apply the greening component as a percentage of the basic payment established at individual level, instead of a national or regional “flat rate”.

- Member States should be allowed to establish a reference year for eligible area in the first allocation of direct payments entitlements prior to 2014, within a period starting in 2009.
- The levels of direct support per hectare should be progressively adjusted. Farmers with direct payments below the level of reference of the national, or regional, average should close part of the gap, in the same manner as proposed for convergence among Member States, between their level in 2013 and this level. This convergence should be financed proportionally by all farmers with direct payments over the national or regional average. To avoid disruption in the economies of agricultural holdings, convergence towards this value should take place during the transition period until 2019 in linear steps.

The new system of payments should avoid administrative burdens and cost for farmers and administrations.
