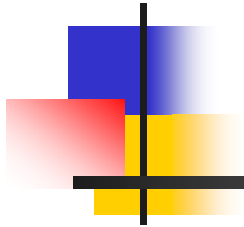

CAP and its implementation in Bulgaria



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CAP structure

- First Pillar

Direct Payments, Market support, Promotional programmes financed by EAGF 100% for direct payments; co-financing for market measures and promotional programmes

- Second Pillar

Rural Development in general co-financing required through the state budget and beneficiary contribution

- State aids 100% national funds

Direct payments Schemes financed by the EAGF



Farmers may obtain direct payments for the agricultural areas, which they use on the territory of the country. Support is provided for arable land, permanent grassland, permanent crops and kitchen gardens maintained in good agricultural condition.

- Single Area Payment Scheme (SAPS)

Minimum requirements:

- 1 ha – agricultural holding
 - 0,5 ha – permanent crops
- 0,1 ha – parcel

- Complemented with additional national payments
- Soft fruit scheme (producers of strawberries and raspberries for processing) 2008-2011 coupled, 2012-2013 decoupled
- Energy crops (implemented 2007-2009)
- Specific support scheme under Art.68 of Regulation 73/2009

Specific support under Art.68

- First notification – December 2009, with main objective to create an incentive to maintain current level of production in the dairy sector
- In 2010 – additional scheme for ewes and she-goats
 - The total budget for specific support for 2011 amounts to 19 326 000 euro
- In 2011 – additional quality scheme for fruit and vegetables, to be applied in 2012 and 2013
 - The total notified budget for specific support for the period 2012-2013 amounts to 28 500 325 euro, which is 3,5% of the direct payments ceiling for 2016





Specific support scheme for diary

- Three schemes for diary:
 - economically vulnerable farms breeding from 10 to 49 dairy cows (115,04 EUR/cow for 2011)
 - farms breeding 10 and more dairy cows in LFA (126,29 EUR/cow for 2011)
 - farms breeding 50 and more dairy cows in nitrate vulnerable areas (104,82 EUR/cow for 2011)

- In 2011- 15 137 325 EUR have been authorized to 5 381 beneficiaries.



Specific support scheme for ewes and she-goats

- Specific support scheme for ewes and she-goats:
 - farms breeding from 10 to 49 animals located in:
 - economically vulnerable municipalities in South Bulgaria or
 - in the Less favoured areas (LFA)
 - In 2011- the payment rate is set at 20,45 EUR and 17,90 EUR for LFA per animal
 - 686 385 EUR authorized to 2 129 beneficiaries.



Quality scheme for fruit and vegetables

- Objective – to create an incentive for production of high quality fruit and vegetables
- Applied for traditional for Bulgaria products – tomatoes, cucumbers, peppers, apples, cherries, peaches, apricots, which meet the requirements of defined quality indicators
- Farmers will receive quality certificate when producing F&V which meet the requirements of the product specification
- Control is performed by the Bulgarian Food Safety Agency
- Scheme budget– 7 669 496 EUR



Consistence of SAPS with other support schemes

Complementary national direct payments (CNDP)

- The basic CNDP scheme is the per hectare scheme
- Identical minimum requirements and Good agricultural condition requirements
- Eligible area – SAPS area with exception of permanent grassland, wine variety vineyards and tobacco, for which other support schemes are available
- Decoupled tobacco CNDPs scheme



Consistence of SAPS with other support scheme

CNDP schemes for animals

- SAPS is not suitable for animal breeders without land
- Only 6,5% of bovine farms have more than 10 hectares of land
- The solution – introduction of CNDPs for animals





CNDPs for animals

- In 2008: 2 schemes for CNDPs for animals – decoupled scheme for ewes and for milk (based on milk quota)
- In 2009: 3 schemes for CNDPs for animals - decoupled scheme for ewes and she-goats; coupled scheme for ewes and she-goats and decoupled bovine scheme
- In 2010 and 2011: 5 schemes for CNDPs for animals – suckler cows scheme; slaughter premium – for calves and adult animals; coupled scheme for ewes and she-goats and decoupled bovine scheme
- In 2012 and 2013: continuation of the animal CNDPs schemes except the slaughter premium

CNDPs and specific support for animals

Scheme	2008		2009		2010		2011	
	Payment per unit	Authorised	Payment per unit	Authorised	Payment per unit	Authorised	Payment per unit	Authorised
CNDP bovine animals			67.80 €	22,571,107 €	76.90 €	22,648,433 €	76.69 € bovine; 153.39 € buffalo	23,557,969 €
CNDP ewes (coupled)			7.74 €	2,952,555 €	14.49 €	8,844,436 €	14.83 €	9,783,850 €
CNDP ewes (decoupled)	16.00 €	8,611,130 €	7.46 €	4,949,407 €				
CNDP milk per tonne	22.68 €	13,145,193 €						
CNDP suckler cows					40.79 €	1,384,331 €	40.90 €	1,740,591 €
Slaughtering adult animals					45.00 €	196,353 €	pending	
Slaughtering calves					35.00 €	29,024 €	pending	
Economically vulnerable farms breeding from 10 to 49 dairy cows					102.32 €	5,336,908 €	115.04 €	6,927,093 €
Farms breeding 10 and more dairy cows in LFA					122.78 €	3,002,585 €	126.29 €	4,069,236 €
Farms breeding 50 and more dairy cows in nitrate vulnerable areas					92.09 €	2,219,001 €	104.82 €	4,140,997 €
Farms breeding from 10 to 49 animals located in economically vulnerable municipalities in South Bulgaria							20.45 €	304,923 €
Farms breeding from 10 to 49 animals in LFA							17.90 €	381,463 €
Total		21,756,323 €		30,473,069 €		43,661,070 €		50,906,122 €

SAPS payments 2007-2013

Calendar year	DP	Direct payments ceiling	Direct payments ceiling	Payment per ha SAPS	Payment per ha SAPS
	%	EUR	BGN	EUR /ha	BGN/ha
2007	25	202,097,000 €	395,261,313 ЛВ	53.10 €	103.86 ЛВ
2008	30	248,821,000 €	486,644,112 ЛВ	65.38 €	127.87 ЛВ
2009	35	289,797,000 €	566,784,973 ЛВ	82.98 €	162.29 ЛВ
2010	40	326,671,000 €	638,903,142 ЛВ	93.54 €	182.94 ЛВ
2011	50	400,035,000 €	782,388,453 ЛВ	114.54 €	224.03 ЛВ
2012	60	472,216,000 €	923,560,053 ЛВ	135.21 €	264.45 ЛВ
2013	70	553,245,000 €	1,082,036,571 ЛВ	158.41 €	309.83 ЛВ
Total DP/ Average DP per ha		2,492,882,000 €	4,875,578,616 ЛВ	100.45 €	196.47 ЛВ



Market measures

- Horizontal market measures- intervention, scheme for most deprived and export refunds
- Sector specific market measures– wine, fruit and vegetables operational programmes, producers' groups, School fruit scheme, School milk scheme, sugar restructuring
- Support for bee-keepers
- Promotional programmes 7 approved promotional programmes total budget 25 million EUR for dairy products, processed fruits and vegetables, PDO/PGI wines
- In the period after accession to the EU market measures payments amount to 60 million EUR



Consistence of direct payments with other support schemes

- Direct payments- measures for income support, for compensation of the lower income in the agricultural sector
- Rural Development– increase of the competitiveness, preservation of natural resources and environment, enhancement of the quality of life and diversification, currently payments under 20 measures
- Total budget of the Rural Development Programme 2007-2013 is 3 278 771 726 EUR, of which 2 642 248 596 EUR from the EU and the rest national co-financing



State aids

- Existing state aids applicable for 3 years after accession in the following sectors: arable and permanent crops, vineyards, tobacco, potatoes, roses, cotton, animal husbandry, bee-keeping, forestry and tax concessions
- Currently applied state aids
Compensation of damages caused by natural disaster,
State aid for high quality seeds, in the animal husbandry, for participation in exhibitions and insurance

Total budget for state aids in 2011- 50 million EUR



Results of Direct payments implementation

- Increase of the competitiveness, sustainability and better market orientation of the Bulgarian agriculture
- Higher and more secure incomes for the agricultural producers, including in the situation of economic crises, climatic changes and natural disasters
- Guarantee for a minimum income of farmers and approximation to the income from other economic activities
- In the first five years of SAPS implementation there is a constant increase of applicants' interest - in 2011 the number of applicants increased by 11% compared to 2007 - the first year of implementation of the scheme.
- Large number of agricultural holdings supported under SAPS – 87 473 beneficiaries in 2011.
- High percentage of used and distributed resources.



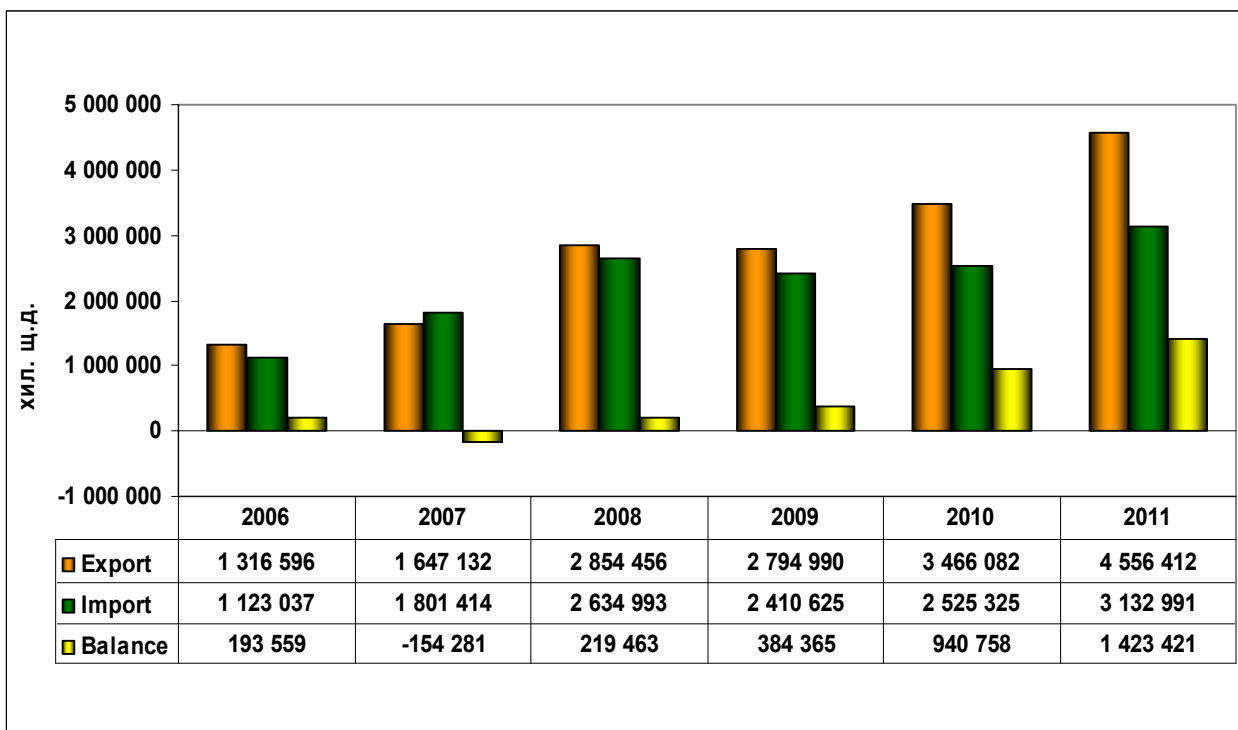
Structural changes in the sector

- Increased dynamic on the land market
- Increase of the agricultural land maintained in Good agricultural condition and decrease of abandoned land (from 4,7 % in 2006 to 3,6 % in 2011, total decrease of non-cultivated land with 23,3 %)
- Concentration of holdings (2010 in comparison with 2007):
 - general decrease of the number of holdings – 24,7%
 - holdings with less than 2 ha decrease with 27,9%, UAA in them – with 21,5%
 - increase of the number of holdings with more than 100 ha with 24,7% and UAA in them – with 20%
- Animal breeding holdings:
 - Farms with 1-9 cows – decrease of the number of holdings with 20,1% and the number of animals with 20,7%
 - Farms with more than 50 animals – increase of the number of holdings with 45,9% and the number of animals with 34,6%



Foreign Trade with agricultural goods 2006-2011

■ In thousands USD



Direct payments after 2013

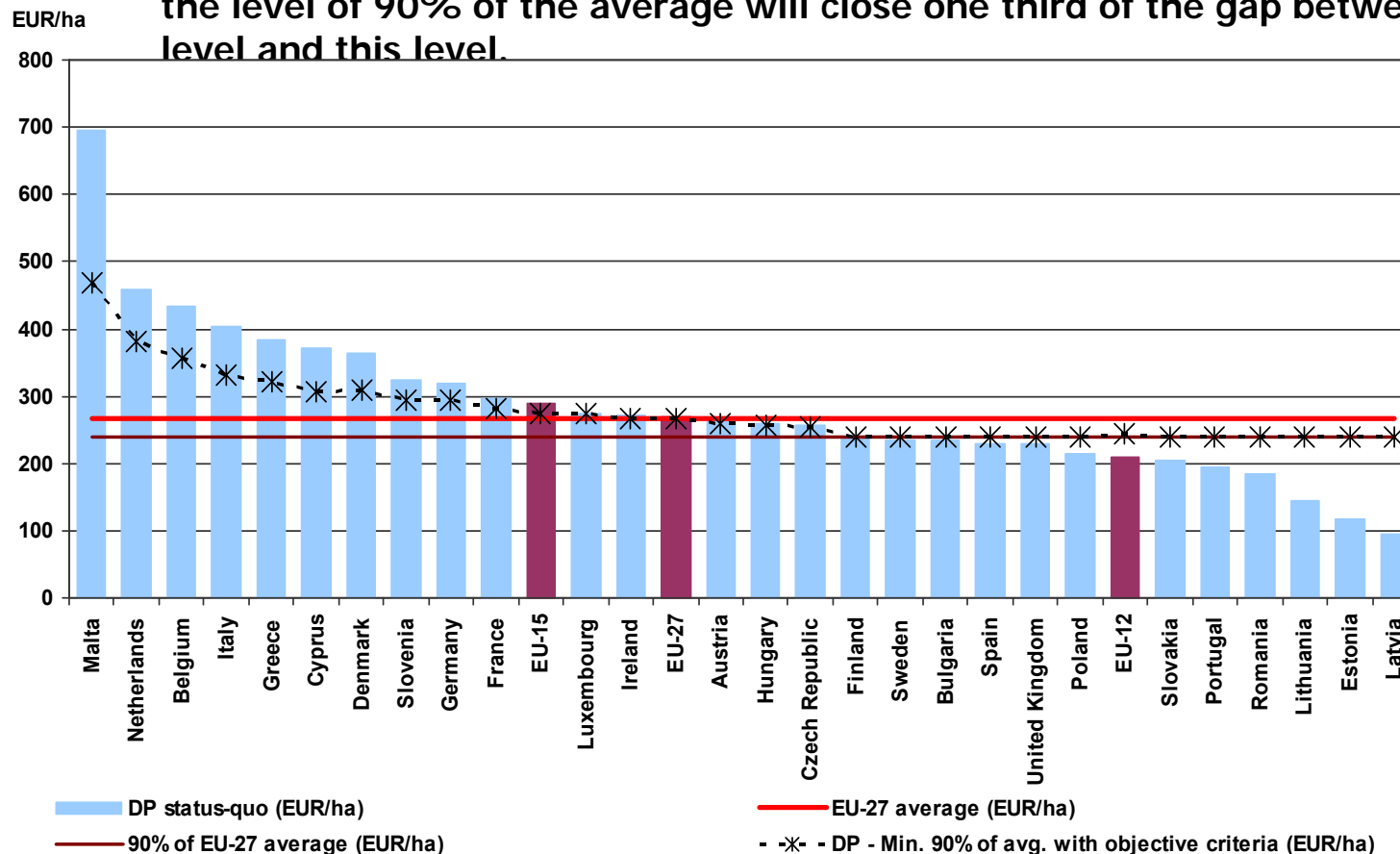
Legislative proposal of the EC:

- Basic payment with payment entitlements and complying with the cross compliance (CC) requirements;
- Green payments, bound with the implementation of ecological activities beyond CC requirements
- Specific natural constraints payment for holdings situated in mountain and LFA regions
- Young farmers payment
- Small farmers scheme
- Voluntary coupled payment



Convergence of Direct Payments in the EU 2014-2020

To ensure a more equal distribution of direct support, while taking account of the differences that still exist in wage levels and input costs, the levels of direct support per hectare will be progressively adjusted. All Member States with direct payments below the level of 90% of the average will close one third of the gap between their current level and this level.



The package for Direct payments for Bulgaria is maintained





MAF position on CAP post 2013

- CAP should continue to be strong Community policy, with sufficient budget, financed by the EU
- Uniform payments in the old and new Member States
- Maintenance of the simplified system for direct payments per ha, accompanied by flexible measures for specific support for certain sectors
- Simplified cross compliance rules
- Maintenance of market measures as safety net





Challenges

- Dynamic of land use ⇒ Farm register
- Better targeting of support towards active farmers
- Greening of direct payments
- Distribution of direct payments- 80% of beneficiaries received around 20% of the direct payments in 2010 (18.4% in the EU-12) ⇒ progressive reduction and capping; small farmers scheme
- Maintenance of economical and environmental vulnerable sectors ⇒ coupled support



Thank you for your attention!

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