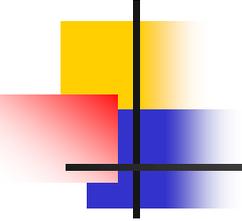

Implementation of CAP in Bulgaria/ Position on the Future of the CAP – Direct payments

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Direct payments Schemes financed by the EAGF

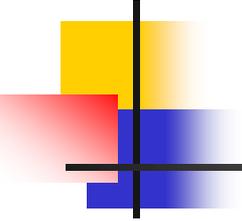


Farmers may obtain direct payments for the agricultural areas, which they use on the territory of the country. Support is provided for arable land, permanent grassland, permanent crops and kitchen gardens maintained in good agricultural condition.

- 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
- Specific support scheme under Art.68 of Regulation 73/2009



Specific support under Art.68

- In December 2009 - first notification, 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
- In 2011 – additional quality scheme for fruit and vegetables, applied in 2012 and will continue in 2013



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 for CNDPs – SAPS area with exception of permanent grassland, wine variety vineyards and tobacco, for which other support schemes are available
- CNDP schemes for animals



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.
- Large number of agricultural holdings supported under SAPS – 87 473 beneficiaries in 2011.
- High percentage of used and distributed resources.



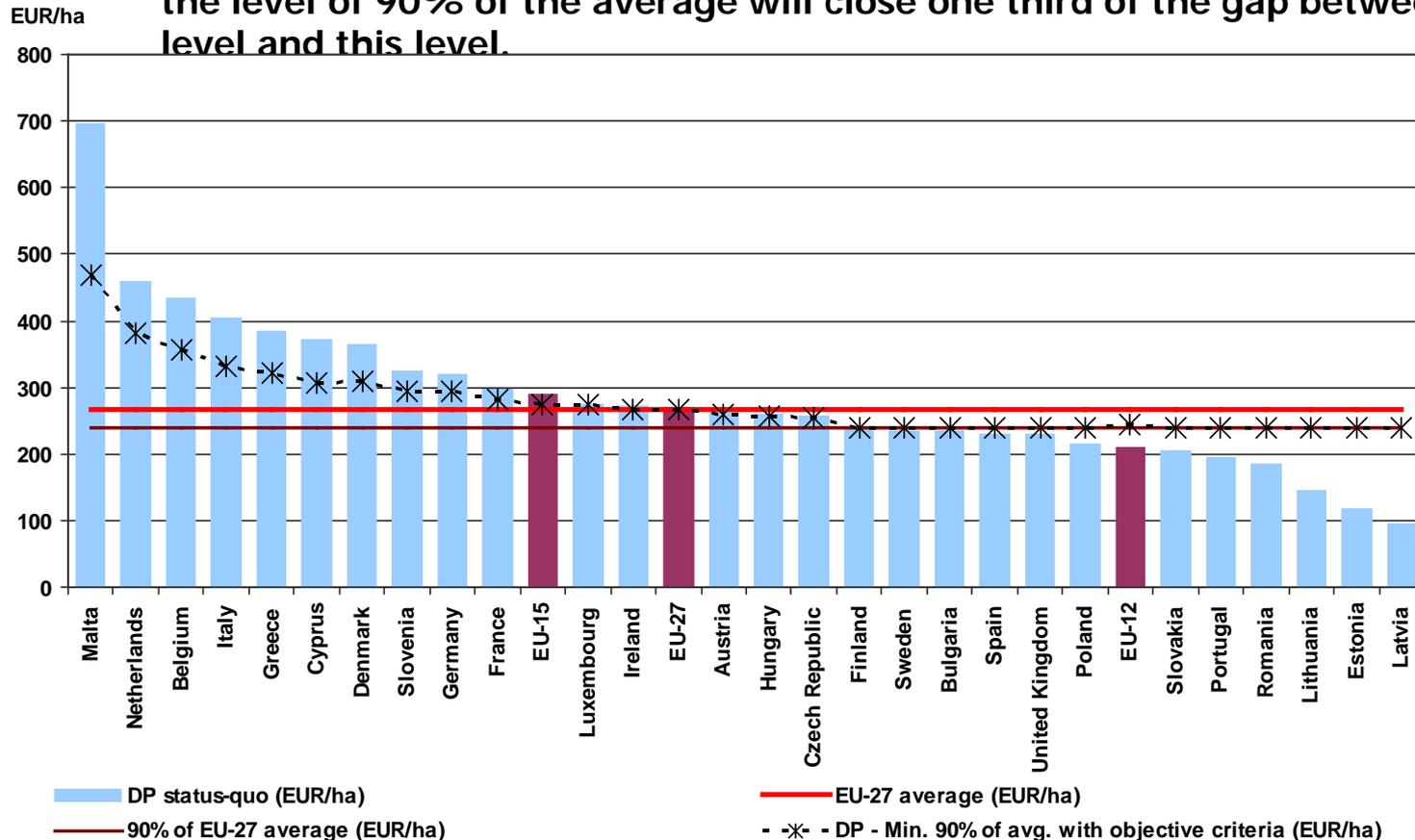
Structural changes in the sector

- 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%



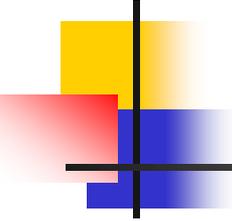
Convergence of Direct Payments in the EU 2014-2020

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.



Direct payments package for Bulgaria is not increased

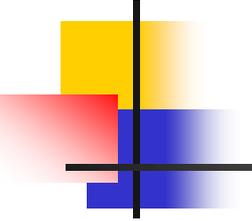




Priorities of the Bulgarian Ministry of Agriculture in the CAP Reform 2014-2020

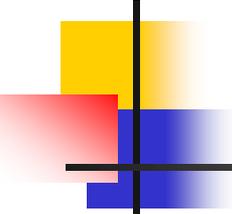
CAP budget

- Maintaining the levels of financing of CAP in order to fulfill the ambitious policy goals, as well as to deal with the serious challenges that contemporary agriculture faces.
- It is necessary for managing the new challenges regarding climate change, biodiversity, balanced development of rural areas and ensuring production of sufficient qualitative and safe agricultural products and food within EU and for the increasing global demand.
- CAP simplification is also needed.



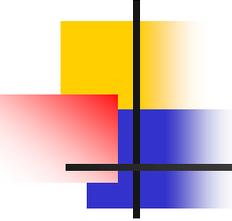
Direct Payments

- Direct payments are important tool to support incomes of farmers and are essentially necessary due to the specificity of agriculture and significantly lower incomes in the sector compared to the other economic activities.
- Direct payments contribute to the maintenance and stabilization of agricultural production and by this means guarantee sustainable supply on agricultural markets.
- Direct payments have also an important role in counteracting different climate and economic crises and give farmers the possibility to manage their consequences.
- The role of direct payments in increasing the competitiveness and viability of farms is also essential.



Redistribution of the direct payments

- The proposed by the European Commission method for correction of the lower levels of direct payments is a step in the right direction; however we consider it necessary to apply a more ambitious approach for a faster and more considerable convergence of direct payments between Member States.
- We support the leaving out of the historical approach in determining the levels of direct payments, as it does not reflect adequately the current situation and does not guarantee a fair support to all EU farmers.
- Having regard to all this and taking into consideration that the requirements of the consumers to the supply of agricultural products are practically similar in all Member States, we adhere to an approach towards aligning the levels of direct support EU wide.

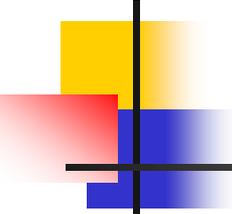


Progressive reduction and capping of direct payments

- The introduction of capping of the direct payments in the proposal of the Commission is reasonable and could be considered as a means of more fair distribution of the support.
- We support double increase of the thresholds from which the progressive reduction of the payments should start and double increase of the capping of payments.
- Member States should have the flexibility when implementing the ceiling to take a decision to utilize the saved funds in the frames of First Pillar or Second Pillar.

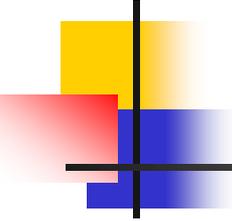
Greening of direct payments (1)

- It is very important to achieve as considerable ecological benefits as possible without endangering the competitiveness of the sector when introducing a green direct payment.
- Although the application of a green element has its rationale, the 30 % share proposed is too high. Member States should be able to apply the green payment within certain limits, thus being in a position to address ecological problems and needs, specific for the relevant country.
- We consider that the proposal of 7% ecological focus area is very high and will affect in a negative manner the economic viability of the farmers in the European Union.



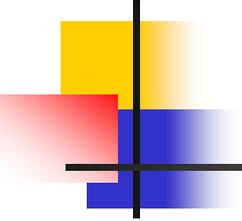
Greening of direct payments (2)

- Due to the different purpose and the different characteristics of the particular components of the direct payments, it is reasonable that they should be independent of each other.
- The binding of the basic direct payment to observance of the requirements for cross compliance is a sufficient condition as regards the ecological benefits in order to grant this type of support. The eventual imposing of sanctions when not observing the green activities should not lead to reductions of the basic direct payment.



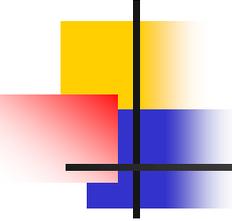
Voluntary coupled support

- For Bulgaria, keeping the possibility for implementation of the voluntary coupled support in certain sectors is important –
- because it will allow to improve the ratio of the payments in the arable and livestock sectors.
- because it acts as an incentive for maintaining the current levels of production in sensitive sectors where other forms of support cannot be utilized.



Payment for young farmers / Small farmers support

- We consider the proposal to allocate up to 2% of the financial package for direct payments for additional support to young farmers - rational as it will stimulate the improvement of the demographic structure of employees in the EU agricultural sector.
- Small farmers support in the form of a special scheme is also an appropriate proposal.



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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