



Pushing for changes

**Proposals by Mecklenburg-Vorpommern
on the Common Agricultural Policy (CAP)
after 2020**

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after 2020**



Ministerium für
Landwirtschaft und Umwelt



*Dr. Till Backhaus
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Since the beginning of the unification of Europe, the Common Agricultural Policy (CAP) has been one of the most important policy fields in European politics. Continuous changes in life styles, societal needs and expectations prompted several adaptation steps in this most integrated and communitised policy in recent decades.

The CAP is much more than just agricultural policy. It can be deemed as a synonym for over sixty years of peaceful and collaborative development on our continent. It has always been the trigger for a broad social discourse on the correct use of European funds, on alignment and development

It is worthwhile to work on the future viability of the CAP and to base it on an intelligent foundation upholding European values, while at the same time strengthening the responsibility of the regions and of the farmers themselves.

Initially, after a decade of destruction the Common Agricultural Policy was designed to focus on self-sufficiency providing main agricultural products, securing rural income, on price support, subsidised agricultural exports and market regulation. After 1990 a series of CAP reforms followed leading to market liberalisation, competitiveness of enterprises, environmental protection and growth and employment in an enlarged Community. Finally, the comprehensive and integrated support of rural regions in Europe had been established.

The profile of the CAP post-2020 will need to contribute more than ever to achieving the goals of the Community, such as climate change, environmental and resource protection, biodiversity, animal welfare, consumer safety, digitisation and, most importantly, rural vitality.

More than 450 million citizens in 27 member states of the European Union continue to benefit from a diverse and secure food supply, consistent quality standards, protected geographical indications and designations of origin, as well as comprehensive manufacturer information obligations.

Based on European goals, the future CAP must be socially more comprehensible, more practicable and more modern than before. It must follow a clear performance principle that is as fair as possible to all farmers in Europe and significantly contributes to their incomes.

The CAP should focus more on the situation of small and medium-sized agricultural enterprises, as well as on area-based animal husbandry and the management of generational change. However, it is not the size of an agricultural enterprise that matters, but the services it provides for Europe, for its region and for ensuring good work in the countryside.

Yours,

A handwritten signature in dark ink, reading "Till Backhaus". The signature is written in a cursive, slightly slanted style.

Dr. Till Backhaus
Minister for Agriculture and Environment
Mecklenburg-Vorpommern

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Agriculture and rural areas as important pillars of society

More than ever, agriculture is interacting in an environment characterised by social and environmental responsibility and the economic needs of a sustainable business in an increasingly globalised and interconnected world.

Agriculture is far more than just the industry that provides jobs for about 22 million people in over 11 million agricultural businesses and farms in the EU.

In the entire upstream and downstream sector, according to consistent estimates, around 44 million jobs directly depend on agricultural production.

The implementation of climate and environmental goals is unthinkable without the active participation of farmers as the largest land users in many areas. They are important players in the conservation and regeneration of natural resources (water, air, soil and biodiversity). They implement climate policy measures and create valuable landscapes. Similarly, the social integration of farmers into the village community is a crucial factor for the social acceptance of agricultural production. In many regions of the EU, the farm is the only remaining or at least the most important business in the village.

Responsible agriculture and vivid rural areas are thus two inseparable sides of the same coin. Lively villages and healthy landscapes are also important retreats for recreation and leisure activities for many urbanites.

Many people feel at home in the villages and regions of their childhood. Villages are history, community and home at the same time. Agriculture is an indispensable part of this homeland.

From all this, a great responsibility is derived for the present and future shaping of the CAP as a main instrument for the development of agriculture and rural areas.

Mecklenburg-Vorpommern as a European region with historically grown, relatively large agricultural structures considers it necessary to enrich the upcoming reform dialogue on the CAP with a proposal that deliberately does not proceed from new justifications for a defensible agricultural budget. Rather, it shows how payments to farmers in Europe can be put on a new footing - without massive disruptions.



Framework conditions for the CAP model after 2020

In the framework of a broad consultation, European citizens have argued that agricultural policy should continue to be managed at EU level and that **support for farmers** and **environmental protection** are the **two main objectives** of this policy.

Given the numerous criticisms on the current CAP, which were also voiced in the consultation, as well as new external challenges, there can be no **“Keep it up”**.

The incentive effect of the first pillar regarding societal demands and the achievement of European goals is insufficient partly due to the introduction of greening.



We prefer a policy that is based on the services to be provided to rural areas, describes measures, sets incentives, and provides money for **farmers as voluntary service providers**.

Moreover, the existing system has become so complex and confusing for potential applicants, farmers in particular, but also for administrations, that **simplification is urgently needed**. If farmers no longer participate in support measures for fear of errors in the application or implementation, the objectives of European agricultural policy will not be realised.

The **mid-term reports** on the European Water Framework Directive (WFD) and the EU Biodiversity Strategy pointed out that the goals set in both areas cannot be achieved without substantial additional effort. In both reports, land management plays an essential role.

In **the Commission's reflection paper on the future of EU finances** dated 28 June 2017, demands for a more targeted distribution of agricultural direct payments were formulated. At the same time, all realistic future scenarios forecast a more or less significant reduction in the financial share of the CAP in the European budget.

In an academic study by the Jacques Delors Institute Berlin published by the European Parliament, the financial implications of the Brexit are considered, and even if the negotiations are still ongoing, a funding gap of around € 10 billion is expected by 2020 at the latest. It seems hardly realistic at present that this amount will be offset by the remaining member states. In this regard, even if this burden to the CAP was evenly distributed, the agricultural budget is reduced by at least € 3 billion.

Key points of the CAP model M-V

Taking into account the above assumptions and considerations, the model Mecklenburg-Vorpommern comprises of a set of objectives from the following points:

- ◆ Increase the effect **“public money for public services”** as a performance principle by genuinely rewarding a European added value arising from participating in environmental and climate measures.
- ◆ The **system should be “uniformly” implementable throughout the EU.**
- ◆ A single system of remuneration will abolish regional or sectoral coupled premium payments without completely ignoring territorial differences.
- ◆ **Simplification** of the system for applicants and administration through separation of land-related subsidies and investment support.
- ◆ Increasing the acceptance of **voluntary environmental measures** through real rewards.

- ◆ **Separation** of the IACS system from investment support and from the support of forest and nature conservation areas.
- ◆ Creation of a “uniform” **area-based animal premium for cattle, sheep and goats.**
- ◆ **Reduction of risk of penalties for** national and regional budgets and for applicants by means of long-term COM approved funding principles per Member State. Proof of actual financial damage to the EU budget as a basis for flat-rate penalties.
- ◆ **Acceptable financial disruptions** for farms in the transition between systems through the early adoption of a single basic system of land support for the farmers and the resulting adjustment options for the economic orientation of the farm.
- ◆ Demands for additional payments for honouring area-based livestock farming, the support of small-scale agricultural businesses and the support of generational renewal are reflected in the system.

I. Principles of the CAP model M-V

The NEW first pillar

The **operational and ecological direct payments cover all subsidies related to the management of agricultural land (current direct payments, land-related agricultural and climate protection measures, organic farming). Added to this are additional premiums for young farmers, small farms and grazing livestock (bovines, sheep, goats) as well as for less favoured regions.**

The support to the farmers via the **NEW first pillar** is without national co-financing.

The five components of operational direct payments

- ◆ A single **basic premium of € 100/ha** is an expression of the recognition of the higher social and environmental standards in the European market compared to the world market.
- ◆ Member states receive, in addition to the basic premium budget, a supplement to the national ceiling of **3 percent** for **support to young farmers** and **10 percent for support to small farmers**. The rules for the implementation of these premiums are set by the member state and approved by the Commission with regard to their appropriateness.
- ◆ A uniform premium of 25 €/ha will be paid for the **less favoured regions** as defined according to EU criteria.
- ◆ For cattle, sheep and goats, a budget for an animal premium of € 70/FMO (operational maximum 2.0 FMO/ha) will be made available to the member state on the basis of existing livestock. Increases in numbers of animals in

the member state result in proportional reductions in the individual animal premium.

- ◆ Payments for young farmers, small farms, less-favoured areas or animal premiums not offered to a member state or not spent to the extent available may be used in the member state for the payment of additional ecological measures in the following year.

How do the components interact and what's behind?

a) *the basic support*

The combination of investment and land-related payments in one system requires a very complex and costly data processing system. A separation as regards content and organisation of the systems could significantly improve the handling of individual funding projects.

Via this systematical change the uniform administration of the IACS system at a central department in the member state could be realized. This would avoid complex coordination processes **and** differences in interpretation between the programming regions in one member state and reduce risks of penalties. Accordingly, a centralised management for land-related payments at member state level would be possible. At least, it would allow for the possibility for implementation of administration procedures by regional authorities according to centrally steered provisions.

A basic premium of € 100/ha is an expression of the recognition of the higher social and ecological standards in the European market compared to the world market. The current differentiated direct payments per land



unit area in each member state, based on historic approaches and different production costs, are deliberately neglected.

The basic premium is granted to the farmer on the basis of the area that is farmed at the time of application.

The previous system of payment entitlements will be abolished.

b) Young farmers and farm structures

In order to **support the generational renewal**, an additional payment for the management of agricultural land by young farmers should be granted.

As European regions are differently affected - apart from the definition of criteria for young farmers - area-related grant criteria should be set at member state level. The COM could specify a funding corridor. With a calculated appropriation (3% at EU level), funding could be better organised than in the current funding period.

The **agricultural structures** and the importance of the **small farm structures** to preserve the viability of rural areas in the EU are extremely diversified.. However, since it is precisely the regions in need of development that are heavily dependent on the existing structures, increased land-related aid is provided for strengthening small-scale farm structures at European level.

The agrarian structure varies extremely from member state to member state. Therefore, land area-related award criteria should be set at member state level. The COM specifies a funding corridor. With a calculated appropriation (10 percent at EU level), the funding could also be better organised here than in the current funding period.

c) *Strengthening livestock owners in rural areas*

The **keeping of grazing stock** is indispensable for the preservation and development of ecologically valuable cultural landscapes in large parts of the EU. Therefore, the financial security of this land management with a **separate animal premium** should be taken into account.

All previous funding approaches of the last and current agrarian reforms have been based on land area premiums. As a result of this orientation, land based livestock farming has continued to decline, the purchase and lease prices have increased exorbitantly in the last 20 years (at least in Germany) and a substantial part of the aid has been passed on to the land-owners. The active, local livestock farmer does not benefit or benefits only



to a small extent from the direct payments.. The animal premium could also be used to counteract the trend towards more coupled, regional and national premium schemes.

However, a European-wide uniform premium linked to animal numbers would be introduced. At present, 84 percent of coupled premiums paid by the member states anyways are paid for grazing stock or their products.

With the introduction of such a premium, appropriate checks on the numbers of animals via database systems for all system registered grazing animals could be facilitated.

A meaningful system currently exists only for cattle. Animal stock numbers would then have to be subject to on-the-spot checks.



d) Remote and disadvantaged regions

The preservation of the existing cultural landscape depends to a large extent on an **area-wide land management** as well as on the **type of farming**. In order to maintain the landscape at as many sites as possible, even under complicated natural conditions, the granting of certain compensatory payments remains necessary.

Having just been introduced in most EU regions the regional scenarios for disadvantaged areas are only of limited suitability.

Especially remote areas and areas that can contribute significantly to climate protection should participate (mountainous areas and areas with very low earning potential).

e) **Support granted to member states on the basis of specific percentages of the basic premium (young farmer's premium, support for small farms) or on the basis of the confirmed area scenario for less-favoured areas that is not or not fully spent by the member state may be used to finance additional ecological measures.** Ecological direct payments

The **catalogue of voluntary ecological additional measures** is defined uniformly **at national level** and agreed between the member states and the European Commission (COM) before the start of the funding period. It applies to the entire funding period.

The funding not only compensates for operational disadvantages, but also **real rewards** for European added value (for example for services in the implementation of the EU WFD, biodiversity strategy, climate strategy).

Depending on the ecological value of the measure, the premium should be 15 to 30 percent above the previously calculated additional cost. This will create a considerable incentive.

The farmer can apply for any number of additional measures from the catalogue for the areas he manages. However, only one additional obligation can be applied to and funded for the same area. The operational **obligations** arising from the additional funding are for **one year**.

In order to qualify for the basic premium, **the scope of the voluntary environmental measures must include at least a financial contribution of 50% of the base premium** calculated on the area that is farmed.

How does the system of ecological direct payments work?

The ecological direct payments become the central element of the NEW first pillar. This compensates for special ecological services.

Since direct payments are not subject to programming, individual services at member state level should be agreed and established with the COM according to their regional conditions for a single catalogue before the start of the funding period.

The catalogue therefore includes:

- ◆ the individual measures,
- ◆ their content requirements as well as
- ◆ the uniform levels of support to be granted.



As a rule, the agreed spectrum should be maintained for the entire funding period. This will result in a significant simplification to the existing funding offers and more planning security for the participating land managers.

The increase in premium payments for agricultural-environmental and climate protection measures (AUCM) by at least 15 to 30 percent (compared to the current level) are a clear and necessary incentive for working with farmers and through their work to achieve the European environmental and climate protection goals faster and more effectively.

The previous approach of compensating for additional operating expenses in the second pillar or loss of income by agricultural-environmental and climate measures does not meet this requirement in any way. Greening is not an incentive, only a payment condition



In the new system, so-called “light green” measures are to be supported with a bonus of 15 percent above the calculated cost and “dark green” measures with a bonus of up to 30 percent.

For larger member states with very different natural conditions, the possibility of subdividing the total area into 2 to max. 3 regions with differentiated measures, criteria and funding rates shall be given.

Due to the natural and agro-structural conditions within a member state, the use of voluntary environmental measures may lead to a very differentiated distribution between the regions.

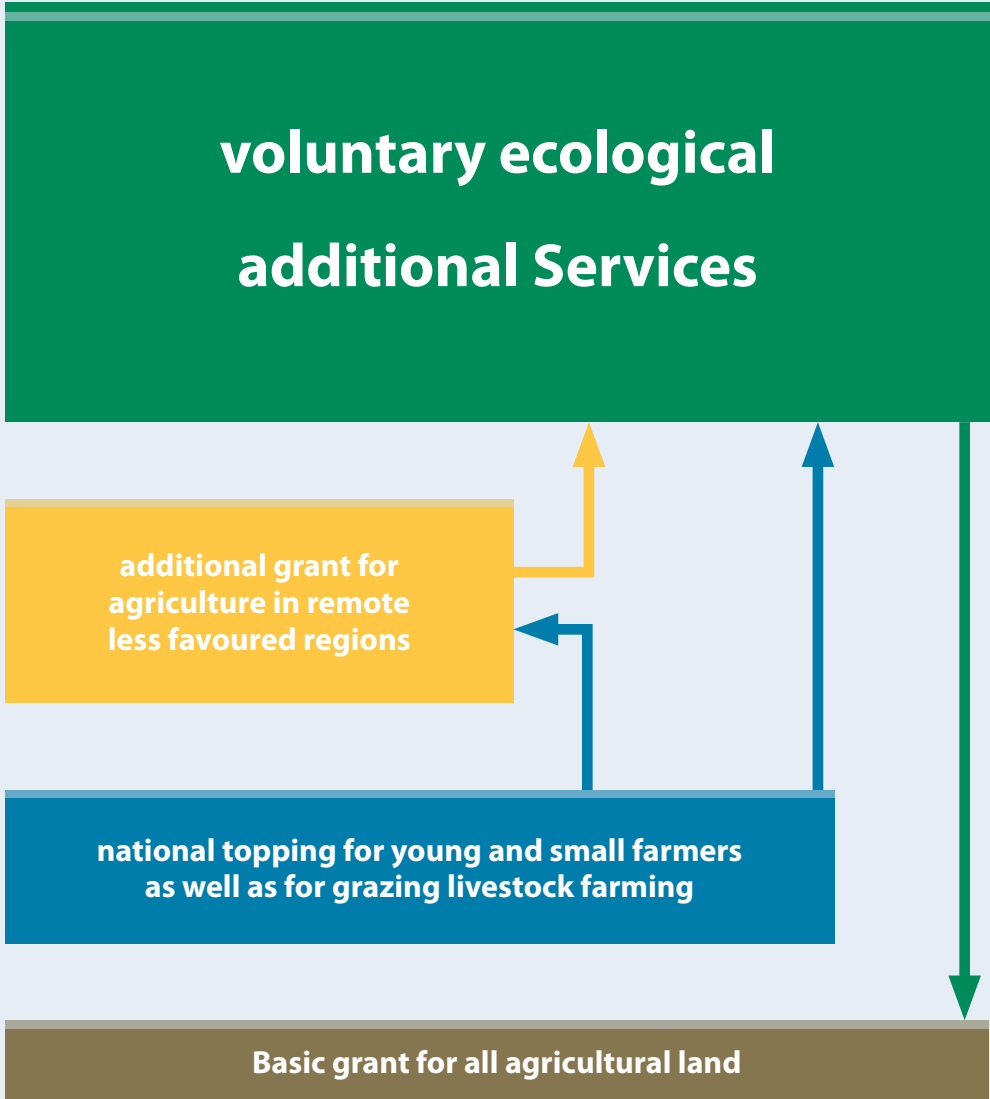
In order to avoid that environmental services are concentrated in specific regions and that there is then little acceptance in other regions, a minimum level of additional measures should be obligatory for every farm. Given the very different value of the additional measures, these should be within a minimum financial scope of the single area premium (see basic premium).

In order to qualify for the basic premium, the amount of the additional measures must include at least a financial contribution of 50% of the base premium calculated on the area under management.

In order to promote environmental measures, the member states will be provided with a budget of approximately 120% of the value of the base premium. If the budget is exhausted, the aid will be reduced pro rata.

Measure-specific restrictions per farm or region are laid out in the catalogue of the individual member states to provide for a meaningful implementation of additional environmental measures. For the same area only one additional ecological measure will be funded. This removes the need to examine the combinability of measures and the reconciliation of obligations on the same land area.

The operational obligations arising from the additional measures are effective only for one year. This eliminates time-consuming retroactive accounting for violations and area deviations.



A calculation model for financial implementation at EU level, without UK

Table 1*

Premium type	Restrictions	Premium in € pro ha /RGV	Budget at EU level	
			Land budget in T ha	Finance budget in mio. €
Basic premium	For all farm land	100 €/ha	157.000	15.700
Support first hectare/ small farms	Allocation of 10 % of basic premium per MS	Structure individual Rules in MS		1.570
Support for Young farmers	Allocation of 3 % of basic premium per MS	Structure individual Rules in MS		470
Support for Less-favoured Areas	New support areas of EU	25 €/ha	36.700	917
Animal premium for cattle, sheep and goats	Only up to 2 RGV/ ha LF each farm	70 €/RGV	Animal stock	5.054
			77.4 mio. cattle (0.8 RGV)	4.345
			55.5 mio. sheep (0.15 RGV)	578
			12.5 mio. goats (0.15 RGV)	131
Support ecological benefits				19.289
Appropriation total	Current budget -3 billion for Brexit (7%)			43.000

*) The figures underlying the calculation models (Tables 1 to 4) are based on data from Eurostat, Federal Statistical Office, Statistical Office M-V and own calculations

A calculation model for financial implementation at the level of the member state Germany

Table 2*

Premium type	Restrictions	Budget in € per ha	Budgets at level D	
			Area budget in T ha	Finance budget in mio. €
Basic premium	For all farm land	100 €/ha	16.700	1.670
Support first hectare/ small farms	Allocation of 10 % of basic premium per pro MS	Structure individual rules in MS	Recommendation	167
			<20 ha x 50 € (1,2 mio. ha)	60,4
			20 -50ha x 25 € (2,2 mio. ha)	55,7
			50 -100 ha x 15 € (3,3 mio. ha)	50,5
Support for Young farmers	Allocation 3 % of basic premium per MS	Structure individual rules in MS		50
Support Disadvantaged regions	New support areas of EU	25 €/ha	7.250	251
Animal premium for cattle, sheep and goats	Only up to 2 RGV/ ha LF per farm	70 €/RGV	Animal stock	726,4
			12,6 mio. cattle	705
			1,9 mio. sheep	20
			0,13 mio. goats	1,4
Support supplementary ecological measures	Basic premium x1,2			2,226
Appropriation total	Current budget - 7 %			5,090

*) The figures underlying the calculation models (Tables 1 to 4) are based on data from Eurostat, Federal Statistical Office, Statistical Office M-V and own calculations

Calculation example for the impact of the model on an average organic farm in MV (270 ha, of which 200 AL, 70 ha GL, 100 RGV)

Table 3*

Premium type	Subsidy grant to-date				Model calculation			
	Premium Euro/ ha	Area	Support in Euro	Notes	Premium Euro/ ha	Area/ RGV	Support Euro	Note
Basic premium	174	270	46.980,00	Basic premium	100	270	27.000,00	
Greening	87	270	23.490,00					
Additional premium for small farms	49,41	30	1.482,30	limited to 20 ha	50	20	1.000,00	
Additional premium for small farms	29,95	16	479,20	limited to 30 ha	25	30	750,00	
Additional premium for small farms			0,00	limited to 50 ha	15	50	750,00	
Premium for cattle/sheep/goats					70	100	7.000,00	
Young farmers	44,1	90	3.969,00	+3% to nat. upper limit**	44,1	90	3.969,00	
Eco.premium (AL + GL)	200	233	46.600,00		350	233	81.550,00	
Vegetables	590	5	2.950,00		760	5	3.800,00	
Varied cultures	60	188	11.280,00					
Flowered areas :	680	5	3.400,00		900	5	4.500,00	
Buffer strips	540	2	1.080,00		800	2	1.600,00	
Erosion-/ sea stripes	610	5	3.050,00		850	5	4.250,00	
Nature protection correct GL use	340	20	6.800,00		450	20	9.000,00	
Sum			147.591,50				145.169,00	
Ø amount area premium		282,96	76.400,50	52%		149,89	40.469,00	28%
Ø amount additional benefit		263,67	71.191,00	48%		387,78	104.700,00	72%
Ø amount per ha LF		546,64				537,66		

*) The figures underlying the calculation models (Tables 1 to 4) are based on data from Eurostat, Federal Statistical Office, Statistical Office M-V and own calculations

**) 3% addition to the national ceiling of the member state for young farmers from the EU budget

Calculation example for the effects of the model on a conventional average operation in MV (270 ha, 200 AL, 70 ha GL, 100 RGV)

Table 4*

Premium type	Grant aid to-date			Model calculation				
Support scheme	Premium Euro/ ha	Area	Support in Euro	Notes	Premium Euro/ ha	Area/ RGV	Support Euro	Note
Basic premium	174	270	46.980,00		100	270	27.000,00	
Greening	87	270	23.490,00					
Additional premium for small farms Betriebe	49,41	30	1.482,30	limited to 20 ha	50	20	1.000,00	
Additional premium for small farms	29,95	16	479,20	limited to 30 ha	25	30	750,00	
Additional premium for small farms			0,00	limited to 50 ha	15	50	750,00	
Premium for cattle/sheep/ goats					70	100	7.000,00	
Young farmers	44,1	90	3.969,00	+3% to nat. upper limit**	44,1	90	3.969,00	
Varied cultures	85	188	15.980,00		95	188	17.860,00	
Flowered areas	680	5	3.400,00	max. 5ha	900	5	4.500,00	
Buffer strips	540	2	1.080,00		800	2	1.600,00	
Erosions-/ Stretch of water strips	610	5	3.050,00		850	5	4.250,00	
Nature protection GL use	340	20	6.800,00		450	20	9.000,00	
Extensive greenland use	220	50	11.000,00		300	50	15.000,00	
Fruit and vegetables	64	5	320,00		80	5	400,00	
Sum			118.030,50				93.079,00	
Ø amount area premium		282,96	76.400,50	65%		121,18	40.469,00	43%
Ø amount additional benefit		154,19	41.630,00	35%		194,85	52.610,00	57%
Ø amount per ha LF		437,15				316,03		

*) The figures underlying the calculation models (Tables 1 to 4) are based on data from Eurostat, Federal Statistical Office, Statistical Office M-V and own calculations

**) 3% addition to the national ceiling of the member state for young farmers from the EU budget



II. The EAFRD – The NEW rural support

The system of investment support for rural areas and contractual nature conservation (NEW second pillar)

The second pillar of the Common Agricultural Policy remains in the M-V CAP model, but will be structurally changed in such a way that all area-related measures, apart from the specific contractual nature conservation and forestry measures, will no longer be supported by rural development funds..

Why does a part of the area-related support remain in the EAFRD?

Measures on areas which, due to natural circumstances, are largely used for nature conservation purposes and forest areas are usually subject to other and mostly more specific objectives. Thus, they cannot be adequately rewarded by the voluntary additional ecological measures schemes (direct ecological payments).

Experiences from the previous funding periods demonstrate that the willingness to participate in forest measures significantly decreases when combining support with the IACS. This system is not familiar to forest owners and usually not necessary for the proper implementation and monitoring of the measures. However, it will not be possible to dispense with a national land-use identification system for the clear determination of support areas.

Areas on which only minor agricultural use (care) is necessary and desired for the protection of nature conservation objectives (keeping open areas, moor protection areas, biotope development areas, extreme wetlands or dry locations) should be supported very individually. Such support cannot be described and rewarded in a targeted manner with additional measures in the context of direct payments.

For these areas, inclusion in the IACS system does not seem compulsory. Here, the support of individual multi-year management or long-term care contracts within the framework of the EAFRD appears more meaningful and more targeted.



The **simplification and reorientation** of the EAFRD support (see EAFRD-Reset, Free State of Saxony, 21.06.2016) is urgently needed. For the new funding period, a revision of all EAFRD regulations is mandatory. The focus must once again be on the success of European policies and objectives and on the core concern of ensuring the viability of rural areas.

The current subdivision of **funding, according to priorities and focal areas** has **not proven to be successful**, partly due to the relative arbitrariness of the allocation and the very limited information content for stakeholders. The same applies to the allocation of support measures to priority and secondary effects. **Both should not be pursued in the new system.**

Minimum scopes for individual funding areas (AUKM, LEADER) should not be specified at EU level due to the diversity of national and regional challenges.

The EU should express the European value of measures by **different co-financing** rates. In addition to the idea of cohesion, the principle should above all be the **European added value** to be expected from the measures determined by and expressed in different co-financing rates in the EAFRD.

The measures described in the EAFRD program along with the approval of the program are simultaneously authorized in terms of state aid by the Commission (**one window approach**).

Fields of action for achieving the regional objectives must be as abstract as possible and as specific as **necessary** for state-aid classification. They may include several measures within the meaning of today's EAFRD regulations, on the one hand to allow scope for implementation and, on the other hand, to bundle the program approval and the Commission approval with regard to the previous procedure.

Within the fields of action, it is sufficient to state maximum subsidy rates (up to) as far as this is necessary according to state-aid regulations. These can be undercut by the member states even without a program change.

The system of implementation review during the funding period (mid-term targets) and associated performance reserves result in an unnecessary administrative burden and make continuous program implementation difficult. Therefore, it should not be used in the next funding period.

Efforts to outsource individual funding areas (e.g., nature and environmental protection) and transfer them to other or independent funds does not contribute to problem solving and are rejected for various reasons.



Due to increasing coordination and agreement efforts, and a significant restriction in the flexibility in subsidies, they lead to inefficiencies and - because of problems with the implementation of individual funding contents - to a loss of funding.

Essential funding content of the EAFRD in the new system:

- ◆ the investment support of
 - the **rural economic and infrastructure development,**
 - the **costal and flood protection,**
 - **nature and climate protection projects;**
- ◆ the support of **concepts** and **investment projects** to improve animal welfare, support for **participation in animal welfare programs;**
- ◆ the support of **further training and advisory projects** with societal goals as well as rural value chains and innovations;
- ◆ the support of **social participation** in rural areas (including integrated rural development, **land consolidation, LEADER**);
- ◆ the support of innovative **network projects** for the economic and social strengthening of rural areas.

Likewise, the support of a **system of private risk management** (risk prevention), when included in the post-2020 CAP, should be part of the EAFRD and not linked to direct payments.

More than ever, a demographic reference to the orientation of rural development must be taken more seriously into account. The guidelines of the European Conference on Rural Development (Cork 2.0) should be a guide to action.

Key points for the technical implementation of EAFRD support within the new system

- ◆ no allocation of support measures according to **priorities** and key point areas,
- ◆ no stipulations of **minimum scopes for specific areas of support**,
- ◆ **laying down of different EAFRD contribution rates, staggered according to the expected EU added value of the measure**,
- ◆ no reserve capacity **and associated interim evaluations of program implementation**,
- ◆ the measures described in the **EAFRD program** are approved and **at the same time also approved by the Commission**,
- ◆ **no separate EU fund for nature, environmental and climate measures**,
- ◆ increased, but optional, use of alternative funding instruments (e.g., loans, participations, guarantees).

How do the components interact and what's behind?

- a) In the face of increasingly extreme weather conditions and increasingly volatile markets, the demand for **risk-management** systems subsidised by the state is increasing. The European Agricultural Fund should reflect this and **integrate** corresponding funding opportunities.

The principle should be the **support of occupational pension systems**.

These could consist of corresponding private insurance or mutual funds on a private law basis. In particular, when promoting crop, animal and plant insurance offers, it must be ensured that the support of monopoly positions of individual providers is avoided. The support should always be understood as a subsidy for the provision of fund shares or insurance premiums.

b) Support of animal welfare

The animal premium within the NEW first pillar remunerates for a general support of animal husbandry (grazing animals) and a benefit reference for the preservation of the cultural landscape.

However, specific animal welfare aspects should continue to be supported through the EAFRD. In this context, the development and implementation of operational and regional animal welfare concepts should also be eligible.

c) Use of alternative financial instruments

In the light of declining funding, the use of alternative forms of finance (loans, participations, guarantees) will play a greater role than before in the implementation of the fund. However, their impact depends heavily on the social and economic conditions and should therefore not be compulsory.

Summary

Reorienting the Common Agricultural Policy to the future

The CAP post-2020 will need to be more than ever focused on achieving European objectives in the fields of climate change, environmental and resource protection, biodiversity. But there are also new challenges in animal welfare, consumer safety, digitisation and ensuring the vitality of rural areas.

Facing these goals, the future CAP must be socially more comprehensible, more practicable and progressive than before, following a clear merit system which as far as possible equal and fair to all farmers in Europe. So that the payments can contribute significantly to the income to all farmers and rural areas in Europe more easily, bureaucracy for farmers and administration has to be reduced.

Mecklenburg-Vorpommern recognises the future requirements and challenges and has therefore prepared a concept to support the urgently required change.

The concept sticks to the proven pillar structure, but varies in targets and composition.

Principles of the CAP Model M-V - The NEW Pillar structure

The New First Pillar

The operational and ecological direct payments cover all subsidies related to the management of agricultural land (previous direct payments, land-based agricultural and climate protection measures, organic farming). Added to this are additional premiums for young farmers, small farms and grazing livestock (bovines, sheep, goats) as well as for less favoured areas.

- ◆ All these payments are made without national co-financing,

- ◆ A single basic premium of € 100 / ha for all agricultural land in the EU that meets the basic requirements of cross-compliance,
- ◆ Strengthen less favoured regions with a (EU-wide) single subsidy rate,
- ◆ Promote area-related animal husbandry by a (EU wide) single premium for grazing livestock,
- ◆ Payments for young farmers and small farms made on uniform budgets, according to national rules,
- ◆ Support voluntary ecological services on the basis of national catalogues with uniform premium rates that go well beyond the extra expenses.

The New Second Pillar

(system of investment furtherance of rural areas and nature protection)

Simplify programming and implementation by focusing the EAFRD on agricultural and rural investment and promoting non-agricultural contracted nature conservation projects.

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