

Germany satisfied by the EC's proposal of reform of the Common Agricultural Policy

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On 12 October the European Commission (EC) presented a draft vision of the Common Agricultural Policy (CAP) for 2014-2020. The EC's draft also included a proposal to slightly increase funding for farmers from the EU new member states with the lowest income (an increase by 1-7%). These funds will be generated by limiting subventions for each farm to EUR 300,000 and by reducing subsidies for farms receiving between EUR 150,000 and 300,000 a year. The EC has also recommended that 30% of agricultural subsidies depend on meeting environmentally-friendly production criteria. The German agriculture minister Ilse Aigner from the CSU said that the proposal was heading in the right direction from the German point of view. However, she pointed out that Germany would not agree to introduce limitations on subsidies for farms.

Commentary

- Under pressure mainly by France and Germany, the EC withdrew from the important changes to the CAP, favourable to farmers from the new EU member states, proposed last year. The present draft foresees higher subventions for farmers from the old EU member states being maintained. France and Germany have demanded this many times. The Agriculture Commissioner thus withdrew from the concept of harmonising subsidies for a hectare in the whole EU. In consequence, if the proposal is adopted, Germany will have to accept that in this period of time transfers of funds from Brussels will fall slightly from EUR 5.4 billion to EUR 5.2 billion a year.
- The mechanism put forward by the EC to reduce subsidies for farmers will mainly affect farms in Greece, Romania and the UK, whereas in Germany merely approximately 100 farms will be touched by it. Under the previous draft as many as 2,800 German farms could see their subventions reduced, which would considerably affect the German balance of contributions to and payments from the EU budget. However, reactions from the Agriculture Ministry prove that the federal government can go further and seek to cross out limitations from the EC's proposal. The EC's demand to make 30% of direct subsidies dependent on meeting environmentally-friendly criteria will facilitate the acceptance of the whole draft by environmental organisations, which are influential in Germany.

- Varied responses from the member states reveal that the debate over the shape of the CAP may be protracted but chances for substantial changes are slim. Germany as one of the major CAP beneficiaries along with France will consistently be pushing to maintain the present version of the draft and will allow only slight modifications. The CAP and the value of structural funds constitute the core of the dispute between the countries over the future EU budget for the following seven years.