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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

**ON DECOUPLING PROGRESS**

# REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

## ON DECOUPLING PROGRESS

### 1. INTRODUCTION

Starting with the 2003 reform, direct payments have progressively been decoupled from farmers' production decisions, thus improving market orientation and enhancing the competitiveness of EU agriculture. At the same time, certain limited possibilities for coupled support have been maintained for environmental and social reasons taking into account the need to smoothen the adjustment process and the role of agriculture in providing public goods by keeping sustainable farming in place throughout the EU.<sup>1</sup>

The impact assessment accompanying the Health Check proposals analysed the impact of the 2003 reform and considered three options for further steps towards a more competitive agriculture: a) status quo; b) full decoupling; c) targeted selected decoupling. The analysis showed the benefits of staying on the path towards more market orientation, while also identifying risks in certain regions, in particular for the extensive suckler cow breeding and sheep meat sectors, for which it could be justified notably on environmental grounds to maintain partially coupled support.<sup>2</sup> Such approach is reflected in the resulting Council Regulation<sup>3</sup>.

The final Presidency compromise on Health Check proposals<sup>4</sup> includes the following declaration: "The Commission declares that it will prepare a report by 31 December 2012 on the status of Health Check implementation in particular as regards progress on decoupling".

What follows has the objective of fulfilling this commitment by factually presenting the latest decoupling steps and quantifying them in terms of relative share of direct payments.

### 2. CLAIM YEAR 2009: STATE OF PLAY OF DECOUPLING

In claim year 2009, as a result of the 2003 reform, a significant step towards decoupling has already been accomplished: as a whole, the share of the total gross amount (i.e. before modulation) of direct payments<sup>5</sup> that was **available for granting decoupled payments in EU-27** was **86%**, with some Member States reaching nearly 100% and some others only 69%.

Recital 2 of the Council regulation resulting from the Health Check (i.e. No 73/2009) concluded that experience drawn from the implementation of [the 2003 reform] showed that certain elements of the support mechanism needed to be adjusted. In particular, the

<sup>1</sup> See APP Brief No 1: The CAP in perspective: from market intervention to policy innovation, [http://ec.europa.eu/agriculture/publi/app-briefs/01\\_en.pdf](http://ec.europa.eu/agriculture/publi/app-briefs/01_en.pdf).

<sup>2</sup> See CAP Health Check – Impact assessment Note No 3 on partially coupled support, [http://ec.europa.eu/agriculture/healthcheck/ia\\_annex/c3\\_en.pdf](http://ec.europa.eu/agriculture/healthcheck/ia_annex/c3_en.pdf).

<sup>3</sup> Council Regulation (EC) No 73/2009 (O.J. L30, 31.01.2009).

<sup>4</sup> COD 16049/08 of 20 November 2008 and COD 5263/09 ADD 1 of 9 January 2009

<sup>5</sup> Excluding direct payments for POSEI and Aegean Islands.

decoupling of direct support had to be extended [...]. The decoupling steps then agreed upon, as well as their impact in terms of decoupling rates are summarised below.

### 3. DECOUPLING STEPS ALREADY DECIDED PRIOR TO THE HEALTH CHECK

It is first worth reminding that the tobacco aid provided for under Chapter 10c of Council Regulation (EC) No 1782/2003 was, already before the Health Check, foreseen to be granted only up to and including claim year 2009. The total gross amount available for granting the coupled aid for the production in tobacco in claim year 2009 amounted to **EUR 321 million**. As from the following year, 50% of the total amount of the tobacco component included in the direct payments envelope for both decoupled and coupled payments was made available as Community support for measures in tobacco producing regions under Rural Development programmes. The other part was integrated in the Single Payment Scheme (SPS) (i.e. decoupled).

### 4. HEALTH CHECK: INTEGRATION OF COUPLED SCHEMES IN THE SINGLE PAYMENT SCHEME/SINGLE AREA PAYMENT SCHEME (SPS/SAPS)

#### 4.1. Agreed integration of coupled support in the SPS/SAPS following the health Check

As a result of the Health Check, Annex XI to Council Regulation (EC) No 73/2009 lists the **coupled schemes** that Member States **had to integrate into the single payment scheme or the single area payment scheme** for claim year 2012 at the latest:

Timing	Coupled scheme	Legal basis (for the coupled support)	Member States concerned	Gross amount available to Member States in 2009 (in EUR million)
2010	Specific quality premium for durum wheat	Chapter 1 of Title IV of Regulation (EC) No 1782/2003	EL, ES, FR, IT, AT, PT	127.600
2010	Arable crops area payment, including the supplementary payment for durum wheat in traditional zones	Chapter 10 of Title IV of Regulation (EC) No 1782/2003	ES, FR	1,583.561
2010	Aid for olive groves	Chapter 10b of Title IV of Regulation (EC) No 1782/2003	ES	103.140
2010	Hops area aid	Chapter 10d of Title IV of Regulation (EC) No 1782/2003	FR, AT, SI (DE <sup>6</sup> )	0.274
2012 at the latest	Protein crop premium	Section 3 of Chapter 1 of Title IV of Regulation (EC) No 73/2009	All EU-15	77.796
2012 at	Crop specific payment for rice	Section 1 of Chapter	EL, ES, FR <sup>7</sup> , IT,	179.910

<sup>6</sup> The amount DE had available for granting the coupled aid for hops until 2009 was not decoupled but transferred to a specific envelope DE could use to support the sector under the single CMO.

the latest		1 of Title IV of Regulation (EC) No 73/2009	PT	
2012 at the latest	Area payment for nuts	Section 4 of Chapter 1 of Title IV of Regulation (EC) No 73/2009	BE, DE, EL, ES, FR, IT, LU, NL, AT, PT, SI, UK	96.622
2012 at the latest	Production aid for starch potato growers	Section 2 of Chapter 1 of Title IV of Regulation (EC) No 73/2009	DK, DE, ES, FR, NL, AT, FI, SE	116.867
2012 at the latest	Seed aid	Section 5 of Chapter 1 of Title IV of Regulation (EC) No 73/2009	BE, EL, ES, FR, IT, NL, PT, FI	30.923
2012 at the latest	Beef and veal payments, except the suckler cow premium	Article 53 of Regulation (EC) No 73/2009	BE, DK, ES, FR, NL, AT, PT, FI, SE, SI	471.883
2012	Transitional soft fruit payment	Section 9 of Chapter 1 of Title IV of Regulation (EC) No 73/2009	BG, HU, LV, LT, PL	12.213
<b>TOTAL</b>				<b>2,800.789</b>

Also, as a result of the Health Check, it was decided to abolish the coupled aid for **energy crops** as from claim year 2010. The total gross amount available for granting that payment in 2009 was **EUR 90 million**.

Finally, it must be mentioned that Annex XI of Council Regulation (EC) No 73/2009 also provided, as from 2012, for the integration in the SPS/SAPS of **EUR 187 million** following the abolishment of three market measures: the aid for processing dried fodder<sup>8</sup>, the aid for processing flax and hemp grown for fibre<sup>9</sup> and the potato starch premium<sup>10</sup>.

#### **4.2. Optional integration of coupled support in the SPS/SAPS following the Health Check**

Article 51(1) of Regulation (EC) No 73/2009 allows Member States having decided in accordance with Article 64(2) of Regulation (EC) No 1782/2003 to grant payments in the **sheepmeat and goatmeat sector** and/or in the form of **suckler cow premia** to continue granting these payments. They may also **decide to set the part of the component of their national ceilings to be used to grant these payments at a lower level** than that decided in accordance with Article 64(2) of Regulation (EC) No 1782/2003 or to stop granting them. On this basis, the following decisions were taken by the Member States concerned:

<b>Timing</b>	<b>Coupled scheme</b>	<b>Legal basis (for the coupled support)</b>	<b>Member States</b>	<b>Decision taken</b>	<b>Gross amount available to</b>
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<sup>7</sup> The amount available for granting the coupled aid for rice production in French Guyana was integrated in the envelope available for granting aid for POSEI.

<sup>8</sup> Provided for in Subsection I of Section I of Chapter 4 of Title I of Part II of Regulation (EC) No 1234/2007.

<sup>9</sup> Provided for in Subsection II of Section I of Chapter 4 of Title I of Part II of Regulation (EC) No 1234/2007.

<sup>10</sup> Provided for in Article 95a of Regulation (EC) No 1234/2007.

			concerned		Member States in 2009 for granting the coupled support (in EUR million)
2010	Sheepmeat and goatmeat payments	Article 52 of Regulation (EC) No 73/2009	ES	Full decoupling	239.294
2010	Sheepmeat payments	Article 52 of Regulation (EC) No 73/2009	FR	Full decoupling	86.027
2010	Suckler cow premium	Article 53 of Regulation (EC) No 73/2009	FR	25% decoupling + deduction of EUR 25.19 million for financing the specific support under Article 68 <sup>11</sup>	208.794
2010	Sheepmeat and goatmeat payments	Article 52 of Regulation (EC) No 73/2009	SI	Full decoupling	0.697
2012	Sheepmeat and goatmeat payments	Article 52 of Regulation (EC) No 73/2009	DK	Full decoupling	0.855
<b>TOTAL</b>					<b>535.667</b>

On the basis of the same Article, Member States that had excluded all or part of the **fruit and vegetable payments** from the single payment scheme pursuant to Article 68b of Council Regulation (EC) No 1782/2003, could decide:

- (1) either to keep granting the payments until their expiration<sup>12</sup> as provided for in Council Regulation (EC) No 1782/2003,
- (2) or, by 1 August 2009, to integrate those payments in the SPS,
- (3) or, by 1 August 2009, to grant them at a lower level than that decided in accordance with Article 68b of Regulation (EC) No 1782/2003.

In accordance with Article 128 of Council Regulation (EC) No 73/2009, similar possibilities were also available for Member States applying the SAPS.

**As a result of both the existing decoupling plan already decided in the framework of the reform of the fruits and vegetables' sector and the decisions taken following the Health Check**, the following amounts that were still available for granting coupled support in 2009 have been integrated in the SPS/SAPS:

<sup>11</sup> In accordance with Article 69(6)(b) of Council Regulation (EC) No 73/2009, Member States may raise the funds needed to cover the specific support provided in Article 68(1)(a), (b), (c) and (d) by making a linear reduction in the direct payments referred to in Article 53.

<sup>12</sup> Claim year 2011 is the last possible year for using up to 50% of the component of the national ceilings corresponding to support for the production of tomatoes; claim year 2012 is the last possible year for using up to 75% of the component of the national ceilings corresponding to support for the production of fresh figs, fresh citrus fruits, table grapes, pears, peaches and nectarines, and 'd'Ente' plums.

Timing	Coupled scheme	Legal basis (for the coupled support)	Member States concerned	Gross amount available to Member States in 2009 that was decoupled (in EUR million)
2011	Support for the production of tomatoes	Article 54 of Regulation (EC) No 73/2009	EL, ES, IT	130.821
2012	Support for the production of tomatoes	Article 54 of Regulation (EC) No 73/2009	FR, PT	20.684
2010	Support for the production of tomatoes	Article 128 of Regulation (EC) No 73/2009	SK	0.174
2012	Support for the production of tomatoes	Article 128 of Regulation (EC) No 73/2009	SK, RO	1.204
2010	Support for the production of other F&V	Article 54 of Regulation (EC) No 73/2009	EL, ES	111.653
2011	Support for the production of other F&V	Article 54 of Regulation (EC) No 73/2009	FR, IT	18.977
2011	Support for the production of other F&V	Article 128 of Regulation (EC) No 73/2009	CY	1.119
<b>TOTAL</b>				<b>284.632</b>

## 5. REMAINING COUPLING POSSIBILITIES

As indicated above, the Member States that had decided after the 2003 reform to grant payments in the **sheepmeat and goatmeat sector** and/or in the form of **suckler cow premia**, and/or that had excluded all or part of the **fruit and vegetable payments** from the SPS or the SAPS, had the opportunity to continue granting such payments at the same or a lower level. As a result, in 2012, the following amounts were still available for granting direct payments in those sectors:

Coupled scheme	Legal basis (for the coupled support)	Member States concerned	Gross amount available to Member States in 2012 for granting the coupled support (in EUR million)
Sheepmeat and goatmeat payments	Article 52 of Regulation (EC) No 73/2009	PT, FI	29.876
Suckler cow premium	Article 53 of Regulation (EC) No 73/2009	BE, ES, FR, AT, PT	1,068.563
Support for the production of other F&V	Article 54 of Regulation (EC) No 73/2009	FR, IT	33.875
Support for the production of other F&V	Article 128 of Regulation (EC) No 73/2009	CY	3.359

<b>TOTAL</b>	<b>1,135.673</b>
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Also, an important result of the Health Check was the **possibility given to Member States under Article 68 of the Council Regulation** to use part of their Annex VIII envelope to grant specific support to farmers, also in the form of coupled payments. This support came also **in replacement** – after a transition period if the Member States wished so – **of the former possibility given to Member States under Article 69 of Council Regulation (EC) No 1782/2003** to use up to 10% of the component of their national ceilings corresponding to each sector being included in direct payments **to grant coupled payment for specific types of farming and quality production** in the sector concerned. **In 2012**, the amount Member States had made available from their Annexes VIII in order to grant **coupled aids under the specific support**, and more in particular under Article 68(1)(a)(i) to (iv), (b), and (e) of Council Regulation (EC) No 73/2009, was **EUR 1,202.257 million** while the amount that was **allocated to grant coupled aid under the former Article 69 in 2009** was **EUR 473.534 million**.

In 2012, in view of the provisions of the Treaty of Accession of the concerned Member States (ES, EL, PT<sup>13</sup>), **EUR 269 million were still available to grant the crop specific payment for cotton**. Also, ES still had **EUR 24 million to grant the 5-years aid for sugar beet and cane producers** (2013 being the last of the 5 years).

In summary, in claim year 2012, as a result of the Health Check and the previous sectoral reforms, the share of the total gross amount (i.e. before modulation) of direct payments<sup>14</sup> that was **available for granting decoupled payments in EU-27** was **94%**, with Member States ranging from 77% to 100%.

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<sup>13</sup> The amount available for BG is included in the SAPS envelope.

<sup>14</sup> Excluding direct payments for POSEI and Aegean Islands.