THE CONVERGENCE OF DIRECT PAYMENTS, THE MULTIANNUAL FINANCIAL FRAMEWORK COMPONENTS (CFM) 2014-2020, AN UNFULFILLED WISH

CONVERGENŢA PLĂŢILOR DIRECTE, COMPONENTE A CADRULUI FINANCIAR MULTIANUAL (CFM) 2014-2020, UN DEZIDERAT NEÎMPLINIT

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Abstract: *Reforming the Common Agricultural Policy, in the next financial year 2014-2020 cycle, involves development and implementation of new rules aimed at direct payments granted to farmers, the establishment of a new common organisation of the markets in agricultural products, support for rural development, as well as other adjacent rules. Watching the evolution of the national ceiling for pillar I assigned to Romania, we find that it does not differ substantially from anticipation made, based on the principles of the old regulation, for the period 2007-2013, to resolve problems relating to the background level of convergence between all Member States support.*

Key words: *Common Agricultural Policy, multiannual financial framework, national level ceiling, support convergence*

INTRODUCTION

Multiannual financial framework (MFF) proposed by the Commission of the European Union for the period 2014-2020, which lays down the financial support necessary to support the common agricultural policy (CAP), constitutes an opportunity for analysis and debate particularly important in all circles concerned, scientific, professional or political. The particular importance of these analyses is subject to public debate because the CFM, will have a great impact on the evolution of agriculture in all the Member States of the EU.

The front is the proposal for a regulation of the European Parliament and of the Council laying down rules on direct payments granted to farmers through new support schemes.

MATERIALS AND METHODS

For the analysis and formulation of scientifically documented scientific opinions, we carried out their own calculation and comparative analysis of the evolution of agriculture financing both at EU level and various models of the current financial year the MFF 2007-2013 and the new provisions for fiscal year 2014-2020.

A comparison of the results of the calculation method of highlighting some divergent points on which the Romanian authorities must attention in order to correct them.

RESULTS AND DISCUSSION

From October 12, 2011, upon presentation of the draft regulation of the new common agricultural policy in the European Parliament, they became the object of public debate, and the procedure for approval and decision-making within the framework of the competent bodies.

1. The multiannual financial framework proposed for the period 2014-2020

In the explanatory memorandum to the proposed multiannual financial framework (MFF), the main objectives are brought into line with the interested parties, namely:

1) – reliable food production;

2)-sustainable management of natural resources and climate policies;

3)- territorial development.

It is expected that a scenario for integration with major changes of policy consisting in a better orientation and greening of direct payments and rural development policy through better coordination with other EU policies.

Through the new financial framework is proposed following the allocation of financial resources for the 2014-2020 budget cycle:

1) 317,2 billion € to pillar I.
2) 101,2 billion € for pillar II;

3) 17.1 billion € supplementary appropriations, of which:
-5.1 billion euros for research and innovation;
- 2.5 billion euros for food security;
- 2.8 billion euros for food aid to the most deprived persons;
-3.9 billion euros for the crisis in the agricultural sector;
- 2.8 billion euros is the Fund allocated for damage to European globalisation;
TOTAL: 435,6 billion €.

Amounts to € 3.9 billion and € 2.8 billion (total 6.7 billion €) are not part of the CFM, but are integrated into agricultural policy budget.

Direct aid and market-related expenditure remain relatively constant, about 45 billion euros annually, is growing fastest in order to reach the 2020 45485 million euros, compared to the estimated amount 45304 million euros for the year 2013, the final year of the current financial year.

In the new CFM, like novelty, are set amounts for new actions that have not been included in the current financial framework, namely:

1-the common strategic framework for research and innovation, with a total value of € 6657 million, amounts being graduated from 682 million euros in 2014, at 768 million euros in the year 2020;

2-food safety, in the total amount of € 2450 million equal to the annual allocation of € 350 million;

3-aid to the most deprived persons, € 140 million with annual reparizare, rising from € 379 million in 2014, at 427 million euros in 2020.

Financial projections for the period 2014-2020 also provide new actions, and not included in the FILE, with the following destinations:

1-Reserve for crisis situations in agriculture totalling 3945 million;

2-the european Fund for adjustment to globalisation available to agriculture, in the amount of € 140 million.

Proposals for the allocation of rights to direct payments and related on the Member States in the form of net national ceilings, are presented in table 1.

Table 1

Annual national ceilings for direct payments

Member countries	The national ceiling annually (million €)			
	2014	**2015**	**2016**	**2017-2020**
Austria	708	707	706	706
Belgium	554	554	535	525
Denmark	943	932	920	909
Finland	534	534	535	535
France	7733	7695	7657	7620
Germany	5276	5236	5196	5157
Greece	2100	2071	2043	2015
Irland	1241	1239	1237	1236
Italy	4024	3963	3902	3841
Luxembourg	34	34	34	34
Netherlands	807	792	777	763
Portugal	573	586	598	611
United Kingdom	3624	3637	3650	3663
Spain	4935	4951	4967	4988
Sweden	711	712	713	714
Total EU-15	**33797**	**33643**	**33470**	**33317**
Bulgaria	656	734	811	812
Czech Republic	893	892	891	890
Cyprus	52	52	51	50
Estonia	109	118	126	135
Latvia	163	182	200	218
Lithuania	396	417	438	458
Malta	5	5	5	5
Poland	3039	3066	3094	3121
Romania	**1472**	**1692**	**1895**	**1939**
Slovakia	387	392	397	402
Slovenia	142	140	139	138
Hungary	1298	1297	1296	1295
Total EU-12	**8612**	**8987**	**9343**	**9463**
Total EU-27	**42409**	**42630**	**42813**	**42780**

Source: Proposal for a Regulation of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy, Annex II, 12.10.2011

From the data presented, it appears that in the year 2017 the annual maximum ceiling allocated to each Member State.

Reporting to the national ceilings for agricultural surface in each Member State, the magnitude of the differences (inequalities) is even more evident (table 2).

Table 2

The national ceilings (Mio. €) and direct payments (€/1ha UAA)

Country	UAA (thousand ha)	2014		2017-2020	
		National ceiling (Mio. €)	€/ ha UAA	National ceiling (Mio. €)	€/ ha UAA
Belgium	1374	554	403	525	382
Bulgaria	3051	656	215	812	266
Czech Republic	3518	893	254	890	253
Denmark	2663	943	354	909	342
Germany	16932	5276	312	5157	305
Estonia	907	109	120	135	149
Ireland	4139	1241	300	1236	299
Greece	4046	2100	519	2015	494
Spain	24893	4935	198	4988	200
France	27477	7733	281	7620	277
Italy	12744	4024	316	3842	301
Cyprus	146	52	356	50	344
Lithuania	2649	396	149	458	173
Latvia	1774	163	92	218	123
Luxembourg	131	34	261	34	261
Hungary	4229	1298	307	1295	306
Malta	10	5	515	5	476
Holand	1914	807	422	763	398
Austria	3189	708	222	706	221
Poland	15477	3039	196	3121	202
Portugal	3473	573	165	611	176
Romania	**13753**	**1472**	**107**	**1939**	**141**
Slovenia	489	142	290	138	283
Slovakia	1937	387	200	402	208
Finland	2292	534	233	535	233
Sweden	3118	711	228	714	229

United Kingdom	16130	3624	225	3663	227
TOTAL EU	**172455**	**42409**	**246**	**42781**	**248**

Source: Calculation after Annex II-ibidem, and Eurostat for UAA-utilised agricultural area

With all the changes, it is a big difference in terms of support per hectare payable by each Member State. The differences are maintained through the use of historical references (yields per hectare during the period 2000-2002), which generates further major imbalances or discriminatory, unfair competition, with obvious negative effects, unbearable by the poorer States of the European Union.

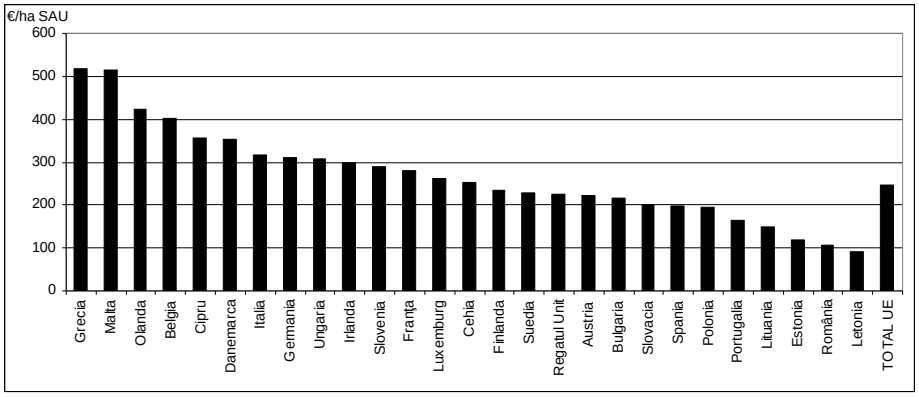


Fig. 1 – Support of direct payments related to UAA in 2014

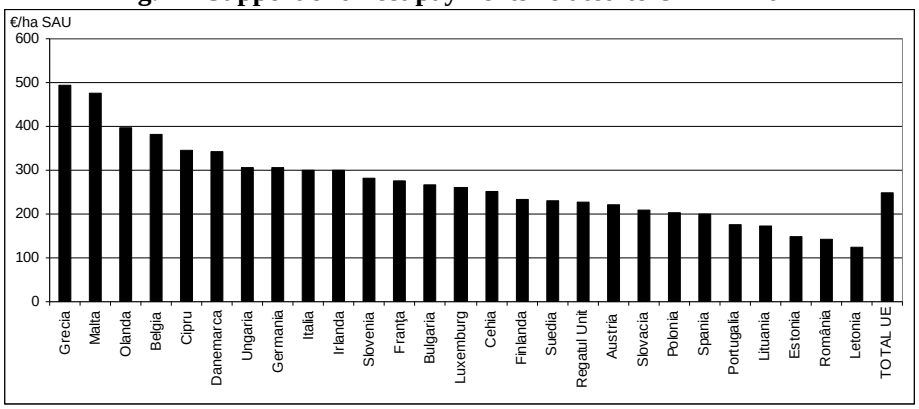


Fig. 2 – Support for direct payments related to UAA from the year 2017

Great differences from one country to another, even if they remain in the preamble to the proposal for a Regulation of the European Parliament and of the Council, it is stipulated that *"... has become increasingly difficult to justify the presence of significant individual differences in terms of level of support per hectare, resulting from the use of historical references. Therefore, direct support for income must be distributed more equitably among the Member States, by reducing the link with historical references and having regard to the general context of the budget of the Union ".*

The fact that *"...Member States shall grant the direct payments is below 90% of the EU average must remove one-third of the gap between the current level and that level"* does not resolve this great inequality than possibly as diplomatic or political but not economic.

CONCLUSIONS

1. Although progressive payouts (for Romania and Bulgaria) requires increased financial resources intended for agriculture, the total of direct payments (pillar I) does not significantly increase. This situation causes the decrease in the annual national ceilings for some countries and increased the annual ceilings for other States.

2. It has become increasingly difficult to justify the substantial differences between the levels of support per hectare granted to Member States, resulting from the use of historical references, further prolonging the agricultural products market with public money.

3. The right granted to Romania and Bulgaria to contribute national budgetary sources to supplement national ceilings in 2014 and 2015, just to confirm existing inequalities and their mitigation agreement from national sources.

4. There is a strong need to take adequate measures to achieve the objective of total convergence by distributing evenly direct support throughout the EU programming period 2014-2020.

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