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THE EVOLUTION OF DIRECT PAYMENTS WITHIN THE FRAMEWORK OF THE COMMON AGRICULTURAL POLICY REFORM

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Abstract: Among the policies of the European Union, the Common Agricultural Policy (CAP) is of particular importance. This is not only because of the budget allocated by the Union to finance this policy, which is approximately 28.5% of the total Union budget for the 2021-2027 programming period, the number of people affected and the territory involved, but also because of its historical importance and the sovereign attributes delegated by the Member States to the Community level of decision-making. Direct payments are a key element of the Common Agricultural Policy (CAP). They provide income support for farmers and promote sustainability and environmentally-friendly farming practices. Since its establishment in the late 1990s, the direct payment scheme has evolved in line with the needs and challenges of the moment, in order to have a smart and resilient agricultural sector.

Timeline - History of DIRECT PAYMENTS

2021 **A fairer, greener and more result-oriented policy**
The post-2020 reform of the CAP aims to introduce a new strategic approach, giving member states the autonomy to put together **strategic plans** based on their needs and in line with EU-wide goals. This means that measures at national level can be better targeted to local specificities without undermining the overall 'common' nature of the policy.

In a context of growing public concern about climate change and environmental challenges, the new CAP places a special focus on green requirements. Funding, as before, is made conditional on compliance with EU environmental and climate laws. In addition, the reform introduces various rewards for greener practices, both as part of the direct payments (with a new type of support for green measures, the '**eco-schemes**') and under rural development.

2013 **The first reform under the ordinary legislative procedure**
The new millennium brought new challenges for the CAP. Not only did it need to ensure a well-fed and thriving society, it also had to respond to new concerns such as climate change, animal welfare, food safety and the sustainable use of natural resources.

The 2013 reform tried to address these demands by including:

- **greening** of payments, making agriculture more sustainable
- more **equal distribution** of support, limiting the budget for big farms
- additional support for **smaller farms** through better targeting of income support
- incentives for **young people** to embark on a career in farming

1999 **Adding rural development**

After almost 40 years, the CAP's budget still amounted to almost 50% of the total EU budget, while the agricultural sector provided fewer possibilities for creating new jobs than other sectors on the rise, particularly the services sector.

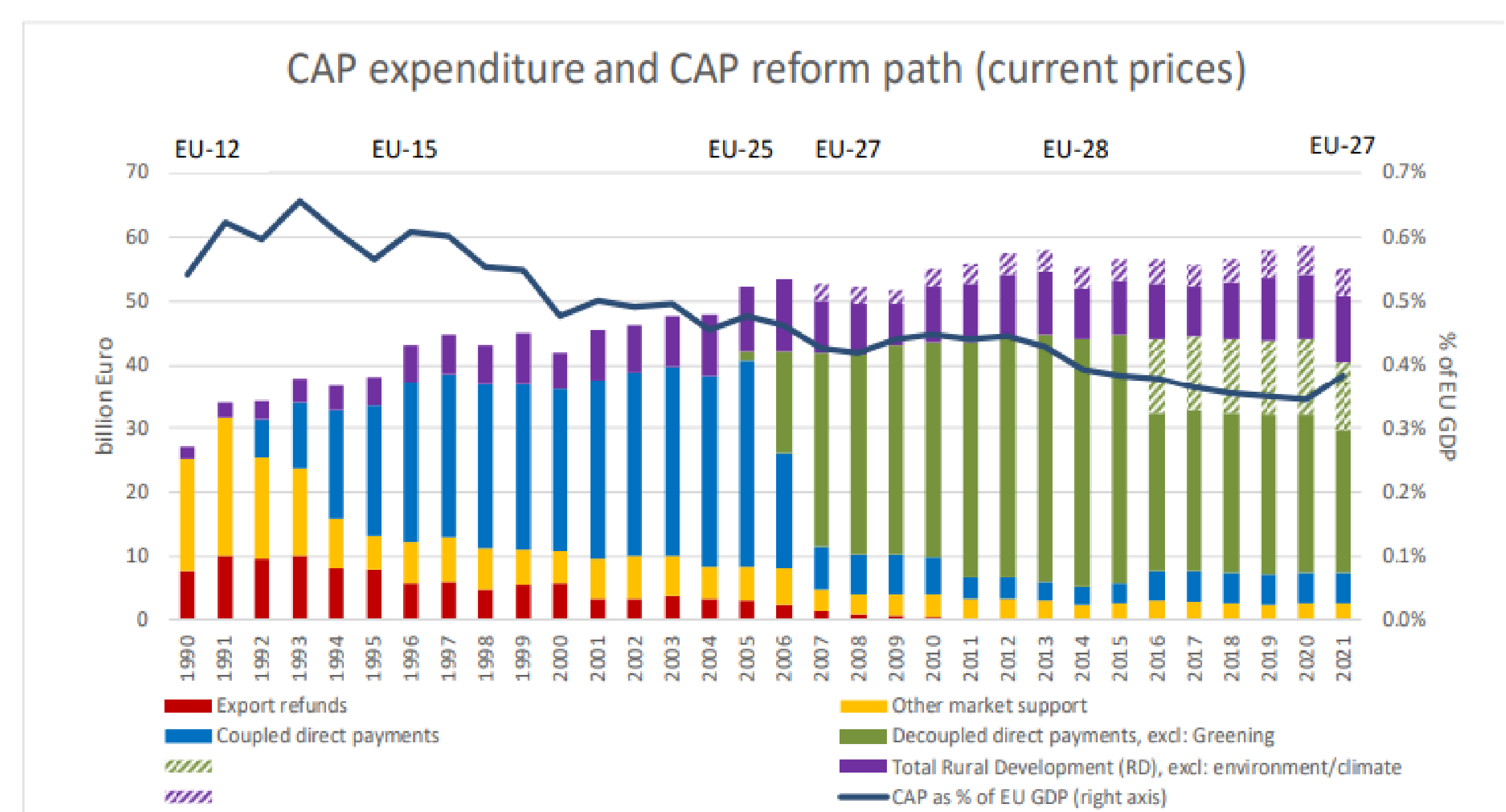
In this context, and in anticipation of the future 2004 enlargement, the new 'Agenda 2000' programme led to the creation of a **second pillar** of the CAP dedicated to rural development.

Agenda 2000 offered a more holistic approach to agriculture and rural development with the aim of improving agricultural **competitiveness**, providing alternative sources of income in rural areas and strengthening **social cohesion** in those areas.

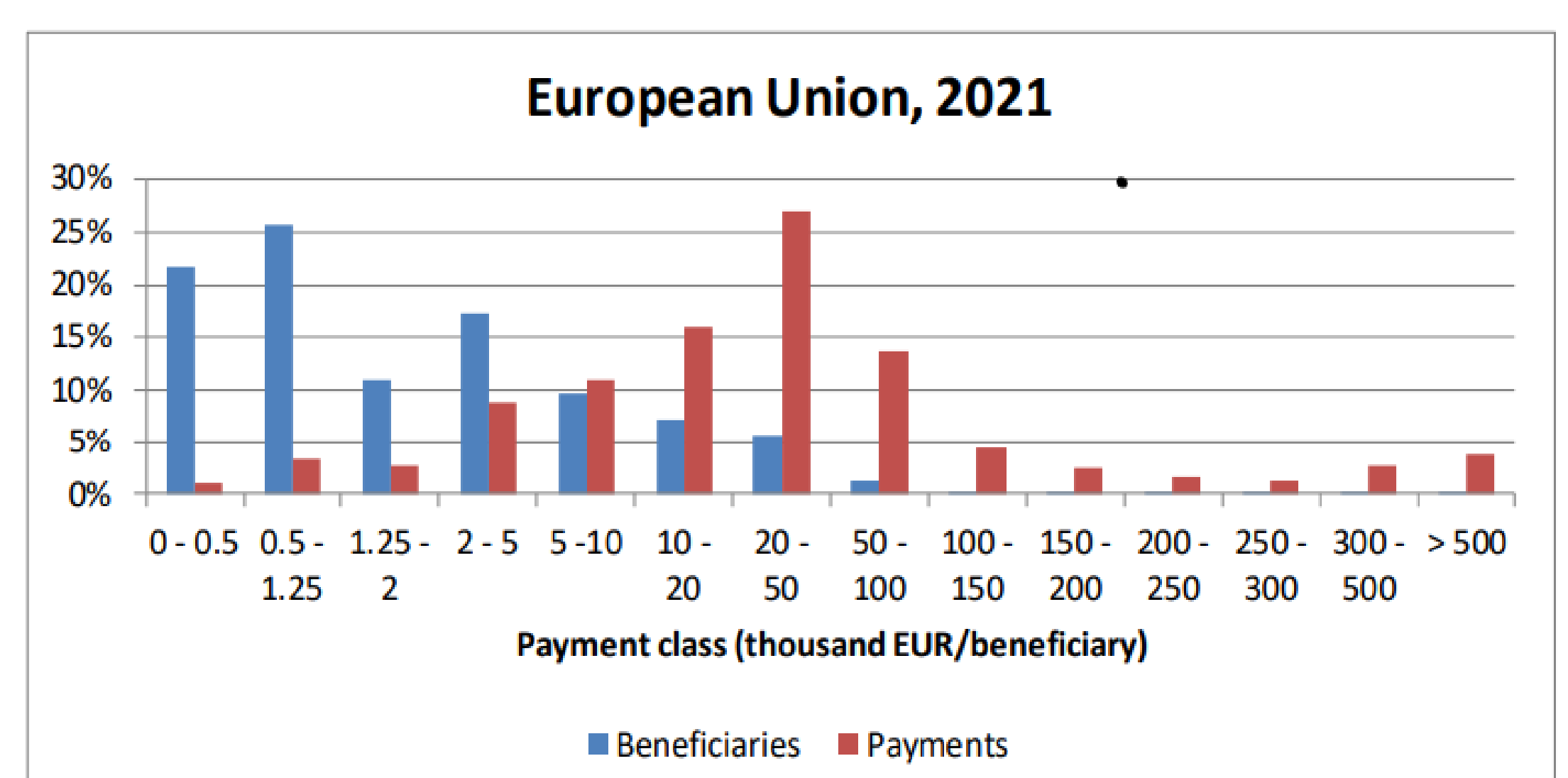
1992 **The MacSharry reforms: from market support to producer support**

In 1992 the first large-scale reform of the CAP was adopted, the aim of which was to reduce the overall budget and move away from unlimited guaranteed prices. The policy shifted from a market support system to **direct income support** for farmers, and included new obligations for farmers to protect the **environment** and incentives to improve **food quality**.

Direct payments to farmers were introduced for the first time, based on the area of land cultivated or number of livestock maintained.



Distribution of direct payments by payment class



Romania

Evolution of total beneficiaries and payments

