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# Association of Croatian Family Farms – Life

(AofCFFLife)

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8/17/2014





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# REFORM

## direct payments in agriculture

# PROPOSAL OF THE CROATIAN FAMILY FARMS ASSOCIATION "Life" (CFFALife)

Miroslav Kovac / Nikola Pajek  
Secretary vice President

Osijek-Križevci, 3<sup>rd</sup> - 4<sup>th</sup> June 2014



# FUNDAMENTAL PRINCIPLE

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of the

## **DIRECT PAYMENTS**

**Empower farm income and  
protect the most vulnerable  
food producers**



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# ENDANGERED AGRICULTURAL INCOME

## CROATIA has

**most concentrated  
and most uneven**  
distribution of direct payments  
in the EU

\*threatened with disappearance of all activities in the  
population of family farms

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# CONCENTRATION AND RATIOS OF PAYMENT: largest one

Type of direct payments	No. of users	<u>The share of the largest 1% in the total direct payments</u>
1. Beef	3.672	<b>69</b>
2. Sows	2.809	<b>49</b>
3. Milk **	11.388	<b>34</b>
4. Sugar beet	971	<b>35</b>
5. Dairy cows	7.716	<b>28</b>

- \* 5% of users use **50%** of the land
- \* 2% of users use **38%** of the land



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# CHANGE OF AGRICULTURAL INCOME IN CROATIA AND EU

Croatia the worst in the EU in the period 2007-13:  
The greatest decline in factor income  
 especially in the 2013!

	Ø2008-11	Ø2012-13	Change Ø2012-13 / Ø2008-11, %	Ø2005-07	2013	Change 2013 / Ø2008-11, %
<b>Croatia</b>	1.059	772	<b>-27,09</b>	896	710	<b>-32,96</b>
<b>EU - 28</b>	135.409	146.653	8,30	133.742	145.667	7,58
<b>EU - 15</b>	134.350	145.881	8,58	132.846	144.957	7,89
<b>EU - 12</b>	110.810	119.608	7,94	113.701	118.265	6,73



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# COMPARISON OF AGRICULTURAL GROSS VALUE ADDED; CROATIA and EU

**Croatia recorded the highest and the dramatic decline in GVA in the period 2012 - 2013, especially in 2013**

	Ø2008-11	Ø2012-13	Change Ø2012-13 / Ø2008-11, %	Ø2005-07	2013	Change 2013 / Ø2008-11, %
<b>Croatia</b>	1.407	1.106	<b>-21,42</b>	1.255	1.039	<b>-26,17</b>
<b>EU - 28</b>	148.443	162.070	9,18	150.895	162.045	9,16
<b>EU - 15</b>	147.036	160.964	9,47	149.640	161.006	9,50
<b>EU - 12</b>	124.477	136.295	9,49	128.935	135.698	9,01



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# SELF-SUFICIENCY OF FOOD PRODUCTION IN CROATIA

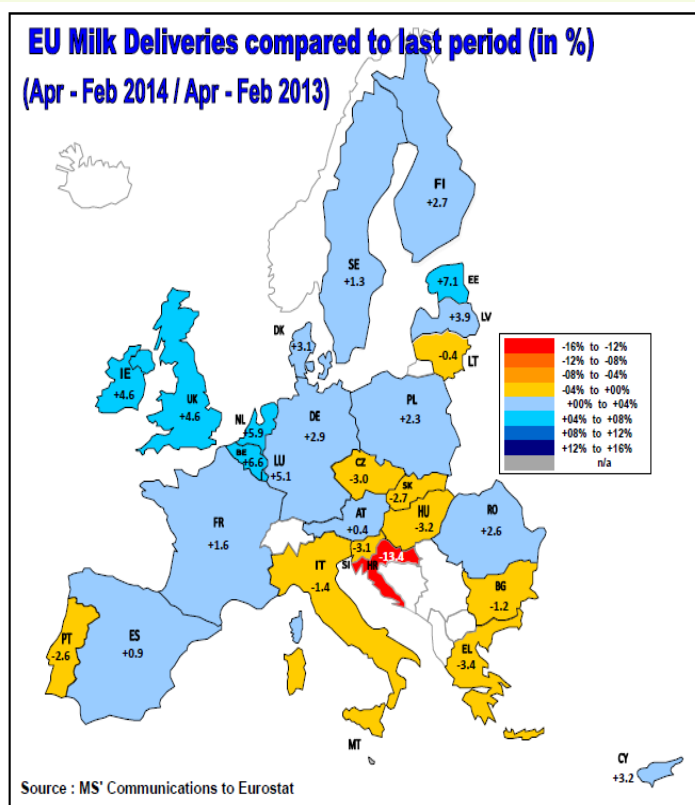


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**EU Milk Deliveries compared to last period (in %)**  
(Apr - Feb 2014 / Apr - Feb 2013)



The negative foreign trade of food 2012/2013

**-27%**  
(- 250 mil.\$)







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# OVERALL ENVELOPE

**373 million euro  
+ 49,8 million euro  
(from the second pillar)**

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# INITIAL PROPOSALS OF **CFFA Life VS.** PROPOSAL OF **MINISTRY OF AGRICULTURE (MoA)**

- 1) The increase in direct payments envelope**
- 2) Basic payment**
- 3) Greening payments**
- 4) Payment for the first acres (redistribution)**
- 5) Payment for young farmers**
- 6) Coupled payments**
- 7) Retain existing rights to payment ?**

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# 1) INCREASE ENVELOPE -

Proposal of the Croatian Family Farm  
Association "Life"

**49.8 million from 2. Pillar  
without reducing top-up  
from National Budget  
(MoA envisages reduction  
of national top-up payments)**

\* Article 7, paragraph 3. and Art of the 14th century ? the first  
Regulation 1307/2013



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# 2) BASIC PAYMENTS

proposal of the Croatian Family Farms  
Association "Life"

**Proposal 25.5%**  
**total envelope**  
**(MoA 45.5%)**

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\* **Article 21 - 24 of Regulation 1307/2013 implementing  
Article 41 and 42 of the same Regulation**

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# 3) GREENING PAYMENTS

proposal of the Croatian Family Farms  
Association "Life"

**Payments per ha**  
**CFFA: 900-1000 kn**  
**(MoA - 410kn)**

\* Article 43, paragraph 9, second subparagraph of  
Regulation 1307/2013



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# 4) PAYMENT FOR THE FIRST HECTARES

proposal of the Croatian Family Farms Association "Life"

**The share of the  
total payment envelopes  
min. 25.5% (5% MoA)**

**For the first 30ha (MoA first 7 ha)**

**Increase the average payment for the first  
hectare of min. 46% (16% MoA)**

**\* Article 41 and 42 of Regulation 1307/2013**

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# 5) PAYEMENT FOR YOUNG FARMERS

proposal of the Croatian Family Farms Association "Life"

**Allow for the first 50 hectares (MoA limit 25ha)**

**Enable and conditional training of young farmers in the period of five years**

**(MoA provided with secondary school education)**

**The amount of the payment in the amount of 25% increased compared to the value of rights (MoA 25%)**

\* Article 50, paragraph 3, 6 and 9, and art. 51 of Regulation 1307/2013



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# 6) COUPLED PAYMENTS

proposal of the Croatian Family Farms Association "Life"

## Define what and how!

(MoA - undefined structure, questionable unit amounts)

consider the possibility for additional payments from national reserve

\* Article 19. paragraph 4 and 5; Article 52. paragraph 3;  
Article 53. of EU Regulation 1307/2013

- STRUCTURE OF 13% of the envelope (54,987,660 euros)
- Milk and milk products%
- Beef and veal% (only HR stamps?)
- Sugar beet%
- Olive oil%
- \_\_\_\_\_%
- \_\_\_\_\_%
- Total 100%
- PROTEIN CROPS 2% of envelope (8,459,640 euros)
- \_\_\_\_\_%
- \_\_\_\_\_%

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# 7) RETAIN EXISTING RIGHTS TO PAYMENT

proposal of the Croatian Family Farms Association "Life"

The reference year for determining the  
right - 2011 and 2013 (MoA 2014)

Based on the law in 2015. perform  
convergence (gradual decrease) in  
2019.

\* Article 21. paragraph 1. subparagraph b, paragraph 3; Article 25,  
paragraph 2; Article 26. paragraf 5. - Regulation 1307/2013

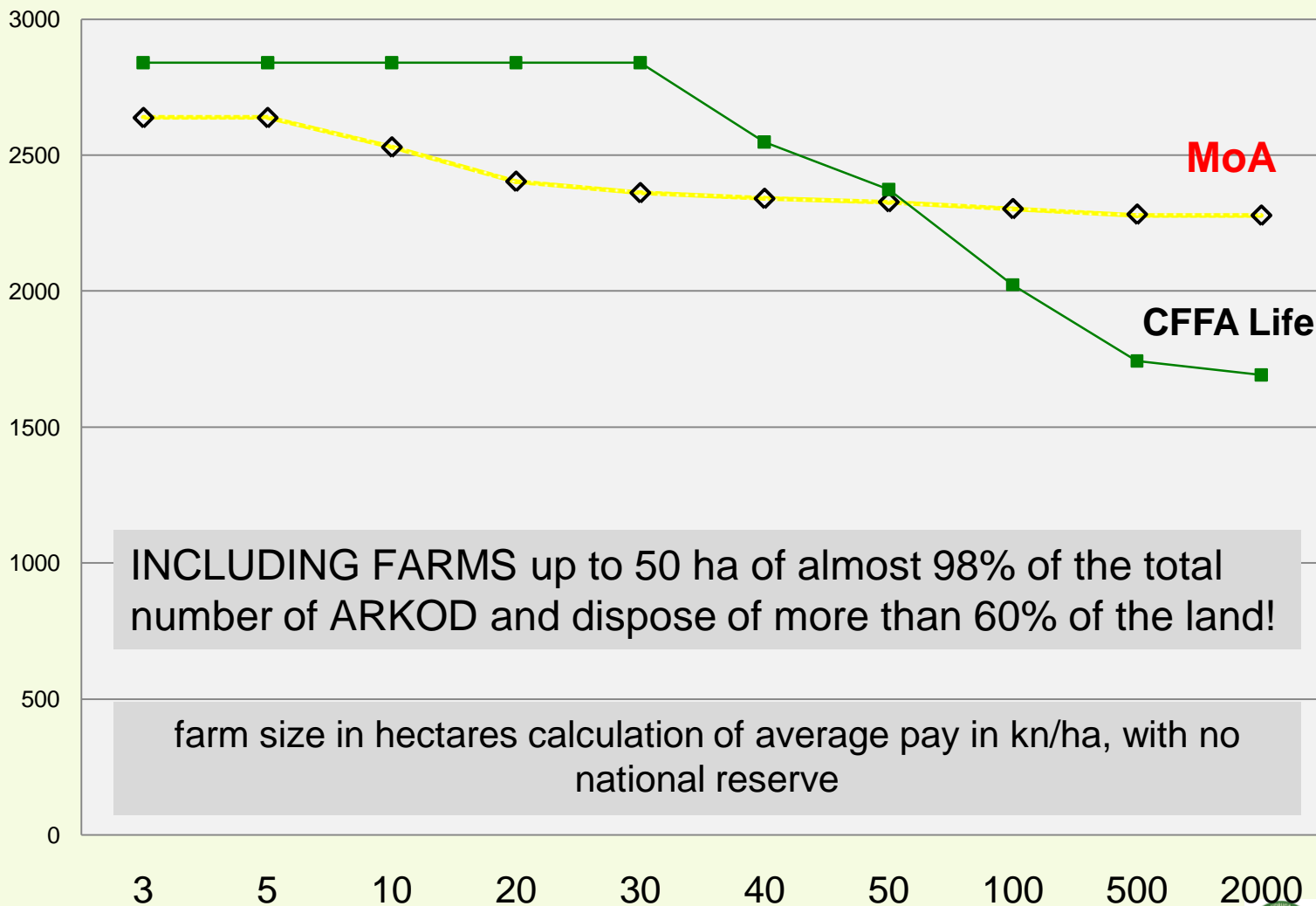


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# ENVELOPE: 373 million euro



INCLUDING FARMS up to 50 ha of almost 98% of the total number of ARKOD and dispose of more than 60% of the land!

farm size in hectares calculation of average pay in kn/ha, with no national reserve



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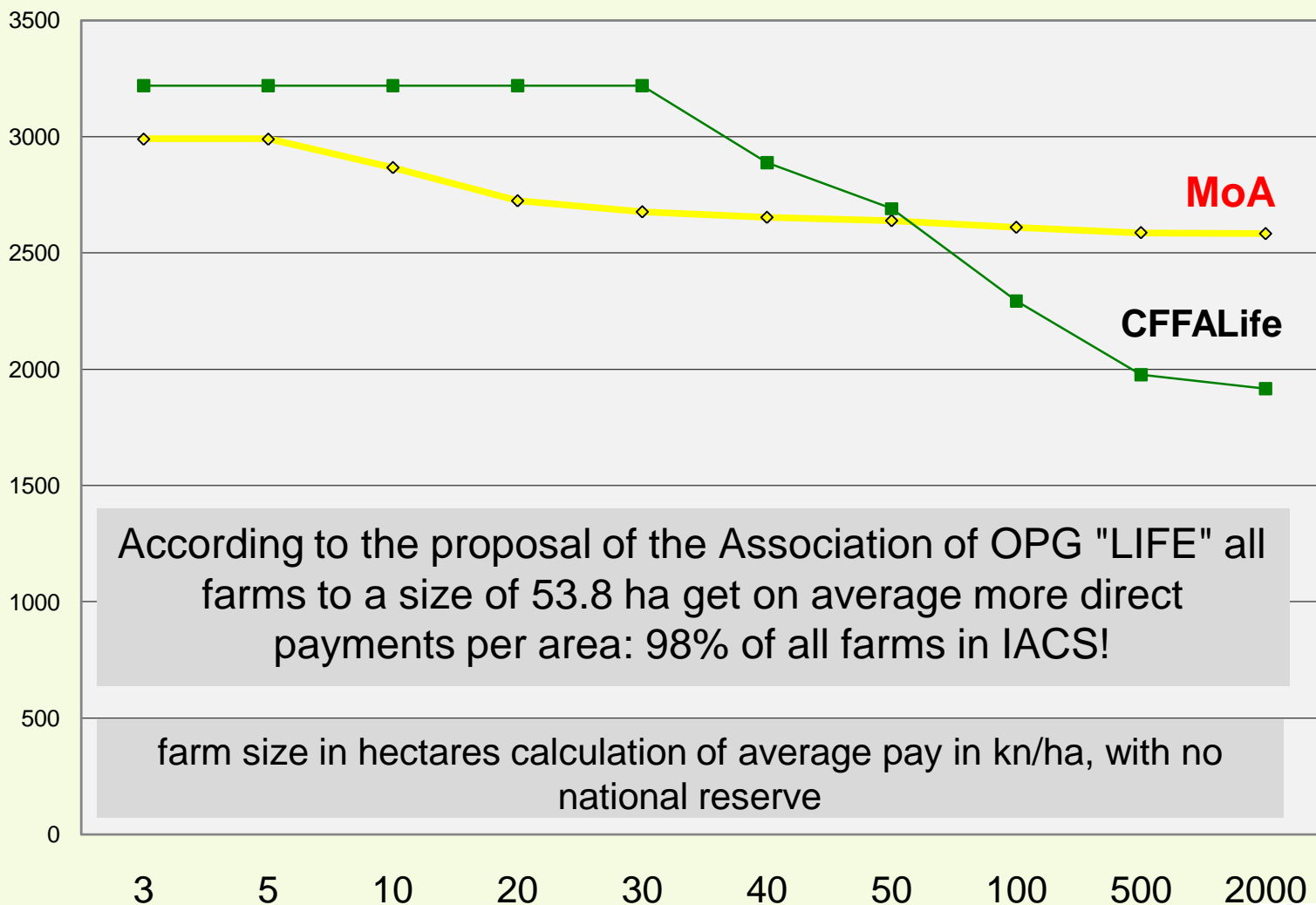


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# ENVELOPE 422,8 million euro



According to the proposal of the Association of OPG "LIFE" all farms to a size of 53.8 ha get on average more direct payments per area: 98% of all farms in IACS!

farm size in hectares calculation of average pay in kn/ha, with no national reserve

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# PERIOD 2015 - 2020

## DEADLINE for submission to the EU COMMISSION

### August 1, 2014

\* That what a deal ? in Croatia and than to EU Commission to deliver 01/08/2014 law will be largely up to the 2020th year.

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# Suggestions, conclusions (Along with those discussions)

- Extend the public discussion to July 2014
- Submit materials and discussion by the Ministry of Ag. (numerical substrate on which Croatia will prepare a reform package and send it to the EU Commission)
- Consider proposals of Croatian Family Farms Association "Life" (CFFALife)
- The proposals are supported by the present during the round table discussions organized by the CFFALife



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