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COUPLED SUPPORT UNDER THE FIRST PILLAR OF THE COMMON AGRICULTURAL POLICY - SCOPE OF THE MEMBER STATES' DECISIVENESS AND MANNER OF IMPLEMENTATION AT NATIONAL LEVEL

Summary: The article presents the range of decisions made by the member-states of the European Union about the optional support given to production. Since 2015 it has been an element of the first pillar of the Common Agricultural Policy. The article provides an overview of the production support instruments implemented in Poland (indicating the essence of changes introduced in 2017). It also compares trends and the amount of support provided as part of this instrument in individual EU member-states. The research showed that the EU member-states showed big interest in the support offered to production. It was manifested both by the multitude of payments made and the considerable use of the maximum financing limit.

Key words: Common Agricultural Policy, direct payments, coupled support.

1. INTRODUCTION

Since the moment when direct support began to be provided to Polish farmers, i.e. the date of including Poland into the Common Agricultural Policy (CAP) upon its accession to the European Union (EU) in 2004, the biggest part of funds have been each year allocated in the form of area support. Consequently, the amount of aid granted to a farmer for a given year in the form of direct payments is usually largely proportional to the amount of land at the farmer's farm in the year of submitting a payment application [Chmielewska 2007].

The basic components of the reformed direct support scheme, which has been applied since 2015, are the single area payments, which are based on the total amount of land farmed. Equally wide in their range are payments for agricultural practices beneficial for the climate and the environment. Moreover, area payments independent of the type of crops grown are young farmer payments and redistributive payments, whereas redistributive payments are a facultative instrument offered to the Member States.

Poland has also taken advantage of the option of the so-called voluntary coupled support¹. The aim of this instrument is to maintain production in agricultural sectors particularly important for economic, social or environmental reasons which undergo difficulties. The list of sectors eligible for this support has been defined at EU level. They include cereals, oilseeds, protein crops, grain legumes, flax, hemp, rice, nuts, starch potato, milk and milk products, seeds, sheepmeat and goatmeet, beef and veal, olive oil, silkworms, dried fodder, hops, sugar beet, cane and chicory, fruit and vegetables, and short rotation coppice². In the case of crop production sectors, coupled support can only be provided in the form of area payments. This means that the amount of support granted to a farmer is proportional to the area of a given crop and not to the amount (mass) of the agricultural raw material produced. In the case of animal production, on the other hand, the amount of support depends on the number of animals kept.

It is the particular responsibility of the Member States, which have decided to implement coupled support schemes, to select the sectors eligible for this support and determine the level of financing of support to individual sectors. Moreover, the Member States can quite freely design individual forms of support, and they can establish regional instruments to fight against endemic difficulties.

The aim of this study is to review the instruments applied in Poland under the voluntary coupled support scheme, and to compare the level and direction of this support among the EU Member States. The research methods applied include, above all, the analysis of the contents of EU and national laws and regulations, and information notes of the European Commission, as well as simulations (when analysing the influence of coupled support on the single area payment rate) and comparative analysis (in international comparisons of coupled support).

2. COUPLED SUPPORT IN POLAND

2.1. DIRECTION OF SUPPORT

Currently, in Poland, four animal production sectors and nine crop production sectors are eligible for support in the form of coupled payments. The animal production sectors eligible for support are young cattle, cows, sheep and goat sectors. Farmers can receive animal payments provided that they have kept animals at their farms during the so-called retention period, which is 30 days from the date of submitting a payment application in the case of young cattle, cows and goats, and between March 15th and April 15th in the year of submitting the application in the case of sheep.

¹ This is the equivalent of the so-called specific support, which could be applied by the EU Member States in 2009-2014.

 $^{^{2}}$ Regulation (EU) No. 1307/2013 of the European Parliament and of the Council (Art. 52, paragraph 2).

Young cattle payments can be granted for domestic cattle aged not more than 24 months. The condition for receiving this payment is keeping at least three animals at this age. The maximum number of animals kept at a farm eligible for this payment is twenty. Cow payments, on the other hand, are granted for female domestic cattle aged more than 24 months. Also in this case the lower limit for the herd size (3 head) and the maximum number of animals at a farm eligible for payments (20 head) have been determined. Sheep payments are granted for female domestic sheep aged at least 12 months provided that the farmer keeps at least 10 such animals. There are no quantitative limits (i.e. all the animals at a farm are taken into account) in the case of goat payments, which can be granted to farmers keeping at least five domestic goats aged at least 12 months.

According to W. Poczta, coupled support should be provided to farms engaged in extensive breeding (up to 1.4 LSU per hectare of fodder area) of beef cattle, sheep and goats, as it is of great importance for agriculture in Poland in economic (an opportunity to achieve significant added value), social (using labour resources), ecological (higher than the current ruminant stocks in a number of regions of Poland are desired from the environmental point of view and necessary to use the fodder resources from permanent grassland) and landscape (permanent grassland with no pasturing undergoes biological degradation and loses its aesthetic values) terms [Poczta 2010, p. 51]. The focus of coupled payments is only in partial compliance with this demand, as aid is granted regardless of the size of animal stock per hectare of fodder crops in a farm, and both beef and dairy cattle is eligible for support in the cattle sector.

In the crop production sectors (grain legumes, protein forage crops, sugar beets, starch potatoes, tomatoes, strawberries, hops, flax, hemp), coupled payments are in the form of area support. All the instruments, except for hop payments, are of nationwide nature.

The grain legumes sector covers legumes of particular economic importance as a component for the production of concentrate feeds (field bean, field pea, lupin and soybean). This support is degressive, i.e. higher rates apply to the first 75 hectares of crops in a farm, and a rate lower by a half applies to the crop area in excess of this amount. The protein forage crop sector covers sainfoin, clover, bird's-foot trefoil, grass pea, lucerne, melilot, bird's foot and vetch. In the case of this sector, there is a limit of the crop area in a farm which can be eligible for payment, and this limit is 75 ha. The grain legumes sector covers rather commercial production of raw materials for the production of concentrate feeds, and the protein forage crop sector is substantially the source of production self-supply for farms and it constitutes raw material resources for the production of bulky feeds (mainly green fodder) for farms' own use. In order for the support to favour the supply of feed raw materials, in the grain legumes sector farmers are required to harvest the grains first, and, in the protein forage crop sector, crops intended for green manure are not eligible for support.

In the opinion on D. Czerwińska-Kayzer, the protein crops support scheme should provide for more far-reaching diversification of the level of support per hectare of cultivated land: the payment rates should be determined for individual plant species or varieties, and their amounts should depend on factors such as the profitability of production, the intended use of crops (farm's self-supply or commercial production) and benefits of cultivation for the environment [Czerwińska-Kayzer 2015, p.77]. In the author's opinion, the fulfillment of this postulate would considerably complicate the scheme, and difficulties connected with quantification of environmental benefits could pose a serious practical barrier to the complete implementation of the concept proposed. M. A. Jerzak and P. Krysztofiak, in turn, call for associating subsidies with the volume of production and not the crop area [Jerzak, Krysztofiak 2006, p. 134]. Apart from the influence of such a change on the sphere of production [Sadłowski 2016] and the risk of intensification of the phenomenon of payments being "intercepted" by non-agricultural elements of agribusiness [Sadłowski 2017] because of regulations in force at EU level, this change cannot be introduced in the current legal circumstances.

Sugar beet/ starch potato/ tomato payments are granted to farmers who have concluded supply contracts/ cultivation contracts directly with sugar producers. potato starch producers or vegetable processors³. Payments are granted for specific crop areas, but not more than the areas specified in contracts. In the case of strawberry payments, no procurement contracts are required, which makes it possible to receive payments not only for cultivation of fruit intended for processing, but also for cultivation of high-quality fruit for human consumption, including fruit intended for direct sales. Hop payments, in turn, are granted for plantations which satisfy specific requirements as regards the density of cuttings (at least 1,300 cuttings per hectare) and supporting structures, situated in the Lublin, Greater Poland and Lower Silesian regions (these payments are of regional nature). Flax payments are granted irrespectively of the intended use of the crops, i.e. both for cultivation of linseed and flax grown for fibre. Regulations regarding hemp payments, on the other hand, result from the drive towards assuring that the crops are not intended for the production of drugs. Hence the requirement to hold a cultivation permit issued under the Act on prevention of drug abuse. Payments are granted for crop areas of not more than the areas covered by such permits.

In the case of certain sectors, the form of coupled support instruments in 2015-2016 was slightly different than today. The comparison of the current state and the state as of before the review of these instruments, as well as the description of the essence of the changes introduced effective as of 2017 shall be presented in Table 1 (animal production sectors) and Table 2 (crop production sectors).

³ This condition is also considered to be met in the case of concluding a contract with a group of agricultural producers, a recognised producer organisation or a recognised association of producer organisations.

Table 1. Coupled support instruments in the animal production sectors applied in Poland

| In | strument, feature | 2015-2016 | 2017-2020 | Essence of the change introduced |
|-----------------------|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| nts | Subject of support | | onths at the most | |
| | Retention period | 30 days following the a payment a | Reducing the maximum | |
| attle p | Lower limit for herd size | 3 h | number of animals at a | |
| Young cattle payments | Maximum number of animals eligible for payment | 30 head | 20 head | farm eligible for payment. |
| | Subject of support | female cattle age | d over 24 months | D 1 : 1 |
| nents | Retention period | 30 days following the a payment a | e date of submitting pplication** | Reducing the maximum number of |
| Cow payments | Lower limit for herd size | 3 h | ead | animals at a farm eligible |
| Cow | Maximum number of animals eligible for payment | 30 head | 20 head | for pay- ment |
| | Subject of support | female domestic sheep | aged at least 12 months | |
| Sheep payments | Retention period | date of submitting a payment application and period between October 20th and November 20th of the year of sub- mitting the application | between March 15th and April 15th of the year of submitting the application | "Resched- uling" the retention period from autumn to spring. |
| S | Lower limit for herd size | 10 l | nead | spring. |
| | Subject of support | | l at least 12 months | |
| | Retention period | 30 days following the d ment app | | |
| nents | Lower limit for herd size | 5 h | | |
| Goat payments | Area limit | 75 ha | sub-sector I: n/a sub-sector II: 75 ha | No changes. |
| Goa | Rate gradation | n/a | sub-sector I: degressive rate: higher for 0-75 ha, lower for 75 ha and more sub-sector II: uniform rate | |

^{*} This period was applicable from the date of the Act of 24 April 2015 amending the act on payments under the direct support schemes (Journal of Laws item 653) entering into force, i.e. May 15th, 2015. Before, the retention period was the period from the date of submitting a payment application to June 30th of the year in which the application was submitted, and if an animal was not 6 months of age until this date, to the date on which the animal reached that age.

Source: own work based on national laws and regulations governing the direct support scheme.

^{**} This period was applicable from the date of the Act of 24 April 2015 amending the act on payments under the direct support schemes (Journal of Laws item 653) entering into force, i.e. May 15th, 2015. Before, the retention period was the period from the date of submitting a payment application to June 30th of the year in which the application was submitted.

Table 2. Coupled support instruments in the crop production sectors applied in Poland

| Instrumer | nt, feature | 2015-2016 | Essence of the change introduced | | | | | | | |
|------------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|--|
| Protein crop payments | Subject of support | broad bean, field bean, chickpea, common sainfoin, common bean, runner bean, pea, red clover, white clover, alsike clover, crimson clover, common bird's-foot trefoil, grass pea, lucerne, sand lucerne, black medick, white lupin, narrow-leaved lupin, yellow lupin, white melilot, common bird's foot, lentil, soybean, hairy vetch and common vetch | sub-sector I: field bean, pea, excluding sugar pea, wrinkled pea and round pea, white lupin, narrow-leaved lupin, yellow lupin and soybean provided that grains are harvested sub-sector II: common sainfoin, red clover, white clover, alsike clover, Persian clover, crimson clover, common bird's-foot trefoil, grass pea, lucerne, sand lucerne, black medick, white melilot, common bird's foot, hairy vetch and common vetch, excluding crops intended for green manure | Support focused on crops which provide raw materials for fodder production (withdrawal from support for vegetable plants and plants with no crops gathered). Division into two sub-sectors: sub-sector I (with a degressive payment rate) – it is to constitute, above all, raw material resources for the production of concentrate feeds, sub-sector II (with an | | | | | | |
| | Area limit | 75 ha | sub-sector I: n/a sub-sector II: 75 ha | area limit) – it is to focus mainly on the | | | | | | |
| | Rate gradation | n/a | sub-sector I: degressive rate: higher for 0-75 ha, lower from 75 ha up sub-sector II: uniform rate | production of bulky feeds. | | | | | | |
| Sugar beet payments | Subject of support | contracted cultiva- tion of quota beets | contracted cultivation of sugar beets | Adjusting the instrument to changed EU legal conditions (withdrawal from sugar production quotas). | | | | | | |
| Soft fruit payments | Subject of support | growing of strawberries and raspberries | growing of strawberries | Withdrawal from support for raspberries. | | | | | | |
| Starch potato payments | Subject of support | contracted produc | tion of starch potatoes | No changes. | | | | | | |
| Tomato payments | Subject of support | contracted gro | owing of tomatoes | No changes. | | | | | | |
| Hop payments | Plantation require- ments | at least 1,300 c appropriate su | No changes. | | | | | | | |
| Paymonts | Scope | regional (Lublin Lower Sil | | | | | | | | |

| cd. | Table | 2. |
|-----|-------|----|
|-----|-------|----|

| Instrume | nt, feature | 2015-2016 | 2015-2016 2017-2020 | | | | | | |
|------------------|--------------------|---------------------|-------------------------|-------------|--|--|--|--|--|
| Flax payments | Subject of support | cultivation of li | nseed and fibre flax | No changes. | | | | | |
| Hemp payments | Subject of support | cultivation of hemp | under a relevant permit | No changes. | | | | | |

Source: Own work based on national laws and regulations governing the direct support scheme.

2.2. LEVEL OF FINANCING AND SECTORAL CEILINGS

In order to finance the coupled support, Poland may generally use up to 13% of the total amount of EU funds made available to it in order to implement direct support (the so-called national ceiling). The permissible level of financing may be increased to 15% of the national ceiling if at least 2% of this ceiling are allocated for supporting the protein crop sector. The potential amounts to be used for coupled support and the consequences of its implementation (with the maximum level of financing) for single area payments shall be presented at the top of Table 3. The real amount of funds allocated for coupled support is less than 15% of the national ceiling only in 2017-2019, only slightly differing from the maximum permissible amounts (bottom of Table 3).

Table 3. Level of financing of coupled support in Poland and consequences of its implementation for the single area payment rates

| Y | EAR | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------------------------------------|-----------------------------------------|--------|--------|---------|---------|---------|---------|----------|
| 1 | m level of fi- [EUR million] | 506.79 | 509.30 | 511.78 | 514.69 | 517.58 | 459.23 | 3,019.35 |
| area pa | on the single ayment rate UR/ha] | -35.85 | -35.90 | -36.14ª | -36.34ª | -36.54ª | -32.42ª | X |
| Real level of financ- ing | in quota terms [EUR million] | 506.79 | 509.30 | 505.16 | 505.55 | 505.93 | 459.23 | 2,991.95 |
| | as a percentage of the national ceiling | 15.00% | 15.00% | 14.81% | 14.73% | 14.66% | 15.00% | 14.86% |
| Influence on the single area payment rate [EUR/ha] | | -35.85 | -35.90 | -35.67ª | -35.70ª | -35.72ª | -32.42ª | X |

^a Assuming that the area eligible for single area payment is equal to the average area eligible for this payment in 2015-2016.

Source: own work based on Regulation (EU) No. 1307/2013 of the European Parliament and of the Council (Annex II) and the data provided by the Agency for Restructuring and Modernisation of Agriculture.

Amounts earmarked in Poland for implementation of coupled support in individual sectors in 2015-2020 are characterized by relative stability, except for:

- the soft fruit sector and the tomato sector the clearly lower level of support after 2017 in comparison with 2015-2016 is the consequence of decisions made as part of reviewing the operation of coupled support instruments when it was decided to stop the support for the production of raspberries (which was accompanied by a corresponding reduction of the amount of funds allocated for the soft fruit sector) and to reduce the level of support for the tomato sector;
- the year 2020 the considerably lower level of financing of coupled support in 2020 in comparison with 2015-2019 results from the fact that reallocation of funds between the CAP pillars, the consequence of which in the case of Poland is adding funds to the national ceiling of direct payments at the cost of the funds under the second pillar, does not cover the last period of programming.

The level of financing of individual instruments applied under the coupled support scheme shall be presented in Table 4.

Table 4. Level of support in the form of coupled payments in Poland by sector

| | | YEAR | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------------|------------------------|-----------------------------------------------|--------|--------|--------|--------|--------|--------|----------|
| | cattle | in quota terms [EUR million] | 171.79 | 172.64 | 173.49 | 173.49 | 173.49 | 157.47 | 1,022.36 |
| RS | young cattl | as a percentage of the national ceiling | 5.08% | 5.08% | 5.08% | 5.06% | 5.03% | 5.14% | 5.08% |
| ECTO | v ents | in quota terms [EUR million] | 151.92 | 152.68 | 153.42 | 153.42 | 153.42 | 139.26 | 904.11 |
| ANIMAL PRODUCTION SECTORS | cow | as a percentage of the national ceiling | 4.50% | 4.50% | 4.50% | 4.47% | 4.45% | 4.55% | 4.49% |
| RODU | rp ents | in quota terms [EUR million] | 4.66 | 4.68 | 4.70 | 4.70 | 4.70 | 4.27 | 27.71 |
| IMAL PI | sheep payments | as a percentage of the national ceiling | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% |
| AN | t ents | in quota terms [EUR million] | 0.27 | 0.27 | 0.27 | 0.27 | 0.27 | 0.24 | 1.59 |
| | goat payments | as a percentage of the national ceiling | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% |
| | beet ents | in quota terms [EUR million] | 81.20 | 81.60 | 82.00 | 82.00 | 82.00 | 74.43 | 483.23 |
| | sugar beet payments | as a percentage of the national ceiling | 2.40% | 2.40% | 2.40% | 2.39% | 2.38% | 2.43% | 2.40% |

cd. Table 4.

| | Table 4 | YEAR | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|-------------------------|---------------------------|-----------------------------------------------|--------|--------|--------|--------|--------|--------|----------|
| | crop | in quota terms [EUR million] | 67.57 | 67.91 | 68.24 | 68.62 | 69.01 | 62.64 | 403.99 |
| | protein crop payments | as a percentage of the national ceiling | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.05% | 2.01% |
| | t pay- ts | in quota terms [EUR million] | 15.00 | 15.07 | 9.95 | 9.95 | 9.95 | 9.03 | 68.95 |
| | soft fruit pay- ments | as a percentage of the national ceiling | 0.44% | 0.44% | 0.29% | 0.29% | 0.29% | 0.29% | 0.34% |
| | otato ents | in quota terms [EUR million] | 8.66 | 8.71 | 8.75 | 8.75 | 8.75 | 7.94 | 51.56 |
| ECTORS | starch potato payments | as a percentage of the national ceiling | 0.26% | 0.26% | 0.26% | 0.25% | 0.25% | 0.26% | 0.26% |
| ION SI | to ents | in quota terms [EUR million] | 4.21 | 4.23 | 2.84 | 2.84 | 2.84 | 2.57 | 19.53 |
| CROP PRODUCTION SECTORS | tomato payments | as a percentage of the national ceiling | 0.12% | 0.12% | 0.08% | 0.08% | 0.08% | 0.08% | 0.10% |
| ROP P | o ents | in quota terms [EUR million] | 0.84 | 0.84 | 0.85 | 0.85 | 0.85 | 0.77 | 4.98 |
| 0 | hop payments | as a percentage of the national ceiling | 0.02% | 0.02% | 0.02% | 0.02% | 0.02% | 0.03% | 0.02% |
| | t ents | in quota terms [EUR million] | 0.57 | 0.57 | 0.58 | 0.58 | 0.58 | 0.52 | 3.40 |
| | flax payments | as a percentage of the national ceiling | 0.02% | 0.02% | 0.02% | 0.02% | 0.02% | 0.02% | 0.02% |
| | p nts | in quota terms [EUR million] | 0.09 | 0.09 | 0.09 | 0.09 | 0.09 | 0.09 | 0.55 |
| | hemp payments | as a percentage of the national ceiling | 0.003% | 0.003% | 0.003% | 0.003% | 0.003% | 0.003% | 0.003% |
| | | in quota terms [EUR million] | 506.79 | 509.30 | 505.16 | 505.55 | 505.93 | 459.23 | 2,991.95 |
| Т | otal | as a percentage of the national ceiling | 15.00% | 15.00% | 14.81% | 14.73% | 14.66% | 15.00% | 14.86% |

Source: own work based on the data provided by the Ministry of Agriculture and Rural Development.

3. INTERNATIONAL COMPARISON

Voluntary coupled support has been implemented by as many as 27 EU Member States (all the Member States except for Germany). The Member States which have decided to implement this instrument choose the sectors eligible for support from among the sectors set out in Art. 52, paragraph 2 of the Regulation (EU) No. 1307/2013 of the European Parliament and of the Council. Moreover, the Member States determine their national levels of financing of aid for individual sectors, whereby the total level of support needs to be within the defined limits. Furthermore, the Member States can quite freely determine the conditions of eligibility for payments.

The highest numbers of sectors provided with coupled support were in Romania (12), Italy (11), and Greece, France and Poland (10 each) – Table 5. However, it should be pointed out that the number of sectors provided with support is not identical with the number of instruments applied under the coupled support scheme, as some countries apply more than one payments within a given sector⁴. In 2015, in the whole EU, 257 different instruments were applied under the coupled support scheme⁵.

| Table 5. Sectors eligible for coupled support in individual EU Member States in 2015-2 | Table 5. Sectors | eligible for coupl | ed support in indiv | idual EU Member S | tates in 2015-2016 |
|----------------------------------------------------------------------------------------|------------------|--------------------|---------------------|-------------------|--------------------|
|----------------------------------------------------------------------------------------|------------------|--------------------|---------------------|-------------------|--------------------|

| Agricultur- al produc- tion sector | Austria | Belgium | Bulgaria | Cyprus | Czech Republic | Denmark | Estonia | Greece | Spain | Finland | France | Croatia | Hungary | Ireland | Italy | Lithuania | Luxembourg | Latvia | Malta | Netherlands | Poland | Portugal | Romania | Sweden | Slovenia | Slovakia | Great Britain |
|------------------------------------------|---------|---------|----------|--------|----------------|---------|---------|----------|----------|---------|--------|---------|---------|---------|----------|-----------|------------|--------|-------|-------------|--------|----------|---------|--------|----------|----------|---------------|
| cereals | | | | | | | | √ | | √ | 1 | | | | √ | | | | | | | | | | | | |
| oilseeds | | | | | | | | | | | | | | | 1 | | | | | | | | | | | | |
| protein crops | | | 1 | | 1 | | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | | 1 | | 1 | | 1 | | |
| grain legumes | | | | | | | | 1 | 1 | | | | | | 1 | | | | | | | | 1 | | | | |
| flax | | | | | | | | | | | | | | | | | | | | | 1 | | | | | | |
| hemp | | | | | | | | | | | 1 | | | | | | | | | | 1 | | | | | | |
| rice | | | | | | | | V | V | | | | V | | V | | | | | | | | V | | | | П |
| nuts | | | | | | | | | 1 | | | | | | | | | | | | | | | | | | |
| starch potato | | | | | 1 | | | | | 1 | 1 | | | | | | | 1 | | | 1 | | | | | | |

⁴ For example, Poland applies two separate support instruments in the protein crop sector: grain legumes payments and protein forage crop payments.

⁵ Direct payments 2015-2020. Decisions taken by Member States: State of play as at June 2016, European Commission, p. 9.

cd. Table 5.

| Agricultur- al produc- tion sector | Austria | Belgium | Bulgaria | Cyprus | Czech Republic | Denmark | Estonia | Greece | Spain | Finland | France | Croatia | Hungary | Ireland | Italy | Lithuania | Luxembourg | Latvia | Malta | Netherlands | Poland | Portugal | Romania | Sweden | Slovenia | Slovakia | Great Britain |
|------------------------------------------|---------|---------|----------|----------|----------------|----------|---------|----------|----------|----------|--------------|----------|----------|---------|-------|-----------|------------|----------|----------|-------------|--------|----------|----------|----------|----------|----------|---------------|
| milk and milk products | | 1 | 1 | √ | √ | | 1 | | 1 | 1 | V | 1 | 1 | | 1 | 1 | | √ | V | | 1 | √ | √ | | 1 | √ | |
| seeds | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| sheepmeat and goatmeat | 1 | 1 | 1 | V | V | | 1 | V | 1 | V | V | 1 | 1 | | 1 | 1 | | V | V | 1 | 1 | V | V | | | V | V |
| beef and veal | 1 | 1 | 1 | | V | V | 1 | 1 | 1 | 1 | V | 1 | 1 | | 1 | 1 | | V | V | 1 | 1 | V | √ | √ | 1 | V | |
| olive oil | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| silkworms | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| dried fodder | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| hops | | | | | | | | | | | \checkmark | | | | | | | | | | | | | | | | |
| sugar beet | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| cane and chicory | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| fruit and vegetables | | | 1 | V | V | | 1 | V | V | V | V | V | V | | 1 | V | | V | V | | 1 | V | V | | V | V | |
| short rotation coppice | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Source: Direct payments 2015-2020..., op. cit., p. 22.

The freedom to determine the conditions of eligibility makes it possible to make the aid within a given sector focused on the so-called targeted population. For example, some Member States have decided to provide regional support to selected directions of agricultural production: Poland – hops, Slovenia – milk and milk products, Great Britain – beef and veal, sheepmeat and goatmeat, Italy – olive oil, soybean, protein crops, grain legumes, durum wheat⁶.

The permissible level of financing of coupled support is not uniform for all the Member States. As a rule, the limit is 8% of the national ceiling, or alternatively increased by 2 percentage points provided that at least 2% of the national ceiling are earmarked for supporting the production of protein crops. Any exceptions refer, in particular, to:

■ the countries which applied a simplified scheme before 2015 and in at least one year of the 5-year reference period preceding the implementation of the reformed payment scheme assigned more than 5% of the national

⁶ Ibidem.

ceiling to finance certain instruments of the so-called specific support – in the case of such countries the limit is 13% of the national ceiling increased by 2 percentage points if at least 2% of the national ceiling are used to support the production of protein crops;

■ the countries which in at least one year of the 5-year reference period preceding the implementation of the reformed payment scheme assigned more than 10% of the national ceiling to finance certain instruments of specific support – such countries may decide to use more than 13% of the national ceiling for coupled support, but this requires the approval of the European Commission.

Apart from the percentage limits described above, the Member States may choose an option of a quota threshold of EUR 3 million per year. Thanks to this option, the countries with relatively low national ceilings (Luxembourg, Malta) are able to assign amounts higher than those resulting from percentage limits to finance coupled support with no need to obtain the European Commission's approval.

The Member States' decisions as regards the level of financing of coupled support are as follows:

- 9 countries (Austria, Cyprus, Denmark, Estonia, Greece, the Netherlands, Ireland, Luxembourg, Great Britain) have assigned not more than 8% of the national ceiling to finance coupled support;
- 14 countries (Bulgaria, Croatia, Czech Republic, France, Spain, Lithuania, Latvia, Poland, Romania, Slovakia, Slovenia, Sweden, Hungary, Italy) have assigned more than 8% but not more than 15% of the national ceiling for this purpose;
- 4 countries (Belgium, Finland, Malta, Portugal) have assigned more than 15% of the national ceiling for coupled support⁷.

In 2015-2016, the total of around 4.1 billion EUR/year was allocated for coupled support. The largest part of the funds were used to support the following sectors: beef and veal (42%), milk and milk products (20%), sheepmeat and goatmeat (12%), protein crops (10%) and fruit and vegetables (5%)⁸.

4. SUMMARY

The efficiency of coupled support as regards the achievement of specific goals is to a large extent determined by local conditions. However, some economists pronounce critical or apologetic judgments on this instrument. For example, according to S. Tangermann, there is no reason for which public aid granted with the aim of counteracting discontinuation of farming activities depends on the produc-

⁷ In the case of Belgium, Finland and Portugal, allocation of more than 15% of the national ceiling for coupled support required the European Commission's approval. In the case of Malta, this approval was not required because of choosing the quota variant (up to EUR 3 million).

⁸ Direct payments 2015-2020..., op. cit., p. 9.

tion of a specific agricultural product [Tangermann 2011, p. 29]. In his opinion, a more economically effective solution is separating payments from production, as then farmers make their decisions on the type of crops to be cultivated taking into account the market prices of agricultural products. Similarly, A. Czyżewski and A. Poczta-Wajda point out that in the case of payments related to production, the production decisions of farmers to a smaller extent derive from the market signals and the problem of overproduction emerges, which is not conducive to increasing economic efficiency [Czyżewski, Poczta-Wajda 2011, p. 255]. J. Wilkin, by contrast, highlights that an agricultural policy aiming at complete separation of support from production results in lower intensity of agricultural production, which, in turn, brings about both positive (less pollution of water, soil etc.) and negative (e.g. depopulation of rural areas) external effects [Wilkin 2010, p. 207].

Moreover, it should be noticed that the restrictions regarding the permissible level of financing of coupled support in the EU result from its international commitments made as part of the World Trade Organization. Generally speaking, the high interest in this instrument among the EU Member States is manifested in both the multitude of payments applied and the considerable level of the permissible financing limit use.

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WSPARCIE ZWIĄZANE Z PRODUKCJĄ W RAMACH I FILARU WSPÓLNEJ POLITYKI ROLNEJ – ZAKRES DECYZYJNOŚCI PAŃSTW CZŁONKOWSKICH I SPOSÓB WDROŻENIA NA POZIOMIE KRAJOWYM

Streszczenie: W artykule przedstawiono zakres decyzyjności państw członkowskich Unii Europejskiej w kwestii tzw. dobrowolnego wsparcia związanego z produkcją, od 2015 r. stanowiącego jeden z elementów I filaru Wspólnej Polityki Rolnej. Ponadto dokonano przeglądu wdrożonych w Polsce instrumentów wsparcia związanego z produkcją (wskazując przy tym na istotę zmian wprowadzonych ze skutkiem od 2017 r.) oraz porównano poziom i ukierunkowanie pomocy przyznawanej w ramach tego instrumentu między państwami członkowskimi UE. Stwierdzono, że duże zainteresowanie państw członkowskich UE wsparciem związanym z produkcją objawia się zarówno mnogością stosowanych płatności, jak i znacznym stopniem wykorzystania dopuszczalnego limitu finansowania.

Slowa kluczowe: Wspólna Polityka Rolna, płatności bezpośrednie, wsparcie związane z produkcja.

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