



Federal Ministry
of Food
and Agriculture

EU Common Agricultural Policy

2014 to 2020



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Promotion of the agricultural sector: First pillar of the EU's Common Agricultural Policy (CAP)

The EU's **agricultural reform** will make Europe's agricultural sector greener and more sustainable. The support provided by the EU (**direct payments**) will, in future, be more **closely tied to environmental measures**. These payments are based on the principle of "public funding for public services".

Since 2015, four building blocks of the **first pillar** have been in place in Germany:

Basic payment

As a result of the reallocation of EU funds in favour of the new EU Member States, the funds earmarked for Germany declined between 2014 and 2019. At the same time, the payments, which had varied from region to region, ranging from EUR 155–192 per hectare, were aligned at around **EUR 175 per hectare** by 2019 so that every hectare of eligible area in Germany received the same funding in 2019.

Environmental services:

In addition to this, around EUR 86 per hectare are granted to farmers for specific environmental services (greening). **Greening** covers the following three measures:

- keeping of permanent pasture areas (meadows and grazing ground);
- diversity in crop growing on arable land; and
- the provision of "ecological focus areas" on five per cent of arable land, e.g. set-aside areas, terraces, buffer strips, hedges, boundary hedges or tree rows.

Greening is designed to reward services provided by the farming sector for climate change mitigation, conservation of species, diverse cultural landscapes and sustainable production.

Supplement for small and medium-sized farms

All farms receive an additional EUR 50/ha for the first 30 hectares and around 30 EUR/ha for a further 16 hectares. **Small and medium-sized farms** with up to 95 hectares are thus **placed in a far better position**.

Additional support for young farmers

Since 2015, young **farmers under 40** years of age have been eligible for **additional aid** totalling approx. EUR 44 per hectare for a maximum of five years and 90 hectares of farmland.

Under the first pillar, Germany has approximately **EUR 4.8 billion** at its disposal on an annual basis between 2014 and 2020



Rural development support: Second pillar of the Common Agricultural Policy (CAP)

EU rural development support boosts the **competitiveness** of the agricultural sector, safeguards the **sustainable management** of natural resources and underpins **economic strength in rural regions**, thus assisting and supplementing the support schemes under the first pillar.

Over the 2014 - 2020 period, Germany has just under EUR 1.4 billion at its disposal annually in aid from the European Agricultural Rural Development Fund (EAFRD).

These funds are used for a total of 13 **EARFD programmes of the Länder**, which were approved by the European Commission. The Community funds are topped up by national funds allocated by the Federal Government, Länder and municipalities, which brings the overall level of aid available to **around EUR 2.5 billion per year**. The Federal Government currently earmarks approximately EUR 1 billion annually for the Joint Task for the Improvement of Agricultural Structures and Coastal Protection (GAK), a major part of which is used for national co-financing of the Länder programmes. In addition, the Federal Government provides the funding for the Federal Scheme for National Networking at the German Networking Unit (DVS).

The **first** important EAFRD funding priority in the Länder programmes comprises **voluntary services** rendered by the agricultural sector **for the environment and climate**. Around 44 percent of the total funds is allocated for e.g. extensive farming systems

and organic farming or the promotion of areas facing natural constraints.

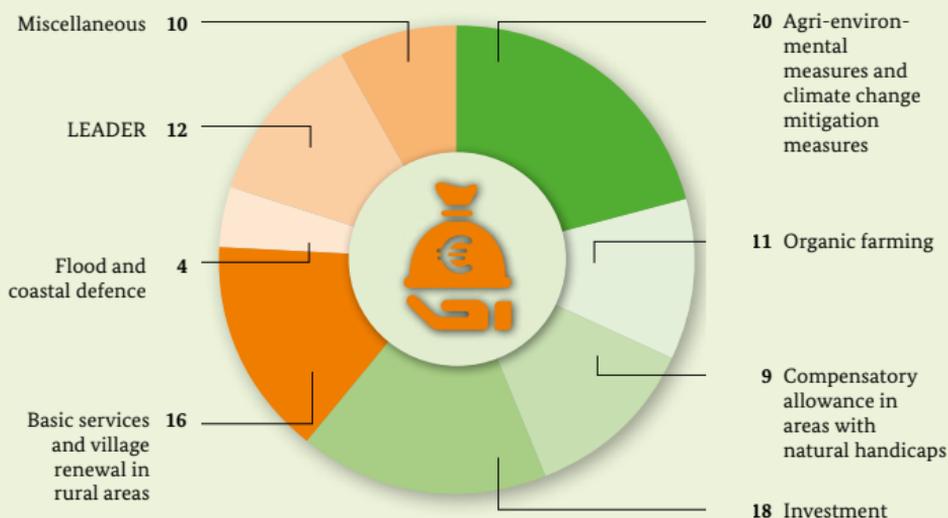
A **second** priority area is the **strengthening of farms through investments** in agriculture and also in tourism, landscape stewardship and farm shops, with around 25 percent of the funds being committed for this purpose.

The **third** area channels around 17 percent of the funds into local **village-development projects** in order to make rural areas attractive and viable, provide villages with good future prospects and create jobs.

Fourthly, the implementation of rural development by **regional actors** to attain the above objectives via the so-called **LEADER approach** is becoming increasingly important and absorbs around 12 percent of the funds. The people on the ground know best the regional potential and expectations for an environment worth living in and play a constructive role in drawing up regional development concepts.



The diagram below shows the use of funds broken down into measures over the 2014 - 2020 period in Germany.



in percentage of EAFRD funds (with reallocation) and national co-financing funds (rounded)

Further development of the CAP beyond 2020

On 1 June 2018, the European Commission presented proposals for a **further development of the CAP** after 2020. The proposals envisage that:

- the **two CAP pillars** should be retained;
- the levels of **direct payments** between the individual Member States should be further aligned;
- the direct payments for larger farms should be reduced, taking labour costs into consideration;
- essential elements of the first pillar (basic payment, redistributive payment, payment for young farmers) should be basically retained;



- the provisions governing **greening** should be incorporated into a catalogue of environmental requirements (so-called conditionality) that need to be observed by all direct-payment recipients in the future:
- so-called **eco-schemes** should be introduced as a new component of direct payments. Direct payments would therefore play an even greater role in achieving environment-related and climate change-related targets. Participation in the scheme would be on a voluntary basis for farmers.

The Commission proposals are currently being discussed in the Council and European Parliament bodies. The reform decisions are expected to be adopted in the course of 2020.

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