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NOTE

From: General Secretariat of the Council
To: Council

Subject: Future of coupled income support in the Common Agricultural Policy
*- Information from the Czech delegation, on behalf of the Bulgarian,
Croatian, Czech, Hungarian, Latvian, Slovak and Slovenian delegations*

Delegations will find in the Annex a non-paper from the Czech delegation, on behalf of the Bulgarian, Croatian, Czech, Hungarian, Latvian, Slovak and Slovenian delegations, on the "Future of coupled income support in the common agricultural policy", to be dealt with under "Any other business" at the "Agriculture and Fisheries" Council on 18 March 2019.

**FUTURE OF COUPLED INCOME SUPPORT IN THE COMMON AGRICULTURAL POLICY
– NON-PAPER FROM BULGARIA, CROATIA, THE CZECH REPUBLIC, HUNGARY, LATVIA, SLOVAKIA
AND SLOVENIA**

I. INTRODUCTION

Some sensitive sectors in the European Union face difficulties due to various factors. Situation among Member States vary according to their specific conditions. Therefore, it is essential to ensure adequate support to the sectors concerned to prevent socio-economic damage.

1. The above mentioned Member States welcome the fact that the European Commission has proposed continuation of the coupled income support. However we consider the proposed level of support insufficient.
2. Sectoral restrictions should be eliminated in order to be in the position to offset the possible negative effects of various free trade agreements and the constant threat of epidemics and other market threats and disturbances.
3. In line with the principle of subsidiarity, more flexibility should be granted to Member States as regards the list of sectors, which could be supported under the coupled income support, in order to better tailor this measure to Member States's needs.

4. Certain sectors are influenced by the high volatility of producer prices, changing weather conditions, climate change, and, last but not least, market crises. The result is inadequate or substantially inconsistent production profitability and a gradual reduction in the production of strategically important commodities, the acquisition of which puts high demands on the expertise and the number of workers and technological equipment. This leads to the loss of jobs, not only directly connected to these commodities, but also in the processing industry, along with the gradual abandonment of rural areas. At the same time, the structure of cultivated crops has been changing resulting in negative effect on soil fertility, biodiversity, water management or erosion.

II. NEED FOR INCREASED COUPLED INCOME SUPPORT

5. Some sectors with the current financial allocation do not reach a satisfactory level of profitability or the coveted level of production. The production incentives are not sufficient to maintain diversified and sustainable production structures and some sensitive sectors are endangered by leaving of demanding production or cultivation in favour of monocultures. Therefore, according to **Bulgaria, Croatia, the Czech Republic, Hungary, Latvia, Slovakia and Slovenia**, in order to improve the competitiveness, sustainability and viability of these sectors, it is necessary to increase the financial allocation of coupled income support in a way that will not have negative impact on competition and functioning of internal market.
6. We are also aware of the Commission's endeavours to improve the environment and of the forthcoming EU protein plan. We also intend to continue the cultivation of protein crops through the coupled income support stimulation. Protein crops are an important source of plant proteins for both the feed and food productions. One of the most important effects is their beneficial impact on the soil. They contribute to meeting the Commission's environmental management requirements, especially by its irreplaceable position in crop rotation and as an excellent pre-crop not only in organic farming.

7. All Member States should be given the same possibilities to finance coupled income support so that level playing field for all Member States is guaranteed.

III. CONCLUSION:

8. **Bulgaria, Croatia, the Czech Republic, Hungary, Latvia, Slovakia and Slovenia** consider that, in order to achieve the targets set for sensitive commodities, the financial allocation for coupled income support proposed by the European Commission is insufficient. A reduced share from a reduced overall CAP budget means a significant deterioration for the sensitive sectors. Therefore to effectively support our key sensitive sectors it is necessary **to increase it to 23 % + 2% for protein crops.**
9. In order to meet the specific objectives laid down in Article 6(1) of the CAP Strategic Plans regulation, coupled income support – which intends to maintain production in sensitive and labour intensive sectors by providing an option for targeted support - should be excluded from the scope of degressivity and capping of direct payments.
