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WORKING PAPER

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WORKING DOCUMENT

From: To:	General Secretariat of the Council Special Committee on Agriculture (SCA)
N° Cion doc.:	9645/18 + COR 1 + ADD1
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council - Comments from the Maltese delegation

Following the discussions held in the Special Committee on Agriculture on 28 September 2020 on the above mentioned proposal, delegations will find attached the comments from the Maltese delegation.

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Malta's Drafting Suggestions

Following the Special Committee on Agriculture held on 28 September 2020 please find below Malta's drafting suggestions on the CAP Strategic Plans Regulation.

Article 46

Union financial assistance to the fruit and vegetables sector

1. The Union financial assistance shall be equal to the amount of the financial contributions referred to in point (a) of Article 45(1) actually paid and limited to 50% of the actual expenditure incurred.

   1(a). Notwithstanding article 46(1), the Union financial assistance shall be equal to 100% of expenditure incurred provided that:

   i. The Union financial assistance does not exceed an annual contribution of €100,000;
   ii. The value of the marketed production of the organisation is at least 10% of the national production;

2. The Union financial assistance shall be limited to:
   (a) 4,1% of the value of the marketed production of each producer organisation;
   (b) 4,5% of the value of marketed production of each association of producer organisations;
   (c) 5% of the value of marketed production of each transnational producer organisation or transnational association of producer organisations

Justification:

Malta would like to propose a new article (2nd attachment) under "Article 46 - Union financial assistance to the fruit and vegetables sector". The points below explain the rationale behind the proposed article based on the Competent Authority's experience of the local market and operation of past Producer Organisations.

The present level of Union financial assistance is not sufficient to address the financial burden of Producer Organisations (POs) with a low value of marketed production (VMP). With a VMP of almost €1 million Maltese POs had to cover expenses for the administration, rent of office and market outlet/s, and implement the environmental actions. These challenges resulted in the financial instability of Maltese POs. In the proposed article the level of Union financial assistance shall be of 100% and capped at a maximum of €100,000 annually provided POs meet the specified criterion explained in the next point. This is expected to allow POs to generate sufficient funds for their day to day running whilst ensuring the measures are implemented and monitored as requested.

Historically Maltese POs held a minority stake of the national fruit and vegetables production which resulted in POs operating from a disadvantaged position within the local market. This in turn precluded

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the expanding of the POs operations and attract new producer members. The proposed article addresses this issue by including a new criterion where POs eligible for the 100% Union financial assistance must generate a VMP corresponding to at least 10% of the national fruit and vegetables production. Such POs can operate from an advantageous position which can sustain their long-term operation.

Annex to the Annexes

Annex III

Regarding the GAEC 9 proposal in the Annex of document, ST11033/ 2020 INIT please find below **Malta's Drafting Suggestion.**

1. **Amendment of GAEC 9**

Farmers with holdings of at least 15ha of arable land must dedicate a minimum share of agricultural area [x]% of arable land devoted to:

(i) non-productive areas and features or
(ii) catch crops or nitrogen fixing crops, cultivated without plant protection products
For Member States using only non-productive areas and features the minimum share is 3%. For catch crops a weighting factor of 0.3 is to be used.

• Retention of landscape features

• Ban on cutting hedges and trees during the bird breeding and rearing season

• As an option, measures for avoiding invasive plant species

Justification:

With regards to GAEC 9 the proposed text does not take into account the specificities between different Member States, in particular with respect to farm size and the rural landscape. In Malta parcels are divided by landscape features such as rubble walls or other habitat areas that have to be maintained by farmers. This means that due to the specific architecture of the local rural landscape, Maltese farmers are already dedicating a significant amount of land and effort to non-productive landscape features. Obliging such farmers to dedicate even more land to non-productive areas would be an unreasonable burden on these farmers.

From an administrative point of view this involves the creation of new disproportionate administrative burdens for both the administration and farmers, and would more perversely reverse simplification achieved over past years in Malta: in fact at farmers' own request the process has been one which efficiently presents suggested pre-filled applications for farmers, a system which has allowed them to do their own job farming the land and tending their herds rather than wasting time and money on form-filling and consultants. This new obligation would undermine this mechanism, as each year every farmer would be obliged to declare which parts of their holding they are going to dedicate for such non-

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productive areas in order to have these are digitised in LPIS and controlled accordingly. Provided the size of the holdings and parcels these areas very often would result in an insignificant amount of area which would be difficult to control and create new breaches for no real environmental or agricultural gain.

Article 68

(latest version: 8409/1/20 REV 1)

Investments

Malta calls for a complete deletion of point g.

Justification:

Malta believes that the ineligibility of investments in large-scale infrastructures not in community-led local development strategies is unnecessarily restrictive for small Member States where large scale infrastructure falls outside the remit of CLLD strategies but would still contribute towards furthering rural development.