



**NATIONAL ASSEMBLY
OF THE REPUBLIC OF BULGARIA**

STATEMENT

**OF THE NATIONAL ASSEMBLY OF THE REPUBLIC OF BULGARIA
ON THE REFORM OF THE COMMON AGRICULTURAL POLICY
FOR THE 2014-2020 PERIOD**

During their hearings of Ministry of Agriculture and Food representatives the Agriculture and Forests Committee (on 23 November 2011) and subsequently the Committee on European Affairs and Oversight of the European Funds (on 14 December 2011) examined the legislative package of the European Commission for the reform of the Common Agricultural Policy of the European Union during the period 2014-2020, which includes:

1. **The direct payments regulation** – Proposal for a Regulation of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy, *COM (2011) 625*;
2. **The Single CMO regulation** – Proposal for a Regulation of the European Parliament and of the Council establishing a common organization of the markets in agricultural products (Single CMO Regulation), *COM (2011) 626*;
3. **The rural development regulation** – Proposal for a Regulation of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), *COM (2011) 627*;
4. **The horizontal regulation** – Proposal for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy, *COM (2011) 628*;
5. **Proposal for a Council Regulation determining measures on fixing certain aids and refunds related to the common organization of the markets in agricultural products**, *COM (2011) 629*;
6. **Proposal for a Regulation** of the European Parliament and of the Council amending Council Regulation (EC) No 73/2009 as regards the **application of direct payments to farmers in respect of the year 2013**, *COM (2011) 630*;
7. **Proposal for a Regulation** of the European Parliament and of the Council amending Council Regulation (EC) No 1234/2007 as regards the **regime of the single payment scheme and support to vine-growers**, *COM (2011) 631*.

As a result of the broad discussion with all parties concerned: executive and legislative branches of government and representatives of industrial associations, the two parliamentary committees adopted the following statement, which is to be sent to the European Institutions on behalf of the National Assembly of the Republic of Bulgaria in the political dialogue framework:

1. **We welcome** the aspiration of the European Commission towards a CAP reform, and we acknowledge the significance of **enhancing the competitiveness of European producers**. In this connection, we express **support for keeping the two-pillar structure of the CAP after 2014**. We consider the CAP reform a key instrument for the transformation of CAP into a **policy of strategic importance for food security, the environment and territorial balance**.

In regard to the direct payments:

2. We welcome the keeping of direct payments and ensuring a steady level of financing of the CAP, and we call for the achievement of a fair distribution of support in the form of direct payments among the EU Member States so as to avoid distortion of competition. A more ambitious approach needs to be applied, ensuring a faster and more substantial closure of the gap between the levels of direct payments of the different Member States. An opportunity for payments for Bulgaria and Romania reaching the full extent of their national ceilings as early as in 2014 instead of in 2016 would mark substantial progress towards achievement of convergence.
3. We acknowledge the need to introduce a greening component, and we realize the need to ensure greater flexibility at Member State level in determining the relationship between the components of the direct payment schemes, without rigidly fixed rates, considering the different environmental and natural conditions in the different regions of the EU. Since the separate components of the direct payments vary in targeting and characteristics, it stands to reason that they should be independent of one another.
4. We support the keeping of coupled payments. Considering the specificity of the farm structure in Bulgaria, which is dramatically different from the structure in the rest of the EU Member States, we insist that the 10 per cent of the national ceilings for direct payments, up to which the new Member States will be allowed to use these funds for coupled support, be increased to 20 per cent. This will eliminate the discrimination in aiding the different sectors, existing in the present programming period as a result of the application of support per hectare of utilised agricultural area, which puts intensive farming and animal husbandry at a serious disadvantage.
5. We propose that the unabsorbed resources under the direct payment schemes which do not provide for a fixed or mandatory rate be retained in Pillar I and be used for support of intensive farming and animal husbandry through coupled payments, in addition to the threshold of the national ceiling for direct payments envisaged for the new Member States.
6. We join the proposal to introduce capping of direct payments. We believe that the decision on the level of the cap, as well as the proposed threshold for direct payments, should be reconsidered and their level should be set on the basis of a thoroughgoing comparative analysis of the farm structure in all Member States because this structure varies widely from one region to another. A decision which does not reckon with such an analysis would discriminate against some of the Member States in respect of support for agricultural producers. Besides this, an opportunity should be provided for the excess of funds resulting from the introduction of capping of direct payments to be retained in Pillar I and to be used to compensate the levels of support for intensive farming and for animal husbandry, in addition to the threshold of the national ceiling for direct payments envisaged for the new Member States, for coupled payments.
7. We have reservations regarding the proposal to fix 2011 as a reference year when applying for funding in 2014, considering the larger size of the potentially eligible area in Bulgaria compared to the agricultural land declared in 2011. Provisions should be made for a mechanism ensuring possibilities to aid new farmers.

In regard to the market management instruments:

8. The common structure of market management instruments must be **kept as a “safety net”** in the sector. The rules for application of safeguard measures should be **more flexible** and more quickly implementable. We support the broadening of opportunities to apply **special intervention measures** to address market disturbances and loss of consumer confidence.
9. All tangibly working instruments, which contribute to market orientation and improvements in competitiveness, must be kept. The market measure providing support to **producer groups in the fruit and vegetable sector** must be continued. It is important to keep the measures for support of **traditional Bulgarian sectors, such as wine and beekeeping**.
10. The measures intended to improve the functioning of the **supply chain of food products** should be of a **horizontal nature** and should extend to all main agricultural sectors. At the same time, Member States should be allowed **sufficient flexibility to apply such measures** depending on the market situation in the respective country.

In regard to the Rural Development:

11. We support the proposed mission of the European Agriculture Fund for Rural Development (EAFRD) **to contribute to the Europe 2020 strategy** by promoting sustainable rural development throughout the Union **in a complementary manner to the other instruments** of CAP, the Cohesion Policy and the Common Fishery Policy. The Fund should contribute to an EU agricultural sector which is more balanced in territorial and environmental terms, more resilient to climate change and more innovative. This would also support the targeting of CAP measures towards increasing the productivity and competitiveness of the agricultural sector generally as well as in each Member-State. Thus, the environmental impact of CAP activities would be improved at EU level as well as at national and regional level.
12. We welcome **the inclusion of the EAFRD in a Common Strategic Framework with other EU Funds** with shared management and with a reinforced, outcome-orientated approach. At the same time, we express reservations about the achievement of the desired effect by binding the contents and structure of rural development programmes with **ex-ante conditionalities**, as is sought by the Proposal for a Regulation laying down common provisions on the funds covered by the Common Strategic Framework. We believe that the requirements relating to these *ex-ante* conditionalities should be synchronized. For the sake of reducing the administrative difficulties, we believe it would be appropriate to limit the analysis and evaluation of the *ex-ante* conditionalities only to the partnership contracts procedures.
13. We do not support the procedure for the establishment of a **“performance reserve”**, provided for in the Proposal for a Regulation laying down common provisions on the funds covered by the Common Strategic Framework. Such a procedure would lead to significant complication of the implementation process. Linking directly the implementation of the programmes with specific quantitatively measurable targets to be checked during the programming period **does not take into account the development dynamics of the various sectors, including the highly sensitive agricultural sector**.

14. We welcome the proposal to develop **thematic subprogrammes** within the framework of rural development programmes, aimed to address specific needs identified, in particular in relation to **young farmers, small farms, mountain areas and short supply chains**. We welcome the use of an approach of **greater flexibility** in the selection of measures under these programmes.

We endorse the conditions envisaged in respect to the measures in the area of **agroecology and climate** as well as the **decoupling of the support for bio-farming into a separate measure**.

We support the idea of **simplifying the legislation regarding the options for the funding of investment projects** as well as allowing beneficiaries to design and realise **integrated projects with increased added value**. We support the possibility for encompassing all types of physical investments by a single measure aimed at supporting all types of agriculture and enhancing farm viability.

15. Regarding the **types of eligible investments under Pillar II**, we insist on giving consideration to **the potential for extending the scope of eligible investments in livestock farming**, taking into account the underdeveloped potential in respect of modernisation, introduction of new technologies and improvement of economic effectiveness.

16. We call for an **expansion of the scope of measures and of beneficiaries of measures concerning support for forest area development and improvement**.

17. We encourage the **fostering of the role of innovation** and diversification of opportunities for support so as to invigorate cooperation between agriculture and forestry and research in these sectors. In this regard we consider that the proposal for **European Innovation Partnership** on Agricultural Productivity and Sustainability will contribute to building bridges between research and practice and generally encouraging innovation.

18. We support the idea **to provide income stabilisation support and to manage the risk of economic losses**, but we have **reservations regarding the conditions** provided for implementing such support.

In regard to the principles of subsidiarity and proportionality:

19. We consider that the regulations proposed in the European Commission legislative package on the CAP reform 2014-2020 are **in compliance with the principle of subsidiarity**, established in article 5, paragraph 3 of the Treaty on European Union (TEU), because the objectives in the proposed regulations can be better achieved at EU level. Nonetheless, it is worth noting that the grounds for compliance with the subsidiarity principle, provided by the European Commission, **do not contain sufficient quantitative as well as qualitative elements substantiating the proposals**.

20. We consider that in accordance with the **proportionality principle**, established in article 5, paragraph 4 of TEU, the reform should be adopted in such a way so as **to minimise the imposition of additional administrative and financial burdens on the EU Member States. Direct payments procedures have to be tangibly simplified, and red tape must be reduced**.