



CAP IN YOUR COUNTRY

The **Common Agricultural Policy (CAP)** is Europe's answer to the need for a decent standard of living for 22 million farmers and agricultural workers and a stable, varied and safe food supply for its 500 million citizens. As a common policy for all 28 EU countries, the CAP strengthens the competitiveness and sustainability of EU agriculture by providing Direct Payments aimed at stabilising farm revenues and finances projects responding to country-specific needs through national (or regional) Rural Development Programmes, which also cover the wider rural economy.

The CAP also provides a range of market measures, including tools to address market difficulties, and other additional elements such as quality logos, promotion for EU farm products which complete CAP action to support farmers. The CAP budget fixed for the period from 2014-2020 provides a total of EUR 408.31 billion with EUR 308.73 billion intended for direct payments and market measures (the so-called First Pillar) and EUR 99.58 billion for Rural Development (the so-called Second Pillar).



GERMANY

- covers an area of **357 000 km²** and the population amounts to **80.5 million**;
- has rural areas with nearly **53 % agricultural land** while forests cover nearly 35 %;
- has much **regional variation in farm structures**, such as smaller family farms in the south (e.g. Bavaria) and very large cooperatives in the east (e.g. Mecklenburg-Western Pomerania);
- has the **highest volume of organic consumption** of any EU country.

INVESTING

in Germany's agriculture 2014-2020



In the period to 2020, the new CAP is going to invest **EUR 44.1 billion**¹ in Germany's farming sector and rural areas. Key political priorities have been defined at European level such as: jobs and growth, sustainability, modernisation, innovation and quality. In parallel, flexibility is given to Germany to adapt both direct payments and rural development programmes to its specific needs. For example, for 2015-2019 the German authorities chose to transfer 4.5 % of their national envelope for direct payments to the EU amounts available for the different Rural Development Programmes.

Fairer and greener direct payments

Under the 2013 CAP reform the new direct payments are to be distributed in a fairer way between Member States and between farmers within the same Member State. The budget available for direct payments in Germany over the full period is **EUR 34.7 billion** (taking account of the transfer of EUR 1 143 million to the rural development envelope).

A key change in the new CAP is the application of new 'Greening' rules, in order to highlight the benefits farmers provide to society as a whole on issues such as climate change, biodiversity loss and soil quality. Under this system, 30 % of the direct payment envelope, paid per hectare, is linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and conserving 5 % of areas of ecological interest or measures considered to have at least equivalent environmental benefit.

Having already moved away from direct payment allocations on the basis of "historical references" in the 2007-2013 period (when a regional flat-rate payment was gradually introduced), the change in internal allocations of direct payments in Germany will be less marked than in other Member States. For the Basic Payment Scheme, the aim is to gradually align the amounts paid per hectare in each of the 13 regions (comprising 1-2 *Länder*) to a national flat-rate by 2019. Moreover, Germany is the only Member State that has chosen not to have any "coupled" payments under the new rules.

In order to give a boost to small/medium-sized farms, the German authorities are using 7 % of the national envelope for the so-called **redistributive payment**, providing a top-up payment for all beneficiaries of 50 EUR/ha for their first 30 hectares and 30 EUR/ha for every subsequent hectare up to 46 hectares. The smallest-sized farms will benefit from a flat-rate simplified system of support (**the Small Farmers Scheme**), with a maximum of EUR 1 250 per farm. This scheme reduces the administrative burdens for small farmers, lessens the controls on cross-compliance and exempts them from greening rules.

Other changes introduced in the 2013 CAP reform include stricter rules on **active farmers** eligible for direct payments and a new 25 % aid supplement for **young farmers** for the first 5 years.



¹ Total allocation of Direct Payments and Rural Development for the period 2014-2020 (in current prices).



Farmers at the heart of the food supply chain

To improve the balance of the food supply chain in Germany, EU instruments (such as [Producer Organisations](#)) help farmers to get better organised and to market their products better.



Moreover, with German consumers taking a particular interest in organic food production, the **EU organic logo** helps consumers choose food produced in a sustainable way.

Supporting key priorities for Germany's rural development

Germany's total EU budget for measures benefiting its rural areas in the period 2014-2020 is **EUR 9.45 billion** (including the EUR 1 143 million transferred from the direct payments envelope). Due to its federal structure, Germany established 13 Regional Rural Development Programmes (RDP), designed and managed by the respective *Länder* authorities (Brandenburg and Berlin on one hand, Lower Saxony and Bremen on the other hand have a joint programme), plus a National Framework Programme and a Rural Development Network Programme.

Although there are obviously regional variations in the priorities outlined, the different [2014-2020 Rural Development Programme for Germany](#) focus in particular on:

-  improving competitiveness of the agricultural sector;
-  preserving ecosystems and an efficient use of natural resources;
-  creating conditions for the economic and social regeneration of rural areas.

Promoting climate change adaptation, risk prevention has a high financial significance in the German programmes. Accordingly, also a sizeable number of results are to be expected.



KEY ACHIEVEMENTS



Between 2007 and 2013 the CAP invested **around EUR 48.9 billion²** in Germany's farming sector and rural areas with the objective of stabilising farmers' income, modernising and increasing the sustainability of German farms and securing the supply of safe, affordable and quality food for its citizens.

German farmers benefit from the CAP

In recent years, direct payments have been a key safety net. In 2014 German farmers received **EUR 5.1 billion** of direct payments, providing support for some **320 290 beneficiaries**, of which more than 60 % received a payment below EUR 10 000. Moreover, in 2014, the EU spent **EUR 96 million on market measures** in Germany, targeting mainly the fruit and vegetables and wine sector.

Fostering growth and jobs in Germany's rural areas

The EU contributed to a whole range of different activities supporting agricultural production and benefitting Germany's rural areas by allowing to keep diversity in place and to transform it into a feature of economic strength, cultural richness and social cohesion. In concrete terms, between 2007 and 2013, Rural Development funds have supported Germany's agriculture and forestry to:

- support the modernisation of about **23 000 operations in agricultural holdings**, generating a total investment (public and private) of more than EUR 7.8 billion;
- improve the agricultural and forestry infrastructure through almost **21 500 projects** implemented, generating a total investment of more than EUR 2.4 billion;
- protect the agricultural production potential and the rural population against storm surges and flooding through investments of more than EUR 1.3 billion;
- support the renewal and development of villages for more than 9 000 villages with an investment volume of almost EUR 3.2 billion.

Rural Development funds have also encouraged the furtherance of a **more sustainable model of agriculture**:

- support for the implementation of **agri-environmental measures** was provided to more than 185 000 beneficiaries covering more than 5.2 million ha with a volume of more than EUR 4.2 billion in total public expenditures;
- **Natura-2000 payments and water framework directive payments** were paid to about 14 500 agricultural holdings covering about 155 000 ha and to about 900 forestry holdings covering almost 13 000 ha.



Example of a Rural Development project supported by the CAP Glass Organic Dairy (Brandenburg)

The project saw the construction of an innovative organic dairy in Münchehofe. It processes organic milk from the surrounding organic farmers and it is open to visitors, schools, groups, etc. Via a glass walkway through the facility, visitors can follow the production processes of the various dairy products, from delivery to the finished product. The idea for this project arose from the identified needs to promote sustainable regional food production and consumption and to maintain and increase the capacity of organic food producers (the volume of bio milk processing increased from 6 million litres to 35 million litres yearly) in the Federal State of Brandenburg. The project has raised awareness of farming and food production and created 32 new jobs. Total cost: EUR 10 973 075 (EU contribution: EUR 2 057 445) - [More information](#)

² Total expenditure for Direct Payments, Market Measures and Rural Development (payments) for the period 2007-2013 (in current prices).

Adding value with Quality schemes

Through the [Quality Policy of the CAP](#), the EU provides a number of measures to help producers build on the high quality reputation of European products to sustain competitiveness and profitability. A key tool in this is the register of more than 1 300 protected food names which are classified as a **Protected Designation of Origin (PDO)**, a **Protected Geographical Indication (PGI)** or a **Traditional Speciality Guaranteed (TSG)**. The production of these registered quality products contributes to diversity, development and growth in the rural areas where they are produced and protect local knowledge, skills and jobs.



At present Germany has registered [11 products as PDO](#) (such as *Allgäuer Emmentaler* and *Spalt Spalter*) and [75 products as PGI](#) (such as *Münchener Bier* and *Frankfurter Grüne Soße*).

Responding to new market difficulties

Following the prolongation of [the Russian ban on the EU agricultural imports](#) and the specific conditions on the dairy and pig meat market in 2015, the European Commission adopted in October 2015 a [support package worth EUR 500 million](#) to back those farmers affected most by the current difficulties. A total budget of EUR 420 million was made available for national envelopes to support **livestock sectors**, with Member States given the flexibility to decide how to target this support. The remainder of the budget was to be used to provide private storage aid for certain products and to promote the expansion of export markets. Under this package, Germany was allocat-

ed more than EUR 69 million, which the German authorities have chosen to distribute to farmers in the pig, beef and dairy, sheep and goat sectors.

In spite of the Russian ban, global EU agri-food exports to third countries have performed well, increasing by EUR 6.8 billion in the first 12 months since the ban, relative to the EUR 5.2 billion drop in trade with Russia compared to the same period of the previous year. Major gains have been achieved in exports to the USA, China, Switzerland and other key Asian markets such as Hong Kong and South Korea.

What do the Germans think of the CAP?

According to the most recent Eurobarometer published in January 2016, **almost two thirds of Germans think that the financial support given by the EU through the CAP is either enough or too low (19 % considers it “too high”)**. Half of the people think that the CAP’ objectives should be to ‘secure food supply in the EU’ (56 %), ‘ensure that agricultural products are of good quality, healthy and safe’ (57 %) and to ‘develop rural areas while preserving the countryside’ (52 %). Moreover, **81% is totally “in favour”** of the greening practices. Read the Eurobarometer survey [“Europeans, Agriculture and the CAP”](#).

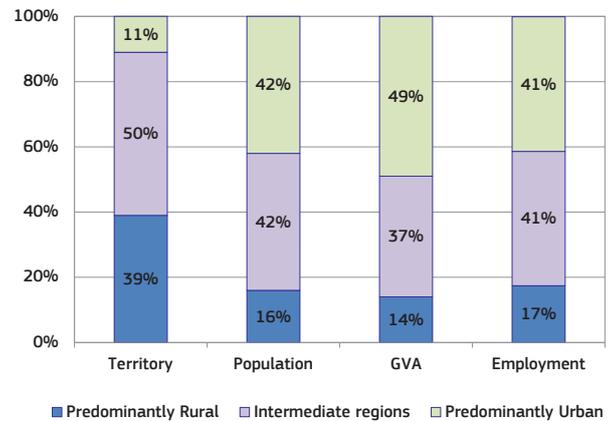


AGRICULTURE AT A GLANCE

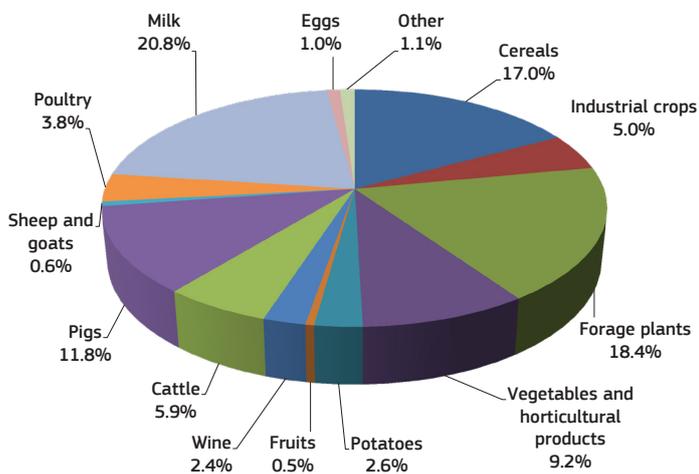
German agriculture is characterised by:

- medium to large-sized farms (12.3 % of holdings have more than 100 hectares compared to 3.1 % in EU-28);
- a younger farming community than the EU average;
- a contribution to the German economy with 0.7 % of the total GVA (EU-28: 1.6 %) and to employment with 1.4 % of total employment (4.7 % in EU-28).

Importance of rural areas

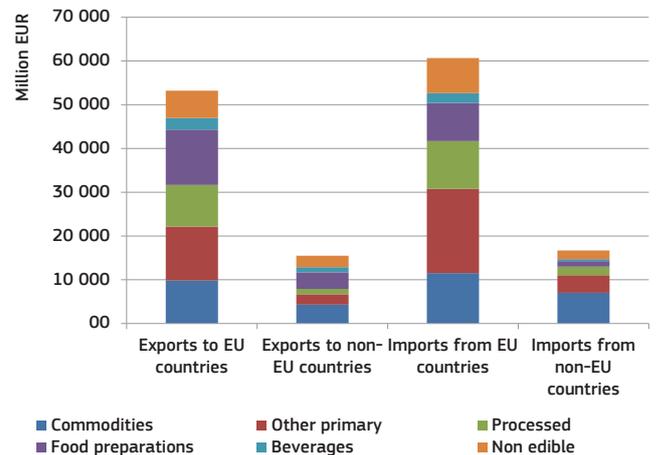


Very diversified production



Output components (2013-2015 average); values at constant producer prices

Agricultural trade with EU Member States is highly important for Germany (2014 data)



Farmer's income continues to be more volatile than wages and salaries in other sectors

