



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 or 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 in EU funds 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). Having joined the EU in 2004, Malta will hold the Council Presidency for the first time in the first 6 months of 2017.



- is the smallest country in the EU with an area of **316 km²**, of which **110 km²** is agricultural area and 91% is classified as rural.
- has a total population of **430 000**, of which 64% live in rural areas.
- has a farming sector characterised by very **small-scale holdings** with an average size of just over 1 hectare (the smallest in the EU), with production centred primarily around livestock, fruit and vegetable production.
- has only **limited water resources** due to the absence of lakes and rivers on the island. The stress levels on Malta's water resources are among the highest in the world.

INVESTING

in Malta's agriculture 2014-2020



In the period to 2020, the new CAP is going to invest **EUR 134 million**¹ from the EU budget in the Maltese farming sector and rural areas. Key political priorities have been defined at European level such as: jobs and growth, sustainability, modernisation, innovation and quality. At the same stage, Malta has flexibility to adapt both Direct Payments and the Rural Development Programme to its specific needs.

Fairer and greener direct payments

The new Direct Payments are to be distributed in a fairer way between Member States, regions and between farmers, putting an end to allocations on the basis of "historical references". Given the difficulties of such redistribution, Member States also have more flexibility to take into account specific sectors. The total budget available for Maltese farmers in the form of Direct Payments is **EUR 37 million**, including EUR 1.7 million which the national authorities chose to transfer from the 2014-2020 rural development envelope. This original amount reflects a small reduction in the annual allocation in 2013 because of the high average amount per hectare received by Maltese farmers.

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. Because of its small farm structures, most farms in Malta will in practice be exempted from these greening requirements.

Direct Payments in Malta are based on a national flat-rate payment. The Maltese authorities have also used the possibility of using a maximum of EUR 3 million per year to finance the voluntary coupled support measures (targeting dairy production, beef, sheep and tomato production). Moreover, small farmers may benefit from a flat-rate simplified system of support (the [small farm structures](#)), with a maximum of EUR 1 250 per farmer: this scheme reduces the administrative burdens for small farmers, eases 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, in addition to already existing installation grants.

Because of the relatively low global envelope and small farm structures (and the fact that much of the livestock is housed indoors), Malta not only has the highest share of Direct Payments of any EU country dedicated to voluntary coupled support, but it also has the highest average Direct Payment per hectare.



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 Malta, EU instruments (such as fruit & vegetable [Producer Organisations](#)) help farmers to get better organised and to market their products better.

Moreover, the EU organic logo helps consumers choose food produced in a sustainable way.



Supporting key priorities for Malta's rural development

With a total budget of **EUR 97 million** from EU funds for measures benefiting its rural areas in the period 2014-2020 period, Malta's rural development envelope has increased from the EUR 78 million it had for 2007-2013 – despite a drop in the overall EU budget for rural development.

Based on the priorities and available options set at EU level, the [2014-2020 Rural Development Programme for Malta](#) focuses on:

-  Restoring, preserving and enhancing ecosystems related to agriculture and forestry (12% of farmland are forecast to be under management contracts to improve biodiversity and water and soil management)
-  Increasing resource efficiency and combating climate change (through investments in renewable energy production and more efficient irrigation systems, 16% of Livestock Units will be targeted to reduce greenhouse gas emissions)
-  Improving competitiveness of the agriculture sector and sustainable forestry (nearly 120 farms will receive support for restructuring or modernization and an estimated 60 young farmers will receive start-up aid)

Most funds go to investments in physical assets, cooperation, farm/business development and payments to areas facing natural or other constraints.



KEY ACHIEVEMENTS



Between 2007 and 2013 the CAP invested **EUR 105 million²** from EU funds in Malta's farming sector and rural areas with the objective of stabilising farm revenue, modernising and increasing the sustainability of Maltese farm businesses and securing the supply of safe, affordable and quality food for its citizens.

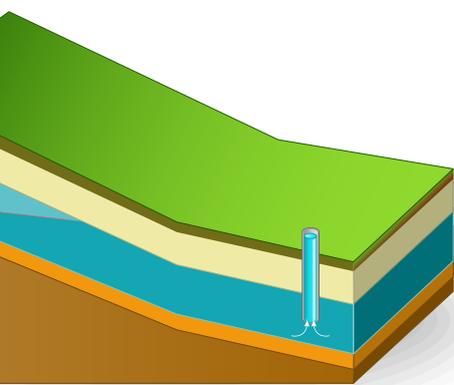
Maltese farmers benefit from the CAP

Direct Payments have been a key instrument for helping to stabilise farm incomes in the face of volatile prices and unpredictable weather conditions. In 2014 Malta received **more than EUR 5.2 million** on Direct Payments, benefitting 6 070 beneficiaries.

Fostering growth and jobs in Malta's rural areas

The Rural Development Programme for the period 2007-2013 invested **EUR 78 million from EU funds** in Maltese agriculture and rural areas. In concrete terms, since 2007 Rural Development funds have supported Malta's agriculture by:

- **Modernising 354 farms** (with a total public and private investment of EUR 48 million)
- **Providing support for nearly 8 500 hectares** to prevent marginalization and land abandonment.
- **Improving water quality** on 670 holdings representing an area of close to 1 500 hectares.
- Providing **training to nearly 2 600 farmers**, focussing [in particular] on the protection of the environment and landscape management.
- **More than hundred activities** related to tourism and conservation and upgrading rural heritage (total public and private investment of EUR 28 million).



Example of a Rural Development project supported by the CAP

Evidence-based water conservation measures aid the Maltese isles

This project used rural development funds to help the islands' authorities gain knowledge and provide infrastructure for tackling the decline of vital groundwater reserves, which represents good practice in evidence-based climate action for EU agriculture. [See more information here.](#)

Total cost: EUR 2 222 000, EAFRD contribution EUR 1 499 850, March 2011 – December 2013

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

Responding to new market difficulties

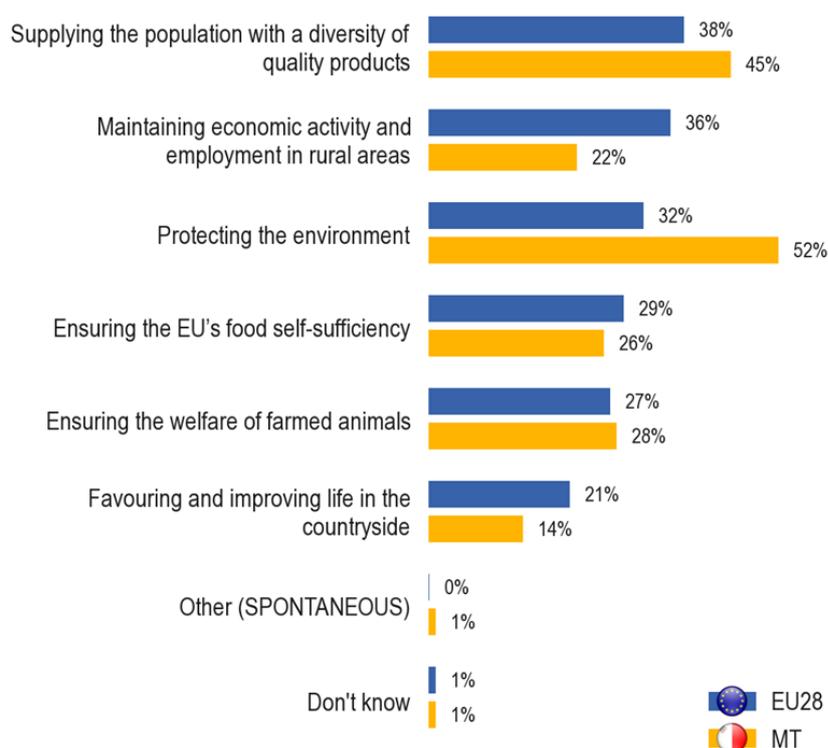
Following the prolongation of the [Russian ban on the EU agricultural imports](#) and the specific market conditions of the summer 2015, the European Commission adopted in October 2015 [a support package worth EUR 500 million](#) for the EU as a whole to help those farmers affected most by the difficulties. A total budget of EUR 420 million was made available for national envelopes to support especially the **dairy and livestock sectors**, with flexibility to Member States to decide how to target this support. The remainder was earmarked for other short and medium term measures such as the provision of private storage aid for certain products and to promote the expansion of export markets. Under this package, **Malta was allocated roughly EUR 120 000** to support the **pigmeat sector**. Malta granted additional **top-up of 100% from national funds**. Payment was earmarked to farmers according to the number of pigs slaughtered between January and September 2015. Only those pigs which were fattened for slaughter were eligible, excluding pig breeding stock. The support took form of cash grants calculated pro-rata on the amount of slaughtered pigs.

What do the Maltese think of the CAP?

According to the most recent Eurobarometer survey, published in January 2016, more than 80% of EU citizens consider the role of the CAP as “important” or “very important” for stimulating jobs and growth and for supporting the role of the farmer in the food chain.

When asked about the main responsibilities for farmers in society, respondents in Malta put much greater emphasis on **protecting the environment** (52%) than the EU average (32%), but were also more positive than average on “supplying the population with a diversity of quality products”.

QB5. What do you think should be the two main responsibilities of farmers in our society?



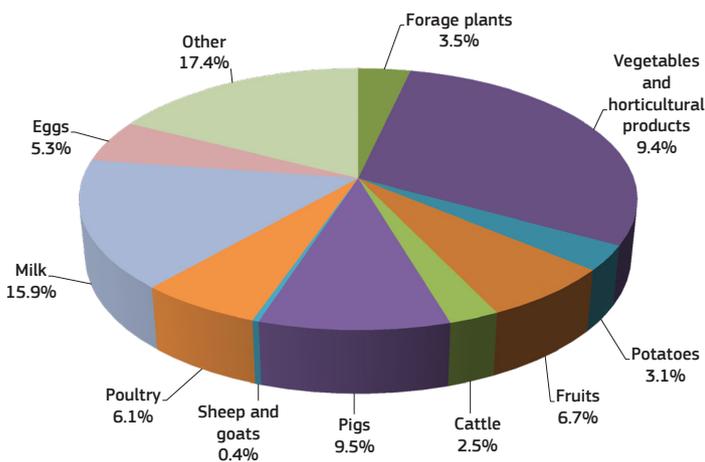


MALTESE AGRICULTURE AT A GLANCE

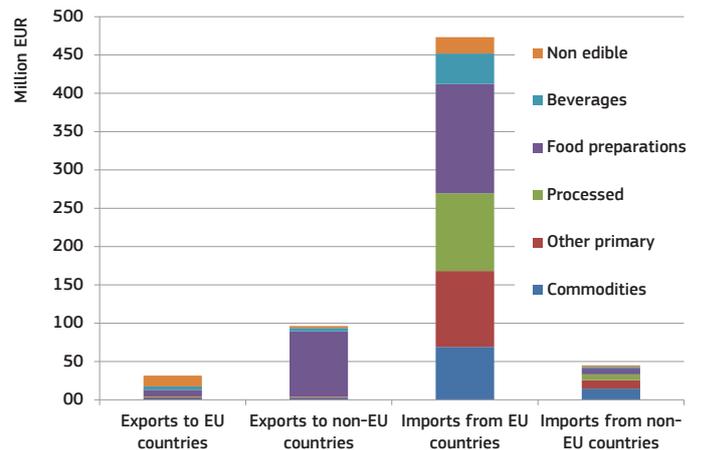
Maltese agriculture is characterised by:

- **Water supply** and **diffuse water pollution** from agriculture are critical issues for Malta, both currently and for the future, particularly in the context of anticipated climate change and demographic pressures and challenges.
- The agricultural sector accounts for **1.7% of the country's economy (GVA)** and for **2.9% of total employment**. This is equal to the European average in economic terms (1.7% in EU-27) but lower in terms of employment (5.1% in EU-28).
- **Malta's 9 370 holdings**, with an average size of 1.2 ha, are smaller than the average EU-28 holding with a size of 14.4 ha.
- There are both **less young farmers** in Malta than on average in the EU-28 (3.8% vs 6%) and also **less older farmers** (25.1% vs 30.0%).

A very diversified production



High dependence on imports (total agricultural products in Mio EUR, 2014)



Farmer's income continues to be lower than wages and salaries in other sectors of the economy

