G E R M A N Y

COMMON AGRICULTURAL POLICY

The Common Agricultural Policy (CAP) is Europe's answer to the need for a decent standard of living for 12 million farmers and a stable, varied and safe food supply for its 500 million citizens. It strengthens the competitiveness and sustainability of EU agriculture by providing direct payments and market measures to farmers and finances programmes for the development of rural areas in the EU.

Investing in Germany's Agriculture: 2014-2020

During the next 7 years, the new CAP is going to invest **around 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, 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.

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are to be **distributed in a fairer way** between Member States, regions and between farmers, putting an end to 'historical references'. The budget available for direct payments in Germany is **around EUR 35.8 billion**.

Only farmers **currently active** will benefit from income-support schemes and **young farmers** will be strongly encouraged to set up in business, with the introduction of a new 25% aid supplement during the first 5 years in addition to already existing measures.

German farmers will take simple, proven measures to promote sustainability and combat climate change with the support of the CAP. 30% of direct payments will be 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 benefits.

Market measures to strengthen the position of farmers in the food supply chain

To improve the balance of the food supply chain in Germany, new instruments will be dedicated to farmers, enabling them to get better organised and to market their products better. Professional and interprofessional organisations will be strengthened.

Supporting key priorities for Germany's rural development

For 2014-2020, Germany has been allocated **around EUR 8.3 billion for measures benefiting its rural areas.** This will be spent in accordance with well-defined priorities set out in the so-called "rural development programmes" (RDPs) which – due to Germany's federal structure – are established at the regional level of the *Länder.* The **thirteen new regional Programmes** plus a National Framework Programme and a Rural Development Network Programme will focus on **three main objectives**:

[1] Total allocation of Direct Payments and Rural Development for the period 2014-2020 (in current prices). In the 2014-2020 section financial amounts take into account that in 2014 and 2015 Germany transfers unspent funds of Direct Payments to Rural Development.

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- 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 and risk management has a high financial significance in the German programmes. Accordingly, also a sizeable number of results are to be expected. The planned flood protection measures promote the protection of the agricultural production potential, the population in rural areas and their material assets against flooding from storm surges and inland floodings.

Key achievements: 2007 - 2013

Since 2007 the CAP has invested **around EUR 47.2 billion[2] 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 direct payments

During recent years, direct payments have been a key safety net. In 2012 Germany received **nearly EUR 5.3 billion** of **direct payments**, benefitting some **328 320 beneficiaries,** more than two thirds of whom received a payment falling in the range between EUR 2000 and less than EUR 50 000.

Activating the potential of key agricultural sectors

In 2012, the EU spent **around EUR 137.6 million** on **market measures** in Germany. The biggest share went to the **fruit and vegetables, wine** and the **cereals** sector as well as **milk and milk products**.

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, since 2007 Rural Development funds have supported Germany's agriculture and forestry to:

- Support the modernisation of more than **15 000 agricultural holdings**, generating a total investment (public and private) of more than EUR 5 billion;
- Improve the agricultural and forestry infrastructure through more than **17 000 projects** implemented, generating a total investment (public and private) of more than EUR 2 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 8 000 villages with an investment volume of more than EUR 2 billion.

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

- More than **16 000 farmers** (corresponding to 1 million ha) received support for **organic farming.** Since 2007 the number of certified farms increased by 19%;
- **Natura-2000-payments** were paid to about 13 000 agricultural holdings corresponding to more than 170 000 ha;
- Support for the implementation of **agri-environmental measures** was provided to more than 200 000 beneficiaries covering more than 4.6 million ha with a volume of more than EUR 2 billion in total public expenditures.

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

Examples of market measures supported by the CAP

Promoting German Wines in the World

Germany is the fourth EU wine producer after Italy, France and Spain with an average annual production of 8.4 million Hl over the last five marketing years. It is also the fourth EU wine exporter in terms of value (EUR 393 million in 2013) after Italy, France and Spain, and the fifth in terms of volumes (almost 1 million HL in 2013). Its main export markets are the United States, Russia, Norway, Switzerland, Canada, Japan and China.

The main objective set by Germany with the national support programme (NSP) implementing the EU support for wine (EU financial allocations: EUR 164 million for the period 2009-2013 and EUR 194 million for 2014-2018) is to strengthen the international competitiveness of German wine and to secure the domestic production against climatic accidents.

For this reason, the German NSP focuses on measures supporting investments as well as restructuring and conversion of vineyards (accounting together for 91% of the total 2014-2018 allocation), harvest insurance and promotion in third countries.

The very high execution rate (99.6%) and the considerable demand for financing under all activated programme measures experienced during the period 2009-2013 show the clear need for structural and marketing improvements felt by the German winemakers in order to increase their productivity and competitiveness to face the strong competition from imported wines.

European School Fruit Scheme: A Success Story for Children

The scheme is an important EU-wide initiative providing fruits and vegetables to schoolchildren. Its main objective is to increasing the low consumption of fruits and vegetables among children by durably increase the share of those products in their diets when their eating habits are being formed.

In Germany, during the school year 2012/2013, more than 6 300 schools and 918 000 children participated in the scheme. Fruits and vegetables were distributed to children from 1 to 3 times per week over a period of 30 to 40 weeks. 78% of the products distributed were fresh fruits and vegetables. Total EU support was approximately EUR 9.5 million, which represents 81% of the EU funds available for Germany.

The execution rate of the EU SFS funds in Germany has steadily increased in the last years: going from 67% in 2010/2011 to 81% in 2012/2013. The EU average execution rate for 2012/2013 was 78%.

Examples of Rural Development projects supported by the CAP

Glass Organic Dairy (Brandenburg)
The project led to 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. Over a glass walk through the facility, visitors can trace the various production processes of biologically valuable 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 capacities of the organic food producers in the Brandenburg State. The project raised awareness and created new jobs.
Total cost: EUR 10 973 075 (EU contribution: EUR 2 057 445)

Flood Prevention through Dike Upgrading (Rhineland-Palatinate)
Dams and river regulation created an urgent need to significantly reduce the risk of flooding on the Upper Rhine. With this project Rhineland-Palatinate aims to restore safety to levels existing prior to the river's regulation. Failure of flood protection could mean losses of up to EUR 13 billion for the many people living and working in the Upper Rhine valley. Therefore neighbouring areas protected by flood retention facilities cooperate to upgrade and strengthen existing dikes. The dike was upgraded between the municipalities of Otterstadt and Waldsee.
Total cost: EUR 4.5 million (EU contribution: EUR 1 674 000)

Cooperating to Preserve Biodiversity (North Rhine- Westphalia)
In the Eifel region, grassland was used mainly by intensive dairy farms. This had led to intensification of grassland and management practices which had endangered meadows, biodiversity and mountain pastures. The project involved implementing farming practices that allow biodiversity to thrive, e.g.: integrating hay into cows' diets; implementing a monitoring system and; research on nature conservation, farming practices and regional development. The project brought together a wide range of stakeholders in meetings to inform, animate and plan the implementation and monitoring details. More than 5 000 hectares of grassland are under nature conservation contracts including 25% of the intensive dairy farms in the area. Loss of plant biodiversity has been halted. Many endangered "red-list" species now have stable and growing populations. **Video**
Total cost: EUR 1.5 million (EU contribution: EUR 675 000)

Preserving Heritage and Bringing new Value Added (Saxony-Anhalt)
The national heritage listed farmyard "Pollandhof" dates back to around 1800. The project was split into three sub-projects through which the following activities were financed: the purchase of machinery and equipment for the setting-up of the fruit distillery; the reconstruction of the farm building to host the distillery; the modernisation of the manor house including windows, doors and front facade. The conversion achieved its scope of preserving the listed four-sided farmyard and saving existing jobs while providing new employment opportunities in a structurally weak area. The "Pollandhof" has already become a new attraction for tourists. Production-wise the increased volume of processed fruit helps to preserve the traditional orchards in the long run.
Total cost: EUR 487 000 (EU contribution: EUR 133 000)

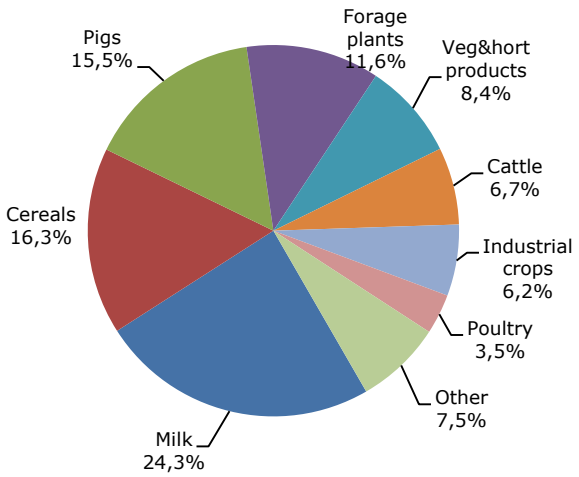
GERMAN AGRICULTURE AT A GLANCE

The primary sector accounts for 0.9% of the country's economy (total GVA) and for 1.6% of total employment. This is lower than the European average both in economic terms (1.7% in EU-27) and employment (5.2% in EU-28).

Germany's 299 140 holdings are **predominantly medium-sized to large**: indeed, 11.2% of holdings have more than 100 hectares compared to 2.7% in EU-28.

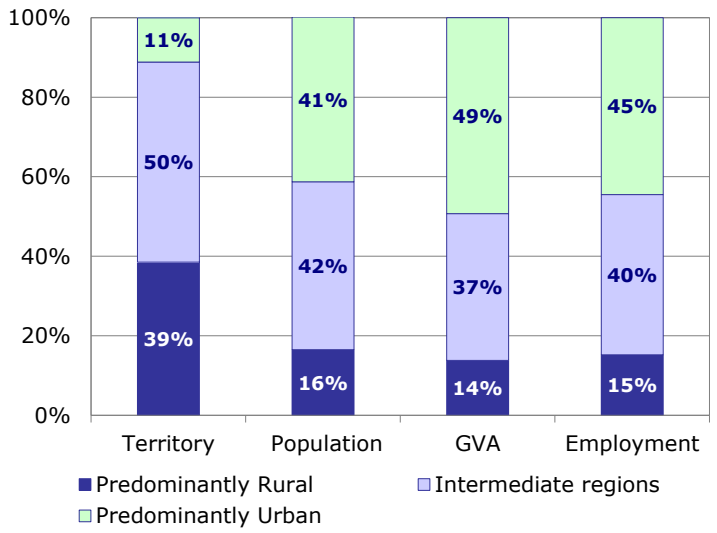
In Germany 7.1% of farmers are under 35 years old (7.5% in EU-28), while 5.3% are older than 64 (29.7% in EU-28).

A very diversified production



Output components (2009-2013 average); values at constant producer prices

Importance of rural areas



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

What do the Germans think of the CAP?

According to the most recent Eurobarometer of end-2013, **almost two thirds of the Germans think that the financial support given by the EU through the CAP is either enough or too low (19% consider it "too high")**. The main explanations proffered for why the EU allocates important resources to the CAP are that "financial aid to farmers makes it possible to guarantee the food supply" (43%), the need to "ensure production of food while protecting the environment" (42%) and that "stricter standards make food production in the EU more expensive than in other countries" (29%).

Data sources: Eurostat and Rural Development Report 2013.