The meat sector

The 2003 CAP reform

The reform of the Common Agricultural Policy, agreed in June 2003, introduced the ***Single Payment Scheme (SPS[1])***, a system of annual aid paid to producers irrespective of production (***"decoupled"***). The SPS combines several direct payments previously received by farmers in a single payment, determined on the basis of payments received over a reference period.

This information sheet provides a description of how the reform is applied in the livestock sector for producers of beef, sheep meat and goat meat. Other elements of the reform, such as ***"cross-compliance"***, "***modulation***" and "***financial discipline***" also apply to these sectors.

The reform established a maximum amount to be used by each country for direct aid payments - known as the ***national ceiling[2]*** - based on the total amount of direct aid (and equivalent payments) paid over the reference period in each Member State.

Various options are possible for the method of calculation and payment. SPS entitlements may be calculated on the basis of direct payments to different farmers during a previous reference period, thus leading to various area payments co-existing (the "historical" model). Alternatively, the total amount of payments for the reference period may be divided by the number of hectares, with all farmers receiving the same amount per hectare in a given region or country (the "regional" model). A mixed system is also possible.

Member States had the possibility of either choosing to introduce the SPS in full, combining all aid in one payment, or maintaining a proportion of direct aid to farmers in its previous form ("***partial decoupling***"), mainly if they believed that the move to SPS could result in the abandonment of production or disturbance to agricultural markets.

Livestock aid

Following the reform, beef, sheep meat and goat meat payments were either incorporated into the SPS, or paid as follows in partially decoupled payments:

Beef

Member States may choose to keep up to 100% of the "***suckler cow premium***" and up to 40% of the "***slaughter premium for adult bovine animals***" coupled in order to make payments to farmers in the sectors concerned. Alternatively, they may retain 100% of the "***slaughter premium for adult bovine animals***" or up to 75% of the "***special male bovine premium***" in order to make these payments. They may also retain up to 100% of the "***slaughter premium for calves***" for the purpose of making a specific payment.

[1] The SPS is sometimes referred to as the "Single Farm Payment".
[2] National ceilings are sometimes known as "national envelopes".

The premium rates for bovine animals are as follows:

- suckler cow premium	EUR 200 per head
- additional national suckler cow premium	up to EUR 50 per head
- slaughter premium (adult bovine animals)	EUR 80 per head
- slaughter premium (calves)	EUR 50 per head
- Male bovine premium (steer/bull)	EUR 150 or 210 per head).

The obligation to comply with a stocking density on farms no longer applies.

The extensification payment, additional payments and the deseasonalisation premium are fully included in the SPS.

Sheep and goat meat

Member States may retain up to 50% of the sheep and goat premiums (i.e. 50% of the "sheep/goat" component of the national ceiling) as coupled payments. The level of the sheep premium has been set at EUR 21 per ewe (EUR 16.84 for ewes kept for milk production, and for goats), plus a supplementary premium of EUR 7 per animal in Less Favoured Areas (LFAs) only. Farmers wishing to benefit from the LFA supplement must have at least 50% of their agricultural area in the LFA. The additional premium may also apply to farmers practising transhumance.

Additional payments are included in the SPS.

If Member States decide to maintain "coupled" payments, these are subject to the ceilings established for each of the payments implemented.

The single payment scheme came into operation on 1 January 2005. Member States could choose to apply the SPS following a transitional period (which ended on 31 December 2005 or 31 December 2006), where this was justified on the grounds of special agricultural conditions.

Conditions for receiving aid

In order to receive payments under the SPS or other direct payments, farmers must keep land in good agricultural and environmental condition and comply with "***cross-compliance***" standards.

There are two sets of rules: management requirements laid down in 19 EU Regulations and Directives and minimum requirements for sound agricultural and environmental conditions defined by Member States. Producers must comply with these rules, which include animal welfare regulations, if they wish to receive direct payments (payments under the SPS or partially coupled payments).

The registration and identification of cattle, sheep and goats is a condition for eligibility for animal payments which are still made on a partially coupled basis.

Possibility of additional coupled payments

Member States may grant additional payments to support agricultural activities that are important for the protection or enhancement of the environment or for improving the quality and marketing of agricultural production, including in the livestock sector. These additional payments may use up to 10% of the funds in a national envelope corresponding to a certain sector included in the single payment scheme in a Member State concerned. Additional payments must be within the overall ceilings established for the sector in question.

The new Member States

During the first years after accession, the new Member States were able to choose between introducing direct payments in their 2004 form in stages and a different type of direct aid scheme – the "***Single Area Payment Scheme***". Of the 12 new Member States which joined in 2004 and 2007, 10 chose to use the "Single Area Payment Scheme", with 2 choosing to introduce direct payments in their 2004 form (Malta and Slovenia). These two new Member States implemented the SPS system in 2007.

Outermost regions

Spain, France and Portugal have decided that payments made to farmers, including cattle producers, in the outermost regions of the French Overseas Departments, the Canary Islands, the Azores and Madeira should not be included in the SPS system. Greece decided to include payments made to farmers from the Aegean Islands in the SPS.

Useful websites

For further information on the reform, please refer to the website of the European Commission's Directorate-General for Agriculture and Rural Development: http://ec.europa.eu/agriculture/index_en.htm