General overview of the implementation of the CAP

FR

Une nouvelle PAC
Des montagnes d'opportunités

Targeted aid

Support for young farmers

An additional payment of 25% of the aid provided under the 1st pillar may be granted for a period of 5 years to all farmers seeking to develop their business, who are under the age of 40 at the time they request aid for the first time and who have been educated to at least level IV (completed secondary education); this translates to **€70/ha of aid up to a ceiling of 34 ha, meaning a maximum of €2370 per year over 5 years.**

Coupled aid

France has chosen to use the maximum amount of coupling, earmarking 15% of the national envelope for this purpose. The aid relates to suckler cows (€670M), suckled calves (€5M) milk from mountainous regions and the Piedmont region (€45M), milk from non-mountainous regions (€95M), sheep (€125M), goats (€15M), and protein (€151M of which €98M is aid to farmers).

Decoupled aid

The BPS

The Single Payment Scheme (SPS) will be replaced by the new **Basic Payment Scheme** (BPS) from 2015 for all agricultural areas except vineyards. All BPS payments allocated to operation will, as a general rule, be equal in value.

Convergence

From 2015 the BPS will be subject to **convergence of 70% in 2019** in relation to the average French amount per hectare. There is a **safeguard clause** in place: farmers will not lose more than 30% of their decoupled aid between a reference value recalculated for 2014 and the aid they will receive in 2019.

The redistributive payment

France is going to **increase the first 52 hectares of area** for each operation by using 5% of the national direct aid envelope in 2015 (estimated to be €25/ha), 10% in 2016 (€50/ha), increasing to 20% in 2018 (€99/ha). The transparency of the GAEC (Collective Farming Groups) will be taken into account, with redefined criteria.

The ecological payment

Greening payments represent **30% of the 1st pillar credits** and is proportional to the operation BPS every year. To access this aid, **three agricultural practices** must be carried out: crop diversification, maintaining permanent grassland and an ecological fo-

The second pillar of CAP

The **regions** are now managing authorities. They manage the programmes through the creation of the Regional Rural Development Plans. However **national framing** remains important. Regional leeway varies based on the measures. The different measures are **installation** (an additional 25 million Euros), **competitiveness and adaptation of operations** (200 million Euros for the modernisation fund for livestock buildings), **risk management** (financing in the context of a 1.33% P1/P2 transfer), **organic farming**, **agri-environment-climate measures (AECMs), regional AECMs (Natura 2000, Parks etc.)** and the **AECM systems (grassland and pastoral systems, ruminant and monogastric mixed farming and breeding etc.)** and the **compensatory allowance scheme for areas with natural handicaps**.

Co-financed by the Directorate General for Agriculture and Rural Development of the European Union

Situation of mountain supply chains

Mountain areas

The French mountainous regions are, first and foremost, farming land: 3/4 of the businesses in these regions specialise in livestock breeding, mainly for milk or meat production, 1/2 are involved in cattle breeding, 1/4 in sheep or goat breeding, 1/10 promote permanent grassland and 37% have paths, pastures or moorlands. Permanent grassland covers 2/3 to over 90% of the utilised agricultural area (UAA) in mountain areas. The proportion of the permanent grassland area which has a low level of productivity (pastures, paths, moorlands and collective grazing areas) varies significantly according to the mountain range but strongly characterises mountain agriculture.

The situation in relation to production varies significantly according to the mountain range. The mountain ranges can be broadly divided into two categories: three mountain ranges mainly focus on dairy farming (Jura, the Northern Alps and the Vosges) with a large number of products being produced under official quality labels while the other three are mainly meat production-orientated (the Corsican mountains, Pyrenees and the Southern Alps). The Massif Central falls in between these two groups. Sheep farming is mainly focused in the South of the Massif Central, the South of the Alps and the West of the Pyrenees.

Milk production

Mountainous areas produce 15% of cows milk and host 22% of the milk producers in France as well as being home to 40% of the 869 French milk production businesses (source: study "The French mountain milk and cheese sector" French Livestock Institute, INRA, CNIEL, SIDAM, October 2012). Mountainous areas are characterised by their specialisation in cheese production: 72% of the milk processed in mountainous areas is used for cheese; 14% is used for drinking milk, almost all of it originating from the Massif Central. Mountainous areas are also characterised by the development of high-quality industrial production: farm production, production with geographical indications (PDO, Protected Designation of Origin and PGI, Protected Geographical Indication) and in the case of generic producers by a product mix dominated by cheese. A significant part of mountain milk (1/3 of the volume) is processed outside of the region.

In the context of the virtual disappearance of intervention tools from the market and the next output of the milk quota system, the quest for differentiation is the way forward for mountainous regions, subject to the creation of added value and its equitable distribution among all industry stakeholders.

The beef sector

35% of beef is produced in the mountain ranges. This production is characterised by the hardy, typical breeds of the production areas. Typical industries develop around these products in these production areas, from niche markets to quality signs and an export market based on the reputation of the breed.

The industry has experienced a number of significant setbacks spread over more than decade: health crises, the unprecedented rise of production costs and the pressure to lower prices coming from the other end of the production chain.

The reduction of margins and profits leads to geographical concentration taking place, which decreases the number of stakeholders involved and negatively impacts on the scope of the industry. These concerns reflect the difficulties involved in breeding suckling cows, specifically a shortfall in local labour for cattle in favour of live animal exporting.

Across all of the mountain ranges, developing added value is partly dependent on a strategy which highlights the products by focusing on the way in which they are produced and linking them to the image of the "mountain", which is positively received by consumers. The challenges inherent in organising the industry should be dealt with through collaboration among the stakeholders and the equitable distribution of added value. Product distribution is a significant concern as it is entirely dominated by large-scale distribution.

EUROMONTANA
AGROM-RO Centrul de instruire în agricultură
Macéo
hazi

Most interesting rural development measures

Une nouvelle PAC
Des montagnes d'opportunités

Rural development measures

Among the rural development measures under the 2nd pillar we consider two measures to be particularly interesting in relation to mountainous ranges: the compensatory allowance scheme for areas with natural handicaps and the modernisation plan for livestock buildings.

Focus on the modernisation plan for livestock buildings

The modernisation plan for livestock buildings (known as PMBE in French) is the main focus of the French government in relation to investment support for cattle, sheep and goat breeding.

The regions define the eligibility conditions, priority investments and the main tasks of those requesting support. The ceiling amounts for subsidies and the financing rates are higher in mountainous regions.

Among the eligible investments are new constructions, an extension to an existing building or the renovation of a new building.

The main projects eligible in relation to livestock buildings are the construction of the building, equipment intended to improve the health conditions of livestock and monitoring, equipment intended to improve livestock handling conditions and quality, fixed interior equipment, waste water management and upgrading to meet standards linked to vulnerable areas, milk processing and storage areas, construction and equipment for fodder storage, fixed equipment for farm food production etc.

Focus on the compensatory allowance scheme for areas with natural handicaps

The compensatory allowance scheme for areas with natural handicaps (known as ICHN in French) is the main measure of the 2nd pillar with a budget of 1060 million Euros in 2020 (in comparison to 765 million Euros for the ICHN and the Agro-environmental Grassland Premium (PHAE) in 2013).

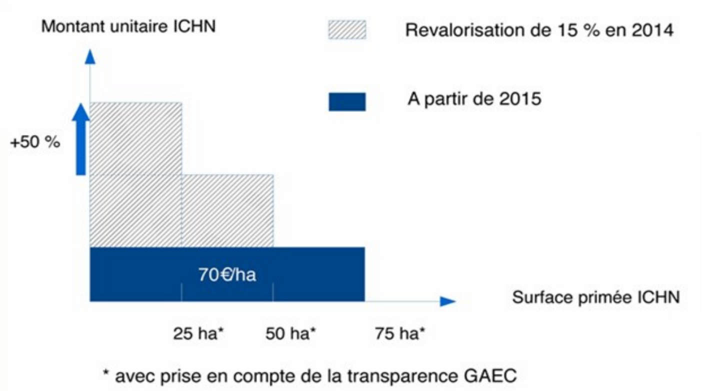
In 2014 :

- ✓ Increasing the ICHN unit amounts by 15%.

From 2015 :

- ✓ Termination of the PHAE,
- ✓ Amount of €70/ha up to 75 ha for all recipients of the ICHN,
- ✓ Integration of milk producers from less-favoured areas and Piedmont,
- ✓ Extra payments for sheep farmers in mountainous areas will continue (less-favoured areas, Piedmont, mountainous areas),
- ✓ Implementation of an ICHN for pork producers in mountainous regions.

The implementation modalities to increase the ICHN amounts from 2015, in particular with the progressive introductions of benefits for new beneficiaries, have not yet been defined. France has until the end of 2014/beginning of 2015 to notify Brussels of these modalities.



LEADER and other local initiatives

Une nouvelle PAC
Des montagnes d'opportunités

LEADER

In the last programming period the LEADER tool was not used very frequently by the French agricultural sector; regions which intended to draw attention to the other stakeholders in the rural sector in accordance with LEADER are aware that the agriculture sector has the EAFRD (European Agricultural Fund for Rural Development).

For the next programming period the agricultural stakeholders in the mountain ranges believe that LEADER should be given greater prominence to initiate and support local projects between the agricultural, cultural and/or tourist sectors. These types of partners could provide an opportunity to develop new operation models, to better promote products and to distribute added value within the rural sector.

https://www.facebook.com/pages/Une-nouvelle-PAC-Des-montagnes-dopportunit%C3%

https://twitter.com/PACMontagnes

www.newcapmountain.eu