



**One should not confuse coupled support with crop-specific support:
the case of oilseeds and of the Blair House's constraints**

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In the European Commission (EC)'s draft Regulation of 1st June 2018 on Strategic plans¹, preamble 33 and Article 33 deal with the obligation for Member States to comply with the Memorandum of Understanding of June 1993 between the EEC and the US on oilseeds (known as the Blair House Agreement, BHA)². However the EC is confusing the concepts of *coupled support* with that of *crop specificity*.

The BHA is capping the EU area sown in oilseeds (soybean, rapeseed, sunflower seed) when they receive *product-specific* (PS) support whereas the EC is saying that this cap applies to *coupled support* (CS) to oilseeds. But the two concepts, and their impacts, are quite different.

The EU coupled supports, particularly the voluntary coupled supports (VCS), are not restricted to PS supports. Even if Chapter 1 of Title IV, Articles 52 to 55, of the EU regulation n° 1307/2013 of 17 December 2013 establishing rules for direct payments to farmers lists the main products able to receive VCS, nevertheless VCS may also be granted to farmers who have at their disposal no eligible hectares for the activation of payment entitlements under the basic payment scheme. As the VCS are intended to be notified in the blue box their support must be fixed and capped.

However, as almost all products receiving VCS receive at the same time alleged decoupled payments – Basic Income Support for sustainability, complementary redistributive income support for sustainability, complementary income support for young farmers, schemes for the climate and the environment and single area base payment –, this has the unintended effect of coupling the decoupled payments as explained in a previous paper³. Indeed, among many other reasons, because of the contradiction between the fact that blue box payments are granted "*under production-limiting programmes*" – which, incidentally, limits the reduction in prices, in contradiction with Annex 2 paragraph 1 – and the fact that decoupled payments allow to produce any product, of which those receiving VCS, otherwise they will not enjoy a full production flexibility. Which is funny is that Article 52 of regulation 1307/2013 provides that "*In order to ensure efficient and targeted use of Union funds and to avoid double funding under other similar support instruments, the Commission shall be empowered to adopt delegated acts in accordance with Article 70 laying down:...* b) *rules on consistency with other Union measures and on the cumulation of support*".

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/DOC/?uri=CELEX:52018PC0392&from=EN>

² https://eur-lex.europa.eu/resource.html?uri=cellar:dec3add7-d659-4400-8585-b65a78f138b3.0004.02/DOC_2&format=PDF

³ *Alea iacta es: how Spanish olives will force a radical change of the CAP*, SOL, 7 November 2018, <https://www.sol-asso.fr/wp-content/uploads/2017/01/Alea-iacta-es-how-Spanish-olives-will-force-a-radical-change-of-the-CAP-7-November-2018.pdf>

Not confusing coupled payments with PS payments is paralleled with not confusing decoupled payments with non PS (NPS) payments. Indeed most Annex 2 subsidies, that the EC considers and notifies as fully decoupled, are PS.

Coming back to the issue of support to oilseeds and the constraints of the BHA, let us underscore that these constraints concern only oilseeds and not protein crops (pulses) and other legumes. However the notifications made in 2014 and 2016 by the EU Member States to the EC of their VCS are mixing these products⁴.

Above all, granting VCS to oilseeds does not imply that this support is PS. Indeed oilseed subsidies are not PS as they have been aligned on those to cereals in Regulation n° 1782/2003 of 29 September 2003 providing, in Article 37 and Annex VII, that the subsidies to oilseeds to transfer to the single payment scheme will be of 63 euros per tonne multiplied by their average area of 2000 to 2002 and by the yield of cereals of 2002.

To conclude, there is no BHA constraints and EC's Article 33 must be deleted.

Annexes

Article 33 of EC's draft Regulation of 1st June 2018 on Strategic plans

Article 33

Implementation of the Memorandum of Understanding between the European Economic Community and the United States of America on oilseeds

1. Where the coupled income support intervention concerns some or all of the oilseeds referred to in the Annex to the Memorandum of Understanding between the European Economic Community and the United States of America on oilseeds, the total of the support area based upon the planned outputs included in the CAP Strategic Plans of the Member States concerned shall not exceed the maximum support area for the whole Union for the purpose of ensuring compliance with its international commitments.

At the latest 6 months following the entry into force of this Regulation, the Commission shall adopt implementing acts fixing an indicative reference support area for each Member State, calculated on the basis of each Member State's share of the average cultivation area in the Union during the five years preceding the year of entry into force of this Regulation. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

2. Each Member State that intends to grant coupled income support for oilseeds concerned by the Memorandum of Understanding referred to in paragraph 1 shall indicate the respective planned outputs in terms of hectares in its CAP Strategic Plan proposal referred to in Article 106(1).

If following the notification of all planned outputs by Member States the maximum support area for the whole Union is exceeded, the Commission shall calculate for each Member State that notified an excess compared to its reference area, a reduction coefficient that is proportionate to the excess of its planned outputs. This shall result in an adaptation to the maximum support area for the whole Union referred to in the paragraph 1. Each Member State concerned shall be informed about this reduction coefficient in the Commission's observations

⁴ http://ec.europa.eu/agriculture/sites/agriculture/files/direct-support/direct-payments/docs/voluntary-coupled-support-note_en.pdf; https://ec.europa.eu/agriculture/sites/agriculture/files/direct-support/direct-payments/docs/voluntary-coupled-support-note-revised_en.pdf;

to the CAP Strategic Plan in accordance with Article 106(3). The reduction coefficient for each Member State shall be set in the implementing act by which the Commission approves its CAP Strategic Plan as referred to in Article 106(6).

The Member States shall not amend their support area on their own initiative after the date referred to in Article 106(1).

3. Where Member States intend to increase their planned outputs referred to in paragraph 1 as approved by the Commission in the CAP Strategic Plans, they shall notify the Commission of the revised planned outputs by means of a request for amendment of the CAP Strategic Plans in accordance with Article 107 before 1 January of the year preceding the claim year concerned.

Where appropriate, in order to avoid that the maximum support area for the whole Union as referred to in the first subparagraph of paragraph 1 is exceeded, the Commission shall revise the reduction coefficients referred to in that paragraph for all Member States that exceeded their reference area in their CAP Strategic Plans.

The Commission shall inform the Member States concerned about the revision of the reduction coefficient at the latest before 1 February of the year preceding the claim year concerned.

Each Member State concerned shall submit a corresponding request for amendment of its CAP Strategic Plan with the revised reduction coefficient referred to in the second subparagraph before 1 April of the year preceding the claim year concerned. The revised reduction coefficient shall be set in the implementing act approving the amendment of the CAP Strategic Plan as referred to in Article 107(8).

4. With regard to the oilseeds concerned by the Memorandum of Understanding referred to in the first subparagraph of paragraph 1, Member States shall inform the Commission of the total number of hectares for which support has been actually paid in the annual performance reports referred to in Article 121.

EC's paper on "Oilseeds and protein crops in the EU" of October 2011

https://ec.europa.eu/agriculture/sites/agriculture/files/cereals/factsheet-oilseeds-protein-crops_en.pdf

"As a consequence of the decision taken in the context of the CAP Health Check in 2008 to abolish the specific payment for energy crops and the set-aside regime, there is no longer any restriction on the EU's oilseed area. In the absence of set-aside the clause concerning by-products from land subject to set-aside has no relevance.

In other words, although the Blair House Agreement remains in force, in the context of today's CAP there is no limit on EU production of oilseeds".

Extracts from USDA Gain report of 29 March 2018

https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Oilseeds%20and%20Products%20Annual_Vienna_EU-28_3-29-2018.pdf

Blair House Agreement

The 1992 Blair House Memorandum of Understanding on Oilseeds (or Blair House Agreement (BHA)) between the United States and the EU was included in the EU WTO schedule of commitments and resolved a General Agreement on Tariffs and Trade dispute over EU domestic support programs that impaired U.S. access to the EU oilseeds market. As noted earlier, there are no crop specific payments for oilseeds, the BHA is maintained but not in use.