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## **SOME CONSIDERATIONS REGARDING FINANCING CAP IN EIGHT MEMBER STATES IN THE PERIOD 2023–2027**

### **ABSTRACT**

The paper briefly presents an analysis of the priorities regarding the agricultural and environmental policies within the National Strategic Plans (NSP) 2023–2027. The selected member states for the comparison regarding the financing process of the agri-environmental policies are: France, Italy, Germany, Greece, Hungary, Poland, Romania and Bulgaria.

Due to the fact that the Common Agricultural Policy (CAP) has allocation by specific measures, it allows us to compare each element of the EU budget in the selected countries. For the analysis, different types of indicators have been used: indicators calculated in EUR/member state for the financing period 2023–2027; indicators calculated per year (EUR/year), indicators calculated as a percentage for all the financing period, per year or per selected country.

**Key words:** European Union (EU), Common Agricultural Policy (CAP), EU's budget, agri-environmental policies, strategies, priorities, indicators.

**JEL Classification:** Q14, Q15, Q18.

### **1. INTRODUCTION**

The force majeure situations of the last four years (climate change, increased stress on biodiversity, the health crisis due to the COVID-19 pandemic, the Russia-Ukraine conflict, as well as other armed geo-political conflicts) have put pressure on the agri-environmental policies of the future. All EU member states aim to an efficient and environmentally friendly agriculture, even with an important organic farming component. This study aims to briefly analyse agricultural and environmental policies in eight Member States based on the CAP budget and financial allocations in the period 2023–2027 on three levels: Direct Payments, Sectoral Support and Rural Development.

### **2. STATE OF KNOWLEDGE**

Thanks to the existing literature, the state of knowledge is advanced regarding agricultural and environmental policies after 2020. There is a legislative

framework in place since 2021. In December 2019, the European Commission prepared a package of initiatives with the stated aim of achieving climate neutrality by 2050. This package became the EU's environmental strategy, called the European Green Deal (European Commission, 2019). The European Green Deal aims at a new set of agricultural and environmental policies to create deep transformations through several initiatives with a major impact on agriculture, food industry and agri-environmental policies. These are the "EU Biodiversity Strategy for 2030" (European Commission, 2020a) and the "Farm to Fork Strategy" (European Commission, 2020b).

Important inputs with relevance were found in the stated objectives. The "EU Biodiversity Strategy" aims to "Bring nature back into our lives" by 2030 (European Commission, 2020a), while the "Farm to Fork Strategy" aims at "a fair, healthy and environmentally friendly food system" (European Commission, 2020b).

By December 2022, all CAP country strategic plans had been approved (European Commission, 2022a; European Commission, 2022b). The literature review includes all up-to-date statistical data (European Commission, 2023a) as well as available analysis on CAP strategic plans (European Commission, 2023b; European Commission, 2023c; European Commission, 2023d). Financial allocations from the annex to the implementing decision (\*\*\*, 2023) were also analysed: Hungary (November 8, 2022), Germany (November 23, 2022), Italy (December 7, 2022), Bulgaria (December 9, 2022) and Romania (December 14, 2022).

The unjustified and unprovoked military aggression of the Russian Federation against Ukraine and the ongoing armed conflict have fundamentally changed the security situation in Europe, and the Commission has suspended the preparation of Interreg programs between the Union and the Russian Federation and Belarus respectively. Consequently, the global amounts for 2022 allocated to the Interreg cross-border cooperation programs, for which preparation was suspended, have been redistributed to other Interreg programmes. France updated the annex to the implementing decision on 10 July 2023, and Poland and Spain updated the annex on 30 August 2023 (\*\*\*, 2023).

### 3. MATERIAL AND METHOD

Analysis and synthesis methods were used in the selection and comparison of processes in the eight Member States. Relevant bibliographic sources were used for the analysis. Literature reviews already mentioned: EU legislation in force, European Green Deal, Farm to Fork Strategy, Statistical sheets (European Commission, 2021), information from specialised literature, published scientific articles, books relevant to the purpose of this study, analyses and studies, official documents of various national and international bodies (Ministry of Agriculture and Rural Development in Romania, European Commission), including economic news.

Another method used in this study was the filtering, gathering and analysis of complementary information (internet, publications), based on complex documentation.

The research tools were the comparative method (statistical data), the analytical method (the EU budget for the CAP) and the descriptive method (analysis of financial allocations in the eight selected countries). The European Union databases were the main source that allowed the use of a coherent and comparable set of indicators in relation to the analysis of the CAP Strategic Plans (CSP) by the selected countries, the CAP budget and the specific agricultural and environmental policies.

The paper represents an analysis of the priorities regarding agricultural and environmental policies from the National Strategic Plan (CSP 2023–2027) within eight EU member states. The eight countries selected for this comparison are: Romania, Bulgaria, Hungary, Poland, France, Italy, Spain and Germany.

Due to the fact that the CAP has allocations by specific measures, it is possible to achieve a parallel between all elements of the CAP budget in the selected countries. The indicators used allowed the analysis at member state level, but also at the level of agri-environmental policies.

As an analysis method, different categories of indicators were used: indicators expressed in EUR/member state for the period 2023–2027; indicators broken down annually (EUR/year) over the analysis period, as well as indicators expressed as a percentage over the entire funding period, annually or for each selected member state.

The allocations for Direct Payments, Sectoral Support and Rural Development are analysed for the entire CAP financing period 2023–2027, but also as an annual budget allocation per member state.

## 4. RESULTS AND DISCUSSIONS

### DETAILS REGARDING THE SELECTION OF THE EIGHT MEMBER STATES FOR THE COMPARISON

First of all, for the eight selected countries, in the 2023–2027 financing period, funds representing 70.6% of the total budget of the EU-28 CAP were allocated (184.1 billion EUR out of 260.9 billion EUR for Total EU-28 (European Commission, 2022b). It is clear that these eight countries consume 70% of the CAP budget, while the remaining 20 countries consume only 30% of the EU budget (Table 1).

The selection considered the fact that four countries have been EU members for a very long time (France, Italy and Germany were founding members in 1957, and Spain joined in 1986), while other four went through the impactful communist period similarly negative on the economy and agriculture, becoming member states after 2000: Hungary and Poland in 2004, while Romania and Bulgaria in 2007,

only three years apart. Additionally, it is worth mentioning that Germany used to be divided and experienced both historical situations.

The share of the agricultural area in total area indicates that Romania and Germany have 57% of the total area occupied by agricultural land, France and Poland over 50% (50–52%), and Bulgaria 41%. Obviously, in these states, agriculture is an important branch of the national economy.

Table 1

Structure of CAP expenditure 2023–2027 by country in EU-8 and EU-28 (EU budget only)

		CAP expenditure 2023–2027 by country	% Total EU-8	% Total EU-28
		EUR	%	%
1	Romania	14,960,960,985	8.13	5.73
2	Bulgaria	5,638,521,557	3.06	2.16
3	Hungary	8,400,488,505	4.56	3.22
4	Poland	22,052,450,297	11.98	8.45
5	France	45,201,486,583	24.55	17.32
6	Spain	30,656,158,683	16.65	11.75
7	Italy	26,610,451,875	14.45	10.20
8	Germany	30,595,252,212	16.62	11.73
9	Total EU-8	184,115,770,697	100.00	<b>70.56</b>
10	Total EU-28	260,926,400,000	---	100.00

Source: Author's calculations based on EU 2023b and EU 2023c.

The share of the primary sector in GVA/ GDP (Gross Value Added / Gross Domestic Product) in 2019 was 4.8% in Romania, 4.2% in Hungary, 3.9% in Bulgaria, and 3.1% in Spain. In Italy and Poland, it was above 2% (2.2% and 2.6%), while for France and Germany it was below 2%.

In absolute terms (million EUR), GVA in agriculture and GVA in the food industry, are approximately equal in most analysed countries (Romania, Bulgaria, Spain, Italy, Hungary and Poland). There are only two notable exceptions: France (31.2 billion EUR against 43.6 billion EUR) and especially Germany (2 billion against 46 billion EUR).

This demonstrates that France and Germany have been able to develop channels for processing and distributing primary agricultural production. Agriculture is “less important” than food industry as an economic branch, respectively as a source of GDP income.

These eight member states have elements in common, but the economic development and the situation in agriculture are different. If we analyse the indicator *Share of the labour force engaged in agriculture* (Table 3), the conclusions drawn from the analysis of Table 2 are confirmed.

Table 2

Basic data on agriculture and food industry (EU-28, 2016-2019)

	<b>Jobs in agriculture (1,000 persons)</b>	<b>GVA* in agriculture (million EUR)</b>	<b>Percentage of primary sector from GVA/ GDP** (%)</b>	<b>Jobs in food industry (1,000 persons)</b>	<b>GVA* in food industry (million EUR)</b>
	2019	2019	2019	2018	2017
Bulgaria	596.8	1,912.6	3.9	81.8	1,042.5
Germany	597.0	2,105.3	0.9	625.2	46,240.0
Spain	782.1	26,556.0	3.1	369.2	26,255.0
France	741.0	31,270.7	1.8	623.0	43,677.0
Italy	930.0	31,775.4	2.2	400.2 (2017)	28,060.8
Hungary	187.7	3,498.7	4.2	97.5	2,285.2
Poland	1,508.4	10,403.1	2.6	410.3	13,450.3
Romania	1,884.8	8,980.2	4.8	158.5	8,884.5
EU-27	9,476.6	177,056.8	1.8	2,956.7	240,191.6
EU-28	9,873.1	188,730.0	1.7	3,331.2	273,950.7

\*GVA = Gross Value Added; \*\*GDP = Gross Domestic Product

Source: Eurostat, 2019.

The degree of development of the two economic branches is also given by the number of existing jobs in these branches. In Romania, there are 11 times more jobs in agriculture than in the food industry, which indicates a low degree of mechanisation in agriculture and an insufficiently developed food industry. In Bulgaria, there are 6 times more jobs in agriculture than in the food industry. In Poland the ratio is 3:1, and in Spain, Italy and Hungary, the ratio is 2:1. In France and Germany the jobs are roughly equal, with the difference that in France 741 thousand people work in agriculture and 623 thousand people work in the food industry (-118 thousand people), while in Germany, the number of those working in the food industry is higher by 28 thousand people (597 thousand people work in agriculture and 625 thousand people work in the food industry).

Table 3

Share of the labour force engaged in agriculture, 2016

<b>No.</b>	<b>Member state</b>	<b>Share</b>
1	Romania	20.7%
2	Bulgaria	6.6%
3	Hungary	5.0%
4	Poland	10.4%
5	France	2.8%
6	Spain	4.2%
7	Italy	3.7%
8	Germany	1.2%

Source: European Commission, 2021.

Analysing in more detail the agricultural sector in the eight member states (Table 4), it can be noticed that the UAA indicator per holding is 60 ha in Germany, but also in France, although the UAA in France is double compared to Germany. This performance is due to the fact that France is a founding member, so since 1957 it has received funds for the development of the agricultural sector, and Germany had to recover the situation generated by the division into two countries after the Second World War. Although Spain joined in 1986 and Bulgaria in 2007, the UAA per farm is similar – 20 ha/farm. Normally this indicator should be in favour of Spain, but the Utilised Agricultural Area (UAA) Indicator is 5 times higher in Spain than in Bulgaria.

Italy (12,900 thousand ha UAA), Poland (14,539 thousand ha UAA) and Hungary (5,343 thousand ha UAA) have 10–11 ha/farm each, representing a performance for the two former communist states.

The Utilised Agricultural Area (UAA) indicator has relatively close values for Romania, Poland, Italy and Germany (13–16 thousand ha). Unfortunately, the UAA indicator per farm is 3.7 ha for Romania. It is the lowest among the analysed countries, given that the EU-28 2020 average is 16.6 ha/holding. This indicator is explainable if we consider that out of the 10.5 million holdings of the EU-28, 3.4 million holdings are found in Romania.

Table 4

Basic data on agricultural holdings (EU-28, 2016–2019)

		Utilised Agricultural Area (UAA) (1,000 ha)	Number of holdings (1,000 of holdings)	UAA per holding (ha)
		2018	2016	2016
1	Bulgaria	5,030	202.7	22.0
2	Germany	16,645	276.1	60.5
3	Spain	24,201	945.0	24.6
4	France	29,020	456.5	60.9
5	Italy	12,908	1,145.7	11.0
6	Hungary	5,343	430.0	10.9
7	Poland	14,539	1,410.7	10.2
8	Romania	13,413	3,422.0	3.7
	EU-28	179,163	1,0467.7	16.6

Source: Eurostat, 2019.

Agri-environmental policies in Romania should take into account this fragmentation of agricultural holdings and the aging of farmers (Table 5); promote the setting up of young farmers and agricultural practices that stimulate the merging of agricultural land into larger and modern holdings.

Table 5

Farm structure by age categories, 2013

		Farmers < 35 years (%)	Farmers > 64 years (%)
1	Romania	4.7	41.0
2	Bulgaria	6.4	36.7
3	Hungary	6.1	30.3
4	Poland	12.1	9.6
5	France	8.8	12.4
6	Spain	3.7	33.3
7	Italy	4.5	39.7
8	Germany	6.8	6.5

Source: European Commission, 2021.

Setting up young farmers has been a measure of success in previous funding periods, but much needs to be done to support them to become skilled farmers.

## FINANCING CAP

The two pillars of the 2014–2022 period are now combined in single CAP Strategic Plans (CSPs), and Member States (MS) have been asked to allocate significant resources for green and sustainable objectives, primarily through eco-schemes. The proportion of EAGF to EAFRD is 75.4% for EAGF and 24.6% for EAFRD, a similar proportion to the previous programming period. From the CAP budget analysis (Table 6), Poland receives 4 times more than Bulgaria, and Romania receives three times more than Bulgaria. The states with the largest budgets are: France (45 million EUR), Spain (30 million EUR), Italy (26 million EUR) and Poland (22 million EUR). These four Member States spend about half of the EU budget on Direct Payments, Sectoral Support and Rural Development.

Table 6

CAP expenditure 2023–2027 (EU budget only)

		Total expenditures	Direct payments	Sectoral support	Rural development
1	Romania	14,960,960,985	9,783,148,797	143,083,900	5,034,728,288
2	Bulgaria	5,638,521,557	4,118,959,730	107,931,612	1,411,630,215
3	Hungary	8,400,488,505	6,632,794,974	132,546,935	1,635,146,596
4	Poland	22,052,450,297	17,326,739,610	25,124,840	4,700,585,847
5	France	45,201,486,583	34,230,760,685	931,538,548	10,039,187,350
6	Spain	30,656,158,683	24,440,095,296	812,980,217	5,403,083,170
7	Italy	26,610,451,875	17,607,504,607	1,742,799,225	7,260,148,043
8	Germany	30,595,252,212	22,194,364,998	161,720,251	8,239,166,963
9	Total EU-8	184,115,770,697	136,334,368,697	4,057,725,528	43,723,676,472
10	Total EU-28	260,926,400,000	187,877,000,000	8,915,300,000	64,134,100,000

Source: European Commission, 2022b.

If a comparison is made between the structure of the CAP budget (Direct payments, Sectoral support and Rural development) of all eight selected countries in 2021 (the claim period) and the period 2023–2027, the result is that Direct payments remain the most important financing instrument of the CAP, followed by Rural development (Table 7, Table 8).

Table 7

Structure of CAP expenditures in 2023–2027 period (EU budget only)

		<b>Total expenditures</b>	<b>Direct payments</b>	<b>Sectoral support</b>	<b>Rural development</b>
		Billion EUR	%	%	%
1	Romania	14,960,960,985	65.4	1.0	33.7
2	Bulgaria	5,638,521,557	73.1	1.9	25.0
3	Hungary	8,400,488,505	79.0	1.6	19.5
4	Poland	22,052,450,297	78.6	0.1	21.3
5	France	45,201,486,583	75.7	2.1	22.2
6	Spain	30,656,158,683	79.7	2.7	17.6
7	Italy	26,610,451,875	66.2	6.5	27.3
8	Germany	30,595,252,212	72.5	0.5	26.9
9	Total EU-8	184,115,770,697	74.0	2.2	23.7
10	Total EU-28	260,926,400,000	72.0	3.4	24.6

Source: Author's calculations based on EU 2023b and EU 2023c.

Table 8

Structure of CAP expenditures in 2017 (EU budget only)

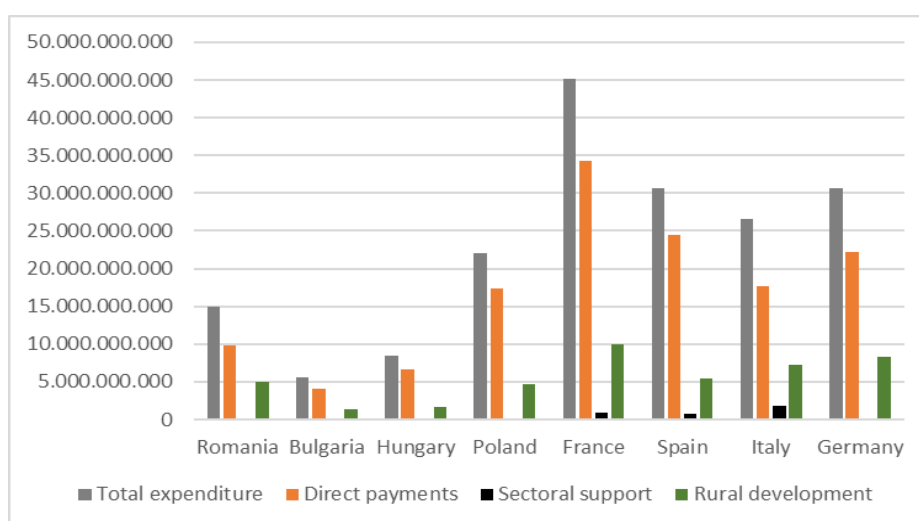
		<b>Total expenditures</b>	<b>Direct payments</b>	<b>Sectoral support</b>	<b>Rural development</b>
		Billion EUR	(%)	(%)	(%)
1	Romania	2,920.1	57.9%	1.5%	40.6%
2	Bulgaria	1,152.0	67.2%	3.3%	29.5%
3	Hungary	1,801.1	69.8%	3.0%	27.1%
4	Poland	4,665.8	71.9%	2.5%	25.5%
5	France	9,671.2	76.2%	6.6%	17.2%
6	Spain	6,805.3	74.4%	8.2%	17.4%
7	Italy	5,937.7	63.9%	10.9%	25.2%
8	Germany	6,452.2	75.1%	3.1%	21.8%

Source: Author's calculations based on EU 2023b and EU 2023c.

The CAP budget for the 8 selected countries is 70.6% (184.1 billion EUR) out of Total EU-28 (260.9 billion EUR) in 2022. If we analyse the structure of the CAP budget allocated to the eight member states, France, Spain, Italy and Germany receive 72.2% of the CAP budget, while Romania, Bulgaria, Hungary and Poland receive the difference of 27.8%. It can be seen that the gap between the former communist countries and those that have a tradition in using non-reimbursable European funds is still maintained, even if the need for investments in the new member states is significant (Figure 1).

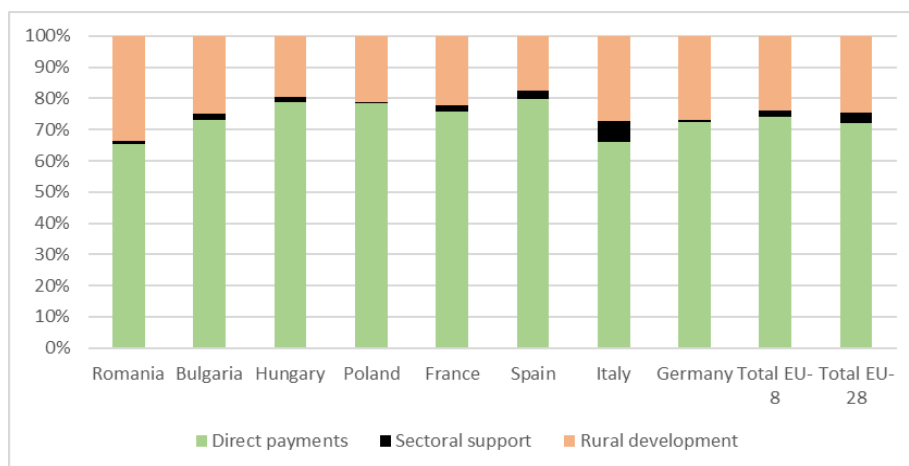


Economic support to farms through direct payments remains the dominant feature of the plans. In Figure 2 this fact is more obvious than in Figure 1. Basic income support for sustainability accounts for the largest share of funding through direct payments (51.5%). While direct payments are still the dominant form of intervention, a number of changes have been introduced resulting in: (1) significant increases in redistributive income support, (2) increasing the share of coupled income support, and (3) the introduction of new voluntary eco-schemes with a wide variety of areas and approaches.



Source: Author's calculations based on EU 2023b and EU 2023c.

Figure 1. Distribution of CAP expenditure per member state for the 2023–2027 financing period (EUR).



Source: Author's calculations based on EU 2023b and EU 2023c.

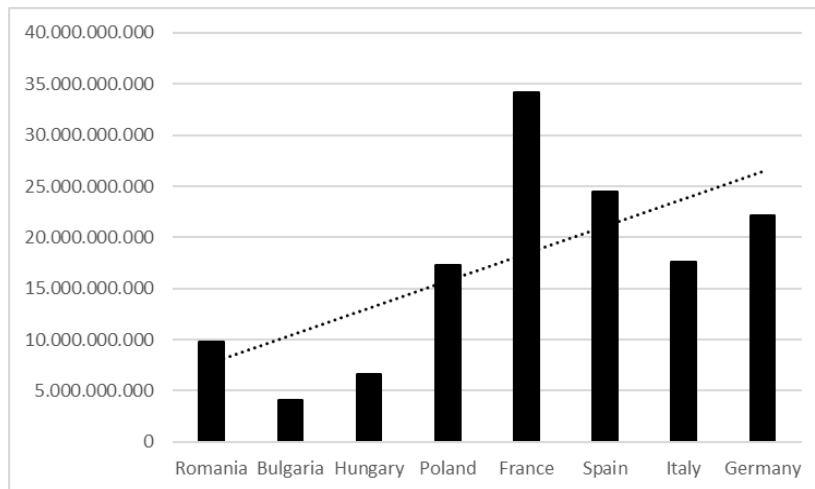
Figure 2. Distribution of the three financing levels (Direct payments, Sectoral support and Rural development) per member state in the 2023–2027 financing period (%).

## DIRECT PAYMENTS

Direct payments are primarily aimed at the farm's economic needs. During 2023–2027, some innovative eco-schemes have been introduced to promote environmentally and climate-friendly agricultural practices. Rural development funding has a major focus on farm and environmental support and less focus on non-agricultural development compared to 2014–2022. Direct payments are directed to farmers, providing income support in the form of subsidies.

Direct payments account for the majority of planned CAP expenditure. These include mandatory basic income support for sustainability (BISS, Article 21 of Regulation 2021/2115), redistributive income support (CRISS, Article 29) and eco-schemes (Article 31). Redistributive payments allow Member States to better support smaller farms by increasing the funding available for the first hectares below a defined threshold.

Receiving direct payments is linked to compliance with conditions (Article 12): all agricultural holdings applying for direct payments must comply with statutory management requirements (SMR)<sup>7</sup> and nine GAEC standards. GAEC standards set requirements for environmental aspects aimed at climate change adaptation or mitigation, water and soil quality, biodiversity and landscape.



Source: Author's calculations based on EU 2023b and EU 2023c.

Figure 3. CAP Budget for Direct payments, 2023–2027 period (EUR/member state).

In the period 2023–2027, a solution was desired for the significant disparities that have always existed in the way direct payments are allocated. For example, in 2020, the average payment per hectare was 264 EUR/ha in France, while in Romania it was only 115 EUR. Poland receives double the amount of money for direct payments compared to Romania (17.3 billion EUR vs. 9.7 billion EUR). At a

similar level are the allocations for Italy (17.6 billion EUR). France (34.2 billion EUR) and Spain (24.4 billion EUR) are clearly the Member States with the highest allocations for direct payments.

Table 9

CAP Budget for Direct payments in the selected member states (EUR/year)

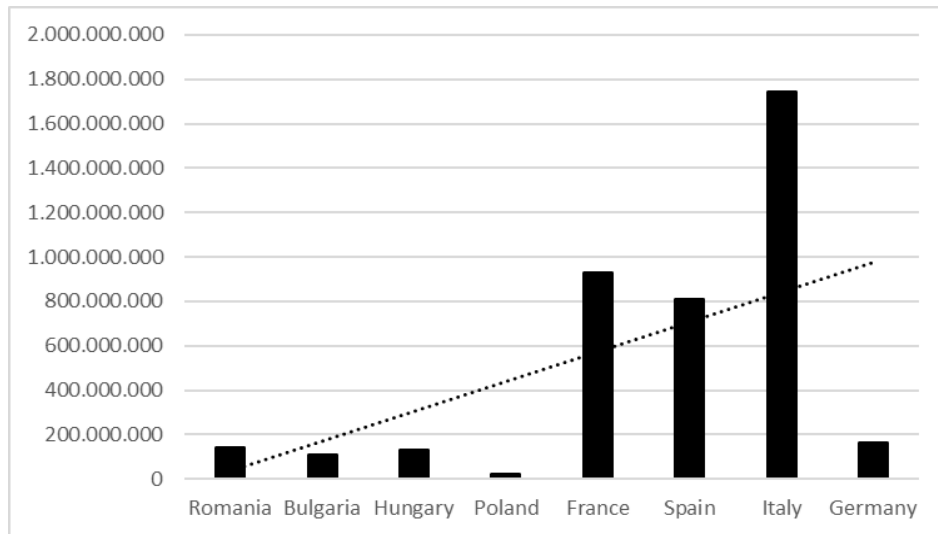
Financial year	2024	2025	2026	2027	2028
Romania	1,897,051,311	1,924,609,371	1,952,167,430	1,979,725,489	2,029,595,196
Bulgaria	808,258,686	816,888,275	825,517,864	834,147,452	834,147,452
Hungary	1,347,402,452	1,347,402,452	1,347,402,452	1,347,402,452	1,243,185,165
Poland	3,488,417,133	3,519,600,956	3,550,784,779	3,581,968,602	3,185,968,140
France	6,736,440,037	6,736,440,037	6,736,440,037	6,736,440,037	7,285,000,537
Spain	4,874,879,750	4,882,179,366	4,889,478,982	4,896,778,599	4,896,778,599
Italy	3,496,243,863	3,496,243,863	3,496,243,863	3,496,243,863	3,622,529,155
Germany	4,424,125,913	4,374,968,959	4,301,233,527	4,178,341,140	4,915,695,459

Source: Author's calculations based on EU 2023b and EU 2023c.

Direct payments are allocated on an increasing trend in Romania and Bulgaria, while in Hungary and Poland they are more or less constant, with a decrease in the last year of the funding period (Table 9). The four member states with greater community experience have roughly linear allocations, suggesting a willingness to implement a balanced policy.

## SECTORAL SUPPORT

The types of interventions proposed for sectoral interventions are closely related to the general objectives of the CAP 2023–2027. These range from investment support for tangible and intangible assets for research, product innovation and innovation in production methods, to promotion, communication and information actions, consultancy services, technical assistance, training and coaching and mitigation actions or adaptation to climate change. Specific actions may vary depending on the type of sector supported. For example, support to the wine sector includes aid for promotion and communication, as well as for vineyard restructuring. In comparison, targeted support for fruit and vegetables, hop and olive oil and table olive sectors includes actions to increase the sustainability and efficiency of transport and storage of products, as well as the implementation of traceability and certification systems.



Source: Author's calculations based on EU 2023b and EU 2023c.

Figure 4. CAP Budget for Sectoral support, 2023–2027 period (EUR/member state).

Table 10

CAP Budget for Sectoral support in the selected member states (EUR/year)

Financial year	2023	2024	2025	2026	2027	2028
Romania	8,081,381	14,425,629	16,725,630	51,925,630	51,925,630	0
1	1,999,751	8,343,999	10,644,000	45,844,000	45,844,000	0
2	6,081,630	6,081,630	6,081,630	6,081,630	6,081,630	0
Bulgaria	2,063,885	22,547,798	27,197,956	27,968,953	27,968,953	184,068
1	0	20,299,845	24,950,003	25,721,000	25,721,000	0
2	2,063,885	2,063,885	2,063,885	2,063,885	2,063,885	0
4	0	184,068	184,068	184,068	184,068	184,068
Hungary	3,582,027	32,241,227	32,241,227	32,241,227	32,241,227	0
1	0	27,970,000	27,970,000	27,970,000	27,970,000	0
2	3,582,027	4,271,227	4,271,227	4,271,227	4,271,227	0
Poland 2	5,024,968	5,024,968	5,024,968	5,024,968	5,024,968	0
France	21,019,300	191,836,062	213,402,062	228,680,062	276,601,062	0
1	20,770,000	185,363,000	206,429,000	221,707,000	269,628,000	0
2	0	5,919,062	6,419,062	6,419,062	6,419,062	0
3	249,300	554,000	554,000	554,000	554,000	0
Spain	8,603,311	181,384,894	199,578,124	211,706,944	211,706,944	0
1	0	171,824,950	190,018,180	202,147,000	202,147,000	0
2	8,603,311	9,559,944	9,559,944	9,559,944	9,559,944	0
Italy	291,741,077	336,139,537	369,639,537	369,639,537	369,639,537	6,000,000
1	256,883,000	290,383,000	323,883,000	323,883,000	323,883,000	0
2	4,468,077	5,166,537	5,166,537	5,166,537	5,166,537	0
3	30,390,000	34,590,000	34,590,000	34,590,000	34,590,000	0
4	0	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000

Table 10 (continued)

Germany	4,075,350	37,364,089	37,427,221	41,428,271	41,425,321	0
1	0	32,996,986	32,994,986	36,992,986	36,986,986	0
2	1,887,350	2,179,103	2,244,235	2,247,285	2,250,335	0
5	2,188,000	2,188,000	2,188,000	2,188,000	2,188,000	0

Legend: 1 Wine (Annex VII)

2 Apiculture (Annex X)

3 Olive oil and table olives (Article 88(4)) (only Greece, France and Italy)

4 Types of interventions in other sectors (Article 42 letter (f)) from direct payments

5 Common Hops (article 88, paragraph 3) (only Germany)

Source: Author's calculations based on EU 2023b and EU 2023c.

Sectoral support is granted for wine (Annex VII), Apiculture (Annex X) and Types of interventions in other sectors (Article 42 letter (f)) from direct payments. There is also support for olive oil and table olives (Article 88(4)), but it is only for Greece, France and Italy, and for common hops only for Germany (Table 10). In Poland, there is only one supported sector, namely Apiculture. This is why the allocation is always the same (5 million EUR/year) in the period 2023–2027.

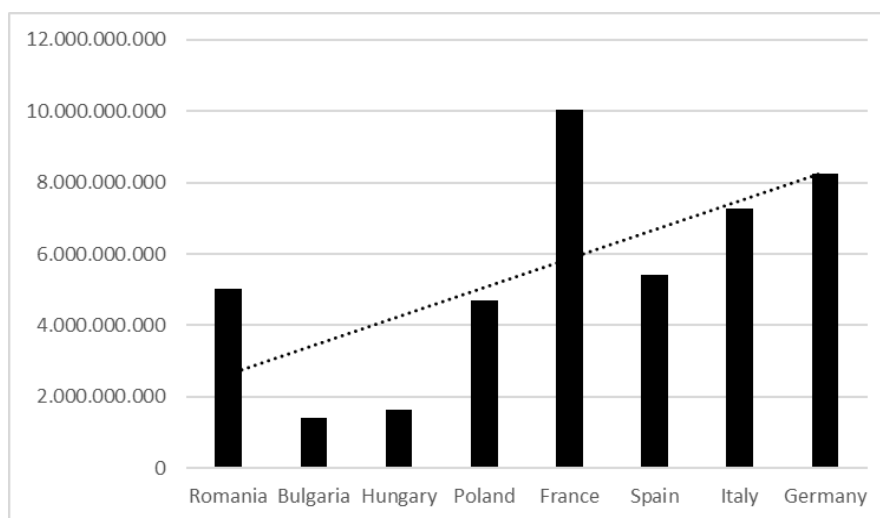
In Romania and Hungary, support is given to Wine (Annex VII) and Apiculture (Annex X). The Romanian trend is a double increase in the first three years (from 8 to 16 million EUR) and then a threefold increase for 2026 and 2027 (52 million EUR each year). Apart from 2023, the trend in the period 2024–2027 in Hungary is constant (32.2 million EUR/ each year).

In Bulgaria, sectoral support is addressed to all possible sectors: Wine (Annex VII), Apiculture (Annex X) and Types of interventions in other sectors (Article 42 letter (f)) from direct payments. The specificity of the annual budget is that it reaches a peak of almost 28 million EUR for three years (2025–2027). Italy, France and Spain have the highest amounts allocated for sectoral support and are 4–5 times higher than Romania's annual allocations.

## RURAL DEVELOPMENT

The overall balance between direct payments and rural development funding is very similar to the previous programming period. Romania, Poland and Spain receive 4.7–5.4 billion EUR each. Italy and Germany get about 50% more, and France gets double. During this time, Hungary and Bulgaria receive 1.4–1.6 billion EUR. All countries estimated a linear expenditure for this type of CAP policies. In the case of Romania, in the Annex to the implementation decision approved in December 2022, the allocation for Rural Development in 2023 was foreseen at the level of 967 million EUR (Table 11).

All countries estimated a linear expenditure for this type of CAP policies. In the case of Romania, in the Annex to the implementation decision approved in December 2022, the allocation of EUR 967,049,892 was foreseen for rural development (Table 11).



Source: Author's calculations based on EU 2023b and EU 2023c.

Figure 5. CAP Budget for Rural development, 2023–2027 period (EUR/member state).

Table 11

CAP Budget for Rural development in the selected member states (EUR/year)

Financia l year	2023	2024	2025	2026	2027
Romania	967,049,892	1,016,919,599	1,016,919,599	1,016,919,599	1,016,919,599
Bulgaria	282,979,644	282,162,644	282,162,644	282,162,644	282,162,644
Hungary	384,539,149	312,651,862	312,651,862	312,651,862	312,651,862
Poland	1,004,581,539	924,001,077	924,001,077	924,001,077	924,001,077
France	2,007,185,070	2,008,000,570	2,008,000,570	2,008,000,570	2,008,000,570
Spain	1,081,552,825	1,080,382,825	1,080,382,825	1,080,382,825	1,080,382,825
Italy	1,355,321,375	1,476,206,667	1,476,206,667	1,476,206,667	1,476,206,667
Germany	1,485,615,738	1,583,929,284	1,633,086,238	1,706,821,670	1,829,714,057

Source: Author's calculations based on EU 2023b and EU 2023c

Considering the estimated calendar for the launch of the funding sessions for the submission of applications under Pillar II of the CAP Strategic Plan 2023–2027, published on the AFIR website, on October 27, 2023, 10 interventions totalled EUR 2,142,195,430, i.e. more than double the initial estimate. RD-36 LEADER – Community-led local development receives half a million EUR, RD-25 Modernization of irrigation infrastructure is awarded with EUR 400 million, while three other measures receive EUR 200 – 225 million each: RD-30 Support for setting up of young farmers, RD-20 Investments in the livestock sector and RD-22 Investments in conditioning, storage and processing of agricultural and fruit products and RD-28 Creation/modernisation of basic road infrastructure in rural areas. About 350 million EUR have been also allocated for RD-15 Investments in

fruit farms, RD-26 Establishment of irrigation systems and RD-27 Creation/modernisation of agricultural access infrastructure. These are the development priorities in Romanian agriculture in 2023.

## 5. CONCLUSIONS

The objective of this study is to provide insights into the implementation characteristics of the CAP 2023–2027 in eight Member States and to assess the relevance of the plans and their contributions to the CAP and Green Deal objectives. The Common Agricultural Policy (CAP) Framework 2023–2027 introduced changes aimed at increasing overall policy coherence between Pillar I and II of the CAP. The two pillars are now combined under the single Strategic Plan(s) of the Common Agricultural Policy (CAP), and Member States have been asked to allocate significant resources to green and sustainable objectives, primarily through eco-schemes. The selected countries are no exception.

EU resources for the 2023–2027 CSP from the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) amount to EUR 260.9 billion. Similar proportion to the 2014–2022 period: 75.4% for the EAGF and 24.6% for the EAFRD. Economic support to farms through direct payments remains the dominant feature of CSPs. Basic income support for sustainability accounts for the largest share of funding through direct payments (51.5%). Compared to the previous programming period, the main changes include: i) an increase in redistributive income support (from 4.3% of direct payments in 2019 to 10.7% for 2023–2027), ii) extension of coupled income support (from 10.8% in 2019 to 12.3% for 2023–2027) and iii) introduction of eco-schemes (23.8% of direct payments for a total of 158 eco-schemes).

Analysing the ratio of direct payments and investments in rural development, it is observed that direct payments remain the preferred instrument of the CAP, used to develop the agriculture of the Member States, but with changes in the way they are granted. In the second place there are investments in rural development and in the third place sectoral support, but very well targeted.

The new CAP introduced a series of reforms in the general framework. At the level of young farmers, there is a general shift towards direct payment support.

Support for non-agricultural rural development is increasingly provided through LEADER. Between 2023 and 2027, 377,000 new young farmers are expected to set up their businesses with CAP support.

The eight selected countries are involved in all these efforts to improve the impact of the CAP on EU citizens in general, rural population and young farmers in a specific way. There is criticism that France, Germany and Spain are the top three Member States consuming direct payments.

At all levels, the need to produce a change is felt, for a fairer and more coherent environment for the consumption of financial allocations, in a simpler

way and in terms of economic and ecological performance. The economic-ecological reality requires an increasingly green budget for the member states of the European Union.

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