

Set-aside

1. State of the discussion on set-aside

Set-aside has been discussed in the Council Working Party. All Member States reject set-aside as proposed.

Two Options could be envisaged in order to find a solution that takes into account to a large extent the concerns of the Member States:

2. Option 1: Earmarked entitlements attached to set-aside land

A solution close to the logic of decoupling would be to link the set-aside obligation to the possession of earmarked entitlements stemming from premia formerly paid for set-aside land. Historical set-aside payments (reference period) would be transformed into earmarked payment entitlements (a farmer would get as many earmarked entitlements as he had hectares under set-aside obligation on average during the reference period).

- Earmarked payment entitlements would be transferable. However, they could be claimed only if accompanied by a hectare of land set-aside.
- Land submitted to set-aside has to be COP eligible land (i.e. permanent grassland would be excluded).
- Effectiveness of supply control requires that claiming all earmarked entitlements is compulsory for beneficiaries of decoupled payments (farmers would continue production instead of claiming earmarked payment entitlements and submitting land to set-aside, if gross-margins exceed per-unit values of earmarked payment entitlements).
- A derogation could be granted to organic farmers and farmers who want to grow - under a contract with a processor - non-food crops instead of setting their land aside.

3. Option 2: Maintaining the existing set-aside scheme

Another option would be to maintain the existing system of rotational set-aside. In combination with the decoupled income payment the following requirements would have to be met:

- Beneficiaries growing cereals, oilseeds and protein crops have put 10 % of their COP area into set-aside. Instead of COP, the set-aside obligation could be limited to cereals and oilseeds, which would make protein crops more interesting. Derogation would be granted to small farmers and organic farmers.
- In order to ensure the effectiveness of supply management, set-aside has to take place on the land currently eligible for COP payments.
- The possibility of non-food production on set-aside land could be granted as it is the case today.
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