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Parliamentary Institute
Research Centre**

Research paper:

**Comparative overview of type and amount of
agricultural subsidies**

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Foreword

Agriculture is a sector which is almost exclusively supported at the EU level, compared to other sectors, mostly governed by national policies. It is very important to have a policy for a sector in charge of ensuring food safety, which would bear a key role in the use of natural resources and economic development of rural areas. However, objectives commonly shared by all EU member states in this field, could not be attained without providing financial support to agriculture and rural areas. Therefore, several measures have been undertaken at the European level in order to provide fair conditions with common objectives, principles and rules. In addition, collective EU policy has led to a better use of financial resources than coexistence of national policies has.¹

In this regard, Common agricultural policy was established at the EU level, and it represents a complex system of regulations and budgetary support, which has impact on agriculture and rural areas of EU member states. This policy is based on regulations which must be fully implemented, whereas the common rules for direct support programmes within the CAP, as well as farmer support programmes, have been established through the Council Regulation (EC) No 73/2009². The flexibility that has been offered to EU member states in implementing new direct payments means that different resource allocation schemes may vary throughout EU, leaving enough room for member states and regions to identify on their own which groups of measures are more relevant to them, considering the situation in their country and their needs.

CAP's budget is adopted each year by the Council of the European Union and the European Parliament. In order to keep long-term spending under control, a Multiannual financial framework is defined, which sets an upper limit on direct payments and trade interventions, coming under the 1st pillar of Common Agricultural Policy. The financial framework also envisages amounts coming under the 2nd pillar of the CAP, i.e. rural development measures.

In order to boost agricultural production, in addition to the EU budget resources for the Common Agricultural Policy, member states also use the financial resources from their national budgets, allocated to plant and animal production. In order to obtain data on the amount of agricultural subsidies allocated in European countries, the Research Centre prepared and submitted a questionnaire through the European Centre for Parliamentary Research and Documentation (ECPRD) network, on the topic: "Amount and type of agricultural subsidies". The questionnaire included questions regarding the amount of EU budget resources allocated to Common Agricultural Policy, types of subsidies for which resources are allocated, and the amount of resources allocated from the national budgets. In addition, a question was posed regarding the percentage of the allocated amounts compared to the overall budget.

The chapter titled "Comparative overview of agricultural subsidies" includes all the collected data, submitted by parliaments of the following countries: Austria, Belgium, Czech Republic,

¹ The common agricultural policy (CAP) and agriculture in Europe – Frequently asked questions, European Commission, http://europa.eu/rapid/press-release_MEMO-13-631_en.htm (21 April 2014)

² Council Regulation (EC) No 73/2009 of 19 January 2009 <http://faolex.fao.org/docs/pdf/eur85546.pdf>

Estonia, Finland, Greece, the Netherlands, Croatia, Hungary, Poland, Romania, Slovak Republic, Slovenia and Spain. Furthermore, in order to achieve comparative validity between countries that are EU member states and countries which are non-EU member states, data on this subject was also included in the research being submitted by the following three regional countries: Albania, Bosnia and Herzegovina and Serbia. The data obtained from the Turkish Parliament, as well as the data regarding the national financial support in Norway, as classified by the World Trade Organisation, were also presented in the research.

In addition to the aforementioned chapter, the research also includes a part dedicated to explaining Common Agricultural Policy, the 1st and the 2nd pillar of Common Agricultural Policy, CAP reforms that took place in 2013, as well as the upper limit of EU budget allocations to CAP, within the Multiannual Financial Framework 2014-2020. The research also includes a Glossary containing definitions of 29 key concepts in the field, at European and national level. Finally, within the Appendix, there is a tabular representation of amounts of direct payments, trade interventions and rural development, allocated from the EU budget in 2012 to 27 member states, except for Croatia, which became a member state on 1 July 2013. An integral part of the Appendix are also bar graphs, showing allocations for each measure in percentages, and comparisons between EU-27, EU-15 and EU-12.

The complete document in Montenegrin language can be found at:

http://www.skupstina.me/images/dokumenti/biblioteka-i-istrazivanje/Uperedni_pregled_visine_i_vrste_subvencija_u_poljoprivredi.pdf