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Commission/Kommission I

Rapport national pour/National report/Landesbericht SLOVENIA

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I. Agricultural Policy

1. To what extent is there social and political acceptance of market management instruments and agricultural aid in your country?

The social and political acceptance of market management and agricultural aid in Slovenia can be illustrated by the public opinion surveys which focussed on the role of the common agricultural policy in supporting sustainable agricultural and comprehensive rural development.

According to the Eurobarometer survey conducted in 2013, the proportion of persons who say they know the details of the CAP's support is in Slovenia higher (14%) than the average in the EU (8%)¹ what may be explained by the relatively great portion of rural population (43.7%) and dispersed farm structure (72,377 holdings with average physical size 6.6 hectares of utilized agricultural area per holding²).

The principle that giving support to farmers in a fairer and more targeted way was considered to be a "very good thing" by 60% respondents from Slovenia compared to 54% from the whole EU according to the Eurobarometer survey in 2013.³

Similarly, linking the financial aid given to farmers to compliance with farming practices which benefit the environment was supported as a "very good thing" in 2013 by 60% of the respondents from Slovenia (12 percent points more than in 2009) and on average by 52% respondents from the whole EU (+ 3 percent points more than in 2009).⁴

¹ Europeans, Agriculture And The Common Agricultural Policy (CAP) Report. Special Eurobarometer 410, Fieldwork: November – December 2013 Publication: March 2014, p. 16.

² Rural development programme of the Republic of Slovenia 2014-2020, p. 66.

³ Europeans, Agriculture And The Common Agricultural Policy (CAP) Report. Special Eurobarometer 410, Fieldwork: November – December 2013 Publication: March 2014, p. 21 and 25.

⁴ Ibidem, p. 26.

Financial support of the EU to farmers was in Slovenia considered about right by 46% respondents (compared to the 45% in the whole EU), while 26% respondents in Slovenia considered this support to be too low (compared to substantially lower average of the EU - 13%)⁵ what can be also explained by the small average size of Slovenian farms and natural constraints for farming activities on more than $\frac{3}{4}$ of the agricultural areas in Slovenia. Support for farms facing climate and economic uncertainties and health hazards was considered very important by 48% European and 62% Slovenian respondents in 2003.⁶

2. How is the CAP reform of 2013 perceived in terms of agricultural policy in your country?

The agricultural economists stress that the development of primary agricultural production depends, not only on agricultural policy measures, but also on market conditions, which is reflected through price levels and price relations. In relatively stable or more likely predominant negative price trend on some key markets (e.g. milk) one can expect further stagnation or even contraction of the Slovenian agriculture aggregate output.⁷

3. What have been the consequences of the CAP reform of 2013 on the income structure of farmers in your country?

The results of the partial equilibrium model and the farm level model indicate that the CAP reform started in 2014 will have moderate effect on the level of agricultural sectors. However, significant redistribution effects between farms are expected. These effects will have negative impacts on agricultural holdings that will progressively lose historical payments which have importantly determined their revenue situation

⁵ Ibidem, p. 31 and 32.

⁶ Ibidem, p. 33 and 34.

⁷ Presoja razvojnih možnosti slovenskega kmetijstva do leta 2020. Zaključno poročilo o rezultatih ciljnega raziskovalnega projekta – 2012.

(for instance, more intensive cattle farmers). The gradual abolishment of differentiation in regional payments will cause income losses also for farmers with prevalently arable areas. On the other hand, agricultural holdings employing mostly grassland and managed in less intensive way will be better off.⁸

4. Are there already views in your country on the further development of the CAP (and, in particular, the mid-term review)?

The leading Slovenian agricultural economist Professor Emil Erjavec declared in 2014 that the reformed CAP would hardly remain unreformed throughout all seven years period (2014-2020). Further corrections might be expected with a high probability. According to him, the goals of the CAP should be more clearly represented to a wider public, not only to agricultural community. He expects that the scheme of direct payments will have to be simplified while the approach to the rural development policy should be more decentralised due to differences between 28 Member States. A discussion about new measures, for instance about risk management, is also possible.⁹

II. Legal Structure

5. Which legal acts implement the CAP reform of 2013 in your country?

In 2014, the Slovenian Agriculture Act¹⁰ was amended for the second time also with a view of adjustmet of its provisions to the main changes

⁸ Presoja razvojnih možnosti slovenskega kmetijstva do leta 2020. Zaključno poročilo o rezultatih ciljnega raziskovalnega projekta – 2012.

⁹ Minutes of the 3rd Session of Committee for Agriculture, Forestry and Food and of the 8th Session of the European Affairs Committee of the State Council, 14 November 2014.

<http://www.dz-rs.si/wps/portal/Home/deloDZ/seje/evidenca?mandat=VII&type=magdt&uid=E6CDAEB39FF2D681C1257D88002EFEB8> (30 June 2015)

¹⁰ Zakon o spremembah in dopolnitvah Zakona o kmetijstvu (ZKme-1B), Ur. l. (Official Journal of) RS, št. (No) 26/2014.

that had occurred in the EU agricultural legislation since its previous amendments in 2012. The amended Act explicitly enumerates the EU legislative acts concerning the quality schemes of agricultural products and foodstuffs (Regulation 115/2012) and reforming the CAP, from the rural development (Regulation 1305/2013), financing, management and monitoring of the CAP (Regulation 1306/2013), direct payments (Regulation 1307/2013) to the common organisations of markets (Regulation 1308/2013).

The issues that the Regulations of the European Parliament and Council 1306/2013 and 1307/2013 as well as the delegated and implementing Regulations of the Commission left to the detailed provisions of member States are implemented Decree on direct payments schemes¹¹.

Several Decrees were issued by the Government to implement the Rural Development programme of the Republic of Slovenia 2014-2020:

- CLLD Decree - Decree on the implementation of community-led local development in programme period 2014-2020¹²,
- Decree on the 2014 animal welfare measure pursuant to the Rural Development Programme of the Republic of Slovenia 2014-2020¹³,
- Decree on the 2015 animal welfare measure pursuant to the Rural Development Programme of the Republic of Slovenia 2014-2020¹⁴,
- Decree on agricultural-environmental-climate measures involving payments, organic farming, and payments for naturally and otherwise specifically less favoured areas pursuant to the Rural Development Programme of the Republic of Slovenia 2014-2020¹⁵.

¹¹ Uradni list RS, št. 2/2015, 13/2015.

¹² Uredba o izvajanju lokalnega razvoja, ki ga vodi skupnost v programskem obdobju 2014-2020 (Uradni list RS, št. 42/2015).

¹³ Uredba o ukrepu dobrobit živali iz Programa razvoja podeželja Republike Slovenije za obdobje 2014-2020 v letu 2014 (Uradni list RS, št. 15/2014 in 35/2015).

¹⁴ Uredba o ukrepu Dobrobit živali iz Programa razvoja podeželja Republike Slovenije za obdobje 2014-2020 v letu 2015 (Uradni list RS, št. 8/2015).

¹⁵ Uredba o plačilih za ukrep kmetijsko okoljsko podnebnih plačil, ekološko kmetovanje in območja z naravnimi ali drugimi posebnimi omejitvami iz Programa razvoja podeželja Republike Slovenije za obdobje 2014-2020 (Uradni list RS, št. 13/2015, 21/2015, 30/2015).

Some Government Decrees are being prepared or submitted for public discussion and planned to be issued in the second half of 2015:

- Decree on measures for improvement of competitiveness in agricultural, food and forestry sector in the Rural Development Program of the Republic of Slovenia 2014-2020 („Investment decree“),
- Decree on implementing of the submeasure „Aid for start-ups of young farmers“ in the Rural Development Program of the Republic of Slovenia 2014-2020,
- Decree on implementing of the cooperation measure in the Rural development Program of the Republic of Slovenia 2014-2020.

6. What is the national definition of “active farmer” for the purposes of Art. 9 of Regulation No. 1307/2013?

The Slovenian Decree on direct payments schemes specifies that mowing at least once a year until 15 October is regarded as the maintenance of agricultural land in the state suitable for grazing or cultivation without any preparatory measures that go beyond the use of traditional agricultural methods and machinery (point 8 of Art. 2).

No new non-agricultural activity was added to the list of excluded activities in Regulation 1307/2013 (operating of airports, railway services or/and waterworks, real estate services, operating of permanent sport and recreational grounds). The three exceptions already provided by Regulation 1307/2013 when a person or a group of persons performing one or more excluded non-agricultural activities may be regarded as an active farmer are only more in detail regulated by the Slovenian Decree (Art. 6).

Slovenia neither used the option to set lower threshold from agricultural activities than 1/3 nor the option to establish alternative criteria allowing an entity to demonstrate that its agricultural activities are not insignificant.

7. How is “degressivity”/“capping” in art. 11 of Regulation No. 1307/2013 being implemented in your country?

Decree on direct payments schemes expressly refers to the first and second paragraph of Art. 11 of Regulation 1307/2013 that provide a reduction of direct payments to be granted to a farmer for a given calendar year by at least 5 % for the part of the amount exceeding EUR 150 000 and a subtraction of salaries linked to an agricultural activity actually paid and declared by the farmer in the previous calendar year, including taxes and social contributions related to employment, from the amount of direct payments to be granted.

8. How are young farmers supported in your country?

Within the Pillar 1 of CAP, the new scheme for young farmers will additionally support generational renewal in the agricultural sector since 1% of the national envelope for direct payments are dedicated to this scheme.

The Slovenian Rural Development Programme foresees farm start-up and development aid for young farmers. These measures may facilitate the first years of setting up a farm, and thus stimulate young people to continue the agricultural activity and employ in the agricultural sector. Approximately EUR 61 million are allocated to both measures. 2,500 young farmers (3.45% of agricultural holdings) are expected to be supported with start-up aid.¹⁶

¹⁶ Rural Development Programme of the Republic of Slovenia 2014-2020, p. 111.

9. Are any funds for direct payments used for coupled support in your country?

Slovenia decided to use up to 15 % of the annual national ceiling set out in Annex II of Regulation 1307/2013 for following following sectors and productions:

- cereals (up to 5% of the annual national ceiling, for an area of 60,687 hectares),
- milk production in mountain regions (up to 3,5% of the annual national ceiling, for 39,163 cows),
- beef and veal (up to 3% of the annual national ceiling, for breeding of 82,598 bulls and oxen),
- vegetables (up to 1% of the annual national ceiling, fort an area of 3,881 hectars) and
- protein crops (up to 2% of the annual national ceiling, fort an area of 6,574 hectares, see Art. 26-41 of Decree on direct payments scheme).

10. How is the small farmers scheme in art. 61 ff. of Regulation No. 1307/2013 being implemented in your country?

The Slovenian Decree on direct payments schemes used the option to establish a scheme for small farmers in accordance with the conditions laid down in Title IV of Regulation 1308/2013 ("small farmers scheme"). The total amount of payments due under the small farmers scheme may not exceed 10 % of the annual national ceiling set out in Annex II of Regulation 1307/2013, otherwise a linear reduction to the amounts to be paid is applied. Slovenia used the option provided in point (b) of the first subparagraph in Article 63(2) of Regulation 1307/2013 and decided to grant participating farmers in the small farmers scheme an amount equal to the total value of the payments to be allocated to the farmer in 2015 under Titles III and IV of Regulation 1307/2013. The amount shall be between EUR 500 and EUR 1,050 (Article 63(1) of Regulation 1307/2013 fixes the upper limit at a higher amount - EUR 1,250).

11. What consequences does the phasing-out of the milk quota system have in your country, with particular reference to producer organisations and interbranch organisations?

In the period from April 2014 to April 2015 the raw milk price fell by 17% on average in the whole EU and by 20% in Slovenia, where it is lower also in absolute terms (28,5 EUR/100 kg) than the EU average price (31,3 EUR/100 kg).¹⁷

The requirements regarding the minimum number of members and quantity of marketed milk through producer organisations in milk sector were laid down in 2014. However, no organisation applied for recognition as a producer organisation in the milk sector since all questions regarding the role of producer organisations in quality schemes and promotion measures, collective investments and special support for setting up of such entities have not been regulated yet.

12. To what extent is the shifting of funds from the first to the second pillar possible and is this considered to be reasonable in terms of agricultural policy?

Since many measures from the first pillar complement corresponding measures from the second pillar, Slovenia has not opted for flexibility so far.

III. Greening

¹⁷ Milk Market Observatory, EU prices of cow's raw milk in euro/100 kg.

http://ec.europa.eu/agriculture/milk-market-observatory/pdf/eu-raw-milk-prices_en.pdf (30 June 2015)

13. Is the greening of agriculture being promoted separately? How has the greening component in art. 43 ff. of Regulation No. 1307/2013 been implemented? Have “equivalent practices” been recognised?

The "greening" component of direct payments is foreseen for those farmers who observe agricultural practices beneficial for the climate and the environment on all their eligible surfaces. According to Art. 47(1) of Regulation 1307/2013, Slovenia will use 30 % of its annual national ceiling set out in Annex II to finance the green component of payments.

Organic farmers benefit from the "greening" component without needing to fulfil any further obligation regarding those units of their holding on which they fulfil the conditions laid down in Council Regulation (EC) No 834/2007.

Agricultural practices stimulated by the green component are those explicitly provided in Art. 43(2) of Regulation 1307/2013: (1) crop diversification; (2) maintaining ecological sensitive existing permanent grassland and (3) ecological focus area on the agricultural area.

According to Art 40(1) of Regulation 639/2014/EU the farmer must comply with diversification requirement in the period from 7 May to 31 July of the current year.

Ecologically sensitive grassland are, according to Decree on direct payments scheme, those areas covered by Natura 2000 where at least two species or habitat types are assessed to be in the poor state of conservation and are located in areas where such protection aim to increase the areas of grassland in accordance with the Programme management of Natura 2000 sites for the period 2014-2020 (Art. 21).

Within the Rural development program, a special decree with very detailed provisions covers payments for (1) agricultural-environmental-climate measures, (2) organic farming and (3) naturally and otherwise specifically less favoured areas pursuant to the Rural Development Programme of the Republic of Slovenia 2014–2020.

Agricultural-environmental-climate measures require certain eligibility criteria that must be met by beneficiaries (for instance, minimum agricultural area, minimum prior training, program of activities of the holding).

These measures are implemented through 19 operations including the mandatory and optional requirements. Thus, for instance, the crop and vegetable production includes two mandatory requirements: (1) five-year rotation and (2) rapid soil tests on the content of mineralized nitrogen in the soil as well as eight optional requirements: (1) fertilization with organic fertilizers with low atmospheric emissions, (2) sowing green manure plants (green manure), (3) use of antiinsect networks, (4) using only plant protection products which are permitted in the narrowest water protection areas, (5) use of drapes or mechanical weed control, (6) conserving tillage, (7) greening of arable land and (8) non-hardy honey crops.

14. Does your country provide additional payments for areas with natural constraints?

Slovenia foresees payments for areas with natural constraints (ANC), since ANC represent a major share (75.3%) of the total Slovenian utilized agricultural area (UAA) in 2013. ANC are divided into three categories : (1) mountain areas (55.7% of total UAA), (2) other areas with natural handicaps (3.6 % of total UAA) and (3) areas with specific handicaps (16 % of total UAA).¹⁸

The ANC payment is calculated on the basis of the following formula:

$$\text{ANC payment/ha} = \text{fixed part} + (\text{no. of points of agricultural holding} \times \text{point value} \times 0.45)$$

The fixed part of the payment is the amount determined according to the difficulty ranking of an agricultural holding.

The variable part of the payment is calculated for every agricultural holding separately. It is calculated as 0.45 share of the product of number of points prescribed for an individual agricultural holding on the basis of the register of agricultural holdings in ANC and the point value.

The point value is 0.40 EUR.

¹⁸ Rural development programme of the Republic of Slovenia 2014-2020, p. 68.

The number of points reflects the differences in production costs per unit of land between the areas facing constraining factors and areas without constraints for agricultural production.

The maximum amount of payments in mountainous areas is 450 EUR/ha. If the calculated amount of compensatory payments exceeds that limit, the amount of payment to the respective agricultural holding is reduced so that the maximum amount of payment is 450 EUR/ha for an agricultural holding in a mountainous area.

The minimum payment for a hectare is 25 EUR/ha.

IV. Enforcement and Transparency

15. Are there any specific enforcement problems in your country concerning the control of agricultural aid?

No specific enforcement problems have been reported so far.

16. Is the information on beneficiaries of agricultural aid being published and, if so, to what extent?

In accordance with Commission Regulation (EU) No. 908/2014 and Commission Regulation (EU) No. 1306/2013, Slovenian Agency for agricultural Markets and Rural Development (ARSKTRP) published all beneficiaries who received funding from the European agricultural funds in the European budget year 2014.

The data relate to the period from 16 October 2013 - 15 October 2014 for all beneficiaries who may be natural and legal persons.

Notice is given about:

- 1) name and surname of the beneficiary who is an individual or name of the legal entity (in the case of natural persons, who together receive € 1,050 or less, instead of the name and surname a 5-digit code published),
- 2) municipality and administrative unit,

- 3) total amount of payments for each measure separately, but the search engine does not seek the recipients of funds for national measures that are 100% financed from the Slovenian budget (de minimis natural disaster, co-financing of insurance premiums, land consolidation, associations, etc.),
- 4) total amount of all payments for all the measures together,
- 5) type and description of the action.

17. Who provides advice for farmers on the legal framework governing market organisations in your country?

Based on acts determining agriculture and forests, advisory system partly covers also legal issues and is mostly financed from the state budget. Otherwise, farmers are offered legal advice also by the Agricultural Chamber, the Cooperative Union and similar representative associations on the state and the local level.