



In Prague, 14/5/2018
Ref. no.: 18079/2018

Dear Commissioner,

I am turning to you as president of Agricultural Association of the Czech Republic, an agrarian non-governmental organization which represents significant part of agricultural entrepreneurs in the field of primary agricultural production in the Czech Republic. At the same time, I hold the position of vice-president of the Agrarian Chamber of the Czech Republic and vice-president of COGECA.

Agricultural Association of the Czech Republic feels compelled to react to ongoing discussions on reform of the common agricultural policy, especially in the light of leaked draft regulation on CAP reform, elaborated by DG Agri service under your command.

We are of the opinion that implementation of capping and redistributive payment as compulsory elements of new reformed CAP (direct payments) will have adverse impact to competitiveness, affecting negatively functioning of markets and farmers' incomes. In addition, it is highly plausible, that such arrangements will result in sever social consequence, since affected farms in the Czech Republic constitute backbone of animal husbandry - hence they allocate majority of employees in the sector. Further declination of animals will lead to lower input of organic matter to soil and shrinking acreage of feeding crops (soil-improving crops), which will irreversibly impact the soil quality in the Czech Republic.

As appears so far, it will by mainly so called "New Member States" (except Poland and together with certain regions in Germany, Italy or Portugal), where capping and redistributive payments will show most severe impact. If so, Central and Eastern regions of the European Union will be further exposed to populistic arguments of extreme political forces, and anti-EU rhetoric will be heard more loudly. Stability of this region, in the context of current bleak geopolitical situation, should be highest priority of the European Commission.

Given the facts mentioned above, we urge you and your service to refrain from intention to implement compulsory capping and redistributive payment in the I. Pillar of CAP. More flexibility should be given to the Member States to decide upon. I believe, our concerns will be granted your full consideration.

Yours sincerely

Mr Phil Hogan
Commissioner for Agriculture and Rural Development
European Commission
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BE-1049 Bruxelles