

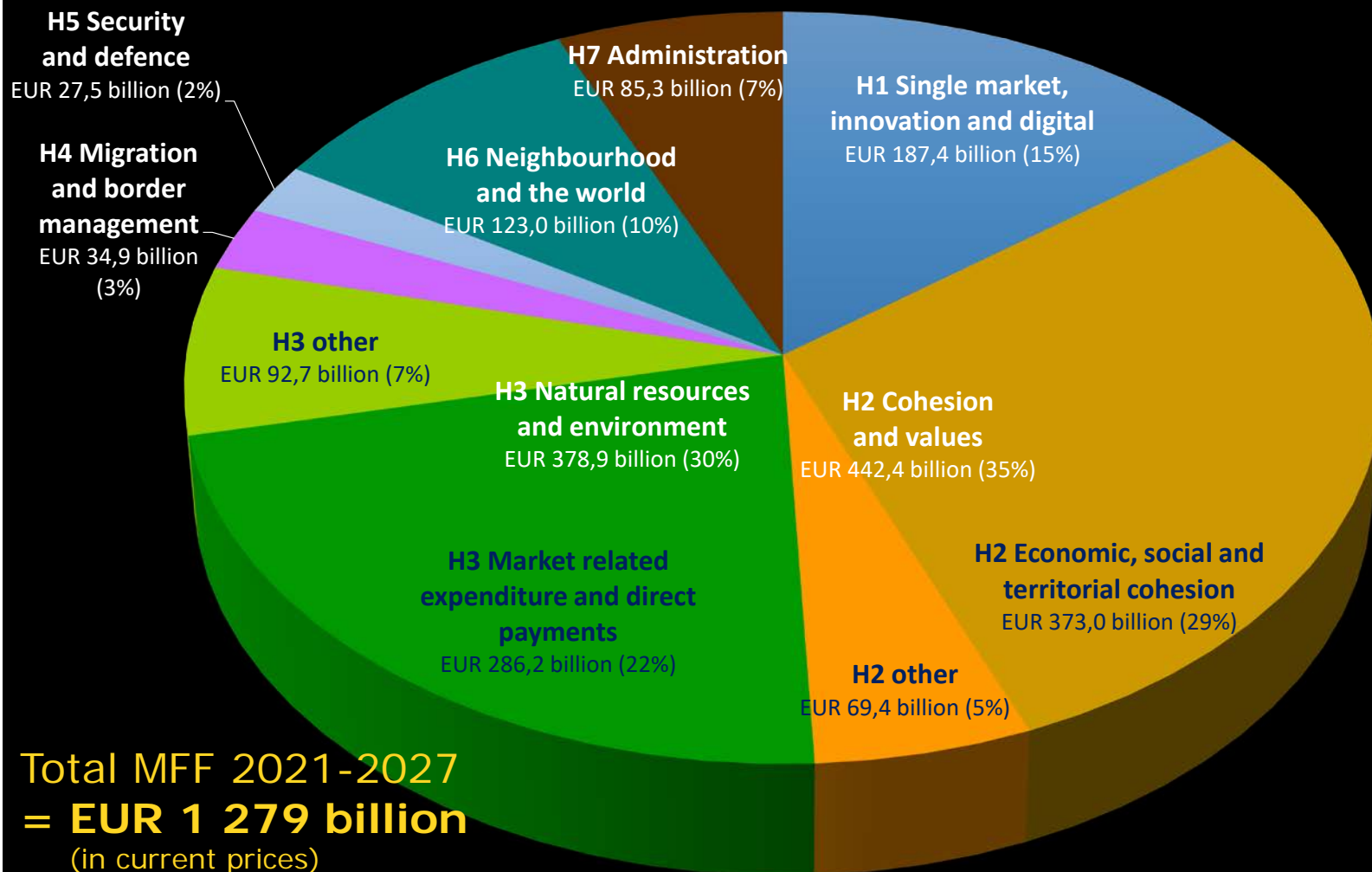
Multiannual financial framework 2021-2027 and the Common Agricultural Policy



Civil Dialogue Group – Direct payments
29 March 2019



MFF 2021-2027 – Overall figures



Total MFF 2021-2027
= **EUR 1 279 billion**
(in current prices)
= **1.1% of EU27 GNI**



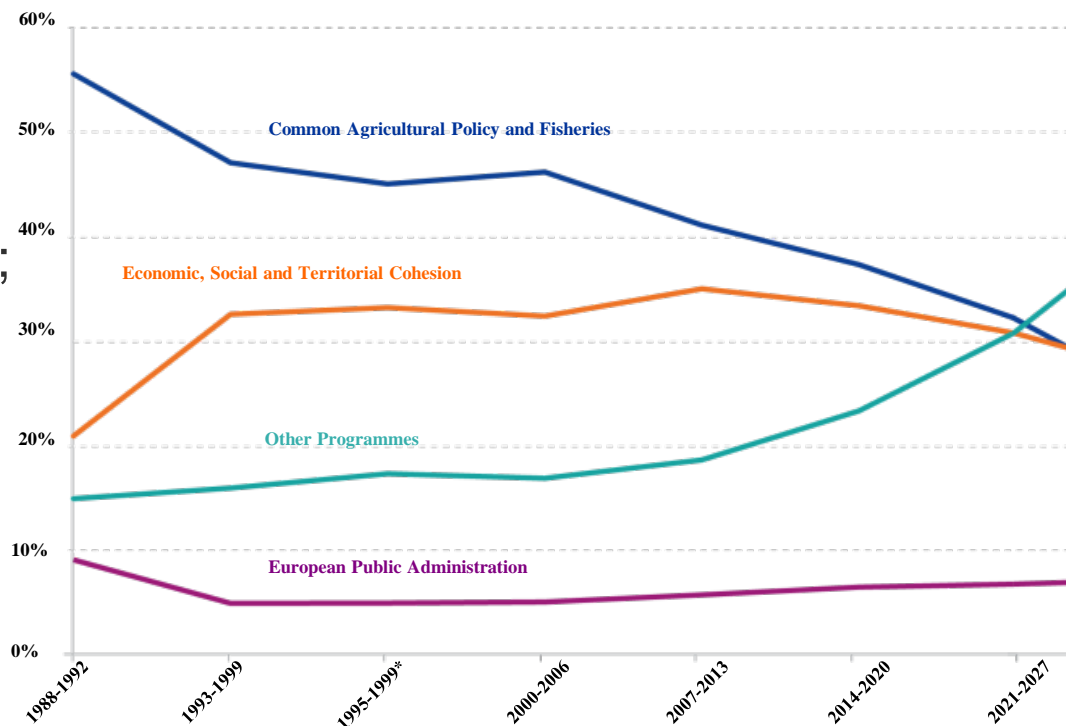
EVOLUTION OF MAIN POLICY AREAS

CONTEXT

- Brexit gap "12 billion"
- New challenges (migration; security & defence; etc.)

CAP SHARE

- 2014-2020: **37.6%** (EU-28)
 - 2020: 34.7%
- 2021-2027: **28.5%** (EU-27)
 - 2027: 26.9%
 - Based on COM proposal



*Adjusted for 1995 enlargement

CAP FINANCING FOR 2021-2027

BREAKDOWN

▪ EAGF

- EUR 286.2 billion (in commitments)
- Slightly increasing annual profile (convergence, market expenditure, assigned revenue)
- From EUR 40.3 billion in 2021 to 41.4 billion in 2027

▪ EAFRD

- EUR 78.8 billion (in commitments)
- Equal annual amounts – EUR 11.3 billion

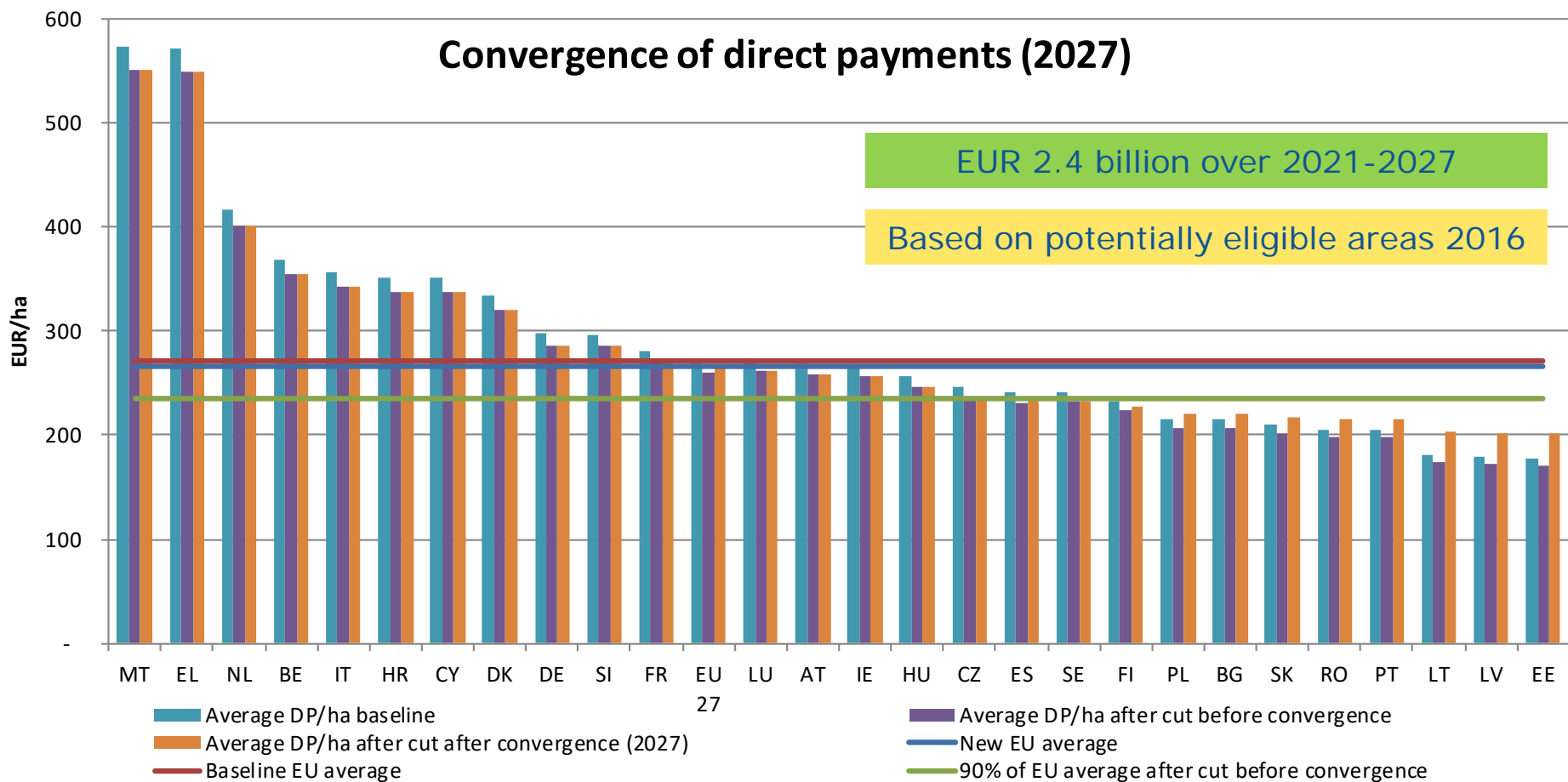
	2021	2022	2023	2024	2025	2026	2027	(in EUR million) TOTAL
Pillar 1 - EAGF	40 300	40 527	40 791	40 931	41 072	41 214	41 357	286 195
Pillar 2 - EAFRD	11 259	11 259	11 259	11 259	11 259	11 259	11 259	78 811
Total CAP	51 559	51 786	52 050	52 190	52 331	52 473	52 616	365 006

CAP PILLAR 1 – EAGF

DIRECT PAYMENTS

- Direct payments (including cotton) = initial 2020 envelopes - 3.9% [Note: Croatia phasing-in]
- For MS not subject to convergence: stable profile
- For MS benefitting from convergence: increase in 6 equal steps from calendar year 2021 (= financial year 2022)
- MS allocations can change:
 - Flexibility between direct payments and rural development
 - Reduction of direct payments
 - Transfer from and to sectoral allocations

DIRECT PAYMENTS: External convergence



*Amounts after cut including cotton

CAP PILLAR 1 – EAGF

MARKET RELATED EXPENDITURE

- Financed under the CAP Plan
 - Wine -3.9%
 - Fruit and vegetables POs limited to % VMP(*)
 - Olive oil -3.9%
 - Hops -3.9%
 - Beekeeping EUR 60 million/year
 - Other sectors up to 3% of DP
up to 5% VMP
- Financed outside the CAP Plan
 - School schemes Deduct UK envelope
 - POSEI and SAI -3.9%
 - Promotion -3.9%
- No amounts estimated for safety net and exceptional measures => Agricultural reserve

(*) Value of marketed production of producer organisation
(Art 46 of COM(2018)392)

CAP PILLAR 1 – EAGF

AGRICULTURAL RESERVE

- Article 14 of proposal COM(2018) 393
- Flexible tool to finance safety net and exceptional measures
- Roll over mechanism so no longer annual “carousel” of financial discipline and reimbursement
- At least EUR 400 million at start of budget year, can be refilled if needed
- Unused 2020 crisis reserve amount to roll over to 2021 to constitute new reserve

CAP PILLAR 2 – EAFRD

CO-FINANCING

- **EUR 78 811 million = EAFRD contribution**
- Rebalance financing between EU and MS
- Lower EU co-financing [Art 85 of COM(2018)392]
- Aim = to keep total public support to rural areas largely unchanged
- All MS envelopes - 15.3% from initial 2020 allocations
- Annexes subject to *Member States' choices*:
 - Flexibility between direct payments and rural development
 - Reduction of direct payments

FLEXIBILITY BETWEEN CAP PILLARS

CHOICE OF EACH MEMBER STATE

- **Up to 15%** between direct payments and rural development (both ways)
- Additional flexibility for transfers to rural development:
 - **Up to 15% points** for environmental and climate related objectives
 - **Up to 2% points** for installation aid to young farmers
- 100% EU co-financing of amounts transferred to rural development

MFF talks

Issues

- EAGF and EAFRD allocations
- 40% of CAP expenditure for climate action
- Direct payments
 - external convergence
 - capping
- Agricultural reserve and financial discipline
- Flexibility between CAP pillars
- EAFRD pre-financing; co-financing; de-commitment rule

NEGOTIATING THE MFF PACKAGE

COUNCIL

- **UNANIMITY** in Council
- MFF ad hoc working party
- COREPER
- General Affairs Council
- European Council [Heads of State and Government]

EP

- **CONSENT** of EP
- «Own initiative» report (autumn 2018)

Timing

- Political agreement autumn 2019?
- Agreement on sectoral policies
- In force January 2021