

CAP BUDGET FOR THE FUTURE

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29 June 2018*



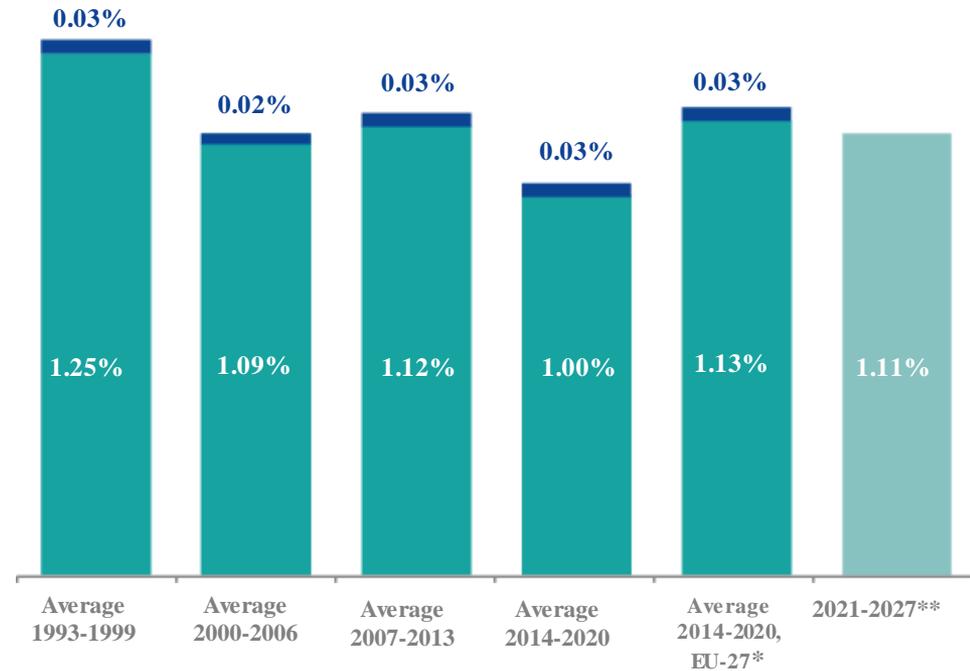
MFF 2021-2027 THE BROAD PICTURE



MFF 2021-2027: HOW MUCH IS IT?

EUR 1 279 billion

- Ceiling in commitments
- **1.114%** of GNI EU-27



■ Commitments ceiling in % EU GNI ■ European Development Fund

*2014-2020 estimated commitments (UK expenditure excluded) in % EU27 GNI
** European Development Fund integrated ("budgetised")



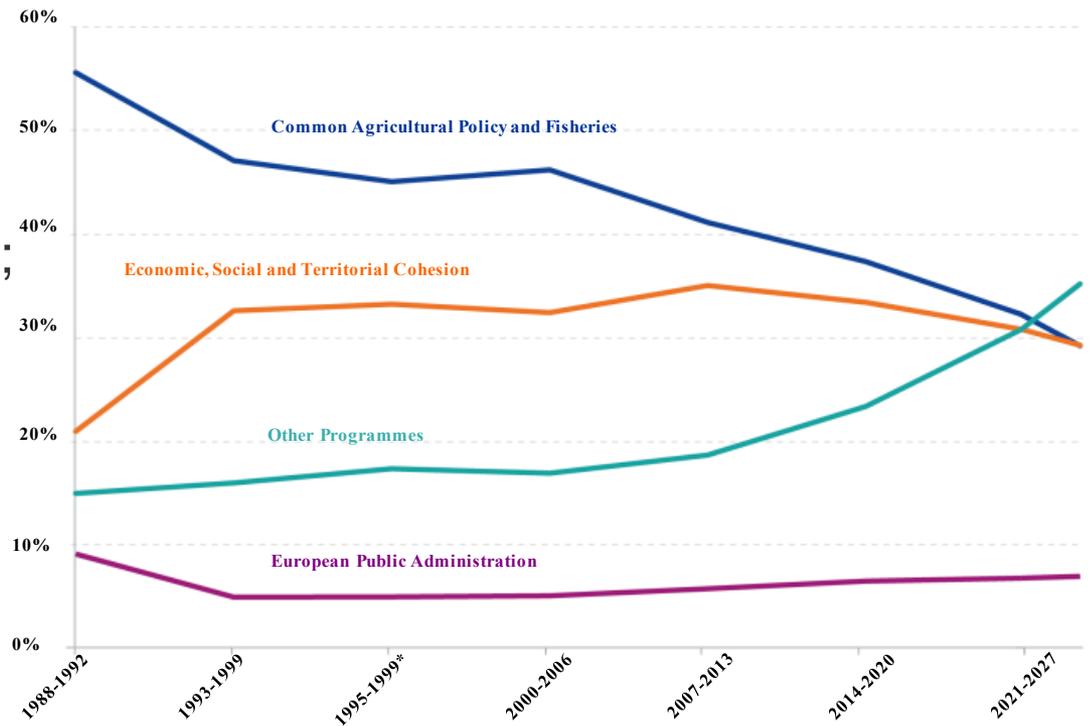
EVOLUTION OF MAIN POLICY AREAS

CONTEXT

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

CAP SHARE

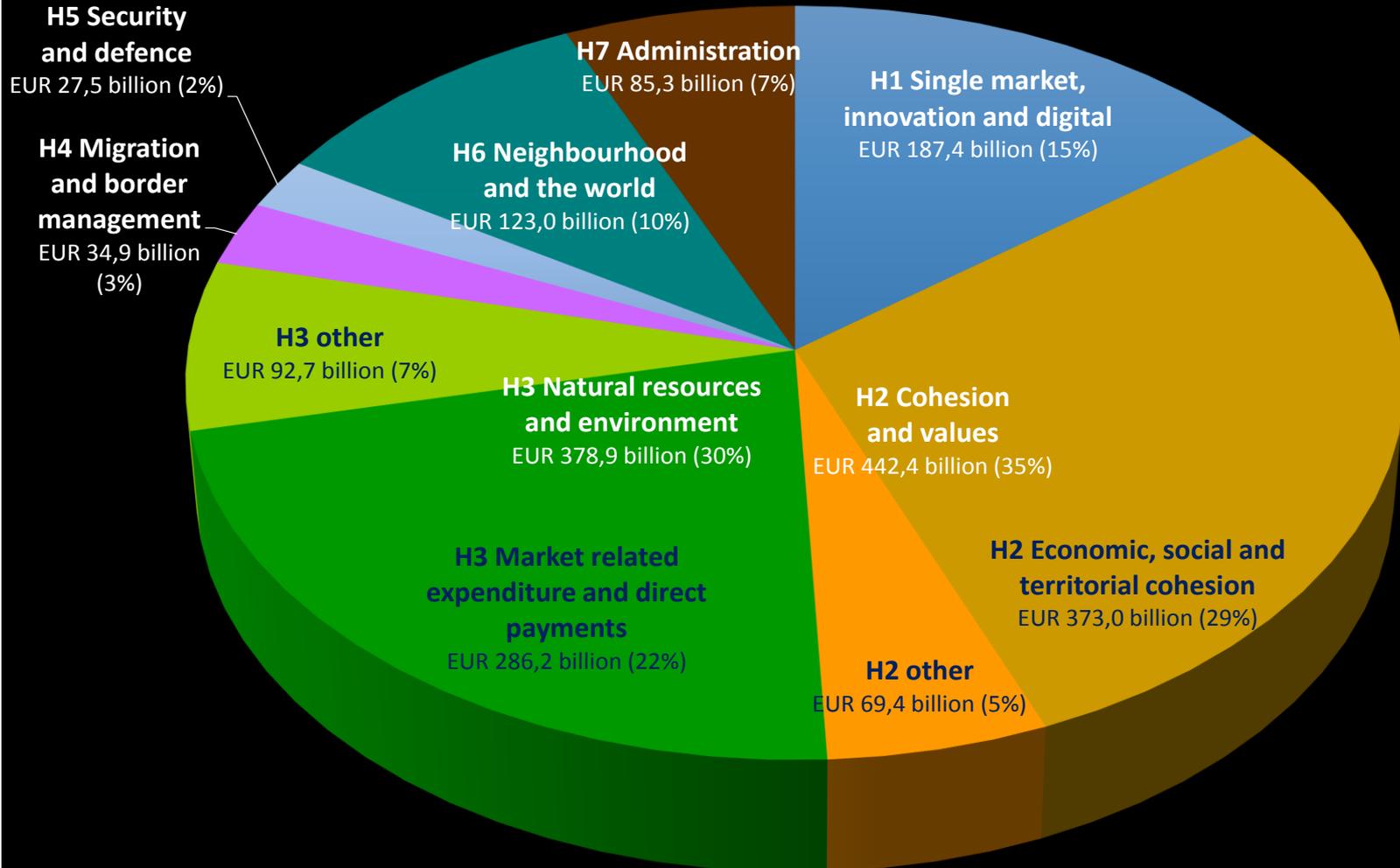
- 2014-2020: **37.6%** (EU-28)
 - 2020: 34.7%
- 2021-2027: **28.5%** (EU-27)
 - 2027: 26.9%
 - Based on COM proposal



*Adjusted for 1995 enlargement



MFF 2021-2027 – Overall figures



CAP FINANCING FOR 2021-2027

ALLOCATION

- **EUR 365 billion for EU-27**
- Financing Brexit gap from "fresh money" and from cuts in CAP and cohesion
- Around 5% cut for CAP
 - 2020 CAP allocation x 7 minus UK
 - 2014-2020 = 408.3 billion (incl. 27.7 billion for UK)

(in EUR million, current prices)

	2021	2022	2023	2024	2025	2026	2027	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
CAP	51 559	51 786	52 050	52 190	52 331	52 473	52 616	365 006

MFF 2021-2027 CAP PILLAR 2 – EAFRD

CAP PILLAR 2 – EAFRD

CO-FINANCING

- **EUR 78 811 million = EAFRD contribution**
- Rebalance financing between EU and MS
- Lower EU co-financing
- Similar for other European Structural & Investment funds
- 14.2 billion additional national co-financing to keep total public support to rural areas largely unchanged [estimate before flexibility and reduction of DP]

MFF 2021-2027 CAP PILLAR 1 – EAGF

CAP PILLAR 1 – EAGF

ALLOCATION

- **EUR 286 195 million** = EAGF sub-ceiling
- EAGF needs are financed from commitments and assigned revenue
- Though with CAP delivery model, less assigned revenue expected

(in EUR million, current prices)

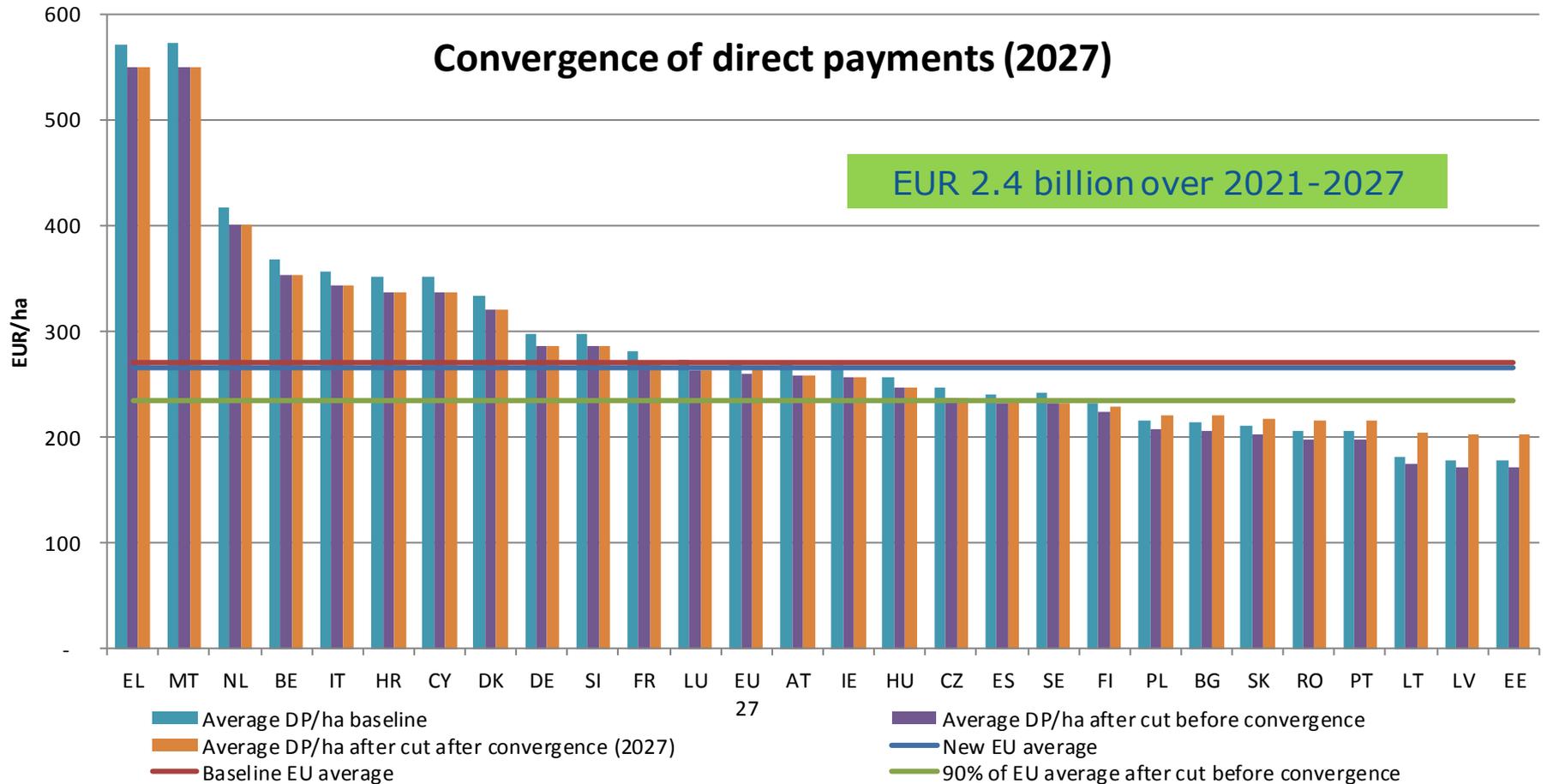
	2021	2022	2023	2024	2025	2026	2027	TOTAL
Market-related expenditure	2 766	2 789	2 813	2 837	2 862	2 888	2 915	19 870
Direct payments (incl. POSEI)	37 814	37 968	38 108	38 224	38 340	38 457	38 573	267 484
TOTAL NEEDS	40 580	40 757	40 921	41 061	41 202	41 344	41 487	287 355
ASSIGNED REVENUES	- 280	- 230	- 130	-1 160				
EAGF CEILING	40 300	40 527	40 791	40 931	41 072	41 214	41 357	286 195

CAP PILLAR 1 – EAGF

APPROACH

- Cut on direct payments “**less than 4%**”
- Further **convergence between MS** of direct payment aid levels
- **-3.9%** for all schemes with envelopes
 - Direct payments
 - Wine; olive oil; hops; POSEI & smaller Aegean islands; promotion
- Exceptions: school schemes and beekeeping
- F&V producer organisations: no MS ceilings

DIRECT PAYMENTS: External convergence



MFF 2021-2027 CAP POLICY ISSUES

CAP policy issues

CAP delivery model

Higher environmental / climate ambition of CAP

Flexibility

Capping or degressive payments

New crisis reserve within EAGF

- From compliance to result-oriented policy
- ... but “target of 40% of CAP expenditure contributing to climate objectives”
- Option for MS to transfer 15% between DP and RD plus additional for certain objectives
- Reduction from EUR 60 000 and capping at EUR 100 000 per farm (with exemption of cost of labour)
- MS keep savings for redistributing towards small/medium farms or rural development
- Conditionality – “Strategy at national level on risk management tools”

MFF 2021-2027 HORIZON EUROPE AND AGRICULTURE

HORIZON EUROPE

ALLOCATION

- In total **EUR 102.6 billion for Research & Innovation**
- Includes **EUR 10 billion** for research & innovation in food, agriculture, rural development and the bioeconomy

MFF 2021-2027 WHAT'S NEXT?

NEGOTIATING THE MFF PACKAGE

COUNCIL

- **Unanimity** in Council
- "Friends of the Presidency"
- COREPER
- General Affairs Council
- European Council

EP

- **Consent** of EP

Timing

- 29 March 2019...
- Political agreement (end March 2019)
- Sibiu summit (9 May 2019)
- Agreement on sectoral policies
- In force January 2021