

COMMON AGRICULTURAL POLICY post-2020

CDG Milk - 20.11.2018

#FutureofCAP





CAP Reform – key elements

The CAP
proposal
in
5 points
&
3 texts

- Rebalancing responsibilities between the EU and Member States (more **subsidiarity**)
- More targeted, result and **performance** based support
- **Fairer** distribution of direct payments
- Enhancing **environmental and climate** ambition
- **Simplifying and modernising** the policy

A package of 3 legal texts:

- The **CAP Strategic Plan Regulation** (including direct payments, sectoral interventions and rural development)
- The **Amending Regulation** (notably the CMO)
- The **Horizontal Regulation** (notably on CAP financing)



OBJECTIVES

Commission political priorities
Sustainable Development Goals
Paris climate agreement

Art. 39 TFEU

General Objectives

- Foster a smart, resilient and diversified agricultural sector ensuring food security;
- Bolster environmental care and climate action and to contribute to the environmental- and climate-related objectives of the Union;
- Strengthen the socio-economic fabric of rural areas

Specific Objectives

Economic

- Support viable farm income and resilience across the Union to enhance food security
- Enhance market orientation and increase competitiveness, including greater focus on research, technology and digitalisation
- Improve the farmers' position in the value chain

Environment & Climate

- Contribute to climate change mitigation and adaptation, as well as sustainable energy
- Foster sustainable development and efficient management of natural resources e.g. water/soil/air
- Contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes

Social

- Attract young farmers and facilitate business development in rural areas;
- Promote employment, growth, social inclusion and local development in rural areas, including bio-economy and sustainable forestry;
- Improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, food waste, as well as animal welfare

Cross-Cutting Objectives

Sustainability

Simplification

Modernisation

- Further improve sustainable development of farming, food and rural areas
- Ensure simplification and performance of CAP support
- Foster and share knowledge, innovation, digitalisation in agriculture and rural areas and encourage uptake

Direct Payments - Overview

Reduction of all direct payments
Above EUR 60 000 and capping at 100 000



To DP (primarily for redistributive income support for sustainability) and/or to RD

Coupled support

- Wide range of sectors (new: non-food products with potential to replace fossil material in the bio-economy)
- Up to 10% (+ 2 % for protein crops) of DP envelope, to be decided by MS

Complementary income support for young farmers

- Additional payment per hectare
- For young farmers who are set up for the 1st time

Eco-schemes

- For practices beneficial to environment and climate
- Requirements and amount per hectare to be determined by MS

Complementary redistributive income support for sustainability

- Additional amount per hectare
- not exceeding national average
- From bigger to smaller and medium-sized farms
- Amount(s) per hectare, ranges of hectares and max number of hectares to be determined by MS

Basic Income support for sustainability (BISS)

- Possibility for uniform rate per eligible hectare or differentiation by groups of territories facing similar socio-economic or agronomic conditions
- Minimum requirements (min. farm size)
- If with payment entitlements (PEs):
 - further internal convergence (no PE value < 75% average by 2026 at latest)
 - maximum value of PE

Round-sum payment for small farmers

- Round sum payment to be determined by MS
- Replacing all DPs
- Optional for farmers

Conditionality rules
Enhanced with regard to environment and climate



Definitions (specified by MS): Genuine farmers, young farmers, agricultural activity, eligible hectare, agricultural area (arable land, permanent crops, permanent grassland)



NEW ENHANCED CONDITIONALITY

Environment and climate

- Birds and Habitats Directives
- **Water Framework Directive**
- Nitrates Directive

GAEC Standards on:

- climate change
- water
- soil
- biodiversity and landscapes

Public, animal and plant health

- Animal Identification & Registration
- Pesticides authorisation Regulation
- **Directive on the sustainable use of pesticides**
- Hormones ban Directive
- General Food Law
- **Notification of diseases**

Animal welfare

- Directives for the protection of:
- Calves
 - Pigs
 - Animals kept for farming purposes

Farm advisory services

Conditionality
EU legislation on biodiversity, water, air and use of pesticides
Antimicrobial resistance
Risk management
Innovation support



DIRECT PAYMENTS

- Basic income support for sustainability
- Complementary redistributive income support for sustainability
- Complementary income support for young farmers
- Voluntary scheme for the climate and the environment
- Coupled income support

RURAL DEVELOPMENT

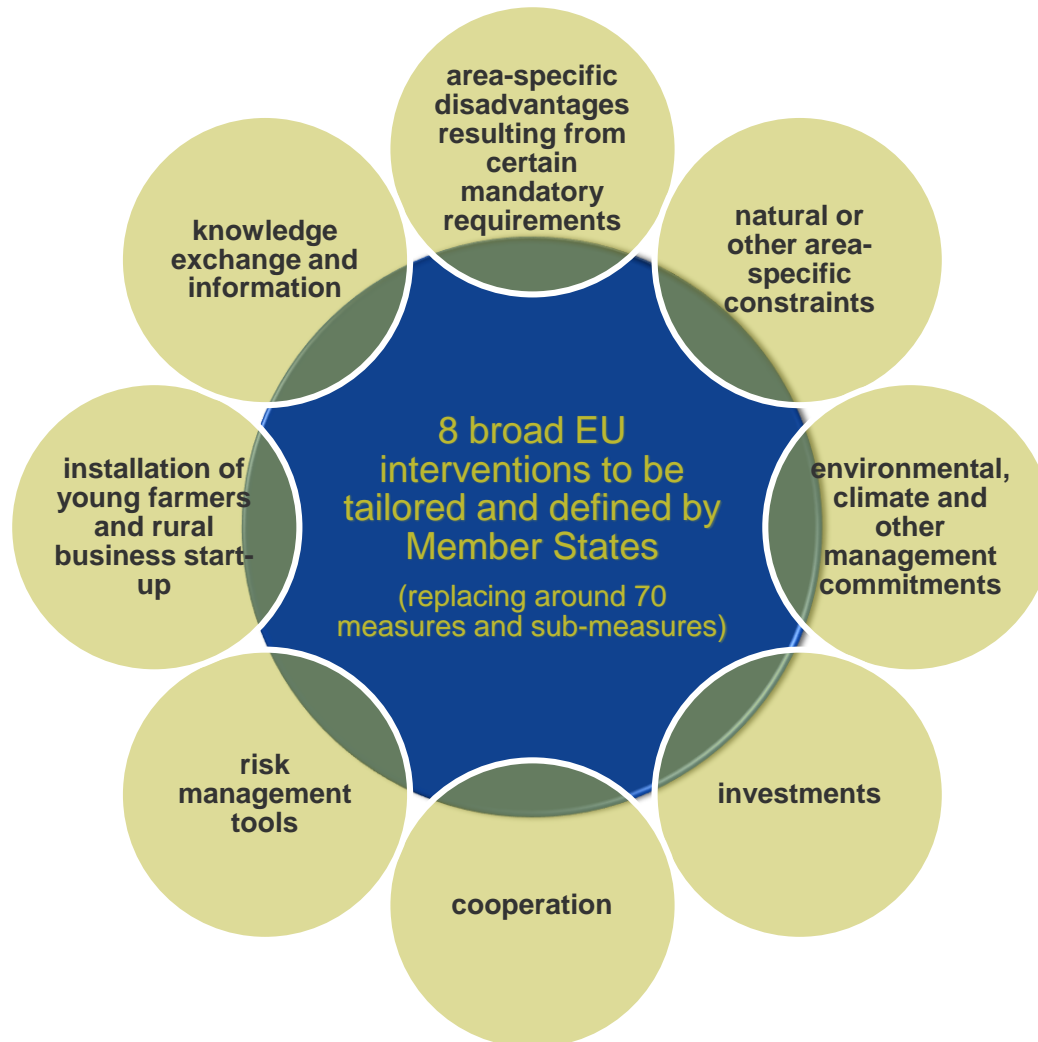
- Payments for environment, climate and other management commitments
- Payments for natural constraints
- Payments for area-specific disadvantages



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FUTURE OF RURAL AREAS



HIGHLIGHTS

Minimum budget ring-fencing of **total EAFRD** contribution:

- **30%** for interventions addressing the three environmental/ climate objectives
- **5%** for LEADER

Overview of the coordination, demarcation and complementarities between EAFRD and other EU funds in rural areas in the CAP Plan

Mandatory to programme risk management tools (no minimum budget requirements)

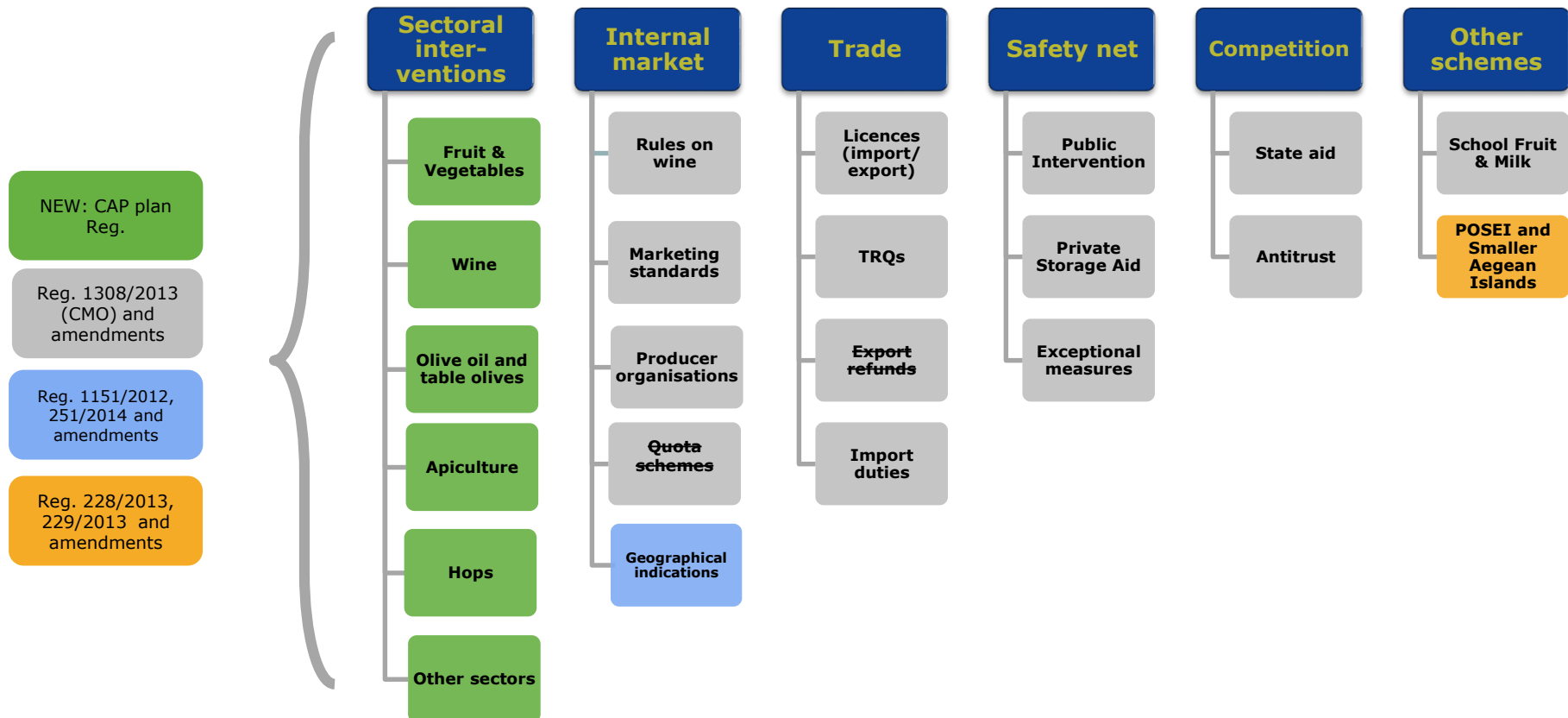
Possibility of using **financial instruments** (incl. working capital), also in combination with grants

Possibility to enhance **synergies with** and fund **LIFE projects** and **Erasmus-type exchanges for young farmers**

Increase of the **maximum amount of aid for the installation of young farmers** (up to EUR 100.000)



A Common Framework for Markets





CMO changes in a nutshell

Reg.
1308/2013
(CMO)

Reg.
1151/2012,
251/2014

Reg.
228/2013,
229/2013

CAP
Strategic
Plan Reg.

CMO instruments remain largely unchanged:

- Safety net (public intervention and private storage aid)
- Exceptional measures
- Marketing standards
- Farmers' cooperation
- TRQs, import duties
- State aid, etc.

Changes limited mainly to:

- Wine planting authorisations & marketing standards
- Geographical indications
- Budget allocations following the MFF proposal
- Obsolete provisions deleted (sugar quota, export refunds)
- Aid schemes moved to the CAP Strategic Plan Regulation (for f&v, wine, olive oil, hops and apiculture) & possibility extended to other agricultural sectors

CURRENT MARKET

Article 11

Products eligible for public intervention

| | |
|--------|---------------------------|
| Wheat | Beef/veal |
| Barley | Butter |
| Maize | Skimmed milk powder (SMP) |
| Rice | |

Article 12

Public intervention periods

Automatic buying-in at fixed price within ceiling for common wheat, butter, SMP *[beyond ceiling: by tender]*

Tender for durum wheat, barley, maize, paddy rice, beef and veal



SAFETY NET

Aid for private storage

Article 17

Eligible products

| | |
|-------------|-----------------|
| Sugar | Flax |
| Olive oil | Bovine meat |
| Cheese | Pigmeat |
| Butter, SMP | Sheep/goat meat |

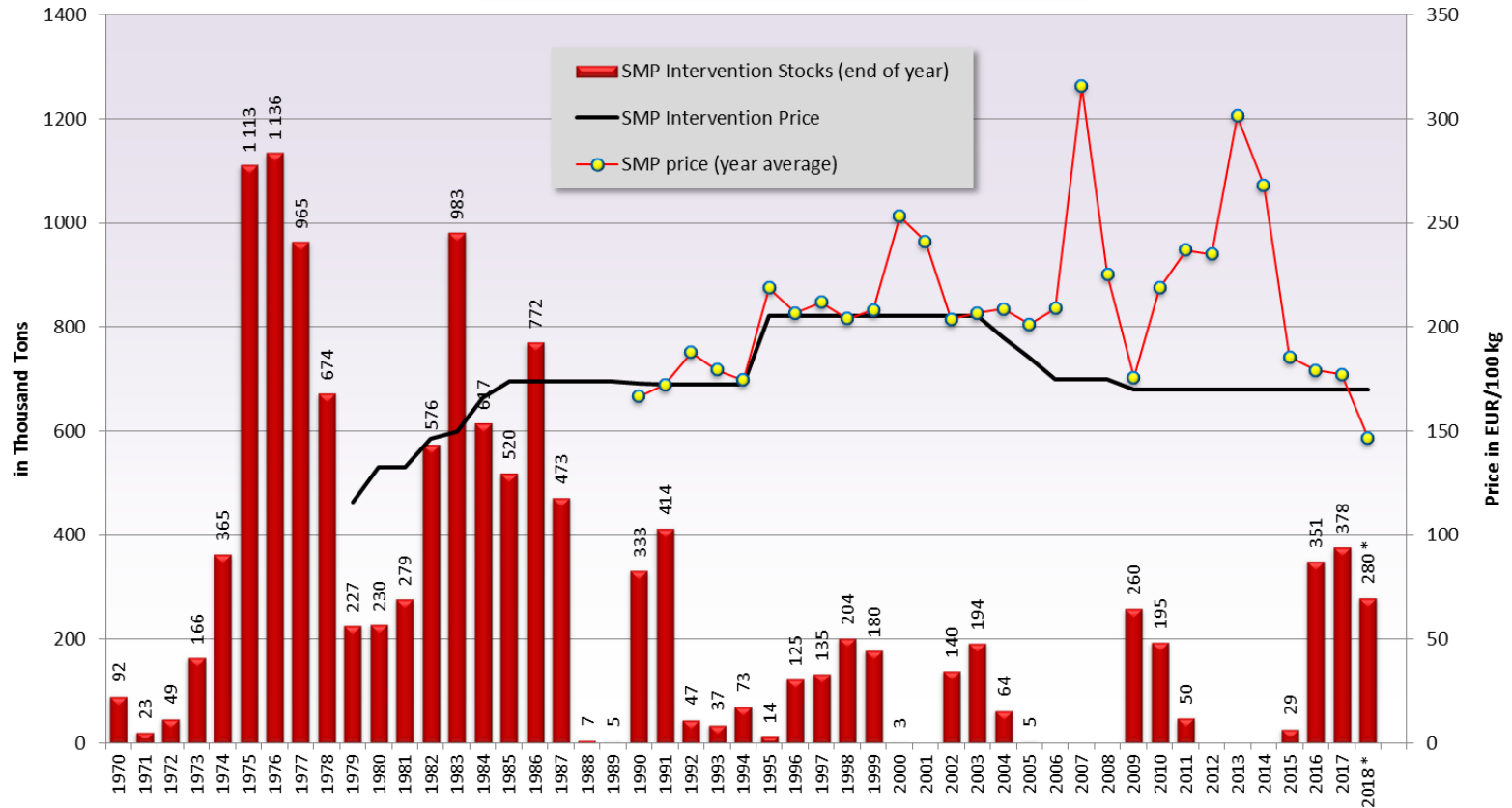
Official Journal
of the European Union



*[Opening tender procedure
or
fixing aid in advance]*

RECENT USE

Intervention stocks and prices of SMP



Source: Member States notifications to the Commission

*: up to September 2018

EXCEPTIONAL MEASURES

Commission direct action

Market disturbance (Art. 219)

Including threats of market disturbance

Significant price rises or falls - other disturbing circumstances

Likely to continue or deteriorate

if other CMO measures (safety net) appear insufficient

Specific problems (Art. 221)

Maximum 12 months (beyond = permanent → Delegated act)

If Arts. 219 & 220 measures not possible

Animal diseases, consumer confidence (Art. 220)

Trade restrictions (due to measures against animal diseases)

Or loss in consumer confidence (public, animal & plant health)

Co-financed, at MS request

Commission empowering stakeholders

Severe market imbalance (Art. 222)

farmers (and their associations),
recognised PO, APO, IBO joint action
on:

- market withdrawal / free distribution
 - transformation / processing
 - private storage
 - promotion
 - quality requirements
 - purchasing of inputs
 - temporary planning of production
- Time limited (6+6 months)
If market intervention / emergency measures already taken

Exceptional Measures

EXAMPLES OF RECENT USE

Measures against market disturbance (Art. 219 CMO)

- ✓ Private storage aid scheme for certain cheeses (not limited to PDO/PGI)
- ✓ Temporary exceptional aid to farmers in the livestock sectors
- ✓ Aid for milk production reduction

Specific problems (Art. 221 CMO)

- ✓ Increase biosecurity in PL pig farms (ASF)
- ✓ Floods in the Baltic States and FI

Measures concerning animal diseases (Art. 220 CMO)

- ✓ Exceptional support measures for the pig meat market (ASF)
- ✓ Exceptional support measures for the eggs and poultry meat sectors (Avian Influenza)

Competition exemption (Art. 222 CMO)

- ✓ Authorising agreements and decisions on the planning of milk



Section 7 of the CSP Regulation proposal: other sectors (1/2)

**An option
for MS
(not an
obligation)**

Objectives

- one or more to be chosen among: (a) production planning, (b) supply concentration, (c) R&D, (d) environmental friendly farming practices, (e) climate change mitigation, (f) quality improvement, (g) promotion, (h) crisis prevention

**Other
sectors
than f&v,
apiculture,
wine,
tobacco &
alcohol**

Interventions

- one or more to be chosen among: (a) investments, (b) advisory and technical assistance, (c) training, (d) organic production, (e) transport/storage efficiency, (f) promotion, (g) quality, (h) traceability/certification
- + for crisis prevention, one or more of the following: (a) mutual funds by POs, (b) investments, (c) collective storage, (d) orchards replanting, (e) market withdrawal, (f) green harvesting, (g) non-harvesting, (h) harvest insurance



Section 7: Other sectors (2/2)

Operational programmes

- Objectives & interventions implemented through operational programmes of recognised POs/APOs – min 3, max 7 years – linked to interventions chosen by MS – to be approved by MS – max 1/3 for crisis prevention

Operational funds

- POs/APOs may set up an operational fund partly financed by the Union

EU financial assistance

- max 50% of expenditure & 5% of the value of marketed production per PO/APO

Financial allocations

- Current envelopes cut by 3,9%, as for DP
- MS may decide to use up to 3% of their DP envelopes for interventions in other sectors
- MS may review their decision in 2023
- MS can shift up to 15% between DP and RD + 15% from DP to RD for climate and environment or + 2% for young farmers



FOCUS ON PERFORMANCE

Multi-annual approach for the whole CAP

COMMON OBJECTIVES

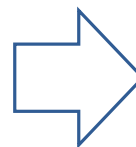
INDICATORS

TYPES OF INTERVENTIONS

Assurance

Annual Performance Clearance

Linking expenditure to output



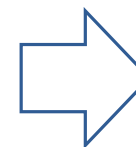
Common Output Indicators

Expenditure without outputs will not be eligible

Monitoring

Annual Performance Review

Checking progress towards targets



Common Result Indicators

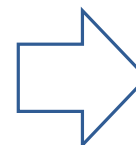
Actions to be taken if lack of progress towards targets

If actions not in place or not effective, payments may be suspended

Policy performance

Interim Evaluation

Assessing performance towards objectives



Common Impact Indicators



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A TENTATIVE OUTLOOK

2018 - 2019

Debate in the European Parliament and in the Council on the CAP proposals

Spring 2019

Possible agreement of the next MFF 2021-2027 by the Heads of States and Governments

Spring 2019

Possible adoption of the next CAP 2021-2027 by the co-legislators

May 2019

Elections of the European Parliament

Preparation of the CAP implementation

2021

Possible entry into force

THANK YOU!

Further information is available at:

- https://ec.europa.eu/commission/publications/factsheets-long-term-budget-proposals_en
- http://ec.europa.eu/budget/mff/index_en.cfm
- https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-common-agricultural-policy_en