



## **Reply to the Commission's Observation Letter on the proposal of the Republic of Slovenia for the CAP strategic plan 2023-2027**

Dear Mr. Commissioner, dear Janusz,

Slovenia wishes to thank the Commission for the observations on the proposal by the Republic of Slovenia for a CAP Strategic Plan 2023-2027 - CCI: 2023SI06AFSP001 (Ares (2022) 2417543 - 31/03/2022) and for the support provided during the structured dialogue so far.

Firstly, Slovenia would like to highlight that all stakeholders have been involved in preparing the CAP strategic plan. Thorough discussions during the public consultations have resulted in a balanced proposal of the CAP strategic plan, which emphasizes the ambition to address the objectives of the CAP reform and, at the same time, takes into account national specifics.

In the introductory part of the letter, the Commission points out that, in the light of the Russian invasion of Ukraine and the generalised commodity price surge and climate and environmental challenges, Member States should review their strategic plans in order to strengthen the EU's agricultural sector resilience, reduce dependency on synthetic fertilizers and scale up the production of renewable energy and transform production capacities in accordance with more sustainable production methods. Already during the preparation of the strategic plan, Slovenia placed special emphasis on the general objective of the CAP to promote a smart, competitive, resilient and diverse agricultural sector in order to ensure food security. We agree that more attention should be paid to the challenge of dependence on the import of synthetic fertilizers; therefore, Slovenia will cover this aspect in the implementation part of the strategic plan.

Slovenia is pleased that the Commission recognizes our efforts to strengthen agricultural supply chains, to promote producer cooperation in the agricultural sectors and the participation of producers in quality schemes, as well as to develop organic farming. Slovenia is also pleased that the Commission considers that the strategic plan shows the potential to contribute effectively to the general objective of fostering a smart, competitive, resilient and diversified agricultural sector, and that it welcomes the effort made in relation to young farmers and animal welfare.

However, Slovenia notes in all seriousness the Commission's critical observations regarding the contribution of the CAP strategic plan to the EU environmental and climate objectives and hence its standpoint that a higher overall ambition level is needed. In the process of planning, Slovenia put all efforts to enhance the current level of ambitions and is therefore convinced

that the strategic plan will bring positive changes. Compared to the current measures and funding under both CAP pillars, the funds will be increased, new interventions will be introduced under both pillars and the mandatory requirements under the conditionality will be more demanding. Slovenia is nevertheless aware that certain elements of the intervention logic, clearer goals and more targeted interventions are needed in order to reach the overall results of the strategic plan.

It is our opinion that the Commission, in its assessment, partially neglected certain important specifics of Slovenian agriculture, such as the small scattered land structure, predominantly difficult natural and topographic conditions and a proportionately high share of preserved natural eco-systems. Slovenia is facing a crucial breaking point of how to provide sustainable development, i.e. to preserve the environment, achieve climate goals, increase productivity, and maintain vital rural areas. This primary goal is in the focus of the strategic plan. Given that Slovenia is still a biodiversity “hotspot” of Europe, the CAP strategic plan strives for preserving and, where necessary, improving the biodiversity, but without hindering the much needed development of agriculture, without endangering food production in Slovenia and, at the same time, preserving the potential of agricultural land. Our goal is sustainable agriculture, which should enable the survival of agricultural holdings. At this moment, we cannot allow to slide into uncontrolled extensification and the loss of production potential.

Concerning the elements of the green architecture, the Commission is rather critical about conditionality. Our starting point was that necessary steps for achieving environmental and nature conservation goals were made and that flexibilities when setting the requirements are justified, including the use of the threshold of 10 ha. Furthermore, Member States may aim at a higher overall ambition by focusing on interventions under both pillars. In relation to crop rotation and the threshold under GAEC 7, a relatively high number of agricultural holdings and highly fragmented agricultural parcels in Slovenia indicate that smaller farmers already apply crop rotation and crop diversification annually and per agricultural parcel. Smaller farmers, as a rule, are producing for own production and hence cultivate different crops in the same year. In relation to GAEC 8 for maintenance of non-productive features and area, it is worth mentioning that the threshold of 10 ha is a step forward compared to the current threshold of 15 ha. Due to the current situation, it would even be appropriate to consider raising the threshold.

Regarding GAEC 9, Slovenia is committed to protect environmentally sensitive permanent grasslands in Natura 2000 sites. However, it is our opinion that, taking into account all the elements of sustainability, it is irrational to designate all permanent grasslands in Natura 2000 areas as environmentally sensitive. Namely, the share of Natura 2000 areas in Slovenia is high (23 % of agricultural areas), while the share of arable agricultural areas per capita is among the smallest in the EU. The Slovenian public opinion and agricultural stakeholders are sensitive towards the questions of local food security, which is even more evident due to the Ukrainian war. It is therefore our belief that, in those circumstances, it is not appropriate to expand the existing layers of environmentally sensitive permanent grassland (almost 30% of grasslands in Natura 2000 areas).

As regards Natura 2000 areas, Slovenia believes that non-mandatory interventions are the most appropriate for biodiversity and that our approach to gradually start implementing Natura

2000 payments on most critical areas is reasonable. We believe that this is an important step forward, which we will be able to strengthen in the following programming periods.

The Commission also requests to improve in the strategic plan some eco-schemes and revise the levels of payments of some interventions. When defining the eco-schemes, our aim has been to offer to farmers generally accessible and simple schemes without excessive administrative burden. We assessed that this is appropriate in view of the structure of agriculture in Slovenia. During the negotiations on the CAP reform, we understood that the legal framework allows the eco-schemes to be set up to maintain the current favourable situation. With the proposed measures, we would like to cover a significant share of agricultural land and keep it in an environmentally and nature-friendly condition, while maintaining and sustainably developing the mosaic landscape of Slovenian countryside, which is a source of biodiversity and contributes significantly to ecosystem services.

One of the most exposed and frequently mentioned comments refers to the climate component of the strategic plan. After carefully examining the comments of the Commission and all binding documents in the field of climate and energy, Slovenia agrees that the strategic plan should be further strengthened in the direction of reducing GHG and ammonia. Our aim is to improve the SWOT analysis and intervention logic and to upgrade the content of the measures in the direction of e.g. a more targeted support, more detailed and elaborated eligibility conditions/restrictions for obtaining funds (e.g. in the field of manure storage facilities, for building/rebuilding of stables, energy production from RES, energy efficiency, etc.), more efficient nitrogen management and the promotion of crop production in lowland areas. We believe that the strategic plan already contains a number of instruments that lead in this direction (with eco-schemes, AECM, animal welfare and investment support as well as knowledge transfer and advisory measures), but that it makes sense to further tighten these measures, interlink them and strengthen in substance.

Compared to the measures of Pillar I and II in the current programming period, the strategic plan largely addresses the issue of climate change in agriculture, which is reflected in eco-schemes, agri-environmental and climate-related measures (AECC) and also in certain investment supports. Please note that this national target takes into account the relatively small share of agricultural land in Slovenia and the potential implications for food security.

With regard to the contribution to and consistency with Green Deal targets, Slovenia fully understands the urgency of the targets and also the process that the Commission is obligated to do in order to assess the effort and ambition of Member States to address the overall ambition. Slovenia wishes to reassure the Commission that the objectives of the Green Deal have been taken into account when designing different interventions under the green architecture. For example, banning or limiting the use of fertilisers and plant protection products as well as encouraging the use of alternative plant protection methods. However, the necessity of access to alternative products for assuring plant health (on Slovenian market) is not to be neglected and all care must be directed towards maintaining the competitiveness of Slovenian agriculture. National values for all Green Deal targets are not defined in the CAP strategic plan, because this is not mandatory and, above all, it is difficult to set these targets properly at this stage. Nevertheless, appropriate steps in that direction will be made.

With regard to the Commission's comments on the redistribution strategy, Slovenia remains confident that the use of derogation is justified and hence further clarifications, including data, will be provided.

In relation to fast broadband in rural areas, Slovenia is aware that it is one of the basic preconditions for the development of the countryside. Based on the experience of the implementation of broadband internet support and the agreement between the relevant ministries, Slovenia has decided to fully finance broadband support under cohesion policy on the basis of the Partnership Agreement for the 2021-2027 programming period and the Recovery and Resilience Plan. This should ensure 100 % coverage of the Slovenian countryside with broadband connections. We believe that such an approach is fully in line with the EU's Long-Term Vision for Rural Areas and Commission's recommendations to fully harness the potential of all the EU funds available. In line with subsidiarity, Slovenia decided to go in the direction that broadband in rural areas will be financed from other EU funds and asks the Commission for consistency when considering and approving various strategic and program documents for Slovenia.

We are convinced that, with the proposed structure and approach of the strategic plan, we have taken an important step towards achieving the CAP goals and that no major intervention in the structure of the strategic plan or in the relationship between interventions is required. We would like to emphasize that, in drawing up the plan, a fundamental consensus has been reached between the key stakeholders and it would not make sense to endanger this balance more radically than strictly necessary. However, we will try to follow the Commission's recommendations and, with all sensitivity but also precision, improve certain elements, including in response to the Ukrainian crisis, which has highlighted the strategic role of EU agriculture for food security. To the greatest extent possible, we will provide additional or better explanations and data.

Finally, we would like to thank the Commission for its readiness to address outstanding issues in the technical meetings in the coming weeks and months, with a view to receive Commission's approval of the strategic plan as soon as possible. We will also send additional explanations and information of key importance for further cooperation.

We would again like to ask the Commission to take into account the specifics of Slovenia when assessing the strategic plan.

Dr. Jože Podgoršek  
minister