

EU Budget: the CAP after 2020



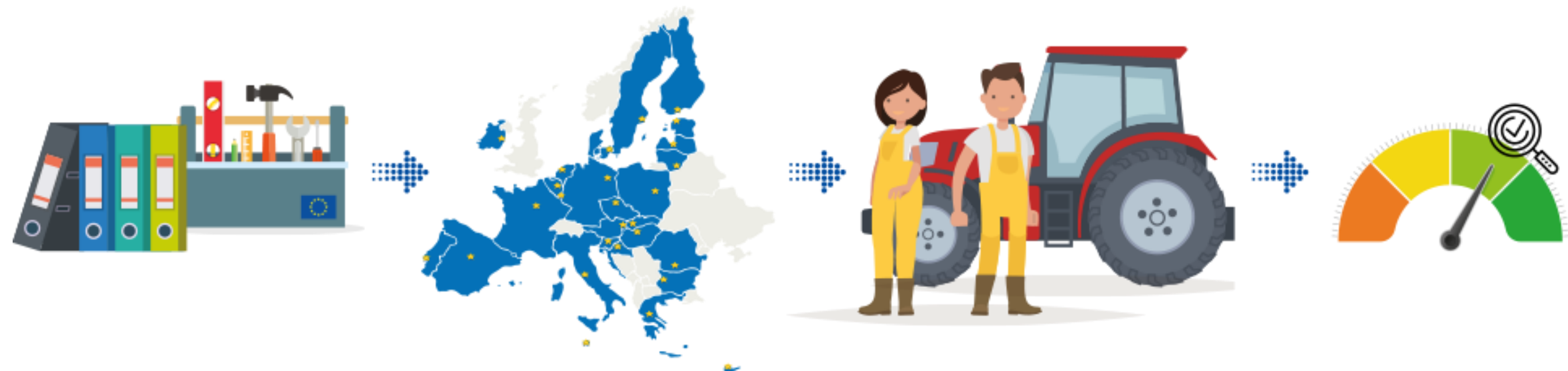
MODERNISING & SIMPLIFYING THE COMMON AGRICULTURAL POLICY
TARGETED, FLEXIBLE, EFFECTIVE



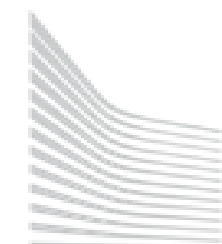
A STRONG BUDGET
FOR A STRONG CAP

Sofia

4 June 2018



#FutureofCAP



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THE CAP IN THE MFF CONTEXT

Continuity within new EU priorities in a post-BREXIT MFF

- A 5% cut in expenditure, but a more targeted approach to improve efficiency and performance
- The "C" in the CAP remains strong, implies a better sharing of responsibilities between EU and MS
- Better link to other policies (esp. environment, climate, research, health) improves mutual efficiency

Main changes in the CAP

- Stronger environmental/climate ambition with conditionality, eco-schemes and strategic plans
- Specifying the objectives that add EU value render the CAP more sustainable, simpler and modern
- Better targeting of support improves synergies between the economy and the environment

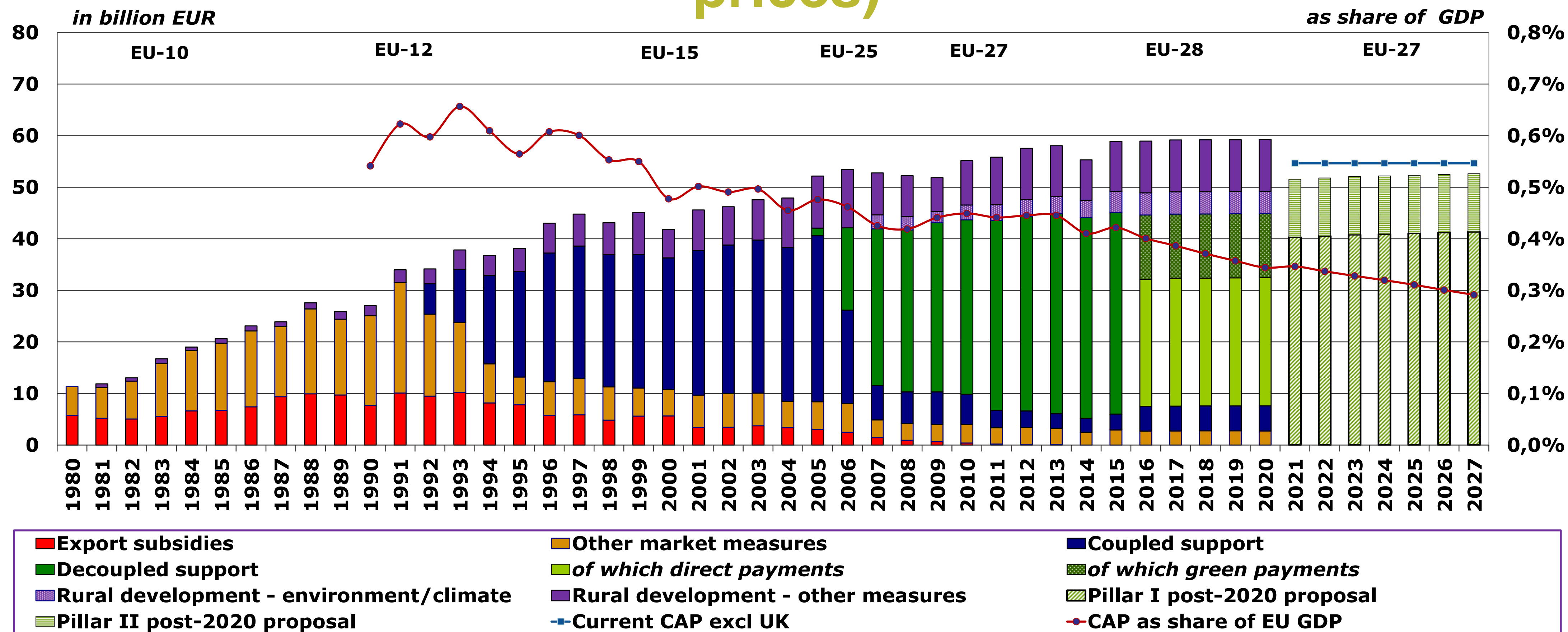
Main expected impact from changes

- Stronger reliance on research, knowledge transfer and digital economy to modernise CAP and sector
- A needs-based approach increases subsidiarity and flexibility to promote common EU objectives
- The CAP shift from compliance to performance parallels MFF shift towards more focus on incentives





HOW MUCH: CAP BUDGET IN PERSPECTIVE (current prices)



Source: EC-DG AGRI.

Note: Budget figures are actual until budget year 2016, programmed from 2017-2020, and based on the MFF proposal for 2021-2027.



WHAT FOR: THE NEW ARCHITECTURE OF CAP

Policy Objectives

- Foster a smart and resilient agricultural sector ensuring food security
- Bolster environmental care & climate-action and contribute to the relevant EU objectives
- Strengthen the socio-economic fabric of rural areas

Specific Objectives

Economic

- Support viable farm income and resilience throughout the territory
- Enhance competitiveness and market orientation
- Improve farmers position in value chains

Environment & Climate

- Contribute to climate change mitigation and adaptation
- Foster sustainable and efficient management of resources
- Preserve nature and landscapes

Social

- Attract new farmers, facilitate business development & generational renewal
- Promote employment, growth and local development and address poverty in rural areas
- Address societal demands on food and health, food waste, and animal welfare

Cross-Cutting Objectives

Sustainability

- Enhance sustainable development of farming, food and rural areas

Simplification

- Address simplification and policy performance

Modernisation

- Foster knowledge, innovation, digitalisation in agriculture and rural areas



WHAT FOR: PRIORITIES OF THE FUTURE CAP

Strengthening environment and climate action

- *EU sets wide objectives and list of available types of intervention on air, water, soil, biodiversity*
- *MS Strategic plans define the pertinent actions to meet EU objectives based on MS specific needs*
- *Farmers apply for schemes and comply with stringent environmental criteria defined by EU/MS*

Better targeting of support

- *DPs provide an important safety net for farm income lagging behind the rest of the economy*
- *Better targeting of income support improved with internal convergence and redistributive payments*
- *Fairer distribution is improved with digressive cuts above 60 000 € and capping at 100 000 €*

Relying more on knowledge, innovation and technology

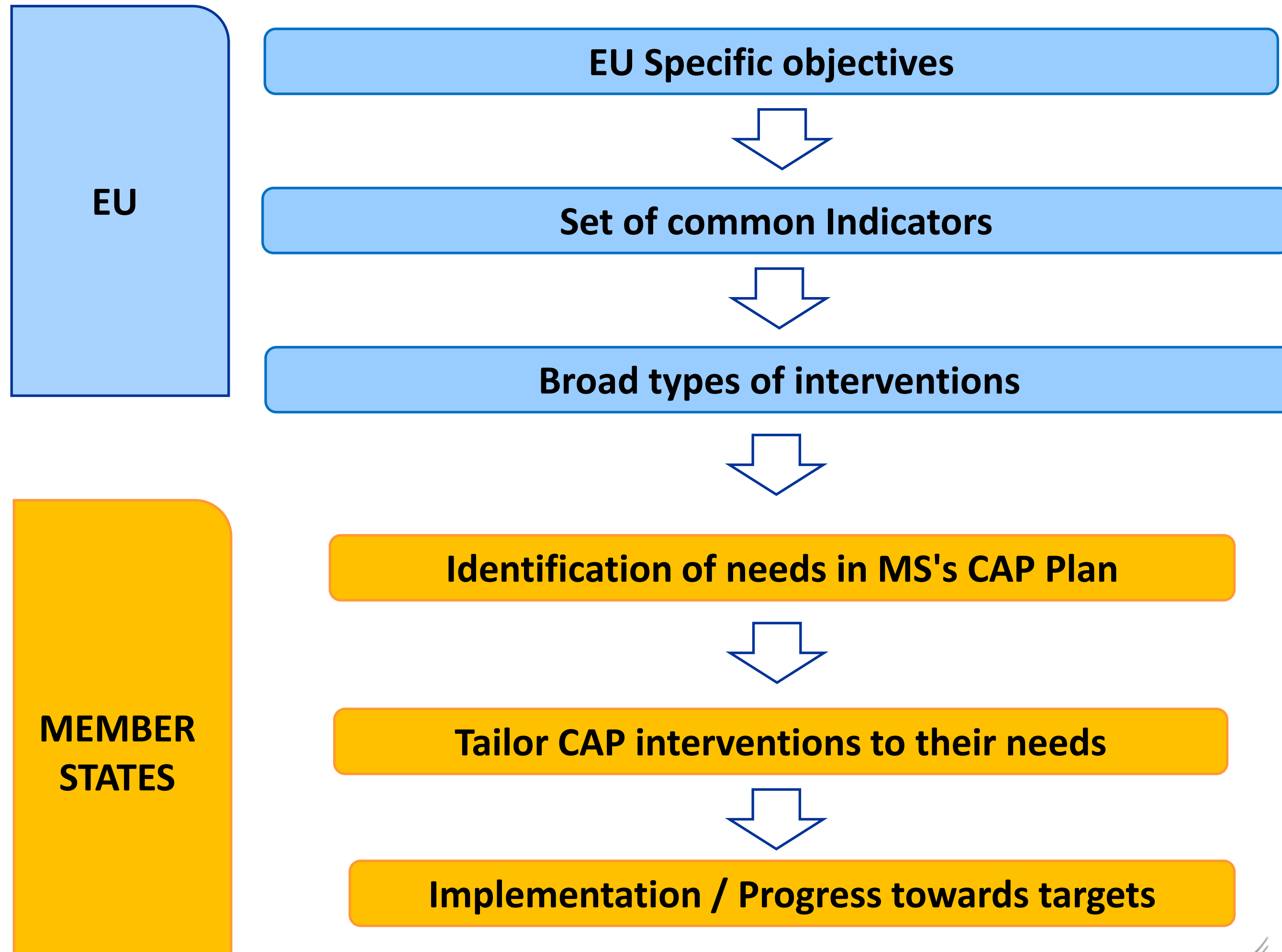
- *A better link of what we know to what we grow would promote the use of smart agriculture*
- *Anticipating future knowledge needs promoted with more funding for research to address them*
- *Exchange and knowledge transfer relies more on improved functioning of the FAS/EIP Systems*



The CAP shift towards performance



HOW: THE NEW DELIVERY MODEL OF THE CAP





FOCUS ON PERFORMANCE

Multi-annual approach for the whole CAP

COMMON OBJECTIVES

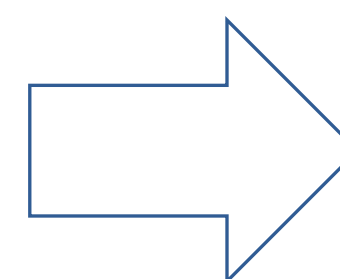
INDICATORS

TYPES OF INTERVENTIONS

Assurance

Annual Performance Clearance

Linking expenditure to output



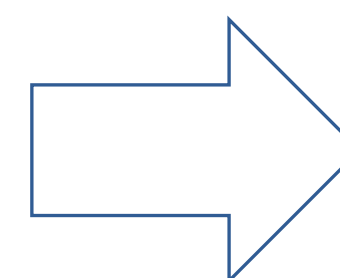
Common Output Indicators

Expenditure without outputs will not be eligible

Monitoring

Annual Performance Review

Checking progress towards targets



Common Result Indicators

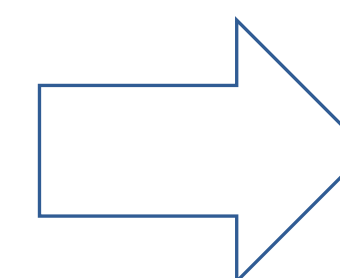
Actions to be taken if lack of progress towards targets

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

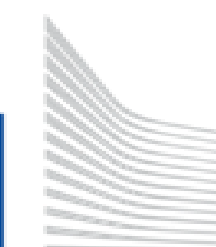
Policy performance

Interim Evaluation

Assessing performance towards objectives



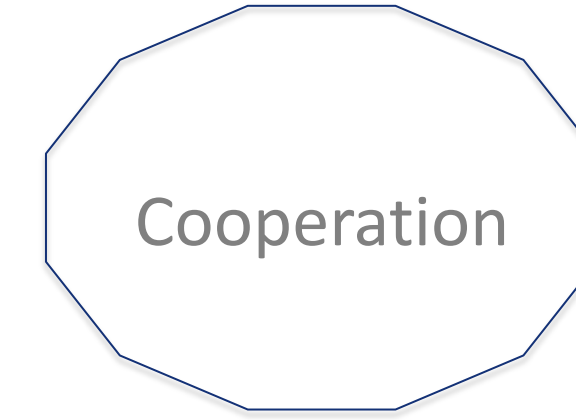
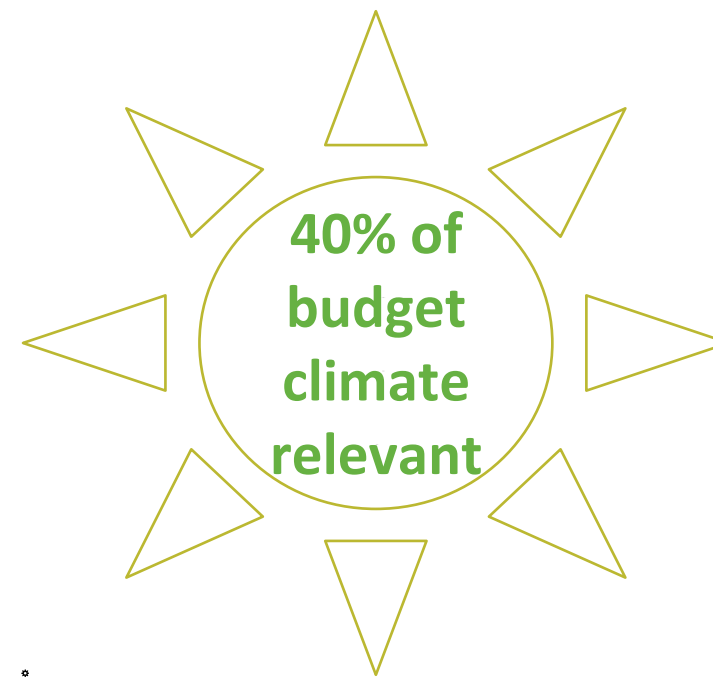
Common Impact Indicators



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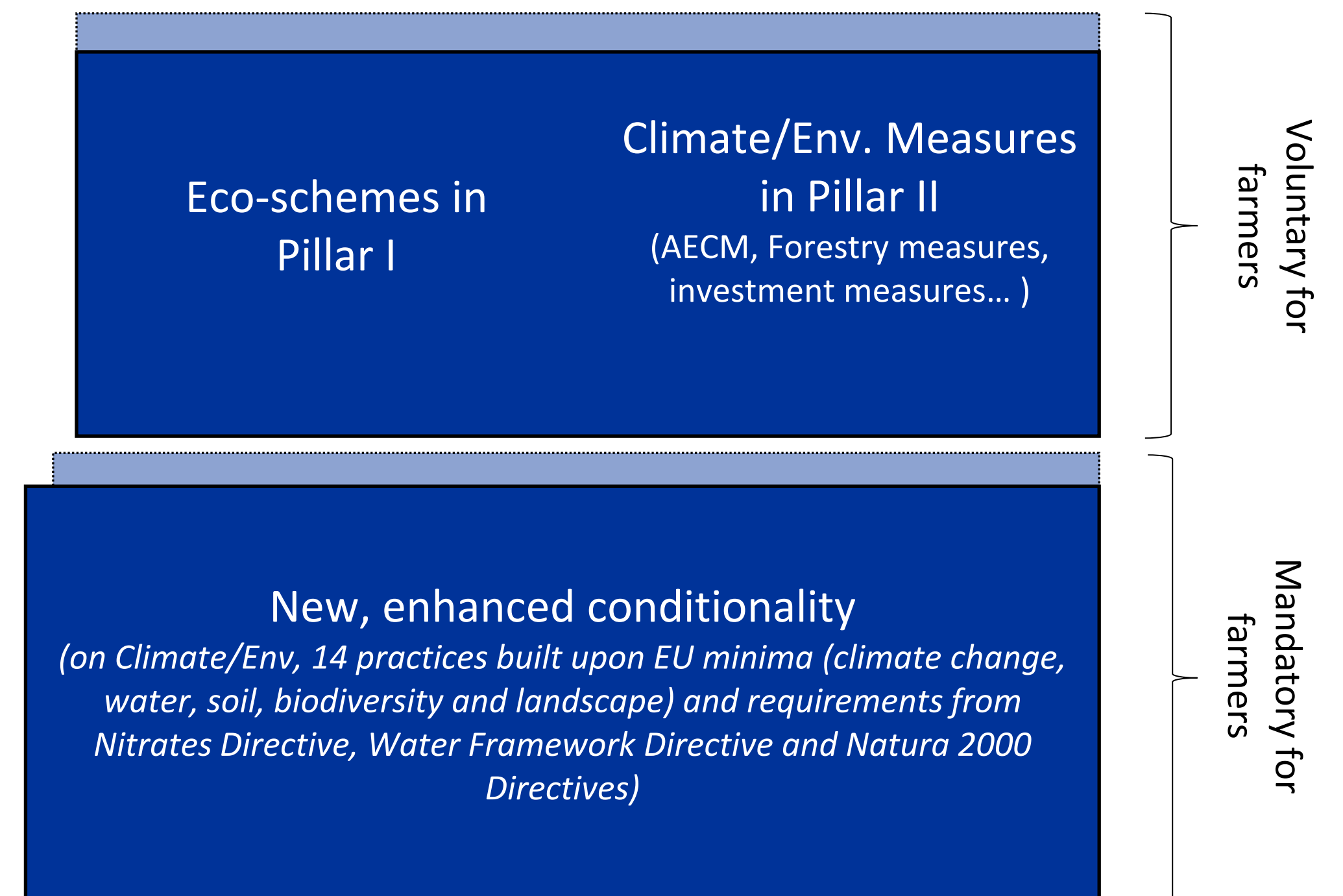
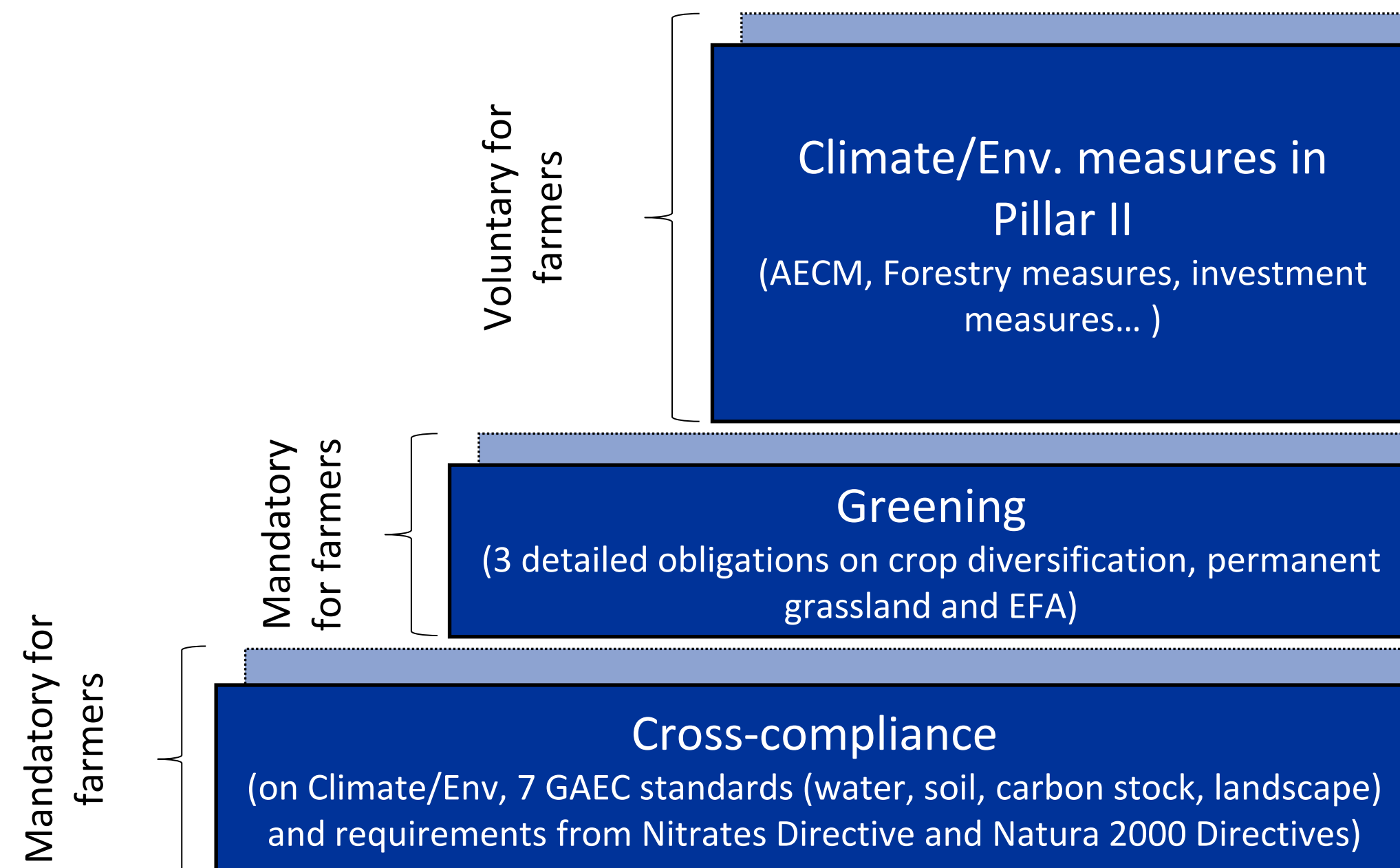
HOW: THE NEW GREEN ARCHITECTURE OF THE CAP



Current architecture

Level of
requirement

New architecture





ENVIRONMENT/CLIMATE: TOOLBOX

- **Conditionality** (improved cross-compliance + greening):
 - New requirements (e.g. protection of carbon-rich soils)
 - Improvements to existing requirements (e.g. crop rotation instead of crop diversification)
 - MS decide detail, but need Commission approval in CAP plan
- **Pillar I "eco-schemes"** - new schemes for environment/climate funded from direct payments budget
 - Mandatory for MS; voluntary for farmers; wide range of content possible
 - Differences from Pillar II payments for management commitments: annual rather than multi-annual commitments; no national co-financing; different methods of premium calculation possible
- **Full range of relevant Pillar II support retained:**
 - Area-based payments (e.g. for management commitments, region-specific disadvantages)
 - Eco-friendly investments (e.g. in resource efficiency)
 - Knowledge transfer (e.g. one-to-one advice over climate change)
 - Innovation (e.g. in adapting precision farming techniques to new contexts)
 - Co-operation (e.g. in organising sustainable supply of farm waste for energy production)



ENVIRONMENT/CLIMATE: HIGHER AMBITION

- **CAP specific objectives:** 3 out of 9 concern the environment/climate
- **"Whole CAP" approach:** conditionality details + environment-relevant Pillar I and Pillar II interventions all planned together in CAP plans
- The **new conditionality** will combine and improve aspects of *cross-compliance and greening*
- **Links to non-CAP legislation on environment and climate:** CAP plans to take account of analysis, objectives and targets from list of other legislation
- **"No backsliding":** legal obligation on MS to raise ambition on environment and climate compared to current period
- **Ring-fencing:**
 - MS to spend at least 30% of EAFRD budget on interventions directly targeted at environment and climate change (ANC payments no longer included)
 - 40% of total CAP spending (EAGF + EAFRD) to be relevant to climate change (primary & secondary relevance)
- **Better toolbox:** new tools, improvements to existing tools

Conditionality rules

Climate & environment

- 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

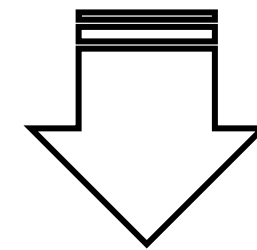
Animal welfare

Directives for the protection of:

- Calves
- Pigs
- Animals kept for farming purposes

Farm advisory services

Conditionality
Antimicrobial resistance
Risk management
Innovation support

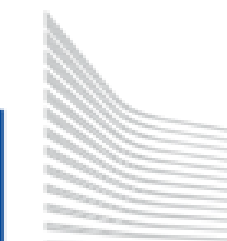


Direct payments

- 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 direct payments

Rural Development

- Payments for environment, climate and other management commitments
- Payments for natural constraints or other region-specific constraints



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Farm advisory services

New elements

- All rural development measures
- Information on financial instruments and business plans (included in CAP Plans)
- Clean Air Directive
- National Emission Ceiling Directive
- Animal Health Law
- Plant Health Law
- Practices against anti-microbial resistance
- Risk management
- Innovation support (in link with EIP)
- Development of digital technologies

Elements remaining (more or less) the same

- All SMRs and GAEC under conditionality
- Management requirements of land (for direct payments)
- Water Framework Directive
- Directive on the sustainable use of pesticides



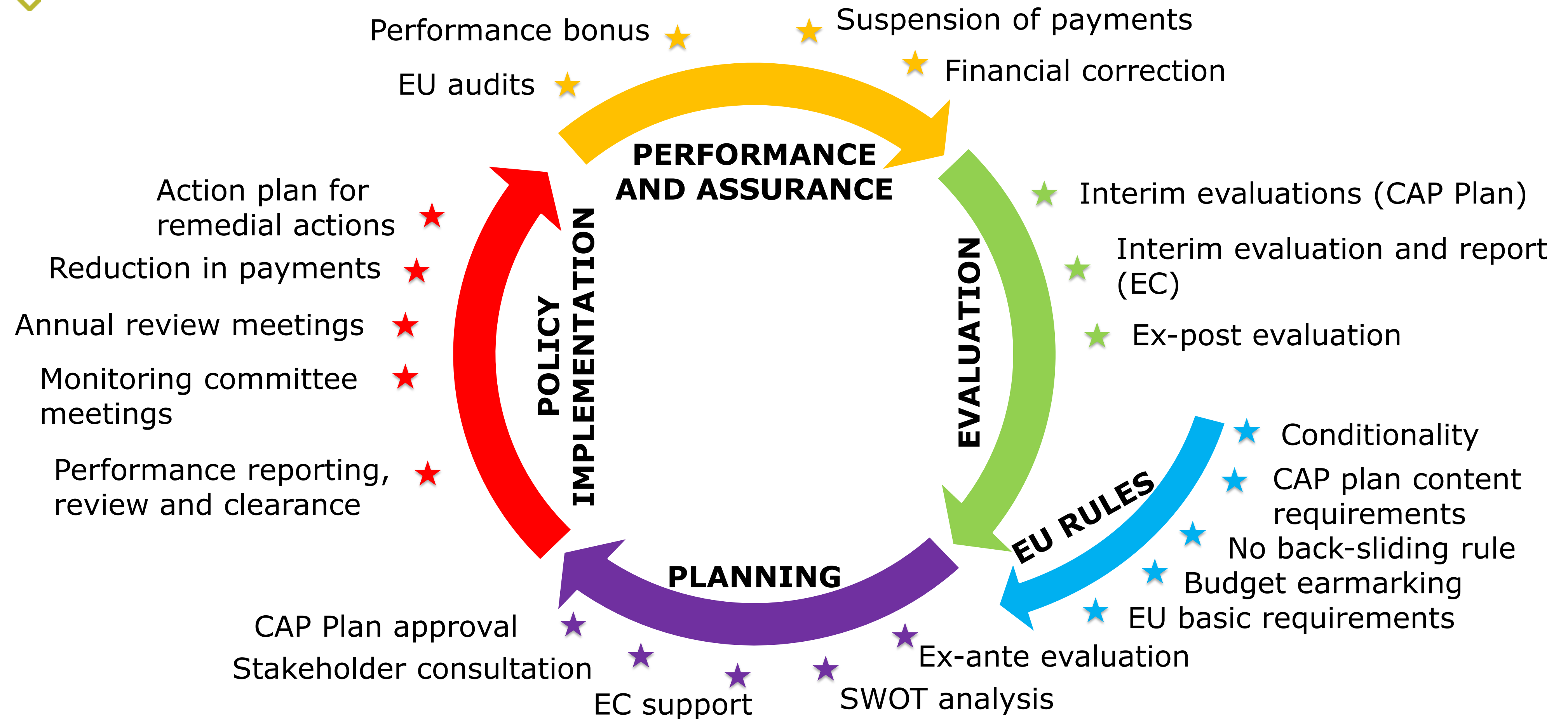
FOR WHOM: A FAIRER AND MORE TARGETED DISTRIBUTION

- **Reduction** of all direct payments **above EUR 60 000 and capping at 100 000**
 - taking into account salaries and labour costs
- Complementary **redistributive income** support for sustainability
- Additional amount per hectare, **shift from bigger to smaller and medium-sized farms**
- Complementary income support for **young farmers**
- **Convergence** of income support **within Member States:**
 - no payment entitlement with a value < 75% of the average (by 2026 at latest)
 - maximum per entitlement
- **Convergence between Member States:**
 - for all Member States with direct payments below 90% of the EU-27 average, the gap between their current level and 90% of that average will be closed by half over 6 years





THE CAP CYCLE SAFEGUARDS





THE FUTURE CAP PRIORITIES AT A GLANCE

- *Simplification and modernisation of the CAP*
- *Support to the development of a knowledge-based agriculture*
- *Higher ambitions on environment and climate*
- *A fairer and more effective distribution of support across MS and farmers*

REPORTS AND MORE INFORMATION AVAILABLE AT:

MFF Material

https://ec.europa.eu/commission/publications/factsheets-long-term-budget-proposals_en

http://ec.europa.eu/budget/mff/index_en.cfm

CAP legislative proposals

https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-common-agricultural-policy_en

Thank you for your attention!

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