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NOTE

From: Presidency

To: Special Committee on Agriculture / Council

Subject: Debate on the CAP post-2020 on the basis of the Commission Communication on The Future of Food and Farming
- *Council exchange of views*

I. INTRODUCTION

The Commission adopted its Communication on 29 November 2017 (doc. 14977/17). In addition, on 18 December 2017, the Commission services published background papers on the economic, socio-economic and climate and environmental challenges facing EU agriculture and rural areas.

The Commission presented the Communication and Ministers gave their initial reactions at the Council meeting on 11 December 2017.

II. BACKGROUND AND QUESTIONS FOR MINISTERS

1. The CAP is a mainstream EU policy, which is relevant not only to 7 million European farmers but also to 44 million people in the EU who depend on the wider food sector for employment, as well as to 500 million European citizens for whom food security is ensured. It guarantees that rural areas, which are home to 55% of EU citizens, stay economically viable and are not abandoned. It delivers the standards of food safety and quality and animal health and welfare that EU citizens expect. It protects water, soil, biodiversity and landscape and provides tools to mitigate and adapt to climate change. Recognising the added value provided by the CAP in its long history, at the 2017 EU Agricultural Outlook Conference in Brussels, Commissioner Hogan stressed that "*there is widespread support for the Common Agricultural Policy*" and that "*the majority of people believe that farmers need direct income support to maintain our European food security and that agricultural policy should deliver more benefits for our environment and climate*".

On this line, the Commission's Communication of 29 November emphasises the CAP's added value and highlights further international, societal and environmental challenges that the future CAP is expected to face. They include, for instance, the promotion of healthier diets and the reduction of food waste, the increasingly global dimension of the policy and its interconnection with cross-border phenomena (e.g. migration). In this sense, the post-2020 CAP is expected to reflect an even higher level of ambition, particularly in environmental terms, and to respond to citizens' expectations of sustainable and multifunctional agriculture.

Societal concerns and future challenges were also highlighted by Commissioner Oettinger during his speech at the 2017 EU Agricultural Outlook Conference, when he called for appropriate counter-arguments to address criticism of the CAP raised in public debates, particularly concerning an allegedly too high level of support to farmers, excessive bureaucracy, aid to big farms, sustainability of agricultural production, animal welfare and relationship between agriculture and development policy. Such counter-arguments should also confirm the added value of the policy, particularly *vis-à-vis* other policy areas (e.g. border protection, migration, research, defence, etc.).

While addressing the CAP Treaty objectives, the Commission believes that the future policy should be smarter and more sustainable in the light of the important challenges the EU is facing and its international commitments (such as the Paris Agreement on climate change and the UN Sustainable Development Goals). The Communication identifies the following three main objectives for the future CAP:

- to foster a smart and resilient agricultural sector: the Communication stresses the role of Pillar I interventions and requires direct payments to be simplified and better targeted. At the same time, it advocates more investments in farms and the adoption of appropriate risk management tools to improve farmers' resilience and resistance to crises;
- to bolster environmental protection and climate action: the Communication envisages an ambitious CAP with a clear commitment to the delivery of environmental public goods. This would be possible by making direct payments conditional to environmentally-friendly practices and by replacing the current "greening" architecture with an integrated but flexible approach, in which Member States would have an enhanced role in target setting;
- to strengthen the socio-economic fabric of rural areas: the Communication acknowledges the structural problems of many EU rural areas and calls for a greater contribution of the CAP in fostering new rural value chains (clean energy, bio-economy, circular economy, etc.), investing in connectivity and basic services and promoting growth and employment in rural areas. Special attention is drawn to young farmers and the importance of enhancing generational renewal in the agricultural sector.

In addition, the Communication states that EU specific objectives are to be set by the Union that will fulfil the EU Treaty obligations, but also the already agreed objectives and targets on the environment, climate change (COP 21), and a number of the SDGs. The definition of objectives at EU level will be crucial, as it will determine further programming and targeting at national level, in light of the proposed higher future level of subsidiarity.

In light of such a plan for a highly ambitious and effective CAP, many Member States already stressed during the AGRI/FISH Council of 11 December 2017 the need for an adequate level of funding, in order to allow the policy to fulfil its objectives and to respond to future challenges and expectations.

Question for Ministers

1 - How can we ensure continued and enhanced added value of the CAP for farmers, rural communities and citizens after 2020? What would be the key objectives that we should set at EU level in order to achieve that?

2. The Commission considers that the future CAP should be simpler and recommends a shift from a compliance-based to a result-driven policy, suggesting a "new delivery model" focused on objectives and results in which basic policy objectives would be set at EU level while Member States' latitude as to how to achieve them would be increased.

The Commission proposes that Member States bear greater responsibility for the design of the policy and more flexibility for its implementation. This would allow greater account to be taken of local conditions and needs, measured against defined objectives and targets. At the same time, Member States' accountability for the achievement of results would be enhanced. On the one hand, the key policy objectives and basic policy parameters would be set at EU level, thus ensuring the common character of the policy and avoiding "re-nationalisation" of the CAP (as confirmed several times by the Commission); on the other hand, Member States would be able to define how they meet the objectives and the agreed targets and able to tailor the CAP interventions and to model the applicable compliance and control framework to the beneficiaries. In particular, the Communication suggests that Member States define their policy choices in a structured process that would lead to the elaboration of a CAP strategic plan, covering interventions under both pillars and ensuring policy coherence within the future CAP and with other EU policies. The strategic plans would focus on the objectives and expected results at national/regional level and leave sufficient room for Member States and regions to address their specificities.

The Commission argues that a greater level of subsidiarity would make the CAP simpler, more effective, efficient and user-friendly, would respect the diversity of farming practices, environmental conditions and local needs across Member States and regions, and would improve the delivery of EU objectives and allow it to respond to future challenges in a more targeted manner.

Shifting responsibilities in policy planning and implementation are key to the debate on the future of the CAP. The proposed concept of the Commission on increased subsidiarity is based on the premise that this would allow for simplification and more result orientation. It is important that Ministers exchange more in depth on how to minimize the risks and maximise the benefits of a CAP based on increased subsidiarity and to define what we need to continue to do at EU level and what we could do better the national or sub-national level. In the AGRI/FISH Council meeting of 11 December 2017 many Member States already made it clear that, in their opinion, more subsidiarity should not lead to re-nationalisation, co-financing of the first pillar and reducing the level-playing field and the internal market integration. More generally, the level of the greater subsidiarity proposed, as well as the "boundaries" between EU and national responsibilities, will be determined in the legislative texts for the future CAP and they are thus open for discussion and exchange of views.

Question for Ministers

2 - What should be the adequate level of the proposed increase in subsidiarity for the different policy instruments (i.e. direct payments, market measures, environmental elements, rural development) in order to maintain the common character of the CAP while allowing Member States flexibility?

Do you consider the proposed Strategic plans an adequate instrument to implement the increased level of subsidiarity and what would be the essential parameters for it to fulfil this role?

In accordance with Article 8(2) of the Council's rules of procedure and taking into account the importance of the matter and its interest to citizens, the Presidency proposes that it be a public debate.

To prepare the exchange of views at Council, at the SCA meeting on 22 January the Presidency will invite delegations to comment on the proposed questions and also to give their preliminary views on them.
