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To: Special Committee on Agriculture / Council
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Subject: Regulation on CAP Strategic Plans
- *Preparation of the Council debate on the environmental and climate-related aspects of the post-2020 CAP*

In preparation for the "Agriculture and Fisheries" Council on 15 July 2019, delegations will find in the Annex a discussion paper from the Presidency on the abovementioned subject, including two questions to steer the ministerial debate.

Presidency discussion paper on the environmental and climate-related aspects of the post-2020 CAP

The world is facing major environmental challenges including in particular climate change, loss of biodiversity and the degradation of natural resources such as air, water and soil.

As a sector covering around 40% of the EU territory, **agriculture** plays an important role in addressing these challenges. This role is also underpinned by the sector's close interdependency with the environment and climate. Agriculture's influence on the environment and climate is multifaceted: while being, for instance, responsible for 10 % of the EU's greenhouse gas emissions, farming constitutes an important natural carbon sink. On the other hand, agriculture and the natural resources on which it also depends, are strongly impacted by climate change-driven weather extremes. For instance, the consequences of severe droughts seriously affected farmers in recent periods, not only in countries traditionally exposed to this type of extreme weather conditions. Such weather extremes are forecasted to increase in both frequency and intensity. Preserving the environment and the climate hence contributes to safeguarding farmers' production conditions and incomes.

On 1 June 2018, the **Commission proposed a reform of the Common Agricultural Policy (CAP)** for the period after 2020. The Commission has made it clear several times that the increase of environmental and climate ambition is one of its main CAP reform priorities. To this end, the current greening measures and cross-compliance scheme would be merged into an "**enhanced" conditionality**", representing a higher and broader "baseline" to be complied with to receive payments under the CAP. This would be complemented by eco-schemes funded under Pillar I and agri-environment-climate as well as other types of interventions under Pillar II. Further mechanisms contributing to a higher environmental and climate ambition would include a minimum expenditure of 20% of the operational programmes for fruits and vegetables, a ring-fencing of 30% of the EAFRD expenditure for environment- and climate-related objectives and the requirement for the CAP Strategic Plans to show a greater overall ambition with regard to environment and climate in comparison with the current period. In addition, 40 % of the future CAP budget would be expected to contribute to climate objectives.

Building on the examination of the Commission proposals in the Working Party on Horizontal Agricultural Questions (CAP Reform) and the Special Committee on Agriculture, the "Agriculture and Fisheries" Council on 15 April 2019 exchanged views on the proposed new "green architecture". On that occasion, many delegations recognised the key role that the CAP and the farmers play with regard to environment and climate change. **Many delegations also supported an increase of the CAP's environmental and climate ambition, provided that the CAP budget was commensurate, there was a level playing field between Member States and enough leeway for them to adapt the rules to their specificities and keep them as simple as possible.**

With regard to "**enhanced conditionality**", delegations stressed the importance of flexible and simple rules allowing Member States to adjust the requirements to local needs. Divergent views were expressed on whether small farmers should be exempted from conditionality or not. More consensual positions emerged on the need to provide for a proportional system of controls and penalties for them. Delegations were divided on whether eco-schemes should be mandatory or voluntary for Member States, and on whether minimum amounts should be earmarked for them. Regardless of the eco-schemes' specific design, the need to avoid unspent amounts in case of a lower uptake is still a matter of concern for many delegations. The proposed 30% ring-fencing of the EAFRD for climate and environment measures received broad support.

Similar considerations emerged at the "Agriculture and Fisheries" Council on 14 May 2019, when the agricultural aspects of the "Clean Planet for all" Communication were discussed. Ministers supported a higher ambition of the future CAP with regard to its possible contribution to climate objectives through the proposed "enhanced" conditionality. In their view, the "green architecture" of the future CAP should encourage farmers to take up practices that are beneficial to the environment.

The **European Council** has reaffirmed several times the high priority that it attaches to fostering environment care and the fight against climate change. At their meeting on 20-21 June, EU leaders agreed to step up global climate action so as to achieve the objective of the Paris Agreement, including by pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. They also called upon the Council and the Commission to advance work on the conditions, the incentives and the enabling framework to be put in place so as to ensure a transition to a climate-neutral EU in line with the Paris Agreement. In the **EU's Strategic Agenda for 2019-2024**, adopted by the **European Council** on 20 June 2019, the promotion of sustainable agriculture has been set as one of the priorities guiding the work of the EU over the next five years.

In light of the background set above, Ministers will be invited to address the following **questions** at the "Agriculture and Fisheries" Council on 15 July:

Taking account of the European Council conclusions calling upon the Council and the Commission to advance work on the conditions, the incentives and the enabling framework to put in place so as to ensure a transition to a climate neutral EU and the need to fulfill this commitment also in the CAP:

- which elements in the Commission proposals for the post 2020 CAP do you consider to be essential to reach the higher environmental and climate ambition?*
 - considering the drafting suggestions made by the Austrian and Romanian Presidencies, do you deem any improvements necessary to achieve the higher level of environmental and climate ambition, bearing in mind simplification, feasibility for the farmers and differences in local conditions?*
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