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OUTCOME OF PROCEEDINGS

From:	Presidency
On:	19 March 2018
To:	Delegations
Subject:	Communication on "The Future of Food and Farming" - <i>Presidency conclusions</i>

Following the debate at the "Agriculture and Fisheries" Council on 19 March 2018, delegations will find in Annex the Presidency conclusions on the Communication on "The Future of Food and Farming", supported by Belgium, Bulgaria, Czech Republic, Denmark, Germany, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Luxembourg, Hungary, Malta, Netherlands, Austria, Portugal, Romania, Slovenia, Finland, Sweden and United Kingdom.

Presidency Conclusions

THE COUNCIL OF THE EUROPEAN UNION

1. HAVING REGARD to the Communication from the Commission on 'The Future of Food and Farming' (COM(2017) 713 final) adopted on 29 November 2017;
2. WITHOUT PREJUDGING the negotiations on the next Multiannual Financial Framework (MFF) and pending further information on the Commission proposal for the future Common Agricultural Policy (CAP);
3. RECALLING the added value of the CAP for farmers, citizens and society as a whole, and its key role in providing safe, high-quality food in sufficient quantities, contributing to a fair standard of living for farmers, protecting the environment, mitigating and adapting to climate change, promoting animal welfare, creating jobs and growth, keeping rural areas strong and sustainable, and maintaining agricultural production throughout the EU, in particular in areas with natural constraints or other specific constraints;
4. ACKNOWLEDGING the important role of direct payments in providing income support, remunerating farmers for the provision of public goods and services, supporting agricultural activity in all parts of the EU and contributing to the protection of the environment and the development of rural economies;
5. ACKNOWLEDGING that EU market support contributes to counter-balancing high price volatility and reducing the impact on vulnerable agricultural markets of external factors. STRESSING the importance of continued market orientation;

6. RECOGNISING that rural development provides a pivotal contribution to the life and resilience of rural areas and farming and boosts their vitality by creating growth, innovation and employment opportunities and facilitating young people's access to farming.
- RECALLING the principles and goals set out in the Cork 2.0 Declaration "A better life in rural areas", adopted in September 2016;

Enhancing the CAP's added value to deliver on new challenges

7. CONSIDERS that, in spite of its merits, the CAP should be further improved by strengthening the EU added value and by making the policy greener, simpler and more result-driven;
8. STRESSES the importance of a trust-based partnership with farmers and the need for farmers to remain at the centre of the policy in order to successfully deliver on enhanced policy objectives;
9. RECALLS the CAP's objectives as set out in Article 39 of the Treaty on the Functioning of the European Union (TFEU), which are still valid and relevant: *i)* increasing agricultural productivity; *ii)* ensuring a fair standard of living for the agricultural community; *iii)* stabilising markets; *iv)* assuring the availability of supplies and *v)* ensuring reasonable prices for consumers;
10. HIGHLIGHTS the need for the CAP to contribute to the Union's international obligations and commitments, such as the COP21 Paris Agreement and the UN 2030 Agenda for Sustainable Development. STRESSES the CAP's role in meeting citizens' expectations and its contribution to the objectives of other relevant EU policies, in particular jobs and growth, environment, climate change, biodiversity, health and nutrition, animal and plant diseases, and animal welfare. On these grounds, SHARES the three main objectives for the future CAP identified in the Commission's Communication;

11. HIGHLIGHTS the added value of the CAP and its ambitious objectives related to the provision of public goods, particularly in relation to environmental protection and climate change. ACKNOWLEDGES the need for discussions in the context of the MFF negotiations to address an adequate level of support for the future CAP.

Empowering Member States to take decisions fitting local needs and specificities

12. ENDORSES the view that Member States should enjoy more subsidiarity and flexibility to take account of their national and regional specificities and to contribute to a more efficient delivery of the policy;
13. While in principle sharing the result-oriented approach of the proposed "new delivery model", pending further information from the Commission, NOTES that there is a potential risk of fragmentation of the CAP. Therefore, CALLS on the Commission to continue ensuring a level playing field among Member States and the integrity of the internal market through basic common rules at EU level;
14. STRESSES that a new delivery model should bring substantial and tangible simplification and reduction of administrative burden for both beneficiaries and national/regional administrations. To this end, CALLS for simple CAP Strategic Plans, allowing flexibility in their design and subsequent amendments, taking into account the division of competences within each Member State, and for secondary legislation not to undermine the subsidiarity approach and the simplification goal;
15. HIGHLIGHTS that the CAP indicators should be simple, realistic, easily quantifiable, controllable and applicable to local realities. They should be directly linked to the defined CAP objectives and aligned with indicators and their definitions used in other relevant policies, with the aim of streamlining Member States' reporting obligations. A mismatch on output targets should not lead to automatic financial corrections;

16. HIGHLIGHTS that the audit and control systems should be based on the principles of proportionality, simplification and single audit, focusing on achieving policy results. INSISTS on the reduction of controls, which should be based on risk analysis, further relying on the use of new technology, including satellite images;
17. CALLS for the possibility for Member States to transfer funds between pillars.

Strengthening the resilience of the agricultural sector

18. TAKES NOTE of the Commission's intention to explore instruments to make direct payments more targeted. STRESSES the importance of providing the necessary flexibility to Member States to take into consideration national specificities and needs, in particular of a voluntary approach to targeting mechanisms;
19. RECOGNISES the different views of Member States on the subject of external convergence of direct payments. ACKNOWLEDGES that further discussions will be needed in the framework of the negotiations on the MFF package;
20. RECALLS that, following successive CAP reforms, the overwhelming volume of CAP support is decoupled. RECOGNISES the importance of current voluntary coupled support (VCS), in the form of area- or animal-related payments, for many Member States for vulnerable sectors and types of farming, consistent with the EU commitments under the WTO Agreement on Agriculture. RECALLS its commitment to CAP market orientation and STRESSES the importance of not distorting market and trade in any specific sector;
21. STRESSES that, in order to simplify direct payment provisions and facilitate generational renewal in agriculture, as well as to take account of different national conditions, decoupled area-based payment schemes (currently the Single Area Payment Scheme and the Basic Payment Scheme) should continue to be available to all Member States, including the option not to use payment entitlements;

22. RETAINS the role of the Common Market Organisation as a safety net and with regard to market and crisis measures. CONSIDERS that measures could be explored in this regard, including the development of programmes for other sectors on a voluntary basis, increased market transparency and reinforcement of producer cooperation, in particular through producer and interbranch organisations. NOTES the Commission's commitment to reflect on how to strengthen farmers' position in the food supply chain;
23. NOTES that the agricultural crisis reserve introduced in 2013 has not been used and CONSIDERS that reflection is needed on how to improve its design and efficiency, including exploring the possibility of a multiannual approach.

Fostering CAP's contribution to environmental objectives

24. While recalling that farmers already contribute to environmental and climate protection, SUPPORTS a higher level of environmental ambition for the CAP in the future, while adequately remunerating farmers for the public goods they provide;
25. AGREES that, while a common level of ambition and environmental objectives should be set at EU level to ensure a level playing field, Member States should enjoy a higher level of subsidiarity and flexibility in the implementation of environmental and climate measures, respecting their territorial characteristics and local needs to design their specific interventions;
26. Subject to further information and clarifications from the Commission on the proposed new conditionality, SUPPORTS the Commission's intention to make the new "green architecture" simple and more efficient and CALLS for the streamlining of the current requirements in relation to greening and cross-compliance;
27. STRESSES that, in addition to compensating for income forgone and costs incurred, effective incentives should be provided to farmers engaging in more ambitious environmental and climate practices going beyond the mandatory conditions;

28. CALLS for the coordination of environmental and climate interventions under both pillars to be ensured, avoiding overlaps between them and taking into account the different characteristics of the measures under each pillar. Measures under pillar II should remain voluntary as at present.

Improving life in rural areas

29. RECOGNISES the particular challenges rural areas are facing and EMPHASISES the need to keep them vital and resilient, in particular by creating jobs, promoting growth, favouring generational renewal in the farming sector and further developing the bioeconomy and the circular economy;
30. SUPPORTS the development of rural areas in an integrated manner, through a wide range of actions (investments, connectivity and broadband, basic services, preservation of life and nature, forestry, renewal of villages, digitalisation, etc.), making them more attractive places to live and prosper; POINTS TO enhancing synergies with other relevant policy areas and EU funds, in particular the European Structural and Investment Funds and the European Fund for Strategic Investments (EFSI), to optimise the impact on rural development;
31. NOTES the difficulties that young people face with regard to access to farming and CALLS for the future CAP to address this common challenge as a priority, improving the supporting instruments for generational renewal available under both pillars and their complementarity with other EU and national measures;
32. UNDERLINES the importance of fostering innovation and knowledge sharing in the farming sector, as well as transferring research results into farming practice;
33. EMPHASISES the positive experience of the LEADER approach and the importance of continuing it;

34. While recognising the importance of non-refundable grants, CALLS for further efforts to facilitate the implementation of financial instruments, on a voluntary basis, in order to increase the potential of raising further private capital for investments in rural areas;
35. HIGHLIGHTS that, following the lessons learned from the current Rural Development Programmes, the future CAP Strategic Plans should be simpler, avoid overlapping with other programming documents (such as current partnership agreements), rely on less complex and more understandable rules and be approved in a quicker manner to allow for timely implementation. CALLS for a simpler process for amending the CAP Strategic Plans *in itinere*, as necessary. INSISTS on the positive experience of the "one-window approach" regarding state aid to be continued and extended;
36. WELCOMES the Commission's efforts to optimise the use of the existing risk management tools and INVITES it to explore further voluntary measures and to reflect on better coordination with existing national measures.

Looking forward

37. INVITES the Commission to set up appropriate and functional mechanisms and procedures to ensure the timely approval of the future CAP Strategic Plans and to avoid delays and disruption in the disbursement of payments to farmers;
38. CALLS on the Commission to support Member States, in a partnership-based approach, in the process of designing and adapting CAP Strategic plans and in their implementation;
39. LOOKS FORWARD to receiving the Commission's legislative proposals in order to allow the co-legislators sufficient time for examination and negotiations;
40. STRESSES the need to foresee a sufficiently long transitional period for Member States to adapt to the new CAP delivery model. In this regard, CALLS upon the Commission to provide Member States with the necessary assistance.