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Subject: Proposal for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union and (EU) No 229/2013 laying down specific measures for agriculture in favour of the smaller Aegean islands

- *Policy debate*

1. For the purpose of steering the policy debate at the "Agriculture and Fisheries" Council of 19-20 November on the progress made with two of the CAP post-2020 reform proposals, i.e. the new Horizontal Regulation and the new CMO Regulation, the Presidency has put together the two questions set out below.

2. The Presidency has also put together two Presidency Progress Reports on the examination of these two proposals in the Council's preparatory bodies, which can be found in document 13730/18 (for the Horizontal Regulation) and document 14012/18 (for the CMO Regulation). At its meetings on 6 and on 12 November 2018, the SCA discussed these Progress Reports and generally agreed that the suggested questions were appropriate to steer the Ministerial policy debate¹.

3. **Background and question for the proposed Horizontal Regulation:**

The proposed regulatory framework for agriculture post-2020 is often described as offering more subsidiarity for Member States, less bureaucracy for administrations and beneficiaries, simpler and less detailed rules, and fewer checks and controls. However, as delegations' comments show (see doc. 13730/18), many questions remain, inter alia, on the details of the multi-annual agricultural reserve, the processes of the annual performance clearance and the reduction and suspension of payments, the rules regarding the reduction of the number of paying agencies and the roles and responsibilities of the governance bodies generally.

4. The new Horizontal Regulation will comprise the rules Member States have to respect and apply with regard to the appropriate financing, management and monitoring of the new CAP. The new delivery model and the modalities of the CAP Strategic Plans Regulation will have an impact on how the Member States' governance bodies will fulfil the tasks entrusted to them as defined in the Horizontal Regulation.

¹ The progress report for the CMO as set out initially in document 13578/18 was considered by the SCA on 6 November. The SCA debated also three questions proposed in the report and provided guidance to the continuing discussions in the Working Party on the Agricultural Products.

5. Taking the above mentioned background into account, Ministers are invited to address the following question in their intervention:

What are your views on the implications of the adaptation of the proposed Horizontal Regulation to the new CAP delivery model within the proposed CAP Strategic Plans Regulation, particularly with regard to the perceived increased responsibilities of national bodies, such as paying agencies and certification bodies? Do you believe that the proposed new annual performance clearance will result in a more efficient management of the CAP?

6. **Background and question for the proposed CMO Regulation:**

In recent years the European agricultural markets faced a number of challenges, following in particular the Russian ban coupled with excess supply, increased price volatility in the wake of the end of dairy quotas, various outbreaks of diseases such as African Swine Fever and unprecedented climate change resulting in severe weather conditions. The CMO Regulation was put to the test at several occasions in the past years and had to respond to various market imbalances as well as to provide extraordinary support in different sectors. The Commission has managed, after coordination with the Member States, to use the existing market instruments in a flexible way.

7. In 2017, in the framework of the so-called Omnibus Regulation aiming at bringing more simplification and strengthening farmers' position in the food chain, some of the CMO rules were amended, namely in the area of producer organisations, crisis measures and competition law. Not even one year after entry into force of the Omnibus Regulation, it is very early for an assessment of the effectiveness of these amendments.
8. Taking the above mentioned background into account, Ministers are invited to address the following question in their intervention:

What is your view on the current market support measures and their effectiveness in the past years? Do you consider that the currently available single CMO tools are already sufficient to react flexibly and timely to a market crisis or do you see a need to complete the existing instruments to improve their reactivity and flexibility?