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'I/A' ITEM NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Special Report No 20/2021 from the European Court of Auditors entitled "Sustainable water use in agriculture: CAP funds more likely to promote greater rather than more efficient water use"
- *Approval draft Council conclusions*

1. The Permanent Representatives Committee instructed the Working Party on Financial Agricultural Questions (WP AGRIFIN) to examine the above mentioned Special Report in accordance with the rules laid down in the Council conclusions of 8 May 2000 on improving the examination of special reports drawn up by the Court of Auditors (doc. 7515/00 + COR 1).
2. At its video-meeting on 30 November 2021, WP AGRIFIN discussed the above mentioned Special Report as well as the Commission's replies to that report.
3. In the light of those discussions, the Presidency drew up draft conclusions. From 21 to 25 March 2022, delegations were consulted during an informal written consultation on these draft Council conclusions (WK 3437/2022).

4. At its video-meeting on 29 June 2022, WP AGRIFIN reached informal agreement on the draft conclusions related to the Special Report as set out in the Annex to this note. The suggestion of the Spanish delegation made at the meeting to add "and other types of intervention in the fruit and vegetable sector" in the wording of recital 8 was incorporated in the draft conclusions.
 5. In accordance with the Council conclusions of 8 May 2000, the Permanent Representatives Committee is hereby invited to suggest to the Council that it approve the draft Council conclusions as set out in the Annex to this note as an 'A' item at a forthcoming session.
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Draft Council conclusions

European Court of Auditors' Special Report No 20/2021 entitled:

"Sustainable water use in agriculture: CAP funds more likely to promote greater rather than more efficient water use"

THE COUNCIL OF THE EUROPEAN UNION

1. NOTES the Court's Special Report No 20/2021 entitled "*Sustainable water use in agriculture: CAP funds more likely to promote greater rather than more efficient water use*", which focuses on the impact of agriculture on the quantitative status of water bodies and examines to what extent the Water Framework Directive (WFD)¹ and the Common Agricultural Policy (CAP) promote the sustainable use of water in agriculture;
2. TAKES NOTE of the Court's recommendations to the Commission on: justifications of water pricing levels and exemptions from the requirements for water abstraction authorisations in the context of the WFD; linkages between CAP payments and environmental standards on sustainable water use; and EU-funded projects in the context of achieving WFD objectives;
3. UNDERLINES that water abstraction for agriculture has decreased as a result of better water planning legislation such as the WFD and the improvement of irrigation management as promoted in the CAP but that pressure on water resources remains high due to increased demand for water due to climate change, with rising average temperatures and increased frequency of extreme weather events (including droughts);

¹ **Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, pp. 1-73).**

4. WELCOMES the Court's findings that Member States have made progress in setting up prior authorisation systems for water abstraction, systems for detecting illegal water use and pricing mechanisms with the potential to incentivise water efficiency and NOTES the Court's observations with regard to exemptions for farmers for water abstraction, including in water-stressed regions, and to the application of the principle of cost recovery for water services in agriculture, where there is room for improvement, according to the Court;
5. RECALLS that the implementation of the WFD is ensured by Member States through their national legislation, in particular as regards the conditions for water abstraction, with which relevant CAP payments need to comply, and that the greening of direct payments can promote practices, such as the protection of permanent grassland and crop diversification, which may be conducive to reduced water use;
6. EMPHASISES that Member States are affected differently by water scarcity, as shown in the report of the Court, and that appropriate solutions need to be implemented at national or regional level (including through River Basin Management Plans and future CAP Strategic Plans) and are therefore the responsibility of the Member States;
7. ENCOURAGES the evaluation of the implementation of the WFD and the exchange of good practices to improve the applicability and effectiveness of these solutions;

8. RECALLS FURTHER that the CAP for the period 2023-2027 strengthens the coherence between the CAP and the WFD; the CAP will be aligned with the objectives of the WFD and will support the implementation of this Directive through various instruments, such as linking all relevant CAP payments to the observance of national rules implementing certain requirements of the WFD² through the enhanced conditionality and financing investments (rural development and types of intervention in the fruit and vegetable sector) with beneficial effects for water use sustainability;
9. NOTES that, in line with the provisions of the CAP for the period 2023-2027, Member States will have to take into account in their CAP Strategic Plan the legislation and planning documents listed in the annex to the CAP Strategic Plans Regulation, including the WFD and the River Basin Management Plans (RBMPs), and their Plan should, for example, set out how investments in irrigation are in line with the objectives of the WFD to reach good status of water;
10. NOTES the Commission's acceptance of the Court's recommendations with regard to:
 - requesting justifications for exemptions to the implementation of the WFD in agriculture;

² See Article 11(3), point (e) on water abstractions, and point (h), as regards mandatory requirements to control diffuse sources of pollution by phosphates of Directive 2000/60/EC.

- tying relevant CAP payments to compliance with environmental standards, without, however, extending conditionality to CAP payments which are not directly granted to farmers, such as payments under the Common Market Organisation, nor including additional safeguards in the CAP with regard to the payment of Voluntary Coupled Support (VCS), as the proper implementation of the WFD already ensures the sustainable use of water for crops and conditionality makes the link between CAP payments and the relevant provisions of the WFD³;
 - using EU funds to improve the quantitative status of water bodies.
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³ See footnote 2.