

# CAP reform post-2020 – Setting the scene

## SUMMARY

The Commission announced its proposals for the common agricultural policy post-2020 at the end of November 2017 in the form of a communication on the future of food and farming. They include proposals for: greater simplification to be achieved through increased subsidiarity involving a new delivery model, more effective targeting of direct payments, a shift towards a more results-based approach, and higher ambitions in respect of resource efficiency, environmental care and climate action. Other elements will involve addressing issues such as generational renewal, the investment gap in agriculture, the role of research, innovation and training, risk management and a new green architecture. Under the new delivery model, Member States will have responsibility for establishing a common agricultural policy (CAP) strategic plan; this would be subject to approval by the Commission and would continue to set the basic policy parameters for the CAP.

The proposals have generated a range of responses and have been the subject of discussion within the European Parliament's Committee for Agriculture and Rural Development. The Council has discussed the content of the communications and they have also been the subject of discussion by the Committee of the Regions (CoR) and the European Economic and Social Committee (EESC).

Looking to the future, some reflections on the Commission's proposals are considered in light of the views expressed by a number of stakeholder groups. The Bulgarian Presidency has indicated that the future of the common agricultural policy will be discussed at the informal meeting of Ministers of Agriculture in Sofia in June 2018.



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## Background

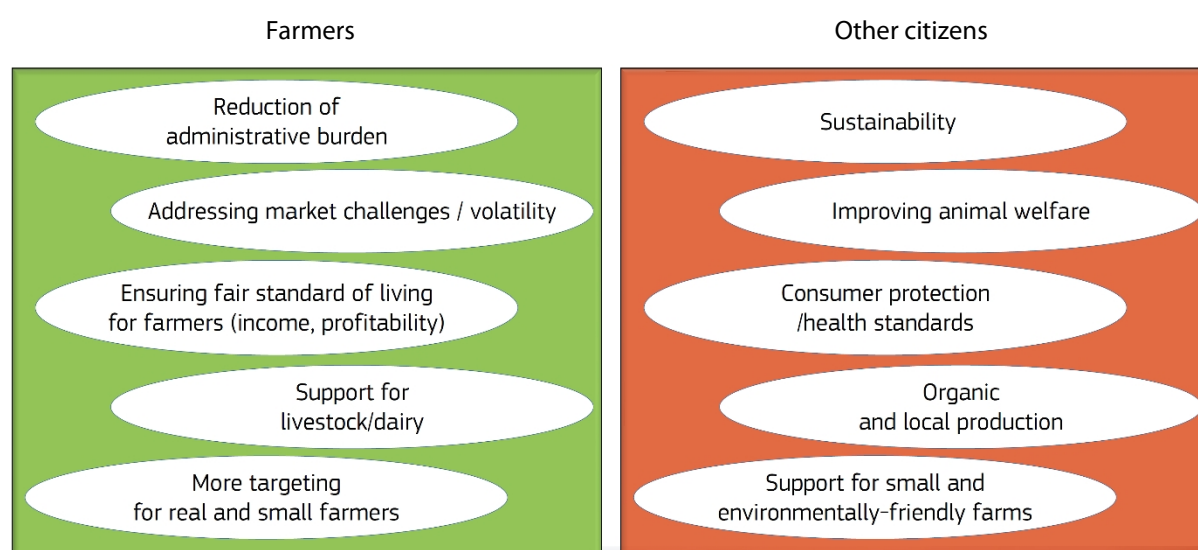
The Commission's [2017 work programme](#) included provision for an exercise on the [modernisation and simplification](#) of the common agricultural policy (CAP). In support of this, a public [consultation](#) exercise was launched at the beginning of February 2017. It closed on 2 May 2017. Its findings provide insight into the views and expectations of a wide range of stakeholders as they relate to agriculture, rural areas, the CAP today and its future. At the end of November 2017, the Commission issued a [communication](#) on the future of food and farming.

An analysis of the findings from the public consultation and the content of the communication provide a useful perspective on the key issues likely to be the subject of future discussions in respect of the shape and architecture of the CAP in the post-2020 period. The issues identified in the Commission's communication will help shape the discussion across many policy areas. There is recognition that the issues facing agriculture in Europe today are increasingly interconnected. For example, consider the impact of climate change on agriculture and how agriculture can contribute to the EU 2030 climate and energy targets. In part, this reflects the risks and uncertainties that the sector faces and the interplay between forces affecting agriculture at the global, national and regional levels.

## Consultation on the modernisation of the CAP

The consultation process allowed respondents to indicate what should be the most important objectives of the CAP and the level at which different objectives should be dealt with; the future of the CAP, and how the CAP should improve its contribution to rural areas, including how it might be simplified. The [findings](#) of the public consultation on the future of the CAP were presented at a [conference](#) held on 7 July 2017 in Brussels. In a subsequent presentation of the [position papers](#), the contrasting views of different stakeholders were highlighted. These are summarised in Figure 1. Farmers highlighted issues such as the need to reduce administrative burdens; while 'other citizens' highlighted the importance of sustainability, consumer protection, animal welfare, organic products and support for environmentally friendly farming.

Figure 1 – CAP consultation: key elements identified in position papers



Data source: European Commission: The CAP, Have your say. [Public consultation Position Papers](#), 7 July 2017.

When it came to the most pressing challenges facing EU agriculture and rural areas, farmers' the most frequently chosen response was 'achieving a fair standard of living'. Citizens were concerned with pressures on the environment and natural resources. Trade unions most frequently selected the lack of jobs and growth in rural areas.

Farmers and other citizens agreed on the ranking of the tools best suited to meeting these challenges. Farmers most frequently selected 'support for rural development, environment and climate actions in agriculture and rural areas' (18 % of answers); other citizens chose this option even more frequently (in 30 % of responses).

No significant differences existed between the two groups on the extent to which the current CAP successfully addressed these challenges. Some 57 % of all respondents considered that the current CAP addressed the issues 'to some extent only'.

Looking to identify the CAP's most important objectives, differences existed between the responses selected by farmers and other citizens. Farmers opted for 'ensuring a fair standard of living for farmers' (21 % of responses), while other citizens selected 'encouraging the supply of healthy and quality products' (21 % of answers). There was agreement on the need to improve farmers' position in value chains – a view shared by 88 % of farmers and 72 % of other citizens. Other issues where there were little differences between groups included issues such as simplification, enhancing the transparency in agricultural markets, and the encouragement of innovation.

## Commission communication on the CAP post-2020

The Commission communication on the future of food and farming outlines the following key issues:

- the main objectives of the future CAP;
- a new delivery model and CAP simplification;
- an enhanced role for research and innovation, including support for knowledge, innovation and technology;
- a continuation of the system of direct payments, with more effective targeting;
- efforts to address the investment gap in agriculture;
- the establishment of a permanent EU-level platform on risk management;
- higher ambition in respect of resource efficiency, environmental care and climate action;
- replacing the current green architecture of the CAP by a more 'ambitious yet flexible approach' allowing Member States to devise a mixture of mandatory and voluntary measures;
- continuation of the CAP's rural development pillar, including better synergy and coordination with municipalities and local agencies and the development of 'smart villages' throughout the Union;
- efforts to promote generational renewal as a priority in the new policy framework;
- efforts to address citizens' concerns regarding sustainable agricultural production, including health, nutrition, food waste and animal welfare;
- coherence with EU development policies including trade, migration and sustainable development policies.

The common objectives of the future CAP proposed by the Commission as set out in the communication are summarised in box 1 along with an indication of the key elements or measures in support of each objective. Drawing on the [analysis](#) and observations made by Professor Alan Matthews, the first three replicate the current CAP objectives, with the fourth objective offering 'greater visibility to consumer and citizen interests'.

**Box 1 – Objectives of the future CAP as set out in the Commission communication**

- To foster a smart and resilient agricultural sector:
  - fair income support to help farmers make a living
  - investment to improve farmers' market reward
  - risk management
- To bolster environmental care and climate action and to contribute to the EU's environmental and climate objectives
- To strengthen the socio-economic fabric of rural areas:
  - growth and jobs in rural areas
  - action to attract new farmers
- To address societal expectations regarding food production, in particular concerning food safety, food quality, environmental and animal welfare standards

Data source: Alan Matthews '[Decoding the CAP communication](#)', 17 December 2017.

## Key elements of the proposals

The Commission's proposals have a number of features that are in some respects a departure from the current CAP arrangements, while others are a variation on existing arrangements. Speaking at the Agricultural Council's meeting on 11 December 2017, Vice-President Jyrki Katainen [explained](#) that, in the communication, the Commission was combining continuity of what works with ideas for essential improvements of the CAP. Describing this process as one of 'evolution rather than revolution', he emphasised the need for the CAP to remain a strongly market-oriented policy. The key elements of the proposals are:

- **Retention of the existing two-pillar structure:** currently the CAP consists of two pillars. the first (Pillar I) includes direct payments (i.e. annual payments to farmers to help stabilise farm revenues) and market measures (to tackle specific market situations and to support trade promotion). The second pillar (Pillar II) covers rural development policy. Under the proposals, support for farmers will continue through the system of direct payments, paid through Pillar I on an annual basis subject to compliance with basic rules and environmental objectives. The second pillar will continue as a multiannual and flexible investment tool.
- **Member States:** Member States will have responsibilities for choosing how and where to invest their CAP funding. The Commission is proposing that each Member State will establish a 'CAP strategic plan' covering interventions under both Pillar I and Pillar II measures. The intention is that this will help to ensure that such interventions are more effective in taking local conditions and needs into account. Each CAP strategic plan will be subject to approval by the Commission. The preparation of the plan will require an ex-ante assessment of the Member State's needs, targets and choice of intervention.
- **Greening:** the greening architecture introduced by the 2013-20 CAP reform will be replaced by a 'more targeted, more ambitious yet flexible approach (...) aimed at delivering increased environmental and climate action intentions'. This will include greater flexibility for Member States to choose the options most suited to their local needs, involving a mixture of mandatory and voluntary measures from Pillars I and II to meet the environmental and climate objectives defined at EU level.
- **Generational renewal:** one priority for the new policy framework will be generational renewal, an issue that Commissioner Hogan raised [previously](#). The [communication](#) makes the point that the CAP 'should give flexibility to Member States to develop tailor-made schemes that reflect the specific needs of their young farmers'. A wide number of potential actions are suggested in the communication. These include for example: Erasmus exchange possibilities for young farmers; a simplified top-up payment for new entrants; incentives to facilitate the exit of the older generation; actions to stimulate the transfer of knowledge among generations and actions to facilitate succession planning.

- **Targeting of direct payments:** currently, 20 % of farmers receive 80 % of the payments, as reflected in the Commission's 2016 [report](#) on the distribution of direct aid to farmers. In order to target direct payments more effectively, the communication suggests exploring a number of possibilities. These are listed in box 2. The Commission indicates that it is committed to exploring ways to ensure 'fair and better targeted support of farmers' income across the EU'.

**Box 2 – Possible ways to ensure more effective targeting of CAP payments**

- Compulsory capping of direct payments
- Degressive payments as a way to reduce support for larger farms,
- An enhanced focus on a redistributive payment to provide support in a targeted manner, e.g. for small and medium-sized farms,
- Support targeted at genuine farmers only, i.e. those who are actively farming to earn a living.

Source: European Commission, communication on the future of food and farming [COM\(2017\) 713 final](#).

- **Investment gap:** the Commission communication highlights the current 'investment gap' that agriculture is facing. It identifies the need to boost investments in farm restructuring, modernisation, innovation, diversification and the uptake of new technologies, such as digitalisation through precision farming. It notes that the uptake of new technologies in farming remains below expectations and unevenly spread throughout the EU. The communication recognises the potential for such issues to be addressed through, for example, innovative financial instruments and research and innovation, including the need to promote knowledge transfer across the EU. A significant argument is made for the role of knowledge, innovation and technology, which the communication considers are 'crucial to future-proofing the CAP'. Reference is also made to the development of 'smart villages' across the EU, through capacity building, innovation support, networking and the use of innovative financing tools.

A key point to note from the Commission's proposals is that a 'one-size fits all approach' to the CAP is no longer considered appropriate in light of the diversity of agriculture and the variety of conditions that exist across the EU. On the basis of the Commission's communication, although the next CAP would have common objectives and associated measures, it will be up to Member States to select 'their preferred panel of options' to address their specific circumstances. With its focus on increased subsidiarity for Member States in the post-2020 period, the communication contains around 24 references to Member States, of which most relate to the role envisaged for them in taking the CAP forward. Starting with the Commission's white paper on the Future of Europe published on 1 March 2017 and calling on both the Union and the Member States to interact more effectively with citizens, the communication sets out what would be expected of Member States. Examples of the roles envisaged for Member States are summarised in box 3.

Looked at in this way, Member States are being given a much greater role in CAP implementation. In this regard, the 'CAP strategic plans' that Member States will have to prepare potentially become an important means to ensure that account is taken of local conditions and needs. Arguably, the effectiveness of this new approach will depend on the quality, coverage and relevance of these strategic plans. Looking to the future, the communication implies that one condition for the approval of CAP strategic plans could be actions to strengthen farm advisory services, combining the performance of farm advisors, agricultural training and educational systems, researchers and farmer organisations. Reference is also made to a framework for risk management, where it is expected that an EU-level platform on risk management will be established.



**Box 3 – Examples of roles envisaged for Member States in CAP implementation post-2020**

- Member States would have greater responsibility for deciding how to meet CAP objectives and achieve agreed targets.
- Member States' planning tools would be given consideration when preparing CAP strategic plans.
- Member States would be accountable for performance monitoring.
- CAP interventions would be tailored to maximise their contribution to EU objectives.
- Member States would have a greater say in designing the compliance and control framework.
- Member States would be responsible for their climate and energy targets.
- Member States would be allowed to devise a mixture of mandatory and voluntary measures under Pillar I and Pillar II.
- Environmental and climate practices would be further defined by Member States to take better account of their specific situations.
- Member States would be considered best placed to stimulate generational renewal, with flexibility to tailor schemes to reflect the specific needs of their young farmers (including use of simplified top-up payments for new entrants (geared by Member States to their specific needs).

Data source: Communication on the future of food and farming [COM\(2017\) 713 final](#).

## Council's reflections on the Commission communication

The CAP post-2020 has been the subject of discussion within the Council, starting with the Estonian Presidency where, within the Agriculture and Fisheries Council, an [exchange of views](#) was held on 17 July 2017 concerning the simplification of the CAP, including the results of the recent public consultation. It has also been the subject of discussion under the Bulgarian Presidency in the monthly meetings of the Agriculture Council held since January 2018. The [Bulgarian Presidency](#) has explained that in respect of agriculture, the modernisation and simplification of the CAP after 2020 and the budget for agriculture in the next multiannual financial framework (MFF) are its main priorities. The debates on the future of the CAP between Member States in Council have covered a wide range of issues such as the CAP's added value, its key objectives, the issue of subsidiarity, direct payments, environmental and climate action, and rural development.

Following these debates, the Bulgarian Presidency published its [conclusions](#) on the Commission's communication on the future of food and farming on 19 March 2018. Supported by 23 Member States, these conclusions make a number of calls to be considered in the preparation of the next CAP. They include calls:

- on the Commission to ensure a level playing field among Member States through basic common rules at EU level;
- for simple CAP strategic plans, allowing for flexibility in their design and subsequent amendments;
- for the possibility for Member States to transfer funds between pillars;
- for the streamlining of the current requirements in relation to greening and cross-compliance avoiding overlaps between instruments under both pillars;
- to address the issue of generational renewal as a priority;
- for further efforts to facilitate the implementation of financial instruments in order to increase the potential of raising further private capital in rural areas.

Overall, these conclusions are supportive of the main objectives for the future CAP as outlined in the Commission communication. They endorse the view that Member States should enjoy more subsidiarity and flexibility under the new delivery model. At the January 2018 Agriculture Council meeting, several ministers considered that greater subsidiarity should not compromise the 'common' character of the CAP. They felt any 're-nationalisation' of the CAP would compromise its added value.

On the issue of the external convergence of direct payments between new and old Member States,<sup>1</sup> the Presidency conclusions acknowledge that further discussions will be needed in the framework of the negotiations on the next multiannual financial framework. As indicated above, these conclusions were supported by 23 Member States. The remaining five Member States who did not fully support the conclusions – Estonia, Latvia, Lithuania, Poland and Slovakia as indicated in press reports afterwards – insisted on 'full convergence' in payment subsidies. Earlier in the year, as noted by the [special committee for agriculture](#) on 12 March 2018, the Latvian delegation, on behalf of the Estonian, Lithuanian and Polish delegations, had tabled an item on the agenda for the Agriculture Council meeting on 19 March 2018. This concerned a [joint declaration](#) on the future CAP adopted by the Visegrad countries (V4) and the Croatian Minister of Agriculture on 25 January at a meeting organised by the Hungarian V4 Presidency in Budapest. While welcoming the Commission communication, it identified the need for further clarification of what the proposed changes would mean in practice. Both Poland and Slovakia highlighted the differences in direct payments per hectare across Member States. At a meeting of the Ministers of Agriculture of the Baltic States and Poland held in Riga on 13 March 2018, a [joint declaration](#) called for justice and equality between Member States', insisting that the 'process of full convergence equalisation of direct payments between Member States' be completed as all EU farmers have to meet the same standards, requirements and challenges.

## European Parliament position

The Commission's proposals on the future of food and farming were presented to the Parliament's Committee on Agriculture and Rural Development (AGRI) on 29 November 2017. This gave committee members an opportunity to hear at first hand the main elements of the Commission's proposals.<sup>2</sup> In response to the Commissioner's presentation, a number of points were raised in the subsequent debate. These included for example issues such as the absence of any further details on risk management; the potential that might exist for the distortion of competition; and the issue of how to encourage young people into farming including how to address the barriers they faced.

In addition to the comments and questions raised in the AGRI committee during the presentation made by Commissioner Hogan, a first exchange of views was held on 23 January on an own-initiative [report](#) on the future of food and farming, with Herbert Dorfmann (EPP, Italy) as rapporteur. A [draft report](#) was tabled for discussion by the committee on 21-22 February 2018, when members were invited to submit amendments. The draft welcomed the Commission's intention to simplify and modernise the CAP. However, it considered that subsidiarity for Member States should only be granted within a common set of rules agreed at EU level as part of a uniform approach to all programming efforts so as to ensure a common level playing field. In its draft form, the report made a number of suggestions such as:

- that the CAP budget be maintained in the next MFF and at least at the current level in order to achieve the ambitions of a revised CAP;
- a simpler and more transparent EU-wide method of calculating direct payments;
- more targeted support for family farms by means of compulsory higher support rate for small farms with the recommendation that support for larger farms be digressive;
- the introduction of a comprehensive legal framework to allow the various types of environmental action to be built in;
- an in-depth review of the current crisis reserve mechanism, calling on the Commission to encourage active crisis management instruments.

On the issue of external convergence, the need was stressed for a 'fair distribution of direct payments between Member States, taking into account socio-economic differences, different production costs and the amounts received by Member States under Pillar II'. In response to the draft report, a total of 1 334 [amendments](#) were submitted. On 16 May 2018, the AGRI committee considered these amendments and voted to approve the report (with 32 votes in favour, 5 against and 6 abstentions). The report was subsequently [approved](#) in plenary on 30 May 2018, by 468 votes

in favour to 123 against, with 89 abstentions. By setting out Parliament's priorities for CAP reform, it seeks to influence the upcoming legislative proposals expected on 1 June 2018. Parliament's priorities include for example:

- the continuation of direct payments to be fully financed from the EU budget;
- more money to help invigorate rural areas;
- stronger support to young and new farmers and to those hit by income and price volatility.

AGRI also received a [presentation](#) on the interim findings of an external [study](#) on the Commission communication, which had been commissioned by the Parliament's services to assist the committee in finalising its position on the future CAP. Entitled 'Towards the CAP Post 2020 – Appraisal of the EC communication on the future of food and farming' and dated 29 November 2017, the researchers presented a series of emerging conclusions and recommendations. They considered that even with better focussed direct payments, there was too great an emphasis on such measures, as the key problem was 'low average returns from agricultural activity' and 'the CAP was not the best policy to address household incomes'. Regarding the proposed new delivery mechanism (involving increased subsidiarity for Member States), they felt this would require 'a massive increase in institutional capacity for both Member States and the Commission'. To address this, they suggested that a small number of Member States should pilot the new CAP strategic plans so as to inform the negotiations.

Commenting on the Commission's plans to bolster environmental care and climate action, the researchers suggested that the Commission needed to 'clarify the content of the new environmental architecture' to demonstrate that it was more ambitious than what it would replace. More specifically, the Commission's proposal for a voluntary eco-scheme in Pillar I would not, in their view, be 'an adequate replacement' for the current 30 % allocation of direct payments for greening measures. This view adds to evidence from a Court of Auditors [special report](#) on greening which indicated that 'greening, as currently implemented, is unlikely to significantly enhance the CAP's environmental and climate performance'. In terms of measures to strengthen the socio-economic fabric, the researchers felt that much greater emphasis needed to be given to connectivity and that extra payments for new entrants needed to be linked to training and advice.

## Advisory committees

On 11 January 2018, Parliament's Committee on Agriculture and Rural Development, held an exchange of views with representatives from the European Committee of the Regions (CoR) and the European Economic and Social Committee (EESC). The CoR had already adopted by a large majority at its plenary session on 12 July 2017, an [opinion](#) on the CAP after 2020. Rejecting the idea of co-financing the first pillar of the CAP, as it felt this would undermine the position of the CAP as the sole integrated EU policy and would disadvantage farmers in the poorest EU countries, the CoR hoped that the CAP budget would be kept at a 'sufficiently high level' to meet the needs of European agriculture and the EU's rural areas. It called for a switch from a direct payments per hectare approach to one based on direct payments per hectare capped and modulated per agricultural worker, understood as an active farmer. In response to the Commission communication, the CoR's representative welcomed the Commission proposal to allow Member States more flexibility to transfer funds from the first pillar to the second pillar, without co-financing obligations.

In an earlier opinion on [a possible reshaping of the CAP](#) (rapporteur John Bryan, Various interests – Group III, Ireland) adopted at plenary in June 2017, the EESC had made clear its support for: the two-pillar model of the CAP; the need for simplification (as a key part of a reshaped CAP); for the European model of agriculture (with its traditional family farms, farming cooperatives and companies); recognition of the contribution agriculture can make to the environment, efforts to strengthen the farmers' position in the food supply chain, and the importance of generational renewal. During the exchange of views with the AGRI committee, the EESC representatives conveyed these points emphasising that future funding 'must be sufficient to address the financial



demands resulting from Brexit, the pressure on farm incomes and the increased demand for public goods' (paragraph 1.4). They also argued for the level of direct aid paid to farmers to be further harmonised in order to create a level playing field for farmers in all Member States and to ensure balanced development of rural areas throughout the EU.

In this session with the AGRI committee, the EESC also presented an own-initiative [opinion](#) on civil society's contribution to the development of a comprehensive food policy in the EU. This called for the development of a comprehensive food policy complementary to a reshaped CAP. This would foster an increased appreciation of food by consumers, promote food waste prevention and ensure fair prices for producers so that farming remained viable. Such a policy would require 'engaged consumers to become more active food citizens' (paragraph 1.4). Establishing closer links between producers and consumers in more localised food systems would play a key role in encouraging healthier and more sustainable food consumption. This opinion builds on the EESC's exploratory [opinion](#) on more sustainable food systems prepared at the request of the Netherlands Presidency in 2016. This also called for greater coherence between food related policy objectives such as sustainable agricultural production, healthy diets, environmental protection and fairer trade relations. In the EESC's view, 'the ongoing debate on the post-2020 CAP is (...) a key opportunity to ensure coherence between a re-shaped agricultural policy and other food related policy objectives', as indicated in the EESC's [opinion](#) on a possible reshaping of the CAP.

## Stakeholder perspectives

A range of stakeholder organisations and individuals have already published or issued statements setting out their views and concerns on future agricultural policy and their reactions to the Commission's communication.

[Copa and Cogeca](#), representing respectively European farmers and European agri-cooperatives, called for a 'strong, properly funded CAP in the future' in their press release dated 29 January 2018, along with 'real simplification of CAP rules', the maintenance of both pillars of the CAP with direct payments in the first pillar, without co-funding to stabilise farm incomes. Expressing opposition to any capping or degressivity of payments, they identified the need for new measures to help farmers manage market risk better. They believed that risk management measures must remain voluntary for producers to apply and remain in the CAP's second pillar. Welcoming the greater focus that the Commission was placing on smart farming and on risk management measures, Copa and Cogeca stressed the importance of environmental measures in the CAP as well as the need for a strong rural development pillar to ensure the vitality of rural areas where broadband access was vital to support the use of new technologies such as smart farming.

[Farm Europe](#), referring to the Commission's proposal for a new delivery method, has indicated that this will only be deemed to have been a good proposal if it genuinely simplifies matters for farmers. It has made a number of points on the future of CAP. These include that it should remain a common policy designed to meet the economic and social challenges of rural areas and that it should become a policy that is about investing in research and innovation. The final [report](#) of its 2017 Global Food Forum set out a number of key actions such as the need for efficient risk management tools and a new deal across the food chain, enabling collective contract negotiations at producer organisation level, including encouraging cooperation among farmers and producers.

At the end of March 2017, Rural Investment Support for Europe ([the RISE foundation](#)) launched a [report](#) entitled 'CAP: thinking out of the box. Further modernisation of the CAP – why, what and how?'. The report's authors consider the current system of direct payments to be 'ineffective, inefficient and inequitable'. As such, they recommend that the payments should be systematically reduced and resources switched to targeted assistance, including transitional adjustment to help farmers improve productivity, resource efficiency, and risk management, and to pay farmers to provide specific environmental and other public goods.

In response to the Commission communication, [Birdlife Europe](#) has questioned whether these proposals can reverse what it refers to as an environmental crisis on Europe's farmland. In the past, it considers that the CAP has favoured big landowners and polluting farms at the expense of smaller or more sustainable farmers. As part of a contribution to the debate on the communication held by the Bulgarian Presidency, Birdlife Europe and the European Environment Bureau (EEB) published their [views](#). These called for an acknowledgement of the seriousness of the environmental crisis affecting European farmland including the need for 'an honest assessment of the scientific evidence with regard to the environment'. In support of this, they recommended that specific ring-fencing and separate funding should be earmarked for both diversity and climate change. In a subsequent [open letter](#) to EU agriculture ministers, they suggested a minimum ring-fencing of €15 billion per annum for biodiversity. Pointing to evidence of various good farming practices such as crop rotation, the restoration of landscape elements, water saving technology, agroforestry etc., they suggested that these could be incentivised by the CAP. In light of proposals to increase subsidiarity for the different CAP instruments, they argued that 'effective safeguards must be built in to prevent any Member State or region from unduly subsidising specific sectors thereby undermining the common market'.

The World Wildlife Fund (WWF), in a [position paper](#) on the future direction for the CAP post-2020, called on the CAP to be redesigned to support a transition towards a more 'sustainable food and farming system'. It argued for a 'fair alternative' to direct payments to reward public goods and support transition to sustainable agriculture. In its view, this could be achieved through use of 'specific results-based schemes' aimed at producing high levels of public goods. In a reference to the Paris Agreement, it considered that urgent action on climate change should be among the primary objectives of a modernised CAP. In support of this, it considered that the largest share of the CAP budget should be shifted progressively to programmed and well-targeted schemes, following the example set by current rural development policy. In practical terms, the suggestion set out in the WWF's position paper would mean that the next CAP would have to shift away from basic payments and the current greening arrangements to a new system such as a 'basic farm sustainability scheme', designed on a programming approach. This would reflect sustainability needs and public goods generated in different farming systems.

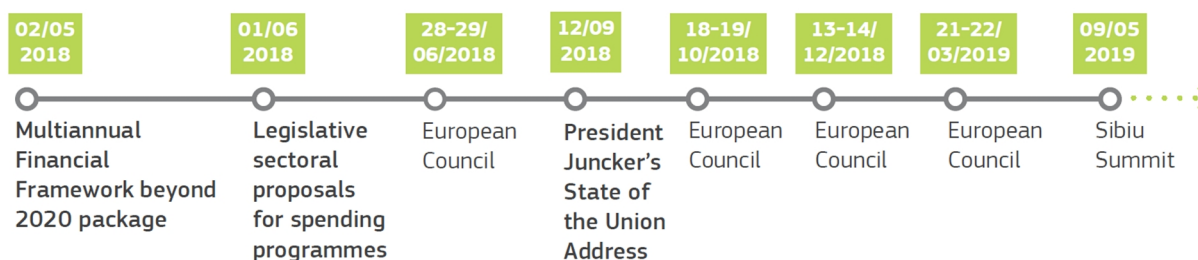
## Outlook

On 2 May 2018, the Commission set out its [budget proposals](#) for the 2021-2027 period. Equivalent to 1.11 % of the EU-27's gross national income (GNI), the proposals included a reduction in funding for the CAP and cohesion policy of around 5 %. In the case of the CAP, this would represent a budget of €365 billion for the 2021-2027 down from around €408 billion for the current CAP implementation period (2014-2020).

In a subsequent [speech](#) on 11 May at a conference on the state of the Union organised by the European University Institute (EUI) on 11 May, the President of the European Commission, Jean-Claude Juncker, indicated that as part of the 'reprofiling' of the CAP, direct payments would be capped at a limit of €60 000. This would help to ensure that EU funds were directed to small farm holdings.

Looking to the future, it is envisaged that the Commission's legislative proposals that would give effect to the goals set out in its communication will be tabled in early June this year (See Figure 2). This raises the question of whether there will be sufficient time for both the Council and the European Parliament to secure agreement on the CAP package before the European elections scheduled for May 2019. The Bulgarian Presidency has indicated that the future of the CAP will be discussed at the informal meeting of Ministers of Agriculture in Sofia in June 2018.

Figure 2 – The CAP post-2020: next steps



Source: [European Commission](#).

## MAIN REFERENCES

[Communication](#) from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the future of food and farming, COM(2017) 713 final, 29 November 2017.

Matthews A., [Decoding the CAP communication](#), CAP reform EU, December 2017.

McEldowney J., [Current priorities and challenges in EU agricultural policy](#), EPRS, European Parliament, June 2017.

## ENDNOTES

<sup>1</sup> A team of Italian researchers have published [findings](#) on how the distribution of CAP expenditure varies across the EU. In terms of total CAP expenditure intensity per utilised agricultural area (UAA), regions in eastern EU Member States (such as Romania, Bulgaria, the Baltic Countries and Poland), fall largely within a lower quartile of the distribution showing low expenditure intensity, while many urban regions and NUTS 3 regions in the Netherlands and in Belgium experienced the highest values of CAP expenditure per hectare of UAA throughout the EU. One conclusion to be drawn from this research is that those regions that are little supported in terms of Pillar I expenditure tend to be highly supported in terms of rural development expenditure and vice versa. This research suggests that EU regions benefit from CAP expenditure in very different ways. Some areas are strongly supported by Pillar I measures (such as agricultural regions in France, Belgium and Germany) while others show a stronger support from Pillar II.

<sup>2</sup> See also: Research4Committees, [Towards the CAP post-2020: technical background](#), Volume 2, Issue 1, December 2017, part 2.

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