

Research for AGRI Committee – Governance: the reform process of the CAP post 2020 seen from an inter-institutional angle



The main aim of this study is to examine the decision-making dynamics of the post-2020 common agricultural policy (CAP) reform at EU institutional level (Council - European Parliament - Commission) and provide an analysis of its outcome. In doing so, the study covers all three dimensions of the reform: policy components, resources and delivery.

This last CAP reform was the second one to take place under the post-Lisbon rules and can be seen as representing a break with the past, both in terms of process and substance.

It took 42 months from publication of the Commission's legislative proposals in June 2018 to the final adoption of the agreed texts in December 2021, compared to 26 months for the 2013 CAP reform. The longer timeline was influenced by, among others, the European Parliament elections in May 2019, the entry into office of a new Commission in December 2019, and the delays in agreeing the Multiannual Financial Framework (MFF) 2021-2027.

The announcement of the European Green Deal and its agri-food objectives in the Farm to Fork and Biodiversity Strategies introduced an additional layer of complexity to the negotiations. The reform package proposed by the Commission comprised three regulations. Its centrepiece, set out in the

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Strategic Plans Regulation¹, was a new delivery model for the CAP, intended to shift the focus of implementation from compliance to performance. Changes to the Horizontal Regulation² were intended to adapt financial and control procedures to the new delivery model, and to simplify the governance of the CAP. Finally, changes proposed in the Amending Regulation³ adapted the 'common market organisation' Regulation without altering its key policy components.

Key areas in the CAP negotiations from an inter-institutional angle

The analysis of the inter-institutional dynamics of the reform process focused on four main thematic areas of the CAP:

- *The quest for a more flexible and simplified CAP*

To emphasise the approach of a 'Common' Agricultural Policy and prevent a 'renationalisation' of the CAP, the Parliament aimed to describe and regulate many elements in the regulations in more detail and, on finance, to specify minimum ring-fenced amounts for eco-schemes, young farmers, as well as socio-economic objectives in both Pillars.

The Parliament pushed for a greater consideration of the regional dimension into the CAP Strategic Plans. It also sought greater protection of the Union's financial interests and was able to strengthen the enforcement of controls and the Commission's reporting to the Council and Parliament. Although Parliament made various proposals on simplification, it is hardly mentioned in the programming document and subsequent reporting.

- *Towards a fairer and a more targeted CAP*

While the Council's position on capping and degressivity prevailed totally, the decision to make the redistributive payment mandatory was a success for the Parliament which has always supported the redistribution of payments towards small- and medium-sized farms. It also succeeded in significantly increasing the resources available for support for young farmers. In a significant development, the Parliament introduced the concept of social conditionality into the CAP, making compliance with applicable working and employment conditions an eligibility requirement for CAP payments.

- *The new green architecture of the CAP*

The Commission's proposal for a revised green architecture was largely supported by the Parliament and the Council. The Parliament advocated ring-fencing a minimum expenditure on eco-schemes and keeping eco-schemes and agri-environment-climate measures as two separate interventions. It succeeded in ring-fencing 35% of the rural development budget for environmental- and climate-related objectives. It was partially successful concerning the minimum budget for eco-schemes but its proposal for a common list of eco-schemes was not adopted.

- *Market management in the CAP*

The initial Commission legislative proposal essentially maintained the status quo in most areas. Many of Parliament's amendments sought to strengthen the role of market regulation, e.g. by extending public intervention and supporting supply control measures

¹ Regulation (EU) 2021/2115 establishing rules on support for CAP strategic plans etc.

² Regulation (EU) 2021/2116 on the financing, management and monitoring of the CAP etc.

³ Regulation (EU) 2021/2117 amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets etc

in cases of market disturbance, making the agricultural reserve more effective, and extending the role of producers' organisations.

The Parliament increased the scope of risk management instruments. However, it did not succeed in inserting a provision that would require imported products to meet the same standards as EU producers.

Past and future role of European Parliament: Key findings and recommendations

A major concern for the European Parliament throughout the CAP reform process was the governance of the CAP, particularly the risk of 'renationalisation' and the ability of the Commission to ensure a good degree of coherence in the CAP as a European policy.

In the reform process the Parliament strived to defend the EU principles and the CAP budget while remaining open to policy innovation and acting as policy initiator in some instances. This contrasted with a more conservative stance of the Council, marked by fiscal 'frugality' and a tendency to maximise subsidiarity.

At intra-institutional level, a degree of fragmentation prevailed in all the institutions during much of the CAP reform process. Internal jurisdictional issues and policy differences between the AGRI and ENVI Committees were noticeable on the Parliament's side. At inter-institutional level, the COVID-19 restrictions seriously affected the conduct of the negotiations.

In the final outcome, there were a large number of partial or minor adoptions of Parliament's positions and amendments, as well as some major ones (e.g. social conditionality, a minimum share of direct payments budgets to be spent on eco-schemes, making the redistributive payment mandatory for Member States). Overall, the Parliament found greater scope for contributing on the policy components of the CAP and less on delivery or resources issues. It found it impossible to change the Council's position on several CAP issues (e.g. capping, transfers between Pillars, EAFRD contribution rates) that fall under co-decision but were covered in the European Council conclusions on the MFF.

In future, the Parliament could increase its effectiveness in the negotiations by seeking to bolster the internal consistency of its position in the pre-legislative stage and throughout the negotiations, with a narrower set of proposals, both in terms of strategic objectives and specific amendments. To ensure a leading role in future negotiations, the Parliament needs to significantly increase its in-house analytical capacity ahead of and particularly during negotiations to be able to assess proposals put forward by the other institutions and the wider set of CAP stakeholders.

Overall, the Parliament needs to reflect on the post-2020 CAP reform and form a view as to the role it should be playing in future reforms, and implement in a timely fashion a range of actions, selected according to the direction in which it wishes to move. The study provides a menu of possible actions for further consideration.

Further information

This executive summary is available in the following languages: English, French, German, Italian and Spanish. The study, which is available in English, and the summaries can be downloaded at: <https://bit.ly/39E04Dm>

More information on Policy Department research for AGRI: <https://research4committees.blog/agri/>



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