

**Extracts from  
RECORD**

**COMMITTEE MEETING 2017/18:13**

DATE 7 December 2017  
TIME 8.00 – 8.35, 8.45 – 9.35

**Item 2 Agriculture and Fisheries Council, 11 – 12 December 2017**

In accordance with the Riksdag Act, Chapter 7, Article 12, the Committee decided to deliberate with Minister for Rural Affairs Sven-Erik Bucht from the Ministry of Enterprise and Innovation, on the following point on the Council's agenda:

**Council agenda item 4 Message from the Commission regarding the future of foodstuffs and agriculture**

The briefing material consisted of a Council Memorandum sent on 4 December 2017.

**Proposed Swedish position:**

Based on the challenges facing agriculture and rural areas as well as the Government's ambition for a considerably reduced EU budget following the UK's announced withdrawal from the EU, the Government has proposed the following general position as to how the Common Agricultural Policy (CAP) should be amended after 2020. This obtained broad support in the Committee on EU Affairs (EUN) ahead of the Council meeting in July 2017.

The way the CAP is formulated is significant in terms of the profitability of agriculture, the achievement of various environmental targets and the development of rural areas. The effectiveness of the current policy could also be enhanced in order to manage the challenges resulting from the UK's announced withdrawal from the EU and the need for considerable reductions in budget resources in the coming budget period. Developing the CAP is also necessary in terms of living up to the UN's sustainability targets and supporting a transition to a bio-based economy.

A simplification of policy needs to form the basis of future reforms. The current CAP leads to high administrative costs for both farmers and authorities. One important change involves amending the rules for audits, which need to become more predictable and proportionate and should be based on risk and materiality.

The CAP also needs to shift focus from the first pillar's direct payments to the second pillar with its rural development programme. It is also important to safeguard the continued market orientation of the CAP.

By investing in measures that strengthen the competitiveness of agriculture and sustainable productivity within the framework of the rural development programme, agriculture may have less need for income support. The current direct payments risk being capitalised in higher land values and higher leases, thus leading to an inefficient policy that also makes it difficult for young people and new farmers to become established within agriculture. Direct payments should be reduced considerably and evened out between member states. In the longer term, they should be phased out. As part of simplifying the policy, the Government considers that the current system with payment entitlements should be phased out.

There is an opportunity for greater realisation of targets compared to today by way of supplementary payments focused on land with high cultural and

environmental value as well as regions with poorer production conditions.

Greater efficiency and environmental benefit could also be possible if the greening payments in the first pillar were removed and targeted measures were used instead within the framework of the rural development programme. The Government also considers that the cross-compliance system needs to be reviewed and that it should be removed in favour of measures in the rural development programme. To increase the environmental and climate-related benefits of the CAP, the requirement governing how much of the rural development programme is devoted to these measures should be extended.

The Government considers that the risk management tools may need developing in future reforms to increase the effectiveness and flexibility of these measures. At the same time, it is necessary to ensure equal competitive conditions among farmers in different member states and continued market orientation. It is therefore important that the risk management instrument does not prevent signals from the market from reaching farmers. There is a crisis reserve in the current CAP that aims to redistribute funds from direct payments to different types of crisis measures. The Government considers that rules and criteria relating to the crisis reserve need to be reviewed to ensure that it can function as a restrictive but usable tool when a real crisis occurs.

Coordination between the rural development programme and other European funds needs to be enhanced to increase efficiency. The new Innovation Partnership has been valuable to agriculture and the Government's assessment is that this tool should also be made available to other relevant industries in rural areas.

The Government also considers that there are grounds for amending the rules governing animal welfare payments to make it possible to compensate farmers who take measures that go beyond the EU's common legislation, regardless of whether the measures are a legal requirement or general practice in that specific country.

The discussion at the Agriculture and Fisheries Council about the message will be based on two questions: 1. The views of member states on the message, and 2. What member states consider is missing from the message. A number of proposals for Sweden's position on these issues follow below.

1) The views of member states on the message:

A new administrative model

The Government considers it important for the discussion on a future CAP to take into account the need for budget cutbacks as a result of the UK's announced withdrawal from the EU, and that this should have been taken into greater account in the message.

The Government considers it positive that the message concerns the structure governing how the CAP's targets can be better achieved. The Government looks positively upon the proposed new administrative model that involves greater subsidiarity and places greater responsibility for the direction of policy on member states. Such a change could lead to the policy becoming more efficient, simple and result-orientated. It is important, however, to take into account the fact that the message only establishes the framework and that many questions and details relating to the new administrative model will remain unanswered until the legislative proposal is presented. The Government therefore considers it important to work towards ensuring that the proposed direction actually leads to a more efficient, simple and result-

oriented policy that contributes to an increase in sustainable productivity and greater competitiveness. The Government also holds the view that measures as part of the rural development programme have better opportunities to promote competitiveness and sustainable productivity than farm payments, and therefore recommends that greater focus be placed on these measures within the framework of considerably lower CAP expenditure overall.

The Government sees the raised ambitions for the climate and environment as a positive aspect of the message. It is positive that focus has been placed on a review of greening. A core consideration is how a new system containing measures to bring about environmental and climate-related benefits can be designed in a simple and effective manner. It is important for the new model to entail freedom with responsibility, a greater focus on targeted measures and the Commission avoiding detailed regulations in secondary legislation and guidelines.

The Government takes a positive view of the message about growth in rural areas, but in this context would like to emphasise its view that forestry policy should be a national competence and that growth in rural areas is not first and foremost assured by way of funds at EU level.

The Government also takes a positive view of the Commission's proposal to continue equalling out levels of direct payments between member states, but maintains that this equalisation must be pursued at a lower level than today's average. The Government is doubtful about the capping proposal, as it risks counteracting structural reform and increased competitiveness. The Government advocates a general cutback in direct payments, which should decrease considerably and be phased out in the long term.

## 2) What is missing from the message?

The Government considers that the message should have placed greater focus on the market perspective and efficiency in the sector as a whole. The Government considers it important to increase the market orientation as opposed to simply maintaining it.

The Governments also holds the view that the message could have focused more on simplification of the audit system. The Government considers that a simplified audit system based upon risk and materiality, an integrated control and audit structure (single audit) and management by objectives rather than detailed regulation is necessary in terms of simplifying the policy and reducing the administrative burden. Such a change represents a condition of the proposed changes to the administrative model leading to a more efficient, simple and result-orientated policy.

The following additions to the Swedish position – which were approved by the Minister – were submitted:

- That greater subsidiarity should not lead to distorted competition
- Sweden welcomes proposals that promote the rejuvenation of the farmer workforce

The Chair noted that there was nothing to add to the Swedish position at this stage.

Minister for Rural Affairs Sven-Erik Bucht from the Ministry of Enterprise and Innovation submitted further information under “further items for the Council agenda” ahead of the Agriculture and Fisheries Council meeting on 11-12 December 2017.

This paragraph was immediately declared to have been approved.

