EU farm policy reform: Parliament and Council strike a deal

- More support for those who apply climate- and environmentally-friendly practices
- 10% of national direct payments to support small and medium-sized farms
- Tailor-made measures to help farmers deal with crises
- More transparency on how EU funds are spent, higher sanctions for repeated infringements

Parliament’s and Council’s negotiators reached an informal political agreement on three EU laws that will govern the 2023-2027 EU farm policy, on Friday.

Negotiators endorsed a policy shift that should tailor the EU’s farm policy better to the needs of individual member states, but they insist the European Union’s agricultural policy must also remain common. The new rules provide that national governments should draft strategic plans, which the Commission will endorse, specifying how they intend to implement EU objectives on the ground. The Commission would be checking their performance as well as their compliance with EU rules.

Promoting a better environmental performance for EU farms

Thanks to MEPs, preserving and strengthening biodiversity in the EU and meeting the European Union’s commitments under the Paris Agreement will become one of the objectives of the future EU farm policy. Parliament also ensured that the Commission, when assessing national strategic plans, should check they are consistent with the EU's environmental and climate commitments and the 2030 EU Farm to Fork and Biodiversity strategies targets.

During the negotiations, Parliament insisted on strengthening mandatory climate and environmentally-friendly practices, the so-called conditionality, that each farmer must apply to get direct support. On top of that, MEPs got EU governments on board to dedicate at least 35% of the rural development budget to environmental and climate-related measures and, as a general rule, at least 25% of the direct payments budget to eco-schemes, which would be voluntary but would increase farmers’ income.
More money for small farms and young farmers, and better working conditions

MEPs ensured that at least 10% of national direct payments would have to be used to support small and medium-sized farms. To this end, member states could use a redistributive top-up payment or decide to progressively reduce annual direct payments to farmers above €60 000, and cap them at €100 000. If such a scheme is introduced, national governments could allow farmers to deduct 50% of agriculture-related salaries from the total amount before reduction.

EU states could use at least 3% of their CAP budgets to support young farmers. Support for new farmers could be granted from rural development funding.

MEPs also insisted on protecting the rights of farm workers more robustly. They got Council on board for setting up a mechanism to connect, as of 2025 at the latest, national labour inspectors with CAP paying agencies to penalise breaches of EU labour rules.

Helping farmers deal with risks and crises

Throughout the negotiations, Parliament pushed for further measures to help farmers cope with risks and potential future crises. They introduced measures to ensure that the market will be more transparent and better prepared for potential turbulence, and that practices aiming for higher environmental, animal health, or animal welfare standards will be exempt from competition rules. The existing crisis reserve, helping farmers with price or market instability, will be turned from an ad-hoc instrument to a permanent one with a proper budget.

More transparency to protect EU funds and higher sanctions for repeated breaches

MEPs insisted on more transparency on the final beneficiaries of EU subsidies and ensured that member states will be given access to the EU data-mining tool to avoid circumventing EU rules and to duly protect EU funds.

Parliament also made sure that those who repeatedly fail to comply with EU requirements (e.g. on the environment and animal welfare), will face increased sanctions. This should cost farmers 10% of their entitlements (up from today’s 5%).

More information about the approved texts is available in the Q&A.

Next steps

Following the political agreement, the text still need to be technically and legally fine-tuned. It will then have to be approved by the Parliament - first by the Agriculture Committee and then by the full House- and by the Council, to enter into force. New EU farm policy rules should be applicable as of 1 January 2023.

Background
The last reform of the EU farm policy, established in 1962, dates back to 2013. The 2013-2020 CAP rules expired on 31 December 2020 but they were extended and replaced by transitional rules, until the end of 2022.

The CAP accounts for less than a third (31.95% or €386.6 billion) of the 2021-2027 EU’s Multiannual Financial Framework budget (€1.21 trillion). Around 70% of the CAP budget supports the income of six to seven million EU farms.

Further information
Committee on Agriculture and Rural Development
Procedure file (Strategic plans)
Procedure file (Common market organisation in agricultural products)
Procedure file (Financing, management and monitoring of the CAP)
Profile of rapporteur - strategic plans: Peter Jahr (EPP, DE)
Profile of rapporteur - common market organisation: Eric Andrieu (S&D, FR)
Profile of rapporteur - horizontal regulation: Ulrike Müller (RE, DE)
EP Research: CAP strategic plans - issues and expectations for EU agriculture
EP Research: CAP amending regulations on the CMO for agricultural products, quality schemes and measures for remote regions
EP Research: CAP horizontal regulation

CAP trilogue: arrivals, roundtable, statements (EP Multimedia Centre)
Free photos, video and audio material

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