

# The CAP towards 2020

## Legal proposals

DG Agriculture and Rural Development  
European Commission

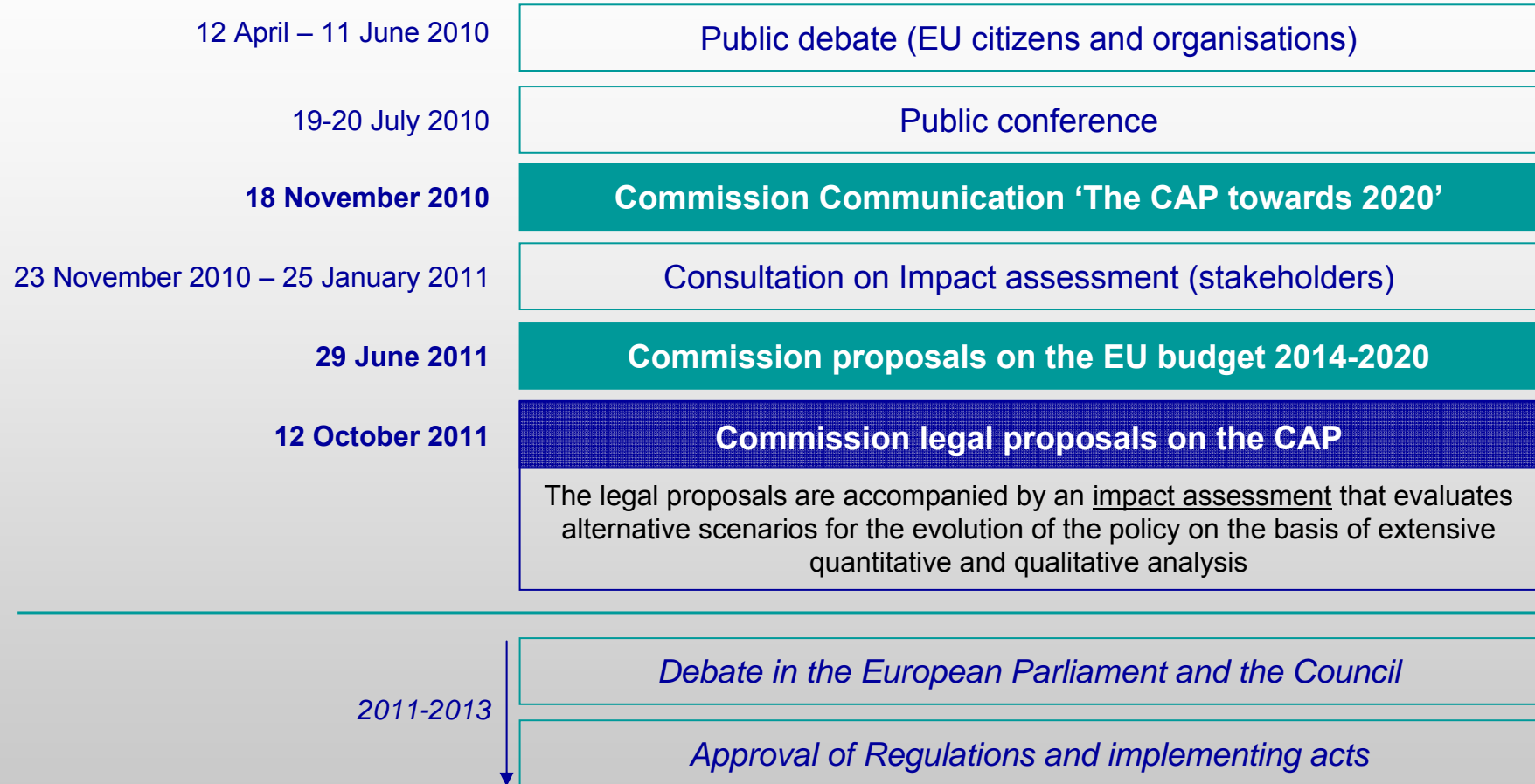


European Commission  
Agriculture and  
Rural Development

# Outline

- 1. Process of the CAP reform**
- 2. Policy challenges and objectives**
- 3. CAP proposals in detail**
- 4. What's next?**

# Where are we with the CAP reform process?



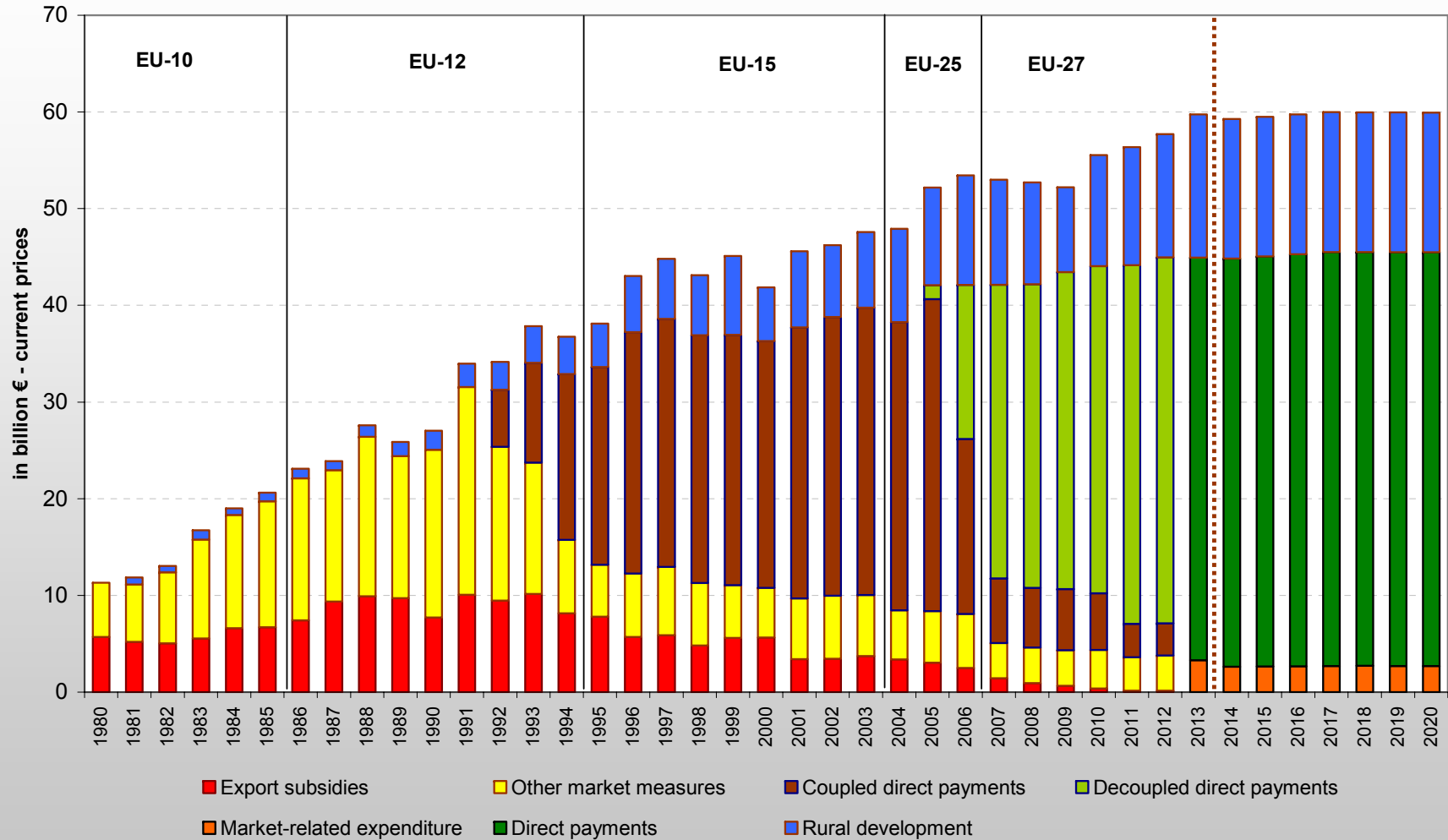
## How will the CAP be financed?

- Commission proposals on Multi-Annual Financial Framework for 2014-2020 to maintain CAP spending at 2013 levels in nominal terms

<i>in billion EUR</i>	<i>Current prices</i>
- Pillar I - Direct payments and market-related expenditure	317.2
- Pillar II - Rural development	101.2
<b>Total Pillar I and II</b>	<b>418.4</b>
- Food safety	2.5
- Most deprived persons	2.8
- Reserve for crises in the agricultural sector	3.9
- European Globalisation Fund	Up to 2.8
- Research and innovation on food security, the bio-economy and sustainable agriculture	5.1
<b>Total additional amounts</b>	<b>Up to 17.1</b>
<b>Total proposed amounts for the period 2014-2020</b>	<b>Up to 435.5</b>

Source: Commission Communication 'A budget for Europe 2020' – COM(2011) 500 final, part II.

# The path of CAP expenditure 1980-2020 (in current prices)



Source: DG Agriculture and Rural Development



**Notes:**

2011 = Budget; 2012 = Draft Budget;

2013 = EAGF subcelling for direct payments and market-related expenditure + pillar 2 in commitments.

Rural development for 2013 includes UK voluntary modulation and Article 136 "unspent amounts". As these cease to exist end 2013, the corresponding amounts are put back to direct aids as from 2014.

# Outline

1. Process of the CAP reform

**2. Policy challenges and objectives**

3. CAP proposals in detail

4. What's next?



# What are the challenges for agriculture...

Commission Communication 'The CAP towards 2020'

## Challenges

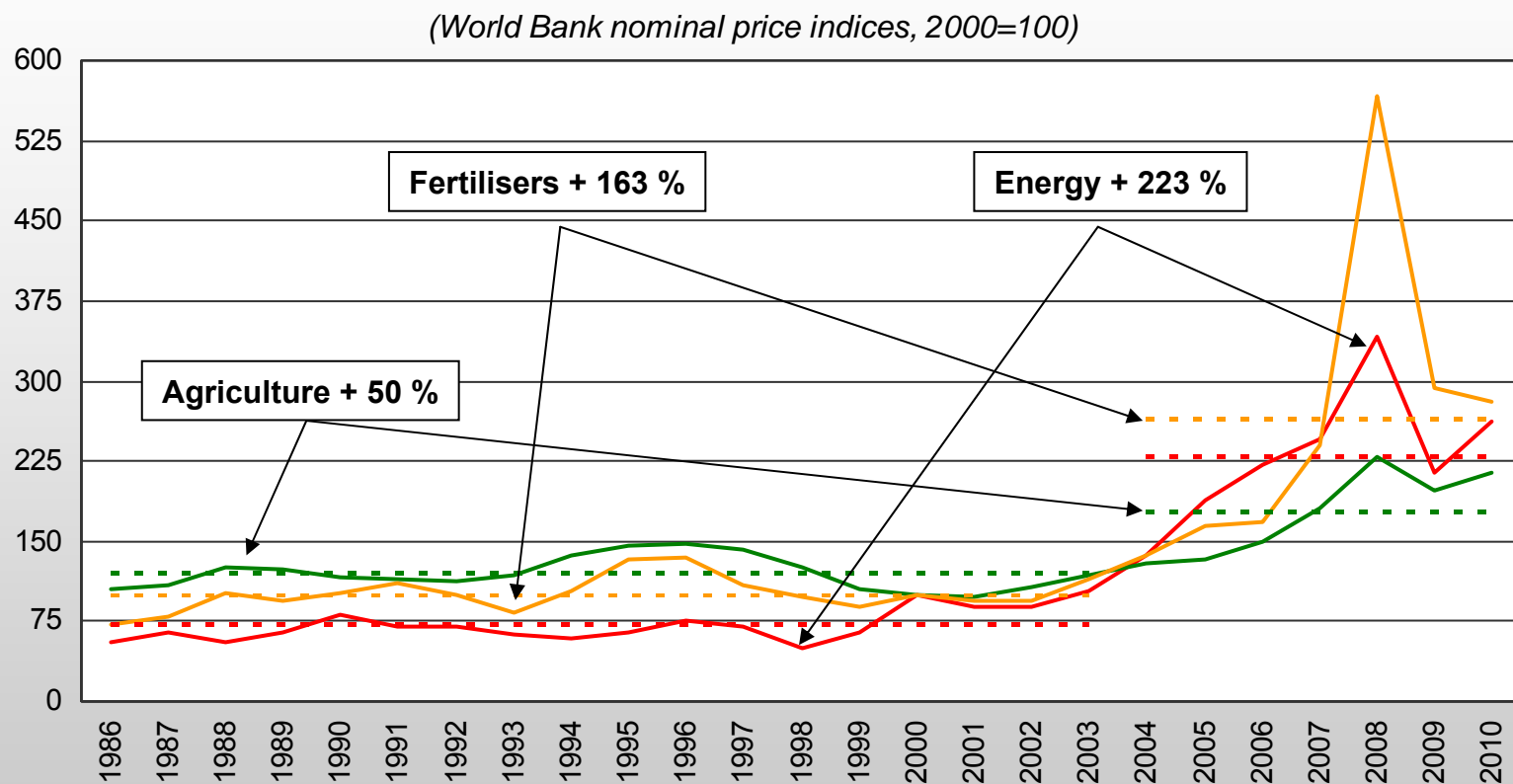
### Economic

### Environmental

### Territorial

- **Economic challenges**
  - Food security
  - Price variability
  - Economic crisis
- **Environmental challenges**
  - GHG emissions
  - Soil depletion
  - Water/air quality
  - Habitats and biodiversity
- **Territorial challenges**
  - Vitality of rural areas
  - Diversity of EU agriculture

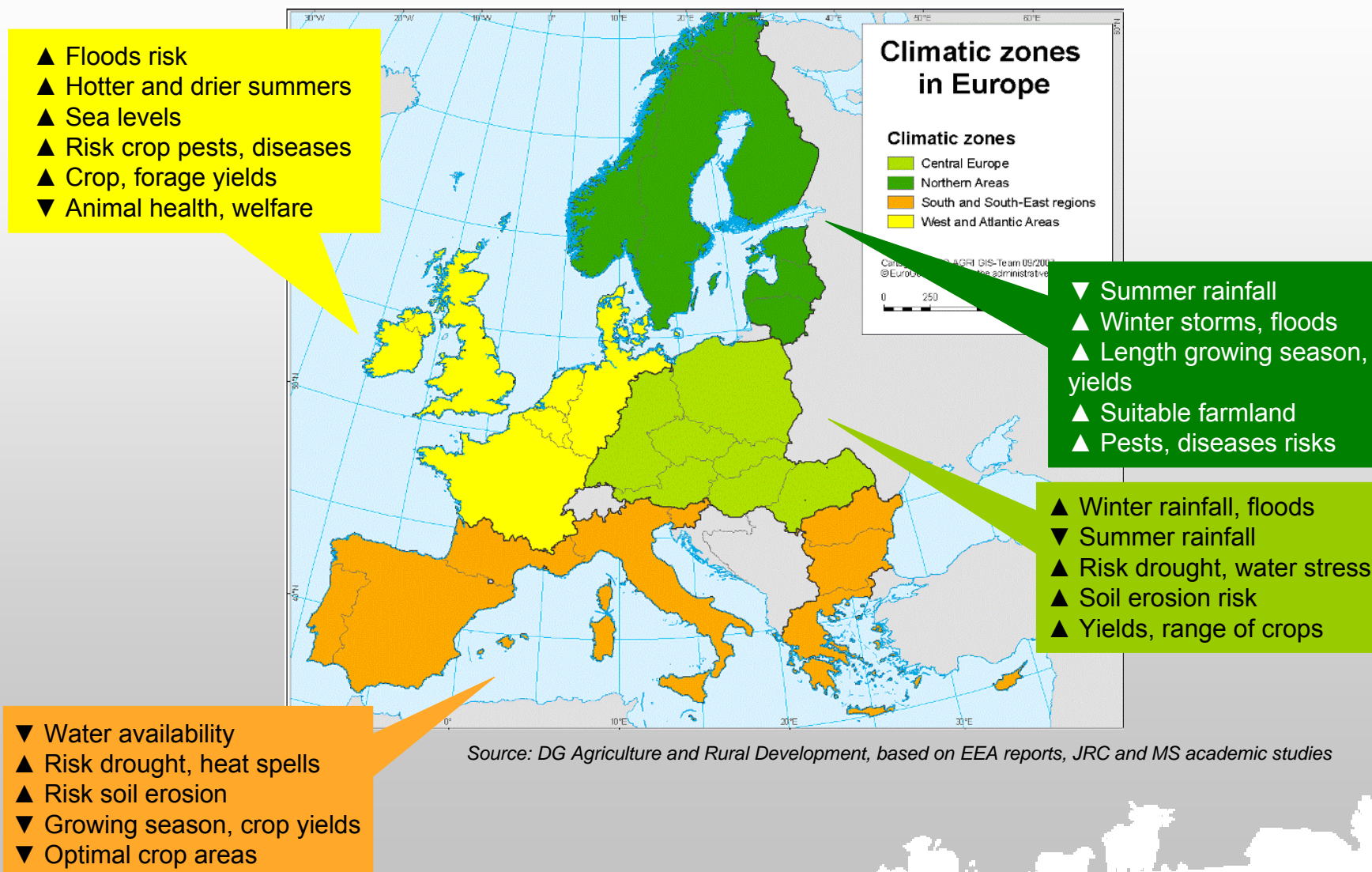
# Recent trends in commodity prices



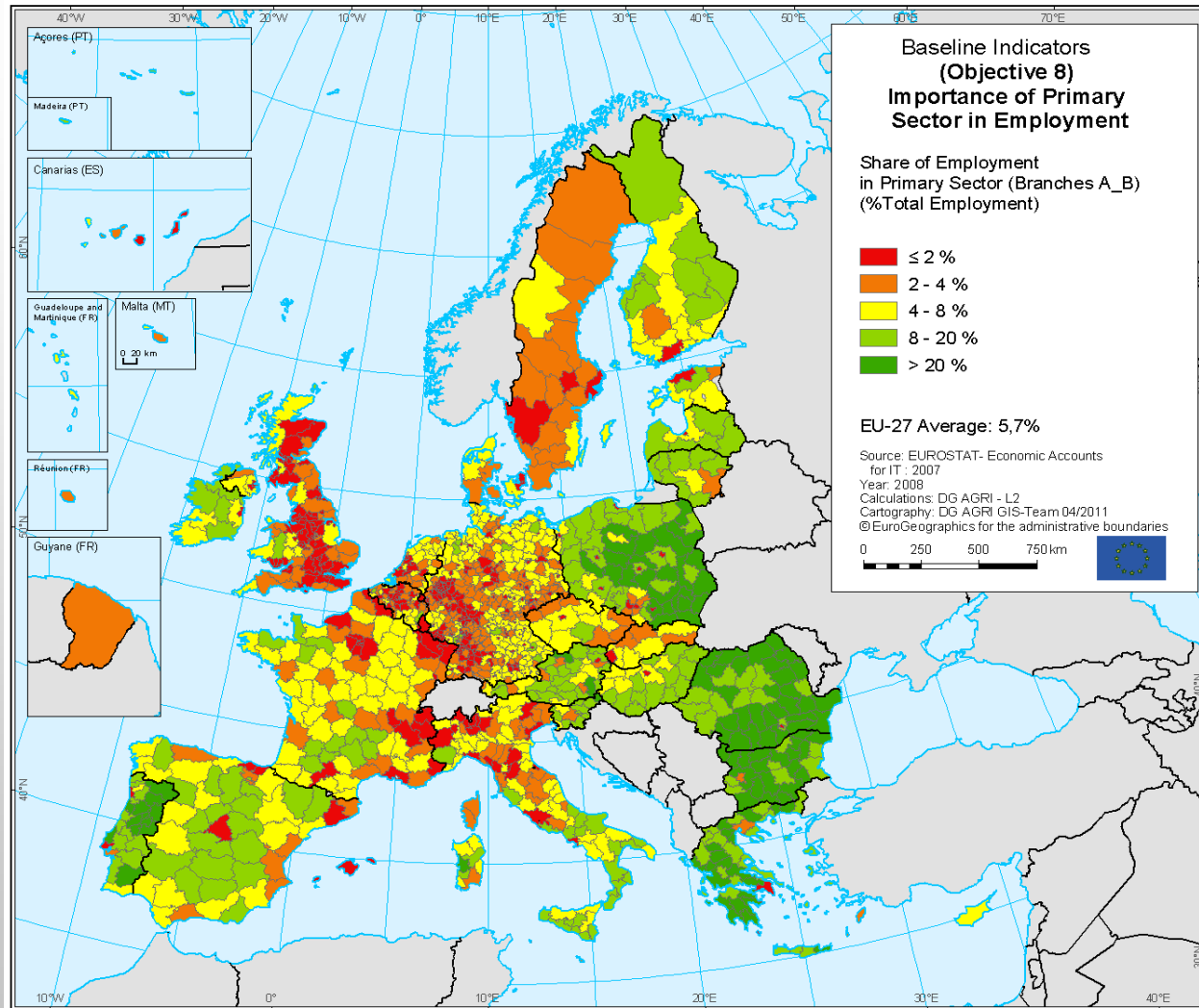
Source: World Bank.



# Climate change – Possible impacts on EU agriculture



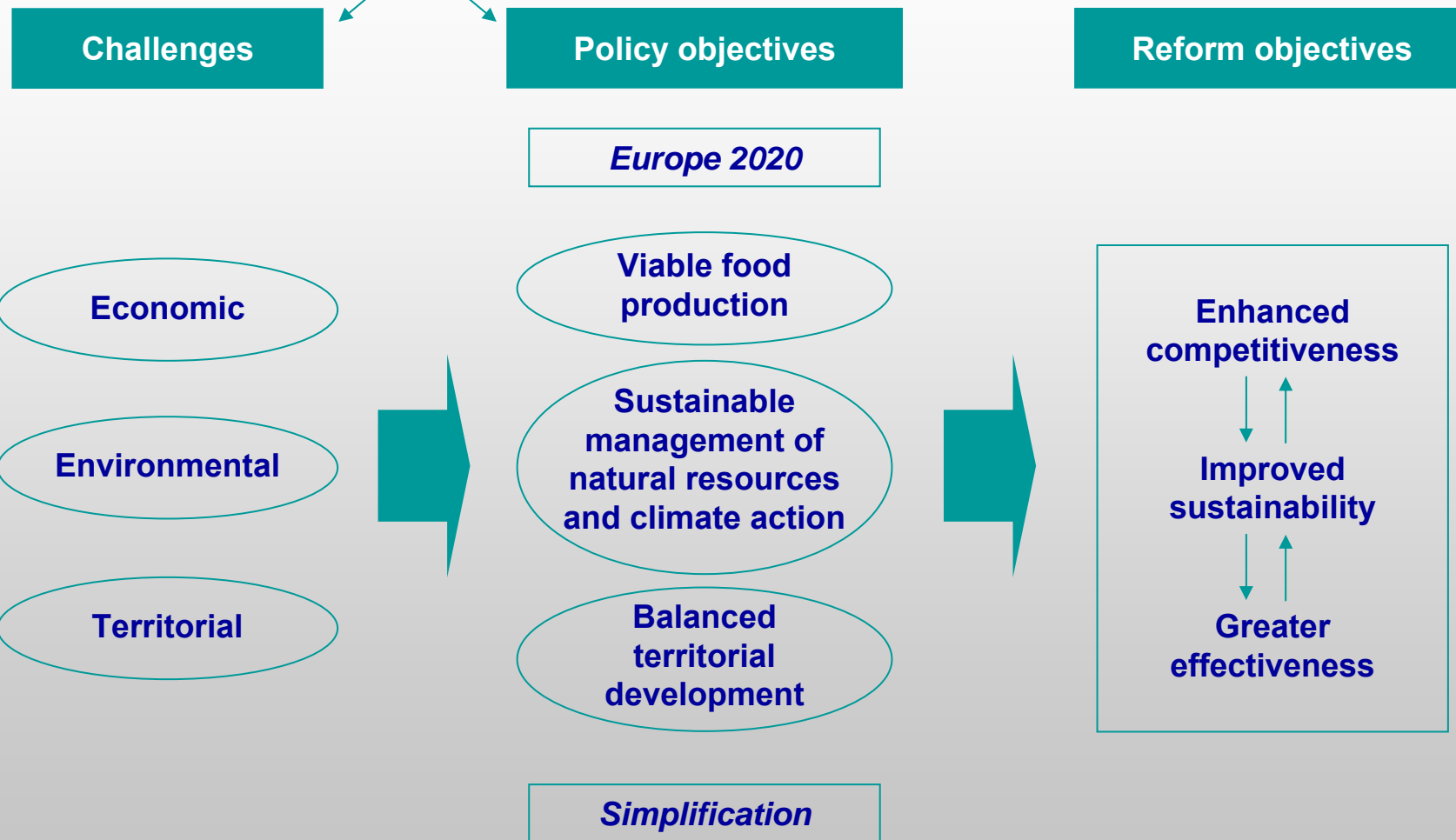
# Importance of primary sector in employment



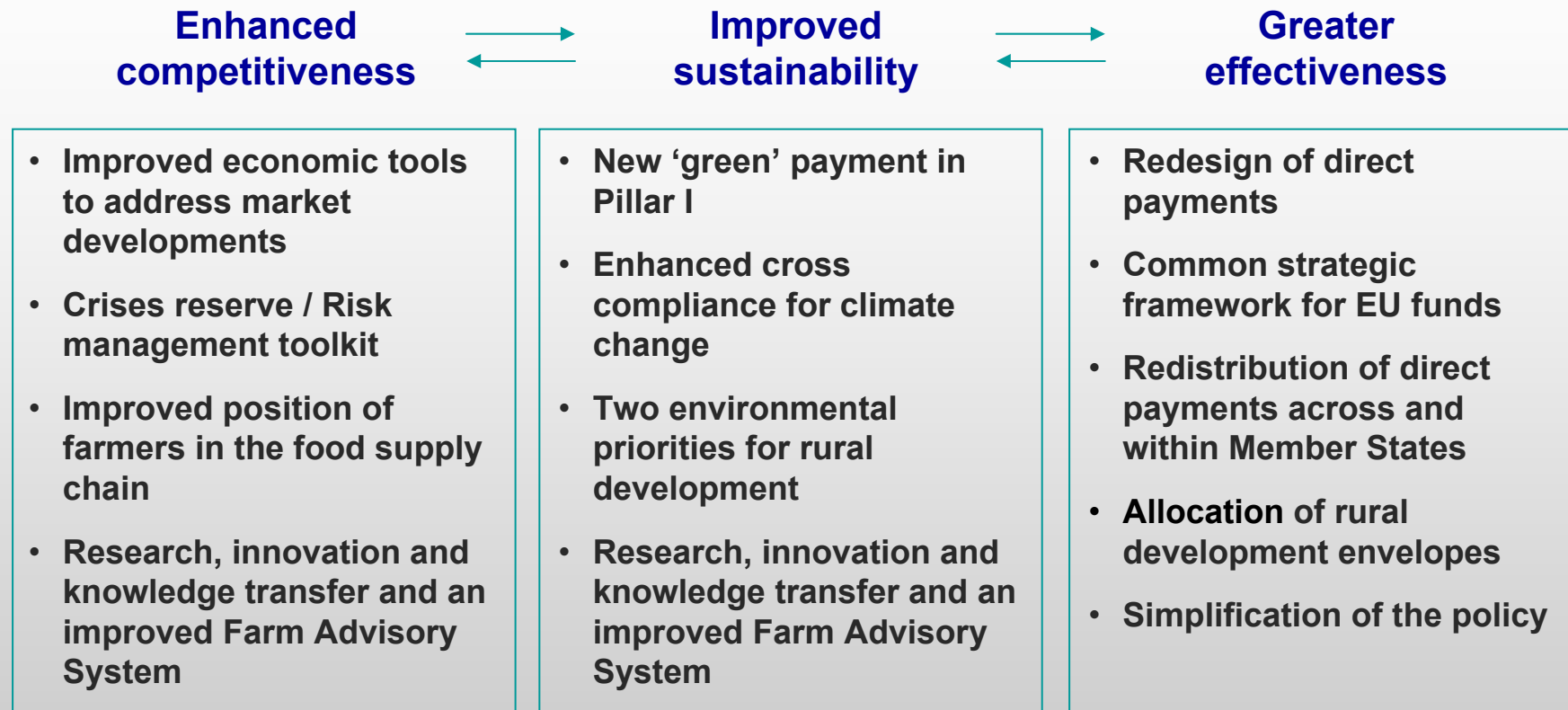
# ... and how will the CAP address them?

Commission Communication 'The CAP towards 2020'

Legal proposals



# What CAP instruments to meet the reform objectives?



# Outline

1. Process of the CAP reform
2. Policy challenges and objectives
- 3. CAP proposals in detail**
4. What's next?



# New design of direct payments (1)

- In 2014, EU farmers would have access to:

## Compulsory schemes (all MS):

- Basic payment scheme
- ‘Green’ payment\*
- Young farmers scheme

(+)

## Voluntary schemes (MS choice):

- Coupled support
- Support in natural constraint areas

*All payments subject to cross compliance*

*All farmers will have access to the Farm Advisory System*

OR

## A simplified scheme for small farmers (compulsory for MS, choice for farmer)

\* Payment for agricultural practices beneficial to climate change and the environment

# New design of direct payments (2)

## Degressivity and Capping

(all layers except Green Payment)

**Cross compliance**  
 • Streamlined – Climate change

### Coupled support

- Wide range of sectors
- Up to 5% or 10% of DP envelope, to be decided by MS

### Natural constraint support

- For areas with natural constraints
- Up to 5% of the DP envelope

### Young Farmer Scheme

- Up to 2% of DP envelope
- < 40 years
- For 5 years
- Commencing activity

### 'Green' Payment

- Crop diversification
- Permanent grassland
- Ecological focus area
- 30% of the DP envelope

### Basic Payment Scheme

- National or regional flat rate per eligible hectare
- Regions and criteria to be chosen by MS
- New entitlements in 2014
- Definition of agricultural activity
- Definition of active farmer

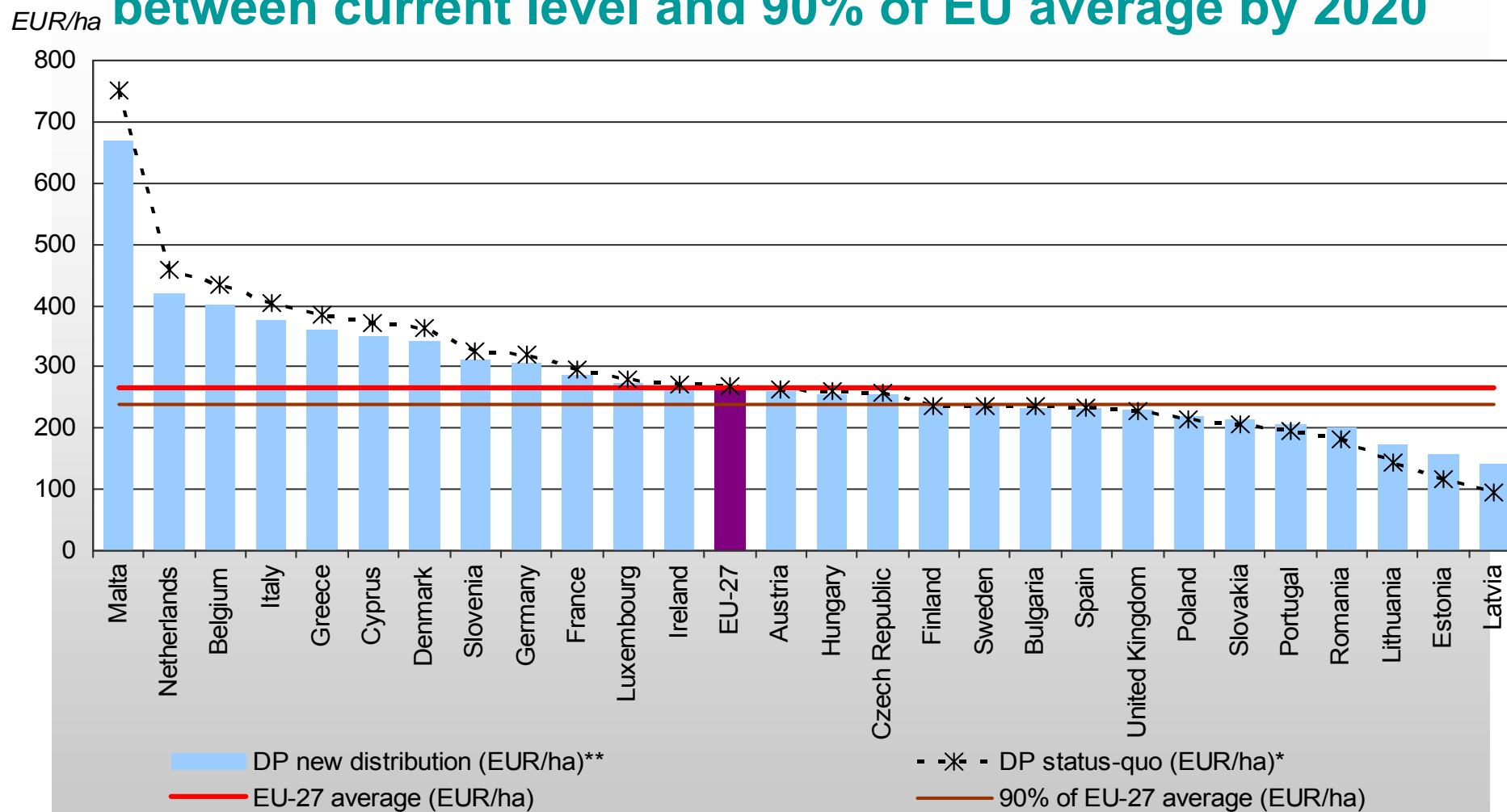
### Small Farmer Scheme

- Simplification of claims and controls
- Lump sum payment to be determined by MS under conditions
- Entrance in 2014
- Up to 10% of the DP envelope

OR



# Redistribution of DP - Closing one third of the gap between current level and 90% of EU average by 2020



\* Calculated on the basis of all direct aids on the basis of Council Regulation (EC) No 73/2009, after modulation and phasing-in, except POSEI/SAI and cotton and potentially eligible area 2009

\*\* Calculated on the basis of Annex II to DP proposal for claim year 2019 (budget year 2020) and potentially eligible area (PEA) 2009

Source: European Commission - DG Agriculture and Rural Development





# Improved instruments to address market developments (sCMO)

Increased financing for research and innovation  
Forum for a Better Functioning Food Supply Chain

## Sustainable consumption - School Fruit and Milk Scheme

- Increased funding
- New measures available for EU co-funding



Link to the consumer

## Encouraging common action – better position in the food supply chain

- **Facilitated recognition of:** Producer Organisations (PO), Associations of POs, Interbranch Organisations
- **More clarity as regards competition rules**
- **Link to Rural Development funds (start-up and co-operation measures)**



Common responses to economic and environmental challenges

## Continued market orientation

- End of certain aid schemes (Skimmed Milk Powder, hops and silkworms)
- End of production limits (sugar)



Competitiveness of individual agricultural producers

## Enhanced safety-net

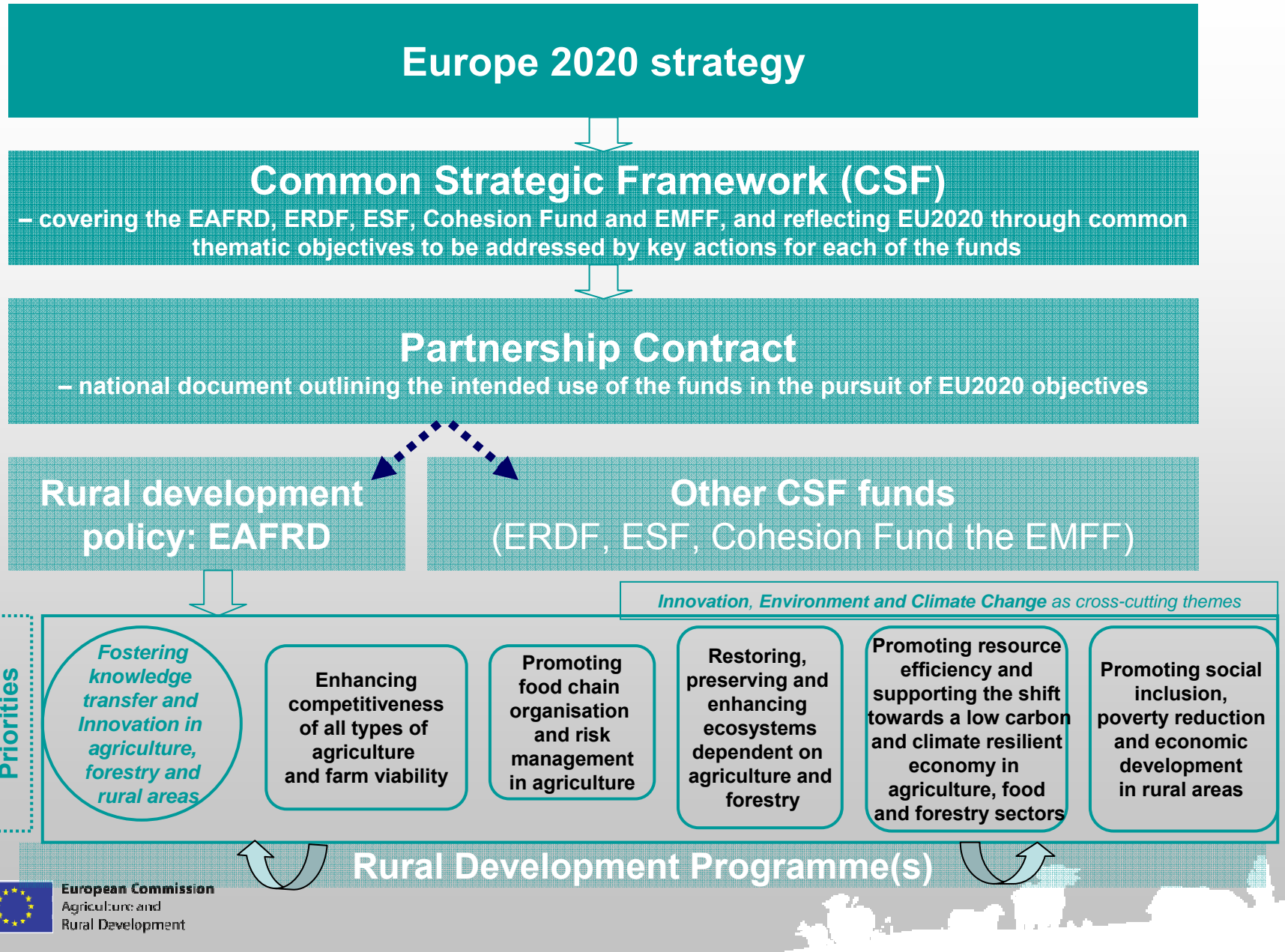
- Exceptional measures – more flexibility and greater coherence
- Public intervention/private storage simplified, more responsive to crises
- “Crises reserve”



European Commission  
Agriculture and  
Rural Development



# Rural development in a new framework (1)



## Rural development in a new framework (2)

- **Single framework** for multiannual EU funds - simplification and harmonisation of rules
  - **Common Strategic Framework** and **Partnership Contract**
  - **Performance review** based on milestones and **ex ante conditionalities**
- **Reinforced strategic approach**: Member States responsible for
  - Translating **EU2020** and **rural development priorities** into action...
  - ...by taking into account **specific needs** at local/regional/national level
- **Programming at national or regional level with**
  - Setting **quantified targets** at programme level linked to priorities
  - Using **streamlined tool-kit of measures** to be combined in relevant packages to address priorities and achieve targets
  - Possibility of **thematic sub-programmes**
- **Financing**
  - Allocation of national envelopes to be based on objective criteria and current allocation
  - Co-financing
- **Common Monitoring and Evaluation System**
- **European Innovation Partnership 'Agricultural productivity and sustainability'**

# Rural development in a new framework (3)

## Key measures

- Knowledge transfer, information actions and advisory services
- Investments in physical assets:
  - higher support rates for young farmers, collective investments and integrated projects
- Farm and business development
  - extended support for small farmers, young farmers and small businesses
- Support for setting up of producer groups in all EU Member States
- Agri-environment-climate payments and organic farming: more flexibility and reinforced support for joint actions
- Significantly reinforced co-operation measure including pilot projects, short supply chain, local promotion
- New risk management toolkit
- Leader approach strengthened across EU funds
- European Innovation Partnership and Prize for innovative, local cooperation

# An overarching objective: Simplification

## Examples

- **Policy instruments**

- A simple and specific scheme for small farmers (around 30% of beneficiaries)
- Greening as simple as possible, includes only measures that have an environmental impact AND are manageable / controllable without major extra cost;

- **Payments**

- Only one Paying Agency for all CAP measures in a MS/Region
- A range of approaches to reimbursing payments by beneficiaries on the basis of simplified costs (II Pillar);

- **Controls**

- MS with properly functioning control systems and low error rates may be authorised to reduce the number of controls
- Cross-compliance: reduction and better streamlining of the obligations (13 SMRs instead of 18 and 8 GAEC instead of 15), follow-up checks to minor infringements repealed; farmers using certification systems less likely to be controlled.

# Outline

1. Process of the CAP reform
2. Policy challenges and objectives
3. CAP proposals in detail
- 4. What's next?**



## What's next?

**The Commission presents today a set of proposals designed to make the CAP a more effective policy for a more competitive and sustainable agriculture and vibrant rural areas**



**The discussion is now launched with the other institutions with the aim of having the CAP reform in place as from 1st January 2014**



# The future CAP at a glance

**Enhanced competitiveness**



Innovation, knowledge transfer, risk management, cooperation in the food supply chain

**Improved sustainability**



Green payment, enhanced cross compliance, resource efficiency, research and innovation

**Greater effectiveness**



Improved targeting, redistribution, Common Strategic Framework, simplification



## For further information

- The CAP after 2013

[http://ec.europa.eu/agriculture/cap-post-2013/index\\_en.htm](http://ec.europa.eu/agriculture/cap-post-2013/index_en.htm)

- Commission Communication 'The CAP towards 2020'

[http://ec.europa.eu/agriculture/cap-post-2013/communication/index\\_en.htm](http://ec.europa.eu/agriculture/cap-post-2013/communication/index_en.htm)

- Impact assessment

[http://ec.europa.eu/agriculture/analysis/perspec/cap-2020/index\\_en.htm](http://ec.europa.eu/agriculture/analysis/perspec/cap-2020/index_en.htm)

- Legal proposals

[http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index\\_en.htm](http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index_en.htm)