

Questions and answers on the CAP reform – 17 November 2020

1. What is the state of play of the CAP reform?

- End of October, both the European Parliament and the Council agreed on their respective negotiating positions on the CAP reform, enabling the beginning of the trilogues. The first meeting between the three institutions took place on 10 November, establishing each institution's position and an indicative timeline for the next meetings.
- The next trilogues are provisionally scheduled for 19 November (Strategic Plans regulation), 2 December (Common Market Organisation regulation), and 4 December (Financing, management and monitoring regulation).
- The Commission presented its [proposals](#) in June 2018 introducing a more flexible, performance and results-based approach that takes into account local conditions and needs, while increasing EU level ambitions in terms of sustainability. Higher environmental and climate ambitions is reflected by a new green architecture, which includes an enhanced conditionality and the new eco-schemes system.
- The Commission published a [report](#) in May 2020 highlighting the compatibility of its proposals with the Green Deal, subject to a number of conditions.
- The Commission is determined to play its full role in the CAP trilogue negotiations, not only as an honest broker between the co-legislators, but also as a driving force for greater sustainability.

2. What are the Commission's priorities in the CAP reform negotiations?

- The Commission wants to ensure that rules on conditionality, combining the current rules on cross-compliance and 'greening', match the level of ambition of its 2018 proposals. Conditionality is a crucial aspect of the new green architecture, as the mandatory baseline in terms of environmental and climate action for CAP beneficiaries. Conditionality is key for mitigating climate change, preserving biodiversity and protecting wetlands and peatlands but it also plays an important role in animal welfare and food safety.
- It is essential for the Commission that the new eco-schemes are effective in nudging farmers towards adopting sustainable farming practices. To do this, a substantial share of the available funding should be dedicated to eco-schemes, in combination with significant rural development funds allocated to environmental and climate actions. It is important that there are no loopholes.
- The CAP has to contribute at least 40% to climate expenditure. To uphold the commitment of the Parliament and of the Council, this figure has to become an obligation rather than an expectation. It is also crucial that the accounting system towards this figure is credible and transparent.
- Currently, at least 80% of CAP goes to less than 20% of beneficiaries. The Commission will work with the Parliament and with the Council to ensure more equity in distribution of support, as EU support is a very significant part of the income of many small and medium sized farmers.
- The rural development pillar of CAP has to make a substantial contribution to support actions beneficial to climate and environment. This has to go well beyond what it delivers today.

- The CAP has to help farmers to become more resilient by making agriculture and food systems more sustainable. To that end, the CAP must make a substantial contribution to the Farm to Fork and Biodiversity Strategies.
- Finally, the Commission believes that the right system needs to be in place to track and monitor the implementation of the new CAP and the progress made towards the Green Deal objectives.

3. What are the key elements of the CAP reform that should lead to further sustainability in agriculture?

- While ring-fenced eco-schemes and agri-environment commitments have been accepted by Parliament and Council as key features of the CAP, the Commission aims to ensure that these are ambitious, building upon and going beyond a high level of conditionality.
- The Commission will work during the trilogues to ensure that conditions and financial rules for eco-schemes do not undermine their effectiveness. The Commission will also need to ensure that any unused funds from eco-schemes are re-allocated to “specific environmental and climate-related objectives”.
- Conditionality, the basic requirements to be able to receive CAP support, is another area of concern. While the positions of EP and Council go beyond the status quo, we are of the view that higher ambition is necessary and achievable. For example, it is essential to ensure that only non-productive high-biodiversity landscape features are accepted under conditionality.
- Conditionality is also key in making the CAP compatible with the expectations of society through improving consistency of the policy with the environment, public health, animal health, plant health and animal welfare objectives. Restrictions to the scope of standards and exemptions from or postponement of implementation of standards should be kept to a minimum.

4. How will the Commission treat the CAP Strategic Plans, which implement the CAP in each Member State?

- Two key elements of the Commission proposal have already been accepted by the Council and the European Parliament: the “no backsliding” principle and the legal link between CAP Plans and environment and climate legislation.
- First, the proposed ‘green architecture’ requires Member States to demonstrate that their CAP Strategic Plans have a higher environmental and climate ambition and contribute to the transition to sustainable food systems.
- Second, Member States will have to show how, in pursuing the CAP objectives, they will also make a specific contribution to the achievement of the objectives of the existing EU environmental, climate, sustainability and energy legislation set out in the draft CAP Strategic Plan Regulation.
- The Commission will also assess the links to the Farm to Fork and Biodiversity Strategies and their targets. To that end, Member States should put forward national values to contribute to these targets.

5. Will additional requirements on farmers be sufficient to really improve the sustainability of our food systems?

- The European Green Deal is a growth strategy. In addition to the substantial support available through the CAP, **market demand** will drive further growth of a sustainable agri-food sector. That is why initiatives to promote sustainable production and **helping consumers make healthy, nature- and climate-friendly choices are crucial**. For example by, introducing an EU wide labelling for sustainable food, and promoting consumption of products that match these sustainability standards.
- **Innovation** is key to achieve both sustainability and meeting our food production needs. The new Horizon Europe programme will see substantial investment in research and innovation for food, environment and farming, The Common Agricultural Policy will support farmers in the adoption of innovative techniques and technologies, to benefit the environment and help face the consequences of climate change.
- Finally, the Common Agricultural Policy will encourage and support farmers in the adoption of sustainable production methods, through a combination of voluntary and mandatory measures. It will also support farmers in taking advantage of **new opportunities**, including the bio-economy and circular economy.

6. How can the Commission ensure that the conditions for receiving support (conditionality) are ambitious enough?

- The future system of **conditionality** will be the bedrock of the new CAP concerning the environment, climate and sustainable food production. It should therefore be more ambitious than the current systems of cross-compliance and “greening” that have allowed regular farming practices to count towards greening targets.
- Some of the changes proposed by the European Parliament and the Council in their negotiating positions seem to undermine that ambition.
- The proposed good farming practice on setting aside agricultural land as non-productive, should strongly benefit biodiversity (i.e. good agricultural and environmental condition (GAEC) number 9). The minimum percentage of that land should apply to all agricultural land and be ambitious enough to go beyond the existing CAP. This means, for example, that catch and cover crops cannot be included under that practice.
- The proposed good farming practice (GAEC standard 2) on protecting wetlands and peatlands must ensure a real protection of such lands. This measure should be introduced as soon as possible to end the damage to these carbon-rich soils and the continued release of greenhouse gases. In fact, this practice highlights how agriculture can play a key role in storing carbon, also bringing new opportunities for farmers.
- During the negotiations, the Commission will work towards having the most ambitious good farming practices included in the system of conditionality.

7. How will the Commission ensure eco-schemes are effective?

- The proposed **eco-schemes** will be an important innovation of the new CAP, dedicating substantial funding from the CAP’s direct payment framework to sustainable farming practices, including minimum requirements for the use of fertilisers, plant protection products, and in terms of animal welfare. In co-operation with the agri-environmental commitments from the rural development framework, they will **power the green transition in agriculture**.

- The Commission believes that the flexibility sought by the Council in implementing the minimum level of spending should be foreseen only if the unspent funds are transferred to other measures aimed at climate and environmental objectives.
- The Commission will support Member States in making the best possible use of eco-schemes, including in relation to **agro-ecology, precision farming, agro-forestry and carbon farming**.

8. Is the rural development budget dedicated to environmental and climate actions sufficient?

- Regarding the CAP's support for rural development, the Commission is pleased to see a broad agreement on its key elements.
- However, the Commission strongly believes that the proposed 30% minimum spending towards environmental and climate actions cannot include support for areas facing natural constraints (ANCs). This would be misleading, as support for farming in ANCs is not linked to environment or climate requirements beyond conditionality.
- Including these payments in the minimum 30% share of actions beneficial to the climate and the environment would amount to status quo.

9. How will the CAP strategic plan recommendations prepared by the Commission ensure higher environmental ambition?

- The Commission has put in place a structured dialogue with Member States for the preparation of the CAP strategic plans. As part of this dialogue, it will **provide recommendations to each Member State** in respect of their CAP Strategic plans.
- The recommendations, based on an analysis of each national situation, will be particularly important in setting out **how the Commission expects CAP Strategic Plans to contribute to the Green Deal** and in particular to the targets set out in the Farm to Fork and Biodiversity strategies.
- The recommendations will cover **economic, environment, climate, and societal aspects of agriculture and rural areas. Sustainability** is equally important under all these general objectives.
- The Commission will consult Member States before finalising the recommendations. Once adopted, the recommendations will be made public.

10. How will stakeholders be involved in the preparation of CAP Strategic Plans?

- Consulting stakeholders in the designing and implementing process of the new CAP is crucial for the Commission. The Commission has made it an obligation in its proposals. In particular, the **involvement of environmental authorities** is key to ensure that the CAP strategic plans take into account the local environmental conditions so that the CAP contributes effectively.
- The CAP has an impact beyond farming and has to be a genuine Green Deal policy. The targets set out in the Green Deal are ambitious and we all have to contribute to meet them, including farmers, foresters, and the rural population.
- It is self-evident that while implementing the new CAP, **all stakeholders concerned must have a say**. Right from the start, the Commission has been very transparent and consulted a diversity of stakeholders throughout the design of the new CAP.
- The Commission will remain open to dialogue with concerned stakeholders, representing all different interests.

- Comprehensive **impact assessments** have preceded proposals. Future proposals linked to the Farm to Fork strategy will also be based on impact assessments, to be duly considered when drafting the legal texts.
- The CAP reform will stay on our agenda and the Commission has collected experience from various stakeholders on how civil society is involved in the CAP-plan process in Member States – best practises will be shared. The Commission will carefully follow that discussion.
- Commitment to transparency and to good governance should not end with the adoption of the CAP legislation. That is why we insist on a comprehensive monitoring framework, including all relevant indicators and on a yearly reporting.

11. How will the Commission ensure that at least 40% of the Common Agricultural Policy budget will contribute to climate action?

- The Commission has proposed that at least 40% of the agricultural and rural development budget should contribute to EU climate targets. To uphold the commitment of the European Parliament and of the Council, this figure has to become an obligation, rather than an expectation.
- In parallel, the climate action and expenditure has to be meaningful and transparent. To reach this, each action is categorised according to how significantly it contributes to the fight against climate change and this contribution will be tracked annually
- The tracking of spending in CAP plans related to climate change objectives is proposed to operate on the basis of awarding weightings (i.e. coefficients) of 0%, 40% or 100% to categories of spending, according to the relevance to climate change (determined in advance in the CAP Strategic Plan Regulation). If the level of climate actions in conditionality is reduced, in line with the positions of co-legislators, this level may need to be reassessed
- The allocation of weightings put forward by the Commission is justified by various elements of the Commission's CAP reform proposal:
 - Under the system of "conditionality", all beneficiaries of CAP area- and animal-related payments will have to respect a range of obligations, which relate to climate change (e.g. maintaining permanent grassland and protecting wetlands and peatlands – all of which are important sinks and storage of carbon). Strengthened conditionality in line with the Commission proposal would justify a higher weighing of the basic and complementary income support for sustainability, compared to the current period.
 - In addition, Member States will offer eco-schemes to farmers, funded from the direct payments budget. Examples of eco-schemes that are fully beneficial to climate mitigation are carbon farming or agro-forestry. Such schemes get a 100% climate marker.
 - The minimum spending requirement of 30% of rural development funds per Member State for climate and environmental actions can be met through land-based payments (e.g. agri-environmental management commitments) but also through support for green investments such as planting woodland or installing facilities for producing renewable energy. It contains only actions that are fully contributing to the EU climate targets and therefore a 100% climate marker is allocated.
 - Areas with natural constraints are excluded from the 30% minimum spending under rural development. They do not fully contribute to climate change targets and therefore receive a 40% climate marker. Including such areas under this ring fencing as proposed by legislators would seriously weaken the climate ambition of the CAP.

12. Will the new CAP address unfair distribution of direct payments, namely that 20 % of farmers receive 80 % of payments?

- This unequal distribution of public support to farming raises concerns of economic efficiency and social equity. At the same time, the distribution of support reflects the concentration of land as the support is largely area-based. Direct payments are as concentrated as land: 20% of the largest farms in the EU concentrate 80% of agricultural land. These 20% largest farms also account for 80% of total agricultural production, based on standard output.
- Policy is necessary to address this inequality and more generally to ensure a fairer, more effective and efficient distribution of support. Therefore, the Commission aims to ensure that income support is distributed in a fairer and more balanced way. The allocation of direct payments must be better targeted towards genuine farmers whose livelihoods depend on farming.
- The Commission proposed to reduce direct support as of €60,000 per farm and full capping as of €100,000 per farm per year. This is supported by the European Parliament, while the European Council only supports capping that is voluntary for Member States. The Commission believes that the fairer distribution objective remains a very important one and is thus keen to ensure an agreement that contributes to better targeting and fairer distribution of support.
- The Commission also proposed a mandatory redistributive payment, which would allow increasing of support for small and medium-sized farms by allocating higher levels of income support to those farms. The option to grant an attractive round-sum to small farmers to further redistribute support was also proposed.
- Finally, several Member States still base support on so-called entitlements, which are linked to levels of production in a (distant) past. The Commission calls on the remaining Member States using such a system to move away from it, in favour of a distribution of support that is more linked to the specific agronomic or economic needs of the agricultural sector.

13. What are other actions under the Farm to Fork Strategy?

- The Farm to Fork Strategy aims to achieve a fair, healthy and environmentally friendly food system. A comprehensive action plan addressing all parts of the food system, from farm to fork, is being rolled out.
- This action plan includes:
 - **Horizontal actions**, such as the development of legislative framework proposal for sustainable food systems (2023) and the development of a contingency plan for ensuring food supply and food security (2021);
 - **Actions to ensure sustainable food production**, such as the revision of the Sustainable Use of Pesticides Directive and legislation on the placing on the market of plant protection products, including statistics (2021-2023), revision of the seed legislation and forest reproductive material, with several initiatives in the area of plant health (import checks, surveillance and traceability), revision of the animal welfare legislation (2023), the revision of the Farm Accountancy Data Network Regulation to create a Farm Sustainability Data Network (2022), clarification of the

scope of competition rules with regards to sustainability in collective actions (2022), legislative initiatives to enhance cooperation and non-legislative initiatives on transparency (2021-2022); as well as an EU carbon farming initiative (2021);

- **Actions to stimulate sustainable food processing, wholesale, retail, hospitality and food service' practices**, such as: initiatives to facilitate integration of sustainability in corporate strategies (2021), Development of an EU code on responsible business and marketing conduct (2021), initiatives to stimulate reformulation of processed food (2021), revision of nutrient profiles (2022), revision of food contact material legislation (2022), enhanced coordination on food fraud (2021-2022), revision of the legislation on marketing standards for agricultural, fishery and aquaculture products (2021-2022).
- **Actions to promote sustainable food consumption, facilitating the shift towards healthy, sustainable diets**, such as: harmonised mandatory front-of-pack nutrition labelling (2022), proposal on origin labelling for certain products (2022), determine modalities for setting up minimum criteria on sustainable food procurement (2021), proposal on sustainable food labelling (2024), review of the EU promotion policy (2020-2021), review of the EU school scheme (2023), proposals for EU targets on food waste reduction (2023) and revision of EU rules on date marketing ("use by" and "best before") (2022).