



EUROPEAN COMMISSION

PRESS RELEASE

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EU budget: the Common Agricultural Policy beyond 2020

For the next long-term EU budget 2021-2027, the Commission is proposing to modernise and simplify the Common Agricultural Policy (CAP).

With a budget of €365 billion, these proposals make sure the CAP remains a future-proof policy, continues to support farmers and rural communities, leads the sustainable development of EU agriculture and reflects the EU's ambition on environmental care and climate action. Today's proposals give Member States greater flexibility and responsibility for choosing how and where to invest their CAP funding in order to meet ambitious goals set at EU level towards a smart, resilient, sustainable and competitive agricultural sector, while at the same time ensuring a fair and better targeted support of farmers' income.

Jyrki **Katainen**, Vice-President in charge of Jobs, Growth, Investment and Competitiveness said: *"The Common Agricultural Policy is one of our core policies and affects the lives of all Europeans. These solid proposals will contribute to the competitiveness of the agricultural sector, whilst at the same time they reinforce its sustainability. With the new delivery model we provide more subsidiarity to the Member States in order to improve the effectiveness of the policy and to better monitor its results."*

Phil **Hogan**, Commissioner for Agriculture and Rural Development, said: *"Today's proposal delivers on the Commission's commitment to modernise and simplify the Common Agricultural Policy; delivering genuine subsidiarity for Member States; ensuring a more resilient agricultural sector in Europe; and increasing the environmental and climate ambition of the policy."*

The main features of the Commission's proposals for a modernised, simplified CAP are:

1. A new way of working: Member States will have more flexibility in how to use their funding allocations, allowing them to design tailor-made programmes that respond most effectively to farmers' and wider rural communities' concerns. Member States will also have the option to transfer up to 15% of their CAP allocations between direct payments and rural development and vice-versa to ensure that their priorities and measures can be funded. A level playing-field amongst Member States will be ensured through:

- Strategic Plans covering the whole period, setting out how each Member State intends to meet 9 EU-wide economic, environmental and social objectives, using both direct payments and rural development. The Commission will approve each plan to ensure consistency and the protection of the single market;
- The Commission will closely follow each country's performance and progress towards the agreed targets.

2. A fairer deal through better targeting of support: Direct payments will remain an essential part of the policy, ensuring stability and predictability for farmers. Priority will be given to supporting the small and medium-sized farms that constitute the majority of the EU's farming sector, and to helping young farmers. The Commission remains committed to achieving a fairer distribution of direct payments between Member States through external convergence.

In addition:

- Direct payments to farmers will be reduced as of €60,000 and capped for payments above €100,000 per farm. Labour costs will be taken fully into account. This is designed to ensure a fairer distribution of payments;
- Small & medium-sized farms will receive a higher level of support per hectare;
- Countries will have to set aside at least 2% of their direct payment allocation for helping young farmers' get set up. This will be complemented by financial support for rural development and different measures facilitating access to land and land transfers.

3. Higher ambitions on environmental and climate action: Climate change, natural resources, biodiversity, habitats and landscapes are all addressed in the EU-wide objectives proposed today. Farmers' income support is already linked to the application of environment and climate-friendly practices and the new CAP will require farmers to achieve a higher level of ambition through both mandatory and incentive-based measures:

- Direct payments will be conditional on enhanced environmental and climate requirements;
- Each Member State will have to offer eco-schemes to support farmers in going beyond the mandatory requirements, funded with a share of their national direct payments' allocations;
- At least 30% of each rural development national allocation will be dedicated to environmental and climate measures;
- 40% of the CAP's overall budget is expected to contribute to climate action;
- In addition to the possibility to transfer 15% between pillars, Member States will also have the possibility to transfer an additional 15% from Pillar 1 to Pillar 2 for spending on climate and environment measures (without national co-financing).

4. Greater use of knowledge and innovation: The modernised CAP will take advantage of all the latest technologies and innovations, thereby helping both farmers in the field and public administrations, notably through:

- A budget of €10 billion from the EU's Horizon Europe research programme set aside for research and innovation projects in food, agriculture, rural development and bioeconomy;
- Encouraging Member States to use big data and new technologies for controls and monitoring (for example, verifying farm sizes for direct payment claims using satellite data), thus significantly reducing the need for on-the-spot controls;
- Stepping up the digitisation of rural life, for example through extending broadband access in rural regions, thereby improving the quality of life in such regions and further contributing to the competitiveness of European agricultural production.

Next steps

A swift agreement on the overall long-term EU budget and its sectoral proposals is essential to ensure that EU funds start delivering results on the ground as soon as possible and that farmers are provided with the necessary certainty and predictability for their business and investment decisions.

Delays similar to the ones experienced at the beginning of the current 2014-2020 budgetary period could potentially mean that farmers and national administrations would not benefit from the reduced bureaucracy, greater flexibility and more effective results that the new CAP will bring. Any delays in approval of the future budget would also delay the start of thousands of potential new projects across the EU designed to support farmers and rural communities, tackling issues from strengthening environmental protection to attracting new farmers.

An agreement on the next long-term budget in 2019 would provide for a seamless transition between the current long-term budget (2014-2020) and the new one and would ensure predictability and continuity of funding to the benefit of all.

For more information

Factsheets and the legislative proposals are available [here](#)

[MEMO](#): The Common Agricultural Policy beyond 2020

More information on the EU budget for the future can be found [here](#)