



# EU BUDGET: THE CAP AFTER 2020

#EUBudget #FutureofCAP



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## MODERNISING & SIMPLIFYING THE COMMON AGRICULTURAL POLICY TARGETED, FLEXIBLE, EFFECTIVE



*"Today's proposal delivers on the Commission's commitments in the Communication on The Future of Food and Farming: to modernise and simplify the Common Agricultural Policy, to deliver genuine subsidiarity to Member States to better reflect their particular circumstances, to ensure a more resilient agricultural sector in Europe, and to increase the environmental and climate ambition of the CAP, including its contribution to climate action."*

**Phil Hogan**, Commissioner for Agriculture and Rural Development

The Common Agricultural Policy (CAP) is one of the EU's oldest and most important policies. Since its creation in the 1960s it has ensured the world's highest standard of food security, safety and quality in Europe, while evolving many times, adapting to the changing needs of European citizens and the increasingly global challenges. Although it remains at heart a policy designed to support European farmers and ensure Europe's food security, today's CAP does much more than just that. Europe needs a **resilient, sustainable and competitive agricultural sector** to ensure production of high-quality, safe and affordable food for its citizens and a strong socio-economic fabric in rural areas, and the CAP contributes significantly to achieving all these goals. Based on nine clear objectives, which reflect the economic, environmental and social pillars of the policy, the future CAP will **continue to ensure access to high-quality food** and strong support for the **unique European farming model** with an increased focus on the **environment** and **climate**, supporting the continued transition towards a more sustainable agricultural sector and the **development of vibrant rural areas**.



### A STRONG BUDGET FOR A STRONG CAP

For the 2021-2027 period, the European Commission is proposing an ambitious total **budget of €365 billion** meaning that the CAP will account for just under one-third of the total EU budget, underlining the continued importance of the policy. The CAP budget will be divided between its two traditional 'pillars': direct support for farmers/market measures and rural development.

In order to allow Member States to better adapt the policy to their farming sector's priorities, they will have the option to transfer up to 15% of their CAP allocations between direct payments and rural development. Member States will also have the flexibility to transfer an additional 15% from pillar 1 to pillar 2 for environmental and climate measures without co-financing.

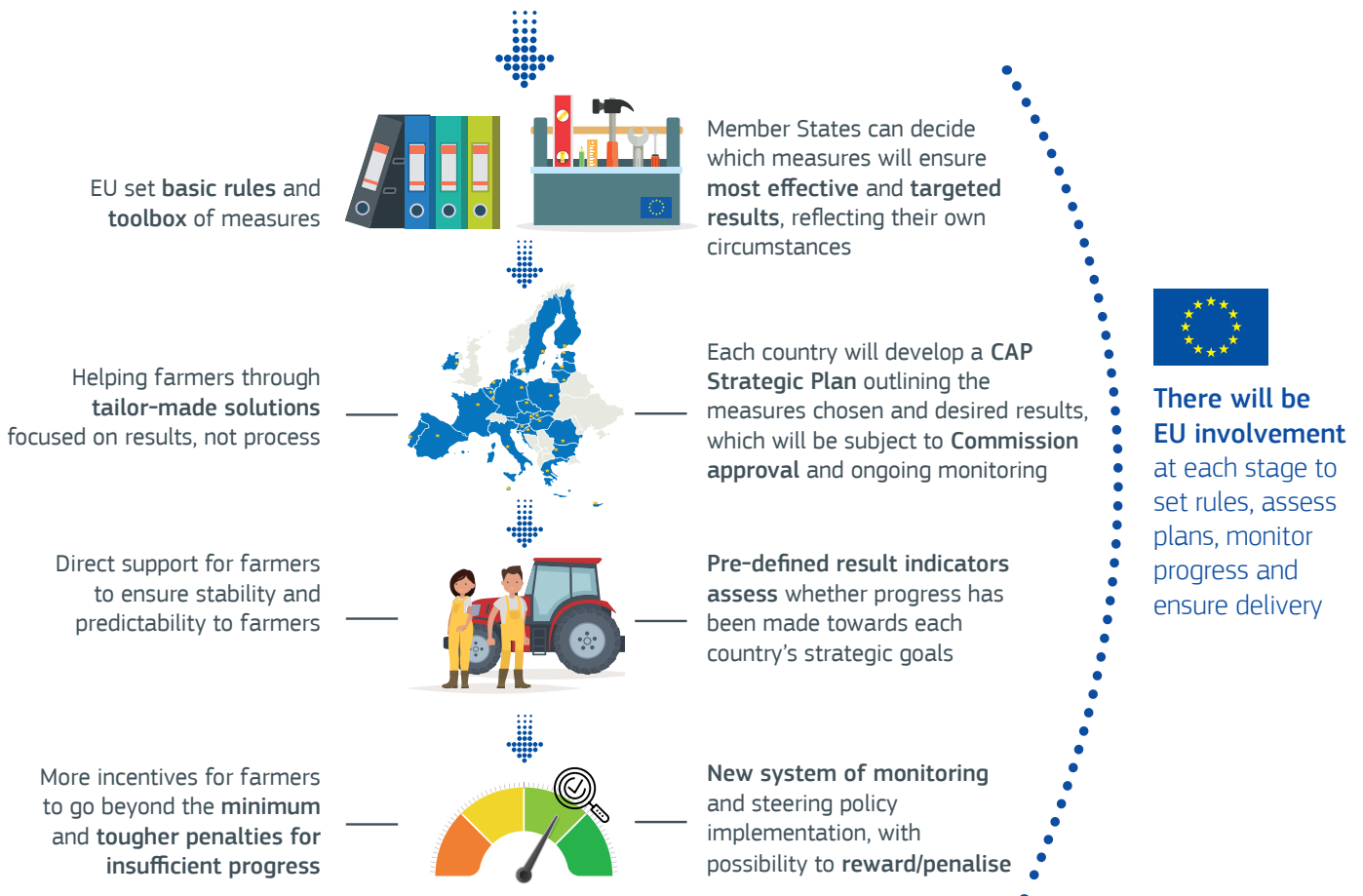
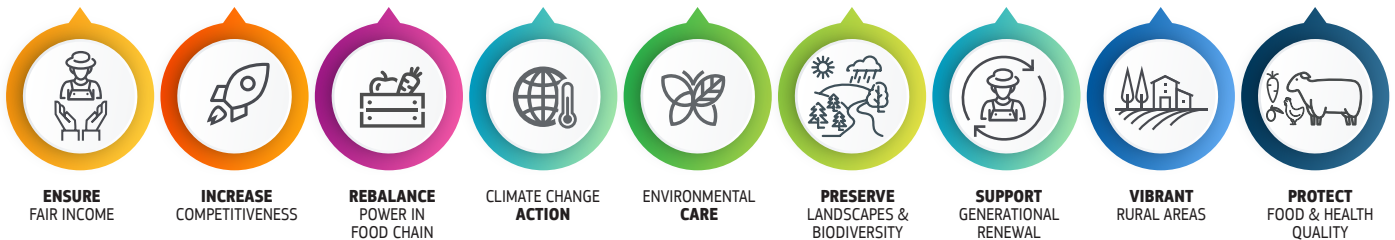
An **additional €10 billion** will be available through the **EU's Horizon Europe research programme** to support specific research and innovation in food, agriculture, rural development and the bioeconomy.

## A NEW WAY OF WORKING

The future CAP will **significantly simplify and** modernise the way the policy works, delivering **significant added-value** for farmers and society at large. The policy will shift the emphasis from compliance and rules towards **results and performance**. The one-size-fits-all approach will be replaced by a **more flexible system**, with greater freedom for EU countries to decide how best to meet the common **objectives** while, at the same time, responding to the **specific needs of their farmers and rural communities**. The new CAP will encourage and support greater use of modern technologies and innovations. Higher ambition, in particular with regard to the **environment and climate**, will be complemented by a series of checks and balances to ensure that both farmers and Member States meet their obligations.

- A **single set of objectives** will be set at the EU level for the whole CAP, setting out what the policy is intended to achieve for farmers, citizens, climate, etc.
- An **extensive toolbox of measures** will be agreed at the EU level, establishing what Member States can do with the money allocated to them; each country is then **free to select and further design the specific measures** it considers to be the most effective in meeting its own specific needs.
- A **common set of result indicators** will also be agreed at the EU level to ensure a level playing field in assessing the effectiveness of the measures used.
- Each EU Member State will carry out an extensive analysis of its specific needs and then draw up a CAP Strategic Plan setting out how it proposes to target the CAP funding from both 'pillars' to meet these needs, in line with the overall EU objectives, setting out which tools it will use, and **establishing its own specific targets**.
- Each CAP Strategic Plan will need **prior approval from the European Commission** to ensure that it remains consistent with the EU-wide objectives, maintains the common nature of the policy and that it does not distort the single market or lead to excessive burdens on beneficiaries or administrations.
- Each year, countries will submit a **performance report** to the Commission to show progress towards the targets that have been set based on specific result indicators; the Commission will review the reports and consider any appropriate actions, including recommendations for improving performance where necessary.

## THE 9 CAP OBJECTIVES





## A FAIR DEAL THROUGH BETTER TARGETING

The new CAP will focus strongly on **supporting the small and medium-sized family farms** that are the heart of the EU's agricultural way of life, as well as on encouraging young farmers to join the profession.



- The Commission is proposing a **reduction of payments as of €60,000 and compulsory capping 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.
- Member States will have to ensure a higher level of support per hectare for small and medium-sized farms
- A **minimum of 2% of the direct support payments** allocation in each Member State will be set aside specifically to help **young farmers**, that can include an increased 'installation allowance' of up to **€100,000**
- Each country will have to **ensure only genuine farmers receive income support**
- **Specific product sectors undergoing difficulties continue to benefit from additional support** to help improve their competitiveness, sustainability or quality (so called coupled income support). These sectors must be considered important for economic, social or environmental reasons



## GUARANTEEING HIGHER AMBITION ON ENVIRONMENTAL AND CLIMATE ACTION

Farmers already play a key role in **tackling climate change**, protecting the environment and preserving landscapes and biodiversity. In keeping with our commitment to increase the level of environmental and climate ambition, the **new CAP will set the bar even higher**. In addition to ambitious mandatory requirements, farmers will have the **possibility to contribute further and receive additional support** through various voluntary schemes.

### VOLUNTARY for farmers

- Farmers will be **rewarded** for going beyond mandatory requirements in relation to agri-environment and/or climate commitments undertaken

- Each Member State will **develop eco-schemes** to support and/or incentivise farmers to observe agricultural practices beneficial for the climate and the environment, beyond their mandatory requirements

### MANDATORY for farmers

- All direct payments will be conditional to enhanced environmental and climate requirements. In line with the EU's ambitious environmental and climate objectives, the mandatory requirements with which farmers have to comply will be further strengthened.

#### New obligations include

- **preserving carbon-rich soils** through protection of wetlands and peatlands
- **obligatory nutrient management tool** to improve water quality, reduce ammonia and Nitrous oxide levels
- **crop rotation** instead of crop diversification

- A **minimum 30%** of pillar 2 funding will be spent on climate and environment-related measures
- 40% of the CAP's overall budget is expected to contribute to climate action;
- **Annual monitoring** of progress made
- **Suspension of payments** in case of serious under-performance

- **Financial performance reserve of up to 5%** of rural development allocation to reward Member States that meet their climate, environment and biodiversity targets
- Obligation for Member States to reserve part of the direct payments to farmers for those participating in **specific eco-schemes**
- **Improved synergies** with other EU policies and programmes on climate action and the environment, such as the LIFE programme
- **More favourable conditions** for knowledge transfer, eco-friendly investments, innovation and cooperation





## AGRICULTURE AT THE HEART OF EUROPEAN SOCIETY

Farmers are providers of vital public goods and are at the heart of Europe's rural communities. The new CAP will continue to support and encourage the development of vibrant rural communities and help farmers meet public expectations on food quality, food safety and health.

- More measures to **encourage new generations of farmers** to enter the profession; EU support for local schemes such as mentoring of young farmers by older ones, improving inter-generational knowledge transfer or developing succession plans
- Encouraging Member States to do more at national level, for example through **more flexible rules** on taxation and inheritance, to improve access to land for young farmers
- **Improved flexibility** for Member States to design the most effective rural development measures to encourage growth and jobs, including support for Smart Villages
- Tougher requirements on farmers to meet societal expectations on food and health, such as making support more closely linked to compliance with rules on protecting water quality, **reducing pesticide use**, or **encouraging a reduction** in the use of **antibiotics** through more effective livestock management programmes that improve animal health and welfare
- Encouraging increased investment in the **developing bioeconomy**, which has enormous economic and job-creation potential
- Rural development policy will contribute to the **diversification of the rural economy** and the delivery of the **Cork 2.0 Declaration** for "A Better Life in Rural Areas"



## GREATER USE OF KNOWLEDGE AND INNOVATION

Knowledge and innovation are essential for a smart, resilient and sustainable agricultural sector. The CAP of the future will both encourage **increased investment in research and innovation** and enable farmers and rural communities to benefit from it. A specific **budget of €10 billion** from the Horizon Europe programme will be set aside for research and innovation in food, agriculture, rural development and the bioeconomy. The agricultural European Innovation Partnership (EIP-AGRI) will continue to pool funding sources from Horizon Europe and rural development to **foster competitive and sustainable farming and forestry**.

- Each country's CAP Strategic Plan will include a section on how to **stimulate knowledge exchange and innovation** (such as advisory services, training, research, rural networks, pilot projects, EIP-AGRI operational groups) and how to fund them
- Encouraging Member States to **use big data and new technologies for controls and monitoring** (for example, verifying crop rotation requirements are met or verifying farm sizes for direct payment claims)
- **Encouraging the digitisation of rural life**, on farms (for example through precision farming techniques) and in the wider communities (through improving so-called 'last mile' connectivity of broadband connections, for example)
- Development of an **EU-wide platform on risk management**, to help farmers manage their businesses more effectively

