



## ECVC ANALYSIS OF THE PROPOSED REGULATION FOR THE CAP 2021-2027 REFORM AND THE STRATEGIC PLANS

### REGULATION ON THE “CAP STRATEGIC PLANS” THROUGH THE EAGF AND THE EAFRD

The main change that the post-2020 reform brings about is the “CAP Strategic Plan”. It will consist of a legal framework that Member States establish themselves to grant support to farmers based on the principles and conditions set out in the EU Regulation. Similarly, risk management will become the States' responsibility.

Other significant changes that the European Commission's (EC) proposal for the CAP reform will provoke are the following:

- budget cut: there is a clear budget cut in the agricultural and food policy in favour of the military defence policy. The current proposal is for the CAP to represent only 28.5% of the EU budget, whereas in 2014-2020 it represented 37.8% and at the beginning of the 1980s, it represented 66%. Currently, total agricultural expenditure is being reduced by 5%. It drops by 4% in the chapter on markets and direct payments and there is a sharp reduction in rural development (15%). According to the European Parliament, the overall reduction is 15%. 10% in pillar 1 and 25% in pillar 2. To compensate for this cut in rural development, the Commission puts the ball in the Member States' court and proposes an increase in national co-financing percentages. This means renationalisation and, as a result, increased distortion of salaries and markets, creating the structural basis for a growing conflict in the domestic market where a very small number of European transnationals have enormous market power;
- the supposed boosting of environmental measures, until 40% of the CAP budget contributes to actions for the climate and the environment (boosting conditionality, eco-schemes, environment and climate in pillar 2 etc.) Possibility to transfer an extra 15% of the funds from pillar 1 to pillar 2 to benefit environmental measures, forgetting that environmental measures have a decreasing cost when the number of hectares grows;
- mandatory maximum limits set at €100.000 with digression starting at €60.000 and deduction of the costs spent on the family and remunerated work force;
- change from a means-oriented policy to a results-oriented policy;
- a definition by the Member State of genuine farmers, young farmers, agricultural activity, the area eligible for support, agricultural areas (arable land, permanent crops and permanent grassland);
- access to operational programmes for all sectors;
- access to coupled support for agrofuels;
- definition of small-scale farmers and support by the Member States;

- compulsory for Member States to set up a production and income risk management tool as of 20% of loss and with a maximum of 70% contribution support;
- decrease in EU co-financing for rural development measures.

### **Overall evaluation**

For ECVC, the European Commission's CAP proposal, which is based on simplification and subsidiarity through the Strategic Plans and the new delivery model, entails a serious fragmentation of the policy. It also represents a setback in achieving its objective of cohesion. Despite there being a European framework of common objectives, the degree of fragmentation that the countries experience, and the subsidiarity that the countries experience, will increase the differences between farmers in the European Union. It will also increase the differences between production, working, and economic conditions and lead to distortion of the single market at European level, creating competition through the distribution of CAP financial support. This would worsen the many problems and crises that agricultural markets are facing, without common solutions for a common market.

The EC gives the Member States the responsibility to implement the budget reductions and wants nothing to do with volatility, price decreases and market crises. Therefore, it shoulders the great responsibility for putting an end to a common and supportive policy between Member States. It is unacceptable to impose the largest budget reduction on pillar 2 and to reduce European co-financing, which will put rural and disadvantaged areas at a further disadvantage and undermine the achievement of the Cork objectives.

We have forgotten about the aim to make farmers' incomes equal to those of the rest of the population. Until now, the sum of the prices that farmers receive, which are increasingly lower due to market deregulation, the domination of the strongest operators in the agri-food chain and direct subsidies, have not been enough to sustain their incomes, which are reducing more and more. The Commission's legislative proposals, the proposal to reduce the CAP budget and the new free trade agreements that the European Commission is putting forward will worsen the situation.

Moreover, direct support and insurance are not the solution to market crises. To deal with them effectively, we need to create public policies on regulation, control production and stabilise markets. ECVC is against public policy financing for agricultural insurance because it entails privatisation of CAP support and a decrease in farmers' income. Moreover, it will not provide solutions to crises.

Furthermore, as it is currently distributed, the CAP public support, operating funds and state funds will further entrench large businesses within the production chain as well as speculative investments, the relocation or concentration of production in certain areas, depopulation and difficulties for young people to set themselves up in food production.

The European Commission refuses to direct agriculture towards sustainable and long-lasting agricultural models that ensure local, high-quality food, preserve the environment, boost the rural economy everywhere and guarantee a decent wage for all farmers and a European agricultural policy that meet society's expectations. The European Commission's solution is smart farming. For ECVC, this is not sustainable or small-scale agriculture. This plan will push for over-investment, farm expansion and simplification of ever more advanced practices.

This is the essence of our criticisms. The EC does not seem to have realised the seriousness of the challenges facing the planet in terms of the environment, climate change, food, social cohesion and employment, nor that agriculture must play a role and make a transition to sustainable, small-scale agroecological models and processes. To do this, we need to clearly define the model to be targeted, plan the measures that enable and encourage transition, and value the farms that produce in a sustainable way and employ small-scale agriculture practices.

In the objectives below, we will see that the model is either not defined, or poorly defined.

## PARAGRAPH EVALUATION

Member States shall provide in their CAP Strategic Plan the definitions of agricultural activity, agricultural area, eligible hectare, genuine farmer and young farmer.

(a) The 'agricultural activity' shall be defined in a way that it includes both the production of agricultural products, including cotton and short rotation coppice, as maintenance of the agricultural area in a state which makes it suitable for the grazing or cultivation, without preparatory action going beyond usual agricultural methods and machineries.

### Comment

ECVC believes that if the maintenance of agricultural areas is not part of an agricultural practice like coppicing, it should not be considered an agricultural activity.

(b) "Agricultural area" shall be defined in a way that it is composed of arable land, permanent crops and permanent grassland. The terms 'arable land', 'permanent crops' and 'permanent grassland' shall be further specified by Member States. It is important to note that permanent pastures may include other species such as shrubs and/or trees that serve as feed for livestock.

### Comment

The EC should ensure that countries take into account all woodland areas used by animals, without exception, including the resources that come from these areas (fruits, etc.) that animals eat. The European Commission will need to give the Member States some flexibility to evaluate these areas, which are heterogeneous by definition.

(c) For the purpose of types of interventions in the form of direct payments, 'eligible hectare' shall be defined in a way that it includes any agricultural area of the holding that is used for agricultural activity or, in cases where the area is also used for non-agricultural activities, predominantly for agricultural activity, and is available to the farmer during the year for which the support is requested.

(d) "Genuine farmers" will be defined in a way to ensure that no support is granted to those whose agricultural activity forms only an insignificant part of their overall economic activities or whose principal business activity is not agricultural, while not precluding from support pluri-active farmers or farmers who are gradually setting themselves up in agriculture.

The Member States will define which farmers they consider to be genuine farmers, based on conditions such as income tests, labour inputs on the farm, the company's objective and/or inclusion in registers (which were already being considered in the Omnibus Regulation).

#### **Comment**

ECVC believes that the owners of factory farms, or farms in the form of limited companies that occupy vast areas of land, should not be considered as genuine farmers. Rather, they should be considered as industrialists, who will not benefit from agricultural support.

Small-scale farms should be specifically recognised as being employment providers and as having added value, and they should benefit from specific support measures.

A person may be considered a small-scale farmer as soon as they have no other significant sources of income.

(e) 'Young farmer' shall be defined in a way that includes:

- (i) a maximum age limit that may not exceed 40 years;
- (ii) the conditions for being 'head of the holding';
- (iii) the appropriate training and/or skills required.

#### **Comment**

New farmers may have been part of a different profession before they started working in agriculture and it is unfair to exclude them from receiving support to set themselves up. The 40-year criterion should not be imposed on Member States.

-Transfers between pillars: Member States will be able to transfer up to 15% of their pay packets from pillar 1 to pillar 2. In addition to the possibility to transfer 15% between pillars, Member States will have the possibility to transfer an additional 15% from pillar 1 to pillar 2, to cover the costs of environmental and climate measures (without national co-financing).

- To meet the general objectives, we will focus on the following specific aims:

- (a) to foster a smart, resilient and diversified agricultural sector ensuring food security;
- (b) to bolster environmental care and climate action and to contribute to the environmental- and climate-related objectives of the Union;
- (c) to strengthen the socio-economic fabric of rural areas.

The overarching objective to promote knowledge, innovation and digitalisation in agriculture and rural areas will complement these objectives.

The general objectives realisation goes through the realisation of the following specific objectives:

- (1) Support viable farm income and resilience across the Union to enhance food security;
- (2) Increase competitiveness and enhance market orientation (including greater focus on research, technology and digitalisation);
- (3) Improve the farmers' position in the value chain;
- (4) Contribute to climate change mitigation and adaptation, as well as sustainable energy;
- (5) Foster sustainable development and efficient management of natural resources such as water, soil and air;

- (6) Contribute to the protection of biodiversity, enhance ecosystem services and preserve and rebuild habitats and landscapes;
- (7) Attract young farmers and facilitate business development in rural areas;
- (8) Promote employment, growth, social inclusion and local development in rural areas, including bio-economy and sustainable forestry;
- (9) Improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, food waste, as well as animal welfare.

Achievement of the above objectives shall be assessed on the basis of common indicators, which shall include:

- (a) output indicators relating to the realised output of the interventions supported;
- (b) result indicators relating to the specific objectives used for the establishment of milestones and targets;
- (c) impact indicators related to the general and specific objectives.

### **Comment**

ECVC welcomes the organisation of the proposals into nine structuring objectives, which are economic, environmental and social. It is essential to start from a good basis.

In this respect, objective 2 is written very dangerously as it exclusively values the industrial agricultural model, which is based on competitiveness, exports, low prices, economies of scale, and farm expansion. Instead, we should be talking about viable, affordable agriculture on their markets (local markets, national, European and sometimes international markets).

Innovation is presented as technological and digital innovation, overlooking all the social, economic and environmental innovation that small and medium-scale farmers carry out. They do this through processing products on their farms, promoting direct sales and local markets and building relationships with consumers. This is in addition to the innovation that agroecological agricultural models represent.

Concerning objective 6: "conserving" is not enough, we must restore habitats and destroyed biodiversity.

### **Common Requirements**

#### **- Conditionality**

The recipients of direct payments and annual premiums from the pillar 2 will be subject to a conditionality system. The new conditionality will incorporate the requirements that are currently applied through greening. In the new period, conditionality will be more extensive and demanding than at present.

### **Comment**

ECVC demands the inclusion of social conditionality: the CAP must recognise the value of agricultural work and create respect for workers' rights and dignity regardless of their status (farmer, employee, seasonal worker or permanent worker). All support paid to farmers, agri-food businesses and producer organisations must be subject to compliance with a common set of requirements concerning the rights and the reception of workers (with reference to international labour conventions). This social conditionality will have to be combined with the withdrawal of the Posting of Workers Directive because it is a source of abuse and it contributes to the "unravelling" of our social protection systems.

Member States may adapt each of the new greening criteria included in the conditionality. Again, there will be no European aim. Everyone can have the level of ambition that they want. This will lead to greater competition between countries and farmers.

Conditionality will remain particularly cumbersome and bureaucratic for livestock farmers (movement notification, electronic identification, etc.), adapted to agro-industrial agriculture and not adapted to small and medium-scale farms or farming estates. It contributes to the disappearance of farmers, to the desertification of rural territories and to the reduction in production potential, due to the administrative burden and increased monitoring.

Support conditionality must be based on regulations adapted to all production systems, including farm production. Furthermore, it must be in favour of agriculture that respects the environment and its farmers. Conditionality must be more conducive to good practices and not be reduced to monitoring and sanctioning. The current regulation, which is based on measures such as compulsory electronic identification and all the measures relating to the traceability of small ruminants, is restrictive and benefits industrial agriculture and processors

#### **- Farm Advisory Services**

Member States shall include in the CAP Strategic Plan a system providing services for advising farmers and other beneficiaries of CAP support on land management and farm management ('farm advisory services').

The farm advisory services shall cover economic, environmental and social dimensions and deliver up to date technological and scientific information developed by research and innovation.

The advisory services will be integrated within the interrelated services of farm advisers, researchers, farmer organisations and other relevant stakeholders that form the Agricultural Knowledge and Innovation Systems (AKIS).

#### **Comment**

It is essential to improve the training and advice that farmers receive to meet the challenges that they come up against and the demands of European society. Training has an essential role to play in agricultural transition (adaptation to climate change, removal of pesticides, training in agronomy, etc.) Current instruments should be improved with training aimed at meeting objectives and achieving results. The advice should not create an additional cost for the farmers and there should be an adequate budget (4% pillar 2) for it.

In this regard, it would be a good opportunity to implement advisory services adapted to small-scale agroecology and processes that work towards agroecology. The training and the exchange of knowledge between farmers should be part of the programmes. In addition, these exchanges between farmers from different countries or regions of the European Union should be included and welcomed.

Priority should be given to new entrants and others who start working in agriculture and there should be the imposition of an economic criteria preventing the farm from continuing to benefit from this advice.

Innovation must be considered in terms of participation in the agricultural sector, and according to the sector's development needs. We must use innovation to develop sustainable models and, under no circumstances, to promote macro-farms and integration systems that implement an agricultural model without farmers.

Research must also be carried out alongside farmers which values their knowledge. This should be done through exchanges between farmers and participatory research. Research must be oriented towards farm autonomy and not indebting them with expensive inputs and new expensive technologies, etc.

#### **- Direct payments. Reduction of payments**

Member States shall reduce the amount of direct payments to be granted to a farmer for a given calendar year exceeding EUR 60.000 as follows: -25% for the tranche between EUR 60.000 and EUR 75.000; -50% for

the tranche between EUR 75 000 and EUR 90 000; -75% for the tranche between EUR 90.000 and EUR 100.000; 100% for the amount exceeding EUR 100 000.

However, Member States shall subtract from the amount of direct payments the salaries linked to agricultural activities which the farmer has declared, including taxes and social contributions related to employment and the equivalent cost of regular and unpaid labour linked to an agricultural activity practised by persons working on the farm concerned who do not receive a salary (or who receive less remuneration from the amount normally paid for the services rendered), but are rewarded through the economic result of the farm business.

The estimated product of the reduction of payments shall primarily be used to contribute to the financing of the complementary redistributive income support for sustainability and thereafter of other interventions belonging to decoupled direct payments.

### **Comment**

ECVC demands a maximum CAP support of EUR 60.000 per small-scale farm.

ECVC believes that income and employment should be taken into account in all support allocations. On farms that have more than EUR 60 000 in support, the number of workers to be taken into consideration must be limited. If no maximum support limit is set per farm, the expansion of farms, agro-industrial models and macro-farms in the food production chain will be encouraged. Indeed, according to European Commission figures, less than 1% of European farms would be affected by this degressivity and capping. This clearly shows that, by not limiting the number of assets taken into account in the cap per farm, this measure only affects factory farms slightly, or has no effect at all.

## **1. DECOUPLED DIRECT PAYMENTS**

Member States shall set an area threshold and only grant decoupled direct payments to genuine farmers whose eligible area goes beyond this area threshold.

### **a) Basic Income Support for Sustainability**

Member States shall provide for a basic income support in the form of an annual decoupled payment per eligible hectare. However, small-scale farmers, as defined by Member States, may receive a lump sum payment that Member States must pay as a separate intervention as part of the CAP Strategic Plan. This possibility will be optional for farmers.

The support can be paid as a uniform amount per hectare (flat rate) or it can differentiate the amount of basic income support per hectare in different groups of territories that have similar socio-economic and/or agronomic conditions. When Member States decide to differentiate the amount of support per hectare, they shall indicate the estimated average amount per hectare and the expected result for each group of territories in the CAP Strategic Plan.

Member States may decide to grant this support on the basis of the payment rights of the payment scheme (Regulation 1307/2013), or not, in which case these rights would expire on 31<sup>st</sup> December 2020 and a new assignment system would have to be established.

The payment entitlements before convergence will be determined by the Member States, bearing in mind the value of the payment entitlements established in accordance with Regulation 1307/2013 for claim year

2020. Member States may decide to differentiate the value of the payment entitlements in accordance with the principles set out in the “regionalisation”. Similarly, Member States shall, by claim year 2026 at the latest, set a maximum level for the value of payment entitlements for the Member States or for each group of territories in the case of regionalisation.

Member States shall apply the convergence in the payment entitlements. In any case, in 2026, internal convergence should be achieved so that no entitlement can be below 75% of the national/regional average. It may include a maximum entitlement reduction no lower than 30%.

#### **Comment**

ECVC is not in favour of giving the support according to the number of hectares each farmer owns, nor the fact that the support is decoupled from the work involved in production. The support must be linked to the activity and the farmer. It must help to guarantee a fair income for farmers which is equal to that of the rest of the population.

However, if the EU chooses to continue to allocate a large amount of support from the pillar 1 support according to the number of hectares, it is essential, in the interests of fair distribution, to cap the number of hectares assisted per agricultural worker and to increase the amount of support for the first hectares.

ECVC proposes to make the small farms measure mandatory at a level of support that is adequate enough to provide a genuine income support for many small-scale farmers.

#### **b) Complementary redistributive income support**

Member States shall ensure redistribution of support from bigger to smaller or medium-sized farms by providing for a redistributive income support in the form of an annual decoupled payment per hectare. Member States shall establish an amount per hectare or different amounts for different ranges of hectares, as well as the maximum number of hectares per farmers for which the redistributive income support shall be paid.

#### **Comment**

ECVC welcomes the Commission's proposal in favour of small and medium-sized farms, although it believes that it should be further defined. The EC should set out a minimum budget allocated to this increase (e.g. 20% of the pillar 1 budget), a minimum amount to give extra value to the first hectares (e.g. EUR 50) and a maximum amount of hectares that can receive this extra support (e.g. the average area dedicated to farming in the Member State). Similarly, the EC assumes that redistribution will always take place on farms that produce food. ECVC regrets that the EC limits the level to which the Member States can increase the support. The amount of this support cannot exceed that of the national average direct support that is allocated per hectare.

#### **c) (Voluntary) complementary income support for young farmers**

Member States may provide for complementary income support for young farmers who have set up for the first time in order to facilitate the transfer between generations. In this case, it shall take the form of an annual decoupled payment eligible per hectare. At least 2% of the allocations for direct payments will be dedicated to this payment.



### **Comment**

ECVC is in favour of supplementary support for young farmers, since the support is necessary for them to become more established, especially in the first few years. However, the European Commission no longer proposes the current cap on this support in its draft. This cap must be maintained in the next CAP to encourage new farmers to set themselves up on small and medium-sized farms. However, an effective policy for setting up young people is necessary to tackle the underlying problems, which are insufficient prices that do not cover production costs, access to land and basic payment rights.

[Attached is an ECVC document on the CAP and setting young people up in farming.](#)

### **d) Schemes for the climate and the environment ('eco-schemes') Compulsory for Member States, voluntary for farmers**

Member States shall provide support for voluntary schemes for the climate and the environment ('eco-schemes'). Through these measures, genuine farmers will receive support if they make commitments to observe, on eligible hectares, agricultural practices beneficial for the climate and the environment.

The practices will include commitments that go beyond the relevant compulsory regulations [conditionality] and the minimum requirements for the use of fertilisers and plant-protection products, as well as other mandatory requirements established by national authorities and EU law.

These practices must be different from the agri-environmental measures in the pillar 2.

These requirements will be identified in the CAP Strategic Plan.

It will be granted in the form of annual support per eligible hectare.

### **Comment**

ECVC, understands that eco-programs could be tools that could finance certain practices of farmers such as: pasture, legumes, organic agriculture, ecological infrastructure, cultivation and high biodiversity, crop rotation, etc. However, would not they be redundant with the provisions of pillar 2, specifically with environmental, climate, etc.? Does not the introduction of this instrument in the pillar 1 indicate the lack of definition and commitment, in the proposed CAP reform, for a sustainable model of agriculture and a process towards agroecology?

## **2. COUPLED DIRECT PAYMENTS**

Member States may grant coupled income support to genuine farmers in the following sectors and productions: cereals, oilseed, protein crops, grain legumes, flax, hemp, rice, nuts, potato starch, milk and milk products, seeds, sheep and goat meat, beef, olive oil, silk worms, dried fodder, hops, sugar beet, cane and chicory, fruits and vegetables and short rotation shrubs.

The support may only be granted to these sectors and productions or specific types of farming where the above are important for economic, social or environmental reasons.

Up to a maximum of 10% of each Member States' budget may be allocated to this coupled support, plus an additional 2% for protein crops. The Member States that dedicate more than 13% of the annual national maximum limit for voluntary associated assistance may decide to use more than 10% for coupled income support, without this percentage being higher than the associated voluntary support in application year 2018.

### **Comment**

ECVC supports direct coupled payments and is against reducing the budget allocated for this measure. There must be limits to this support/caps in terms of LU per active farmer and per farm. Giving access to support

for agrofuels through coupled payments is an aberration. The CAP's priority must be to support sectors that are in difficulty in order to feed the European population.

## RURAL DEVELOPMENT

Following consultation with the Monitoring Committee, the Managing Authority of the CAP Strategic Plan shall set out the selection criteria for the following types of interventions: investments, settling-in grants, cooperation, a knowledge and information system, after consultation with the Monitoring Committee.

Every country will allocate at least 30% of EAFRD funds to environmental and climate-related targets and 5% to the LEADER initiative. A maximum of 4% of the funds may be used for technical assistance.

### Comment

Prioritising support for new entrants and women is not proposed in this chapter.

Concerning rural development, the following areas should be considered as priorities:

- support for areas with natural handicaps (such as the compensatory allowance for natural handicaps);
- measures to help the transition from production systems to small-scale agroecology, including the AECM systems and support for organic farming;
- life and vitality of the area;
- a genuine setting-up policy, encouraging new entrants to set themselves up in small-scale agroecology;
- boosting local markets (direct sales, local public markets / local tenders - collective catering, etc.) and production for domestic consumption.;
- encourage the relocation of production systems, with relocation of all production to all territories, development of collective and individual processing tools, short agri-food chains etc;
- developing organisation structures for supply, which are suitable for small and medium-scale production, and which aim to supply locally;

The absence of a specific regulation for a rural development policy raises questions. Is it a less of a European priority for this policy?

### 1. Environmental, climate and other management commitments

The inclusion of agri-environmental and climate commitments in the CAP plan will be compulsory for the Member States. The agri-environmental support will be different from the new conditionality and new eco-action measures. It includes commitments for a period of five to seven years. Support for ecological agriculture is part of this central idea.

### Comment

It is important that agri-environmental and climate commitments are compulsory for Member States. To meet these challenges, there must be support for the agricultural transition to small-scale agroecology and not for smart agriculture. In any case, access to technology should be facilitated to small and medium-sized farms, adapt to these models and in no case should be instruments that facilitate industrial agriculture and replace the small and medium farmers. Small-scale agroecology encourages resilience, farm autonomy, energy efficiency, etc. while smart farming races towards more investment, less autonomy, less knowledge.

## **2. Natural or other area-specific constraints**

Member States may grant payments to beneficiaries in regions with specific limitations, as defined in the CAP Strategic Plan.

The region's specific constraints will be related to one of the followings:

(a) natural constraints or other specific constraints;

(b) specific regional constraints imposed by the rules from Directive 92/43/EEC, Directive 2009/147/EC and Directive 2000/60/EC.

The support shall be granted annually per hectare of land.

### **Comment**

The European Commission's draft does not set a minimum budget for this measure, which can be harmful. Areas with natural constraints must be supported so that agriculture remains present and alive.

## **3. Risk management tools**

Compulsory for all Member States: the percentage of loss to be eligible for all these tools is increased to 20% with a maximum support of 70% from the CAP.

This type of support, which will take the form of financial contributions to insurance premiums and investment funds, covering both production risks and income risks, will be mandatory for all Member States. Support for various activities, such as investment and training to help farmers avoid risks or cope with the consequences of having taken risks is becoming compulsory in rural development. A risk management platform at EU level will be set up to assist stake holders, farmers and authorities, research institutions and with the participation of the private sector. It will also be possible to use financial instruments to facilitate access to work capital, for example, to help farmers overcome a temporary financial shortage caused by an unexpected crisis. Horizon 2020 (research finance) will finance research on risk management.

### **Comment**

Risk management must be addressed through public policies. Private insurance is not an alternative and public authorities cannot finance insurance contributions. It is unacceptable to make it compulsory for Member States to financially support production and market risk insurance and/or income stabilisation insurance tools. The compulsory reduction of the insurance trigger threshold to 20% is unacceptable because this reduction will require a substantial budget. This budget will be drawn from rural development policy, which is not intended to finance insurance. We welcome the proposal of a European platform or observatory and crisis analysis, but with the capacity to make proposals that lead to the European Commission taking action.

It has already been proven that neither farmers nor Member States believe in this response that uses revenue insurance to deal with market crises. This is evident from the fact that very few countries integrated this type of instrument into the current Rural Development Programmes.

## **CMO REGULATION**

Most of the CMO Regulation will remain unchanged in the future of the CAP, with some exceptions.

An important change is that the operational programmes must be integrated into the CAP Strategic Plan in each country. In addition, Member States have the possibility (if they consider it necessary) to design operational programmes (also known as sectoral interventions) for other sectors.

They can include all sectors related to agriculture – from grains and meat to seeds, living plants and trees – but excluding ethyl alcohol and tobacco. These programmes will help producers to come together through producer organisations and to take joint measures for the sake of the environment or to promote a better position in the food supply chain.

Enhance operational programmes in all sectors: Programmes can be established for the main agricultural sectors, which the Member States choose, in line with what already exists in the wine, fruit and vegetables, cotton, apiculture, hop plant and olive sectors, which maintain their specific plans.

The measures of these programmes last for at least three years. Producer organisations present the programmes, which can include production planning, supply concentration, research and development, promotion, adaptation to and fighting against climate change, value and quality improvement, risk management and crisis prevention.

Producer organisations can receive support that covers 50% of the actual expenses, limited to 5% of the value of the produce put on the market, within the 3% limit of the national allocation for direct payments.

European crisis reserve: the annual level of this reserve to provide emergency support to crisis areas is fixed at EUR 400 million. This “agricultural reserve” can be used for market measures and exceptional support measures. Unused funds will be used over the course of the following years. All unused funds will be transferred to the following year.

#### **Comment**

The CAP reforms have emptied the CMO regulation of its content. The regulation needs to be given back the tools necessary to stabilise prices for farmers, i.e. market regulation, control and distribution of production. Without stable prices, farmers cannot endure in the future nor engage in the transition of their production systems. Farmers need a long-term vision.

The CMO Regulation also requires effective tools to deal with crises, such as those used during the dairy crisis, and we must go further than the Omnibus Regulation.

The European crisis reserve must be made effective because it could not be used during this time period. The Member States must agree on the conditions for its activation.

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