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WORKING PAPER

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NOTE

From:	Presidency
To:	Special Committee on Agriculture (SCA)
N° Cion doc.:	9645/18 + COR 1 + ADD 1
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council - Presidency note on the outcome of the super-trilogue of 26 March 2021

With a view to the meeting of the Special Committee on Agriculture on 12 April 2021, delegations will find in the Annex a Presidency note on the outcome of the super-trilogue of 26 March 2021.

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Presidency note on the outcome of the super-trilogue of 26 March 2021 regarding the CAP Strategic Plans Regulation

I) APPROVAL OF PROVISIONAL AGREEMENTS

At the super-trilogue on 26 March 2021, provisional agreements were reached on several key principles and elements of the CAP Strategic Plans Regulation, which are related to the new delivery model and targeting of support. With a view to concluding the trilogue discussions and providing planning certainty to farmers and administrations in a timely manner, delegations are invited to endorse the following outcome of the super-trilogue:

a) New delivery model

1) An updated version of the "**mini-package**" from the 5th trilogue consisting of the following elements:

- In line with the Council's General Approach, the benchmark for performance clearance set in Article 121(4b) would be the selected operations for which payments were made in the previous financial year. However, Member States could decide to use as an alternative benchmark the operations selected in the previous financial year;
- The performance review would be carried out on a biennial basis in the financial years 2024 and 2026. An additional annual performance monitoring would be carried out in financial year 2025 without any financial consequence;
- The tolerance margins for deviations from the milestones would be 35% in 2024 and 25% in 2026;
- Member States could set maximum planned average unit amounts for all rural development interventions (both IACS and non-IACS).

2) Selection of the **result indicators to be used for performance review**. In the Presidency's view, this selection represents a very positive outcome of negotiations (keeping in mind that both the Commission's original proposal and the Parliament's mandate envisaged that *all* result indicators should be used for performance review) and keeps the number of indicators at a workable dimension. As a result, the administrative burden for national administrations might be kept limited, without however endangering the effective performance review of the new policy:

		Outcome super-trilogue 26/03/2021
	Cross cutting objective: modernisation	<ul style="list-style-type: none"> • R.1: Enhancing performance through knowledge and innovation
Economic dimension	Specific objective (SO) 1	<ul style="list-style-type: none"> • R.6: Redistribution to smaller farms • R.7: Enhancing support to farms in areas with specific needs
	SO 2	<ul style="list-style-type: none"> • R.9: Farm modernisation
	SO 3	<ul style="list-style-type: none"> • R.10: Better supply chain organisation
Clim/envi dimension	SO 4	<ul style="list-style-type: none"> • R.13: Reducing emissions in the livestock sector • R.14: Carbon storage in soils and biomass • R.17: Afforested land
	SO 5	<ul style="list-style-type: none"> • R.18: Improving and protecting soils • R.19: Improving air quality • R.20: Protecting water quality • R.21: Sustainable nutrient management • R.22: Sustainable water use
	SO 6	<ul style="list-style-type: none"> • R.26: Supporting sustainable forest management • R.27: Preserving habitats and species • R.29: Preserving landscape features • R.39: Organic farming: Share of Utilised Agricultural Area (UAA) supported by the CAP for organic farming maintenance or conversion
Social dimension	SO 7	<ul style="list-style-type: none"> • R.30: Generational renewal
	SO 8	<ul style="list-style-type: none"> • R.34: Connecting rural Europe
	SO 9	<ul style="list-style-type: none"> • R.36: Limiting antimicrobial use • R.37: Sustainable and reduced use of pesticides • R.38: Improving animal welfare
Total		22

3) An almost finalised version of **Annex I**. The European Parliament would drop output indicator O.32 if the Council accepts to include O.31. Some indicators still need to be discussed at technical level, including with regard to the consistency of the indicator labels.

4) Several principles:

- Member States would be allowed to use **further result indicators from Annex I for performance review**, in addition to those identified for performance review in the table under point 2); Member States would however not be allowed to use CAP Strategic Plan-specific indicators for this purpose;
- **Article 9** would specify that Member States should implement their CAP Strategic Plans as approved by the Commission;
- The Parliament would give up **Annex IXaa**, but work would continue at technical level to elaborate whether and which of the elements from that Annex could be included in the relevant Articles on rural development.

b) Targeting of support:

- The application of the definition of **active farmer** would be mandatory, provided that the provisions are simple, easy and flexible;
- A definition of **new farmer** would be introduced, provided that this does not give rise to any new type of intervention compared to what is already included in Articles 22(4) and 69(2)(b) of the Regulation;
- Funds for **young farmers** would be used under both pillars, with their share of direct payments and the scope of eligible measures still being subject of discussions;
- Further work is needed on **internal convergence** and the **small farmers scheme**.

II) GUIDANCE FOR FURTHER WORK

Delegations are also invited to express their views on the following elements with a view to providing guidance for future work:

- 1) With the aim of bringing the Council's and the European Parliament's positions closer regarding the redistribution of direct payments from large to small- and medium-sized holdings, the Presidency suggested a **no-backsliding clause** to ensure that the volume of funds transferred from large to medium- and small-sized holdings would be at least as high as in the 2014-2020 period. This would leave Member States with the choice of whether to use **capping, degressivity, redistributive payments** or a combination of them, while meaning that one of those three instruments would have to be used. Such an approach would be in line with the result-based model of the new CAP and would represent a major step ahead with a view to striking a balance between the co-legislators on an issue that they both consider as central for a successful conclusion of negotiations.

2) While the trilogue discussions enter their final stage, any agreement on the CAP Strategic Plans Regulation will have to include an agreement on the CAP's green architecture. One of the most crucial outstanding elements in this regard is likely to be the level of **ring-fencing for eco-schemes**, where the positions diverge between 20% on the Council's side and 30% on the Parliament's one. This question has not yet been addressed in the trilogue discussions; however, work on eco-schemes has progressed during the German Presidency, and it has been provisionally agreed that these instruments should cover also animal welfare. Finding a common ground on this issue is crucial to bring negotiations to a successful conclusion in a timely manner; therefore, delegations are invited to explore the margins of flexibility on this percentage, keeping into account that this topic has to be seen in conjunction with all previous provisional compromises already reached.