

PEGASUS – Workshop - Ways to enhance the sustained provision of environmental and social benefits – findings and lessons for policy and practice

Setting the scene – a political introduction

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Setting the scene – a political Introduction

1. Current Context

2. CAP post 2020 Agenda

3. Strategic Principles for the CAP post 2020



Setting the scene – a political Introduction

1. Current Framework

CAP Treaty Objectives – Article 39.º of TFEU

- * **Increase agricultural productivity** by promoting **technical progress** and by ensuring the **rational development** of agricultural production and the **optimum utilisation of the factors of production**, in particular **labour**;
- * Ensure a **fair standard of living for the agricultural community**, in particular by increasing the individual earnings of persons engaged in agriculture;
- * **Stabilise markets**;
- * Assure the **availability of supplies**;
- * Ensure that supplies reach consumers at **reasonable prices**.

In working out the CAP and the special methods for its application, account shall be taken of:

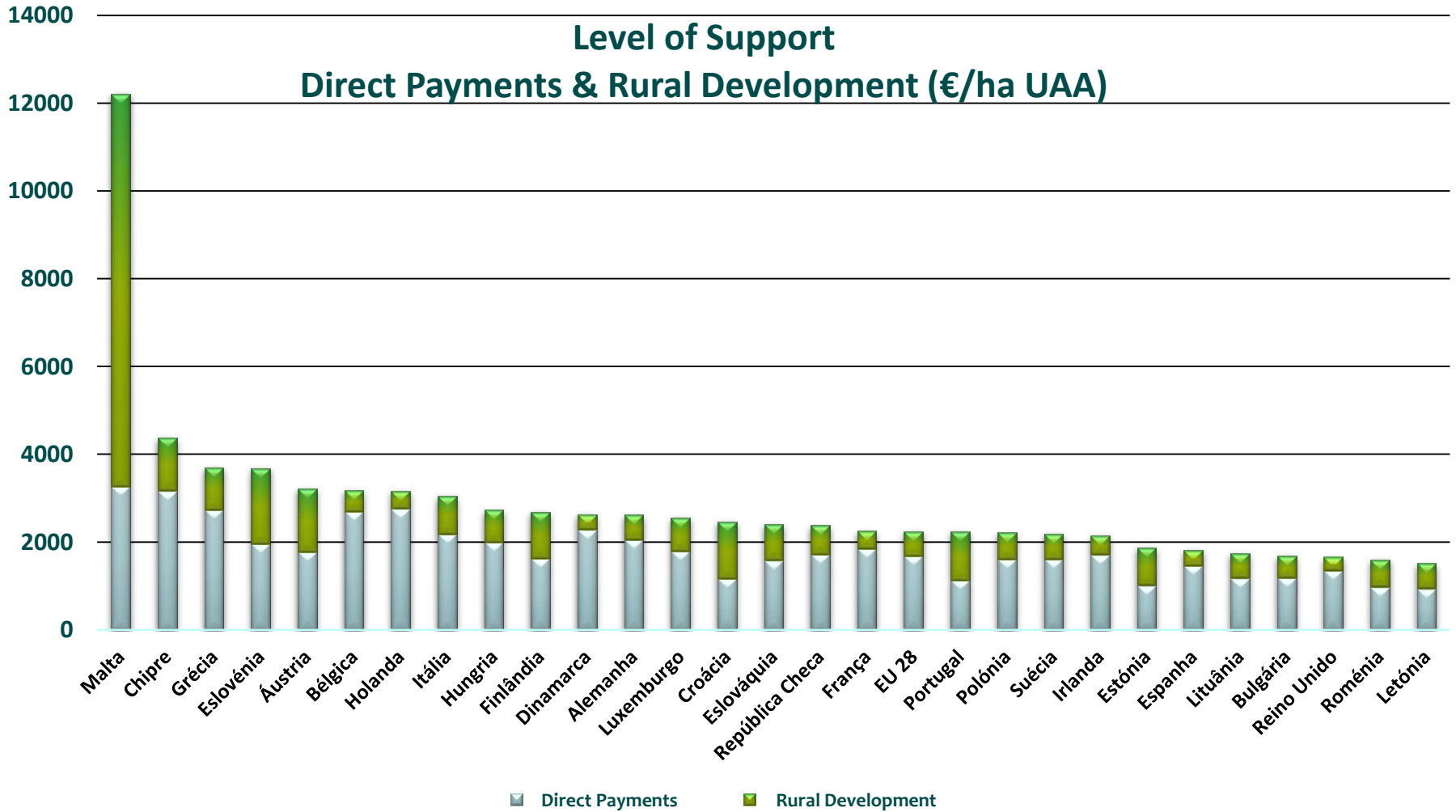
- * the **particular nature of agricultural activity**, which results from the **social structure of agriculture** and from **structural and natural disparities** between the various agricultural regions;
- * the need to effect the appropriate **adjustments by degrees**;
- * the fact that in the Member States **agriculture** constitutes a **sector closely linked with the economy** as a whole.

CAP REFORM DRIVERS

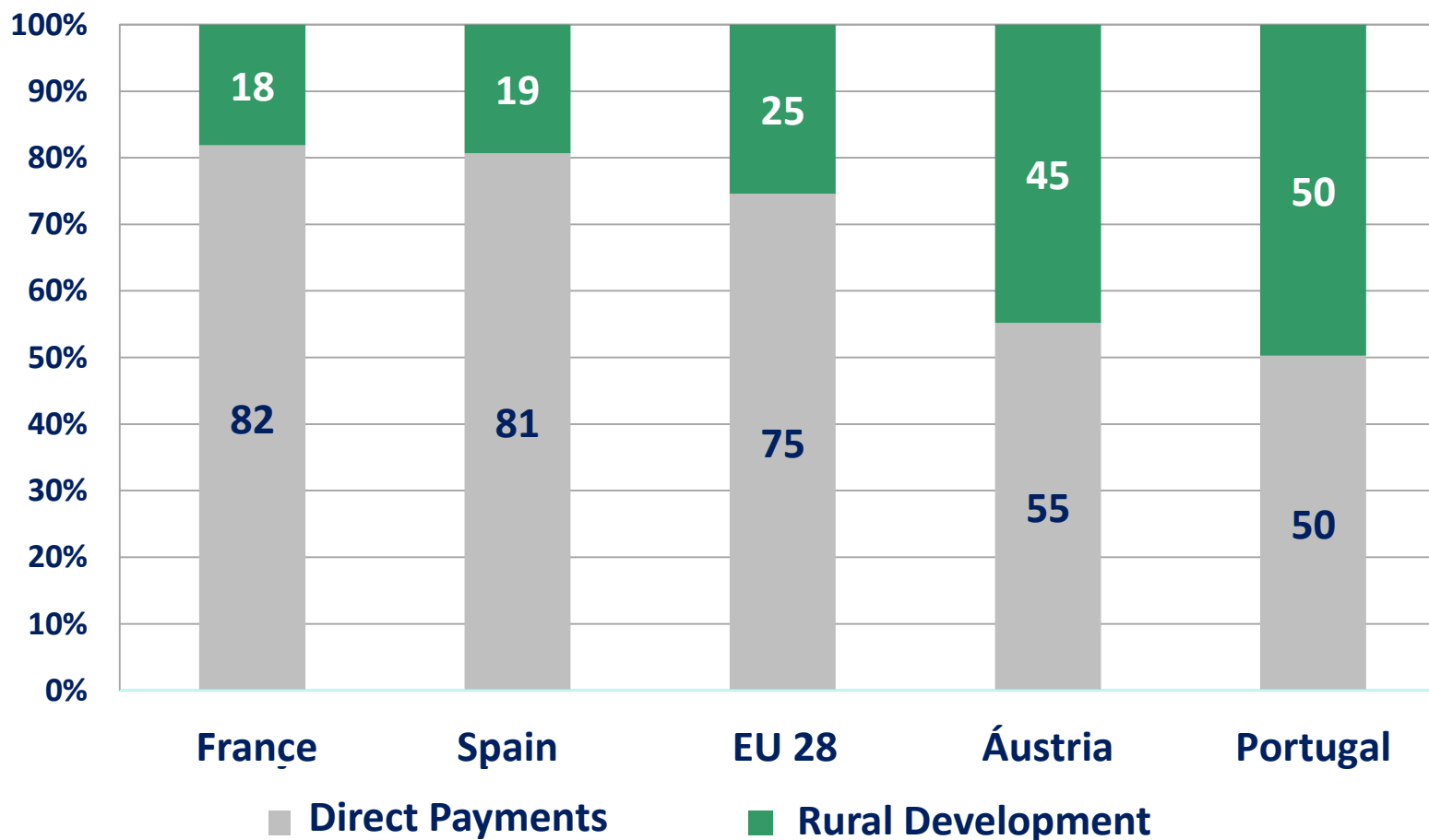
***Main drivers** (either single or combined)

- **Globalisation** / Trade policy (gradual decoupling of direct support) - e.g.: 1992 and 2003 Reforms
- **New priorities** (meeting societal challenges) - (e.g. 2013 CAP Reform: environmental focus)
- **Budget** (Multiannual Financial Framework) - e.g. 1999 Reform
- *The European budget is not an instrument of financial transfer between Member States, it is “primarily an investment budget”, High Level Group on Own Resources, final report “Future Financing of the EU”*

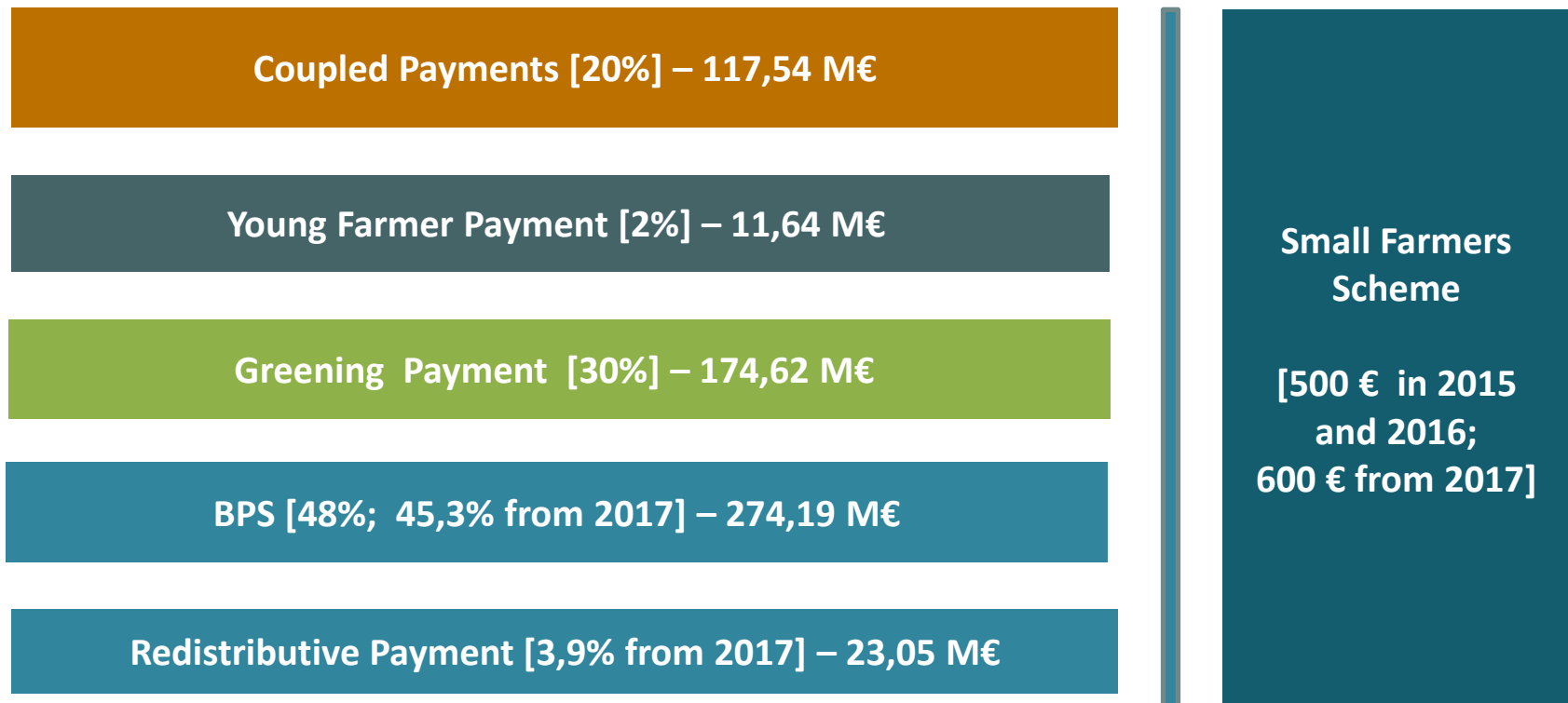
Level of Support
Direct Payments & Rural Development (€/ha UAA)



Distribution of CAP funds between Direct payments and Rural Development (%)



PT MAIN DECISIONS DIRECT PAYMENTS – current CAP



A3. Environment, efficiency on the use of resources and clima

M7. Agriculture & natural resources

Ac7.1. Organic Farming

Ac7.2. Integrated Production

Ac7.3. Natura 2000 Payments inc. Local schemes

Ac7.4. Soil Conservation

Ac7.5. Efficient use of water

Ac7.6. Traditional permanent crops

Ac7.7. Extensive grazing (Traditional Permanent Pastures; Montado; Protection of Iberian wolf)

Ac7.8. Genetic Resources

Ac7.9. Agroforestry Mosaic

Ac7.10. Forest-environment payments - maintenance of riparian galleries

Ac7.11. Non- productive investments

Ac7.12. AECM Bee Support

- **Avoid** abandonment of extensive systems (opportunity cost) and compensate loss of income due to the adoption of best practices.
- Main focus on **agricultural production** systems which **simultaneously provide public goods or environmental services**.
- **Geographic delimitation for eligibility** for some measures (municipalities or parishes)
- Additional iAECM incentives for farmers who are members of Producer Organizations for some measures
- Although the model for collective applications has not been formally adopted, there are **increase** in the number of farmers and in the area with AECM contracts w/ the current RDP:
 - Organic Farming and Integrated Production** (very significant increase)
 - Traditional Permanent Crops and Soil conservation** (significant increase)

CROSS COMPLIANCE

Current Framework

Area - Environment, climate change, good agricultural condition of land

Main Issue - Water

Protection of waters against pollution caused by nitrates from agricultural sources; Establishment of buffer strips along water courses; Compliance with authorisation procedures for use of water irrigation; Protection of ground water against pollution, as far as it relates to agricultural activity

Main Issue - Soil and carbon stock

Minimum soil cover; Minimum land management reflecting site specific conditions to limit erosion; Maintenance of soil organic matter level

Main Issue - Biodiversity

Directive on the conservation of wild birds; Directive on the conservation of natural habitats and of wild flora and fauna

Main Issue - Landscape, minimum level of maintenance

Retention of landscape features, and including a ban on cutting hedges and trees during the bird breeding and rearing season

Area - Public health, animal health and plant health

Main Issue – Food safety

General principles and requirements of food law, Directive concerning the prohibition on the use in stockfarming of certain substances having a hormonal or thyrostatic action and beta-agonists

Main Issue - Identification and registration of animals

Identification and registration of pigs, bovine animals, ovine and caprine animals

Main Issue - Animal diseases

SMR 9 - Prevention, control and eradication of spongiform encephalopathies

Main Issue - Plant protection products

SMR 10 - Use of plant protection products on the market

Area Animal welfare

Main Issue – Animal welfare

SMR 11 - Minimum standards for the protection of calves, pigs and animals kept for farming purposes



2. CAP post 2020 Agenda

ECONOMIC AND POLITICAL CONTEXT IN THE EU

Which pressures for change?

Which constraints for EU public policies?

Which spending priorities?

- European economic growth and need to increase employment
- Geo-strategic (im) balances
 - Brexit Effect
 - Development of the Chinese economy
 - Tension with Russia
 - “Trump” Effect
 - Neighbourhood - Migration / Security / Defence issues
 - Elections in Germany
- International Commitments
(SDG, Paris Agreement, Bilateral Trade Agreements, WTO, OECD Declaration of Agricultural Ministers 2016)

CALENDAR

CALENDAR			CAP POST-2020 Agenda
2015	LUX	Sep	<ul style="list-style-type: none"> • Sustainable Development Goals - UN
		Dec	<ul style="list-style-type: none"> • Paris Agreement on Climate Change
2016	NL	Apr	<ul style="list-style-type: none"> • Meeting of OECD Committee for Agriculture at Ministerial Level – <i>“Best Policies for a Productive, Sustainable and Resilient Global Food System”</i>
		May	<ul style="list-style-type: none"> • Informal Agriculture Council - Guidance Document <i>“Food of the Future - The Future of Food”</i> • French contribution to the Informal Agriculture Council – <i>“A new CAP for a Competitive, Sustainable and Resilient Agriculture”</i>
	SK	Sep	<ul style="list-style-type: none"> • Conclusions of the Ministerial meeting on Agriculture held in Chambord on French initiative • Cork 2.0 Declaration– <i>“A Better Life in Rural Areas”</i>
		Oct	<ul style="list-style-type: none"> • Communication from the Commission - 2017 Work Programme – <i>“Developing A Europe that protects, empowers and defends”</i> (10 political priorities, modernising and simplifying the CAP)
		Nov	<ul style="list-style-type: none"> • Report of the Agricultural Markets Task Force • European Parliament Workshop: <i>Reflections on the agricultural challenges post-2020 in the EU - preparing the next CAP reform</i>
		Dec	<ul style="list-style-type: none"> • <i>Agricultural Outlook 2016</i> Conference

CALENDAR

CAP POST-2020 Agenda

2017	MT	Feb–May	<ul style="list-style-type: none"> • Public consultation on modernising and simplifying the CAP; • Terms of Reference for Impact Assessment - European Commission
		Mar	<ul style="list-style-type: none"> • Council of Ministers Agriculture - Discussion on CAP post-2020 • PT position paper on CAP post-2020
		May	<ul style="list-style-type: none"> • Informal Agriculture Council – <i>“Adapting to Climate Change with a Focus on Research and Innovation in the field of Water Management”</i>
		28 th June	<ul style="list-style-type: none"> • Reflection Paper on the Future of EU Finances
	EE	July	<ul style="list-style-type: none"> • High Level Conference - DG Agriculture - results of the public consultation on the CAP post-2020 • Council of Ministers Agriculture - results of CAP post-2020 public consultation
		Sep	<ul style="list-style-type: none"> • EU Budget Conference • Informal Council of Ministers Agriculture – CAP post-2020 inc. risk management
		29 th Nov	<ul style="list-style-type: none"> • Communication from the Commission to the Council and the European Parliament on the CAP post-2020
2018	BU	End of 1st	<ul style="list-style-type: none"> • Presentation by the Commission - Legislative Proposals on the CAP post-2020
	AT	July	<ul style="list-style-type: none"> • Post-2020 MFF proposal
2019	RO /FI	?	<ul style="list-style-type: none"> • Elections for the European Parliament / New European Commission

NEA
NIS*



3. STRATEGIC PRINCIPLES FOR THE POST 2020 CAP

CORK DECLARATION

(September 2016)

Outcome of the conference “**A living countryside**” proposes policy guidelines for the future of Rural Development:

- **Importance of the agricultural and forestry sectors in the European economy;**
- Great potential in **job creation**, maintenance of the **countryside production of environmental public goods and climate action;**
- Need for **complementing the rural development policy with other EU policies** in order to produce relevant results both for rural residents and for the society at large.

EUROPEAN COMMISSION

Public Consultation – The European Commission held a **public consultation** on **modernising and simplifying the CAP** between February and May 2017. The results were announced at the High Level Conference held on 7 July 2017.

https://ec.europa.eu/agriculture/consultations/cap-modernising/2017_en

Factual summary - Challenges

- Deliver more benefits for **environment and climate change**;
- Support **direct income**;
- Foster **restructuring and innovation**;
- Improve Farmer's position in the value food chain.

PORTUGAL

PT position paper presented at AGRI Council in Brussels on 3 March 2017

CAP post 2020 Objectives:

- **Ensure productive activity throughout the EU**, by safeguarding the resilience, occupation and **vitality of rural areas**;
- **Promote an efficient and innovative agriculture**, by guaranteeing **farmers balanced relations in the food supply chain** and by meeting the food and nutrition needs of European citizens;
- **Preserve EU natural resources** - soil, water and biodiversity, diverse landscapes - while providing a concerted response to climate change mitigation and adaptation.

PORTUGAL

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CAP post-2020 principles:

1. Environment, climate, health, nutrition and animal welfare

- Enhance the production of **value-added public goods** generated in the sector (environment, climate, healthy food, animal welfare);
- **Improve synergy** and coordination between cross-compliance, greening and agri-environmental and climate measures;
- Encourage **flexibility** to obtain environmental gains (*shorter period contracts, environmental certification models*);

PORTUGAL

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CAP post-2020 principles:

2. Resilience as a competitive advantage

- To aim at **Investment, Innovation and Research, and Risk Management** as a way to increase the sector resilience, competitiveness and attractiveness;
- **Global risk management:**
 - *better articulation between direct payment schemes;*
 - *base level of income support;*
 - *support for areas with natural constraints, and*
 - *coupled payments.*
- In addition, **reserve part of this type of payments to enable farmers with common interests at sectorial or regional level to sign contracts, on a voluntary basis**, to minimise extreme price or income volatility

PORTUGAL

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CAP post-2020 principles:

3. Balanced relations in the food supply chain

- Derogation of competition rules to improve concentration of primary supply;
- EU regulation of good practices, preventing unfair trading practices;
- Specific schemes for the **wine** and **fruit and vegetable** sectors.

4. Small farms and young farmers

- Support for **small-scale farming**;
- Support for **young farmers** (simplification and coordination of support for young farmers; access to credit; access to knowledge transfer).

Next Steps

Issues to be discussed from the beginning of December

- ? **More focused on results** and greater **subsidiarity for MS**;
- ? **Joint programming** of the two pillars at the MS level;
- ? **New CAP delivery model**;
- ? new environmental and climate framework (merger of cross compliance and greening w/ increase of management practices, plus voluntary AECM focused on more targeted objectives)
- Convergence of DP between MS; Co-financing of CAP; Capping and degressivity; Flexibility between pillars; Generational renewal; Type of Risk management approach; Small farmers support; Role of advisory and innovation linked to investment support, use of new technologies to make controls easier.

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Thank you for your attention !