



# EU BUDGET FOR THE FUTURE

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## THE COMMON AGRICULTURAL POLICY



### WHY IS THIS A PRIORITY?

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. The global and cross-border nature of the challenges faced by the EU agricultural sector and rural areas requires a common policy at EU level.

The Commission proposes a **modernised common agricultural policy (CAP)** which will ensure access to high-quality food while maintaining a fully integrated Single Market for agricultural goods in the EU.

The modernised policy will:

- Place a greater emphasis on the environment and climate;
- Support the transition towards a more sustainable agricultural sector;
- Support the development of vibrant rural areas.



### WHAT DOES THIS MEAN IN FINANCIAL TERMS?

The modernised Common Agricultural Policy will have a budget of **€365 billion** and continue to be built around two pillars: direct payments to farmers and rural development funding. For the latter, the Commission proposes to increase national co-financing rates. In addition, an amount of **€10 billion** in **Horizon Europe** will support research and innovation in food, agriculture, rural development and the bioeconomy.



### WHAT IS NEW IN THE COMMISSION PROPOSALS?

- A **new delivery model**, bringing the operations together under a single programming instrument, **the Common Agricultural Policy Strategic Plan**.
- **More flexibility and simplification**: Based on common objectives set at EU level, Member States will have more room to match their needs with intervention schemes that they will set out in their national Strategic Plan. This

should simplify rules for farmers and administrations and makes the Common Agricultural Policy **more oriented to results**.

Direct payments will remain an essential part, but will be moderately reduced and better targeted.

- A **more balanced distribution** of payments to be promoted through compulsory capping at farm level or degressive payments decreasing with farm size. This means that support will be redistributed towards medium-sized and smaller farms. Direct payment levels per hectare between Member States will also continue to converge towards the EU average.
- A reinforced link **with environmental objectives**. Direct payments will be subject to enhanced conditionality that will apply to all beneficiaries. Voluntary eco-schemes will be introduced in the budget for direct payments. A significant part of funding will be ring-fenced for actions beneficial to the climate and the environment rural development. This system will provide greater flexibility for Member States, allowing them to better target environmental objectives and be more ambitious.
- A **new crisis reserve** will be created to address crises generated by unforeseeable developments in international markets or by specific shocks to the agricultural sector following actions undertaken by countries outside the EU. **Support for risk management tools** including income stabilisation will need to be introduced in the strategic plans.



## HOW ELSE WILL THE FUTURE EU BUDGET MAKE A DIFFERENCE IN THIS AREA?

- The future EU budget will improve synergies between the EU Cohesion Policy and the Common Agricultural Policy to finance investment in nature and biodiversity. In line with the Paris Agreement and the commitment to the United Nations Sustainable Development Goals, **at least 25 % of EU expenditure across all EU programmes should contribute to climate objectives**.
- **Horizon Europe** will support with **€10 billion** research and innovation in food, agriculture, rural development and bioeconomy.
- **LIFE, the well-established programme for the environment and climate action**, will also support measures promoting energy efficiency and clean energy.
- The **Space Programme**, with its satellites Copernicus and Galileo, will help make precision farming a reality: satellites monitor EU agricultural land and send signals to farmers on where they can use fertilisers on their fields. This decreases unnecessary use of products, reducing the overall land and air pollution.



## NEXT STEPS

