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Chair of the Agriculture Committee
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Speaker of the Hrvatski sabor
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Dear Chair,

The Commission would like to thank the Hrvatski sabor for its Opinion on the proposals on the future Common Agricultural Policy after 2020: proposal for a Regulation establishing rules on support for strategic plans to be drawn up under the Common Agricultural Policy {COM(2018) 392 final}.

The proposals build on a very open and inclusive preparatory process, including one of the biggest public consultations ever carried out by the Commission and a comprehensive Impact Assessment. Moreover, they have to be seen in the wider context of the ongoing discussions on the Commission's proposals for the Multiannual Financial Framework 2021-2027¹ with which, while taking into account the challenging budgetary context, the Commission launched a strong signal of continued support for the European Union agriculture and its rural areas.

With its proposals, the Commission aims to keep the Common Agricultural Policy fit for purpose, based on a modernisation and simplification of the policy framework, a fairer and more targeted distribution of direct payments, an enhanced climate and environmental ambition and action for growth and jobs in rural areas, while contributing to other policies and international commitments of the European Union (e.g. Paris climate agreement and United Nations Sustainable Development Goals).

¹ COM(2018) 321 final; COM(2018) 322 final; COM(2018) 324 final; COM(2018) 325 final and COM(2018) 327 final

The Commission takes note of the concerns expressed by the Hrvatski sabor on certain elements of the proposal and is pleased to provide a number of clarifications.

As far as the issue of the definition of a genuine farmer is concerned, to improve the policy performance as well as the public perception of the Common Agricultural Policy, the Commission considers it important to grant direct payments only to those who are actively farming in order to earn their living, as opposed to individuals or companies for whom the agricultural activity represents an insignificant part of their activity. Nonetheless, Member States will be allowed more flexibility to achieve better targeting and to tailor support to suit local conditions and needs. The concept of genuine farmer does not preclude supporting pluri-active farmers, who are actively farming but are also engaged in other non-agricultural activities outside their farm. As the Hrvatski sabor states, in fact, their multiple activities are key to strengthen the socio-economic fabric of rural areas.

In relation to the definition of young farmer, the Hrvatski sabor rightly points out that the average age of heads of holdings in the European Union is high. Generational renewal, targeting qualified and motivated young people, is one of the essential elements for the long-term competitiveness of the sector and should therefore be encouraged with specific interventions. At the same time, Common Agricultural Policy instruments exist also for attracting other types of agricultural workers, notably support for the start-up of rural business linked to agriculture and forestry or farm household income diversification, and for business start-up of non-agricultural activities in rural areas being part of local development strategies.

Regarding the Specific Objectives of the Common Agricultural Policy, the Commission is of the opinion that the objective of fostering the processing of agricultural products and foodstuff is covered under the objectives of enhancing market orientation and increasing competitiveness, and improving the response of Union agriculture to societal demands on food and health. On the other hand, promoting sustainable forestry is clearly spelled out as a Common Agricultural Policy objective.

In relation to indicators, the Commission considers that, as indicators are the basis for assessing Member States' performance in terms of policy implementation and achievement of targets, delegated acts are necessary in case modifications will be needed.

As far as the enhanced conditionality is concerned, its mandatory nature is a key contribution to the European Union's commitment to a greater climate and environmental ambition. The Commission would like to point out that, on the one hand, it consists of a set of broad common requirements, is linked to common objectives and is to be monitored by common indicators, thereby ensuring a level playing field at Union level. On the other hand, the enhanced conditionality also allows flexibility for Member States to adapt its details to local needs and circumstances. This flexibility includes establishing specific rules for small beneficiaries regarding conditionality obligations and controls.

In relation to the proposed reduction of direct payments, the Commission shares the view that securing an adequate level of support and thus farm income remains a key element for the future in order to ensure food security, environmental and climate ambition, as well as rural vitality. Better targeting of support to small and medium-sized farms and areas with natural constraints can help keeping more jobs on farms and farming activity on the whole territory. The proposal for a reduction of the amount of direct payments per farm above a certain level ensures a fairer distribution of income support. In order to avoid negative effects on employment and to acknowledge family labour, labour costs (both salaried and family) will be taken into account. The product of reduction remains available for agricultural and rural support in the Member State concerned. These amounts, if kept within direct payments, should in priority be used to finance the complementary redistributive payment, which aims at providing a higher support rate for small and middle-sized farms. Member States have considerable leeway, based on their needs assessment, in determining the payment levels under this component.

As far as the Strategic Plan's approval is concerned, the timing will depend on the progress of the interinstitutional negotiation process. The Commission is well aware of the difficulties experienced during the approval of the current rural development programmes and will ensure that all elements are in place to allow for a smooth transition.

Discussions between the Commission and the co-legislators, the European Parliament and the Council, concerning the proposal are now underway and the Commission remains hopeful that an agreement will be reached in the near future.

The Commission hopes that these clarifications address the issues raised by the Hrvatski sabor and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Phil Hogan
Member of the Commission*