



EUROPEAN COMMISSION

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Dear President,

The Commission would like to thank the Senát for its Opinion on the legislative proposals for the 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}, proposal for a Regulation on the financing, management and monitoring of the common agricultural policy {COM(2018) 393 final} and proposal for a Regulation establishing a common organization of the markets {COM(2018) 394 final}.

The Commission values the continuous engagement of the Senát and considers its contribution an important input into the policy-making process.

The Commission presented in May 2018 balanced proposals for the Union's next Multiannual Financial Framework despite the very challenging overall context, including the forthcoming withdrawal of the United Kingdom from the European Union and the need to address existing and new political priorities.

The proposals allocate EUR 365 billion for the Common Agricultural Policy for 2021-2027, which is a strong signal of continued support for the future of European Union farming and rural areas. While direct payments would be cut only moderately, for rural development a rebalancing of support between the Union and the Member States is proposed, including the possibility for increased national contributions in order to keep an adequate level of support to rural areas.

Concerning the Common Agricultural Policy proposals, the Commission is particularly pleased that the Senát agrees with the new implementation model based on Strategic Plans. The experience from the implementation of the current Common Agricultural Policy confirmed that a one-size-fits-all approach did not provide the expected results and therefore a shift is made towards far more subsidiarity. On one hand, the European Union will provide for the necessary safeguards to ensure both ambition and a level-playing field. On the other hand, more flexibility is given to the Member States to set out the details of interventions according to their needs, thus offering them an

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increased potential for better targeting and simplification. In this new framework, measurable targets will be needed based on a switch from compliance to performance-orientation.

The Commission is convinced 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 includes a reduction of the amount of direct payments per farm above a certain level to ensure a fairer distribution of income support. However, and 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 Commission shares the Senát's opinion on the need to emphasize climate measures and the protection of the environment. It is precisely for that reason that the future Common Agricultural Policy will be called on to deliver against what is an enhanced ambition on environment and climate in light of the general objective of bolstering environmental care and climate action and contributing to the environmental – and climate-related objectives of the Union.

The Commission shares the Senát's views on the importance of rural development policy and that agronomic research and innovation as well as the transfer of knowledge to farmers should be stimulated. As a result, the Commission proposed that EUR 10 billion of additional funding be available under the research programme Horizon Europe to support specific research and innovation actions in the areas of food, agriculture, rural development and the bio-economy. Horizon Europe will play a key role in the joint creation of the knowledge needed for the modernisation of the agricultural sector. The creation of synergies between Horizon Europe and the Common Agricultural Policy will help to build a system of knowledge and innovation in the agricultural sector, making it possible to speed up the use of innovative practices by all actors in rural areas.

In line with the Senát's opinion, the Commission proposes that the generational renewal of farmers be one of the policy's priorities. Member States should, in their Strategic Plans, present a sound strategy to address this challenge in their territory. At least 2% of the current envelope of direct payments should be devoted to this objective. This could be used as a top-up to the basic income support and/or as an installation support for young farmers, the maximum amount of which has been proposed to be increased to EUR 100,000. On top of this, young farmers should benefit from another array of interventions, notably investment support, knowledge transfer and training, support for working capital through financial instruments.

Discussions between the Commission and the co-legislators 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 Senát and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Phil Hogan
Member of the Commission*