



EUROPEAN COMMISSION

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*Mr Daniel GÜNTHER
President of the Bundesrat
Leipziger Straße 3 - 4
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Dear President,

The Commission would like to thank the Bundesrat 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 proposals built on a very open and inclusive preparatory process, including one of the biggest public consultations ever carried out by the European 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 2021-2027 (COM(2018) 321, 322, 324, 325 and 327) 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 areas¹.

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 An answer to the Bundesrat's Opinion on the Communication on the Multiannual Financial Framework 2021-2027 and on the related legislative proposals (COM(2018) 321, 322, 324, 325 and 327) is under preparation in the framework of the political dialogue.

In this context, the Commission welcomes the Bundesrat's support on a number of key elements of its proposals, in particular as regards the need to aim for a higher climate and environmental delivery, via the three components of the future green architecture, the need to support farm income, including via a strong first pillar, as well as the paradigm shift to a more result-oriented Common Agricultural Policy with more flexibility for Member States within a common Union framework.

At the same time, the Commission takes note of the concerns expressed by the Bundesrat on certain features of these key elements and is pleased to seize this opportunity to provide a number of clarifications. During the preparation of the proposals, the Commission identified several, potentially conflicting, demands for the new Common Agricultural Policy, in particular less complexity and administrative burden, more targeting by better reflecting the diverse conditions throughout the European Union and more focus on policy results, while keeping its common character at Union level so as not to distort the level playing field or to run into risks of renationalisation. In order to address these demands at the same time, the Commission proposed a new partnership between the European Union and the Member States which keeps at Union level the elements needed to preserve the common character of the policy and “gives back responsibility to national authorities to deliver effective and tailored solutions to support agriculture and the environment” as recalled in the Commission's recent Communication outlining its reflections on the principles of subsidiarity and proportionality (COM(2018) 703 final).

In doing so, the Commission has kept at Union level those elements, which are of clear added value since they are essential:

- to fix nine common specific objectives which the future Common Agricultural Policy should achieve commonly and to ensure the smooth functioning of the single market. This holds for several concerns identified in the Bundesrat's Opinion notably for the common requirement to set certain definitions with a view to guarantee a level-playing field (e.g. genuine farmer), the mandatory capping and degressivity to achieve a fairer income support and the mandatory requirement to offer farmers' risk management instruments under rural development policy with a view to enlarge the toolbox at their disposal. It is, however, important to note that Member States will benefit from enhanced flexibility to choose and design their concrete interventions for these and other proposed elements.*
- to move to a common framework for a performance-based policy, setting out those elements which allow to monitor and evaluate policy progress towards the nine specific Common Agricultural Policy objectives. As for the overall Union framework, the new performance is based on essential elements such as the need of yearly reporting to allow, if necessary, for timely and proportionate corrective action.*

Based on this carefully designed balance, the Commission firmly believes that the proposed new delivery model would neither be too prescriptive nor simply shifting back tasks to the Member States, but rather, as referred to in the Bundesrat's Opinion, allow

maximum flexibility for Member States within a framework of common European Union “crash barriers” (“Leitplanken”). Not only would this common Union framework be simpler², but, in line with the Bundesrat’s Opinion, this new flexibility would touch upon all different phases of the policy cycle – design, management, controls and penalties alike – thereby opening up clear margins of manoeuvre for simpler and better targeted action by competent authorities in the Member States. In this context, the Commission would like to stress in particular that there is no intention to put into question the constitutional setting in any Member State. Whereas the Commission’s proposals set out one Common Agricultural Policy Strategic Plan per Member State, Member States would have the flexibility to delegate part of the design and implementation of the Strategic Plan to the regional level. Where elements of the Strategic Plan are established at regional level, the Member State shall ensure the coherence and the consistency with the elements of the Strategic Plan established at national level.

The Commission also reiterates its clear commitment for an enhanced climate and environmental ambition based on the proposed new green architecture made of three components – enhanced eco-conditionality, eco-schemes and rural development interventions – which are to be targeted and combined in line with the Member States needs and, as previously indicated, it appreciates the Bundesrat’s general support in this regard.

As far as the enhanced conditionality is concerned, the Commission would like to point out that, on one hand, it consists of a set of broad common requirements, linked to common objectives, thereby setting out common elements at Union level, which take into consideration the level playing field. On the other hand, the enhanced conditionality also allows for flexibility for Member States to adapt its details to their needs. By combining common elements with flexibility, the enhanced conditionality therefore perfectly fits within the new Common Agricultural Policy delivery model.

As the Bundesrat points out, payments in both Common Agricultural Policy pillars – in particular eco-schemes in Pillar I and payments for agri-environment and climate management commitments in Pillar II – must attract adequate take-up by farmers in order to deliver the desired level of public goods. The Commission considers that it is perfectly possible to set payments for both types of intervention at levels which will attract this necessary take-up while complying with the World Trade Organisation’s rules on least-trade-distorting support (the “green box”) – which the payments will be required to do.

The Bundesrat’s Opinion has been made available to the Commission’s representatives in the ongoing discussions with the European Parliament and the Council and will inform these discussions.

² For a more comprehensive overview of the simplification potential of the Commission proposals see Remarks on Simplification and Subsidiarity, July AGRI Council, Brussels, available at https://ec.europa.eu/commission/commissioners/2014-2019/hogan/announcements/remarks-commissioner-phil-hogan-simplification-and-subsidiarity-july-agri-council-brussels_en (English only).

The Commission welcomes the Bundesrat's views on the Common Agricultural Policy and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Phil Hogan
Member of the Commission*