



EUROPEAN COMMISSION

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*Mr Konstantinos TASSOULAS
President of the Vouli ton Ellínon
11, Av. Vassilissis Sofias
GR – 10021 ATHENS*

Dear President,

The Commission would like to thank the Vouli ton Ellínon for its Opinion on the new Common Agricultural Policy (CAP)¹ and the Transitional Regulation². Both proposals form a broader legislative package for Europe's agricultural policy beyond 2020.

With regard to the reform of the Common Agricultural Policy, the Commission highlights that it will remain a truly common and European policy. The proposed policy will focus on nine specific objectives reflecting the economic, environmental and social challenges for agriculture and rural areas. This approach aims to support a transition towards sustainable agriculture, itself a very important component of the European Green Deal. The proposal also aims to reorient fundamentally the way the CAP is organised with a strong focus on performance, rebalancing responsibilities between Member States and the Commission.

Member States will draft the Strategic Plans to tackle their specific needs with regard to the nine CAP common specific objectives. We cannot claim to move towards a more performance-orientated policy without introducing common mechanisms, which allow monitoring and evaluating policy performance against our common EU objectives. Member States will collect through a common set of indicators information on performance and results, and will report in annual performance reports. This set of indicators will allow Member States to report on the performance of the policy and the Commission to assess it.

¹ Proposals for a Regulation of the European Parliament and of the Council {COM(2018) 392}, {COM(2018) 393 final}, and {COM(2018) 394 final}.

² Proposal for a Regulation of the European Parliament and the Council laying down certain transitional provisions for the support by the European Agricultural Fund for Rural Development (EAFRD) and by the European Agricultural Guarantee Fund (EAGF) in the year 2021 and amending Regulations (EU) No 228/2013, (EU) No 229/2013 and (EU) No 1308/2013 as regards resources and their distribution in respect of the year 2021 and amending Regulations (EU) No 1305/2013, (EU) No 1306/2013 and (EU) No 1307/2013 as regards their resources and application in the year 2021 {COM(2019) 581 final}.

Three out of the nine specific objectives in the future CAP will concern the environment and climate covering the issues of climate change, natural resources, biodiversity, habitats and landscapes. To secure greater environmental ambition of the CAP, future conditionality covers all agricultural areas and all CAP beneficiaries with no block exemptions, such as for small farmers under current greening/cross-compliance. This ensures a wide area coverage of these basic practices and a level playing field for all.

The Commission's proposal was made in a very challenging budgetary context, both addressing new challenges and taking into account the UK's withdrawal from the European Union. The Multiannual Financial Framework (MFF) proposal³ represents a moderate decrease of around 5% cut for the CAP. The proposal focusses on the direct payments that are only cut 3.9% – so the direct payments will keep their pivotal role in supporting farmers' income. The same 3.9% cut is applied to aid to the smaller Aegean islands scheme, thus continuing to ensure support levels well above those in other Member States.

Distribution of support must be rebalanced and targeted: the reduction/capping of direct payments and the obligatory redistributive payment are essential elements to this end. Support should not go to those for whom agricultural activity is only marginal compared to their overall economic activities.

For external convergence, the proposal strikes a careful balance between strong requests by some Member States for a very ambitious convergence and at the same time avoiding excessive cuts for any Member State. That is why the Commission proposed that all Member States contribute equally to the financing of the convergence of the direct payments.

The gradual decoupling of direct payments is one of the major achievements of previous CAP reforms. An enhanced market orientation of EU agriculture remains a relevant objective. However, coupled support has a unique benefit: it allows the Member States to tailor better EU support to their local and specific needs, and thus efficiently complements the decoupled direct payments. It has therefore grounds to continue existing in the future CAP. Due to its inherent potential for market distortion, some safeguards need to be kept amongst which the budgetary limit. The proposed 10+2% is a reasonable ceiling.

As regards rural development, the Commission has indeed proposed the rebalancing of support between the EU and the Member States with the aim to maintain an adequate level of support to rural areas. The Union co-financing rates, taking into account current developments, will be subject of the ongoing MFF discussions.

³ Proposal for a Council Regulation laying down the multiannual financial framework for the years 2021 to 2027 {COM(2018) 322 final}.

Under the CAP plan proposal, Member States will have to present, in their CAP Strategic Plans, a sound strategy to address the generational renewal. The CAP post-2020 provides that Member States will devote an amount corresponding to at least 2% of the envelope of direct payments to this objective. This could be used for a top-up to the basic income support and/or as installation support for young farmers and rural business start-ups under the European Agricultural Fund for Rural Development. On top of this, young farmers may benefit from another array of interventions, notably investment support, knowledge transfer/training, support for working capital through financial instruments.

While the legislative process on the reform rules of the new CAP is ongoing, the Transitional Regulation was proposed to ensure the continuity of support for the agricultural sector in 2021, before the new CAP and its Strategic Plans are in place.

The Commission acknowledges the preference of Vouli ton Ellínon to make the transitional period longer. However, the main priority remains to adopt the long-term rules of the new CAP swiftly in order to ensure legal certainty and foreseeability for the European farming sector post-2020. The Commission therefore considers it as essential that progress is made in the discussions on the CAP reform and the MFF. The Commission does its utmost to assist the co-legislators in this regard.

The Commission appreciates the Opinion of Vouli ton Ellínon on the Common Agricultural Policy and the Transitional Regulation and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*

*Janusz Wojciechowski
Member of the Commission*