

DISCUSSION PAPER

**FARMER-FOCUSED EU AGRICULTURE: TOWARDS
A COMPETITIVE, CRISIS-PROOF, SUSTAINABLE,
FARMER-FRIENDLY AND KNOWLEDGE-BASED
FUTURE COMMON AGRICULTURAL POLICY**

**INFORMAL MEETING OF AGRICULTURE
MINISTERS**

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based on the new performance, monitoring and evaluation framework (PMEF). At the beginning of the implementation, the monitoring system for the current period requires a considerable effort from both Member States and the Commission.

The Report to the European Parliament and the Council about the CAP Strategic Plans for 2023-2027 shows that the CAP financial allocations have continued to be paid through a similar structure and instruments as in the previous programming period, i.e. direct payments (62% of total public funding) in both decoupled and coupled form, rural development measures (35% of total public funding) and sectoral interventions (3% of total public funding). However, there is a stronger focus on support for small and medium-sized farms (11% of direct payments), generational renewal (EUR 6.8 billion of support from EAGF and EAFRD combined), environmental sustainability aspects (24% of direct payments to eco-schemes, and 48% from the EAFRD envelopes devoted to environmental, climate, and animal welfare/AMR), digitalisation and knowledge transfer¹. Although a significant number of interventions were already known from the previous period, the novelty of the eco-schemes, the increasing environmental standards or the use of new technologies (e.g. the Area Monitoring System) also required significant efforts and adaptation.

Since the autumn of 2023, exchanges of views have taken place in different Council and Commission configurations summarizing the experiences from the first year of the NDM. These exchanges made it clear that the majority of Member States are facing the same challenges. The widespread farmer protests in spring 2024 catalysed the common work of Member States and the Commission on legal clarifications, streamlining the process of CAP Strategic Plan modifications, revising the EU methodology for Area Monitoring System Quality Assessment (AMS QA), modifying the requirements linked to geo-tagged photos and a targeted amendment of the basic acts, notably in relation to conditionality. The experiences of the first Annual Performance Report (APR) also highlighted possible points of future developments.

2. Environmental and climate ambition

The CAP is key to secure the future of agriculture and forestry, as well as contributing to the achievement of climate and environmental objectives. It provides essential tools to support the transition of the farming sector towards new sustainable practices and business models, while ensuring a sustainable future for European farmers.

In the 2023-2027 period, higher CAP spending on green objectives is required compared to previous periods. Actions under the CAP are expected to contribute 32% of the overall financial envelope of the CAP to the achievement of climate- and environmental related objectives, with dedicated minimum thresholds for eco-schemes and EAFRD spending.

Member States are in the middle of executing the 2023-2027 CAP Strategic Plans. According to the Commission's document², 24% of all direct support funding and 48%

¹ Mapping and Analysis of CAP Strategic Plans, Assessment of joint efforts for 2023-2027

² <https://agriculture.ec.europa.eu/system/files/2023-06/approved-28-cap-strategic-plans-2023-27.pdf>

payments, the significance of national risk management schemes to the sometimes too complex and rigid legislative framework.

Market intervention measures such as private storage aid and public intervention are included in Pillar I of the CAP, but the corresponding reference prices have not been revised for a while. Sectorial programmes also contain sector-specific crisis measures such as crisis distillation, green harvest or market withdrawal.

Exceptional measures can be used when a crisis or the threat of a crisis has arisen and a specific response is needed to prevent a sudden drop in prices and/or mitigate its consequences in case of market disturbance (Article 219); a loss of consumer confidence due to public, animal or plant health risks (Article 220); specific problems (Article 221) and severe imbalance in markets (Article 222).

Before 2023 activating the crisis reserve entailed a corresponding reduction in the amounts of direct payments to be paid to farmers. This reserve was used only once in March 2022 to finance exceptional adjustment support for producers affected by the consequences of Russia's war of aggression against Ukraine. In 2023, according to the new CAP an agricultural reserve of at least EUR 450 million was established at the beginning of the year. This reserve has already been activated several times. The amount for the agricultural reserve is entered directly in the EU budget so that funds from the reserve are directly available. Exceptional measures are to be financed from this reserve (together with market intervention measures). The financing rules for the agricultural reserve aim at making the budgetary resources available for exceptional measures more predictable. However, the multiplicity and magnitude of the crisis situations experienced in recent times have highlighted the limitations of the agricultural reserve and the need to strengthen the risk and crisis management tools.

In light of the above, the Hungarian Presidency proposes a targeted discussion on the post 2027 CAP at the Informal Meeting of Agriculture Ministers along the following questions:

- 1) *Which elements of the delivery model could be adjusted to increase competitiveness, decrease the administrative burden and to make the policy more farmer-friendly? What should be the main instruments in the two pillars in the period beyond 2027?*
- 2) *How can the post 2027 CAP incentivise farmers to further contribute to the green transition to ensure a sustainable European agriculture sector, without jeopardizing its competitiveness?*
- 3) *How can crisis situations be better handled and what type of EU-level prevention, risk management and crisis handling measures would be needed to effectively tackle challenges and make the EU agriculture crisis-proof?*

Kindly note that speaking time is limited to a maximum of 3 min. per delegation.