

## INTERPARLIAMENTARY MEETING ON COMMON AGRICULTURAL POLICY AND COHESION POLICY

### *Budget of the Common Agricultural Policy*

*- Information sheet -*

Over the years, the Common Agricultural Policy (CAP) has become an important pillar of the European Union's architecture and today the European citizens recognize the added value it has brought in their lives.

The European Commission's proposals published on 1 June 2018 include a new CAP model, where Member States have more flexibility to customize their decisions and adapt them to the local circumstances. These proposals include:

1. A Regulation regarding the strategic plans for the CAP (a newly proposed working method for direct payments to farmers, support for rural development and sectoral support programs);
2. A Regulation regarding the common organization of markets (CMO); and
3. A horizontal Regulation regarding the financing, management and monitoring of the CAP.

Previously, the European Commission had also made proposals for the future European budget. The one on the Multiannual Financial Framework (MFF) came in an extremely difficult budgetary context, taking into account the loss of a major net contributor as a result of Brexit, as well as the need to tackle new challenges such as security and migration.

The MFF proposal for the 2021-2027 period includes € 365 billion for the CAP (in current prices). This amount corresponds to an average of 28.5% of the EU general budget for the 2021-2027 period. Out of this amount, for the CAP € 265.2 billion is earmarked for direct payments, while € 20 billion go to market support measures (EAGF) and € 78.8 billion go to the rural development (EAFRD).

The MFF proposal also includes € 10 billion for research and innovation in the fields of food, agriculture, rural development and the bio-economy.

The budget allocated to the CAP in the next MFF is significantly lower than the current one (2014-2020) and its share from the total EU budget drops to around 28.5%, compared to 37% in the current MFF.

A memorandum regarding the CAP budget, in the context of the next MFF, was signed in May 2018 by Finland, Greece, Ireland, Portugal and Spain; it was later backed, on 18 June 2018, within the Agriculture and Fisheries Council, by Croatia, Cyprus, Hungary, Lithuania, Luxembourg, Poland, Romania and Slovakia. This memorandum calls for the CAP budget to be increased and brought back to the current EU-27 level in order for farmers to meet the economic, environmental, climate and health challenges of both CAP pillars. At the same

time, awareness was raised on the future CAP budgetary cuts, as they might create unprecedented risks for the viability of the European agricultural holdings, for the farmers' incomes and their capacity to respond to citizens' demands for healthy, sustainable, accessible and quality food, as well as for the environmental protection and fight against climate change.

In its resolution of 30 May 2018 on the future of food and farming, the European Parliament called for the CAP budget to be increased or maintained unchanged, in order to achieve the objectives of a revised and effective CAP after 2020. The European Parliament also rejected the significant reduction of the rural development budget, as it was set out in the proposal of 2 May 2018, on the future MFF.

The European Committee of the Regions (CoR) highlighted the need for adequate CAP funding and rejected the 28% proposed reduction for the rural development budget, as was considered contrary to the EU's territorial cohesion objective. Therefore, the CoR opposed any reduction of the EU funding for the post-2020 CAP.

The proposals to reduce the CAP budget were also criticized by the European Economic and Social Committee (EESC). In its opinion of 17 October 2018, the EESC considered that maintaining an appropriate financial envelope for the CAP was a precondition to enforce sustainability (economic, environmental and social) of the EU farming, to preserve incomes and jobs, to ensure production of environmental public goods and to thus contribute to the vitality of rural environment and to the stability of the economy as a whole.

At the European Council, in December last year, European leaders endorsed the goal of reaching a political

agreement by the autumn of 2019. This would be essential in order to finalize negotiations on the CAP and to ensure smooth transition to the next financing period.

Member States, in co-decision with the European Parliament, have the possibility to increase global budget contributions in order to keep the CAP at the current level.

#### Elements for dialogue:

- *As the future CAP must ensure both safe and high quality food production and clear societal added value, is the financial envelope proposed by the European Commission sufficient to meet the 9 ambitious objectives already announced?*