POST-2020 CAP: SIMPLIFICATION AND INVESTMENTS

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The European Commission, steered by Agriculture Commissioner Phil Hogan, has taken a number of initiatives to simplify the Common Agricultural Policy (CAP) and help EU farmers cope with the rising demands.

The public consultation on modernising and simplifying the CAP reiterated the need to end excessive bureaucracy and make the policy simpler and more effective. At the same time, EU farmers are seeking incentives to invest in the sector but are hampered by the lack of a long-term perspective.

In its much-discussed communication for the future of agriculture published in December 2017, the European Commission proposed further simplification by granting the member states “more room” to address their specific conditions.

What is the practical added value of these new proposals?

How can we ensure that more powers to the member states will not be translated into a “re-nationalisation” scenario?

Can the new CAP be steady and provide safe investment opportunities?
CAP's simplification should ensure EU internal market cohesion

Farmers say CAP simplification and digitisation will attract investment

Hogan: 'Post-2020 CAP will ensure level playing field across EU'

France to manage its 'carbon sink' for 2050 goal

Commission official: 'We want to improve CAP's agro-environment architecture'

10 years of CAP simplification
By Sarantis Michalopoulos | EURACTIV.com

CAP’s simplification should ensure EU internal market cohesion

Last year’s public debate about the European Commission’s drive to streamline the Common Agricultural Policy (CAP) made clear that the EU’s flagship subsidy project is too bureaucratic and complex to be truly effective.

The Commission did take its cue from the public consultation and has put forward a plan to give more powers to the member states, so they can adjust and simplify their agricultural policies in their own way.

But this should not put the integrity of the EU single market to the test, or simply pass the buck to the national capitals, an expert told EURACTIV.com.

“The Commission has to make sure that the EU internal market will be safe and that there is level playing field among farmers across Europe,” said Luc Vernet, an agricultural expert of the think tank Farm Europe.

In its much-discussed communication on the future of agriculture published in December 2017, the Commission proposed further simplification by granting the member states “more room” to address their specific conditions.

“A future delivery system should thus be more result driven, boost subsidiarity by giving member states a much greater role in rolling out CAP schemes, pursue agreed realistic and adequate targets, and help to reduce the EU-related administrative burden for beneficiaries,” the communication reads.

Vernet explained that what is really needed to put in place a simpler policy is to lay down the vision and the objectives.

“We need at the EU level a core set of EU laws with clear objective and ambition,” he said. “When we have this core guidance, we can give room to the member states and also the farmers to come up with better ideas with their experience on the ground.”

If this is not the case, he warned, Continued on Page 5
then the EU single market risks being distorted.

“If a member state decides to put rules on its milk sector because it faces challenges in terms of emissions, and in another member state this is not the case, then we will have a divergence and economic competitiveness will be negatively affected,” Vernet emphasised.

The farming community in Europe claims that its obligations have dramatically increased. However, the administrative burden is also mounting, making it difficult for them to cope with the rising challenges.

The European Commission, under the guidance of Commissioner Phil Hogan, has taken a number of steps to cut red tape in the CAP in the last ten years.

But the complexity of the process, combined with the increasing challenges, made the exercise difficult for the EU.

The EU executive stressed that farmers’ income support would be conditional on environmental practices, which would be further defined by the member states in order to “better take account of their specific situation, climate risks and needs while ensuring that these practices adequately contribute to the objectives agreed at EU level.”

The same flexibility will also be applied to management, controls and sanctions.

EU farmers welcomed the fresh simplification proposals but warned against a “re-nationalisation” scenario.

Speaking to EU farm ministers at the Agrifish Council on 19 February, Commissioner Hogan made clear there was no intention to “re-nationalise” the CAP and defended the new conditionality, saying the executive was not proposing to “completely reinvent the wheel”.

“The additional flexibility given to the member states to translate EU standards into national rules will allow those rules to be adapted to local situations,” Hogan said.

NO GUARANTEE FOR A SIMPLER CAP

However, not everyone is convinced about the effectiveness of the Commission’s proposals.

For Vernet, there is not a single guarantee that the system will be simpler than it is today for two reasons.

First, he noted, the Commission wants to transfer the main decisions and regulation to the national level, rather than to farmers’ level.

“This means that the weight of simplification and finding good ideas to simplify the system will mainly remain on the member states and it will be a way for the Commission to say: ‘it’s not up to me but up to member states; so farmers, go complain to your ministry’.”

Furthermore, the French expert said, the executive’s communication also suggest adding a new layer of administrative burden, by considering the idea of transferring the budget responsibility to the member states.

“At the end of the day, it’s a common policy with performance and results and control from the EU. The EU will control the member states and the member states will have to make sure that they spend the EU money correctly.”

One scenario, he said, could be that the member states will introduce a very complex controls’ system to secure their budget. Alternatively, they could end up with less strict controls and eventually risk losing the funds.

“But this does not mean it’s impossible to have a simple policy.”
A revamped European Common Agricultural Policy (CAP) with less paperwork and more long-term policy perspective focused on digitisation will attract more investment and more young people to the sector, EU farmers argue.

“Simplification is appealing to investors,” said Pekka Pesonen, the Secretary-General of Copa-Cogeca, the European organisation of European farmers and agri-cooperatives. EU farmers say new generations will return to agricultural fields because they don’t rely only on direct payments. On the contrary, they want to take EU farming forward by involving other business activities, with stronger links to the more creative second rural development pillar.

“If you expect to have young farmers coming to the sector, none of them will do so because of the direct support alone,” Pesonent told EURACTIV.

“They are motivated to produce high-quality food, respond to the consumer needs, do it in a sustainable manner and, if the conditions permit, they also incorporate new elements like agritourism, water management, something that is not directly linked to the agricultural sector,” he added.

The European Commission and the member states are currently discussing the post-2020 CAP based on a communication, which suggests further simplification by granting
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EU countries “more room” to address their specific conditions.

Member are therefore expected come up with their own national plans to address their farming challenges.

Pesonen explained that if there was one thing shared by most farmers across the EU, it’s that they are fed up with red tape.

The Commission has made a number of efforts in the past years to simplify the greening measures, which farmers had found too complicated although, as Pesonen said, “most of the farmers do not disagree with the objectives of greening”.

In a public consultation last year, farmers noted there was much more they could do when it comes to greening. But the way it was organised was too bureaucratic and farmers spent more time on “paper-pushing” efforts than on implementation of the measures on their farms, Pesonen said.

EU farmers say the member states should make “reasonable” and less bureaucratic strategic plans but at the same time stress that CAP’s commonality should be protected.

“The point is, while we give subsidiarity to the member states and we accept that, how can we ensure the commonality? We need to come up with a set of EU-level principles about farming practices,” Pesonen emphasised.

A similar opinion is shared by IFOAM, the international organisation of organic farmers, who says flexibility and simplification should not come at the expense of a common EU framework.

“The CAP must remain a European policy that sets common objectives for the benefit of farmers, rural communities, consumers and the environment,” said IFOAM EU.

Referring to Brexit and its negative impact on the EU’s next long-term budget, Pesonen said cuts to farming funds were “absolutely out of the question”.

“If these savings are still on the table, we would not accept any kind of additional restrictive measures for farmers in terms of performance because this could be detrimental for the income.”

**DIGITISATION AND CAP**

Luc Vernet, an expert from the think-tank Farm Europe, explained that in today’s volatile markets EU farmers needed more certainty.

“The future CAP needs to have a focus on resilience, risk management on the one side and crisis management on the other side. This needs a coherent toolbox in place at the EU level.”

Referring to the introduction of new technologies in the farming sector, Vernet stressed that in this transition period EU farmers should be given more time to adjust.

“Technologies in the farming sector are moving really fast. We have new plant breeding techniques in technology, we have data from precision farming. The CAP should not focus on the past but on the future. It should help farmers in this transition,” he said.

But in order for farmers to take the “digital leap”, they need to be granted the proper tools to face the risks.

“If we want them to go ahead, we need to help them and provide security for some years. This will secure their risk for some years and we need a transition scheme for precision agriculture as we have it for organic farming today,” Vernet said.

As for the investments, the EU should come up with a specific CAP investment targeting economic and environmental performance investments.

“It’s clear that in the future it will be much easier to have digitation approach and simplify all the procedures. This is why it’s not the right time today to reduce the common policy because more than ever before, we have the tool to make an EU policy simple – the digital tool,” Vernet said.

**DEFINE THE OBJECTIVES CLEARLY**

Geneviève Savigny, a campaigner with the European Coordination Via Campesina NGO (ECVC), told EURACTIV that more simplification at EU level could mean more complexity at the national and local level, considering the difficulties in implementing the current CAP.

ECVC is pushing for a CAP which is simple above all for farmers and calls for more market measures to ensure stable and remunerative prices, completed by direct payments in areas with natural or socioeconomic constraints.

Referring to the new delivery system and the national plans, Savigny explained that the pursued objectives should be clearly defined and accompanied by a timetable.

She said the Commission’s proposal to ‘foster a smart and resilient agriculture sector’ is very broad and conducive to different interpretations.

“The underlying model is clearly an agro-industrial model geared towards export and the constant competitiveness.”

“How can we be assured that such strategic plans can be designed in European countries where democracy is shrinking every day, or that it would be accepted by a Commission geared by trade and competition?” she asked.

She also pointed out that all relevant stakeholders, from the small and medium farmers, to consumers, NGOs and local authorities, should be involved in the definition of the strategic plan in a “fully inclusive process”.

Hogan: ‘Post-2020 CAP will ensure level playing field across EU’

By Sarantis Michalopoulos | EURACTIV.com

EU farmers should not fear a “renationalisation” scenario for the post-2020 Common Agricultural Policy as the Commission is set to give member states more powers to implement their own CAP national plans, Agriculture Commissioner Phil Hogan told EURACTIV.

But the Irish Commissioner explained in an interview that the member states’ national “CAP plans” will need to be approved by the Commission, which will ensure a level playing field across Europe.

Hogan also stressed that the new system will deliver better when it comes to the much-needed policy simplification.

“We will require ‘CAP plans’ for each country, with a detailed analysis of the measures proposed to deliver on the EU-level objectives and the financial allocations for those measures. These CAP plans will be approved by the Commission, thus ensuring the level playing field across the EU,” the EU agriculture chief said.

Hogan made it clear that the ‘C’ part of the CAP would not change.

“It will remain a ‘common’ agricultural policy, with clear policy objectives set and agreed at the EU level. But, it is true that we want to give more flexibility to member states in the way that they choose to reach those goals – and target the support they receive through the CAP.”

The Commissioner also noted that the relevant stakeholders and member states increasingly understand the logic behind the Commission’s proposal. Those who still suggest that the policy is being renationalised now represent a “small minority”, he said.

EU farmers have long complained about heavy paperwork and complexities that prevent them from implementing the actual objectives of the policy. Hogan said the new delivery model was also a significant step in the continued pursuit of greater simplification.

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“In reality, it is a much more efficient and effective way of making sure the CAP budget is invested where it is needed the most and where it can bring the best results. The safeguards proposed, such as the approval of member states’ CAP Plans’ will ensure that the door to competition between member states is not opened.”

“There will still be clearly defined rules as to the degree of flexibility member states can have. And in each case, choices will have to be justified with regard to the overall targets agreed at the European level,” Hogan added.

Another critical point is the constant changes in the CAP framework in the past years, which according to experts make farmers hesitant to invest further in the sector.

“No one doubts that farmers, like all investors, and national authorities want a stable policy environment which gives them the certainty they need to plan and manage is important [...] However, what the Commission is now proposing is an evolution of the current policy and responds to criticism of that policy from those same farmers and managing authorities,” Hogan said.

He pointed out that standing still was not an option for CAP, but neither are “changes for changes’ sake”.

“And of course the changes that have been made have been to make it easier and more efficient – to ensure that farmers continue to get the support they need and that they continue to supply the public goods that we all need.”

“This is certainly the reasoning behind the new legislative proposals I’ll be putting forward later this year – how to make the CAP simpler and more modern, with fairer and more results-based targeted support, focusing on the key priorities not only for farmers but society as a whole, such as sustainability and the environment.”

MOVING TOWARD DIGITISATION

Hogan also talked about the growing potential brought by the introduction of new technologies in the sector.

“The adoption of modern farming techniques, including those based on the Internet of Things and Big Data, has enormous potential in helping to develop more competitive, productive, sustainable and environmentally responsible food production,” the Irish politician said.

He insisted that smart farming, through better use of data, will allow farmers to make more informed decisions and run their businesses more efficiently.

“For example, through the Internet of Things we can collect of vast quantities of information such as crop yields, soil-mapping, fertiliser applications, weather data, farm machinery and animal health, which in turn are put to good use in helping farmers improve productivity and lower costs.”

Precision farming is based on the optimised management of inputs in a field according to actual crop needs. It involves data-based technologies, including satellite positioning systems, remote sensing, and the Internet, to manage crops and reduce the use of fertilisers, pesticides and water.

Based on the need to “produce more with less”, precision farming is emerging as an innovation-driven solution. The introduction of new technologies helps farmers manage their farms in a sustainable way, taking into account the “slightest detail” of everyday farming. However, its position in the new CAP is not yet clear.

Critics complain that it will increase smallholders’ dependency on big agri-food businesses, while others say it’s the only way for the EU agriculture to “survive” in the face of growing global competition.

For Hogan, digital technologies can also be used to simplify and modernise the CAP.

“For example, checking that crops are being rotated – one of the requirements of the CAP in order to preserve biodiversity and soil health – can now be done quickly and easily using a simple app and satellite data.”

EURACTIV was informed in September 2017 that the EU executive was mulling incentives for space technologies in farm controls.

A Commission spokesperson said the executive was very open to using new technologies, such as the EU-funded Copernicus programme, as a way of improving the financial management of the CAP.

Farmer organisations have voiced fears about the accessibility of the new technologies and stressed the need to avoid a “two-speed” CAP, given that southern European countries are lagging behind the north in digitisation.

“The big challenge for policymakers is to ensure that we have structures for knowledge transfer and that the benefits of developments in research institutes are made available for and accessible to our farmers. That is something that the Commission’s forthcoming legislative proposal will address,” Hogan said.
Romania has made significant progress in the past decade thanks to the Common Agricultural Policy (CAP) funds and it opposes potential cuts in the post-2020 farming budget, Agriculture Minister Petre Daea told EURACTIV Romania in an interview.

Daea emphasised the increased growth in the local rural communities with the help of EU funding and said the CAP has been a real success because "exceptional progress" in terms of technical capabilities and agricultural production has been achieved.

Romania managed to absorb almost all the CAP funds and the government is pushing to keep both pillars of the policy [direct payments to farmers and rural development], following the good results of the National Rural Development Programme.

"The CAP has helped Romania. The country has taken huge leaps. Some years ago, we could not even speak about farm lanes, and now we can find asphalted roads among agricultural fields, links between farms. There are extraordinary production facilities which can compete with any other within the EU," Daea said.

He emphasised the significance of the rural development programme, whose general aim is to boost rural growth, saying that there is still a lot to do before the country can begin catching up with other areas of Europe.

Regarding the first pillar, the direct aid, the minister said the government wanted to maintain a high pace of distributing payments to farmers. "The Romanian people are ingenious and hard-working and if they get help, they'll use it," the minister

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emphasised.

In the past, local authorities have faced some difficulties in absorbing all available EU funds, which resulted in some delays in payments, but Daea said the situation has now improved. “We’ve managed to do it so far and we will try to continue doing it so that farmers get the subsidies at the right time and investors in rural development projects can get the money needed for their investments in due time,” he said.

The CAP is the largest chapter of the EU budget, representing almost 40% of the total funding. The funds invested over the years have transformed the EU in one of the largest food producers in the world with annual exports of more than €130 billion.

But following the Brexit vote, the UK, a net contributor to the EU budget, will leave the Union and its departure will have a direct impact on the financing of EU policies after 2020. The EU has already announced new priorities such as migration, security and defence that will need to be financed in the next multiannual financial framework. In this context, EU leaders are mulling a potential realignment of EU’s main policies – the agricultural and the cohesion policies.

Many EU politicians, including Commission President Jean-Claude Juncker, are pleading for an increase in member states’ budget contributions in order to avoid having to cut the cohesion policy and the CAP budgets. However, several member states are reluctant to raise their national contribution.

The Commission plans to present its budget proposal on 2 May.

**SUPPORT FOR YOUNG FARMERS**

Romania is opposing both a reduction in the CAP budget and the capping of farming subsidies, as the ministry of agriculture wants to support all sizes of agricultural holdings, the minister said.

The country has the largest number of agricultural holdings in Europe – more than 3.4 million, which is about a third of EU’s farms. But 99% of these are subsistence and semi-subsistence farms, which on average have only 2 hectares of land.

Like many other EU countries, Romania is suffering from an ageing population in the farming sector.

The average age of Romanian farmers is 50 years or more, representing more than 40% of the total farming population, and the country ranks second in the EU, just behind Portugal, in terms of farmers’ age. Getting young people back to farms is, therefore, one of the agriculture ministry’s main priorities.

Petre Daea noted, though, that fewer young people have left the country lately and the programmes financed by the government and the EU have helped some Romanians start a farming business.

“One can see the results of those programs, namely a stabilisation of workforce in rural areas. Everyone is granted a chance to work in Romania, sell their products and be profitable. It’s a win-win situation for all,” the minister pointed out.

The authorities are trying to encourage more young people to move from towns to villages, but more efforts should be made.

However, Daea said he had spoken with young people who study at universities not related to farming and they showed an interest in working for their family’s farming business.

“This is very good, there is a strong interest in replacing the generations in the farming sector, and all of us employed in the field get a major satisfaction when youngsters start working in agriculture,” Daea also said.
The European Commission is “aiming high” in the post-2020 Common Agricultural Policy (CAP), aware of the need to improve its architecture and links with climate and environment policies. But the level of funding that will be available from 2020 is still unknown.

At the start of May, the Commission will present its proposal for the EU budget over the post-2020 Multiannual Financial Framework, and there have been suggestions that farming and cohesion – the two main EU funding policies – might suffer cuts unless member states agree to increase their contributions.

Despite the uncertainties, the Commission has a vision for a revamped CAP and Mihail Dumitru, deputy general director in DG AGRI, presented the outline of the new CAP at an event organised by EURACTIV Romania on 26 March.

“For the next CAP, we are aiming high, we want to improve the agro-environment architecture and we need to strengthen the link between the CAP and other policies, especially the environment and climate policies.” Dumitru emphasised.

“The Commission is trying to convince member states to increase...
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their budget contribution because the post-Brexit budget would otherwise be smaller [than the current one], but we don’t know yet what the final figures will be,” he underlined, adding that there are still divergences between the Eastern European countries and the net contributor states.

For Romania’s farming sector, the CAP has been a boon, according to the country’s Agriculture Minister Petre Daea. “We have achieved exceptional leaps in terms of technical capabilities and yields due to this policy,” Daea said.

Regarding the proposed changes to the CAP, the minister noted that Romania wanted a CAP that would respect the country’s needs and its wishes, thus “the current discussion is welcome”.

The Romanian government’s official position is to keep both pillars of the CAP – the aid for farmers and the funding for the development of rural communities. “Moreover, we want the post-Brexit budget to maintain the current level of funding for agriculture,” said Alexandru Potor, the secretary of state in the agriculture ministry.

Potor said more than 22,000 projects have been financed from the National Programme for Rural Development – which includes both funds from the national budget and the EU – for a total of almost €3 billion in the current MFF (2014-2020).

Daniel Crunteanu, a representative of AFIR, the Management Authority for Rural Development, said almost 17,000 beneficiaries have received EU funding since 2014. Moreover, AFIR has supported 9,860 young farmers to start their business in agriculture.

The number of beneficiaries increased each year, according to Mihaela Hunca, an expert with the UniCredit Bank, which has co-financed projects supported by EU funds since 2009. Based on its experience in financing agriculture projects, UniCredit believes the next CAP should increase the support for land re-parcelling and for small and medium farms.

Five years since the reform of the CAP, the experience and the results of Romania showcase the importance of continuing investments and the potential of EU policies to support agricultural modernisation and rural development.

National authorities and the beneficiaries of EU funds now aim to continue the progress achieved in the previous programming period and are looking towards the post-2020 phase, hoping that the EU budget will not be cut.

Nonetheless, until a clear vision is in place, stakeholders admit there is a need to ensure a better congruence of all internal national efforts in order to sustain the current level of investments and continue the implementation of tailored projects.

**COOPERATIVES ‘CHANGE ATTITUDES’**

One of the best ways to develop small and medium farms is through association, said Alexandra Toderita, executive director of the Romanian Center for European Policies (CRPE) think tank. But Toderita noted that less than a third of the more than 1,000 cooperatives registered in Romania are actually functional.

She also spoke about the need for education programmes specific to farming and the need for farming-specialised schools to implement courses that provide relevant information to help develop their students’ technical and entrepreneurial abilities.

The PACT Foundation has implemented several projects that promote farmers’ association and education in agriculture in disadvantaged communities in Romania’s southern region, which is one of the poorest in the EU.

Marilena Andrei, a foundation representative, described how the organisation helped Roma people in the Oltenia region start a small business or find an agricultural cooperative adjusted to their needs.

“Cooperatives are best practices in collaboration with their respective community and can attract new members. Cooperatives change attitudes and mentalities,” said Marilena Andrei.

Hagi Stoican, founder and president of “Bostanii lui Stoican” (Stoican’s Melons) in Ocolna, some 200 km southwest of Bucharest, explained that he knew little about planning when the PACT Foundation proposed a cooperative setup.

“We did not know anything about marketing, we only knew the production part. We learned that good planning of agricultural activities helps define production costs and set sale prices,” he said.

“I think they did a very good thing by addressing entrepreneurs directly and explaining the benefits of a cooperative and what is needed for its setup. Ideally, the government should do the same, but coming down to the local level, not only at the high level,” Stoican emphasised.

David Daniel Limbasan, one of the best-known breeders of Mangalitsa pigs in Romania, spoke about his experience with EU funds.

Limbasan built his pork-processing factory with the help of rural development funds during the previous programming period and has applied for a new project to create a short food supply chain.

“It really is very important to have a market for the final products one makes,” he said.
10 years of CAP simplification

By Aymone Lamborelle and Sarantis Michalopoulos | EURACTIV.com

10 YEARS OF CAP SIMPLIFICATION FOR A BETTER FUTURE

After ten years of efforts, the European Commission and the member states are still trying to find ways to make the complex framework of the European Common Agricultural Policy simple and effective.

Moving unnecessary barriers from agriculture might sound a simple process. But considering farmers’ multidimensional role, this is not an easy task.

WHAT THE COMMISSION HAS ALREADY DONE: TIMELINE

2007
- Creation of a single Common Market Organisation for all agricultural products
- Simplification and administrative burden reductions estimated at 39% for Direct Payments and 46% for import and export licences

2008
HEALTH CHECK
The Commission simplifies Cross Compliance (environmental, animal welfare and food quality standards) by withdrawing standards that are not relevant or linked to farmer responsibility.

2015
COMMISSION INTRODUCES 4 WAVES OF SIMPLIFICATION
- March 2015 first wave: deadline for submitting aid applications for direct payments was extended, to give farmers more time to understand the new requirements.
- May 2015 second wave: Changes of the Integrated Administration and Control System (IACS) & Ecological Focus Area (EFA) layer, On-the-spot check (OTSC), Land Parcel Identification System (LPIS)

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After ten years of efforts, the European Commission and the member states are still trying to find ways to make the complex framework of the European Common Agricultural Policy simple and effective.

Removing unnecessary barriers from agriculture might sound like a simple process. But considering the multidimensional role of farmers, this is by no means an easy task.

“Excessive complexity and bureaucracy under the CAP is detrimental to farmers. That is why the policy must be simplified so that farmers can focus on what they do best – to produce food.”

Secretary-General of Copa-Cogeca Pekka Pesonen.

WHAT SIMPLIFICATION MEANS FOR FARMERS?

1. More free time
2. More competitive farming sector
3. Makes rural areas more attractive
4. Offers certainty to farmers who want to invest in the sector
5. Improve their environment performance

WHAT SIMPLIFICATION MEASURES EU FARMERS HOPE FOR POST-2020?

1. Realistic
2. Applicable
3. Simple to use