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NOTE

From: Presidency
To: Council

Subject: Regulation on CAP Strategic Plans
- Council debate on the new green architecture

For the "Agriculture and Fisheries" Council on 15 April 2019, delegations will find in the Annex a background note from the Presidency on the abovementioned subject, as well as questions to steer the ministerial debate.

**Non-paper on the green architecture preparing the ministerial debate
on 15th April AGRIFISH Council**

At the “Agriculture and Fisheries” Council of 15 April, the Presidency would like to propose a policy debate on the green architecture under the CAP post-2020 reform (CAP Strategic Plan Regulation). For the purpose of steering the policy debate in the “Agriculture and Fisheries” Council, the Presidency has prepared the questions below, to be endorsed by the SCA and further addressed by the Ministers.

1. Conditionality:

The main principle of conditionality is to link the receipt of CAP support to the compliance with minimum environmental and climate standards. The new enhanced conditionality in the Commission’s proposal merges the current system of cross-compliance and the greening and includes several new elements. Member States have expressed their concern that the enhanced conditionality (as well as other elements of the green architecture) could run counter to the overall objective to achieve a substantial simplification. They expressed diverging views on which of the basic standards and requirements proposed by the Commission should be part of the conditionality. For some requirements the option was to support them instead through eco-schemes or to include them into the scope of the future Advisory Services (e.g. the Farm Sustainability Tool).

The Commission’s proposals for the CAP post-2020 set out the commitment to “aim higher” as regards the environment and climate while also trying to achieve more simplification and reduction of the administrative burden by granting Member States increased flexibility to plan their interventions and conditionality in a strategic manner in order to fit their national/regional challenges and real needs. Unlike the current period in which an exemption from cross-compliance controls and penalties is applicable to small farmers who opted for the specific small farmer scheme, the enhanced conditionality does not foresee an ex ante EU-level exemption.

QUESTION 1: Taking into account the intended higher environmental and climate ambition of the CAP post-2020 as well as the objective of simplification and the flexibility conferred to Member States to allow them to adapt the green architecture, which of the basic standards and requirements proposed by the Commission do you support and which not? Furthermore, do you agree that conditionality should apply to all beneficiaries of aid, or should small farmers be exempted from the controls and penalty rules of conditionality as defined in the Horizontal Regulation?

2. Eco-schemes in pillar I:

The Commission's proposal sets out new payment schemes targeting environment and climate, being a core element of the future CAP, the so-called "eco-schemes". Targeting direct payments, in particular towards public goods is essential to justify spending. Member States will have to design one or more eco-schemes and make them available to farmers, without a required minimum budget, whereas the schemes will be voluntary for farmers. According to the Commission proposal, both types of interventions (i.e. pillar I eco-schemes and pillar II management commitments) are mandatory for the Member States to offer, but voluntary for the farmers to participate, but with more flexibility on the amount of the payment for eco-schemes.

Many delegations expressed the view that eco-schemes should be voluntary for Member States to include them in their CAP Strategic Plans.

QUESTION 2: Taking the above into account, do you agree that pillar I eco-schemes should be mandatory for Member States, but voluntary for farmers, as proposed by the Commission, or do you consider that additional flexibility is necessary for Member States?

3. Support for environment and climate through rural development interventions:

Pillar II will continue to offer a broad range of interventions beneficial for environment and climate. The current agri-environment-climate, organic farming and forest-environmental commitments will continue – under the proposed “environmental-climate and other management commitments”. They will compensate farmers and other beneficiaries who undertake commitments beneficial for environment and climate for a period of generally five to seven years.

Similar to the proposed new eco-schemes, designing the agri-environmental-climate commitments would be mandatory for Member States, while farmers could undertake these commitments voluntarily. Moreover, the concept of an overall performance bonus as part of an incentive mechanism to encourage good environmental and climate performance and the minimum financial allocation of at least 30% of the total EAFRD contribution that shall be reserved for climate and environment related interventions were raised. Regarding the latter, the option was discussed whether or not payments for natural or other area-specific constraints should be included in these 30%.

A greater overall contribution to environmental and climatic objectives through both pillars:

Member States discussed other important concepts and general provisions which could be relevant for the overall effectiveness of the Green Architecture, inter alia / e.g.:

- the explicit call for an increased environmental/ climate ambition (Article 92);
- the provision that actions under the CAP Strategic Plan are expected to contribute 40% of the overall financial envelope to climate objectives.

QUESTION 3: Do you agree with the proposal to reserve at least 30% of EAFRD funding for climate and environment measures? Do you agree with the call for increased environmental/climate ambition as set out in Article 92? Are the general provisions sufficient to encourage farmers to contribute to the achievement of the intended ambition, while also ensuring a level playing field between Member States as regards environmental and climate objectives?