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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Report back from CAP related meetings held in Sweden - Information from the Presidency

Delegations will find in the Annex information from the Presidency on three meetings related to the CAP that recently took place in Sweden.

Reporting from the conference on successful environmental practice within the CAP, the informal meeting of the CAP Directors and the 53rd Conference of Directors of EU Paying Agencies

Conference on successful environmental practice within the framework of the EU's Common Agricultural Policy 22-24 May 2023

The conference took place in Malmö on May 22-24, with 80 participants from 24 Member States, representing managing authorities, paying agencies, NGOs, universities, and advisory services. In breakout sessions, the design of CAP interventions and carbon farming, and how to engage farmers on a landscape level, was discussed. The Commission pointed out that there are several different schemes covering carbon farming and soil conservation, not only eco-schemes and AECC. Focus was also on how combinations of interventions in the green architecture and national initiatives can enhance the implementation. A summary of the conference was presented at the meeting of the CAP directors meeting

Meeting of CAP Directors 29-31 May 2023

On May 29-31 the CAP Directors Meeting took place in Malmö, in the southern part of Sweden. The meeting focused on how CAP and the Strategic plans (SP) contribute to increased productivity and food security at the same time as high environmental and climate ambitions are met. Meeting delegates were also introduced to the conditions for agriculture in Sweden as well as the Swedish strategic plan.

The meeting included a fieldtrip to “Farm of the Future”, which is one of four conception farms owned by the farmer’s cooperative Lantmännen. This farm has one of the world’s most modern and advanced plant breeding facilities and develops crops to meet future needs. In this farm different initiatives are also developed and tested in practice, for example new technologies within precision farming. A high-level panel discussed issues like whether breeding techniques such as Crispr should be allowed if they increase yields and reduce climate impact, and whether we can enhance resource efficiency and mitigate the environmental impact of agriculture without compromising productivity. The second day of the meeting was interactive, with workshops covering topics that are high on the agenda in the work with the Strategic plans. The delegates discussed experiences so far on different subjects, as presented below.

A competitive agricultural sector is vital for ensuring food security. Competitive and long-term profitable businesses are the foundation for sustainable production and are a prerequisite for investments in new, more sustainable technologies and methods. To meet increased world demand for food without jeopardizing environmental sustainability, agricultural productivity must increase. Less investments over time in applied research, innovations and knowledge transfer have contributed to a decreased productivity growth. Innovations that lead to investments in new technology is a decisive factor in increasing food production with sustainable methods. In the strive for a competitive agricultural sector, best practice, sharing and cooperation need to be promoted. Advisory services are essential but have to be more attractive for farmers. Investment support in the Strategic Plans can reduce the implementation gap if innovation investments, rather than investments in traditional technologies, are prioritized. An aging farming community is a growing problem within the EU. Financial instruments can be an important tool for young farmers to start up and make investments.

Farm businesses are exposed to risks and face fluctuations in yields, prices and net returns. Recent crises have put great strain on agriculture in the form of decreased availability for investments and sharply increased prices for inputs. Other important risks are climate related crises such as drought, flooding, hail damage, pests and diseases. Member states have rather different risk management strategies, where northern countries, such as Sweden, do not apply the risk management tools in the CAP. Despite the support the agricultural sector receives through the CAP, both EU support and national support measures have been used to alleviate financial problems for the farmers. To reduce risks, a combination of preventive and insurance solutions, or other models of risk sharing along the value chain, is needed. There were no suggestions of new risk management tools, but the importance of forecast services for early warning for climate changes, pests, diseases etc. was emphasized.

The Farm to Fork addresses the challenges of **resilient agriculture** and highlights that a sustainable food system will be essential to tackle climate change, threats to biodiversity and other environmental objectives of the Green Deal. Improving the robustness of farms is crucial for strengthening productivity and food security. New technologies for climate adaptation are necessary; this means development of plant and animal breeding, precision cultivation, plant protection, stables and animal husbandry. Research and new knowledge are crucial components and the transfer of results into practical farming is a key, where future oriented advisory services have the potential to contribute to viable farms and a sustainable food sector. Basic income support works as a base that can balance farm economy and strengthen robustness, while support for natural constraints is another cornerstone that compensates for varying production conditions. The Strategic Plans offer a framework of measures contributing to resilient agriculture, and in addition to more traditional support for investments and startups there are innovation initiatives such as EIP-AGRI and cooperation within AKIS. There are challenges relating to investment support; for example, a need for possibilities to buy services or share equipment has been identified. Another possibility could be more focus on selection criteria for resilience within the investment support. Furthermore, there are many interventions to deliver towards different goals in the Strategic Plans, and the concept of resilient agriculture concept needs to be clearly implemented.

Member states must constantly explore and evaluate new technical solutions in order to be able to follow up more eligibility conditions with digital methods. According to the regulatory framework, **Area monitoring system (AMS)** is a new element that marks a big shift from controls to monitoring. The introduction of AMS as a mandatory element of the integrated system is considered as a paradigm shift within the CAP where we go from random sample checks to digitally monitoring the entire population every year. The Strategic Plans so far has been a learning experience, where AMS is used to monitor and control some conditions and interventions. The important task going forward is to continue the technical developments and to keep in mind that the overall objective is the performance aspect of the area monitoring. To a certain extent, some eligibility conditions will be difficult to handle with AMS as a tool to make controls, for example the use of pesticides. Geotagged photos can be used to follow up unclear results from the satellite imagery or to monitor eligibility conditions. Communication with farmers is one key, automatic processing of the photos with AI is another.

The CAP's "green architecture" is the set of rules and tools to improve the **environmental and climate performance** of farming activities and foster changes towards more sustainable production models. Synergies and combinations of different actions and interventions in the CAP's green architecture can increase the quality of performance. A key factor in a successful practice is to have interventions that farmers and other stakeholders find attractive, simple and effective in delivering results. To increase the delivery on environment and climate, a lowered ambition of GAECs together with an expanded possibility to offer incentives could increase interest from farmers. Several different measures in the same area can be necessary to reach some objectives and requirements, e.g. GAEC 1, and combinations with GAECs and top-ups resembling the GAEC requirement could be easier to understand. Advisory services and innovation brokers can be useful to increase uptake and development of measures. One key is stakeholder involvement, potentially leading to increased knowledge, understanding and incentives for implementation.

One conclusion from the CAP Directors Meeting was that there is no conflict between increased productivity and a sustainable food production. Rather, the CAP Strategic Plans offer many tools to increase productivity and food security at the same time as environmental and climate ambitions can be met. One outcome of discussions after visiting the "farm of the future" in Svalöv was that we face an implementing gap, rather than an innovation one. Therefore, we should consider mobilising all appropriate tools available within the CAP and outside it to address such gaps.

The 53rd Conference of Directors of EU Paying Agencies

On 7 – 9 June Sweden hosted the 53rd Conference of Directors of EU Paying Agencies, which is held two times a year. All member states were represented, and Albania was also present. The purpose of the conference was to exchange experience and best practice between the paying agencies that are responsible for the implementation of the CAP regulations. It is also an opportunity for a dialogue with the Commission where DG Agri and OLAF can share their view within matters that are of interest for the member states. Furthermore, ECA is presenting a summary of the findings in their recent reports.

The conference was held outside of Stockholm in the main conference venue for the Swedish presidency. The conference started with a study visit to a test farm run by a Axfoundation, Torsåkers Farm, where they are experimenting with innovations to strengthen the sustainability of the food chain. One of the topics for the study visit was how they take on the challenges to minimize food waste.

The conference program was focused on central areas of the new CAP, for which the paying agencies are in the middle of the implementation, this being the first year for the new regulations to impact on the paying agency processes. The three main topics were the area monitoring system, the annual performance report and reinforced fight against fraud. The topics were addressed in presentations from member states and DG Agri followed by discussions.

Some key findings were that the challenges are similar in the different member states. The paying agencies are well on their way with the implementation but there is still much to develop and implement to get together all new CAP artefacts including the complete reporting of the new delivery model. The clarifications from DG Agri have been welcome with some concerns remaining at paying agency level. The requirements for reaching good enough quality assurance for the AMS, the geospatial application and the land parcel identification system, and the reporting of the quality assurance were discussed as one of the challenges. Another one was the implication of performing the AMS in the context of also having eligibility conditions that cannot be easily monitored and therefore need to be checked with other methods. The need for balance between monitorability with a high level of automation and eligibility conditions that reaches high environmental benefits were addressed as a challenge and an example of target conflicts within the CAP.

To broaden the overall perspective at the conference, input was given by the Swedish Farmers Federation and a presentation from Agtech 2030 and Linköping University were also held pointing out the possibilities of digitalization and innovation to develop farming methods for better sustainability and profitability.

The conference ended with the chair passing on the gavel to Spain who invited all to the 54th conference to be held in Valencia in November.

