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From:	General Secretariat of the Council
To:	Delegations
Subject:	The Common Agricultural Policy after 2027: Innovation and simplification - <i>Preparation of the Council debate</i>

The annex to this note contains the Presidency's background note and guiding questions for the Council meeting on 11 -12 December.

The Common Agricultural Policy after 2027 –Innovation and Simplification

At the Agriculture and Fisheries Council meeting on 11-12 December 2025, the Presidency is planning a thematic discussion on the Commission's proposals on the Common Agricultural Policy after 2027. The discussion will focus on innovation and simplification.

The Draghi report of 2024 highlighted the essential role of increased innovation for European competitiveness and security. For agriculture, simplification and innovation are key to deliver on objectives such as productivity growth, generational renewal and green transition. At the same time, generational renewal and the green transition are themselves major innovation drivers.

In certain sectors, such as arable crops, yields have been stagnant, according to the European Commission. Here, access to new technology is urgently needed. In other sectors, such as animal husbandry and bioeconomy, accelerated innovation is crucial to reach EU environmental objectives without compromising competitiveness. In general, the EU will not be able to adapt to the increasing pressure of climate change and sufficiently reduce emissions from agriculture without enhanced innovation and the funding necessary for farmers to avail themselves of these new technologies, machinery and equipment, which in turn calls for a simplified regulatory framework, without compromising safety and sound financial management.

With its proposal for the Multiannual Financial Framework (MFF) for 2028-34, the Commission has prioritised research and innovation in terms of increased proposed funding and new instruments. In particular, the European Competitiveness Fund would provide one simplified instrument to support, among other things, innovation, including in agriculture, through its policy window dedicated to Health, Biotechnology, Agriculture and Bioeconomy. Furthermore, a clear link is proposed between the European Competitiveness Fund and research relevant to agriculture under the Horizon Europe proposal.

The agricultural European Innovation Partnership (EIP – AGRI) is important for bringing together the different partners and instruments related to innovation in agriculture. It aims to accelerate development and use of innovations by improving the exchange of knowledge and fostering synergies between policies, actors and instruments in agriculture, forestry and rural areas.

Below follows a description of the relevant elements and two questions are proposed to guide the ministers' interventions. The proposal on the European Competitiveness Fund is negotiated by the General Affairs Council while the Horizon Europe proposal is negotiated by the Competitiveness Council. Elements in the sectoral proposals that are bracketed since they will most likely form part of a horizontal negotiation on the MFF for 2028-34 will be negotiated in the European Council.

Simplification

The Commission has highlighted that several elements in its proposal for the Common Agricultural Policy after 2027 bring simplification. For example, the abolition of the two-pillar structure would mean that a common set of rules applies to green schemes, transfer of funds between pillars is irrelevant and the financial rules applicable are the same. The rules on Protective Practices under Farm Stewardship would also provide increased subsidiarity to adapt to conditions in the Member States.

Options to provide lump sum payments would be increased, both in scope and amount. In the case of support for transition to more resilient agriculture and for business start-ups, farmers would have to draw up respectively a transition action plan and a business plan to be approved by the Member State. In addition, Member States would be given better possibilities to pursue objectives that go beyond EU law through support for national requirements placed on farmers. Some of these changes will already take effect as part of the simplification package on agriculture (Omnibus III).

Finally, the proposal is less detailed than the current legal acts, which according to the Commission reflects an even greater possibility for tailored national and regional rules within the common framework.

Implementation

The Strategic Plans under the Common Agricultural Policy 2023-27 have generally proven to be an effective tool for planning and implementation. This so-called new delivery model offers a policy- and performance-based approach with increased flexibility within a common EU framework. The Commission proposes to build on this experience, while further strengthening the performance-based aspect. For ‘ring-fenced’ agricultural expenditure, disbursement of funds to Member States will continue to be based on outputs, except for agricultural investment support. For that area, and for other NRPP projects, the disbursement of funds to the Member States would increasingly depend on the delivery of results in the form of reforms or milestones. As with the Strategic Plans, the Commission will assess the agriculture chapter as part of the National and Regional Partnership Plans. However, Member States would no longer need to submit a SWOT analysis as part of the Plans.

Based on the experience from the Strategic Plans, a close dialogue between the Commission and the Member States will be needed on the CAP national recommendations. These would include enhancing the access to knowledge and accelerating innovation and the digital transition for a thriving agri-food sector. The Commission has a central role in securing a level playing field as well as in providing guidance to each Member State for the implementation of the specific objectives relevant for the Common Agricultural Policy. Early recommendations and flexibility from the Commission in terms of how objectives can be met will be needed – especially given the ambitious time line for implementation in 2028.

Agricultural knowledge and innovation systems (AKIS) and farm advisory services

The Member States must ensure that farmers and forest holders have access to innovation and new knowledge, enabling them to deploy innovative and sustainable solutions effectively – in particular through the Agricultural Knowledge and Innovation System (the AKIS).

As part of the AKIS, the Member States must implement a system for the provision of farm advisory services to support access to knowledge and wider deployment and use of innovations, for instance data-driven solutions and digital tools. Member States must ensure that farmers and forest holders have direct access to advisers and that the advice provided is impartial.

Rural business start-ups and development of small farms

The Commission proposes that Member States shall grant support to help the start-up of rural businesses linked to agriculture or forestry, including the setting up of new farmers, farm household income diversification into non-agricultural activities, the start-up of rural businesses or the business development of small farms. The beneficiary would have to submit a business plan to qualify for support. The Member State would set the conditions for the submission and the content of a business plan. The maximum amount of aid is increased to EUR 300,000.

According to data from the Commission, younger farmers have a higher rate of investment compared to older farmers. In this light, ensuring the generational renewal of the European agricultural sector would therefore also accelerate innovation in the agricultural sector.

Support for investments for farmers and forest holders

According to the Commission proposal, Member States must grant support for productive and non-productive investments, making an appropriate overall contribution to resilience of agriculture, food systems, forestry and rural areas, in particular climate and water resilience.

Where EU law imposes new requirements on farmers, Member States could give support for investments that help farmers comply with those requirements. This could be done for up to three years after the requirement becomes mandatory for the farm, or in the case of young farmers, from the moment of the setting up, or until the completion of related actions in a business plan. The longer time frame compared with the current rules could be seen as a simplification.

European Competitiveness Fund and Horizon Europe

The Commission aims to simplify the access to European funding across the whole value chain, from research and innovation to scale up and deployment of new technologies. To do so, the Commission has proposed to establish a new European Competitiveness Fund as well as several changes to the next framework programme for research and innovation (Horizon Europe).

In the Competitiveness Fund, several existing instruments would be combined into one fund. Stakeholders could apply for funding under four so-called ‘policy windows’ via work programmes.

For the agri-food sector, the most important policy window is the one for ‘Health, Biotech, Agriculture and Bioeconomy’. The specific activities it can support includes ‘fostering the competitiveness, the sustainability, the resilience and fairness of agriculture, fisheries, aquaculture, forestry sectors and rural and coastal areas, and contribute to long term food security in the Union’.

The policy window on ‘Clean Transition and Industrial Decarbonisation’ also includes objectives relevant to the agri-food sector, such as energy transition of fishing vessels and sustainable solutions for climate action in agri-food and forestry supply chains.

In its proposal for Horizon Europe, the Commission creates a link to the European Competitiveness Fund by setting out that a significant part of the budget for Horizon Europe is to be implemented via collaborative research and innovation activities under the four policy windows of the European Competitiveness Fund.

In light of the above, the Presidency proposes the following questions:

1. *How can the Common Agricultural Policy after 2027 contribute to a faster uptake of innovative solutions and new technology by farmers?*
2. *In your view, what additional simplifications, if any, are needed in the Common Agricultural Policy after 2027 compared with the Commission’s proposal?*
