



**COUNCIL OF
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NOTE

from	Presidency
to : :	Council
Subject :	Future of the CAP: rural development

Delegations will find attached a Presidency background document including questions to structure the policy debate at the Council meeting (Agriculture and Fisheries) on 19 and 20 November 2009

Future of the CAP: rural development policy

The Council debate on the future of the Common Agricultural Policy (CAP) is well under way. It started in September 2008 with the Annecy discussion under the French Presidency, followed in June 2009 under the Czech Presidency by the Brno discussion focusing mainly on direct payments. The Swedish Presidency would like to continue the debate, placing the focus on rural development policy.

European agriculture and rural areas are facing a range of complex and interlinked challenges resulting from an ever changing world. The future of rural areas and their enterprises will largely depend on the ability to cope with these challenges. One of the challenges is climate change, which was the central topic discussed by Agriculture Ministers at their informal meeting in Växjö last in September 2009. A common view expressed in Växjö was that the Community's rural development policy is well suited to help the agricultural sector address both mitigation and adaptation issues. Other important challenges for agriculture are for example the strain on natural resources and environmental impacts, global food security and demographic changes in rural areas.

The CAP has undergone several major reforms during the last 20 years. Under the MacSharry reform in 1992, the EU began to replace price support with direct payments. In Agenda 2000, a clear distinction was made for the first time between the first and the second pillar. Modulation, which became obligatory as a result of the 2003 reform, has allowed for an increased transfer of funds from the first to the second pillar. This transfer was further accentuated under the Health Check, where it was linked to a number of challenges for European agriculture and rural areas, including climate change, renewable energy, water management, biodiversity and restructuring of the milk sector. Gradually, the weight and importance of rural development policy has increased.

Europe's rural areas offer a great diversity in terms of climate, bio-physical characteristics and socio-economic conditions. It is therefore important to discuss how a policy for rural areas can best be shaped so that it is flexible enough to address global challenges while taking account of widely varying national, regional and local conditions or needs. In order for the policy to be as targeted and efficient as possible, it should be drawn up at the most appropriate level: European, national, regional or local. The question of responsibility needs to be raised in order to design a rural development policy that can help us to tackle current and future challenges. A strategic approach, a common monitoring and evaluating framework as well as a shared financial responsibility between the Community and the Member States are important factors that may contribute to a targeted and cost-efficient policy.

In addition, although much has already been done to improve administrative procedures, there is scope for further simplification of both the regulatory framework at Community level and the delivery mechanism at national level. All possibilities for achieving this without losing the policy's benefits need to be thoroughly analysed and discussed.

Questions:

- Which future challenges do you consider to be most relevant for European agriculture and rural areas?
- What changes are needed in the rural development programme in order to tackle these challenges, while respecting the principles of subsidiarity and proportionality? What improvements are necessary for making the policy simpler and more targeted and for increasing its cost-effectiveness?
