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From: Presidency

To: Council

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Subject: Post-2020 CAP reform package

a) Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council

b) Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013

c) Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union and (EU) No 229/2013 laying down specific measures for agriculture in favour of the smaller Aegean islands

- *Presidency progress report*

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## I. INTRODUCTION

1. As part of a number of sectoral legislative proposals related to the EU's multiannual financial framework (MFF) 2021-2027, the three following proposals for a reform of the Common Agricultural Policy (CAP) were published by the Commission on 1 June 2018:
  - A centre-piece **Regulation on CAP Strategic Plans**, encompassing direct payments, sectoral interventions and rural development;
  - A Regulation on the financing, management and monitoring of the CAP (hereinafter: **Horizontal Regulation**), updating and replacing the current Regulation with the same name;
  - An **amending Regulation** (Regulation on common market organisation (CMO) of agricultural products), which amends and updates Regulations (EU) No 1308/2013 on CMO, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on aromatised wine products, (EU) No 228/2013 on the outermost regions and (EU) No 229/2013 on the smaller Aegean islands.
2. Following a first read-through of the three proposed Regulations by the responsible Council Working Parties, and work done both in the Special Committee on Agriculture (SCA) and in the "Agriculture and Fisheries" Council, the Austrian Presidency submitted a first series of drafting suggestions on the three proposals (15046/18, 15058/18 + ADD1, 14195/18) and presented a Progress Report on the state of their examination to the Council on 17 December 2018 (15027/18).

3. Building on the work done by the Austrian Presidency and following further discussions held at the level of Working Party, the SCA and the "Agriculture and Fisheries" Council, the Romanian Presidency submitted a series of revised drafting suggestions which are still subject to further comments on legal issues by the Council Legal Service.

## II. STATE OF PLAY WITH THE CAP STRATEGIC PLANS REGULATION

4. The revised drafting suggestions on the **CAP Strategic Plans Regulation** (doc. 7007/19) were submitted by the Romanian Presidency on 1 March 2019 and discussed at the SCA on 4 and 11 March 2019. The Romanian Presidency has noted that:
- delegations have a strong preference, as regards the definition of permanent grassland to maintain the definition set out in the "Omnibus" Regulation (Article 4(1)(b)(iii));
  - delegations showed preference to provide, as optional, for the requirement of appropriate training and/or skills for young farmers (Article 4(1)(e));
  - Member States expressed preference for defining genuine farmers on a voluntary basis, including the possibility to set a threshold under which all farmers may be considered as "genuine" (Article 4(1ab));
  - the direction drawn by Member States is that the obligation for the Farm Sustainability Tool for Nutrients to be covered by farm advisory services (Article 13(4) (fa)); such an obligation should foresee a transition period;
  - Member States expressed their wish to continue the debate on the reduction of payments concept, following the discussions in the SCA;

- Member States showed preference for the deduction of labour costs to be voluntary for the reduction of payments and that they welcome in general more flexibility to specify the method to calculate amounts to be deducted (Article 15(2));
- the complementary redistributive income support to be voluntary is supported by a large number of delegations (Article 26(1));
- Member States are in favour of providing explicitly for the possibility to redesign the areas for natural or other area-specific constraints (Article 66(2));
- Member States support in principle a support rate for investments of up to 75%, reaching exceptionally 100% for specific interventions, to which Member States would like to add agricultural and forestry infrastructure (Article 68(4));
- delegations would like that more clarity on the relation between target and milestones and also on milestones' frequency is provided (Articles 97(1)(a), 100(1), 115(2)(b), whereas an increase of the tolerance margin for a possible shortfall of result indicators from milestones and a degressive tolerance margin over time are acceptable to them (Article 121a).

### **III. STATE OF PLAY WITH THE HORIZONTAL REGULATION**

5. With regard to the proposed **Horizontal Regulation**, the Romanian Presidency proposed drafting suggestions that were discussed in the SCA (on 21/1, 11/2, and 4&11/3/2019). The Presidency has noted that, on its drafting suggestions as contained in document 6981/19 REV1;

- Member States broadly support the empowerment of the Commission to adopt delegated acts also on sectoral interventions, including on fruit and vegetables (Article 42(4));

- Member States agree that in the event of emergency, the Commission adopts implementing acts in relation to payments to beneficiaries (Article 42(5)).
- Although the Member States' views are divided, there is however a preference for the reintroduction of the EUR 2000 threshold for the application of the financial discipline, as a protective measure for the small farmers and a continuation of a system that is already in place.

#### **IV. STATE OF PLAY WITH THE CMO REGULATION**

6. The Presidency suggested revised drafting for the proposed **CMO Regulation** on 12 March 2019 in document 7451/19. The changes seek in particular:

- to strike a balance as regards wine varieties by maintaining the existing prohibition on six specific hybrid varieties and on the species *Vitis labrusca* but allowing the use of hybrids in PDO wines;
- to clarify the rules on checks on wine labelling to ensure a proportionate approach;
- to make the use of terms "de-alcoholised" and "partially de-alcoholised" mandatory on the labelling of such wine products;
- to provide a transitional period for the new requirement to indicate the nutritional value and the list of ingredients of wine on its labelling.

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**Question for the Council:**

**Would you in principle endorse the Romanian Presidency's orientation given in each of the three blocks II, III and IV, and which elements included therein, if any, would not be acceptable to you at this stage?**