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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	The Common Agricultural Policy after 2027 – Key design choices for income support - Policy debate

According to the Commission proposal for the Common Agricultural Policy after 2027, Member States must ensure that income support is primarily directed towards farmers whose main activity is agriculture and who therefore actively contribute to food security. To this end, and in particular to maintain the capacity to produce food across the Union, support would have to be targeted to specific groups of farmers and geographical areas that require additional income support to remain viable and future proof, while also strengthening their capacity to adapt and remain competitive in the future.

At the November 2025 Agriculture and Fisheries Council, Ministers discussed the role of income support in strengthening food security, including through better targeting of support. There seemed to be broad recognition that income support should be directed towards farmers engaged in agricultural activity, contributing to the resilience of the agricultural sector and food security, while taking into account the diversity of agricultural structures across the Union.

Building on this exchange, and taking into account the progress of discussions on the Commission proposal for a post-2027 CAP Regulation, the Cyprus Presidency invites Member States to focus on the key design choices for income support in that proposal.

The Commission proposal introduces a degressive area-based income support (DABIS), providing payments based on eligible hectares, largely simplified (end of entitlements), while introducing degressivity to progressively reduce support for larger farms and promote a more balanced distribution. In addition, payments will be capped at EUR 100 000 per farm per year. It will also be differentiated on the basis of objective and non-discriminatory criteria, linked to farmers' income. It further provides for targeting of support to specific groups of farmers, such as young and female farmers, the possible exclusion from DABIS of farmers reaching retirement age after a transitional phase (by up to 2032), as well as the introduction of minimum and maximum levels of average support per hectare. Ministers are invited to take note that several elements of this proposed framework remain, at this stage, under consideration in the context of the Multiannual Financial Framework 2028-2034 Negotiating Box. In this regard, the exchange of views in the Agriculture and Fisheries Council is intended to provide guidance and contribute to the ongoing process, without seeking to draw conclusions nor prejudging the MFF discussions.

Taken together, these elements represent an evolution in the design of income support. They aim to improve the targeting and distribution of support (in current programming period, the 5% biggest CAP beneficiaries receive nearly 50% of the direct payments), while contributing to broader objectives such as food security, supporting generational renewal, and ensuring a more balanced development of the agricultural sector across the Union. They also facilitate reorientation towards agri-environmental and climate measures, areas with constraints, specific sectors or investments and competitiveness.

At the same time, these elements raise important questions regarding their combined impact. In particular, they may affect:

- the distribution of support between farms of different sizes and types,
- the economic viability and investment capacity of farms,
- the generational renewal and access to land,
- and the balance between a common EU framework and Member States' flexibility.

The diversity of agricultural structures and economic conditions across the Union makes these choices particularly sensitive. While more harmonised approaches, as those proposed by the Commission, may contribute to a level playing field and a fairer distribution of support, they may also limit Member States' ability to tailor income support to their specific needs. Conversely, greater flexibility may allow for better adaptation to national contexts, but could lead to fragmentation and uneven levels of support across the Union.

In addition, the design of DABIS must ensure that income support continues to underpin the economic sustainability of farms, including those that play a key role in maintaining production capacity and contributing to food security. On the other hand, it is also important that DABIS addresses the need for a fair distribution of support and facilitates generational renewal.

Against this background, the Presidency proposes the following questions:

1. *In your views, to what extent should the targeting of income support be guided by common EU rules to ensure fairness across the EU, and where should Member States retain flexibility to reflect their specificities?*

2. *What are your views on the proposed mechanisms of degressivity and capping of income support to contribute to a fairer distribution of support while preserving the economic viability of farms across the EU and ensuring their role in food security?*
