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NOTE

From: Presidency

To: Special Committee on Agriculture/Council

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Subject: 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
- Green architecture

Delegations will find in the Annex a Presidency background paper on the green architecture of the future Common Agricultural Policy.

At the meeting of the Special Committee on Agriculture on 13 July 2020 delegations will be invited to endorse the proposed questions to steer the ministerial debate at the "Agriculture and Fisheries" Council on 20 July 2020.

The green architecture in the post-2020 CAP

Presidency background paper

1. The **green architecture** is a central element of the Commission's proposal for the post-2020 Common Agricultural Policy (CAP). It comprises several elements, including conditionality (which brings together greening and cross-compliance from the current CAP), the new eco-schemes, a range of interventions for environment under pillar II as well as some relevant definitions (e.g. eligible hectare).
2. The green architecture seeks to achieve a higher **environmental and climate ambition** than in the current period. Member States have always endorsed this higher ambition in principle, under the condition that this does not imply an excessive administrative burden and that a sufficient funding is assured for the CAP to meet these reinforced green objectives.
3. To help achieve such a higher ambition, the Finnish Presidency suggested a "**single percentage approach**" for environmental and climate-related expenditure, entailing a contribution from both pillars. This was further explored by the Croatian Presidency. However, as highlighted in its progress report (8734/20), the Croatian Presidency finally did not see sufficient support for the introduction of this approach due to widely divergent Member States' views. Nevertheless, the idea of a **contribution from both pillars** was considered worth of attention by delegations at the SCA on 6 July. This aspect might need to be further explored, as well as the more general issue of how to ensure a common minimum level of ambition at EU level.

4. One of the new elements of the future CAP which is supposed to actively contribute to a higher ambition are **eco-schemes**, i.e. schemes for environment to be funded under pillar I, thus constituting payments to be made on an annual basis. According to the Commission proposal, they should be mandatory for Member States but voluntary for farmers. At the SCA on 6 July, several delegations supported the idea of eco-schemes. However, the views on the mandatory or voluntary application by Member States still diverged. Those in favour of a voluntary approach argued that, as eco-schemes constitute a new instrument, their up-take by farmers could be difficult to foresee and thus stressed that more financial flexibility would be necessary.
5. In its Staff Working Document (SWD) "Analysis of links between the CAP Reform and the Green Deal" (8228/20) published in May 2020, the Commission suggested a ring-fencing for eco-schemes under the first pillar. At the SCA on 6 July, delegations showed divergent views on this option, which received some support but gave rise to several doubts and questions particularly in light of the risk to lose funds. A number of Member States stressed that, without sufficient **financial flexibility**, the possible insufficient up-take of these instruments would result in a loss of available funds.
6. From the Presidency's point of view, the question of a ring-fencing for environmental and climate-related expenditure is one of the central open issues in the discussion on the green architecture. With regard to the introduction of a ring-fencing for eco-schemes, a number of **practical questions** arise, e.g. what solutions can be found for the problem of unspent funds? In addition, some flexibility in the planning and implementation of a ring-fencing for eco-schemes may be necessary.

7. The discussion at the "Agriculture and Fisheries" Council on 20 July 2020 should focus on the question of a ring-fencing for eco-schemes, as well as on the need for flexibility and possible solutions to the issues already identified. To this end, the Presidency proposes the following questions:

- a. Which flexibilities in planning and implementation do you consider necessary to support a uniform EU-wide ring-fencing for eco-schemes?
- b. What criteria do you consider to be decisive in determining the level of a possible EU-wide ring-fencing?

8. As a second element of the green architecture, the Croatian Presidency's progress report highlighted the issue of a minimum share of non-productive land (GAEC 9) in the conditionality system. The Presidency wishes to take up this discussion and proposes the following question for the Council debate:

- c. Do you think it would be useful to set a uniform EU-wide minimum percentage of non-productive areas and elements in GAEC 9? If so, at what level should it be set? And should productive areas also be counted against this percentage?
