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WORKING PAPER

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INFORMATION

From:	General Secretariat of the Council
To:	Ad hoc Working Party on the Multiannual Financial Framework (MFF) 2021-2027
Subject:	Commission powerpoint presentation on the MFF package (Common Agricultural Policy)

Delegations will find attached the above-mentioned document from the Commission.

Common Agricultural Policy



MFF Group – 18 June 2018

PUBLIC

III. NATURAL RESOURCES & ENVIRONMENT

Agriculture and Maritime Policy

CAP FINANCING FOR 2021-2027

COM(2018) 321

- **EUR 365 billion for the CAP for EU-27** (current prices)
 - Around 5% cut for CAP
 - Baseline = (2020 CAP allocation minus UK) x 7
- **EUR 10 billion from Horizon Europe** for research & innovation in food, agriculture, rural development and bio economy

(in EUR million)

	2021	2022	2023	2024	2025	2026	2027	TOTAL
Pillar 1 - EAGF	40 300	40 527	40 791	40 931	41 072	41 214	41 357	286 195
Pillar 2 - EAFRD	11 259	11 259	11 259	11 259	11 259	11 259	11 259	78 811
Total CAP	51 559	51 786	52 050	52 190	52 331	52 473	52 616	365 006

CAP FINANCING FOR 2021-2027

2 agricultural funds

Baseline

- **Pillar 1: European Agricultural Guarantee Fund (EAGF)** – Direct payments to farmers and market related expenditure
- **Pillar 2: European Agricultural Fund for Rural Development (EAFRD)** – Rural development
- Initial 2020 allocations for EU-27
- So before including MS decisions to transfer between direct payments and rural development
- To show sole effect of MFF/CAP proposal on MS allocations

CAP PILLAR 1 – EAGF

ALLOCATION

- **EUR 286.2 billion** = EAGF sub-ceiling Heading 3
- EAGF financed also from **assigned revenue** - decrease with new CAP delivery model
- **Direct payments**
 - Initial 2020 envelopes reduced by 3.9%
 - Convergence: bridge 50% of gap to 90% of EU average; direct payments increase in 6 equal steps
- **Market expenditure** – in general reduction to programmes by 3.9%

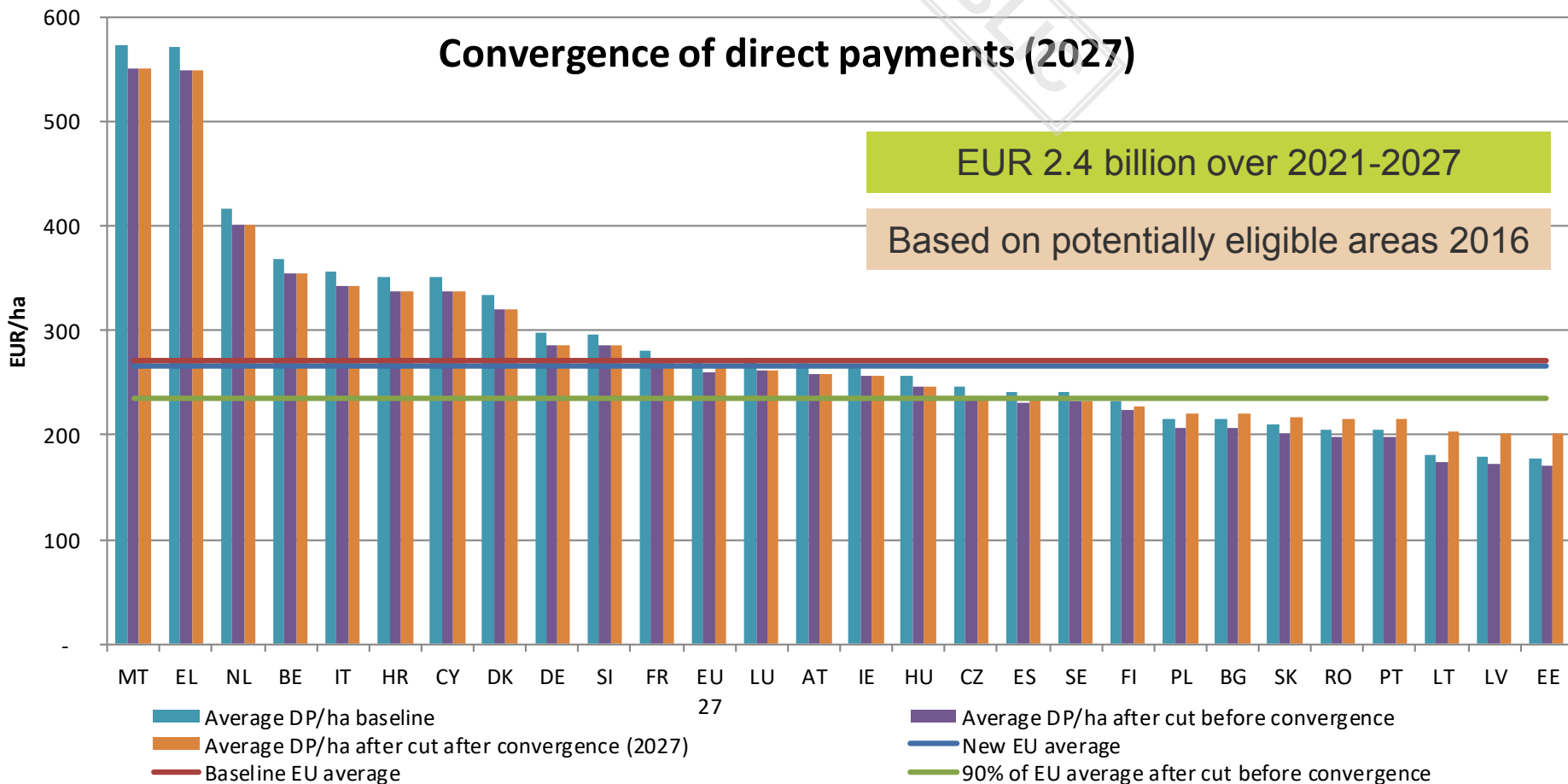
	(in EUR million)							
	2021	2022	2023	2024	2025	2026	2027	TOTAL
Market-related expenditure	2 766	2 789	2 813	2 837	2 862	2 888	2 915	19 870
Direct payments	37 814	37 968	38 108	38 224	38 340	38 457	38 573	267 484
EAGF expenditure	40 580	40 757	40 921	41 061	41 202	41 344	41 487	287 355
Assigned revenue	- 280	- 230	- 130	- 130	- 130	- 130	- 130	-1 160
EAGF sub-ceiling in the MFF	40 300	40 527	40 791	40 931	41 072	41 214	41 357	286 195

DIRECT PAYMENTS: External convergence

Convergence of direct payments (2027)

EUR 2.4 billion over 2021-2027

Based on potentially eligible areas 2016



*Amounts after cut including cotton

CAP PILLAR 1 – EAGF

AGRICULTURAL RESERVE

- Financed within EAGF sub-ceiling under MFF Heading 3
- Flexible tool to finance safety net and exceptional measures
- Roll over mechanism so no longer annual “carousel” of financial discipline and reimbursement
- At least EUR 400 million at start of budget year, can be refilled if needed
- Unused 2020 crisis reserve amount to roll over to 2021 to constitute new reserve

CAP PILLAR 2 – EAFRD

ALLOCATION

- **EUR 78 811 million**
- MS allocations (99.75%) + EU technical assistance (0.25%)
- Rebalance financing between EU and MS – Lower EU co-financing [Art 85 of COM(2018)392]
- Aim = to keep total public support to rural areas largely unchanged
- All MS envelopes - 15.3% from 2020 initial allocations

(in EUR million, current prices)

	2021	2022	2023	2024	2025	2026	2027	TOTAL
MS allocations	11 231	11 231	11 231	11 231	11 231	11 231	11 231	78 614
EU technical assistance (0.25%)	28	28	28	28	28	28	28	197
EAFRD	11 259	11 259	11 259	11 259	11 259	11 259	11 259	78 811

FLEXIBILITY BETWEEN CAP PILLARS

CHOICE OF EACH MEMBER STATE

- **Up to 15%** between direct payments and rural development (both ways)
- Additional flexibility for transfers to rural development:
 - **Up to 15% points** for environmental and climate related objectives
 - **Up to 2% points** for installation aid to young farmers
- 100% EU co-financing of amounts transferred to rural development