

Briefing for Commissioner WOJCIECHOWSKI

MEETING

in the context of the Ambrosetti Club Europe

“From Farm to Fork strategy to the CAP reform : the pathway to sustainability and resilience in European agriculture and food systems

Date, Time: 25/06/2020 – 10h00

Place: Brussels

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SCENE SETTER

- **Content and format:**

- It will be a **round table**, where peers (only CEOs, Secretaries General and Public Affairs and Government Relations leaders) enjoy an open exchange of views with you.
- About **20 participants** in the room (or in the virtual room). Everybody will sit around the same big table (no head table).
- After a **short introduction** by the chair – Personal Data Protection, you will **give speech (30-40 minutes)**. The remaining time (about **1 hour**) will be devoted to **Q&A** with the attending participants.

INTRODUCTION :

- ✓ Thank you for the invitation. I welcome this opportunity-to exchange with you - key stakeholders of the food chain, on the way I envision the future development of agriculture and food systems and what I see as the pathway to sustainability and resilience for our food systems [title of the conference].
- ✓ Our meeting is timely since the F2F and Biodiversity strategies have recently been published. They are key deliverables of the European Green Deal for our agri-food sector and should result in a decisive contribution to it. As you know, the negotiations of the future CAP will start soon under the German presidency, and last but not least, the MFF will soon be adopted by the European Council. Importantly, the Covid-19 crisis, a health as well as an economic and social crisis, also calls for a green and digital recovery, a recovery that supports growth and the creation of jobs while preparing and investing in our food systems to transform them and make them more efficient and sustainable.
- ✓ Covid-19 crisis demonstrated the resilience of our food systems: it has delivered food in every corner of the EU and there has been no food shortage in the EU. I believe it is not by coincidence. It is the result of the decades of effective implementation of the Common Agricultural Policy, and everyday efforts of our stakeholders and in particular farmers and the food industry. What the crisis has reminded us is that Food security is a strategic asset of the EU. Every region and MS of the EU depends on one another to ensure our food security. Again, all this is a powerful reminder of the importance of this value chain and of the importance of the effective consolidation of EU policy in this area: the Common Agricultural Policy.
- ✓ Food and agriculture are back again at the top of the political agenda of the EU. As high level key players of our agri-food sector, I trust you will recognize with me that the new MFF, presented by the Commission and the Recovery package, with

+26 Billion in additional resources, represent a positive and encouraging signal for the sector and our farmers.

1. We need more resilient and sustainable EU food systems

- The **COVID-19 pandemic** indeed confirms the importance of a robust and resilient food system.
- It is necessary to evaluate the **overall resilience of our strategic European value chains** to better protect Europe from any possible disruptions in the future. I will take the lead in the Commission to prepare a **contingency plan** for food crises.
- The crisis also exposed particular problems in those areas of the sector which are sensitive to external shocks. Resilience thus needs to be built by ensuring more stable supply chains while harnessing the potential of our internal market and our competitive advantage in world markets.
- Resilience cannot be separated from the **long term sustainability**, with a neutral or positive impact on the environment, of the **EU food system**.
- We need to ensure **food security, nutrition and public health** – making sure that everyone has access to sufficient, nutritious, sustainable food.
- We need to preserve the **affordability** of food, while generating **fairer economic returns** to those who ensure food provision on a daily basis.

2. Farm to Fork Strategy: an integrated approach that offers opportunities for our agri-food sector

- The **Farm-to-Fork** Strategy, together with the Biodiversity Strategy, aims to ensure such a resilient food system and translate the **Green Deal into action**.
- I would like to recall that the Farm to Fork Strategy is not a proposal for a new agricultural policy. It is a vision for reforming the entire food system in a sustainable way.
- It aims to design **fairer, healthier and environmentally friendly food systems in the EU by 2030**.

- Delivering on this ambitious vision requires a **transition at all stages** of the food supply chain – requiring **efforts, engagement and responsibility from all actors**.
- I am therefore very pleased with the opportunity to address this virtual gathering of representatives of all parts of the food value chain. Because – and **it is important for me to underline this – the changes we envisage require all of you, not just farmers or consumers to play their part in this process**.
- To deliver on this ambitious vision, we need first and foremost a **sustainable consumer demand**.
- That is why a wide range of actions in the strategy **focuses on consumers, processing and retail**. On how to help consumers make healthier and more environmentally friendly choices.
- The strategy should also be useful help in better integrating the value chains by linking local and regional primary production to value added processing and retail. This should also help rural areas to maintain its farming population.

3. The European Green Deal is a growth strategy and we will ensure that it helps fostering EU competitiveness and supports farmers income

- **The strategy recognises that EU farmers** have made great efforts to produce in a **more sustainable** way – and successfully so. However, we cannot lean back. **Agriculture is directly affected by climate change** and depends on high-quality eco-systems. We **cannot afford to rest on our laurels**.
- That is why the Commission proposes **targets for 2030 to drive our common policy agenda**. The Commission believes it will be necessary to significantly **reduce the use and risks of chemical plant protection products**, as well as the use of **fertilisers and antibiotics**, while increasing the area under **organic farming**.
- Adoption of the Farm to Fork is the start of a long process, with **many individual pieces of legislation** still needed to be drafted and for which we are keen to engage with discussion with the stakeholders concerned. Of course impact assessments will be launched for all important legislative initiatives.

- The Farm to Fork Strategy envisages a **just transition** to a sustainable food supply system. It explicitly recognises the need for **fair economic returns** in the supply chain as one of the three objectives.
- Therefore, the Commission will **closely monitor food security, as well as competitiveness of farmers and food operators** closely throughout the process and adjust as needed.
- We will **mobilise the Common Agricultural Policy to support farmers in the transition** – it will
 - Continue to provide **strong support for farm income**.
 - **Encourage sustainable farming practices** under both pillars
 - Support farmers to **fully explore the new opportunities** (bio-economy, circular economy, digitalisation and replies to new societal and consumer demands)
- A key objective of the future CAP is to **strengthen farmers' position in the agri-food supply chain**.
- If the food supply chain has proven its resilience during the Covid-19 crisis, it is also because its backbone – farmers – have been able to operate in a policy environment that enables them: the CAP is an integral and important part of this environment.
- In pursuing the objective of strengthening farmers, the EU builds on a successful track record, continuing the 2013 reform and also the work of the Agricultural Markets Taskforce back in 2016.
- In 2013, the concept of recognised **producer organisations** was extended to **all agricultural sectors**. In 2018, the so-called 'Omnibus Regulation' (2017/2393) entered into force that granted recognised producer organisations an explicit derogation from certain competition rules (Article 101(1) TFEU)¹.
- This matters as producer organisations are better placed than individual farmers to be strong players in the chain.

¹ 'Producer organisations', such as agricultural cooperatives, are formed and controlled by farmers to carry out joint activities. Given certain conditions, Member States can recognise such producer organisations in the context of the CMO Regulation (1308/2013, Articles 152 and 161).

- Strengthening the role of producer organisations therefore also strengthens the position of farmers in the agri-food supply chain.
- As of January 2021, a Commission Implementing Regulation (2019/1746) on **market transparency** will require Member States to collect and report a greater number of prices and quantities of a wider range of agri-food products, not only at the farm-level but in particular at downstream stages of the chain.
- This is another way of strengthening farmer's position in the agri-food supply chain as greater market transparency helps farmers better understand market realities and price developments along the chain.
- By May 2021, Member States have to transpose the **Unfair Trading Practices Directive** (2019/633) that bans certain trading practices in the agri-food supply chain if used by more powerful downstream operators.
- Again, protecting farmers from such 'unfair trading practices' is a way of strengthening their position in the agri-food supply chain.
- Given the confirmation in the future CAP of the importance of strengthening farmers' position in the chain – which is also explicitly mentioned in the farm-to-fork strategy – we currently investigate legislative and non-legislative initiatives to further reinforce producer cooperation and market transparency.

4. We need Science, Research and Innovation

- **Research and innovation** (R&I) is already, as we speak, transforming the way we produce and consume our food. Therefore, R&I, as **key drivers accelerating the transition** to sustainable food systems, are at the heart of the **Farm to Fork Strategy**.
- **R&I are particularly important for farmers** who are faced with immense food systems' challenges of environmental, social and economic nature. In ever-changing conditions, they need to

produce more and better food with fewer inputs such as pesticides, fertilizers and antimicrobials.

- To multiply the innovative solutions, the Commission is currently preparing a **Green Deal Call** (EUR 1 billion) for the final year of Horizon 2020. In this call, one of the key priorities is to **demonstrate systemic innovative solutions** in support of the **targets set in the Farm to Fork Strategy**.
- As regards the **current CAP**, the **Rural Development Programmes** support the roll out of innovative solutions in a number of areas. In this context, the **Agricultural European Innovation Partnership (EIP-AGRI)** has a key role with plenty of potential for more.

5. Our ambition is that the EU remains a major global player in the agri-food sector

- The debate is lively on globalisation, particularly when it comes to food. Is less globalisation an option for the EU?
- This issue is **not black and white**, but rather complex. The choice of words matters. For instance, one may criticise certain aspects of globalisation without being an “opponent”. We all have to work together to create sustainable food systems.
- “Relocation” is not the issue in my view. The European Union is a **net exporter** for many agri-food products, such as wheat, pigmeat, dairy products or wine. For that, European farmers have benefitted from international trade. We have seen the problems in Poland and many other EU countries when Russia closed its market for many EU agri-food products.
- This demonstrates the **importance of international trade flows** for EU agriculture. The EU has long pursued a trade policy of openness, in order to ensure market access abroad and new distribution opportunities of European agri-food producers.

- The European agri-food market is already quite saturated, population even decreases in some parts of Europe. But there are other parts of the world, emerging economies in Asia, Latin America and Africa, where population and income increase, and thus demand for our safe and high quality agricultural products.
- Note that **trade is “two-way”**. In order to ensure market access for our products, we need to offer a reciprocal access for the goods of our trading partners.
- In our trade agreements we have found a good way to limit access to the EU market for the most sensitive products.
- It is also through our trade agreements that we promote environmental and social standards for instance in Trade and Sustainable Development chapters. With our Farm to Fork Strategy we will further enhance our efforts.
- Today the main part of our agri-food imports are tropical fruit, nuts and spices, palm oil, coffee, tea and cocoa. We will not replace these by EU production. What we have to look at more carefully are **the proteins for animal feed**. Production in the EU is much more expensive than in many other parts of the world. However, we can do more to improve EU production and competitiveness.
- The COVID-19 pandemic put an unprecedented test to our food system and has highlighted consumers' wish to know where their food comes from and eat local. The global lockdown has highlighted both the important role of international trade as well as its limitations.
- We need to **diversify** our sources for food, regionally, within the Single Market and through imports, in case systemic shocks impact the global food system. We also need to diversify export destinations.

- The COVID pandemic has also strengthened public calls for more **resilience** in our agri-food sector and for a more sustainable food system, with more emphasis on regional production, local employment and shorter supply chains within the overall mix of sources for our food. There is no contradiction between promoting short supply chains and having farmers and consumers benefit from trade opportunities.
- The European Commission is ready to take action on resilience and sustainability through the **Farm to Fork strategy**, which calls for the development of shorter food supply chains (i.e. fewer emissions from transport).
- One of the objectives under the Farm to Fork Strategy is to promote a global move towards sustainable food systems and to lead the way in **setting global environmental standards** on food production. A more sustainable EU food system also requires increasingly sustainable practices by our trading partners.
- The EU will engage and work with international partners both at **bilateral and multilateral level** to build green alliances and promote standards for sustainable food systems at the global level, so that we can meet the Sustainable Development Goals (SDGs) that we have collectively agreed.
- This will include cooperation with Africa, neighbours and other partners and will have regard to distinct challenges in different parts of the world. We will engage with trading partners, especially with developing countries, to accompany the transition towards the more sustainable use of pesticides to avoid disruptions in trade and promote alternative plant protection products and methods.
- In this context, relevant multilateral fora and international events will be important to promote the global transition to sustainable food systems, including the fifteenth meeting of the Conference of the Parties to the UN Convention on Biological Diversity, the Nutrition for Growth Summit and the UN Food Systems Summit in 2021, in all of which it will seek ambitious policy outcomes.

6. Conclusion

- **The Farm to Fork Strategy, the Biodiversity strategy and the CAP reform provide a comprehensive answer to the environmental, social and economic challenges of our time.**
- The CAP reform is ongoing, the Farm to Fork strategy just presented and we have the budget negotiations not yet concluded.
- Agriculture by its nature should be friendly to the environment, sustainable production and healthy living but to achieve this the policies should first and foremost remain friendly to the farmers. It is my task to ensure it. We are all responsible for **creating our sustainable future**. That is why I value our exchange today.

DEFENSIVES

Analysis of links Green Deal and CAP reform

- The Commission has analysed the CAP reform proposals and **its links with the Green Deal**.
- We concluded that the **CAP reform proposal is compatible with the Green Deal** and its associated strategies such as the Farm to Fork Strategy and the Biodiversity Strategy. **It has the potential to accommodate the Green Deal's ambitions.**
- In terms of **practical consequences**:
 - (1) The analysis identifies the need to **maintain key provisions of the Commission's proposal in the final legislation**: ambitious system of conditionality, mandatory eco-schemes and ring-fenced spending for the environment in pillar 2.
 - (2) The analysis also concludes that, **certain improvements** could be achieved in the **on-going negotiations in the Council and in the European Parliament**.

We are, for example, in favour of a minimum ring-fencing for eco-schemes as well as linking relevant elements of legislation on animal welfare and antimicrobial resistance to the CAP.

- (3) The analysis considers that the Commission should develop **additional practical actions** to ensure the future CAP helps to achieve the Green Deal ambition.

Among others, this includes a **structured dialogue with Member States** for preparation of CAP strategic plans, including by **providing recommendations to each Member State** in respect of their CAP plans.

Revised MFF/recovery

- The Corona pandemic has also substantially changed the context for the MFF negotiations.
- In order to **repair the immediate economic and social damage** caused by the pandemic and set the Union firmly on the **path to a sustainable and resilient recovery**, we need **adequate funding**.

- **The revised proposal for the MFF 2021-2027 substantially reinforces the CAP funding.**
 - **In total, EUR 391 billion is proposed for agriculture and rural development**, commensurate to the importance of agriculture and rural development in the EU. This means that the proposed funding is 6.6 billion or some 2% higher than the amount one arrives at when sticking to 2020 funding levels. It is also 26.4 billion higher than the Commission's 2018 proposal.
 - For the **first pillar of the CAP**, so for direct payments to farmers and markets, the Commission proposed EUR 290.7 billion. With an **increase of 4.5 billion** over the Commission's 2018 proposal, this is a very good deal for farmers.
 - The **bulk of this** will be for the **direct payments** to farmers.
 - In the coming months we will of course also continue to carefully follow market developments and, if a crisis develops, respond appropriately.
 - For **rural development**, the **amount** proposed is **EUR 100.7 billion**.
 - This **includes** also the additional funding from the **European Union Recovery Instrument** ('Next Generation EU') [**EUR 16.48 billion** in current prices].

What have we achieved so far in R&I?

- Since 2014, DG AGRI has taken a leading role in programming and implementing agricultural R&I. We have built on the strengths of two European policies, the **Common Agricultural Policy (CAP)** and the **Research and Innovation Framework Programme**, current **Horizon 2020** (future **Horizon Europe**), working in close synergy.
- Under the ongoing **Horizon 2020**, the EU has supported over **300 projects** (around EUR 2 billion) that aim to enable **producers** to manage natural resources on land and at sea in a sustainable manner and empower **consumers** to choose sustainable healthy diets.

- To multiply the innovative solutions, the Commission is currently preparing a **Green Deal Call** (EUR 1 billion) for the final year of Horizon 2020. In this call, one of the key priorities is to **demonstrate systemic innovative solutions** in support of the **targets set in the Farm to Fork Strategy**.
- As regards the **current CAP**, the **Rural Development Programmes** support the roll out of innovative solutions in a number of areas. In this context, the **Agricultural European Innovation Partnership (EIP-AGRI)** has a key role with plenty of potential for more.
- Already today more than **1 500 EIP-AGRI operational groups**, i.e., bottom up projects involving farmers and researchers at local level working on innovative solutions to make food and farming systems more sustainable on the ground.
- And through the **EIP-AGRI networking activities** (i.e., focus groups, workshops and seminars), these ideas spread and cross borders and speed up innovation everywhere in Europe.
- To **bring research and practice closer together** in Horizon 2020 and EIP-AGRI projects, we have successfully implemented the so called **multi-actor approach**. This approach explicitly requires the participation of a variety of partners – farmers, food businesses, consumers, advisors, researchers, etc. – with complementary knowledge and skills in the development of innovative solutions from project conception to project implementation. This approach enables to better take into account the needs of final users such as farmers already in the design of a project or an action and it significantly speeds up the uptake of innovative solutions.

What do we plan in the future in R&I?

- Looking ahead, there is no doubt that **we have to step up our efforts** to help farmers in the transition towards sustainable food systems.

- Hence, under **Horizon Europe**, the next Research and Innovation Framework Programme starting in 2021, the Commission proposed to spend **EUR 10 billion on R&I under Cluster 6** related to food, bioeconomy, natural resources, **agriculture** and environment.
- Let me give you a **two examples of key agricultural R&I priorities** under Horizon Europe:
 - R&I within the **mission area of soil health and food** will contribute to speeding up action for sustainable soil management, ensuring that soils continue to deliver food and vital ecosystem services under changing climatic conditions.
 - A dedicated **partnership on agro-ecology living laboratories** will provide new knowledge and innovations to scale up **agro-ecological approaches** in primary production. This will contribute to reducing the dependency on the use of pesticides, antimicrobials and excessive fertilization.
- Knowledge exchange, innovation and digitalisation, as **crosscutting objectives**, will play an even more important role in **the future CAP**.
- To maximise the impact of R&I, the Commission will strengthen also the **European Innovation Partnership 'Agricultural Productivity and Sustainability'** (EIP-AGRI). The Commission will also reinforce the **multi-actor approach** in R&I projects.
- Farmers have also a particular need for objective, tailored advisory services on sustainable management choices. The Commission will, thus, promote effective **Agricultural Knowledge and Innovation Systems (AKIS)** in Member States, involving all people and organisations that generate, share and use knowledge and innovation from farm to fork. In their CAP Strategic Plans, Member States will scale up support for AKIS and resources to strengthen the **advisory services** therein needed to achieve the objectives and targets of the European Green Deal in general, and the Farm to Fork Strategy in particular.

- Finally, the Commission will also propose to convert its Farm Accountancy Data Network (FADN) into the **Farm Sustainability Data Network**. Through tailored advisory services, it will provide feedback and guidance to both small and big farmers on best practices to improve their economic, environmental and climate performance, and link their experience to the EIP-AGRI and research projects. This will improve the sustainability of participating farms, including their incomes.

How will the mission in the area of soil health and food contribute to the ambition of the Farm to Fork Strategy?

- An independent mission board is currently working on the concrete scoping for a mission in the area of soil health and food.
- The work of the mission board is fully in line with the objectives of the Commission's Green Deal and its various initiatives, including the Farm to Fork and biodiversity strategies.
- In fact: healthy soils are the basis for the production of sufficient and safe food, free of biological and chemical contaminants (such as from excess nutrients, microbial contamination or contentious plant protection products). Healthy soils also have an impact on the nutritional content of food. Future activities through the mission in the area of soil health and– both through R&I and other instruments – will benefit the Farm to Fork Strategy through knowledge, testing, demonstration and strengthened partnerships between researchers, land owners, public authorities and citizens. It will thereby have a have a positive impact on the sustainability of land management and food production systems.

How can the digitalisation of the agricultural production contribute to increase its sustainability?

- Digital technologies have the potential to increase performance of agriculture's sustainable competitiveness. They can transform agriculture by helping farmers to work more precisely, efficiently and sustainably.
- Using digital technologies, farmers can assess more efficiently production and environmental conditions (e.g. through sensors), tailor applications e.g. of fertilizers or irrigation, and thus reduce

inputs and emissions. Agro-robotics can support the production process, for example through weeding.

- Digital technologies are there to support all types of farming – organic farming as well as conventional farming, large farms as well as small farms.
- Additionally, digital technologies have the potential to offer consumers greater transparency as to how their food is produced.

What are the Horizon Europe R&I priorities in support of the CAP and the Farm to Fork Strategy?

- Key research areas include:
 - Climate change mitigation and adaptation in agriculture
 - Biodiversity, genetic resources and breeding
 - Soil, water, nutrients management
 - Sustainable livestock production systems
 - Plant and animals health and welfare
 - Digital transformation
 - Ecological approaches and organic farming
 - Enhancing human capital and boosting innovation systems
 - Rural and farming dynamics and policies
 - Sustainable, circular and innovative value chains
- You can find detailed description of the R&I priorities to be supported under Horizon Europe in the [Orientations document](#) (Cluster 6, in particular Intervention Areas: (3) Agriculture, Forestry and Rural Areas, (4) Seas, Oceans and Inland Waters, (5) Food Systems).
- The document has been developed based on [the long-term strategic approach to EU agricultural R&I](#) following an extensive exchange with MS, R&I community, stakeholders and wider public during the last year. We will provide organisers with the link to the document.

BACKGROUND

1. Multiannual Financial Framework 2021-2027 and CAP support

The 2018 Commission proposal for the MFF 2021-2027 was in total at EUR 1 279 billion (current prices). For the CAP, EUR 365 billion was proposed, of which EUR 286.2 billion for the EAGF (direct payments and market related expenditure) and around EUR 78.8 billion for rural development. This corresponded for the CAP to a 5% cut compared to the baseline (i.e. maintaining the EU-27 allocation for 2020 at current levels over 2021-2027).

The May 2020 revised Commission MFF proposal has an overall ceiling of EUR 2 049 billion (current prices). For the CAP, EUR 391.4 billion is proposed, of which EUR 290.7 billion for the EAGF (direct payments and market related expenditure) and around EUR 100.7 billion for rural development. This is for the CAP a 2% increase compared to the baseline (i.e. maintaining the EU-27 allocation for 2020 at current levels over 2021-2027).

Summary of proposed CAP allocation 2021-2027

(in EUR million)	Current prices	2018 prices
EAGF	290702	258251
EAFRD	84255	75013
EAFRD - Next Generation EU	16483	15000
EAGF	290702	258251
EAFRD	100738	90013
TOTAL	391440	348264

2021 EAGF budget and crisis management measures?

- **Based on the amended MFF proposal, financing in 2021 extra CMO crisis measures will still increase the cut in direct payments.**
- The CMO measures taken so far (private storage) are foreseen to be financed under the 2020 budget, with possible residual payments still to be made in 2021 (e.g. depending on actual storage periods chosen by operators).
- For budget year 2021 and based on the amended MFF proposal, a cut in direct payments (financial discipline) is necessary in 2021 for two reasons:
 - Firstly, during the CAP transitional period, the current crisis reserve is maintained. To finance the 2021 crisis reserve (EUR 487.6 million), a cut of the direct payments is necessary.
 - Secondly, total 2021 EAGF estimates for direct payments and market measures already exceed the EAGF ceiling, even without any extra CMO crisis measures. This is because the Member States' direct payment ceilings in the current basic act on direct payments (Regulation 1307/2013) are not adjusted to the EAGF ceiling proposed for 2021. Already at the time of the 2018 proposals, this adjustment was planned to be made by applying the financial discipline mechanism. Hence, direct payments have to be cut to respect that EAGF ceiling.
 - As a result, the total cut is currently EUR 647.2 million or 2.1% of the direct payments².
- Moreover, the 2021 budget estimates do NOT include amounts for agricultural crises measures nor does the amended MFF proposal provide a frontloading to create in 2021 room for crisis measures without extra cuts in direct payments. In case such measures would have to be taken, these could be financed by:

² Based on the 2018 MFF proposal, the financial discipline cut would have been at 4.2%. The final financial discipline cut to be applied in 2021 depends on the MFF agreement, in particular the 2021 EAGF ceiling.

- including the necessary amounts in the 2021 budget request (e.g. in the autumn Amending Letter). However, this will bring total EAGF budget needs going further beyond the EAGF ceiling, and thus lead to a higher cut of the direct payments;
- calling on the 2021 crisis reserve: this could be considered only during the 2021 budget year. However, using the crisis reserve means that farmers will not get reimbursed in 2022 for the financial discipline cut they will have in 2021.
- For the CAP reform, the Commission proposed a new agricultural reserve that will be financed within the EAGF ceiling and with a mechanism to roll-over unused EAGF money from one year to the next. Contrary to today's crisis reserve, a financial discipline cut to finance the agricultural reserve will only have to be used as last resort option. In other words, the current rule (yearly financial discipline cut) will in future become the exception. Rules on the agricultural reserve are part of the CAP horizontal regulation.

Current specific objectives of the national strategic plans (Article 6 of CAP Plan proposal):

- a) support viable farm income and resilience across the Union to enhance food security;
- b) enhance market orientation and increase competitiveness, including greater focus on research, technology and digitalisation;
- c) improve the farmers' position in the value chain;
- d) contribute to climate change mitigation and adaptation, as well as sustainable energy;
- e) foster sustainable development and efficient management of natural resources such as water, soil and air;
- f) contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes;
- g) attract young farmers and facilitate business development in rural areas;
- h) promote employment, growth, social inclusion and local development in rural areas, including bio-economy and sustainable forestry;
- i) improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, food waste, as well as animal welfare.

2. Staff Working Document

As requested by the European Parliament, the Commission has analysed the contribution of the CAP reform proposal to the EU's environmental, climate, and biodiversity protection commitments in order to fully align it to the goals set in the European Green Deal.

This analysis concludes that the **CAP reform proposal is compatible with the Green Deal** and its associated strategies such as the Farm to Fork Strategy and the Biodiversity Strategy. **It has the potential to accommodate the Green Deal's ambitions.**

However, the capacity of the future CAP to accommodate the Green Deal's ambitions depends on the final compromise reached. It requires a suitable share of the EU budget devoted to each pillar of the CAP and maintenance of key provisions of the Commission's proposal in the final legislation. **The final legal text should include:**

- a) an adequate **“no backsliding” principle** obliging MS in their CAP Strategic Plans to show an increased ambition than at present with regard to environmental- and climate-related objectives;
- b) an **ambitious system of conditionality** maintaining key standards;
- c) **mandatory eco-schemes**;
- d) **ring-fenced spending for the environment and climate** of 30% of the rural development budget for each CAP Strategic Plan, excluding payments for areas with natural constraints, as well as the ring-fencing of the sectorial interventions;

- e) **data collection requirements** and common data approaches between policies; and
- f) provisions to **improve the position of farmers in the food supply chain**.

The analysis also concludes that, without the need to change the current proposals, certain improvements could be achieved in the on-going work of the legislators. These include:

- a) **minimum ring-fenced spending for eco-schemes** and additional indications concerning agricultural practices that could be supported by eco-schemes;
- b) integration of relevant elements of legislation on **animal welfare and antimicrobial resistance** in the CAP, as it is the case of Annex XI.

Finally, the analysis considers the Commission should take additional practical action to ensure implementation of the future CAP helps to achieve the ambition of the Green Deal. This could include:

- a) creating a **structured dialogue with Member States** for preparation of CAP strategic plans, including by **providing recommendations to each Member State** in respect of the nine CAP specific objectives, before the draft CAP strategic plans are formally submitted;
- b) publicly sharing additional **documents on how CAP Strategic Plans will be assessed** as well as sharing observations regarding the **assessment of the targets proposed** under the different CAP Strategic Plans;
- c) **assessing coupled income support** and interventions under sectorial programmes proposed in CAP Strategic Plans in light of its consistency with the need for overall sustainability;
- d) proposing legislation to **enlarge the scope of the Farm Accountancy Data Network (FADN)** in order to include sustainability indicators and strengthen its links with advisory services.

ANNEX

Annex 1 :A package of defensives in relation to the farm to fork strategy