

INDICATIVE GUIDELINES FOR THE DEVELOPMENT OF CAP STRATEGIC PLANS

Introduction

Copa and Cogeca have been working on the future CAP for quite some time now, during which several position papers have been developed and agreed upon, especially since the end of 2017. These provided a solid base for the lobbying work carried out by Copa-Cogeca, especially towards the European Parliament, during the second half of 2018 and the first quarter of 2019.

The CAP is still halfway through the legislative process, even if no significant move has been made by the European Parliament since April 2019 when the three COM AGRI reports were adopted.

The European elections in May this year have led to a new European Parliament with a different composition and balance of power. For the first time ever, the European Parliament requires three political groups to establish a majority for decision-making. The political work is definitely becoming more interesting.

As for COM AGRI, a decision will soon be taken regarding how to proceed with the reports adopted in April. Copa and Cogeca recognise that a renewed COM AGRI has every right to want to have their say in shaping the future CAP. However, this should not disregard the work already carried out by the previous COM AGRI, nor unnecessarily lead to delays in the decision-making process.

Discussions in the Council have continued with significant efforts from the Romanian Presidency to achieve tangible outcomes of the Commission's proposals for a future CAP. A progress report was presented to the Agricultural Ministers in the June Council meeting in Luxembourg which acknowledged the fact that there are still some areas in which significant political work is necessary to reach agreements. In particular, there are some sensitive issues related to the new delivery model, the new green architecture as well as some of the Member State reporting obligations.

In parallel to this, there has been limited political progress on the future MFF. Copa and Cogeca continue to call for and advocate a decision on the MFF before a decision on the CAP. In this respect, we can only support the Finish Presidency efforts to push for a decision to be made later in the autumn this year.

Taking all of this into consideration and trying to look a bit further down the line, the Copa-Cogeca Secretariat, with the support of its member organisations, has put together the following working document that encompasses all the important elements that should feature in Member States' future CAP Strategic Plans.

The CAP guidelines presented in this document outline farmers' views on the CAP Strategic Plans. As the partnership principle is put forward in the Commission proposal, we believe that it is vital for farmers to also have a say on what priorities, targets and measures should be set. As farmers are the ones experiencing the day-to-day realities of agriculture, it is only right for them to also be able to express their views in this process.

These reflections are quite timely given the fact that many Member States (MS) have already started internal debates on drawing up a SWOT analysis – the starting point for the CAP Strategic Plans. Such reflections could contribute to and be used by our members, when the time

comes, in their discussions with their national authorities to develop straightforward, realistic and feasible CAP Strategic Plans with a common approach across EU Member States.

SWOT analysis

For each specific objective – strengths, opportunities, weaknesses and threats

(a) support viable farm income and resilience across the Union to enhance food security;

- Strengths:

Food security is one of the key Union priorities and the CAP plays an important role in delivering this. The **public perception** of this responsibility is also fairly widely-held, with 62%¹ of EU citizens indicating that the provision of safe, healthy food should be a key priority for the CAP (Eurobarometer, 2017). The EU also has a very **strong position on the global market** and has matched up imports with exports². Food security is supported by a common EU and CAP budget and **solidarity** amongst Member States. Over recent years, the agricultural sector has also managed to steadily increase its productivity and efficiency. One of the ways in which this could be achieved is through agri-cooperatives, which are the democratic tool that empowers farmers to go from the land to the market. **Farmers' cooperation** is therefore critical to ensure viable farm income, to increase the ability of farms to be resilient and to absorb the impact of volatility, and market and food supply chain failures.

- Weaknesses:

One weakness lies in the fact that **agricultural income** is only 46.5%³ compared to the rest of the economy and does not show any signs of increasing significantly in the near future. Agricultural income also depends on the **seasonality of agricultural produce**, weather events, market developments and any on-going crisis. When compared with consumer prices, the agricultural price index shows **much wider fluctuations**⁴ over time. The weakness in the farming sector is also the fact that it is not clear how farmers are benefiting at **farm-gate level**. Even though the EU is evening out exports and imports, it is **not self-sufficient** in all sectors – particularly as it is importing greater volumes of vegetables⁵ than it is exporting. Production costs in agriculture are constantly on the rise. Although the EU is quite secure when it comes to food distribution, in some parts of the EU people still suffer from **food insecurity**.⁶ Indeed, some 437 million people in the EU cannot afford a quality meal every second day.

- Opportunities:

There are several opportunities that could be harnessed in order to improve agricultural income. With the opening of **new markets** through new trade deals and the **removal of non-tariff barriers** (e.g. SPS), more products can be exported to those markets which in turn enhances farmers' profitability and facilitates access to credit. **Risk management tools** are an important measure to improve farm resilience. These

¹ https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cap-glance/eurobarometer_en

² https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Extra-EU_trade_in_agricultural_goods&stable=0&redirect=no

³ <https://ec.europa.eu/agriculture/sites/agriculture/files/statistics/facts-figures/agricultural-farm-income.pdf>

⁴ <https://ec.europa.eu/eurostat/cache/infographs/foodprice/index.html>

⁵ <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20180510-1?inheritRedirect=true>

⁶ <http://www.fao.org/3/i9553en/i9553en.pdf>

https://ec.europa.eu/europeaid/sectors/food-and-agriculture/food-and-nutrition-security_en

⁷ https://ec.europa.eu/food/safety/food_waste_en;

http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdeso3&lang=UK

instruments include national schemes that help private income stabilisation tools to tackle income volatility, which is made possible through national agri-taxation measures. **Promotion** of agricultural products is also a crucial policy to improve market access and should be enhanced. **Investment** schemes for rural business development should also be further promoted under the CAP as well as support for farmers' cooperation and access to **financial instruments** through InvestEU. Innovation and enhanced use of technology should also be promoted through both investments and well-functioning **farm advisory services** and AKIS. It could also be useful to introduce a single market for access to financial instruments. Farmers also have the opportunity to diversify their activities and create added value. Agri-cooperatives can play a critical role in further promoting these actions. The image of the agricultural sectors could be improved through positive media campaigns and interaction with consumers.

- Threats:

The agricultural sector could be threatened through **unbalanced new trade deals** and the opening of risky markets. **Market disruptions** resulting for example from political decisions (such as the Russian embargo or Brexit) can also endanger the sector. Climate change and related extreme weather events are also a major threat. Dismantling the EU common market through ongoing **political developments** in some Member States could also greatly impact the agricultural sector.

(b) enhance market orientation and increase competitiveness, including greater focus on research, technology and digitalisation;

- Strengths:

As already mentioned, the EU is an **important player on the international market**, with both exports of agri-food products and imports going up and the positive balance increasing. EU trade in agricultural products has doubled⁸ in the last ten years, with the USA being the biggest receiver of our exports. The EU also has an extensive research programme, **Horizon 2020**, which is expected to invest even more in the agricultural sector in future. The current program for R&I, Horizon 2020, has allocated €3.8 billion to the cluster *Food security, sustainable agriculture and forestry, marine, maritime and inland water research and the Bioeconomy*. One of the greatest achievements for farmers in this programme is the implementation of the *multi-actor approach* in the establishment of innovation activities and projects. Farmers now have the possibility to be placed at the heart of the project's objectives. **Horizon Europe** is the future programme that will only start in 2021. It will have a cluster named *Food, natural resources, bioeconomy and agriculture* with a proposed budget of €10 billion. This allocation must translate into more effective and practical solutions for farmers to help them face new challenges like climate change.

- Weaknesses:

When it comes to technology, the most obvious weakness is the fact that **broadband** covers only about 50%⁹ of the rural areas. Farmers are not able to keep up with the fast evolution of technology and the changes that this entails. In many cases, they lack the required **capital and digital skills** to operate and implement new technologies. Due to the inherent characteristics of the primary sector, farmers tend to be **price-takers** rather than price-makers, with the bulk of the value added being created further up the value chain. As mentioned before, farmers also have to face increased market volatility and fluctuation in prices. The **transfer of knowledge** between research and practice in the field is also sometimes lagging behind.

⁸ [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Extra-EU trade in agricultural goods&stable=0&redirect=no](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Extra-EU_trade_in_agricultural_goods&stable=0&redirect=no)

⁹ <https://ec.europa.eu/digital-single-market/en/news/study-broadband-coverage-europe-2017>

- Opportunities:

Access to cutting-edge technologies is crucial to compete in world markets. One of the main opportunities would be to enhance **broadband coverage**, particularly through pooling other funds and enhancing **connectivity, interoperability, reliability, data collection and data processing**. Cooperation between the farming community and researchers could be improved through the **AKIS** and the **EIP** network in order to ensure that research outcomes are put into practice. Access to technology could also be improved through better access to investments in Pillar II and access to financial instruments through the RID policy window of InvestEU. The added value of agricultural products could also be enhanced through access to better genetic material and through rewarding farmers for cultivating their products and relying on the supply chains in Europe (“made and farmed in the EU” brand). Agri-cooperatives’ governance principles can guide the development of good digital transformation practices within the agri-food sector. **Blockchain**¹⁰ can help to improve traceability, provide information to consumers but also improve farmers’ and cooperatives’ knowledge of consumer interest. Artificial intelligence can support more precise decision-making. Use of digital technologies can also help with CAP simplification.

- Threats:

Farmers are mostly threatened by their position at the lowest level of the supply chain. This puts them in a disadvantaged position in terms of competition especially if **unfair trading practices (UTPs)** are used. Digital transformation is an element that will need to be increasingly taken into consideration in platform to businesses relations. With the implementation of new technologies also comes the question of their **reliability, cybersecurity, connectivity, standards, data collection, data processing and data sharing**. In this context, farmers and their cooperatives need to be protected in their B2B relations with the value chain.

(c) improve the farmers' position in the value chain;

- Strengths:

For farmers, the crucial aspect that guarantees them a stronger position in the food supply chain is their ability to form **cooperatives, producer organisations and associations of producer organisations**. Through these organisations they are able to concentrate supply, place it on the market and obtain **better negotiating terms** when dealing with the actors further up the value chain. They can plan production and add value to their produce, optimise production costs and returns on investments while stabilising producer prices. Farmers also have the possibility to promote their produce through the GI scheme. **Geographical indications (GIs)** help to preserve and boost rural communities through their tradition, history and taste. They are also an important tool when exporting high-quality products to third countries. Indeed, the current schemes showcase and foster the diverse, rich and unique nature of agricultural production in the EU.

- Weaknesses:

Farmers are at their most vulnerable when it comes to their **unfavourable position in the food supply chain**. As the largest number of businesses is involved in agriculture as opposed to the other actors in the food chain, the share of value added attributed to them remains low. According to the Commission’s factsheet released in March 2017¹¹, the **distribution of the value added** in the food chain is approximately 25% for the farmer, 25% for food processing and 50% for food retail and food services. The processing and retail stages have expanded their total value added in the food chain

¹⁰ <http://www.fao.org/3/CA2906EN/ca2906en.pdf>

¹¹ https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/factsheet-food-supply-chain_march2017_en.pdf

through following increased consumer demand for convenience products. At the same time, the value added in agriculture has decreased (from 2014 onwards and by 4% lower in 2016). This is due to **increasing input costs** caused by competition for scarce resources as well as the limited possibilities for farmers to add value to their basic product or to get remunerated for it. **Concentration in the food processing industry and retail** sectors is much higher than in the agricultural sector especially when it comes to small businesses and enterprises. As a land-based activity, agriculture faces physical, logistical, economic and regulatory limits to concentration. Concentration is the tool that helps achieve economies of scale but it also reduces the number of players downstream in the food chain. This gives them higher bargaining power when negotiating with their counterparts upstream. Agri-cooperatives offer a helping hand to farmers on the market. For this reason, they are in the front line in dealing with UTPs inflicted by downstream operators in the agri-food supply chain.

- Opportunities:

The position of farmers in the value chain can be improved through many different initiatives, most notably through a **unified approach to unfair trading practices**. This is indeed the aim of the UTP Directive, which was published this spring. There are also different initiatives, such as the Supply Chain Initiative or similar initiatives at national level, which aim to put all actors in the supply chain on an equal footing. There have been different measures launched in several MS to combat UTPs¹². There are 20 MS who have either introduced or amended legislation which specifically aims to target UTP's with a varying degree of coverage and stringency. Three MS only have a voluntary framework and five MS have neither UTP legislation nor a voluntary framework. There are also other initiatives that aim to increase market transparency, such as the **food euro**, led by France AgriMer¹³, which attempts to divide consumer food expenditure between the different sectors of the economy that contribute to food production (agriculture, food industries and agri-food trade, but also transport, services, other industries and businesses). The **Food Price Monitoring Tool**¹⁴, launched by Eurostat, also aims to inform the public of the developments along the food supply chain. An opportunity would also be to revalorise food and reward farmers with prices that exceed production costs. **Direct marketing** is also an opportunity that is gaining traction across the EU and that could be explored – one example of direct marketing being the Campagna Amica¹⁵ initiative in Italy. **Supporting agri-cooperatives** and producer organisations can ultimately benefit their members as they empower farmers in their businesses relations with other operators and improve their position in the food supply chain.

- Threats

As already mentioned, one of the main threats is the **increasing power of the retailers and concentration in the value chain**. UTPs are still taking place despite legislation being in place. Some recent examples include retailer *Holland and Barrett* requiring suppliers to reduce costs by 5% and contribute to the company's costs, Britain's *Tesco* being accused of delaying payments to suppliers to pressurize them to accept harsher contract terms, retailer *Aldi* being accused of delaying payments to suppliers beyond the 30 days specified in the applicable law and *Wm Morrison* supermarkets requesting lump-sum retroactive payments from suppliers in violation of the UK's Groceries Code¹⁶. **Buying alliances** between different retailers also pose a threat to micro-farms and large-scale agri-businesses alike. Modern retail has also

¹² http://publications.jrc.ec.europa.eu/repository/bitstream/JRC108394/jrc_report_utps_final.pdf

¹³ https://observatoire-prixmarges.franceagrimer.fr/Lists/Liste%20Rapports%20au%20Parlement%20et%20Lettres/Attachments/26/OFPM_2018_Rapport_final.pdf

¹⁴ <https://ec.europa.eu/eurostat/cache/infographs/foodprice/>

¹⁵ <https://www.campagnamica.it/>

¹⁶ http://publications.jrc.ec.europa.eu/repository/bitstream/JRC108394/jrc_report_utps_final.pdf

expanded and increased its share in most MS, even though the situation remains relatively heterogeneous across the various MS, as highlighted in a Commission study from 2014. As regards the market share, the top 10 European retailers are continuously increasing their share. In 2000, they accounted for 26% of market share, compared to 30.7% in 2011, which represents an increase of +4.7 percentage points. Interestingly enough, these 10 top retailers have remained the same even when some other retailers have either lost or gained market shares. (EY, Cambridge Econometrics, Arcadia International 2014).

(d) contribute to climate change mitigation and adaptation, as well as sustainable energy;

▪ Strengths

One of the strengths is the fact that **agriculture and forestry are among the sectors that can mitigate climate change**. Agriculture has already started taking action in terms of climate change adaptation – GHG emissions from agriculture have decreased by 24%¹⁷ in the last thirty years. The forestry sector is also important as it absorbs the equivalent of almost 10%¹⁸ of EU GHG emissions each year. **Forest ecosystems** play a key role in the global carbon cycle and are considered vast and long-lasting **carbon sinks**¹⁹. CO₂ fixed by photosynthesis is one of the most important components of the carbon cycle, and forests play a pivotal role in this process. As forestry accounts for 32.6%²⁰ of EU land use, the role of this sector and its contribution to climate change adaptation and mitigation is undeniable. Agri-cooperatives have worked towards sustainable farming for years and with the right support may go further and faster, not least to help fight climate change, which affects everyone on the planet, first and foremost farmers. Many agri-food cooperatives are showing genuine leadership in energy and GHG emission management. They are already lowering farm emissions while also contributing to cost savings. This is increasing farm profitability and supporting their owners through long-term strategies that foster the application of circular thinking along the entire agricultural, food and forestry value chains.

▪ Weaknesses

As farming is closely linked to land and the seasonality of products, **agriculture is very sensitive to climate change** and extreme weather events. Data provided by the United Nations' Food and Agriculture Organisation (FAO)²¹, underlines that global price volatility has been on the increase since 2005 and is likely to remain a significant concern for farmers in the coming decades. In fact, the increased frequency of extreme weather events affects the availability of raw material and water, and produces supply chain volatility effects. As climate change is already happening, adaptation will heavily depend on the **sector's resilience**. Even though research continues to be developed and awareness heightened across society, we are still lacking viable solutions that address farmers' needs and that can be implemented on farm on a large scale (either due to insufficient technology or difficulties with integration into on-field practices). Farmers' ability to respond to climate change will always depend on their economic situation. As highlighted above, in many cases this is already far from ideal, and when hit by the impact of climate change which further reduces their income, the farmer's capacity to adapt to and mitigate climate change is understandably low. We also lack a

¹⁷ https://ec.europa.eu/agriculture/sites/agriculture/files/climate-change/pdf/cop21-what-eu-agricultural-policy-does-for-climate_en.pdf

¹⁸ https://ec.europa.eu/clima/policies/forests_en

¹⁹ <https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/european-map-living-forest-biomass-and-carbon-stock-executive-report>

²⁰ https://ec.europa.eu/eurostat/statistics-explained/index.php/Land_use_statistics

²¹ <http://www.fao.org/docrep/meeting/025/md883E.pdf>

unified methodology for accounting carbon sequestration and mitigation potential. Farmers and agri-food cooperatives need to cope with uncertainty concerning production, energy, transport and insurance inputs.

- Opportunities

The opportunities in climate change mitigation and adaptation include **innovative approaches** such as precision agriculture and further promoting established practices such as the circular economy approach. Within this, **reusing food waste** and agricultural by-products could be further promoted. Food waste should also be tackled at all levels of the food supply chain in order to decrease the losses. In the EU alone, around 88²² million tonnes of food waste are generated annually with associated costs estimated at 143 billion euros. The concept of the **bioeconomy** fits nicely into this. When strengthening the implementation of the bioeconomy approach and **reducing dependency on fossil fuels**, the promotion of wood as a renewable, domestic natural resource is essential. To reduce dependency on non-renewable energies, it is crucial to raise the profile of the European forest sector and **bio-based industries** as they offer a domestic, carbon-neutral and renewable alternative to fossil-based materials. Investment in research and innovation is essential to further develop the bio-based economy, to create new processes and products or to improve existing ones. Research and development could be more connected to on-field practices to support the dissemination of innovative solutions. Farmers' cooperation could be further assisted in order to mainstream the uptake of the bioeconomy among primary producers, to make the sector more efficient and to seize every available opportunity to reduce emissions and implement adaptation actions. The sector can also make greater use of carbon-optimised forests, which aim towards sustainable management of forests with a steady removal of wood as a resource.

- Threats

Amongst the threats, we can include the **rapid development of climate change**²³ which is tied in with extreme weather events. A **changing landscape** of the diseases that are common in agriculture and the risk of emerging diseases are also linked to this. The changing landscape will also reshuffle the allocation of favourable conditions to different crops – this implies that farmers will also have to adapt in terms of their core production, a tough undertaking due to the inherent characteristics of the farming sector. Stringent obligations on climate change adaptation and mitigation and the rising price of food might also result in **carbon leakage**, where food would be imported from countries with less rigorous environmental rules. Farms and cooperatives may also lose credit ratings due to exposure to climate change. **Financial risks stemming from climate change** can be broadly connected to a number of sources: physical risk, liability risk (the potentially higher risk that companies may face litigations from citizens, organisations and lawyers), transition risk (the feedback loop between policy and technology and investor preference)²⁴.

(e) foster sustainable development and efficient management of natural resources such as water, soil and air;

- Strengths:

One of the agricultural sector's strengths is the close relationship that farmers have with nature and their dependence on it. Indeed, as they work very closely (and are in many cases the only ones to do so in rural areas) with land and their livelihood depends on it, they should by definition care much more than others about what happens to natural resources. This connection with nature is the inherent strength of the sector. Agriculture also has specific characteristics which mean that the potential for the **provision of**

²² https://ec.europa.eu/food/safety/food_waste_en

²³ https://report.ipcc.ch/sr15/pdf/sr15_spm_final.pdf

²⁴ <https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-TCFD-Report-062817.pdf>

public goods²⁵ in the field of the environment is particularly prevalent in this sector. European agricultural and forestry cooperative enterprises, together with their farmer-members, are contributing every day within their communities to achieve all of the 17 United Nations' Sustainable Development Goals in a sustainable, inclusive manner that focusses on people. The EU also has a **strong regulatory framework** on protecting natural resources and tackling pollution, such as the Water Framework Directive, the Nitrates Directive and many more. Enforcing such directives has helped to decrease air pollution²⁶ levels over time and improved water quality especially through more efficient waste water treatment²⁷.

- Weaknesses

As agriculture indeed works closely with natural resources, there are some undeniable impacts and trade-offs between the provision of natural resources and agriculture. In some cases, agriculture can have an impact on soil erosion levels, on pollution levels in adjacent water courses and also on air pollution resulting from certain types of farming. The use of heavy machinery can also increase soil compaction.

- Opportunities

There are many opportunities that can be explored in terms of sustainable land management. These include: **integrated pest management, practices to improve the quality status of water bodies, measures to prevent erosion, residue management, the circular economy approach, the bioeconomy and an improved reuse of water**. There is also an opportunity to promote organic farming, extensive livestock farming and precision farming. The research outcomes of innovative techniques regarding the protection of natural resources should also be promoted.

- Threats

The threats include: **decreasing quality of water**²⁸, water scarcity in some parts of the EU, high **risk of soil erosion**²⁹ and air pollution, soil depletion and therefore lower availability of these resources for agriculture and declining yields and profits. Soil erosion, for example, affects over 12 million hectares of land – about 7.2% of the total agricultural land – and leads to a loss in crop productivity representing €1.25 billion. Air pollutants such as ground-level ozone damage crops and reduce the harvest. Eutrophication and acidification affect the quality of soil and water. Despite the efforts to reduce this air pollution which comes from multiple different sources (such as particulate matter in urban areas), pollution thresholds are still exceeded in some parts of the EU.

(f) contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes;

- Strengths

As highlighted above, one of the inherent strengths of agriculture is the fact that farmers work closely with landscape and habitats and have a **strong relationship with the land**. In this regard, they also actively work with biodiversity and the preservation of some traditional species in agriculture. As the European Commission states, over the centuries farming has helped to create and maintain a unique countryside. Agricultural land management has been a positive force for the development of a rich variety of

²⁵ https://ec.europa.eu/agriculture/sites/agriculture/files/external-studies/2009/public-goods/summary_en_fr.pdf

²⁶ http://ec.europa.eu/environment/air/pdf/clean_air_outlook_overview_report.pdf

²⁷ <https://www.eea.europa.eu/themes/water/european-waters/water-use-and-environmental-pressures/water-use-and-environmental-pressures>

²⁸ <https://www.eea.europa.eu/publications/state-of-water/>

²⁹ <https://ec.europa.eu/jrc/en/news/soil-erosion-costs-european-farmers-125-billion-year>

landscapes and habitats, including a mosaic of woodlands, wetlands, and extensive tracts of open countryside³⁰. Indeed, these ecosystems then need active agricultural land management. For example, beekeepers help to preserve the number of bees, extensive livestock farmers help to protect rich grasslands in unfavourable areas and rice farmers contribute to the management of wetlands. What needs to be highlighted is also the fact that the EU has a **very ambitious and strict regulatory framework** on nature and biodiversity protection in comparison to the rest of the world. European farmers are indeed taking into consideration the side effects of farming and should in this regard inspire the rest of the world to follow in their footsteps. The EU can also boast an **extensive amount of area under nature protection**. Indeed, around 18%³¹ of total land surface in EU falls under the NATURA 2000 network. Agriculture is also vital in these areas as many of the habitats and species that are protected under the Habitats and Birds Directives are dependent on, or associated with, agricultural practices³².

- Weaknesses

One of the weaknesses in the agricultural sector lies in the different structures and different approaches to biodiversity protection across Member States. Member States have also **different biodiversity ambitions** and a varying extent of collaboration between farmers and other stakeholders and amongst farmers themselves. As highlighted above, farmers also receive a relatively **low income** from their activities which prevents them from investing more in biodiversity protection. Farmers are also **not remunerated for the provision of public goods** by the market and thus depend on the CAP and other funds. In many cases, the impact of the measures is difficult to gauge and the indicators in place are not overarching. The **declining CAP budget** and therefore fewer possibilities to invest in biodiversity protection using this fund should also be highlighted. One of the weaknesses of the current CAP is the fact that there is now no possibility to offer incentives under Pillar II measures, which are in many cases more ambitious and targeted. The range of genetic resources being used in agriculture is also depleting.

- Opportunities

There are countless biodiversity protection opportunities. Many of the practices are already in place and function well. Now it is a question of **promoting examples of best practice** and ensuring a widespread use of the measures. Some approaches, such as high nature value farming, agroforestry and silvopastoral systems can be further promoted. The use of underutilised species, traditional and local breeds and crops could also be incentivised, mainly by informing the consumers of their benefits and increasing their demand. New methods on how to produce in sustainable way could also be promoted, such as new breeding techniques and the promotion of new varieties. New breeding techniques will not only allow farmers to address biodiversity issues, but also to be more competitive, to adapt to climate change and to produce better varieties that require fewer plant protection products. Promoting farmers' contribution to biodiversity to the wider public is also one of the opportunities.

- Threats

A **decline in biodiversity** and the loss of some common species represent two of the threats. The number of **common farmland birds** continues to decline³³, albeit a bit more slowly than in the past. The available data (even though there are many gaps in

³⁰ https://ec.europa.eu/agriculture/envir_en

³¹ https://ec.europa.eu/eurostat/statistics-explained/index.php/Biodiversity_statistics

³²

<http://ec.europa.eu/environment/nature/natura2000/management/docs/FARMING%20FOR%20NATURA%202000-final%20guidance.pdf>

³³ https://ec.europa.eu/agriculture/sites/agriculture/files/cap-indicators/context/2016/c35_en.pdf

reporting) shows that the number of **wild pollinators** is also declining³⁴ and the same goes for some species of butterflies³⁵. As agriculture very much depends on the pollination service, this is a worrying factor. **Urban sprawl**, which contributes to the loss of fertile farmland, the loss of open landscapes, and the degradation of various ecosystem services is also on the rise³⁶. Agriculture and its relation to biodiversity is also targeted by an intensive, negative campaign which means that in many cases it is hard to promote the nature protection benefits of agriculture.

(g) attract young farmers and facilitate business development in rural areas;

▪ Strengths

The undeniable strength of the young people involved in agriculture lies in their high level of education, **ability to innovate** and openness to knowledge exchange and learning. This lays the foundation for a strong entrepreneurial mindset. There are existing measures under both Pillars of the CAP to support young farmers and the strong need to support them in the future is also recognised. As farming is predominantly a family business (with almost 97%³⁷ of farms being classified as family farms), this makes a strong case for the younger generation's **succession to family farms**.

▪ Weaknesses

Young farmers struggle to access inputs at competitive prices. Their businesses are more threatened by price volatility (both for inputs and produce). They also face problems with **accessing financing** through banks or other credit programmes and are in need of training in entrepreneurial and risk management skills. The **age structure** of the sector plays against the involvement of young people: only 11%³⁸ of all farmers are younger than 40, 32% of farmers are between the age of 40-54, those between 55-64 account for 25%, and farmers older than 65 years old represent 32% of all farmers. As highlighted above, the income in the sector is also relatively low which does not create an incentive for young people to join this profession. Moreover, rural areas might have a **perceived lower quality of life**. The major support tool in the CAP is the rural business start-up in Pillar II, yet this support is **oversubscribed** in many MS. The current support is also very vague and does not contribute to solving the main problem as much as it should. Accessing public support also involves lengthy administrative procedures, thus discouraging many of the applicants. Agriculture is also a sector that requires a lot of capital which is problematic for young farmers who have not yet had the time to build up this capital.

▪ Opportunities

In order to deal with the problem of land access, new incentives for older farmers to hand over their farms should be created. **Access to land** is also very much defined in the national legislation of each MS and therefore should be addressed at this level in the form of incentives and also when related to taxation policy. New support could enhance the actions of new innovative initiatives that are supporting new entrants in the agricultural sector. CAP support should **focus more on additional barriers**, such as access to capital, lack of business skills and insufficient succession plans. The synergies

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http://ec.europa.eu/environment/nature/conservation/species/pollinators/documents/EU_pollinators_initiative_evidence_base.pdf

³⁵ <https://assets.vlinderstichting.nl/docs/93d67587-0a55-40f6-8cb0-050034e811b2.pdf>

³⁶ <https://www.eea.europa.eu/publications/urban-sprawl-in-europe>

³⁷ https://ec.europa.eu/eurostat/statistics-explained/index.php/Agriculture_statistics_-_family_farming_in_the_EU

³⁸ <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20180719-1?inheritRedirect=true>

between funds should also be explored in order to harmonise the approach to generational renewal within various funds, for example vocational training included within the framework of Erasmus+. Support to young farmers should also be differentiated from support to new entrants. In order to increase the popularity of the sector, a positive message should also be sent out on the benefits of farming, living in rural areas and opportunities for young people.

- Threats

One of the threats is the continual decrease in the number of young farmers and subsequently the increasing average age of farmers. **Access to land** was identified as the most significant barrier to new entrants due to limited high-quality land, land prices, impacts of the CAP direct payments and legislative reforms. The **land taxation policy** in some MS also prevents straightforward family farm succession. When it comes to access to credit, young farmers' applications are often undermined by the perceived high risks faced by new businesses in agriculture, which leads to the banks refusing their applications (18.7% of young farmers are affected according to the recent fi-compass survey). Population decline in rural areas would also increase the solitude of farmers and would cement the perceived low quality of life. For cooperatives, the challenges are twofold because on the one hand, their existence depends on the activity of their members, while on the other hand, the construction and success of these cooperation projects are based on the active participation of the farmer-members in the governance of the company.

(h) promote employment, growth, social inclusion and local development in rural areas, including bioeconomy and sustainable forestry;

- Strengths

Agriculture offers many possibilities for employment and **business diversification** in rural areas. Agritourism, the bio-based industry, the production of renewable energies, and direct marketing could all fall into this diversification. Diversification is indeed a strong trend in the EU, since according to 2010 data, one in three farmers was diversifying their activities and almost 80%³⁹ of farmers spent more time on this other activity than on agriculture. In addition, the whole agri-food sector currently employs around 44 million people. The CAP is supporting this diversification and rural business development mainly through Pillar II measures and there are also other funds that farmers can benefit from, such as the cohesion fund. Rural development funds are without a doubt the main source of EU financial support that enables forest holders and their cooperatives to improve their competitiveness through sustainable development. Agri-cooperatives are the best suited to support farmers in creating additional revenue streams, opportunities for growth and new job opportunities. Even during periods of crisis, the employment rate continued to increase empowering men and women in rural areas.

- Weaknesses

One of agriculture's weaknesses is the fact that farming activities are **highly seasonal** and dependent on weather conditions. In light of this, part the workforce in the sector has to be seasonal and consists of majorly low-skilled EU migrant citizens and third country citizens. **Ageing population and depopulation of rural areas** also put pressure on farm managers to find workers. Moreover, there are incidences of exploitation, abuse of rights and trafficking that must be tackled since these activities are illegal, provoke social dumping and constitute unfair competition practices. Agriculture

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[http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/581978/EPRS_BRI\(2016\)581978_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/581978/EPRS_BRI(2016)581978_EN.pdf)

is also a largely **male-dominated sector**, with only 30%⁴⁰ of farm managers in the EU being female. Women also tend to have smaller farms and smaller output and experience more difficulties accessing credit⁴¹, funding, vocational training and advisory services. **Lack of public infrastructure** (such as child care, care for the elderly, schools and healthcare centres) also makes it more difficult for women to enter the labour market⁴². These obstacles place them in an unfavourable position in comparison to their male counterparts.

- Opportunities:

There are many local development opportunities. We should focus on the **synergies between funds** and how can we support local development through different tools. In this regard, existing measures under CAP should also be further enhanced and supported, such as promotion of the bioeconomy; improving **access to basic services in rural areas**; enhancing broadband coverage; promoting diversification of agriculture services; developing a **smart village strategy** and improving access to technology and digitalisation. The opportunities are manifold. When it comes to employment, **more flexible work arrangements** and less bureaucratic recruitment procedures would allow for easier compliance with the rules, facilitate labour inspections and promote good practices. Upgrading skills and increasing **vocational training** is needed to promote employment in agriculture and to improve productivity. The agricultural sector must use the EU funds available for training and education to upgrade the sector. Women represent almost 50% of the EU's rural area population. Their contribution to the development of the sector must be recognised and **gender mainstreaming** in all EU policies would support equal opportunities in EU society.

- Threats:

The threats are very closely linked to the inherent characteristics of the farming sector whose centre of activity is in rural areas. As already highlighted above, rural areas in many cases lag behind cities when it comes to infrastructure, transport links, basic services and broadband coverage. These characteristics, as well as the fact that the trend now leans toward depopulation of rural areas and concentration of employment in cities, make it hard to promote settling in rural areas and to sustain any business. The **disappearance of traditional management** practices and the family farming model in some parts of EU is also without a doubt one of the threats. This also places strain on farmers and their businesses. Indeed agriculture is the sector in which the most people commit suicide⁴³.

(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.

- Strengths:

EU agriculture's most significant strength lies in the fact that farmers already deliver safe and nutritious food and already have to comply with very **high health and animal welfare standards**. The legislative framework is therefore in place and is enforced by controls and sanctions. Consumers are also currently increasingly interested in how their food is being produced. Additionally, agri-cooperatives are adapting the fastest to consumer-led nutritional trends. Through collaboration with customers and strong ties with their farmer-members, cooperatives contribute to solutions to improve health, livelihoods and sustainable food production. The precautionary principle,

⁴⁰ https://ec.europa.eu/info/news/future-cap-where-are-all-women_en

⁴¹ https://ec.europa.eu/growth/smes/promoting-entrepreneurship/we-work-for/women_en

⁴²

[http://www.europarl.europa.eu/RegData/etudes/STUD/2015/536466/IPOL_STU\(2015\)536466_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2015/536466/IPOL_STU(2015)536466_EN.pdf)

⁴³ <https://www.francebleu.fr/infos/societe/le-suicide-des-agriculteurs-en-chiffres-1517491824>

ensured by the general food law legislative framework, helped to develop the world's highest food safety standards which are strictly respected by primary producers. Agriculture is one of the key pillars addressing food waste. Returning organic material from every step of the food chain back into the soil helps to enrich the soil quality and reduce greenhouse gas emissions. Furthermore, technology generating biogas and digestate contributes to the production of clean energy and biofertilisers.

- Weaknesses:

Agriculture's slow reaction time and **low adaptability** to changing consumer needs can be counted as one of the weaknesses. Indeed, due to the structure of the sector it is in many cases hard for farmers to swiftly adapt their production and their practices to emerging needs and demands. Another weakness is the perceived negative image of agriculture with regard to compliance with certain standards. This might also be due to the fact that the very strict obligations on food standards are not fully promoted and publicised. This is also linked to the fact that there is often a small budget for promotion and little time for farmers to undertake this promotion. Although farmers promptly comply with the EU safety requirements, they face **increasing competition from third countries** where food production does not adhere to the same standards in terms of respecting the environment, animal welfare and plant health. Citizens need to be aware of the indirect benefits that EU agriculture provides our environment and production processes.

- Opportunities:

The emergence, creation and **development of new markets and products** represent opportunities. Indeed, as consumer needs are now changing quite significantly, there is now a lot of room for expansion and diversification of products. Farmers should also be incentivised to better promote their products making use of social media and different applications. Technology and innovative approaches (such as new breeding techniques) will play a major role in improving food safety as well as achieving lower-impact production processes. Farmers need to be adequately provided with an efficient and affordable toolbox in order to reduce threats to animal and plant health and cut down food waste generated by pests, diseases and climate change.

- Threats:

Agriculture is threatened by society's unwillingness to reward farmers for their extra efforts to deliver public goods and fulfil consumer needs. Indeed, even though farmers comply with all the standards, consumers are reluctant to reward this in monetary terms and pay farmers a price that goes beyond production prices. EU agriculture and its high food standards are also threatened **by imitation products and fraud**. The spread of fake news and a negative generalised image of the agricultural sector do not make matters any easier either. Today's stressful and high-speed lifestyle does not provide enough time to prepare food at home and allow consumers to enjoy a diverse and fresh diet. Consumption trends towards processed/ultra-processed food and inexpensive "empty calorie" products contribute to the rise in malnutrition, obesity and non-communicable diseases (NCDs)⁴⁴.

⁴⁴ <https://www.bmj.com/content/364/bmj.l296>

Needs Assessment

According to the SWOT analysis, the main priorities under each specific objective should be to:

(a) support viable farm income and resilience across the Union to enhance food security;

- Improve agricultural income compared to the rest of the economy;
- Increase the self-sufficiency of some of the key agricultural production sectors;
- Continue delivering affordable food to EU citizens and prevent food poverty;
- Increase the resilience of the agricultural sector.

(b) enhance market orientation and increase competitiveness, including greater focus on research, technology and digitalisation;

- Improve farmers' access to technology, including access to broadband;
- Strengthen cooperation between researchers and farmers and make the research outputs more accessible to farmers;
- Increase farmers' competitiveness through promotion and branding.

(c) improve the farmers' position in the value chain;

- Promote further establishment of farmer cooperatives;
- Promote short supply chains and direct marketing.

(d) contribute to climate change mitigation and adaptation, as well as sustainable energy;

- Promote innovative approaches to adapt to and mitigate climate change;
- Promote a circular economy approach and the reduction of food waste;
- Promote carbon storage and carbon sinks, above all in forest ecosystems;
- Promote the use of renewable and sustainable energy.

(e) foster sustainable development and efficient management of natural resources such as water, soil and air;

- Promote more sustainable farm management;
- Enhance the efficient use of natural resources and reduce negative impacts stemming from agriculture.

(f) contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes;

- Promote better protection of biodiversity;
- Enhance the delivery of ecosystem services, in particular from forest ecosystems;
- Promote traditional management practices and preserve the European landscape.

(g) attract young farmers and facilitate business development in rural areas;

- Tackle the barriers that young farmers come up against to enter the agricultural sector by enabling access to land, credit as well as education and training;
- Create more opportunities and possibilities for young farmers to sustain their businesses.

(h) promote employment, growth, social inclusion and local development in rural areas, including bioeconomy and sustainable forestry;

- Promote local development in rural areas and streamline the impact of different funds in this area;

- Tackle the barriers that women come up against to enter the agricultural sector and explore their business opportunities;
- Enhance training and knowledge exchange to promote employment in agriculture and create new business opportunities;
- Enhance infrastructure and access to basic services in rural areas;
- Promote the diversification of agricultural activities also taking into account the bioeconomy.

(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

- Increase the promotion of agricultural products and public goods provided by agriculture;
- Promote addressing societal needs and responding to changing markets.

Intervention Strategy

The intervention strategy lays out the targets that the CAP Strategic Plan should achieve. The progress on the targets will be followed through result indicators. Interventions designed under each target shall ensure that this target is met. Interventions can fall under the following types of intervention:

Direct Payment types of intervention

- Basic Income Support for Sustainability (BISS)
- Complementary Redistributive Income Support for Sustainability (CRISS)
- Complementary Income Support for Young Farmers (CISYF)
- Schemes for the Climate and the Environment (Eco-Schemes)
- Coupled Support

Sectoral types of intervention

- Fruit & Vegetables
- Beekeeping
- Wine
- Hops
- Olive Oil and Table Olives
- Other Sectors – the rice, flex and hemp sector

Rural Development types of intervention

- Environment, climate and other management commitments
- Natural or other area-specific constraints
- Disadvantages resulting from mandatory requirements
- Investments
- Installation of young farmers and rural business start-up
- Risk management tools
- Cooperation
- Knowledge exchange and information

Specific objectives with their targets and interventions

Cross-cutting objective:

Fostering knowledge, innovation and digitalisation in agriculture and rural areas and encouraging their uptake

Target: Increase access to and the quality of advisory services

Indicator: R1 Enhancing performance through knowledge and innovation

- **Intervention: Training for advisors**
- **Type of intervention:** Rural development – knowledge exchange and information

Target: Strengthen, with the support of rural networks, the link between research, innovation and farmers

Indicator: R2 Linking advice and knowledge systems

- **Intervention: Focus groups for farmers and researchers**
- **Type of intervention:** Rural development – knowledge exchange and information
- **Intervention: Enhancing innovation in agriculture/EIP-Agri**
- **Type of intervention:** Rural development – knowledge exchange and information

Target: Increase the uptake of innovative solutions and technology in agriculture

Indicator: R3 Digitising agriculture

- **Intervention: Short-term farmer exchanges**
- **Type of intervention:** Rural development – knowledge exchange and information

(a) support viable farm income and resilience across the Union to enhance food security;

Related objectives in the fruit and vegetable sector:

- (a) planning of production, adjusting production to demand, particularly in terms of quality and quantity, optimisation of production costs and returns on investments and stabilising producer prices; those objectives relate to the specific objectives set out in points (a), (b), (c) and (i) of Article 6(1);
- (b) concentration of supply and the placing on the market of the products of the fruit and vegetables sector, including through direct marketing; those objectives relate to the specific objectives set out in points (a) and (c) of Article 6(1);
- (c) research and development of sustainable production methods, including pest resilience, innovative practices boosting economic competitiveness and bolstering market developments; those objectives relate to the specific objectives set out in points (a), (c) and (i) of Article 6(1) ;
- (i) crisis prevention and risk management, aimed at avoiding and dealing with crises on the fruit and vegetables markets; those objectives relate to the specific objectives set out in points (a), (b) and (c) of Article 6 (1).

Related objectives in the wine sector:

- (b) improve performance of Union wine enterprises and their adaptation to market demands, as well as increase their competitiveness as regards the production and marketing of grapevine products, including energy savings, global energy efficiency and sustainable processes; those objectives relate to the specific objectives set out in points (a), (e), (g) and (h) of Article 6(1);
- (c) contribute to restoring the balance of supply and demand in the Union wine market in order to prevent market crises; that objective relates to the specific objective set out in point (a) of Article 6(1);
- (d) contribute to safeguarding Union wine producers' incomes where they incur losses as a consequence of natural disasters, adverse climatic events, animals, diseases or pest infestations; that objective relates to the objective set out in point (a) of Article 6(1);
- (e) increase the marketability and competitiveness of Union grapevine products, in particular by developing innovative products, processes and technologies, and by adding value at any stage of the supply chain, including an element of knowledge transfer; that objective relates to the specific objectives set out in points (a), (b), (c) and (i) of Article 6(1);
- (i) contribute to increasing resilience of producers against market fluctuations; that objective relates to the objectives set out in point (a) of Article 6(1).

Related objectives in the hops sector

- (a) planning of production, adjusting production to demand, particularly in terms of quality and quantity; those objectives relate to the specific objectives set out in points (a), (b) and (c) of Article 6(1);
- (b) concentration of supply and the placing on the market of the products of the hops sector, including through direct marketing; those objectives relate to the specific objectives set out in points (a) and (c) of Article 6(1);
- (c) optimising production costs and returns on investments in response to environmental standards and stabilising producer prices; those objectives relate to the specific objectives set out in points (a) and (c) of Article 6(1);
- (d) research and development of sustainable production methods, including pest resilience, innovative practices boosting economic competitiveness and bolstering market developments; those objectives relate to the specific objectives set out in points (a), (c) and (i) of Article 6(1);

Related objectives in the olive oil and table olives sector

- (a) reinforcing the organisation and management of production of olive oil and table olives; that objective relates to the specific objectives set out in points (a) and (b) of Article 6(1);
- (e) research and development of sustainable production methods, including pest resilience, innovative practices boosting economic competitiveness and bolstering market developments; that objective relates to the specific objectives set out in points (a), (c) and (i) of Article 6(1);

Non-admissible types of intervention: Eco-schemes

Target: Improve agricultural income compared to the rest of the economy

Indicator: R4 Linking income support to standards and good practices

- **Intervention: Basic income support for sustainability**
- **Type of intervention:** Direct payments

Target: Improve support to smaller-than-average farms

Indicator: R6 Redistribution to smaller farms

- **Intervention: Complementary redistributive payment**
- **Type of intervention:** Direct payments

Target: Improve the resilience of the agricultural sector

Indicator: R5 Risk management

- **Intervention: Mutual funds**
- **Type of intervention:** Sectoral types of intervention – wine sector

- **Intervention: Harvest insurance**
- **Type of intervention:** Sectoral types of intervention – wine sector

- **Intervention: Income stabilisation tools**
- **Type of intervention:** Rural development – Risk management tools

- **Intervention: Mutual funds**
- **Type of intervention:** Rural development – Risk management tools

- **Intervention: Combatting beehive invaders**
- **Type of intervention:** Sectoral types of intervention – beekeeping sector

Target: Increase support to viable farms in areas with specific needs

Indicator: R7 Enhanced support to farms in areas with specific needs

- **Intervention: Compensatory allowances** (one single measure for all three categories of ANCs)
- **Type of intervention:** Rural development - Natural or other area-specific constraints

(b) enhance market orientation and increase competitiveness, including greater focus on research, technology and digitalisation;

Related objectives in the fruit and vegetable sector:

- (a) planning of production, adjusting production to demand, particularly in terms of quality and quantity, optimisation of production costs and returns on investments and stabilising producer prices; those objectives relate to the specific objectives set out in points (a), (b), (c) and (i) of Article 6(1);
- (f) boosting products' commercial value and quality, including improving product quality and developing products with a protected designation of origin, with a protected geographical indication or covered by a national quality schemes; those objectives relate to the specific objective set out in point (b) of Article 6(1);
- (g) promotion and marketing of the products of the fruit and vegetables sector, whether in a fresh or processed form; those objectives relate to the specific objectives set out in points (b) and (c) of Article 6(1);
- (i) crisis prevention and risk management, aimed at avoiding and dealing with crises on the fruit and vegetables markets; those objectives relate to the specific objectives set out in points (a), (b) and (c) of Article 6 (1).

Related objectives in the wine sector:

- (a) improve competitiveness of Union wine producers including contributing to improvement of sustainable production systems and reduction of environmental impact of the Union wine sector; those objectives relate to the specific objectives set out in points (b) to (f) and (h) of Article 6(1);
- (e) increase the marketability and competitiveness of Union grapevine products, in particular by developing innovative products, processes and technologies, and by adding value at any stage of the supply chain, including an element of knowledge transfer; that objective relates to the specific objectives set out in points (a), (b), (c) and (i) of Article 6(1);
- (g) contribute to increasing consumer awareness about responsible consumption of wine and about Union quality schemes for wine; that objective relates to the specific objectives set out in points (b) and (i) of Article 6(1);
- (h) improve competitiveness of Union grapevine products in third countries; that objective relates to the objectives set out in points (b) and (h) of Article 6(1);

Related objectives in the hops sector

- (a) planning of production, adjusting production to demand, particularly in terms of quality and quantity; those objectives relate to the specific objectives set out in points (a), (b) and (c) of Article 6(1);

Related objectives in the olive oil and table olives sector

- (a) reinforcing the organisation and management of production of olive oil and table olives; that objective relates to the specific objectives set out in points (a) and (b) of Article 6(1);

Non-admissible types of intervention: Eco-schemes

Target: Increase the competitiveness of the agricultural sector

Indicator: R8 Targeting farms in sectors in difficulties

- **Intervention: Voluntary coupled support**
- **Type of intervention:** Direct payments

- **Intervention: Promotion**
- **Type of intervention:** Sectoral types of intervention – wine sector

- **Intervention: Promotion**
- **Type of intervention:** Sectoral types of intervention – olive oil sector

Target: Increase the use of digital technology and innovation in the agricultural sector

Indicator: R9 Farm modernisation

- **Intervention: Investments**
- **Type of intervention:** Sectoral types of intervention – wine sector

- **Intervention: Structuring the sector**
- **Type of intervention:** Sectoral types of intervention – olive oil sector

(c) improve the farmers' position in the value chain;

Related objectives in the fruit and vegetable sector:

- (a) planning of production, adjusting production to demand, particularly in terms of quality and quantity, optimisation of production costs and returns on investments and stabilising producer prices; those objectives relate to the specific objectives set out in points (a), (b), (c) and (i) of Article 6(1);
- (b) concentration of supply and the placing on the market of the products of the fruit and vegetables sector, including through direct marketing; those objectives relate to the specific objectives set out in points (a) and (c) of Article 6(1);
- (c) research and development of sustainable production methods, including pest resilience, innovative practices boosting economic competitiveness and bolstering market developments; those objectives relate to the specific objectives set out in points (a), (c) and (i) of Article 6(1) ;
- (g) promotion and marketing of the products of the fruit and vegetables sector, whether in a fresh or processed form; those objectives relate to the specific objectives set out in points (b) and (c) of Article 6(1);
- (i) crisis prevention and risk management, aimed at avoiding and dealing with crises on the fruit and vegetables markets; those objectives relate to the specific objectives set out in points (a), (b) and (c) of Article 6 (1).

Related objectives in the wine sector:

- (a) improve competitiveness of Union wine producers including contributing to improvement of sustainable production systems and reduction of environmental impact of the Union wine sector; those objectives relate to the specific objectives set out in points (b) to (f) and (h) of Article 6(1);
- (b) improve performance of Union wine enterprises and their adaptation to market demands, as well as increase their competitiveness as regards the production and marketing of grapevine products, including energy savings, global energy efficiency and sustainable processes; those objectives relate to the specific objectives set out in points (a), to (e), (g) and (h) of Article 6(1);
- (e) increase the marketability and competitiveness of Union grapevine products, in particular by developing innovative products, processes and technologies, and by adding value at any stage of the supply chain, including an element of knowledge transfer; that objective relates to the specific objectives set out in points (a), (b), (c) and (i) of Article 6(1);

Related objectives in the hops sector

- (a) planning of production, adjusting production to demand, particularly in terms of quality and quantity; those objectives relate to the specific objectives set out in points (a), (b) and (c) of Article 6(1);
- (b) concentration of supply and the placing on the market of the products of the hops sector, including through direct marketing; those objectives relate to the specific objectives set out in points (a) and (c) of Article 6(1);
- (c) optimising production costs and returns on investments in response to environmental standards and stabilising producer prices; those objectives relate to the specific objectives set out in points (a) and (c) of Article 6(1);
- (d) research and development of sustainable production methods, including pest resilience, innovative practices boosting economic competitiveness and bolstering market developments; those objectives relate to the specific objectives set out in points (a), (c) and (i) of Article 6(1);

Related objectives in the olive oil and table olives sector

- (b) improvement of medium and long term competitiveness of the olive oil and table olives sector, in particular through modernisation; that objective relate to the specific objective set out in point (c) of Article 6(1);
- (e) research and development of sustainable production methods, including pest resilience, innovative practices boosting economic competitiveness and bolstering market developments; that objective relates to the specific objectives set out in points (a), (c) and (i) of Article 6(1);

Non-admissible types of intervention: Eco-schemes

Target: Promote rebalancing the bargaining power in the food supply chain

Indicator: R10 Better supply chain organisation

- **Intervention: Improvement of marketing**
- **Type of intervention:** Sectoral type of intervention – fruit and vegetables sector

- **Intervention: Transparency/traceability**
- **Type of intervention: Sectoral types of intervention – olive oil sector**

Target: Promote cooperatives and producer organisations

Indicator: R11 Concentration of supply

- **Intervention: Knowledge and production planning**
- **Type of intervention:** Sectoral type of intervention – fruit and vegetables sector

- **Intervention: Improvement or the maintenance of a high level of quality**
- **Type of intervention:** Sectoral type of intervention – fruit and vegetables sector

(d) contribute to climate change mitigation and adaptation, as well as sustainable energy;

Related objectives in the fruit and vegetable sector:

(e) contribute to climate change mitigation and adaptation, as set out in point (d) of Article 6(1);

Related objectives in the wine sector:

(a) improve competitiveness of Union wine producers including contributing to improvement of sustainable production systems and reduction of environmental impact of the Union wine sector; those objectives relate to the specific objectives set out in points (b) to (f) and (h) of Article 6(1);

(b) improve performance of Union wine enterprises and their adaptation to market demands, as well as increase their competitiveness as regards the production and marketing of grapevine products, including energy savings, global energy efficiency and sustainable processes; those objectives relate to the specific objectives set out in points (a), to (e), (g) and (h) of Article 6(1);

(f) use of wine making by-products for industrial and energy purposes ensuring the quality of Union wine while protecting the environment; that objective relates to the specific objectives set out in points (d) and (e) of Article 6(1);

Related objectives in the hops sector

(f) contribute to climate change mitigation and adaptation, as set out in point (d) of Article 6(1).

Related objectives in the olive oil and table olives sector

(c) reduction of environmental impact of and contribution to climate action through olive cultivation; that objectives relate to the specific objectives set out in points (d) and (e) of Article 6(1);

Non-admissible types of intervention: none

Target: Boost the use of practices to mitigate and adapt to climate change

Indicator: R12 Adaptation to climate change

Intervention:

- **Intervention: Use of digital tools and smart machines in farming – precision farming**
- **Type of intervention:** Direct payments – eco-scheme

- **Intervention: Nutrients and PPP management**
- **Type of intervention:** Direct payments – eco-scheme

Target: Reduce emissions in the livestock sector

Indicator: R13 Reducing emissions in the livestock sector

- **Intervention: Surface-near spreading of liquid farm manure**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

Target: Promote practices to enhance carbon storage in the agricultural and forestry sector

Indicator: R14 Carbon storage in soil and biomass

- **Intervention: Carbon farming scheme**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

Target: Prevent land abandonment through afforestation

Indicator: R17 Afforested land

Intervention:

- **Intervention: Afforestation**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

Target: Enhance the use and the production of biomass from agriculture and forestry in sustainable energy

Indicator: R15 Green energy from agriculture and forestry

- **Intervention: Support for renewable energies derived from biomaterials**
- **Type of intervention:** Direct payments – eco-schemes

Target: Promote the efficient use of energy in agriculture and energy savings

Indicator: R16 Enhance energy efficiency

- **Intervention: Advice on energy efficiency**
- **Type of intervention:** Rural development – Knowledge exchange and information

(e) foster sustainable development and efficient management of natural resources such as water, soil and air;

Related objectives in the fruit and vegetable sector:

(d) developing, implementing and promoting methods of production respectful of the environment, environmentally sound cultivation practices and production techniques, sustainable use of natural resources in particular protection of water, soil, air, biodiversity and other natural resources; those objectives relate to the specific objectives set out in points (e) and (f) of Article 6(1);

Related objectives in the wine sector:

(a) improve competitiveness of Union wine producers including contributing to improvement of sustainable production systems and reduction of environmental impact of the Union wine sector; those objectives relate to the specific objectives set out in points (b) to (f) and (h) of Article 6(1);

(b) improve performance of Union wine enterprises and their adaptation to market demands, as well as increase their competitiveness as regards the production and marketing of grapevine products, including energy savings, global energy efficiency and sustainable processes; those objectives relate to the specific objectives set out in points (a), (e), (g) and (h) of Article 6(1);

(f) use of wine making by-products for industrial and energy purposes ensuring the quality of Union wine while protecting the environment; that objective relates to the specific objectives set out in points (d) and (e) of Article 6(1);

Related objectives in the hops sector

(e) promoting, developing and implementing methods of production respectful of the environment, environmentally sound cultivation practices and production techniques, sustainable use of natural resources in particular protection of water, soil and other natural resources; those objectives relate to the specific objectives set out in points (e) and (f) of Article 6(1);

Related objectives in the olive oil and table olives sector

(c) reduction of environmental impact of and contribution to climate action through olive cultivation; that objectives relate to the specific objectives set out in points (d) and (e) of Article 6(1);

Non-admissible types of intervention: none

Target: Enhance protection of water quality in water bodies

Indicator: R20 Protecting water quality

- **Intervention:** Preventative surface water protection on arable land
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Preventive groundwater protection**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Management of arable areas particularly those threatened by leaching**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

Target: Improve water management in agriculture

Indicator: R22 Sustainable water use

- **Intervention: Sustainable investments in irrigation**
- **Type of intervention:** Rural development - Investments

Target: Improve soil management in agriculture

Indicator: R18 Improving soils

- **Intervention: Putting more organic matter in the soil**
- **Type of intervention:** Direct payments – eco-scheme

- **Intervention: Management and prevention of erosion**
- **Type of intervention:** Direct payments – eco-scheme

- **Intervention: Providing extra field coverage using catch crops**
- **Type of intervention:** Direct payments – eco-scheme

- **Intervention: Direct seeding and seeding on mulch**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Erosion protection in vineyards and in fruit and hops cultivation**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

Target: Promote the sustainable use of nutrients in agriculture

Indicator: R21 Sustainable nutrient management

- **Intervention: Green manure on arable land/intermediate crops**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Green manure on arable land**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

Target: Reduce air pollution stemming from agriculture

Indicator: R19 Improving air quality

- **Intervention: Improve animal diets to limit methane emissions**
- **Type of intervention:** Direct payments – eco-scheme

Target: Promote investments with environmental performance

Indicator: R23 Environment/climate-related performance through investment

- **Intervention: Actions in favour of the environment**
- **Type of intervention:** Sectoral type of intervention – fruit and vegetables sector

Target: Promote environmental performance through knowledge exchange

Indicator: R24 Environment/climate-related performance through knowledge

- **Intervention: Webinars for farmers**
- **Type of intervention:** Rural development – Knowledge exchange and information

(f) contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes;

Related objectives in the fruit and vegetable sector:

(d) developing, implementing and promoting methods of production respectful of the environment, environmentally sound cultivation practices and production techniques, sustainable use of natural resources in particular protection of water, soil, air, biodiversity and other natural resources; those objectives relate to the specific objectives set out in points (e) and (f) of Article 6(1);

Related objectives in the wine sector:

(a) improve competitiveness of Union wine producers including contributing to improvement of sustainable production systems and reduction of environmental impact of the Union wine sector; those objectives relate to the specific objectives set out in points (b) to (f) and (h) of Article 6(1);

Related objectives in the hops sector

(e) promoting, developing and implementing methods of production respectful of the environment, environmentally sound cultivation practices and production techniques, sustainable use of natural resources in particular protection of water, soil and other natural resources; those objectives relate to the specific objectives set out in points (e) and (f) of Article 6(1);

Related objectives in the olive oil and table olives sector

(d) improvement of quality of olive oil and table olives; that objective relate to the specific objective set out in point (f) of Article 6(1);

Non-admissible types of intervention: none

Target: Maintain biodiversity in rural areas

Indicator: R27 Preserving habitats and species

- **Intervention: Nature conservation**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Maintenance of endangered breeds of livestock**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Cultivation of rare agricultural plants**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Limiting the use of silage**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Enhanced crop rotation**
- **Type of intervention:** Direct payments – eco-schemes

- **Intervention: Plot management aimed at beekeeping**
- **Type of intervention:** Direct payments – eco-scheme

Target: Promote sustainable and active management of forests

Indicator: R25 Supporting sustainable forest management

Intervention:

- **Intervention: Setting up forest management plans**
- **Type of intervention:** Rural development - Rural development Environment, climate and other management commitments

Target: Enhance the ecosystem services provided by forests

Indicator: R26 Protecting forest ecosystems

- **Intervention: Protecting forest ecosystems**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

Target: Promote the protection of habitats and species in protected areas

Indicator: R28 Supporting Natura 2000

- **Intervention: Natura 2000 – Agriculture** (Art. 30 of EU-Reg. 1305/2013)
- **Type of intervention:** Rural development - Disadvantages resulting from mandatory requirements

- **Intervention: Cultivation of mown grassland in mountainous areas**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Agri-environment climate measure for semi-natural grasslands**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

Target: Preserve traditional landscapes

Indicator: R29 Preserving landscape features

- **Intervention: Environmentally sound and biodiversity-promoting management**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Dividing up large plots of land**
- **Type of intervention:** Direct payments – eco-scheme

- **Intervention: Management practices for landscape features**
- **Type of intervention:** Direct payments – eco-scheme

- **Intervention: Mountain grazing and herding**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

(g) attract young farmers and facilitate business development in rural areas;

Related objectives in the wine sector:

(b) improve performance of Union wine enterprises and their adaptation to market demands, as well as increase their competitiveness as regards the production and marketing of grapevine products, including energy savings, global energy efficiency and sustainable processes; those objectives relate to the specific objectives set out in points (a), to (e), (g) and (h) of Article 6(1);

Non-admissible types of intervention: Eco-schemes

Target: Eliminate the barriers that young farmers come up against to enter the sector

Indicator: R30 Generational renewal

Intervention: Complementary income support for young farmers (CISYF)

- **Type of intervention:** Direct payments

- **Intervention: Installation of young farmers, new farmers, sustainable rural business start-up and development**
- **Type of intervention:** Rural development - Installation of young farmers and rural business start-up

- **Intervention: Investment support**
- **Type of intervention:** Rural development - Installation of young farmers and rural business start-up

- **Intervention: EAFRD financial instruments**
- **Type of intervention:** Rural development - Installation of young farmers and rural business start-up

- **Intervention: Land Mobility Scheme**
- **Type of intervention:** Rural development - Cooperation

- **Intervention: Retirement scheme**
- **Type of intervention:** Rural development - Cooperation

- **Intervention: Erasmus+**
- **Type of intervention:** Rural development - Installation of young farmers and rural business start-up

(h) promote employment, growth, social inclusion and local development in rural areas, including bioeconomy and sustainable forestry;

Related objectives in the wine sector:

- (a) improve competitiveness of Union wine producers including contributing to improvement of sustainable production systems and reduction of environmental impact of the Union wine sector; those objectives relate to the specific objectives set out in points (b) to (f) and (h) of Article 6(1);
- (b) improve performance of Union wine enterprises and their adaptation to market demands, as well as increase their competitiveness as regards the production and marketing of grapevine products, including energy savings, global energy efficiency and sustainable processes; those objectives relate to the specific objectives set out in points (a), to (e), (g) and (h) of Article 6(1);
- (h) improve competitiveness of Union grapevine products in third countries; that objective relates to the objectives set out in points (b) and (h) of Article 6(1);

Related objectives in the olive oil and table olives sector

(f) crisis prevention and management, aimed at improving pest resilience, avoiding and dealing with crises in the olive oil and table olives markets; that objective relate to the specific objective set out in point (h) of Article 6(1).

Non-admissible types of intervention: Eco-schemes

Target: Promote the creation of jobs in the agricultural sector and prevent land abandonment

Indicator: R31 Growth and jobs in rural areas

- **Intervention: Technical assistance**
- **Type of intervention:** Sectoral types of intervention – beekeeping sector

- **Intervention: Organic Farming**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Restructuring and converting vineyards**
- **Type of intervention:** Sectoral types of intervention – wine sector

- **Intervention: Rationalisation of transhumance**
- **Type of intervention:** Sectoral types of intervention – beekeeping sector

Target: Guarantee gender equality in the CAP and promote women farmers

Indicator: R35 Promoting social inclusion

Intervention:

- **Intervention: Business development for women**
- **Type of intervention:** Rural development - Installation of young farmers and rural business start-up

Target: Improve access to technology and broadband in rural areas

Indicator: R33 Digitising the rural economy

Intervention:

- **Intervention: Broadband network development**
- **Type of intervention:** Rural development - Cooperation

Target: Enhance infrastructure and services in rural areas

Indicator: R34 Connecting rural Europe

- **Intervention: Social farming**
- **Type of intervention:** Rural development – Cooperation

Target: Promote the bioeconomy in rural areas

Indicator: R 32 Developing the rural bioeconomy

- **Intervention: Establish a marketplace to sell and buy agricultural by-products**
- **Type of intervention:** Rural development – Knowledge exchange and information

(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.

Related objectives in the fruit and vegetable sector:

- (a) planning of production, adjusting production to demand, particularly in terms of quality and quantity, optimisation of production costs and returns on investments and stabilising producer prices; those objectives relate to the specific objectives set out in points (a), (b), (c) and (i) of Article 6(1);
- (c) research and development of sustainable production methods, including pest resilience, innovative practices boosting economic competitiveness and bolstering market developments; those objectives relate to the specific objectives set out in points (a), (c) and (i) of Article 6(1) ;
- (h) increasing consumption of the products of the fruit and vegetables sector, whether in a fresh or processed form; those objectives relate to the specific objective set out in point (i) of Article 6;

Related objectives in the wine sector:

- (e) increase the marketability and competitiveness of Union grapevine products, in particular by developing innovative products, processes and technologies, and by adding value at any stage of the supply chain, including an element of knowledge transfer; that objective relates to the specific objectives set out in points (a), (b), (c) and (i) of Article 6(1);

Related objectives in the hops sector

(d) research and development of sustainable production methods, including pest resilience, innovative practices boosting economic competitiveness and bolstering market developments; those objectives relate to the specific objectives set out in points (a), (c) and (i) of Article 6(1);

Related objectives in the olive oil and table olives sector

(e) research and development of sustainable production methods, including pest resilience, innovative practices boosting economic competitiveness and bolstering market developments; that objective relates to the specific objectives set out in points (a), (c) and (i) of Article 6(1);

Non-admissible types of intervention: none

Target: Reduce antimicrobial resistance in the livestock sector

Indicator: R36 Limiting antibiotic use

- **Intervention: Campaign to decrease the use of antibiotics on livestock**
- **Type of intervention:** Rural development - Knowledge exchange and information

Target: Decrease the agricultural sector's dependence on chemicals and increase the availability of alternatives

Indicator: R37 Sustainable pesticide use

- **Intervention: Limiting yield-increasing inputs**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Limiting the use of fungicides and growth regulators in cereals**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Limiting the use of pesticides in vineyards and in hops cultivation**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Use of beneficial organisms in greenhouses**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Pesticide management aimed at bee protection**
- **Type of intervention:** Direct payments – eco-scheme

Target: Promote high welfare standards for farm animals

Indicator: R38 Improving animal welfare

- **Intervention: Animal welfare/grazing of livestock**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Animal welfare/stable**
- **Type of intervention:** Rural development - Environment, climate and other management commitments

- **Intervention: Animal welfare/management commitment**
- **Type of intervention:** Direct payments – eco-scheme

Elements common to several interventions

Definitions

The following definitions should be included in the CAP Strategic Plans. There are a few aspects that need to be highlighted for a number of these definitions.

- (a) *'agricultural activity' shall be defined in a way that it includes both the production of agricultural products listed in Annex I to the TFEU, including cotton and short rotation coppice, and maintenance of the agricultural area in a state which makes it suitable for grazing or cultivation, without preparatory action going beyond usual agricultural methods and machineries;*
- (b) *'agricultural area' shall be defined in a way that it is composed of arable land, permanent crops and permanent grassland **and agroforestry systems. Landscape features shall hereby be included as components of the agricultural area.** The terms 'arable land', 'permanent crops' and 'permanent grassland' **and 'agroforestry systems'** shall be further specified by Member States within the following framework:*
 - (i) *'arable land' shall be land cultivated for crop production or areas available for crop production but lying fallow, **and it may include a combination of crops with trees and/or shrubs to form a silvoarable agroforestry system,** and include areas set aside in accordance with Articles 22, 23 and 24 of Council Regulation (EC) No 1257/1999²⁸ , with Article 39 of Council Regulation (EC) No 1698/2005²⁹ , with Article 28 of Regulation (EU) No 1305/2013 or with Article 65 of this Regulation;*
 - (ii) *'permanent crops' shall be non-rotational crops other than permanent grassland and permanent pasture that occupy the land for five years or more, which yield repeated harvests, including nurseries and short rotation coppice;*
 - (iii) *'permanent grassland and permanent pasture' (together referred to as 'permanent grassland') **means land used to grow grasses or other herbaceous forage naturally (self-seeded) or through cultivation (sown) and that has not been included in the crop rotation of the holding for 7 years or more, as well as, where Member States so decide, that has not been ploughed up for five years or more;** it may include other species such as shrubs and/or trees which can be grazed or **and, where Member States so decide, other species such as shrubs and/or trees which produce animal feed, provided that the grasses and other herbaceous forage remain predominant. Member States may also decide to consider as permanent grassland:***
 - (i) *land which can be grazed and which forms part of established local practices where grasses and other herbaceous forage are traditionally not predominant in grazing areas; and/or*

(ii) land which can be grazed where grasses and other herbaceous forage are not predominant or are absent in grazing areas;

(iii a) 'agroforestry systems': land use systems in which trees are grown on the same land as where agricultural practices are carried out;

It is important to also include the landscape features in the definition of agricultural area as they currently have to be excluded and this is problematic when delimiting the eligible area and also creates problems with controls. Another possibility would be to set a percentage rate at regional level – room for manoeuvre for the agricultural land area that would encompass those landscape features. As for the definition of permanent grassland, this needs to be carefully balanced and take into account all the changes introduced under the Omnibus regulation. The new definition of agroforestry should ensure that this concept is more widely embraced.

(c) for the purpose of types of interventions in the form of direct payments, 'eligible hectare' shall be defined in a way that it includes any agricultural area of the holding, including mobile or stationary temporary technical installations, in particular internal farm tracks and water troughs, as well as silage bales and rewetted areas used for paludiculture:

*(i) that, during the year for which support is requested, is used for an agricultural activity or, where the area is also used for non-agricultural activities, is predominantly used for agricultural activities, and which is at the farmer's disposal. Where duly justified for environmental reasons, eligible hectares may also include certain areas used for agricultural activities only every **third** year.*

(ii) that gave a right to payments under Subsection 2 of Section 2 of Chapter II of Title III of this Regulation or under the basic payment scheme or the single area payment scheme laid down in Title III of Regulation (EU) No 1307/2013, and which:

- no longer complies with the definition of 'eligible hectare' set out in point (a) of Regulation (EU) No 1307/2013 as a result of the implementation of Directives 92/43/EEC and 2009/147/EC or Directive 2000/60/EC;*
- for the duration of the relevant commitment by the individual farmer, is afforested pursuant to Article 31 of Regulation (EC) No 1257/1999 or to Article 43 of Regulation (EC) No 1698/2005 or to Article 22 of Regulation (EU) No 1305/2013 or under a national scheme the conditions of which comply with Article 43(1), (2) and (3) of Regulation (EC) No 1698/2005 or Article 22 of Regulation (EU) No 1305/2013 or Articles 65 and 67 of this Regulation.*
- for the duration of the relevant commitment of the individual farmer, is set aside pursuant to Articles 22, 23 and 24 of Regulation (EC) No 1257/1999, to Article 39 of Regulation (EC) No 1698/2005, to Article 28 of Regulation (EU) No 1305/2013 or to Article 65 of this Regulation.*

*Areas used for the production of hemp shall only be eligible hectares if the varieties used have a tetrahydrocannabinol content not exceeding **0,3** %;*

- (d) **'active farmers' shall be defined by Member States in such a way as to ensure that no support is granted to those whose agricultural activity forms only an insignificant part of their overall economic activities, while not precluding from support pluri-active farmers. The definition shall, in any event, preserve the family farming model of the Union of an individual or group nature, irrespective of its size, and may take into account, if necessary, the special features of the regions defined in Article 349 TFEU. Member States may exclude from these definition individuals or companies carrying out large scale processing of agricultural products, with the exception of groups of farmers. In their CAP Strategic Plans, Member States may state whether and how the activities of affiliated companies are taken into account in the assessment of 'active farmer'.**

The definition of active farmer should also be set at national level. Nonetheless, there should be clear lines that the definition should follow. The definition should be clearly based on Art 39 (1) (d) and (e) of the TFEU which states that farmers need to provide Europeans with safe, nutritious and affordable food. In this regard, it should be aimed at farmers engaged in an economic activity and who place their produce on the market. The definition can also rely on national registers. Either way, one identification number should always refer to one single beneficiary. MS should also have the possibility to choose whether they will assess the activities of affiliated companies on a voluntary basis.

- (e) **'young farmer' shall be defined in a way that it includes an age limit of 40 years old and:**
- (i) **deleted**
 - (ii) **the conditions for being 'head of the holding';**
 - (iii) **the appropriate training and/or skills.**

When evaluating compliance with the conditions for being head of the holding, Member States shall take into account the specificities of partnership arrangements.

This definition is crucial as it ensures the appropriate training for young farmers and stipulates that support would only be dedicated to those who can sustain their business and have sufficient knowledge. The role of young farmers in cooperatives should also be taken into account through the partnership clause.

- (e a) **'new farmer' shall be defined in such a way that includes:**
- (i) **the conditions for being 'head of the holding';**
 - (ii) **the appropriate training and/or skills;**
 - (iii) **an age limit over 40 years old.**

A 'new farmer' according to this definition shall not be recognised as a 'young farmer' as defined in Article 4(e).

The definition of new farmer should ensure that there is no overlap between support aimed at young farmers and new entrants, in order to guarantee proper targeting of support and no double funding.

Conditionality

The conditionality rules consist of Good Agricultural and Environmental Conditions (GAEC) and Statutory Management Requirements (SMR). As SMRs are an already established legislation, we will not be addressing them in these guidelines. It is only important to highlight that SMR 7, 8, 9 on rules for pigs, bovine and ovine animals must not include obligations for animal identification. Livestock farmers are now often disproportionately penalised for minor infractions, such as missing ear tags, and thus these should be kept out of conditionality rules.

GAEC 1 - Maintenance of permanent grassland based on a ratio of permanent grassland in relation to agricultural area

Main objective of the standard: General safeguard against conversion to other agricultural uses to preserve carbon stock

Summary of the on-farm practice: The ratio of permanent grassland is to be set by a MS at national or regional level, with a 5% margin of flexibility. This practice also relies on the definition of permanent grassland as defined in Article 4 of this Regulation with a five-year conversion rule. Flexibility should be provided for the lifting of the ploughing ban in order to be in line with regular agriculture practices and management requirements. The state of permanent grassland would have to be readdressed in the future, as the livestock production (the main utilisation for many grasslands) is decreasing. As there are very few other possibilities to remunerate the maintenance of permanent grassland, the option of carbon farming – as presented in the intervention strategy – could be taken into account.

Territorial scope: National or regional level, depending on the MS choices. The GAEC standard only applies to areas designated as permanent grassland.

Types of farmers concerned: Farmers with permanent grassland.

Justification of the contribution to the main objective of the practice: Permanent grasslands serve as carbon sinks and therefore help in climate change mitigation.

GAEC 2 - Appropriate protection of wetland and peatland

Main objective of the standard: Protection of carbon-rich soils

Summary of the on-farm practice: This GAEC standard should introduce and uphold sustainable practices that would aim to appropriately protect wetlands and peatlands. The cultivation of this land could result in major greenhouse gas emissions if not managed properly. As stated in the Paris Agreement, these emissions must be decreased but in a manner that does not threaten food production. Allowing a set of sustainable practices should aim at doing exactly this. These practices should include:

- minimum tillage and continuous crop cover;
- grass cultivation and permanent pastures;
- reorganising plot structure;
- controlled drainage, raised water table and rewetting;
- paludiculture and afforestation.

Some limitations should also be introduced when putting wetland and peatland into active production. Nonetheless, this GAEC standard should not endanger the already existing long-term wetland projects.

Territorial scope: Areas with wetland and peatland, as mapped and notified by the MS.

Types of farmers concerned: Farmers with wetland and peatland.

Justification of the contribution to the main objective of the practice: Wetlands and peatlands have remarkable climate change adaptation potential, serve as carbon sinks and remove emissions.

GAEC 3 - Ban on burning arable stubble, except for plant health reasons

Main objective of the standard: Maintenance of soil organic matter

Summary of the on-farm practice: The ban on burning arable stubble should take into account the stubble management in the rice sector, where, due to the inherent characteristic of this type of production, maintaining stubble increases the production of methane. Tillage does not help with this issue either. Derogations must therefore be introduced for the rice sector.

Territorial scope: National

Types of farmers concerned: Arable crop farmers, with derogations for the rice farmers.

Justification of the contribution to the main objective of the practice: Stubble maintenance helps to increase the organic matter in soils.

GAEC 4 - Establishment of buffer strips along water courses

The GAEC buffer strips must respect, both within and outside vulnerable zones designated pursuant to Article 3(2) of Directive 91/676/EEC, at least the requirements relating to the conditions for land application of fertiliser near water courses, referred to in point A.4 of Annex II to Directive 91/676/EEC to be applied in accordance with the action programmes of Member States established under Article 5(4) of Directive 91/676/EEC

Main objective of the standard: Protection of river courses against pollution and run-off

Summary of the on-farm practice: Establishment of buffer strips in line with the Nitrates Directive requirements.

Territorial scope: National

Types of farmers concerned: Farmers with land adjacent to water courses, as defined in Directive 91/676/EEC.

Justification of the contribution to the main objective of the practice: This standard helps to protect water courses from pollution and run-off coming from agricultural sources.

GAEC 6 - Tillage management reducing the risk of soil degradation, including slope consideration

Main objective of the standard: Minimum land management reflecting site-specific conditions to limit erosion

Summary of the on-farm practice: This standard aims to promote sustainable land management practices that would limit the risk of erosion. The standard should however take into account some practical issues when complying with this standard and should be in line with normal agricultural procedures.

Territorial scope: National

Types of farmers concerned: Farmers with arable crops on slopes and areas prone to erosion.

Justification of the contribution to the main objective of the practice: This standard helps to decrease the risk of erosion.

GAEC 7 - No bare soil in most sensitive period(s)

Main objective of the standard: Protection of soils in winter

Summary of the on-farm practice: This standard aims to protect soils from erosion by introducing catch crops during the most sensitive periods. This period will be set at regional level with a view to considering the specificities of the region and of the production. Derogations will be set, most importantly for crops that are harvested towards the end of the year, from November to December, after which it is very complicated to sow a catch crop. The standard should not prescribe any detailed rules on what catch crop mixtures should be sown. In nitrate-vulnerable zones, the establishment of catch crops as required under the Nitrate Directive should be sufficient to comply with this standard.

Territorial scope: Regional

Types of farmers concerned: Farmers with arable crops.

Justification of the contribution to the main objective of the practice: This standard aims to protect soils from erosion and run-off.

GAEC 8 - Crop rotation

Main objective of the standard: Preserve the soil potential

Summary of the on-farm practice: This standard sets minimum requirements for crop rotation. The specific requirements on the number of crops, minimum area and period for rotation shall be set by the MS depending on the national and regional climatic and production specificities. Importantly, permanent crops (and permanent grassland) and crops grown underwater (e.g. rice) shall not be part of the crop rotation scheme. Small farmers with less than ten hectares of arable land shall also be exempt from this obligation

Territorial scope: National

Types of farmers concerned: Farmers with more than ten hectares of arable crops.

Justification of the contribution to the main objective of the practice: This standard aims to improve the state of soils and protect agricultural biodiversity.

GAEC 9

- **Minimum share of agricultural area devoted to non-productive features or areas**
- **Retention of landscape features**
- **Ban on cutting hedges and trees during the bird breeding and rearing season**
- **As an option, measures for avoiding invasive plant species**

Main objective of the standard: Maintenance of non-productive features and area to improve on-farm biodiversity

Summary of the on-farm practice: The objective of this standard is to maintain landscape features and protect agricultural biodiversity. The minimum area to be dedicated to the non-productive features and landscape features shall be set by MS at national and regional level, depending on the landscape characteristics in the region. The standard should also not exclude some forest management practices, such as cutting trees in summer, and should also respect common agriculture practices. After learning valuable lessons from the greening reform, the rules for this GAEC should be set with extensive room for manoeuvre and should not be too

detailed. It would be advisable to agree on the goals first rather than on how to achieve them. Farmers should also be given a wide choice of measures through which they could comply with this standard.

Territorial scope: National/regional

Types of farmers concerned: Farmers

Justification of the contribution to the main objective of the practice: The maintenance of landscape features helps to preserve biodiversity and the character of the agricultural landscape.

GAEC 10 - Ban on converting or ploughing permanent grassland in Natura 2000 sites

Main objective of the standard: Protection of habitats and species

Summary of the on-farm practice: The aim of this standard is to protect environmentally sensitive permanent grassland (ESPG) in NATURA 2000 areas. The obligations under this standard should take into account the existing management plans in those areas and allow the practices that aim to preserve and maintain those areas. The designation of ESPG should also be consulted with the farmers and should not rely solely on the MS mapping exercise.

Territorial scope: National – NATURA 2000 sites

Types of farmers concerned: Farmers in NATURA 2000 sites.

Justification of the contribution to the main objective of the practice: This standard aims to preserve permanent grassland and its carbon sequestration potential, as well as biodiversity.

Technical assistance

Technical assistance in establishing a monitoring system

In addition, with regard to the use of indicators, it should be noted that **not all MS currently have a well-established and functioning monitoring system with a broad range of data on farm/country performance**. While we support the Commission in its efforts to better assess the efficiency and effectiveness of the CAP, it is necessary to provide an adequate **transition period, sufficient financing as well as clear guidance** on implementation for those MS that need it.

Functioning of the reserve

The crisis reserve should be a **functioning flexible tool**, a mechanism that would enable the EU to better respond to any crisis that has EU-wide consequences on any of the agricultural sectors, especially in terms of the economy. In order for this to happen, the reserve should work outside of the scope of the MFF and have a substantially larger financial envelope and a clear activation mechanism.

The use of estimated product of capping the direct payments

Should the Member State choose to implement voluntary capping with a full deduction of labour costs, the estimated product should go towards the redistributive payment. This payment should in turn support below average size farms in any given Member State.

Financial allocation per intervention and fund - transfers between pillars and ring-fencing

Copa and Cogeca have repeatedly underlined the importance of two strong pillars in the CAP, and do not favour excessive transfers between the pillars (mainly from Pillar I to Pillar II). As of now, Member States on average transfer some 7% between the pillars. This is a rate that can be also accepted for the CAP post 2020.

As for ring-fencing, to ensure a certain degree of communality across Member States, the BISS should make up at least 60% of Pillar I. Furthermore, it is important to allow for a common approach on coupled support and at least maintain it at the current levels. Ring-fencing for young farmers is also vital to ensure that Member States are making an effort as far as generational renewal is concerned. To allow Member States a certain degree of flexibility to address the various issues and conditions, there should be room for manoeuvre in Pillar I and the envelope should not be entirely ring-fenced. Similarly, for Pillar II it is of utmost importance to provide for a common approach to the agro-environmental management commitments, which should also include areas facing natural constraints.

Horizontal issues to be addressed in the CAP Strategic Plan

Simplification and reducing the administrative burden

How to ensure simplification:

The administration costs assessment should be integrated into the CAP Strategic Plans together with proposals on how to reduce the administrative burden. A holistic approach is needed to reduce the administrative burden and ensure simplification of the CAP. This approach should, if possible, address all levels of administration, starting with policy-making and the setting of rules, to oversight and control and finishing with the CAP beneficiary.

At policy-making level:

- Measures and obligations should be simple and should fit in nicely with existing agricultural practices. This would ensure that farmers understand what they should implement provided that it does not run counter to any standard practices in the field.
- As for the measures, there should be a greater degree of flexibility on how to implement them. The CAP Strategic Plans should not put forward a detailed set of prescriptions (e.g. how many trees per plot are eligible for support) but should put forward the goals and focus on how these will be achieved.
- Generally, Member States should avoid gold-plating, i.e. implementing rules that are wholly unnecessary and not required by the basic act.

At administration and control level:

- Improve the use of the Land Parcel Identification System (LPIS) and harness its full potential.
- The use of new technologies could further reduce administrative costs. One example of such a technology is the geo-spatial aid application system as it saves time and provides better quality of information. It should also help to reduce errors in aid application, increase the uptake of electronic applications and reduce digitisation costs and on-the-spot checks. Remote sensing has the possibility to decrease the number of physical inspections in the field and allow for a more targeted use of resources. The data from the Sentinel satellite programme could also help to reduce the number of on-the-spot checks and complement the monitoring approach to Integrated Administration and Control System (IACS) measures.
- More proportionate and simpler penalty regimes and further development of the yellow card system. This would be especially helpful to farmers, who nowadays often do not know how the penalties are calculated, or are excessively sanctioned for minor infractions.
- Introduce a *de minimis* level which would create room for manoeuvre for ineligible features.
- Simplified and relaxed controls for small-scale farmers with less than ten hectares of eligible land.
- The system should also adopt more of a preventative control approach. Before submission, farmers should be helped to correctly complete their applications. This should be done by encouraging or requiring them to update and confirm key data on an ongoing basis rather than just at the time of application.
- Establishing alert systems (e.g. email or text messaging) to notify farmers when deadlines are approaching.

- The application for rural development measures is seen to be the most burdensome. As these measures could also be more environmentally ambitious, the application process should be simplified.

At farmer level:

- Provide support services to farmers, mostly by filling in the application and providing other regulatory and interpretational guidance.
- Incentivise the uptake of digital technologies among farmers. This mostly refers to providing support to farmers and training them on the use of these technologies (such as online applications and the use of LPIS), as well providing broadband access across rural areas.

Many ideas as to how to reduce the administrative burden can be found in a recent study produced by Ecorys⁴⁵.

Modernisation of the CAP

The modernisation of CAP should mainly be introduced through the uptake of digital technologies (as also highlighted above), through different measures (such as precision farming and broadband) and advisory services on modernisation and digitalisation, but most importantly through Agricultural Knowledge and Innovation Systems (AKIS).

Consultation of partners

As Article 94 of the CAP Strategic Plan proposal states, all relevant partners should be included in the preparation of the CAP Strategic Plans. This most importantly applies to farmers as they are the final beneficiaries of this policy. Active involvement of farmers throughout the whole process (SWOT analysis, needs assessment and intervention strategy) will ensure that the measures proposed are in line with farmers' everyday practices.

CAP network

The CAP network should ensure a coordination of networks at national and EU level and address the differences that occur at these levels. The topics included (also addressing first Pillar measures) should be directly tailored to the needs of farmers and should benefit them. This could be ensured through active participation and strong representation of farmers in the network. The single CAP network should also better integrate topics and outreach, as the two existing networks today, ENRD and EIP AGRI, struggle to cooperate. This homogenisation should provide for more straightforward and efficient management.

⁴⁵ https://ec.europa.eu/agriculture/content/evaluation-study-analysis-administrative-burden-arising-cap_en