



Budget, Brexit & CAP Reform PAC:

let's build a more efficient & stable EU agri-food sector



29 November 2018

Challenges ahead

BREXIT

€ -2,7 Mds_{/year}

CAP Budget

€35 Mds/year

Agri-food exports to UK



TRADE

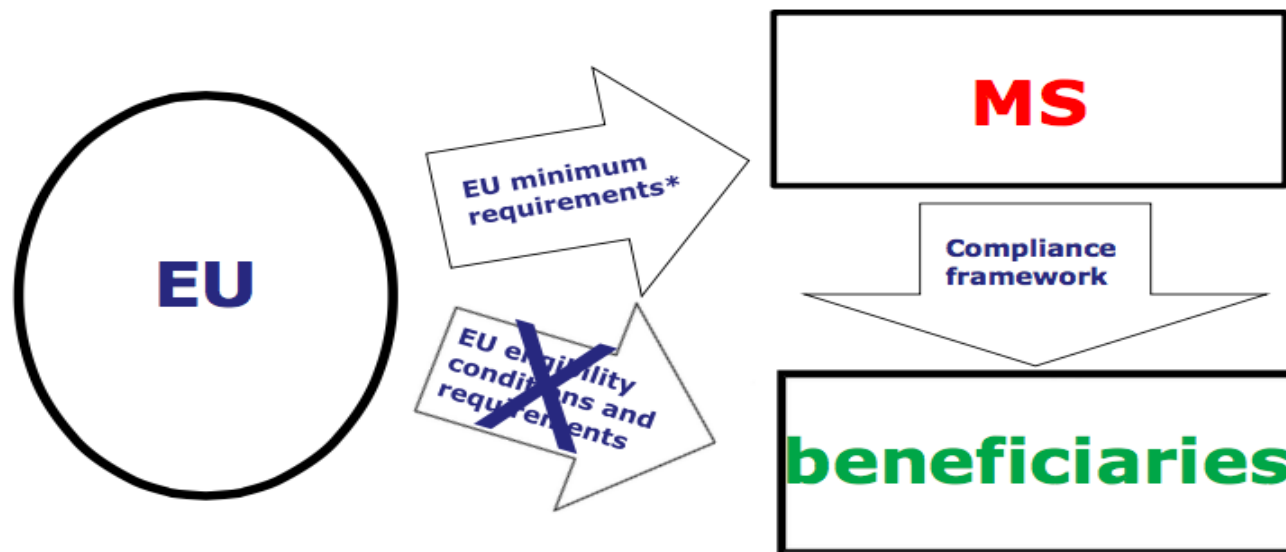
« America first in the States », what about in the EU ?

Single market and CAP reform : Impact of proposed transfer of responsibility...



OBJECTIVES

Compliance set-up

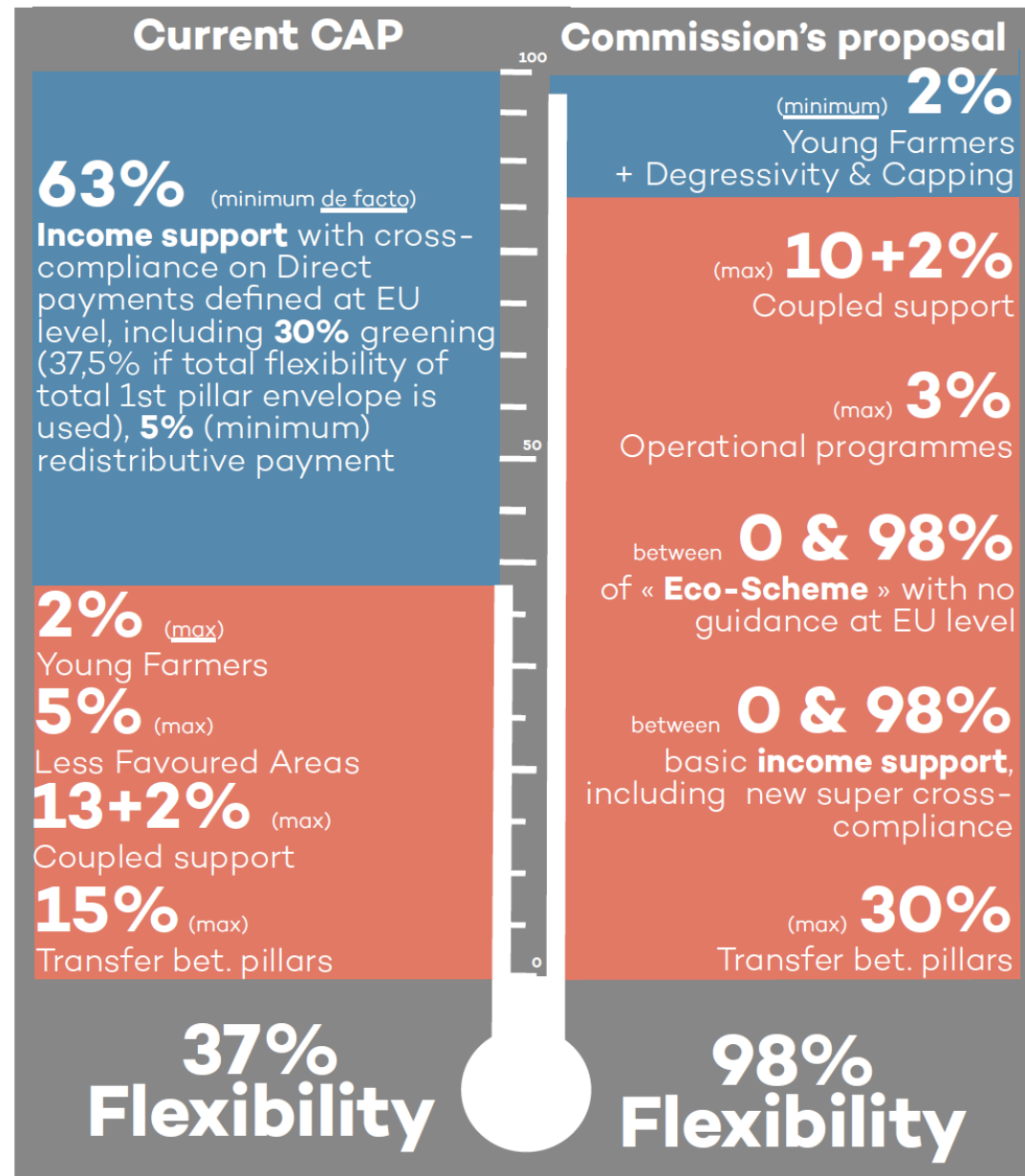


- Basic EU rules concerning certain support conditions, governance systems and budget allocations

Cut the link
between Europe
and farmers

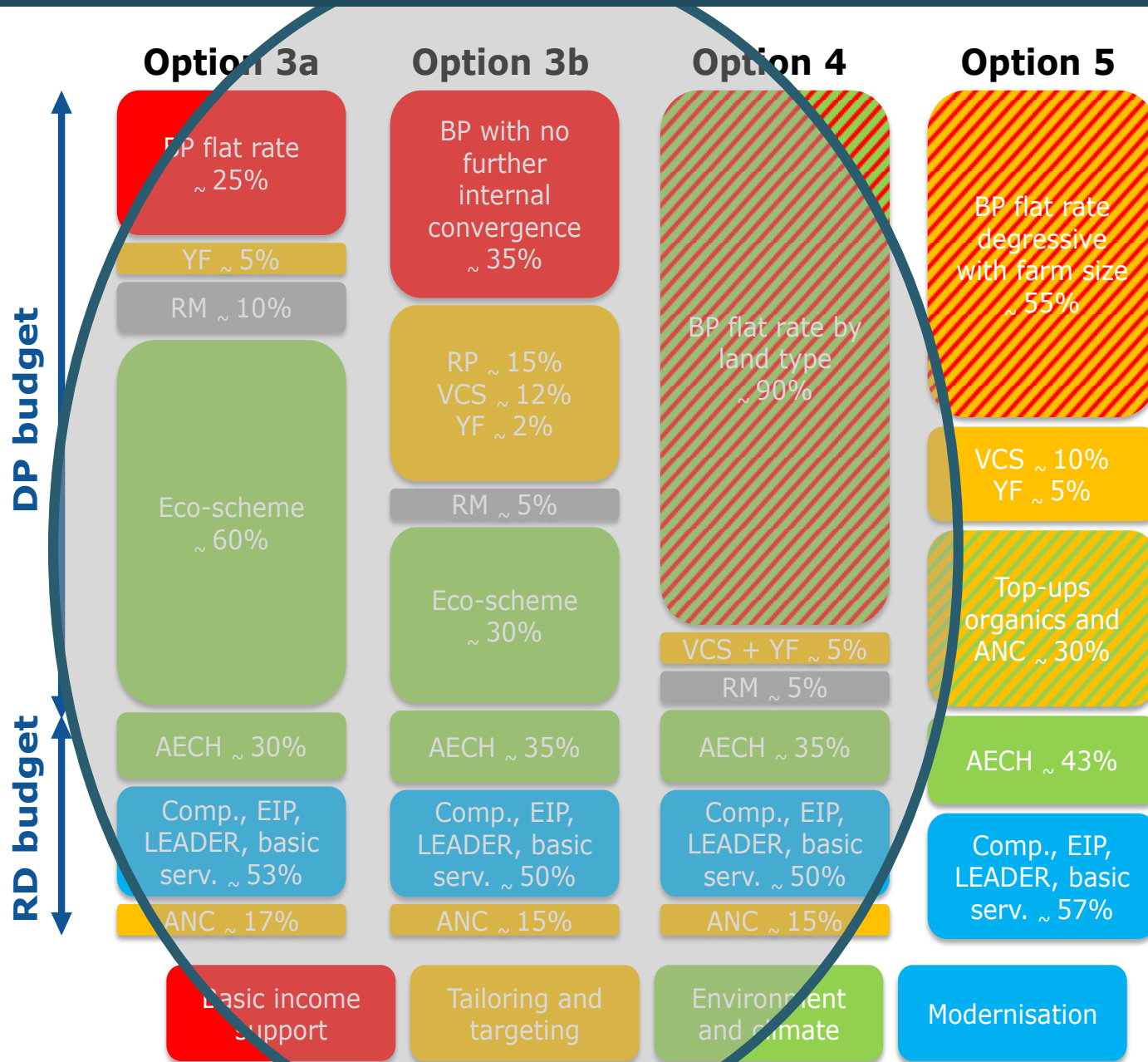
Transfer political
responsability
from Commission
to MS' shoulders

Single market and CAP reform : High risk of eco & envi distortions



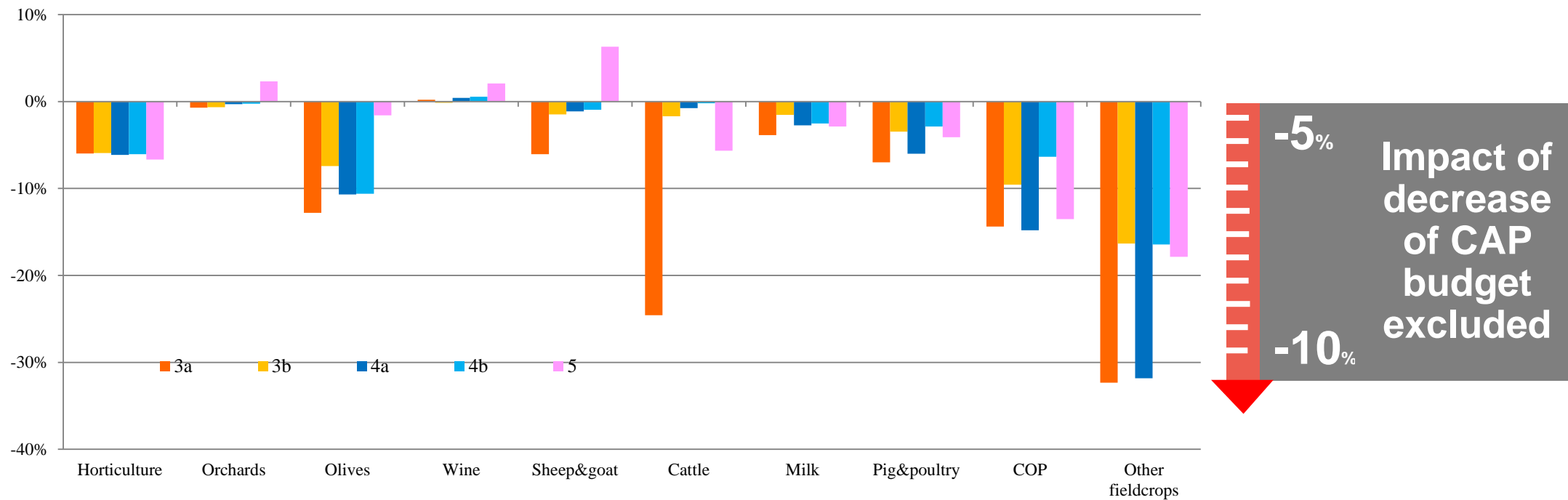
Total freedom for MS,
Commission approving everything and unique gardian in theory of the « C » of the CAP

High risk of eco & envi distortions between MS and Farmers



Note: *BP= Basic Payment, YF = Young Farmers, RM= Risk Management, RP = Redistributive Payment, AECH = Agri-Environmental-Climate and Health Measures, VCS= Voluntary Coupled Support, EIP= European Innovation Partnership

High risk of eco & envi distortions between MS and Farmers



	Relative to baseline	Relative to option 1 (baseline with cuts)				
	1	3a	3b	4a	4b	5
Direct payments	-10%	-75%	-40%	-6%	-6%	-26%
Total support	-10%	-11%	-7%	-4%	-4%	-6%
Income	-2%	-10%	-5%	-8%	-5%	-5%

Source: JRC, IFM-CAP

5 milestones for a more stable and efficient EU agriculture



1 A **CAP** proud of being **European** and focusing on **double performance**



2 Put in place key parameters in the basic acts at EU level : minimum share for direct income support at 70 %, transfer P1 to P2 at 15%, & define **European environmental basis for the new « super » conditional**



3 Promote the **economic dimension of the CAP** with a minimum financial objective for economic performance, investments and risk management (**30% 2nd pillar**)

5 milestones for a more stable and efficient EU agriculture



4 Give a **European dimension to the Eco-scheme**, focusing measures to be proposed on the taking of innovative tools and practices that can **encourage both and at the same time the environmental and economic transition** of the European agriculture.



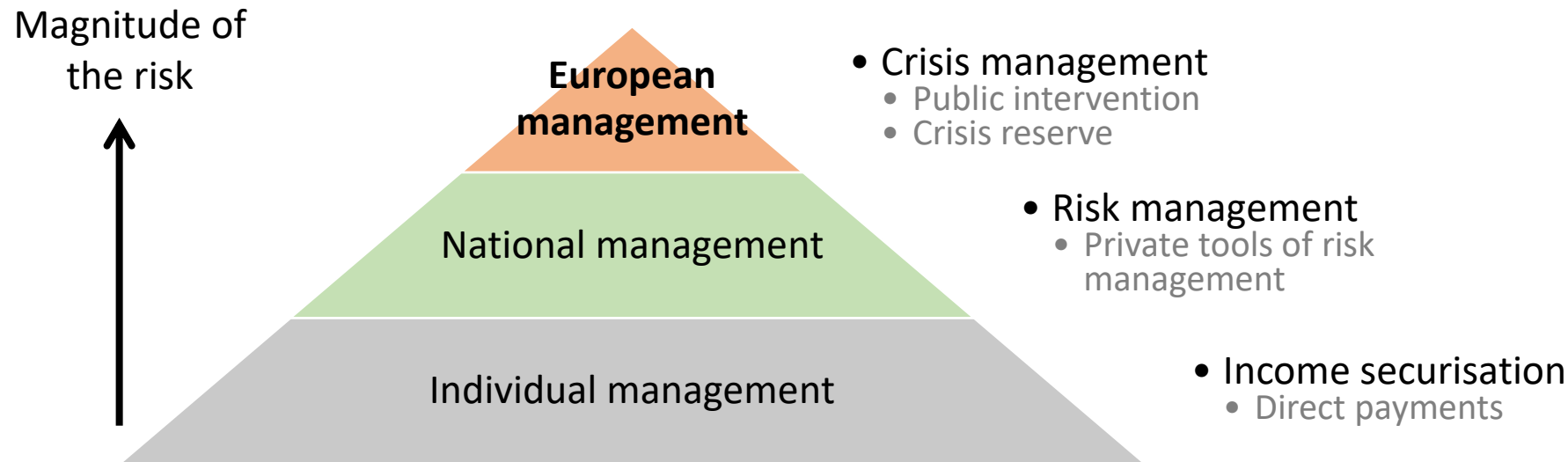
5 Build an effective, predictable and adequately financed **crisis reserve** with guarantees that the Commission will react without delay in case of serious market disruption.

Do we want more performant EU agriculture and stable environment for EU agri-food sector as a whole ?

Main points still to be addressed

- Incentivize transition to double performance:
 - **Eco-scheme: make it useful tool**
 - Which kind of shape given to the **objective of economic and environmental performance** displayed in the narrative;
 - Eco-scheme as a scheme rewarding transition to double performant agri systems
 - Consider farmers as sensible entrepreneurs.
- A balanced “eco-eco” CAP : **minimum level** set in the 2nd pillar **for economic measures**
 - Focus on innovation on farms
 - Increase resilience
- **Need of efficient crises reserve** in full coherence with CAP risk tools;

Volatility & crisis : let's be pragmatic & efficient



➤ The two current layers + “an EU roof”

- for social sustainability and attractiveness of farming => an enhanced resilience
- for investment needed to achieve the EU's sustainable development goals

TODAY,

EU => the right level to manage major crisis

But the “weak link” in the risk management policy...

A CAP anchored in the 21st century

- **Climate insurances:** To cover 70% of European production in the cereals, industrial crops, potatoes, wine and fodder sectors, → CAP EUR 3.8 billion a year.
- **IST & Milk sector:** for ISTs that would cover 70% of EU milk production
→ € 420 million a year (2nd pillar CAP co-financing of 70%)
- **EU Crisis management fund : € 1.7 billion as a whole**
 - Partial reinsurance of climate insurance schemes
 - Secondary support to farmers taking over IST
 - Exceptional market measures taken with no delay when needed



Budget, Brexit & CAP Reform PAC:

let's change challenges into assets!



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