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Subject:	COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS The CAP towards 2020: meeting the food, natural resources and territorial challenges of the future <i>- Presidency conclusions</i>

Delegations will find attached the Presidency conclusions as finalised and supported by a very large number of delegations in Council at its session on 17 March 2011.

PRESIDENCY CONCLUSIONS
ON THE COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS

The CAP towards 2020: meeting the food, natural resources and territorial
challenges of the future

The Council:

1. RECALLS that the CAP is a dynamic policy which over successive reforms has evolved in response to changed circumstances and must do so again given the policy challenges ahead which concern not just farmers but all EU citizens;
2. In this context, WELCOMES the Commission's Communication 'The CAP towards 2020: meeting the food, natural resource and territorial challenges of the future';
3. RECALLS the European Council's view that a sustainable, productive and competitive agricultural sector will make an important contribution to the Europe 2020 strategy, considering the growth and employment potential of rural areas while ensuring fair competition;
4. NOTES broad support that the future CAP has to remain a strong common policy, and with regard to the EU budget, should have financial resources which are commensurate with its objectives, without prejudice to the decisions on the EU's Multiannual Financial Framework post-2013;

5. CONCURS with the Commission that for the CAP towards 2020 the existing structure of two separate and complementary pillars should be maintained;
6. UNDERLINES that simplification and better delivery must be among the basic principles underlying any proposals for reform of the CAP, both as regards the regulatory framework and the implementation of the policy on the ground, and INVITES the Commission to address the suggestions made by Member States in this regard¹;
7. AGREES with the Commission's identification of the three main objectives for the future CAP, namely ensuring viable food production, sustainable management of natural resources and climate action, and balanced territorial development; RECOGNIZES that there is a substantial element of complementarity between the three objectives;
8. UNDERLINES that direct income support to EU farmers currently contributes to ensuring a fair standard of living for the agricultural community; it also enhances the provision of public goods and services by farmers for which the market does not pay, and BROADLY AGREES that this support has proven its worth and will remain an essential element in the CAP towards 2020, notably in the context of the additional costs producers face in meeting the EU's high environmental and animal welfare standards;
9. RECOGNIZES the need for a more equitable distribution of direct income support between Member States stepwise reducing the link to historical references, and having regard to the overall context of the future EU budget;
10. In this respect BROADLY AGREES that pragmatism should be the leading principle when looking for objective allocation criteria and to ensuring an appropriate and progressive rhythm of change that avoids major disruption;
11. As regards distribution between farmers, IDENTIFIES the need for flexibility at national/regional level, with appropriate transitional periods to avoid disruptive financial consequences;

¹ See in particular document 7206/11.

12. ENCOURAGES the Commission in its ongoing work to explore the possibilities for Member States to further target their direct income support within their national envelopes, notably by:
 - providing possibilities for Member States to assist small farmers to decrease administrative burden and improve their competitiveness;
 - providing a practical choice for Member States to better focus on active farmers;
13. UNDERLINES that any voluntary support measures decided upon by Member States should take place within their national envelope;
14. NOTES the significant opposition of Member States to the introduction of an upper ceiling for direct payments received by large individual farms, as well as the request that any proposal should be made in a manner which does not affect the competitiveness of agricultural holdings and the necessary simplification of the CAP;
15. RECALLS that the CAP already includes significant green elements and ENDORSES the concept of further greening the CAP towards 2020;
16. UNDERLINES that any further greening should be simple and cost-effective, avoid any overlap between pillars and must be based upon the experience of the CAP's current green policy measures;
17. BROADLY AGREES to keep and enhance the effectiveness of support for areas affected by natural handicaps in the second pillar and to invite the Commission to assess the possible added value of any complementary first-pillar support;

18. RECALLS that following successive CAP reforms the overwhelming volume of CAP support is decoupled, NOTES broad agreement to continue voluntary coupled support in certain sensitive sectors and in certain regions within the limits of the EU's WTO commitments and while maintaining the integrity of the internal market, and also to continue other specific decoupled support under Article 68 of Regulation (EC) No 73/2009;
19. DRAWS attention to the request of several Member States to continue with SAPS for a transitional period beyond 2014;
20. CONFIRMS that, in line with previous CAP reforms, EU agriculture must continue its market orientation and gain competitiveness, BROADLY AGREES that existing market measures continue to constitute a necessary safety net and that greater flexibility and quicker deployment in the application of measures by the Commission is required;
21. Since EU farmers increasingly have to cope with a number of risks which could result in substantial income loss, WELCOMES the Commission's suggestion for a risk management toolkit and UNDERLINES that this should be voluntary, should not distort competition and should not interfere with existing activities in this area;
22. UNDERLINES the importance of seizing the opportunity of the CAP 2020 reform to improve the functioning of the food supply chain, in order to enhance the long-term prospects for the sector and reverse the steadily decreasing trend in farmers' share of the value added generated by the food supply chain and INVITES the Commission to examine whether the innovative approach it is proposing for the milk sector could be extended to other sectors;

23. Recalling its Conclusions on the international competitiveness of the European agri-food model, NOTES that within the framework of international law, it is relevant to acknowledge the need for a level playing field between the EU and third country producers, concerning the EU standards, which recognise that consumers' demands and any societal concerns (such as quality, health, environment and animal welfare) are met;²
24. SHARES the Commission's analysis that the CAP rural development policy has proved its value and AGREES that a robust rural development policy will remain key to further enhancing the competitiveness, modernisation and sustainability of the agri-food sector, maintaining farming activity in its diversity and developing the wider economic potential of rural areas throughout Europe;
25. RECOGNISES the particular challenges rural areas are facing with regard to lack of sufficient employment opportunities, demographic change and the problem of generation renewal in farming;
26. UNDERLINES the need to better address the specific needs of young farmers and new entrants as regards transfer, start-up and restructuring of farms and EMPHASISES the importance of rural infrastructure and knowledge transfer through inter alia vocational training and advisory services;
27. WELCOMES the Commission's intention to stimulate the development of direct sales and production for local markets, as well as the competitiveness of small farmers;
28. APPRECIATES that European farmers already deliver substantial environmental public goods and RECOGNIZES that the environmental challenges identified in the CAP Health Check remain relevant for the rural development policy in the future;
29. UNDERLINES that European agriculture can only meet the economic and environmental challenges it faces with the assistance of innovation and CONSIDERS that the CAP is a powerful tool to encourage and apply that innovation;

² See document 11409/10 ADD 1.

30. IS COMMITTED to ensuring that Europe's agriculture is part of the solution on climate change and that the CAP, the most common of EU policies, substantially contributes to low-carbon economic growth and cost-effective climate change mitigation and adaptation in rural areas;
31. ACKNOWLEDGES the need to simplify and improve the current rural development policy framework, including programming and monitoring, in order to increase its effectiveness and to allow Member States to tailor their rural development programmes more to national, regional and local needs;
32. EXPRESSES concern about the possible administrative burden that may arise from the Commission's suggestion to introduce a new outcome-based approach to rural development policy with quantified targets and NOTES significant opposition to the suggested introduction of a performance reserve as a possible incentive to meet those targets;
33. RECOGNIZES the need to strengthen coherence and synergy between rural development policy and related EU policies, while avoiding any additional burdens and constraints on Member States;
34. NOTES that the Commission is continuing to work on the three policy options described in the Communication as well as on further options and on combinations of the options; ENCOURAGES the Commission in this respect and in this context INVITES the Commission to continue to share the relevant data and analyses and impact assessments with Member States;
35. LOOKS forward to receiving the Commission's legislative proposals in good time in order to allow the Council ample opportunity to examine these in the new context of the Ordinary Legislative Procedure, with a view to the CAP 2020 entering into force on 1 January 2014.