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## Position Paper on the CAP post 2020 legislative proposal

The Association of European Regions for Product of Origin (AREPO) and the Assembly of European Horticultural Regions (AREFLH) represent the European Regions and producers' organisations that deal with fruit, vegetables and ornamental plant production as well as products of origin.

The two networks gather together 40 regions from 9 different EU Member States, representing over 50% of Geographical Indications and 45% of fruit and vegetables and ornamental plant production in Europe.

Their common aim is to represent, promote and defend the interests of producers and consumers of European Regions involved in the valorisation of high quality food products

### 1- General observations

#### A. The new CAP and the Multiannual Financial Framework: a worrying decline of agricultural resources

On the 1st of June 2018, the European Commission unveiled its legislative proposals for the future CAP post 2020. The Commission's announcement followed the presentation of the multiannual financial framework (MFF) of May 2<sup>nd</sup>, which established a total budget of **€365 billion for the CAP (in current prices)** for the 2021-2027 period. Out of this amount, **€265.2 billion have been earmarked for direct payments, €20 billion for market support measures (EAGF) and €78.8 billion for rural development (EAFRD)**. An additional €10 billion have been made available through the EU's Horizon Europe research programme to support specific research and innovation in food, agriculture, rural development and the bio-economy.

The Commission's financial proposal introduces a budget cut from € 408 billion in the period 2014-2020 to € 365 billion in the period 2021-2027, a 12% cut in constant 2018 prices for a total envelope worth 1.08% of EU GDP. This **represents an important reduction, both in absolute and relative terms, of CAP funding**, which the Commission mainly justifies by the impending Brexit as well as by the necessity to fund the so-called "new challenges" - digitalisation, migration, environment/climate change, security and defense. Furthermore, such reduction is not equally distributed between the two pillars, with **rural development - mainly managed at regional level - expected to suffer a substantial reduction of its financial allocations** (-15.26% compared to - 0.57% for direct payments). This budgetary cut appears to be in full contrast with the Commission's objective to achieve sustainable, developed, vibrant and youth-led rural areas.

This signifies that the CAP, in the absence of an increase in the EU's overall budget as strongly advocated by the European Parliament, **is expected to extend its scope and achieve both old and new objectives with a significantly reduced budget**. This is an unacceptable principle that risks jeopardizing the future of EU agriculture, the common market organisation and rural areas. In our view, a strong, competitive and sustainable CAP, with common and simple rules across the EU, can only be achieved through a strong agricultural budget.

#### B. The CAP post 2020: what role for European regions?

Over the last months, we have strongly advocated for a future CAP that **maintains a direct relationship with the rural territory through the active role of EU Regions**, which play a crucial role when it comes to define and implement agricultural and rural development policies at local level. Regional entities often act as the main partner of farm businesses as they are better placed to address farmer's needs in the context of their territorial specificities. However, despite the warnings, particularly of the European Parliament's report on the Future of Food and Farming, which highlighted the *'need to fully respect the distribution of powers within each Member State, often set out in their constitutions, particularly in terms of respecting the legal competences of the*



*EU's regions when implementing policies'*, the **European Commission has persevered in its objective to propose a strong renationalisation of the CAP**, which constitutes a central element of its proposal through the "New Delivery Mechanism".

In its current form, the legislative proposal **tends to marginalise or even jeopardize the role and autonomy of European regions in the management of the CAP**, granting them with the mere task of **implementing measures established at national level**. More precisely, our main concern arises in **Article 110** of the proposal, which establishes that each member state must identify its own management authority for the National Strategic Plan, which encompasses both pillars. In this framework, **European regions are deprived of any recognition as managing authorities, and can at best contribute to establish elements of the National Strategic Plan** that the Member State must in any case evaluate in order to guarantee consistency with its National Plan (Art. 93).

Under this scenario, **European regions, which in many EU countries exert important legislative functions in the agricultural sector, would therefore be called upon to play the marginal role of an "intermediate body"**. An example of this organisational model can be found in the European Maritime and Fisheries Fund (EMFF), which has already revealed a number of management deficiencies, which have resulted in significant delays in the implementation of activities, as well as a number of operational difficulties that have significantly reduced the effectiveness of the interventions.

Consequently, **applying such organisational scheme to the EAFRD would risk disbanding a wealth of management experience gained over the years in many European regions** at a time when various realities are working to build forms of "reinforced autonomy", thus generating the impossibility of outlining the development of territorial systems and of grasping their local specificities. The full application of the principle of subsidiarity proposed at EU level should not be applied only at Member State level but at the level of government that is most suited to successfully implement the different policies. For this reason, **EU regions must see their role increased within EU decision-making processes, thus ensuring a greater participation in the definition of EU strategic priorities, together with a full ownership in the management of agricultural policies, particularly in the second pillar**.

## 2- The CAP post 2020: suggestions for improvement

The **CAP proposal, in its current form, needs to be revised as it does not allow any adaptation of policy choices to specific territorial and sectoral characteristics**. Such approach would risk flattening interventions to the lowest common denominator, thus penalising territories characterised by efficient and advanced agricultural models that would end up losing the opportunity to take up new challenges and persevere in their role as a driving force for the entire national agri-food industry. In order to improve the Commission's legislative proposal, we are pleased to share the following suggestions:

### A. Ensuring a strong agricultural budget for a strong CAP

The announced cuts to the post-2020 Common Agricultural Policy's budget, as proposed by the Commission, appear disproportionate and should be rethought. We understand the necessity to take into account Brexit and new challenges the EU is currently facing in the future budget, however this cannot be done at the expense of European farmers and of rural communities. On the contrary, if the new CAP is expected to achieve both old and new objectives, then **there is a concrete need to increase the resources currently proposed for the 2021-2027 period, with particular reference to the second pillar, without which it would not be possible to respond to the multiple challenges assigned to the CAP**.

### B. Safeguarding the key role of European regions in defining and implementing the CAP

The **key role played by European regions in the management and implementation of the CAP must be maintained and reinforced**, in particular for the second pillar, where the impact of regional policies is greater. Without such approach, the Commission's objective of achieving a more flexible CAP adapted to specific territorial features would appear to be fully unrealisable. Likewise, **EU regions must see their role increased within EU decision-making processes, thus**



**ensuring a greater participation in the definition of EU strategic priorities for the future CAP, particularly in the second pillar.**