Mr Janusz Wojciechowski
Commissioner for Agriculture
European Commission
Rue de la Loi / Wetstraat 200
1049 Brussels
Belgium

Brussels, 24th March 2021

RF: Copa and Cogeca views for the next super-trilogue

Dear Commissioner,

Copa and Cogeca would like to reiterate the need for a workable, efficient and simple CAP as well as certainty, predictability and a vision for the future, given the challenges ahead. A quick but wise decision on the CAP package is needed in this respect.

The decision should set the basis for both a competitive and sustainable agricultural sector, ensuring the much-needed simplification on the ground.

In view of this, Copa and Cogeca would like to reiterate their position on several aspects:

New Delivery Model and central system

Farmers and their cooperatives are ready to support the new delivery model provided it delivers simplification for beneficiaries and does not endanger the communality of the policy. In our view, this should aim for a reduction in the administrative burden, for both farmers and administrations and make possible the design of measures and the setting-up of targets adapted to the national needs and circumstances based on common EU objectives. Performance incentives which are properly designed can help meet these objectives, allow for better outcomes and encourage farmers to be more efficient. Farmers would thus also be able to assess the sustainability of their practices.

A vital part of the shift from compliance to performance is the results-based system. The result-based system moves away from the rigid rules and compliance checks and penalties on non-relevant issues, while ensuring that the emphasis is put on encouraging beneficiaries to follow more sustainable practices. In this regard, CAP rules need to be clearer, the legal framework and the indicators simple and workable in order to achieve the best possible outcomes on the ground.

In this result-based framework, it has to be very clear what the responsibilities of the Commission and those of the Member States are. This is fundamental, as the Commission will no longer interact with the individual beneficiaries but places the responsibility on Member States. Copa and Cogeca consider that the power given to the Commission to extend checks to the type of interventions and therefore to single beneficiaries, is a step back from the new delivery model.

It would also be worrying if two different systems would be applied at the same time as this would lead to confusion for the beneficiaries, possibly doubling of controls and not contribute to
simplification. The new delivery model based on performance should strive to guarantee a real reduction and simplification of controls at farm level.

The use of information stemming from other already existing sources should be exploited. In this regard, the need to register the group to which the beneficiaries belong is redundant as there is already an Ultimate Beneficiary Registry in place. Another example is a wider use of the Arachne tool to further contribute to simplification and reduction of administrative burden as long as consistency with the data protection principles is ensured.

Copa and Cogeca consider that no additional reporting or control requirements that would represent more red-tape and administrative burden for farmers and/or EU or Member State administrations should be introduced. Copa and Cogeca welcome the move to reduce the number of on-the-spot checks and increase the use of satellite and related technologies to carry out these controls. Given the reduced number of on-the-spot checks, the control sample should be based on a risk assessment and not be set at a specific and fixed percentage. With regard to the increased use of remote sensing, the responsible authorities for monitoring must correctly identify the eligible area.

The system of penalties needs to be simpler and more proportional. It is very important that we move from a system of controls and sanctions to one of guidance and correction. This approach should also be followed when addressing the identification and registration of animals, seeing as the penalties are currently quite severe despite the application of the yellow card system. Copa and Cogeca believe that the early warning system should offer more guidance and more possibilities to correct unintended errors in advance. An upper limit for penalties imposed on farmers should also be established. The early warning system should indicate a time period during which farmers can voluntarily correct possible errors in their aid application. The sums to be recovered in case of non-compliance should be calculated in a straightforward and proportionate manner that does not add complexity to the already burdensome administrative procedures.

With a shift from compliance to performance, the indicators will play a pivotal role in linking expenditure to output, measuring progress to targets, and assessing the impact of the policy. Indicators must therefore reflect the EU specific objectives and should be developed under the EU legislation. Indicators should also take into account all three pillars of sustainability – economic, environmental, and social – which are fundamental to farmers’ competitiveness. That is why, Copa and Cogeca welcomed the reduction of indicators put forward by the European Commission and rejected any addition of further indicators. For each indicator, there should also be a common methodology applied consistently and coherently in all Member States. The indicator should be fully operational and proportionate to the level of ambition and funding of specific goals and intervention types under the CAP post-2020. The implementation of such a system should take into consideration the Member State’s operational capability to monitor these indicators with the current resources. In line with the primary objective of simplification, any administrative expenses arising from the measurement of the indicators must be kept as low as possible.

In terms of eligibility of expenditure by the paying agencies, Copa and Cogeca consider that article 35 of the Proposal for a Regulation on the financing, management and monitoring of the CAP (the Horizontal regulation) should not be modified.

Social conditionality

On social conditionality, while we understand this request, we do not consider the CAP to be the best instrument to regulate employment in the agriculture sector. Labour rights are already established nationally through statutory law or collective bargaining. So there is no need to impose additional burdens on employers at EU level through the conditionality mechanism under the CAP. Moreover, including new criteria through the CAP could undermine the autonomy of social partners nationally, and those are the best suited organisations to adjust legislative frameworks into the specificities of each subsector in agriculture. For example,
regarding wage-setting, the EU has no competence to introduce a legal instrument on the matter based on Article 153 (5) of the EU Treaty. This article also explicitly excludes collective bargaining from EU regulation. This is for good reasons as it would strongly interfere with Member States’ competences. In that sense, we would be against the inclusion of social conditionality. We should also precise which concrete topics are we considering in order to differentiate between EU and Member states’ competences. Another argument to dismiss even the proposed advisory services is that national legislation already covers these issues and safeguards social partners' autonomy as well as the principle of subsidiarity. By adding a new layer of obligations, we would not be cutting the red tape, on the contrary, we would be imposing more requirements to the most fragile part of the agri-food chain; workers and employers, and so disrupting the development of farms and businesses, especially since the outbreak of the crisis. From our point of view, to support farmers the best EU framework is the agricultural social dialogue, and the best legislative instruments are guidelines or directives for certain topics. Conditionality has a complex framework of controls and there are many question marks on how these can be implemented.

Definition of active/genuine farmer

In the context of subsidiarity, the proposals for the future CAP allow MS to establish the main definitions and eligibility criteria, provided they remain within the common EU framework. While we underline the need to safeguard the communality of the policy, we recognise that a degree of flexibility needs to be given to MS. This, however, must not lead to distortion of competition across MS nor must it create divergent approaches in the EU.

We must strive for a clear definition of genuine farmer across the EU, which is based on real and effective agricultural activity. CAP support must target active farmers, that is, those producing food, feed, fibre and renewable energy, who contribute to a sustainable sector and provide public goods and growth. This should not preclude or exclude the eligibility of those farmers who have established additional sources of income to secure their livelihood (e.g. part-time farmers and agri-tourism). In line with past legislative changes (Omnibus), MS could maintain the flexibility to better target the support (in terms of eligibility). Thus, it should be possible to design a common framework whilst also allowing for the definition to be adapted to the real needs and conditions of MS.

Capping and redistributive payment

Copa and Cogeca do not believe that having the same criteria across the EU for capping will have a positive impact and therefore oppose it. Mandatory capping is neither a beneficial nor a fair approach to ensure a “fairer distribution of payments” as all farms, regardless of their size and structure, face significant economic pressure. There is only a weak relationship between farm size and economic performance. This therefore greatly undermines any argument suggesting that larger farms are better able to withstand the impact of a reduction in direct support. It is also disruptive to farmers who have responded to societal demand for rationalisation and have consequently improved their sustainability and productivity. In this sense, farmers are receiving mixed signals from society as well as from legislators and the market.

Copa and Cogeca could support, as a compromise, a voluntary approach to capping, to be applied only to the basic income support for sustainability (BISS) and allowing for the full deduction of salaries.

When striving for a fairer distribution of direct payments (redistributive payments), investigating the minimum size of claim could also be worthwhile to target farmers who actively contribute to the economic, environmental and social dimensions of sustainability. Thus, redistributive payments should focus not on paying for the first hectares but rather on sustainable and viable farms. It should be ensured that these payments provide clear EU added value.
Eco-schemes

Eco-schemes should be designed on the basis of SWOT and needs analysis carried out by Member States reflecting their respective targeted response towards the CAP strategic objectives. Furthermore, they should be designed in a manner in which it provides incentives to all farmers in this transition process; they should include a list of options that farmers can choose from in view of their individual farm, and; most of all they should guarantee a level playing field in its availability to all farmers.

The indicative list put forward by the European Commission can, indeed, serve this objective. We welcome the clarity regarding the type of agricultural practices that benefit the climate and environment that could be included under the eco-schemes. However, we would like to underline that the voluntary nature for farmers of these potential practices, as proposed by the Commission, should be maintained. These should be simple, unbureaucratic, practical and economically sound. EU requirements must be clear and understandable and fit in the agricultural production on-farm. In addition, they must not compromise the agri-environmental measures under pillar II that have proven to work. Copa and Cogeca believe that any efforts in achieving simpler measures, controls and administrative requirements are fundamental.

Moreover, this list should not be a closed one nor one that prevents MS from adopting the measures (as eco-schemes) better targeted at their needs. For some farmers, this might be precision farming; for others it might be actions to improve biodiversity. On the same line, we consider that a potential delegated act putting forward a list of eco-schemes, given its legally binding character, is not the right tool as it would go contrary to this objective.

In the CAP Strategic Plans planning it is important to prevent the loss of any funds allocated to eco-schemes should they be left unused (due to their annual nature). It is therefore important to introduce a flexible and transitional mechanism to prevent any loss of funds due to underuse of eco-schemes in the first 2 to 3 years of implementation of the future CAP. This should however not lead to distortion of competition between Member States nor disrupt the internal market.

Young farmer

Copa and Cogeca favour 2% ring-fencing in Pillar I, but insist on the need for having efficient measures and a clear strategy to deliver on generation renewal through Pillar II. Access to land needs to be facilitated at MS level, the income aspect must be addressed and support measures must be integrated into multi-sectorial approaches.

Regarding the CMO regulation, Copa and Cogeca oppose any weakening of the market management measures in the form of public intervention. The proposal to remove the automatic triggering of public intervention for common wheat is a step in the wrong direction. Public intervention requires a review of reference price in order to take into account higher production costs. We also reject the proposal to delete the fixed-price system for buying-in under public intervention and the quantitative limitations for buying-in at fixed price. Copa and Cogeca support the fixed price system before activating the tendering system as it gives more certainty to operators in times of crisis. Relying purely on the tendering system might not be beneficial for the overall market evolution. We support the provision according to which when fixing the level of the public intervention price, the Council shall use objective and transparent criteria, which shall be in line with the objective of ensuring a fair standard of living for the agricultural community. When it comes to the general principles on disposal from public intervention, we support increasing transparency when it comes to the use of public intervention, but this should not go contrary to data protection. When it comes to private storage, we welcome the eligibility of table olives and rice for the aid for private storage. The table olive sector is closely linked to the olive oil sector, which already benefits of the system of aid for private storage as instrument to regulate the supply and acting as safety net. As a result, the private storage measure should be open to table olives. Dehydrated alfalfa should be eligible for the private storage aid mechanism in the event of a crisis in the purchasing capacity of livestock farmers (dairy farmers, for example) and we regret it is not included in the list of sectors eligible for private storage.
When speaking about measures to address exceptional market disturbances, we cannot support the proposed voluntary reduction scheme tied together with the measures to stabilise production in periods of severe market disturbances by imposing a levy on those producers increasing production. This does not take into consideration the differences between sectors, nor provides an indication on where the financing to cover these interventions would come from, and as such is unacceptable. The European Commission has indeed the flexibility, according to the current legal basis, to adopt delegated acts to take the necessary measures in case of market disturbance in a particular sector.

Copa and Cogeca fully support the principle of market transparency and information but reject the idea of a single EU observatory, merging all existing ones. Considering the specificities of sectors as well as maintaining a practical approach we would rather broaden the scope of the EU observatory and extend it to other sectors.

Agri-food imports from third countries must comply, as a general rule, with EU rules given the need to ensure fair competition between EU and imported products.

We support the proposal to include a voluntary extension (at the request of PO or IPO) of regulation of supply for products with PGIs and PDIs to other products than cheese, wine and ham (therefore similar to existing articles 150, 167, 172). This offers a good tool for GIs to ensure a better economic return.

When it comes to the wine sector specific provisions, we welcome the extension of the duration of the vine planting authorization system. We believe that the current system, which proved to be efficient, should be prolonged until 2050, also with a view to ensure a higher level of stability. We also believe that the obligation to evaluate the system and make proposals to improve, if necessary, should be maintained. We support a review of the system every 10 years with the first one in 2023.

Copa-Cogeca oppose increasing the annual growth rate percentage for new plantings authorisations from 1% of the total national area planted, to 2%, by 2031.

We welcome the decision to keep the status quo regarding the wine vine varieties allowed in the EU, not including the forbidden varieties Noah, Othello, Isabelle, Jacquez, Clinton and Herbemont and varieties of the species Vitis labrusca, in order to protect the reputation and the quality of the EU wine production.

We welcome the mandatory labelling of the nutritional declaration (energy value only) and the lists of ingredients. The mandatory indication of the word 'energy' on the bottle should appear in the form of an 'E', to make it easier for winemakers and cut labelling cost. We also strongly welcome the possibility to provide the ingredients list off the label, provided that a direct link is identified on the label. We also support that such link should not be displayed together with other information intended for sales or marketing purposes.

We welcome that the Commission will be empowered to adopt delegated acts on the provisions relating to the nutritional declaration and the list of ingredients. When drafting the secondary legislation on the definition and presentation of the list of ingredients, the Commission should make sure not to put an excessive and unjustified administrative burden on producers. When communicating the list of ingredients of a specific product, some additives might vary from one batch to another: it should be made possible not to communicate on the basis of the batch, but rather on the basis of the product itself.

On Article 7 of the proposal for regulation -Entry into force and application (labelling), we welcome the delayed entry into force of the provisions concerning the nutritional declaration and the list of ingredients of at the least two years after the entry into force of the Single CMO regulation. We support the application of the provisions concerning the list of ingredients only after the second full marketing year after the date intro force of the delegated act to be adopted by the Commission. This would avoid diverging application among different Member States.
Moreover, this additional time is necessary in order to find the relevant technological solutions for the off label system and make sure all producers are able to comply to the new requirements.

Copa and Cogeca will closely follow the evolution in the trilogue discussions and will keep sharing our views.

Faithfully yours,

CC: Mr Wolfgang Burtscher, Director-General of DG Agri