RE: Copa and Cogeca views for the super-trilogue on 25th – 26th May 2021

Dear Commissioner,

European farmers and their cooperatives are looking forward to the swift conclusion of the CAP negotiations.

The CAP must continue to be a success story and ensure the sustainability of the agricultural sector in all its three dimensions. We thus remain convinced that the outcome of these negotiations will be balanced in order to allow European farmers and their cooperatives to remain competitive while addressing the challenges ahead.

In view of the next trilogue, Copa and Cogeca would like to share with you, in the enclosed background note, our main views on the CAP Strategic Plans Regulation, the CMO Regulation and the Horizontal Regulation.

Faithfully yours,

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

CAP Strategic Plans Regulation

Definitions

Definition of active/genuine farmer

Copa and Cogeca welcome the provisional agreement reached in order to ensure a clear definition all across the EU, which is something we have constantly called for.

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. However, a fundamental principle is keeping a simplified approach that does not create additional administrative burden for the beneficiaries.

Definition of new farmer

Copa and Cogeca are favourable to a treatment to “new entrants” (who have set-up a holding for the first time, as head of holding and with appropriate training or acquired necessary skills) similarly to young farmers, which would fit under the already established interventions and support measures as part of rural development policy.

Young farmers

Copa and Cogeca insist on the need for having efficient measures and a clear strategy to deliver on generation renewal. Addressing the age structure of farmers is a complex problem involving cultural, social, economic and other factors. Thus, policy measures should predominantly be anchored in Pillar II of the CAP.

Capping and redistributive payment

Copa and Cogeca oppose mandatory capping as this 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.

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

On the 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.

Coupled support

In terms of coupled support, this must continue under precise and limited conditions to support sectors, especially livestock production, in regions where other policy tools are not available or are less efficient. Member States should be free to identify the sectors that should benefit from
this, rather than having a list of eligible sectors specified at EU level. The Commission should ensure that distortions of competition are kept to a minimum. We nevertheless recognise that coupled support should be maintained at the current level at least.

**New green architecture**

**New enhanced conditionality**

While ensuring the commonality of the policy, the new enhanced conditionality needs to consider the differences among MS and fit the agronomic practices and the reality on the ground, while ensuring simplification compared to the current situation.

In addition, it is important to ensure that it sets the basis for and provides a sufficient room of manoeuvre to incentivise farmers to more ambitious practices in eco-schemes and in pillar II measures.

In general terms, a particular attention should be given to farmers who participate in small farmer schemes who should be exempted from new conditionality requirements. While Copa and Cogeca support an immediate and “de facto” recognition of organic farmers as well as other more environmentally-friendly production systems that are duly certified as compliant with all or part of the new enhanced conditionality rules.

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

It remains important that grassland is managed at national/regional level, based on a ratio, as it is today and not at holding/farmer level. There is always the last resort option for MS to apply it at individual level in case there is a risk that the area of permanent grassland (PG) falls below the ratio. Any provisions regarding grasslands can only be accepted provided that they are simple, realistic and that they do not disrupt day-to-day farming practices.

Maintaining permanent grassland in absolute terms all across would not allow for a dynamic management of permanent grassland nor for a flexible management of the farm while complying with the environmental and climatic objectives. It would also disregard changes in the agricultural area due to alternative uses (urbanization or other economic activities) with a risk of unfairly penalising farmers. The EU legislation should not impede MS which have identified a high risk of conversion and which wish to apply this provision in absolute terms, from doing so.

When it comes to the reference year, clarity is key in fulfilling this standard. The reference year should also reflect MS situation and the respective production systems.

Regarding the definition of permanent grassland Copa and Cogeca support the definition proposed by the European Parliament, provided that it does not dramatically change the reference area or leads to a situation where there is a decline in the number of hectares.

Presently, many of the declared permanent grassland areas are part of long crop rotations. The worst thinkable situation we could imagine would be if the share of permanent grassland at national level declines so much that areas with permanent grassland are “locked” at parcel level and farmers will have to re-establish permanent grassland. As it is now – things are in balance – but with the change in definitions, this might not be the case anymore. Therefore, we support a definition close to the current one of permanent grassland. It is important to ensure the possibility to recalculate the reference area every time the definition of permanent grassland changes, should this be needed.

The definition should also provide for a period longer than 5-years if necessary. This would prevent the disruption of longer crop rotations and maintain the eligibility of land for support. The longer period might allow for an optimal carbon-fixation and might prevent an extensive ploughing up of land. It is also important to work with an annual ratio of permanent grassland.

Moreover, we do not support defining temporary grassland in the EU legislation as we consider that everything which falls out of the definition of “permanent grassland” can be automatically classified as temporary.
Regarding the possibility for MS to decide that changes in the species or mixture of species of green fodder when compared to the previous sowing shall be considered compliant with crop rotation principles/rules, this might bring a realistic approach at farm level when it comes to crop rotation. But it should not prevent good agricultural practices and should not lead to a reclassification of permanent grassland. It might also be more challenging from an administrative point of view, when it comes to controls, as this might bring about a need to record-keeping to prove the changes in species or mixture of species.

**GAEC 2: Appropriate protection of wetland and peatland**

Copa and Cogeca welcome the progress made in the previous trilogue meetings in order to ensure that area covered by this GAEC does not lose its agricultural status. In this respect, Member States, when establishing the standard for GAEC 2, shall ensure that on the land concerned an agricultural activity suitable for qualifying the land as agricultural area may be maintained.

The Paris Agreement, which is legally binding for Member States and the EU as a whole, mentions that actions to lower greenhouse gas emissions should not threaten food production. In addition, the EU and its Member States are also morally prompted by the SDGs (SDG 13.2.1) to safeguard food security and to contribute to the global challenge of feeding a growing population. Appropriate/effective wetland and peatland protection will prove to be an issue in the countries that have a large share of this land under agriculture use. The concentration of carbon-rich soils in some Member States, and even specific areas, also underline the need for flexibility for Member States to address this issue, as well as the economic importance of agricultural activity for those rural areas. From the above, Copa and Cogeca supports that specific practices, such as low tillage, the use of adequate machinery, water table/nutrient/soil management, etc., are used to protect carbon-rich soils, as long as the economic agricultural activity and agronomic practices continue/are allowed. Wetlands and peatlands have historically been developed with the help of farming though numerous wetland projects. This should not stop in the future either, even with the help of new practices, such as paludiculture, and other good agriculture practices.

It is extremely important that the provisions are of common-sense and enable simple and practical implementation. These should not call into question good agricultural practices, but further set the basis for providing incentives to encourage good farm practices on such areas through other measures of the CAP.

Additionally, this must not result in a new documentation of area having to be recorded or new, additional bureaucratic processes being triggered.

**GAEC 4: Establishment of buffer strips along water courses**

While this standard provides for the obligation to establish buffer strips along water courses all across the EU, which will ensure a level-playing field for farmers, the provisions for the minimum width for buffer strips should be left at MS latitude because of different farm structures and size of parcels as well as specific local climatic conditions and soil characteristics. The water resource is also protected through the creation of buffer strips with trees that have the function of reducing nitrate pollution in surface waters. MS with many water courses should be allowed to adjust the standard according to the local circumstances.

This would allow to consider the identified risk of nitrogen leaking and better identify the water protection needs. Furthermore, it could also set the basis for more ambitious eco-schemes and environmental, climate and other management commitments (ECMC) to go beyond the set objective. We consider that the implementation on the basis of the water distance provisions according to the EU Nitrates Directive (SMR) is sufficient and appropriate and is needed in order to ensure policy coherence. Moreover, the same coherence should be ensured when it comes to the application of pesticides and fertilizers.

It is equally important that these buffer strips can be counted for in the percentage of non-productive areas which the farmers shall establish under GAEC 9.
In this respect, we welcome the progress made in the trilogue negotiations but insist on the fact that there is no one-size-fits-all solution and MS need to be able to set a lower width based on the identified risk based on SWOT and needs analysis.

**GAEC 5: Farm Sustainability Tool for Nutrients**

The introduction of this new conditionality obligation would have a strong impact in terms of organization and management on farms.

We support the deletion of FST as this would better fit as a voluntary eco-scheme, be part of advisory services or ECMC.

Current systems (national or private) for keeping track of nutrient use should be recognized.

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

No bare soil in most sensitive periods will be difficult to achieve and risks threatening food production. The concentration of carbon-rich soils in some Member States, and even specific areas, underlines the need for flexibility for Member States to address this issue, as well as the economic importance of agricultural activity for those rural areas. Consequently, Copa and Cogeca support the use of specific practices, such as low tillage, the use of adequate machinery, water table/nutrient/soil management, etc., to protect carbon-rich soils, at a minimum level during the most sensitive periods, as long as the economic agricultural activity continues. Any requirement would need to make sense from an agricultural perspective, in line with the agronomic and climatic conditions as well as being easy for farmers to implement. Sensitive periods should allow for good agricultural practices.

Therefore, we can support as a general principle "Minimum soil cover to avoid bare soil in periods that are most sensitive".

**GAEC 8: Crop rotation**

Copa and Cogeca would like to reiterate the importance of allowing crop diversification and equivalent measures as alternative practices to crop rotation as well as the possibility for a secondary crop and we strongly hope that these will be reflected in the final agreement.

When protecting the soil, farmers should also be able to develop their land in line with good agriculture practices and allow for the crops to take hold. Having different crops on each parcel from one year to another might not bring the desired environmental benefits. It is fundamental that its implementation does not lead to agronomical and environmental counterproductive effects, with an administrative obligation to seed crops which are not adapted to the soil and specific conditions of the parcel.

An obligation for crop rotation could be accepted provided that a reasonable area threshold is established, that certified equivalent measures and joint action (enabling the involvement of multiple farmers to deliver crop rotation) and that the inclusion of crop diversification and other equivalent measures as alternative practices are allowed. We consider that the maintenance of crop diversification, using certified equivalent practices and joint action (by a group of farmers) can bring about agronomic and environmental benefits.

In addition, we consider that both crops under water, permanent crops, semi- permanent crops (e.g., forage seeds crops), as well as farms with a high share of permanent grassland should be exempted.

Flexibility in farmers' choices for rotation must be maintained, therefore the introduction of leguminous crops should remain a choice (potentially incentivised via an eco-scheme), and not become an obligation.

**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

Regarding the minimum share of agricultural area devoted to non-productive features or areas, Copa-Cogeca support the same percentage as the EFA under greening which we have today, meaning 5%, provided that (semi) productive features are also counted in this percentage. Productive features can have higher environmental benefits than simple set-aside and are also crucially important for providing feed for animals in critical situation, such as during a heatwave.

In this respect, non-productive features should be calculated as a maximum of 2-3% of the farm’s arable land throughout the EU, but it should be possible for farmers to count non-productive areas and features on all agricultural land, given that often the most valuable features for biodiversity are found in the areas which have a more permanent character or in connection with areas of a more permanent character like e.g. permanent grassland. Thus, Copa and Cogeca support the Council mandate which includes productive features in the 5% and insist on the need to keep the system simple.

It is important that buffer strips and areas with trees put in place under GAEC 4 can count towards the percentage of non-productive areas. In addition, it is important that all European farmers will be able to count all possible productive- and non-productive features as fulfillment of GAEC 9 to ensure a level playing field between member states.

The development of non-productive landscape features beyond the baseline should, primarily, be left to voluntary measures such as eco-schemes or ECMC, as these would fit better with farmers' ambitions.

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

It is extremely important that this standard applies only to environmentally sensitive grassland and that not all Natura 2000 sites are automatically protected to avoid ploughing up grassland in the last year of temporary grassland. It is important that this allows for good agricultural practices. Current exemptions should be maintained.

**SMR 7-9: Animal identification**

Although the EU Commission has tried in recent years to ease the implementation through simplification initiatives for the control and sanction system (e.g. ‘yellow-card-system’), these have failed and even led to more complexity and bureaucracy. A real simplification is needed in this respect. In particular the obligations linked to animal identification should be deleted. We therefore support the removal of these obligations from conditionality.

**Social conditionality**

Copa and Cogeca are very concerned that current discussions on social aspects in the CAP will lead to conditionality elements to the support to farmers in the context of Pillar I BISS.

Such a move will represent a significant increase in bureaucracy and administrative burden for both national administrations and farmers. This would lead to doubling the consequences for the same labour law non-compliance with administrative penalty on top of court-imposed decision.

Whilst Copa-Cogeca fully support all applicable social and labour legislation, it does not agree with the inclusion of such legislation as conditionality for support under the CAP.

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.

To overcome these constraints Copa and Cogeca would propose to follow a more positive and constructive approach in which advisory services would include as an objective the " provision of
advice and support to farmers (employing workers) on meeting and complying with existing national legislation in the areas of social and labour conditions”.

This would be complemented by the control and enforcement of existing national legislation in these areas (social and labour conditions) to be carried out by the national competent authorities outside the scope and structures (conditionality) of the CAP.

A progress report could be foreseen to monitor the uptake of the advisory services and the enforcement/control of existing national legislation.

**Eco-schemes**

Generally, it is important that the final political agreement on the future CAP is well balanced. It should ensure that the increased ambition in the new green architecture goes hand in hand with an economically viable, market oriented and competitive agricultural sector. In the construction of the CAP Strategic Plans and their implementation, Member State and the Commission must guarantee that the future policy framework is simpler for farmers to use and deliver both on sustainability and competitiveness.

This means that the entire new green architecture should be constructed wisely in order to ensure that all farmers are incentivized, adapting their practices and activities towards delivering on these objectives.

To ensure an economically viable agricultural sector delivering in the increased green ambition in the CAP and investing towards a transition to more sustainable practices, it is very important that eco-schemes will include significant incentive payments for farmers and that they do not redistribute funds between farmers.

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.

Copa and Cogeca have underlined in several occasions that eco-schemes must be obligatory for Member States and voluntary for farmers and have asked for more clarity regarding the type of agricultural practices that benefit the climate and the environment that could be included under the eco-schemes.

The indicative list put forward by the European Commission can, indeed, serve this objective. However, we would like to underline that the voluntary nature for farmers of these potential practices, as proposed by the Commission, should be maintained.

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. When it comes to the obligation to have eco-schemes with at least two lines of action/practices, we consider that a certain flexibility is necessary in order to allow MS design these on the basis of their identified needs.

For Copa and Cogeca, it is extremely important that the eco-schemes are simple, economically sound and under no circumstances compromise the agri-environmental measures under pillar II that have proven to work.

We would like to insist on the need for flexibilities when it comes to eco-schemes in the first years of implementation, and we very much hope that this will be part of the final deal. In this regard, we support the Council proposal to allow Member States using more than 30% for Pillar II agro-environment-climate measures to deduct these amounts from the eco-schemes ring-fencing in Pillar I. It is also 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.

We welcome the progress in the trilogue negotiations on the eco-schemes for animal welfare and
the payments per livestock unit, as well as in providing incentive payments to farmers.

On the issue of eco-schemes built on conditionality requirements, Copa and Cogeca believe that
any efforts in achieving simpler measures, controls and administrative requirements are
fundamental. On the other hand, a clear distinction between eco-schemes built on conditionality
and conditionality per se should be made in order to avoid confusion on their implementation –
conditionality functions on the basis of controls and sanctions while eco-schemes must be
incentive-based schemes. It should also be avoided that farmers are controlled and sanctioned
twice, and we welcome the positive evolution in the trilogues in this respect. Conditionality
should allow for more ambitious eco-schemes.

Copa and Cogeca would emphasize that basic income support for sustainability (BISS) must
remain a fundamental part of pillar I to further ensure that farms have effective, direct and
stable income support and that high EU standards are compensated. In order for this to happen,
a significant percentage of at least 60% of the pillar I envelope must be dedicated to BISS.

**Environmental, climate and other management commitments**

The agri-environment-climate measure should continue to play an important role in the future.
It needs to be more attractive and adapted to working practices on the ground (with
Corresponding incentive margins), local needs and farmers’ and forest owners’ actual
circumstances. Collective and cooperative approaches should be promoted.

Payments for commitments going beyond EU legislation (including those on animal welfare)
should be made according to the same EU baseline.

We support the revision clause according to which where an SMR or GAEC is amended, it must
not impact the ability of farmers to receive full benefit of the scheme to its originally provided
end while he/she continues to respect the initial terms.

We support the European Commission proposal under article 65 (6).

For result-based payment schemes, the starting level must be defined, otherwise the result may
not be quantifiable or comparable.

While more details would be needed when it comes to the possible measures to be supported,
this should rather take the form of a guidance list in order to leave the flexibility to MS to
develop the measures which are best suited for their needs.

**Areas facing natural or other specific constraints (ANCs)**

Copa and Cogeca strongly oppose the exclusion of areas facing natural or other specific
constraints (ANCs) from the eligible interventions that contribute to the environmental
objectives and that are part of the 30% minimum ring-fencing of the budget dedicated to agri-
environment-climate measures.

The ANC measure helps farmers in these areas to continue to sustainably manage agricultural
land. It also plays an essential role in preventing land abandonment, contributing to
biodiversity, the natural landscape and to tackling climate change. Therefore, the importance of
ANC support cannot be ignored, and it must continue to be part of the toolbox of environment
and climate measures.

We support the possibility for MS to re-designate the areas.

**Investments**

We welcome the withdrawal of the amendment requesting an environmental assessment prior
to investments as this would have led to additional costs that would not have necessarily been
justified, as well as damaging delays where planning permission would have been required,
bringing another layer of administrative burden.
We agree with EU Council proposal that investment support must remain available for a reasonable period of time (24 months) after a new requirement becomes legally compulsory to give farmers a proper opportunity to get their business up to standards.

MS must have flexibility as to the percentage which goes towards climate related investment given the different realities, local conditions and needs, as well as for setting differentiated level of supports for environment, animal welfare, young farmers, etc.

We support the provision on irrigation without the requirement for an ex-ante environmental impact assessment.

There should be the possibility to increase the co-financing aid level for land purchase: 30% for aid, with the use of financial instruments and 40% for land purchase by young farmers even without the use of financial instruments.

Also, it should be possible to increase to 90% the percentage of aid for innovative investments with a “double performance” in terms of economic sustainability and environmental sustainability.

Investments targeted at setting up of start-up for young farmers, collective investments, protecting areas facing natural and other specific constraints, supporting operations in the framework of the EIP, improvement of animal welfare standards, restoration of production potential, preventive measures should be eligible at a co-financing rate of 100%.

Risk management tools

We welcome the inclusion of risk management tools as part of the interventions under rural development. The proposed measures are better fitted to crop/weather related income losses rather than to address the volatility impact of dairy and grain markets, or indeed the consistently poor incomes in certain sectors (beef/sheep). Income risks relating to volatility are often managed privately, for example through fixed price or forward pricing contracts.

We consider that risk management tools must be mandatory for Member States but voluntary and complementary for farmers. Support to mutual funds should not be limited only to administrative cost of setting up, the amounts paid by mutual fund as compensation to farmer, the initial capital stock of the mutual fund.

The definition of the risk management tools should be flexible enough so that Member States may grant support based on their SWOT analysis and assessment of needs, allowing the setup of, and the financial contribution (including the administrative cost of setting up) for public, private or public-private systems in the national legislation. This means any type of risk management tools, including (re)insurance schemes and mutual funds should be allowed and designed with the necessary flexibilities to fit the reality on the ground.

The maximum support rate for subsidised insurance premiums should be increased from 70% to 85%.

We are against the option to grant up to 1% of direct payment to risk management tool as this would mean a further decrease in the envelope for direct payments.

Cooperation

Co-operation through EIPs or similar models have a part to play in promoting farming sustainability. There may be a merit in the proposal extending the formula to other sustainability projects, including economic ones.

However, those forms of co-operation and partnerships must not undermine the agri-environmental-climate schemes under Pillar II.

We consider that this measure should not only support the setting up of new forms of cooperation, but it should also support the already existing ones.

The fact that MS should ensure that support is only granted to interventions which do not have negative effects on the environment may bring an additional layer of administrative burden which would be a barrier in the success of the measure.
Advisory services

Support and further development of AKIS, including advisory services, knowledge exchange and vocational training, are fundamental to help farmers with the uptake of innovation and new technologies which will, in turn, improve their competitiveness and sustainability. Any EU initiatives regarding advisory services and innovation systems must build upon those that already exist at MS level and focus on delivering added value.

Advisory services should assist and support farmers on understanding the compliance requirements as well as the necessary processes towards transition towards more sustainable practices and systems.

The use of a Farm Sustainability Tool in the form of a digital application must not become compulsory at farm level, as it could become discriminatory in view of the unequal availability of quality broadband and the variability of IT literacy in the farming community.

We welcome the fact that the amendment on the 30% allocation to advisory services and technical assistance contributing to the environmental and climate objectives was withdrawn.

Sectoral interventions

On the sectoral interventions, with regards to the reduction of budget, the cut in sectoral measures in hops, wine and olives is not acceptable. There is a need to re-establish the same envelopes for the hops, wine and olives sectors. We believe that these sectors are fundamental to maintain the viability of rural areas in many regions of the EU. As perennial crops, they also provide much-needed environmental benefits.

Copa and Cogeca welcomed the Commission’s proposal to allow for producer organisations to be expanded as a tool for intervention in other sectors, in a multi-sectoral/multi-product approach and with the automatic recognition of existing cooperatives.

However, the EU support granted to these interventions should not come at the expense of the basic income support for sustainability.

For the wine sector, Copa and Cogeca call for the current separate plan (under Regulation 1308/2013) to be maintained in the future. This should include a sharper focus on the objectives and types of interventions relating to climate adaptation measures and sectoral measures, including the use of by-products for agronomical use.

A minimum percentage of expenditure for actions aimed at protecting the environment should be avoided and instead be replaced by priority criteria for environmentally-friendly actions. Recognised POs and cooperatives exceeding the SME threshold that undertake investments and innovation measures in the CAP national plans should be eligible for support. Only SMEs and farmers associations, including cooperatives, should benefit from the highest co-financing rate. The limitation of the Union financial assistance at the maximum rate based solely on the SME dimension without addressing other elements, such as encouraging farmers to integrate and work together in the market, is a contradiction with the objectives of the CAP to achieve greater competitiveness and to rebalance the food chain. For this reason, it is necessary not to apply this limitation to producer organisations or cooperatives, which are no more than the sum of the singles agricultural holdings of their partners and owners. Otherwise, the regulation will keep an incentive to maintain the current level of atomization of the sector. Moreover, the role of cooperatives and POs in improving farmers’ position in the supply chain is of fundamental importance. Cooperatives can integrate the role of producer, processor and the marketer, helping to rebalance the food chain and bringing viable incomes to their members as well as offering a level of protection from the volatility. For this reason the above mentioned limits shouldn’t apply to cooperatives and POs: this will help them to better adapt to the market challenges, benefit from opportunities and continue to invest.

We support maintaining the promotion measure as it currently is (promotion of EU PDOs and PGI) and, if possible, to extend the measure to wine tourism initiatives (combining the EP and Council proposals). Actions to promote wine tourism and to enhance the reputation of European vineyards could be very useful because these funds could also be used directly by winegrowers.
For the olive sector, Copa and Cogeca reject the EU financial assistance to be limited to 5% of the value of marketed production and the limit proposed for interbranch organisations that are no longer entitled to manage operational programs. With such a limit, POs risk to not being able to use the EU allocated budget.

We welcome the inclusion of adaptation and mitigation of climate change, improvement of prevention and resilience to pests, protection and enhancement of biodiversity and ecosystem services including soil retention, as well as the inclusion of interbranch organizations as beneficiaries of these interventions.

The Council’s proposal overturns the Commission’s approach, giving the possibility to the Member States to implement interventions with or without Producer Organisations. Such possibilities should be complementary and not alternative, leaving to the Member States the freedom to choose how to intervene.

The restructuring of olive orchards, which is an essential measure for the sector, should not be limited to phytosanitary reasons only. As regards traditional olive orchards, Mediterranean olive-growing is made up of many production systems of varying size and reduced competitiveness that often ‘resist’ in difficult orographic conditions and play an essential role in maintaining territories, biodiversity and, in general, the cohesion of rural areas. These systems must be preserved, otherwise they will be wiped out by international competitive pressure.

Copa and Cogeca welcome the Commission’s proposal for a mandatory, Member State-level, intervention on the fruit and vegetables market through Producer Organisations as well as the proposal for the EU budget for fruit and vegetables producer organisations to remain open.

The Commission proposes to increase the current 10% of the expenditure under operational programmes covering “environmental actions” to a mandatory minimum threshold of 20%. This seems too ambitious and could become too restrictive for POs in the fruit and vegetable sector. The current alternative to the percentage thresholds, according to which a PO must include “at least two actions” in their programme, must be maintained.

A level of 15% for climatic and environmental measures, which is being floated in the debate, is also very demanding. Fruit and vegetable growers face increasing production costs and do not have sufficient income to further co-finance these actions. This is especially true if they have to reach other objectives related to marketing, food quality and safety, promotion, adapting supply as a high priority for the supply chain as well as the sustainability of the processes. Furthermore, POs already carry out multiple environmental actions that cannot be taken into account in this obligation for various reasons, including difficulties in proving the existence of an “additional cost”. Copa and Cogeca call for the Commission proposal to be revised in order to both set more realistic obligations and provide greater flexibility. The latter would be achieved by maintaining the possibility for the relevant Pillar II measures or eco-schemes to be considered as one of “the two actions” when at least 80% of the members of the PO implement the same measure; and by taking into account “zero cost” environmental actions carried out by POs.

The Commission has undertaken the revision of the Commission delegated regulation (EU) 2017/891. Copa and Cogeca requests the Commission to modify the EU fruit and vegetable support scheme to help POs to make their packaging more sustainable by enabling the use of sustainable packaging eligible (reduction of food and packaging waste and emissions, and increasing the shelf life of fresh fruit and vegetables).

With regards to the honey sector, we welcome the budget increase for the national three-year beekeeping programmes. Nevertheless, this should be accompanied by an increase in Union co-financing from 50% to 75% for all measures included in the ones in those programmes. Copa and Cogeca call for a mandatory consultation of beekeeping organisations prior to the development of national programmes to ensure that support measures correspond to the real needs of the sector.

Member States should be allowed to decide on the sectors eligible for optional sectoral interventions within the CAP strategic plans, rather than having a limited list of eligible sectors.
Transfers between pillars

Copa and Cogeca have repeatedly underlined the importance of two strong pillars in the CAP and do not favour excessive transfers between pillars.

CMO Regulation

Definitions

We support the definitions of sugar beet and sugar cane in the definitions and section on sugar as these amendments are a technical adaptation to consolidate the omnibus revision (notification of sugar beet prices).

Marketing years

We support the inclusion of table olives among the products that have marketing years.

Market management (public intervention and private storage)

Copa and Cogeca oppose any weakening of the market management measures in the form of public intervention. Public intervention is there to act as a safety net and give a signal to other parts of the chain that the price cannot fall below the safety net level. Therefore Copa-Cogeca supports the extension of public intervention to other sectors such as pigmeat, sheepmeat, poultry and sugar.

The removal of the automatic triggering of public intervention for common wheat is a step in the wrong direction. Public intervention requires a review of reference price to take into account higher production costs.

We welcome the withdrawal of the proposal to delete the fixed price 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 and does not accept this to be removed. Relying purely on the tendering system might not be beneficial for the overall market evolution. We take note of the change in wording regarding the provision according to which when fixing the level of the public intervention price, the Council shall take in account the best scientific, technical and economic advice when fixing the level of the public intervention price.

We support increasing transparency when it comes to the use of public intervention, but this should not go contrary to data protection.

We welcome the eligibility of table olives for the aid for private storage given its close link 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. We are disappointed that rice was dropped and would insist that it is also included. Dehydrated alfalfa should also 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 that it is not included.

Marketing standards

We support the provision on marketing standards and welcome the extension of the list. Hemp should be added to the list of products to which marketing standards may apply. The establishment of specific marketing rules is necessary to ensure the proper functioning of the common market and a consistent protection from fraudulent imports, that can pose serious risk for human and animal health.

We support the prohibition of mixing olive oil with other vegetable oil in order to keep high standards and preserve the quality of the product.
It is absolutely necessary to clearly state the marketing rules of olive oil to avoid frauds and enhance the consumption of quality products. It is not possible to determine in a mixture of oils the concrete percentage that corresponds to each one of them. The consumer does not therefore have transparent information, in some cases it can be misleading and contribute to devaluate the image of the product.

**Adjustment of supply for PDOs and PGIs**

We welcome the voluntary extension (at the request of PO or IBO) of the 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.

We welcome the introduction of voluntary marketing rules to improve and stabilise the operation of the common olive oil market/ Producer Member States should be entitled to lay down supply control measures, to avoid surpluses and a fall in prices.

**PDOs and PGIs**

We support the amendment to article 93 to change under “a”, point (j) “quality and characteristics” to “quality or characteristics”. It is very difficult to link a subjective factor such as "quality" to a geographical environment. Therefore, the producer should be given the opportunity not to have to demonstrate that link, but just the link between the "characteristics" of his products and the geographical environment. We are not against the amendments of the Council, but we do not support them especially either. We do not support the amendment to introduce "A name traditionally used in a specific place" in the definition of designation of origin because it is too restrictive.

We can support the different versions proposed for the application of protection.

We support the articles on Preliminary national procedure, Commission scrutiny, Objection Procedure, Decision on protection as it clarifies and simplifies the procedure.

We support the proposal to introduce the fact that the name of a trademark is refused if it is already used by a GI. This offers greater protection against trademarks using GIs names.

We support the proposal to strengthen the protection against misuse for PDOs and PGIs, including when they are used as an ingredient. This provides greater protection for GIs.

We also support the proposal to introduce a classification between two categories of amendments to products specifications: amendments requiring an objection procedure at Union level (‘Union amendments’) and amendments to be dealt with at Member State or third country level (‘standard amendments’). This allows for some simplification regarding the possibility to adapt GIs specifications.

We support the Commission’s proposal on cancellation as it simplifies the management of GIs.

We support the Commission amendments to checks related to PDOs, PGIs and TSG as it improves and clarifies GIs protection.

**Producer organisations**

In reference to the EP amendment 238 to article 153, in what relates to paragraph 1, Copa and Cogeca stress that the derogation from “one producer, one PO” should not undermine the stable membership base and supply of cooperatives and POs as this would prevent them from achieving their objectives and nature. It is imperative that if this possibility is made available, it is included in the statutes of producer organisations and democratically approved by its members.

Copa and Cogeca reject the EP amendment 238 to article 153, in the part that concerns the proposal for a new paragraph 2a as it would give the possibility to the members of a producer
organisation such as cooperatives to engage directly in contracts with buyers for some items like quality control, supply logistic chain.

The provisions of this article (see paragraph 3 of the EP amendment on article 153) do not apply to producer organisations in the milk and milk products sector as this sector has its own specific rules (articles 149 and 161 of Regulation 1308/2013).

In what regards fruit and vegetables, considering that this sector is covered under article 160, and given this sector’s specificities, the “one PO rule” and the “selling by the PO rule” should be applied in the same way as up to now (as established in the current Regulations 891 and 1308). Consequently, Copa and Cogeca consider that amendment 120 to article 160 should be rejected (as it goes beyond the current derogation set by art. 12.2 of Regulation 891) and amendment 238 to art.153 (both paragraph 1 and the new paragraph 2a) should not apply to POs in the fruit and vegetables sector.

Copa and Cogeca have asked that the specific objectives and/or recognition criteria which producer organisations must ultimately meet (e.g. defining the legal status, determining the minimum number of producers and a minimum volume of marketable production, etc.) must be individually defined for each agricultural sector, so that the specific characteristics of each sector are taken into account. Therefore, and by way of derogation for the sugar and potatoes sectors, considering their specific needs, the provisions introduced by the EP mandate with amendment 238 to article 153 (both paragraph 1 and the new paragraph 2a) should be enforced.

**Contractual negotiations in the milk and milk products sector**

We support the increase in the % of volume of raw milk at Union level covered by contractual negotiations as this may lead to an increase in the bargaining power of milk producers.

**Recognition of interbranch organisations**

We support the recognition of IBOs conditional on a balanced representation of the stages of the supply.

**Import provisions**

Our external trade must be based on balanced, fair and transparent rules to avoid distortion of competition. Agri-food imports from third countries must comply, as a general rule, with all our production standards given the need to ensure fair competition between EU and imported products. During market crisis, imports must be managed according to consumer demand.

We welcome the reintroduction of provisions related to hemp imports.

**EU Observatory of agricultural markets**

We 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 current EU market observatories and extend this to other sectors.

**Market disturbance**

We reject the activation of exceptional market measures before the market management measures as this would diminish the European Commission’s role in ensuring the public safety nets. The proposed possibility given of adapting the entry scheme for fruit and vegetables through consultation with third countries that export to the Union is a step in the right direction.

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.

**Annexes**

We welcome the inclusion of new definitions for beehive products in Annex II –part IX which are crucial for ensuring a harmonized EU market. A specific definition for royal jelly on quality for feeding processes of bees is needed. On bee venom, any medical references are problematic and EFSA’s scientific opinion would be required.

If the definition of the standard quality of beet at 16° is deleted from Annex III, part B Section 1, this definition should be included in Annex X, point II paragraph 2.

We welcome the strengthening of the dairy terms in Annex VII –part III –point 5. Copa and Cogeca are very supportive of the protection of dairy terms to avoid misleading practices, ensure fair competition and transparency for consumers when it comes to nutritional properties and characteristics of the product.

Therefore, Copa and Cogeca reject any potential references to the horizontal regulation 1169/2011 given its general nature and the fact that it would undermine and downgrade the already existing level of protection, specific to dairy products. This specific protection is quite relevant to avoid the misleading of the consumer and has been confirmed by the jurisprudence, notably through the European Court of Justice decision in the case C-422/16.

Copa and Cogeca also strongly support the protection of meat denomination at EU level, to avoid misleading practices. Moreover, this should be extended to other types of agricultural products, for the same reasons. The use of the same term by products of different food categories should be avoided for the sake of fair competition and transparency towards consumers.

We support that Article 1 of the Commission Delegated Regulation 2016/1166 on the purchase terms of beet be included in this basic act in Annex X, point XI, 4a (new).

**Horizontal Regulation**

The agricultural/crisis reserve which is meant to be used for market measures and exceptional support measures should be fit for purpose by providing sufficient assistance with its allocated funding. The current agricultural reserve of only 400 million EUR failed to do that given the low allocated funding in the scope of the CAP budget and was thus impossible to use.

Crisis situations have been increasing in the past few years, all across the sectors, happening at the same time, with different origins and consequences. Therefore, we consider that the agricultural reserve should be a functioning flexible tool, a mechanism that would enable the Union to better respond to any EU-wide crisis, impacting any of the agricultural sectors, especially in economic terms. This should alleviate beneficiaries from the predicaments they are facing.

For this to happen, the reserve should work outside of the scope of the MFF with a substantially larger financial envelope and a clear activation mechanism.