RF: Copa and Cogeca views for the next trilogue meeting on the Strategic Plans regulation

Dear Commissioner,

Copa and Cogeca take note of the progress made on the Strategic Plans regulation and wish you all success for a timely conclusion of the CAP negotiations.

In view of the next trilogue, Copa and Cogeca would like to share with you some of our views regarding the possible topics of discussion.

On the definition of active/genuine farmer, Copa and Cogeca welcome the provisional agreement reached to ensure a clear definition all across the EU. This definition 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).

On the definition of new farmer, Copa and Cogeca are favorable 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.

On capping and redistributive payments, 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 (RISS) 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.

On ring-fencing, Copa and Cogeca believe that basic income support for sustainability must remain a fundamental part of Pillar I in order to further ensure that farms have effective, direct and stable income support and that high EU standards are compensated, representing at least 60% of the Pillar I envelope.
Regarding the **rural development interventions**, in particular on investments, we cannot support the proposal where investment operations shall be preceded by environmental impact assessments. Besides the additional costs that are not necessarily justified, as well as damaging delays where planning permission is required, it will create another layer of administrative burden. At the very least, the farmer should not be liable for such costs, whether or not his/her application is successful.

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%.

Copa and Cogeca believe that investments in rural development must also be supported by the ERDF particularly when it comes to ensuring better connected rural areas and farms and to creating jobs and growth in rural areas.

Copa and Cogeca support a diverse agricultural sector that promotes **gender equality and combat gender discrimination**.

On **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.

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. 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 maximum support rate for subsidized 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.
Regarding 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.

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 PGIs) 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 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.

Faithfully yours,

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