



## Memo on the Commission's package of support to EU farmers

Brussels, 15 March 2024

**Delivering on its commitment to ease administrative burden for EU farmers, the European Commission has today proposed to review certain provisions of the Common Agricultural Policy (CAP) related to conditionality and CAP Strategic Plans.** These proposals aim to reduce the burden related to controls for EU farmers, and provide them with greater flexibility for complying with certain environmental conditionalities. National administrations will also benefit from greater flexibility to apply certain standards.

To respond to all concerns expressed in the past weeks, **the Commission is also sending to the Council and the European Parliament a reflection paper outlining several measures to improve the position of farmers in the food supply chain.** This list of possible actions will be discussed with [agriculture ministers in the next Council meeting](#).

### Easing the pressure weighing on farmers

#### 1. What are CAP conditionalities, or “good agricultural environmental conditions” (GAECs)?

In order to receive EU income support, farmers must respect the conditionality requirements. These consist of two sorts of requirements: a number of “statutory management requirements”, based for example on environmental legislation, and a set of nine standards beneficial to the environment and climate. The latter are referred to as GAECs, meaning “good agricultural and environmental conditions”.

The standards set in 2021 are to:

- maintain a certain share of permanent grassland of the total agricultural area (GAEC 1)
- protect wetlands and peatlands (GAEC 2)
- maintain soil organic matter and soil structure through a ban of burning arable stubble (GAEC 3)
- protect water from pollution through the establishment of buffer strips along water courses (GAEC 4)
- prevent soil erosion through relevant practices (GAEC 5)
- protect soil by defining requirements for minimum soil cover (GAEC 6)
- preserve the soil potential through crop rotation (GAEC 7)
- maintain non-productive areas and landscape features, and ensure the retention of landscape features through, for example, a ban on cutting hedges and trees during the bird breeding and rearing season (GAEC 8)
- protect environmentally-sensitive permanent grasslands in Natura 2000 sites (GAEC 9).

#### 2. Why has the Commission proposed these measures now?

Farmers are facing an exceptional range of difficulties and uncertainties. In particular, the past year has been characterised by a growing frequency of extreme meteorological events, including droughts and floodings in various parts of the Union. These events affect farmer output and revenue, as well as the calendar of normal agronomic practices, which places a heavy pressure on farmers for adaptation. In addition, the CAP Strategic Plans Regulation was agreed before the start of Russia's large-scale war of aggression in Ukraine, the wider geopolitical consequences of which continue to strongly influence markets and farmers' margins, as well as Europe's agricultural policy context.

In addition to these external adverse events, the first year of implementation of the CAP Strategic Plans has made clear that adjustments are necessary to ensure effective implementation of the plans and reduce red tape. While the reasons for the widespread farmer protests across EU Member States

are complex and diverse, the above-mentioned reasons are an important part of the context. The European Council of 1 February 2024 discussed the challenges in the agricultural sector including the concerns raised by farmers during the protests. Stressing the essential role of the CAP, it called on the Council and Commission to take work forward as necessary to address these concerns.

The Commission is in regular contact with representatives from the agricultural sector, and already took action in recent years to support farmers where such support was necessary and justified. We introduced a derogation on GAEC 7 and 8 in July 2022 to be applicable to year 2023, at a time when there were no protests. The Commission furthermore provided EU farmers with a support package of €500 million in 2022 and in 2023.

The Commission works with farmers and for farmers on a daily basis through the CAP and by deploying, where necessary and appropriate, a range of exceptional measures. With today's proposals, the Commission aims for well-targeted adjustments of the CAP Strategic Plans Regulations to address certain difficulties in implementation.

### **3. What is the Commission's proposal regarding conditionalities and how do they benefit farmers?**

Today's legislative proposal is a direct and balanced response to the hundreds of requests received from farmers' representatives and [Member States](#), and complements the Commission's [short-term actions](#) already under way to help reduce administrative burden for EU farmers.

For farmers, these proposals will reduce the burden related to controls and will introduce greater flexibility for compliance with certain environmental conditionalities. National administrations will also benefit from more flexibility to apply certain standards in a way that is more compatible with farming realities.

To ensure a more predictable and pragmatic policy that does not require yearly derogations and disproportionate efforts from farmers, and following requests from Member States and farmers, the Commission proposes changing these conditionalities:

- **GAEC 8 on non-productive features:** EU farmers will have to maintain existing landscape features on their land but will no longer be obliged to dedicate a minimum part of their arable land to non-productive areas, such as fallow land. Instead, they may choose, on a voluntary basis, to keep a share of their arable land non-productive - or establish new landscape features (such as hedges or trees) - and thereby receive additional financial support via an eco-scheme that all Member States will have to offer in their CAP Strategic Plans. All EU farmers will be incentivised to maintain non-productive areas beneficial for biodiversity without fearing loss of income.
- **GAEC 7 on crop rotation:** EU farmers will be able to fulfil this requirement by choosing to either rotate or diversify their crops, depending on the conditions they are facing and if their country decides to include the option of crop diversification in their CAP Strategic Plan. Flexibility to carry out crop diversification instead of crop rotation only will enable farmers affected by regular drought or excessive rainfall to comply more easily with this requirement.
- **GAEC 6 on soil cover during sensitive periods:** Member States will have much more flexibility in setting what they define as sensitive periods, and the practices allowed to fulfil this requirement, in light of their national and regional conditions, and in the context of increasing weather variability.

In addition to these specific changes, the Commission proposes that Member States may exempt certain crops, soil types or farming systems from complying with requirements on tillage, soil cover and crop rotation/diversification (respectively GAEC 5, 6 and 7). Targeted exemptions to allow ploughing to restore permanent grassland in Natura 2000 sites in case it is damaged due to predators or invasive species could also be possible (GAEC 9). These targeted exemptions may be set for the whole CAP period in their CAP Strategic Plans, should be limited in terms of area, and established only where they prove necessary to address specific problems. The European Commission will review the necessary amendments to validate the exemptions and maintain the consistency with the overall environmental objectives of the Plans.

Besides, in extreme cases of adverse weather conditions preventing farmers to properly work and comply with the GAEC requirements, Member States may also introduce temporary derogations. These derogations should be limited in time and only apply to the beneficiaries affected.

Last but not least, small farms of under 10 hectares are exempted from controls and penalties related to compliance with conditionality requirements in the Commission's proposal for the CAP review. This will significantly reduce the administrative burden related to controls for small farmers who represent 65% of CAP beneficiaries.

#### **4. How does this impact the CAP's environmental objectives?**

The Commission considers that the simplification proposals are sufficiently carefully calibrated, and targeted to maintain a high level of environment and climate ambition in the current CAP.

The Commission's proposal for a targeted review of certain conditionalities in the [Regulation on CAP Strategic Plans](#) strikes a balance between the necessity to maintain the CAP's role in supporting the transition of European agriculture to sustainable farming, the expectations of farmers and Member States, and the objective to reach a quick agreement between the European Parliament and the Council.

The CAP Strategic Plans allocate 32% of the total CAP budget (around €98 billion) to voluntary actions advancing the environmental, climate and animal welfare objectives.

The conditionality system, and the budgetary ringfencing alongside an array of other key tools of the CAP's green architecture (minimum spending requirements for eco-schemes and rural development, for example) remain in place to ensure an overall higher level of ambition of the current CAP compared to the past. For example, GAEC 6 maintains the same principles and definition, just with more flexibility for the Member States. GAEC 8 retains certain compulsory common elements (for example the obligation to preserve existing landscape features) and replaces the obligation with a support mechanism for farmers, giving them the opportunity to be compensated for leaving land unproductive. Voluntary schemes will still be compensating for obligations going beyond the GAEC baseline, therefore, the combined contribution to environment and climate is still higher than the previous period.

This is why the overall contribution of the CAP Strategic plans should be measured at the level of green architecture, and take into account the contribution from both eco-schemes and relevant rural development support.

Member States have the possibility to strengthen the voluntary aspect of their CAP Strategic Plans, and the Commission now also offers them the option to adapt their plans more frequently, notably with a view to strengthening climate and environment aspects.

Member States will have to review their CAP Strategic Plans by 31 December 2025 if specific environmental and climate acts (for example on conservation of wild birds and natural habitats of wild fauna and flora, and protection of waters) are updated at EU level.

The Commission will review the CAP Strategic Plans later in the current programming period (2023-27) to assess their effectiveness and overall impact, including on climate and environment objectives. The measures proposed maintain the overall orientation and ambitions of the current CAP and its key role in supporting the transition of European agriculture to sustainable farming.

#### **5. Did the Commission consult farmers' representatives, Member States and the European Parliament before making these proposals?**

In view of the widespread farmer protests, and to analyse the administrative burden weighing on farmers' shoulders, as well as identifying areas for improvement, the Commission requested proposals from four leading EU-level farming organisations for measures at EU level (CAP and other EU legislation) which can reduce administrative burden for farmers.

In parallel, the Commission consulted all Member States via the Belgian Presidency who centralised all of their input. Also, the European Parliament's committee for agriculture and rural development sent a letter identifying six areas where they consider that concrete and immediate action is necessary. This ad-hoc consultation process resulted in a wide range of suggestions and proposals, which informed the Commission's balanced and targeted proposal.

#### **6. How to ensure that Member States do not introduce more rules and red tape when implementing CAP provisions and GAECs?**

The current CAP is being implemented by Member States via their [CAP Strategic Plans](#). Any successful simplification exercise must be carried out in close cooperation with the national administrations. It is essential that Member States also do their part, make full use of the new flexibilities introduced and do not impose requirements that go beyond what is requested under the CAP legislation.

The Commission will support Member States in simplifying their interventions, including by providing advice based on best practices and by exploring possibilities to prevent unnecessary complexities and administrative burden for beneficiaries.

## 7. Are small farms exempted from complying with GAECs?

Small farms below 10 hectares are not exempted from complying with GAEC requirements, but from controls on these conditionalities and from penalties. This exemption on controls and penalties will simplify the work of small farmers who represent 65% of CAP beneficiaries. In addition, the simplification of the methodology for certain checks, [announced on 22 February](#) and already presented to Member States, will reduce the number of visits to farms not exempted from controls by up to 50%.

This will alleviate the burden on small farmers and free up resources in national administrations.

## 8. How can a Member State amend its CAP Strategic Plan and how often?

The current CAP is being implemented by Member States via their [CAP Strategic Plans](#). Any successful simplification exercise must be carried out in close cooperation with national administrations. To ensure that they keep providing a relevant support framework for farmers and can adapt to changing conditions, **the Commission proposes to double the number of requests for amendment allowed for each Member State per calendar year.**

Amendments can include transfer of budget between interventions and pillars (direct payments, rural development), the creation of new eco-schemes to increase environmental actions, or the introduction of new priorities. **According to the Commission's proposal, Member States would be able to submit two requests for amendment per calendar year, instead of one as it is now.** They would still be allowed to submit three further requests for amendments, to be used anytime during the duration of the CAP Strategic Plan period. In addition, further cases for amending the Plans are envisaged in response to emergencies and exceptional circumstances (for example, natural disasters).

Any request for amendment must be well-explained and should show how the changes will impact the achievement of the specific objectives outlined in the Regulation. The European Commission analyses the requests for amendments to the CAP Strategic Plans in view of the [objectives](#) set at EU level. The Commission must approve or reject the request within three months after its submission. However, this timeframe might be interrupted/prolonged by a formal Commission observation letter to be issued within 30 days of receiving the amendment request. The Commission's observation letter would 'stop the clock' of the amendment approval procedure and the time would restart from the moment the Member State reacts and provides the requested clarifications.

In response to Member States' requests for simplification, the Commission will present to Member States in Spring a simplified methodology to make the amendment approval process simpler and shorter. This could imply reducing the level of detail requested to Member States, identifying good practices that could be implemented by Member States to support a smoother amendment approval process, as well as the improvement of IT tools used for those processes.

## 9. When will these proposed measures be applicable for farmers?

The Commission has worked hard to offer a rapid set of first concrete actions to respond to farmers' and Member States' concerns. It is now of utmost importance that the Council and the European Parliament find an agreement on this legislative proposal in a timely manner to reassure farmers that these new measures can apply as soon as possible. If an agreement can be reached quickly, it is possible that some measures can already apply in 2024.

## 10. Does it prejudge the CAP post 2027?

The legislative changes would apply to the current CAP. The work on the CAP post-2027 follows the process for [Better Regulation](#), which includes an impact assessment followed by a legislative proposal. The proposal is expected in the next Commission mandate in a timeframe to be specified by the next college of Commissioners. At the moment, the Commission is engaged in a number of preliminary exchanges with stakeholders in its [Civil Dialogue Groups](#) and with Member State experts.

## 11. How is it related to the Strategic Dialogue on the future of agriculture?

The set of proposed limited adjustments of the CAP regulations are to be applied in the short and medium-term.

The [Strategic Dialogue](#) on the future of agriculture is a long-term exercise aiming to foster a common vision of the future of EU agriculture and food systems. Launched by the European Commission, it is chaired independently and the members, representing key stakeholders from across the whole agri-food chain, will submit their conclusions by Summer 2024. The work of the Dialogue is structured

around four questions:

- How can we give our farmers, and the rural communities they live in, a better perspective, including a fair standard of living?
- How can we support agriculture within the boundaries of our planet and its ecosystem?
- How can we make better use of the immense opportunities offered by knowledge and technological innovation?
- How can we promote a bright and thriving future for Europe's food system in a competitive world?

The scope, work and objectives of the Strategic Dialogue are much wider than the current simplification measures.

## **Improving position of farmers in the food supply chain**

### **1. What are the existing rules to protect EU farmers and help to ensure a fair remuneration for them?**

The food supply chain is characterised by different degrees of concentration. 95% of the actors in the agricultural inputs and food industry sectors are micro or small enterprises, but a small number of large companies are predominant on the market. By contrast, with 9.1 million farms, the agricultural sector remains highly fragmented (with 17.4 hectares being the average size of a farm in the EU).

The European Union has already adopted several measures aiming to address this situation and ensure a robust and equitable agri-food supply chain, enabling farmers to leverage the benefits of market opportunities. Among these measures are some exclusions from competition rules, provisions supporting farmer cooperation, contractualisation and increased market transparency laid down in the [Common Market Organisation Regulation](#) (CMO) which entered into force on 20 December 2013 and was last amended in December 2021. It has also enacted a prohibition of certain abusive behaviours by buyers with the [Directive on Unfair Trading Practices](#) (UTP Directive) which entered into force on 1 May 2019 and required Member States to transpose it into national laws before 1 May 2021. The UTP Directive protects farmers and smaller suppliers of agricultural and food products against 16 unfair trading practices.

Such regulatory measures increase trust and cooperation in the chain. Private actors and public authorities should fully seize the potential offered by these instruments.

### **2. Why are additional measures necessary, if the Commission already has rules in place?**

The last years have been marked by an unprecedented peak of energy-related agricultural inputs costs and a prolonged period of high inflation, affecting all farmers' costs and food prices. In parallel, farmers continue to undertake efforts to make their production more environmentally sustainable and expect to be rewarded for their efforts. Despite the general inelasticity of food demand, many consumers, dealing with an increased cost of living, have directed their consumption patterns towards less expensive food products. This has further destabilised the distribution of value added along the chain and has significantly increased the perceived degree of uncertainty in which EU farmers operate. This has fuelled protests and mistrust together with other reasons for discontent, showing the need to put forward additional measures aimed at restoring the trust within the agri-food supply chain.

### **3. What are the Commission's proposed measures to improve the position of EU farmers in the food supply chain?**

Following calls from farmers and Member States to develop new measures to strengthen the position of farmers in the food supply chain, the Commission presented in the reflection paper a range of short, medium and longer-term measures:

- **Measures for immediate implementation**, covering non-legislative measures aiming to increase the knowledge base on legal and economic questions impacting on the functioning of the chain, and bring facts and transparency to the debate. These measures include the creation of an observatory on production costs, margins and trading practices, and the adoption of a report on the updated status of the implementation of the Directive on Unfair Trading Practices by the Member States.
- **Short-term measures in the second and third quarter of 2024, covering two Commission legislative proposals**: The first one would consist in a targeted amendment of the Common Markets Organisation Regulation (CMO) to strengthen rules on contracts, producer organisations and cooperation between farmers. They would also introduce an



inductive framework for the development of fair-trade and short supply chains schemes, aiming to improve the remuneration of farmers, and provide conditions for the extension of sustainability agreements to include social sustainability. The second proposal would present new rules on cross-border enforcement against unfair trading practices. Currently, at least 20% of the agricultural and food products consumed in a Member State comes from another Member State. There is a need to enhance the cooperation of national enforcement authorities, and improve exchange of information and collection of penalties, among other things.

- **Mid- and long-term measures in 2025:** the Commission will conduct a thorough evaluation of the Directive on unfair trading practices in the food supply chain which could be accompanied, if appropriate, by legislative proposals.
- Accompanying measures are also proposed in the areas of public procurement and to enforce better implementation of existing rules on agricultural products imported or produced in the Union for plants, food and feed.

#### **4. Will the Commission implement all the ideas included in its reflection paper?**

The Commission will immediately implement the short-term non-legislative measures outlined in the reflection paper. The Observatory on production costs, margins and trading practices in the agri-food supply chain is expected to hold its first meeting this Summer.

For other ideas presented, the exchanges with Member States and Members of the European Parliament will contribute to further refine and calibrate the proposed measures.

#### **5. How will these measures impact similar initiatives at Member State level?**

The proposed measures will complement similar initiatives taken at Member State level and establish a common approach towards the organisation of agricultural markets and cross-border enforcement of unfair trading practices.

#### **6. Do these measures pre-empt the outcomes of similar work strands in the Strategic Dialogue on the Future of Agriculture?**

No, immediate and short-term measures can be implemented prior to the outcomes of the work strands in the Strategic Dialogue, while ongoing discussions within the Strategic Dialogue on the Future of Agriculture will inform possible additional measures.

#### **7. What will the planned Observatory consist of? What will be its aims and tasks?**

The Observatory will take the form of an informal group of experts, as is the case for the other existing EU [Market observatories](#) in the agricultural sector. It will bring together the Commission, Member States and private actors along the food supply chain to exchange information based on available evidence and facts, establish a common diagnosis of the situation, and examine ways to bring increased transparency on costs and margins in the supply chain, while respecting confidentiality and competition rules. The Observatory will also aim to identify existing and emerging trading practices and contractual arrangements that may positively or negatively affect the functioning of the supply chain.

The members of the Observatory will be selected through an open call for applications.

Meetings of the expert group will be organised on a regular basis and the summary records of these exchanges will be made available to the general public.

#### **8. If the evaluation of the UTP Directive is still ongoing, why is the Commission proposing new rules on the cross-border enforcement of UTPs?**

Under its current provisions, the Directive requires enforcement authorities to cooperate with each other and with the Commission and to offer each other mutual assistance in UTP investigations with a cross-border dimension. However, the experience of national enforcement authorities in the application of the Directive shows that procedural difficulties may exist when carrying out cross-border investigations, exchanging information with other enforcement authorities, or collecting fines from market operators located in another Member State. As a consequence, there is a need for strengthened cooperation between enforcement authorities in order to reduce the risk that multinational buyers or service-providers take advantage of potential enforcement gaps in the application of the Directive to impose prohibited UTPs on their suppliers in cross-border transactions.

For this reason, the Commission is considering a proposal for a self-standing regulation aimed at facilitating cross-border investigations against UTPs. The purpose of this regulation is to further

improve the exchange of information across competent enforcement authorities, including among other things by providing for the possibility of coordinated actions against multinational buyers or certain service providers in a cross-border context.

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