

Opening Statement Assistant Secretary Paul Savage DAFM Update on CAP Negotiations - GAEC 2

I'd like to thank the Chairman for giving me the opportunity to come before you today to discuss the CAP post 2020 negotiation process. I will provide a brief overview of the negotiations to date, the plans for future discussions and details regarding the proposed new Good Agricultural and Environmental Condition (GAEC) standard concerning the protection of wetland and peatland.

Overview

The CAP legislative proposals have been discussed at length during each of the Presidencies (Austria, Romania, Finland, Croatia, Germany, and the current Portuguese Presidency) since their introduction in June 2018. On the 21st of October 2020 the Council of Ministers reached a General Approach with regard to the Commission's proposals. At the same time the European Parliament also reached their own position on the Commission's proposals. This enabled the process of trilogue negotiations, where the Commission, Council and Parliament aim to work together to reach final overall agreement to start.

Trilogue Negotiations

Trilogues commenced under the German Presidency on 19 November 2020. The initial focus of the negotiation was the green architecture. The Green Architecture sets out the enhanced environmental ambition for the new CAP and encompasses the new proposals for enhanced conditionality, the introduction of mandatory ECO schemes and Pillar I and the Pillar II environmental interventions. A number of trilogues and technical meetings took place on these and other aspects under the German Presidency.

The Portuguese Presidency took over the trilogue process in January 2021. They have decided to initially focus on other aspects of the CAP proposals and intend to return to the green architecture in the final phase of the negotiations. The Portuguese Presidency have stated their ambition is to conclude the CAP negotiations to coincide with the Agrifish Council on 31 May.

With regard to the CAP Strategic Plan Regulation the recent Portuguese trilogues have discussed a number of areas including the proposed New Delivery Model, social conditionality and greater targeting of Direct Payments. Under the New Delivery Model, the current compliance-based model that underpins the control of expenditure will be replaced with a more performance focused approach. The recent March trilogues have made good process in bringing about a greater shared understanding between the co-legislators with regard to the New Delivery Model.

With regard to Direct Payments there has been consideration of increased convergence and the mandatory nature of the targeting interventions (capping, degressivity and the Complementary Redistributive Income Support for Sustainability known as CRISS).

There has also been trilogue discussion with regard to the Common Market Organisation measures. The initial focus of the discussion has been on the wine sector where good progress has been made. However, the Parliament has put forward a number of amendments with regard to market measures which do not accord with the Council positions regarding the market orientation of the CAP. Further discussion will be required on these matters.

It is expected that forthcoming trilogues will continue consideration of outstanding issues and will also refocus discussions on the different elements of the green architecture.

Increased Environmental Ambition

The new CAP is focused on delivering better environmental outcomes. It includes targets for spending on environmental actions and the introduction of new ECO schemes into Direct Payments. The new CAP aims to enhance the base line conditionality which is a system of environmental standards and statutory requirements all farmers must comply with if they are to receive CAP payments. Farmers are familiar with this approach which is implemented in the current CAP and is known as cross compliance.

The proposed new conditionality incorporates a number of the previous greening requirements and introduces some new elements including a new GAEC 2 which aims to protect carbon rich soils. Wetlands and peatlands are important carbon sinks and are valuable ecosystems in relation to biodiversity. The Commission's original wording proposed for GAEC 2 is "Appropriate Protection of wetland and peatland." The Commission have clarified that Member States may consider the implementation of suitable ECO schemes under Pillar I and multiannual environmental schemes for these areas.

In deciding on their General Approach, the Council considered that more time would be needed to prepare for the new GAEC. The Council's proposed wording adopted in the General Approach is "Minimum protection of wetland and peatland at the latest by 2025." The final wording for the GAEC will be agreed during the trilogue negotiations and we will then be able to finalise the requirements for the new GAEC.

Article 12 of the draft proposal sets out Member States obligations with regard to setting standards and defines these as “minimum standards” required in line with the main objective of the GAEC. When setting down the requirements Member States should consider relevant factors, for example, the specific characteristics of the areas, soil and climatic condition and existing farm systems. While we must await the final text before we can finalise any management requirements under GAEC 2, our stated intention is to achieve an effective balance between the mandatory requirements of the GAECs in order to ensure the necessary space for additional voluntary ECO and multiannual environmental programmes which will support farmers to achieve greater environmental ambition.

Article 4 of the draft proposal sets out a number of definitions including the definition of eligible hectare. The Council has proposed a number of additions to the text, the purpose of which are to clarify that environmental actions and requirements do not effect the eligibility of land for payments. In this regard the text clarifies that land covered by; a GAEC 2 standard, an ECO scheme, a landscape feature under GAEC 9, non-productive features under GAEC 9 and land managed as paludiculture for environmental objectives are all eligible hectares for CAP payments.

It is also important to emphasise that Member States will have the flexibility to set out the minimum standards that farmers must comply with under the new conditionality including the identification of suitable management practices for areas covered by GAEC 2. For the new GAEC 2 Member States will also have to define and map the areas concerned. Member States will set the balance between compulsory

requirements and related additional practices such as those required for ECO schemes.

Next steps and conclusion

There is still much work to be done before final agreement can be reached on the CAP legislative proposals. Work will continue in Brussels at the trilogue negotiations and it is hoped that the negotiations will reach conclusions by the end of the Portuguese Presidency. DAFM will continue its work on the preparation of the CAP Strategic Plan. This is being done in full consultation with the stakeholders in the CAP Consultative Committee.

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