Romanian Parliament position on post-2020 CAP and new Multiannual Financial Framework

Given that the new structure of the post-2020 CAP aims to bring about an increased level of **subsidiarity** so that Member States can better tailor the implementing measures to the real situation in national agriculture, to the concrete circumstances of their farmers, Romania considers that there is a risk of a non-uniform application of the CAP, which may even expose the Member States to financial corrections by the European Union's control structures.

Simplification elements are more relevant from the EC perspective, which are discharging it of certain responsibilities and activities, but this transfer to the MS, combined with more flexibility to find their own way of applying in close connection with their degree of development and national specificities, will increase the complexity of the activities carried out by the national authorities, which can ultimately be more difficult to coordinate and synthesize at European level. Romania believes that an increased degree of flexibility in the management of the CAP in favour of the Member States is a positive element in terms of the implementation of measures that are best suited to national specificities but can also lead to imbalances between those generated by the differentiated degree of development.

Furthermore, **increased flexibility** could also be a first step towards a renationalisation of the CAP and a less Common Agricultural Policy, resulting in large differences in the application of the CAP in various Member States, with possible market distortions.

Given the **new performance reporting model** with a significant impact on programming and implementation, the monitoring system for the EAGF and market measures, the annual performance assessment will greatly increase the administrative burden for the Member States and will require important financial and human resources .The process of designing, implementing and approving Strategic Plan risks delaying the implementation of measures, notably direct payments to farmers. The transition period is required to be set at 2 years.
Performance indicators for direct payments may become an additional burden with various interpretations, in the absence of uniform rules, the provisions interpretation turning out to be relative and the subsidiarity doubtful.

Romania's position on direct payments and market measures may be summarized as follows:
The **capping of direct payments** for Romania on the general decision background is unacceptable. Larger farms are those that provide food security, apply high standards, and make a major contribution to the country's economy. This also creates difficulties in the process of simplification and subsidiarity, which is an additional element of concern for the theme of the day.
Romania therefore advocates that the application of capping should be decided at Member State level.

Romania considers appropriate that:
-the **redistributive payment regime** to be reconsidered to support rural households as support for the development of small businesses and their maintenance in the short chain
- **SAPS** should continue without national co-financing, possibly limited and equal co-financing for all Member States.
- the **voluntary coupled support to production** to be maintained in both the vegetable and livestock sectors and not just to sectors and regions in difficulty.
- the **financing of the wine and apiculture sector through national programs** (with European funding) to be maintained.
- **the market crisis mechanisms** (animal, plant, market disturbance, weather phenomena assimilated to natural disasters) to be maintained and even improved.
- **producer and interprofessional organizations** should have a strengthened cooperation framework, and financial incentives should be given in the first instance.

Romania has raised the issue of including **transitional national measures for direct payments**, taking into account the reduction in allocations from the EAGF and, in particular, for SMs under external convergence, on the one hand, and the reduction of the coupled ceiling to 10%, resulting in a reduction in the funds especially for livestock farms, on the other hand.

Romania therefore calls for the possibility of granting **transitional national payments**, in addition to direct payments, within the ceiling to cover the difference of the average national amount per hectare to the average of the EU-27 average.

Romania rural development position includes the following objectives:
- A more consistent budget to meet the need for convergence between MS.
- An increase in the importance of local governance in rural development through the LEADER instrument.
- Attract young people and keep them in the rural area, facilitating access to land, financing, training and innovation.
- Developing rural areas in an integrated manner through a wide range of actions (investment, connectivity and broadband, basic services, preservation of life and nature, village renewal, digitization).

Romania wants the **risk management tools** to be better suited to the context and realities in Romania so that they can be effectively applied, as well as flexibility in how to set up and organize **mutual funds**, building on the realities of the agricultural sector in the States.

Romania estimates that the 40% allocated to the environment and climate change in the CAP is extremely high. With regard to the allocation for environmental measures, the exclusion of areas with natural constraints or other specific constraints from the mandatory 30% allocation on environmental, climate and other environmental commitments will strongly affect Member States that have committed, in the financial year 2014-2020, much of the allocation of the EAFRD to this measure and which should continue to apply these compensatory payments in order to maintain agricultural activity, with all positive environmental implications, including habitat maintenance and efficient resource management.

Moreover, with regard to the **mandatory allocation of 30%**, the Commission proposal identifies the possibility of transferring from Pillar I to Pillar II, another 15% only for environmental and climate interventions, which could lead to an imbalance major EAFRD interventions for rural areas.
We believe that it is essential that environmental investment is also taken into account in this allocation, such as:
- afforestation of agricultural land, fruit reconversion, by contributing to the sequestration and preservation of carbon in the soil;
- the modernization of irrigation systems through the contribution of this intervention to the efficient management of natural resources, namely water;
- the purchase of agricultural machinery and equipment with low impact on the environment through their contribution to adaptation to climate change.

Thus, Romania disagrees with the exclusion of intervention for areas with natural constraints or other specific constraints from the allocation of environmental and climate interventions, considering that it contributes significantly to the achievement of environmental and climate objectives. It invites the COM to reflection and further discussion for a new analysis and change of the proposed approach.

With regard to **rural development**, the Commission proposes to **increase national co-financing rates**. In view of the proposed co-financing rates for the implementation of Pillar II measures, Romania has expressed its concern about the decrease in the EAFRD co-financing rate, which will lead to imbalances further to the detriment of the Romania (given the proposed decrease of the EAFRD budget for Romania by approximately 2 billion euro). We find a significant difference from the standard 85% co-financing at national level (for the financial year 2014-2020) to 70% and 65%, respectively for financial support for areas with natural constraints or other specific constraints.

Overall, the new ***Multiannual Financial Framework*** provides for a new budget of 365 billion euro for the new CAP, which will continue to be built around the two existing pillars.
The **CAP budget** for 2021-2027 will account for 28.5% of the EU-27 budget (approximately 1134.6 billion euro) compared to 2014-2020, covering 37.6% of the EU for the 28 Member States.

Pillar I (EAGF) 2021-2027 will have a ceiling of the EU budget of 286.195 billion euro. **Romania will have an EAGF allocation for direct payments of around 2021-2027. EUR 13.534 billion, compared to EUR 12.394 billion in 2014-2020.**
At EU level, it is proposed:
- a cut of direct payments of less than 4%
- a convergence of direct payments between Member States in order to reduce by 50% the existing gap with the 90% of the EU average of direct payments

- a 3.9% reduction in tires for:
  - direct payments
  - wine, olive oil, hops, POSEI and the smaller Aegean Islands, promotion (except for school schemes and aid for beekeeping)

Pillar II (EAFRD) 2021-2027 will have an EU budget allocation of 78.811 billion euro, compared with 95.577 billion euro in 2014-2020. Romania will have for the period 2021-2027 an EAFRD allocation of approx. 6.758 billion euro compared to 8.016 billion euro in the 2014-2020 programming period.

Romania expresses its concern about reducing allocations for the CAP, in particular for Pillar II - Rural Development, as well as increasing the national Pillar II co-financing rate that could lead to a shrinking national budget and create additional imbalances to the detriment of Romania.

Romania insists on continuing the process of **external convergence of direct payments** to a higher level than proposed. The average rate per hectare of direct payments for Romania and other Member States (Portugal, Latvia and Lithuania) is about 30% lower than the average EU-27 ha. Therefore, for those Member States, the direct payments financial package should not be reduced in 2021 and 2022 as compared to 2020.