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# **The Commission's proposals for the next CAP**

**EAAE Masterclass**  
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# Outline

- Reflections on the CAP budget in the 2028-2034 period
- Reflections on CAP governance under the Commission proposal
- The future of direct payments
- The future of the CAP's green architecture
- The future of rural development
- ***Not covered***
- Definitions, generational renewal, innovation, crisis measures, horizontal principles, performance and evaluation framework, CMO Regulation amendments

# The Commission's proposals

- A Regulation establishing the **European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security** for the period 2028-2034 and amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2509 ([COM\(2025\) 565](#)). [I will refer to this as the NRPF (National and Regional Partnership Fund) Regulation in this post].
- A Regulation establishing the conditions for the implementation of the **Union support to the Common Agriculture Policy** for the period from 2028 to 2034 ([COM\(2025\) 560](#)) [CAP Regulation].
- A Regulation establishing a **budget expenditure tracking and performance framework** and other horizontal rules for the Union programmes and activities ([COM\(2025\) 545](#)). [Performance Regulation].
- A Regulation **amending the Common Market Organisation Regulation (EU) 1308/2013** as regards the school fruit, vegetables and milk scheme ('EU school scheme'), sectoral interventions, the creation of a protein sector, requirements for hemp, the possibility for marketing standards for cheese, protein crops and meat, application of additional import duties, rules on the availability of supplies in time of emergencies and severe crisis and securities ([COM\(2025\) 553](#)). [CMO Amendment Regulation].
- A Regulation amending Regulation (EU) No 1370/2013 as regards the aid scheme for the supply of fruit and vegetables, bananas and milk in educational establishments ('**EU school scheme**') ([COM\(2025\) 554](#)). [School Scheme Regulation].

# CAP objectives listed under NRPF specific objective (d) to sustain the quality of life in the Union

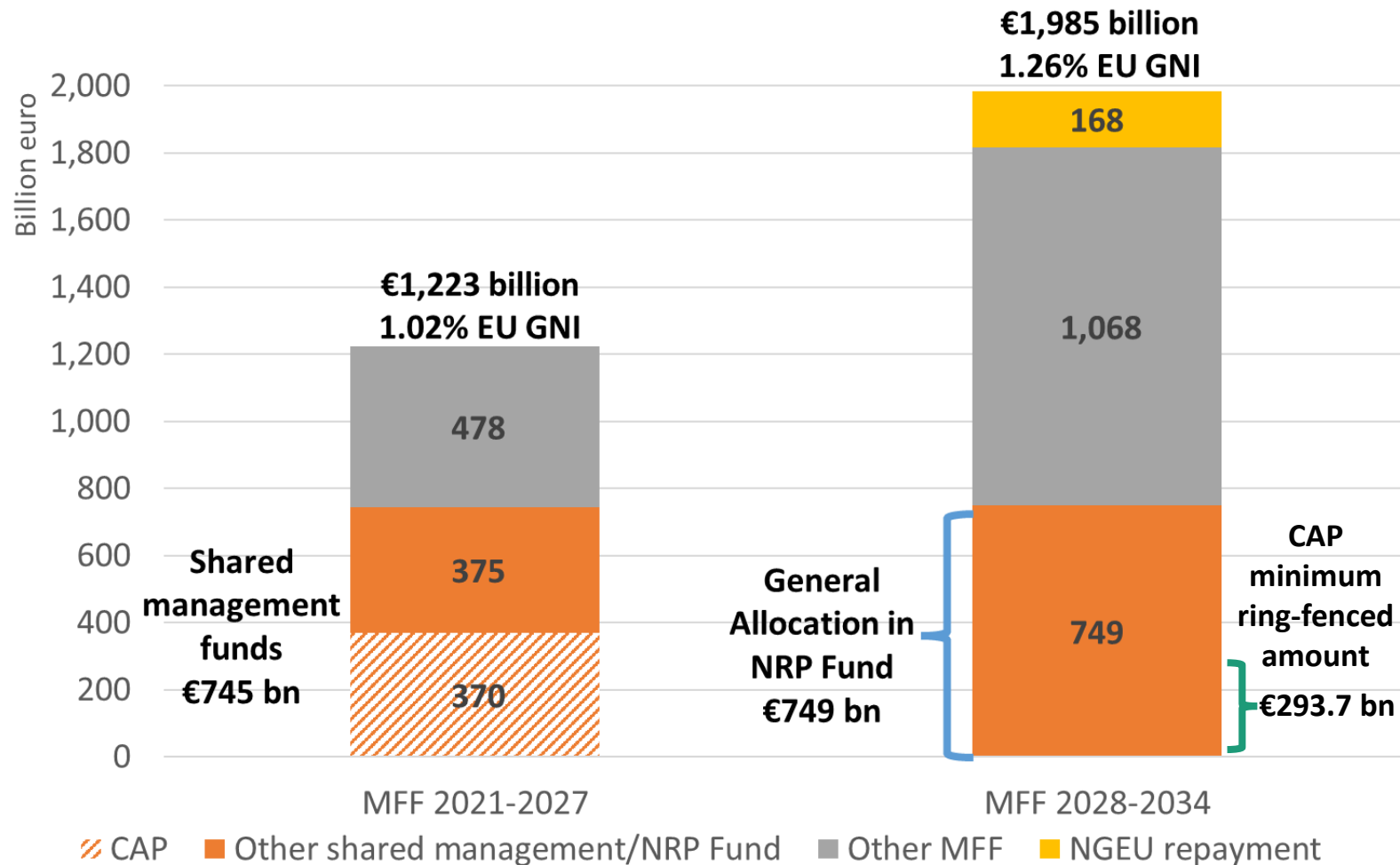
Five sub-objectives under this heading are (Art. 3(d), NRPF Regulation):

- (i) **supporting fairer and sufficient income for farmers** and their long-term **competitiveness**, including the farmers' position in the value chain;
- (ii) contributing to **long-term food security**; (previous objectives (a) through (c))
- (iii) improving the attractiveness and living standards, including access to healthcare, in **rural areas** and fair working conditions and fostering **generational renewal**; improving farmers' preparedness and ability to cope with **crises and risks**; enhancing the **access to knowledge and innovation** and accelerating the digital and green transition for a thriving agri-food sector; (previous objectives (g and h) plus cross-cutting objective)
- (iv)... fisheries...
- (v) **enhancing sustainable agriculture and forestry management practices** to promote resilient climate action, provision of multiple ecosystem services, supporting efficient water management, quality and resilience, the implementation of nature-based solutions, strengthening sustainable development, environmental protection, enhancing the conservation and restoration of biodiversity, soil and natural resources, and **improving animal welfare** (previous objectives (d) through (f) and part of (i)).
- *Improving response to social demands (i) is out, improving preparedness and response to crises is in*



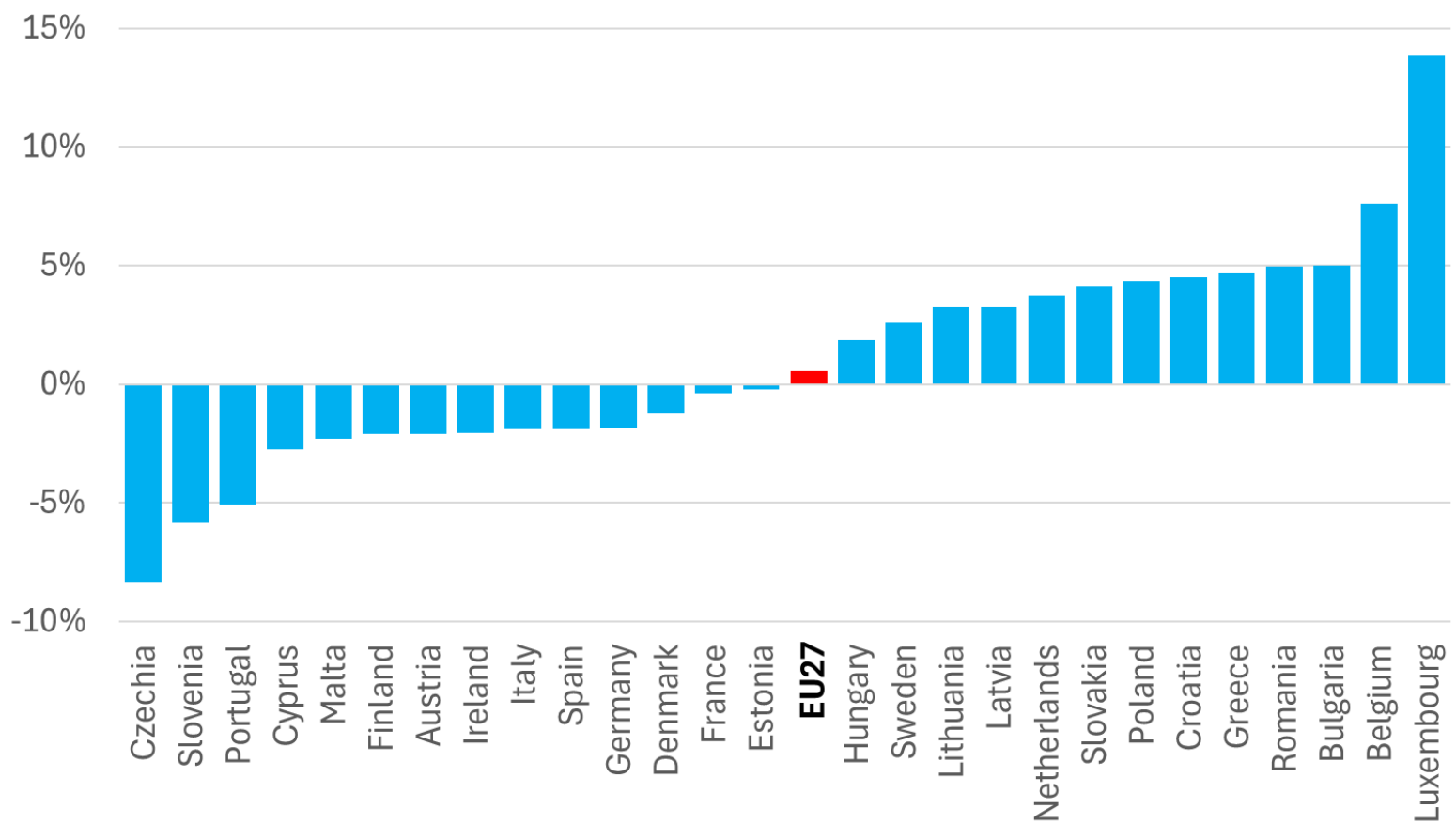
# CAP budget

# The Commission's MFF proposal (current prices)



Commission proposal carefully calibrated so that General Allocation in NRP Fund maintains existing MFF spending on shared management funds including CAP in current prices

Gains and losses in NRPF General Allocation 2028-2034 compared to allocation for shared management funds in 2021-2027 MFF



Applying the NRPP allocation formula (NRPP Regulation, Annex 1) results in some Member States getting a larger allocation and others a smaller one

Source: Own calculation, see <https://capreform.eu/which-countries-gain-or-lose-from-the-national-and-regional-partnership-fund/>

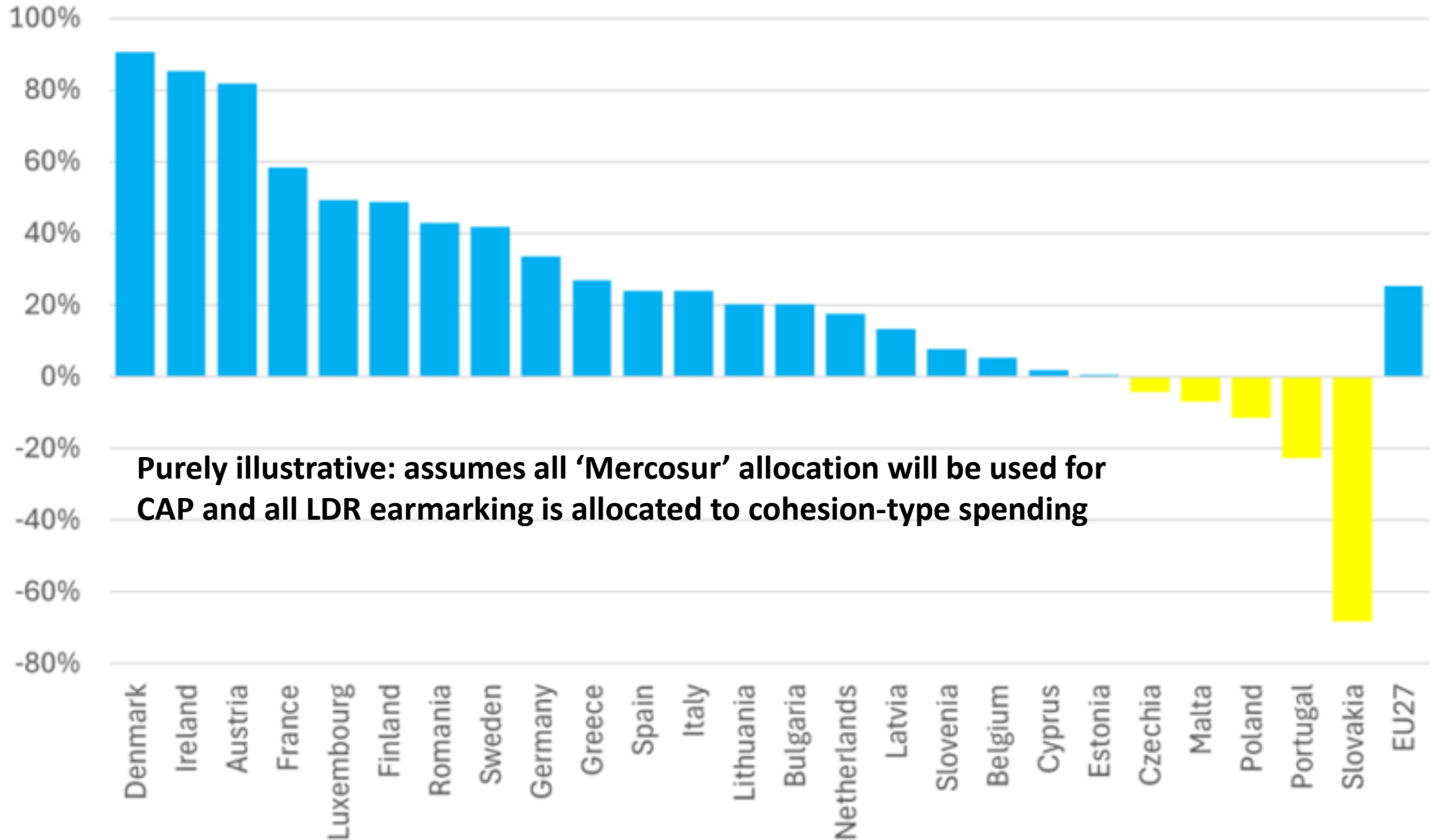
# What will determine the size of the CAP budget?

- **The structural ability** of Member States to increase the minimum CAP budget within their NRPF constraint of unearmarked resources
  - **The political willingness** of Member States to allocate unearmarked resources to the CAP
  
  - The **structural ability** will depend on:
    - the size of a Member States's NRPF allocation
    - the minimum ring-fenced amount for CAP income support (based on 2027 relative shares of CAP receipts in the overall €293.7 billion)
    - the minimum ring-fenced amounts for home affairs and fisheries
    - the size of the flexibility amount (25% of the NRPF financial allocation less the minimum amount ring-fenced for CAP income support less support for farm and forest investment)
- = unearmarked amount available for programming at outset of Plan

# Additional structural opportunities and constraints

- The contribution of the '**Mercosur concession**' if all of the freed-up flexibility amount is allocated to the CAP (up to €45 billion)
- A requirement for 10% of NRP Fund dedicated to spending in **rural areas** (up to €48.5 billion) can motivate additional CAP spending
- **Less developed regions earmarking**
  - CAP spending beyond the minimum in these regions will count, but on balance likely to skew MS priorities towards cohesion-type investments
- **Social spending earmarking** of at least 14% of NRP Fund and loans
  - No CAP interventions apart from School Scheme qualify towards this target
- **Climate and environment targeting** of at least 43% of NRP Fund
  - Many CAP interventions attract a 100% coefficient so could incentivise higher CAP spending
- Some MSs will need to replace CAP funding for **operational programmes for fruits and vegetables**

Percentage of unallocated programmable amount after 'Mercosur concession' that must be allocated to CAP to maintain CAP receipts at the 2021-2027 level, including less developed region earmarking



Source: Own construction, based on data in <https://capreform.eu/the-likely-size-of-the-cap-budget-in-the-next-mff-reprise/>.

# Key messages on the CAP budget

- Member States have very different structural ability to add to minimum CAP budget
  - Several Member States already have a larger CAP budget than their 2021-2027 allocation in current prices if they use the Mercosur concession, for some it will be structurally difficult to reach this goal
- Farmers can receive additional crisis payments from the Unity Safety Net for market disturbances and from the flexibility amount in the case of natural disasters
- Higher national contributions (co-financing) will add to EU contribution
- My assessment is that, overall, the EU CAP budget will **likely be similar to 2021-2027 in current prices** but with a different distribution across Member States..
- .. but only if the Council and Parliament **keep the MFF budget at its proposed size.**



# CAP governance

# A new governance structure

- Creation of the new National and Regional Partnership Fund, NRPF, very controversial among agricultural stakeholders
- Fears that the CAP will lose its identity and that it will no longer be recognisable as a 'common' agricultural policy
- CAP provisions scattered between NRPF and CAP Regulations, with the latter very slimmed down compared to Strategic Plan Regulation
  - Possible consolidation already proposed by Commission President
- Importance of the CAP chapter in the NRP Plans
  - Separate preparatory partnership committee and possible monitoring committee
- Competition for resources between Ministries at national level
  - But can also create opportunities for more coherent planning

# The risk of undermining the level playing field

- The CAP has never been uniform, nor would this be desirable
  - Significant differences in budget allocations currently exist
- The new proposal both enhances and restricts flexibility for Member States
  - removal of ring-fencing, change in coupled payments ceiling
  - wider range of mandatory CAP interventions, slightly narrower range of average Degressive Area-Based Income Support (DABIS) payment
- Concern that greater flexibility will undermine the level playing field is overstated
  - Depends on the intervention, not all CAP interventions carry risk of distortion
  - Most distorting intervention is coupled payments which both Council and Parliament favour

# Ensuring a 'common' agricultural policy to ensure European value added

- **Parliament's position**

- Pre-allocate all of a significantly larger NRPF to existing shared management funds, including the CAP two pillar structure
- Requires agreement on the allocation keys for the two CAP Funds

- Re-introduce **additional ring-fencing requirements**

- Generational renewal, agri-environment-climate actions
- LEADER and integrated territorial action in rural areas

- Strengthen the **CAP steering mechanism** (Art. 2, CAP Regulation)

- Ministers – timely, non binding, no updating, no targets
- Leaves open how national recommendations will have impact



# Direct payments

# Degressive area-based income support – Art. 6 CAP Regulation

## *Article 6*

### *Degressive area-based income support*

1. Member States shall provide area-based income support for eligible hectares to farmers to address income needs.
2. The payment per eligible hectare shall be differentiated by groups of farmers or geographical areas, on the basis of objective and non-discriminatory criteria. The groups of farmers or geographical areas that are basis for the differentiation of payments shall be established based on farmers' income from agricultural activity in a representative reference period.

When differentiating the payments, Member States shall target the support at farmers who are the most in need, in particular young and new farmers, women, family or small farmers, farmers combining the production of crops and livestock or farmers in areas with natural or other area-specific constraints determined in accordance with Article 8.

The differentiation of payments may take the form of annual lump sum payments that replace fully or partially the area-based income support per eligible hectare. Members States shall increase the support per eligible hectare granted to young farmers.

# Degressive area-based income support – Art. 6 CAP Regulation

5. The Member States shall ensure that the support under this Article is primarily directed towards farmers who exercise an agricultural activity on their holding and actively contribute to food security. Small farmers, whose principal activity is not agriculture, but who are engaged in at least a minimum level of agricultural activity, as set out by Member States, shall be considered farmers as well.
6. Member States shall ensure that at the latest by 2032 the applicants who reach the retirement age, determined by national law, and who receive a retirement pension, no longer receive support under this Article.
7. Member States shall ensure that the eligible hectare comprises only areas which are at the farmers' disposal and which comprise:

Repeats definition of eligible hectare already set out in Art. 4 NRPP Regulation

# Greater targeting of direct payments

- New **DABIS payment** replaces BISS, CRISS, CIS-YF area-based payments
- Entitlements abolished
- **Targeting** only refers to DABIS payment and has two elements
  - Differentiation of payments shall be based on income from farming and target support to **farmers who are most in need**
    - No ring-fencing for redistributive payment
    - Small farmer payment made mandatory, ceiling increased to €3,000
  - Mandatory degressivity and capping
- **Ring-fencing of DABIS payments** with minimum (€130/ha) and maximum (€240/ha) average amounts (*ex ante*, prior to degressivity and capping)
- Phase out DABIS payment to those farmers in receipt of **national pensions**
- Increased flexibility for **coupled payments**, extra allocation for protein crops
  - Not subject to degressivity and capping

# Active farmer definition (current CAP)

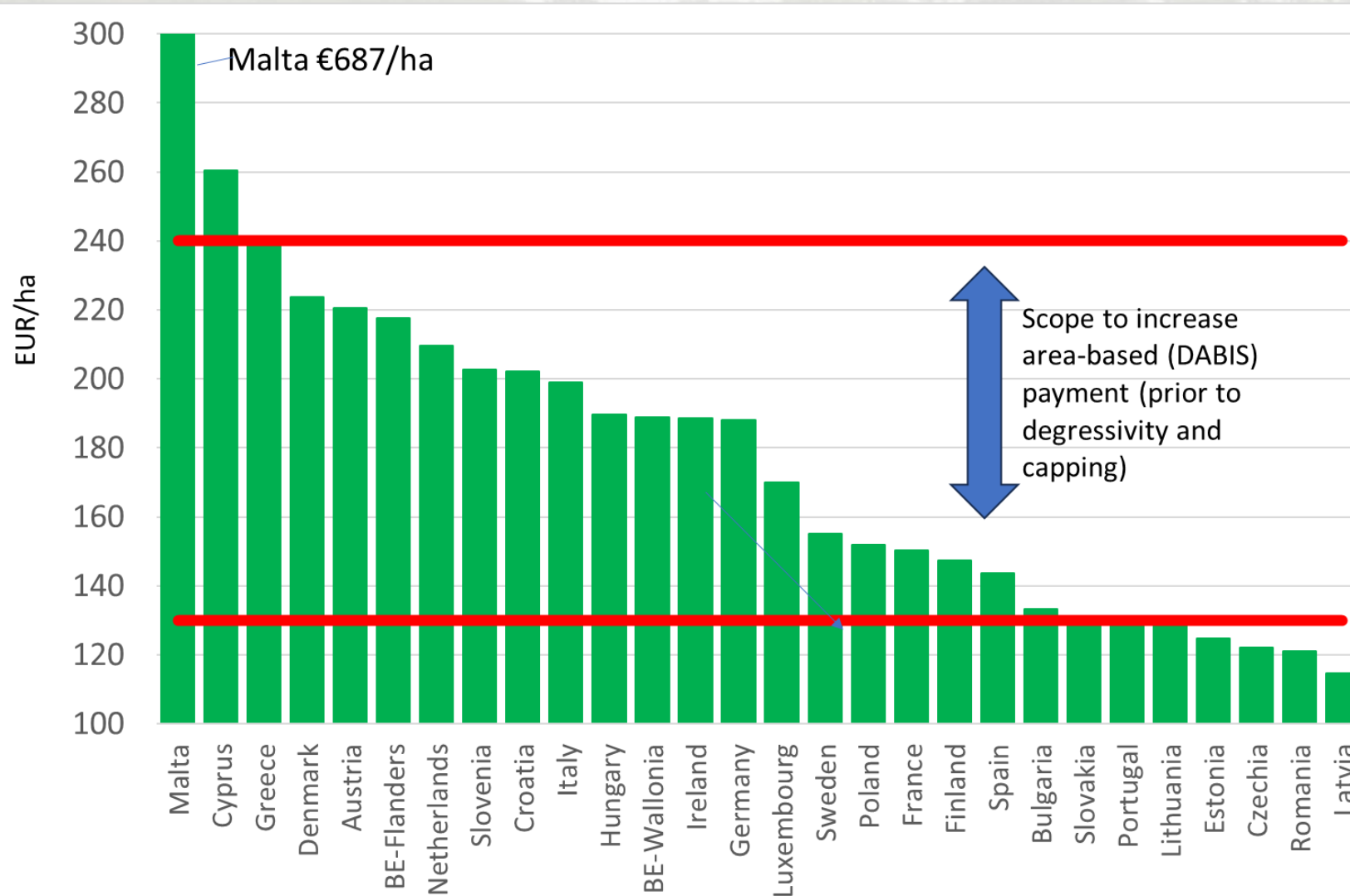
Member States are required to provide a definition of an active farmer in their Strategic Plans.

- “Shall be determined in such a way as to ensure that support is granted only to natural or legal persons, or to groups of natural or legal persons, **engaged in at least a minimum level of agricultural activity, while not necessarily precluding the granting of support to pluri-active or part-time farmers.**
- When determining who is an ‘active farmer’, Member States shall apply objective and non-discriminatory criteria, such as income tests, labour inputs on the farm, company object and inclusion of their agricultural activities in national or regional registers.
- Such criteria may be introduced in one or more forms chosen by Member States, including through a **negative list** disqualifying a farmer from being considered to be an active farmer.

# Active farmer (proposed definitions)

- NRPF Regulation (Art. 4, Definitions)
  - A beneficiary in the context of the CAP is a farmer who is
  - (i) a natural or legal person whose holding is situated in the Union and **whose principal activity is agricultural activity** in accordance with the criteria defined by the Member States in line with this Regulation; or
  - (ii) natural person or small legal person, whose principal activity is not agriculture, but **who is engaged in at least a minimum level of agricultural activity**, as defined by Member States.
- CAP Regulation (Art. 6, defining DABIS beneficiaries)
  - The Member States shall ensure that the support under this Article is primarily directed towards farmers **who exercise an agricultural activity on their holding and actively contribute to food security**. Small farmers, whose principal activity is not agriculture, but who are engaged in **at least a minimum level of agricultural activity**, as set out by Member States, shall be considered farmers as well.

# Scope to increase area-based payments



Green columns represent the sum of BISS + CRISS + CIS-YF in 2027 which will be replaced by DABIS, divided by PEA for 2022

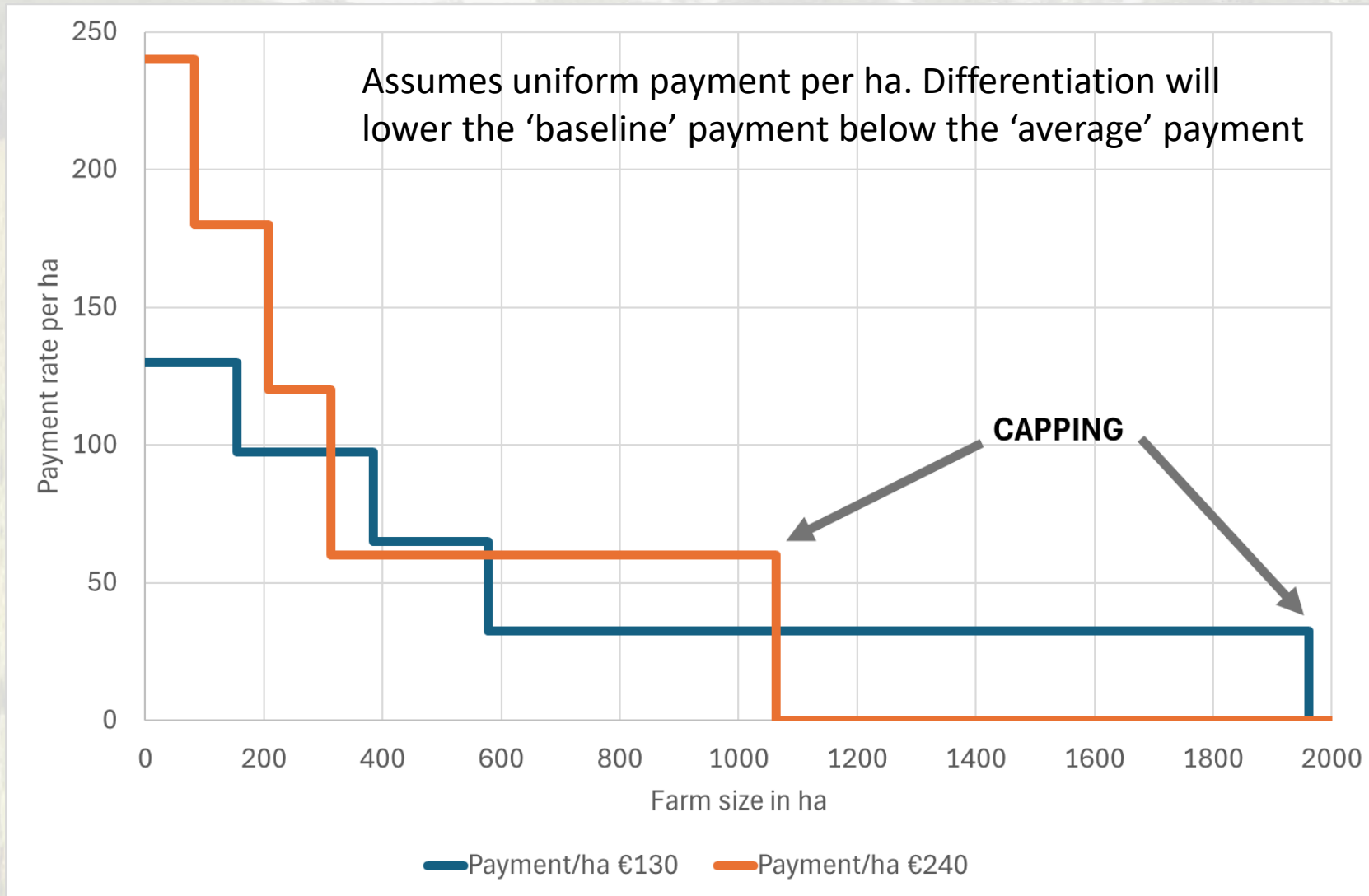
*Source: Commission, Planned financial allocations by type of interventions under the 2023-2027 CAP. PEA data for claim year 2022, Commission, Summary report: Implementation of direct payments for claim year 2022.*

# Degressivity and capping: proposed rules

<20,000	No deduction
20K-50K	Part above 20K reduced by 25%
50K-75K	Part above 50K reduced by 50%
> 75K	Part above 75K reduced by 75%
Payment cannot exceed 100K (kicks in when projected payment is €255,000 or more)	

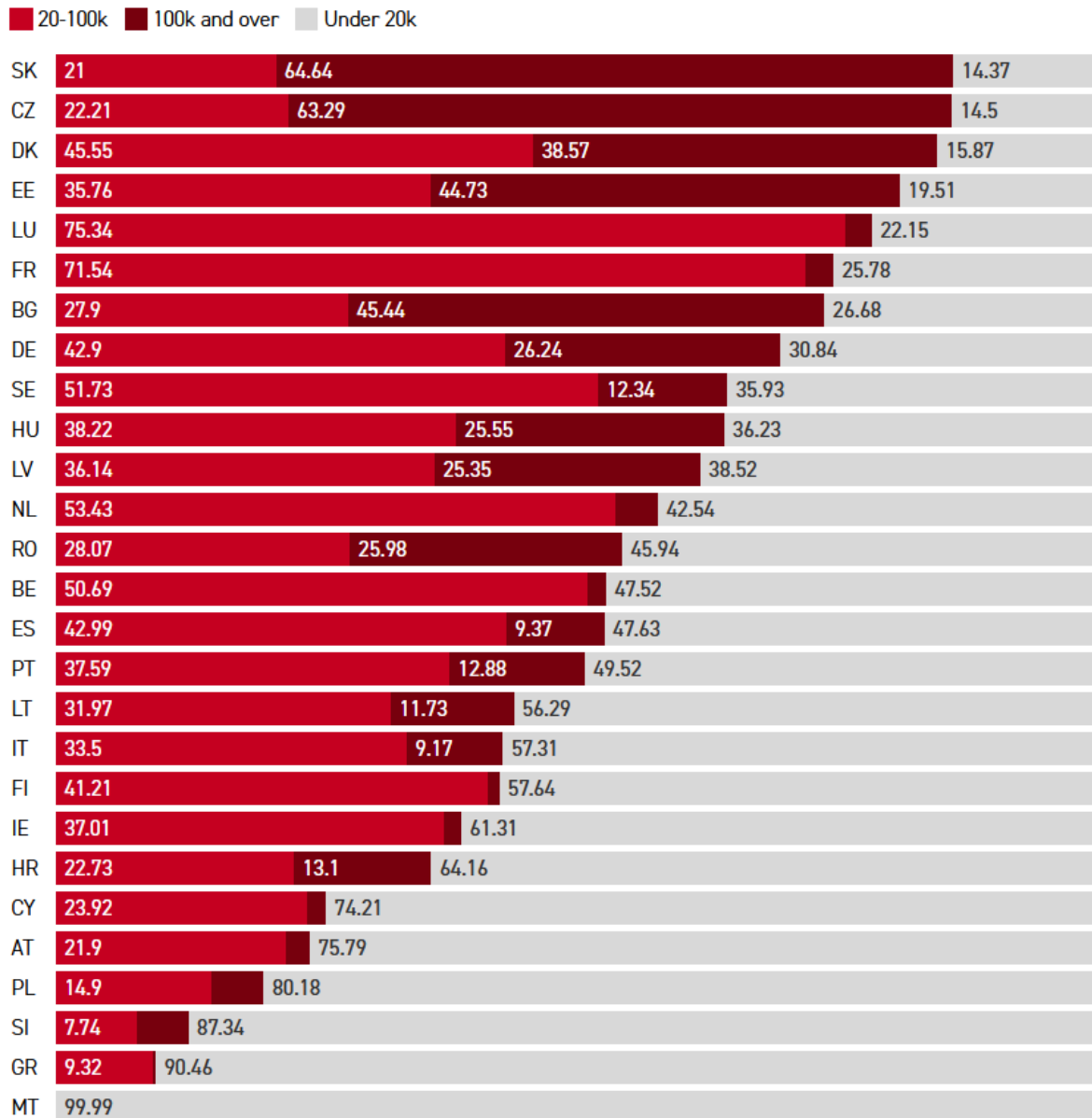
The steps are based on the *ex ante* projected receipts linked to the DABIS payment per hectare. Degrassivity is not calculated on the *ex post* payments received following implementation of degressivity in the previous step.

# How degressivity and capping will affect farms of different size area



## Share of payments potentially affected

The share of the total spent in each EU member country on decoupled payments in the 2023 financial year that is over the threshold for capping and degressivity proposed by the Commission.



Source: [European Commission](#)

Lucia Mackenzie/POLITICO

High impact can be due either to  
 (a) High average payments per farm  
 (b) Very skewed size distribution

Actual impact will depend on choices MSs will make with respect to average size and differentiation of DABIS payment

*Note: DG AGRI data for claim year 2023, the first year with Strategic Plans, are not yet available, so these figures are based on the 2022 distribution which do not take account of degressivity and capping introduced in the current CAP*

# Capping and degressivity in the current CAP 2023-27

**Figure 15:** Use of specific tools relevant to redistribution, by Member State

Tool	CSP
Capping and/or degressivity	AT, BG, BE-FL, BE-WA, ES, IE, LT, LV, PT, SI, SK
Only degressivity	PT, SI
Only capping	LV, LT, AT, BG
Applying both: capping and degressivity	IE, ES, SK, BE-FL, BE-WA
Subtract labour costs before applying capping and degressivity.	AT, LT, ES, SK, LV, BG
No capping and no degressivity	CY, CZ, DE, DK, EL, EE, FI, FR, HR, HU, IT, LU, MT, NL, PL, RO, SE

**Note: Only 2 countries (IE, BE-FL, BE-WA) fully apply both degressivity and capping without deduction of labour costs**

*Source: Commission, Approved 28 CAP Strategic Plans (2023-2027): Summary overview for 27 Member States, Facts and Figures, June 2023*

# Observations on direct payments proposal

- DABIS payment is the **only ring-fenced** CAP intervention
- Maximum limit could **allow significant increase** in area-based payments, though many other interventions are mandatory
  - What happens to external convergence?
- **Differentiation** – how to determine who is in need?
  - DABIS top-up can overlap with ANC payments
  - Do we need both? ANC payments not covered by degressivity and capping
- **Debates around degressivity and capping**
  - Does it contribute to greater fairness (yes, in my opinion)
  - Differential payments have consequences especially for land markets
  - How to address large cooperative farms e.g. in Eastern Germany
    - Released support remains with the region/country where it originates
    - Replace DABIS support with alternative investment, risk management or AECA support
  - Adaptive responses by farmers (e.g. splitting of holdings)
    - Capping applied to all holdings under the control of one natural or legal person
  - A step towards legitimising, or a step towards phasing out?

# Negotiating issues around DABIS payment

- Definition of an **active farmer** (who is eligible for payment?)
- Remove requirement that groups or regions that benefit from differentiation should be **determined by income from agriculture**
- Leave degressivity and capping **voluntary**
  - Will capping appear in the 'negotiating box' and European Council conclusions?
- Modify **thresholds** for degressivity and capping
- Reintroduce deduction possibility for **labour costs**
- Narrow the **range** (130-240)/remove the **lower bound**
- Remove **young farmer top-up** from degressivity and capping
- Make phasing out DABIS to **pension recipients voluntary**
- Special case of **Malta** (average farm size 1.2 ha, current BISS €638/ha)



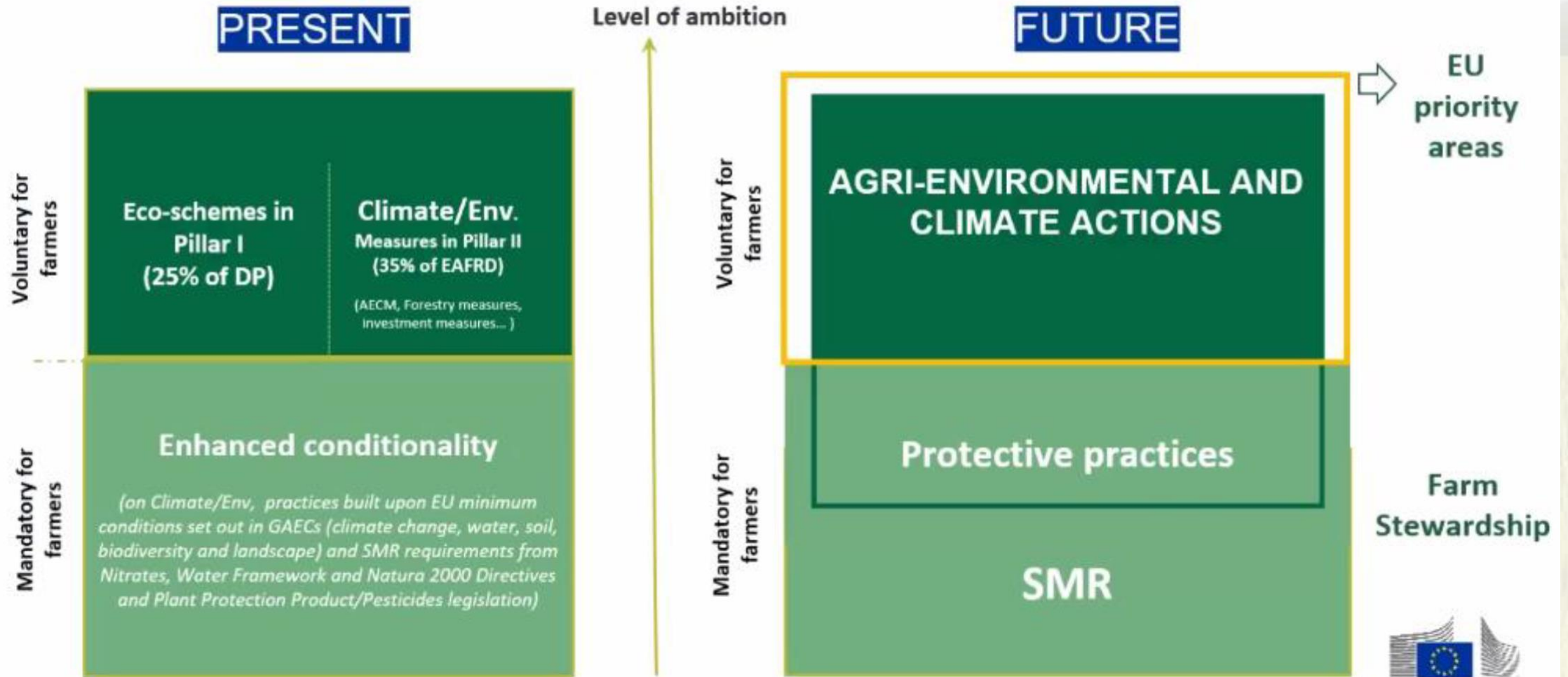
# Green architecture

# Environmental and climate objectives

## Article 4 CAP Regulation

- Obliges Member States to provide support to farmers and other CAP beneficiaries in **at least six defined environmental and climate priority areas**:
  - *(a) climate change adaptation and water resilience;*
  - *(b) climate change mitigation including carbon removals and on-farm renewable energy production, including biogas production;*
  - *(c) soil health;*
  - *(d) preservation of biodiversity, such as conservation of habitats or species, landscape features, reduction of use of pesticides;*
  - *(e) development of organic farming;*
  - *(f) animal health and welfare.*
- Member States with areas affected by **water pollution due to nitrate surplus** shall provide support to farmers for extensification of livestock systems or for diversification to other agricultural activities.
- Commission **national recommendations** will address climate and environmental needs

# The new green architecture



# Protective practices (Art. 3(4) CAP Regulation)

- Member States to define, at a national or regional level, protective practices to be respected by farmers and other beneficiaries **to achieve these objectives**
  - (a) protection of carbon-rich soils, landscape features and permanent grasslands on agricultural area;
  - (b) protection of soil against erosion, preservation of the soil potential, maintenance of soil organic matter, including through crop rotation or diversification, as well as protection against burning of stubble on arable land;
  - (c) protection of water courses and ground water against pollution and runoff.
- **Organic farmers** deemed in compliance with objectives (b) and (c).
- Holdings less than 10 ha are **exempted** from controls and penalties
- Member States have possibility to adapt protective practices to specific geographical and climatic conditions and production systems by setting **specific exceptions**.

# Protective practices – key changes and assessment

- List of **objectives** broadly overlaps with current GAEC objectives...
  - but ban on ploughing of environmentally sensitive grasslands removed
- .. but represents a shift from rule-based common environmental baselines towards objective-based **national discretion**
- Loss of **substantive floors**...
  - “Protect water courses” is weaker normatively than “maintain a 3 metre pesticide- and fertiliser-free strip
  - “Preserve permanent grassland” weaker than a quantified ratio constraint
- ... makes accountability more difficult and risks more **uneven implementation**
- Member States can now **pay farmers to comply with mandatory protective practices**
  - Potentially eating into the funding available for voluntary AECAs

# Risks with the new green architecture

- Reflects philosophy in the Vision that sustainable practices should be encouraged by incentives and investment rather than regulation
  - Eco-schemes and AECMs **merged into agri-environment-climate actions (AECAs)** and new transition payment introduced
  - Support for organic farming, **extensification of livestock production**, sustainable forestry
  - Greater **flexibility** in payment levels
  - Protective practices map GAECs following simplification but less prescriptive
  - Farmers can be supported to engage in protective practices
  - **No ring-fencing of AECAs**
  - Requirement for climate and environment tracking using EU coefficients
  - Minimum national contribution (co-financing) of 30% for all AECAs
- General fear that budget for environmental and climate action will be cut, despite the Vision philosophy that puts more emphasis on the voluntary nature of sustainability actions and the need for incentives.



# Rural development

# Where is rural development?

- CAP Regulation Art. 1 *Subject matter* ‘In order to ensure a strong, sustainable and resilient common agricultural policy, Union food security, generational renewal and **vibrant rural areas**, this Regulation lays down specific conditions for the implementation of the Union support for the common agricultural policy (CAP)...’
- Art. 2 *Steering mechanism*. ‘The Commission shall base the CAP national recommendations on an analysis of the situation of the agricultural sector and rural areas, **including demographic factors, structural and territorial characteristics** as well as food security in each Member State’
- Compare with specific objective (h) in current Regulation
  - to promote employment, growth, gender equality, including the participation of women in farming, social inclusion and local development in rural areas, including the circular bio-economy and sustainable forestry;

# Rural development measures continued in new CAP

- But **importance of non-agricultural rural development measures in CAP** should not be exaggerated
  - 12% of CAP Pillar 2, 4% of overall CAP budget 2023-2027 (Becker, 2026)
- Art. 14 draft CAP Regulation mandates **support for rural businesses** linked to agriculture and forestry, and for other rural businesses
  - Increase in maximum support from €100,000 to €300,000
- Art. 18 requires support for **LEADER at least in rural areas with specific disadvantages** defined by Member States in their NRP Plans
- Art. 19 requires support for EIP-AGRI operational groups which can also focus on the **needs of rural actors**
- Art. 74 NRPF Regulation allows support for **smart villages** through territorial and co-operation initiatives
- All initiatives must be funded out of unearmarked NRPF expenditure
- **‘Rural target’** of 10% of NRPF expenditure (exc. CAP and CFP ringfenced amounts) to be dedicated to rural areas using rural tracking – very problematic

# The future for rural development

- Critics fear the disappearance of the CAP second pillar will lead to a downgrading of rural development..
- .. but the minimal share of Pillar 2 funding going to non-farmers suggests the CAP commitment was largely rhetorical
- Commission stresses all previous CAP interventions in Pillar 2 continue, more are made mandatory..
- .. and move to NRPP will overcome fragmentation across CAP, cohesion and other funds
- Critics argue the move will reduce visibility and political salience of rural development..
- ..weakening advocacy and evaluation, risking marginalisation in budget allocation and uneven support for rural areas across countries



# THANK YOU

COMMENTS AND QUESTIONS

Presentation will be available on *capreform.eu* and my LinkedIn profile