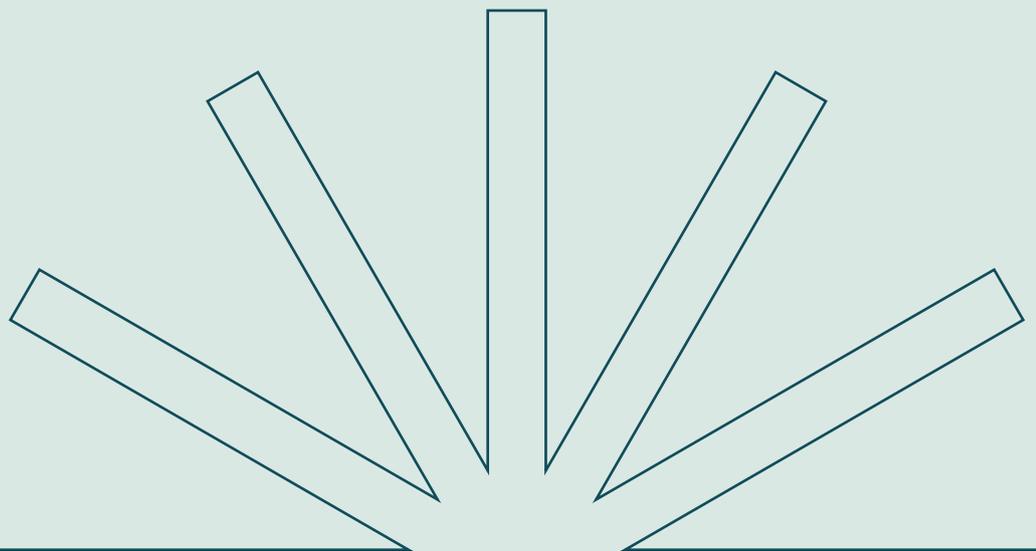


The Common Agricultural Policy 2028-2034

Budgetary framework and
policy options to accelerate
the climate transformation
of the agri-food chain



This report has been prepared for alinnea by Jabier Ruiz Mirazo, an expert in European policies.

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Executive summary

This report provides an analysis of the political and institutional process that will define the European Union (EU) budget and the Common Agricultural Policy (CAP) for the period 2028-2034, with a particular focus on the incorporation of climate action into both frameworks.

Through a structured review, it presents the mechanisms envisaged for the negotiation of the Multiannual Financial Framework (MFF) and the CAP Regulations, highlighting the differences between the two processes and the key actors involved, such as the European Commission, the European Parliament and the Council of the EU.

To assess the current situation and understand how climate action is reflected in this type of document, the current state of climate action in the current European budget and CAP is examined, including the decisions adopted in the MFF and regulatory elements present in the Strategic Plans Regulation. In this regard, specific examples from the Spanish Strategic Plan for the CAP 2023–2027 are presented, illustrating how climate objectives have been integrated into this planning, particularly through eco-schemes and environmental and climate measures.

The document then addresses the European Commission's proposals for the future MFF and the new CAP Regulations, highlighting the main elements related to sustainability, climate action and the ecological transition. The proposed changes to the current regulation are analyzed and the positions of a selection of stakeholders, including Member States, agricultural organizations, environmentalists and other relevant actors, are presented.

Finally, the main options for strengthening climate action in the agri-food chain through the CAP are identified and different negotiation scenarios for the next two years are proposed. Despite the uncertainties surrounding this process, some of the main areas of debate are highlighted, along with how they could contribute to moving towards a more sustainable and resilient agricultural sector that is aligned with the European Union's climate commitments.



Summary of the political processes planned to agree on the European Union budget and the Common Agricultural Policy 2028-2034

Since the late 1980s, the European Union's (EU) expenditure and revenue forecasts have not been made solely through annual budgets but are subject to long-term planning through an instrument called the Multiannual Financial Framework (MFF). Also known as the 'financial perspective' or simply the 'Union budget', the MFF usually covers a period of seven years and sets spending limits for each budget heading, as well as a series of provisions which—with a degree of flexibility—the Union's annual budgets must comply with.



Figure 1. Period covered by successive cycles of the Multiannual Financial Framework to date

The MFF 2021-2027 was designed with seven broad categories of expenditure, covering areas such as "Cohesion, resilience and values", "Natural resources and the environment" and "Single market, innovation and the digital economy". The Common Agricultural Policy (CAP) falls within the category of Natural Resources which, together with Cohesion, have traditionally been the two largest items of expenditure in the European Union.

The CAP, like other policies that depend directly on EU budgets, is usually designed to follow the same time cycles as the MFF. Thus, it is common practice to first set the budget allocation for these policies for the entire planning cycle and then finalize the specific details on how that expenditure should be implemented.

This link to the budget distinguishes funding policies from other European policies and regulations, which can generally be adopted at any time. This is why successive 'CAP reforms' take place approximately every seven years, although changes and adjustments (sometimes far-reaching ones¹) may be made at other times during the cycle.

¹ The most recent example is from 2024, when European institutions agreed on Regulation (EU) 2024/1468, whereby several mandatory environmental requirements for any CAP beneficiary became voluntary and remunerated commitments.



Main institutions and policy makers

The multiannual financial framework is negotiated and agreed at the highest political level by the European Council, which brings together the heads of state and government of the 27 Member States of the European Union. In fact, it is subject to a special legislative procedure, which requires the agreement to be adopted unanimously by the Council. This agreement is reached after much preparatory work and negotiation with the General Affairs Council of the EU, which sets up a selected *ad hoc* working group for this purpose.

The European Parliament plays a relatively minor role in this process. Although the MFF agreed by the Council is subject to formal approval by Parliament, which could refuse to give its consent, in practice this does not happen, as it would undermine a political agreement that is often extremely difficult to reach.

Therefore, the real way in which the European Parliament exercises its influence is much earlier, by issuing resolutions with proposals and conditions on the MFF which, insofar as they are appropriate and necessary to ensure parliamentary approval, will be introduced during the negotiation of the budget agreement.

Regarding the Common Agricultural Policy, however, the European Parliament is a full co-legislator as, as with other policies and spending programs, the ordinary legislative procedure is followed. Thus, first in parliamentary committee and then in plenary, the European Parliament will establish its position on the CAP, before comparing it with that of the Council of the EU² in a negotiation known as trilogues.

For its part, the EU Council's position on the CAP is prepared and coordinated in a very specific working group called the Special Committee on Agriculture (SCA). This committee reports directly to the Agriculture and Fisheries Council (*Agrifish Council*), where the agriculture ministers of the 27 Member States guide the work of the SCA and will ultimately seal an agreement.

CLIMATE ACTION IN THE PARLIAMENT'S POSITION ON THE FINANCIAL

One of the resolutions adopted by the European Parliament in the 2021-2027 MFF negotiation process called for: in order to meet its obligations under the Paris Agreement, the Union's contribution to climate objectives should reach at least 25% of expenditure throughout the 2021-2027 MFF, and 30% as soon as possible, by 2027 at the latest.

The European Commission plays a very important role in both processes, especially because it has exclusive legislative initiative and is therefore the institution that proposes draft regulations for the MFF and the CAP to the European co-legislators. The Commission thus has the power to establish the broad outlines and general structure of the regulations, setting a framework that the Parliament and the Council will generally respect, without prejudice to the changes that these co-legislators may make through amendments to specific aspects of the texts.

Furthermore, once the proposals have been forwarded to the Council and Parliament, the Commission will closely follow all the debates and will be involved throughout the legislative process, providing any clarifications that may be requested and working to reach an agreement that respects the will of the institutions and complies with the EU legal framework³.

² It should be noted that in this case we are referring to the Council of the EU, which works at ministerial level, and not to the European Council, which brings together heads of state and government. Formally, these are different institutions, although they work in a highly coordinated manner.

³ This ordinary legislative procedure is the same as that used when regulations need to be amended during the period of application of the MFF and the CAP, although some minor changes can be processed using a simplified procedure.



The table below identifies the key people in each of these institutions who play the most important role in reaching political agreements. Undoubtedly, there are many more people with political decision-making power involved in this process (other European commissioners, other key ministers, other parliamentarians, etc.), although the table only lists the main ones.

For their part, *lobbyists* (business groups, trade unions, NGOs, etc.) seeking to influence these processes will attempt to influence these policy makers throughout the entire debate and decision-making process, from the moment the Commission begins drafting proposals until the final agreements are sealed.

Table 1. Primary decision-makers within each institution in political negotiations

	European Council / Council of the EU	European Commission	European Parliament
Multiannual Financial Framework	<ul style="list-style-type: none"> * President of the European Council * Heads of State and Government of the Member States 	<ul style="list-style-type: none"> * President of the European Commission * Commissioner for Budget and Administration 	<ul style="list-style-type: none"> * President of the European Parliament * Chairpersons of the Political Groups
Common Agricultural Policy	<ul style="list-style-type: none"> * Presidency (rotating) of the Council of the EU * Ministers of Agriculture 	<ul style="list-style-type: none"> * Commissioner for Agriculture and Food 	<ul style="list-style-type: none"> * Rapporteurs (and shadow rapporteurs) for regulations * Chair of the Committee on Agriculture and Rural Development * Agricultural coordinators of the political groups

Tentative timetable

The political negotiations on the Multiannual Financial Framework and the Common Agricultural Policy are undoubtedly among the most complicated, lengthy and controversial that take place in Brussels. No matter how early the preparatory work begins and even if the European Commission makes its proposals well in advance (usually around 30 months before they are due to come into force), the agreement is often forced by the proximity of the deadline, especially in the case of the MFF.

Thus, with the publication of the MFF proposal in July 2025, accompanied by the CAP regulations and the new National and Regional Partnership Fund (NRP) that finances it, a long political and legislative debate will begin, which should culminate some two years later, shortly before the start of the next budget cycle in 2028, as tentatively described in the following chart.



Figure 2. Provisional timeline for the political negotiations on the Common Agricultural Policy



As is natural in such a long and complex political process, variables that are unknown at the outset may come into play at some point and may affect the sequence and timing indicated above, which should be considered an informed but approximate estimate. Without going any further, in the last reform cycle, the COVID-19 pandemic led to an unprecedented expansion of the European budget through the *Next Generation EU* funds, with a political agreement being reached in *extremis* in July 2020.

Once the budget had been agreed, the co-legislators stepped up the pace to negotiate the CAP regulations, but it took almost another year to reach a political agreement in June 2021. Furthermore, given that this new CAP required the development of strategic plans by Member States, and their subsequent approval by the European Commission, the new CAP only truly came into force in January 2023, two years after the MFF. In the current process, similar delays cannot be ruled out, although the political context and the proposals made are quite different.

On the one hand, grouping the CAP together with other spending programs under a *macro-fund* for National and Regional Partnership could force the processes to be accelerated in order to try to reach an agreement on the MFF as early as 2026. This would allow the negotiation of the NRP and CAP regulations to be finalized quickly and allow time for the development and approval of the Partnership Plans in time for 2028.

If negotiations become complicated, or if they lead to a significant change in the Commission's proposal, the scenario could be more disruptive. Potentially, the EU could operate without an MFF and agree only on annual budgets, although this would mean a significant break with the practice established almost 40 years ago, making it highly unlikely. On the other hand, given the strong opposition to the Commission's proposals, detailed in the following sections, it could happen that the CAP proposals are not accepted and that the co-legislators opt to extend the current regulatory framework for the next period.



Key differences between the two processes

As presented in the previous sections, although the MFF and the CAP are parallel negotiation processes, there are many elements that differentiate them, such as the institutions and actors involved in the decision-making process (higher level in the case of the budget) and the flexibility of the deadlines involved (stricter for the budget agreement). However, there are two key aspects that are very important for understanding how these two pieces of legislation interact with each other.

Firstly, hierarchy. The agreement on the Multiannual Financial Framework, having been adopted by the European Council at the highest political level, takes precedence over the Common Agricultural Policy. This means that the provisions included in the MFF agreement on how the CAP should be structured will be incorporated into the CAP regulations (including the one governing the fund that finances it), as the Council of the EU will ensure that the European Council's agreement is strictly adhered to during the CAP negotiations. This is not limited to the budget allocation itself but may include issues such as the co-financing to be provided by Member States, the percentage of the CAP budget to be allocated to environmental and climate measures, or whether caps can be set on the payments received by CAP beneficiaries.

Secondly, granularity. Naturally, the budget agreement can set out broad guidelines, such as establishing the MFF climate spending target, but it will not go into much detail on how the CAP is specifically implemented. Thus, as will be presented in the following sections, the way in which this expenditure is accounted for or the type of CAP measures to be financed with it are decisions that are made in specific regulations, or even in the Member States' own strategic plans.

Spain's role in the negotiation process

To conclude this chapter, it is worth remembering that Spain is the fourth largest country in the European Union in terms of population, behind only Germany, France and Italy, which gives it considerable weight in European negotiations. This is reflected both in the Council of the EU, where each country's vote is weighted in proportion to its population, and in the European Parliament itself, where 60 of the 720 MEPs represent Spanish citizens.

The main Spanish political figures who are expected to play a major role in the negotiations on the MFF and the CAP are as follows:

- * Prime Minister
- * Minister of Finance
- * Minister of Agriculture, Fisheries and Food
- * President of the Socialists and Democrats Group in the European Parliament
- * European Commissioner for a Clean, Fair and Competitive Transition

THE IMPORTANCE OF ESTABLISHING ALLIANCES

Given the size of the European Union, it is essential to establish alliances with other states and/or political groups in order to achieve the desired objectives in any negotiation process.

For example, during the last CAP reform, the agriculture ministers of Germany, France and Spain issued a joint statement at the end of 2019 setting out their position on the future CAP within the framework of the European Green Deal, which had just been published.



As can be seen, this constellation of political figures is currently dominated by the Socialist Party and could therefore act as one of the most favorable voices for continuing to advance the climate agenda in a European context that is increasingly hesitant about the European Green Deal.

And although the state government represents Spain internationally, the influence of regional governments in European negotiations should not be underestimated. This influence is particularly significant in more technical areas, such as agricultural policy, as it is ultimately the regional administrations that have jurisdiction over a large part of territorial policies.

Therefore, the new electoral cycle that begins at the end of 2025, which will cover various autonomous communities and even general elections in 2026/2027, could lead to changes in government that are relevant to the MFF and CAP negotiations. However, if there are no significant electoral advances, most of the negotiation process will take place under the current configuration and it will only be in the development of the national and regional Collaboration Plans and in the planning of the CAP 2028-2034 that these changes could be felt.

DISTRIBUTION OF THE CAP AMONG THE AUTONOMOUS COMMUNITIES

In the CAP, the Autonomous Communities are responsible for managing the second pillar of the CAP (rural development), while the Ministry is responsible for the first (direct payments).

Given this, one might think that the Autonomous Communities would prefer to strengthen the second pillar and manage a larger part of the agricultural budget. However, this is not usually the case, both because of the relative simplicity of the direct payment system and because of the potential risk that a reduction in these payments could negatively affect some Autonomous Communities compared to others.

Thus, this configuration tends to result in a preference for maintaining the *status quo* in agricultural policy, which is only affected by obligations established at European level.





Climate Action in the current European Budget and Common Agricultural Policy

The agreement on the Multiannual Financial Framework 2021-2027, reached in July 2020⁴ and worth €1,079,523 million, was negotiated and adopted during a period strongly marked by the European Green Deal, the main political priority of the von der Leyen Commission 2019-2024. Established in 2019, the European Green Deal consists of a series of policy initiatives, developed mainly during that period, which aim to put the EU on the path to a green transition and achieve climate neutrality by 2050. As a result of this priority, climate action was placed at the heart of the 2021-2027 MFF agreement.

The negotiation of the European budget was also heavily influenced by the COVID-19 pandemic and the enormous socio-economic disruption it caused throughout the world. To accelerate the recovery from this crisis with a strong financial stimulus, the European Union established the Next Generation EU Recovery Facility, which supplemented the MFF with an additional €750 billion. Its central element, the Recovery and Resilience Facility, also has the green transition as one of its six pillars of action.

However, the Common Agricultural Policy barely benefited from this extraordinary funding, with only 1% (€7.5 billion) allocated to the CAP, specifically to slightly increase spending on rural development. Thus, virtually the entire CAP budget (amounting to €344 billion for the period 2021-2027 for the EU as a whole) continues to depend directly on the MFF, with just under a third (32%) of the Multiannual Financial Framework allocated to agricultural policy spending⁵.

Decisions adopted in the Multiannual Financial Framework

The budget agreement reached at the extraordinary European Council meeting in July 2020 included not only figures on the European Union's expenditure and revenue forecasts, but also a series of agreements with policy guidelines on how that expenditure should be implemented. As reflected in the selection shown in the table below, these agreements included explicit references to climate action and the Common Agricultural Policy, which have been highlighted to identify their key elements.

Climate action and the CAP in the EU budget agreement for 2021-2027

A21. Climate action will be integrated into policies and programs financed under the MFF and Next Generation EU. An overall climate target of 30% will be applied to the total amount of expenditure from the MFF and Next Generation EU and will be reflected in the form of appropriate targets in sectoral legislation. These will be consistent with the EU's goal of climate neutrality by 2050 and will contribute to the achievement of the Union's new climate targets for 2030, which will be updated before the end of the year. As a general principle, all EU spending should be consistent with the objectives of the Paris Agreement.

18. (...) An effective methodology for monitoring climate-related expenditure and its implementation, in particular reporting and taking appropriate action in the event of insufficient progress, should ensure that the next MFF contributes to the implementation of the Paris Agreement. The Commission will report annually on climate-related expenditure. (...)

84. Funding under this heading (*referring to Natural Resources and Environment*) focuses on delivering added value through modernized and sustainable agricultural, maritime and fisheries policies, as well as promoting climate action and fostering the protection of the environment and biodiversity. By mainstreaming climate action across the budget and improving the integration of environmental objectives, this heading plays a key role in achieving the ambitious target of at least 30% of EU spending contributing to climate change objectives.

4 The budget agreement was adopted in the form of conclusions from an extraordinary meeting of the European Council: <https://data.consilium.europa.eu/doc/document/ST-10-2020-INIT/es/pdf>

5 For a more detailed analysis in this area, please refer to the publication: <http://capreform.eu/when-the-cap-budget-pendulum-finally-stopped-swinging>



Climate action and the CAP in the EU budget agreement for 2021-2027

87. A new delivery model bringing together both pillars under a single programming instrument (the CAP Strategic Plan) will ensure that common objectives set at EU level are met. The new delivery model will provide greater flexibility to Member States and contribute to simplification. The share of CAP expenditure expected to be allocated to climate action will be 40%.

88. The CAP for the period 2021-2027 will continue to be based on a two-pillar structure:

- a)** Pillar I (market measures and direct payments) will provide direct support to farmers and finance market measures. It will contribute, in particular through a new environmental architecture, to raising the environmental and climate ambition of the CAP. Pillar I measures will be financed entirely from the EU budget, as in the current financing period.
- b)** Pillar II (rural development) will deliver specific environmental public goods, improve the competitiveness of the agricultural and forestry sectors, and promote the diversification of economic activity and the quality of life and work in rural areas, including regions with specific constraints. Pillar II measures will be co-financed by Member States.

93. (on flexibility between pillars, for which the overall percentage is 25%) (...) The threshold may be increased by 15 percentage points if Member States use the corresponding increase for EAFRD-funded interventions targeting specific environmental and climate objectives, and by 2 percentage points if Member States use the corresponding increase for EAFRD-funded interventions aimed at supporting young farmers;

96. (on co-financing rates for rural development support) (...) A higher co-financing rate of 80% shall apply for environmental, climate and management commitments; for specific disadvantages resulting from certain mandatory requirements; for non-productive investments; for support to the European Innovation Partnership and the LEADER initiative. A co-financing rate of 100% shall apply to funds transferred to the EAFRD.

Climate action elements provided for in the CAP Strategic Plans Regulation

The main way to translate the provisions on climate action in agricultural policy from the budgetary political agreement into EU legislation is through the European CAP regulations. In fact, in mid-2020 these regulations were still in the legislative process, and a final agreement between the Council of the EU and the European Parliament would not be reached until a year later. Thus, one of the Council's priorities during that period was to introduce amendments to the legal texts to reflect all these elements in a reliable and legally appropriate manner.

Below are the main references to climate action found in the CAP Strategic Plans Regulation⁶, which is the cornerstone of the current agricultural policy.

Firstly, with regard to the inclusion of climate objectives in the CAP, Article 6 lists them as one of its nine specific objectives, specifically d): contributing to climate change adaptation and mitigation, including by reducing greenhouse gas emissions and enhancing carbon sequestration, as well as promoting sustainable energy.

Regarding the so-called "green architecture" of the CAP, i.e. the measures that contribute most significantly to climate and environmental action in agricultural policy, we find the following elements:

- * Cross-compliance: Articles 12, 13 and 14, and Annex III, which detail the conditions to be met to receive CAP payments, including three whose main objective is climate-related.
- * Eco-schemes (first pillar): Article 31, which specifies that two of the seven areas to which these interventions can contribute are climate change mitigation and adaptation, and Article 97, which reserves a minimum of 25% of the first pillar funds of each Member State for these interventions.

⁶ Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021: <https://eur-lex.europa.eu/legal-content/ES/TXT/HTML/?uri=CELEX:02021R2115-20240525>



- * Environmental and climate commitments (second pillar): mandatory under Article 70, which also covers other management commitments. These commitments are one of the rural development interventions that are fully counted towards meeting the requirement, established in Article 93, that 35% of the funds from the second pillar be allocated to meet the climate and environmental objectives of the CAP.

It is important to note that, beyond the management commitments, there are many other second pillar (rural development) interventions that contribute to better climate performance on farms, such as support for investment or knowledge exchange and information dissemination. The latter, according to Article 78, should focus *specifically on the protection of nature, the environment and the climate, including environmental awareness and education actions*.

Given its connection to the budget agreement, Article 100, which addresses the *monitoring of expenditure on climate-related objectives*, deserves special mention. This article establishes how to calculate, across the EU, the proportion of CAP expenditure that can be considered to contribute to climate objectives. Specifically, it establishes the weighting factors to be applied to the main types of aid programmed within the CAP, with two broad categories:

- * Moderate contribution: a weighting factor of 40% is applied to expenditure on basic and supplementary income support, as well as on aid for natural or other specific constraints, as these are only subject to cross-compliance.
- * Significant contribution: a weighting factor of 100% is applied to expenditure on eco-schemes, management commitments (of any kind), payments for areas with specific disadvantages, and investments for environmental, climate or animal welfare purposes.

CONTROVERSY OVER CLIMATE SPENDING

The way in which this CAP Regulation established the criteria for measuring climate expenditure in agricultural policy generated much controversy, as it allowed huge items of expenditure to be counted (albeit with a weighting factor of 40%) simply for complying with cross-compliance, without requiring any specific climate commitment.

In addition, an indeterminate but probably high percentage of the 100% weighted expenditure did not necessarily have any positive climate effect, as any environmental or even animal welfare measure was allowed to be assessed as a 'significant contribution' to expenditure.

Finally, it is worth highlighting several other articles in the Regulation that detail how each Member State's CAP Strategic Plan should be designed and its minimum content. From a climate perspective, the most interesting aspects lie in the following obligations for Member States:

- * To show greater ambition in relation to environmental and climate objectives and to explain how they intend to achieve them (Art. 105)
- * Ensure the effective involvement of the competent public authorities responsible for the environment and climate in the development of the environmental and climate aspects of the CAP Strategic Plan (Art. 106)
- * The needs assessment shall take into account national environmental and climate plans (Art. 108)
- * The intervention strategy must contribute to the long-term national goals established in environmental and climate legislation (Art. 109)



Examples of climate action from Spain's Strategic Plan for the CAP 2023-2027

Based on this European framework, Spain designed its Strategic Plan for the CAP (PEPAC) for the years 2020-2022, which was reviewed and finally approved by the European Commission to come into force on 1 January 2023⁷. As required, the PEPAC includes multiple references to climate action:

- * A SWOT analysis for the specific objective of climate action, taking into account the characteristics of Spanish agricultural systems.
- * A prioritization of needs using the Integrated National Energy and Climate Plan and the National Climate Change Adaptation Plan as a reference.
- * An identification of all PEPAC measures that contribute to the climate action objective, constituting the logic of intervention in this area.

Most of the measures included in the PEPAC contribute simultaneously to several of the specific objectives of agricultural policy. It is therefore difficult to single out measures specifically aimed at climate action, but it is possible to list those that contribute to it to a greater or lesser extent.

By way of example, the following table lists a series of measures identified in the PEPAC as related to climate change mitigation efforts:

Although the mere listing of measures does not allow for an adequate assessment of the impact that the PEPAC 2023-2027 will have on climate action in Spain, it does provide an overview of the diversity of measures that can be combined with this objective.



In any case, the real climate ambition of the PEPAC will depend on the specific agricultural practices required to comply with each of the measures, as well as on whether the measures are sufficiently funded to make them attractive to potential beneficiaries and to be applied to a significant proportion of agricultural land, among other factors whose assessment is beyond the scope of this report.

⁷ The Ministry of Agriculture and Food's website contains a wealth of information on all the work carried out in developing the PEPAC: <https://www.mapa.gob.es/es/pac/pac-2023-2027>

**Table 2.** Measures under the Spanish CAP Strategic Plan 2023–2027

Type of measure	Name
Cross-compliance	RLG2 Control of nitrates in water
Cross-compliance	BCAM1 Maintenance of permanent pasture
Cross-compliance	BCAM2 Protection of wetlands and peatlands
Cross-compliance	BCAM3 Prohibition of stubble burning
Cross-compliance	BCAM9 Prohibition on converting or ploughing sensitive permanent pasture
Cross-compliance	BCAM10 Sustainable fertilization
Eco-scheme	Rotations and direct sowing on arable land
Eco-scheme	Plant and inert cover crops in woody crops
Eco-regime	Extensive grazing, mowing and biodiversity
Sectoral interventions	Investments and actions related to mitigation in the fruit and vegetable and wine sectors
Environmental commitments	6501.3 Promotion and sustainable management of pastures
Environmental commitments	6501.8 Practices for soil improvement and erosion control
Forestry commitments	6502.1 Forest management commitments
Forestry commitments	6502.2 Commitments to maintain forest plantations and agroforestry systems.
Environmental commitments	6503 Organic farming
Investment support	6841.1 Productive investments in agricultural holdings linked to contributing to climate change mitigation and adaptation
Investment support	6842.1 Investments in improving energy efficiency for mainly environmental purposes
Investment support	6844 Non-productive investments in agricultural holdings linked to contributing to climate change mitigation and adaptation
Forestry investments	6881.1 Reforestation and agroforestry systems
Forest investments	6881.3 Restoration of forest damage
Forestry investments	6881.4 Forestry operations with environmental objectives
Cooperation	7165 Cooperation for the environment



The European Commission's proposal for the future Multiannual Financial Framework

As mentioned in previous sections, in July 2025 the European Commission published its proposal for the future budget of the European Union. This proposal contains multiple elements⁸, covering both legal and dissemination aspects and encompassing all the expenditure programs provided for therein. For the purposes of this report, three specific documents may be considered particularly relevant:

- * The Communication on the MFF (of a political nature) in which the European Commission outlines its budget proposal and argues its suitability for the current political context⁹.
- * The proposed Performance Regulation, which sets out how expenditure in all areas of the MFF will be monitored¹⁰.
- * The proposed Regulation for the National and Regional Partnership macro-fund (hereinafter the NRP Regulation), which will provide the framework for the Common Agricultural Policy¹¹.

In general terms, the budget proposal represents a significant break with previous MFFs. Firstly, in terms of its size, as the total budget is €1.76 trillion in 2025 prices, which is a seemingly significant increase on the previous MFF (€1.2 trillion in 2025 prices). However, considering that the 2021-2027 MFF was generously supplemented by *Next Generation* funds, and that just under 10% of the 2028-2034 MFF will have to be used to repay loans from those funds, the increase in expenditure proposed in the MFF may be barely noticeable, especially given the addition of new expenditure items.

On the other hand, there is a very notable restructuring of the MFF, which goes from having seven expenditure headings to only four, grouping together and reducing the number of funds and expenditure programs. A good example of this is the Common Agricultural Policy, which goes from being financed separately by two funds (the EAGF for direct payments to farmers and the EAFRD for rural development) to being grouped together with Cohesion (another of the EU's major expenditure items) and other programs under the CNR macro-fund, whose interventions must be programmed jointly through the innovative National and Regional Collaboration Plans.

This joint programming also means that Member States will be able to adjust the budget they wish to allocate to each of the programs that make up the Collaboration Plans, including agricultural policy, which means that the exact budget available to the CAP will not be known until the CNR Plans for each State have been drawn up and approved. In any case, in order to protect spending on agricultural policy, the European Commission has proposed in the CNR macro-fund Regulation (Art. 10) a minimum expenditure in the CAP to support farmers' incomes, albeit with an amount that would be 10-15% less than the budget currently allocated to this objective¹².

8 The package of publications associated with the MFP2028-2034 proposal can be consulted at: https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/eu-budget-2028-2034_en

9 Available at: <https://eur-lex.europa.eu/legal-content/ES/TXT/HTML/?uri=CELEX:52025DC0570>

10 Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0545&qid=1753797488776>

11 Available (currently only in English) at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0565&qid=1755931406158>

12 The somewhat convoluted way in which this minimum expenditure has been formulated, and the inherent complexity of analyzing European budgets, make it impossible to obtain much more accurate estimates. For a more detailed analysis, please consult: <https://capreform.eu/the-commissions-cap-budget-proposal-in-the-next-mff>



Summary of the main elements of the proposal regarding climate action and agricultural policy

In the field of climate action, the Communication on the MFF includes several references to its importance and establishes: *an overall spending target in the field of climate and the environment of at least 35% of the total budget will help to direct support towards the objectives of the European Green Deal*. This target is slightly lower than the currently in force, which amounts to a minimum of 30% for climate action alone and 7.5% (rising to 10% in 2026-2027) for biodiversity. In fact, there is a noticeable decline in the importance of biodiversity and nature in these texts, with almost all environmental attention focused on climate action.

Regarding agricultural policy, the Communication states *that agriculture and rural areas remain a priority in order to strengthen the EU's strategic autonomy, food security and sustainability*. Furthermore, referring to its joint programming with other expenditure items, it states that *collaborations represent an opportunity for the common agricultural policy to evolve towards a simpler strategic framework, with a more specific focus and greater impact, and to strike the right balance between incentives, investments and standards*.

These seemingly positive statements overlook the proposed budget cuts for agricultural policy and the potential administrative complexity of its integration with other programs. In any case, the quest for simplification and greater impact is a recurring theme in debates on the CAP, as is the growing desire to reduce mandatory rules for farmers in favor of a system in which climate and environmental action is stimulated by economic incentives.

The Communication also indicates that *national and regional collaboration plans* (within the framework of the future CAP), *in parallel with other EU programs, will help the Union stay on track with our commitment to decarbonize Europe by 2050*. In fact, the contribution that these plans will have to make to the climate and environmental objectives of the European budget is estimated at 43% in Annex III of the proposed Performance Regulation. The method for calculating this contribution is detailed in Annex I of the Regulation, which assigns a weighting coefficient to each type of European Union expenditure, including agricultural policy interventions, using a similar logic to that used in the current CAP.

The CNR Regulation examines some aspects of the CAP in greater detail. Indeed, this proposed regulation states in its recitals that, *to further improve the performance of the CAP, area-based income support should be targeted at farmers who practice agriculture as their main activity*.

Income support should be targeted at farmers who need it most, with particular attention to farmers in areas with natural constraints, women, young farmers and new farmers.

It should be noted that this prioritization is, in principle, very different from that currently applied in Spain, where it is the most productive areas (such as irrigated land) that receive the most aid per hectare.

Among the specific objectives of the CNR fund (Art. 3) is (d) Maintaining the quality of life in the Union, which includes several of the CAP objectives, among which is (V) Improving sustainable management practices in agriculture and forestry to promote climate-resilient action, the provision of multiple ecosystem services, supporting quality, resilience and efficient water management, implementing nature-based solutions, strengthening sustainable development, protecting the environment, improving the conservation and restoration of biodiversity, soil and natural resources, and improving animal welfare.



Article 35 of the proposed CNR Regulation details the type of interventions that may be programmed within the CAP and their main characteristics. In this area, three important changes for climate action should be highlighted:

- * The disappearance of the current eco-schemes, part of the first pillar of the CAP and 100% financed by the European budget, while environmental and climate measures, which are traditionally part of rural development measures and require co-financing at national and/or regional levels, are maintained. It should be noted that, under the current framework, most of the CAP's climate/environmental budget is spent through eco-schemes.
- * An increase in the percentage of national/regional co-financing required for environmental and climate measures (as well as for other types of interventions), rising to a minimum of 30% for all regions and reaching 60% in the most developed regions. Note that, under the current framework, these measures benefit from a reduced co-financing rate of 20%, with 80% being paid by the European coffers.
- * A reduction in the maximum percentage of public funding applicable to investments in agriculture and forestry, which will now be 75% (85% for young farmers). It should be noted that, under the current framework, some investments (particularly forestry and non-productive investments associated with environmental and climate actions) can be 100% financed by public funds (generally a mix of European, national and regional funds).

Considering these changes and taking into account that the main direct aid to farmers, especially area-based income support and coupled payments, does remain 100% European-funded (with no co-financing requirement), it is very likely that Member States will favor this type of measure, to the detriment of environmental and climate action.

Indeed, although certain limits have been proposed for the two main income support measures (a maximum of €240 per hectare on average for area-based income support, and an approximate cap of an additional 20-25% for coupled payments), these limits may be too broad, resulting in these measures being heavily favored and ultimately consuming the bulk of the funds available for the CAP.

Added to all this is the fact that the proposals do not include *ring-fencing* for environmental and climate interventions, something that has been in place in the CAP for 12 years. However, it should be remembered that this minimum expenditure was not part of the Commission's proposal in the last round of reforms either but was incorporated (by agreement between Parliament and the Council) during the negotiation of the CAP regulations.

ROLE OF PARLIAMENT IN THE NEGOTIATION OF THE CNR REGULATION

Although these key provisions on the types of CAP measures are contained in the CNR Regulation, on which the European Parliament is, in principle, on an equal footing with the Council, it is likely that the budget agreement adopted by the European Council will also address them.

If so, the Parliament's opinion on the matter will be of little importance. As has happened on previous occasions, the Council will enforce the agreement adopted by the Heads of State and Government and prevent any changes to what has already been agreed during the negotiations.



The European Commission's proposal for CAP Regulations

The Communication on the MFF and the proposals for the Performance Regulation and the NSRF, referred to above, already incorporate some relevant elements on the future CAP, both on the legal and financing framework in which the European Commission proposes to frame it, some budgetary and co-financing aspects, a list of the types of aid that can be included, as well as other issues (of lesser relevance to this report) on some very specific CAP programs and general aspects of the control and penalty systems that Member States must implement.

In any case, the most detailed information on the future CAP can be found in the proposals for regulations that specifically govern it. As usual, the CAP itself is made up of several regulations, as many aspects beyond aid to farmers must be covered: common market regulation, crisis management, school fruit and milk programs, etc. However, as with the current CAP, there is a central CAP regulation, which on this occasion is called *the Regulation laying down the conditions for the implementation of Union support for the common agricultural policy for the period 2028-2034 (hereinafter referred to as the CAP Regulation)*¹³.

Summary of the main elements of the CAP Regulation and changes compared to the current regulation

In general terms, the CAP Regulation confirms a decline in the relative importance of climate and environmental aspects in agricultural policy, a fact that was already apparent in the CNR Regulation, discussed above, where they constituted only one of the five specific sub-objectives detailed for the CAP.

Indeed, Article 2 of the CAP Regulation establishes the five pillars on which the European Commission will draw up recommendations for Member States with a view to preparing the agriculture section of the national and regional Partnership Plans, with climate and the environment being only one of these pillars¹⁴. It should be noted that, at present, three of the 9-10 specific objectives of the CAP relate to environmental issues.

Further on, in Article 4, the **six priority areas for the environment** and climate for which Member States must propose measures are specified:

- 01 Adaptation to climate change and water resilience;
- 02 Climate change mitigation, such as carbon sequestration and the production of renewable energy on farms, such as biogas;
- 03 Soil health;
- 04 Biodiversity conservation, for example through habitat or species conservation, landscape features or reduced pesticide use;
- 05 The development of organic farming;
- 06 Animal health and welfare.

¹³ Full text of the proposed Regulation available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0560>

¹⁴ Although the term "resilience", which is very much in vogue in Europe, is used in another of the axes described in Article 2, it is not so much used in the context of climate adaptation as it is in reference to market fluctuations and crisis and risk management.



The legislative text also adds a seventh priority for *Member States with areas affected by water pollution caused by excess nitrates, which will provide aid to farmers for the extensification of livestock production systems or for diversification into other agricultural activities.*

With regard to the mandatory rules for beneficiaries of CAP aid, the proposed Regulation maintains the current 'cross-compliance' system, renaming it '*farm stewardship*'. Compliance with the law (both in environmental and socio-labor aspects) required under cross-compliance remains completely unchanged in the proposal, and the only changes are in the 'Protection practices' (currently GAEC, good agricultural and environmental conditions).

In effect, protective practices apply broadly to the same areas as the current GAEC, which are defined in Article 3 as follows:

- a) The protection of carbon-rich soils, landscape features and permanent grassland in agricultural areas.
- b) The protection of soil from erosion, the preservation of soil potential, the maintenance of soil organic matter, including through crop rotation or diversification, and protection against stubble burning on arable land.
- c) The protection of watercourses and groundwater from pollution and runoff (i.e. nutrient runoff).

However, the proposed regulation includes fewer details on these practices, leaving Member States greater freedom to define, regionalize and adjust them to their specific conditions.

In this regard, three elements are worth highlighting:

- * For the protection of permanent grassland (especially due to the high carbon content of its soils), there is no longer a mandatory ratio, nor are practices on the most environmentally sensitive areas restricted.
- * The protection of landscape features is maintained, but the explicit ban on cutting hedges and trees during the bird breeding season is removed.
- * The obligation to leave areas uncultivated or to rotate crops, which was established for the current CAP but removed in the regulatory adjustments made in 2024, has been confirmed as no longer applicable.

As is currently the case, exemptions from compliance with some of these protection practices are established for farms certified as organic and also for those that carry out other environmental and climate actions of a similar nature. The regulation also establishes that compliance with "responsible farm management" is equivalent in all respects to the "*do no significant harm*" (DNSH) requirement that applies to the entire MFP in accordance with the Performance Regulation.

With regard to environmental and climate measures, Article 10 sets out the specific objectives of these actions as follows:

- a) The protection of water quality and the reduction of pressure on water resources, soil protection, nutrient management, the conservation of biodiversity, including landscape features, and the reduction of pesticide use.
- b) Climate change mitigation, including through the reduction of greenhouse gas emissions and carbon sequestration; and climate change adaptation, for example by promoting animal and plant diversity for ecosystem resilience
- c) Animal health and welfare, including combating antimicrobial resistance
- d) The sustainable use and development of genetic resources; or o
- e) Forest-environmental services and forest conservation.



As is already the case, support for organic farming is a central element of these environmental and climate measures, although the regulation is more specific in that Member States must support both the maintenance and conversion to organic farming, something that is not widespread today. A very notable new feature in this Article is the inclusion of 'extensification of livestock production' as an action with a similar priority to organic farming, which is in line with the seventh priority area for the environment and climate set out in Article 4 (see above). For both conversion to organic farming and the transition to more extensive livestock farming, the receipt of aid is conditional on having a "transition action plan" towards a type of farming defined by the Member State as beneficial for the climate and the environment.

Another notable new feature is found in Article 13, on support for investments by farmers and foresters, as it clearly prioritizes investments that contribute to increasing their resilience, with the following text: Member States shall grant support under this Article for productive and non-productive investments that make an adequate overall contribution to the resilience of agriculture, food systems, forestry and rural areas, and in particular to their climate and water resilience.

Despite the soundness of this text, it should be noted that it is not uncommon for the CAP, under the guise of increasing resilience, to finance investments that lead to maladaptation, such as those associated with irrigation projects in basins that are already severely deficient in water resources. It should also be noted that this is the only reference to food systems in the entire CAP Regulation, which seems to indicate that the integration of agricultural production with its value chain has not been a major consideration in the preparation of the regulation¹⁵.

For its part, Article 12 establishes CAP aid for participation in risk management instruments. Although this aid is focused on compensating for potential losses to farms due to market instability or weather events, the spirit of the regulation is that a proactive approach to risk management should be encouraged, increasing the resilience of the sector and offering incentives to farmers who implement risk prevention measures.

Moving away from the environmental and climate sphere, it is worth mentioning some significant changes proposed in area-based income support (Article 6), which constitute the main payments received by farmers benefiting from the CAP. In fact, with the aim of accelerating generational renewal in agriculture, it is proposed that from 2032 onwards, people who have reached retirement age and have a retirement pension will not be eligible for these payments. It is also proposed that this aid should be degressive (with a reduction in payments per hectare as the size of farms increases) to a greater extent than at present, with a maximum ceiling of €100,000. By way of comparison, it should be noted that in Spain the current ceiling is €200,000.

Finally, it is worth mentioning the disappearance from the CAP Regulation of the entire system of indicators that currently make up the Monitoring and Performance Framework and which seek to guide agricultural policy towards achieving results and impact. Some of these indicators (those most closely related to implementation and results) have been incorporated into Annex I of the Performance Regulation proposed by the European Commission (mentioned above), which applies across the entire MFF. However, most of the impact indicators associated with agricultural activity have not been retained.

¹⁵ In this regard, it should also be noted that references to food waste and other social requirements in relation to food and health, which constitute one of the specific objectives of the current CAP and which, albeit discreetly, introduced the importance of a systemic perspective on food, have disappeared.



Position of a selection of stakeholders on the Commission's proposals

Both during the drafting of the budget and agricultural policy proposal and in response to its publication, a wide range of entities and stakeholders in the process have taken a position on the matter. Below is a brief summary

of these positions, as they may provide guidance on which key points could be subject to debate over the next two years.

Table 3. Stakeholder positions on the European Commission's proposals

Stakeholder	Position
AGORA (Think tank)¹⁶	<ul style="list-style-type: none"> * Design the budget with a focus on performance, centering the CAP on the provision of public goods and value chains with a future. * Improve the monitoring system and performance framework applied to the European budget. * Phase out income support, promoting instead more targeted support geared towards public goods. * Support the resilience of the agricultural sector in the face of extreme weather events and market disruptions.
Birdlife, EEB, Greenpeace, WWF (NGOs)¹⁷	<ul style="list-style-type: none"> * Establish a performance- and results-oriented agricultural policy. * End any agricultural subsidies that cause damage to nature. * Direct investment towards promoting an agroecological transition in the agricultural sector. * Support extensive livestock farming and reduce livestock density in areas of excessive concentration. * Remove obstacles to the diversification of agricultural production and protein consumption.
COAG (agricultural union)¹⁸	<ul style="list-style-type: none"> * Strongly questioning the budget cuts implemented, contrasting them with the increase in military spending and arguing that food sovereignty is as strategic as defense. * Opposed to the "renationalization" of agricultural policy and its integration with other spending programs.

¹⁶ Response available at: <https://www.agora-agriculture.org/publications/enhancing-budgetary-performance-the-future-of-agricultural-spending-in-a-streamlined-eu-budget>

¹⁷ Position available at: <https://wwwfeu.awsassets.panda.org/downloads/cap-vision-post-2027---birdlife--eeb--greenpeace--wwf-eu--compressed.pdf>

¹⁸ Response available at: <https://www.agrodigital.com/2025/07/18/recorte-pac-2028-coag-soberania-alimentaria> (Spanish only)



Stakeholder	Position
COPA-COGECA (Agricultural Union and Agricultural Cooperatives)¹⁹	<ul style="list-style-type: none"> * Highly critical of the European Commission's proposal to reduce the CAP budget, renationalize agricultural policy and dismantle the common elements of the CAP. * Maintenance of area-based income support payments and reduction of cross-compliance requirements. * In favor of risk management measures and support for cooperatives to improve the position of farmers in the value chain.
Farm Europe (Think Tank)²⁰	<ul style="list-style-type: none"> * Highly critical questioning of the entire European Commission proposal, including the allocated budget, its integration with other European funds and the excessive flexibility given to Member States. * Opposed to area-based income support being directed towards “those who need it most” and in defense of larger and more productive farms. * Greater consideration for the economic dimension of sustainability, and not just environmental sustainability. * In favor of strengthening risk management tools and support for the digitization of agriculture in the CAP.
IEEP (Think Tank)²¹	<ul style="list-style-type: none"> * Guarantee minimum spending on environmental and climate measures within the CAP budgetary framework. * Ensure that a large part of environmental and climate measures are fully financed by the European budget, without the need for national/regional co-financing. * Strengthen governance, with more robust mechanisms for approving plans, and the performance framework, with impact indicators relevant to the agricultural sector. * Extend the requirements for 'good agricultural management', ensuring that it truly meets the requirement of 'no significant harm'. * Reduce the number of interventions that Member States are required to program, so that they can prioritize environmental and climate measures.
IFOAM EU (organic production sector)²²	<ul style="list-style-type: none"> * Call for funds for environmental, climate and animal welfare issues to be ring-fenced, with a minimum of one third of the CAP budget. * In favor of stricter governance, to prevent greater flexibility for Member States from leading to a deprioritization of environmental and climate measures.
For Another CAP (Platform)²³	<ul style="list-style-type: none"> * In favor of redirecting aid towards small and medium-sized farms, as well as young people and women in rural areas. * Against budget cuts, especially as they jeopardize the viability of farms with the highest socio-environmental value. * In favor of ring-fencing funds for environmental and climate payments and support for the maintenance of eco-schemes.

19 Reaction available at: <https://www.socialeconomynews.eu/en/copa-cogeca-sets-out-10-red-lines-against-the-european-commissions-proposals-on-the-multiannual-financial-framework-and-cap-reform>

20 Reaction available at: <https://www.farm-europe.eu/news/single-fund-cap-von-der-leyen-betrays-eu-farmers>

21 Position available at: <https://ieep.eu/publications/the-post-2027-cap-and-mff-proposals-for-the-eu-first-reflections-on-their-environmental-implications>

22 Reaction available at: <https://www.organicseurope.bio/news/cap-proposal-organics-europe-criticises-a-huge-step-backwards-for-sustainability>

23 Reaction available at: <https://porotrapac.org/futura-pac-menos-presupuesto-y-ambicion-ambiental-y-mas-responsabilidad-para-los-eemm> (Spanish only)



Stakeholder	Position
VIA CAMPESINA (agricultural union)²⁴	<ul style="list-style-type: none"> * Radically opposed to the European Commission's proposals because of the threat they pose to farmers' incomes and the creation of inequalities between countries. * They are calling for greater market regulation to ensure fair prices for farmers and consumers. * A fairer distribution of CAP payments, which does not reward landowners and has a stricter cap.
WWF (NGO)²⁵	<ul style="list-style-type: none"> * 50% of the budget for climate action and an additional 10% for biodiversity conservation and restoration. * Maintenance of the LIFE program as a specific funding instrument for climate, nature and the environment. * Strict application of the "do no significant harm" principle throughout the European budget.

In addition to the public positioning of stakeholders, of which the above table offers a representative sample, the governments of the EU Member States themselves have begun to take a stance on the future budget and the CAP. In fact, even before the proposals were published, the agriculture ministers of 20 EU Member States had written to the European Commission calling for a well-funded CAP that is autonomous and independent from other European funds²⁶.

For their part, in the first institutional debate held on the Commission's proposals for the future CAP, at the Agriculture and Fisheries Council in September 2025²⁷, the opinions expressed by the agriculture ministers were highly critical. In addition to calling for a larger budget for the CAP, one of the main demands was that the two current funds be maintained, with a special focus on rural development, and that the planning process be separate from that of other spending programs. There was also considerable concern that some of the provisions affecting the CAP were part of regulations that would not be negotiated in the Council's Agri-Fisheries formation²⁸. At the proposal of the Danish Presidency, the second institutional debate in the Council focused on the green architecture of the CAP²⁹. One of the main themes of the positions expressed by ministers was the need for the necessary flexibility to adapt environmental and climate

interventions to the specific characteristics of each country, while establishing a solid common framework to avoid excessive distortions in the application of the policy and thus better protect the single market. Several ministers were in favor of ring-fencing funds

for environmental and climate measures, making this conditional on an overall increase in the CAP budget.

In short, the general feeling following the publication of the proposals for the EU budget and the Common Agricultural Policy is one of deep dissatisfaction. Considering that a budget cut for the CAP has been combined with a loss of its uniqueness, as it has been integrated into a much broader fund and forced to plan jointly with other sectors, the harsh reaction expressed by the agricultural sector was more than predictable.

On the other hand, the dilution of the importance of climate and environmental issues in the proposals, coupled with the high risk that other types of interventions will be prioritized in the CAP, has also set off alarm bells among numerous NGOs and think tanks. All of this points to a very difficult road ahead for the European Commission's proposals over the next two years, and it cannot be ruled out that the European Council will change course to steer the proposal towards a scenario that is more acceptable to all parties.

24 Reaction available at: <https://www.eurovia.org/press-releases/farmers-reject-disastrous-budget-proposal-for-multiannual-financial-framework-and-ca>

25 Position available at: <https://www.wwf.eu/?16910941/Budgeting-for-a-resilient-future-The-EUs-next-long-term-budget>

26 Letter available at: <https://www.lamoncloa.gob.es/lang/en/gobierno/news/paginas/2025/20250605-letter-to-eu-commission-about-cap.aspx>

27 Debate available at: <https://video.consilium.europa.eu/event/en/28110>

28 In the same spirit, 17 Member States signed a joint declaration shortly afterwards, available at: <https://data.consilium.europa.eu/doc/document/ST-14284-2025-INIT/en/pdf>

29 Debate available at: <https://video.consilium.europa.eu/event/en/28179>



Main options for strengthening climate action in the agri-food chain

As presented in the previous sections, climate action is present but, compared to the current period, it is not as central to the 2028-2034 budget and agricultural policy proposals. In any case, this is only the beginning of the debate, and among the changes that could be made in the legislative process, several can be summarized that would lead to strengthening climate action in the future CAP.

- 01 Increase the overall MFF spending target for climate**, either specifically (to 35-40%, for example) or together with the environment (to 40-50%, compared to the proposed 35%).
- 02 Redesign the way in which the climate contribution of agricultural interventions is measured**, replacing or modifying the weighting coefficients in Annex I of the Performance Regulation, in order to reduce the weight of generalist actions in favor of more climate-effective measures.
- 03 Establish a CAP fund shield for environmental and climate measures**, similar to that established in the proposal for income support payments and make compliance mandatory for all Member States.
- 04 Finance, environmental and climate measures 100% from the European budget**, as is currently the case with eco-schemes, so as not to create a disincentive for Member States to program them.
- 05 Remove the direct equivalence between 'responsible farm management' and the requirement to 'not cause significant harm'**, so that compliance with the requirement is reviewed more stringently and/or the minimum requirements established by Member States are expanded and reinforced.
- 06 Improve governance mechanisms to hold Member States accountable for climate results**, both during the review and approval process for plans and in the assessment of their implementation, using a systemic approach that also considers factors such as diet and food waste.
- 07 Increase the CAP budget allocation** so that there are sufficient resources to invest in climate action once other needs have been met.
- 08 Focus risk management instruments on prevention**, providing real incentives to reduce the vulnerability of farms and strengthen their resilience to climate change.

In any case, the likelihood of one or more of these changes coming to fruition could be relatively low in the current political context, meaning that the future CAP may not be a very effective mechanism for mainstreaming more climate-sustainable agricultural practices.

In view of this, the contribution that the agri-food chain can make in collaboration with producers to promote more sustainable agriculture and thus contribute to the achievement of climate objectives will be of greater relevance.



Possible negotiation scenarios for the next two years

The publication in July 2025 of the European Commission's proposals for the Multiannual Financial Framework and the Common Agricultural Policy 2028-2034 has opened up a complex political debate and legislative process that will last for at least two years. In reality, the debate had already begun some time ago with multiple consultations, conferences and debates that have informed the work of the European Commission. The publication of the proposals constitutes their submission to the co-legislators (Council and Parliament) who, from now on, have the power to decide on them, with the Commission taking a back seat.

As this is a matter of the highest political importance, the reality is that the European Council, which brings together the heads of state and government of the EU member countries, will dominate the decision-making process. The European Parliament will also have a role to play³⁰, as previously outlined in this report, as will the Council of the EU, which in its various formations will work out the details of the legislative proposals.

Although the reactions to the publication seem to indicate strong opposition to the European Commission's proposals, it is likely that in some respects they are not so far removed from what a future agreement might look like. Indeed, aware of its role in complex European decision-making processes, the Commission has had to consult with some of the main political actors (such as certain national governments) to gauge their positions and adjust the proposals to their divergent interests, seeking, from the outset, a certain compromise

A good example of this is the size of the budget, which those who support further development of the European project (including the majority forces in the European Parliament) may consider insufficient³¹, while several of the so-called frugal countries (Sweden, Denmark, the Netherlands and Austria) have already spoken out to say that they consider it excessive³². Similarly, stakeholders in the agricultural sector have already expressed their anger, as they naturally wish to maintain or increase the CAP budget, while many other interest groups, which are more silent for the moment, may consider that this sector is excessively subsidized and that other priorities should be addressed with the European budget.

In any case, once the Commission's proposals have been published, they will form the starting point for future debates on the budgetary framework and agricultural policy post-2027. To summarize, the following diagram (**Figure 3**) outlines the main elements from the perspective of this report.

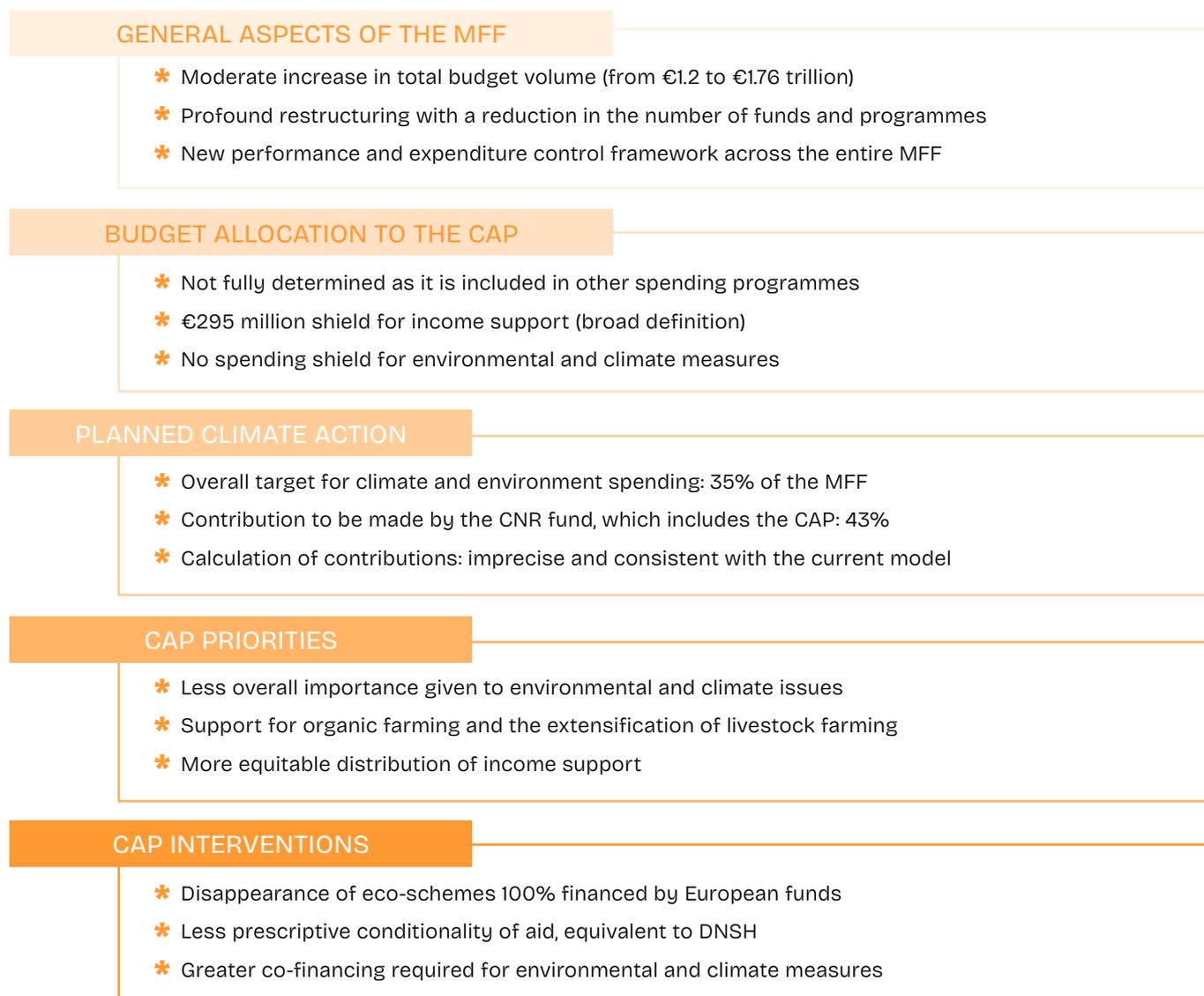
30 It should be noted that, unlike in the previous legislature, the current composition of the Parliament does not allow for a majority to be easily reached without the support of a significant part of the European People's Party. Therefore, the chances of the Parliament playing an important role in favor of climate action are much more limited at present.

31 See position at : <https://www.europarl.europa.eu/news/en/press-room/20250714IPR29630/budget-proposal-simply-not-enough-to-meet-europe-s-challenges-lead-meps-say>

32 See, for example: <https://swedenherald.com/article/sweden-democrats-urge-veto-threat-over-eu-budget-proposal> or <https://www.politico.eu/article/european-commission-propose-eu-budget-1-816-trillion-ursula-von-der-leyen>



Figure 3. Key elements of the European Commission's proposal for the MFF and the CAP 2028–2034



Although it is always difficult to anticipate how complex budget negotiations at European level will unfold, past experience shows that the European Council tends to be more reluctant than the European Commission to increase the EU budget, while adopting a more protective stance on the Common Agricultural Policy. The combination of these two factors means that, at the end of the negotiation process, the most likely scenario is that the budget allocated to the CAP will remain unchanged or increase slightly, and that the overall volume of the MFF will be reduced compared to the European Commission's proposal.

However, there are many other aspects of the proposals, especially the more novel ones, on which the outcome of the debate is much more uncertain.

Five key negotiation issues are therefore presented below to illustrate the results that could be achieved in each of these scenarios.



CORE NEGOTIATING POINTS

A. Adjustment of the overall climate spending target and/or its calculation

Considering that the European Union has set itself the goal of achieving climate neutrality by 2050, which implies drastic reductions in net greenhouse gas emissions compared to 1990 (55% by 2030, already enshrined in law, and 90% by 2040, currently under discussion), it is surprising that the overall climate and environmental spending target in the proposed MFF is lower than the current one. Increasing this spending target could therefore be one of the major headlines of the future budget agreement.

On the other hand, it is less likely that the formulas for calculating contributions to this target will be addressed, which, in the agricultural sector, follow the same logic currently applied in the CAP, whereby virtually any income support (decoupled or coupled) is assessed as contributing 40% to climate or environmental spending, when in reality they only help to maintain current agricultural practices, which are net generators of emissions.

B. Separation of the CAP and its planning from other European funds

The proposal to group agricultural policy with other European funds and to plan it jointly through national and regional collaboration plans is possibly one of the most controversial and open to debate issues. Although the current existence of two specific funds for the CAP is a unique feature that lends itself to simplification, the joint planning of agricultural policy with other areas of expenditure seems to be an unnecessary complication of the already very complex process of developing the CAP Strategic Plans, implemented in the latest CAP reform.

Therefore, reversing this proposal could be one of the main battlegrounds for the European Council, with agriculture ministers leading the charge for this change. Given that maintaining the current unique structure of the CAP does not seem technically defensible either, it is more likely that there will be calls to simplify it into a single fund but separate from other areas of expenditure.

If this is not achieved, the minimum one could be that, at least, planning (including the review process) is carried out independently. A potential benefit of these adjustments would be that the development of CAP strategic plans would be somewhat less complex, contributing to greater transparency and better scrutiny, both by the public and by the European Commission itself, which is responsible for reviewing and approving them.

C. Redefinition of measures considered to be income support and their co-financing requirements

Somewhat unexpectedly, the European Commission's proposal defines a whole series of CAP interventions that were not previously considered as income support as such: environmental and climate measures, risk management, investment support, etc. Although this seems to have been done with the intention of grouping together all types of aid received directly by farmers and livestock breeders, in order to protect their budget by shielding a minimum amount of expenditure on them, technically it is difficult to defend, as it groups together aid that requires almost no specific action on the part of the beneficiary (which is more purely income support) with others that do require a change in management or expenditure or investment. Furthermore, this regrouping is not accompanied by the same co-financing requirements, where the logic currently applied in the CAP is maintained (second pillar measures are co-financed), with the notable exception that eco-schemes disappear.

Given the great relevance of both issues (which interventions have budgetary protection, and which do not require national/regional co-financing), there is no doubt that they will be key aspects of the debate. How this can be resolved is unknown, although it is unlikely that simplistic solutions will be adopted, such as co-financing all CAP interventions, which would have the benefit of not creating biases in favor of certain measures over others. In this debate, one of the major risks for climate action is that the logic behind the current operation of eco-schemes will be lost, whose widespread adoption and territorial coverage is largely due to their simplicity of application and 100% European funding.



D. Relaxation of degressivity and capping of area-based aid

As in previous reforms, the European Commission's initial proposal regarding the main line of CAP aid (decoupled payments, referred to on this occasion as "degressive area-based income support") is very ambitious compared to current practice, in which both degressivity and the capping of decoupled payments are optional for Member States. Furthermore, the proposal does not mention the possibility of deducting wages before applying any discount, which is the formula currently in use.

Given that this proposal would have a major impact on larger farms, which are common in some countries, and given their considerable economic power and political influence, it is unlikely that the Commission's proposal will not be substantially amended. In addition to social and equity considerations, from a climate perspective, the main risk is that limiting these payments would free up a significant portion of the funds for use in other measures, including climate measures. Therefore, a preferable scenario would be to maintain the degressivity and capping of aid, offering larger farms the possibility of compensating for the loss of income support with other aid that makes a greater contribution to climate action.

E. Funding for environmental and climate measures

Establishing a minimum CAP expenditure to promote more sustainable agriculture is a requirement that has existed in a clear form since the 2013 CAP reform, when *greening* was introduced into the first pillar of agricultural policy. *Greening* linked 30% of direct aid to the adoption of a series of agricultural practices and, although it was not continued as such, it was replaced by the eco-schemes described above, which currently have a funding shield of 25% of the first pillar of the CAP. However, the European Commission's proposal for the future MFF and CAP does not include anything similar.

A priori, one might think that the context is not conducive to this (the proposed overall reduction in the CAP budget and a more conservative composition of the European Parliament than in

previous legislatures), but it cannot be ruled out that a ring-fencing of funds for environmental and climate measures will be established. The deciding factor may not be so much the motivation to promote more sustainable agriculture, but rather the political will to oppose excessive renationalization of the CAP. Indeed, establishing common rules such as this, which would oblige Member States to make a similar effort in this area, would help to mitigate the large differences that could arise between countries in a scenario of excessive flexibility in agricultural policy.

Regardless of the direction taken by these five areas of debate, negotiations are likely to become complicated, and it may prove extremely difficult to reach a budgetary and agricultural policy agreement on time. Indeed, if there were to be a considerable delay in the negotiations on the MFF in the European Council, an extension of the current CAP (2023-2027) for several years could not be ruled out.

Furthermore, if the negotiations on the future CAP also become very complicated, it would even be feasible to decide not to change the CAP rules and to approach the period 2028-2034 using the current regulations, which could be minimally modified to make the most necessary adjustments. This situation would entail the production of new CAP Strategic Plans by Member States, following the model currently in force, which, a priori, can be considered more ambitious in environmental and climate terms than the new proposal made by the European Commission.

This report provides an in-depth analysis of the political and institutional process that will shape the European Union budget and the Common Agricultural Policy (CAP) for the 2028–2034 period, with particular emphasis on how climate action will be integrated into both frameworks.

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