

22nd April 2022

Commissioner Wojciechowski

Rue de la Loi 200
1049 Brussels
Belgium

Dear Janusz,

Malta's response to the EC's observations on the draft CAP Strategic Plan

Reference is made to your letter dated 1st April 2022 which accompanied comprehensive technical observations on the first draft of the CAP Strategic Plan as submitted by Malta in December 2021.

The relevant authorities are analysing this document, which we view as a constructive and necessary step in the process of finalizing a CAP Strategic Plan for Malta, and which aims to find the right balance between our shared ambitions in achieving the overarching strategic objectives agreed to at EU level, and the need to strengthen our farmers' ability to meet European citizens' demand for a secure supply of food in line with EU standards. The events of recent months have both heightened the expectations over the latter, but also increased the difficulties already faced by our farming sector.

Whilst Malta's financial allocation remains restricted, limiting the impact of the CAP SP in contributing significantly to the targets of the EU Green Deal, we are committed towards increased ambitions, taking into consideration our starting points and specific realities.

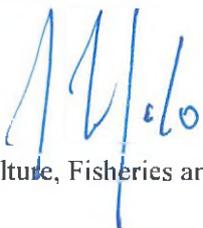
In order to enable rapid and effective progress to be made in this direction, the Maltese authorities have provided a summary of Malta's stance on the main themes underlying the more detailed technical observations in the attached annex. We believe that these reflect a broad convergence on many of the points, whereas there remains some margin for providing additional technical details on some others and, most importantly, for clarifying further the unique geophysical farming realities underpinning Malta's position on some of the issues, as reflected within the CAP since Malta's Accession.

I trust this exchange will pave the way for our services to engage bi-laterally in detail over the coming months. This period would also present an ideal opportunity to be able to show you in person the unique characteristics and specificities referred to in our submissions, and I would therefore like to invite you to visit Malta in the near future.

We therefore look forward to a rapid and successful conclusion to enable the implementation of the new CAP in 2023-2027. Kindly note that we do not object to the publication of these preliminary reactions on the Commission's Observations in order to give a fair and balanced view of this process. Please rest assured of our fullest co-operation and appreciation for the efforts required to continue making progress, and we remain at your disposal.

Best regards,

Hon. Anton Refalo
Minister for Agriculture, Fisheries and Animal Rights



Annex

Malta's Preliminary Reactions to the Observations on the CAP Strategic Plan (CAP SP)

1. Several observations request additional interventions under the CAP SP which would lead to further fragmentation within the Plan, thus diluting the impact of the interventions foreseen, especially when considering the overall small financial allocation in Malta's Plan. With reference to several calls to consider **stand-alone interventions**, this would result in extensive and unnecessary additional administrative burden for farmers and would not be conducive to simplification. Additional simplification remains a key ambition of Malta's CAP SP whereby the primary aim shall remain to further simplify processes for farmers.
2. As regards **natural or other area-specific constraints** (formerly LFA/ANC), Malta is being requested to provide an ANC map, outlining ANC areas that are eligible for support. Malta reiterates that from its Accession to the European Union and continuously until the present day, all of the territory of the Maltese Islands has been designated as ANC (ex-Least Favoured Area), as agreed during negotiations prior to Malta's Accession in the European Union. This reflects the peculiar circumstances in Malta. In this regard, we understand that the comment received in the Observation Letter in relation to this matter does not in any way impinge on such agreement.
3. Specific arrangements through derogations for certain particularly sensitive sectors which contribute critically to the interdependence between certain livestock farming activities and prevention of further land abandonment, as well as the retention of traditional Maltese products have also characterized Malta's allocations of direct support since Malta's Accession. Retaining the delicate balance between the **coupled income** support required by operators in these sectors and the public goods they provide remains a key objective of the CAP Strategic Plan.
4. Malta's efforts to address **risk management through EAFRD** in previous programming periods have not been implementable on the ground in view of the size, structural and market limitations. In the case of adverse climatic events which can be assimilated to a natural disaster which provoked losses for farmers, the state aid acquis provided more pragmatic and feasible means of redress. In light of this, Malta reiterates that whilst risk management mechanisms remain relevant and important, these tools do not appear to conform with the organisational structures and small-scale realities of Maltese farming and are not foreseen to be supported through the CAP SP.
5. Malta remains committed to support the shift to **organic farming**, whilst keeping in mind the realities on the ground. In this regard, support for conversion and maintenance of organic production under the CAP SP is considered as one of the most important

tools that will be used to reach the ambitious targets. From experience and an understanding of the barriers to entry in this area, it is believed that the rate of support remains one of the most effective means to drive this transition and to act as an important stimulus in this area at this stage of development.

6. Keeping in mind the climatic realities of the Maltese Islands and the need to maintain a certain degree of food security, the CAP SP aims to continue addressing water issues and ammonia emissions. The Plan provides an opportunity for providing alternative water sources that can be used for irrigation purposes and improvements in the management of farm waste through AKIS and on-farm investment. Thus, the CAP SP provides a pragmatic approach towards mitigating impacts on the aquifer and air quality, while considering Malta's peculiarities.
7. Although one appreciates and understands the importance and benefits of organisation among farmers and the potential role played by **Producer Organisations** (POs) within the food supply chain, Malta's experience has been limited thus far due to a variety of reasons, including the economic realities of the sector. Whilst support for POs is already possible through the current RDP and is not excluded (covering both any existing POs and the establishment of new ones) in the CAP SP, we feel that support for other forms of cooperation, such as cooperatives and ad hoc collaborations remains generally more likely to bring results within the local context. There is scope for exploring and investing in initiatives that could offer technical and organizational support to farmers aimed at increasing their level of cooperation and common action in the planning and downstream activities required to have short supply chains which optimise their activities and income, and which could provide a robust basis for recognition as POs. In this regard, the CAP SP takes into account the starting point and the realistic achievement of such measures on the ground.
8. Concerning **access to land for young farmers**, Malta welcomes the possibility to consider integrating measures that address the needs of young farmers to have better access to credit, and to align support in this area to the general and specific objectives of the upcoming proposal for a reform in agricultural land tenure.
9. With respect to the request for **investments in rural areas beyond LEADER**, the size of local communities, which already cover almost 100% of the rural areas, and the close proximity between urban and rural areas, do not create scope for tailored investments in rural areas through the CAP SP. Even more so since investments in rural areas (which are not directly linked to agriculture) may benefit from support through other EU Funds, including Cohesion Funds and RRF Funds.
10. With respect to **animal welfare**, also as an opportunity to add value to livestock production, Malta acknowledges that there is scope to include some of its envisaged measures in this area as an integral part of the CAP SP.

11. On the definition of **large-scale infrastructure** included in the CAP SP it should be reiterated that large scale infrastructure falls outside the remit of CLLD strategies and the definition of what constitutes large-scale infrastructure should remain at the discretion of the Member State, as outlined in the CAP SP regulation, taking into account its specificities.
12. Malta acknowledges the importance of enhancing **AKIS** and notes that significant improvements have been registered in recent years, with improved collaboration between research and policy making bodies, amongst others. Further investment is foreseen in this area, whilst taking into account the local context and the starting position of such measures, to ensure that any ambitions are realistic, also within the reduced timeframes of the CAP SP.
13. We welcome the importance given to the **digitalisation** of the agricultural sector and note that the possibility of its support is not being excluded under the CAP SP. Malta envisages that digitalisation across several interventions will be supported, including through training and on-farm investments.