CAN THE NEXT CAP MEASURE ITS GREEN PERFORMANCE?

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CAN THE NEXT CAP MEASURE ITS GREEN PERFORMANCE?
Environmentalists push for ‘fitness check’ and clear goals in the next CAP

Greenpeace director: CAP’s two-pillar structure has failed, we need a new contract

France to cut support for booming organic farming

Agri-policy and the environment: Seeking the right balance

Hogan says future CAP will be ‘more ambitious’ on the environment
Europe's biggest alliance of environmental groups has called for a thorough fitness check of the EU's flagship Common Agricultural Policy, questioning its structure, implementation and impact, and proposing a far-reaching overhaul to ensure it is up to the challenges of the 21st century.

The Common Agricultural Policy (CAP) is the EU’s biggest budget item, accounting for around 40% of the bloc’s total spending, or €59 billion per year. The policy is built around two pillars: providing direct payments to farmers and funding environmentally friendly rural development.

Lawmakers approved a major revamp of the CAP in 2013, including strengthened ‘greening’ measures tying payments to environmental accountability. Discussions on the future of the CAP post-2020 are now under way but early indications from politicians involved in the process suggest we are unlikely to see a big departure from the status quo.

The current policy is regularly criticised for failing to protect farmers’ incomes and encouraging unsustainable, environmentally harmful practices. Environmentalists say the ‘greening’ measures introduced in 2013 are failing to halt biodiversity loss, soil depletion and water pollution, while farmers are struggling to make a living and there is little connection between farm subsidies and EU food or health policy.

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“A NEW CONTRACT”

In a position paper published on Wednesday (6 September), the European Environmental Bureau (EEB), a network of 141 environmental organisations in more than 30 countries, argued that the next CAP should make a clean break from the past and form “a new contract between farmers and society”.

To achieve this, the EEB said, the Commission must thoroughly review the CAP and clarify its objectives. It should then ensure the post-2020 policy is founded on the principles of ecosystem protection, sustainable rural development and healthy consumption, which together will allow EU farming to face the challenges of the 21st century.

“The reason there are so many crises in EU agriculture is mainly because the investments that have been made have not been what is best for the environment or the economy,” Faustine Bas-Defossez, policy manager for agriculture and bioenergy at EEB, told EURACTIV.com.

Under the CAP’s current two-pillar structure, around 70% of funds allocated to member states are disbursed to farmers as direct payments (Pillar 1), calculated based on the amount of land they manage or own.

Farmers receive the remaining 30% of their allocations for the ‘greening’ measures they undertake (Pillar 2), which include crop diversification, the maintenance of permanent grassland and so-called ecological focus areas: hedges, buffer strips, forested areas and other natural habitats.

A BROKEN SYSTEM

Yet the two pillars do not always work in harmony: “Harmful payments in Pillar 1 often cancel out the limited environmental benefits brought by Pillar 2,” the EEB stated. And there is some doubt as to whether the Pillar 2 payments really work either.

According to the EEB, most of the zones for which farmers receive ‘greening’ payments are in fact full of crops. “In some countries, farmers even receive a green payment for maize monocultures”.

Furthermore, farmers can expect to receive their payment in full, regardless of whether they make real environmentally motivated decisions or just tick the boxes required by the CAP.

“In a way, the current CAP pays for compliance with legislation. This is not justifiable as it does not add value. In no other sector do we pay people to abide by the law,” Bas-Defossez said.

What is more, green payments are in no way linked to compliance with the EU’s water or pesticides directives, meaning farmers can still pocket their environmental subsidies in full even if their actions exacerbate the pollution of watercourses or the loss of biodiversity.

TIME FOR A FITNESS CHECK

The CAP was originally designed to feed Europe after WWII and there is little doubt that this worked. But critics say its objectives are now outdated, while its focus on productivity and exports does not take into account domestic consumption choices or health concerns and has left farmers vulnerable to economic shocks.

For the EEB, the starting point for the discussion on the next CAP should be a frank debate over its objectives. “Is it a social policy? If so, is it really sustainable that a lot of farmers are relying on direct payments for more than 50% of their income? Or is it an agricultural policy?” Bas-Defossez asked.

“The Birds and Habitats directives were subjected to a proper, inclusive and transparent fitness check,” the policy expert said. “One of the outcomes of this exercise was that agriculture is one of the major threats to biodiversity so it sounded legitimate to follow that exercise with a fitness check of the CAP”.

Civil society organisations and MEPs broadly agree, but the Commission sided with the member states and chose not to start the process.

“Perhaps they were afraid that the check would conclude that the EU needed a complete change in agricultural policy,” Bas-Defossez hinted.

EPP BACKS FURTHER INTENSIFICATION OF FARMING

Indeed, a recently leaked document from the European People’s Party revealed that Europe’s centre-right politicians are not prepared to question the CAP’s economy-first bias.

According to the centre-right EPP, which currently heads the European Commission, Council and Parliament, “without economic stability (higher income), it is illusory to believe that farmers will continue farming and stay being the environmental wards”.

“Sustainable intensification of food production” is the only way to ensure a future for European agriculture, the EPP document said.

The powerful pan-European party went on to express its continued support for the CAP’s direct payments, which it described as “indispensable” and said that “abolishing them should be avoided at any cost”.

But the EBB believes the next CAP must do more to link payments to environmental accountability. This would mean encouraging alternatives to intensive agricultural methods that depend heavily on chemical inputs.

However, in its leaked paper, the EPP criticised environmentalists for...
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“disregarding the other challenges faced by the sector and often overlooking the fact that CAP has already done a lot for the natural environment”.

POLLUTER PAYS

One area where environmentalists are hoping they can make inroads in the debate is the ‘polluter pays’ principle. They argue the real cost of our agricultural system is much higher than it appears because unsustainable practices damage public goods such as water and air quality.

More than any other sector, farmers rely on healthy natural resources to make a living. Keeping these resources intact, the EEB argues, must be the primary concern of the future CAP.

“We subsidise farmers to use unsustainable practices and then taxpayers are left to pick up the bill whenever things go wrong, environmentally or economically,” said Bas-Defossez. “The ‘polluter pays’ principle must be applied to make sure public money really does protect public goods.”
The direct payments pillar of the Common Agricultural Policy has too often wiped out the environmental benefits provided by parts of the rural development pillar, therefore real reform is needed to move the EU away from industrial farming practices, Greenpeace’s Marco Contiero told EURACTIV.com in an interview.

Contiero: “Business as usual is not something we can accept.”

Marco Contiero is Greenpeace’s food and agriculture director. He spoke to EURACTIV’s Sarantis Michalopoulos and highlighted the following:

- Industrial farms should be replaced by model based on diversity
- Next CAP should start promoting a change in diet
- Agri-environment schemes have worked well, should be basis for payments in CAP

The European People’s Party (EPP) recently presented its vision for the post-2020 Common Agricultural Policy (CAP). How did you see it?

I’m particularly worried because the EPP is the biggest political group and it basically proposes maintaining business as usual, by saying that there shouldn’t be any reform ahead of 2024 and that there shouldn’t be a real reform but light amendments.

They are not willing to change the structure - they are absolutely supporting the first pillar as it is, with all the problems it has. They are proposing, even more flexibility for member states, watering down...
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greening measures even more, and they’re going further on the so-called simplification and modernisation of the CAP (we have to check the latter).

Business as usual is not an option. We need reform.

In Germany, for a pig farm to be economically viable, it needs 2,500 pigs per employee. But this does not take into account all the impacts it has on health and the environment: ammonia emissions to air, nitrogen emissions to soil and water, greenhouse gas emissions, animal welfare, deforestation etc.

We use public money to support this kind of enterprise—this is something that needs to change.

During the past reform, we heard several times the argument that it is not possible to monitor and evaluate the impact of “some” measures. Specifically, when talking about the greening measures, crop rotation was eliminated, and crop diversification was introduced, because they said it was impossible to monitor which farmers were doing crop rotation.

Nowadays we have a European project, Copernicus, which has six satellites out there that already produce geospatial images with a resolution of up to 20 meters. It can monitor change on marine environment and land. It already has a Land Monitoring Service that provides freely accessible data which, clearly, the next CAP will have to use.

We can’t pretend to be using public money wisely if that’s not part of the next CAP. It will be hard for member states to justify why this data should not be used.

And what is Greenpeace suggesting for the future CAP?

The two-pillar structure didn’t work. The first pillar has too often wiped out the environmental benefits that parts of the second pillar provided. What we need is a true reform that promotes the adoption of farming practices that are not industrial and overly specialised.

Industrial farms should be replaced by a model based on diversity: on a farm level, on a landscape level and of course public money should promote this kind of endeavor.

If a company wants to produce in an industrial way, it can do so, but it shouldn’t receive public money. Because public money must be related to the provision of public goods: environmental and health.

The second thing the CAP should do is to address production and consumption of livestock products. Every scientific institution agrees that it’s imperative.

The next CAP will have to support extensive livestock agriculture, farms that are mixed, that use land which is not suited for growing crops for direct human consumption, and it should start promoting a change in diets. The same change that every government calls for in its dietary guidelines. Eating as usual is also not an option.

**The introduction of precision farming practices in the next CAP seems to be gaining ground. What is your opinion on that?**

The challenges we face are too broad to allow public money to be spent on solutions that make a broken system a bit more efficient. Efficiency per se is not a bad thing, but maintaining a system which is flawed in many different ways is not the right solution. If we have to use public money to support agriculture, we need to support a farming system that is truly innovative.

Agroecological practices must be put into place by farmers because they make the system more resilient from an ecological point of view but also from an economic point of view. The more resilient a business is, the more resilient the farm will be. We already know how much farmers are subject to volatility.

I am reluctant [towards precision farming] for other reasons: farmers are already overly dependent on inputs. We know that the markets of seeds and agrochemicals are already concentrated to a level which is not possible anymore, and it will get worse. We are witnessing further mergers, we will basically have three companies owning these two markets worldwide.

If we provide to some multinationals the right to provide farmers with data, they will have 100% control over them. Farmers will lose their independence and they will be even more squeezed because the costs of these inputs will increase farmers’ overall spending.

While the data from Copernicus, which we can use for monitoring, is freely accessible, the data that precision farming produces is not for free. It is another input that comes on top of the inputs that farmers are already paying for. Only a limited number of farmers can afford these costs. There are tractors that cost €300-400,000. What sort of economies of scale will be necessary to make that investment profitable?

What has been the impact of second pillar measures on greening agriculture in Europe and how can this be improved in the future CAP?

What has worked very well are the agri-environment schemes. The principle is very simple: society provides farmers with public money and farmers set up a series of practices towards reaching specific objectives, which might be clean water or reducing losses or restoring soils.

That should be the very basis of the payments within the CAP—a contract between farmers and society.

We should abandon the idea of entitlements, and ensure that we use public money for specific purposes. The delivery of these specific objectives is the basis and the justification for spending public money.
Despite the growth of organic agriculture, France will suspend state support to organic farmers by 2018, in a decision that could weaken the sector, as shown by examples in the UK and the Netherlands.

During the sixth edition of the Tech&Bio fair place on 20 and 21 September in the Drôme, the leading French region for organic agricultural production, several innovations were presented to European organic professionals.

These included a robot capable of autonomously weeding fields; a tractor that allows farmers to sow, weed and harvest while lying horizontally; and the “HühnerMobil”, a henhouse on wheels that can be moved around according to need.

Technical innovations like these, which favour the shift towards organic agriculture, have multiplied in recent years.

Organic agriculture accounts for 7.3% of farmed land and 10.8% of agricultural employment – but it is not a niche market. Every year, it attracts more and more farmers.

“The event attracts organic but also conventional farmers, who come here to seek solutions, and collect information in view of a conversion to organic farming”, explained Olivier Brès, a winemaker in côtes du Rhône, who has switched to biodynamic wine.

During the first semester of 2017, the number of farmers converting to organic increased by 9.2% according to the latest report by Agence Bio.

This growth is fuelled by strong demand from French consumers. “Today, there is a strong demand for organic products, much stronger than in the past”, said Jean-Michel Borja, a winemaker in the Drôme.

According to the latest figures by the French organic agency, consumers are increasingly buying organic products. 58% of French believe that...
organic agriculture is a solution for environmental problems and should be further developed.

In 2016, the organic market was worth €7 billion – a 7% growth compared to 2016. A growth which is not limited to France.

In five years, organically farmed land in the 28 European member states has grown by 21% to 11.1 million hectares in 2015, compared to only 9 million hectares in 2010 according to Eurostat.

PERSISTING INSECURITY

Despite its achievements, the organic sector is still insecure, sector representatives warn. “Demand for organic products is not weak – it is not consumption which worries organic farmers, but the technical side of organic agriculture. And it is this aspect that needs support”, explained Rémy Fabre, vice-president of the farmers’ organisation in Ardèche.

The withdrawal from phytosanitary products required by organic agricultural practice is a real challenge, that many fear.

“To reduce the use of phytosanitary products by 20 to 10%, is feasible for the majority of farmers. But to go further, they must be supported and trained”, explained Philippe Mauguin, CEO of the national institute for agronomic research (INRA).

STATE SUPPORT

Farmers converting to organic agriculture receive support from the Common Agricultural Policy (CAP) but organic farmers in France will soon cease to receive state support of their sustainable farming practices.

These payments, meant to offset some of the increased costs linked to organic production, will be scrapped in 2018. The government wants to enhance conversion incentives.

“It is up to the market to support organic agriculture, because demand is high. We have to be able to give a joint response”, said Agriculture Minister Stéphane Travert giving a speech to the Tech&Bio fair in Bourg-lès-Valence.

“If we have to choose, we need to support conversion measures – that’s where the game is played” affirms French MEP Eric Andrieu, socialist (S&D) spokesperson on agriculture.

“But it is perhaps a little early to make this choice.”

FUTURE OF CAP

In the future, the reform of the CAP should point towards organic agriculture: “Organic agriculture should be the primary beneficiary of future CAP reform, but we are still far from such agricultural revolution”, he said.

Within the European Union, the withdrawal of state support had a negative impact on Germany’s organic sector.

“Within the EU, only two countries have seen their organic sector drop” the UK and the Netherlands” explains Florent Guhl, head of the French organic agency.

In 2015, the organically farmed land in the British Isles had reduced by 29% compared to 2010 – that is almost half a million hectares per year (-4%).

“These are also the two countries that withdrew state support for the sector, thinking it was ripe enough to stand by itself” warned Florent Guhl.

“For once that growth in a sector is driven by consumers’ demand, we shouldn’t be cutting support!”

According to IFOAM, the EU body representing organic agriculture, French withdrawal from the support of organic agriculture is a denial of the environmental benefits organic farming has, and that are not properly rewarded by the market.

“It is disappointing that the French government is turning its back to organic farming at a time when more and more consumers and agriculture experts are calling for a transition to agroecology”, said Eric Gall, IFOAM EU Policy Manager.

“IFOAM EU calls on French regions to continue to support established organic farmers, who actively contribute to job creation and to the dynamism of rural areas, as well as to the preservation of natural resources”, he said.

IFOAM also calls for a fundamental overhaul of the CAP, which should prioritize farmers who provide environmental services and public goods.
The EU’s Common Agricultural Policy is a highly divisive subject. Not only are the basic elements of its design controversial but policymakers cannot agree on how to calculate the impact of individual measures on the environment.

There is often a noticeable gap between the EU’s political commitment to ecological and sustainable agriculture and the transposition of these values at member state level.

One thing most observers can agree on is that EU agriculture policy needs far-reaching reform if it is to be able to face effectively the future challenges of climate change, water protection, biodiversity loss and animal well-being.

Every year 10.8 million farmers working on 174 million hectares of agricultural land receive around €60bn in EU funding. These payments are designed to support an environmentally responsible and sustainable agricultural policy that complements the UN’s Sustainable Development Goals (SDGs) while guaranteeing Europe’s food security. All this without undermining the resources or sustainable farming practices of third countries.

Yet the reality is that biodiversity loss is accelerating, nitrate pollution in groundwater is rising and soil quality is being eroded. Pressure is mounting to reform the EU’s universal and poorly targeted system of direct payments.

PRESSURE GROWS FOR SUSTAINABLE REFORM

“We are approaching the next big round of agricultural policy reforms. The EU currently spends around 40% of its budget on a system that is not sustainable,” said Konstantin Kreiser, the head of global & EU nature conservation at NABU Germany, a conservation NGO.

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“Today’s subsidies that are largely based on a farm’s surface area support a system based on the “quantity over quality” principle, rather than strengthening the ecological transition of farming,” he added.

NABU is campaigning for an investment fund to help farmers make their businesses more environmentally friendly. This, the NGO hopes, will spur demand for environmentally friendly produce and enable a growth in fair trade.

But environmental NGOs are not the only ones pushing for a future agricultural policy with measurable environmental benefits.

“I don’t think we will feed the world with precision farming alone,” said Ulrike Müller, a German MEP (ALDE group) and rapporteur on EU action for sustainability in agriculture for the European Parliament’s agriculture committee.

“The most important thing is to ensure the three pillars – ecology, economy and society – are correctly balanced. We still have a big task ahead of us in this regard,” she added.

A successful EU agricultural policy should not be measured purely on revenue growth but also on social criteria, and above all it must protect the environment.

THE GERMAN APPROACH

The share of Germany’s emissions resulting from agriculture has risen since 2009. In 2014, the Bundestag’s scientific service put the figure at 7.33% of the total, and rising.

All the major political parties promised to address this trend and its broader negative impacts in their manifestos for this September’s election. Their focus remains the European subsidy system and its adaptation to the needs of German farmers.

While the SPD came out in favour of a “progressive phase-out of universal subsidies by 2026”, the CDU/CSU promised to “continue the direct payments” and believe the “top priority” of agriculture should be “to provide food”.

The Greens called for a reallocation of the agricultural budget, while the Left party said it want to couple payments to the number of jobs farms provide. The Liberal FDP remained vague, saying it regarded payments to public bodies with “a critical eye” and the far-right AfD had no concrete proposals beyond a promise to strengthen “rural agriculture”.

In any case, the success of the future agricultural policy will only be measured on its ability to assure sustainable, environmentally friendly production across all sectors.

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Phil Hogan, the EU’s Agriculture Commissioner, announced that the next CAP will be “more ambitious” in terms of its environmental objectives, by ensuring farmers are on board in greening agriculture through broader use of precision farming techniques.

Speaking at an event on Thursday (28 September), Hogan unveiled some of the initiatives that will take centre stage in the next Common Agricultural Policy (CAP).

The event, titled “Water and agriculture in Europe: time for an integrated approach”, was co-hosted by the European Policy Centre (EPC), a think tank, and the World Wildlife Fund (WWF), a global conservation organisation.

**BREAKING THE SILOS**

Agricultural policy has long had an “island status”, in the words of Hogan, who said this has created inconsistencies between other connected policy areas, primarily environment.

“Silos have to be broken down more and more if we want to make progress”, Hogan said.

To foster coherence among EU policies, the agriculture and environment Commissioners adopted in April a working document highlighting actions to ensure sustainable water management in agriculture. Two of these initiatives were announced at the meeting on Thursday.

**PRECISION FARMING**

The European Commission is exploring the potential of new technologies to increase the efficient use of resources in agriculture, such as robots for measuring water use in wine production, sensors for monitoring plant growth, and drones to spot and

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treat plant diseases in a localised way – something known as precision farming.

“We have taken some actions to support data-driven farming and precision agriculture. Water efficiency can only be addressed by making use of new technologies such as big data, sensors and artificial intelligence. These will help farmers to both increase the economic output and the environmental performance of farming,” Hogan said.

Hogan announced a platform for on-farm nutrient management, which will provide farmers with detailed information on the growth and status of their crop. This would allow for an efficient and targeted use of water and chemical inputs such as fertilisers and pesticides. The platform will be freely accessible online and compile data from a variety of sources, including the satellite programme Copernicus.

Supporters of precision agriculture say it enables farmers to “do more with fewer resources”, therefore reducing environmental impacts. But detractors cast doubts on the accessibility of this technology to the majority of EU farmers, a third of whom are aged 65 or older and lack digital skills.

Another issue is affordability. To access expensive inputs, large economies of scale would be necessary. But European agriculture is a patchwork of small or very small farms, which are often unable to provide a viable income for farmers and their families according to Eurostat.

WATER MANAGEMENT

Hogan’s second revelation was an information initiative on best water management practices, in partnership with the Commission’s Joint Research Centre, allowing member states to pick and choose their preferred measures for water management and agriculture.

Andrea Kohl, chief policy officer for WWF Europe, called for more effort to ensure water is used sustainably in agriculture. Particularly, she said the Water Framework Directive should be incorporated into the CAP.

The transition to sustainable agriculture should be the core objective of the new CAP, she claimed, saying direct payments to farmers (the first pillar of CAP and a political taboo), should be replaced by a system that incentivises sustainable farming practices.

“What you see in the current CAP is a lot of good intentions in the area of greening, but provisions were watered down to the point that they weren’t really attractive for farmers anymore.” Greening refers to the second pillar of the CAP, which covers environmental subsidies paid to farmers for implementing so-called greening measures.

HOGAN: “A MIX OF CARROT AND STICK”

Hogan agreed that enlisting farmers’ support is key, saying: “It has to be a mix of carrot and stick.”

The carrot is represented by payments under CAP scheme, he said. “But we have to justify the money that we spend under CAP on the basis of common objectives across the Commission.”

He said the Commission has a “higher level of ambition on the environment, but we have to work in partnership with the people who can deliver this, and these are farmers”.

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