



The EU common agricultural policy (CAP) 2014 to 2020: What is the situation - potentials and threats for the European Green Belt

Rainer Luick

HFR / University of Applied Sciences Rottenburg /
Germany

International Conference

“Cross border planning along the Green Belt”

11 September 2013, Grad, Slovenia

Common Agricultural Policy from 2014 - Perspectives for more Biodiversity and Environmental Benefits of Farming?

Policy recommendations from the project "Reform of the Common Agricultural Policy (CAP) 2013
and achievement of the biodiversity and environment goals"



CAP from 2014 – Perspectives for more Biodiversity and Environmental Benefits of Farming

Research Project
for the German
Federal Agency for
Conservation

Extensive grazing

Sustainable nature conservation on pastures in the EU, the German federation and its federal states



Extensive grazing systems: situation, problems, policy and programs needed / have to be addressed within the new CA

Policy lobbying project supported by the German Environmental Fund (DBU)

Objectives

- ▷ **Analysing situation of biodiversity in agricultural (grassland) ecosystems in Germany and EU**

- ▷ **Analysing effects of CAP objectives and measures as being supportive / contradictive / detrimental to ecological high value agricultural ecosystem**

- ▷ **Defining minimum CAP standards /instruments to achieve legally set EU-biodiversity benchmarks**

Outlining the new CAP from 2014 to 2020 (I)

Two focal issues dominated the debate and determine the future of European rural landscapes and the European ecological heritage:

- ▷ The volume of the EU budget and the willingness of the EU member states and of the EU parliament to spend for such “benign” objectives like vital rural communities, extensive farming systems and conservation and biodiversity targets.
- ▷ The lobby-group driven debate about the architecture of the CAP and the priorities of the CAP budget.

Outlining the new CAP from 2014 to 2020 (II)

Demands from CAP critical and environmental communities

▷ **Public money for public goods:**

It can (no longer) be justified that the by far biggest share of the EU budget is spend for detrimental purposes and only for the individual profit of few.

▷ **The CAP has to be “greened” in total:**

Correlation of ecological and environmentally friendly farming practises to Pillar 1 payments and augmented Pillar 2 budgets with improved ecological priorities.

Demands from CAP critical and environmental communities

- ▷ **Extended Pillar 2 co-finances for ecological priority areas** (e.g. agri-environment-schemes, increase of LIFE funds although not part of the CAP / DG Agri) **at least for member states faced with economic problems.**
- ▷ **Instrument to implement other policy targets with global responsibility:**

Apart from the CAP the EU has no other instruments and funds to care for

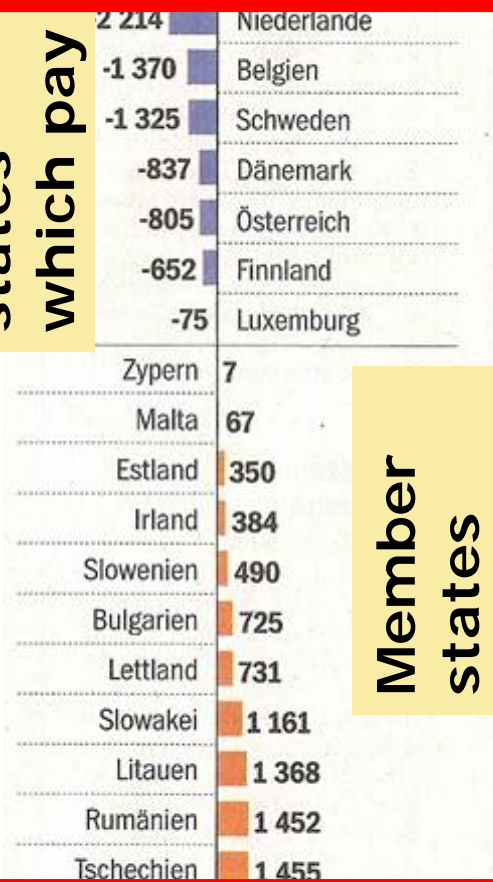
 - **Climate change**
 - **Biodiversity / Conservation** (CBD / Natura 2000)
 - **Water resources management** (WFD)
 - **Soils,**
 - **Forest resources**

**Some background
information to the
CAP reform process**

Member states which pay



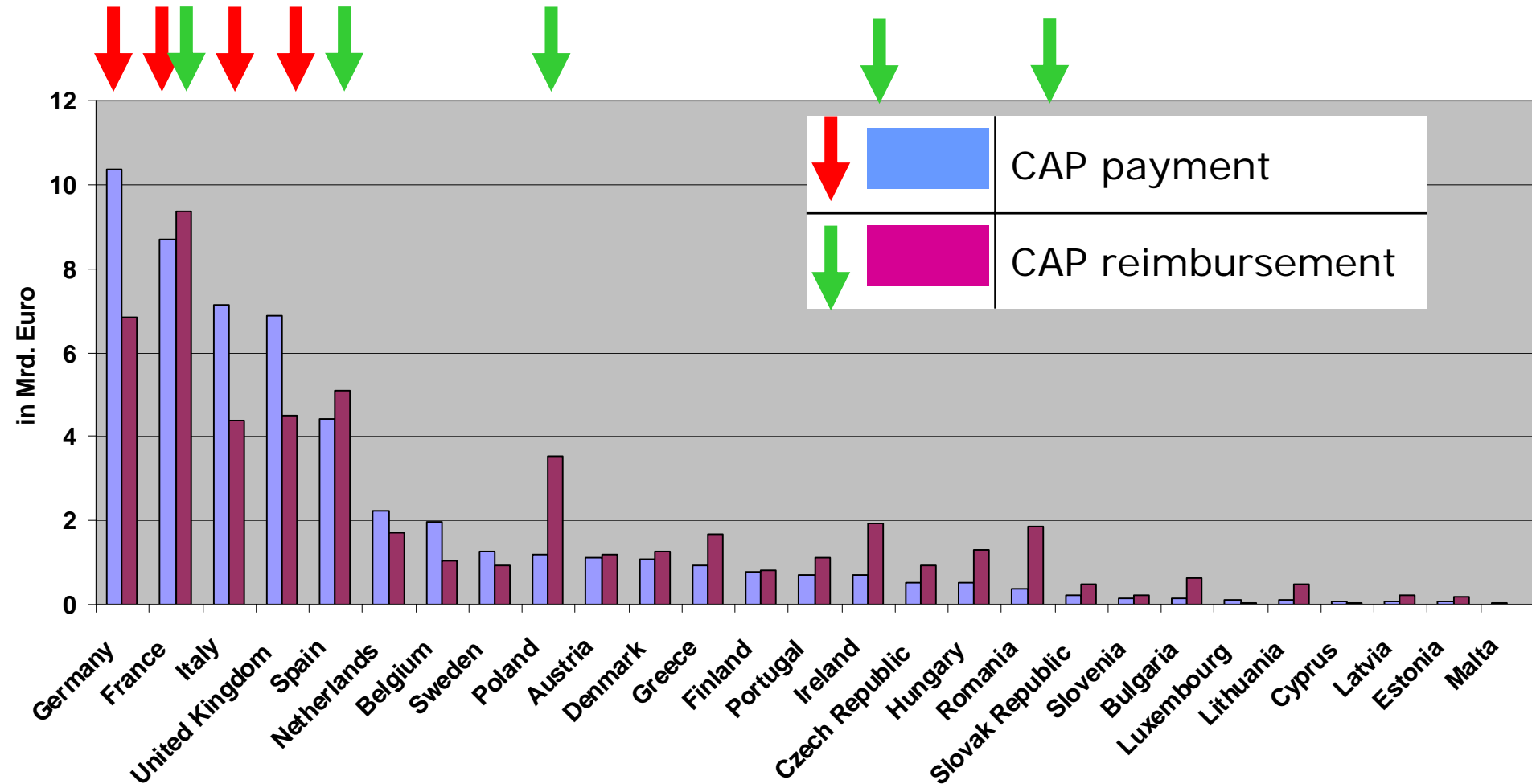
Member states which get



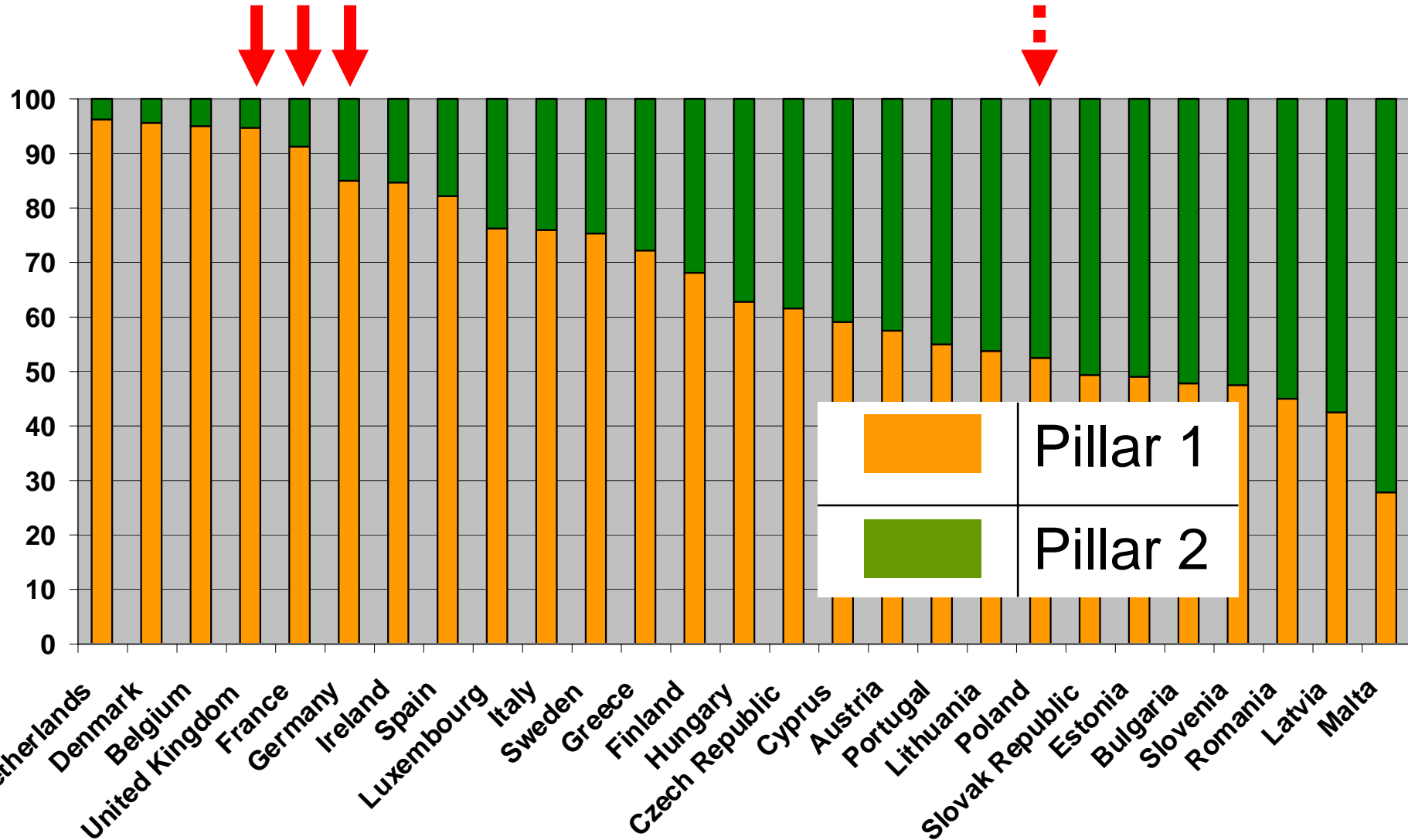
The EU Budget Who pays / Who gets

Difference between payments to the EU budget and the backflow to the various member states in 2011 in €

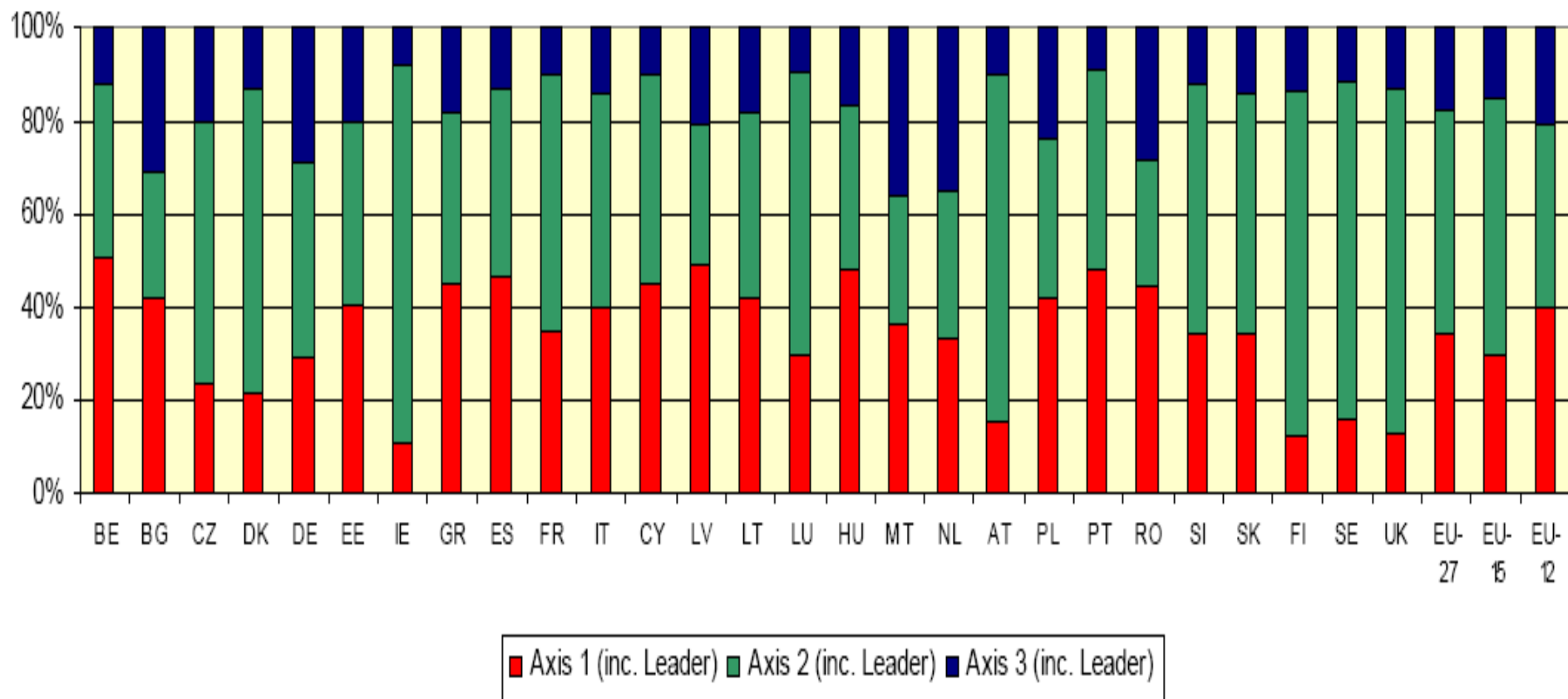
Which EU members pay and profit most from CAP money



Which EU members advocate the new CAP / dominate the debate / and what kind of interests to they favour?



Relative importance of the three thematic axis of CAP pillar 2 in the EU member states in the period from 2007–2013 (DG Agriculture and Rural Development 2009)



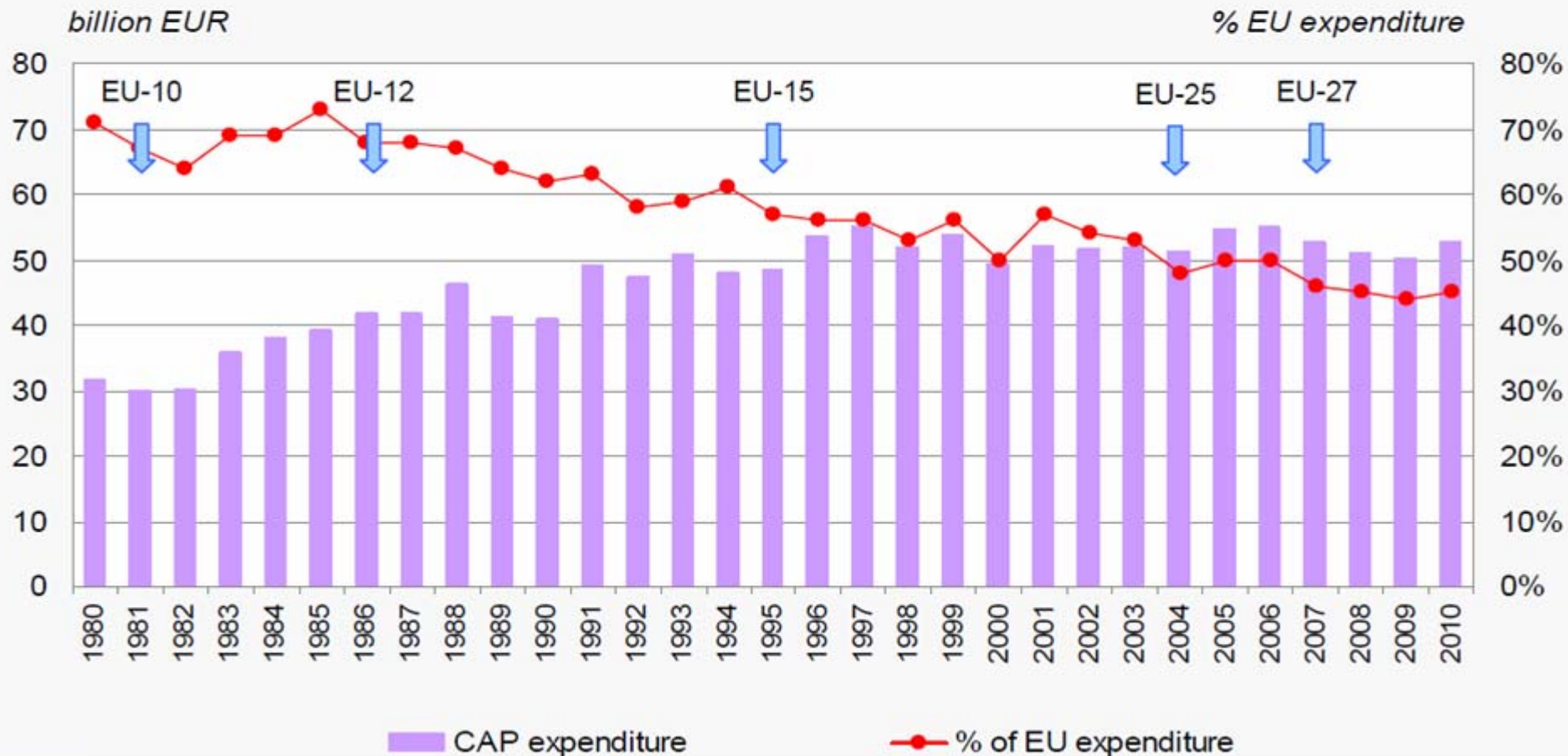
Efficacy of AE-Schemes in the EU

- ▷ < 1 % of all schemes in the cropping sector proved to have dark green effects.
- ▷ Only 5 to 8 % of all schemes in the grassland sector proved to have dark green effects.

DARK GREEN AE-SCHEMES:

= Beneficial for Biodiv.

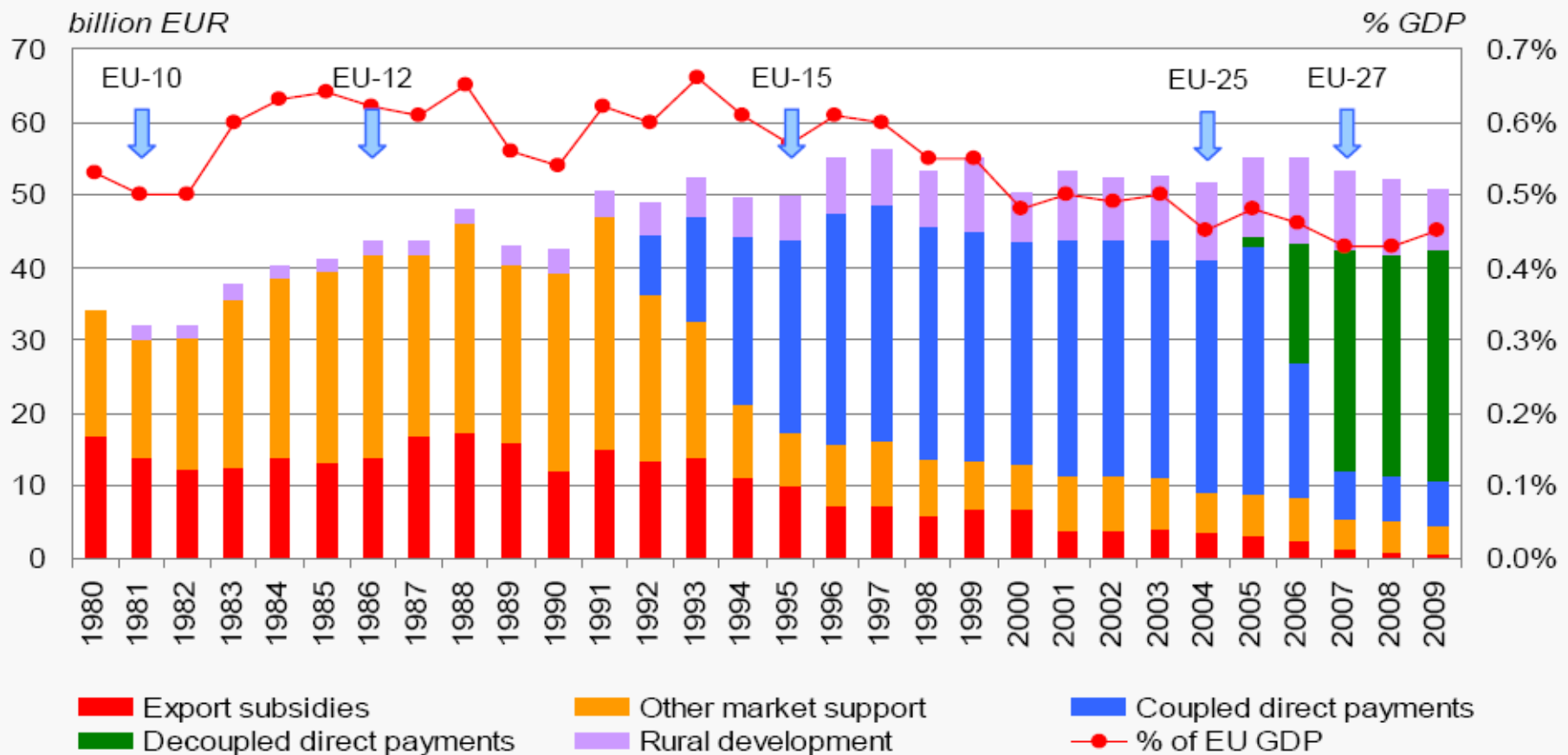
CAP expenditures as part of total EU budget (based on 2007 constant prices)



→ From more than **70%** in the 1980ies to less than **50%** at present

The Evolution of CAP Expenditure (in constant prices of 2007)

(http://ec.europa.eu/agriculture/cap-post-2013/communication/slide-show_en.pdf)



The Evolution of CAP Expenditure (in constant prices of 2007)

(http://ec.europa.eu/agriculture/cap-post-2013/communication/slide-show_en.pdf)

- ▷ Reduce of export subsidies
- ▷ Coupled payments and other market support measures (e.g. intervention) have almost disappeared
- ▷ Growing importance of Rural Development (CAP Pillar 2)

— Export subsidies — Other market support — Coupled direct payments
— Decoupled direct payments — Rural development — • % of EU GDP

GREENING THE CAP

Typology of new CAP proposals

1	Augmenting the CAP budget at least by the inflation rate, no change of the architecture and continue CAP as it is.
2	Reduction of the CAP budget; pillar 1 shall stay at the same level as it is, pillar 2 will thus be reduced for compensation and no greening measures of whatever kind will be accepted for pillar 1.
3	Substantial reduction of pillar 1, no greening components for the remaining share of direct payments and strengthening of pillar 2.
4	Introduction of a qualified greening component into pillar 1 and transfer (modulation) of pillar 1 finances into pillar 2 and generally augmenting finances in pillar 2.
5	Direct payments in pillar 1 only for selected farms / regions on the base of recognised needs and strengthening of pillar 2.

COM Draft Proposals for a CAP Greening I - Main Features -

- ▷ **30 % of Pillar 1 direct payments shall be linked to the introduction of "Greening" requirements:**
 - **Ecological Focus Areas (EFAs)**
 - **Crop diversity**
 - **Permanent grassland**

COM Draft Proposals for a CAP Greening II - Details

- ▷ **Ecological Focus Areas (EFAs):**
7% of the cropping area (and of certain permanent cultures) of holdings with more than a certain threshold of UAA.
- ▷ **Crop diversity:**
Minimum of 3 crops with the largest crop covering no more than 70% of UAA of the farm holdings' area and the smallest no less than 5%.
- ▷ **Permanent grassland:**
Obligation to preserve the grassland status on a per holding level. A maximum of 5% is allowed to convert in the CAP period.

General Viewpoints of CAP Greening (1st COM Draft Version)

CAP critical groups

- ▷ Criteria and thresholds are too simple and will not match with ecological demands.
- ▷ The justification to spend public money needs a “qualified” greening and no green-washing

Farmers associations and certain EU member states

- ▷ General objections for any greening component.
- ▷ Objection and diluting efforts for the greening proposals of various member states (e.g. Germany and France)

Outcome of the so-called Trilogue process (Nov. 2012 until June 2013)

Proposal EU- Commission, November 2011	Decision EU- Parliament, March 2013	Decision EU- Council of Agriculture, March 2013
---	--	--

Outcome of the so-called Trilogue process (Nov. 2012 until June 2013)

General Remarks

- More green-washing and less greening
- Things are getting even more complicated or diverse because of delegation of decisions to the MS (failure to come-up with a coherent new and green CAP)

	Proposal EU-Commission, November 2011	Decision EU-Parliament, March 2013	Decision EU- Council of Agriculture, March 2013
Pillar 1			
Permanent grassland / prohibition of ploughing-up of grassland	To be implemented from 2014 onwards, than per holding and limit of 5% per holding	To be applied only on member-state level, decline of >5% in the period needs exemption	To be applied on single farm level if >5% of grassland per holding is ploughed up. Member states may apply different rules / thresholds

	Proposal EU-Commission, November 2011	Decision EU-Parliament, March 2013	Decision EU- Council of Agriculture, March 2013
Pillar 1			
Crop rotations	To be applied from holdings with >3 ha UAA with a minimum of 3 crops, share of each crop < 70% cover and a minimum of 5 % cover	To be applied from holdings with > 10 to 30 ha UAA: minimum of 2 crops, share of each not more than 80%; holdings with > 30 ha UAA: minimum of 3cultures with 2 of those < 95% cover;	To be applied from holdings with >10 to 30 UAA: minimum of 2 crops, share of each not more than >75%; holdings with >30 ha UAA: minimum of 3 crops with 2 of those <95% cover. Holdings with >75% grassland or equivalent area with agri-environment schemes or holdings with mutual exchange will be exempted.

	Proposal EU-Commission, November 2011	Decision EU-Parliament, March 2013	Decision EU- Council of Agriculture, March 2013
Pillar 1			
Ecological Focus Areas	From the beginning with 7%	Until 2015: 3% From 2016 on: 5% Evaluation 2017: potential add-on to 6% or 7%	>15 ha arable 5%, from 2018 on after evaluation potential of 7%.

	Proposal EU-Commission, November 2011	Decision EU-Parliament, March 2013	Decision EU- Council of Agriculture, March 2013
Pillar 1			
Capping	<p>€150,000 - €200,000 direct payment (DP) per annum capping of 20%; €200,000 - €250,000 DP per annum capping of 40%; €250,000 - €300,000 DP capping of 70%; > €300,000 DP per annum capping of 100%; labour costs will be recognised</p>	<p>Proposal as Commission but only to apply for individual enterprises (farms), exemptions for co-operatives, saved / retained finances may be transferred to pillar 2</p>	<p>As from €150,000 DP per annum decision is taken by the Member States</p>

	Proposal EU-Commission, November 2011	Decision EU-Parliament, March 2013	Decision EU- Council of Agriculture, March 2013
Pillar 2			
Finances	<p>In general 50% co-financing, 80% for LEADER-, co-operation- and science-transfer measures</p>	<p>In general 50% co-financing, only 55% for agri-environment programmes and climate mitigation measures</p>	<p>In general 53% to 63% (target 1 regions) as co-financing; 75 % for measures with environment and climate mitigation objectives; 80% for LEADER-, cooperation- and science-transfer measures; 100% for finances shifted form pillar 1 to pillar 2 (means no co-financing necessary)</p>

	Proposal EU-Commission, November 2011	Decision EU-Parliament, March 2013	Decision EU- Council of Agriculture, March 2013
Pillar 2			
Modulation	Member states may transfer up to 10% from pillar 2, some member states are entitled to transfer up to 5% from pillar 2 to pillar 1.	Member states may transfer up to 15% from pillar 1 to pillar 2 some member states are entitled to transfer up to 10 % from pillar 2 to pillar 1.	A maximal transfer of 15% in both directions; transferred payments from pillar 1 to pillar 2 need no co-financing.

	Proposal EU-Commission, November 2011	Decision EU-Parliament, March 2013	Decision EU- Council of Agriculture, March 2013
Pillar 2			
Agri-Environment schemes / organic farming	<p>Agri-environment schemes (AES) must be provided obligatory by each Member State, no obligation to provide obligatory schemes for organic farming.</p>	<p>AES and schemes to support organic farming have to encompass at least 25% of pillar 2 of each Member State. AES shall orient at best-practice example as per member state</p>	

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Crop Rotation:

- Rules for diversification now comprise: a minimum of 2 cultures for farms with 10-30 hectares of arable land and 3 cultures for farms >30 hectares; single crops like maize can account for 75 % of the cropped area: this implies practically no change in most countries/regions.

Comments:

- No relevance for farms which are wholly permanent crops or grassland-based

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Permanent Grassland I:

- No obligation to maintain permanent grassland on a farm level; Member States may decide to introduce such rules on the farm or regional level;
- On a regional level ploughing up grassland is still possible up to 5% of the total grassland area. If this share is not exceeded it might be possible that individual farms may plough up vast parts of their acreage;

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Permanent Grassland II:

Comments:

- There will be no retrospective baseline (still under debate); the base for implementation might be 2014 or even 2015; a retrospective baseline (2012) is still potentially possible as well.
- No specific rules to protect fragile soils (e.g. peatland, organic soils, soils with high carbon content, species-rich grassland). Such rules might be introduced at a later time or it might be up to individual Member States to create and implement rules.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Ecological Focus Areas (EFAs) I:

- 5 % of the arable area of a farms has to have EFA character, this will be implemented from 2015 onwards, after evaluation of the COM this can be augmented to 7% after 2018
- No obligation for farms which are wholly permanent crops or grassland-based with > 75%;
- To be applied only to farms with >15 hectares of arable area (therefore no relevance for many Member States and regions, even if they are predominantly arable).

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Ecological Focus Areas (EFAs) II:

Comments:

- According to the rules it will be permitted to crop nitrogen-fixing plants (legumes) on EFAs as well as intercrops and short-rotation coppices. This could mean allowing and increase in the proportion of the farm which is under species-poor and rather monotonous land covers, or may even accelerate the loss of diversity on farmland.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Ecological Focus Areas (EFAs) III:

Comments:

- It is permitted to use so-called equivalent measures such as certification programmes or certain agri-environment schemes to substitute for EFA commitments. However, there will be no double funding and any overlap will require a reduction in agri-environment payments.
- Unless MS States decide to limit such 'equivalent' measures to targeted dark-green agri-environment schemes, this means a dilution of the EFA concept; MS which consider doing so can expect cries of 'unfair competition' from their farmers.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Ecological Focus Areas (EFAs) IV:

Comments:

- It was decided to introduce a leverage factor for certain EFA compensating cultures and landscape features, in effect allowing the possibility at least of reducing the EFA cover to below the already very low level of 5%. Unscrupulous implementation could allow even poor quality EFA to take advantage of this loophole.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Ecological Focus Areas (EFAs) V:

Comments:

- The possibility is still being debated whereby a regional or local implementation model can be used, in which only the region or a group of farms need to meet the 5% threshold for EFAs (the decision might in the end be left to Member States). Also under consideration is allowing all landscape features within the locality or region to count (i.e. ignoring the property boundaries of claimants' farms and including features on common or public land).

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Ecological Focus Areas (EFAs) VI:

Comments:

- In general it must sadly be concluded that the introduction of EFAs (at least from the perspective of current definition and interpretation) will not lead to an ecological improvement of cultural landscapes, with EFAs of higher ecological value. To comply with the legal demands to secure biodiversity in agricultural areas (e.g. national targets, EU biodiversity strategy, CBD commitments), a minimum percentage of 10% of EFAs of high ecological value and functionality would be needed.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Ecological Focus Areas (EFAs) VII:

Comments:

- The current proposals may even give the green light to reduce the proportion of such areas.
- 30% of the single area payments will now be linked to greening. If farms don't comply with such requirements, 30% to 37.5% of the total amount can be retained. Although it should be easy for the majority of all European farmers to match such low level greening demands, specialised large farms might find it worthwhile to waive the greening payments and only claim the basic premium.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Cross Compliance (CC) I:

- The link between CC and the EU Habitats and Birds Directives will be dropped in the next CAP round. This means that violations could still be prosecuted according to national law but this will have no impact on the CAP payments for a holding.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Cross Compliance (CC) II:

- It is still being debated whether on a national or regional level grassland within Natura-2000 boundaries and defined grassland of high ecological value but out with such boundaries have to be maintained irrespective of the broader rules on conversion or ploughing.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Cross Compliance (CC) III:

- Furthermore, the CC catalogue will not include the Water Framework Directive or the forthcoming Pesticides Directive, as had been proposed initially. There is an option that they might be added when all Member States have introduced them into national law but no time-frame has been set out.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Rural Development / Pillar 2 I / Comments:

- In total there will be much less finance available compared to the present situation. Member States will be affected to varying degrees. For Germany it was calculated, taking into account both inflation and the fact that official calculations use a backdated baseline, that a reduction of up to 20% can be foreseen.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Rural Development / Pillar 2 II / Comments :

- Member States have the option of shifting up to 15% of the budget between the two Pillars. While it might be logical to move money from pillar 2 to pillar 1 (to increase the simply-administered direct payments), there is considerable doubt as to whether many Member States will decide to shift money towards rural development. The current German government has already stated categorically that there will be no transfer.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Rural Development / Pillar 2 III / Comments:

- Member States are obliged to allocate a minimum of 30% of the EAFRD funds for agri-environment schemes, for organic farming, for investments and for less favoured area payments. Because investment measures enjoy a much higher appreciation by farmers it may happen that on all other (ecological) objectives significantly less (or no) money will be spent.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Rural Development / Pillar 2 IV / Comments:

- In total there will be much less finance available compared to the present situation. Member States will be affected to varying degrees. For Germany it was calculated, taking into account both inflation and the fact that official calculations use a backdated baseline, that a reduction of up to 20% can be foreseen.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Rural Development / Pillar 2 V / Comments:

- Member States have the option of shifting up to 15% of the budget between the two Pillars. While it might be logical to move money from pillar 2 to pillar 1 (to increase the simply-administered direct payments), there is considerable doubt as to whether many Member States will decide to shift money towards rural development. The current German government has already stated categorically that there will be no transfer.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Rural Development / Pillar 2 VI / Comments:

- Member States are obliged to allocate a minimum of 30% of the EAFRD funds for agri-environment schemes, for organic farming, for investments and for less favoured area payments. Because investment measures enjoy a much higher appreciation by farmers it may happen that on all other (ecological) objectives significantly less (or no) money will be spent.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Rural Development / Pillar 2 VII / Comments:

- The rate of co-financing for agri-environment schemes was raised to 75% which in fact mirrors the status quo in the current CAP (this percentage was introduced after the Health-Check reforms). But because of the general decline in pillar 2 it is still quite likely that some existing schemes will have to be dropped or receive reduced funds.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Rural Development / Pillar 2 VIII / Comments:

- The greening requirements should also be extended to include organic farms; especially in respect to EFAs and permanent pastures additional positive effects are to be expected.

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Rural Development / Pillar 2 IX / Comments:

- With the present concept, little attention will be given for conservation areas of high ecological importance. A significant transfer (modulation) of funds (10% to 15%) from Pillar 1 to Pillar 2 is necessary for the adequate management (e.g. with targeted agri-environment measures) of areas of special ecological interest (e.g. EFAs, Natura 2000 sites, semi-natural extensive pastures). -

What is the current situation? What has been agreed and what remains of the original CAP greening philosophy?

Rural development / Pillar 2 X / Comments:

- Effective 'dark green CAP measures' in pillar 2 – especially when located in designated areas for conservation - should be allowed to receive 100% EU grants. This is essential for countries and regions facing economic problems.

**Thank you for
your interest!**

