IFOAM EU Group response to the CONSULTATION FOR THE IMPACT ASSESSMENT ON THE "COMMON AGRICULTURAL POLICY TOWARDS 2020" PROPOSALS
Submitted to agri-cap-towards2020@ec.europa.eu on 25 January 2011

I. PERSONAL DATA

To help us analyse the responses to this consultation, please provide the following information about you and/or your organisation.

I have read and I accept the terms of the privacy statement. (compulsory to carry on) (compulsory)
(at most 1 answer)

X Yes

☐ No

1. For the purpose of the analysis of this consultation you want to be identified as: (compulsory)
(at least one answer)

X Organisation from the farming sector
X Organisation from the processing sector
☐ Organisation from the retail sector
☐ Organisation from the trade sector
X Environmental organisation
☐ Development organisation
☐ Consumer organisation
☐ Think tank and research institutes
☐ National Authority
☐ Regional and local authority
Third country

Other

2. If you are submitting this questionnaire on behalf of an organisation please precise its name, field of action and your position within the organisation (maximum 500 characters)

The IFOAM EU Group advocates for the development and integrity of organic food and farming in Europe.

Policy coordinator.

3. Please state your name (compulsory) (maximum 100 characters)

Antje Kölling

4. Please state your email address. (compulsory) (maximum 100 characters)

antje.koelling@ifoam-eu.org

5. Is the organisation you are presenting is registered in the Interest Representative Register? (compulsory) (at most 1 answer)

yes

If yes, please state your registration number (optional) (maximum 100 characters)

67128251296-84

6. Please indicate the country you are based in: (compulsory) (at most 1 answer)

X European Union (transnational organisation)

7. Received contributions, together with the personal data of the contributor, may be published on the Commission's website. However, the contribution may be published in anonymous form. Do you want your contribution to be published together with your personal data? (compulsory) (at most 1 answer)

X Yes, you can publish this data with my personal data

☐ No, publish my contribution without my personal data

☐ No, I do not want my contribution to be published on the Commission’s website

II. CONSULTATION QUESTIONS
The description of issues, objectives, options and scenarios developed in the consultation document tries to sum up various ideas that were put forward in the public debate. It represents a certain choice with regard to issues tackled, main objectives and possible policy evolutions. This consultation process calls on interested parties to express their opinion on the relevance of the described elements, the consistency of approach and possible improvements that could be made. The public consultation also allows to acquire a broad range of information and knowledge on the expected effects that each broad policy scenario and consequent changes to the CAP instruments. The stakeholders are invited to provide factual, analytical contributions that will complement other sources of information in assessing the impacts of policy reform. In order to guide and structure the contributions, the following questions were prepared by the Inter-service Steering Group:

### POLICY SCENARIOS

If you have relevant documents (graphs, charts,…) that you would like to attach to your contribution, you may upload it below the answer fields.

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**ANNEX:**

1. Organic farming - an efficient and integrated system approach responding to pressing challenges; Urs Niggli, Christian Schader and Matthias Stolze (2010) (published in IFOAM EU dossier to be launched in March 2011)
5. Innovation in food and agriculture, chapter 3.2 of TP organics implementation action plan, TP Organics (2010) [www.tporganics.eu](http://www.tporganics.eu)
1. Are the policy scenarios outlined consistent with the objectives of the reform? Could they be improved and how? (optional)

A new combination of different strategies that are now partly contained in the first three scenarios would be needed to reach the objectives of the reform.

The following combination of measures seems to be necessary to meet the challenges:

More adjustment (scenario 2.1) of policies between the member states will be of importance for the future CAP in order to maintain the CAP as a European policy; and to prevent market distortion.

Whereas a clear re-focussing of payments towards public goods (scenario 2.3) will be necessary and all payments have to be measured against their delivery of public goods (see Annex: Position paper of the IFOAM EU Group, 2010) and all measures must proof to contribute to agriculture’s development towards environmental sustainability. It will be necessary to maintain but also to re-shape market policies so that farmers will be able to generate remunerative incomes from selling their products while working according to enhanced environmental standards. Only fair prices will facilitate future targeting of a possibly reduced budget towards environmental and socio-economic improvements and public goods. The market policies must be re-shaped to deliver fairer prices for farmers. This does not imply additional spending, but possibilities of self-organisation of farmers’ groups to manage the supply of important agricultural products. Any kind of export dumping of EU food products must be abandoned immediately.

Moreover, clearer focus should be put on how to favour system approaches to sustainability such as organic farming to meet future challenges in a cost-efficient way (see Annex: Niggli et al. 2010). Organic farming by now is the only European wide regulated and certified system that delivers on all fields of sustainability such as environment, food quality, re-localisation of the production, employment, rural and territorial development, animal welfare etc. Moreover, Organic food and farming in Europe continues to grow steadily. The area of organically managed land expanded from 2 million hectares in 1997 to approximately 8.3 million hectares today (2008): an increase of over 400 percent. European organic markets achieved an estimated turnover of 18 billion Euros in 2008, representing an increase of 10 percent over 2007, despite the economic and financial crisis. This clearly shows that consumers’ demand for organic food is even growing. Organic farming’s contribution to the EU objectives must be recognised. To assure that the number of Organic farms in Europe develops according to this growing demand, and in general to bring forward the further development of organic farming, Organic farming should be prioritised under all measures.

Additionally, the role of both pillars must be analysed – the current CAP indirectly discriminates measures under the 2nd pillar, as they must be co-financed by member states/regions and 1st pillar measures are fully EU financed. Strategies on how to make especially agro-environmental programmes, containing those measures that deliver best to European public interest (coherent measures to improve agriculture to meet the environmental challenges as well as animal welfare standards) under the 2nd pillar, more attractive to member states in general and make a package of agro-environmental measures compulsory must be developed (e.g. higher EU co-financing rates for measures that deliver best to public interest).

Many measures under agri-environment require a longer time horizon than one year (e.g. conversion to organic farming takes 2 years for annual and 3 years for perennial cultures, but takes even more time if the whole farm enterprise is considered: development of new markets or establishment on organic market takes some years); therefore there is a need for multi-annual programmes under the 2nd pillar. Anyway, it needs to be assured that this does not result in a limited time frame to enter the measure supporting Organic Farming, because this would inhibit continuous growth.
It must be considered that EU citizens, who pay for the CAP budget, want agricultural production which does not harm the environment or the health of producers and consumers. Moreover, they demand sustainable farming that delivers public goods.

The question of **policy coherence** must be addressed and coherence must be implemented in the next reform. It must be guaranteed that no payments under the new CAP contradict the outlined objectives or cause any environmental harm. (for example low tillage would be an appropriate measure for climate change mitigation, but it would only make sense in the framework of the overall sustainability objectives if it is related to overall sustainable agriculture; it must be avoided to support high-herbicide-low-tillage cultures).

Consistency between different EU policies must be assured. How **system approaches** can efficiently deliver to meet the future challenges must be considered under this question. Support for a system approach towards sustainable farming (such as organic farming) must be possible as an incentive to switch to more sustainable production systems and to compensate for market distortion as long as the external environmental costs of conventional farm systems are not yet internalised.

A problem not yet addressed in the consultation paper is the remuneration of the real value of **public goods**. In some member states, sustainable farm activities that would guarantee to maintain farm land and to conserve biodiversity are abandoned due to the poor support that is based on “income foregone” only (which is often not high enough especially in areas where agricultural landscapes have a high natural value). The possibility to pay farmers for the real value of public goods they deliver must be re-considered and if necessary, steps to follow in international trade negotiations must be taken.

The necessity for **innovation** has been outlined in the Communication, there is a need for defining sustainable innovation and to outline ways of efficiently transferring knowledge. Innovation must aim to develop the concept of multi-functionality to strengthen sustainable rural development; to build and maintain competitive, trustworthy and fair supply chains of high quality organic food; to improve organic farming’s contribution to food security and international development and to develop an integrative policy framework for organic farming and sustainable rural development (more detailed on [www.tporganics.eu](http://www.tporganics.eu), strategic research agenda).

The problem definition section should moreover address:

- animal welfare
- loss of agro-biodiversity (animal breeds and plant varieties in use)
- the fact that the polluter pays principle should be, but is not yet, fully implemented in farm related policies - and therefore there is a need to compensate for the cost of environmental friendly farm practices that do not externalise cost to the public
- an approach towards food sovereignty for regions in the EU and in third countries, including the abandonment of any forms of export dumping (which goes beyond food security in terms of producing enough in quantity, but includes cultural and quality aspects as well as fairness)
- Reduction of food waste as contribution to resource efficiency in the food sector
- Transparency: The management of CAP spending and its evaluation must be made transparent for farmers and citizens
- problems caused by unsustainable food production systems (soil-less plant production systems, GMOs, monocultures) that do not only harm the environment but also lead to a decrease in food quality and diversity in food cultures
3. Does the evolution of policy instruments presented in the policy scenarios seem to you suitable for responding to the problems identified? Are there other options for the evolution of policy instruments or the creation of new ones that you would consider adequate to reach the stated objectives? (optional) (maximum 3000 characters)

A more radical shift of the policy is necessary to address the challenges outlined in the problem definition section. Historical reference values for payment calculation must be abandoned from 2014 on at latest. At least 50% of the CAP budget should be in the second pillar and at least 50% of the second pillar budget must be spent directly for agro-environment measures.

**Market policies:** New efficient measures must be found to support a fair income for farmers and better communication between farmers and consumers. New supply management structures that can contribute to stabilise prices, including storage and quantitative production limits, must be subject to in-depth assessment and be further developed.

**Targeting** payments towards sustainability under all axes and measures (e.g. investment support only for clear improvements in either animal welfare, or environmental issues), with organic farming as a priority measure (as it delivers to several aspects of sustainability). Employment should play a role in the calculation of subsidies and an upper ceiling per farm should be set.

Compulsory **agro-environmental** packages: As the 2 pillar structure is likely to be maintained in the new CAP, there is an urgent need to encourage all member states to support specific measures to improve the environment with sufficient budget. This could be done by setting higher EU co-financing percentages for priority measures or by setting percentages on how much budget must be spent for a package of agro-environmental measures (similar to the minimal percentages for the current axes). Support for conversion to and maintenance of organic farming should be comprised in all rural development programmes as mandatory measure.

Developing and strengthening independent farmer’s best practice **information and innovation** networks as well as advisory systems that help farmers to adopt innovation in their daily practice and to face future challenges. A purely technological understanding of innovative action in agriculture focussing on the production and use of commodities as raw materials for food and other industries is likely to miss the innovative potential on farms and in food supply chains. Both can make an important contribution to the goal of multi-functional rural development and sustainability. It is therefore helpful to have a broad understanding of innovation in the agriculture and food sector and to focus on sustainable and holistic approaches.

**Active farmers:** We support the idea that only active farmers should benefit from payments made under the 1st remaining pillar, but criteria to identify active farmers must refer to the farming activity only and not lead to the exclusion of small or part time farmers from the payments.
IMPACTS

If you have relevant documents (graphs, charts,...) that you would like to attach to your contribution, you may upload it below the answer fields.

4. What do you see as the most significant impacts of the reform scenarios and the related options for policy instruments? Which actors would be particularly affected if these were put in place? (optional)

(maximum 3000 characters)

Land abandonment in areas with difficult farming conditions and further expansion of farm practices that harm the environment in easily accessible areas: The options “no policy” and “status quo” both bear the risk of completely missing the opportunity to use the CAP to shape agriculture to meet future challenges and to maintain farming in areas with high natural value. The “adjustment” scenario alone would in general bear the same risk, apart from more fairness for farmers in member states that joined the EU in 2004 and 2007, but any clearer targeting of measures is missing. Whereas the scenarios 4.2 and 4.3 bear the most interesting elements, none of the outlined scenarios sufficiently address the problems identified. The new CAP must guarantee a radical shift of public spending towards mainstreaming sustainability in agriculture and the delivery of public goods. To ensure the maintenance of sustainable diverse and widespread farming activities in Europe, remunerative prices for farmers must be reached by market regulation; the major farm incomes cannot be covered by public spending in most areas due to the restricted budget. Therefore, an option that combines these elements must be added. Success of the reform will in the end also depend on the important role of advisory systems to support best production practice, economic development and environmental improvement of farms for both conventional and organic farms. It should be made compulsory for all advisory bodies and advising institutions to provide advice on best environmental practice (incl. Cross compliance), development of local markets/direct marketing and diversification (e.g. on farm processing etc) and conversion to organic farming. The EU co-financing level for special advisory service on organic farming should be increased (e.g. to 90%).
### CAP towards 2020 – IFOAM EU Group responses to questions posed by the European Commission on effective Greening

5. To what extent will the strengthening of **producer and inter-branch organizations** and better access to **risk management tools** help improve farmers’ income levels and stability? *(optional) (maximum 3000 characters)*

<table>
<thead>
<tr>
<th>Producer organisations</th>
<th>play an important role in some production areas, but the support of producer organisations alone is not a sufficient tool to ensure remunerative producer prices. Membership in producer organisations must not be made mandatory for farmers in order to benefit from CAP measures. New criteria for producer organisations subsidised under the CAP must be found. Additionally to the criteria in use, such as production volume or number of farmers, criteria concerning the policy coherence must be set. It must be encouraged to build up producer groups around specific objectives such as local marketing, specific quality production, integrated organic food chain, etc. The CAP should allow for the support of farmers’ participation in integrated food chain organisations (comprising producers, processors, distributors and consumers) that favour the re-localisation of food supply. To strengthen farmers’ position in the food chain, exceptions in competition law must be considered (see: Annex, IFOAM EU Position Paper, chapter 7.4). The possibility of giving farmers more market power and stabilise producer prices via farmers’ supply management boards must be assessed. Statistical data on market prices and volumes of organic products must be collected and analysed in order to allow for proper policy evaluations. The “top up” option for organic producer organisations is currently rarely used as most producer organisations are mixed; top up for organic branches of mixed producer organisations should be considered.</th>
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<tr>
<td><strong>Risk management</strong> measures:</td>
<td></td>
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<tr>
<td>1. should be considered as market policy and not as rural development measure, therefore should be installed under pillar 1 and under no circumstances lead to a decrease of the rural development budget available for targeted agro-environmental measures</td>
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<td>2. instead of building up costly systems to compensate farmers in the case of market failures, new measures of market regulation and price stabilisation should be considered (see above)</td>
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<td>3. Risk management measures such as insurance schemes should under no circumstances encourage “risky” behaviour. Organic farmers apply practical risk management by using more robust and adapted animal breeds and plant varieties, by diversification of activities and crop rotation; this kind of risk management in practice should be supported; it must not be added to the market distortion that already favours unsustainable practices that do not internalise external environmental costs by supporting risk management tools that would lead to continuation of these practices. Certain risk management tools to prevent financial losses in the case of natural disasters can help farmers stay in business and make sense (e.g. hail insurance).</td>
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6. What environmental and climate-change benefits would you expect from the environment-targeted payments in the first and the second pillar of the CAP? (optional) (maximum 3000 characters)

The proposals made in the Commission Communication are not ambitious enough. We expect from the Commission and the member states ambitious and effectively implemented measures that:
- maintain and effectively manage the rich and highly diversified heritage of ecosystems, cultural landscapes and other environmental assets including soil and water resources, which are found in the rural areas of the EU
- contribute to climate change mitigation with measures that are coherent with other sustainability objectives: generating renewable energy, cutting emissions of greenhouse gases, increase soil organic matter (e.g. by low tillage combined with organic agriculture)
- halt the loss of biodiversity (as the EU committed itself), for wild species, but also for domestic plant varieties and animal breeds: agro-biodiversity must be maintained and further developed for its intrinsic value, but also as a pillar of resilient food systems in times of climate change
- extend the area under organic farming to 20% by 2020 and encourage further conversion
- reshape farming towards resilient food systems: adaptation to climate change, reducing dependence on fossil fuels and on inputs derived from those fuels, and putting good agronomic sense and agro-ecological innovation at the heart of farming decisions
- improve animal welfare conditions in farming

7. What opportunities and difficulties do you see arising from a significant increase of the rural development budget and a reinforcement of strategic targeting? (optional) (maximum 3000 characters)

A significant increase of the rural development budget and enforced targeting of payments is crucial to meet future challenges. It must be ensured that increases in the rural development budget are not swallowed by measures formerly covered under the first pillar, such as tools to compensate farmers for price falls.

The opportunities are clear: Both a significant increase of the rural development budget and a reinforcement of strategic targeting should lead to an increased use of tools and measures to reshape agricultural practice and food systems in the EU towards sustainability and the delivery of public goods, therefore, delivering value for public money. Some might argue that higher control requirements and more necessary efforts for farmers to apply for the targeted payments and rural development measures might be the consequence. These doubts can be countered by the following arguments: Already today direct payments are paid under the condition that basic legal rules are followed (cross compliance). To prove this, controls are already necessary today. Moreover, a transparent and targeted CAP that delivers to public interest and where the delivery can be evaluated is not possible without any bureaucracy. Both the Commission and member states will have to make efforts to simplify the administration of these measures as far as it is possible without putting the delivery of the targeted measures at risk.
8. What would be the most significant impacts of a “no policy” scenario on the competitiveness of the agricultural sector, agricultural income, environment and territorial balance as well as public health? (optional)
(maximum 3000 characters)

Territorial imbalances would increase.
Land abandonment in areas with high natural value, resulting in biodiversity loss.
Further intensification and industrialisation of agriculture in easily accessible areas on the expense of the environment and in the end also on public health.

MONITORING AND EVALUATION

If you have relevant documents (graphs, charts,...) that you would like to attach to your contribution, you may upload it below the answer fields.

9. What difficulties would the options analysed be likely to encounter if they were implemented, also with regard to control and compliance? What could be the potential administrative costs and burdens? (optional)
(maximum 3000 characters)

Coherence between different policy areas, effective advisory systems and simplified procedures must be developed to enable farmers to make the new system understandable and to facilitate access to the new measures. Farmers should be encouraged to focus on best agricultural practices, the improvement of their environmental performance and delivery of high quality products and should not be forced into even more complicated bureaucracy.
Training, information and advice should be provided at every stage of the transition toward more sustainable farming. Information on environmental impacts of farming and how to reduce them and enhance the delivery of public goods in farming should also be available for the general public and be included in school and professional education in the food and farming area.
It should be made mandatory for farmers that receive direct payments to participate in training programmes on agronomic practices with enhanced environmental delivery.
10. What indicators would best express the progress towards achieving the objectives of the reform? (optional) (maximum 3000 characters)

- A "coherence" indicator must make sure that no measures to reach an objective are conducted on the expense of other objectives (e.g. the evaluation of investment support needs to include indicators for environmental sustainability)
- Farm-gate prices of farm products covering full costs of sustainable production, and reduced volatility in those prices
- Levels of observance of standards of sustainable farming and their progress
- Increase of area under organic farming and number of organic farms
- Improved conservation and sustainable use of soil, water (reduced nitrogen leakage, reduced pesticide use), ecological health, and ecosystem services restored and maintained, on all farmland
- Increased levels of biodiversity and agro-biodiversity (domestic species, breeds and varieties) on all EU farms; maintained biodiversity of High Nature Value farmlands
- Level of organic matter in soil
- Reduced levels of emission of greenhouse gases on farms
- Reduced levels of pesticides in food, soil and water, as well as reduced levels of chemical fertilizers in water (resulting in lower costs for water treatment)
- Reduced levels of food waste
- Reduced levels of farm dependence on imported foodstuffs and other imports
- Sustained levels of employment in farming and agri-food enterprises
- Number of farms abandoned, number of young farmers taking over
- Levels of retirement and succession, and age structures, among farmers
- Transparency of the European and the CAP budget
11. Are there factors or elements of uncertainty that could significantly influence the impact of the scenarios assessed? Which are they? What could be their influence? (optional) (maximum 3000 characters)

- The speed of recovery from the present economic crisis, particularly in the Euro zone and price volatility for farm products on world markets due to speculation. Delays in the recovery could seriously constrain the willingness and ability of Member States to contribute own share to the measures described in the scenarios or in our answers above. Special attention should therefore be given to new co-financing rules, which would stimulate and enhance the shift towards sustainable practices, thus increasing EU co-financing rates in relation to good performance of member states.
- The evolution and outcome of World and bilateral Trade talks. These could either expose European farmers to, or protect them from, unfair competition or food dumping from third countries, who do not have to observe the same high labour, environmental or animal-welfare standards.
- Climate change. Climatic extremes can lead too loss of harvests, food shortage in certain areas etc. Climate change increases the need for a robust agricultural system; for crop diversity and for the use of varieties that can cope with changing circumstances.
- Introduction of more GMOs and the increase of area where GMOs are grown could seriously harm both, the achievements of environmental and socio-economic objectives. First, as GMO-growing is related to industrialised, often input intensive agriculture and monocultures. Second, because all EU farmers that produce food rely on their ability to deliver to GMO-free markets for getting remunerative prices. These GMO-free farmers would suffer from higher risk of contamination if more GMO would be grown in the EU. This would probably lead to economic losses up to farmers losing their economic existence; if the polluter pays principle will not finally be introduced in GMO law.