

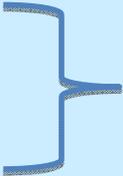
CAP reform
through Analytical lenses
European Parliament
19th December 2011

Sustainable Development of
European Agriculture
Emeritus Prof. Allan Buckwell

Commission proposes the *ad hoc*, middle-way option

- For **Direct Payments** the proposals have 3 themes & 5 variations:
 - Theme 1 **Redistribution**: between and within Member States
 - Theme 2 **Greening** the CAP – towards sustainable agriculture
 - Theme 3 **Targeting** the supports through five variations
 1. Agricultural **activity** and active farmer
 2. Cutting and capping **large payments**
 3. Encouraging **young farmers** / new entrants
 4. Helping farmer in **marginal areas**
 5. Simplifying CAP for **small farmers**
- **For Rural Development**: strong objectives for better biodiversity, water and climate protection, but few details
- Strong dangers that Pillar 2 is mauled in the **budget debate**

Why should the CAP be greened?

- Strong theoretical & empirical case for Greening the CAP
- Market failures are pervasive, difficult to persuade food consumers or users of the countryside to pay for environment directly
- The Eco-system Services approach shows the multitude of non-market services provided by, and **only** provided by, farmers and foresters.
- Ecosystem services
 - Provisioning – food, bio-energy - marketed
 - Supporting
 - Regulating
 - Cultural

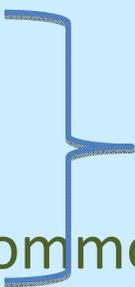
- non-marketed
- How deeply is this really believed?
 - By farmers and by the policy community?
- Environmental Non-Governmental and Governmental Organisations (NGOs and GOs) believe it strongly

How should the CAP be greened?

- The status quo has been in Pillar 2
 - Regionally defined
 - Menu-driven
 - Voluntary contractual
 - Multi-annual
 - Co-financed
 - Monitored and evaluated
- These have been the strengths of Pillar 2,
- But co-financing and complexity have been problems too
 - Many Member States cannot, will not, provide the co-finance
 - Targeted schemes are difficult for both farmers and control
 - Court of Auditors report was not flattering, but no audit of P1!
- Fischler strategy of steady enlargement of Pillar 2 now at an end?

The concept of Pillar 1 Greening

- Commission had support for Greening Pillar 1
 - by those who judged Greening Pillar 2 was off-agenda!
- The concept is :
 - Simple
 - Universal
 - Non-contractual
 - Annual
- Clear advantages of commonality, avoiding un-level playing field and simplicity
- But, does environmental management lend itself to these principles?
- It is place-based, long-term, specific to farming systems, therefore lends itself to regionally defined, targeted approach



“agricultural practices beneficial to the climate and environment”

The scale of Pillar 1 greening

- What is the meaning of the 30% greening payment?
- It is **not** an optional top-up payment
- It is effectively added cross compliance, up to 100% penalties
- 30% is not scaled as income forgone and additional costs
- To be presented as a decoupled payment
- 30% is symbolic: a large greening payment, €12.5 billion, five-fold increase in current agri-environment expenditure (€2.5b)
- Should society expect a noticeable increase in environmental services?

Practicalities of Pillar 1 greening 1: crop diversification

- The aim is to stop unsustainable monoculture
 - Soil erosion, soil organic matter decline and pollution
- Tries to capture a snap-shot of a dynamic process, crop rotation
- Will certainly constrain farmer choice
 - Small livestock farmers who only grow one feed crop and temporary grass
 - Farmers who pool machinery ‘block cropping’ each farm each year
- Will it cost-effectively deliver environmental gain?
Evidence?

Practicalities of greening 2: maintenance of permanent grassland

- The objective is primarily as a Green House Gas emission reduction measure
 - To reduce the once-for-all release of carbon from the ploughing of undisturbed grasslands
 - To prevent new Member States repeating intensification of marginal grasslands as happened in W Europe
- Concerns are
 - It does not specifically deal with the species-rich high nature value permanent grassland
 - It excludes non-herbaceous grazing land (eg heather moor)
 - Many traditional systems rotate grassland more slowly than 5 years.

Practicalities of greening 3: ecological focus area

- The objective is that all farms should provide:
 - Habitat to encourage biodiversity
 - Connectivity of ecosystems across the landscape
 - Resource protection for water, soil and climate
- Unclear evidence base for 7% of eligible hectares;
- Further clarification will emerge on
 - Definition of ecological focus area
 - Is it just preservation of features, or active management?
 - Quantity and quality, mapping issues and practicalities
 - **Relationship with Pillar 2 agri-environment schemes ?**
 - ‘Equivalence’ to mandatory greening, c.f. organic farming

Conclusion

There is a great deal more discussion required to make these reforms workable and deliver a useful step in the evolution of the CAP