Comparing EU and US agri-environmental policies

Both Europe and the United States have programmes to pay farmers for providing environmental services, including reducing soil erosion, and preserving heritage and attractive landscapes. New research shows that the two regions take different approaches to paying farmers for these services, and do not necessarily share the same objectives or implementation strategies.

Agri-environmental policies (AEPs) provide financial compensation to farmers using environmentally-friendly farming practices because these practices may not lead to the greatest monetary gain; in some cases farmers are receiving compensation through AEPs without producing anything at all. The US approach is more targeted, and aims to get the greatest environmental benefit for each dollar spent. However, the targeting and bidding itself may prove relatively expensive, particularly if specific environmental data to help with selection is not available. EU AEPs focus more on farming processes – for instance to improve animal welfare or support traditional or organic farming methods.

In the US, environmental payments are made through the Conservation Titles of recent Farm Bills. The focus of US policy is mainly to address negative externalities: for instance soil erosion or nutrient run-off. Meanwhile, in the EU AEPs form part of the Common Agricultural Policy (CAP). The agri-environmental strategy of the CAP aims to enhance the sustainability of agro-ecosystems, and includes environmental requirements and incentives integrated into market and income policy, as well as targeted environmental measures that form part of Rural Development Programmes. These mainly target positive environmental externalities resulting from agriculture, such as preserving scenery or heritage.

The scale of farming is another important factor: EU AEPs are directed towards reducing farming intensification (high inputs to get more yield from smaller areas), whereas US AEPs are more concerned about extensification (avoiding the use of too much environmentally sensitive land). In the US, funding is determined by the expected benefits of each activity, whereas in the EU the means (commitment to use environmentally-friendly methods) is given more weight than the result.

The research indicates that EU citizens are willing to pay a price for maintaining landscapes and funding rural development in the broadest sense. With the exception of a few regional programmes in US regions such as Vermont or California's Napa Valley, the US system is not set up to value and pay for farmed landscapes. AEPs form a part of other farm subsidy programmes, but make up less than one percent of spending on agriculture. Both the US and EU are increasing funding for AEPs. The key challenge for policy makers is to design programmes that meet public demands for more environmentally-friendly farming at a reasonable cost to taxpayers, and benefit farmers too.

Additional information: Further information on EU Agriculture and Rural Development policies can be found at http://ec.europa.eu/agriculture/envir/index_en.htm.


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