



POLICY BRIEFING

April 2015

Coping with environmental and economic **imperatives**

Summary : This policy briefing considers the EU's policies and approaches to sustainable agriculture, outlining the motivations, guidelines, development and challenges of these. It also identifies numerous surrounding key questions and discussion points.

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Consideration for the environment has been a constant in each of the agricultural reforms undertaken by the European Union (EU) over the last 10 years.

Introduced by the 2003 reform, the cross-compliance of direct payments was designed to ensure the proper observance, in the Member States (MS), of pre-existing non-agricultural statutory regulations, such as animal welfare or tackling nitrate pollution.

In light of the difficulty experienced in some MS of implementing these rules and of determining penalties in case of non-respect, the Common Agricultural Policy (CAP) took the decision to link their implementation with the payment of European agricultural direct payments.

Member States have been able to go beyond the basic community requirements, in particular with a view to:

- Applying measures under pillar 2 in order to achieve specific environmental goals,
- In some MS, reinforcing the EU's cross-compliance rules nationally, using the additional requirements to set (1) more stringent cross-compliance rules conditioning the eligibility of direct payments and (2) baseline requirements for agri-environment measures under pillar 2.

A decade after its inception, and setting aside the question of its impact, all the evidence indicates that the cross-compliance rule has been misunderstood by farmers and by the general public alike. The most recent CAP reform sought to increase the clarity of the cross-compliance requirements imposed on farmers, by trying to prioritise the content of the principle community directives in order to clarify farmers' actual responsibilities.

In parallel, civil society has sent the agricultural world a clear message: while

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expecting farmers to meet our food needs, it also sees them as the custodians of our rural areas, as being responsible for the quality of our water and soil and more generally as stewards of our countryside – with a duty to preserve all of these for present and future generations.

While trusting farmers to play this key stewardship role, the impact of agriculture on natural resources continues to be singled out for criticism, despite the efforts engaged.

The 2013 CAP reform sought to establish a policy for rural areas that would bring not only economic benefits but also address the environmental question. In this regard, a new measure, greening, was introduced with the goal of combining agronomic practices with the sustainable management of the environment. Greening involves three basic requirements: (1) the responsible management of ecologically fragile permanent pastures – in their role as essential carbon sinks ; (2) crop diversification in order to improve the agronomic quality of soils; and (3) preventing erosion, preserving water quality and biodiversity through ecological focus areas on and around the edges of arable land.

30% of direct payments is now earmarked to remunerating farmers who undertake sustainable environmental management initiatives (over and above cross-compliance requirements). Such initiatives would otherwise not be undertaken, given the absence of any market incentive to do so. Today, the initiatives that citizens expect have no market value; i.e. farmers would be unable to pass on the additional costs through increased prices to consumers. For each of these three basic requirements policymakers responsible for reforming the CAP chose to introduce flexibility measures in order to cater for specific regional or industry-related situations.

2015 will be the first year in which these new measures will be implemented. Yet even before the latest reforms have had a chance to be implemented in the field there is already an outcry from, on the one hand, those who consider that the new regulations don't go far enough and, on the other, those who think that they are disconnected from the economic reality that farms must

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contend with.

Transcending such differences is a matter of urgency. To do so will require working with all relevant stakeholders to monitor and undertake in-depth impact assessment of the measures adopted by the EU.

FARM EUROPE DISCUSSION POINTS:

Such assessment will only be useful if it systematically questions the CAP announced by commissioner Paul Hogan, in order to simplify it, from the outset :

- *the objectives pursued in relation to sustainability management, and the results sought;*
- *of the economic equilibrium of agriculture-based production systems: there can be no management without managers, there can be no environmental sustainability without a sustainable agro-economy: sustainability and performance must be designed to be mutually supportive;*
- *ensuring that policies and procedures are understandable and clear to beneficiaries;*
- *ensuring that innovation and technological change are integral to future-oriented agriculture development measures;*
- *the measurability of measures adopted.*

The issue of sustainable management in agriculture and of agricultural areas is and will remain a central one. The 2013 CAP introduced, in this regard, a contract between farmers and the EU. This is resourced with 30% of direct payments and supported by agri-environmental measures where there is a local need to go further.

Have the terms of this contract, its objectives, principles, requirements and scope been adequately specified?

Will the implementation arrangements be clear, measured and understood by the various stakeholders?

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What balance needs to be found, in the future, between a results-oriented policy and the current policy essentially based on a spending plan approach?



The ability to measure the progress of the actions undertaken and the results they obtain is the condition sine qua non for an adequate evidence base for discussions on the future of agriculture in the EU. It is, moreover, a prerequisite to the development of effective policies that can kick-start a virtuous cycle – and whose benefits can be quantified – not only in the interests of agriculture, but also in the interests of the environment and the effectiveness of the fight against climate change.