



## Common Agricultural Policy

### Shaping EU agriculture, rural areas and wealth for the next decades

#### Main outcomes of the 2019 Global Food Forum

The Common Agricultural Policy was founded to respond to the challenge of **food sovereignty** in Europe, on the basis of the fact that a pooling of financial means and the definition of common political guidelines are more effective than the sum of potentially divergent national initiatives.

**Food security remains today the prerequisite for an area to have a strong and credible political strategy in today's multipolar world.**

In a globalized world where food security for all should be guaranteed, the European Union is also responsible for ensuring the sustainability of a stable presence in global food markets.

At the same time, the CAP has had to evolve to respond more to the challenges of **vitality in Europe's rural areas** and to the **preservation of the environment and the fight against climate change**.

As a basis for developing rural areas, managing 75% of Europe and our natural resources, European agriculture is a key factor and farmers are the only reliable relays for effective action.

**Today, the CAP must aim to meet the objectives of:**

- Ensuring the **food security** of Europeans and enabling European citizens to have access to quality food at affordable prices
- Preserving the **environment**, soil, air and water while contributing to the fight against **climate change**.
- Ensuring a correct level of **income** for farmers even as the volatility of agricultural markets have increased considerably since the mid-2000s under the combined effect of climate change and globalization
- Maintaining a strong agricultural network, a basis of **territorial development** of agro-food activities and local economic development in all European regions

- Keeping the European Union as the world's largest **exporter** - the EU is also the world's largest importer of agricultural and food goods,

**The challenge for those who have to decide on future European policies having an impact on agriculture and rural areas of the European Union, is not only to reconcile societal expectations and economic challenges but to put them in synergy by focusing the CAP on the challenge of the dual performance of our agriculture: no economic benefit without more environmental protection, no environmental protection without economic benefit.**

For this, the CAP must become again an investment policy for the future of the European Union and center its actions on:

- **the investments and innovations in farms and the food chain**; agricultural sectors need to seize digital opportunities quickly both for their relationships with consumers and their economic and environmental performance.
- **the incentive for a transition of European agriculture towards dual performance agricultural systems**,
- **securing European farmers against risks and crisis** by combining **basic direct aid**, **support for climate risk insurance tools** and **mutual funds** for income stabilization and an **effective European crisis management reserve**
- the promotion of a quality **European food model**, diversified for all European citizens; and **fight against the risk of a two tiers' nutrition** in Europe stratified on social classes.

**CAP reform must as well be the ground of the “farm to fork” strategy the President of the Commission is willing to develop within a new green deal for Europe.** Europe's agriculture is not only a question of food for European citizens, but it is as well a provider of bio-energy, biochemistry, textile.... and farmers are the only ones able to manage properly our environment in rural areas.

Thus, the CAP reform should be designed as to develop such a strategy, to **implement the core of an efficient green deal** when it comes to farming, managing rural areas, shaping a balanced food chain and putting nutrition and good food at the very heart of Europeans' habits.



## **CAP reform's negotiations**

### **8 ACTIONS TO BE TAKEN**

Given the societal, economic and environmental challenges to be met, the European Union needs a CAP that is strong, effective, common and adapted to the realities of a European Union rich in its diversity.

More specifically, **it is most needed to:**

- 1 put in place relevant key parameters in basic acts at a common level to preserve the C of the CAP** and ensure fairness for farmers wherever they are in the EU and especially concerning support they will receive under the 1<sup>st</sup> pillar.
- 2 give a European environmental dimension with a clear definition and an effective European baseline of the Eco-scheme**, concentrating the measures to be proposed by the Member States on the promotion of transition to virtuous agri-systems and to incentivize innovative tools and practices able to encourage the environmental and economic transition of European agriculture. The definition of the Eco-scheme needs to be further specified as a tool to **incentive transition of EU agriculture towards carbon neutrality**. Per hectare financial incentive should be paid to farmers already implementing virtuous agri-systems or engaging in a transition within the next 7 years by implementing systems such as precision agriculture or conservation.
- 3 promote the economic dimension of the CAP altogether with its societal and environmental dimension.** Comagri's position of a minimum financial objective (30 % of 2<sup>nd</sup> pillar funding) for economic and environmental performance investments and for risk management tools in the 2<sup>nd</sup> pillar should be kept.
- 4 provide environmental basis for the new conditionality for a European reference, with the possibility for Member States and farmers to propose equivalent measures where it is more appropriate.** The

common nature of the CAP does not preclude useful flexibilities. On the contrary, it allows them and makes them easily manageable by farmers and Member States. Without a precise common basis, the Commission power to judge the relevance of the ambition of national strategic plans would be unenforceable as it is not legally based. Without a common reference, the least environmentally ambitious would strengthen the economic competitiveness to the detriment of those working really for the success of the new European Green Deal.

**5 build an effective and well-financed crisis reserve with guarantees that the European Commission will react without delay in the event of serious market disruption.** To build on the progress made to support income stabilization tools and climatic insurance (Financial omnibus 2017), the new CAP should integrate a new effective crisis reserve with a two-fold mission: to quickly finance, in the event of a crisis, exceptional market measures and intervention measures, as well as to automatically take over risk management measures of the income stabilization tools (IST), as soon as indicators have reached pre-defined thresholds. Failure to do so would risk checking the progress achieved through the Financial omnibus, and render it ineffective as the intensity of extreme crisis would jeopardize the efforts of the sectors having implemented voluntary IST to better protect themselves. In that context; the current reserve fund has to be adapted, building on its 400 million euros allocation to reach 1.5 billion euros.

**6 set up a European scheme for €20 Billion Green Investments in Agriculture.** The EU has pledged to reduce its greenhouse gas emissions by 40% by 2030. Also reducing water pollution, soil erosion and preserving biodiversity are non-negotiable objectives. However, the EU agriculture sector is facing severe headwinds. Farmers' incomes have stagnated, and according to the European Commission forecasts they are bound to drop by a staggering 14% (in real terms) in the next decade, taking into account the European Commission initial Common Agriculture Policy reform proposals. Moreover, the sector faces increased international competition and without significant productivity gains exports of agri-food products will suffer. Better farming systems that efficiently use nutrient resources exist, enhancing not only soil carbon but also biodiversity and improving resilience of farming to climate change itself. These systems typically increase productivity, reduce input needs, and other environmental pressures such as eutrophication and air pollution. One of the key EU problems is the lack of investment, in particular on investment that reduces the environmental footprint whilst increasing productivity and incomes. The adoption of new technologies is slow, and the EU is lagging behind its main competitors in smart and precision farming.

The EU needs a "Marshall Plan" to encourage its farmers to shift to more virtuous agricultural systems as mentioned above through an ambitious program for investing in a double performance (environmental and economic) farming system. In that context, in parallel of a recrafted new Eco-

scheme and a more balanced Pillar II as proposed by Comagri, it would be highly relevant to **set up a European scheme for green investments in Agriculture to co-finance (50%) investments of double performance in farms which bring at least 15% reduction of use of inputs**. This new European scheme for green investments in Agriculture would generate and support 20 billion euros of investments of transition to double performance within the period, allowing massive positive impact on environment and increase of EU agriculture competitiveness. To finance this scheme a small share of CAP budget should be mobilized in each Member state (3 %).

**7 design a truly simple and well-managed CAP: Keeping the C of the CAP while simplifying its management.** The CAP reform proposed by the former Commission is centered on a new governance that is quite debatable. It shouldn't confuse people. Whatever the administrative management of the CAP will be, the main goal is to define a new CAP which will bring more sustainability and more performance to our European agriculture and to rural areas.

With its proposal of CAP reform, the Commission wants to encourage the Member States, when drafting their national agricultural (political) strategies, to make more consistent use of the support of the first pillar and the second pillar (rural development) of the CAP, and move from a 'compliance policy' to a 'performance policy' based on achievements and outcome indicators.

**As underlined by Comagri in its report, while these two objectives are laudable however, the present proposal does not make it possible to achieve any of them:** the first will be subject to the good will and priorities of various governments, the second is limited to only counting the number of hectares or farmers concerned by such or such a measure without their impact being otherwise assessed. We should be in a position to measure both the economic and the environmental impact of the implemented measures within the framework of the CAP and not - as proposed by the Commission – to only collect statistics.

Without clear baselines and requirements defined by the co-legislators at EU level, the Commission would not be in a position to ensure respect of an equivalent level of ambition between the 27 different national strategies, having no legal ground to not approve the strategies proposed even if their ambition is far from what should be expected.

Moreover, the Commission's proposal foresees that Member states would define their own rules on controls, the Commission auditing only that the MS have reached the targets they have defined in their national strategic plans in terms of uptake of foreseen measures. Whereas the current CAP is recognized as very well managed with less than 3% error, EU taxpayers wouldn't be able to know in the future whether the CAP spending is managed efficiently or not, whether its management reaches high EU standards or instead only various national or regional ones.

Instead, it is **necessary to rebase the management of the CAP on:**

- **a compliance with the European rules for which each actor fully assumes its prerogatives and responsibilities:** the Member States in the implementation with the farmers, the national agencies of certification in the assurance of the good management and the respect of the European rules, the European Commission in the control of the agencies of certification and in taking into account their evaluation, without double controls at the level of the farmers or the payment agencies.
- **an effective assessment of the impact of the CAP** at EU level and in each Member state, notably on environment, **using few efficient impact indicators** able to measure the achievements on **carbon sequestration, methane and nitrite emissions and on biodiversity.**

### **8 contribute to better tackle the challenge on nutrition and food habits.**

Facing challenges on nutrition and increase of obesity in the EU, we need to better understand the behaviour of European consumers and their expectations. Member States have tested different legislative tools or sectors' guides of good practices. Actually, if none has made a difference, some have put at risk the common dimension of the single market.

The CAP, through its CMOs regulation<sup>1</sup>, proposes to support some limited initiatives where agriculture and nutrition are interlinked, namely the Schools' fruits and vegetables scheme and the Schools milk scheme.

Building on the acquired experience, it would be relevant to go one step further and **deploy a more integrated approach of nutrition and agriculture by co-funding public and private programs of nutrition in schools**, developing children' taste in food (unprocessed products), children's skill and pleasure in cooking and increasing their understanding and attraction to better nutrition and by developing science-based communication actions on that issue. These action have to be developed as long term ones all across the EU, mobilizing all relevant EU tools.