

The Environmental Dimension of the EU's Common Agricultural Policy (CAP)

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TESSD Working Group on Subsidies
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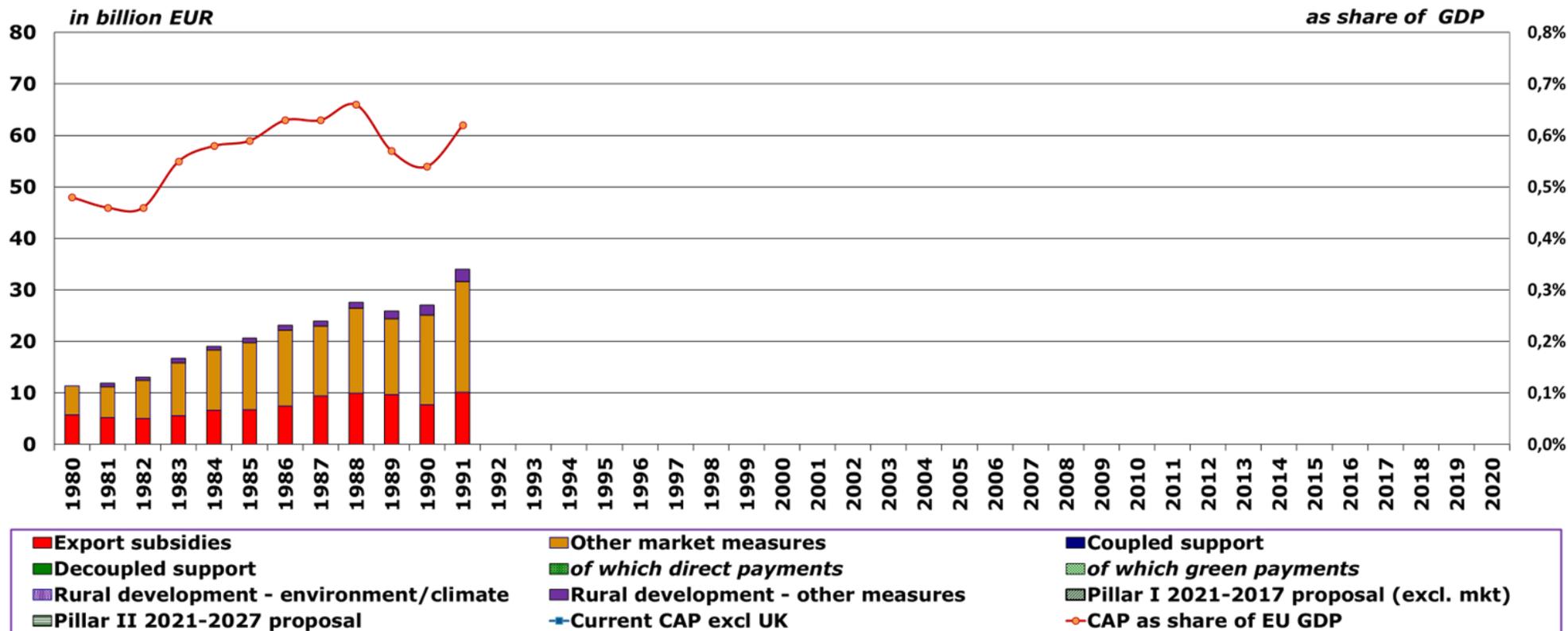
Part I.

History, reform and content of the CAP

Organic farm of Sainte Yvière (France), located at 61570 Montmerrei, converted to organic farming in 2010. It is a family farm handled by the Avenel family which has on its 115 hectares some 100 cows.

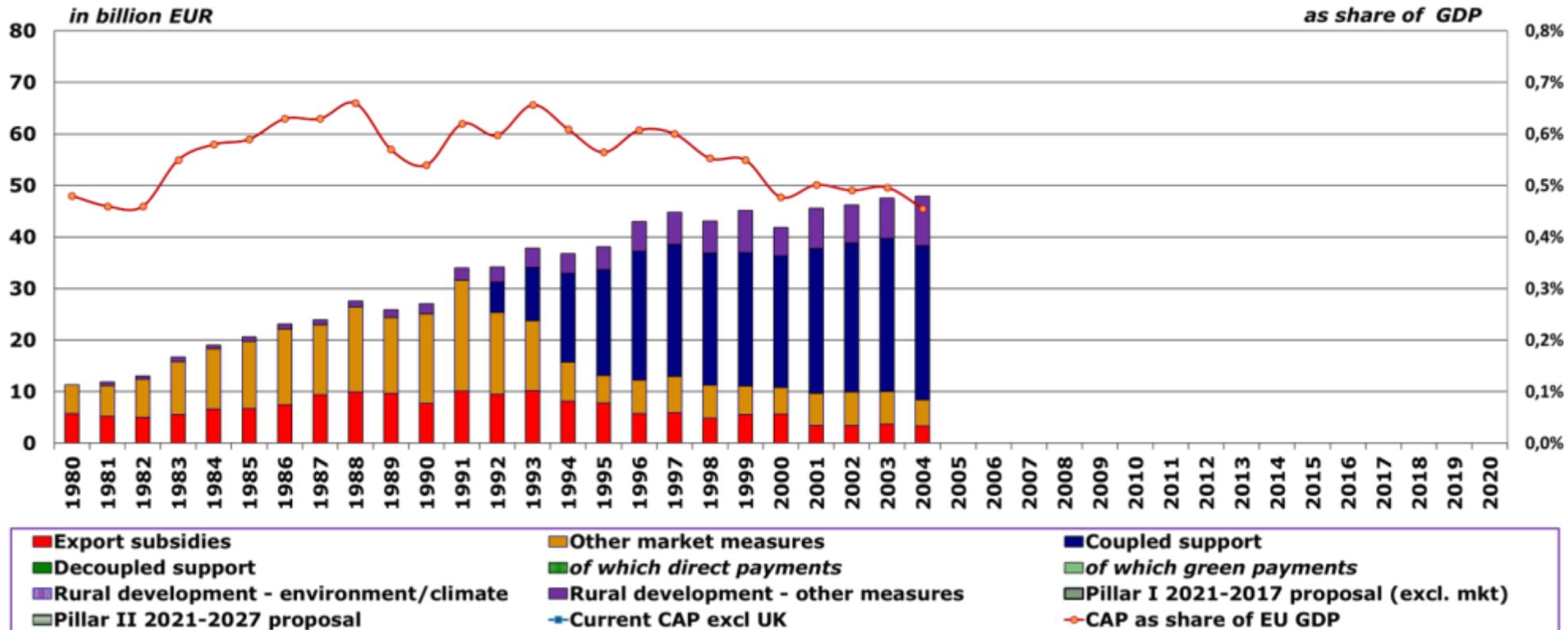
A Copernican revolution

The CAP gradually shifted from price support...



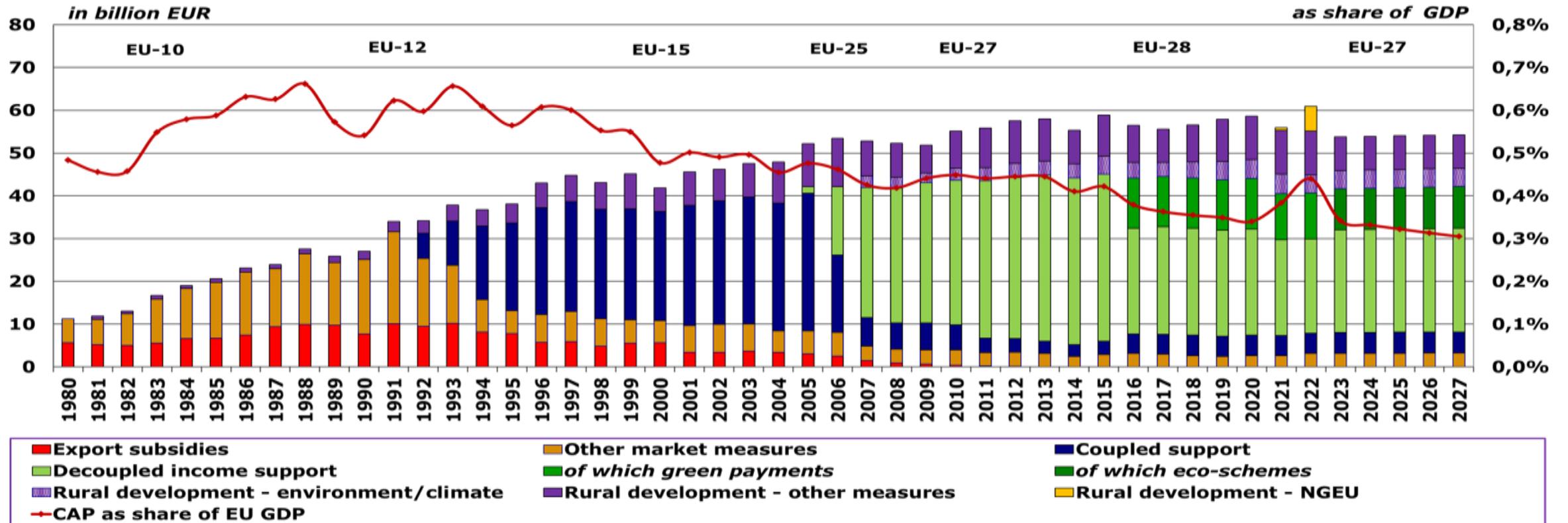
A Copernican revolution

...to coupled producer support...



A Copernican revolution

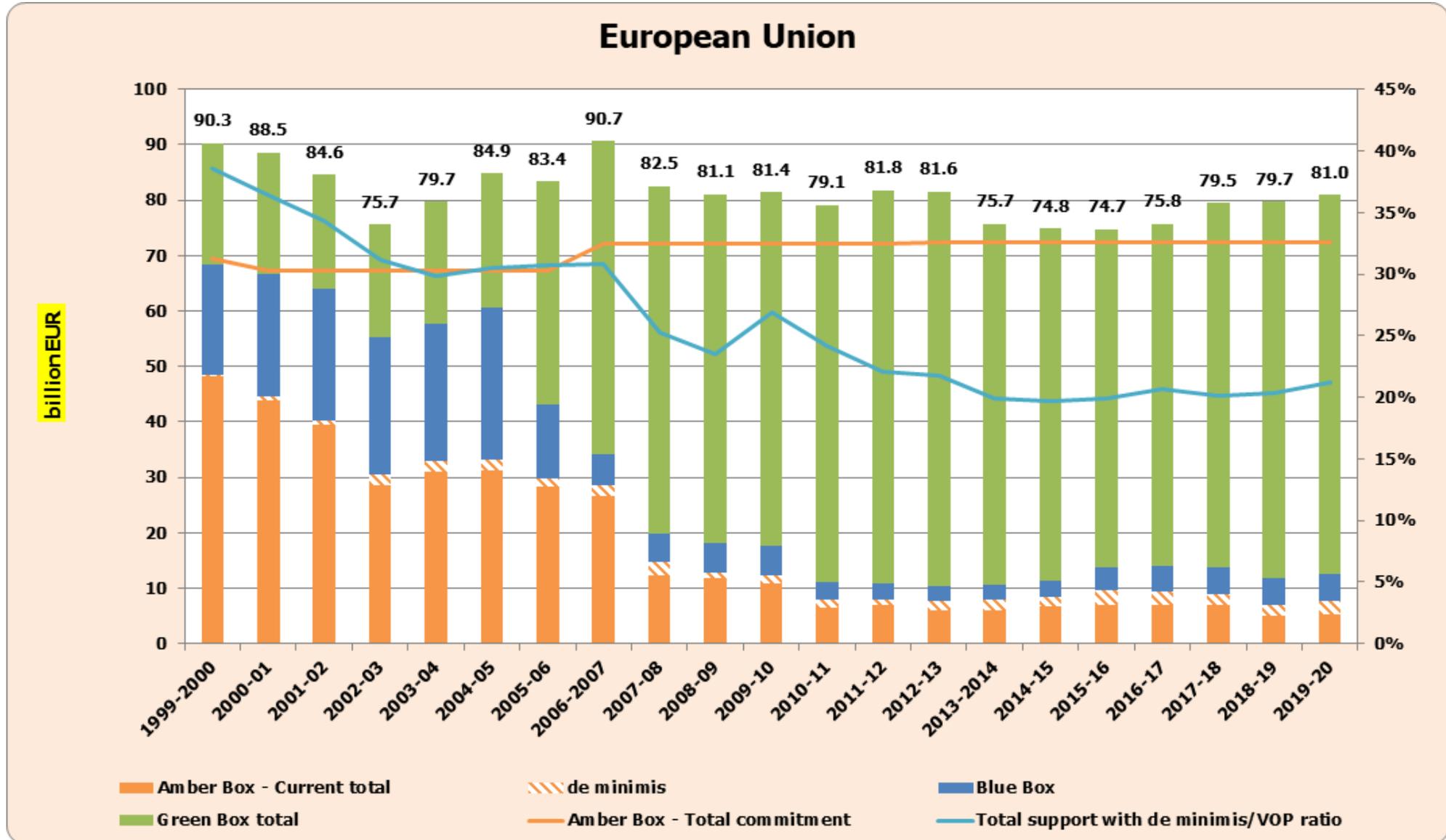
...and then to decoupled support



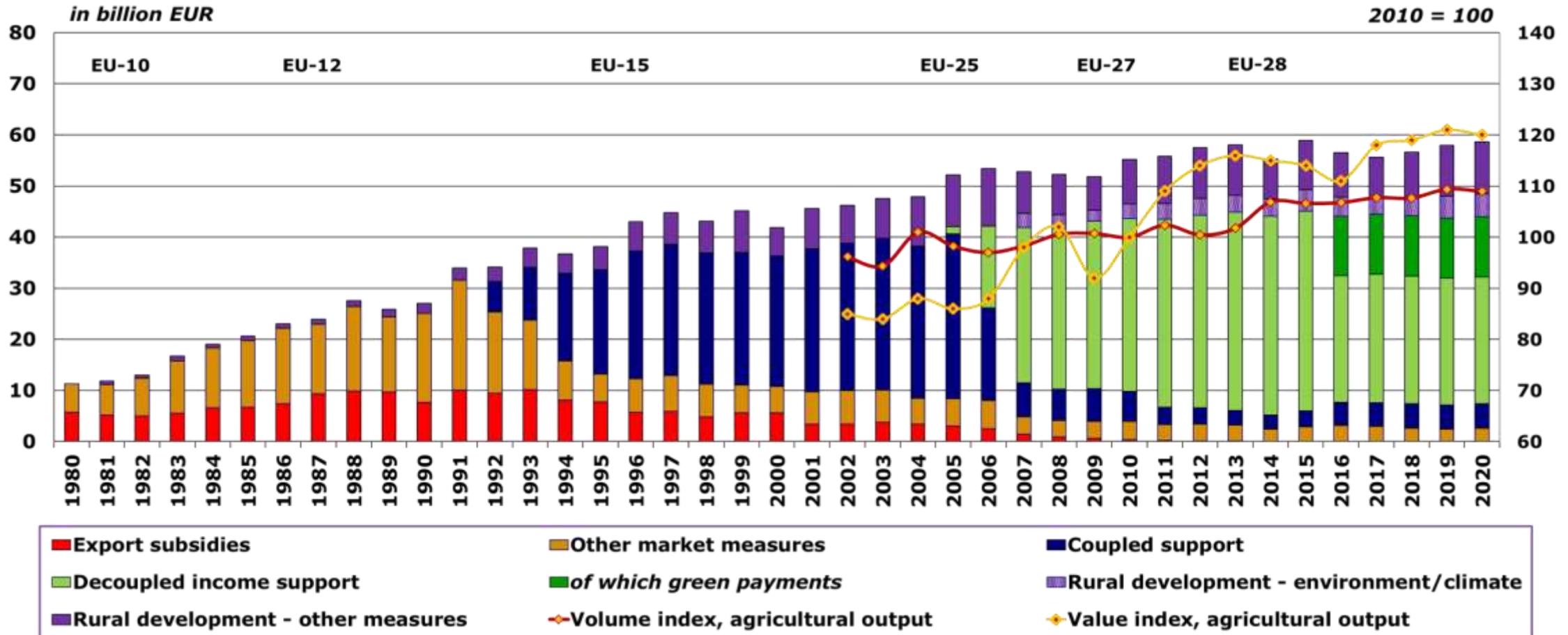
Source: EC-DG AGRI.

Note: Budget figures are in current prices, actual until 2020, budgeted for 2021, and programmed for 2022-2027, and based on the **21 July 2020 European Council Conclusions** for MFF 2021-2027.

85% of EU farm support falls into the WTO green box

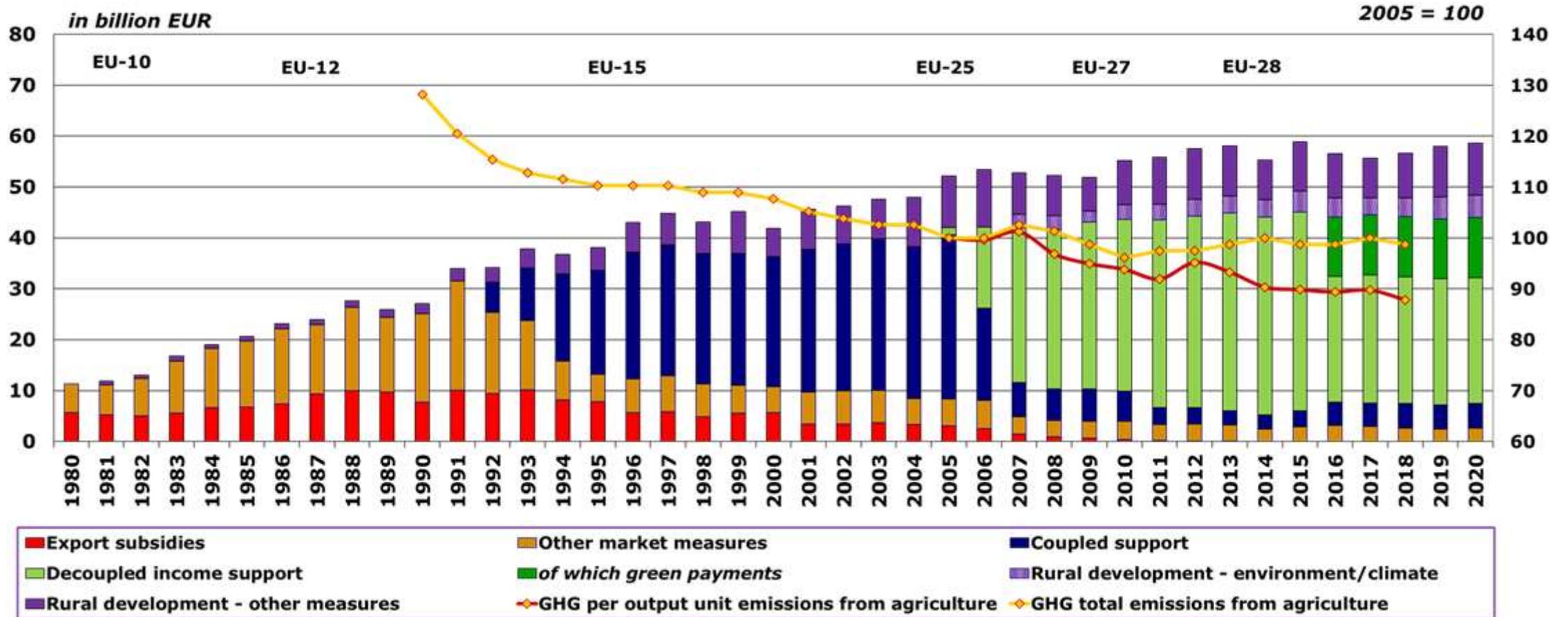


... The EU is the only worldwide producer with increases in agricultural output volume and value while ...



Source: EC-DG AGRI for budget figures in current prices. Output value and volume source is ESTAT.

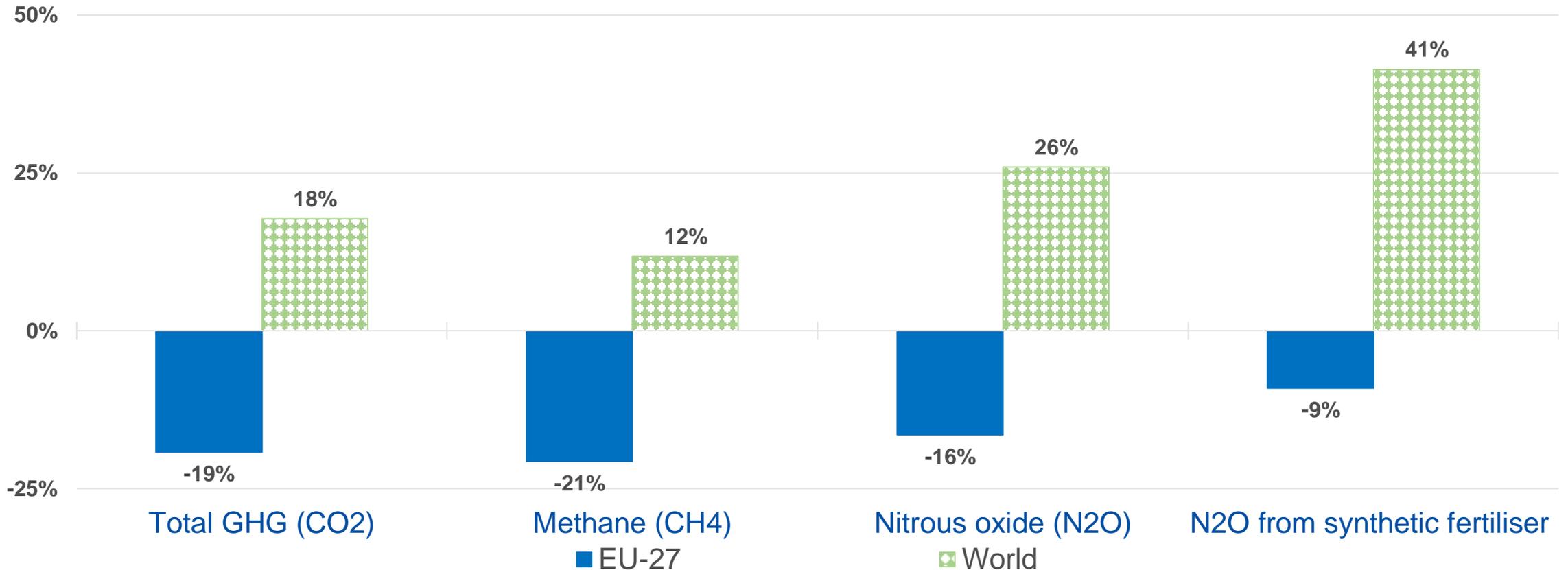
... at the same time reducing GHG emissions...



Source: EC-DG AGRI for budget figures in current prices. GHG emissions are based on CAP Indicator IMP_07, 1 000 t of CO2 equivalent.

EU trend of total emissions from agriculture in the global context

Change in total emissions from agriculture, and by source (2017/1990)

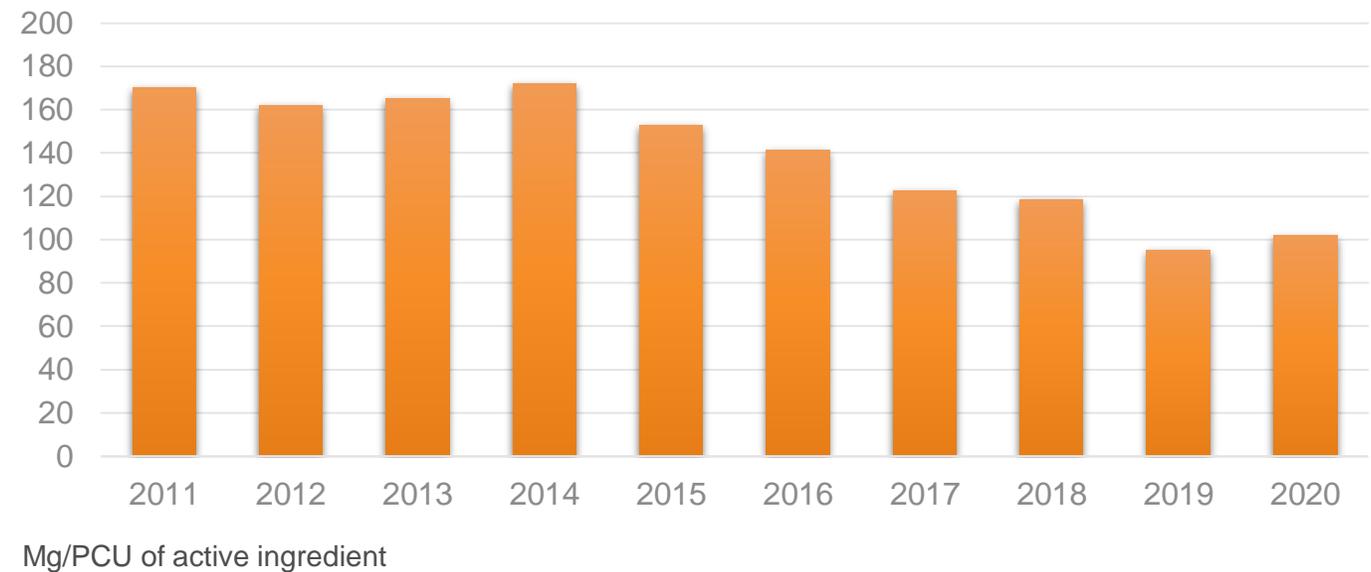


Source: DG AGRI based on FAOSTAT.

Decreasing trend in the sales of antimicrobial agents

- Antibiotic sales for animal production decreased by 40% between 2011 and 2020. However, there are large differences between Member States.
- Excessive and inappropriate use of antimicrobials in animal *and* human healthcare leads to an estimated 33.000 human deaths every year.
- New target by 2030: reduce sale of antimicrobials for farmed animals and in aquaculture by 50%.

Sales of veterinary antimicrobial agents marketed mainly for food-producing animal in the EU-27

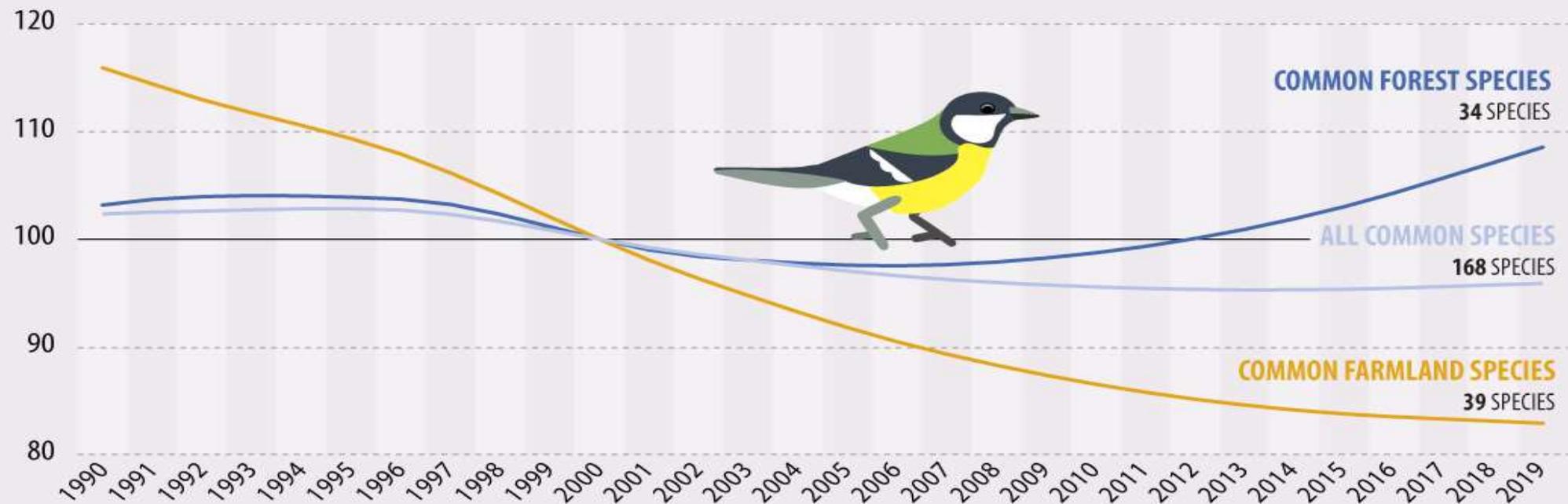


Source: European Surveillance of Veterinary Antimicrobial Consumption (ESVAC)

Environmental challenges: biodiversity loss on farmland

EU common bird indices, 1990 – 2019

(index 2000 = 100)



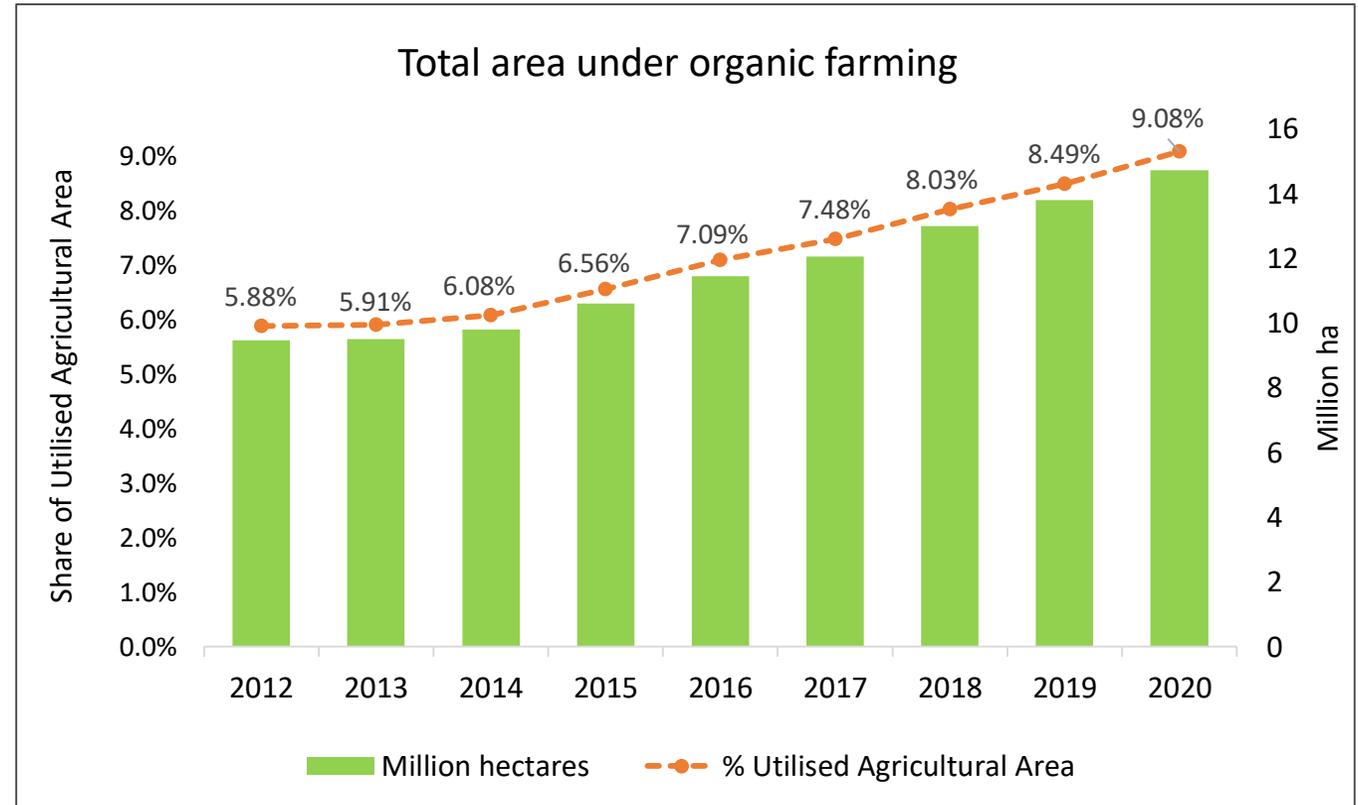
2018 - 2019 data: estimates

Sources: European Bird Census Council (EBCC); national BirdLife organisations;
Royal Society for the Protection of Birds (RSPB); Czech Society for Ornithology (CSO)

Positive trend in organic farming

- The total area under organic farming is increasing in the EU-27: around 14.7 million hectares in 2020* (9.1% of the total utilised agricultural area).
- Organic farming clearly produces benefits for biodiversity, soil and water, climate mitigation and animal welfare, while reducing the use of chemical pesticides and antimicrobials.

*Source: Eurostat (org_cropar)



Good CAP results on the environmental performance

- The CAP provides an extensive level of ‘**baseline protection**’ for the environment on more than 80% of the EU’s agricultural land.
- More targeted voluntary commitments going beyond this ‘baseline protection’ covered 15% of the EU’s agricultural land.
- CAP must align with the European Green Deal, Biodiversity and Farm to Fork strategies in order to contribute more to the higher climate ambitions outlined in the EU and international climate and environmental commitments.



Part II.

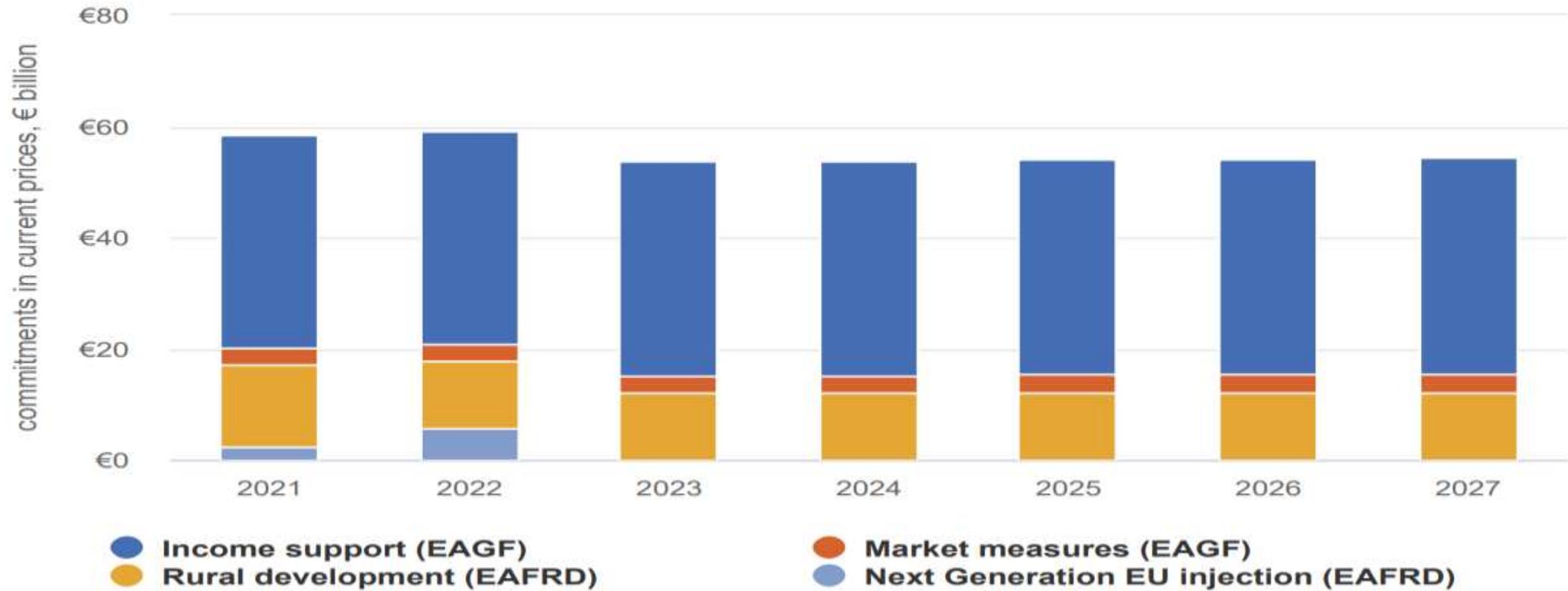
The environmental requirements under the CAP

An example of olive oil production, near Rome, where you can find in Canneto Sabino, "The ulivone", the largest and oldest olive tree in Europe

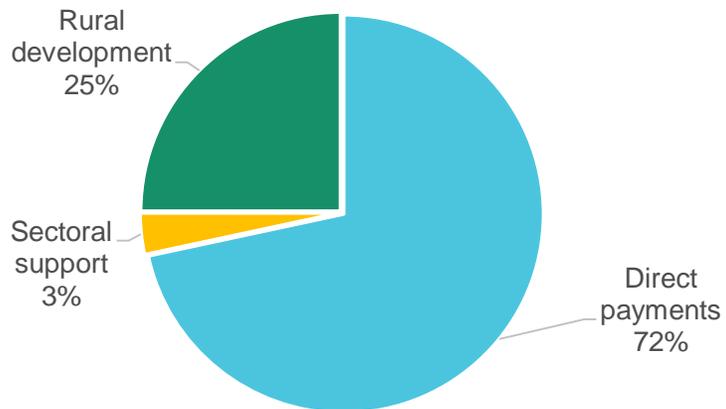
Income support remains the main CAP tool

CAP allocations, 2021-27

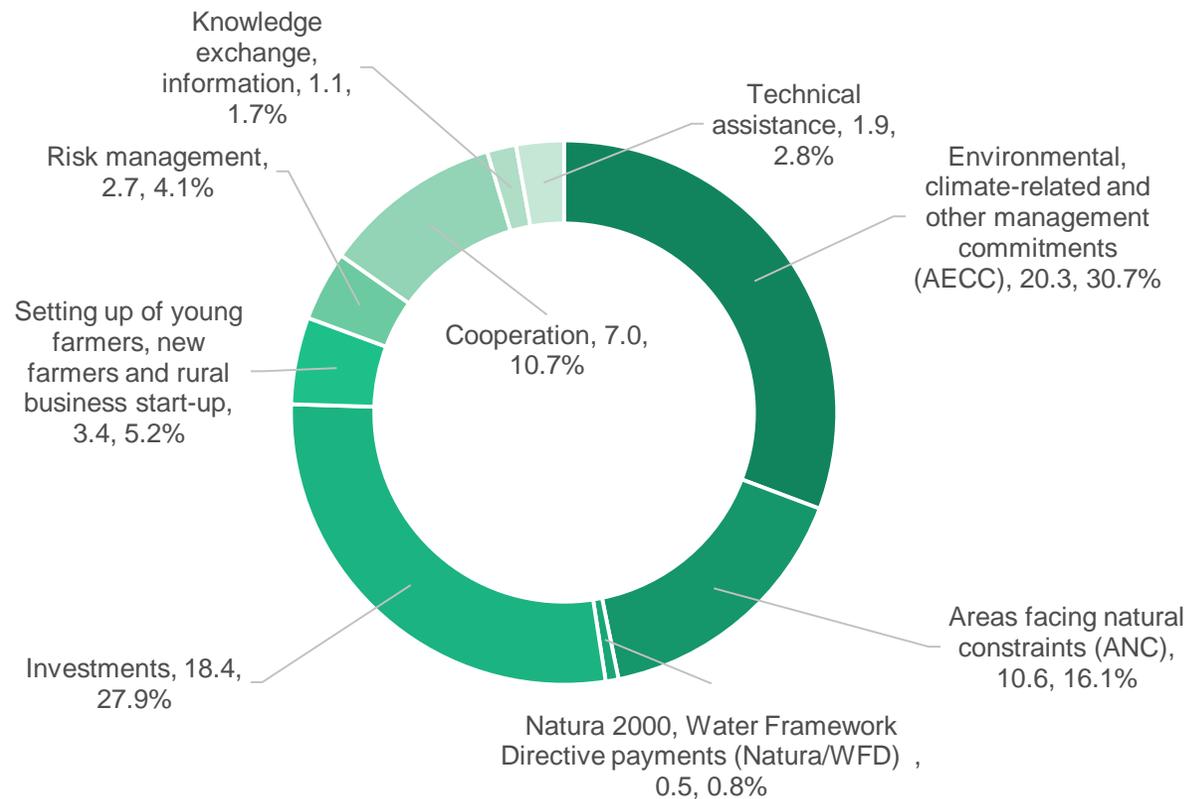
Source: European Commission



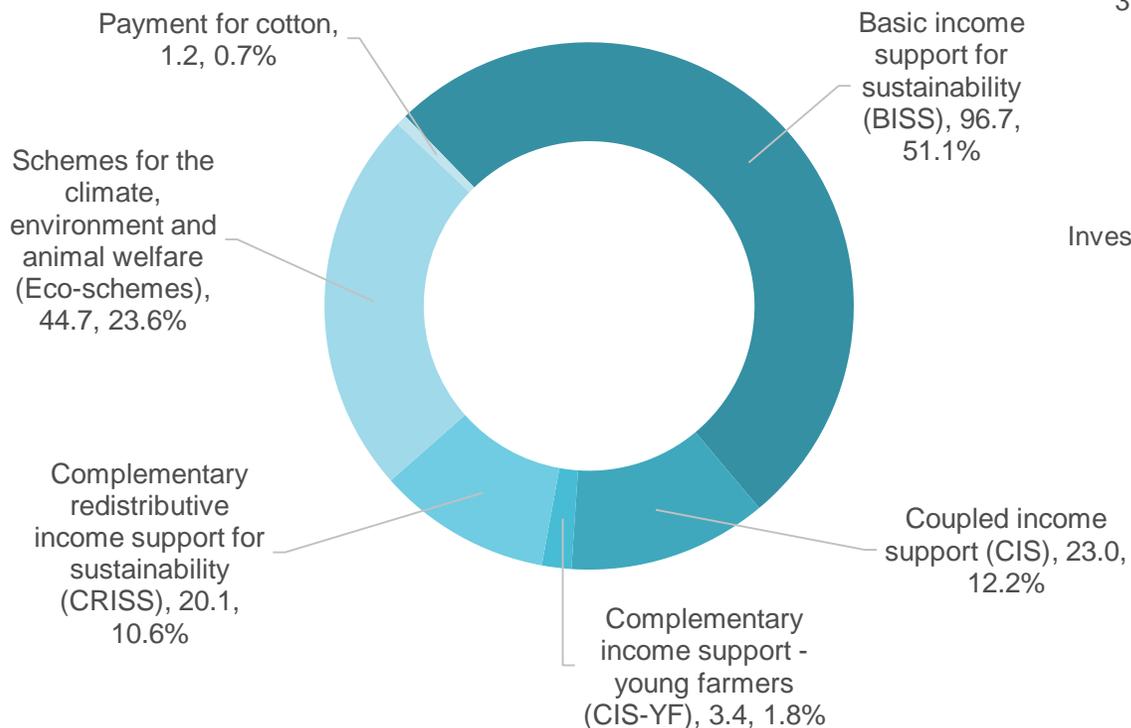
The EU CAP funds (EAGF/EAFRD) (%)



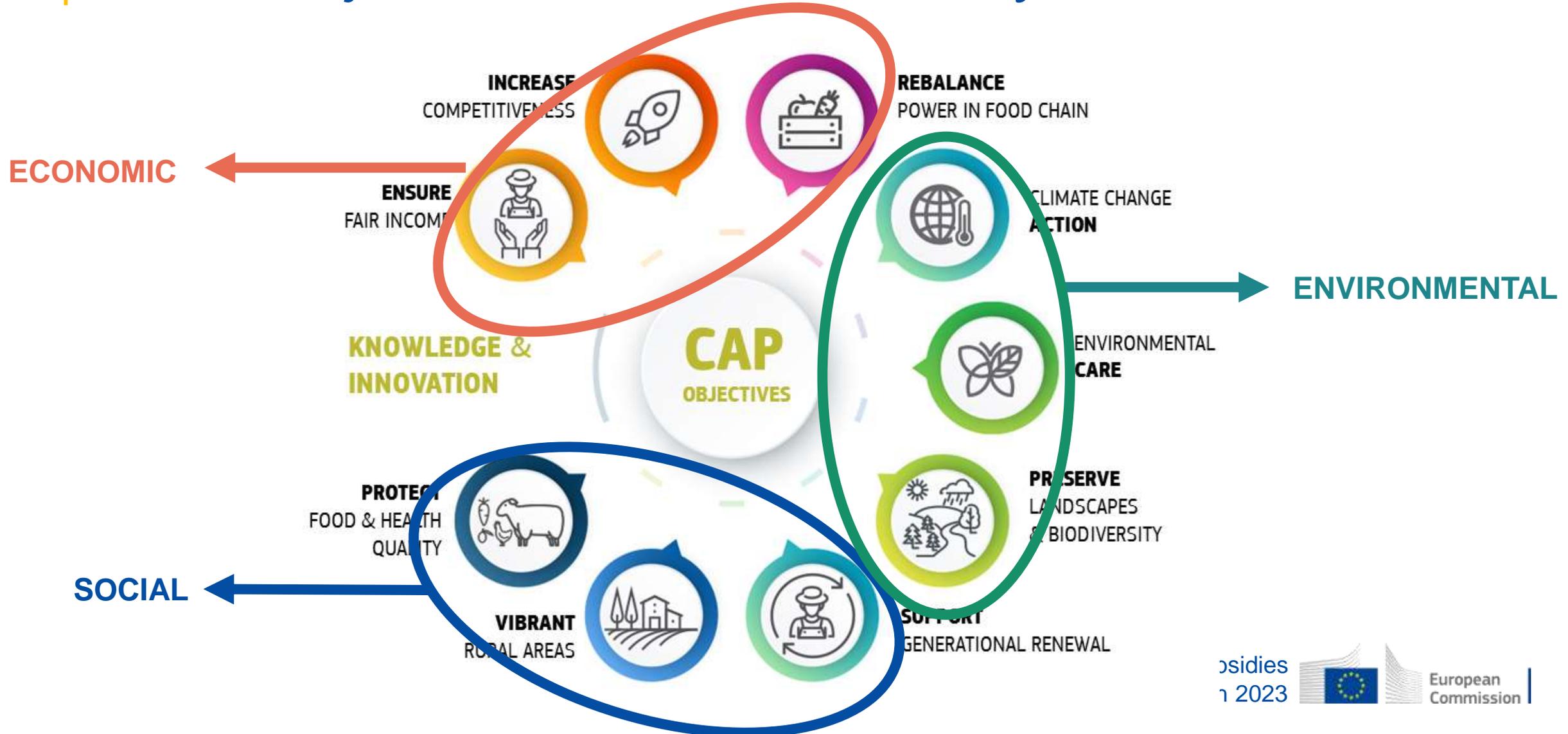
Rural development (EAFRD) (EUR billion, %)



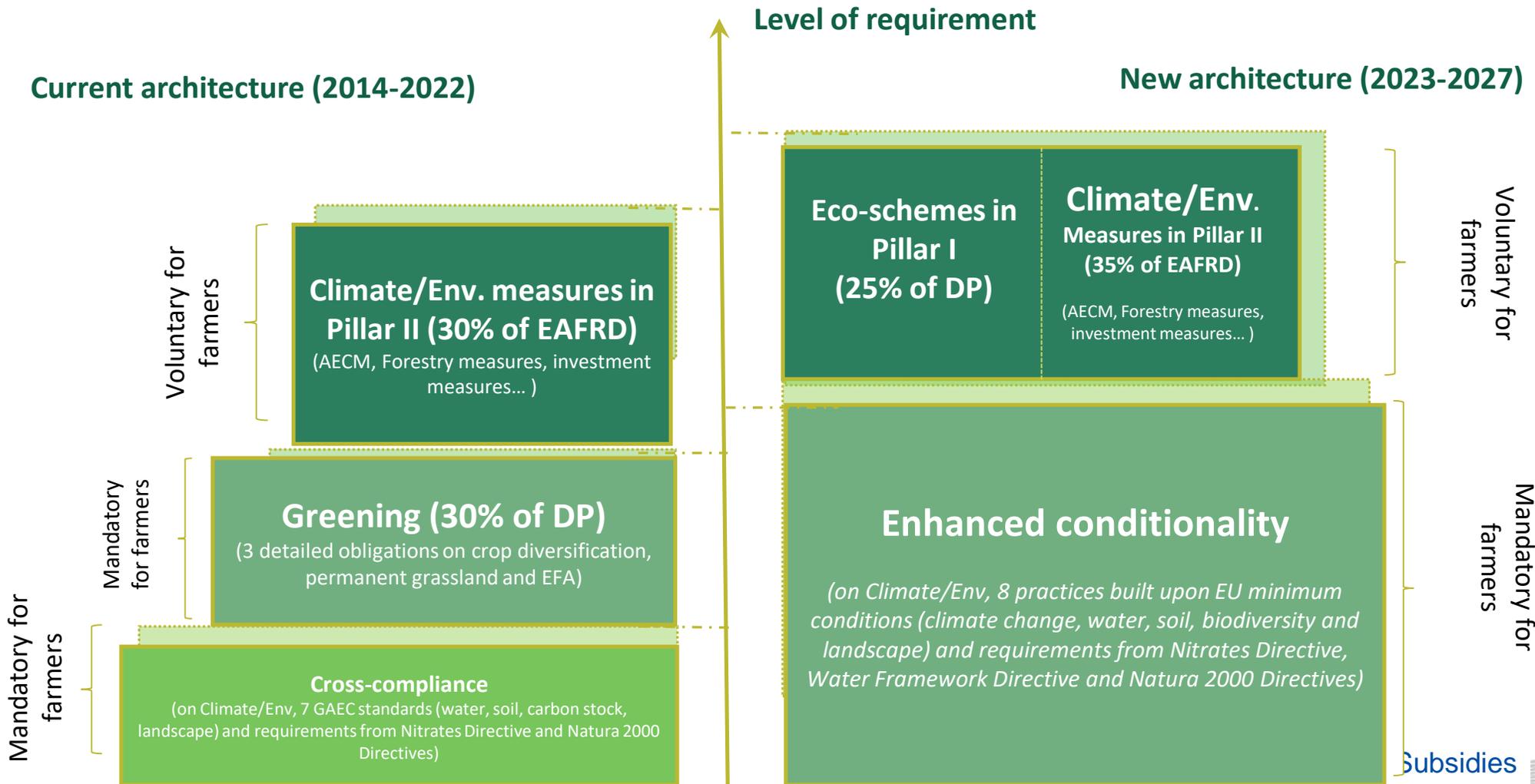
Direct payments (EAFG) (EUR billion, %)



CAP Objectives & sustainability dimensions



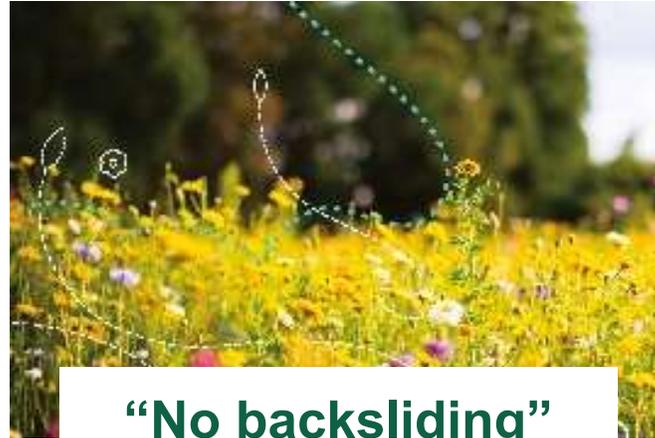
The new Green architecture



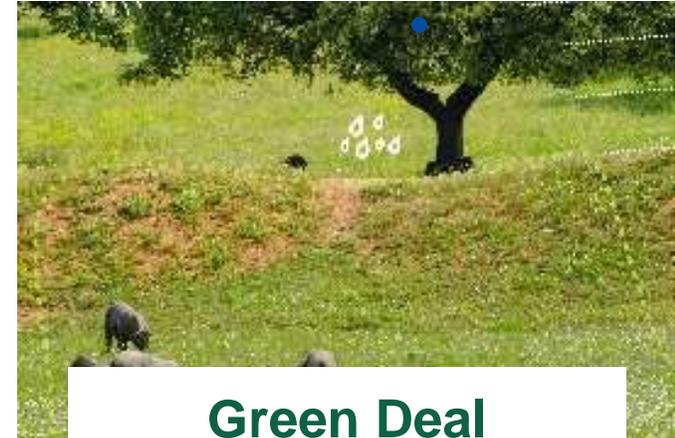
A greener CAP



**A needs-based,
targeted approach**
to addressing
environmental &
climate objectives



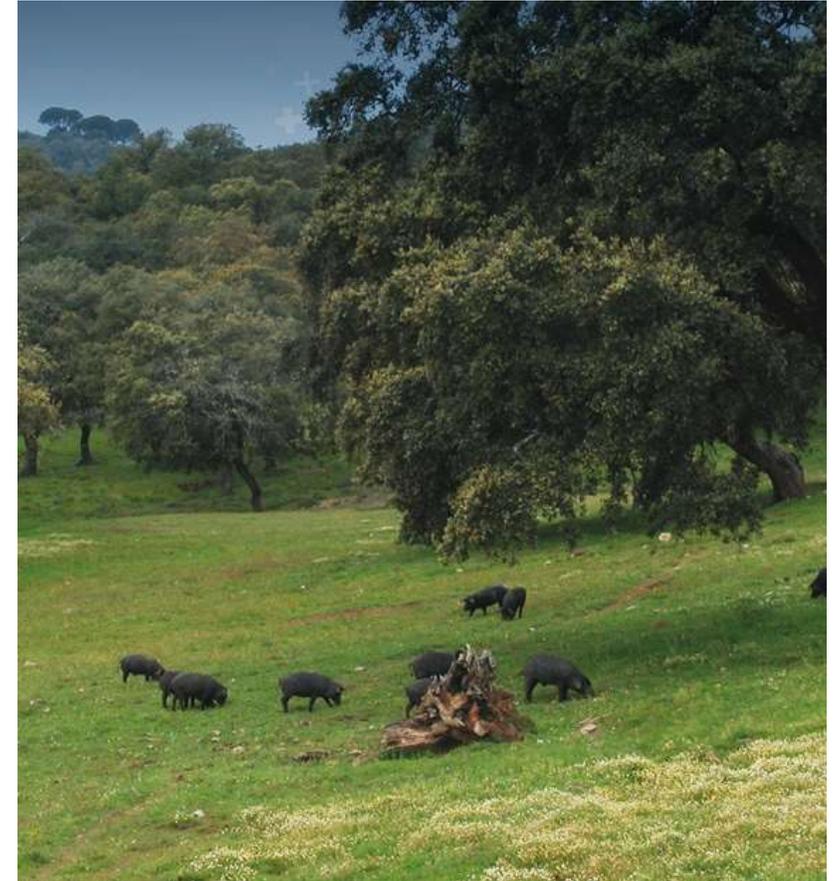
**“No backsliding”
clause**



**Green Deal
Alignment**

Enhanced Conditionality

- A strengthened system of “conditionality with **wider coverage**, integrating the current greening
- **New requirements** (for example a new obligation to protect wetlands and peatlands)
- **Improvements to existing requirements**
- But also... removal of certain provisions (e.g. animal identification)



Eco-schemes

- Voluntary tools to be offered by Member States to farmers
- **Min. 25% of direct payments budget**, coupled with a “rebate system”
- 2 year “learning period” (with a “floor system”)
- Annual or multi-annual commitments
- Support many types of voluntary action going beyond conditionality and other relevant obligations – e.g. practices related to better nutrient management, agro-ecology and carbon farming

Support for rural development

- **A simplified menu:** current 20 rural development “measures” and 64 “sub-measures” will be streamlined into eight broad “types of intervention”
- **Rural development** support will continue to cover environment- and climate-friendly land management animal welfare, compensation for disadvantages, investments, knowledge-building, innovation and co-operation.
- **Minimum mandatory expenditure for environment and climate:** 35% of the EAFRD with support for ANC weighted at 50%



Farming practices supported under CAP (indicative)

- **Sustainable fertilisation practices**
- **Agroforestry**
- **Organic farming systems**
- **Soil amendment practices**
- **Pesticide reduction strategies**
- **Landscape features**
- **Fallowing**
- **Manure management techniques**
- **Livestock housing techniques**
- **Livestock dietary manipulation techniques**
- **Intercropping**
- **Crop rotation**
- **Grassland**
- **Cover and catch crops**
- **No tillage and reduced tillage**

Green Deal alignment

Three mechanisms to align the CAP Strategic plans to the ambition foreseen in the Green Deal:

- Assessment of the CAP Strategic Plans
- Alignment to changes of the climate and environmental legislation
 - Compulsory assessment and eventual modification of the CAP Strategic Plans
- Reporting mechanisms by the Commission:
 - In 2023: to assess the joint efforts of all the CAP Plans in a collective way
 - In 2025: Commission report with possibility to issue recommendations to the MS

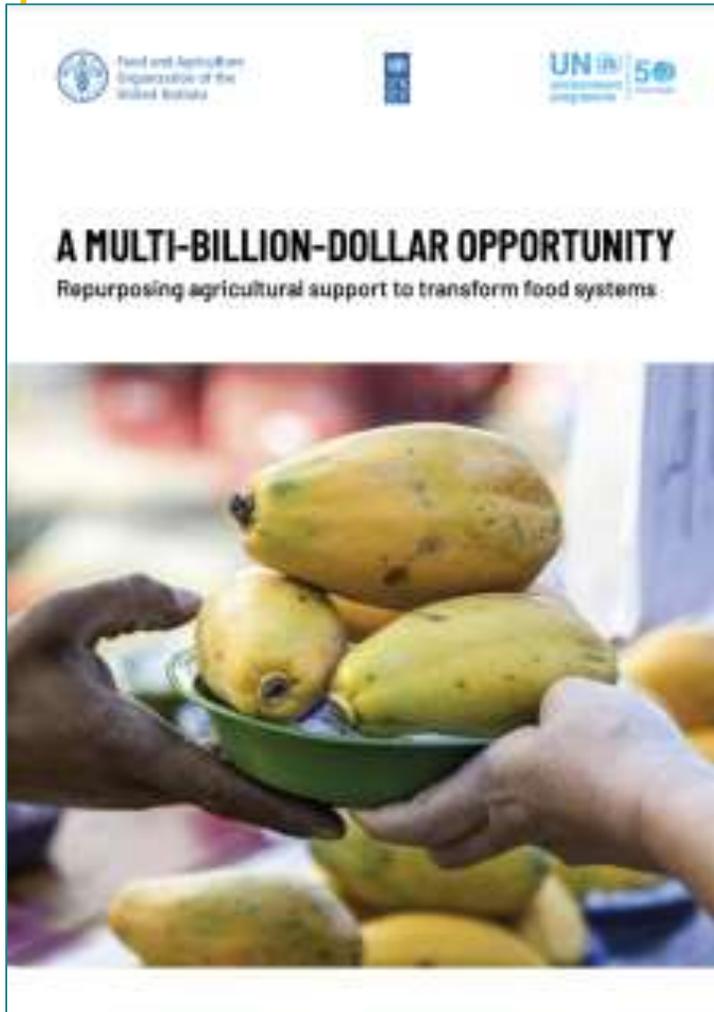


Part III.

The debate about agricultural subsidies

The Westhof Bio farm, in Friedrichsgabekoog, is owned by the Carstens family since 1972. The core business is to achieve sustainable projects including production and marketing of renewable energy.

There is more work to do.....



OECD publishing

Please cite this paper as:

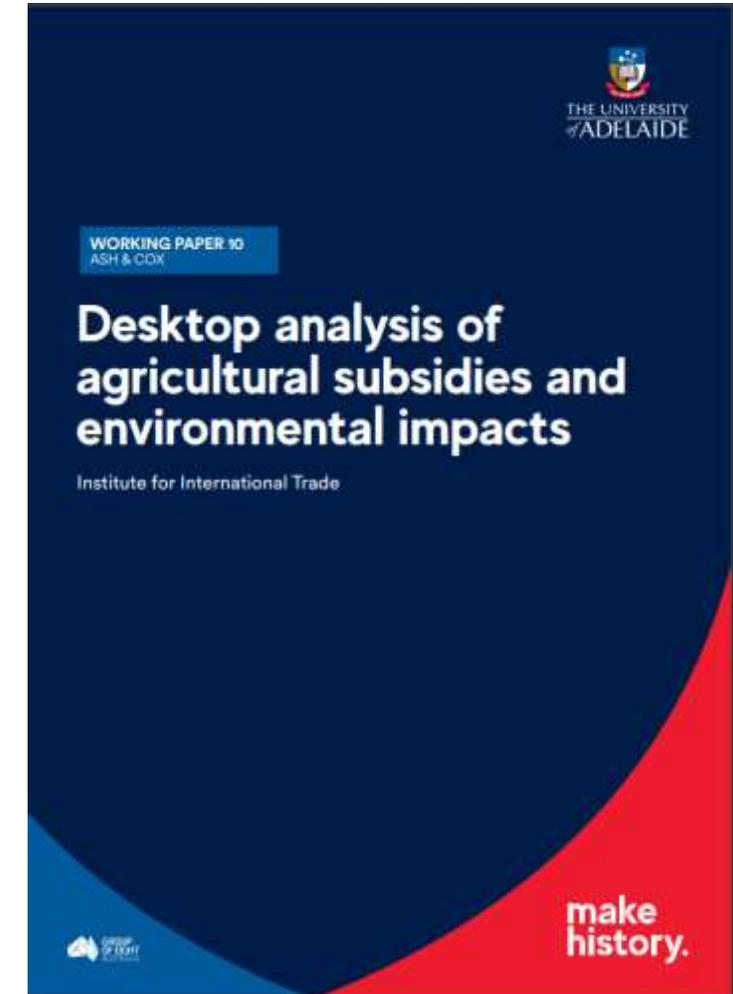
Henderson, B. and J. Lankoski (2019-05-13), "Evaluating the environmental impact of agricultural policies", *OECD Food, Agriculture and Fisheries Papers*, No. 130, OECD Publishing, Paris.
<http://dx.doi.org/10.1787/add0f27c-en>



OECD Food, Agriculture and Fisheries
Papers No. 130

Evaluating the environmental impact of agricultural policies

Ben Henderson
Jussi Lankoski



How to measure the environmental impact of agricultural subsidies?

- Can the OECD Producer Support Estimate (PSE) concept help us?
- “Greening” of the PSE exercise: a 2019 paper on “Evaluating the environmental impact of agricultural policies” graded “potentially environmentally harmful” payments
- Decoupled payments were considered “least environmentally harmful”
- Market price support & payments based on unconstrained variable input use were dubbed “potentially most environmentally harmful”
- Coupled payments based on current crop area or on animal numbers, were more “equivocal”
- Can we green the WTO commitments or do we need new commitments?

Challenges and way forward

- Existing indicators not always sufficient to measure the impact.
- Need solid impact indicators with good level of geographical detail. This should be a multilateral effort.
- In WTO and other international bodies (G20, OECD, FAO etc.) there is need to discuss the trade and environmental impact, also in the context of ensuring current and future food security.
- Transparency from many Members is needed for an informed debate. CTE and TESSD can be useful fora.
- The goal should be green transformation of policies and resilience building for the future towards sustainable food systems.



THANK YOU!

[Environmental sustainability \(europa.eu\)](https://europa.eu)

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