



European
Commission

Working with Parliament and Council to make the **CAP** reform fit for the European Green Deal

November 2020
#EUGreenDeal

The **new, reformed Common Agricultural Policy (CAP)**, as proposed by the Commission in 2018, should be key to **helping the European Union achieving the objectives of the European Green Deal**. It should incentivise, empower and support European farmers, helping them to contribute more decisively to tackling climate change, protecting the environment and moving to more sustainable and resilient food systems.

The European Council and the European Parliament have now agreed to allocate **as much as EUR 387 billion over seven years for the new CAP**. These funds will support farmers to meet the challenges of the Green Deal. They have also agreed that 30% of the overall spending of the EU budget including Next Generation EU must contribute towards climate objectives. To reach this objective, 40% of CAP expenditure must be dedicated towards these objectives.

The Commission proposal...

- is built on a thorough impact assessment. It **combines all the elements that are essential for achieving the sustainable farming practices that can deliver the Green deal objectives**. The Commission's proposal is also geared to generating economic opportunities for farmers and to improving their position in the food supply chain.
- includes a blend of **voluntary and mandatory measures beneficial for environment and climate, better linking support for farm income and rural areas to the take-up of sustainable models and practices**, as well as a range of actions to boost knowledge, innovation and (digital) technology in support of this ambition.

What is the state of play?

- The Commission concluded in May 2020 that **the new CAP proposal is up to the task of delivering** the Green Deal objectives in relation to agriculture, **provided the European Parliament and the Council maintain the ambition** and strengthen certain key elements of the proposals in order to align them with the Farm to Fork and Biodiversity Strategies¹. This included in particular the need to achieve a minimum level of expenditure on eco-schemes².
- **The Council and the European Parliament will decide on the future CAP.** They established their negotiating positions in October. Both support key aspects of the Commission proposals, but also significantly amended important elements of the new 'green architecture' proposed by the Commission.

The Commission remains fully committed to a reformed CAP delivering the Green Deal objectives. As Executive Vice-President Frans Timmermans and Commissioner for Agriculture Janusz Wojciechowski will engage in support of finalising the negotiations, the Commission set-up a dedicated task force from officials across Commission departments and Commissioners' Cabinets to ensure a whole of government approach and provide all necessary support for an ambitious outcome. This is a clear sign that the CAP is a Green Deal policy.

This factsheet presents, based on available evidence, the main reasons why, in the Commission's view, **certain aspects of the positions of the legislator do not match with the shared objective that the new CAP delivers on the Green deal objectives.** The Commission calls on the co-legislators and offers its support in teaming-up towards securing a swift agreement on a far greener reformed CAP. The new CAP has to be fit for purpose in its ambition to put the agricultural sector on a track of greater sustainability and resilience.

1 COM(2020) 381 final of 20.5.2020 and COM(2020) 380 final of 20.5.2020.

2 SWD(2020) 93 final of 20.5.2020.

ESSENTIAL ELEMENTS OF THE COMMISSION PROPOSAL

Fundamental elements of the 2018 Commission's proposal relate to the need to aim higher with regard to the environment and climate, i.e.:



Eco-schemes will unlock new funding and additional incentives for climate- and environment-friendly farming practices. The Commission proposed these schemes as mandatory for Member States (without an earmarked budgetary envelope) and voluntary for farmers. These schemes can for example finance organic farming, agro-ecological practices, precision farming, agro-forestry or carbon farming.



The mandatory nature of eco-schemes for Member States has been confirmed by Council and European Parliament



The European Parliament has earmarked at least 30% of direct support to eco-schemes. The Council at least 20%.



Council and European Parliament want flexibility in implementing the above indicated minimum level of spending on eco-schemes. Whilst some elements of flexibility can prove useful, other proposed aspects risk undermining effective expenditure on environment and climate under these schemes, because they would allow resources for environment and climate to be re-allocated to other payments under the first pillar, resulting in a lower impact on climate and environment.

The Commission will support securing a sufficiently high budget for meaningful eco-schemes, without flexibility that would undermine the objectives of the Green Deal.

Possible budget for eco-schemes in billion EUR (2023-2027)

EP position (>30% for eco-schemes)

58.1 billion EUR

Council position (>20% for eco-schemes)

38.7 billion EUR



Eco schemes and rural development interventions can be used to support to increase the organic farming area to **25%** of agricultural area across the EU in 2030.



No backsliding: explicit legal obligation on Member States for greater overall ambition on environment and climate in their future CAP Strategic Plans than is the case today.



The Parliament and the Council have maintained this principle unaltered

The Commission will continue to support this principle.



Environmental and climate legislation integrated: explicit legal link between CAP Strategic Plans and certain EU laws on environment and climate.



The Parliament and the Council have maintained this principle unaltered

The Commission will continue to support this principle.



Enhanced conditionality with more, and more ambitious basic requirements. This ‘enhanced conditionality’ means farmers receiving income support (currently around 6.1 million farmers) must fulfil environment- and climate-friendly requirements and standards. This proposed conditionality is stricter than the current systems of cross-compliance and ‘greening’ and sets a higher baseline for eco-schemes and agri-environment-climate measures.



Council and Parliament lower basic requirements, putting at risk the capacity of the CAP to tackle climate change and protect the environment as well as the CAP contribution to the European Council 30% climate expenditure target.

The Commission will support maintaining the ambition of conditionality and aim for dedicating 10% of agricultural land to high-diversity landscape features, as set out in the Biodiversity Strategy. Conditionality should adequately protect wetlands and peatlands.

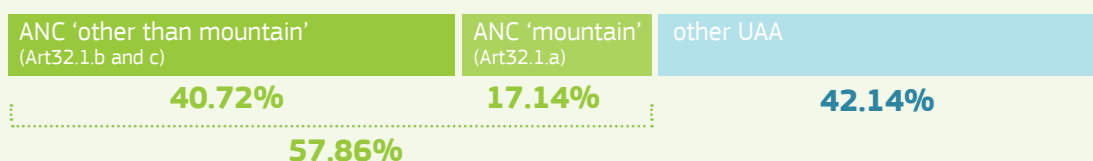


Agri-environment-climate measures and investments under rural development support aim to enhance ecosystems, promote resource efficiency, and help us move towards a low carbon, climate-resilient economy. At least 30% of rural development expenditure must be dedicated to environment and climate.



The Parliament and the Council include (part of) income support for so-called “Areas with Natural Constraints” (ANC) under the 30% ring-fencing for climate and environment in the rural development budget. However, ANC support does not specifically target climate and environment. Such an inclusion therefore reduces the potential budget for actual measures aiming at climate and environment improvement.

Areas facing natural and other specific constraints (ANC) in EU-27 (as % of UAA)



The Commission will support more ambitious funding for climate and environment within the rural development budget.



Climate spending. The Commission has proposed that at least 40% of the agricultural and rural development budget contributes to climate targets. To reach this, each action is categorised according to how significantly it contributes to the fight against climate change. **Eco-schemes, agri-environment-climate interventions and basic requirements are all key to mitigating greenhouse gas emissions and enhancing carbon sinks.** The following basic requirements are particularly important:

- **Appropriate protection of wetland and peatland** is necessary to protect carbon-rich soils.
- **Maintenance of permanent grassland** based on a ratio of permanent grassland in relation to agricultural area is a safeguard against conversion to other agricultural uses which otherwise release the stored carbon.
- **A ban on burning arable stubble** maintains soil organic matter.



Parliament and Council proposals would result in a weakening and risk delaying conditionality requirements, hence reducing the requirements for climate change mitigation by the agricultural sector. This may require reassessing the contribution of agricultural spending to climate action.

To uphold the Parliament’s and the Council’s commitment that 30% of EU budget has to be dedicated to climate, the Commission will support making the 40% climate spending in CAP obligatory and the expenditure counted towards that target transparent and meaningful.

- **European Innovation Partnership** for agricultural productivity and sustainability is key in helping farmers adopt and use research findings and innovation.



The Parliament and the Council have maintained this provision

The Commission will continue to support this principle.

- **Agricultural Knowledge and Innovation Systems** will draw on a broader range of economic and environmental data to deliver up-to-date technological and scientific information to advise farmers.



The Parliament and the Council have maintained this provision

The Commission will continue to support this principle.

- **Performance framework of the CAP Plans.** It must be a credible and robust system to systematically monitor and steer the plans in the agreed direction.



The Council proposes to limit the performance review to 2025 and 2027 on a much-reduced set of indicators, not covering all interventions or full expenditure. Weakening the ability to keep track of performance would fragilise our ability to achieve tangible results.

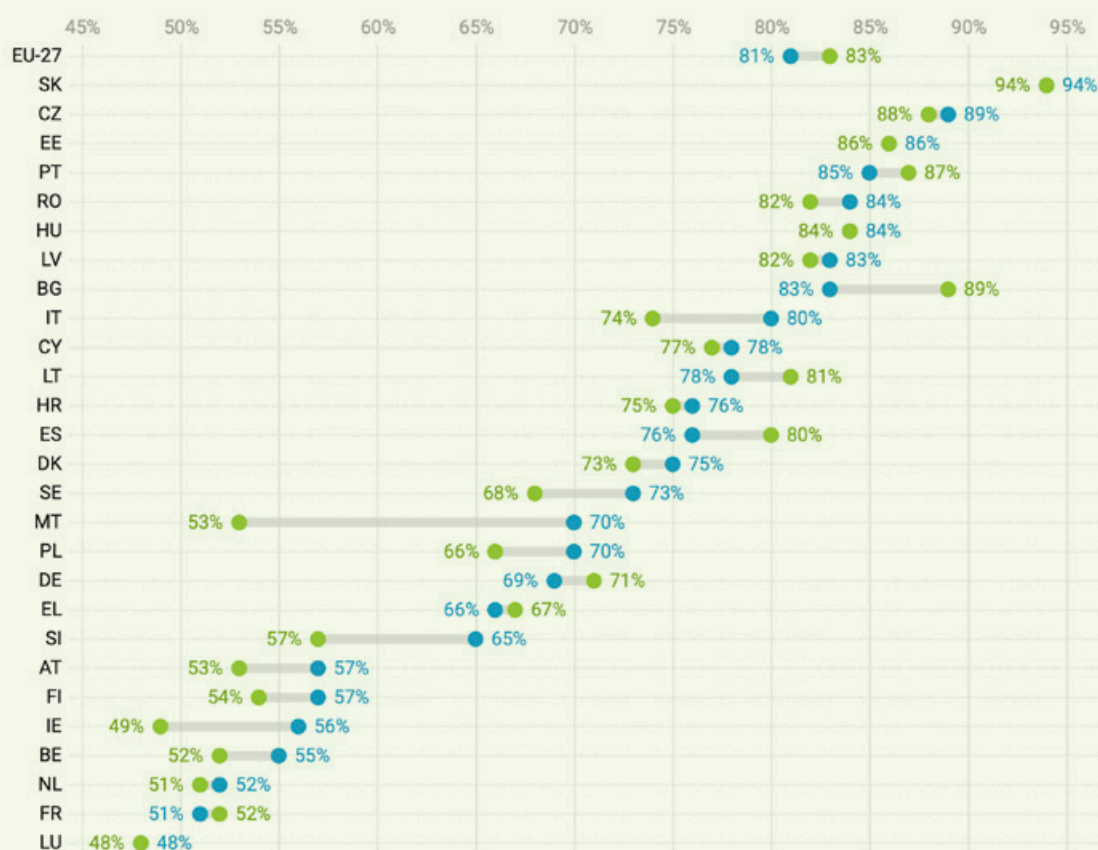
The Commission will support accountability and transparency of a CAP focussed on measureable performance, particularly as regards the Green Deal objectives.

- **Distribution of income support.** Currently, at least 80% of CAP payments go to less than 20% of beneficiaries. The Commission proposed that no beneficiary can receive more than EUR 100 000 per year (capping)

Share of direct payments and land covered by 20% of beneficiaries by Member State in 2018

■ % of direct payments received by the 20% biggest beneficiaries (in amount)

■ % of agricultural area hold by the 20% biggest farmers (in size)



- ☐ *The European Council decided to make capping voluntary, which may result in status quo.*
- ✓ *The European Parliament supports key elements of the Commission proposals on capping of payments.*
- ☐ *The Parliament decided to ring-fence 60% of direct support basic income support, coupled support, the redistributive payment and specific sectoral interventions. This may limit possibilities for more ambitious Member States to allocate a larger share of direct support to e.g. eco-schemes.*

**The Commission will support a fair distribution of support to all farmers.
Graph on distribution of direct support (80/20) in preparation.**

- **Supporting genuine farmers.** The Commission proposed to target income support to those farmers who depend on farming to earn their living by excluding those whose agricultural activity is an insignificant part of their overall economic activities.
- ✓ *The European Parliament broadly maintained the principle proposed by the Commission.*
- ☐ *The Council makes application of a provision to target support to genuine farmers optional for Member States.*

The Commission will support direct support targeted to genuine farmers.

- **Contribution of the CAP to the Farm to Fork and Biodiversity Strategies.** The 2018 Commission proposals provide the appropriate framework to support the implementation of the ambitions of the European Green Deal and its associated strategies such as the Farm to Fork Strategy and the Biodiversity Strategy.³ The sustainability of future EU food systems is rooted in farmers' ability to deliver on these strategies. The CAP can make a substantial contribution to the targets set out in these Strategies, if the Member States' strategic plans will reflect the targets. The Commission will therefore verify coherence of the Strategic Plans with the Green Deal targets as well as monitor progress towards these targets through the proposed evaluation framework for the CAP.
- ✓ *The Parliament proposes several elements designed to ensure that the implementation of the CAP Strategic Plans contribute to the Green Deal objectives.*

The Commission will support progress towards a substantial contribution of the CAP to the Strategies in order to ensure a transition to sustainable agriculture.

HOW INSUFFICIENTLY AMBITIOUS CONDITIONALITY REQUIREMENTS WOULD FALL SHORT OF THE PLEDGE TO ACHIEVE A GREENER CAP:



BIODIVERSITY

Investments in biodiversity are key to maintain our future livelihood and improve resilience against climate change. A precondition for more biodiversity on farmland is the creation of refuges in the form of hedges, trees, ponds and other landscape features. All farmers are concerned with the preservation of biodiversity.



Expanding landscape features and “non-productive” areas for biodiversity as a basic requirement for support should lead to real change in the service of biodiversity, not simply be a near-photocopy of the status-quo. It should apply to all agricultural land, require an ambitious minimum share of area and lead to high diversity areas that effectively contribute to reversing loss of biodiversity.

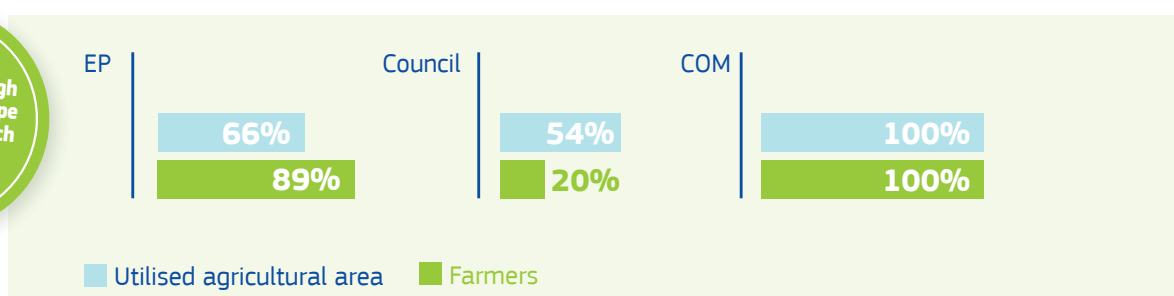


The European Parliament proposes this basic requirement should only apply to arable land. This would mean that only 66% of agricultural land and 89% of farmers receiving direct support are covered. Moreover, it allows also productive areas to be accounted for, weakening its beneficial effect on biodiversity.



The Council proposes this conditionality requirement only for arable land and exempts small farms (<10 ha of arable land) as well as exemptions linked to grassland and forest. This would mean that only 54 % of agricultural land and 20 % of farmers receiving direct support are covered. Moreover, it allows also productive areas to be accounted for, weakening its beneficial effect on biodiversity.

Impact of positions on the area for requirement on landscape features and non-productive areas





SOIL

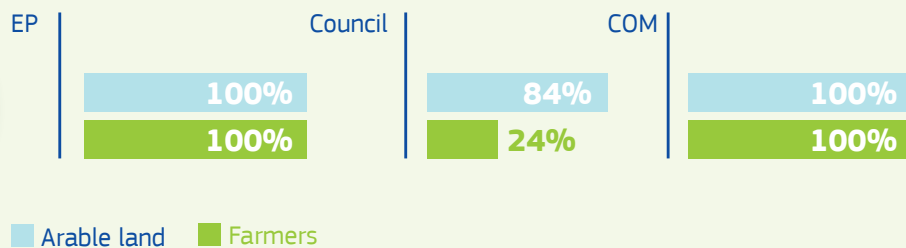
Soil is the basis for agricultural production and needs better protection. The Commission has proposed basic requirements to limit erosion, protect soils and preserve soil potential, including especially crop rotation.

- The Council proposes to exempt small farms (< 10 ha of arable land) from crop rotation. This would mean that only 84 % of arable land and 24 % of farmers receiving direct support are covered. Moreover, the Council adds practices that reduce the ambition of this standard, bringing it close to state of play.



The European Parliament largely agrees with the European Commission to cover all arable land.

Impact of position on area for crop rotation



WATER

Farmers, as any other users of land and water, shall respect EU law, notably the nitrates directive and the Water Framework Directive. This is essential for protection of river courses against pollution, for sustainable management of nutrients (avoiding run-offs) and avoiding increasing irrigation in areas marked by water scarcity. The proposal for a Farm Sustainability Tool for Nutrients to be made available to farmers is particularly important to help farmers sustainably manage their nutrient cycle and comply with legal obligations.

- The Parliament and the Council remove the requirement for a Farm Sustainability Tool for Nutrients as a basic requirement for support, to the detriment of improving water quality.



ANIMAL HEALTH AND BIOSECURITY

The Covid-19 pandemic has reminded us of the importance of biosecurity. A sustainable farm and food system must effectively manage risks of critical events in animal health and food safety. Precise identification of farm animals is the cornerstone to ensure public and animal health. Farmers not respecting basic requirements on animal identification are penalised under current rules (cross-compliance). This should continue to be the case.

- Parliament and Council risk undermining effectiveness of animal health policy, by eliminating or weakening adherence to these rules as conditionality requirements.



STRATEGIC PLANS APPROVAL AND IMPLEMENTATION

The Common Agricultural Policy must give Member States the support, flexibility, evidence-based tools, and responsibility to tailor, design and funding ambitious environment and climate schemes. The Commission is supporting Member States in preparation of their **national CAP Strategic Plans** and is preparing **specific recommendations to each Member State**. The Commission attaches great importance to the proposed requirement for wide **stakeholder involvement** to prepare the CAP strategic plan in each Member State. This includes teaming-up with relevant environmental, economic and social civil society representatives as well as local and regional authorities.

The **Commission will approve the national CAP Strategic Plans** following a structured dialogue with the Member States aiming to ensure that the Green Deal ambitions are met.

