

HOW MUCH GREENING MAKES THE C.A.P. GREEN?

REFLECTION PAPER

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The reform of the Common Agriculture Policy will, as all the reforms until now, deeply mark the agricultural sector. Moreover, this reform will influence also the capacity of the EU to meet its objectives in areas like biodiversity, bio-fuel targets or building a bio-based economy.

The context

All the stakeholders are actively involved in the shaping of the new CAP, underlining the importance of the process. In this context, the "greening" is one of the most discussed topics during the consultations.

Environmental issues have always been a key factor in the EU's agricultural policy and they will continue to be in the future.

The current subject for public debate is about figuring out how far do we need to go with the environmental rules and regulations and how this will lead to sustainability or in other terms to a socio-economic and environmental balance.

The previous reforms have brought emphasis in reinforcing food safety, environmental protection and animal welfare, while it seems some times that taking care of the economic aspects of agriculture has been out of focus lately.

The competitiveness of European agriculture is still gravely lagging behind and the liberalisation of global trade puts European products in difficult position on the internal market, let alone the ones on the global market. European farmers are suffering from the economic crisis on top the

various market crisis registered lately (i.e. milk, pork or vegetable market crisis).

In spite of the global raise in agricultural commodity prices, according to the latest reports, the income of farmers is continuously decreasing, while they were already in a difficult position compared to other sectors (on average the income of farmers is only 60% of the income in other sectors).

Simultaneously environmental pressures need to be addressed. Availability of water, biodiversity, animal welfare, climate change, GHG emissions and various aspects of pollution are of greater concern to the society, in various degrees depending on the country and specific situation.

Issues for debate

How efficient does the EU use its natural production resources is also very much under question, since currently we have a negative balance on trading "virtual land", on annual basis, which is equivalent to the production of 35 million of hectares (comparable with the size of Germany). This surface outside the EU is used to cover our needs for food and feed. A scenario with an increased surface dedicated to extensive production systems will further increase the "virtual net import of land" with around another 10 million hectares.

In this context, it should be evaluated if the EU CAP is still delivering in terms of sustainability and global food security objectives, since the surfaces used in this way are mainly coming from poorer regions of the world, like Africa and Latin America, and the production there takes place with little concern of

the environmental standards.

To have a sustainable agriculture we need to think about the agriculture as equally reliant on meeting the economic, social and environmental objectives. And all these need to be addressed in equilibrium so that EU does not repeat the mistakes of the past where one single aspect has monopolised the agenda and has dictated the course of the policy (i.e. food security at the very beginnings of the CAP or market issues in the 80's).

The "greening" process of the CAP will not be useful on the long run if we do not consider the economic aspects of agriculture, social development of the rural areas or the food security issues.

Having in mind the objective of sustainability including provision of food and environmental security, do we run the risk of losing the real target of the CAP by not evaluating correctly the relative importance of the real challenges agriculture has to face? Do we risk putting too much burden on the already weakened farmers with the risk of losing them as managers of our lands?

Making agriculture more sustainable is certainly the only objective we need to keep in sight. The reform of the CAP of 2003 made already shift in emphasis to a more sustainable way of production in the agricultural sector, and the future CAP needs to build on this.

Linking the cross compliance to direct payments for farmers was the most important change in this direction. The standards included in cross-compliance were not new, but from 2003 farmers were checked on their observance: all farmers receiving direct payment became subject to cross compliance and the requirements therein.

Cross-compliance represented also the "baseline" or "reference level" for agri-environmental measures. For all requirements falling under cross-compliance, the compliance costs have to be borne by farmers.

Unfortunately, the positive developments for compliance and the related benefits to the society generated by this measure are not fully known or not enough communicated to society. Animal health and welfare practices have been constantly evolving as did their uptake in production. Emissions from

agriculture have been reduced. Waters are better protected and nitrates levels have been decreasing.

Cross-compliance is already an important tool for integrating environmental requirements into the CAP. Can we have a "greener" CAP by better targeting the implementation of the standards in the cross-compliance and providing the necessary technological and knowledge support for their implementation?

The risk of having a "bad greening" for agriculture is real when it can be forecasted that farmers will become even less competitive than they are today on European and world markets. The context dictates that this will end up in their margins being squeezed so much that the objectives for growth and jobs in rural areas become unreachable. Setting up new requirements, new regulations to follow will not have a positive effect on farmers who already face a high amount of obligations and restrictions nor will it have on the environment since they will not have the capacity to carry them out anymore.

Green growth would better fit all the objectives the CAP needs to fulfil, in accordance with the mandate given to the Commission by the Treaty. The farmers need to be supplied with technical and technological solutions on how to effectively meet the obligations set in the legislation and have to be provided the means to carry them out.

Are there too many obligations for the farmers to avoid bad externalities without compensating them for the good ones? Considering the macro-economic problems that the farmers already have to face, increasing the obligations would not be a risk for the life of the small-medium European farms?

It is important to let the farmers understand the obligations but also the opportunities that they could take. The reform of the CAP should take in consideration the importance of showing to farmers the possibility to produce in a sound and environmental sustainable way.

Here, from the point of view of the policy we need to provide for an environment where technological progress becomes possible and it is stimulated. Innovation and research need to play a bigger role in the agricultural production and the policy needs

to provide the instruments to stimulate these activities.

Farmers need to be empowered with the tools to become the managers of the agricultural land, including areas adjacent to it, where important benefits in public goods could be produced through their active management. Together with other partners in the chain they will be able to develop sustainable solutions.

Could we shift from an idea of obligations to an idea of opportunity for the farmers to produce in a sustainable way?

Important developments have been taking place in the last decade in developing Codes of Good Agricultural Practice and the farming community has undertaken their implementation.

Partnerships along the production chain for the implementation of sustainable production solutions need to be recognized as positive contributions to the general sustainability objective. Better use of water and soil resources; managing the fields to enhance biodiversity; optimising energy consumption; increasing productivity; safeguarding against production reduction due to pests and diseases are objectives which can be delivered through stronger cooperation in the implementation of innovative production techniques and technologies.

Should we give more relative importance to Rural Development programs to tackle the issues of sustainability in agriculture, since mostly the elements of sustainability are not achievable by a single farmer? Is it possible to spread good ideas to involve the farmers as drivers of the process of building sustainability?

A concept of “greening” which will probably increase the costs for farmers to produce will demand a consequential increase in the price of the agriculture products.

Increasing liberalised global trade will allow the import of products from other countries, which are cheaper on the expense, sometimes of not respecting environmental standards similar to those of European products. In such scenario, EU will only export its environmental pressure to other regions

of the world which is not consistent with the EU external objectives on environmental issues.

How can we ensure that consumers will have a choice of products which equally respect high standards?

The priority should not be to continue only along the track of “greening” of the CAP. The “green growth” approach aims to harmonize economic growth and sustainable use of environmental resources. In this way it is possible to promote the economic growth of the agriculture sector and in the same time having a positive impact on the environment.

Moreover, we need to create the instruments to provide the society with a clear view of the progress that has been made in this direction. Communicating to society the role of agriculture in food and environmental security as well as on the improvements made in agricultural production during the past decades has been one of the failures of the CAP.

A system to measure sustainability:

The CAP needs to take steps in providing an instrument so as the progress in sustainability can be measured and communicated to society.

OPERA would like to propose that the CAP includes provisions in which Member States collect information on their sustainability status and communicate them to the public.

We consider that a system to measure sustainability should be based on a comparison between the use of resources and the impact agriculture has on those resources, judged from economic, environmental and social perspectives.

We propose a +/- model where there is a quantification in the positive developments in terms of using resources (water, soil, energy, air, knowledge) as well as a quantification of the negative impacts agriculture should strive to reduce (managed and wild biodiversity, water pollutants, quality of air, soil depletion or degradation).

Such a system would consist of two categories of

indicators: positive developments (+) and reduction of negative externalities (-).

Indicatively the first category should cover:

- + Increased competitiveness and added value of the agricultural products on European and world markets;
- + Efficiency of water use in agriculture measured through specific indicators to highlight the progress in agricultural practices to reduce water consumption;
- + Efficient use of soil measured through specific indicators to highlight the improvement in productivity without soil depletion and to capture activities meant to improve soil quality;
- + Efficient use of energy depicted by specific indicators to capture progress in reducing the energy used in agriculture and also the contribution of renewable energies;
- + Implementation of technologies for carbon fixation and mitigating climate change;
- + Rate of development in new and innovative production methods;
- + Knowledge transfer;
- + Better opportunities for people living in the rural areas.

The second category of indicators, on the negative externalities of agriculture could indicatively focus on:

- Reduce costs of production;
- Actions and programs to preserve or enhance, both wild and managed biodiversity so as to restore the ecosystem services in the agricultural environment;
- Progress in reducing the agricultural pollutants in water and activities to protect aquatic environment;
- Reducing the GHG emissions from agriculture and measures to preserve carbon in soil;
- Reduce the impact on soil quality and reverse degradation processes;
- Provide better opportunities for young farmers;
- Reduce income gaps and social exclusion of the people in rural areas.

OPERA is inviting you to express your opinions on these issues and to identify where the priority for CAP lie.

