

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

OUTCOME POLICY PAPER

# OPERA



RESEARCH CENTER

***The 5<sup>th</sup> Roundtable on the CAP Reform organized by OPERA has taken place on the 19<sup>th</sup> of October in the European Parliament. In this occasion, experts and stakeholders had the possibility to share their point of view on one of the major themes of the reform: the greening. With the support of MEP Giovanni La Via and MEP Carlo Fidanza, participants were asked to contribute defining how much greening makes the CAP green.***

In the introduction made by **Prof. Ettore Capri** presenting the OPERA concept paper, he underlined the need to focus on discussing social, economic and environmental aspects together when debating about policy. In fact, the risk with the greening is to have a “bad greening”. In other terms, a CAP too focused on the environmental problems without consider the economic part of the agriculture. That would have a negative effect on the entire agricultural sector, considering the economic problems that farmers have to face in this particular moment.

The Commission is proposing to spend 30% of direct payments specifically for the better management of natural resources, but it needs to be better communicated: it is important to let the farmers understand the opportunity that a sustainable agriculture could give them, not let them feel “punished”. There is a lack of communication about this.

As a main feature of the document, OPERA proposed a conceptual model to measure sustainability. This has to be included in the policy so that the progress of European agriculture is captured and communicated to the public. The conceptual “+/-” model is based on two categories of indicators, the first to capture the positive developments in using resources (where indicators would need to be maximized) and the second to capture reduced impact of agricultural activities (where indicators would need to be minimized).

The concept of sustainability was present also in the speech from the European Commission, represented by Mr. Pierre Bascou. According to his presentation, the challenges for the agriculture are economic (as the food security or price volatility), environmental (climate change, habitat and biodiversity, etc) and territorial (vitality of rural areas, diversity of EU agriculture). The reform of the CAP should aim to enhanced competitiveness, improved sustainability and greater effectiveness.

This concept is present also in the new CAP proposal, regarding the Rural Development. The focus should be on:

- ⤴ Enhancing competitiveness of all types of agriculture and farm viability
- ⤴ Promoting food chain organisation and risk management in agriculture
- ⤴ Preserving ecosystem dependent on agriculture
- ⤴ Promoting resource efficiency

- ▲ Promoting social inclusion, poverty reduction and economic development in rural areas.

The reform of Pillar I and Pillar II should lead to make the farmers more productive but in a sustainable way. According to the Commission, the present proposals will allow to produce a positive impact on the environment without affecting the productive capacity.

**MEP Mairead McGuinness**, shared the needed caution in the reform process as to ensure that at the end we will have a positive impact on agriculture, consumers and on the general state of food security. The new proposal needs to reform the CAP to better address the challenge of food security.

While endorsing the objectives of sustainability, she underlined the necessity to acknowledge the economic consideration on agriculture and to ensure that farming is viable as a business so as to guarantee the presence of the farmers as managers of the environment. A greater emphasis is to be put on research and knowledge transfer so as to develop new and innovative production methods.

Investing in research and innovation is of vital importance for the future of the agriculture. The target is to produce more consuming less, according to the scarcity of resources. The idea is to double the budget for agricultural R&D. These funds will support research projects relevant to farmers, encourage closer cooperation between scientists and farmers and the quicker transfer of positive results from the laboratory to the field, and provide better information and advice to farmers.

In this context, Ms. **Shelby Matthews** representing COPA COGECA suggested that the focus of the CAP should not be on how farmers produce but how productive the farmers are. The CAP priorities since 1990 have been focused on environmental issues, neglecting

issues about profitability and productivity. There should be a more balanced situation between environmental and productivity issues. The solution proposed by Ms. Matthews is not the greening but a green growth: this approach aims to harmonize economic growth and sustainable use of environmental resources.

Mr. **Giulio De Capitani** as head of regional government for agriculture in Lombardy Region, Italy, speaking about the challenges CAP generates at regional level, expressed the need for further simplification, subsidiarity and flexibility of the CAP with a major focus on strength of sustainable competitiveness.

About greening in particular, the first simulations show that 1/3 of the farmers would not be able to meet the requirements of the 'greening'. The agriculture of the plains will have a reduction of the payment up to 80% especially in sector like rice and cattle, without interest to ask for payment nor base nor greening. Large part of the region is at risk to be left to an intensive agriculture without cross-compliance effects not only greening effects. 10million of Lombardy's taxpayers will probably not agree with a CAP that will not create perceptible added value in a territory impacted by an unbalanced urbanization without contrast in an agriculture sector sustained by CAP.

Furthermore, Ms. **Susanne Languth**, Chair of the FoodDrinkEurope's CAP working group, gave an important point of view from the food industry side. In her intervention, she underlined that the CAP is not only about farmers but it has consequences in all the food chain and consumers. Food and drink industries are the first consumer of the agriculture, using more than 70% of the production.

**Prof. Paolo De Castro** stated the re-emergence of the food security issue; the challenge now is how to guarantee food security, in a situation of resource scarcity. The reform of the CAP should not fall into the trap of jeopardizing the

production potential of Europe and its ability to supply the markets with food in the requested quantity and quality. He summarized the debates in the EP while the second report was drafted saying that the majority of the MEPs would support a greening of the policy but not at all costs.

The reform of the CAP should set itself the target of making the agriculture more sustainable. The future of our agriculture depends on the capacity to produce more respecting the environment.

We should speak about Agro ecology as a balanced approach to agriculture that takes account of natural system when choosing what to grow and how to grow it.

We are optimistic that the future CAP will proved itself up to the big expectations.

### Conclusions

The hearing in the European Parliament was a great opportunity to investigate the various perceptions and solutions to ensure a more sustainable agricultural production in Europe.

The main points extracted from the discussions can be captured in the following:

- Food security has re-emerged high on the political agenda;
- The need to better manage natural resources and construct a sustainable agriculture for Europe is accepted by all stakeholders;

- The economic viability of farming has to remain central to the policy objectives, especially in the context of the financial crisis;
- There are various means to achieve such objectives and the Commission would need to further explore other solutions too;
- Productivity and production base of Europe should not be affected by the need to protect the environment. The two objectives should go hand in hand.
- Policy solutions to stimulate green growth and to produce a real change in the agricultural practices with a real impact on the environment are therefore needed;
- The regional and structural differences between various regions of Europe pose supplementary challenges to the policy and the impact of those needs to be taken into account;
- The society expects more output from agriculture, in terms of agricultural products but also in terms of public goods;
- Technology which provides sustainable solutions for agricultural production should be much more encouraged. Research and innovation need to be further supported to provide those solutions;
- A system to measure sustainability would give a better understanding on the progress in the process and would constitute a instrument to communicate to the society the important role agriculture is playing.