



CAP reform and the European Green Pact: challenges for farmers to ensure competitiveness and risk management

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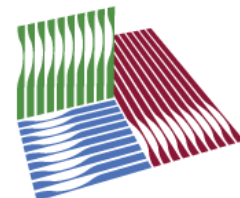


The ELO,

- Represents a network of national organisations, based in Brussels
- Anticipates potential changes in the political and legal climate in the EU with significance for its members.
- Is the voice of farmers, landowners and managers in relation to EU authorities.
- Is active in more than 45 advisory committees and groups in the EU, and has high-level contacts throughout the EU authorities and the 28 Member States

Who we are

A Selection of our 58 Members





Working together for a prosperous and sustainable countryside

- ELO has **offices in the heart of EU-Brussels**
- **22 staff members in Brussels**, including former high-level commission officials, on site every day to cover policies, events, strategy and all aspects of EU politics
- **3 staff members** in Spain, Czech Republic and Poland to monitor activities **around Europe**
- **High level cooperation with partner organisations:** RISE Foundation, European Historic Houses, Friends of the Countryside and many others

What to expect
of the future
CAP?





CAP reform – timeline:

- 20/10/2020: Council general approach
- 21/10/2020: European Parliament position
- 10/11/2020 to March 2021 (?): **Trilogues**
- Q2 2021 (?): **Adoption of basic acts**
- Q2/Q3 2021 (?): **Secondary legislation**
- Q4 2021: **CAP Plan submission**
- 2022: **CAP plan approval**
- 01/01/2023: **CAP plan starts**



Transitional rules to be in place for 2021 to 2023. Generally “new budget, old rules”

What to expect – main differences in the budget (2021 – 2027):

- 21/07/2020: EU leaders agreed the EU's next seven-year budget, which includes a deal on €386,7 billion CAP spending (current prices)
- The tendency of a gradually smaller CAP budget over time continues

Other issues agreed:

- 30% of MFF and Next Generation EU linked to climate, with CAP contribution of 40%;
- Voluntary capping at €100 000, subtracting labour costs;
- Internal convergence to continue
- Agricultural reserve of 450 million / year. Roll-over of unused funds;
- Flexibility between DP and RD of 25% and transfer to DP for 11 MS of 30% (EE, LV, LT, PT, RO, SK, BG, PL, FI, SE, ES);
- Higher co-financing for less developed regions (85%) and transition regions (60%);

What to expect – main differences in the new rules:

- New delivery model
- Eligibility – new definition of active /genuine farmer
- Higher conditionality linked with direct payments
- Eco-schemes
- Rural development to do more for env & climate

What to expect – new delivery model

- Major difference for national administrations, not for farmers
- The new rules need to be framed in a SWOT analysis – CAP Strategic Plan
- CAP Plan being drafted by Member States. Needs to involve stakeholders
- Indicators (Council pushing for revising a smaller number of indicators)
- Performance review (Council proposing 2025 and 2027)

What to expect – Eligibility – new definition of active /genuine farmer

- More flexibility given to Member States
- Definition of genuine/active farmer can be problematic, for instance:

(...) When formulating the definition, Member States shall:

(i) apply, on the basis of objective and non-discriminatory criteria, one or more elements such as income tests, labour inputs on the farm, company object, minimum agricultural activity criteria, the appropriate experience, training and/or skills and/or inclusion of their agricultural activities in national registers;

(ii) set, on the basis of their national or regional characteristics, an amount of direct payments, which shall not exceed EUR 5 000 under which farmers, engaged in at least a minimum level of agricultural activity and providing public goods, shall in any event be considered as 'active farmers'..

What to expect – Higher conditionality linked with direct payments (integrates the old greening) (Council pushing for less conditions)

List of 10 GAEC (good practices) and 16 SMR (rules) linked with:

- Climate and environment: protection of permanent grassland, wetland and peatland and arable stubble burning ban
- Water: rules against diffuse pollution, buffer strips, FAST tool for nutrients
- Soil: tillage management, soil cover, crop rotation
- Biodiversity and landscape: respect nature directives, **maintenance of 5 % (?) of non-productive features** (GAEC 9) protection of grassland in Natura 2000 sites
- Food safety: respect of food and livestock safety laws
- Identification and registration of animals
- Animal diseases
- Plant protection products: including sustainable use directive (license to use PPPs)
- Animal welfare

What to expect – Eco-schemes

- Voluntary schemes for the climate and the environment, paid annually to farmers that going beyond the basic requirements.
- Member State to design them, either as “top-up” or “income forgone” payments
- Likely to have funding ring-fenced (20% ?)

What to expect – Rural development interventions

- EAFRD ring-fencing of 40% (likely inclusion of ANC payments)
- Risk management likely to be voluntary



Proposes targets for sustainable food production for 2030:



- Reduce by 50% the overall use and risk of **chemical pesticides** and reduce use by 50% of more hazardous **pesticides**
- Reduce **nutrient losses** by at least 50% while ensuring no deterioration in soil fertility; this will reduce use of **fertilisers** by at least 20 %
- Reduce sales of **antimicrobials** for farmed animals and in aquaculture by 50%
- Achieve at least 25% of the EU's agricultural land under **organic farming**



According to the Commission, the CAP reform is compatible with the European Green Deal, provided that Key elements are retained in the final legislation:

- Increased level of ambition with regard to environmental and climate related objectives (“No backsliding principle”/ Art. 92)
- Reinforced conditionality
- Mandatory eco-schemes
- Ring-fenced spending on the environment and climate
- Data collection and common approaches to data
- Fostering the position of farmers in the food chain



Main concerns:

- Lack of available alternative crop protection methods on the market,
- Lack of reference to the socio-economic shift the conversion to organic farming will cause.
- Lack of scientific motivation
- Lack of feasibility study on the F2F (IA only expected on specific regulations)

According to a recent study from the USDA (Nov/2020), they found that by 2030:

- The decline in agricultural production in the EU would range from 7 percent (global adoption) to 12 percent (EU-only)
- This would tighten the EU food supply, resulting in price increases that impact consumers budgets
- This would lead to reduced trade, although some regions would benefit depending on changes in import demand. (...) the negative impacts are concentrated in regions with the world's most food)-insecure populations.
- This would significantly reduce the EU's GDP

Summary of the main impacts of the strategies (EU adoption only scenario):

- **Production decrease by 12%**
- **Price increase by 17%**
- **Imports increase by 2%**
- **Export decrease by 20%**
- **Gross farm income decrease by 16%**

Conclusions



- **Generally Member states will have more flexibility in adapting rules, but also more responsibility.**
- **The push continues to have a CAP that is greener**
- **Additional policies and strategies pushing for sustainable food systems**

The ELO has been guiding members to the new challenges and inviting their members to consider ways of adding value to farmland, through promoting innovation, promoting private conservation, awards for best practices, projects...

We are committed to show what our members do best and help scaling up sustainable farming practices that follow science and:

- Support the livelihoods of farmers,
- Leverage the power of plants and agricultural practices to keep carbon in the soil (carbon sequestration),
- Enhance farm biodiversity,
- Enhance the resilience of crops while reducing synthetic agricultural-chemicals inputs,
- Increase the capacity of soils to hold water

Thank you for
your attention

