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Project Report December 2021

CAP Strategic Plan: **Lost in Details?**



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Special thank goes to the proactive researchers, practitioners, and people from the European and National coalitions who actively contributed to this project.

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Introduction

Is the CAP reform post-2022 [Lost in Ambition](#)? This was the question emerging from our first year's study of [CAP Strategic Plans](#), which we conducted in co-operation with the Heinrich Böll Stiftung – Brussels, from March to December 2020.

The publication of the European Green Deal added some potential ambition to the CAP debate. Yet, as we reported in this [analysis](#), the ambitions expressed in the Farm to Fork and Biodiversity strategies slowly disappeared in the trilogues inter-institutional negotiations about the CAP reform. We [wrote extensively](#) about the delay tactics which revealed the weak political substance and ambition in applying the European Green Deal to the CAP.

2021 was the year when the co-legislators' deal was made, and the three CAP consolidated legal texts were adopted by the European Parliament at first reading on 23 November 2021, namely:

- [CAP Strategic Plan Regulation](#)
- [Horizontal Regulation on the financing, management, and monitoring](#)
- [Common Market Organisation Regulation](#)

After having scrutinised the inter-institutional negotiations and amendments to the 2018 Commission proposal, another question emerged as result of our second-year project: *Is the CAP reform now **Lost in Details***? Have the promises for a fairer and greener CAP been materialised in the EU legislations?

With this second report, we summarise the work that ARC2020 and many other committed people have done for the 2021 project CAP Strategic Plans, along with perspectives for 2022. With the CAP deal sealed at EU level, what happened to the so-called 'enhanced conditionalities'? Are "eco-scheme" practices going to make a difference to the socio-ecological crisis of food systems? What does a long-term vision for rural areas mean concretely now when it comes to design and approve rural-proofed CAP Strategic Plans? Has the Common Market Organisation been

aligned to the various Green Deal initiatives and concerns about unfair trade practices within the EU and with third countries' producers?

This report is a one-stop shop, a collection of all relevant analyses that ARC2020 and friends have written along this long 2021 year of negotiations and consultations at European and national levels. The individual articles zoom into various details, such as the protection of third-countries quality schemes in the EU single market, or the policy enforcement of the Commission's recommendations to the Member States' CAP Strategic Plans.

Lost in detail is also a reminder about those small but important amendments that have been introduced and adopted precisely where the CAP reform was expected to make a difference - and where, by and large, CAP failed to deliver. Details can serve to drive large-scale changes but can also denature the original purpose of a reform. They will continue to multiply now that the reform needs to be translated into 28 National CAP Strategic Plans. Here we would like to highlight two crucial details that could have made the difference in this reform.



The case of GAEC 7: Crop Rotation in arable land, except for crops growing under water

Crop rotations are at the heart of the Biodiversity and Farm to Fork strategies. They serve to break pest cycles (reducing pesticide use) and increase soil fertility (reducing chemical fertilisers use). It can be easily confused with crop diversification, which is about having different crops scattered in the farm or a land parcel.

The EU-funded research project Best4Soil is a network of soil scientists and practitioners from all over Europe. As explained in this video, they proposed a simple rule of thumb to define crop rotations: “grow a crop no more than once in 2 or more years”. If this rule would be followed, the EU should not fund arable farmers who cultivate, for instance, tomatoes, maize, or wheat for two consecutive years on the same parcel. Has GAEC 7 aligned to this rule?

The table below shows the CAP agreement after the trilogue negotiations. In red, some of the details that could have made a difference in this CAP reform. According to the new CAP SP Regulation, the same crop (e.g. maize) planted in Year 1 can be replanted the following Year 2 on the same land parcel under the condition that a secondary crop is planted in between.

Does a short-term secondary crop ensure that the pest cycle built by Maize in Year 1 is broken for the same Maize in Year 2? Is any secondary crop enough to exempt farmers from crop rotations, or should there be stricter requirements? Can crop diversification deliver good environmental and agronomic benefits equivalent to the crop rotations, or is diversification a convenient term to circumvent crop rotations? On which scientific ground is arable land below the 10 hectares excluded by this rule? And very importantly, do we still need any kind of rule like this one if the added details undermine the actual meaning of the rule?

GAEC 7 Crop Rotation - agreed rule

Rotation shall consist in a change of crop at least once a year at land parcel level (except in case of multi annual crops, grasses and other herbaceous forage, and land lying fallow), including the appropriately managed secondary crops.

On the basis of diversity of farming methods and agro-climatic conditions Member States may authorise in the regions concerned other practices of enhanced crop rotation with leguminous crops or crop diversification, which aim at improving and preserving the soil potential in line with the objectives of this GAEC.

GAEC 7 Crop Rotation - agreed exemptions:

Member States may exempt from the obligation under this standard holdings:

- where more than 75 % of the arable land is used for the production of grasses or other herbaceous forage, is land lying fallow, is used for cultivation of leguminous crops, or is subject to a combination of those uses;
- where more than 75 % of the eligible agricultural area is permanent grassland, is used for the production of grasses or other herbaceous forage or for the cultivation of crops under water either for a significant part of the year or for a significant part of the crop cycle, or is subject to a combination of those uses; or
- with a size of arable land up to 10 hectares.

Member States may introduce a maximum limit of area covered with a single crop to prevent large monocultures. Farmers certified in accordance with Regulation (EU) n° 2018/848 shall be deemed to comply with this GAEC standard.

“Grow a crop no more than once in 2 or more years” could have been a simple rule to avoid EU farmers planting the same crop in two or more consecutive years for a number of reasons: soil fertility, pesticide reduction, lower fertilizer use, more efficient use of natural resources. It is a simple rule that goes straightforwardly to the problem, without excluding the complexity around crop rotations. Indeed, rotation per se is not the solution. It needs accompanying elements to be effective: testing the soil, deciding the right crop, planning the cycle length, etc.

Without proper **soil monitoring** to test pest levels or chemical-physical conditions of the soil, the choice about which crop should follow after the previous one is guesswork. An inventory of how much soil sample monitoring costs in different EU regions is missing, as well as a European plan to make this service a universal right for all European farmers. In some countries, this service is fully privatised and the costs or distance to the laboratories might be a barrier despite the public importance of healthy soils for our food and life.

Ireland has included soil monitoring among its proposals for eco-schemes. One could argue that eco-schemes payments should be devoted to actions that deliver on the ecology, whereas farm advisory services and AKIS should mobilise funds and human resources to assist the farmers in meeting the requirements of direct payments, such as GAEC 7. Nevertheless, Ireland’s proposal on soil monitoring could be a step in the right direction, especially if soil monitoring results are made publicly available for researchers and citizens thanks to new digital platform, and the service is linked to effective agro-ecological advice and actions.

Finally, details can lead us to lose sight of the big picture or drive us towards the needed changes. Certainly, with this agreement on GAEC 8, the EU will continue to fund any kind of agriculture through very loose CAP rules, without forgetting that only 1% of the CAP beneficiaries are randomly selected for on-spot checks and controls.

The case of capping large CAP beneficiaries

Throughout the debate around the CAP reform post-2022, we heard many arguments and analyses suggesting the poor effectiveness of a mandatory capping to reduce the concentration of funding mainly in large CAP beneficiaries (i.e. 80% of the direct payments money going to 20% of beneficiaries). The initial proposal of capping has been undermined by the current political establishment through various arguments: the subsidiarity principle (i.e. “it’s up to us to decide”), food security, the diversity in farm size structure across Member States, the potential effects on farm labour, and more.

For instance, S&D MEP Paolo De Castro stated in [this webinar in IT](#) that capping is problematic mainly for the eastern European member states (e.g. Poland, East Germany, Czech Republic) which have much larger farms, whereas for Italy, this is problematic mainly for worker cooperatives that employ a lot of workers. Without saying how many of the largest Italian beneficiaries are actually worker cooperatives, up to 2020, Italy funded farms with payment way above the 500 000 Euro/year, by making use of the possibility to deduct labour costs. For instance, on the [AGEA portal](#), the biggest beneficiary of basic income support in Italy is a farm holding in Tuscany, 2830 hectares, that received 989 084 Euro in 2020. The deduction of labor costs from the calculation of the direct payments under capping was another element under scrutiny [here](#) to explain the poor effects of this intervention.

Another argument recurring against capping is that this tool moves very little money between beneficiaries. For instance, the Irish Department of Agriculture presented a [modelling analysis in August 2021](#) (Pag 34) on the potential redistribution effect of introducing capping at 66 000 Euro in Ireland. It concluded that this decision will unlikely result in significant redistribution of funds compared to the total national ceiling for direct payments. Why? Indeed, during the trilogues negotiations, the capacity of capping to redistribute funds was undermined by adding details in three steps.

Introduction

STEP 1: June 2018 – Commission proposal about capping all direct payments (BISS, ecoschemes, young farmers, CRISS).

Article 15 Reduction of payments

Member States shall reduce the **amount of direct payments** to be granted to a farmer pursuant to this Chapter for a given calendar year exceeding EUR 60 000 as follows:

STEP 2: June 2021 – A political agreement is reached between co-legislators. Article 15 is watered down by narrowing the reduction of payment only to BISS (basic income support to sustainability) instead of all direct payments. This excluded around 38% of direct payment potentially subject to reduction (e.g. 25% of ecoschemes, 10% CRISS, and 3% young farmers).

Article 15 Capping and degressivity of payments

1. Member States may cap the amount of direct payments to be granted to a farmer pursuant to **Subsection 2 of Section 2 of this Chapter** for a given calendar year. Member States that choose to introduce capping shall reduce by 100 % the amount exceeding EUR 100 000.

STEP 3: November 2021 – The European Parliament's plenary votes in favour of the political agreement pushed by the Agri-ministers of the Council, even if this agreement goes against the Parliament position adopted before the trilogues.

Article 17 Capping and degressivity of payments

Member States **may cap** the amount of the **basic income support for sustainability** to be granted to a farmer for a given calendar year **■**. **Member States that choose to introduce capping shall reduce by 100 % ■ the amount exceeding EUR 100 000.**

Article 15 (now became Art 17) is officially watered down, and the reference to voluntary capping only of BISS is made clearer.

The last step is to be seen in the national CAP Strategic Plans, but once the purpose of a legislation is denatured to this extent, it is tempting to agree with Ireland's modelling conclusions. Also DG AGRI concluded in June 2020 that the outcome generated by capping is low ([Slide 14](#)), despite its awareness of

the limitations brought by the labour deduction and the narrowing down of the scope of capping only to BISS.

What comes next?

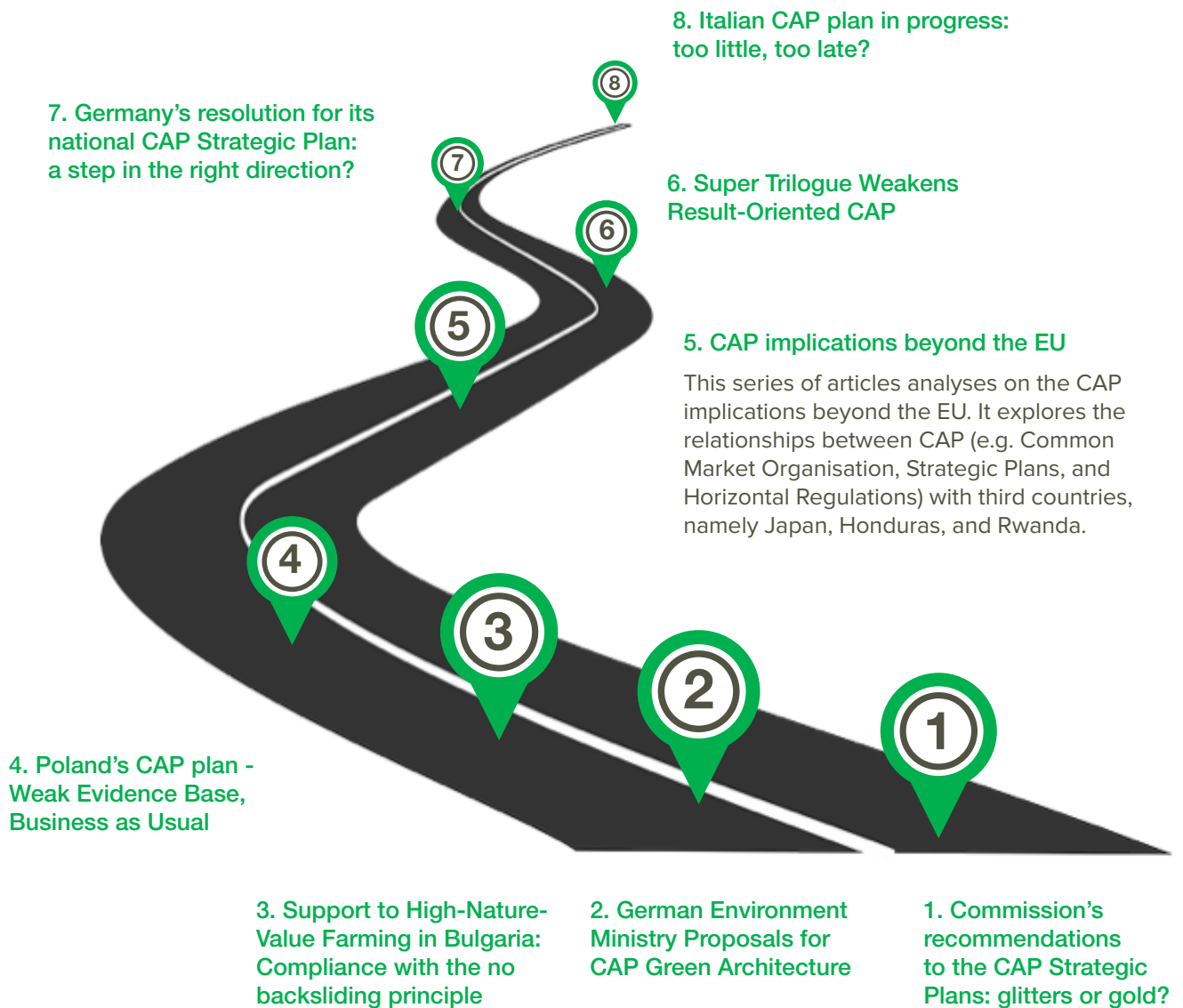
The list of meaningful details which could have changed the direction of a large policy like CAP can be long, but never tiring. Among these, it is worth noticing the delay pushed for the implementation of a new social conditionality up to 2025; the postponement obtained from annual to biannual performance reviews; the postponement of the Green Deal targets integration from an 'ex-ante pre-requisite' to an 'ex-post appraisal' in Dec 2023, i.e. once the CAP Stra-

tegic Plans will be already approved by the Commission. And much more needs to be checked in the submitted CAP Strategic Plans until their approval and entrance into force in January 2023.

The rest of this report is dedicated to the policy analyses carried out in 2021 for the CAP Strategic Plans project. The individual articles can be found here: <https://www.arc2020.eu/tag/cap-strategic-plans/>



Overview of 2021 policy analyses



[Click on the link to access all articles online](#)

Commission's recommendations to the CAP Strategic Plans: glitters or gold?

Matteo Metta and Oliver Moore January 2021

While the co-legislators and the trilogue negotiations at EU level continue to derail the future CAP away from the necessary reforms, in December 2020, the European Commission issued EU-wide and 27 country-specific Staff Working Documents providing recommendations directed to the Member States in charge of designing the future National CAP Strategic Plans. With the Member States speeding up their preparatory activities, will these recommendations really steer and align the plans towards the European Green Deal objectives and targets? This article analyses these recommendations and reflects on how the Commission will check their incorporation to approve the submitted CAP Strategic Plans.

Commission's recommendations: glittering or gold?

Just before the end of 2020, the European Commission published EU-wide¹ and 27 country-specific recommendations² directed to the national authorities. The 27 Staff Working Documents contain an in-depth analysis of the challenges faced by agriculture, forestry and rural areas in the Member States, as well as a list of non-binding recommendations to design ambitious CAP Strategic Plans in line with the Green Deal objectives.

Good on outlining the problems, poor on outlining effective solutions – that is the core takeaway from this set of documents. The analyses provided in these documents shows small scale farmers and the environment are under enormous pressure. However, the list of recommendations to the Member States is often weak, with quite ambiguous suggestions or gaping gaps. Precision farming, however, loosely defined, is somehow a catch-all cure, while promising initiatives providing multiple public goods, such as social farming, continue to be excluded or never mentioned.

With these recommendations, the Commission framed the CAP Strategic Plans within the Green Deal objectives, which is a laudable strategy, consis-

tent with what was outlined in the Commission [Staff Working Document](#) published in May 2020 (link), and despite much resistance from the Member States to incorporate the targets.

However, the recommendations do not lead to precise commitments for the designing of intervention strategies. In the main, these recommendations just repeat the list of interventions available in the CAP Strategic Plan Regulation (i.e. 'what the CAP menu offers'), without taking any significant critical stands on key problems, or proposing necessary changes to incorporate within each intervention (e.g. *what is expected from each intervention in terms of 'red lines', 'how', 'to what extent', 'when', 'target' to overcome the problems*).

These recommendations were initially written by the Commission services and discussed bilaterally with the national governments before their publication. In the writing (and polishing) process, almost all national governments kept the draft version internal, without allowing any possibility for a public scrutiny. We have no idea if in fact the Commission tried to any extent to make recommendations more robust. After some back and forward exchanges with the agri-ministers, the good news is that these recommendations were made publicly available and can be

¹ COM(2020) 846 final and Annexes

² Link to the country-specific recommendations: https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cap-strategic-plans_en

discussed among national and regional parliaments, authorities, scientists, and civil society organisations.

Contrary to the strong opposition expressed right after the publication of the European Green Deal's strategies, it was surprising to see agri-ministers welcoming or paying little heed to these recommendations. In Spain, the agricultural minister officially stated here³ that 16 of the 17 recommendations given by the Commission were fully in line with the needs identified by the Spanish Government for the future CAP Strategic Plans. In France, most of the analysis accompanying the Commission's recommendations has been based on the French diagnosis analysis underpinning the SWOT analyses of the CAP Strategic Plan. Other Member States have published no official positions.

The overall impression from a cross-comparison among the recommendations is that the Commission has made considerable efforts to make it as easy as possible for the Member States to incorporate them. Considering that the incorporation of these recommendations is going to become one of the criteria to approve the plans, can this reaction be seen as a sign of regained 'trust' from the Member States on the Commission's role in steering, approving or rejecting the CAP Strategic Plans in line with the Green Deal objectives? Or should there be concerns about these recommendations, which may smooth the approval process from the Commission?

Fundamentally, it will be very difficult for civil society organisations to objectively follow up and monitor the level of incorporation of these recommendations during the Commission's approval process – especially if Member States see them as 'non-binding'.

The gold

Some recommendations are worth pointing out from these documents:

- **Annexes I and II.** These are included in a separate document⁴ accompanying the EU-wide recommendation to all the Member States. Annexes I and II report tables which show the baseline data (or the lack thereof) for measuring the distance to and setting the value of Green Deal's targets at national level. Whenever possible, these national values should be broken down at regional level, if they want to be more sensitive and useful for strategic planning.
- **Green Deal target on the reduction of greenhouse gas emissions.** For the first time, DG AGRI referenced this quantitative target in its communication, which should be integrated and monitored in the CAP Strategic Plans. This target was not included in the analysis published by the Commission in May 2020 about the link between the CAP and the European Green Deal⁵.
- **The partnership principle.** Member States will be monitored by the Commission during the preparation of the CAP Strategic Plans. In the approval process, the Commission will consider how the Managing Authorities are working in a transparent and effective manner with civil society organisations, regional and local authorities, and scientists. We hope that this monitoring considers the years 2018, 2019, and 2020 were the level of transparency and quality of consultations for the preparation was generally poor across the Member States.
- **Intensive agriculture is a problem.** This was stressed in many analyses conducted across the Member States. An impressive body of data and scientific references on the negative socio-economic and environmental implications of intensive livestock, pesticide and fertiliser use, ploughing of permanent grasslands, farming on wetlands and peatlands, and more, were presented.

3 Link to the official press communication in Spain: <https://www.mapa.gob.es/es/prensa/ultimas-noticias/luis-planas-las-recomendaciones-de-la-ce-al-plan-estrat%C3%A9gico-avalan-el-trabajo-realizado-por-el-gobierno-y-las-comunidades-aut%C3%B3nomas/tcm:30-553469#prettyPhoto>

4 COM(2020) 846 final

5 See Table 1 of the Commission SWD(2020) 93 final. Analysis of links between CAP Reform and Green Deal

- **Sustainable farming is a solution.** Considering their multifunctional role in our society and planet, the Commission acknowledged that small scale farmers of any age and gender are disappearing, leaving food provisioning, land management, and landscape completely abandoned and in the hands of corporate farming and food industry interests.
- **This CAP is broken.** Direct payments are concentrated in the hands of a few farmers. The agri-environmental conditionalities are too weak to justify public investments for intensive farming. And many more considerations were stressed both in the EU-wide, as well as in the 27 country-specific recommendations. For instance, the Commission suggested the Netherlands *“redirect income support towards farmers who perform practices that are beneficial for the environment and climate and reward them accordingly for providing public goods.”*
- **Integrating the Green Deal objectives is paramount for approving the CAP Strategic plans,** and the Member States are requested to set explicit **national target values** contributing the different Green Deal objectives. Hopefully, these national target values will be substantiated and broken down with regional values.

Each Staff Working Document (SWD) sent by the Commission to the single Member States needs its own assessment, also considering the quality of the documents (SWOTs, draft intervention strategies), consultation processes, and state of preparation in the Member States. For instance, in the case of Poland, the draft CAP Strategic Plan⁶ shared with NGOs for consultation is exceptionally complex, and main messages are difficult to read and communicate to the farmer and rural communities.

Overall, the Commission's Staff Working Documents can set a good basis for the next preparatory months. Although the recommendations remain on a general level, the 27-country specific documents better

organise the data, clarifies problems in agriculture, and indicates thematic areas that require more work and finding better solutions. For this reason, they are useful for the operative side of the consultations of the CAP Strategic Plan.

Moreover, these documents clarify that the Green Deal and its strategies are not just a long-term vision that concerns only the EU Institutions but should concern especially the Member States and the CAP Strategic Plans.

The glittering

It is certainly the case that a wealth of accurate analyses and critical facts are presented by the Commission in these documents, and the efforts to cooperate with the Member States and make available official documents are to be appreciated.

However, there are several concerns and questions stemming from the chapter containing 'recommendations'. The next sections aim to shed light on *what are the major weaknesses of the Commission's recommendations and what civil society organisations need to pay attention to, to ensure the quality of CAP Strategic Plans is enhanced by these recommendations, and not reduced to an easy tick boxing exercise.*

Recommendations & much more to approve the CAP Strategic Plans

The Commission has pledged to publicly share appropriate documents on how it envisages to assess and approve the CAP Strategic Plans⁷. However, there is no information, nor deadline on the final deliverable and process so far.

The publication of checklists or tools to approve the plans might not be necessarily timely or effectively synchronized with the Member States' timeline and

⁶ Link to the draft CAP Strategic Plan in Poland: <https://www.gov.pl/web/wprpo2020/konsultacje-spoleczne-planu-strategiczne-go-dla-wpr>

⁷ Page 18 of the CAP Strategic Plans recommendations, COM(2020) 846 final

preparatory activities. The last section of this article provides more information on the state of play across the Member States, but there are certainly doubts on how the Commission is effectively supporting the preparation and approval of the Plans.

As remarked by the Commission, the incorporation of these recommendations shall be considered together with other criteria, like the ones set up in Article 106 (*Approval of the CAP Strategic Plans*), which includes also Article 92 (*No backsliding principle*), Article 94 (*Procedural Requirements*), and much more consistent analyses across the submitted plans.

Very important is also Article 125(4) on the strategic environmental assessment and the ex-ante evaluation of the CAP Strategic Plans. Although the co-legislators are doing their utmost to avoid any mandatory integration, the efforts expressed in the national values towards the Green Deal targets should also be part of the approval.

It is important that the Commission anticipates the possible impact of the CAP Strategic Plans on the functioning of the internal market and distortion of competition, considering that many rules of the Common Market Organisation will be shifted from the EU to the national level.

Ticking boxes or holding Member States close to the evidence?

Producer Organisations

In the case of Italy, the Commission recommends *“strengthening and developing producer organisations and cooperatives, particularly in regions and sectors where they are less present”*. What does it mean in practice? Producer organisations are already supported in Italy and certainly will continue to be aided in future. Producer organisations are an excellent tool to channel money from Brussels to support agricultural trade. Therefore, Italy will easily deal with this recommendation, but it is too vague to mean anything.

So, the point is not that Italy needs to introduce producer organisations – this is already the case.

Rather, more precise reforms of producer organisations could have been recommended to improve the targeting and delivery of public goods. For instance, which form of organisations should Italy particularly avoid or address to ensure that CAP sectoral interventions strengthen sustainable food networks and the position of the farmers along the supply chain, instead of enriching intermediators who are paid with public money to aggregate large volumes of agricultural production for international export?

The Commission could have recommended Italy consider setting up a lower threshold of maximum support for producer organisations. This would help develop agricultural cooperatives across the regions, as well as prioritising support towards those that support local ‘heirloom’ varieties of cultural and biodiversity value, organic food provision and consumption, and more.



Commission's recommendations to the CAP Strategic Plans: glitters or gold?

Organic Farming

When recommendations are ambiguous or too generic, it is hard to expect a meaningful appraisal and objective follow up actions. This can be seen in the below recommendation given to Italy on the CAP environmental objective.

Booster environmental care and climate action and to contribute to the environmental- and climate-related objectives of the Union

- Contributing to the EU Green Deal target on organic farming by enhancing the currently increasing trend of areas under organic farming through appropriate incentives for conversion and maintenance schemes and initiatives such as the recognition of bio-districts for organic farming; this should be accompanied by an increase in organic food demand;

The Italian CAP Strategic Plan will include support for conversion and maintenance schemes for or-

ganic farming – but this was the case with or without a recommendation from the Commission. More meaningful recommendations were expected from the Commission, for instance in relation to allocating higher R&D budgets, reviewing public procurement laws, increasing payments per ha for organic farming, reducing disparities across regions and sectors, or improving the administrative procedures for organic farming according the EU regulation 834/2007 or any other participatory guarantee systems.

By reading the above recommendation on organic farming, the easiest way for the Commission to check if it will be incorporated in the Italian CAP Strategic Plan could be as follows (Table 1):

Table 1. Fictitious example: a simple tool to check the incorporation of the Commission's recommendation for the approval of the CAP Strategic Plan

Checking question	Overall incorporation (1=low; 5=high) or (Yes, No, Partially)	Comments justifying the overall score
Does the CAP Strategic Plan provide specific, named interventions to increase the areas under organic farming, such as incentives for conversion and maintenance schemes or initiatives like bio-districts for organic farming?		

Source: Aauthor

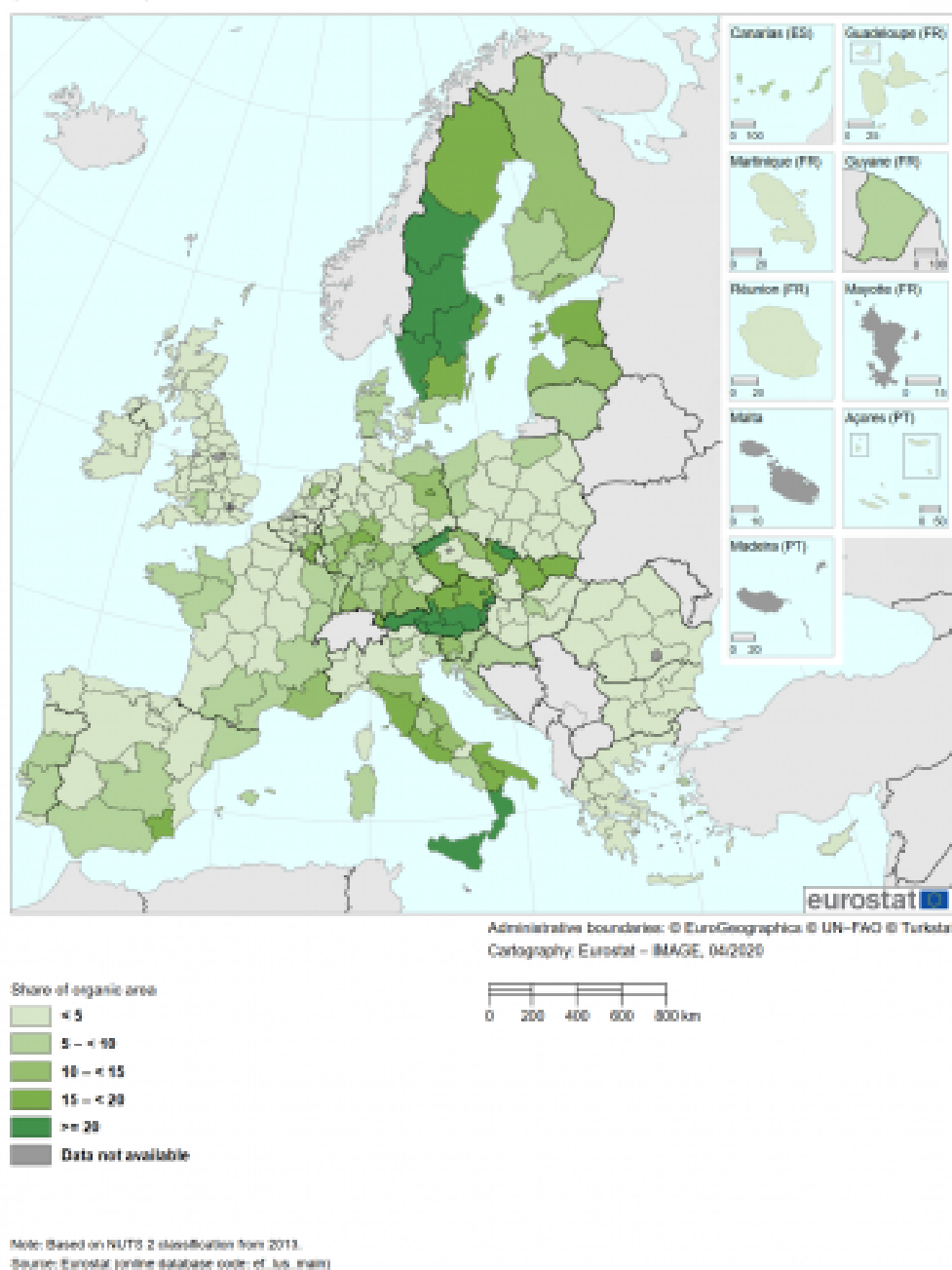
Starting from this simple fictitious example, it is possible to start to think with more precision about what else is needed for a substantial appraisal from the Commission, rather than a box-ticking exercise.

Firstly, the statistics on organic farming in Italy must be seen at regional level, not only national. As displayed below, there are disparities across the Italian territory in terms of area under organic farming. National and regional efforts are therefore needed. Similarly, other differences across sectors, farm sizes, farmer ages, etc. must be considered too when checking the level of incorporation of this recommendation.



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Share of organic area in utilised agricultural area (UAA), by NUTS 2 regions, 2016
(% of total UAA)



Source: Eurostat (2020)

Moreover, instead of patting itself on the back for its actual 15.2% of share of organic farming in total UAA⁸, there is certainly room for Italy as country to achieve and go beyond the European target of 25%.

After all, this is target for a pan-European average of 25%, so some Member States will have to surpass 25%. And those closest to it have a head start.

⁸ Data refer to 2019. Source: https://agridata.ec.europa.eu/extensions/DashboardIndicators/OrganicProduction.html?select=EU27_FLAG,1

Commission's recommendations to the CAP Strategic Plans: glitters or gold?

Secondly, the Commission recommended Italy support organic farming via agri-environment-climate schemes, but these are only one of the interventions available in the CAP. Certainly the suggestion to envisage bio-districts is laudable and hopefully Italy will put in place collective efforts at territorial level. However, to appraise the overall efforts of the

Italian CAP Strategic Plan towards the Green Deal target of increasing the share of agricultural land under organic farming, the Commission could consider more qualitative elements within and outside the CAP plan in Italy and elsewhere. For instance, the following aspects can be checked:

Interventions within the CAP Strategic Plan	Elements outside the CAP Strategic Plan
<ul style="list-style-type: none"> ■ Provision of farm advisory services relevant for organic farming (e.g. free assistance to pest alarm systems and natural pest control; free annual soil organic matter sampling and advise, etc.). ■ Prioritise the recognition and funding of organic producer organisations under Pillar I market type of support. ■ Increased investments in research and development, training, cooperation under the EIP-AGRI in relation to organic farming. ■ Encouraging the cooperation of organic farmers in bio-districts 	<ul style="list-style-type: none"> ■ Digitising and streamlining administrative procedures, by creating more efficient and accurate bureaucratic procedures within the certifying bodies, by equipping farmers with the tools and knowledge to overcome their concerns about extra costs and bureaucracy. ■ Supporting participatory guarantee systems or initiatives which bring consumers closer to organic farms and build trust with farmers (e.g. incentivise solidarity purchasing groups). ■ Reforming the public procurement law to increase the share and consumption of organic products.

As illustrated in this example, there are many more quantitative and qualitative aspects that we hope the Commission will consider when appraising whether Italy substantially incorporated the recommendations related to organic farming and that the results of this appraisal are made publicly available. We hope that the broad recommendations sent by the Commission are translated and appraised in more details.

Gaps between strong analyses and weak recommendations

The Commission's recommendations mainly repeated the list of interventions available in the CAP. However, in some cases, these were too weak and broad compared to the detailed analyses backing them up.

In Ireland, the Commission acknowledged the expanding dairy herd as a major contributor to increasing emissions but suggested better **nutrient management plans as the solution. This is weak and non-committal in the face of an acknowledged problem.** In Italy, the Commission recognised the high number of environmental challenges that

agriculture and farmers face in relation to climate change, soil erosion, water quality, and more. Numerous recommendations were given in this line, but the **Commission never suggested the provision of eco-schemes to be included in the Italian CAP Strategic Plan.**

The former Italian Minister of Agriculture strongly opposed mandatory ringfencing for eco-schemes; does this explain why this intervention is never mentioned in the list of recommendations? Certainly, it is an incongruous anomaly when other Member States were clearly recommended eco-schemes. What is so specific about Italy to somehow escape without such an obvious recommendation?

Digitalisation: the panacea to all sustainability problems?

In many recommendations, digitalisation emerges as a systematic solution to all Member States to increase the sustainability of food and farming, as well as for the development of rural and forestry areas. However, there is little to be optimistic about the mainstream

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political agenda behind digitalisation and precision farming currently pushed by industry, input providers, corporate farmers, and agricultural policies.

If digitalisation efforts in food, agriculture and rural areas continue to push for increasing productivity and efficiency, however poorly defined, instead of, inter alia, breaking down current inequalities in food chains, closing gaps between agriculture and the society, and drastically reducing negative impacts on the environment, viable farming will continue to disappear and corporate capture – including of farming systems – will continue to rise.

Internet connectivity in rural areas: what is CAP's role?

Internet connectivity often comes across as the necessary condition to develop and make rural areas more attractive. However, rural areas in Europe still need clarity on the policies that will ensure full broadband coverage and internet connectivity in rural areas. At the moment, the CAP does not seem to be the policy, nor has it established specific interventions leading the achievement of this target beneficial for rural areas and farmers. Outside the CAP, DG AGRI seems inactive and under-committed to aligning the rural development pillar to cohesion policy. This institutional vacuum at EU level on who leads the efforts towards this important Green Deal target will certainly fall at national and regional level too - if no policy is charged with driving a sustainable rural digitalisation, then it will not happen in the required extent and expected time.

The recommendations sent to the French CAP Strategic Plan reflect this dilemma. Compared to the first draft version sent to France, one of the few drafts made available to civil society organisations, the Commission has adjusted its initial recommendation to dedicate CAP budget for increasing the broadband coverage in rural areas. The recommendation now speaks about '*investing in fast broadband and connectivity in synergy with the other EU funds (ERDF, RRF)*'. The amendment might have been requested by the French agri-minister to clarify that the commitment towards this Green Deal target

should concern the European Structural and Investments Funds.

With Pillar II of the CAP tightly held by the farmer unions, and the lack of alignment between the CAP and the Cohesion Policy, who will increase the percentage of rural households and business having access to fast internet connection? ARC CAP SP Page 17



CAP Strategic Plans: back on track and hurry up

The Commission recommendations will play a role until the final approval of the CAP Strategic Plans. However, in the short-term, they can open numerous internal debates within the Member States that need to be urgently addressed, for instance about the distribution of direct payments (internal convergence, capping, redistribution, historical entitlements, eco-schemes).

There are still many differences and information gaps on the level of preparation across the Member States, but countries like France, Czech Republic, Spain, and Poland are hurrying up and have planned to complete the CAP Strategic Plans by the upcoming summer 2021, or at least a first draft.

Here some brief updates on the designing of CAP Strategic Plans:

- Poland published the first draft⁹ of the CAP Strategic Plan (around 1000 pages long) and consulted with stakeholders along January and February 2021.
- France gave some updates on the state of play of the CAP Strategic Plan in mid-January 2021¹⁰. A draft version might be ready already in late Spring 2021.
- Spain follows a similar schedule¹¹ as France and aims to submit a first draft to the Commission by the second half of 2021.
- Italy is working on the guidance to carry out the assessment of needs based on the SWOT evidence, but currently is restructuring its national government.

- Germany will conduct an internal workshop on 18-19th February 2021 to consult the bundesländer on the CAP Strategic Plan and discuss the timetable, eco-schemes, etc.
- Czech Republic is organising regular consultation rounds with stakeholders on specific interventions and decisions included in the draft CAP Strategic Plan.
- The Netherlands conducted a big conference¹² on the green architecture in December 2020. In the same month, the Wageningen University has presented 25 opinions and recommendations¹³ about CAP Strategic Plan in the Dutch House of Representatives. Main attention is now on the national elections expected in March 2021.
- Ireland consulted with stakeholders on the design of eco-schemes at end of 2020 and does not expect to submit its CAP Strategic Plan before summer.

Concluding remarks

The pace of preparing the CAP Strategic Plans seems to have received a strong acceleration after the many hesitations expressed by the Member States in 2020. There are discussions at national level that are quite controversial and might be influenced strongly by political powers and elections, like the ones foreseen in Germany and the Netherlands (e.g. abolishing historical titles or avoiding internal convergence). Other decisions might need more time and technical considerations if they are to be effective, like the list of practices and delivery of eco-schemes in Pillar I or result-based agri-environment-management schemes in Pillar II. Otherwise, this CAP might present again the same business-as-usual interventions with a new look.

9 Link to the draft CAP Strategic Plan in Poland: <https://www.gov.pl/web/wprpo2020/konsultacje-spoleczne-planu-strategiczne-go-dla-wpr>

10 Link to the event and presentations <https://www.academie-agriculture.fr/actualites/academie/seance/academie/les-nouvelles-strategies-europeennes-green-deal-farm-fork>

11 Link to the official press communication in Spain: <https://www.mapa.gob.es/es/prensa/ultimas-noticias/luis-planas-las-recomendaciones-de-la-ce-al-plan-estrat%C3%A9gico-avalan-el-trabajo-realizado-por-el-gobierno-y-las-comunidades-aut%C3%B3nomas/tcm:30-553469#prettyPhoto>

12 Link to the conference and material: <https://toekomstg1b.nl/verslagen-g1b-conferentie-im-in-2-en-3-december-2020/>

13 Link to the document in Dutch, with a summary in EN <https://www.wur.nl/en/news-wur/show-day/25-recommendations-for-a-greener-European-agricultural-policy.htm>

Commission's recommendations to the CAP Strategic Plans: glitters or gold?



In one year or so, we will see if the Member States will have incorporated the recommendations of the Commission, although our analysis has illustrated that these are too generic to expect some specific commitments and an objective monitoring of the follow up action. One of the benefits of these recommendations might come from the political use. In Spain, the recommendations have been used by the Spanish government to overcome the resistance and protests of some farmers in Andalusia who will be affected by a fairer redistribution of payments, report politico.eu in this article¹⁴. In countries that are currently experiencing a general anti-European Union perception, the Commission's recommendations might be less effective to overcome resistance and bring about the necessary changes.

Nevertheless, Member States could engage with civil society, small scale farmers, regional and environmental authorities, and scientists at national or sub-national level, some or all of whom have more robust demands. For instance, in the Netherlands, Wageningen University and Research has published 25 detailed recommendations for a greener agricultural policy¹³, which advise the future Dutch Agricultural Government to:

- Make the requirements for farm income support sufficiently ambitious.
- Compensate for rising water levels in peatlands and nitrogen measures around Natura 2000 areas via the CAP.
- Where possible, opt for measures that are easily verifiable by, for example, satellites.

- Where possible, use evidence-based data about the effectiveness of measures.
- Use target effectiveness as the primary criterion for the selection of eligible actions.

In the politics of institutional inter-relations, the Commission clearly gave more strident critique in the assessments, while holding back on the recommendations. Member States must pay attention to the reality of these critiques and take the recommendations as broad and general guidance. At the same time, the Commission can start translating these broad recommendations into more meaningful and detailed tools, checklists, and advises for the final approval of ambitious CAP Strategic Plans. Possibly, the Commission services should come on time if they want to steer the processes and outcomes.

Member States will better deliver on the public goods CAP if they take these broad recommendations and do something more specific with them. More specific reforms are expected to make the CAP Strategic Plans fit for the environment and for the resilience of the farming community and rural areas. This can only be achieved by intensifying the preparatory efforts, conducting high-quality consultations, and organising effective thematic working groups with a broad and representative base of experts, farmers, scientists, environmental and regional authorities to design more ambitious intervention strategies at national and regional levels.

¹⁴ Link to the article <https://www.politico.eu/article/spain-agriculture-andalusia-right-woos-farmers/>

German Environment Ministry Proposals for CAP Green Architecture

Hans Wetzels February 2021

As trilogue negotiations on the Common Agricultural Policy reform continue between the Council, the Parliament and the Commission, the preparation of National Strategic Plans at Member State level proceeds in parallel. Recommendations published by the German Ministry for the Environment echo fears that the CAP reform might not align with the environmental ambitions of the European Green Deal and urge that regardless of the outcomes of the negotiations, Germany should use its Strategic Plan to gear the implementation of EU agriculture policy towards environmental needs. Hans Wetzels reports.

In early January, the German Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU – Bundesministerium für Umwelt, Naturschutz und nukleare Sicherheit) presented its proposals for the green architecture of agricultural policies in the EU's economic powerhouse. 'The German CAP Strategic Plan should be developed as a pillar of the social contract with agriculture,' BMU writes. And, 'In the plan, society has to formulate what it expects of farmers for its CAP tax money, but also how it will appropriately reward farmers for services of general interest and ensure planning certainty in the required change process.'

Legislative responsibilities for the EU Common Agricultural Policy (CAP) are shifting from the European Commission to the member states from 2023 on. National governments all over the continent are busy drafting National Strategic Plans (CAP-NSPs) to outline how EU policy goals will be implemented inside their respective territories. But according to BMU, Germany does not yet have a coherent overall concept for environmental aspects in its CAP-NSP. In the policy paper, presented on January 13, the Federal Environment Ministry 'would like to close this gap and introduce the following proposals for the main aspects of the CAP green architecture into the public debate, with a focus on regulatory requirements at national level.'

Guiding principle – Targeted Support for Farmers to Take Account of Climate, Environment and Nature Protection

In the 21-page document 'Shaping the future through change: Advancing the agricultural reform in Germany together', BMU states that the guiding principle for the new CAP-NSP should revolve around the ambition 'to support farmers in as targeted and attractive a way as possible in effectively taking account of climate action, environmental protection and nature conservation needs in land management and livestock farming'; while 'the most complex challenge for agriculture will certainly be to halt the proven alarming decline in habitats and species which are dependent on extensive farming practices.'

Germany therefore should 'use EU funding extensively, effectively and efficiently. Looking to the future, this will have more advantages than disadvantages for farms despite initial redistributive effects.' To support this vision, BMU proposes an extensive list of annexes and measures that could be integrated into the German CAP-NSP architecture. The Ministry proposes ten measures for farms to choose from; 'including areas of high biodiversity value (e.g. fallow land or landscape features such as hedges or boundary strips), the reduction of excess nutrients, refraining from or halving the use of pesticides, diversified crop rotation and various measures for environmentally and animal-friendly use of grassland', and stresses the need for regional policy diversification by basing 'payments on the respective interven-

German Environment Ministry Proposals for CAP Green Architecture

tion area, remuneration for multi-annual participation should be higher and regional differentiation should be envisaged for certain measures.'

Conditionality

As the basis for agricultural support, BMU notes that, 'conditionality can help achieve environmental and nature conservation objectives in the agricultural landscape almost nationwide. As it is obligatory for direct payment beneficiaries, it covers almost half of Germany's land area and thus represents the foundation for environmental protection in the CAP. To ensure this foundation is solid and strong, the standards for good agricultural and environmental condition (GAEC) have to be shaped ambitiously at national level' and proposes an array of measures, ranging from limiting plot size in areas at risk of water and wind erosion, crop rotation measures to increase humus production, a minimum share of 30 percent of all direct CAP-payments for eco-schemes that can 'trigger fundamental farming decisions towards the greening of agriculture or strengthen existing effective approaches' or 'roll out priority environmental and nature conservation measures across all areas of agriculture'.

In addition, BMU wants a bigger focus on financing measures under the second pillar of the CAP: 'Such measures include investments (e.g. structural development of water bodies, rewetting peatlands or making animal housing environmentally compatible and animal-friendly), advisory services for land users and compensation for loss of income caused by protected animal species.'

The European Green Deal

Theoretically, the CAP-NSPs would be beholden to sustainability ambitions the European Commission has set out in its landmark Green Deal. In November 2017 the EC also made clear in a Communication on National Strategic Plans that the modernised CAP should reflect a higher level of environmental and climate ambition. 'It is clear that from 2023 member states will be afforded much greater scope for

action than before. Member states should use this extended scope responsibly,' BMU concludes. 'The implementation of the CAP reform must initiate a forward-looking process which provides ecologically effective and economically attractive remuneration for environmental services that can only be provided by farmers. More factors will thus unite agriculture and environmental protection than divide them.'

According to a letter sent in July 2020 by farmers' association ABL (*Arbeitsgemeinschaft bäuerliche Landwirtschaft e.V.*) in response to a request for policy inputs by the German Agricultural Ministry (BMEL – *Bundesministerium für Ernährung und Landwirtschaft*) concerning the German CAP-NSP – the organisation calls it 'incomprehensible' that Green Deal-related sustainability strategies have not materialised into any concrete goals or measures in the forthcoming German policy proposals. For ABL the 'biggest weakness of analysis' of the German NSP-proposals is 'that the decade long export orientation of the European and German agricultural economy and the connected specialization and rationalisation of agrarian companies' is never critically examined.

In an analysis of CAP reform proposals presented by the German Presidency of the EU Council in the second half of 2020, professor Alan Matthews of Trinity College Dublin also concludes that Berlin seems to be pursuing the 'lowest common denominator' concerning agricultural sustainability on the European level. BMU warns that the current CAP reform threatens to "fall short" of the ambitious EU wide goals set in the Farm to Fork and Biodiversity Strategies and 'it is therefore all the more important that in its CAP Strategic Plan, Germany makes use of its future greater scope for action and consistently gears the implementation of European agricultural policy from 2023 onwards towards environmental needs.'

Support to High-Nature-Value Farming in Bulgaria: Compliance with the no backsliding principle?

Yanka Kazakova and Vyara Stefanova¹⁵ March 2021

Bulgaria has lost around 40% of its High Nature Value farmlands since 2007. Rather than having an in-depth analysis of the reasons behind this negative trend, the Ministry of Agriculture proposed deletion of all existing support in breach of the ‘no backsliding principle’ for the CAP Strategic plans.

CAP Strategic Plan in Bulgaria: State of Play

In March 2021, Bulgaria has already presented a significant part of the proposed interventions under its future CAP Strategic Plan. The documents sent to the members of the official Thematic working group on CAP 2021-2027 are also posted on the [specific webpage of the Ministry of Agriculture](#), so that all interested stakeholders can submit their comments, proposals or other positions.

The [Society for Territorial and Environmental Prosperity](#) (STEP) is not a member of this working group. We did initially submit individual positions (on the environmental SWOT and on the needs assessment). After the official set up of the working group, we have been collaborating with the representatives of the environmental NGOs in the working group to coordinate and streamline our proposals and comments.

After one year in the public consultation process on the new CAP Strategic Plan in Bulgaria, we observe a worrying trend: the designing process is open for comments, however, it lacks transparency on the follow up and final decisions about the proposals – who makes them, what justification, when, and so on.

Another significant gap that we observe is the missing link between the SWOT, the needs assessment, the proposed interventions and the requirement for “no backsliding”. This is especially the case in the field of biodiversity in agricultural land, for example for support to High Nature Value (HNV) farmlands

and landscape features on agricultural land. Here below we present our in-depth analysis and five specific recommendations to increase the level of ambition in the support to HNV farming in Bulgaria.

State of biodiversity on agricultural land – High Nature Value farmland

The SWOT analysis accompanying the CAP Strategic Plan in Bulgaria identified this country as one of the Member States with the highest loss of HNV farmland in the EU. Unfortunately, it digs no further to analyse the reasons behind the loss, the types of HNV farmland that suffers most, or the effects of the current CAP interventions on it.

In 2020, we undertook an assessment of the change of HNV farmland based on LPIS¹⁶ data (to be published). By 2019, HNV farmland in Bulgaria has decreased by almost 40% compared to its initial designation in 2007. The decrease is highest for the permanent grasslands – from 950 000 ha to barely 440 000 ha in 2019. This is a substantial loss of valuable habitats of plant and animal species, as well as of open and/or mosaic landscapes and their deriving ecosystem services.

The other serious decline is in the mixed land use category (mosaic landscape), which has decreased from 280 000 ha to 170 000 ha. At the same time, a large part of the HNV farmland of 2007, which was still eligible for support in 2019, has undergone a transformation of the land use and now nearly 66%

¹⁵ Society for Territorial and Environmental Prosperity (STEP), Bulgaria

¹⁶ LPIS – Land Parcel Identification System

Support to High-Nature-Value Farming in Bulgaria: Compliance with the no backsliding principle?

of it is registered as arable land. Both trends were inevitably accompanied by loss and/or deterioration of the quantity and quality of linear features and mosaic landscapes.

Despite the facts about the status of HNV farmland and the requirement for respecting the 'no backsliding' principle, as well as the Commission recommendation for 'urgent attention' to farmland biodiversity (Commission Staff Working Document, SWD 2020

369 final/ 18.12.2020), the proposed agri-environment-climate interventions presented in the draft CAP Strategic Plan in Bulgaria lack a specific support focused on HNV farmland (see Box 1). As things stands, this is a step backward since the new strategic plan might not include the agri-environment-climate schemes for HNV farming as it was implemented in the two programming periods (2007-2013 and 2014-2020) since the accession.

Box 1 Proposed schemes for the Agri-Environment-Climate measure in the draft CAP Strategic Plan in Bulgaria

New schemes:

- Sustainable soil management practices
- Promoting the use of crops and varieties suitable for growing in specific climatic conditions
- Integrated production of plants and plant products and sustainable management of plant protection products
- Conversion of arable land into permanent grassland
- Protection of bee colonies and ensuring diverse grazing
- Creation of multifunctional vegetative (buffer) strips with specific vegetation - in arable lands and around perennial crops and vegetables
- Sustainable management of landscape elements

Existing schemes

- Conservation of endangered native breeds (indigenous) and plant varieties important for agriculture
- Traditional grazing practices

Source: <https://www.mzh.government.bg/bg/obsha-selskostopanska-politika-2021-2027-g/tematichna-rabotna-grupa/>



Key needs for restoration, improvement and maintenance of biodiversity in agricultural lands

In the context of preparing the future CAP Strategic Plan in Bulgaria, our organisation identified three key needs for achieving CAP Specific Objective 6 'Contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes':

- Preservation and restoration of the scope and quality of High Nature Value farmland.
- Preservation and restoration of landscape features in agricultural land with a view to achieving efficient and connected green infrastructure in rural areas.
- Preservation, restoration and increasing the conservation status of habitats and species in the agricultural land within the scope of the European ecological network Natura 2000.

To achieve these needs, we put forward specific recommendations for CAP interventions in the following areas:

1. Adaptation of the national definition of permanent pastures and of their eligibility for support under CAP schemes and measures so as to reflect the regional characteristics of pastures and meadows in our country (exceeds the existing commitments).

The direct translation and adoption of the definition of permanent pastures set in the EU Regulation, without using the opportunity for its adaptation in line with the national and local characteristics, is causing significant loss of important fodder areas for stock breeders with grazing animals. It is also causing loss of habitats of conservation significance within the European ecological network Natura 2000. The change of definition from the '50 tree rule' to '100 tree rule' in 2014, brought some 400 000 ha of permanent pastures in the LPIS eligible layer. There are still some 500 000 ha which are reported by national agriculture statistics but are not in the LPIS.

Possible approaches for adapting the definition and, accordingly, their eligibility for support, can be based on:

- Their location and characteristics in mountainous or in plain areas;
- The classification in the Bulgarian Survey for Monitoring the Agricultural and Economic Conjuncture (Agrostatistics definitions) to permanent productive meadows, alpine pastures, low productivity grasslands and meadows-orchards.
- The habitat type in accordance with the Habitats Directive (Council Directive 92/43/EEC).

2. Support for permanent grasslands under CAP Pillar I according to their natural characteristics and consistent with the services they provide for protection of biodiversity (exceeds the existing commitments).

Permanent grassland is the only type of land use which can offer economic opportunities for farmers adopting sustainable practices (e.g. extensive grazing), and simultaneously contribute to the protection of biodiversity and for the reduction of the farm's carbon footprint, in line with the requirements of the EU Biodiversity Strategy 2030. The higher environmental quality of permanent grasslands needs to be adequately recognised by the agricultural policymakers.

A targeted eco-scheme is needed to support the sustainable management of permanent grasslands. It is recommended that the support is stepwise and relevant to the environmental services:

- Basic payment level for permanent grasslands with up to 10% landscape features and elements.
- Level 1 with bonus payment for permanent grasslands with 10.01% - 15% landscape features and elements.
- Level 2 with higher bonus payment for permanent grasslands with 15.01% - 20% landscape features and elements.
- Level 3 with highest bonus payment for permanent grasslands with 20.01% - 25% landscape features and elements.

Support to High-Nature-Value Farming in Bulgaria: Compliance with the no backsliding principle?

3. Support for permanent grasslands of High Nature Value through the agri-environmental measure under CAP Pillar II (continuation of existing commitments).

Preserve the schemes 'Restoration and maintenance of High Nature Value grasslands', 'Traditional practices for seasonal grazing of animals (pastoralism)' and 'Conservation of endangered local breeds' and introduce monitoring of their environmental and land use effects.

Considering the results of the assessment of change in scope of High Nature Value farmland of 2019 against 2007, it is mandatory to carry out a new assessment of their scope and quality at the start of the programming period in order to ensure that the targeted agri-environment-climate schemes are aimed precisely at grasslands, not at areas with changed land use.

4. Introduction of (pilot) result-based agri-environmental schemes (exceeds the existing commitments).

Bulgaria is one of the few Member States without result-based agri-environmental schemes, even at pilot level. The result-based schemes offer farmers the flexibility to use their knowledge and land management experience in a way that brings ecological results (e.g. biodiversity, carbon storage, regulation of water reserves, etc.) alongside their agricultural activity. They can be particularly beneficial for improving the conservation status of habitats and landscapes in Natura 2000 sites, especially when adding to the compensatory payments for the restrictions in the use of agricultural land.

5. Preservation of the mosaic landscape in the few remaining areas with high share of mixed land use by introducing a targeted agri-environmental scheme (exceeds the existing commitments).

The collective application of this scheme would be much more effective and beneficial in terms of preserving the mosaic landscape on a larger scale and should therefore be encouraged. It requires the de-

velopment of a joint plan for preservation and development of the mosaic landscape, which determines the commitments of each individual farm, the recommended types of land use and landscape elements. Since Bulgaria lacks experience in the implementation of collective agri-environment-climate schemes, it is recommended to test them at a pilot level in areas with high share of land with mixed land use and with typical/ traditional landscapes.



Final remarks

When we first formulated the key needs and the specific interventions for achieving the Specific Objective 6 related to Biodiversity in the CAP Strategic Plan, we had not even imagined that the Ministry of Agriculture would cancel all existing support for HNV farmlands – this does not make sense in the context of the “no backsliding” principle.

In early 2021, we have been eager to see which of our new proposals were taken on board given the lack of communication and feedback on the submitted positions. This has been a disappointment and the complete neglect of the partnership principle.

The only HNV relevant scheme in the whole bucket of environmental interventions was an eco-scheme for permanent pastures grazed for 60 days with grazing density of 0.3 -1 LU/ha. This is a good idea in principle, but not when it is the only one, and there is no other information about its implementation.

Initially, the livestock breeding associations were pleased with the new eco-scheme. A month later, in February 2021, 16 livestock farmers associations submitted a joint position to the ministers of agriculture and environment requesting the return of the HNV grasslands agri-environment scheme and re-assessment of their territorial scope in LPIS, as well as an eco-scheme for permanent pastures with layered payment based on the presence of landscape features. We see some of our proposed interventions reflected in their position, thus the pressure to have support to HNV farmlands in the CAP Strategic plan for Bulgaria is not limited to environmental NGOs only.

Whether the situation becomes a ‘return back to the existing commitments’ or ‘exceed the existing commitments’ (higher ambition) remains to be seen in the coming months. The fact is that the current proposal of the Ministry of Agriculture is in direct breach of the ‘no backsliding principle’ in terms of the support to HNV farmlands.



Poland's CAP plan – Weak Evidence Base, Business as Usual

Justyna Zwolińska March 2021

On December 18, 2020, the Polish Ministry of Agriculture and Rural Development published the first version of the future National CAP Strategic Plan for public consultation. Almost 4,000 comments were received in response. Here is our analysis.

Introduction

On December 18, 2020, the Polish Ministry of Agriculture and Rural Development published the first version of the CAP Strategic Plan for public consultation. Almost 4,000 comments were received in response. [Here is the link](#) to access the draft versions published on the Ministry's website.

For the first time in the history of agricultural policy in Poland, there was a huge interest in planning the future of agriculture. This may indicate that the National Strategic Plan of the CAP is perceived both as a threat to “business as usual” - protected as it is by large agricultural organisations; and as hope for a real transformation of Polish agriculture, which civil society places in this document.

No wonder then, that the strategic plan rather resembles a wobbly contract: a compromise is sought between the supporters of the intensification of agricultural production in the name of the paradigm of economic competitiveness and the voices demanding that it reflects newer, environmental realities. The latter are emerging in the ideas of the European Green Deal, including its the Farm to Fork and Biodiversity Strategy, as well as in the recommendations for the National Strategic Plan submitted to Poland by the European Commission.

A new plan on a weak evidence base

The starting point to help design the intervention strategies in the National Strategy Plan in relation to

the agricultural situation of each Member State is, of course, the diagnosis and the SWOT analyses.

The poor quality of these documents in the Polish strategic plan has met with significant criticism: in many cases the data was old, from varied and non-comparable sources; values were mixed or confused, while few sources were given: in short, there was an overall lack of coherence and consistency in what the government produced. For instance, the SWOT analyses did not include, among its threats, the negative impact of the use of neonicotinoids in Poland on the mass extinction of pollinators for beekeeping.

It is hard to believe that on the basis of such diagnostics of Polish agriculture, decisions can be made on what to spend CAP funds on for the next decade.

A noteworthy distinction was drawn between the civil society organisations and public institutions in the process too. The ranking of the needs for the strategic plan was done in a scoring system, with one scale being proposed to civil society organisations and a different scale to public institutions that were involved in the ranking of needs. The main difference was also that public institutions were able to propose new needs, while the civil society side worked on a closed list of needs prepared by the Ministry of Agriculture.

This methodology resulted in the creation of a list of overly general needs, without ranking, which act more as slogans specifying the supposedly most important needs in Polish agriculture. Furthermore, the needs ranked as high by the Polish government do not reflect neither the evidence, nor the Green Deal objectives. For instance, integrated pest manage-

ment is ranked as high priority, whereas civil-society believes that higher priority should instead be given to increase the share of organic farming area in Poland, which is currently one of the lowest in Europe (3.4% in Poland compared to the 8% average in the EU). Similarly, the high priority assigned to support 'areas with natural constraints' in the Polish CAP Strategic Plan is questionable, especially if this support is given without conditions to safeguard the environmental and climate protection.

Finally, this list of prioritised needs did not include, among others, references to support for small and medium-sized farms, development of local agricultural production or the need for generational renewal in Polish agriculture.

A new plan or same old story?

There are four issues that require special emphasis in the appraisal of this first draft of the CAP Strategic Plan in Poland.

Intensive livestock still untouched

The first one concerns diligent avoidance of the problem of animal production intensification. This was noted in the EC recommendations, which clearly indicated problems of the widespread use of antimicrobial agents (antibiotics), the increase in diet-related diseases in Poland and the low level of welfare of farm animals, especially poultry and pigs. In the EU context, this exacerbates the risk of not reducing agricultural emissions that would allow to achieve climate neutrality by 2050.

Water shortage out of the radar

For Poland, intensive livestock poses a significant threat in the form of water shortages in agriculture. Agriculture alone is not the main force contributing to increasingly water shortages, and other public and private investments are putting pressure on water protection through infrastructure investments dis-

turbing the hydrogeological relations with the ecosystem, poor protection of peatlands and wetlands, deepening of rivers, the construction of deep wells in farms, to name the most important ones.

Water management is the second issue that requires considerable care in designing a strategic plan, especially due to the agricultural drought that has lasted in Poland for three years. It is particularly important that the strategic plan makes the possibility of obtaining financing for irrigation investments and insurance against drought conditional on the farmer's actions aimed at protecting water and soil resources on his farm.

Excessive water absorption due to the development of intensive agriculture is only one of the problems. The second is related to the pollution of water from agricultural sources. 99.7% of Poland's area lies in the Baltic Sea catchment area, and over 50% of this area is farmed. According to a scientific study conducted by HELCOM. (2018¹⁷), the largest area of human-induced oxygen deficiency in Europe is in the Baltic Sea.

The study demonstrates that the area of dead zones in the Baltic Sea has increased more than 10 times in the last 115 years and covers about 17% of the sea surface. The area of hypoxic zones is already about 28% of the bottom of the Baltic Sea.

Organic farming without a coherent action plan

Another, third issue is the development of organic farming, which currently occupies only 3.4% of the agricultural area in Poland ([CAP indicator dashboard](#), 2018). Unfortunately, the draft strategic plan does not show a coherent action plan for interventions in this area, but rather an attempt to stick to the previously unsuccessful methods. Therefore, the original concept of the ministry is mainly to direct funds to promote the consumption of organic food, instead of allocating funds to advisory and educational support to help farmers start and run organic production. Above all, however, there is no plan to eliminate legal and bureaucratic barriers discouraging Polish farmers from

17 HELCOM. (2018) [Sources and pathways of nutrients to the Baltic Sea. Baltic Sea Environment Proceedings No. 153](#)



converting into or maintaining organic production. Even the recently proposed abolition of degressivity for organic farming does not seem to be a golden remedy for a malfunctioning administrative system.

Neither was it considered that interventions encouraging young farmers to engage in agricultural activities could be directly linked to the financial incentive to choose organic production. This is, however, a pan-European problem, one that shows a lack of imagination across the EU.

Technological development: the magic spell

The last issue of the Polish strategic plan is also related to the techno-fix thinking about agriculture, which also prevails in the agricultural policy of the EU. Investments in innovation and technological development seem to be much more correlated with the sanctification of conventional agricultural production methods, based on the use of chemical pesticides and artificial fertilizers, than with the promotion of agro-ecological solutions.

Final reflections and next steps

Besides these observations, there are also other issues that have not been addressed in the Polish strategic plan, including food waste, empowering women in agriculture, and promoting a balanced diet among Polish citizens.

At the moment, the Ministry of Agriculture is reviewing comments sent to the strategic plan. It is not yet known when and how their summary will be presented to the public. Meetings with representatives of various circles are ongoing all the time. Unfortunately, some of them have resulted in the views recently expressed by Minister Grzegorz Puda. The Minister pontificated on plant-based diets as an expression of political opposition to the ruling political power in Poland, rather than a means of ensuring a safe future for present and future generations. Finger crossed, he will change his mind about using more organic fruit and vegetables in the diet instead of mass-produced meat.

Super Trilogue Weakens Result-Oriented CAP

Matteo Metta April 2021

The shift from compliance towards a result-oriented delivery model was highly debated in the super trilateral meeting on the 26 March 2021. Have the EU co-legislators ensured that the CAP Strategic Plans are result-oriented, while still holding the delivery model accountable for taxpayers? Here is our analysis on the main outcomes of the meeting.

Among other things, the CAP reform post-2022 promised a “*shift from a compliance to result-based delivery*”. While this shift might seem trivial compared to other important reforms like capping direct payments, it sets the ground for a much deeper ideological and political debate on how we want public authorities to be held accountable for the delivery and monitoring of public money.

This article firstly summarises the main outcomes reported in this working paper on the results of the super-trilogue meeting on last 26 March 2021. Having done that, it provides a critical analysis of the direction of the new delivery model.

Main outcomes of the super trilogue on 26 March 2021

In a nutshell, the super trilogue has granted more flexibility to the Member States in performance reviews regarding:

- **frequency:** from annual to biannual performance reviews
- **number of indicators subject to performance review:** from 38 to 22 result indicators
- **tolerance margins of deviations from planned targets**
- **time to adjust before encountering any suspension of payments:** every two years.

Although these points are still to be officially agreed in the final basic acts and therefore can be subject to changes, below we explain them in more detail.

Biannual performance reviews

Instead of the annual performance reviews as put forward by the Commission in 2018, the co-legislators found agreement to carry them out **biannually**, specifically in the financial years 2024 and 2026.

An additional annual performance monitoring – still at level of results – would be carried out in financial year 2025, however, without being subject to financial consequences in case of deviations.

More flexibility in case of deviations from planned targets

To avoid any suspension of payments in case of underperformance, the tolerance margins for deviations from the planned targets was increased up to 35% for the review in 2024 and maintained at 25% for the review in 2026. This agreement grants more flexibility to the Member States compared to the standard 25% proposed by the Commission for every financial year.

In case of deviations beyond the 35% in the performance review in 2024, the Commission could request, if necessary, the Member States to take actions until the next performance review (i.e. in 2026).

Performance reviews based on a smaller subset of result indicators

Instead of conducting performance reviews over the total list of 38 result indicators proposed in Annex I to the CAP Strategic Plan Regulation, the co-legislators found convergence on the following sub-set of 22 result indicators subject to biannual performance reviews (Table 1).

Super Trilogue Weakens Result-Oriented CAP

Table 1: CAP Strategic Plans' result indicators subject to biannual performance reviews

General objectives	Specific objectives	Result Indicators
	Modernisation	R.1 Enhancing performance through knowledge and innovation
Economic	SO 1	R.6 Redistribution to smaller farms R.7 Enhancing support to farms in areas with specific needs
	SO 2	R.9 Farm modernisation
	SO 3	R.10 Better supply chain organisation
Environmental	SO 4	R.13 Reducing emissions in the livestock sector R.14 Carbon storage in soils and biomass R.17 Afforested land
	SO 5	R.18 Improving soils R.19 Improving air quality R.20 Protecting water quality R.21 Sustainable nutrient management R.22 Sustainable water use
	SO 6	R.25 Supporting sustainable forest management R.27 Preserving habitats and species R.29 Preserving landscape R.39 Organic farming
Social	SO 7	R.30 Generational renewal
	SO 8	R.34 Connecting rural Europe
	SO 9	R.36 Limiting antibiotic use R.37 Sustainable pesticide use R.38 Improving animal welfare

Super Trilogue Weakens Result-Oriented CAP

Most of these indicators are called results but they simply contextualise output indicators. They calculate the share of beneficiaries over the total population (farmers, hectares, livestock units).

Moreover, the way interventions/beneficiaries will be linked to these result indicators will be up to the Member States and therefore vary across the EU. This raises issues when it comes to comparability, sensitivity, double counting in these indicators.

When setting up annual and multiannual targets for each of these indicators, the Managing Authorities will have to strike balance between being realistic, ambitious, and reduce the risks of encountering penalties in case of deviations.

The remaining indicators left out from the total list of result indicators will be reported only for **performance monitoring** purposes, which means that they are not going to be subject to correction mechanisms. It is up to the Member States to decide if they want to use all the list of result indicators in the performance reviews or stick to the 22 agreed ones. In any case, the co-legislators agreed to forbid Member States from using nationally developed and specific indicators in the performance reviews with the Commission. This is quite strange, as these indicators might be good complementary tools to demonstrate the performance.



Germany's resolution for its national CAP Strategic Plan: a step in the right direction?

Prof. Dr. Sebastian Lakner (University Rostock) April 2021

On Friday, March 26th, 2021, the German Agriculture Ministers' Conference (AMK) and the Federal Ministry for Food and Agriculture (BMEL) agreed on important cornerstones for the CAP reform and basic features for the financial structure. This article presents a short, preliminary assessment of this resolution, which is essentially based on the last blog post from March 19, 2021 (in German).

Introduction

On Friday March 26th 2021, the German Agriculture Ministers' Conference and the Federal Ministry of Food and Agriculture (BMEL) agreed on important [cornerstones for the CAP reform](#) and basic features for the financial structure. In the Federal Republic of Germany, agricultural policy is a subject largely decided by the 16 federal states ("Länder"). Especially the programmes of CAP's second pillar (EAFRD) are designed and implemented at the lower level (regional/länder). Only first pillar decisions, valid for the whole country, are something where the federal ministry in Berlin takes the leading role. But even here, the federal government ("Bund") and the federal states coordinate the CAP design together, in the German Agriculture Ministers Conference (AMK).

In the following article, I present a short, preliminary assessment which essentially builds on my last [blog post from March 19, 2021](#) (in German). In principle, the resolutions are more ambitious than expected from many observers in mid-March, and the financial resolutions may enable the CAP to be better designed with regard to environmental goals. However, important details are still not fixed and the payment levels for individual measures, which can be decisive in terms of efficiency, have not been determined. The legal details and the payment levels will be determined by a working group of the BMEL and the federal states, still with the lead in Berlin. In this respect, the door to a more ambitious CAP is open, but the BMEL and the federal states still have to go through it.

Conditionality

The AMK only made a few marginal stipulations on conditionality and the criteria of "good agricultural and ecological conditions (GAEC)". For GAEC 1, it was determined that an area would retain its grassland status from the reference year 2015. In practical terms, this means that a farm no longer has to automatically plough an area that it uses for fallow land or fodder every five years so that the area retains its arable status. Science had been calling for this regulation for a long time, so this decision is to be assessed positively.

GAEC 9 defines the minimum proportion that a farm must provide for non-productive areas. Here the AMK stipulated that the minimum requirements from the Brussels trilogue are to be adopted 1:1. From a European point of view and with a view to competitiveness, at first glance this uniformity appears desirable. However, in the CAP-reform process the area to which this criterion relates, whether it should be three, five or more percent of the area and what is to be understood as non-productive area are still being discussed. It was demanded that especially fallow land, flower strips and landscape elements should be understood as such areas. However, both the Council and the Parliament have largely watered-down conditionality (see [Arc2020-blog on October 29, 2020](#)) and in many details the GAEC 9 are similar to the greening-rules, i.e. allowing catch crops and legumes as "non-productive" areas. However, science has shown, that these options are not effective for the protection of biodiversity (see e.g. [our study Pe'er et al. 2017](#)). In that sense, Council and Parliament have largely ignored the recommendations

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from science. A lot would need to be changed in the CAP-reform text to make GAEC 9 into an effective option. Taking the EU-rules 1:1 accepts the inclusion of a watered-down GAEC 9, so in that sense, the AMK's proposal is largely unambitious.

The AMK did not take any decisions on other GAEC criteria. The protection of moors and wetlands (GAEC 2) or the protection of Natura 2000 grassland (GAEC 10) can be designed by the BMEL - here it depends on the details and they may or may not lead to effective regulatory principles. So, also in this instance the discussion is not over.

Eco-schemes: practices and financial allocations

Eco-scheme measures described in my last [blog post from March 19, 2021](#) have now largely been decided on by the AMK. And, one week after the Conference, the Federal Ministries for Food and Agriculture (BMEL) and for Environment (BMU) figured out some further details on eco-schemes:

- Voluntary increase in the non-productive area according to conditionality (fallow land, flower strips, landscape elements and old grass strips on grassland) (GAEC 9 beyond the obligation of conditionality)
- Planting of flowering areas and strips on arable land and permanent cultivated areas (interline and border greening)
- Diverse Cultures in arable farming, including a minimum proportion of 10% legumes and at least five main crops.
- Support of the maintenance of Agroforestry measures on arable land
- Permanent grassland extensification (for the entire farm)
- Permanent grassland managed for results (4 regional indicator species)
- Arable and permanent crops without chemical-synthetic plant protection
- Management in accordance with the conservation objectives in Nature 2000 areas

These measures are generally effective measures addressing a number of environmental purposes, but the details that still need to be worked out are important. Furthermore, a lot depends on the coordination with the agri-environmental and climate measures (AECM) in the 2nd pillar. And the premiums for these measures can decide whether farmers choose a sensible implementation (for example through an intelligent combination of eco-schemes and AECM), or whether due to high deadweight effects and with low participation in AECMs, low efficiency and effectiveness is achieved.

Regarding the financial allocations, the trilogue negotiations in Brussels have not yet determined whether the budget for eco-schemes should be [at least](#) 20% (Council's position) or 30% (EP's position) of direct payments. However, AMK and BMEL agreed on 25% of the direct payments for eco-schemes. While this might reflect the most likely outcome of the trilogue negotiations in Brussels (i.e. 25%), it indicates that the BMEL is counting on a less ambitious target compared to the 30% proposed by the European Parliament.

The AMK has agreed on a two-year transition period, which may mean that a little less will be spent on eco-schemes in 2023 and 2024. The AMK has also agreed that, under certain circumstances, spending for AECM in the 2nd pillar will be offset against these spending obligations for eco-schemes. This appears, for technical reasons, even sensible.



Source: see press-release by BMEL from April 13, 2021

Eco-scheme: main principles

Overall, the question arises as to how much scientific proposals have been taken into account in the design of the CAP post-2022 and to what extent the proposals for the content of the eco-schemes can possibly be improved. From October to December 2020, interdisciplinary workshops took place in 13 EU member states, attended by more than 300 scientists from different disciplines (mainly from agro-ecology, environmental sciences, agro-economics and agro-policy).



At the workshops it was discussed how the green architecture can be designed in a favourable way from a biodiversity perspective. Four questions were addressed:

- The overall design of the green architecture
- The design of the eco-schemes (design and implementation)
- Goal setting and monitoring
- Indicators for the CAP 2021-2027

The first preliminary report was published on iDiv on March 10th ([Pe'er, Birkenstock, Lakner & Röder 2021](#)). The workshops came very roughly to the following key principles for success:

- Landscape elements and near-natural areas (including grassland) are central
- Diversity and multifunctionality should be a primary goal
- Spatial planning in terms of objectives and implementation
- The “*no backsliding principle*”, i.e. no decline in environmental ambition in the current funding period.
- Demand a clear intervention logic from the MS
- High Nature Value Farmlands (HNVFs) should be integrated into conditionality, eco-schemes and AUKM.
- Extensively used grassland serves both biodiversity and the climate.

Source: Pe'er, Birkenstock, Lakner & Röder 2021

If one looks at the substantive resolutions of the AMK, it becomes apparent that the first point in particular is complied with in some places. But here it depends on GAEC 9, so that landscape elements and fallow land actually dominate. Spatial planning has scarcely played a role so far. The no-backsliding principle must be examined after the final decisions. There are also no indications for evaluating a clear intervention logic. And the extent to which High Nature Value (HNV) farmland and extensively used grassland are well-promoted depends on the specific measures and premiums, so this cannot be assessed either. At the same time, the recommendations of the scientists can still be considered during programming.

Transfers to Pillar II

When reallocating budget from Pillar I to the second pillar, the AMK agreed on significantly higher percentages. The financial structure of the CAP after 2020, and especially the slightly lower funds for the European Agricultural Fund for Rural Development (EAFRD), actually make this necessary (see [blog-post of March 19, 2021](#)), and the AMK has apparently drawn

the right conclusions from this. The reallocation begins in 2023 with 10% and increases over several steps to 15% in 2026. Between 2023 and 2027 an average of 12.7% of the direct payments are reallocated to the 2nd pillar and are available there for a number of measures:

2021/22	2023	2024	2025	2026/27	Average 2023-27
6%	10%	11%	12.5	15%	12.7%

The reallocated funds come without co-financing and the AMK specifies various possible purposes for the reallocated funds in the second pillar:

- Sustainable agriculture, especially agri-environmental and climate action
- Strengthening of animal welfare and animal welfare
- Measures to protect water resources
- Promotion of organic farming and
- Compensatory allowances in nature-disadvantaged areas

Source: AMK resolutions of March 26, 2021

The emphasis on animal welfare is new in this list, otherwise this earmarking was already applied in the last funding period 2014-2020. Most of the tasks are effective and important from an environmental point of view and can be used to design targeted measures for biodiversity, climate measures or the expansion of organic farming. Only the payments for areas of natural constraints (ANC) should be evaluated critically, as these payments are usually not linked to any environmental obligations. The ANC-payments could be linked to a minimum environmental requirement, but so far these payments have not had any causal environmental effects.

Overall, the question arises as to how the reallocated funds are used within the 2nd pillar. If a large proportion is used for animal welfare or the ANC-payments, the funds thus gained are likely to be spent quickly. In this respect, the reallocation opens up possibilities, but here again it depends on the specific measures. The measures will be determined within the rural development programs (RDP), which will only be programmed by the state ministries during the year, and submitted to the EU commission for notification. Therefore, here again, the decisions open up opportunities, however, many details are still to be determined.



Coupled payments for grazing premium

A coupled payment is introduced for suckler cows (EUR 60 / ha) and for sheep (EUR 30 / ha). In the last funding period 2014-20, Germany did not use coupled support (as the only MS in the EU), so the decision opens up a new instrument. In principle, these payments could make sense from an environmental point of view, as suckler cows and sheep often graze on biodiversity-rich grassland.

The economic accounts in Germany clearly show that this type of husbandry is economically difficult. The type of farm keeping sheep and suckler cows is called "*other grassland farms*". This type of farm achieved a lower profit than all other types of farms in 2017/18 with an average of € 41,447 per company and only € 30,057 per labour unit (see BMEL 2019 Agrarbericht 2019: 77, see also table below). It remains to be seen whether this premium is actually linked to environmental criteria. The AMK has also stipulated that this premium is only available for pure suckler cow farms that do not keep dairy cows at the same time. This seems to make sense in terms of structural policy, but it could finally drive the process of the division of operations (if it has not already ended).

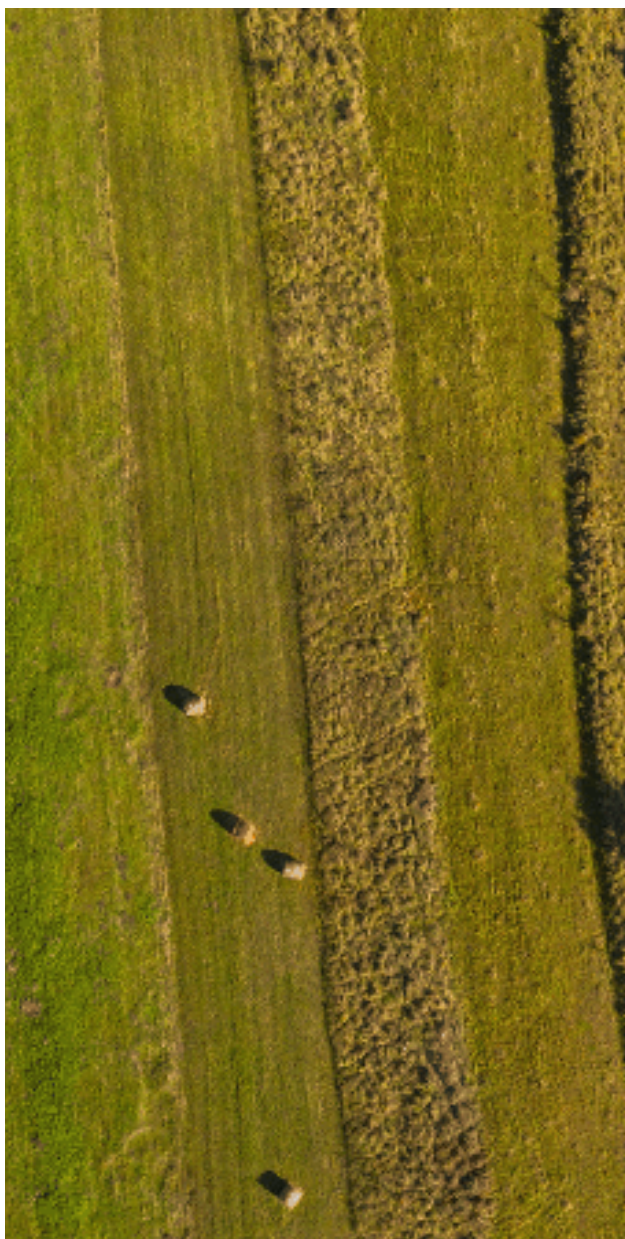
Redistribution: The first hectare

The AMK and BMEL decided not to apply any capping or degressivity, despite the proposal put forward by the Commission in 2018. Instead, Germany will continue the practice to pay increased payments for a number of x hectares (first hectare-payments). In the next funding period, 12% of the direct payments will be used. For the first 40 hectares, the payment will be 69 €/ha, whereas for the following hectares (i.e. between 41 and 60), the payment will be 41 €/ha. This is substantially higher than in the last funding period 2014-2020, where only 6.9% of direct payments was paid for the first 46 hectares. The financial volume increased from 6.9 to 12%, however, the higher limit of 60 hectares is just a result of structural change.

All three redistribution measures are criticised from a structural policy point of view. Small farms are neither particularly environmentally friendly, nor has it been proven whether small farms are socially disadvantaged per se. (Note, that this finding is only valid for the EU context and it refers to farm-size, not to smaller field size, where we can definitely observe positive environmental effects). The size by hectare says little about the economic performance of a farm. The following table shows the profits and the possible redistribution effects of the most important types of agricultural operations in Germany in the 2017/18 financial year:

	arable farms	milk farms	other grassland farms	pig & poultry farms	mixed farms
Area-size (ha UAA)	137.6	73.8	79.4	70.0	96.1
Profit (EUR/farm)	56,022	82,320	41,447	63,591	49,852
Profit & wages (EUR/labour units)	34,767	48,085	30,057	39,780	30,619
Direct payments (w/o first hectares)	24,768	13,284	14,292	12,600	17,298
Basic payments	20,640	11,070	11,910	10,500	14,415
First hectare payments	1,800	1,800	1,800	1,800	1,800
Direct payments (incl. first hectares)	22,440	12,870	13,710	12,300	16,215
Relative Change (%)	-9.4%	-3.1%	-4.1%	-2.4%	-6.3%
Absolute Change (EUR)	- 2,328	- 414	- 582	- 300	- 1,083

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If the figures above are used to derive the premiums, the average base premium for the years 2023-2027 is € 152.54/ha and a first-hectare payment of € 31.02/ha. The present calculation is a rough estimate and is therefore based on a simplified basic premium of 150 € / ha and payments for the first hectares of 30 € / ha. If calculated both together, we receive the direct payment (w/o first hectares) as a reference to compare with. If, on the other hand, the first 60 ha are given a premium of € 30 / ha, a redistribution effect becomes apparent.

We can observe different redistribution effects between different types of farms. The pig and poultry

farms, on average smaller in terms of area, but economically more powerful, achieved higher profits per labour unit with a profit of 39,780 EUR/ labour unit. The lowest profits can be for “other grassland farms” (sheep, suckler cows) and mixed farms, achieving only 30,000 and 30,600 EUR/LU. Applying the first hectare payments, arable farms, other grassland farms (sheep, suckler cows) and the mixed farms are losing. Especially the latter two achieve lower profits, which suggests that this redistribution does not fit to the economic competitiveness.

The calculation is a rough average view over all German farms (disregarding regional difference), it only shows the redistribution effects as an approximation. But the main principle of this measure is captured: Farms with a large area (farms in East Germany, other grassland farms) lose out compared to farms with lower land endowment (= pig and poultry farms and smaller arable, mixed and dairy farms in Southern Germany). Smaller farms in southern Germany win overall, containing in many cases also part-time farms, which do not rely to the same extent on income-payments. The first hectare payments with its redistributive effects cannot be reconciled with performance. Size in hectares does not give a reliable indication of economic viability and the distribution does not become fairer by applying first hectare payments.

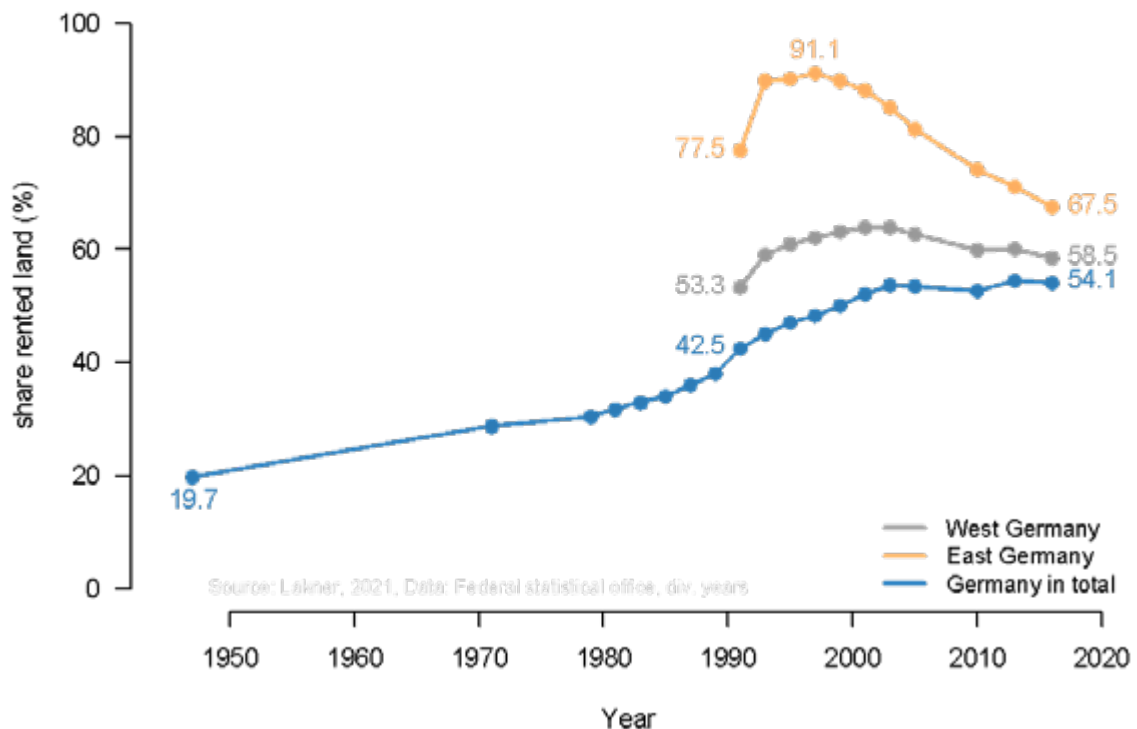
Another redistributive effect is taking place **between eastern and western Germany**. Farms in eastern Germany, larger farms on the one hand benefit from economies of scale. However, it seems a bit daring to provide 12% of the first pillar for the first hectares to compensate for economies of scale.

On the other hand, large farms in rural regions in eastern Germany are often the only employers in villages, so any cuts on these farms may also endanger scarce employment opportunities. For small farms, however, the payments for the first hectare are hardly enough to improve their own situation on the lease market. In this respect, although this payment has a structure-preserving effect, it does not open up any long-term prospects for small farms (see the modelling by [Balmann and Sahrbacher 2014](#)).

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Farms in eastern Germany often have a lower share of ownership: On average, the lease share in the east is 67.5%, in the west it is only 54.1% (Figure).

Share rented land in Germany 1949-2016 (%)



Because direct payments are at least partially passed on to landowners via the lease agreements, farms in the east benefit less from the direct payments and at the same time lose more from the first hectares. For this redistribution, too, there is no clear formulation of objectives on the part of agricultural policy and one could come to completely different conclusions in terms of distributive policies.

It is particularly dubious that large suckler cow and sheep farms are disadvantaged by the redistribution. These farms, which are important for nature conservation, lose with the first hectares and are compensated in the next step by the coupled premium. Presumably, the animal premium (depending on the design and upper limit) is usually higher, but this shows which manoeuvres are necessary to compensate for the incorrect control of the first hectares. This redistributive policy is not oriented towards individual or group-specific needs and this regularly leads to incorrect management. No matter how we

observe the case, we often come to the same conclusion, that direct payments are not a useful or targeted instrument for equalising income-differences.

Overall, the few, rather rough considerations show that the redistribution measures actually do not lead to any substantial improvement in direct payments. The economic need of a farm does not necessarily correlate with the size by hectare but depends on individual circumstances. Overall, it makes much more sense to implement income policies at household level, but so far there have been no considerations in this direction and there is hardly any data from agricultural households that would provide an indication for the design of such a policy. In this respect one always comes to the same conclusion: 1) justify goals sensibly and substantiate them with figures and 2) abolish direct payments or transfer them to a more sensible instrument of income support.

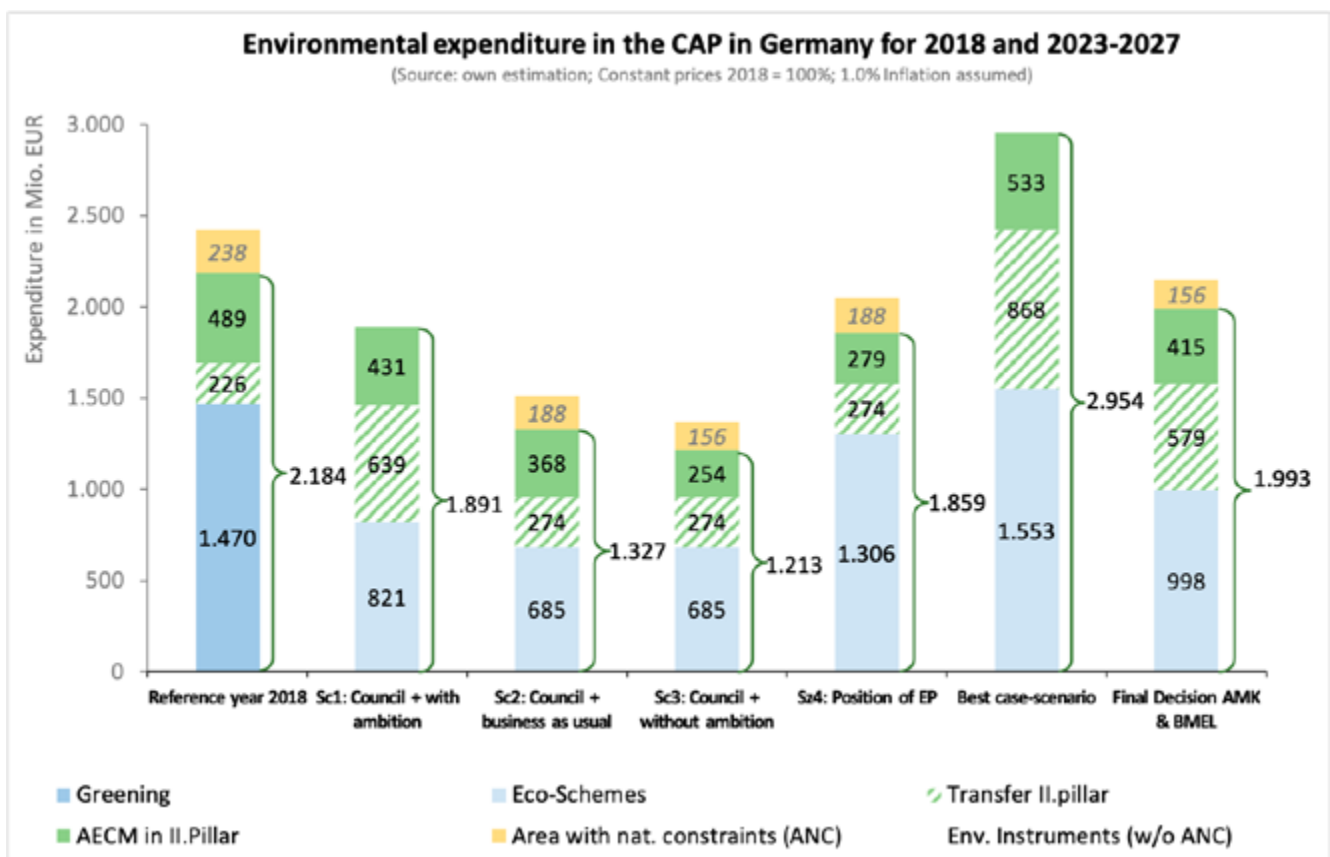
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However, the decisions of the AMK on income policy (unlike environmental policy) are not suitable for correcting the deficits of previous policy. And all of the state ministers and agricultural politicians of all parties have not yet had a convincing answer to this issue. The only positive aspect in this implementation is that the share of basic payments and first hectares is shrinking over the financial period, and probably, this is the best evaluation we can give here.

Financial decisions

It appears that in the best-case scenario, financial resources for environmental measures will be pro-

vided in the years 2023-27 to a similar extent as in 2018. Taking my evaluation for [Greenpeace in January 2021](#) or my [last blog in mid-March 2021](#) (both in German), it didn't look like that for a long time either. Assuming that the shifted funds will be made available for agri-environmental measures and that the federal states programme measures accordingly, almost EUR 2.14 billion will be available annually for environmental measures in the CAP. However, the AMK & BMEL resolution states that the funds that are shifted to Pillar II will also be used for animal welfare and payments for disadvantaged areas. If one carefully assumes that at least 10% of Pillar II is used for payments for less-favoured areas from these funds, then there are 2.0 billion euros.



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This result is still more favourable than most of the previously assumed scenarios. Only the two quite optimistic scenarios of Parliament and Council provide similar amounts for environmental measures with ca. € 1.9 billion EUR. In this respect, one can describe these resolutions as a step in the right direction in terms of environmental spending. Getting more into the details, we can observe, that especially the payments for agri-environmental and climate measures can be extended. If we assume, that the reallocation into the 2nd pillar is used for AECM, then much more funds are available for AECM, increas-

ing from the 2018 level of € 715 Mio to ca. € 1,000 Mio from 2026 onwards. (Note, that in many evaluations, AECM show different degrees of effectiveness, however, at least some of the measures are quite effective.). Especially this aspect of the German implementation can open the door for a more effective environmental policy, but here as well, the devil lies in the detail and finally, it depends, whether reallocation-funds are used for AECM or spent for ANC or animal welfare.



How to feed an island? Japan and the German CAP Strategic Plan

Hans Wetzels July 2021

The Common Market Organization (CMO), insufficient grazing subsidies and eco-schemes. An explainer about how EU dairy exports could increase rural unemployment and food poverty in Japan.

Introduction

On the 19th of September, 2016, a high level group of lobbyists for COPA COGECA reports to the Berlaymont building: the heart of European power in Brussels. Both presidents of the influential farmers' lobby group, as well as its trade director and secretary general, are scheduled to meet with EU Commissioner for Trade Cecilia Malmström at the European Commission (EC) headquarters.

During the meeting, COPA COGECA makes it clear the group is worried about the upcoming trade deal the EC wants to strike with the South American bloc Mercosur (*Mercado Común del Sur* – Argentina, Paraguay, Uruguay and Brazil). While carmakers like Volkswagen or Daimler stand to gain a lot from unlimited access to Brazilian or Argentinian middle classes, farmers are bound to lose out against mass produced beef, cane sugar and cheap chicken meats the Mercosur countries are planning to export to the EU in return.

The COPA COGECA lobby mission, however, has a peace offering to present to Malmström. According to a batch of meeting documents the author was able to obtain by means of a freedom of information request (FOI) – “the cornerstone for EU farmers acceptance of a EU-Mercosur deal” would be a “very ambitious package for EU agricultural exports” in another trade agreement: **EU-Japan Economic Partnership Agreement (EPA)**.

Japanese imports

Japan presents an important and affluent market for the EU agricultural sector. In a [recent report](#) (2018) on Japanese dairy markets, the EU-Japan Centre for Industrial Cooperation sets out big expectations for EU traders to benefit from the slashed tariffs and new quotas the EPA would set out – resulting in “certain changes in the Japanese dairy market, leading to an improved market climate” for exporters from Europe.

The EU-Japan Centre for Industrial Cooperation is a joint venture established in 1987 by the European Commission and the Japanese Government to promote trade and investment. It has its headquarters in Tokyo and an office in Brussels. Author Paul van der Plas notes that EU dairy exports account for 8.3 percent of a record €138 billion of agricultural and food exports to Japan in 2017. According to the author, chances for further growth exist especially for cheese and skimmed milk powders. “Cheese is one of the dairy products that has quickly gained popularity in recent years,” Van der Plas writes. “While still well below the European average, the per capita consumption of cheese has increased with 12.4% in the four years up to 2017. As most cheese sold in Japan comes from abroad, imports have significantly increased, reaching 273 metric tons in 2017, a 6% increase over the previous year.”

Historically, dairy has not been a major part of the Japanese diet, professor Shuji Hisano of Kyoto University explains. But government data show that the demand for milk and dairy has rapidly increased since the 1960s until around 1995. Since then demand has been relatively stable. The professor presents a set of graphs from his office in Kyoto while explaining

that most dairy production in Japan takes place on the northern island of Hokkaido. His statistics indicate an intensification of production starting in the second half of the 1970s. Since then the number of dairy farms has been steadily decreasing while the total number of cattle has been going up. “In comparison with the Netherlands, France or the United States, Japanese farms remain quite small,” Hisano explains. “It’s too early to tell whether the new EPA will actually lead to increased imports from Europe. What is clear is that Japanese livestock farmers do fear rapid cheap dairy or cheeses from the EU that would make it difficult for them to survive, in turn causing problems for food processors, employment levels and the consumer cooperatives that still play a major role in Japanese society.”

History since WWII

Hisano has been researching the political economy of agriculture and globalization since 1994, and has published numerous articles and one book. He is currently employed at the Graduate School of Economics at Kyoto University. In a recent article (2018) published in the *Journal of Rural Studies* Hisano and two co-authors explain how “Japanese food self-sufficiency on a calorie basis (39%) is extremely low compared to other major OECD countries”.

In the article, the authors warn that Japan is exceptional “in terms of its consistent downward trend for food security during the past 50 years” – starting right after World War II. “The Japanese agricultural sector is very weak. After the war we were forced to import skimmed milk and wheat from the US,” Hisano says. “First as food aid, but later on, Japan was pushed into dependency on American imports. When the Japanese economy started to develop rapidly during the 1980s, our main automobile industries needed to keep wages low in order to stay competitive in world markets. To justify meagre wages for Japanese workers, the price of food had to be kept low by importing cheap commodities. Thus, you could say Japanese farmers have become victims to the logic of global capital.”

Since then Japan has become largely dependent on imports to feed its largely urbanized population. Today, most vegetables and processed foods come in from China, while the US still accounts for much of Japanese wheat imports. The EU plays a smaller but substantial role in supplying Japanese consumers with wine, cheeses, pork meat and dairy.

According to the EU-Japan Centre for Industrial Co-operation, consumer popularity of dairy products has increased. The domestic dairy industry in Japan has simultaneously shrunk by 20 percent in the years prior to 2017; a development primarily attributed to the fact that few farming families have successors. According to a [2017 report](#) by the global consulting firm McKinsey, Japan could even face food security threats in the near future and stresses the importance of finding a policy balance between stable domestic production, stockpiles and imports: “For present-day Japan, it will probably be difficult to maintain a varied and sophisticated diet just with domestic production and stockpiles. While both farms and farmland are in decline, efforts are being made to prevent a large drop in domestic production as new technologies promising more efficient production are gradually introduced. Even with these efforts, however, and even assuming that there is no tightening of the global supply and demand for food, Japan will need to strategically strengthen comprehensive food security, including imports, if it is to maintain the highly varied and sophisticated diet that its population presently enjoys.”

CAP and trade

According to this [briefing](#) published by the European Parliamentary Research Service, dairy is the second biggest farming sector in the EU after the vegetable and horticultural plant sector and before cereals; dairy represents more than 12% of total EU agricultural output. Under the Common Agricultural Policy (CAP), dairy production is supported by a range of instruments, for example direct payments or rural development funding, and is also covered by the Common Market Organisation (CMO) Regulation. Before the entry into force of a single CMO in [2007](#) there were 21 separate CMO-regulations –

How to feed an island? Japan and the German CAP Strategic Plan

each covering a specific product. These CMO's were originally based primarily on price guarantees which were gradually reduced and offset, but still allowing the European Commission to buy butter or skimmed milk at set prices, stockpile and fund private storage if needed until the dairy quota system expired in March 2015. Such intervention measures were [temporarily revived](#) by the Commission to stabilize prices during the COVID-19 pandemic.

After EU milk quotas were abandoned, markets in Europe were left awash with milk, sending prices tumbling down and forcing EU producers to seek out export opportunities. For example, milk powder exports to West Africa [nearly tripled](#) from 12,900 metric tons to 36,700 tons between 2011 and 2016.

Before the EPA with Japan entered into force on 1 February 2019, the island nation was already the fifth largest agricultural market for the EU. Under the new trade agreement new opportunities will arise: import duties on different cheeses will be gradually reduced to zero within a timeframe of sixteen years. Aggregate quota quantities for butter are increased annually, while in-quota tariff rates are set to fall. Nevertheless, Japanese policy makers are not keeping track of how EU agricultural policies might change to benefit from the increased export opportunities the EPA seems to offer. "Our ministry has been analyzing the CAP system but we have not conducted any specific research on its impact on Japanese agriculture," a spokesperson for the Japanese ministry of Agriculture, Forestry and Fisheries (MAFF) writes in an e-mail.

Hisano reacts: "The government is very optimistic about the way increased trade could empower Japanese farming. They carry high hopes that more competition would in effect stimulate and innovation and competitiveness in the dairy sector."

CAP beneficiaries

According to a 2021 report by the Joint Research Centre (JRC) of the European Commission, trade agreements and the CAP would ideally reinforce

each other. The JRC has therefore charted the potential effects of 12 EU free trade agreements (FTAs) on agriculture. The results show a positive cumulative impact of trade deals on the overall EU agri-food trade balance – thanks to the capacity of the EU to increase its exports by more than 29 percent to all trading partners in the most ambitious scenario. Most of such exports would go to the Mercosur countries, Thailand, Vietnam and Japan.

For the next CAP-period (2021-2027), Germany is set to be the third biggest receiver of direct payments – after France and Spain. According to data retrieved by the European Parliament, over half of all specialized dairy farms in the EU are large or very large – with the bulk of the biggest holdings concentrated in the eastern parts of Germany, Slovakia and Denmark.

On a yearly basis, the German federal government will receive €4.9 billion from Brussels to slice up among farmers. Since legislative responsibilities for how that money will be spent is shifting from the Commission to EU member states, national governments will have substantially more influence. Although much remains unclear, countries like the Netherlands or Germany, sporting heavily efficient, export-oriented and CAP-subsidized agricultural sectors, seem to be holding on to world trade as an explicit policy goal. "There is a lot of talk about greening measures, but what's never debated in Germany is the way the CMO-regulation is set up," Phillip Brändle of the farmers' association AbL (*Arbeitsgemeinschaft bäuerliche Landwirtschaft*) explains. "To avoid further overproduction one could imagine fixed lower prices for dairy farmers producing more than a certain benchmark. Instead, all policies still revolve around producing as much raw commodities as possible to serve world markets and no proposals to amend CMO-principles to limit production have been tabled."

In order to specify how the CAP will be followed through inside national territories, all EU member states are working on a National Strategic Plan (NSP) to be delivered to the European Commission by the end of 2021; a process in which in Germany the two federal ministries of Food and Agriculture (BMEL)

How to feed an island? Japan and the German CAP Strategic Plan

and Environment, Nature Conservation and Nuclear Safety (BMU) are involved. Early January 2021 BMU presented its recommendations for the setup of a green architecture of the German NSP. “The German CAP Strategic Plan should be developed as a pillar of the social contract with agriculture,” BMU wrote at the time. “In the plan, society has to formulate what it expects of farmers for its CAP tax money, but also how it will appropriately reward farmers for services of general interest and ensure planning certainty in the required change process”.

In the 21-page document *‘Shaping the future through change: Advancing the agricultural reform in Germany together’*, BMU proposed an extensive list of annexes and measures that could be integrated into the German CAP NSP architecture to protect biodiversity and make farming practices more sustainable, “including areas of high biodiversity value (e.g. fallow land or landscape features such as hedges or boundary strips), the reduction of excess nutrients, refraining from or halving the use of pesticides, diversified crop rotation and various measures for environmentally and animal-friendly use of grassland”, “diversified crop rotation and various measures for environmentally and animal-friendly use of grassland.”

Cows and eco-schemes

The final legislative proposals were presented by the Ministry of Food and Agriculture (BMEL) in April 2021 and approved by the German parliament early June. For independent farming organizations and NGOs, the proposals were full of subtle disappointments. For example, in contrast to the 30 percent of the total CAP budget reserved for eco-schemes as proposed by the environmental ministry – BMEL reserves only 25 percent. Eco-schemes are the new categories proposed by the Commission to provide farmers with funding for environmentally and climate friendly initiatives, such as dedicating arable land for biodiversity, agroforestry, extensification of green pastures, or pesticide-free crop management.

But what is more important than the proposed percentage at this moment, would be the fact that in current German proposals no progression of the percentage ringfenced for such eco-schemes is envisioned, Brändle (AbL) explains during an interview: *“If we expect farmers to be able to adapt to a gradual phasing out of decoupled direct payments, we will need a progressive rise in the percentage reserved for eco-schemes. But that seems to be completely lacking. 25 percent for eco-schemes now, will remain 25 percent in 2027. But farms must be able to adapt to getting paid based on environmental merits in a way that’s manageable for them.”*



Another example is the way the Ministry of Agriculture intends to introduce coupled payments for livestock grazing in ecologically valuable areas as a means to stimulate biodiversity. But those subsidies are only made available for suckler cows – not for dairy cows. A small but crucial point for the *Arbeitsgemeinschaft bäuerliche Landwirtschaft*, Brändle says: *“This way there will still be no incentive to let dairy cows graze. The issue behind all this is that Germany does not fundamentally want to make its farming system more ecological. You can see the same dynamics at work in the way BMEL intends to transfer money from the first to the second pillar of the CAP. That setup will allow environmentalists to clap their hands because they’ll receive more money to take care of Natura 2000 areas, while intensive farming practices also see none of their direct CAP payments threatened and the agriculture system itself won’t become any greener.”*

Top receivers of CAP payments in Germany

As long as Europe is opening up new markets through trade agreements while refusing to limit production, it’ll be only the biggest agricultural holdings that profit most from the CAP. According to the [German public database](#) of CAP beneficiaries the biggest receiver of direct payments in Germany is the sugar and ethanol giant Südzucker Mannheim (€1,002,010 for a single beneficiary in 2020). Most other top receivers are involved in either milk and meat production, or in producing animal feeds. The second biggest beneficiary is Agrar Produktion Spornitz (€1,066,535 in 2020): a giant farm operating 5,900 hectares in East Germany, growing maize and wheat, rearing more than 1,000 cows, while also running a biogas installation and raising pigs.

Runners up are Golzow Betriebs-GmbH (€997,579), producing feed maize on 7,000 hectares east of Berlin, Agrargenossenschaft Dedelow (€975,517), marketing milk, beef and sugar, specialized feed producer Saatzucht Steinach (€938,642) and Agrargenossenschaft Rhönperle (€900,099), producing milk and dairy products. For Brändle, the EU

policy convergence between the CAP and free trade agreements as such serves mostly private interests, not farmers: “The argument always is that farmers need direct CAP payments because environmental demands and wages in Europe are high and make EU products relatively expensive. The farms that actually benefit the most are often the ones that aim for the cheapest production and target international markets. It’s smaller and family farms that would benefit from a progressive budget for eco-schemes or a gradual phasing out of direct payments.”

Social dimension

Looking at the island nation of Japan, the myth that through exports Europe can feed the world remains just that: a mere myth. According to the McKinsey report, agricultural products, such as wheat, corn, and fertilizer, are considered high-risk items whose lack could hinder future Japanese food security.

EU export interest such as meats and dairy products are not crucial for Japan to feed itself – while increased exports would have detrimental effects on local food systems, professor Hisano points out. Especially, indirect effects of a social dimension should not be forgotten: “To understand what could happen if the EU starts exporting more to Japan, once only has to look at beef. The famous Japanese wagyu beef is produced domestically but only destined for high end consumption. Low quality cheap meat is imported in volumes, affecting low income households who have no other option than eating these anonymous meats. My fear is that similar things could happen for other imports. These would substantially impact lower price ranges and push Japanese farmers into differentiating and focusing on exports of high quality products to survive. That could make poor Japanese families dependent on EU imports and further lock in global commodity trading.”

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Quality Schemes – Who Benefits? Central America, Coffee and the EU

Melina A. Campos September 2021

This analysis explores whether and how mutually recognised quality schemes for agricultural products and foodstuffs are creating enhanced trade benefits for third countries' producer groups in the frame of the Common Market Organisation and Association Agreements of the European Union. A case-study on coffee protected by designations of origin in Central America.

Introduction

After more than 2 years of negotiations since June 2018, the three EU co-legislators¹⁸ found an agreement on the regulations for the future Common Agricultural Policy post-2022 (CAP). Much of the attention is now moving on the 27 Member States who will be in charge of implementing these regulations via the future **National CAP Strategic Plans 2023-2027**.

The Common Market Organisation is one of the three regulations addressed by the CAP reform. It covers numerous crucial rules of **agricultural markets** at European and global scale, from the **quality schemes** to provisions concerning the **reserve for crisis** (market, climate, etc.).

In this article, we look specifically at the EU provisions on **quality schemes** from the perspective of small-scale coffee producers in Central America. Specifically, we explore whether and how the reform of the Common Market Organisation, intertwined with Association Agreements, has created the conditions to ensure and enhance trade benefits for **producers in third countries**.

Quality schemes like Protected Designation of Origin (PDO) or Protected Geographical Indication (PGI) play an important role in the future/ongoing CAP reform, and more broadly in the European Green Deal and its initiative on [Corporate due diligence and corporate accountability](#). EU and non-EU quality schemes can be mutually recognized and protected by unlawful use. They can provide a higher degree of visibility for third countries' agri-food products and, more importantly, could strengthen the producer groups' position in the global value chain.

Quality schemes are intended to create multiple benefits for its holders. However, through in-depth interviews with the administrators of three of the five coffee protected designations of origin (PDO) in Central America, this analysis unveils how some EU legal and system loopholes (e.g. *administrative and judicial steps*) are weak in preventing *the unlawful use* of mutually recognized quality schemes, and ultimately impede coffee producer groups on the ground from receiving the expected trade benefits – specifically, in the context of the Association Agreement signed between both regions¹⁹. In contrast, our analysis presents the complexity of intellectual property rights' assurance within the EU market from different angles.

¹⁸ EU co-legislators are the European Commission, European Parliament, and the Council

¹⁹ <https://ec.europa.eu/trade/policy/countries-and-regions/regions/central-america/>

What are EU Quality Schemes for food, agricultural products and wines?

EU quality schemes are official recognitions and registrations in a country to protect products' established names and promote their unique characteristics linked to their geographical origin as well as traditional know-how. Quality schemes for agricultural products and foodstuffs are widely used as enablers for economic added value and to ensure the protection of intellectual property rights. They were born under the Lisbon Agreement (1958)²⁰. Straightaway, the EU actively promotes their recognition and usage, not just amongst European companies, but also in third countries.

For EU producers, Directive No. 668/2014 lays down the specific procedures for applying for quality schemes for agricultural products and foodstuffs. Producer organizations outside the EU are also entitled to apply directly to the EU Commission for the recognition of a quality scheme in the EU internal market, independently of the existence of an Association Agreement.

Mutually recognized quality schemes, exercised in the negotiations and enforcement of bilateral/multilateral Association Agreements, have become part of the instrumentalization of the EU's foreign trade policy. Every Association Agreement is negotiated individually, and intellectual property rights' set of rules and dispositions may vary for every trading partner (country/region) (AIDA, 2012).

*In the frame of Association Agreements, third countries' producer groups must follow two steps to trade their products under quality schemes. Firstly, they must recognise their scheme in their own territory. Secondly, when the EU and third countries subscribe **Association Agreements** of bilateral or multilateral nature, these agreements usually include a clause on mutually recognized quality schemes.*

*It is important to stress that the level of protection of the mutually recognized quality schemes in the frame of an Association Agreement is **negotiated and included in the Agreement dispositions** (European Commission, personal communication, June 18th, 2021).*

Therefore, these negotiated dispositions in Association Agreements **put the provisions of the Common Market Organisation in second place** and raises the need to envisage EU-wide harmonised rules that safeguard third countries producers' intellectual property rights under quality schemes in both ways: via direct registration and recognition of schemes via Association Agreements.

Current situation of the coffee sector in Central America

Central America (CA) covers seven coffee producing-countries²¹. In 2020, the entire region accounted for approximately 14.5 % of shared value in world's green coffee exports (Honduras: 5.8%; Guatemala: 3.5%; Nicaragua: 2.6%; Costa Rica: 1.8%; El Salvador: 0,6%; Panamá: 0,1%)²². Most of the coffee production in CA is largely cultivated by smallholders. On average, 87% of coffee farms in CA are less than 10 hectares size and are family-run farms (PROME-CAFE/IICA, 2018). Out of its total coffee imports, the EU acquires 10.5% from CA.²³

Even though CA is a prosperous area in terms of volume of coffee production, the lack of economic sustainability of the coffee sector starts with its profitability and poor economic returns. A regional macro-analysis reporting detailed costs of coffee production in the period 2016/2017 concluded that on average, the **production costs of a coffee sack is around 181.00²⁴ EUR**, without considering the smallholders costs occurred for the compliance (or

²⁰ https://www.wipo.int/treaties/en/registration/lisbon/summary_lisbon.html

²¹ <https://www.hrnstiftung.org/central-america/>

²² www.trademap.org (HS 090111)

²³ <https://trade.ec.europa.eu/access-to-markets/en/statistics>

²⁴ <https://www.ofx.com/en-au/forex-news/historical-exchange-rates/yearly-average-rates/> (1.10656) | Exchange rate applies for all EUR prices mentioned along the document



lack thereof) to social conditionality standards. For instance, in Honduras, the official minimum wage in agricultural activities per day is USD 8.30; but coffee farm workers earn much less (Dietz, Grabs, & Chong, 2019). On average, smallholders receive export selling price of 120.53 EUR per sack, meaning a loss of approximately 63.26 EUR per sack. This demonstrates that coffee production is simply not lucrative for CA smallholders (PROMECAFE/IICA, 2018).

Besides the negative balance between production costs and selling prices, the economic sustainability of small-scale producers is penalised by an unfair supply chain governance strongly dominated by multinational companies operating in the international coffee trade (Grabs & Ponte, 2019) (DW, 2021). Companies such as Nestlé, Neumann Gruppe, Starbucks, and other trade giants are actively sourcing coffee across the region. Likewise, climate change has tremendously affected coffee production in CA. Adap-

tation strategies are urgently needed since climate change is rapidly affecting smallholders' livelihoods in various ways, given that every coffee farm runs in different environmental ecosystems. Equally, dry season and rust disease outbreaks have exponentially increased production challenges (CIAT, 2018). Overall, coffee production is not a valuable livelihood strategy for many smallholders anymore. It is no surprise that small-scale farmers are falling into debt, putting their farms up as collateral to acquire some immediate cash to migrate illegally to the USA (DW, 2021) (REUTERS, 2019).

Considering coffee cultivation in CA is no longer profitable, the managing director of APCA Guatemala believes coffee cultivation underlies on a traditional basis, passed out through generations since coffee activities in the region are older than a century (Personal communication, May 07th, 2021).

Central America's Protected Designations of Origin in a nutshell

When the Association Agreement with CA came into force (2013)²⁵, the EU subscribed 225 geographical indications from 19 Member States. Conversely, CA countries applied for the protection of 10 geographical indications, out of which five concern coffee harvested by smallholders' producer groups. Their protection within the EU market started on August 5th, 2015²⁶.

Over the time, those geographical indications evolved into protected designations of origin (PDO), given the human factor associated with coffee producers' groups and technical recommendations of local authorities' specialists in intellectual property.

This analysis will only concentrate on three out of five coffee CA PDO. These are:

Table 1: Overview of Central American Coffee Producers Groups holding a quality scheme recognised in the EU in 2021

Country holder	Year of registration in the country	Name	Producers engaged	Annual managing costs for the PDO*	Number of exported sacks under the PDO*
Guatemala	2000	Asociación de Productores de Café Genuino Antigua – APCA1	525	€ 24 000.0	140 000 sacks
El Salvador	2010	Apaneca – Ilamatepec2	549	N/A	N/A
Honduras	2002	Marcala	2 400.00	€ 58 000.0	20 000 sacks

Source: own elaboration by means of in depth-interviews *PDO: Protected Designation of Origin

1 <http://antiguacoffee.org/>

2 <https://www.facebook.com/DO-Caf%C3%A9-Apaneca-Ilamatepec-126210672111048/>

3 <http://www.docafemarcala.org/>

²⁵ <https://ec.europa.eu/trade/policy/countries-and-regions/regions/central-america/>

²⁶ https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/food_safety_and_quality/documents/list-gis-non-eu-countries-protected-in-eu_en.pdf

For international trade and export purposes, the CA coffee producer groups issue a certificate that states the coffee belongs to a PDO quality scheme guaranteeing unique coffee attributes.

The PDO disciplinary also establishes the standards for the roasting process for enhancing the coffee characteristics protected under the PDO. All CA producer groups who registered their coffee under the PDO disciplinary are engaged in coffee exports worldwide.

How are coffee quality schemes incorporated in the EU/CAP legal framework?

Geographical indications (GI), and PDO schemes in general, represent some of the EU market instruments aimed to enhance and differentiate the attributes and characteristics of agricultural goods. They intend to promote the association of an agricultural good with its origin (European Commission, 2021). At the point of sale, within the EU market and internationally, quality schemes intend to inform and guide consumers towards more conscious purchase decisions, with twofold intention: consumers get to know the origin of the product and increase their willingness to pay higher prices for it.

Although coffee is usually imported in the UE as green coffee, it is part of the CMO regulation No. 1308/2013. Coffee is included in Part I, Art. 2, incise x), Annex Part XXIV, under the Harmonized System coffee code 0901, covering all coffee product types. This implies that coffee is governed under the CMO regulation, as most of the agricultural products.

Once a third country form of quality scheme is incorporated into the EU either via an Association Agreement or direct registration, these schemes automatically enter in the EU market rules, including those of the CAP's Common Market Organisation under the following set of rules/legislations:

- Art. 93(3) of the CMO Regulation No. 1308/2013 specifies that: *“Designations of origin and geographical indications, including those relating to geographical areas in third countries, shall be eligible for protection in the Union in accordance with the rules laid down in this Subsection”*.
- The EU Directive 1151/2012 besides being specific on EU quality schemes, highlights the intended benefits for holders. Those apply also to third countries' producer groups. The most promising are: *“securing a fair return, ensuring fair competition, providing credibility in the consumers' eyes and to those involve in trade, the role of producers groups might be strengthened”*.
- The EU Directive 668/2014 lies down rules for direct application on quality schemes for agricultural products and foodstuffs.
- The Commission communication (2010/C 341/03) establishes voluntary guidelines on the labelling of foodstuffs using the schemes as ingredients.
- For this analysis, the title VI on intellectual property rights, section C of the Association Agreement between the EU and CA provides all legal dispositions which under both regions agreed the scope, coverage, and system of protection of EU quality schemes. Annex XVII contains the details of the mutually recognized quality schemes. Specifically, the dispositions on article 246 explain the protection granted.

On a supra national level, according to the EU Commission and the EU Intellectual Property Office (EUIPO)²⁷ once a quality scheme from a third country is subscribed by direct registration:

“The level of protection of quality schemes by EU Regulations includes any direct or indirect commercial use of a name in respect of products not covered by the registration; any misuse, imitation or evocation, even if the true origin of the products or services is indicated or if the protected name is translated or accompanied by an expression such as ‘style’, ‘type’, ‘method’, ‘as produced in’, ‘imitation’ or similar, including when those products are used as an ingredient; any other false or misleading indication as to the

²⁷ <https://euipo.europa.eu/>

provenance, origin, nature or essential qualities of the product and any other practice liable to mislead the consumer as to the true origin of the product. (EUIPO, personal communication, July 16th, 2021).

When the quality schemes from third countries are recognized in the negotiations of an Association Agreement the EU Commission as well EUIPO indicate that: *“The EU aims at ensuring the level of protection similar to a direct registration, while the final outcome depends on each negotiation and could involve certain adaptations taking into account the specificities of the contracting party system”* (EUIPO, personal communication, July 16th, 2021); which has been the CA case.

On a Member State level, according to Art. 13(3) of the Regulation 1151/2012, country-level authorities: *“shall take appropriate administrative and judicial steps to prevent or stop the unlawful use of PDO”*. This disposition should apply for PDO originating in third countries as well (European Commission, personal communication, June 18th, 2021), (EUIPO, personal communication, July 16th, 2021).

Main research findings

For understanding to what extent, the CA coffee PDO have “secured a fair return, ensured fair competition, gained credibility in the consumers’ eyes and strengthened the role of producers (smallholders)” within the EU market, by means of in depth-interviews, the administrators of the PDO showcased in Table 1, were interviewed. Therefore, the results portray the status quo of the aforementioned and intended benefits of quality schemes.

PDO coffee: multi-compliance vs economic returns

As part of the export transaction, CA coffee producer groups offer their customers a certificate that guarantees the exact origin of the coffee using the PDO scheme. According to Marcala PDO, this certificate allows them to reach a higher selling price, estimated on an average of an extra EUR 45.19 per green coffee

bag compared to world market prices (Personal communication, May 04th, 2021).

However, when revisiting the fact that the coffee value chain in CA lacks economic profitability, with a loss of approximately EUR 63.26 per sack, albeit producer groups holding a PDO quality scheme receive an average of EUR 45.19 more per sack (Personal communication, May 04th, 2021), financial loss is still persistent. Therefore, PDO holders still operate under earnings before interest and taxes (EBIT) with no revenue. This means smallholders perhaps manage to cover their operation costs but are not able to accumulate further earnings. In addition, producer groups make high investments to maintain the PDO standard itself (PDO managing costs showed in table 1). And, in most cases, smallholders’ producer groups comply with other private certification standards.

Overall, even though CA smallholders comply with a PDO scheme, the further price mark-up resulting from its compliance, only serves as a financial incentive that assures the PDO continues functioning.

Unfinished commodity: processing and selling companies capture added value

The primary motivation for third countries’ negotiating an Association Agreement is to achieve better market access conditions. Certainly, mutually recognized quality PDO become foreign trade enablers for **product differentiation**. For the CA subscribed PDO showed in table 1, the intended benefits of a PDO have not been fully achieved so far, even seven years after the protection granted by the Association Agreement has entered into force.

The primary constraint in the coffee export business is the fact that this is exported as raw material and not as a processed good. This in turn enables and maintains an unfavourable trade situation: CA green coffee tends to become an ingredient which, after the export/import processes, just becomes part of a roasted coffee brand. Once the coffee is roasted, the origin, the terroir, and PDO established name tend to become invisible to consumers’ eyes. A proper intellectual property rights exchange (in form of a con-

tract or other legal mechanism) between producer groups and EU importer/roasters is non-existent.

There are many reasons behind it. The first are labelling rules. The second is the use of green coffee for commercial coffee blends. The third is the lack of harmonised mechanisms to monitor how the intellectual property rights are respected across the EU market. This might have helped CA coffee farmers to trace and track where their coffee is finally sold and under which brand name their PDO is showcased.

In the first case, despite the intellectual property rights conferred to the producer groups through the PDO quality scheme, referred to Art. 13(1)(a) of the Regulation 1151/2012, the uptake of the EU Commission guidelines on the labelling of foodstuffs that are using PDO or protected geographical indications (PGI) as ingredients (2010/C 341/03) remain voluntary for EU traders and roasters. The practical implication of these dispositions is that an EU consumer cannot know that the coffee comes from a third country PDO. Moreover, according to the EU Commission, the original PDO name used as ingredient might be included in the final version of the manufactured coffee when: *“By way of exception only in order to resolve a specific, clearly identified difficulty and provided they are objective, proportionate and non-discriminatory”* (European Commission, personal communication, June 18th, 2021). In that sense the CA PDO have not gained further credibility in European consumers’ eyes, because the likelihood the name of any CA coffee PDO appears in a roasted coffee brand packaging is low/random/unknown.

Concerning the second reason, the protected characteristics of a coffee under a PDO scheme definitively get lost when this coffee is used for commercial blends. It happens to the coffee from the PDO Marcala: *“Most of our coffee really goes for blends, so they do buy our green coffee with the certificate, because they always want to guarantee the same cup profile and the same quality with coffee from Marcala”* (Personal communication, May 04th, 2021). This finding is consistent with the case of Coffee of

Colombia under the EU’s latest assessment on quality schemes (European Commission, 2020).

It is imperative to realise that, when the first and the second situations happen, there is neither the possibility of providing information to consumers about the true origin of the coffee nor the possibility of engaging consumers’ willingness to pay higher prices for coffee originating from a CA PDO. Therefore, the intention that agricultural quality schemes intend to enhance and differentiate the attributes and characteristics of agricultural goods linked with their origin; and aim to secure higher/fair returns farmers, remain unrealised.

The third aspect refers to the lack of an institutionalized monitoring system that helps smallholders in CA understand how to assure their intellectual property rights in the frame of an Association Agreement in 28 countries. It was explicitly expressed by every representative of the CA PDO:

APCA: *“In an international market, we have no way to control or measure the use of our PDO in foreign markets. We as an association issue a certificate that is endorsed with a coffee - taste/cupping quality control, thus we can guarantee it is a genuine Antigua – APCA coffee, we take care of all quality aspects in the delivery process. Nevertheless, we have not an infrastructure abroad that supports us to manage the controls and quality of our coffee once it has been exported”* (Personal communication, May 07th, 2021).

MARCALA: *“There is no monitoring procedures at the international level, it is more a job we conduct of digital supervision of social networks. It is a process of digital surveillance. If something comes up, we try to communicate with companies selling Marcala coffee without an agreement with us. At the national level we do have a monitoring procedure, but internationally, we really don’t have one”* (Personal communication, May 04th, 2021).

APANECA-ILAMATEPEC: *“From far away, and only having contact with a buyer once a year, it is not possible to understand where our coffee is going”* (Personal communication, June 04th 2021).

All the representatives of the CA coffee PDO appeal for a monitoring mechanism within the EU market that signals where their PDO certified coffee is finally roasted and sold. This mechanism should be created and enforced in a way that the intellectual property rights of a PDO encompasses both - rights' assurance and traceability. Were this in place, this would finally help Global South coffee producers to realise the economic added value generated by the schemes within the EU market. In the same fashion EU producers have gained a clear overview of the scheme's enhanced benefits²⁸.

Altogether reasons and preceding the next subsection, the following case exemplifies the combination of all situations, and it shows how a smallholder coffee producer group from a third country cannot benefit from the PDO scheme.

The Tchibo-Marcala case

An in-depth interview with Marcala revealed that the German multinational coffee company has used Marcala's name without consent, despite its name is being protected at the EU level²⁹. There have been two incidents, the first dating back to 2017 (<https://blog.tchibo.com/aktuell/land-der-tiefen-gewasser-und-ursprung-unserer-neuen-limitierten-kaffees-marcala/>) and the second, where the multinational offers coffee capsules with Marcala's coffee as an ingredient (<https://www.tchibo.de/neu-grand-classe-espresso-marcala-honduras-80-kapseln-p400121599.html>). Marcala's PDO administration has no means of proof whether the coffee used in Tchibo products is manufactured exclusively with their coffee or is a blend.

The managing director of Marcala assures the farmers presented in Tchibo's advertisements neither belong to the rural area that encompasses the PDO, nor are members of the PDO. After visiting Tchibo's



domain, it is clear, that the PDO as a quality scheme does not figure.

After an e-mail inquiry, Tchibo did not want to provide a statement regarding their willingness to comment on the cases. Since the EU Commission granted the protection on August 2015, Tchibo should have taken into consideration the PDO status (Personal communication, May 26th, 2021). What is more, in further consultation with the German Patent and Trade Mark Office (DPMA³⁰), the entity answered they are neither in the position to comment on the case nor to advise what procedures are adequate to clarify the scope

²⁸ <https://op.europa.eu/en/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

²⁹ <https://www.tmdn.org/giview/gi/EUGI00099900306>

³⁰ <https://www.dpma.de/english/index.html>

Quality Schemes – Who Benefits? Central America, Coffee and the EU

of intellectual property rights obligations for both parties (Personal communication, May 10th, 2021). In further communication with the Hamburg chamber of commerce³¹, such case cannot be solved under arbitration or conciliation procedures (IHK-Hamburg, personal communication, July 15th, 2021).

Marcala's PDO administration body has asked Tchibo directly for plausible explanations on both cases, without success (Personal communication, May 04th, 2021).

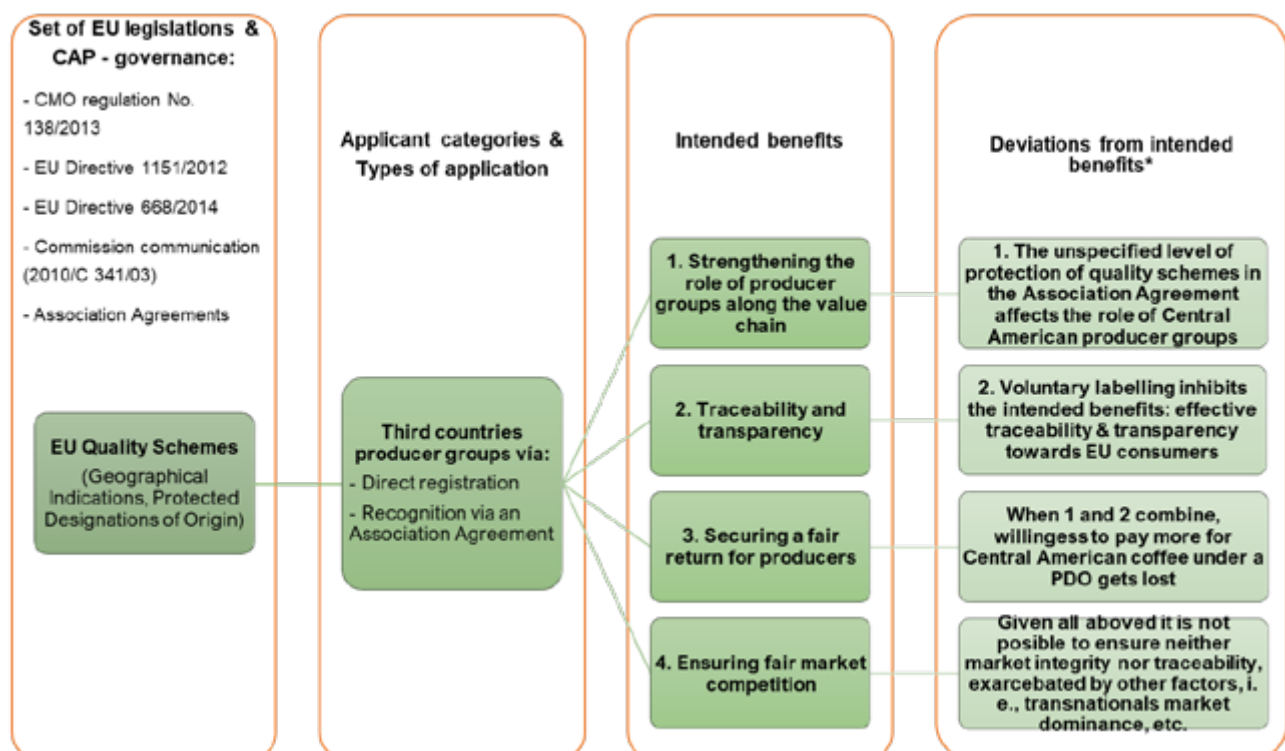
According to the EU Commission two possible solutions for this case are: either to submit a complaint via Honduran authorities to the EU Commission or

use the German judiciary system. (European Commission, personal communication, June 18th, 2021), (EUIPO, personal communication, July 16th, 2021).

But how much time, financial resources, assessments, and procedures might such a claim involve? Can a smallholder groups endeavour an intercontinental legal battle against a multinational? Shouldn't the EU regulation envisage the right tools and mechanisms to safeguards their own consumers, as well as third countries producers' rights?

Figure 1 gives a synthetic overview of the main research findings.

Figure 1: Assessment of Central American Protected Designations of Origin recognised by the CAP and Association Agreement with EU



Source: own elaboration based on article analysis

³¹ <https://www.hk24.de/en>

Conclusions and recommendations

To ensure the effective achievement of quality schemes' intended benefits for third countries' producers, EU and non-EU legislators and trade operators can work together in different areas: 1) monitoring systems to respect the compliance with intellectual property rights; 2) integrate quality schemes into [transnational associations of producers organisations](#) under the CMO; 3) upgrading of official portals; 4) streamlining and regularising procedures for the quality schemes application and mutually recognition, and more.

In this section, we present some considerations on how to align the interests of Global South, and especially CA, coffee producer groups with the purpose of assuring trade benefits derived from the quality schemes.

Visibility in the market & visibility for EU consumers

It is true that through the recognition of quality schemes, holders can achieve better supply chain organization. In the context of Association Agreements' negotiations for achieving better market access however, so far it has not been possible for CA recognized coffee PDO schemes to have a clear overview of their participation in the EU coffee market. One of the latest assessments conducted by the European Commission concludes that due to low market share/sales of agricultural products from third countries, it is impossible to measure the impact of the EU quality schemes (European Commission, 2020).

But the CA coffee PDO suppliers challenge this finding by signalling EU directives are not specific enough to operationalize the quality schemes' rights assurance. When the labelling of a PDO green coffee used as an ingredient remains voluntary for EU food business operators, traceability, and transparency, especially at the vital consumer

end, is lost. Intellectual property rights cannot be safeguarded. Consequently, market share cannot be calculated by third country producers.

Labelling norms, besides becoming mandatory, should provide specific dispositions for presenting the PDO features of agricultural goods as its participation as an ingredient in the final product. For the coffee case, should a coffee blend contain a percentage of a PDO coffee from the Global South, it must be explicitly stated in the packaging. Of course, in agreement with the producer groups. Then the premise of providing credibility of the true origin of the product as an enhanced benefit of a PDO schema will be accomplished.

Introducing IP monitoring systems via official EU IP portals for gaining market share accountability

Certainly, for both, EU and non-EU holders, information on all protected quality schemes is available at the official databases eAmbrosia³², and Geographical Indications view from EUIPO³³. However, it is unknown to what extent an official online available register effectively communicates the intellectual property rights' provisions for EU companies trading with third countries' holders of quality schemes and the contractual obligations for both parties. As part of legislations reforms, the upgrading of official portals is desirable (Regulation 1151/2012, Art. 11). For example, these portals could include guidelines on the intellectual property rights of non-EU holders' schemes when commercialized within the EU market and could contain a mandatory register for EU traders when commercializing agricultural products from third countries that possess a recognized quality scheme and are used as ingredients (such as coffee, cocoa, etc.). The later might be a desired monitoring mechanism that could help producer groups from third-countries understand how an agricultural foodstuff used as ingredient transforms into an EU brand and where it is finally sold. This form of account-

32 <https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/geographical-indications-register/>

33 <https://www.tmdn.org/giview/>

ability, again will challenge the latest EU analysis: ...”that due to a low market share/sales of agricultural products from third countries, it is impossible to measure the impact of the EU quality schemes (European Commission, 2020).

Global South producer groups participation in EU interbranch organisations

It is not a requirement for third countries’ producer groups to have an office or a legal representative in the EU to accede to an EU quality scheme. But the EU Commission could consider other mechanisms safeguard their rights, such as recognizing and granting support to third countries’ producer groups and their participation in interbranch organizations within the EU³⁴.

In the [negotiations about the future Common Market Organisation](#) in the EU, transnational producer organisations are recognised, although there are little to no provisions for those originating in third countries. The new reform might integrate EU quality schemes into producers’ organisations under the CMO, however, third countries’ producer groups were not considered at any stage (European Parliament, 2020).

Improvement of the CMO regulation

The [position adopted by the European Parliament on the CMO in October 2020](#) strongly emphasized the streamlining of EU quality schemes’ application procedures, and other administrative procedures applying to the schemes’ rules. In particular, amendment 25(h), promotes the collaboration of Member States and intellectual property authorities in third countries; but this reform fails to specify whether the scope of this collaboration should happen on a regular basis (institutionalized) and to what extent mutually recognized schemes need a systematic evaluation on their performance in the markets.

On the other hand, while developing this analysis, the only available source of information is the European Commission. Overall, as the “Evaluation support study on Geographical Indications and Traditional Specialities Guaranteed protected in the EU” suggests, the Commission should endeavour closer cooperation with authorities in third countries and find synergies for achieving proper enforcement of the schemes and combat deficiencies as the Marca-la-Tchibo case (European Commission, 2020). Generally, because the magnitude of intra-trade operations within the EU market, future CMO agreements should consider the incorporation of a subsection and set of legal dispositions that clearly define and safeguard the scope of third countries producer groups’ rights within the EU market.

Upgrading the IP rights of the Association Agreement between CA and the EU

With this in mind, seven years after committing for PDO protection under the Association Agreement with the EU, it is not possible for CA coffee producers to assure the integrity of an internal market within the EU, or to present the value-adding characteristics of the coffee and its “terroir” to European consumers. Henceforth, the degree of protection of EU quality schemes specified in Art. 246 of the association agreement between both regions needs to be significantly improved. Especially, when the aforementioned aspects have not been taken into consideration.

Policy coherence with future legislation

The first section of this analysis presents CA smallholders in the coffee sector face several challenges. Sadly, the official report on the Profitability of the coffee sector in CA³⁵, on pages 53 and 54, exposes forms of labour exploitation portraying minors working as coffee farm operators and inadequate forms of coffee transportation. Local newspapers present children

34 https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/market-measures/agri-food-supply-chain/producer-and-interbranch-organisations_en

35 <https://promecafe.net/wp-content/uploads/2018/04/Estudio-de-Costos-CABI-BR.pdf>

picking coffee as well³⁶. Notably, the EU initiative on corporate due diligence and corporate accountability legislation should become a mechanism to improve the welfare situation of producer groups in the Global South precisely to avoid what is to see in the media.

Nevertheless, as the EU Commission recommends in disposition 34³⁷ as a framework of this legislation: “... *Third-party certification schemes can complement due diligence strategies, provided that they are adequate in terms of scope and meet appropriate levels of transparency, impartiality, accessibility, and reliability...*”.



This is not entirely applicable to the CA coffee sector. The findings of the research: “*Mainstreamed voluntary sustainability standards and their effectiveness: Evidence from the Honduran coffee sector*”, and “*Additionality and Implementation Gaps in Voluntary*

Sustainability Standards”, conducted by (Thomas Dietz, 2021) and (Dietz, Grabs, & Chong, 2019), suggest that despite the use of third-party certification systems, the hiring of minors still persistent and private standards cannot always be fully adopted by smallholders. In addition to these research projects, there are recurrent findings of children working in coffee farms across CA. In Guatemala child labour has been found in farms that supply Nestle. (REUTERS, 2020), the DW also filmed children picking coffee in Honduras (DW, 2021).

The set of legislations supporting quality schemes for agricultural goods should be upgraded and include stringent labour protection dispositions coupled with the compliance of any type of them. Especially, for the case of PDO and its human factor associated with production practices. Since the registration/recognition of the scheme against the EU Commission provides a direct link with the origin of the agricultural goods. It could also provide immediate accountability about the social conditionality standards behind any agricultural supply chain pursuing a PDO/GI.

Recent agreements (2021) on regulation 1151/2012³⁸, article 5, paragraph 1, section b) fail to address labour standards and limits itself to the following provision: “*whose quality or characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors; and...*” but Is it possible to continue importing global south PDO green coffee into the EU knowing there are many children involved in the picking process?

All things considered, coffee is an important commodity and worldwide constitutes the livelihood of many smallholders in the Global South, including CA. When the EU’s legal framework is not associated with further rights improvements for third countries’ producer groups, the intended benefits of EU quality schemes are unreachable.

³⁶ <https://www.elheraldo.hn/tag/428559-213/exportacion-de-cafe-de-honduras-cae-4324-en-octubre>

³⁷ https://www.europarl.europa.eu/doceo/document/TA-9-2021-0073_EN.html

³⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02012R1151-20191214>

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Italian CAP plan in progress: too little, too late?

Matteo Metta October 2021

On 11-12 October 2021, the agri-ministers from all over the EU will be invited to share their views on design and approval of the CAP Strategic Plan, with emphasis on transparency and inclusion. With no sense of irony, this meeting will be held behind closed doors. Meanwhile Italy still limps along with its ‘tavolo del partenariato’ (consultation forum). While a wide range of stakeholders are putting proposals on the table, the agri-industrial lobby is “cooking” in the kitchen.

Stakeholders at the table, others cooking in the kitchen.

The CAP reform post-2022 started as far back as June 2018 - over three years ago. An EU-wide impact assessment accompanied the various elements of the reform: introducing capping, internal convergence, eco-schemes, and more.

With a CAP reform giving higher subsidiarity and power to the national governments, countries like Italy had a flexible framework from Brussels to start outlining and evaluating different policy options to address the systemic problems. Some of these are especially acute in Italy, like the disappearing and aging of the farming population, soil erosion and water scarcity, or the decline of agricultural diversity (e.g. in the olive or tomato sector), just to name a few.

And yet, here we are in October 2021, and both CAP policy decisions and their ex-ante assessments³⁹ are still far off and blurry in the distance of a blue Italian sky. Trying to explain how Italy works towards the future CAP plan might be hard even for insiders. There are objective challenges to account for, like coordinating different regions and provinces; further there have been changing agri-ministers over the last four years. Some things are improving, but is it too little or too late? In this article, I try to bring some clarity on:

- The fuzzy power structures around the ministry;
- The symbolic use of questionable online consultation surveys;
- Ineffective consultation methods.

All these **technical aspects** concerning consultations or decision-making process must be seen through **political lenses**, i.e. the informal ties between agri-ministers and industrial agri-business groups. There is no point to have more stakeholders around the table, when someone is cooking the future CAP plan in the secret, VIP kitchen.

Fuzzy power structures and branches around the ministry.

One would assume that, since 2018, the central information point for farmers and citizens to access the most reliable updates and documents about the CAP progress in Italy was the website of the agricultural ministry, or at least, another single affiliated portal. For instance, this has been the case of [France](#), [Spain](#), or [Ireland](#), where all official documents to be analysed and consulted upon were uploaded and gathered all together on the ministry website.

In Italy, the publication of studies, documents, and any other communications (e.g. invitations and minutes of events, roadmaps, updates on regional consultations) appeared on various official websites, like ISMEA, National Rural Network, [Ministry of Food, Agriculture and Forestry Policies](#), [Conferenza delle Regioni e delle Provincie Autonome](#). After years of fuzzy structures, and three months before the submission of its draft plan, Italy has finally set up a [single platform](#) where documents are at least grouped together.

³⁹ Modelling analysis on the redistribution effects from the introduction of capping and full convergence as done in Ireland

However, to tick the box of ‘*Transparency & Stakeholder Inclusion? Done!*’, Italy needs to do much more before submitting the draft plan in January 2022. The most important decisions like *capping* and *redistributive payments* are still out of the radar and postponed. Furthermore, a debate about *who represent the Italian farmers and rural areas in policy decision processes* has never started, while the CAP still struggle to accommodate the positions of those who advocate to change directions.

The small details – like adding a contact email on the webpage to allow people to send queries or creating a file repository to publicly gather the written submissions from the partners – are in fact vital for transparency, accountability and real reform. However, these are missing-in-action in the Italian agri-food political context and becoming more symbolic adjustments.

The symbolic use of online consultation surveys

A consultation survey appeared on the Italian [national rural network](#) website in September 2021. “La tua opinione ci interessa!” (we are interested in your opinion), says the webpage. I clicked out of curiosity and imagine my surprise when a Google form appeared.

Bizarrely, I saw my personal google account being automatically encoded in the [Google form](#). Maybe the designer could even access respondents’ IP addresses? I immediately scrolled down to search for the privacy note. With GDPR rules, I learned that every survey must have a **privacy note** and obtain the consent from the respondent, especially when they ask personal information like an email address. Normally, the survey respondents must give consent **prior to** inserting any personal data. I didn’t find it so I started looking for the **privacy note** and **consent** throughout the survey.

Because of this, I had to read all the basic questions in the survey to get until its end. At this stage of the policy reform (2 months to the submission), the survey asked open-ended questions like: “what are the challenges in agriculture” with multiple boxes to click.

No real urgent questions of substance directly related to CAP and cash. No questions about capping large beneficiaries. No questions about getting rid of what are in fact the highest historical entitlements in Europe. No questions about supporting more agricultural cooperatives instead of a few commercial producers organisations in a few regions of Italy. No questions about universal access to soil monitoring samples and analysis.

And, finally, I did not find the privacy note, nor the consent form. There is no logic to keeping such a leaky form online. It also shows the lack of a logical roadmap that Italy has never had, coherently with other parallel activities (e.g. the ongoing ranking of needs). Really this online survey should be immediately removed.

Ineffective consultation methods on incomplete proposals

On the 8th September 2021, the first [online consultation meeting](#) was held by the minister of agriculture to discuss the proposals for the CAP green architecture.

The supporting documents were sent two days in advance of the meeting, and ten days were allocated to receive written opinions from stakeholders. All the material can be accessed [here](#).

Besides some generalities (e.g. title and short descriptions of the seven eco-schemes), stakeholders were consulted with important information gaps that can really influence the outcomes and effective use of these consultations.

Without entering into the content of these eco-schemes proposals (e.g. annual per ha payments to collect farm data), here some examples of information gaps that can really change the meaning of a consultation:

- The definition of “agricultural activity” was missing, thus making impossible to consider eco-schemes for agro-forestry or beehives (does agricultural activity consider forestry elements or beehives as livestock units?).

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- Decisions on the budget ringfencing and payment mechanisms were missing, thus making problematic any opinion in favour or against a certain eco-scheme practice (e.g. organic farming).
- The interpretation of the GAEC rules were leading to the race to the bottom, thus creating space for directionless and unambitious eco-schemes. This is particularly problematic for GAEC 7 *Crop rotations*, where direct payments might still go to continuous cropping (e.g. wheat or maize repeated in the following year thanks to a secondary crop), and GAEC 8 *Landscape features*, unfortunately limited only to arable land (excluding most of the Italian agricultural areas, like farms with permanent crops and grassland).
- Missing information on the delivery method, especially on the link with ecological needs, thus increasing the targeting of specific eco-schemes to specific needs (e.g. incentivising the uptake of eco-scheme increasing soil organic matter in areas classified as high risk erosion by the JRC Soil Data Center) and integrating these into a wider green architecture.
- The links with the AKIS were highlighted but poorly explained, so stakeholders could not see how farmers will be technically supported in implementing eco-schemes besides giving the *per ha payment* and assuming that these will make a difference (e.g. helping soil quality sampling to avoid cover crops that increases nematodes population, thus pesticides use, in crop rotations).

The statistics on the participations of this consultation meeting are unclear but more than one hundred were invited to discuss the eco-schemes for a few hours. No minutes or report is available so far on the meeting and the individual submissions. No follow up meeting has been scheduled so far.



Conclusions

Italy has an enormous potential of human resources and scientists who can facilitate the transition towards a fairer and greener CAP. And yet, this is not happening or might happen too late. The issues and money at stake are quite relevant and cannot be left last minutes or addressed with simplistic tools like opinion-based survey. It is time to face the problems and solve them seriously.

Involving stakeholders around generic ideas and leaving the most important decisions up to the industrial agri-lobby system is a disgrace for the Italian farmers and food systems.

Hopefully, the Italian agri-minister will speak the truth in front of his colleagues on 11 and 12 October and acknowledge the real powers and barriers that are holding Italy from changing its agricultural policy.

Precision agriculture: for whom precisely?

Hans Wetzels November 2021

The development and diffusion of precision agriculture might speed up since fresh money could become available through eco-schemes under the new CAP Strategic Plans. How does the EU support precision agriculture and what does it mean from a global south perspective? This article looks at the case of Rwanda and suggests technological developers and policy makers to proceed with caution to avoid widening inequality between smallholders and commercial farms, privacy breaches or undesired data dependency on tech giants like Google.

Introduction

The new CAP reform post 2022 opens the doors to publicly fund the uptake of precision farming or precision agriculture (PA) by EU farmers. The National CAP Strategic Plans 2023-2027 are still under development, but precision agriculture is likely to be supported through various interventions, like rural development investments (e.g. machinery), farm advisory services and trainings, or eco-scheme payments, just to name a few examples.

Besides questioning the real public value and concrete socio-ecological achievements of precision agriculture in the EU, this article explores the implications of PA-technologies from a global south perspective, namely Africa and Rwanda. [Previous research on digitalization, land and human rights](#) has raised the need to study private and publicly funded precision farming not only in terms of actual performances (e.g. input savings), but also through a de-colonialization and just transition research framework.

This article is based on expert interviews from the EU and Africa involved in digital farming. Besides raising a number of issues connected to *publicly funded adoption of privately developed and exploited precision farming technologies* (e.g. widening inequality between commercial farms and smallholders, or threatening data privacy for farmers), this article emphasizes the need to carry out ex-ante evaluations of CAP Strategic Plans from a global south perspective in line with the ambitions, initiatives, and targets of the European Green Deal.

Rwanda: an evolving context

Rwanda is called the land of a thousand hills for a reason. The Bahimba Valley, just northwest of Kigali, is surrounded by lush, green mountains. Slopes are covered with small houses, the valleys lined with fields of tea, banana plantations and well-kept maize.

Since 2017, most farming communities in the valley produce maize for a newly established consortium in Kigali called [Africa Improved Foods](#) (AIF) – set up by the Dutch chemical and foodstuffs giant [DSM](#) in co-operation with the Rwandan government. Revenues have quadrupled since then, several farmers told me when I was traveling Rwanda in 2018.

The quick development is the result of strict state planning. The ministry of Agriculture and Animal Resources (MINAGRI) in the capital city Kigali has introduced production targets in return for freely distributed plots of land and chemicals. Traditionally, Rwandan farmers mainly grow sweet potato or bananas. To become a food exporter onto the East-African market, the governments envisioned a switch to more lucrative crops like maize or tea.

The policies implemented by MINAGRI are in turn part of a comprehensive development masterplan called Vision 2050 – according to which agriculture would become one of the five pillars of economic transformation in Rwanda. “In 2050, agriculture in Rwanda will be market-led and high-tech, driven by professional farmers with large farms on irrigable lands,” the plan reads. It will in part be driven by research and development “to help farmers optimize

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their efforts and take up modern technologies” while “digitalization of the sector will link producers to profitable markets in real-time. Leveraging advances in biotechnology, smart phones, digital and spatial technologies, will further increase productivity”.

The move towards Precision Agriculture

After being ripped apart by a gruesome genocide in 1994, grinding poverty and lingering ethnic conflicts, the tiny African nation has unexpectedly become a development champion. Led by the dictatorial but forward-thinking regime of former rebel army leader Paul Kagame progress is visible all over urban areas as well as in the countryside. Year after year, the World Bank recorded economic growth figures surpassing seven percent, while Kigali transformed from a dusty slum city into a business hub for international companies trying to gain a foothold in the Eastern Africa.

The central government has made the UN Sustainable Development Goals (SDGs) a guide for policy priorities; village after village is being connected to a reasonably functioning electricity grid and the entire country is reachable through a modern highway network. Polluting diesel cars are not allowed into the country and, streets are kept spotless and clean while plastic pollution is banned; litter was a major cause for degradation of precious soils in the densely populated country.

Recently, precision agriculture (PA) has also become more common in Rwanda. MINAGRI did not respond to several inquiries by the author about more detailed specifics about PA-projects in Rwanda. But the Food and Agriculture Organization (FAO) of the United Nations in 2017 listed being involved in the testing of several mobile applications targeted at livestock feeding, marketplace monitoring and weather and crop apps, all part of a broader FAO-project to implement precision and digital agriculture initiatives around Africa.

Early 2018, another project was launched in Rwanda revolving around drones gathering remote data for

precision agriculture, while in 2020 MINAGRI has launched a brand new project (funded by the Bill and Melinda Gates Foundation – BMGF) using high-resolution geographic information systems (GIS) and mobile soil testing equipment to develop location-specific interventions for farmers and updating Rwandan soil maps.

For the development of precision agriculture in Africa, developments in Rwanda right now could prove very beneficial, Mrs Bongani Ncube of Cape Peninsula University of Technology in South Africa thinks:

“What is really for the implementation of precision agriculture is that proper policies are established on how to set up information and ICT-systems for the benefit of small farmers. The Rwandan government is renowned for making it their business to know everything. So in this case it could become an example of how to set up policies in a way that works for Rwandans. You see, most precision agriculture technology is developed outside Africa. Precision agriculture developed in the European Union could be a chance for farmers here, but might also prove problematic when the technology is not accompanied by capacity building on the ground. Neglecting the farmers themselves could mean your nice precision irrigation project in small town Mozambique collapses fairly quickly after the donor retreats.”

The intended benefits

Mrs Ncube works as a senior lecturer and researcher in Cape Town. In her work, she focuses on drought impacts on agriculture, soil fertility and water resource management. In 2018, she co-authored a chapter for the Scientific Journal [Systems Analysis Approach for Complex Global Challenges](#) about precision agriculture and food security in Africa. In the [paper](#), PA is defined as “an integrated crop management system that attempts to match the kind and amount of inputs with actual crop needs for small areas within a field’ through ‘agricultural production practices that use information technology either to tailor input use to achieve desired outcomes or to monitor those outcomes”.

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The research team charted the impact of crop, soil and positioning sensors, including global positioning and remote sensing applications to detect crop stress, monitoring variability, soils, weeds, and diseases. ‘In Africa,’ they conclude. *“The benefits of precision agriculture include improved food security through increases in water and nutrient use efficiency, and timely management of activities such as weed control. PA has saved costs of inputs in both commercial and smallholder farming in Africa. Pollution control of ground and surface water sources has slowed down where fertiliser and agrochemical applications are now more efficient.”*

A major challenge for PA in Africa lies in obtaining sufficient funding to develop the technology. And even if that issue would be resolved, the success will heavily be dependent on the availability of data. *“PA is especially important for smallholders because chemicals can get quite expensive. Traditionally such farms just maximize the grammes of fertilizer used per hectare. Applying nutrients in a sophisticated way and avoiding excess could save a small farm a lot of money,” Ncube explains. “One of the biggest problems is that the data gathered, about soil conditions, weather patterns or plant needs, can become very, very expensive. In South Africa, it’s already a big problem that commercial farmers can access certain technology and data while smallholders can’t. If PA is not developed in such a way that it is not easy for smaller farms to get a hold of them, the gap will remain.”*

The EU role in the digitalisation of African agriculture

When it comes to farming and innovation, and despite clear benefits, little EU or Member State’s money supports [agroecology in Africa](#). On the other hand, agricultural research funding continues to be limited to supporting industrial agriculture and/or increasing its efficiency via targeted approaches such as improved pesticide practices, livestock vaccines or reductions in post-harvest (Biovision Foundation for Ecological Development & IPES-Food, 2020).

To learn more about how Europe could contribute to developing digital technologies fit for African farmers, the EU-funded Technical Centre for Agricultural and Rural Cooperation (CTA) delivered a [flagship report in 2019](#). In the 241-page document, CTA identified 400 different digital agricultural solutions with 33 million registered farmers: just a fraction of the 2.3 billion African farmers active across the continent.

According to the CTA-report, most PA-projects in Africa are financed by state donors like UKAid, the UN World Food Programme, the German development foundation GIZ (*Deutsche Gesellschaft für Internationale Zusammenarbeit*), the World Bank, the European Commission directorate-general for International Cooperation and Development (DG DEVCO) or through private donors such as the Rockefeller Foundation and BMGF.

CAP: Eco-schemes and Precision Agriculture

New opportunities might arise now that the European Commission has put PA on the list of eco-schemes practices eligible for funding under the new Common Agricultural Policy (CAP). The new CAP-deal agreed on in June 2021 maps out how a total of 270 billion euros will be spent on European farms until 2027. The negotiators have agreed that 25 percent of all direct payments to farmers during that period will be allocated to eco-schemes aimed to greener agricultural practices. *“Eco-schemes are a new instrument in the CAP to support this transition,”* the EC writes in its communication accompanying the list of agricultural practices eligible for funding. *“Member States will set eco-schemes in their CAP strategic plans. The Commission will assess and approve them as key tools for the CAP to deliver on the Green Deal targets”.*

Beside several organic farming practices, mechanical weed control, the use of pest-resistant crop varieties, letting land lie fallow for biodiversity purposes or crop rotation using legumes, precision farming techniques – however vaguely defined – can be eligible under eco-schemes payments: e.g. nutrients management plans, innovative approaches to minimise nutrient re-

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lease, circular agriculture, precision crop farming to reduce inputs (fertilisers, water, plant protection products) and improving irrigation efficiency.

For instance, Ireland is [proposing](#) a payment for the use of GPS controlled fertiliser spreader to apply chemical fertilisers. Italy is proposing a payment for farmers to collect data on the use of antimicrobials in livestock, using the [classify farm](#) platform. After a first proposal of ecoschemes put forward before the summer 2021, a new draft published [in October 2021](#) shows that Spain has removed precision farming among the list of practices eligible under eco-scheme payments. In the Netherlands, precision farming as such is not a self-standing or separate eco-scheme. However, the list of proposed practices does leave the funding open to various ways to ‘the decrease in herbicides and pesticides’.

“Digital agriculture offers enormous untapped potential worldwide,” says Sander Janssen of the Digital Agrihub at Wageningen University & Research (WUR). “Smart technology developed in the Netherlands could be transferred to countries in the developing world. Redirecting CAP-money to digital solutions could accelerate that process. But we would have to proceed with caution, because what works in the Netherlands does not necessarily produce the same results in Africa or India.”

Exporting precision farming

In the rural heart of the Netherlands, the internationally renowned Wageningen University and Research has in December 2020 taken over the work of the CTA and started a project dubbed [Digital Agrihub](#). Through the project, WUR wants to expand monitoring of digital tools, such as platforms for advisory services, market linkage, supply chain management, or emerging technologies like drones and robots, to developing countries worldwide. A lot of forms of digital agriculture at this point still take the form of advisory services to farmers about how to irrigate crops more effectively, how to get access to state of the art weather reports or how to use digital technology to increase efficiency and decrease pressures on the environment. Such services are often coupled to smart technologies developed in the EU, ranging from artificial intelligence, blockchain, precision application of chemicals, pesticides, hybrid seeds, Janssen says: *“Right now, the development of all such precision agriculture technologies is largely donor driven. In Africa circumstances can be quite harsh, so scaling up applications is difficult and investments in it are not very interesting for the corporate sector. Key question here is: who is going to pay for the development of PA-technology when the market is not yet there?”*.

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This is where national and EU-policies come in. Between 2013 and 2018, the Dutch government has run a tender program called [G4AW](#) to develop precision agriculture in the developing world – financed mainly through the **Ministry of Foreign Affairs**. The Dutch Ministry of Agriculture, Nature and Food Quality (LNV) is currently also scoping out an International Strategy Sustainable Agriculture of which PA-technology would also be a part. Such initiatives are a proven way to take over initial development costs associated with risky investments in countries where it is difficult to generate profits on technological innovation for poor farmers. Making even more money available through eco-schemes under the new CAP might reduce funding gaps for PA-development and global uptake because the technology can be developed and implemented inside the EU first, Bongani Ncube thinks.

Developing PA through official Dutch governmental channels means data from, for example, the EU earth observation program Copernicus are available – providing data African farmers can easily access using apps or smartphones. But funding technology development through subsidies might also quickly increase the role of the private sector and profit motives that not always in line with the interests of small farmers, Ncube says: *“Precision agriculture transferred to Africa works well in some cases, but*

it might also be dangerous when you focus on big projects only, funded by big companies, and mainly developed in Europe in public private partnerships. The EU should recognize that African scientists are also developing technologies and for precision agriculture to be tailor made for smallholders here they must work together.”

CAP eco-schemes for precision farming

Whether more funding for the uptake of PA-technology becomes available in the EU during the new CAP-period will highly depend on what member states choose to put in their respective National Strategic Plans (NSPs). The Dutch government in The Hague plans to send its NSP to the European Commission in December 2021. The draft document is co-authored by the ministry of Agriculture, Nature and Food Quality (LNV), three provincial governments and the union of water authorities (*‘Waterschappen’*) and puts a lot of emphasis on innovation, connecting farmers to guarantee quicker implementation of new technology. But it also explicitly states no fresh money will be made available for precision and digital farming – leaving PA to market parties.

The Dutch NSP defines precision agriculture as *“innovative development in agri- or horticulture, that*



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brings together different fields of technology and knowledge, such as digitalization, artificial intelligence, robotization, agronomy and ecology". In a letter sent to parliament on 28 September 2020, the Minister of Agriculture, Nature and Food Quality Carola Schouten (of the conservative ChristenUnie), however, does pledge to invest in 'experiments and actions aimed at spreading (or adaptation)' of precision agriculture and, in cooperation with WUR-researchers, has formulated a National Agenda for Precision Agriculture (NAP) in which bottlenecks for the implementation of PA-methods are defined.

Furthermore, in July 2021, the Dutch government opened up a [new investment package](#) aligning with the Green Deal, making available subsidies for farmers who want to invest in precision farming, digitalisation, and circular agriculture. *"For now, precision agriculture is not an eco-scheme in the Netherlands,"* a spokesperson from the ministry says. *"The European Commission has included PA in the list of possible eco-schemes because it might contribute to the optimisation of nutrient use and pesticides. The current list of proposed eco-schemes in the Netherlands would contribute to that same goal, but we're not proposing precision agriculture as a separate eco-scheme. Nevertheless, PA is indeed stimulated in the Netherlands."*

It appears then, that whether via eco-scheme or other approaches, the Netherlands will support precision farming as an approach, and as a solution to agri-environmental problems.

Behind the technology – the missing public dimension

If we look at the private and/or public dimension of PA-technologies (e.g. Big Data, sensors, software, data value extraction), it is worth remembering the EU-failure to introduce a publicly funded system of digital farming as conditionality for all the CAP beneficiaries (i.e. GAEC 5). At the outset of the CAP reform post-2022, the [FaST tool](#) aimed to create a **dynamic data infrastructure** to provide farmers,

paying agencies, and farm advisors with a set of digital functionalities like the fertilization advice, weather forecasts, integration of static data about the farms (e.g. soil data, location, size) and more. For a number of issues concerning EU agriculture (e.g. data availability about the use of external chemical inputs like fertilisers or pesticides), precision farming and more specifically its underpinning data infrastructure need to consider aspects like running costs, independency (e.g. from commercial interests), or data ownership and value capturing (e.g. for private interests or public goods provision).

During the co-legislative procedure of the CAP reform post 2022, the FaST tool was removed from the list of conditionalities that farmers must meet in order to receive a per-hectare subsidy for income support. Was this publicly-owned precision agriculture's tool a lost opportunity or an avoided risk? As matter of fact, the EU agriculture is moving fast towards data-driven farming systems, so as this model is being pushed also beyond the EU borders. However, considerations on the public role of data and farming are often neglected or downgraded in the ongoing agricultural innovation pathway towards digitalisation.

From a global south perspective, for instance, when PA-development shifts from donors to corporates, new dangers arise, the 2019 CTA-report warns. Expectations are that after the entrance onto the PA-market of big tech players like Microsoft, Google and the Chinese firm Alibaba, or agricultural conglomerates like Bayer-Monsanto, fertilizer giant Yara or John Deere, scale and scope of digital farming could change. *"Their presence will bring increased financial, human and technological resources to the sector, and may be accompanied by major investment in important underlying infrastructure,"* the report reads. *"Still, their entry does not replace the need for strong local talent. The capabilities of big tech should complement organizations on the ground that are well positioned to design products that can serve the needs of farmers in their region and business models that will work given local conditions."*

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Friends of the Earth Europe (FOEE) also warns in a [2020 report](#) that the data needed for precision agriculture could increasingly concentrate in the hands of a few global companies who are also consolidating amongst themselves. The 2018 merger of Monsanto and Bayer has put PA-technology, biotechnology, seeds and chemicals all in the hands of one conglomerate that is integrated across the whole agricultural value chain in an unprecedented way. *“This new form of vertical integration allows corporations to extract data from farmers and then use this to direct their product choices, locking farmers into the company’s value chain and making them technologically dependent,”* FOEE writes. *“In this fast-moving world of mergers across sectors, what is missing from the political debate is what digital farming should aim for, what should be protected, what promoted, what the actual needs of farmers and the environment are, and what society’s red lines should be.”*

Final considerations

The conjunction of new EU-funding possibilities under the CAP, increasing interest in PA-technologies from big tech and other corporates, and associated dangers of creating undesirable dependencies among African farmers, is acknowledged by Sander Janssen at WUR: *“Big companies like Microsoft or Google are eyeballing precision farming, they are charting out a position in this potentially huge market as we speak. How data will be stored and who can have access to it differs country by country. Legislation will be key to make sure PA will not have any detrimental effects.”*

The CTA-report also emphasizes the need for good data stewardship, registry guidelines, governments working in conjunction with regional bodies to develop privacy, security and consumer protection laws, while a 2017 report on the social, ethical and legal implications of digital farming and the future CAP by the Research Service of the European Parliament in Brussels, also notes that collection and aggregation of farm data carries the risk of misuse leading to *“anti-competitive practices including price discrimination and speculations in commodity markets that may af-*

fect food security’ and issues a warning that ‘information related to yields and performance contained in this data can hold incredible value and could provide a market advantage to seed and fertiliser companies’.

While funding of PA-uptake under newly developed eco-schemes in EU member states could bridge the funding gap limiting important technological developments in the EU and African countries, national and international legislation or code of practices would have to be developed in parallel too. How will the big data collected by each precision farmer be made open and available for policy analysis of public good provisions and failure (e.g. statistics on pesticides and antimicrobial use)? Who is protecting farmers from commercial use of data? Janssen feels: *“In many African countries, it can get a bit murky what is actually allowed and what isn’t. Rwanda manages such affairs in a much more centralized way than a business-minded country like Kenya. What they may lose in speed because of that is made up with the level of oversight the government in Kigali can retain on what is going on in the country.”*

Finally, this article calls on researchers, policymakers, and technological providers to explore the commercial and ethical dimension of publicly funded development and adoption of precision farming technologies, from both an EU and global south perspective.



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Recommended citation: ARC2020 (2020) CAP Strategic Plans: Lost in Details? Project Report. Brussels.

This report is produced in cooperation with the Heinrich-Böll-Stiftung European Union, Brussels.

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