



CAP Strategic Plans: Observation Letters under scrutiny

On March 31st, all 19 Member States that submitted their CAP Strategic Plans (CSPs) by the 1st January deadline received their awaited Observation Letters (OLs). In this article we discuss the implications of the Commission backtracking on a transparent process and explore the content of OLs that have been partially released.

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Intro

Within the new delivering process of the CAP, Observation Letters (OLs) are the intermediate step towards final approval of the CAP Strategic Plans (CSPs). It is the opportunity for the Commission to interfere in the subsidiarity and ask for improvements on both Pillar I and II. Overall, the goal is to make sure that the CSPs are complete, consistent and coherent with the [EU regulation on Strategic Plans](#) and effective in contributing to the specific objectives of the PAC, touching upon environmental, social and economic challenges.

OLs are varying from 35 pages for France to 55 pages for Spain and highlight all the deficiencies of the CSPs, starting with key issues before focussing on detailed analyses. This detailed approach is much appreciated. Two weeks ago, we were criticizing the content of [the assessment of CSPs](#), published by the Commission around mid-March, for being unspecific. This issue has been addressed. Even if legal obligation from the Member States to accommodate to those remarks and the next steps before approval are unclear, especially if Member States decide to adapt their plans with cosmetic changes and superficial updates, it was important for the Commission to show commitment to respecting the key objectives of this new CAP programming.

Backpedalling on transparency

First, a note of process. Backpedalling from the Commission on transparency promises has already sparked many reactions. Firstly, different Directorate-Generals (DG) were charged with drafting OLs. For example, DG SANTE had the task of writing comments on the relevance of the CSPs concerning reduction of pesticide use. The final products were expected to be presented to the College of Commissioners on March 30st before being sent to Member States. However, this item was taken off the agenda at the last minute¹, with DG AGRI officials recalling that there was no legal requirement for those technical documents to go through college.

Shortly after, AGRI Commissioner Wojciechowski announced that the [OLs would not be published publicly](#) as intended. As for many regressions in recent weeks in the agri-sector, such as the derogation to produce crops with pesticides on fallow and ecological focus areas or the push from the Dutch delegation for a derogation on the Nitrate's Directive², this delay was justified by the consequences of war in Ukraine. Commissioner Wojciechowski explained [in a letter](#) sent to all 19 Member States that they had three weeks to comment on the OLs in order to express concerns and highlight changes that would contribute to align their CSPs with the [new communication](#) on safeguarding food security and reinforcing resilience of food systems. The OLs would then be published publicly, with or without the Member State's comments.

It is hard to find sense in using the invasion of Ukraine as an excuse for postponing the public release of the OLs. Comments from the Commission will not change in the next weeks and stakeholders and civil society have the right to access and evaluate the Commission's observations in the light of all recent events and debates on food security. Moreover, the OLs seem to propose changes that would be supported by many environmental stakeholders whom would back the Commission against agri-lobby pressure. The not-commented OLs contain the original requirements that would have been asked of Member States, but which might now be watered down for various speculations on food security, with limited time left for any kind of public debate to determine those choices.

Fortunately, some Member States seemed to disagree with the Commission's decision and already acted by making their dedicated OL public. [Sweden](#), [Spain](#), [The Netherlands](#) and [Italy's](#) Observation Letters have already been published online, one after another. We could thank the snowball effect but

¹ AgraFact N°32-22, Rose O'Donovan & Chris Lyddon

² <https://www.euractiv.com/section/agriculture-food/news/commission-under-pressure-to-ease-rules-on-nitrates-use-in-farming/>

this also shows that at least some Member States agree that they can only gain from initiating debates through full transparency. We encourage all other member states to follow their example. Other OLs are already starting to leak, such as the [French OL](#), published by the [media Contexte](#).

What's in them?

Although unwilling to make the OLs public directly, the Commission still published a [non-exhaustive resume of the OLs](#). This resume is more or less conveying the same kind of information that was previously published in the [assessment of CAP Strategic Plans](#), with the same flaws (e.g. no countries named directly in the statistics), but with the addition of the intentions of the Commission in answering some weaknesses of the CSPs. This resume thus gives us the opportunity to highlight what the OLs will cover and what are the global expectations to be had on possible progress towards a fairer and greener CAP.

Emphasis on the new context

When reading the resume, it doesn't take a long time to find the last minute added bits related to the war in Ukraine. The Commission will take into account the circumstances due to Russia's invasion of Ukraine and Member States are invited to comment on it. But it is hard to understand what the Commission is ready to accept. From Dr Jekyll to Mr Hyde, the Commission seems lost in its intentions. On one hand, as reported in the communication on food security, it appears that it will give the agri-lobby what it wants, from using financial reserves to support the livestock sector, to the allowed derogation to farm ecological areas while dodging alternative proposition such as using crops intended to produce biofuel to feed people. But once in a while, you'll read that the Commission is dedicated to bring "to the forefront the integral link between climate action and food security".

A fairer CAP

The evaluation highlights some concrete weaknesses in the CSPs:

- 6/19 CSPs are asking for a derogation on redistributive payments.
- Only 7/19 CSPs are including capping and/or degressivity of payments.
- Only 2 CSPs include a Small Farmer Scheme to replace the BISS that is not adapted to small area farming.
- Eligibility for young farmer support schemes under Pillar I and II lack clear criteria that would prevent a few young farmers on large surfaces being the main recipient.
- Only 5/19 CSPs include measures to support gender equality and woman inclusion in rural areas.
- Only 2/19 Member States intend to apply social conditionality from 2023 and 5/19 have yet to provide a date. The Commission doesn't provide information on the quality of the mechanisms and conditions of appliances. When screening some of the CSPs, very few provide any kind of information on social conditionality.
- Cumulatively, 70% of all coupled support budget will be dedicated to livestock breeding with only a few Member States using stock density criteria and/or maximum number of head to frame the support.
- Even though coupled support for protein crops and legumes has increased by 35% compared to the previous programming, only 13.5% of the cumulative coupled support budget is dedicated to promoting these crops.

One of the consequences of war in Ukraine is the risk and implications of dependency on imported animal feed, as it relates to overproduction and subsequent overconsumption of meat. The deficiency in feed autonomy, notably in protein crops, is also clear. It is therefore frustrating that the Commission seems to mainly ask for better justifications for the coupled support programs for livestock and consistency with the water framework directive (2000/60/EC) but is not requesting stronger accessibility criteria's in terms of stocking density, or higher ambitions in terms of feed autonomy.

On social conditionality, The Commission should ask Member States to clarify how they intend to meet basic regulation requirements in employment rules, working conditions, housing and health conditions, minimum wages, social security, union freedom and regularisation processes for migrants working in rural areas. Compliance must also be guaranteed through clear public control mechanisms³.

The Commission seems willing to ask for all Member States to comply with the minimum criteria's for redistributive payments, provide clear criteria's restricting the access to young farmer schemes in order to benefit all of them equally and demand clear inclusion targets for woman and LGBTQ+ farmers. We can only encourage them to maintain this ambition all the way through. Concerning capping and degressivity, the Commission can still use its leverage power to influence the Member States to achieve more ambitions.

A greener CAP

To accurately evaluate if the Commission will be able to effectively increase the level of ambition of CSPs in reaching Green Deal objectives, we have to look at many factors. Some weaknesses in the CSPs as well as in the Commission's requests can already be highlighted:

- Very few national value targets have been set by Member States. Those are non-binding but still carry a lot of information and their absence could explain the general lack of comprehensive explanations, pinpointed by the Commission, concerning the overall contributions made by the CSPs to reach Green Deal objectives.
- 14/19 Member States intend to increase their coverage of organic farming by 25%. The Commission seems satisfied by this level of engagement as it proposes to increase the ambitions for only "a few" Member States. Nevertheless, with EU's current organic area being 9,1%⁴, it is difficult to see how this level of investment could possibly allow to reach to [EU Organic Action Plan](#) Objective of 25% of organic areas by 2030.
- Only 4/19 CSPs include measures to support short supply chain circuits which would be necessary to ensure provision of fresh and healthy food to consumers as well as increasing added value for farmers in the supply chain.
- The implementation of GAECs might be the most disappointing part of the proposed CSPs. 12/19 Member States are asking for a derogation on GAEC 2 (wetland restoration), to postpone its implementation from 2023 to 2024 or 2025. GAEC 2 being new, Member States are using lack of time as an excuse. But knowing that GAEC 2 has a big climate impact, as wetland ecosystems can store a lot of carbon, should be enough to enforce direct implementation. To those Member States, the Commission will not ask to implement GAEC 2 on time but to justify its delay in a more convincing manner. The list goes on, with for example 10/19 Member States proposing less ambitious versions of GAEC 7 (crop rotations) and 18/19 Member States proposing to exempt certain farms completely. For these, the Commission asks to define crop rotation in a more appropriate manner, in order for their proposal to comply with the regulation.
- On minimum allocation to agri-environmental and climate measures (AECM) under Pillar II, as well as eco-schemes under Pillar I, it seems that the issue isn't the numbers but, rather the content - almost all Member States managed to reach the budget requirements. The potential benefits of these measures depends entirely on the coverage of the funded measures. The Commission has therefore rightly pointed out that many Member States seem to have used result indicators incorrectly and that the subsequent ambitions, notably in eco-schemes, vary significantly from one Member State to another.
For example, the certification eco-scheme proposed in France's CSP has been largely criticized for allocating the same funds to practices with varying ambitions (High Environmental Value (HEV) and Organic Farming. In the [leaked French OL](#), the Commission asks to increase the ambitions of the HEV label access criteria, or to differentiate them on the eco-scheme payment scale.

³ https://www.eurovia.org/wp-content/uploads/2021/11/2021-11_EN-Proposition-Documents-Social-Conditionality.pdf

⁴ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Organic_farming_statistics

- The Commission is also asking for clarifications on the articulation between GAEC standards and above-mentioned eco-schemes and AECMs. This must be a minimum but can only be effective if GAEC standards are met by all Member States, without derogations.

Conclusion

One of the main shortcomings repeatedly pinpointed by the Commission throughout the OLs is the lack of strategic approach and often a misuse of target and result indicators. With the increased subsidiarity in this CAP programming through the development of CSPs, the use of target, result and output indicators is central to achieving harmonious progress towards a greener and fairer European agriculture. Too often, the Commission asks for clarifications and better justifications, when improving content is what is actually needed. Crucial needs in rural areas such as the development of attractive socio-economic conditions, development of village infrastructures and social inclusion are also missing from most of the CSPs. But the request for improvement of some eco-schemes, a few GAECs and redistributive payments among other measures are welcomed. Overall, the Commission produced thorough analyses and asked for many improvements that many environmental stakeholders were rooting for. With time running out, we hope that the Commission will have the opportunity and the will to enforce what it observed. The ball is now in the Member State's court.