



Cover photo: Adèle Violette

Project Report **December 2022**

# CAP Strategic Plans: **Reforming the CAP in wartime**



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## Introduction

During the first two years of the CAP Strategic Plan Project, the goal had been to closely follow, report on, and critically assess the advancement of the CAP reform post-2022. A proposal was presented by the Commission back in 2018, before two major political events: Brexit and EU parliamentary elections in 2019. After the Council and Parliament reached agreements on their own positions in October 2020, it had become clear that the Commission's enthusiasm for an ambitious reform was not shared by the other two co-legislators. Our first annual project report thus tried to answer the overarching question: has the [CAP reform post-2022 been lost in ambition?](#)

In late 2020 and 2021, the inter-institutional or trilogue negotiations began again, and the three proposed CAP regulations were only finally approved in December 2021. During this trilogue period, the original environmental and social ambition of the text, notwithstanding support from the newly introduced European Green Deal, slowly got watered down. As numerous amendments slowly weakened the original CAP proposal, we asked ourselves a new question in our second project report: has the [CAP reform post-2022 been lost in details?](#)

The result of the trilogue was a CAP regulation full of loopholes to maintain business as usual. But the new delivery model based on increased subsidiarity remained and required all Member States to draw their own National Strategic Plans (NSPs). And this new delivery model will be directly tested as the context in which the Member States had to design their NSPs would be one of war in Europe. Therefore, throughout the year, we tried to evaluate how the NSPs could integrate ambitious economic, social and environmental intervention strategies while our food security was put in doubt. In other words, **how to reform the CAP in wartime?**

Throughout 2022, the influence of the war in Ukraine has shaped the debate around the future of global food security, trade, and agriculture. In our view, this terrible war – as is the case with many other inva-

sions and wars that have occurred in the last decade and are still happening in the world – has been instrumentalised in favour of financial speculation and a techno-driven, environmentally damaging, productivity agenda. It exposed the European food system's dependency on a strong monetary position and import of foreign fossil fuel energy, materials, and raw agri-food commodities.

Instead of changing direction, this unexpected turn of events has been politically translated in different ways to defend unsustainable agri, rural, and trade practices. Unsurprisingly, the strongest voice has been the one of agro-industrial lobbies, urging policy-makers to increase short-term productivity, support the chemical fertiliser industry, and push for the postponement of key CAP conditionalities and Green Deal Objectives.

Today we are confident to talk about a CAP post-2022 that has been made to fit for wartime. Indeed, this new narrative for food security was politically translated into a Commission [communication](#) and [Parliament resolution](#) back in March. The new agenda was to safeguard food security, by securing fertilizer and feed supply, allowing agricultural production on ecological focus areas with possible pesticide use and allowing derogations on future CAP conditionalities.

Even though the Green Deal and specifically the Farm to Fork Strategy were still supported as the right policy for ensuring long-term food security, the momentum had shifted from the need for direct implementation to a necessary future adjustment. From then on, the new productivity narrative started to effectively influence the rest of the NSPs approval process. The recommendation was now to adapt them with “relevant flexibilities to increase acreage of land under production”. For the rest of the year the excuse of at risk food security has been used to undermine crucial aspects and strategies of the approval process.

First, the Observation Letters, which contained fairly ambitious demands from the Commission to re-

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vise measures and increase coherence of practices with target indicators, could not effectively force the Member States to deliver more ambitious NSPs. Time pressure on top of a schizophrenic discourse from the Commission, asking for more environmental ambition alongside increased production, gave an edge to the Member States, which they exploited.

Next, promises of transparency were also overlooked, with delayed public disclosure of the observation letters or difficulties to find relevant documents in all languages. Analysing the CAP NSPs was

indeed a translation puzzle. To critically scrutinise our decision-making bodies and processes meant for us to go through hundred pages of text, [writing letters to increase transparency](#), understand the timescale set by the Commission between submission and approval of the plan, or comparing the submitted with the approved versions of the plans. Together with joint civil society efforts, we asked the Commission to help us in retrieving the materials, but EU transparency was not always welcome or adequately met by all the Member States.



Photo Credit: Adèle Violette

Moreover, the political context around food security did not favour ambitious investments, policies or plans for rural development. We have seen large sums of money being moved from the European Agricultural Fund for Rural Development to compensate input cost increases for farmers. Again, money was taken away from farmers or rural area economic ac-

tors such as Local Action Groups (LAGs) to stabilise a large-scale liberalised market system based on chemical inputs. The following Rural Pact conference, in June, didn't provide any answers for how the EU, through the PAC or other new policies, can revitalise rural areas and make them attractive for young people.

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In the end, the war in Ukraine has laid bare our dependency on fossil fuels for agricultural production and our lack of flexibility in the use of inputs, and resources for example to feed farm animals. It has also shown how isolated farmers can feel in times of economic distress. That is why we took it at heart to join the dissenting voices to the productivist discourse and argue for an **agroecological Europe as the only viable solution.**

Finally, as it would be incoherent to talk food production without talking about farmer revenue, we want to stretch a last point. Promising better revenues to farmers through increased productivity is similar to putting a plaster on a broken leg. Farmers should be able to earn a fair wage while taking care of their environment and local biodiversity. Here again, agroecological principles seem to propose the more resilient solution, with added value from the whole food chain being redistributed to the base of producers, through localised consumption and by rethinking our trade and commercial structure that transfers most of the added value of food production into industrial pockets.

With this third report, we want to share the analysis we produced through 2022 by the ARC2020 team and partners. These analyses owe much to our fruitful collaboration with the National Coalitions on CAP network and our partner Good Food Good Farming. Essential studies have also been conducted by experts and researchers who exposed crucial impacts of the CAP beyond the EU. We want to thank all those partners for their crucial help all along the year.

## What to look for in 2023

The goal of this report is also to show that the door has not closed on the CAP. CAP is a continual process and there are still windows of opportunity to get more out of this CAP programming, and to ensure at least a clean rendition of the improvements that it brought. We need to keep on following the implementation and evaluation processes closely, showing our appreciation for good tools and practices implemented and demanding improvements when needed.

### Governance, Evaluation and Monitoring

With all NSPs now on the way to be approved, the focus will be shifting from projections to real time evaluation. The monitoring and evaluation system for the 2023-2027 period has been communicated to the wide audience as a move away from compliance checks, to a stronger focus on results and performance. This is to be seen in practice in the evaluation plans to be submitted by the Member States in the upcoming year, though we have already explained [here](#) and [here](#) the smoke behind policy shifts.

Every year, Member States will have to draw Annual Performance Reports. Those reports shall set out key quantitative and qualitative information on the implementation of the CAP Strategic Plans by referring to financial data, output and result indicators (article 134 ; (EU) 2021/2115). Following the publication of the report, Member States will have to organise a review meeting with the Commission where it will be possible to propose revisions of the NSPs. A summary of all the performance assessments will then have to be presented to the council and parliament.

During the implementation period, consisting of the first year following the approval of a CAP NSP, Member States will also have to carry out evaluations on their “effectiveness, efficiency, relevance, coherence, Union added value and impact in relation to their contribution to achieving the CAP general ob-

jectives”, resulting in an evaluation plan (article 140 ; (EU) 2021/2115).

A few provisions have also been included to ensure basic transparency and inclusivity of all stakeholders in the drafting of the performance reports and evaluation plan.

- Both the annual performance report and the evaluation plan shall be made available to the public (Article 134 – 12, Article 140 – 7 ; (EU) 2021/2115).
- A specific summary for citizens of the annual performance report shall also be published (Article 134 – 12 ; (EU) 2021/2115).
- Member States shall submit the evaluation plan to the Monitoring Committee (Article 140 – 5 ; (EU) 2021/2115).

For this last provision to be effective, it will be essential to verify that the monitoring committees composition is balanced and includes all relevant stakeholders. The legislation is very clear on the required composition of those committees which shall include authorities competent for environmental and climate issues, representative of the agricultural sector and relevant bodies representing civil society, and specifically, where relevant, bodies responsible for promoting social inclusion and gender equality. Important as well, the composition of the monitoring committees shall be made public online.

The role of the monitoring committees will be essential as they will have to examine the progress made by the Member States in carrying out the evaluation plans, by referring to the key evaluations elements of the first annex of the [implementing regulation \(EU\) 2022/1475](#) on monitoring and evaluation of the CAP Strategic Plans. The annex proposes recommended factors of success to be assessed, and if we can find in there the usual recommendation for increased on-farm productivity, a few other notable factors could bring crucial information on which to base requests of adjustments of the plans. Here below are a few examples:

- On fair distribution: Income support is distributed to farmers most in need.
- On climate: GHG emissions in agriculture are decreasing.
- On nutrient management: Ammonia emissions in agriculture, nutrient leakage and soil erosion are decreasing.
- On biodiversity: Biodiversity related to agricultural land is improving or, at least, biodiversity loss is halted.
- On farm renewal : Number of young and new farmers are increasing.
- On rural economy: Rural areas' economy is growing or, at least, is stable and urban-rural gap is decreasing; Local services and infrastructures are improving.

Those goals were all part of the original CAP objectives but had limited impact on the resulting ambition of the CAP Strategic Plans. Nevertheless, it is important to be aware and make use of all the instruments left for making progress in future years.

2023 will be the year of the CAP governance. Will the CAP reform pass the test and bring added value through its multitiered delivery system from farmers, LEADER/CLLD local action groups, producer organisations, control bodies, paying agencies, and up to regional and national managing authorities? Will the Member States ensure fundings and capacity to welcome civil society organisations on board in their monitoring committee?

The new CAP delivery model also brings with it a number of questions relating to regional governance. In previous CAPs, national and regional authorities across Europe were harmonised in their role and responsibilities to tailor rural development interventions to the needs and opportunities of rural areas. Where are the regional authorities and their detailed intervention strategies? How is the Commission going to ensure high quality coordination and reduce disparities in governance capacities between regions, within and between Member States? To what extent can the CAP networks tap into this regulatory vacuum between Brussels and the regional authorities?

All those questions will need to be answered next year and we intend to follow-up closely on this governance puzzle – a puzzle which still needs clarifying.

### CAP, a catch-all solution ?

A large array of Green Deal legislations have been or are to be presented in the coming months by the Commission. A common feature of some of those legislations, such as the Sustainable Use of Plant Protection Products Regulation presented in June or the Fertilizer Communication divulged in November, is their reliance on the CAP to implement measures and finance them. The CAP seems to have become the go to solution to support the Green Deal in its completion whenever possible. Other CAP-overlapping legislation proposals that will be presented in 2023, such as the Nature Restoration Law or the Carbon Farming Initiative, might take the same CAP-dependency road.

To have a CAP capable of sustaining other legislations with over-lapping goals would indeed be ideal and this could have been the case if three years of negotiation and one year of national adaptation hadn't kept this CAP programming in the business-as-usual zone. With 72,6% of the CAP budget going to direct payments, GAECs that are weakened or inexistent because of derogations, largely unambitious/green washed eco-schemes and a rural development fund that is mostly unchanged even though it has shown limited impact in the past, the CAP doesn't seem like the best partner to bet on. Inflation, on top of it, will only limit the CAP's impact even more.

Therefore, it will be essential to scrutinise those propositions and identify the breaches in the CAP that would render them mostly inefficient in the years to come. It will also be essential to use those deficiencies to argue for impactful yearly reviews of the CAP NSPs.

## Now, not later

In the current context, it is really tempting to already look further to the post-2027 CAP and start thinking about possibilities of real revolutions in the CAP functioning. Even Wojciechowski, the AGRI commissioner responsible for this programming, has already said that the next challenge would be to get a stronger 2027-CAP.

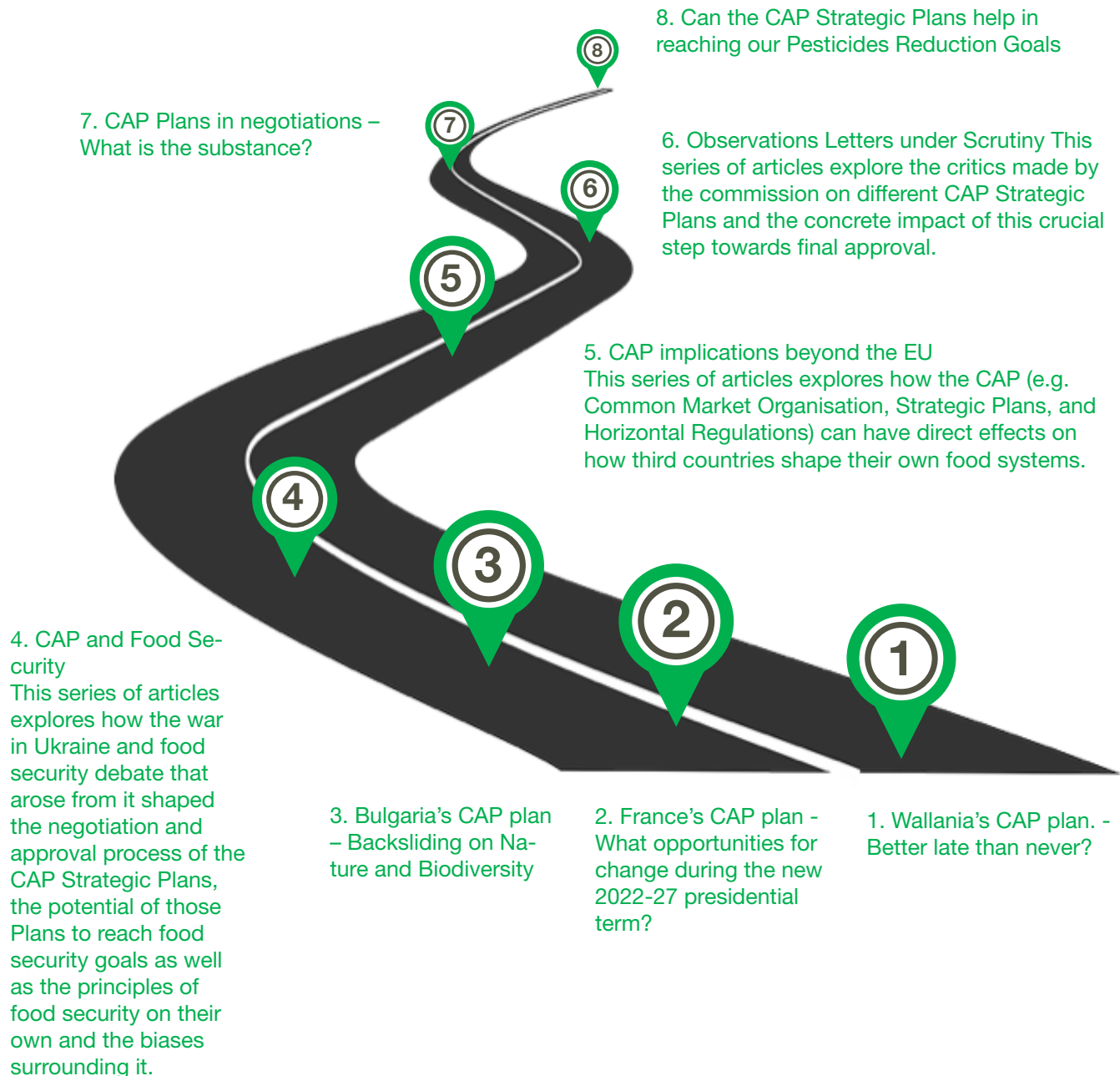
Even though the reflection on the next CAP should in effect start now as it will be a central focus for the next elections, we think that we should still keep our focus on tools at our disposal to influence the CAP directly. There is the possibility to amend the NSPs with the first annual review. But as we've discussed above, the new monitoring and evaluation system still has to prove its efficiency in the mapping of incoherencies and underachieving measures. This process will have to be critically assessed throughout 2023 so that needed adjustments can be brought before a 2024 mid-term review that will provide more opportunities for changes.

Governance will be a central focus for 2023. But we also want to highlight good farming practices that will, for some, be introduced for the first time in January 2023. All the tools cannot be changed every 7 years and we need to base our projections on what is working now.

Our hope for 2023 is an open, democratic, transparent governance system to bring to light the good agroecological (agronomic, social or economic) practices on which to base the future of the CAP.

The rest of this report is dedicated to the policy analyses carried out in 2022 for the CAP Strategic Plans Project. The individual articles can be found here: <https://www.arc2020.eu/tag/cap-strategic-plans/>

## Overview of 2022 policy analyses



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

## Wallonia's CAP Plan: Better late than never?

Mathieu Willard and Matteo Metta February 2022

*While one third of Member States missed the deadline for submitting national strategic plans for the CAP (CSP), we find Belgium (comprising Wallonia and Flanders), still seemingly bogged down in the last details of the CSP, trying not to set yet another record in negotiation length. Will Wallonia ask again for a derogation on coupled livestock support, and how will the eco-scheme on extensive grazing fare with more coupled money into livestock?*

*While expectations are high on many elements of the CSP (stakeholder inclusion, transparency, fairness, sectoral support), it doesn't seem like Wallonia will submit any time soon, with Mihail Dumitru, Deputy Director-General for Agriculture and Rural Development, pointing to Belgian tardiness as one of the more worrisome. So what is taking so long? What do we already know from the negotiations that took place - what kind of CSP will eventually emerge?*

### The article's roadmap

This article intends to shed some light on the bumpy road that led to Wallonia's not yet finalised CSP. Focusing first on understanding the delays, we'll then expose how an originally inclusive debate has lowered itself to the level of their neigh-

bour's. Finally, we'll take a look at the decision taken on coupled payments for livestock, what it implies in terms of economic sustainability and try to understand if this decision can be balanced by eco-schemes intervention.



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## The time-scape of CSPs

Time is a political variable in the new strategic approach to CAP post-2022. Before talking about the late submission from Wallonia (Belgium), let's take a wider look. Taking more time to submit the CSP can be beneficial: for example by accommodating more progressive reforms, or reducing risks of delay, by assessing how the Commission is dealing with other countries' submissions. On the contrary, using the 'punctuality' argument is not per se a good thing, as some Member States used it to justify status-quo decisions or skip debates on more controversial chapters of the CSPs (e.g. allocating only 10% of direct payments to redistributive payments, but removing total capping above 500,000.00 Euro/year for very large beneficiaries in Italy).

National members of COPA-COGECA have had a major say along the design of the CSPs. For them and national ministries, any delays in submission and approval are a source of concern, which is expressed by using the arguments that farmers all around Europe are hoping for a clear picture of the future rules as soon as possible. But it already seems that the indicative timeline will not be respected, at least not for all the Member States. Thousands of pages are being screened by the Commission inter-service consultations to ensure that the CSPs are legally compliant and present real reforms in both Pillar I and II. Add the delays from some Member States to this equation and you can be sure that the process will take much longer than European farmers would hope. While Christiane Lambert, President of COPA, has indicated that the end of spring should be the target date for a clear establishment of the rules, Mihail Dumitru of DG AGRI stated that he believed September is a more realistic date and that he didn't foresee a CSP adopted before summer.

He explained that the priority was "to check if all legal requirements of the regulation were complied with", as well as "assessing the ten specific objectives of the CAP, covering environmental, economic and social aspects of sustainability", adding that only "close to half" of the CSPs delivered were complete, including complete or partial annexes with European

Green Deal targets. Concerning the content of the CSPs, organic farming seems to be addressed the most while "information on rural areas, coordination with other EU & national funding, for instance addressing antimicrobial resistance" were not.

Finally, time is also a political variable for the Commission. Besides its legal duty, DG – AGRI needs to demonstrate that the ambition and the strategic orientation of the CSPs are seriously appraised in detail. However, this does not necessarily guarantee that red lines will not be crossed, that the weakest areas are addressed, or that CSPs can receive a "greener and fairer stamp" until they incorporate the necessary changes. With the Commission's observation letters being foreseen for the end of March, the road is still long before final approval.

## Belgium and Wallonia: the art of compromise

Let's go back to the Belgian case. If one thing is certain, it is that Belgium is one of a kind. For one thing, it is the only country in all of the Union that will present not one but two CSPs, each region having developed its own. In this article, we will focus on Wallonia, who proudly presented a resume of its CSP on the [17th of January 2022](#). The CSP was praised by the government on all parts, describing it as well-balanced and sustainable. This publicity stunt seems a bit hypocritical when you know that European deputies from two of the three political parties composing the Walloon government (Socialist Party and Ecologist Party) had voted against the adopted Regulation, (EU) No. 2021/115, back in November 2021. The reality is that behind this seemingly united government, there have been many disagreements and long, heated debates. It is no surprise when you look at its composition. It was formed from a majority including parties with very different visions (Liberals, Ecologists and Socialists), with liberals being in charge of the Ministry of Agriculture, and the ecologists directing the Ministry of Environment. And this mixed aspect of Belgian political life might explain why the CSP is still incomplete.

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At the end of December, Liberals and Ecologists were still arguing on the fundamentals of the CSP. On one side, Céline Tellier, the Walloon Minister for the Environment, was calling for the support of peasant agriculture which is “greener, family-oriented, and more adapted to the development of short supply chains”, insisting that the plan should largely support organic farming, extensive livestock breeding and a drastic reduction of chemical inputs. On the other side, Willy Borsus, the Walloon Minister for Agriculture, feared that such a plan would imply the destruction of a model (read conventional and industrial), many job losses, and the development of an agrarian system where production would be incidental. This arm-wrestling match was happening only three weeks before the presentation of the CSP, on the 17th of January 2022. It is then not surprising that, one month later, no CSP has been officially submitted to the European authorities. All that has been publicly published are [the 44 slides from the presentation](#) and even those are incomplete, with, for example, no information on the details of eco-scheme “reduction of industrial inputs”.

While some outsiders may be surprised that Wallonia is behind schedule, Belgian people are not. Europe is just witnessing what Belgians are very used to: the politics of compromise.

So, where are we, and what is yet to come before the long overdue submission of the CSP? Well, the Commission expect the Walloon government to take a final position on the post-2022 CAP. The CSP will then be submitted for public consultation. For a successful public consultation, all the stakeholders, agricultural unions, environmental organisations and civil society must have had the time to assess the final draft CSP, which is incredibly technical and requires a lot of time to be analysed in depth.

### Inclusion and transparency, a priority lost on the way

As stated in article 106 of the regulation establishing the rules for the elaboration of the CSPs (EU 2021/2115), concerning procedural requirements,

each Member State had to organise partnerships with competent authorities, including representatives of the agricultural sector and relevant bodies representing civil societies. It was therefore surprising to read a [letter](#) from five environmental organisations reunited under the Coalition [Impaacte](#) and one agricultural union ([UNAB](#)) questioning minister Borsus, vice president of Wallonia and minister of agriculture, about their exclusion from the negotiations, and requesting an immediate access to the CSP in progress. As they explained in their open letter, they were initially included in the Walloon CAP consultations until May 2021. Although formally part of the committee accompanying a modelling exercise to simulate the implications of different policy decisions on the budget allocation among beneficiaries, they have since been excluded with no explanation. This situation is all the more surprising when we know that the Walloon government facilitated an inclusive consultation process until then, including UNAB and Impaacte in around 35 technical meetings on the elaboration of the Walloon CSP.

Having received no response to their request, they shared their concerns in a letter to the EU's Agriculture Commissioner Janusz Wojciechowski, to which they received an answer. “Following your letter of 10 December 2021, I would like to reiterate the commitment of the European Commission to the importance of building partnerships with stakeholders and consultations with them on the CAP strategic plan in each Member State. This is an issue I have regularly emphasised in Council meetings, and it is also an important requirement for preparation of the CAP strategic plan. Concerning Wallonia, the Commission is looking forward to receiving the Walloon plan as soon as possible. I trust that the authorities in Wallonia will ensure that the appropriate consultation of stakeholders as well as the strategic environmental assessment and the ex-ante evaluation takes place”.

This may be a fairly generic answer that doesn't say much. But the Commission will have to address issues like stakeholder exclusion when publishing the observation letter to the submitted CSPs. The way the Commission evaluates the importance of an inclusive and transparent process will send a strong

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signal to decision makers regarding the need to improve in future negotiations. The fact that many organisations across Europe reported difficulties in accessing information on the development of their CSPs calls for necessary clarification and measures. Indeed, a [report](#) published in November from EEB, WWF and BirdLife International, trying to assess the development of eco-schemes from all Member States, has pointed out difficulties for environmental stakeholders across Europe to access information regarding the drafts. "All in all, our EU wide search for details on draft eco-schemes has revealed important delays and deficiencies in the information made available to environmental stakeholders during this crucial phase of the design of CAP interventions. With only a few weeks left until CAP national strategic plans are submitted, it is in many cases not possible or very difficult for stakeholders to engage and provide feedback on the eco-schemes being designed by Member States. It is very likely that many of these eco-schemes will be submitted to the European Commission without sufficient prior public participation and feedback, a limitation that should be taken into account during the assessment and approval process."

If the ex-ante evaluations and strategic environmental assessment will most probably never be shared before final submission, there is one crucial report conspicuous by its absence. This report, called "Support for the design and implementation of the post-2020 CAP Strategic Plan" was produced by the consultancy firm ADE in partnership with ULiège and Gembloux Agro-Bio Tech and finalised many months ago. It compares different reform scenarios, in terms of aid that will be received by each beneficiaries and overall agricultural income of farms. This study contains the most complete and most recent quantified evaluation at Walloon level and provides the tools to estimate the economic impact of a scenario. The results are analysed by agricultural region, technical-economic sector, farm size and by economic dimension, providing thus the possibility to identify the winners and losers in each scenarios. This report has yet to be published publicly, which is a pity for it might shed light on what could be considered one of the most important decisions in Wallonia's CSP.

This is the proposition to renew the derogation for coupled support to livestock breeding.

## The Belgian blanc bleu in the living room

Among all the new measures introduced, many deserve some attention. For example, five eco-schemes have been presented, with a dedicated budget of 26% of Pillar I (environment-friendly culture; winter soil coverage; permanent grassland; ecological gridding; reduction of chemical inputs). Other envelopes from Pillar I and II have been raised with, notably, an increased budget for redistributive payments, for the support of young farmers and for organic production. Reactions to the CSP have so far been mixed, with the main agricultural unions welcoming a CSP that supports social equity and takes a good step towards sustainability, and environmental NGOs also welcoming some long-awaited changes (such as an increased support for young farmers and the strengthening of the redistributive payment) but mostly criticising a CSP that maintains the status-quo. It is however the analyses on the part of the CSP tackling coupled support where we see the most dissonance.

The decision to be taken on coupled support for livestock farmers has heated the debates throughout the whole negotiation process. And even though a complete analyses of the main components of the CSP concerning fairness and environmental impact should wait for the final CSP to be published, it is interesting to give a quick look at this measure that embodies a certain socio-environmental duality and exemplifies the way in which it can sometimes seem difficult to combine social equity with environmental goals.

While the EU legislation limits the financial allocation for coupled income to 13% of direct payments, specifically in Article 96(1) of Regulation (EU) No 2021/115, the Walloon government proposes to renew the derogation already obtained on the previous CAP, with 21,3% of the EAGF budget being allocated to coupled aids. This budget will mostly be used to support meat cattle farmers to whom 18% of the

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subsidies are dedicated. This raises some questions. For example, how can this subsidy potentially distort the market in which livestock breeders from other Member States also have to participate? And are those subsidies linked to any kind of specific requirements (such as the integration or diversification of cattle species)?

Cattle farming is a central part of Wallonia's agricultural production, with 20.5% of farms being registered in the "meat cattle" technical-economic sector and 13.5% as "mixed cattle". And it has been almost impossible for the producers in that sector to earn a fair living wage in the past years. Among all the main technical-economic sectors (including crops, milk and mixed productions), meat cattle breeders have earned only 60% of the average income in the agricultural sector of Wallonia<sup>1</sup>. If we look at the three-year average labour income per worker in Walloon farms (2016-2018), beef farmers are by far the lowest, with average incomes estimated at around 5,000 euros while the other sectors all exceed 13,000 euros<sup>2</sup>.

It is therefore no surprise that the two main agricultural unions (FWA, FUGEA) were satisfied with the government's decision to ask for a renewal of the derogation of this measure. Considering the options laid down by the European regulations, a derogation was deemed essential in order to keep the sector alive. This derogation may help to keep producer's head out of the water for a while. However, it does not address the intrinsic price problem. Instead, it reinforces dependency on not just a subsidy, but, via derogation, an exemption from the standard rules on coupled payments. It is rather a plaster on an open wound, unlikely to support economic sustainability on the long run. This is disappointing knowing that supporting farm income and economic resilience and sustainability is the first specific objective of the European CAP regulation, as described in Article 6 (of R2021/2115). In the end, the disjointed orchestration of multiple interventions from Pillar I and II, even including coupled support, is expected to fail in addressing this challenge, as it did during the 2014-2020 period.



Photo Credit : Adèle Violette

<sup>1</sup> SPW, L'agriculture wallonne en chiffres (2020)

<sup>2</sup> SPW, Evolution de l'économie agricole et horticole de la Wallonie (2020)

## Synergies and tensions in CAP interventions

The impact of this support for livestock breeding doesn't only have economic implications. The fourth specific objective laid down in article 6 of the CAP (R2021/2115), on which cattle farming has a huge influence, is to mitigate climate change. It is therefore not surprising that environmental NGOs were frustrated by the decision. Indeed, this proposition seems to go against [the Commission's recommendations to Belgium](#) to reduce GHG emissions in the livestock sector and against Belgium's commitment to reduce methane emissions by 30%, by 2030<sup>3</sup>. Compared to the European average of 2 kg of CO<sub>2</sub> equivalent per hectare, Wallonia is at the forefront of European emissions from agriculture with 6.5 Kg of CO<sub>2</sub> equivalent per hectare (caused by N<sub>2</sub>O emissions from chemical inputs and CH<sub>4</sub> emissions from livestock)<sup>4</sup>.

But these two legitimate objectives are not impossible to reconcile. A [Research](#) commissioned by WWF Belgium and produced by the Earth and Life Institute of UCLouvain has shown that farms that have adopted extensive farming, i.e. with a low density of animals on grassland, achieved the same economic performance as more intensive farms, with a much lower environmental impact. This is achieved by reducing the dependence of livestock on feed inputs and fertilisers, thus reducing costs.

Wallonia's government is well aware of this and decided therefore to reduce the ceiling on the number of cattle head per farm that could benefit from the aid and, jointly, decided to introduce an eco-scheme benefiting permanent grassland in order to promote extensive farming. But when you look at the numbers from the [government's presentation](#), it is pretty clear that the benefit a farmer could earn from this particular eco-scheme is nowhere near the potential benefit from maximising coupled payment. On one side, the gradual subsidy linked to the perma-

nent grassland eco-scheme foresees a farmer will earn 21 Euro/ha for a herd density of 3 head/ha and up to 71euros for a herd density of 2 heads/ha. On the other side, through coupled payments, a farmer could receive 178euros per head and per work unit in the "meat cattle" sector, by referring to the smallest of three numbers (suckling cows aged 18 to 120 months; number of calves kept for at least 3 consecutive months multiplied by 3; number of calvings multiplied by 1.33). Looking at those numbers, and knowing that the herd size in that sector averages 45 suckling cows in Wallonia<sup>5</sup>, it is pretty clear that the potential benefits of increasing the size of the herd, which is often advised to the farmers despite many studies outlining better results for extensive farming, will outweigh the potential benefits of decreasing herd density (as expected from eco-scheme payments). Moreover, the farmers who will be impacted by the new ceiling will be very few. Considering the paucity of wages in the livestock sector and the time it takes to reorganise production, for example to improve and even achieve feed autonomy, enforcing a complete transition towards extensive farming during the 2023-2027 period would have been difficult. Nevertheless, very little of substance is being done to initiate this process.

## To conclude: What's to come

With the end of the tunnel hopefully close for Wallonia's government, the next weeks of finalising, submitting, and negotiating the CSP with the European Commission will say more on the overall ambition on the environment and fairness elements. With most of the CSPs out in the open, we now have to look at the objectives set out by the Commission, in the three CAP regulations – as well as in their other initiatives such as the Farm to Fork strategy – and make sure these will be critically assessed and integrated in the observation letters. We also have to check if this level of subsidiarity given to the Member States is going to distort European agri-food systems.

3 <https://wwf.be/fr/le-blog/engagement-reduire-nos-emissions-de-methane-de-30-dici-2030-produire-et-consommer-moins-et>

4 [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Aggregated\\_emissions\\_of\\_CH4\\_and\\_N2O\\_per\\_Utilised\\_Agricultural\\_Area\\_%28kilotonnes\\_CO2\\_equivalent\\_per\\_thousand\\_hectares%29,\\_2015.png#filehistory](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Aggregated_emissions_of_CH4_and_N2O_per_Utilised_Agricultural_Area_%28kilotonnes_CO2_equivalent_per_thousand_hectares%29,_2015.png#filehistory)

5 [https://etat-agriculture.wallonie.be/contents/indicatorsheets/EAW-A\\_II\\_c\\_2-1.html](https://etat-agriculture.wallonie.be/contents/indicatorsheets/EAW-A_II_c_2-1.html)

## Wallonia's CAP Plan: Better late than never?

This article exposed some of the main issues of the Wallonian CSP, namely the derogation on coupled income support, the potential tensions & synergies between couple income support and eco-schemes, the environmental strings to be attached on coupled income support, stakeholder inclusion, and more. These will need to be carefully appraised by the Commission, with the support of economic and environmental analysis, like the Strategic Environmental Assessment and the full report of the Ex-ante evaluation (a summary should be included in the Annex to the CSP).

However, many more elements of the CSP deserve in-depth attention and analyses. In order to verify the claim of a fairer and more sustainable CSP, three critical interventions should at least be considered:

- **On eco-schemes:** How do they differ from the mandatory rules for GAEC and what agri-environmental value do they add in order to comply with the CAP ecological objectives as well as the Green Deal objectives of mitigating climate change, protect the environment and preserve biodiversity.
- **On organic production:** How will the new envelope dedicated to organic production help to reach the European objective of at least 25% of agricultural areas under organic farming, as laid down in the European [Organic Action Plan](#).
- **On redistributive payments, payments for young farmers and internal convergence:** Will the articulation of those three fundamental interventions allow for a fairer distribution of payments among farmers, encourage the youth towards the path of farming, limit the race for hectares and facilitate access to land.

There three areas, along with whatever is decided in the final submission on coupled payments and livestock, will define just how fair and ecological Wallonia's CAP Strategic Plan Submission is.

## What opportunities for change during the new 2022-27 presidential term?

Aurélie Catallo March 2022

*Note: While the situation is still a changing one, with the war in Ukraine since 24th February, the discourse around the CAP has shifted somewhat, towards approving unambitious, business-as-usual strategic plans that serve the interests of agri-industrial block and lobby groups. Nevertheless, with French elections only a few weeks away, on 20th February “Pour un autre PAC” (PUAP) outlined its positions on the opportunities that will arise throughout the next presidential mandate in order to change the orientation of the recently submitted French CAP Strategic Plan (CSP). Moreover, PUAP spotlights some specific measures that should be implemented if France desires to truly align the French CSP with the Green Deal’s ambitions. We report here below a translated article that originally appeared on “Pour un autre PAC” [website](#).*

### Introduction

Although France’s CAP Strategic Plan (CSP) design and submission took place before the 2022 presidential election, the next CAP plan is neither approved yet, nor frozen until 2027. There are several major opportunities to modify the CSP during the next five-year period, at various times during the future presidency mandate. The revision process of the CAP that will apply in France in the short, medium and long term will be crucial as the current draft CSP is absolutely unable to guide French agriculture in its necessary economic, environmental and social changes. Moreover, several official reports (in particular an [opinion](#) from the Environmental Authority (ministry of ecological transition) and a [note](#) from the Court of Auditors) have already underlined the incompatibility of this CSP with France’s stated objectives in terms of agroecological transition, including legally binding objectives: the national biodiversity strategy, the national strategy to reduce imported deforestation, the national low-carbon strategy, the implementation of the European Farm to Fork strategy, etc.



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## The first 100 days: amending the CSP before it is approved by the European Commission

### What kind of changes are possible in that short-term period?

The European Commission will send France its remarks on its draft CSP towards the end of March, through a letter of observation. Commissioner Wojciechowski reiterated the commission's commitment to transparency during the approval process and [pledged](#) to make those letters public, which is deemed essential for the public to be able to take part in the debate, paving the way towards a good understanding implementation of the plan.

France will then have to submit an improved version of its CSP to the Commission, demonstrating that it has taken the comments into account or justifying why it is not considered appropriate to take them into account. From then, the Commission and the Member State will have three months to negotiate the CSP which will be finally and formally approved by the College of Commissioners. At present, the Commission's approval of the CSP is foreseen for September 2022.

In other words, after the new President and the new government take office, there will be a major window of opportunity, giving them a chance to modify the content of the initial draft of the French CSP before its formal approval by the European Commission. Whatever the political orientation of the newly elected President, the modification of the draft CSP will be justified by the need to take into account the remarks of the European Commission and to align the ambition of the French CSP with the highest ambitions of the other Member States, in order to reposition France as a European agricultural leader.

If it does not seem realistic that a new government can completely rewrite, in a few weeks, a document thousands of pages long that took several years to prepare, the first hundred days of the new presidency surely offers the opportunity to reassess some of the most harmful arbitrations adopted by the previous Minister of Agriculture, making it possible to honour the notion of "reform" that should be inherent to the CAP and, more importantly, send a signal of reorientation of public policies in the agricultural sector.

### PUAP's recommendations for modifications

- GAEC 7: Crop diversification in arable land:
  - raise the total of points needed to respect GAEC7 (based on a point scale system) to the basic level of the current proposal for the related eco-scheme.
  - remove any opportunity of derogation for certain crops such as maize
- GAEC 8: Minimum share of agricultural area devoted to non-productive areas or features
  - keep only the rule requiring at least 4% of agro-ecological infrastructure; therefore, remove the alternative option requiring 7% of areas of ecological interest including 3% of agroecological infrastructure.
- Redistributive payment:
  - increase the share of Pillar 1 budget dedicated to the redistributive payment from 10% to at least 15%.
- Eco-scheme practices:
  - Proposition for the architecture of eco-schemes compared to the one proposed in the CSP :

## What opportunities for change during the new 2022-27 presidential term?

Table 1 : French CSP's architecture for eco-schemes

	pathways for agroecological practices			pathway for certifications		pathway for agroecological infrastructures (AI)
	arable land	perennial crops	permanent grassland			
Level 1 ←	crop diversity (4 points)	grassing of 75% of inter-rows	no tillage on 80% of permanent grassland	environmental certification : level 2+	non-cumulative	7% of AI
Level 2 ←	crop diversity (5 points)	grassing of 95% of inter-rows	no tillage on 90% of permanent grassland	- AB (organic) label - High Environmental Value Label (to be revised before 2023)		10% of AI
Bonus ←	6% of hedges on the farm					

Table 2 : the architecture of eco-schemes : PUAP's proposition (September 2021)

	field crops and market gardening	perennial crops	livestock breeding on grassland / rangeland / pastoral area		agroecological infrastructures (AI)
Level 1 ←	minimum x crops including minimum y% legume and z% main crop	grassing of x% of the inter-row without chemical treatment	x% of grass in the main forage area of which y% is permanent grassland	cumulative	Between a and b% of AI
Level 2 ←	minimum X crops including minimum Y% legume and Z% main crop	grassing of X% of the inter-row without chemical treatment	X% of grass in the main forage area of which Y% is permanent grassland		Between b and c% of AI
Level 3 ←	AB (organic) certification				More than c% of AI

\*x/X, y/Y, z/Z vary for each column

Source: <https://pouruneautrepaq.eu/wp-content/uploads/2021/09/Maquette-final-Publication2021.pdf> en France (PUAP, September 2021)

Source: [Quel Plan Stratégique National pour la PAC 2023-2027](#) en France (PUAP, September 2021)

- Main and additional propositions:
  - remove the certification route and create a level 3 remuneration for organic agriculture
  - concerning the agroecological management on arable land eco-scheme (based on a point scale system): raise the points needed to access level 1 to the amount needed to access level 2 of the current proposal ; create a more ambitious scale for the top level
  - remove the agroecological infrastructure scheme and triple the envelope for the “sustainably managed hedges”
- Risk management (harvest insurance aid):
  - limit the allocation of this aid to insurance contracts for which the triggering threshold is 30% of losses and not 20%.

## 1<sup>st</sup> semester of 2023: paving the way for a progressive transformation of the CAP through the first annual review of the CSP

### What kind of changes are possible in that short/medium-term period?

After the CSPs enter into force, each Member State will have the opportunity to submit revisions, once per year, to the European Commission. The definition of the revisions to be submitted will take place during the first part of the year, while the second part of the year will be reserved for negotiations with the Commission, which has the power to approve them or not.

In other words, France will have the opportunity to submit a revision of its CSP to the European Commission in the first year of its entry into force. This first revision can be used to set the pace for a gradual increase in the ambition of the French CSP until the end of the 2023-2027 period. The idea is not to impose a radical change in the rules of the game on farmers just one year after the entry into force of the reform, but rather to initiate the process of its gradual strengthening as well as announcing a clear timetable of developments until 2027.

### PUAP's recommendations for modifications

- Transfer rate from 1st to 2nd pillar: plan a gradual increase in the transfer rate until 2027, i.e. 7.5% in 2023, 10% in 2024, 12.5% in 2025, 15% in 2026, 17.5% in 2027
- Basic income support: reduce the envelope for basic payments in the first pillar of the CAP by the same amount, gradually until 2027
- Social conditionality: provide for a reinforcement of the means for control in order to increase the number of CAP farms effectively subject to social conditionality
- Coupled aid for cattle:
  - Introduction of a grazing condition
  - Lowering the ceiling to 80 livestock units (LU)
- Agri-environment-climate measures under Pillar 2: direct the gradual increase in the budget of the 2<sup>nd</sup>

pillar of the CAP towards the agri-environment-climate measures envelope

## 1<sup>st</sup> semester of 2024: taking full advantage of the CSP's mid-term review

### What kind of changes are possible in that medium-term period?

In addition to the annual revisions that they may spontaneously propose, Member States will also have to send the European Commission an annual report on the progress made towards achieving the objectives they have set in their CSP. If the Commission considers that a Member State is not on the right track and that an adjustment of its CSP is needed, it will require the Member State to make corresponding improvements in it. From the beginning of 2024, France and the Commission will have a first year of hindsight on the implementation of the CSP. It will therefore be possible for them to draw conclusions on the adjustments required to achieve the social and environmental performance objectives announced by the country.

Moreover, the annual revision of the CSP to be prepared in 2024 will be applied from 2025, a year tacitly considered as a mid-term review period for this CAP programming. It is indeed for 2025 that the European regulation foresees a strengthening of requirements for CSPs, particularly concerning their compliance with the objectives of the Green Deal. From 2025 onwards, the French CSP must explicitly comply with the objectives of the Green Deal, which will have become legally binding by then. In other words, abstract justifications will no longer be enough for the French CSP to assure and prove its overall contribution to the trajectories drawn by the 2030 objectives. It will have to demonstrate that it really does give beneficiaries the means to change their practices in such a way that they follow the curve of reductions (in pesticides, nitrogen fertilisers, etc.) or increases (in agroecological infrastructures, AB areas, etc.) imposed by the European Union's Farm to Fork and Biodiversity strategies.

## What opportunities for change during the new 2022-27 presidential term?

### PUAP's recommendations for modifications

- Capping and degressivity: introduce degressivity for direct payments from €60,000 and capping from €100,000
- Good agricultural and environmental conditions (GAEC) and eco-schemes: align these measures with the objectives of the Green Deal
- Coupled aid for fresh fruit and vegetables: doubling of the dedicated envelope
- Agri-environment-climate measures under pillar 2: raise the ambition of the agri-environment-climate measure's specifications relating to animal welfare

### From 2025: using France's influence to shape the next CAP reform proposal

#### What kind of changes are possible in that long-term period?

Historically, France and Germany have been particularly influential in shaping the European Commission's communications and legislative proposals for CAP reforms. Furthermore, Germany has just appointed a new Minister of Agriculture as part of its new government coalition which explicitly plans to stand for the end of decoupled payments at European level, favouring new payments for services instead. Therefore, the context would be particularly favourable to a historic reform of the CAP if the Franco-German pair was to display a common ambition for the 2028-CAP, from 2025 onwards.

### PUAP's recommendations for modifications

Promote at European level:

- the introduction of a food objective and scope to the CAP, in addition to the agricultural one, turning the CAP into the CAFPP (Common Agricultural and Food Policy).
- the replacement of decoupled payments by payments for services and support measures for the agroecological transition

- the recognition of the work unit as the unit for allocating CAP interventions

### And what about elected deputies to the National Assembly? An influence to be created

The French National Assembly has no official power over the content of the CSP. However, future deputies will be able to use two main levers of action to make their voice heard on the evolution of this policy:

- all the usual instruments of indirect influence of the government at their disposal, such as own-initiative reports, European resolutions, questions to the government, debates with or without votes, etc.
- the annual transmission of the CSP performance report drawn up by France for the attention of the European Commission and of the modifications made to the CSP, as provided for by Article 274 of the "climate and resilience" law.

The deputies' access to data relating to the CSP performance, transmitted annually by the government, constitutes an interesting opportunity for elected representatives to exercise their right to control the government's action and to publicise what would appear to be a lack of ambition on the part of the Minister in charge of Agriculture, in the face of the necessary evolution of the CSP.

# Bulgaria's CAP Strategic Plan: Backsliding on nature and biodiversity

Yanka Kazakova and Vyara Stefanova, Society for Territorial and Environmental Prosperity (STEP), Bulgaria April 2022

*As a civil society organisation working in public benefit for sustainable rural development and conservation of High Nature Value farming, the Society for Territorial and Environmental Prosperity (STEP) believes that Bulgaria's CAP Strategic Plan must be corrected in order to be in line with the objectives of the European Green Deal, the EU's Biodiversity and Farm to Fork Strategy. In this article, it highlights essential changes to be made, from targets and monitoring to measuring coherence and consistency.*

*This article is a synthesised translation of STEP's work which can be found in its original form on the [STEP website](#).*

## Introduction

Although there has been some improvements in [Bulgaria's CAP Strategic Plan](#) (CSP) over the past 6 months, with the return of the High Nature Value (HNV) farming support and the increased budget for organic farming, the content remains insufficient to respect even the minimum requirements of the [CSP Regulation](#). Serious gaps and inconsistencies with the European Green Deal, EU's Biodiversity and Farm to Fork strategies can be observed in the current draft of the Bulgarian CSP. Notably, Article 105, framing the "no backsliding principle" requiring higher ambition in terms of environmental and climate objectives compared to the 2014-2020 period, is not respected at all for nature and biodiversity conservation.

We consider it extremely worrying that the recommendations of the ex-ante evaluation of the Strategic Plan are not reflected in the official version of the CSP. Most of the proposals and recommendations received from the representatives of environmental organisations were not taken into account without any justification. It turns out that the stakeholders' consultations (mandatory under the EU Regulation), were pro forma.

The CSP was approved by the Council of Ministers and sent to the European Commission without the mandatory environmental assessment and assessment of its compatibility with Natura 2000 areas. The overall nature protection and biodiversity conservation ambition is very low in terms of stated priorities, objectives, schemes/interventions, target areas and budgets. As there is still time to adjust the CSP, we highlight here below the not only essential but also legally required changes to be made in the CSP to increase the level of ambition in the support to HNV farming and biodiversity protection in Bulgaria.



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## Decreasing budget and inconsistent monitoring

One of the biggest problems of the CSP is that compared to the 2014-2020 programming, budgets for nature and biodiversity have been reduced. There is less budget for the Natura 2000 measures with significantly reduced target areas for the new period while the number of Natura 2000 sites eligible for support have more than doubled under the [Habitat Directive](#). This goes against the “no backsliding principle” as described above.

Globally, payment levels set out in the CSP are not justified by clear calculations. Some of the payment levels per hectare are significantly reduced, without any justification. Moreover, the CSP does not specify the possible combinations of schemes and interventions from the first and second pillars. We believe that it would be particularly important in order to prevent double funding and budget draining.

Beside funding irregularities, many monitoring aspects of the CSP are incomplete and in some places

incorrect. Those specific issues should therefore be addressed:

- Outcome and performance indicators, especially regarding biodiversity, environment and climate objectives are based on incorrect provisions.
- The monitoring and control system, notably on the effects of planned eco-schemes and interventions for biodiversity conservation, is incomplete. There is, globally, a continuous lack of monitoring of the environmental and climate effects of the CAP funding despite the fact that the recommendations of the ex-ante evaluation of the 2014-2020 CAP and the ex-post evaluation of the 2007-2013 CAP did state the need to develop an impact monitoring system for individual interventions on environmental elements.
- Target values for biodiversity conservation through agricultural activities lack ambition. This translates into incomplete or missing interventions related to biodiversity conservation and insufficient public funds earmarked for biodiversity, environment and climate conservation.

## Target values for biodiversity protection

The current CSP sees significant reduction of the funds specifically related to biodiversity conservation, compared to the 2014-2020 period. This is highlighted by many target values of result indicators that are very low and not improving on the last CAP programming:

- The target value of result indicator R33 (improving Natura 2000 management) indicates that only 5,34% of the Natura 2000 network area (60 000ha) will be supported. In 2020 alone, the areas supported under the Natura 2000 measure for agricultural land under the 2014-2020 CAP were 407 255 ha.
- The target value of result indicator R34 (preserving landscape features) indicates that only 1,48% of Utilised Agricultural Area (UAA) will be supported by landscape management commitments.
- Target value of result indicator R31 (preserving habitats and species) indicates that only 1.36% of the UAA will support biodiversity conservation and restoration commitments, including HNV farming.
- Concerning the agri-environmental climate measure (AECM) for traditional seasonal grazing practices, the target value aims to support 10 455ha of pastoral lands in National Parks, Nature Parks and Natura 2000 sites when, in 2020, this measure was supporting 20 443ha in National Park territories only.



Photo Credit : Adèle Violette

## Permanent grassland discrimination

On permanent grassland management, most of the criticisms already presented in our [article](#) published last year remain relevant. The context hasn't changed, with areas of permanent grassland having been reduced by more than half in around ten years. The definition of permanent grassland in the CSP hasn't been adapted to national and regional characteristics, which leads to a significant loss in forage areas for farmers with grazing livestock but also of conservation-relevant habitats in the Natura 2000 network.

### Permanent grassland support in the eco-schemes

In terms of type of schemes, areas supported and planned budget, there is an over-targeting of eco-schemes towards arable land to the extent that eco-schemes will support 114% of the available arable land, but only 27% of the available grassland. This highlights yet another tendentious favoring of cereal production (the main user of arable land - 84% in 2020) at the expense of pastoral livestock farming.

The budget for the different eco-schemes is distributed in the same way with 70.3% of the budget allocated to arable land, 9.8% to permanent grassland and 8.6% to permanent crops. The largest budget (29.4%) is earmarked for the eco-scheme for crop diversification, which does not require a significant change to the usual agricultural practices in Bulgaria and whose contribution to the objectives of the Green Deal and biodiversity conservation is controversial and minimal. Only 15.6% of the eco-scheme budget is earmarked for the creation and protection of environmental infrastructure. Moreover, the proposed eco-schemes do not comply with the National Priority Framework for Action on Natura 2000.

## Specific example of poor eco-scheme architecture

### Eco-scheme for maintaining and improving biodiversity and ecological infrastructure

The calculated payment levels under the eco-scheme are illogical, unjustified and biased. The justification of the payment levels presented for the three types of land use (arable land, permanent grassland and permanent crops) is completely identical in content but ends up with unfairly varying subsidies. For example, the compulsory clearance of dry and low branches for single and groups of trees will be paid at EUR 591/ha for arable land; EUR 283/ha for permanent grassland and EUR 901/ha for permanent crops. The physical activity to be carried out is the same, only the type of land use in which the alleged trees are located differs. We believe that support levels should be determined by the type of environmental infrastructure, not by the land use in which it is located.

Moreover, the minimum percentage of environmental infrastructure to be supported is not specified. We therefore recommend that stepped support be introduced to reflect the environmental benefits:

- Baseline payment level for environmental infrastructure of over 4% to 10% landscape features and elements within them.
- Level 1 with bonus payment for 10.1% - 15% landscape features and elements in them.
- Level 2 with higher bonus payment for 15.1% - 20% landscape features and elements in them.
- We also propose to consider a bonus payment for the connectivity of environmental infrastructure elements in adjacent farm blocks.

### Eco-scheme for extensive permanent grassland maintenance

Despite the CSP specifically quoting that “extensive management through grazing is needed for all natural habitats and species habitats to improve conservation within and outside Natura 2000” and that the “total share of environmentally sensitive grasslands in Natura 2000 sites (and covered by GAEC 9) is 426 348 ha”, the target value for support under this scheme covers only 64% of the permanent grasslands in Natura 2000 sites defined as sensitive.

We urge that the eco-scheme budget and therefore the target value of hectares planned for support be increased in line with the needs identified. We believe that a clear distinction should be made between the different types of permanent grassland and that the minimum and maximum densities of livestock should be consistent with their conservation status. In most cases, in poorly productive and ecologically sensitive permanent pastures, a grazing density above 1 Livestock Unit/ha would lead to a deterioration of permanent grassland conservation status.

## Rural Development measures for nature and biodiversity

### Sustainable grazing land management in agricultural land

This measure needs to specify which permanent grassland will be supported, how hay meadows will be supported and include the maintenance of permanent grassland by mowing. Given the change in the scope of HNV farmland in 2019 compared to 2007 (see our [previous article](#)), it is imperative that a reassessment of its scope and quality is carried out at the start of the current programming period to ensure that AECMs specifically target grasslands.

## Restoration and maintenance of degraded grazing areas

There is no clarity on how the interventions proposed (ploughing, reseeding with non-native grass mixtures, fertilisation) will contribute to biodiversity conservation, habitat/species conservation or restoration. We urge that the text be clarified and that relevant indicators be included. The description of the intervention should specify what stocking density will be allowed after restoration and the list of approved grassland mixture of species and their conformity for HNV farming and Natura 2000 sites should be provided. The authorised stock densities have to be determined by a specialised agronomist, taking into account the specific geographical and climate conditions of land.

## Payments for agricultural land in Natura 2000 sites

This intervention is foreseen to be applied in Natura 2000 sites with issued designation orders as well as those with approved Management Plans. A minimum of 186 sites for conservation of natural habitats will be added to the current scope of the measure. These areas are not reflected in any way in the target values of the areas planned to be supported and the corresponding financial means. Moreover, the planned budget for the intervention has been halved compared to the 2014-2020 programming, which will most likely lead to the termination of support once the budget is exhausted.

## Traditional seasonal grazing practices (pastoralism)

As explained in the above section on target values for biodiversity, the target value set for support of 10 455ha clearly shows that the intention is to implement the measure again only in National Parks, not respecting the monitoring reports and recommendations of the Ministry of Environment and environmental NGOs.

## Establishment and restoration of environmental infrastructure

Research and publications indicate that a minimum of 10% of farmland should be occupied by landscape features that have the highest ecological benefit in relevant area. These include semi-natural features such as grassland, including shrub pasture, trees, wetland or floodplain, connective features such as buffer strips, hedgerows, ditches, etc., but no productive areas such as nitrogen fixing crops or green cover areas.

In the framework of the CSP, Bulgaria proposes to support environmental infrastructure through both eco-schemes and AECMs. However, to be coherent, we suggest that:

- the listed ecological infrastructure be extended with tree formations and shrub vegetation, especially in grasslands.
- conservation of [green infrastructure](#) be decided at regional level with maintaining measures in areas with predominant extensive farming and targeted restoring actions in intensive areas. Green infrastructure coverage should be between 10% and 20% at regional level.
- We believe that the creation/restoration of environmental infrastructure should be supported through non-productive investment.
- Should it remain in the AECM, we recommend introducing stepped support to reflect the environmental benefits (as presented for the eco-scheme “maintaining and improving biodiversity and ecological infrastructure”).

## Conclusions

In conclusion, we believe that the arguments and recommendations set out above lead to the need to revise and supplement the CSP so as to comply with Bulgarian and European legislation and to achieve compliance with the approved strategic documents related to biodiversity in agricultural land and rural areas.

# CAP and Food Security: Are the CAP Strategic Plans up to the task ?

Mathieu Willard March 2022

*Soaring grain prices, alongside gas, oil, fertilizers and pesticides, have sparked an unexpected debate on food production in the EU. A dependent and completely overexposed agricultural system has brought with it fear of food insecurity. In this article, we explore the tools that the commission is using to assess the potential of CAP Strategic Plans in reaching food security and propose our own analyses.*

## Introduction

On the premise of food insecurity, agri-lobbies, notably COPA & COGECA, have been pushing for extraordinary measures aimed at enhancing production of protein crops on fallow land and Ecological Focus Areas (EFAs). They have been calling for activating temporary market support from the crisis reserve funds (CMO) and a relaxation of agreed rules, like the conditionalities for direct payments (GAECs), which were already deviating from the objectives set in the Farm to Fork strategy.

This call was supported by a majority of AGRI Committee rapporteurs, represented in an [open letter](#) to Commissioner Wojciechowski by Norbert Lins, Chair of the Committee, who urges the Commission to “review the EU’s approach to food security, in order to reduce our dependence on imports and increase domestic production”. Monday 21st March saw Ministers also proposing to temporarily allow Member States, via implementing acts, to derogate from certain greening obligations in 2022 in order to enlarge the EU’s production capacity, while maintaining the full level of the greening payment.

The Commission has answered these demands. In a [leaked communication](#) on food security that will be published on March 23rd, it synthesizes and presents the pack of measures that will be implemented to answer the Ukraine crisis. Those include the proposition to make available E500 million in emergency aid from the crisis reserve to support farmers most affected (totalling up to E1,5 billion in emergency aid when including Member States top-ups) ; to allow Member States to derogate from certain greening

obligations in 2022 in order to bring additional agricultural land into production ; to allow for increased levels of advances of direct payments later this year ; to encourage the use of the new CAP strategic plans to prioritise investments that reduce the dependency on gas, fuel and inputs (e.g. investments into sustainable biogas production, investments into precision farming, Support for carbon farming).

The European Parliament will also vote on a [motion for resolution](#) on food security, calling the Commission to review targets and timetable of the Farm to Fork and Biodiversity strategies in order to maximise production potential and calling to suspend advances on new legislative initiatives such as the revision of the Sustainable Use of Pesticides Directive.

All those demands and measures are being justified by the necessity for food security. But is the geo-political situation in Ukraine, as it unfolds, really endangering food security in Europe? And what should the Commission do in order to ensure long-term food security?



Photo Credit : Adèle Violette

## Food security in Europe

The EU is a net export of cereals with a self-sufficiency of 112%<sup>1</sup>, 61% of EU cereals used for animal feed and only 23% directly reserved to food for humans<sup>2</sup>. The question, as it appears, is not really of food security but of the livestock industry's continued interests, and their ability to maintain their competitive spot on the market.

A context that would create food insecurity is one of food shortages. But in the short term, as explained in a [previous article](#), the unfolding crisis is one of prices, economic accessibility and unequal distribution. And even if the current situation in Ukraine unfolds in a way that would make it impossible to sow maize

and sunflowers by mid-April and to harvest wheat in June/July, to compensate this loss by harvesting land for biodiversity would have limited impact. In a [blog note](#), The Institute for Sustainable Development and International Relations (IDDRI) have explained that available areas are limited (less than 6Mha out of 100Mha of arable land), characterised by low yields and that increasing our production would also mean “using more mineral nitrogen, which is now massively imported from third countries (including Russia, Ukraine and Belarus, which account for nearly 20% of total nitrogen fertiliser exports) or produced in Europe with gas, the price of which is soaring.”

<sup>1</sup> <https://www.arc2020.eu/more-food-less-feed-agriculture-and-the-war-on-ukraine/>

<sup>2</sup> [https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/farming/documents/short-term-outlook-statistical-annex\\_en.pdf](https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/farming/documents/short-term-outlook-statistical-annex_en.pdf)

## Short-term VS long-term strategies: agroecology for food security

In the short-term, there is a need for measures to stabilise prices and ensure food security in countries that really are at risk of shortages, such as Northern African and Middle Eastern countries, while also not jeopardising medium and long-term food security and social justice in rural areas. Those measures include the release of strategic stocks to the World-Food-Program, abolishing the use of biofuels, introducing measures to decrease food waste, working on minimum and maximum prices, reduce our meat consumption and more. But solutions that intend to modify environmental objectives in the CAP are not appropriate. The CAP is programmed for medium and long-term strategies and needs to frame trajectories for long-term food security.

In the long-term, taking even more land from nature, exacerbating our already immense impact on habitat fragmentation and biodiversity loss, destroying what is left of the ecological surroundings, in order to increase our crop production capacity is a dead end. As shown in the recently published and once again overlooked [IPCC report](#), food security is threatened, not by a lack of animal feed, but by “the transformation of terrestrial and ocean/coastal ecosystems and loss of biodiversity, exacerbated by pollution, habitat fragmentation and land-use changes”. The scientific community is addressing a clear message to our political leaders, explaining that “public policies for transitions to resilient water and food systems enhance effectiveness and feasibility in ecosystem provisioning services, livelihoods, water and food security”.

Therefore, it is in our sense essential to do the exact opposite of what is asked by the agri-lobby and start transforming our agrarian systems into resilient, diversified, agroecological systems. And the Commission seems to agree as it included in its [leaked communication](#) for food security the need to support agroecological practices to ensure lasting food security. The agroecological transition scenario has been studied by many researchers and [recently modeled by the Ten Years For Agroecology \(TYFA\) research](#)

[team](#). In their work they show that a generalisation of agroecological practices can help build food security in Europe, while helping us reaching many of the objectives stated in the Farm to Fork and Biodiversity strategies, by knowingly reducing the calories produced by 35% with compared year 2010 but still maintaining export capacities. The agroecological transition requires, inter alia

- the phasing out of plant protein imports
- the phasing out of pesticides and synthetic fertilizers
- the redeployment of extensive grasslands
- the redeployment of landscape infrastructures to enhance biodiversity

Lessons must be learned from how exposed our agri-food system is, with its reliance of fertilizers, feeds and, in the final analysis, fossil fuels. The CAP is the perfect instrument to induce those medium and long-term changes, but has failed to do so until now.

## Will the commission efficiently assess the transitioning potential of CSPs ?

With all plans now submitted, the ball is now in the Commission's hands. Next step is the publication of the observation letters, expected by the end of March for the Member States who submitted on time. The Commission's overview discussed on 21st March in [the exchange of views](#) with the Member States clearly demonstrates that a legal compliance check with the regulation cannot meet the needs and expectations of this reform, nor of the objectives of the European Green Deal. The lack of ex ante evaluations accompanying most of the submitted plans, and the poor considerations given from the Commission during the appraisal and approval phases, clearly demonstrate a shift: there has been a move from a politically charged ‘strategic, evidence-based approach’ to one suitable to maintain status-quo minimal adaptations or in some cases, clear regressions (see buffer strips, rotations, capping, coupled support).

In order for the Commission's feedback to be effective, it must be thorough in its analyses, looking at the trade-offs of each policy decision with the status

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quo, and the tensions and synergies between measures. It also makes sense to analyse budget allocations and to compare Member State performance and ambitions, in order to inspire fairer and greener CSPs across Europe. But the recently released [assessment of the CSPs](#) by the commission, the goal of which was to feed the debates happening during the SCA meeting of March 14th and AgriFish Council meeting of March 21st, already shows the unwillingness of the Commission to produce useful and targeted analyses, which could show changes needed in the CSPs.

The assessment is more a descriptive exercise than a critical assessment. A core issue is that it is broad rather than specific – individual Member States aren't named; overall numbers (clusters) of Member States and their proposals are instead given. The medium chosen is therefore more than questionable as it consists in a simple list of facts and statistics with no elaboration on inner workings of the measures. Nevertheless, this list allows us to potential serious shortcomings and failures. GAEC 2, which involves laying down the minimum standards for preserving wetlands and peatlands, sees 14 countries asking for a derogation. In other words an exemption for the rule altogether. Considering the fact that this is a brand new GAEC, one that was, from initial proposal in 2018, weakened for years before finally being agreed, it is obviously extremely disappointing that

over half the Member States want an exemption from it. But which member states? And why? The document does not give this kind of concrete information that could fuel analyses for long-term trajectories towards economic and environmental sustainability.

It is interesting to note that those derogations on basic biodiversity and climate measures were asked for way before the Ukraine crisis came into the equation. Across Europe, Member States have shown very low environmental ambitions in their CSPs and the Commission, now showing hesitations on the Farm to Fork objectives, will have a hard time convincing them to upgrade their ambitions while doing the exact opposite in response to the Ukraine crisis.

That list of statistics and facts gives the illusion of actions being taken on every front by many Member States but eludes the details that determine the efficiency of the measures. It is essential that the commission publishes documents that show deep analyses of the Plans with comparisons and synergies between countries, in accordance with Green Deal objectives and asks the Member States, through the observation letters, to adapt their plans accordingly. The high subsidiarity of this CAP programming doesn't mean that we shouldn't strive for harmonisation by comparing specific country performance in order to elevate the ambitions where needed.

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### Assessment of the CSP's potential for an agroecological transition

If we want to assess the transition potential of CSPs towards agroecological systems, in order to ensure food security in the long run, we have to look at the four needs for agroecology laid above, select measures that are impacting those needs and check if, among CSPs, those measures are sufficiently funded and coherent. For the exercise, we can select four

measures, four issues presented in the commission's assessment, all related to the four needs for agroecological transition, and check how different CSPs compare on those measure. That way, we can show what kind of analyses is needed for the observation letters.

Needs	Measures	Commission's Assessment	Questions induced
phasing out of pesticides and synthetic fertilizers	Funding Organic Production	« Almost all Member States express a growth ambition to a higher or lesser extent for organic farming, both in terms of increasing area farmed organically and in terms of area supported by the CAP »	<ul style="list-style-type: none"> <li>• Are the Member States with the lowest area farmed organically investing enough to grow significantly?</li> <li>• Are the specific measures attractive enough to induce farmers into transitioning?</li> <li>• How will the measures likely impact the achievement of member state and overall EU targets for organic farming?</li> </ul>
phasing out of plant protein imports	Coupled Support for livestock	« Support is targeted on livestock (beef & veal, sheep meat and goatmeat, milk and milk products) with a budget share of approximately 70% of the overall budget CIS allocations in the Member States ; Limitations on stock density in the livestock sector are proposed at least in 2 Member States. »	<ul style="list-style-type: none"> <li>• Which Member States do not put limitations or conditions for accessing coupled aid for livestock ?</li> <li>• What share of Pillar I is allocated to those subsidies ?</li> <li>• How do those subsidies compare to other measures intended to increase attraction for production on permanent grassland with low stock density ?</li> </ul>
redeployment of extensive grasslands	Eco-schemes funding the development of permanent grassland	« The Eco-scheme practices proposed include inter alia soil conservation, preserving landscape features and non - productive areas, carbon farming, integrated pest management (IPM) and pesticides management, permanent pastures – extensification and maintenance, biodiversity, animal welfare, and nutrient management. »	<ul style="list-style-type: none"> <li>• What share of the budget is allocated to those practices ?</li> <li>• Are the conditions of access to those Eco-schemes ambitious enough ? Do they clearly improve the minimum required by GAECs ?</li> <li>• How are these practices distributed among Member States ?</li> </ul>
redeployment of landscape infrastructures to enhance biodiversity	Eco-schemes funding biodiversity inducing practices		
	Transversal measures for biodiversity and climate	« The minimum ring-fencing requirement for environment and climate is planned in all submitted plans but one, with 10 MS planning around 50% of the EAFRD allocation for green interventions and one MS planning a share of 81% »	<ul style="list-style-type: none"> <li>• In the calculation established by article 93 of regulation 2021/2115, the share of budget under pillar II allocated to environmental and climate objectives can include investments in agri-environment-climate measures (AECMs), measures for areas with specific constraints and disadvantages, but also investments broadly related to objectives such as promoting sustainable energies. Is the budget fairly distributed between those objectives ?</li> </ul>

Table 1 : Commission's assessment compared to the needs for an agroecological transition

In order to answer those questions, we will look at four countries (France, Germany, Spain and Italy) and target some recommendations that should be

integrated in the observation letters. The table below shows the measures (Organic Funding; Eco-schemes funding the development of permanent grassland;

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Coupled support for livestock; Eco-schemes funding biodiversity inducing practices; Budget dedicated to AECMs) and budgets found in those four countries' CSPs. In order to assess the potential of the Eco-schemes proposed (i.e. if they are deemed likely to deliver on promises and ambitious enough compared

to GAEC standards), we've followed the [classification](#) made by WWF, EEB and Birdlife International in their assessment of Eco-scheme's quality with good or promising Eco-schemes in green and poor, with requirements that would sometimes fit better in CAP conditionality, in red. Neutral are in yellow.

	Funding Organic Production	Eco-schemes funding the development of permanent grassland Coupled Support for livestock	Eco-schemes funding biodiversity inducing practices	Transversal measures for biodiversity and climate: AECM Budget in Pillar II
<b>France</b>	<b>Pillar I</b> : Certification Eco-scheme ( <i>distribution of budget not specified</i> ) <b>Pillar II</b> : 9,8% of P2 Agricultural Area under organic production : 7,7% <sup>3</sup>	<b>Eco-scheme 1</b> : agroecological management of agricultural areas - maintaining 80 to 90% of permanent grassland without tilling ( <i>distribution of budget not specified</i> ) <b>Coupled Support Cattle</b> : limited to 120 heads and 1,4 x feed area ( <i>Coupled Support Total budget is 15% of P1</i> )	<b>Eco-scheme 3</b> : biodiversity and agricultural landscape <b>Eco-scheme 4</b> : sustainable hedges ( <i>distribution of budget not specified</i> )	<b>With Organic</b> : 19,6% <b>Without Organic</b> : 9,8% <b>Transfer PI-P1I</b> : 7,5%
<b>Germany</b>	<b>Pillar I</b> : Eco-scheme : Management of arable or permanent crop areas of the holding without the use of synthetic chemical pesticides ( <i>14% of Eco-scheme budget</i> ) <b>Pillar II</b> : 21% of P2 Agricultural Area under organic production : 9,7%	<b>Eco-scheme 4</b> : extensification of all permanent grassland ( <i>20,5% of Eco-scheme budget</i> ) <b>Coupled Support Cattle</b> : on permanent grassland, no limit in density, unclear rules. (1% of P1)	<b>Eco-scheme 1</b> : Provision of land for biodiversity enhancement and habitat conservation ( <i>32,5% of Eco-scheme budget</i> ) <b>Eco-scheme 3</b> : Maintaining agroforestry management on arable land and permanent grassland ( <i>0,75% of Eco-scheme budget</i> ) <b>Eco-scheme 5</b> : Result-oriented extensive management of permanent grassland with evidence of at least four regional species ( <i>15,25% of Eco-scheme budget</i> )	<b>With Organic</b> : 26% <b>Without Organic</b> : 5% <b>Transfer PI-P1I</b> : 10-15%
<b>Spain</b>	<b>Pillar II</b> : 9% of P2 Agricultural Area under organic production : 9,7%	<b>Eco-scheme 1,2</b> : practice 1 : Extensive herding ( <i>part of 18,2% of Eco-scheme budget</i> ) <b>Coupled Support Cattle</b> : - suckling cow : registered as extensive cattle farm (no other limit). ( <i>3,8% of P1</i> ) - milking cow: maximum of 725 heads with degressivity. ( <i>2,5% of P1</i> )	<b>Eco-scheme 1,2</b> : practice 2 : biodiversity spaces in wetlands ( <i>part of 18,2% of Eco-scheme budget</i> ) <b>Eco-scheme 9</b> : biodiversity zones on arable and permanent cropland ( <i>11% of Eco-scheme budget</i> )	<b>With Organic</b> : 16% <b>Without Organic</b> : 7% <b>Transfer PI-P1I</b> : none
<b>Italy</b>	<b>Pillar II</b> : 15% of P2 Agricultural Area under organic production : 15,2%	<b>Eco-scheme 1</b> : Animal welfare (level 2 : grazing): between 1 and 4 months of grazing per year. (part of 43% of Eco-scheme budget) <b>Coupled Support Livestock</b> : unclear requirements. (6% of P1)	<b>Eco-scheme 5</b> : measures for pollinators (5% of Eco-scheme budget)	<b>With Organic</b> : 28% <b>Without Organic</b> : 14% <b>Transfer PI-P1I</b> : 3,5%

Table 2 : Short assessment of the CSP's potential for an agroecological transition

3 <https://www.organicseurope.bio/about-us/organic-in-europe/>

## On organic production

We should start by mentioning that all countries are far from investing enough to reach the European [Organic Action Plan](#) objective of 25% of agricultural areas farmed organically by 2030. With this CAP programming ending in 2028, Member States should invest massively toward this goal. In their [evaluation of support for organic farming](#) in the draft CSPs, IFOAM has demonstrated that Member States either set targets that are too low to fairly contribute to the European target of 25%, either allocated budgets that are too low to support the intended targets. Overall, France, Germany and Spain have reduced the levels of payment compared to the 2014-2022 period. This goes against the no-backsliding principle set out in [Regulation \(EU\) 2021/1115](#) on CSPs, Article 105.

Germany explained in its CSP that the plan will support 14% of areas under organic production and national initiatives will provide for the rest, their national goal being 30% of agricultural area under organic production by 2030. If around 14% of Eco-scheme budget and 21% of Pillar II budget can get them to only 14% of areas farmed organically, we can be sure that Spain and Italy will never reach their target of 25% of agricultural area under organic production. Moreover, in Germany and Spain, restricted access to Eco-schemes and Rural Development measures for organic farmers induces a lack of comparative advantages for organic farming.

France, which doesn't detail the repartition of most of its budget between the different Eco-schemes, seems to be as hopeless. Its Certification Eco-scheme, which will replace the budget for maintaining organic areas previously financed under Pillar II, has many flaws. It will give the same subsidies to farms under the Organic Label as the ones under the High Environmental Value (HEV) Label, the latter being based on less ambitious standards. The HEV label, functioning with a point scale system, gives the opportunity to farmers to balance the effort between reducing chemical input, setting land aside for biodiversity and efficiently irrigating crops. That way, it is possible for the farmers to reach the minimum amount of points while still using pesticides and fertilizers on some production areas. This goes against basic logic of offering rewards in proportion with effort made and will reduce the funds available for organic farming.

All four Member States should invest more in organic production in order to reach an average of 25% of European agricultural areas farmed organically. It is essential that all countries increase organic financing with compared 2014-2022 CAP and respects the no-backsliding rule. Access to Eco-schemes should be rewarded proportionally to efforts made by farmers. In countries like Spain and Italy, the commission could ask to finance it through increased transfers, which are for now, if not inexistent, very low, from direct payments under Pillar I to organic funding under Pillar II. In France, it should ask to create a separated level of recognition for organic farming in its Certification Eco-scheme.



## On developing livestock breeding on permanent grassland and reaching feed autonomy

All four Member States have included an Eco-scheme subsidising permanent grassland. But contrary to what is implied by the Commission's assessment, all of them do not provide for an ambitious and effective one. In Italy, the Eco-scheme is funded with 43% of the total Eco-scheme budget but is mainly used, on its first level, to reduce antimicrobial use, with the minimum grazing requirements only included as a bonus. For some farms, this second level of subsidy can be reached by introducing only one month of grazing with no herd density specified. Seeing that 43% of the Eco-scheme budget is allocated to such an unambitious measure is worrying and looks more like a disguised subsidy dedicated to intensive livestock breeding.

In Spain, the required minimum time and period for grazing is very easy to meet and could in the end promote semi-intensive breeding. In France, the Eco-scheme is only restricting tillage on permanent grassland but does not specify any limits on herd density. Ecological equilibrium on permanent grassland, from which depends its capacity to stock carbon, requires a limit on organic nitrogen input. Therefore, and depending on regional grassland characteristic, it is estimated that 0,5 to 2 head per hectare should be indicated as maximum livestock density.

When we talk about livestock breeding, we also have to look at coupled income. In most European countries, livestock farmers have the lowest revenues of all. It is therefore no surprise that 70% of all coupled support among Member States will be distributed to livestock, mostly cattle farmers. The difficulties endured by those producers come mainly from a lack of autonomy in feed. The Ukraine crisis exemplifies this phenomena like no other. If it seems logical to help those producers on the short term, all support provided should be accompanied by obligations that should, on the long run, increase feed autonomy.

The commission should ask for minimum standards in herd density, time spent grazing and use of local feed for all Eco-schemes and all coupled support for livestock. To go further, the Commission should encourage measures that aim to produce more protein crops locally. Only 1% of European agricultural lands are used to produce protein crops for feed<sup>4</sup>. This is the result of trade agreements with the US that should be renegotiated as soon as possible. When reducing herd sizes and overall meat consumption, producing more protein crops in Europe does not imply the necessity of using fallow land and EFAs.

## On measures for biodiversity and transversal measure for biodiversity and climate

Measures for biodiversity can be broad, but mostly, they consist in giving space for nature to develop and encouraging farming practices that include a diversification of species used in combination or rotation, without chemical inputs and with soil conservation methods. Increasing biodiversity, which is an objective in itself, is also essential for reaching other environmental objectives as healthy ecological systems provide numerous services. For example, a healthy soil, with rich microorganism activity, can stock more carbon and retain nitrates longer and in bigger quantities. It is therefore unacceptable that Italy allocated only 5% of its Eco-scheme budget to biodiversity measures. Italy seems to have used the Eco-scheme architecture as a coupled support system. For example, 17% of the Eco-scheme budget reserved for olive groves contain no real climate and biodiversity commitments.

In the Commission's assessment of the plans, we read that the minimum requirement for environment and climate (35% of Pillar II) is met by all Member States. But when dissecting the calculation, and subtracting budget for organic farming, the budget dedicated to AECMs ranges from 5% only in Germany to 14% in Italy.

<sup>4</sup> Demain, une europe agroécologique, 2021, Xavier Poux et Pierre-Marie Aubert

## CAP and Food Security: Are the CAP Strategic Plans up to the task ?

As a minimum, the commission should require all Member States to respect all GAECs in their entirety. It should then ask for all Eco-schemes to integrate more ambitious standards for inducing biodiversity in productive areas but also obligations to set aside shares of land for enhancing biodiversity only. In pillar II, a bigger share of the budget should be dedicated to AECMs. Requirements going above GAEC standards should also at least be obligatory in all agricultural areas with natural constraints as they receive a big share of Pillar II budget.

### Conclusions

The Ukraine crisis should not be an excuse to once again postpone the urgent need for transitioning our agrarian systems towards environmentally resilient systems. It should instead be the catalyst for change.

In that sense, the job of the commission, when writing the observation letters, should be to assess measures proposed by Member States and check if the efforts that are asked to receive subsidies are sufficient to reach Green Deal objectives. Respecting all GAECs shouldn't be negotiable and all Eco-schemes should require practices that go above those with ambitious conditions of access. Organic production should be rewarded accordingly to the results that it achieves and organic farmers should be able to have access to other Rural Development measures. More budget in Pillar II should be dedicated to AECMs directly and Member States should transfer Pillar I budget in order to finance it.

During the whole CAP programming, there will be different opportunities, such as the mid-term review based on annual reports from Member States, to increase the level of ambition of the CSPs. All those opportunities should be used to increase CSPs ambitions in creating economically, socially and environmentally resilient agrarian systems.

# CAP and Food Security: fallow lands, feeds, and transitioning the livestock industry

Mathieu Willard May 2022

*The invasion of Ukraine by Russia has sparked a debate on food security in Europe. Three months later, the fear of food shortages is still used as a pretext to question environmental goals of the CAP and the Green Deal more broadly. The Commission is also pressuring Slovakia, Hungary and India who decided to limit their exports of cereals. And while Commissioner Wojciechowski and Timmermans were feuding on twitter, reviving the unproductive opposition between food production and environmental protection, the European Parliament approved the Organic Action Plan without the Farm to Fork target of 25% of organic by 2030. Therefore, it is important to clarify our vision on food security. In this article, we set things straight on the derogation to allow production on fallow land, analyse the state of grain production and use as feed in Europe, reflect on what it entails for the future of the livestock sector and screen some CAP Strategic Plans and related Observation Letters to see what can be expected in the years to come to achieve coherent food security in Europe.*

## Fallow lands, the new El Dorado ?

Following its [communication on food security](#), the European Commission (EC) adopted an implementing act allowing Member States to produce crops for food and feed on fallow lands that are part of Ecological Focus Areas (EFAs) while maintaining greening payments. It is important to understand that this derogation will only impact the lands lying fallow for which farmers are receiving the EFA subsidy. This

EFA subsidy from the previous CAP 2014-2022 period retributes farmers if they dedicate 5% of their production area to agroecological practices. Leaving the land fallow is only one of the many practices (implementing nitrogen fixing crops, buffer strips, cover crops...) that farmers could choose from to receive the subsidy and represents only 18% of the total EFAs area, as shown on the figure below.

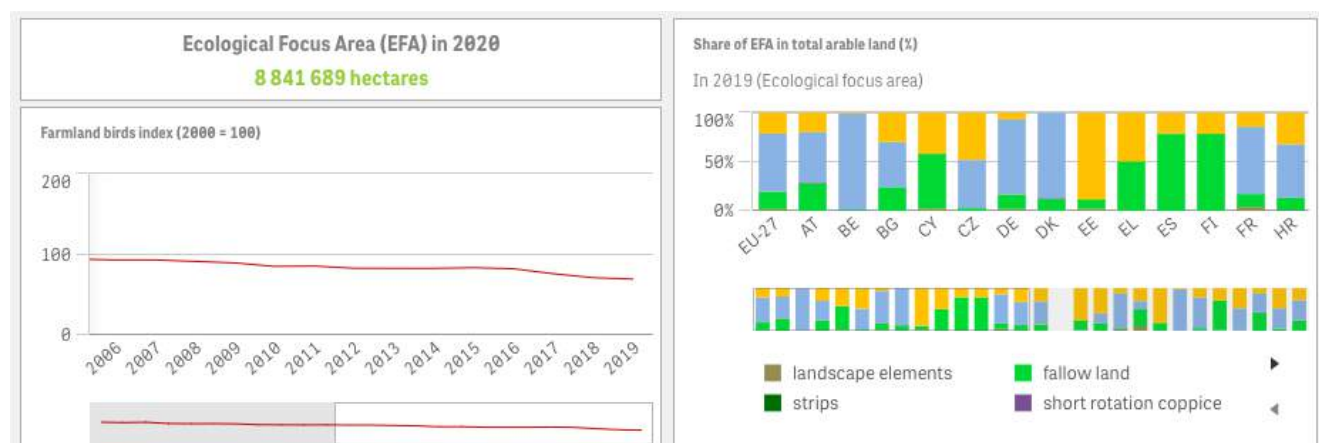


Figure 1 : Ecological Focus Areas in the EU in 2020 ; source : [agridata](#) ; legend : green = fallow land – 18%, blue = catch crops and green covers – 59%, yellow = nitrogen fixing crops – 21%

## CAP and Food Security: fallow lands, feeds, and transitioning the livestock industry

Even though it is true that, according to [FAO statistics](#), fallow land accounts for 5 to 6% of the utilised agricultural land (UAA) in Europe, the derogation will only directly impact the subsidised fallow land under the EFA greening payment which [represents only 1% of the UAA](#).

More important than the scale of this decision, by allowing the use of chemical inputs on laying fallows,

this derogation can be seen more as a symbolic political move rather than an effective measure. It sets a potential precedent for agri-food lobbies to push for derogations in the [next CAP programming](#), on conditionalities such as GAEC 8 which requires a minimum share of at least 3 to 4 % of arable land at farm level devoted to non-productive areas and features, including land lying fallow.

### EU grain production and use

Grain availability is at the root of the food security debate. It is the reason for which the derogation on fallow land has been implemented. As we've shown above, production on fallow land can only have a small impact on volumes. But if we want to ensure grain availability, at a fair price, we have to look at other parameters of grain use in Europe.

The table below shows that 55% of all cereal production is used as feed. The equivalent of almost all the

maize produced is used as feed and a large portion of UAA is dedicated to growing silage maize. In total, it has been estimated in a [report by Greenpeace](#) that 62% of EU cropland is dedicated to growing feed for livestock. Our livestock production system also impacts land use outside of Europe because of a high dependency on imported Soya bean meals and Oilseed meals. The table below synthesises feed data from the EC, with in red, the data on which these estimations are based.

Protein Source	Total EU production	EU imports	EU exports	Total EU domestic use	Total EU feed use	Feed use of EU origin
<b>Roughage</b>	-	-	-	-	1332	1332
Grass	1019	-	-	1019	1019	1019
Silage maize	247	-	-	247	247	247
<b>Crops</b>	-	-	-	-	181,7	161
<b>Cereals</b>	319,6	24,9	49,9	294,6	176,6	156,3
Common wheat	147	2,1	33	116,1	49,8	47,7
Maize	70,1	20	4,7	85,4	68,5	50,5
<b>Co-products</b>	-	-	-	-	85,9	45,3
Oilseed meals	30,1	24,2	1,3	53	52,8	14,3
Soya bean meals	11,6	18,5	0,3	29,8	29,6	1

Table 1 : Source of feed use in the EU; made from the [EU protein balance sheet](#) 2011-2020; Million Tonnes

## CAP and Food Security: fallow lands, feeds, and transitioning the livestock industry

It is essential to think in terms of production that is potentially human edible or using agricultural areas to produce food instead of feed. Cereals, although varying in terms of gradings (e.g., moisture content, foreign matter contamination), are human edible and thus feed is in competition with food. Silage maize is produced for feed purposes only but is grown on UAA that could be used to grow other types of human edible food.

In total, [71% of all UAA](#) is dedicated to growing feed but half of it consists of permanent pasture. The grass growing on permanent grassland can only be used by ruminants. They allow for the transformation of non-edible production into edible meat and dairies. Some would argue that, in Europe, a certain amount of pasture could be turned into cropland. But those permanent pastures are home to specific ecosystems and biodiversity. Moreover, [meta-analyses and literature reviews](#) indicate that grassland can function as net carbon sinks when the density of livestock is balanced. They also are essential in the polyculture-livestock system that is a good way to reach circularity in food systems, by helping to close the nitrogen cycle.



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Only knowing those numbers can we start to reflect correctly on the food security debate. In 2021, Ukraine exported around 20 million tonnes (MT) of wheat and 20 MT of corn<sup>1</sup>. Assuming that, in the context of securing food supply, grains could be interchanged for at least parts of food and feed uses, a flexibility in feed-food allocation of grains in Europe could provide a big leverage. A hypothetical loss of Ukrainian production would represent around 20% of the EU cereal production used for feed, but we can also find leverage in UAAs that could be turned from silage maize production to produce other crops. Moreover, the EU is a [net exporter](#) of grain, with a positive trade balance of [around 20 MT](#).

Even without talking about other obvious leverage points such as food used for first generation biofuels, we could secure food supplies in Europe only by rearranging our cereal feed and UAA use. We could also help other importer countries to secure their supply if we decide to keep our exporting capabilities. This kind of changes are obviously long-term based and might be hard to put in place quickly in reaction to current imbalances but, if we want to re-think our food system in terms of food security, we have to establish a long-term vision now.

<sup>1</sup> <https://www.reuters.com/markets/commodities/ukrainian-grain-exports-this-month-much-lower-than-may-2021-ministry-2022-05-19/#:~:text=The%20ministry%20data%20showed%20that,5.68%20million%20tonnes%20of%20barley>

## Livestock production and meat consumption

Assuming that livestock systems were to be shaped only by supply and demand arguments (thus neglecting important socio-ecological considerations), to decide what should be changed in the European livestock sector to free grain stocks for human

consumption, we have to look at different farming systems (e.g. mixed vs grassland vs feedlot bovine). Figure 2 below, based on the [Global Livestock Environmental Assessment Model by the FAO](#), summarises their distribution worldwide.

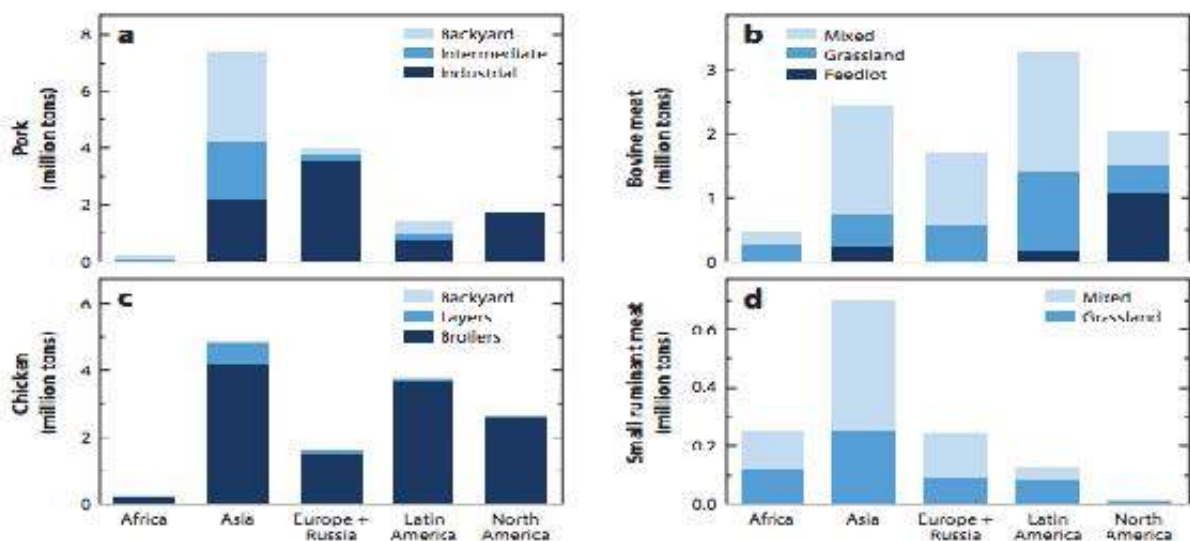


Figure 2 : Production Models of Livestock Systems by Regions ; source : [Meat Consumption and Sustainability, Martin C. Parlasca and Martin Qaim, Annual Reviews](#)

In Europe, chicken and pork are mainly produced industrially (i.e. intensive systems with high density and use of external inputs ; industrial and broilers on the figure) while ruminants are mainly raised on grassland or in mixed systems. According to the FAO Model, cattle raised on grassland or mixed systems consume, on average, 6 kg of human edible dry matter + soybean cakes per kg of protein produced while pork and chicken in industrial systems consume 20kg<sup>2</sup>.

There are multiple good reasons for reducing industrial granivore (animals feeding on seeds and grain ; pork and chicken on the figure) production. In terms of food security, it would free up large amounts of cereals. But food security is not the only reason for which reducing our meat consumption would be a good idea. Experts in climate, biodiversity, public health as

well as medical experts have published a thorough [article in the Lancet](#) highlighting many benefits this reduction could have. Although criticized for lacking to highlight regional specificities in food cultures and agrarian models, it still provides a good base for reflection. Our level of processed meat consumption is proven to be a key component leading to health issues such as cancers and increased chances of developing type 2 diabetes. Meat production accounts for 12-17% of overall GHG emissions and has shown limits in improving animal welfare. And according to another study by Cambridge University, the [European Nitrogen Assessment](#), the environmental and health cost of Nitrogen pollution is estimated at €70 to €320 billion per year. For health and environmental reasons, the EAT-Lancet team estimated that global meat consumptions should be halved by 2050 with most reductions needed in OECD countries.

2 <https://www.annualreviews.org/doi/pdf/10.1146/annurev-resource-111820-032340>

## CAP and Food Security: fallow lands, feeds, and transitioning the livestock industry

Halving our meat consumption means choices have to be made between the production systems we will keep and the ones we will leave behind. Following the conclusions of the [Ten Years for Agroecology \(TYFA\) Model](#), it is a reduction of pork and chicken consumption that should be our priority. Their feed rations is almost completely in competition with food. Further, based on an agroecological approach and as explained before, there is a strong gain in keeping permanent grassland for livestock breeding.

Moreover, in recent years, pork and chicken production exceeded European consumption by respectively 16% and 8%. Figure 3 here below show that despite a mostly stable production of pig meat, exports have more than doubled. Rather than adapting production to EU population demand or needs, the system has been fueling exports, mostly to provide meat to China.

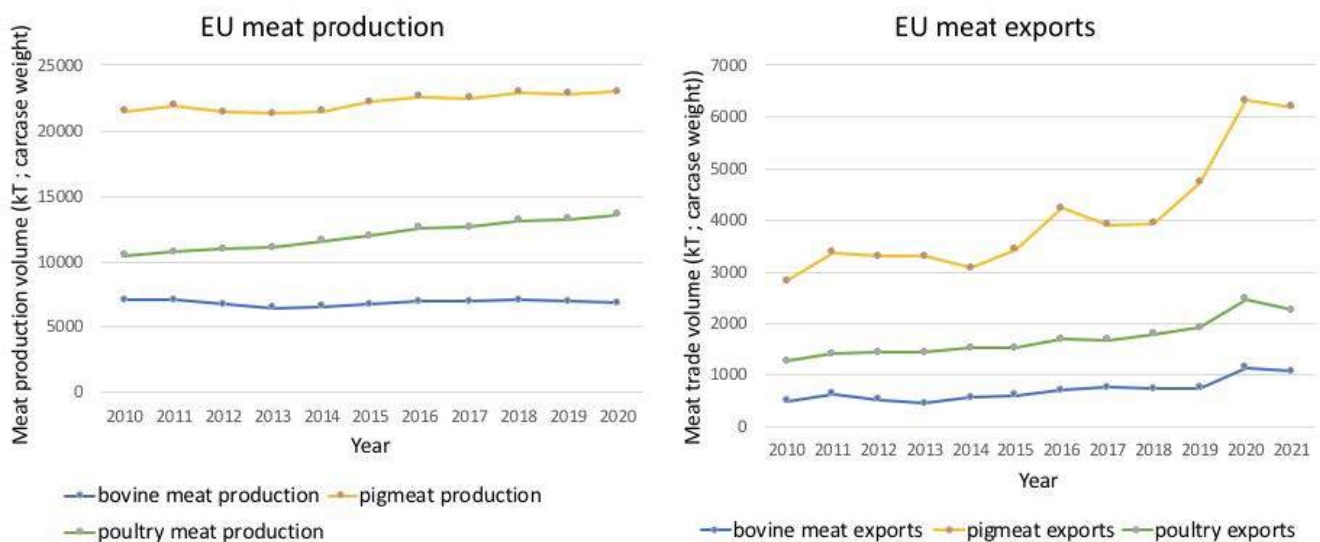


Figure 3 : EU meat production and exports ; made from agridata [1](#), [2](#), [3](#)

Importantly, in the TYFA Model, all livestock are fed with low-opportunity-cost feed, meaning they rely entirely on grass, byproducts and wastes. This hypothesis reduces naturally by at least 70% our grain-vore meat production because they would rely on byproducts and wastes only. It also naturally restricts the density of ruminant herds on pastures which would also make sense for environmental reasons as it would reduce methane emissions and risks of manure overload, leading to nitrate leaking and water pollution. In the end, bovine meat would mostly be a byproduct of milk production and the system would allow for an average consumption of 300g of meat and 630g of milk per week, per person.

It has been [calculated](#) that a European food system relying on low-opportunity-cost feed only would produce around 45% of the meat proteins that are currently produced in Europe. This checks the needs of the TYFA hypothesis for an agroecological Europe and the recommendations from the EAT-Lancet team. If we use farm animals for what they are good at agronomically, converting byproducts and grass into edible food and closing the Nitrogen cycle for fertilization, they can contribute to food security while helping to reduce the global environmental impact of food systems.

## Is the CAP equipped for this change?

Together with trade policies, the CAP, via its subsidies and market interventions, has a strong impact on the livestock sector. [According to the EC](#), 73% of coupled aid is dedicated to livestock in Europe. Moreover, a large amount of acreage-based direct payments are linked to the production of feed. According to an earlier Greenpeace [study](#), at least 68% of all direct payments subsidizes are linked to the livestock sector. It is thus of particular interest to check if policy instruments laid down in the CAP Strategic Plans (CSPs) could be used to address the needs to transit towards low-opportunity-cost feed for livestock breeding.

The potential of the CSPs to enable for a shift towards extensive grazing had already been discussed in our [previous article on food security](#). We argued that coupled support and eco-schemes supporting extensive grazing lacked minimum standards in herd density, time spent grazing and use of local feed. To assess the influence of the CSPs on granivore farms, we will look at three countries where those productions are the most concentrated and industrialised. In the table below, you'll find the share of pork and poultry produced in large industrialised farms, based on an economic output of 500 000€ or more.

Countries	2004		2016		Variability (2004-2016)	
	Poultry	Pork	Poultry	Pork	Poultry	Pork
Denmark	71%	68%	96%	94%	+25%	+26%
Netherlands	88%	47%	100%	82%	+12%	+35%
Belgium (Flanders)	27%	29%	72%	70%	+45%	+41%

Table 2 : Share of pork and poultry produced in large industrialised farms ; source : [greenpeace study](#)

### First Pillar

The scope of influence of first pillar instruments on those productions is not as wide as for cattle-meat and dairies. First, granivores are not targeted by subsidises through coupled income support. Concerning the basic income support (direct payments per hectares), the opportunity to be subsidised is highly influenced by the level of competition for land accessibility. In The Netherlands, the average pig farm has 2500 pigs on 10ha where in Denmark, the average pig farm has 3500 pigs but on 170ha. Mixed pig farms in Denmark have the opportunity to self-produce crops for feed while Dutch ones are dependent on purchased feedstuff and disposal of manure off farm.

Finally, none of these countries have proposed eco-scheme to support non-industrial granivore farming, to use waste and by-products as feed or to introduce more ambitious standards in animal welfare such as minimum spaces and time spent outside. There

are also no sectoral interventions, which are meant to strengthen the competitiveness and position of farmers in the food supply chain mainly by supporting producer organisations, linked to the granivore industry in those three countries.

### Second Pillar

Within the Rural Development funding, most of the subsidies that could benefit the granivore industry are investments in infrastructure, sometimes for animal welfare with, for example, free range housing investments in Denmark, but mostly for productivity. Some subsidies are also dedicated to decreasing antibiotic use. Other type of rural development supports could address the protection of indigenous breeds of poultry and pigs to protect agricultural biodiversity and quality products, for instances through Protected Designation of Origin.

## Common Organisation of Markets (CMO)

The granivore sector has recently been supported by market measures from the CMO. Two CMO measures of the EC's [Food Security package](#) will support the pig meat sector, directly and indirectly. First, market safety net measures are deployed with the granting of private storage aid. Second, a support package of 500€ millions from the crisis reserve is aimed at supporting producers facing increased input costs. The package will therefore also support monoculture crop production for which the fertilizer prices also increased and, as we've seen, those crops are largely produced as feed for granivores.

## Conspicuous by its absence...

Apart from direct payments that mostly mixed granivore farms receive, the CAP has a limited impact on granivore production. Minimum requirements for granivore systems are framed by other directives, notably on water pollution and animal welfare. No GAEC does directly impact the industry. This absence of overall influence of the CAP in limiting industrialisation could explain why, in the past 15 years, most countries have seen the share of large industrialised granivore farms increase (see table 2 above). For example, in Denmark, insufficient CAP payments for maintaining extensive grasslands have been linked to the increase in industrial pig farming<sup>3</sup>.

In its Observation Letters, the EC, which previously specified that the consequences of war in Ukraine such as grain shortages should be taken into account in the revision of CSPs, has made very few comments on granivores. Only a few recommendations and requests on animal welfare, addressing tail-docking for pigs and confined housing, as well as requests on ammonia pollution can be found. This is clearly a big hole in its strategy, knowing the big impact granivore production has on grain availability and that chicken and pork meat represent [83%](#) of the meat produced in the EU. Though the EC acknowledged in its Food Security communication that "Reducing dependence on feed imports is part of the

larger transformation of the EU food system, including a shift towards more plant-based diets", somehow remodeling the granivore sector doesn't seem to be a priority and the Food Security debate didn't seem to change that line.

## Conclusion

The granivore industry has completely integrated the highly specialised and capitalistic logic of modern agriculture. It has not been resilient in the face of market imbalances, as the support package from the CMO exemplifies, but is also highly exposed to health issues as we've seen in recent years with the rapid propagation of the African swine fever. It produces meat in quantities that exceed our current consumption, dietary needs and respects neither environmental boundaries nor basic animal welfare standards, as the European Parliamentary Research Service briefing acknowledges in its [pig meat sector summary brief](#).

"evidence shows a lack of compliance with EU regulations on the welfare of pigs and the persistence of harmful routine practices. Another challenge is the air, soil and water pollution caused by industrial pig farming, which takes a heavy toll on the environment". EC itself. Transitioning out of it is thus imperative.

So new instruments of transition need to be created. But the CAP is not yet equipped with the necessary tools to do so. Therefore, the issue of the granivore industry has been mostly side-lined, even in the food security debate for which it should have been central. This reflection must actively start now as accompanying the dismantlement of an industrial system has historically caused vast social struggle. In that matter, we must learn from past experiences. A good example in Europe is the closing of mines at the end of the 20th century. In the UK, led at the time by Prime Minister Thatcher, the situation was handled without recovery plans for workers and in complete opposition with Union's recommendations. It resulted in one

## CAP and Food Security: fallow lands, feeds, and transitioning the livestock industry

of the largest social movement from the 20th century. The Iron Lady criminalised the protesters and went further by decreasing social benefits. Today still, the consequences of closing the mines without social support can be observed economically as the regions where mining made a great share of the local economy are still among the poorest in the UK.

In Europe, the livestock sector employs around 4 million people. Most of them already work in mixed or non-industrial systems. But for the others, the CAP budget should be used to help them transition to agroecological systems or shift completely to new production. All the needs of those farmers must be met by policy instruments. As the number of farmers and farms rapidly decrease in Europe, it is clear that no one should be left behind. Therefore, some measures would be imperative:

- As indebtedness is almost inherent to industrial systems, budgets must be freed up to cover the debts of farmers who invested in infrastructures that would become obsolete ('stranded assets')
- Investments in formation and technical accompaniment are needed to spread agroecological knowledge and accompany the farmers that have to completely transform their farms.
- Investments in new infrastructures would be needed, such as drying barns or mobile slaughterhouses in order to allow for a homogenous distribution of livestock in rural areas.

Another important point to keep in mind is the fact that pork and chicken are more affordable than bovine meat. It makes a big part of lower income families diet. Food affordability, including meat, must be insured and should not be opposed to farmers getting a fair price.

More ideas should be developed but this can only happen if we completely acknowledge the issue, understand that ticking box solutions won't be enough for such a transition and finally create the right tools. In order to pave the way towards low-opportunity-cost livestock systems, the whole architecture of the CAP should be revised. The budget should be mostly re-directed towards organic farming and other agroecological practices, as well as completely supporting the costs linked to production system transitions.

# CAP implications beyond the EU: A just and green CAP and trade policy, Part 1

Guus Geurts April 2021

*Why has the CAP been historically problematic for farmers' economic sustainability, biodiversity and the environment, in the EU and the Global South? This two-part series underlines the crucial role of trade policies in shaping agriculture. In this first article, I explore historical choices regarding trade and CAP that led our agriculture towards liberalisation, highlight the consequences and propose some changes that could start a shift away from a market-oriented agriculture. A second article will then focus on the Farm to Fork Strategy, its potential and the changes needed in trade and CAP policy to make it effective, coherent and fair for farmers inside and outside the EU.*

*I would like to thank Niek Koning and Gérard Choplin for their very useful comments*

## Introduction

Since 1992, the WTO-ruled CAP has shown a lot of limits in addressing economic sustainability for farmers as well as environmental challenges, inside and outside the EU. Market regulations have been replaced by unstable low prices compensated by hectare-based subsidies, following a logic of liberalisation of food systems. Last year's reform could have been an opportunity to change the WTO logic behind the CAP and address the worldwide negative effects it has had on the livelihoods of family farmers, the environment and food security. This opportunity has been missed. But how did we end up in this unstable and precarious situation in the first place?

## Historical analysis<sup>1</sup>

### 1962–1992: Decades of market intervention

The objectives of the Common Agricultural Policy, established by the predecessor of the EU in 1962 remained unchanged since the Treaty of Rome came into force in 1958. The [five key objectives](#) were:

- To increase agricultural productivity;
- To ensure a fair standard of living for farmers;
- To stabilise markets;
- To ensure the availability of food supplies;
- To ensure reasonable prices for consumers.

To reach these goals while staying in the frame of the General Agreement on Trade and Tariffs (GATT), countries were allowed to protect their agricultural markets, provided that they controlled their production and exports. In order to protect agricultural markets, the main measures implemented were the introduction of import tariffs and import quotas as well as the implementation of minimum intervention prices in land bound sectors like dairy, beef, grains and sugar. The EU intervened in the market if prices fell too low, for example with commodity storage.

The CAP was successful in building agricultural self-sufficiency in Europe<sup>2</sup>. But by aligning guaranteed prices with the level of the lowest costs of production, the CAP also induced a quick industrialisation of production and many farmers had to leave agriculture. With minimum prices, increased intensi-

<sup>1</sup> [https://www.rli.nl/sites/default/files/infographic\\_1\\_-\\_veranderingen\\_europees\\_landbouwbeleid\\_in\\_vogelvlucht.png](https://www.rli.nl/sites/default/files/infographic_1_-_veranderingen_europees_landbouwbeleid_in_vogelvlucht.png) and <https://slideplayer.com/slide/13041189/>

<sup>2</sup> Exceptions to this are vegetable protein and oils. In 1962 the US forced the EU to lower import tariffs to zero on oil-seeds/cakes (mainly soy) and grain substitutes such as maize gluten. Import tariffs on soy are still zero.

## CAP implications beyond the EU: A just and green CAP and trade policy, Part 1

fication, and a lack of supply management, mountains of surpluses (milk powder, butter, beef, sugar and cereals) started to pile up. In order to get rid of those surpluses, export subsidies were introduced, covering the difference between the prices paid to farmers and the world market priceexs. This dumping of food on international markets especially affect-

ed farmers in the Global South. It also led the CAP budget to rise and as a result, supply management was introduced through the quota system with the milk quotas established in 1984. However, because the quotas permitted exceedance by 10% of total EU consumption, a lot of room was still left for subsidised export.



Sharepics have been developed in the context of the Good Food Good Farming campaign on the CAP in 2021.

### From 1992 onwards, a WTO-ruled CAP

In 1992, in the build-up to the WTO Agreement on Agriculture (AoA), and in cooperation with the US, the EU decided to tackle the increasing CAP budget and answer critics of dumping. The AoA and the 1992 CAP-reform reorganised the way EU would accommodate to market rules.

The AoA decreed that WTO members had to reduce by certain percentages all protective market mea-

sures, which means lowering import taxes. Both the EU and US had to drastically decrease their safety buffer stocks for grains. Looking at it through the lens of the current food crisis, those stocks would have been useful to prevent price peaks and speculation<sup>3</sup>. Least developed countries were exempted from those obligations, but they already faced forced liberalisation of their markets through Structural Adjustment Programs (SAPs) led by the World Bank and International Monetary Fund<sup>4</sup>. This had a devastating effect on farmers and food security in the Global South<sup>5</sup>.

3 <https://www.sol-asso.fr/wp-content/uploads/2020/01/Rebuilding-the-WTO-for-a-sustainable-global-development-J.-Berthelot-July-12-2020.pdf>

4 <https://www.boerengroep.nl/wp-content/uploads/2016/06/Koning-2006.-Agriculture-development-and-international-trade.-CAP-and-EU.pdf>

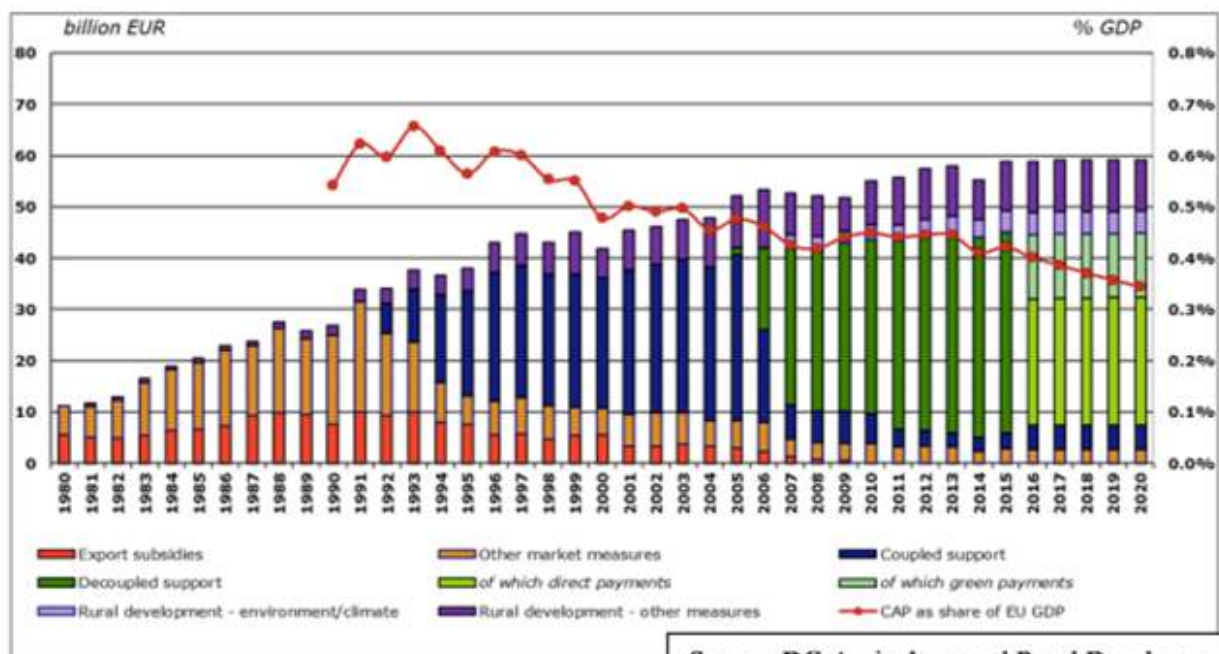
5 <https://grain.org/fr/article/entries/212-trade-> and [https://www.iatp.org/sites/default/files/Food\\_Sovereignty\\_in\\_the\\_Era\\_of\\_Trade\\_Liberaliz.htm](https://www.iatp.org/sites/default/files/Food_Sovereignty_in_the_Era_of_Trade_Liberaliz.htm)

## CAP implications beyond the EU: A just and green CAP and trade policy, Part 1

From the 1992 CAP-reform onwards, instead of effectively managing supply, the EU decided to lower guaranteed prices, aligning them with world prices. As these new prices were too low for European farmers, the EU partially compensated them with direct payments. With the EU maintaining its export ambitions, these payments essentially replaced the former export subsidies. Dumping in third countries goes on, but is not recognised as such by the WTO rules anymore. That is the trick of the AoA<sup>6</sup> - the WTO recognising dumping as an export below

the internal price and not below the costs of production. In the end, it mainly served the interests of (multinational) agribusinesses that needed new markets to dispose of the EU overproduction for a cheap price.

Those decisions reshaped the way European agriculture was subsidised but didn't allow for the budget to decrease. Reduced expenses for intervention stocks and export subsidies were counterbalanced by the amount of direct payments, first through coupled support, later through decoupled support.



Source: DG Agriculture and Rural Development

**Figure 1:** Trend in CAP expenditure by type of subsidy (1980-2020) in Agricultural and food trade, European Union

### Reforms in trade policy and CAP since 2001

Since 2001, the WTO negotiations in agriculture have been stalled and the Global South has kept on criticising the use of trade distortion subsidies. The US recently attacked India's subsidy programme for food and agriculture, aimed at insuring food access for the poor and fair revenues for farmer<sup>7</sup>. Professor

Biswajit Dhar, Head of the Centre for WTO Studies at the Indian Institute of Foreign Trade, [explained that](#) "developed countries like the US and EU subsidise agriculture to exploit global markets while India and other developing countries use subsidies and public

<sup>6</sup> <https://www.sol-asso.fr/wp-content/uploads/2011/06/Rebuilding-the-Agreement-on-Agriculture-on-food-sovereignty.pdf>

<sup>7</sup> [https://www.business-standard.com/article/economy-policy/us-stand-at-wto-on-india-s-msp-to-farmers-erroneous-says-trade-expert-118093000212\\_1.html](https://www.business-standard.com/article/economy-policy/us-stand-at-wto-on-india-s-msp-to-farmers-erroneous-says-trade-expert-118093000212_1.html)

## CAP implications beyond the EU: A just and green CAP and trade policy, Part 1

food stocking to ensure domestic food security and livelihoods.”

Meanwhile the EU moved the attention to bilateral and regional free trade agreements (FTAs) such as Economic Partnership Agreements (EPAs) with the African, Caribbean and Pacific (ACP)-countries (former colonies), Canada (CETA) and Mercosur. Within EPAs, the EU pushed developing countries to liberalise most of their agricultural and industrial sector, leading to loss of livelihood for farmers. The dumping of skimmed milk powder, re-fattened with imported palm oil in Western Africa, is an example of how those trade agreements can destroy third countries agricultural sectors. Adama Diallo, chair of the national union for mini-dairies and local milk producers in Burkina Faso, [explained that](#) “this imported milk powder is a lot cheaper than local milk and therefore kills off local production”. Implementation of EPAs would only increase this issue as they would “give

way to a 0% tax import on European milk products, which are already only taxed at 5%”<sup>8</sup>

Another important reason for this increased dumping is the abolishment of the EU milk quota system in 2015. Quickly increasing production led to a dramatic price drop, that could only be partially covered by direct payments. Arable farmers also lost part of their income since 2017 when the abolishment of the EU sugar quota system led to a price drop<sup>9</sup>.

To cover up the promise that subsidies were not trade distorting, from 2014 onwards, all European farmers get a direct payment per hectare. Since 2003, the EU is also legitimising those subsidies through environmental conditionality. But, as the European Court of Auditors [concluded](#), the CAP “hasn’t been effective in reversing the decades-long decline in biodiversity and intensive farming remains a main cause of biodiversity loss” with an estimated 1.000 farms disappearing every day.



Sharepics have been developed in the context of the Good Food Good Farming campaign on the CAP in 2021

<sup>8</sup> <https://www.politico.eu/article/hogans-milk-wars/>

<sup>9</sup> <https://www.agriculture-strategies.eu/en/2019/07/the-european-sugar-policy-a-policy-to-rebuild/>

## Current role of the Common Market Organisation (CMO)

The CMO is the legal framework for market measures provided under the CAP, covering all agricultural products. As we've discussed, through different reforms, the policy progressively became more market-oriented, scaling down the role of intervention tools, which are now regarded as safety nets to be used in the event of a crisis<sup>10</sup>, the latest example being the pig meat sector support measures. During the last decades, the CAP shifted from CMO rules (import duties, export refunds, etc.) to mostly direct payments. Export refunds and most of the supply control measures have been abolished but direct payments coupled and later decoupled, still lead to exporting below the cost of production.

Currently, import duties and tariff quotas are still in place. Tariff quotas are import quotas in certain commodities for which zero import duties are imposed. However, because of various FTAs (with Canada, Mercosur, Australia, New Zealand, etc.), import duties are reduced to zero and tariff quotas are increased. Public storage systems coupled with minimum intervention prices have also been reformed drastically. Opportunities for public intervention or private storage aid still exist, but are more restricted.

## Propositions to reach an effective CAP and CMO

During the last CAP negotiations, both the [Committee of Regions](#) and the [European Parliament](#) made propositions to amend the CAP and CMO and address the issues that we've discussed. They insist that while ensuring stable livelihoods to European farmers, the EU should also meet the UN Sustainable Development Goals and EU's policy coherence for development. To do so, the CAP should promote the development of sustainable and prosperous

family farming in developing countries, which helps maintain rural populations and ensures the security of their food supplies. To reach this goal, I highlight here below some proposed changes that would be crucial to create a robust framework ensuring robust regulated markets :

- EU agricultural and food products should not be exported at prices below European production costs.
- Member States should include interventions for crisis prevention and risk management in every sector of their strategic plans. Where the market prices fall below a certain flexible threshold that is indexed to average production costs and set by the European market observatory for the sector concerned, the European Commission shall implement support measures for producers in the sector concerned who, over a specified period, voluntarily reduce their deliveries compared to the same period in the previous year. The current volume reduction scheme, granting aid to dairy farmers who voluntarily produce less in times of severe market imbalances, should be extended to all agricultural sectors. Later on, those schemes should evolve by permitting obligatory cuts when crises worsen. The European Milk Board has already developed a [Market Responsibility Programme](#) proposing voluntary reductions in milk production in case of a price crisis, followed by obligatory cuts if necessary.
- The list of products eligible for public intervention should be extended to new products: white sugar, sheep meat, pig meat and chicken. Public intervention should be open for all eligible products throughout the whole year, not only for specified periods.
- In order to maintain fair competition and ensure reciprocity, the EU should enforce production standards consistent with those established for its own producers. Import of agri-food products from third countries should only be allowed if they comply with standards and obligations applying to the same products in the EU, in particular in the field of environmental and health protection.

<sup>10</sup> <https://www.europarl.europa.eu/factsheets/en/sheet/108/first-pillar-of-the-cap-i-common-organisation-of-the-markets-cmo-in-agricultural>

# CAP implications beyond the EU : A Just and Green CAP and Trade Policy, Part 2

Guus Geurts May 2022

*As discussed in the first article of this two-part series, decades of trade liberalisation enforced by the World Trade Organisation (WTO), World Bank, International Monetary Fund and several bilateral trade agreements largely contributed to the current economic instability in agriculture, but also to the climate and biodiversity crises. Family farmers in the EU and the Global South face unstable low prices and lose access to their land because of priority to export-led production. Meanwhile, climate change and biodiversity depletion is already putting large populations at risk of hunger. In this second article, I reflect on the effectiveness of the Farm to Fork Strategy and new proposals like the deforestation law within the WTO regime and current trade agreements and their effects on the Global South. I will then propose a number of reforms within trade policy, CAP and other policy areas that could induce a shift towards a worldwide just and environmentally friendly agriculture and food supply, based on Food Sovereignty.*

## Can the Farm to Fork Strategy be effective?

In May 2020 the European Commission (EC) presented the [Farm to Fork strategy](#) (F2F) as part of the Green Deal. The fact that the EC aspires to an integral and coherent policy within food supply is a big step forward. The intention to internalise environmental costs in the price for consumers is encouraging. However, this can't go hand in hand with the CAP and F2F [objective of increasing competitiveness](#). Competition on the world market leads to striving for the lowest costs of production. European farmers will resist stricter environmental regulations and taxes if they do not see them reflected in their prices.

The EU recognises that the current trade agreements lead to unfair competition for European farmers. They have to comply with stricter rules concerning pesticide use, animal welfare and labour conditions compared to farmers from countries with which the treaties have been concluded or are being negotiated. This is the result of trade agreements and World Trade Organisation (WTO) lacking regulations on Processes and Production Methods of import products. The sustainability chapters in CETA, EU-Mercosur and other Free Trade Agreements (FTAs) are not binding nor enforceable. So, for the time being, this unfair competition lives on. It is therefore not surprising that some (mainstream) farmers' organisa-

tions have reacted negatively to higher environmental targets in F2F.

As explained in Part 1 of this article, because of CAP reforms, farmers are facing unstable prices which often don't cover their costs. As a response, the EC is only proposing to strengthen the position of farmers in the food chain, for example by facilitating co-operation within sustainable collective initiatives of farmers. But by not coupling those measures with fair market regulation, the EC undermines the effectiveness of its own strategy.

Moreover, through decades of WTO ruled agricultural liberalisation in the Global South, developed countries, including the EU, have shifted southern agrarian systems away from nourishing agriculture:

- Too little priority has been given to self-sufficiency in feed and specific food products. The EU, by importing specific commodities such as palm oil, soy and agrofuels, has been encouraging disproportionate use of land and water resources in the South.
- The way multilateral climate policy is shaped allows for exporting greenhouse gas emissions; the country who produces is accounted for emissions and not the one who consumes. Through WTO and FTAs, the EU exported its pollution to countries such as Brazil, Indonesia and China.

## CAP implications beyond the EU : A Just and Green CAP and Trade Policy, Part 2

- Dumping in the Global South is still fuelled by EU subsidies, harming small farmers and their ability to invest in future food production and food security.

In the end, populations who have the least responsibility for the climate crisis will be the most affected by it. And their ability to ensure food security and de-

velop food sovereignty has been sacrificed in order to increase their export potential towards the North. Overall, even though the F2F is laying down some crucial advances towards sustainable farming, it falls short in addressing the tension between promoting international trade in agriculture and protecting local food systems.



Sharepics have been developed in the context of the Good Food Good Farming campaign on the CAP in 2021

## New Regulations to handle the opposition

Even though unwilling to question the fact that trade liberalisation is a threat to the F2F, and in order to handle growing negative responses to new FTAs, the EU is proposing new regulations in order to ensure compliance of the F2F standards on imported commodities and promote the global transition to sustainable food systems.

### Proposal for a regulation on deforestation-free products

In November 2021 the European Commission presented its [draft regulation for deforestation-free sup-](#)

[ply chains](#). The proposed regulation would require all companies selling beef (including leather), soy, palm oil, timber, coffee and cacao in the EU market to conduct “due diligence” to prove they have not caused deforestation or forest degradation. There would also be sanctions on companies’ illegal or deforestation inducing products<sup>1</sup>.

The good news is that the EU finally acknowledges that government regulation is necessary. Indeed, voluntary schemes by the corporate sector and some NGOs have not been effective. Greenwashing platforms such as the Round Table of Responsible Soy

<sup>1</sup> <https://www.fern.org/publications-insight/landmark-eu-anti-deforestation-law-proposal-could-clean-up-supply-chains-could-it-also-reduce-global-deforestation-2431/#:~:text=A%20landmark%20law,caused%20deforestation%20or%20forest%20degradation>

and the Roundtable of Sustainable Palm Oil have failed to address forest degradation.

Nevertheless, some flaws should be corrected in order to make the proposed regulation really effective:

- Some key products, such as sugar, bioethanol, processed meat and rubber, are missing from the regulation. Mineral extraction, which is often accompanied by considerable forest destruction, is also not covered.
- The proposal excludes other ecosystems from its scope, such as wetlands, grasslands and savannahs, the latter being mostly destroyed to make way for soybean monocultures in Latin America.
- The regulation will rely on producer country laws to determine whether goods are linked to human rights violations, like land grabs. In a country such as Brazil, this would mean relying on the Bolsonaro government to protect Indigenous rights, something it has willingly avoided.
- The proposal does not consider how to ensure that smallholders are able to comply with the regulation. Yet, as Obed Owusu-Addai, Co-Founder and Managing Campaigner at EcoCare Ghana, [explains](#), “it is of utmost importance that smallholders are supported to comply with the regulation, especially in sectors like cocoa, where smallholders are responsible for a significant part of production”.
- The EU keeps on using natural resources in the Global South for luxury products and keeps on, at least indirectly, driving deforestation. Products that come directly from deforested areas could be sold to China, while the EU imports so-called ‘sustainable products’. By being part of total demand the EU’s consumption is still responsible for – in 2017 – 16% of tropical deforestation<sup>2</sup>.

## A Trojan Horse for the EU-Mercosur Free Trade Agreement ?

Critical civil society organisations within the [Seattle to Brussels network](#) view this deforestation law as an attempt to handle the very critical response to the EU-Mercosur FTA, which was provisionally concluded in 2019. If ratified, this FTA would have dreadful consequences, as highlighted by The Trade Otherwise coalition in an [analysis](#) partly based on interviews with people from the Mercosur.

In Mercosur countries, increased soy, meat and sugar production for the European Union will go hand in hand with the destruction of nature and the violation of land rights of small farmers and Indigenous peoples. Eddy Ramirez of the Hugo Foundation in Paraguay who is interviewed in the Trade Otherwise analysis fears the agreement will mean even greater problems for smallholders: “The deal will drive people from their land and create more displaced persons. The use of pesticides – part of which are banned in the EU – is horrific for the environment, the water reserves and fish, and therefore, for traditional fisheries. The majority of these people are already struggling, so the consequences will be huge.”

The FTA will also deepen the gap between continents. It is a neo-colonial deal that specifically targets the export of raw (mining) materials and (luxurious) agricultural products from Mercosur, in exchange for industrial products from the EU with a large added value. South American industrial companies and workers will be hit by competition with European cars, textiles, machines and more. Tato Figueredo of Argentina’s Institute of Popular Culture sums up the situation perfectly: “Free trade agreements deepen historical injustice and present a legal framework that enshrines this unfair economic system. It endangers vital water systems and the food system, and causes rural poverty.”

<sup>2</sup> <https://www.greenpeace.org/static/planet4-eu-unit-stateless/2022/02/1e246d28-2022-02-03-greenpeace-briefing-eu-commission-deforestation-law.pdf>



Sharepics have been developed in the context of the Good Food Good Farming campaign on the CAP in 2021

## Additional EU propositions

The regulation for deforestation-free supply chains is not the only proposition made by the EC in trying to improve currently unjust and environmentally destructive trade policy. In March 2022, the Draft [Mandatory Human Rights and Environmental Due Diligence Directive](#) was presented, with the objective to make EU companies responsible for human rights and environmental harms during the whole supply chain. As part of the Green Deal, the EU also made a proposal to implement the Carbon Border Adjustment Mechanism (CBAM) on energy-intensive imports from third countries, preventing the risk of carbon leakage. Importers would then pay the same carbon price as domestic producers under the EU [Emission Trading System](#). Unfortunately, the proposed CBAM would initially leave agriculture out of the targeted sectors. Another initiative, which was promoted as one of the main objectives of the French Presidency of the Council, is the implementation of mirror clauses on imports. All imported products would have to comply with EU environmental, labour and animal welfare standards. But it is still unclear if it could be WTO-compatible.

Even though those measures would mean improvements, the obligation to comply with WTO rules reduces their scope and overall chances of success. Moreover, it will take years before these laws could be fully implemented. Meanwhile, WTO-based FTAs keep on being enforced and the neoliberal myth that the Global South needs to export its way out of poverty keeps on living.

## Alternatives

From 1992, CAP reforms led to lower farmers' income, vanishing of EU family farms, prolonged dumping in the Global South and adverse effects on the environment, landscape, nature and animal welfare. The WTO rules and FTAs also lead to usage of scarce natural resources in the Global South to produce luxury products for the EU market, at the expense of nature and the land rights of small farmers and Indigenous people.

But the tide turns, and a possible No to the EU-Mercosur trade agreement provides a unique opportunity to drastically change those unfair rules within WTO. By nature of the inelasticity of food supply and demand, self-regulation within the agricultural market is impossible. Social, environmental and market reg-

ulations are therefore needed. Here below, I propose a series of guidelines and measures, inspired by the work of the [Dutch Trade Differently! Coalition](#), to turn the WTO, and the CAP which is based on it, around.

1. **Introduce flexible EU supply management and minimum prices in arable farming** (particularly for stackable products such as grain, sugar beet and potato starch) and the entire livestock sector (milk, meat and eggs), whereby the supply by farmers is matched to the demand of (mostly European) consumers. This supply can be adjusted annually to changing demand. Minimum EU intervention stocks are also required to absorb supply shocks. This way, European farmers get stable cost-effective prices, and dumping below the cost of production in the Global South is prevented.
2. **EU Market protection through higher import taxes** is necessary to enable the highest possible European self-sufficiency in food and feed, especially on products for which alternatives can be produced in Europe. This means the EU will use much less land and water in the Global South for products like feed and biofuels. With import duties on soy and palm oil in particular, cultivation of protein and oil crops on EU soil could help us to achieve real circular agriculture and prevent unfair competition regarding processes of production.
3. **Increasing EU environmental and animal welfare requirements for farmers as well as eco-taxes (including CO<sub>2</sub>)** for farmers and other companies in the food supply chain are only possible if unfair competition is eliminated through the aforementioned market protection. Dutch economists such as Mathijs Bouman explain that effective environmental policies are only possible if the EU protects its markets<sup>3</sup>. Within the EU this will lead to a reduction of food miles and reduction of fertilizer and pesticide use. This way, sus-

tainable agriculture models like organic farming would be enhanced.

4. If the aforementioned measures are introduced, European farmers will again be paid for their products in a cost-effective manner, and will (mostly) receive an income from the EU market, leaving space for a shift in CAP budget use. **Then, the current general hectare-based subsidies can disappear within the CAP.** However, farmers can choose to provide extra green and blue services that are in line with the climate, biodiversity and landscape objectives. They will be paid for this in a cost-effective manner by CAP and national budgets. CAP coupled product subsidies would also be needed to stimulate the cultivation of crops such as beans, peas, flax and hemp. The CAP budget (€50 billion/year) is thus used much more effectively and can be preserved without social criticism.
5. **Get rid of the agrofuel directive and prohibit import of agrofuels.** The EU-Mercosur FTA, as presented in 2019, will lead to an increase of EU imports of bioethanol. The import quota would be raised to 650.000 tonnes<sup>4</sup>. Moreover, sugar and bio-ethanol are not part of the deforestation-proposal of the EC. The EU keeps promoting the use of these agrofuels while only 7% of transport fuels are covered by crop-based agrofuels<sup>5</sup>. This directive needs to be rejected in order to stop using food crops in the Global South to run EU cars.
6. **The WTO undergoes drastic reforms to become a United Nations Fair Trade Organisation.** Food sovereignty would become the norm for agricultural and trade policy, with each country or region being allowed to have food produced by its own farmers for its own population in the most sustainable way possible. This means that global import duties and supply management will

3 <https://mathijsbouman.nl/pijnlijk-voor-liberale-economen-voor-een-effectief-klimaatbeleid-zijn-misschien-flinke-importheffingen-nodig/> and <https://fd.nl/opinie/1380747/hoogste-tijd-voor-co2-belasting-op-vuile-import-ook-als-we-daarvoor-handelsre-gels-moeten-aanpassen-kqd1caiVtPza>

4 [https://trade.ec.europa.eu/doclib/docs/2019/july/tradoc\\_158059.pdf](https://trade.ec.europa.eu/doclib/docs/2019/july/tradoc_158059.pdf)

5 <https://www.euractiv.com/section/biofuels/news/eus-strict-green-criteria-for-biofuels-will-hinder-supply-meps-warn/>

be allowed again. International commodity agreements for tropical products such as coffee and cocoa would also be concluded again, leading to stable prices to producers (mostly small farmers). EU tariff escalation on processed tropical products would be abolished, leading to more processing jobs in the Global South. An international buffer stock-supply-management-scheme for grains and oilseeds, as proposed by Niek Koning, could be introduced to protect poor countries from price disturbances<sup>6</sup>.

7. **Fair Competition Policies are introduced.** The unfair market power of the retail and processing industry vis-à-vis the farmer is being tackled by changing European and national competition policies, minimising the difference between consumer and farmer prices. If food prices rise slightly as a result of the aforementioned measures, social benefits should be increased.
8. **National fiscal and social policy** is necessary for health and environmental reasons. National taxes on meat are needed to decrease the (EU) consumption of meat and so also the (EU) demand for feed. This is also an essential measure to reach more EU self-sufficiency and circular agriculture. To stimulate the consumption of fruit and vegetables, The Value Added Tax needs to be reduced to 0. With the measures mentioned, the price of – healthier and sustainable – food would increase. Therefore, governments need to ensure access to these basic needs by increasing social welfare payments and minimum wages.

the consumer price can be combined with a fair and cost-effective price to farmers. It would mean a radical shift from the EU's current corporate-driven agenda, in policy areas such as international trade, agriculture, climate, energy, employment and innovation. The good news is that we don't need a bigger CAP budget, we only need to spend the current budget more effectively in order to reach environmental and social goals inside and outside the EU. Family farmers in the Global South and North would be supported to supply their own markets based on their natural resources and according to their own food cultures.

It is time that international human rights and environmental goals get priority above the rights of multinationals secured in current trade and investment treaties. It also makes perfect sense that governments protect the livelihoods of family farmers, small and medium enterprises and labourers against the unfair competition with transnational companies made possible by forced liberalisation. Trade is necessary, but let's restrict it to the basic needs that can't be self-produced and some unique, traditional products such as processed coffee and cocoa.

With this alternative, bridges can be built between the interests of family farmers, biodiversity and the environment, animals, civil society organisations and the Global South. The rules of the General Agreement on Tariffs and Trade, the predecessor of WTO, showed that another CAP and trade policy is possible.

## Conclusions

The COVID-19 crisis and current war in Ukraine have only increased the need to achieve greater regional self-sufficiency in essential basic necessity products such as food, medicines and medical equipment. The impending climate crisis will only add to that urgency.

With the outlined alternatives, the internalisation of environmental, labour and animal welfare costs in

<sup>6</sup> Comments to this text by Niek Koning.

# CAP implications beyond the EU: CAP and e-commerce, are quality schemes protected?

Melina A. Campos October 2022

*EU agri-food products protected by quality schemes such as geographical indications can face counterfeiting and usurpations in third countries, resulting in significant economic losses for EU producers (European Commission, 2021). The same can happen in the other direction, and with the expansion of e-commerce platforms, these market dynamics have found new avenues to occur. The reform post-2022 of the CAP's Common Market Organisation has extended the protection of quality schemes' intellectual property (IP) rights to e-commerce platforms. However, how will this reform be enforced to protect both EU and non-EU producers? Will it establish a level playing field that also protects non-EU quality schemes directly registered in the EU, and those included in the association agreements signed with non-EU countries?*

## Introduction

The rise of widespread internet connectivity corresponds with the increasing digitalisation of the agri-food system, including trade. The COVID-19 pandemic simply accelerated it. According to a report focused on food and beverage e-commerce from the Business Research Company<sup>1</sup> (2022), world sales of food products via e-commerce from 2021 to 2022 will increase by approximately USD 10 billion.

In view of this growing digital market at global level, the protection of agri-food quality schemes from fraudulent practices and law infringements becomes a complex matter. Some examples of quality schemes are protected geographical indications (PGI), protected designations of origin (PDO), or traditional specialties guaranteed (TSG).

According to this study by [EUIPO \(2016\)](#) on the infringements of geographical indications for wine, spirits, agricultural products, and foodstuffs in the EU, the value of GI infringing products in the EU was approximately € 4.3 billion in 2014, which approximately corresponds to 9.0 % of the EU GI product market.

The ultimate level of protection for these quality schemes will not only depend on the IP rights' rules and their enforcing control mechanisms in the EU, but also by the conditions set in the association

agreements with non-EU countries, and lastly, by the capacity of market actors and authorities inside and outside the EU to understand, negotiate, meet, circumvent, enforce, and appeal to these conditions.

The analysis addressed in this research for ARC2020's [CAP Strategic Plans project](#) is divided in two parts. Firstly, this article aims to make sense of, and anticipate the extent to which the EU [mix of regulations governing quality schemes](#), the recently agreed CAP's [Common Market Organisation regulation post-2022](#), and the proposal for a new [Digital Services Act](#) could establish an effective and fair legal framework to exercise a protected trade of agricultural goods holding quality schemes in a digital environment.

Secondly, the article focuses on the EU's association agreements with third countries, specifically Chile and Georgia, to understand the extent to which they already incorporate rules that safeguard intellectual property (IP) rights in e-commerce with the EU market.

Henceforward, this policy analyses aims to answer the following questions:

1. How does the CAP reform post-2022 address the protection of agri-food quality schemes products' IP rights in e-commerce, together with other relevant EU directives?

<sup>1</sup> <https://www.thebusinessresearchcompany.com/report/food-and-beverages-ecommerce-global-market-report>

2. To what extent are EU's association agreements with Chile and Georgia ready to regulate international e-commerce and safeguard the IP rights of agri-food quality schemes?

To answer our policy research question, we adopted a literature review and case-study approach. Firstly, we analysed EU legislation and relevant evaluation studies to explore the current functioning IP rights protection mechanisms across member states. Then, we dived into the specific realities of quality schemes already traded globally. As wine is one of the most dynamic and illuminating examples of agri-food produce traded via online platforms (see Box 1), we interviewed the respective IP rights authorities from Chile and Georgia to acquire more in-depth information on the trade specificities of this agri-food product on the e-commerce modality.

We selected these two countries because their association agreements with the EU already include chapters on the three interlinked topics: a) Geographical Indications, b) IP rights, and c) E-commerce provisions. Both IP authorities were contacted, via e-mail, a questionnaire was applied to assess their understanding of the legislation, and they were further interviewed via phone calls and Zoom meetings. They were approached between May and June 2022. Overall, the purpose was to understand how those IP authorities created a control system for enforcing IP rights for agri-food quality schemes in the frame of their respective association agreements, considering online sales channels as well.

#### **Box 1: E-commerce platforms, new sales channel. The case of the French wine**

E-commerce platforms constitute a new tool for increasing sales and market presence for agricultural goods holding quality schemes. The *“Evaluation support study on Geographical Indications and Traditional Specialities Guaranteed protected in the EU”* suggests that the wine sector is the fastest-growing sector for agri-food quality schemes (European Commission, 2020). Just to mention, for the French wine sector, the report *“Study on the marketing of wine on the internet”*, conducted by the *“Comité National des Interprofessions des Vins à appellation d’origine et à indication géographique (CNIV)”* concluded that since 2017 the sales of wine online increased on average 11% per year. In 2019, French wines holding either geographical indications or protected designations sales on the internet represented 9 to 10 % of total wines sales in France. Most of the wine under quality schemes sold online in e-commerce platforms (55%), ranged between € 7,50 to € 40,00 per bottle. Another share of wine under quality schemes sold online (10%) ranged between € 90,00 and € 200,00 per bottle (France AgriMer, 2020).

It is important to clarify that this article does not explore the issues and/or possible solutions concerning the business transactions and/or pre-conditions (connectivity, marketing, storage, inventory, distribution, investment-versus-profitability, etc.) of selling quality schemes products on an e-commerce platform, and how these can benefit or negatively affect trade operators. It only focuses on the control mechanisms for enforcing the rules protecting IP rights of agri-food quality schemes once the goods are displayed and traded on such e-platforms.

## CAP post-2022 and protection of quality schemes' IP rights

As part of the European Green Deal, the European Commission pledged to reform legislation to meet the ambitions of the Farm to Fork and Biodiversity strategies, in light of environmental goals such as pesticide reduction or increased organic farming, and socio-economic objectives, such as strengthening the position of farmers and producer groups along value chains within the EU and/or in foreign markets (European Commission, 2019). For supporting and raising awareness about this objective, the EU has designed a special portal that includes a Business-to-Business (B2B) platform to promote the entire [EU-registered agri-food quality schemes](#) worldwide.

For instance, the [Commission's proposal to revise the EU regulation for quality schemes](#) was part of the intention to promote fairer, authentic, high-quality food markets internationally, and ultimately reinforce the position of agricultural producers and improve the rural economy (European Commission, 2022). This legislative proposal, presented in March 2022 and still under negotiation, gives prominence to the extension of IP rights protection mechanisms specifically in e-commerce. The proposal draws attention to the importance of establishing a monitoring mechanism for agri-food quality scheme IP rights on the marketplace, including the internet (Art. 32, 38, and 73).

In addition, this proposal envisages the simplification of procedures for third countries' producer groups that decide to register quality schemes and directly make them recognisable for the Commission, and, consequently, to the whole EU single market. In this sense, it brings in more inclusive legal provisions that accommodate the interests of two types of non-EU quality schemes: i.) those registered directly by a foreign producer<sup>2</sup> with the EU after completing the registration at the country of origin, and ii.) those mutually recognised via association agreements with the EU.

Besides this reform proposal, the already agreed legislations for the CAP reform post-2022 extend the protection of quality schemes' IP rights to e-commerce platforms in different amendments to the previous regulations (Box 2). Even though this extension to e-commerce is a major milestone for IP rights protection, monitoring is a second and critical implication. For monitoring IP rights of quality schemes from non-EU countries in e-commerce, we must consider several technical challenges, such as the existence of different types of quality schemes (see above). The EU Commission and the European Union Intellectual Property Office ([EUIPO](#)) have conducted various assessments to understand these challenges. Figure 1 provides a glimpse of the factors to consider for enforcing the protection of agri-food quality schemes' IP rights in e-commerce.

<sup>2</sup> See the Mexican Tequila direct registration case: <https://www.tmdn.org/giview/gi/EUGI00000016163>

**Box 2: Summary of key amendments of the CAP's CMO Regulation 2021/2117 relevant for quality schemes protection in e-commerce**

**Key amendments of the Common Market Organization regulation (EU) No 1308/2013:**

- **Art. 103.** Confers IP rights protection on e-commerce as part of the internal market (European Parliament, 2013); (European Parliament, 2021).

**Key amendments of the regulation on quality schemes for agricultural products and foodstuffs (EU) No 1151/2012:**

- **Art. 4.** Confers agri-food quality scheme holders the right to implement marketing on e-commerce within the internal market, especially with the objective to allow consumers to identify quality schemes on products including e-commerce platforms as well.
- **Art. 13.** Confers protection of e-commerce as part of the internal market.
- **Art. 27.** Protects GIs against any direct or indirect commercial use on e-commerce platforms, even when the use of an internet domain that might evoke a protected quality scheme.
- **Art. 32, 38, and 73.** These articles foresee the task of monitoring, evaluating, and reporting the quality schemes on the marketplaces (e-commerce as well) on behalf of EUIPO and combating counterfeiting and fraudulent practices.
- **Art. 39.** Extends controls in third countries as well as enables the accreditation of a control body outside the Union. On the e-commerce level, the new agreement promotes control and enforcement in the marketplace, namely e-commerce platforms, including third countries' agricultural goods sold by e-commerce within the EU.
- **Art. 42.** Complements the previous rights by assigning control authorities to every member state that conducts regular controls of agri-food quality schemes on the marketplace at every supply chain stage, including e-commerce platforms.
- **Art. 69.** Specifically deals with the protection of IP rights of traditional specialties guaranteed, when those are sold by means of e-commerce.
- This agreement brings the simplification of official control procedures in a form of a single set of rules that also consider the IP rights associated with quality schemes (European Commission, 2022).

Although these CAP amendments might have an impact on the conditions to be set in future association agreements, their operationalisation depends on the enforcement mechanisms set up at member states' level and the terms and conditions already signed in existing agreements with third countries. In other words, besides setting a broader EU framework, the impact of these CAP amendments in terms of protecting non-EU quality schemes still depends on the member states' monitoring mechanisms (see the Italian case study in Box 3), and the level of protection/enforcement resulting from negotiations of association agreements.

### Box 3: The monitoring of Italian quality schemes' IP rights on e-commerce platforms<sup>345</sup>

To our knowledge, Italy is the only or among the few EU Member State that has created and owns an IP rights monitoring system for protecting agri-food quality schemes in e-commerce platforms. Due to the strong economic value of Italy's 870 registered and protected quality schemes, the control body has created its own monitoring and controlling mechanism in form of Memorandums of Understanding (MoUs) (as a kind of ex-officio measure) for protecting agri-food quality schemes' IP rights on e-commerce platforms.

As the responsible entity, *the Department of Central Inspectorate for Fraud Repression and Quality Protection of the Agri-food Products and Foodstuffs (ICQRF)* (<https://www.politicheagricole.it>) belonging to the Ministry of Agricultural, Food and Forestry Policies (*Ministero delle politiche agricole alimentari e forestali*) does the following:

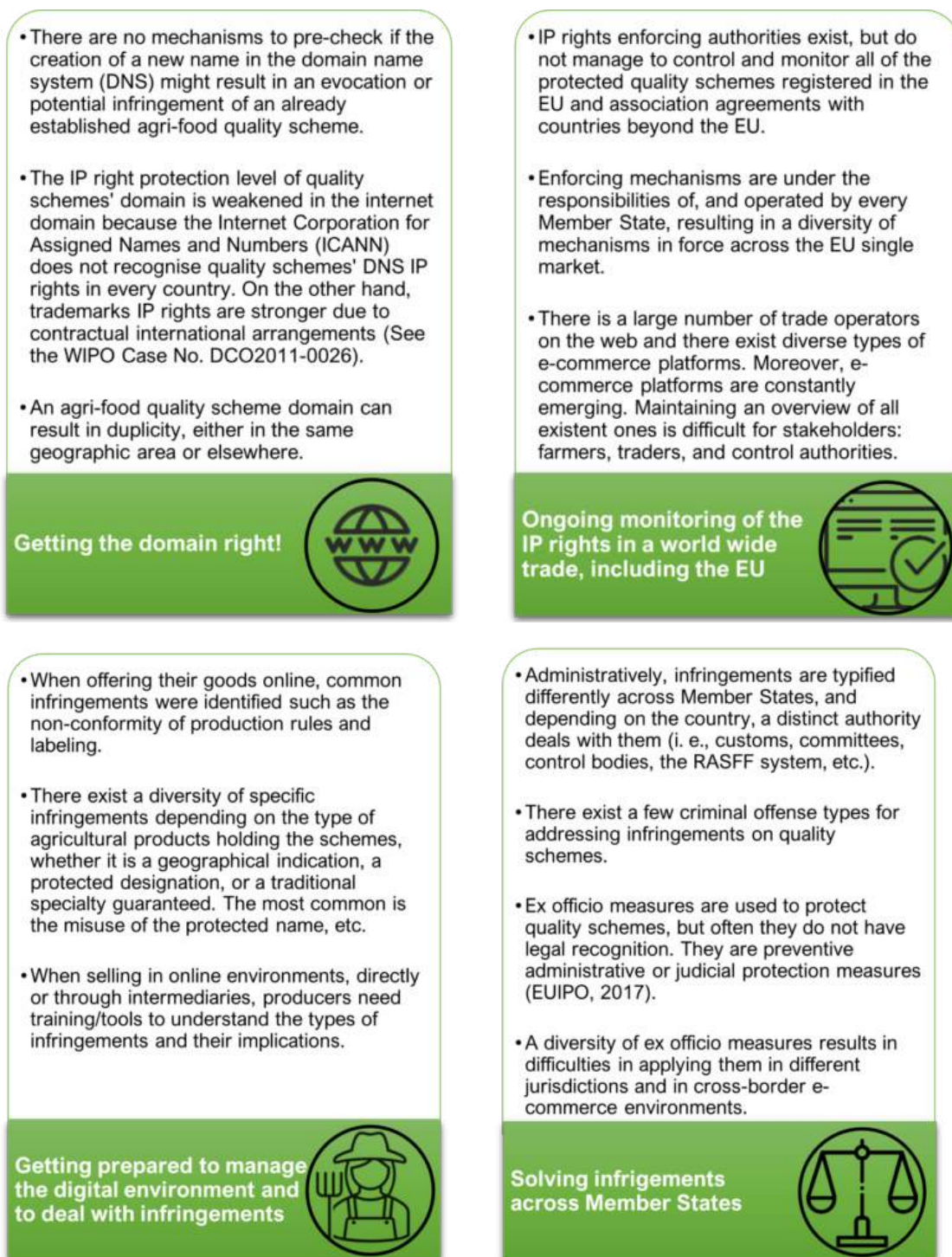
- Establishing cooperation mechanisms with major e-commerce platforms worldwide such as Alibaba, Amazon, e-bay and more, to monitor counterfeiting agricultural goods that evoke Italian quality schemes. For example, in 2020, ICQRF found 1,142 imitations in eight different countries: seven within the EU, and one in Canada.
- Once falsifications are detected, the ICQRF demands the application of ex-officio measures in the respective countries where Italian quality schemes were misused (ICQRF, 2020).

<sup>3</sup> Ex officio measures are preventive administrative or judicial protection measures conceived at the member state authority level. They are created by every member state since the EU regulations do not include specific sanction or regulation procedures, at the neither national nor international level (EUIPO, 2017)

<sup>4</sup> <https://www.politicheagricole.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/394>

<sup>5</sup> <https://www.politicheagricole.it>

**Figure 1: Examples of challenges to enforce the protection of agri-food quality schemes IP rights in e-commerce**



Source: own elaboration based on Quality Schemes assessments from the EU Commission and EUIPO (See list on references section)

## Can non-EU quality schemes be protected in EU e-commerce via association agreements? The case of Chilean and Georgian wine

For answering this question, we dig into two association agreements: namely Chile and Georgia. Chile is an established agricultural exporter, whereas Georgia is a newly emerging country with an interesting boutique portfolio of agricultural products. Wines holding quality schemes are the common denominator product in both countries. Both have wine boards that support strategies for the internationalisation of their wine. For the Chilean case, “[Wines of Chile](#)” is a private marketing board that promotes the quality and image of Chilean wine in the world, with several branch offices in six countries, on three continents. Surprisingly, with Chile being the fourth largest worldwide exporter of wine in 2021 (ITC, 2022), its board does not actively promote Chilean wine holding quality schemes. On the other hand, Georgia possesses a marketing organization called “[Wines of Georgia](#)”, which dynamically advertises Georgian wines with protected designations of origin. Through maps, the [web page](#) shows the precise geographic location of the appellations of origin as well.

While the Chilean association agreement with the EU entered into force in 2003 (European Commission, 2022), the Georgian entered into force more than a decade later, i.e., 2016 (European Commission, 2022). Chile has submitted the recognition of wine originating from 33 different geographical areas, thus wine coming from those regions holds a category of protected GIs (European Commission, 2022).

Georgia instead has mutually recognised 18 wines holding quality schemes in the frame of the association agreement with the EU (European Commission, 2022). Up to date, Georgia registered 19 appellations of origin and 19 geographical indications of different agricultural products in the EU, including wine (Sakpatenti, 2022).

What are the e-commerce clauses agreed in these association agreements? What is the level of protection of IP rights negotiated? How are those IP rights monitored in an online environment in the EU markets’ jurisdiction? How does this work in practice? To answer those questions, Table 1 presents a brief comparison of the legal dispositions that the EU has agreed upon in every respective association agreement.

To complete our desk research, we interviewed the IP rights authorities of Chile and Georgia. For the former, we interviewed the **International Affairs and Policy Department of the Chilean National Institute of Industrial Property (Instituto Nacional de Propiedad Industrial - INAPI)**. The latter was the **Georgian Intellectual Property Centre (Sakpatenti)**.

Both authorities provided a view of the developments of the mutually recognised quality schemes and their performance on sales channels, including e-commerce platforms in the frame of intercontinental relations.

**Table 1: Compilation of the similarities of Association Agreements that include a) mutually recognised quality schemes; b) provisions for IP rights; and c) e-commerce clauses**

Association Agreements negotiations	Mutually recognised quality schemes	From the wine sector	Provisions concerning IP rights	Provisions concerning e-commerce	Marketing and labelling provisions	Business sellers of cross-border nature
<b>Chile (Association Agreement text)</b>	Annex V – Appendix II Annex VI – Appendix I – Appendix IV	Section 6, Art. 90, Annex V, Annex VI	Art. 32 Title V, Art. 168 – Art. 170	Art. 104	N/A	N/A
<b>Georgia (Association Agreement text)</b>	Sub-section 3, Art. 169 - Art. 179 Annex XVII-A Annex XVII-B Annex XVII-D, Part B	Art. 170	Chapter 9, Section I, Art. 150 – Art. 153 Section 3, Art. 190 – Art. 202	Chapter 6, Section I, Art. 76 Section 6 Art. 127 – Art. 133	Art. 49	Art. 90

Source: own elaboration based on the association agreement texts

Hereafter we present our own observations after checking the legal dispositions contained in the two association agreements and interviewing the respective IP authorities.

## The Chilean e-commerce legal dispositions

In the Chilean case, the signed association agreement contains a single legal disposition on e-commerce. Art. 104 promotes the development of a regulatory framework for electronic commerce between both parties, especially for gaining mutual market access. However, according to the Chilean National Institute of Industrial Property (INAPI), since the association agreement entered into force, there has been little or no progress in extending the regulatory framework into e-commerce platforms between both contracting parties. When the agreement was ratified, e-commerce was not as developed as it is today (INAPI, personal communication, May 23, 2022). Currently, the association agreement is in a renovation phase. According to INAPI, this modernisation will include future improvements for the e-commerce chapter (SUBREI, 2022). So far, INAPI does not monitor the protection of IP rights of Chilean quality schemes in the EU market on traditional sales chan-

nels (INAPI, personal communication, May 23, 2022). On the IP rights provisions, the clauses agreed between Chile and the EU are mainly based on international IP rights conventions (European Commission, 2022). Another key point is that Chilean IP rights authorities do not monitor the sales of Chilean agri-food quality schemes in other foreign markets.

## The Georgian e-commerce framework

For Georgia, e-commerce provisions are a bit more comprehensive. Chapter 6, Section I, Art. 76 of the association agreement with the EU sets the foundation for establishing the basis for cooperation on e-commerce. Section 6 of the agreement include clauses dedicated to widen relevant regulatory aspects for enabling e-commerce such as cross-border e-commerce services, the liability of intermediary service providers, consumers' protection in an e-commerce environment, business sellers of cross-border nature, and no monitoring obligations (European Commission, 2022).

Georgia had [a case](#) where a cheese protected by geographical indication was claimed to be counterfeited in Estonia.

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SAKPATENTI, the intellectual property center of Georgia, reacted to it immediately and based on the Art. 175 of the association agreement, both EU and Georgian IP authorities cooperated and solved the case. According to SAKPATENTI, it was possible to act on the case because there was financial support from the EU's [TWINNING Project](#), which aimed to establish an efficient protection and control system of geographical indications in Georgia. However, for future cases, SAKPATENTI officers stated: *“As a small country, our government does not possess the budget to monitor major markets such as the EU, Russian Federation, or China. We do believe the private sector, private companies should also play a role in fighting against counterfeiters”*, (SAKPATENTI, personal communication, June 20, 2022).

*Given the trade relations between the EU and Georgia, according to SAKPATENTI, since 2017-2018 the Georgian government is working on the law's draft on e-commerce. Corresponding changes to the Law on Copyright and Related Rights are ongoing within the “EU Georgia Intellectual Property Project (EUGIPP)”* (SAKPATENTI, personal communication, May 13, 2022). It is expected that this legislation will be concluded and will enter into force in 2022-2023. This new legislation should strengthen e-commerce

relations with the EU and some procedures for exercising e-commerce and monitoring IP rights are going to be harmonized with EU member states' IP authorities (SAKPATENTI, personal communication, June 20, 2022).

Furthermore, in the frame of cooperation with the TWINNING project, SAKPATENTI is being trained by ICQRF from the Italian Ministry of Agricultural, Food and Forestry Policies to create *memorandum of understandings* to be signed with e-commerce giants, such as Amazon, e-bay, etc. to address infringements on e-commerce in the same way Italy is implementing its own mechanisms.

Despite the existence of an e-commerce legal framework in the association agreements, so far, neither of these countries sell wine via e-commerce directly within the EU market, therefore no mechanisms for monitoring IP rights in e-commerce have been implemented. Notwithstanding, wine protected under quality schemes from Chile and Georgia are being sold in the EU market through different sales channels.

To understand these two case-studies which bring more practical perspectives on the role of association agreements and CAP, we need to draw on other

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regulation specifically developed for digital markets like the [EU Directive No. 2000/31](#). Indeed, this directive was the regulatory backbone for governing e-commerce activities on the EU single market and become relevant also for the association agreements with Chile started in 2003 and with Georgia in 2016. Another element to bear in mind is that when this directive was published, internet and e-commerce were at the early stages of their current expansion. Indeed, given the rapid evolution of digital markets, since 2020, the Commission has released a proposal for a Digital Services Act (DSA).

As we have seen here, the level of protection of IP rights depends on a mix of regulatory provisions and authorities. The next section briefly discusses how the new DSA initiative can further support the development of e-commerce in the context of CAP reform post-2022 and association agreements with non-EU countries.

### Can the EU Digital Services Act complement CAP reform and association agreements to protect quality schemes in e-commerce?

Together with the Digital Markets Act (DMA), the Digital Services Act (DSA) was introduced in 2020 to shape Europe's digital future. One of the new DSA's objectives is to complement the 2000 e-Commerce Directive, and the next major intention is to regulate online intermediaries, online services, and e-commerce platforms (regardless of their size) (CME, 2022).

Currently, every Member State manages different e-commerce rules. This regulation aims to reduce legal fragmentation in the EU. This would provide SMEs with a macro legal framework to allow them to grow their sales in the e-commerce environment uniformly. This improvement is significant for producer groups that deal with agri-food quality schemes digitally in the single market. For third countries' producer groups in the SMEs category, such standardisation could incentivise intercontinental trade, especially those belonging to the global south as contracting parties of association agreements. As learned from the previous section, IP rights mon-

itoring mechanisms are fragmented across Member States. Therefore, this sector of agri-food trade needs to look at the EU-wide due diligence obligations agreed in the DSA and their potential for ensuring more harmonised coordination mechanisms to protect quality schemes' IP rights on a digital level for EU and foreign SMEs.

Second, the DSA reinforces the need to establish regulatory dispositions not only to detect, but also to deal with the situations of counterfeited goods traded on e-platforms. This area of jurisdictional procedure and due diligence is vital for an effective enforcement of IP rights, besides their monitoring and detection.

Another area of overlaps between DSA and the protection of quality schemes occurs at the level of regulating large e-commerce platforms across the EU, especially large ones. Moreover, the intention of the DSA is to enforce controls that are more homogeneous and apply standard measures across the Member States. This could help also to harmonise ex officio measures and administrative procedures.

Furthermore, this new legislation for a single market for digital services has been conceived in a way it complements other legislative acts of the EU, including consumer protection directives such as EU Directive No 2019/161. Let us not forget that one of the most important objectives of agri-food quality schemes is to gain credibility among consumers and communicate the territorial quality of agri-food products. The e-commerce sales channel is an automatic tool to communicate not just the quality scheme status, but also the products' attributes.

In relation to commercialisation practices and possibilities, the new DSA foresees a mechanism for solving disputes at the B2B digital level. For this, the EU Member States agreed that for the enforcement of the DSA, it is important to improve cross-border cooperation. This might benefit B2B intercontinental relations too. Generally, all the aspects contained in the new DSA are relevant for association agreements signed between the EU and third countries.



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## Conclusions & recommendations

Among our major findings, this article highlighted that the protection of IP rights for agri-food quality schemes might be compromised by the lack of a harmonised EU-wide system for monitoring and enforcing IP rights in different online sales channels across the 27 Member States, including e-commerce platforms.

Overall, the development of IP rights enforcement systems is emerging at different speeds across the EU Member States, thus affecting the level of protection for both EU and non-EU producers. For instance, Italy is at the forefront to protect IP rights on their own products in e-commerce platforms, considering its high number of registered quality schemes in the EU, but it is unclear how Italy and other EU Member States protect non-EU quality schemes in the single market.

Therefore, even if the CAP reform post-2022 has made some progress in introducing legal provisions that extend the quality schemes' protection in e-commerce platforms, in our analysis, these provisions need to be accompanied by EU-wide coherent mechanisms to monitor and enforce the IP rights of international products in digital contexts. In this, the EU can learn from how Italy deals with its own quality scheme products.

As the CAP's CMO reform post-2022 does not address these enforcing issues at EU wide scale, the Member States and other partner countries could still act at the level of bilateral agreements, thus revising their association agreements towards incorporating a specific chapter on the protection of IP rights in the digital economy. Chile and Georgia show that besides the CAP and other EU laws, association agreements can also include legal provisions for enabling the protection of IP rights in e-commerce platforms; however, their negotiations need to be up to date with the fast-speeding developments of digital trade and new legal frameworks that address the establishment of proper IP monitoring mechanisms.

In any case, rules are not enough for enforcing protection. This was particularly evident in the Georgian case where provisions exist, but the resources and mechanisms for monitoring and safeguarding IP rights of agri-food quality schemes were poorly defined or lacking. It is important therefore that when reviewing the Chilean, Georgian, or any other association agreements, these contain legal dispositions of the three interlinked topics: a) Geographical Indications and more broadly quality schemes, b) IP rights, and c) e-commerce provisions. These provisions could be strengthened by the establishment of minimum standards for the monitoring of IP rights in different sales channels, including e-commerce. Accordingly, the EU could revise and update association agreements already in force. Moreover, the EU could develop a new authority that exercises the governance of e-commerce of agricultural goods in general. A central authority can ease the process of dealing with the different IP authorities and the ongoing IP rights mechanisms in every Member State. For instance, either the [GIVlew platform](#) or the new [EU quality schemes B2B platform](#) could be relaunched, renewed, and streamlined to transmit to users the agri-food quality schemes implications when adopting e-commerce.

Based on these analyses, our recommendation invites future CAP reform to introduce more specific amendments to align the e-CMO with other EU legislations like the [Digital Services Act Package](#), and [strategies for the protection and enforcement of in-](#)

intellectual property rights in third countries, thus safeguarding both EU quality schemes in third countries, and conversely, third countries' IP rights within the single market, irrespective of their recognition procedure. Moreover, we believe that public and private e-commerce platforms should also step up their efforts to harmonise rules and procedures towards a fair and protected market, for EU and non-EU actors.

## Acknowledgements from the author

My personal and professional motivation to write this policy analysis is to provide other perspectives on how SMEs from the global south could better achieve the direct benefits of intercontinental trade. Thus, promoting ethical and more transparent supply chains and enabling more actors in the market. E-commerce might eliminate intermediation.

This work is dedicated to my Bulgarian daughter. In this regard, as a single mother and researcher living in Honduras, I spent eight months conducting this analysis in my free time because I strongly believe public policies make a difference in citizens' lives. Since, in Honduras it is normal to work under the challenges of climate, infrastructure, security threats, and socio-political hardship, I do also believe that future EU policies should create a direct impact on global south citizens as well. E-commerce is an enabler.

To the stakeholders involved, I highly appreciate the trust of Chilean and Georgian IP Authorities in developing this contribution. I also thank the European Commission staff for the constant collaborative exchange in providing comprehensive clarifications and legal interpretations of these intertwined sets of policies.

Last but not least, profound thanks to my ARC colleagues for their continuous fruitful commitment.

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  - (2019) [“Compilation of the replies to questionnaire II, on the use/misuse of geographical indications, country names, and geographical terms on the internet and in the DNS”;](#)
  - (2021) [“Evaluation support study on Geographical Indications, Protected Designations of Origin, and Traditional Specialities Guaranteed protected in the EU”;](#)
  - (2021) [“Commission staff working document evaluation of Geographical Indications and Traditional Specialities Guaranteed protected in the EU”](#)

# CAP Strategic Plans: Observation Letters under scrutiny

Mathieu Willard April 2022

*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.*

## Introduction

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 Director-

ate-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 minute<sup>1</sup>, 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 regression 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 Nitrates Directive<sup>2</sup>, 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

<sup>1</sup> AgraFact N°32-22, Rose O'Donovan & Chris Lyddon

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

## CAP Strategic Plans: Observation Letters under scrutiny

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 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 mechanisms<sup>3</sup>.

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%<sup>4</sup>, 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

3 [https://www.eurovia.org/wp-content/uploads/2021/11/2021-11\\_EN-Proposition-Documents-Social-Conditionality.pdf](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](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Organic_farming_statistics)

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.
- 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.

# Changes “required” to Ireland’s CAP Strategic Plan – European Commission

Oliver Moore April 2022

*Changes in the CAP strategic Plan submitted by Ireland are “required”. In the Observation Letter sent to Ireland – which you can download below – there are a number of areas the European Commission has called for changes in. The overall green architecture itself, including eco-schemes especially, needs work, if Ireland is to achieve its environmental targets. There is a distinct lack of ambition, scoring, and incentives for stronger environmental practices. Increasing dairy herd numbers is named directly as making the necessary changes more difficult. That the letter’s language is strident in places is noteworthy. So what is the Commission asking for? And what comes next? Oliver Moore reports.*

## Change? Required.

Changes in the CAP strategic Plan submitted by Ireland are “required”. That’s according to the European Commission’s Observation Letter to Ireland seen by ARC2020, and published in cleaned form here:

### CAP SP Observation Letter Ireland

The Observation Letter stresses that “the Commission has doubts about the effective contribution of the CAP strategic plan” to the general CAP objective on environmental protection – one of three overarching CAP objectives. It is in this context that “further improvements and more ambition are required for the Commission to approve the CAP strategic plan” as the letter states.

This direct ask for significant change is considered strong language for the Commission in its Member State communications on CAP, especially at this stage in the process.

The fundamental approach to eco-schemes Ireland has adopted also comes under fire from the EU executive. While Ireland has taken the approach of getting large numbers of farmers into the eco-schemes system, with little change in farming practices required for many, the Commission points out that the agreed CAP regulation “stipulates” the need for measurable change.

The letter also uses surprisingly strong language around pesticides reductions, AMR (antimicrobial resistance), on the lack of a transition towards fairness economically for the majority of farmers, and in criticising the negative environmental impact of Ireland’s dairy herd growth. Below we cover some of these topics in more detail.

## Environmental Ambition – there’s something about dairy

The overarching CAP objective on supporting and strengthening environmental protection also covers biodiversity and climate action, as well as EU obligations with regard to the Paris accord. In reference to this objective the Commission calls out dairy herd growth in Ireland and its impact on these targets:

“...the Commission has doubts whether what is proposed goes far enough. In this context, it particularly has in mind the substantial growth in the size of the Irish dairy herd in recent years – a growth which has had very substantial implications for agricultural greenhouse gas emissions, for quality of air, water and soil, and for biodiversity. Given the current and future implications of this issue, the Commission would like to see more evidence that these aspects were fully taken into account in drawing up the CAP strategic plan.”

The impact of dairy herd growth is mentioned more than once in the document as a barrier to achieving various CAP objectives.



Photo Credit : Oliver Moore

## Eco-Schemes for all? Only with ambition – and money to match

Eco-schemes also receive special attention from the Commission. Ireland has taken a specific approach – it aims to get lots of farmers in by making them easy to do. The proposed eco-schemes are not especially environmentally ambitious, allowing many farmers carry on with their current practices.

The Commission questions this approach fundamentally -Eco-schemes should be targeted, measurable and more ambitious. What’s more, the Commission makes its point with reference to the CAP SP Regulation itself. Ireland is “requested to explain how it is

intended to ensure an adequate uptake for the practices with a higher environmental effect, in line with Article 31(8) of Regulation (EU) 2021/115, stipulating that Member States shall use a rating or scoring system or any other appropriate methodology to ensure the effectiveness and efficiency of eco-schemes to deliver on the targets set. ”

## Changes “required” to Ireland’s CAP Strategic Plan – European Commission

Here’s the wording of Article 31 (8) in full, with emphasis added.

*8. Member States shall demonstrate how the agricultural practices committed under eco-schemes respond to the needs referred to in Article 108 and how they contribute to the environmental and climate architecture referred to in Article 109(2), point (a), and to animal welfare and combatting antimicrobial resistance. They shall use a rating or scoring system or any other appropriate methodology to ensure the effectiveness and efficiency of the eco-schemes to deliver on the targets set. When establishing the level of payments for different commitments under the eco-schemes pursuant to paragraph 7, first subparagraph, point (a), of this Article, Member States shall take into account the level of sustainability and ambition of each eco-scheme, based on objective and transparent criteria.*

The Commission then, is concerned that by not prioritising certain more ambitious eco-schemes, farmers will simply not choose them.

The Observation Letter itself states (point 111): “The probable great difference in the cost/income loss of the eight practices covered might lead to low compensation for some of them, or possibly too high for others. This can discourage the farmers’ uptake of the most demanding practices such as planting trees/hedgerows or maintenance of landscape features/non-productive areas”.

The principle of paying for the costs incurred and income forgone of environmental action should be maintained, the EU executive considers. Indeed there are “needs which Ireland itself has identified or which arise naturally from the country’s situation” which eco-schemes could help with – if they were more ambitious.

While Ireland may refer to the importance of getting people into the eco-schemes, in reality it now must work out a way to show incremental improvements, year on year, from the current baseline. This will not

be easy, as farmers can change eco-scheme options from year to year. But could it consider increasing numbers, year on year, of more intensive farmers opting for more environmentally ambitious eco-schemes, for example?

### A litany of issues

Pesticides, Anti-microbial resistance (AMR), nutrient losses and high nature value landscapes are all named as requiring more information on. However the language is graduated. For both pesticides and AMR targets, the Commission “requests” that Ireland sets national values. This, again, is a specific ask that will be hard to ignore. For nutrient losses Ireland needs to clarify and/or improve its plan; for high diversity landscape features it “strongly recommends that Ireland explain in greater detail what this means in practice”.

Ireland’s reliance on the Suckler Carbon Efficiency Programme is concerning for the Commission, coming as it does with a distinct lack of data. “Ireland is invited to better explain the overall emissions reduction the precursor schemes delivered, the data used for assessing this and the limiting conditions that will be put in place to ensure an overall net emission reduction from this intervention”.

A recurring theme is the large number of results indicators which are criticised by the Commission, as not actually doing what they are described as doing, or not up to the task. As one example among many:

“The targets for result indicators R.19 (protecting soils), R.20 (air quality), R.21 (water quality), R.22 (nutrient management) and R.24 (reduced use of pesticides) seem low compared to the scale of the needs identified on these issues in the CAP strategic plan. The Commission invites Ireland to revise and correct these as necessary.”

Moreover, greater clarity in what is included in conditionality (the GAECs) is asked for quite often – regarding wetlands protections, buffer strips, limits on hedgerow removal and space for nature.

## Changes “required” to Ireland’s CAP Strategic Plan – European Commission

A significant concern is the reference to Ireland asking for exemptions for an unknown number of waterbodies from achieving “good status” as required under EU law. “The Commission also requests further information from Ireland on the consistency of the CAP strategic plan with needs and targets arising from the Water Framework Directive (Directive 2000/60/EC) – including how many of the country’s water bodies Ireland wishes to exempt from the requirement of reaching “good status” under that Directive because of agricultural pressures”.

This request for exemption will come as news to many, and appears to be on shaky ground legally.

### Fairness

Clearly, the Commission is concerned that Ireland hasn’t done enough to show that it is being fair to the majority of farmers financially. The language is strong in various parts of the document here on this issue. Ireland may be indicating that it is conducting some redistribution, but it has not shown that it is doing so “sufficiently”.

A number of times here, the methods for assessing redistribution and fairness are criticised. “To justify the sufficiency of the strategy and the consistency of all income support tools, a quantitative analysis needs to be provided showing the combined effects of all relevant income support tools on income per work unit by physical size”.

“Ireland is requested to include a specific needs assessment in relation to fairer, more effective and efficient targeting of direct payments...a clear identification of the farms with higher income support needs, in particular by physical size, is necessary”.

Ireland is asked to “provide an explanation of the expected effects of the capping.”

Ireland is invited “to complement the explanations provided so far, in particular with a quantitative analysis showing the combined effects of all proposed

income support tools on redistribution. This will allow the Commission to fully assess whether the aim of fairer distribution and better targeting of direct payments is addressed in a sufficient manner within the CAP strategic plan.”

This opens the door to Ireland’s Department of Agriculture carrying out another modelling analysis including more ambitious scenarios on Complementary Redistributive Income Support for Sustainability (CRISS), involving higher rates or different targeting. Higher allocations for CRISS – Ireland’s current proposal at 10% is the lowest allowable – to higher values, e.g. 15% – 20% could be modelled. The Czech Republic opted for 23% CRISS. Better targeting of CRISS could involve setting up different payments levels for different farm size thresholds, possibly excluding large scale farmers from becoming beneficiaries of CRISS in their ‘first hectares’. Italy for example has opted to exclude all farms above the 50 ha. There is no legal barrier to Ireland doing similarly.

### Next steps – what force does the Commission’s Observation Letter actually have?

The next step is set out in December 2021’s REGULATION (EU) 2021/115 “establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans).

You can find it here [in all languages](#) on the official EU repository for legal texts (EUR -Lex) or download the PDF in English here: [CAP regulation as approved Dec 2021](#)

The core element of article 118 is here: “The Member State shall provide to the Commission all necessary additional information and, where appropriate, revise the proposed plan” (emphasis added). It appears to be the case that, if the Commission use specifically demanding language, rather than loose and suggestive language, the member state will thus be obliged to make adjustments. For all else, the member state may or may not respond to the Commission’s que-

ries, but it would be standard good practice to respond, and make at least some adjustments.

## Conclusion

The strong language and range of suggestions in this Observation Letter are noteworthy. General environmental ambition, eco-schemes, specific GAECS and results indicators, and overall fairness are among the areas called out by the Commission as lacking. That the Commission hones in on the fact that Ireland simply won’t make an effective contribution to the general environmental objective of the CAP stands out- as does the requirement for change. The Observation Letter is delivered in the context of the war in Ukraine – and it is acutely aware of this. Indeed, the Ukraine war underscores the need for transition, as outlined in the opening paragraph of the document:

“The Russian invasion of Ukraine and the ongoing generalised commodity price surge bring to the forefront in the strongest possible way the integral link between climate action and food security. This link is recognised in the Paris Agreement and has been incorporated in the new legislation for a Common Agricultural Policy (Regulation (EU) 2021/1115) and the Farm to Fork Strategy (COM/2020/381 final) with a view to ensuring sufficient food supply of affordable food for citizens under all circumstances while transitioning towards sustainable food systems.”

In the context “of the Russian war on Ukraine, the Commission urges Ireland to consider interventions that will help reduce dependence on fossil fuels and other externally sourced inputs to preserve the production capacity and viability of farms and strengthen food security.”

Change then appears to be coming. But how and when is still up for grabs.

# Wallonia's Observation Letter: A plan that fails to address climate and biodiversity crises

Emmanuelle Beguin June 2022

*Leak : Here you'll find the Observation Letter to Wallonia's CAP Strategic Plan which ARC2020 has obtained. In no less than 210 points, the Commission exposes a lack of strategy towards healthy, sustainable and economically viable food systems for farmers, as well as incompatibilities and serious shortcomings in the measures proposed to deal with the climate and environmental crises. The Walloon government must review its copy by September 30th and obtain validation from the Commission so that the plan can enter into force on January 1st 2023. You will find here the first reaction of Natagora, member of the national coalition of environmental associations ImPAACTe, involved in the Walloon CAP strategic Planning since 2018.*

## Introduction

Just one week after [BBL reaction to the EU letter of observation on Flanders CAP strategic plan leak](#), this leaked letter from the EU Commission arrives at a critical time when the public enquiry on Walloon CAP plan is still ongoing. We believe it provides an excellent basis for citizens who need a neutral and external advice in order to contribute to this public inquiry which is so critical for every aspect of our lives: on the food we eat, the water we drink, the air we breathe, climate warming as well as the biodiversity and landscapes that surround us. This leak is also timely as it shows the critical insufficiencies of the Walloon agriculture policy plan for 2023 to 2027, just at a time this week when 19 EU Member States, not happy with additional efforts to be made to save our climate and biodiversity, and [under direct influence of the powerful COPA-COGECA lobby](#), have made this unbelievable request this week to waive again the safeguards for biodiversity in CAP implementation next year. An instrumentalization of the food crisis which ImPAACTe, the Walloon coalition consisting of WWF-Be, IEW, Greenpeace-Be and Nature et Progrès Belgique and Natagora, has already denounced (see ["La biodiversité est vitale pour notre sécurité alimentaire"](#)).

This article provides a summary of the EU observation letter, which many points our readers will find ImPAACTe has been advocating to the Walloon government for many months now. It's now time for the

Walloon government to draw conclusions from the letter and resume dialogue with the civil society.

[Exclusive – read the Commission's Observation Letter to Wallonia – BE-WA List of observations – Wallonia](#)

## Missed appointment with the Farm to Fork strategy

In the current global crisis of agriculture markets, the Commission points to the real levers to seize in the CAP strategic plan for Wallonie. It's about reinforcing the farmers' position in the value chains, and focusing investments on the regional food autonomy. The Commission calls on Wallonia to explain how the transition to healthier, more plant-based and sustainable diets will be achieved, in the absence of content on the matter. It considers the plan insufficient to strengthen the position of farmers in value chains, and doubts the 30% organic target in the absence of a concrete strategy. It notices a lack of support to producer groups and organisations, and points to a large number of missed opportunities to develop new economic perspectives while strengthening the resilience of the sector:

- Many tools to support producer collectives and organisations are not mobilised under either the 1st or the 2nd Pillar
- Investments are not targeted to increase our food autonomy

## Wallonia's Observation Letter: A plan that fails to address climate and biodiversity crises

- Insufficient support to reduce farm dependency on inputs and feeds
- The budget for developing greater protein autonomy in animal and human food is too low in light of the challenge
- A greater fairness in the allocation of subsidies is not demonstrated
- The high level of support for the livestock sector only compensates for the short-term difficulties of the sector, with no intention of improving its long-term viability



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### No tangible target or reduction expected in the use of synthetic pesticides

Although acknowledging numerous interventions and a substantial budget supporting the ecological transition of farms, the Commission then hands out numerous yellow cards for the very poor ambition of the environmental measures proposed. It calls for a revision of the Strategic Plan to put it in line with the needs identified, and a consequent revision of the target values for the result indicators. The Commission also highlights the lack of a detailed analysis of the relationship between different measures and their net combined effect, particularly on livestock farming and biodiversity, and concludes that the plan's

increased environmental ambition is not reflected in the information provided.

In particular, the Commission calls on Wallonia to set a clear target for pesticide reduction, its absence being an obvious obstacle to reducing their use.

### “Extremely low” objectives, and means for biodiversity

“Given the extremely worrying situation concerning biodiversity in Belgium (Wallonia), and given that the conservation status of 95% of habitats is considered unfavourable, the Commission considers that the lack of a proposed value for the indicator

“Supporting sustainable forest management”, and the extremely low values of the indicators “Preserve habitats and species” (4,13%), “Biodiversity-related investments” (0.36%) and “Preserve topographical features” (2.63%) do not adequately address the identified needs for biodiversity preservation and restoration.”

The Walloon plan is thus incompatible with the Green Deal objective of 10% of landscape features supporting biodiversity, and is in breach of the European regulation by not taking sufficiently into account the needs for habitats identified in the [“Priority Action Framework”](#), a 7-year action plan for the implementation of Natura 2000. This plan includes 46 000 grasslands of community interest linked to the agricultural sector, a jewel of Walloon heritage, most of which do not currently benefit from any protection or adequate management schemes.

The Commission also calls for a strengthened cross-compliance (conditionality), which should in principle constitute a safeguard for biodiversity, and for an increased budget for the ecological network eco-regime. It also points out that the modest area targets for agri-environmental and climate measures (MAEC) are not in line with the needs identified in the plan and the alarming state of biodiversity loss. It thus explicitly calls for “new commitments” to increase the area of protected habitats and species habitats, and to increase the share of landscape features in the agricultural sector.

## Red card for climate

First, it should be remembered that Wallonia has the highest livestock stocking rate in Europe after the Netherlands and Flanders. The main GHG emission source in the agricultural sector in Wallonia is therefore methane, from cattle farming. On this matter, let us quote the letter: “Belgium (Wallonia) has identified the reduction of greenhouse gas emissions as a priority need. However, the plan proposes significant support for the livestock sector, with a rate of coupled aid of 21.3%, considerably higher than the maximum 13% defined [in the regulation] and among the highest of all the plans [of the other Member States],

but it does not set any targets for the reduction of emissions from the livestock sector. The Commission is very concerned about the impact this could have on the climate and environmental situation.”

Therefore, the Commission demands that the granting of such aid be conditional on compliance with strict environmental and climate criteria, such as livestock stocking levels compatible with sustainable management of natural resources.

It also calls for clarification of the relationship and balance between coupled aid for cattle farming, which grants a flat-rate payment per head of cattle, and thus encourages the maintenance or increase in cattle numbers, and the eco-regime for permanent grassland, granting an increasing payment when cattle numbers fall. In fact, the ImPAACte analysis shows that the budget dedicated to coupled aid is four times higher than the budget of this grassland eco-regime, which is the counter-part to the coupled aid in the plan, encouraging a reduction in livestock numbers. The choice for farmers to reduce or not their stocking rate is therefore a foregone conclusion.

## Hazardous measures for biodiversity and natural resources

In addition to the hazardous effects of the coupled support as they are currently formulated, the Commission also highlights the potential damage of actual investment support, which are not always carried out with adequate environmental assessments. Many examples of livestock confined housing infrastructures installed with large amounts of public subsidy (tens or hundreds of thousands of euros for a project), which sometimes slip through the cracks of environmental assessments in regions well-endowed with nitrogen polluted environments, come to mind.

The letter comes at a critical time when the public consultation on the CAP plan is still underway. The challenge will be to find out whether Wallonia will really listen to civil society and Europe, or whether it will speak the traditional political cant and risk postponing the implementation of the plan for a year.

# CAP plans in negotiations: what is the substance?

Mathieu Willard, Matteo Metta June 2022

*In a context of war and spiking food prices, a series of observation letters, meetings, and negotiations between the Commission and Member States are shaping the future national CAP Strategic Plans. Are these negotiations going to make any changes that matter? Here our analysis.*

## Introduction

Three months after the submission of the draft CAP Strategic Plans, the European Commission has published the [28 Observation letters on the plans and the Member States' official reaction and comments](#). The approval procedure is not as crystal clear as it seems. The negotiations with the Member States were open only to some [symbolic tweets](#) instead of sharing the minutes or synthesis of conclusions. Some Member States are still to publish their comments, whereas others have made the access to observation letters uneasy for civil society, researchers, and stakeholders outside the government circles.

But, besides these formalities, what substantial outcomes can we expect from these observation letters and negotiations on pressing matters in food, rural, and agriculture? Are the negotiations going to close key gaps and reverse poor proposals made initially by the Member States, like retro-fitting eco-schemes to maintain business as usual, fairness-washing of direct payments, the concentration of sectorial support to large, commercial producer organisations, or the poor targeting of unclear result indicators?

Here an analysis of the process and substance of the approval of the plans.

## From strategic to fickle approach

It is hard to believe in future commitments of the CAP post-2022 when the Commission itself does the opposite of what it says. It is committed to increase landscape features but allows the ploughing of fallow land and use of chemical inputs (fertilisers, pesticides). It is committed to seriously make the distribution of direct payments fairer, but then turns a blind

eye on the backward steps or the fairness washing of the future plans. It is committed to support rural areas, but then allow Member States to transfer money from Pillar I to Pillar II without strong socio-ecological conditionalities. It is committed to adopt a strategic, evidence-based approach, and accept plans devoid of quantitative ex-ante evaluations or incorporations of SEA results to support their higher ambition.

On one hand, the Commission has been requesting many clarifications and changes in the plans in order to align them with Green Deal Objectives. On the other, it is still leaving the door open to substantial backpedalling on the green architecture and maintaining business as usual. All this is being justified by the need to adjust the CAP reform to the consequences of war in Ukraine on grain markets. We discussed how the arguments and solutions to tackle food security issues are dubious and ineffective (e.g. [CAP Strategic Plans and food security](#), [ARC's section on war in Ukraine](#)).

This double talk has made the context in which Member States have to answer to the observation letters very unfavourable to concrete adaptations and weakens the overall potential of the negotiation process. There are rare examples where Member States took the opportunities to improve the plans in substance. For instance, after much campaigning, Ireland announced a 17 Million Euro scheme to support farmers to farm for breeding waders (e.g. curlew, lapwing, golden plover) and their habitats on the 9th June.

This adjustment came as part of a series of biodiversity initiatives in Ireland, with the programme “*designed to support and compliment the Breeding Wader EIP, part of the CAP Strategic Plan, co-fund-*

## CAP plans in negotiations: what is the substance?

ed with the Department of Agriculture, Food and the Marine”. However, this small piece of progress, and the development of co-operation projects more generally, stand out as rare good examples of progressive social or environmental initiatives supported in Ireland’s CAP strategic Plan. The rest – i.e. the low CRISS rates, ineffective capping, unambitious eco-schemes, space for nature conditionality, and a lack of robust monitoring and evaluation tools – are instead areas where Ireland could still achieve substantial improvements, as has been unpacked on ARC previously (e.g. [Changes “required” to Ireland’s CAP Strategic Plan; CAP fairness and the Merits of a Unique Beneficiary Code; Slashing Space for Nature? Ireland Backsliding on CAP Basics](#)).

Similarly, German Minister Özdemir [has welcomed the Commission’s observations](#) on a plan that was mostly elaborated by the previous minister, stating that they would take into account the remarks to reshape the CAP plan. But in the Council, German intentions have shown to be quite the opposite, with Özdemir [proposing that the new GAEC on crop rotation be postponed to 2024](#). Indeed, [on the 13th of June AGRIFISH Council’s meeting](#), Wojciechowski made a proposition for a derogation on GAEC7 and GAEC8 for year 2023 and that 16 Member States, including Germany, supported this proposition.



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## Are Observation Letters fulfilling their purpose?

Bilateral meetings have been organised between high level representatives of the Commission and Member States, as [Commissioner Wojciechowski publicised on twitter](#), and continue to happen on-going with bilateral exchanges between officers at technical levels. In both cases, the Commission has shared very little information on the outcomes of these negotiations. At the same time, the Commission DG AGRI still hold a tighter, privileged connection with the agri-industry lobby of COPA-COGECA.

At Member State level, a few public meetings were organised around the observation letters. They mainly served to inform stakeholders about the letters, rather than finding collaborations and ways to address them. Most of the internal negotiations are indeed happening behind closed doors. All this secrecy is counterproductive. The letters are part of the policy reform process. A constructive discussion on their content at Member State level could open the door to concrete improvements.

So, the big question to answer is what happens if Member States do not take into account the requests or adequately answer the questions raised in the letters in their revised CAP plans. Timewise, it is clear that Article 121 of Regulation (EU) 2021/115 establishes six months between the first submission and final approval of the plans (excluding the time used by the Commission for sending the letters and the time used by the Member States to reply and send a revised plan). However, as regards the follow up steps and procedures in case of disagreement after the six months, there continues to be little clarity at different levels. With the time running out, the worst-case scenario of business-as-usual can be expected.

## Observation letters and indicators: the shaky CAP foundations

Indicators and targets are emerging as one of the critical area of the CAP plans. But are they really able to signal the level of ambition of the plans and their alignment with the Green Deal? The observation letters are point out to a poor setting and misuse of national targets related to various indicators, especially on climate and environmental objectives, and are requesting Member States to *“revise the proposed target values, by improving their accuracy and taking into account all the relevant interventions, and by defining an adequate ambition level in line with the identified needs”* as well as *“to better demonstrate the increased ambition of the planned green architecture as regards environmental and climate related objectives using qualitative and quantitative elements such as financial allocation and indicators”*.

This is all the more troubling knowing that it is those indicators that will be used to evaluate the performance of the CAP plans in achieving the CAP objectives. And the indicators, even when used correctly, can still be found to be open to interpretation or incomplete to draw a full picture on the expected merits of the CAP reform. This is the case for R.6 (Result Indicator 6) Redistribution to Smaller Farms, which (might) tell us something about the level of payments of beneficiaries below vs above the national average, but cannot say much about the overall extent to which direct payments will be concentrated between small, medium, and large owners.

Furthermore, in the [overview of the observation letters](#) (Page 7), the Commission shows a narrow legal interpretation of redistributive payments (CRISS) as to be given to ‘the first hectares’. Clearly, Article 29 of the CAP Strategic Plan regulation allows this interpretation but does not necessarily mean so. Indeed, Member States can also define eligibility criteria, so that CRISS could be designed also in different ways.

For instance, Member States could also define a max number of hectares for the farmers to be eligible for CRISS, thus excluding those above this max. This seems to be the case proposed by the [Italian CAP](#)

## CAP plans in negotiations: what is the substance?

[Plan](#) (Pag 347), where CRISS payment is given only to the farmers with a size between 0.5 and 50 hectares. Moreover, Italy will provide CRISS only to the first 14 hectares of these eligible farms (between 0.5 and 50 ha), and not the others (e.g. above or below).

The Commission can study the weak and strong approaches to shed lights on their true meaning or encourage the most effective ones. In its overview, the Commission needs to send clear policy messages by distinguishing the qualities of CAP interventions strategies. It could, for instance, shed more lights on the 'French' or 'Irish' interpretation of CRISS, where money is redistributed to the first hectares of every farm. Even the large ones.

### Asking the right questions

How could the Commission push for more positive outcomes from these negotiations – instead of sitting back and drawing EU-level conclusions about the future CAP plans based on generic check lists? The Commission should avoid falling into the trap of praising the high values of planned target result indicator and, instead, should investigate more about their quality, how Member States have set them (methodology and calculation), and what these indicators really mean in the substance. The Commission has to move away from EU wide messages based on mechanic check-lists and embrace policy assessments that take into account also steps backwards, the qualities of interventions, and the sharing of best practices at national and regional level.

Based on what we've shown, examples of good question to be asked would be: is it enough that 10% of pillar I budget is allocated to redistributive payments to justify not implementing capping? Or, is it efficient that coupled income support for livestock [could earn a farmer more money](#) than implementing an extensive grazing eco-scheme? Many questions can be raised. National organisations and agricultural unions working on CAP should have the opportunity to pressure the Member States on those various issues.

Answering those questions is what should be done now, involving a whole diversity of stakeholders in the

process. Instead, a lot of energy is wasted on searching for documents and information, screening unreadable CAP plans, translating them, and trying to make our points heard by governments that tend to think that small incremental changes will be enough.

### What can the Commission do at this stage?

Time is running out and farmers need to have clear rules in order to prepare for next year. No second round of observation letters seems to be foreseen. Therefore, it is all the more essential that the Commission provides tools to follow the process more closely. It is also in their interest as different stakeholders in every Member States need the support to be able to pressure their government into modifying the CAP plans with increased social and environmental ambitions, as the Commission itself is requesting. The Commission has the opportunity to work with civil society in order to make their own work relevant. But more transparency and facilitation tools are needed, of which those would be essential:

- The Commission can make clarity about what and the extent to which the plans have been revised following the negotiations.
- The Commission can ask the Member States and the future CAP networks to summarise the CAP plans, their key reforms and targets. The plans are indeed very long and the format is often hard to read and comprehend. Those synthesis should be available in the Member State language and in English for organisations from other countries to be able to compare ambitions across Europe and pressure their own government.
- Those syntheses should compare key reforms to the previous legislations and baselines, in order to assess the real contribution of the CAP plans and possible backslides.
- Key requests from the observation letters that relate to those reforms could then be added to highlight pressure spots.
- The Commission can publish the outcomes of the negotiations with the Member States before the pending approval.

## CAP plans in negotiations: what is the substance?

After the submission of the revised CAP plans, the Commission will start a three-month process of evaluating them before final approval. During this process, the Commission will have the opportunity to “stop the clock” if they need more justification or if parts of the CSP still need to be modified. It should be possible for everyone to follow-up on this process and pressure their own governments to implement the changes required.

### Keeping the next steps in mind

Even though it might seem late to ask for improved transparency and follow-up from the Commission on the negotiations, it is important to keep in mind that the approval of the CAP plans is not the last step before the next CAP programming, in 2028. The 2023-2027 legislation provides many opportunities to adapt the CAP plans along the way. If the observation letters turn out to be of little real impact or use, as the ex-ante evaluations were, the Commission should then learn from this experience and consider introducing those kind of tools in order to bring to the fore and make good use of the next revision opportunities. It makes no sense to develop a thorough process for subsidiarizing the CAP, with ex-ante evaluations, SWOT analyses, Observation Letters and more, if each step is then overlooked.

Every year, annual performance reviews will have to be presented by Member States with the possibility to propose adaptations of the CAP plans. The Commission will also evaluate the efficiency of the CAP plans in reaching its objectives through biennial performance reviews. Those key milestones must be detailed by the Commission and accompanied by tools for civil society and stakeholder organisations to be able to follow them up easily and accompany the Commission in pressuring the Member States towards more social and environmental ambition. In the CAP Strategic Plan Regulations and delegated acts, Member States are already asked to make those performance reviews public and to “*establish a secure electronic information system, in which they shall record and keep key information on the implementation of the CAP plans that is needed for monitoring and evaluation, in particular for monitor-*

*ing progress towards the objectives and targets set*”. Reports made from this information system should be made public as well in order to increase inclusivity in the CAP process and the overall relevance of the CAP steps to come.

## Can the CAP Strategic Plans help in reaching our pesticide reduction goals?

Mathieu Willard September 2022

*On June 22nd, the European commission presented a new regulation on the sustainable use of plant protection products. Originally scheduled in March, it had been postponed in order to deal with the invasion of Ukraine and food security debate that then erupted. This regulation is a long awaited response to the insufficient results of the Sustainable Use of Pesticide Directive (SUD) that framed the use of pesticides since 2009. Conclusions from many reports, including a report from the Court of Auditors, have shown that there had been very little progress in reducing use and risks for the environment and human health of pesticides. With 75% of food production depending on pollination, the urgency of the situation is alarming and a strong response is needed. Here, we will have a quick look at this regulation and check if the CAP Strategic Plans can provide good tools to help reach the ambition of the text.*

### A quick look at the new proposal

At first glance, this new proposal is a big improvement on the previous directive. For a start, the legal framework is evolving from a directive to a regulation, legally binding for all member states.

Two strong rules have been included as centrepieces of the text : the enforcement of an overall EU reduction of 50% of use and risk of pesticides by 2030, and the complete ban of pesticide use in all sensitive areas, including ecologically sensitive areas. To reach this goal, each Member State will be setting their own targets.

However there is still the possibility that, with a provided justification, targets as low as 35% can be proposed.

As was the case in the previous directive, the success of this regulation will strongly depend on the CAP, as it will be central in enforcing the application of the Integrated Pest Management (IPM) principles, and the only source of EU financing.

### Member States on the offensive

The new regulation proposal was the main point on the agenda of the last agrifish council, on July 18th. During the council, Member States haven't been short on critics of the text. Most Member States insisted on prioritising food security - seen as maintaining current production capacities - when establishing national targets. Members States were also generally opposed to the complete pesticide ban in sensitive areas, many stating it would ruin production capacities, some countries having large portions of their agricultural land in sensitive areas (almost all in Malta). Moreover, Member States have insisted on the importance of considering historical progress and other national specificities. They also pointed out the risk of increasing administrative burden and the lack of effective alternatives for farmers. Some Member States were also concerned with the lack of good data available to evaluate the effectiveness of the regulation as well as the opacity surrounding the weighting factors of the Harmonized Risk Indicator (HRI-1) which is the main indicator proposed to evaluate progress towards the target of 50% reduction.

This vocal criticism was predictable as many Member States had already been trying to water down the regulation in June and have also been active in watering down complementary legislation.

## A complex and multifactorial puzzle

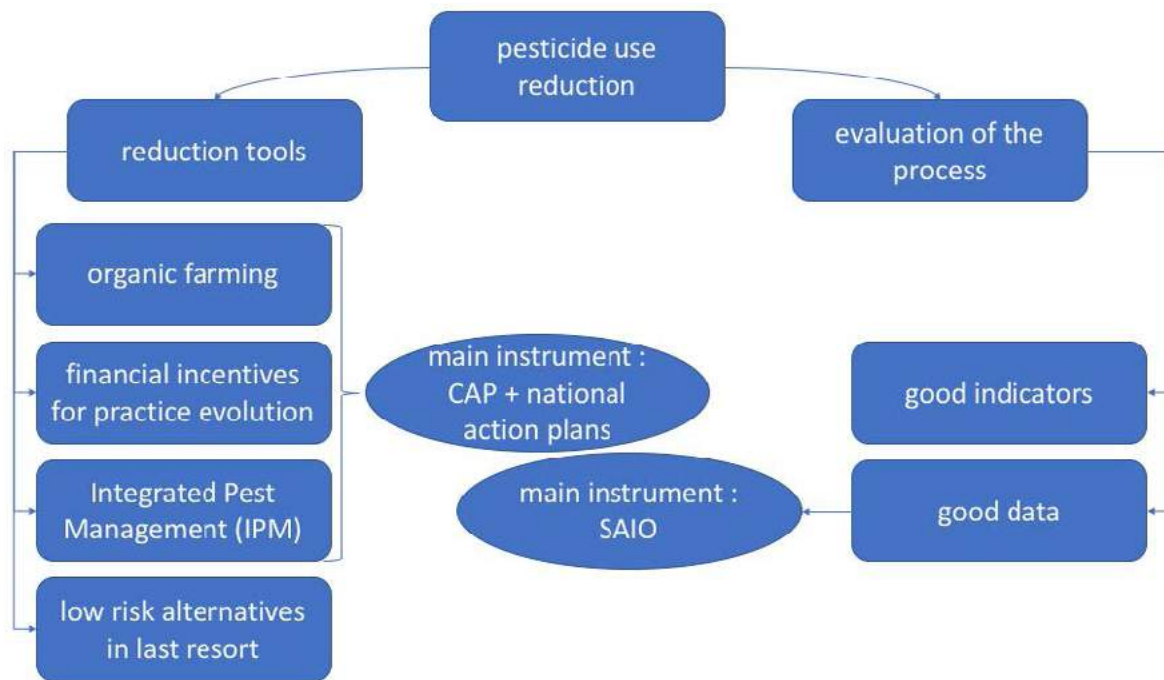


Figure 1 : overview of the pesticide reduction requirements

All those objections from Member States show how complex the reduction of pesticide objective is. Many conditions must be met to hope for a concrete and efficient reduction. The figure below summarises the minimum factors to be taken into account.

Although we will not linger on all those factors in this article, it is important to note the crucial complementarity of different legislations and action plans in order to achieve the pesticide reduction objectives.

First, the Statistics on Agricultural Input and Output legislation (SAIO) must provide quality and frequent data to be able to analyse the ongoing reduction. While it has been welcomed that yearly data on pesticide use and electronic collection of farmers' records will be implemented, there are still concerns with the timing. Indeed, the first year this data would be collected is 2028 with 2026 as reference year. This delay will make monitoring for the 2030 reduction objective impossible.

Second, the main indicator used for monitoring (Harmonised Risk Indicator 1 (HRI-1)) has been found inappropriate in multiple reports (Here the report from PAN Europe, Global 2000, the European Court of Auditors). Those reports show that deficiencies, notably in risk weighting factors linked to active substances, render the indicator ineffective in estimating the actual reduction in risk and use of pesticide. The indicator also overestimates the risk of natural substances used in organic farming.

Better data collection and better indicators are crucial to seriously tackle our pesticide dependency and this necessity has been long established by the court of auditors' report, back in 2020.

## CAP Strategic Plans at the rescue?

The above deficiencies should be of great concern to anyone who really wants to achieve the Farm to Fork Strategy objectives in pesticide use reduction. Moreover, it is also essential to check if Member States have the right reduction tools and related financing at their disposal to initiate concrete reductions on the ground.

In terms of European tools, the new pesticide regulation is proposing two main ways of action. The first is an enforcement of IPM, the second, an “exceptional EU support” through the CAP Strategic Plans (CSPs).



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## IPM and GAECs

The 2009, still in application, pesticide directive already made it mandatory for farmers to apply IPM as of 2014. National Action Plans were to be established to ensure, among other objectives, this enforcement. Despite those rules, the European Court of Auditors reported only limited compliance in Member States, mainly because of a lack of clear criterias to assess and lax CAP conditionalities that are supposed to set up minimal requirements encompassing the IPM principles. In the new CSPs, the problem doesn't seem to have been resolved.

On GAECs, GAEC 4, requiring the establishment of buffer strips along watercourses, GAEC 7, requiring crop rotation on arable land and GAEC 8, establishing minimum shares of land to non-productive areas, are all linked to IPM principles. Unfortunately, none of them seem to meet expectations, either because of lack of ambition in the original CSP regulation, or by way of derogations in the Strategic Plans. In the table below, we summarise the CSP screening made by EEB and Birdlife on the topic for 8 Member States (Poland, Latvia, Sweden, Germany, Spain, Italy, Czech Republic and Slovakia).

## Can the CAP Strategic Plans help in reaching our pesticide reduction goals?

	Recommendations	EU CSP Regulation	CAP Strategic Plans implementation
<b>GAEC 4</b>	The European Food Safety Authority (EFSA) fixes buffer strips at between 10 and 50m for pesticides next to water courses.	<ul style="list-style-type: none"> <li>• Minimum width of 3m.</li> <li>• Derogation : for small irrigation ditches when justified.</li> </ul>	Many Member States will use the possibility to not apply minimum width to small drainage ditches, which don't fit the water course description, even though this may well result in the contamination of water courses. Ex.: Poland, Latvia, Spain
<b>GAEC 7</b>	The IPM principles indicate that crop rotation and diversification with resistant/tolerant cultivars is essential.	<ul style="list-style-type: none"> <li>• Mandatory crop rotation.</li> <li>• Derogation : Possibility to authorise crop diversification instead of rotation upon justification.</li> </ul>	Many Member States will not be implementing crop rotation at all. Others are strongly restricting the contexts in which the rotation is mandatory. Ex.: Latvia and Sweden will not implement crop rotation. In Italy, too many exemptions are making the rule ineffective. Germany, Czech Republic and Slovakia will implement crop rotation only. Spain will implement both.
<b>GAEC 8</b>	Studies have shown that at least 10% of high diversity landscape features and non-productive areas are needed to start to restore agricultural ecosystems	<ul style="list-style-type: none"> <li>• Minimum share of 3-4 % of arable land at farm level devoted to non-productive areas and features.</li> </ul>	No Member States goes higher than the mandatory minimum. 17 of the 28 CSPs offer the possibility to include productive elements with no benefit for biodiversity.

**Table 1** : summary of IPM principles compliance in 8 CSPs, **source** : EEB, Birdlife

It is also of great importance to note that the commission recently decided to authorise the contested derogation on GAEC 7 and GAEC 8, for productivity purposes, for the year 2023 (We've already discussed this issue in previous articles, showing the absurdity of this decision). It will not surprise anyone that almost all Member States have decided to use the derogation on both GAECs for next year. Here ([put pdf](#)), you can find the list of Member States and derogations they will implement.

Finally, the conditionality of the CAP doesn't only rely on GAECs. It also includes Statutory Management Requirements (SMR) that link CAP payments to the respect of other complementary EU legislations. SMR 7 and SMR 8 are specifically linking CAP payments to the compliance of rules from the SUD and EU Regulation on plant protection products. But neither SMR 7 nor SMR 8 include articles enforcing IPM as a mandatory principle.

### Timing is everything

The fact that the 2023-2027 CAP still refers to the SUD directive in its conditionality shows another big issue for the new pesticide regulation proposal - timing. In effect, the new pesticide regulation is counting

on the new CAP to induce a large change in agricultural practices. But at the time of its publication (June 22nd), the negotiation on CSPs was already close to an end. It was impossible, in that timeframe, to adapt the CSPs to the increased ambition of the new binding regulation. And even though the objective of a 50% reduction in use and risk of pesticides was already part of the Green Deal objectives and therefore on the table of negotiations during the design phase, organisations and civil society pushing for that objective didn't have, at the time, the necessary position in the negotiation to make it happen.

In effect, the Green Deal targets, including pesticide reduction, are included in the recitals of the CAP legislation (122), but are not binding in any way. Member States were thus not obliged to include relative quantitative targets.

### The right compass

To evaluate the progress made towards a pesticide free agriculture, Member States have at their disposal two CAP result indicators and one impact indicator. Unfortunately, none of them seem to be able to correctly provide direction.

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The first and main result indicator, R-24, is compiling the share of agricultural area supported by specific commitments which lead to a sustainable use of pesticides. Values for R-24 are varying strongly between Member States. More than half have proposed less than 10% or no value at all. Moreover, this indicator, even when ambitiously set up, doesn't necessarily ensure effective pesticide use reduction as the concrete reduction depends on the commitments proposed, through eco-schemes and agri-environment and climate measures (AECMs), for which the design can be of very poor quality.

Another result indicator, R-29, compiling the share of agricultural area supported by the CAP for organic farming, can indirectly convey information on pesticide reduction. But the overall ambition in the CSPs has been described as insufficient by IFOAM organics.

Finally, an impact indicator, I-18, will be used to assess effective progress. This impact indicator notably uses HRI-1 to evaluate the impact of the CAP measures on pesticide use. And, as we've seen earlier, this indicator is largely flawed.

### The right tools

The main tools the CAP proposes to induce practice change are the AECMs and the new eco-schemes. An obvious way to use those tools for pesticide reduction is to promote and maintain organic farming. In the Commission's assessment of CSPs, we learn that of the 28 CSPs, 26 have set targets for increasing organic farming. Unfortunately, only a few have set ambitious targets, with only 8 Member States intending to double the share of agricultural area supported by organic farming schemes. Considering that the EU average area under organic production is of only 9,1% (2020 statistics), this level of investment is far from enough to respect the Green Deal objective of 25% of agricultural area under organic farming by 2030 and consequentially insufficient to induce a sufficient decrease in pesticide use.

Fortunately, other types of schemes can help reduce pesticide use and risks. For example, Germany has proposed an eco-scheme limiting the use of all pes-

ticides in certain locations. But not all eco-schemes are as promising. In an early assessment of the 166 eco-schemes proposed in the CSPs, EEB, WWF and Birdlife have shown that at least half the eco-schemes targeting pesticide reduction were deemed of low quality by national experts. Moreover, some other eco-schemes, such as no-tillage schemes, could even worsen the problem because they do not include limits in the use of pesticides and herbicides in compensation.

As for the AECMs, they have been a mandatory part of rural development spending for 30 years and have shown, up until now, no significant result.

Also promoted through eco-schemes and AECMs, precision farming has been promoted by the Commission and the industry as a way to reduce the use of pesticides while maintaining productivity. But this approach requires expensive investments from farmers that are, for the most, already heavily indebted by the production system. Precision farming is set to perpetuate.

### Conclusion

As we've seen, the legal architecture needed to frame a concrete reduction in pesticide use exists. A new pesticide regulation has been proposed in June, a new legislation on statistics is to be finalised and the new CAP offers a number of useful tools. But the devil lies in the details and this new architecture could easily be compromised by shortcomings in the use of tools and indicators, as well as by uncoordinated timings and opportunistic deferrals and compromises.

As for the CAP, all future opportunities (annual reviews, mid-term reviews) to amend the CSPs should be used to increase financing and overall ambition of eco-schemes and agri-environment and climate measures. All derogations on GAECs must be re-evaluated to comply with the new pesticide regulation and indicators, especially HRI-1, must be re-equilibrated to enable a strict quantitative follow-up on progression.

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