"*A fairer CAP*", really?

Analysing fairwashing in CAP talks and practices

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1 Introduction 7

2 "*Much Ado About Nothing*?" The weaking fairness framework at EU level 9

3 CAP fairwashing: a concept to expose injustices towards small-medium farmers 13

4 Putting the concept in practice: qualitative methodology 14

5 Checking fairness in practice: comparative analysis of CAP Strategic Plans 16

5.1 Ireland 16

5.2 France 18

5.3 Germany 20

6 Checking fairness in talks: critical policy discourse analysis of DG AGRI 22

6.1 Incomplete or self-promotional claims: "majority of CAP payments go to medium-size professional family farms" 22

6.2 Performance indicators as red herrings: is R6 an indicator or a distractor? 24

7 Conclusions 27

8 Bibliography 29

Executive Summary

The CAP reform post-2022 promised a fairer CAP for small-medium scale farmers. Now that the CAP Strategic Plans are approved and running, is the CAP really fairer and should fairness be neglected in the upcoming debate on the future of CAP?

Reading the communications of the Commission DG AGRI, one could think that the issues of unfairness are now sorted out. Our analysis over a small sample of CAP Strategic Plans, namely France, Germany, and Ireland, reveals two interconnected problems that need to be addressed at policy and political level.

On one hand, the CAP Strategic Plans 2023-2027 have not systematically and coherently addressed all the elements of unfairness and, overall, just made small adjustments to avoid the required meaningful shift from the previous direct payment arrangements. On the other hand, DG AGRI's analyses and communications, while useful to provide a synthesis across countries, fail to account for the trade-offs, loopholes, and nuances of each Member States' decisions compared to their baselines situations and needs. In some cases, these communications and analyses are full of incomplete information and red herrings, for instance the performance indicator R6.

Tackling unfairness in CAP remains as important as ever, especially in the ongoing debate on food security. This analysis warns that a fairer CAP is still an unfinished business and requires urgent corrections or deep rethinking beyond the basic income support. Otherwise, the bias towards a specialised and concentrated agri-food sector will be continue.

Foreword

Even if the CAP Strategic Plans have been approved no so long ago and the CAP post-2027 seems far away, the debate on the future of CAP is bustling again. In [a speech about global food security addressed to the European Parliament in June 2023], the Commissioner Mr Janusz Wojciechowski announced the presentation of an holistic strategic plan by the end of 2023 to ensure food security for the EU and this plan will contain elements of the Common Agricultural Policy after 2027.

From the initial instrumentalisation of EU agrifood policies due to geopolitics and war affairs, very likely, we expect the next CAP debate to be framed around some of the following:

- New forms of neoliberal interventions weakening public rules, including strategic food stocks and market support with poor socio-environmental strings attached;
- Further deregulation of state aid;
- Higher public budgets available for private agricultural insurance schemes;
- Agri-chemical exceptions from competitions laws; and,
- Public money to large-scale corporations disguised as producer organisations in sectorial interventions.

This report explains why repositioning the CAP debate around the issues of fairness, or lack thereof, is so important now in the early stages of a new policy cycle and presents a first attempt to define the concept of fairwashing in CAP. Though fairness in CAP can be seen from multiple perspectives and touches upon many rules, this analysis regards specifically the distribution of direct payments across beneficiaries.

Fairwashing helps to unveil how apparently positive policy claims are poor in substance and hyped-up by strong communication efforts to defend and strengthen business-as-usual scenarios. We analysed the policy decisions made in three selected CAP Strategic Plans (Ireland, France, and Germany), as well as communication tricks used in the discourses and reports published by DG AGRI on this matter.

So, what did our research find? We found that while these three plans contain some positive elements and have made some steps forward, France, Germany and Ireland also stayed static on many relevant matters, created caveats and loopholes to water down the timing and scale of the changes that were approved, or made the bare minimum steps allowable compared to societal expectations and own pledges for a fairer CAP.

This mixed situation can be seen in other countries too. For instance, in Italy, we noted that several improvements were introduced (e.g., setting up of a maximum unit amounts, eligibility criteria for targeting redistributive payments), but some of them were still very weak (e.g., a max unit amount set at 2 000 EUR /ha is still a very high threshold compared to average). Italy also removed the capping of large beneficiaries above EUR 500 000/year for the sake of "simplifying the CAP". This and generally any backsliding steps compared to the previous CAP are not highlighted in any press or statements from the Commission. The Italian decision to avoid capping large beneficiaries in the name of protecting "labour intensive" large-scale companies is an argument reiterated also by other Member States without substantial evidence neither in the plans, nor in their ex-ante evaluations. Denmark is another example. As reported in this analysis, Denmark received a derogation from the Commission to disregard the mandatory capping or redistribution without proving solid evidence and on the basis of questionable arguments.

DG AGRI has published a number of descriptive reports after the approval of the CAP plans, but, importantly, none of them critically compare the individual situations in each Member States before and after the reform and how the new plans effectively alter public money distribution. None of the DG AGRI's overview studies are able to ex-ante estimate the renewed distribution of Pillar I budget across different farm sizes, both in absolute and relative terms. None of them critically assess the independence, methods, rigor, and conclusions of the ex-ante evaluations of the CAP plans carried out by the Member States or pays sufficient attention to the trade-offs between the policy choices made.

On the contrary, the conclusions emerging from DG AGRI early analyses and messages, while useful to provide an overview and synthesis across Europe, in reality are uncritical and fail to quantify the new distribution of all direct payments and other CAP interventions across farm sizes, not to mention gender, age, or territories. Instead of recognising these limitations, these analyses can led to partial statements from DG AGRI in various legislative settings (e.g., European Parliament or Council) and strategically hijack the trajectories of the upcoming CAP debate away from these issues.

For instance, DG AGRI early and more recent analyses of the plans include EU-wide sensational figures about redistributive payments without contextualising them (e.g., initial situation and needs in the Member States) or explaining their caveats (e.g., lack of effective eligibility criteria to exclude very large farm from CRISS), not to mention the lack of evidence on the total sum of all redistribution efforts towards small-medium farmers (negative and positive) in each Member States, including the rate of adoption of eco-schemes and other per-hectare payments. Indeed, the adoption rate of voluntary eco-schemes across different farm sizes can ultimately affect the balance sheets and needs to be checked after the first years of implementation to express stronger conclusions about a fairer CAP. Instead, isolated budget figures, cross-country descriptive statistics, and single performance indicators (i.e., R6) are used to distract attention from the core unfairness of direct payments, which systematically continue to benefit the largest farmers as the number of hectares determine the amount of money a beneficiary receives, and not only the *arithmetic average* level of payments per hectare across different farm sizes (as measured by R6).

This report comes at crucial time for the CAP debate anticipating the EU elections in 2024 and a possible mid-term CAP reform taking place in parallel with the CAP Strategic Plans' performance reviews in 2025. Especially because the speculations about food security and market instability are raising and can strongly deviate the political attention from these issues, this analysis suggests the Commissions should keep unfairness in CAP at the center of the political agenda. This means expanding the definition of fairness to look beyond basic income support for sustainability (representing 31% of the total CAP expenditure) to include all direct payments and other CAP interventions and rules. Other commitments for the Commission can entail working on better databases accessible for independent analyses, consider the global south perspective of EU subsidies, building capacity in the Member States to carry out more rigorous and comprehensive assessments for the performance reviews, raising critical issues of unfairness in EU political arenas and Member States' revisions of the plans, or complementing the common performance indicator R6 with more input/output indicators.

ARC2020 wants to thank civil society organisations representing a plurality of agricultural, food, rural and environmental voices in Ireland, Germany, and France for supporting the analyses of this report. Without the participation of committed experts, critical analyses like this would not have been possible.

1 Introduction

This report presents a first attempt to define and apply the concept fairwashing in the EU Common Agricultural Policy (CAP). Fairness in the CAP, or the lack thereof, is often narrowly associated with the **unequal distribution of Pillar I per-hectare direct payments** to farmers, more precisely one component of them, i.e., basic income support for sustainability (BISS). To explain one part of the problem concisely, farmers and farming systems of small to medium size can claim less land for per-hectares subsidies compared to very large-scale beneficiaries[1], therefore resulting in a systematic unfair distribution of direct payments.

Just as a reminder, the CAP is supposed to ensure a **fair standard of living for farmers** (Article 39 of the Treaty on the Functioning of the European Union). However, in the EU, there are agricultural holdings receiving more than EUR 500 thousand or sometimes even multiple millions of Euro per year. At the same time, there are active farmers receiving just a few hundred Euros or nothing at all because of their limited surface area. Besides the inequalities stemming from the farm size, another issue around fairness regards the amount paid per hectare, which is not always uniform across territories and creates divergences within and outside the Member States. Other issues so far associated with unfairness in direct payments concerns the age or annual working units of the major beneficiaries of direct payments, not to mention the gender, ecological footprint, or proximity to areas with natural constrains.

Against this background, fairwashing could be broadly understood as the two simultaneous acts by governmental authorities and lobby groups: a) doing little or worse in practice to address inequalities in the CAP; and b) putting in significant communication efforts to deceive society on (self-claimed) positive progress of CAP fairness.

In this report, we try to operationalise and apply both elements of this concept only on direct payments. In the first part, we analyse three approved CAP Strategic Plans 2023-2027 (CSPs), namely Ireland, France, and Germany. Unlike what we assert is the approach taken by the European Commission DG AGRI, we do not only cherry pick the good and small steps forward made by the Member States in these plans; instead, we also assess the decisions that retained the status quo or even went backwards compared to the previous programming period. Instead of looking at redistributive payments or capping as tick-box exercise, we dive into the specific eligibility criteria and decisions to perform a more in-depth and multi-component assessment of fairness.

Backsliding principle applied on CAP fairness?

A clear example of backsliding can be seen in Italy whereby capping and degressivity[2] was removed during the current reform compared to the past, thus allowing large-scale farms to receive limitless

[1] For large scale beneficiaries we do not refer to those who are composed by multiple, small-medium scale farmers aggregated in forms of cooperatives or associations. This distinction was addressed here.

[2] Capping refers to the maximum payment a farmer can receive. Degressivity is the progressive reduction of payment above a certain threshold.

direct payments. Like Portugal, Italy however is one of the few countries that set up eligibility criteria to exclude large scale farmers from redistributive payments and target this support entirely to small-medium scale farms[3]. Whether the sum of these forward and backward decisions taken by Italy is meeting the needed adjustments and tackling inequality remains quantitatively unclear as in many other Member States' ex-ante evaluations of the CAP Strategic Plans.

In the second part of this article, we analyse the communication side of fairwashing. We screened press news, public statements, and policy analysis reports published by the European Commission – DG AGRI on this matter; the material was collected before, during, and after the approval of the CSPs. We fact checked DG AGRI arguments and claims vis-á-vis the available evidence in the approved plans and ex-ante evaluations.

Our longitudinal and multicomponent analysis suggests that DG AGRI communications on the topic fail to draw attention to many nuances and loopholes in the decisions taken by the Member States, and therefore come across as uncritical and self-satisfactory, even when the evidence available is weak. This allows for an emphasise to be put on cosmetic changes, while avoiding drawing attention to the substantial flaws in the expected reforms at EU and national levels.

In conclusion, we suggest the Commission DG AGRI and its technical support networks come up with more comprehensive thoroughgoing and longitudinal assessments of the fairness of all components of direct payments and other CAP interventions towards small and medium farmers. In future CAP, we recommend keeping the result indicator R.6 as good proxy for measuring performances but, this indicator is insufficient and needs to be urgently complemented with a more appropriate set of input, output, and impact indicators able to clearly express the aggregate concentration of direct payments among different beneficiaries in terms of sizes, if possible, also gender or locations. This analysis would contribute to a more evidence and justice-based approach of the CAP reviews or reform post-2027.

[3] To the first 14 hectares of farms between 0.5 and 50 hectares

2 "*Much Ado About Nothing*?" The weakening fairness framework at EU level

In 2018, the European Commission proposed a limited but still somewhat ambitious proposal for raising the level of fairness in direct payments, most notably including 100% capping for farmers receiving above 100 000 Euro per year from all direct payments. If this law passed, 920 Million Euro could have been reused to fund redistributive payments to small-medium farmers, according to the Commission's own impact assessment (Page 17).

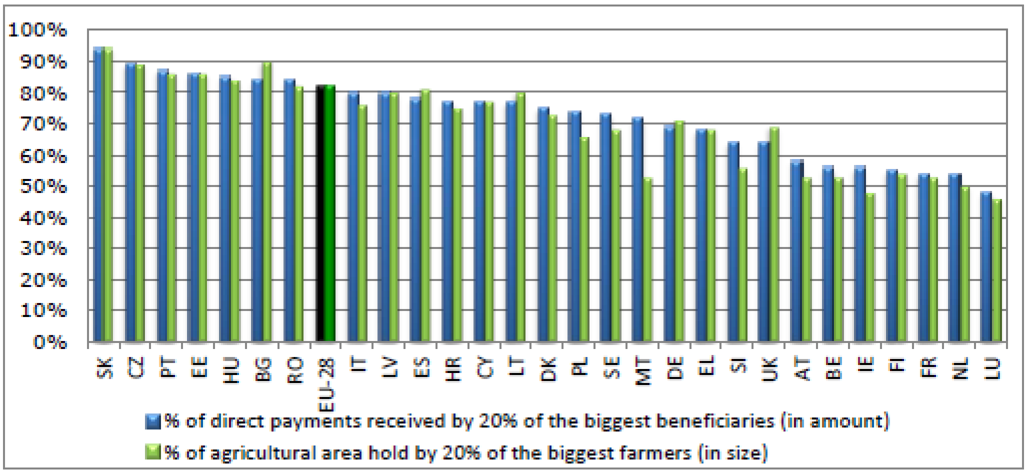
Despite the efforts of the European Parliament to maintain mandatory capping and other elements of the 2018 Commission proposal, the largest agri-business lobby group (COPA-COGECA) and the Council finally managed to water down and defuse it in different ways.

Box 1: How a fairer CAP proposal at EU level was watered down in Brussels before the national CSPs

- Capping and degressivity over large beneficiaries receiving above 100 000 Euro became voluntary instead of mandatory. Both tools were highly debated among the co-legislators (European Parliament and the AGRI-FISH Council), but in reality, these essential decisions were already determined from the top, namely by the MFF conclusions adopted by the European Council in July 2020 (Pag .56)
- The scope of voluntary capping and degressivity was narrowed down only to basic income support, which is just one component of direct payments. From applying these reductions to the sum of all direct payments or per-hectares payments above 100 000 euro (e.g., eco-schemes, basic income support, young farmers payment, etc.), the application of these two tools was finally reduced only to a smaller component of direct payments (i.e., basic income support). This heavily compromised the redistributive capacity of these capping and degressivity.
- A minimum of 10% of direct payments budget was agreed to be used for CRISS as derogation to avoid capping and degressivity. The 10% allocation of direct payments to CRISS is at the expense of all farmers, including small-medium size, and not a gift from large beneficiaries, as for instance reported in this fact sheet about Germany but also in many conservative political speeches.
- The setting up of eligibility criteria to channel CRISS payments only to small and medium farms was maintained voluntarily for the Member States. In this way, MS could create loopholes to return CRISS payments on the first hectares of every farmer, including large beneficiaries.

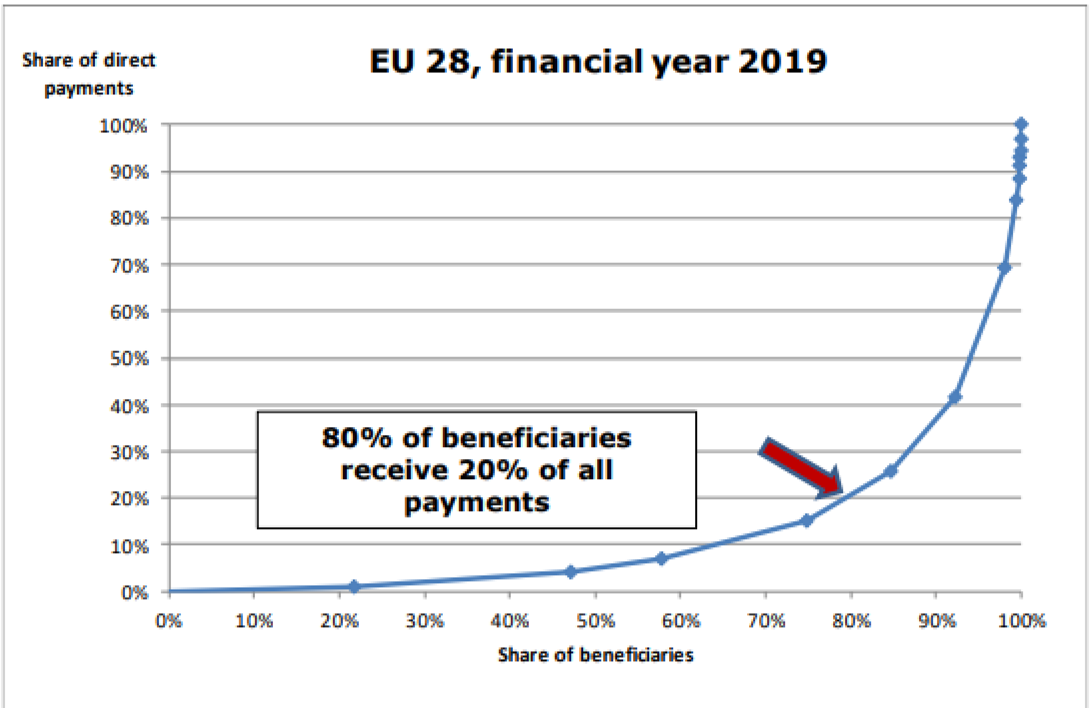
Today, instead of acknowledging the weaking of the EU framework, the Commission sees the fairness differently. Looking at the recent press news and reports (see Chapter 6 of this analysis), DG AGRI is maximising the communication efforts to stress that small-scale farmers, on average, receive **higher levels of payments per hectare** compared to large scale farmers. However, the level of payment per hectare was one, and definitely not the biggest issue at the core of fairness/unfairness in the CAP. In this way, the Commission moves the attention from the "*skewed concentration of total payments*" to the "*level of payments per hectare*" across farm size, thus making the small-scale and medium-sized farmers look like if they were the winners. While the first perspective is highly problematic, the second is a convenient story to tell. What the Commission can do to be more fair-minded is to keep updating the distribution of direct payments and land changed compared previous CAP and financial years.

Figure 2: Distribution of direct payments and beneficiaries across Member States in 2015



Source: CATS data – DG AGRI.

Figure 3: Distribution of direct payments and beneficiaries across Member States in 2019



Source: https://agriculture.ec.europa.eu/system/files/2020-10/direct-aid-report-2019_en_0.pdf

The per-hectare logic of direct payment was maintained in the last CAP reform by a new sustainability narrative built around the concept of rewarding ecosystem services – still, per-hectare. This new dimension of direct payments, called eco-schemes, neither disrupted this systemic bias of payments towards large landowners, nor brought enough environmental value to direct payments. Lobby pressure during the reform helped ensure undue derogations and weakened basic conditionalities, which would have made CAP and the European Green Deal targets more aligned.

Many arguments have been put forward against capping large beneficiaries or generally to discourage redistributive efforts, but a few of them have really been fact-checked or further explored. "*If capping is introduced, then large farms will split into many to get the same funds*", is one example echoed in the debate. Others have argued that farm income and food security will be highly affected by capping large beneficiaries (Italy, pg. 91 of its approved CAP SP). Another absurd argument is that farmers will not comply with Good Agricultural and Environmental Conditions (GAECs) if they were to be capped, as if national and EU laws are not there for all farmers regardless of whether they are CAP beneficiaries, or as if GAEC standards are systematically implemented or checked over a large sample.

Last, but not least, "*large farms create a lot of employment in rural areas*" is one of the most peculiar arguments we heard, sometimes without any reliable statistics to sound factual. Large-scale beneficiaries are defined as "labour intense" in the Italian CAP Strategic Plan (pag. 91), while an OECD report referenced in the EU biodiversity strategy argue the opposite, noting that larger farmers can have more mechanised monocultural fields. If we want to add more arguments, there are also small-medium farms who are not even able to regularise their workers with proper hiring contracts and are still creating employment that falls out the official statistics. Therefore, are these claims against capping substantiated by proper data and is the soundness of this data questioned at all? Otherwise, employment and labour intensity are just conveniently used when it serves to wrong-foot the negotiations and maintain business-as-usual.

The conundrum behind fairness is complex, yet unfairness still persists and needs action now.

Unfairness in the distribution of CAP does not just concern the debate between small vs large beneficiaries, which can be nuanced when small beneficiaries are grouped together in large cooperatives as we have discussed here in the case of the Czech Republic. Another source of unfairness concerns the uneven level of payments per hectares across different territories of the EU (internal and external convergence, maximum amount of entitlement payment per hectare), which are deeply rooted in the history of CAP and other structural differences across the EU territories (e.g., land or rental prices).

Unfairness in CAP can also be seen from different perspectives, not only farm size, but also gender, age, race, typologies of farming systems, labour, not to mention the global perspectives of European subsidies and the distortion of market conditions for rural communities beyond the EU. Finally, unfairness in CAP can stem from the rules of the Common Market Organisation, the minimum thresholds set up for recognising small-medium cooperatives under producer organisations (sectoral CAP support), or the rules governing state aid in agriculture (or the growing deregulation of state aid).

3 CAP fairwashing: a concept to expose injustices towards small-medium farmers

Much like the concept of green-washing proposed by Maggiore & Presti (2022), fair-washing in CAP could be broadly understood as deceptive. Fairwashing can be seen as the act of deceiving society on supposed progress towards redistributing public resources based on ethical principles and evidence, while in fact retaining the status quo as regards power, rules, money and indeed resources. More concretely, governmental organisations or stakeholders' groups that practice fair-washing over CAP direct payments:

a) Work to ensure small or no policy changes towards reverting the national and the EU baseline situation of 80% of direct payments going to 20% of large beneficiaries.
b) Invest in communication efforts to claim that policy changes regarding fairness or equal distribution have had a real and significant impact.

It is also the case that without this independent and external analyses – from civil society organisations, researchers, farming groups – fair-washing cannot be spotted, discussed, and therefore tackled. And unfortunately, as we discussed in this article, an underlying problem with undertaking or scrutinising these analyses, either ex ante or ex post the policy decisions, lays in the poor accessibility of primary, anonymised, up-to-date data regarding the distribution of funds across beneficiaries and multiple criteria (farm size, location, age, gender, etc.).

4 Putting the concept in practice: qualitative methodology

To put this concept in practice, we divided this analysis into two parts. In the first, we analysed the actual policy decisions made by the Member States. Contrary to DG AGRI's latest policy analyses, we do not look only at the **steps forward** that some Member States have claimed in their plans, but also the **status quo or static decisions and the steps backward compared to the CAP 2014-2020.** Given the limited resources behind this assessment, we concentrate this analysis only on three CSPs, namely Ireland, France, and Germany.

Although the definition of fairness can concern many CAP interventions, we narrow down this assessment only on Pillar I direct payments, and the different tools available to avoid the concentration of public funds into the a few and large beneficiaries (Table 1).

Table 1: Different tools proposed in the CAP reform post-2022 to increase fairness of direct payments

Fairness tools	Short Definition
1. Internal Convergence	Reducing territorial differences in the level of basic income support for sustainability (BISS entitlements per hectare) compared to national average
2. Max level of entitlement payment	Adding an upper limit on the value of BISS entitlements
3. Capping direct payments of large recipients	Adding an upper limit on the total amount of BISS payments received by each farmer (labour costs may be deducted from capping)
4. Redistributive payments (CRISS) towards small-medium size farmers	Additional income top-up dedicated only to small and medium size farms (see eligibility criteria)
5. Small Farmer Scheme	Up to a maximum of EUR 1 250 per year to small farmers subject to a simplified control system

For each of these tools, the analysis compares the CAP SP decision with baseline situation as following:

- green box = forward step towards more fairness
- yellow box = status quo step
- red box = backward step
- * = Fairwash tricks

In the second part of this analysis, we devote more attention to the policy discourses and how they reflect decisions taken at EU level and in the specific national CAP SP. Critical discourse analysis is a research methodology widely used in social and political science. It is concerned with systematically investigating hidden power relations and ideologies embedded in discourses of different forms, like text, speeches, images, videos (Johnson & McLean, 2020; van Leeuwen, 2006). To be more precise, the critical component of our analysis is devoted to how the Commission emphases the positive or little steps forward made by the Member States to support its policy claims while, purposefully or carelessly, ignores the limitations of the existing evidence, as well as the policy stasis or steps backwards for decisions taken at EU and national level as regards fairness.

We screen some of the many verbal and written communications published by DG AGRI during and after the approval of the CAP plans. For the same lack of resources, we narrowed down this analysis only on DG AGRI's policy reports or speeches, and excluded the discourses of other powerful allied stakeholder groups and political parties with strong ties with DG AGRI. In this qualitative and joint assessment, the analysis identified the **fairwashing tactics and tricks** used by DG AGRI ***to mask stasis or regression.***

5 Checking fairness in practice: comparative analysis of CAP Strategic Plans

5.1 Ireland

5.1.1 Factual comparison

Table 2 Comparison across different elements for a fairer CAP Strategic Plan in Ireland

Tools to increase fairness in the CAP post-2022	Ireland 2014-2022	Ireland 2023-2027
Internal Convergence	60%	85% by 2026
Max level of entitlement payment	700€ *(2019 max unit value on Basic Payment Scheme + Greening)*	320€ *
Capping large recipients	100% reduction for amounts exceeding 150.000€	100% reduction for amounts exceeding 100,000€ and 85% degressivity for values between 60,000 and 100,000€ **
Redistributive payments	None	10% of direct payments national ceiling ***
Payment for young farmers	2% *Young farmers can apply for up to 50 eligible ha*	3% *Young farmers can apply for up to 50 eligible hectares*
Small Farmer Scheme	Not implemented	Not implemented

- green box = forward step;
- yellow box = status quo step;
- red box = backward step;
- * = Fairwashing tricks

5.1.2 Our fairwashing watch

Overall, Ireland has made positive steps forward as regards the redistribution of direct payments compared to the baseline situation, but still these met only the minimum requirements of the EU legislation instead of going beyond them .They also take advantage of the longest timeframe allowable to delay its effective implementation. For instance, the commitments towards internal convergence are meeting the smallest value of 85% by 2027, which is the longest timeframe to do this. Moreover, when positive steps were made, the following caveats need to be mentioned to get a full picture:

*Although the setting of this max threshold could harmonise the value of entitlement payments across the country, the threshold is still considerably higher than the expected average payment entitlement of 165€ foreseen in 2026.

** Although capping of direct payments was maintained and improved in Ireland, the threshold was set up so high for the average Irish farm size that the actual money shifted through this tool is ultimately minimal or symbolic.

*** Ireland allocated the bare minimum budget for redistributive payments, and yet, the eligibility criteria for CRISS are so broad that these payments can return to the first 30 hectares of all farms (including large ones). 55,000 farms above 30 ha will be eligible for CRISS, nearly the same as the number of farms with a size below 30 ha (67,000 farms), according to the approved CAP Strategic Plan.

5.1.3 What does other evidence say?

Teagasc (the Agriculture and Food Development Authority), a national body providing integrated research, advisory and training services, wrote a report on the economic implications of Pillar I CAP Reform in Ireland. The key conclusion is that "*In general, the redistribution of income support associated with the CAP reform scenario has a limited effect on economic viability levels across all farming systems… in general the gains in income arising from the redistribution of the direct payment envelope under the reform option considered are insufficient to transition significant numbers of farm businesses from being not economically viable toward being economically viable categories.*"

The report concluded that a greater number of 'small' farms (farms with less than €8,000 of Standard Output), gain in income rather than lose under the reform scenario relative to income in the status quo. Farmers in sheep and cattle rearing were the main beneficiaries. However, the analysis suggests that there will not be a significant increase in the numbers of farms that are found to be economically viable. This is because the changes in income that result from the CAP reform scenario are in general small relative to the scale of the income changes that would be required to shift farms from being economically unviable to economically viable.

5.2 France

5.2.1 Factual comparison

Table 3 Comparison across different elements for a fairer CAP Strategic Plan in France

Tools to increase fairness in the CAP post-2022	France 2014-2022	France 2023-2027
Internal Convergence	70%	85 % in 2027
Max level of entitlement payment	/	*1000 Euro/ha* *
Capping large recipients	*No capping*	*No capping* **
Redistributive payments	10 % of direct payments national ceiling (on the 52 fist hectares)	10 % of direct payments' national ceiling (on the 52 first hectares) ***
Payment for young farmers	*Around 3%*	*Equivalent to 3,7% of 1rst pilar budget*
Small Farmer Scheme	Not implemented	Not implemented

- green box = forward step;
- yellow box = status quo step;
- red box = backward step;
- * = Fairwashing tricks!

5.2.2 Our fairwashing watch

Overall, France made minor steps to increase the level of fairness of direct payments, and rather kept a business-as-usual approach despite the number of inequalities across the country. Like for Ireland, France's positive steps towards internal convergence were the smallest required by EU legislation and will be implemented in the longest timeframe. Regrettably, neither capping nor a small farmer scheme were set up. Furthermore, the following caveats are noted:

* The introduction of a maximum level of direct payment entitlement (DPE) at 1,000 Euros/ha will only affects 582 farmers in France, i.e., 1,466 DPE. The government had put another option on the table, at 540 Euros, which was ultimately not selected. It would have affected 1,267 farmers or 8,370 DPE. This second option would have been reasonable given that in 2019, most of the values of direct payments ranged from large extremes of 21.13 to 220,657.99 Euro/ha. Only 1.01% of the DPE in France had a value higher than 162.85 Euro/ha.

** The argument of the French government for this status quo is that France does not have, like other EU countries, many big farms that receive large amounts of money. Still, it had been estimated that capping at 100.000 Euro/beneficiary on all direct payments would have impacted the not insignificant number of 6,885 beneficiaries.

*** The French government had announced in 2015 the goal to double the 10% of P1 budget for redistributive payment already by 2018, five years before the approval of the new CAP Strategic Plan.

> Le niveau du prélèvement pour le paiement redistributif, qui consiste en une aide majorée pour les 52 premiers hectares de chaque exploitation agricole, était de 5% en 2015, 10% en 2016. En octobre 2016, une évaluation précise sera réalisée sur la base des paiements effectifs des aides de la PAC. Elle permettra de faire le point sur la répartition de l'ensemble des aides européennes par type d'exploitation et par région, afin d'évaluer les conditions de la poursuite du paiement redistributif, pour atteindre l'objectif de 20% en 2018.

Link: https://agriculture.gouv.fr/stephane-le-foll-decide-pour-2017-le-maintien-10-du-niveau-du-prelevement-sur-les-aides-du-premier

The French authorities had initially decided to apply this scheme at 5% of this envelope in 2015 (i.e., 25 euros per eligible hectare), 10% in 2016 (i.e., 50 euros), 15% in 2017 (i.e., 75 euros) and 20% in 2018 (i.e., 100 euros). However, since 2016, a difficult year for the cereal sector (-30% of production), the scheme has remained at 10%. This status quo can thus be considered as backsliding when looking at the initial pledges. It is also important to note that France was considered as a progressive Member State when implementing this payment in 2014. Therefore, we could have expected more in 2023 than the bare minimum budget provided by the CAP SP regulation. Finally, it should be noted that France has set up no eligibility criteria to channel CRISS payments only or more to small-medium farmers and therefore redistributive payments can return also to the first hectares of large scale farmers.

5.2.3 What does other evidence say?

Nearly 30 years after the 1992 reform, maintaining differentiated amounts per hectare is very difficult to justify, an observation which militates for the rapid completion of the internal convergence of the basic payment per hectare.[4] While internal convergence is still not completed the share of budget in Pillar 1 dedicated to the BISS has increased (which is the less effective kind of support in terms of fairness). It increased from 44% to 48% (same amount in € but P1 budget is lowered).

Although its impact is often overlooked, the introduction in France of the simplified scheme for small farmers could have supported nearly 43,000 of them, for a very bearable additional cost.[5]

[4] Vincent Chatellier, Cécile Détang-Dessendre, Pierre Dupraz, Hervé Guyomard. La sensibilité du revenu des exploitations agricoles françaises à une réorientation des aides dans le cadre de la future PAC post-2023, 2021 ⟨hal-03213474⟩

[5] Pauline Lecole, Raphaële Préget, Sophie S. Thoyer. Quelle aide forfaitaire pour les petites fermes françaises ?. INRAE Sciences Sociales, 2021, 6/2021, 4 p. ⟨hal-03841931⟩

5.3 Germany

5.3.1 Factual comparison

Table 4 Comparison across different elements for a fairer CAP Strategic Plan in Germany

Tools to increase fairness in the CAP post-2022	Germany 2014-2022	Germany 2023-2027
Internal Convergence	100% (since 2019)	100%
Max level of entitlement payment	*Flat rate of 176€ from 2019 (BISS only)* [6]	*No entitlements* *
Capping large recipients	No capping	*No capping*
Redistributive payments	7% (First 30 ha received 50€, ha 31-46 received 30€)	12% (First 40 ha receive 72€; hectares between 41-60 receive 42€) **
Payment for young farmers	*1%* *(up to 90ha)*	*3,3 - 3,5%* (Up to 120 ha) ***
Small Farmer Scheme	Not implemented	Not implemented

- green box = forward step;
- yellow box = status quo step;
- red box = backward step;
- * = Fairwashing tricks!

5.3.2 Our fairwashing watch

In Germany, around 70% of the direct payments are absorbed by 20% of the CAP beneficiaries. Overall, the setting of the CAP prior to the reform 2022 was largely maintained or slightly increased in the case of CRISS. Nevertheless, the following caveats are worth mentioning:

* Despite the fact that entitlements were abolished in Germany to achieve 100% internal convergence, which is a simplification in bureaucracy, each hectare receives less basic income support in general with the current CSP. As the greening payments are no longer applicable, farmers have to fill this gap with eco-schemes and therefor the impacts on small-medium farmers must be checked. In Germany, there are not enough eco-schemes for some types of farms, like grassland farms, to fill out this gap in basic income support compared to the past.

** The budget for CRISS was almost doubled compared to the previous funding period, but support for small farms has only slightly been increased, because the range defined as first hectare has moved to higher sizes. As it was before, these payments for the first hectares are still being received by all farms,

[6] 2022: Basic payments: 167,56 Euro; Greening: 81,78 Euro; Redistributive payments: 49,66 up to 30 ha (29,79 for 31-46 ha); Young farmers aid: 44,27 up to 90ha (source: BMEL). From 2015-2022 Basic payments and Greening were slightly declining because of shifting budget from 1st to 2nd pillar. Redistributive payments and young farmers aid stayed nearly the same.

no matter what farm size. Even the proposal of the previous agricultural minister, Mrs Julia Klöckner, for a ceiling at 400 ha was rejected by conservative forces.

*** The payment for young farmers is mainly implemented in the first pillar as a top-up payment per hectare. The range of the eligible hectares for this payment was even increased up to 120 ha. Only a few federal states offer a start-up aid within the 2nd pillar.

6 Checking fairness in talks: critical policy discourse analysis of DG AGRI

6.1 Incomplete or self-promotional claims: "majority of CAP payments go to medium-size professional family farms"

As analysed in the first part of this analysis, the steps made by the Member States towards a fairer CAP post-2022 are rather mixed and with trade-offs. Yet, predominantly positive claims of increased fairness in the new CAP towards small-medium sized farms have mushroomed on many DG AGRI communication channels, including twitter (X), official websites, and various policy reports. Many of these claims were promoted before, during and after the CSP negotiations.

While in many instances, we recognise that Member States have made some steps forward, however, little or nothing is revealed about the deviations from the initial needs, the caveats and loopholes, or backsliding decisions taken in some Member States.

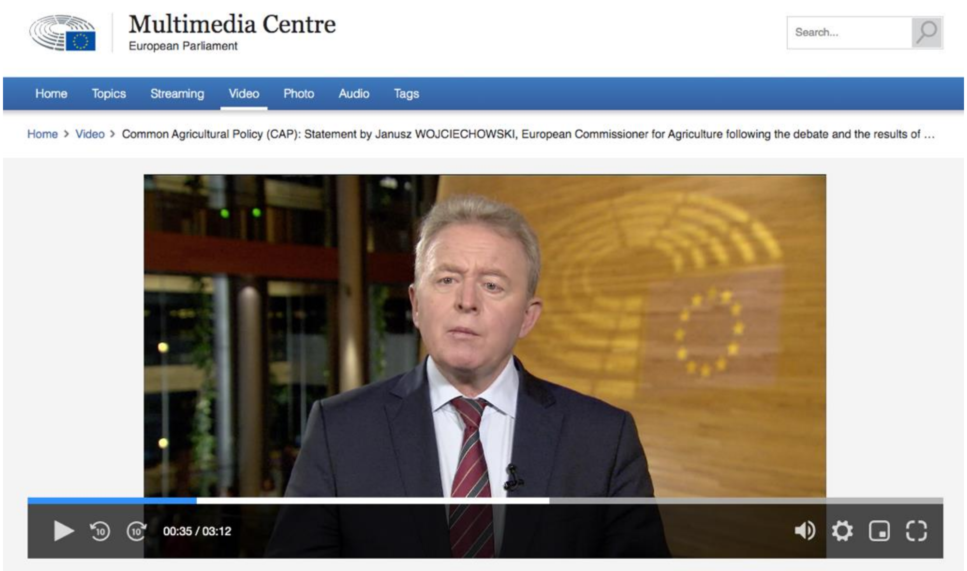
More importantly, we note that no evidence exists yet on the extent to which the 80% concentration of direct payments going the 20% of beneficiaries is altered with the aggregated decisions made by the 28 CSPs. On the contrary, some numbers are provided to hint this amount. In this factsheet published in 2022 (Page 7), the Commission claimed that "*overall at least EUR 3,8 billion annually could be redistributed, compared to EUR 1,7 billion under the current CAP*" but nothing is mentioned about the fact that CRISS could return back to large scale farmers too, or that probably this share is still far away to substantially reverse the 80%-20% baseline situation. Here below, we compiled a few examples of positive claims that in our view are incomplete or misleading.

Tweeting slogans

DG AGRI and Commissioner Janusz Wojciechowski on Twitter (X), defending the narrative of a fairer CAP, especially to small farmers, or ensuring (in talks) that small farmers are at the centre of the Commission's plans for the future of EU agriculture.

Ambiguous or empty speeches?

Commissioner Wojciechowski starting a speech after the European Parliament vote adopting the CSPs by ensuring that the new CAP would be fairer towards small and medium sized family farms and young farmers. And yet, Mr Wojciechowski is rubber-stamping the approvals of market support, state aid, and derogations over derogations without clear indications of how these benefit the small-medium scale farmers.



Source: [multimedia]

When officialising the approval of a national CSP, the press releases of the Commission started with statements emphasising that “under the reformed policy, funding will be more fairly distributed among farms, with an emphasis on small- and medium-sized farms”.

Today, the European Commission approved the CAP Strategic Plans of Germany, Greece and Lithuania. The new Common Agricultural Policy(CAP), set to start on 1 January 2023, is designed to shape the transition to a sustainable, resilient and modern European agricultural sector. Under the reformed policy, funding will be more fairly distributed among farms, with an emphasis on small- and medium-sized farms, as well as young farmers. Moreover, farmers will be supported to take up innovation, from precision farming to agro-ecological production methods. By supporting concrete actions in these and other areas, the new CAP can be the cornerstone for food security and farming communities in the European Union.

In a document called "Separating fact from fiction" published in 2022, the European Commission tries to demystify fictional allegations on CAP support to large industrial companies.

17. The CAP still supports mainly large industrialised agricultural companies.

Payments are calculated by reference to the area farmed. Therefore, while 20% of the largest farms in the EU account for 80% of agricultural land, more than half of the beneficiaries of income support have very small farms. Across the EU, the majority of the payments go to medium-size professional family farms, rather than industrialised agricultural companies.

However, these DG AGRI's attempts to demystifying these fictional allegations are contradicted by the policy brief "CAP Specific Objectives…explained – Ensuring viable farm income" published by the Commission itself in 2018. The level of payment per hectares is one proxy indicator of fairness, but what matter the most is the total amount of payment per beneficiary. The facts are clear: the CAP concentrates the support towards large scale farmers.

6.2 Performance indicators as red herrings: is R6 an indicator or a distractor?

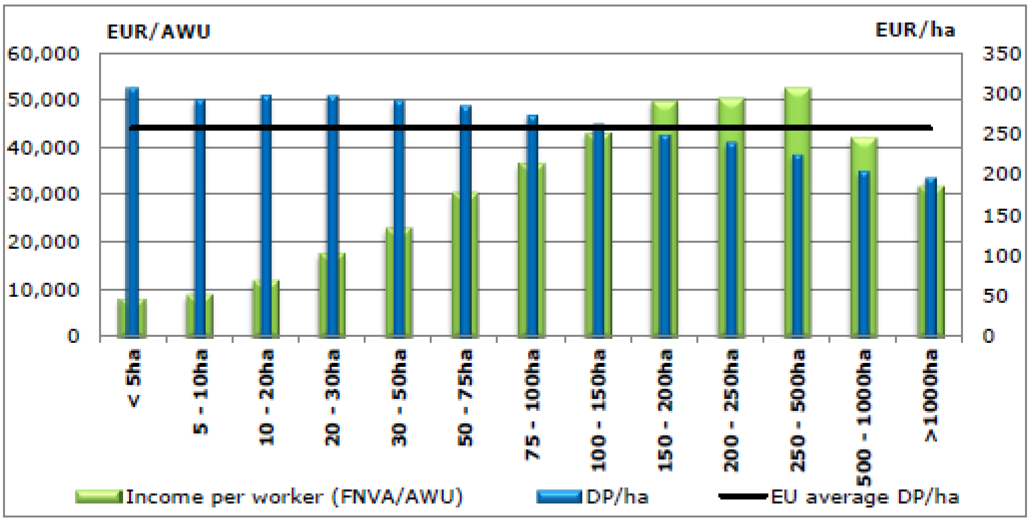
The only result indicator related to the fairness of the CAP post-2022 is R.6 "*Redistribution to smaller farms*". It measures the percentage of additional direct payments per hectare for small scale farms below the national average. Of course, Member States and the Commission can still rely on other indicators obtained from their input and output tables, as well as from other external evaluations. However, this is the only indicator so far that will be used for target setting, performance reporting to the co-legislators, bonuses, and penalties.

Moreover, this is *de facto* the main indicator used by DG AGRI in backing up its policy press on the matter. In theory, to draw more robust assessments on the actual magnitude of this shift of money in absolute and percentage values, the Commission could cross input indicators with IACS data, or use the findings of the ex-ante evaluations in the annexes to the CSPs, whenever these assessments have been conducted rigorously and independently.

The indicator R6 measures the **average direct payment per hectare of smaller beneficiaries compared to the rest of beneficiaries**.

However, the unfairness between small and large recipients has little to do with the **uneven level of direct payment per hectare** but has much more to do with the **concentration of direct payments between different farm sizes**. Indeed, this figure below obtained by DG AGRI's study shows that the largest farmers **already had a lower level of direct payment per ha compared to the smaller** (see blue bars) before the design, approval and implementation of the CAP Strategic Plans.

> Nonetheless, it is worth noting that the average direct payment per hectare steadily decreases as the average farm size increases (Figure 8). On the other hand, farm income per annual work unit increases up to a certain farm size level, reaching its maximum at the 250-500 ha category, but declines rapidly after this farm size level.
>
> **Figure 8: Income and direct payment by farm size (in hectares of UAA)**



> *Note: UAA is the utilised Agricultural Area.*
> *Source: FADN DG AGRI based on 2012 prices and structures to estimate 2019 income; and CATS data for claim year 2016 for the average direct payment per hectare by farm size.*

Therefore, it is not a surprise if almost all Member States, except Finland, Sweden, and Slovenia, have already reported positive achievements of the R.6 performance indicator (see page 20 of this summary overview).

In conclusion, statements like the following one can be misleading because R.6 can say much about the **intensity or uneven levels of direct payment per hectare of farms of different sizes** (like displayed in Figure 8) but cannot say much about the **distribution of direct payments per farmer of different farm sizes** (like displayed in Figure 2).

Thereby, a significant increase of the financial allocation devoted to the CRISS compared to the 2015-2022 redistributive payment can be observed. The improvement of distribution of support to smaller farmers is also confirmed by result indicator R.6[1] which is above 100 in more than 75 % of the CSPs with a R. 6 target and 12 Member States have an increasing trend of redistribution along the period. The ranges envisaged for the CRISS, in terms of eligible hectares, vary substantially across Member States, reflecting differences in farm structure and income support needs.

Source: summary overview published by DG AGRI in June 2022

7 Conclusions

In our critical analysis, we found out that indeed France, Ireland, Germany have made some small steps toward more fairness, but these barely met the EU framework or contain large loopholes. The positive progress has mainly concerned the internal convergence of payments across territories in Ireland and France, though these were the new minimum requirements coming from the CAP reform, and will be implemented in the longest timeframe, whereas in the case of Germany, higher quantitative allocation of redistributive payments have not been accompanied by ambitious eligibility criteria targeted more strictly to small-medium farms and young farmers. To a lesser extent, fairness progress has addressed the issue of farm scale. More detailed observations suggest that DG AGRI communications require more in-depth accounts, otherwise they come across as biased or deceiving in their emphasis on cosmetic changes, and the lack of spotlighting of regression/backsliding. The ongoing debate on CAP cannot be blind to the fairwashing tricks in the approved regulations and strategic plans.

For instance, in Ireland, we saw that the progress made in implementing capping, CRISS, and reducing the maximum value level for entitlements is commendable when viewed broadly. However, a closer examination of the details, such as determining the recipients of redistributive payments (small-medium or all farms?) and the setting up of high capping thresholds, raises some important questions. While these measures may offer some support to small and medium-sized farms, it has been demonstrated that the majority of them would still struggle to achieve long-term sustainability as viable businesses.

Similarly, in Germany, the lack of stringent criteria for targeting recipients of redistributive payments hinders the potential for significant impact on small farm revenues. Additionally, the absence of capping measures and dedicated schemes for small farmers further exacerbates the situation. The setting of very high farm size eligible for young payments (up to 120 ha) can create further inequalities and marks a sharp difference with France, which included a lump-sum or forfeit payment to all young farmers regardless of their size (4,469 Euros/young farmer with the transparency rule for farmers aggregated in cooperatives, GAEC).

In France, although there were proposals promised for fairer options concerning the maximum level of entitlements and increased budgets for the CRISS program, unfortunately, they were not included in the final decisions. Moreover, the option of capping large beneficiaries was not even considered, resulting in the missed opportunity to redistribute millions of Euros from very large to small-medium farmers.

Instead of accounting for this nuanced and mosaic situation in each and across MS, the Commission DG AGRI provides descriptive numbers and promotional messages based on flawed financial aggregations and proxy result indicators, namely R.6. Based on our findings, we suggest the Commission and its technical support come up with deeper and longitudinal assessments of the fairness of all direct payments and other CAP interventions towards small and medium farmers. In future, we recommend the Commission to keep the R.6 indicator but to complement it with a more appropriate set of indicators able to clearly express the aggregate concentration of direct payments among different beneficiaries sizes, as well as gender or location. Our analysis was limited in resources, funding, and methods. This means that the crossing and analysis of quantitative primary data from Member States' IACS tables with other data sources (FADN) were not performed, but the most available quantitative analyses published by the Member States were considered whenever possible. Yet, our qualitative assessments of the Member States decisions offer critical insights that can feed or redirect the ongoing debate on the role of the CAP in global market speculation, nature degradation, and war-affairs, and the need for more evidential and genuine fairness component to the CAP plans' annual amendments, reviews in 2025, or reform post-2027.

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