

Greening the CAP

Outline of existing rules and look into the future options

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European Commission
Agriculture and
Rural Development

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1. State of play

- 1.1 Definition
- 1.2. Quantitative management: the system of maintenance of the ratio
- 1.3. Qualitative management:
 - The GAEC standards
 - The agri-environmental measures (*pro memoria*)
- 1.4. Implications in the cross compliance system

2. Eligibility aspects

3. Situation in SAPS countries

4. The way forward – “greening component”



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State of play: Definition

Definition:

*“« land used to grow **grasses or other herbaceous forage naturally (self-seeded) or through cultivation (sown) and that is not included in the crop rotation of the holding for five years or longer (...).** » Reg. 1120/2009*

Use of the definition:

In the context of the CAP, through the Integrated Administration and Control system (IACS). Areas declared by the farmer and the declaration is administered and controlled by the national authorities.



State of play: Definition

Value :

- The definition is straightforward: easily understandable for farmers, controllers and other stakeholders.
Complementary to other definition (arable land, permanent crops) to make a consistent and simple definition of agriculture area.
- Comes from the Eurostat definition so as to allow comparative data.
- The data originates in the farmers annual declarations: it is a reliable picture of the complete situation under the IACS, not an estimation on the basis of a sample



State of play: Definition

Limits

- Despite the name, the definition includes also meadows for mowing. Definition more in the sense of “grassland”
- Include a broad range of grassland types, from the most productive to the extensive and most environmentally valuable grassland. “Broad brush instrument”
- Only permanent grassland under the IACS is considered. Not all EU grassland are reflected in the instrument.



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State of play:

Quantitative management: the ratio

- The purpose is to ensure against mass conversion of permanent pasture into arable land (recital 7 of Reg. 73/2009)
- This is a “safety net” system: in principle there is no requirement applying to farmers as long as the ratio of permanent pasture vs. the total agriculture area does not fall below a certain threshold (*Article 3 and 4 of Reg. 1122/2009*)



State of play:

Quantitative management: the ratio

Obligation at Member State's level:

- The ratio must not decrease by more than 10% compared to a reference ratio calculated in year n (year of accession for the new Member states)
- The regionalisation of the management of the ratio is possible



State of play:

Quantitative management: the ratio

Obligation at farmer's level:

- If the ratio is decreasing by more than 5%, the Member States may impose a prior authorisation of conversion
- If the ratio is decreasing by more than 10%, the farmer shall have the obligation to reconvert an equivalent area



State of play:

Quantitative management: the ratio

Summary of the situation

- The ratio of EU PP vs TAA has slightly increased since the reference period (+ca. 1,5% EU average)
- The number of ha of EU PP has also slightly increased since the reference period (+ ca.1,7 mio ha)
- However the trend is different between MSs/regions.
- The threshold of -10% has not been reached yet.
However the threshold of - 5% has been overshoot (2009) in BG and certain regions of DE and UK



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State of play: Qualitative aspects

The Good agricultural and environmental condition (GAEC) of land

*“Member States shall ensure that all agricultural land, especially land which is no longer used for production purposes, is maintained in good agricultural and environmental condition. **Member States shall define, at national or regional level, minimum requirements** for good agricultural and environmental condition on the basis of the framework set up in Annex IV, taking into account the specific characteristics of the areas concerned, including soil and climatic condition, existing farming systems, land use, crop rotation, farming practices, and farm structures. [...]”*

(Article 6(1) of Reg. 73/2009)



State of play:

Qualitative aspects

The Good agricultural and environmental condition (GAEC) of land

Standards in particular for **permanent pasture**:
management practices at the level of the parcel

- GAEC standard “*Protection of permanent pasture*”

Ex.: practices of management of the pasture: ‘no overgrazing’, ‘limitation of work on steep slopes’, ‘prevention of poaching’, limitation of agricultural practices in environmental areas’, etc

- GAEC standard “*minimum stocking rate and/or appropriate regime (of maintenance)*”

Ex.: ‘Minimum stocking rate’ (minority of MSs), other appropriate regimes (of minimum level of maintenance and protection of habitat) , ‘adequate measures to prevent flowering and seed formation’, ‘annual mowing or grazing’, etc.



State of play: Qualitative aspects

The Good agricultural and environmental condition (GAEC) of land

Standards in particular for **landscape features**:

- GAEC standard “*Retention of landscape features*”

Ex.: ditches, ponds, hedges, trees in line, in group or isolated’, etc

No size limitation. When the feature is protected under the GAEC, it is automatically eligible for direct payments.

- GAEC standards “Retention of terraces”, “prohibition of grubbing-up olive trees”, “maintenance of olive trees and vine” “Retention of habitats”



State of play:

Qualitative aspects

Agri-environmental measures

- Certain AE measures address the issue of management of permanent pasture at parcel level.
- These measures must go beyond the GAEC and Directives and Regulations under cross compliance (the “baseline”)
- The AE payments compensate for cost incurred and income foregone beyond the baseline.



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State of play:

Implication in the cross compliance system

- Cross compliance is a **link** made between the farmer's **obligations** in relation with EU legislation (including requirements for permanent pasture both quantitative and qualitative) and the **payments** the farmer receives with respect to EU policy
- This link is translated in practical terms through possible **reductions of payments**.
- Cross compliance applies on all land, not only land used for payments (“**whole farm approach**”)



State of play:

Implication in the cross compliance system

- The reduction is a **percentage of the total of payments** received by the farmer
- The percentage is **depending on the severity, extent, permanence, repetition and intentionality** of the infringement.
- Infringement by **negligence** (not intentional) : normally 3%, but margin of appreciation between 1% and 5%
- **Intentional** infringement: normally 20% but margin of appreciation between 15% and 100%



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Eligibility of permanent pasture

Legal definition: permanent pasture' means land used to grow grasses or other herbaceous forage naturally (self-seeded) or through cultivation (sown) and that has not been included in the crop rotation of the holding for five years or longer, excluding areas set aside...;

to this end, 'grasses or other herbaceous forage' means all herbaceous plants traditionally found in natural pastures or normally included in mixtures of seeds for pastures or meadows in the Member State (whether or not used for grazing animals). Member States may include arable crops listed in Annex I;

Used for an agricultural activity: the production, rearing or growing of agricultural products including harvesting, milking, breeding animals and keeping animals for farming purposes, or maintaining the land in good agricultural and environmental condition...



Permanent pasture and landscape element

Article 34 of Reg. 1122/2009: Determination of areas

- The total area of an agricultural parcel may be taken into account provided that it is fully utilised in accordance with the customary standards of the Member State or region concerned. In other cases the area actually utilised shall be taken into account.

In respect of the regions where certain features, in particular hedges, ditches and walls, are traditionally part of good agriculture cropping or utilisation practices, the Member States may decide that the corresponding area is to be considered part of the fully utilised area on condition that it does not exceed a total width to be determined by the Member States. That width must correspond to a traditional width in the region in question and shall not exceed 2 metres.

...

- Any features referred to in the acts listed in Annex II to Regulation (EC) No 73/2009 or which may form part of the GAEC... and Annex III thereto shall form part of the total area of an agricultural parcel.



Permanent pasture and trees

Article 34 cont.

- Without prejudice to Article 34(2) of Regulation (EC) No 73/2009, an agricultural parcel that contains trees shall be considered as eligible area for the purposes of the area-related aid schemes provided that agricultural activities or, where applicable, the production envisaged can be carried out in a similar way as on parcels without trees in the same area.



Guidance to implementing the eligibility rules

The wikicap website provide guidance to the implementation of certain aspects of the eligibility rules. Examples:

- 50-trees: as a general rule, areas with a density of more than 50 trees per hectare are considered ineligible. MS may define exceptions for ecological or environmental reasons.
- Percentage of eligible area: the eligible area is set as a percentage of the full area based on an assessment of ineligible features in the parcel.



Examination of the eligibility rules

- The Commission services and the MS made a thorough examination of the eligibility rules 2009/2010
- Looking into implementation in MS which is quite varied
- Major conclusions:
 - Rules are working well
 - Mixed areas/Dealing with trees, bushes, rocks etc => Wikicap guidance
 - Maintenance level: Possibility to adapt to specific conditions but respect the overall principle that wood is excluded and areas where no agricultural activity can take place due to e.g. predominance of bushes and shrubs are ineligible => Wikicap guidance



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Single Area Payment Scheme in nMS

- **SAPS as transitional regime**
- **Advantages X Disadvantages**
- **GAC on 30 June 2003**
- **Role of Complementary National Direct Payments**
- **Transition SAPS → post-2013 CAP**



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Greening at the heart of the CAP reform

A greener CAP
within
Resource Efficient Europe
(Europe 2020)

Greener
Direct Payments

Stronger
Rural Development



What are the objectives with the reform?

Viable food production

- To contribute to farm income and limit its variability
- To improve sector competitiveness and share in food chain value-added
- To compensate areas with natural constraints

Sustainable management of natural resources and climate action

- To guarantee the provision of public goods
- To foster green growth through innovation
- To pursue climate change mitigation and adaptation

Balanced territorial development

- To support rural vitality and employment
- To promote diversification
- To allow social and structural diversity in rural areas

Common EU response needed



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What policy instruments?

Better targeted to objectives

Based on two pillar structure

Direct payments

- Redistribution
- Better targeting
- Redesign:
 - *Greening of direct payments*
 - *Capping of payments*
 - *Small farmers support*
 - *Areas with specific natural constraints*

Market measures

- Market orientation
- Streamline and simplification
- Improved food chain functioning

Rural development

- Environment, climate change and innovation as guideline themes
- Improved coherence with other EU policies
- More effective delivery mechanisms
- Address risk management
- New distribution criteria



What policy options?

Option 1

Continue the reform process by introducing further gradual changes while adjusting the most pressing shortcomings (e.g. more equity in the distribution of direct payments)

Option 2

Capture the opportunity for reform ensuring that CAP becomes more sustainable and balanced (between policy objectives, MS and farmers) through more 'green' targeted measures

Option 3

More fundamental reform focusing entirely on environmental and climate change objectives through rural development, moving away from income support and most market measures



Greening elements of the policy options

Policy option	Greening element
Adjustment	<p>Enhanced cross compliance</p> <p>Moderate increase in the 2nd pillar budget with the additional resources available for 'new challenges' (climate change, water, biodiversity, renewable energy and innovation)</p>
Integration	<p>Greening component of direct payments including a specific top-up for Natura 2000</p> <p>Enhanced cross compliance</p> <p>Reinforced strategic targeting in the 2nd pillar, with the environment and climate change as guiding considerations</p>
Refocus	<p>Doubling of 2nd pillar budget with all budgetary resources available for the environment and climate change</p>



Greening component – Elements to be considered (e.g. in Impact Assessment)

- Costs and benefits of the measures
- Partial analysis with FADN data at farm level
 - to show effect on farm income
 - on the basis of estimated costs
 - taking into account market impact of set aside and crop diversification
- Impact on cross compliance and rural development, administration and controls, WTO compatibility



Greening of direct payments

- **Green cover**
- **Crop rotation / diversification**
- **Ecological set aside**
- **Permanent pasture**
- **Support to Natura 2000 areas**
- **[Other?]**



Greening component – Measures (option 1)

Permanent grassland

Annual obligation to maintain permanent grassland at farm level

Crop diversification

[X] crops with the main crop not exceeding [X%] of the area

Ecological set aside / ecological focus areas

[X%] of land set aside / ecological focus area at farm level

Green cover

[X%] of land covered from [15 November] to [15 February]

- Additional payment for all farmers in designated **Natura 2000** areas
- Automatic granting of payment to **organic** farms (or parts thereof)



Permanent pasture in the “greening component”

- Intended to transpose the Cross Compliance-obligation currently established at MS level to the individual farm level [Art. 6(2) of R.(EC)73/2009].
- Reconfirms the attention paid to the ecological value of such habitats.
- Seeks to minimize the climate-relevant side-effects of conversion of grassland into arable land.
- Could be part of a broader bundle of measures in favour of grassland comprising (already existing) possibilities in the 1st and 2nd pillar.



Next steps

Inter-institutional debate on the Communication

Preparation of Impact Assessment (IA)

- In-depth Commission analysis of new policy settings, options and their economic, social and environmental impacts
- Stakeholders consultation: analytical contributions from stakeholders based on Consultation document published on the 23th of November

Preparation of Legal Proposals

Legal proposals will be presented in the second semester of 2011



For further information

- The CAP after 2013

http://ec.europa.eu/agriculture/cap-post-2013/index_en.htm

- The Communication on the future of the CAP

http://ec.europa.eu/agriculture/cap-post-2013/communication/index_en.htm

- Public consultation

http://ec.europa.eu/agriculture/cap-post-2013/consultation/index_en.htm

Thank you



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