THE FUTURE OF THE CAP

An urgent need for a truly sustainable agriculture, land and food policy

EEB POSITION PAPER
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European Environmental Bureau (EEB)
Boulevard de Waterloo 34 | B-1000 Brussels | Belgium
Tel.: +32 (0)2 289 1090 | E-mail: eeb@eeb.org
Website: www.eeb.org
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EXECUTIVE SUMMARY

A lot has changed since 1962, the year that the Common Agricultural Policy (CAP) was first introduced. While the CAP has tried to catch up with continuous changes in European food and farming through several rounds of reform, it has resoundingly failed to adapt to pressing challenges.

Crises are hitting the farming sector every few months, population decline in rural areas continues unabated, and the effects of climate change are becoming increasingly dramatic. We are constantly losing fertile soils. Excess nutrient loads from agriculture are one of the biggest threats to the EU’s waters, and biodiversity – our precious nature and wildlife – is disappearing before our very eyes.

Civil society groups across Europe are now sounding the alarm: even if in some local cases the CAP’s instruments have been successful in bringing about specific environmental benefits, the general trends are overarchingly negative and reforms, to date, have not made the CAP fit for the future.

This paper is a proposal on how to make the EU’s future agriculture, land and food policy more fit for purpose from Europe’s largest network of environmental citizens’ organisations, the European Environmental Bureau (EEB). The EEB currently has around 140 member organisations in more than 30 countries (virtually all EU Member States plus some accession and neighbouring countries), including a growing number of European networks. The EEB represents some 15 million individual members and supporters.

The policy of tomorrow needs to be based on a new contract between farmers and society, one which pays for farming practices that work in harmony with nature and that secure the good state of our natural resources such as water, soil and biodiversity. Developing this new policy starts with overhauling the existing policy structure and giving it a new focus – on food. The new CAP policy must be based on a solid polluter pays principle and a new governance structure that allows all the societal interests it affects to be properly involved in the decision making process starting with environmental authorities at all levels.

The new policy should be framed around four new instruments (outlined below). These instruments need to be coherent with each other and with other EU policies and the whole structure will require a strong and inclusive monitoring mechanism.

1. Protection and enhancement of biodiversity and ecosystems, with the help of results-based payments.
2. Sustainable Rural Development for areas in Europe that are rich in culture and nature alike.
3. Sustainable and healthy consumption to increase coherence between production policy and consumption patterns.
4. Transition to sustainable farming to make farms and business more resource efficient, low carbon, ecologically sound, sustainable and resilient.
SECTION 1

BACKGROUND
While farming’s primary purpose is to produce the food we eat, it also plays an essential role in preserving the character of rural areas, the diversity of cultural landscapes and the flora and fauna associated with them.

The prerequisite to farm is a safe and clean environment, yet over recent decades pushes for ever increased production and intensification, at the expense of quality, have led to enormous impacts on society primarily because of the external environmental, health and social costs that are not included in the final price of food. Mass production of cheap food across the EU has driven the decline of our natural resources, endangering our long-term food security by undermining Europe’s very ability to produce the food and the resources it will need in the future.

While these farming practices have brought some short-term benefits in the form of increased production volumes, such gains are cancelled out by their staggering environmental price tag: soil is being lost at an alarming rate; wildlife associated with agricultural landscapes is in steep decline; our freshwater resources are being polluted by the overuse of fertilisers and the use of pesticides; and many groundwater supplies are overexploited through irrigation and drainage. Gravel beds of rivers and streams are clogged with silt from erosion from farmlands, and our air is polluted with unhealthy levels of ammonia, fine dust and methane from animal manure and synthetic fertilisers.

According to the European Environment Agency’s 2015 State of the Environment Report, over 80% of protected extensive grasslands in Natura 2000 sites is in an unfavourable condition. Europe is not on the right track to achieve its goal of preventing biodiversity loss by 2020 and its natural capital is not being conserved and protected, nor are the goals of the 7th Environment Action Programme being met. 60% of protected species and 77% of habitat types have an unfavourable conservation status. There has been a 57% decrease in farmland birds since 1980, more than half of Europe’s main species of grassland butterflies are in sharp decline as a result of habitat loss and rates of honeybee decline are also alarming. The agricultural sector is the primary source of diffuse pollution which significantly affects 90% of river basin districts, 50% of surface water bodies, and 33% of groundwater bodies throughout the EU.

Not only is intensive agriculture, for the most part intensive animal farming, responsible for negative impacts on the very nature farmers rely on to farm, it is also a driver of climate change: the sector is responsible for more than 10% of total greenhouse gas emissions in the EU. Drained peatlands are the main cause of agricultural greenhouse gas emissions, followed by the conversion of permanent pasture and the degradation of organic soils.

The Institut für Agrarökologie und Biodiversität (IFAB) developed and implemented a method to measure the nature value of different agricultural landscapes in Europe through standardised field-level surveys using a monitoring approach which assesses biodiversity and landscape structure/quality at the same time. The study was carried out in 10 Member States (Czech Republic, France, Germany, Hungary, Italy, Poland, Romania, Spain, the Netherlands, and the United Kingdom). The results are striking: 95% of all investigated arable landscapes had low levels of biodiversity even in regions where it was expected to be high.

The EEB Position Paper: The Future of the CAP
It should also be noted that it is farmers themselves who bear the brunt of adapting to climate change as they are particularly vulnerable to changing levels of rainfall, fluctuating temperatures, and extreme weather events.

Decades of policies which favour over-production and evermore mechanised farming processes have created a model of farming which depends on a plentiful and secure supply of fossil fuels and chemical inputs in the form of pesticides and fertilisers as well as imported fodder.

Today's industrialised farming model has only served to make farmers dependent on the large-scale 'agri-businesses' which supply products such as insecticides which, among other side effects, harm pollinating insects and the effectiveness of antibiotics for livestock which results in the spread of harmful antibiotic resistant bacteria. The seed market is increasingly dominated by just a handful of companies, resulting in farmers facing significantly higher prices and fewer choices. Crop diversity is also in decline, which is harmful to nature and makes crops more vulnerable to a changing climate. An excessive focus on production for world markets disregards income opportunities on local and regional markets within the EU.

Many farmers are locked into an unhealthy system: chasing ever increasing production levels that bring them ever lower returns while ignoring real world consumption trends and demand. This leads to monocultures and breeds systemic risks.

Farmers' current dependence on subsidies stifles innovation by inhibiting the necessary diversification measures that are required to make our food system more sustainable and failing to promote alternatives to conventional cropping systems.

Today the majority of EU farmland is in the hands of a small number of farmers and the trend towards every increasing concentration of the land in the hands of an ever smaller number of people continues.
SECTION 2

THE COMMON AGRICULTURAL POLICY
Not fit for purpose

In Europe, the Common Agricultural Policy (CAP) has played a major role in the development of a socially, economically and environmentally disruptive model of farming. At the outset, the CAP was designed to feed Europeans after World War Two, and it worked. However, it quickly turned into a driver of the unsustainable mechanisation of the farming sector. Today, the CAP is essentially a subsidies mechanism handing over around 59 billion euros of European taxpayers’ money to farmers every year — almost 40% of the EU budget. The majority of farm payments end up in the pockets of just 20% of farmers.

The 2013 CAP reform was meant to make the policy somewhat greener and ensure that measures securing the sustainable management of natural resources would receive public money, but unfortunately attempts at real reform were thwarted by the co-decision process that ended up securing business as usual instead of real changes in our fields. Instead of a truly ‘green’ policy, the EU was left with an agricultural policy that is barely ‘light green’ on paper and fails to deliver in reality.

In June 2014, Science magazine published an article which stated that EU agricultural reform would fail for biodiversity if Member States did not make the right choices on implementation. Unfortunately, all the follow-up studies on CAP implementation have shown that Member States have not been ambitious when it comes to implementation.

After lengthy negotiations, implementation of the new CAP began on 1 January 2015. While the original idea behind the reform was to ensure public money was being used to pay for public goods (clean water, healthy soils, and biodiversity), with only a few exemptions, Member States used the flexibility that was afforded to them to systemically choose the least-environmentally ambitious measures instead of securing the sustainable management of natural resources. The same trend of low ambition is being witnessed on several farms too.

Following a series of studies and countless calls from civil society for a ‘Fitness Check’, the EEB and BirdLife Europe decided to commission a study that closely follows the Commission’s own Fitness Check methodology: “Is the CAP fit for purpose: A rapid assessment of the evidence”. The study gathered together existing, peer-reviewed evidence (scientific literature from 2006-2017 (i.e. after the Fischler-Reform of 2005)) and conducted a (rapid) assessment of these findings. Independent scientists were commissioned to evaluate the policy’s performance against five criteria: effectiveness, efficiency, relevance, coherence, and EU added value. It also went a step further and looked at the CAP’s capacity to support the UN’s Sustainable Development Goals (SDGs). The main outcomes of this study are that even if the CAP offers some limited instruments that work, these remain localised and fail to benefit the whole of the EU, and that the CAP as a whole is highly inefficient in many areas and instruments, with particularly low efficiency with respect to the environment.

3) 587 publications were listed as potentially-relevant for the CAP’s assessment and the researchers assessed and harvested information from 275 of these publications.

An urgent need for overhaul

Building blocks and principles

In order to properly meet the challenges the agriculture system is facing and reflect new societal demands for healthy food and sustainable, nature-friendly farming, the CAP of tomorrow needs to be rewritten from scratch to allow for a complete rethink of the policy’s architecture in the future starting with a move away from the two pillar structure. The current two pillar approach has generally proven to be dysfunctional with harmful payments in Pillar 1 in several cases nullifying the limited environmental benefits brought by Pillar 2.

The CAP of tomorrow needs to be based on a set of solid principles starting with the polluter pays principle and address the inclusion of consumption within its scope.

The policy needs to shift from the current approach in which farmers are paid for respecting EU standards to an approach in which respecting the law is the baseline from which to start payments (with strict limitations on the use of exceptions to nature or water legislation, which should always remain case-by-case). It should support the production of healthy and good quality food for EU citizens rather than promoting unhealthy diets through, for example, high consumption of animal products, or unsustainable practices.

In addition to the three aforementioned building blocks, the policy of tomorrow must:

• provide measurable public benefits to citizens (environment, good/healthy/high quality food, climate, air, water, soil, biodiversity) with value for money for EU taxpayers

• provide incentives only for sustainable agricultural and agro-forestry practices (subsidies that support harmful practices should cease and be replaced by effective payments for protecting and enhancing ecosystems)

• be coherent with the EU’s social, environmental and development goals by: integrating all EU environmental, climate, animal welfare, and health objectives; the EU precautionary principle; and, above all, being in line with the SDGs

• support good land management in Europe (i.e integrate the management of land, soil, water and biodiversity and other environmental resources to meet human needs while ensuring the long-term sustainability of ecosystems services and livelihoods)

• help prevent abandonment of socio-environmentally beneficial farming in remote and mountainous areas

The new policy also needs to avoid incentivising excessive risk taking and should not contain publicly financed risk management instruments that insure only private benefits. The emphasis should be on building resilient businesses that are diversified, less dependent on chemical inputs and that can deal with risk and the unavoidable volatility that comes with an uncertain climate and market.
The new policy’s instruments

INSTRUMENT 1
Protection and enhancement of biodiversity and ecosystems

Farming as currently practiced in Europe has become a major threat to biodiversity and the quality of our environment in general. The CAP has been, and continues to be, a driver of unsustainable farming in Europe. This is the current state of play despite a requirement under the EC Treaty (Article 6) in place since 1997 that ‘environmental protection requirements must be integrated into the definition and implementation of the Community policies […] in particular with a view to promoting sustainable development’. Environment Ministers recognised this dire situation in their 2015 Council Conclusions in the Mid-Term Review of the EU Biodiversity Strategy in which they noted with concern that agriculture is one of the most prominent pressures on terrestrial ecosystems, underlined the continuing pressures on biodiversity from certain agricultural practices and called upon the Commission to identify concrete solutions to ensure adequate integration of biodiversity in the further development of the CAP and its financial instruments.

As the integration of the EU environmental acquis into the CAP has not worked, and the ‘greening’ of the existing CAP is also set to be a failure in most EU Member States, it is of paramount importance to ensure there is sufficient funding allocated for nature and ecosystems alike, and that adequately designed instruments are in place to support the conservation of biodiversity and the protection and enhancement of ecosystems and the services they provide in farming areas. The recent Fitness Check of the Birds and Habitats Directives was followed up by an Action Plan (June 2017) to foster the implementation of both Directives. Priority C, ‘Strengthening investment in Natura 2000 and improving synergies with EU funding instruments’, states that funding from the CAP should already be used in a more targeted manner under the current policy. This is a clear signal that the future CAP must be better tailored to recurrent biodiversity challenges and in the future this can best be achieved through a dedicated instrument within the CAP that targets biodiversity and ecosystems.

Concretely this should take the form of multi-annual programmes/schemes that are targeted, well monitored and result in the provision of various public goods in the form of biodiversity, ecosystem services (e.g. climate, water or soil related) and that can be collectively designed. Low entry level schemes (i.e. basic protection of a certain percentage of landscapes elements at farm level) could be part of this instrument but a strong focus should be on ‘dark green measures’ that are of good value for money.

A major new funding stream is required and such a fund must be primarily developed, programmed and monitored by the competent environmental authorities with the involvement of their agriculture counterparts. Such a dedicated instrument will help put more light on farming practices that benefit society (besides food production) and will also become a new and reliable source of income for farmers and forest owners who want to provide nature conservation services to society.

5) See Annex
6) See Annex
8) There is no common definition of ‘light’ or ‘dark green’ measures. Based on previous analytical work, the EEB here uses the following principle: the scheme has been considered dark green if it targets specific species (groups of species), habitats or a specific biodiversity problem (e.g. pollinator strips)
Sustainable Rural Development

Rural exodus remains a huge problem and the CAP seems to be failing to prevent land abandonment (particularly Pillar 1). Measures for less favoured areas, now called Areas with Natural Constraints (ANCs), are in reality the only measures tailored to fight against abandonment but while they are in essence a social tool, they are labelled as ‘environmental’ measures and can sometimes even lead to perverse impacts on the environment due to intensification of the practices in some areas.°

A dedicated instrument is therefore required in the future policy that seeks to prevent abandonment only where it would have negative social and environmental impacts, and allow for investments in creating an ecologically, socially and economically sustainable future for the rural areas of Europe that are rich in culture and nature alike. Such an instrument would have to be coupled with environmental and social criteria and would critically require a mandatory declaration of household income.

Sustainable and healthy consumption

At present there is scant mention of food in the CAP, apart from the School Fruit, Vegetables and Milk Scheme that aims to sustainably increase the share of these products in children’s diets, when their eating habits are being formed. However, conversely, the CAP is still heavily subsidising big cereal producers and the feed industry to the detriment of fruit and vegetable growers. There is also barely anything at EU level on sustainable and healthy diets in EU Member States. As a result we see strong incoherence between production policy and actual changing consumption patterns and demands in the EU.

Given that unhealthy diets are the number one risk factor for death and disease in the EU, and a key contributor to cardiovascular diseases, cancers, and diabetes, the reality is that we cannot afford for CAP expenditure to not be aligned with health requirements. EU countries spend 9-10% of their GDP on healthcare, and 70-80% of this expenditure (700 billion euros annually) goes to treating chronic diseases. 10% of EU countries’ health budgets are used for treating diabetes, and tackling obesity related diseases takes up 7% of health budgets.

There is an urgent need for a holistic approach to achieve food system sustainability and for due attention to sustainable and healthy consumption. The ‘Sustainable and healthy consumption’ instrument could be used for food stamps, promotion measures for healthy diets including less animal products, and increased intake of plant-based foods, setting up of short supply chain mechanisms, recommended dietary guidelines, education in schools for better nutrition, awareness campaigns for healthy diets, local projects in urban areas (urban farming), public procurement, reduction of food waste, and improved transparency and consumer awareness related to environmental, social and health issues.

Transition to sustainable farming

Many farmers are locked into an unhealthy system: chasing ever increasing production levels that deliver them ever lower returns while ignoring actual European consumption patterns and demand as well as ecosystems’ health. This broken system eventually breeds systemic risks. The current subsidy dependence stifles innovation by inhibiting the necessary diversification measures that are required to make our food and farming system sustainable. Moving from an unsustainable food and farming system (i.e. the current intensive animal

° In a 2013 report, the Finnish Ministry of Environment highlighted the perverse effect ANC spending could have on the environment.
agriculture practices) towards a sustainable one is not going to happen overnight and the policy of tomorrow needs to have a well designed and dedicated instrument for ensuring a smooth transition. It is therefore necessary to conceive a tool to facilitate the progressive transition towards sustainable farming (economically, socially and environmentally).

With the help of the ‘Transition to sustainable farming’ instrument, farms and business should become resource efficient, low carbon, ecologically sound, sustainable and resilient undertakings that are less dependent on chemical inputs and imported fodder and are much more focused on what Europeans want. In such systems, the private and public goods should be easily achievable together and the overall objective should be a far greater independence from the taxpayer than today. A transition process could bring potential benefits to areas with natural or other constraints.

The ‘Transition to sustainabale farming’ instrument should contain the enabling factors that make system change possible through the combination of several measures: one off investments, knowledge transfers, innovation and advice all based on a whole farm approach, supporting local supply chains, organic production and diversified production methods, high environmental and animal welfare standards, the objective of a circular economy and sustainable bio-economy, as well as farm business diversification, encouraging collective approaches, building the immaterial infrastructures such as IT services, and virtual markets.

This should eventually result in enabling healthy farm systems that can become drivers of a circular, low carbon, and ecologically and climate resilient economy and should take the form of a combination of annual and multi-annual measures and be time limited.

Overarching mechanisms

Relevance and inclusiveness of the governance structure

For the benefit of society, and in line with President Junckers’ commitment to breaking through silos, decision making needs to be enlarged to properly involve all the societal interests that this sector affects. This should include environment, but also climate, development, health, animal welfare, consumer interests, etc. The huge number of citizens that took part in the Commission’s public consultation on the future of the CAP and the variety of organisations that signed the Living Land vision show that the CAP is of wide interest. Joint political ownership of the next policy, from the EU level (involving several European Parliament committees, EU Council formations and Commission DGs services) to the national and regional levels, where the policy is finally tailored and implemented, is a prerequisite and it has to start with shared competences between the environmental and agricultural authorities.

Monitoring

A sound monitoring of the policy with relevant and robust indicators and the participation of relevant authorities and stakeholders in their design and implementation is also key for success. Space data and land monitoring services (Copernicus) should be part of the monitoring tools.

10) Find out more about the Living Land campaign: https://www.living-land.org/
SECTION 3

CONCLUSION
An urgent need for a new policy

Only by moving away from the existing two pillar structure and defining a new contract between farmers and the whole of society can the CAP of tomorrow enhance practices that work in harmony with nature and people instead of working against them. This contract must set the right incentives for farmers to protect natural resources and provide an income-effective system for maintaining ecosystems.

The food and farming policy of tomorrow starts with a new set of building blocks: a new policy structure, the implementation of the polluter pays principle and the inclusion of consumption into the policy. The policy should be made up of four new instruments:

1. **Protection and enhancement of biodiversity and ecosystems**
   Safeguarding a sufficient percentage of future policy budget for efficient and results-based measures.

2. **Sustainable Rural Development**
   Ensuring areas rich in culture and nature alike are maintained.

3. **Sustainable and healthy consumption**
   Targeting consumption and healthy food with a focus on healthy diets and food waste.

4. **Transition to sustainable farming**
   Helping EU farms become resource efficient, low carbon, ecologically sound, sustainable and resilient undertakings.

A more inclusive governance system reflecting better societal interests and a robust monitoring system that particularly allows for greater oversight of how EU money is spent, are also key elements that must underpin this future policy.

Only if the recommendations in this report are followed will Europe be able to move towards a policy and a food and farming system that is:

- **Fair** for both farmers and the taxpayer. Those who deliver the public goods that markets do not provide for, such as protecting wildlife and waterways, should be able to receive public money.

- **Environmentally Sustainable** for clean air and water, healthy soil, and thriving plant and animal life.

- **Healthy** for the well-being of all people by providing good food.

- **Globally Responsible** for the planet’s climate and sustainable development.
ANNEX

• Over 80% of protected extensive grasslands in Natura 2000 sites are in an unfavourable condition. Europe is not on the right track to achieve its goal of preventing biodiversity loss by 2020 and its natural capital is not being conserved and protected, nor are the goals of the 7th Environment Action Programme being met. 60% of protected species and 77% of habitat types have an unfavourable conservation status and there has been a 57% decrease in farmland birds since 1980.

  State of Nature report, 2015

• The agricultural sector is the primary source of diffuse pollution which significantly affects 90% of river basin districts, 50% of surface water bodies, and 33% of groundwater bodies throughout the EU.

  The Water Framework Directive and the Floods Directive: Actions towards the ‘good status’ of EU water and to reduce flood risks

• The Institut für Agrarökologie und Biodiversität (IFAB) developed and implemented a method to measure the nature value of different agricultural landscapes in Europe. The study was carried out in 10 Member States (Czech Republic, France, Germany, Hungary, Italy, Poland, Romania, Spain, The Netherlands, and the United Kingdom). The results are striking: 95% of all investigated arable landscapes had low levels of biodiversity even in regions where it was expected to be high.

  Landscape Infrastructure and Sustainable Agriculture (LISA), Institute for Agroecology and Biodiversity (IFAB), November 2015

• A study on CAP implementation showed that Member States had not been ambitious when it came to implementation. The Institute for European Environment Policy (IEEP) investigated the choices of nine Member States (France, Germany, Hungary, Italy, Poland, Romania, Spain, The Netherlands and The UK) and the result is striking, the options available did not appear to have been used to create a distinctive overall increase in environmental ambition.

  Green direct payments: implementation choices of nine Member States and their environmental implications, September 2015

• A subsequent study from the Institute for European Environment Policy (IEEP) revealed that this demand for flexibility has undermined a key CAP greening measure. It found that Ecological Focus Areas (EFAs) will deliver negligible benefits for Europe’s wildlife. While the stated aim of EFAs – one of three CAP ‘greening’ measures introduced at the last CAP reform in 2013 – is to ensure that at least 5% of total EU arable land is dedicated to nature protection, this research shows that while farmers more than met this target on paper, in practice crops which have negligible effects on biodiversity are being grown on 75% of land declared as an EFA.

  Ecological Focus Area choices and their potential impacts on biodiversity, November 2016

• EU agricultural reform fails on biodiversity

  Pe’er et al., June 2014, Science magazine

• EEB and BirdLife factsheets: The truth behind the new CAP in: the EU, France, Spain, Italy, Latvia, Germany, Lithuania, UK, Romania (2013)

• Analysis on farmers’ greening choices in Germany by Sebastian Lakner.
  Blog article 1 and Blog article 2

• Is the CAP Fit for purpose? An evidence-based, rapid Fitness-Check assessment

  Preliminary Summary of Key Outcomes

• EEB and BirdLife analysis of 19 Rural Development Programmes and their delivery for biodiversity