I/ Background:
The Common Agricultural Policy (CAP) has the potential to support farmers and rural communities, protect and enhance our natural environment and secure long-term food security. However, in many areas the CAP has caused more problems than it has solved, with some alarming results. Despite successive reforms of EU farm policy the evidence shows\(^1\) that:

- Bird populations on farmland across the EU have declined by half over the last three decades;
- European butterfly populations have decreased by 70% since 1990;
- Farming is now responsible for over 50% of the nitrogen pollution of water;
- 115 million hectares of Europe’s total land area is affected by water erosion and 42 million hectares by wind erosion;
- Between 2000 and 2009 the EU-27 lost 3.7 million agriculture jobs, representing a quarter of the active workforce.\(^2\)

These are just a small selection of negative impacts that harmful farming practices, which are heavily subsidized, have had on the environment, rural communities and farmers over the last number of decades. Although the Commission’s legislative proposals for the CAP post 2013 go in the right direction, they still need to be strengthened to support good agronomic practices, including agro-ecological production methods, in order to reverse the current situation and fully achieve sustainable farming by 2020. With the CAP budget representing a major part of total EU expenditure at a time of economic crisis and rising public concerns about the efficiency of spending, issues of climate change, ecological protection and long-term food security should not be seen simply as excuses to green the policy but as strong arguments to prepare the sector for the next 50 years.

Taking into account the latest developments, civil society organisations are concerned that the directions that both the Council and the European Parliament appear to be taking to date will not achieve the goal of ensuring Europe’s long-term food security. Indeed, the latest discussions may end up watering down the few positive elements of the Commission’s proposals. We are concerned about the environmental performance and long-term viability of European food and farming systems, and therefore we ask you to consider the following points in the on-going discussion.

*This briefing provides a short reaction to the recent developments within the Special Committee on Agriculture (SCA) and the Agriculture Council on the greening of the CAP (known as the “Luxembourg proposal”) and also highlights the signatories’ initial requests and expectations as regards the Commission’s legislative proposals and its potential to respond to the needs of both farmers and society by ensuring the effective environmental delivery and long-term viability of European agriculture.*

II/ Overview of the options being discussed as regards the greening in the Council

The three alternative options currently being in the Council suggest to replace the Greening of direct payments by moving away from a common package of 3 measures compulsory for farmers as proposed by the Commission in the legislative proposals of October 2011 towards a number of alternative approaches. These include:

A/ A shift of 10% of direct payments funds to target fostering of knowledge transfer and innovation, ecosystem management and resource efficiency which would be 100% EU funded.

B/ A menu of measures instead of a basic common package (which allows member states or farmers to choose 3 measures from a list of 9 possible options) and expanding the range of farms classified as “green by definition” similar to the equivalence recognised for organic farmers.

C/ Integrate greening elements into cross compliance and exempt farms classified as “green by definition”.

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\(^1\) All the following examples come from: EEB, Birdlife, WWF and IFOAM EU Group et al., 2011. The Truth behind the CAP: 13 reasons for green reform


\(^2\) European Commission, 2010. Developments in the income situation of the EU agricultural sector

III/ Preliminary comments:

Long term food security and sustainable management of natural resources are major challenges for society and are clear objectives of this CAP reform. To reach these objectives, the results of the “greening component” must be visible and measurable on all farmland in order to increase the environmental sustainability of European farms. This implies that all farmers must apply a common “greening” package so that long-term sustainability becomes an integral part of farm practice and management across the EU.

IV/ The different options analysed:

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<tr>
<th>Option A: Shift 10% of direct payments to agri-environmental operations</th>
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<td>It is a long standing demand of our groups that more funding should be shifted from the first to a well-designed Pillar 2 with clear objectives, strategic programming involving stakeholders and, multi-annual and targeted measures. But a 10% budget shift cannot replace the need to make a significant improvement in environmental performance of all European farms as a condition for receiving payments under Pillar 1. Furthermore as the Pillar 1 reaches almost all farmers and a comprehensive approach to greening is clearly needed.</td>
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While this option currently discussed would move 10% of direct payments for “greening” to Pillar 2 it in effect proposes the abandonment of a common package of greening measures in Pillar 1 and therefore bears the following shortcomings:
- Instead of dedicating 30% of 1st Pillar funding to “greening” measures which would be applicable to all farmers, only 10% will be shifted to national envelopes. There is no rationale offered for this reduction and it is a major step back from what is currently being proposed;
- The additional funding could go to any of the rural development measures contributing to priorities 1, 4 and 5 without ensuring that the money is used for clear environmental objectives;
- The additional 10% of funding going to rural development measures would be offered still on a voluntary basis without guaranteeing the uptake of environmental schemes and hence would not increase the overall environmental baseline for all farmers;
- Some of the proposed greening measures (e.g. protection of permanent grassland) in the legislative proposals of 2011 are under the current legal framework addressed under cross compliance. In the proposed option A it is not clear what would be done to safeguard these measures if farmers are exempt from the greening requirements;
- It does not legitimise the 90% of untargeted direct payments that would just be distributed to farmers under an even weakened cross compliance system;
- It will fail to increase the environmental performance of most EU farms as is the goal with greening through Pillar 1;
- It will limit the delivery of improved sustainability to a certain number of farmers that are already systematically working for the environment, such as organic farmers or other farmers considering taking part in environmental schemes;
- It will fall short of targeting the most intensive farmers, where the greening is the most needed, and who are to a large extent not enrolled in meaningful or effective environmental schemes.
- Some agri-environmental schemes, (see report of ECA) have poor environmental benefits and will not compensate for a well-designed greening package
- Agri-environmental schemes cannot be seen as a substitute but rather as a means to build upon the greening under rural development.
- In the case where a 10% shift occurs on an annual basis, making connections between multi annual schemes and annual payments poses a number of problems in terms of setting criteria for environmental schemes and making a strong practical links between Pillar 1 and Pillar 2 and will inevitably increase the complexity of the system.

Conclusion:

As an alternative to the greening, shifting 10% of direct payments to agri-environmental operations and abandoning the greening package proposed by the Commission in the Pillar 1 will not deliver long-term “greening” effects for the whole of the CAP and the majority of the farmers. Rather it will fail to effectively target intensive farmers and will

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3 Greening can improve the environmental performance of farms across Europe if it is significantly strengthened.
5 The three measures proposed by the Commission must be significantly improved in order to deliver effective environmental benefits. To this end the greening component must include crop rotation, ecological focus areas, the protection of permanent pastures and soil cover.
probably not help to significantly increase the amount of farmers who will participate in environmental schemes. This shift should occur on top of the greening measures in Pillar 1. Member states should be encouraged to shift 10% of their national ceiling for direct payments (without co-financing) to target environmental delivery under their rural development scheme, but farmers must still be required to meet their greening requirements under Pillar 1 in order to ensure that all farmers who receive public money deliver public goods in return and thereby legitimising the CAP budget and improving the environmental performance of all farm holdings.

### Option B: A greening menu alongside a long list of “green per definition”

#### B1: Menu approach

The strength and essence of the Commission’s proposal vis à vis the “greening” of direct payments lies in the fact that the package of measures concerns all farms, applies to the entire relevant area of their holding, increases the environmental performance of most of the EU farms and ensures a level playing field in the Union.

By introducing flexibility and a so called “shopping list” or “à la carte” concept⁶, all the benefits of a common “greening” under a “common” Pillar evaporate. At the same time the administrative burdens linked with the implementation and the enforcement of the measures would increase significantly.

While certain flexibility will be needed in some cases this should only be addressed at the phase of implementation not during design of the regulation’s fundamentals. The “greening” should not only be about “doing something good for the environment” but must aim to solve major problems that EU agricultural areas are facing. Therefore it is necessary to design common tools that are both evidence-based and proven to be effective.

The menu approach applied at Member State level has several problems:

- **No additional measures can replace the benefits of ecological focus areas, crop rotation and real protection of permanent pasture as a package of simple agronomic measures. Therefore there must not be a trade-off between them. It is not just about doing something “green” but about everybody delivering on all the measures proposed⁷;**
- **This approach would imply the Commission validating Members States’ choice for “greening models” similar to the second Pillar programmes which would increase the complexity of the system including the logic of annual payments in Pillar 1;**
- **It puts at risk Ecological Focus Areas (EFA) which are one of the most needed and beneficial measures to support functional biodiversity, eco-system services and therewith support the long term economic viability of the farms. The EFA measure is designed to put back in place lost landscape features (but also recognise that existing landscape features should be eligible for CAP funding), to create space for pollinators so vital for the sustainability of food production and to create connectivity for wildlife. The features are all part of a secure and stable agricultural ecosystem and begun to disappear dramatically as a result of intensification;**
- **It does not guarantee robust protection of permanent pastures;**
- **It will not lead to an uptake of crop rotation and leguminous crop cultivation by the majority of farmers, despite crop rotation effectiveness in responding to current agricultural and wider global challenges (including nutrient efficiency, phytosanitary problems, the diversification of crop families and risk management);**
- **It threatens the level playing field and increases unfair competition between farmers in different Members States;**
- **It raises problems for the common baseline. If the baseline for greening is not similar in all countries, the basis on which the level of the measures under Pillar 2 should be calculated, both in terms of commitments and financial compensation will be extremely difficult;**
- **It threatens the entire “Common” character of the CAP, the Common EU approach towards farm policy.**

**Conclusion:**

A greening menu approach will fail to reach the very first aim of the reform: to ensure that all farmers receiving payments deliver a certain level of public goods as there will be great differences in terms of delivery from one Member State to another.

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⁶EFAs, crop diversification, protection of permanent grassland, EFAs on grassland, green cover/catch crops, areas with willow trees, nutrient management plans, certified energy efficiency plans, AEMs

⁷ These measures are designed in particular to address the major environmental issues faced by European farmers including soil degradation, carbon and water retention, biodiversity degradation;
Having a “shopping list” approach at farm level will be even less effective and will increase the complexity of the system. On top of that it will not oblige farmers to take up new measures, and not increase environmental delivery at farm level, hence maintaining the status quo. As a result it will fail to justify the large amount of public money being spent on this specific sector. Instead the Commission’s the proposals must be strengthened to effectively deliver for both farmers and society.

B2: “Green by definition”
In its proposals the Commission decided to recognise organic farming systems as being equivalent to the “greening component”. This has to be understood as a political recognition for a system approach to sustainable farming that is acknowledged for responding to consumer demand for high quality food and delivering environmental public goods. Through the EU Organic Regulation 834/2007, organic farming is based on codified practices that have proven to be good for the environment and subject to an exceptional degree of monitoring and certification. The Organic Regulation is the only EU wide agricultural certification system that has been based on years of research and experience and continues to be developed, built upon and improved.

Expanding the “green per definition” logic to other certification systems, specific farming practices or agri-environmental schemes is highly questionable.
- Such an approach will raise the issue of credibility and equivalence. A regional certification scheme, for instance, is neither equivalent nor comparable with the EU-wide Organic certification;
- It will also automatically raise questions about definition, control and verifiability, including the content of the certification itself or of the agri-environmental scheme, for example, who will control that it delivers, how effective are the schemes and how can its achievements be proven?
- Very often, Agri Environmental measures are at parcel level while the greening is at farm level, how the equivalence will then function?
- It will increase the complexity of the “greening” instead of simplifying it while questioning the public goods delivery of the reformed CAP;
- It will jeopardize the common baseline and create confusion for Pillar 2 schemes;
- Some serious questions have to be asked about certain certification systems that Member States would plan to put in place at the national and regional level. Concerns about the inclusion of agri-environmental schemes questions can also be raised. Although agri-environment is one of the most targeted and effective ways of achieving environmental benefits, some schemes have questionable reputations in terms of their benefits and environmental delivery.

Conclusion:
Allowing a large category of farmers to be “green per definition” will risk maintaining the status quo while increasing the bureaucratic burden. It would end up being green-washing rather than effective “greening” and will not solve the environmental challenges facing farmers and society. Finally it will fail to respond to the question “what are we paying for?”

Option C: Integrating greening elements into cross compliance
This option includes “super cross compliance” and exempts farmer defined as “green by definition”.

Since its implementation in 2003, Cross compliance has been recognised as a valuable mechanism that ensures farmers who receive public money are fulfilling their legal environmental, animal welfare and health obligations. The introduction of the greening concept seeks to build upon the initial work of Cross compliance through an eligibility criterion based system which promotes common basic agronomic practices that can secure an overall increased environmental performance, which can contribute proactively to the long-term viability of the entire farm holding.

Whereas strengthening cross compliance, for example by adding elements of the Water Framework Directive on the one hand and linking the basic payment and greening component together on the other, would be a welcome move, a strong and effective greening component would put in place a basic contract between farmers and society. The importance of this contract is that it would link the greening component with the basic payment and make certain that all farmers who receive public money are increasing the environmental performance of their agricultural practices. Thus while cross compliance is there to guarantee compliance with basic pieces of legislation, the greening concept in principle must be seen as mechanism to build upon cross compliance and work to proactively lift the
environmental baseline for all farmers and legitimise the provision of taxpayer’s money for the delivery of environmental public goods.

We believe therefore that while cross compliance should be strengthened by adding certain requirements, placing effective greening measures (including crop rotation, ecological focus areas, grassland protection and soil cover) within cross compliance would lead to a number of problems and would weaken the “greening” concept because:

- It does not enshrine the principle of “public money for public goods” and therefore may not justify expenditures for Pillar 1 as measures would not be based on eligibility criteria;
- Placing “greening requirements” within a sanctioning system could water down the level of obligations and fail to achieve significant improvements at farm level;
- It does not promote the “greening” of the CAP as a positive approach for farmers to deliver for the environment, and a mechanism which can contribute to the development of a long-term sustainable agricultural businesses and actively managed holdings;
- There is serious willingness among some policymakers and stakeholders to simplify cross compliance to the point of non-existence which means that moves to implement a super cross-compliance are not politically feasible.

Conclusion:
Both a greening and a solid cross compliance baseline are needed. If we aim at a reform that is capable of effecting real change and is well designed to ensure our long term food security over the coming decades, it is essential that basic agronomic practices, that protect and enhance soil fertility, biodiversity, water quality, are actively carried out at farm level. These measures must be seen as mandatory criteria for receiving direct payments in addition to what is already under cross compliance.

V/ Common position on the Commission proposals and main requests for improvements:
The debate in Council on the greening of the CAP should not be an either/or discussion. We need all aspects, including a strong “greening” component, more money for well-targeted schemes in Pillar 2 and a strengthened form of cross-compliance underpinning the whole CAP.

EEB, BirdLife Europe, the IFOAM EU Group and WWF are therefore calling for the proposals of the Commission to be improved in the following way:

For Pillar 1:
- A mandatory package of meaningful agronomic “greening” measures at farm level representing 30% of the Direct Payments, reflecting:
  - Genuine crop rotation to maintain and enhance soil fertility, reduce pesticide dependency, increase habitat diversity for wildlife and reduce farmers’ vulnerability to pest, climate and market risks;
  - A minimum 10% of a farm’s land managed as Ecological Focus Areas (EFA) (including hedgerows, buffer strips, small wetlands, pockets of natural vegetation, etc.). EFAs are ecological infrastructures that are crucial for supporting wildlife, increasing habitat connectivity, climate adaptation, and provision of ecosystem services such as pollination, pest control and water purification;
  - Real Protection of Permanent Pastures in order to retain their biodiversity and carbon, which are lost when grasslands are ploughed up or converted into arable. A clear distinction is needed between intensive grass crops and extensively managed pastures of the highest environmental value. This could be achieved through a meaningful definition given to Permanent Pastures to reflect the use of different types of forage by livestock farmers, including shrubs and trees and not only herbaceous species. Any cut-off date should be set in the past to avoid further ploughing up before the new policy is put in place;
  - Soil cover requirement that consists out of overwinter stubble, catch crops or natural vegetation with a maximum amount set on bare soil taking into account the agro-climatic conditions.

For cross-compliance:
- No watering down but a strengthening of cross-compliance. This must include the proper implementation of existing and new Good Agricultural and Environmental Conditions (GAEC) and the Statutory Management Requirements (SMRs). None of the current SMRs should be omitted as is proposed for some of the Birds and Habitats directive articles. Cross Compliance should also include the Water Framework Directive and the Sustainable Use of Pesticide Directive from 2014 onwards.
For Pillar 2:

- **An enhanced and sufficiently funded Pillar 2** which includes:
  - A compulsory earmarking of **at least 50%** for measures with meaningful environmental benefits such as agri-environment schemes, Natura 2000 and Water Framework Directive measures and organic farming. These agri-environment schemes must build on the greening component and reward farmers who farm with wildlife and the wider environment in mind. Such schemes must receive a much larger share of the rural development budget as they are needed to fully unlock the Pillar 1 “greening” potential;
  - Additional support for **High Nature Value (HNV) farming systems** to incentivise positive management. This could be done by creating a thematic sub-programme for HNV farming;
  - Additional support for **Natura 2000** sites including incentives for positive management through special Natura 2000 schemes, and a full use of the whole of Pillar 2 in order to better finance Natura 2000 in coherence with the PAFs;
  - Clear commitment for the **organic farming** measure, including higher co-financing rates of up to 80% for farmers converting to and maintaining organic farming. Member states should be required to create synergies between organic farming and other rural development measures such as agri-environment-climate, investments, cooperation and quality schemes;
  - Appropriate support for the full implementation of the **Water Framework Directive**.
  - **No harmful** (Pillar 1 and Pillar 2) subsidies which undermine the environmental baseline, this means inclusion of effective environmental safeguards into the CAP.
  - Financial flexibility from Pillar 1 to Pillar 2 (**modulation**) should be included in the proposal and the **rate of 10% increased** to reflect Member State ambitions while financial flexibility from Pillar 2 to Pillar 1 (**reverse modulation**) should not be allowed in any case.
  - Ensure that **Farm Advisory Systems** are well resourced and targeted, fully covering environmental issues, contributing to coherence between Pillar 1 greening and environmental measures in Pillar 2, are easily accessible to all farmers covering as a minimum: cross-compliance, “greening” and environmental measures in Pillar 2, while at the same time responding to the needs of farmers who are applying agro-ecological practices and systems such as organic farming.

**General conclusion:**

The “greening” measures must increase the environmental performance of most of European agriculture as a whole. The only way to do so is via a package of measures (crop rotation, protection of permanent pastures, ecological focus areas and soil cover) proven to deliver towards a range of environmental and climate issues (soil, biodiversity, water) applied at farm level.

This would provide the necessary justification to maintain levels of public investment in the farming and land management sector and will to contribute to our long term food security.

At same time the Pillar 2 measures must build upon this new, elevated, baseline thereby improving the environmental ambition of Pillar 2 and freeing up resources for more targeted measures. Cross- compliance should underpin both “greening” and Pillar 2 measures.

The only way in which flexibility may be appropriate would be to allow Member States to determine the best way to implement each of the “greening” measures in the mandatory package. In this way, the proposed “greening” measures would be viewed as principles to follow but the way in which they are executed would be determined at the Member State level with Commission guidance and full stakeholder involvement, thereby providing the necessary degree of flexibility.

However, if following the policy negotiations “greening” would prove to be in the end an empty concept and, would fail to secure significant environmental improvement at the farm level then this public investment will not be justified and therefore render the CAP unacceptable to wider society.

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**Contact details for further information**

Ralucu Barbu, agriculture policy officer, WWF rbarbu@wwf.eu
Faustine Defossez, agriculture and bioenergy policy officer, EEB, faustine.defossez@eeb.org
Stephen Meredith, policy assistant, IFOAM EU Group, stephen.meredith@ifoam-eu.org
Trees Robijns, EU agriculture and bioenergy policy officer, BirdLife Europe, trees.robijns@birdlife.org

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8 PAFs: Prioritized Action Frameworks