

Research for AGRI Committee – The Green Deal and the CAP: policy implications to adapt farming practices and to preserve the EU’s natural resources

KEY FINDINGS

- EU agriculture and food practices are not on the right track to meet the Green Deal ambition, objectives and quantitative targets related to climate, environment, nutrition and health issues in that sector.
- To reverse these unfavourable current trends, there is an urgent need to significantly strengthen many technical provisions of the CAP; in particular, those related to conditionality requirements and ecoscheme measures, and those to improve the CAP governance, notably by making the attainment of targets legally binding and improving their enforcement, reporting and monitoring.
- It is also crucial to complete CAP regulations by means of a global and consistent food policy, including interventions focusing on food diets.



The European Union (EU) Green Deal, notably the Farm to Fork strategy, the EU biodiversity strategy for 2030, plus its climate component, could substantially affect European agriculture and food. Its objectives are materialized into quantitative targets related to climate, environment and health issues for agriculture.

The present document is the executive summary of the study on “The Green Deal and the CAP: policy implications to adapt farming practices and to preserve the EU’s natural resources” (IP/B/AGRI/IC/2020-036). The full study, which is available in English, can be downloaded at: <https://bit.ly/35HmZJq>

EU agriculture is not on the right track to meet the Green Deal targets

Current trends show that reaching Green Deal agricultural targets will not be an easy task. EU agricultural greenhouse gas (GHG) emissions were reducing up until the 2010s and have remained stable since. Significant changes in farming practices and systems are now required to achieve further substantial reductions, including a reduction in the use of nitrogen fertilization and in the number of animals farmed. Biodiversity erosion occurs due to increasingly specialised and simplified agricultural systems and rural landscapes, using larger plots of land and the widespread application of chemical inputs. Soil degradation and nutrient flows - notably nitrogen - in water and the atmosphere have reached alarming levels. With the possible exception of phosphorus and antibiotics, past trends show that it will be extremely difficult to achieve the climatic and environmental targets of the Green Deal without substantial inflexion of the Common Agricultural Policy (CAP). In addition, a large proportion of the European population does not comply with dietary recommendations that are consistent with Green Deal nutrition and health objectives. Considerably more ambitious policies are needed in this area. In addition, changes in food diets could also contribute to the reduction of GHG emissions.

A policy mix for the whole food chain is needed

To achieve the Green Deal objectives, three sets of coordinated actions must be implemented.

First, it is imperative to reduce all current inefficiencies that lead to the excessive use of water, fertilizers, pesticides and antibiotics. Innovations and incentives in that domain would benefit both the environment and farm incomes.

A second set of technical and policy actions must favour the redesign of farming systems, to rely more on biological cycles and less on external chemical inputs. Such agro-ecological systems could significantly reduce the ecological footprint of agriculture. However, they could also have negative impacts on agricultural producers’ incomes; the scope of which will depend on consumers’ willingness to pay for higher quality products. In addition, GHG emissions would be reduced when calculated per unit of area but, in most cases, not per unit of product. The redesign of farming systems requires public support and assertive policies to create the right incentives for producers.

A third set of actions should target changes in dietary patterns for health, climate and environmental reasons. The higher cost of lower caloric and more balanced diets is a potential obstacle to change, especially for low-income households. The food and retail industries must therefore facilitate a shift towards emphasising more desirable eating patterns, by way of product reformulation, responsible marketing and advertising limitations. Public policies that increase consumers’ awareness of the health, climatic and environmental impacts of food choices, as well as the modulation of consumption prices, are required in order for consumers to adopt healthier and more plant-based diets.

The CAP in this framework

Making the post-2020 CAP compatible with the Green Deal objectives requires major changes to the Commission's June 2018 proposals for this policy. Provisions that are crucial include conditionality requirements, plus targets, instruments and budgets of both the eco-schemes in Pillar 1 and climate- and environment-related interventions in Pillar 2.

First, it is vital to more effectively apply the "*polluter-pays principle*", upon which conditionality relies, in order to better justify the increased implementation of the "*provider-gets principle*" that underlines both the eco-schemes and climate- and environment-related measures. Second, the Pillar 1 eco-scheme measures that are fully financed by the European budget must target global public goods; that is, climate mitigation, biodiversity preservation and restoration, as well as animal welfare. Third, the eco-schemes must be supplemented by Pillar 2 measures that are focused on local public goods, notably, water quantity and quality, soil fertility and diversified landscapes.

The current conditionality criteria should not be weakened and exemptions must end in order to increase the environmental efficiency of the CAP and to close loopholes. Provisions of new Good and Agri-Environmental Conditions (GAEC) to replace the greening criteria of the current CAP must reflect the same level of climatic and environmental ambition at the very least, and should be gradually increased over time. Both GAEC #2 on the protection of wetlands and peatlands and GAEC #9 related to high-diversity landscape features must be made more binding. New GAEC should be introduced to increase agricultural producers' awareness of the flow of the nutrients, molecules and GHG emissions they generate, and to provide a benchmark for payments under associated eco-scheme measures. Such payments would remunerate farmers for their efforts that go beyond conditionality requirements, and would increase proportionally with their efforts and non-market benefits. Consistent with this, two new ring-fenced budgets would be introduced in Pillar 1, with 15% of spending reserved for climate mitigation actions and 15% for measures targeting biodiversity. In addition, 35% of Pillar 2 expenditure should focus on environmental interventions.

We point out several unresolved issues for making CAP National Strategic Plans (NSP) more consistent with the Green Deal roadmap. The main issues concerning the Green Deal targets are: first, their legal status must be clarified; second, the ways in which they are calculated are not detailed enough and should be more precisely defined; third, the methods used to define the corresponding national targets are unknown. They also concern the CAP. The performance indicators currently proposed do not make it possible to monitor progress made towards the targets. More generally, the CAP does not allow progress to be sufficiently enforced, reported and monitored, nor does it impose an effective corrective action plan if progress does not occur.

Challenges

Sound impact assessments of any policy option are crucial in order to identify possible trade-offs between different climatic and environmental objectives. The land issue requires particular attention: the de-intensification of farming practices and systems implicitly included in the Green Deal could require more agricultural land, both in the EU and further abroad, with possible adverse ecological consequences ("*pollution leakages*"). A second possible trade-off to be addressed concerns ecological and economic impacts. We provide some orders of magnitude on overall economic consequences, but more detailed analyses are required to account for market feedback through price changes. If made binding, several Green Deal targets could significantly impact farm incomes. Consumers may also be affected by higher food prices. However, much will depend on trade policy and changes in eating patterns.

Climate and biodiversity issues are insufficiently covered by regulation revisions adopted by the Council of Agricultural Ministers on 21 October 2020 or the European Parliament on 23 October 2020. Indeed, nutrition issues are barely covered. Making EU agriculture consistent with the Green Deal ambition is possible, but would require a whole food chain policy that encompasses more stringent instruments on the supply side and extensive changes in eating patterns. In other words, the climatic and environmental dimension of the CAP must be strengthened, and the CAP itself must be extended in the framework of a more focused and global food policy.

Further information

This executive summary is available in the following languages: English, French, German, Italian and Spanish. The study, which is available in English, and the summaries can be downloaded at: <https://bit.ly/35HmZJg>

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