

PAPER I**Emerging EU Agri-environmental issues**

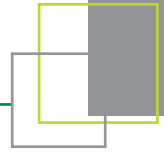
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The major influences on the ongoing reform of the CAP over the past 25 years have been budgetary and opportunity cost and the EU's relationship with the rest of the world through GATT, WTO and regional trade considerations. These, together with a strong desire for simplification, remain extremely important and the debate on the post 2013 budgetary shape of the EU will again spotlight the CAP. The environment's relationship with the CAP has been one of catch up over the past decade or so following a difficult earlier period. Environmental legislation, notably with respect to water and biodiversity protection was put in place (and subsequently implemented) really only long after problems had clearly emerged with the result that their resolution was and is a great deal more burdensome both politically and financially than had they been addressed earlier.

Today, following years of painstaking work on integration, agricultural policy contains very strong environmental elements as befits the relationship between two major policy areas of EU competence. Cross-compliance, optional to but largely unused by Member States since 1992, has been obligatory since 2005 and now defines the relationship between farm and the environment, public and animal health and welfare. Agri-environment and related measures for NATURA 2000 areas and eventually aspects of the implementation of the Water Framework directive, as well as several similar forest related measures all within the rural development context, provide the incentives for improved environmental performance beyond the baseline established through cross-compliance. So the frame of the policy relationship between agriculture and environmental is firmly in place, even if there remain issues regarding the extent of cross-compliance and the real funding commitments to rural development and, within it, to the environment.

Climate change will dominate the environmental debate for coming decades but there are many other issues, part related, which also need to be addressed. Clearly, the post Kyoto agreement together with reduction in GHG emissions to be achieved will require that each MS takes the most appropriate measures and these will have repercussions for agriculture. But adaptation now needs to loom larger. Several MS are working on adaptation strategies with land, water and biodiversity crucial to this work. The Commission intends to publish a white paper in the near future and possibly, subsequently, more focused sectoral communications, including on agriculture. There is a need, based on best information available, to ensure that farming on the ground can reduce its GHG emissions, increase sequestration and adapt to inevitable change, not the least an increasingly unpredictable and volatile hydrological regime. That task will need strong scientific underpinning. New approaches to water management and flood control increasingly call for the retention of high waters on floodplains and in the soil, rather than quickly channelling them away. Among agricultural ecosystems, grasslands are the most compatible with such systems.



There is now a wider dimension to the environment's relationship with agriculture than ever before. Issues of natural resource depletion are on the horizon with phosphorous being a striking example but the same applies to several other farm inputs. On the other side of the coin, inefficient resource use leads to significant outputs with increasingly obvious detrimental effects on water bodies and related ecosystems downstream. Approaches to better resource use and recycling will inevitably move up the political agenda. Likewise there is debate on energy supply including on the role of agriculture in its provision. The debate on the Commission renewable target proposals is not yet complete but there is very strong emphasis placed by Member States and European Parliament alike regarding the inclusion of very strong sustainability criteria. Much is expected from 2nd generation bio-fuels and the role of grassland will certainly be debated.

The Commission brought forward proposals for soil protection in 2006 on the basis of very strong support by Council and EP. These proposals have been broadly supported by the EP but at present there is limited progress at Council. Soil degradation will not stop simply because of the reluctance of a few Member States to act and the importance of this topic will certainly grow in Europe and worldwide in coming years.

All these topics relate directly or indirectly to the subject of this conference. The benefits of grassland in terms of soil and water protection including carbon sequestration are known but often understated. Pressure to convert permanent pasture to arable will increase to respond to growing world demand and may be hard to resist if these benefits are not more widely known. The importance of grassland in the context of climate change adaptation and particularly for contributing to green infrastructure may well be crucial to supporting terrestrial and sub-terrestrial biodiversity. This is particularly true for extensive grassland now in danger of abandonment and serves to underline the need in Europe to use the land management incentives provided by rural development. The management of manure associated with livestock has been the subject of intense debate and the implementation of the action programmes under the nitrates directives as well as rising inorganic fertiliser prices has led to a huge increase in interest in manure processing not just to ensure better nutrient use but also for energy purposes- a remarkable change in attitude!..

Finally with respect to the water framework directive, those Member states which have vigorously pursued the implementation of the nitrates and urban waste water directives will find their tasks greatly eased as the deadline for the preparation of river basin management plans and for their implementation from 2010 fast approaches.