

# Emerging Trends in EU Policy - CAP, Green Deal, Farm to Fork

Presentation to Teagasc Signpost Series Webinars

*Pointing the way to a low emissions agriculture*

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Alan Matthews

Professor Emeritus of European Agricultural Policy

Trinity College Dublin, Ireland

[alan.matthews@tcd.ie](mailto:alan.matthews@tcd.ie)

# What this talk is about

- Irish agriculture is not on a sustainable path
  - GHG emissions, water, ammonia, biodiversity
  - Agricultural intensification an important driver of these problems
- What is needed for change
  - Innovation to lower environmental footprint of production and to improve profitability of sustainable alternatives
  - Appropriate regulatory baseline
  - Rewarding and supporting farmers who adopt more sustainable practices
  - Identify the new business opportunities in the green transition
- **What will be the opportunities in the new CAP to support the necessary transition, and how can Ireland make best use of them?**

# The CAP is changing



# Ireland's CAP budget envelopes in current prices

- Plus additional funding from e.g. carbon tax proceeds

Pillar	2014-2020	2021-2027
EAGF Pillar 1 Direct payments	€8.492 billion	€8.304 billion
EAFRD Pillar 2 Rural Development Programme- EU	€2.190 billion	€2.250 billion +€190 million EURI = €2.440 billion
- national co-financing	€1.956 billion	? (reduced EU contribution rate would increase national contribution)
Total RDPx½	€4.146 billion	?

# 2021 CAP budget figures

Pillar	FY 2020	FY 2021
EAGF direct payments	€1,211.1 million	€1,186.3 million
EAFRD rural development - EU contribution	€312.6 million	€380.6 million + €56.1 million

Financial Year 2021 direct payments fund Claim Year 2020 payments to farmers, €1.143 billion paid to 11 Dec 2020

Increase in rural development commitment appropriations due to:

- Commission front-loading of EAFRD budget in 2021
- Irish success in gaining additional EAFRD funding in European Council MFF conclusions in July 2020
  - Additional EURI funding

# The CAP is changing

- Hogan's 2018 CAP proposal
  - Higher environmental and climate action ambition (**new green architecture**)
  - Better targeting of income support
  - Stronger emphasis on Research-Innovation-Advice nexus
  - Focus shifted from compliance to performance
- Three general and nine specific **CAP objectives**
  - Plus cross-cutting objective on knowledge, innovation on and digitalisation
- Preparation of CAP Strategic Plans based on a **needs assessment** showing **intervention logic** and plan to address the CAP specific objectives with quantified targets
- Approval of Plan by Commission and annual monitoring of progress against milestones and targets using **commonly defined indicators**

# CAP Transitional Regulation – certainty for 2021 and 2022

- ‘Old rules, new money’
- Integrates **€8 billion EU Recovery Instrument** stimulus fund
  - ‘No regression’ principle – Member States should at least maintain the share of current Rural Development Programme allocated to environment and climate
  - At least 37% of funds directed towards environment and climate, animal welfare and LEADER
  - At least 55% of fund devoted to economic and social development of rural areas
  - Countries like Ireland where >80% RDP is spent on environment and climate can derogate *either* from non-regression *or* 55% objective

# What about the European Green Deal targets?

- “There is an **urgent need** to reduce dependency on pesticides and antimicrobials, reduce excess fertilisation, increase organic farming, improve animal welfare, and reverse biodiversity loss”
- **Specific targets** are set out in Climate Law, Farm to Fork and Biodiversity Strategies
- Commission will make **recommendations to Member States** on what Green Deal targets mean for their CAP Strategic Plans
  - Commission indicates it will take Member State response into account when deciding to approve the Plans
  - Council pushback saying approval can only be based on legal obligations
- Proposals that require legislation will be accompanied by an **impact assessment**

# Green architecture - current CAP

Pillar 1 Direct payments and market management

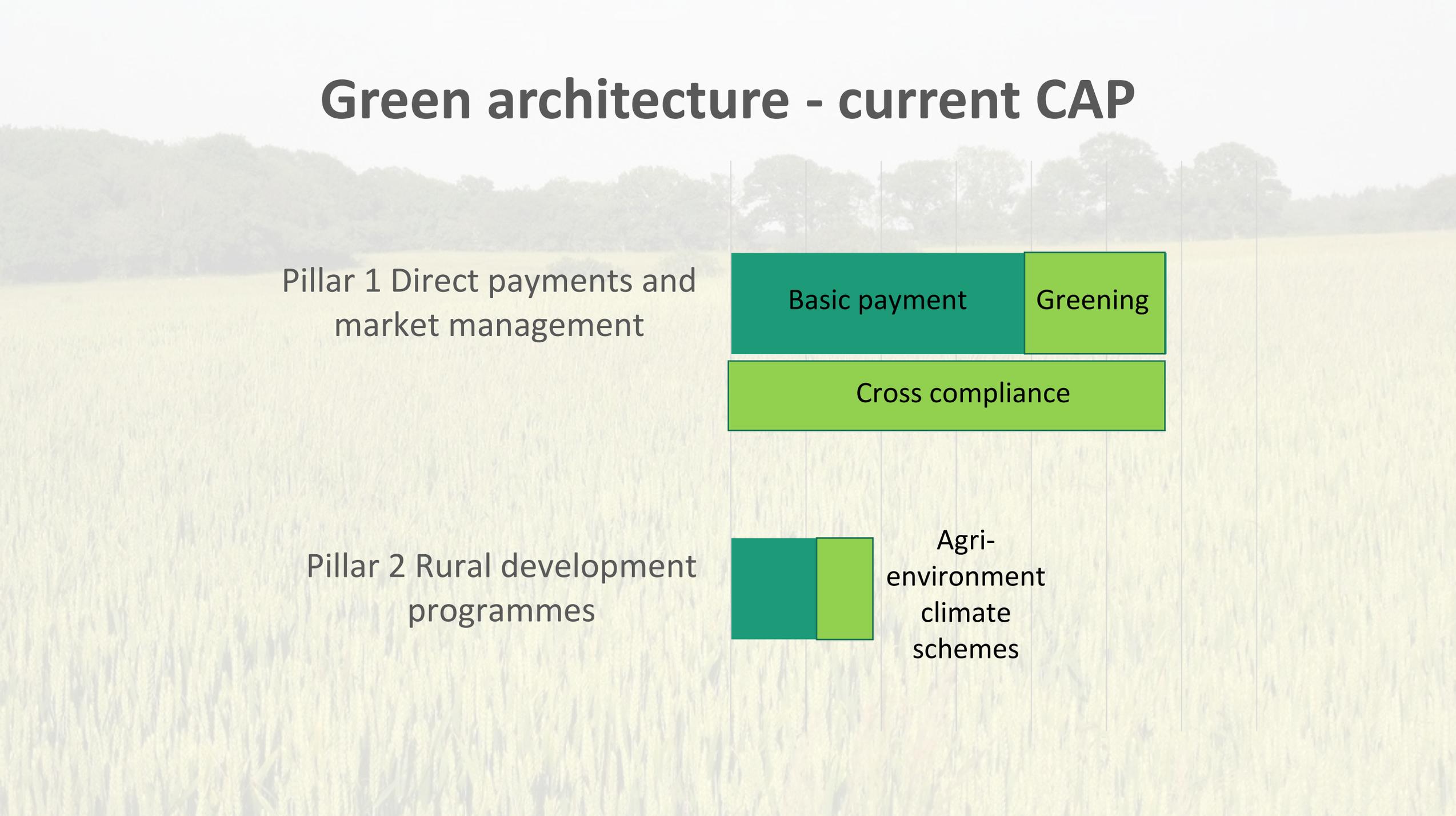
Basic payment

Greening

Cross compliance

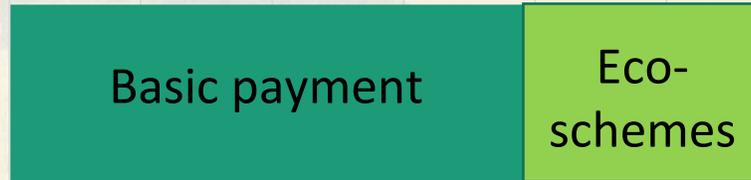
Pillar 2 Rural development programmes

Agri-  
environment  
climate  
schemes



# Green architecture - future CAP

Pillar 1 Direct payments and market management



Payments can be top-up of basic payment



Pillar 2 Rural development programmes



Agri-environment climate schemes

Payments linked to income foregone/costs incurred

# Enhanced conditionality (1)

## Main Commission changes

- **GAEC 1:** Maintenance of permanent grassland
- GAEC 2: Appropriate protection of wetland and peatland
- GAEC 4: Buffer strips along water courses
- GAEC 5: Nutrient management planning
- GAEC 7: No bare soil in most sensitive periods

*(Previous GAEC 3 Protection of groundwater against pollution deleted)*

## Council/Parliament positions

- **GAEC 1:** Add 5% flexibility / reference year 2018
- GAEC 2: Minimum protection of wetland and peatland by 2025 at latest / Effective protection of wetland and appropriate maintenance of peatland
- GAEC 4: Buffer strips along water courses with a minimum width of 3m without using fertilisers or pesticides
- GAEC 5: Deleted
- GAEC 7: Minimum soil cover in periods and areas that are most sensitive / No bare soil except when it is being worked

# Enhanced conditionality (2)

## Main Commission changes :

- **GAEC 8:** Crop rotation
- **GAEC 9:** Minimum share devoted to non-productive areas, retention of landscape features
- **GAEC 10:** Ban on converting permanent grassland in Natura 2000 sites

## Council/Parliament positions

- **GAEC 8:** Crop rotation or diversification, small farm exemption <10 ha arable / Crop rotation in arable land, including a leguminous crop
- **GAEC 9:** 5% non-productive area only on arable land, to include catch crops or N-fixing crops, 3% otherwise, small farms exempted / Minimum share of 5% non-productive features and areas on arable land using no pesticides and fertilisers, applying existing Ecological Focus Area flexibilities
- **GAEC 10:** Ban on converting environmentally-sensitive permanent grasslands in Natura 2000 sites / Appropriate protection of permanent grassland in Natura 2000 sites according to site specific management plan

# Eco-schemes

## Commission proposal

- Mandatory for Member State –voluntary for farmers
- Agricultural practices beneficial for climate and the environment on eligible hectares (specific objectives (d), (e) and (f))
- Member States decide on practices to support
- Payment only for interventions going beyond SMR, GAEC and legislative requirements
- Must be consistent with Pillar 2 AECM
- Funded as annual scheme within Pillar 1
- Payments made per ha based *either* on costs incurred/income foregone *or* as top-up to basic payment

## Council/Parliament amendments

- Practices that address employment and growth inc bioeconomy and forestry as well as health, food waste and animal welfare included (specific objectives (h) and (i) / 'boost schemes' to improve agricultural competitiveness (specific objectives (a), (b) and (c)).
- Ring-fencing of 20% of Pillar 1 envelope from 2025 onwards. Indicative 20% allocation in 2023 and 2024 can be used for income support or transferred to AECMs in Pillar 2 if allocation not fully used.
- Eco-scheme budget can be reduced by excess of EAFRD allocation to AECMs over 30%, subject to limit of 50% (or 75% in certain cases)
- Level of payment should be granted as an incentive payment going beyond costs incurred/income foregone
- Commitments can also be made on livestock units

# Other relevant issues still under discussion

- **Definition of eligible hectares**

- In addition to area used for agricultural activity, eligible area could include any area covered by landscape features subject to the retention requirement under GAEC 9 or used to attain the minimum share of [arable] land devoted to non-productive features under GAEC 9, or other landscape features as determined by Member States [Council]
- May contain landscape features provided they do not cover more than one-third of the agricultural area [Parliament]

- **EAFRD 30% limit for AEC measures**

- Commission proposed to exclude ANC payments
- Council proposes to reinstate ANC payments
- Parliament proposes to raise ceiling to 35%, but would extend scope to include animal welfare payments plus 40% of ANC payments

# Implications for Ireland

- Setting **ambitious targets** in the CAP Strategic Plan
  - In light of Commission guidance on Green Deal recommendations
- Definition of **eligible hectares**
- Translation of **GAEC standards** into specific farm obligations
- Design of **eco-schemes**
  - Commission's four flagship schemes
  - Menu-based approach
  - Results-based schemes?
- Raising ambition of **Pillar 2 AEC measures**
  - In light of disappointing evaluations of GLAS by ADAS and IGES
  - Establishing coherence with conditionality and eco-schemes
- Implications for **AKIS**



# Thank you

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