



# **A Greener Common Agricultural Policy**

**– A start has been made but many weak points remain**

Statement of the Agriculture Commission at the  
German Federal Environment Agency (KLU) | July 2013

**Umwelt  
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## **A Greener Common Agricultural Policy – A start has been made but many weak points remain**

**Agriculture Commission at the German Federal Environment Agency (KLU) considers the agreement on CAP reform as an “initial little positive signal” but sees an urgent need for consistent further development.**

A revised Common Agricultural Policy (CAP) for 2014-2020 was agreed between the European Parliament, the Council and the EU Commission. The aim is to make the CAP “fairer, greener and more efficient”. Based on the agreement reached, the remaining steps to be taken over the coming months include the final and legally binding wording of the draft Regulations already published in the autumn of 2011, the translation of these Regulations into all of the official languages of the European Union, and their formal adoption. The European Parliament has indicated its assent.

While the reform follows Agriculture Commissioner Ciolos’ guidance in principle, the Commission’s original intentions have been watered down by a large number of derogations. The enormous gaps between the levels of direct payments to farmers in the different EU Member States for example will only partially be reduced (“external convergence”). Similarly, imbalances within the Member States are to be decreased but not eliminated (“internal convergence”). Member States are however given the option to redistribute budgetary resources within Pillar 1 in order to grant a top-up on the basic payment for “the first hectares” of each farm (up to 30 ha, or up to the national average farm size), a measure that would support smaller farms<sup>1</sup>. The reform also focuses direct payments on “active farmers”, meaning that in future farming activity will be supported, as opposed to land ownership.

Payments are also to be based, at least in part, on a new green rationale in accordance with the principle of “public money for public goods”, thus initiating a paradigm shift in agricultural policy that has been long overdue. Farmers in receipt of support will need to adhere to more stringent rules on land management for the good of society. Beyond compliance with Statutory Management Requirements (cross compliance, which remains in place) farmers must implement newly introduced “Greening” measures, i.e. farmers must cultivate at least three different crops (with less stringent requirements for small and medium farms), maintain permanent grassland, and maintain at least 5 % of their eligible area as “ecological focus areas” with a possible increase to 7 % at a later point in time. The focus here is on agricultural practices beneficial to the environment. Organic farms as well as farms primarily under grassland or woodland will be exempt from these requirements. Such farms are deemed to have sufficient environmentally beneficial practices already in place (“green by definition”).

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<sup>1</sup> The issues of capping and degressivity have not yet been finalized. These issues primarily affect large holdings in the new German regional states.

The KLU welcomes the fact that the above-mentioned paradigm shift initiates a modest move towards “greener” and more environmentally compatible farming. Brussels managed to resist numerous attempts at diluting this process. Given the level of the planned direct payments however, the new measures can only be regarded as a first step. It is imperative that the standards will be enhanced and tightened in the years to come. The 75 % “ceiling” for the main crop can not be considered to be improving on the current situation, i.e. it will have hardly any environmental steering effect. The planned maintenance of permanent grassland is to be achieved using a split reference level (2012 declarations for old permanent grassland, 2015 declarations for new permanent grassland) with a view to preventing preemptive conversions undertaken to minimize the reference level. We hope that this approach will be successful as it is of great importance in terms of the prevention of water pollution, in that it would help avoid elevated nitrogen inputs into seepage water. The KLU also considers the requirement of 5 % ecological focus areas to be insufficient for effective species protection, especially in light of the fact that holdings with less than 15 ha of arable land are exempted from the EFA requirement. In this context, the KLU also sees a need for clarification as to whether there will be a total ban on the use of pesticides and mineral fertilizers on land declared as ecological focus areas; the current wording of Article 32 (Regulation establishing rules for direct payments to farmers) is considered insufficiently explicit. The KLU is of the opinion that there must be a total ban on the use of synthetic fertilizers and plant protection products on EFA.

There will also be major changes in the area of rural development, the second pillar of the CAP. In particular, previously separate funds (EAFRD<sup>2</sup>, ERDF<sup>3</sup> and ESF<sup>4</sup>) are to be brought together under Partnership Contracts with a view to strengthening synergies and eliminating incoherencies. Unfortunately, EAFRD funding will be cut by up to 20 % under the EU Multiannual Financial Framework (MFF) for 2014-2020 which has also just been agreed. The KLU views with great concern the cuts to Pillar 2 as its budget funds the agri-environmental measures, such as organic farming, that are absolutely vital for environmental protection, climate protection and nature conservation, and also provides remuneration for environmental services rendered by farmers going beyond statutory minimum standards. While the Member States are to be given the option of transferring up to 15 % of funds from Pillar 1 to Pillar 2, it is not a given that this will actually happen at the national level. If funds are not transferred in order to compensate for the Pillar 2 cuts, the KLU is concerned that the implementation and achievement of set objectives in the areas of EU environmental policy (Natura 2000, WFD) as well as national targets (Biodiversity Strategy, Sustainability Strategy) will be very much at risk.

The KLU welcomes the announcement by the Commission of a mid-term review of the reform in 2017 and recommends that the Commission uses this opportunity to make effective improvements to the CAP especially with respect to the “greening”. A first useful element would be an increase in the ecological focus areas to 7 %.

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<sup>2</sup> European Agricultural Fund for Rural Development

<sup>3</sup> European Regional Development Fund

<sup>4</sup> European Social Fund



With respect to the implementation of the reform in Germany, the KLU urgently recommends that the national scope be utilized in the interests of nature conservation and environmental protection. The following options are available to this end:

- Transfers of funds from Pillar 1 to Pillar 2<sup>5</sup> with a view to continuing adequate support at least for voluntary environmental undertakings such as the conversion to organic farming and conservation management agreements, and with a view to expanding such measures.
- Introduction of optional coupled premia aimed at maintaining and supporting endangered but ecologically valuable types of agricultural management such as transhumant shepherding and grazing of floodbanks<sup>6</sup>, suckler cow systems and other similar conservation management practices (ruminants in mountain regions, on the Halligen and other small islands). In many cases such payments would need to take the shape of headage payments if there are no entitlements to area-based payments.
- Integration into the agricultural support system, without undue “red tape”, of semi-natural grasslands, such as juniper heaths in the Lüneburg heathlands or the Altmühl Valley as well as alpine pastures.
- Mandatory total protection of grasslands in areas such as peatland sites and Natura 2000 sites.

The KLU is of the view that the mid-term review of the CAP as announced for 2017 must be used to further dissolve the ‘reform gridlock’ and to make improvements to the CAP’s green profile. In this context, the KLU refers to its Opinion published in July 2011 and the proposals made therein<sup>7</sup>. Especially given the significant increases in producer prices in some sectors since 2005, the provision of public funds to the farming sector in the form of flat rate payment entitlements can no longer be justified. The aim must be to solely use public money to remunerate farms for the provision of non-marketable public goods.

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<sup>5</sup> As part of the flexibility provisions a maximum level of 15 % transfers are envisaged, but a final decision has not yet been taken at EU level. This would be implemented at the national level, which means that in Germany national legislation would be required and therefore also agreement between the federal level and the regional states.

<sup>6</sup> Such holdings can not normally be enticed into the system through area-based payments – only payments linked to livestock numbers can achieve this.

<sup>7</sup> <http://www.umweltbundesamt.de/uba-info-medien-e/4347.html>.

## Imprint

Published by: German Federal Environment Agency  
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Date: July 2013

Design: UBA

Cover photo: Landschaft Scheyern