

CCB contribution to the Questionnaire on the “Health Check” of the Common Agricultural Policy (CAP) on 20 November 2007 [COM(2007)722]

In General

The European Commission should take into account the special vulnerable ecological conditions of the Baltic Sea and thus speed up the reform of Common Agricultural Policy in this region, to support an sustainable agricultural production that stop the harmful nutrient pollution to the Baltic Sea.

1. Simplifying the Single Payment Scheme (SPS)

The idea of the Single Payment Scheme is much welcomed by CCB and it is very important to establish criteria on farm level. We expect flatter rates (less difference between old and new member states in payment), and the same environmental criteria for all Members of EU (without differentiating between old and new member states). We also think that SPS should depend on environmental criteria, based on existing legislation that farms must fulfil. Core subsidies must always have sufficient environmental requirements. Simplified procedures should also be introduced for small scale farmers.

2. Cross-Compliance

The Cross-Compliance instrument is very important from an environmental point of view. CCB expects that industrial non-nutrient-balanced farming practices which are used in intensive agriculture will be reduced and the impact on the environment thereby lowered (e.g. reduced eutrophication). For now, we propose to sustain the standards which would be difficult to fulfil by farmers from New EU Members states, with a special time delay with an obligation/implementation that will start from 2009. We should therefore have realistic view that gives these member states time to adjust and implement the new regulations.

3. Partially coupled support

CCB propose full decoupling, because the system will bring the following benefits:

- Less administrative costs of running two systems
- More flexibility for producers and more openings for consumer needs
- Not necessary with “set aside” mechanism – also less administration
- More money for the second pillar

4. Upper and lower limits in support levels

From our point of view, payments to large industrial agricultural companies, usually not being nutrient balanced, are a completely wrong strategy for subsidies to reach sustainable agriculture production in Europe. Many of such companies have received financing for producing bad quality food with and with strong environmental impact as well. CCB support the last EC

suggestion which we find reasonable: payments above 100 000€ should be cut 10%, payments above 200 000€ should be cut 25% and payments above 300 000€ should be cut with 45%.

5. Climate change, bio-energy, water management and biodiversity

There is no doubt that the design of CAP raises environmental problems when implemented in the EU member states. This is especially true in relation to the impact on good water status, declining biodiversity and climate change. However the existing legislation related to the environment, public, animal and plant health and animal welfare and of good agricultural and environment condition have not been enough to protect the environment (this kind of legislation is still not mandatory in many member states). Therefore it is extremely important to link SPS with environmental standards, as well as compulsory modulation system, which supports Pillar II.

One of the main goals of the European Policy is to limit the usage of energy from fossil fuels. The policy sets up goals for the share of bio-fuels (10%) and renewable energy (20%) of the total fuel and energy consumption by 2020.

Implementing these goals will substantially increase the pressure on the environment. Intensive production of bio-fuels will use much more nutrient fertilizers and pesticides, which will result in more nitrates/pesticides ending up in our water bodies and the biological diversity will decline.

The environmental costs would be larger than the benefits of using bio-fuels and biomass. CCB proposes to consider a stop subsidizing bio-energy crops, especially in the Baltic Sea Region, and instead support other sources of renewable energy.

6. Strengthening the second pillar/rural development

According to the proposed budget until 2013, strengthening of the second pillar we can only achieve through increased co-financed compulsory modulation. It is therefore very important to *increase existing compulsory modulation* by moving of **at least 20 %, preferably more, of the pillar I subsidies into pillar II, specially for Axis 2**, on the national level, and using such financial resources mainly *for agri-environmental schemes* and give extra subsidies for measures to prevent nutrient run-off (such as organic farming; soil cultivation in spring-time, instead of autumn soil cultivation; buffer zones along ditches, watercourses and wetlands; the wider buffer strips the more subsidies; growing of catch-crops, with subsidies per hectare of winter-green crops).

The new EU-10 member states must be strongly encouraged to implement compulsory modulation in their countries before 2013. From an environmental point of view (in the Baltic Sea Region finding the solution of the Baltic eutrophication problem, such as decreased nutrient agricultural run-off) the activities in the Rural Development Plan are the most important in Axis 2. CCB propose to enlarge the budget of Axis 2 and introduce possibilities for EU Member states to be able to use modulated funds in Rural Development Plan (RDP) without national co-financing.