



25 January 2011

## **CCB response to the Consultation for the Impact Assessment on the “Common Agricultural Policy Towards 2020” proposals**

### **INTRODUCTION**

**Does DG Agriculture and Rural Development understand the relation between intensive agriculture production practices and the eutrophication problem?**

We observe that in the EC Consultation document, under the section on “Environmental concerns”, the concept EUTROPHICATION is not mentioned.

CCB is very concerned that DG Agriculture does not understand and identify the relation between intensive agriculture practices that creates European-wide Eutrophication problems, as an important topic to address for the reform of the CAP after 2013. One very important environmental impact of existing EU agriculture subsidies is that the subsidies substantially contribute to the eutrophication problem in Europe. This is the reason why the relationship between agricultural subsidies and eutrophication must be addressed in the CAP reform.

The agricultural production in EU-countries create eutrophication water pollution problems in freshwater - rivers and lakes and in sea areas. **In the Baltic Sea 50 % of the nutrient pollution load comes as nutrient run-off from the agriculture sector in the Baltic catchment. This means that the Baltic Sea eutrophication problem cannot be solved if the agriculture sector does not make substantial reductions in its nutrient run-off. The CAP needs to create effective economic instruments and incentives to support such development.**

If DG Agriculture, which is one of the main actors in the European agriculture sector, does not understand the environmental impact of eutrophication created by agricultural intensive practices (supported by subsidies), the problem cannot be solved.

To mitigate these circumstances CCB propose the following activities for DG Agriculture, in cooperation with DG Environment:

\* produce a comprehensive report on the relation between intensive agriculture practices and agricultural subsidies and European-wide eutrophication problems

\*Organize trainings based on the report for everyone working on EU agricultural policies and subsidies at the DG Agriculture to raise the competence and to comprehend the severity of the impact of agricultural nutrient run-off and the different possible solutions.

The Baltic Sea eutrophication problem is impossible to solve if agricultural practices and subsidies in the Baltic Sea drainage basin is not changed. **Two alternatives exist – either to change the agricultural subsidies system in all member states of EU, or to make a Regional Agricultural Subsidies System in the Baltic Sea catchment with guidelines where subsidies substantially contribute to solving the Baltic Sea eutrophication problem.**

## CCB COMMENTS ON THE CONSULTATION QUESTIONS

### *Policy scenarios*

*(1) Are the policy scenarios outlined consistent with the objectives of the reform?  
Could they be improved and how?*

The three scenarios presented are more or less related to the proposed objectives. The question is what is more important for CAP?

- Development of sustainable agriculture which supports environmental and social issues, or rather competitiveness and productivity?
- Organic food, or quality of food which is based on agri-industry products?
- Family farming, or agri-industry, which products are able to compete on the world markets?

We know that small, and even average family farming has never been able to compete with agri-industry. The fact that 20 % of the biggest farmers take 80 % of the total amount of the direct payments must be addressed. Direct payments play an important role for a farmers income, but the present system of general subsidies to the farming industry, and only marginally related to sustainable farming systems or public goods have no political and social justification.

So far CAP has not contributed to the solution of the environmental problems of Europe. CAP has rather supported agricultural subsidies that lead to expanded environmental degradation, e.g. connected to eutrophication. Without viable functioning ecosystems there will be neither food nor viable farming communities. Research from high-ranked international and credible European institutes, e.g. Stockholm Resilience Center, stresses the fact that **Biodiversity loss** and **Eutrophication** are two ecosystem aspects that are actually more acute threatened than climate. Such scientific conclusions must have an influence on development of the new CAP policy.

We propose a clear definition of standards for sustainability in agriculture through these measures:

- Limits on the use of fertilizers (artificial and manure), where total N-surplus will be limited to a maximum of 60 kg N/hectare

- EU agricultural subsidies must contribute to a reduction of agricultural nutrient runoff to protect surface and sea waters, in accordance with nutrient concentration targets in the Water Framework Directive
- EU agricultural subsidies must support and contribute to the implementation of EU environmental goals for water quality and biodiversity, in accordance with cross-compliance rules, which should be ecologically improved
- Mandatory limits on greenhouse gas emissions, both from livestock and usage of fossil fuels
- Sustainable re-use of all waste-products from farms (slurry, polluted water) through efficient recycling of nutrients at the farm level
- Protection of biodiversity and landscape, with at least 10% of the farmland has to be allocated for biodiversity protection and have high natural value
- Achieving a high standard of animal welfare

Direct payments to all farmers should depend of fulfilling the above standards of environmental sustainability.

*(2) Are there other problems apart from those set in the problem definition section of this document that should be analysed when considering the architecture of the CAP in the post 2013 period? What causes them? What are their consequences? Can you illustrate?*

The problem of water pollution related to intensive agricultural production has not been taken into account. The serious environmental situation in the Baltic Sea, but also in other EU surface waters, is a consequence of agricultural specialization and intensification. The agriculture specialization of farms is one main reason for the high losses of plant nutrients to the environment. One type of farm specializes in crop production based on the use of artificial fertilizers. Another type of farm specializes in animal production with high inputs of purchased fodder and surplus of plant nutrients in the form of ineffectively utilized manure resulting in over-fertilization from the animals. In addition, the regional concentration of animal production farms to certain geographical areas further exacerbates the situation. In essence the specialized agriculture production system with its high surplus and losses of nutrients to the environment must be replaced by a system that more effectively recycles nutrients.

The conclusion is that the future CAP policies must be in compliance with EU environmental policies.

*(3) Does the evolution of policy instruments presented in the policy scenarios seem to you suitable for responding to the problems identified? Are there other options for the evolution of policy instruments or the creation of new ones that you would consider adequate to reach the stated objectives?*

It depends on which option we choose. It also depends on how many funds we will predict for the first and the second pillar. In our opinion the agriculture policy should evaluate more sustainable solutions and farmers should be paid for sustainable and environmental services.

CCB observes a lack of understanding of the impact of direct payments which stimulate intensive agriculture with higher run-off and more eutrophication problems.

*Proposals for new policy instruments to be developed for the CAP reform after 2013*

All direct payments must be coupled to agriculture practices that contribute to substantial reduction of the agricultural nutrient run-off to waters .

All direct payments must be coupled to agriculture practices that contribute to minor losses and efficient use of the nutrient resources within the farms.

**To reach such goals for nutrient balanced farming, direct payments should only be provided if a farm can present a reliable plan to reduce its total Nitrogen surplus on farmland to a maximum of 60 kg N (nitrogen) per hectare per year within 5 years.** As a 60 kg/ha surplus still causes severe ecological impacts, a further reduction should be realized later on, while the development of efficient nutrient recycling systems should be awarded.

(Requirements for agricultural practices to reach a maximum surplus of 60 kg N per hectare, has already been introduced in Germany.)

Financing from Pillar 1 mainly encourages intensive agricultural production, resulting in major water pollution problems. Pillar 2, which includes the Rural Development Programmes (RDP), should get more financing by shifting money from Pillar 1 to Pillar 2. A part of the Rural Development Funds will be financing “environmental services”. This part must be allocated more funds to develop sustainability in agriculture and the share of financing for “environmental services” must be mandatory and should not be possible to change at the national MS level. The reason for this is that some countries, e g Poland, under the existing instruments for RDP continuously cut the share of financing for “environmental services” with the argument that farmers are not interested in this kind of support.

**CCB propose to develop regulations within the CAP-subsidies for RDP, so at least 30 % of RDP-funding must go to “environmental services”. This shall be mandatory rules for Member States.**

*(4) What do you see as the most significant impacts of the reform scenarios and the related options for policy instruments? Which actors would be particularly affected if these were put in place?*

The *first scenario ‘adjustment’* will support the continuation of the existing CAP- policy. The small adaptations do not change the main rules of the CAP which were established during the Rome treaty. The small farmers and the environment would be affected badly by this kind of policy. The results which we would like to avoid are clearly visible, through abandoned rural areas, polluted water by intensive agriculture and continued decline in biodiversity. We also see unsatisfied consumers and food scandals, like the last one – dioxins in the fodder.

The *Integration Scenario* seems to focus more on citizens' wishes and in parallel support farmers in their efforts in producing high quality food as well as environmental services. The connection to the basic income component with additional payments targeting environmental issues in the SPS system is a good solution. However it should still be remembered that small family, extensive farming cannot compete with industrial farming, but provides additional value to the environment, landscape and local food production. The *Re-focus scenario* is described very briefly, so it is very difficult to make a proper evaluation, but the idea to phase-out direct payment seems to be interesting. The agri-industry should survive without support, but still most small extensive farms and local small producers need it. For this support should be increased **Funding for Rural Development**, and redistribution of funding between Member States in relation to their environmental problems and activities in respective country. It is very important to prepare general rules for how Member States should redistribute money.

*(5) To what extent will the strengthening of producer and inter-branch organizations and better access to risk management tools help improve farmers' income levels and stability?*

The agriculture policy has to support regional and local production and processing of food in a local aspect. During the last 50 years we have lost local varieties of species of edible plants as well as knowledge on traditional local processing. So within the policy we should recreate and strengthen regional and local food systems, such as farmers market, cooperative farm shops, community-supported agriculture, and an active European network for exchange of good practice. For example the initiatives like Slow Food, and other similar practices should be recommended. Very important is to support branding and labeling of regional products. One of the EU quality systems concerns organic products. The great European diversity in culinary, gastronomy and related aspects of the cultural heritage should be supported by the agricultural policy. One of the obstacles to develop local processing is EU regulations concerning hygiene, slaughter and other regulations for micro-enterprises. The review of these regulations is necessary to make it easier for small production units.

*(6) What environmental and climate-change benefits would you expect from the environment-targeted payments in the first and the second pillar of the CAP?*

CCB expect that thanks to wise farmers supported by single payment scheme (SPS) and other instruments from the second pillar we will see a decrease in water pollution and eutrophication. Farmers or politicians do not seem to understand the direct link between intensive agriculture and surface water pollution and eutrophication. The only way to solve the EU-wide eutrophication problems is to couple it with EU-agricultural subsidies, so that subsidies also contribute to the solution of the European-wide eutrophication problem. CCB expects that the eutrophication problem will be solved this way.

*(7) What opportunities and difficulties do you see arising from a significant increase of the rural development budget and a reinforcement of strategic targeting?*

CCB expects that thanks to increasing the rural development budget, EU will be able to ensure sustainable management of natural resources. Financial support helps farmers to provide environmental services like animal welfare, protection of landscape, soil and water. Through this protection we expect better quality of water and partly solving the eutrophication problem. It will also pose additional chances for rural economies, as it will more than today be small and medium sized enterprises and activities that benefit. On the other hand CCB is afraid that many European States will not keep the “environmental approach” especially within Pillar 1 of CAP, or secure the funds for environmental services in the future. Some States have decided to shift part of the funds for early retirement, from agri-environmental schemes. We therefore propose to keep mandatory minimum fund for agri-environmental schemes for all EU countries, without the possibility for changes.

*(8) What would be the most significant impacts of a "no policy" scenario on the competitiveness of the agricultural sector, agricultural income, environment and territorial balance as well as public health?*

A “no policy” scenario will most probably lead to

- more intensive farming practices in Europe
- most small farms will be swept away from the market
- the environmental impact from European agriculture will increase

The conclusion will be development of a totally un-sustainable farming industry in Europe. It will mean severe and rising ecological problems for seas. Especially inland seas like the Baltic (just like many inland water bodies) will suffer from even higher eutrophication levels, which in turn would be highly detrimental for important economical assets of the regions (e.g. tourism, potentially fisheries). Eutrophication can also pose significant health risks, as it will stimulate exceeded cyanobacteria growth and harmful algal bloom (HAB) toxin production. The ecological long-term consequences of eutrophication in water bodies include reduced biodiversity, increased dominance of opportunistic species and changes in material and energy flows, endangering e.g. characteristic habitats and species in much of the Natura 2000 network in affected areas.

Best regards,

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