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Briefing

How can the new Common Agricultural Policy (CAP) support the fight against climate change?

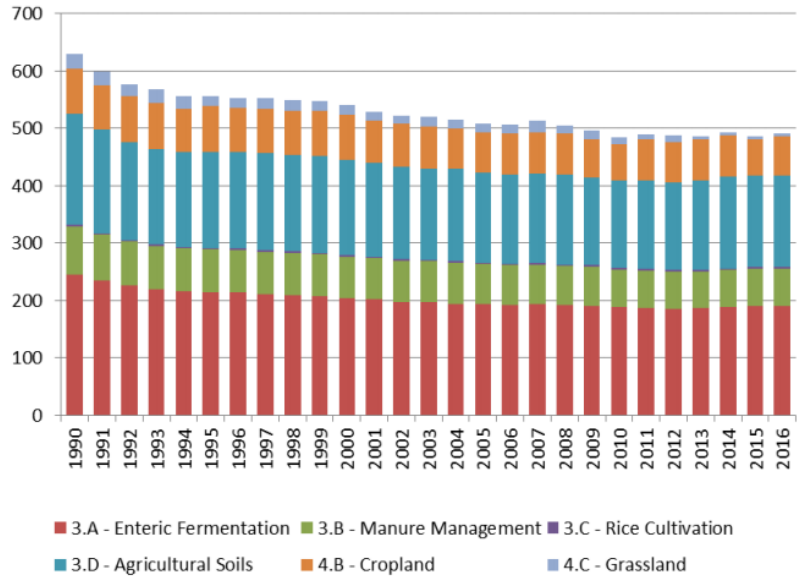
Lessons learnt from the current CAP and suggestions for the new CAP reform

The EU's current climate policies are not enough to meet its international commitment under the Paris Agreement to contribute to limiting global temperature increase to 1.5˚C. The EU must urgently step up its climate ambition if it is serious in tackling the climate crisis.

Recently, the European Parliament has moved forward and voted in favour of increasing the EU's climate target to 60%. EU leaders, meanwhile, aim to reach an agreement on substantially increasing the EU's climate target before the end of the year, in line with countries' pledges of improving their Nationally Determined Contributions by 2020 to accelerate the pace towards the Paris Agreement goal.

In order to achieve a more ambitious EU climate target, emissions in all sectors have to be reduced, including those that have so far seen few reductions. A relevant sector in this respect is agriculture which generates about 12% of total EU emissions. The reductions in agriculture were significantly lower than the EU average and have been essentially stagnating since 2009.

Figure 1: Evolution of GHG emissions in EU agriculture (MtCO2-eq).



Source: Brief No 4. DG Agri, 2018.

Europe needs a resilient, sustainable and competitive agricultural sector to ensure we can reach a much higher climate target, while also producing high-quality, safe and affordable food for its citizens, as well as furthering socio-economic development in rural areas.

The new CAP must be guided by the commitments to environmental, climate, and biodiversity protection set in the European Green Deal and its Farm to Fork and Biodiversity 2030 Strategies [1]. The agriculture sector, severely affected by unexpected changes in weather conditions or recurrent severe weather events, has also a great capacity to mitigate and adapt to climate change by reducing direct emissions, enhancing the carbon sink effect, as well as adapting the food production system to cope with climate change.

Therefore, it is crucial that new CAP tools mainstream sustainable farming practices throughout the EU to achieve the European Green Deal targets. These new tools are: enhanced conditionality linking CAP payments to climate and environmental obligations, together with new 'eco-schemes' that aim to reward farmers for going further in the implementation of sustainable agricultural practices and environmentally friendly production systems such as agroecology, agroforestry and organic farming.

This briefing analyses climate measures and lists lessons learnt from the implementation of the current CAP and makes suggestions for the new CAP reform to ensure that the agriculture sector contributes to the objectives of the European Green Deal and the EU's commitments under the Paris Agreement.

Has the implementation of the current CAP 2014-2020 delivered any climate action?

Climate measures in the current CAP 2014-2020

Climate issues figure for the first time in the current CAP's regulatory texts. Several instruments of the CAP 2014-2020 are intended to contribute to climate action: conditioning the granting of direct payments under the first pillar (cross-compliance such as minimum soil cover, maintenance of hedges, grassed strips along waterways, etc.), additional greening measures such as the maintenance of grassland, ecological focus areas and crop diversification.

Pillar 2 offers interesting tools to support alternatives, particularly with regard to voluntary and contractual approaches. The name of the agri-environmental measures (AEM) was expanded to "AECM" including a "C" for climate.

[1] European Commission (2020), Commission Staff Working Document: Analysis of links between CAP Reform and Green Deal", Brussels, 20.5.2020 SWD(2020) 93 final. https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/sustainability_and_natural_resources/documents/analysis-of-links-between-cap-and-green-deal_en.pdf

While most of the proposed measures did not have the explicit objective of reducing greenhouse gas emissions, many could/can contribute to it. Thrifty management of nitrogen inputs, broader use of legumes, self-sufficiency in feed for herds, and the maintenance and extensive-agriculture management of grassland and rangelands are practices encouraged by several AECMs.

The AECM 'system' encourages an agro-ecological approach that helps reduce greenhouse gas emissions (AECM's mixed crop/livestock/field system in particular). Aid for organic farming requires the exclusive use of nitrogenous fertilisers of organic origin, and often more grassland and intermediate cover.

Table 1: Relevance of CAP instruments and measures to EU climate needs [2]

EU level objective	Emission reductions		Increasing removals	Replacing emissions	Climate adaptation
Direct payments (excluding cross compliance)	N	N	N	N	N
Voluntary redistributive payment	N	N	N	N	N
Greening (crop diversification)	P	N	N	N	P
Greening (PG ratio)	N	N	R	N	N
Greening (ESPG)	N	N	R	N	N
Greening (EFA)	P	N	P	N	P
Voluntary payment ANC	N	N	P	N	N
Voluntary coupled support	P	N	N	N	N
Small farmers' scheme	N	N	N	N	N
Cross-compliance	P	N	P	N	P
Farm Advisory Systems	P	N	P	N	R
M1: Knowledge & info	P	P	P	P	P
M2: Advisory services	R	R	R	R	R
M3: Quality schemes	P	N	N	N	N
M4: Physical assets	R	R	P	R	R
M5: Disaster risk reduction	N	N	P	N	R
M6: Farm business and dev	P	P	N	P	P
M7: Basic services	P	P	P	R	P
M8: Forest investments	R	R	R	R	R
M10: Agri-Env-Climate	R	R	R	N	R
M11: Organic Farming	P	N	P	N	P
M12: N2000 & WFD	N	N	P	N	P
M13: ANC	N	N	N	N	P
M14: Animal welfare	N	N	N	N	P
M15: Forest-Env-Climate	R	N	R	N	R
M16: Cooperation	P	P	P	P	P
M17: Risk Management	N	N	P	N	R
M19: Leader	P	P	P	P	P

Score	Meaning	Judgement criteria
N (Red)	Not relevant (N)	The instrument / measure is designed or implemented in a way that does not respond to the needs or climate objectives set out with respect of the scope of the CAP regulations. i.e. there is no climate focus set out for the measure in the regulation and the implementation of the measure would not lead to positive contributions to the objectives.
P (Orange)	Partially relevant (P)	The instrument / measure is designed or implemented in a way that can respond to the needs or climate objectives set out with respect of the scope of the CAP regulations. i.e. some aspects of the measure are not climate focussed and the climate focus is not explicitly mentioned in the regulations
R (Green)	Relevant (R)	The measure is designed or implemented in a way that responds to the needs or climate objectives set out with respect of the scope of the CAP regulations.

[2] Note: (1) The main criterion to classify the different measures as Relevant (R), Partially relevant (P) or Not relevant (N) is that the measure is mandatory for beneficiaries. (2) The measures/instruments highlighted in bold must be implemented by Member States. Source: European Commission (2018) "Evaluation study of the impact of the CAP on climate change and greenhouse gas emissions".
https://op.europa.eu/en/publication-detail/-/publication/29eee93e-9ed0-11e9-9d01-01aa75ed71a1

Lessons learnt from the current CAP 2014 - 2020

Even though there are a number of rural development measures capable of dealing with emissions, the current CAP measures have not significantly contributed to the EU's climate change mitigation and adaptation efforts and needs. According to the European Environment Agency, emissions from European agriculture fell by only 1% between 2005 and 2018, even though this sector is a major contributor to Europe's carbon footprint [3]. We are therefore a long way off the trajectory that the European Union has set itself to reduce its total emissions by at least 50%. This can be explained by different aspects of the old CAP framework.

First of all, cross-compliance did not impose any rules that go beyond the environmental *acquis communautaire*. In other words, CAP beneficiaries did not have to deliver any new CAP-specific environmental improvements in order to receive aid. Moreover, the minimum requirements included in cross-compliance set a very low bar in terms of climate: i.e. no limitation on the use of nitrogen fertilisers or of pesticides, and no limitation on the number or density of livestock etc. All these lax legally-bound obligations weakened the real environmental potential of cross-compliance measures and fed into the continuation of the "business as usual" scenario in the agriculture sector. This benefited the big agribusinesses instead of small and sustainable farming practices.

Secondly, with regard to the first pillar, only the greening payment measure was intended to have a climate effect. However, as the EU Court of Auditors has shown, the greening payment requirements are far too low to drive changes in farming practices. As an illustration of the failure at EU-level, the French implementation of the greening criteria (5% of arable land dedicated to an ecological focus, maintaining no less than 5% of existing permanent grassland areas according to a regional ratio, crop diversification) provides no additional requirements compared to current agricultural practices on French territory and therefore in reality has led to no reduction in greenhouse gas emissions. Thus, the European Court of Auditors [4] concluded on the "limited if not nil" effects of greening in its special report from 2017, in most Member States.

Pillar 2 was designed to support targeted initiatives and not to promote the needed widespread adoption of greener agricultural practices. Besides, pillar 2 had a much lower budget than pillar 1. Moreover, the CAP leaves Member States high flexibility to design their own Rural Development Programmes (RDPs), and their agri-environmental measures, under pillar 2, with no obligation to achieve a greenhouse gas emission reduction target. Hence, no significant reductions have been achieved. This degree of "flexibility" always poses a certain level of risk of inaction, hence the EU-level strict greenhouse gas emissions reduction targets with conditionality should be set for each Member State.

[3]https://www.eea.europa.eu/publications/national-action-across-all-sectors
[4]https://www.eca.europa.eu/Lists/ECADocuments/SR17_21/SR_GREENING_EN.pdf p.28, figure 6

The current CAP's failure to incentivise climate friendly farming methods stand in stark contrast to the addition of the word 'climate' in regulatory texts and in the 'AECMs' and have been described as greenwashing or even 'climate washing' [5] by many NGOs and other stakeholders. According to a study carried out for the European Commission, the green payment implementation methods "could lead to a low environmental impact" [6]. In fact, greening has led to changes in agricultural practices on only about 5% of EU farmland [7].

Will the future CAP deliver on the climate-related objectives and be compatible with the European Green Deal's ambition?

The future CAP proposal [8], launched by the European Commission in June 2018, claimed to be a real shift for the policy, focusing on evidence, adaptation to local needs and conditions. Based on this approach and complemented by new CAP tools, such as enhanced conditionality and new 'eco-schemes', and an implementation model based on national strategic plans, the European Commission claimed it was building a reform compatible with the EU's higher sustainability ambitions. However, it is important to note that the future CAP is proposed before the European Green Deal and in 2018, the European Court of Auditors [9] has already indicated that the CAP proposal was not reflecting a clear increase in environmental and climate ambition, and that the Juncker Commission's claims on the CAP's contribution to EU environmental and climate objectives appeared unrealistic.

The European Commission's future CAP proposal is based on nine key objectives covering economic, social and environmental dimensions [10]. The environmental dimension aims to increase the contribution of EU agriculture to climate change action, environmental care, and biodiversity protection. Through a more flexible approach, the Commission gives greater freedom for EU countries to decide how best to meet the common objectives while, at the same time, responding to the specific needs of their farmers and rural communities. This is where the CAP Strategic Plans come in. Based on a thorough assessment of the local conditions and needs, Member States must produce a national CAP Strategic Plan that explains how they will use CAP tools to achieve the nine objectives, in consultation with stakeholders and competent national authorities. To ensure that the national CAP strategic plans deliver the required environmental ambition, each CAP Strategic Plan must be approved by the Commission ahead of their implementation. In addition, quantified targets must allow the Commission to monitor the progress made by Member States when implementing the CAP. Finally, it has been announced that 40% of the CAP budget will be dedicated to climate mitigation and adaptation to climate change.

[8] https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap_en
[9] https://www.eca.europa.eu/Lists/ECADocuments/OP18_07/OP18_07_EN.pdf
10]https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap/key-policy-objectives-future-cap_en

On 20 May 2020, alongside its Farm to Fork and Biodiversity Strategies, the Commission emphasised the "potential" of the CAP to deliver on the European Green Deal, but it also explicitly recognised several weaknesses. Several independent assessments have already found that the CAP proposal could not deliver the claimed higher environmental and climate ambitions (ie. the Court of Auditor's CAP assessment).

More recently, 3,600 scientists co-signed a declaration calling for a fundamental CAP reform in order to tackle the urgent biodiversity and climate crises [11]. **As it stands, the current CAP proposal is outdated and, without amendments, will block much of the European Green Deal's ability to overcome climate and biodiversity impacts.**

Recently, in a joint open letter to Julia Klöckner [12], representative of the German Presidency on the AGRIFISH Council, 402 organisations of agro-ecological producers, consumers, nutritionists, and ecologists, grouped in national coalitions, pointed out that the CAP is broken. The policy is not contributing to generating fair livelihoods for farmers, improving access to land or generational renewal. Neither does it promote the change towards healthy and sustainable diets. The letter calls for a CAP that is truly in line with the European Green Deal, and in particular with the objectives of the European Biodiversity and Farm to Fork Strategies. This means profoundly changing the CAP's perspective to guarantee its long-term ability to produce food by restoring functional ecosystems, aligning agricultural production with the Paris Agreement's climate objectives and promoting the shift to healthy diets. They also request greater ambition when it comes to CAP conditionality, animal welfare, public health, sustainable use of water, and protection of the climate and the environment, while improving agricultural viability, job diversification, generational renewal and, therefore, resilience of rural environments.

A 2020 study by the German Öko-Institut commissioned by Germanwatch [13], assessed the proclaimed climate effectiveness of the proposed CAP instruments. It found that the enhanced conditionality, which essentially makes the previous greening requirements mandatory for all direct payments, would have no significant impact on greenhouse gas emissions reductions. At best, it would help to stabilise emissions at current levels. The Commission's claim that direct payments can be considered as "partly contributing to climate action" cannot be supported by the findings of the study. In order to achieve significant greenhouse gas emissions reductions, the voluntary Eco-Schemes would have to be designed in a way that would lead to lower livestock density in areas with industrial animal production, a reduction of nitrogen fertiliser by 50% as proposed in the Farm to Fork Strategy, and a raise in the water level in peatlands.

[11] People and nature (2020). "Action needed for the EU Common Agricultural Policy to address sustainability challenges". British Ecological Society. https://besjournals.onlinelibrary.wiley.com/doi/epdf/10.1002/pan3.10080
[12]https://drive.google.com/file/d/1O0JKH-Wi0zT4hIBvBNh3x1iUqA-LqQPF/view
[13]https://www.germanwatch.org/de/19356

It is clear that in its current state, the future CAP will not deliver on the EU's climate and environmental targets or the new political priorities outlined in the European Green Deal. The Commission, elected on a green mandate, must therefore take action and propose a new CAP that translates its green commitments into policy.

What needs to happen for the new CAP to help the EU deliver its EU climate commitments?

The current CAP has so far failed to incentivise sufficient climate action in agriculture. Given the climate emergency, the new CAP must support a systemic approach to climate-proofing agricultural development and work on a deep refocus of its CAP payments policy.

The discussions which take place and the decisions taken by December 2020 during the German EU Council Presidency will determine whether the next CAP, a crucial policy for tackling environmental and social challenges in the agriculture sector, contributes to a green, equitable and fair reconstruction of Europe after the COVID-19 crisis. This new CAP Reform is the last chance to build a competitive, sustainable and resilient agriculture in Europe that is compatible with achieving the EU's climate objectives.

A broad range of environmental organisations in the EU are strongly criticising the positions of the Council and the European Parliament, which they consider as watering down an already insufficient proposal by the Commission. Consequently, they demand the current CAP proposal to be withdrawn and be replaced by one that makes a significant contribution to ambitious climate and biodiversity targets.

Whether the objective is to redraw the CAP from scratch or to influence the trilogue on the Regulation, the approach must highlight and address the following elements:

The result of the reform process must be a new model based on payments for environmental public goods. The basic payments must be replaced by a new model that supports the generation of public goods, in line with the "public money for public goods and services" principle, shifting and redirecting support towards measures that allow farmers to invest in the agroecological transition. This must be accompanied by market-based mechanisms to improve economic viability, to ensure that farmers can carry out dignified work as well as having greater weight in the value chain.

During the transition, ambitious, quantifiable and scientifically based targets must be achieved. The CAP must become an instrument to implement the EU's existing climate, energy and biodiversity targets, including agriculture-related EU Green Deal targets, and link them to the performance framework, in order to ensure the coherence between these intertwined sectors and give a clear and optimal direction to the policy.

This means that the Commission should set effective and quantifiable targets which must be legally binding and linked to spending, so that CAP payments can be suspended if realistic efforts to achieve them cannot be demonstrated.

To incorporate environmental standards in conditionality. The CAP must ensure a level playing field across Member States establishing clear and strong environmental standards, in line with the European Green Deal and its Farm to Fork Strategy, in order to avoid inconsistencies. This means strengthening and enforcing good agronomic and environmental practices, such as: strictly protecting permanent grasslands, reducing excessive livestock density, dedicating space for nature on all farms, and mainstreaming integrated management practices such as crop rotations with improver plants including legumes and oilseed, buffer strips, multifunctional corridors, constant soil cover and incorporating remains into the soil. In addition, the requirements of the Nitrates [14] and Water Framework Directives [15] should definitely be covered by conditionality, in line with the Farm to Fork's objective of halving nitrogen surpluses.

To establish an effective ringfencing for climate action. At least 50% of the budget set for each pillar is to be reserved for environment and climate action. 40% of this needs to address climate mitigation directly, in order to meet the promised climate quota in the CAP budget. Pillar 1, through its eco-schemes, has to give effective incentives to link livestock numbers to locally available feed resources. Sustainably managed grassland should be the main source of fodder, especially for ruminants. Eco-schemes should also support the management of organic soils at higher water levels, in order to reduce CO2 emissions. Agri-environmental measures should also account for at least half of the pillar 2 budget to enable farmers to invest in more climate friendly business models, especially in the livestock sector.

DISCLAIMER: This briefing is prepared by SEO/Birdlife, Danish 92 Group, Germanwatch, Réseau Action Climat France and Climate Action Network (CAN) Europe under the Unify Project.
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[14]https://ec.europa.eu/environment/water/water-nitrates/index_en.html
[15]https://ec.europa.eu/environment/water/water-framework/index_en.html