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The Green Deal and the CAP: policy implications to adapt farming practices and to preserve the EU's natural resources

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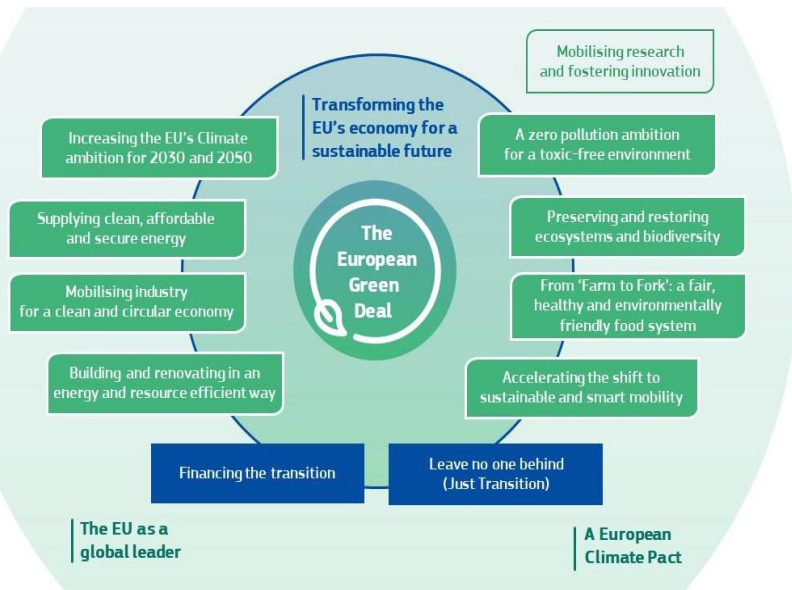
European Green Deal:

“Transforming the EU’s economy for a sustainable future”

A consistent set of objectives,
among which:

Carbon neutrality by 2050

Goals for all sectors



Various Strategies,
including:

Climate Plan and Law

Farm to Fork Strategy

EU Biodiversity Strategy for 2030

Agriculture and Food

Main quantitative targets for agriculture in 2030

- **Greenhouse gas emissions: -35% for non-CO2 gases from a 2015 reference**
- **Pesticides' use and risk: -50%**
- **Nutrients (N & P): -50% for losses → -20% for use**
- **Antimicrobials: -50%**
- **Organic farming: 25% UAA**
- **High-diversity landscape features: 10% of UAA**
- **Losses and waste: -50%**

Structure of the Presentation

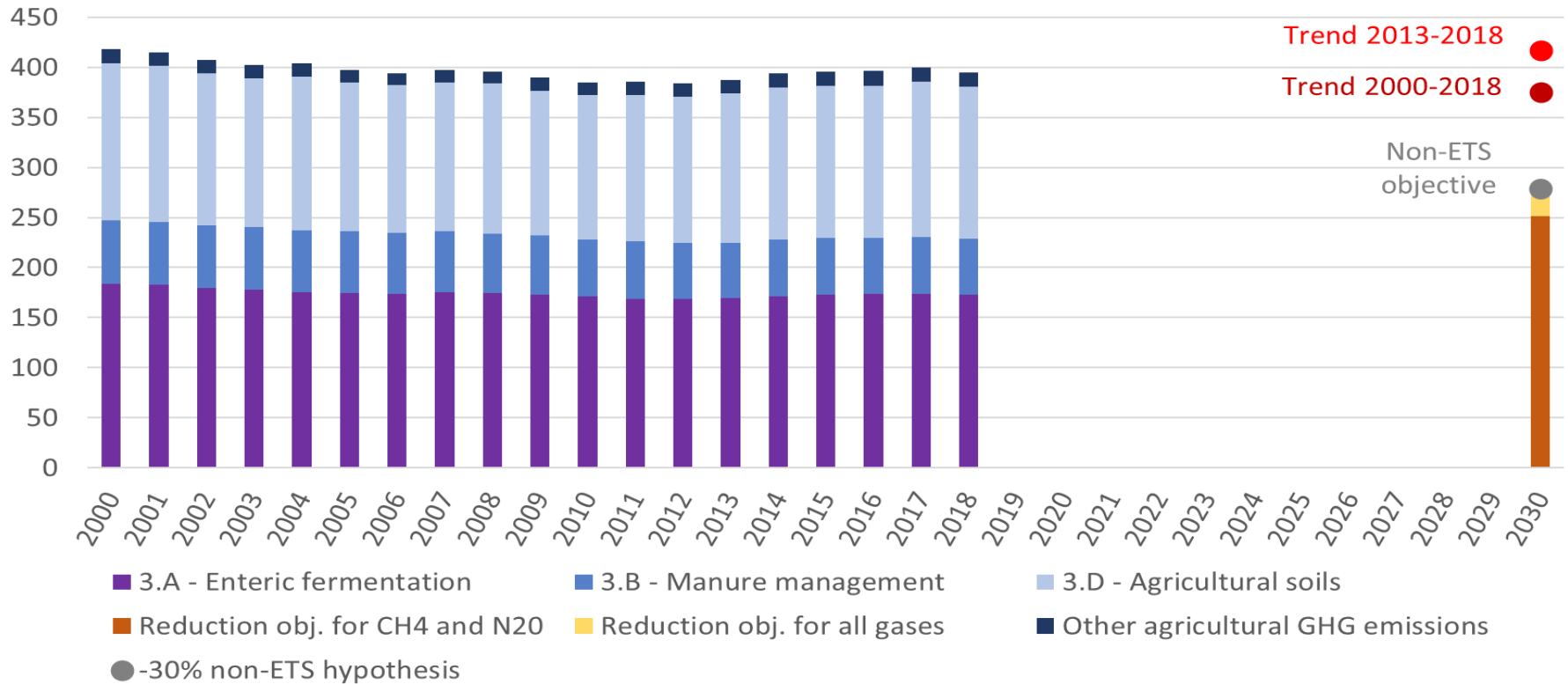
- 1. EU agriculture is not on the right track to meet the Green Deal targets**
- 2. A policy mix for the entire food chain is needed**
- 3. The CAP in this framework**

1.

EU agriculture is not on the right track to meet the Green Deal targets

Based on past trends, agricultural greenhouse emissions would not significantly decrease by 2030

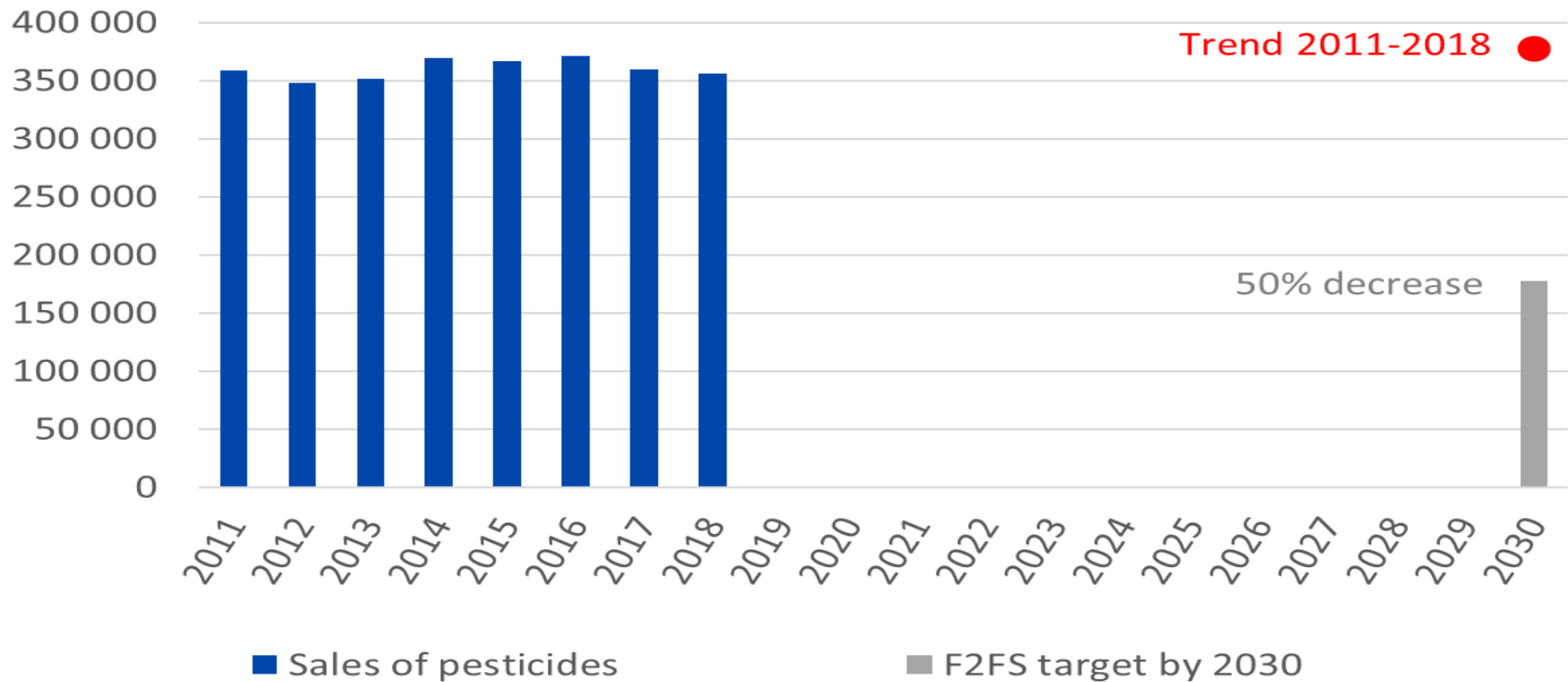
GHG emissions of EU-27 agriculture
 (MtCO₂eq)



Source: Own elaboration from EEA data (2020)

Based on past trends, pesticide sales should not significantly decrease by 2030

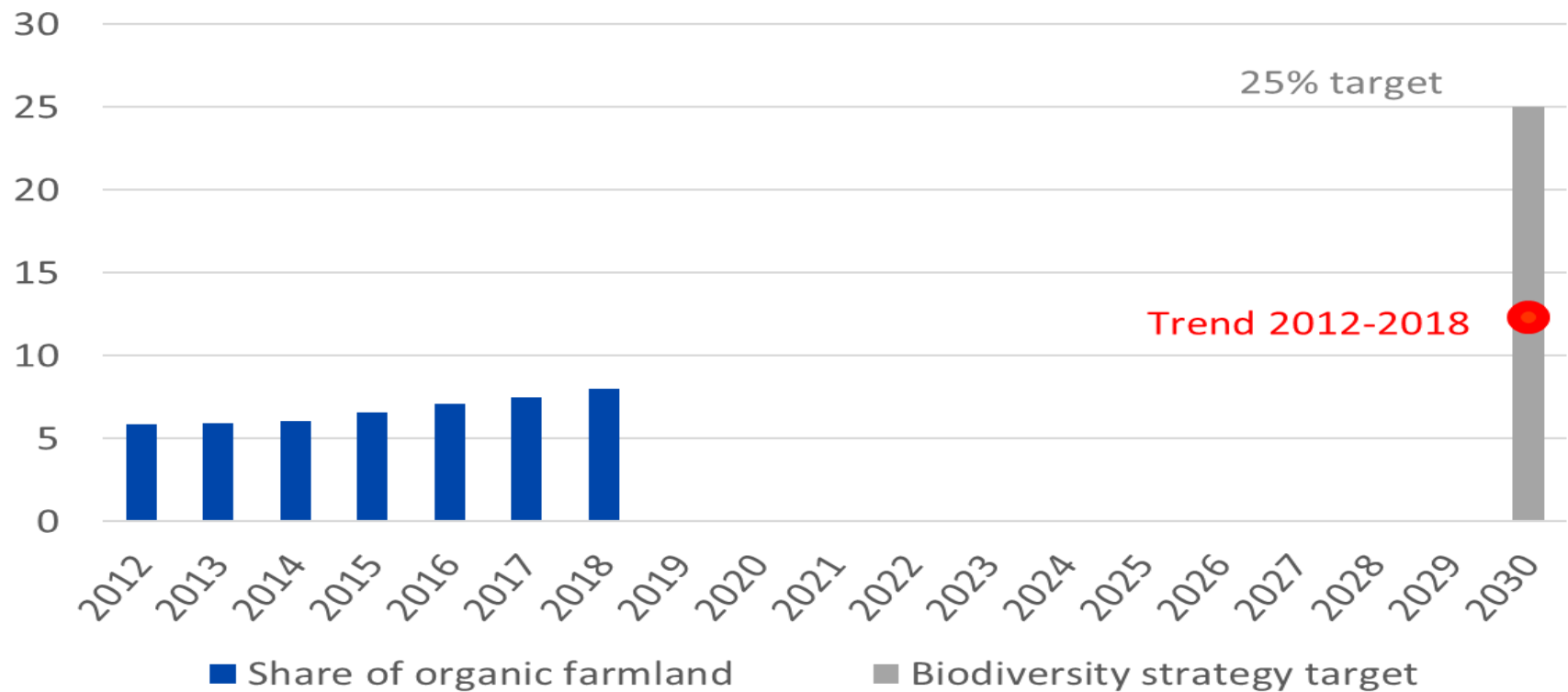
Sales of pesticides, EU-27 (tonnes)



Source: Own elaboration from Eurostat (2020)

Based on past trends, the share of organic area should not reach 25% by 2030

Agricultural land under organic farming in the EU-27 (%)

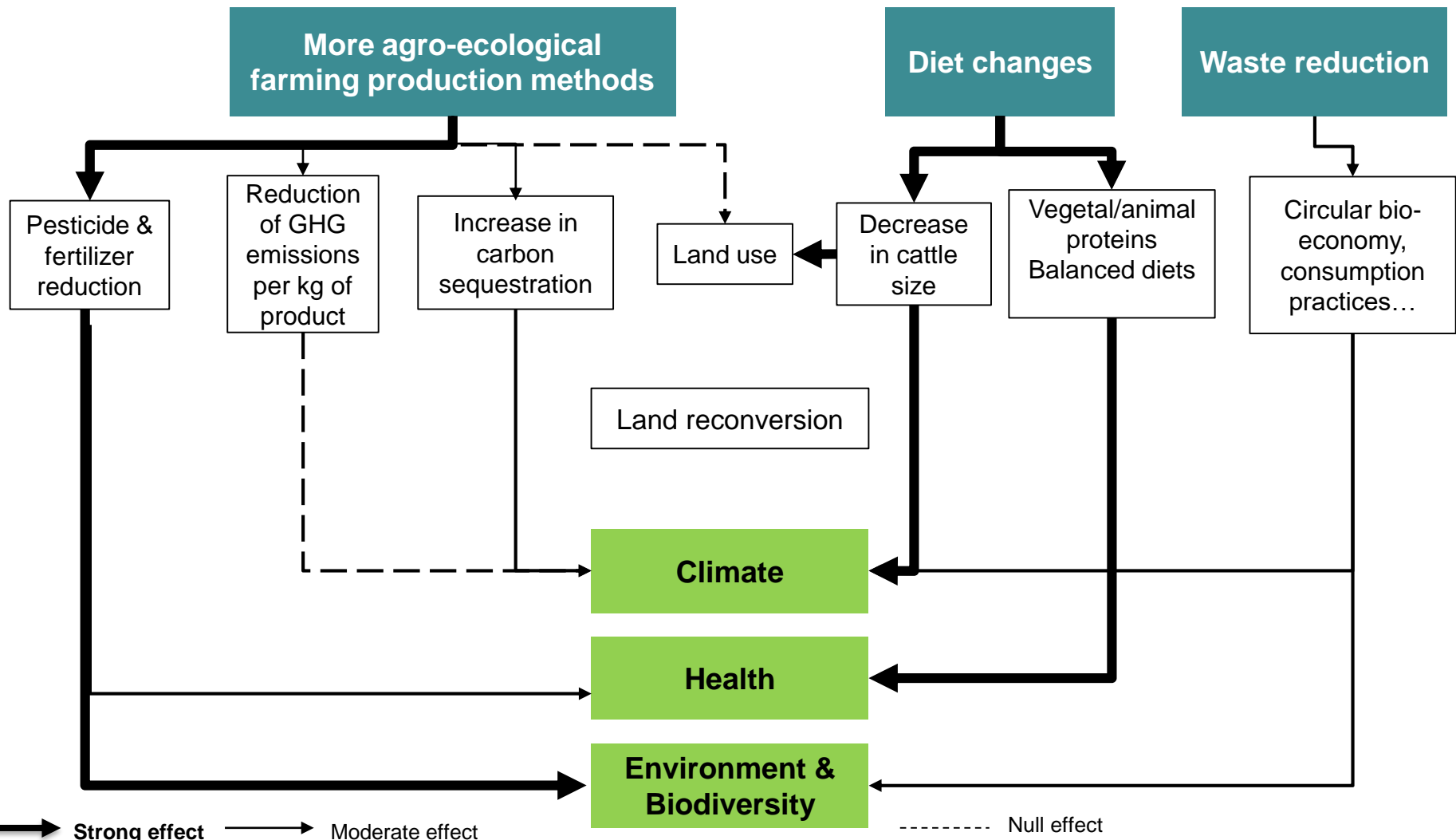


Source: Own elaboration from Eurostat (2020)

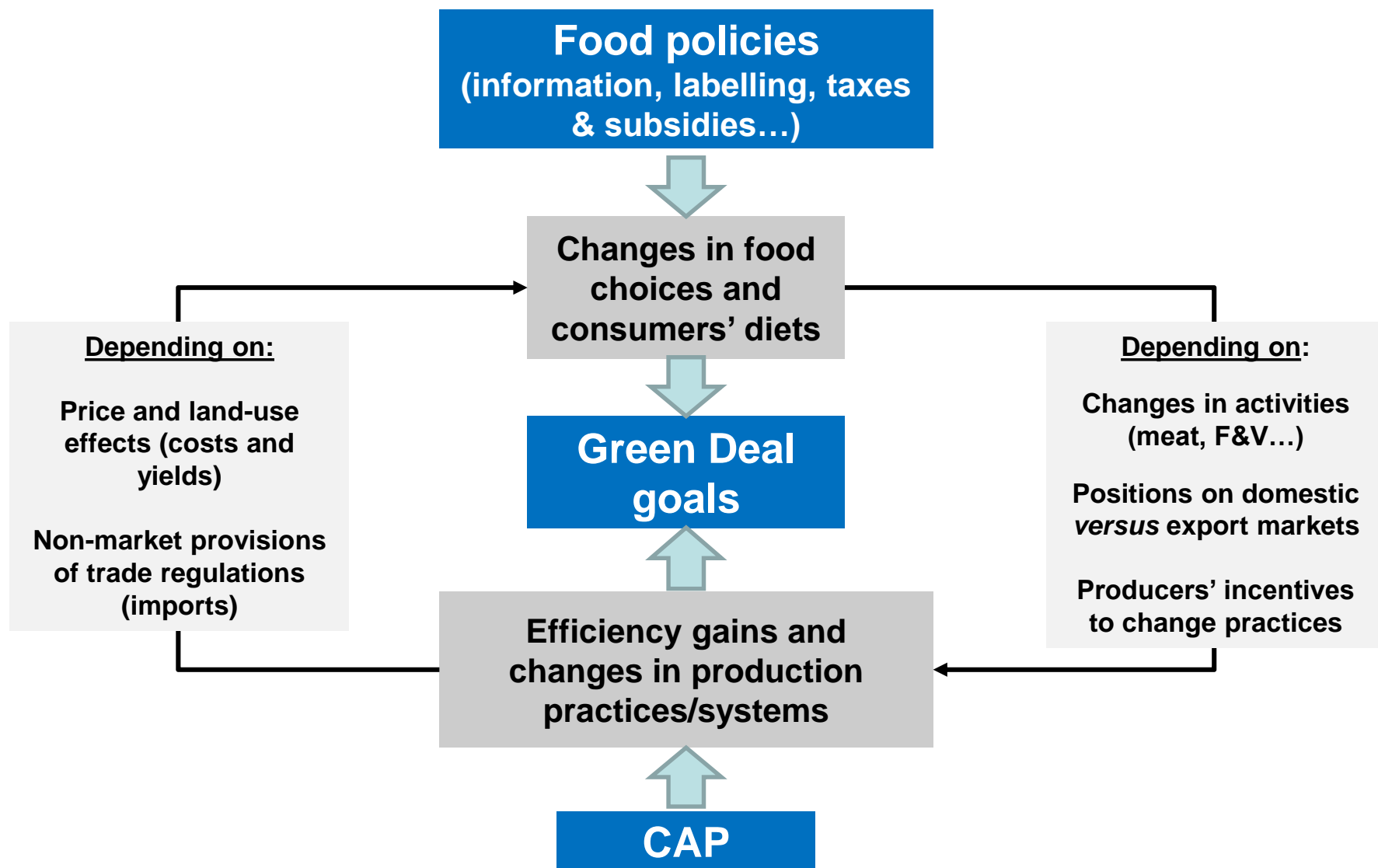
2.

A policy mix for the entire food chain is needed

To place EU agriculture and food on the right track, necessity to change production systems, reduce losses and waste, and shift towards more balanced diets



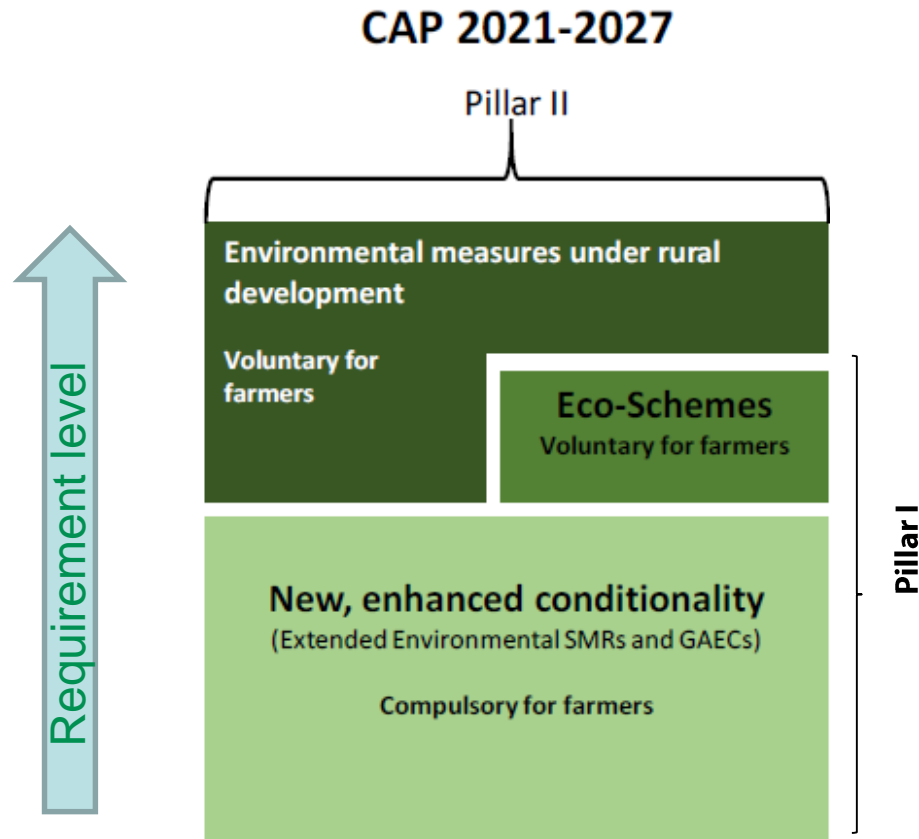
To place the EU agricultural and food sector on the right track, supply and demand actions and policies are needed



3.

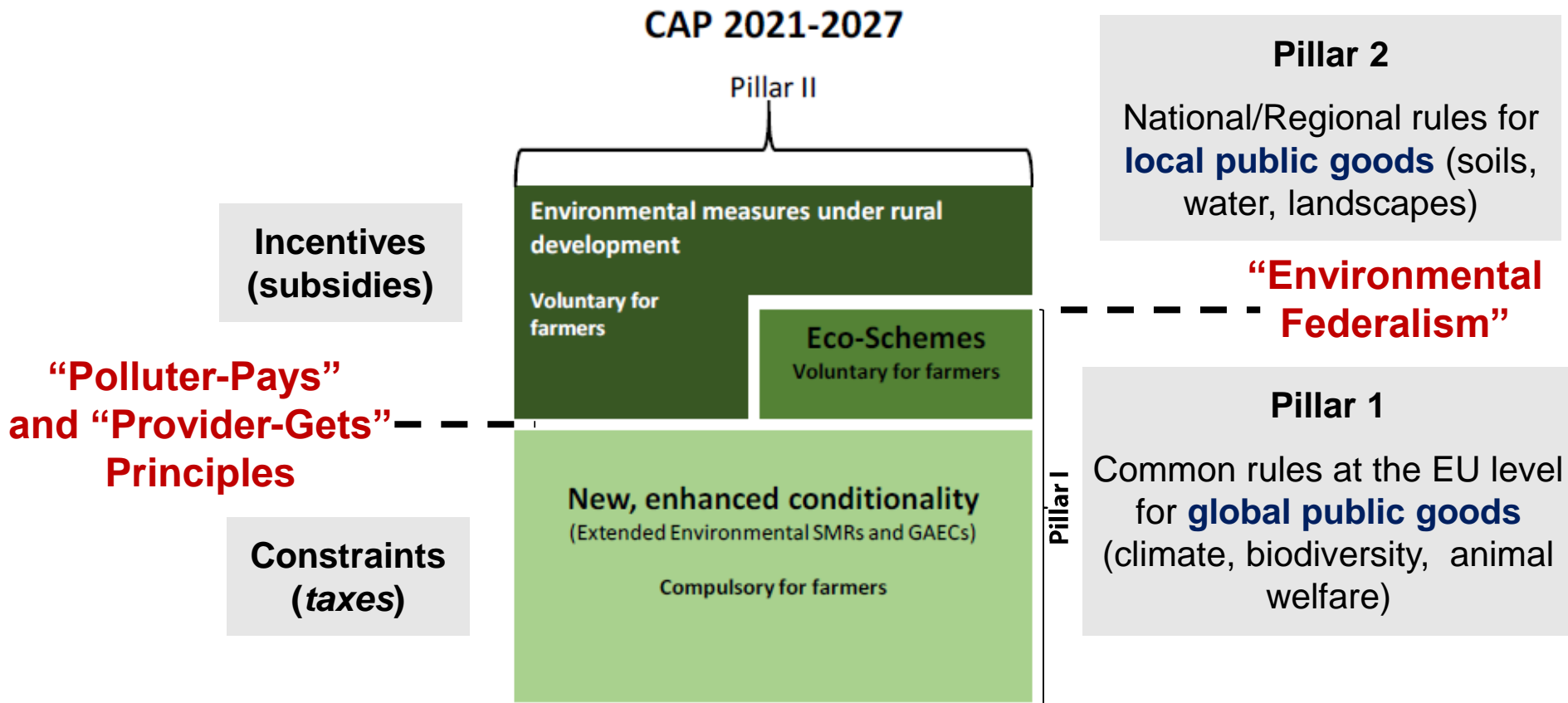
The (future) CAP in this framework

The green architecture of the future CAP



Source: Lotz et al. (2019)

Recommendations based on lessons of Public Economics



Source: Own elaboration

Strengthened conditionality requirements...

1. Cross-compliance and greening requirements of the current CAP: no-backsliding principle
2. No exemption/ exception (whole agricultural area)
3. More stringent provisions for some proposed GAEC:
#1 (permanent grassland), #2 (peatlands & wetlands), #9 (high-diversity landscape features)
4. Introduction of new GAEC in relation to the Green Deal:
11 (pesticides), #12 (antimicrobials), #13 (GHG greenhouse gas emissions)
 - Indexes (uses/emissions)
 - Reporting
 - Base for corresponding eco-scheme measures

GAEC:
Good Agricultural and
Environmental Conditions

... in order to better legitimize the remuneration of additional efforts through eco-scheme and Pillar 2 measures



Eco-scheme measures on global public goods: climate mitigation, biodiversity preservation/restoration, animal welfare

- **ES #1:** Permanent grassland (no ploughing at the plot level, 3 payment levels (grassland age), bonus for legumes)
- **ES #2:** Wetlands and peatlands
- **ES #3:** Crop diversity (payment increasing with the value of a diversity index, bonuses for small plots and “permanent” soil coverage)
- **ES #4:** EFAs (without productive land uses, 3 aid levels (5, 10, >10%), bonus 1 for rare ecological focus areas, bonus 2 for their spatial continuity)
- **ES #5:** Pesticides (Green Deal target, index, several aid levels)
- **ES #6:** Antimicrobials (Green deal target, index, several aid levels)
- **ES #7:** GHG emissions (Green deal target, several aid levels)
- **ES #8:** Animal welfare

Three ring-fenced budgets

Pillar 2

A 35% ring-fencing of P2 spending for climate- and environment-related interventions (including payments for natural and other area-specific constraints with a weighting factor of 40%)

Pillar 1 (eco-schemes)

A 20% ring-fencing of P1 spending for climate mitigation intervention (with a very low weighting factor (< 10%) for decoupled direct aids)

A 20% ring-fencing of P1 spending for interventions addressing biodiversity preservation and restoration (with a very low weighting factor for decoupled direct aids)

➔ **Will help the CAP to achieve the commitment to devote 40% of its budget to climate mitigation**

➔ **Issue of binding ring-fenced budgets?**

Conclusion

❑ Departures from CAP draft regulations (EC, Council, EP)

- Furthermore, weaknesses of the CAP New Delivery Model (inclusion of GD targets in strategic plans, legally binding vs aspirational GD targets, performance indicators, assessment of strategic plans)

❑ Impacts on farm incomes

- “*De-intensification*” (less external inputs, lower production levels)
- Impacts potentially important (pesticides, landscape features, agricultural GHG emissions), at least in the short term
- But price effects (price increases)
- “Control” of import for both economic and ecological reasons (pollution leakages):
border adjustment mechanisms for carbon & biodiversity

❑ Solution through supply and demand changes and policies

- Significant changes in dietary patterns are required (environment and health)
- **From a CAP to a consistent set of agricultural, food and trade policies**
- **Favorable orientation of technical progress (right incentives)**

Thank you for your attention