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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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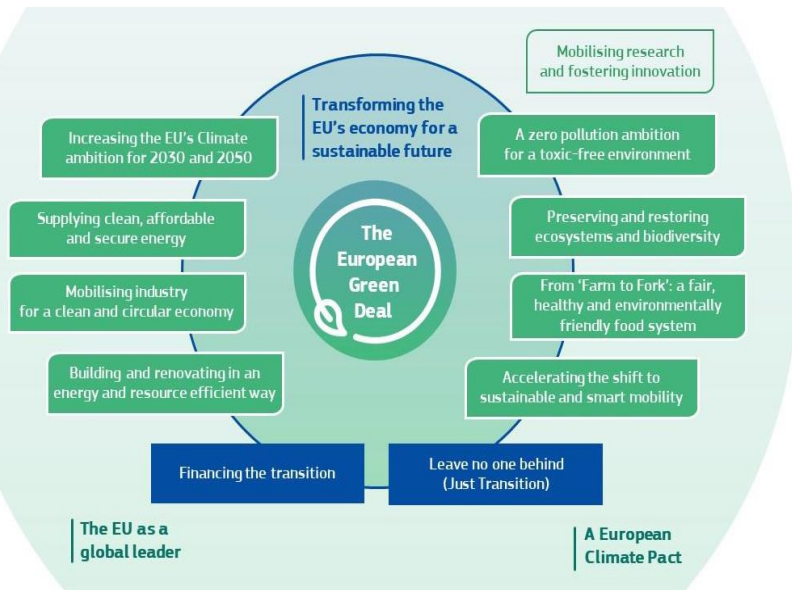
# European Green Deal:

## “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

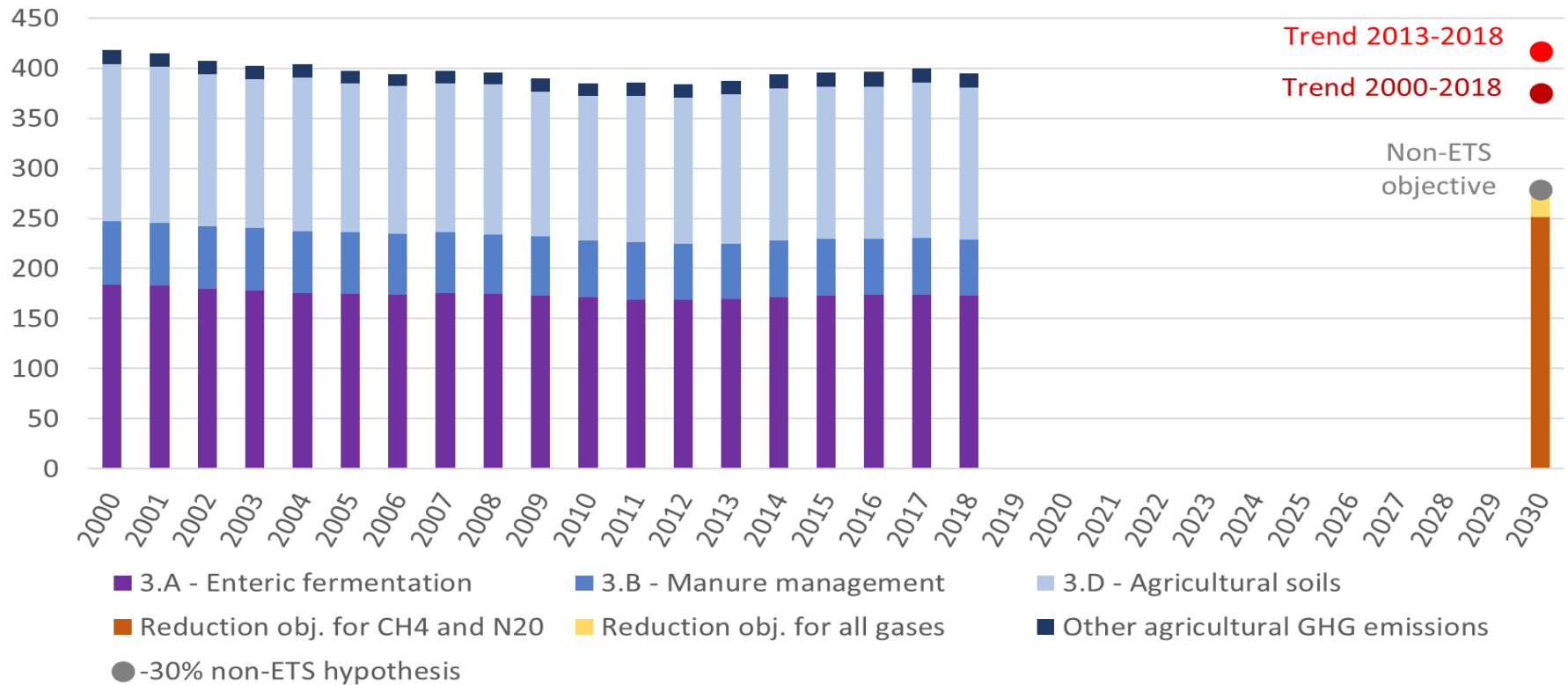
- 1. EU agriculture is not on the right track to meet the Green Deal targets**
- 2. A policy mix for the entire food chain is needed**
- 3. The CAP in this framework**

# 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

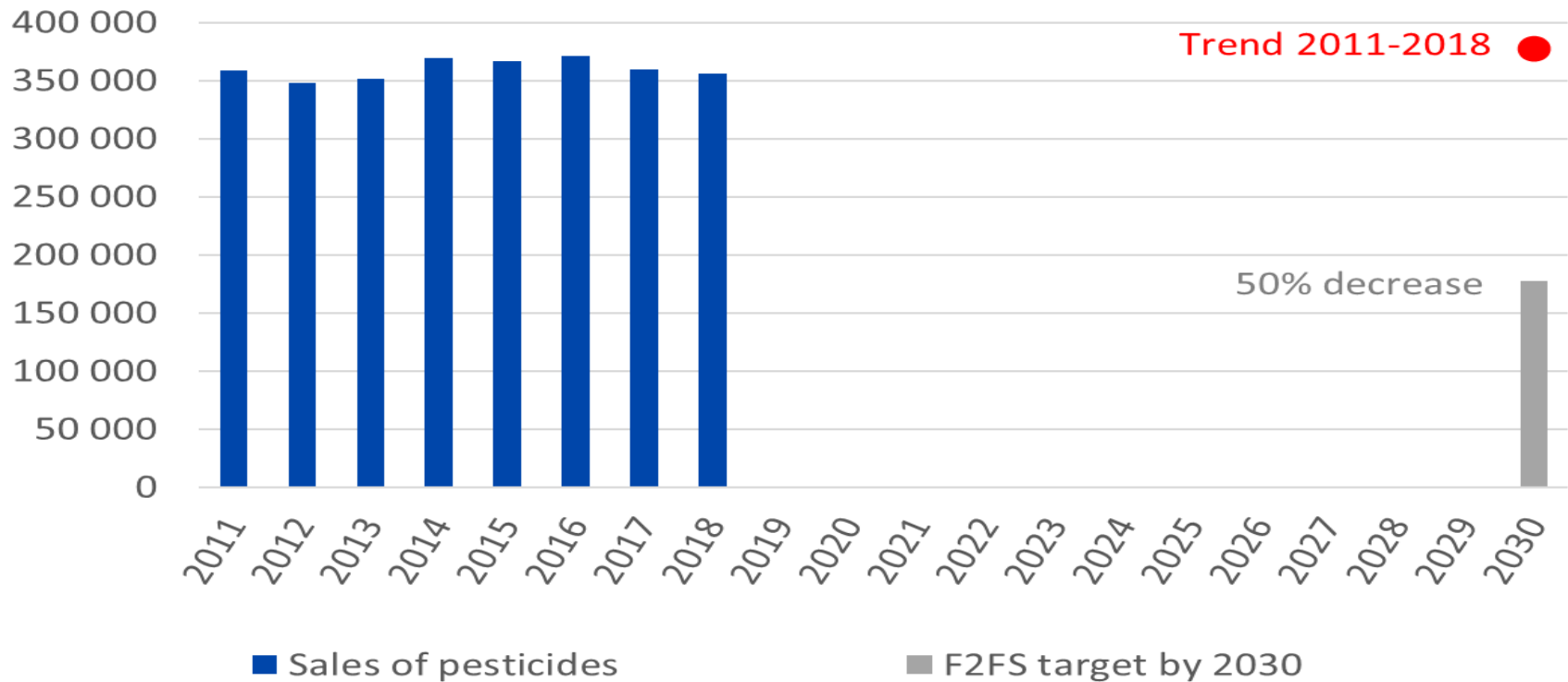
GHG emissions of EU-27 agriculture  
 (MtCO<sub>2</sub>eq)



Source: Own elaboration from EEA data (2020)

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

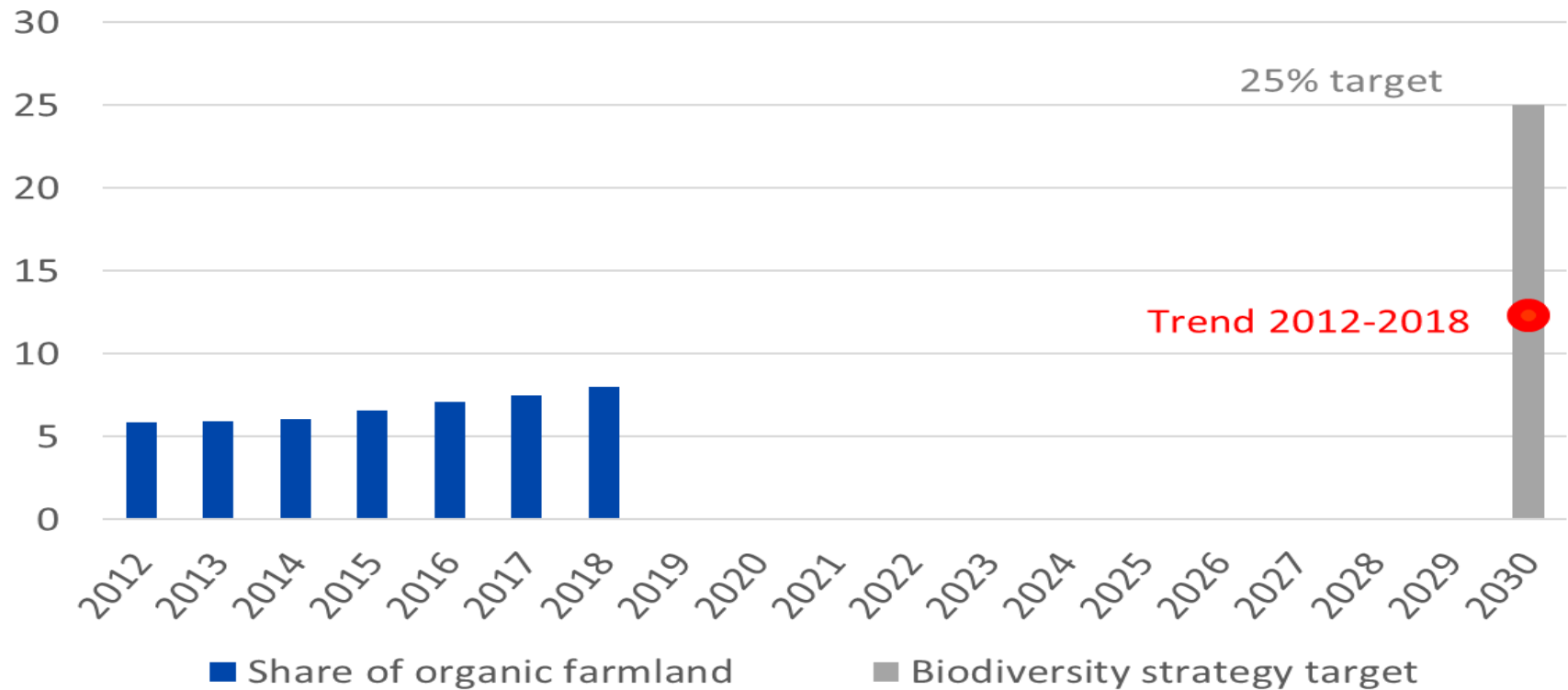
Sales of pesticides, EU-27  
(tonnes)



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 (%)



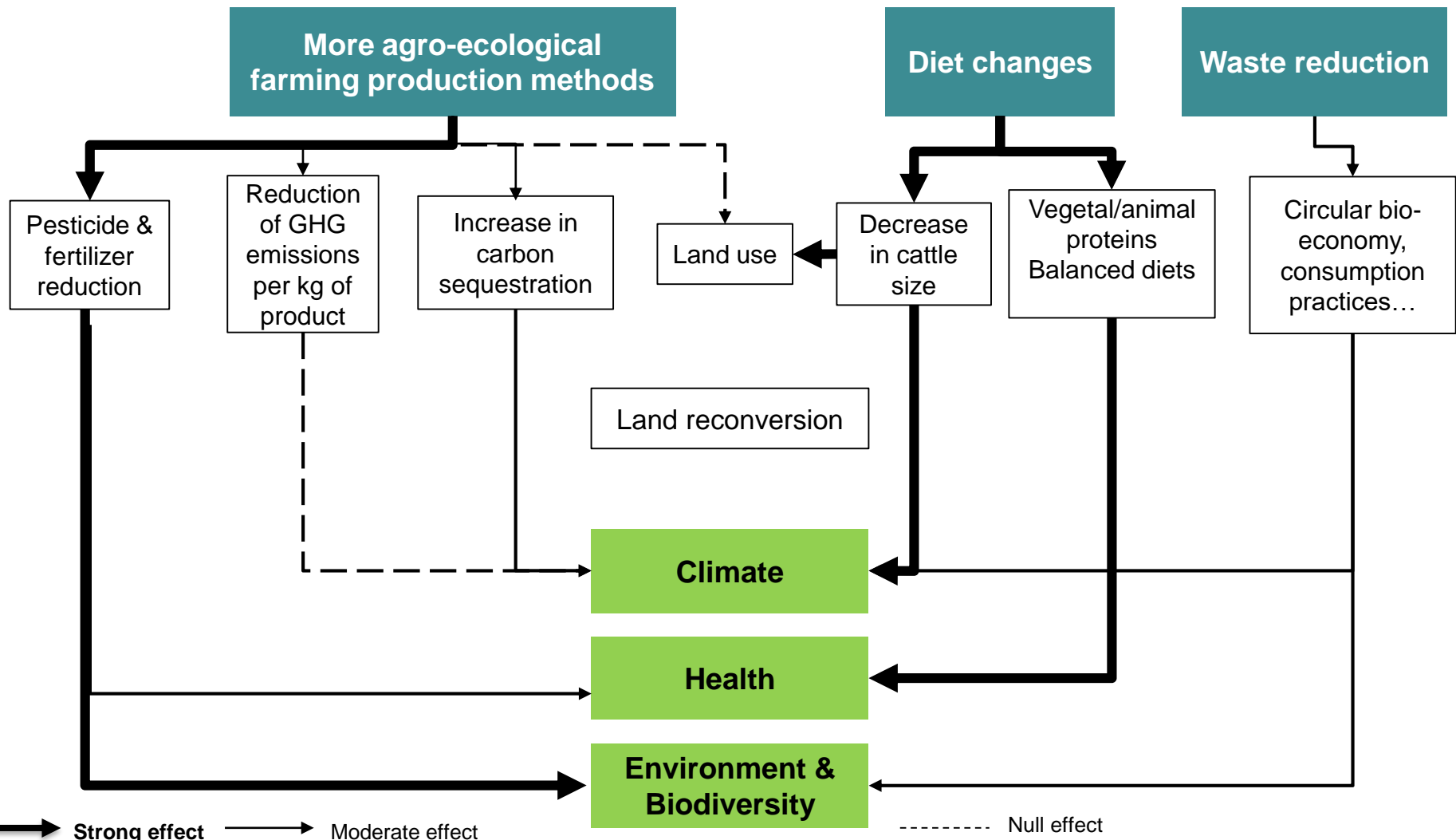
Source: Own elaboration from Eurostat (2020)



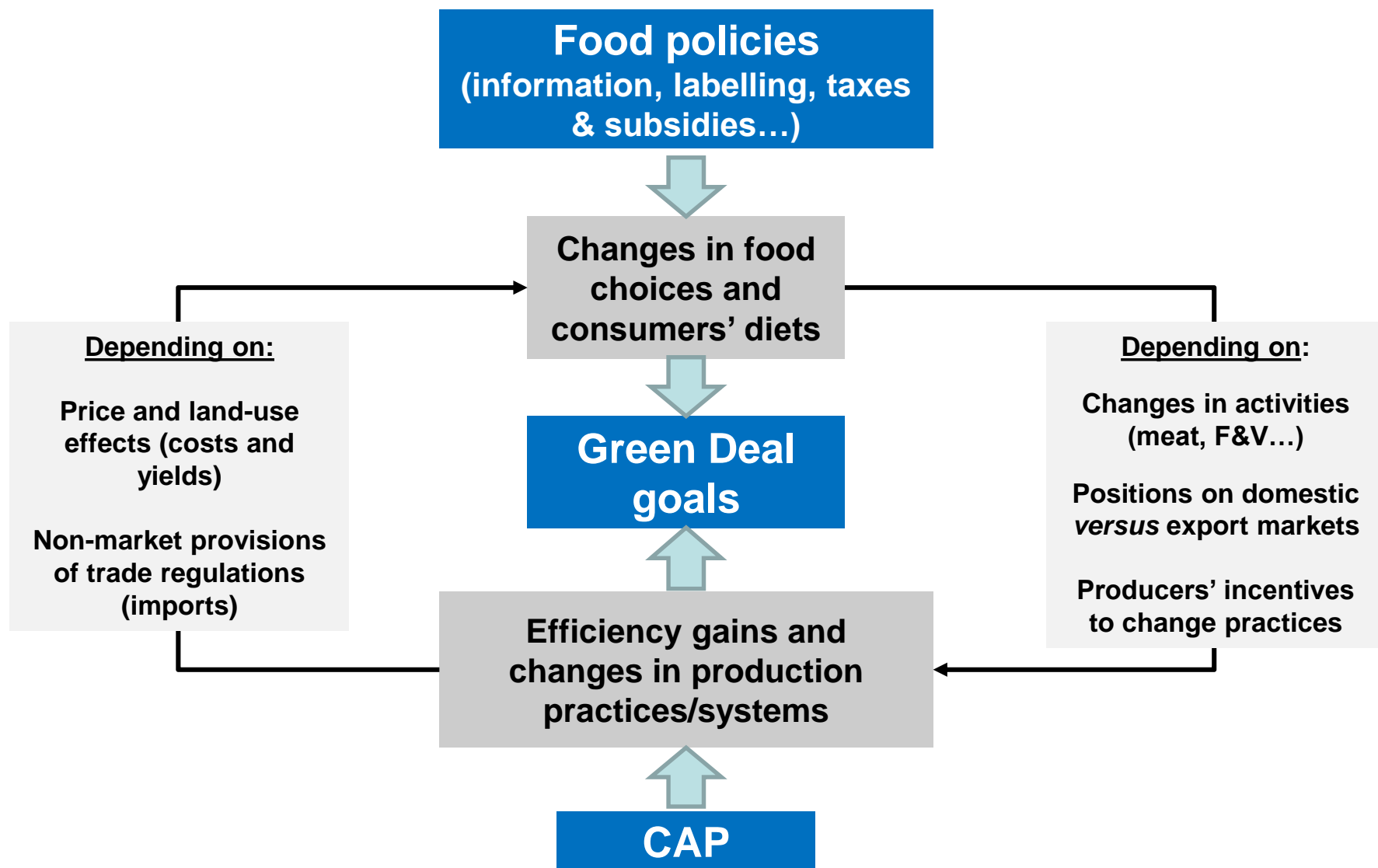
## 2.

# 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



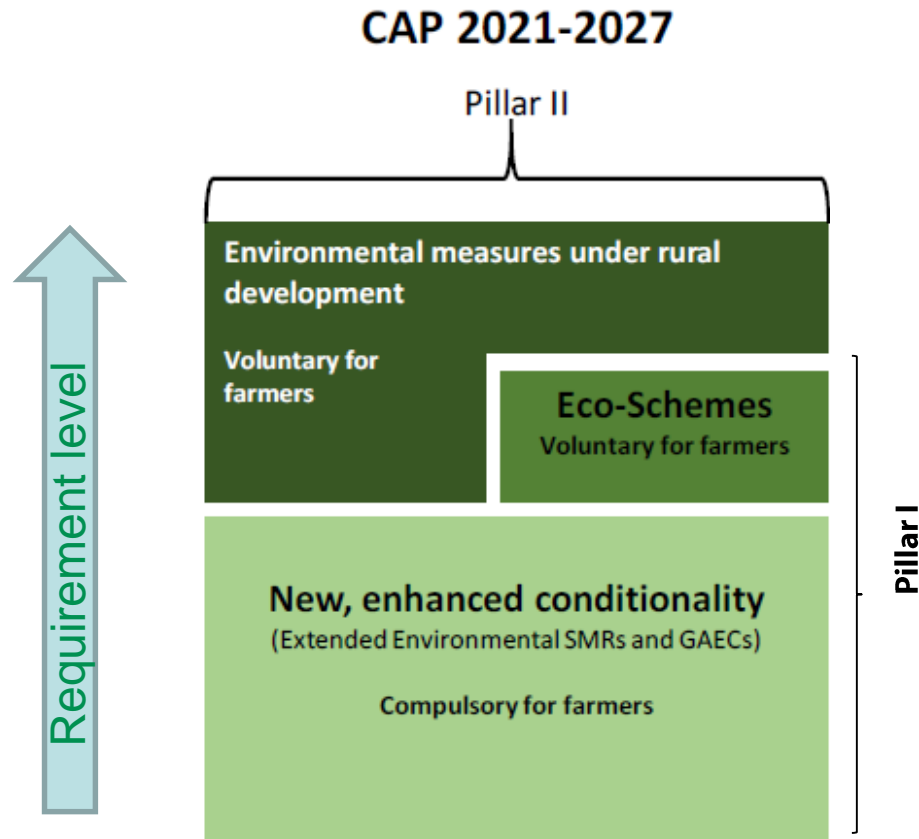
# To place the EU agricultural and food sector on the right track, supply and demand actions and policies are needed



## 3.

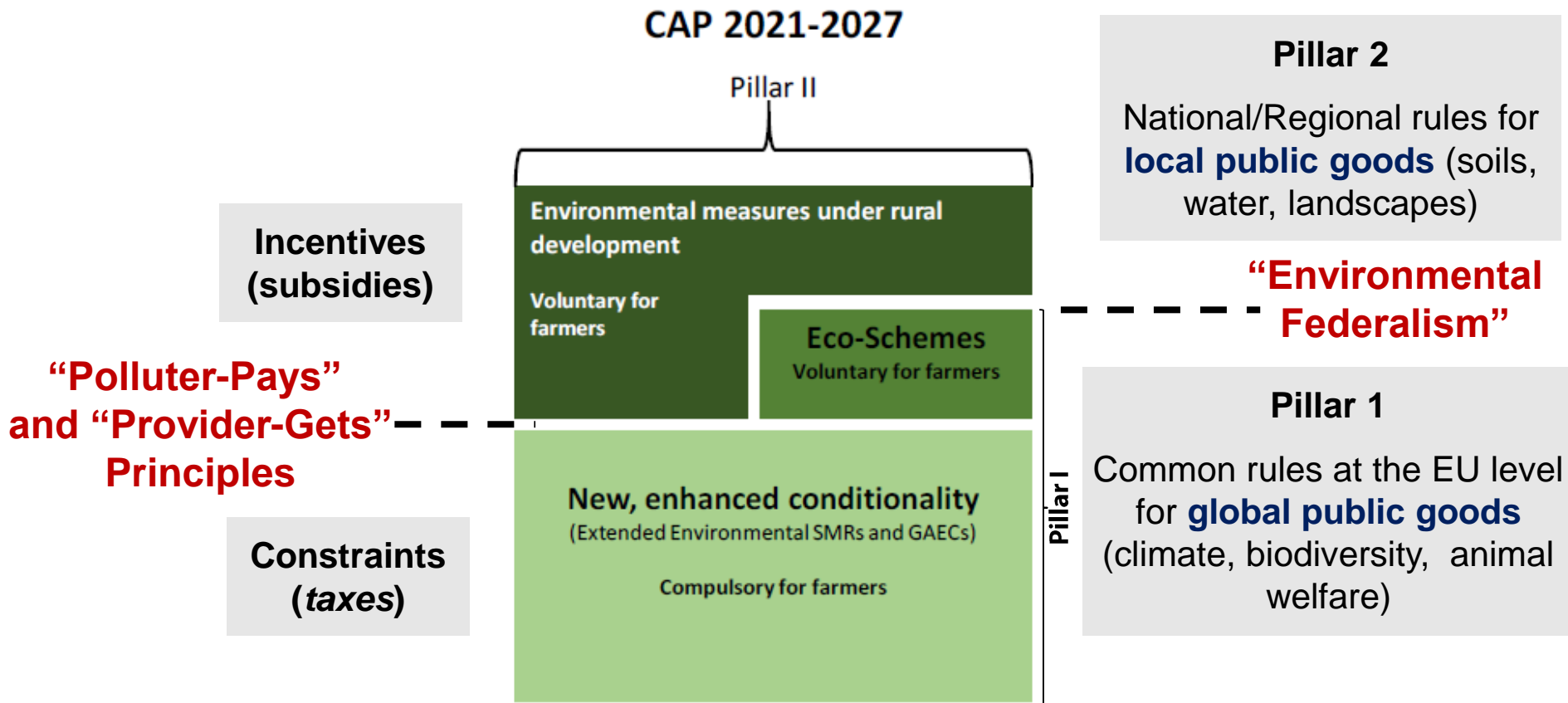
# The (future) CAP in this framework

# 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**