



For a fair and climate friendly CAP

Greens/EFA Briefing

What is the CAP and why is it currently discussed?

The Common Agricultural Policy (CAP) is the agricultural policy of the European Union. It implements a system of agricultural subsidies and other programmes, and represents the 2nd biggest budget of the European Union. The Commission proposal for the multiannual financial framework (MFF) 2021-2027 includes €365 billion for the CAP (in current prices). This corresponds to an average share of 28.5% of the overall EU budget for the period 2021-2027. Out of this amount for the CAP, €265.2 billion is for direct payments and €20 billion for market support measures (together making up the EAGF) and €78.8 billion is for rural development (EAFRD). An additional €10 billion will be available through the EU's Horizon Europe research programme to support specific research and innovation in food, agriculture, rural development and the bio-economy. As the current CAP programming period is coming to end in 2020, the discussions on the future programming period are ongoing, based on the draft published by the European Commission last June 2018.

Background - What is at stake?

The CAP's objectives, which remain unchanged since 1962, should be radically reviewed to reflect **social demands** and the finite limits of our environment and planetary resources, and to take into account **climate change**, species extinctions and ecosystem collapse, and depletion of resources that affects us all. Since the creation of the WTO, the CAP has been obliged to fit into a framework designed to promote global markets and international companies. The last reform of the CAP brought greening measures and a certain targeting of money - yet many of these provisions have already been watered down.

Key challenges for a more coherent food policy remain: climate change, biodiversity loss, animal welfare, disappearance of small and medium farms and protection of public and environmental health. We need to focus future policies on providing sufficient nutritious and healthy food for everyone, sustainable use of natural resources, decent and stable revenue for farmers, cohesion of rural and urban areas, and coherence with sustainable development goals, as well as minimising corporate power in the food system.

What is the position of the Greens/EFA in the European Parliament?

We want a CAP that cares about climate

1 - Environmental impact of farming should be higher in the priorities

The impact of farming on the environment has been a major debate these last years, with some arguing it should lead to reductions in the CAP budget. On the contrary, **the Greens/EFA defend a strong support for farmers to allow them to change their practices**. In its reform proposal the European Commission introduces "eco-schemes" that would reward farmers who voluntarily adopt practices beneficial to the climate and the environment. The Greens/EFA advocated **at least 50% of the budget for direct payments to be allocated to these "eco-schemes"** in order to incentivise their uptake by farmers, as well as to **strengthen their content**. An agreement around 30%

could have received a majority of support but was blocked by the EPP. We also defend **robust conditionality** (the list of rules and good agricultural and environmental practices that a farmer must respect to access full CAP funding). We oppose the weakening of conditionality and deletion of Ecological Focus Areas and animal identification entirely.

2 - Evidence based climate expenditure accounting

The **climate expenditure accounting mechanism** is completely flawed. The proposal of the European Commission, which the committee is likely to endorse, counts 40% of CAP direct payments as climate expenditure, even though the real impact was estimated at half by the European Court of Auditors. This greenwashing approach means less ambition, weakening the EU's overall climate ambition. We proposed to base the climate expenditure accounting on actual science (but had no majority).

We want a fair CAP that benefits all stakeholders with no discrimination

1 - Re-balancing the CAP in favour of small farms

The current CAP and its hectare-based system mean farmers get more money if they own more land. This clearly benefits the biggest farms in Europe over the more numerous small and medium-sized ones. **Today, 20% of the recipients still receive 80% of the CAP direct payments.** The Greens/EFA argued for **limiting the amount of money received by a single farmer or corporate entity at 50 000€**, to ensure a better use of public money and to redistribute the amounts to smaller structures. Although negotiations centred on an ultimate cap of 60 000€, the final compromise supported by EPP-ADLE-ECR was at 100 000€.

2- Stop the East/West discrimination

Several Central and Eastern European Member States, which acceded to the EU in 2004, receive far less CAP money than the older Western EU Members, meaning that the farmers in these countries likewise receive less money for the same area. The Greens/EFA are calling for an “internal and external convergence” - that is, **the equalisation of direct payments throughout the EU - as soon as possible.**

3 - No public money for promotion of huge companies in third countries

The CAP also finances measures aimed at boosting sales in some specific sectors, such as promotion campaigns. Between 2009 and 2018, more than 1.4bn € of taxpayers' money was spent, for example, on promotion of wine. Wine brands can currently get up to 50% of their promotion costs covered by the CAP, including public relations, participation in international fairs and advertisement campaigns. **Big companies are the biggest beneficiaries of these subsidies** - the Champagne brands Mumm and Perrier Jouët (both belonging to the same multinational company Pernod Ricard) received 6.1 million € of public money in just one year. **This is taking away funds that could otherwise go to small producers, and should thus be strictly limited.**

4 - For a living, thriving countryside that creates jobs

The so-called “second pillar” of the CAP is used to finance agri-environmental measures, conversion to and maintaining organic farming, bottom-up / grass roots community rural development, maintaining basic services in rural areas, support to farmers in areas of natural constraints (e.g. mountains), and farm investments, amongst others. In its proposal, the European Commission proposes to reduce the rural development budget by a third. The Greens/EFA strongly oppose this trend of budget cuts and **defend a significant and stable investment in rural areas.** We also want to stop Member States shifting money away from rural development into the first pillar. Use of the EAFRD fund for so-called “risk management tools”, **which diverts increasing amounts of public money to private insurance companies while fossilising harmful farming practices** should be scrapped, or at least strictly

limited. Finally, we think that **no public money should be used to support investments that have a negative impact on the environment**, such as factory farms.

5 - Do No Harm to developing countries

With the proposal on the table, the EU will continue to export its overproduction in milk, meat and other products to developing countries. It will continue to import unsustainably produced soy. Both harm small-scale farmers in developing countries, thereby undermining the positive effects of the EU's development cooperation. We proposed explicit reference to coherence between CAP and development policy, and monitoring the CAP's impact on developing countries.

What is the state of the debate now?

The negotiations are finalised and where the main compromises put forward by the rapporteur don't go far enough, we have submitted **alternative compromise amendments** where we feel there could be a majority of support for them. The vote on the European Commission's proposal on Strategic plans is scheduled in the Agriculture Committee on **the 2nd of April**.

Unfortunately, negotiations have not gone in the right direction, with a majority of the political groups backing very problematic proposals which compromise the core principles of the Greens/EFA vision for the future CAP:

- ineffective capping with many loopholes; 60% of first pillar payments to be attributed to direct payments; and exclusion of the smallest farmers from accessing CAP subsidies,
- strong opposition to re-balancing CAP funds between and within Member States,
- a proposal not only to maintain the funding of promotional activities, but even to raise the percentage of costs eligible for reimbursement by the CAP,
- a very low budget ring-fenced for eco-schemes,
- weakening the EU's climate ambition by automatically counting 40% of direct payments as climate expenditure,
- deletion or weakening of many elements of the conditionality that impact on **climate change** mitigation (such as maintenance of permanent pasture, wetlands and peatlands) and **biodiversity** (deletion of Ecological Focus Areas).

The expected result of the vote is contrary to the EU citizens' demands on environment and especially climate issues, as was made clear by the recent massive EU wide demonstrations. The results clearly benefit large-scale intensive farming and are unfair for small farmers and Central and Eastern European Member states, discriminating between beneficiaries of the CAP.

Overall, current proposals of the AGRI committee would make the new CAP weaker than even the current CAP on climate change, environment and social aspects.

Greens/EFA are not only opposed to this backsliding but are **shocked that any groups in the European Parliament can even support it.**

As there is no plan to vote at plenary level during this legislature, the discussions will be taken over by the newly elected MEPs this autumn, leaving the possibility for EU citizens to express their choices on the matter through elections in May.

The Greens/EFA group will vote against the report on the 2nd April in the agriculture and rural development committee, therefore also rejecting the European Commission's proposal on Strategic plans.