

DRAFT
Report
on the meeting of the Advisory Group on Agriculture and the Environment
16th November 2011, Brussels

(Minutes drafted by the Chairwoman, Mrs Pommaret, including comments by the Vice-Chairwoman,
Mrs Robijns)

Chairperson: Eugénia POMMARET
Time: from 9:30 a.m. to 5:30 p.m.

Procedures:

All presentations given during the meeting are available on CIRCA.

1. Adoption of :

The agenda (with one remaining sub-point on water) as well as the report of the last meeting of 24/06/2011 were adopted.

The Chair regretted the fact that the water topic could not be addressed as foreseen as it was not possible to get a replacement for the sick official from DG ENVI. The Chair asked the EC to bring the following points back on the agenda at one of the next meetings: implementation of the WFD in agriculture, European Innovation Partnership on water efficiency, update on the preparation of the 2012 Blueprint to safeguard European waters.

2. Common Agricultural Policy

The legislative proposals for future CAP: presentation by DG Agri, and exchange of views

The presentation highlighted the new elements concerning direct payments, cross compliance and rural development policy with a special focus on environmental components / opportunities. It was followed by an extensive question and answer time. Besides Mr. Scheele from the unit H.1, other DG AGR1 representatives were responding to questions put forward by the members of the advisory group.

A first round of questions: EFNCP highlighted that the need to give special attention to extensive grasslands and livestock systems was highlighted in the Commission's 2011 Consultation document but not reflected accordingly in the proposals. EFNCP stated that the current greening proposals with respect to permanent grassland offer no protection for extensively managed grasslands of most environmental value as the permanent grassland definition allows for annual cultivation and reseeding with grass. The Commission responded that the protection of permanent grasslands is reflected in the 1st pillar and that a flat rate payment is likely to lead to a redistribution in favour of extensive livestock farms. In addition it was highlighted that the definition of eligibility is based on agricultural activity and the requirement of a minimum level of maintenance and that the option to grant coupled payments for extensive grazing is maintained.

Birdlife-Europe had questions on the approach to include the Water Framework Directive (WFD) and the sustainable use of pesticides directive SUD into cross compliance only once it is implemented in all member states, on the issue of small farmers being exempted from cross compliance and possible lack of controls (in particular when they are concentrated in some regions), about what baseline small farmers have to respect when participating in measures under 2nd pillar, and how double funding can be avoided when LFA payments are possible under 1st and 2nd pillar. In addition, they were asking for figures on the percentage of landscape elements included into IACS. The Commission replied that cross compliance works well when the measures on the ground work well, when the legislation is properly applied and when control works well. There is a need for clear requirements for farmers, clear decisions on control and sanction. The approach taken is a clear message that WFD

and SUD will be part of cross compliance at a later stage. The exclusion of small farmers is a matter of simplification. It does not imply exempting small farmers from the mandatory legal requirements. After all, the sanction instrument has only very limited effect due to the small amounts of direct payments received by those farms and the small areas covered by cross-compliance controls. After lunch break the Commission confirmed its intention that small farmers are exempted from the cross compliance system of reduction (not however from original obligations under SMRs) even when participating to agri-environmental measures. However in this case small farmers must respect the baseline (including where appropriate certain rules covered by cross compliance) relevant for the agri-environmental measure they take part in, and that will be checked together with the agri-environmental commitments. Regarding LFA ("natural constraints areas" in the proposal) the Commission stated that payments under the 1st pillar have to be deducted from 2nd pillar payment. Concerning the coverage of landscape elements / potential ecological focus areas by IACS, the Commission indicated that concerning the land parcel identification system (LPIS) differences across the member states exists and that there may be a need to adjust LPIS accordingly once the detailed rules on landscape elements and EFA are established. They also added that for the moment, they do not have a full overview of how many landscape elements are included and hence how much is the percentage this represents in the Member States. Copa-Cogeca raised concerns about the serious economic situation faced by many farmers, the need for a competitive and efficient agriculture to avoid land abandonment. One suggestion regarding ecological focus areas was to allow its implementation in other regions of the EU (trade with them); another suggestion was to broaden the scope by including renewables.

A second round of questions: Copa-Cogeca asked for a fair approach regarding environmental requirements for third country imports (e.g. via an environmental tax for imports). The issue that some farmers have only converted parts of their farm to organic and how this affects the mandatory greening (where organic is exempted) was also addressed. It was stated that there is a need for specific measures at national level to support smart, green and inclusive growth. Another question was concerning the penalties if farmers do not comply with the greening obligation.

Ceja stated that there is a lack of communication with society regarding the achievements of cross compliance. Concerning the greening proposal it was argued that it is far from being applicable, it was stated that flexibility in view of annual rotation is needed and that diversification might lead to adverse effects (more water, higher inputs).

ECVC stated that there is a need to provide a definition on ecological focus area and that a value should be attributed to the different types of vegetation (as in France).

EWP criticized the polarization between environment and production and stated that water is a shared good.

CELCAA stated that there is a need to look carefully into greening as the market will not react with higher prices and that there is a risk to undermine competitiveness and that a focus should be put on options to satisfy the industry.

The Commission indicated that cross compliance concerns 80% of the CAP payments and that only a small group of farmers does not fall under cross compliance like specialized pig and poultry farms. But those "industrial farms", even if not affected by cross compliance, have to respect environmental and animal husbandry rules as all other farms. The intensive discussion around cross compliance clearly indicates that it has implications on farmers otherwise there wouldn't have been discussions and it is well admitted that it contribute to raise awareness of farmers regarding the rules.

It was stated the proposed greening measures are requesting a basic environmental performance, do not require national or regional programming, and are easy to administrate and controllable. Therefore little scope exists for flexibility, but the Commission stated that the technical aspects of managing the greening and landscape features, incl. possibly the French approach, are something to be looked into at a later stage. Concerning the cost of greening the Commission referred to the impact assessment accompanying the proposal. In regions where only permanent crops are grown the only measure applicable is ecological

focus area (like for olive growers). Organic farmers are only exempted from the greening for the land managed under the organic system.

Regarding the sanctions it was stated that they can go beyond the 30% direct payments linked to mandatory greening. The Commission indicated that due to WTO rules an import tax is not possible and that competitiveness effects can only be solved by multinational environmental agreements.

Answering a question with regard to social aspects and effects on jobs of the proposals the Commission indicated that social aspects are included in the impact assessments, but that it does not deliver exact figures as many drivers affects e.g. jobs.

A third round of questions: Copa-Cogeca requested an assessment of the economic costs of the 7% ecological focus areas (the impact assessment being made for 5 and 10%). It was asked how to integrate water standards in the agricultural policy. It was emphasized that greening may undermine agri-environment commitments.

EEB requested a mapping exercise to delimitate wetlands as well as carbon rich soils as they are foreseen to be covered by cross compliance. In addition they addressed coupled support and its justification. They requested if there will be the need for national co-financing if money from the capping would be transferred to the 2nd pillar.

Another question – not directly linked to the proposals themselves - was concerning the possibility to create sub-groups of the Advisory Group “Agriculture and Environment” similar to the approach taken within the Advisory Group “Rural Development”.

Birdlife Europe criticized the removal of some aspects of the Bird- and Habitat-Directives and indicated that the new aspect of protecting nesting / breeding is not sufficient as the new GAEC does not cover all of the aspects in the removed directives (e.g. illegal killing). They also questioned the criteria for defining regions.

EFNCP criticized the removal from GAEC of the clauses on avoiding deterioration of habitats (including options for minimum livestock rates or grazing regimes, and for retention of habitats).

The Commission responded that the inclusion of the WFD in cross compliance should not increase the administrative efforts. In that respect there is a need for clear information for farmers on the ground in terms of which provisions they have to follow specifically and the management and control system developed for the WFD should be the basis for the controls of cross compliance.

Regarding the definition of wetlands / carbon rich soils it was indicated that there will be no strict EU definition in order to offer the necessary margin of manoeuvre to the member states. However a minimum level playing field will be assured through guidance and work is undergoing in this respect.

Concerning the removal of certain article of the Birds- and Habitat-Directive the Commission indicated that controllability was one of the guiding criteria for the revision of the obligations. However there are several provisions in SMR and GAEC (including reinforced) addressing biodiversity.

Concerning the removal of GAEC clauses on avoiding habitat deterioration, the Commission indicated that the GAEC standard on establishment/retention of habitat has been removed since it is optional and no Member States has chosen to implement it; EFNCP questioned this statement from the Commission.

Regarding coupled support the Commission stated that the justification is in the hand of the member states, only if the payments exceed a ceiling of 10% of direct payments the Commission will check it.

The Commission takes note of the possible effects of greening on agri-environment.

Concerning the region definition, in line with the subsidiary principle this is in the hand of member states.

Concerning the ecological focus area the Commission indicated that the list presented is not exhaustive but that the types of ecological focus area can be further defined in delegated

acts and other types of ecological focus area can also be added. Concerning the outcomes of the impact assessment it was stated that it gives a reference point. It was also stated that in future a greater emphasis will be put on the effectiveness of 2nd pillar payments.

The Chair concluded the discussion by stating that the Advisory Group will come back to this topic at a later stage once the delegated acts will be drafted as they will clarify a number of aspects. The Vice-Chair (Birdlife-Europe), considered that it is necessary to come back to this topic because a lot of questions could be asked, but were withdrawn by the participants because of severe time constraints.

The Vice-chair (Birdlife-Europe) suggested the organization of thematic sub-groups, such as it has been established under the Advisory Group on Rural Development. The goal would be to facilitate the exchange of views and discuss into depth the CAP proposals. The Commission indicated that in principle they are not opposed to it, but it was not further discussed.

3. Reply of the Commission on letter of the Advisory Group of Agriculture and Environment to the Commission regarding: "Addressing serious problems with current CAP eligibility criteria and their impacts on farmers and the environment" (sent on 13/09/2011)

Commission representatives (DG AGRI)

In addition to the written reaction, the Commission highlighted the new elements of the proposal regarding eligibility and the definition of permanent grassland which gives more flexibility. It was stated that the guidance should be adjusted to reflect the new rules. On the earlier EFNCP question concerning the current allowance of the permanent grassland reseeded, the Commission said that this would be addressed by means of delegated acts. There was no debate on this agenda point, but it was put forward as an option to discuss eligibility in more detail in one of the next meetings. EFNCP objected very strongly to the lack of discussion on the eligibility issue as they consider the Commission proposals do not solve the problems that the advisory group put forward.

4. Court of Auditors' report on agri-environmental measures

DG AGRI gave a presentation of the Commission replies to the Special Report of the Court of Auditors on "Is agri-environment support well designed and managed?". The importance of agri-environment payments was highlighted. Axis 2, including agri-environment measures, currently has a mandatory allocation of 25% of the European Fund for Rural Development. It was pointed out that around one fourth of the UAA are covered by AEM. The Commission informed that the Thematic Working Group 3 on public goods of the European Network for Rural Development prepared a report on public goods and public intervention in agriculture addressing the role of agri-environmental measures in providing such goods. The European Parliament will discuss the Court of Auditors' report early 2012.

5. Debriefing on the Working Group meeting on Rural Development policy after 2013, 11th November 2011 (under the Advisory Group on Rural Development, Working Group 2 - Development of environmental measures)

DG AGRI informed about the outcomes of the meeting on 11 November. Some of the points raised in the WG addressing environmental measures that mainly focused on agri-environmental payments covered: levels of payments, problems with farmers engaging in measures without getting the financing in time, risks caused by land abandonment, current lack of AEM targeting arable land, potential trade-offs of climate change measures and the importance of farm advice. This group also briefly discussed the future environmental focus area measures of the greening component in the CAP proposal, ,

Birdlife Europe stated that the meeting in sub-groups was a positive experience and re-proposed a similar approach for this advisory group also in view of discussing the delegated acts.

Copa-Cogeca stated that many successful agri-environmental measures exist and that the mandatory greening might lead to adverse effects.

ECVC pointed on the need to address the decrease of farmers. The Commission replied that the disappearance of farming was addressed during the WG meeting.

6. Water

6.1 Standards for sustainable Water Management (EWS)

European Water Partnership presented the European Water Stewardship (EWS) and informed about its launch on 24 November 2011.

Copa-Cogeca representatives did not share EWP's conclusion that the farmers do not understand the water pollution problem being caused by their practices, so they do not undertake measures to reduce it. They reminded that other water related initiatives undertaken by farmers exist, such as the "Baltic Deal" and the voluntary drinking water cooperation in Germany. Copa-Cogeca stated that the results presented were partial and simplistic, limited to the negative aspects. Ms von Wiren-Lehr was asked what were the new elements provided by the EWS initiative.

ECVC supported EWP's conclusions indicating that the negative side presented exists and that it is necessary to provide clear rules for farmers.

EWP acknowledged the importance of the Baltic Deal actions, but replied that farmers do not always see a link between their activity and impacts to the Baltic Sea. It raised the importance of having a round table for supply chain management on water.

The Chair reminded that 2012 will be the European year of water and outlined the benefits of bringing together the stakeholders in the EWS initiative.

7. Climate policy

7.1 Follow up of the UNFCCC negotiations related to agriculture in view of the Durban summit.

DG AGRI made a presentation.

Copa-Cogeca asked about the Asian countries' position, insisted in the agriculture and forestry sectors being part of the solution to climate change (mainly thanks to the C sequestration and the substitution effect by the use of biomass), asked the EC for a coherent position on this, asked for an EU clear definition of "organic soil" and more research on this field, asked for information about the link between the future UNFCCC SBSTA's work program on agriculture and the Global Research Alliance which has been set up and stated that GHG emission reduction by agriculture are accounted for under other sectors, asked about land use in Africa.

EFFAT asked the Commission to follow up their proposals from the meeting in July, in more details to tell where it will be possible to create jobs (e.g. in the production of biomaterials) and where it will cost jobs, when we talk about both CAP-reform and UNFCCC. EFFAT also underline, because the Commission did not have done what they had ask for, that they, at the coming meeting in the AG on Agriculture and Environment, expected that the Commission will describe the job creations and job losses in the agriculture sector under the coming CAP reform and UNFCCC. EFFAT did not find it acceptable that the Commission have prepared something about it and ask also not to forget them when consulting stakeholders about climate change related issues.

CELCAA outlined the risk of carbon leakage and firmly asked the EC to revisit the trade related aspects in the negotiating text on agriculture, since Ms Guesdon had explained that the EC is against considering these elements in this particular framework because it is a WTO issue.

Copa-Cogeca supported CELCAA's intervention and drew the attention to the imbalance between EU production standards and its carbon footprint and third countries', which should

be integrated in the negotiating text. ECVV highlighted that the society will contribute to 50% of GHG emissions if we go on "Business as Usual".

EFNCP stated that changes in simple farming practices in most crops and grasslands could transform the carbon balance of farming systems across Europe and asked how the CAP could achieve these changes since neither cross-compliance nor the greening proposals are currently designed to promote such changes in practice. As for most environmental challenges, we rely on AEM as the main tool, but this is not enough.

DG AGRI explained that most of countries are in favor of a mandate for a scientific work program in agriculture, but others are more reluctant (e.g. Brazil, India, South Africa).

Research is crucial and it is necessary to go forward. Huge uncertainties on inventories and accounting remain. Work on the assessment of the risk of carbon leakage for the agriculture sector has been launched. The Farm Advisory System is of a high value to enhance farmers' knowledge and encourage action.

IFOAM asked how can organic farming contribute and how it can be improved.

7.2 Follow-up of the EC proposal on LULUCF

DG CLIMA made a presentation.

Copa-Cogeca asked information about the dossier on energy taxation.

ECVV said that the LULUCF is a very important issue after Durban and asked for the Commission's view on the International Energy Agency's (IEA) recent report which says that our emissions will increase by 20% by 2035, and average temperature will increase by 3,5° C.

Birdlife-Europe asked whether the biomass production is C neutral in the accounting system and whether it is possible that there is a C debt.

Copa-Cogeca asked the EC to take into account several aspects: trade barriers, the Durban outcomes and existing uncertainties; for these reasons, the status quo would be the preferred option and keep a voluntary basis at EU level.

DG CLIMA acknowledged the complexity of the C neutrality question. It also recognized the importance of waiting for the Durban outcomes prior to an EU decision. DG AGRI explained that it has undertaken the assessment of the risk of carbon leakage for agriculture due to the implementation of the energy taxation. With regard to the IEA's report, DG AGRI insisted that our legal system and the CAP allows the EU to contribute to the global effort, and we need to wait for the conclusions of the next IPCC's report due in 2014: the EU will then review the actions to undertake. It also reminded the ongoing work on sustainability criteria for biofuels, as well as on ILUC (indirect land use change) for feedstuffs for bioenergy.

7.3 Carbon sequestration in the agriculture sector - suitable measures

(DG AGRI made a presentation.)

Copa-Cogeca stated that organic farming delivers several environmental benefits; however, if it is fostered in a way that it replaces intensive farming, further area will be necessary to produce the yields we produce now: the delegate asked the EC whether their services have looked at this.

Birdlife-Europe asked how the EC would ensure that Member States set milestones on climate change in the rural development programs.

EEB pointed out that "productivity" is not a question of "area" cultivated, but of "management".

CEJA asked for taking into consideration the integrated production too, in addition to the organic farming.

Copa-Cogeca reminded the value of voluntary approaches (e.g. the UK Greenhouse Gas Action Plan).

IFOAM questioned the goal of crop diversification.

CEJA asked about the classification of grassland and the difference between "permanent" and "temporary" when the rules need to be applied.

DG AGRI insisted that the proposed greening measures under the future CAP are "win-win" measures aiming at tackling mitigation, adaptation and renewables. She invited the

delegates to send to the Commission any information available about voluntary initiatives. With regard to the difference between “crop rotation” (as initially proposed under the greening in the EC communication) and “crop diversification”, the EC tries to avoid measures which complicate the management and are easy to control: under the first pillar it is not possible to combine decoupled payments and crop rotation. On the contrary, the EC considers that crop diversification is beneficial and feasible. DG AGRI acknowledged the value of the integrated production. Concerning the milestones to be decided and fixed by the Member States, the goal is to allow the EC to better monitor and evaluate the rural development programs. DG AGRI said that milestones would be set, but the Member States would decide which ones. With regard to organic farming, she specified that it is not feasible everywhere, even though some farmers achieve the balance between productivity and negative externalities. About pastures, DG AGRI said that the EC wants to keep the current rule of 5 year, being this area under cross-compliance and entitled to the greening; in case the grassland is younger than 5 years, this area can be part of the “crop diversification” in the greening: the goal is to avoid the deterioration of the current level.

8. AOB

No other businesses were raised.

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