



SUSTAIN Paper Series

How sustainable is the new Common Agriculture Policy?

Eike Hinrichsen, MDP Environmental Policy and Law, University of Eastern Finland eikehin@student.uef.fi

1. Introduction

Born as a means to ensure food security in post-war Europe and to create a common market in the European Union (EU) the Common Agriculture Policy (CAP) transfers money, indirect or directly, to European farmers. While in the beginning the subsidy policy was coupled to production only, nowadays the CAP is considered as multifunctional policy tool. Thus, the rules to allocate support to farmers changed. The agriculture system is intertwined in mutual relationships with many other vital aspects of life: food production, landscape, rural development, the environment, biodiversity etc. Due to mutually negative impacts on the environment and climate stability, there is a call to strive for a more sustainable agriculture system in the EU. The CAP, as the dominant policy instrument is predestined as a lever to introduce this change.

This essay aims to assess how successful sustainability was integrated in the new CAP (2023/2027). Next, the CAP's sustainability provisions are presented looking at environmental, social, and economic sustainability aspects in the European Regulations. The provision and the fact how they are implemented in the (preliminary) National Strategic Plans serve as a basis of evaluation in the next section. The essay closes with a broader assessment of the European progress to a sustainable agriculture system.

The European Commission's support for the production of this publication does not constitute an endorsement of the contents, which reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

For more information on the EU Jean Monnet Module SUSTAIN, please visit jmsustain.santannapisa.it

2. Sustainability in the new CAP

Interestingly CAP does not specify the term sustainability. The World Commission on the Environment gave the most recognized definition of sustainability, defining sustainable development in 1987 as a “development that meets the needs of the present without comprising the ability of future generations to meet their own needs”.¹ A sustainable agriculture system is thus one that maintains the agricultural capacity of the land and the longevity of everything that it influences, such as biodiversity, carbon and water cycles but also the livelihood of farmers.

The implementation of the 2030 Sustainable Development Agenda through the economic, ecologic and social sphere is now a general goal as much as food security is (Art 6 Regulation 2021/2115²). Sustainability is moreover very much present in the nine specific objectives listed in Art. 6. But does this reflect in the concrete policies?

2.1 Environmental sustainability

It cannot be denied that with objectives such as contributing to climate change mitigation and adaptation (d), fostering the efficient management of natural resources (e), and halting and reversing biodiversity loss, and enhancing ecosystem services and preserve habitats and landscapes (f) environmental sustainability is integrated in the wording of the new CAP. When it comes to support payments, environmental sustainability aspects can be found in the conditionalities for direct payments (DP) that are listed in Annex III. Nine Good Agriculture and Environmental Conditions (GAEC) must be met by a farmer in order to receive any DP. However, the manner of implementation of the standards depend on the MS. They can decide on the final definition and application.³ All standards must be applied latest by 2025.

Beyond the general baseline of environmentally and climate friendly agriculture, the new CAP contains schemes for the climate, the environment and animal welfare (Subsection 4). These schemes are voluntary for farmers. MS establish them in orientation to the areas given in Art. 31(4) of which at least two should be covered by each eco-scheme. Some MS only offer one

¹ United Nation General Assembly ‘Report of the World Commission on Environment and Development: Our Common Future’ (4 August 1987) 42nd session UN Doc A/42/427, 54.

² Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013, *OJ L 435*, 6.12.2021, p. 1–186.

³ European Commission 2022, Overview CSPs, p.17.

single eco-scheme that farmers can be rewarded for.⁴ It is mandatory to allocate at least 25% of the DP envelope for eco-scheme activities (Art. 97(1)), but MS can derogate from that rule, if they transfer more budget into the European Agriculture Fund for Rural Development (EAFRD) for environmental sustainability items (Art 97(2)). Half of the MS (14 NSPs) made use of this rule in their provisional National Strategic Plans.⁵

2.2 Economic sustainability

Over the last decades the CAP has always been a stable share of income for European farmers. Economic sustainability however, in a sense of a self-sustaining system, would mean that farmers would be able to act in the market without subsidies.

The new CAP aims to enhance market orientation and increase farm competitiveness (Art 6(1) b), through e.g. a small coupled income support. The farmers' position in the food value chain is supposed to be enhanced but at the same time, farmers will receive income support (Art 6(1) a and c). The so-called Basic Income Support for Sustainability (BISS) is allocated by the member state to every active farmer with eligible hectare (Art 20 ff.)). If a hectare is eligible depends on its size and not on the way it is cultivated, only GAEC must be met (see 2.1.). Beyond this environmental condition, the regulation encompasses no requirement to fulfil "for sustainability". It could be considered economically sustainable that according to Art 26(4) especially new and young farmers shall be prioritized and that all payment entitlements within a region are aligned. This convergence tries to avoid highly unequal payment to farmers as occurred in the past, when 1.8% of farmers received 32% of payments.⁶ Another payment that aims to equalize payments from big to small farms is the Complementary Redistributive Income Support for Sustainability (CRISS) (Art. 29).

Economic sustainability is understood as transferring money more equally to farmers and incentivising young people to become farmer. With about 10% of the CAP's budget⁷ the agricultural system is strengthened by diversifying the production so that the overall system remains stable.

⁴ European Commission 2022, CSP overview, p.25.

⁵ European Commission 2022, Key Fact and Figures, p.14.

⁶ Pe'er 2019, p.450.

⁷ European Commission, CSP Overview 2022, p.12.

2.3 Social sustainability

Social sustainability within the European agricultural system can be translated to the assurance of decent working conditions to sustain the system. The new CAP introduced Social Conditionality (Art. 14) that makes farmer's benefiting from the direct income support subject to administrative penalties if they do not comply with applicable working and employment conditions. The special support for young farmers can also be considered a social sustainability measure, since incentivising young people to choose an agricultural profession contributes more from a social than an economic site/perspective to the maintenance of the system.

3. Analysis and Results

Over the last decades the CAP has always been a stable share of income for European farmers. Economic sustainability however, in a sense of a self-sustaining system, would mean that farmers would be able to act in the market without subsidies.

The new CAP aims to enhance market orientation and increase farm competitiveness (Art 6(1) b), through e.g. a small coupled income support. The farmers' position in the food value chain is supposed to be enhanced but at the same time, farmers will receive income support (Art 6(1) a and c). The so-called Basic Income Support for Sustainability (BISS) is allocated by the member state to every active farmer with eligible hectare (Art 20 ff.)). If a hectare is eligible depends on its size and not on the way it is cultivated, only GAEC must be met (see 2.1.). Beyond this environmental condition, the regulation encompasses no requirement to fulfil "for sustainability". It could be considered economically sustainable that according to Art 26(4) especially new and young farmers shall be prioritized and that all payment entitlements within a region are aligned. This convergence tries to avoid highly unequal payment to farmers as occurred in the past, when 1.8% of farmers received 32% of payments.⁸ Another payment that aims to equalize payments from big to small farms is the Complementary Redistributive Income Support for Sustainability (CRISS) (Art. 29).

Economic sustainability is understood as transferring money more equally to farmers and incentivising young people to become farmer. With about 10% of the CAP's budget⁹ the agricultural system is strengthened by diversifying the production so that the overall system remains stable.

⁸ Pe'er 2019, p.450.

⁹ European Commission, CSP Overview 2022, p.12.

3. Conclusion

The language of the new CAP regulation 2021/2115 clearly embraces “sustainability” and its scope is much broader than in 1957. However, its implementation into sustainable action is lagging behind. Only a minor share is actually used for sustainable means. If the new CAP will, in the end, contribute to reaching the EU’s sustainability objectives, can only be assessed with certainty after the final NSPs are implemented and evaluated. It can be stated already now that the new CAP could have been more ambitious and more radical in reallocating money to environmental and climate friendly activities. The reluctance to change the system can be explained by different sub-domains of the agri-food system causing path dependency.¹⁰ Thus, for a further analysis it could be worth looking at the CAPs structure and its method of design and implementation.¹¹

Sources

Articles:

- Pe'er, Guy; Zinngrebe, Yves; Moreira, Francisco; Sirami, Clélia; Schindler, Stefan; Müller, Robert; Bontzorlos, Vasileios; Clough, Dagmar; Bezák, Peter; Bonn, Aletta; Hansjürgens, Bernd; Lomba, Angela; Möckel, Stefan; Passoni, Gioele; Schleyer, Christian; Schmidt, Jenny; Lakner, Sebastian, A greener path for the EU Common Agricultural Policy, *Science* (2019) 365 (6452).
- Conti, Costanza; Zanello, Giacomo and Hall, Andy, Why are agri-food systems resistant to new directions and changes? A systematic review. *Global Food Security*, 31 (2021) 100576.

Official Documents:

- European Commission (2022) Proposed CAP Strategic Plans and Commission observations. Summary overview for 27 Member States. June.
- European Commission (2022) Proposed CAP Strategic Plans (CSPs). Key facts and figures.
- United Nation General Assembly ‘Report of the World Commission on Environment and Development: Our Common Future’ (4 August 1987) 42nd session UN Doc A/42/427, 54.

Regulations:

- Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013, *OJ L 435*, 6.12.2021, p. 1–186.

¹⁰ Conti, Zanello and Hall, 2021.

¹¹ Pe'er 2019, p. 451. United Nation General Assembly ‘Report of the World Commission on Environment and Development: Our Common Future’ (4 August 1987) 42nd session UN Doc A/42/427, 54.