

CAP Health Check

October 2007

In the development of the European Agricultural Policy, the CAP Health Check 2007/08 is the next major step. Though foreseen as an evaluation and not a reform, it is the main preparatory step to the "New CAP – after 2013" and therefore the results of the Health Check will decide the focus of the future CAP.

On the one hand, several Member States already called for a radical reform of the CAP – putting the current financing of the CAP into question. On the other hand it must be clarified how future food production can be secured in Europe and how the environment and quality of life in rural areas can be maintained and improved. In this position paper the IFOAM EU Group explains its views.

I. THE CAP REFORM 2003 INDICATED CHANGES – BUT FURTHER ACTION IS URGENTLY REQUIRED

Decoupling direct payments from production, setting minimum environmental and quality standards and shifting money from the first to the second pillar were the first steps to "de-intensify" direct payments. But nevertheless, the CAP continues to promote intensification. Even the modifications of the 2003 reform did not change the beneficiaries of direct payments: The CAP continues to support intensive farmers, who already profited most before the reform, and it still neglects to require effective environmental or social benefits.

Though many of the new Rural Development programmes for the period 2007-2013 still are in the notification process, it is quite evident that most Member States emphasize intensification (e.g. by strong support of investments) more than sustainable production.

Member States are obliged to shift at least 5% of the first pillar budget to the Rural Development budget. The impact of the modulation is taken *ad absurdum* in the financial preview 2007-2013, by leaving untouched the first pillar (CAP) budget and cutting the second pillar budget up to 20%. As a consequence, the quality of many national Rural Development programmes has suffered. Worse still, a high proportion of the national budgets is offered for measures that promote intensification. Efforts at promoting conversion to organic food production for a growing world market for organic foods have also been undermined.

II. HEALTH CHECK PROVIDES OPPORTUNITY TO IMPROVE THE CAP

The CAP Health Check provides a unique opportunity to move the CAP further, and to recognise the positive effects of organic agriculture as a tool to serve to the targets of the CAP. It should lead to a new orientation and new objectives for the CAP, such as:

- ❖ the creation of fair and sustainable agricultural markets,
- ❖ good land management for current and future generations,
- ❖ contribution of the CAP to multinational environmental agreements, and
- ❖ the development of a robust organic food sector.

A serious evaluation of the first pillar must also consider rural areas as living space for people, as economic and production areas for agricultural products, and as production area for public goods, such as landscape, environment and resources.

To achieve these goals, central questions have to be clarified with the CAP Health Check 2007/2008:

- ❖ How can, in the current situation of agricultural markets, a reduced CAP budget contribute to secure food production in the future?
- ❖ How can the CAP contribute to attractive and vital rural areas?
- ❖ How can the CAP contribute substantially to protection of nature, as well as environment (water, soil, air, landscape, etc.)?
- ❖ How can the EU citizens' acceptance of the CAP payments be achieved/improved?
- ❖ How can the CAP promote a further development of organic agriculture?
- ❖ How can the CAP contribute to combat climate change?

III. NEW OBJECTIVES FOR THE CAP

Fifty years after the first launch of the CAP, agriculture in Europe has changed in many ways. Therefore the CAP objectives had and still have to change:

- ❖ from "increasing agricultural productivity" (Treaty of Rome, 1957),
- ❖ to objectives that should focus on the qualities which EU citizens expect from agriculture, and in particular on those qualities which we cannot expect market forces to deliver by themselves.

For the future justification of the CAP budget, the CAP must secure production of diverse, high quality and healthy food, landscape, secure water supply, active, liveable rural areas, stable soil, biodiversity, etc.

The IFOAM EU Group suggested major, profound changes for the CAP in its position paper on CAP review and reform "A sustainable agricultural policy for Europe" in April 2002. As these new objectives still remain indispensable, we refer to our proposals in the [position paper](#).

In addition, organic farming and food production is a strategically important, green growth sector. It provides member states with a wide variety of benefits, from cleaner water to more biodiversity, to animal welfare and beautiful landscapes. And rural communities benefit from quality and employment improvements in the farming and food sector. Organic farming and food production has therefore a strategic role in developing rural communities and the food sector. Strengthening the organic sector should be a strategic goal for the CAP and an area of analysis and new policy initiatives in the CAP Health Check.

IV. REFORM PROPOSALS – HEALTH CHECK 2007/2008

❖ Effective environmental and social standards for CAP payments

The introduction of the Cross Compliance through the CAP reform 2003 brought new but still minimum requirements to be fulfilled by European farmers. Additionally, the current CAP system does not distinguish between intensive farming systems that often cause environmental problems, and environmental friendly (often small-scale and labour-intensive) farming systems. Despite existing rural development schemes that can provide support for less intensive farms, the distinction must be made on the level of general CAP payments.

As the production of agro-fuels is neither a step to more sustainable production, nor to higher social sustainability, it should not be supported by the CAP.

For this reason, CAP payments should only be dedicated to farms that actively contribute, as a whole, to environmental and biodiversity protection, animal welfare and job creation. Alternatively, the level of CAP payments should be differentiated, according to these requirements.

❖ Obligatory regional model/ uniform hectare payment

The implementation of the regional payment scheme, as foreseen in the current CAP (and obligatory in the new Member States), provides (at least on a regional level) equal per hectare payments for arable land or grassland, without any linking to a reference period and therefore previous production. This system guarantees a certain equality that would create a similar basis for production on either regional or national level.

Therefore we ask for the EU-wide obligatory implementation of the regional model with uniform per hectare payment for arable land and grassland.

❖ **Increase of obligatory modulation**

Modulation of the first pillar budget has become obligatory with the implementation of the 2003 CAP reform. Every Member State is obliged to shift 5% of the first pillar budget to the Rural Development budget. No EU country took up the opportunity to provide a higher percentage of the CAP budget to the second pillar.

Instead of strengthening the Rural Development funds in the new financial period, the overall budget in the European Union has been cut severely and caused dramatic cuts in the national programmes.

Rural Development provides more possibilities to develop European agriculture and rural areas in a sustainable way than the first pillar and should therefore have a higher share of the overall budget in the future.

Therefore we ask for an obligatory modulation (up to 20 %) of the first pillar budget for the current financial period (- 2013).

❖ **Strengthening Organic farming as a strategic policy goal for the CAP**

Organic farming provides a combination of positive effects that cannot be provided by any other agronomic system. Healthy products, protection of soil, protection of water, higher biodiversity, positive impact on climate, and other effects have been scientifically proved and are unique in its combination.

In the current discussion about **climate change**, organic farming can deliver many long-term, sustainable and cost-efficient solutions. Especially the positive influence on greenhouse gases, soil carbon, soil stability, water balance, the reduced energy input have to be mentioned. Further information on these are in an annex to this paper.

Organic farming should be supported as a strategic policy goal in the CAP. We suggest that organic farming should be the model for European agriculture in the future and that the necessary financial support be provided for a strong further development of organic agriculture and the organic sector.