

Brussels,

Final Minutes
Meeting of the Civil Dialogue Group Direct Payments and Greening
12 February 2021

Chair: Ms Maria Skovager Østergaard

Organisations present: All Organisations were present, except ECPA, EFNCP, EMB and SACAR, PAN EUROPE.

1. Approval of the agenda

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

- 1) State of play of CAP post 2020 negotiations with focus on direct payments
 - a) Presentation by the Commission
 - b) Debate with participants
 - c) Presentation by the Commission of an indicative list of practices beneficial for the environment (eco-schemes)
 - d) Debate with participants
- 2) Commission's recommendations for Member States CAP Strategic Plans
 - a) General presentation by the Commission on the process and main issues at stake
 - b) Debate with participants following general preliminary reactions from members (members can send these reactions in advance, which can be distributed before the meeting)
- 3) Outcome of the public consultation on the effect on CAP on soil, water and biodiversity
 - a) Presentation by the Commission
 - b) Debate

1) State of play of CAP post 2020 negotiations with focus on direct payments

- a) Presentation by the Commission
- b) Debate with participants
- c) Presentation by the Commission of an indicative list of practices beneficial for the environment (eco-schemes)
- d) Debate with participants

2) Commission's recommendations for Member States CAP Strategic Plans

- a) General presentation by the Commission on the process and main issues at stake
- b) Debate with participants following general preliminary reactions from members (members can send these reactions in advance, which can be distributed before the meeting)

3) Outcome of the public consultation on the effect on CAP on soil, water and biodiversity

- a) Presentation by the Commission
- b) Debate

Approval of the agenda and minutes

The agenda and the minutes were approved.

1) State of play of CAP post 2020 negotiations with focus on direct payments

- a) Presentation by the Commission
- b) Debate with participants

The European Commission representative gave a presentation which can be found on the COM website.

The presentation focused on the amendments proposed by European Parliament and the General approach reached by the Council in relation to the European Commission proposal on CAP post 2020, in particular on the distribution of direct payments: improve the targeting, fairness and effectiveness of direct payments, eligibility rules: finding the balance between supporting farming on agricultural land and environmental-climate ambition, coupled income support, young farmer, transitional national aid, flexibility between pillars.

A key point with the Council is the financial flexibility in general. The European Commission proposed to remove the financial ceilings at the level of each direct payments' scheme and to focus on the justification of unit amounts. The Council wants more flexibility to avoid unspent funds especially on eco-schemes. The EP wants to put many details back in the regulation as it was before (for complementary payments, the EP introduced most past conditions. In addition, it introduces ring-fencing (which means less flexibility).

The EP position also introduces full internal convergence, a new scheme boosting competitiveness under direct payments, the need to collect info on all support received directly or indirectly by natural persons and to apply a capping. Some amendments on bullfighting were also introduced. EP also removed the implementation of Blair House and the need to demonstrate the importance of the sector which is to be granted coupled support.

There are some key questions regarding the performance-based model: annuality of the performance review, level of tolerance for deviation from milestones/targets before COM can ask for an action plan, list of result indicators for performance review, performance model or back to compliance.

The European Commission representative gave a presentation on green architecture and the state of play, which can be found on the COM website.

Trilogues started in November 2020. The German Presidency and EP decided to start the discussions with green architecture. Reasonable progress has been made.

On eco-schemes, both co-legislators believe that the provisions should be mandatory for MS. There is an agreement on the need for a minimum spending/ring-fencing on the measure but it has not yet been discussed how much this would represent (the Council wants 20%, the EP wants 30%). This discussion will be later in spring. The EP would like to see much more rules and guidance in designing the CAP Strategic Plans (for example, a pre-established menu of eco-schemes, from where MS can select what fits better to their needs) while the Council wants more flexibility. In December, it was agreed to include animal welfare under eco-schemes.

On conditionality, the co-legislators already agreed on almost all standards with one exception, GAEC 9. The European Commission proposal did not include any % on the landscape features as the situation may vary a lot in terms of biodiversity needs and local specificities. The Council and the EP proposed provisions in line with today's EFA, and want to set a figure at EU level, but there is a difference in the level of ambition.

On Pillar II, negotiations have not yet started. Nobody questions the ringfencing for AECM (Agro-Environment-Climate Measures), but the measures to be included are discussed: the Council wants ANC to be included in AECM, the EP as well but with a weighting factor. The COM excluded ANC from AECM.

Rules on eligibility are important. It is important to find the right balance between the need for flexibility and ensuring that the development of landscape features, paludiculture.

Discussion

WWF: raised the attention to eligibility rules, underlining that the current eligibility rules led to a situation triggering unwanted effects from environmental and agronomic point of view (trees, shrubs being cut on pastureland or grassland because of the risk that these areas will not remain eligible for direct payments or on the contrary, starting agriculture on land which can trigger payments per ha but which is not suited for agriculture (Danube Delta). Also, a project in Northern Germany revealed that it is impossible to convince farmers to adopt paludiculture because of the potential loss of CAP payments. These situations should be monitored.

COPA: asked about the COM reaction on a potential five-column document where the COM would widen its position in light of the European Green Deal. This would be worrying as in 2018, the COM presented a proposal giving MS the responsibility in setting priorities. If this is true, it would mean that now the COM is taking back this responsibility and sets priorities on how MS should implement these. A targeted approach based on needs in each MS and which is simple should be followed. There is also the risk to end up with the old system on top of the results-oriented system.

EURAF: in their CAP Strategic Plans, MS have more flexibility in defining details of certain circumstances but this may come into conflict with other regulations (Regulation on farm statistics and farm survey – short rotation coppice).

The European Commission replied that:

- It is important to ensure that there are no unwanted effects in relation to permanent grassland, or other type of land. Eligibility conditions need to be set to allow MS implement the new system of direct payments in an orderly manner. We need to ensure that direct payments are granted on agricultural land on which there is an agricultural activity. There is a toolbox of measures to address both non-agricultural activities and environmental and climate objectives. In the context of the European Green Deal and the new ambitions, it is important to offer all EU farmers the possibility to address and meet the enhanced environmental and climate ambition.
- the COM is transparent when it comes to the CAP process. Improving the distribution of support to make it more equitable remains an important objective. The COM has put forward a long-term vision on climate neutrality, sustainable transition, energy efficiency in which everybody will need to play its part, while also considering the role of the whole food supply chain. The COM has made it clear that the CAP proposal is very much fit in supporting the farming sector to achieve a sustainable and climate resilient farming sector. The COM has adopted its staff working document on the articulation of the European Green Deal/Farm to Fork and the CAP, insisting on keeping the green architecture, enhanced conditionality, mandatory eco-schemes and the necessary set of indicators. Recommendations addressed to each MS are a guidance for MS when setting targets to reach this long-term vision, for the design of their CAP Strategic Plans in order to ensure a sustainable transition.
- the new concepts regarding eligibility may require changes in other pieces of legislation (statistics). Everything needs to be aligned, including rules on CAP statistics. On indicators, the COM works together with JRC to ensure that the result-oriented model is not hampered by difficulties raised by statistics' availability and accuracy.

c) Presentation by the Commission of an indicative list of practices beneficial for the environment (eco-schemes)

d) Debate with participants

The European Commission representative gave a presentation on eco-schemes, which can be found on the COM website.

Three weeks ago, the COM released a list of examples/practices that could be supported by eco-schemes. The main objective is to have a common understanding what eco-schemes are and what elements need to be taken into account by MS in order to achieve the best possible use of these instruments. Eco-schemes are new, they serve the environmental and climate objectives, being also important in delivering the Green Deal targets. They are related to climate, environment and animal welfare (the latter is new, but the co-legislators agreed on the inclusion of animal welfare and antimicrobial resistance under the scope of eco-schemes). They have to be discussed on the basis of needs and priorities at national/regional level, be meaningful to real issues to be tackled,

reflect the level of ambition beyond the baseline (conditionality and national applicable rules) and contribute to Green Deal targets. The COM representative reminded the CAP objectives related to climate, environment, landscapes and focused on the areas of actions under CAP Strategic Plans in relation to environment, climate and animal welfare.

The list of potential practices which can fall under eco-schemes refer to practices already in the legislation (organic, IPM) or others related to agro-ecology, husbandry and animal welfare plans, agro-forestry, high nature value farming, carbon farming, precision farming, improve nutrients management plan, protecting water resources, other practices beneficial for soil, other practices related to GHG emissions. The COM wants to illustrate broad possibilities of action and not to impose anything. The COM supports discussions at national/local level to ensure the final decisions will fit the needs and ambitions. There will be many events in the coming months. Next event is on 25th February (ENRD). The COM will speak in national events whenever possible.

Discussion

FNE-EEB: expressed worries on the level of ambition of eco-schemes, fearing that industrial agriculture will be supported. How will this be avoided? The COM should make sure the European Green Deal objectives are achieved.

BeeLife: has similar concerns but on Integrated Pest Management. Some measures will not contribute to the reduction of the use of plant protection products or to the reduction of risk. What measures can be put in practice so that the pesticides currently used are not used anymore? Normally farmers do not use pesticides in buffer strips. More ambition needs to be achieved: no calendar treatment, no preventing use of plant protection products, promoting monitoring of the pests and acting if the pests are above the thresholds. Promote practices involving reduction of PPPs.

COPA: it is important to avoid opposition between environment and agricultural production, while taking into account the progress already achieved. There is no other economic sector which undergoes such a fast and profound revolution. Eco-schemes should not lead to a reduction in support, all farmers should have access to it. There should be some flexibility to be able to treat animals and plants. Simplification (in using the schemes and in controls) is important as well as incentive payment. The economic objective should not be undermined otherwise we risk replacing EU production by imports, thus with a far deeper impact. There is both an economic and environmental interest in reducing the level of use of PPPs through precision farming. It is important to take into account the diversity of agriculture and avoid a detrimental impact on food security. The quantitative reduction approach does not take account of productivity, social dimension. Avoiding hunger during pandemic is also key. There is a need for science-based action and impact assessment. Time is needed to ensure a good transition. It is important that the quantitative goals for the measures are set by MS. Questioned why the ENRD event on eco-schemes is organized without the involvement of farmers.

BirdLife: Some of the eco-schemes can be very ambitious, while others lack ambition with the risk of financing business as usual, as it was the case for greening, without changing the practices. It is important to avoid spending money on low ambitious schemes. How will the COM harmonise the level of ambition as well as the level of payment, in a transparent way?

IFOAM: what are the means to achieve the organic target?

EEB: wondered why there are some practices listed in these examples which are already covered by other measures (investment support)? (how is it possible to receive money from eco-schemes for the use of new machinery or ventilation?). Farmers should be asked to implement practices beneficial for the environment.

The Commission representative replied to the questions asked:

- on the question whether the reduction of pesticides focuses on the environment or also on safety: there are other relevant COM DGs which deal with the risk for health and environment. The EU has a solid set of rules to put PPPs on the market. Most hazardous pesticides are candidates for substitution (category 3), authorised but to be reduced as much as possible or removed once alternative solutions are made available.
- on monoculture: GAEC 8 provides for mandatory rotation. There are still some discussions in trilogues but farmers should manage practices with changing crops at least once a year to ensure a better protection of the fertility of soil. Farmers receiving direct payments will have to comply with this. MS are well equipped to find the best practices to address specific risks of fertility loss at national or regional level.
- on the ability to support multi-annual commitments under eco-schemes: payments are annual, while contractual commitments can be of annual or multi-annual nature. This is for MS to decide. Eco-schemes do not support investments but a practice built with the help of investments, and its maintenance. Support schemes under CAP are complementary between each other (while eco-schemes are part of the green architecture, investments to put in place a practice are supported via 2nd Pillar measures on investments).
- On the level of ambition: practices should be built to address specific needs in relation to the environment and climate that lead to the transition to sustainable production systems. MS will have to propose farmers practices which are highly ambitious. The needs will be reflected in the payments, more ambitious practices will be rewarded by higher payments. The COM has published this indicative list containing general practices. MS should translate these general practices into more detailed ones, targeting their needs. That is why the COM did not go into details with Integrated Pest Management. MS will have this responsibility.
- On the question whether liming acid soils is an eligible practice: this is not something which is considered eligible as it is not as such an agricultural practice. When considered alone it is a type of input to remedy the acidity in soil but it does not automatically increase its organic matter content.
- On the question whether the strategic plans will be compared to each other: the COM will use the same criteria for the evaluation of the plans and matching the needs but the intention is not to have a one-to-one approach. It is more important to have a harmonized methodology to ensure the CAP strategic plans deliver. That is why the COM issued a specific set of recommendations to each MS, analysing the situation and needs of their agricultural sector on the basis of nine common specific objectives.
- It is good to see that in this CDG there is an agreement that sustainable farming practices cover all three pillars as well as on the necessity to ensure the transition. The needs of farmers in this transition can be supported by various means. Eco-

schemes are new, while there are other policy instruments supporting this transition as well. It is fundamental that measures are designed in partnership between the COM, MS and all stakeholders and take account of agronomic and pedo-climatic realities. It is important to participate, contribute, present ideas to public authorities. The COM has been transparent on CAP for the past two years, on Farm to Fork as well as on the recommendations for the CAP Strategic Plans.

- On the question whether results-based schemes are better under the 1st Pillar or under the 2nd Pillar: MS can support them in either pillar, based on the needs of farmers (attractiveness) but also of the administrations.
- On the means to achieve the target in organic farming: these will be defined by MS in collaboration with various stakeholders. It will be the choice of the MS if this will take the form of an eco-scheme or of measures under art. 65.
- Payments for environmental services can be made via the 2nd Pillar but also via eco-schemes. Direct payments in the form of eco-schemes can be used to reward undertaking a practice beneficial for the environment.
- On precision farming as an eco-scheme: this is a group of practices which might need to benefit from support under the 2nd Pillar (investments). Transition is to be ensured by putting together all packages of support (investments, advisory...) and there are different solutions for this transition. The most important is that they make sense for the farmer and match the needs identified on the ground.
- The ENRD event on 25 February is dedicated to public administrations, it will focus on the administrative consequences of designing and implementing the eco-schemes. It is not focused on agricultural practices nor it has as an objective collecting opinions from stakeholders.
- On the question regarding the possibility to put in place a package of measures: this exists provided it makes sense and also depends on the level of payment. It is important to ensure the transition towards a sustainable system.
- On the question why organic is not included as an objective of climate change mitigation: based on scientific literature, the main climate objectives and their contribution have been identified.
- On the need to avoid minimal improvements by MS: the COM, when evaluating the green architecture, will be vigilant and make sure the key issues in the nine specific objectives are addressed and that the level corresponds to what is needed.

2) Commission's recommendations for Member States CAP Strategic Plans

a) General presentation by the Commission on the process and main issues at stake

b) Debate with participants following general preliminary reactions from members (members can send these reactions in advance, which can be distributed before the meeting)

The European Commission representative gave a presentation which will be available to all participants. All documents of this exercise (Communication and the 27 Staff Working Documents with the recommendations to each MS) can be found on the EU COM website, also in national languages.

A consistent approach among 27 MS has been ensured. It is important to provide recommendations to intervene in a particular problem if this has been identified. The recommendations focus on European Green Deal targets but also on the nine specific

objectives. Some feedback has been received. Recommendations are based on evidence, so there is a strong analytical part for each Specific Objective (part 2). Context indicators are used, including data from Eurostat and also national sources. Recommendations also include the best possible tools to address the problems identified.

There are 402 recommendations (166 related to environment/climate, 103 on social/societal/health, 80 on economy/markets, 50 on knowledge and innovation). Out of these, 27 are on biodiversity/landscape features, 23 on organic and 23 on broadband, 22 on water/nutrient losses, 21 on risk and use of pesticides, 14 on antimicrobial resistance.

In the recommendations, the COM asks MS to set national values for the Green Deal Targets. It is important that these are based on the latest info, so COM has already made available the latest available data harmonized at EU level. It is important to show the direction and efforts which need to be made (these will take into account the efforts already made). Effective CAP strategic plans need to be drafted and these should be based on the partnership principle. The COM insists that MS need involve stakeholders and civil society in a transparent way (art. 94 of CAP Strategic Plans proposal for a regulation).

Discussion

COPA: the dairy industry in France does not accept any further conversion to organic farming because there is no place for these additional quantities of organic on the market as consumers will not consume more. If the trend continues, it is impossible to reach 25% despite environmental advantages. The economic sustainability will be undermined. Similarly, for plant health, given the humid year with lots of plant diseases, many phytosanitary had to be used to avoid disease spreading. Wondered if the COM will take into account as a starting point the social and economic objectives if the MS has high environmental standards. Asked how CAP networks will be part of this process. Regretted there was no Spanish interpretation.

Ifoam: organic dairy producers have the highest level of prices and best margins. It is important not to produce only for profitable returns but also to help agricultural transition move along. Collectors need to work together for a profitable industry.

EURAF: no mention had been made of agroforestry in the recommendations to 16 Member States. Agro-ecology was mentioned only 9 times across all documents. Yet both terms figured prominently in the Green Deal, Farm to Fork Strategy and Biodiversity Strategy. There is a “silo” attitude towards the mixing of agriculture and forestry in many Member States and EURAF had hoped for greater impetus for agroforestry from the Commission. The existing definition of “agroforestry” in the Rural Development Regulation is fine (a land use system in which trees are grown in combination with agriculture on the same land), but it should be clarified that the trees can be in the interior of the parcel or on its edges. All MS have defined “forest land” in the LULUCF Regulation, and, for 13 of them, blocks of trees less than 0.5ha are not considered as forestry, and can be regarded as agroforestry. All MS should be asked to improve the way they record tree Landscape Features in their IACS/LPIS systems by 2023 - as a contribution to accurate GAEC-9 reporting.

The European Commission representative provided replies to the questions:

- targets on pesticides: there is a common framework for everybody to ensure a common way to address these challenges. It is legitimate that MS say efforts have

already been done, that is why we need to get a proper balance and that is where the national targets will play an important role.

- On the question regarding the binding nature of the recommendations: these are not legally binding. They represent an analysis by the COM for the MS. But they will be taken into account by the COM when assessing and approving the CAP Strategic Plans. If the CAP Strategic Plans are not satisfactory, discussions will take place. Discussions with MS are already taking place in the framework of the new structured dialogue.
- On organic farming: the market is the driver and MS should make efforts to stimulate demand but also on a better structuring of the food chain. CAP is not the only tool, other funds could also be used to achieve EGD targets. In the next weeks, there will be an action plan to boost the organic sector in the EU. There are similar reflections on other targets: the objective for PPPs is not immediate but gradual, to 2030. It is equally important to foster research, authorise organic alternatives, there will be a study on genetic treatment. The role of innovation will be crucial to cope with the challenges. MS will need to take into account the potential trade-offs and adapt the proposals to local circumstances.
- Different starting points are taken into account. The ambition is collective. 25% organic is at EU level. At the end of year 2021, all draft Strategic Plans would need to be submitted to the COM which will analyse if, collectively, EU is on the good path.
- On the deletion by the Council of R29 indicator on landscape feature: yes, the COM will fight for it as this important because of EGD.
- The COM wants to promote the transition of the food system towards sustainability and climate neutrality. This concerns all the supply chain. It is important to have a process shared by everybody and continuously liaise with stakeholders.

The Chair underlined the need to ensure an economically viable agricultural sector, to produce food and contribute to green transition, in a balanced way.

3) Outcome of the public consultation on the effect on CAP on soil, water and biodiversity

a) Presentation by the Commission

b) Debate

The European Commission representative gave a presentation which can be found on the COM website.

The public consultation on the effect of CAP on soil, water, biodiversity was opened between 9th July and 22nd October. This contributes to the COM staff working document on the evaluation of the CAP on natural resources. 183 responses have been received, out of which 36% came from the sector, 18% from the environmental protection sector. Almost all MS were covered by the replies, while most of them came from Germany. The uneven distribution of replies do not allow for a general overall assessment. The main driver of success in the implementation of the CAP have been ‘voluntary commitments (AECM, organic farming)’ while the main factor limiting the contribution

of the CAP towards the objective is the insufficient level of financial incentives. CAP has made a contribution to general environmental objectives of the EU but not a strong one.

Presented the most effective measures on soil, biodiversity, water quantity and water quality. The complexity to submit an aid application was raised in many responses.

The coherence of the CAP with environmental strategies is quite good. There is an overwhelming positive perception of the relevance of the CAP instruments for soil, biodiversity and water quality.

Discussion

WWF: raised the issue of timing. It is late to be linked to CAP proposals. How can it be ensured that we take the benefits of this kind of evaluations in a timely manner? These consultations are important for gathering more evidence, where there are knowledge gaps, but there is a need to ensure these are taken into account.

The European Commission representative replied that:

- For next steps, now that all the evaluations are ready and published, work will continue with inter-service steering groups. Mid-May, the draft Staff Working Document will need to be presented to the COM scrutiny board and expected to be released somewhere early July.
- It is true that the evaluation will be finalized at a time when proposals have been made. Sometimes the political will is faster than gathering scientific evidence. These evaluations focus on assessing the CAP performance, while there are no recommendations. Support studies provide recommendations but in the COM staff working document, the focus will be on lessons learned and how these could contribute to the proposals. When it comes to future evaluations, the COM is working on better regulation focusing on lessons learned following the evaluations, the public consultations where we could see some changes. Support studies remain relevant as they rely on independent evaluations. Open public consultations come on top.

4. Next meeting

Next meeting: 8th October 2021.

5. List of participants - Annex

Disclaimer

"The opinions expressed in this report represent the point of view of the meeting participants from agriculturally related NGOs at community level. These opinions cannot, under any circumstances, be attributed to the European Commission. Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the here above information."

List of participants– Minutes
Civil Dialogue Group Direct Payments and Greening
12 February 2021

MEMBER ORGANISATION	NUMBER OF PERSONS
Bee Life-European Beekeeping Coordination (Bee Life)	1
Stichting BirdLife Europe (BirdLife Europe)	2
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	3
European agri-cooperatives (COGECA)	15
European Coordination Via Campesina (ECVC)	2
European Crop Protection Association (ECPA)	---
European Council of Young Farmers (CEJA)	5
Confédération Européenne de la Production de Maïs (C.E.P.M)	2
European farmers (COPA)	14
European Environmental Bureau (EEB)	2
European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT)	1
European Forum on Nature Conservation and Pastoralism (EFNCP)	---
European Landowners' Organization asbl (ELO asbl)	4
European Milk Board (EMB)	---
European Agroforestry Federation (EURAF)	2
Fertilizers Europe	1
FoodDrinkEurope	2
Greenpeace European Unit	1
International Federation of Organic Agriculture Movements EU Regional Group (IFOAM EU Group)	3
Pesticide Action Network Europe (PAN Europe)	---
SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	---
WWF European Policy Programme (WWF EPO)	1