

# **DRAFT MINUTES OF THE MEETING OF THE CIVIL DIALOGUE GROUP ON “DIRECT PAYMENTS AND GREENING” ON 2<sup>nd</sup> DECEMBER 2016**

## **1. APPROVAL OF THE AGENDA**

The current Chair, Maira DZELZKALEJA, propose the approval of the draft agenda to the Civil Dialogue Group (CDG), which was agreed.

## **2. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING**

The outgoing Chair adopted the minutes of the previous meeting.

## **3. ELECTION OF THE CHAIRMANSHIP OF THE CDG**

Malgorzata NIKIEL-LAMBERT from DG AGRI explained the election rules and introduced the new candidates for the chairmanship, who presented themselves. The new chairmanship was officially adopted, after the vote by show of hands. The new chairmanship is constituted by:

- Pierre-Olivier DREGE (ELO) as Chair
- Trees ROBIJNS (BirdLife Europe) as Vice-Chair
- Maria SKOVAGER ØSTERGAARD (COPA-COGECA) as Vice-Chair

While Pierre-Olivier DREGE took his place as Chair of the meeting, Malgorzata NIKIEL-LAMBERT reminded participants that the organisation responsible for the Secretariat should send the draft minutes to the Commission within 20 working days.

## **4. INFORMATION ON THE CALENDAR OF THE CDG MEETINGS 2017**

Malgorzata NIKIEL-LAMBERT recalled the two annual meetings planned for this CDG and proposed the date of Wednesday 3<sup>rd</sup> of May for the chairmanship to consider. Trees ROBIJNS asked for an alternative date. The second meeting should take place in the autumn.

## **5. REPORT ON THE EXPERIENCE WITH THE FIRST YEAR OF IMPLEMENTATION OF GREENING OBLIGATIONS UNDER THE DIRECT PAYMENT SCHEME (CAP)**

Andrea FURLAN from DG AGRI gave a presentation on results of the commission’s staff working document on the review of greening after one year. The analyses done was based on the reporting from Member-states and a consultation. The supporting document was made public. The presentation was made available by the Commission.

COPA pointed out that information presented lacked French data. The main concern is about the reduction of production potential due to the new greening rules and COPA raised the question whether the additional changes considered would not annul the slight increase on protein crops achieved after one year, which was considered to be positive.

BIRDLIFE asked clarification on the “Declared ESPG compared to permanent grassland under PG ratio of 16%” shown in slide 12. More details were requested on the required update of information expected by Member-States on the 15<sup>th</sup> December and how the Commission was to use the data. BIRDLIFE referred particularly to how the Commission deals with the French data and the maize exemption from the crop diversification measure. Concern was voiced over the equivalence possibility that can result in farmers choosing the less environmentally friendly options and asked for more scrutiny over this flexibility.

COPA asked about the accuracy of the data shown in slide 8, which excludes organic farms and therefore does not seem correct since 17% of the agricultural land in Sweden is in organic production.

EEB asked if it was the Commission intention to change the five-year rule for Permanent Grassland and reiterated the point made by BIRDLIFE on the French exemption on maize. EEB also asked if the commission had details on this and similar exemptions.

EURAF requested access to data, particularly the number of hectares and not only the percentage. It was pointed out the mixed data around landscape features and cross compliance, also referred to the European Court of Auditors, which should be made clearer. EFA should also include its usefulness for the provision of ecosystem services, particularly its usefulness toward climate change mitigation and adaptation. EURAF was disappointed with the low uptake of agroforestry and asked for the removal of obstacles, namely the restrictions under EFAs.

COPA pointed out that one-year timeframe was too short for properly analysing greening results, particularly as it takes time for farmers to adjust to new rules. It was also noted the lack of information on how the option of regional implementation of EFAs has been adopted.

COPA asked for clarification on slide 11, particularly on the surface area of nitrogen fixing crops across Europe and stressed the issue of level playing field of overall direct payments.

The EUROPEAN COMMISSION clarified that they were still missing the data from France and Scotland in the analysis. Also, some member states, like Sweden, did not react to the comments sent by EU Commission.

The 16% in slide 12 refers to the declared ESPG, counting only the area declared in the farmer's applications. The ESPG compared to total PG makes for the 16%.

The commission would continue to analyse the data, including the data received in 2016.

On the five years rule, while some Member States were asking to change it, the review will not include changes to this.

On the information about French maize producers, the Commission did not have the data, so they were not able to clarify the number of farmers or even hectares under this system. In other Member-states, the equivalence is used under specific situations and thus in a small area, except Austria.

The number of is available in the annexe or upon request to the commission.

Collective and regional implementation. Finally, Andrea FURLAN replied that there is no regional implementation in the Member-state, only collective implementation of EFAs in the Netherlands and Poland. As this corresponds to less than 1% farmers, this information was not included in the analysis even if it is available in annexe 2.

COPA expressed concerns over the permanent grassland ratio per region, associated with the crises in the beef sector. The crises led farmers to deal with negative incomes without being able to change their farming practices as they are not allowed to change to arable crops. Also, the timing set to December was not considered as practical.

ELO asked about the Commission's thoughts on the recognition of public goods and on the fact that EFAs are not environmental profitable and what would be the follow-up.

Pierre BASCOU reassured participants that the EUROPEAN COMMISSION was aware of the difficulties for cattle breeders and clarified that Member-states had an obligation to inform farmers on December but were strongly recommended to pass the information as soon as the info was

available, generally in July and August of the reference year. In spite of understanding the difficulty, the maintenance of permanent grassland was unavoidable as it is of great importance for climate change and improve land capacity to absorb carbon. Nonetheless, in time, the Commission would revise the rules to simplify the legislation, including basic acts.

He continued by clarifying that this exercise is part of a more general discussion on the future of the CAP. He then added that sometimes the rules might lack the flexibility with the aim of improving environmental performance, but the Commission is drawing conclusions from this exercise that will serve as a basis to introduce changes in delegated acts in the short term and for the reflection of CAP long term.

EFNCP continued the conversation on permanent grassland but pointing out the management problems associated with applying the same rules for the two very different permanent grasslands: cultivated and semi-natural grasslands. While EFNCP is aware of the technical difficulties, he asks for the commission to look into it for the measure to be meaningful.

EEB was worried about greening in the first pillar not being effective and farmers not wanting to apply it. He asked if it was possible to have the data sources, like EFAs location, being made available at the local level for taxpayers to see.

The EUROPEAN COMMISSION said that currently the data is being used for analysis, but all data is available on request.

## **6. INFORMATION ON THE AP SIMPLIFICATION INITIATIVES RELATED TO GREENING**

Emmanuel PETEL from DG AGRI gave a presentation on the proposed changes to the Delegated/Implementing Acts related to Greening and timeline and process. The presentation was made available by the Commission.

COPA welcomed many of the amendments, particularly merging the certain landscape features, allowing more flexibility in the designation EFAs, including areas with trees and buffer strips along forest edges. However, it was advised to the Commission Services that the use of pesticides, in particular for nitrogen fixing crops will have the negative effect in reaching an appropriate quality of nitrogen fixing crops and it will create difficulties, mainly to keep pests, diseases and IAS (invasive alien species) out of the land.

EEB asked the commission to keep the line on the ban of pesticides on productive EFAs. They opposed the previous intervention by reiterating that EFAs are areas for biodiversity. They call the use of the argument of IAS is hypocritical. They also referred to the coupled payments for protein crops in EFA as double payment in some countries. Finally, they argued that land lying fallow for six months is not land lying fallow in most countries, and it should be nine months instead.

COPA was worried about protein crops and asked for a compromise. COPA also asked about the percentage to be considered in the coming EFA evaluation planned for March 2017.

COPA reinforced the need proper sanitary measures, especially with the increased risk of pests and diseases, asking if the Commission Services consider a plan of action in those cases. COPA referred to the possibility of fines if farmers fail to combat pests and IAS.

COGECA pointed out the few options of EFA in Finland and welcomed the six months change for the period of land lying fallow.

BIRDLIFE asked about the timing of documents being made available. They also consider that having pesticides in EFAs is a contradiction and that EFAs are not a protein focus area but there for ecological purposes. IAS can be dealt with through the relevant legislation and derogations. They call on the Commission to push this change forward.

Emmanuel PETEL from DG AGRI made some clarifications:

- The minimum period for land lying fallow changes depending on Member-States.
- The protection of landscape features would continue. GAEC did not change and could still be included in EFA.
- He reminded participants that the ban on pesticides only covered 5% of the land. For the rest of the 95% of the land, farmers were free to do what they wanted.
- The protein plants used in EFAs were to be used for biodiversity purposes.
- The regulation offered the possibility to control IAS.
- There was a certain degree of flexibility provided.

Pierre BASCOU from DG AGRI added that Greening had been the most innovative aspect introduced in the latest CAP.

The changes proposed intended to bring a long-term benefit for the farm community, with both environmental and productive purposes. It goes with the intention to evaluate the performance of the CAP. He recommended looking at this with a long-term view and not specific examples. While the Commission did not dismiss the concerns and its possible constraints, they were convinced of the long-term benefits.

Greening was working and had a strong potential. Nonetheless, it could improve, both in the short term and post-2020. The long-term discussions were to start next year formally.

COPA asked how the Commission Services count the months for land lying fallow, whether it is considered the agricultural year or the calendar year.

EURAF suggested caution regarding the merger of tree related features due to the differences in their capacity to carbon sequestration.

COGECA recalled the positive aspect of greening in reducing the protein dependence in Europe and considers the ban of pesticides in these areas unacceptable.

COPA asked the Commission to allow for increasing the list of features allowed in EFAs.

BIRDLIFE added that a ban on pesticides is not a ban on production.

IFOAM supported the idea that EFAs were meant for biodiversity. They also made reference to the impossibility of national parks to use pesticides and the alternatives to control IAS.

EEB believes that EFA could be useful for production, and could be considered as good farming practice. The proposed pesticide ban was thought as a minimum requisite to protect EFAs. Greening was still not visibly helpful, and they asked for additional efforts to be carried out.

COPA reiterated that greening architecture should be based on the workable measures to be important for more than biodiversity and also pointed out the importance of catch crops and under sowing grass for farmers.

Emmanuel PETEL from DG AGRI confirmed that land lying fallow follows the calendar year. The declaring of EFA elements is up to the farmer, and the Commission accepted mixed seeds. He added that the main aim was to improve capacity in the long-term.

Pierre BASCOU from DG AGRI recalled the intention to see the transition to more sustainable production systems. A goal that was meant to be achieved through different tools: cross-compliance, greening, agri-env-climate measures, knowledge transfer, innovation... The Greening payment is primarily for environment and climate purposes. Agri-env-climate measures were directed at changing practices to improve the provision of public goods.

## **7. INFORMATION ON THE PROCESS AND TIMELINE FOR THE COMMISSION'S WORK**

Pierre BASCOU from DG AGRI presented the two coming initiatives, the evaluation report on the implementation of EFAs and the Omnibus regulation. The presentations were made available by the Commission.

COGECA asked about the reasons behind changes to single CMO, especially for fruits and vegetables.

COPA referred to the pressure of the paying agencies in the UK for farmers to have more than 5% EFAs in the first year of greening implementation; this derived from the farmers to be afraid of sanctions.

FoodDrinkEurope pointed to the improvement seen in farmers working with the industry and asked how those improvements over time were to be evaluated.

EEB welcomed the fact that the five-year rule had not been touched but showed concern over the intention of some ComAgri MEPs to introduce changes when looking into the omnibus regulation. EEB asked about the position to be taken by Commission on that occasion.

COPA hoped the omnibus regulation would be approved fast and showed particular support for the threshold for risk management.

COPA expressed the concern over the options to change the active farmer definition, and the changes in the couple payments, particularly in Italy.

CEJA asked the Commission for the possibility to look into support of retirement.

Another member of CEJA asked if young farmers that have embraced the top-up support would be treated the same as others that did not?

Pierre BASCOU from DG AGRI clarified the following issues:

- The changes proposed to young farmers would cover all young farmers, as long as they complied with the criteria, independently of benefiting from the top-up or not.
- The Active farmer change was proposed to simplify the system and not change its aim. Member States could keep the current system.
- Income stabilisation tool and CMO were not his area of responsibility. Still, the changes proposed aimed at making these tools more attractive.
- The assessment of the performance of the environmental measures in 2018 would be based on the limited period of three years, which was considered too short to assess it properly.
- Changes on permanent grassland were not on the commission agenda. Nonetheless, the council and the parliament also had a say.

LUNCH BREAK

## **9. SOCIAL IMPLICATIONS OF GREENING**

Jesper LUND LARSEN from EFFAT presented this point. The presentation was made available by the Commission.

COPA pointed out the importance to also focus on the social side of the CAP. It was about the farmers' contribution to rural vitality, including out of agriculture.

Birdlife asked if the presentation was based on specific studies or it was a general overview. Birdlife also asked the speaker opinion on the INI report by MEP Eric Andrieu on the CAP's role in generating additional jobs in rural areas across the EU.

COGECA made reference to maize monoculture in France, which had improved due to the certification requirement and welcomed the possibility of equivalent practices.

COPA asked if greening should be government-led or coming from market / private sector.

Jesper LUND LARSEN confirmed the importance of focusing on the need to create jobs in the rural area and referred to the EFFAT website where more information could be found. He was not aware of the report mentioned by Birdlife. On the point of who should take the lead on greening, he believed it had to be a combined effort.

COPA confirmed that greening had major impacts on the viability of farms, which are mostly family businesses.

CEJA asked what specific tasks or social challenges for young farmers the speaker in the current or future CAP.

EEB was worried about the potential greening money from banks not being connected to green projects. It was the case in the Netherlands, and EEB asked if it was also a problem in Denmark.

Jesper LUND LARSEN said EFFAT had a holistic approach to this problem and did not have a specific position for young farmers. He did not have much information on the greening investment, but it would be worth coming back to the social aspect again in the future.

## **8. EXPERIENCES ON GREENING IMPLEMENTATION AND OUTCOMES – views from stakeholders**

### **A. PRESENTATION “ANALYSIS ON IMPLEMENTATION OF ECOLOGICAL FOCUS AREAS GREENING MEASURE” BY BIRDLIFE AND EEB**

Trees ROBIJNS from Birdlife and Edita VYSNA from EEB made a presentation on greening implementation. The presentation was made available by the Commission services.

COGECA said that greening was based on sustainability, with the three sides to it – economic, environmental and social. However, COGECA asked if the ban on pesticides on EFAs is tipping the balance only for the environmental side.

COPA expressed concerns over the focus on the report to be too restrictive, looking only into biodiversity alone and dismissing other environmental aspects. COPA mentioned the examples of good farming practices that would bring other benefits. COPA stressed that the future CAP should focus on the outcomes and objectives, rather than on measures.

COPA commented the fact that the German government chose to involve different organisations to design the greening.

COPA said that to reach better conclusions one must address external factors and rely on more than one sample. It was asked if the speakers were looking into doing this exercise for a longer period.

COPA also pointed to the differences between countries, differences in management practices and differences in the implementation of EFAs. Those differences affected the cost-effectiveness of the measures. In Latvia, the 38 €/ha barely covered the seed mix costs.

COPA raised a question about the interpretation of the results when comparing different timeframes for different crops at different times of the year and if there are the sanctions in case of not accepting the time frame. COPA mentioned the possibility of inclusion Nordic countries or to cover larger samples of EU in the analysis.

Edita VYSNA from EEB replied:

- The objective of greening was to improve the environment, and within it, EFAs were to focus on biodiversity;
- Problems to deal with nematodes were best dealt with crop diversification or even agri-env-climate measure, rather than EFAs.
- Field margins were widely applied in the different member states and farmers should not be penalised over administrative issues.
- Confirmed that some mixtures were more helpful than others, giving the example of longer flowering beds for the bumblebee.
- The harvesting timings analysed were in accordance with the options made available by the member states.

Trees ROBIJNS from Birdlife replied:

- The focus on biodiversity was justified due to its bad shape, particularly in agricultural areas. This is paired to the focus of EFAs for biodiversity specifically. The green NGOs got the money themselves to look into greening, and they would like to have enough funds to have more comprehensive studies in the future. Still, the work done showed that greening would not deliver.
- Birdlife found it interesting that the issue of set aside was brought up by the group earlier. It clarified that it was against the abolition of the set-aside regime and invited other group members that shared this opinion to step forward as well.
- On the time-constraint argument, the speaker believed that one could draw conclusions by overlapping the policy tools made available with the needs of species, and reach conclusions on effectiveness of the policy tools that were valid.
- Agri-env-climate payments could cover the costs of seeds.

Andrea FURLAN from DG AGRI added that the study showed a different perspective from the commission exercise. He pointed out that field margins and buffer strips were a good example, also from a practical point of view, and the commission was looking into merging both. The EFAs list was not set in stone.

## B. PRESENTATION OF INITIATIVES IN SOME MEMBER STATES

COGECA (Gabriel TRENZADO) made a presentation on the greening implementation in Spain and in Hungary (COGECA-György ENDRODI). The presentations were made available by the Commission services.

BIRDLIFE welcomed the CDG role in helping to build bridges and gave the example of the SEO/BirdLife relation with the speaker. It was confirmed that fallow-land was a common practice in Spain, but it would only make sense if associated with some restrictions on ploughing. Spain did not have the option of landscape features available yet due to technical arguments; which was considered a missed opportunity. Finally, there were no greening options for permanent crops which was seen as problematic. A further discussion on the possibility of a nature fund was mentioned.

EFNCP said that currently greening was being attacked by farmers, who thought it too bureaucratic, and by the Greens, who confirmed its lack of outcome. This should be addressed in the future. EFNCP proposed to pick up the element of greening in olives as an example of greening in permanent crops for the next CDG meeting.

Gabriel TRENZADO clarified that there had not been a change of arable land.

The Commission concluded that the simplification proposed was expected to be agreed quickly and ready to be applied in 2017 or 2018. An independent study was ongoing, and it would feed the discussion on the future of the CAP.

## 10. PRESENTATION OF THE LEVEL OF DIRECT PAYMENTS PER MEMBER STATE

HoU Marie BOURJOU from DG AGRI made a presentation on the current figures on the level of direct payments per Member States.

COPA asked for information on the changes made to the voluntary coupled support payments made after the crises in 2016 and pointed out the continuation of the difficulties with the definition of permanent grassland.

COPA asked whether the Commission Services has taken into account the flexibility and redistributive payments between Pillar 1 and Pillar 2.

EFNCP was worried that the Spanish government decided that 60% of land previously considered permanent grassland had been left out.

EEB complained about the discriminatory approach taken against land declaration in slopes.

COGECA asked if the missing hectares in Spain were abandoned land. EFNCP replied that it was due to the restricted definition that was chosen by the Spanish government.

Marie HoU BOURJOU replied:

- The Commission did not plan to increase the voluntary coupled support, but MS would have the possibility to change it in 2017 to reduce livestock without losing payment. This was included in the omnibus. Member States reviewed their coupled payments in August, and 14 countries made small changes. Still, Member States had the flexibility to correct errors.
- The flexibility between pillars was taken into account in the presentation.



- Beneficiaries had an obligation to declare all potential land. But the commission confirmed the reduction of grassland in Spain but not in the same extent, having registered 2.9 million hectares less. The numbers needed to be revised.
- Spain made drastic choices to take out all ineligible elements. It was a difficult situation that appeared to result from extending the definition while restraining the hectares to the 2013 number.

## **11. AOB**

The next meeting it is planned for May, with the Commission suggesting Friday 19th may, even if still up to confirmation.

Participants are welcome to send proposals for the agenda to the chairmanship.

[Meeting close.]

### Disclaimer

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