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FINAL MINUTES

Meeting of the Civil Dialogue Group

Direct Payments and Greening

Date: 09 03 2018

Chair: **Pierre Olivier DREGE - ELO**

Organisations present: **All Organisations were present, except Beelife, ECPA, EFFAT, EMB, PAN EUROPE, SACAR**

1. Approval of the agenda (and of the minutes of previous meeting¹)

The Chair proposed the approval of the agenda after announcing a change to agenda point nine, when three presentations were given instead of the four planned. Both the updated agenda and the minutes of the meeting that took place on the 19th May 2017 were approved

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

Elections for the chairmanship (Agenda point 3)

Elections were organised by the Commission services (Isabelle TRANCHANT) by a show of hands. Pierre-Olivier DREGE (ELO) was elected for a second mandate as Chair, Mrs Maria SKOVAGER OSTERGAARD (COPA) for a second mandate as Vice-Chair and Mr Jabier RUIZ MIRAZO (WWF) for a first mandate as Vice-Chair.

Unit I4 presentation on AGM (Agenda point 4)

Isabelle TRANCHANT from DG AGRI gave a presentation on the new Advanced Gateway to EU Meetings (AGM system), a more accessible and paperless system that allows for a speedier reimbursement process. The power point presentation was made available by the Commission.

¹ If not adopted by written procedure (CIRCABC)

The Chair asked clarification on the start of the 30 days deadline for reimbursement.

BIRDLIFE asked about the division of the number of correspondents and participants between the European umbrella organisation registered and its members.

Isabelle TRANCHANT replied that the 30 days deadline starts from the notification confirming the registration to the meeting. She also clarified that the number of “participants” was unlimited and the reimbursement did not need to be done by the umbrella organisation but by the “participant” himself, provided he creates its own “participant” account. However, it was up to the “correspondent” to establish the participants’ list representing the umbrella organisation.

Omnibus regulation and other CAP simplification initiatives impacting on direct payments and greening obligations (Agenda point 5)

Emmanuel PETEL, Carlo PAGLIACCI and Arpad SZABOLCS from DG AGRI gave a presentation on the Omnibus regulation. The first speaker covered the aspects of greening, the second covered the aspects linked with land eligibility, active farmers and young farmers and the third spoke about changes to Voluntary Coupled Support. The power point presentation was made available by the Commission.

EFNCP was of the opinion that extending the definition of permanent grassland will have little effect on extended pastures if the 100 tree rule or the pro-rata rules remain unchanged, thus leading to little improvement of the current system. He also pointed out the importance on Member States to issue sufficient payment entitlements for the new areas made eligible by the extension of the definition.

COPA pointed out the potential negative impact of the total freedom given to MS on which plant varieties were covered by the greening options as regards land lying fallow for melliferous plants, giving the example of a Dutch farmer that will be fined for using sunflower seed in the seed mix that it will be allowed in other countries.

COPA commented that the changes to the definition of permanent grassland did not go far enough and that the new criteria of ploughing up as an option may not be the right way of doing it.

COGECA asked clarification on the change made to the crop diversification rule when more than 75% of the area is covered by rice. It was also asked if, as there was no list for melliferous plants in Portugal at the time, using these plants would still be allowed for the current year.

COPA had doubts concerning the definition of active farmer in Spain, where there is an additional requirement linked with farm income and the difficulties of linking it to the social security system of the country.

COPA welcomed the changes proposed, including to the active farmer definition, to permanent grasslands and the inclusion of melliferous plants, even with a too restrictive list, but asked for enough time to be given to understanding and interpret them.

COPA asked for clarification on the timings.

WWF shared the expectation that the changes in the permanent grassland definition would entail changes to articles 9 and 10 of the Delegated regulation 640, but it does not seem to be the case and asked if Member States would be free to interpret the new definition of permanent pastures.

Emmanuel PETEL clarified that on the decisions to use new types of EFA, melliferous plants have to be notified by Member States before 31st March 2018 but it is an option, not a requirement. The Member States could go further on the list of species but some plants like colza

could be used only in a mix, to avoid confusion with a normal cultivation for harvesting purpose. On the definition of permanent grassland, the rule of five years was there in 2005 and it was confirmed by the ECJ decision of October 2014 stemming from a German case. So there is a need for some continuity as regards the classification of permanent grassland in order to ensure right monitoring. The ploughing criteria provided flexibility. On rice, there is a new flexibility accepting that the share of main crop (rice) can be over of 75 % if rice occupies more than 75% of the total arable land.

Carlo PAGLIACCI confirmed that there would not be a revision of delegated regulation 640/2014 and clarified that, for the grassland that becomes eligible following the new rules, Member States have the possibility to allocate entitlements from the reserve, and to allow transfers between farmers. Member States have the responsibility to apply the definition of active farmer. In principle, all the rules apply from 2018 even though specific reasons could justify an implementation from 2019.

Using ICT, satellite technology and remote sensing for a simpler and smarter regulation and controls (Agenda point 6)

Ana BRNCIC gave a presentation that was made available by the Commission. It focused on the set of proposals that were presented last year and were foreseen for the second part of 2018, including the changes applicable for controls. In the future, new tech has the potential to reduce the burden of controls.

COPA commented on the need of flexibility due to current problems of mapping in countries like Ireland, suggesting that if adjustments were to be made time should be allowed for its implementation and thus avoiding freezing payments that same year.

COPA was of the opinion that monitoring should combine different sources including data provided by the beneficiary and a degree of tolerance, and welcomed that Germany was starting pilot projects to confirm the adding value of such developments. It was pointed out that such development should not be an extra, but a replacement, different from the current line of controls.

COPA reinforced the idea that farmers must be involved in the process, as there is a risk that Member States will follow all they see in the maps and thus control more. Smart control needs to be linked to smart regulation.

BIRDLIFE welcomed this approach that now allows for crop rotation control and the opportunities it brings for monitoring environmental regulation. Such an approach should be rolled out on a more fundamental basis and not only projects. Birdlife also asked for information to be made available to the public.

COPA asked if these tools would be used to improve the current mapping systems and hoped that the monitoring option would not lead to an increase in administrative costs.

Ana BRNCIC clarified that the monitoring model proposed was based on the framework of the current rules but it can be adapted in the future, within a different context. At the moment it would be used to check what is traditionally checked and the same set of tolerance would be applied. Monitoring would not help on the measuring and identification of parcels instead is built upon a correct and updated LPIS, the geospatial aid declaration submitted by the farmer and the system of retroactive recoveries. Instead, monitoring is to reflect activities on the land and changes in management. Monitoring would also allow for payments to be made sooner since it allows for a more automated process that does not require on spot checks. Finally, while the work is still in progress, monitoring has the possibility to be combined with other data and should not be necessary to go to the field.

Pierre BASCOU added that the process of using technology for monitoring and controls checks was just starting and more opportunity should be given for these tools to be further used to both modernise the CAP and improve the competitiveness of the sector. He believed this could revolutionize the agricultural sector within the next five to seven years.

Communication on the Future of Food and Farming (Agenda point 7)

Pierre BASCOU presented the Communication on the Future of Food and Farming which was adopted last November by the Commission. The power point presentation was made available by the Commission.

WWF trusted that this new strategic approach would bring added value and the need to have some flexibility on how the tools could be applied, but not on whether the tools were to be applied. WWF asked how the environmental elements were to be organised in the green architecture, particularly the so-called eco-schemes.

GREENPEACE asked for additional details on enhanced conditionality and what would happen to the 30% of the budget currently ring-fenced. As Member States are to be allowed more flexibility, clear specific objectives, namely on the environment are particularly important and asked for more clarity on the specific objectives that were being considered. Finally, on the short timeframe for the agreeing on the coming legislative proposals, GREENPEACE asked for the reasons behind such a rush.

FOOD DRINK EUROPE welcomed the reference to bioeconomy as a priority in the communication. On the VCS, five out of ten producing Member States recoupled starch potato, which may distort competition and thus requires further scrutiny. It was asked if VCS be part of the strategic plans and required approval from the Commission or will, like today, be a notification process.

BIRDLIFE asked for the detailed given but asked more information on the object setting, for instance for food security, environmental care and climate action. Birdlife repeated the request for more details on the new green architecture and eco-scheme. It was also not clear if the commitment to partnership principle would be maintained, as with the code of conduct under Rural Development. Finally, it was asked if co-financing is an option for pillar one and if it would maintain the annual characteristic.

COPA asked if the commission would also look into markets for environmental delivery, namely through public/private partnerships. Can greening be also provided by markets?

ECVC was afraid that redistribution would not go far enough and asked for stronger proposals from the commission. ECVC also voiced concerns over the link of payments to area, as it leads to concentration, and suggested taking into account units of work instead. Concerns were also raised over the lack of attention given to regulation mechanisms on markets and the problems linked with the concentration of technology and data in the hand of small groups.

CEJA was of the opinion that measures that fall under the first pillar should not be voluntary, as it is linked to income. Also, the beneficiaries should be better defined, focusing on those farmers that are living for farming.

Pierre BASCOU confirmed that strengthening climate and environment objectives was a fundamental direction of the policy that should contribute ensuring Europe's food production potential over the medium term. The Commission did not yet have the complete list of common objectives and indicators as well as policy instruments, which are being finalised together with the Impact Assessment. However, there were areas where the Commission identified quantifiable targets, like on greenhouse gases. Once those targets are set, the Member States will look into the means of achieving them on the basis of the types of intervention defined at EU level. Under this

new approach and delivery mechanism, the major objectives are to be translated into more specific objectives, targets and indicators.

Pierre BASCOU explained that the new environment/climate architecture was to be more performant and simpler by having one single conditionality system that would consist of a list of practices and standards that farmers will have to comply with. The eco-schemes were still being developed but it was likely that they would be voluntary under the first pillar, with the Commission providing a general framework and giving flexibility to Member States. All this would have to be validated within a structured process and a CAP strategic plan by the EU Commission. The 30% greening would not apply in the future, neither the mandatory approach as it would be replaced by validated targets. As for the partnership principle, there were no details at that stage but the Commission would look for an improvement of its efficiency and administrative burden. It was also confirmed the option of co-financing the first pillar.

Pierre BASCOU also clarified that the VCS would most likely be part of the CAP strategic plan and thus would have to be validated by EU commission. When replying to ECVC, it was confirmed that the Commission was looking into a better distribution of funds while also taking into account the workforce. However, it was reminded that the outcome will also depend on the co-legislators. With regard to market intervention tools that were significantly streamlined in the last reform, the Commission focused on crises management and the functioning of the food chain (normally subject to a specific legislative proposal in parallel).

On the timeframe, Pierre BASCOU reminded participants that the EU Commission could not propose a new multiannual financial framework without dealing with the major sectorial policies, of which the CAP is a major one and confirmed that in line with the current institutional context there was a certain time pressure.

COPA asked for caution, as the strategic plans could open the door for distortions if Member States made highly different choices when taking into account national and regional differences, and asked if the new approach would bring simplification.

ELO pointed out the importance of making the case for a proper budget, especially as there are more asks being made the sector. On capping, it was preferable to give Member States flexibility to decide on this, even if capping was viewed as a discriminatory measure as the beneficiaries operate under the same market and the same rules.

COGECA asked if the new system, particularity in terms of controls and monitoring, would allow the possibility to change crops in response to market signals.

CEPM also voice concerns over the right balance between Member States and the EU and agreed with the point made on distortion from capping, asking if its consequences were analysed in the impact assessment.

COPA pointed out the importance of providing motivation to enrol on voluntary mechanisms, such as the new eco-schemes.

CEJA voiced the importance of generational renewal for the future of the sector and asked for clarity on the future specific measures for young farmers.

Pierre BASCOU confirmed the importance of the budget discussions for the sector but the future budget for the CAP was still unknown. Likewise the specific support for young farmers was still unknown, even if strengthening generational renewal in agriculture was a key policy objective for the Commission (possibly by improving the current mechanisms). It was also added that Member States would be encouraged to use instruments outside the CAP to deal with generational renewal. Capping was described as a key political objective. Pierre BASCOU also confirmed that enrolling in eco-schemes should be a choice of the farmers themselves and that it would bring simplification as it would allow tailored design, associated with improved monitoring.

COPA voiced their reservations on co-financing and asked for more details on the type of measures to be made available in the new green architecture. COPA also had reservations over the practicality of having a delivery model based on results from day one and asked for clarification on the differences between the new entry-level schemes and the eco-schemes.

Birdlife referred to the governance index studies that show the administrative capacity and corruption levels in the different countries and regions and if the commission took that into account when considering the new Strategic plans and the risk of not achieving the expected results.

CELCAA spoke about the impacts of Brexit on both the markets and the budget and asked if the commission looked into the consequences of this double penalisation, which could be made worse due to the time pressure.

IFOAM asked for more clarity on the future support for organic farming.

COGECA also had a question on organic farming and if the “green by definition” element would remain in the future. On the ANC scheme, it was asked how these areas would be considered in the new green architecture.

COPA asked for more information on how the commission was considering food security aspects in the new proposal, including in the green architecture.

CEPM spoke of the importance of maize production in Europe, giving the example of good practices of its production in France and asked for its importance to be acknowledged.

COPA stated the role of agriculture for food production and to address climate change and the increased risks and difficulties to keeping production in Europe, giving the example of the high decrease in the number of farmers in Croatia.

Pierre BASCOU agreed with many of the points made and confirmed that the sector has a strategic role and is at the core of many policy initiatives (with one of the most sensitive and complex discussions being around the strengthening of the position of farmers in the food supply chain).

On the budget that will be available, Pierre BASCOU recalled that nothing was decided yet and co-legislators will play a major role in this respect. He also reminded participants that the CAP has shown its importance over the past history and that it is an effective policy in budgetary terms. On the new governance method, it was pointed out that the proposal is based on a new responsibility sharing, with the “big” decisions being made at EU level and the more detailed ones at Member State level. In this model, Member State authorities would have more responsibility to assume in the design and implementation of the policy framework. Also, the two funds are to be under the same strategic programme (as far as DP is concerned for EAGF), which should be consistent and simpler than the current Rural Development programmes. On capping, the commission was currently assessing various simulations and some of it would be reflected in the impact assessment.

According to Pierre BASCOU, the eco-schemes would be broader than the entry level schemes and would be accessible to all farmers. Agri-environmental measures would be more ambitious than conditionality and the eco-schemes and thus, avoid the duplication of the last reform. On the organic farming issue, there is no reason so far to exclude them from the new conditionality mechanism.

European Court of Auditors special report “Greening a more complex income support scheme, not yet environmental effective” (Agenda point 8)

Robert MARKUS from the European Court of Auditors presented the special report on greening from last November. The power point presentation was made available by the Commission.

Aymeric BERLING from DG AGRI confirmed that the Commission welcomed and accepted the recommendations given by the European Court of Auditors in their report and that they have been taken into account in the considerations for the future policy. On the conclusions drawn by the Court, the Commission does not share all of them and the replies are shown in the report. Two points were highlighted. The first point is the potential of greening to enhance the environmental and climate performance: the Commission highlights that most agricultural area (77%) is covered by greening obligations with both climate mitigation potential and/or areas dedicated for environmental benefits. The second point is the greening influence on agricultural practices: beyond the enhancement of environmental practices (the Court's report shows in this respect a change of practices for crop diversification on 13% of farms and for EFA on 37% of farms) the Commission's view is that greening aims at also preserving existing environmental friendly farming practices. More generally however, the Commission agrees that greening became too bureaucratic and this was to be addressed in the coming CAP proposals, which were to include a new architecture and enhance the use of technology.

COPA commented on the difficulties brought by the mixing of objectives, particularly when evaluating the outcomes, as it may not be clear what is to be evaluated.

BIRDLIFE welcomed the presentation by the Court of Auditors and that some of the considerations are to be considered in the future design of the policy. It was pointed out the problem linked with the way greening was introduced and the downside of flexibility, particularly if the objectives are not clearly defined and the monitoring of the new measures introduced is not envisaged. It also showed the importance of linking the budget decisions with the results expected. BIRDLIFE then asked if the European Court of Auditors would write an opinion on communication and if they had additional recommendations for a more result based policy.

ELO commented on the example given during the presentation on the ban on the use of pesticides on EFAs as significant improvement in the environmental performance of greening, which brought difficulties in countries like Romania.

Robert MARKUS pointed out that the differences between the European Court of Auditors and the EU Commission on this is nuanced, for instance, the commission defends paying farmers to keep good practices while the European Court of Auditors defends paying for improved actions. On the point of mixed objectives it was said that due to the nature of the sector, interlinks do exist and what was important is to try defining clear targets and know what one wants to achieve. Nonetheless, it needs to be linked with evidence, either direct or indirect. Robert MARKUS also said that the European Court of Auditors was preparing a briefing paper on the CAP communication, expected to be published next week and that they were looking into a list of criteria to be considered.

Aymeric BERLING clarified that, since the beginning, greening was designed for farmers that were already doing good farming practices that could be applied generally and controlled annually. However, this initial approach was often forgotten during the co-decision discussions. Now, the commission was looking to improve it by being clearer on objectives and target setting.

Impacts of direct payments in Europe (Agenda point 9a)

Mark BRADY from the Swedish University of Agricultural Sciences gave a presentation on the impact of direct payments in Europe, based on the report from the Agrifood Economics Centre. This point was suggested by WWF. The power point presentation was made available by the Commission.

WWF clarified that, while they proposed this presentation, WWF was not involved in the report itself and welcomed the fact that the modelling tool used in the report (the Capri model) was also one of the models used by the EU commission. On the impact on land abandonment, it was asked how direct payments could be better used if the decrease of land abandonment was one of the clear objectives in the future CAP.

COGECA commented on the statement that due to the direct payments contribution to secure production, they are also linked with the increase of greenhouse gas emissions and pointed out that producing food elsewhere also implies greenhouse gas emissions, asking if it was considered negative for the CAP to promote production.

Mark BRADY replied that it was likely that the net global emissions would be lower but the central point should be on how to push for producing better and direct payments could be better targeted. We want to maintain food production but we need to keep the balance. On land abandonment, direct payments have a positive impact on marginal land and keeping farmland is a very valuable objective. However, if the payments are too high, they are likely to be capitalised.

Richard ETIEVANT from DG AGRI confirmed the importance of direct payments to maintain land in production and reducing the number of people leaving the sector. From a budget perspective, the commission is looking into ways of using the money more effectively in the future.

Greening in the future CAP – delivering objectives and making it simple for users (Agenda point 9b)

Iris BAUWERS gave a presentation on CEJA's view on greening in the future. The power point presentation was made available by the Commission.

Udo HEMMERLING from DBV presented the view from the German Farmers Association on greening in the future. The presentation was made available by the Commission.

COGECA welcomed the presentation from DBV and asked for clarity on the relation of the payments received from greening and the costs linked with those measures.

BIRDLIFE asked Mr HEMMERLING which objectives German farmers would like to see in the future CAP, particularly if more flexibility would be given. A second question was on their position towards the importance of a level playing field and having the control mechanisms to ensure that. And finally, it was asked if the costs analysed took into account the competitive benefits of having a resilient farming system compared with other parts of the world.

EFNCP thanked Mr HEMMERLING for the referring to the importance of ANC's and the support of marginal areas.

GREENPEACE referred to a study made in the UK that showed that the costs linked with the compliance of environmental measures for livestock farmers was of 1.8% in the country and most of the costs were linked with external factors, like taxes or labour costs, and asked for caution.

Udo HEMMERLING welcomed the reference to other studies and the opportunity to properly compare them. He clarified that the input and labour costs were not included in the analyses, which only covered the costs of compliance. On the point of competition, he mentioned that the current difficulties of competing with products such as milk and cereals cannot be ignored and there must be fair trading practices. On the question of objectives, he agreed on its importance improving measures in response to the results we want to achieve and defended that the environmental considerations should not be seen separately but together with other wide objectives.

Richard ETIEVANT from DG AGRI reminded participants that there were several rules that farmers had to respect related to cross compliance that have costs involved but those should not be blamed on cross compliance alone. Also, there were also long-term economic benefits in respecting these rules. The new green architecture will include aspects of both cross compliance and greening and there will be improvements. Co-legislators tend to prefer easy implementation rather than strategic outcomes but this approach was likely to be minimised with the new delivery model proposed.

END

4. Conclusions/recommendations/opinions

Read point 3.

5. Next steps

The Commission was to consider having two more meetings in 2018, due to the postponement of the meeting in November last year. This followed a point made by COPA at the end of the meeting.

6. Next meeting

05/10/2018

7. 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

Date: 09 03 2018

Nom/Name	Prénom/ First name	ORGANISATION EUROPEENNE/ EUROPEAN ORGANIZATION
ALBANI	Claudia	COPA
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ATS	Kerli	COGECA
BACIU	Laurentiu	ELO
BAUER	Karl	COPA
BIGNAMI	Francesca	FoodDrinkEurope
BJORNSSON	Sofia	COGECA
BOUWERS	Iris	CEJA
BOWER	Richard	CEJA
BRADY	Mark	Agrifood Economics Center (Swedish Research Institute)
NORDIN	Ida	Agrifood Economics Center (Swedish Research Institute)
LARSSON	Eva Cecilia	Agrifood Economics Center (Swedish Research Institute)
CAMUS	Blandine	ECVC
CASTILLA BARO	Jose Maria	CEJA
CONTIERO	Marco	GREENPEACE
CORBALAN GARCIA	Juan	COGECA
CRETU	Alina Daniela	C.E.P.M.
DREGE	Pierre Olivier	ELO
DUVAL	Agathe	CEJA
GAEBEL	Christian	COPA
GODINHO	Domingos	COGECA

GONCALVES	Jose Tello	ELO
GOUVEIA	Paulo	COGECA
GUERIN	Véronique	COPA
GUNNING	Gerry	COPA
HAUKA	Agnese	COPA
HEMMERLING	Udo	COPA
HOFLAND	Peter	CELCAA
JACQUES	Juliette	FoodDrinkEurope
JORDANA	Ines	BirdLife Europe
KAPNIAS	Dimitrios	COGECA
LABORDE	Franck	C.E.P.M.
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MARTINEZ	Pascual	CELCAA
MOSQUERA-LOSADA	Maria Rosa	EURAF
OSINGA	Klaas Johan	COPA
PADOURKOVA	Adela	ELO
PALAKOVICS	Szilvia	COGECA
PALHA	Jose	COPA
POSPIECH	Jerzy	COPA
PYCHA	Martin	COGECA
RADIC	Tajana	COGECA
ROBIJNS	Trees	BirdLife Europe
RUIZ	Jabier	WWF
SALVI	Mario	COPA
SANNEN	Kurt	IFOAM EU GROUP
SCHENK	Andreas	EFNCP

SKOVAGER OSTERGAARD	Maria	COPA
SLABE	Anamarija	EEB / BEE
STEPHANI	Tiffanie	Fertilizers Europe
TAILDEMAN	Stephane	ECVC
VERHELST	Pieter	COGECA
VERSET	Malgorzata	COGECA
VILLADA LEGASPI	Eloy	EURAF
WHYTE	Maeve	COPA
ROCHA	Ana	ELO