

# **The payment for agricultural practices beneficial for the climate and the environment - Greening**

## **THE STAFF WORKING DOCUMENT ON THE REVIEW OF GREENING AFTER ONE YEAR**

**Civil Dialogue Group  
2 December 2016**

*DG Agriculture and Rural Development  
European Commission*



## Introduction

Review after 1 year of application is part of the REFIT exercise (Commission Work Program for 2016). This review is following the Commission's commitment on EFA in April 2014 as regards impact on the level playing field, impact on production potential and possible ways to simplify the greening.

The review is also based on data analysis from MS reporting on the uptakes by farmers, outcome of consultation activities.

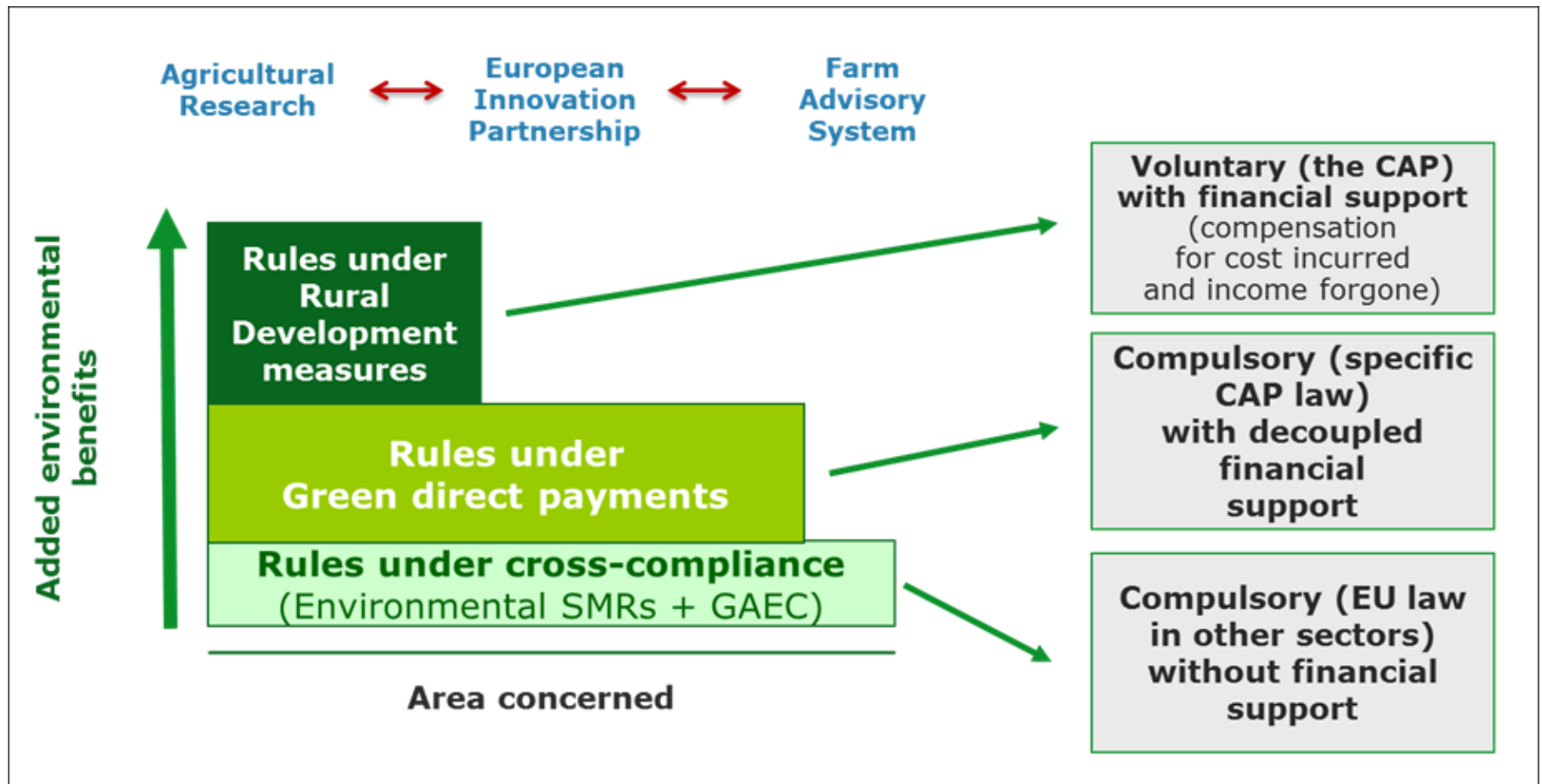
The staff working document follows up the issues from the Commission declaration. It presents also an analysis of data and the public consultation and identifies some priority areas for simplification.

## **Content of the staff working document**

- 1. INTRODUCTION**
- 2. NATURE AND OBJECTIVES OF GREEN DIRECT PAYMENTS (CF. ANNEX 1)**
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# **NATURE AND OBJECTIVES OF THE GREEN DIRECT PAYMENTS**

## The green architecture of the CAP



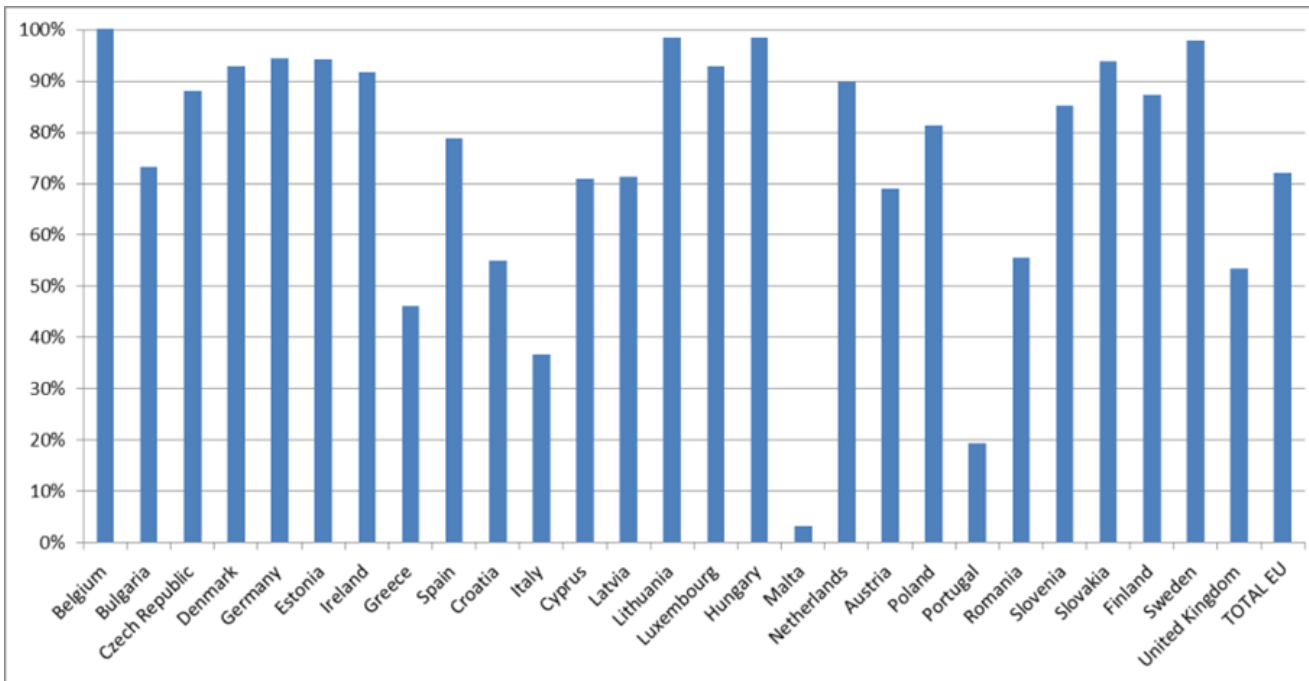
## Greening – rationale and objectives

- To enhance the environmental performance of the CAP through direct payments for practices beneficial for the environment and climate change
- To be sure that good agricultural practices are in place either by
  - oblige farmers to change agricultural practices where the level of such practices is insufficient
  - maintain agricultural practices where the level of such practices is already sufficient
- Better recognition of public goods provided by farmers since market prices do not reflect the effort involved in this field.

# **INITIAL RESULTS OF THE IMPLEMENTATION OF GREEN DIRECT PAYMENTS BY FARMERS (CF. ANNEX 2)**

## Farms under at least one greening obligation

Number of hectares of total agricultural area (TAA)  
(compared to Eurostat FSS 2013)



Total agricultural area:  
around 106 million ha  
– **72 %** of Eurostat TAA

Number of farmers: around  
2,5 millions – **36 %** of  
direct payments  
beneficiaries

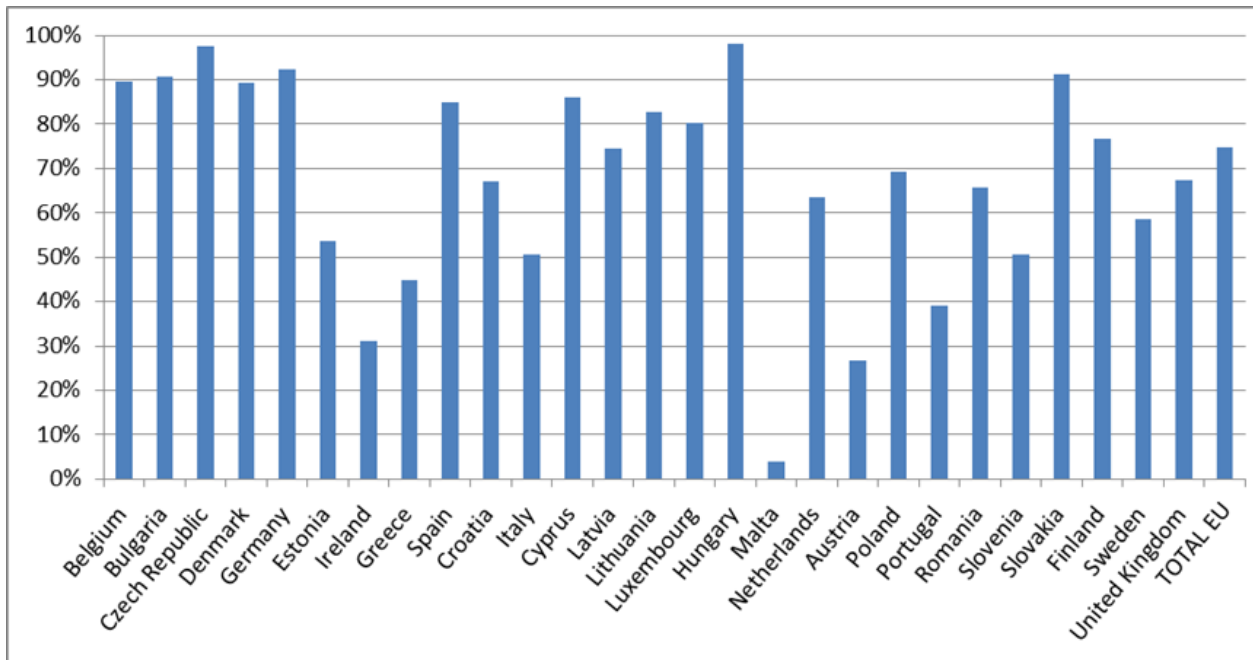
Lower percentages due to:

- Farms outside the direct payment system (11 % of TAA)
- Exempted farms → Small Farmers Scheme - Organic farms - Farms with less than 10 ha of arable land
- Influence of permanent crops in some MS (6 % of TAA)



## Crop diversification obligation

Number of hectares of arable land subject to crop diversification  
(compared to Eurostat FSS 2013)

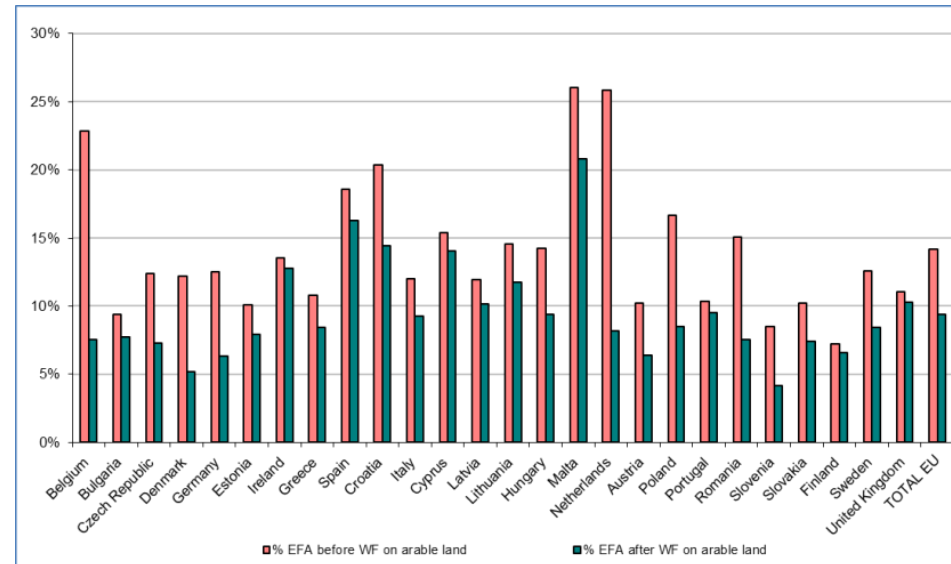
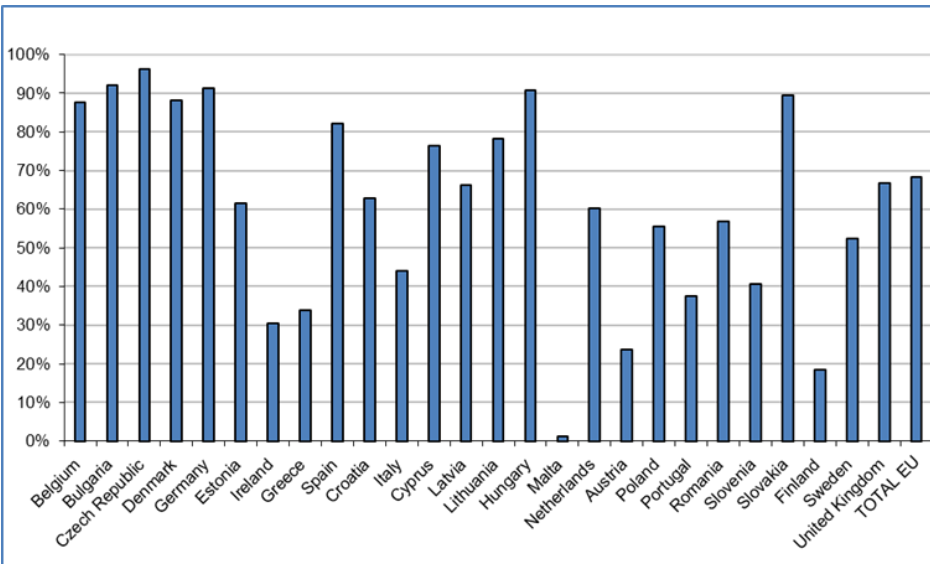


**75 %** of the arable land is subject to crop diversification

- 25 % of the farms are exempted or outside the DP system
- 13 % subject to two-crops requirement (10-30 ha)
- 62 % to three-crops requirement (above 30 ha)

Arable land where farmers need to diversify crops: 8 % of total arable land  
(10 % of arable land under CD)

## Percentage of arable land subject to the "ecological focus area" obligation



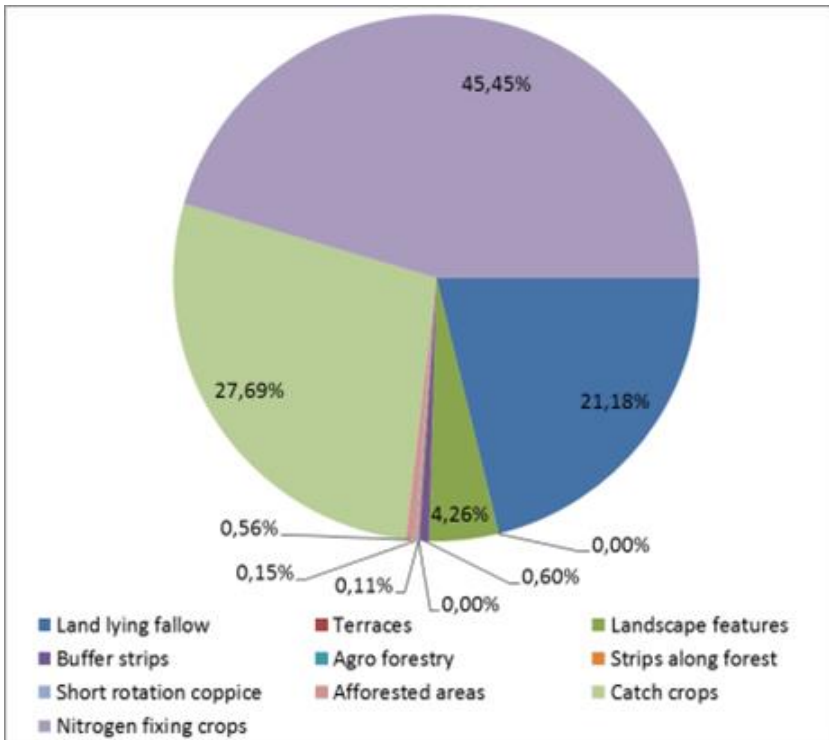
Area arable land under EFA obligation / Total arable land: **68 %**

Area EFA / Area arable land under EFA obligation

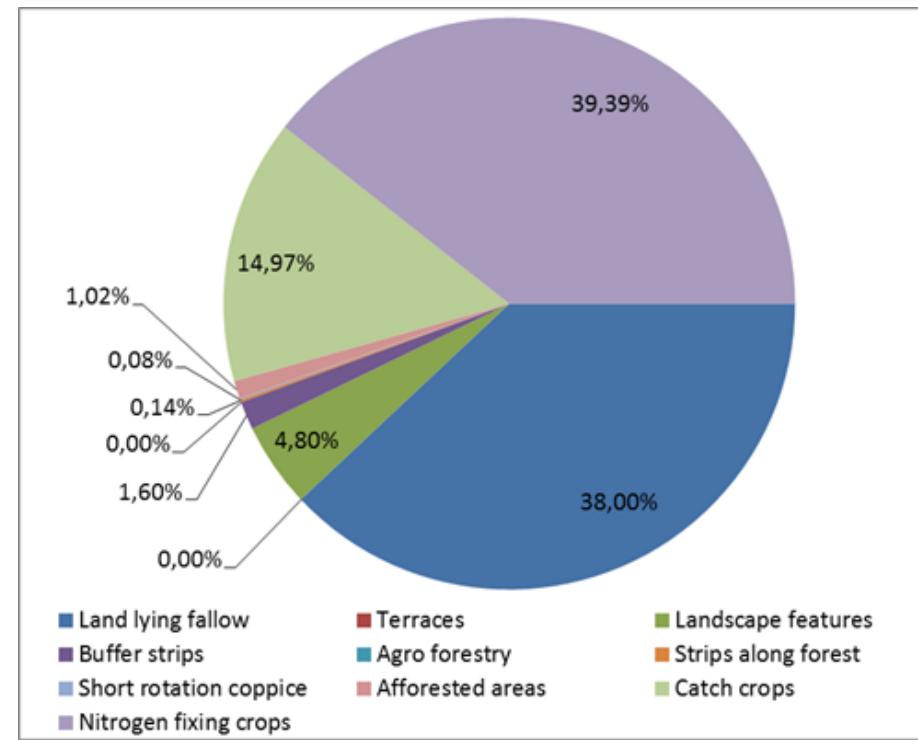
- Area EFA BEFORE WF: EU average **14 %**
- Area EFA AFTER WF: EU average **9 %**

## EFA types before and after weighting factors

EFA BEFORE WEIGHTING FACTORS



EFA AFTER WEIGHTING FACTORS



### EFA types percentages after applying weighting factors

- Main three EFA: 92 % on total EFA after WF
  - land lying fallow 38 %
  - nitrogen fixing crops 39 %
  - catch crops 15 %

## Permanent grassland obligation

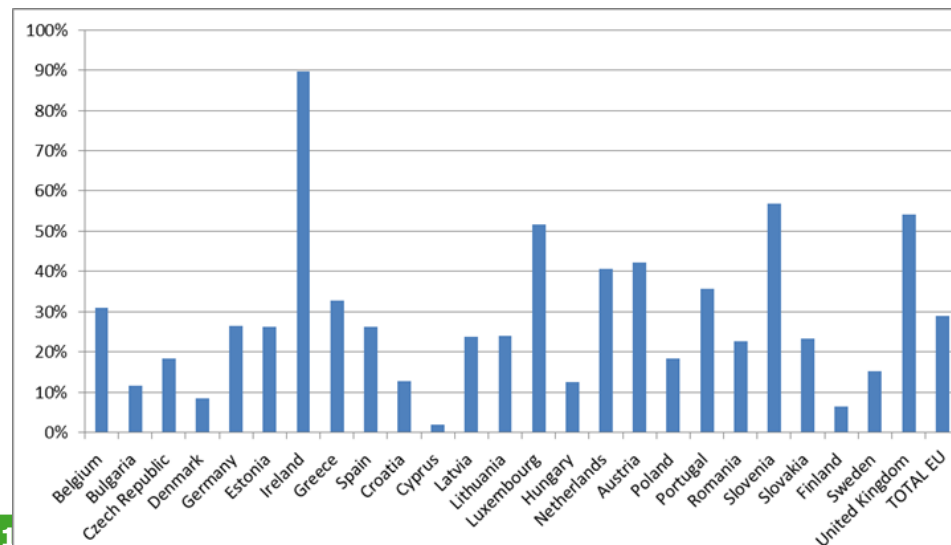
### Environmentally sensitive permanent grassland (ESPG)

Declared ESPG (in and outside Natura 2000)  
compared to permanent grassland under PG ratio:  
**16%**

Declared ESPG in Natura 2000: **40 %** of total PG in  
Natura 2000

### Maintenance of permanent grassland (PG ratio)

- **29 %** of the total agricultural area
- IE and UK (Northern Ireland, Scotland and Wales): around 90 %
- CY, FI, DK and MT: less than 10 %



## Exemptions and equivalence

### SMALL FARMERS SCHEME

- **15 MS** chosen the option for small farmers
- **41 %** in terms of number of farmers
- **4 %** of the total agricultural area.
- MT SFS covers almost the totality of farms
- IT, EL, RO, PT and PL: more than 40 % of farms and 6-16 % of the area

### ORGANIC FARMS

- **1 %** in terms of number of farmers
- **4 %** of the total agricultural area.
- **7 %** of the permanent grassland
- CZ, EE and LV: number of farms and total agricultural area above 10 %
- IT and AT: above 25 %

### EQUIVALENCE

- 5 Member States, mostly with agri-environmental and climate measures
- 2 % of the farmers but 6% of the arable land

# **IMPACT ON THE LEVEL PLAYING- FIELD ARISING FROM MEMBER STATES' IMPLEMENTATION CHOICES (CF. ANNEX 3)**

## Impact on the level playing-field arising from MS' implementation choices

- The EU framework offers MS more than 50 different options for implementing the green direct payment scheme
  - Farmers might have to meet different conditions under this scheme depending on their country
  - Some of these may be seen as entailing an advantage or disadvantage for farmers in certain MS, hence affecting the level playing-field in the EU
  - Annex 3 provides an assessment of the potential of MS' choices to affect the level-playing field among farmers
- Main conclusion: implementation of greening did not affect significantly the level playing-field in 2015.

## The major implementing decisions of MS have, in general, not significantly affected the level playing-field

- Opting for the **small farmer scheme** (SFS) did not provide a substantial advantage with regards to the greening obligations due to the average size of farms under SFS
- The use of **practices equivalent** to greening did not play a significant role at EU level given the very low number of farmers fulfilling their greening obligations under equivalence
- Member States' **choices of EFA types** did not substantially affect the level playing-field. In most cases the choice of farmers for fulfilling the EFA requirement consisted of land lying fallow, catch crops/green cover and nitrogen-fixing crops regardless of the number of features or areas qualifying as EFA



## By contrast, other policy options may have had an impact on the level playing-field although to a limited extent

- **Qualifying or not the landscape features protected under cross-compliance as EFA** may influence the permitted EFA dimension limits, thus creating different rules between Member States
- **Adding management conditions to EFA catch crops/green cover or nitrogen-fixing crops**, such as restriction of inputs or minimum periods of presence, might have an impact, though limited, on the level-playing field
- **The period for the presence of the crop under the crop diversification requirement** may affect the level playing-field when the period varies significantly between Member States

# **IMPACT ON EU PRODUCTION POTENTIAL (CF. ANNEX 4)**

## Results on production (EU-MS level)

- Analysis based on
  - Statistical data for main crops - specific land uses (e.g. PG - LLF)
  - Eurostat FSS 2010 (census) and IFM-CAP model for crop diversification
  - CAPRI model for overall greening impacts
- The trend of production has been stable
  - No immediate effect of greening on production potential
  - Variations of production in the long term  $\pm 1,5$  %
  - Protein crops + 5%
  - Different variations between MS but within  $\pm 3$  %
- Difficult to isolate the effect of greening from other factors (prices, market developments, trade or weather)

## Results for each greening obligations

- Crop diversification:
  - No decrease of production potential at EU level
  - Arable land where farmers need to diversify crops: 10% of arable land subject to crop diversification
  - Change of land allocation on less than 1% of arable land, targeted on farms that only cultivate one crop
  - Crops most concerned are the ones usually featuring in monoculture (wheat, barley, maize)
- Permanent grassland
  - Stability in actual trend (to be confirmed by annual statistics)
- Ecological Focus Areas
  - Share of land lying fallow (+ 8,9 %) are protein crops (+4.4 %) are likely to increase compared to the baseline scenario
  - These changes should be seen in actual trend for these crops (e.g. decreasing trend of land lying fallow in the last 5 years)

# **MANAGEMENT OF THE GREENING, THE ADMINISTRATIVE BURDEN AND POSSIBLE WAY FORWARD (CF. ANNEX 5)**

## Consultation activities

### Main sources:

- Priority issues identified by the Latvian Presidency on the basis of Member States' contributions
- Contributions from a number of Members of the European Parliament (EP) and EP political groups on Simplification of the CAP
- Opinion of the European Economic and Social Committee and Committee of the Regions on CAP simplification
- Expert Groups and various Civil Dialogue Group in DG AGRI.
- From 15 December 2015 to 8 March 2016, **an online survey sought stakeholders**: A total of 3 304 responses of which more than 80 per cent from farmers and including several national and regional/ local authorities, farmers' professional organisations, environmental NGOs and other civil society

## Consultation activities

### Main outcomes:

- Big challenge for Member States due to the need to set up new rules and to adapt the existing tools (e.g. mapping EFA elements) and for farmers resulting to the new declarations obligations.
- Environmental organisations questioned the scheme in terms of environmental outputs and called for fundamental changes (extension of the scope of the scheme);
- Several stakeholders requested legislative changes, in particular change of definitions, obligations, method of classification as regards permanent grassland;
- Many stakeholders advocated for certain adjustments so as to bring it more in line with agronomic and/or administrative reality;
- Some of them request more clarity on some rules and the necessity to streamline some requirements in particular as landscape features

## Main concerns of stakeholders consultations

### Summary of common issues raised by MS, MEP and farmers

- On crop diversification, the requirement for MS to set a crop diversification period. MS and some MEP propose to either delete the requirement altogether or to allow MS to set at least two crop diversification periods.
- On EFA, the criteria and requirements for the various EFA types set out in the delegated act are too detailed;
- More subsidiarity to MS by allowing criteria at national level or criteria linked to similar EFA types need to be aligned and streamlined.
- Need to accept as EFA elements exceeding the maximum dimensions up to the limit defined in the delegated act.
- Weighting factors for similar EFA types should be similar (nitrogen-fixing crops, catch crops and short rotation coppice)



## Main concerns of stakeholders consultations

### Summary of common issues raised by MS, MEP and farmers

- On catch crops, the requirement as regards mixtures of species should be deleted. Also, the end date for sowing catch crops should be postponed, e.g. to 20 October, or the mandatory deadline should be replaced by a period during which catch crops have to be on the field
- The requirement for nitrogen-fixing crops (NFC) to be sown as pure mixtures should be deleted. Mixtures of species should be allowed as long as NFC remain predominant.
- On maintenance of permanent grassland, strong concerns were raised on the “five-year rule” defined in the basic act. Request for a possibility to keep temporary grassland as arable land after five years

## **Main concerns of stakeholders consultations**

### **Some issues raised by farmers**

- More flexibility and choice for farmers, e.g. more choices of equivalence schemes or greening measures for example by allowing crop rotation.
- Some proposals for inclusion of energy crops (miscanthus) and crops without chemical inputs (hemp), inclusion of other landscape element (e.g.; wetlands, woodlands), elements of conservation agriculture (direct sowing etc.)

### **Some issues raised by environmental NGO**

- Banning chemical inputs on EFA areas
- More fundamental review : introducing crop rotation, applying EFA to permanent crops, increasing the EFA percentage and restricting EFA to non-productive elements

# POTENTIAL ISSUES

**Specification and/or clarification of what is required from farmers and national administrations**

**Removal of burdensome technical requirements without lowering the environmental benefits**

**Providing more flexibility or alternative where this increases the environmental and climate benefit of the greening**

**Additional harmonisation of some requirements and conditions**