Fit, fair and sustainable

Proposals for a new CAP

(Common Agricultural Policy)



Results of a study commissioned by NABU / BirdLife Germany

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Fit, fair and sustainable

Proposals for a new CAP – results of a study

Overview

- 1. Introduction / current situation
- 2. CAP reform goals and requirements
- 3. Structure of CAP 2021 reform model expenditure
- 4. Model calculations of financial outcomes (farm level + EU, national and regional level - case study of Germany)
- 5. Summary and outlook



Introduction / current situation



68.853



Farmland bird species:

Red kite, lapwing, black-tailed godwit, little owl, red-backed shrike, wood lark, skylark, whinchat, corn bunting, yellowhammer

Declining trends in hare populations in the state of Baden Württemberg (Germany)





Analysis of the current situation: summary

- (1) Farmland biodiversity in Europe has declined substantially or is continuing to decline; no appreciable reversal of this trend has been achieved
- (2) Other resources are affected as well: soil, water, climate, landscape, animal welfare; inputs of plant protection products / fertilisers are still high
- (3) Direct payments, including greening, mostly follow a "sprinkler" approach
- (4) Greening

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- very little increase in areas of high ecological value
- greening costs are extremely high: up to 1,740 €/ha
- good implementation via AECM costs extra
- (5) AECM have a small budget; not enough even to maintain habitats



CAP expenditure

Achieving environmental goals e.g. biodiversity and water

The proportion of high ecological value areas on farm holdings must increase substantially, as well as being of high ecological quality and well managed.









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Goal of the CAP 2021 reform model

To create a sufficiently large network of areas used at low use intensity in all farmed landscapes







Requirements for the CAP 2021 reform model

- ➤ The biodiversity and environmental value of farmland should be significantly improved (proxy: areas of high ecological value ≥ 10% arable and ≥ 20% grassland)
- Farmers who reach this target should be financially as well (or better) off as they are under the current system (taking possible yield losses into account)
- The total cost of the new CAP model for the EU and the member states should not be higher than the current system
- There should be a common set of basic measures to improve ecological conditions across the EU, with more member state responsibility and cofinancing for all measures
- Member states / regions should be incentivised to set ambitious ecological targets, and systematic monitoring should be coupled to careful targeting of measures
- Implementation and inspections should be simplified







Structure of CAP 2021 reform model expenditure

A comparison of the status quo in 2016

and the CAP 2021 reform model



Further measures for rural development

Agricultural payments

AECM = Agri-Environment-Climate Measure BM = Biodiversity Measure OAM = Organic Agriculture Measure



Structure of CAP 2021 reform model expenditure

Sectors of the CAP 2021 reform model

Sectors / Measures	Abbrev.	EU-Cofi- nancing
Sector Sustainability		70 %
Sector Agri-Nature		90 %
Sector Rural Development		50-70 %



Structure of CAP 2021 reform model expenditure

Sectors of the CAP 2021 reform model

Sectors / Measures	Abbrev.	EU-Cofi- nancing
Sector Sustainability	70 %	
Sustainability Payment	SuP	70 %
Sector Agri-Nature		90 %
Agri-Nature Payment	ANP	90 %
Nature Management Payment	NMP	90 %
Nature Development Payment	NDP	90 %
Sector Rural Development	50-70 %	
Agri-Environment-Climate-Measure	AECM	50-70%
Organic Agriculture Measure	OAM	50-70%
Rural Development Measure	RDM	50 %



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EU-wide set of basic measures for the ANP

A proposal of 10 EU measures for the Agri-Nature Payment (ANP)

Agricultural area	ANP	Requirements*	* These are the most important
Arable	Low-intensity cereals	No PPP, wide-spaced rows (> 25 cm)	basic requirements at EU level; more
	Flower strips	Sowing of flower mix	specific
	Fallows	No agricultural activity April-September, part of the fallow may be mown or mulched in autumn	requirements need to be developed at EU-, national or
	Buffer strips	Low-intensity management alongside water bodies, hedges and forest edges	regarding dates for management
Grassland	Species-rich grassland	Indication of species richness using key species	Ū
	Low-intensity meadows	Indication of species-rich grassland or mowing dates (e.g. after 30.06.)	
	Low-intensity pastures	Low-intensity grazing (low density grazing or herding only 1-2 times / year)	
Vineyards	Species-rich vineyards	Species-rich vineyards or sowing a flower mix in the spaces between the rows	N,@
Fruit production	Traditional orchards	Areas with high-stem trees	E
Olive production	Low-intensity olive orchards	Olive orchards managed at low intensity	~ifab

Structure of the CAP 2021 reform model (1)

Calculation of the effects of the CAP 2021 reform model of the finances of 4 arable farms of 100 ha with different degrees of agri-environment and climate measures (in EUR)

Type of payment	Payment	Pre-	Payment	t CAP 2021 reform model			
Type of payment	(EUR/ha)	reform	(EUR/ha)	Var. 1	Var. 2	Var. 3	Var. 4
Direct payments incl. greening	280	28,000					
Sustainability payment (SuP)			150	NA	15,000	15,000	15,000
Nature Management Payment (NMP)			50			5,000	5,000
1. Opt out 0 ha ANP measures							
2. Low participation in ANP measures pre-reform 1 ha, post-reform 5 ha ANP measures	450	450	1,350		6,750		
3. Moderate participation in ANP measures 10 ha ANP measures			1,350			13,500	
 4. High participation in ANP measures 20 ha ANP measures 			1,350				27,000
Sum public money		28,450		NA	21,750	33,500	47,000
Profit margin	550	54,450	550	55,000	52,250	49,500	44,000
Sum farm earnings		82,900		55,000	74,000	83,000	91,000
Balance post-reform – pre-reform				- 27,900	- 8,900	100	8,100

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Structure of the CAP 2021 reform model (2)

Effects of the CAP 2021 reform model on the finances of a 100 ha arable holding - Variant 3

(implementing measures of high ecological value on 10 % of the agricultural area)





AECM = Agri-Environment-Climate Measure BM = Biodiversity Measure

Structure of the CAP 2021 reform model (2)

Effects of the CAP 2021 reform model on the finances of a 100 ha arable holding - Variant 3

(implementing measures of high ecological value on 10 % of the agricultural area)



ANP = Agri-Nature Payment AECM = Agri-Environment-Climate Measure BM = Biodiversity Measure NMP = Nature Management Payment SuP = Sustainability Payments Payments to a typical 100 ha arable farms; in 'variant 3' of the CAP 2021 reform model displayed here, the farmer is financially slightly better off compared to the pre-reform system. The ecological benefits are much higher though – 10% of the farm area is under measures of high ecological value compared to 1 % pre-reform, i.e. 10 times greater area for nature.



The effects of the CAP 2021 reform model (1) on farm businesses typical for different German regions

Locations of the 'typical farms'



Dataset:

- 'Typical farm' for a region (structure based on F.A.D.N. data)
- Basis: 1-5 counties per region (based on 18 - 85 farm observations)

Methods

- Standard gross margins Average: 2008/09 to 2014/15 (KTBL-data)
- Average payment levels assumed (pillars I+II)
- Calculation of the adaptation costs of specific Agri-nature measures
- Modelling of four different variants





The effects of the CAP 2021 reform model (2) on the 'typical farms' in different regions of Germany

Effects on arable farms



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The effects of the CAP 2021 reform model (3) on the 'typical farms' in different regions of Germany



Effects on grassland farms (dairy and suckler cows) and pig farms



The effects of the CAP 2021 reform model

Comparison of costs at the national level (Germany): Status quo vs. CAP 2021 reform model

Status quo	Cofin.	Total
	EU	(mill €/yr)
1st pillar		
Direct payments	100%	3007.5
Greening	100%	1451.2
Young farmers	100%	49.0
First hectares	100%	351.0
Total 1st pillar	100%	4858.6
2nd pillar		
AECM		468.4
Organic agriculture		231.0
Total AECM + OAM		699.4
Other RDP measures		1711.5
Total 2nd pillar		2410.9
Total costs CAP status quo		7269.5
of which EU money		6193.2
of which money from German		1076.3
national and regional level		

CAP 2021 reform model	Cofin.	Total
	EU	(mill €/yr)
1. Sustainability		
SuP Sustainability Payment	70%	1879.2
2. Agri-Nature Payments		
ANP Arable + Grassland	90%	2251.0
NMP Nature Management	90%	313.2
NDP Nature Development	90%	562.7
3. Rural Development		
AECM Agri-Environment and Climate	70%	374.7
OAM Organic Agriculture	70%	323.4
RDM Rural Development	50%	1540.4
Total costs CAP 2021 reform model		7244.6
of which EU money		6170.2
of which money from German		1074.3
national and regional level		



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The effects of the CAP 2021 reform model

Comparison of costs at the national level (Germany): Status quo vs. CAP 2021 reform model





Summary

(1) Main components of the CAP 2021 reform model

- performance-based Sustainability Payment (SuP) for individual farms
- area-based Agri-Nature Payment (ANP) and Nature Management Payment (NMP)
- (2) Attractive, incentive-based payments = much more effective and cheaper for the EU and taxpayers (compared to greening) and attractive for farmers
- (3) Financially worthwhile for farmers to implement at large scale (estimated participation ≥ 75 % UAA)
- (4) Measures of high ecological value implemented on ≥ 10 % arable and ≥ 20 % grassland
- (5) EU-wide catalogue of Agri-Nature measures
- (6) All payments are **cofinanced** (50 90 % EU)
- (7) Bonus for member states or regions for carrying out and monitoring the success of Agri-Nature measures
 - → attractive for member states and at no additional cost compared to the current system



Outlook

- (1) It is possible to create a nature-friendly agricultural policy
- (2) Implementation is attractive for national and regional authorities, due to greater flexibility and more money available
- (3) The CAP must be complemented by an **appropriate regulatory system**
- (4) The environmental authorities must lead the design of the Agri-Nature measures
- (5) Implementation and inspection must be simplified
- The CAP 2021 reform model
- → Fit for the future,
- \rightarrow Fair for taxpayers
- \rightarrow and sustainable for biodiversity, the environment and farming



Thank you for your attention

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