

**Briefing 981**

**Proposals for the future CAP**

---

**Summary**

The future CAP should move further away from Pillar 1 support and set the framework while allowing Member States to tailor the actual measures to their own situations. To regain public support the CAP must be realigned so that public expenditure matches the delivery of public benefits which are vital for achieving both food and environmental security. The costs could be accommodated by a redeployment of direct agricultural support. All payments should be based on long term contracts which should allow flexibility to react to changing conditions. Results should be measurable.

---

This paper is summarised from *'Proposals for the future CAP: a joint position from the European Landowners' Organization and BirdLife International'*. The full paper can be accessed at:  
[http://www.cla.org.uk/policy\\_docs/ELO\\_Birdlife\\_Joint\\_Paper.pdf](http://www.cla.org.uk/policy_docs/ELO_Birdlife_Joint_Paper.pdf)

**1. Land management is crucial for the conservation of a range of ecosystem services, a critical one of which is food production for the human population and underpinning this, the long-term capacity of land for food production.**

Farming and other land-based economic activities are very different from other sectors of the economy because of their associated externalities. These are the inescapable side effects of managing a large part of the territory and can be positive, such as landscape and habitat creation, and negative, including air and water pollution. The role of farmers as land managers is generally essential in a range of environmental concerns: biodiversity and heritage conservation, watershed management, soil conservation and carbon sequestration. It is also vital for other societal concerns such as the landscape which forms the basis for rural tourism and recreation.

Farming is a key sector of our economy and our society, primarily because it is responsible for the production of food. With recent reforms of the CAP and the gradual opening up of world markets, farming has become more of a "normal" economic sector where farmers respond to market demand. However, the overwhelming importance of food requires much more attention and stronger public safeguard policies than "normal" industries. The state must make arrangements to ensure the long term security and stability of its food supplies. Central to this is ensuring the environmental sustainability of farming.

**2. Sustainable management of Europe's land requires continued active intervention by farmers and landowners.**

Most of Europe's land is managed by private owners and it is human activity that has shaped some of Europe's most treasured landscapes.

Plant communities and their associated animal life have co-evolved with human activities and are in many cases now dependent on the continuation of traditional management practices. While in some cases nature restoration and even the abandonment of active management are justified, over the vast majority of European land the conservation of biodiversity, the appropriate management of water cycles and the preservation of landscapes, all require ongoing active management.

### **3. There is a particular need to ensure the maintenance of extensive livestock and other High Nature Value (HNV), systems.**

There are certain types of, usually traditional and extensive, farming that are nowadays economically marginal and find it impossible to survive on the free market. Such systems would collapse if current CAP Pillar 1 payments were withdrawn, even if they continued to receive current levels of environmental and Less Favoured Area payments.

In such areas public goods payments based on *agricultural* income foregone will simply not guarantee the survival of these businesses and their disappearance would be accompanied by unacceptable social, landscape and biodiversity change. The future CAP must give much more focus to targeting support at these farming systems. This should be achieved through a combination of two kinds of effort:

- *Redefining the basis of environmental payments.* The challenge is to exploit the full range of flexibility in international agreements on the principles of environmental payment.
- *Targeted rural development investment* to promote HNV and other land management systems which are important for public good delivery. HNV farming can be made more competitive by playing on its natural points of strength: product quality and character, and environmental quality. Public investment should support farmers in adding value to their traditional production and in finding new sources of revenue linked to their land stewardship mainly through tourism and recreation.

### **4. Europe plays an important role in global food security and in driving higher global environmental standards of production.**

Broadly speaking, the EU should maintain its capacity to produce most of the temperate zone food it consumes, while at the same time engaging in the world market in a fair and constructive way. Europe must lead the way toward truly sustainable systems of food production by setting and championing high standards of environmental, as well as social and product, quality.

### **5. Policies and budgets at the European level are justified to enable us to rise to these food and environmental challenges.**

If we are to conserve our ecosystems and make them resilient in the face of climate change we need to act globally.

The European Community has also committed to act through its status as signatory to international commitments on biodiversity and climate change. The EU can try to ensure a long term stability of at least a significant part of the world's food production. We thus believe that there is a strong case for common EU action on land management, food and the environment.

While the case for a common policy is strong, the huge variability of ecological and economic conditions across Europe means that the policy needs to be flexible enough to accommodate the diverse needs of local conditions. It is possible to have one common EU policy that sets the framework, objectives and accountability rules, while allowing Member States and regions to tailor the actual measures to their own situations and at the same time avoiding distortion of the related farm product markets.

It is vital that EU policy goals drive the EU budget and not the other way round. This requires a systematic exercise to calculate the necessary budget to deliver the environmental services whilst achieving the appropriate degree of food security. There are clear dangers that the EU is heading in the opposite direction.

### **6. Future policy therefore requires the evolution of the CAP to ensure alignment between CAP support and public benefits**

Reforms since the mid-1990s have moved policy to a more market oriented agriculture. There is a growing consensus that this is the direction in which further reforms must move. However the allocation of funding has yet to catch up with this shift in policy.

There are two reasons to suppose that the scale of public goods to be delivered by farmers and the costs of their delivery may rise in future. First, as the pressure for more global food production grows, this will move us into a higher price era than for the last few decades. The intensification of production which this drives will increase both the scarcity and the value of the environment. This means that if we wish to take counteractive measures to conserve the environment then it will cost us more. The second argument is

that adaptation to climate change, *inter alia*, requires a network of environmental corridors across the entire territory to provide the connectivity of habitats and to allow species movement. This implies some broad-application stewardship schemes over the bulk of the territory including the intensively farmed most fertile areas. To regain public support as a legitimate instrument of EU policy the CAP must be realigned so that public expenditure matches, as much as possible, the delivery of public benefits which are vital for achieving both food and environmental security. The costs associated with public good delivery, although likely to rise, should not demand an increase in the EU budget, but instead could be accommodated by a redeployment of direct agricultural supports.

### **7. The mechanisms and measures to achieve this are likely to show more characteristics of current CAP rural development and agri-environment measures than current farm support measures**

We must learn from the long experience with the current array of CAP tools when it comes to designing future tools. Pillar I has certain strength in its relative administrative simplicity and in the strong element of certainty and revenue stability it gives farmers. On the other hand its distribution within and between member states is still largely based on its 1960s to 1990s function as commodity market support rather than as a contract linking payment to the delivery of public goods. We still have much to learn about devising and operating cost effective Pillar II schemes, but they have demonstrated that in the right circumstances they can produce effective and sophisticated results. We believe that a future system should capture the best of both pillars and include the following principles:

- *Contractual base*- All payments should eventually be based on a clear contract between the contractor and society, spelling out the public goods that the contractor is expected to deliver in exchange for the payments. These contracts should be multiannual and long enough to give the farmers a sufficient level of certainty and business stability, while they should include elements of flexibility to allow for continual improvement and reaction to changing economic and environmental conditions.
- *Transparency*- all relevant data about public payments and contractors' commitments should be made public.
- *Targeting*- all payments should clearly aim at the delivery of specific public goods. Specific doesn't need to mean narrow but results should be quantifiable and measurable.
- *Monitoring*- it is essential that there should be a sound system of monitoring of the performance of the schemes to ensure the targets are sensible and achievable and results acceptable. This will guide the further adaptation of the schemes over time.
- *Accountability*- contractors should be fully accountable for complying with the terms of their contract, but even more important, national and regional authorities responsible for the spending should be fully accountable for the achievement of agreed EU objectives.

---

Alan Spedding, 10 February 2010

RuSource briefings provide concise information on current farming and rural issues for rural professionals. They are circulated weekly by email and produced by Alan Spedding in association with the Arthur Rank Centre, the national focus for the rural church. Previous briefings can be accessed on the Arthur Rank Centre website at [http://www.arthurrankcentre.org.uk/projects/rusource\\_briefings/index.html](http://www.arthurrankcentre.org.uk/projects/rusource_briefings/index.html)

RuSource is a voluntary project partly supported by donations and sponsorship.

© Alan Spedding 2010. This briefing may be reproduced or transmitted in its entirety free of charge. Where extracts are used, their source must be acknowledged. RuSource briefings may not be reproduced in any publication or offered for sale without the prior permission of the copyright holder.

If you would like to be put on the list for regular briefings or have any other queries about the service contact [alan.spedding@btopenworld.com](mailto:alan.spedding@btopenworld.com).