60 billion euro of EU taxpayers’ money is currently spent every year on **Common Agricultural Policy** subsidies that mostly fund intensive and factory farming. Before it is too late we must change course and invest public money in nature, the environment, and climate.
Our current farming system is damaging our nature and climate. Countless scientific studies show that intensive agriculture in Europe is driving biodiversity loss, polluting our water, soil and air and contributing to climate change.

Scientists show that we are already outside the safe operating space for humanity regarding loss of biodiversity, the nitrogen and phosphorus cycles, and climate change.

And the Common Agricultural Policy (CAP) has played a huge part in building this environmentally and socially destructive farming model.

Yet the European Commission refuses to own up to this reality. In its proposal for reform of the policy it offered up a flawed plan for what it describes as a 'result-oriented CAP' where greater flexibility is given to Member States with no real accountability mechanisms.

It's time to transition to a new farming model

The European Environmental Bureau (EEB), BirdLife Europe, Greenpeace and WWF call for a Common Agricultural Policy reform that would move away from perverse subsidies to a truly result-oriented model fit for the challenges of the 21st century; where taxpayers no longer pay for polluting modes of agriculture, but for a sector-wide transition to sustainable farming and the delivery of genuine environmental results. We only have a few years to turn this around before it is too late. This is the last chance for the CAP to steer the EU farming model away from the current industrial model which prevents the EU from meeting its international commitments.

In the new CAP, as a minimum we need:

1. Real money for nature, the environment and climate
2. No more perverse subsidies
3. Real law enforcement
4. Improve the governance of the CAP and the performance framework
**Why is this the last chance CAP?**

**Farmland Birds are Disappearing**

Common farmland birds have declined by 55% in the EU since 1980\(^1\). Not only are specialist species\(^i\) experiencing steep declines, but increasingly also generalist\(^ii\) species are being wiped out in farmland areas compared to other areas, due to intensive agricultural practices. In France, farmland birds have declined by a third in just 15 years\(^3\).

**Insects are Being Wiped Out**

Pesticides and other practices associated with intensive farming are wiping out whole levels of ecosystems. In Germany, a study showed that the total flying insect biomass on nature reserves has declined by more than 75% since 1990. Agricultural intensification is among the drivers behind such declines. Butterflies, bees and other wild pollinators, responsible for 80% of crop pollination, are also in serious decline\(^2\).

**Intensive Farming is Polluting Our Water, Air and People**

The agricultural sector, and the animal sector in particular, is a major source of water, soil and air pollution, releasing nitrogen and phosphorus into water, and ammonia and fine particulate matter into the air. Nitrogen from livestock manure and synthetic fertilisers heavily used in intensive farming is running off fields into our water, leading to algae blooms and ‘dead zones’. Nitrogen pollution alone costs the EU up to €320 billion every year\(^3\). Additionally, 94% of ammonia emissions stem from agriculture, the vast majority coming from intensive animal farming activities. The European Environmental Agency reports that “a number of studies have confirmed that NH\(_3\) emissions from agriculture contribute to episodes of high Particulate Matter (PM) concentrations experienced across certain regions of Europe each spring [...]. NH\(_3\) emissions contribute, therefore, to both negative short- and long-term impacts on human health”\(^4\).

**We are Running Out of Water and Soil**

Not only is our water polluted, but reserves are also being depleted. Intensive irrigation, including in dry areas, is leading to over-consumption of water. For instance, in Spain, permits for water extraction for irrigation exceed the water replenishment rates of aquifer sources\(^3\).

**Soil Erosion Costs Farmers €1.2 Billion\(^6\)**

Soils are degrading across Europe and we are losing about 970 Mt annually, the equivalent of 1.3 tonnes per capita per year\(^7\).

**Intensive Livestock Farming and Biofuel Production are Contributing to Climate Change**

While farmers could help to mitigate greenhouse gas (GHG) emissions, currently the sector is part of the problem. The agricultural sector has a net contribution to climate change with 53% of methane and 78% of nitrous oxide emissions derived from agriculture in the EU\(^4\) in 2015, mostly due to the livestock sector. Additionally, current levels of consumption of livestock products in the EU exceed human nutritional needs which has health implications, and intensive production maintains animals in distressing conditions.

The growth in bioenergy production has also now been shown to be directly damaging to the climate\(^8\), not to mention biodiversity and availability of land for growing food.

**Farmer Numbers Continue to Decline**

It is clear that the current system only benefits a minority of farmers. The number of all farms except the largest holdings declined by over 15% between 2005-2010\(^iii\), and the number of agricultural workers declined by the same amount over the same period. In just six years, between 2007 and 2013, three million farms disappeared in Europe (going from 13.8 million in 2007 to 10.8 million in 2013\(^iii\)).

Intensive farming is creating a rural and ecological crisis in Europe, and we are running out of time to turn the situation around before the impacts become irreversible\(^9\). We need European agriculture policy to help farmers transition out of this dead-end industrial model, not fuel the problem. Since its creation, the CAP has been the main policy shaping European agricultural production methods and farmers have followed the CAP’s signals: it is the policy that can and must make the difference.

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\(^i\) Specialist farmland bird species are those dependent on a specific agricultural habitat

\(^ii\) Generalist bird species are not dependant of specific agricultural habitat and are able to adapt to multiple type of habitats.

\(^iii\) Eurostat online: data code ef_kvaareg [link](https://ec.europa.eu/eurostat/web/agriculture/data/database)
Why the CAP is broken

Almost €60 billion of EU taxpayers’ money per year is spent mostly on intensive farming, undermining the environment and sustainable farmers. About a third of CAP money goes to just 1.5% of recipients\(^1\).

EU leaders have committed to fund the implementation of the Nature Directives and they decided that this should be done not through a separate fund for nature, but by mobilising money from other policies, in particular agricultural policy. Despite this, the CAP continuously fails to offer effective environmental schemes or provisions. It funds unsustainable farming models instead of models that support environmental health. Even worse, ‘fabricated’ environmental schemes give citizens the illusion that policy is addressing environmental issues, while in most cases no scientific evidence about these schemes’ environmental effectiveness exists.

The bulk of CAP subsidies go towards intensification, driving environmental destruction. The European Environment Agency has identified agriculture as the main driver of species and habitat loss in the EU\(^1\). Attempts to fix the broken CAP so far, such as by introducing ‘greening’ measures in Pillar 1, have failed to lead to any meaningful change\(^2\)\(^\text{,}^3\)\(^\text{,}^4\). This is mainly due to a lack of political will and the opposition of the intensive farm lobby, who constantly denies the scientifically proven negative impacts of the industrial farming model on both the environment and the development of sustainable farmers, and claims that environmental improvements can only be achieved by increasing the CAP budget.

Many high-nature-value (HNV) farmers who are struggling to remain in business, say that they would rather have no CAP at all, so that they could compete more fairly with industrial farms.

This has to stop in the next CAP if we are to have any chance of saving Europe’s best biodiversity, cleaning up our waters, reducing GHG emissions from agriculture, preserving our soils, and thus ensuring the long term viability of food production and the farming sector. We need a CAP that gives the right signals to farmers and helps them to transition out of the dead-end industrial model, not fuel the problem.

Why the Commission’s draft legislative proposal will not fix the broken CAP

The Commission’s draft legal text for the post-2020 CAP promises to deliver on citizens’ and farmers demands for increased environmental and climate ambition and it claims to be a ‘results-based’ policy. In the Commission’s public consultation on the CAP, over 80% of respondents (more than 255,000 citizens), called for radical reform towards sustainability and the majority of farmers (64%) and non-farmers (92%) said that the CAP does not do enough for the environment\(^5\).

Yet in practice, the Commission’s proposal safeguards the old and ineffective measures (such as direct payments and coupled payments), and focuses on increased flexibility for member states which in the past has led to a weakening of environmental elements. There are very few watertight environmental safeguards, and the claim to move to a ‘results-based’ CAP is in practice empty because it is entirely based on a) flawed objectives b) old policy instruments and c) how much is spent on different measures with no regard to the effectiveness of those measures or direct link to the objectives.

Given the flexibility provided to member states and the general architecture of the Commission proposal, we can estimate (see Figure 1 below) how much the post-2020 CAP (referred as “CAP proposal in Figure 1) could cut in terms of (at least notional) environmental spending compared to current spending (referred as “EU27 (2014-2020) in Figure 1). In the worst case scenario, where member states use their flexibility to avoid spending on the environment, we assume that:

- Voluntary Eco-schemes are proposed to farmers but without significant budget behind them,
- Agri-environmental and climate measures benefit from a ring fencing of 30% of the Rural Development Programme, even though this is not really the case (see below).
Figure 1 shows that the CAP proposal would increase the share of Pillar I by about 1% while the Rural Development Programmes (Pillar II) would be cut by 17%. Dangerously, the Commission proposes that the 30% ring-fencing of Pillar II should be for any measure contributing to environmental objectives, which leaves a lot of room for manoeuvre for member states to justify any payment as green, for example productive investments in intensive farming machinery. Instead, money should be allocated only for agri-environment/climate schemes, organic farming, Natura 2000 and Water Framework Directive payments, and duly justified associated investments. Even with this money properly ring-fenced, total green payments (displayed in two shades of green) are cut by 75%: from representing 25% of the CAP budget to only 6%.

The claim by many that the EU needs to increase the CAP budget if more is to be done for the environment and climate is therefore misleading: there is a significant pot of money but most of it is currently being used inefficiently or being misspent. It is just a question of devoting the money to the right solutions, which are already there. There is a public consensus and a growing political consensus that the CAP needs to radically change: this needs to happen in the current reform.

Pillar 1 corresponds to market and income supports

What next?

The CAP reform is now in the hands of the European Parliament and the Council. To make the new system deliver on the environment and other goals, decision-makers need to draw an effective balance between common and ambitious EU rules defining what should be done and national level flexibility on how to do this. The two legislative bodies must in particular avoid pursuing ‘simplification’ that is in essence environmental deregulation and recognise that true modernisation and innovation constitutes a transition to sustainable farming. We are calling on policy makers to transition EU farming away from the current destructive model and to work in the long-term interest of citizens, farmers, food production and the environment. To do so, we call for:

1. Real money for nature, the environment and climate
2. An end to perverse subsidies
3. Real law enforcement
4. Improve the governance of the CAP and the performance
Rationale for the claim

The Treaty on the Functioning of the European Union (TFEU) obligation to integrate environmental concerns into other policies (Article 11) must be respected by applying the ‘polluter pays’ principle, particularly when it comes to agricultural policy. A clear minimum environmental baseline should be defined for all member states and farmers. Such a baseline should be observed without compensation.

On the other hand, the provision of positive environmental externalities and/or reducing negative externalities beyond this baseline should be specifically rewarded. In the case of improving biodiversity on farms, for example to provide habitat for a specific bird species, such action often requires an active and continuous engagement by the farmer; it is not easily provided by the market or through regulation. For other public goods such as water quality or soil health, the principle of ‘do no harm’ can be a more effective way of addressing the problem. For example, setting limits on the use of certain substances or inputs or establishing restrictions on certain activities do not require the same investment by the farmer. For this reason a minimum reserved amount is required for biodiversity in the next CAP, covering interventions in both Pillars.

Regarding climate change, the European Commission proposes to automatically consider the majority of CAP payments as climate spending. In particular the proposal considers that 40% of direct payments are contributing to climate objectives. Such an approach does not consider whether GHG reductions are actually achieved. In addition, the payments could go towards what are considered to be climate friendly schemes but which are in actual fact clearly detrimental for our common climate objectives, such as payments for industrial livestock operations or biomass production to produce energy on peatland. This methodology has been heavily criticised by the European Court of Auditors. Instead, only money that goes towards dedicated schemes to reduce GHG emissions in agriculture should be counted as climate spending.

What we ask

The next CAP needs to deliver at least €15bn per year of targeted funding for effective biodiversity measures, to be funded out of an overall 50% ring-fencing across the CAP for all environment and climate measures. Given the urgency of the biodiversity crisis due to intensive agriculture, and the EU’s legal obligation to co-finance Natura 2000, it is essential that the CAP assigns €15bn/year of EU money, plus another €5 billion per year from national co-financing. In total €20bn/year should be under a ‘biodiversity label’.

The overall 50% of the CAP ring-fenced for environment and climate measures needs to be applied in both pillars, through the instruments that effectively deliver on those objectives. For example, there should be schemes available to help farmers to adopt agro-ecological practices, and transition to mixed farms raising better and fewer numbers of animals away from factory farming. Climate ambitions should be reflected through the design of dedicated schemes to reduce GHG emissions in agriculture.

Furthermore, any schemes should be developed in a robust way in order for public money to deliver public goods. To ensure that the schemes are delivering the intended results, 2% of the budget of each agri-environment scheme needs to be ring-fenced for independent scientific monitoring of schemes, based on a robust sampling methodology. Spending must also be justified ex ante in relation to identified needs (such as priority farmland species at national level) and backed up with scientific evidence. Schemes must be based on concrete environmental conservation outcomes, or concrete reductions in emissions, rather than efficiency savings which are widely shown to increase resource use (and should therefore rather belong to the economic not environmental objectives).

CAP funds must also be dedicated to encourage farmers to transition towards fewer numbers of animals and raise animals in ecologically managed systems, ensuring high animal welfare conditions, reducing emissions of pollutants such as methane or ammonia and minimising antibiotic use. A sector-wide transition to a more ecological production model will also address the chronic issue of oversupply leading to low prices for agricultural products.

Why it is a win-win for the environment and farmers

“Money for nature” is actually money for the more sustainable farmers to carry out biodiversity-friendly management. Whilst it ensures that EU taxpayers also receive a benefit (public goods), in return for funding farmers, it also creates an alternative source of income that can provide stability in contrast to the volatilities of agricultural markets.

i Recent estimates of funding needs, as well as current allocations for the implementation of the Nature Directives in Germany, show that the needs exceed the current available funding by over 50% and have doubled since the last assessment in 2010. Presuming that funding needs in other

DEMAND 1: Real money for nature, environment and climate
DEMAND 2: No more perverse subsidies

Rationale for the claim

Perverse subsidies are those which do not correct a market failure but actually worsen it or create other negative side effects, therefore having an opposite, or ‘perverse’ effect. In the context of the environment, they can be thought of as ‘environmentally harmful’. The Convention on Biological Diversity which the EU and its member states signed up to aims to phase out ‘perverse subsidies’ as part of its strategy to conserve nature.

There are many types of subsidies in the CAP that are perverse because they drive intensification, maintain factory farming with very low animal welfare standards, increase moral hazard, prevent adaptation to climate change, or incentivise other forms of behaviour that are harmful to society.

What we ask

The end to perverse subsidies in the CAP on the following interventions;

Coupled support are payments linked to specific farming activities, for instance hectares of farmland producing rapeseed or number of dairy cows. The vast majority of coupled support under the CAP goes to the meat and dairy sectors.70 The Commission claims that ‘Coupled support’ will help farmers “suffering from structural market imbalances in a sector”, but the very nature of coupled support exacerbates market imbalances and freezes structural adjustments by isolating farmers from market signals. Coupled supports give every incentive to farmers to supply more and to further intensify while the demand is not there. Coupled supports are inappropriate for addressing the objectives they are stated to pursue and are classified by the OECD as environmentally harmful. They should be replaced by payments supporting specific production models that deliver concrete environmental and animal welfare benefits.

‘Investment aid’ (one off grants for farm investments) also goes towards supporting intensification, for example purchase of heavy machinery or building of livestock stables, irrigation expansion in dry areas, and industrial processing facilities. In the post 2020 proposal there are weak safeguards on investments, and existing safeguards (e.g. ex article 46 on irrigation expansion) have been removed. Investment aid needs to become ecological transitional investment aid to assist farmers in moving towards a sustainable farming system.

Factory farming. Since CAP money is public money, it should not reward polluters. With large numbers of animals in cramped conditions, factory farms are huge polluters emitting high amounts of dangerous methane, ammonia and nitrous oxide. CAP money should therefore not support (directly or indirectly) these types of farms. Relevant restrictions should apply to farms that have high livestock density; get less than 50% of their feed from their or a neighbouring farm and/or import animal feed, particularly when linked to deforestation and; rely on the use of antibiotics as a preventative, treating entire herds when just one or a few animals get sick. Given the need to reduce the current levels of consumption and production of animal products the CAP must avoid any spending aimed at encouraging the consumption of animal products and accelerate a transition towards healthy and sustainable diets that are higher in plant-based foods and include considerably less and better produced meat, dairy and eggs.

Risk management – the intensive farming model based on specialisation and few crop varieties, is locking farmers into a vicious cycle of input dependence, and making them more vulnerable to price volatility and crop failures. Publicly financed risk management instruments are merely another disincentive for moving to a more resilient and diversified production system; it incentivises farmers to use more resources be more risk taking and creates leakage of CAP money into private hands.

Direct payments are supposed to improve farmers’ incomes. However, a recent study conducted by the World Bank39 concludes that in old member states “decoupled payments seem unnecessary”. Today, this untargeted, ineffective and inefficient subsidy represents 72% of the CAP budget (around €293 billion for 2014-2020). These are heavily biased in favour of the most intensive and damaging sectors such as dairy sector, because they are not linked to farmers’ income and are paid by area, in some cases even using historic references. Consequently, they contribute to the increase of land prices and land rent, which is causing problems for new entrants to farming, particularly for those who would like to farm in a more environmentally friendly way.

ANCs (Areas facing natural or other specific constraints) In most countries, save some exceptions such as in Austria, these payments are pure income support not tied to the delivery of any results, therefore belonging in Pillar I. Despite their nature, the Commission’s proposal keeps these income payments in Pillar II (although they do exclude them from counting towards environmental spending, thus removing one of the more extreme perversities).

Why eliminating perverse subsidies is a win-win for the environment and farmers

These subsidies are a waste of public money and are harmful for most of the farming sector and the general public. Perverse subsidies contribute to further intensification and hamper any structural adjustments of the agricultural sector. They therefore contribute to the disappearance of farmers, reducing their number by helping bigger farms to swallow the small ones. Perverse subsidies have clear environmental impacts since they support a fundamentally broken system undermining our production capacity by exhausting the natural resources and ecosystem services needed to produce food.
Rationale for the claim

In the CAP, direct payments are linked to the observance of environmental and other legislation through ‘cross compliance’ (which will be called the new ‘conditionality’ in the post 2020 CAP). The purpose is to ensure that those receiving public money through the CAP are not breaking environmental, public health and animal welfare laws (for example, not ploughing permanent grasslands in Natura 2000 sites, not illegally dumping manure into water courses) and are complying with basic standards on the environment. However, at present cross-compliance is largely failing because the rules are weak, there are too few checks, loopholes are exploited (such as illegal activities being considered ‘involuntary’) and sanctions are too low, at least for the environmental aspects, as reported by the European Court of Auditors19 and for the minimal standards for the protection of farm animals.

The whole system of cross compliance is clearly not working, given that abuses continue (there are a number of ongoing infringement cases such as for ploughing grasslands in Germany) and habitats and species continue to decline due to agricultural practices.

What we ask

The European Commission has rightly proposed to strengthen the environmental conditions that farmers have to abide by before they qualify for CAP subsidies. However, effective ‘conditionality’ must cover compliance with all relevant articles of EU environmental protection laws and animal health and welfare laws, including laws protecting our water from pollution, limiting harmful emissions, managing the use of pesticides and protecting wildlife and their habitats. A minimum of 10% of all farms should be dedicated to space for nature. Only then can ‘enhanced conditionality’ be effective in reducing the environmental damage and animal distress caused by farming.

Beyond the content of the conditionality, one of the main issues is the lack of enforcement. The next CAP must ensure provisions and capacity-building to effectively combat illegal activities on farmland (the destruction of habitats for birds and other species, pollution of waters from factory farms etc.). Penalties need to be much more dissuasive.

Furthermore, moving from a ‘compliance’ system which penalises individual farmers for small administrative infractions (such as hedges of the wrong width, or missing ear tags for extensive livestock farmers) to a system which actually checks instead for large-scale fraud in areas linked to environmental destruction (such as the ploughing of grasslands in Nature 2000 sites), would simplify the CAP for authorities and farmers, and have a much greater environmental impact on the ground.

On-the-spot checks will still be necessary for checking whether basic requirements are met, for example whether mowing dates committed to in agri-environmental schemes are being observed, buffer strips are in place, pesticides are not being used where forbidden or whether pigs get environmental enrichment and have intact tails. Additionally, satellite monitoring should be used more to support the controllers’ work.

Why it is a win-win for farmers and the environment

Allowing illegal activities contributes to the race to the bottom on costs, which is driving less ‘competitive’ (often more nature-friendly) farmers out of business. Having clear and strong rules at the EU level is a crucial way to maintain the level playing field and the ‘Common’ aspect of the CAP.
Rationale for the claim – an ineffective framework for paying for ‘results’

The proposal gives more flexibility to member states, but for this to impact the environment in a positive way, it must be accompanied by credible and strong accountability mechanisms. This is essential to ensure that the national CAP plans contribute to meaningful common policy objectives and guarantee a level playing field, especially within the green architecture of the CAP.

In the Commission’s proposed new delivery model, member states are not asked to report their actual environmental or social-economic performance. But the reporting obligation only requires providing the percentage of farmers or hectares under climate commitments or environmental commitments. The percentage of enrolment does not say anything about environmental or climate performance. Given that the money is not tied to performance, despite the rhetoric of the European Commission the new delivery model is not in practice a results-based model. The way the delivery model is structured merely incentivises weakly designed environmental commitments in order to maximize enrolment and be recognised by the EC as a “good performer”.

Furthermore, environmental authorities, scientists and environmental NGOs need to have a much stronger role in the future CAP, to make sure that the environmental elements are based on the best expertise available. Up to now without a formal role, environmental authorities have too often been marginalised, even though the CAP is expected to deliver funding for their policy areas.

What we ask

The only way to have a CAP that truly addresses the environment and stimulates a race to the top is to ensure that the accountability and monetary mechanisms require members states to demonstrate how the chosen options for implementing the CAP are effective and efficient in actually delivering on the environmental policy objectives. We need to look at actual environmental delivery not at percentage of agricultural land enrolled in environmental schemes. For that we need:

- SMART\(^1\) objectives and evidence-based and rigorous indicators at EU level. For those relating to the environment, these should be based on the relevant existing objectives of EU environmental law. As regards the environmental objectives set by the Commission, the efficient use of natural resources should not be considered as an environmental objective per se since measures improving efficiency can have strong negative impacts, leading to stronger pressure on natural resources\(^2\).
- Targets and penalties based on impact indicators (rather than result indicators).
- Environmental authorities to be responsible for the environmental aspects of the CAP and fully involved in the overall negotiations and implementations.
- A strong governance and accountability framework and sufficient penalties and incentives systems for Member States.

Why it is a win-win for farmers and the environment

As above, past experience has shown that given the option, many member states will choose to spend public funds on supporting production for favoured sectors such as dairy, without environmental safeguards. When enough member states do this, such as happened with the recent dairy crisis, prices crash due to overproduction and farmers lose out. This artificial support also undermines farmers who are trying to compete on other criteria such as quality and sustainability. Having clear and strong rules at the EU level is a crucial way to maintain the level playing field and the ‘Common’ aspect of the CAP, and prevent unfair competition between farmers both in the same country and across countries.

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\(^{1}\) Specific, Measurable, Achievable, Realistic and Time-bound

\(^{2}\) In Spain for example improved efficiency of irrigation has led to a 3-fold increase in irrigated area in some areas (Source: EEA, 2012). Further, efficient management of resources such as through investments in precision farming technology, whilst the environmental outcomes are far from clear, and may even be negative for example in the case of biodiversity, must not be regarded as environmental measures as per calls from agri-chemical companies.
1) We call on the Council and the European Parliament to negotiate a deal that is a major step towards a sector-wide transition to sustainable farming and that demonstrates EU added-value.

2) We call on the Presidencies to ensure an evidence-based debate, to invite and listen to stakeholders’ perspectives and to document progress in the council conclusions.

3) In view of the upcoming European elections, we call on Members of the European Parliament to engage with citizens in a CAP debate, so that the next CAP reflects what EU citizens want.

DEMAND 1: Real money for nature, environment and climate
DEMAND 2: No more perverse subsidies
DEMAND 3: Real law enforcement
DEMAND 4: Improve the governance of the CAP and the performance framework

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