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Common Agricultural Policy (CAP) 2021-2027

Progress and Perspectives

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List of acronyms

Acronym	Description
CAP	Common Agricultural Policy
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EFA	Ecological Focus Area
GAEC	Good Agricultural and Environmental Condition
HRI	Harmonised Risk Indicator
IPM	Integrated Pest Management
NSP	National Strategic Plan
PPP	Plant Protection Products
SUD	Sustainable Use of Pesticides Directive
SWOT	Strengths, Weaknesses, Opportunities and Threats

Chapter 1: High-level overview of the latest CAP proposal

A brief history of the CAP

The Common Agricultural Policy (CAP) was launched in 1962 by the six founding countries of the EU (BE, FR, GE, IT, LU, NL). The aim was – and continues to be – to provide affordable food for EU citizens and a fair standard of living for farmers. At over EUR 58 billion per year, the CAP is the largest fund that EU runs – in 2020, CAP accounted for 35% of the 2020 EU budgetⁱ. Since the launch of the CAP, it has undergone several waves of reforms, to adapt to new challenges faced by European agriculture. Initially, the focus on the industrialization of production led to significant surplus, and in 1984 measures were introduced to mitigate this. In 1992 during the MacSharry reform, several steps were taken by the EU to shift CAP subsidies away from price and market support towards direct support for farmersⁱⁱ; direct payments were introduced and environmental concerns began to be emphasized. In 2013, CAP was reformed to strengthen the sector, promote sustainable farming and innovation, and support rural development. The 2013 CAP reform attempted to “channel funds towards genuine farmers, supporting small-sized farmers and young farmers and requires farmers to respect the environmentⁱⁱⁱ”, but has been criticized for falling short of its ambitions. Moreover, the definition of a ‘genuine farmer’ has also sparked debates and will be defined at Member State level.

The new CAP proposal

In December 2017, the Commission presented to the Council its communication on “The Future of Food and Farming”, which set out the guidelines of the Commission’s CAP post-2020. This has laid the foundation for the CAP reform for the period 2021 – 2027. On 1 June 2018, The Commission presented

the legislative proposals on the future of CAP. The future CAP reform aims to be simpler and more efficient and to incorporate the sustainability ambitions of the European Green Deal, which was launched in 2019. The European Council and the European Parliament agreed in November 2020 to allocate ~EUR 348 billion at current prices over seven years (~10% lower compared to the previous CAP in constant 2018 euros), and these funds will support farmers to contribute to the targets of the Green Deal (details described in the later section). It was also agreed specifically that at least 40% of the agricultural and rural development budget would contribute to the overall EU climate targets.

The new CAP harnesses the latest advances in knowledge and innovation and reinforces the role farmers have to play in several of the **Green Deal’s key policy areas**, including:

- building a sustainable food system through the Farm to Fork strategy;
- adding to the new Biodiversity Strategy^{iv} (published in May 2020) by protecting and enhancing the variety of plants and animals in the rural ecosystem;
- contributing to the climate action of the Green Deal to achieve the goal of net-zero emissions in the EU by 2050;
- supporting the updated Forestry Strategy, to be announced in 2021, by maintaining healthy forests;
- contributing to a zero pollution action plan, to be set out in 2021, by safeguarding natural resources such as water, air and soil.

To achieve these broad goals, the Commission has also set out nine specific objectives^v, that are based on economic, social and environmental aspects, namely: 1) ensure a fair income for farmers; 2) increase competitiveness; 3) rebalance the power in

the food chain; 4) climate change action; 5) environmental care; 6) preserve landscapes and biodiversity; 7) support generational renewal; 8) foster vibrant rural areas; 9) protect food and health quality.

The new CAP will focus on results and performances, which simplifies and reduces the administrative burden for the stakeholders involved. There are no detailed EU rules on individual beneficiaries, hence less prescription from EU requirements and this automatically also streamlines the reporting requirements. On top of simplification, the new CAP also aims to modernize the way it supports farmers. First of all, the use of technologies for faster, slimmer and more automatic fulfilment of administrative procedures are highly recommended. Then, the National Strategic Plans (details in chapter 2) will also include a strategy on Agricultural Knowledge and Innovation (AKIS) to foster knowledge, innovation and digitalization in the agriculture sector. In addition, the increased focus on sustainability in the sector and its alignment with the Green Deal targets will accelerate the development of new, better solutions and enhanced farming practices that reduce the use of crop protection products (e.g. precision application, biologicals, plant-breeding techniques, etc.).

One of the most controversial issues related to the previous CAP included the distribution of support across the Member States and farmers. Currently, 20% of farmers receive about 80% of the payments. To address this unequal distribution of public support to farming, the Commission stated the allocation of direct payments must be better targeted towards genuine farmers whose livelihoods depend on farming. One of the new CAP's most significant proposed changes resides in the **capping of direct payments at 100 000 EUR per farm** for farmers coupled with enhanced conditionality requirements to obtain these payments. As such, the Commission proposed to reduce the share of direct payments above 60K EUR per farm and **full capping as of 100 000 EUR per farm** per year. To this extent, the Commission's proposal applies to every applicant. If a cooperative is applying with one application to the fund, the capping would affect the cooperative, not the single holding. This is supported by the Parliament while the Council only support capping that is voluntary for the Member States. A mandatory redistributive payment is also proposed, which would allow increasing of support for small

and medium-sized farms by allocating more income support to them.

In sum, the most conspicuous changes in the new CAP are:

- **Simplification and modernization** of the previous CAP (*as described above*)
- **A fairer and more effective distribution of support** across the Member States and farmers, moving away from production-based like in the past to distribution of support closer to the agronomic or economic needs of the sector (*as described above*)
- **Stronger environmental and climate ambitions** to contribute to the Green Deal targets with **enhanced conditionality, eco-schemes and National Strategic Plans**

In the context of stronger environmental and climate ambitions and contributing to the Green Deal targets, CAP introduced the following elements to meet this objective:

1) Enhanced conditionality

The capping of direct payments described above is also accompanied by **enhanced conditionality**. Through this, the Commission seeks to ensure that rules on *conditionality* – the basic requirements to be able to receive CAP support, combining the current rules on cross-compliance and 'greening' – match the level of ambition of its 2018 proposals. It sets the baseline for more ambitious and sustainable agricultural commitments through the adoption of good farming practices by farmers. Enhanced conditionality links direct income support to environment-friendly farming practices known as 'Good Agricultural and Environmental Conditions' (GAECs^{vi}) and Statutory Management Requirements (SMRs). The proposed post-2020 GAEC standards include the addition of (1) maintenance of permanent pasture, (2) protection of carbon-rich soils through appropriate protection of peatland and wetland, (3) use of Farm Sustainability Tool for Nutrients, (4) No bare soil in most sensitive period, (4) crop rotation, (5) maintenance of non-productive features and area, including a minimum share of agricultural area devoted to non-productive features or areas, and (6) ban on converting or ploughing permanent grassland in Natura 2000 sites^{vii}.

2) Introduction of eco-schemes and their linkage to innovation

Enhanced environmental ambition is stressed in the new CAP by the introduction of *eco-schemes*. *Eco-schemes* dedicate substantial funding (at least 20% in pillar I) from the direct payment framework to sustainable farming practices, incl. min. requirements for the use of different fertilizers, plant protection products, etc. Negotiation on the exact percentage of funding is currently still ongoing amongst the European institutions. The Member States must design Eco Schemes into their *National Strategic Plans* (described in detail in chapter 2) and offer one or more of these eco-schemes, but they are voluntary for farmers to participate in. The Commission will assess and approve NSPs as key tools for the CAP to deliver on the Green Deal targets. In January 2021, the Commission released a list of potential agricultural practices that could be supported by eco-schemes^{viii}, examples include converting to organic farming practices, Integrated Pest Management practices (e.g. mechanical weed control, crop rotation with leguminous crops, etc.). For a complete list, please refer to endnote VI. For precision farming, based on the list, for instance, it can be classified as environmentally friendly practices under the new CAP when they are intended to reduce fertilizer and pesticide use or to minimize nutrient release. It is important to note that there is no single crop protection solution that can meet the needs of everyone involved, however, the reformed CAP is attempting to bring all the available tools and

solutions under one roof to respond to the changing demands of society. Based on the interviews, it is certain that the new CAP will accelerate the innovation pace in the agricultural sector. From interviews, CropLife Europe member companies indicate that they are continuously working on developing crop protection solutions that minimise residues and offer improved worker and environmental protection. New complementary technologies including biologicals and gene-editing are at the top of the list to explore further. According to DSM, a multinational corporation that is active in the fields of providing food nutrition solutions and materials, the CAP reform also serves as a new trigger for them to further develop innovative solutions with the farmers together - for example in the monitoring & compliance space, as ‘one cannot improve what one cannot measure’. Given the stringent targets that are going to be set by the Member States, farmers need to be well-prepared and educated to step up their efforts to monitor their ‘greening’ efforts as well.

The CAP reform aims to place a greater emphasis on technological innovation, digitalization and research and development designed to encourage positive environmental changes. This would then allow farmers to access additional financing because, under the new CAP, direct payments and their amount will depend not only on the size of the area but also on the farm’s impact on the environment or climate.

Chapter 2: National Strategic Plans Regulation

As mentioned earlier, each Member State needs to draft its *National Strategic Plan*. These plans will establish how each Member State will use the CAP instruments based on an analysis of their current conditions and needs, to help achieve the European Green Deal targets. The afore-mentioned recommendations to the Member States issued by the Commission in December 2020 are not legally binding in themselves. However, the Commission will approve each Member State’s National Strategic

Plans ahead of the implementation, once officially submitted by the Member States. During the approval process, which will be based on the criteria laid down in the future CAP strategic plan regulation^{ix}, the Commission plans to use the recommendations as an essential reference document to assess the plans, acknowledging the different starting points of each Member State.

The deadline for the Member States to submit their plans is 1 January 2022. All Member States have started the process with a SWOT analysis, which is then followed by the identification, prioritization and ranking of needs (the so-called ‘needs’ analysis). An example is illustrated by the Commission in the endnote^x. Afterwards, the Member States will draft their intervention strategies based on the outcome of the previous analyses. In the intervention strategies, the Member States need to outline a selection of interventions and their respective allocations, as well as targets for result indicators. For example, related to the specific objective 8 related to ‘promote employment, growth, social inclusion and local development in rural areas, incl. bio-economy and sustainable forestry’, possible interventions following the SWOT and needs analysis could include: dedicate a part of the budget for investing in broadband and other basic services in the rural areas, which would then foster an accelerated pace of innovation by knowledge sharing^{xi}. The Commission will have one year to

review the CAP plans and will approve them by 1 January 2023. During the transitional period 2021-2022, the latest CAP rules for direct payments and rural development continue to apply. Each CAP National Strategic Plan shall cover the period from 1 January 2021 to 31 December 2027^{xii}.

After the deadline, Member States may submit to the Commission requests to amend their plans, the requests shall be duly justified and include the expected impact of changes on achieving the objectives. The approval of a request for amendment will take place no later than three months after its submission and the request may be submitted no more than once per calendar year subject to possible exceptions.

Benefits expected to result from the NSPs include a more effective delivery model, greater flexibility for the Member States, more streamlined administration (hence less administrative burden) as well as stronger environmental protection.

Table 1 Overview of high-level Commission insights into Member State NSP elements related to pesticides use

Country clusters	High-level recommendations on NSPs
Top 5 (Spain, France, Italy, Netherlands, Germany)	<ul style="list-style-type: none"> Contribute to the EU Green Deal targets on reducing the use and risk of pesticides (NL, FR, DE) Make a significant effort to reduce the use and risks of pesticides through the use of Sustainable Use of Pesticides Directive (SUD) and Integrated Pest Management (IPM) (ES, IT) FR: in the Commission’s recommendations, to highlight France’s need to better comply with its targets – it specifically called out that while overall pesticide sales had increased over recent years (despite targets to reduce pesticides), a pilot within the Ecophyto plan showed that a significant reduction in pesticides had little impact on yields (for selected crops); this was used as an argument for the Commission to ask France to make significant efforts to comply with the Farm-to-Fork targets set
Central Eastern EU Member States Balkans (Romania, Bulgaria, Czechia, Greece, Hungary)	<ul style="list-style-type: none"> Contribute to the EU Green Deal target on reducing the use and risk of pesticides (RO, BG, HU, CZ, EL) CZ: despite a decrease in the Harmonized Risk Indicators (HRIs) volumes of sales of the more hazardous pesticides as a percentage of total pesticides remains high HU: sales of plant protection products have been steadily decreasing and this trend needs to be further encouraged EL: the use of more hazardous pesticides in Greece remains high despite a decrease in the HRIs (better than the EU average) BG: The use and risk linked to pesticides decreased in Bulgaria by 17% in 2011-2018, but candidates for substitution comprised a high proportion of total pesticides sales, meaning BG is not on target to meet F2F targets
Baltics (Estonia, Latvia, Lithuania)	<ul style="list-style-type: none"> Contribute to the EU Green Deal targets on pesticides by promoting the sustainable use of pesticides (EE, LT, LV) EE: organic farming target in Estonia is almost at EU level target ~25%, but GHG and ammonia emissions are troublesome; sale of PPP is decreasing but risks linked to pesticides increased by 31% between 2011-2018 (compared with 17% decrease at EU level), it remains far above the EU average regarding the reduction of risk from pesticides use Both LV and LTs’ agriculture sector needs significant support as notable differences across farm incomes exist and CAP plays a crucial role in both economies; priority goes to improving the viability of farms and boosting the competitiveness & productivity of the agricultural sector
Others (Austria, Belgium, Croatia)	<ul style="list-style-type: none"> Contributing to the EU Green Deal targets on pesticides by promoting the sustainable use of pesticides (AT, BE, HR) AT: the organic farming sector is strong and shows synergies between environmental and economic objectives (leader in the EU); however the overall weighted index for both harmonized risk indicators has increased due to increased use of CO2 in the storage of crops, a higher level ambition related to pesticides use needs to be demonstrated BE: Belgium needs to prioritize the improvements on access to land, and to help modernize farms; the use and risk of pesticides decreased between 2011 and 2018 (better than EU average), more needs to be done to ensure the implementation of IPM; the Belgian Air Climate Energy Plan is seen as effective in limiting the use of pesticides; Croatia: strong consolidation of the farms is happening and productivity is lower than EU average; there is a downward trend in the risk of pesticide use (greater than the EU average), organic products are increasing, but further improvements are needed

Current status of the NSPs – spotlight on France, the Netherlands and Spain

France

France has just completed a year-long public consultation on the new CAP, which included contributions from 12,656 participants across the agricultural ecosystem. Over one thousand recommendations stemming from this exercise were synthesized in an official report published in January 2021. These include, among others, suggestions (1) to compensate/ remunerate reductions in the use of pesticides via the eco-schemes; (2) to implement an ecological agro-transition contract including a reduction in pesticide use over 5 to 7 years; (3) to invest in experiments for methods accompanying reduction in pesticides, from preservation to biodiversity; (4) to finance the maintenance of organic land in pillar 1 and also to further subsidize conversion to organic farming. The public consultation also identified areas of clear consensus (e.g. need for clear, transparent labelling of products for consumers), as well as areas of divergence (e.g. related to risk-management between more industrialized farmers and smallholders). These recommendations will be used as inputs to the drafting of France's National Strategic Plans in the months to come.

Spain

The Ministry of Agriculture, Fisheries and Food in Spain has followed guidelines and divided its work related to the NSP for Spain into 2 work packages. Phase 1 includes a diagnosis and needs analysis, which is already completed. For each of the nine CAP objectives, the Ministry has developed a working group to conduct an individual assessment incl. SWOT and needs analysis.

For example, for the new CAP's objective related to environmental care, initial documents published by the Ministry of Agriculture, Fisheries and Food show that Spain has focused its efforts mostly on water management, soil quality (preventing soil erosion) and air resources. The subsequently identified needs included (non-exhaustive): 1) Efficient management

of water resources, e.g. investments in modernizing irrigation with more efficient systems, use of new varieties, training; 2) Reduce erosion and desertification, e.g. promote conservation techniques (reduce tillage, contour farming, cover crops, windbreaks) and sustainable soil management, support farmers who farm in areas affected by natural limitations, promote the use of crop rotations and other practices that reduce erosion; etc. It is still unclear regarding the actions Spain will take when it comes to the use of pesticides to meet the F2F targets, even though the Commission has made this the most critical priority to tackle in its recommendations to Spain. Full details on the nine SWOT analyses can be found in the endnote^{xiii} (in Spanish).

Phase 2 covers intervention strategies. Currently, they are working towards the prioritization of needs, eco-schemes and reinforced conditionality. The detailed outcome of the SWOT analysis and current work packages can be found in the endnote^{xiv} (in Spanish).

Netherlands

Since March 2019, the Netherlands had already made significant progress towards its NSP. On 23rd May 2019, the first CAP stakeholder conference took place, since then numerous webinars and working groups have been organized. On 16th February 2021, the Ministry of Agriculture, Nature and Food Quality announced the launch of a budget of EUR 17.3M to be used for new pilots, to collect information and insights for the new CAP in the coming years. According to minister Schouten, the challenge for all parties involved is to organize the CAP system in such a way that farmers are tempted to sign up for the new eco-schemes. She has also ensured that voluntariness is central to the new CAP: "We will not say what the farmer should or shouldn't do, our task is to come up with a wide range of eco-schemes from which farmers can choose themselves for their businesses^{xv}."

Currently in the Netherlands, the market share of organic food in major supermarkets only constituted 3.21% and growth has been stagnating for years^{xvi}. This trend will make the ambition of the EU F2F target to achieve 25% organic area unattainable. For articles and progress related to the National Strategic Plans in the Netherlands, the link is in the endnote^{xvii}; the detailed outcome of the SWOT analysis can also be found in the endnote^{xviii}.

Ongoing debates and uncertainties around NSPs

Based on the current progress of different Member States in developing their National Strategic Plans, it is evident that the approach to distributing CAP funds will be highly divergent. On one hand, Member States may have more flexibility in determining their targets and plans to efficiently use the CAP; however, it could also be that the European governing bodies might need to impose stronger influence and stricter measures in making sure the Member States’ targets and their NSPs are in line with the broader objectives.

In any case, stakeholders in the value chain of the agriculture sector will surely be impacted to varying degrees. For food manufacturers, for example, the

threat of mycotoxins will be increased due to the potential lower usage of pesticides. According to an interview with FoodDrinkEurope^{xix}, an association that represents the European food and drink industry – the largest manufacturing sector in the EU, their member organisations will have to look for alternatives together with farmers. If there are different regulations across countries, they may purchase their raw materials from different countries, this is peculiarly feasible for larger companies. For smaller organisations, it will be difficult to change their supply chain.

According to an interview with DSM, it was also noted that uncertainties around the new CAP will also inevitably bring opportunities. Once the potential of sustainability is unlocked, there will be carbon and nitrogen trading schemes, which are in themselves a way of monetizing sustainable farming practices; and customers’ willingness to pay may also change. Clear sustainability labels may be demanded even more in the future; investors may start looking into animal proteins and risks in return, banks will start to look into lower-risk portfolios and give preferential rates to farmers who farm sustainably. Therefore, there is an enormous amount of value in future sustainable farming.

Chapter 3: Position of European institutions

Current progress

Figure 1 Process of the CAP reform



The timeline of the CAP reform was prolonged not only because it is a much more complex reform due to the pressure for a more profound reform going into the direction for higher sustainability

commitments, but also as a result of the election of the new Commission, Brexit and the COVID-19 pandemic. The Commission published their communication on the CAP post-2020 in November

2017, but the actual legislative proposal was only submitted in June 2018. Almost a year and a half after the proposal, there was no decision on the multi-annual budget of the Union. The pandemic has brought an additional layer on budgetary discussions and led for the first time to the budget of economic recovery (EUR 750 Billion) to be put on top of the EU budget for a limited duration to help the economy recover.

After lengthy negotiations in October 2020, an agreement on the general approach of the CAP reform was reached. More specifically, the EU's agriculture Ministers approved the three regulations that make up the reform^{xx}: the National Strategic Plans, the Common Organisation of the markets, and the regulation on financial aid. Only Lithuania voted against the proposal, while Bulgaria and Romania abstained. This has put forward the political mandate to kick off trilogues, during which the Council needs to negotiate with the Parliament for the definitive approval of the CAP through the facilitation of the Commission which acts as a mediator. On November 10th 2020, the first trilogue on the CAP reform took place. In the coming months, the Council and Parliament will continue negotiating their positions to reach an agreement in the trilogues, unless the European Commission withdraws its initial proposal. For reference, the previous CAP reform took 46 trilogues.

Position of the different EU institutions

Despite the agreement on the general approach, specific elements of the CAP reform are currently under negotiations among the three institutions.

On the whole, the EU Parliament has supported all of the CAP reforms. Discussions on the future of post-2013 CAP had begun even before the Commission presented its communication and legislative proposals. On the other hand, during the entire reform process, the Council's role is to ensure that feedback from the Member States is taken into account and national agricultural ministers and delegates are involved in the simplification exercise, especially in light of the greater use of delegated acts in the implementation of the reformed CAP. Finally, the Commission considers the CAP to be one of the central policies for the EU Green Deal and is thus steering the process at the highest level in close coordination with other policies. It is determined to play its full role in the CAP trilogue negotiations as not only an honest broker between the co-legislators but also the driver for greater sustainability to deliver on the Green Deal objectives.

Table 2 below shows a brief overview^{xxi} of the essential elements of the CAP reform and the different positions held by the Council and the Parliament, based on the Commission's 2018 legislative proposal.

Table 2 Council and Parliaments' positions on selected elements (non-exhaustive)

Elements	Council's position	Parliament's position
Ring-fencing of funds for the eco-schemes	20% of the ring-fenced budget for eco-schemes each year	30% of the ring-fenced budget for eco-schemes
Ensuring eco-schemes are ambitious in scope	Eco-schemes must contribute to the CAP objectives but can also address objectives related to employment and growth and societal demands on food and health	Eco-schemes must contribute to the CAP objectives as well as societal demands specifically animal welfare; eco-schemes must demonstrate they meet CAP economic objectives
Maintaining strong baseline standards through conditionality	GAEC requirements are significantly watered-down or deleted (esp. GAEC 5, 9 and 10)	GAEC requirements are significantly watered-down or deleted (esp. GAEC 2, 9 and 10)
Safeguards against spending which is potentially environmentally damaging (e.g. coupled payments)	<ul style="list-style-type: none"> 13% of the EAGF can be dedicated to coupled support + 2% for protein crops, with no environmental conditions Investments in irrigation do not need to be compliant with the Water Framework Directive 	<ul style="list-style-type: none"> 10% of the EAGF can be dedicated to coupled support +10% of the EAGF can be dedicated to coupled support + 2% for protein crops, with no environmental conditions
Interventions that count toward the EAFRD contribution to the environment	<ul style="list-style-type: none"> 30% of EAFRD budget to contribute to environmental and climate objectives Support for areas with natural or other specific constraints will count towards this target 	<ul style="list-style-type: none"> 35% of EAFRD budget to contribute to environmental and climate objectives 40% of the support for areas with natural or other specific constraints will count towards this target

Implications

It has been clear since the beginning that the EU Council holds a more conservative view towards the CAP reform approach. In criticisms made by some NGOs, it is noted e.g. by WWF, that with the exception of ring-fencing 20% of CAP direct payments for eco-schemes, the Council position weakens the environmental component of the draft CAP regulation proposed by the European Commission in 2018. Most notably, ministers have watered down the CAP conditionality and instead maintain existing standards. The Parliament ring-fenced more funds for eco-schemes (30%) and rejected the “crop diversification” standard to support a stronger “crop rotation”. However, worse than the Council’s position, the Parliament rejected protecting grasslands and peatlands - one of the major reservoirs of carbon in EU soils-, and pushed for eco-schemes - an environmental intervention - to also be oriented towards economic objectives^{xxii}. It remains to be seen as to what extent the Commission will manage to convince Parliament and

Council to integrate the EU’s new food policy, Farm to Fork strategy (F2F), and EU Green Deal, into the CAP.

Since January 2021, the Portuguese rotating presidency of the EU Council has made no secret of its wish to reach an agreement with the European Parliament’s negotiators by April 2021. With the current CAP transitional period expiring in 2022, and with the Member States expected to file their NSPs already this year, it is likely that a final deal will be agreed upon in the months to come. This would mean that the EU institutions would need to complete the trilogues and the elements mentioned in table 2 would need to be agreed upon by all institutions. Member States still have time until the end of this year to complete their National Strategic Plans, it is likely that some adaptations in the plans will happen due to the uncertainty around budgetary discussions (e.g. 20% or 30% for eco-schemes)

Chapter 4: Pesticides and the new CAP

Recognizing that the improper use of pesticides poses potential health and environmental risks, the EU has taken several actions recently to reduce the use of pesticides. In 2017, the EU Parliament adopted a ban on the use of pesticides on Ecological Focus Areas (EFAs) – ~5% of land set aside for nature conservation. As a result, EU farmers who received CAP subsidies were no longer allowed to spray pesticides on EFA land. Environmental groups and other non-governmental organisations welcomed this development and stated ‘it is a small but welcome victory for common sense, biodiversity and the environment.’ The latest CAP has also promoted the sustainable use of pesticides in a variety of ways, albeit limited^{xxiii}, e.g.:

- Most direct payments are no longer linked to production, hence less incentive to produce more than needed
- ‘Green’ direct payments are given to farmers for agricultural practices that are beneficial for the environment
- The cross-compliance rules reinforce the fact that farmers can lose their payments if they do not respect the requirements of EU law

One of the most significant achievements to date has been the development of **Directive 2009/128/EC Sustainable Use of Pesticides Directive (SUD)** and its embedded tool **Integrated Pest Management (IPM)**.

Sustainable Use of Pesticides Directive (SUD) and Integrated Pest Management (IPM)

The SUD was adopted in 2009 with the aim to achieve sustainable use of pesticides in the EU by reducing the risks and impacts of pesticide use on human health and the environment and promoting the use of Integrated Pest Management (IPM) and of alternative approaches or techniques (e.g. non-chemical alternatives to pesticides). IPM is therefore a key concept of the SUD and includes actions like crop rotation, pest monitoring and organic farming practices. The SUD and IPM are also relevant to the Biodiversity Strategy and the Farm to Fork Strategy, which both include ambitious reduction targets for pesticides and other inputs. As outlined in Farm to Fork, the Commission proposed to reduce the use and risk of chemical pesticides and the use of more hazardous pesticides by 50% by 2030 (see figure 2). The SUD is therefore seen as a key tool to achieve the targets.

In the 2013 reform of the CAP, Member States did not accept the Commission's proposal to integrate the SUD and the Water Framework Directive into the mandatory cross-compliance rules. Despite the fact that the approval of the SUD in 2009 made it mandatory for all farmers to apply IPM starting from 2014, there was still growing evidence suggesting worsening farming practices in 2018^{xxiv}. In February 2020, the European Court of Auditors (ECA) recommended that the Commission should include IPM practices as a condition for receiving payments under the new CAP programme, based on the conclusion that the Commission lacked a robust evidence base to assess whether SUD has made progress on its objectives, but ultimately the Commission rejected the recommendation.

On 18th January 2021, the Commission opened a public consultation^{xxv} on the revision of SUD, whose provisions will be among the future conditions for financial support to farmers, including the possibility for Member States to make a link between Integrated Pest Management (IPM) and CAP payments. The Commission has already stated that in addition to the current Harmonised Risk Indicators, additional indicators and refinement of

the current ones will be under discussion as a means of better monitoring the progress of the SUD. Together with the Commission's evaluation report on the implementation of SUD from 2020 accompanying the Farm-to-Fork publication, which concluded that more than two-thirds of Member States had failed to review their initial National Action Plan within the five-year legal deadline, there is a growing sense that the SUD and IPM will need to be reinforced and integrated into the new CAP. This is further illustrated in the recommendations addressed to the Member States by the Commission published in December 2020^{xxvi}, where the changes per Member State in Harmonized Risk Indicator I (quantities of sales of plant protection products multiplied by a weighting factor) are shown and served as arguments for the Member States to incorporate the targets for the use of SUD/IPM into their National Strategic Plans. It is important to note this will embrace the SUD's National Action Plans with their quantitative objectives, targets, measures, timetables and indicators aimed at reducing the risks and use of pesticide use.

Moreover, as part of the Farm-to-Fork strategy, the Commission proposed several initiatives regarding EU pesticide regulation, rules for the authorization of PPPs, setting of Maximum Residue Levels (MRLs) and Import Tolerances. The strategy also references the draft proposal to revise the SUD. Currently, there is a lack of available PPP statistics to measure and monitor risk and environmental impacts. It is foreseen that the proposal for the revision of the SUD will be presented in Q1 2022 and the proposal for improving PPP statistics will be presented in 2023^{xxvii}. On a higher level, the Commission had also initiated a public consultation back in March 2020, to receive feedback on its roadmap regarding the rules on compiling statistics for EU farming, including the organic sector. The need came from the fact Eurostat has compiled EU agricultural statistics on the agriculture sector for decades. Based on a review done in 2016 however, it was found that there is a need for an update to take account of the changes in agriculture, the CAP and other related EU policies.

Following up with this initiative, in February 2021, the Commission initiated another public consultation on the adoption. The aim of reviewing the farming statistics is to make it easier for EU countries to provide data to the Commission, to take account of new data needs and to make the collected

Targets, compliance and monitoring implications

In December 2020, the Commission issued recommendations to each Member State outlining that a common set of results indicators aligned with the EU Green Deal should be included as part of the performance measures to serve as the foundation for drafting their National Strategic Plans. As such, Member States will set quantifiable targets in their NSPs, to be approved by the Commission. The EU Green Deal sets out very ambitious targets, including a 50% reduction in overall use and risk of chemical pesticides and a 50% reduction in hazardous pesticides by 2030 (see Figure 2). The targets set by the Member States will land on a spectrum between their starting points (as acknowledged by the Commission in their recommendations) and the EU Green Deal targets. For example, Green Deal Targets stipulate that at least 25% of the EU's agricultural land (UAA) needs to be under organic farming by 2030. UUA, as defined by Eurostat, means the total area taken up by arable land, permanent grassland, permanent crops and kitchen gardens used by the holding, regardless of the type of tenure or of whether it is used as a part of common land^{xxviii}. However, this ambition might not be possible to achieve in all Member States. Ireland, for example, is not expected to be able to reach this target in the requisite timeframe. With just over 2% of overall available agricultural land use under organic production (~177,600ac) to date, the Irish Government's AG Climatise report^{xxix} formulated an ambitious target of 350,000 ha in organic farming land to be achieved by 2030, i.e. close to 10% of overall land use, less than half of the EU Green Deal target. Hence, the targets in Ireland's National Strategic Plan will not be as ambitious as the Green Deal targets (matching the overall EU target), this is also partially due to the fact grassland accounts for approx. 62% of Ireland's total land use, but it will certainly bring the EU a step closer towards them. On the other hand, according to EU Commissioner for Agriculture Janusz Wojciechowski, Austria already farms nearly 25% of its

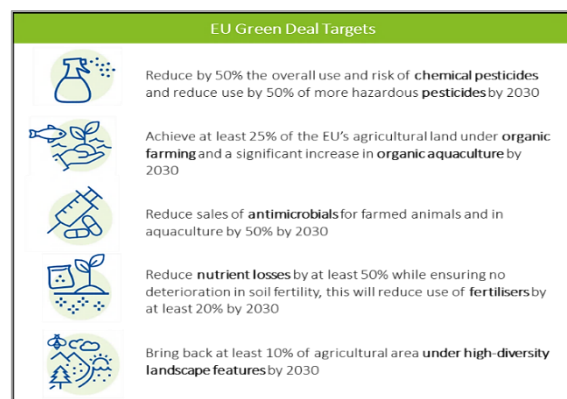
data more comparable; this strategy will hence improve the effectiveness and efficiency of data collection and will make sure that the agricultural statistics will fit seamlessly into the rest of EU objectives. This public consultation closed on 31 March 2021.

agricultural land organically (out of total UAA) and does not have a problem of an excess of organic food^{xxx}.

As outlined in the Commission's recommendation to Austria, the increase in organic production in Austria is mainly due to a good market situation, adequate marketing of organic products and effective public support measures^{xxxi}. In 2018, the area under organic farming in Austria was about 650 000 hectares, which is well above the EU-27 average (8%)^{xxx}. Similar trends are also observed in Estonia (19.6%) and Sweden (19.2%)^{xxxi}.

This new delivery model of the future CAP is focused on performance and results. The Commission will set up a new annual monitoring and reviewing framework which requires the Member States to monitor their progress against their targets and submitting an Annual Performance Report. The Commission will then review and make recommendations. For serious underperformance, the European Commission will suspend payments and work with the Member State to help achieve the target. This new approach gives the Member States the freedom, flexibility, and responsibility to tailor and adapt their approach to local conditions and to show a greater level of ambition to care for the environment and climate.

Figure 2 EU Green Deal Targets related to farming^{xxxi}



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