

## **Sustainable Development in the Community Agricultural Policy –**

### **The Commission's View**

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#### **1- Integration of sustainable development in the Community policies**

The sustainable development (1) of agriculture forms part of an overall strategy of sustainable development, defined in the various programmes of the European Community, more particularly in the sixth programme on the environment. It will cover the period 2000-2009 and is currently under discussion. It aims at the integration of the environment and its taking into account in all the policies, including the agricultural and rural development policy. It also aims, as previous programs, to motivate the private sector, the regional and local authorities and all the citizens in order to incorporate the environmental aspects into their actions.

A complex set of legislation already exist in the environmental field, also covering the agricultural sector, but it is not applied always by the Member States (Member States) of the European Union (EU). The environment concerns are to be integrated in all projects and programmes undertaken at the Community level. An evaluation of the environmental implications is imposed on all infrastructures and achievements of a certain scale at regional or local level. This does not make easy the task of the Community authorities, responsible of ensuring the implementation of the regulations, in the different sectors in an effective and correct way. Agriculture does not escape from it.

In addition, different theories or interpretation of the role of environment continue their polemic at European level. It is mainly between holders of the position which wants the environment to be respected and the application ensured by the imposition of taxes paid by those which transgress the regulations, and those which want one to encourage and stimulate using subsidies.

In the new programme on the environmental policy of the Community, certain aspects concerning agriculture and forestry, are stressed as a priority:

- réduction of emissions of nitrous oxides and methane and carbon sequestration in agriculture and forestry for reduction of greenhouse gas emissions avoiding climate change (frame of the Kyoto protocol)
- support to renewable energy
- promote biodiversity and protecting resources (Natura 2000 network) identify most representative natural areas and eco-systems, ensuring community biodiversity strategy through an action plan, to be approved soon
- protect soils against erosion pollution and desertification, protect water quality and water resources

- reduce the use of chemicals and pesticides, and their impact on health and environment
- development within the CAP and rural development of agri-environmental measures and integrated coastal zone management
- reinforcement of controls and monitoring, labelling and traceability of GMO 's
- protecting forestry and promoting their sustainable management

What involves the CAP, as such, may appear reduced, but the CAP is incorporated into this set of standards and orientations. It has to respect their application and take them into account in the agricultural guidelines and in the implementation of the agroenvironnemental measures.

An important change therefore occurred with the integration of the environment in all the Community policies; one can say the time is over when each policy was defined in an autonomous way and as regard agriculture in an almost hégémonique one. The aspects concerning the quality of the products and human health became priority. This appears in the new repartition of the functions within the Commission, where a direction is in charge of these questions. While before Directorate-General for agriculture used to deal with the veterinary questions, animal welfare, consumers health related to the agricultural products.

The result of this trend is that the CAP has:

- to incorporate environmental protection into its own policy not only in the rural development aspects, but also in the “markets”;
- to ensure the application of all legislation related to environment, including that relating to the nitrates, to the chemicals or to the climate change.

Sustainable development in the EU affects these various aspects and it is useful to analyse the relation between the CAP and rural development, the place given to the environment in the agricultural markets and that given to the agroenvironnemental measures.

## **2- The CAP and rural development**

It is necessary to clarify the relations between the CAP and rural development in order to explain the role of sustainable development in agriculture and the rural world. Initially confined to rural development, the environmental aspects were introduced gradually into the agricultural policy, first in a marginal way then in a more systematic one. It is stressed that sustainable development does not cover solely the environmental aspect as such, but that it also concerns the conservation of all the natural resources, the quality (and the flavour) of the agricultural products, the viability of the rural communities, the health and animal welfare (since it became a question which exceeds the production system!).

To be more explicit, rural development covers all the aspects of integrated and sustainable development. It includes not only agricultural activities and those connected with the environment, but also the diversification of these activities, the development of non agricultural activities in the rural areas and the services to the population. This

means, all aspects related to the improvement of the living and working conditions in the rural areas.

Without going too much into details on the evolution of these policies (2), separation between the structural measures, qualified since 1989 of rural development measures, and the market measures has been maintained, as well as the duality between EAGGF Guarantee Section and Guidance section. At that date, the environmental measures aimed at the environmentally sensitive areas, delimiting them and protecting them, while encouraging appropriate farming practices. Such conception was very restricted.

In the reform of the CAP of 1992, the agroenvironmental measures were introduced under the accompanying measures of the CAP. This new box, neither market nor rural development, shows the difficulty of placing a label on the agroenvironnement. There was at the same time a will to distinguish it from the subsidies connected with the markets. At the same time some extensification measures were incorporated in the market policy.

The agrienvironmental measures took a certain time to be defined within national or regional programmes and to be put into practice. In fact, the extensification of agriculture, the reduction in the inputs and the new methods of production, are neither easy, nor obvious and the protection measures of nature, despite the granted premiums, remained too binding for the farmers.

In agenda 2000, the agroenvironnement as well as the accompanying measures and the old structural measures (2) were incorporated into rural development (regulation 1257/99); the Guarantee Section of EAGGF finances all of them, except the former structural measures for the objective1 regions (regions lagging behind). The new regulation provided an impetus to the environment, by making the measures obligatory and by increasing the premiums.

It would be too long to describe the mechanisms, which concern rural development, but some comments can be made on their relations to sustainable development:

-the intervention methods are important, because it is not a question only of the contents but also of the form that they take. They appear as collective initiatives, translated into programmes, even if projects concern individual initiatives. They traduce also forms of partnership, which associates the various regional authorities generally concerned, the local representatives, the social and associative partners.

-the choice of the actions is defined into priorities, which are within a suitable framework. Choices take account of a number of interests of different social groups, where farmers remain however dominant, although in certain rural areas they are no longer so.

In the future, other social and economic categories will play a more determinant role in the protection of the environment, whether it deals with land use in rural areas, for tourism for example or with protected areas. The whole of the rural population and even of urban people if this involves peri-urban space, will be concerned.

Operational aspects of policy implementation bring closer the programmes of rural development of the regional programmes, which also cover the rural areas, dealing with other sectors and other measures. It is the case for the objective 1 regions, but also for

those qualified of Objective 2 – areas undergoing economic and social conversion-including rural areas. The regional programmes contain also various actions concerning the environment, which aim at the whole population.

The distinction between the rural development measures of a horizontal nature and those developed in the regional programmes was reduced, as from 2000 rural development programmes cover all the EU regions. They also concern a series of agricultural activities and other activities connected with agriculture, giving to them this multifunctional aspect.

This approximation of the intervention methods happens, while maintaining the financing by the Guarantee Section for the accompanying measures and introducing it for rural development. It confirms the statement contained in Agenda 2000 that « rural development has to accompany and supplement the other instruments of the common agricultural Policy ». Whereas rural development and the agroenvironnemental measures constituted, before, only secondary and marginal instruments, there is a clear conscience that they can be useful to the objectives of the CAP. Consequently a greater permeability between the two policies appears. The development of other activities could provide the farmers with new incomes, compensating the fall of prices.

The “permeability” between activities could have been accompanied by budgetary permeability. But it seems that it was not the right moment to do so, whether more urgent problems hustled the decision-makers or quite simply because of a more traditionalist approach of the agricultural policy.

Without leaving aside the overall design of sustainable development, it would be necessary to specify the environmental aspects. First those integrated directly in the CAP and second those connected with the agroenvironnemental measures of the rural development plans, whether these plans are limited to the supporting measures or whether they cover all the aspects of rural development.

### 3- Environmental aspects of the CAP

The CAP integrates various environmental aspects, including some such as the extensification premium, which had been retained in the 1992 reform. Those form part of the direct payments carried out by the market organisations. The main measures are the following:

-ecoconditionality and modulation of the payments: obligation for the Member States to define appropriate environmental measures to be implemented by the farmers and the **possibility** of subordinating the market payments to general or specific environmental requirements or to agroenvironnemental engagements contracted by the farmers. Innovation is made where the possibility of modulating the payments by farm is envisaged according to the number of jobs or to overall prosperity (règl CEE/1259/99). The remaining budget could be used for the financing of agroenvironnemental measures or for other rural development measures.

- extensification premium granted under the condition that the density of livestock kept on the farm (LU) by hectare does not exceed 1.4. The density threshold to grant the premium to the bovine livestock (special premium for beef and veal and suckling premium for the milking cows) does not have to exceed 2 LU per hectare of fodder surface. A maximum limit of 90 units per holding is also set for the number of bovine animals, which can be modified by the MS.

-the payments on the surface to the producers, granted by hectare of permanent pasture, for the milk products and the meat, encourage them to a greater use of animal feed from their holding. However given the fall in the grain price, it is not obvious to ensure the maximisation of the use of the farm food resources. A greater attention is currently devoted to this question.

-for the set-aside of land MS are subject to appropriate environmental measures related to the set-aside land. The voluntary set-aside, which enables the farmer to obtain a payment, can be granted up to a maximum of 10% of the basic area and cannot exceed 5 years. This measure lost of its importance compared to the period when the set-aside of land was obligatory.

#### **4- The agroenvironnemental measures (3)**

4.1-Le total amount of financing granted by the EU for these measures is € 13328 million for the period 2000-06, i.e. 1904 million a year, including environmental protection under Article 33 of Regulation 1257/99. That means approximately 44% of the resources of EAGGF, allocated to rural development and 4% of the total of EAGGF (based on year 2001: 43300 million €). Compared to the previous period one notes a significant increase, the annual amounts having nearly doubled (5467 million 93 to 98, i.e. 911 million a year). The most important amounts are allocated to Germany and France, followed by Austria and Italy. Others fall underneath 7%.

In addition, the compensatory allowances for the less-favoured areas, which are subject to the respect of a code of good environmental practices and are therefore under important environmental conditions, reach 857 million a year and a total of € 6003 million for the same period. It means approximately 20% of the resources of EAGGF, allocated to rural development and less than 2% of the total of EAGGF.

4.2- For the period 2000-06, environmental and rural development measures are subject to various constraints. The farmers having to comply to these conditions, if they want to benefit from the premiums:

-respect of the minimum conditions required in the field of the environment, of hygiene and of the animal welfare to benefit from subsidies connected with agricultural investments or with support for the marketing and processing of the agricultural products, including those connected with quality improvement. Community legislation in this field is numerous and binding

- fulfilment of the obligations resulting from the 2000 Natura areas, although in this case, farmers can receive support intended to compensate the costs and losses of income resulting from the environmental constraints

-application of the Nitrate directive, which includes the vulnerable area delimitation and threshold for the level of pollution, defined by the regulation. It means the obligation to reduce the quantities of fertilisers used and the spreading of dejections, especially for the intensive livestock farming, which is not compensated by premiums. Only, the reduction in the quantity of nitrates, beyond this threshold gives right to a payment.

-compliance of the potential beneficiaries to respect a code of good practices, defined in each programme, which constitutes also a condition to benefit from the compensatory

allowance for the less-favoured areas. This code is often set for each type of production. The agroenvironmental engagements have to go beyond the good usual practices.

4.3-The agroenvironmental measures are diverse according to the programmes and adapted to the regional or local context. However some actions can be found in the majority of the programmes:

- organic farming: included systematically in all the programmes. Surfaces should have an important rate of growth (the percentage of the agricultural surfaces concerned by organic farming varies from 1 to 8%, but in general is located around 2 to 3%)

- integrated agriculture: methods compatible with the environment and extensification measures. The aim is to reduce the inputs and to practice a less “productivist” agricultural system. Methods are very different according to the programmes. Some aim at the implementation of new farming practices more compatible with the environment. It remains to be seen what categories of farms will adopt these practices: farms with intensive systems of production, or farms, which are on the edge of competition, the premiums enabling them to be maintained.

- economy of water and conversion of irrigated land towards an agriculture production more adapted to the soil and to the climate conditions

- protection of « traditional » systems and mixed-farming system of a specific nature: vines and olive-trees on terraces, transhumance systems, traditional crops production such as flax, ...

- protection of the landscape imposing obligations on the farmers to maintain certain types of practice and of environmentally friendly farming systems and the maintenance of the fauna and the flora of the areas concerned, including also other measures connected with the conservation of the biodiversity.

## Notes

(1) The definition of sustainable development is given in the fifth community action plan on environment. Sustainable development is regarded as a development, which meets the needs of the present, without compromising the capacity of the future generations to satisfy their own needs.

As regards agriculture that means that the natural resources must be managed as to guarantee that one can also benefit from them in the future (Tracks for durable agriculture, OJ, C n°173 of 19/6/99)

(2) For rural development and the Structural Funds to see « Agenda 2000: what orientations for rural development » Revue du Marché Commun, N° 427, April 1999. It also contains the description of the various rural development measures.

(3) More details are given on the agroenvironnemental measures in my document: The agroenvironnement in the rural development plans (2000-06), available on request.