

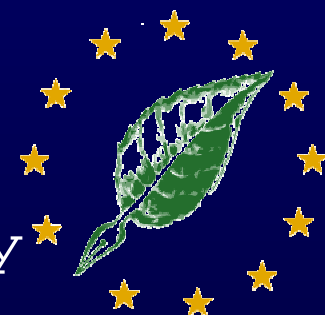
La dimensione agro-ambientale della futura riforma

The agri-environmental dimension of the future reform

Rome 29/30 April 2003

David Ballock

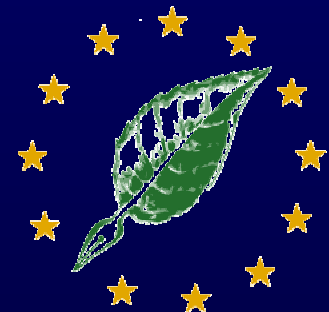
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Structure of presentation

The presentation falls into three main parts:

- Development of agricultural environment policy
- Environmental dimension of the Rural Development Regulation
- Questions for the next reform



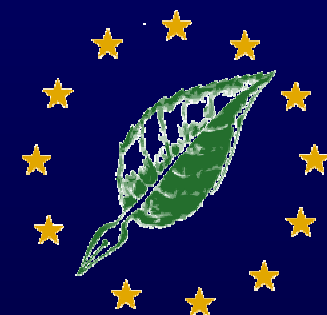
Agri-environment policy rationale

- Voluntary approach to complement regulatory, advisory and other policies
- Support for good environmental management above the baseline of 'good agricultural practice'
- Assist both the continuation of appropriate management and improvements in farm management
- Contribution to the viability of participating farms
- Building support for sustainable management amongst farmers, consumers and others
- A politically durable form of support domestically and within the WTO?



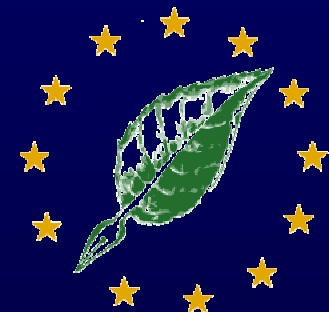
Roots of agricultural policy in the EU

- Roots of agricultural policy in the EU
- Intensification and the changing face of agriculture
- Failing stewardship of the countryside
- New environmental objectives
- Farmers and landowners' property rights
- Production surpluses and notions of extensification



Phases of policy development within the CAP

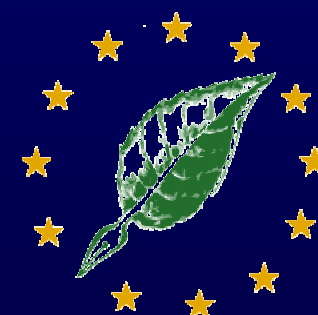
- Reluctant acquiescence with leading Member States
- Limited funding from FEOGA, the CAP budget
- Integral element of the 1992 reform of the CAP, compulsory and multi-objective as Regulation 2078/92
- Central strand of the new 'second pillar' of the CAP, the rural development approach under Regulation 1257/99
- Application in Central and Eastern Europe



Total expenditure of agricultural environmental programmes under Regulation 2078/92/EEC in EU Member States, 1993-97 (MECU)

Member State	Total agricultural environmental expenditure	ECU/ha UAA
High expenditure		
Austria	1553	450
Finland	798	306
Germany	1294	75
Sweden	252	73
Luxembourg	9	71
Medium expenditure		
Portugal	197	50
Ireland	217	49
Italy	714	41
France	1018	34
Netherlands	49	25
Low expenditure		
Denmark	38	14
UK	192	12
Spain	167	6.7
Belgium	6	4.4
Greece	15	2.6
<i>EU 15</i>	<i>6224</i>	<i>46</i>

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Within the Rural Development Regulation

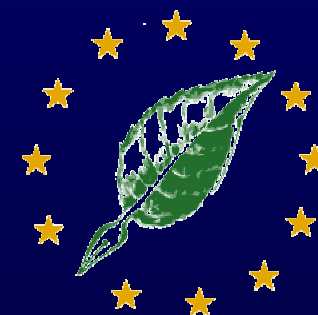
- Incorporated within an integrated approach based on multi-year programming
- Environmental objectives
- Linked to more coherent environmental framework
- Simplification of rules and greater freedom for Member States
- Stronger emphasis on evaluation
- End of focus on 'sensitive areas'



Expenditure on Agri-environment in Member States

All figures (in Euro M)	Average annual expenditure 1994-99	Average annual expenditure 2000-06	% Change
Belgium	3	24	789
Denmark	12	50	327
Germany	419	696	66
Austria	433	567	31
Greece	6	57	939
Spain	59	179	202
France	213	329	55
Ireland	93	292	215
Italy	325	563	73
Luxembourg	4	12	184
Netherlands	17	31	88
Portugal	62	125	101
Finland	222	241	9
Sweden	115	257	124
UK	63	272	336
Total	2,043	3,696	81

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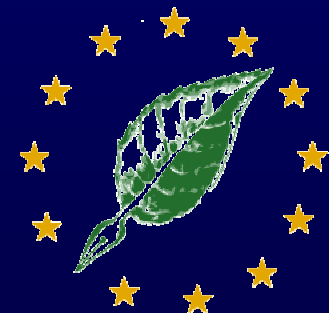
New context

- W T O , m u l t i f u n c t i o n a l i t y and the green box
- Second pillar debate – the future of the CAP
- M o d u l a t i o n
- Food and health concerns and the green wave
- The growth of organic agriculture
- E n l a r g e m e n t



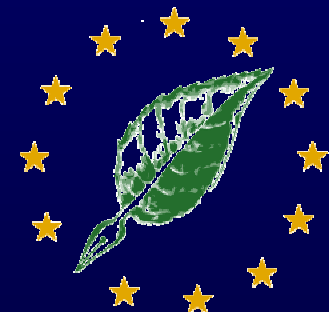
Application Issues

- Prioritisation and distribution of funds at EU and national levels
- Satisfying multiple objectives
- Maintaining good management of farmland or steering positive environmental change
- Clarification of environmental outcomes
- Broad and Shallow 'schemes or Deep and Narrow'?
- Payments which reflect real management costs, particularly on marginal land



Application Issues (2)

- Basis for ongoing payments to organic/ecological farms
- Linkages between schemes and marketing of products from participating farms
- Reference levels, Codes of Practice, Cross Compliance
- Promoting schemes and engaging small farmers
- Information and training
- Monitoring and evaluation
- Containing administrative costs



Some broader questions

- Levels of integration
- A temporary or permanent measure?
- The Polluter Pays Principle
- Sustainable rural livelihoods
- Moving beyond the northern agenda
- The implications of decoupling



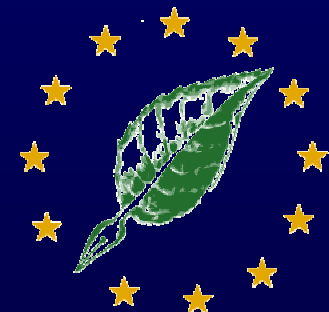
The Environmental Dimension of the RDR

- Overall orientation and references to sustainability
- Requirement for an environmental appraisal of the initial plan
- Involvement of environmental authorities in planning and monitoring programmes
- Strengthening environmental dimension of individual measures e.g. assistance for Less Favoured Areas
- Requirements relating to the environmental baseline or reference level



The Environmental Dimension of the RDR (2)

- Usual Good Farming Practice
- Obligatory inclusion of agri-environment schemes in rural development programmes
- A form of cross-compliance enforced by the European Commission; clearance of funding for Member States subject to adequate compliance with key aspects of two major environmental directives
- Ability to expand agri-environment and other measures by re-directing funds, 'modulation'



Implementation Experience

- RDR model adapted to national agendas and priorities in different ways. Benefits of subsidiarity versus tendency to shy away from innovation
- An environmental appraisal: a helpful discipline if time and resources allow adequate treatment
- Involvement of environmental agencies: important means of widening focus, generating innovation in agrarian structures
- Greening of specific measures: potentially influential issues of cost, compliance and winners and losers



Implementation Experience (2)

- Usual Good Farming Practice: a variable feast
- Agri-environment programmes: growth but caution
- Cross-compliance: appears effective in unblocking some political barriers to implementation
- Monitoring and evaluation: increased commitment but results still to be appraised



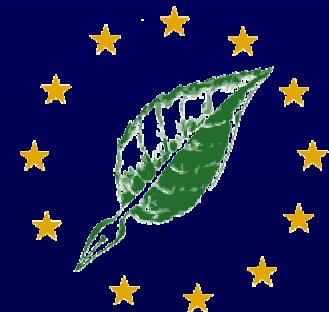
Agri-environment Payments

- Compensatory principle and WTO Agreement on Agriculture
- Capital costs
- Adequate incentive in long term?
- Adding fixed and start-up costs?
- Agri-environment versus decoupled income support



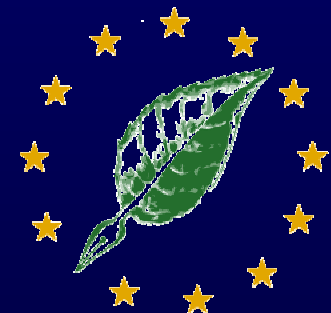
Stocktaking

- Preliminary judgements in advance of formal evaluation results
- Clear evidence of greater ambition on environmental integration and more institutional involvement at national level
- Remaining uncertainty about outcomes in many areas
- Limited transfer of funding outside the agricultural sector



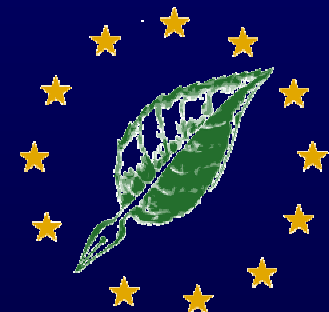
Stocktaking (2)

- Accountability to the EU raises questions concerning financial control, ability to empower local agencies, compliance with centralised rules and environmental legislation
- Potential tensions between the imperatives of local control, full implementation of environmental legislation and accountability to the EU



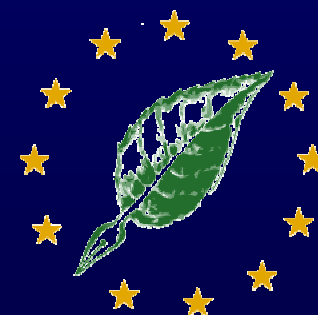
Directions in Rural Environmental Policy

- Greater focus on protecting soil, air and water from diffuse pollution mainly from non industrial sources e.g. agriculture
- Expansion of nature conservation policy from protected areas to the wider countryside
- More focus on positive environmental management by farmers and foresters (e.g. cultural landscapes, carbon sinks)
- Reduced inclination to exempt farmers from environmental legislation



The MTR Proposals

- Broadening the scope of the Rural Development Regulation
- Proposed temporary compensation for farms meeting demanding environmental regulations
- Limited growth in Second Pillar resources; potential reductions for some Member States
- Proposals to 'green' the CAP First Pillar measures
- No changes to agri-environment policy



Looking ahead

- Delivering more from the agri-environment budget
- Reconsidering the basis for agri-environment payments in some conditions
- Finding a new criteria for distributing Second Pillar funding between regions and Member States?
- Taking up the challenge of integration more fully in the next round of rural development plans
- Meeting environment expectations in the context of new cohesion policies.



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