

Highlights: EEA Green CAP Workshop

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New Directions for the CAP? An expert perspective

In line with the findings of the European Environment Agency's most recent State of the Environment Report in late 2010, increasing resource efficiency and maintenance of natural capital are high on the political agenda. The agricultural sector is a major player here, managing roughly half of Europe's land territory with a big impact on water and air quality, biodiversity and landscape amenity value. The ongoing reform of the Common Agricultural Policy is a major opportunity to improve the sector's environmental performance and to contribute to the goals of the environmental acquis (notably the Bird and Habitats Directives and the Water Framework Directive).

As expected, the October 12, 2011 release of the European Commission's current proposals for reforming the CAP has generated considerable discussion. However, the expert workshop employed by the EEA to examine CAP alternatives sought to look beyond the immediate proposals for reforming the CAP, taking aim at the underlying challenges of the CAP in view of goals related to food security, environment, and territorial balance. The core goal of the workshop was therefore to go a step deeper to develop and explore long term options for CAP reform and evaluate them in terms of all three dimensions. Finally, the goal has been to discuss and develop long term intervention strategies reconciling resource demands and ecosystem resilience. For these tasks, the current CAP reform debate serves as a point of reference, but was not the primary focus.

For the workshop, the EEA assembled 14 experts representing a wide range of interests and concerns at the agriculture-environment-territorial balance nexus. The workshop followed the Chatham House rules, with participants engaging on a personal (expert) basis rather than as formal representatives of interest groups, and without attribution of personal views in external reporting of the discussions. The detailed minutes of the meeting are available as a separate report produced by the workshop facilitators (Prospex bvba). Below the main points of consensus and controversy are captured.

Noteworthy observations

As the point of departure for highlighting the results of the workshop, we begin with some of the more noteworthy general observations that were offered up during the initial portion of the workshop. These observations, paraphrased and presented in composite form, identify some of the key background conditions that influence not only what alternative pathways might be possible, but also how those pathways might be strategically pursued in time and space.

Participant observations regarding the CAP (paraphrased)

- The ***CAP is a policy tool with a history***. As a result, most reform proposals will be heavily rooted in the past. Still, some changes of direction and the arguments for these changes are very important – for example, the trade-offs between forest cover (carbon capture, biodiversity) and agriculture. There is a need to think about a logic for resource efficiency behind CAP reform (optimizing land use with respect to a range of ecosystem services).
- The focus should be on ***what the CAP is able to deliver to society***. The discussion should be put into the broader perspective of discussions about "green economy" and set targets. This will help a broad understanding of the wider public.
- The workshop should look at ***complementarity issues of the CAP with overall EU policy objectives***, which is not (at least in some countries) always sufficiently taken enough into account at a national policy level.

- How to **collect and distribute money to farmers** is a key question and mainly what the CAP is about.
- The objective should be to look at the **long term perspective**: a combination of the CAP with the Kyoto protocol for example.
- There is a need to **develop a new paradigm** to justify the CAP and to support the production of environmental good and services that covers the whole of EU territory

More general participant observations pertaining to effective problem solving

- **Solving these dilemmas requires a paradigm shift.** It “boils down to a vision” – it is much easier to solve problems with a vision of where one wants to go – and not merely agreement on what problems should be avoided.
- **Geographic and temporal scale must be specified** and there is substantial variation in the scale at which different policy problems are most effectively addressed. One suggestion was to scale down problems more to local level and to be aware of not mixing the scales of problems: are we talking about farmers and farming issues (local scale) or food security and international trade (global scale)?
- **Legislation is an important driver of innovation** – any functioning market needs a consistent and dependable structure of rules. These underpinnings are created by binding legislation, which is especially in periods of transition of established markets or as new markets emerge.
- Some definitions of “ecosystem resilience” concept pose the hazard of encouraging brinkmanship by trying to identify just how far we can go before “tipping” into trouble. It is preferable to **use definitions of resilience that encourage optimization through practices such as resource/nutrient recovery and recycling.**
- **Farmers often receive conflicting messages** – they are needed on the one hand, yet they are blamed for causing environmental problems. It is important to retool for a more positive message to get them on board.
- The **need for innovation doesn't apply only to sexy stuff (i.e. technology)**; we also need innovation in other areas critical to problem solving: governance, social practices, changing consumption patterns, etc.

Problems, Challenges, & Areas of Apparent Conflict

Many of the problems, challenges and conventionally defined dichotomies were apparent in the initial discussions. The thorniest of these difficult to remedy challenges were often characterized in terms of dichotomies and mutually exclusive goals that are fundamentally at odds with one another - zero-sum propositions in which improved performance on one type of goal entails losses on another. In many instances, the zero-sum nature of these dichotomies faded over the course of discussion as participants' focus shifted from general principles to grappling with the more concrete practical challenges of a) reconciling and balancing mutually desirable goals, and b) how to get from here to there in the span of time

that permits us to avoid social-environmental crises. This speaks well not only of the honest and genuine engagement of all the experts participating in the workshop, but also of the capacity for creative problem solving despite the sometimes very different goal emphases of the organizations represented.

The general approach taken in this report is to use goal conflicts and tradeoffs as a point of departure, since these represent concrete real-world challenges and conflicts. As was the case with the workshop, this report starts with some of the important trade-offs that were identified, then seeks to highlight ways in which workshop participants sought to reconcile those goals or alternatively, identify an acceptable balance. What kinds of configurations are possible/viable to keep agriculture functioning, to improve ecosystem resilience, and to strengthen the socio-economic foundations in disadvantaged areas of the EU?

- Intensive vs. extensive agricultural systems
- Food security vs. environmental protection
- Territorial balance vs. discontinuing non-viable farming practices
- Food security vs. bioenergy production
- Resource limitations vs. dependence on heavy resource inputs
- Resource efficiency vs. redundancy for resilience
- Local/regional self-sufficiency vs. resource efficiency on an EU-level
- Changing food volume and quality demands
- CAP (seen as a set of challenges and tradeoffs in itself).

Sector-specific challenges:

Food Security

- Supply side:
 - Climate change
 - Resource limitation and input dependency
 - Risks connected with pesticide use and biotechnology
 - Poor adaptability of farming systems to changing conditions (resilience)
- Demand side:
 - Global population increase
 - Changing consumption patterns
 - Competition between bio-energy and food production
 - Global market pressures limit range of possibilities for innovation (focus on technological rather than ecological approaches)

Environment

- Climate change effects such as water shortages and hotter temperatures
- Pollution from nutrients, pesticides and agricultural wastes
- Biodiversity loss, especially with more intensive modes of agriculture
- Nutrient depletion
- Loss of HNV farmlands due to social/demographic trends
- Loss of HNV farmlands due to lack of economic viability
- Lack of agreement among stakeholders
- Lack of assessment and monitoring capabilities for the environmental impact of agriculture

Territorial Balance:

- Loss of semi-subsistence agriculture due to social/demographic trends
- Loss of semi-subsistence agriculture due to lack of economic viability

- Need for applicable and accessible knowledge for adapting practices to changing social/ecological/regulatory/market conditions

Owing to time limitations, it was not possible to discuss in-depth many of the important goal conflicts that were noted, let alone identify all relevant areas of general consensus that might contribute to reconciling some of these apparently mutually exclusive goals. For example, the trade-offs related to achieving food security at different scales were discussed in terms of whether food security should be defined at the European level or as a global question – i.e. where the boundaries of European responsibility for food security lie. This discussion was conditioned, for example, by issues of scale: the global nature of trade in food products in contrast with the reach of EU regulations via agriculture policy or food safety and quality standards. There was less discussion of the myriad tradeoffs involved with seeking to achieve food security at a more regional or local basis.

Another such discussion was related to efforts to reduce water and nutrient inputs through low-input (e.g. organic) farming. While intensive farming generally entails intensive inputs, it was broadly agreed that impending scarcities will necessitate significant shifts in practice even in intensive agriculture. There was great interest in continuing and extending the discussion on such issues.

Specific governance-related challenges: Several of the challenges identified by participants were less a function of the particular policy choices that must be made and rather a matter of how to intervene effectively at the proper location with the most appropriate policy tools. These important insights came in the form of both questions and observations about the nature of the policy challenges:

- How to regulate effectively at different scales, and especially under conditions of diversity at a given scale (i.e. semi-subsistence farming in Eastern & Western Europe).
- Diversity: Europe contains very different forms of agriculture distributed unevenly across east and west. One-size-fits-all is neither workable nor appropriate.
- At which level does one want to achieve food security / self-sufficiency? What does that imply for an intervention strategy?
- Similar issue regarding scale with regard to environmental issues, starting on most basic issues such as energy/water/nutrient cycles, for example. Is there a scale that makes particular sense for given issues? Some arguments are only true for a given scale for a particular issue.
- Agriculture is essential to a green economy, but how can agricultural, ecological and social goals best be aligned and over what time frame?
- Prospects for survival of much of current semi-subsistence farming are poor. A significant portion of semi-subsistence farming in Eastern Europe is almost certain to be lost due to demographic changes, migration of young people to urban areas, and other related factors. Based on a back-of-the-envelope calculation for different likely development pathways for marginal farmland areas, only around 20% of the current HNV farming systems was expected to have long-term viability, and even this provided that adequate support mechanisms are put in place. This would necessitate strict priorities and tailor-made regional solutions with an emphasis on transition. This realization effectively reframes the question of protecting semi-subsistence farming to one of what can agricultural/environmental policy be reasonably expected to help preserve, and

under what conditions? For these kinds of questions, there is a need for an EU framework to support decisions on what should be prioritized.

- There is a clear need for greater policy coherence as addressing many of the challenges requires action in other policy areas (and not necessarily within agriculture). For example, there is a need for overarching and integrated land management policies in which agriculture is an important, but not the only dimension.
- Rethink the purpose of the CAP - Looking at CAP as a policy framework that tries to balance different demands and reconcile trade-offs, it already has many of the important ingredients for good governance. The most stubborn problems lie primarily in implementation of the current wider rural development framework and governance needs to be viewed in this wider context.
- It will be necessary to underpin any policy change with integrated advisory services and also education and training targeted at young farmers to encourage them to remain in the sector. The impact on farming of demographic changes should not be underestimated and need to be considered in the policy development process.
- It worked well to address the workshop to the underlying challenges facing agriculture rather than seeking to respond to the concrete CAP proposals. Despite big differences in opinion and interests, the participants found a lot of common ground. Carbon and climate change were largely missing from discussions even though these are among the most fundamental issues.

Areas of General Consensus

In spite of the comparatively short time available and the diversity of perspectives among the experts, there were several areas in which there appeared to be a general consensus emerging around either specific points or specific kinds of policy instruments. On the CAP, for example, there was broad agreement around the statements: "The CAP is very 20th Century" and "The underlying logic of the CAP is old, and belongs to the past".

Other specific statements around which there appeared to be general agreement include:

- Tax the polluters (but not retrospectively).
- Facilitate transitions rather than trying to maintain current practices.
- Can biodiversity conservation be considered an agricultural output?
- Link financial support to farmers' environmental performance.
- Promote changes in consumption such as changes in consumer diet.
- Reduce waste through recycling, nutrient recovery or reduced inputs - scarce nutrients generating added value to society, rather than waste.

We also saw consensus around what could be characterized as general strategies for creative problem solving, including suggestions for opening up pathways by which seemingly conflicting goals might be reconciled and realigned. Some of these focused on framing the nature of the challenges in different terms, such as:

- Need to identify complementarities of CAP/agriculture policy in general, with other longer-term EU objectives such as environmental goals, territorial balance.

- Identify drivers that mutually reinforce in a positive direction (looking at the trio of goals: food security, contributing to climate and environmental sustainability, contributing to social well-being)
- Reframe the nature of challenges, i.e., as opportunity transfer rather than limits avoidance.
- Engage in participatory approaches in policy formulation processes at the grassroots level.

The points above appeared several times and in various forms. In some instances, these individual points of agreement coalesced into what could be characterized as potential change pathways (examined in the next section). As one example of what might be termed a potential pathway, there were significant disagreements in the food security group, with the principle differences being between those favoring intensive agriculture and those advocating extensive farming and local/organic production. These disagreements were expressed in a very friendly and respectful manner, but especially noteworthy was the way in which the different perspectives merged in the process of examining concrete options related to recycling, nutrient recovery, and uses of technology to accomplish these tasks. Here one sees the hint of a logic with the potential to reconcile some of the conflicts between intensive and extensive modes of agriculture.

In the subsequent plenary session, one variant of such a logic was formulated in terms of "sustainable intensification" - improving productivity while reducing environmental impact". Environmental impacts would be reduced through "waste reduction policies", "reducing chemical input dependence", and other technical strategies related to the placement and rotation of specific crops, but the selection of intensive or extensive modes might still be driven by productivity concerns. Actively shaping the demand side by recognizing the ways in which consumption patterns influence both food security and ecosystems was another track that seemed to garner support across the range of views. Consumer demand and consumption patterns are of course highly influenced not only by what consumers "want", but also by endogenous factors such as product marketing, availability, cultural practices, or arguably inbuilt preferences for calorie dense (from fat and sugar) yet often nutrient weak foods.

Several of the concrete suggestions that were proposed appeared to find general agreement, but it was unclear whether that agreement reached consensus.

Food security options

- Reduce inputs (especially nutrients and pesticides), recover and recycle nutrients
- Strengthen food security by prioritizing ecosystem resilience
- Change/manage consumption patterns
- Mainstream (intensive) farming can move in different directions, with metropolitan clusters of super-intensive systems emerging. Practical suggestions for enhancing environmental performance of intensive farming were presented.

Environmental Protection Options

- From an environmental perspective, an optimal CAP reform would not need a 2-pillar structure, but could tie financial support entirely to environmental performance (with a rating-system and payments on the basis of longer-term 'contracts' instead of annual subsidies).
- Payment system should not be subsidy oriented, and should be longer term to permit planning.
- Payments for environmental services are good policy, notwithstanding the challenges of constructing a payment system. New market opportunities created

through regulation and providing public money in exchange for providing public benefits.

Territorial Balance Options:

- Autonomous factors (outside of agriculture or environmental considerations) are driving what is taking place in “marginal,” or struggling economic areas. Many of these are geographically specific: aging, migration, difficulty making semi-subsistence viable (need for expertise & advisory services), more general economic conditions with limited growth, resource limits. These factors will determine the fate of agriculture in these regions at least as much as factors linked directly to agricultural practices.
- A regionally differentiated approach to agriculture appears to be needed, recognizing the differences in farming systems and varying potential of the sector across Europe.

Key Transition Themes and Potential Areas of Consensus

There was considerable consensus on what the desired outcomes of agricultural policy should be – and even on a vision of the future – but divergence regarding many of the potential paths and solutions to facilitate such a transition. In the context of the current CAP reform proposals, for example, this represented what could be characterized as a post-2020 vision. The current reform proposals could be evaluated from the perspective of how effective they are in moving towards that vision.

Throughout much of the workshop discussion, the goal of identifying consensus strategies for pursuing the transformation of agriculture was articulated in terms of “pathways”. Given the contingent nature of policy driven transformational process, however, the term “pathways” suggests something much more clearly defined and pre-determined than anything likely to emerge in two days of debate and discussion. Given this caveat, three overarching themes around which there was broad agreement (if not consensus) can be identified in the discussions. These themes point to the kind of transformational trajectories believed necessary to respond effectively to the trio of core challenges faced by European agriculture, European policymakers, and Europeans generally. While the practicalities of the measures entailed by each of the themes would require working out in substantive detail, each represents a shift in perspective – a potential paradigmatic shift – that we perceive as offering important transformational potential.

Three themes:

1. Reduce the impact of European agriculture on ecosystems, reduce resource inputs, recapture nutrients, minimize waste:

The first of the themes can be seen as a necessary response to both ecosystem limits and to resource scarcities. The experts participating in the workshop expressed a range of different preferences about a) the extent to which resource inputs are desirable and/or necessary, b) the degree to which input reductions, nutrient recapture and waste reduction are practically feasible under different production regimes, and c) the particular means by which the reductions would be best achieved. However, there was no disagreement about the need to move decisively and substantially in that direction – a fundamental shift toward the ecological end of the ecological-conventional continuum, but not an abandonment of conventional methods. This agreement could be read as recognition that staying within ecosystem limits is a precondition for achieving long-term food security. In effect, food security is best protected by reducing the overall ecological

impact of European agriculture, even if some acceptable tradeoffs might be made at a regional or local level – or between regions or localities. There was no illusion that this would be a simple task, given that some pollutants such as CO₂ exert their effect at a global level, while impacts such as fertilizer runoff would tend to have a more local or regional effect.

2. Embrace the diversity of European agriculture.

The second theme – characterized here as “embracing diversity” – was that diversity in European agriculture is not only a matter of reality, but potentially a significant advantage. Embracing diversity suggests that the polarization between ecological and conventional farming, or between intensive and extensive farming, are far less helpful than seeking to harness the advantages of these modes with sensitivity to local/regional conditions. It was noted, for example, how intensive modes of agriculture are generally harmful to biodiversity, but how intensification in highly productive areas might be compensated for in other areas or with specific strategies. The optimization point on a continuum defined by intensive and extensive poles might vary based on delivery on all three core goals. Support of semi-subsistence farming in less productive areas might be justified on the basis of the particular mix of goals delivered on – in this case lower performance regarding food security but discernible benefits in terms of ecosystem services or territorial balance.

3. Give the CAP new meaning by reorganizing its core logic around payments for ecosystem services:

In view of the heated discussions about the CAP, it was particularly striking to hear the level of agreement around what could be considered the rather radical proposition of retooling the CAP to pay for ecosystem services. It was noted several times that having fulfilled its original mission of ensuring food security and a dependable economic base for agriculture, the CAP has lost direction. One participant put it especially succinctly – that “the CAP is a means for distributing money to farmers.” Participants seemed to agree, however, that the reasons for that distribution have become muddled. Where the current CAP seeks to compensate farmers for the costs incurred in attending to environmental impacts, such a shift in logic would re-conceptualize such payments. Costs become investments and rather than being compensated for estimated lost income, the farmers paid for goods they produce.