



# Cap sur la Pac 2020

## Round Table no. 2

### **Adding value to the environmental services provided by agriculture and promoting climate, energy and territorial transitions Encouraging the transformation of production practices and systems**

This introductory document for the round table discussions is aimed at providing all participants with information for context and reflection related to the topics addressed. It does not express the position of France with regard to the future common agricultural policy.

#### **A. Context**

French agriculture is deeply rooted in France itself. In 2015, of metropolitan France's total area of 55 million hectares a little over 29 million hectares, or 54%, were given over to farming. The wide diversity of France's metropolitan regions and overseas territories is reflected in the rich variety of French agricultural production, and in particular its quality signs, which cover more than a thousand products, plus its rapidly expanding organic production.

Given its very close links with natural resources, agriculture is confronted with numerous environmental challenges, some of which it shares with other economic activities: climate change, energy transition, the transition to a circular economy, air quality, quantitative and qualitative management of water, preservation of ordinary and remarkable biodiversity and landscape, maintenance of permanent grassland and wetlands, and preservation of the services rendered by agricultural soils.

The scale of those environmental challenges and the fact that they affect every citizen call for a response from all Member States of the European Union that is coordinated and consistent across the various sectors of economic activity. Agriculture, with its specific characteristics, is an integral part of that response and can provide many of the solutions.

Faced as it is with the challenges of climate change, agriculture must prepare and adapt to the changes already occurring in order to be able to respond to the demands made upon it.

In addition, farming can help combat greenhouse gas emissions in three ways:

- First, by reducing its own direct emissions.
- Secondly, by contributing to a reduction in the emissions of the other sectors by offering solutions for the transition to a low-carbon economy. Agricultural enterprises can in this way play a major role in developing the bioeconomy and the circular economy by making good use of farming and forestry to supply raw materials for the production of biobased materials, plant-based chemicals, renewable energy and fertilisers derived from renewable resources.
- And lastly, based on its ability to store carbon in soil through appropriate management of plant biomass and organic matter in the soil, by maintaining grassland and favourable farming methods when growing major field crops, or using agroforestry methods.

The development of the solutions offered by agriculture for addressing these environmental challenges can help strengthen the resilience of agricultural and food systems, mitigate their vulnerability and meet the expectations of society at large.

The results of the public consultation on the future CAP initiated in the spring of 2017 by the European Commission show that EU citizens want the CAP to provide more support for farmers and growers when undertaking an ecological transition on their holdings.

Recognition and remuneration of the environmental services rendered by agriculture in local regions is a crucial issue for, firstly, maintaining a diverse fabric of agricultural holdings contributing to the supply of those services and, secondly, to encourage farmers to transition to systems that are resilient, low-polluting and economic in the use of inputs. Alongside this, the risk-taking inherent in any change in farming methods requires specific support to provide security to farmers wishing to take their farming systems in the direction of more sustainable models. And lastly, innovation is a tool for competitiveness and an essential lever for action to shift the agricultural sector towards more sustainable productive systems, able to play a full part in the energy transition and the move to a circular economy. Innovations are largely founded on the use of technology, notably technologies based on biology and IT, but they also relate to agronomic methods, territorial intelligence, organisation and commercialisation. It is in this way that social innovations have a major role to play in system transition.

Training and education play a dominant role alongside human factors such as a capacity for openness and entrepreneurship. The adoption of innovations in agriculture, forestry and the rural world generally must also involve a demonstration of the benefits in trials conducted locally that can be extended subsequently through overhauled advisory support services.

## **B. The solutions provided by the current CAP**

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The 2014-2020 CAP programming period introduced for the first time the principle of greening, or the “green payment”, under the first pillar of the CAP. This is a direct payment to farmers that is decoupled from types of production, aimed at remunerating specific actions of benefit to the environment and helping to maintain their income level. It obliges a large number of farmers to adhere to similar measures, generating a mass effort capable of improving the environmental performance of agriculture in terms of biodiversity, protection of water resources and combating climate change. The green payment encourages farmers to adopt practices that go beyond what is required by the regulations on which support payments dependent (cross-compliance rules), forming a common core

of good “basic” practice in the environmental and sanitary domain. In France, the green payment represents 30% of all direct payments, amounting to €2.1bn annually.

It is intended as a strong message that environmental goals and issues should become a more integral part of production activity. The greening measures set a high initial bar and their exacting character has made them a target of subject of criticism despite the definite benefits for the environment they offer in principle. Indeed, greening in its current form diverges from the principle of payment for provision of environmental services due to its high level of requirement, its exclusion of certain types of agricultural production (orchards, winegrowing) and a level of remuneration disconnected from the environmental service actually rendered.

Added to this is a set of tools under the second pillar of the CAP for use by Member States to support farmers in addressing environmental issues.

The first is represented by payments supporting organic farming. These assist a virtuous mode of production that provides acknowledged environmental services. Organic production has seen particularly rapid expansion since 2013, with an increase of over 30% in the number of holdings adopting it and 50% more certified farmland, the latter now totalling 6% of France’s UAA. It makes a significant contribution to changing and maintaining methods that benefit the environment and animal welfare.

Agri-environment-climate measures (AECMs) also encourage voluntary efforts to change to, or to maintain environmentally-friendly practices appropriate to the specific features of local areas. A new type of AECM was created in the 2014-2020 programming period: “systems” measures to reinforce an integration-focused approach that looks at the operation of the agricultural holding as a whole.

Farmers who have undertaken environmental programmes remunerated by such measures accounted for over 16% of all applicants for CAP payments in CAP, and 39,000 holdings.

Additionally, under the second pillar, other tools help maintain and add value to the environmental services rendered by agricultural holdings. Specifically, the compensatory allowances for permanent natural handicaps (ICHN) offset part of the income differential between holdings in less-favoured geographical areas and those in the lowlands. This resource helps maintain an agricultural fabric across the country as a whole, a fabric essential to managing landscapes, fostering biodiversity and controlling forest fires.

Under the first pillar, the explicit purpose of certain measures offered by the COM (operational programmes for fruit & vegetables) is to help ensure inclusion of environmental goals and issues since the eligibility of the operational programme is dependent on dedication of at least 10% of expenditure, or two programme actions, to environmental measures.

Lastly, farm investment and modernisation measures under both the common organisation of agricultural markets (COM) and the EAFRD, the main aim of which is to reinforce farm competitiveness, also play a role in assisting transformation in production systems and management methods.

## C. Some questions for the future CAP

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A number of avenues might be explored when considering the future CAP:

- 1) How might the CAP, using straightforward, coherent measures, add value more effectively to the environmental services rendered by farmers?
- 2) How might the CAP evolve in the direction of an approach more closely focused on the results achieved rather than on the means used for achieving them?
- 3) How might farmers be supported in the risk-taking involved in making changes to their methods?
- 4) What changes to CAP tools need to be considered in order to accelerate the transition of production systems to more sustainable practices that address both global and regional issues?
- 5) What role should be played by agronomic, technological, territorial and sociological innovations? How might their development be encouraged?