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Policy Paper

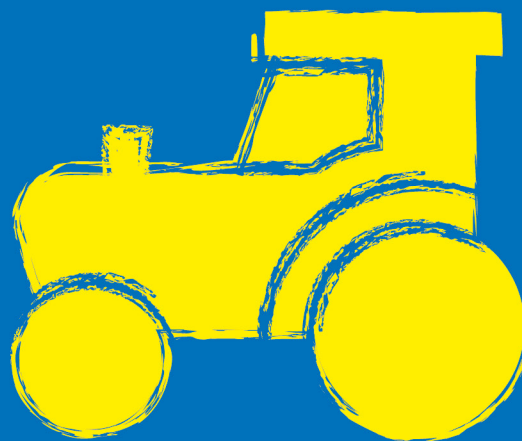
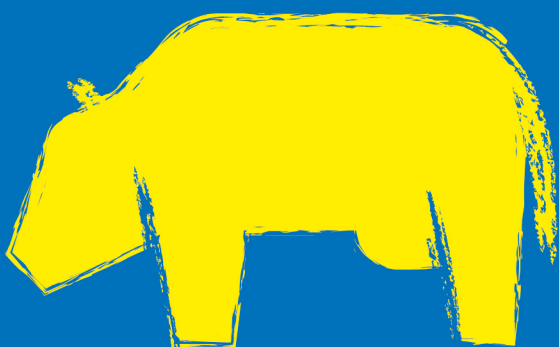
# Shaping a Future-Fit Common Agricultural Policy

Impetus for the EU  
reform debate

BY PHILLIP BRÄNDLE

WITH INPUT FROM SÖNKE BECKMANN,  
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A publication of the Heinrich Böll Foundation, November 2024



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**Note:** This policy paper was written under the leadership of the author with input from a group of experts. The members of the group contributed to the further development of the text with comments and remarks at two meetings. The views and opinions expressed in this publication do not necessarily reflect those of all members of the expert group. We also note that editing of the original German language version of this paper was completed in June 2024. Therefore, it contains no reference to the final report of the Strategic Dialogue on the future of EU agriculture, which can be found [here](#).

# Foreword

The war in Europe, the worsening climate crisis, the pressure on liberal democracies and Europe's unresolved position in the global power structure – the European Union is facing historic challenges. In order to maintain its future viability, the EU must become more capable of taking action. The Russian war of aggression against Ukraine also shows us that the enlargement and neighbourhood policy is in urgent need of readjustment. However, the enlargement process makes the institutional reform of the EU, which is already needed to strengthen its capacity to act, even more urgent. There is currently no uniform position in the EU on the question of how broadly such a reform should be structured and how it should be implemented. Suggestions and ideas have been put forward, but reservations and concerns have also been expressed. An agreement can only be reached if all sides are listened to and taken seriously. As the largest Member State, Germany has a special responsibility in this regard.

Against this backdrop, the Heinrich Böll Foundation has invited experts from various policy areas to provide impetus for the EU reform debate. Based on current challenges, common goals for sustainable policy-making and recommendations for institutional reforms have been formulated. In their entirety, they are intended to better equip the EU to take action, as well as make it more democratic, ecological and socially just. In doing so, we have not limited ourselves to the interaction of the EU institutions in the narrower sense but have also looked at policy areas that are central to the future viability of the EU: European foreign and security policy as well as energy, agricultural, fiscal, and enlargement policy. The result is a series of policy papers, some of which propose pragmatic approaches, others a change of direction. Many of the recommendations can be achieved without treaty amendments. What is needed above all is the political will to exploit the existing potential. All texts conclude with the question of how Germany can contribute to the success of the reform process. We hope this will provide impetus for the relevant debate.

This policy paper deals with the EU's Common Agricultural Policy. We would like to thank the author Phillip Brändle and the members of the expert group – Sönke Beckmann, Dr. Henrike Rieken, and Member of the German Bundestag Dr. Anne Monika Spallek – for their valuable contributions.

Berlin, April 2024

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# Executive summary

For over 60 years, the focus of the European Union's Common Agricultural Policy (CAP) has been on increasing agricultural productivity and producing food as cost-effectively as possible. Given the social and agricultural challenges of recent decades, however, the CAP has not developed to the necessary extent. Safeguarding social cohesion, mounting price and economic crises, climate change and its consequences, insufficient promotion of biodiversity, soil health and animal welfare, as well as protecting air and water quality: these are all existential challenges to which answers must be found, especially in the area of European agriculture and agricultural policy. The CAP must be fundamentally reformed. It needs a completely new funding system and effective market rules.

The mass protests by farmers in early 2024 show that the 2023 CAP reforms did not adequately secure the support of the people working in the agricultural sector for the tentative ecological improvements. The anticipated enlargement of the EU is also having a noticeable impact on the debate. The accession of Ukraine alone would increase the size of the EU's agricultural land by around a quarter. As such, the current CAP funding system, which is largely area-based, could no longer be implemented. Without tying agricultural funds to social services such as nature conservation, climate action, and animal welfare and implementing instruments to ensure that these are distributed fairly, Ukraine's accession to the CAP is virtually impossible. In view of Ukraine's importance for global agricultural markets, a reform of the European Common Market Organisation (CMO) is also vital, if the current European family farming-oriented agricultural model is to have a future.

At first glance, the rollback of basic requirements in the CAP, triggered by the current farmers' protests, and the associated weakening of the «European Green Deal» and the «Farm to Fork» strategy, significantly worsens the starting position for a progressive CAP reform. At the same time, this weakening of basic requirements in the CAP has not solved the undoubtedly existing challenges in the areas of nature conservation, climate action, and animal welfare as well as social justice. On the contrary, it has exacerbated them. The current developments therefore also offer the opportunity to increase the pressure in the debate about expanding instruments for rewarding voluntary services provided by farmers in the areas of nature conservation, climate action, and animal welfare and thus offer a boost to the implementation of a new funding system for services of general interest.

The fundamental goal must be to shape the CAP into the key transformation instrument for fundamental and fair greening and sustainable development of agriculture, particularly with a view to the objectives to expand organic farming, while maintaining the diversity of farms. In addition, the following reform objectives should be pursued and recommendations for action implemented, most of which are possible without reforming the EU treaties.

### **Reform objectives**

- Farmers are compensated financially for providing services of general interest.
- Animal husbandry is restructured to make it increasingly species-appropriate and environmentally friendly.
- More young people have access to agriculture.
- Farmers are able to achieve profitable producer prices on the market vis-à-vis the retail and processing industries.
- Functioning regional value chains are established corresponding with local demand. This creates crisis-proof food infrastructures with regional economic cycles from «farm to fork».
- The simplification of procedures on farm- and administration-level is accelerated.

### **Restructuring the allocation of subsidies**

- Replace the previous area-based direct payments with a subsidy system based on services of general interest.
- Account for scaling advantages.
- Ensure that premia amounts are income-generating.
- Establish future-proof basic requirements for the new funding system.
- Adequately include animal husbandry into the funding system.
- Introduce a significant start-up premium.
- Consistently align rural development policy with food quality strategy.

### **Restructuring the organisation of the market**

- Establish an independent interbranch organisation for agriculture.
- Introduce an early warning system to detect market crises.
- Enable quantity reductions.
- Mandate supply contracts with fixed prices and quantities and promote the establishment of producer organisations.
- Enable agreements among producers to pass on added value above the legal minimum standards.

### **Simplifying the CAP**

- Simplify the funding application procedure.
- Cut red tape through more streamlined implementation of existing and future regulations.

### **Institutional reforms for greater policy coherence**

- Involve the European Parliament and related policy departments to a greater extent.

# 1 Challenges

For over 60 years, the focus of the European Union's Common Agricultural Policy (CAP) has been on increasing agricultural productivity and producing food as cost-effectively as possible. Despite tentative improvements in the course of the last CAP reform in 2023, the constant exceeding of planetary boundaries, the associated external costs, and the necessary focus on protecting the human right to adequate food have so far largely been ignored. This is demonstrated, among other things, by the fact that in the current funding period more than two-thirds of agricultural funds are still being spent on the largely lump-sum area-based payments within the basic income support for sustainability (BISS) mechanism.

Given the social and agricultural challenges of recent decades, the CAP has not developed to the extent that it should have. Safeguarding social cohesion, mounting price and economic crises, climate change and its consequences, inadequate species, soil and animal protection, as well as protecting air and water quality: these are all existential challenges to which answers must be found, especially in the area of European agriculture and agricultural policy. Agriculture is also still undergoing a massive structural upheaval. The diversity of farms – crucial for risk mitigation – is declining, as is the number of artisanal food processing businesses. Thousands of farms close down every year, while those that remain continue to grow.

For the younger generation of farmers, this development means that it is, for instance, almost impossible to afford taking over a farm. The costs of taking over a farm have reached a level that young people with average financial resources can hardly refinance during their working lives. The consequences: More and more non-agricultural investors are snapping up valuable grassland and arable land, with the result that the upcoming generational change in agriculture is not progressing quickly enough to secure a rural and diverse agricultural structure. Consequently, agriculture increasingly follows an industrial logic.

Furthermore, the mass protests by farmers in early 2024 also show that the few positive approaches of the last CAP reform in 2023 have not had the kind of impact to sufficiently secure the support of the agricultural profession for this first step towards an ecological and social transformation of agricultural policy. They also show that the CAP is in urgent need of fundamental reform. A completely new funding system and effective market rules are required. At the turn of the year, media reports focused extensively on the accusations levelled against agricultural policy by many farmers. They criticised that agricultural policy leads to excessive bureaucratic burdens, offers very unattractive funding programmes in the areas of nature conservation, climate action, and animal welfare, does not enable the profession to achieve profitable producer prices vis-à-vis the processing and retail sectors, and does not provide sufficient protection against cheap imports.

The EU's political leaders hastily reacted to the protests without proper impact assessment by lowering the CAP's ecological minimum standards. This approach represents a tragic mistake in two respects: Firstly, the lowering of ecological minimum standards ignores the core problem faced by farmers; namely that they have too little influence on pricing within the value chain. Secondly, it critically reduces the effectiveness of the CAP without otherwise compensating for this. This is not only a threatening development for nature conservation, climate action, and animal welfare; it also makes it increasingly difficult to legitimise the extensive amount of taxpayer money spent on the CAP in social terms, especially in times of increasingly constrained national budgets and far-reaching global crises.

Having said that, the question of the CAP's substantive and strategic alignment, as well as its financing and legitimacy, is not only relevant against the backdrop of the very recent political rollback and its fundamental overhaul. The anticipated enlargement of the EU is also having a noticeable impact on the debate. The accession of Ukraine alone would increase the size of the EU's agricultural land by around a quarter. As such, the current CAP funding system, which is largely area-based, could no longer be implemented. Without tying agricultural funds to services of general interest such as nature conservation, climate action, and animal welfare and implementing instruments to ensure that these are distributed fairly, Ukraine's accession to the CAP is virtually impossible. In view of Ukraine's importance for global agricultural markets, a reform of the European Common Market Organisation (CMO) is also vital, if the current European family farming-oriented agricultural model is to have a future. This is reflected in the protests by farmers, particularly in Poland, who have been confronted with imports of comparatively inexpensively produced threshed crops due to the suspension of tariffs on agricultural products from Ukraine since the beginning of Russia's war of aggression.

## 2 Political objectives of the CAP

Taking into account the extensive budget (€387 billion in the current funding period from 2023 to 2027) as well as the objectives of a sustainable food value chain agreed in the «European Green Deal» and the «Farm to Fork» strategy, **the CAP must become the key transformation instrument for a fundamental and fair greening and sustainable development of agriculture, including the objectives of expanding organic farming.** This development must focus on the protection and promotion of biodiversity as well as the development of an **agricultural structure with a large number of diverse farms.** Diversity is the basis for cushioning the blow of ecological and economic crises, which are expected to occur more and more frequently in the future. Such a development can only succeed if **agriculture is accessible to more young people, the restructuring of animal husbandry** is effectively promoted at the political level and, above all, farmers and farmworkers become agents of the socio-ecological transformation of agriculture. Farmers must be actively involved in shaping the upcoming changes. The CAP must motivate and empower them to do this, including in entrepreneurial terms. If this does not succeed, the transformation will fail.

The protests of the past months are a clear indication that the current agricultural policy does not adequately reflect the concerns of many farmers. However, the «European Green Deal» and the «Farm to Fork» strategy certainly address them in principle. The two strategies encompass far more than the frequently cited targets for reducing the use of pesticides and fertilizers, and the use of antibiotics in animal husbandry. Instead, the aim is to «reward those farmers, fishermen, and other operators in the food chain who have already undergone the transition to sustainable practices» and «to enable the transition for the others and create additional opportunities for their businesses.»<sup>[1]</sup> With this promise, the European Commission makes it clear that it does not want to push through the necessary greening of crop production and the transformation of animal husbandry to species-appropriate and environmentally friendly forms of operation unilaterally at the expense of farmers. On the contrary, **farmers should be able to earn money by providing services of general interest.** A «market» should be created for public goods such as clean air or the provision of habitats for insects. Farmers could be won over, if such an approach were to be implemented in predictable, comprehensible steps and a politically consistent manner, as already provided for in the current «traffic light» coalition agreement of the German Federal Government. The recommendations of the livestock farming competence network<sup>[2]</sup> (the so-called Borchert Commission) show how this could be done.

1 See: [https://eur-lex.europa.eu/resource.html?uri=cellar:ea0f9f73-9ab2-11ea-9d2d-01aa75ed71a1.0003.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:ea0f9f73-9ab2-11ea-9d2d-01aa75ed71a1.0003.02/DOC_1&format=PDF)

2 See: <https://www.bmel.de/DE/themen/tiere/nutztiere/umbau-nutztierhaltung.html>



The CAP involves much more than simply distributing a large amount of subsidies. Its key functions also include shaping and organising agricultural markets. As long as the Common Organisation of Agricultural Markets (CMO) maintains its current objective to facilitate the conditions for ensuring that farmers produce cheap raw materials for the world market, even a fundamental change in subsidy policy will remain largely ineffective. If the abolition of the virtually lump sum area-based direct payments (BISS) in favour of a new subsidy mechanism to reward services of general interest is to be accepted by the majority of those in the agricultural profession, the calculation of CAP subsidies for the provision of services of general interest must be based on profitable producer prices. The aim of the **CAP must therefore be to provide support for farmers within the value chains in such a way that they are able to achieve profitable producer prices on the market vis-à-vis the retail and processing sectors.**

The transformation of the agricultural and food system set out in the «European Green Deal» and the «Farm to Fork» strategy cannot be achieved by transforming primary agricultural production alone. It also requires a transformation of rural development policy (2nd pillar). **Functioning regional value chains, corresponding local demand, and the maintenance or (re)construction of crisis-proof food infrastructures with regional economic cycles from farm to fork are indispensable to achieve this.** Farmers who are supposed to operate in an environmentally and socially compatible manner over the long term also need artisanal and, above all, cooperative food processing at their side in order to survive.

Beyond these objectives relating primarily to the CAP's content, it must be ensured that the upcoming CAP reform **significantly reduces red tape and simplifies procedures for agricultural businesses and their administration.**

### 3 Reform proposals

Three regulations constitute the CAP's central legal basis for implementing the objectives already referred to in the current funding period. Regulation (2021/2115) establishing rules on support for strategic plans primarily contains the criteria for awarding funding. Regulation (2021/2117) addresses the common organisation of the market in agricultural products, while Regulation (2021/2116) covers the financing, management, and monitoring of the CAP. Even though the existing framework already provides individual EU Member States with many opportunities to make the CAP more ecological and fair, and although the CAP has a large budget, the existing legal basis is not yet sufficient to truly ensure an ecological and fair CAP. The result is a «race to the bottom» in terms of the level of ambition between individual Member States. No government wants to «impose» more on its farmers than any other government. The leaders of the German Farmers' Association and the European umbrella organisation Copa-Cogeca also regularly oppose progressive advances in the CAP using the argument of equal competition. It is therefore apparent that the European institutions must not delegate responsibility for the design of the CAP unilaterally to Member States as long as they have not found a way of preventing a «race to the bottom». Rather, the aim must be to apply and further develop the existing requirements of the individual regulations in the spirit of the aforementioned goals in a courageous and pan-European manner.

#### Restructuring the allocation of subsidies

In principle, the current CAP funding period up to 2027, obliges EU Member States to tie at least 25% of their 1st pillar funding to the provision of ecological and animal welfare-related services (eco-schemes). In addition, the 2nd pillar of the CAP also finances environmental, climate, and animal welfare measures (AEEM). However, even if combined, they are far from sufficient to ensure the ecological effectiveness of the CAP to the necessary extent. In 2021, the Commission for the Future of Agriculture (ZKL) in Germany recommended that the share of the CAP's qualified funds should be increased to 100% by 2034 at the latest. The largely lump sum area-based direct payments (BISS) still account by far for the largest share of payments, although receipt of this support, also known as the «basic premium», has been tied to various basic social and ecological requirements (conditionality including the so-called GAEC and GAB standards as well as social conditionality) since 2023. Effective implementation of the instruments for the fair distribution of BISS funds – e.g. capping funds above a specified farm size and lowering the funding amount per hectare, taking into account the workforce on the farm, as well as redistribution to small and medium-sized farms through increased funding for the first few hectares – is largely voluntary for Member States and therefore not implemented consistently enough. The following reforms are therefore central to advancing the CAP in the area of funding.

– **Replace the previous area-based direct payments with a subsidy system based on services of general interest**

The hectare-based direct payments (BISS), which are largely disbursed as a flat rate up to now, must be completely abolished and replaced in their entirety by a new funding system for services of general interest that rewards clearly defined services provided by farmers in the areas of nature conservation, climate action, and animal welfare (eco-schemes and AUKM<sup>[3]</sup>). This includes, for example, long-term measures (where possible) to promote small farms with a high degree of biodiversity in fields and meadows; the reduction of greenhouse gases, pesticides as well as excesses of nitrogen and phosphorus; area-based and species-appropriate animal husbandry; organic farming, and other services. Tried and tested cooperative approaches<sup>[4]</sup> must also be applied when implementing this new funding system.

– **Take scaling advantages into account**

In order to finally ensure fairness within the CAP and maintain or strengthen the agricultural structure of the EU for farmers, the new funding system for services of general interest must always account for scaling advantages. What is already common practice in the funding mechanisms of other policy areas must therefore also finally be introduced into the CAP in a consistent manner: The remuneration for the provision of services by farmers in the areas of nature conservation, climate action, and animal welfare must be staggered according to economic, social, and agricultural criteria. In concrete terms, this means that the payments for all area and animal-related services of a farm will decrease according to the criteria above and may even be capped entirely, once a maximum limit is reached.

– **Ensure that premia amounts are income-generating**

To enable farms to generate income with this new funding system – as promised to them in the «European Green Deal» or the «Farm to Fork» strategy – and as a precondition for it to be implemented across the board, it is imperative that the premia are income-generating. This means that, unlike before, they amount to an economically meaningful level that goes beyond simply compensating for loss of income.

– **Establish future-proof basic requirements for the new funding system**

Currently, European technical and regulatory law does not include essential and pan-European minimum standards. As such, the new funding system for services of general interest must contain individual basic requirements that farmers must meet in order to be eligible to receive funding. In the area of ecology, these include requirements for crop rotation, the provision of non-productive areas, and maintaining permanent grassland. In the social domain, the existing requirements of social

**3** See: [https://www.bmel.de/DE/themen/landwirtschaft/eu-agrarpolitik-und-foerderung/agrarumwelt-und-klimamassnahmen-aukm/agrarumwelt-und-klimamassnahmen-aukm\\_node.html](https://www.bmel.de/DE/themen/landwirtschaft/eu-agrarpolitik-und-foerderung/agrarumwelt-und-klimamassnahmen-aukm/agrarumwelt-und-klimamassnahmen-aukm_node.html)

**4** See: <https://www.dvl.org/projekte/projektetails/kollektive-modelle-zur-foerderung-der-biodiversitaet-kombi>

conditionality must be supplemented by criteria concerning wage levels, and working hours. Until an effective system of controls and penalties is set up at European level to enforce existing technical and regulatory standards, the existing link with the CAP control and sanction system (GAB standards within conditionality requirements) must continue to apply.

– **Adequately include animal husbandry in the funding system**

Type and method of livestock farming have a significant impact on the environmental compatibility of agriculture, particularly concerning the protection of air and water quality. Accordingly, all animals kept on a farm for area-based livestock farming (max. 2 LU/hectare) must also be eligible for a premium according to qualitative criteria within the new funding system for services of general interest. These include, but are not limited to more space in the shed/barn, grazing, no slatted floors, access to outdoor areas, etc.

– **Introduce a significant start-up premium**

The instrument that has dominated the CAP's support for young farmers to date – a supplement to the largely flat-rate area-based payments – must swiftly be replaced by concept-based funding at the farm level (start-up premium). This must not be based on the size of the cultivated area or the number of animals kept and must make a significant contribution to liquidity of agricultural start-ups, particularly in the first year after taking over the farm. While the hectare bonus that has so far shaped the support for young farmers primarily benefits existing businesses, a start-up premium, if designed correctly, should provide the necessary contribution to specifically support generational change in the CAP.

– **Consistently align rural development policy with food quality strategy**

Maintaining and (re)building a resilient, crisis-proof food infrastructure with regional economic cycles and value chains from farm to fork, requires consistent alignment of rural development policy (2nd pillar) with a food quality strategy and local markets. This is particularly relevant for the LEADER program, the existing advisory services, the creation of value chains, and the support of processing companies such as mills, bakeries, slaughterhouses, and butchers.

## Restructuring the organisation of the market

In principle, the Common Market Organisation (CMO) currently provides measures to protect farmers from price crises through the reduction of quantities. In essence, the primary objective is to encourage the storage of excess quantities that depress prices. An instrument for voluntarily refraining from deliveries is also provided for serious price crises. However, the temporary storage of excess quantities has the major disadvantage of simply postponing the cause of a market crisis, as the existing excess quantity will still enter the market at a later date. Milk powder and frozen meat also repeatedly lead to price dumping in the Global South. A large number of civil society groups

therefore fundamentally reject this instrument and instead advocate that excess quantities should not arise in the first place, e.g. by way of implementing instruments to reduce quantities. In concrete terms, the following reforms must be implemented within the CMO.

– **Establish an independent interbranch association**

One of the main reasons why price-depressing excess quantities continue to arise despite the instruments that exist to reduce quantities, is that these instruments have not been taken advantage of at all or have been used far too late. In order to change this and finally enable farmers to assume responsibility for the market themselves, an «independent agricultural interbranch association» must be set up. This organisation must have the right to independently activate instruments for reducing quantities. The CMO already contains the possibility to create interbranch organisations (Art. 157, CMO). However, these currently have to include several actors from different stages of the value chain. In other words: Processing and trading companies interested in low market prices would also have to «agree» to the implementation of instruments for limiting quantities. For the successful implementation of an «independent agricultural interbranch organisation» in terms of market regulation, it is therefore essential for it to be limited to the actors involved in primary agricultural production.

– **Introduce an early warning system for market crises**

In order to be able to respond to looming market crises at an early stage, an early warning system is needed. The feasibility of such a system is apparent, considering that impending price crises in the EU already announce themselves in advance on the world market. The current CMO already permits the European Commission to set up so-called market observatories (Art. 222a, CMO). In the future, these should be implemented in a binding manner and be applied to all agricultural sectors. It is also important for these observatories to not only take account of the current and future market situation but also to consider the production costs and make them transparent. The MEG Milk Board's milk marker index has long shown how this can be done.<sup>[5]</sup>

– **Enable quantity reductions**

Based on the early warning system, the agricultural interbranch association must be enabled, to regulate quantities, including temporary and binding quantity restrictions in return for a compensation payment, in order to prevent or combat acute market crises. In practice, this means that farmers who reduce their delivery quantities (e.g. of milk) compared to a reference period, will receive compensation from the existing EU crisis fund. Farms that do not comply or even increase their delivery quantities can, in turn, be subject to fines. In addition to the existing EU crisis fund, the food industry (e.g. retail or dairy industry) should also be involved in financing such a bonus-malus system in the future.

5 See: <https://www.milch-marker-index.de>

- **Mandate supply contracts with fixed prices and quantities and promote the establishment of producer organisations**

In order to improve the position of farmers in the value chains on the milk market, EU Member States already have the voluntary option to mandate the signing of supply contracts, including guarantees for prices, quantity, quality, and duration (Art. 148 of the CMO). Currently, many farmers, especially on the market for animal products, only come to know the prices of their products after delivering them. Mandating this article for all Member States and extending it to other segments would enable many agricultural businesses to finally conduct contract negotiations with the recipient party on an equal footing. According to experts, the implementation of this article would also create an incentive for farmers to join forces in producer organisations to a much greater extent than before, thereby increasing their negotiating position vis-à-vis the processing and retail industries.

- **Enable agreements among producers over passing on added value of products above the legal minimum standards**

Given that the allocation of subsidies can only provide part of the financial resources needed to transform the agricultural sector, the market must also make a concrete financial contribution to farmers in this regard, in addition to ensuring profitable producer prices. Beyond establishing a uniform European origin and sustainability label, which remains important in this regard, Article 210a, already included in the CMO, also needs to be developed further. This creates the possibility for actors whose agricultural products are above the EU's legal minimum standard in the areas of nature conservation, climate action, and animal welfare as well as social compatibility, to agree on forwarding the increased added value of their products down the value chain. To put it simply: They are granted exemptions from antitrust law with regard to pricing agreements.

## Simplifying the CAP

The decisions on the CAP made at EU level as a result of the recent protests from the agricultural sector resulted in the lowering of minimum ecological standards under the guise of reducing bureaucracy. Conversely, the practical application for funding was not simplified, although there is great potential for improvement in this regard, with follow-on benefits for the transformation of agriculture and agricultural policy.

- **Simplify the funding application procedure – make greater use of the CAP's potential**

Going forward, there should only be one application level for farm businesses with a uniform, manageable, and transparent funding offer. The question through which pillar or fund finances a measure in the areas of nature conservation, climate action, and animal welfare, must not play a role in the practice of submitting applications. In addition, the expected payment for a measure and for the entire operation must be clear to farmers when the application is submitted. In the case of clearly identifiable

errors, obvious incompatibilities or instances where available funding has unknowingly not been applied for, the application software must flag this at an early stage through clear error messages. Implementing the «small producer regulation» in a binding manner across all Member States should enable farms to easily apply for a lump-sum payment void of red tape as an alternative to the traditional funding application. Moreover, there is a need for an interface between the funding application, all other databases, and the inspection bodies for organic agriculture. Finally, the establishment of a free and independent advisory centre for all agricultural businesses is a key requirement. Farms that provide particularly high levels of nature conservation, climate action, and animal welfare services in their sheds, barns, and fields must not be subjected to particularly high levels of controls and potential sanctions, as has been the case up to now. On the contrary, they must be particularly well rewarded and supported. This is possible, for example, by implementing a bonus payment for participating in a large number of particularly effective measures (including a bonus for ensuring a variety of measures).

– **Cut red tape through more streamlined implementation of existing and future regulations**

In addition to these specific recommendations for action, which are to be implemented primarily during the funding application process, a consistent and streamlined implementation of existing and future regulations would also help with the much-demanded reduction of the CAP's bureaucracy. The reasoning here is that the current cause of many bureaucratic burdens in agricultural policy is largely due to the complex implementation and various exceptions to individual regulations and their approval by the European Commission. For example, although the basic requirements of the current funding period for crop rotation at EU level (GAEC 7) originally stipulated annual crop rotation on one plot of arable land, the European Commission has allowed this regulation to only be implemented on parts of a farm in the course of the approval process in Germany. In addition, crop rotation can also be achieved on parts of a farm by cultivating catch crops. Coupled with other exceptions, this approach by the BMEL (German Federal Ministry of Food and Agriculture) and the European Commission has not only weakened the CAP's contribution to the widest possible crop rotation, but also contributed to the fact that the current implementation of GAEC 7 is difficult to understand. As such, decision-makers should implement the original requirement for annual crop rotation on arable land of the farm's main crop in a courageous, consistent, and streamlined manner. This would not only lead to more diversity in the fields, compliance with basic plant cultivation rules, and increased ecological effectiveness of the CAP, but would also significantly contribute to its simplification.

## Institutional reform proposals for greater policy coherence

- **Involve the European Parliament and related policy departments to a greater extent**

In order to implement the new funding system needed for services of general interest and enforce fair market rules, the path already embarked on with the last CAP reform in 2023 must be continued. This includes involving the European Parliament to a greater extent and, in the interest of policy coherence, also giving other departments, such as health and digitalisation, a stronger and binding say in the development of the CAP. The European Parliament should also be able to put forward its own proposal in the upcoming CAP reform. Furthermore, the opinions of the European Economic and Social Committee and the Committee of the Regions concerning the CAP should carry greater importance. Lastly, it should be evaluated, whether CAP funds that are not directly related to the development of resilient agricultural and food systems (such as village renewal) could perhaps be financed from the European Regional Development Fund (ERDF) or the European Social Fund (ESF) in the future. This would create additional financial scope for rural development policy in the area of agricultural and food systems, thereby strengthening the former.



## 4 Conflicts and potential

At first glance, the current rollback of basic requirements (conditionality) in the CAP and the associated weakening of the «European Green Deal» and the «Farm to Fork» strategy significantly worsen the starting position for a progressive CAP reform of the. Not least of all, the current widespread sentiment in agriculture that the reform steps already implemented are to its disadvantage, makes a progressive reform seem unlikely at the moment. This is compounded by the fact that the agricultural and food industries – most notably the two agricultural umbrella organisations Copa and Cogeca – are successfully taking advantage of this sentiment to serve their interest of purchasing the cheapest possible raw materials.

At the same time, it is also true that with the current weakening of the CAP's basic requirements, the challenges that undoubtedly exist in the areas of nature conservation, climate action, and animal welfare as well as social justice have not been resolved but are becoming even more severe. Recently, many farmers have also experienced first-hand that there are regulatory pitfalls down the line associated with waiting for issues related to environmental protection to resolve themselves (e.g. Nitrates Directive). The current developments therefore also offer the opportunity to put more pressure on the debate about expanding instruments to reward farmers' voluntary services in the areas of nature conservation, climate action, and animal welfare (eco-schemes and AUKM), thereby boosting the implementation of a new funding system for services of general interest. The guideline must be that anyone who weakens the ecological effectiveness of the CAP in terms of its basic requirements must work towards ensuring that the existing goals in the areas of nature conservation, climate action, and animal welfare are achieved by expanding the use of voluntary instruments at their disposal. The Commission for the Future of Agriculture (ZKL) also recommended a corresponding development of the CAP in 2021. Prof. Dr. Peter Strohschneider, the chairperson of the commission, which at the time had 31 members from agriculture, environmental protection, and animal welfare, industry, and consumers as well as from the scientific domain, now oversees the Strategic Dialogue on the Future of EU Agriculture in Brussels. The debate at European level with a view to progressive reform of the CAP could thus gain momentum.

The coalition agreement of the current German Federal Government also offers potential for a positive impetus. The agreement sets out on page 35 that the Federal Government will present a concept by the middle of the legislative period on «how direct payments can adequately be replaced by rewarding climate and environmental services» and have an «income-generating impact». In principle, this stipulation certainly aligns with the direction of the reforms recommended above. As an economically important country, Germany can revert to the recommendation of the Commission for the Future of Agriculture to initiate a corresponding debate within the EU.

The Common Agricultural Policy is a central building block of the European community. Almost all of the major ecological and social challenges of our time are inextricably linked to the type of agriculture we practise. The CAP must therefore continue to be a pivotal European project that is outfitted with the appropriate financial resources.

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## Imprint

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Translator: Brussels Language Services

Place of publication: [www.boell.de](http://www.boell.de)

Publication date: November 2024

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