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from: General Secretariat

to: Delegations

No. Cion prop.: 15396/11 + REV 1, REV 2 (NL) - COM(2011) 625 final/2

Subject: Proposal for a Regulation of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy (*CAP Reform*)
- Working document from the Luxembourg delegation

Delegations will find attached in Annex a working document prepared by the Luxembourg delegation. This will be presented by Luxembourg in the Special Committee on Agriculture under item 3 on 30 April 2012.

Greening Instruments
- menu for Member States within EU framework-
Working Paper (26.04.2012)

Introduction

In its legal proposals the Commission proposes a mandatory “greening” component of direct payments. The objective is to enhance the environmental performance of the Common Agricultural Policy (CAP) by supporting environmental measures applicable across the EU territory. [Priority is given to actions that go beyond cross compliance and are linked to agriculture.] In the legislative proposals presented by the Commission, Member States should provide payments (30% of the annual national ceilings for direct payments) to farmers undertaking crop diversification, retention of permanent pasture and ecological focus areas. Organic farming automatically benefits from this payment in the Commission proposals.

The Commission’s proposal for greening direct payments has been discussed in several sessions of the Council Working Groups, the Special Committee on Agriculture and the Council itself.

Member States supporting this working paper endorse the concept of greening, but do question whether the approach taken by the Commission is likely to deliver the pursued objective. They conclude that a ‘one size fits all’ approach the Commission has taken is not the most effective and efficient way to ensure significant and tangible environmental benefits (incl. biodiversity, climate) are achieved across the EU. Given the ambition to green the CAP, certain criteria have to be fulfilled to ensure that greening across Europe is as simple as possible, cost effective, delivers public goods and provides value for money:

- Subsidiarity, by introducing flexibility for Member States to choose measures from a European menu of greening measures, guaranteeing a European level playing field;
- Environmental benefits must be substantial and tangible across all Member States. Greening should not be green washing. Greening should be tailored to the specific conditions to best meet the environmental objectives of the Member State;
- Avoidance of unnecessary administrative burden and control requirements, as simplification is a key concern for farmers and Member States in the reform of the CAP. Building on the broad support for ‘key principles for simplification’ in the Council of March 2011 implementation of greening should be simple and focus on the effectiveness in meeting the environmental objectives;

Agreeing on the following principles:

- Subsidiarity,
- environmental and climate benefits,
- equal environmental improvements in all Member States / choices of equal value / non discriminatory
- avoidance of unacceptable administrative burdens and control requirements, [as far as necessary, monitoring of effectiveness in meeting environmental objectives],

further discussions on options and alternatives to the COM-proposal (c.f Annex) should be continued in the SCA to reach the Council in May 2012.

Categories/options for a greening menu in a European framework

Based on the principles mentioned before, Member States (MS) must choose one of the following options A, B or C:

- A Agro-environmental operations** - (financed through Pillar 1 without cofinancing)
At least [10%] use of the national ceiling of Direct Payments by MS for financing targeted agro-environmental operations (priorities 1 + 4 + 5 in Pillar II¹; on top of [the existing level] [at least 50%], 100% EU-financing)
Objective: encourage farmers in all regions to participate
=> both MS and farmers are “green by definition”;
farmers receive 90% of the national ceiling under the basic payment scheme

B Measures within Pillar I
(1) “farmers green by definition”.

MS may choose for farmers to meet any of the following criteria:

- ecological farming
- 100 % certified sustainable farming
- >[50] % grassland² or < [[15] ha or [1/3 of the Ø farm size in the MS] (Member States may choose one of these thresholds)] arable land;
- farms participating in determined agro-environmental/climate programmes with at least [50] % of their agricultural area
- farms with at least [50] % of their agricultural area situated in Natura 2000 zones
- farms which have at least [XX] % of forest areas in parcels not exceeding [15] ha in there eligible area.

(2) Others / “farmers not green by definition”

MS have to choose at least [3] greening measures out of the following list which are compulsory for farmers.

Alternatively, MS can allow farmers to choose [3] greening measures out of a longer list to be determined by the MS.

The basic premium is separate from the [30%] greening premium.

¹ Priorities 4 and 5 are defined as „restoring, preserving and enhancing ecosystems dependent on agriculture and forestry (priority 4) and promoting resource efficiency and supporting the shift towards a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors (priority 5)“

² Permanent grassland should be protected by cross compliance obligations on a regional/MS level

Elements of the list:

- ecological focus areas

areas to be counted against the “[7]% ecological focus area”:

- arable land of the holding situated in Natura 2000 zones or other environmental protected zones
- agricultural area of the holding participating in determined agro-environmental programmes
- areas without nitrogen fertilisation/use of pesticides/buffer strips¹
- agricultural land with landscape features (e.g. afforested land, hedges, terraces), bufferstrips, uncultivated land (land left fallow)

areas with permanent crops shall be exempted from this provision in order to improve the benefits of the EFA measure on environment and biodiversity, MS may opt for a collective approach, in such way that the obligation will be taken up by a group of farmers at local level

- crop diversification
- protection of permanent grassland
- [x%] ecological focus area on grassland
- green cover / catch crops
- areas with willow trees and other perennial crops
- nutrient and/or soil management plans
- certified energy efficiency (reduced inputs, improved resource efficiency, provision of alternative energy or renewable raw material)
- [$\leq 10\%$] use of the national ceiling of Direct Payments by MS for financing targeted agro-environmental operations (priorities 1 + 4 + 5 in Pillar II²; on top of [the existing level], 100% EU-financing)

- **C Cross Compliance option / environmental single payment scheme**

Farmers green by definition see B (1)

¹ Controls to be discussed with the Commission (e.g. for protein crops)

² Priorities 4 and 5 are defined as „restoring, preserving and enhancing ecosystems dependent on agriculture and forestry (priority 4) and promoting resource efficiency and supporting the shift towards a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors (priority 5)“

- Others
 - Integration of greening requirements into cross compliance (new standards corresponding to greening-requirements of EC-proposal: crop diversification, ecological focus area, protection permanent grassland).
 - Instead of the differentiation in basic premium and greening component, there is only 1 premium (environmental single payment scheme).
 - eventually possibility for MS to continue option B and C: MS may decide to replace only [1] of the above greening measures by [x] cross compliance standards.
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