



WWF

REPORT



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# Agri-Myths

Facts behind Europe's  
Common Agricultural Policy reform



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WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by conserving the world's biological diversity, ensuring that the use of renewable natural resources is sustainable, and promoting the reduction of pollution and wasteful consumption.



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# CONTENTS

<b>Introduction</b>	<b>7</b>
<b>Myth 1:</b> The CAP doesn't need to be "greened" any further.	<b>8</b>
<b>Myth 2:</b> Europe needs to increase its food production so that it can help feed the world.	<b>10</b>
<b>Myth 3:</b> The greening of CAP will cut our ability to produce food in Europe. We cannot afford to lose this capacity.	<b>12</b>
<b>Myth 4:</b> European farmers will become less competitive because of new CAP environmental requirements.	<b>14</b>
<b>Myth 5:</b> The 'polluter pays principle' is already implemented in European agriculture.	<b>18</b>
<b>Myth 6:</b> The greening of the CAP will cost jobs.	<b>20</b>
<b>Myth 7:</b> The CAP reform will lead to more bureaucracy.	<b>22</b>
<b>Myth 8:</b> The greening of CAP will be more effective if farmers are allowed to choose their own measures.	<b>26</b>
<b>Myth 9:</b> There is no need to reform a CAP system that is already fair.	<b>28</b>
<b>References</b>	<b>30</b>

***“For many rural regions in Europe the environmental and economic situation is so bad that this once-in-a-decade opportunity for a truly ambitious and forward-looking Common Agricultural Policy reform cannot be wasted.”***

***Tony Long  
Director,  
WWF European Policy Office***





# Sorting Myths from Fact: The truth about Europe's Common Agricultural Policy Reform

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The debate on the future Common Agricultural Policy (CAP) 2014-2020 is ending soon with a plenary vote planned for mid-March in the European Parliament and the subsequent negotiations within the Agriculture Council between Member States. In order to fully

understand the challenges faced in reforming the CAP, it is essential to separate fact from fiction so that the best choices for Europe's society, economy and environment can be made.

Many of the sound bites used by the public and politicians unfortunately fall into the category of myths and have no basis in reality. These create misunderstanding and confusion, becoming a barrier to proper debate. Unfortunately it is too easy for policy makers, the media and public to fall into the trap of using these attractive, simple, arguments, without knowing the truth.

The aim of this paper is to highlight what needs to be done to address the real problems behind the Common Agricultural Policy and make it truly sustainable. Parliamentarians and ministers will need to make courageous decisions to ensure that the CAP stops supporting environmentally harmful practices that threaten our medium and long-term ability to produce food and protect the environment for the generations to come.

**Tony Long**  
Director,  
WWF European Policy Office

**UNTRUE!**

## Myth 1

The CAP doesn't need to be  
“greened” any further.



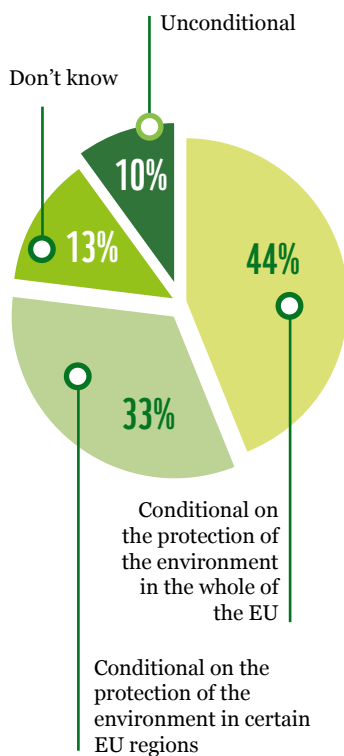
# FACT

Increasing yields through intensive farming practices come at a high environmental cost. We are approaching a tipping point where intensive farming practices threaten our medium and long-term ability to produce food.

## Background:

- **Increasing pollution of our water and food:** 92% of EU's rivers, lakes and aquifers are significantly affected by pollution (fertilisers and pesticides) and habitat alteration due to agricultural activities.<sup>1</sup> On top of that, pesticide residues are increasingly present in our food. A recent sample of grapes analysed in Germany found 26 different pesticides present on the fruit.<sup>2</sup>
- **Rapid loss of biodiversity:** Farmland bird populations have declined by 49% between 1980 and 2008 while grassland butterflies (just one of the pollinating insects that are under pressure) have suffered 70% losses since 1990.<sup>3</sup> This is having terrible effects on farming as 84% of European crops rely on insect pollinators.
- **Increasing water scarcity:** This affects around 100 million citizens in the EU, in at least 14 Member States. Agriculture uses 91% of our domestic water footprint.<sup>4</sup> If this "business as usual" agriculture is not changed, less than 5% of rivers will be restored to ecological health by 2015.<sup>5</sup>
- **In all, 77% of European citizens surveyed by the European Commission have asked for more environmental conditionality to be applied to the Direct Payments system.**<sup>6</sup> Already the CAP is struggling to win public legitimacy, as citizens do not understand why so many farmers are receiving blank cheques from the EU while some farming practices are destroying the environment. The public wants reform! Even the President of COPA-COGECA France supported this view by saying, "This reform is considered necessary to strengthen the legitimacy amongst European citizens of European aid to agriculture."<sup>7</sup>
- **Despite the evident crisis, the European Parliament Committee on Agriculture (AGRI) proposes to get rid of half of existing legal minimum requirements concerning the environment, food safety, animal and plant health** – which are known as 'cross compliance'. They want to remove existing rules that protect ground water against pollution, measures against soil erosion and the ban on hormones whilst ignoring the need to introduce basic legislation such as the Water Framework Directive.

Public attitude to Direct Farm Payments being conditional on environmental protection



## WWF Position

Despite several CAP reforms, the state of the environment is continuing to deteriorate and several rural ecosystems are on the brink of collapse. WWF believes that elementary agronomic and environmental practices are required as they benefit both farmers and society through more efficient use of water, reduction of chemicals' usage, crop rotation, protection of biodiversity, etc.

The AGRI Committee's proposal to delete half of the existing minimum requirements must be rejected by the Plenary. The Plenary should also introduce minimum requirements for the Water Framework Directive and the Sustainable Use of Pesticides Directive that are missing from cross compliance today.

## Myth 2

**UNTRUE!**

Europe needs to increase its food production so that it can help feed the world.

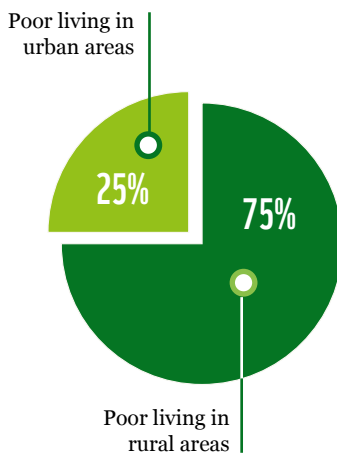
# FACT

Increasing Europe's food exports to the developing world is often bad news for the farmers from that region or the world's hungry.

## Background:

- **The Director of the United Nations Food and Agriculture Organisation** recently said: *“From the global point of view, food production is not an issue. We need to look at specific countries, [...] to expand food production where the poor live.”*<sup>8</sup> The world currently produces an average 4,600 kcal per person per day while on average only 2,500 kcal are needed.<sup>9</sup> Current food production is more than enough to feed everybody properly, yet a billion people are undernourished.
- The United Nations Special Rapporteur on the right to food, Olivier De Schutter added: *“The strategic objective today should be to support developing countries to “feed themselves”, not be to “feed the world”.*<sup>10</sup> He further added that the hunger challenge would only be solved, **“by helping small-scale producers (which represent the majority of food producers, who are suffering from income instability) improve their productivity and strengthen their access to local markets while shielding them from the negative impacts of the arrival of cheap, imported food commodities”**.
- The real issue is not a lack of food but a lack of access to it or income to buy it. The World Agriculture Report similarly concluded that efforts in the developing world should be focused on small-scale farming and research.<sup>11</sup>
- By supporting farming in the developing world we are addressing the problem of poverty reduction. Given that  $\frac{3}{4}$  of all of the global poor live in rural areas, by supporting farming we can directly reduce the number of those living in poverty.<sup>12</sup>
- Exporting more from Europe risks worsening the problem, not solving it. Smallholders in developing countries can be crowded-out by imports subsidized by CAP.<sup>13</sup>
- Tackling food waste is one of the best opportunities we have of securing food security for increasing global population which is due to peak at 9 billion in 2050.<sup>14</sup> **Up to 2 billion tonnes of food ends up as waste annually – a staggering 30% to 50% of all food produced in the world.** The reasons range from poor engineering and agricultural practices, inadequate transport and storage infrastructure (post-harvest losses) to consumers throwing away up to half of the food they buy. There is potential to provide 60-100% more food by eliminating losses and waste while at the same time freeing up land, energy and water resources.<sup>15</sup>
- Simultaneously, EU net food imports require 35 million hectares.<sup>16</sup> This amount of land, outside Europe is as big as Germany. Close to 71% of these imports come from developing countries. This makes the EU the largest importer of farm products in the world.<sup>17</sup> The bulk of agricultural EU imports are the 24 million tons of proteins crops destined for its huge meat and dairy production, representing 17 million hectares of land outside Europe - the equivalent of 10% of Europe's arable land.<sup>18</sup>

Where do the world's poor live?



## WWF Position

Europe should stop thinking that it can feed the world. WWF believes that the EU should stop subsidising exports that jeopardise local markets in developing countries and pushing smallholders out of business. Instead it should support these countries by strengthening their agricultural sectors (especially through supporting small-scale farming). At the same time, Europe should reduce food waste and change dietary consumption patterns.

**UNTRUE!**

## Myth 3

The greening of CAP will cut our ability to produce food in Europe. We cannot afford to lose this capacity.



# FACT

The measures proposed by the European Commission to green direct farm subsidies will help ensure that the farming sector can improve yields

in the medium to long-term, increase environmental protection benefitting all of society and increase rural prosperity.

## Background:

The Europe Commission has proposed a package of mandatory measures to green Direct Payments:

- **Ensuring 7 % of each farm are Ecological Focus Areas (EFA)** does not mean a 7% loss of production or a 7% set aside. EFAs are mainly hedges, trees, stone walls, ponds, etc. These are areas or natural features that many farmers already maintain, and so requiring these EFAs will have little impact.

EFAs are infrastructures that provide benefits for agriculture and the environment such as pollination, the provision of fresh water, refertilising the soil and genetic diversity, regulation of climate and natural pests. They can make the farms more resilient to the impacts of climate change, by providing natural defences to disasters such as flooding. These positive effects, known as ecosystem services, benefit the farmer and society as a whole.

- **Recent research shows that the preservation/introduction of EFAs will enhance production not reduce it:**<sup>19</sup> The study shows that with 10 % dedicated EFA, there initially will be a short-term drop of yield by 1.1% - 4.9%, but by 2020 the yields will be 4-8 % higher than in 2013; the annual yield fluctuation is higher than the effects of an EFA-introduction. There is a real need for EFAs to provide long-term safeguards of European farmlands.
- Research shows also that hedges increase water storage and make nearby crops less vulnerable to drought. EFAs also provide shelter for pollinating insects and others that help in pest control thus reducing the need for pesticide use (Baumann, 1983; Solagro 2012). Best scientific advice recommends EFAs closer to 10-12% if the most benefit is to be derived from their positive functions.<sup>20</sup>
- **Crop diversification:** Genuine crop rotation, which is the process of alternating crops raised between seasons to promote soil restoration, is well documented as a good agronomic practice. It ensures a more sustainable production by preserving the natural resources on which farmers rely, improving natural pest control and reducing pesticide use (Billeter et al. 2008). These benefits will not be achieved with crop diversification which simply looks at growing a different variety of crops on the farm (but not changing where or how they are cultivated).
- The greening of Direct Payments will also bring **health benefits**. It has been proven that farmers can have a higher probability of suffering from cancer and Parkinson disease due to pesticides exposure. Consumers are also exposed to pesticides on a daily basis: a French study showed that children ingest 36 different pesticides residues on an average day with conventional food.<sup>21</sup>

## WWF Position

WWF believes that we are sacrificing our medium to long-term sustainability for short-term economic gains of industrial farming. The environmental requirements of CAP should ensure that we do not exhaust our land and compromise its ability to produce food without a high dependence on polluting chemicals (fertilizers, pesticides etc.).

Each farm should have at least 10% Ecological Focus Areas. We also need to reintroduce a system of crop rotation that replenishes the soil of nutrients rather than crop diversification that relies on fertilisers.

THE INTRODUCTION OF  
ECOLOGICAL FOCUS AREAS WILL  
ENHANCE PRODUCTION. WITH  
THEM BY 2020 YIELDS IN THESE  
AREAS COULD BE  
**4-8 % HIGHER**  
THAN IN 2013.

**UNTRUE!**

## Myth 4

European farmers will become less competitive because of new CAP environmental requirements.

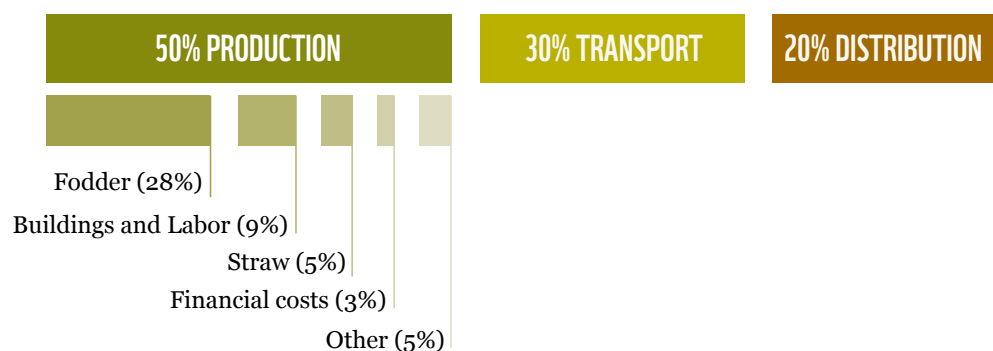
# FACT

Farmers' competitiveness is affected by more than environmental requirements. High environmental and quality standards can in fact open new markets and gain acceptance for subsidies.

## Background:

- **Lowering environmental standards will not improve the competitiveness of European farmers** with regions like South America or Asia that benefit from cheap labour and land. European farmers have higher living and farm operating costs, which are relatively fixed. The CAP does not dictate the price of land, fuel, farm inputs, and wages. Given Europe's expertise in creating good quality farm goods, farmers should be encouraged to give an added focus to products that command a higher price on European and international markets. Other regions will always be able to outperform Europe on certain basic commodities. High environmental standards are thus essential to delivering the excellence on which our farms could thrive.
- **Farmers in Europe are paid low farm-gate prices because of the existing market structure;** there are relatively few buyers for agricultural produce and there are many sellers (farmers), the agri-food industry (which includes the large retail chains) can force farmers to accept a low price. The EU needs to address this market failure.
- COPA-COGEA frequently uses the example of the breakdown in the cost of a loaf of bread to show how much each participant in the supply chain earns. **Typically, a farmer only sees 5 % of the final price.** The other 95% covers elements of the supply chain including processing, transport, marketing, etc. The agro-food industry takes most of the final cost. If a farmer is forced to accept low prices his/her ability to make a profit will be reduced.
- Consumers the world over want high quality, affordable and nutritious food which does not compromise on safety. Scandals like the outbreak of mad cow disease, bird and swine flu, the use of hormones in beef, chemical residues on farm products have all shown that consumers will not accept any risk to their family's health.

## THE COST OF MEAT



(Source: p64, A TABLE!, Du champ à l'assiette, 2012)

## Consumer confidence in food is economically vital

### *Losing consumer confidence costs the farmer....*

When the Mad Cows Disease epidemic hit Europe in 1995, which was caused by unsafe industrial feed being supplied to cows, over 90 people died in the UK. On top of an almost total embargo of EU bovine exports, sales of beef across Europe fell by between 25% -40%. This ended up costing €610 million in the UK alone in exports and another fortune for the taxpayer who were left with the bill to clean up.<sup>22</sup>

When the crisis hit the US in 2003, an embargo was introduced by 65 foreign countries resulting in a crash of exports by 75% in one year. By 2006, exports only recovered to 59% of their pre-crisis value.<sup>23</sup> This shows the damage a health scare can have on consumer confidence. Once it is lost, it is very difficult and costly to regain.

### *....but high public confidence can be profitable*

The story is very different when it comes to international sales of organic products which continue to defy the economic downturn, growing by 8.8% in 2010. Strong growth in the sector continues in the EU and the US, but we have also seen a quadrupling in demand in China over the last five years and increase of 40% a year in Brazil. Analysts predict 20% annual growth over the next three years in Asia. In Europe, organic sales grew by 6% in 2010 and again in 2011, largely outpacing the rate of economic growth.<sup>24</sup>

## WWF Position

WWF believes that compared to other factors, CAP environmental requirements are not a major issue in term of the competitiveness of European farmers. On the contrary, better environmental requirements and standards will improve the quality of European farm products, which can lead to new economic opportunities inside Europe but also worldwide.





## Myth 5

**UNTRUE!**

The 'polluter pays principle'  
is already implemented in  
European agriculture.

# FACT

The overall farm system does not pay the actual cost to the society and the environment. Taxpayers are paying farm subsidies but also the clean-up costs through increasing water bills and environmental restoration needs. The result is a very cost ineffective system burdening the European economy overall.

## Background:

- The full cost-base of farming needs to be taken into account – including negative environmental costs which farmers do not pay for. Overconsumption and pollution of water, emissions of greenhouse gases, loss of biodiversity all produced by industrial farming have a cost to the economy. This is not factored into farm products but is paid by taxpayers (for environmental restoration or loss of ecosystems services) or by consumers of other products. Water is an issue of deep concern for households. While agriculture uses 91% of our domestic water resources<sup>25</sup> and 36% of our rivers are over-abstracted- mainly due to irrigation,<sup>26</sup> it is households who pay the bulk of the water costs, not farmers.
- **Effectively consumers pay four times for their food and drinks. Once at the supermarket, once in CAP subsidies, once with their rising water bill and once to clean up the mess left behind.**

## Some of the hidden costs of agricultural pollution

The overall cost in the EU of agricultural soil degradation is valued at €38 billion a year.<sup>27</sup>

The cost for the EU from the excess of nitrogen in water has been calculated at €320 billion a year, of which farming is responsible for half.<sup>28</sup>

In France, the additional cost to households for drinking water free of nitrogen and pesticides from agriculture is evaluated at up to €1,5 billion a year - or 12 % of the average water and wastewater bills.<sup>29</sup>

- It is generally accepted that greening the CAP will not increase food prices, but maintaining the same polluting farm practices will increase the cost to taxpayers as they are called upon to repair the damage of pollution and resource exhaustion. At a time of fiscal consolidation, it is undermining efforts of Member States for more efficient public spending, as these hidden agricultural costs have to be partly supported by constrained national budgets.
- Attempts, by the CAP, to reduce the massive use of fossil fuels (of which fertilisers are made) and chemical inputs of the European agriculture could increase competitiveness amongst farmers on the global stage. A recent Ecophyto study from Institut Scientifique de Recherche Agronomique in France showed that on average **farmers can reduce their use of pesticides by 30% without any impact on the level of food production and the revenues** of farmers.<sup>30</sup> When we include the costs to health, the environment and society this makes such an overall approach very cost effective.

## WWF Position

Medium to long-term sustainability must not be sacrificed as the overall cost to society is significantly mounting. WWF doesn't believe that subsidised food produced with high environmental cost and additional taxpayers' burden to clean up the resulting mess is an effective economic approach.

The "polluter pays principle" should be implemented in CAP. CAP supports should be focused on sustainable farming and the delivery of environmental public goods not rewarded by the market by benefitting the society as a whole.

## Myth 6

**UNTRUE!**

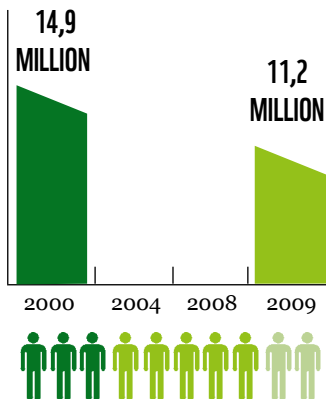
**The greening of the CAP will cost jobs.**



# FACT

As it is CAP has not prevented widespread job loss. There is evidence that sustainable farming can offer plenty of opportunities to create quality, rewarding employment.

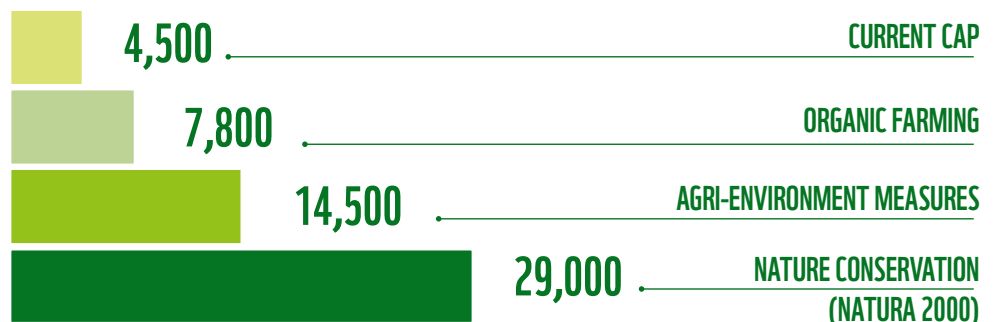
**Agriculture employment in Europe (full time equivalent)**  
Source: Eurostat



## Background:

- The CAP has been a big failure in terms of job creation. **Between 2000 and 2009 25% of jobs in European agriculture were lost** despite high CAP subsidies. Subsidies to industrial agriculture do not promote job creation as they are not labour-intensive, instead they rely on mechanization and chemicals. In France, the number of jobs directly linked to agriculture has dropped from 1,3 million in 1988 to 800,000 in 2007.
- A 2011 study conducted by the employment research consultancy GHK and commissioned by WWF<sup>31</sup> shows that €1 annual billion of CAP subsidies has the potential to create an average of only 4,500 jobs (net), while a similar investment in **nature conservation (Natura 2000)** could create 29,000 jobs (net), clearly a policy that supports nature conservation can ultimately supply more quality, satisfying jobs. The same study also shows that the current CAP is an expensive means of maintaining low employment levels. Greener sectors have the potential to create up to three times more jobs than the current CAP as the bulk of subsidies (Direct Payments) largely go to inflating land prices.
- The GHK study also shows that €1 billion invested annually in **organic farming** creates 7,800 jobs (net) – 73% more than conventional farming CAP.
- Additional Research (Petrik and Ziar, 2010) concludes that **agri-environmental measures** in Eastern Germany **generate 14,500 direct jobs per €1 billion annually**. This is 3 times more than the current CAP average – not including indirect impact.

## NET NUMBER OF JOBS CREATED WITH 1 BILLION CAP SUBSIDIES 1 YEAR



## WWF Position

WWF believes that there is a real opportunity to increase employment through a greener CAP, as proven by recent research. Organic farming, agri-environmental measures, nature conservation (protection of Natura 2000) have all a significantly higher job impact than the current CAP.

Ensuring that the Rural Development fund significantly supports Natura 2000 (with an average €2 billion budget a year) would create up to 60 000 new jobs.

## Myth 7

**UNTRUE!**

The CAP reform will lead to more bureaucracy.

# FACT

While all public expenditure is required to be transparent and controlled, the Commission has made proposals that would make the

CAP simpler to administer and minimise bureaucracy for farmers, including for the greening.

## Background:

- **Any distribution of public money has to be fully transparent and controlled.** Anyone who receives money has to prove eligibility and results. This avoids the waste of public funds in a time of austerity. CAP subsidies are the largest part of the EU budget and have to respect these basic budgetary management rules. The AGRI Committee wants to delete all rules on transparency of beneficiaries and rejects proper controls on spending. This will continue the loss of confidence the public has in the CAP even more.
- The greening of Direct Payments was designed by the European Commission to create a level playing field, with rules that can be easily understood by all farmers. It is not intended to add complexity or create additional administrative burden. The AGRI Committee however, is proposing a menu approach as its weak greening proposal which, if confirmed by the Plenary, will create a multitude of different regional and national systems. **These will be nearly impossible to implement and control.**

### A simple proposal for greening (Commission)

#### 3 measures for all EU farms

7% EFA

Crop diversification

Protection permanent grasslands

### A complex proposal for greening (AGRI Committee)

Option 1	Option 2	Option 3	Option 4	Exemption regimes
3-5-7% EFA	Farms under equivalent agri-environmental measures	Farms under equivalent certification schemes	Farms on Natura 2000 land are automatically exempted	Farms < 10 ha
Crop diversification				Farms > 75% grasslands
Protection permanent pastures				Farms > 75% permanent pastures
				Farms > 75% underwater crops

- Worryingly, the AGRI Committee uses the “simplification” argument to justify deleting half of basic environmental requirements known as ‘cross compliance’ (for example protection of ground water against pollution, measures against soil erosion and ban on hormones have been suppressed). If voted through in the Plenary, this would significantly reduce the sustainability of European agriculture.
- If proper reforms are introduced, small farmers will benefit from the new simplified rules proposed by the European Commission. The Small Farmers Scheme proposes lump sums (annual payment of €500-1000 fixed by the Member State) regardless of the farm’s size.
- The programming approach of Rural Development was designed by the European Commission to deliver better results by setting targets and checking progress with measurable indicators. The bulk of the EU budget will follow this results-oriented approach.

### WWF Position

WWF believes that the greening of Direct Payments as suggested by the European Commission (mandatory package) is much simpler and should be supported by the European Parliament’s Plenary. The opposite is the case of the menu approach proposed by the AGRI Committee which will add additional administrative burdens. For the same reason, we are asking for common commitments, control and penalty schemes across Europe. Use of modern systems like satellite imagery can simplify the control systems.

Simplification should not mean a deletion of essential, basic environmental requirements. The Plenary should reject the proposal of the AGRI Committee to abolish half of the existing minimum requirements in Cross Compliance.







**UNTRUE!**

## Myth 8

The greening of CAP will be more effective if farmers are allowed to choose their own measures.

# FACT

A mandatory system will lead to a level playing field of good agronomic and environmental practices for all European farmers.

A voluntary system will mean that farmers will choose what is easiest to apply rather than what is really needed.

## Background:

- In a European policy such as CAP, there needs to be a clear level playing field for all European farmers with common rules. Without these, the CAP will no longer be a European policy but a nationalised policy. A mandatory greening package for Direct Payments are required to ensure that all European farmers receiving CAP subsidies for the same environmental practices.
- **Many farmers want to practice environmentally sound agricultural methods. Unfortunately, also many do not.** A voluntary system will lead to competitive distortion among European farmers as they won't implement the same rules and measures. Farmers' organizations are demanding reforms that do not create any competitive distortions between European farmers. This is a clear case for a mandatory system.
- European public policy has largely been driving the development of environmentally harmful farming. It is now the responsibility of the CAP to unlock more sustainable modes of production by setting mandatory requirements, instead of hoping that voluntary commitments from farmers will be enough to implement policy. Self-regulation on such a vast scale rarely works.

## WWF Position

WWF believes that a mandatory greening of Direct Payments is the only effective solution to ensure that all European farmers receiving CAP subsidies respect a minimum level of good agronomic and environmental practices.

**UNTRUE!**

## Myth 9

There is no need to reform a  
CAP system that is already fair.

# FACT

The CAP system is still extremely unfair in two ways: the bulk of funds go to a limited number of big farmers, not the small farmers who need them; in addition double subsidies proposed by the AGRI Committee would burden taxpayers without any added value.

## Background:

- Despite past reforms, the bulk of the Direct Payments (which accounts for 75% of the total CAP) go to the wealthiest farmers. **It is estimated that 20% of the beneficiaries of CAP subsidies are receiving 80% of the funds.**<sup>32</sup> Small farmers struggle to get their fair slice of the funds.
- Old Member States, like France, Spain and Italy still receive the bulk of CAP Direct Payments, and propose very long transition periods for new member states to receive their fair share of payments. This is maintaining the current unbalanced situation and delaying a proper reform.
- The AGRI Committee's centre-right political groups have proposed double subsidies<sup>33</sup>: if confirmed by the Plenary, farmers who receive payments for agri-environmental schemes under Rural Development (Pillar 2) would automatically be eligible for the 30% greening payment under Direct Payments (Pillar 1). This means that farmers would effectively receive a double payment for undertaking the same actions.
- **Double payments are strongly opposed by the European Commission on the grounds that they contradict sound budgetary management, they are also illegal under European law and incompatible with WTO rules.**

## WWF Position

WWF believes that the current CAP payments system is unfair and obsolete as it does not help address the problems facing agriculture. Direct payments should be based on meaningful environmental work and range from 30% and culminating in 100% ultimately of all funds paid to the farmer.

Double payments should be rejected by the Plenary. If farmers wish to secure additional funding from agri-environment (Pillar 2) they should undertake additional environmental measures. Double payments would destroy the attempt to re-legitimize CAP in the eyes of European taxpayers and severely damage the reputation of the Parliament to manage the EU budget.

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