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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*)
- *Commission services Concept Paper on Greening*

Delegations will find attached in Annex a Concept Paper on Greening prepared by the
Commission.

Concept Paper

1. Introduction

Since the Commission adopted its proposals on CAP reform, numerous, constructive and fruitful discussions have been held on many of the elements of the proposals. In particular the topics of greening and simplification have been subject to extensive debates.

The strength of the three proposed greening measures lies in the fact that they are compulsory for almost all farmers¹, apply to the entire relevant area of their holding, and ensure a level-playing field in the Union. In addition, the greening measures go beyond cross-compliance obligations and raise the baseline, thereby increasing the environmental ambition for more targeted Rural Development measures.

A wide support for a stronger greening dimension of direct payments has emerged. The importance of the three greening measures on permanent grassland, crop diversification and 7 % Ecological Focus Areas on farm eligible areas (permanent grassland excluded) has also been fully acknowledged. At the same time, it has become clear that certain elements of the proposal deserve further consideration. The following suggestions on how to simplify the CAP and possibly further enhance its delivery of environmental and climate benefits could therefore be considered.

2. Role of AECM/certification

With a view to simplification and recognising the environmental contributions farmers may make by taking up Pillar II agri-environment-climate commitments or in the context of an environmental certification scheme, it could be considered:

- to foresee, under certain conditions, that a beneficiary of a Pillar II agri-environment-climate measure can be considered as fulfilling one (or several) of the greening measures;
- to foresee, under certain conditions, that a farmer, subject to an environmental certification scheme can be considered as fulfilling one (or several) of the greening measures.

The conditions which the agri-environment-climate commitments or the environmental certification scheme would have to comply with concern:

- the coverage of the whole farm (in line with the greening objective that almost all agricultural area is subject to greening requirements),
- an environmental ambition level that goes beyond the ambition level of the relevant greening measure(s), and

¹ Exemption Small Farmers Scheme

- a type of agri-environment-climate commitment or certification scheme requirement that corresponds to the type of the greening measures.

Moreover, only certification schemes that ensure equivalence in environmental ambition i.e. are designed in such a way as to achieve the same level of positive impacts for biodiversity, water, soil, etc. as crop diversification, EFA and permanent grassland, are effective, with a sound quality control system, impartial and operate in a fully transparent manner may be taken into consideration.

This adjustment could bring simplification (avoid double control visits covering the same subject, streamline the application process, facilitating farm management) to those farmers who already generate significant benefits for the environment and the climate. It would also encourage other farmers to join the schemes and programmes in question thus increasing the overall environmental and climate benefit of the CAP.

3. Permanent grassland

The proposed definition of "permanent grassland" extends the current definition but it may not include some areas with extensive traditional pastoral/agricultural systems which play a key role for biodiversity and prevent soil erosion and carbon release. This could subsequently lead to land abandonment with major problems for both the farmer and the landscape.

In order to recognise the ecological and agricultural value of these areas and to avoid their abandonment, it could be considered to accept surfaces where non-herbaceous species are predominant. This could be done by considering as eligible, areas where grasses and other herbaceous forage are traditionally not predominant but still suitable for grazing that form part of traditional agricultural systems

In order to avoid that in a given MS too many such areas enter and dilute disproportionately the amount of direct payments per hectares and also for simplification purpose, provisions could be made to allow MS to apply a reduction coefficient for the calculation of such hectares into eligible hectares.

This approach would introduce a further element of flexibility whilst allowing rewarding areas that are valuable from an environmental and agricultural point of view.

Moreover, it emerged that the obligation to maintain at parcels level permanent grassland defined as land out of crop rotation for at least 5 years would constitute a heavy constraint on farms' production choice as e.g. many livestock farmers are having long-term rotation in their production system. In order to adapt to farming realities it could be envisaged to make the definition of "permanent grassland" closer to agronomic reality and to focus on real permanent grassland i.e. those that are out of crop rotation for 8 years or longer.

This approach would grant more flexibility to farmers, render the administration of the scheme simpler while still achieving the climate and environmental objectives of the greening obligation by ensuring the maintenance of the most important carbon sinks, considering that the current proposal of CAP reform keeps the current cross-compliance requirement concerning the national areas of permanent pastures.

4. Crop diversification

The main objective of the crop diversification measure is to make farms with monocultures more environmentally friendly and sustainable. During the discussions it has become apparent that the 3 ha exemption threshold could impose a costly adjustment for some specific type of small farms, especially mixed farms.

In order to address the concerns of smaller farms and to achieve major simplification in the implementation of the measure for both farmers and administrations, it could be considered to increase the exemption threshold further to a threshold to be defined between 3 and 10 hectares.

Acknowledging the environmental performance of farms with an important part of the holding area covered by grassland and their limited capacity for diversification within their production systems, it could be envisaged to exempt farms with a holding area of less than 50 hectares, of which a significant part is covered by grassland (permanent and/or temporary), land left fallow or covered by a combination of these, from the diversification obligation. First estimates indicate that exempting farms with a high share of grass on their area would affect a significant number of farms, while only slightly decreasing the area targeted by the measure.

In order to accommodate farmers who grow more than 3 crops, a modification of the proposal could be envisaged. Such a modification would not change the maximum share for the main crop (70%) but would allow a farmer adding up the share of his third and subsequent crops to reach the minimum requirement of 5%. This is to avoid that a farmer having crops with a share below 5% increases the share with the sole purpose of meeting the 5% requirement.