



EUROPEAN FORUM ON
NATURE CONSERVATION
AND PASTORALISM

**EFNCP comments on
EC's proposed
CAP regulations**

SUMMARY OF KEY RECOMMENDATIONS

Direct payment scheme:

The reform should put more emphasis on targeted incentives (top-up payments) for the most environmentally positive farmland types and practices, and less emphasis on standardised EU rules for things of limited value.

All land under active farming use should be eligible for the new direct payment scheme, especially the most marginal grazing land that is most threatened with abandonment and where environmental losses will be greatest.

Member States should ensure that the delineation of regions for direct payment calculation results in payments for low-productivity land that are sufficient to maintain current farming.

Permanent pastures:

The word “herbaceous” should be removed from the permanent pasture definition. Minimum farming activity should determine eligibility for direct payments, not vegetation types. There should be no exclusion of shrub and tree pastures from direct payments.

The greening component for permanent pasture will generate no environmental benefit unless permanent pasture is redefined to exclude land reseeded within at least 5 years (more years = more benefit). The 2014 baseline date must change to 2010. The proposal to allow a 5% decline in permanent pasture at farm level should be removed.

The new definition of permanent pasture should be **“land used to grow grasses or other ~~herbaceous~~ forage (self-seeded or sown) and that has not been included in the crop rotation of the holding *ploughed or reseeded for 5 years or longer*”** [this is the current 2009 definition with words deleted and those in italics added]

A Pillar 1 top-up payment should be introduced for permanent pastures where the farmer commits to no re-seeding or ploughing of the pastures.

The current GAEC overarching issue on “avoiding deterioration of habitats” should be retained, especially for permanent pasture. Member States should define requirements in more detail. The EIA Directive (requirements for semi-natural farmland) should be added as an SMR.

GAEC should apply to farms in the small farms scheme.

The greening requirements should apply to organic farms.

Ecological focus areas:

A Pillar 1 top-up payment should be introduced to reward existing and new EFA above a minimum farm-level threshold.

Land afforested with EU grant-aid should not count towards EFA.

EAFRD

There should be an option for Member States to use farm-level criteria for targeting higher Natural Constraints (LFA) payments to specific farming or landuse types, especially HNV farming types.

HNV farming and extensive livestock systems should be added as themes for RDP sub-programmes.

Permanent pastures should be excluded from EU-funded afforestation; only arable and temporary grassland should be eligible.

NGOs should be added as explicitly eligible for the Co-operation measure, alongside farming organisations.

INTRODUCTION

Following a series of draft versions that were widely leaked and criticised, the Commission released its legal proposals for the new CAP on the 12th October. http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index_en.htm
These consist of several draft regulations, most notably the:

- Direct payments (DP) regulation, establishing a new basic payment to replace the current Single farm Payment (SPS).
- Horizontal regulation, establishing rules for financing, managing and monitoring the CAP, including cross-compliance rules.
- Rural development (EAFRD) regulation
- Single CMO regulation, establishing common market regimes for agricultural products, setting minimum prices, etc.

There are undoubtedly some good aspects to the proposed regulations. In Pillar 1, the move away from the historic payment system of SPS to standardised payments per hectare is a big step in the right direction for the EU15, and potentially favours lower productivity land and thus low-intensity farming. Unfortunately, there are also ways for Member States to avoid major redistributions of Pillar 1 support. In Pillar 2, there is a welcome emphasis on the need for rural development programmes (RDP) to show clearly how they will deliver a set of EU priorities, where the words HNV farming are still to be found, based on an analysis of what really needs to be done to pursue these priorities.

However, there is also much that is wrong with the proposals from the environmental point of view, and especially for extensive HNV farming systems. Overall there is far too much emphasis on standardised packages of rules for all farmers, in return for standardised payments, an approach that flies in the face of the great diversity of European farming. We believe that providing targeted incentives for specifically positive farming types, practices and features would be far more efficient.

Major opportunities for better targeting of support to extensive farming types have been missed, under both Pillars. The problems of large areas of actively farmed shrub and tree pastures (agro-forestry) being excluded from direct payments has not been resolved (yet). Meanwhile the supposed "greening" of Pillar 1 is largely ill-conceived - especially for permanent pastures, the proposed system offers nothing to protect extensive grasslands and is unlikely to produce any environmental benefits, so it is in danger of becoming just another layer of pointless bureaucracy. Crucially, much now depends on the details of implementing rules and so-called "delegated acts" to be drawn up by the Commission in the coming months.

OVERALL REMARKS

No one would deny that HNV farming (mainly extensive livestock and tree-crop systems) is central to the maintenance of European biodiversity, the delivery of ecosystem services, and the social fabric of many marginal rural areas. From all these perspectives, these are the most important types of farming in the EU. It is also well documented that extensive farming systems are threatened by widespread abandonment and also by afforestation, leading to biodiversity loss, closed and inaccessible landscapes, and greatly increased risk of wild fires. Without consistent policy support these systems will collapse, along with their environmental and social values.

Yet currently Pillar 1 with its "historic" payments in the EU15 is weighted against these systems, while in more marginal regions, many types of extensive pasture composed of shrubs and trees (agro-forestry) are excluded from receiving Direct Payments by ill-conceived CAP rules. Pillar 2 support through Less Favoured Areas and agri-environment payments is playing a crucial role in certain regions where these measures are targeted to support extensive farming, but the use of these measures is highly inconsistent when viewed across the EU. There is no EU cohesion to be found. These facts should concern the Commission.

The Commission's 2011 Consultation Document on CAP reform explicitly recognised many of these issues including:

- The large extent of HNV farming systems in the EU
- The abandonment risk faced specifically by extensive grasslands
- That 65 % of all EU habitat assessments are unfavourable, and generally habitat types associated with agriculture have a worse conservation status than other types [these are all extensive pastures/meadows]

This explicit highlighting of challenges by the Commission raised hopes that CAP reform would bring positive policy improvements for HNV farming and extensive grasslands especially. An improvement in basic economic support is needed to halt the on-going decline in these land uses, as has been emphasised on several occasions by DG ENV and Environment Commissioner Potočnik, by the EEA and by the main environmental NGOs.

Yet the Commission's published proposals for the CAP offer nothing specific to support HNV farming. There is no mention in the new regulations of the environmental importance of extensive grasslands/pastures and extensive livestock (as highlighted by the EP's Dess report), which make up the majority of HNV farming in Europe, or of the specific socio-economic challenges faced by these farming systems. The Consultation Document and the weight of recommendations to DG AGRI seem to have been forgotten.

In fact there is nothing concrete in the regulations that can be used to halt the decline of these land uses other than the agri-environment measure that has existed since the 1980s and the Natural Constraints (previously LFA) measure that has existed since the 1970s. But whether to use these measures to support HNV farming depends on national or regional decisions. There is no steer at the EU level. Crucial opportunities have been missed to introduce EU-level requirements for targeting CAP income support, through a system of top-up payments for HNV farming (or simply for extensive grasslands) under Pillar 1 and under the Natural Constraints measure.

Furthermore, the CAP measures that specifically affect grasslands - permanent pasture definition, cross-compliance, greening criteria - include several aspects that may be directly negative for these farmlands of high nature value.

The attempts at "greening package" for Pillar 1 offer potential for environmental benefits only in intensively farmed landscapes, specifically through the proposed 7% ecological focus area, but are of no benefit whatsoever for HNV farming. The EU priority should be to maintain existing biodiversity values where they exist (which is not just in NATURA sites), but as usual the attention is all on intensive farming.

Overall, the draft regulations fail completely to offer improved *targeting* of biodiversity concerns in agriculture or to establish sufficient resources for this.

PILLAR 1

The new direct payment system

The new Pillar 1 payment system moves away from the obsolete "historic" model to a payment per hectare that is equal for all farmland across a region. This should shift support in favour of less intensive farming systems that received less support under the historic model - a very positive move. A distinction is made between a "basic payment" and the "greening" payment, but in practice these two elements combine to make up the new direct payment replacing SPS and SAPS.

The potentially positive outcomes of the new system depend almost entirely on the future implementing rules and Member State implementation decisions. For example, the question of how regions are delineated by Member States will determine how much redistribution of support takes place. The regulation gives considerable flexibility, so that in Spain for example there are discussions about making one "region" for irrigated land, and another "region" for non-irrigated land, with a higher rate of payment for the irrigated region in order to avoid a redistribution of support in favour of lower yielding systems. Similarly, the regionalised payment currently applied in England is far lower for moorland above a certain altitude than for other, more productive farmland. Of course theoretically the regionalisation could be done in a positive way for HNV farming, for example by defining all semi-natural pastures and meadows as a "region", with a *higher* payment than other regions, on grounds of lower economic returns from the market of this land.

Then there is the question of what land can be, or will be, included in the new scheme when farmers apply for entitlements (deadline 15th May 2014). In some countries, large areas of farmland that currently are eligible on LPIS are not receiving direct payments, because farmers can activate their historic SPS entitlements with a smaller area of land than they farm in reality. This occurs in Spain, especially in areas with extensive common grazings where numbers of claimants are declining. In Navarra for example, of the 321,401 ha of extensive grazing land eligible on LPIS, over 180,000 ha were not claimed by graziers for SPS in 2008. Will farmers actually using this land be able to claim the new Pillar 1 payment on it? This seems to be permissible under the proposed DP regulation, as we believe it should be in

order to reward its continued use, but authorities may look for ways of excluding such land, in order to focus the national envelope on a smaller area of land and thus achieve a higher average payment per hectare.

A theme of the reform debate has been the question of how to focus CAP support on “active” farmers. Article 9 of the DP regulation says that no direct payments shall be granted to a farmer if:

(a) the annual amount of direct payments is less than 5 % of the total receipts they obtained from non-agricultural activities in the most recent fiscal year; or

(b) their agricultural areas are mainly areas naturally kept in a state suitable for grazing or cultivation and they do not carry out on those areas the minimum activity established by Member States

For many small farms, which generally are part time and might fail on criterion (a), these restrictions will not be a problem, as they do not apply if the direct payment in the previous year was less than 5,000 EUR.

For larger farms, the second criterion raises some concerns for pastures under very extensive use. The outcomes will depend entirely on how an “agricultural area considered as mainly areas naturally kept in a state suitable for grazing or cultivation” is defined; and of course on how Member States define “minimum activity”. Potentially, these concepts could work well as a method for excluding land not in active use, but equally they could work very badly. As with so much of the legal proposals, a great deal will depend on the Commission’s implementing rules, when they appear.

On a similar theme, land not really in farming, such as golf courses, is explicitly excluded from the basic payment, as it should be. The regulation stresses that the intention is NOT to exclude small, part-time farms – this affirmation that such farms are indeed real farming is very welcome.

As explained in more detail below, it is also essential to resolve the problem of exclusions from direct payments of extensive pastures due to inappropriate eligibility criteria (shrubs, trees, etc.), otherwise large areas of farmland of high nature value will continue to be excluded from support, and from all the potential good aspects of the new CAP.

The new Permanent Grassland definition

The new definition in the regulation is *“permanent grassland” means land used to grow grasses or other herbaceous forage naturally (self-seeded) or through cultivation (sown) and that has not been included in the crop rotation of the holding for five years or longer; it may include other species suitable for grazing provided that the grasses and other herbaceous forage remain predominant;*

There are some changes from the current CAP definition. Permanent *pasture* is re-named “permanent grassland”, presumably to emphasise that the EC in principle wants support to go to grass pasture and not to shrubby and woody pasture, a prejudice that seems to be based largely on ignorance of just how important such pastures are in some EU regions. However, a new clause is introduced saying that non-herbaceous forage *may* be present. This encouraging insertion is spoiled by the caveat that grass must be the predominant vegetation.

This can be interpreted in various ways. On the one hand, the EC seems to be recognising that non-herbaceous forage (shrubs, trees) are used legitimately for grazing (or more correctly for browsing), which is a step in the right direction. This should encourage Member States who have tended to exclude pastures with shrubs and trees from Direct Payments to change their approach, and to include them in future. Bulgaria, Sweden and Estonia may now be able bring into Pillar 1 the large of areas of NATURA farmland habitats currently excluded, even though these are genuine farmland in active use by real farmers. Member States that have always included such pastures in the eligible area (France, Spain, UK) might breathe a sigh of relief.

On the other hand, **the EC’s insistence that grass should remain predominant has no agronomic or environmental justification.** If it is taken with flexibility, there may be no problems, but if applied strictly this clause could still lead to exclusions of perfectly legitimate pastures the grazing/browsing of which is important for ecosystem services. For example, heather moorlands of the UK uplands, and shrub pastures used especially by goats in southern regions of the EU, where grazing plays a vital role in reducing fire risks. The new definition therefore does not remove the present confusion, it simply alters it. A far simpler and

more complete solution is to remove the word “herbaceous” from the current definition completely, as it contributes nothing useful. The new definition of permanent pasture should be **“land used to grow grasses or other ~~herbaceous~~ forage (self-seeded or sown) and that has not been included in the crop rotation of the holding ploughed or reseeded for 5 years or longer”** [this is the current 2009 definition with words deleted and those in italics added]

In EFNCP's opinion, it is time to get rid of all attempts to define the preferred types of vegetation, numbers of trees, bushes (or blades of grass?) on farmland at the EU level. This approach will never reflect the diversity of EU farmland, and will always tend to create problems for farmers and for national administrations. It is also completely unnecessary. The proposed DP regulation rightly establishes that at least a minimum agricultural activity must be carried out for land to be eligible for support (“*carrying out a minimum activity to be established by Member States on agricultural areas naturally kept in a state suitable for grazing or cultivation*”). EFNCP believes that minimum activity should be the basic criterion for determining if a pasture is eligible to receive DP, not whether it is grass, shrub or wood pasture, or whether the proportion of grass is as expected by DG AGRI. For details on these issues see http://www.efnecp.org/download/Permanent_Pastures_and_Meadows_adapting_CAP_Pillar.pdf

However, the new regulations have muddied this apparently simple approach by introducing a category of land – “agricultural area considered as mainly areas naturally kept in a state suitable for grazing or cultivation” – where the minimum activity requirements do not necessarily apply. The Commission has explained this category in discussions by referring to land grazed by deer, for example. But why such land should be considered eligible for direct payments if there is no farming activity is not clear.

Permanent grassland greening component

Introducing the greening of Pillar 1, the explanatory memorandum to the DP regulation states:

“Thirty percent of direct payments will now be tied to greening, and these payments will ensure that all farms deliver environmental and climate benefits through the retention of soil carbon and grassland habitats associated with permanent pasture, the delivery of water and habitat protection by the establishment of ecological focus areas and improvement of the resilience of soil and ecosystems through crop diversification.”

Under this mechanism, farmers will be required to maintain the extent of permanent grassland existing on their holding in 2014 (although a 5% decline would be allowed). However, **the above claims concerning carbon and habitat in relation to permanent pasture have absolutely no foundation, given the proposed definition of permanent grasslands.** The farmer who ploughs, reseeds and heavily fertilises a semi-natural permanent grassland - with major release of carbon and destruction of biodiversity - would still comply with the greening measure for permanent grasslands, as long as the parcel stays in grass.

As currently, the proposed definition of permanent grassland makes a major mistake by not excluding grass leys of 1-5 years from the definition. Permanent grassland as defined in the regulation must be out of the crop rotation for five years, but this does not mean that it cannot be reseeded to grass every year. This means that all of the semi-natural pastures and meadows in the EU could be converted into annual grass leys, with consequent massive carbon release and biodiversity loss, and they would still count as permanent grassland under the CAP and therefore comply with “greening”. **The cross-compliance and greening package “control” of the permanent grassland area is rendered meaningless by this definition and the failure to exclude grass leys.**

The Commission promises that the issue of reseeding permanent pastures will be addressed through future delegated acts. Does this mean that they intend to ban reseeding on all land categorised as permanent pasture in 2014? Unfortunately this is not a good solution, as it would be a major restriction on regularly reseeded pastures, as commonly found on dairy farms in north-west Europe, for little environmental benefit. A far better solution is to adjust the current grassland categories, by putting grasslands reseeded at less than 6 year intervals into the temporary grassland category. This would allow “freedom to farm” on these intensively used grasslands (no restrictions on ploughing and reseeding), and make a clearer division between permanent and temporary grasslands. New measures for permanent pastures would then apply only to grasslands that have not been reseeded for 5 years or more.

Currently, there are major discrepancies in the LPIS of many countries, with permanent grasslands wrongly assigned to the temporary grassland or arable codes. This major CAP reform would have been an excellent opportunity to correct these inaccuracies in LPIS, while introducing a clearer separation between temporary and permanent pastures.

The 2014 threshold date is the nail in the coffin of the permanent grassland “greening” measure. It is an invitation to farmers to plough up permanent pasture over the next 2 years. As explained above, the measure is more deeply flawed, and changing the date is not a solution to these flaws; but any new measure must start from a baseline date that is earlier than the new restrictions. To do otherwise is bound to lead to perverse environmental effects on the ground.

Other elements of greening

Farmers shall ensure that at least 7 % of their eligible hectares, excluding areas under permanent grassland, is ecological focus area (EFA) such as fallow, terraces, landscape features, buffer strips and afforested areas.

The EFA proposal is positive in principle, although benefits will only occur on intensive farmland. For HNV farmland the measure brings no benefit, as EFA is already far more than 7% on all types of HNV farmland. **EFNCP proposes that a Direct Payment premium should be paid in proportion to EFA above the minimum threshold, as a reward and recognition of the value of these elements and an incentive to keep them.**

An important problem with the Commission proposals is the counting of afforested land as part of the 7% EFA requirement. Afforestation is a significant threat to remaining patches of semi-natural grassland and policy should be aiming to maintain these patches in their current use, not encouraging their conversion to woodland. This proposal should apply only when the afforested land was previously in arable cropping.

The current wording is made worse by seeming not to include semi-natural grassland as part of EFA – only linear features and land left fallow are mentioned. This could further encourage farmers to plant trees on remaining patches of semi-natural grassland. **Semi-natural grassland should be included explicitly in EFA.**

Land under permanent pasture is not required to have 7% EFA according to the proposed regulations. This might make sense for permanent grasslands under low-intensity management that are inherently of environmental value, but it makes no sense for permanent pasture as defined in the regulation (see above). Farmland under intensively managed grass should also be required to have 7% EFA.

Another problem is the proposal for organic farms to be exempt from the greening requirements. This proposal shows a worrying lack of knowledge in the Commission about the range of organic farming systems. Whereas in a like-for-like situation, organic farming is generally more favourable for biodiversity than conventional systems, this does not mean that an organic farm automatically retains permanent pasture and EFA or uses a crop rotation. There are intensive organic systems that retain very little biodiversity value, such as bare-soil horticulture and fruit cropping (e.g. strawberries). **This proposal from the Commission would allow a farmer to convert an area of HNV permanent grassland to intensive organic horticulture, and even to remove all the EFA from the land, while still complying with the greening component.**

Cross-compliance

Under the current GAEC regulations Member States must design rules to “ensure a minimum level of maintenance and avoid the deterioration of habitats” including the option to require minimum standards of positive management, such as “minimum livestock stocking rates or/and appropriate regimes”. This is a good option, and EFNCP has proposed that this optional requirement should become obligatory on Member States under the new CAP. In this way, farmers using extensive grasslands would be encouraged to maintain a minimum of grazing activity.

This would fit well with the recommendation from the European Court of Auditors (2011) that: *GAEC standards should require concrete and regular activities to be carried out by farmers for them to receive the full amount of the aid.*

The current option to “require minimum standards of positive management” is removed from the new cross-compliance clauses, although similar wording now appears as part of the definition of agricultural activity and thus of basic eligibility for Direct Payments (see above). It will now be up to Member States to define “minimum activity”. **For permanent pastures, we propose that authorities should include minimum grazing regimes or livestock densities.**

But at the same time, the Commission has removed the crucial requirement to “avoid the deterioration of habitats”. The requirements on landscape and minimum level of maintenance are now reduced to meaning “retention of landscape features”, whereas the current GAEC requirement to avoid habitat deterioration applies to farmland

generally, and in the case of permanent pastures would apply to issues such as over-grazing and under-grazing. The Commission argument is that "Member States did not use this option", so this is why they are getting rid of it. But the Commission is wrong. Some countries do require a minimum livestock density (e.g. Ireland, Bulgaria, Spain), and some explicitly require farmers to avoid deterioration of semi-natural farmland, such as species-rich grassland (e.g. UK).

The reality is that Member States were pushed by the GAEC wording to focus on obligatory standards for "avoiding encroachment of unwanted vegetation on farmland". This term "unwanted vegetation" (combined with the term "herbaceous" in the permanent pasture definition) has been interpreted in some cases as a blanket assumption that the presence of shrubs on permanent pastures constitutes a breach of GAEC. This makes no sense - many Habitats Directive Annex 1 grasslands are mosaics of herbaceous and woody vegetation by definition.

The new draft regulation removes this requirement on "avoiding unwanted vegetation", thus hopefully avoiding some of the problems of the past rigid application of rules on the presence of shrubs. But it has been replaced with nothing. **By removing the overarching requirement to avoid the deterioration of habitats, the Commission appears to have given up on any attempts to link direct payments to the appropriate management of permanent pastures. This is a major step backwards in terms of how the CAP treats permanent pastures of environmental value. And the proposals forbid Member States from having GAEC requirements that are not in the EC regulation, so countries such as the UK will have to remove their current rules on avoiding habitat deterioration.**

The Commission may think that their greening proposal for ecological focus areas somehow replaces the current GAEC theme of avoiding habitat deterioration, but clearly it does not. The greening proposal only requires 7% of a holding to be under EFA, so that any area of semi-natural farmland that is above this threshold and not a linear or point landscape feature (protected by GAEC) would no longer be protected. If it is semi-natural grassland, we have seen already that the permanent pasture greening mechanism is of no use.

In this context, it is worth remembering that the EIA Directive requirements on the deterioration of semi-natural farmland habitats (including semi-natural grasslands) are not included in the cross-compliance SMR (inexplicably) and are applied very weakly in most Member States. There is thus no EU-wide instrument designed to prevent the deterioration due to intensification, inappropriate use or afforestation of semi-natural grasslands. The burden will be carried entirely by agri-environment and NATURA payments.

Coupled payments

The option to use coupled payments is reinforced in the new regulations, recognising that total decoupling was never a good idea, as EFNCP has never tired of pointing out. We believe that coupled payments are very necessary in certain situations for maintaining pastoral systems, especially on common land, transhumant systems and landless graziers in parts of southern and eastern Europe especially. The regulation refers to environmental justifications for these payments, which is a welcome change from earlier drafts, and was proposed by EFNCP. In fact **we believe maintaining landscape and habitats, and fire prevention, should be main reasons for these payments. There also should be a requirement for maximum stocking density thresholds as a safeguard against problems of overgrazing.**

Small farmers' scheme

EFNCP supports some of the principles of the proposals for a simplified payment to small farmers. However, **these farmers should not be excluded from cross-compliance requirements, as the Commission intends**, as these mechanisms are fundamental to achieving policy goals. The retention of landscape features is particularly important on small farms, as they are often especially rich in such features. The detail of how small farmers are defined will be crucial to avoiding perverse effects from the scheme.

PILLAR 2 - EAFRD

For 6 years HNV farming has been an EAFRD priority and many Member States have made progress in identifying and supporting these systems, especially in the past 2 years. Some of the best initiatives for biodiversity under the current EAFRD have taken place under the HNV farming umbrella, for example the HNV grasslands scheme in Romania. It is positive therefore that the priority to support HNV farming is maintained in the EAFRD proposal, although in a slightly changed format. It now appears under Priority 4 as follows:

“restoring, preserving and enhancing ecosystems dependent on agriculture and forestry, with a focus on the following areas:

- (a) restoring and preserving biodiversity, including in Natura 2000 areas and high nature value farming, and the state of European landscapes;
- (b) improving water management;
- (c) improving soil management.”

The new EAFRD regulation requires that the next round of RDPs should include a clear analysis of needs on the ground in relation to the 6 EU priorities for rural development, with appropriate measures and resources in response to these identified needs. If robustly applied by Member States and the Commission (a big if?), then **any programming region with a significant presence of HNV farming will surely have to include a satisfactory analysis of the needs of these farming types and a suitable response to these needs through the RDP measures.**

Thematic sub-programmes – Article 8

Member States may include within their RDPs thematic sub-programmes, contributing to EU priorities and aimed to address specific needs identified in the programming area. These sub-programmes should combine a range of measures and may pay a higher rate of aid to beneficiaries. **The approach seems ideal for supporting HNV farming systems such as extensive livestock, transhumance or traditional orchards, but unfortunately such themes are not included in the list of suggestions provided.** On the other hand, neither are they excluded, so presumably a Member State could propose such sub-programmes if sufficient justification is given.

Afforestation, agro-forestry, fire prevention – Article 22

Article 22 provide for aid for afforestation, agro-forestry and fire prevention actions, amongst other things. EU-funded afforestation has already destroyed millions of hectares of semi-natural grassland and HNV farmland over recent decades in Spain, Portugal and Ireland. Now the problem is appearing in Romania and is starting to compete with the agri-environment scheme for HNV grasslands. There is no robust rationale for promoting farmland afforestation across the EU. Forest is expanding naturally through farmland abandonment. It is grassland habitats that are declining, not forest. There must at least be provisions for preventing afforestation of extensive grasslands, as have been introduced to prevent biofuel crops on “highly biodiverse grasslands”. More simply, **only arable land and temporary grassland should be eligible for afforestation aid.**

The proposal to allow Direct Payments on afforested land is extremely dangerous for the future of Europe's grassland habitats and should be removed. This gives a powerful incentive to abandon farming activity on extensive pastures and to afforest them instead – farmers thus avoid all the costs, labour and cross-compliance obligations of keeping livestock, but get the same Direct Payment. This will encourage rural depopulation. It is completely incoherent that grazed forest under active farming should be *excluded* from Direct Payments (as currently occurs because of the eligibility criteria for permanent pasture and the infamous “50 trees rule”), while new forest that is NOT grazed (no active farming) can receive Direct Payments. **Afforested land without grazing use should not be eligible for Direct Payments.**

Support for new agro-forestry is a more positive measure, although of quite marginal interest. It is hard to see why the EU is so keen to provide payments for new agro-forestry, when the millions of hectares of existing agro-forestry are seen as questionable beneficiaries of the CAP by EC auditors, because of rules that are prejudiced against trees and shrubs on farmland (although tree nurseries are eligible for Direct Payments, bizarrely...).

The measure for fire prevention actions must refer to grazing as an efficient fire prevention tool and this approach should be eligible for special support under this measure. DG AGRI seems to be stuck in the old “engineering” approach to fire prevention, involving mechanical clearing of fire breaks and undergrowth. Modern experts recognise the enormous value of grazing systems as a low-cost prevention tool, and southern Europe is scattered with innovative projects using grazing for fire prevention, but these initiatives are invariably starved of funding.

Natural Constraints – Article 46

Article 46 revamps the old LFA scheme, but with minimal changes. The categories are still practically the same. The “specific constraints” category has existed for many years and in some cases has been used quite well, e.g. to support extensive livestock in areas buffering protected areas in Spain. This category can cover up to 10% of a Member State territory, which means that, by combining with mountain and other natural constraint areas, it should be possible to cover all areas of HNV farming. But the draft regulation gives no steer towards supporting particular *types* of farming in the designated areas. Simply giving money to farms in broad areas with constraints is *not efficient or effective targeting*. It is the same “blanket” LFA scheme as always. DG AGRI has talked repeatedly of improved targeting of the CAP, so where are the tools for this under the Natural Constraints measure?

Efficient targeting depends on *farm-level eligibility criteria*, not the broadly defined boundaries of the areas. The draft regulations fail to improve this crude and much-criticised measure. **Provision should be made explicitly for targeting these payments on the basis of farm-level eligibility criteria, for example to steer payments (or make higher payments) to HNV farming types within the defined areas.**

Expenditure on Agri-environment and Natural Constraints measures

These two measures continue to provide the principal opportunities for supporting HNV farming systems through targeted payments, as has been the case for the past 25 years. Environmental NGOs have called for a minimum of 50% of all RDPs to be spent on agri-environment, to ensure that all regions have ambitious programmes of these measures. The Commission proposals are for a minimum of 25% of EAFRD expenditure under each RDP to be on agri-environment and Natural Constraints measures (combined). This can be seen as an improvement on the current requirement for a minimum 25% expenditure on Axis 2, which includes measures such as farmland afforestation that absorbs a significant part of the budget in some countries. But it is still a very low level of ambition, being far below the current expenditure on agri-environment and LFA in many Member States, and probably not requiring an increase in any country.

Co-operation measure - Article 36

This seems to be inspired by the idea of Local Partnership Projects that EFNCP has proposed as an innovative way to address environmental aims through farmers and NGOs working together in RDP-funded projects. We regard this as a very positive measure with great potential for making a real difference to the future of HNV farming communities at the local level. However, the regulation refers to eligible organisations including “agriculture and food chain, forestry sector and among other actors”. **Environmental organisations must be mentioned explicitly here, otherwise they are in danger of not being included as eligible for support by national authorities.**

For more information or comments, please contact policy@efnecp.org or visit www.efnecp.org