Enlargement and Agriculture: Enriching Europe, Impoverishing our Rural Environment?

A WWF Position Paper on EU Enlargement and the Common Agricultural Policy
WWF, the global environmental network, regards the current historic enlargement of the European Union as one of the key strategic issues of our time. At stake is the economic, social, political and not least environmental development of up to thirteen “newcomer” countries and of all the existing member states. Current efforts to reform the European Union's Common Agricultural Policy (CAP) are key to the relative long-term success of this historic enlargement, not least in terms of the economic, social, and environmental well-being of rural areas.

Agricultural and rural areas represent one of the most significant contributions in terms of natural capital, cultural heritage as well as social cohesion that the candidate countries will bring with them to the enlarged European Union (EU). The rich diversity of their landscapes ranges from coastal meadows and wet grasslands in the Baltic region to strip-land farming landscape of southern Poland and small-scale livestock rearing in the mountainous areas of the Carpathian mountains.

This diversity reinforces WWF's long-standing demand for the EU to develop a policy strategy which takes such regional diversity explicitly into account, and where nature is given the opportunity to be valued as a key component of the wealth of rural Europe. Enlargement offers a unique opportunity to redress the mistakes we have made under the current model of the CAP in existing member states and to plan for a more sustainable future for all.

WWF has a broad network of experts working on agriculture and rural development across Europe, both in the Candidate Countries and existing Member States. We are convinced the decisions that will be taken in 2002-2003 on enlargement and CAP reform represent one of the best indeed, possibly one of the last opportunities European governments have to reconsider the way in which public policies and funds for agriculture are used across Europe.
Furthermore, we are convinced that enlargement and CAP reform are urgent political processes, which for both economic and political reasons must be addressed together. Negotiations on the agricultural package the EU will offer the Candidate Countries are scheduled to be concluded by the end of 2002. By the spring of 2003, Member States are also scheduled to agree the Mid-Term Review proposals for the reform of the Common Agricultural Policy. Both of these decisions should be applicable from January 1, 2004. This paper is a first call for action and explicitly focussed on enlargement. It is the first part of a comprehensive WWF position commenting on the European Commission's Mid-Term Review of the Common Agriculture Policy from July 2002. Our aim is to underline the need and unique opportunity enlargement and the Mid-Term Review offer to substantially reform the EU's Common Agricultural Policy for the next financial period from 2007-2013 and beyond.
This paper is a call for action to our governments. Our messages are clear:

In an enlarged EU, the same agricultural policy package must be available to all Member States, both old and new.

Member States cannot afford, during the Mid-Term Review, to act as though they are deciding a CAP for the existing EU-15, knowing that what they decide will apply directly to an enlarged EU-28! Nor can they use the excuse of not delaying enlargement to postpone CAP reform! A strong and sustainable rural development policy is the key to the future of all rural areas, and should represent the core of a CAP for an enlarged EU. A clear time-frame must be defined for reaching a single Common Agricultural Policy for all EU members by 2010.

Decision-makers from the Member States and the Candidate Countries have the responsibility to seriously address the enhancement and protection of the natural environment in deciding the future of rural Europe.

Negotiations with the candidate countries cannot be reduced to bargaining between budgets and quota. In many regions of Central and Eastern Europe, nature still thrives in landscapes unscathed by the economic pressures driven by the Common Agricultural Policy across Western Europe. The decisions to be taken concern the future of millions of hectares of European landscape and the people that live on them. These decisions need strong support through proper implementation of major environmental legislation, particularly the NATURA 2000 network of nature conservation areas and the new Water Framework Directive. Furthermore, this includes a well prepared and informed administration that is capable of implementing and controlling compliance with environmental legislation.

In the last year before enlargement, pre-accession funds must be used to support measures in favour of sustainable rural development and the setting-up of targeted model projects.

The Special Accession Programme for Agriculture and Rural Development (SAPARD) has been a unique instrument to help prepare Candidate Countries for rural development policies. However, in all countries funding was released with great delays. Out of a possible fifteen measures available under SAPARD, only three measures, focusing on agricultural restructuring and infrastructure, have been applied in all eight Central and Eastern European countries that are expected to join in 2004. This cannot be the basis for a sustainable rural policy. Agri-environment schemes and measures for diversifying the rural economy must be the focus of the last period before accession. Where capacity to fully implement measures does not exist, emphasis must be given to technical assistance, training and pilot projects.
Further reasons why EU enlargement and CAP reform must be undertaken together now

Once members, Candidate Countries must enjoy the same access to all EU policies, including the Common Agricultural Policy. However, in benefiting from the CAP, they must not be driven down the road of yield maximization and price reduction to the detriment of social and environmental sustainability, as experienced in the current member states. Areas of high nature value farming must be protected against abandonment. Candidate Countries must have access, from the day of accession, to a strong policy which promotes, and financially supports, long-term sustainable agriculture. Further reforms are needed to ensure that the CAP truly becomes such a policy.

Following accession the small-scaled farms in the forest areas and the archipelagos of Sweden have suffered from increased abandonment, with loss of many species and habitats listed under the EU’s Birds and Habitats directives.

Extending the current system of direct payments available to Member States to up to ten new countries by 2004 could amount to as much as Euro 6 billion — a figure that is simply not available under current spending plans, nor likely to become available in the future. Direct payments currently represent the lion’s share of CAP spending (de-coupled payments alone represent approximately 50% of total CAP spending), a growing and increasingly illegitimate feature of the Common Agricultural Policy. The question is not how much support in direct payments to give to Candidate Countries, but how to start reducing this support across the board, in both future and present EU member states, whilst at the same time ensuring the remaining support is subject to the respect of environmental standards.

Decisions on enlargement and CAP reform must be taken without further delay! Some Candidate Countries have been waiting up to ten years (e.g. Hungary) for membership in the EU, and have invested immense political and economic capital in their preparations. For the EU not to respect the road map for enlargement would “risk losing momentum and the support of the public, particularly in the Candidate Countries themselves,”. Greater effort should be placed by the European Commission and Member State governments to ensuring that European citizens recognise the full benefits of enlargement.
Living landscapes

Many of Europe’s last remaining wildlife-rich areas depend on farming methods which are adapted to natural conditions. Such methods, developed over centuries, often serve to enhance landscapes, produce social and cultural benefits as well as a healthy environment that contributes to the overall wealth of a region.

Farms in such areas work with nature and the landscape. They evolved systems using regional livestock breeds and local skills that compensated regional climatic and geographic disadvantages. These practices were self-sustained and required few if any artificial fertilizers and chemicals from outside. Farming was mixed rather than specialized and combined arable and livestock management. Because of their strong synergies with the natural environment, these farms have created habitats that many wild plants and animals have come to depend upon. Traditionally farmed landscapes of cultivated fields, fallows, wood pastures, permanent pastures, meadows and orchards are now the only habitats left for many species.

In many of the EU member countries, the application of intensive agricultural practices encouraged particularly by the EU’s Common Agricultural Policy has led to dramatic losses of landscapes and the diversity of plants and animals that they support. According to a study by the Royal Society for the Protection of Birds, populations of some bird species have plummeted by as much as 80% over the last thirty years, largely as a result of intensified farming.
WWF has been generally supportive of the agricultural package proposed by the European Commission for the Candidate Countries in its Issues Paper of February 2002. The recommendations it includes present a model of agricultural support which takes steps toward redressing the imbalance between market-related and rural development spending. WWF is convinced that this package can only lead to a successful integration of new member states if the EU supports and adopts a new model of the Common Agricultural Policy for all, where expenditure for rural development represents the largest share of the budget. In line with WWF’s vision for a future CAP budget (Fig.1) to achieve a sustainable agricultural package; several further points need to be addressed:

**Direct Payments**

WWF believes that within the CAP as a whole, significantly more sums need to be devoted to sustainable rural development in order to ensure that the “second pillar” devoted to rural development reaches its true potential and is able to address the scale of social and environmental problems faced by Europe's rural areas and populations. The pattern of spending proposed for the Candidate Countries of approximately 45% rural development spending and 55% direct payments and market management expenditure should be mirrored by a similar move within the current Member States. At present this is not the case. However, if full advantage is taken by Member States of the European Commission's Mid-Term Review proposals, this would go part of the way in redressing the imbalance between the two spending patterns. Nonetheless, WWF believes that instead of the Candidate Countries undergoing a ten-year transition period to reach existing levels of direct payments, current Member States should transit over five years towards the distribution of payments offered to the Candidate Countries.

As the proposals put forth by the European Commission regarding direct payments do not define an exact figure but rather a percentage of what is being paid to existing Member States, this allows for a revisiting of the actual figures in the Member States without jeopardising the overall agriculture and enlargement package. Fairness toward the Candidate Countries is not about an absolute figure, but a figure relative to what is being paid to others.

(Figure 1) Comparison for CAP funds allocation in MS and CEE

Expenditure in MS planned for 2006*, CEE planned for 2006, WWF Vision

*According to J. Swinnen (2002)
An equitable and sustainable level of production quota

Many of the more marginal farming areas of the Candidate Countries have witnessed a severe decline in production throughout the past decade due to loss of markets and financial hardship. This has brought about a high risk of abandonment in areas of often high nature value, where biodiversity depends heavily on the continued presence of agricultural production. This is particularly true of many natural and semi-natural grasslands and floodplains, which for centuries have depended on being managed through extensive grazing.

Quota and beef premia, in particular in the beef and sheep sectors but also in the dairy sector, will have a significant effect on the viability of farming in many regions. In the current Member States the effects of quota on the distribution of dairy farming across the agricultural area has been significantly different. To a large extent this has depended on how each Member State has decided to allocate quota or allow it to be traded.

So long as quota and premia remain a feature of the livestock regimes, it is essential that they be allocated to the Candidate Countries at levels, and distributed in ways, that will ensure the continuation of farming in economically less-viable areas. This concern is also valid as regards a de-coupled payment across different agricultural sectors.

WWF believes that, as a priority, the European Commission and each Candidate Country must carry out an assessment of the expected impact of agricultural payments on high nature value farming areas, whether through premia, quota or a de-coupled payment in each country. These assessments should simulate the effects such payments would have on the continuation of farming in areas of high nature value in risk of abandonment.

Supporting environmental legislation through an integrated rural development strategy

Rural development plans and funding must better integrate the implementation needs of EU environmental legislation, including the Water Framework, Wild Birds and Habitats directives.

Under SAPARD, links have proven very weak between the proposed measures for the agricultural sector and the processes for site designation for Natura 2000. Communication between the authorities responsible for these two sectors of policy has often been lacking, as have exchanges between competent authorities and stakeholders. Yet many of the habitats and species that are listed for protection under the Habitats and Wild Birds Directives, like alvars, alluvial meadows, wood pastures and the biodiversity they harbour, depend upon extensive agricultural activities for their continued existence. It is crucial that the Candidate Countries, with the full support of the European Commission, develop Rural Development Plans that are coherent with the requirements for the protection of the species listed in the Birds and Habitats directives, and the definition of appropriate management plans for Natura 2000 sites; and that appropriate levels of financial support are made available for their implementation.

Many Candidate Countries are rich in floodplain habitats and biodiversity. Rural development funding could offer good opportunities to support the maintenance of agriculture on floodplains or the restoration of floodplain wetlands to improve water quality and security in rural areas. However, SAPARD funds to date have largely favoured unsustainable investments, and have failed to incorporate awareness raising and capacity building to implement the Water Framework Directive. The Directive is being transposed and planned for at the national level, but will need to rely for implementation on communities and regions. Again, it is crucial that the requirements of the Water Framework Directive be fully integrated into the planning process for the Rural Development Plans of each of the Candidate Countries. More effort must be made to ensure that all parties to these two processes are brought together for joint implementation. This also means reinforcing activities to strengthen administrative capacity on a local and regional level, as well as establishing decision-making structures that enable stakeholders to participate.
Supporting a strong, bottom-up rural policy

WWF welcomes European Commission indications that lower requirements for national co-financing for rural development possibly only 20% of total costs of measures will be offered to the Candidate Countries. WWF urges the Member States to support this move, particularly in favour of agri-environmental measures.

Rural development is best suited to support the dynamics of the countryside, by bringing people together to take charge of “their” future and respecting the diversity of their conditions and needs. Rural development engenders long-term investment, rather than simply pouring funds into rural areas, increasing the value of land, but not of what is produced on it or the livelihoods that it sustains.

It is crucial that the European Commission and the Candidate Countries learn the lessons from the implementation to date of the SAPARD pre-accession fund. This experience clearly indicates that in the candidate countries at present there is a lack of awareness and capacity to set up and apply agri-environmental measures, but also other environmental services or technologies. Furthermore, there is widespread evidence that the EU pushed Candidate Countries to focus SAPARD on traditional agricultural structures measures rather than on mediating and facilitating bottom-up approaches aimed at an environmentally sustainable rural development.

Agri-environment schemes at the core of rural spending

The funds earmarked for agri-environmental measures under SAPARD were clearly insufficient with respect to the needs of the Candidate Countries. Yet, as mentioned above, even this modest level of expenditure was not met by the Candidate Countries, due to the secondary importance given to agri-environment under SAPARD. Nonetheless, once members, the Candidate Countries will be faced with the obligation to implement agri-environment as a compulsory measure under the Rural Development Regulation.

Agri-environment schemes are complex to administer and implement. It is important, therefore, that substantial financial commitments are set aside for building the capacity of Candidate Countries and their farmers to implement agri-environment schemes as well as for the schemes themselves. Failing this, agri-environment schemes could remain a far too modest element in the rural development strategies of these countries.

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1. This is the approach taken by the United Kingdom, Germany, the Netherlands and Sweden who threaten to delay enlargement by wanting to dis-associate discussions on direct payments for candidate countries until the Mid-Term Review of the CAP has been decided.
2. This is the position taken by France, Spain, Italy but also most candidate countries fearful of any further delays.
3. According to SAPARD Annual Report, COM (2002) 434 final, the measures are: investment in agricultural holdings; processing and marketing of agriculture and fishery products; and rural infrastructures.
4. Agra Facts 14/06/02
6. The ‘road map’ is the timetable defined for the process of transposition of the EU legislative acquis by the candidate countries, their institutional capacity building and negotiations for membership in the European Union. According to the road map agreed by the European Council, negotiations for enlargement should be concluded by December 2002 at the Copenhagen summit in order for countries to be able to join the EU by 2004
7. Commissioner for Enlargement G. Verheugen, speaking on 6 June 2002 at the European Policy Centre, Brussels
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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 diversity
- ensuring that the use of renewable natural resources is sustainable
- promoting the reduction of pollution and wasteful consumption

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