

Statement by the  
Platform of Associations

# SHAPING FUTURE

**Working together for a resilient,  
greener and fairer farming sector  
and agricultural policy**

**Objectives, demands and proposals  
of the Platform of Associations for  
the reform of the CAP post-2027 and  
transitional steps**

An aerial photograph of a vast green agricultural field, likely a grassland or pasture, with a grid of white lines representing field boundaries or furrows. In the lower-left quadrant, a small, dark-colored harrow or similar agricultural machine is visible, moving across the field. The overall color palette is dominated by various shades of green, from vibrant to muted, with the white lines providing a structural grid.

# Platform of Associations on the CAP

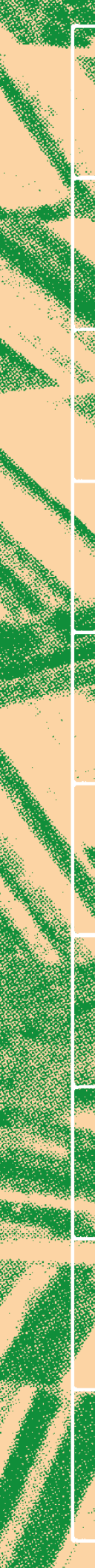
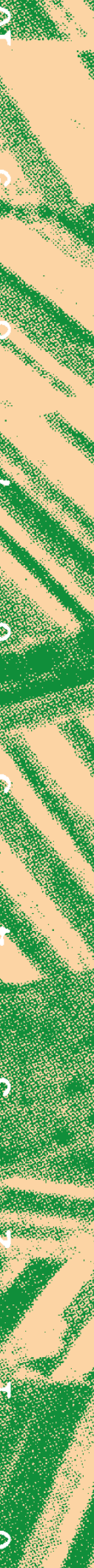
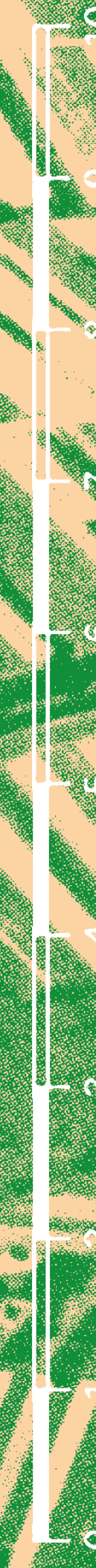
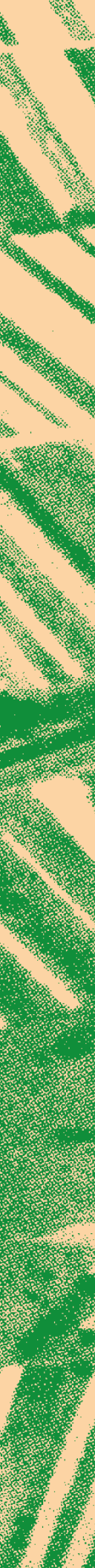
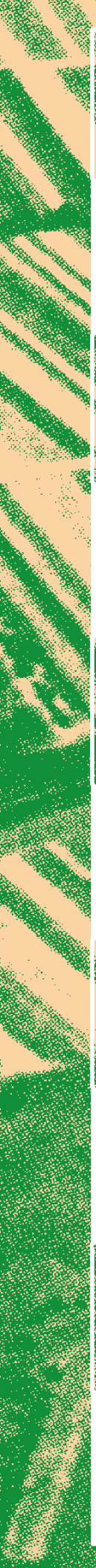
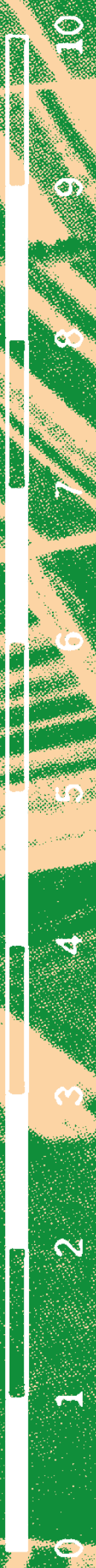
This platform statement was jointly prepared by the signatory organisations and was coordinated by Friends of the Earth Germany (*Bund für Umwelt und Naturschutz Deutschland e.V., BUND*) in cooperation with the German family farmers' association AbL (*Arbeitsgemeinschaft bäuerliche Landwirtschaft*).

In the Platform of Associations, the participating and signatory associations develop joint statements and demands regarding the European Union's Common Agricultural Policy (CAP). Some of the individual associations and organisations have and are pursuing more far-reaching and specific demands going beyond this baseline. Information about the individual organisations and their demands can be found on their websites. Contact details for the individual organisations are given in the list on pages → 34–35

Statements by the Platform of Associations on the previous and current CAP funding periods can be found on the homepage → [verbaende-plattform.de](http://verbaende-plattform.de)

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# Preface

With this paper, the signatory associations call on those politically responsible to bring about a fundamental change of strategy and policy in the European Union's Common Agricultural Policy (CAP) and its implementation in Germany. The final report (2021) of the *Zukunftskommission Landwirtschaft* (Commission on the Future of Agriculture, ZKL) already takes the consensus position to both phase-out the largely flat-rate direct payments and to make these payments fully conditional upon the delivery of tangible services in the interests of the public good. In this paper, the associations also put forward proposals on how the transformation of the CAP can succeed. There is a consensus that the tentative improvements of the most recent CAP reform are far from sufficient to adequately meet the environmental and socio-economic challenges of our time.

In times of climate change, biodiversity loss, water and air pollution and the depletion of soil fertility and water resources, the CAP must be fully focussed on overcoming these challenges. The objective to maintain a large number and diversity of farm holdings does not contradict this. On the contrary: the decline in the number of farms in recent decades also highlights the urgent need for CAP reform.

The upcoming CAP post-2027 must create a political framework that puts the rural economy and especially farmers on a path toward environmental, economic, social and climate resilience and strengthens the social stability of rural areas. It is high time to finally overcome the vulnerability of a highly concentrated agri-food system in Europe that is dependent on petroleum and imports—not least in light of the experiences of the Covid-19 pandemic, Russia's attack on Ukraine and the climate and biodiversity crises.

Strategies that significantly reduce the risk of supply chain disruptions must be applied in European agri-food systems. To this end, it will be necessary to focus future agri-food policies on strengthening regional cycles rather than on the global market and export-orientation, as has been the case to date. This is the only way to ensure long-term food system resilience.

# 1 Key points

## The CAP post- 2027...

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... will be fully oriented towards addressing the environmental and socio-economic challenges in the land use sector. It will make decisive contributions to solving the nature and climate crisis and generate economic prospects for agricultural holdings on the path to environmental transformation. It will improve social conditions in the farming sector, significantly mitigate structural change and promote the establishment of new farms.

... will use all relevant funding<sup>1</sup> to remunerate farmers for clearly defined services in the areas of environmental, nature and climate protection as well as animal welfare and significantly increase these services' ecological effectiveness.

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1 These include all area-based and headage payments as well as payments farmers receive e.g. for investments which are not linked to area or livestock.

... will take into account farm structural, socio-economic and location-specific aspects when calculating support rates.

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... will have merged the previous eco-schemes and agricultural, environmental and climate measures (AECM) into a uniform nationwide offer which has been supplemented by clearly defined measures of the federal states, e.g. in the area of contractual conservation management agreements or investment support.

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... will have been significantly simplified and de-bureaucratised, in part due to funding opportunities offered by the Federal Government and the federal states having been coherently coordinated and merged, at least at the application level.

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... will implement the support for young farmers and agricultural start-ups nationwide on the basis of a concept-based, non-area-related "start-up premium".

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... will continue to make receipt of supports conditional upon compliance with certain basic environmental and social requirements, but these will be much leaner and more efficient compared to the current statutory management requirements.

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... will implement a support model that ensures an increasing level of ambition, increased effectiveness and the addressing of all environmental goods.

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... in its rural development policy will clearly focus on the (re-) development of decentralised artisanal food processing and regional value chains as well as the diversification of agricultural holdings, the strengthening of producer groups, and gender equality.

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... by means of the Common Market Organisation (CMO) will put farmers in a position to keep the markets in balance through efficient, joint market management in order to be able to achieve profitable prices. The conclusion of supply contracts with the farmers will be obligatory for purchasers. The CMO will support the ecological transformation of the farming sector.

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... will be based on a gradual increase from the pre-2027 funding period in budgets and premia for the remuneration of services rendered in the areas of environmental, nature and climate protection as well as animal welfare. For the agricultural holdings these increases will have been implemented in gradual and predictable steps. Moreover, funding opportunities will have been expanded and more coherently coordinated.

# 2 Context

The current orientation of the CAP does not do justice to the environmental and social crises of our time. The signatory associations from the agricultural, environmental, nature, climate, and consumer protection, animal welfare and development cooperation sectors are of the view that even with the latest reform of the CAP in 2023 this will not change, despite tentative improvements. Nature is in a dramatically bad state and this has tangible effects, especially in the farming sector. The fact is that the way land is farmed plays a very large part in this, but is also part of the solution. The preservation or restoration of healthy agricultural ecosystems and thus its natural production bases, i.e. water, soil, air and biodiversity, is a basic prerequisite for long-term sustainable agricultural production. Intensive agriculture is however a driver of global biodiversity loss. This was clearly stated in the 2019 report by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). According to the International Union for Conservation of Nature (IUCN), one in ten European bee and butterfly species is threatened with extinction. The field bird index has been showing a negative trend for years—especially for species at home in arable land and grassland habitats. The number of breeding pairs of bird species of agricultural landscapes declined from 30 million to 20 million pairs between 1990 and 2016. These trends are dramatic.

The farming sector alone causes 61.7 million tonnes of CO<sub>2</sub> equivalents in Germany (2022), corresponding to around eight per cent of total greenhouse gas emissions. These are mainly methane from ruminant digestion and nitrous oxide emitting from soils. The sector's share in total emissions is set to increase over the coming years. This will further increase the pressure to reduce greenhouse gases from farming. Added to this are emissions from the “land use, land use change and forestry” (LULUCF) sector, to which agriculture makes a significant contribution. At 53.7 million tonnes of CO<sub>2</sub> equivalents, emissions from drained peatlands alone accounted for just over seven per cent of total greenhouse gas emissions in Germany in 2021. By 2030, the LULUCF sector's emissions balance is to be improved to at least minus 25 million tonnes of CO<sub>2</sub> equivalents. Ambitious measures to reduce emissions, maintain existing carbon pools and expand carbon sinks will be needed to meet this target. In addition to the rewetting of peatlands, this calls for the conversion of arable land into grassland in floodplains and wetlands and the long-term build-up of soil organic carbon, including on arable land.

Ecological crises have hit with full force in recent years, especially on agricultural holdings. Droughts and extreme weather events have resulted in drought damage and crop failures. Urgently needed measures to keep clean our waters (EU Water Framework and Nitrates Directives) and air (EU NERC Directive), as well as biodiversity conservation (CBD), climate (Paris Agreement COP21) and soil protection measures have been delayed for years by political decision-makers, including in the implementation of existing le-



gal requirements. The same is true for the Habitats Directive. In some areas, this led to a tightening of regulatory requirements that was not in line with the polluter-pays principle, and which was clearly not sufficiently conveyable to the agricultural profession, resulting in resistance and frustration. The farming sector's necessary contribution to the implementation of international agreements is however by no means guaranteed—quite the opposite. The effects of the Covid-19 pandemic and Russia's attack on Ukraine have once again thrown the vulnerability and dependence of our current agricultural system sharply into the spotlight. Without cheap energy sources such as oil and gas, protein animal feed imports, precarious employment and functioning global supply chains, the global and European agricultural system would be on very shaky foundations. Crisis-proof agriculture looks different. The profiteers of an agricultural system that is primarily geared towards intensification have tried to capitalise on the crises under the guise of food security. Past progress on environmental standards has been rolled back – at least temporarily and against all scientific evidence.

For farmers, the crises brought unprecedented volatility in the agricultural markets. The main beneficiaries of this situation were, in particular, the larger farms<sup>2</sup> A focus on using as few labourers as possible also continues to pay off financially. Meanwhile, structural change in the farming sector has been escalating dramatically, especially in the livestock sector. The number of holdings with dairy and/or pig enterprises in Germany has declined by around 40 per cent over the last ten years. Russia's war against Ukraine has had a strong adverse impact not only on primary agricultural production, but also on consumers, secondary food processors and the specialised retail trade. While the latter have had to contend with massive drops in revenue in some cases, accompanied by a sharp rise in costs, consumers have been facing higher food prices. Production focussed on quality and environmental sustainability was weakened. The agricultural land market has also come apart at the seams.

2 <https://www.bmel-statistik.de/fileadmin/daten/0111001-2022.pdf> (see p. 16, German only)

Primary agricultural production can often no longer generate sufficient revenue to cover the lease and purchase prices charged for land. The insufficiently qualified CAP area payments play a significant role in this. A high proportion of these payments is passed on to landowners in the form of high lease prices. Additional factors exacerbating this situation include ongoing soil sealing, farmland investments being seen as “crisis-proof”, the expansion of renewable energies and an agricultural land law that has not been adapted since the 1950s. Concentration processes are taking place in the agricultural land market. The barriers to gaining access to agricultural land and capital are almost impossible to overcome, especially for young start-up entrepreneurs.

In order to give livestock farms an economic perspective and at the same time restructure livestock husbandry with a view to societal acceptance and environmental compatibility, the *Kompetenznetzwerk Nutztierhaltung* (Competence Network for Livestock Farming, Borchert Commission) already presented recommendations in 2020. In addition to a proposal for supports and (part-) financing, funded through additional funds generated from levies or taxes, these also include the labelling of livestock-based products and a tightening of regulatory requirements that is gradual and predictable, thus giving planning security for agricultural holdings.

It is regrettable that political decision-makers have thus far only succeeded in a piecemeal implementation of the Borchert Commission recommen-

3 Statement regarding the Federal Ministry of Food and Agriculture (BMEL) draft SWOT analysis for the CAP post-2020 (in German) *Stellungnahme zum BMEL-Entwurf einer SWOT-Analyse zur GAP nach 2020*: [https://www.verbaende-plattform.de/fileadmin/Dokumente\\_u.\\_Grafiken/Stellungnahmen/09-2019\\_Verb%C3%A4nde-Plattform\\_fordert\\_realistische\\_Situationsanalyse.pdf](https://www.verbaende-plattform.de/fileadmin/Dokumente_u._Grafiken/Stellungnahmen/09-2019_Verb%C3%A4nde-Plattform_fordert_realistische_Situationsanalyse.pdf) (German only)

4 Statement regarding the BMEL draft needs assessment for the CAP post-2020: [https://www.abl-ev.de/uploads/media/2020-07-22\\_Statement\\_regarding\\_the\\_BMEL\\_draft\\_needs\\_assessment\\_for\\_the\\_CAP\\_post-2020.pdf](https://www.abl-ev.de/uploads/media/2020-07-22_Statement_regarding_the_BMEL_draft_needs_assessment_for_the_CAP_post-2020.pdf)

dations as this is likely to further fuel uncertainty for livestock farmers and thus exacerbate structural change in the sector. Accordingly, there is great pressure on political decision-makers to press ahead with the continued restructuring of the livestock sector, to improve on it and to complete the outstanding points. This is the only way to provide investment security and perspectives to livestock farmers who are willing to change their practices.

The restructuring of the livestock sectors towards higher quality production is also necessary as important global export markets for meat (e.g. China) are collapsing and the demand for meat (e.g. in Germany) is declining. In addition, for reasons of climate change mitigation, there is a need to reduce livestock numbers and implement obligatory linkage of livestock enterprises to an agricultural land base (“area-based livestock production”). After all, the German Nutrition Society (*Deutsche Gesellschaft für Ernährung*, DGE) recommends a reduction in the consumption of livestock-based products – a recommendation that is also endorsed by the Commission on the Future of Agriculture (ZKL). The new funding period from 2023 onward has not brought about a fundamental change in CAP strategy and policy. The so-called “delivery model” and the EU Commission’s “strategic approach” (Article 8 CAP Strategic Plans Regulation) were not able to change this. For the first time, this provides for the member states to submit a detailed SWOT analysis as the basis for the design of their respective entire national agricultural policy. The SWOT analysis sets out the current situation of the member state in question in terms of strengths, weaknesses, opportunities and threats and is now used to identify the needs that are to be addressed and the interventions to be taken.

It is the view of the signatory associations that the SWOT analysis for Germany did not provide a solid basis for the necessary decisions for the future.<sup>3</sup> This was shown, for example, by the fact that the most significant sectors such as the dairy market, pig and poultry farming as well as arable farming were not analysed separately, while fruit and vegetable production, hops and viticulture were the subject of individual assessments.

Similar weaknesses were also evident within the needs assessment<sup>4</sup>. There was, for example, no critical review of the export orientation that has existed for decades and the associated cost-focused specialisation and rationalisation of agricultural holdings. This is despite the fact that this orientation of the agricultural policy is a primary driver of the economic crisis faced by many farms, the overstepping of ecological boundaries, and society’s critical attitude towards parts of the farming community. Key agricultural policy processes, such as the Commission on the Future of Agriculture (ZKL) or the 2020 agricultural census which is conducted only once every ten years, were not taken into account. The European Green Deal and the Farm to Fork Strategy were also poorly integrated into the national Strategic Plan, if at all.

The rather unfavourable status described above contrasts with fundamentally positive political objectives for the necessary environmental and social transformation of the farming sector. The European Green Deal, the Farm-to-Fork Strategy and the EU Biodiversity Strategy paint a clear picture of that transformation and at the same time endeavour to not leave farmers and the food industry economically behind and to shape change equitably. As a financing instrument, the CAP is key to implementation. Moreover, it is reasonable to assume that the ongoing legislative processes at EU level, including the Nature Restoration Law (NRL), Sustainable Use Regulation

(SUR), Framework for Sustainable Food Systems (FSFS) and Soil Monitoring Law, will also impact the CAP and its further development. Last but not least, the currently debated potential accession of Ukraine to the EU would make it impossible to continue the largely flat-rate and area-based basic payments<sup>5</sup>.

The ZKL report is evidence of a broad societal consensus within Germany that CAP funds should in future be fully devoted to provide economically attractive remuneration for interventions in the areas of environmental protection, nature conservation, climate mitigation and animal welfare, and that the largely flat-rate area payments should be abolished. In its coalition agreement, the current German Federal Government agreed to further develop Germany's CAP Strategic Plan and to present a concept by the middle of the legislative period on how direct payments can be appropriately replaced by income generating remuneration for climate and environmental services delivered by farmers.

<sup>5</sup> The signatory associations use the umbrella term "basic payment" here to mean the area-related income support tools. In particular, these include the "basic income support for sustainability (BISS)", the "complementary redistributive income support for sustainability (CRISS)" and the "complementary income support for young farmers (CISYF)".

## 2.1 Design flaws in the CAP green architecture

With the 2023 CAP reform, the new green architecture was introduced as a key instrument in the current funding period. It aims to implement the specific environmental objectives of the CAP, which are to be achieved by means of a more sustainable use of natural resources such as soils, water and air as well as through various climate and biodiversity-promoting measures. To this end, the greening schemes under the previous funding period were partially incorporated into the conditionality rules and supplemented by additional standards for the good agricultural and environmental condition of land (GAEC). Fulfilment of conditionality rules is the "entry ticket" for participation in the CAP. A new addition is a 25 per cent share of the first pillar budget for eco-schemes. Member states may reduce this share to 23 per cent under certain conditions. The eco-schemes are voluntary, predominantly annual commitments, which in Germany are primarily focussed on biodiversity conservation. The tried and tested AECMs under Pillar 2 form the third part of the green architecture.

**It is the view of the signatory associations that initial applications in the 2023–2027 funding period indicate that the new green architecture does not ensure the necessary and hoped-for changes towards greater environmental protection, nature conservation, climate mitigation and animal welfare in the farming sector. Moreover, the bureaucratic burden on farmers and the administration have further increased. This is due to the following design flaws:**

- At the European level**
- The newly introduced flexibility has given the EU member states too much leeway when it comes to meeting the CAP objectives. Insufficient EU-wide “guard rails” and low required minimum levels enable too low a level of environmental ambition.
  - The European Commission has failed to set a minimum level of ambition for eco-schemes or, for example, to stipulate that eco-schemes within individual Member States must be directed at certain defined environmental goods.
  - The review and approval of the national Strategic Plans by the European Commission was not conducted with the necessary depth due to the time pressures and the European Commission's need to quickly approve the plans. This was evident, for example, in the insufficient incorporation into the German's CAP Strategic Plan of the European Commission's “Observation letter on Germany's CAP Strategic Plan”.
  - The green architecture was created before the Green Deal and the Farm to Fork Strategy were agreed and was not subsequently adapted to achieve the objectives set out therein. Although this was demanded by the EU Commission, it was not undertaken or enforced.
  - The EU did not move the eco-schemes to the “amber box” of the WTO Agreement on Agriculture<sup>6</sup>, unlike, for example, coupled income supports. The eco-schemes continue to be subject to the “green box” provisions, which have so far been interpreted conservatively. This hampers the design of highly ambitious eco-schemes that are actually income-generating.
  - A redistribution of funding for conditional supports already allocated to Pillar 2 to the largely unconditional Pillar 1 basic income support is currently not being ruled out.
- At the national level:**
- With regard to the eco-schemes, the EU missed the opportunity to choose a much more ambitious share than the minimum 25 per cent of direct payments. Moreover, an ambitious budget that increases over the funding period would have made a CAP transformation process visible to all. Instead, member states were even given the option to limit the eco-scheme budget to just 23 per cent of direct payments funding. The same applies to the reallocation of funds from Pillar 1 to Pillar 2. Although the proportion of reallocated funds will increase over the course of the funding period, it is still far from sufficient (increasing from 10 per cent in 2023 to 15 per cent in 2026).
  - With the exception of ÖR 7<sup>7</sup>, the eco-schemes are not income-generating for farms (Article 31 (7a) CAP Strategic Plans Regulation). The same applies to the AECM under Pillar 2 (Article 70 (4) and (5) CAP Strategic Plans Regulation). Moreover, different calculation methods are used to determine the premia payable for the eco-schemes and AECM respectively, and each calculation must be related to specific conditionality requirements, which further increases complexity.

- The eco-schemes were selected and designed without the prescribed rating or scoring system or other appropriate methodology to ensure their effectiveness and efficiency. Moreover, no differentiation was made as to whether they meet one or more of the specific objectives (cf. Article 31(8) CAP Strategic Plans Regulation). When it comes to the selection of tangible eco-scheme commitments, there is therefore a risk of greenwashing, same as with the prior greening measures.
- The annual programming of eco-schemes reduces their environmental impact, increases the administrative burden on approval authorities and makes foresighted budgeting more difficult.
- As part of the eco scheme commitments to observe agricultural practices beneficial for the climate, the environment and animal welfare and combatting antimicrobial resistance, no use is made of the option to also offer a corresponding scheme providing remuneration in the form of an annual payment for livestock units covered by commitments (Article 31 (7) CAP Strategic Plans Regulation).
- The complicated intersection of conditionality, eco-schemes and AECM is difficult for farmers to comprehend and involves a great deal of effort for administrations. This makes it even more difficult to design and calculate comprehensible and attractive premia.
- The lack of coherence in the configuration of eco-schemes as established by the Federal Government and the AECM as established by the federal states respectively has resulted in extensive levels of exclusions from supports or highly complicated payment rates calculations that are difficult to comprehend, especially for the farmers involved, for example when combining eco-schemes with AECM (combination tables). This particularly affects the organic sector.
- The choice of eco-schemes is limited to individual measures without, for example, specifying that all environmental goods must be addressed in the eco-schemes selected (see Netherlands). This results in a low systemic environmental impact.
- The programme and budget planning of the federal states for the expansion of organic farming, as embedded in the national Strategic Plan, does not sufficiently reflect the German Federal Government's objective of reaching a level of 30 per cent of agricultural land under organic management by 2030 or the corresponding 25 per cent target set out in the Farm to Fork Strategy.

6 Within the WTO agreement, subsidies granted by states are classified by "boxes". Depending on the box to which they are allocated, these subsidies are either allowed or to be abolished. The following boxes are distinguished:

- Green box: Unlimited production-independent state aid such as agricultural structural funding and marketing aid.
- Blue box: Conditionally permitted production-dependent but quantity-limited direct state aid to be reduced, such as compensatory allowances / premia.
- Amber box: Direct supports for agricultural commodities directly related to production quantities, to be reduced, e.g. price support via institutional prices.

7 ÖR stands for *Öko-Regelungen* (eco-schemes). ÖR 7 refers to agricultural land management in Natura 2000 areas in accordance with the sites' conservation objectives.

## 2.2 Design flaws in the CAP social architecture

The 2023 CAP reform has also further developed the policy’s “social architecture”. The member states must implement a “complementary redistributive income support for sustainability” (CRISS or “redistributive premium”) to support small and medium-sized farms. This must amount to at least ten per cent of the Pillar 1 budget, with possible exceptions. Member states may voluntarily implement capping and degression. Complementary income support for young farmers (CISYF) remains mandatory and has been extended to at least three per cent of the Pillar 1 budget. “Social conditionality” was newly introduced. For the first time, it ensures minimum protections for employees and, as part of the conditionality rules, is also a basic requirement that must be met when participating in the CAP.

**It is the view of the associations that the development of the basic income support premia levels (the “basic payment”) in the funding period up to 2027 is clearly not sufficiently geared to the actual needs of the various farm types to adequately address the known socio-economic challenges in the sector. This is due to the following design flaws in the social architecture:**

### At the European level:

- For the Member States, the instruments as part of the CAP social architecture are not mandatory to the extent that a targeted allocation of basic payment funds can be assured.
- Here too, the EU Commission’s weak control when approving the Strategic Plans has resulted in inadequately designed Strategic Plans getting approved.
- The design of the social conditionality rules is based on a minimum consensus that does not take into account key issues such as wage levels.
- No use is made of the option to use the redistributive payment to support small and medium-sized farms in a more targeted manner by introducing caps and jointly assessing associated enterprises (Article 29 CAP Strategic Plans Regulation).

### At the national level:

- No use is made within Pillar 1 of the possibility of nationwide targeted support for young farmers and, in particular, support for rural agricultural business start-ups by means of a concept-based start-up premium (Article 30 (3) CAP Strategic Plans Regulation).
- No use is made of the possibility of a more targeted allocation of basic income support (e.g. by increasing the budget for the redistributive premium to above 12 per cent or implementing a degression factor) (Articles 29 and 17 CAP Strategic Plans Regulation).
- Member states appear to be exhausting the option of a delayed introduction of social conditionality until 2025 (Article 14 (1) CAP Strategic Plans Regulation).



# 3 Objectives for the CAP post-2027

8 Food sovereignty describes the right of all people to democratically determine the way in which food is produced, distributed and consumed. Further information can for example be found at: <https://nyeleni-eca.net/index.php/food-sovereignty>

The CAP must become the key transformation tool for the fundamental greening and sustainable development of the farming sector in line with the concept of food sovereignty<sup>8</sup>. It must also make a critical contribution to the restoration of biodiversity and agro-ecosystems. It must support farmers in realising, in predictable steps, the objectives of the European Green Deal, the Farm to Fork Strategy and the EU Biodiversity Strategy, remunerate them for their efforts in this regard and also offer them long-term economic prospects.

The targets of the Green Deal include reducing pesticide use of by 50 per cent by 2030, reducing nutrient losses by at least 50 per cent and the use of fertilisers by at least 20 per cent by 2030, having at least 25 per cent of the EU's agricultural land under organic management, protecting at least 30 per cent of terrestrial and marine areas to restore species diversity, and having 10 per cent of agricultural area under high diversity landscape features by 2030. The CAP post-2027 must also contribute to a much greater extent than before to the achievement of binding national and European legislation in the areas of environmental protection and climate change mitigation (see Annex) and overall massively advance the environmental transformation of the farming sector and its associated ecosystems. To this end, it will be essential to consistently dismantle environmentally harmful subsidies<sup>9</sup> and set specific reduction targets for greenhouse gas emissions from farming in Europe.

9 <https://www.umwelt-bundesamt.de/daten/umwelt-wirtschaft/umwelt-schaedliche-subventionen-in-deutschland> (German only)

Agricultural structures are a relevant determinant for the individual farm-level performance in the delivery of public goods as well as for the scenic attractiveness of rural areas. Agricultural structural and social aspects must therefore always be taken into account in the CAP post-2027. As already set out by the German Federal Government in its agricultural policy mission statement, the CAP post-2027 must also be geared towards the objective of preserving the broad structural diversity of farm types and production systems in the farming sector and thus as many farm holdings as possible. To achieve this, it will also be crucial to make it possible for a significantly greater numbers of young people to enter the sector and to further elevate the attractiveness of green professions.

For the protection of public goods, such as clean air and water, but also for agri-structural reasons and to achieve international climate targets, the CAP post-2027 must make a significant contribution to transforming the livestock sector with a view to societal acceptance and environmental compatibility. Both the Covid-19 pandemic and Russia's war against Ukraine have driven market volatility to historic levels and once again made cereal crops the subject of stock market speculation. Unreasonable profits, especially in the upstream and downstream sectors, are often accompanied by severe price crises. Farmers in particular are largely defenceless in the face of price and market crises. The aim of the CAP post-2027 must therefore be



to prevent market and price crises and to significantly improve the farmers' position in the value chain. In addition to producer prices for agricultural products, this also applies explicitly to the agricultural land market.

Additionally, the EU must fulfil its special international responsibility in market policy and ensure compliance with equivalent or corresponding minimum social, environmental, consumer and animal welfare standards for imports and prevent dumping effects in exports. Moreover, the EU has committed to implementing the global Sustainable Development Goals. These include the objective to achieve food security and promote sustainable agriculture (SDG2).

In addition to these substantive objectives, the next reform of the CAP must lead to a significant de-bureaucratisation for farm holdings and administrations. For agricultural holdings, there must be a single application level, consolidating access to a standardised and transparent range of subsidies schemes of limited complexity. Farmers who deliver high levels of environmental protection, nature conservation, climate mitigation and animal welfare on their farms must not be subject to an overly high number of inspections and potential sanctions, as has been the case to date. Their special efforts must instead be specially rewarded and supported.

# 4 The CAP funding policy post-2027

10 These include all area-based and headage payments as well as payments that farmers receive, for example, for investments that are not linked to land or livestock.

11 The signatory associations are aware of the fact that in addition to farmers there are also other recipients of CAP funding. These are not explicitly mentioned here or in the rest of this paper, but are similarly addressed.

The 2023 CAP reform was a first tentative step towards an at least partial replacement of the largely flat-rate area payments with premia for the delivery of tangible societal benefits. This tentative step is not sufficient to overcome the current social challenges and meet the socio-economic and environmental targets of the European Union, its member states and the CAP. **By the start of the funding period from 2028 at the latest, there must be a requirement that all relevant CAP funds<sup>10</sup> are to be used to remunerate farmers<sup>11</sup> for the delivery of clearly defined services to the public good in the areas of environmental protection, nature conservation, climate mitigation and animal welfare.** This must also explicitly apply to investment support as part of rural development policy. The current 2023–2027 funding period must be used as a transition phase (see Chapter 6) for the transformation of the CAP, which meets the objectives set out in *Chapter 3 – Objectives for the CAP post-2027* and which accompanies and supports agricultural holdings along this transformative path in predictable, binding and socially equitable steps. The signatory associations consider it necessary that certain baseline requirements in the CAP post-2027 be set out which must be met by all farmers participating in the CAP. These baseline requirements and the associated further development of sectoral statutory legislation and general regulatory requirements, eligible measures and funding guidelines and their interplay within a possible funding model are described in more detail below. These considerations are supplemented by a chapter on support for rural development.

## 4.1 Baseline requirements to be met

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The baseline requirements in the CAP post-2027 in the areas of greening and social justice and the associated further development of sectoral statutory legislation and general regulatory requirements are presented below in three separate chapters.

### 4.1.1 Baseline requirements in the area of ecology

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The selection and design of the baseline requirements in the area of ecology of the upcoming CAP post-2027 must be fully aligned with the objectives of the European Green Deal. Moreover, they must take account of climate commitments, the restoration of species diversity and the reduction of administrative burdens and at the same time be universally applicable within the EU. They must also be practicable. The baseline requirements in the area of ecology should therefore be significantly reduced in number compared to the status quo, but made more effective. Against this background,

the signatory associations advocate the following baseline requirements in the CAP post-2027:

1. Ensuring high crop diversity through wide crop rotations with a proportion of leguminous crops significantly above the level set as the current baseline requirement for crop rotations.
2. Maintenance of permanent grassland.
3. Provision of a minimum proportion of non-productive land and a ban on the removal of landscape features in the interest of restoring biodiversity.
4. Protection against further degradation of wetlands and peatlands: no new or active drainage or deepening of existing drainage levels.

## **4.1.2** Baseline requirements in the area of social justice

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The associations welcome the new baseline social requirements (social conditionality) introduced at the start of the current funding period. The Covid-19 pandemic has once again highlighted the living situation and the high proportion of precariously employed people in the farming sector. Seasonal workers and agricultural labourers often have no or insufficient social security, live in cramped housing, are at an increased risk of accidents, work extreme hours and receive low wages. The wide spread of wage levels in this sector within Europe has resulted in a relocation of labour-intensive production methods, such as fruit and vegetable growing, to countries where labour conditions are particularly unfavourable. It is the view of the associations that the mandatory rules with respect to social aspects must be advanced with the CAP post-2027 reform. In tangible terms, this means that the currently referenced EU Directives in the areas of occupational health and safety, transparent working conditions, the provision of work equipment and health protection must be expanded to include directives on working hours and pay levels as well as the regulation on equal treatment of employees with regard to pay and/or dismissal. This advancement must be designed in such a way as to prevent the further relocation of labour-intensive production methods to countries within the EU with particularly unfavourable working conditions for seasonal and agricultural workers.

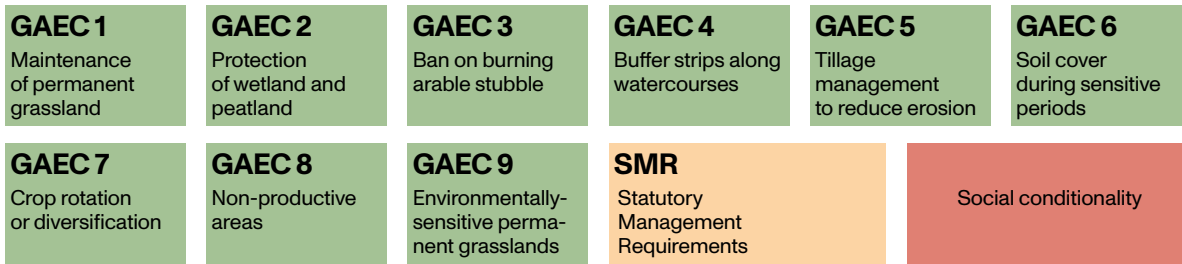
## **4.1.3** Advancement of current mandatory rules toward future baseline requirements and their interaction with sectoral legislation and the regulatory framework

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Figure 1 illustrates the advancement of the mandatory rules in the current funding period in the areas of ecology and social justice toward the future baseline requirements and their interplay with any future regulatory requirements.

As illustrated in the figure, the mandatory rules in the area of soil protection that apply in the current funding period could, for example, be transferred to the planned EU Soil Monitoring Law. The mandatory rules regarding buffer strips along watercourses could be integrated into the existing EU Water Framework Directive and Nitrates Directive as well as the future Sustainable Use Regulation (EU Regulation on the Sustainable Use of Plant Protection Products, SUR). Furthermore, it would make sense to integrate

until **2027** Mandatory rules in the current CAP



from **2028** Advancement of the current mandatory rules toward future baseline requirements

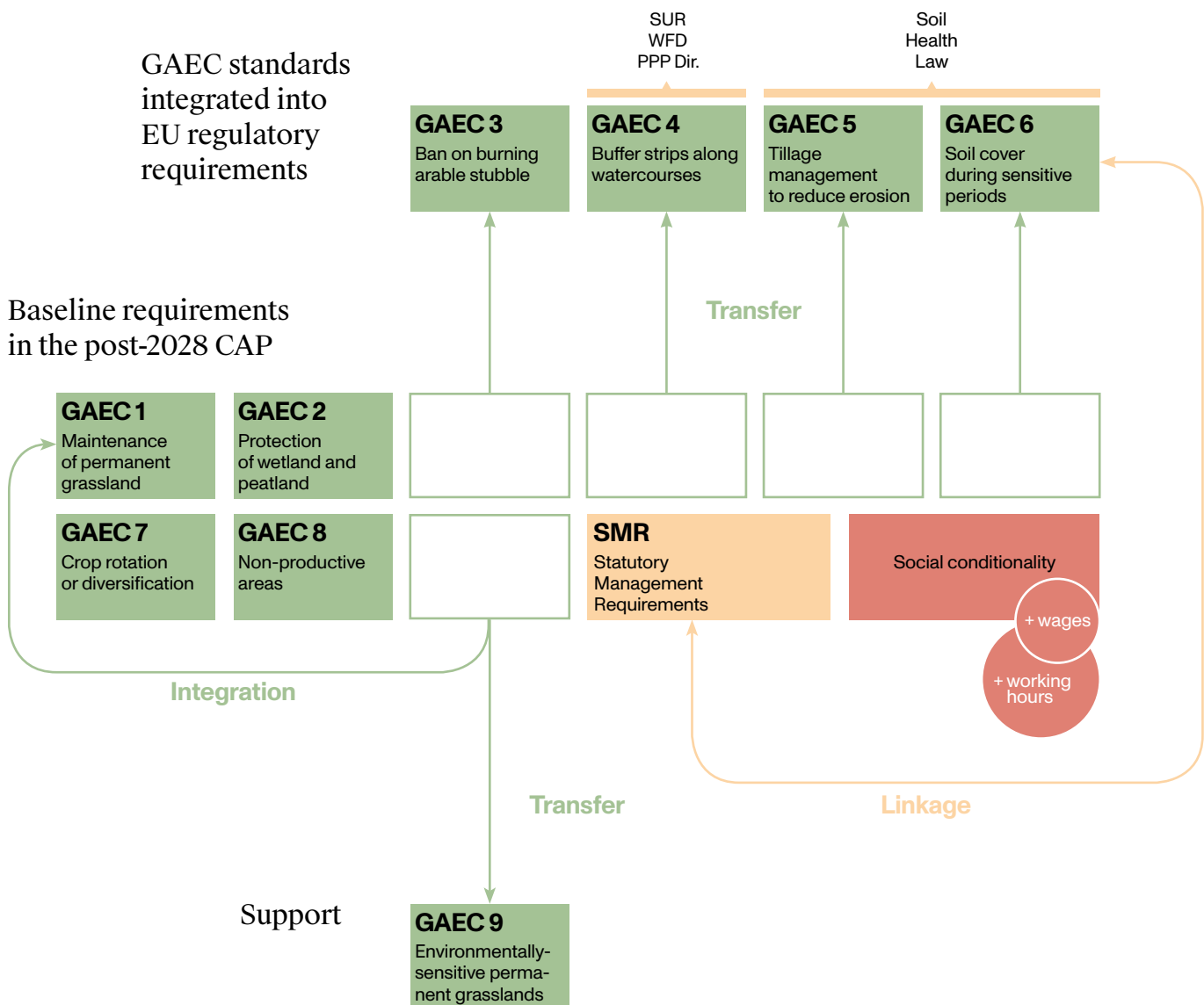


Figure 1 Advancement of current mandatory rules toward future baseline requirements

the GAEC 9, i.e. the ban on converting or ploughing up environmentally-sensitive permanent grasslands, into the future baseline requirements for the maintenance of permanent grassland and to further strengthen supports for environmentally sensitive permanent grasslands.

The associations emphasise that the widespread effectiveness of the future baseline requirements generally requires the highest possible farmer participation rates. This should be achieved first and foremost by ensuring that supports going beyond the baseline requirements include attractive offers for all types of farms and in all regions, the premia are economically attractive, and the administrative burden is successfully reduced.

In connection with the current mandatory rules and the future baseline requirements, the signatory associations would like to point out that both the EU and the Member States have failed in recent decades to implement and further develop the regulatory requirements for the farming sector in such a way that they meet the environmental and social challenges of our time and give agricultural holdings transparency and planning security. In many EU member states, this has led to a considerable transposition deficit of existing EU Directives.

The introduction of the former cross-compliance system and today's statutory management requirements (SMR standards), created a pathway that links EU regulatory requirements with the CAP's system of controls and sanctions and thus implements existing EU Directives in a roughly comparable manner across the EU and significantly improves their implementation.

The associations are of the opinion that neither the current mandatory rules nor the future baseline requirements can or indeed should compensate for regulatory shortcomings and enforcement deficits in sectoral legislation and the general regulatory framework in the long term. The EU must therefore aim to consistently develop and simplify the sectoral and general regulatory framework for agriculture over the coming years and to eventually render obsolete the baseline requirements for participation in the subsidy programmes. The implementation of the advancement of this framework must be closely accompanied and assisted by the EU in the individual member states.

The associations call on the European Commission to present a concept as part of the advancement of the CAP on how the control and penalty system as part of the regulatory framework can be developed in such a way that the CAP can be decoupled from the regulatory framework. The Federal Government is called on to advocate in this direction at EU level. However, the associations emphasise that a complete decoupling and abandonment of the SMR standards as part of the current mandatory rules cannot take place until such time as a functioning regulatory system has been introduced and its enforcement, including consistent sanctions, has been ensured. Therefore, a gradual transition seems constructive.

## 4.2 Eligible measures and funding guidelines

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In order to achieve the CAP post-2027 objectives mentioned above, it will be necessary to include in the support schemes at least the following services delivered by farmers across the EU:

- Measures to reduce greenhouse gas emissions and measures that demonstrably contribute to the long-term sequestration of greenhouse gases.
- Diverse, biodiversity-enhancing and scenic small-scale agricultural structures and land parcelling.
- Establishment and maintenance of a high proportion of landscape features and non-productive areas including sown wildflower strips and old grass strips, especially with a view to habitat connectivity, and going beyond the level of the baseline requirements.
- High crop diversity and wide crop rotations, including a minimum proportion of legumes and spring-sown crops, going beyond the level of the baseline requirements.
- Reducing or abandoning the use of chemically-synthesized pesticides and fertilisers (including on parts of the holding)
- Air and water pollution control by means of particularly low nitrogen and phosphorus balances well below the permissible maximum limits stipulated in the legislation on the use of fertilisers.
- Protection and agricultural management of species-rich permanent grassland, in particular through grazing.
- Maintenance and promotion of soil health by increasing the soils' water retention capacity, soil organic matter content, cation exchange capacity and buffering capacity, and protection of soils from erosion.
- Implementation of area-based and particularly species-appropriate livestock husbandry, e.g. by providing more housing space, materials for animal enrichment, outdoor access and grazing, as well as reducing livestock numbers in the interests of climate mitigation and a balanced human diet.
- Establishment and maintenance of woody vegetation on agricultural land, in particular through agroforestry management.
- Implementation of grassland-based ruminant feeding, a high proportion of own-farm grown feed, and a focus on food production over feed production.
- Management of agricultural holdings in accordance with organic farming standards.

The associations are in agreement that the current allocation of funds is characterised by a high degree of inefficiency in terms of its environmental and income impact. Germany’s Scientific Advisory Board on Agricultural Policy, Food and Consumer Health Protection (*Wissenschaftlicher Beirat für Agrarpolitik, Ernährung und gesundheitlichen Verbraucherschutz*, WBAE) and the European Court of Auditors would appear to concur with this view<sup>12</sup>. Proposals for methodologies to improve the efficiency and targeting of funding allocations and increase their impact have in some cases already been available for several years. These include points-based evaluation systems, a tiered model, the so-called co-operative approach and other proposals. Some have already been locally implemented or trialled.<sup>13</sup>

12 Statements by the WBAE: [www.bmel.de/EN/ministry/organisation/advisory-boards/AgriculturalPolicyPublications.html](http://www.bmel.de/EN/ministry/organisation/advisory-boards/AgriculturalPolicyPublications.html)

European Court of Auditors on CAP and climate: [www.eca.europa.eu/en/publications?did=58913](http://www.eca.europa.eu/en/publications?did=58913)

European Court of Auditors on biodiversity and the CAP: [www.eca.europa.eu/en/publications?did=53892](http://www.eca.europa.eu/en/publications?did=53892)

13 It should be noted that Article 31 (8) of the CAP Strategic Plans Regulation stipulates that such methodologies to assess the eco-schemes are already to be used in the current funding period.

- **The organisations see valuable contributions and the representation of legitimate interests in all of these proposals. For the CAP post-2027, the strengths and useful elements of these proposals should be utilised and combined in such a way that the CAP as a whole becomes significantly “greener” and fairer and the objectives set out in Chapter 3 – Objectives for the CAP post-2027 are reliably achieved. To this end, the CAP post-2027 must, as a minimum, adhere to the following guidelines:**
- **The premia levels for the remuneration of environmental, nature, climate and animal welfare services must be income-generating for the farms,** meaning that they must be calculated in such a way there is a significant incentive element in addition to compensation for income forgone and additional costs resulting from the commitments given, so that the services also “pay off” economically. To this end, premia levels could be differentiated according to regional aspects or calculated with reference to agriculturally more favoured regions.
- **The CAP must be significantly simplified for all stakeholders and offer more planning security.** For farmers, there must only be one application level and application deadlines and the duration of funding programmes must be uniform, clear and communicated well in advance. The various programmes offered by the Federal Government and the federal states must be coherently coordinated and brought together at application level. Farmers must be able to determine the expected premia for individual measures and the expected total farm premium as early as the application stage.
- In order to be able to specifically address **species-appropriate and environmentally sound livestock husbandry** and the associated environmental assets, the reference value “livestock unit” must be used in addition to the reference value “hectare” for the allocation of nationwide funding. This applies at least until such time as the conversion of the livestock sector towards animal welfare, societal acceptance and environmental sustainability is fully financed and organised by other means. It would also allow for the remuneration of the special services provided by shepherds, whose commitments must continue to be rewarded in the CAP post-2027, without having to resort to coupled payments.
- All funding programmes must contain **multi-annual commitments**, where appropriate from an environmental and nature conservation per-

spective, in order to increase both the ecological efficiency of the measures and their operational predictability. Nevertheless, farms should be given the opportunity to withdraw from multi-annual commitments in the event of unforeseen circumstances (e.g. termination of leases, adverse weather conditions, etc.) without incurring financial penalties. Premia levels must reflect the higher environmental and conservation value of multi-annual measures and the effectiveness of a given measure. Furthermore, it must be ensured that even if a measure is applied for just one year it results in the delivery of significant services to the public good.

- The funding rates for the delivery of services to the public good should also take **agri-structural and socio-economic aspects** into account. To this end, the premia in the areas of environmental protection, nature conservation, climate mitigation and animal welfare should be linked to instruments such as progression or degression factors or a tiered system. The factors to be taken into account here could be, for example, the farm type or holding size. In times of constrained budgets, the implementation of such instruments would also help to ensure the wide spread delivery of services to the public good. Where possible, preference should be given to incentives and “bonuses”.
- Support for **young farmers and agricultural start-up entrepreneurs** should be provided nationwide based on a concept-driven, non-area-related start-up premium. This form of support for young farmers is already being delivered by some EU Member States and some individual federal states in Germany.
- The support offered must provide agricultural holdings with a clear pathway for transformation. In order to take account of the need to transform individual farms as overall systems, support must not be limited to the provision of individual measures, but should also offer the option of selecting a variety of **packages of measures** that have a systemic effect and build on each other in a meaningful way.
- The special performance and systemic approach of **organic farming** (full farm conversion) must be remunerated as a separate stand-alone measure.

### **4.3 Financing and approach to a funding model, taking into account existing proposals**

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The great significance of the CAP is reflected not least in its funding volume. In the current 2023-2027 funding period, total CAP commitments are approximately EUR 386,000 million, representing around one third of the entire EU budget. Roughly EUR 30,000 million of this funding will flow to Germany. CAP funding accounts for between 30 and 60 per cent of farmers' income for many farm types.

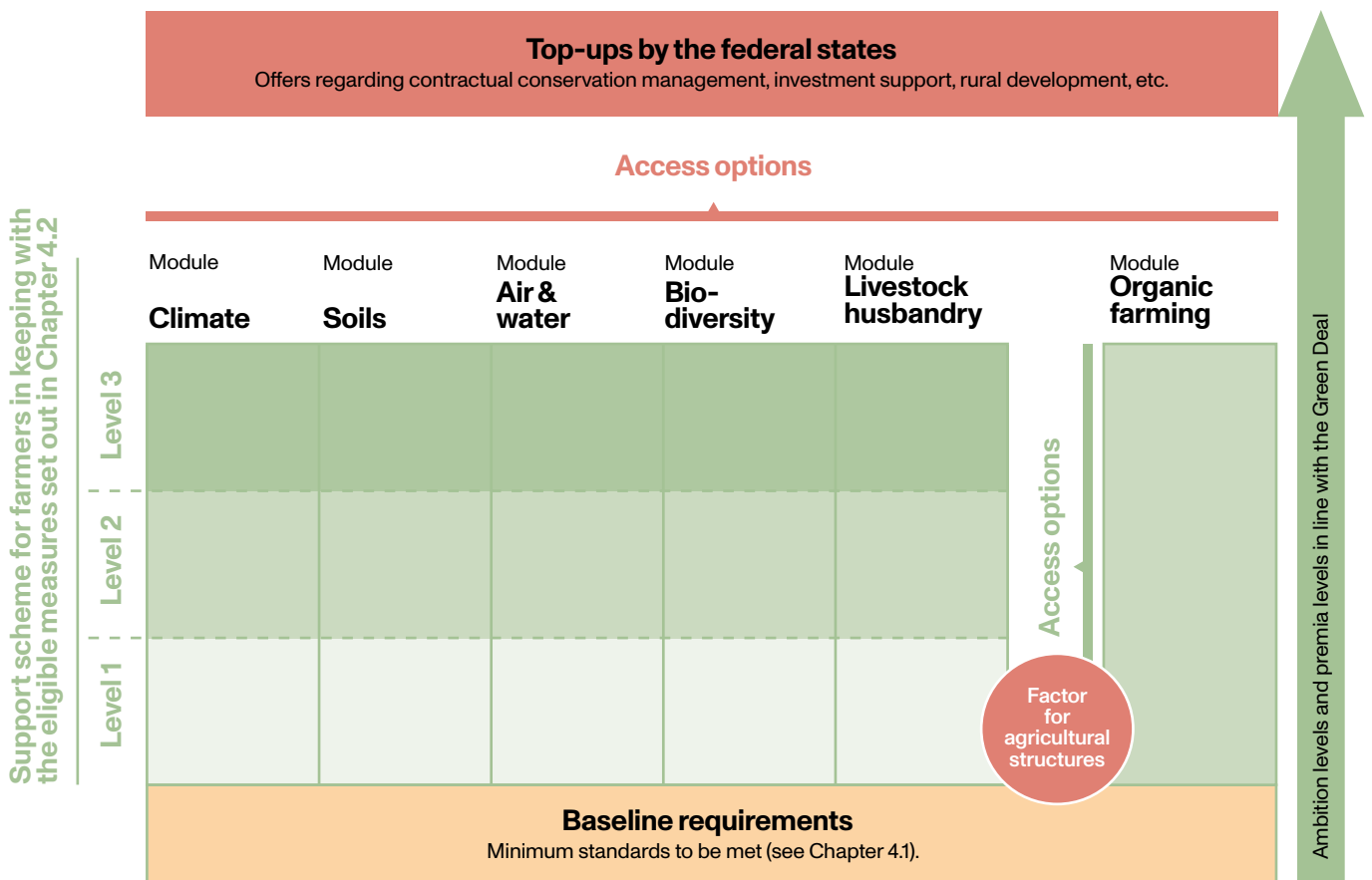
The platform associations agree that the existing ecological and socio-economic needs will continue to require a corresponding CAP budget in the future. This must be taken into account in the negotiations on the EU's Multiannual Financial Framework (MFF) for the period post-2027. However, it is imperative that CAP funds are used differently than to date. Their effec-



tiveness must be increased significantly. The allocation of funds between the EU member states and also within Germany based on historical distribution keys and political enforceability is out-dated. Instead, the size of a member state’s budget should be based on its contribution to achieving the CAP’s objectives. One possible tool for implementing such an approach and ending the current “race to the bottom” in the areas of environmental protection, nature conservation, climate mitigation and animal welfare would be the introduction of a co-financing rate for all EU level CAP funds. The rate level could be determined by each Member State’s level of ambition with regard to its contribution to achieving the objectives of the CAP.

As already set out in *Chapter 2—Context*, the signatory associations see one reason for the inefficient and overly complicated design of the green architecture in Germany in the blurred lines between the newly introduced eco-schemes and the AECMs under Pillar 2, and the resultant combination tables and calculation rates. In order to improve and streamline this as yet very complex system, the signatory associations propose that all measures linked to agricultural area and livestock units (LU) in the fields of environmental protection, nature conservation, climate mitigation and animal welfare (see *Chapter 4.2—Eligible measures and funding guidelines*) be merged into a standardised nationwide scheme. This nationwide programme should be supplemented by the federal states’ own programmes with clearly defined measures in the areas of biodiversity (including contractual conservation management agreements), investment support and rural development.

Figure 2 below shows an example of what a model approach could look like that meaningfully links the guidelines outlined so far with existing models for the CAP post-2027.



**Figure 2** Example of a model approach for the CAP post-2027, taking into account existing proposals

The model approach provides for six funding modules that are available nationwide and offer all agricultural holdings economically attractive measures or packages of measures in the areas of environmental protection, nature conservation, climate mitigation and animal welfare. It is important to ensure that agricultural holdings implement measures or packages of measures across all modules and thus contribute to all relevant environmental goods (climate, soil, air and water, biodiversity and, where applicable, livestock husbandry). This would ensure that farms with their selection of measures do indeed cover all environmental goods. Depending on their level of ambition, agricultural holdings would be paid a higher premia per module (e.g. based on three ambition levels). The more measures a farm implements within a module, i.e. the higher its ambition level, the higher its ranking and commensurate premia level for the entire farm (see, for example, the delivery of eco-schemes in the Netherlands). The reference value for the calculation of the single farm payment would be the hectare (ha) in land management and the livestock unit (LU) in livestock management. The level of ambition could be assessed using a points system, for example. In order to ensure the delivery of a minimum level of commitments, a minimum number of points or minimum criteria within an ambition level should be defined, if necessary. Top-ups by the federal states with funding programmes for contractual conservation management agreements and investment funding are essential to enhancing the focus on conservation objectives. These would continue to be offered as regional and specific conservation measures.

In addition to the climate, soil, air and water, biodiversity and livestock husbandry modules, the conversion to and continued application of organic farming practices on the whole farm would be rewarded in a separate module. Farms that participate in this module would also be able to access supports under the climate, soil, air and water, biodiversity and, where applicable, livestock husbandry modules.

All agricultural holdings in receipt of funding would need to meet the baseline requirements (see *Chapter 4.1*), have the option of additionally accessing the top-ups in the respective federal states, and would have agricultural structures as set out in *Chapter 4.2—Eligible measures and funding guidelines* taken into account for the purposes of calculating their premia.

## **4.4 Rural development as driver of the transformation of agri-food systems**

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It is a key task of support policies to strengthen regional economic cycles and value chains within the agri-food systems. For the signatory associations, the preservation and expansion of artisanal food processing as a partner to farmers is of central importance. Diverse agricultural holdings need diverse upstream and downstream sectors in order to create functioning regional value chains. The development and (re)construction of a resilient infrastructure in rural areas is therefore necessary for the transformation of agri-food systems. This must be specifically coupled with the promotion of high quality standards in food production.

To date, around one third of the European and German CAP budget has been channelled into rural development (Pillar 2). In addition to the AECM and the promotion of organic farming, this also finances broadband expansion, village development, investments (e.g. in livestock housing or food processing) and compensatory payments in less-favoured areas. As described in *Chapter 4.3—Financing and approach to a funding model*, the signatory associations are in favour of retaining an independent budget for rural development in the CAP post-2027.

Moreover, the signatory associations also suggest examining whether CAP supports that are not directly related to the development of resilient agri-food systems (e.g. village renewal) should perhaps instead be financed from the European Regional Development Fund (ERDF) or the European Social Fund (ESF) in the future. This would create additional scope for rural development policy in the area of agri-food systems.

Within rural development policy, the signatory associations advocate a focus on the following objectives with regard to the transformation of agri-food systems:

- **The disappearance of decentralised artisanal food processing, which is occurring in the same way as the disappearance of farms, must be stopped and reversed.** To this end, the establishment of decentralised artisanal food processing businesses could, for example, be specifically supported in a similar way to the business start-up premium for agricultural holdings described in *Chapter 4.2*.
- **All measures to promote investment and business start-ups must be consistently geared towards the delivery of public goods in the areas of environmental protection, nature conservation, climate mitigation and animal welfare.** In the area of livestock husbandry, subsidies should only be payable for building reconstruction or modification measures that contribute to increasing animal welfare and the protection of environmental goods such as air and water.
- **Supports for regional value chains**, especially for high-quality food products, as partnership-based networks are particularly capable of transparently distributing economic value added along the entire chain and offering economic prospects for rural actors.
- **Expanding the diversification of agricultural holdings**, e.g. by promoting the establishment of new farm enterprises or increasing the level of value added through the processing of agricultural products and/or on-farm selling.
- **Strengthening producer groups and business cooperatives** as well as operational groups under the European Innovation Partnership (EIP) scheme to improve the position of farmers within value chains.
- **Promoting gender equality and reducing gender gaps**, e.g. through networking, education and advisory services as well as mentoring programmes for female farm successors and potential female managers.

# 5 Shaping the Common Market Organisation as an elementary component of the transformation

<sup>14</sup> Statistically, the number of agricultural holdings in Germany halves every twenty years. Over the last ten years, the number of dairy farms has fallen by 37 per cent and the number of pig farms by 41 per cent. On EU-level between 2005 and 2020 the number of farms declined by 37%. Among these discontinued farms 80% were livestock or mixed farms. <https://ec.europa.eu/eurostat/en/web/products-eurostat-news/w/ddn-20230403-2>

The necessary transformation of the farming sector cannot be achieved solely through the organisation of regulatory requirements and the allocation of subsidies. A new framework for the European Union's market policy is indispensable to achieving the objectives of the Green Deal. This requires a paradigm shift, away from the objective introduced in 1992 with the MacSharry reform to make the EU agricultural and food industry globally competitive, and towards quality production, especially for local markets. It will only be possible to preserve the still existing small and medium-sized farm structures if for the entire farming profession there are economic prospects based on the sale of the goods they produce. Current antitrust legislation is not a safeguard in this regard.

In order to achieve global competitiveness, efforts were made to lower producer prices. With the help of adjustment aid in the form of direct payments, the farming sector was to be put in a position to supply the agrifood industry with low-cost raw materials. Adjustment aids were originally transitional in nature and were to run out in the year 2000. The political decision-makers assumed that the intensification of production processes and increasing division of labour (shifting production to agriculturally-favoured areas) would allow agricultural holdings to survive economically on the world market despite low producer prices – clearly a false assumption. This is evident, among other things, from the ongoing structural change in the farming sector<sup>14</sup>, the weakening of rural areas with a loss of artisanal food processing, continuing high environmental burdens, and recurring market crises.

Multinational agribusiness corporations are often the beneficiaries of these policies. The fact is that while the processing and food industries were able to continuously draw on cheap raw materials and make lavish profits, structural change in the farming sector and in food processing and trade continued unabated.

## **5.1 Weaknesses and opportunities of the current Common Market Organisation**

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Every market crisis is caused by a market imbalance. The quantities on offer are higher than the actual demand. Especially in the agricultural markets for perishable foods such as milk and meat, this can lead to considerable price crises. Agricultural holdings engaged in livestock production are therefore particularly dependent on functioning markets, not least in order to be able to further develop their production in the direction of environmental protection and animal welfare.

The Regulation on the Common Organisation of Agricultural Markets (CMO) already provided for a “safety net”, which however is clearly not having the desired effect. Its tools essentially comprise aid for private storage and public intervention storage and, in the event of severe market distortions, the possibility of a buy-out scheme. However, these tools can only be triggered at the discretion of the European Commission. The Commission’s decision is in turn strongly influenced by the various interests and assessments by the relevant market players. The processing industry in particular appears to be exerting a great deal of influence in this regard. During the 2015/16 milk market crisis, for example, the opportunity to quickly restore market equilibrium with the help of the buy-out scheme was used far too late. Additional problems include the parameters used to assess the respective market situation and the time lag with which market crises actually reach the agricultural holdings.

Another strategy set out in the CMO, i.e. a joint reaction to market crises by producer groups/organisations and the processing industry, has so far only been used in some rare cases. Agreements to adjust delivery volumes to prevent market crises are rarely reached, although these have proven to be effective when applied. Prominent negative examples in the German dairy industry include the largest German dairy company DMK eG and Bayern MeG. These two producer organisations process almost half of Germany’s milk volume. Neither of these two organisations has shown any interest in efficient, forward-looking market management in the past. The desire to increase the companies’ balance sheet by processing the cheapest possible raw milk outweighed other concerns.

The newly created option of privileging those farmers within the market organisation whose products meet higher sustainability standards would appear to be a great opportunity to sensibly combine economic safeguards for farmers with the necessary transformation of the farming sector towards greater environmental protection, nature conservation, climate mitigation and animal welfare. This could be achieved, for example, by exempting such farmers from certain restrictions of competition.

## 5.2 Necessary strands of an effective common market organisation

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The signatory associations advocate for the fastest possible implementation or adaptation of the following aspects of the CMO:

- In order to enable farmers to assume joint market responsibility, the primary sector/farming sector must be recognised as an **independent “interbranch organisation for agriculture”**. The current requirement that such interbranch organisations must be constituted of several actors at different stages of the value chain should be deleted (Article 157 CMO).
- An **early warning system** is needed to detect market crises in good time. To this end, it is possible to establish market monitoring centres, which must be extended to all agricultural production sectors. An index modelled on the Milk Marker Index (MMI) should be developed to assess the current and future market situation. In addition to current market prices, this index must also take into account production costs, stock exchange listings and other factors, as required.
- A multi-level crisis management system must be installed in order to be able to react to emerging market crises at an early stage. The “inter-branch organisation for agriculture“ must be enabled to propose quantity controls up to and **including temporary, binding quantity limits**. In addition to the EU crisis fund, the sector must also contribute to any necessary expenditure borne in this regard (Article 219 - 222 CMO).
- The existing option of making the **conclusion of supply contracts mandatory** for producers and purchasers, including the specification of price, quantity, quality and contract duration, must apply to all Member States. In particular, companies structured as cooperatives must also be integrated into these provisions (Article 148 CMO).
- The new Article 210a CMO has created the possibility for producers to engage in concerted practices when setting minimum prices or price premiums for agricultural products that meet sustainability standards in the areas of environmental protection, nature conservation, climate mitigation, and animal welfare as well as social compatibility which exceed those mandated by EU or national law. In addition, vertical agreements along the value chain are also generally made possible. The guidelines currently being drafted must ensure that the application of Art. 210a CMO will in practice enable the **increased added value of sustainable products to be passed on along the value chain** and that producers are thus adequately refinanced for their services. There must be transparency as to production costs in order to counter the asymmetry of market information vis-à-vis the oligopoly in trade.

In conclusion, the signatory associations emphasise that they reject large-scale stockpiling of surpluses in order to overcome crises. Moreover, the political players in the European Union are called on to ensure that exports from the European agri-food industry do not undercut producer prices elsewhere – especially in countries of the global South – and that they do not

cause any other dumping effects. For imports into the EU, compliance with similar or equivalent social, environmental, consumer and animal welfare standards as they apply to production in the EU must be ensured in consultation with those affected. Small-scale producers in the global South must be given targeted support to enable them to improve and comply with standards without this having an adverse impact on local production and supply. Last but not least, mandatory labelling of the origin, regionality and quality of food and its production process must be introduced in the EU, especially for livestock-based foods. Moreover, the EU Member States must add additional tools to the design of the CMO, such as a more purposeful extension of the UTP Directive to prevent unfair trading conditions, along the entire value chain. Finally, the associations emphasise that they consider the linking of the market organisation with sustainability criteria, as implemented with the introduction of Art. 210a, a particularly innovative control instrument that should be further developed. Producers who are particularly committed to the green architecture of the CAP, for example, could conceivably gain certain privileges within the CMO.

# 6 Conclusions for the current funding period in Germany

The European Commission gives the Member States extensive opportunities to regularly advance their Strategic Plans through so-called “requests for amendment”. The current 2023-2027 funding period can and must therefore lay the foundations for a complete and fair qualification of CAP funding for clearly defined services delivered by farmers in the areas of environmental protection, nature conservation, climate mitigation and animal welfare, and be used as a transition phase for the fundamental policy change in the CAP described in this paper. It is important to ensure that these policy changes come in predictable, binding and socially just steps for agricultural holdings.

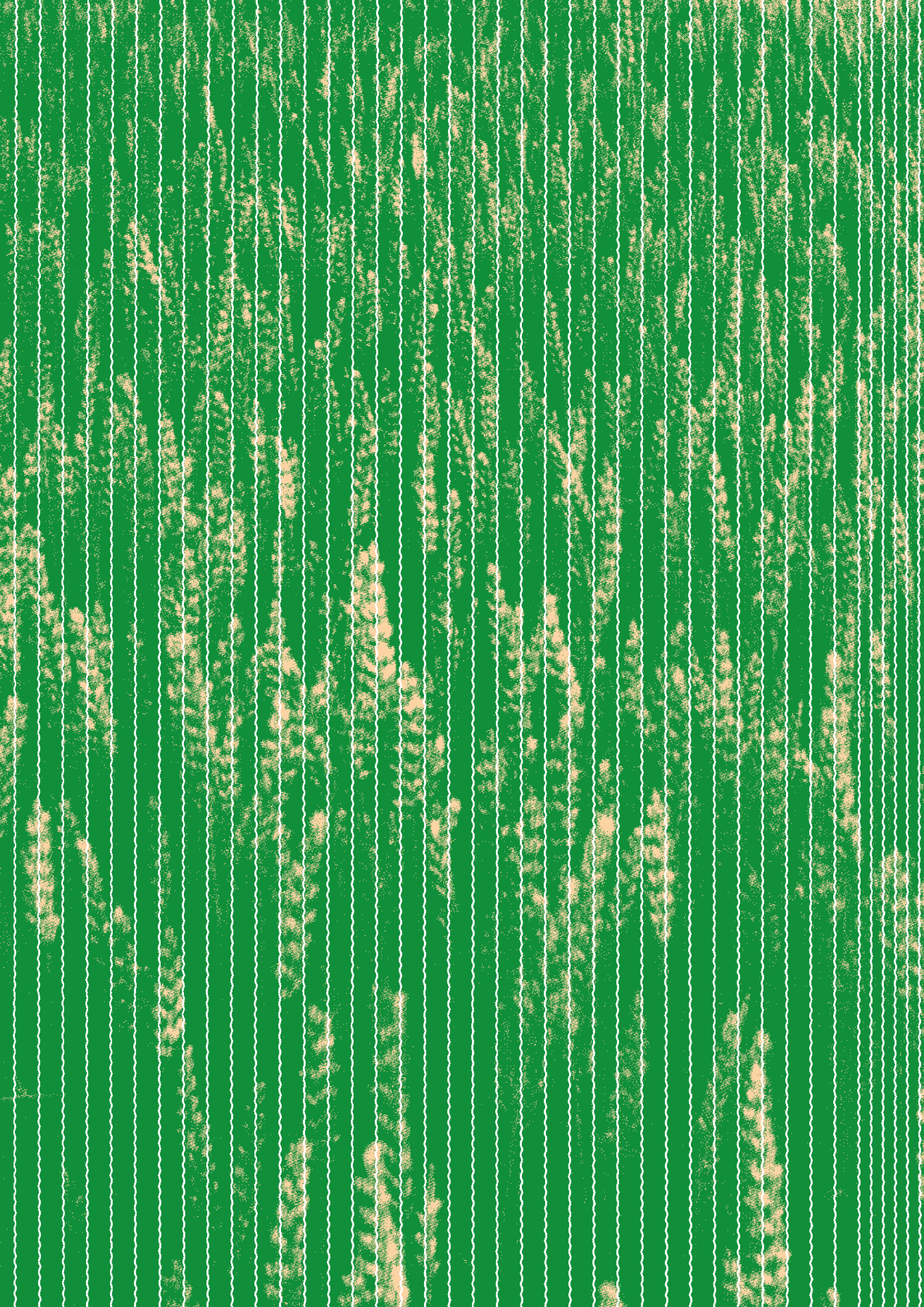
The signatory associations emphasise that Germany has by no means exhausted the opportunities for shaping a greener and fairer CAP within the EU guidelines. They therefore call on the German Federal Government to make amendments to the German CAP Strategic Plan as quickly as possible and, at the same time, to present a timetable and financing plan for the further development of the CAP up to 2027 as set out below.

- **An increase in funding for the remuneration of farmers’ services in the areas of environmental protection, nature conservation, climate mitigation and animal welfare** by means of gradual and significant increases in the eco-scheme budget and the AECM under Pillar 2 at the expense of the basic payment – combined with a significant increase in the premia levels for existing and, potentially, new support schemes. Moreover, there is an urgent need to improve the coherence between eco-schemes and AECM.
- **Introduction of additional eco-schemes** for environmentally friendly management of permanent grasslands, including pasture-based dairying, and for particularly low nitrogen and phosphorus balances (well below the permissible maximum limits stipulated in the legislation on the use of fertilisers).
- **Ensure a more targeted distribution of the reducing basic payment funds** in accordance with actual socio-economic need. Possible tools could be: a significant increase in the redistributive premium, implementation of a nationwide start-up premium as part of the support for



young farmers, the introduction of degressivity of the basic payment, the tiering of eco-schemes according to plot and/or holding size and/or the effective definition of what constitutes an “active farmer”.

- **Application and advancement of Articles 148 and 210a of the Common European Market Organisation (CMO)** for the binding conclusion of supply contracts and for passing on the increased added value of sustainable products along the value chain.



# 7 Annex

## List of existing EU obligations, as given in Annex XIII of the CAP Strategic Plans Regulation

- Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds;
- Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora;
- Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy;
- Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources;
- Directive 2008/50/EC of the European Parliament and of the Council of 21 May 2008 on ambient air quality and cleaner air for Europe;
- Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC;
- Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation No 525/2013 and Decision No 529/2013/EU;
- Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013;
- Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources;
- Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC;
- Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council;
- Directive 2009/128/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides.

# 8 Contacts

| <b>Association / Organisation</b>                            | <b>Homepage</b>  |
|--|--|
| Arbeitsgemeinschaft bäuerliche Landwirtschaft e.V. (AbL)     | <a href="http://abl-ev.de">abl-ev.de</a>   |
| Biokreis e.V.  | <a href="http://biokreis.de">biokreis.de</a>   |
| Bioland e.V.   | <a href="http://bioland.de">bioland.de</a>   |
| Bischöfliches Hilfswerk Misereor e. V.                       | <a href="http://misereor.de">misereor.de</a>   |
| Bund für Umwelt und Naturschutz Deutschland e.V. (BUND)      | <a href="http://bund.net">bund.net</a>   |
| BUND Naturschutz in Bayern e.V.                              | <a href="http://bund-naturschutz.de">bund-naturschutz.de</a>                               |
| Bund Ökologische Lebensmittelwirtschaft e.V. (BÖLW)          | <a href="http://boelw.de">boelw.de</a>   |
| Bundesverband Beruflicher Naturschutz e.V. (BBN)             | <a href="http://bbn-online.de">bbn-online.de</a>   |
| Bundesverband Deutscher Milchviehhalter e.V. (BDM)           | <a href="http://bdm-verband.de">bdm-verband.de</a>   |
| Bündnis für eine enkeltaugliche Landwirtschaft e.V.          | <a href="http://enkeltauglich.bio">enkeltauglich.bio</a>                                   |
| Bündnis Junge Landwirtschaft e.V. (BJL)                      | <a href="http://buendnisjungelandwirtschaft.org">buendnisjungelandwirtschaft.org</a>       |
| Demeter e.V.   | <a href="http://demeter.de">demeter.de</a>   |
| Deutsche Umwelthilfe e.V. (DUH)                              | <a href="http://duh.de">duh.de</a>   |
| Deutscher Berufs und Erwerbs Imker Bund e.V. (DBIB)          | <a href="http://berufsimker.de">berufsimker.de</a>   |
| Deutscher Fachverband für Agroforstwirtschaft (DeFAF) e.V.   | <a href="http://defaf.de">defaf.de</a>   |
| Deutscher Naturschutzring e.V. (DNR)                         | <a href="http://dnr.de">dnr.de</a>   |
| Deutscher Tierschutzbund e.V.                                | <a href="http://tierschutzbund.de">tierschutzbund.de</a>                                   |
| Deutscher Verband für Landschaftspflege (DVL) e.V.           | <a href="http://dvl.org">dvl.org</a>   |
| Die Freien Bäcker - Zeit für Verantwortung e.V.              | <a href="http://die-freien-baecker.de">die-freien-baecker.de</a>                           |
| EuroNatur - Stiftung Europäisches Naturerbe                  | <a href="http://euronatur.org">euronatur.org</a>   |
| Germanwatch e.V.   | <a href="http://germanwatch.org">germanwatch.org</a>                                       |
| Greenpeace e.V.  | <a href="http://greenpeace.de">greenpeace.de</a>   |
| Michael Succow Stiftung , Partner im Greifswald Moor Centrum | <a href="http://succow-stiftung.de">succow-stiftung.de</a>                                 |
| NaturFreunde Deutschlands                                    | <a href="http://naturfreunde.de">naturfreunde.de</a>                                       |
| Naturland - Verband für ökologischen Landbau e.V.            | <a href="http://naturland.de">naturland.de</a>   |
| Naturschutzbund Deutschland e.V. (NABU)                      | <a href="http://nabu.de">nabu.de</a>   |
| Netzwerk Solidarische Landwirtschaft e.V.                    | <a href="http://solidarische-landwirtschaft.org">solidarische-landwirtschaft.org</a>       |
| NEULAND e.V.   | <a href="http://neuland-fleisch.de">neuland-fleisch.de</a>                                 |
| PROVIEH e.V.   | <a href="http://provieh.de">provieh.de</a>   |
| Renate Benthlin – Stiftung für Nutztierschutz                |  |
| Schweisfurth Stiftung  | <a href="http://schweisfurth-stiftung.de">schweisfurth-stiftung.de</a>                     |
| Slow Food Deutschland e.V.                                   | <a href="http://slowfood.de">slowfood.de</a>   |
| Verband Deutscher Naturparke e. V. (VDN)                     | <a href="http://naturparke.de">naturparke.de</a>   |
| Weidewelt e.V.   | <a href="http://weidewelt.de">weidewelt.de</a>   |
| WWF Deutschland  | <a href="http://wwf.de">wwf.de</a>   |
| Zukunftsstiftung Landwirtschaft                              | <a href="http://zukunftsstiftung-landwirtschaft.de">zukunftsstiftung-landwirtschaft.de</a> |

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# Imprint



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