

# Why and How to Support the Supply of Non-Provisional Ecosystem Services by European Grasslands through the Common Agricultural Policy?

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## Structure of the presentation

- Importance and diversity of grassland in the EU
- Disservices and services provided by European livestock
- A (very) brief history of the CAP
- How to efficiently regulate grassland through the CAP?
- Concluding remarks



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# Importance and diversity of grassland in the EU

- 50% of the EU's total are farmed (> 2 million km<sup>2</sup>)
- 34% of the EU's UAA is covered by Permanent Grassland (+ Temporary Grassland)
  - EC classification of PG (not included in the crop rotation for 5 years or more)
  - Large differences between MS (58% in Ireland, less than 6% in Finland and Sweden)
  - Declining trend that seems to have stopped in the most recent years (not in all MS): link with the current CAP greening requirement to maintain PG
  - Both PG and TG benefit from decoupled and coupled direct aids of the CAP
  - Issue from a public economics perspective (grassland types are not differentiated according to non-provisional ecosystem services they provide)
  - Provision that also depends on grassland management intensity: mowing frequency, fertilization practices, grazing pressure and management (Blüthgen et al., 2012; Estel et al., 2018)



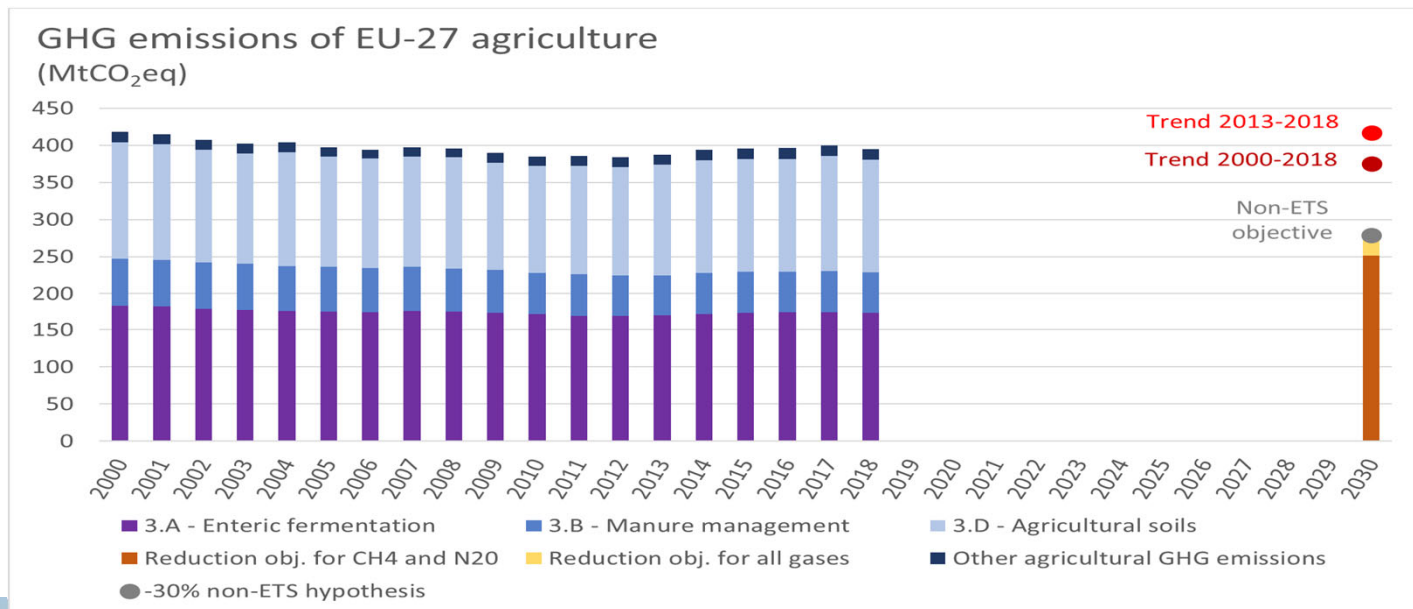
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# Disservices and services provided by European livestock [1]

- Disservices...

- Increasing critics based on climate, environmental, animal welfare and health / nutrition arguments (Buckwell and Nadeu, 2018; Guyomard et al., 2021)



Source: Guyomard et al. (2020)



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# Disservices and services provided by European livestock [2]

## ▪ ... and services

- Economic, social and cultural importance of livestock production
  - 40% of European agricultural production
  - 50% of European holdings have farmed animals
  - 4 million direct jobs (ATF, 2010)
- Some livestock systems, notably grassland based extensive systems, provide climatic (carbon sequestration) and environmental (water and soil quality, biodiversity preservation, diversified open landscapes) benefits
- Farmed animals recycle biomass / protein that cannot be used as human food (Mottet et al., 2021)
- Proteins of high nutritional quality

## ▪ **Public intervention to minimize the disservices and maximize the services**

- Identification and measurement of disservices and services
- Design of most efficient instruments (Polluter-Pays and Provider-Gets Principles)
- Management of trade-offs

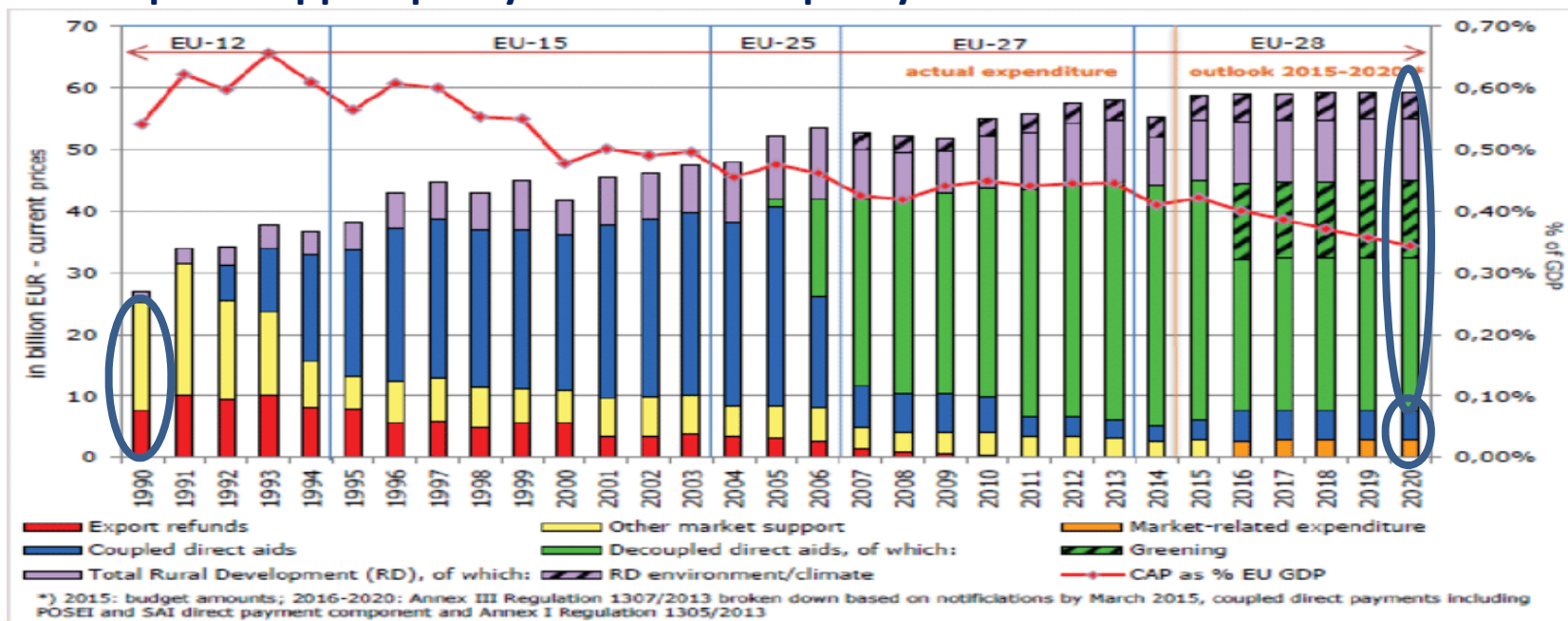


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# A (very) brief history of the CAP [1]

- Since 1992, 30 years of permanent reform: an unfinished business
- From a price support policy to a direct aid policy



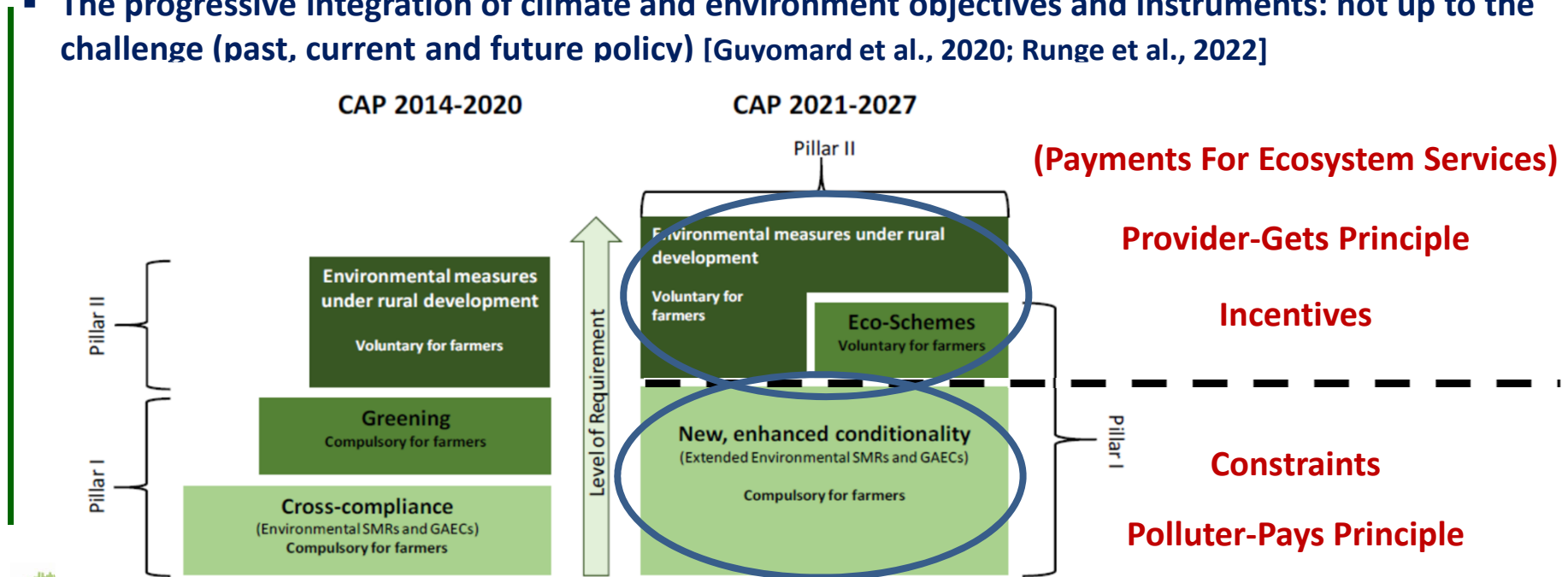
29<sup>th</sup> GENERAL MEETING  
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# A (very) brief history of the CAP [2]

- The unresolved issue of CAP support distribution (between MS, productions, holdings)
- The progressive integration of climate and environment objectives and instruments: not up to the challenge (past, current and future policy) [Guyomard et al., 2020; Runge et al., 2022]



Source: Lotz et al. (2019)



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# How to efficiently regulate grassland through the CAP? [1]

- **Constraints vs incentives: the issue of the sharing line between the PPP and the PGP**
  - No backsliding
  - No exemption/exception (to cover the whole UAA including PG and TG)
  - Increasing requirements over time
- **Grassland and conditionality**
  - **GAEC#1**
    - Maintenance of PG based on a ratio of PG on UAA at national, regional, sub-regional or holding level with a tolerance of -5%
    - = PG greening measure of the current CAP that has been highly criticized (ECA, 2017)
    - *Recommendations:*
      - Implementation of the farm level
      - Reduced tolerance threshold (-2%)
      - No update of the reference period
      - Supplemented by an ecoscheme measure targeted on PG (*cf. infra*)



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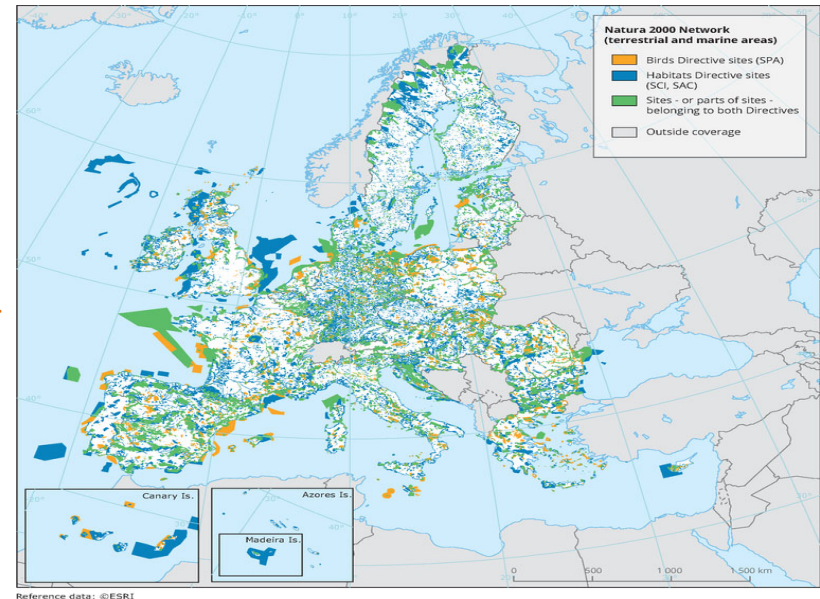
# How to efficiently regulate grassland through the CAP? [2]

## GAEC#9

- No ploughing of PG in protected sensitive areas
- Mainly Natura 2000 areas
- *Recommendations:*
  - Starting from the areas currently protected, progressively increase the surfaces over the 2023-2027 period (based on an action plan)
  - Supplemented by an ecoscheme measure targeted on PG (*cf. infra*)

## GAEC#8

- Protection of non-productive areas and elements dedicated to biodiversity preservation for arable farms and lands
- *Recommendations:*



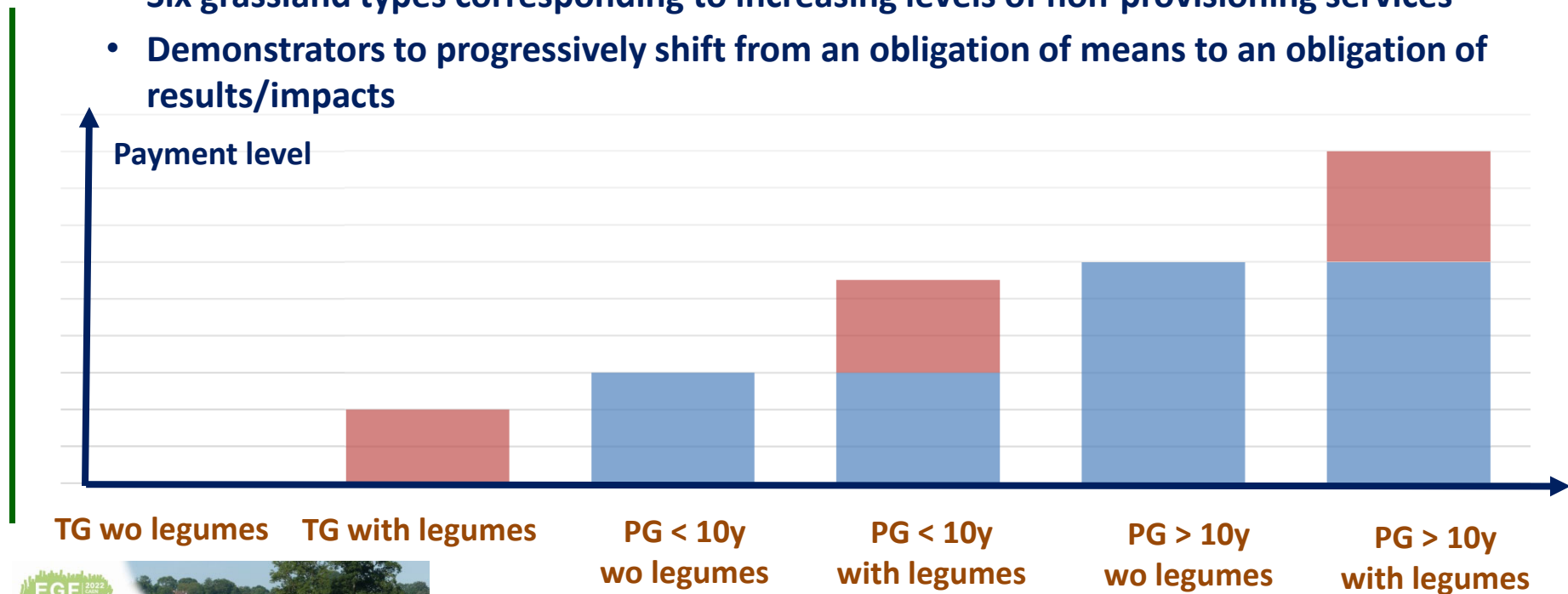
- Generalization to all types of farms and lands (including PG)
- New equivalence coef. in line with ecosystem services (Pe'er et al., 2022)



# How to efficiently regulate grassland through the CAP? [3]

- Grassland and incentives

- Six grassland types corresponding to increasing levels of non-provisioning services
- Demonstrators to progressively shift from an obligation of means to an obligation of results/impacts



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## Concluding remarks [1]

### ▪ Trade-offs between climate/environment and economic performances

- A pretext for the status quo (future CAP!)
- Action levers to alleviate the trade-off
  - Length of the transition
  - All productivity gains including genetic selection and precision farming
  - Vertical (actors in the food chains) and horizontal (actors in the territories) solidarities
  - Willingness to Pay (WTP) of some consumers
  - Payments for ecosystem services funded by both the taxpayer and the private user (thanks to an obligation of results / impacts)
  - Depollution and health savings to compensate both farmers and the poorest households (food access equality)

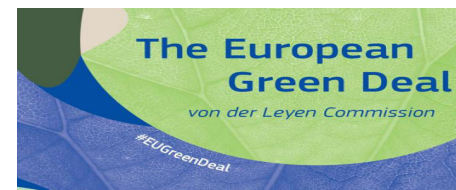


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# Concluding remarks [2]

## Compatibility with the European Green Deal (a)



**Carbon neutrality by 2050**  
**Low-carbon and sustainable growth**

**Implementation through various strategies, including**  
**The Climate Plan and Law**  
**The Farm to Fork Strategy (F2F)**  
**The EU Biodiversity Strategy in 2030**

**Quantitative targets for agriculture by 2030**  
**No explicit quantitative targets for the food sector and for diets (except for food waste and losses)**

**Quantitative targets**

- GHG emissions: -35% for non-CO<sub>2</sub> gases from a 2015 reference
- Pesticides' use and risk: -50%
- Nutrients (N & P): -50% for losses -> -20% for use
- Antimicrobials: -50%
- Organic Farming: 25% of UAA
- High diversity landscape features: 10% of UAA
- Food waste and losses: -50%

**But aspirational targets only!**



## Concluding remarks [3]

### ▪ Compatibility with the European Green Deal (b)

- Welcome whole food chain approach
- Supply instruments (CAP)...
- And other policies defined in a consistent way: food/nutrition, competition policy, trade policy, research and innovation policy...
- Consistent approach aiming at reducing disservices (climate, biodiversity, health / nutrition) and maximizing services
- Consistent with our recommendations aimed at regulating / supporting grassland



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## Concluding remarks [4]

### ▪ War in Ukraine

- Calls to “free European agricultural production” (cultivation of fallow land) are not the solutions
  - Food availability in not threatened in the EU
  - Rather than growing fallow land, reducing plant products used for biofuels and feed (much larger quantities that are immediately available)
  - Addressing distortions at the source
    - Direct aids to farmers (feed cost) and the poorest households (food stamps)
    - Less dependency to imports (energy, animal feed) to increase the resilience of European agricultural / food systems to political shocks
- **Obviously, very different situation in net food importing low-income countries (price and quantity effects)**



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**Thank you for your attention**



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