

# Briefings for MPs on CAP Reform

## #3 Cross Compliance



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## INTRODUCTION

The UK's countryside provides our food, but also supports thriving rural communities and provides 'public goods' such as biodiversity, landscapes, water and soils. It provides opportunities for recreation, supporting our health and well-being, and is home to many of this country's most iconic species and habitats.

The Common Agricultural Policy (CAP) exerts a powerful influence over our countryside. For much of its history it has driven environmentally damaging practices, and despite recent reforms it is still not meeting its potential to safeguard food production in the long-term by protecting and enhancing the environment.

Negotiations are now underway in Europe on the future of the CAP, including proposals for changes to 'cross compliance': the basic requirements that farmers must meet in order to qualify for CAP payments.<sup>1</sup> However, the proposed changes to cross compliance fail to address weaknesses in the current system, and would in fact remove some elements of vital importance to the protection of the environment.

<sup>1</sup> Cross compliance requires farmers to comply with a set of Statutory Management Requirements (SMRs), which relate to the areas of public, animal and plant health, environment and animal welfare. Farmers also have to keep their land in Good Agricultural and Environmental Condition (GAEC), the standards of which relate to the issues of soil erosion, soil organic matter, soil structure, ensuring a minimum level of maintenance, avoiding the deterioration of habitats, landscape features and protection and management of water.

## WHAT IS CROSS COMPLIANCE?

- Cross compliance is the set of basic requirements that farmers must meet in order to qualify for CAP payments
- It is made up of two strands. It requires compliance with existing EU legislation and directives (under Statutory Management Requirements) and also adherence with 'Good Agricultural and Environmental Condition' (GAEC) requirements set by Member States
- Cross compliance is thus both a vital tool for upholding environmental, animal welfare, food safety and quality standards across Europe and a means of ensuring the protection of the wider public goods that our countryside provides, such as biodiversity, soils, clean water and landscapes
- Its introduction in 2003 was significant because it acknowledged that delivery of environmental and other public benefits from farming was a reasonable expectation in return for publicly-funded payments.

## WHY IS CROSS COMPLIANCE IMPORTANT?

**Cross compliance is the compulsory element of environmental delivery in the CAP.** The UK, like all EU Member States, has legal commitments including those in the Birds, Habitats, Water Framework, and Nitrates Directives. At present, some of the requirements relating to these commitments are included in cross compliance,

along with requirements relating to animal welfare, food quality and so on. Integrating these commitments into cross compliance is highly effective. It means that, in cases of non-compliance, not only can legal proceedings be taken – but CAP payments can be docked.

This provides a strong incentive for compliance. It would be both irresponsible and highly risky for Member States to rely too heavily on 'opt-in' measures (like agri-environment and voluntary initiatives) to meet these legally binding commitments. Payment schemes and unpaid voluntary activities are extremely important to engage farmers in delivering environmental improvement, but to be effective they must be underpinned by regulation.

**Cross compliance forms the baseline for CAP payments.** Farmers must meet cross compliance requirements to be eligible for payments under CAP. Most of these requirements are no more than basic good practice, and farmers are expected to bear the costs of meeting them.

By contrast, positive actions that exceed this minimum standard can be rewarded with targeted payments such as those under agri-environment schemes. A strong cross compliance baseline therefore provides value for public money. Lowering that baseline would mean that basic good practices which are currently compulsory would become eligible for incentive payments.

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**Cross compliance sets a common standard across Europe.** It gives a clear message on what is expected of farmers and helps create a level playing field across Europe. The baseline regulation it provides is good for farming as for any industry, creating stability, preventing a ‘race to the bottom’ to produce cheap goods at any cost, and allowing businesses to compete on meaningful terms. It also gives consumers confidence. Tax payers have a right to expect high standards in return for the large sums of money paid to farmers, which far outweigh the actual costs to farmers of meeting the requirements.

**If the standards of environmental protection within cross compliance were to be relaxed, this would create costs elsewhere.** If cross compliance requirements are removed or weakened, farmers would have to be offered incentive payments to perform actions that are currently compulsory. In addition, relaxing the standards of environmental protection expected from farmers would create costs elsewhere.

This is illustrated in the case of drinking water quality. In England, water companies will, in the period 2005–15, spend over £370 million just on removing nitrates from water, a significant proportion of which originate from agriculture. This cost is largely passed on to the customer. Tighter enforcement of agricultural regulations could reduce this cost by preventing pollutants

such as nitrates from reaching waterways in the first place. On the other hand, relaxing the rules could lead to increased nitrate pollution in waterbodies, higher clean-up costs for water companies and ultimately higher water prices for customers.

Whilst the removal of some elements from cross compliance might reduce farmers’ costs in the short term, these costs would simply be shifted elsewhere in the form of higher taxes or commodity prices, or reduced environmental quality. This benefits no-one in the long term, including farmers, who are themselves taxpayers, consumers and beneficiaries of the environment.

## PROPOSED CHANGES TO THE CROSS COMPLIANCE REGIME

The prevailing political mood in the UK and EU favours deregulation and simplification. Proponents of deregulation argue that reducing bureaucratic burdens on land managers will allow them to get on with the business of profitable farming. Wildlife and Countryside Link supports the aim of streamlining unnecessarily complicated processes that do not deliver any benefit. However, we are extremely concerned by specific proposals to weaken the standards contained within cross compliance which would jeopardise environmental protection while doing little to simplify the situation for farmers.

The proposals of greatest concern are:

**Removal of some of the Birds Directive requirements from cross compliance.** This is of serious concern. Bird persecution continues to be a problem in many countries, including bird of prey persecution in the UK and songbird trapping in Mediterranean countries. Significant progress is being made in Cyprus using cross compliance as a deterrent against illegal bird trapping, with penalties applied to 92 claimants in 2011 (compared to only 19 in 2010). This proposal would reverse such progress and remove a strong deterrent to crimes against wildlife.

**Exemption of small farmers from cross compliance.** This is not justified: even small farms can harm the environment by applying above-average fertiliser or pesticide quantities, and every farm has a role to play in protecting and improving the natural environment. The public surely has a right to expect at least a basic level of environmental protection from all farmers receiving public money.

We also feel that cross-compliance should be strengthened in specific areas, by including the following European Directives which relate to the impact of agriculture on the wider environment:

**The Water Framework Directive (WFD).** Given the costs of agricultural diffuse pollution, and the role cross compliance plays in meeting a range of obligations under other EU Directives, we believe

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there is a strong case for the Water Framework Directive (WFD) to be included under cross compliance. This would require on-farm action to tackle the pollution of waterbodies. Every Member State is committed to achieving the objectives of the WFD and a cost-effective way to do this would be to ensure cross compliance better incorporates water protection measures.

**The Sustainable Use Directive.** The Sustainable Use Directive commits Member States to reducing the impacts of pesticide use and should be included in cross compliance requirements.

In terms of **animal welfare**, only three animal welfare laws are currently included in cross compliance. There are a number of harmonising laws such as those on chickens and laying hens which have not been included and so should be brought under cross-compliance at this stage.

## WHAT ACTION CAN MEPs TAKE?

Representatives of UK voters and taxpayers must send a clear signal to the rest of the EU that weakening the level of environmental protection provided by cross compliance is not acceptable. Instead, cross compliance must be strengthened to ensure that the significant sums of money paid to farmers through the CAP are linked to robust measures that deliver a strong baseline of environmental protection and animal welfare on every farm.

As an MP, you can help to achieve this by keeping the pressure on the UK Government to maintain a strong negotiating stance based on the following:

- No overall weakening of the environmental, landscape or animal welfare requirements that farmers must fulfil in order to qualify for direct payments
- Retention of requirements for farmers under the Habitats and Birds Directives
- Inclusion of requirements under the Water Framework Directive and Sustainable Use Directive
- Inclusion of all animal welfare legislation
- No exemptions: all farmers must fulfil these basic requirements



## FOR MORE INFORMATION

Please contact **Julie Middleton** at **Wildlife and Countryside Link** on **020 7820 8600** or **julie@wcl.org.uk**

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## WHO WE ARE

Wildlife and Countryside Link (Link) brings together 40 voluntary organisations concerned with the conservation and protection of wildlife, countryside and the marine environment. Our members practice and advocate environmentally sensitive land management and encourage response for and enjoyment of natural landscapes and features, the historic environment and biodiversity. Taken together our members have the support of over eight million people in the UK and manage over 750,000 hectares of land. We have been working for many years to try and ensure that rural development policy delivers all that it can for the countryside whilst rewarding those who embrace this responsibility in the management of the land.

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