

New challenges, new CAP

**BirdLife International's vision for the future
of the EU Common Agricultural Policy**





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1. Executive summary

The imminent review of the EU's budget offers an unprecedented opportunity to reform and modernise the Common Agricultural Policy (CAP). BirdLife International believes that this opportunity must be taken to complete the move from a policy that has driven environmental degradation and biodiversity loss, to one that supports a sustainable and prosperous farming and land management sector across the EU. The CAP was not designed to tackle the challenges agriculture and land management face in the 21st century: continuing biodiversity decline, water pollution and unsustainable abstraction, soil degradation, accelerating climate change and ever-increasing demand for food and energy. In spite of recent reforms that have reduced the negative impacts of the CAP, the environmental consequences of how Europe's land is managed continues to cause concern across the continent. Further reform is therefore necessary if the EU is to support sustainable agriculture and rural communities and meet its environmental goals and commitments. This document outlines BirdLife International's vision for the future of the CAP and makes the following key recommendations:

- 1. Establish a sustainable land management and rural development policy** Create a new sustainable land management and rural policy for Europe, building on the current Rural Development Regulation, but targeted at environmental sustainability, with support for land management, which delivers the social and environmental priorities of the European Union.
- 2. Ensure sufficient funding is dedicated to securing public goods** The principle of public money for public goods should be at the core of the CAP's successor and of all future spending on land management and rural development. Funding should be adequate for it to meet its goals and should be provided from the current direct subsidy pot.
- 3. Deliver good management of Europe's protected areas** The Natura 2000 network is designed to protect Europe's species and their habitats, and is the EU's most far-reaching effort to halt biodiversity decline yet. The future CAP should play a key role in delivering good management on Natura 2000 sites through targeted agri-environment schemes and Natura 2000 payments.
- 4. Support High Nature Value farmland** Put in place adequate EU policies and funding for the maintenance of High Nature Value farmland, the continued management of which is necessary for the survival of farmland birds and other biodiversity.
- 5. Ensure environmental schemes deliver their objectives** Improve the quality of rural development and agri-environment schemes so that they deliver their environmental objectives.
- 6. Put policies in place to adapt to and mitigate climate change** Create the policy framework to ensure that EU agriculture reduces its own greenhouse gas emissions and contributes to mitigation through sustainable bioenergy. Adaptation measures that ensure the future delivery of public goods, such as land management that helps wildlife adapt to climate change, should also be supported.

2. The challenges

The CAP underwent its latest and most significant reform in 2003, but the need for further reforms remains urgent.

- Biodiversity decline is continuing at an unprecedented rate worldwide, with extinction rates now 1,000 times higher than their historic norm. Europe's farmland birds have declined by over 40% in the past 25 years¹. Agricultural intensification is the main driver of this loss in Europe, whilst expansion of farmland, often to meet demand in affluent countries, is the principal cause of biodiversity decline worldwide².
- Nutrient pollution from agriculture is a key factor in the eutrophication of freshwater and coastal marine habitats. Twice as much nitrogen and three times as much phosphorus is present in natural systems as compared to 1960³. As well as polluting drinking water, this is causing serious damage to habitats, and has been linked to the loss of the red-backed shrike (*Lanius collurio*) in the UK⁴ and the appearance of marine dead zones worldwide.
- Europe is under increasing water stress, with 18% of the population affected by water stress or severe water stress⁵. Agriculture is one of the primary users of water in Europe, and the area under irrigation continues to grow even in the regions suffering most from water scarcity. The expansion of irrigated areas is encouraged by national governments as agriculture pays lower water rates than other sectors, particularly in southern Europe⁶.
- Soil erosion is the key underlying process behind land degradation and desertification, threatening our long-term productive capacity. In the EU, 9% of the total land area is subject to soil erosion as a result of agricultural practices, and this is expected to increase in the future⁷.
- Climate change is the greatest challenge people and wildlife face, and avoiding dangerous levels of change will require a reduction in emissions of CO₂ by 80%

by 2050. Some climate change is unavoidable, and agriculture must adapt to this, both as a business sector and as part of society's mechanism for managing the impacts of climate change on wildlife and people. Farming is also responsible for approximately 9% of EU greenhouse gas emissions⁸, and, like every other sector of the economy, it must reduce this.

- The pressure on land in Europe and globally is increasing rapidly as agriculture is relied upon not only to feed a growing and increasingly affluent global population, but also to produce fuel, heat and power. This could accelerate agricultural intensification and expansion, to the detriment of wildlife and the environment.

Meeting these challenges requires far-reaching changes to the way we support land management across Europe. This paper presents BirdLife International's vision of a reformed CAP that is good for the long-term viability of European rural communities whilst supporting both sustainable farming and other land management that benefits wildlife, landscapes, the climate and the environment.

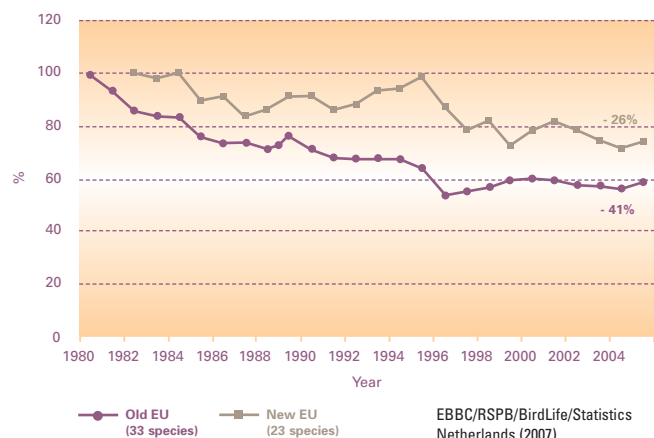


Figure 1: Farmland bird index for the EU-15 and the new Member States



2.1 Farmland biodiversity in decline

European land has been farmed for thousands of years, and wildlife has evolved alongside traditional farming practices.

Farmland makes up 44% of Europe’s land area and farming therefore plays a key role in providing habitats for a wide range of wildlife. Changes to the way we farm over the past fifty years have, however, progressively reduced the value of farmland as a habitat and, as a consequence, farmland biodiversity is in crisis across the continent. European populations of farmland birds, which, as indicator species, reflect the health of farmland ecosystems and wildlife as a whole, have declined by almost 50% in the past 25 years (Figure 1).

The intensification of agriculture, a process that has been partly driven by the CAP, is closely linked to this collapse

Vital habitat Species such as the pyramidal orchid (*Anacamptis pyramidalis*), the European roller (*Coracias garrulus*) and the souslik (*Spermophilus citellus*) are dependent on traditional management of meadows.

in farmland bird populations⁹. This is starkly demonstrated by the still-healthy populations of farmland birds in many of the new Member States, which have not been part of the CAP until very recently¹⁰.

Traditional farming provides an important habitat for wildlife in Europe. In Spain and Eastern Europe, the continuation of traditional farming practices on large areas of land is responsible for farmland bird hotspots (see Figure 3, page 7). This form of farming is now under threat from intensification and development, as well as abandonment, which in many parts of Europe is of equal concern.

2.2 CAP reform must continue...

The CAP represents enormous public investment in agriculture: €45.6bn of EU taxpayer's money is spent each year supporting farming, mostly through direct payments.

The value of the total support package for EU agriculture, including indirect support, was estimated by the Organisation for Economic Co-operation and Development (OECD) to be equivalent to €108bn in 2005¹¹. CAP support is divided into two Pillars: Pillar 1, which includes all agricultural market support mechanisms, but is principally dedicated to direct income support; and Pillar 2, which consists of rural development and environmental measures. Figure 2 gives indicative annual spend on the main parts of the CAP and includes the Life+ budget, the only EU budget line dedicated to the environment and biodiversity.

...for the environment

In the past, the CAP has specifically incentivised production, driving intensification at great cost to the environment, and whilst this is, for the most part, no longer the case following the 2003 CAP reform, the huge majority of CAP funding does very little for sustainable agriculture, in spite of the CAP being included in the EU

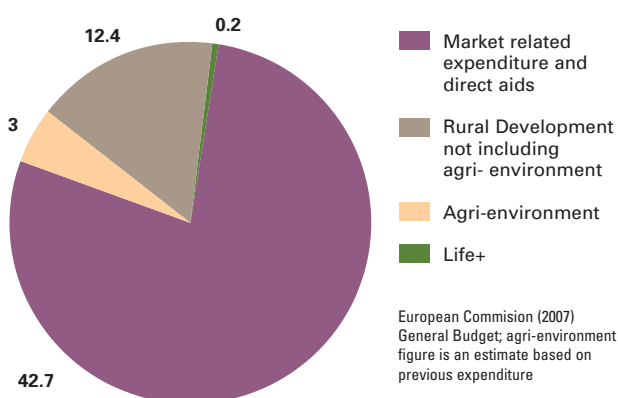


Figure 2: Annual EU spend on land management, in €Bn



Chris Gomersall (rspb-images.com)

Cirl bunting The cirl bunting (*Emberiza cirlus*) agri-environment scheme successfully reversed the decline of this species in England.

budget under the heading 'Preservation and Management of Natural Resources'.

As much as 78% of the total CAP budget goes to the Single Farm Payment (SFP). This payment is not linked to any clear outcome, though it is attached to basic environmental and welfare standards known as cross-compliance. These standards have not, however, been implemented effectively in most Member States and they fail to provide protection for farmland habitats and landscape features¹². Furthermore, the SFP is predominantly paid on an historical basis, with most therefore paid to intensive farmers, disadvantaging those who have historically practised extensive, more environmentally friendly forms of agriculture.

Rural development measures, particularly agri-environment schemes, represent the most promising part of the CAP as they can benefit wildlife, the environment and the rural economy. Agri-environment schemes support farmers who

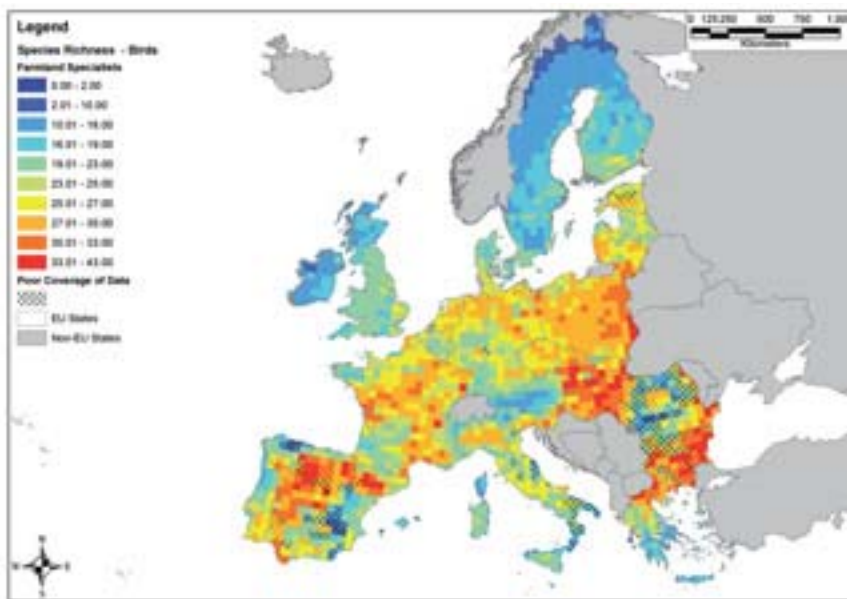


Figure 3: Farmland bird diversity in the EU, weighted for conservation priority

Created by Arnold, C. and McCullough, J. (2007) using data from Hagemeyer, E.J.M. & Blair, M.J., eds. (1997) *The EBCC Atlas of European Breeding Birds*. Data for Cyprus unavailable.

adopt higher environmental standards that result in public benefits such as wildlife and clean water. These benefits are not recognised by the market, and are therefore delivered at sub-optimal levels. Agri-environment helps correct this market failure by ensuring farmers are rewarded appropriately for the public goods they deliver.

However, rural development measures lack sufficient funding, receiving only approximately 20% of the total CAP budget. Agri-environment measures receive even less. This means that the influence these measures have on farming decisions is dwarfed by the impact of Pillar 1 measures.

Furthermore, rural development measures are often used to support environmentally destructive practices.

Examples of poor use of rural development include:

- Funding unsustainable drainage and irrigation expansion, and inappropriate afforestation;
- Using agri-environment money to pay for practices that have no clear environmental benefit, or for practices that would be followed anyway;

- Less Favoured Area payments that go to all farmers in designated areas, regardless as to whether they practise environmentally friendly farming.

...and for farmers

One of the principal defences of the CAP is that it maintains farmers' incomes and the economic health of the sector, yet the number of people working in agriculture in the EU has been in continual decline, falling in the EU-15 by 18% between 1995 and 2005. The SFP system does not support those farmers who specifically require financial help, nor those who are delivering the most for society through providing environmental benefits. Indeed, 85% of direct payments go to just 18% of farmers, with the largest farmers in the old EU Member States benefiting the most¹³.

Agricultural subsidies are also an inefficient way of supporting farmers. The OECD has concluded that, through increasing prices, most of the money ultimately goes to larger players in the agricultural industry, such as input suppliers and landowners¹⁴. As little as 25% of public money spent on market support instruments stays with the farmer.

2.3 EU expansion: a conservation emergency

Further CAP reform has become even more urgent with the accession of 12 new countries, most of them in Central and Eastern Europe. These countries still harbour a wealth of biodiversity, and their entry into the CAP risks losing this. The EU now has a responsibility to ensure that this does not happen and that the experience of dramatic declines in farmland birds and other wildlife in the old Member States is not repeated.

This important biodiversity resource is a direct result of these countries having retained large areas of traditional, low-intensity farming that is good for wildlife, commonly referred to as High Nature Value (HNV). As a result, this region is home to a disproportionate share of the EU's farmland birds and for some of these species, the new Member States hold the key to survival at a global level.



Unspoilt landscape The new EU countries are known for their traditional farming methods and valuable natural heritage: flower-rich meadows, open steppe grasslands, vast tracts of natural forest, unspoilt wetlands and an astonishing wealth of fauna and flora.



Corncrake There are 152,000 pairs of corncrakes (*Crex crex*) in the 12 new EU member states, 92% of the total EU population.

Following the break up of the Soviet bloc, Central and Eastern Europe witnessed a collapse in agricultural productivity that was matched by a significant recovery in biodiversity. Accession to the EU, and the associated expansion of the CAP, is quickly changing this picture. The CAP subsidy system is unlikely to reverse the current trend of abandonment of traditional farming practices, whilst in the best agricultural regions, the CAP is likely to lead to the same patterns of intensification that have caused such large declines in biodiversity in Western Europe.

The recovery of farmland bird populations in the new Member States is already beginning to show a worrying reverse, and the opportunity to stem this trend and safeguard the region's wildlife will be missed unless the CAP is radically changed. This is a matter of concern for the EU as a whole, as conservation of farmland birds in these countries will be critical to achieving the EU objective of halting biodiversity decline by 2010.

3. BirdLife International's vision for the future of the CAP

How Europe's land is managed affects us all. Society requires land management to yield private goods, such as food, fibre and fuel, as well as public goods, which are goods that we all benefit from, such as clean water, healthy ecosystems, wildlife, thriving rural communities and beautiful landscapes. Yet, as essential as these benefits are, they are undervalued by the market, and, as a result, they are delivered at below optimum levels.

The role of public intervention in land management must therefore be about securing these public benefits. This principle guides our vision and recommendations for the future of the CAP that are presented here.

3.1 Establish a common sustainable land management and rural development policy

Establish a sustainable land management and rural development policy for the whole of the EU, building on the current Rural Development Regulation but targeted at environmental sustainability.

Our vision is for Pillar 1 of the CAP to be phased out, with funds transferred to a sustainable rural development fund based on the current Rural Development Regulation,

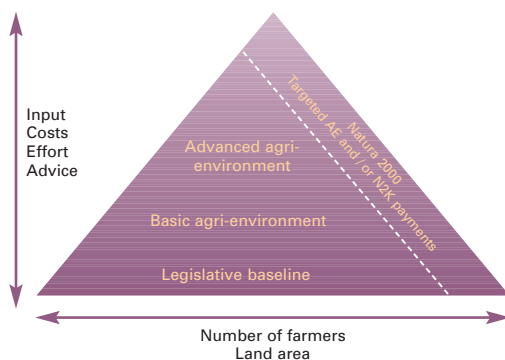


Figure 4: The BirdLife pyramid model for delivering sustainable land management.



Vineyard managed positively for wildlife Good land management requires public support.

which is at present separated into three 'axes': competitiveness, sustainable land management, and improving the quality of life in rural areas. The central element of this system should be supporting sustainable land management through regulation, agri-environment and Natura 2000 payments, as shown in Figure 4.

The pyramid model consists of a minimum legislative baseline for all farmers that is based on the principle of 'do no harm', which would ensure, for example, the protection of landscape features and valuable habitats. This baseline is currently set by cross-compliance, which should continue for as long as direct payments are available, but in the longer term should become a legislative requirement.

Basic agri-environment schemes that are open to all farmers should be made available in all parts of the EU. They should include straightforward, practical measures designed to enhance the farmed environment and encourage more sustainable farming practices, such as creating flower-rich areas for invertebrates and birds, adopting water-saving practices, establishing buffer strips to reduce water pollution and erosion, and creating basic habitats within and around fields.

Advanced agri-environment schemes should also be used by all Member State and regional governments to address specific areas and environmental issues, such as the conservation of key species and habitats, especially where these are not afforded the protection and funding they need through other mechanisms, including Natura 2000 designation. These schemes require more demanding management and, consequently, the payments and level of advice required by farmers would also be higher.

This system of support is based on the principle of giving all farmers the opportunity to receive support to adopt more sustainable practices and look after wildlife. It is also able to deliver good quality habitats across the farmed landscape for common and widespread species, such as skylark (*Alauda arvensis*) and lapwing (*Vanellus vanellus*), whilst allowing the targeting specific species and habitats, such as great bustard (*Otis tarda*) and unimproved grassland, for more intensive conservation efforts.

Experience in Member States suggests that too often a limited agri-environment budget is consumed entirely by basic schemes, severely restricting advanced schemes.

Why land use policy must continue to be a common policy

It is essential that the EU retains a common policy for rural land use with an appropriate level of subsidiarity, allowing national and regional programming to account for differing priorities. Land management creates externalities that affect the whole of the EU and impacts on the EU's commitments. Addressing these externalities comes at a cost that many individual states may perceive as a competitive disadvantage if they act alone. Further re-nationalisation of the CAP could endanger policy and incentives for sustainable land management as less-committed Member States might not pursue them, creating downward pressures on standards for competitive reasons.

This puts important habitats and species that require targeted intervention at danger. It is critical, therefore, that advanced schemes are prioritised both in their development and funding.

Alongside support for sustainable land management, the use of other measures to tackle the social and economic challenges faced in the more marginal rural areas of the EU should address these challenges whilst ensuring that they respect and add value to environmental sustainability.

3.2 Ensure sufficient funding is dedicated to securing public goods

The principle of public money for public goods should be at the core of the CAP's successor and of all future spend on land management and rural development. Funding should be adequate to meet the intended goals and should be created through progressive modulation. A common policy for sustainable land management and rural development would provide the mechanism for delivering a sustainable agriculture in the EU, but to do so it needs sufficient funding. The level of funding should be based on evidence of needs, and set according to actual social and environmental requirements. Although some savings on current spend may be possible, we do not necessarily envisage this new model costing less than the current CAP.

This funding should be delivered by transferring funds from the Single Farm Payment pot through progressively increasing the modulation rate. Co-funding, which requires Member States to share some of the costs with the EU, would ensure that Member States feel ownership of the policy and increase the domestic pressure for accountability. A higher rate of EU funding should be employed for lower-income countries and regions so that they are not disadvantaged by this system.

We do not propose that this policy should require more funds than are currently spent through the CAP. The increased costs to Member States of co-funding an



increasingly large Pillar 2 should therefore be offset by reducing the overall level of spend on Pillar 1 CAP payments or through co-funding of Pillar 1.

3.3 Deliver good management of Europe's protected areas

The Natura 2000 network of protected areas is designed to protect Europe's species and their habitats, and is the EU's most far-reaching effort to halt biodiversity decline yet. The future CAP should play a key role in delivering good management on Natura 2000 sites through targeted agri-environment schemes and Natura 2000 payments.

If properly supported, it has the potential to save habitats and species from imminent extinction, create jobs in rural areas through eco-tourism and provide a means of adding value to food and support for sustainable farming.

The conservation objectives of many sites require the maintenance of traditional land management practices, such as extensive grazing and mowing for hay production. Natura 2000 cannot achieve its aims without a robust and dedicated system of funding for continuing these sympathetic management practices, which are often uncompetitive in today's market conditions.

Sustainable management of Natura 2000 sites could be achieved through a combination of measures, including

Extensive grazing High Nature Value farming systems require a dedicated support mechanism.

Natura 2000 payments, which compensate farmers for undertaking the necessary management for the conservation of designated areas, and targeted agri-environment schemes. The European Commission has estimated that it will cost €6.1 billion per year to properly finance the Natura 2000 network¹⁵. Agricultural and forest habitats represent 60% of Natura sites; bringing these habitats into good condition and maintaining this will depend on sufficient funds being ring-fenced for supporting sustainable land management on these sites.

3.4 Support High Nature Value farmland

Put in place adequate EU policies and funding for the maintenance of High Nature Value farmland, the continuation of which is necessary for the survival of farmland birds and other biodiversity.

Land abandonment is a major biodiversity concern in many parts of Europe, particularly now that payments have been decoupled from production without being accompanied by sufficient targeted support through Pillar 2. It affects all marginal areas of the EU, from the Scotland Highlands to the Mediterranean, but the new European Member States are particularly struggling as traditional farming systems collapse. 17.6% of agricultural land is abandoned in Poland, 10.1% in Estonia,

21.1% in Latvia¹⁶ and 19% in Cyprus. In Spain, the agricultural area decreased by almost 10% between 1996 and 2006.

The poor economic viability of marginal High Nature Value farmland means that targeted financial support will be required if it is to be maintained. This could be delivered through a combination of support and measures designed to enhance the competitiveness of these farming systems in a sustainable way. Agri-environment schemes can also assist, but these payments are based on income foregone and any costs incurred through new management. This means that where there is little income in the first place and when there is no necessity to change the existing management practices, payments are small and insufficient.

Support for High Nature Value farmland needs to be targeted specifically at farms practising appropriate land management, and should include basic management requirements tailored to the individual farming system and designed to ensure the continued delivery of the public benefits associated with it. The system should be

made as attractive as possible to smaller-scale farmers that find it hard to enrol in complex schemes. The Less Favoured Areas scheme, which compensates farmers for being on marginal land, could evolve into such a support mechanism, but it does not currently target High Nature Value farmland, the appropriate conditions are not attached and, in some cases, payments are not high enough to have a significant impact on whether land continues to be farmed.

Alongside this support tool, social and economic investment should be channelled towards areas of High Nature Value farmland. This could be based on the competitiveness and diversification measures in the current Rural Development Regulation, and should aim to improve the rural economy in a sustainable way, through, for example, building local and added value food chains and helping land managers benefit from ecotourism.

Land abandonment Where High Nature Value farmland is abandoned, scrub takes over and biodiversity is lost.





3.5 Ensure environmental schemes deliver their objectives

Improve the quality of rural development and agri-environment schemes so that they deliver their environmental objectives.

Rural development and agri-environment schemes depend on Member State and regional governments for successful implementation, and while there are many examples of schemes successfully delivering their objectives, there are also many failing schemes as a result of poor implementation. Independent research^{17 18} and BirdLife's own experience¹⁹ with agri-environment schemes suggest that the following guidelines are necessary if schemes are to deliver their objectives.

Schemes should:

- Reward farmers for delivering public goods and should be targeted at the achievement of specific and measurable environmental outcomes (such as the conservation of certain species or habitats)
- Be backed by a budget sufficient to deliver their aims
- Be based on good science

Spanish dehesa An example of High Nature Value farmland.

- Be agronomically feasible and practical
- Continue to evolve and develop as knowledge and understanding grows
- Be targeted primarily at existing biodiversity interest, then on ecological restoration where it can be demonstrated that there is real potential for habitat reconstruction and species recolonisation
- Have their environmental impact monitored, with the results feeding into the development of the scheme
- Involve stakeholders, including farmers and environmental experts, in their development.

These guidelines should be a requirement for future rural development schemes, and the Commission should ensure that they are met as part of the scheme approval process and throughout their implementation. Furthermore, agri-environment must be made more attractive to smaller farmers, who are often put off by the application process and the relatively small payments they receive. This can be achieved by simplifying the applications procedure and learning from countries that enjoy high uptake among small farmers, such as Austria.



3.6 Put policies in place to adapt to and mitigate climate change

Create the policy framework to ensure that EU agriculture reduces its own greenhouse gas emissions and contributes to mitigation through sustainable bioenergy. Adaptation measures that are required to ensure the future delivery of public goods, such as supporting land management that helps wildlife and ecosystems adapt to climate change, should also be supported.

3.6.1 Reducing agriculture's contribution to climate change

Agriculture is responsible for an estimated 9% of greenhouse gas (GHG) emissions in the EU. Sustainable management of land can, however, make a major contribution to climate change mitigation and adaptation. Much of the GHG emissions from farming are linked to unsustainable, intensive practices, such as the excessive application of artificial fertilisers. For example, in the life-cycle of biofuel production from oilseed rape, 51% of emissions are associated with the manufacture and use of nitrogen fertiliser²⁰. Every sector has to reduce its greenhouse gas emissions if we are to avoid dangerous levels of climate change and reduce our emissions by 80% by 2050²¹. As a result, reducing agriculture's contribution to climate change should be an explicit aim of land management policy, but it should be delivered in a way that maximises synergies with other environmental goals, such as reducing diffuse pollution and conserving biodiversity, and should never undermine them.

Oilseed rape can be used for biodiesel. Climate change will create threats and opportunities for European agriculture that must be managed.

3.6.2 Bioenergy

Bioenergy represents an important economic and environmental opportunity for farmers and land managers, allowing agriculture and forestry to help reduce emissions in other sectors through providing bioenergy, i.e. heat, power and fuels from organic feedstocks, such as arable crops and wood.

It is evident that bioenergy could play a very worthwhile role in reducing EU greenhouse gas emissions, but the size of the contribution it can make will be constrained by the limited land resource available to the EU and the multitude of demands we make of that land. Achieving an appropriate balance between using our land for bioenergy and using it for other purposes, including food production and nature conservation, is essential: our energy and fuel needs are so great that bioenergy represents an enormous new pressure on our land resource.

The aim of public policy must therefore be to optimise the production of food and fuel whilst preserving natural and semi-natural habitats and moving towards a low-carbon, sustainable agricultural system.

The second problem presented by bioenergy, and particularly biofuels, is the variability in GHG savings according to different production pathways. Producing biofuel from wheat, for example, offers up a range of

GHG savings compared to conventional petrol, from as high as 80% to as low as -8% (i.e. an actual increase in emissions)²².

Any support for bioenergy should therefore be contingent on both delivering significant and quantified GHG savings and meeting minimum sustainability standards that ensure unacceptable damage to biodiversity and the environment is not caused. Bioenergy policy must also ensure that its development contributes to the EU's environmental goals, such as its commitment to halt biodiversity decline by 2010, and does not work against them.

3.6.3 Adaptation to climate change

Climate change will pose significant adaptation challenges to agriculture, and it is likely that we will see shifting cropping and agricultural practices as climatic conditions change. These can lead to significant shifts in the ecology



Niall Benvie (rspb-images.com)

of farmland, and wildlife and other environmental concerns will have to be accommodated. This can be achieved through, for example, careful siting of new crops and management practices designed to maximise environmental benefits and avoid negative impacts.

Wildlife will be forced to adapt rapidly to a changing climate through coping with new climatic conditions and moving to more suitable areas²³. This will require farmland to provide corridors and transitional habitats to facilitate adaptation, and key wildlife sites will need to be enlarged and buffered through sympathetic management of adjacent farmland. Strengthening ecosystem resilience in this way is key to adapting to climate change, and reducing other human stress factors to species and habitats is even more important in the face of the strain caused by a rapidly changing climate.

Extreme weather events and decreased water availability throughout Europe, but particularly in the southern Member States, will place particular stress on farming and wildlife. Sensitive adaptation, through minimising water abstraction, efficient irrigation practices and ensuring land-uses are appropriate to local conditions, will be essential, as will avoiding investments that increase our vulnerability to climate change, such as increasing the area under irrigation.

Adaptation measures should be supported through sustainable land management payments and other forms of support in which they are targeted at securing the delivery of public benefits into the future, such as helping wildlife adapt and supporting sustainable management of water resources. Some of these measures, such as efficient water use and enhancing habitat connectivity, can be implemented now, but many will require a greater understanding of how climate change will, in practice, affect land management and wildlife. There should be an increase in the allocation of research funds to address this both at Member State and EU level.

Farmland affected by drought Adapting to climate change sustainably is a challenge for EU agriculture.

4. The road to a sustainable land management and rural development policy for Europe

In 2008, the European Commission will be reviewing the 2003 CAP reform as part of the CAP Health Check process. Following this, the EU is committed to a comprehensive review of all areas of EU spending as part of the budget review process that will set the EU's budget for 2014 to 2020. If Europe's countryside is to meet the environmental and social challenges it faces over the coming decades, it is imperative that we capitalise on these two opportunities to make a step change towards a sustainable land management and rural development policy.

4.1 The CAP Health Check – a step towards the vision

The Health Check offers the opportunity to review the changes made in the 2003 CAP reform and to put us on the road to a sustainable rural policy for Europe.

Loss of landscape features, Slovenia (below and right)
Cross-compliance must be revised to provide comprehensive protection for landscape features across the EU.

The key issues that need to be effectively addressed include increasing rural development funding through modulation; reviewing the cross-compliance rules to ensure they deliver an effective baseline for environmental protection; and replacing the current set-aside policy with an equivalent environmental instrument.

Rural Development programmes throughout the EU, agri-environment schemes and Natura 2000 payments in particular, are being severely limited by a lack of funding. This needs to be addressed urgently through increasing the rate of compulsory modulation to at least 20% of Pillar 1 spending from 2009 onwards, allowing programmes to expand their activities within the current programming period. This is essential for three reasons: to allow the schemes to expand and deliver more towards environmental objectives; to allow capacity building in Member States' scheme delivery infrastructure; and so that land managers gain familiarity with rural development schemes as the future primary source of public support for farming.





Little bustard A Red Listed species, the little bustard (*Tetrax tetrax*) is being put at risk by the loss of set-aside.

Cross-compliance is not delivering an effective baseline for environmental protection across the whole of the EU. Poor and inconsistent implementation²⁴ has left landscape features, such as hedgerows, trees, ditches and even permanent grassland, one of Europe's most important farmed habitats, vulnerable to destruction. This needs to be urgently addressed so that cross-compliance delivers an effective and common baseline for environmental protection across the EU. To achieve this, the Commission needs greater control over Member States' cross-compliance rules. This could be achieved through adopting a programming approach, similar to that used for rural development programmes. For as long as there is a Single Farm Payment, cross-compliance should deliver an effective environmental baseline based on the principle of 'do no harm'. In the longer term, cross-compliance requirements should be migrated to the regulatory baseline as the Single Farm Payment is phased out.

What future for set-aside?

Set-aside was introduced in 1992 as a means of reducing Europe's arable production in response to growing surpluses. It required farmers to take a percentage of their farmland out of production, and, although it did not originally have an environmental objective, it has come to represent a lifeline for many species. Set-aside in Austria, for example, is the single most important factor determining the density of wintering raptors and the diversity of farmland birds²⁵, whilst in France it has become a key habitat for the little bustard. The CAP health check will end set-aside, but BirdLife International is calling for the benefits of set-aside to be delivered either through a new environmental instrument or through the expansion of the current cross-compliance and agri-environment regime.

4.2 The EU budget review – time for a new CAP

The EU is approaching a major Budget Review process and, as part of this, is committed to reviewing agricultural spend. This offers an unprecedented opportunity to modernise the CAP so that it is fit to tackle the social and environmental challenges Europe's countryside now faces.

BirdLife International is calling on the EU and Member State governments to grasp the opportunity to replace the CAP system with a common policy for sustainable land management and rural development, designed to deliver the benefits that the public need from farming and land management. Such a re-aligned policy should also provide farmers with the long-term signals they need to plan in a changing world, and the resources to provide those common goods the public expects.

If this is done, we can look forward to a sustainable land management sector that supports thriving rural communities, produces the food we need and is part of the climate change solution, while delivering healthy ecosystems, wildlife, water and soils.

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