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Environmental aspects of the process of shaping the new common agricultural policy

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Abstract: The increasing importance of ecological and environmental protection policies, as well as the corresponding social preferences and action taken by non-governmental organizations, have contributed to the enhanced role of pro-ecological solutions implemented as a part of the European Union's Common Agricultural Policy (CAP). However, on the basis of analysis of official EU documents and bills relating to the 2014-2020 CAP reform, it can be argued that the importance of the aforementioned factors has diminished compared to the reform bill originally proposed by the European Commission. This may be the result of the opposing stand taken by the European Parliament as a consequence of the special interests of those states with a relatively large share of agriculture in their economies and the influence of the food processing industry lobby. As a result, the scope and effectiveness of some instruments of substantial importance (specifically those implemented as a part of the second pillar of the CAP) will rely on internal policies exercised by individual Member States.

Keywords: Common Agricultural Policy reform, environmental protection in agriculture, sustainable development of agriculture

1. Introduction

Apart from economic and social issues that have been ascribed a dominant role in the process of shaping the Common Agricultural Policy (CAP), environmental issues have increased in importance. This may be the results of the growing awareness of ecological issues associated with agriculture and the social preferences they trigger, as well as recent initiatives taken by non-governmental organizations (NGOs.) and, finally, the European Union's (EU) environmental protection legislation. These factors are counterbalanced by different viewpoints of different Member States on the amount and structure of the EU's budget, the influence exerted by the food

processing industry lobby and the results of the ongoing international trade liberalization process which constitutes a subject of the World Trade Organization negotiations. As far as proposed solutions for the creation of a new CAP are concerned, the following three seem to be the most relevant ones: a draft reform proposed by the European Commission (EC), attributed to the European Commissioner for Agriculture and Rural Development D. Ciolos (European Commission, 2010c), the so called 'Dess report' representing the position adopted by the European Parliament (EP) (European Parliament, 2011), and the adoption of 6 draft regulations adopted by the EP which are supposed to constitute the fundament for the implementation of the policy (European Commission, 2011c). This paper aims to highlight the increasing role of solutions and determinants associated with environmental protection in the process of shaping the EU's agricultural policy.

2. Reform determinants

Amongst various factors that determine the shape of proposed CAP reforms, the most significant one seems to be the negotiations on the 2014-2020 Financial Perspective and the potential amount of expenditure on the support for agriculture and rural areas in EU Member States. Some Member States, especially those being net payers to the EU budget (like Great Britain, the Netherlands and Germany), form an interest group that exerts pressure to reduce the amount of the EU's budget and improving the distributive effectiveness of available funds in order to boost the economy in terms of its innovation and competitiveness, which may result in reduced financial support for sustaining the cohesion policy and the CAP in practice. The EC, the EP and interest groups supported by the 10 New Member States which joined the EU in 2004, along with Romania, Bulgaria, Spain and Greece have adopted an opposing standpoint. Despite being the largest net payer to the EU's budget, Germany has attempted to reduce the total budget while trying to reach some form of consensus at the same time, thus in reality getting closer to the standpoint mentioned above. France, on the other hand, has come up with a solution of yet another form – to reduce the amount of the EU's budget by more than 20% with no changes in the CAP expenditure. This, however, could only be exercised at the expense of EU cohesion policy. The adopted EU's draft budget (Multiannual Financial Framework - MFF) (European Commission, 2011b) maintains the EU's expenditure at the same proportion in nominal terms,

thus reducing its real value. Since this document constitutes the fundament for planning regional policy spending along sector-specific lines, it also translates into a reduced real CAP's budget.

With respect to different viewpoints on the structure of expenditure, one could discern a pattern very much similar to the one presented above. Acknowledging the need to restructure their agricultural sectors and seeking to increase farmers' income, new Member States solicit for votes that would help to maintain high public financial support as a part of both CAP pillars (Pillar I – direct payments; Pillar II – rural development measures). This is partly the reason for most new Member States (including Poland) having supported the French position on the subject at first, with particular emphasis put on the need for social legitimization of the CAP to be exercised on the grounds that it contributes to public goods provision. This was also an important argument during WTO negotiations. However, due to France strongly opposing the idea to level direct payment rates, a common standpoint on the subject has not been developed. As far as Poland's position on the first pillar of the CAP is concerned, the main focus is placed on the introduction of a flat rate within the entire EU and objecting to any rate of diversification in order to pave the way for equal competitiveness conditions and to improve the functioning of market incentives. Poland has also declared its will to enhance the role of initiatives aimed at rural area development, with agri-environmental programmes being the key instrument here. Such an attitude can be observed amongst the majority of Member States, which can be interpreted as favourable for sustainable development. The greatest pressure on strengthening this very section of the CAP has been exerted by those countries that aim to reduce and modify the EU's general expenditure structure (such as Great Britain and France, just to name a few). Bearing this in mind, what our attention should be drawn to are the implied references to the Europe 2020 strategy (European Commission, 2010b), which outlines the future development of the entire EU's economy for the purpose of inspiring greater economic innovation and upgrading its competitiveness. The CAP is meant to support the following three basic economy drivers outlined in the strategy (European Commission, 2011a: 6) - *smart growth*, *inclusive growth* and *sustainable growth*. *Smart growth* is to be stimulated via improved efficiency of resource usage, which in turn shall be achieved through fostering technological and social innovation, knowledge, skills, green technology and research, high quality products development and high value added. *Inclusive growth* should be generated by means of unleashing the potential of rural people, diversifying rural economy, inspiring local market growth and labour market

participation. Farmer income support projects should be followed by a development of sustainable agriculture. Finally, *sustainable growth* is to be stimulated by enhanced efficiency of resource usage, support for technological progress in the field of food production and renewable energy sources, and public goods provision. Other items on the agenda include air pollution reduction, enhanced absorption of organic carbon in soils, sustainable land use, animal welfare improvement and biodiversity protection.

A change in the amount and structure of the support for agriculture can be argued to translate further into a reduced scope of agricultural interventionism; this can additionally be triggered by negotiations on trade liberalization issue held during the WTO forum, which tended to affect the shape of CAP reforms in the past (the Mac Sharry reform package, the Agenda 2000, the 2003 reform). Solutions expected to conclude the ongoing Doha Round WTO Negotiations have been included in the so called Falconer Draft. With regard to the ecological aspect of the matter, these solutions refer to, inter alia, a substantial tightening of conditions required to carry out interventions that hinder agricultural trade in the following three categories: internal support (75-85% reduction in the EU's amber and blue box support¹) and maintaining the green box support parallel to a support criteria tightening (Blandford, 2007). If fully realized, WTO proposals would practically dispose of the first pillar (or modify it to a drastic extent) and make the CAP rely solely on the rural development policy. A reduction in direct payments may trigger both profitable and adverse ecological effects. On the one hand, it would decrease the role of incentives that inspire production intensification; on the other hand, it could result in two other phenomena: excessive production intensification in areas characterized by good farming conditions and, simultaneously, a deviation from extensive production systems wherever such systems fail to generate profit without public financial support, much as they remain crucial for biodiversity and semi-natural landscape of the countryside to be preserved. In both cases, the main reason for such a scenario to take place would be an increased competitive pressure coming from non-EU farmers. As research on environmental consequences of different CAP modifications shows, the above-mentioned phenomena could not be prevented by a mere

¹ According to the WTO's classification, the amber box contains instruments that tend to highly distort the conditions for international competitiveness (price subsidies, quotas, prohibitive duties, coupled payments); the blue box contains instruments that tend to breach the competitiveness conditions in an indirect way and to a lesser extent (decoupled payments and set-aside incentive schemes); the green box includes instruments that have a minimum or no impact on production resulting from rural area development - the second pillar of the CAP (Blandford, 2007)

extension of the size and function of the second pillar (Nowicki et al., 2009). Amongst other things, it is precisely the need to prevent those processes that is often employed as an argument for allocating a larger share of the EU's budget to the CAP.

In the 1970's and 1980's, the growth of industrial agriculture in Europe gave rapid rise to various ecological problems (such as quantitative and qualitative water and soil degradation, Green House Gases (GHG) emission and absorption associated with soil use methods - particularly with respect to soils rich in organic matter - and biodiversity threats). These problems have been more and more accounted for in the EU's policy and environmental protection legislation. Following the principle of environmental and sector policy integration, this translates into CAP modifications and intertwines with the following two different courses of action implemented at the same time: requirements imposed on farmers (the cross-compliance standards and a number of requirements collectively known as Good Agricultural Practices that are based on environmental protection regulations) and CAP instruments that favour sustainable development and farmers providing public goods – as a part of the second pillar of the CAP (mainly agri-environmental programmes) and the ecologization of the first one (allocation of some portion of payments to agricultural production support carried out for ecological reasons) (European Commission, 2008).

Problems of an ecological nature associated with farming and agricultural policy have unmistakably found their reflection in European public opinion. According to a Eurobarometer survey, in 2009 high quality goods supply and food safety turned out to be the most supported CAP objective (59% of the respondents in UE-27) (European Commission, 2010a). The 'environmental protection and action addressed at climate change' objective was picked as the fourth most important one (41% of all answers). What the survey also indicated was that Europeans thought poorly of the effectiveness of action taken so far (such a response was given by 43% of the respondents, making it the most often selected answer of all possible choices). On the other hand, European people appreciated organic farming support (41%). The majority of EU citizens approved of a high degree of CAP financial support (39% of the respondents opted for an increased support, whereas 33% would like to maintain the agricultural budget at the current level). What these quoted figures imply is that a large part of EU citizens support the government intervening in agriculture on the one hand; on the other, they expect organic production to be

stimulated and action addressed at environmental protection and food quality issues to be improved.

But still, pro-ecological changes are strongly opposed by farmers' trade unions. European Agricultural Union Copa-Cogeca has added its voice to the discussion declaring tightened environmental regulations a matter of grave importance that could lead to a decrease in EU farmers' competitiveness, thus favouring those from outside the EU. This might result in shifting some production to other parts of the world. Generally speaking, farmers' trade unions strive to introduce little or no changes at all to the current agricultural policy for one thing; taking one step further, they would like to see more financial support going to agriculture at the expense of rural area financing (Wilkin, 2011). Copa-Cogeca, however, is counterbalanced by various environmental and agricultural non-governmental organizations. Considering the question in the context of the above, it seems that a synthesis of three complementary standpoints on the CAP future would be in place, namely the ones presented by the top 10 most important environmental organizations operating in Europe (The Green 10, 2008), 5 influential agricultural and environmental non-governmental organizations (Birdlife International et al, 2010) and a separate proposal expressed by the International Federation of Organic Agriculture Movements (IFOAM) (IFOAM EU Group, 2010), which also participated in the process of articulating the previous one:

- Public money for public goods, which should help to focus the CAP's budget on the implementation of EU's sustainable development strategy, climate policy, and action taken to reduce the rate of biodiversity loss (through, inter alia, implementing effective support instruments known as High Nature Value Farming - HNV).
- Financing the entirety of CAP expenditure in a uniform way, using the means coming from a single fund, which should simplify the payment system and allow to establish a more effective control over it.² The former first pillar would become axis 1 (of a size limited to 50% of the CAP expenditure), which means that since there are four axes constituting the second pillar of the CAP at present, their number would be increased to five. All of them should comprise objectives and activities to be implemented with a view to maintaining sustainable development. The main emphasis would be placed on the support of organic

² At the time being the first pillar is financed by the European Agricultural Guarantee Fund (EAGF), while the second one by the European Agricultural Fund of Rural Development (EAFRD).

agriculture, which should also become the subject of most action taken as a part of axis 3 – the environmental one. Former Less Favourite Areas / Natural Handicap Payments (LFA/NHP) would be replaced by subsidies given to those rural areas that guarantee ‘special public interest’. Such areas would be designated by Member States on the basis of HNV criteria.

- Replacing payment eligibility with contracts concluded between the society (represented by public authorities) and farmers. Such contracts would oblige farmers to implement precisely defined and priced action that would generate ecological benefits (basic flat rate direct payment to be realized on the condition that specific tightened environmental requirements are met and additional subsidies for providing greater social benefits).
- Abolishing diversified subsidy rates and, as a result, eliminating discrimination of some Member States, and putting practices that favour large-sized farms to an end (by means of introducing thresholds for farm subsidy eligibility and subjecting subsidy rates partially to the number of farm employees).
- Enhancing the support for organic farming which helps to reduce environmental pressure within an entire sector and guarantees production and access to GMO-free food. Rightful access to GMO-free food should be guaranteed by the authorities. For this right to be respected, potential contamination of farmlands where GMO’s are not used needs to be prevented, seed manufacturers should be obliged to cover the costs of seed-associated dangers, and access to organic seeds should be enhanced in the European market.
- Defining the standards of the Integrated Pest Management (IPM) system as one of the criteria for payment eligibility. The system is based on methods that exclude the use of chemicals which could otherwise be applied for plant biological protection, special forms of crop rotation, deterrent techniques or pest control.
- Depriving intensive farming systems which tend to seriously harm the environment of payment eligibility.
- Introducing solutions that would help to maintain the production function of rural areas to the Common Market Organization system by means of engaging the biggest possible number of farms in the production process. This function is considered by the IFOAM as one of the conditions for maintaining diversified European agriculture and related natural and cultural values. It is argued that the aforementioned system should be more focused on guaranteeing

farmers' income and enhancing their bargaining power over transnational corporations that participate in food supply chain systems, as well as improving communication between manufacturers and consumers (more effective support given to manufacturing groups, local market development, food processing taking place at the farm level and direct marketing).

- Expanding the product labeling system so that more accurate information about the product origin and environmental and health threats that may have potentially been created during the production and transportation process is given.
- Following the “polluter pays principle”, environmental taxes should be imposed on those substances used in farming that tend to harm the environment (such as chemical fertilizers, pesticides, GMO seeds) – particularly with respect to those affecting climate change. Environmental taxes should also be imposed on imported producer and consumer goods, which would attenuate unequal competitiveness conditions.

The determinants listed above have influenced the content of proposed 2014-2020 CAP reforms to a greater or lesser extent. The weight carried by particular pro-ecological solutions depends largely on which EU institution articulated a given proposition.

3. Environmental issues in CAP reform plans

The first institutionalized proposition relating to the shape of CAP for the 2014-2020 period was presented by the European Commissioner for Agriculture D. Ciolos (European Commission, 2010c). The document defined three main challenges faced by European agriculture and the corresponding three main objectives of the new CAP presented in Table 1.

As far as environmental issues are concerned, the strive for reducing the threat of climate change has been more and more allowed for in the EU's agricultural policy. This refers both to the process of adapting agriculture to weather fluctuations and the necessity to reduce the influence agriculture has on the greenhouse effect. Much as the annual GHG emission coming from the EU's agriculture dropped by 20% in 1990-2008 (mainly owing to restrictions imposed on fertilizer use and improvements in natural fertilizer storage infrastructure), its share in the entire EU-27's economy remains more than considerable and is equal to 9.6% (Directorate-General for Agriculture and Rural Development, 2010: 112). Further action targeted at GHG emission reduction should help find room for improvement in the following areas: energy

efficiency, biomass and renewable energy production, carbon sequestration (carbon absorbed by grasslands, forests, forest stands), protection of carbon condensed in soils via implementing innovative solutions.

Table 1. Juxtaposition of challenges and objectives outlined in the new CAP

Challenge	Objective
food supply safety	to guarantee profitable food production,
territorial cohesion	to achieve sustainable development avoiding territorial imbalances, i.e., to maintain social activity of rural areas with farming as a basic source of employment, improve work environment at small-sized farms and local food markets, diversify production systems and agrarian structure.
environment and climate change	climate protection and more balanced natural resource consumption – maintaining and developing well-balanced farming methods (indispensable for environmental public goods supply), implementing innovative solutions in the field of new technology adoption, production process modification and new product development to address the ever-changing demand structure.

Source: Author's own elaboration based on (European Commission, 2010c)

The Commissioner emphasized the fact that all objectives listed above are linked inextricably and pointed out environmental issues need to be accounted for in every area managed by the EU, thus making an unambiguous reference to the sustainable development policy, the Europe 2020 strategy and the position adopted by non-governmental organizations. As far as changes in implementation instrument were concerned, the most significant ones, as the Commissioner suggested, should be introduced in the first pillar of the CAP. The Commissioner went on making an assumption stating that it was necessary to make the direct payments system more comprehensible for tax payers across the entire EU. To reach that purpose it would require subsidies to be fully decoupled from production value and differences in the amount of financial support offered in new and old Member States to be erased, which in turn should be achieved via creating an all-EU mechanism for payment rate calculation. To some extent, rate values would be state-specific, depending on a particular economic condition of a given state (as defined on the basis of the so called objective criteria, such as purchasing power, employment rate, production conditions and arable land area). Practically speaking, all these measures would only reduce rate disparities in different EU states and regions instead of removing them altogether. In its current

shape, this solution may be viewed as a tool for those Member States that oppose rate leveling. Direct payments would consist of the following two components:

- A flat rate payment per hectare that only active farmers who supply public goods would be eligible to, which should be achieved through the tightening of GAEC (Good Agricultural and Environmental Conditions) – exercised via, inter alia, the introduction of regulations outlined in the Water Framework Directive, formally known as the Directive 2000/60/CE (O. J. EC L, 327 of 22.12.2000) and the requirement to generate income from land at least to some extent. Furthermore, payment floors and ceilings are to be fixed with respect to subsidies paid to a single farm. Such a solution would be most welcome in terms of its environmental protection capacity, since it would impose limits on the support given to the biggest polluters and offer assistance to smaller farms that generate less external costs and more environmental external benefits.
- An environmental bonus paid to farmers who apply compulsory environmentally-friendly measures (such as crop rotation, grassland and meadow cultivation, crust vegetation care during the winter season, yearly set-aside carried out for ecological reasons, action compatible with environmental protection carried out in the areas embraced by the Natura 2000 network). Both Member States and farmers could choose – from a pre-defined set – the action that would be suitable for their specificity.

Pro-ecological action implemented as a part of the second pillar of the CAP (mostly agri-environmental programmes) would constitute an additional and carefully channeled supplement to the environmental component of the direct payment system. Such action would be adjusted to the needs of individual Member States in a more flexible manner and be able to meet the unique requirements of different regional and local areas – especially HNV ones and those protected by the Natura 2000 network. Moreover, according to the Europe 2020 strategy, this action should also help to increase value added in local scale, inspire development of new distribution channels, local markets, direct sales, and stimulate enterprise growth, application of innovative solutions, knowledge transfer, and improvements in the field of production methods to increase production efficiency.

Once introduced to the first pillar of the CAP, environmental standards, as it is believed, would become widespread; at the same time, it would become much easier to justify granting subsidies to farmers during the WTO negotiations (the environmental bonus as a form of

compensation for a partial loss of income resulting from pro-eco action). It appears quite clear that the draft presented by D. Ciolos includes a number of demands related to the subsidy strategy that were already uttered by various environmental organizations and reflected by public opinion. On the other hand, the draft is much negligent of more radical propositions that refer to a possible introduction of a joint fund, environmental taxes and GMO restrictions. One could be lead to assume it was the bargaining power of the food processing industry lobby that had to be accounted for in the first place.

All this becomes even more discernible if we take a closer look at the European Parliament's draft report, the so called 'Dess report' (European Parliament, 2011), wherein proposed changes in the field of environmental protection were criticized on the grounds they could lead to a decrease in the EU's economy competitiveness and increase bureaucratic burdens. By adopting the same priorities that had been outlined in the Commission's draft a clear message was sent that the future CAP expenditure should remain at its current level (including quotas allotted for direct payments) and the two CAP pillars should remain separate. The first pillar should embrace horizontal action, with direct payments rates still diversified amongst different Member States. The second pillar should be strengthened by means of reducing the co-financing rate allotted by domestic budgets to the support of instruments for rural development. This would allow transferring some portion of instrument implementation cost to the EAFRD, thus encouraging Member States to enhance the scope of their implementation. The second pillar's main objective would be to help achieve pre-defined EU priorities (including those outlined in the Europe 2020 strategy), with unique characteristics of individual Member States taken into account. Agri-environmental action would still remain within the second pillar; however, if the second pillar's financing is to be increased (up to 20%), modulation would have to be used.³ Moreover, two types of agri-environmental programmes were designed, namely compulsory and voluntary ones. As far as compulsory programmes go, Member States would have to commit farmers to participating in at least two types of action defined at the EU level and for 100% financed by the CAP's budget. Besides the compulsory action, farmers would still be able to participate in additional voluntary agri-environmental programmes. What seems relevant in this case is that the process of assessing eligibility for receiving direct payments would now employ

³ Modulation implies that some direct payment funds that were originally allocated for supporting the biggest farms need to be shifted to the second pillar.

programme participation as one of the criteria (farmers failing to implement pre-defined agri-environmental action would face 50% direct payment reduction as a consequence). Included in the initial Dess report (dated 02.2011), this solution was intended to replace the introduction of additional requirements resulting from the cross-compliance principle; notwithstanding, it was excluded from the EP plenary adoption of the report on 06.2011 (European Parliament, 2011). Is it possible that environmental standards were softened under pressure of an interest group associated with the agricultural producers' lobby? The opposition against the introduction of Water Framework Directive requirements to the cross-compliance principle might have relied on similar premises.

Propositions presented by the European Commission and Parliament entered the legislative process next and resulted in the EP's adopting seven draft regulations on the day of 12.10.2011 (European Commission 2011c). Those regulations took on the form of a concrete vision of how individual areas of CAP intervention should function. Presented reform plans bore much more resemblance to the EC's draft than to any other. A strong reference to the EU's draft budget for 2014-2020, a suggestion was made CAP expenditure be frozen with respect to current prices, i.e., be reduced in real terms. Furthermore, the CAP would still consist of two pillars with their share in the agricultural budget left almost intact: the first pillar (EUR 317.2 bn) would cover 76% of the total expenditure on agriculture and rural area development, whereas the second one – 24% (EUR 101.2 bn). Apart from that, additional sources of agricultural finance were determined to provide the total amount of EUR 17.1 bn (including EUR 3.9 bn from the crisis management reserve, EUR 2.8 bn from the European Globalization Fund, EUR 5.1 bn from the research and innovation fund, EUR 2.5 bn from the food safety fund and EUR 2.8 bn from the food aid for the socially excluded) (European Commission, 2011b: 8-9).

The mechanism for calculating direct payment rates is to be made uniform across the entire EU and based on the Single Payment Scheme (SPS), which is currently used in most Member States.⁴ As research results indicate, when compared to other systems currently in use, the SPS is relatively beneficial from the perspective of environmental protection (Alliance Environment, 2007); on the other hand, it does not get rid of the diversification of payment rates

⁴ In the regional model (a unified regional payment) farmers of a given region receive flat rate payments per hectare. The payment rate is calculated on the basis of production rate and historical payments recorded for the reference period, i.e., 2000-2002.

prevailing in different EU countries and regions. In draft regulations a tendency towards enhancing the CAP's environmental dimension can be observed, which the following changes are most indicative of:

- 30% of direct payment resources is to be allocated to farmers implementing compulsory (exceeding the requirements resulting from the cross-compliance principle) action that is beneficial to the environment and climate protection (as in the case of the initial proposition presented by D. Ciolos). The pre-defined set of compulsory action overlaps with organic farming standards, which means that it will 'automatically' be included in the direct payment system. This way it could be viewed as yet another factor increasing the pace of organic farming development.
- Member states could allocate up to 5% of direct payments resources to farmers who cultivate their land in areas facing special natural constraints. This instrument is supposed to be an improved contribution to LFA payments. The idea to provide a specialized support for HNV was abandoned on the account that so far no unified methodology has been created in this field nor are there any objective criteria on the basis of which subsidies could be granted.
- In order to preserve extensive farming systems in those areas where such systems are beneficial for public goods supply Member States are now entitled to allocate up to 10% of a direct payment ceiling for simplified small-sized farm support programmes. Small-sized farms would now face less bureaucratic obstacles and softened environmental requirements.
- In those areas where production needs to be maintained for environmental and social reasons amounts of subsidies granted could partially be calculated on the basis of production rate (up to 5% of the first pillar's domestic ceiling).
- In order to reduce excessive support given to the greatest beneficiaries a progressive payment reduction scheme would be implemented.
- The cross-compliance standards would be extended to provide protection for water-logged terrain and soils rich in organic carbon, and the Water Framework Directive requirements would come into force once the Directive is fully implemented by Member States.

The most recent version of the draft reform can be viewed as some sort of a compromise with the most important interest groups in the field. On the one hand, proposed changes are more far-reaching than the ones included in the Dess report. On the other, solutions aimed at the ecologization of agriculture have been softened, irrespective of how much emphasis was placed

upon them in D. Ciolos's proposition and by NGOs. What appears to be a positive solution though, is that a pre-defined portion of direct payment resources would now have to be allocated for environmental action – despite some opposition within the European Parliament. What it implies is that in all probability the environmental action requirement would now apply to all farmers. No payment ceiling for the largest farms, however, has been fixed, with only reduction mechanisms proposed instead. Furthermore, with no minimum quotas per farm defined, simplified small-sized farm support schemes have been designed and left to Member States to be implemented at their discretion. And much as the cross-compliance standards are to be extended, their implementation has been delayed. A step towards greater profitability of farms located in new Member States (receiving direct payments lower than 90% of the average EU rate) has been taken, as it would now be possible to shift up to 5% of funds allocated in the second pillar of the CAP to the first one. This, however, would be tantamount to the sanctioning of reverse modulation, which took place in Poland in 2004-2006 and turned out to be quite unprofitable considering the amounts of resources spent on agri-environmental programmes and other instruments of the second pillar. At the same time, countries receiving higher subsidies would still be able to employ adequate modulation.

The influence of Europe 2020, the strategy supported by the majority of European Parliament members, is most noticeable here. The second pillar is going to be included in the Common Strategic Framework, which would result in interlinking all funds and channeling resource distribution towards thoroughly defined objectives. Contrary to a proposition suggested by the IFOAM, rural area development programmes are no longer to rely on 3 axes, as they would now be subject to the priorities outlined in the Europe 2020 strategy. The policy for horizontal development of rural areas would foster innovative solutions, knowledge and education, job creation, social exclusion and poverty reduction, resource saving and climate change attenuation. The above-mentioned objectives are to be achieved through an integrated implementation of different projects, so that all applied instruments would synergically generate benefits in all areas of sustainable development. This, however, may lead to reduced environmental action in those countries where environmental protection is not perceived as a primary objective. A potential threat one could identify at this point is that such countries might be tempted to employ instruments of the second pillar for the sole purpose of economic or social development rather than environmental protection. Finally, as far as detailed solutions are

concerned, a creation of a separate instrument for organic farming support (with unified subsidy rates, as in the case of agri-environmental payments) is worth noticing here.

4. Concluding remarks

Solutions favouring the ecologization of agriculture have been included in the 2014-2020 CAP reform plan. This inclusion can be owed to, amongst other factors, the EU's environmental policy, social preferences and activity of various environmental and agricultural non-governmental organizations, as well as, in a less direct way, the WTO negotiations wherein pressure is exerted to reduce those governmental interventions in agriculture that cannot be justified by the need to inspire public goods supply. Amongst factors hindering pro-ecological changes one may count the standpoint adopted by farmers' trade unions and governments of those countries where agriculture accounts for a large share of economic activity, represented by a considerable part of the European Parliament. Their influence on EU's legislative processes was enough to moderate pro-environmental changes presented in the EC's draft proposition. To sum it all up, despite their enhanced role in the CAP (particularly with respect to the first pillar), the scope of application of solutions aimed at environmental protection would rely to a large extent on internal policies carried out by individual Member States (especially in the field of rural development).

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Środowiskowe aspekty kształtowania nowej Wspólnej Polityki Rolnej

Streszczenie

Rosnące znaczenie problemów ekologicznych i polityki ochrony środowiska, a także związanych z nimi preferencji społecznych i aktywności organizacji pozarządowych przyczyniły się do wzmocnienia proekologicznych rozwiązań w WPR. Na podstawie analizy oficjalnych dokumentów UE oraz projektów aktów dotyczących reformy tej polityki na lata 2014-2020 można jednak stwierdzić, że ich znaczenie zostało osłabione w stosunku do pierwotnego projektu reformy Komisji Europejskiej. Wpłynął na to opór Parlamentu Europejskiego, który w swoim stanowisku uwzględnił interesy krajów o relatywnie dużym znaczeniu rolnictwa w gospodarce oraz postulaty lobby przemysłu rolno-spożywczego. W rezultacie zakres i skuteczność zastosowania niektórych istotnych instrumentów (zwłaszcza w II filarze WPR), będzie zależęć od wewnętrznej polityki państw członkowskich.

Słowa kluczowe: Reforma Wspólnej Polityki Rolnej, ochrona środowiska w rolnictwie, zrównoważony rozwój rolnictwa