

Brussels, 28 April 2017

Consultation on modernizing and simplifying the Common Agricultural Policy (CAP)

Contribution of Fertilizers Europe

Phil Hogan, EU Commissioner for Agriculture and Rural Development, recently launched a public consultation on modernizing and simplifying the Common Agricultural Policy (CAP). Fertilizers Europe welcomes this open process and would like to contribute to the debate with this position paper. The mineral fertilizer industry, represented by Fertilizers Europe, turns raw materials like air, natural gas and mined products (e.g. phosphate and potash) into valuable nutrients for farming and horticulture. Those nutrients ensure the availability of more than 50% of the global amount of food, thereby playing a key role in contributing to food security.

Fertilizers are integral to modern agriculture: they provide farmers with the means to meet increasing global food and energy needs. The European fertilizer industry is committed to the development and production of innovative products, application and recycling techniques to maximize the productivity and the sustainability of European agriculture. Following the fertilizer loop, it combines active product stewardship and close collaboration with the farming community with increasing interaction along the entire food chain to maximize nutrient-use efficiency and reduce the environmental footprint of food production.

- 1) **A modernized CAP must maintain agricultural productivity growth and foster the environmental performance of the farming sector**

The following principles should be fully embedded in a modernized and simpler CAP:

- **Supporting the competitiveness of EU farmers:** Keeping farming profitable in Europe should be the first objective; especially as farmers need long-term perspectives to invest in more productivity and environmental sustainability. The CAP post-2020 must incorporate a basic income support, as well as appropriate market and risk management instruments.
- **Contributing to food security in Europe and beyond:** The European Union has a moral obligation to ensure food security for its 508 million citizens and to contribute to food security beyond Europe. Already highly dependent on imports for its energy supply, the EU cannot afford to be similarly dependent for its food supply.
- **Enhanced rewarding of farmers' practices for better environmental performance:** Through better practices and heavy investments, European farmers have managed in the last two decades to reduce the environmental footprint of food production. For instance, European farmers contributed to a reduction of greenhouse gas emissions (GHG) by around 17% since 1990 and to a reduction of nitrate leaching into watercourses by 23% since 1992.
 - In order to resolve the agriculture/environment nexus, the CAP should enable a better integration of agricultural priorities together with environmental concerns at landscape scales thanks to a particular focus on territories with higher agricultural potential, while cultural landscapes and biodiversity can be maintained in other areas.

- The greening measures introduced with the last reform are not focusing enough on enhancing productivity, competitiveness and efficiency, while at the same time improving the environmental performance of EU's agriculture. More incentives for farmers should be introduced and a broader range of practices and ways to improve environmental impacts should be offered to farmers. For instance, not only organic farms should be deemed as fulfilling the greening obligations. In a modern CAP post-2020, Integrated Farming Systems, collaborative environmental contract farming, or farms implementing well-known sustainability schemes (like for instance the Cool Farm Tool) should also be deemed fulfilling the greening obligations, and/or be rewarded by less frequent controls.
- **Unlocking the potential from research and innovation:** Incentives and support to foster innovation in agriculture represent another essential factor for supporting both environmental performance and competitiveness of the farming sector. Better access to more practical research should be generated by the CAP, for all the actors of the food supply chain including input industries. The CAP should provide investment support to farmers for a higher uptake of tools contributing to smart farming.
- **Making farmers' lives easier and ensuring a higher level of entrepreneurial freedom:** The different reforms of the CAP have led to different layers of rules being added, creating what some farmers even consider as a bureaucracy monster. So a simpler CAP is urgently needed. For instance, an option could be to merge the greening measures with cross-compliance in order to avoid several layers of rules with similar aims. In addition, it should be possible in the future to carry out only one control visit in relation to basic payment and greening. A simpler CAP must put more emphasis on the deliberate commitment of farmers themselves, rather than on heavy controls and sanctions.

2) Promoting good nutrient stewardship to enhance the contribution of the CAP to the SDGs and the COP21 agreement

Beyond ensuring a fair standard of living for farmers and supplying healthy, safe and diversified products, the CAP has a crucial role to play in rewarding farmers to address the different environmental priorities, and especially the Sustainable Development Goals (SDG) and the COP21 Paris Climate Agreement. However, a low carbon economy or meeting the SDGs will never be achieved by the CAP alone.

a. The Nitrogen Use Efficiency Indicator, a tool to reach SDG n°2

In the context of achieving the Sustainable Development Goals, the 'total factor productivity' indicator has been identified by several experts as appropriate to deliver on SDG n°2. Still this indicator focuses on the economic dimension only, while an indicator on food security, improved nutrition and sustainable agriculture should embrace more dimensions. Therefore, Fertilizers Europe would like to highlight the recent findings of the EU Nitrogen Expert Panel, who proposed to also use a Nitrogen Use Efficiency (NUE) indicator to measure the realization of SDG 2. The NUE indicator (see www.eunep.com) is based on the mass balance principle by using nitrogen input and nitrogen output in harvested yield for its calculation (NUE = nitrogen output divided by nitrogen input). NUE values have to be interpreted in relation to productivity level (nitrogen output in harvested yield) and to nitrogen surplus (i.e., the difference between total nitrogen input and nitrogen output in harvested yield). Thereby, the NUE indicator provides information about resource use efficiency (NUE), the economy of food production (nitrogen in harvested yield), and the pressure on the environment (nitrogen surplus). It allows farmers and decision-makers to examine differences between fields, farms, farming systems, countries, and between years.

The NUE indicator is a valuable tool for monitoring sustainable development in relation to food production and environmental challenges. By considering limits associated with both excess and insufficient N use, the NUE framework contributes towards improving N use efficiency in the food chain. The EU Nitrogen Expert Panel has prepared an easy-to-use Guidance Document, which is a clear and approved protocol ensuring uniform data/information collection, processing and reporting in order to help farmers in measuring their respective NUE.

→ **The future CAP should include policy measures (for instance under rural development) that are fostering practices aiming at an improved NUE indicator. Farmers should be rewarded within a simpler CAP for continued progressive assessment of their NUE, and here Farm Advisory Services should play an active role.**

b. Focus of Rural Development post-2020 on nutrient management, contributing to climate mitigation and improved air/water quality

Via improved nitrogen efficiency, farmers can make the best use of sources of N nutrition available on the farm with respect to both using N fertilizer most efficiently and if need be reducing the total amount of N fertilizer applied. This is a multi-purposes' measure, integrating several environmental challenges into one set of actions since improved nitrogen efficiency also leads to a reduction in nitrate leaching with consequent benefits for the air (NEC Directive) and water quality (Water Framework Directive). Therefore, Fertilizers Europe calls for a modernized CAP to reward practices ensuring good nutrient management, for instance in the framework of multi-annual, agri-environment-climate payments via Rural Development along the examples mentioned below:

- For instance, the use of appropriate and integrated plant nutrient and soil fertility management plans is a valuable way of identifying the farm-level changes required to improve nitrogen efficiency. Optimizing the use of all sources of N would require additional management time, further technical recommendations as well as possibly soil analysis. Here Rural Development funds have a clear role to play.
- The efficient use of N fertilizers can also be promoted through advisory services and the use of nutrient management tools.

The RICARDO-AEA project (Effective performance of tools for climate action – meta-review of CAP mainstreaming, commissioned by the European Commission and whose results have been published in 2016) has identified other relevant CAP measures that could promote a more efficient use of nutrients:

- Improved nitrogen efficiency via the development and support of demonstration activities and information actions is a climate mitigation action contributing to reducing N₂O emissions.
- Setting up and using farm advisory services at national or local level contributes to raising awareness about GHG emissions of relevant farming practices and about how to improve and optimize soil carbon levels.

→ **Post-2020, agri-environment-climate payments focusing on nutrient management, which are today implemented in some EU Member States via their respective Rural Development Programs, should become compulsory and generalized in all European countries thanks to a modernized CAP.**

3) A modernized and simpler CAP should boost the development of smart farming

a. Advice and vocational training, more knowledge per hectare

“Smart Farming” means farming based on knowledge and data in order to foster sustainable agricultural practices. The future Common Agriculture Policy has a role to play in making more quality information available to farmers, for example through farm advisory services and/or farm management systems. More knowledge per hectare implies that the farmers will be able to choose optimal solutions for their crops and their environmental conditions in order to maximize their yields and the quality of their crops with an optimal level of inputs (and therefore minimize their environmental footprint). The future CAP must encourage precision nutrition by supporting the existing development of a much broader range of products to boost yields: better formulations, use of micro-nutrients and agronomic additives (like inhibitors); combined with a knowledge-based application of mineral fertilizers to support efficiency. Our sector’s competence in crop nutrition will allow us to transform readings – whether from sensors, satellite images or drones – into accurate and crop-specific recommendations as well as to develop the sustainable crop nutrition solutions tailored for specific needs and crops that the farmers need.

b. Precision farming for precision nutrition

The future CAP must foster the development and the uptake of precision farming, especially because big productivity gains require significant investments. Modern fertilization equipment should be supported by the CAP post-2020 via a strengthened investment support within Rural Development, as it greatly enhances application accuracy. It can offer real-time control over fertilizer application and GPS-based accounting of the nutrient supply. For farms with heterogeneous fields and varying soil types, a uniform fertilizer rate is often not effective in meeting overall crop needs, resulting in local over or under fertilization. Today, new farm machinery is more precisely calibrated and new technology, such as satellite-produced biomass field maps, offers greater precision in estimating crop nutrient status. Sensor-based instruments mounted on the tractor continually measure the plant nutrient needs and enable application of the optimum amount of fertilizer to every point in the field. Practical experience with new equipment demonstrates significant economic and environmental benefits: increased nutrient-use efficiency, a more uniform crop, better ripening, easier harvesting and higher yields. Several field trials have demonstrated that with sensor technology yields increased by up to 7% and nitrogen inputs decreased by about 12%.

→ **Smart and knowledge-intensive farming must be supported by a modernized CAP to encourage farmers to implement good fertilization practices, thus also to improve their resource efficiency and to contribute to a reduced carbon footprint of farming.**

Fertilizers Europe is strongly convinced that a full liberalization or a renationalization of the CAP (today the only truly European policy) would not only be a historic and geopolitical mistake, it would also put most of European farmers in unfair competition at global scale. Instead, the CAP post-2020 must promote smart farming in Europe, thanks to knowledge-intensive land management and the increasing amount of data available, in order to enable all types of farmers in Europe to become more competitive and have a better environmental performance at the same time. For instance, agri-environment-climate payments focusing on nutrient management should be generalized in all European countries thanks to a modernized CAP.

Considering the different options that DG Agriculture and Rural Development of the EU Commission is currently looking at in the context of the impact assessment, Fertilizers Europe supports either an approach that builds on current area-based payments to further leverage economic and environment benefits in a simplified way, or that leads to a shift from area-based payments towards rural development.

For further information, please contact:

Tiffany Stéphanie

Agriculture & Environnement Manager – Fertilizers Europe

tiffany@fertilizerseurope.com