



Power and Resources

# Between Environmental Protection and Security of Supply

Europe's Common Agricultural Policy and the Ukraine War

André Algermißen

The Common Agricultural Policy (CAP) represents an important funding instrument for supporting farmers and ensuring food security in Europe. For several years, it has borne increased responsibility for transforming the agricultural sector in the interests of environmental and climate protection. However, the war in Ukraine acts as a game changer focusing the CAP on security of supply once again.

---

Unnoticed by large swathes of the public, the Common Agricultural Policy, one of the European Union's most important policy areas, celebrates its 60th anniversary in 2022. Launched in 1962 with the first market regulations for agricultural products, it continues to shape member states' agricultural policy. The CAP accounts for around 40 per cent of the EU budget and is the EU's only policy area that is financed almost exclusively from the common budget.

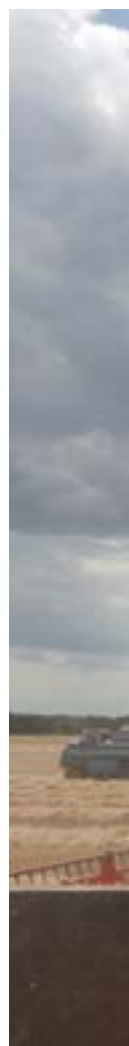
Yet, the anniversary is now being celebrated under completely different circumstances than had been expected until recently. Environmental and climate protection had been gaining importance within the CAP over the last few years and decades, but the Russian attack on Ukraine on 24 February 2022 has returned Europe's Common Agricultural Policy to the goal for which the policy was originally created: security of supply. After the destruction caused by the Second World War and the ensuing undersupply of the population, the CAP was initially intended to ensure food supply to the population of Europe and guarantee farmers a reasonable standard of living.

Even as the European Commission was examining its member states' national plans for enhancing environmental and climate protection at the beginning of this year – these plans serving as the latest instrument in the EU's efforts to develop a sustainable agricultural sector – the event that now overshadows all policy areas took place: the war in Ukraine forced the European Union to make far-reaching decisions, putting fixed political guidelines up for public debate. The previous defence policy is called

into question, and European energy policy, marked as it is by dependence on Russian gas, is being realigned. The agricultural sector is also coming under scrutiny, since many agricultural products come from Russia and Ukraine: for example, around one third of the world's wheat exports, 19 per cent of corn exports, and 80 per cent of sunflower oil exports come from the two countries.<sup>1</sup> The war and resulting destruction of agricultural infrastructure and blocking of important trade links disrupt essential supply chains. Against this backdrop, what impact on European food supply can be expected?

The high degree of self-sufficiency is likely to prevent a crisis of supply in Europe. Nevertheless, disrupted supply chains will lead to price hikes and increased price volatility on international markets, which could manifest themselves in rising food prices.<sup>2</sup> The repercussion of higher prices should not be underestimated even in wealthy industrial nations such as Germany, since they disproportionately affect low-income individuals and further promote social division. It is therefore imperative that the government not only initiates measures against the high energy prices, but also uses all available means to compensate for increased expenditure for basic foodstuffs.

The potential impact of the war on security of supply outside Europe is already highlighting sources of future conflict: many North African, Middle Eastern, and Sub-Saharan African countries meet their grain demand with imports from Russia and Ukraine. Egypt, which imports about 80 per cent of its wheat from those two nations, is particularly



affected. The war has caused bread prices to rise by half within just three weeks, and about two thirds of the population now receive subsidised bread.<sup>3</sup> Rising food prices and supply bottlenecks may exacerbate conflict and destabilise the entire region. Wheat shortages drove people onto the streets in the Arab Spring of 2011 and contributed to the escalation. Some observers warn that supply bottlenecks could develop into an “Arab Spring 2.0”.<sup>4</sup> There are also worrying developments in Sub-Saharan Africa: since the onset of the war, the price of wheat in Kenya has risen by a third.<sup>5</sup> Food security is threatened in other countries, too, and new conflicts cannot be ruled out.

Inevitably, this raises the fundamental question as to whether the great ambitions of the Common Agricultural Policy with respect to environmental and climate protection, whose historical development will be presented and assessed below, can be implemented at all in this context.

### A Brief Retrospective

The major political shifts in the European Union have also been reflected in the Common Agricultural Policy: environmental and climate protection was freed from obscurity and given top priority. The 1992 MacSharry reform, which



Endangered granary: The loss of Ukrainian wheat exports will probably not cause a crisis of supply in Europe. Nevertheless, disrupted supply chains might lead to price hikes. [Source: © Valentyn Ogirenko, Reuters.](#)



introduced a market-oriented agricultural policy, already constituted a milestone for implementing environmental and climate protection in the CAP because it gave farmers “responsibility for looking after the countryside and its biodiversity and for using prudently our natural resources, soil, air and water”<sup>6</sup>.

## The agricultural sector is responsible for about 10.5 per cent of European Union greenhouse gas emissions.

---

In subsequent funding periods, environmental and climate protection was further expanded in the framework of the CAP. Today, the Common Agricultural Policy consists of two pillars: the first is direct payments granted to farmers per hectare of agricultural land, and the second is targeted funding programmes for supporting rural development as well as sustainable and environmentally friendly resource management. Since 2005, farmers have had to adhere to cross-compliance rules governing environmental protection, food and feed safety, plant and animal health, and animal welfare in order to receive agricultural funds.<sup>7</sup> The “greening” instrument, introduced in the 2014 to 2020 funding period, obligated farmers owning more than 15 hectares to maintain permanent grassland, ensure crop diversity, and document the maintenance of five per cent of ecological priority areas (such as landscape elements, land set aside, or buffer strips). However, the Russian attack is increasingly calling into question the extent to which such requirements can be met, as will be discussed later on.

The Common Agricultural Policy’s funding instruments are no longer limited to food supply and securing farmer income, but have evolved to address environmental and climate protection concerns. This paradigm shift manifests itself in the objectives defined by the European Union for the CAP. For instance, it is to “help tackle climate change and the sustainable management of natural resources”<sup>8</sup>.

## Negligible Effect on Environmental and Climate Protection

The Common Agricultural Policy’s 2014 to 2020 funding period, associated with great expectations regarding environmental and climate protection, was characterised by a pronounced dysfunctionality and therefore achieved little success. Critics primarily focused their analyses on the newly introduced “greening” instrument, which has little effect on greenhouse gas emissions and loss of biodiversity. For instance, already in 2017, the German Federal Environment Agency (Umweltbundesamt, or UBA) used the example of member states France, the Netherlands, Denmark, and Austria to show that “greening” was not particularly helpful in protecting nature and the environment, since mostly ecological priority zones with little effect were chosen. The study concludes that “Greening contributes little to protecting nature and the environment, and such protection is primarily served by the programme’s second pillar”.<sup>9</sup>

In contrast, the final European Commission report for the 2014 to 2020 funding period, published in December of 2021, came to a less negative conclusion: the Common Agricultural Policy provides “an extensive level of ‘baseline protection’ for the environment”<sup>10</sup>, and one reason is that about 84 per cent of European Union agricultural land is covered by cross-compliance rules. The “greening” premium, which accounts for about 30 per cent of first-pillar payments, impedes further damage to the environment, but cannot develop its potential because the funding instruments do not provide sufficient incentives for all operations, the Commission says. To classify the assessment accordingly, in its report the European Commission emphasised that the environment is influenced by a variety of factors and that the CAP’s net effects are therefore difficult to assess.<sup>11</sup> The analyses thus indicate that the basic “greening” idea is the right step, but there were difficulties with its concrete implementation. The Commission’s final report said that climate protection and adaptation to climate change are afforded low priority in member

states, and few funds have been spent on them. Although a wide range of instruments for sustainable natural resources management and for climate protection were available within the CAP, not all of these offers were taken up by the member states.<sup>12</sup>

### **Environmental and Climate Protection Enjoys High Priority in Europe**

The European Green Deal, presented by Commission President Ursula von der Leyen on 11 December 2019, pursues the ambitious goal of making Europe the first climate-neutral continent. Its various initiatives encompass a focus on agriculture – such as the biodiversity strategy and the Farm to Fork Strategy. Both strategies pursue the goal not only of ensuring food security, but also of simultaneously reducing the climate footprint of Europe’s food production. Specifically, for example, at least 25 per cent of agricultural areas in the EU are to be farmed ecologically by 2030 and use of fertilisers and pesticides drastically reduced. But neither constitutes directly applicable law. It is no surprise that the focus is on farming, since the agricultural sector is responsible for some 10.5 per cent of European Union greenhouse gas emissions. There is also a worrying loss of biodiversity in agricultural landscapes, since plant and animal species are deprived of food resources, breeding or sanctuary opportunities. The Special Report on Climate Change and Land (SRCCL) by the Intergovernmental Panel on Climate Change (IPCC), published in 2019, notes that climate change is intensifying pressure on land systems, i.e. the use of land by humans, threatening many people’s livelihoods.<sup>13</sup> These developments have called member states’ previous environmental and climate protection policies into question. This formed the backdrop against which the Common Agricultural Policy was drafted for a new funding period. There was no doubt that environmental and climate protection had to be increasingly addressed.

### **Extensive CAP Reforms Starting in 2023**

The new funding period of the Common Agricultural Policy, which begins on 1 January 2023,

is characterised by “green architecture” and is designed to achieve a wide range of changes. Former German Agriculture Minister Julia Klöckner said of the 2021 reforms that “there will be a system change in the CAP that combines additional environmental and climate protection with economic prospects for farmers and rural areas”<sup>14</sup>. What are the reforms, specifically?

### **In future, voluntary environmental measures will entitle farmers to additional funds.**

---

The introduction of “expanded conditionality” will create an instrument that combines the previous “greening” payment with cross-compliance rules and adds more standards. Farmers will only receive income support if they comply with the “expanded conditionality”. The previous cross-compliance rules will therefore be tightened. In practice, “expanded conditionality” means such obligations as setting aside four per cent of arable land.

The biggest innovation is the introduction of “eco-schemes” – voluntary, one-year environmental measures whose implementation enables funds for farmers in addition to the income support. One item that remained a longstanding point of contention was how much money should be made available for the eco-schemes in the first pillar. After many rounds of negotiations, agreement was finally reached on 25 per cent. The second pillar will continue to fund environmental and climate protection and other management methods. For instance, member states must offer measures for supporting organic farming or forest conservation. In addition, 40 per cent of the total CAP budget must be used for environmental and climate protection. This decision is related to the EU’s commitment to use ten per cent of its budget to preserve biodiversity during the current budget period.



One reason that the Common Agricultural Policy will constitute a system change starting in 2023 is that it is based on a new implementation model: for the first time, all member states must submit a national strategy plan for the first and second pillars based on a SWOT (strengths, weaknesses, opportunities, and threats) and a needs analysis to the European Commission for approval. After submitting the strategy plans, the European Commission has three months to comment. This is followed by revision and resubmission by the member states. The

timeline is ambitious, since the reformed CAP is to already take effect in January 2023. The introduction of national strategy plans is positive because they allow better consideration of heterogeneous agricultural structures in Europe and enable member states to select measures for eco-schemes that, for example, seem best suited to the needs of their farmers. Another advantage of this implementation model is that the strategy plans can be adjusted annually. This allows regular measure evaluation so that member states can react flexibly if they



Nothing but greenwashing? Although environmental protection within the European agricultural policy has fallen short of its potential in the past, sustainability did receive increasing attention until recently.

Source: © Yves Herman, Reuters.

## The plan to set aside four per cent of agricultural land must be rethought in the face of the Ukraine war.

### The Ukraine War Sharpens Our Awareness of the Core Business

The Common Agricultural Policy is responsible for pressing forward with environmental and climate protection even more decisively, in order to achieve a long-term transformation towards sustainable farming. Yet, this task must not obfuscate the actual core purpose of farming: farmers produce healthy, sustainable food, ensuring food security. Former Agriculture Minister Julia Klöckner expressed this obvious fact well: “Sustainable farming must give more attention to environmental concerns, but must not lose sight of food security.”<sup>15</sup> It is not surprising that this core task is enshrined in the Common Agricultural Policy, which includes the following goal: “support farmers and improve agricultural productivity, ensuring a stable supply of affordable food”.<sup>16</sup> The Ukraine war – like the COVID-19 pandemic – has underlined the need to promote a regional value chain in particular to prevent food shortages.

determine that measure effectiveness is insufficient. Scientific knowledge can also be integrated in a timely manner. The national strategy plans thus have the potential to become a cornerstone of more effective environmental and climate protection funding in member states as part of the CAP.

In the midst of these sensible reform plans, the Ukraine war has burst onto the scene. Does it give rise to an irreconcilable conflict of objectives with the need for security of supply?

The war and its effects have brought the security of supply, the traditional core task of the Common Agricultural Policy, back into the fore. This provides an excellent example of the tension between environmental protection and security of supply. Planned measures, such as setting aside four per cent of land for environmental and climate protection, appear counterproductive in the face of impending supply bottlenecks and must therefore be rethought. In Germany, Christian Democratic



Union politicians are right to call for a reassessment of national and international agricultural policy and insist that delaying the Common Agricultural Policy's more ambitious environmental and climate goals must remain an option.<sup>17</sup> Nevertheless, Federal Minister of Agriculture Cem Özdemir supports the idea of setting aside four per cent of land for environmental and climate protection and avoids calls for a readjustment of the Common Agricultural Policy.

However, the shift in focus should not be understood as an excuse to simply avoid necessary environmental and climate protection. Food security and competitive farming on the one hand, and environmental and climate protection on the other, are not contradictory goals, but are inextricably connected, since farmers are reliant on an intact environment and are affected by the impact of climate change. But current developments do show that endangered supply chains can be stabilised only if there continue to be farmers in Europe who ensure a productive, resilient, sustainable food supply. The CAP must therefore not be limited to achieving environmental and climate protection goals, but instead must be rethought in all its facets, not just in the context of the Ukraine war.

## Summary and Outlook

The Common Agricultural Policy can look back on a long history and has been addressing environmental and climate protection concerns since at least the 1992 MacSharry reforms. Diverse instruments, such as “greening”, were added during refinements to reduce greenhouse gas emissions and protect biodiversity. These measures did not produce the expected results, but did initiate a transformation process that is reflected in the upcoming funding period's green architecture. This process was abruptly subjected to new discussions when the Ukraine war, with its severe effects on global food security, broke out: from now on, the question will be how European farming can ensure security of supply and what constitutes optimum support

for affected emerging and developing countries. A number of CAP measures, such as setting aside agricultural land, must now be decided on. Environmental and climate protection is taking a back seat to the primary task of food security. Having said that, climate change and loss of biodiversity remain significant problems that must be addressed by the Common Agricultural Policy. We cannot yet determine the extent to which the war will have a lasting impact on the CAP. What is clear is that, in the future, too, agricultural policy will remain a balancing act requiring the utmost deftness so as to give proportionate attention to the various interests and resolve tensions between environmental and climate protection on the one hand, and security of supply, on the other.

*– translated from German –*

---

**André Algermißen** is Policy Advisor for Climate, Agriculture, and Environment in the Konrad-Adenauer-Stiftung's Analysis and Consulting Department.



- 1 Farm Europe 2022: Food Security: Back at the Top of the European Political Agenda, 14 Mar 2022, in: <https://bit.ly/3kBHziBi> [15 Mar 2022].
- 2 Michel, Johanna 2022: Das leistet die Ukraine auf den weltweiten Agrarmärkten, agrarheute, 25 Feb 2022, in: <https://bit.ly/3y8dtxi> [2 May 2022].
- 3 Tagesschau 2022: Lebensmittel weltweit so teuer wie nie, 8 Apr 2022, in: <https://bit.ly/381Vj5L> [2 May 2022].
- 4 Stelter, Daniel 2022: Die EU hat es in der Hand, eine Hungerkrise noch abzuwenden, Handelsblatt, 4 Mar 2022, in: <https://handelsblatt.com/28130838.html> [2 May 2022].
- 5 Kamp, Mathias / Sandner, Julia 2022: Eskalation der Nahrungsmittelkrise in Ostafrika: Eine mehrfach verschärfte Tragödie, kurzum, Konrad-Adenauer-Stiftung, 8 Apr 2022, in: <https://bit.ly/3ML4YMK> [2 May 2022].
- 6 European Commission, Publications Office 2012: The common agricultural policy: A story to be continued, 14 Jun 2012, p.10, in: <https://op.europa.eu/s/v77u> [2 Mar 2022].
- 7 Schrötter, Hans Jörg 2016: Kleines Europa-Lexikon, Geschichte, Politik, Recht, Munich, p.54.
- 8 European Commission: The common agricultural policy at a glance, in: <https://bit.ly/3sCzn8G> [2 Mar 2022].
- 9 Umweltbundesamt (German Federal Environment Agency) 2017: Umsetzung der EU-GAP-Reform (2014–2020) in den EU-Nachbarstaaten, Texte 48/2017, p. 42, in: <https://bit.ly/3u1zudQ> [2 Mar 2022].
- 10 European Commission 2021: Report from the Commission to the European Parliament and the Council on the Implementation of the Common Monitoring and Evaluation Framework Including an Assessment of the Performance of the Common Agricultural Policy 2014–2020, 16 Dec 2021, p. 4, in: <https://bit.ly/3yHIE4g> [2 Mar 2022].
- 11 Ibid., p.7.
- 12 Ibid., p. 8.
- 13 IPCC 2020: Summary for Policymakers, in: Climate Change and Land: An IPCC Special Report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems, in: <https://bit.ly/38tT0c1> [3 Mar 2022].
- 14 Federal Government 2021: Reform der Gemeinsamen Agrarpolitik: Landwirtschaft wird zukunftsfest, nachhaltig und klimafreundlich, 23 Nov 2021, in: <https://bit.ly/3KD4bws> [2 Mar 2022].
- 15 Federal Government 2021: Rede der Bundesministerin für Ernährung und Landwirtschaft, Julia Klöckner, beim Better-Future-Kongress der Welt am Sonntag am 19. April 2021 in Berlin, Bulletin der Bundesregierung 57-2, speech, 20 Apr 2021, in: <https://bit.ly/3Ibagym> [3 Mar 2022].
- 16 European Commission, n. 8.
- 17 Göttfert, Matthias 2022: Agrarreformen auch in Krisenzeiten, Tagesschau, 30 Mar 2022, in: <https://bit.ly/3MKUhtH> [2 May 2022].