

Ladies and Gentlemen

Thank you for the invitation to speak at today's conference. As a representative from the European Commission, I am glad to be given the opportunity to explain what is going on in the field of sustainable use of water within the framework of the Common Agricultural Policy.

Good water policy is an issue which has climbed the Commission's agenda in recent years. And the close link between water issues and farming is also the reason why the European Commission's Directorate General for Agriculture and Rural development is organising a high-level conference on the very topic which will take place here in Zaragoza on the 11th of July, and which will have the participation of the Commissioner Mariann Fischer Boel and Elena Espinosa, the Spanish minister of agriculture.

There can be no doubt about the need to strike the right balance in water usage in agriculture.

*from debate before lunch*  
It is clear that turning off the tap to farmers is not a viable solution to water scarcity; especially not in those rural areas where irrigation is one of the only means to economic activity because there are few alternatives to farming.

But at the same time, few will dispute that we are moving towards tougher times in terms of securing water supplies and this we must take into account – not at least in countries where agriculture takes up more than half of the national water consumption.

The trend towards water scarcity is further underlined by the fact that we now have a very solid body of evidence pointing to climate change. *Which the previous paragraph also showed*

We know that it will hit home in the European Union.

And as it does so, European agriculture will feel the full force. As you know, a decrease in average annual rainfall will be a serious problem. But also, we can expect more sudden heat waves, more sudden storms, more sudden floods.

There could be some winners. Yields in some northern regions of Europe could increase, for example

On the other hand, there will certainly be losers.

Many southern European countries already have difficulties getting enough water for their farmers, who in some cases account for around half of national water consumption – and the droughts that we predict will make the situation much worse.

Therefore, although the situation has been a bit reversed in the last couple of months, with droughts in Northern Europe <sup>[home 50 days]</sup> and heavy rainfall in the South, it does not change the fact, that sound water management is absolutely key to securing a viable future for European farming.

So having set the scene, this of course brings me to the central question in my presentation today; how does the common agricultural policy promote sustainable use of water in farming?

In relation to farming, the questions of water impact are mainly related to two areas:

First there is the question of water quantity, about increasing water productivity.

Secondly, there is the question of water quality, about making sure that farm practises does not harm the water environment

As I mentioned earlier these are two items that are climbing the ~~farm~~ policy agenda. And thankfully, in the area of agricultural policy, we're not starting from scratch.

The Common Agricultural Policy already has central building blocks in place which should make it easier to adapt to climate change and to reduce the potentially negative impact on water from farming..

One of the recent positive developments is the decoupling of direct payments from agricultural production. This decoupling of the direct aids from production, which was introduced by the 2003 CAP reform, could contribute to the objective of decreasing water consumption, through reducing incentives to intensification of production.

But there is also an additional bonus. One of the aims of decoupling is to allow farmers to respond to various external forces. This is often interpreted as being responsiveness to the market – which is of course essential. But I could add that decoupling also helps farmers to be responsive to their physical environment.

For example, in the past, the link between direct payments and production encouraged farmers to keep producing water-intensive crops even in areas where water was a precious or scarce commodity. Now that they no longer need to hold on to their old production choices to keep the cheque coming from Brussels, they can think twice and try something more suitable for a dry climate.

We have recently extended the principle of decoupling to the fruit and vegetable sector, in which some products require large amounts of water. Hopefully this will have a desired effect on the use of water in the horticultural sector.

The 2003 CAP reform also introduced the concept of **cross compliance**. This was done in order to develop the dual aims of contributing to making farming more sustainable and making the CAP more compatible with the expectations of consumers and taxpayers.

In practice, **cross compliance** means that farmers have to respect a set of standards to avoid reduction of their payments – direct payments and some rural development payments – from the European Union. These standards cover protection of the environment, public, animal and plant health, animal welfare and the maintenance of the land in good agricultural and environmental condition. In total it amounts to 19 standards, 5 environmental of which 3 relate to water.

In particular, some of these standards, (such as the application of the **Nitrates and Groundwater Directives**), aim at protecting waters against pollution by nitrates and dangerous substances, which may be released during farming activity.

In addition, by maintaining their land in good agricultural and environmental condition, (notably by preventing soil erosion), farmers contribute to reducing the amount of soil reaching surface waters, thereby improving the quality of the water.

If farmers don't live up to these strict EU standards; their direct payments will be reduced or even withdrawn.

So in terms of policy tools, one could say that the cross compliance scheme is the stick. But the CAP also offers a basket of carrots.

Under the rural development policy, the Commission co-finances, together with the Member States, projects aiming at developing Europe's rural areas. The member states can choose from a fixed EU menu of different actions under three headlines:

- Improving the competitiveness of agriculture and forestry
- Supporting better land management and improving the environment and
- Improving the quality of life and encouraging diversification of economic activities in the rural areas.

(Based on SWOT analysis,) Member States or regions tailor their rural development programmes so that it best targets local challenges. The only requirement from the Commission is that at least 25 percent of the money is spent on projects related to the environment and ten percent on the other two headlines.

In terms of ensuring the water quality; the rural development policy (for 2007-2013) provides for several possibilities to support the implementation of the water framework directive, which is the most important European piece of legislation on water. This includes support to farmers who commit to go beyond the minimum standards, as well as investment and training.

As for the issue of quantity of water in farming, the lion's share of legislation is left to member states as it is deemed to fall under member state competence. In other words, the Commission hardly has any stick in this field.

What we do have however is the opportunity to offer several carrots for farmers who wish to reduce their use of water.

Under the rural development policy, the EU offers financial assistance to encourage change by, for example, replacing old irrigation systems by new and less water-consuming ones, reducing water use in existing crops, creating ponds and other features.

This assistance is provided, in particular, through the agri-environmental measures and support for modernising investments.

Although our rural development policy could do with more money than the [€88 billion which it has been allocated for the period 2007 to 2013] (with modulation of 5 per cent included), this is still substantial funding. And 46 per cent of total rural development money from now until 2013 is being spent on measures connected to the environment.

The funding that we have spent on the environment has been achieving things. The achievements are not always easy to quantify, but nevertheless they are real – as past reports on agri-environment measures have pointed out. Anyone who reads through these reports will find plenty of examples: increases in bird populations; reductions in soil erosion; restoration of hedgerows and other landscape features: the list is long.

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During the programming period 2000-2006, a number of agri-environmental measures (whose objective is to preserve water resources) have been offered to farmers in France, Spain and Italy.

As regards Spain, the rural development plans for 2000-2006 provided that the environmental legislation had to be respected. This included carrying out an ex-ante environmental impact assessment as well as ensuring monitoring of the implementation of the programme. The monitoring programme included seminars on the environmental impact of irrigation projects, and training and information sessions for inspectors and farmers.

The implementation of the rural development plans has provided good results.

2300 projects aiming at an improvement of the existing irrigation systems were controlled, leading to a substantial decrease of water use (period 2000-2005).



The area where irrigation systems have been modernised covered 590 000 ha (period 2000-2005)

The new area under irrigation (with water-saving systems) covered 44 000 ha which is rather low as compared with area already under irrigation) (period 2000-2005)

a water-saving indicator shows that on average 1300 m<sup>3</sup> water/ha/year were saved in 2005, and up to 157 000 m<sup>3</sup> water/ha/year in specific intensive crops (bananas),

As for the question of water quality, the European Environmental Agency concludes in its latest Assessment of Europe's environment that:

Fertiliser input per hectare of agricultural land is declining from a high level in the EU-15. However; it is increasing significantly in the EU 10. Nitrates from manure and chemical fertilisers application continue to pollute drinking water and cause eutrophication of coastal and marine waters.

Pesticide use has remained constant or has declined in general. Pesticide concentration above EU drinking water standards are still found in several EU member states. There has been no significant progress in dealing with the legacy of some localised hot spots of pesticide contamination.

In other words; ladies and gentlemen; we are not yet in the place we wish to be, but we have taken substantial steps in the right direction. So allow me to spend the last minutes of my presentation on the near by future: what's going on at the moment in the CAP which relates to water:

As you may know, the Commission presented its proposal for a health check of the CAP on the 20<sup>th</sup> of May

The health check is about making sure that the CAP is still on the right path which we stuck out with the CAP reform in 2003. It's not about reforming, reinventing the wheel or fixing things that aren't broken.

The Commission has proposed changes where they were needed. As part of the "new challenges" section in the Health Check, which aims to help farmers take on 21<sup>st</sup> century challenges and opportunities, the Commission has proposed to boost funding for rural development – in other words increase the amount of carrots.

We foresee quite a substantial amount of money for these "new challenges" which include climate change, water management, bioenergy and biodiversity protection. We expect an additional 10 billion € to be earmarked for these four areas until 2013, which includes Member State's co-financing.

Furthermore, as part of our efforts to ensure that the abolition of the set-aside scheme, which was also proposed in the Health Check, does not cause negative impact on the environment, the Commission has also proposed to introduce buffer zones along water courses as a new cross compliance standard. This would make it possible to produce more food and feed and thus relieve the pressure on the cereals markets, whilst still maintaining the environmental benefits from the set aside scheme and ensuring that nature will not suffer from our obligation to produce more food for the booming global demand.

The objective for the future is clear. The global demand for food is growing due to population growth in general and changing eating habits. Europe also has an obligation to deliver but this should not happen at the expense of the environment be it in terms of biodiversity, soil quality or water quality and quantity.

The European Commission is keen to shape the CAP so it reflects and adapts to these new priorities and issues. This is what we use the Health Check for, this is what we will be preparing in the years to come as we move towards the CAP reform in 2013 and hopefully, this is what the debates on water and agriculture that are taking place in Zaragoza in these months will help and contribute to.

Thank you very much for you attention.