

**European Economic and Social Committee**

**Hearing on**

**„The Reform of the CAP in 2013“**

**„What is multi-functional agriculture?“**

**A. Heissenhuber**

**TU München – Weihenstephan**

**ICC Berlin, January 22, 2010**

## **Aims of sustainability**

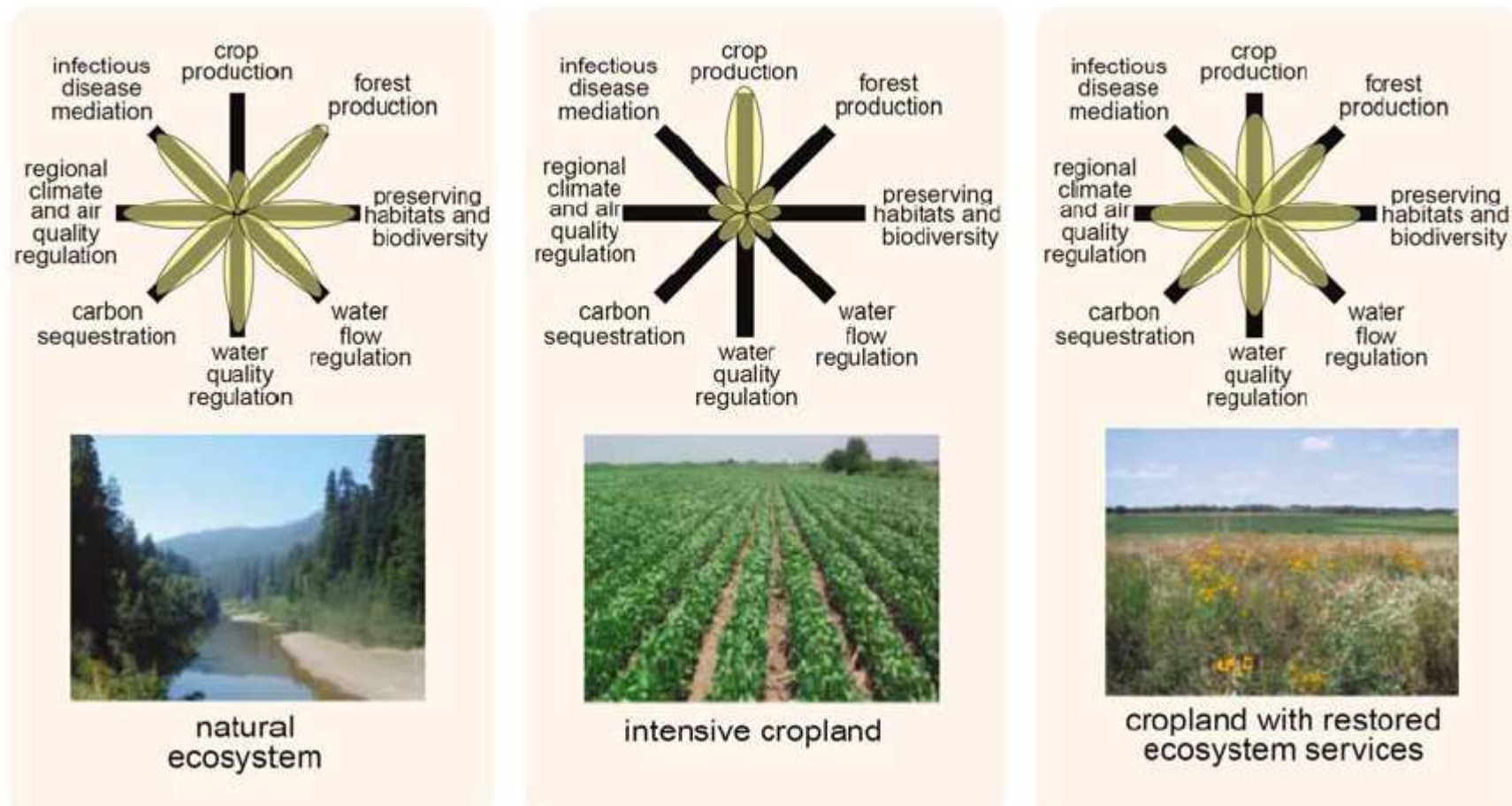
- **Economic (entrepreneur, business environment)**
- **Ecologic (polluter-pays-principle,  
taxpayer-pays- principle)**
- **Social (standards, corporate governance)**

# Resource protection

## **Trifold role** of agriculture

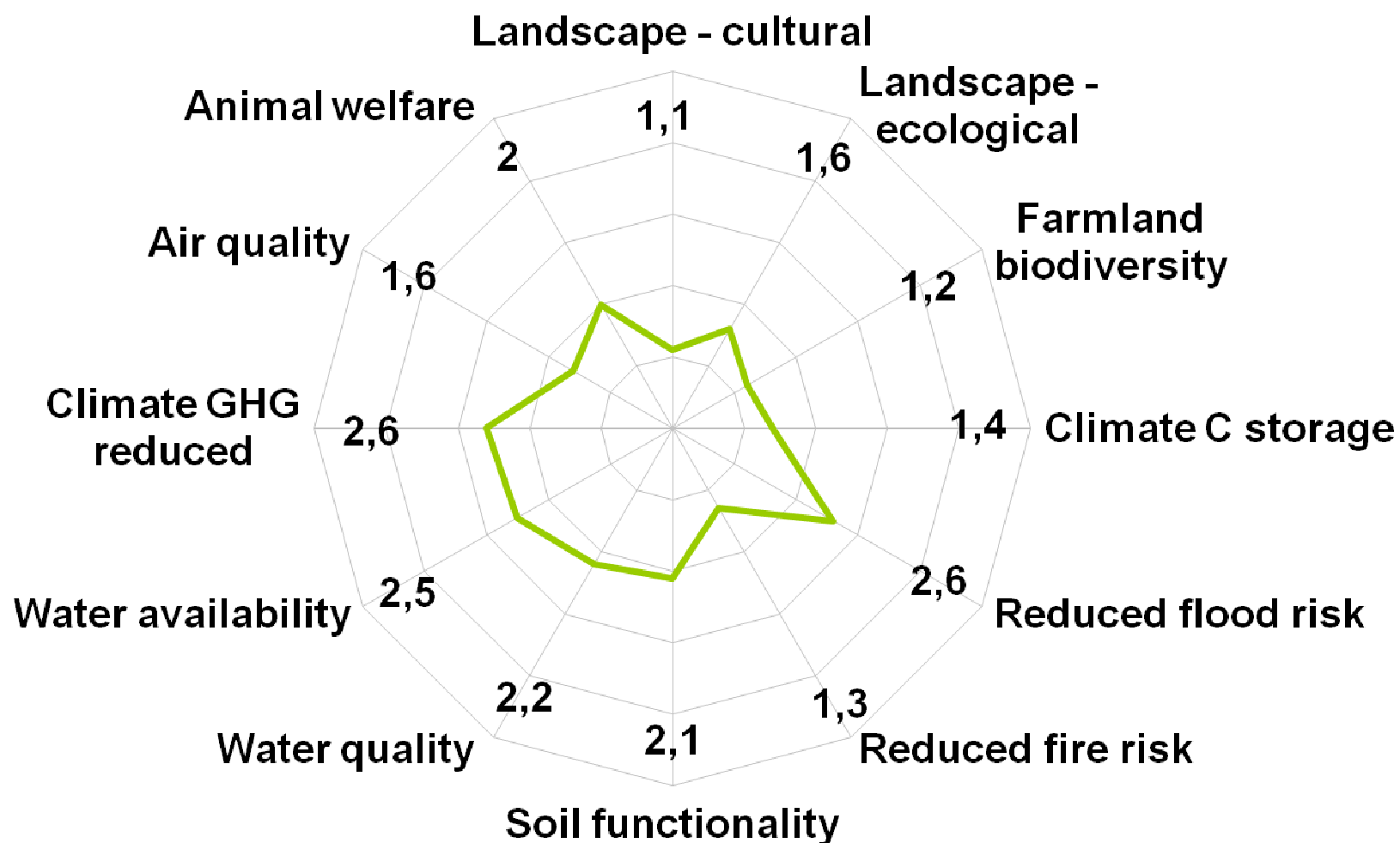
- **affected**  
scale and variation of yield
- **protector**  
soil as carbon sink, cultural landscape
- **polluter**  
greenhouse gas emissions, nitrate eluviation, soil erosion

# Achievement of objectives by different forms of land use



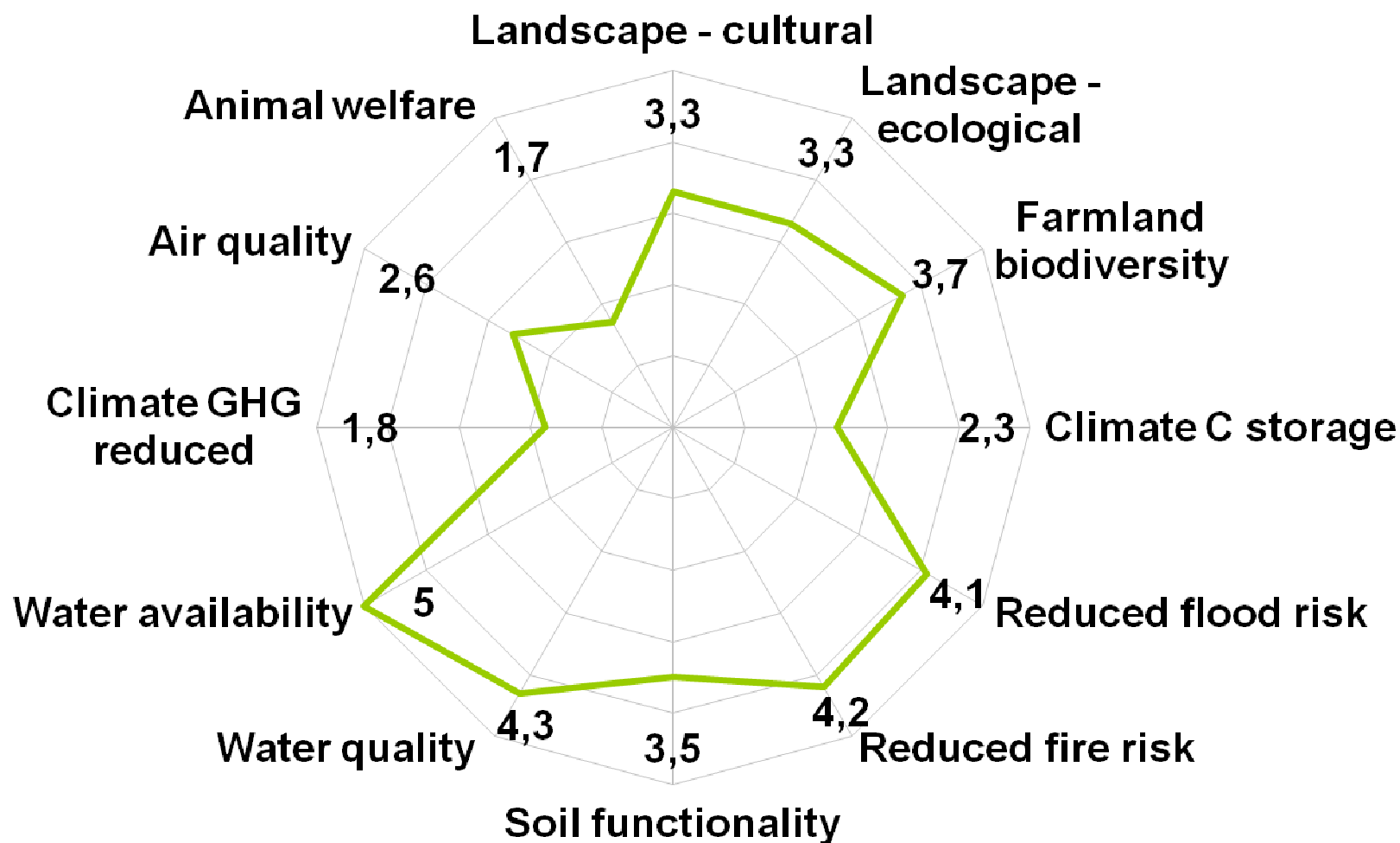
Source: Schininger, 2008

# Intensive dairy / beef / sheep farming



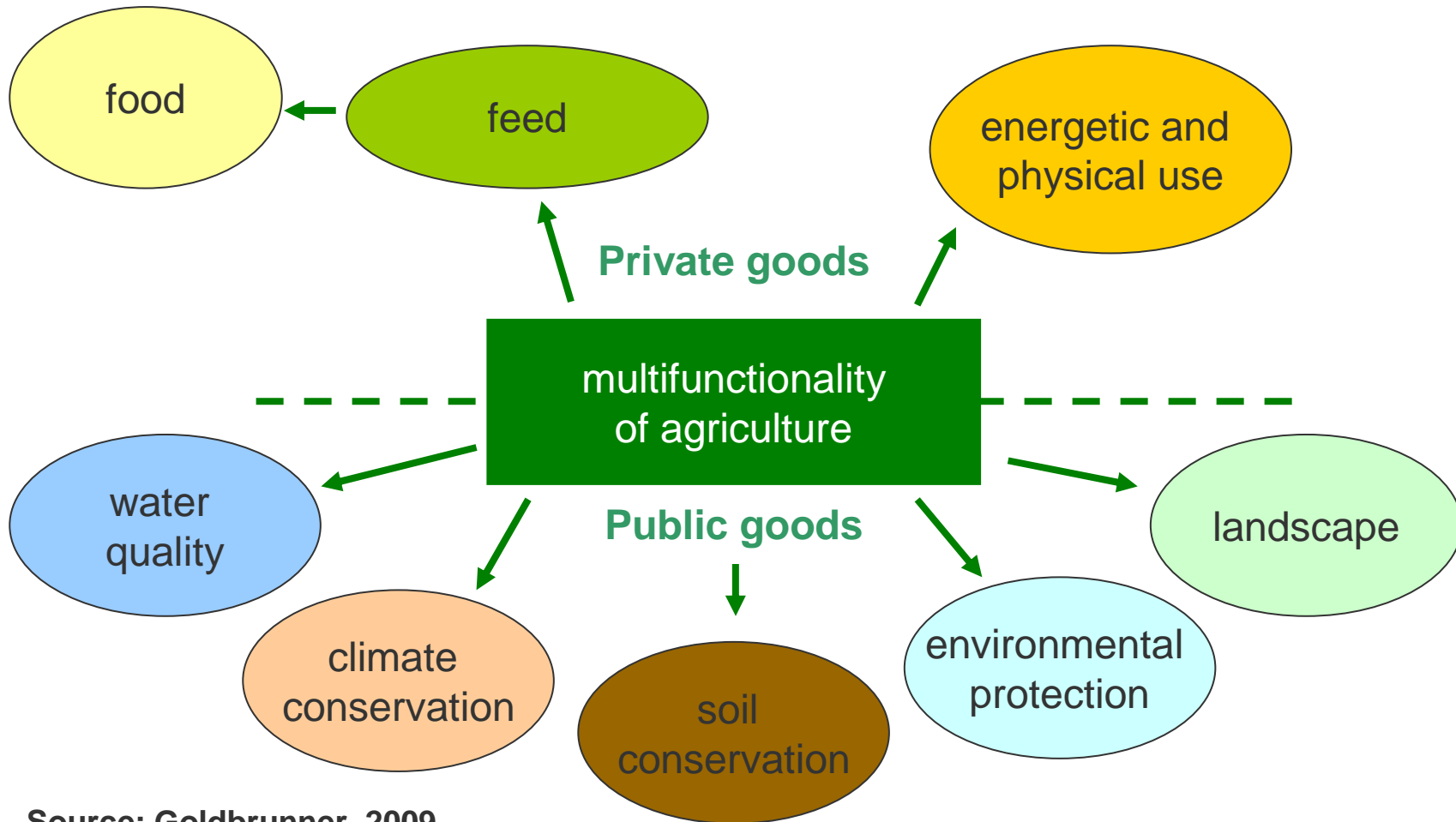
Source: IEEP, 2009

# Extensive dairy / beef / sheep farming



Source: IEEP, 2009

# Benefits of cultural landscape



Source: Goldbrunner, 2009

## Two scenarios of landuse

### Production orientated

(Farming)

cultivation according to standards  
of good practice without  
conscious constriction

income only from market revenues

### Multi-functional orientated

(Agriculture)

cultivation in consideration of  
sociopolitical demand

income from

production of food

production of energy

services

public goods (i.e. landscape,  
climate protection)

income combination



## Selected governmental core tasks

- Stabilization of economy
- Adjusting distribution of goods and income
- Allocation of social and merit goods

For private goods Richard Musgrave expected a better allocation through the market economy

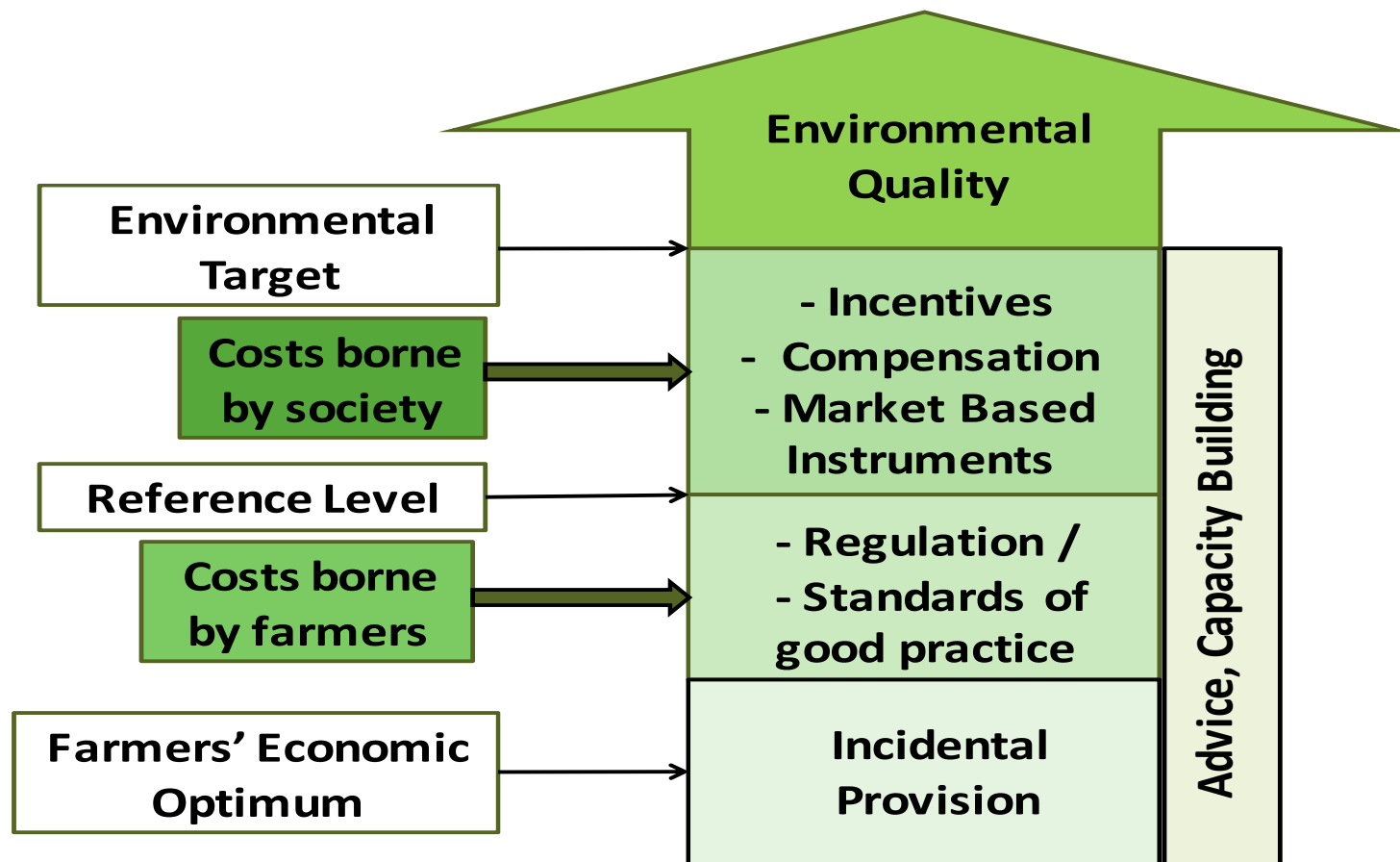
## **Labelling of goods (also imports)**

for **ecological** standards

for **social** standards

→ **Consumer would have information about this characteristics**

# Environmental targets, reference levels and farmers' economic optimum



Source: IEEP, 2009

## Framework for the CAP 2020

		Areas with restrictions (natural or administrative) ?	
		No	Yes
Provision of collective services ?	No	<b>1</b>  Only production of food <b>without</b> restrictions	<b>2</b>  Only production of food <b>with</b> restrictions
	Yes	<b>3</b>  <b>Also</b> other services for the protection of the nature, landscape and waters <b>without</b> restrictions	<b>4</b>  <b>Also</b> other services for the protection of the nature, landscape and waters <b>with</b> restrictions

## Three-Step-Model for CAP

### **step 3**

**Green points payments for environmentally sensitive and high nature-value areas**

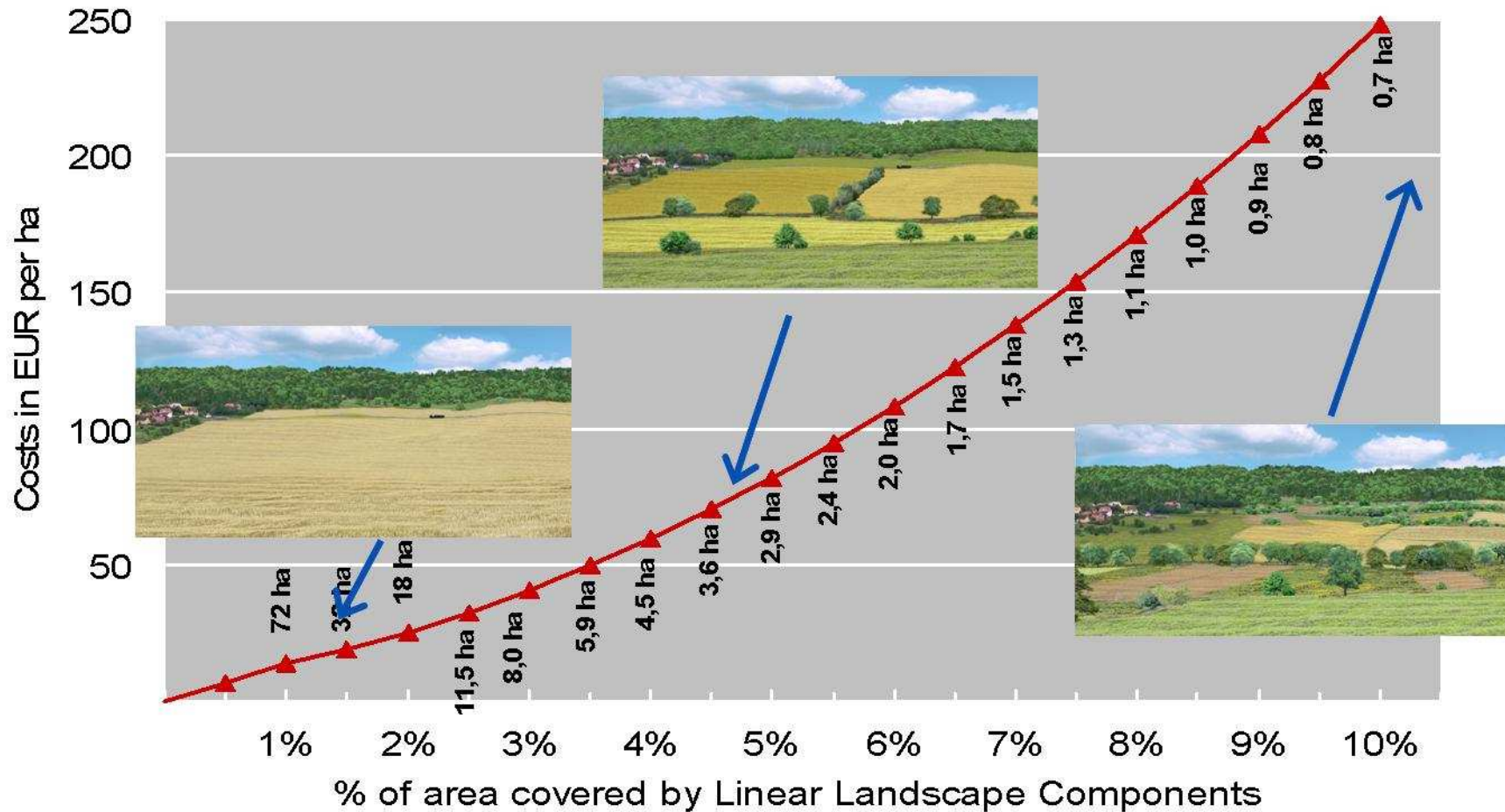
### **step 2**

**Natural handicap payment  
or services for resource protection**

### **step 1**

**Basic husbandry payment  
(for higher standards within EU)**

# Additional costs of structural elements



# Cultural landscape as byproduct (Low Mountain Range)





# Scenario: Withdrawl of agriculture





# **Multifunctional agriculture**

## **combination of income**

**agriculture and related business**

## **combination of performance**

**market products and public goods**

## **combination of work**

**acquisitive and subsistence, community activities**

## Conclusion

- **Sustainability as fundament**
- **Differentiation between polluter-pays- and taxpayer-pays- principle**
- **Rewarding common (merit) goods**
- **Labelling related to ecological and social criteria**
- **EU wide basic compensation payment**
- **Financing public goods (top down)**
- **Special programmes according regional concepts (bottom up)**