

Opportunities for Peatlands and Paludiculture in the EU Common Agricultural Policy (2023-2027)

Recommendations for EU Member States for their CAP Strategic Plans

Introduction

Central to the final decision of EU legislative bodies for the Common Agricultural Policy (CAP) 2023-27 is the recognition that all CAP subsidies (both Pillar 1 and Pillar 2) need to contribute to a more sustainable agricultural sector in Europe. **The EU's largest public funding mechanism thus presents an exciting opportunity to put climate and ecological action at the heart of European farming in this pivotal decade.** However, the flexibility that this new CAP offers Member States, to adjust the legislation according to their national and regional needs in CAP Strategic Plans, means that this policy could likewise be used to maintain damaging business-as-usual practices. This paper details some of the adjustments that Member States can make in their CAP Strategic Plans to make them as ambitious and scientifically-sound as possible.

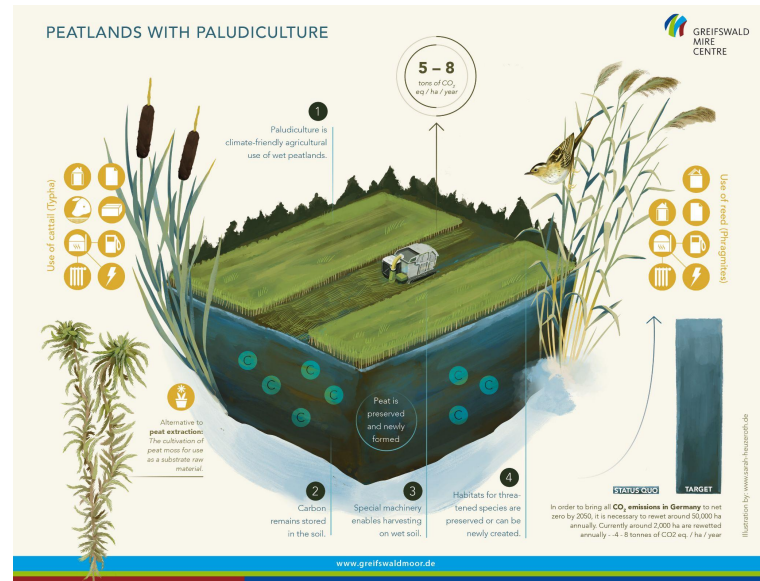
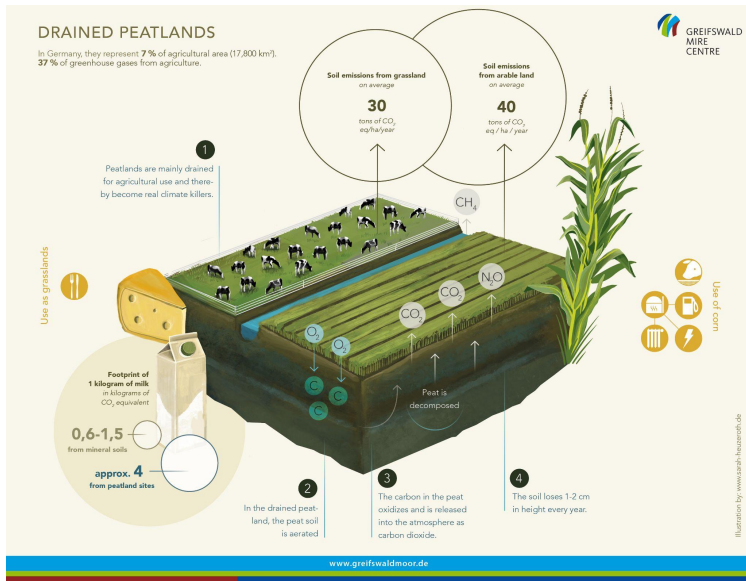
One of the most effective Nature-based Solutions for climate mitigation, adaptation and other environmental benefits is the rewetting of peatlands. Unbeknownst to most, healthy peatlands are the most space efficient terrestrial long-term carbon store and sink in our planet's biosphere. **Despite taking up just 3 percent of the planet's land-surface area, peatlands store twice the carbon as all forest biomass.** However, when peatlands are drained and degraded for agriculture, forestry, horticultural extraction or energy, these areas release huge amounts of CO₂ emissions. **Within the EU, this accounts for roughly 5% of the total EU greenhouse gas (GHG) emissions, making the EU the second largest emitter of GHG from drained peatlands globally after Indonesia.**

Shifting from drainage-based agriculture to paludiculture is one of the biggest carbon farming game-changers of this decade. **Paludiculture is not only key for a bio-based circular economy offering future resilient and profitable business-models for farmers and landowners, but it is also key for climate, biodiversity, water security, flood management and fire protection.** Food production might be limited, but high quality biomass for fibres, construction materials, substrates in horticulture etc. can be produced in a potential carbon-negative way. By rewetting just 3% of the EU agricultural land, the EU can cut up to 25% of GHG emissions from EU agriculture and agricultural land use (see Annex I below).

Definition - Paludiculture is the productive land use of wet and rewetted peatlands that preserves the peat soil and thereby minimizes CO₂ emissions and subsidence.

Key messages:

- 1) A wide range of **paludiculture crops should be listed as eligible for direct payments** under national CAP Strategic Plans, notwithstanding their listing under Annex 1 to the TFEU
- 2) i) If a paludiculture site qualifies for payments as 'eligible hectares', the application for payments by farmers should have **as little extra bureaucratic procedures as possible** to encourage many farmers to take it up.
ii) CAP Strategic Plans should have **clear and simple requirements for eligibility of areas** to make it clear for farmers and landowners to pre-emptively see if they can apply for this option.
- 3) Member States should clearly state in their CAP Strategic Plans that paludiculture and peatland rewetting is recognised as [an eco-scheme option](#) and **attractively program them to encourage voluntary uptake.**
- 4) **Pillar II instruments** should be taken into account within National CAP Strategic Plans to make paludiculture implementation possible
- 5) Conditionality standard **GAEC 2 should set higher ambitions beyond just keeping the destructive status quo** of peatland utilisation. Data gaps on peatland distribution and status may be found in administrative datasets; these should be updated with R&D efforts as soon as possible and implementation not delayed to 2025.



Opportunities for paludiculture contained in the European regulation on CAP Strategic Plans¹

1. CAP Direct Payments for Paludiculture

In the recital to the regulation it states that “agricultural areas should not become ineligible for direct payments when cultivated with non-agricultural products by way of paludiculture” (Recital 7 of the strategy plan regulation). This means that also paludiculture practices with products, which are not listed under Annex 1 to the TFEU should now be fully eligible for CAP subsidies.

However:

- Under the definitions section within Article 4, 1a) of the regulation, only cultivation of a few paludiculture plant crops (e.g. peat mosses) have been accepted as official ‘agricultural activities’ as they can be subordinated under one of the Annex 1 products. This means that the production of other paludiculture crops, such as cattail or reed, is not treated as ‘agricultural activity’, despite the fact that there is a growing demand for sustainable biomass crops.

Solution:

- These paludiculture crops can be made eligible through the direct payments scheme for ‘eligible hectares’ (see below). Member States should make sure that the whole range of paludiculture crops of Annex 1 and non-Annex 1 will be recognised as eligible for direct payments under their national CAP Strategic Plans and it will be made easy to apply for this by farmers.

2. Payments for paludiculture as exceptional case

The definition of ‘eligible hectare’ can make paludiculture eligible for payments in an exceptional case as a result of area based interventions or national schemes for biodiversity or greenhouse gas reduction, “provided that those interventions and national schemes contribute to one or more specific objectives laid down in points (d), (e) and (f) of Article 6 of [the CAP] Regulation” (Article 4, 1 c, ii).

However:

- Farmers should not have to demand for exceptional treatment in the case of paludiculture.
- To apply for this exceptional case, farmers and/or landowners would have to go through extra bureaucratic procedures to get this approved by agricultural administrations. This creates a risk for farmers and could make the application unattractive for farmers.

Solution:

¹ REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council.

- Member States should have all the mechanisms in place so that paludiculture is not only eligible as an exceptional case, but it is considered common practice which follows standard administrative protocols;
- Government assistance should be provided to farmers and landowners who are looking at rewetting their peatlands to avoid any bureaucracy stopping climate action;
- CAP Strategic Plans should have clear and simple requirements to make it easy for farmers and landowners to pre-emptively see if they are eligible for this option.

3. Payments for paludiculture under eco-schemes

A key element of the new CAP legislative proposal are the eco-schemes. These are payment schemes specifically aimed at supporting farmers from the first pillar who undertake agricultural practices that are beneficial for biodiversity and the climate. Along with other agricultural practices like organic farming, agro-ecology and precision farming, peatland rewetting is listed as one of the activities recognised under the CAP's eco-schemes by the EU Commission.

However:

- Eco-schemes need to be designed and implemented on Member State level in an attractive way for farmers. Otherwise it remains open if eco-schemes will be used to create demand for participation by peatland farmers as they are voluntary for them.

Solution:

- Member States should clearly state in their CAP Strategic Plans that paludiculture and peatland rewetting is recognised as [an eco-scheme option](#) and program them in an attractive way to encourage voluntary uptake by farmers.

4. Pillar II payments for paludiculture

Besides first pillar payments, the implementation of peatland restoration and paludiculture also needs a broad tool box of measures in the second pillar for funding of extra environmental efforts by farmers via agri-environmental & climate schemes (AECM), advisory services and investment support for adapted machineries to move on wet grounds and for water-logging installations. This would engage pioneers to take up new, innovative practices of paludiculture. These pillar II instruments should be taken into account within National CAP Strategic Plans to make paludiculture implementation possible.

However:

- Raising of water levels only works in delineated hydrological units

Solution:

- Cooperation between farmers and landowners who have a share in a specific peatland area should be encouraged. Facilitation of the cooperation should be financed via CAP budgets.

5. Drainage-based agriculture in the CAP and [the GAEC 2](#)

Within the CAP enhanced conditionality, the EU has set standards for good agricultural and ecological conditions including one for wetlands and peatlands (GAEC 2). In theory, this conditionality will have to be followed by farmers to receive payments.

However:

- The actual requirements for this standard are rather weak as all agricultural activity can remain possible on wetland and peatland areas and the status quo of drainage-based agriculture is not touched.
- The main reservation of Member States for raising ambition on GAEC 2 is the lack of spatial data of peatland distribution and status on parcel level, and of sufficient schemes to monitor changes in water levels on specific areas. Peatland distribution data quality varies widely between Member States.
- Member States can delay the implementation of GAEC 2 until 2025 if they provide suitable justification.

Solution:

- This conditionality regulation could be adapted by Member States in Strategic Plans for more ambitious requirements which goes beyond the destructive status quo towards ceasing renewed drainage.
- Existing scientific data from e.g. JRC, the Global Peatland Database of the Greifswald Mire Centre and national research institutions should be made available for official use and used in agricultural administration down to the parcel level. More research and development for countries/regions with insufficient data is needed.
- Conditionality GAEC 2 should be required as soon as possible rather than delaying action until 2025.

Conclusion

Member States, especially those that are peatland-rich, must take every opportunity available to encourage paludiculture and peatland rewetting if they are serious about protecting future generations and those most vulnerable from the impacts of climate change. Peatland rewetting will play a central role in the EU's upcoming [Carbon Farming Initiative](#) and the [LULUCF regulation](#) announced under the EU's [Fit for 55](#) Package. This means that eligibility under CAP Strategic Plans will create much-needed policy synergies and directly support action under other EU Green Deal initiatives. Therefore, while the CAP regulation on Strategic Plans provides some key opportunities for upscaling this innovative land-use practice, the legislation details still need to be carefully translated into usable policy within Member States' CAP Strategic Plans. This will be needed to make sure that local farmers and landowners can easily access CAP subsidies for paludiculture.

The relevant technical legislative CAP documents can be found following these links:

<https://data.consilium.europa.eu/doc/document/ST-11004-2021-ADD-1-REV-2/en/pdf>

Annexes <https://data.consilium.europa.eu/doc/document/ST-11004-2021-ADD-2/en/pdf>

Contact Details:



Partner in the



GREIFSWALD
MIRE
CENTRE



Michael Succow Foundation
Ellernholzstr. 1/3
D - 17489 Greifswald
Tel +49 3834 83542 0
E-Mail: info@succow-stiftung.de

Wetlands International European Association
Horapark 9
6717 LZ, Ede, The Netherlands
Tel. +31 (0) 318 660 910
Email: post@wetlands.org

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