



*EU Environmental Policy Briefing\**

## **Estimates of Large Yield Reductions Unlikely to Shape Parliament's Compromise over Draft Pesticide Authorisation**

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Three recently published reports, on the impacts of the proposed Regulation for the placing of plant protection products on the market, provide a range of estimates regarding the yield losses and resultant increase in food prices that would arise following the prohibition of certain active substances in the manufacture of plant protection products. The results are being used by the pesticide manufacturing lobby to provoke the Commission and the European Parliament to request a second impact assessment from the European Food Safety Authority to reflect the amendments that have been introduced since the publication, in July 2006, of the original draft proposal and its accompanying impact assessment<sup>1</sup>. However, there is no obligation on the European institutions to undertake a second impact assessment, and we are not aware of this occurring before.

The figures in these reports are potentially misleading as they fail to take into account the impact on yields that the substitution of banned pesticides with new products, that meet the strengthened standards, is likely to have. Hence, the figures provided represent the uppermost declines in yield and gains in prices that would occur if no new products came to market, and if world trade in agricultural products declined substantially.

The development of the legislative dossier, which is subject to the codecision procedure, is briefly summarised below; before the results of the studies and their implications, are discussed.

### ***Summary of Legislative Development***

The proposed Regulation<sup>2</sup> is intended to replace Council Directive 91/414/EEC<sup>3</sup>. It aims to strengthen the rules governing the authorisation of pesticides for use in the EU in order to improve the protection of human and animal health, as well as the environment. The Commission, in its amended proposal of March 2008<sup>4</sup>, added a further objective, namely to safeguard the competitiveness of European agriculture.

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Under the codecision procedure, the European Parliament is essentially promoting more stringent criteria than those proposed by the Commission in its amended proposal, and the Council in its Common Position.

The original impact assessment was published with the proposed Regulation in July 2006, followed by the publication of the draft report by the European Parliament's Environment Committee in April 2007<sup>5</sup>. This report proposed 247 amendments to the original proposal, and the European Parliament gave a favourable opinion at the first reading in October 2007. The Commission rejected 127 of these amendments in a modified proposal presented in March 2008<sup>4</sup>.

The June Agriculture Council reached a political agreement on a Common Position<sup>6</sup>, which was subsequently adopted in September by the General Affairs Council<sup>7</sup>. The Common Position of the Council accepted just 19 of the Parliament's amendments and largely agreed with the Commission's rejection of many of the amendments (the Common Position rejects 110 of the Parliament's amendments, compared to the 127 rejected by the Commission). The Council did not accept 50 of the Parliament's amendments that were accepted by the Commission. Despite this, the Commission issued a Communication agreeing with the Common Position on 22 September<sup>8</sup>, in order to allow the dossier to advance.

The European Parliament Environment Committee published a second draft report on 18 September<sup>9</sup>, which is due for adoption by the Committee on 5 November. This draft report makes 214 amendments to the Common Position. The second reading and potential adoption of a Legislative Resolution is due to take place at the European Parliament Plenary scheduled for 13 January 2009. The Council will then either need to approve the amended Common Position for the Regulation to be adopted or, if it does not, then a Conciliation Committee will be convened.

One element of the proposals which has survived the various procedural steps and is maintained by the Common Position is to require the principles of integrated pest management to be included in cross compliance Statutory Management Requirements, thus requiring an amendment to Annex III of Council Regulation (EC) No 1782/2003, if adopted. The European Parliament Environment Committee's second draft report reinstates an amendment from its first reading, requiring priority to be given to the use of non-chemical and natural alternatives to pesticides, alongside integrated pest management (retained in the preceding Commission amended proposal), wherever possible. The Parliament proposes a transitional period to allow Member States to put in place 'the necessary structures to enable users of plant protection products to apply the principles of integrated pest management and non-chemical alternatives to plant protection and pest and crop management.' This would place a significant requirement on the Member States to promote pesticide free approaches to farming, and presumably would require Member States to undertake control procedures and impose penalties on non-compliant farmers. Even if this proposal is workable in practice, the Member States would presumably be extremely reluctant to accept it given the emphasis placed by a number of countries on the simplification of cross compliance during the current Health Check negotiations.

The proposal comes as part of a package that also includes the proposed Framework Directive on the Sustainable Use of Pesticides<sup>10</sup>. This dossier is at a similar procedural

stage, with a draft European Parliament Environment Committee report published on 18 September<sup>11</sup>, and with the second reading at Plenary also due to take place on 13 January 2009.

### ***Studies for the Manufacturing and Producer Lobby Predict Large Declines in Yield***

The recent coverage of the implications of the draft Regulation in the specialist press has arisen as a result of the publication of the results of three studies. These estimate large drops in yields within Europe, with resultant upward impacts on food prices if the most stringent proposals, as advocated by the European Parliament's first reading, were adopted. Two of the studies are sponsored by the European Crop Protection Association (ECPA), and the third by the Dutch Horticultural and Arable Product Board. The three reports do not take account of the likely substitution of banned pesticides with new products that would meet the revised standards. Hence, the figures provided are likely to represent the uppermost declines in yield that could occur if the pesticides sector fails to innovate.

The study by Wageningen University for the Dutch Horticultural and Arable Product Board<sup>12</sup> compares the impact on yields of the scenario provided by the European Parliament's first reading (October 2007), and the scenario provided by the less restrictive Common Position (September 2008) for the Netherlands. The Common Position scenario would result in a drop of yields for potatoes by as much as 10 per cent, but there would be no effect on yields of winter wheat. The more restrictive scenario provided by the European Parliament first reading could result in yield reductions for up to 20 per cent for both potatoes and winter wheat.

A study of the impact of the proposed Regulation on yields in the UK, completed by ADAS for the European Crop Protection Association<sup>13</sup>, suggests that yields for wheat in Europe could decline by 62 per cent, if the scenario provided by the European Parliament's first reading were to be adopted. The authors note that even the least stringent proposal would reduce yields of wheat, potatoes and brassicas in Europe by 25 per cent.

The third study, prepared by EuroCARE<sup>14</sup>, also for the European Crop Protection Association, shows declines in European wheat production of between 10 and 68 per cent with price rises of between 20 and 70 per cent, according to different scenarios. Europe would become a net importer of wheat under the two most stringent scenarios. The authors acknowledge that a number of uncertainties surround these figures, however, including the potential for product substitution and potential fluctuations in international trade.

### ***Issues Arising***

The results of the three studies should, at best, be regarded as indicative of the potential, most extreme impacts of a stringent Regulation. Whilst the Parliament may be expected to offer a compromise on some aspects of the proposals before the Environment Committee's second report is adopted, perhaps in a modified form, on 5 November, it appears keen to maintain a strict overall line in the face of intense lobbying by the pesticides industry in recent weeks. The Committee's Rapporteur, Hiltrud Breyer (Greens), blamed the pesticides industry for initiating a 'hypocritical and ridiculous debate' in comments made at a conference called 'What role for pesticides in sustainable agriculture?', also sponsored by the ECPA<sup>15</sup>.

The Commission is so far resisting calls to undertake a new impact assessment, as desired by the pesticides lobby<sup>16</sup>, and is under no obligation to do so. The arguments in favour of a revised assessment are not without foundation since the most recent proposal has changed significantly from the original version. Any revised impact assessment should take into account, to the extent possible, the impact on yields that the advent of new pesticides, which meet the strengthened standards, could have.

The reaction from the Member States is more muted at this stage. France, in a move which perhaps reflects the progressive nature of this year's *Grenelle de l'Environnement*, rather than the anticipation of new EU pesticides legislation, has, in a draft environmental law, made a number of proposals which could see the most dangerous substances being banned and a series of pilot projects being launched to examine economically viable ways of reducing pesticide use, in order to meet a target to reduce the usage of pesticides by 50 per cent by 2018<sup>17</sup>.

This is a complex and multi-faceted debate, touching on concerns regarding human health, the environment and agricultural productivity, and highlights the difficulty in finding solutions that address all of these needs. Notably, the environmental benefits of banning the use of certain active substances are largely outside the scope of the debate, at present. The strength of arguments regarding potential declines of yield, and changes in global trade patterns, however need to be taken seriously due to the impact this may have, not least on food prices and the potential rise in imports of products that do not meet EU standards. However, if stringent criteria are introduced, the impacts may be very different from those suggested in the studies as a result of changes in practice and cropping patterns and the likely use of new and substitute products.

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