



Health Check: a new CAP for sustainability and solidarity in agriculture

Joint statement by members of french civil society (international solidarity, farming, environment, and sustainable development organizations)

February 2008

Contacts :

Samuel Féret, RAD : +33 6.08.83.12.35 – samuel.feret@gmail.com
Ambroise Mazal, CCFD : +33 6.79.44.33.81 – a.mazal@ccfd.asso.fr
Bernard Cressens, WWF : +33 6.12.06.16.55 – BCressens@wwf.fr

In its “CAP health check” Communication of 20 November 2007, the European Commission put forward a number of technical adjustments to the 2003 reform of the CAP. Although steps are made in the right direction, these should not mask the fact that the CAP is presently undergoing a profound legitimacy crisis. The foundations of a more sustainable and more equitable CAP must be laid down now, because the global geopolitical and strategic context in which will need to evolve has not yet found a stable equilibrium.

The French organisations signing this document wish to examine and comment on the Commission’s “health check” in greater depth, and to put forward approaches for improvements that would anticipate on foreseeable trends. The challenges that a European policy will be facing reach far beyond consultations with agricultural and food industry interests alone, for they encompass the whole gamut of social demands and issues concerning food, the environment, climate change and rural development.

1. Strengthening the economic and social legitimacy of farm subsidies

It is now an accepted fact that farm subsidies do not fulfil their purpose when they favour the largest agricultural enterprises but neglect small-holdings and types of agriculture that are environmentally sound and geared to quality.

Although just 30% of farm units still receive 70% of all farm subsidies, the Commission proposes no other change than a per-farm ceiling as from 100 000 euros in direct payments, along with an invitation to Member states to abandon the historic single-payment model by 2013. While the intention of redistributing grant aid by reducing the subsidies awarded to those who receive the most is commendable, its effectiveness remains to be demonstrated in relation to the number of farms affected. Ultimately, if the entire farm subsidy system is to be reviewed after 2013, better acceptance of the CAP by public opinion will necessarily depend on the objective of restoring the legitimacy of farm support based on farm assets instead of farm acreage.

The Commission and the Member states should therefore formulate more specific proposals that promote more “intelligent” farm subsidies, taking into account both employment and environment issues on farms. Failing this, there would no longer be any point in attempting to perpetuate an inequitable and inefficient aid system after 2013.

2. A new and more coherent approach to cross compliance in Pillar 1

Laws are there to be obeyed, and all farmers must abide by the directives and regulations in force. Member states are therefore responsible for ensuring that current obligations are strictly enforced. Although the cross compliance requirement for farm subsidy awards is entirely justified, the system is still too static and too bound up in red tape (regulatory monitoring, register of agricultural practices, etc.).

In response to these criticisms, the Commission merely proposes a less onerous inspection procedure, although the most urgent need is to review the conditionality system itself on the basis of agronomic practices where preserving domestic biodiversity (rustic seed varieties and livestock breeds) is integrated as a factor of production (moving towards low-input crop systems and technical procedures, crop rotations, linkage with soil conditions, etc.).

In this respect, the Commission and the Member states should introduce, as a requirement for awarding farm subsidies, environmental set-asides that promote natural and agricultural biodiversity and an adequate ecological compensation area, as well as reduced inputs to prevent waste and the degradation of water, soils, air and biodiversity.

3. Landscape maintenance and environmental protection depend on maintaining a large number of farms in each given area

In some livestock farming sectors, the policy for decoupling subsidies can push farmers to abandon their lands or to convert meadows into arable land. Maintaining livestock farms is essential to landscape maintenance and environmental management. It is therefore important to maintain differential treatment possibilities in CAP policies for extensive livestock support, especially in mountain regions and disadvantaged zones.

Given the possible removal of dairy quotas in 2015, and in order to support certain forms and methods of production that receive little help from the CAP, the Commission suggests a partial redistribution of subsidies via a revised Article 69 of EC Regulation n° 1782/2003. Clearly, a revised Article 69 together with more demanding subsidy modulation would offer substantial room for manoeuvre for redirecting nearly a third of all CAP expenditures towards farming practices that are environmentally sound, add market value to high-quality

products and maintain employment on average-sized farms.

Europe and its Member states must not ignore these opportunities for redirecting the CAP towards more sustainable production systems. Conversely, any redistribution of subsidies should not serve to finance risk management that would only benefit a minority of farming enterprises, when more vulnerable farms (in mountain areas and disadvantaged zones) deserve more consideration from the CAP.

4. Sustainable food production should be the core component of the new CAP

Farmers must no longer be considered as the sole beneficiaries of the CAP, since its overarching purpose is to supply food of high quality (in terms of health, nutrition, taste and cultural relevance) and in sufficient quantities for the domestic market. Because of this, what is needed is a sustainable food policy which is primarily applied for the benefit of consumers, with transparent and affordable prices that reflect production costs and guarantee remunerative farm incomes.

The Commission and the Member states must speed up transformation of the CAP so that it becomes more effectively geared to public health and nutrition. What is needed is a genuine food policy that offers better remuneration for foodstuffs produced under appellations of origin, quality labelling schemes and organic methods, all of which offer references for the identification of provenance and production methods. These types of farming promote vitality and employment in rural areas and bring social and environmental benefits to society as a whole.

When buying food, Europe's consumers should be able to choose the type of agriculture they believe is beneficial to society, does not lead to artificially low prices due to underpaid farm labour and does not damage to the environment and the health of farmers in our own or other countries. The legitimacy of the CAP thus essentially lies in its ability to deliver high-quality foodstuffs that are accessible to all.

5. Agricultural market organisation is crucial to the preservation of small-scale farming

Agricultural market instruments should not be systematically dismantled merely because they are out of date, as the Commission writes.

To address the increase in cereal and dairy prices, Brussels has removed set-aside obligations and intends to abolish dairy quotas as soon as possible. But an exceptional rise in prices over a single year is not sufficient reason to remove

every possibility for market intervention. On the contrary, market instruments should, depending on each case, be strengthened and amended so that they can take local supply circuits into account, effectively act as safety nets for producers and maintain diversified production across all areas.

The quota system, for example, has proved its purpose in the dairy sector: it is vital to the survival of numerous family farms as well as agri-businesses in various disadvantaged regions in Europe. In view of emerging market prospects, intervention should be reviewed in accordance with objectives for food security and, therefore, food sovereignty¹.

While an early end to export subsidies that penalise subsistence crops in developing countries is imperative, protective tariffs and publicly funded food stocks must be maintained for food security reasons, especially for human food staples.

A final imperative need is for mechanisms to support emerging sectors based on environmentally sound practices, such as organic farming: these sectors are sensitive to the smallest variations in prices or demand, in either direction.

6. Promoting agriculture that contributes to the fight against climate change and is centred on its fundamental purpose of food production

The Commission mentions the emerging challenges of climate change, risk management and biodiversity and water management, but fails to address the problem of competition for arable land between food and energy crops, even though this is the central challenge to be faced in the years to come.

In merely reiterating its undertakings as regards production, Brussels should, at the very least, insist upon the need to assess the global environmental impacts of agrofuel production (regarding fossil fuels, fertilisers, the humus balance, effects of crop rotation on biodiversity, etc.) and its effects on land use and food prices. This assessment should include the impact of imports from the countries of the South (deforestation, exclusion, etc.).

Given the low level of cereal stocks, high demand for animal feed cereals and agrofuels is increasing risks to food security across the globe. The market organisation framework is capable of integrating the climate and energy challenges, in terms of both adaptation and emissions from agricultural and food production systems, and it would be dangerous to relegate these issues to Pillar 2 of the CAP with no upstream regulation and without

¹ Food sovereignty is defined as the right of populations, states or unions of states to define their own agricultural and food policies, excluding dumping in third countries

questioning the unsustainable production methods that are currently monopolising CAP grants. The need here is to move towards the removal of grants to industrial first-generation agrofuels, which are without doubt the worst possible way of using biomass in terms of energy efficiency.

Finally, it has become vital to propose ways of moving away from a model of production that is over-reliant on fossil fuels. The CAP must give greater consideration to reducing greenhouse gas emissions, lowering vulnerability to oil price increases, achieving energy autonomy on farms and encouraging agrosystems that promote carbon sequestration by reconstituting the humus layer.

7. Genuine support for rural development through Pillar 2

In order to strengthen the rural development component of the CAP, the Commission is proposing to gradually phase in mandatory modulation, from 5% in 2009 to 13% in 2013. Given the mandatory 20% rate of modulation put forward in 2003, the target of 13% by 2013 is very modest indeed in the light of the new challenges, mentioned by the Commission, of climate change, biodiversity and water management.

It is regrettable that rural development has not been able to emerge as a priority for want of any favourable budget arbitration since 1999: Pillar 2 resources have remained three times lower than for Pillar 1. There are objective grounds for doubt as to the ability of the CAP's current structure to integrate the "emerging challenges", and the Commission and Member states must measure the full import of this uncertainty.

Firstly, because of the inadequacy of its financial resources, Pillar 2 cannot take on sole responsibility for addressing these new challenges, given that its ability to fulfil all its current agro-environmental and rural development missions, including non-farming issues, is already problematical.

Secondly, national co-financing, equal to 50% as a rule, increases budgetary pressures on Pillar 2, which is in effect more agro-territorial than truly rural and which looks likely to become a mere rag-bag of miscellaneous measures. Consequently, Pillar 2 must continue to be targeted above all to the development of employment and environmental protection.

8. Countering the negative effects of Europe's agriculture on developing countries, and improving cooperation between agricultural systems across the world

The Commission refers to the fact that the European Union is the largest importer of agricultural products and the largest export market for developing countries, but omits to mention its 2005 commitment to the removal of all export subsidies by 2013.

Given the non-existence of a worldwide system of governance for agriculture, participation in unfair trade competition between the farming communities of the world does not work in favour of a reduction in inequality and poverty, or of better natural resource protection. In order to remedy trade inequalities and inequities, the EU and the Member states should seek ways of enabling the countries of the South to supply their domestic markets through agricultural and commercial policies that guarantee food sovereignty for these countries.

Furthermore, Europe's livestock and food production systems continue to be highly dependent on agricultural raw materials imported from the southern hemisphere (soy, palm oil, etc.), and whose conditions of production in terms of ecological, social and climate change impacts are largely the responsibility of the European Union.

It is therefore the responsibility of the Commission and the Member states to implement initiatives under the CAP framework that will not jeopardise development chances for peasant farming in the South, and which will contribute to the recovery of protein self-sufficiency within the EU².

² Support to leguminous crops is essential insofar as the European Union covers only 30% of its plant protein needs for animal feed.

ANNEX

Towards sustainability and solidarity in agriculture

promote mutual understanding and joint decision-making;

- because it supplies most of its own needs, sustainable farming reduces the impacts of third-country imports and exports (e.g. soy traded for powdered milk) ;

- because sustainable farming does not harm soils and ecosystems, it is more enduringly productive, to the benefit of future generations.

Sustainable agriculture, which is defined as economically viable, socially equitable and ecologically responsible, already exists in Europe. Sustainable agriculture covers a range of practices (integrated farming, organic farming, family farming, low-input livestock farming, and so on), which are well suited to their environment and territory but marginalised by agricultural policies. At international level, however, these types of farming are recognised as capable of feeding the entire world population (FAO).

Sustainable farming is productive, geared to quality, locally established, and:

- **environmentally sound:** because low inputs are the main criterion for organising production systems, sustainable farming lessens environmental impacts throughout the process (from supply through to production and processing) and boosts farm capacities for self-regulation (industrial inputs cannot be reduced unless their functions are substituted by local biodiversity: hedges, humus, natural auxiliaries, etc.).

- **productive and remunerative:**
 - thanks to reduced input costs, sustainable farming maintains and even increases farm incomes. Smaller acreages require less capital investment and lower entitlement and quotas, factors of production are more evenly distributed, thus increasing the potential number of farms per area and contributing to its revitalisation and quantities of fossil fuel consumed per unit of labour are lower, as are quantities of food produced (though not their remuneration), all of which helps to develop local and subsistence farming.

- **geared to responsible citizenship and solidarity:**
 - local production for local consumption forges links between producers and consumers that