

The MISSING option for the Common Agricultural Policy post 2013

In November 2010, the European Commission presented a communication¹ outlining objectives and several scenarios for the EU Common Agriculture Policy for 2014-2020.

This communication contains **three options** for a future Common Agriculture Policy, which are summarized as follows:

1. Gradual adjustments to the current CAP, with more equity of payments between Member States
2. A CAP reform with more targeted measures aiming at making the support to agriculture a more balanced and sustainable policy, in line with *“the objectives of Europe 2020 of smart, sustainable and inclusive growth”*
3. *“Moving away gradually from income support and most market measures”* and focusing the future CAP on environmental and climate change objectives through rural development policy.

The European Commission has clearly indicated it is in favour of option 2. A strong motive for this option is the global competitiveness of European agriculture. This is meant to ensure that prices of agricultural commodities produced in Europe are low enough to enable the European Food Processing and Exporting industry to compete in the global food market.

We, the organizations that are signatories of this document, favour none of the proposed options by the Commission. **There is a fourth - a MISSING - option proposed in this document.**

This option puts the following goals at core of the future CAP: access to healthy food for all, stable and just incomes for farmers, stable and fair prices for consumers, ecologically sustainable forms of production, decreasing emissions of GHGs [global warming] and reducing the use of fossil fuels, and an end to destroying domestic markets for local producers in the Global South as a result of dumping.

This is the option put forward by an increasing number of social movements and civil society organisations in Europe. This proposed option will truly address today's food and agriculture challenges— in Europe and globally. Furthermore, this option will require a smaller budget than the current policy [??and the options proposed by the Commission??].

**The fourth option puts the planet and people before profit, and solidarity before competitiveness.
We believe that the European food and agricultural policy must be a strong public policy,
with [the provision of healthy food,] sustainability and equity as central values.**

¹ see http://ec.europa.eu/agriculture/cap-post-2013/communication/com2010-672_en.pdf

I. OBJECTIVES: What must a future Common Food and Agriculture Policy achieve?

A future Common Food and Agriculture Policy must

- 1) *consider food as a universal **human right**, not merely a commodity.*
- 2) *give **priority to growing food and feed for Europe** and change international trade in agricultural products according to principles of equity, social justice and ecological sustainability. **The CAP should not harm other countries' food and agriculture systems***
- 3) ***promote healthy eating patterns**, moving towards plant-based diets and towards a reduced consumption of meat, energy-dense and highly processed foods, and saturated fats, while respecting the regional cultural dietary habits and traditions.*
- 4) *give priority to maintaining an agriculture all over Europe that involves **numerous farmers** producing food and caring for the countryside. That is not achievable without **fair and secure farm prices**, which should allow a fair income for farmers and agricultural workers, and **fair prices for consumers**.*
- 5) *ensure **fair, non-discriminatory conditions for farmers and agricultural workers in Central and Eastern Europe**, and promote fair and equitable **access to land**.*
- 6) *respect the local and global **environment**, protect the finite resources of soil and water, increase biodiversity and respect **animal welfare**.*
- 7) *guarantee that agriculture and food production remain **free from GMOs** and **foster farmers' seeds** and the diversity of domestic **livestock species**, building on local knowledge.*
- 8) ***stop promoting** the production and use of **industrial agrofuels** and give priority to the **reduction of transport** in general.*
- 9) *ensure **transparency along the food chain** so that citizens know how their food is produced [and by whom], where it comes from, what it contains and what is included in the price paid by consumers.*
- 10) ***reduce the concentration of power** in the agricultural, **food processing and retail sectors** and their influence on what is produced and consumed, and promote food systems that shorten the distance between farmers and consumers.*
- 11) *encourage the production and consumption of **local, seasonal, high quality products** reconnecting citizens with their food and food producers.*
- 12) *devote resources to **teaching children** the skills and knowledge required to produce, prepare, and enjoy healthy, nutritious food.*

More than 350 civil society organisations in Europe are supporting these objectives and principles, which have been outlined in the European Food Declaration (www.europeanfooddeclaration.org) launched in March 2010.

II. THE INSTRUMENTS: How to achieve these objectives and principles?

In order to achieve the above mentioned policy objectives, the following various instruments and measures are needed. At this stage it is sufficient to define the major elements and directions of the future Common Food and Agriculture Policy. Our proposals are in relation with an independent study by scientists (mostly economists) from several European countries.²

A. Regulation of agricultural production and markets

The above mentioned policy objectives can only be achieved with stable prices and not under the current scenerio of high volatility of farm prices due to the deregulatory policies of the last decades. Contrary to the proposal of the European Commission, we propose to strengthen market management measures and to put them at core of the future Common Food and Agriculture Policy.

To maintain sustainable family farming, farmers – first and foremost – need to be rewarded with **just and stable prices which cover the average cost of production. To achieve this, following instruments are needed together:**

- public supply management to balance supply and demand of basic foods and avoid structural surpluses. This will prevent prices from fluctuating excessively. Various instruments adapted to the different productions have to be developed: milk quotas for example should be improved instead of removed.
- management of agricultural imports by means of variable import tariffs to avoid imports at prices below the European average cost of production³. This should be linked to the banning of all forms of market dumping⁴.

Regulating European agriculture markets with these instruments will allow farmers to get fairer and stable farm gate prices. It will consequently also decrease public spending for farmers' incomes, as farmers would earn their income first and foremost via the market rather than through direct payments. Currently European farmers get on average 40% of their income from direct payments (approx. € 39 billions of the EU budget), which subsidize the 'competitiveness' in the world market of the European Food Processing and Exporting industry ensuring their low commodity prices. Current direct payments are therefore on one hand an indirect subsidy for the European Food Industry and on the other hand, in the case of exports, an indirect export subsidy, preventing the agricultural communities in third countries to obtain fair access to their own market.

At an international level, the European Union must question the current international trade rules and move them into a food sovereignty framework, where the commitment to stop all forms of dumping is combined with the right of all nations and regions to protect themselves from low cost imports. To prevent possible food insecurity at a global level and to avoid food speculation, operating regional public stocks should be allowed, including stocks at the EU level, especially for grain.

To maintain agriculture in all regions

- Farm gate prices in the EU must be based on the average costs of production (see A). To maintain farms in less favoured areas which have higher costs of production, public funds are needed to cover the difference between the actual cost of production and the average cost of production. The level of public support for these farms must vary according to the difference between the real cost of production and the average cost of production.

² 'Proposal for a **New European Agriculture and Food policy** that meets the challenges of this century', June 2010, by **Jean Marc Boussard**, former Director of the French Institute for Agricultural Research (INRA) and **Aurélie Trouvé**, lecturer at the Institute for Higher Agricultural Education at Dijon (AgroSupDijon), and others. The authors, co-authors and signatories are **21 scientists (mainly economists) from 7 European countries**. The study and annexes are available on <http://www2.dijon.inra.fr/esr/pagesperso/trouve/>

³ Including for plant proteins used to feed animals: the EU imports 75% of its needs, mainly soya, with negative effects in South America and Europe. Plant proteins can be produced in Europe.

⁴ The export of European food products at prices below the European cost of production

- For farms which produce only small amounts of food but which provide a many important public goods, further additional public funds to value the multifunctional role in countryside are provided.

This public support should be provided in the form of direct payments. **To maintain agriculture in all regions, measures promoting farming as an attractive profession for young people are also needed.** The previous measures have to be complemented by creating land tenure and financial schemes in all member States which would enable young people to become and remain active in farming related activities. Indeed an increasing number of young people are interested in farming but have no access to land, rented or owned.

B. A fair and transparent food chain

Currently the food chain is increasingly dominated by a few transnational food and agriculture corporations and supermarkets. Increasingly they determine the prices for farmers and consumers. In order to reduce the power of these actors as well as to democratize the food chain, the following instruments are needed:

- Binding laws which secure transparency as regards who gets what share of the value in the food chain.
- Proactive support for initiatives that promote local and sustainable alternatives which put the control over the food chain back into the hands of farmers and consumers, such as food cooperatives, direct marketing, local or regional food chains, to mention a few.
- Regulatory measures to limit the level of concentration in the food chain within a country, across Europe and also within the different sectors of the food chain (from seeds to supermarkets).
- Rules for food safety and hygiene that support, allow and promote small scale local food processing.
- In each member state a minimum wage for **agricultural workers** has to be established to ensure that farm workers get a fair share of the value. Also the same rights for all farm workers and all migrants need to be secured.

C. A Europe-wide sustainable food and agriculture system

The current highly industrialized forms of food production in Europe have far reaching negative impacts for people and the environment such as increased health risks, increasing global warming, pollution of land and water, among many others. The externalities of this model of production are now burdened by the public at large.

In order to provide healthy food for all, protect the environment, respect animal welfare, secure the production and consumption of local, seasonal, high quality products, reduce transport, secure a GMO free agriculture and promote biodiversity, the current dominant models of production must be changed into socially and environmentally sustainable farming methods. The following measures are needed:

- Agroecological forms of production must be defined as the standard form of production in the EU. All farms will have to meet low input and low energy standards that enhance biodiversity, animal welfare and favour other sustainable practices such as pasture systems among others.⁵
- To achieve the transition, a combination of public support for the above mentioned standard practices and progressive taxes for non-agroecological models, which are responsible for social and environmental impacts and their externalities are needed. Such taxes would include the external costs of this form of production into the price, to reflect its real cost. The higher price for unsustainably produced food would be an incentive towards sustainable practices.
- Public procurement rules that ensure the gradual acquisition of socially and ecologically sustainable produced food by public institutions such as schools, hospitals as well as programmes such as the European Food Aid Programme etc. Gradually all public institutions should source their food from agroecological farms where possible in their surroundings. The experience with public institutions sourcing fair traded coffee etc. proves that this is possible.
- Programs and binding rules to protect seeds as patrimony of humanity, and which guarantee planters and breeders' rights, provide funds for the establishment and maintenance of public seeds and breeds banks, as well as research aiming at the improvement of European biodiversity.

⁵ We also recommend growing leguminous crops in rotation or mixed with grass instead of using nitrate fertilizers (leguminous crops fix nitrogen in the soil) ; rearing cattle primarily for milk production on pastures instead of feeding them with imported feedstuffs ; agroforestry; supporting extensive systems of production for pigs and poultry, such as free-range systems, preferably with outdoor access, etc.

- Rules which ban GMOs in agriculture and food processing, including open air test fields and an end to public funding for further development in this area.

Besides measures to change the model of food production, also measures to promote sustainable and healthy eating patterns and to strengthen local food cultures are needed. Some first elements to promote sustainable eating patterns are:

- Educational initiatives to regain and build skills and knowledge to produce prepare and enjoy healthy locally grown foods. For instance school gardens and agricultural programs make children familiar with cultivation processes, preparation and needs of locally and self-grown food.
- Agricultural education should become available to all citizens and promote a social and ecological sustainable system based of the above objectives and instruments.
- Support for initiatives which actively promote and expand a local and healthy food cultures and facilitate distribution systems to all sectors in society, in particular the more disenfranchised ones, directly from farmers to consumers .

D. Rules for direct payments

In this fourth missing option, direct payments will play a far less important role than in today's policy, as the major part of farm income will come from the market via fair and stable farm gate prices. This option will not only bring benefits to people and the environment but it will also be less expensive for the public. As explained above, some direct payment will still be required in the future. Additionally to the rules indicated under point A, they will be linked to compliance with further criteria such as:

- the number of people working on the farm
- a maximum level of payment per active farm
- meet the environmental and social rules described in paragraph C.

E. Rural policy

A rural development policy should complement the agricultural policy, BUT not replace it as proposed in option 3 of the European Commission. There **are specific needs in rural areas that must be addressed by public funding**, such as infrastructure investments, rural employment schemes for the diversification of local economies, support for small-scale food processing capacities, support for direct marketing and local food systems, and the development and maintenance of rural public services. It will have to be debated whether that should be co-funded from CAP budget or from EU regional policy.