

A Just and Green CAP and Trade Policy in and beyond the EU

Introduction

Why has the EU Common Agricultural Policy (CAP) since 1992 been problematic for farmers' livelihoods, food security, biodiversity and the environment, within the EU and the Global South? This article underlines the crucial role of trade policies in shaping agriculture and the food supply inside and outside the EU.

First in chapter 1, I will explore historical choices regarding trade policy and CAP since 1962. The reform since 1992, when the CAP was based on new WTO-rules, led agriculture towards liberalisation and ineffective use of public money, and negative consequences for farmers, nature and environment and human rights in and beyond the EU.

In chapter 2, the 'improvements' within EU policy are analysed, such as the Green Deal and Farm to Fork. I will argue they couldn't be effective because the policy stayed within the current WTO regime. And 'competitiveness' looks like the main goal within the CAP. So, the deforestation regulation is already weakened because of the EU-Mercosur agreement. Also, all environmental proposals within the CAP are weakened down during the last years. The outcomes of the Strategic Dialogue in 2024 look promising, but are they really?

Within a proposed alternative in chapter 3, a number of concrete measures within trade policy, CAP and other policy areas are mentioned, that could induce a shift towards a worldwide just and environmentally friendly agriculture and food supply, based on food sovereignty. In order to do so alternative multilateral trade rules are needed instead of current WTO rules. These reforms could make the CAP more effective and coherent, and more just for farmers inside and outside the EU. They could also lead to internalizing all environmental and social costs in the EU consumer prices, combined with fair prices to farmers for more environmentally and animal welfare friendly products. Finally, conclusions and a way forward are mentioned.

1. Historical analysis 1962 – 2020 ¹

Since 1992, the WTO-ruled CAP has shown a lot of limits in addressing economic sustainability for farmers as well as environmental challenges, inside and outside the EU. Market regulations have been replaced by unstable low prices compensated by hectare-based subsidies, following a logic of liberalisation of food systems. The 2023-reform of CAP could have been an opportunity to change the WTO logic behind the CAP and address the worldwide negative effects it has had on the livelihoods of family farmers, the environment and food security. This opportunity has however been missed. But how did we end up in this unstable and precarious situation in the first place?

1.1 1962 – 1992: Decades of market intervention

The objectives of the Common Agricultural Policy, established by the predecessor of the EU in 1962 remained unchanged since the Treaty of Rome came into force in 1958. The five key objectives were:²

¹ https://www.rli.nl/sites/default/files/infographic_1_-_veranderingen_europees_landbouwbeleid_in_vogelvlucht.png and <https://slideplayer.com/slide/13041189/>

² <https://www.europarl.europa.eu/factsheets/en/sheet/103/the-common-agricultural-policy-cap-and-the-treaty>

- To increase agricultural productivity;
- To ensure a fair standard of living for farmers;
- To stabilise markets;
- To ensure the availability of food supplies;
- To ensure reasonable prices for consumers.

During and immediately after the Second World War, the United States, the United Kingdom, and other allied nations engaged in a series of negotiations to establish the rules for the post-war international economy. The result was the creation of the International Monetary Fund and the World Bank at the July 1944 Bretton Woods Conference and the signing of the General Agreement on Tariffs and Trade at an international conference in Geneva in October 1947.³ The GATT was the predecessor of the WTO, and CAP had to be following those trade rules. To reach the mentioned CAP-goals countries were allowed to protect their agricultural markets, provided that they controlled their production and exports. In order to protect agricultural markets, the main measures implemented were the introduction of import tariffs and import quotas as well as the implementation of minimum intervention prices in land bound sectors like dairy, beef, grains and sugar. The EU intervened in the market if prices fell too low, for example with commodity storage in public safety stocks.

The CAP was successful in building agricultural self-sufficiency in Europe. But important exceptions to this are vegetable protein and oils. Within the Dillon Round in the GATT in 1962, the US forced the EU to lower import tariffs to zero on oil-seeds/cakes (mainly soy) and grain substitutes such as maize gluten. In turn, the EU was allowed to protect its grain market.⁴ Import tariffs on soy are still zero, and the self-sufficiency rate of plant proteins is only about 25%.⁵ By aligning guaranteed prices with the level of the lowest costs of production, the CAP also induced a quick industrialisation of production and many farmers had to leave agriculture. With minimum prices, increased intensification, and a lack of supply management, mountains of surpluses (milk powder, butter, beef, sugar and cereals) started to pile up. In order to get rid of those surpluses, export subsidies were introduced, covering the difference between the prices paid to farmers and the world market prices. This dumping of food on international markets especially affected farmers in the Global South.⁶ It also led the CAP budget to rise and as a result, supply management was introduced through the quota system with the milk quotas established in 1984. However, because the quotas permitted exceedance by 10% of total EU consumption, a lot of room was still left for subsidised export.

1.2 From 1992 onwards, a WTO-ruled CAP

In 1992, in the build-up to the WTO Agreement on Agriculture (AoA), and in cooperation with the US, the EU decided to tackle the increasing CAP budget and answer critics of dumping. The AoA and the 1992 CAP-reform reorganised the way EU would accommodate to market rules.

³ See: <https://history.state.gov/milestones/1937-1945/bretton-woods>

⁴ See for more historical information and analysis: *Opinion of the Economic and Social Committee on "New impetus for a plan for plant protein crops in the Community"*, 2002, <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX%3A52002AE0026>

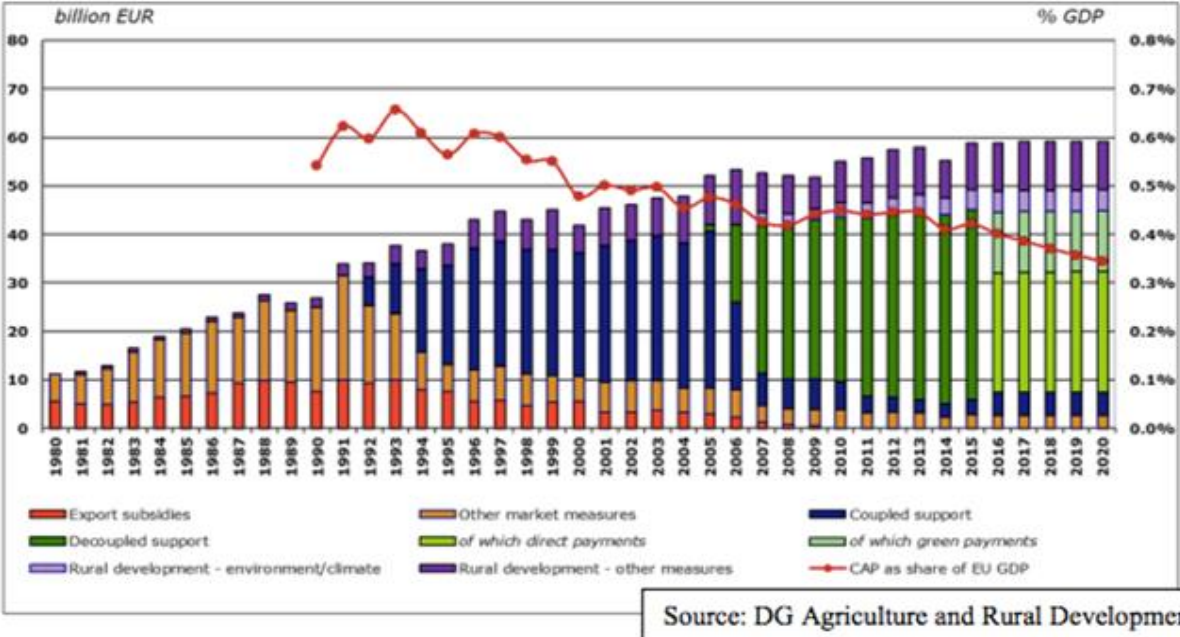
⁵ In 2018, see: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52018DC0757>

⁶ 'The GATT 1947 allowed countries to use export subsidies on agricultural primary products whereas export subsidies on industrial products were prohibited. The only conditions were that agricultural export subsidies should not be used to capture more than an "equitable share" of world exports of the product concerned.' See: https://www.wto.org/english/tratop_e/agric_e/ag_intro01_intro_e.htm

The AoA decreed that WTO members had to reduce by certain percentages all protective market measures, which means lowering import taxes. Both the EU and US had to drastically decrease their safety buffer stocks for grains. Looking at it through the lens of the food crisis after the start of the Ukraine war in 2022, those stocks would have been useful to prevent price peaks and speculation.⁷

Least developed countries were exempted from those obligations, but they already faced forced liberalisation of their markets through Structural Adjustment Programs (SAPs) led by the World Bank and International Monetary Fund.⁸ This had a devastating effect on farmers and food security in the Global South.⁹

From the 1992 CAP-reform onwards, instead of effectively managing supply, the EU decided to lower guaranteed prices, aligning them with world prices. As these new prices were too low for European farmers, the EU partially compensated them with direct payments. With the EU maintaining its export ambitions, these payments essentially replaced the former export subsidies. Dumping in third countries goes on, but is not recognised as such by the WTO rules anymore. That is the trick of the AoA¹⁰ – the WTO recognising dumping as an export below the internal price and not below the costs of production. In the end, it mainly served the interests of (multinational) agribusinesses that needed new markets to dispose of the EU overproduction for a cheap price. Those decisions reshaped the way European agriculture was subsidised but didn't allow for the budget to decrease. Reduced expenses for intervention stocks and export subsidies were counterbalanced by the amount of direct payments, first through coupled support, later through decoupled support. See figure 1.



Source: DG Agriculture and Rural Development

Figure 1: Trend in CAP expenditure by type of subsidy (1980-2020) in Agricultural and food trade, European Union

⁷ <https://www.sol-asso.fr/wp-content/uploads/2020/01/Rebuilding-the-WTO-for-a-sustainable-global-development-J.-Berthelot-July-12-2020.pdf>

⁸ <https://www.boerengroep.nl/wp-content/uploads/2016/06/Koning-2006.-Agriculture-development-and-international-trade.-CAP-and-EU.pdf>

⁹ <https://grain.org/fr/article/entries/212-trade-> and https://www.iatp.org/sites/default/files/Food_Sovereignty_in_the_Era_of_Trade_Liberaliz.htm

¹⁰ <https://www.sol-asso.fr/wp-content/uploads/2011/06/Rebuilding-the-Agreement-on-Agriculture-on-food-sovereignty.pdf>

1.3 Reforms in trade policy and CAP (2001 – 2020)

Since 2001, the WTO negotiations in agriculture have been stalled and the Global South has kept on criticising the use of trade distortion subsidies. The US recently attacked India's subsidy programme for food and agriculture, aimed at insuring food access for the poor and fair revenues for farmer.¹¹ Professor Biswajit Dhar, Head of the Centre for WTO Studies at the Indian Institute of Foreign Trade, explained that "developed countries like the US and EU subsidise agriculture to exploit global markets while India and other developing countries use subsidies and public food stocking to ensure domestic food security and livelihoods."¹²

Meanwhile the EU moved the attention to bilateral and regional free trade agreements (FTAs) such as Economic Partnership Agreements (EPAs) with the African, Caribbean and Pacific (ACP)-countries (former colonies), Canada (CETA) and Mercosur (*see analysis below*). Within EPAs, the EU pushed developing countries to liberalise most of their agricultural and industrial sector, leading to loss of livelihood for farmers. The dumping of skimmed milk powder, re-fattened with imported palm oil in Western Africa, is an example of how those trade agreements can destroy third countries agricultural sectors. Adama Diallo, chair of the national union for mini-dairies and local milk producers in Burkina Faso, states that "this imported milk powder is a lot cheaper than local milk and therefore kills off local production".¹³ Implementation of EPAs would only increase this issue as they would "give way to a 0% tax import on European milk products, which are already only taxed at 5%".¹⁴

Another important reason for this increased dumping is the abolishment of the EU milk quota system in April 2015. Quickly increasing production led to a dramatic price drop, that could only be partially covered by direct payments. The Dutch dairy farmers Union (NMV) already in 2007 warned that this abolishment would be a historic failure,¹⁵ and they were right. Next to losing income, the phosphate crisis in 2015 and the nitrogen-crisis since 2019 were for a big part caused by this abolishment. Arable farmers also lost part of their income since 2017 when the abolishment of the EU sugar quota system led to a price drop.¹⁶

To cover up the promise that subsidies were not trade distorting, from 2014 onwards, all European farmers get a *decoupled* direct payment per hectare. Since 2003, the EU is also legitimising those subsidies through environmental conditionality. But, as the European Court of Auditors concluded, the CAP "hasn't been effective in reversing the decades-long decline in biodiversity and intensive farming remains a main cause of biodiversity loss".¹⁷ But this CAP was not good for family farmers either. Between 2005 and 2015 the number of farms decreased from 15 million to 11 million. This means more than 1,000 farms every day.¹⁸

¹¹ 2018, https://www.business-standard.com/article/economy-policy/us-stand-at-wto-on-india-s-msp-to-farmers-erroneous-says-trade-expert-118093000212_1.html

¹² 2021, <https://www.eco-business.com/news/indias-new-farming-laws-driven-by-wto-demands/>

¹³ 2018, <https://www.euractiv.com/section/development-policy/news/how-eu-powdered-milk-threatens-african-production/>

¹⁴ 2019, <https://www.politico.eu/article/hogans-milk-wars/>

¹⁵ *Afschaffing van de melkquotering: een historische vergissing!* NMV, 2007, See: <https://nmv.nu/wordpress/wp-content/uploads/2016/06/160913-K2116rapportAfschaffingvdmelkquotering-maart2007.pdf>

¹⁶ 2019, <https://www.agriculture-strategies.eu/en/2019/07/the-european-sugar-policy-a-policy-to-rebuild/>

¹⁷ *Biodiversity on farmland continues to decline despite specific CAP measures*, 2020, see: <https://www.eca.europa.eu/en/Pages/news.aspx?nid=13798>

¹⁸ 2019, <https://www.agriland.ie/farming-news/europe-loses-1000-farms-per-day-new-agriculture-commissioner/>

In 2019 a report revealed shocking misuse of CAP funds, including the practise of breaking up big farms into supposedly smaller ones. This happened in Bulgaria, Czech Republic, Hungary, Romania and Slovakia, in order to evade the EU agricultural payment caps. This involves billions of Euros, and is even implicated in the deaths of investigative journalists.¹⁹

1.4 Current role of the Common Market Organisation (CMO)

The CMO is the legal framework for market measures provided under the CAP, covering all agricultural products. As discussed, through different reforms, the policy progressively became more market-oriented, scaling down the role of intervention tools, which are now regarded as safety nets to be used in the event of a crisis, an example is the pig meat sector support measures a few years ago. During the last decades, the CAP shifted from CMO rules (import duties, export refunds, etc.) to mostly direct payments. Export refunds and most of the supply control measures have been abolished but direct payments coupled and later decoupled, still lead to exporting below the cost of production.

Currently, import duties and tariff quotas are still in place. Tariff quotas are import quotas in certain commodities for which zero import duties are imposed. However, because of various FTAs (with Mercosur, Canada, Ukraine, etc.), import duties are reduced to zero and/or tariff rate quotas (import quota with no import taxes) for sensitive products like meat, are increased. Public storage systems coupled with minimum intervention prices have also been reformed drastically. Opportunities for public intervention or private storage aid still exist, but are more restricted.

1.5 Propositions to reach an effective CAP and CMO for 2023 – 2027

During the last CAP negotiations, both the Committee of Regions²⁰ and the European Parliament²¹ made propositions to amend the CAP and CMO and address the issues that were discussed. They insist that while ensuring stable livelihoods to European farmers, the EU should also meet the UN Sustainable Development Goals and EU's policy coherence for development. To do so, the CAP should promote the development of sustainable and prosperous family farming in developing countries, which helps maintain rural populations and ensures the security of their food supplies. To reach this goal, I highlight here below some proposed changes by them, that would be crucial to create a robust framework ensuring robust regulated markets:

- EU agricultural and food products should not be exported at prices below European production costs.
- Member States should include interventions for crisis prevention and risk management in every sector of their strategic plans.
- Where the market prices fall below a certain flexible threshold that is indexed to average production costs and set by the European market observatory for the sector concerned, the European Commission shall implement support measures for producers in the sector concerned who, over a specified period, voluntarily reduce their deliveries compared to the same period in the previous year. The current volume reduction scheme, granting

¹⁹ 2024, <https://www.arc2020.eu/confidential-legal-advice-on-cap-fast-track-uncovered-whats-in-it/> Sources used: <https://www.euractiv.com/section/agriculture-food/news/systemic-misuse-of-eu-agri-grants-in-central-eastern-europe-report-finds/>

<https://www.arc2020.eu/damning-report-on-cap-cash-in-central-and-eastern-europe-released/>

²⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018AR3637&from=EN>

²¹ [https://www.europarl.europa.eu/RegData/etudes/BRIE/2019/642234/EPRS_BRI\(2019\)642234_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2019/642234/EPRS_BRI(2019)642234_EN.pdf)

aid to dairy farmers who voluntarily produce less in times of severe market imbalances, should be extended to all agricultural sectors. Later on, those schemes should evolve by permitting obligatory cuts when crises worsen. The European Milk Board has already developed a Market Responsibility Programme, proposing voluntary reductions in milk production in case of a price crisis, followed by obligatory cuts if necessary.²²

- The list of products eligible for public intervention should be extended to new products: white sugar, sheep meat, pig meat and chicken. Public intervention should be open for all eligible products throughout the whole year, not only for specified periods.
- In order to maintain fair competition and ensure reciprocity, the EU should enforce production standards consistent with those established for its own producers. Import of agri-food products from third countries should only be allowed if they comply with standards and obligations applying to the same products in the EU, in particular in the field of environmental and health protection.

First of all, even though these are good proposals, they mostly didn't make it to the final CAP text or are not yet part of the multilateral trade policy. Moreover, some environmental measures such as the reciprocity of norms induce questioning on effects that they could have on third countries and their compliance with WTO rules. *See below the text on Mirror Measures.*

2. CAP, trade and environmental policy - 2021 – present

2.1 Can the Farm to Fork Strategy be effective?

In May 2020 the European Commission (EC) presented the Farm to Fork strategy (F2F)²³ as part of the Green Deal. The fact that the EC aspires to an integral and coherent policy within food supply is a big step forward. The intention to internalise environmental costs in the price for consumers is encouraging. However, this can't go hand in hand with the CAP and F2F objective of increasing competitiveness. Also, for the new CAP after 2027 this a main goal.²⁴ Being competitive on the world market however leads to striving for the lowest costs of production. European farmers will resist stricter environmental regulations and taxes if they do not see them reflected in their prices. So, this goal of 'competitiveness' is a main obstacle for really just and environmentally friendly CAP.

Within F2F the EU recognises that the current trade agreements lead to unfair competition for European farmers. They have to comply with stricter rules concerning pesticide use, animal welfare and labour conditions compared to farmers from countries with which the treaties have been concluded or are being negotiated. This is the result of trade agreements and World Trade Organisation (WTO) lacking regulations on Processes and Production Methods of import products. The sustainability chapters in CETA, EU-Mercosur and other Free Trade Agreements (FTAs) are still not binding nor enforceable. So, for the time being, this unfair competition lives on. It is therefore not surprising that some (mainstream) farmers' organisations have reacted negatively to higher environmental targets in F2F.

As explained before, because of CAP reforms, farmers are facing unstable prices which often don't cover their costs. As a response, the EC is - only - proposing to strengthen the position of

²² <https://www.europeanmilkboard.org/market-responsibility-programme.html>

²³ https://food.ec.europa.eu/horizontal-topics/farm-fork-strategy_en

²⁴ <https://www.consilium.europa.eu/en/policies/cap-funding-rules-2023-2027/timeline-common-agricultural-policy-2023-2027/>

farmers in the food chain, for example by facilitating cooperation within sustainable collective initiatives of farmers. But by not coupling those measures with a reintroduced market regulation which could lead to fair stable prices to farmers, the EC undermines the effectiveness of its own strategy.

Policy effects regarding the Global South

Moreover, through decades of WTO ruled agricultural liberalisation in the Global South, developed countries, including the EU, have shifted southern agrarian systems away from nourishing agriculture:

- Too little priority has been given to self-sufficiency in feed and specific food products. The EU, by importing specific commodities such as palm oil, soy and agrofuels, has been encouraging disproportionate use of land and water resources in the South.
- The way multilateral climate policy is shaped allows for exporting greenhouse gas emissions; the country who produces is accounted for emissions and not the one who consumes. Through WTO and FTAs, the EU exported its pollution to countries such as Brazil, Indonesia and China.
- Dumping in the Global South is still fuelled by EU subsidies, harming small farmers and their ability to invest in future food production and food security.

In the end, populations who have the least responsibility for the climate crisis will be the most affected by it. And their ability to ensure food security and develop food sovereignty has been sacrificed in order to increase their export potential towards the North. Overall, even though the F2F is laying down some crucial advances towards sustainable farming, it falls short in addressing the tension between promoting international trade in agriculture and protecting local food systems.

2.2 New Regulations within Business as Usual

Even though unwilling to question the fact that trade liberalisation is a threat to the F2F-strategy, and in order to handle growing negative responses to new FTAs, the EU is proposing new regulations in order to ensure compliance of the F2F standards on imported commodities and promote the global transition to sustainable food systems.

2.2.1 Regulation on Deforestation-free Products

On 29 June 2023, the Regulation on Deforestation-free Products (EUDR) entered into force.²⁵ But in December 2024 the European Union granted a 12-month additional phasing-in period, making the law applicable on 30 December 2025 for large and medium companies and 30 June 2026 for micro and small enterprises.

The regulation involves the following commodities: cattle (including beef, meat products and leather), soy, palm oil, timber (including wood products, pulp, paper and printed books), rubber (including tyres) coffee and cacao (including chocolate). As a major economy and consumer of these commodities linked to deforestation and forest degradation, the EU is partly responsible for this problem and it wants to lead the way to solving it.

Under the Regulation, any operator or trader who places these commodities on the EU market, or exports from it, must be able to prove that the products do not originate from recently deforested land (post 31 December 2020) or have contributed to forest degradation. Operators

²⁵ https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en

must submit due diligence data that includes the geocoordinates of the plots of land used to cultivate the commodity that went into the product. The due diligence is made available to European competent authorities, which carry out checks to varying degrees depending on a risk categorisation by the EU of the country of origin. Penalties for non-compliance include: Potential fines of up to 4% of the company's EU turnover, confiscation or exclusion from public funding or contracts.²⁶

The good news is that the EU finally acknowledges that government regulation is necessary. Indeed, voluntary schemes by the corporate sector and some NGOs have not been effective. Greenwashing platforms such as the Round Table of Responsible Soy and the Roundtable of Sustainable Palm Oil have failed to address forest degradation. Nevertheless, some serious flaws exist within the current regulation:

- Some key products, such as sugar and bioethanol are missing from the regulation. Mineral extraction, which is often accompanied by considerable forest destruction, is also not covered.
- The proposal excludes other ecosystems from its scope, such as wetlands, savannahs and other non-forest wooded lands. 'They are significant for both carbon sequestration and biodiversity habitats. For example, in 2016, 70 percent of the deforestation and conversion associated with EU soy imports from South America took place in the Cerrado savannah region of Brazil, one of the world's 36 biodiversity hotspots, yet this falls outside of the scope of the EUDR.'²⁷
- The regulation will rely on producer country laws to determine whether goods are linked to human rights violations, like land grabs.
- FERN: 'Without meaningful and inclusive partnerships with producer countries to tackle the root causes of deforestation, the EU Deforestation Regulation (EUDR) risks cleaning EU supply chains but powerless to address wider deforestation.'²⁸
- There are concerns that smallholders will either bear the cost of implementing the Regulation or be excluded. Obed Owusu-Addai, Co-Founder and Managing Campaigner at EcoCare Ghana, about this: "it is of utmost importance that smallholders are supported to comply with the regulation, especially in sectors like cocoa, where smallholders are responsible for a significant part of production".²⁹
- The EU keeps on using natural resources in the Global South for luxury products and keeps on, at least indirectly, driving deforestation. Products that come directly from deforested areas could be sold to countries like China, while the EU imports so-called 'sustainable products'. This is called 'leakage'. By being part of the total demand, the EU's consumption is responsible for 15% of global deforestation linked to trade.³⁰

An evaluation two years after the EUDR's entry into force will assess the extension of the deforestation regulation into other commodities and ecosystems.

²⁶ 2024, <https://www.whitecase.com/insight-alert/10-key-things-you-still-need-know-about-new-eu-deforestation-regulation>

²⁷ 2024, <https://www.bruegel.org/policy-brief/extra-time-deforestation-lessons-future-eu-environmental-legislation>

²⁸ <https://www.fern.org/publications-insight/analysis-of-the-european-commissions-strategic-framework-for-international-cooperation/>

²⁹ See foot note 16.

³⁰ <https://www.bruegel.org/policy-brief/extra-time-deforestation-lessons-future-eu-environmental-legislation>

2.2.2 Additional EU propositions

Directive on Corporate Sustainability Due Diligence

The regulation for deforestation-free supply chains is not the only proposition made by the EC in trying to improve currently unjust and environmentally destructive trade policy. 'On 25 July 2024, the Directive on Corporate Sustainability Due Diligence entered into force. The aim of this Directive is to foster sustainable and responsible corporate behaviour in companies' operations and across their global value chains. The new rules will ensure that companies in scope identify and address adverse human rights and environmental impacts of their actions inside and outside Europe.'³¹

Carbon Border Adjustment Mechanism (CBAM)

As part of the Green Deal, the EU established the Carbon Border Adjustment Mechanism on energy-intensive imports from third countries, preventing the risk of carbon leakage and to encourage cleaner industrial production in non-EU countries. Importers would then pay the same carbon price as domestic producers under the EU. These products are: iron and steel, cement, fertilisers, aluminium, electricity and hydrogen.

By confirming that a price has been paid for the embedded carbon emissions generated in the production of certain goods imported into the EU, the CBAM will ensure the carbon price of imports is equivalent to the carbon price of domestic production, and that the EU's climate objectives are not undermined. The CBAM is designed to be compatible with WTO-rules. CBAM will apply in its definitive regime from 2026, while the current transitional phase lasts between 2023 and 2025. This gradual introduction of the CBAM is aligned with the phase-out of the allocation of free allowances under the EU Emissions Trading System (ETS) to support the decarbonisation of EU industry.³²

Unfortunately, the proposed CBAM would initially leave agriculture out of the targeted sectors.

Mirror measures

Another initiative, which was promoted by several organisations and France, is the implementation of mirror clauses on agricultural imports.³³ 'Mirror clauses' is the idea that any imports of agri-food products must mirror all EU production standards. These can include, as examples, wage rates, environmental regulations, climate and animal welfare rules, or rules related to pesticides and herbicides.

However, it is illegal under international trade rules to ban imports from another country on the basis of different production methods where this does not affect the final product.³⁴

"You can't just ban a product because of the way it was produced," top trade expert John Clarke, who worked at DG AGRI for the past 30 years before retirement, noted during an interview with Borderlex. He added that the "protectionist" dimension is the most concerning from a trade perspective. "Every time I hear producer groups in Europe saying we need a level playing field in the face of cheaper imports, that is the cue for protectionism," he warned.

Even though those measures would mean improvements, the obligation to comply with WTO rules reduces their scope and overall chances of success. Moreover, it will take years before these laws could be fully implemented. Meanwhile, WTO-based FTAs keep on being enforced

³¹ 2024, https://commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en

³² 2025, https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en

³³ https://www.veblen-institute.org/IMG/pdf/report_globalisationv4.pdf

³⁴ 2024, <https://www.arc2020.eu/brussels-round-up-mirror-clauses-mixed-messages-farm-to-facts/>

and the neoliberal myth that the Global South needs to export its way out of poverty keeps on living.

2.3 The EU-Mercosur Free Trade Agreement (1999 – 2024) a game changer?

Critical civil society organisations within the European Trade Justice Coalition³⁵ view the aforementioned deforestation law as an attempt to handle the very critical response to the EU-Mercosur FTA, which was provisionally concluded in 2019 and finally concluded in December 2024.

If ratified, this FTA would have dreadful consequences, as highlighted by the Dutch Trade Differently!- coalition in an analysis partly based on interviews with people from the Mercosur.³⁶ Analysis of the concluded text in December 2024 by Veblen and Greenpeace, confirms this.

The EU-Mercosur free trade agreement exposes European farmers and livestock farmers to the unfair competition of products made under (much) weaker environmental, labour, labour and animal-welfare standards. In Mercosur countries family farmers face competition from subsidised EU dairy products. This way, family farmers on both sides are threatened even further by the race to the bottom on the global market that principally benefits multinationals.

In Mercosur countries, increased soy, meat and sugar production for the European Union will go hand in hand with the destruction of nature and the violation of land rights of small farmers and Indigenous peoples. Eddy Ramirez of the Hugo Foundation in Paraguay who is interviewed in the Trade Differently analysis fears the agreement will mean even greater problems for smallholders: “The deal will drive people from their land and create more displaced persons. The use of pesticides – part of which are banned in the EU – is horrific for the environment, the water reserves and fish, and therefore, for traditional fisheries. The majority of these people are already struggling, so the consequences will be huge.”

The FTA will also deepen the gap between continents. It is a neo-colonial deal that specifically targets the export of raw (mining) materials and (luxurious) agricultural products from Mercosur, in exchange for services and industrial products from the EU with a large added value. South American industrial companies and workers will be hit by competition with European cars, textiles, machines and more. Tato Figueredo of Argentina’s Institute of Popular Culture sums up the situation perfectly: “Free trade agreements deepen historical injustice and present a legal framework that enshrines this unfair economic system. It endangers vital water systems and the food system, and causes rural poverty.”

Analysis of the final concluded text (December 2024)

To address internal opposition, the EU demanded additional commitments concerning adherence to the Paris Agreement on climate change and combating deforestation. Meanwhile, Brazil sought to better protect its industry. Ultimately, changes were made to the 2019 text’s content, though not to the agricultural chapter or the production’s sanitary and environmental

³⁵ <https://europeantradejustice.org/stop-the-eu-mercoshur-agreement/>

³⁶ *The EU-Mercosur free trade agreement: a critical analysis and an alternative*, Trade Differently!-coalition, 2021, see: <https://handelanders.nl/wp-content/uploads/2022/02/English.pdf>

standards. This new deal was presented in December 2024. Several NGOs like Veblen³⁷ and Greenpeace EU³⁸, and Rabobank³⁹ made an analysis of this text, the main conclusions:

- Especially EU farmers who produce beef, poultry, pork (to a lesser degree) or sugar will face competition by higher imports from Mercosur, which are produced for a lower price and mostly lower environmental, social and animal welfare standards. Family farmers in Mercosur will face increased competition from EU products like cheese and olive oil.
- The agreement includes a vague and non-binding commitment to halt deforestation after 2030. It's part of the Trade and Sustainable Development chapter. The annex to this chapter contains provisions that could weaken the implementation of the EU regulation on deforestation (EUDR).
Greenpeace EU concluded that this FTA will weaken this EU deforestation law.
- The chapter on dispute settlement and the potential obligation of parties to offer compensation to other parties for environmental measures that have an impact on trade. In particular, the deal may affect any measures which attempt to address the impact of European consumption beyond EU borders, including measures that have not yet been fully implemented, which could include not only the EUDR but also measures like the corporate sustainability due diligence directive (CSDDD), and the carbon border adjustment mechanism (CBAM). This would also serve as a powerful regulatory freeze tool, impeding future measures on either side.
- There is no binding sanction mechanism for violations of the sustainable development chapter's provisions, such as on social rights, biodiversity, or deforestation. On this point, the agreement does not align with the EU's recent commitments to integrating sustainable development into trade policy.⁴⁰
- Contrary to repeated claims by the French government, no formal proposal for introducing mirror clauses was tabled.
- The Paris Climate Agreement is mentioned as an essential clause in the agreement, but it doesn't resolve contradictions between the FTA and the implementation of the Paris Agreement. This is comparable to clauses on human rights, which key actors in trade policy often view them more as deterrents than enforcement mechanism. 'The effectiveness of this clauses has been limited by the preference for incentives over the threat of sanctions.'

2.4 Latest developments within the CAP (2022 – present)

For the period 2023-2027, the Common Agricultural Policy (CAP) is based on ten core objectives. These objectives, which focus on social, environmental and economic goals, form the basis for EU countries' CAP strategic plans. These national CAP Strategic Plans were established for the first time. They combine funding for income support, rural development and market measures. When designing their strategic plans, EU countries contributed to the ten specific objectives

³⁷ 2024, <https://www.veblen-institute.org/Key-Insights-into-the-Final-EU-Mercosur-Agreement.html>

³⁸ 2024, <https://www.greenpeace.org/eu-unit/issues/climate-energy/47364/eu-deforestation-law-to-be-delayed-as-new-threat-emerges-from-eu-mercosur-trade-deal/>

³⁹ 2024, <https://media.rabobank.com/m/1bf08545d77754a6/original/EU-Mercosur-agreement-Implications-for-food-and-agribusiness.pdf>

⁴⁰ 2022, <https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/power-trade-partnerships-together-green-and-just-economic-growth> within the Veblen analysis, see Source 32.

through a toolbox of broad policy measures provided by the Commission, which could be shaped around national needs and capabilities.

These ten - new - objectives of CAP are:

- * ensuring a fair income for farmers,
- * increase competitiveness,
- * improve the position of farmers in the food supply chain,
- * combating climate change,
- * caring for the environment,
- * protect landscapes and biodiversity,
- * promote generational renewal,
- * keeping the countryside vital,
- * protect the quality of our food and our health,
- * stimulate knowledge and innovation.

According to DG AGRI in the European Commission: 'The CAP 2023-27 is a modernised policy, with a strong emphasis on results and performance. On 2 December, 2021, the agreement on reform of the common agricultural policy (CAP) was formally adopted. The new legislation, which entered into force on 1 January 2023, paves the way for a fairer, greener and more performance-based CAP. It seeks to ensure a sustainable future for European farmers, provide more targeted support to smaller farms, and allow greater flexibility for EU countries to adapt measures to local conditions. Agriculture and rural areas are central to the [European Green Deal](#), and the CAP 2023-27 will be a key tool in reaching the ambitions of the [Farm to Fork](#) and [biodiversity](#) strategies.'⁴¹

Evaluation and new developments⁴²

Despite these nice words, the first crack in the green ambitions happened when, following Russia's invasion of Ukraine, the Commission granted the very first exemption to green measures in the CAP back in March 2022. This was justified on food security concerns, regarding fears around feed availability, fanned by those on the right of the European Parliament as well as other stakeholders, prominent among which was EU farmers' association COPA-COGECA. The EU Commission allowed Member States to derogate from CAP (2014-2022 legislation) greening measures and produce crops for food and feed on fallow lands that are part of Ecological Focus Areas (EFA) while still receiving the greening payments. The decision also allowed for the renewed use of pesticides and synthetic fertilizers on those areas.

- In July 2022 these exemptions were extended to 2023. This was repeated in July 2023 for 2024. The campaign for further derogations into 2024 was spearheaded by member states, who called for the need for greater flexibility on environmental measures in the name of food security. Despite admitting that there had been no consideration of the impact of the previous derogations, the Commission went on to grant this request.

⁴¹ https://agriculture.ec.europa.eu/common-agricultural-policy/cap-overview/cap-2023-27_en

⁴² Based on the report by ARC2020 published in December 2024: *CAP in trouble! - Analysing threats and opportunities for steering the current implementation and future of CAP towards an integrated and coherent European agri-food-rural policy*, see: https://www.arc2020.eu/wp-content/uploads/2025/01/ARC_CAP_report_2024_completed.pdf

- The argument of ‘food security’ to weaken environmental conditions to CAP, has from 2022 onwards been criticised by scientists, farmers’ organisations and NGOs.⁴³ According to a statement of more than 660 scientists⁴⁴, “global food insecurity has its origin not in a shortage of supply, but in high economic inequalities and maldistribution”. It is thus a food system transformation that would be needed, giving priority to four main actions.
 - Accelerate the shift towards healthier diets with less animal products in Europe
 - Increase legume production
 - Reduce the amount of food waste
 - Strengthen the Farm to Fork Strategy
- The European Commission proposed a new regulation to reduce pesticides in 2022 as part of the Green Deal. It received massive opposition from the pesticide industry and the industrial farming lobby. Their intensive campaign in many EU countries succeeded to derail the proposal. The proposal was weakened and in the end did not get support of a majority in the EU Parliament. In February 2024, the Commission withdrew its proposal.⁴⁵
- In 2023 the European Commission postponed the publication of its legislative framework for sustainable food systems (SFS law), a flagship initiative related to the Farm to Fork strategy. Despite NGOs and some political groups still calling for this law, there are no signs that this postponement will not be definitive.⁴⁶
- In the first months of 2024 farmers went to the street all over Europe for different reasons: administrative burdens from CAP, unfair competition from FTAs like EU-Mercosur, too low prices for their products and too strict environmental regulations. The European Commission however only listened to the last request, and proposed to re-open the basic acts of the CAP. After an undemocratic fast-track process environmental regulations and conditions were weakened (for at least one year) in the following way (more details in⁴⁷):
 - the EU’s farming subsidy programme shifted from mandatory requirements towards a mix of mandatory and voluntary,
 - a range of environmental measures were slashed or weakened,
 - more power shifted into the hands of member states ,
 - checks and controls for all farms under 10 hectares were scrapped.
- MEP Waitz on this: “They destroy the last few green sprinkles in the CAP without impact assessment, democratic negotiations and debates”.⁴⁸ Meanwhile, ecologist and CAP specialist Guy Pe’er lambasted this “cascade of poor

⁴³ 2023, <https://www.arc2020.eu/cap-environmental-derogations-what-is-the-impact-on-food-security/>

⁴⁴ *We need a food system transformation – in the face of the Ukraine war, now more than ever*, Statement by more than 660 scientists, 2022: <https://zenodo.org/record/6461468#.ZGXvz9JBw5v>

⁴⁵ <https://www.pan-europe.info/eu-legislation/eu-pesticide-reduction-sustainable-use-regulation-sur>

⁴⁶ 2023, <https://www.arc2020.eu/a-sustainable-food-systems-law-important-for-people-and-planet-stalled-by-the-commission/> and 2024, <https://www.organicseurope.bio/news/13947/>

⁴⁷ 2024, <https://www.arc2020.eu/re-cap-breaking-down-the-breakdown-of-the-eus-green-farming-measures/>

In more detail: Changes to six of the nine basic CAP conditions - the GAECs – Good Agricultural and Environmental Conditions - were announced. These covered: permanent grassland (G1); soil erosion (G5); minimum soil cover (G6); crop rotation (G7); non-productive areas/landscape features (G8); environmentally sensitive grasslands and Natura 2000 sites (G9). Most striking was the complete deletion of all reference to ecological focus areas in GAEC 8, a move which reverted space for nature in CAP back to the 2003 ‘landscape features’ stage of the policy, and which put 9 million of hectares of land at risk of pesticide exposure instantly.

⁴⁸ 2024, <https://www.arc2020.eu/parliament-pushes-full-steam-ahead-to-dismantle-caps-green-rules/>

decisions based on misinformation or even disinformation”, which, has “no justification”: “in fact, the Commission itself published data proving the opposite.” He goes on “when agrifood systems are approaching a collapse, this is exceptionally stupid and irresponsible.” “There is no impact assessment (of previous exemptions to the environmental measures in the CAP), no proof of justification – it makes no sense to use,” he told ARC2020, stressing that the decision actually enhances the risk of food security hazards. ⁴⁹

- In June 2024 the European governments narrowly adopted a diminished EU nature restoration law, after persistent attacks to torpedo the law.⁵⁰
Hannes Lorenzen, President of ARC2020 on this and other EU policy: “The project of sustainable food systems was not even put on the table as a legislative proposal; the Nature Restoration Law was plucked naked beyond recognition. Soil improvement, crop rotation, species and animal protection, all voluntary measures for the motivated. This is CAP as you wish, not a future-proof farm and food policy. Along with the bureaucracy, the ambition of an agri-ecological transition has gone to trash.” ⁵¹
- Conclusion of an evaluation of the 2023-27 CAP Reform in Denmark: ‘This report highlights persistent structural issues within the CAP itself, including inadequate environmental ambition, implementation complexity, as well as conflicting interests and competing objectives; all of which further hinder the policy’s effectiveness. Hence, there is a demand for innovative solutions within EU policies addressing the agricultural sector, both within and beyond the scope of the CAP.’ ⁵²
- In September 2024 the European Court of Auditors found that CAP plans 2023-2027 “do not match the EU’s ambitions for the climate and the environment”. Using CAP Strategic Plans from Poland, France, Spain and Ireland, the ECA found that the Commission “does not use measurable criteria for assessing green ambition.” ⁵³

2.5 Analysis of Strategic Dialogue on the Future of EU Agriculture

In September 2024, the Strategic Dialogue Group presented their report. This was an initiative of Ursula von der Leyen and DG Agri within the European Commission, partly in response to the farmers’ protests that year. The dialogue was held with 29 representatives from, among others, farmers’ and social organizations and agribusiness. Here is a brief analysis of the positive and negative aspects of the report, with possible alternatives.

Positive points

- Farmers’ organisation European Coordination Via Campesina (ECVC) and civil society organisations were allowed to participate in the discussion, in addition to the usual suspects at the European Commission-table, such as Food Drink Europe and COPA-COGECA.
- Good analysis of the situation and good objectives for farmers, the environment and nature.

⁴⁹ 2024, <https://www.arc2020.eu/green-light-now-green-fight-later-cap-fast-track-risks-legal-wrangle/>

⁵⁰ 2024, <https://www.greenpeace.org/eu-unit/issues/nature-food/47115/eu-governments-adopt-diminished-nature-restoration-law/>

⁵¹ 2024, <https://www.arc2020.eu/cap-as-you-wish-instead-of-future-proof-farming-and-food-policy/>

⁵² 2024, <https://concito.dk/en/udgivelser/impact-and-opportunities-of-the-2023-27-cap-reform-in-denmark>

⁵³ 2024, <https://www.arc2020.eu/cap-not-matching-europes-green-ambitions-say-auditors-again/>

- Tackling unfair trading practices (UTP), so that farmers are better rewarded. Fair prices are also mentioned as an objective. And within UTP's approach, the aim is to pay the farmer a price in which all costs are reimbursed. However, this does not (yet) mean an overall minimum price for all farmers.
- Recognition that the current system of hectare subsidies cannot actually continue, especially if Ukraine becomes a member of the EU. They want to move to more targeted payments to small farmers and family businesses.
- Good proposals for government procurement, where governments can set a good example within their sustainable purchasing policy.

Negative points and alternatives

- Many nice words are used and nice goals are mentioned, but the proposals are otherwise vague. Business As Usual remains the priority. This is mainly because competitiveness (on the global market) remains an important objective of the CAP in addition to sustainability. This neoliberal principle has crept into the CAP since 1992, while it was never an objective of the CAP before. ECVC about this: 'Farmers want to work in solidarity, not in competition. Competitiveness and competition logic remains central in the report's recommendations.'⁵⁴
- No plea for truly effective market regulation that leads to fair prices for all arable farmers and livestock farmers. As ECVC puts it: 'However, the need for market regulation in order to ensure fair and stable prices should have been at the core of the recommendations, and to date the necessary discussion on supply management, public stocks, and minimum support prices is lacking.'⁵⁵
- With the aforementioned market regulation, the current hectare subsidies can actually disappear, and the CAP budget can be used for higher rewards for farmers for green-blue services to society, extensification and a more agroecological transition.
- The focus continues to be on consumer awareness and labeling in the hope that they will therefore purchase more environmentally and animal-friendly food. This despite the – especially in the Netherlands – low and hardly increasing market share of e.g. organic products. After decades of awareness raising this market share is 4%. It should finally be acknowledged that this consumer path doesn't work (fast enough).
- In addition, it wants to reward farmers for environmentally friendly behavior in a very bureaucratic and ineffective way.

It would be more effective to introduce higher environmental and animal welfare legislation and eco-taxes on fossil fuels and other pollutants across the EU. The condition for this is that the EU protects its markets to prevent unfair competition for farmers. For more details see the next chapter.

3. Alternatives

From 1992, CAP reforms led to lower farmers' income, vanishing of EU family farms, prolonged dumping in the Global South and adverse effects on the environment, landscape, nature and animal welfare. The WTO rules and FTAs also lead to usage of scarce natural resources in the

⁵⁴ 2024, <https://www.eurovia.org/press-releases/as-the-strategic-dialogue-ends-ecvc-demands-concrete-steps-forward-on-prices-farmers-incomes-right-to-land-and-generational-renewal/>

⁵⁵ Same as 46.

Global South to produce luxury products for the EU market, at the expense of nature and the land rights of small farmers and Indigenous people and their human right to food and water. Meanwhile, climate change and biodiversity depletion are already putting large populations at risk of hunger.

But the tide turns (hopefully in time), and a possible No to the EU-Mercosur trade agreement provides a unique opportunity to drastically change those unfair rules within WTO. By nature of the inelasticity of food supply and demand, self-regulation within the agricultural market is impossible.

Social, environmental and market regulations by the national, EU and global governments are therefore needed. Below, I propose a series of guidelines and measures, inspired by the work of the Dutch Trade Differently! Coalition⁵⁶ and the proposals by La Via Campesina⁵⁷ and European Coordination Via Campesina⁵⁸, to turn the WTO, and the CAP which is based on it, around.

1. Introduce in the EU: minimum prices, flexible supply management and public stocks in arable farming (particularly for stackable products such as grain, sugar beet and potato starch) **and the entire livestock sector** (milk, meat and eggs), whereby the supply by farmers is matched to the demand of European consumers and third countries with chronic deficits. The total EU supply can be adjusted annually to changing demand.

The public stocks are required to absorb supply shocks, especially in arable farming. But these stocks can be relatively small because of the supply management system. Also, for food security reasons, these public stocks are necessary. China, India and Indonesia already have consistent food stock policies. Frederic Courleux proposes to change WTO agricultural rules, which prohibit these stabilising storage policies.⁵⁹

The minimum price covers all production costs including the labour of farmers and a risk premium. This system is comparable with the former EU milk and sugar quota system, but should be improved according to the current Canadian supply management system in the dairy and poultry sector.⁶⁰

This way, European farmers get stable cost-effective prices, and dumping below the cost of production in the Global South is prevented.

2. EU Market protection through higher import taxes is necessary to enable the highest possible European self-sufficiency in food and feed, especially on products for which

⁵⁶ *Trade Differently! – A Call for Fair and Sustainable Trade*, Dutch Handel Anders!-coalition, 2021, see: <https://handelanders.nl/trade-differently/>

⁵⁷ - *La Via Campesina is determined to build an alternative framework for global trade in agriculture*, 2023, see: <https://viacampesina.org/en/2023/09/press-release-la-via-campesina-is-determined-to-build-an-alternative-framework-for-global-trade-in-agriculture-written-by-the-peasants-for-the-people/>

- *Free Trade Agreements are Failed Trade Agreements. An alternative is now urgent and necessary*, 2024, see: <https://viacampesina.org/en/2024/02/free-trade-agreements-failed-trade-agreements-an-alternative-is-now-urgent-and-necessary/>

- Video of the learning session of coordinator of La Via Campesina Morgan Ody to the European Trade Justice Coalition in 2024: <https://europeantradejustice.org/learning-sessions-may2024/>

⁵⁸ - *Putting market regulation at the heart of the debate out the CAP – Equipping ourselves for Food Sovereignty*, 2023, see: <https://www.eurovia.org/wp-content/uploads/2023/11/ECVC-2023-Market-Regulation-ENG-1.pdf>

- *Detailed proposals for market regulation within CAP*, 2024, see: <https://www.eurovia.org/publications/next-cap-must-prioritise-common-market-organisation-revision-to-build-european-food-sovereignty/>

⁵⁹ *CAP Strategic Plans: A European Food and Agricultural Policy for Times of War*, Frederic Courleux, 2024, see: <https://www.arc2020.eu/cap-strategic-plans-for-times-of-war/>

⁶⁰ <https://nfu.ca/learn/supply-management/>

alternatives can be produced in Europe. This means the EU will use much less land and water in the Global South for products like feed and biofuels. With import duties on soy and palm oil in particular, cultivation of protein and oil crops in the EU is stimulated. This market protection could help the EU to achieve real circular agriculture and prevent unfair competition regarding processes of production from import products. As said before current FTAs don't prevent this unfair competition. It would also mean that current TRQs for products in which the EU is or can be self-sufficient, disappear.

3. EU environmental and animal welfare requirements for farmers as well as ecotaxes on polluting substances (including CO₂) for farmers and other companies in the food supply chain, can be increased drastically. But only if the market protection ad point 1 is established and in this way unfair competition on lower environmental and animal welfare standard is ruled out. This is a condition for getting support from conventional farmers.

This necessary increasement of EU standards should be preceded by a broad consultation process. Here already some **recommendations for binding criteria to the EU food production and consumption**: no (indirect) violation of human rights, closing cycles of minerals and fresh water, no nature destruction and no expulsion of farmers, herders and Indigenous peoples from their land – including through indirect land use change, as little use of fossil fuels as possible, respect for ILO standards and a fair wage for employees, no genetic manipulation, respect for the species-specific behaviour of animals in livestock farming, and the lowest possible ecological footprint.⁶¹

Within the EU these higher standards and ecotaxes will lead to more localized production and a reduction of fertilizer and pesticide use. Also, the demand for organic products would be enhanced, because the price difference in the shop with conventional farm products will be a lot smaller.

Dutch economist Mathijs Bouman explains that effective environmental policies are only possible if the EU protects its markets and WTO rules are changed.⁶²

4. Effective use of CAP-budget. If the aforementioned measures are introduced, European farmers will again be paid for their products in a cost-effective manner, and will (mostly) receive an income from the EU market, leaving space for a major shift in CAP budget use. **Then, the current general hectare-based subsidies can disappear within the CAP.**

However, farmers can choose to provide extra **green and blue services that are in line with the climate, biodiversity and landscape objectives**. They will be paid for this in a cost-effective manner by CAP and national budgets, which will mean an improvement from current payments for green services. But EU state aid rules will need to be adjusted to offer farmers a sufficient hourly wage. Payment for these services will also be paid for a long term instead of current eco-schemes - in some member states - only lasting for one year. In this way farmers can make long-term investments in green services and more sustainable production systems.

This better remuneration for green services is necessary within a viable business model, if the current nature objectives in countries like the Netherlands, lead to extensification within livestock farming.

⁶¹Updated Petition for Food Sovereignty and Climate Justice, Working group Food Justice, 2023, see: <https://guusgeurts.nl/gg/wp-content/uploads/2023/04/23-04-13-Updated-Petition-for-Food-sovereignty-and-Climate-justice.pdf>

⁶² <https://mathijsbouman.nl/pijnlijk-voor-liberale-economen-voor-een-effectief-klimaatbeleid-zijn-misschien-flinke-importheffingen-nodig/> and <https://fd.nl/ opinie/1380747/hogste-tijd-voor-co2-belasting-op-vuile-import-ook-als-we-daarvoor-handelsregels-moeten-aanpassen-kqd1caiVtPza>

As for green-blue services, one can think of payment for nature and landscape management (such as increasing landscape elements and meadow bird management), reduction of crop protection products and artificial fertilizers, and increasing the organic matter in the soil, in order to store greenhouse gases.

CAP coupled product subsidies will also be needed to stimulate the cultivation of environmentally very useful crops like beans, peas, flax and hemp. Without this product subsidy the margin of other arable crops is mostly bigger. In this way the EU can be more self-sufficient in vegetable proteins and oils crops and in fibre.

With these measures the CAP budget (€53,8 billion/year for 2025) is used much more effectively and efficiently, and can be preserved for the agriculture and food sector without social criticism.

5. New multilateral trade rules in agriculture are developed instead of the current WTO rules, within the United Nations. Also, agriculture is left out of current Free Trade Agreements.

Food sovereignty would become the norm for agricultural and trade policy, with each country or region being allowed to have food produced by its own farmers for its own population in the most sustainable way possible. This means that global import duties and supply management will be allowed again.

International commodity agreements for tropical products such as coffee and cocoa would also be concluded again, leading to stable prices to producers (mostly small farmers).

EU tariff escalation on processed tropical products should be abolished, leading to more processing jobs in the Global South.

An international buffer stock-supply-management-scheme for grains and oilseeds, as proposed by Niek Koning, could be introduced to protect poor countries from price disturbances.⁶³

6. Drastically reduce use of (imported) crop-based agrofuels. If the EU-Mercosur FTA would be ratified this will lead to an increase of EU imports of bioethanol; the import quota are raised to 650.000 tonnes.⁶⁴ Moreover, sugar and bio-ethanol are not part of the EU deforestation-regulation.

The EU still allows the use of crop-based agrofuels, which lead to Direct and Indirect Land Use Change in the Global South. The EU consumption of liquid biofuels over 2011-2020 lead to the deforestation of the size of the Netherlands. In 2020 58% of imported palm oil was used for biodiesel.⁶⁵ In 2018 13% of global cropland was used to produce agrofuels and textiles.⁶⁶ So, the Renewable Energy Directive⁶⁷ needs to be adjusted in a way that the EU stops using food crops - especially imported from in the Global South - to run EU cars. An import ban on these agrofuels could help.

But also a **huge increase in investment and stimulation of EU public transport** is needed in order to drastically reduce the use of fossil fuels, agrofuels and the use of critical raw materials for electric cars. Already now, mining in the Global South for the EU energy transition, leads to

⁶³ Comments to this text by Niek Koning. He is an associate at the Centre for Sustainable Development and Food Security, and emeritus assistant professor of the Agricultural and Rural Policy Group, Wageningen University, the Netherlands.

⁶⁴ 2024, <https://media.rabobank.com/m/1bf08545d77754a6/original/EU-Mercosur-agreement-Implications-for-food-and-agribusiness.pdf>

⁶⁵ 2021, <https://www.transportenvironment.org/articles/10-years-of-eu-fuels-policy-increased-eus-reliance-on-unsustainable-biofuels>

⁶⁶ *The battle for biomass: A systematic review of food-feed-fuel competition*, A. Muscat, E.M. de Olde, I.J.M. de Boer, R. Ripoll-Bosch, 2020, see: <https://www.sciencedirect.com/science/article/pii/S2211912418301366>

⁶⁷ https://energy.ec.europa.eu/topics/renewable-energy/bioenergy/biofuels_en

big problems for farmers and Indigenous people regarding their land and water rights.⁶⁸ Let alone, if most of Europeans are going to drive in these electric cars. So, also this is a reason **to stop current FTAs** (like with Mercosur, Chili and Indonesia) who have as a goal to get more EU-access to these - mostly unprocessed – minerals.

7. Fair Competition Policies are introduced. The unfair market power of the retail and processing industry vis-à-vis the farmer has to be tackled by changing European and national competition policies, minimising the difference between consumer and farmer prices. **The Unfair Trading Directive needs to be adjusted** in order that processors and trading companies can't buy agricultural products below the cost of production.

8. National fiscal and social policy is necessary for health and environmental reasons. National taxes on meat - and sugar - are needed to decrease the EU-consumption of meat and so also the EU-demand for feed. This is also an essential measure to reach more EU self-sufficiency and circular agriculture.

To stimulate the consumption of fruit and vegetables, The Value Added Tax needs to be reduced to zero.

With the measures mentioned, the price of – healthier and sustainable – food probably will increase. Therefore, governments need to ensure access to these basic needs by increasing social welfare payments and minimum wages.

Conclusions and way forward

The COVID-19 crisis and current war in Ukraine have only increased the need to achieve greater regional self-sufficiency in essential basic necessity products such as food, medicines and medical equipment. The impending climate crisis will only add to that urgency. The need for more strategic autonomy is now widely acknowledged, but the necessary change of policy has not.

With the outlined alternative, the internalisation of the environmental, labour and animal welfare costs (and necessary investments) in the consumer price, can be combined with a fair and cost-effective price to farmers. It would mean a radical shift from the EU's current corporate-driven agenda, in policy areas such as international trade, agriculture, climate, energy, employment and innovation.

The good news is that we don't need a bigger CAP budget (with current membership of 27 countries), we only need to spend the current budget more effectively in order to reach environmental and social goals inside and outside the EU.

Because the EU stops dumping and using the best natural resources for luxury products (like meat, feed and bio fuels), family farmers in the Global South will be supported to supply their own markets based on their natural resources, and according to their own food cultures.

It is time that international human rights and environmental goals get priority above the rights of multinationals secured in current trade and investment treaties. It also makes perfect sense that governments protect the livelihoods of family farmers, small and medium enterprises and labourers against the unfair competition with transnational companies made possible by forced

⁶⁸ 2024, <https://www.ncronline.org/earthbeat/justice/lithium-mines-threaten-south-americas-native-cultures-wealth-and-water>

liberalisation. Trade is necessary, but let's restrict it to the basic needs that can't be self-produced and some unique, traditional products such as processed coffee and cocoa.

With this alternative, bridges can be built between the interests of conventional and organic family farmers, biodiversity and the environment, animals, civil society organisations and the Global South. The rules of the General Agreement on Tariffs and Trade, the predecessor of WTO, showed that another CAP and trade policy is possible.

Window of opportunity

The coming years there are at least three opportunities to get more attention and mobilisation around an alternative trade policy and CAP:

- The negotiations for a new CAP after 2027 have already started.
- In 2025 the EU-Mercosur deal could finally be stopped, providing room for alternatives.
- Accession of Ukraine to EU is (probably) impossible if the current CAP rules – such as general hectare payments - are still in place then. Ukraine would be eligible for a total of €10 billion in annual hectare-based subsidies plus, based on Polish payments, an additional €3 to €4 billion for rural development.

Also, the aforementioned campaign for alternative multilateral trade rules by La Via Campesina and for renewed market regulation within the CAP by ECVC, provide a not to be missed opportunity to mobilise.

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