



December 2011

Legislative proposals for the Common Agricultural Policy 2014-2020 Position of the European Coordination Via Campesina (ECVC)

Whereas financial and economic crisis are worsening, unemployment is strongly increasing, environmental problems are becoming ever more pressing, the European Commission's proposal remains in the same line as the previous reforms and does not meet the challenges Europe is facing. Despite some positive instrumental shifting, the EU is carrying on with the same policy.

But the EU has lost 20% of its farmers over the last eight years¹. If we want to keep sustainable family farming in Europe and get young people setting up, this job should first be recognised on economical level, with fair farm prices and income perspectives. But farmer's income seems not to be a key objective of the proposal.

- The concrete proposals don't really meet the objective of better social and environmental legitimacy of the direct payments.
- The lack of market and production regulation will lead soon to sectorial crises.
- National cheques replace a true, fair, social and sustainable CAP for consumers and farmers; but the CAP is not just about the distribution of subsidies.

Before setting out our position on the key points in the proposal, let us remember that the European Coordination Via Campesina² has, along with its allies in the Foodsovcap³ movement, developed an alternative option based on food sovereignty which sets new priorities for the European agriculture and food policy:

- to feed the European population, instead of giving priority to import/export,
- to promote sustainable family farming throughout Europe, instead to promote restructuration and industrialisation of production
- to regulate production and markets, a necessary condition to achieve fair and stable farm prices.

Market measures: we need a well-built toolbox

The recent sectorial crises have demonstrated that without regulation, without instruments to prevent structural surpluses or shortages, it is not possible to stabilize agricultural markets. Although this stabilisation is one of the priorities given to the CAP by the Lisbon treaty, the Commission's proposal does not respect it.

To address price volatility through insurance schemes amounts to funding insurance companies, while making producers and taxpayers pay for the damages of deregulation.

¹ See ECVC press release on 24 October: <http://www.eurovia.org/spip.php?article520>

² See ECVC proposal - January 2010 : <http://www.eurovia.org/spip.php?article274>

³ <http://nyelenieurope.net/foodsovcap/>

In order to keep prices at a fair level, both for producers and for consumers, it is indispensable not to have a 'safety net' (set so low it does not prevent disasters) but a 'toolbox', adapted to the various productions, which includes instruments that can be used upstream of price instability or insufficiency.

Public supply management, which avoids structural surpluses or shortages, is necessary, together with:

- strategic grain stocks at European and global level (which have very decreased over recent years, increasing food insecurity and speculation), set up on a sufficient scale to deal with variations in output and counter speculation.
- a ban on any form of dumping (exports at lower than production costs thanks export or direct payments) and if necessary tariffs that prevent 'low cost' imports. It is time to change the present rules of international trade, which date back to the last century.

The priority for EU agriculture is not to be competitive on the world market but to feed people in Europe. The EU may export, but without direct or indirect subsidies: the CAP needs international legitimacy.

Wine, sugar, milk

ECVC opposes the suppression of vine planting rights in 2016, which will only serve to further concentrate production. Furthermore, wine producing Member States are also opposed to this ban. The same goes for the elimination of sugar and milk quotas, which need to be improved rather than done away with.

Fruits & vegetables

ECVC regrets the lack of ambitious measures in relation to this sector that could ensure sustainable production of local fruit and vegetables, in order to improve the quality of EU citizens' diets.

Food chain

ECVC agrees with the objective to strengthen the market power of producers facing the downstream sector. Nevertheless we have to learn from the experience of the fruits & vegetables sector, where only producer's groups receive support: without supply management and market regulation, power remains in the hands of big retailers and agro-industry: crisis in that sector are recurrent and the relocation of the production outside the EU is going on.

Direct Payments

Let us first remind that farmers remain dependent of these direct payments as long as farm prices are linked with global prices and not with the European production costs.

ECVC supports the goals of convergence between and inside Member States, of capping, of limiting payments to active farmers, of specific payment to small-scale farmers, of greening. We denounce the conservatism of those who want to perpetuate their very unfair distribution. But the social and environmental legitimacy of direct payments is at stake!

However the Commission's concrete proposals barely meet the objectives. It is not enough to spell out the objectives that match peoples' expectations- the concrete instruments must not betray them!

For giving priority to those who produce, who work on farms, rather than to hectares, and for promoting employment – farmer and worker- ECVC asks the EU to calculate the direct payments per active person.

Indeed payments per hectare are more a support to land than to producers. They transfer the payments to the owners, and nearly without capping, they promote the concentration of land in favour of those who carry off the most payments.

Active farmers

For ECVC, an active farmer is one who works on the farm. Anyone who does not work on the farm should not be entitled to direct payments.

The proposed threshold of 5% direct payment in relation to non-agricultural income is too low and only applies to some extreme cases. In other respects part time farmers should not be wronged (they constitute a majority in some regions and play an important role in local and regional food production and ensuring lively country side).

The ECVC proposes that:

- beneath €10,000 direct payments, the agricultural activity does not need to be justified,
- above €10,000, at least 25% of the person's income should come from farming

Lump sum for small farms

The ECVC welcomes the acknowledgment of small farms and is in favour of a specific payment. However by proposing that small farmers choose between a small lump sum, in settlement in the first pillar, and the system of direct payment, the Commission is treating small farmers separately, instead of integrating them into the same system as the others. It is more like giving them alms while awaiting their disappearance, all the more as in the second pillar a possible subsidy is given to small farms indeed for disappearing.

ECVC proposes following:

- the 'small holding' payment must be added to the first pillar direct payment, which anyway is very low for smallholdings,
- the suggested cut-off date of 2014 for this payment must be removed,
- Member states must be given the option of increasing the maximum threshold of 10% of direct payments, according to the real agricultural conditions in each Member state,
- The level of the premium must be increased, with a minimum of €1,000 per holding,
- to help the Member states to define the farms that may benefit from the subsidy, the European Commission needs to develop a framework for defining smallholdings, with indicators of income, surface area...

Capping of direct payments

ECVC is in favour of a more significant capping than the current symbolic proposal, which would deduct from the biggest farms only 1,3% of all direct payments. The EU Court of Auditors however alerted the EU on several occasions on the lack of legitimacy of the very unfair current distribution of direct payments. Not to dare a true capping would open a political space for all those who want to reduce drastically the EU agricultural budget.

ECVC asks the EU to:

- include the amount for greening in the capping,
- lower the first level of capping to €100,000, with the absolute capping at €200,000.
- take in account only 50% of wage costs in calculating the caps, in order not to favour the development of very large farms with many workers.

Coupled support

The ECVC supports the need to keep coupling at the maximum rate. This measure shows the nonsense of decoupling direct payments from the production: it leads indeed to the reduction, even the abandonment, of the production in certain regions and is used above all to hide the direct payments in the green box of WTO.

'Greening'

The ECVC agrees with the 30% rate for greening. However ECVC was expecting more significant progress in favour of a low input agriculture, that halts the drop in soil organic matter thereby contributing to the decrease of global warming, and also halts the development of factory farms (pigs, poultry, milk, rabbits, etc..) and other over intensive modes of production, as in wine, fruits & vegetables, etc.

The proposed measures need then to be revised, as they will hardly make the CAP greener, since the majority of farms already meet them.

The 3 measures put forward by the Commission do not apply to every agro-climatic region: further measures are required which are applicable to other regions, such as Nordic or Mediterranean regions.

ECVC is asking for:

- making the rotation of crops between fields mandatory, instead of the « diversity » measure,
- including plant protein/legumes crops into the rotation, where agro-climatic conditions allow it; the advantage of these crops for soil fertility and for the climate has long been recognized and the EU is relying on import for 80%.
- Banning ploughing of permanent grasslands not from 2014, but using 2012 as the cut-off date to prevent large scale ploughing of grasslands in 2012-2013⁴.
- to specify the eligibility criteria of permanent grasslands, in order not to exclude extensive non herbaceous grazing land, very important for pastoralists in many less favoured areas,
- to ban agrofuels on ecological focus areas.

Furthermore, the 1st pillar must include support for:

- agricultural practices that increase the soil organic matter,
- increasing the area of permanent grasslands.

Rural development

The proposal for six priorities offers up interesting possibilities and flexibility to Member States and regions. However, in the absence of minimum threshold or ceiling, there is a risk of growing territorial disparity between and the concentration of some 'partnership contracts' on investments

ECVC supports the 25% minimum for environmental measures and welcomes the measures in favour of short supply chains.

ECVC demands the removal of insurance schemes from the second pillar. This has nothing to do with rural development. Furthermore, given the increasing climatic uncertainty and price volatility, the causes of which are not addressed in the proposal, there is a risk that this measure might take up a too large part of the 2nd pillar funds.

The criteria for supporting innovation need to be more clearly defined. For ECVC, it is social innovation and sustainable agronomic innovation that should come first.

⁴ the Commission could present a proposal as of now , apart from the CAP legislative package