



Open letter by European farmers to the European Union

Food security in the EU can no longer be guaranteed

We – the European farmers of ECVC and the European Milk Board, who, as agricultural producers, are at the heart of food production – regard the current state of EU production systems with great concern. Unless action is taken immediately, it will no longer be possible to guarantee food security, i.e., the supply of key foodstuffs.

There is no doubt that the war in Ukraine and the Coronavirus pandemic present major challenges to the EU food sector. However, there is another decisive factor that is severely endangering food security: The EU's current agricultural system. While it is difficult to mitigate external wars and pandemics from within the EU, the European Union can and must adopt an agricultural model that can guarantee security of food supply in the medium and long term – despite internal and external crises. If such action is not taken, empty shelves and food shortages as well as the associated negative consequences will become part of our daily lives.

Status quo of the EU agricultural system is not an acceptable option for farmers and for the planet

Predatory production structure

The rate at which the EU is losing producers is alarming. Due to chronic, rock-bottom producer prices that barely cover production costs, many farmers have already exited the food production sector. Farmers have no option but to give up on food production because despite their hard work, they are hardly able to make ends meet. In the dairy sector, for example, the average EU income per hour for dairy farmers is 4.19 euros¹; more specifically, 0 euros for Dutch producers, and 5.25 euros and 6.10 euros for their colleagues in Luxembourg and Germany respectively. Furthermore, constantly recurring crises and uncertainties as well as higher requirements that do not cover costs on the part of the legislator, processors and retail push farmers out of business and prevent the next generation from entering the sector, which only further exacerbates the situation. In key producing countries such as France, Germany and the Netherlands, the volume of milk produced is therefore declining.

The current explosion in production costs is accelerating this trend to such an extent that the production structure currently in place and expected for the future will be unable to ensure stable food production within the EU.

¹ Calculating production costs in eight EU countries and the EU average in 2021. Link: https://www.europeanmilkboard.org/fileadmin/Dokumente/Milk_Production_Costs/Update_2021/Zahlen_2021_Ausschau_2022/Kostenstudie_Zahlen_2021_EN.pdf

The main reason behind this problematic situation in the agricultural sector is the orientation of the EU's agricultural policy in favour of cheap products and cheap exports, major trade liberalisation, global dependence and internal deregulation, coupled with the many associated crises in the sector, which have decimated producer structures. Multinational companies capitalise on this orientation, which also translates into massive dependence and weakens the autonomy of farms and of the EU – a potentially fatal blow for the economic and social situation of farmers. Over the last three decades, producer margins have shrunk to untenable levels. When it comes to milk production, for example, this reduction is clear from the *Net Economic Margin I*, which, in the EU, has slipped from 3.79 cents/kg of milk in 1989 to -4.96 cents/kg in 2019² – clearly in the red. Small and mid-size farms in particular – the backbone of our agricultural sector and rural life – as well as many larger farms cannot stay afloat faced with these conditions.

A robust, comprehensive production structure would avoid production becoming concentrated in a small number of locations and thus the unhealthy industrialisation of agricultural production. For all these reasons, the status quo is not an acceptable option for farmers and citizens.

- ➔ **Producer prices must be coupled with production costs. No agricultural products should be sold below production cost! In Spain, a legislative act within the framework of the UTP Directive currently leads to real improvements in the price situation. An effective obligation that prices must at least provide full cost coverage is necessary at EU level. We must do everything we can to prevent more producers from leaving the sector and to facilitate the entry of young farmers.**
- ➔ **We need to stop or roll back deregulation! The goal must be a balanced market. Suitable crisis instruments must be integrated into the EU agricultural system. This includes a functioning early-warning mechanism, built around the correct indicators that reflect real production costs, including appropriate producer income.**
- ➔ **For the dairy sector, for example, we need different objectives and a different functioning of the CDG Milk and the MMO (Milk Market Observatory), which really need to actively work on a balanced and fair redistribution of added value and which should not just continue to passively observe the distortions from afar.**

Green Deal & Farm to Fork – Sustainability strategies without sufficient involvement of producers and without necessary tools for implementation

Even though it is clear that an environment and climate policy without the necessary tools and without the involvement of agricultural producers cannot work, these aspects have been massively neglected in the Green Deal and the Farm to Fork Strategy. The already rampant predatory production structure should have been reformed to create the necessary preconditions for a successful sustainability strategy. This opportunity was squandered.

Furthermore, producers should have been empowered with the necessary tools to fulfil the numerous sustainability targets. Instead, these objectives have been simply placed before them and they have been left to bear the entire burden of these strategies, which is impossible given the already distressing income levels in the agricultural sector.

² Calculating the gross and net margins of milk production in the EU 28 from 1989 to 2019. Link: https://www.europeanmilkboard.org/fileadmin/Dokumente/Studien/Margen/Margenbericht_EN.pdf

- ➔ **Producers must be placed at the heart of agricultural strategies and must be appropriately involved in shaping them. Policy-makers must work in cooperation with farmers. Comprehensive tools to achieve sustainability targets must be provided, in particular by offering the means to expand to short circuits, fair trade and collective catering. The Green Deal must be used to reform the current system towards a socially-sustainable model. Without the people who produce food on farms, a Green Deal or Farm to Fork Strategy serves no purpose.**

Imports that do not align with EU standards

As agricultural imports in many areas do not comply with EU standards, European consumers are faced with greater health risks and EU farmers with damaging distortions to competition. Within the context of stricter EU sustainability standards in the future, which will not be upheld outside the EU, greater uncertainty is to be expected.

- ➔ **To counteract this development, we need mirror clauses that ensure that imported food and feedstuffs comply with EU requirements, and enforcement must be guaranteed through comprehensive controls and sanctions.**

Trade liberalisation and cheap exports put local production under pressure – in the EU and in the rest of the world

The strong trade liberalisation approach has significantly increased the EU's dependence on externally-produced goods, and external, global dumping prices – instead of adequate EU prices in line with local production standards and costs – dominate the scene. This leads to producers **worldwide** struggling under the pressure of cheap products, something that is evident from the extremely low producer prices in the EU and translates into the dumping of cheap milk powder on local markets for our colleagues in West Africa.

- ➔ **Reduce the dependence on imports and damaging cheap exports by excluding agricultural products from WTO and free trade agreements. A responsible EU trade policy would completely disallow the dumping of cheap products on sensitive markets.**

The farmers of ECVC and the EMB are highly concerned and alarmed. Our agricultural system must be reformed NOW. There is no time to lose because the EU is treading on thin ice that has already given way in many places. Now is the time to do everything in our power to bring sustainable stability to our production structures in terms of sustainability and resilience, in the perspective of food sovereignty in the EU and worldwide. Without the people that ensure food production, there will be no food and this will be devastating for food security in the EU.

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