



Juni 2012

Position paper by the Food and Agriculture Working Group of the German NGO Forum on Environment & Development

EU agricultural policy reform proposals must address the problems arising from industrial livestock production

With the reform proposals presented at the end of last year, the European Commission aims to make the EU Common Agricultural Policy (CAP) “greener and fairer”. The proposals focus on area-based direct payments which comprise the greatest share of the agriculture budget. While the Commission’s approach of linking these payments more strongly with the delivery of environmental and societal public goods is a step in the right direction, the specific provisions do not go far enough.

The problem is that the current proposals on direct payments hardly influence one of the sectors responsible for the most pressing environmental and development policy issues: intensive, industrial-style livestock production.¹ Not only do the Commission proposals ignore these issues but other Commission documents on CAP reform explicitly advocate higher exports of meat and dairy products which will only be feasible as a result of a further expansion of industrial livestock production.

¹ *Livestock’s long shadow*, a study published by the Food and Agriculture Organization of the United Nations (FAO), defines industrial livestock production as a landless production system in which less than 10% of the dry matter fed to animals is farm-produced and in which stocking rates are above ten livestock units per hectare.

Industrial livestock production and the downstream industries have profited on a massive scale from the European agricultural policy. Feed produced for livestock production in Europe is supported through hectare-based direct payments, important components of compound feeds such as oilseeds and oilseed meals can be imported practically duty free, the construction of livestock housing is subsidised indiscriminately to the tune of up to 50% of the investment, and abattoirs and dairy conglomerates receive payments into the millions under market promotion schemes while at the same time the European meat and dairy markets are protected by high import duties. The combined direct and indirect agricultural subsidies for intensive pig and poultry production in Germany are estimated to be in the order of EUR 1000 million per year.² According to the Commission proposals there will be no substantial changes to this support policy.

Problems of industrialised livestock production ...

The ecological and social impacts of industrial livestock production are evident. The current level of meat and dairy production in the EU can only be maintained with high and increasing feed imports, especially soybean meal as a high-protein feed component. These EU imports give rise to a number of serious issues:

- Feed crop production requires large areas of fertile agricultural land. Twenty million hectares of arable land are needed in third countries to satisfy the EU demand for soybean.³ This is more than what is needed for the – rightly criticised – biofuel production sector. Especially in times of rising and strongly fluctuating prices for staple food products the expansion of industrial livestock production contributes to food price crises. Moreover, in the producer countries export crop production takes up land that could otherwise be used for direct domestic food production. Ultimately this results in starving people.
- The increasing feed crop production has a negative impact on biodiversity in the producer countries and on the global climate: In Latin America for example the expansion of cropland for soybean production comes at the expense of forests as well as species-rich and often tree-covered steppes. Both these types of ecosystems sequester large amounts of carbon in their soils and biomass. GHG emissions resulting from the production of soybean meal for the German market and the associated land-use changes are equivalent to approximately 20% of the total emissions from agriculture in Germany.⁴
- Further impacts of feed crop production for export into the EU include land grabbing from indigenous peoples and small farmers, the promotion of genetically modified soybeans, and nutrient exports resulting in soil degradation.

² Benning, Reinhild & de Andrade, Claudia: *Subventionen für die industrielle Fleischerzeugung in Deutschland*, BUND, August 2011, Berlin, Germany

³ Von Witzke, Harald & Noleppa, Steffen (2009): *EU Agricultural Production and Trade: Can more Efficiency Prevent Increasing Land Grabbing Outside of Europe?* Humboldt University, Berlin, p.13/14

⁴ Reichert, Tobias & Reichardt, Marion (2011): *Saumagen und Regenwald*, Germanwatch and Forum Umwelt und Entwicklung, Bonn and Berlin.

- The consequences of industrial livestock production for environmental protection and animal welfare are also becoming more evident in the EU itself. In particular, pig and poultry production are becoming increasingly concentrated in north-western European regions, i.e. in northern Germany, northern France, the Netherlands, Belgium and Denmark. One of the main drivers of this concentration is the regions' proximity to the port of Rotterdam as the main transit point for soybean imports. In these regions, excess slurry production and excess nutrients lead to odour emissions and water pollution, with groundwater nitrate levels often exceeding the legal EU threshold values.

Meat and dairy production in the EU, and in Germany in particular, already exceeds domestic demand. It follows that increased production is targeted at export markets: The EU aims both at further expanding into the dynamically growing markets serving the middle classes in emerging economies, and at continuing to sell low-quality cuts into the markets of poorer countries. In both cases the EU is an unfair competitor pushing into farming sectors often dominated by small farmers for whom access to the local markets means considerable potential for poverty alleviation. Local meat production can rarely compete with meat imports from the EU. In addition, medium-sized local meat processors are put under pressure by EU exports. All this results in increased import dependence which renders developing countries susceptible to price crises and leads to insufficient supplies as commodity prices rise. Moreover, there are health risks for consumers since exported meat is frozen but local cold chains are rarely unbroken.

The EU export orientation toward third countries also puts pressure on animal welfare standards in the Community since the key competitive factor on the world market is price and thus production cost. Studies and samples have shown that routine procedures in livestock production include tail docking in pigs, beak clipping in chickens and castration without anaesthetics primarily with the aim of lowering production costs. In contrast, a greater concentration on the domestic European market would provide better options for remunerating higher animal welfare standards and the associated costs with higher commodity prices.⁵

... remain virtually unnoticed by the Commission

In its reform proposals the Commission makes no reference to these issues. The proposed instruments for the greening of the CAP hardly lend themselves to solving or at least mitigating these problems. This is primarily due to the fact that the area payments, which the Commission proposes will continue to be the prime support instrument, have very little impact on the type of livestock production system employed. Many holdings engaged in industrial livestock production, especially in the case of pig and poultry production, are almost "landless" in that they buy in feeds and enter into contracts to have the resulting slurry exported from their holdings. Area payments are practically meaningless for such

⁵ According to the Eurobarometer Survey (2005) 66% of EU citizens are of the opinion that the CAP does not attach sufficient importance to the welfare of farm animals. In the same survey a large proportion of consumers signalled their willingness to pay a higher price for foods produced in ethologically sound farming systems. However, due to the fact that there is no obligation to label foods by farming system, consumers are not yet given freedom of choice with respect to foods of animal origin produced in intensive livestock production units or with the aid of genetically modified feeds.

enterprises. Similarly, the proposed provisions with respect to crop rotations and ecological focus areas are not directly relevant to intensive livestock producers. They will however impact on the domestic production of livestock feeds. The compulsory maintenance of permanent grassland areas may be of benefit as it would slow down the trend of feeding maize silage instead of grass. However, this is only relevant to ruminants and cattle in particular. It has no bearing on the rapidly expanding pig and poultry sectors.

In its proposals the Commission also makes no reference to the issues associated with feed imports – especially soybeans – even though it would be relatively easy to reduce the need for imports by prescribing a minimum share of soil-improving legumes in crop rotations. Legumes produce protein-rich seeds that could, at least in part, replace soybeans. Moreover, legumes fix atmospheric nitrogen in the soil and thus reduce the need for fertilisers. The Commission did not include such measures in its legislative proposals.

Neither did the Commission include development policy considerations, despite the fact that the EU Treaty demands that all measures taken promote respect for human rights and policy coherence for development. Nonetheless the Commission seeks to maintain export subsidies as an instrument not only for stabilising prices in the domestic market by creating additional demand but also in order to “secure an equitable share of world agricultural trade for the Community”. In light of the aim of further increasing exports of meat and dairy products there is a risk that export subsidies will be used to conquer new markets for these products.

CAP reform must lead to more sustainable livestock production

The current reform proposals must be expanded upon if the Commission’s aim of a “greener and fairer” CAP is to be achieved, as it should. The problems of industrial livestock production must be addressed directly, existing livestock production on family farms must be strengthened, and ethologically sound livestock systems must be further developed. Therefore, in the ongoing discussions the German Federal Government and the Länder should work towards the following objectives:

- To ensure that the Community’s international responsibilities and the right to food will be included as a basic principle in the preamble of the CAP legislative text and be addressed in an individual Chapter.
- To abolish export subsidies unconditionally and without substitution. Earlier this year, the German Federal Government has already shifted its position to this effect. Now it must proactively defend this positive step in the Commission and vis-à-vis the other Member States and obtain the relevant majorities in the Council of Ministers.
- To ensure that the exportation of meat and dairy products to international markets will not be a defined aim of German and European agricultural policy.
- To ensure instead that the EU works on an exit strategy, the aim of which is that the EU in the medium to long term will no longer export into markets in developing countries that are able to supply their own markets. Such a strategy must always include impact assessments of current and future exports as well as support

strategies to promote local production. The experiences made in the Indian dairy sector may serve as an example in this regard. A withdrawal from the markets in the developing world without simultaneous support for domestic production in the countries concerned would not be in keeping with the Community's international responsibilities.

- To ensure that, in the interest of consumer protection in importing countries, exports of frozen meat will only be authorised if there is documentary evidence of functional cold chains in the recipient country.
- To place greater emphasis in the EU on consumer education and nutritional advice with the aim of reducing the consumption of products of animal origin and driving demand in the direction of sustainably produced foods.
- To end the provision of investment aid for the expansion of production capacities, for example funding for livestock housing. Subsidies should instead be provided for compliance with animal welfare provisions, smaller herd/flock sizes, a high degree of on-farm production of feeds, environmental protection, and maintenance of employment opportunities.
- To improve the local and regional feed supply, especially the supply of protein crops. An important step in this direction would be to prescribe the integration of soil-improving leguminous crops as well as legume mixes (e.g. grass-clover ley) into crop rotations. These should take up at least 20% of a holding's arable land per growing season to qualify for the receipt of the full area payment. Moreover, specific support should be available for breeding work on locally adapted protein crops as well as for training/education and advisory services.
- To provide stronger support for locally adapted pasturing systems for cattle and other ruminants and to promote additional research in this area.
- To agree on compulsory greenhouse gas emission reduction targets for the farming sector and for the entire production chain of individual products, including emissions resulting from land-use changes. The targets should initially apply to European products and be gradually expanded to encompass imports including feed imports. A dialogue must be initiated with the third countries on emission reduction options, improved land-use management, and possible EU support, including financial support, to this end. In addition, production certification should eliminate the systematic violation of environmental and social standards.
- To ensure – as the most important measure in the long-term – that there is a mandatory link between livestock production and available agricultural land on the individual holding. This would prevent the overly strong regional concentration of livestock production and improve nutrient cycling at the individual farm level (feed production and utilisation of manure and slurry as fertilisers). Such a linkage would also counteract an overly strong dependence on feed imports and excess production for export.

Within overall European farming, industrial livestock production is the sector that contributes most strongly to world food supply problems and problems with poverty alleviation, due to its demand for imported feedstuffs and its direct competition with small-scale farming in developing countries. In fulfilment of their international responsibilities the German Federal Government and the Länder must therefore insist on a fundamental reform of this sector as part of the ongoing CAP reform process.

Translation from German by Christopher Hay

MISEREOR 06/12