



**Friends of
the Earth
Europe**

A New Food and Agriculture Policy for the European Union

**Position Paper on the 2013 Reform of the
Common Agricultural Policy**

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Friends of the Earth Europe gratefully acknowledges financial assistance from the European Commission Directorate General Environment, Directorate General Development and BUND für Umwelt und Naturschutz Deutschland. The contents of this document are the sole responsibility of Friends of the Earth Europe and cannot be regarded as reflecting the position of the European Commission. The funders cannot be held responsible for any use which may be made of the information this document contains.

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Introduction

Between now and the end of 2013, the Common Agricultural Policy (CAP) will undergo a major reform. This means that on the 1st of January 2014, a new agriculture policy for the European Union (EU) with a new budget will enter into force.

The next few years therefore provide an opportunity to bring in a policy that enables ecologically compatible farming and food production, that supports rural livelihoods and encourages biodiversity in the EU, but that also contributes to equitable and sustainable trade within the framework of global food sovereignty for all regions in the world.

But the reform also throws up challenges, such as a possible major cut in funding for European agriculture because of its previous failings, further liberalisation of the sector and the consequent domination of polluting intensive farming methods that currently form the principle profit base for large agrochemical and food corporations. The amount allocated for agriculture policy in the EU budget is already being discussed before new policy objectives have even been agreed.

There is no doubt that we need a new direction for food production and consumption in the EU. As identified by the International Assessment of Agricultural Science and Technology for Development "Business as usual is no longer an option"¹. We face climate change, biodiversity loss and environmental degradation, a growing global population, food price volatility, the use of land for non-food production, demand by consumers for better fairer food, the loss of rural livelihoods and the disappearance of some 6 million jobs in agriculture across Europe by 2014². We need to respond to new evidence about the environmental and social impacts of industrial agriculture, the impact of EU food consumption and production within, but also outside, the EU, and resist any further commoditisation of food and farming.

In this paper, Friends of the Earth Europe provides a summary analysis of what has gone wrong under the CAP, and highlights the negative impacts of the European food and farming system both in Europe and elsewhere. We then propose principles for a new Common Food and Agriculture Policy in the EU within the framework of food sovereignty and suggest objectives and a process to reach a new policy. Finally, we propose measures to achieve our objectives. It is important to note that there is still a certain amount of research needed to define the details of a new policy and we have identified key areas where public bodies should develop expertise in a participative and transparent manner.

¹ The IAASTD is the largest assessment of agricultural science ever done. It brought together 400 scientists, 60 Government and multilateral organisations such as the UN and World Bank. The report called for agro-ecological production and traditional knowledge. Its main findings can be viewed here – <http://www.agassessment.org>

² COM 857 final, 21th December 2006, "Employment in rural areas: closing the jobs gap" {SEC(2006)1772}

1. The Common Agricultural Policy: 50 years of intensive farming

For 50 years, the Common Agricultural Policy (CAP) has driven major decisions on the direction of agriculture in Europe and the spending of considerable European public funds. One of the initial goals of the CAP, created in 1962, was to re-establish food security in Western Europe after the Second World War. The six countries³ involved set up a complex suite of mechanisms to maintain prices, encourage greater production, and ensure farmers had adequate incomes from the land. Thanks to high and stable prices, set at the EU level, farmers invested heavily, and productivity as well as production rose. Europe's farming became heavily mechanised and inputs were significant.

In addition, a common European trade policy was established to protect the European market with high tariffs on imports of the six countries' main crops and processed food, except for animal feedstuffs⁴. This common trade policy provided a shield to ensure the functioning of the CAP's different mechanisms. Farm employment and rural communities in many areas were significantly affected by a shift to bigger farms.

By the early '70s, the European Communities' food trade balance was no longer in deficit with surplus production including beef, milk, cereals and sugar but by this stage the CAP had become an expensive and increasingly immovable burden. As EU agricultural productivity and production rose, high levels of mechanisation, a concentration of farms, a reduction in the number of farmers, an ageing farming population, and the significant use of chemical pesticides and fertilizers became increasingly the norm.

Factory farming and animal feed imports

In addition to structural surpluses due to the CAP, another major problem arose – the EU became dependent on imported animal feedstuffs, especially protein feeds. A treaty was signed at the beginning of the '60s, which authorised unprotected imports of products for animal feed called CSPs (cereal substitute products), as well as of 'protein seeds' such as soya, that are rich in proteins which are indispensable for improving livestock productivity⁵. At the time the European negotiators agreed the treaty, these products were of no importance. As time passed, consumption of these products increased considerably as they were much cheaper than the European-grown cereals and alfalfa, for which they were perfect substitutes. From then on the Community faced the problem of grain surpluses, which had to be exported with subsidies, while ever larger quantities of CSPs and 'protein crops' had to be imported.

This also led to the widespread development of factory farming and cheap meat in Europe. Because the EU did not protect its animal protein feed sector, farming in Europe tended towards meat production using imported animal feed grown mainly in vast monocultures. These feeds were initially imported from the United States but recently, animal feed has been imported from South America – where it is causing deforestation, habitat loss, the displacement of local communities, and an expansion of genetically modified soy to produce cheap meat for the European market. Today the EU level of self sufficiency for plant protein feed is a mere 20%⁶.

Changes to the CAP in the '80s resulted in milk quotas being established to stop the increasing surpluses and "set aside" land being introduced to curb over production of grains i.e. farmers were paid per hectare to keep land out of production.

³ Germany, France, Italy, the Netherlands, Belgium and Luxembourg

⁴ A trade agreement with the US prevented the EU from placing tariffs on protein imports into the EU as well a ceiling on the area of oilseeds that could be grown in the EU. See next chapter for more information.

⁵ <http://www2.dijon.inra.fr/esr/pagesperso/trouve/For%20a%20new%20European%20agriculture%20and%20food%20policy.pdf>. P.18

⁶ <http://www.bll.de/download/positionspapiere/rohstoffversorgung-sichern.pdf> (German feed industry: 78 % (44 mio tonnes) of the protein feed used in the EU is imported, only 22 % is home-grown.)

Support for food processing companies

Financial support under the CAP was also channelled to Europe's food processing industry which has developed into a powerful economic sector that heavily promotes cheap processed foods often with high salt, high sugar and fat contents. The importance of local markets for artisans and small scale farmers have been ignored over decades by the CAP. This, combined with the cheap meat and dairy available in Europe, has contributed significantly to an increasingly unhealthy diet. Fresh, non-processed fruit and vegetables did not offer the high profits for food industries and were not given much importance. Today, fresh fruit and vegetables, along with high fibre carbohydrates, are considered important in reducing the risk of heart disease, mature onset diabetes, obesity and (possibly) some cancers⁷.

Dumping

The successive CAP reforms that have taken place since 1992, combined with the way that the WTO conceives of agricultural aid and economic dumping⁸ have effectively legalised the bulk of the EU's economic dumping at export practices.

Given international trade rules, the latest CAP reforms have not reduced levels of dumping, but rather ensured its survival. The budget devoted to export refunds has, of course, plummeted, going from about 10 billion Euros in 1991 (EC, 2008 b) to a mere 926 million Euros (less than 1/10th of the original sum) in 2008. However, this has had no effect on the amount of dumping, for throughout this period a huge proportion of the agricultural commodities exported by the EU were exported at prices well below their mean production costs^{9,10}. The proportion of the export refunds over the entire amount of direct and indirect subsidies for exported commodities (including feed subsidies) simply decreased considerably overall¹¹.

For years the EU dumped dairy products in developing countries, contributing to a decrease in global dairy prices. For example in 2009 the dairy price sank below the global market price in some European regions. Once again the EU used direct export subsidies for dairy products. Until mid September 2009 the amount of export subsidies equated to five per cent of European dairy production. But internationally this equates to 16% of the global dairy market¹².

An evolving policy

Over the last 50 years, the CAP and the prioritisation of food policies which promote international trade rather than provide healthy, safe and sustainable food for Europe, have resulted in major imbalances in European production and prices. Due to Europe's important role in global agricultural trade, it has also affected global food production and prices.

The GATT¹³ Uruguay Round in the '90s, which was essentially agreed by the EU and the US, culminated in the establishment of the World Trade Organisation and a set of free trade rules with which agriculture had to comply. At the same time, the cost and set up of the CAP were facing increasing public scrutiny and criticism in Europe¹⁴. A series of CAP reforms was started but these have not made EU farming policy and practise more equitable for European farmers, or for developing countries. And attempts to green European farming have simply not delivered. As seen

⁷ http://www.ciwf.org.uk/includes/documents/cm_docs/2008/g/global_benefits_summary.pdf

⁸ See Annex 3 for more information on dumping.

⁹ THE GATT Agreement defines dumping if the selling price in the importing country is *below the production costs in the exporting country plus a reasonable amount for administration, marketing and overhead costs as well as profits.* (AD, Art. 2.2)

¹⁰ Cf Berthelot J.,(2006)

¹¹ For a more in-depth explanation of how the EU legalised to a certain extent its economic dumping at export practices, see, for example, Berthelot J., (2005)

¹² http://www.oxfam.de/sites/www.oxfam.de/files/20091019_EU-Milchexportsubventionen.pdf

¹³ General Agreement on Tariffs and Trade

¹⁴ http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact5_e.htm

below, the distortion caused by trade agreements has stopped any real move towards sustainable farming and food sovereignty.

The first, called the “MacSharry”¹⁵ reforms, aimed to bring European farm prices in line with global levels, and replace price support for farmers with targeted direct payments. However, the complexities of bringing real change to European farming policy were made evident by the ultimate failure of the EU to bring in measures to end the practice of 80% of support going to only 20% of farmers because of key member states with vociferous large farm lobbies.

The Agenda “2000” signed in 1999 in Berlin created a second ‘pillar’¹⁶ within the CAP to take account of the “multi-functionality” of farming activities. The first pillar, taken from the earlier CAP, was maintained, but only addressed direct and market support for agricultural production. Three main measures were included in the second “rural development” pillar with funding co-financed by member states. Funds under Pillar 2 were targeted at agri-environmental schemes, support for least favoured areas, and investment assistance to enhance productivity and competitiveness. Its budget was only a small percentage of the total CAP. Conditions were also placed on recipients of Pillar 1 payments. These regulations – called cross compliance - were intended to ensure environmental and other benefits.

These reforms –under the Mid Term Review of the CAP¹⁷– decoupled payments from production almost entirely (with some notable exceptions) mainly to ensure that the CAP complied with the WTO Agreement on Agriculture¹⁸.

The overall result of all these reforms is that the support from Pillar 1 is now mainly based on a combination of historical entitlements – based on what farms received from production-linked subsidies in the past and ‘land area based payments’ where payments are based on the amount of land owned. This means that in effect past overproduction and the biggest farms continue to be rewarded. Pillar 2 has remained a poor cousin and only receives a small percentage of the budget (see Annex 1).

Minor reforms in 2008 – under what was called the “Health Check” – made some amendments, increasing funds for Pillar 2 (from Pillar 1) and furthering the decoupling by removing most of the remaining coupled payments. The set aside measure was removed entirely. The next major milestone will be the reform of the CAP post-2013 that is currently underway, and the next ‘financial perspectives’ for 2014/20 where the total EU budget is under scrutiny.

Lack of real reform maintains status quo

At the heart of the policy, the market policy and the direct payments system (known as “Pillar 1”) remain fundamentally flawed and fail to tackle the pressure of the concentrated market whilst the budget for the rural development (known as “Pillar 2”)¹⁹ of the CAP remains inadequate to counter the pressure of the corporate-driven industrial food and farming sectors. Farming methods like organic farming receive too little support. Furthermore, too large a proportion of rural development funds, instead of supporting the objectives of environmental goods and rural development - are being used to restructure the industry and invest in unsustainable activities (annex 1).

¹⁵ Called “MacSharry” because this was the name of the EU’s Agriculture Commissioner at the time

¹⁶ The ‘Agenda 2000’ reforms divided the CAP into two ‘Pillars’: production support and rural development.

¹⁷ Known as the Fischler Reform, as¹⁷ Review of Agenda 2000 in July 2002, which suggests adaptation of few policy areas of the CAP. The reform was adopted in June 2003 by Commissioner F. Fischler; http://ec.europa.eu/agriculture/publi/reports/mtrimpact/index_en.htm

¹⁸ The WTO prohibits production linked support for agriculture and classifies support into three ‘boxes’ distinguishing between support that is more acceptable and that which is not. See http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm3_e.htm.

¹⁹ See glossary.

Text box 1: Economic performance and Sustainability

“Strong economic performance must go hand in hand with the sustainable use of natural resources and levels of waste, maintaining biodiversity, preserving ecosystems and avoiding desertification. To meet these challenges, the European Council agrees that the Common Agricultural Policy and its future development should, among its objectives, contribute to achieving sustainable development by increasing its emphasis on encouraging healthy, high quality products, environmentally sustainable production methods, including organic production, renewable raw materials and the protection of biodiversity.”

Council decisions on Community strategic guidelines for rural development (2006/144/EC)

None of these reforms have had the desired effect of ‘greening’ the CAP. A recent Court of Auditors report, only released after the Health Check was finalised, provided a comprehensive assessment of ‘cross compliance’. It was a damning report concluding that *“the objectives of this policy have not been defined in a specific, measurable, relevant, and realistic way, and that at farm level many obligations are still only for form’s sake and therefore have little chance of leading to the expected changes, whether reducing the size of payments or modifying farming practices.”* Cross compliance is clearly not delivering much in the way of higher standards or value for money for the taxpayer.

One major reason for this failure is that the reforms themselves were distorted by international trade negotiations and agreements which were, and continue

to be, far from equitable. Decoupling was developed in order to fit World Trade Organisation (WTO) rules for financial support for producers with environmental standards rather than on a genuine examination of the changes needed to deliver sustainable agriculture for the EU. The WTO’s “Green Box” has been in practice a screen for regions like the EU to continue subsidising their agricultural production²⁰ whilst pushing other regions in the world to liberalise their farming sectors. However, despite being a flawed instrument, decoupling has had some – albeit limited - impact on production. But it has not led to an effective decrease in subsidies.

A focus on developing agriculture through export-oriented growth meant that there was pressure on EU food companies to grow despite existing surplus production and despite a third of food produced being wasted. Therefore in line with the need to deliver growth for the food industry the European Commission diverted food surpluses into exports.

However, as labour and agricultural land are more expensive in the EU than in most of other parts of the world²¹, European agricultural products are not competitive on the world market, and therefore the Commission and some member states have used direct payments to pay European food companies and European farmers so their products are competitive in global markets. A continuation of export subsidies for industry and political pressure on developing countries through the World Trade Organisation to reduce protection of their own agriculture sectors have helped the global expansion of European food industries.

As a result nearly every farming product in the EU and every farming export is either directly or indirectly subsidised.

Today, despite its controversial promotion of free trade, Europe still has very high trade barriers protecting certain sectors as this is an efficient way to protect the European market. Yet Europe still demands that developing countries open up their markets. So the added value from processing raw agricultural materials from the south stays mostly in Europe. There are deep contradictions in the stated political and economic aims adopted by EU decision makers.

²⁰ For example the EU continues to provide hidden subsidies to the feed and livestock sector which are not notified as trade distorting support to the WTO. See: Why a comprehensive review of Green Box subsidies is necessary, Joint NGO Briefing Paper November 2005. At <http://www.oxfam.org/en/policy/bn051115-green-box-subsidies>

²¹ http://ec.europa.eu/public_opinion/archives/ebs/ebs_336_en.pdf and <http://eca.europa.eu/portal/pls/portal/docs/1/3400301.PDF>

Endangering public support for farming

There has been a severe loss of legitimacy for European policy as a result of the CAP's failures to achieve any meaningful and measurable goals. According to the OECD, Europe is the world's sixth largest backer of its own food production in terms of subsidies and other measures - only surpassed by Japan, Norway, Iceland, Switzerland and Korea. European citizens are not in principle against subsidies. Nor are they demanding a reduction in the budget. In the recent Eurobarometer survey around seven in ten people (68%) felt that this budget should either stay the same or increase over the coming years, compared to just 11% who thought it should decrease. The share of respondents thinking the budget should increase has risen (by 10%) compared to results two years ago²².

Text box 2: Summary of Impacts of intensive farming in the EU

Environmental
Biodiversity loss Water pollution from fertilizer and pesticides and water depletion Monocultures and soil degradation Greenhouse gas emissions (see annex 2) Loss of genetic diversity (animals and crops) Push for Europe to grow GM crops
Social
Concentration of farms and reduction in farmer numbers and in employment in farming sector overall, depleting rural economies Ageing farmer population and barriers to entry for young people wishing to farm Vertical integration of food companies (farmers lose control and fair prices) Dominant role of retailers and food service companies driving down standards by paying low prices for farm goods Poor working conditions for agricultural and food workers Land use in external countries for feed and fuels used in Europe
Health
Diet-related health problems Health scares linked to intensive agriculture
Animal Welfare
Factory farms Breeds dying out Use of hormones for breeding Animal transport Use of antibiotics

Yet the CAP and the opaque and complex protection policies are not justified by what they deliver – mostly to the benefit of the food industry rather than farmers, consumers or the environment. In 2009 sugar and dairy processing companies were once again among the largest recipients of European farm subsidies²³.

CAP funding has also been managed and distributed in an opaque way and distributed unfairly between farmers, with considerable sums also going to the biggest farms, food processing corporations, banks and other companies (see Annex 1).

The CAP is often seen as an overly bureaucratic fund and this has not helped to give agriculture funding and farming a good name among the European public and politicians. The CAP is generally perceived as a huge sum of money that eats up the majority of the EU budget. CAP subsidies are also bitterly opposed by developing countries which are pushed by Europe not to protect their own agricultural sectors. Therefore these policies are seen as lacking legitimacy by many.

²² 13.3.09. http://ec.europa.eu/agriculture/survey/index_en.htm .

²³ <http://www.guardian.co.uk/environment/2010/may/04/eu-sugar-dairy-farm-subsidies>
<http://www.ft.com/cms/s/0/387c030c-57a9-11df-855b-00144feab49a.html>

However, the reality is more complex.

Although the CAP accounted for the majority of the EU budget in the '60s, it has been reduced over the years, currently standing at 39% of the budget overall²⁴. This is still a considerable proportion, but as most public policy expenditure remains at national level, and the only areas where member states finance common policies at EU level are agriculture and structural policy, it is in fact not surprising that the CAP forms an important percentage of the overall EU budget. According to a report published recently by the European Parliament's Department for Internal Policies²⁵, less than one per cent of total EU public expenditure is actually spent on agriculture (including member state co-financing) and the proportion of the EU budget spent on the CAP will further reduce to 32% by 2013.

The 2013 CAP reform is taking place in the context of an EU budget review and discussions for new EU financial perspectives²⁶ from 2014 onwards. Originally planned so that the amount of funding for agriculture from 2014 would be discussed BEFORE an agreement was reached on what the objectives of a reformed CAP should be, the delays in establishing the new European Commission now mean that the budget review and the CAP review will take place in parallel. Friends of the Earth Europe believes it is crucial that a new food and agriculture policy be decided before any potential decision on its overall budget is made.

Back in 2009, the European Parliament's Department for Internal Policies clearly stated that there was a real danger that the focus could be on cutting the budget rather than transforming the policy.

That same year, leaked documents from the Commission indicated²⁷ that a reduction in funding for agriculture in the EU budget was being considered to make way for "spending for new EU priorities" which were given as growth and jobs, climate and energy security, and a Global Europe (trade).

If European food security and livelihoods in the food and farming sector are to be maintained, and the protection of climate, biodiversity and water resources ensured, then public funds are needed and are justified. But this will only be the case if the policy is totally rewritten so that public goods are delivered in a transparent and efficient manner within the context of food sovereignty in Europe and globally.

Text box 3: Agro-ecology and competitiveness, economic growth, job creation and rural development

In 2007, Friends of the Earth Europe carried out a scoping study into the economic performance of agri-environmental farming in Europe²⁸. Taking the example of certified organic farming, published research shows that despite limited support from EU or national agricultural funding, the sector is delivering on commitments made by the EU in Lisbon and Stockholm on competitiveness, economic growth, job creation and rural/sustainable development:

- In 2005, the market for organic food grew £1.2 billion to £16.7 billion – a rise of 8% and in the last few years demand has been growing at double-digit rates in many countries across the EU;
- According to a study carried out by the UK's University of Essex for the Soil Association, organic farms in the UK and Ireland involved in "on-farm processing" and direct marketing enterprises employed 64% more people than organic farms without such activities. With a significant proportion (39%) of organic farms engaged in this type of business innovation,

²⁴ European Parliament, Provisional Note, Elements of the post 2013 CAP, Workshop "The future of the CAP2013", Directorate General for Internal Policies, Policy Department B: Structural and Cohesion Policies, Agriculture and Rural Development. Paper requested by the EP's Committee on Agriculture and Rural Development, page 5

²⁵ European Parliament, Provisional Note, Elements of the post 2013 CAP, Workshop "The future of the CAP2013", Directorate General for Internal Policies, Policy Department B: Structural and Cohesion Policies, Agriculture and Rural Development. Paper requested by the EP's Committee on Agriculture and Rural Development

²⁷ AGRAFACTS 21/10/2009

²⁷ AGRAFACTS 21/10/2009

²⁸ Comparison of the competitiveness of agri biotech with that of agri environmental agriculture in Europe (2007): http://www.foeeurope.org/publications/2007/FoEE_biotech_MTR_midlifecrisis_March07.pdf pages23-27

organic farmers are at the vanguard of revitalising local and regional food economies;

- In the same year, Europe had 23% of the world's organic area, ranking third after Oceania and Latin America but ahead of North America and Asia;
- The growth of organic farming has triggered expansion in other sectors: in 2003, the total number of registered operators (producers, processors and importers of organic produce) in the EU-15 was about 157,000, an increase of 30% compared to 1998;
- A growing number of European supermarkets are offering fixed contracts to livestock farmers to encourage them to convert to organic practises;
- Direct sales from farmer to consumer based on yearly contracts are developing everywhere in Europe, providing a guaranteed income for small scale farmers and cheaper produce for consumers;
- In fact EU supply cannot keep up with demand and an increasing amount of organic produce is being imported from developing countries which are seeing the fastest rates in the development in organic production: the amount of organic farmland in Africa, Asia and Latin America has reported triple-digit growth since 2000;

A new food and agriculture policy for the EU must support organic farming and other agro-ecological practises so that the economic potential of this sector and its environmental benefits can be developed in a truly sustainable manner at accessible prices for consumers.

There is not only a real need to change food and agriculture policy in the EU but to ensure that sufficient public support continues to be provided to the farming sector in a transparent and efficient manner.

2. Problems with the current model of food and farming systems within and outside the EU

Environmental impact

The environmental impacts of intensive agricultural and food production under the CAP regime combined with a concentrated food industry have been recognised for a long time. The EU faces environmental degradation and pollution, rural abandonment, and health scares linked to industrial production. The impact is felt in our water, on our land, by our fauna and flora, and beyond the EU in developing countries. The European diet is increasingly made up of a mixture of globally-sourced low-priced raw materials and processed goods leading to ever greater levels of diet-related diseases. None of this is necessary and examples of good practice in both farming and food production, such as organic farming, exist, are supported by the public, and are competitive. Yet the concentration of the food industry beyond the farm gate combined with poor policy making undermine attempts to expand low impact, good quality food production. If European agriculture policy continues to be fixated on productivity/export and neglects to control intensive, high input forms of production, it will maintain its destructive impacts and may even undermine its very foundations.

Role of the EU in global food system

Europe is a major player in the global food system in terms of both food production and consumption, and also for policy making. With over 14 million farms, Europe produced 21% of the world's grain and exported food worth €63.75 billion in 2005²⁹.

²⁹ http://trade.ec.europa.eu/doclib/docs/2006/june/tradoc_129093.pdf

Text box 4: Main impacts of EU food production and farming in the world

- Deforestation, pollution, biodiversity loss and social conflicts (see also Annex 2)
- Export of “Western diet” (processed food marketed strongly) contributing to poor health in developing countries
- Dumping on global market has seen farmers and domestic food companies thrown out of business
- Europe’s emphasis on global markets has resulted in food being transported across long distances causing pollution
- EU’s biofuels target has contributed a shift away from food crop production and an increase in food prices globally
- Free trade agenda pushes food liberalisation agenda on developing countries
- Land use for feeds and biofuels

As a net importer of agricultural products, Europe plays a significant role in agricultural trade and buys a major proportion of the world’s supplies of certain products. The EU is the biggest importer of food products, with a global trade deficit in this category of about €3 billion for 2009^{30,31}. It is estimated that Europe already uses 2.2 times more land and water to feed itself than is available in Europe³². The objectives laid out for the ‘reformed’ CAP in 2003 stressed self sufficiency as a target³³ – but the distribution of CAP money and the associated environmental rules mean they are having the opposite effect.

Promoting unsustainable trade

European agricultural trade policy, closely linked to CAP reform agendas, is a key factor in driving global trade systems. The EU plays a leading role in establishing global trade agreements in the World Trade Organisation (WTO). In addition, Europe, through its promotion of Economic Partnership Agreements (EPAs) and other bilateral free trade agreements is trying to force a food liberalisation agenda on developing countries and open up markets. This is despite clear evidence that market deregulation and liberalisation have led directly to food insecurity, food price hikes and volatility in food trade. The Global Europe initiative from the European Commission’s Trade Directorate is about how to maintain competitiveness for transnational corporations, including agribusiness, in the global environment. It works to open up agricultural markets overseas – such as new emerging markets in China, India and Brazil – and as importantly to ensure agricultural raw materials coming into Europe are not restricted by trade barriers.

As such, ‘Global Europe’ as a policy is focused on providing the cheapest possible raw materials from across the globe for European agribusiness and ignores any attempts to promote the objective of sustainable development³⁴. Europe has promoted export-oriented agriculture programmes – as an ‘engine of national economic growth’ rather than a means to promote the right to food and food sovereignty³⁵.

³⁰ Source: Agriculture in the European Union. Statistical and economic information 2009. March 2010. European Union Directorate-General for Agriculture and Rural Development. Available at: http://ec.europa.eu/agriculture/agrista/2009/table_en/index.htm

³¹ http://trade.ec.europa.eu/doclib/docs/2006/june/tradoc_129093.pdf

³² See <http://footprintnetwork.org>

³³ http://www.eurocare-bonn.de/activities/activities_fin/mtrcapsim/mtr_impact_report.pdf

³⁴ <http://www.foeeurope.org/trade/about.htm>

³⁵ Food Sovereignty is “right of peoples to define their own food, agriculture, livestock and fisheries systems,” in contrast to having food largely subject to international market forces and going beyond the concept of food security which which mostly focuses on the technical problem of providing adequate nutrition. See <http://www.agricultures-durables-solidaires.org/pf-europe.htm> and www.nyeleni2007.org

Text box 5: Food sovereignty

Friends of the Earth Europe adheres to the definition, established by the Nyeleni Forum on Food Sovereignty in 2007, as the right of peoples to healthy and culturally appropriate food produced through ecologically sound and sustainable methods, and their right to define their own food and agriculture systems.

Food sovereignty puts those who produce, distribute and consume food at the heart of food systems and policies rather than the demands of markets and corporations. It defends the interests and inclusion of the next generation. It offers a strategy to resist and dismantle the current corporate trade and food regime, and directions for food, farming, pastoral and fisheries systems determined by local producers. Food sovereignty prioritises local and national economies and markets and empowers peasant and small scale sustainable farmer-driven agriculture, artisanal fishing, pastoralist-led grazing, and food production, distribution and consumption based on environmental, social and economic sustainability.

Food sovereignty does not exclude global trade, but promotes transparent trade that guarantees just income to all peoples and the rights of consumers to control their food and nutrition as well as benefiting from the diversity of our planet. It ensures that the rights to use and manage our lands, territories, waters, seeds, livestock and biodiversity are in the hands of those of us who produce food³⁶.

Concentration in the food chain

Where the power and money lie in the food chain is key to the problem. Farmers globally have seen their share of the market price shrinking. While farmers play a pivotal role in ensuring food security for a growing population they are also the largest global land managers. Yet most of the money spent by consumers goes to intermediaries, traders and retailers rather than farmers themselves. In the UK in 2006 for example, consumers spent £162bn (€186million) on food and drink, yet farmers made just £5.8bn (€6.6bn)³⁷. In Europe the turnover of the food and drink industries (from manufacturing to food service) was €2750 billion and of agriculture holdings was €319 billion i.e. about 11%³⁸. Yet the agriculture sector spends 20%-30% on average of the costs of consumer food products³⁹. Surplus production in the EU allows traders and processing industries to lower raw farm product prices. The European Parliament has criticised this and demanded measures to improve the bargaining power of farmers in the food chain as well as strict regulatory measures against global speculation on food commodities⁴⁰. The lack of market regulation in the CAP fails to ensure sustainable production or prices for farmers.

Text box 6: Environmental and social impacts associated with the production and import of soy

Environmental impacts	Social Impacts
<p>Deforestation and biodiversity loss: The expansion of soy plantations is responsible for massive deforestation, habitat and biodiversity loss, especially in South America.</p> <p>Over 6 million hectares of Amazonian rainforest had been converted to soy plantations by 2005⁴¹. If current trends continue, cattle ranchers and soy farmers alone will destroy 40 per cent of Amazon rainforest by 2050^{42 43}.</p>	<p>Expansion of genetically modified (GM) crops and the control of global soy production by a handful of multinational companies: GM soy accounts for more than half of the world acreage of GM crops⁴⁵ with more than 90 million hectares of GM soy cultivated worldwide and 41 million hectares in South America⁴⁶. Much of this is “Roundup Ready” soy – Monsanto patented seeds, genetically modified to be resistant to its herbicide Roundup. This locks soy plantations into a cycle of ever increasing herbicide and pesticide</p>

³⁶ <http://www.nyeleni.org/spip.php?article280>

³⁷ Agricultural Statistics in your Pocket 2007, DEFRA

³⁸ CIAA Data and Trends EU food and drink industry 2008, <http://www.ciaa.eu/documents/brochures/DataTrends2008.pdf>

³⁹ The functioning of the food supply chain and its effects on food prices Accompanying document to the COMMUNICATION FROM THE COMMISSION - FOOD PRICES IN EUROPE <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=SEC:2008:2972:FIN:EN:PDF>

⁴⁰ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A7-2010-0225+0+DOC+XML+V0//EN&language=EN>

⁴¹ Eating up the Amazon, Greenpeace, April 2006

⁴² Modelling conservation in the Amazon basin, Soares-Filho BS et al., Nature 440:520-523, March 2006

⁴³ http://iopscience.iop.org/1748-9326/5/2/024002/pdf/1748-9326_5_2_024002.pdf

<p>It is estimated that a further 9.6 million hectares of Cerrado, one of the largest and most diverse savannah areas in the world, could be lost to soy expansion by 2020⁴⁴.</p>	<p>use (see box on pesticide pollution below), generates massive revenue for Monsanto and other multinational companies, giving them large degrees of control over the production of soy.</p>
<p>Climate change: The manufacture of animal feed from soy causes greenhouse gas emissions as the soy is cultivated and as the feed is produced. When tropical forests and grasslands are lost to soy plantations, massive amounts of carbon dioxide are released into the air – deforestation is responsible for 20% of all CO2 emissions. With this forest gone, the planet loses some of its future ability to absorb carbon dioxide from the air. The fertilisers used on soy plantations release NO2, a greenhouse gas around 300 times more potent than carbon dioxide. And the conversion of soy into animal feed is a highly energy intensive process, releasing even more greenhouse gases.</p>	<p>Displacing people from land causing poverty and food insecurity: The majority of soy plantations are owned by large land owners and multinational companies. As land is grabbed for soy plantations, small-scale farmers, indigenous people and rural populations are displaced, often forcibly evicted from their homes to make way for plantations. In Paraguay 70,000 people are displaced every year.</p> <p>Soy plantations can reach up to 50,000 hectares but only employ one worker for every 200 hectares. The soy industry in Brazil employs fewer people per hectare than any other crop grown across the country⁴⁷.</p>
<p>Water use and water pollution: The EU water framework directive aims to reduce nitrogen emissions from intensive farming by 2015. In Germany 21% of all the nitrogen pollution into water is from manure coming from animals fed on imported feeds⁴⁸. The EU water protection targets are unlikely to be achieved in most member states as long as the CAP continues to support the expansion of meat and milk production.</p>	<p>Bad working conditions for soy workers: Of those who do find work on soy plantations, many are exposed to harsh or slave-like working conditions. The Brazilian Ministry of Labour is investigating hundreds of reports of slavery at soy companies. The government’s Mobile Inspection Group has liberated hundreds of slaves working on soy farms in the past decade.</p>
<p>Increased pesticide use and pollution: Water resources and land are often polluted by the fertilisers and pesticides used on soy plantations. Pesticides can cause severe and chronic health impacts and many people in South America are living with the fallout of massive chemical use on soy plantations. Planting GM soy requires the increased use of pesticides such as glyphosate. For example in Argentina 58% more glyphosate is used per hectare now compared to 1996. In the USA 150% more glyphosate is used per hectare compared to 1996 and there has been an increase of 100% of 2,4 D (a component of Agent Orange) in soy beans between 2002 - 2006⁴⁹.</p> <p>Victims of the pesticide Glyphosate in Argentina have taken legal action against the state to stop the permanent spraying above their villages⁵⁰.</p>	<p>Unhealthy diet: Good quality meat and dairy products, eaten in moderation, can be a good source of protein, vitamins and minerals. But in the industrialised world, most people consume far too many animal products. This is linked to a range of health problems including heart disease, stroke, kidney problems, and potentially various cancers⁵¹.</p> <p>CAP subsidies also go to food processing companies such as Nestlé, Groupe Doux (poultry producer that doesn’t actually raise chickens), Ligabue (Italian catering company) or Haribo (German sweet maker). The shift in diet from unprocessed foods to energy-dense foods that are high in fat and sugars but low in vitamins, minerals and other micronutrients is a key factor in rising levels of global obesity⁵².</p>

⁴⁵ Bindrabal et al., 2009. GM-related sustainability: agro-ecological impacts, risks and opportunities of soy production in Argentina and Brazil.

⁴⁶ USDA, 2008. World Agriculture production (<http://www.fas.usda.gov/wap/circular/2008/08-09/productionfull09-08.pdf>)

⁴⁴ The impact of soya production on South American ecosystems, AIDEnvironment

⁴⁷ Eating up the Amazon, Greenpeace, April 2006

⁴⁸ Germany: SRU (Sachverständigenrat für Umweltfragen) 2009

⁴⁹ http://www.foeeurope.org/GMOs/Who_Benefits/FULL_REPORT_FINAL_FEB08.pdf

http://www.foeeurope.org/GMOs/Who_Benefits/QA_FINAL_FEB08.pdf

http://www.foeeurope.org/GMOs/Who_Benefits/full_report_2009.pdf

⁵⁰ www.grr.org.ar/trabajos/Pueblos_Fumigados_GRR_.pdf

⁵¹ Ministère de la Santé et des Sports, France & Ce document a été coordonné par l’Institut National du Cancer, 2009: Nutrition et prévention des cancers: des connaissances scientifiques aux recommandations.

⁵² <http://www.who.int/mediacentre/factsheets/fs311/en/index.html>

Corporations in control

Corporate control over the food system has increased dramatically while market regulation has been reduced. A handful of global corporations now have control over the basic building blocks which underpin the food system, including seeds, breeds, and other inputs⁵³. An example of this loss of control was seen in the recent food price rises in 2007/8. The extreme price volatility in commodities, causing skyrocketing costs for farmers and a dramatic increase in the number of hungry people, was partly a result of deregulation in commodity markets where escalating speculation aggravated the situation⁵⁴. Due to high prices, the total developing country food import bill rose from about \$191 billion in 2006 to \$254 billion in 2007. This led to calls around the world for tighter regulation in commodity markets⁵⁵.

More recently, as a result of trade negotiations, deregulation in the food trade has accelerated and more tariffs have been removed. The European Commission signed a bilateral agreement with the Ivory Coast, demanding a reduction of tariffs for important food crops. This agreement undermines the regional development of West Africa through a policy to minimise inter-regional tariffs for animal products but maintaining full protection for staple crops. This means governments, and, more especially, transnational agribusinesses, have created a far bigger global commodity market than ever before, and access to it is secured not just in law (because WTO members are constrained in how they can limit food imports and exports) but also through the reliance on technology: the equipment, the know-how, the communications and the transportation systems that make global trade work. And yet, the number of hungry people continues to increase, most developing countries are now *net importers* of food, and the right to food sovereignty has not been realised. CAP contributes to this development in form of directly and indirectly subsidised exports to vulnerable markets in many countries^{56 57}.

3. A new food and agriculture policy as part of a global food sovereignty framework

Agriculture policy should be an engine for change. Friends of the Earth Europe believes there is a clear case for public support and expenditure in food and farming – the required environmental and social benefits will not be delivered or secured by the market alone.

Transforming the policies we have now will not be enough alone to tackle the effects of the EU food system in Europe and globally, but a deep reform of CAP can reduce the negative impacts of EU production, imports and exports on global food crises and ensure that the EU has healthy sustainable food produced by a vibrant farming sector. If policy makers set themselves a new agenda for food and agriculture policy over the coming years – to ensure that the final policy agreed in 2013 heralds the formation of a new framework based on food sovereignty - it would send signals globally and help stimulate policy change in other areas including trade, corporate accountability and competition, sustainable production and consumption policy, food labelling, climate, energy and development.

Friends of the Earth Europe believes that new food and agriculture policies for Europe and for other regions in the world should be set in the framework of food sovereignty. Farmers will have to farm within this framework, and so will need to be supported with proportionate public funds and there will need to be strict implementation. In this way, the EU will be able to maintain a sustainable and

⁵³ For instance the top 10 companies control half the commercial seed market , *Oligopoly, Inc* 2005, ETC November/December 2005 Issue 91

⁵⁴ December 04, 2008, IATP Call for Greater Commodity Market Regulation. <http://iatp.typepad.com/thinkforward/2008/12/call-for-greater-commodity-market-regulation.html>

⁵⁵ See <http://www.iatp.org/iatp/publications.cfm?accountID=451&refID=104414>

⁵⁶ The World Food Crisis, What's behind it and What we can do about it, FoodFirst Eric Holt-Giménez, Ph.D. October 2008

⁵⁷ FOOD PRICE CRISIS: A Wake Up Call for Food Sovereignty, Oakland Institute 2008

vibrant farming sector that will continue to feed people in the future and which will recompense taxpayers with healthy, quality, accessible food produced in biodiverse-rich landscapes. To get here, a major overhaul is needed. With new objectives defined, the basic structure of the CAP needs to be rethought and rewritten. It would be a major error and a failure for EU taxpayers to attempt to keep the “CAP as usual” under this review.

Friends of the Earth Europe proposes key objectives which a new policy should aim for, a process for doing this and suggests policy tools which could be used. Some of these areas require complex and detailed research which we are calling on public bodies to develop and fund through transparent and participative processes.

3.1. Principles for a new agriculture policy

The key principles underpinning a new agriculture policy should be:

Policy coherence⁵⁸

- Coherence with international environmental goals to reduce climate emissions, biodiversity loss, and resource use, and to protect natural ecosystems.
- Coherence with international goals to tackle hunger and poverty as outlined in the Millennium Development Goals.
- Coherence within the EU policy structure to ensure the recommended goals of sustainable agriculture and food sovereignty are followed in all areas including health, environment, development, economic and climate policy (see text box 4 for examples).

A “common” policy

- The EU’s agriculture policy and funding must be “common” across Europe. While there needs to be room and scope for flexibility given the huge range of farming systems across EU27, there needs to be a policy framework and central funding to ensure the best outcome and to ensure we do not have a ‘race to the bottom’ as countries use the funds not for sustainability but to support the food industry and exports at the cost of environmental and social standards.

Targeted support based on justified public expenditure, transparency and accountability

- Where public expenditure has been justified, there should be no pressure to reduce the budgets. A new food and agriculture policy may require more or less funding compared to now, and this will need to be calculated after setting clear objectives and defining the instruments needed to achieve them⁵⁹.
- Targeted support for farmers and farming in Europe based on the principle of public money for a public good (see objectives section below). This will mean developing mechanisms to support farming when it delivers social and public goods. This should include food security and maintaining farming and farmer livelihoods in certain areas or conditions.

⁵⁸ The focus of this paper is not policy coherence, however a certain minimum level of coherence between EU policies and at the global level will be essential if a new food and agriculture policy for the EU is to succeed. Therefore reference to policy coherence is required within the principles of a new policy

⁵⁹ It should be noted that EU citizens are not necessarily demanding a reduction in the budget and so public opinion should not be mis-used to push for budget cuts. In the recent Eurobarometer survey around 6 in 10 (58%) feel that this budget should either stay the same or increase over the coming years, compared to just 18% who think it should decrease. Furthermore, the share of respondents thinking the budget should increase has risen (by +3 points). 13.3.09. http://ec.europa.eu/agriculture/survey/index_en.htm.

- Decision making and the use of funds must be open and accessible to the public to avoid undue influence of interested parties and to ensure that the use of the funds is acceptable. Results must be monitored and publicised to ensure accountability.
- Red tape and bureaucracy must be minimised explicitly for smaller businesses and farmers in the food chain.

Re-localised trade

- Primary importance for regional and local trade and support for regional products to be brought to the market.
- A common approach to trade to minimise the consequences of EU farm policy globally. For example a ban on dumping, minimising global resource use such as ‘ghost acres’, applied equally across the EU.
- Objectives and instruments for a new policy must be completely based on their ability to deliver for citizens and the environment rather than for their compliance with an international trade agenda.

TEXT BOX 7: Examples of policy coherence needed to achieve a food and agriculture policy based on the food sovereignty framework

Climate and energy
A reduction of greenhouse gas emissions from agriculture in line with the 10 % EU reduction objective for non emission-trading sectors by 2020*. Without a reduction of the intensification of the European livestock sector, EU agriculture will fail to achieve this objective.
Climate and biodiversity
<ul style="list-style-type: none"> • EU directive NEC (National Emission Ceilings RL 2001/81/EG) aims to reduce ammoniac emissions. More than 90% originate from livestock. • The EU Renewables Directive aims to achieve 10% agrofuels in the transport fuel sector. In order to halt the loss of biodiversity and to reduce emissions of greenhouse gases we need to drop the agrofuels target (10%) from the EU Renewables Directive when it is reviewed in 2014. • EU target of halting global forest cover loss by 2030 at the latest and to reduce gross tropical deforestation by at least 50% by 2020 compared to current levels.
Biodiversity and resource use
<ul style="list-style-type: none"> • The aim of Water Framework Directive 2000/60/EC to bring water resources in a “good ecological status”. Twenty one per cent of nitrogen input is caused by imported feeding material. The reduction of dependency of imported soy material has not been touched in the previous CAP reforms. • The target for a halt of biodiversity loss in the EU completely failed, even the trend could not be changed. Destruction of biotopes, over fertilization and intensive use of pesticides are the main drivers in agriculture.
Consumer protection and labelling
<ul style="list-style-type: none"> • To fulfil the wish of European consumers for non-GM products EU GMO laws must include the mandatory labelling of all animal products from animals fed with GMOs, and the correct implementation of existing EU GMO laws, must include the polluter pays principle and the precautionary principle, as part of the EU review of genetically modified (GM) food laws underway in 2010/2011. • Consumer protection and health policies to support awareness raising and other measures for healthy and sustainable food, including food labelling. • Link information on intensive livestock and meat consumption to national or EU obesity information programmes and other health initiatives.
Regional development – social and employment policies
<ul style="list-style-type: none"> • The CAP failed to achieve its aims of market stabilisation or to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture; assessment of the average income of farms underlined that their income is nearly half of the general national average income (Article 39 of the Lisbon Treaty).
*: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0030:FIN:EN:HTML

3.2 Objectives for a new EU food and agriculture policy

The existing objectives of the CAP – outlined in the Treaty of Rome⁶⁰ - will need to be revised to achieve food sovereignty and ensure production systems that take into account climate and biodiversity protection and sustainable water management.

This will include a number of policy objectives:

Within the EU

- Food security and healthy food including local/regional and seasonal products.
- Adaptation to new challenges, in particular, climate change.
- Improved biodiversity and landscape conservation.
- Improved water protection and efficient water management.
- Full protection of grasslands, wetlands and moorland.
- Support rural development and thriving rural farm economies.
- Higher standards of farm animal welfare.
- Increased consumption of local and regional produce. Where food and feed are traded globally they must be based on principles of equity, social justice and ecological sustainability.
- Measures to ensure that sustainable consumer demand matches sustainable production.

At the global level

- minimised global environmental impact of EU food and farming sectors;
- policy space and support for developing countries to enhance their capacity to produce sustainably to feed themselves and their regions. It will require the EU to stop dumping its exports and surplus production and work towards a ban against environmental and social dumping at the global level.
- All countries, including Europe as a whole, must be allowed to protect their own agricultural development by whatever instruments they consider suitable and not be forced to open up markets or reduce support for their farmers.
- Increasing significantly European self sufficiency for vegetable proteins used for animal feed. This will inevitably mean tackling unsustainable levels of demand for industrial meat protein from European consumers. This will also require effective regulations to reduce surplus production of dairy and meat exports.

In order for the above objectives to be met, we will need to develop agriculture policy in a completely transparent way and ensure that public debate on the issue is stimulated among all member states in the EU.

There will also be a need for transition policies to support farmers and businesses along the supply chain to function within a new system and also to protect certain sectors before current market failures are addressed in the long term:

- Consulting and education services for agri-environmental and animal welfare programmes
- New research, through revised European and national research programmes, to develop the scientific understanding of sustainable farming methods / traditional knowledge (following the recommendations of the International Agriculture Assessment report⁶¹) and how farmer knowledge can be used to develop new systems. This will require reprioritisation of existing research and development budget or new funding.

⁶⁰ Article 39 of the Treaty of Rome sets out the objectives of the CAP as follows: to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilization of the factors of production, in particular labour; thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture; to stabilize markets; to assure the availability of supplies; to ensure supplies reach consumers at reasonable prices.

⁶¹ http://www.agassessment.org/docs/SR_Exec_Sum_280508_English.pdf

- Implementation of emergency measures to protect key public goods which may be lost in the years before full reform in 2013 e.g. permanent grasslands, small farming systems and high nature value areas, especially in eastern Europe. *[A lump sum payment should be considered for small farms to minimise the cost of administering to millions of small businesses.]*

3.3 Instruments for a new Food and Agriculture Policy for the European Union

Once the principles and objectives have been set, Friends of the Earth Europe believes the following suite of instruments will need to be developed as part of a new EU policy anchored in the concept of global food sovereignty and with a strong focus on environmental sustainability.

All three must be implemented together as any one on their own would create significant problems.

A strong legal basis for a common food and agriculture policy

A strict common policy applied to the entire food supply chain with strict legal monitoring and implementation requirements to meet with the objectives of food sovereignty and environmental protection and to prevent abuse. This must have flexibility for different farming systems across Europe. Minimum standards should be set for environmental protection for example:

- Compulsory rotations with a minimum of three different cultures and 20% protein crops including clover grass. This serves to protect the climate (humus balance), biodiversity, water, resources and increases the supply of home grown protein crops.
- Biodiversity preference on 10% of every farm area (no use of fertilizer or pesticides; saving or planting hedges, flower stripes, etc)⁶².
- A complete halt to land use change of permanent grass land cover.
- No use of genetically modified organisms^{63 64}.
- Equalised nitrogen balance at a farm level⁶⁵.
- Strict implementation of the polluter pays principle.

Market regulation

In order to ensure fair prices for farmers and sustainable production levels, supply and demand management measures should be introduced:

- Regulation of retailer pricing and marketing policies and greater reference to competition policy to remove monopolies and ensure diversity in food retail;
- Ensure the inclusion of the external costs of farming. Market measures should lead to a system with the best market options for products with the least resource use. The European Commission should strongly encourage member states to implement green taxes to remove some of the tax burden from labour, and introduce taxes on transport and chemical inputs in agriculture. Taxes on pesticides and fertilizers should be introduced and gradually increased in order to internalise external costs, minimise use and provide an incentive for sustainable methods of farming;
- Manage demand throughout the food chain. This will require new measures to increase awareness of how to eat sustainably and healthily and of why changes will be beneficial, as well as new measures to reduce the influence of the food processing and agribusiness industries;

⁶² German Advisory Council on the Environment (SRU), 2009: Towards a Common Agricultural Policy that meets today's challenges. http://www.umweltrat.de/cae/servlet/contentblob/910692/publicationFile/57130/2009_11_Statement14_Common_Agricultural_Policy.pdf

⁶³ Socio Economic Impacts of GM crops <http://www.foeeurope.org/GMOs/documents/foee%20gm%20crops%20socio%20economics.pdf>

⁶⁴ Comparison of the competitiveness of agri biotech with that of agri environmental agriculture in Europe (2007): http://www.foeeurope.org/publications/2007/FoEE_biotech_MTR_midlifecrisis_March07.pdf

⁶⁵ Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31991L0676:en:HTML>

- product pricing to accurately reflect social and environmental impacts and marketing policies for companies to shape consumer demand for healthy, sustainable and quality food⁶⁶;
- major awareness raising programmes, including food labelling to improve market access for quality, sustainable and regional products for example;
- Change public procurement towards sustainable products and regional sources. Existing programmes like the school milk and fruit programmes⁶⁷ should be strongly supported and enlarged.

It is however very important to note that demand management will not be easy and it is politically unattractive. However it would probably not be expensive after initial start up. The EU needs to begin investigating the social and political barriers of demand management and how to develop tools for how such measures could be implemented

Targeted subsidies and support

The current system of financial intervention should be dropped. Instead payments for farming should be maintained but in the form of a new style of “contract” between farmers – who would produce food and manage the land – and the public, which would be positive, justifiable and effective. This would require a new way of calculating public goods not just in terms of environmental goods but also including wider social goals, global environmental effects, and food sovereignty in the world. The following suite of proposals could be considered:

- A payment for farmers based on a strict mandatory range of standards. These payments must be maintained for farmers as long as market prices do not reflect the environmental and social costs incurred.
- Higher incentives for the delivery of public goods, with a decrease in levels of member state co-financing and an increase in common funding where it creates broader public benefits.
- Whilst the emphasis should be on market regulation measures that allow access to markets for the smallest and most remote farms, targeted and simplified financial support for the smallest and most remote farmers should exist to ensure their livelihoods.
- Limits on payments per farm, reducing as size increases and labour decreases.
- Phasing out of direct and indirect export subsidies and any subsidies to food processing and export companies.
- Top ups for organic farming, processing, direct marketing, traditional crafts and services for them.
- Nature conservation payments for special agricultural regions with very high nature value.
- Support for sustainable protein crops:
 - Development and expansion of sustainable protein crops in the EU which will also lead to a reduction in nitrogen imports. Reducing negative impacts on water, climate, and social conditions in third countries is of key importance here.
 - Incentives for farmers to change to grassland meat and dairy production

Farmers who do not achieve the policy standards should not receive funding, in accordance with the EU’s Polluter Pays Principle. A funded programme of new work with developing countries should be established to build on existing farmer knowledge north and south, helping countries to comply with higher welfare, environmental, labour and food safety standards.

⁶⁶ DG Agriculture is already running such measures through paying for the school fruit scheme which aims to influence consumer demand.

⁶⁷ http://ec.europa.eu/agriculture/markets/fruitveg/sfs/index_en.htm

New global trade measures - Europe as a trader and negotiator

A new trade model is required which puts livelihoods and food sovereignty at its core and ensures that agricultural support and trade policies are fair and sustainable (see measures above); and which ensures sustainable and equitable trade at international fora. Our fixation with export-led growth must end. In particular:

- Primary focus should be on regional markets and trade in all regions of the EU,
- All countries including Europe should be able to protect their agriculture sector,
- All trade should be based on environmental and social protection.

Conclusion

Previous reforms of the CAP have failed to ensure a sustainable food supply for EU citizens. The bulk of funding and policy measures still continue to support large farms and reward industrial production which is resulting in increased climate emissions, biodiversity loss, environmental pollution and contributing to hunger and social conflicts. Funding to support environmental goods and rural development is inadequate – and too often is re-directed elsewhere. Nowhere is this more true than in the EU meat and dairy sector where our dependence on imported animal feed, particularly soy, has contributed to the growing demand for land, leading to deforestation and the displacement of communities in South America. At the same time smaller producers in the meat and dairy sector in the EU are struggling to survive.

There is a deep incoherence between the EU's stated aims and its actions in food and agriculture policy that has led to a loss of legitimacy for European policy in this area. CAP reform 2013 is a vital opportunity to reassess objectives for food and farming policy in Europe and devise instruments that are anchored in global food sovereignty that are fit for purpose and that have the full support of European citizens.

Glossary

Agenda 2000 - A set of proposals and decisions for the European Union that covered a wide range of activities, including the CAP, with a view to steering the Union into the 21st century. Decisions under Agenda 2000 were reached by EU agriculture ministers in March 1999.

amber box support - All domestic support measures that were subject to agreed cuts under the WTO Agreement on Agriculture.

blue box support - Payments under agreed production limiting arrangements. Such payments are exempt from domestic support reductions under the WTO Agreement on Agriculture.

cross compliance - A number of statutory environmental, food safety, animal and plant health, and animal welfare standards to which agricultural producers must adhere to qualify for the full granting of payments under the Single Payment Scheme (SPS) and other direct payments under the CAP. These are laid down in specific (19 originally) EU Regulations and Directives and minimum requirements for sound agricultural and environmental conditions defined by Member States.

decoupled payment - The provision of support to producers that is not linked to what farmers produce on their fields and in their stables. Such support is considered less market distorting than support that is linked to those variables.

entitlements - With the CAP reform in 2005 and the disconnection of payments from the production ("decoupled" payments) the Single Payment Scheme (SPS) was introduced. According to this scheme entitlements are allowances for payments for actively farming farmers. The payment entitlements are based on reference amounts. Member States have options in how they calculate and make payments. Basic (historic), Regional (flat rate) and Mixed models exist.

export subsidy - Government payments or other benefits provided to food processors or exporters contingent on the export of their goods or services.

financial discipline - A 'financial discipline' mechanism is used to keep CAP spending beneath strict budgetary ceilings. Since the 2007 budget, an adjustment of direct payments is proposed when forecasts indicate that the spending amounts budgeted under Pillar 1 (not Pillar 2) will be exceeded in a given budget year. This may change following the budget review in 2010.

"First Pillar" (Common Market Organisations) - The first pillar describes the traditional CAP objectives – the harmonisation of market and price policies to achieve equality in the development of agricultural incomes. It addresses only support for agricultural production in form of direct payments and accounts for the biggest part the CAP budget.

food sovereignty - Friends of the Earth Europe adheres to the definition, established by the Nyeleni Forum on Food Sovereignty in 2007, as the right of peoples to healthy and culturally appropriate food produced through ecologically sound and sustainable methods, and their right to define their own food and agriculture systems.

Food sovereignty puts those who produce, distribute and consume food at the heart of food systems and policies rather than the demands of markets and corporations. It defends the interests and inclusion of the next generation. It offers a strategy to resist and dismantle the current corporate trade and food regime, and directions for food, farming, pastoral and fisheries systems determined by local producers. Food sovereignty prioritises local and national economies and markets and empowers peasant and small scale sustainable farmer-driven agriculture, artisanal fishing, pastoralist-led grazing, and food production, distribution and consumption based on environmental, social and economic sustainability.

Food sovereignty does not exclude global trade, but promotes transparent trade that guarantees a just income to all peoples and the rights of consumers to control their food and nutrition as well as

benefiting from the diversity of our planet. It ensures that the rights to use and manage our lands, territories, waters, seeds, livestock and biodiversity are in the hands of those of us who produce food.

green box support - Domestic support in forms that were agreed to be minimally distorting and are exempt from reductions under the WTO Agreement on Agriculture. Exemptions are set down in annex 2 to that agreement.

“Health Check” - The CAP “Health Check” was launched in November 2007 and concluded at the end of 2008. The EC presented it as an evaluation of the 2003 CAP reforms addressing three specific issues: streamline the Single payment Scheme, improve the market orientation of the CAP and provide adequate policy tools for new challenges such as climate change and biofuels.

intervention price - The price at which intervention agencies are normally obliged to make purchases, thereby placing a floor under the domestic wholesale price.

mid-term review - A review of EU agricultural policies that was completed in 2003. Under that review, key decisions were made on the Single Payment Scheme, Cross Compliance and modulation.

modulation - The process of transferring money from the CAP’s direct aid and market support funds (pillar I) to its rural development and agri-environmental measures (pillar II). From 2007 onwards, modulation has operated at a basic rate of 5% a year. The first EUR 5 000 of every farmer’s total direct payments are not subject to modulation.

multifunctionality - Any unpriced spill-over benefits that are additional to the provision of food and fibre in agricultural production. These include environmental and social effects. Some countries also include food security.

partial decoupling- The practice of member states maintaining a proportion of direct aid to farmers in its previous form – see decoupling - mainly if they believed that the move to a single payment scheme (SPS) could result in the abandonment of production or disturbance to agricultural markets.

price support - The maintenance of internal prices at levels that are usually above world market prices through the use of government measures.

production quotas - Explicit limits on the physical amount of particular products permitted to be produced during a specific period of time.

“Second Pillar“ (rural development policy) - Signed in 1999 in Berlin, the Agenda 2000 created the second pillar within the CAP to take into account the “multifunctionality” of farming activities. Three main measures were proposed: agro-environment schemes, support to the least favoured areas, and investment assistance to enhance productivity and competitiveness.

set-aside is a policy measure introduced 1992 to help reduce the large and costly surpluses produced in Europe and to deliver some environmental benefits following considerable damage to agricultural ecosystems and wildlife as a result of the intensification of agriculture. Producers were required not to plant a certain percentage of their land. Farmers were remunerated for set-aside measures until 2008 when the abolishment of this measure was adopted. In several member states farmers continue on a voluntary base.

single payment scheme - agreed in 2003 and established from 2005, whereby most direct aid to EU farmers are paid in a way that is independent of production. It operates through aggregating former direct payments, most of which were commodity related, into reference amounts for a base period, generally from 2000 to 2002. Farmers are allocated payment entitlements based on those reference amounts. As further reforms are enacted for various commodity regimes, an increasing range of payments is being incorporated within the scheme. Member states are given some flexibility for

distribution of the payments to farmers. The main options are to relate payments to those received and the number of hectares farmed by each farmer in the reference period (historical model); and a regional flat rate approach under which regional reference amounts are divided by the number of eligible hectares and distributed to individual farmers according to their eligible hectares in the year of SPS introduction (regional model).

social dumping is a practice involving the export of a good from a country with weak or poorly enforced labour standards, where the exporter's costs are artificially lower than those of its competitors in countries with higher standards, hence representing an unfair advantage in international trade. It results from differences in direct and indirect labour costs, which constitute a significant competitive advantage for enterprises in one country, with possible negative consequences for social and labour standards in other countries⁶⁸.

models

- Historical = model based on farmer direct receipts in set period (2000–02 for Ireland and most other users).
- Flat-rate or 'regional' model = model based on flat-rate payment per hectare in a given region, with a possible distinction between arable land and pasture;
- Hybrid = mix of 'historical' model and 'regional flat-rate' model — that is, all farmers will get a hectare payment (sometimes differing for arable and grassland) plus a decoupled payment based on historic production.

Single Area Payment Scheme (SAPS) - This simplified scheme operates in the new member states, 10 of which have implemented it. It involves the payment of uniform amounts per eligible hectare of agricultural land, up to a national ceiling laid down in the Accession Agreements.

⁶⁸ <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/SOCIALDUMPING.htm>

ANNEX 1: CAP in figures

The Common Agriculture Policy is a staggeringly complex instrument. It takes up 40% of the EU budget and is one of the only major pieces of legislation applied across Europe. It has been reformed three times in the last 12 years, and the budget expenditure has now been frozen (in real terms) until 2013.

Consumers, farmers and the environment loose out: Farming in the EU in Figures

- 85% of CAP money goes to about 18% of the EU's farms
- About one quarter of the CAP goes to big business and industry, including:
 - o Nestlé
 - o Haribo Germany, sweet maker
 - o Groupe Doux in France (a chicken food processor that doesn't actually raise chickens),
 - o Arids Roma in Spain that makes road-construction materials for road-building, paid for the by the Rural Development Fund (pillar 2)
 - o Ligabue, an Italian catering company that produces dairy and creamer sachets for travellers onboard airplanes and cruise ships
- In 2003, half of farms in the EU received less than 1250 euro per year⁶⁹ whilst 1650 of the largest farms were getting more than 300 000 euro per year. From 1995 till 2005 the share of agricultural value in the food supply chain dropped from 31% to 24% in the EU-25. Preliminary figures for the following years show a further decrease in the share returning to farmers, against a constant increase of profits by processors and retailers⁷⁰
- Between 1975 and 2000, the European farm labour force dropped from 13 million to 7 million⁷¹.
- Agriculture is currently one of the three most hazardous industries (the other two are mining and construction)
- Only 7.6% percent of farms in the European Union are managed by people under 35. And more than half of land holdings are run by farmers over the age of 50⁷². Existing measures to support young farmers are clearly not effective
- 80% of farmers are expected to lose their livelihoods as farming intensifies in the new EU member states (Central and Eastern Europe) directly as a result of the Common Agricultural Policy⁷³.
- Fifty per cent of European wildlife species depend on farmland and the damage to key habitats has been severe - accelerated by the emphasis on monocultures, mechanisation and specialisation leading to the loss of mixed farms and the enlargement of fields across Europe.
- The new member states include areas of important biodiversity for Europe but no special measures to ensure that this is protected under the CAP were taken during accession talks
- Support for EU intensive farming that allows cheap meat and dairy has led to overconsumption of high fat food in an increasingly affluent EU. Furthermore, food companies' aggressive marketing strategies, including using celebrities, have played a significant role in promoting unhealthy food.
- As in other parts of the world, obesity and diet-related diseases are an increasing problem in the EU

⁶⁹ http://www.foeeurope.org/events/krakow/speech/Kees_Kodde.pdf

⁷⁰ http://www.europarl.europa.eu/meetdocs/2009_2014/documents/agri/pr/804/804933/804933en.pdf

⁷¹ http://www.foeeurope.org/events/krakow/speech/Kees_Kodde.pdf

⁷² <http://ahungrymob.com/?p=32>

⁷³ Birdlife

ANNEX 2: FACTS on CAP, livestock and climate change

- Agriculture in the EU is the second largest source of greenhouse gas emissions (GHG)⁷⁴. In 2005, agriculture in the EU released nearly 475 million tons of CO₂-equivalent greenhouse gases. This represents about nine per cent of total EU GHG emissions
- A widely cited 2006 report by the United Nations Food and Agriculture Organization, *Livestock's Long Shadow*, estimates that 18% of annual worldwide GHG emissions are attributable to cattle, buffalo, sheep, goats, camels, pigs, and poultry. But recent analysis carried out for the Worldwatch Institute⁷⁵ concludes that livestock and their by-products actually account for at least 32.6 billion tons of carbon dioxide per year, or 51% of annual worldwide GHG emissions.
- The basic set up of the CAP 1962 pushed European farming towards meat, dairy and cereals production and encouraged the import of cheap animal feed (rather than home grown animal feed)⁷⁶. As a result factory farms have boomed in Europe whilst vast monocultures crops grown for animal feed – much of it genetically modified – now cover vast areas of deforested land in South America, much of it destined for cheap meat on the European market. The CAP and European consumption patterns that have been promoted as a result of this policy have directly contributed to some of the most climate unfriendly farming
- In 2008, the European Parliament (EP) adopted a Resolution⁷⁷ on climate change that recognised the “substantial” impact of the cultivation of cereals and soya as feed for livestock on greenhouse gas emissions, and the benefits of rearing livestock in a more “natural” way along with the need to adapt livestock numbers to “suite the land areas available”. The EP called for feed in dairy and meat production “to be reviewed, and where necessary improved”, with the aim of reducing methane emissions. The EP also recognized the lack of binding requirements in agriculture for the reduction of methane and nitrous oxide emissions.

ANNEX 3: Dumping

According to the WTO dumping “occurs when goods are exported at a price less than their normal value, generally meaning they are exported for less than they are sold in the domestic market or third-country markets, or at less than production cost.”⁷⁸

The EU claims to have stopped dumping since decoupling of the CAP mainly because:

1. Export subsidies and market intervention payments have gone down;
2. The vast majority of subsidies in the form of direct payments, are not directly linked to production, therefore not ‘trade distorting’ and not reported to the WTO.

Friends of the Earth believes that when calculating dumping especially for livestock products, all input subsidies including those given to animal feeds must be taken into account. This is for the following reasons:

- The Single Payment Schemes are untargeted and promote business as usual;

⁷⁴ <http://www.eea.europa.eu/publications/european-union-greenhouse-gas-inventory-2010>

⁷⁵ <http://www.worldwatch.org/files/pdf/Livestock%20and%20Climate%20Change.pdf>

⁷⁶ *Souveraineté alimentaire: Que fait l'Europe?*; Choplin, G ; Strickner, A ; Trouvé, A; Editions Syllepse 2009

⁷⁷ Source: <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P6-TA-2009-0042&language=EN&ring=A6-2008-0495#BKMD-1>

- The feed sector (cereals and oilseeds) as well as subsidies have grown in close alignment with the intensive livestock sector, and in recognition of its needs;
- Direct payments have partially replaced export refunds and still ensure we can export at low prices;
- Untargeted and uncapped subsidies depress prices at an EU level and world level;
- There is evidence that the WTO (on which the EU bases its policy) considers that domestic subsidies to exports should be reported; EU prices often are below cost of production because of the extreme concentration of buyer power in the retail market and also lack of effective regulation of supply and demand in EU agriculture policy therefore cannot be used as a proper measure of dumping.



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Friends of the Earth Europe

Member Groups

Austria	Global 2000
Belgium	Les Amis de la Terre
Belgium (Flanders)	Friends of the Earth Flanders & Brussels
Bulgaria	Ecoglasnost
Croatia	Zelena Akcija
Cyprus	Friends of the Earth
Czech Republic	Hnutí Duha
Denmark	NOAH
England/Wales	Friends of the Earth
Northern Ireland	Eesti Roheline Liikumine
Estonia	Maan Ystävät Ry
Finland	Les Amis de la Terre
France	Sakharvelos Mtsvaneta Modzraoba
Georgia	Bund für Umwelt und Naturschutz Deutschland (BUND)
Germany	Magyar Természetvédők Szövetsége
Hungary	Friends of the Earth
Ireland	Amici della Terra
Italy	Latvian - Vides Aizsardzibas Klubs
Latvia	Lietuvos Zaliuju Judėjimas
Lithuania	Mouvement Ecologique
Luxembourg	Dvizhenje na Ekologistite na Makedonija
Macedonia	Moviment ghall-Ambjent
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The Netherlands	Norges Naturvernforbund
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Slovakia	Amigos de la Tierra
Spain	Miljöförbundet Jordens Vänner
Sweden	Pro Natura
Switzerland	Zelenyi Svit
Ukraine	

Friends of the Earth Europe campaigns for sustainable and just societies and for the protection of the environment, unites more than 30 national organisations with thousands of local groups and is part of the world's largest grassroots environmental network, Friends of the Earth International.