



TOWARDS A COMMON AGRICULTURAL POLICY (CAP) FAVOURABLE TO DEVELOPMENT

Point of view of the Coordination SUD's Agriculture and Food Commission

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International Solidarity Organisations, members of Coordination SUD, defend small family farms, both in the North and the global South, as a sustainable model of development directed towards fairer trade. From this point of view, we need to look closely at the changes in the Common Agricultural Policy (CAP), because they influence world agricultural markets, and so have repercussions on family farms in developing countries.

The CAP Health Check aims at adapting the 2003 CAP reform to market development and the difficulties encountered in implementing this. So the European Commission made some initial proposals in a communication dated November 20, 2007. These are part of a move to liberalise the market, which means gradually removing public intervention in markets by focussing on decoupled payments, so as to be in a position of strength in WTO negotiations. This determination to drop regulatory tools is strengthened by current high agricultural prices.

France is particularly active on this dossier because of its particular interest in the CAP – it receives the most grants – and because it is soon to preside the European Council in July 2008. Moreover, the French Minister of Agriculture has announced his determination to prolong the debate on the CAP beyond the 2008 Health Check, with a view to producing new guidelines by 2013.

In this context, within the Health Check framework, development NGOs want to express their concerns, but also their satisfaction about certain advances of the CAP.

These preoccupations are obviously part of a wider plan for keeping a close watch to ensure that European agricultural, trade and cooperation policies work in favour of developing countries.

I. FORTY YEARS OF EXISTENCE FOR THE CAP: SOME FACTS

1. The CAP in Europe: a mixed outcome

Since being set up in 1962, the CAP has taken up several of the challenges faced at the time by the countries of Europe. In the 1970s, the CAP enabled Europe to become self-sufficient in food production. By guaranteeing stable prices for the producers, it fostered investment in agriculture and so enabled farmers to increase their productivity. The resulting increase in production was able to keep pace with population growth, and beyond, because the EU has become one of the major exporters of agricultural produce.

However, in parallel, the CAP has also had negative consequences: exorbitant costs related to the growing imbalance between supply and demand, disparity of the subsidies granted to different types of farms and environmental deterioration are some examples. The CAP has also had negative impacts on other countries.

2. The CAP: a model and a threat for countries of the global South

Today, the CAP, which has been around for over forty years, is an interesting example for countries in the South that want to build their own agricultural policy with the same goal of self-sufficiency in food production.

But the CAP can also be a threat for developing countries. The CAP uses agricultural policy tools that lead to market distortions by encouraging high cost agricultural production within the common market. In some agribusinesses, internal subsidies have led to overproduction, and the surplus has been dumped on world markets thanks to export subsidies. Subsidised exports compete with local production in developing countries, particularly since these countries have often decreased their trade protection over the last few years and subsidise their agriculture very little or not at all. Also, since the EU is a major player in world agricultural markets, the CAP has tended to push down world prices.

So we can only rejoice in the marked decrease in export subsidies that has taken place over the last few years. We also note that the Commission is being increasingly careful not to transfer European instability to other countries, and it is looking for new tools to avoid this.

However, we need to differentiate between the different impacts that the CAP has had on developing countries, because agricultural development issues in the Less Developed Countries (LDC) are completely different from those in the emerging countries.

3. The limits of a discussion focused on tools

We agree with a lot of the criticism generally directed at the CAP, but we believe that it is too simplistic to focus on tools. This is because the nature of the tool is no indication of its impact on the developing countries, because it is serving a single purpose. **So today the priority for discussions must be agricultural policy objectives in Europe and in the developing countries.**

Because although current regulatory tools are accused of distorting markets, we believe they are necessary, given the specificities of agriculture, and particularly the high risk factors involved.

Also, subsidies coupled to production are listed in the WTO Orange Box, although they are not necessarily detrimental to developing countries. They can come with conditions that aim to limit production (set-aside, animal density per hectare, ...) or they can encourage maintaining production in difficult areas (incentives for herbivores, article 69¹).

And on the contrary, some very poorly subsidised productions still destroy local economies in developing countries. This is the case, for example, for cheap cuts of European chicken exported to West Africa.

II. FOCUSING ON FOOD SOVEREIGNTY BEING ON THE AGENDA OF AGRICULTURAL POLICIES

1. Redefining the CAP objectives

The Lisbon Treaty, signed by European Heads of State on December 13, 2007, does not change the agricultural objectives defined by the Treaty of Rome in 1957 so, officially, these remain the same: increased agricultural productivity, stabilisation of markets, supply security, guarantees of reasonable prices to consumers and a fair standard of living for farmers. However, after successive reforms, these traditional objectives no longer seem necessarily to underpin CAP directives today. New objectives have appeared, and others have been abandoned to a greater or lesser extent.

For development NGOs, the CAP must first and foremost aim for food SOVEREIGNTY.

This means that priority must be given to regional production of food consumed in the EU. And reciprocally, the EU must recognise the right of other countries to feed themselves. So local agricultural development must take priority over market access objectives. In order to do this, countries from both the North and the global South must be able to use the most suitable farming and trade policies.

So the ambiguity behind the post 2013 CAP objective set up by France needs clearing up. This is to "contribute to the global food balance". If this means that the European Union intends to feed the developing countries through agri-food exports, the development NGOs are strongly opposed. However, this seems to be what Nicolas Sarkozy or Michel Barnier are saying. If the demand for food increases in developing countries, encouraged by demographic growth and sustained economic growth in the current context of high prices, the developing countries themselves need to meet the challenge. As recommended by the FAO, this must be a strong incentive to invest in the agricultural sector in those countries where agricultural potential is all too often underused.

In these conditions, we believe that market liberalisation as supported by the Commission in its Health Check proposal is not an effective way of reaching the objective of food sovereignty.

On the contrary, the objective of food sovereignty can not be dissociated with defending methods of sustainable production. For this reason, development NGOs support CAP efforts to give greater weight to environmental issues in Europe, and emphasise that the EU must be careful not to encourage polluting agricultural practices in developing countries.

¹ Article 69 : allows member states to take up to 10% of the national aid limits for each sector and reallocate them to types of agriculture that are important for the environment or for the quality of products.

2. Standards in favour of food sovereignty

According to international development NGOs, the CAP Health Check should be carried out on the food sovereignty objective. So we are demanding:

- The removal of export subsidies by 2013, as promised by the EU in 2005 at the Hong Kong conference. More generally, the Commission should study the impact of its Health Check proposals on developing countries.
- A watch on the consequences of European agricultural exports for the economy of developing countries, to avoid them competing with local production. The General Directorate for Development could do this in partnership with the GDs for Agriculture and Trade. This would strengthen the coherence of European policies for developing countries.
- Keeping regulatory tools such as intervention prices, storage aids in strategic sectors and quotas, so as to focus European agricultural production on meeting the needs of the EU. Particularly since, although agricultural prices are likely to be higher all round, there are many unknown factors influencing this, and there will probably also be growing instability of world prices that affect producers and consumers.
- Setting up a real protein production policy in Europe for animal feed, to strengthen food independence in the EU.
- Reassessing objectives for including biofuels by 2015 because the EU cannot guarantee conditions of sustainable production that respect the environment and social rights, including the right to food, in the North and the South.
- Maintaining certain coupled payments to support agriculture in difficult areas, for community market production, by means of article 69².
- Strengthening the second pillar³, which can be an effective way of enforcing a real rural development policy that does not penalise developing countries. But this must be very carefully defined, so as not to introduce risk management⁴, which is dealt with in the first pillar, and not introduce incentives to produce biofuels, etc.
- Transition to a calculation of decoupled payment (Single Payment Scheme) on a regional basis, because maintaining the SPS as it was in the past continues to encourage traditional export agriculture and entrenches existing inequalities between European farms.

Point of view of Coordination SUD's Agriculture and Food Commission (drawn up by CCFD, CFSI, Fédération Artisans du Monde, GRET, IRAM, Oxfam France - Agir Ici, Peuples Solidaires, Secours Catholique, VSF-CICDA)

² cf. note 1

³ The second pillar aims to strengthen rural development, and the first covers all the interventions that control markets and farmers' incomes.

⁴ The risks are directly related to agricultural policy, whereas the second pillar is more directed to external factors influencing agriculture, such as the environment, town and country planning, ...