

## European Food Security group of CONCORD

### The future of the European Common Agricultural Policy and development

*Contribution to Consultation for the Impact Assessment on the "Common Agricultural Policy towards 2020" proposals*

#### Background comments

The European Union (EU) is preparing a comprehensive reform of the Common Agricultural Policy (CAP), which is expected to come into force at the beginning of 2014. This reform is not only an internal European matter. In today's increasingly interdependent world the agricultural policies enforced by the EU have a critical impact on sustainable development paths and food security globally. This note proposes an alternative for the future CAP regime to promote European farming in a sustainable and globally responsible manner that does not violate the right to adequate and safe food of the vulnerable populations in the developing world.

The devastating consequences of the last three year's food, financial, economic, and climate crises clearly demonstrate the failure of the present international financial and agricultural market architectures to guarantee and safeguard food security, especially for the poorest and most vulnerable people. CONCORD therefore emphasizes the urgent changes needed of the governance structures both at international, regional and national level. As the world's largest importer and exporter of agricultural products, the EU must take international leadership in the fight against food insecurity beginning with the forthcoming reform of its common agricultural policy.

CONCORD urges European leaders to adopt **a Human Rights-based approach to global food security**. The alarming figures observed since early 2008 of the food insecure across the world cannot be reversed if food is considered merely as a commodity. Secure access to adequate and safe food is a universal human right, which the international community is responsible for respecting and enforcing. In this respect, when hunger results from policies that do not secure access to the natural, financial and technological resources necessary for people to feed themselves and their families with dignity, it is the responsibility of the states involved in these harmful policies to take the necessary measures to rectify them.

Realization of the **Right to Food for all can only be achieved by enabling sustainable domestic agricultural production** in every region of the world. Advancing local smallholder agriculture with a special focus on women farmers is fundamental in this respect, particularly in rural areas where the vast majority of the world's poorest still resides. The future CAP regime must therefore recognize the right of the developing countries to develop and safeguard their own agricultural policies.

The forthcoming CAP reform is the **ultimate test of the EU's willingness to fulfill its Treaty bound obligations to ensure Policy Coherence for Development** (PCD) in all policies affecting developing countries. This is of paramount importance since the EU policy-making demonstrates an alarming gap between policy formulation and practice. The current CAP is just one of several interlinked EU policies that undermine the fight against poverty and hunger outside Europe. The EU's export of 'artificially' cheap agricultural products, the appropriation of foreign farmland and import of biofuels from food-deficit countries are examples of policies which are all inconsistent, in terms of the impact they have, with the aims of European development cooperation. In this regard, the communication *The CAP beyond 2020*

issued in November 2010 is in contradiction with the new EU Policy Framework for food security<sup>1</sup> prepared by the Directorate-General for Development and adopted by the Commission and the Council.<sup>2</sup>

The design of the future CAP must begin with the recognition that the purpose of the European agriculture shall not be to 'feed the world'. Conversely, **the objective of the CAP is to ensure food security and the viability of sustainable farming in the EU**. Yet, research clearly demonstrates that the EU's export of agricultural commodities at prices well below their production costs is still extensive despite that the majority of the payments to European farmers are "decoupled", i.e. are compliant with the WTO's Green box. This practice should – contrary to the European Commission and WTO's own definition – be considered as dumping when the artificially low-priced EU exports goes to developing countries squeezing local farmers out of their domestic markets.

The principles below explain the perspective of the European Food Security group of CONCORD on the CAP reform followed by recommendations for its realisation. Both these principles and recommendations should be read in parallel with the reaction of CONCORD to the communication *The CAP towards 2020: meeting the food, natural resource and territorial challenges of the future* issued by the European Commission on 18 November 2010.

## The Principles

- The future CAP regime must not violate the **Right to Food** in any region of the world. Secure access to the resources necessary to produce or purchase food is a universal human right which the international community has the responsibility to respect and enforce in accordance with the International Covenant on Economic, Social and Cultural Rights;
- **The objective of the CAP is not to 'feed the world'** but to ensure food security and promote sustainable farming in the European Union to the benefit of European citizens. Growing global demand for food must not be used to legitimise subsidizing European exports which potentially undermine local and regional food production in the developing world. All future CAP instruments must be managed to prevent dumping 'artificially' cheap EU exports to developing countries where smallholder farmers are the most at risk;
- The EU should **work internationally towards the elimination of all export subsidies** in their various forms in the World Trade Organisation and other relevant trade negotiations.
- Realization of the right to food for all requires the development of sustainable domestic agricultural production in every region of the world. **Advancing local smallholder agriculture** is fundamental to achieve this goal, as recognized by the European Commission and the Council in the new *EU Policy Framework to assist developing countries in addressing food security challenges* (2010)<sup>3</sup>. Focus women farmers are particularly important;
- The **multi-functionality of agriculture** enlightened by the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) should inform and frame the future agricultural policy of the EU and be recognized at the WTO, as should be the essential role of sustainable smallholder farming in delivering local food security and rural development as a vital public good.<sup>4</sup>

<sup>1</sup> COM(2010)127, communication from the Commission to the Council and the European Parliament, *An EU policy framework to assist developing countries in addressing food security challenges*, 31st March 2010.

<sup>2</sup> Council Conclusions of 10 May 2010; see: <http://register.consilium.europa.eu/pdf/en/10/st09/st09653.en10.pdf>

<sup>3</sup> Ibid.

<sup>4</sup> Public goods include goods or services benefitting to every human being, like air, agronomic knowledge, peace, etc. and that need public investment for their production or sustainable management, including the natural global commons, the human-made global commons, like knowledge, human rights, etc. and the global/regional conditions, like food security.

- The EU must demonstrate greater efforts to make **Policy Coherence for Development** a cornerstone principle of the CAP and lead the way for new international governance in food security based on principles of universal human rights, social justice and ecological sustainability. Policy coherence for development is more than just noble ambitions; it is a legally-binding and enforceable principle enshrined in the EU Treaties since 1993;
- The EU should fully **comply with the developing countries' demands to be granted the possibility to define, protect and promote their own agricultural policies** in accordance with the needs of their people, those suffering from food insecurity. In particular, it is important to respect the right to protect the development of domestic production through tariffs which is a key agricultural policy tool for most poor countries given the low public revenues available otherwise for active support of local production.
- The design of the future CAP should clearly demonstrate the EU's genuine commitment to **tackle climate change** at the global level, taking into consideration the need for farmers both in the North and in the South to adapt to its effects and putting forward a transparent action plan on how the CAP will contribute the EU's greenhouse gas emission reduction targets;
- Externally, the CAP should not contribute to production patterns in other countries which undermine ecosystems and result in deforestation and climate warming, i.e. soybean cultivation on a large scale and crops for biofuels.
- The CAP reforms should enhance a **fair distribution of income** along the global agricultural value chains. The bargaining power of smallholder farmers in the developing world needs to be strengthened.

## Recommendations

### Agricultural subsidies in the European Union

- Considering that the CAP must not hamper food security in the rest of the world, all payments should strictly match European market demand and production should be managed in a way that prevents subsidised EU exports to compete with local agricultural production in poor countries.
- This entails using supply management and other mechanisms to ensure that no direct or indirect subsidies (including decoupled payments to farmers) go to any agricultural or food products that are exported to developing countries at any point along the value chain. The principle applies to subsidies on all inputs as well as exported products. Subsidies for exported products can only be admitted if there is an explicit demand for European products from poor importing countries where the development of food production is not possible.
- The same principle (of non-subsidization of exported products) should be considered with respect to measures under the CAP if direct payments are converted into payments for 'public goods'. Sustainable smallholder farming in Europe and in the developing world should be recognized as a main provider of public goods in accordance with the 'multi-functionality' role of agriculture.
- The EU should eliminate its export subsidies, while aiming, in all places where agricultural trade rules are discussed and especially in the WTO, that all trade partners also eliminate their export support in their various forms. Quotas should strictly match European market demand in order to avoid overproduction and consequential dumping in developing countries.
- Where subsidies have been received on a product or its inputs, export duties of equal value to them should be levied as a countervailing measure. This would put in reverse the traditional practice of export refunds.

### Standards and non-tariff barriers

- Exports of agricultural and food products to the EU are very important for many developing countries. The terms on which the EU imports these goods have undergone major changes under the influence of WTO rules and the so-called 'quality' approach to the CAP reform. The implications for development need to be addressed.
- Agricultural and food regulations, standards and customs rules should be fully transparent and follow scientifically verifiable methods. The increasing focus on 'quality' must not be used to evade the principle of non-reciprocity in international trade between developed and developing countries.
- The implementation of both public and private standards and customs rules in the EU should be examined with a view to possible discriminatory effects as non-tariff barriers, taking development considerations and the proper interpretation of fair trade fully into account.

### The CAP and other global issues

- The EU should engage in contributing to address food price volatility at the global level by:
  - Proposing a series of international negotiations to introduce supply management in agriculture, trade on dairy products being one of the sectors that might be considered first. This should build on measures to reinforce or re-establish supply management within the CAP;
  - Taking firm action to prevent financial speculation in agricultural quotas, on futures markets and in food and agricultural commodities themselves.

- The EU investment and trade policies should be reviewed to ensure that they contribute to an equitable and sustainable access and use of natural resources by local smallholders' famers.
- The EU should diminish its ecological footprint on developing countries by revisiting unsustainable production and consumption patterns in the EU. Priority areas are:
  - limit the EU dependence on imports of animal protein feeds of unsustainable animal husbandry production models by promoting forage crops (in particular legumes) and moderate meat consumption habits;
  - limit the dependence on nitrogen fertilizers whose use contributes to global warming, by promoting integration between agriculture and livestock activities, legumes crops and organic farming
  - drop EU biofuel targets<sup>5</sup> and rather rethink internal energy consumption patterns.
- The CAP reform should lay out a clear path to contribute to the greenhouse gas reduction targets adopted by the EU and towards the objective of an 80% reduction target of EU's emissions by 2050.

## Consultations and impact assessments

- The EU must not ignore the external dimension of the reform and in particular the concerns with regard to the impact of the CAP post-2013 scenarios on sustainable development and food security in other parts of the world.
  - the concerns of smallholder farmers must be taken into consideration through multistakeholders' consultations; the Commission should ensure that the prospects of the reform are discussed in those foras where the EU claim to have a structural dialogue with its partners in the South;
  - the low-income food-deficit countries, being the most at risk, should be consulted over the possible effects on their food and agriculture systems of the future CAP measures. This could materialize, as a first step, through consultations under Article 12 Part 1 of the Cotonou Partnership Agreement which foresees the possibility for the ACP Group to initiate a request for information about any EU measures which may affect the interests of the ACP States as far as the objectives of the Agreement are concerned.<sup>6</sup>
- The outcomes of the Impact Assessment carried out by the Commission services on the three scenarios envisaged for the CAP beyond 2013 must give a strong focus on the external aspects of the CAP:
  - it should set-up binding result-based indicators that enable monitoring and accountability; the report must be given full attention by the European institutions throughout the policy elaboration of the reform.
  - the study commissioned by the Directorate-General for Development cooperation aimed at identifying the impact and the transmission mechanisms of the CAP changes on the domestic food markets and 'smallholder farming' in selected third countries, must be taken into consideration as part of the broader Impact Assessment and in the critical stages of the elaboration of the reform.

<sup>5</sup> See: [JRC report](#) *Impacts of the EU biofuel target on agricultural markets and land use: a comparative modelling assessment*, June 2010: "The EU has adopted targets for biofuels: The EU's Renewable Energy Directive (2009/28) sets an overall binding target of 20% for the share of EU energy needs to be sourced from renewables such as biomass, hydro, wind and solar power by 2020. As part of this total effort, at least 10% of each Member State's transport fuel use must come from renewable sources (including biofuels)."

See: [CSO Monitoring 2009-2010](#): *The Impact of Europe's Policies and Practices on African Agriculture and Food Security*, chapter on European involvement in land grabbing, October 2010.

<sup>6</sup> See : [revised text](#) of the Cotonou Partnership Agreement,



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- The EU's agricultural and trade policies should be regularly monitored for its impact on developing countries by the Directorate-General for development cooperation and by the Directorate-Generals for Trade and for Agriculture and Rural development jointly. A mechanism for assessing the ex-post impacts of the major EU policies should be established; it should be placed under the responsibility of the Secretariat General of the Commission and involve closely DevCo and in the External Action Service.<sup>7</sup>

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**CONCORD** is the European confederation of relief and development NGOs, representing 25 national NGO platforms and 18 international networks across Europe. CONCORD leads reflection and political actions and regularly engages in dialogue with the European institutions and other civil society organisations. Find out more on [www.concordeurope.org](http://www.concordeurope.org)

The **European Food Security Group** offers a forum for European NGOs involved in food and agriculture issues, and acts as a reference group in CONCORD on these issues for structured and regular dialogue between NGOs and with European institutions and Members States. In line with the overarching goals of CONCORD, the EFSG aims at building on the expertise of its members and their strategic partnerships with other concerned sectors of European civil society and with Southern organizations and networks, especially the organisations of smallholder farmers, pastoralists, small-scale fishers and other food providers, and promoting their interests in designing, implementing, evaluating or consulting about relevant European Policies.

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<sup>7</sup> See: [The EU's New External Action Architecture](#): Putting sustainable development, human rights, gender equality and human security at its core, CONCORD, December 2010.