ECVC POSITION

ECVC is in favour of a strong post-2020 Common Agricultural Policy (CAP), which supports citizens, more farmers and territories. The CAP (ref. Article 39 of the Treaty of Rome) should aim to guarantee healthy food for everyone as well as an income for farmers that is equal to that of the rest of the population through stable and fair prices. It should also ensure a transition to a type of farming that is sustainable, economically stable and resilient to climate change.

ECVC supports a CAP that is based on Food Sovereignty, the public regulation of markets and food production and a sufficient budget. This would allow the industrial agricultural model, which the free trade agreements impose upon us, to be redirected towards healthy, sustainable and resilient agricultural and food systems that protect and create jobs and livelihoods in rural areas and care for the environment and animals.

In light of Commissioner Hogan’s Communication, “The Future of Food and Farming”, which he presented in November 2017, an issue arose. How can we reach the CAP aims and add new challenges while the European Union is concluding free trade agreements, which will create more volatility and new price drops for farmers, without simultaneously guaranteeing a better agricultural budget, nor having a serious plan for how to distribute the aid? This question still stands.

CAP Budget 2021-2027

We now know the proposed budget for the next CAP 2021-2027, which the European Commission proposes to reduce by 5%. Bearing in mind the estimated annual inflation, which the European Commission has put at 2%, we would be at 17% for the period.

Once again, this raises questions:

Given the greater trade liberalisation that non-member countries enjoy to facilitate the entry of commercial businesses to the sector, investment funds from outside the sector, greater volatility, lower prices for farmers and the reduced budget, how are we going to meet the Commission’s aims?
Aims such as combating climate change, ensuring food security, protecting the environment, creating a circular economy, developing rural areas and dealing with low farmers’ incomes?

Is it not time for the Commission to change the budget and the distribution of the CAP financial support fundamentally? Or will it carry on maintaining the status quo, in which the distribution, eligibility and calculation standards discriminate against small-scale and medium-scale farms, which are more diversified and labour intensive. The current standards do not meet the expectations of farmers or society.

The Commission’s Proposals for the CAP 2021-2027

The European Commission is creating a drastic legal and institutional change in the CAP application model, which as of 2021 would apply throughout the so-called “Strategic Plans” or “Support Plans” which the Member States (MS) would draw up. The “Support Plan” is a legal framework that establishes each Member State (and/or region) in order to grant CAP support to farmers, while respecting the principles and conditions set out at Community level. Up until now, the European Union established this legal framework, through the CAP’s Basic Regulations as well as through the Delegated Regulations and Application Regulations.

It is difficult to predict the “divergences” that at least 27 different Support Plans (potentially many more if they are done regionally) will have, but it seems clear that the CAP will be much less COMMON than it currently is and, as time goes by, that the rifts between these plans will widen. In this regard, the European Commission’s role will be fundamental when the time comes to approve the Member States’ Support Plans and establish common principles and conditions.

However, can the European Commission guarantee that the CAP will continue to be a common policy in the future? Has it considered the risk we face with a renationalised CAP in the medium term? To what extent is this approach not an amendment to the principles that the Treaty of Rome set out for the CAP? Will the CAP structure, which is based on two pillars, disappear? Will the Commission establish compulsory objectives to include in the Support Plans? How can we avoid the flexibility that the Member States/regions enjoy in the application of these rules leading to more pronounced differences between the areas in the short term? Furthermore, if we are in a single market, should we not have a stronger and more COMMON agricultural policy across the EU? How will we deal with sectorial crises that affect the whole of Europe rather than the market of a particular nation?

Moreover, the Commission plans to fill the new CAP application system with practically the same measures that we currently have, but in a more simplified form:

Basic decoupled income payments per eligible hectare; redistributive payments as a supplement to incomes; supplementary income payments for young farmers (voluntary); a voluntary payment system for the climate and the environment (eco-scheme); coupled payments.
Small-scale farmers, as defined by the Member States, can receive a lump sum that the Member States will have to pay as a separate financial aid as part of the CAP Support Plan.

The European Commission suggests that Member States limit the direct payments that a farmer will receive in a calendar year to €60,000 per farm. From this amount, it would subtract the wages earned through agriculture that the farmer has declared, as well as the equivalent cost of regular, unpaid agricultural labour carried out by people on the farm who do not receive a salary (or who receive a lower salary than would normally be paid for the services) but who benefit from the economic result of the agricultural business.

ECVC is against aid that is decoupled and provided per hectare. This approach is wrong. It continues to be possible to collect financial aid without producing anything on the land and at the same time, whoever owns more hectares will continue to receive aid with which it is possible to accumulate land and engage in land speculation. This prevents young people from establishing themselves in the agricultural sector. Farmers who produce healthy food and who care for the environment and wildlife should receive the financial aid. In the European framework, there should be a definition of the agricultural and food model that should receive future support, which would respond to the demands of European people as a whole.

ECVC welcomes the Commission's proposal to limit the financial aid at €60,000 per farm and suggests that we bear in mind the active farmers that work on them as well as the economic and social conditions of wage earners (and day-labourers). The proposal to redistribute aid from large-scale farms to small and medium-scale farms is also important since it is a compulsory measure.


The European Commission remains committed to concluding new free trade agreements, which lead to increased levels of market deregulation, more instability, greater risks of crises, lower prices for farmers and more volatility. Furthermore, this deregulation has given more market power to the industry and big food distributors. As recognised by the European Commission, this has led to abuse within the agrifood chain, from the producers through to the consumers.

Moreover, market deregulation, a reduction in tariffs, the elimination or relaxation of health regulations, the lack of respect for the precautionary principle or for clear traceability of the processes and products all enable agricultural and food products from outside of the EU to enter the European market without respecting the internal standards. This is an unfair trading practice that puts farmers at a disadvantage. It does not show respect for European citizens who have been, and continue to be, very demanding in terms of European standards and production methods. The repercussions of the renationalisation of the CAP multiply these effects.

Moreover, as we can see in the dairy sector, the elimination of production regulation instruments, such as production quotas, leads to a fall in prices.
The consequent lower number of milk producers leads, in turn, to quicker and more severe crises. This is especially the case in areas that have issues owing to mountainous terrain or in areas in Europe that have higher production costs. The elimination of market regulation and stabilisation instruments only favours the interests of the strongest operators, providing producers with prices that do not cover their production costs and which decrease their incomes.

In this regard, the Directive that Commissioner Hogan proposed for the regulation of unfair trading practices in the agrifood chain falls particularly short of European farmers' needs. This is because it does not address the main problem: the price imposed within the value chain, which is dominated by the oligopoly, and the lack of profitability of the farmers' work.

Furthermore, the European Commission has suggested a directive rather than a regulation, which would be necessary given the single market.

Once again, we find that the Member States can set different standards with a common basis, which puts the unity of the European market at risk. This is because they can all be different and generate diverse problems in intra-community trade. ECVC believes that this situation entrenches us further in the renationalisation of European policies.

Conclusions

ECVC believes that it will be difficult, or almost impossible, to meet the objectives set out in the Communication or in the CAP documents that the European Commission has produced if it continues in this frenzy towards increased deregulation of markets, increased deregulation of regulatory standards for production and lack of care for the environment and wildlife which these free trade agreements cause.

These policies bring about lower prices, more volatility, quicker and more severe crises as time goes by and a reduction in CAP financial aid, or indeed a lack of distribution of this aid to healthy, sustainable agricultural and food systems. These factors cast doubt over the European Commission’s proposals.

If we want to create a strong and lasting CAP, the reduction of the budget is unacceptable given the current state of the EU.

The Strategic Plans and the high level of subsidiarity are a clear development towards renationalisation.

The European Commission’s proposal is trying to square the circle. In order for the future CAP to be a success, we would need to end the elimination of small-scale farmers, the decrease in incomes, depopulation, the lack of new entrants in the agricultural sector, the growth of the agricultural and food system and its environmental impact, the loss of jobs, the deterioration in health and, ultimately, the violation of a fundamental land workers’ and farmers’ right, the right to a decent life.

This is urgent! We need a fundamental change in policies, we need a new CAP!

May 2018