



MARKET REGULATION AND THE CAP

**SMALL FARMERS
BIG SOLUTIONS**

Why do we need market regulation?

For ECVC, ensuring farmers receive fair prices for their work is central and changes the way they can produce food. If they are constantly put under pressure from other actors in the supply chain to sell at cheaper prices, as is the case now, they are left with little option but to cut

costs, for example by trying to improve yields in the short term by using chemical fertilisers, relying on harmful industrial methods and techniques and producing lower-quality and less nutritious food, or reducing labour costs by employing workers in illegal or insanitary conditions.

Food, however, is not a commodity. It is a basic and essential right and as such it is in the best interests of all to ensure that people have access to healthy, fresh, local and affordable food, by guaranteeing fair prices for farmers through market regulation. i.e. using tools and measures to control and oversee who can sell what on the market and at what price. Market regulation offers predictability for food producers and for our population. It provides food safety and sustainable food systems.

What does market regulation look like?

In the EU, we must consider how two different markets can be regulated: the international market (the way the EU bloc trades with countries not in the EU) and the internal market (goods sold between and within the 27 EU Member States). Regulating each one is important but requires different tools. Here is a brief overview on the basics:

Regulating the international market

What are the main issues? Third countries (countries not in the EU) are able to produce more cheaply due to lower production costs, often implying lower social, labour and environmental standards, and less stringent health and safety measures. When imported to Europe the price competition with European products is huge and detrimental to regional production. If products are sold at unfairly low prices in this way it is called dumping.

It's also problematic when the EU dumps products in third countries at prices that are lower than production costs of the country exported to. At present, surplus products are being dumped by EU countries in third countries, because EU Common Agriculture Policy subsidy mechanisms partially compensate for low prices and overproduction. This is causing a lot of environmental and social damage in the EU and beyond.

What do we want? Tariffs and customs duties should be placed on imports from third countries to ensure that the cost of these products is not below production costs in the EU and any other country at international level. A minimum entry price should be set, and these products should meet the same social, climate and environmental standards that EU farmers are subjected to, (including calculating the transportation of these products). However, this regulation must be done in a way that respects the rights of other farmers in third countries to set their own rules, so that there is no prejudice between farmers in different countries. In order to meet the commonly agreed climate goals and to provide healthy food for European citizens it is crucial for the EU to prioritise short supply chains, and short geographical distances between materials used in production, production itself and consumption. The less the product travels, the better the quality.

Regulating the internal market

What are the main issues? The EU common market, internal to the EU, is set up to boost competitiveness among the countries and regions. This competitiveness has negative impacts on farmers, citizens and the planet. Production is concentrated and delocalised, particularly as not all countries have the same costs of production. For example, France and Germany have low production costs on dairy products because of its agro-climate conditions and has developed a very strong dairy industry, while Spain and Italy have lower production costs on fruits and vegetables because of weather conditions and level of wages for agricultural workers. This leads to a specialisation of production: Spain's dairy production is declining, while France there is reduced fruit and vegetable production. This destroys jobs, increases the distance between producers and consumers, is bad for the environment, and also leads to intra-EU dumping. At present, market regulation measures are used on a non-compulsory basis to manage sectoral crises, but this kind of safety net does nothing to resolve the precarity and unsustainability that farmers face in terms of making a fair and decent living.

Furthermore, there are inequalities of access to market between central and outskirt EU countries and the current market status quo is too well-established. Retail powers have too much power for farmers to tackle alone through collaboration. In fact, farmers within the EU are affected by many internal unfair trading practices within the EU food supply chain. Big retailers have all the bargaining power, leaving farmers vulnerable and at the mercy of retailers that face supplier payment delays, market access restrictions, exploitative changes to contracts, sudden cancellations of contracts, they have to stand direct commercial risks, are overcharging for different services and the unconditional return of merchandise that was contracted. Farmers end up with unsold merchandise that is thrown away, eventually leading to them stopping farming altogether.

What do we want? One solution is to control production and assure minimum prices for farmers. In the past this was done with quotas per farm, industry or country. If these quotas are exceeded, sanctions would be given. For ECVC, reducing production during sectoral crises must be compulsory and proportional to the size of the company: the larger the company, the higher the percentage reduction to be applied with special attention to protecting small and medium farms that are harder hit by market fluctuations. Furthermore, EU food supply chains should be designed and controlled to support the creation of cooperatives of farmers or other similar cooperative structures, and notably young farmers, especially to allow small-scale farmers to access the market for processed products, instead of being reliant on large supermarkets to buy and process their raw products.

The monopoly of the retail sector must come to an end, as must the neocolonial practices inside Europe that impose outrageously low prices on farmers notably in eastern Europe. Farmers should not depend on subsidies to live, as it is not sustainable. Therefore, well-balanced EU marketing regulations and market organisation must make room in the food chain for farmers.

