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THE NOTES OF SUD

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For a CAP Coherent with the Development of Peasant Agriculture in Southern Countries

The Common Agricultural Policy (CAP) of the European Union (EU) has negative impacts on peasant agriculture in the South. For this reason, the CAP is in contradiction with commitments the EU has made regarding its policy coherency with development cooperation goals and regarding respect of human rights.

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A study carried out at the request of the Agriculture and Food Commission (C2A) and the Luxembourg platform Meng Landwirtschaft has helped identify various types of CAP impacts.

Only in-depth reform of the CAP, combined with changes in other European policies, will enable the EU to fulfill these commitments.[1]

1 The three impacts of the CAP on peasant agriculture in Southern countries

The impacts of direct payments on products exported to Southern countries

In highly competitive markets where power relations within value chains make for prices being set downstream, the existence of direct payments has an impact on market prices (in terms of price reductions). >>>

1. Laurent Levard and Irene Martin Garcia (Gret), *The EU CAP: How Coherent is it with the Development of Peasant Agriculture in the South?*, Coordination SUD, 2019

It thus contributes to increased competition from imports of European origin on the markets of Southern countries and to constraining the development of marketing channels for local products. This is particularly the case for low-priced imports of soft wheat and milk powder on West African markets. Imported soft wheat competes with other cereals and starch products, while milk powder competes with local milk. This competition is heightened by the growing tendency of European manufacturers to export not whole milk powder, but powder in the form of a blend of skim milk and palm oil, the price of this milk substitute being at least 30% lower than that of whole milk powder.

Imports of soy from South American countries for animal feed

The choice to direct most of the CAP budget towards direct area payments, which are subject to very few environmental requirements, has boosted agricultural production in the EU that is characterized by intensive use of inputs (fertilizers, pesticides, irrigation water) and of high-energy concentrated fodder (cereals, maize silage), and it has lowered their production cost. Furthermore, use of this concentrated fodder is encouraged by the availability of low-cost soy, made possible by productivity conditions in producer countries and the absence of customs duties. In short, a trend in soy import has been occurring to the detriment of systems based on the use of fodder less concentrated in energy and proteins (i.e. grassland systems). This trend is partially the cause for the expansion of a soy model in South America, which is in turn largely responsible for massive deforestation, biodiversity loss, environmental contamination. It also has an impact on local populations, who are suffering intoxication linked to intensive use of pesticides. Not only are the peasant farmer populations of those South American countries the main victims, but they also tend to suffer expropriation from their land and loss of their livelihoods, to the benefit of agribusiness firms.

Greenhouse gas (GHG) emissions from the EU agricultural and food model

These significant emissions (up to more than a third of total European GHG emissions) are linked in particular to intensive livestock systems (including emissions from the production of concentrated feed intended for them), massive use of synthetic nitrogen fertilizers, energy expenditures on farms, and road transport of agricultural and food products.

> “The CAP has furthered the development of an agricultural and food system with a high-carbon footprint.”

The CAP carries its share of responsibility for this situation. Indeed, the CAP has furthered the development of an agricultural and food system with a high-carbon footprint because it:

i) is not endowed with tools to guide the geographical localization of production (by either promoting stronger integration of agriculture and livestock or by bringing the sites of agricultural production and of food consumption closer together);

ii) has made aid only slightly conditional on respect for certain agricultural practices, in particular that of genuine diversity of production within production systems;

and iii) has not capped per-farm subsidies. In short, the system supported by the CAP is contributing to climate change, whose main victims include peasant farmers in the Southern countries.

Vadym Zaitsev © 123RF.COM

The consequences of the CAP on peasant agriculture in the Southern countries are **indirect in nature**. Indeed, it is the CAP's great influence on the EU agricultural and food system that in turn has a negative impact on peasant agriculture in the South.

But the CAP is not the only cause for these negative impacts. It is in fact the **combination of the CAP and other policies of the EU and its Member States** that is responsible for the trends in the EU agricultural and food system and that consequently generates negative impacts on peasant agriculture in the South. These other policies include those regarding trade, energy, environment, food, transport, competition laws, and development cooperation.

Given the roles that these different policies play, it is not possible to quantify the share of responsibility of each one in the impacts highlighted here. On the other hand, it is possible to clearly identify the **specific CAP tools that influence the transformations of agriculture and that thus contribute to these impacts**. The main one is the **mechanism of decoupled direct payments** from the first "pillar" of the CAP. These decoupled payments are subsidies paid to farmers according to size of the area they farm, regardless of the type of production practiced. These payments, which absorb most of the CAP budget, do not by definition include specific objectives that would seek, among other things, to avoid the negative effects and impacts of the agricultural and food model on peasant agriculture in the Southern countries.

Moreover, as the environmental conditions for allocating such aid are not very demanding, the payments prompt acceleration in the development of intensive livestock farming as well as a growing division between plant and animal production activities. The problem is that many of the negative effects and impacts are linked to these trends. At the same time, the rare aid that is coupled in nature (and therefore designed and calculated according to specific objectives) and the various aid via the second "pillar" of the CAP (the aspects of the CAP devoted to rural development) are poorly targeted and not ambitious enough to significantly offset the decoupled aid of the first pillar. Furthermore, the **mechanisms for regulating agricultural markets**, which made it possible to limit surpluses and maintain prices at a certain level, particularly in the case of milk, have been abandoned. The current "safety nets" intervene only exceptionally, in extreme crisis situations.

The abandonment of these mechanisms tends to increase the EU's capacity to export agricultural products at low prices to markets in the South.

2 Our recommendations to EU decision-makers

The aim of these recommendations for EU and national policies is to promote the development of an EU agricultural and food system that would meet **three objectives**:

i) **put an end to dumping** on the markets of the Southern countries;

ii) **gradually reduce and then eliminate soy imports**;

and iii) **drastically reduce the carbon footprint** of the EU agricultural and food system.

Some of the recommendations may also contribute to other policy goals, for example in the political, economic, social, environmental, and public-health spheres. Moreover, these recommendations **specifically** address the **objective of the CAP's coherence with the development goals and human rights** and ensue from the analysis of the effects and impacts of the CAP on peasant agriculture in the Southern countries. However, they do not exclude other recommendations (such as those made by the "Platform for another CAP") that respond to other objectives.

> "This recommendation chiefly corresponds to the objectives of reducing and eliminating soy imports and reducing carbon footprint."

1. Replacing the current mechanism of decoupled aid with subsidies designed to foster the agro-ecological transition of agriculture

This recommendation chiefly corresponds to the objectives of reducing and eliminating soy imports and reducing carbon footprint, but its implementation would also help reduce agricultural surpluses. This transition, the precise form of which must be determined for each local area and each type of farm, implies a number of conditions:

i) diversification and relocation of production;

ii) closer links between animal and plant production;

iii) fodder, protein, and nitrogen self-sufficiency of farms or local areas;

iv) development of grassland fodder at the expense of other types of food;

v) de-intensification of livestock systems;

vi) an overall decrease in animal production (especially of ruminants);

vii) reduction of energy consumption;

and viii) improved animal waste management.

Such a transition also implies changes in national policies, particularly in agricultural research, advice, and education. >>>

In addition, some of the public transfers could pay for environmental services provided by farmers beyond the transition phase towards ecological systems, to help make these systems attractive and profitable.

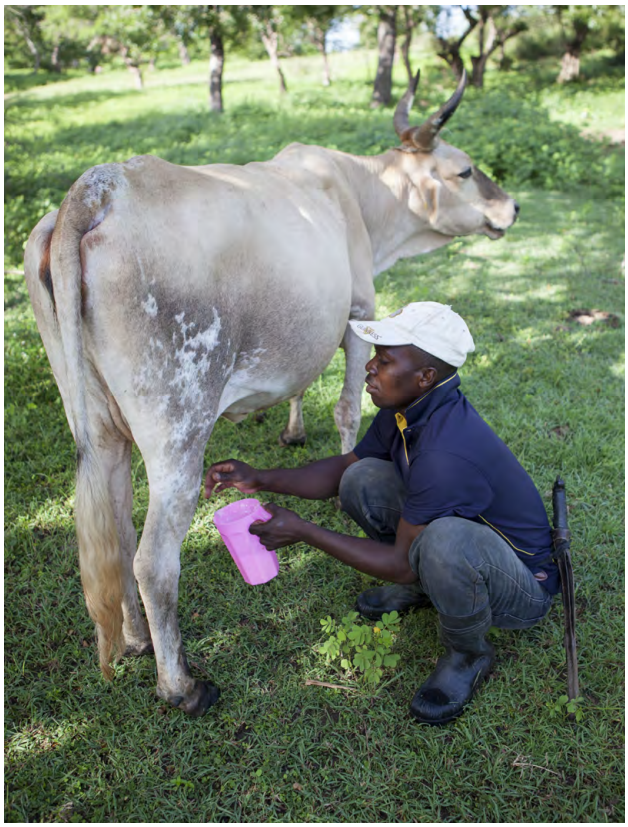
2. The establishment of mechanisms to regulate agricultural markets

Among other things, this measure would help avoid both production surpluses and price decreases for milk (i.e. objective of eliminating dumping practices), which are moreover harmful to farmers both from European and Southern countries.

3. In addition to changes in the CAP, other policies must also change

If we want the EU and especially its agriculture and food system to stop generating negative impacts on Southern countries, change in the following policies is necessary:

- **Trade policy** (tax exports of agricultural products up to the amount of the subsidy received for the production of these products, tax soy imports, prohibit imports of GMO soy and palm oil, call into question free trade agreements).
- **Energy policy** (end support for the production of first-generation agrofuels and crops specifically dedicated to methanization).
- **Environmental regulations** (cut down on synthetic nitrogen fertilizers and reduce size of holdings).
- **Transport policy** (give priority to rail transport).
- **Food policy** (promote reduced consumption of animal products originating from non-grassland systems; combat over-packaging and waste).
- **EU competition law** (take into account criteria concerning the location of production when issuing public calls for tender).
- **Development cooperation policy** (provide support to Southern countries wishing to protect national and regional agricultural markets and to move away from agricultural models based on single-crop export).
- Finally, a **complaint mechanism** to denounce negative impacts related to the EU's agricultural and trade policies should also be established.



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