

Public consultation on the CAP post-2013: Oxfam's contribution

Why do we need a European Common Agricultural Policy (CAP)?

The EU is the world's leading exporter of agricultural products. Exports have recently increased by 43%, from 54 bn. € in 1999-2001 to 77 bn. € in 2006-08. The EU is also a big importer of agricultural products, especially soybean meal and soybeans (12% of total imports). The European Common Agricultural Policy has strong trade-related links to poor countries. Changes in the EU's demand and supply of agricultural products can have a considerable effect on world markets, and thereby also on poor countries. As an economic and political powerhouse, the EU needs to act globally in a responsible manner and must avoid doing harm to poor people in poor countries (policy coherence: MDGs and human rights obligations!).

As a reaction to the food price crisis in 2008, there was a common argument used by policy-makers that "*the CAP (or Europe) must feed the world*". We do not need a CAP to feed the world. The current CAP has partly caused the problem that poor countries' agricultural sectors are so weak today, and more of the current CAP is not going to be the solution. We have to learn the lesson, and now is the time to strengthen agricultural production capacity in poor countries, investing in ecological farming, supporting poor farmers in marginalised areas, and ensuring that governments both in poor and in rich countries are accountable to their commitments on food security and poverty reduction. The "We must feed the world" argument in no way relates to a true commitment with development, it seems rather to be used to justify a step backwards in the slight progress achieved in the successive CAP reforms.

The CAP can only be legitimate if it delivers on the provision of public goods: stopping the loss of biodiversity, cleaning polluted waters, ensuring clean waters are kept clean, reducing greenhouse gas emissions in agriculture. These aims have to become the first and foremost objectives of the future CAP. They should be at the center of a multifunctional, sustainable European agricultural model.

What do citizens expect from agriculture?

A survey commissioned by Oxfam Germany (2007) showed that many citizens care about poverty in developing countries (83% of the respondents). Climate protection and fair international trade ranked second with 53% each among the list of important topics that policy-makers should engage in. The CAP 2013 offers the unique opportunity to make the Common Agricultural Policy coherent with development policies to fight poverty, hunger and climate change.

Citizens expect healthy food to be produced in a sustainable way. They want cultural landscapes to be maintained, biodiversity to be preserved and water pollution to be reduced. They care very much about animal welfare and would like farmers to be able to make their living out of their agricultural production. Farmers who do deliver public goods should be remunerated adequately in order to create the necessary incentives for the needed change towards a sustainable agricultural production model.

Why reform the CAP?

The CAP has failed to deliver on development coherence and on the provision of public goods! Decoupled payments were said to reduce overproduction, but overproduction has increased in some product areas (e.g. in the dairy sector). EU *dairy exports* have increased significantly from 2006-2008 and so has the share of production that is exported. The EU has maintained and even increased its dairy market share in ACP countries in comparison to other exporters. This analysis does not include 2009, a year in which export subsidies were re-introduced in the EU.

Dumping carries on with and without export subsidies and has devastating effects in poor countries. In order to get rid of their surplus, the EU forces developing countries by means of bilateral trade negotiations to lower their tariffs. Local farmers have seen how their products could not compete against cheap agricultural (subsidized) imports, and this has destroyed production capacity and in many cases has led to abandonment of agriculture.

The EU did not achieve its goal to stop the loss of biodiversity by 2010, to protect waters against over-fertilisation and to substantially reduce ammonia. With the aim of achieving international competitiveness of European agriculture, the industrialisation of agriculture is promoted, farmers are driven out of business and jobs are destroyed.

In the past years, policy-makers have over and over again referred to the CAP 2013 reform as a fundamental review of the CAP. Now it's time to deliver! The food, economic, energy and climate crises show that this is the moment where a choice has to be made in order to meet the food, environmental and climate challenges, and to rebalance decades of unfair trade rules.

What tools do we need for the CAP of tomorrow?

The EU should abandon the “We feed the world” argument and make sure that the CAP delivers on development coherence and the provision of public goods. In order to make the CAP coherent with the development policies to achieve the Millennium Development Goals, the following urgent measures need to be taken:

- Changes to payment systems must lead to an end to dumping. Export subsidies should be eliminated as a matter of urgency, while other supports should be reformed to ensure that they do not lead to exports at less than the cost of production.
- Stop dumping practices through stronger disciplines in the WTO rules to govern the so called non trade-distortive “*green box*” measures.
- To curb overproduction, as in the dairy sector, supply management measures should not be lifted as long as there is not another system in place that prevents overproduction. Quota levels should be defined for the time being to reduce the production levels to avoid any exports at dumping prices.
- All payments should be linked to the achievement of public goods. Payments to farmers should be redistributed to those who most need support, and go hand-in-hand with strong measures to achieve environmental conservation and rural development objectives.

Mitigation of climate change through the reduction of carbon emissions has a clear impact on development, since people living in poor countries suffer the strongest from the impact of climate change (and have contributed the least to creating the problem). Seriously tackling climate change requirements would be a positive driver to reform the CAP, since it would probably force a change in current production models of intensive production of crops (demanding high inputs such as fertilizers) and livestock.