Recommendations to the European Parliament on the legislative proposals on the Common Agricultural Policy after 2013: the need for Policy Coherence for Development

CONCORD is the European NGO confederation for relief and development. CONCORDs 26 national associations and 18 international networks represent over 1,600 NGOs which are supported by millions of citizens across Europe. CONCORD leads reflection and political actions and regularly engages in dialogue with the European institutions and other civil society organizations.

The last year’s debate on the reform of the Common Agricultural Policy (CAP) has revealed a widespread support of the European Parliament to include considerations for the CAP impact on the world’s poorest and most food insecure people¹. Regrettably, these crucial demands for food security in the poorest regions of the world have been largely ignored in the legislative proposals tabled by the European Commission on 12 October 2011. Indeed, the proposed legislations have dropped the Lisbon Treaty obligation relating to Policy Coherence for Development (PCD).

This comes at a time when getting agricultural and food policies right matters more than ever. Almost one in seven people on the planet goes to bed hungry every day and more than one-third of the countries in the world are severely food-insecure according to the United Nations. As the largest agricultural trading block, the European Union (EU) has a special responsibility to help and foremost not to harm vulnerable developing countries’ efforts to fulfill the Right to Food of their own people. Over the last two decades, the CAP has reduced the use of so-called trade distortive support (WTO amber and blue box) in favour of increased direct payments (WTO green box). Therefore, CAP is assumed to have fewer negative impacts on developing countries’ markets. Yet, for producers in developing countries, it does not matter which form the support takes; the present system keeps enabling the export of commodities at a price below the European cost of production. In addition, the current CAP regime results in unsustainable import patterns. These two situations

¹PCD in pre-legislative documents:
Nov. 2010, EC communication on the future of the CAP, 18 Nov. 2010, p. 4: “It is essential that EU agriculture maintains its production capacity and improves it while respecting EU commitments in international trade and Policy Coherence for Development
June 2011, EP resolution of 23 June 2011, on the future of the CAP, para. 63: “Calls for the EU to ensure consistency between the CAP and its development and trade policies; in particular urges the EU to be attentive to the situation in developing countries and not jeopardize food production capacity and long term food security in these countries and the ability of those populations to feed themselves, while respecting the principle of Policy Coherence for Development (PCD); therefore EU trade agreements on agriculture should not hamper markets in the least developed countries” http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P7-TA-2011-0297&language=EN
September 2011 EP resolution of 27 September 2011 on an EU policy framework to assist developing countries in addressing food security challenges: para 60-61 (see also para. 6): “Urges the adoption of a more global perspective in the design of the CAP post 2013 which should adhere to the principle of ‘do no harm’ to food markets in developing countries. ... Calls on the Commission to carry out a CAP impact assessment that will analyse its external impact on international food markets and food security in developing countries” http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2011-0410+0+DOC+XML+V0//EN&language=EN
April 2011 EP DEVE 13 April 2011 opinion on the future, para. 1: “calls for the new CA to include the principle of ‘do no harm to developing countries as a core objective, in line with Policy Coherence for Development objective, as prescribed in article 208 of the Treaty of Lisbon, and create appropriate mechanisms which ensure that the principle is upheld”
Lisbon Treaty, art 208:
“The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries.”
have equally critical effects on the income and livelihood of smallholder producers and food security in developing countries.

The CAP reform is a critical opportunity for Europe to lay out a path for change and harness solidarity among farmers globally. This, however, requires urgent shift in the EU’s current models of production that takes account of the external impacts of European agriculture, and respect and support the global realisation of the Right to Food.

**Human-Rights based Food Security**

Food is a human right inherent in all people, which the global community is mutually obliged to respect, protect and fulfill. Realising the Right to Food for all can only be achieved by enabling sustainable production in every region of the world. Key international institutions thus underline the paramount importance of re-localising food systems and prioritising sustainable climate-smart smallholder farming. While maintaining sustainable farming across Europe is a perfectly legitimate policy objective, this goal must be pursued in a globally responsible manner that does not undermine the livelihood of farmers and food security in poor countries outside the EU. This entails a clear recognition that world hunger does not legitimise subsidised European agricultural exports and that developing countries must be allowed to develop and safeguard their domestic production.

Positively, the EU has recognised that advancing local smallholder farming is the single most effective instrument for increasing food security in developing countries. In contrast, the Union’s current agricultural policies continue to undermine this very objective, through exports and indirect use of foreign farmland for animal protein feeds where agricultural development is it needed the most. Addressing these issues and this incoherent approach is a matter of political will.

Therefore, CONCORD urges members of the European Parliament to use its legislative power to enforce the following principles for greater coherence of the CAP legislation with the EU’s development objectives:

1. Establish a formal reference to the principle of Policy Coherence for Development and to the obligation under art 208 of the Lisbon Treaty in all new CAP legislative texts;

2. Include an external dimension in the already proposed CAP evaluation system enabling to monitor the CAP impact on developing countries in the spirit of Policy Coherence for Development;

3. Establish a formal complaint mechanism entitled to receive and process complaints lodged by producer associations, citizens or community groups in developing countries affected by harmful deployment of CAP measures, which cause or threaten to cause, serious difficulties to smallholder producers in developing countries;

4. Ban export subsidies;

5. Take measures to ease EU’s dependence of unsustainable feedstuff imports;

6. Enhance global civil society cooperation on rural development.

Preliminary proposals on how these principles can be implemented and integrated in the legislative texts, including some proposals for amendments, are elaborated in the enclosed Annex.

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2 CONCORD report “Spotlight on EU Policy Coherence for Development”, November 2011, p. 25-35
ANNEX: recommendations and preliminary amendment proposals implementing the principle of a coherent development-friendly CAP

1. A formal reference to the PCD principle and to the obligation under art 208 of the Lisbon Treaty must be integrated in all new CAP legislative texts.

Amendment proposal:
In line with article 63 of the EP Resolution of June 2011 on CAP towards 2020 (rapporteur: Albert Dess), the below amendment should be added as an additional “whereas” paragraph in each of the four proposed regulations that have been tabled, namely i) Rules on direct payments (COM(2011) 625 final) ii) Financing, management and monitoring (COM(2011) 628 final) iii) Fixing certain aid and refunds (COM(2011) 629 final) iv) Common market organization (CMO).

The implementation of this regulation should be consistent with the development cooperation objectives of the Union’s Policy Framework for Food Security (COM (2010) 127) with specific regards to ensure that the deployment of CAP measures do not jeopardize the food production capacity and long term food security developing countries and the ability of those populations to feed themselves, while complying with the obligation of Policy Coherence for Development under Article 208 of the Treaty on the Functioning of the European Union.

Justification:
With Article 208 of the Lisbon Treaty, Policy Coherence for Development (PCD) became a treaty obligation. The article states that the EU “shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries.” The CAP is historically the Union’s flagship-policy and the current CAP reform is therefore in many ways the ultimate test of the political willingness to translate the PCD principle in practice. Including PCD in the future CAP legislation is supported by several European parliament resolutions, the conclusions of the 2010 public hearing, the Commission’s Communication of November 2010 (cf. footnote 1) on CAP. In addition, the Commission’s Impact Assessment on the future CAP (Annex 12) states that “the [PCD] principle of no harm is high on the EU’s domestic policymaking agenda and…[the [CAP’s] possible effects are taken into consideration throughout the policymaking and implementation processes.” Yet, none of these commitments are reflected in the current legislative proposals.

In terms of the EU’s development policy approach, the 2010 EU Food Security Policy Framework already “acts as a priority benchmarks/indicators for PCD” in the EU’s work on Food Security. Consequently, the Food Security Policy Framework should be the benchmark for reference to PCD in the CAP legislative text.

This Policy Framework recognises the Right to Food6 and has a focus on creating an enabling environment for the smallholder sector as the single most effective instrument for increasing food security in developing countries. With its resolution on Food Security of September 2011, the European Parliament adopted a similar approach7. A vital element of the EU Framework is that it emphasises that policies need to be formulated with the participation of local stakeholders who are the foundations of food and nutrition security. In particular, the EU has committed to “actively support greater participation of civil society and farmer organisations in policy making and increase their involvement in the implementation and evaluation of government programmes”8.

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6The Human right to food is recognised by 185 countries and the European Community. The UN defines the right to adequate food as a Human Right, inherent in all people: “to have regular, permanent and unrestricted access, either directly or by means of financial purchases, to quantitatively and qualitatively adequate and sufficient food corresponding to the cultural traditions of people to which the consumer belongs, and which ensures a physical and mental, individual and collective fulfilling and dignified life free of fear.” A human-rights Based food policy is, above all, a people-centered policy that addresses the structural causes of hunger rather than relying on international markets to guarantee food security.


The EU has also taken into account the recommendations of the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD), including the need to shift towards support for agro-ecological production.

2. The CAP monitoring system should include an external dimension enabling to monitor the CAP impact on developing countries in the spirit of PCD

Amendment proposal:
The amendment should be added to section 1.4.4 “Indicators of results and impact” of the Regulation on the financing, management and monitoring (15426/11), as an additional point in the paragraph (the amendment text is the d) part highlighted in bold and underlined below):

The proposals provide for the establishment of a common monitoring and evaluation framework with a view to measuring the performance of the Common Agricultural Policy. That framework shall include all instruments related to the monitoring and evaluation of CAP measures and in particular of the direct payments, market measures, rural development measures and of the application of cross compliance.

The impact of these CAP measures shall be measured in relation to the following objectives:

(a) viable food production, with a focus on agricultural income, agricultural productivity and price stability;

(b) sustainable management of natural resources and climate action, with a focus on greenhouse gas emissions, biodiversity, soil and water;

(c) balanced territorial development, with a focus on rural employment, growth and poverty in rural areas.

(d) external impact on the right to food including impact on food production capacity, on farmers’ incomes and livelihoods and on access to land in developing countries and in poor countries which have policies aimed reducing their dependence on imported food.

By means of implementing acts, the Commission shall define the set of indicators specific to these objectives and areas.

Possible mechanisms:

- The fundamental challenge is to ensure a balance between the Treaty provisions on maintaining farming across Europe (art. 39 TFEU) and taking account of development objectives in all policies affecting developing countries (art. 208 TFEU). The implementing models should be elaborated further in dialogue with all relevant local civil society stakeholders and decision makers while acknowledging the economic, social, cultural and demographic heterogeneity among and within developing countries.

- PCD focal points in EU delegations should be appointed: they should be organizing a dialogue with smallholder producer organisations and other interested stakeholders, with the view to collect information about CAP impact, and facilitate future evaluation and policy adjustments. The PCD focal points should work in close collaboration with the Civil Society Focal Points. This monitoring system should be integrated into the bigger CAP monitoring system and DG AGRI will have to take it up, in collaboration with DG DEVCO that should provide technical guidance on PCD.

- Funds should be allocated for independent studies. Some of this can be done with the food security thematic programme/budget allocation of the EU Multi-Annual Financial Framework after 2013.

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9 For a more detailed overview CONCORD report "Spotlight on EU Policy Coherence for Development", November 2011, p 26


**Justification:**
Considering that CAP amounts to around 40% of the EU budget it is essential to have an adequate monitoring system which ensures ‘value for money’ and accountability in terms of determining if it actually meets the intended policy objectives set out in the legislative texts and in the EU Treaty. It is not legitimate to consider the CAP only as an internal matter and not assess the external dimension since agricultural trade flows are dense and interdependent. Ensuring coherence of all (external and internal) EU policies with development objectives is a Treaty-bound obligation.

The evaluation system proposed in the Regulation on the financing, management and monitoring of the CAP (15426/11) has currently three objectives a) viable food production, b) sustainable management of natural resources, 3) balanced territorial development. A fourth monitoring objective needs to be added, e.g.: 4) external impact on the right to food including food production capacity, sufficient income for smallholder farmers, economic and physical access to land in developing countries / development objectives. Obviously, this 4th monitoring objective cannot be assessed in the same way as the internal ones but must be rooted in the local realities of developing countries. Monitoring should be carried out sector-by-sector and country-by-country. The EU Policy Framework for Food Security (COM (2010) 127) should be used as benchmark for which the objectives of the future CAP should be coherent with (cf. previous section on our first amendment proposal).

3. A formal complaint mechanism should be established in order to receive and process complaints lodged by citizens, producer associations or community groups in developing countries affected by harmful deployment of CAP measures, which cause or threaten to cause, serious difficulties to smallholder producers in developing countries.

**Recommendations:**
A new article should be inserted following the section 1.4.4 “Indicators of results and impact” of the Regulation on the financing, management and monitoring (15426/11), in support of the additional indicator on the external impact that we are proposing above. The institutional anchorage of the complaint mechanism should be linked to the above set-up of the monitoring system.

**Amendment proposal - additional new article:**

*A formal complaint mechanism will be established in order to receive and process complaints lodged by citizens, producer associations or community groups in developing countries affected by harmful deployment of CAP measures, which cause or threaten to cause, serious difficulties to smallholder producers in developing countries.*

**Possible mechanisms:**
- The complaint mechanism would be an EU internal complaint and mediation mechanism that would allow investigating cases of incoherencies with regard to development, such as prejudice to the income and livelihood of smallholder farmers in development countries. This mechanism should be open to citizens, civil society organisations and small scale farmers’ organisations in developing countries importing EU food products.
- PCD focal points should be appointed in EU delegations and responsible for taking on complaints then channelling them to a special external relations Ombudsman. Complaints could also be directly addressed to the Ombudsman.

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1 EC impact assessment, Annex 12: “impacts should be assessed on a case by case basis, as the economic, social, cultural and demographic heterogeneity among and within developing countries”. See also ECDPM (2011): “Still a thorn in the side? The reform of the Common Agricultural Policy from the perspective of Policy Coherence for Development”
Justification:
The EU must acknowledge that CAP measures for export policies cause disturbances on external markets. The CAP has to take responsibility to promote and uphold its values and contribute not only to “free” but also to “fair” trade in compliance with article 3(5) of the TFEU.

The Treaty obligation of Policy Coherence for Development must be effectively implemented through the setting up of an adequate operational system. Not only, incoherencies must be avoided at the stage of policy formulation, but also, adequate mechanisms must be put in place to i) monitor the impact of the implementation of these policies, ii) further investigate cases where incoherencies have been detected and iii) ultimately ensure that incoherencies are being corrected. For this, citizens of third countries must be enabled to voice their concerns and raise their cases to a pre-identified EU representative institution.

4. Export subsidies should be totally banned.

Recommendations:
- The EU must honour its commitment to phase out all export subsidies made at the WTO Ministerial in Hong Kong 2005.
- In order to limit damage if export refunds are not abolished, exports must be excluded to any countries where the production of the specific product is important for food security and livelihood. The proposed list by the Commission of aspects to be taken into account when export refunds are decided upon refers only to the situation within the EU (Art. 134, CMO proposal). The specific situation of the respective importing countries must be taken into consideration in this list.
- Any product that receives product specific support under the CAP regime should not be exported to developing countries. If exported, the value of its specific subsidy should be added to its export value.

Justification:
The EU needs to question whether the current export orientation is the best strategy to respond to the challenges facing European agriculture. Firstly, the EU must recognise that world hunger and the growing demand for food by no means legitimise subsidising European exports to developing countries. A longer-term development-based approach required to enable first and foremost developing countries to develop and safeguard their own domestic production.

At present, one per cent of the CAP budget is allocated to export refunds, which represents about 430 million euro. Although a small share, it is still a considerable amount and is equal to about 30 per cent of what the EU has invested in food security and rural development under its development policies in 2010 and there is still clear evidence that export refunds can have extremely harmful effects on local markets in developing countries.

This was for instance the case when the European Commission reintroduced export subsidies for dairy products during the milk market crisis in 2009. For instance, the reintroduced export refunds resulted in the local milk markets in North-West Cameroon being undercut by cheap milk powder from the EU. Local dairy farmers need at least €0.61 to cover production costs for a litre of fresh unpasteurised milk, while in recent years, milk made from European subsidised milk powder costs as low as €0.4 per litre. But this is just one of several severe cases across the developing world.

The legislative reform proposal makes no reference to the fact that the EU has made a commitment to phasing out all export refunds by 2013. The export refunds have also been heavily criticized by the European

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13 CONCORD report “Spotlight on EU Policy Coherence for Development”, November 2011, p. 31
14 In its resolution on EU policy framework to assist developing countries in addressing food security challenges (2010/2011 INI) the Parliament has demanded that the EU phases out export subsidies and removes all other incentives in the CAP which result in trade-distorting measures.
Parliament, in its resolution on PCD from 2010, which concludes that the refunds constitute “a blatant violation of the core principles of policy coherence for development”\textsuperscript{15}.

5. The EU’s dependence of unsustainable feedstuff imports should be reduced.

Although the European Commission, in its communication of 17 November 2010, clearly highlighted “the need to enhance protein crop production within a more integrated crop rotation system”, the tabled legislative proposals regrettably do not sufficiently address this issue. In order to decrease its dependence on vegetable protein imports, CONCORD values the current proposal of voluntary support for protein payments and the one of permanent grasslands but asks to go further:

Recommendations:

- The crop rotation should be made mandatory for arable farms as part of the ‘greening’ and include leguminous crop whenever agro-climatic conditions allow it. It should be also ensured that a farm cultivates at least three crops with the dominant crop not covering more than 50 per cent on the farm area.

- Permanent grassland should be maintained as of now. The timeframe set by the EC proposals as of 1st January 2014 risk to encourage farmers to plough grassland before that date. The EC should thus rapidly propose to maintain grassland, ahead of the agreement on the current set of proposals (cf. Article 93 of the EC proposal on financing, management and monitoring).

Amendment proposals:

- In article 26 of the EC proposal on Rules for direct payments “crop rotation” should be added as highlighted in bold and underlined below:

\begin{quote}
One of the objectives of the new CAP is the enhancement of environmental performance through a mandatory "greening" component of direct payments which will support agricultural practices beneficial for the climate and the environment applicable throughout the Union. For that purpose, Member States should use part of their national ceilings for direct payments to grant an annual payment, on top of the basic payment, for compulsory practices to be followed by farmers addressing, as a priority, both climate and environment policy goals. Those practices should take the form of simple, generalised, non-contractual and annual actions that go beyond cross compliance and are linked to agriculture such as crop diversification, \textbf{crop rotation}, maintenance of permanent grassland and ecological focus areas. The compulsory nature of those practices should also concern farmers whose holdings are fully or partly situated in "Natura 2000" areas covered by Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora\textsuperscript{19} and by Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds\textsuperscript{20}, as long as these practices are compatible with the objectives of those Directives.
\end{quote}

- Additional new article:

\begin{quote}
\textit{In order to ensure crop rotation leading to environmental benefits and reduction of the European’s dependence on imports of vegetable proteins, the mandatory crop rotation should include leguminous crop whenever agro-climatic conditions allow it. It should be also ensured that a farm cultivates at least three crops with the dominant crop not covering more than 50 per cent on the farm area.}
\end{quote}

Justification

The absence of initiatives to address the EU’s dependence on feed stuff imports in the legislative tabled legislative proposals is particularly deplorable given that the European Parliament, in its resolution of March 8\textsuperscript{th}

\textsuperscript{15} European parliament resolution of 18 May 2010 on PCD
2011\textsuperscript{16}, called on the EC “to take a medium- to long-term view in reviewing its policy on proteins, ensuring that its legislative proposals for CAP reform include adequate and reliable new measures and instruments which support farmers in improving crop rotation systems so as to substantially reduce the current protein deficit and price volatility”. In the article 72 of the same resolution, the EP recommends that „The Commission should support protein crops in the EU so as to give the Union greater autonomy, thus contributing to the diversification of agriculture in the developing countries.

The EU imports 75\% of its vegetable protein needs for animal feed. Incentivizing the production of leguminous crops in Europe would not only bring positive returns for soil management but would also contribute to diversifying farmers’ incomes and reduce the dependence of European agriculture on external inputs and thus its vulnerability to volatile prices. It would also address a key source of policy incoherence to development. For feeding European cattle, 20 million hectares of foreign land are therefore required, leading to large-scale, monoculture production in the countries concerned (Brazil, Argentina), deforestation and displacements of small scale farmers to marginal land.

6. **Global civil society cooperation on rural development should be enhanced.**

As it stands now, the proposed Regulation on rural development opens the possibility to provide support for expenditure in third countries for local level transnational co-operation initiatives (i.e. between territories in several Member States and with territories in third countries) under the LEADER programme (paragraph 55-61). These opportunities should be further elaborated in the spirit of both the LEADER programme and of the EU Food Security Policy Framework (cf. section 1 of annex above), which contain many similarities in their approach to rural development. Both farmers and rural communities in the Global South and in the EU have highly valuable experiences, which can be exchanged and build on together. This applies in terms of exchange of practices, research, advocacy and policy coordination.

**Recommendation:**
- Explore and elaborate possible synergies and project collaboration opportunities in linking CAP rural development instruments and agricultural development policy instruments.

**Justification**
There are great potential benefits in establishing collaboration between European smallholder farmers, non-governmental organisations in the development sector and farmers’ organizations as well as local authorities in developing countries. The rural development Regulation should be conducive to provide support for expenditure in third countries for local level transnational co-operation initiatives. Cross-sectoral civil society collaboration within and between regions globally will provide new inspiration and motivation that will contribute to greater solidarity and a more sustainable global farm and food system.