Towards Agricultural Change?

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In what way does CAP 2013 offer an opportunity to rethink agricultural policy?
The current reform offers Europeans an opportunity to redefine what they understand by the Common Agricultural Policy (CAP), or in other words what type of agriculture and products, what place in international trade and what regulatory systems they want.

The time is ripe for two reasons. First, European agriculture, like the rest of Europe’s economy, is in crisis – a crisis that does not simply involve adjusting to the market but which concerns the actual model of European agricultural development followed over the last 40 years. This can be explained on the one hand by strong competition from other types of farming (e.g. in the area of large-scale production) and on the other because this model has damaging effects on ecosystems and contributes to climate change. New development models thus need to be developed. Second, and paradoxically, unlike all previous reforms, the current CAP reform is not being undertaken under strong international constraints (surpluses or trade negotiations). We should thus take advantage of this situation to get the work done calmly and thoroughly.

The most difficult exercise in the negotiations will nonetheless be to reach a socially acceptable agreement on agricultural subsidies, especially as the negotiations are being held in a context of enormous strain on public finances.

Will discussions be focused on the budgetary aspect?
The budgetary aspect will of course be decisive, quite simply because a number of countries, and not the least important, will be applying austerity programs to their population. Take the case of France: in the talks on the CAP, which has been very largely beneficial for France over the last fifty years, our country will, for the first time, be in the position of net contributor to the Community budget. This situation will force France to be prudent in its demands, and Italy and Spain will find themselves in a similar situation.

Achieving policy reform within the 27-member Union is a not simple matter. If there is tension in the budget talks because a blocking minority decides that other items cannot be discussed until agreement is reached on the allocation of subsidy volumes, then the reform will be in jeopardy. The art of negotiating is to keep the talks on the table, but the crisis in the euro zone will have a tremendous impact on the CAP negotiations and bring to light totally different conceptions of the European Union.

Is the Commission’s proposal to green part of Pillar 1 subsidies broadly consistent with your recommendations?
Not entirely perhaps. In substance, I think that the inspiration is the same, that’s to say, what justification for farming subsidies can we put forward to
taxpayers. Farmers produce goods that are useful to the population, but they also provide public goods valuable to the community. Land use management, wildlife and vegetation management, etc. Many of these public goods are not remunerated, which justifies government subsidies. This is especially true as we know that we are entering a period of heightened tension over the appropriation of land, which remains a scarce resource, either because there are other use requirements (urban uses) within our communities or because climate change and land degradation will create a great deal of pressure internationally on agricultural land.

This new justification for public aid appears in the Commission’s proposals even though there is no explicit reference to public goods. Yet, the current formulation used by the Commission is awkward as it presents this in terms of blanket agri-environmental measures, and farmers have very bad memories of these as they lead to highly complicated bureaucracy. It will be up to the negotiations to improve these proposals and the Commission seems ready for this.

Are these proposals capable of triggering the transition towards the sustainable agriculture that you are hoping to see?

The proposals are heading in this direction, but we need to go much further, in my opinion, than simply mainstreaming Pillar 2 agri-environmental measures. We need to foster the transformation of all European agriculture so that it becomes more sustainable, by using less water, fertilizer and pesticides and implementing new tillage techniques. We need to mainstream sound agricultural and ecologically intensive practices, as Michel Griffon calls them, etc. Many farmers, cooperatives and agricultural schools are already following this direction. These players do not wait for ministerial circulars in order to change, as we can already see a host of organic farming initiatives, the preservation of local animal breeds and species, zero-till seeding, etc. The role
of the CAP should be to provide a framework and encourage this movement, with simple and effective measures.

Other aspects support greater sustainability. On the one hand, the fact that the CAP recognizes agricultural diversity. We should no longer oppose one form of agriculture against another. I believe that sustainability means a horizontal approach. It involves the ability to combine a production system integrating the specific characteristics of soils, climate, etc. Those, such as myself, who held positions of responsibility during the 1960-80s developed a very vertical type of agriculture, a one-size-fits-all model applied everywhere in whatever context. This must be abandoned. On the other hand, aid needs to be regionalized. Great headway would be made if at least Pillar 2, and even part of Pillar 1, were managed at regional level. This would mean much greater support from farmers, as well as the possibility of combining Community, national and regional structures with agricultural organizations.

What needs to be done is thus to assume the cost of public goods, recognize diversity and regionalize aid.

Finally, the last aspect is to keep the tools as simple as possible. We have known what needs to be done for several years, but have found it difficult to move forward as some farmers viewed these measures as punitive. They were criticized, accused, monitored, asked to do paperwork and subjected to a bureaucratic regime. I think this approach is mistaken, and support should be given to everything that relies on simple criteria, that is efficient and can be controlled. Naturally, there is the risk of fraud, but we know how to set up effective controls.

Alongside the environmental stakes, what about employment in the agricultural sector? Is the question of employment being discussed today?

With the exception of some Central and Eastern European countries, farming populations are now at a very low level. For some places, the question arises not of how to maintain populations, but of how to maintain production, with the distinct possibility of land being left uncultivated. This is particularly true in difficult areas, mountainous zones. On this count, European policy has been positive. Some production, such as livestock farming in mountainous regions, has been kept going artificially with respect to the market through direct subsidies. When we ask ourselves what kind of agriculture we want, we should ask whether it needs to cover the whole territory. I think it does, and that in difficult regions specific subsidies should enable young farmers to set up in normal conditions. This does not pose any technical problems. It is a political issue.

In countries like Poland, Romania, Bulgaria, this shift should be accompanied. There is a natural shift, related to aging, towards a decrease in the number of very small farms. Today, we do not have the financial means that we had in the 1960s, when there were funds for training young farmers and early retirement annuity schemes. We must – while respecting diversity – move towards a certain competitive convergence.

In your book, you speak of new prospects for European agriculture and the CAP. What about this reform?

The reform has nothing on the Euro-Mediterranean outlook of the CAP, and yet this is a key issue. It is not just a matter of developing agriculture in these countries, or simply a question of a timetable for commercialization. For Europeans, it means being more present in the agricultural development of countries on the southern shores of the Mediterranean: through equity investments, associations, direct investment. We should be discussing with them what resources the European Union could make available so they can develop their own agriculture. Not with a view to sharing production opportunities “you do this, I do that”, but in order to create local employment and foster agricultural production for their domestic markets and for export to the European Union. It is now within reach of the 27-member EU to be more open to Southern countries in the area of agriculture. This makes good business sense, despite the reticence of many Europeans. The more we buy the goods they produce best, with regard to their comparative, mainly climate-related advantages, the more we will be in a position to sell them the products we produce better, such as cereals, livestock, processed agrifood products.

Will any other work streams come under discussion?
The question of reciprocity is a major issue that the reform does not address. Do we consider that European agriculture should always be open, or on the contrary that it deserves some degree of protection when its competitors do not operate in the same conditions or do not comply with the same requirements? Some large agricultural countries may not only be our competitors but also severely endanger our own productions: Brazilian soya, Argentine beef, Canadian wheat. This is a difficult but necessary debate, particularly as the absence of a Doha Round agreement re-opens the question of liberalization in the agricultural sector. The Commission has not wanted to tackle these sensitive and controversial topics. This is a mistake as the questions related to protecting our agricultural and industrial production systems have been raised and if political leaders do not address them, their citizens will force them to do so.
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