



Position of Austrian Organisations on the Health Check of the Common Agricultural Policy of the EU (CAP)

Introduction

During the last 15 years the EU's Common Agricultural Policy (CAP) changed a lot. The reforms of 2003 and 2004 introduced decoupled direct payments¹ via the Single Payment Scheme (SP) in most sectors of the first pillar of the CAP and strengthened the Rural Development (RD) policy as its second pillar. Reforms in sugar in 2006 and in fruit and vegetables as well as in the wine sector in 2007 followed as a continuation of this process.

The European Commission has decided, after the above mentioned specific reforms, to further modernise the CAP as a whole. This process is called "Health Check" and is going to build on the reforms so far. It is meant to improve the way the policy operates based on the experience gathered since 2003 and to make it fit for the new challenges and opportunities in an EU of 27 Member States. The Commission wants the Health Check to answer three main questions:

1. how to make the direct aid system more effective and simpler;
2. how to make market support instruments, originally conceived for a Community of Six, relevant in the world we live in now; and
3. how to confront new challenges, from climate change, to agrofuels, water management and the protection of biodiversity.

On 20 November 2007 the EU Commission presented its blueprint for this Health Check to the European Council and the European Parliament under the title of "Preparing for the 'Health Check' of the CAP reform". After the general stakeholders' conference on 6 December 2007, which dealt with all the topics covered by the Health Check, the Commission's Directorate-General for Agriculture and Rural development has set up a stakeholder consultation for the period up to 15 January 2008. Stakeholders can fill in an on-line questionnaire on the Health Check (http://ec.europa.eu/agriculture/healthcheck/consultation/index_en.htm#0612).

By March 2008, the Commission will return with legislative proposals, which the Council of agriculture ministers is hoped to adopt. Subsequently, the Commission will take the first steps of implementing the proposals a number of which are supposed to come into effect by the end of 2008. Unfortunately, the period of the consultation process is much too short for most of the civil society to seriously take part in it. But the legislative proposals and the reaction of the Council of agriculture ministers in March and the subsequent implementation measures should present some opportunities for the civil society to comment on the Health Check.

¹ Decoupled direct payments: Direct payments to farmers are no longer linked to production, hence the term "decoupled".

Civil Society Interest

As this upcoming „Health Check“ of the CAP is supposed to change the overall conditions for Europe’s agriculture it is a perfect opportunity for the civil society to forward their criticism of the current CAP and their requirements, needs and demands of a CAP reform. The CAP has implications for the whole of civil society in Europe and influences, to a high extent, the freedom for political action of developing countries. Therefore, it is indispensable to monitor its effects closely and draw the Commissions attention to them.

The CAP influences the economies of countries in the South in several ways. As the EU is a significant exporter of agricultural products the European price policy for agricultural products influences the prices on the world markets enormously. EU measures to reduce prices of European products lead to price declines on the world market and, therefore, to income reductions for the respective producers and exporters in other countries. For example, the planned abolishment of the milk quotas in the EU will cause a price collapse on the world dairy market. In addition, due to the opening of agricultural markets of countries in the South as a stipulation of the WTO Agreement on Agriculture or of bilateral agreements subsidised, and therefore cheap, European products flood the local markets. As a consequence, local producers, especially women cultivating small farms, cannot compete with them and lose their income. Moreover, the waive of custom duties as stipulated by the WTO (and EU demands as made in the course of the negotiations on the Economic Partnership Agreements (EPAs) with the ACP countries) means a serious reduction of state revenues for poor countries. If the budget of a poor country decreases most of the time expenses are saved in the areas of social policy and public services, which again affects women most.

Because of the social and development political relevance of the Health Check a number of Austrian organisations, including farmer representatives, unions, development cooperation initiatives and employee and consumer representatives, got together in the fall, even before the EU Commission’s presentation of the blueprint for the Health Check. We wanted to draw the attention of the Commission to the demands of the civil society right at the beginning of the Health Check process. We agreed on the following position paper, which was forwarded to the EU Commission on 15 November 2008:

1. Transparency of the Distribution of Agricultural Subsidies

Agricultural subsidies are paid out of public money from tax payments. Tax payers and consumers have a right to be informed about how and to whom this money is being distributed and whether it is being used to support an ecologically sound and sustainable agriculture. We, therefore, welcome the Commission’s intention to improve the CAP in these respects. However, the discussion process taking place between the Commission and some of the member states makes us worry that information on the distribution of the agricultural EU subsidies will continue to be difficult of access for discriminating and responsible consumers and tax payers. For example, if the data is published in hardly accessible specialized publications in a way understandable for insiders only transparency is not assured.

Demands:

The executive order for the publication of the agricultural subsidies has to guarantee the complete transparency. The data have to be published via internet. The amounts of the subsidies have to be retrievable as grand totals per beneficiary and year as well as according to the various measures. These data already exist in the expensive Invekos data base (financed

by the tax payers). In accordance with transparency of the use of tax money all EU subsidies have to be disclosed.

2. Quantity Control

The currently existing CAP instruments for quantity control have either not reached their objectives at all or rather incompletely. For example, grave price increases resulted from the inflexible handling of the land freeze scheme for cereals (land taken out of productive use) together with the massive reduction of the cereal reserves over the last years due, inter alia, to crop shortfalls. In addition, the existing regulations for agricultural quota are putting certain regions and individual farmers at a disadvantage unless their ministers of agriculture had struck a good deal for them at the allotment negotiations. As the instruments for quantity control are not linked to social and ecological criteria environmentally harmful methods of production are still allowed for. In some cases they even led to the destruction of regional markets. Nevertheless, quantity control instruments are necessary to reach a – in an agricultural market well-nigh impossible – balance between demand and supply in a way that makes sense for the producers as well as the consumers. Yet the current arrangement and management of the respective EU instruments are neither expedient nor just.

Demands:

The EU has to modify and operate the CAP quantity control instruments in a way that enables them to effectively react to market fluctuations and bring about a long term balance between demand and supply. As a result, farmers in the EU should be able to obtain a substantive part of their income from adequate market prices, at the same time prices should not be excessive for consumers.

3. Reform of the Criteria for the Subventions of Cultivation Areas

The agricultural subsidies of the EU should promote an agriculture ensuring the provision of the European population with high quality and affordable food, maintaining environmentally and socially sound methods of cultivation and fostering rural development. Agricultural subsidies have to ensure an income for all those farmers unable, due to difficult conditions, to generate their income from the sale of their produce only but delivering services important for society (e.g. in the Alpine region). The currently existing agricultural subsidies are no adequate means to reach these objectives. Moreover, so far the subsidies have been distributed extremely inequitably, thus leading to subsidy millionaires and increases of farm rents.

Demands:

Redistribution of the subsidies and linkage of their allocation to criteria with respect to an ecologically and socially sound and non-industrial agriculture as well as to the promotion of rural development. The following criteria have to be applied:

- Reallocation of the subsidies in favour of small and medium farms and their linkage to the number of employees;
- Limitation of the subsidy amounts from a certain farm size onwards;
- Reallocation of the subsidies in favour of the specific promotion of organic farming as well as of conserving and further developing biodiversity;
- Only subsidies for farms observing social and labour standards (adhering to collective labour contracts and labour laws, etc.) for agricultural and seasonal workers;
- Special subsidies for the qualification of agricultural workers;

- Subsidies for integrated projects in rural areas;
- Gender justice with respect to the distribution of the subsidies.

4. Rural Development (ELER 07-13)

The rural population concerned is insufficiently informed about the possibilities of obtaining subsidies within the framework of the currently offered support programmes. Not only farmers should benefit from subsidies for rural areas but also small and medium business enterprises and their employees as well as co-operations between agricultural and industrial establishments. In addition, rural development subsidies should contribute to the improvement of infrastructure and living conditions of the whole of the rural population. Yet, for the time being, access to these subsidies is made difficult or even impossible for many population groups in rural areas. Moreover, it is not known what emphases the various member countries are planning to put on the different aspects of rural development.

Demands:

The EU has to make available via internet the information on the focuses of the various member countries. Transparency of the allocation of subsidies for rural development has to be guaranteed. The EU has to take measures to ensure access to subsidies for rural development for everybody living in rural areas, especially for women.

5. Modification of the Agrofuel Policy

According to the present scientific state of knowledge most of the agrofuels offer a bad ecological and energy balance. Consequently, they are definitely no solution to the current challenges of climate change and the need for the reduction of CO₂ emissions. The promotion of biomass cultivation for the production of agrofuels with the help of EU money, tax reductions as well as the directive to mix a certain amount of agrofuels into conventional fuels caused detrimental effects already. Together with other factors such as poor harvests or increased demand in Asia the agrofuel hype led to the shrinking of the global grain stocks and, therefore, to enormous price increases in the cereal market. People with low incomes in the South as well as in the North, especially women, are adversely affected by this development. The EU directive for the use of agrofuels also boosts investments into biomass plantations in developing countries with results such as the clearing of rain forests, the propagation of monocultures and genetically modified plants, dispossessions of land. Apart from the USA the EU is currently one of the driving forces in the area of agrofuels.

Demands:

The EU is to retract the currently valid obligation to use a certain amount of agrofuels and to refrain from issuing any further regulations in this respect. The currently produced agrofuels of the “first generation” with their bad ecological and energy balance must not be subsidised by the EU. Moreover, the EU is to ban the cultivation of genetically modified plants for the production of agrofuels.

6. Orientation of the CAP towards Regional Economies

The agricultural policy should further regional production and distribution and regional economies as a whole rather than, as is currently the case, export and cut-throat competition.

Due to the specific prevailing circumstances in the various regions within the EU they cannot compete with each other in purely quantitative terms. The current CAP supports the continuous „growth and disappearance“ of agricultural enterprises which leads to the loss of agricultural jobs.

Demands:

- Measures to promote the upkeep and evolvement of local cycle economies in the EU.
- Strengthening of the regions by means of an agricultural support policy.
- Promotion of a qualitative rather than a quantitative competition.

7. Coherence with Environment Policy

The agricultural practice has substantive effects on the environment and the ecological sustainability (biodiversity, nitrogen balance, pesticide application, irrigation, gene technology, ...). Therefore, the CAP should take environment policy decisively into account.

Demands:

- Creation of incentive systems for organic farming.
- Prohibition of the cultivation of genetically modified plants in the EU.
- No subsidies for farms growing genetically modified plants as long as this ban is not put into practice.
- Introduction of strict protection measures for conventional and organic farming against contamination by genetically modified seeds as long as the ban is not put into practice.
- Enforcement of cost reality of transportation (according to the value transportation and the follow-up costs) including a reform of the EU directive on the charging of heavy goods vehicles for the use of certain infrastructures.
- Introduction of measures to preserve biodiversity in the EU as well as in countries of the South.

8. Coherence with Development Policy

Globally half of all the people suffering from hunger are peasant farmers, the majority of them are women. In order to provide them with a better livelihood the protection and establishment of local markets in countries of the South as well as in Europe have to be supported. The opening of the agricultural markets in the South as part of the WTO Agreement on Agriculture as well as conditions imposed by the World Bank and the International Monetary Fund led to the destruction of local markets in developing countries. A major reason for this destruction is the unfair competition by imported underpriced EU products because of the EU's export promotion policy. In many cultures of the South it is the women's task to sell the surplus produce of the small farms in their local markets. As a result, women are often particularly affected by the destruction of these markets. The lacking cost reality of transportation too contributes to unfair prices below those of locally produced food. Though transportation is extremely cheap in comparison to its value it causes enormous consequential costs in social, environmental and sustainability respects.

Demands:

- An EU commitment neither to export any directly or indirectly subsidized products below their actual costs of production nor to subsidize their transportation.

- Permission by the EU for developing countries to protect their agricultural markets by means of custom duties and other quantity restrictions in order to preserve and evolve their local cycle economies as well as other adequate EU measures to supports these economies.
- Abandonment of all EU custom duties for fair trade products.

9. Transparency of and Participation in the Reform Process

Not only agricultural producers but also consumers, jobs, the environment and many other aspects of life are affected to a great extent by measures of agricultural policy. So far decisions on such measures were taken almost exclusively by agrarian panels in the EU (Council of Ministers of Agriculture, agrarian task forces or administrative boards, possibly agricultural committee of the European Parliament).

Demand:

Organisations and panels of the civil society representing concerns of consumers, of the environment and of development cooperation have to be enabled to systematically participate in the process of forming the Common Agricultural Policy of the EU.

Short descriptions of the undersigned organisations:

AGEZ – Arbeitsgemeinschaft Entwicklungszusammenarbeit (Working Group Development Cooperation) – Umbrella organisation of 33 development political NGOs in Austria.

AK – Kammer für Arbeiter und Angestellte (Chamber for Workers and Employees) – Institution representing the social, economic, professional and cultural interests of employees as well as those of consumers in Austria.

Arbeitsgemeinschaft Weltläden (Working Group World Stores) – Umbrella organisation of 90 so called world stores and two world cafes and their boards of trustees in Austria. Its main areas of work are the cross-linking of the world stores, continuing education of the staff and raising the public's awareness of development political connections.

Attac Austria – Part of the international movement criticising the current globalisation. Attac Austria has 3000 members and advocates democratic alternatives to the neoliberal characteristic of the current globalisation.

GMTN – Gewerkschaft Metall Textil Nahrung (Union Metal Textile Food) – Union representing the employees in the industrial branches agriculture, food including luxury foods, textile and metal and has about 200.000 members.

KOO – Koordinierungsstelle der Österreichischen Bischofskonferenz für internationale Entwicklung und Mission (Coordination Center for international Development and Mission of the Austrian Bishops' Conference) – Institution of the Austrian Bishops' Conference with 24 member organisations promoting, monitoring and coordinating the development political dedication of the Catholic Church in Austria.

ÖBV – Österreichische Bergbauern und Bergbäuerinnen Vereinigung/Via Campesina Austria (Austrian Mountain Farmers Association) – NGO representing the interests of small and medium farmers in Austria and advocating global food sovereignty..

WIDE – Women in Development Europe – Austrian network of women working in the area of development cooperation and part of the international WIDE network dedicated to the interests of women in countries of the South.