

Introduction position paper CAP from 2027 onwards – Platform Aarde Boer Consument

This position paper about the CAP from 2027 onwards, mainly consist of a vision about EU trade policy and CAP, which was send to the newly elected Dutch Parliament in December 2023. It consists of a historical analysis and an alternative.

This letter and vision was send by the Dutch Agriculture Coalition for Just Trade, this coalition consists of farmers'- and civil society organizations, among which Platform ABC. ¹

Support for pledge for market regulation in the CAP by European Coordination Via Campesina

In November 2023 and September 2024 ECVV published several reports with proposals for drastic change of the CAP, including market regulation. ²

Our alternative is comparable with these proposals.

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7 January 2025

¹ Original letter in Dutch: <https://aardeboerconsument.nl/wp/wp-content/uploads/2023/12/23-12-18-Brief-aan-commissies-LNV-en-BuOS-Landbouwcoalitie-voor-Rechtvaardige-Handel.pdf>

² - *Next CAP must prioritise Common Market Organisation revision to build European food sovereignty*, 19 September 2024, see: <https://www.eurovia.org/publications/next-cap-must-prioritise-common-market-organisation-revision-to-build-european-food-sovereignty/>

- Detailed proposals for reform, September 2024, see: https://www.eurovia.org/wp-content/uploads/2024/09/2024-08-EN-Recommandations-OCM-ECVV_rev.pdf

- *Putting market regulation at the heart of the debate about the CAP – Equipping ourselves for food sovereignty*, November 2023, see: <https://www.eurovia.org/wp-content/uploads/2023/11/ECVV-2023-Market-Regulation-ENG-1.pdf>

Subject: Vision just trade and agricultural policy

Amsterdam, 15 December 2023

Dear members of the committees: Agriculture, Nature and Food Quality and Foreign Trade and Development Cooperation,

Congratulations on your (re)election as a member of the Lower House. You receive this letter with our vision on behalf of the Agricultural Coalition for Just Trade. In this coalition, farmers'- and civil society organisations work together in favour of just trade rules that offer animal husbandry and arable farmers a fair income for the most environmentally and animal-friendly product possible, and against the current free trade agreements that impede this. The members of our coalition are Agractie Nederland (*member until spring 2024, GG*), Dutch Dairymen Board (DDB), Foodwatch Nederland, Dutch Arable Farmers Union (NAV, Nederlandse Akkerbouw Vakbond), Dutch Dairy Farmers Union (NMV, Nederlandse Melkveehouders Vakbond), Platform Earth Farmer Consumer (Platform Aarde Boer Consument) and the Association for Biodynamic Agriculture and Nutrition (BD Association). We work closely with other civil society organisations and trade unions within the Trade Alternately! (Handel Anders!)-coalition. Some of the aforementioned organisations also contributed to the alternatives publication 'A call for fair and sustainable trade' that was launched in Nieuwspoort in late 2020.³

In this letter, we will elaborate on our views on trade and agriculture policy, and why the current trade agreements have a negative impact on farmers, nature and the environment worldwide. First of all, we would like to call on you to ensure that the Netherlands votes against the EU-Mercosur Treaty in the European Council. This vote could take place very soon in early 2024.

In a report with Trade Alternately! (2021), we analysed this treaty and propose an alternative.⁴ Also in this letter, we will link to the EU Common Agricultural Policy (CAP) and offer a coherent alternative. The current CAP will apply until 2027, but work will soon already start on drafting a new CAP for the period after 2027. We call for a more radical reform of the CAP so that the wrong policy choices made since in 1992 WTO-free trade rules define the CAP, are rectified. Only then can the objectives of the CAP, such as providing a fair income model to food producers, truly be met. Only when farmers get a just price for their product and are fairly rewarded for social services, is a truly sustainable agriculture possible that contributes to achieving European and Dutch sustainability goals. The advantage is that with this reform, the CAP budget can also be used much more effectively and entirely for the benefit of achieving social objectives.

And last but not least; it increases the chances of an effective Dutch Agricultural Agreement supported by farmers' organisations. We hope to explain this vision soon within a personal meeting with you in The Hague, or by Zoom. Should you wish to comment on this, we would be happy to hear from you. We also look forward to any questions and comments. We look forward to a pleasant cooperation in the coming years.

On behalf of,

Agricultural Coalition for Just Trade:

Agractie NL, BD Association, DDB, Foodwatch NL, NAV, NMV and Platform ABC

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³ English translation of the joint publication: <https://handelanders.nl/en/publications/trade-differently>

Dutch video: <https://handelanders.nl/geslaagde-lancering-publicatie-in-nieuwspoort/>

⁴ English translation of the joint publication: <https://handelanders.nl/en/publications/the-eu-mercotur-free-trade-agreement>

Analysis of the negative effects of free trade agreements

Current free trade agreements and WTO rules are having a bad effect on farmers worldwide, global food security and nature and the environment. On the one hand, because they force farmers to compete with each other by breaking down the protection of regional and national markets. As a result, they face too low and unstable prices. This jeopardises food security based on production by local farmers around the world. On the other hand, these free trade arrangements contribute to greenhouse gas emissions through unnecessary transport and conversion of natural areas into agricultural land, especially in the Global South. Current free trade also ensures that some of the natural resources in the Global South are used to produce products such as meat, animal feed and biofuels for export. This comes at the expense of natural areas and land rights of small farmers and indigenous peoples, threatening their livelihoods and food security.

European animal husbandry and arable farmers are particularly affected by a series of free trade agreements where offensive interests of European industrial and service companies are exchanged for agricultural and livestock concessions. These include treaties with Mercosur countries, Ukraine, Canada (CETA) and New Zealand.

Since our establishment in 2015, we have informed you several times about the grave concerns about these free trade agreements, as they expose farmers to unfair competition and thus have a disastrous impact on family farming. In 2015, we sent your committees a letter, at the time co-signed by the pig farmers united in NVV and LTO Pig Farming (now united in POV) and the poultry farmers within NVP and LTO Poultry Farming.⁵ In 2016, on the Plein in The Hague, we handed your committee a joint publication *'TTIP and CETA a threat to high-quality Dutch and European agriculture, livestock farming and food supply'* accompanied by our manifesto *'Keep the farm TTIP- and CETA-free'*.⁶ On 1 October 2019, the same day as the first farmers' protest, farmers' and civil society organisations handed a joint manifesto against the current free trade agreements to your committees on the Plein.⁷

Our biggest objection is that these free trade treaties lead to unfair competition for European farmers because no requirements on environmental, animal welfare and working conditions are allowed to be imposed on import products. Only the food safety of the import product itself may be subject to requirements. This while EU farmers do have to meet ever-higher requirements. These free trade agreements do talk fine words about these social goals in the so-called sustainability chapters (TSD chapters), but these agreements are so far very soft and not enforceable with sanctions. Many partner countries mentioned allow pesticides, hormones or genetic manipulation that are banned in the EU, there are no animal welfare requirements on farms and/or there are no controls on farms. In addition, food safety, tracking and tracing and identification and registration requirements within the livestock sector are also much stricter in the EU than in these countries. For example, battery-cage eggs are imported from Ukraine even though the EU has banned battery cages. Since the war raged there, the EU has allowed many more agricultural products, leading to unfair competition for EU farmers and justified protests from farmers in Eastern Europe in particular.

Beef is imported from Brazil, the US and Canada, while on-farm animal welfare requirements often do not even exist there, or are a lot lower. With this unfair competition, it becomes impossible to achieve an effective Agricultural Agreement with a fair income model for farmers. After all, it is impossible to meet ever higher requirements if farmers do not see them reflected in their price and have to compete with products that do not have to meet those requirements.

⁵ Dutch letter send to Dutch Parliament: <https://www.aardeboerconsument.nl/wp/wp-content/uploads/2015/10/15-10-02-Brief-aan-Tweede-Kamer-over-TTIP-door-gezamenlijke-boerenorganisaties-1.docx>

⁶ In 2016, a number of farmers' and civil society organisations - within the TTIP, CETA and Agriculture Coalition - sent their views and manifesto speaking out against CETA and TTIP, *translated into English*.: <https://www.tni.org/en/publication/keep-the-farm-ttip-and-ceta-free>

⁷ Dutch manifesto: <https://milieudefensie.nl/actueel/manifester-bescherm-ons-tegen-handelsverdragen>

Relationship between the WTO and free trade agreements and the Common Agricultural Policy (CAP)

In the 1950s, the CAP was established with objectives that still apply today such as: ensuring a fair standard of living for the farming population, stabilising markets and securing food supply.⁸ To achieve cost-covering prices to farmers, European agricultural markets were protected, minimum prices within arable and cattle farming were introduced, and later sugar and milk quotas. GATT the predecessor of the WTO also allowed countries to protect their markets. Since 1962, this no longer applied to soya and corn gluten meal. Under pressure from the US, the EU abolished import duties, creating the still-existing 'Hole of Rotterdam'.⁹ However, due to the neoliberal policies that came to dominate internationally since the 1980s and 1990s, governments increasingly withdrew from the food supply. En route to the agricultural agreement within the WTO, the EU moved away from stable and cost-covering prices from 1992 onwards, within the so-called Blairhouse Agreement with the United States. Sicco Mansholt and Cees Veerman, respectively former and future ministers of agriculture at the time, warned in 1991 within a newspaper article with the telling title 'Liberalisation kills farmer and environment; Food will not become cheaper when prices fall; Proposed policy leads to arbitrariness as well as fraud'¹⁰, they stated: *'Markets of important agricultural products cannot do without some regulation. This is indispensable to enable the conversion of agriculture to environmentally friendly production methods, which will increase costs, and to keep the countryside liveable.'* However, this warning was ignored and the neoliberal train continued. As a result of the said WTO agreements, price cuts were partially offset by income subsidies. This happened for cereals and beef in 1992, for milk in 2003 and sugar in 2004. In subsequent decades, these targeted income subsidies were decoupled from production, environmental conditions were attached. Currently, there are generic CAP hectare subsidies to all landowners.

Then, under pressure from exporting multinational agribusiness and farmer organisations like LTO Netherlands (member of COPA/Cogeca), the EU milk quota system was abolished in 2015. This under protest from the DDB and NMV, the latter warning as early as 2007 that this would be a historic mistake.¹¹ As a result in 2015, a large proportion of dairy farmers expanded their herds and the milk price subsequently collapsed when demand proved insufficient after all. Moreover, the Ministry of Agriculture had to intervene with phosphate quotas because phosphate production in the Netherlands threatened to exceed the phosphate ceiling agreed with the EU. Farmers who had not expanded also fell victim to this. The current nitrogen problem is also partly traceable to this abolition of the milk quota system. It is now widely recognised within the political and agricultural sector that this was indeed a historic mistake, but unfortunately, policymakers still lack the willingness to bring supply back in line with demand. After 2017, the abolition of sugar quotas resulted in a similarly sharp drop in sugar prices to arable farmers.

Farmers thus face underpriced and unstable prices, while societal demands on the environment, nature and animal welfare increase. In this circumstance, hectare premiums are high needed to still try to make a reasonable income. Preferably under as few environmental conditions as possible because these lead to even more costs. Meanwhile, the farming industry is hollowing out while people have been in limbo since 2019, construction is virtually at a standstill, and nature and environmental targets are not being met.

Alternative

How can we get out of the aforementioned impasse? A possible No to EU-Mercosur offers an excellent opportunity to return from the neoliberal aberration of the past 30-plus years. We need to return to market

⁸ English explanation CAP, site of Eur. Parliament: <https://www.europarl.europa.eu/factsheets/en/sheet/103/het-gemeenschappelijk-landbouwbeleid-glb-en-het-verdrag>

⁹ Dutch article on Wikipedia: https://nl.wikipedia.org/wiki/Gat_van_Rotterdam

¹⁰ Dutch article in NRC national newspaper: <https://www.nrc.nl/nieuws/1991/10/15/liberalisering-doet-boer-en-milieu-de-das-om-voedsel-6983662-a1209605>

¹¹ Dutch report: *Afschaffing van de melkquotering: een historische vergissing!*, Nederlandse Melkveehouders Vakbond, maart 2007, zie: <https://aardeboerconsument.nl/wp/wp-content/uploads/2020/04/NMV-rapport-Afschaffing-vd-melkquotering-een-historische-vergissing.pdf>

regulation within agriculture. The farmers' organisations Dutch Arable Union (NAV)¹² and European Coordination Via Campesina¹³ also called for this in 2023. An alternative to the CAP from 2027 could look as follows:

1. **Introduction of flexible EU supply management and minimum prices** within arable farming (especially for stackable products such as cereals, sugar and potato starch) and the entire livestock sector (milk, meat and eggs), whereby supply by farmers is adjusted to the purchasing power of consumer demand. Annually, this supply can be adjusted to changing demand. Public intervention stocks - minimal - are also needed to absorb supply shocks. In this way, European farmers regain stable cost-covering prices and below-cost dumping in the Global South is avoided. Already now, the Market Responsibility Programme can be introduced, a crisis instrument to prevent milk prices from falling too low. This was proposed by the European Milk Board to which DDB and NMV are affiliated. Additionally, agreements on minimum guaranteed prices can be made within the Netherlands within a Code of Conduct Chain as proposed by Agractie Nederland.

2. **Market protection** via import taxes is necessary to enable as much EU self-sufficiency of food and feed as possible, especially on arable and livestock products, and products for which alternatives can be produced in Europe. With import duties on soy and palm oil, the European cultivation of vegetable protein and oil crops finally gets a chance and can work towards true circular agriculture. A condition for the import duty on soy is that livestock farmers will see the additional costs of more expensive feed reflected in their prices (see also measure 1). This market protection also prevents the import of products that do not meet the environmental, animal welfare and food safety requirements that do apply to European farmers, thus leading to unfair competition.

3. **Increasing European environmental and animal welfare requirements** on the farmer is only possible if unfair competition is eliminated through the aforementioned market protection. Economists like Mathijs Bouman also recognise that effective environmental policy is only possible if the EU protects its markets, even if it is against current WTO rules.¹⁴

4. **Effective use of CAP budget.** If the measures mentioned in points 1 and 2 are introduced, European farmers will again be paid fairly and cost-effectively for their more sustainable products, and receive an income from the market.

Only under this condition, within the CAP, can the current general European hectare subsidies to farmers disappear.¹⁵ This freed-up budget can be used to pay farmers who choose to do so, fairly and cost-effectively, for the green and blue services they provide to society, which are in line with climate, biodiversity, landscape and nature objectives. This means improving payment for ecosystem services from Pillar 2 under the CAP. But to truly reward these farmers fairly, national budgets for green services - in addition to this extra available CAP budget - should be increased. EU state aid rules for this will also need to be adjusted to provide farmers with an adequate hourly wage. This better reward for green services is

¹² Dutch: *Market and price policy proposals: Right Now!*, Dutch Arable Union, January 2023, see:

<http://www.nav.nl/2023/01/voorstellen-markt-en-prijsbeleid-juist-nu-2/>

¹³ English: *'Putting market regulation at the heart of the debate about the CAP'*, European Coordination Via Campesina, November 2023, see: <https://www.eurovia.org/publications/putting-market-regulation-at-the-heart-of-the-debate-about-the-cap/>

¹⁴ Dutch: <http://mathijsbouman.nl/pijnlijk-voor-liberale-economen-voor-een-effectief-klimaatbeleid-zijn-misschien-flinke-importheffingen-nodig/> and <https://fd.nl/opinie/1380747/hogste-tijd-voor-co2-belasting-op-vuile-import-ook-als-we-daarvoor-handelsregels-moeten-aanpassen-kqd1caiVtPza>

¹⁵ Dutch: NAV argues for said market regulation (measure 1+2) and not depending on (CAP) subsidies in their vision document *The Future of Arable Farming - Enough is Better 2.0* (2020), see: <http://www.nav.nl/2020/06/het-document/>

necessary within a viable earnings model, if the current nature objectives and the unexpected real disappearance of the derogation¹⁶ lead to extensification within livestock farming.

Regarding green blue services, these include payment for nature and landscape management (such as landscape elements and meadow bird management), reduction of plant protection products and artificial fertilisers, and increasing soil organic matter to store greenhouse gases. CAP product subsidies are also needed to encourage the cultivation of protein and fibre crops such as beans, peas, lupin, flax and hemp. The Netherlands should provide these - very useful for farmers, the environment and nature - product subsidies, similar to neighbouring countries such as Belgium and Germany. The CAP budget is thus used much more effectively, and can then be preserved for farmers, nature and the countryside without social criticism.

5. Slightly changed position: The free trade rules from World Trade Organisation don't apply to agriculture anymore, and agriculture is left out of current FTAs. For agricultural products, food sovereignty becomes the norm, with each country or region like the EU being allowed to let its own farmers produce food for its own population in the most sustainable way possible. That means globally, import taxes and supply management will be allowed again. International commodity agreements for tropical products like coffee and cocoa will also be re-established, leading to stable prices to producers.

6. Fair competition and social policies. The unfair market power of (retail) trade and processing industries vis-à-vis the farmer is addressed by changing European and national competition policies. This will minimise the difference between consumer and farmer prices. Should food prices still rise as a result of the above measures, social benefits and the minimum wage should be increased. Abolishing VAT on fruit and vegetables can also help. That way, all citizens have access to healthier and more environmentally and animal-friendly food.

To conclude

The corona crisis has once again demonstrated the need for greater regional self-sufficiency within continents in essential basic needs such as food, medicine and medical equipment. The war in Ukraine and the increasingly obvious effects of the climate crisis, only add to that urgency. With the alternative outlined, internalising environmental, labour and animal welfare costs in the consumer price can be combined with a fair and cost-covering price to farmers. With this alternative, bridges can be built between the interests of farmers, nature, environment, animals and the Global South.

The upcoming CAP after 2027 offers an excellent opportunity to work on an agriculture and food supply that offers all farmers a fair income model, ensures the liveability of rural areas and future food security, and contributes to European nature and environmental objectives.

Hopefully, as before the elections, your Chamber will remain in majority against the EU's free trade treaty with Mercosur when it includes agriculture.¹⁷ Indeed, the No to this treaty offers an excellent opportunity for this outlined alternative.

¹⁶ FYI: The derogation is an exceptional position within the EU nitrate regulation, for Dutch farmers, allowing them to apply more animal manure for a number of years. According to the EU plans, this exception will end completely in 2026.

The farmers' organisations affiliated to our coalition; Agractie NL (*former member until spring 2024*), DDB, NAV and NMV, however argue for maintaining the derogation. The Netherlands currently produces 470 million kg N from animal manure and, in contrast, uses 220 million kg N from artificial fertilisers. With the abolition of the derogation, animal manure application will be reduced and the share of artificial fertilisers will increase. This has negative consequences such as more N leaching, more CO2 emissions, less organic matter and less soil life.

¹⁷ *Dutch*: Motion by Parliament Member Ouwehand et al on blocking an EU-Mercosur treaty that includes agriculture and actively gathering support for this position from other member states (23-2-2023), see: <https://www.tweedekamer.nl/kamerstukken/moties/detail?id=2023D08026&did=2023D08026>