The EU farming community faces a number of challenges when it comes to its economic performance.

Farmers are calling for a simplified Common Agricultural Policy that will provide security for them to invest in their business and, above all, make a profit.

The future risk management, insurance schemes, price volatility, uncertainty and safety nets are some of the factors that will determine the farmers’ income in the long-run.

Can the next CAP ensure a healthy and profitable business environment in the farming sector?
Hogan: 3 reasons EU farmers should take the risk and invest in agriculture

Stakeholders call for strong enforcement to combat unfair trade practices

French farmers want to strengthen risk management in the future CAP

Spanish agriculture is campaigning for the development of agricultural insurance

Greenpeace: Risk management tools cannot solve ‘unsustainable’ CAP system
European farmers should invest in post-2020 agriculture as it will be less bureaucratic, more focused on “technology breakthroughs” and will improve their standard of living, EU Commissioner Phil Hogan told EURACTIV.com.

Hogan insisted that there is also a need to incentivise young people to enter the sector, as well as highlighting the role of a proposed EU platform on risk management tools to raise awareness among farmers.

Faced with price volatility and climate change, which has a direct effect on production, EU farmers are calling for a stable post-2020 Common Agricultural Policy (CAP) encouraging investments and stabilising their income.

The European Commission and the member states are currently discussing the post-2020 CAP based on a communication, which suggests further simplification by granting EU countries “more room” to address their specific conditions.

It is still unknown what the next Multiannual Financial Framework (MFF) will look like or what share will be allocated to the CAP.

“But in any case, we are already working on new legislative proposals that will make the CAP more focused on real results, no matter what the final budget is,” Hogan said.

The Commissioner’s goal is to set strong, clear objectives for the policy at the EU level – on, for example, making sure agriculture plays a more ambitious role in tackling climate change.

“But the new CAP will give member states far more flexibility in deciding how they wish to reach those targets within their own specific circumstances. So for the first time, each member state will have to agree on a CAP plan for how it plans to ensure support for farmers and rural communities using its CAP funding, tailored to its own needs.”

For Hogan, this is one clear reason why farmers should be confident about the future: “We have listened to their concerns – that the CAP was too bureaucratic, too focused on compliance with the rules rather than getting results – and we are addressing them directly.

“From 2020, no matter what the overall size of the CAP budget, we expect to see the money spent in a smarter, more effective way.”

The second reason according to the EU agriculture chief is the real technological breakthrough.

“Technology has advanced so rapidly even since the last round of CAP reforms came into force in 2013 that we can already see many advantages for European farmers, and our new proposals will take that into account.

“We want to make it easier for investment in innovation and research into new technologies that can save time and money for farmers in the field, from machines that can test whether grapes are ripe to automatic harvesters and sensors that can precisely regulate doses of water or

Continued on Page 5
Continued from Page 4

any other inputs.”

Hogan also explained that national authorities can benefit from current technologies as well, like Copernicus.

The official data collected by the Copernicus Sentinel satellites are provided for free once per week across the EU.

“Take satellite imagery, for example, which is already available through the EU’s Copernicus programme free of charge and for multiple uses. We can use this not only to reduce the need for on-site visits to ensure that crops are being rotated in line with environmental rules but also to verify the land that is farmed (and for which the farmer, therefore, receives direct income support).”

The European Union spends approximately 40% of its budget on agriculture subsidies but the money does not always go where it should. In May 2017, the European Court of Auditors highlighted the need to improve agriculture spending.

“This same imagery can also of course be used by farmers to better inform their decisions on planting, harvesting etc., all through a free, easy-to-use smartphone app,” Hogan added.

Some member states, like Greece, have already expressed their interest in taking advantage of the full potential of Copernicus to boost smart farming.

But the slow advancement of broadband infrastructure across the EU is blocking the introduction of new technologies in the farming sector, according to EU farmers.

ENCOURAGING YOUNG PEOPLE

Regarding the third reason, Hogan said the new CAP will have a clear focus on improving the standard of living for farmers and rural communities in many different aspects.

It seems that the new CAP will have a particular place for young farmers, who push for a generational renewal in the sector.

“To encourage young farmers to enter the profession, for example, we want to provide more financial incentives, improve access to both land and investments and make it easier for land to be transferred between generations,” Hogan explained.

In an effort to boost much-needed jobs and growth in the profession, the Commission will focus on key sectors with high potential such as the bioeconomy.

“We will ensure a far greater coordination of (and access to) the many different forms of EU funding – not just the CAP – available for farmers and rural areas. Good ideas should not get bogged down or scrapped entirely simply because nobody knows where to go for help or investment,” Hogan said, adding that there will be a clear focus on exploiting the digital single market – not just in terms of the technological revolution on the farm but in the wider rural area as well.

AN EU PLATFORM ON RISK MANAGEMENT TOOLS

In its communication, the EU executive admitted there was a lack of awareness and knowledge about the current risk management tools that can be used by the farmers.

For this reason, the Commission wants to set up a permanent EU-level platform on risk management aiming to boost an exchange of experiences and best practices from the different interested parties such as farmers, public authorities and stakeholders.

Hogan said farming had always been a profession with risks and it will never be entirely risk-free.

“But we also have a far wider range of tools available to manage that risk, and we want to make it easier for farmers to access and exploit those tools.”

“Although there are already a number of solutions for farmers to better manage the risks associated with their job, they are not well known and often limited to specific member states.

“Setting up a platform at the EU level, giving access to all the available information and options to farmers across the EU, will clearly raise awareness of the tools already available and hopefully improve their take-up,” the Commissioner noted.

He explained that the idea, therefore, is to create a single ‘hub’ that not only helps farmers learn more about what tools are available but also allows them to exchange information, ideas and best practice with actors involved, such as public authorities, research institutes and private sector players such as insurance companies.

“The Commission will be involved, as appropriate, as a facilitator and will develop the platform as part of its web presence.”

But the EU executive does not want this to be just a website.

“Our aim is also to bring together within the platform expert groups, working panels, seminars and events that will look at specific risk management topics. The platform will also offer the possibility to gather together private or public initiatives on risk management at local level and relevant work in other policy fields, e.g. climate change adaptation, agro-meteorology, etc.”

“Where pertinent, the work of other European networks or groups, such as for example the European Network for Rural Development (ENRD)’s work on farm resilience and income stabilisation, will also be fed into the platform,” Hogan concluded.
Stakeholders call for strong enforcement to combat unfair trade practices

By Sarantis Michalopoulos | EURACTIV.com

EU lawmakers and farmers have welcomed the European Commission’s rules on unfair trade practices but have called for “strong” enforcement to protect the weakest parts of the food supply chain.

The European Commission presented on Thursday (12 April) its much-awaited proposals for a directive to tackle unfair trade practices in the food supply chain. With these proposals, the executive aims to restore the imbalance in the food supply chain created by large operators against trading partners with weak bargaining power such as individual farmers.

According to Copa-Cogeca, the EU farmers’ association, farmers receive on average 21% of the share of the value of the agricultural product whilst 28% goes to processors and as much as 51% to retailers.

Already hit by market volatility, EU farmers say they need a fairer share and view the proposals as a way to bring more certainty to their fragile

Continued on Page 7
income.

“It is of paramount importance that we could increase income from the market to make our farming sector more economically sustainable. This is why we support the Commission initiative on UTPs too,” Copa-Cogeca Secretary-General Pekka Pesonen told EURACTIV.com.

The unfair trading practices (UTPs) to be banned are late payments for perishable food products, last minute order cancellations, unilateral or retroactive changes to contracts and forcing the supplier to pay for wasted products.

“Retailers should have an increased responsibility and be more punctual with payments to farmers. Payment delays for small farmers can lead to bankruptcy,” Socialist MEP Daciana Sârbu warned.

According to the Commission, the new proposals aim to grant farmers and small and medium-sized businesses “greater certainty and less need to manage risks over which they have little or no control”.

At a Twitter chat organised by EURACTIV on 13 April, S&D rapporteur Paolo de Castro said: “The cloudy days of the ‘magic’ price multiplications from field to fork must come to an end.”

“After more than 10 years in a legislative labyrinth, finally Commissioner Phil Hogan has come up with a comprehensive and broadly positive proposal which aims to create a common EU legislation against UTPs in the food supply chain,” de Castro said.

The Italian MEP noted it was a crucial first step forward in preventing the no longer acceptable behaviours, which still today create inefficiencies and food waste, to the detriment of our producers and consumers.

“A better functioning and fairer food supply chain can eliminate those inefficiencies that today affect mostly its weaker actors: farmers and consumers,” he emphasised.

According to MEP Michel Dantin (EPP), processors and retailers have a collective responsibility to make sure that the food supply chain works correctly. “They need to ensure that the weakest link can have a fair price for its work to ensure its economic sustainability and its future.”

Green MEP Molly Scott-Cato noted that more of the value of the product will stay with the producer if the supply chain is shorter and controlled by the producer.

“The main problem facing farmers is that their industry and their markets are dominated by a cartel of agribusiness corporations. The Monsanto-Bayer merger has made this worse and should have been blocked,” she said.

THE IMPLEMENTATION

Regarding the enforcement of the new rules, the EU member states will need to establish a public body that will impose a “proportionate and dissuasive sanction”.

“This enforcement authority will be able to initiate investigations of its own initiative or based on a complaint. In this case, parties filing a complaint will be allowed to request confidentiality and anonymity to protect their position towards their trading partner.”

MEP Sârbu regretted that the Commission did not propose a regulation but a directive, as this would have ensured better enforcement.

She also stressed that farmers’ organisations could help producers lodge complaints with the competent authorities about UTPs (unfair trade practices).

“We need strong enforcement led by an independent authority able to initiate and conduct investigations and apply deterrent sanctions in case of non-compliance. We have been advocating for this since 2007,” stressed Copa and Cogeca Chairman of the Food Chain Working Party Joe Healy.

For the European Coordination Via Campesina (ECVC), the lack of an EU-centered monitoring system of the implementation is not good news.

“It is up to member states to designate a public authority to monitor prohibited practices in each member state. However, no single European enforcement and control authority has been established. This is one of the main weaknesses of the proposal,” ECVC noted.

Commenting on the fact that it’s a directive rather than a regulation, ECVC said that member states would likely set different rules, on a common basis, but at the risk of “jeopardising the unity of the European market”.

“These regulations can differ from each other and create a wide variety of problems for intra-European trade,” ECVC said.
Risk management tools to stabilise farmers’ incomes are a priority for French farmers’ representatives. However, their growth could be hampered by the decline of the CAP budget. EURACTIV.fr reports.

Discussions on the post-2020 CAP are ongoing and for farmers unions, risk management is a major issue.

“We need a more aggressive policy on risk management”, according to Jérome Volle, vice president of the French National Federation of Farmers’ Union (FNSEA).

“Risk management tools need to be strengthened,” said André Bernard, president of the Vaucluse department’s Chamber of Agriculture and elected referent on risk management at the Permanent Assembly of Chambers of Agriculture.

Recent developments have put risk management at the heart of agricultural issues. “Farmers face many risks: environmental with climate change, economic with the high volatility of prices of agricultural products and health risks,” Bernard noted.

New tools were implemented at the European level in 2014. The 2014-2020 CAP allows member states to contribute financially to the payment of insurance premiums and insurance funds, compensating for losses due to weather and sanitary phenomena (animal or plant diseases).

On economic risks, the current

Continued on Page 9
CAP provides for the establishment of an income stabilisation instrument. However, the use of these tools has been uneven. France has used subsidy mechanisms for climate insurance and insurance funds in the health field but has not set up an income stabilisation tool like other member states have, as shown by a report put forward by the French National Assembly on April 2017.

THE ROLE OF MEMBER STATES

For farmers’ unions, both levels – European and national – are necessary and must go together. “The CAP is a toolbox, we are in favour of European tools to avoid market distortions and subsidiarity to allow member states to make adaptations to their agriculture,” said Jérome Volle.

In October 2017, the European Parliament, the Commission and the Council reached an agreement on the revision of this regulation, easing the conditions for the use of climate insurance.

It came into effect on 1 January 2018, making it possible to lower the activation threshold from 30% to 20%, and to increase the compensation rate by up to 70%, compared to 65% previously. Nevertheless, the French Agriculture Minister Stéphane Travert stated at the FNSEA congress on 29 March that he did not intend to follow up on this possibility.

ALL ABOUT THE MONEY

The reason for this outright refusal is that the minister is counting his money. “All these requests have a cost,” Travert stated at the FNSEA conference.

The budget raises just as many doubts at the European level. Uncertainty looms over the EU’s 2020-27 multiannual financial framework, with a Commission proposal expected in May.

With the loss of the UK contribution and the emergence of new priorities such as defence and migration, farmers’ unions will have to deal with smaller allocations. “We need a budget that is sufficient for European agriculture to weather the storm of globalisation,” said Michel Dantin, EPP MEP.

PROPER USE OF BUDGET

The French government is currently campaigning to safeguard the CAP, while the Commission wants to downsize it. Agriculture only ranked ninth in the future priorities put forward by the Juncker Commission last February. This is unacceptable for large agricultural countries, who are working together to try and save what can be saved: Ireland, Spain and France, but also smaller countries, and Germany.

Beyond the amount, the very use of the budget is debated. An issue will be the distribution of the amount between the different objectives of the CAP, for example between the financing of direct payments, the development of other risk management tools and making agriculture more “green”.

Furthermore, some advocate for a more ambitious use of the budget. French Socialists speak in favour of making the CAP budget a direct lever for stabilising farmers’ incomes. They support a countercyclical system, whereby the budget would help farmers in crises and form reserves during times of good economic conditions.

According to Socialist MEP Jean-Paul Denanot, the establishment of these reserves would require structuring the CAP budget over several years, and not on one year. “This is not impossible, but it requires political will,” Denanot said.
Spanish farmers and stockbreeders want the Common Agricultural Policy (CAP) to redirect its financial resources to a system of agricultural insurance. EURACTIV’s partner EFEAgro reports.

Farmers face many challenges: volatile prices, trade wars, the effects of climate change or trade agreements.

The Spanish agri-food cooperatives and agricultural organisations Asaja, COAG and UPA are all calling for flexible, efficient tools to respond to market crises.

As the Spanish minister for Agriculture, Fishing, Food and the Environment, Isabel García Tejerina, recently pointed out, the negotiations on the future CAP (post-2020) are conditioned by Brexit, the budget, the European calendar and sustainable development objectives.

All this directly affects the European sector, which exports the most food in the world.

Brussels is drafting a law to improve the functioning of the agrifood

Continued on Page 11
chain and thus increase the income of farmers and stockbreeders by protecting them against unfair trade practices. Producers view this project with hope but also with caution, as the power balance in price setting is a task that many consider essential in the new CAP.

**VOLATILE MARKET**

The director of European and international affairs of Cooperativas Agroalimentarias, Gabriel Trenzado, maintains that “the current mechanisms are not sufficiently responsive and robust to prevent crises.”

“Intervention measures need to be taken and agreements on withdrawing a product from the market reached in a concerted manner. What is happening with the volatility is that with a fragmented sector and an imbalanced chain, producers have to face long periods of low prices. What we need are market management measures and a more structured producer sector,” Trenzado said.

As the director of international relations at Asaja, Ignacio López, points out, “the most recent reforms of the CAP have dismantled the public management measures and demonstrated that the market was not efficient enough to overcome the effects of huge volatility.”

“Given this reality, the EU needs to put in place flexible, efficient tools to respond to these crises. The market is an essential component in farmers’ incomes, which is why the CAP has to be sure to facilitate a better orientation of our production on the market.”

The secretary general of COAG, Miguel Blanco, said that “the EU must change the direction of its policy of market deregulation and the liberalisation of trade and introduce mechanisms that stabilise the agricultural markets and guarantee farmers prices that cover the production costs”.

**AGRICULTURAL INSURANCE: THE SPANISH EXAMPLE**

Just recently, Jaime Haddad from the agriculture ministry stood up for Spain and its system of agricultural insurance, which is the most developed in the whole of the EU.

This system, in which the number of policies has tripled and which beats the record for capital insured, is intended for farmers and stockbreeders but also for aquaculture and forestry. The sector is convinced of its usefulness but is asking for improvements and more aid so that farmers can benefit from these insurance policies.

In this respect, Gabriel Trenzado believes that the funding of this system can be improved, that it can be extended to all products and made obligatory so as to make it more robust and enable it to benefit from economies of scale.

Asaja president Pedro Barato is calling for ‘positive discrimination’ for agricultural organisations as this is where farmers and stockbreeders turn to request assistance. He is also asking for more State support for agricultural insurance and would like the system to be adapted to the climate change variable.

Miguel Blanco wants a larger share of the state budget to be devoted to agricultural insurance in order to reduce the cost of policies and contribute towards the universalisation of the system. “Risk management must be the cornerstone of the agricultural policy and insurance policies are very important tools in this management.”

The UPA believes that what is needed is “a system of agricultural insurance that acts as a safety net, does not abandon professionals in the sector and prevents the closure of farms in a context in which the climate situation is becoming increasingly complicated. For that, an increase in the budget dedicated to this system is essential.”

Continued from Page 10
Public policies should not embrace risk management tools that cement the current ecological and economically unsustainable agri-food system, Greenpeace’s food and agriculture director Marco Contiero told EURACTIV.com.

Contiero explained that only by promoting innovative farming structures such as reconnecting crops and animal farming, adopting agro-ecological practices that do not rely on chemical inputs and producing feed on-farm, will rescue farmers from the dead-end path they have been forced on.

“Public policies spending public money should encourage the adoption of ecological farming systems, putting diversity, not uniformity, at the centre of their business, increasing resilience against climate shocks, pests and diseases, as well as market volatility,” he said.

He said the widely adopted “productivist approach”, characterised by ever-increasing specialisation and intensification of farms and driven by public policies, primarily the CAP, has led to the loss of millions of European farms in the past decade and the concentration of land in the hands of

Continued on Page 13
a few big landowners.

“Farmers pushed into highly specialised systems are faced with higher levels of volatility,” Contiero said.

Faced with price volatility and climate change, which has a direct impact on production, EU farmers are calling for a stable post-2020 Common Agricultural Policy (CAP) encouraging investments through minimizing the risks.

In an interview with EURACTIV, EU Agriculture Commissioner Phil Hogan stressed that farming “will never be entirely risk-free”.

In its communication last November on the future of food and farming, the EU executive admitted there was a lack of awareness and knowledge about the current risk management tools that can be used by the farmers.

For this reason, the Commission plans to set up a permanent EU-level platform on risk management aiming to boost an exchange of experiences and best practices from the different interested parties such as farmers, public authorities and stakeholders.

“Any measure to inform and motivate farmers on risk management measures, irrespective if they were common CMO based or individual farming business actions, are welcome. We have supported the role of the voluntary risk management measures application within the second pillar, national/regional rural development plans,” told EURACTIV Copa-Cogeca Secretary-General Pekka Pesonen.

**YOUNG FARMERS AND EDUCATION**

For young farmers, among the most significant barriers to investing in agriculture are access to land and credit.

Both of these are affected by national taxation and land transfer laws, but that doesn’t mean more can’t be done at EU level to facilitate access to land and credit for young farmers. Without the assurance of long-term land-use, you cannot farm. Without credit you don’t have the necessary boost to get your business up and running or develop it so it stands strong for the future,” told EURACTIV Jannes Maes, President of the European Council of Young Farmers (CEJA).

In an effort to speed up generational renewal in the sector, Hogan recently said that young farmers would need to have a “particular place” in the post-2020 CAP, by providing them with additional incentives.

“We must realise that agriculture, with its low returns on investment, works with investments over decades and even generations. This means that young farmers can struggle to plan ahead in a world where there are fast-changing consumer patterns and unstable short-term political frameworks,” Maes added.

Referring to the next CAP, he noted, “Measures will have to include land mobility schemes to encourage the transfer of land between the generations, additional financial aid for young farmers through top-up schemes, adequate risk-management tools and environmental measures that will enable young farmers to safeguard the environment.”

“Basically attracting young, ambitious, often well-educated, farmers to agriculture is the best assurance that EU-agriculture will move forward and continue innovating in areas such as economic development, environmental progress and social inclusion,” he concluded.
Contact us

Cristina Zygomalas
Director, Public Projects
cristina.zygomalas@euractiv.com
tel. +32 (0)2 788 36 64

Sarantis Michalopoulos
Reporter
sarantis@euractiv.com
tel. +32 (0)2 226 58 28

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