

GROWTH AND JOBS: WHERE DOES THE CAP STAND?

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One third of French farmers will earn as little as €354 per month this year. [alvaroguly/Flickr]

New CAP struggling to improve farmers' resilience

Since the launch of the new Common Agricultural Policy (CAP) in 2015, the EU's farmers have suffered a string of crises. The CAP's greening measures have helped farmers maintain their revenue, but the questions of job creation and access to land have proved harder to answer. EurActiv France reports.

Europe's farmers have suffered one crisis after another. First came the wine sector, then pork, and now dairy and cereal farmers are struggling to make ends meet. Despite emergency measures enacted by the EU, farmers' revenues have plummeted. According to the Mutualité Agricole, a social security provider, a third of all French farmers will earn just €354 per month in 2016.

And this is not down to a lack of support from the European Union: at around €60 billion per year, the CAP is the biggest item in the EU budget. French farmers received €7.8bn in CAP payments in 2015, as well as €525 million in emergency funds for the sectors in crisis.

A regular target for criticism, the CAP was reformed in 2013 to pay

closer attention to environmental concerns and allow EU member states a greater say over how to spend their share of the subsidies.

Greening boosts revenue

After suffering from teething problems, the greening of the CAP has begun to bear fruit. Certain aspects of the policy, like the agri-environmental contracts, co-financed by the European Agricultural Fund for Rural Development (EAFRD), have even helped raise farmers' incomes.

Under these contracts, farmers can agree to reform their agricultural practices in exchange for a bonus payment per hectare. This involves cutting their use of phytosanitary products to half the average for farms in their region.

"It is mainly the young farmers that try to make changes to their business," said a representative from the Perche Natural Park in North-West France's Orne department, which is participating in the greening of the CAP.

Samuel, a 37-year-old farmer with 80 dairy cows in the Orne, confirms this view. With production costs higher than milk prices, he is forced to reduce his expenditure on agricultural inputs and try to make his business sustainable. And the CAP is helping.

"Like most farmers, I was already using smaller and smaller quantities of chemical products. With the agri-

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environmental contracts, I have reduced this even further and I am changing my practices," he said.

For example, sowing mustard between two rows of crops reduces the need to buy fertiliser and remove weeds. And encouraging the growth of clover and alfalfa on grazing land means farmers have to spend less on protein-rich maize to feed their livestock.

But for some, the rules of the contracts are too restrictive.

"They don't ask American farmers to get down on all fours in their fields to check that they have the three types of grass they need to get their subsidies," Jérémy Decerle, the president of the French Young Farmers' association, said at a workshop organised by EurActiv in Paris on 18 October.

Access to land and income

Concerned by France's dwindling farming population, which has halved in just 30 years, the Young Farmers have called for measure to make access to land easier. The most motivated young

farmers are often unable to start or expand their businesses, and with just 6% of Europe's farmers aged under 35, the situation is becoming urgent.

"Some countries have come up with significant tax or inheritance aid packages. This can be a source of inspiration, but it is up to the member states to decide," said Pierre Bascou, from the European Commission's Directorate-General for Agriculture and Rural Development (DG AGRI).

But for Claude Cochonneau, the vice-president of the French Chambers of Agriculture, more needs to be done to protect farmers against capital depreciation, which can be a major drain on revenue, particularly when they are starting out. "This question of revenue is the priority. It brings a host of problems," the farmer said.

Connected farming, an indispensable innovation

The software Isalait allows farmers to index the members of their herd, follow their milk production and more easily identify any possible health

problems they may develop and how to treat them. Farmers can also check the details of any animal whilst out in the field.

"With weather forecasts, alerts on the price of calves and cereals, herd and seed management applications, we spend a lot of time connected," said Samuel, who is never without his iPhone, protected by a thick rubber case.

Most of his land has 3G coverage. The same is not true of most of Europe's farms, although the issue is at the heart of the Commission's Digital Single Market strategy.

The debate on the new CAP has just begun, and will address the subject of improved access to digital infrastructure. It will also raise the possibility of using agricultural subsidies as an insurance mechanism, rather than one of systematic payments.

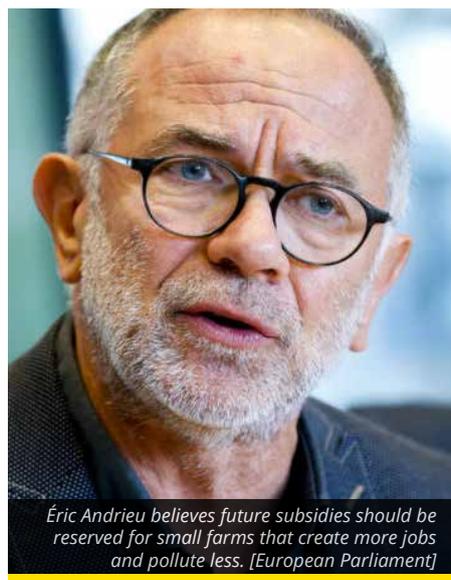
"We also need to respond to the challenge of jobs in agriculture," said Eric Andrieu, a French Socialist MEP and author of a report on the subject, which will be voted on in the European Parliament on Tuesday (25 October).

INTERVIEW

Éric Andrieu: 'The CAP has been disastrous for jobs'

A European Parliament report has called on the EU to target subsidies at small and medium-sized businesses, and promote short supply chains and organic food to boost employment in the agricultural sector.

Éric Andrieu's report on how the CAP can improve job creation in rural areas



Éric Andrieu believes future subsidies should be reserved for small farms that create more jobs and pollute less. [European Parliament]

will be voted on by MEPs in Strasbourg on Thursday (27 October). The text calls for adequate funding to be maintained, but more efficiently distributed, to support rural employment.

Éric Andrieu is a French Socialist MEP and member of the European Parliament's agriculture and international trade committees.

Why did you examine the link between the Common Agricultural Policy (CAP) and employment?

The EU dedicates 40% of its budget to agriculture. They say the Juncker Commission wants to promote employment, that it is their priority. But nobody has ever worried about the link between the CAP and jobs. Yet this relationship has been fairly disastrous. By encouraging intensified production for export, we have concentrated agriculture instead of thinking about land planning.

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Does this mean that the CAP destroys jobs?

In 1962, 20% of Europeans worked in agriculture. Now the figure is below 4%. So yes, we have pushed a public policy that has destroyed farming jobs. Was this the objective? Of course not.

We focused on the competitiveness of our exports, encouraging different specialities in each country, cereals in France, pork in Germany, etc. But today we have to ask ourselves what kind of agriculture we want for tomorrow, choose an objective, make a plan. For now, there is no plan because nobody can agree on which objective to aim for.

Will the pace of job destruction in agriculture increase?

It all depends on future policies. But if we continue like this, seeing as only 6% of Europe's farmers are under 35, soon there will be none left at all. Simple as that.

What does the EU do for young farmers?

Each country is free to choose its own policy to encourage young people. They can allocate a proportion of the CAP funding to help young people start out in farming, buying land and training, for example. It has become impossible to get into the profession without help.

But not all countries do this. Young people often stop farming within three years of beginning, because financially, they just cannot manage.

You are very critical of the current CAP, which leaves nobody satisfied. Not the farmers or the consumers. Is it not a taboo in Brussels to question this pillar of the European construction?

It is, but the debate has to take place. And we, the politicians, must answer the question of what future we want for European farming. I have noticed that the oldest members of the European

Parliament do not want to change anything. The recent arrivals, on the other hand, see that the system does not work and can't wait for it to change.

What is the view of the farmers' unions?

When I ask them what their objectives are, they say it is better to avoid the subject altogether, because nobody can agree. This is not acceptable. We give them monstrous budget packages, the least they could do in return is to know what they want to do with them.

What objectives should we set to encourage job creation in agriculture?

I think we need to think in terms of land. And stop creating competition between European states. A greater focus on the local level, with short supply chains and sustainable production, and a stronger link between public subsidies and job creation, would fulfill many important requirements such as land planning, product quality, farmers' pay, the environment.

Mechanisation has contributed to the loss of jobs. Should we be wary of modernising European agriculture?

No, of course not. But we have to train people and develop local networks to create jobs in the processing and sale of products, for example.

Digitisation can help farmers climb the value chain by putting them in contact with consumers. This should be encouraged.

Which farmers should we help as a matter of priority?

I think we should concentrate on one part of the farming sector, the small and medium-sized businesses. They are the most resilient, the most environmentally efficient and the creators of jobs. So this would mean removing the biggest 3% of agricultural businesses from the CAP.

They own 50% of EU farmland, but do not create jobs and generate a lot of pollution.

79% of farms are SMEs, so by targeting them, we will reach the largest possible number of farmers. The smallest are currently looked after by local authorities or social services. It is very common in rural Ariège [in the Pyrenees] or Romania for subsistence farmers to have just three cows and a few chickens.

The liberals of the agri-food business may not appreciate your idea...

Agricultural markets have to be organised. This sector proves that liberalisation does not work. We have stable, slightly rising demand, while climatic risks have made supply into a real roller coaster ride.

In the European Parliament, apart from the liberals, who do not want to hear about regulation, and certain Germans, who also dogmatically protect their own big businesses, this idea has resonated with most groups.

The agri-food business tries to make us believe that short supply chains and organic, local food are niche markets. Their lobbyists have brought this view into the mainstream. But it is not true. If policy encourages a niche market, it will grow.

The National Front often criticises the CAP, calling instead for a French agricultural policy...

The National Front claims we could leave the EU, close our borders, refuse to import and continue to export our good but this is impossible. If we close our borders, our trading partners will respond in kind. So on top of a devalued franc, which will be worth next to nothing, we will be unable to sell abroad.

This cannot be taken seriously. But the agricultural crisis is a serious matter. A farmer commits suicide every other day in France. It is unacceptable to treat this subject lightly.

Farmers want the brakes put on 'costly' push for ABS in tractors

European Commission plans to force tractors to have anti-lock braking systems (ABS) are unnecessarily expensive for manufacturers and based on inaccurate analysis, EU farmers and machinery industry representatives have warned.

In the EU, fast tractors reaching speeds above 60 km/h have been required to have anti-lock Braking Systems (ABS) installed since 2016.

The European Commission now needs to decide whether to make ABS mandatory for tractors with speed ranges of 40-60 km/h by 2021.

The executive has commissioned a cost-benefit analysis of the proposed measure, which is scheduled to start in November. Based on the findings, the Commission will determine in mid-2017 whether or not to make the change by drafting an amendment to the Braking Regulation (2015/68).

CEMA, the European Agricultural Machinery association, believes the Commission incorrectly treats tractors as automobiles.

The machinery industry believes that making ABS – or any other technology – mandatory can only be justified if there is ample evidence of a risk and sound proof that the technology in question can help avoid that risk.

Lack of benefits

CEMA claims ABS technology won't help improve road safety in any statistically significant manner.

"In fact, with an average fleet renewal rate of 1.7% of total EU-28 tractor sales, it would take more than 20 years before



Tractors [photographerpandora / Flickr]

the first fatal accident could statistically be avoided," said Ulrich Adam, CEMA secretary general.

"By contrast, improving, for instance, the lighting and signalling of Europe's entire tractor fleet could prevent up to 70 fatal accidents each year," he told EurActiv.com.

"There might be a natural commercial interest by the actual developers of ABS braking systems to make this a mandatory feature on tractors, but such a move cannot be justified if the evidence is weak or not existing," Adam added, claiming his argument was in line with the EU's Better Regulation principles.

CEMA has identified potential technical risks if ABS was made compulsory. Since tractors are primarily off-road vehicles, introducing an on-road technology such as ABS could have the opposite effect and create new hazardous situations, Adam claimed.

"An ABS-enabled evasive action on a narrow rural road may generate other, potentially far more severe dangers such as frontal collision with opposite traffic," he noted, adding that operators may also fail to switch ABS on and off each time they enter or leave the road, particularly when they need to travel multiple times from farm to field in one single day.

High costs for farmers and agricultural contractors

Another concern is the costs incurred by the necessary fleet renewal.

"Effective overall cost increases for farmers and agricultural contractors to buy tractors with ABS could range from 2.5% to up to 10% of the vehicle price and reach up to €5,000 per machine," Adam said.

Adding such a significant cost burden on farmers' bottom line would be "unacceptable, particularly in light of the current farm crisis, and particularly when better, proven, and more cost-efficient solutions are available," the CEMA head said.

Lack of evidence

EU farmers' association Copa-Cogeca is also sceptical about the effectiveness of the inclusion of ABS brakes for tractors.

"We don't think that at this stage the evidence to support a proportionate and evidenced-based policy is there," said Daniel Azevedo, senior policy advisor at Copa-Cogeca.

Adding high extra costs on farmers should also be considered and tractors were already subject to speed limitations, he said.

"Everyday use is mostly off-road and at low speed. We must, therefore, see evidence that fitting ABS on tractors when they are used in this way, provides a safety benefit," he said, urging the

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European Commission to perform a proper cost-benefit analysis focusing on the specific needs of agricultural businesses.

“It is important to understand if the potential safety benefits in road safety are outweighed by potential new endangering situations occurring on-road but also off-road,” Azevedo added, calling on the EU executive to work on the issue with the users of the agricultural machinery and farmers.

Precision farming and flexibility

The ABS controversy is part of a wider debate about the balance between an innovative Common Agricultural Policy (CAP) and a strict regulatory framework.

EU farmers and the agri-food

industry do recognise the value of a digital push for the EU farming sector, but simultaneously warn that investment costs should be considered.

Jean-Paul Beens, the public affairs chief for fertiliser company Yara, believes farmers should be encouraged to embrace technological innovation.

“Farmers should not be suffocated by additional regulations but be incentivised to explore, with full flexibility, this new technology potential,” he told EurActiv. In his view, innovations for precision farming related to crop nutrition – like sensors, testers or smartphone apps – bring significant environmental benefits.

EU farmers need to access the latest technology in order to compete in the world market, according to Copa-Cogeca.

“A worry that we share with manufacturers is that research funding is spent on compliance with regulation as opposed to funding new innovations,” Azevedo said.

“For example, in the field of smart machinery, we must comply with regulations and meet ambitious environmental targets,” Azevedo said, adding that this forces machines to undergo structural changes, which can impact the way farms are designed.

“Farm machines are capital-intense investment goods for farmers that need to deliver a return for the farmer. Therefore, it is important to make sure that all necessary technical equipment is available in the future, to respond to the specific needs of farming at a reasonable cost,” Azevedo added.

EU farmers dream of the digital age

Europe’s farmers are beginning to embrace new technologies. But poor internet connections and the high cost of new digital tools can be discouraging.

For tomorrow’s farmers, the choice is to get connected or face the consequences. And the transition is already under way. In 2015, almost all French farmers (98%) used the internet at least once a week for professional reasons, according to the 2015 Agrinautes-Agriturfeurs study.

Weather information, sector-specific news, online banking and data services are among the online services most commonly used by farmers.

The EU’s Common Agricultural Policy (CAP) has encouraged the trend towards digitisation. According to data published by the think tank Renaissance Numérique, nine out of ten farmers fill in their applications for CAP subsidies online.



Many young people want to get into farming, but not using 20th century methods. [Kletr/Shutterstock]

Digital divide

Despite these encouraging figures, the EU’s farmers are falling behind their American counterparts. “Compared to the United States and Canada, our farmers use much less new technology, and it is much more expensive,” said Michel Masson, the president of the chambers of agriculture in central France’s Loiret department.

GPS and tractor guidance systems are already indispensable tools for

competitive farms. But their high price in Europe distorts competition, tipping the balance away from EU farmers.

Another major handicap is the uneven internet coverage in the EU’s rural areas. Today, Europe’s rural citizens have much worse internet connections than their urban compatriots. Just 25% of inhabitants of rural areas have access to high speed broadband, compared to 70% of city-dwellers.

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While almost all farmers complete their CAP declarations online, many are unable to do so from their farms.

"If you do not have a good connection, you cannot complete your CAP declaration and you have to go somewhere else to do it. Or you have to get someone else to do it, which costs money," said Masson. "Ten years ago, not having an Internet connection was no problem. Now it is a real handicap."

Access to real-time information is also a must for European farmers. "If you find out about an epidemic or a fall in prices 48 hours later than everyone else, you will be heavily penalised," Masson added.

Evolution towards a CAP 2.0?

To help the agricultural world to make its digital transition, the CAP also

has to adapt to new circumstances.

The EU hopes to have all homes equipped with 30MB/s internet by 2020. But allocating funding for new technologies under the CAP may prove controversial.

"The EU has to help European farmers acquire new technologies. But the debate on this issue will be complicated, because there are big gaps in the levels of development from one farm to another," Masson added.

Training required

The slow pace of infrastructure development is not the only thing holding up the integration of digital tools into agricultural practices. The fact is that Europe's farmers are ageing, and older business leaders are less likely to embrace technological developments. In 2016, just 6% of the EU's farmers were

under 35.

French Socialist MEP Éric Andrieu (S&D group) also raised the issue of training farmers to use new digital tools in his report on the CAP and job creation in rural areas.

Beside the "need for digital development in rural areas as a key element in creating additional sustainable jobs", the report called for "training in digital skills [that] are essential for modernising agricultural holdings and [...] the creation of jobs and businesses in rural areas".

For Masson, this is the key to the future of European agriculture. "We must create new jobs in the agricultural sector. There are young people who want to get into a career in farming," he said. "But they do not want to work using 20th century methods."

Diplomat: Changing eating habits in new markets favour EU exports

A rising middle class in emerging markets, focused on food quality, bodes well for EU agri-exports, said Marc Vanheukelen, the European Union's ambassador to the World Trade Organization (WTO). EurActiv.com reports from Athens.

Speaking at the Congress of European Farmers in Greece (6 October), Vanheukelen explained EU efforts for an export-driven Common Agricultural Policy (CAP).

The Russian embargo has put enormous pressure on already struggling European Union agricultural



Tractors [photographerpandora / Flickr]

markets. Trade between Russia and the EU dropped by over €163.4 billion between 2013 and last year, and Union farmers and agricultural cooperatives lost their main export market overnight worth €5.5 billion.

Severely hit by the Russian ban, the European Commission has tried to reach new export outlets in the medium term. According to data, in 2015 the EU was the world's biggest exporter of agri-food products with sales reaching more than €129 billion. Agricultural trade balance

reached €16 billion while EU exports increased by 6% compared to 2014.

Changing eating habits

The EU diplomat emphasised that long-term prospects were favourable to developments in which international trade, especially exports, will play an increasingly important role on the market of agricultural products.

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He noted that whereas European demand for food would probably be stable in the coming years, the demand of emerging markets in Asia, Africa and Latin America is growing “due to the increase of the population and in particular of the middle class, whose eating habits are changing”.

“Consumers have increasing expectations regarding the quality, safety and nutritional value of the products they eat [...] Europe is well placed to meet this demand,” Vanheukelen stated.

According to the diplomat, China, the US and Switzerland, but also new markets such as Australia, Saudi Arabia, the United Arab Emirates and Vietnam registered very positive developments for EU agri products.

“Boosting exports to China has been key for the recent recovery of the EU pigmeat market,” he said.

Chairman of Copa-Cogeca’s milk working party Mansel Raymond confirmed China’s interest in EU dairy products. “Milk production across the EU has been tightening since July and demand for our dairy products is picking up, especially in China by as much as 20-30% since January, and also in the US, Japan and the Middle-East, particularly for our cheese,” he said.

He also noted that China lifted the restrictions related to the Schmallenberg virus on exports of bovine/ovine genetic material from four EU member states (Germany, France, UK, Denmark) while Japan lifted its ban on imports of Danish and Italian beef.

TTIP: Focus on geographical indication

For the EU representative in the WTO, the EU’s active policy of striking trade agreements had a positive impact on exports over the last six years.

Referring to the negotiations with the US on the Transatlantic Trade and Investment Partnership (TTIP), Raymond said that it had a geopolitical importance,

which goes beyond the strategy for growth and jobs.

“TTIP should be ambitious, but also balanced and reasonable,” he noted, adding that substance is more important than speed and the Commission would not accept a “hasty” deal.

He stressed that it should not be limited to a discussion on tariff liberalisation but also to the removal of a series of technical barriers in agriculture in the US market and better protection of European geographical indications and quality of products, which are highly valued by consumers in the US.

“However, we will not compromise on our production standards, health and environment,” he said.

Minister for Agriculture and Rural Development of Slovakia Gabriela Matečná shares a similar view.

She stressed that it was very important to strike balance so that agriculture is not adversely affected by the trade deals.

“This way, the markets will present an opportunity to sell our surplus production and the same time, we have to make sure that our producers from the third countries importing into the EU are adhering at the same standards as our farmers in Europe,” she told EurActiv.

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