



RE-THINKING THE CAP

A major CAP reform is needed by 2008 to redirect spending at the provision of public goods and to ensure an end to dumping.

The future financing of the Common Agricultural Policy (CAP) was thrust into the spotlight after talks on the EU's budget at the European Summit in June ended in deadlock. Several Member States have called for radical reform of the CAP to spend significantly less on agricultural subsidies. While the focus on the CAP is welcome, the debate must not just centre on how much is spent on the CAP but also how funds are spent.

Many vulnerable agricultural producers' livelihoods are under threat due to unfair and environmentally unsustainable policies. Unless agricultural systems are made more socially and environmentally sound, there will be serious social and environmental repercussions worldwide.

The mid-term reform of the CAP in 2003 partially cut the link between subsidies and production, and made receipt of funds dependent on the respect of limited environmental legislation and standards. While these were important steps forward, further action is required to ensure that CAP funds deliver sustainable rural development. Importantly, 'decoupling' subsidies from production has not resulted in an end to agricultural export dumping of EU products on world markets. A reformed CAP should target funds at the achievement of EU's sustainable development objectives while phasing out all agricultural subsidies that facilitate export dumping, or the sale on world markets of goods at prices below their costs of production.

The debate on the EU's budgetary framework 2007-2013 - the financial perspectives - presents a crucial opportunity to re-think the CAP budget. In advance of a possible political agreement at the European Summit in December, BirdLife International, EEB, the Eurogroup on Animal Welfare, Friends of the Earth Europe, IFOAM EU group, Oxfam and WWF call on Europe's leaders to:

1. Agree to a full re-think of the CAP by 2008 to deliver the following:

Public money for public benefits - the CAP should have as its core objectives:

- to promote rural development and ensure thriving rural communities through sustainable farming;
- to improve nature conservation and the rural environment;
- to conserve landscapes of cultural and historic importance;
- to ensure high standards for animal welfare and food safety worldwide while taking account of developing countries' capacity to comply with such standards and assisting them to do so;
- to protect the livelihoods of small-scale farmers in developing countries.

These objectives should be achieved by shifting funds from CAP market expenditure (Pillar 1) to rural development (Pillar 2), which has a much smaller budget but delivers a wide range of public benefits.

Fair trade - the CAP should ensure fair trade terms to developing countries and in particular end the dumping of agricultural products that destroy the livelihoods of millions of farmers in developing countries by phasing out all agricultural subsidies that facilitate export dumping, or the sale on world markets of goods at prices below their costs of production. In addition, the issue of preference erosion for the world's poorest and most vulnerable countries must be fully addressed (e.g. offering longer implementation periods and financial assistance to countries affected).

Fairness in the EU - direct payments should ensure a fair income to farmers practising sustainable farming and be equitably distributed. A cap on the direct payments should allow additional funds to be transferred from Pillar 1 to Pillar 2. The more direct payments a farm receives, the more these payments should be cut and shifted to rural development.

Transparency - the public should be able to access information on how CAP funds are spent and individual recipients, through a fully transparent and accountable system.

2. Safeguard the proposed Rural Development budget (Pillar 2 of the CAP) from cuts.

The EU's rural development programme seeks to diversify the rural economy, to help rural communities and to boost farmland wildlife. The Commission's proposed budget for rural development is already too small to meet the large number of demands placed on it. Any further reductions would seriously hinder its ability to deliver sustainable rural development.

Providing adequate support for the EU's rural areas while agreeing to far-reaching CAP reform by 2008 would meet public demands for a fairer European Union, able to deliver benefits to all citizens and to safeguard our precious natural heritage.

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