

# PROSPEROUS COMMUNITIES

Reforming the CAP for a rapid  
transition of European agriculture  
to an agroecological model

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“From Farm to Fork” Sustainable Food System and the EU Green Deal  
Brussels, 8 October 2020 ●

# AN URGENT REDESIGN IS NEEDED

1. Current CAP (and draft proposal): not compatible with key EU objectives and international commitments:

- Paris Agreement
- Green Deal :
  - Farm to Fork
  - Biodiversity Strategy

=> -55% GHG by 2030 => net zero GHG by 2050

2. Farmers' population close to extinction in several Member States in less than 10 years

# Current CAP (and national policies) weaknesses

Supports “Industrial” agriculture to maximize productivity (specialization + size (economies of scale))



- Heavily dependent on fossil energy (all imported)
- Huge loss of biodiversity, land erosion, water wasted,...
- Direct and indirect public health costs

Maximize productivity **or** “extractivity” ? ? ?

# The reality of productivity growth is questionable!

The growth of “External Damages” probably larger than apparent Value Added growth.

TABLE 1—GROSS EXTERNAL DAMAGES AND GED/VA RATIO BY SECTOR

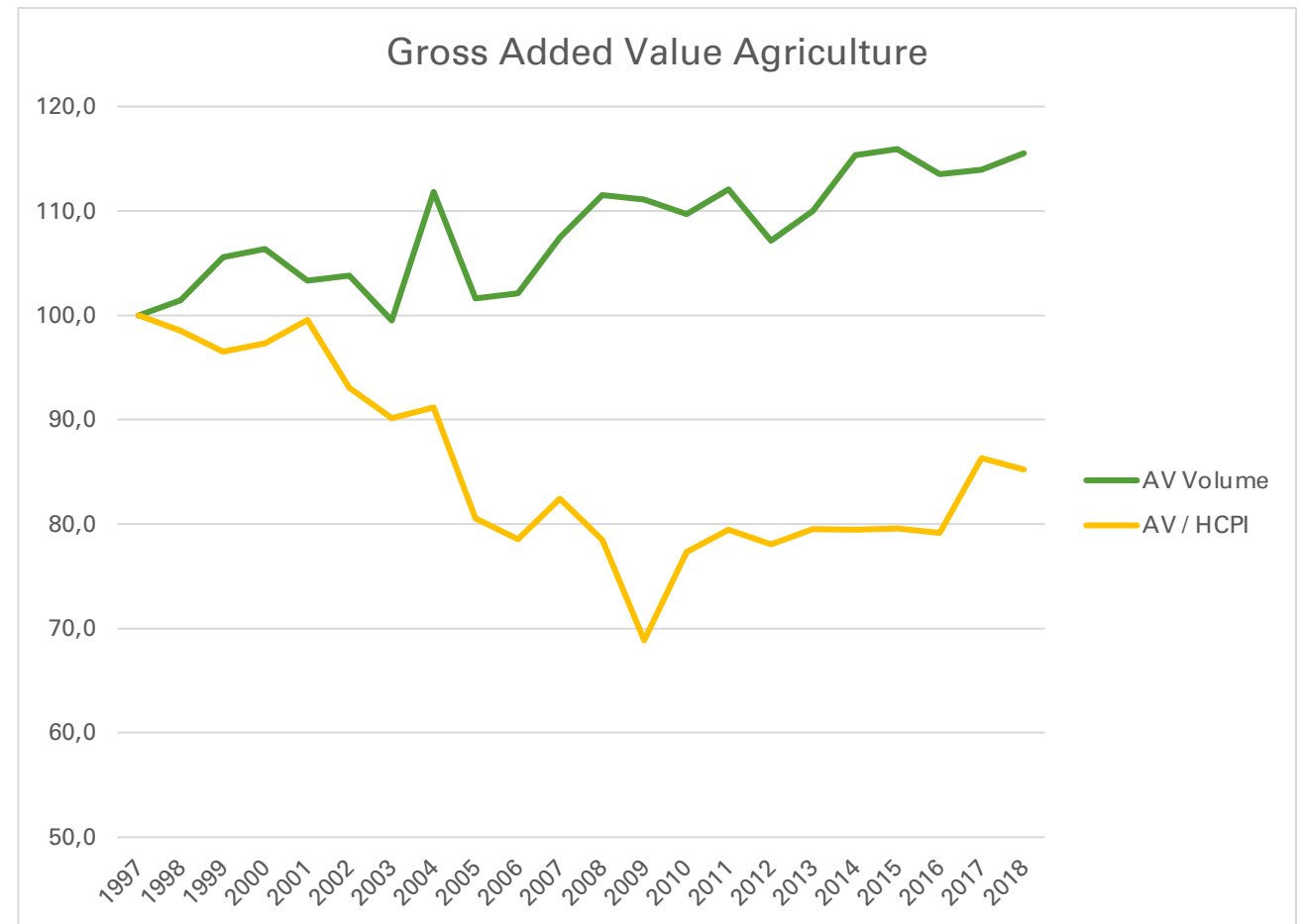
Sector	GED	GED/VA
Agriculture and forestry	32.0	0.38
Utilities	62.6	0.34
Transportation	23.2	0.10
Administrative, waste management, and remediation services	10.7	0.08
Construction	14.7	0.03
Arts, entertainment, and recreation	2.2	0.03
Accommodation and food services	4.2	0.02
Mining	3.3	0.02
Manufacturing	26.4	0.01
Other services	1.0	0.01
Wholesale trade	1.2	0.00
Retail trade	1.7	0.00
Information	0.0	0.00
Finance and insurance	0.0	0.00
Real estate services	0.0	0.00
Professional, scientific, and technical services	0.0	0.00
Management	0.0	0.00
Educational services	0.0	0.00
Health care services	0.7	0.00
Total all sectors	184.0	

Note: GED in \$ billion per year, 2000 prices.

Source : Environmental Accounting for Pollution in the United States Economy  
By Nicholas Z. Muller, Robert Mendelsohn, and William Nordhaus

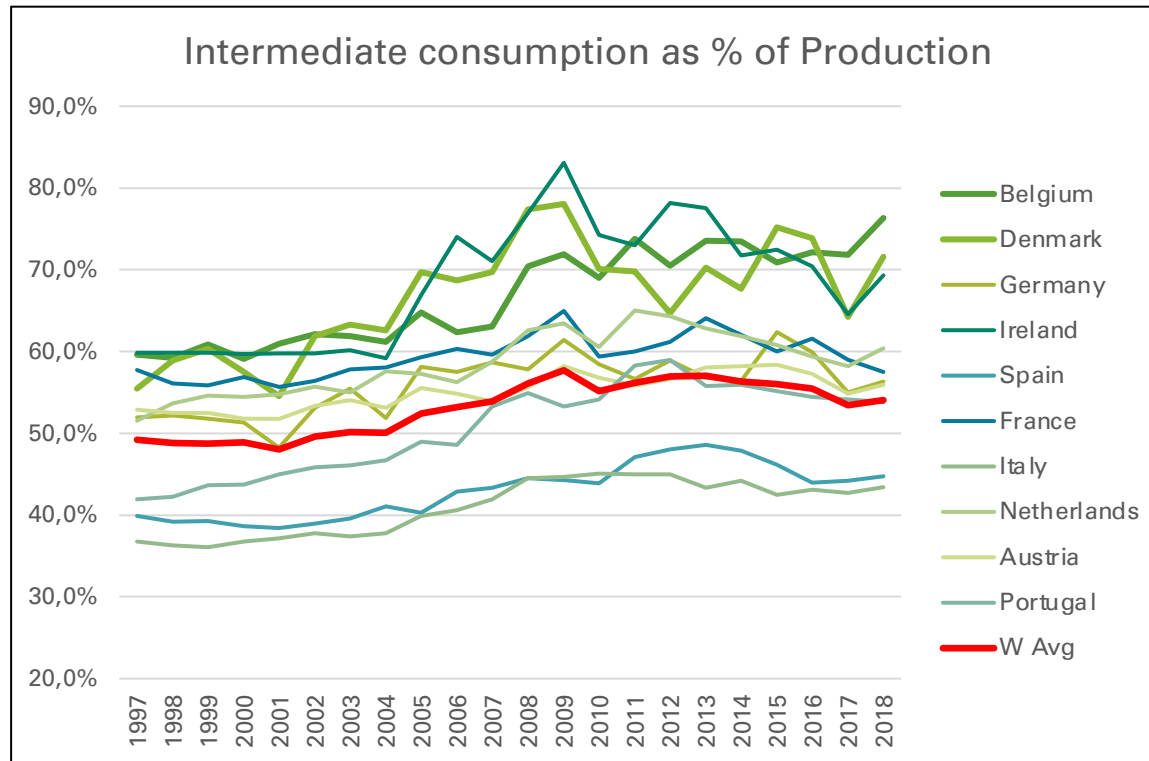
# No Benefit for the Farming Sector

“Measured”  
productivity growth  
BUT  
No benefit for the  
Farming Sector

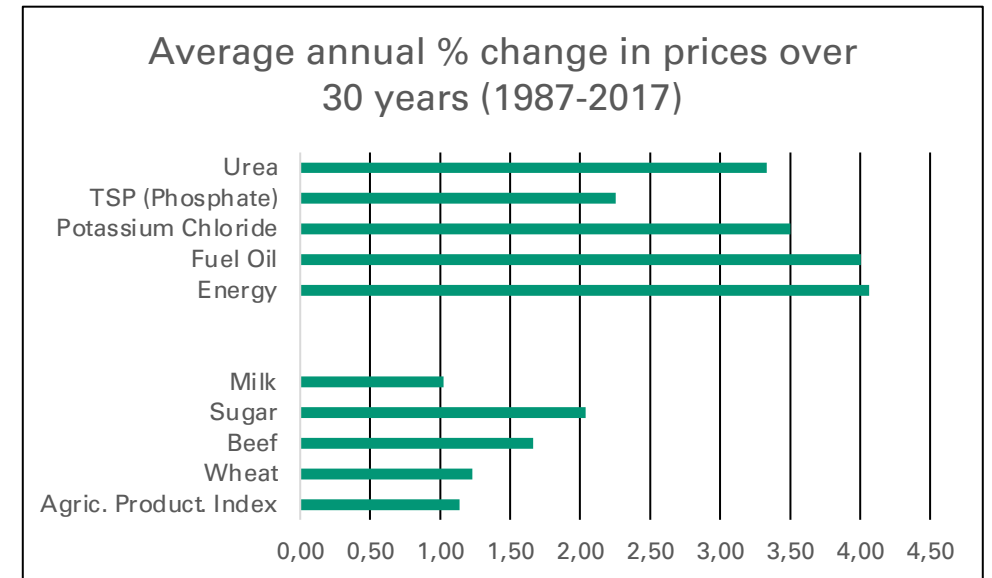


HCPI = Harmonized Consumer Price Index  
Source: Eurostat (EU 10)

# Value captured upstream and downstream



Source: Eurostat (EU 10)



Sources: IMF, World Bank, USDA, Eurostat, Fertilizer International

# Farmers population : a collapse before 2030 ?

In 2016 in the EU, « ...a majority (57.9 %) were 55 years of age or more.

Only about one in every ten (10.6 %) farm managers was a young farmer under the age of 40 years. »

Eurostat: Agriculture, forestry and fishery statistics, 2019 edition

# Redesign CAP: Three Guiding Principles

1. “First do not harm” : Phasing out of current “harming” policies
2. “Polluters-Payers” : Charging for negative externalities
3. “Public money for public goods” : Valuing positive externalities



# Main CAP Instrument: €/ha does harm!

- Partly captured by land owners pushing up prices in some MS
- Pushes to industrial model (size, specialisation...) with heavy extraction on net natural capital
- Skews relative production factors costs together with MS policies =>
  - lower costs of land, energy and capital,
  - while cost of labour is charged with high levies
- Distort competition between agricultural models

**Should be phased out !**

# Two URGENT Objectives for CAP

## 1. We need FARMERS

=> €/EFT a basic direct payment (not €/ha (or cattle))

Practically: offset the levies (taxes and SS) on labour for all declared labour employed and self-employed.

## 2. We need SUSTAINABLE FARMING

=> Polluter-payer (loss of basic payment, fines,...)

=> Public Money for Public Goods (payment for Carbon sequestration, biodiversity enhancement-restoration, water preservation,... (NB: reversable bonus-malus)

=> Support transition to agroecological practices (mentoring, training, investments, ...)

# Prosperous Communities

Real productivity gains for the farmers by:

- Real = No more “extraction” from natural net capital into apparent VA
  - Gains = Enhanced VA by:
    - Drastic cuts of inputs
    - Heading closer to final consumer products
  - Farmers = more employment, more diverse activities, more expertise (smart farming), closer to consumer
- + Less exposed to world prices fluctuations on both sides of the VA.

# Benefits for the European Union

- Compatible with zero net GHG emissions in 2050
- Less import dependant (fossil fuel, meat, cattle feed,...)
- Preservation of natural (& productive) capital for the next generations
- More resilient
- Increased employment
- Better diet and public health
- Richer and more diverse rural communities



Thank you