

UNITED NATIONS



NATIONS UNIES

UNDER A COVER LETTER TO THE COMMISSIONER FOR
AGRICULTURE AND RURAL DEVELOPMENT, DACIAN CIOLOS

“The CAP towards 2020: Meeting the food, natural resources , and territorial challenges of the future”

The UN Team in Brussels would like to take this opportunity to convey our observations on some of key issues we would like to emphasize on the CAP Reform, more particularly concerning its external dimension and the impact the policy might have on development prospects in developing countries, including for food security and trade.

The UN Team in Brussels looks forward to continuing its engagement as the EU elaborates its future agriculture policy which is important for sustainable and economic growth, in line with the EU 2020 strategy, and in the spirit of our on-going close and fruitful partnership.

Yours truly,

Antonio Vigilante

cc: Andris Piebalgs, Commisisoner for development
Eva Joly, Head Development Committee, EU Parliament
Paolo de Castro, Head Agriculture Committee, EU Parliament



Contribution of the United Nations Team in Brussels¹ to the Communication on *"The CAP towards 2020: Meeting the food, natural resources, and territorial challenges of the future."*

The UN Team in Brussels welcomes the opportunity to contribute to the EU's reflection on the CAP reform after 2013. As the UN, our analysis of the CAP Reform is essentially on its external dimension and the impact the policy might have on development prospects in developing countries, including for food security and trade. We also recall that food is a universal human right recognized by the Universal Declaration of Human Rights of 1948.

The challenges of today are wider than in the past, with increased globalisation and integration of national economies into the international economy, greater inter-dependence and more competitive pressure on agriculture. A growing world population and changed consumption patterns put a strain on global resources to supply adequate food. The increase of food price volatility and the increased importance of the biofuel sector are key factors to be taken into consideration. There is also increasing environmental pressure over agriculture, with climate change, the possible reduction of water availability, and the risk of biodiversity loss. We keep in mind the central promise of the EU on policy coherence for development.

We recognize that the world needs a viable agricultural sector providing regular income to farmers, with sustainable management of natural resources, a *"smart-agriculture"* adapted to climate change. While we understand the overall objectives set for the reform of the CAP, we nevertheless regret that the communication does not refer to the influence of the CAP on developing countries. This perspective is vital to the Policy Coherence for Development, since it will be important to include measures to avoid damaging effects on developing countries.

Concretely, it may be desirable that the CAP after 2013 suppress the export subsidies with a view to ensuring equitable competition for products coming from developing countries. At the same time, through its development policy, the EU can promote sustainable agriculture in developing countries with the view to attaining national food security. It is essential to safeguard food security for Least Developed and net-importing developing countries, one aspect being a policy against land grabbing.

Gender concerns should be taken into consideration within the CAP. It is noted in developing countries the importance to target women in agriculture and development policies because they provide 70% of the agricultural labour, produce most of the food supply, and can contribute to reduce the number of undernourished people from 12 to 17%. The same spirit should apply in the EU where the promotion of gender equality should be clearly reflected in the CAP reform as a way to contribute to the promotion of a sustainable economic growth and rural development, and as contribution to the Europe 2020 strategy and food security. Women are a modernizing force indispensable to contribute to the sustainable development of rural areas, and where farming must be seen as a way of life and type of business. Women farmers should have a share in rights and

¹ The comments provided are those of the UN Team in Belgium (constituting 26 agencies)



duties as co-responsible of the farm business, and their interests should be clearly targeted and represented in agricultural bodies. We encourage the EU, in making its decisions in the CAP reform, to take into consideration all these elements.

Food security and market volatility

Food security has emerged as a key point in the reforming of the CAP, in the context of the aftermath of the world food crisis of 2007-2008, the rise of biofuels demand on crops, the increased market volatility, and the pressing concerns over climate change. While maintaining production and supply capacity is a critical objective, it would be pertinent for continued farm support under the CAP to be given in such a way as to assure farmers maximum flexibility in production choices and thus able to respond efficiently and timely to both domestic and global demand signals.

The CAP will inevitably need to be seen in the context of the world market, and with due consideration to the proposals and decisions of the G20 on price volatility in food and agricultural markets, which will have an impact on the CAP reform. It is recognized that food price volatility will continue during the next decade, due to the growth of the world population, increased incomes in emerging economies, and the pressure exerted by the development of biofuels and feed for animals - all in a context of resources which are limited (land, water), and climate change which is likely to affect crop production, low food stocks and uncertainties on actual stocks.

Concerning the policy on biofuels, the projections envisage that production might double by 2020, which will put the pressure on agricultural production and food prices and will have an impact on food security. The policies on food security and energy must be balanced. There is a need to remove subsidies given for biofuels productions, accelerate research to find alternatives to gasoil, and encourage a reduction in energy demand. Second generation biofuels may be part of the solution. They are an opportunity for farmers to complement their income, and research programs should be developed in this sector.

In agriculture, better coordination is required at the international level. When a country in crisis, decides to stop food exports without coordination, it creates a problem not only for farmers in that country (who lose out on good prices on the international market), but also for the countries which must import at unexpectedly high prices (frequently the Low Developed Countries) that they cannot pay. A *global food security policy* is required with export bans to be used in very specific cases and only when other solutions have been exhausted. In the case of humanitarian aid, no export restrictions should apply. Export restrictions should be notified in advance with a consultation process to identify other possible solutions, and should be removed as quickly as possible. Regulation of the financial markets is also needed to limit the type of speculation which increases food price volatility. The WTO Doha negotiations should be concluded and eliminate export subsidies with distorting effects. It is essential to establish an agriculture market information system (production/consumption) for better transparency internationally, with global early warning systems to avoid food crises, and regional food reserves for emergencies. Policy coherence and coordination are essential in times of crisis.



Greening of the CAP and climate change

The proposed greening of the CAP is very much welcomed. Encouraging farmers to choose from a range of ecological measures (permanent pasture, crop rotation etc) will maintain land in good agricultural and environmental conditions, and will have a positive impact on biodiversity, water quality, soil protection, and the reduction of CO₂ emissions (through zero tillage, maintaining grasslands etc). We note that a CAP that contributes to low-carbon economic growth and cost-effective climate change mitigation and adaptation will certainly contribute to the Europe 2020 Strategy. The European farmers are encouraged to play a greater role in environmental issues including the preservation of the natural eco-system; this is highly positive.

Climate change mitigation, adaptation and a shift toward more sustainable use of resources will require ongoing policy support as a new area, whose implications for markets and production patterns are as yet unknown and where optimal technologies are still to be developed. There are many possible paths for enabling agriculture to play an active role in climate change mitigation and adaptation. These range from changing cropping patterns, to adoption of more efficient production techniques, improvements in energy efficiency, biomass and renewable energy production, and carbon sequestration and protection of carbon in soils. Given the multiplicity of possibilities, farm support under climate change mitigation can usefully be targeted to those practices that have demonstrated mitigation benefits. Including women in these practices will enable them to provide resource to climate change adaptation and mitigation, having a close relationship with the local environment.

The CAP can usefully promote agricultural techniques which are proven to have a positive impact on the environment, such as practices that increase organic nutrient inputs and reduce the need for (costly) synthetic fertilizers that contribute to greenhouse gas emissions. Improving ecosystem management and biodiversity can provide a number of ecosystem services which are sustainable and may contribute to reducing or removing greenhouse gases. Services include control of pests and disease, regulation of microclimate, decomposition of wastes, regulating nutrient cycles and crop pollination. Enabling and enhancing the provision of such services can be achieved through the adoption of different natural resource management and production practices. *Conservation Agriculture should be promoted.* It represents farming practices with minimal mechanical soil disturbance (i.e. no tillage and direct seeding), with the maintenance of a mulch of carbon-rich organic matter covering and feeding the soil, and with rotations or associations of crops including trees which could include nitrogen-fixing legumes. *It offers climate change adaptation and mitigation solutions.* This technique saves on energy use in farming and reduces emissions from the burning of crop residues. Moreover it helps sequester carbon in soil. Maintenance of mulch provides a substrate for soil microorganisms which helps to improve and maintain water and nutrients in the soil. Rotations and crop associations that include legumes are capable of hosting nitrogen-fixing bacteria in their roots, which contributes to optimum plant growth. In extremely wet conditions, Conservation Agriculture facilitates rain water infiltration, reducing soil erosion and the risk of flooding. It also contributes to protect crops from extreme temperatures. Crop rotation over several seasons minimizes the outbreak of pests and disease.



The preservation of genetic resources of crops and breeds and their wild relatives is fundamental in developing resilience to climatic shocks, improving the efficient use of resources, shortening production cycles and generating higher yields. Generating varieties and breeds which are tailored to ecosystems and the needs of farmers is crucial.

The livestock sector has expanded rapidly in recent decades and will continue to do so as demand for meat and dairy products continues to grow. Livestock is the largest user of land resources. The quick expansion of the sector is a cause of overgrazing and land degradation and an important driver of deforestation. It also contributes to methane and nitrous oxide emissions from ruminant digestion and manure management. Productivity improvements are needed to meet growing food security and development requirements, while minimizing resource use and greenhouse gas emissions from production.

International trade

One of the most striking elements missing from the Communication is the near absence of any mention of international trade or the Doha Development round, the current trade negotiation round of the World Trade Organization. The future CAP (2014-2020) needs to be placed in the context of an eventual completion of the Doha round that will ensure expanded market access opportunities through trade, especially for developing to developed country markets. It is vital that expanded market access, through lower tariffs, under an eventual Doha accord not be undone by new non-tariff barriers. Access to European markets requires food products to meet specific standards and certifications which, while often perfectly legitimate from a health and safety perspective, can nevertheless create constraints for developing countries in marketing their products. In complement to the CAP policy, through its development policy, the EU can play an important role in financing capacity building activities to enable developing countries to meet international Sanitary and Phytosanitary measures. The EU is currently supporting this through the Standards and Trade Development Facility. It is also important that developing countries participate effectively in international standard setting bodies such as the International Plant Protection Convention (IPPC) meetings, and the Codex Alimentarius meetings. A continuation of the EU's current support to finance and reinforce developing countries' attendance is important, permitting developing countries to be fully part of the international standard setting process.

Policy Coherence for development

The *EU Policy Coherence for Development* Work Program 2010-2013 highlights agricultural policy as one of five areas "given the fundamental challenge the world faces today to ensure that 1 billion people living in poverty and hunger have access to enough food to maintain a healthy life". The Staff Working Document on PCD issued in April 2010 as part of the Commission's Spring Package on the MDGs, and the *Council Conclusions in run-up to the UN MDG Summit in September 2010*, point to the need to prepare a post-2013 CAP reform taking into account food security and development objectives in a balanced manner, and to propose EU policy initiatives in agricultural product quality taking into account development objectives.

UNITED NATIONS



NATIONS UNIES

The UN considers it vital that the CAP reform after 2013 be shaped in line with the Policy Coherence for Development. The EU has made great and recognised strides in reducing export subsidies, which the UN strongly supports. It is vitally important to continue down that route, and avoid distortions of market competition. Reduction and elimination of EU export subsidies gives more chance to developing countries to sell their products on the international market.

There is both a need and an enormous potential to *increase the coherence among the internal EU policies such as agricultural, research, energy, and climate policies which have an overall impact/linkage on the common agricultural policy*. The CAP policy cannot be seen independently from the EU biofuel policy and target (where it is expressed that 10% of biofuel should be reached in the EU transport). This has an impact on food security.