

CHRISTIAN AID.

DISCUSSION PAPER on CA's position on agricultural trade reform, subsidies and the future of small and family farms and farmers. 08.01.04

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NOTE : This Discussion Paper was written as a submission to the UK Food Group (UKFG) hosted civil society Dialogue on agricultural trade reform, subsidies and the future of small and family farms and farmers. As a discussion paper it does not constitute a statement of Christian Aid's formal policy position and may be amended and up-dated in future in the light of further discussion and as comments are received both from within CA and externally.

1. Introduction – current positions on agriculture.

CA's primary concern is with tackling poverty and its causes. The future of agriculture and of small and family farms and farmers is a key concern because so many of the world's poor are smallholder or peasant farmers and/or derive their livelihoods from agriculture. At least 900 million of the world's poor people live in rural areas¹. Some are landless, but as small farmers and/or as agricultural labourers, most rely, directly or indirectly, on agriculture for some part of their livelihoods and for their food². Despite movement to urban areas, 60 per cent of the world's poor people are still likely to be living in rural areas in 2025³, and therefore will still rely on agriculture in whole or part.

The rules under which agricultural trade takes place internationally and how agriculture is supported nationally are crucial to the future and livelihoods of small farmers and to the rural poor. At present the combination of agricultural support regimes in the North, liberalisation through structural adjustment in the South, the rules of the WTO Agreement on Agriculture (AoA), and the increasing concentration of corporate power in food and agriculture are undermining smallholder or peasant agriculture. In particular, cheap, often subsidised, food and other agricultural imports undercut the prices that small farmers in the South need to make a viable living.⁴

Christian Aid and other UK development agency/Trade Justice Movement response to this situation has generally been:

- to oppose the ideologically driven 'one-size-fits-all' approach to liberalisation of the IFIs, and the associated market-opening 'conditionalities' that they include in their structural adjustment programmes.
- to call for the abolition of export subsidies under the EU's Common Agricultural Policy (CAP). Export subsidies are paid to exporters and/or food processing companies – not to

¹ According to the International Fund for Agricultural Development (IFAD)'s *Rural Poverty Report 2001 : The challenge of ending rural poverty* (p.15) three quarters of the world's 1.2 billion poor (living on less than \$1 a day) live in rural areas, where agriculture remains the major source of livelihood.

² the rural poor do not rely *only* on agriculture for their family livelihoods, but on other sources of income as well (eg from urban employment). Studies in Africa show a range of 15 to 93 per cent reliance on non-farm income (World Development Report 2000). Furthermore, the reliance on non-farm income is growing.

³ IFAD, *ibid*

⁴ Of course cheap food may also be of benefit to other groups such as the urban poor, or to countries heavily reliant on food imports – a point returned to later.

farmers – and it is these which lead most directly to low prices or even dumping – prices below the cost of production - on the world market, and thus to the undercutting of local farmers’ livelihoods.

- to call for the reduction and redirection of production subsidies under the CAP. That is, subsidies paid to farmers should be both reduced in total amount and detached or ‘decoupled’ from how much they produce and redirected instead to supporting environmental, social and other benefits (so-called Pillar II of the CAP). The thinking here is that surpluses will be reduced and there will therefore be less to be (cheaply) exported.
- to call for the EU to open up its markets to agricultural imports from the South.
- to call for the introduction of a ‘Development Box’ within the AoA. That is, to make rules which would allow developing countries to exclude cheap imports and to protect and support their own agriculture in the interests of development concerns such as poverty reduction, food security and rural livelihoods, as well as the creation of a firm foundation for future economic growth.⁵

There is widespread civil society agreement that inappropriate ‘one-size-fits-all’ liberalisation via SAPs should be ended, and that export subsidies are totally unjustified and should be abolished. However, on the other positions other interested parties have expressed at least concern and often strong disagreement:

- Family farmers and others in the UK, including Christian Aid and TJM supporters, have expressed concern about the future of agriculture in the UK if current production subsidies are reduced and more (cheaper) imports are allowed in. Already many UK farmers have gone out of business and others are barely surviving.
- Groups representing development, environment, small farmers and others in other European countries (the so-called European Platforms – equivalents of the UK Food Group) are strongly opposed to the decoupling of subsidies (which they fear would soon lead to the total elimination of support) and the liberalisation of imports (although they do support quotas for southern countries).
- Via Campesina – a global movement of mainly Southern but also some Northern smallholder and peasant farmers – has consistently called for agriculture to be taken out of the WTO altogether – that is, for the AoA to be scrapped, not to attempt to reform it.
- Via Campesina are also against reforms of the CAP which would take support away from smaller farmers, including decoupling.

The view shared by both the European Platforms and Via Campesina⁶ is that to remove support to agriculture and/ or to include agriculture within a trade rules framework which is specifically designed to achieve trade liberalisation would be to hand agriculture over to large scale

⁵ There is no mention of a position on corporate concentration in the above because little or nothing has been said or done on this issue so far (with the exception of a new UKFG report – see below).

⁶ Via Campesina are in fact part of a still wider grouping of peoples organisations and NGOs who hold and have been promoting anti WTO AoA and pro food sovereignty views – see below. However it is with Via Campesina that we have been particularly discussing – and disagreeing – on these issues.

agriculture and corporate interests. That is, it would lead – is already leading – to the destruction of small and family farms, of smallholder and peasant agriculture, North and South. This in turn is leading – in the South particularly – to increased poverty, hunger and life and livelihood insecurity.

It is clear we (both Christian Aid and the TJM more generally) need to work with others to see how far we can find a way through these differences of view, and the UK Food Group (UKFG) hosted Dialogue is intended to provide an opportunity for doing just that. In the meantime we also need to develop our own position as a contribution to the Dialogue, which is the purpose of this paper⁷.

2. Types of agriculture, farms and farmers.

To begin with we need to analyse in more detail what is actually going on in agriculture, among farmers, and in the rural economy both North and South.

Borrowing (and adapting) from a recent report by Bill Vorley of IIED for the UKFG⁸ (who in turn based his analysis on work by The Canadian Rural Reconstruction Foundation) we can distinguish between at least three livelihood categories among farmers and other rural people :

1. Larger, entrepreneur, often corporate, *agribusiness farms and farmers* who are globally competitive and part of often global industrial supply chains. They are a minority of all farmers, although they probably produce the major part of the agricultural products which are traded internationally, partly because only the larger, most highly capitalised and tightly managed farms can meet the standards required by importing nations and/or by the food processing and retail sectors, or can produce sufficient quantities to achieve a viable income given constantly falling farmgate prices.
2. The ‘shrinking middle’ of *family and landed peasant farmers* ‘who have traditionally constituted the bedrock of the rural economy from India to the American prairies’⁹. These farmers are modest scale landowners, often undercapitalised, generally have a local to national orientation, and are only poorly integrated into food processing or retail chains, acting rather as residual suppliers to wholesale or bulk commodity markets. Where some do supply an international market (eg coffee and cocoa farmers) they have no influence or control over that market. This category of farmers is increasingly vulnerable to such changes as withdrawal of government support, liberalisation, or corporate concentration and market power. They continually face decreasing returns and increasing risks of livelihood failure. As a result their households are increasingly and of necessity becoming multi-occupational. In the UK and Europe and in other developed economies such farmers are going out of business at an increasing rate, their farms usually being taken over by the large farmers of Category 1.
3. The *subsistence and semi-subsistence underclass* of rural households that includes most of the 800 million food insecure people living in developing countries. Their focus is most often on survival and the minimisation of risks to their fragile livelihoods. They

⁷ Developing our position on agriculture is also a necessary prelude to the planned CA/Agricultural Christian Fellowship report planned for 2004.

⁸ ‘Food Inc. : Corporate concentration from farm to consumer’, Bill Vorley, UK Food Group, London October 2003.

⁹ *ibid*

have limited access to productive resources such as land or credit; they often have little or no access to services such as health and education; they are generally excluded from decision-making structures. They do not relate at all to global markets, though they may sell some part of their produce on local markets. They are usually multi-occupational, with family members seeking work elsewhere, often in urban areas, and their means of livelihood is fractured and insecure. This group may be taken to also include those who though dependent on agriculture, are hardly farmers themselves, but work as agricultural labourers for others, usually the family and peasant farmers of Category 2.

Categories 1 and 2 exist in both the North and the South. Category 3 is largely a feature of the South.¹⁰

Christian Aid's first concern must clearly be with Category 3 – the poorest and most vulnerable. However, in practice we are also often concerned with some Category 2 farmers, although usually perhaps only those who are being driven towards or into Category 3. (The boundaries between these categories are of course fuzzy anyway). At the same time, we are also concerned with the urban poor in the South, which are growing in numbers as the rural-based livelihoods of Category 3 families declines.

The conventional neo-liberal view is that the future will increasingly belong to the farms and farmers of Category 1. This is where food can be produced most efficiently, employing the latest bio and other technologies. Furthermore, with free trade in food around the globe, this is how the requirements of an increasing and an increasingly wealthy global population can most reliably be met. Category 2 farmers South and North may, perhaps, survive as highly controlled contract producers to processors or retailers, or have a limited local or specialist role to play, but despite attempts to include them in the envisaged future, the logic of the neo-liberal view is that they will tend, over time, to disappear. The neo-liberal view is clear about the fate of Category 3. They have no future as farmers. Most will move to urban areas to find employment opportunities outside of agriculture; some will remain to work as labourers on Category 1 farms/plantations or processing units.

We have already criticised the neo-liberal model in the report 'Forgotten farmers'¹¹, arguing that it ignores the facts that alternative, urban based means of livelihood do not, and will not automatically, exist and that millions of poor people in the South are going to remain rural and dependent on agriculture for decades yet to come. It is therefore necessary to support small farmer agriculture and not simply forget, ignore or indeed abandon them.

However, 'Forgotten farmers' did not make the distinction between Categories 2 and 3 and the analysis in fact tended only to have Category 3 in mind. Nor did it look to the long term future of agriculture, or consider the commonalities of the situation of small and family farms North and South – ie of Category 2 farmers. These are all things which we now need to think about in order to develop a more complete position on agricultural trade issues.

3. Agribusiness or family and peasant farmers ? (Category 1 or Category 2 ?)

One possible position might be to accept the neo-liberal model as the future for agriculture (ie to accept that all will be 1, so to speak . . .), and simply call for delay in implementation and support

¹⁰ But not entirely – Southern migrant labourers are a standard part of contemporary agribusiness at harvest time in the US, Europe and in the UK - eg illegal Chinese workers in east Anglia.

¹¹ *Forgotten farmers: Small farmers, trade and sustainable agriculture*, Christian Aid, June 2002.

for the poor until such time as they (delay and support) are no longer required. In fact it could be said that this is what we have been doing up to now in supporting the Development Box idea and the right of Southern countries to protect themselves against cheap imports. However, this would imply accepting that a largely Northern corporately controlled agriculture is in the best interests of the South and of the poor, at least in the longer term. This is indeed the neo-liberal's case. However, our view must surely be that it would be a risky strategy to impose upon the South and the poor to have them be dependent on foreign and corporate powers to ensure their affordable food security.

A more likely position for Christian Aid emerges from the recognition of the existence of Category 2 farmers. While our first concern and target group is Category 3 farmers (and agricultural labourers), our goal in assisting them to farm (as we so often do) is in fact to help them become, or move towards becoming, Category 2 farmers. That is, we recognise that farming at a subsistence or semi-subsistence level, though it may be all that can be achieved by many for the present, always needs to be improved upon so that agriculture becomes a viable livelihood strategy and not a mere survival strategy, and beyond the individual family, becomes a means of ensuring wider community food security. It is also relevant to note that a lot of the farmers we work with – and whom we frequently quote in our trade work - used to be Category 2 and have now slid or are sliding down to Category 3. This is the observable result of liberalisation under SAPs, reinforced by the rules of the AoA, and northern subsidies.

Of course we do not only or always support farming as the solution to achieving a viable livelihood for the rural poor. In fact in many cases agriculture may not be a viable option at all – owing to lack of access to land, for example – and other livelihood activities may be more promising. In those cases we should and we do support alternative livelihood solutions. Nonetheless, it remains the case that most rural poor households are at least partly agricultural and are likely to remain so for decades.

The clear implication of the above is that we 'believe in' Category 2 agriculture, farms and farmers. And of course we have many good reasons for doing so :

- As noted at the beginning, millions of poor people are dependent in some part on agriculture for their livelihood, and many will continue to be so for decades yet to come.
- To rely on the market for your food security is a risky strategy for poor people and for poor countries.
- Food security can most securely be ensured by the rural poor (and by poor countries) by having maximum possible control over the production and supply of the food they require¹²
- Although many small and family farm households are becoming multi-occupational, or diversifying their means of livelihoods, nonetheless many wish to remain farming as well

¹² That is, when you have only weak access to or control over the market you are least vulnerable if you depend on its services as little as possible. This does not of course mean that people (or countries) can be totally self-sufficient in terms of food production, or that dependence on external markets can (or should) be totally avoided. Indeed for some it may be a more rational strategy to sell their labour or grow and sell cash crops and then buy food from the market. For many there will be no alternative. Nonetheless, all the time you are poor this is a weak and vulnerable position to be in – for people and countries.

- Farming, food and a connection to the land are usually highly culturally valued and underpin wider cultural activities, beliefs and values.¹³
- Small farms South and North are usually found to be *more efficient* than larger farms.
- A flourishing economy of small farmers results in local and diverse food production, in more employment, and in a diverse local economy- in other words in a food security situation and an economy which is more resilient in the face of the kind of shocks that are all too often experienced by the poor in the South (disasters, conflict, disease).

The conclusion from the above must be that we want the future of agriculture to include the *option* of viable Category 2 farming and that we should therefore be calling for policies on agricultural trade reform and Northern agricultural support regimes which enable and allow support to and the promotion of the same. Equally, we should be against policies which work against the possibility of viable Category 2 livelihoods. At the same time, of course, we also need policies that will assist those who are and are likely, for the foreseeable future at least, to remain in category 3 (including agricultural labourers), and we need policies beyond agriculture for those who cannot achieve a viable livelihood as farmers/agricultural labourers. Finally, we must also keep in mind the needs of the urban poor for affordable food prices¹⁴.

However, there still remains the matter of a position on Northern Category 2 farming. Although Northern agriculture lies outside our direct remit, it will in fact strengthen our campaigning and arguments for Category 2 agriculture in the South if we can develop and adopt policy positions which also support the same in the North :

- it could help meet the concerns of the small scale and family farmers and others in the UK, including CA and TJM supporters, who have expressed concern about the future of UK agriculture, the rural economy and the countryside, therefore keeping an important part of our constituency on board.
- Policy proposals which deal with the future of agriculture both North and South are likely to have more chance of influencing the government than arguing only from a Southern perspective.
- It will strengthen the case and the cause if Southern and Northern small farmers and their supporters are working together.

¹³ The desire to farm and even cultural values may change if and when other, more remunerative and otherwise attractive (eg secure) alternatives to agriculture arise as a result of wider economic development. However, until then, it seems reasonable to respect these desires and values first, rather than those of agribusiness, etc.

¹⁴ Cheap food imports, it is argued, are of benefit to the urban poor. Protecting and supporting farmers could be to the urban poor's disadvantage if it means higher prices. However, a major contributor to the growth of the urban poor is of course the failure of rural livelihoods as agriculture is undercut by cheap imports. Although there is obviously a balance to be struck between the different interests, in the longer run ensuring the existence of a vibrant rural economy is likely to be most effective in reducing poverty. Furthermore, research in Haiti and Burkina Faso by Oxfam has shown that cheap imports do not necessarily result in cheaper market prices as middlemen and traders take the benefit for themselves. Similarly, it is the clear experience in the North that falling producer prices are not reflected in the price the consumer pays in the supermarket.

For countries heavily dependent on food imports, the WTO has already recognised that extra assistance is required when food prices rise on the global market. A statutory mechanism to provide such assistance now needs to be created while other support is given to help them become more food secure – through increasing their own food production and/or by developing other exports.

- Given political realities, it may be doubted whether it would in fact be possible to defend the possibility of Category 2 farmers in the South unless the argument is also won for the existence of Category 2 farmers in the North.

There will certainly still be clashes or contradictions between the interests of Category 2 farmers North and South, and we will wish to argue for priority for the South in such cases. However, most often the more important clash of interest will be between Category 1 agribusiness and Category 2 (and 3) farmers North *and* South.

There are also arguments to be made for the value of Northern Category 2 agriculture in its own right which we should not ignore – especially because they are many of the same arguments that we would make in support of small farmers in the South, pertaining to the multifunctional (environmental, social, economic and cultural) role of agriculture.

4. Interim Conclusions

Our basic position on the future of agriculture should be that it must include the *option* of viable Category 2 farming both North and South. Therefore :

- We should adopt policy positions on agricultural trade reform and Northern agricultural support regimes which enable and allow support to and the promotion of Category 2 agriculture (eg in the South, AoA ‘special products’ exemptions for food security, rural livelihoods or anti-poverty reasons; in the North, shifting subsidies from larger to smaller farmers; regulation to counter corporate concentration and control of the food chain).
- we should oppose policies which are damaging to or will work against the possibility of Category 2 agriculture. (eg IFI trade liberalisation conditionalities in relation to agriculture; skewing of agricultural support towards larger farms; export subsidies).
- However, where there are significant policy clashes between the interests of Northern and Southern Category 2 farmers (eg over sugar subsidies) we should support the latter, in line with our commitment to the most disadvantaged and our remit as a development agency.
- At the same time we must also advocate policies that will assist those who are and are likely, for the foreseeable future, to remain in Category 3 (including agricultural labourers). (eg support to agricultural extension and development services; support to education and health services; promotion of appropriate sustainable agriculture practices; support for alternative means of livelihoods), and policies beyond agriculture for those who cannot achieve a viable livelihood as farmers/agricultural labourers.
- We must also keep in mind the food security needs of the urban poor and of net food importing developing countries (through appropriate national and international support mechanisms).

5. The AoA and the CAP.

To apply the above conclusions to the AoA and the CAP : what we would like to see is an Agreement on Agriculture and a CAP which would enable the option of a flourishing Category 2 agriculture both South and North. However, while this brings us closer to the concerns and views of others noted at the beginning, it still leaves some important issues to be tackled :

- Should agriculture be included under the WTO or taken out ?
- How can the CAP be reformed in such a way that it supports Category 2 agriculture in both the South and the North ?

These issues are intended to be discussed within the Dialogue process and we do not therefore need to settle on a policy position at this time. However, it will be useful to be clear about what the issues are, and even speculate on policy solutions.

5.1. In or out ? Via Campesina (and others) and the AoA

‘The WTO is an entirely inappropriate institution to address issues of agriculture and food. [We] do not believe that the WTO will engage in profound reform in order to make itself responsive to the rights and needs of ordinary people. Therefore [we] are calling for all food and agricultural concerns to be taken out of WTO jurisdiction through the dismantling of the Agreement on Agriculture and removing or amending the relevant clauses on other WTO agreements so as to ensure the full exclusion of food and agriculture from the WTO regime’ - ‘Priority to people’s food sovereignty – WTO out of food and agriculture’, The World is not for Sale Coalition, 2001, www.peoplesfoodsovereignty.org¹⁵

As noted above, there has been an important disagreement between Christian Aid (the TJM) and Via Campesina over agriculture and the WTO. Our starting point has been that it is better to have rules than not. Without rules the strongest – northern countries and corporations - will win and the interests of developing countries and small and peasant farmers in particular will be ignored. Their livelihoods will be destroyed. Therefore we have supported, for example, the idea of a Development Box within the AoA which would allow developing countries to protect their agriculture and farmers from damaging imports.

There is, however, a weakness in this kind of position because ultimately it still accepts the liberalisation agenda. It is only a question of delay until such time as a developing country is ready to compete on the global market. The question is whether Category 2 type farmers could ever compete with global agribusiness in a fully liberalised market.

This is the question that Via Campesina have asked and they conclude that they could not. Furthermore, as noted earlier, their view is that because the WTO is designed to promote neo-liberal trade policies there is no point in going to it for rules to defend oneself from liberalisation. Rather, agriculture should be taken out of the WTO so that countries can choose their own rules and run their own agricultural policies, both in terms of government support and trade protection.

The criticism of this position has been that in reality few developing countries are or would be able to choose their own rules. As we have seen with SAPs and bilateral trade deals, developing country governments in practice may have limited autonomy. Therefore, without internationally agreed rules, it is in fact unlikely that Category 2 farming would remain a viable option. Furthermore, developing countries would have even less leverage – in fact none - over reform of Northern subsidy systems like the CAP.

¹⁵ As noted earlier, Via Campesina is not alone in holding the view that agriculture should be removed from the WTO. They are part of a wider international coalition of farmers/peoples/civil society organisations and NGOs who have issued a number of statements on this issue. However, it is Via Campesina with which Christian Aid and the UKFG has been most engaged.

However, Via Campesina's vision, is not in fact without rules – or at least fundamental principles from which suitable rules could be derived - or suggestions about the structures or organisations which might enforce them. The principles are based on the idea of *Food Sovereignty* – the right of communities and countries to have control over and set their own priorities and rules in relation to food and agriculture (see Box). Via Campesina have suggested that UN organisations such as FAO or UNCTAD could oversee and enforce this right.

Via Campesina and the UKFG have met recently as part of the UKFG Dialogue process and committed ourselves to continuing to work on our difference of view.

Meanwhile :

- An alternative position might be to begin to think of the Development Box not as a temporary exception but rather as an Agreement in itself. That is to say, it would recognise as a permanent principle and a right, not merely a temporary expedient, the exercise of food sovereignty and the application of food security, anti-poverty and development criteria to the regulation and control of agricultural trade.
- However, the question would remain, would it be appropriate (or possible) to locate such an non-liberalisation-of-trade Agreement within the WTO, or could it be placed elsewhere? A similar issue has arisen over environmental concerns and calls have been made for an international environmental organisation to act as a counterweight to the WTO. So, as suggested by Via Campesina, perhaps an Agriculture Agreement could perhaps be placed under the FAO or UNCTAD or elsewhere under the UN system.
- The question also arises as to whether such an agreement should apply only to developing countries (as with the current Development Box) or also to the North? The logic of supporting Category 2 agriculture South and North suggests that it should also cover the North. The criteria to be applied might be slightly different (at least in emphasis) – environmental, local food culture and quality, rural economy (although a case could also be made specifically for food security) – but the common frame would be the recognition of the value and multi-functions of Category 2 agriculture.

Food sovereignty .

‘[Food sovereignty] ... goes beyond the concept of food security. It is also the capacity to have control and sovereign decision-making throughout the food chain, from production to consumption.’, Committee on World Food Security, UN Food and Agriculture Organisation (FAO), 1995.

‘Food Sovereignty is **the RIGHT** of peoples, communities, and countries to define their own agricultural, labor, fishing, food and land policies which are ecologically, socially, economically and culturally appropriate to their unique circumstances. It includes the true right to food and to produce food, which means that all people have the right to safe, nutritious and culturally appropriate food and to food-producing resources and the ability to sustain themselves and their societies.

Food Sovereignty requires:

- **Placing priority** on food production for domestic and local markets, based on peasant and family farmer diversified and agroecologically based production systems
- **Ensuring fair** prices for farmers, which means the power to protect internal markets from low-priced, dumped imports
- Access to land, water, forests, fishing areas and other productive resources through genuine redistribution, not by market forces and World Bank sponsored "market-assisted land reforms."
- **Recognition and promotion of women's role** in food production and equitable access and control over productive resources
- **Community control over productive resources**, as opposed to corporate ownership of land, water, and genetic and other resources
- **Protecting seeds**, the basis of food and life itself, for the free exchange and use of farmers, which means no patents on life and a moratorium on the genetically modified crops which lead to the genetic pollution of essential genetic diversity of plants and animals.
- **Public investment** in support for the productive activities of families, and communities, geared toward empowerment, local control and production of food for people and local markets.

Food Sovereignty means the primacy of people's and community's rights to food and food production, over trade concerns. This entails the support and promotion of local markets and producers over production for export and food imports. **Finally**, "one size fits all" policies like those emanating from the World Bank, WTO and IMF must be replaced with a vision of "one world with room for many worlds," where strength and human dignity are built through solidarity and respect for diversity, and all countries and peoples have the right to define their own policies.’
Food Sovereignty: A right for all, Political Statement of the NGO/CSO Forum for Food Sovereignty, June 14 2002

- At this time, however, our position could reasonably be to continue to support the establishment of an effective and fair Development Box with in the AoA on the grounds

that it is important within the current reality of ongoing trade liberalisation for developing countries to be able to protect and support their own agriculture in the interests of development concerns such as poverty reduction, food security and rural livelihoods, as well as the creation of a firm foundation for future economic growth. At the same time we should explore with others the possibility of an alternative 'Agreement on Agriculture' based on food sovereignty or similar principles and based outside of the WTO.

5.2. Reforming the CAP – Christian Aid/TJM and the European Platforms

When it comes to the reform of the CAP our position has been that the current subsidies and protectionism damage southern agriculture and livelihoods and therefore should be redirected, reduced or ended.

The European Platforms, however, point out that the redirection, reduction or ending of subsidies is exactly what the European Commission (EC) has been proposing and that the reason for those proposals from the EC is *to make the CAP WTO compliant*. In other words, to reform in that direction is in fact to join the neo-liberalisers and to follow their agenda. The Platforms believe that Category 2 agriculture can only survive if the liberalisers' agenda is blocked and countries are allowed to continue to protect and support their smaller farmers (ie the same argument as made by Via Campesina in relation to the AoA).

However, the main reason for the Platforms' specific opposition to decoupling does not appear to be a matter of principle, but rather the result of a fear that de-coupling is likely to lead in the not too distant future to the total abolition of subsidy support. Without such support – ie left to compete on the global market and against Category 1 agriculture – smaller farmers will not survive. This is a reasonable fear given that the EC is certainly trying to make the CAP more WTO compatible and seems prepared to abandon smaller farmers in the process.

Of course the Platforms do recognise the damaging effects of subsidies on southern farmers. They are therefore calling for the CAP to be redirected away from the promotion of exports - a current main outcome – and for supply management (eg quota systems which limit the total amount produced) to be used within the EU to ensure both adequate food supplies and adequate farmgate prices.

The reform of the CAP is likely to be one of the more difficult issues to resolve in detail in the Dialogue. However, it may be that there is a way forward if we can find a way to design a CAP which :

- moves away from export subsidies, the promotion of surpluses, and support to Category 1 agriculture
- moves towards supporting Category 2 farmers, supplying local, national and European markets, and promoting the wider benefits/services that the multifunctional nature of agriculture delivers (environmental, conservation, social, economic, cultural, health, animal welfare)
- moves towards/strengthens special access agreements with poorer countries and, more particularly, with Category 2 farmers in those countries.