INTERNATIONAL AGRICULTURAL SEMINAR

THE CAP TOWARDS 2020
MARKET REGULATION AND FARM STRUCTURES POLICY

31 MARCH - 1 APRIL 2011

Auditorium International
International Trade Union House
Boulevard du Roi Albert II, No. 5 / 2
B-1210 Brussels

Seminar organised by Collectif Stratégies Alimentaires (CSA)

Contact: Collectif Stratégies Alimentaires (CSA)
Tel.: +32 (0)2 412 06 60; secretariat@csa-be.org
www.csa-be.org

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The European Commission’s latest communication, “The CAP towards 2020”, presents the guidelines of the coming Common Agricultural Policy reform. The Commission, which is resolutely looking to the future, is setting its sights on 2020, even though the draft legislation is slated for 2011.

In one paragraph the Commission outlines the spontaneous development of agriculture in the absence of public support as follows:

*Withdrawin public support would lead to greater concentration of agricultural production in some areas with particularly favourable conditions, using more intensive farming practices, while the less competitive areas would face marginalisation and land abandonment. Such developments would result in increased environmental pressures and the deterioration of valuable habitats with serious economic and social consequences including an irreversible deterioration of the European agricultural production capacity.*

Whilst we can agree with the European Commission in asserting that that definitely is not the way we want to go, the debate about the means and instruments needed to avoid such a development is far from over.

Indeed, when it comes to the financial means, the creed has not changed: The main instrument will continue to be direct payments (decoupled from production). According to the Commission, *‘The introduction of direct payments has been a lever for consistent market-oriented reforms, enhancing the competitiveness of the agricultural sector by encouraging farmers to adapt to market conditions.’*

We can nevertheless question what the competitiveness of European agriculture truly means, given that the farmers’ incomes depend heavily on subsidies but this does not prevent crises following one after the other in various commodity chains. European competitiveness is effectively heavily subsidised.

Similarly, the idea of a market-oriented economy seems aberrant if the bulk of farm income and profitability depends on massive public support. This support has become vital for many farms, and yet the agricultural policy’s budget is subject to a myriad of pressures.

The future guidelines fail to answer these questions. We are nevertheless within our rights to ask whether opting for better market management might not be less costly by enabling farmers to get revenue from prices rather than subsidies. However, the guidelines advocated by the European Commission run completely counter to such market management, with the Commission justifying and explaining its position as follows: ‘Because of this greater market orientation, to a large extent the market measures, which were the main instruments of the CAP in the past, today provide merely a safety net only used in cases of significant price declines.’

On another level, the Commission’s communication gives no vision of what the farm structures that will underpin European agriculture in 2020 will be. We see three trends, namely, the geographic concentration of production, specialisation of farms, and the steady increase in farm size that goes hand-in-hand with a decrease in the number of farm jobs. What future remains for family farming within the European Union? Is it going to slide towards ‘corporate farming’ and the management of large estates by management companies? What consequences will this have for European society?
We have an overwhelming impression that an explicit vision of these developments is lacking. The document talks about rural development and environmental protection but says nothing about the ‘structures’ that will compose tomorrow’s farm sector. We can deduce that the structures will evolve in line with market conditions, that is, conditions in markets that the European Commission would like to be free or subject to minimal regulation.

So, neither the ways in which the markets nor these structures develop will be controlled by European agricultural policy as it is announced. This is probably the best way to accredit the CAP’s detractors by giving the signal that it is time to dismantle the CAP.
The organisation of agricultural market regulation in the EU

08.30-09.00  Welcome of participants: registration, badge pick-up, and coffee/tea

09.00-09.10  Introduction, presentation of objectives and the workshop’s agenda

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<tr>
<th>Time</th>
<th>Session 1</th>
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<tr>
<td>09.10-09.25</td>
<td>Tomas García Azcarate, agricultural economist, lecturer at the University of Brussels, Belgium (ULB)</td>
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<td>09.25-09.35</td>
<td>Yves Somville, Deputy Secretary-General of the Walloon Farmers’ Federation (FWA), Belgium</td>
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<td>09.35-10.00</td>
<td>Debate</td>
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To guarantee the future of European agriculture, the Commission wants to bolster farmers’ competitiveness by encouraging farmers to adapt to market conditions. Yet the decoupled support scheme set up in the EU has led to a situation in which the bulk of farm income and profitability comes from massive public financial support with the risk of seeing this support challenged in the long run. Is that the best way to get market-oriented production? What is more, is this goal of market-oriented production justified to ensure European agriculture’s future?

Session 2  

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<th>Time</th>
<th>Topic</th>
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<td>10.00-10.15</td>
<td>To get market-oriented production, is it preferable to rely on market organisation or decoupled support? Moreover, shouldn’t this orientation be challenged?</td>
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<td>10.15-10.25</td>
<td>Jean-Christophe Kroll, Agrosup Dijon, Economics and Sociology Department, France</td>
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<td>10.25-11.00</td>
<td>Debate</td>
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<td>11.00-11.30</td>
<td>Coffee/Tea break</td>
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What are the possible avenues for improving farmers’ market power? Will the instruments that the Commission is proposing to institute suffice to give a sufficient number of producers market power? Besides this, isn't a minimum amount of market regulation necessary to ensure the smooth functioning of instruments intended to increase producers' market power?

Roel Jongeningen, Agricultural Economics and Rural Policy Group, Wageningen University, The Netherlands

Jean Vigneault, Director of communication and union life, Dairy Farmers of Quebec, Canada.

Debate

Lunch

Comparative analysis of the budgetary costs of the current decoupled support scheme and a supply-side management scheme.

Michel Jacquot, lawyer, member of the Agriculture Academy of France, former director of the European Agricultural Guidance and Guarantee Fund (EAGGF)

Debate

Coffee/Tea break

By preventing price risks, isn’t market regulation the best form of collective insurance?

Daniel De La Torre Ugarte, Professor and Associate Director Agricultural Policy and Analysis Center, University of Tennessee, USA

Debate

Conclusion
What ‘farm structures’ policy for the CAP?

08.30-09.00 Welcome, coffee & tea
09.00-09.10 Introduction

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<tr>
<th>Session 1</th>
<th>Shouldn’t the changes that European farm structures are undergoing be challenged?</th>
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Farm structures in the European Union are adjusting constantly, and these adjustments are leading to ever more concentration with a drop in the number of farms and increase in the sizes of those that remain. This increase in size, which is generally synonymous with intensification and specialisation in actual practice, has been attended by environmental problems. What is more, the depopulation of the countryside generates many socio-economic problems. When taken to the extreme, the disappearance of family farming and these farmers’ know-how raises the question of how the EU can maintain its productive capacity to ensure its food security. An answer based on the concentration of agricultural production in the hands of agri-food concerns controlling the entire commodity chain would appear to be mistaken in view of the environmental, health, social, and even democratic dangers that this would raise. It thus appears relevant to challenge the phenomenon of agricultural concentration: Is it unlimited? Is it economically justified? Does it allow the economic, social, and environmental sustainability of production in the EU?

09.10-09.25 Changes in farm structures from 1960 to 2010 and current picture. What are the main factors behind these trends?

Philippe Lebaillly, agronomist, lecturer at the University of Gembloux Agro-Bio Tech, Belgium

09.25-09.45 How does concentration affect the social and environmental sustainability of agriculture?

Lucien Bourgeois, agricultural economist, French Society of Agriculture, France

Régis Hochart, European Coordination Via Campesina (ECVC)

09.45-10.30 Debate

10.30-11.00 Coffee/Tea break

11.00-11h15 Is having larger farm structures economically justified? Economies of scale and optimal structures.

Jean-Marc Boussard, agricultural economist, French Society of Agriculture, France

11.15-11.45 Debate

11.45-12.00 Influence of prices on the concentration of farms

Marcel Mazoyer, agronomist, professor Emeritus at the institute AgroParisTech, France

12.00-12.30 Debate

12.30-14h00 Lunch
The CAP’s choice of farm support instruments is not neutral in terms of either cost and equity or impact on farm structures. Yet, since the Manshoit Plan the Commission has not set any clear policy on farm structures. We can deduce that the structures will develop according to the conditions in the markets, markets that the European Commission wants to be free or subject to minimal regulation. And yet it has clearly set out its objectives of maintaining production in ‘unfavourable’ areas and of maintaining the diversity of production structures through direct payments. However, can these objectives be achieved by the current and future system, based on direct payments (despite extremely limited recoupling of the support to production)? Aren’t these objectives contrary to those of competitiveness? Are there other effective tools that the CAP could use to counter this concentration movement? Finally, aren’t we lacking a serious debate about the farm structures in the EU?

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<td>14.00-14.15</td>
<td>The CAP’s influence on changing farm structures. Has the CAP amplified or mitigated the concentration of farms overall? Effect of decoupled support.</td>
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<td>Alfons Balmann, IAMO (Leibniz Institute of Agricultural Development in Central and Eastern Europe), Germany</td>
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<td>14.15-14.30</td>
<td>Debate</td>
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<td>14.30-14.45</td>
<td>What are the European Commission’s proposals regarding farm structure-related instruments?</td>
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<td>René Poismans, Direction de l’Agriculture de la Région Wallonne, Belgium</td>
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<td>14.45-15.00</td>
<td>Issues of the Commission’s proposals and current situation in the negotiations.</td>
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<td>15.00-15.30</td>
<td>Debate</td>
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<td>15.30-16.00</td>
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### Session 3

**Can family farming co-exist with ‘corporate farming’ unscathed?**

The small farms that dominate the sector in the new Member States are deemed to be unproductive and rapid restructuring is called for, whilst corporate farming – large agricultural concerns – is making huge gains in these lands. Is the viability of family farming jeopardised by the spread of corporate farming? Shouldn’t a new CAP be accompanied by agrarian reform?

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<tr>
<td>16.00-16.25</td>
<td>Structural changes in family and corporate farming in the new Member States of the EU and in Eurasia.</td>
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<td>Oane Visser, Radboud University Nijmegen, Faculty of Social Sciences, Department of Research Methodology, Netherlands</td>
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<td></td>
<td>Alfons Balmann, IAMO(Leibniz Institute of Agricultural Development in Central and Eastern Europe), Germany</td>
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16h25-16h40 Experience of co-existence of family farms and corporate farming: the case of Brazil.

Marcos Rochinski, Secretary-General of FETRAF (Federação dos Trabalhadores na Agricultura Familiar da Região Sul do Brasil), Brazil

16.40-17.15 Debate

17.15-17.30 Closing of the seminar