

International Federation
of Organic Agriculture Movements
EU Regional Group

Commissioner Phil Hogan
Directorate General for Agriculture and Rural Development
European Commission
Rue de la Loi 200
1049, Brussels

19 January 2017

For healthy farms, people and planet the next CAP reform must deliver public goods

Dear Commissioner Hogan,

CC: COMAGRI Chair, Vice-Chairs and Coordinators, Maltese EU Presidency and SCA members

Since the 1960s, the Common Agricultural Policy (CAP) has contributed to supporting farm incomes and making Europe largely self-sufficient. However, despite improvements over the past 25 years, in particular a greater focus on the development of our rural areas, sustainability is not at the core of the CAP's architecture. This makes the policy ill-equipped to confront the multitude of demands that society makes of farmers and at the same time create a more positive environment for diversified markets and balanced rural development. As we drift from crisis to crisis – be it fuelled by market volatility *exacerbating uncertain* farm incomes, food waste and poverty or environmental degradation and the impacts of climate change – it has become more and more obvious that business as usual is no longer an option. With 40% of the EU budget going to the CAP, the decisions made about which farming systems and practices to promote directly shape the kind of food system we have in the EU.

We the undersigned organic farming associations – as part of IFOAM EU - are therefore calling for a fundamentally new approach to the CAP; one which is capable of moving agriculture towards sustainability, to which the EU is committed under the UN Sustainable Development Goals. Forthcoming CAP reforms need to set in motion a new deal between farmers and citizens that strengthens the environmental and socio-economic performance of the agri-food sector. To this end, successive reforms should move the CAP to a new model of farm payments which support agroecological outcomes based on:

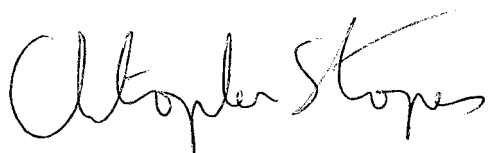
- A public goods payment framework that incentivises and rewards farmers delivering a range of environmental and socio-economic services at farm level (100% EU financed)
- Complementary supporting measures covering issues related to farm advice and extension services, supply chain development, infrastructural investments, innovation, organic farming payments, and promotional activities etc (nationally co-financed)
- A single pillar structure with one budget, fully orientated to promoting agroecological outcomes - public goods payments representing 80% of the overall EU spending and supporting measures accounting for the remaining 20% by 2034.

Further details are set out in IFOAM EU's vision for public goods under the CAP post-2020, which we publish today - entitled [A CAP for healthy farms, healthy people and healthy planet](#). This vision is the start of our contribution to the debate on the future of the CAP post-2020 that creates a new deal between farmers and citizens (See Annex 1).

We are strongly convinced that a substantial budget must continue to be allocated to the agricultural sector, but only by putting sustainability at the heart of the CAP. We look forward to working with you and the wider stakeholder community – farmers, civil society groups and industry to transition our Common Agricultural Policy towards the effective delivery of public money for public goods.

Yours faithfully,

Christopher Stopes
IFOAM EU President




Agrobio



ASSOCIAZIONE ITALIANA
PER L'AGRICOLTURA BIOLOGICA

Associazione Italiana per
l'Agricoltura Biologica



Attiki Association of
Organic Farmers Markets



Bio Romania Association



BioForum



Biohuis



Bioland



Bio-Lëtzebuerg



Bulgarian Organic Products
Association

*Croatian Organic
Agricultural Association*

Croatian Organic Agricultural
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Ekologiska Lantbrukarna



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Fédération Nationale
d'Agriculture BIOLOGIQUE

Fédération Nationale
d'Agriculture Biologique
des Régions de France



Federazione Italiana
Agricoltura Biologica e
Biodinamica



Irish Organic Farmers and
Growers Association



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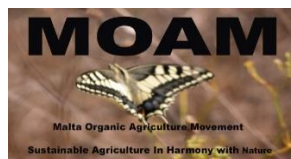


Southern Finland Organic
Farmers Association

Kymi Organic Coop



Magyar Biokultúra Szövetség



Malta Organic Agriculture
Movement



Naturland



Organic Denmark



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Pro bio



Soil Association



Union of Organic Farmers
of St. Francis of Assisi

Annex 1: A CAP that works for both farmers and society

A CAP working for farmers

Direct payments provided under Pillar 1 of the CAP primarily finance land ownership and do not contribute enough to stabilising farm incomes - an overarching objective of the policy. Furthermore, rural development programmes only offer partial public good targeting as environmental spending under Pillar 2 represents less than 10% of the overall EU spending on the CAP.¹ **As farmers, we need to recognise that spending CAP money largely on income support with a limited impact can no longer be justified and the pressure on the EU budget will be greater than ever. Calls for the next CAP reform to place greater emphasis on risk management tools, such as insurance schemes which aim to address market volatility, can end up promoting moral hazard and channelling public money into the pockets of the financial services industry.** Instead the majority of CAP funds should incentivise and reward farmers actively contributing to public good delivery as part of their whole farm business. Basing farm payments largely on environmental and socio-economic performance can help to support farm incomes, whilst giving farmers greater autonomy to make sound decisions on all aspects of farm sustainability as they produce private goods for the market.

A CAP working for society

Currently, the negative impacts of industrialised food production, for the health of farmers, citizens and our environment, are largely paid by society using further taxpayers' money in addition to the CAP. As the challenges confronting long-term food production and the viability of rural areas grow, society relies more and more on the ability of farmers to manage the natural environment and contribute to good socio-economic outcomes. **Citizens must be aware that a CAP orientated towards producing cheap food for global markets, offers insufficient economic motivation for farmers to provide public goods such as clean water, healthy soils, on-farm biodiversity and employment and high quality jobs. Despite public goods being intrinsically linked to sustainable agriculture, farmers are largely confronted by the need to maximise their price competitiveness for the private goods they produce for markets.** Basing farm payments largely on environmental and socio-economic performance would enable policymakers to better target EU expenditure towards the dual role of supporting farm incomes and meeting societal expectations by rewarding maximum public money for the maximum public goods delivered.

¹ Stolze, M., Sanders, J., Kasperczyk, N., Madsen G., (2016): CAP 2014-2020: Organic farming and the prospects for stimulating public goods. IFOAM EU, Brussels. Available at: www.ifoam-eu.org/sites/default/files/ifoameu_study_organic_farming_cap_2014_2020_final.pdf