

A Just and Green CAP and Trade Policy in and Beyond the EU

Why has the EU Common Agricultural Policy (CAP) since 1992 been problematic for farmers' livelihoods, food security, biodiversity and the environment, within the EU and the Global South? This article underlines the crucial role of trade policies in shaping agriculture and the food supply inside and outside the EU.

First, I will explore historical choices regarding trade policy and CAP that led agriculture towards liberalisation and highlight the consequences. After that I will focus on current new regulations within Business as Usual. They are an improvement but are not nearly effective enough to solve the current crises, such as the Farm to Fork Strategy and the Deforestation regulation. After that I will propose measures within trade policy and CAP, to make it effective, coherent and fair for farmers inside and outside the EU. I will finally propose to drastically change current WTO rules - also within industry - in order to reach food sovereignty and climate justice.

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Introduction

Since 1992, the WTO-ruled CAP has shown a lot of limits in addressing economic sustainability for farmers as well as environmental challenges, inside and outside the EU. Market regulations have been replaced by unstable low prices compensated by hectare-based subsidies, following a logic of liberalisation of food systems. The latest reform of CAP (starting 1 January 2023) could have been an opportunity to change the WTO logic behind the CAP and address the worldwide negative effects it has had on the livelihoods of family farmers, the environment and food security. This opportunity has however been missed. But how did we end up in this unstable and precarious situation in the first place?

1. Historical analysis²

1947 – 1992: Decades of market intervention

The objectives of the Common Agricultural Policy, established by the predecessor of the EU in 1962 remained unchanged since the Treaty of Rome came into force in 1958. The [five key objectives](#) were:

- * To increase agricultural productivity;
- * To ensure a fair standard of living for farmers;
- * To stabilise markets;
- * To ensure the availability of food supplies;
- * To ensure reasonable prices for consumers.

During and immediately after the Second World War, the United States, the United Kingdom, and other allied nations engaged in a series of negotiations to establish the rules for the post-

¹ See biography and link to two articles at: <https://www.arc2020.eu/author/guus-geurts/>

² https://www.rli.nl/sites/default/files/infographic_1_-_veranderingen_europees_landbouwbeleid_in_vogelvlucht.png and <https://slideplayer.com/slide/13041189/>

war international economy. The result was the creation of the International Monetary Fund and the World Bank at the July 1944 Bretton Woods Conference and the signing of the General Agreement on Tariffs and Trade at an international conference in Geneva in October 1947.³ The GATT was the predecessor of the WTO, and CAP had to be following those trade rules. To reach the mentioned CAP-goals countries were allowed to protect their agricultural markets, provided that they controlled their production and exports. In order to protect agricultural markets, the main measures implemented were the introduction of import tariffs and import quotas as well as the implementation of minimum intervention prices in land bound sectors like dairy, beef, grains and sugar. The EU intervened in the market if prices fell too low, for example with commodity storage in public safety stocks.

The CAP was successful in building agricultural self-sufficiency in Europe.⁴ But by aligning guaranteed prices with the level of the lowest costs of production, the CAP also induced a quick industrialisation of production and many farmers had to leave agriculture. With minimum prices, increased intensification, and a lack of supply management, mountains of surpluses (milk powder, butter, beef, sugar and cereals) started to pile up. In order to get rid of those surpluses, export subsidies were introduced, covering the difference between the prices paid to farmers and the world market prices. This dumping of food on international markets especially affected farmers in the Global South.⁵

It also led the CAP budget to rise and as a result, supply management was introduced through the quota system with the milk quotas established in 1984. However, because the quotas permitted exceedance by 10% of total EU consumption, a lot of room was still left for subsidised export.

From 1992 onwards, a WTO-ruled CAP

In 1992, in the build-up to the WTO Agreement on Agriculture (AoA), and in cooperation with the US, the EU decided to tackle the increasing CAP budget and answer critics of dumping. The AoA and the 1992 CAP-reform reorganised the way EU would accommodate to market rules. The AoA decreed that WTO members had to reduce by certain percentages all protective market measures, which means lowering import taxes. Both the EU and US had to drastically decrease their safety buffer stocks for grains. Looking at it through the lens of the current food crisis, those stocks would have been useful to prevent price peaks and speculation.⁶ Least developed countries were exempted from those obligations, but they already faced forced liberalisation of their markets through Structural Adjustment Programs (SAPs) led by the World

³ See: <https://history.state.gov/milestones/1937-1945/bretton-woods>

⁴ Exceptions to this are vegetable protein and oils. In 1962 the US forced the EU to lower import tariffs to zero on oil-seeds/cakes (mainly soy) and grain substitutes such as maize gluten. Import tariffs on soy are still zero.

⁵ 'The GATT 1947 allowed countries to use export subsidies on agricultural primary products whereas export subsidies on industrial products were prohibited. The only conditions were that agricultural export subsidies should not be used to capture more than an "equitable share" of world exports of the product concerned.' See: https://www.wto.org/english/tratop_e/agric_e/ag_intro01_intro_e.htm

⁶ <https://www.sol-asso.fr/wp-content/uploads/2020/01/Rebuilding-the-WTO-for-a-sustainable-global-development-J.-Berthelot-July-12-2020.pdf>

Bank and International Monetary Fund.⁷ This had a devastating effect on farmers and food security in the Global South.⁸

From the 1992 CAP-reform onwards, instead of effectively managing supply, the EU decided to lower guaranteed prices, aligning them with world prices. As these new prices were too low for European farmers, the EU partially compensated them with direct payments. With the EU maintaining its export ambitions, these payments essentially replaced the former export subsidies. Dumping in third countries goes on, but is not recognised as such by the WTO rules anymore. That is the trick of the AoA⁹ – the WTO recognising dumping as an export below the internal price and not below the costs of production. In the end, it mainly served the interests of (multinational) agribusinesses that needed new markets to dispose of the EU overproduction for a cheap price.

Those decisions reshaped the way European agriculture was subsidised but didn't allow for the budget to decrease. Reduced expenses for intervention stocks and export subsidies were counterbalanced by the amount of direct payments, first through coupled support, later through decoupled support. See figure 1.

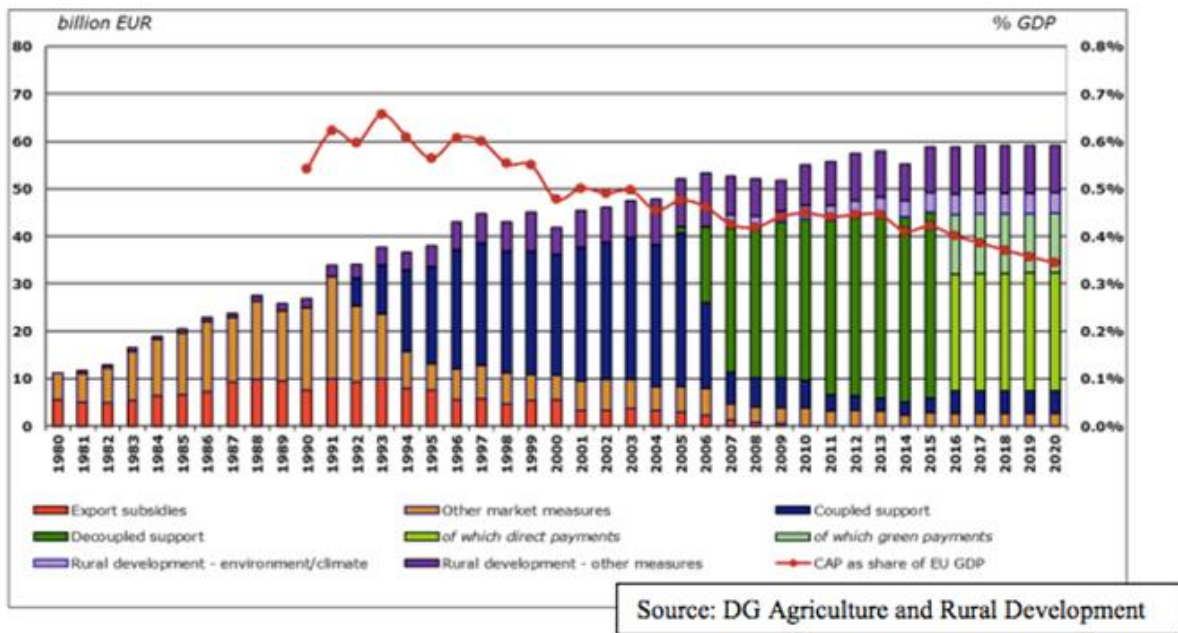


Figure 1: Trend in CAP expenditure by type of subsidy (1980-2020) in Agricultural and food trade, European Union

Reforms in trade policy and CAP since 2001

Since 2001, the WTO negotiations in agriculture have been stalled and the Global South has kept on criticising the use of trade distortion subsidies. The US recently attacked India's subsidy programme for food and agriculture, aimed at insuring food access for the poor and fair

⁷ <https://www.boerengroep.nl/wp-content/uploads/2016/06/Koning-2006.-Agriculture-development-and-international-trade.-CAP-and-EU.pdf>

⁸ <https://grain.org/fr/article/entries/212-trade-> and

https://www.iatp.org/sites/default/files/Food_Sovereignty_in_the_Era_of_Trade_Liberaliz.htm

⁹ <https://www.sol-asso.fr/wp-content/uploads/2011/06/Rebuilding-the-Agreement-on-Agriculture-on-food-sovereignty.pdf>

revenues for farmer.¹⁰ Professor Biswajit Dhar, Head of the Centre for WTO Studies at the Indian Institute of Foreign Trade, [explained that](#) “developed countries like the US and EU subsidise agriculture to exploit global markets while India and other developing countries use subsidies and public food stocking to ensure domestic food security and livelihoods.”

Meanwhile the EU moved the attention to bilateral and regional free trade agreements (FTAs) such as Economic Partnership Agreements (EPAs) with the African, Caribbean and Pacific (ACP)-countries (former colonies), Canada (CETA) and Mercosur. Within EPAs, the EU pushed developing countries to liberalise most of their agricultural and industrial sector, leading to loss of livelihood for farmers. The dumping of skimmed milk powder, re-fattened with imported palm oil in Western Africa, is an example of how those trade agreements can destroy third countries agricultural sectors. Adama Diallo, chair of the national union for mini-dairies and local milk producers in Burkina Faso, [explained that](#) “this imported milk powder is a lot cheaper than local milk and therefore kills off local production”. Implementation of EPAs would only increase this issue as they would “give way to a 0% tax import on European milk products, which are already only taxed at 5%”.¹¹

Another important reason for this increased dumping is the abolishment of the EU milk quota system in 2015. Quickly increasing production led to a dramatic price drop, that could only be partially covered by direct payments. Arable farmers also lost part of their income since 2017 when the abolishment of the EU sugar quota system led to a price drop.¹²

To cover up the promise that subsidies were not trade distorting, from 2014 onwards, all European farmers get a *decoupled* direct payment per hectare. Since 2003, the EU is also legitimising those subsidies through environmental conditionality. But, as the European Court of Auditors [concluded](#), the CAP “hasn’t been effective in reversing the decades-long decline in biodiversity and intensive farming remains a main cause of biodiversity loss” with an estimated 1.000 farms disappearing every day.

Current role of the Common Market Organisation (CMO)

The CMO is the legal framework for market measures provided under the CAP, covering all agricultural products. As discussed, through different reforms, the policy progressively became more market-oriented, scaling down the role of intervention tools, which are now regarded as safety nets to be used in the event of a crisis¹³, the latest example being the pig meat sector support measures. During the last decades, the CAP shifted from CMO rules (import duties, export refunds, etc.) to mostly direct payments. Export refunds and most of the supply control measures have been abolished but direct payments coupled and later decoupled, still lead to exporting below the cost of production.

Currently, import duties and tariff quotas are still in place. Tariff quotas are import quotas in certain commodities for which zero import duties are imposed. However, because of various FTAs (with Canada, Mercosur, Australia, New Zealand, etc.), import duties are reduced to zero and tariff quotas are increased. Public storage systems coupled with minimum intervention

¹⁰ https://www.business-standard.com/article/economy-policy/us-stand-at-wto-on-india-s-msp-to-farmers-erroneous-says-trade-expert-118093000212_1.html

¹¹ <https://www.politico.eu/article/hogans-milk-wars/>

¹² <https://www.europarl.europa.eu/factsheets/en/sheet/108/first-pillar-of-the-cap-i-common-organisation-of-the-markets-cmo-in-agricultural>

¹³ <https://www.agriculture-strategies.eu/en/2019/07/the-european-sugar-policy-a-policy-to-rebuild/>

prices have also been reformed drastically. Opportunities for public intervention or private storage aid still exist, but are more restricted.

2. Alternatives within Business as Usual

In this chapter I reflect on the effectiveness of the Farm to Fork Strategy and new proposals like the EU deforestation regulation. These are coherent tot the current WTO regime and current trade agreements. What are improvements and what are disadvantages of these?

Can the Farm to Fork Strategy be effective?

In May 2020 the European Commission (EC) presented the [Farm to Fork strategy](#) (F2F) as part of the Green Deal. The fact that the EC aspires to an integral and coherent policy within food supply is a big step forward. The intention to internalise environmental costs in the price for consumers is encouraging. However, this can't go hand in hand with the CAP and F2F [objective of increasing competitiveness](#). Competition on the world market leads to striving for the lowest costs of production. European farmers will resist stricter environmental regulations and taxes if they do not see them reflected in their prices.

The EU recognises that the current trade agreements lead to unfair competition for European farmers. They have to comply with stricter rules concerning pesticide use, animal welfare and labour conditions compared to farmers from countries with which the treaties have been concluded or are being negotiated. This is the result of trade agreements and World Trade Organisation (WTO) lacking regulations on Processes and Production Methods of import products. The sustainability chapters in CETA, EU-Mercosur and other Free Trade Agreements (FTAs) are not binding nor enforceable. So, for the time being, this unfair competition lives on. It is therefore not surprising that some (mainstream) farmers' organisations have reacted negatively to higher environmental targets in F2F.

As explained in Chapter 1, because of CAP reforms, farmers are facing unstable prices which often don't cover their costs. As a response, the EC is only proposing to strengthen the position of farmers in the food chain, for example by facilitating cooperation within sustainable collective initiatives of farmers. But by not coupling those measures with fair market regulation, the EC undermines the effectiveness of its own strategy. Moreover, through decades of WTO ruled agricultural liberalisation in the Global South, developed countries, including the EU, have shifted southern agrarian systems away from nourishing agriculture:

- Too little priority has been given to self-sufficiency in feed and specific food products. The EU, by importing specific commodities such as palm oil, soy and agrofuels, has been encouraging disproportionate use of land and water resources in the South.
- The way multilateral climate policy is shaped allows for exporting greenhouse gas emissions; the country who produces is accounted for emissions and not the one who consumes. Through WTO and FTAs, the EU exported its pollution to countries such as Brazil, Indonesia and China.
- Dumping in the Global South is still fuelled by EU subsidies, harming small farmers and their ability to invest in future food production and food security.

In the end, populations who have the least responsibility for the climate crisis will be the most affected by it. And their ability to ensure food security and develop food sovereignty has been sacrificed in order to increase their export potential towards the North. Overall, even though the F2F is laying down some crucial advances towards sustainable farming, it falls short in addressing the tension between promoting international trade in agriculture and protecting local food systems.

New environmental and social regulations a solution?

Even though unwilling to question the fact that trade liberalisation is a threat to the F2F, and in order to handle growing negative responses to new FTAs, the EU is proposing new regulations in order to ensure compliance of the F2F standards on imported commodities and promote the global transition to sustainable food systems.

EU Regulation on deforestation-free products (EUDR)

[Agricultural commodity production and trade is responsible for 40% of tropical deforestation.](#)

Key products are beef, soybeans, palm oil and wood products. [Behind China \(24%\) the EU \(16%\) was in 2017 the second biggest importer of products related to tropical deforestation.](#) But the EU has pledged to halt global forest cover lost by 2030. In November 2021 the European Commission presented its [draft regulation for deforestation-free supply chains.](#) [In December 2022 a political agreement was reached.](#) This regulation requires all companies selling beef (including leather), soy, palm oil, timber, coffee, rubber printed materials, charcoal and cacao (as well as the derivative products stemming from these commodities, like (printed) paper) in the EU market, to conduct “due diligence” to prove firstly that they are legal and secondly that have not caused deforestation or forest degradation after 2020. The Regulation will formally be enacted by mid-2023, with companies required to start complying with its obligations at the end of 2024.¹⁴

The good news is that the EU finally acknowledges that government regulation is necessary. Indeed, voluntary schemes by the corporate sector and some NGOs have not been effective. Greenwashing platforms such as the Round Table of Responsible Soy and the Roundtable of Sustainable Palm Oil have failed to address forest degradation. Nevertheless, some flaws should be corrected in order to make the proposed regulation really effective:

- Some key products, such as sugar, maize, bioethanol and poultry, are missing from the regulation. These are all products from which the export to EU will drastically increase when the EU-Mercosur free trade agreement would be ratified. Mineral extraction, which is often accompanied by considerable forest destruction, is also not covered.
- The proposal excludes other ecosystems from its scope, such as wetlands, grasslands, wooded lands and savannahs, the latter being mostly destroyed to make way for soybean monocultures in Latin America.
- This exclusion could lead to a shift from cutting tropical forest to the other ecosystems. This is already happening. Palm oil plantations are increasingly developed in grass lands and dry forests in Latin America (Colombia, North Bolivia) and Africa (West and Central).¹⁵

¹⁴ <https://www.fern.org/publications-insight/why-the-eu-deforestation-regulation-wont-sugar-coat-the-eu-mercosur-trade-agreement/>

¹⁵ Investigation by University of York: 167 million hectares are worldwide not protected by RSPO ‘zero-deforestation’, from which 95 million hectares ecological valuable grasslands and dry forests mainly in Latin America and Africa. See (Dutch article): <https://www.mo.be/nieuws/schade-palmolie-verschuift-naar-afrika-en-latijns->

- [The finance sector is not covered by the EUDR, despite being a key big driver of deforestation.](#)
- The EUDR fails to include strong provisions to protect the land rights of Indigenous Peoples and local communities. Companies will only have to verify compliance with such rights if they are enshrined in the relevant legislation of the country of production. Failing to require them to ensure that goods are produced in accordance with international human rights laws and respect for Indigenous Peoples' rights means relying on national governments to do so.¹⁶

In Brazil for example, Lula won the elections but there is still a majority of conservatives in the Parliament who hardly is willing to protect Indigenous (land) rights.¹⁷

- The proposal does not consider how to ensure that smallholders are able to comply with the regulation. Yet, as Obed Owusu-Addai, Co-Founder and Managing Campaigner at EcoCare Ghana, [explains](#), "it is of utmost importance that smallholders are supported to comply with the regulation, especially in sectors like cocoa, where smallholders are responsible for a significant part of production".
- The EU keeps on using natural resources in the Global South for luxury products and keeps on, at least indirectly, driving deforestation. Products that come directly from deforested areas could be sold to China, while the EU imports so-called 'sustainable products'.

Additional EU propositions and ineffective climate policy

The regulation for deforestation-free supply chains is not the only proposition made by the EC in trying to improve currently unjust and environmentally destructive trade policy. In March 2022, the Draft [Mandatory Human Rights and Environmental Due Diligence Directive](#) was presented, with the objective to make EU companies responsible for human rights and environmental harms during the whole supply chain.

As part of the Green Deal, the EU also made a proposal to implement [the Carbon Border Adjustment Mechanism \(CBAM\)](#) on energy-intensive imports from third countries, preventing the risk of carbon leakage. The sectors where will be applied are cement, iron and steel, aluminium, fertilisers and electricity. Importers would then pay the same carbon price as domestic producers under the EU Emission Trading System (ETS). I think CBAM this is a first step on away to more effective climate and trade policy, while recognizing the unfair competition caused by liberalization. *See also chapter 5.*

But instead of opting for EU- and national CO2 taxes coupled with these import duties, the EU continues to focus on ETS. ETS has for many years not been effective, because of free allowances given to companies, and the prices for carbon emissions were too low. It also created a new carbon market in which it allowed industries to continue emitting CO2 by "offsetting" it with the purchase of carbon credits. With this market based 'solutions', large multinational companies within the energy and agribusiness do not have to reduce their emissions. It is based on dubious claims whereby CO2 would be (long-term) captured in forests and soils. Misleading terms such as Nature-based solutions, Carbon Neutral and Carbon Net-Zero are used.¹⁸

[amerika#:~:text=De%20bescherming%20van%20tropische%20regenwouden,Amerika%20en%20Afrika%20lopen%20gevaar.](#)

¹⁶ <https://www.fern.org/publications-insight/why-the-eu-deforestation-regulation-wont-sugar-coat-the-eu-mercosur-trade-agreement/>

¹⁷ See for the threats to Indigenous people in Brazil: APIB, International Indigenous Mobilization - Scenario of setbacks in Brazil, May 2023, https://drive.google.com/file/d/1KtsXVj-2aV1yAxdB8Ts4IS18z1QJa6_E/view

¹⁸ Nature based Solutions: a wolf in sheep's clothing, Friends of the Earth Europe, October 2021,

Because this 'solutions' are partly happening in the Global South, it is small farmers and Indigenous peoples who will get into further trouble because their land will be taken away for this 'compensation'. International climate policy is already unfair because it is not the consuming countries but the producing countries that are held responsible for reducing emissions. For example, free trade agreements within the WTO have allowed Western countries to export their greenhouse gas pollution to countries such as China (industry), Brazil (soy, meat and biofuels) and Indonesia (palm oil, half of which is destined for biofuels). These market-oriented "solutions" and new free trade agreements will only further exacerbate this colonization of natural resources in the Global South.¹⁹

Unfortunately, the proposed CBAM would initially leave agriculture out of the targeted sectors. Another initiative, which was promoted as one of the main objectives of the French Presidency of the Council, is the implementation of mirror clauses on imports.²⁰ All imported products would have to comply with EU environmental, labour and animal welfare standards. But it is still unclear if it could be WTO-compatible.

Finally, the European Commission is trying to improve the Trade and Sustainable Development chapters (TSD-chapters) within the FTAs. But withing FTAs like EU-Mercosur it seems that they will stay still not binding and enforceable.

Even though those measures would mean improvements, the obligation to comply with WTO rules reduces their scope and overall chances of success. Moreover, it will take years before these laws could be fully implemented. Meanwhile, WTO-based FTAs keep on being enforced and the neoliberal myth that the Global South needs to export its way out of poverty keeps on living.

The EU-Mercosur Free Trade Agreement as an actual case study

Critical civil society organisations within the European Trade Justice Coalition (before Seattle to Brussels-network) view the deforestation law as an attempt to handle the very critical response to the EU-Mercosur FTA, which was provisionally concluded in 2019. So, they oppose the deal and propose an alternative relationship based on Solidarity, Equality, Cooperation and Sustainable Trade.²¹

Because if ratified, this FTA would have dreadful consequences for farmers, biodiversity, the climate, laborers, Indigenous people and human rights in general, as also highlighted by the Dutch Alternative Trade coalition (consisting of trade unions, civil society and famers' organizations) in an analysis partly based on interviews with people from the Mercosur. They propose also an alternative.²²

In Mercosur countries, increased soy, meat and sugar production for the European Union will go hand in hand with the destruction of nature and the violation of land rights of small

<https://www.foei.org/news/nature-based-solutions-a-wolf-in-sheeps-clothing>

Collective statement No to Nature Based Solutions / Dispossessions!, 2021,

<https://greencloud.gn.apc.org/index.php/s/XrgKNXE3nkm4dFn>

¹⁹ Petition for Food Sovereignty and Climate Justice, supported by 47 civil society organizations, 9 (social) enterprises and 316 citizens in the Netherlands and abroad, see: <https://guusgeurts.nl/gg/wp-content/uploads/2023/04/23-04-13-Updated-Petition-for-Food-sovereignty-and-Climate-justice.pdf>

²⁰ https://www.veblen-institute.org/IMG/pdf/report_globalisationv4.pdf

²¹ <https://s2bnetwork.org/statements/eumercosuralternatives/>

²² <https://handelanders.nl/wp-content/uploads/2022/02/English.pdf>

farmers and Indigenous peoples. Eddy Ramirez of the Hugo Foundation in Paraguay who is interviewed in the Trade Otherwise analysis fears the agreement will mean even greater problems for smallholders: “The deal will drive people from their land and create more displaced persons. The use of pesticides – part of which are banned in the EU – is horrific for the environment, the water reserves and fish, and therefore, for traditional fisheries. The majority of these people are already struggling, so the consequences will be huge.”

The FTA will also deepen the gap between continents. It is a neo-colonial deal that specifically targets the export of raw (mining) materials and (luxurious) agricultural products from Mercosur, in exchange for industrial products from the EU with a large added value. South American industrial companies and workers will be hit by competition with European cars, textiles, machines and more. Tato Figueredo of Argentina’s Institute of Popular Culture sums up the situation: “Free trade agreements deepen historical injustice and present a legal framework that enshrines this unfair economic system. It endangers vital water systems and the food system, and causes rural poverty.”

3. Alternative based on food sovereignty and climate justice

From 1992, CAP reforms led to lower farmers’ income, vanishing of EU family farms, prolonged dumping in the Global South and adverse effects on the environment, landscape, nature and animal welfare. The WTO rules and FTAs also lead to usage of scarce natural resources in the Global South to produce luxury products for the EU market, at the expense of nature and the land rights of small farmers and Indigenous people.

But the tide turns, and a possible No to the EU-Mercosur trade agreement provides a unique opportunity to drastically change those unfair rules within WTO. By nature of the inelasticity of food supply (farmers can’t quickly react to changing prices) and inelasticity of demand (consumers don’t eat much more or less when food prices decrease or increase), self-regulation within the agricultural markets is impossible. The government needs to step in with social, environmental and market regulations to guarantee food security, a fair farmers income and to protect nature, the environment and human rights.

Below, I propose a series of guidelines and measures, also inspired by the analysis and alternative by the Dutch Alternative Trade coalition,²³ to drastically change the WTO-rules, and the CAP which is based on these rules.

1. Introduce flexible EU supply management and minimum prices in arable farming

(particularly for stackable products such as grain, sugar beet and potato starch) **and the entire livestock sector** (milk, meat and eggs), whereby the supply by farmers is matched to the demand of (mostly European) consumers. This supply can be adjusted annually to changing demand. Minimum EU intervention stocks are also required to absorb supply shocks. This way, European farmers get stable cost-effective prices, and dumping below the cost of production in the Global South is prevented.

2. **EU Market protection through higher import taxes** is necessary to enable the highest possible European self-sufficiency in food and feed, especially on products for which alternatives can be produced in Europe. This means the EU will use much less land and water in the Global South for products like feed and biofuels. With import duties on soy and palm oil in

²³ <https://handelanders.nl/wp-content/uploads/2021/01/English-version-of-our-publication.pdf>

particular, cultivation of protein and oil crops on EU soil could help us to achieve real circular agriculture and prevent unfair competition regarding processes of production.

3. Increasing EU environmental and animal welfare requirements for farmers as well as ecotaxes (including CO₂) for farmers and other companies in the food supply chain are necessary, but only possible if unfair competition is eliminated through the aforementioned market protection. Dutch economists such as Mathijs Bouman explain that effective environmental policies (also in industry) are only possible if the EU protects its markets.²⁴ Within the EU this will lead to a reduction of food miles and reduction of fertilizer and pesticide use. This way, sustainable agriculture models like organic farming would be enhanced.

4. If the aforementioned measures are introduced, European farmers will again be paid for their products in a cost-effective manner, and will (mostly) receive an income from the EU market, leaving space for a shift in the current CAP budget use. **Then, the current general hectare-based subsidies can disappear within the CAP.** However – a minority of – farmers can choose to provide extra green and blue services that are in line with the climate, biodiversity and landscape objectives. For example, payment for increasing organic matter in the soil, protecting birds, stimulating agroforestry, food forests and agroecological transition. Farmers will be paid for this in a cost-effective manner by CAP and national budgets. CAP coupled product subsidies would also be needed to stimulate the cultivation of crops such as beans, peas, flax and hemp. The CAP budget (€50 billion/year) is thus used much more effectively and can be preserved without – the justified current – social criticism.

5. Get rid of the agrofuel directive, prohibit import of agrofuels and stimulate public transport. The EU-Mercosur FTA, as presented in 2019, will lead to an increase of EU imports of bioethanol. [The import quota would be raised to 650.000 tonnes.](#) Moreover, sugar and bio-ethanol are not part of the deforestation-proposal of the EC. The EU keeps promoting the use of these agrofuels [while 7% of transport fuels are covered by crop-based agrofuels.](#) This directive needs to be rejected in order to stop using food crops in the Global South to run EU cars. Comparable with agrofuels, electric cars are not a solution, because of the requirements of scarce minerals, which are not available. Already now the EU is using FTAs like with Chili to get access to lithium in an escalating scramble with US, China and others for resources. Instead, the EU and its member states should drastically increase the public transport network, including public or private minibuses. Not the right to a car, but the right to mobility should get priority.

6. The WTO undergoes drastic reforms, and should - ideally - become a United Nations Fair Trade Organisation. Food sovereignty would become the norm for agricultural and trade policy, with each country or region being allowed to have food produced by its own farmers for its own population in the most sustainable way possible. This means that globally, import duties and supply management will be allowed again, by countries or regions who wish to do so. International commodity agreements for tropical products such as coffee and cocoa would also be concluded again, leading to stable prices to producers (mostly small farmers). EU tariff escalation on processed tropical products should be abolished, leading to more processing jobs in the Global South. An international buffer stock-supply-management-scheme for grains and oilseeds, as proposed by Niek Koning, could be introduced to protect poor countries from price

²⁴ <https://mathijsbouman.nl/pijnlijk-voor-liberale-economen-voor-een-effectief-klimaatbeleid-zijn-misschien-flinke-importheffingen-nodig/> and <https://fd.nl/ opinie/1380747/hogste-tijd-voor-co2-belasting-op-vuile-import-ook-als-we-daarvoor-handelsregels-moeten-aanpassen-kqd1caiVtPza>

disturbances. These public stocks would prevent a food crisis such after the Ukraine war. All these measures don't fit in the current WTO-regime. So, drastic changes of these rules are necessary.

7. Establish fair competition policies. The current unfair market power of the retail and processing industry vis-à-vis farmers is being tackled by changing European and national competition policies, minimising the difference between consumer and farmer prices.

8. National fiscal and social policy is necessary for health and environmental reasons. National taxes on meat are needed to decrease the (EU) consumption of meat and so also the (EU) demand for feed. This is also an essential measure to reach more EU self-sufficiency and circular agriculture. To stimulate the consumption of fruit and vegetables, The Value Added Tax needs to be reduced to 0. With the measures mentioned, the price of – healthier and sustainable – food would increase. Therefore, governments need to ensure access to these basic needs by increasing social welfare payments and minimum wages.

4. Conclusions

The COVID-19 crisis and current war in Ukraine have only increased the need to achieve greater regional self-sufficiency in essential basic necessity products such as food, medicines and medical equipment. The impending climate crisis will only add to that urgency.

With the outlined alternatives, the internalisation of environmental, labour and animal welfare costs in the consumer price can be combined with a fair and cost-effective price to farmers. It would mean a radical shift from the EU's current corporate-driven agenda, in policy areas such as international trade, agriculture, climate, energy, employment and innovation. The good news is that we don't need a bigger CAP budget, we only need to spend the current budget more effectively in order to reach environmental and social goals inside and outside the EU. Family farmers in the Global South and North would be supported to supply their own markets based on their natural resources and according to their own food cultures.

It is time that international human rights and environmental goals get priority above the rights of multinationals secured in current trade and investment treaties. It also makes perfect sense that governments protect the livelihoods of family farmers, small and medium enterprises and labourers against the unfair competition with transnational companies made possible by forced liberalisation. Trade is necessary, but let's restrict it to the basic needs that can't be self-produced and some unique, traditional products such as processed coffee and cocoa.

With this alternative, bridges can be built between the interests of family farmers, biodiversity and the environment, animals, civil society organisations and the Global South. The rules of the General Agreement on Tariffs and Trade, the predecessor of WTO, showed that another CAP and trade policy is possible.

5. These and question for further discussion

* CBAM and increasing import taxes – instead of green subsidies – are a step forward to reach climate justice

The EU Carbon Border Adjustment Mechanism is a regulation to prevent carbon leakage and unfair competition to EU companies which have to obey stricter climate policy. However, I would prefer strong EU carbon taxes above the current market based ETS as a base for CBAM.

CBAM is also step forwards in preventing the offshoring of the pollution to third countries via international trade. This happened especially after the accession of China to the WTO in 2001. It could be a way to reduce the ecological foot print.

However, Third World Network has strongly criticised CBAM.²⁵ Their analysis is right that: the Global North has a much too high ecological foot print, is especially importing low price raw materials from the Global Souths and exporting value-added products and colonial structures are still in place. But surprisingly they propagate to continue an export led economic growth based on unhindered import (of luxury products) from the Global South and based on the current WTO-rules. In this way they say No to a promising climate policy by the Global North.

Particularly current WTO-rules and the Structural Adjustment Programs enforced by IMF and World Bank, led to the current social inequality between the Global North and South. Why not finally step away from this neoliberal doctrine which replaced the colonial armies? With these FTAs and the colonial armies, the same goals are reached: getting access to markets and natural resources, at the expense of the local supply of basic needs, other human rights and nature.

The Global South could instead choose to propagate the right to (also) increase import taxes. In this way countries got the same right like the EU, South Korea and China to first stimulate agriculture and then industry and processing behind tariff walls. So increased import taxes are necessary to protect infant industry, and create high valuable jobs.

Of course, the Global North has to do its share by cancelling a big part of the current debts and pay for the historical ecological debt. And help the Global South by technology transfer.

In my eyes the increase of import taxes, to stimulate their economy and employment and protect the own supply of basic needs, is the only way forward by the Global South. Because they don't have the financial possibilities to join the battle by US (Inflation Reduction Act, \$ 370 billion) and EU (Green Deal Industry Plan, €270 billion) in providing green subsidies to stimulate climate-friendly industrial companies and jobs. These subsidies, like always, go especially to bigger (multinational) corporations. And again the credo is: 'Small is beautiful, big is subsidized'. This publication by ISEC (20001) is still timely and highly recommended.

So also for the Global North, the increase of import taxes is recommended, to reach a real circular economy, reduce its ecological footprint and reach *Degrowth*. For example, an import tax on imported raw materials would stimulate the recycling and re-usage of waste, and would decrease the unsustainable import of minerals, which mining leads to land rights violations.

Increasing import taxes is protecting everything with value that is not protected against the current neoliberal WTO-rules: livelihoods of farmers, biodiversity, Indigenous people and workers' rights, liveability in rural areas, jobs, SMEs and culture.

Long live protection / protectionism!

* Finally: Could civil society organizations, trade unions, farmers and small medium enterprises join forces to alternative multilateral trade rules inside or outside the WTO?

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²⁵ Green Deals and Implications for the Global South, Vicente Paolo Yu III, TWN, 2021, <https://www.twn.my/title/end/end20.htm>