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PFP Position on the CAP post-2020

PFP main activities

Primary Food Processors is composed of six trade associations, representing manufacturers of sugar, starch, flour, vegetable proteins, cocoa, and vegetable oil and proteinmeal products, respectively.¹ The principal activity of PFP members is to process agricultural raw materials into a range of commodities or ingredients that are purchased by secondary processors for food, feed and non-food uses. The position of PFP in the food supply chain means that we enjoy strong links with farmers. The sector directly employs over 120,000 people in the EU and provides one million indirect jobs.

Our priorities for the CAP post-2020 are as follows:

1. Securing supplies

Securing a continuous and sustainable supply of raw materials in sufficient quantities and of proper quality is the main concern of PFP members.

Our industries are mainly supplied with European agricultural raw materials and many rely on the local availability of the agricultural raw materials they process. However, the EU is not self-sufficient in oilseeds and high-quality wheat, and is wholly import-dependent in cocoa, which means that for these sectors access to imports remains important.

Besides the sectors' main outlets, which are food and feed, EU primary food processors have a long tradition of processing renewable raw materials to produce ingredients for pharmaceuticals, detergents, plastics, lubricants, fuels, paint, paper, cosmetics and other industrial products thereby substituting fossil-based ingredients with renewable ones. In this way, the primary processing sectors contribute to the development of the circular economy within the EU.

Security of supplies for primary food processors is jeopardised by EU policies that fail to put science first. This is the case for legislation on plant protection products and the uncertainty that surrounds new breeding techniques and breeding innovation in general. It is essential that the CAP be coherent with the EU's other policies.

¹ These are: the European Committee of Sugar Producers (CEFS); the European Starch Industry Association (StarchEurope); the European Flour milling association (The European flour millers); the European Vegetable Protein Federation (EUVEPRO); the European Cocoa Association (ECA); the European Vegetable Oil and Proteinmeal Industry (FEDIOL). For more information see <http://www.pfp-eu.org/>.

2. Support for farmers in a fair competition environment

Primary food processors support the continuation of decoupled direct farm payments beyond 2020 under the basic payment scheme. Direct payments are an important source of income for farmers, who provide a range of public goods.

Voluntary coupled support (VCS) must not distort the Single Market, and the rules governing it must be strictly enforced. Most importantly, it should not lead to an increase in production. In accordance with Article 52(3) of Regulation (EU) No 1307/2013, Member States must be obliged to demonstrate that sectors in receipt of VCS are undergoing certain difficulties.

In the context of a substantially deregulated EU agricultural sector, PFP notes that risk management may be an avenue to explore.

3. The right tools to manage the market

Private storage aid is not available for all PFP sectors. General crisis provisions, like Article 222 of the Single CMO, should therefore also be maintained as an option. PFP is committed to work with the Commission to investigate how, and under what conditions Article 222 might be activated.

Private storage aid is available for sugar, but it is not clear under what circumstances such aid might be introduced. The conditions of the activation of aid for private storage must be the object of particular attention in order to ensure that they are the most effective possible.

4. Preserving the balanced relationship between farmers and primary processors

Primary food processors reject any move to alter the existing commercial relationship between farmers and processors. This includes proposals to introduce provisions to share the value of first-processed products.

Any move to include further mandatory conditions, or to make such value sharing clauses compulsory, would disturb this balance and undermine the competitiveness of the EU primary processing sectors. This is all the more relevant given that the standard supply model is not primarily based on direct contractual relations with farmers, but rather relations with intermediates, traders, and first collectors. It is also closely interconnected with international markets.

5. A responsible EU trade policy: the third pillar of the CAP

Primary food processors are committed to working with the EU to identify export opportunities for our sectors.

However, the CAP from 2020 must take a holistic approach regarding the impact of the EU's trade policy on agriculture. It is essential to recognise the role that the EU's import policy plays in supporting agriculture. Already today, the EU offers considerable access to its markets that goes beyond WTO commitments. The EU market must not be further opened to the primary foods of third countries that support their sectors with trade-distorting subsidies. Nor should it be opened to those countries that employ damaging and unsustainable practices to increase their competitiveness at the expense of workers and the environment. It should be recalled that operators in the EU are subject to standards that go beyond those in most producing countries, both at farmers' level (CAP cross-compliance and greening, LULUCF) and at first transformation level (e.g. ETS, ESR and EID).

