



10 September 2018

### PFP Position on the Future of Food & Farming

*PFP (Primary Food Processors) would like to register their position regarding the proposals of the European Commission for a new CAP.*

#### 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.<sup>1</sup> 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 our members enjoy strong links with farmers. The sector directly employs over 120,000 people in the EU and provides one million indirect jobs.

#### 1. An excessive cut to the CAP budget

The CAP has contributed to a situation in which food insecurity has almost faded from living memory; one in which food is produced to the highest environmental, sanitary and social standards in the world. EU consumers today spend on average only 12 per cent of their household expenses on food and have never had such ample selection of food varieties at their disposal.

Given the essential contribution of the CAP to the production of these goods, PFP members deplore the proposed significant reduction in the CAP budget. A five per cent cut to the budget in current prices could translate into a cut of 12 per cent in real terms,<sup>2</sup> at a time of Brexit, increasing protectionism, and rising energy prices. This is something that farmers cannot afford, and that is inconceivable in the context of a proposed increase in the overall EU budget for the period 2021-2027.

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<sup>1</sup> These are: the European Committee of Sugar Manufacturers (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/>.

<sup>2</sup> FarmEurope.

### 2. Renationalisation

Under the new proposals, there would be one CAP strategic plan per country. Each Member State would be free to transfer up to 15 per cent of funding from the first pillar to the second pillar (or vice versa), and up to a further 15 per cent from the first pillar to the second pillar for environmental objectives. This represents a major change to funding rules, and would mean that a total of up to 30 per cent of pillar 1 funding could be transferred to pillar 2. These transfers will be 100 per cent (co-)financed by the European Commission, which would incentivise the nationalisation of direct payments.

PFP would like to recall the original rationale behind the two pillar structure of the CAP, namely that the first pillar ensures the commonality of the policy, while the second allows for policy adaptations to national conditions. Blurring the lines between the pillars risks undermining the commonality of the CAP, damaging the single market and skewing the level playing field within the EU.

### 3. Crisis reserve & ICT/satellite technologies

PFP members consider that the proposal to roll over the crisis reserve is sensible. However, the use of these resources must not be limited to assist a single sector.

The use of ICT and satellite technologies to replace most on-the-spot checks is a positive development that should contribute to a lesser administrative burden for both farmers and national authorities.

### 4. Market-orientation and enhanced conditionality

With regard to the sustainability of the policy, PFP supports the ongoing market orientation of the policy as a way of increasing the competitiveness of the agri-food supply chain. Another important item is the Commission's proposal to enhance the conditionality of direct payments to farmers. This provision creates a common baseline for the Member States, via this 'enhanced conditionality', to provide sustainable agricultural goods for EU processors and answer customers' concerns.

### 5. Need for coherence across policies

At a moment when more focus is given to the development of the bioeconomy, the availability of sustainably-sourced and domestically-produced biomass is critical. The relevance of research and innovation for the development and leadership in the agri-food chain has been recognised with a 10 billion EUR share in the Horizon Europe proposal, as it seems clear that only a sustainable and competitive agricultural sector will be able to overcome the different challenges, such as climate change, and contribute to the transition towards a more circular bio-economy.

Other policies that affect the agri-food chain sector must also be coherent with the CAP. In particular, the new approach to the authorisation and use of crop protection products represents a serious challenge that should be accompanied by proper impact assessment and measures to mitigate the implications on performance and efficiency for the sector. Particular attention must also be paid to global trade liberalisation, to ensure that sustainable, competitive EU products are not supplanted by less-sustainable and often-subsidised third country products.

### **IN LIGHT OF THE ABOVE, WE CALL ON THE MEMBERS STATES AND THE EUROPEAN PARLIAMENT TO:**

1. Resist any reduction in the CAP budget.
2. Limit the possibility to transfer funds from the first pillar to the second pillar.

