PRESS RELEASE

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No to the decline in the EU and CAP budget

The European Coordination Via Campesina calls on the EU not to endorse the proposal of the President of the European Council H. Van Rompuy.
A true capping of direct payments is more necessary than ever.
Market regulation would be less expensive than the deregulated CAP that is proposed.

On the eve of a major EU summit on its financial perspectives 2014-2020, ECVC notes European Union deprives the citizens of real perspectives for a mutually supportive and sustainable Europe. It is not by lowering an already low budget that the EU will be able to face present challenges. Van Rompuy's proposal reduces the CAP budget of 6% for the 1st pillar and 9% for the 2nd pillar[1].

The EU must not only size up its very serious financial, economic, social, and ecological situation, but also learn from to choose the right solutions.

Now the origin of the financial crisis has been linked, from 1971, with the abandonment of the financial regulation tools put in place after the last great depression. It is the same for agricultural markets, where the deregulation orchestrated by the WTO rules at the end of last century has led to price volatility, destructive for farms, and to speculation that feeds on.

First to learn from is that regulation is much less expensive to the EU budget than deregulation. For example, milk quotas - to improve – does not cost anything to the EU taxpayers, while price volatility linked with income insurance, as it is proposed in the CAP reform, is expensive - see the US Farm Bill in recent years. *Prevention with regulation is better than cure with insurance.*

Second to learn from is that the priority given to international competition, to production at the lowest cost to export on a deregulated global market, has been expensive for taxpayers. The implementation of direct payments from 1992 has been more expensive for the EU budget that would have been a regulated CAP, with European farm prices allowing farmers to live from their production[2].

Third to learn from is that if the EU wants to maintain an important CAP budget, this one must be legitimate in the eyes of the taxpayers. However, despite the opinion of the EU Court of Auditors, the distribution of direct payments between farms and between Member States is too uneven, even in the reform proposal. Without a true capping and a great degression of direct payments, the CAP will continue to finance mainly the large farms. With more than 25 million unemployed persons in the EU, it is legitimate to fund and maintain a large number of sustainable family farms.

The CAP should give priority to a sustainable family farming producing for local/regional market, with a wealth of jobs, diversity and landscapes. If the EU puts solidarity and territorial cohesion ahead of the dogma of international competitiveness, then it may do much better with the same budget.

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1 That is to say a reduction of CAP budget of 25billions for 7 years, from a budget of 418 billions proposed by the Commission

2 See the study of economists on behalf of the Foodsovcap network, 2010: http://www.europeanfooddeclaration.org/documents andhttp://www.europeanfooddeclaration.org/sites/default/files/10%2007%2013%20Pour%20une%20nvelle%20EU%20poli.agr_.et%20alim%20AT%20JMB.pdf