

CONTRIBUTION OF THE COMMON AGRICULTURAL POLICY TO THE SDGs

In line with the EU strategy for sustainable development (since 2010), successive reforms of the **Common Agricultural Policy** (CAP) have steered the European farming sector towards more sustainability. The proposals for **post-2020 CAP** aim at modernising and simplifying the CAP to maximise its contribution to the Sustainable Development Goals (SDGs). This is achieved primarily by:

- Guaranteeing **food security** (SDG 2)
- Ensuring a **decent livelihood** for rural communities (SDGs 1,8,10)
- Strengthening **sustainability**, environmental protection & climate action (SDGs 12,13,15)

■ BACKGROUND

- The **Common Agricultural Policy** (CAP), introduced in 1962, is the system of policy instruments implemented by the European Union for agriculture and rural development.
- The CAP has undergone a **succession of reforms**, bringing it more closely into line with the EU's overall social and sustainability objectives, and its commitment to the Sustainable Development Goals (SDGs).
- While the CAP already had a substantial positive impact, in 2018 the European Commission introduced a proposal for its subsequent reform, the **post-2020 CAP**, in order to modernise and simplify the Policy and **maximise its contribution to the SDGs**.

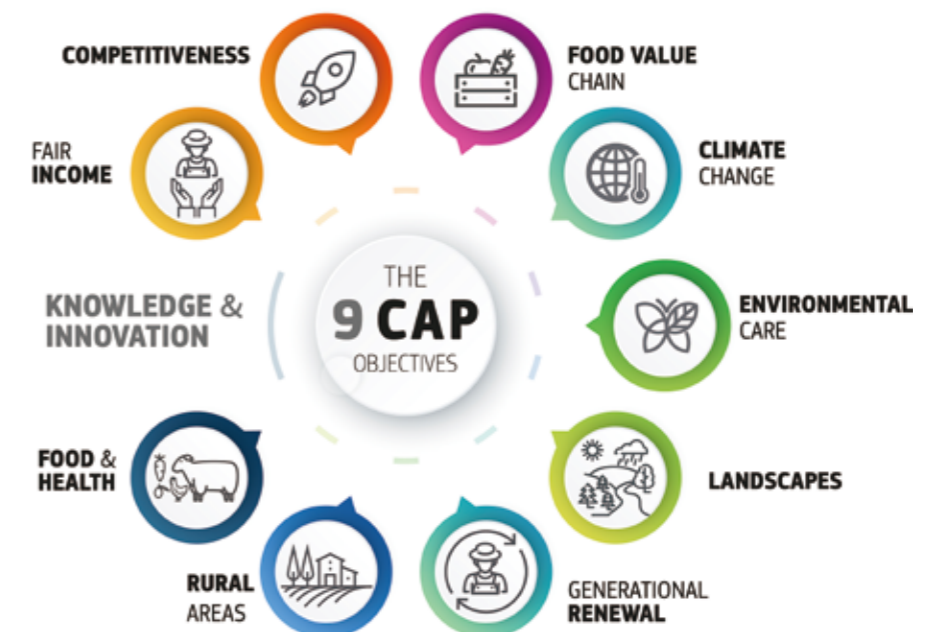
■ POLICY IMPACT

- The CAP's foremost contribution is towards achieving SDG 2, by guaranteeing **food security and sustainable, high-quality nutrition** in Europe, promoting the productive use of resources and organic farming practices, and contributing to the elimination of hunger abroad through the export of high quality, nutritious food, incl. to developing countries whom the EU grants highly favourable trade conditions.
- The **elimination of rural poverty**, ensuring a **decent income** for farming communities, job security and social cohesion, incl. **reducing urban-rural inequalities** have been at the heart of the CAP since its inception and continue to contribute strongly to SDGs 1,8 and 10, among others. [2017 World Bank report "Thinking CAP": the EU's agricultural policy results in an overall reduction in rural poverty.]
- The CAP has an increasing focus on **sustainability**. The proposed post-2020 Policy is particularly strong in this regard, as it fosters a more efficient management of natural resources, such as water, soil and air, for instance by requiring that 40% of overall CAP funds disbursed should contribute to **climate action**, with at least 30% of each rural development allocation dedicated to **environmental measures**. (SDGs 6,12,13 and 15)
- A growing emphasis is also placed on **innovation** and international cooperation. The CAP and the research programme Horizon Europe support the digital and technological **transformation** of food and farming. Under the Science and Technology cooperation with the African Union, the EU and AU Commissions adopted a research partnership on 'Food and Nutrition Security and Sustainable Agriculture' (FNSSA). This flexible 10-year research programme disposes of funding that will contribute to a range of SDG objectives.

Overview of the current CAP



Objectives of the proposed post-2020 CAP



DIRECTIVE ON UNFAIR TRADING PRACTICES IN THE AGRICULTURAL AND FOOD SUPPLY CHAIN

To strengthen the position of farmers in the **agri-food supply chain**, the EC tabled a proposal for a Directive on 'unfair trading practices' (UTPs) in April 2018. Political compromise reached in December 2018. Adoption is expected for **April 2019**. **Transposition into national law by April 2021**.

Directive protects **100% of farmers and 98% of other businesses**.

The initiative is part of a larger Commission policy mix to protect farmers. The **2018 Omnibus regulation** strengthened farmers' bargaining position providing for clearer rules on their cooperation in producer organisations and the Commission will soon table proposals for increased **market transparency**.

■ BACKGROUND

- The agricultural sector is highly fragmented: 11 million farms deal with 300,000 enterprises in the food/drink industry and 2.8 million enterprises in food distribution.
- Due to their weaker position in the agri-food chain, farmers, but also certain smaller-sized processors of food, are not able to defend themselves against unfair trading practices.
- While 20 EU Member States (MS) already have UTP legislation, even in these MS enforcement rules and in particular the protection of the identity of a complainant ("fear factor") are not sufficiently developed.

■ KEY PRINCIPLES OF THE DIRECTIVE

- **Minimum harmonisation:** MS can go beyond and e.g. protect against a larger number of UTPs or protect a wider range of operators.
- Directive protects **weaker suppliers against stronger buyers**.
- Directive prohibits **16 UTPs**.
- **10 UTPs are 'black-listed'** and prohibited, whatever the circumstance. **6 UTPs are "grey"** and only prohibited, if supplier and buyer do not clearly agree on them beforehand.
- The Directive also provides for enforcement in each MS by **designated enforcement authorities**.
- MS should **cooperate** and exchange best enforcement practices, discuss developments on UTPs and share questions e.g. of interpretation among themselves and with the EU Commission.



■ SCOPE IN TERMS OF PRODUCTS AND OPERATORS

- Directive covers **products of Annex I** to the Treaty on the Functioning of the EU (i.e. also cut flowers and animal feed) as well as **processed products for use as food**, which are derived from Annex I products (e.g. dairy spreads, prepared meals).
- Protection of **weak suppliers against strong buyers in general**, the Directive does not target any particular group of buyers.
- Protection not only of farmers, but also of other weaker suppliers, such as processors, as they otherwise would pass costs of UTPs to the farmer.
- No protection of suppliers which have a turnover of above 350 million EUR: Directive does not want to interfere with negotiations of big players.



- Protection also of **3rd country suppliers**. Protection of EU suppliers also **against 3rd country buyers**. But at least either supplier or buyer must be located within the EU.

■ 16 PROHIBITED UNFAIR TRADING PRACTICES

- **10 black practices** (a few examples only)
 - ▶ e.g. a buyer cannot pay a supplier later than 30 days for perishable, or 60 days for non-perishable products.
 - ▶ e.g. order of perishable products cannot be cancelled at short notice
 - ▶ a buyer cannot retaliate against a supplier for exercising his legal rights or filing a complaint
- **6 grey practices** (a few examples only)
 - ▶ Grey practices are prohibited, unless the supplier and the buyer agree on them beforehand in a clear and unambiguous manner
 - ▶ payment for the return of unsold products
 - ▶ payment of the supplier for advertising
 - ▶ payment of the supplier for staff of the buyer, fitting out premises

■ ENFORCEMENT

- Enforcement by **designated Member States authorities**
- Authorities can act upon own initiative or **complaint**
- Authorities should take appropriate measures to protect identity of the complainant (who might fear retaliation) and other confidential information
- Complainant can file complaint at authority of its Member State or the Member State of the buyer
- Appropriate penalties, e.g. **fin**es against the buyer, if a UTP has been found



■ COOPERATION

- Enforcement authorities to assist each other in cross-border cases
- Discuss enforcement practices and new developments
- Website to exchange information and meet at least once a year, facilitated by the European Commission
- Public website (European Commission) with info on national legislation