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The Crisis in European Agriculture and its Consequences

The European farming community and food industry find themselves in a serious crisis as a result of the BSE epidemic, with its potential for transmission to humans, and the recent outbreak of the highly contagious foot-and-mouth disease. As Bishops of the Commission of the Bishops' Conferences of the European Community (COMECE), we should like to issue the following statement on the crisis:

1. There are many facets to this latest crisis in European farming

a) First it affects the farmers themselves many of whom find themselves in a terrible position due to no fault of their own¹. Increasingly, they feel that they are no longer the masters of their own fate (in both professional and therefore personal terms) and that they are simply suffering the consequences of policy rather than helping to shape it. In the last few weeks, many of our fellow Bishops across Europe have expressed their solidarity with people who earn their living from farming or whose living depends on the countryside being attractive. The Bishops of COMECE wish to add their support to these statements. The farmers deserve our respect and have the same right to participation as any other group.

b) The crisis also affects the consumer, and therefore all of us. Today many people doubt the safety of the goods produced by our farming industry.² Some people are very alarmed – due in part to occasionally irresponsible reporting by the media. Fear of foodstuffs that can make us ill is widespread. To prevent concerns about the safety of food products from spreading, we

appeal to everyone involved in the production of food in any capacity to act responsibly. We would also remind politicians of their responsibility to provide appropriate, European-wide protection for consumers. In this respect we welcome the intention of the Heads of State and Government of the European Union to establish a European Food Agency by the end of this year, which will be better able to guarantee the safety of all the food products available on the European market.³

c) Finally, the current crisis is also an expression of a conception of farming in which the respectful treatment of our fellow creatures – of animals and nature, animate and inanimate – as intended by God is all too frequently sacrificed for presumed increases in productivity and profits. The consequences of a wrong common agricultural policy have also contributed to this latest crisis. The inadequate processing of animal remains into animal feed and its feeding to other animals of the same species has probably contributed to the spread of BSE. The practice of transporting live animals all over Europe (frequently in unspeakable conditions), encouraged by false economic incentives, threatens the spread of foot-and-mouth disease throughout Europe.⁴

2) The reform of the European Common Agricultural Policy must continue

a) The Common Agricultural Policy is one of the foundations of the European Union. Nevertheless it has been under criticism for more than the last few months. Although it has indeed all but eradicated hunger and malnutrition in the EU in recent decades, and has managed to organise structural change in most cases in a socially acceptable way and provided a considerable number of farmers and their families with a reasonable living, it has also created a series of undesirable side effects due to the intensification of cultivation and rearing methods. The objectives set out in the EC Treaty⁵ to provide European consumers with food at the best possible prices whilst at the same time ensuring the highest possible incomes can only be achieved by continued subsidisation from taxes.

b) The common market organisation for agricultural products with its guarantees for prices and sales have promoted an increase in production and productivity which is also partly responsible for many instances of environmental damage in Europe.⁶ Moreover, in order to reduce excess production export subsidies are needed⁷, which in turn distort prices on the

world market and seriously hamper the already fragile agricultural development of poorer countries. We therefore support the basic ideas behind the reforms of the European agricultural policy in 1992 and 1999 of phasing out subsidies in the form of guaranteed prices and replacing them with direct payments to farmers⁸ which can also be linked to environmental protection conditions. At the same time there was a shift which saw agricultural policy moving towards a policy for rural areas which took better account of the multiple functions of agriculture and which was designed to serve urban dwellers in search of rest and relaxation as well as the rural population.⁹

c) This new line in European agricultural policy was also intended to meet the needs of many people in the prospective new member states who currently work as smallholders simply because there is often no alternative.¹⁰ It is believed that this new course would eventually be brought into line with the GATT-agreements and that it would be easier to defend it in the present WTO-negotiations.¹¹ The pace of these reforms must now be increased as a matter of urgency¹². From an ethical viewpoint, it is not acceptable to maintain an agricultural policy in which the mass slaughter of animals, with the objective of destroying safe food products, appears to be the only “solution” for crises such as the current one. The agriculture of the future should conform to the requirements of respect for the environment and should focus on quality. The principle of sustainability must also be respected as a means to integrate the social, economic and ecological aspects of agriculture.

d) Farmers and their families should come to recognise their multiple responsibilities in the countryside and fulfil them, and continue to follow the path they have chosen away from exclusively food production to the marketing of goods and services with high added value. Subsidies linked to surface area and in particular the relative preference for cereal crops must be subject to a thorough examination.¹³ The mid-term assessment scheduled in Agenda 2000 for a range of common market regulations for 2002 or 2003 will provide the opportunity for just such an exercise. We encourage the European Commission to be courageous in its reform proposals. However, focusing on high quality and local production has its price, and this price must be shared by the consumer as well as the taxpayer. In our search for a new, environmentally friendly lifestyle we must also consider the question of whether we are prepared in the long term to pay appreciably more for our food and to balance this by savings in other areas. In the course of his general audience of 17 January the Holy Father John Paul II welcomed the environmental conversion of humanity. Already in 1995 he declared in his

encyclical *Evangelium Vitae*: “Another welcome sign is the growing attention being paid to the quality of life and to ecology, especially in more developed societies, where people’s expectations are no longer concentrated so much on problems of survival as on the search for an overall improvement of living conditions.” (section 27)

3) The Church also bears responsibility for rural areas

a) It is hard to imagine Europe without its unique cultural landscape, or to imagine large parts of this cultural landscape without their church towers. The Church draws a great deal of its strength from the witness of faith made by people in rural areas. The Church bears a responsibility here, for the rural areas of Europe cannot be revived by politics alone.

b) We have therefore resolved to examine in greater detail, within the framework of a fundamental reflection on sustainable development, the church’s contribution to a responsible lifestyle in the countryside.

c) In the short term farmers and their families, who have been affected by epidemics and the mass-slaughter of their livestock, need help. To understand the drama they are living through, a good knowledge of the rural world is necessary. Farm, animals and plants are considered as the source of their economic and even personal existence and identity. The psychological situation of farmers and their families needs to be taken into account when public policy measures are enacted. However, we also encourage our parishes, priests and religious and all people engaged in pastoral work to continue their efforts to support the countryside and its farming community. Naturally the help they can offer is not primarily of a material nature, but they can provide hope even in apparently desperate situations. This is also important, for “man does not live by bread alone” (Luke 4: 4).

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Explanatory Notes

¹ The number of farmers in Europe is in steady decline. Today in the EU, only 5.3% of those in employment work in farming, accounting for only 2.3% of the gross national product of the EU. Nonetheless, farmers work 44% of the European countryside and therefore make a significant contribution to its ecological balance.

² Demand for beef in the EU has fallen by 27%, resulting in considerable funding problems for the Union. On 1 March the European Parliament approved an additional budget of Euro 971 million to finance the “slaughter programme” for cattle over 30 months and the extensive introduction of BSE testing. However, the EU Commission is currently basing its projections on a drop in consumption of only 15%. As a result, in the near future it may very well find itself trapped between two obligations. On the one hand, the EU has an obligation to buy up beef if the price achieved is 60% below the intervention price. On the other, in Nice the heads of state and government once again exhorted the Commission to adhere strictly to the upper limits for agricultural spending set out in Agenda 2000 until 2006. The total amount of subsidies scheduled for 2001 is currently running at Euro 42,800 million or 46% of the total EU budget (cf. note 13).

³ For food imports from third countries (non-EU countries) it is possible, within the framework of the World Trade Organisation (WTO), to register non-discriminatory health, pest control and technical regulations on imports. In order to prevent the protectionist misuse of such regulations, Special Agreements have been concluded under the aegis of the WTO in relation to three largely unknown but no less important international organisations: the Codex Alimentarius, the OIE (Office international des épizooties) and the CIPV (Convention internationale pour la protection des végétaux).

⁴ In April or May, the Swedish EU Presidency intends to hold a debate on the general principles of the ethics of livestock breeding. At the end of January 2001, the EU Commission submitted a revised directive on intensive pig farming to the EU Council of Ministers.

⁵ cf. Article 33,1 of the EC Treaty

⁶ Due to the intensification of farming practices, the eco-balance of farming remains mixed: farming remains the main source of water pollution by nitrates. Increasingly, it is the largest water consumer in Europe. In France, for example, the artificially irrigated cultivated area tripled from 870,000 ha to 2.5 million ha between 1980 and 1995. Alternative, organic farming on the other hand is practised on only 2.5% of the total surface area farmed, and even optimistic estimates show this percentage increasing to no more than 20% in Germany in the next ten years.

⁷ Cows in the EU produce some 20% more milk than babies and children in Europe drink. Half of the surplus is sold on the world market. However, the world market price is significantly below the guaranteed price in the EU and additional subsidies, so-called export subsidies, are therefore paid. This is not only damaging to the European taxpayer, but also – and far more seriously – acts as a barrier to the development of adequate milk production in poorer countries. Calls for the abolition of export subsidies therefore, although justified, represent only half the answer. The other half consists of finding a way either to reduce milk production in Europe or to increase demand for milk in the European market.

⁸ Today 65% of EU agricultural subsidies are direct payments to farmers.

⁹ Currently only some 10% of spending on agriculture goes into the programme for rural development.

¹⁰ The EU Commission is currently considering reducing the scope of agricultural market policy and to include support for small- and medium-sized farms in the promotional policy for rural areas. This would result in co-financing by the Member States but would also mean greater freedom in the drawing up of the promotion criteria. States such as Poland with a large agricultural sector would have to make do with small payments. The Commission puts the cost of simply transposing the unaltered system of direct payments (area-based payments and animal premiums) to prospective new members at 8,000 million Euros.

¹¹ The conclusion of the Uruguay Round in 1993, which led amongst other things to the formation of the WTO, also saw the first ever agreement on farming. This permits subsidies in the long term only if they are either designed to bring about structural adjustments such as compensatory direct payments (“blue-box”) or aim at services that are not directly linked to agricultural production like the protection of the environment (“green-box”). On the other hand, it was agreed that duties and volume restrictions would be phased out over the long-term. This bias favours the wealthy nations in so far as developing countries are unable to finance costly investment programmes. Article XX of the agreement obliges WTO Member States to take part in new negotiations. However, the EU Commission would like to incorporate the negotiations on farming in a new, comprehensive round of talks which would also tackle issues such as global competition law and greater consideration of environmental and social standards in world trade policy. To encourage developing nations to take part in a comprehensive round of this type, the “everything-but-arms” programme was concluded at the end of January under which the 48 poorest countries in the world are permitted to export all products with the exception of arms duty-free into the EU. However, long transition periods were built in for sugar, rice and bananas. The complete dismantling of duties and volume restrictions is not scheduled until 2006 for bananas and 2009 for sugar and rice. If the EU Commission has its way, by this time a new WTO round will have been completed allowing the protection of European rice farming in order to preserve the European cultural landscape.

¹² The answer to the current crisis is not to re-nationalise the Common Agricultural Policy but rather to decentralise it and to further extend the principle of co-financing. Better application of the principle of subsidiarity can strengthen the solidarity expressed in a common policy. At the same time we must consider exactly where the common interests of *European* farming actually lie.

¹³ EU Commissioner Franz Fischler has suggested that the percentage of meat (12%), milk (6%), fruit and vegetables (4%) in the agricultural budget be increased to the detriment of cereals (45%), not least because these sectors provide more jobs. For information: sugar and olive oil receive some 5% of the total agricultural budgetary support and tobacco and wine some 2%. Other categories account for 17%.