



cooperativas  
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# A SOLID CAP TO STRENGTHEN THE COMMUNITY PROJECT

Cooperativas Agro-alimentarias de España





*Data from the Socioeconomic Observatory of Spanish Agri-food Cooperativism  
(Observatorio Socioeconómico del Cooperativismo Agroalimentario Español - OSCAE) 2017.*

## → OUR MISSION

"To promote a profitable, competitive, professionalised, value-generating cooperative business model with a relevant dimension in order to contribute to the sustainability of the Spanish and EU agri-food sector."

"To make our producer partners' farms profitable, efficiently productive, competitive and environmentally sustainable."

## ← OUR OBJECTIVE

# "A solid CAP to strengthen the community project"

Cooperativas Agro-alimentarias de España published last June 2017 its position paper on the future of the CAP entitled A Solid CAP to Strengthen the EU Project.

The European Commission launched the debate on the future of the CAP after 2020 on 29 November with the publication of the Communication The Future of Food and Agriculture, COM EC (2017)673.

Cooperativas Agro-alimentarias de España, after evaluating the Commission's Communication, declares:

## **I. Supporting the need for a solid and modern CAP with a EU budget appropriate to its objectives.**

The CAP is the only fully integrated EU policy and is responsible for managing a sector that produces healthy, safe and reasonably priced foodstuffs in an economically, socially and environmentally sustainable way. This policy has been and will continue to be key to European integration. The need to take on new priorities should not be done at the expense of existing policies, but through the strengthening and further integration of other policies to cope with the new political priorities of the European project.

## **II. Market management is absolutely necessary to cope with the price volatility effects.**

The Communication leaves market measures and sectoral regimes outside the scope of the reform. The current regulation has proved insufficient to cope with the crises, and the Commission has had to provide an extraordinary budget to deal with its consequences (milk, fruit and vegetables).

It is necessary to strengthen the instruments of market management, both public and private, to prevent crises, since the current ones are not sufficient to the needs in cases of serious crises, because they are activated when the crisis has already spread, generate social alarm and a public budget expenditure for short-term aid that does not compensate the losses suffered by the production sector, and do not serve to strengthen it to cope next crisis.

The existing public management instruments in Regulation 1308/2013 should be automatically activated when the prices established fall below the trigger levels to be set. That is why we also support the creation of market observatories in all sectors.

The design of private market management instruments will require clear EU regulation and application of competition law, adapted to the reality of the producer sector and the current composition of the food value chain, in order to avoid legal uncertainty and thus disproportionate and uncoordinated action by competition authorities within the EU. The formula to be authorised is that of agreements within interbranch organisations which may be made binding on all operators by means of the extension procedure.

On the other hand, we are in favour of maintaining the specific schemes for the fruit and vegetable and wine sectors, which have proved their usefulness in improving the competitiveness of both sectors, with any specific adjustments that may be necessary.

### **III. Maintenance of the specific schemes for the fruit and vegetable and wine sectors.**

We advocate the maintenance of specific regimes for the fruit and vegetable sectors, and fruit and vegetables and wine sector, which have proven their usefulness in improving the competitiveness of both sectors, with any specific adjustments that may be necessary.

The European Commission's proposal for the New Delivery Model, according to which it is given subsidiarity so that Member States, or even regions, can decide on the conditions for implementation of the CAP, through National Strategic Plans', does not add value to the current fruit and vegetable system, which already has sufficient subsidiarity' and, it is also clearly oriented towards the objectives of the Commission's Communication (market orientation, competitiveness, investment, environmental and climate component, etc...).

The aid scheme for fruit and vegetables should therefore either remain outside the 'New Delivery' scheme Model"; or, if included, to ensure that the regulatory framework of this scheme follows the following common to the whole EU, i.e. that the aspects currently regulated in the Council Regulation and in the two Commission Regulations (e.g. on actions to be taken by the Council and the Commission, eligibility and conditions of eligibility and management of the Operational Programmes; aid calculation, definition, activities, means and minimum conditions to be met by the Fruit and Vegetable Producer Organizations, which include the commercialize function) remain regulated at Community level and not at the level of the Member States.

Otherwise, we fear that the New Delivery Model' will bring, in the fruit and vegetable sector more legal uncertainty, more risk of distortion of competition between producers of the EU and a greater less complexity.

**IV. The organization and concentration of the production sector in cooperatives or in Business producer organisations are key to fostering competitiveness and sustainability in the farming sector.**

The characteristics of agri-food markets and the inadequacy of their management mechanisms make it essential to strengthen the economic organisation of the farming sector.

Our experience indicates the only way to improve the position of producers in the agrifood value chain is through economic producer organizations (PO) of an entrepreneurial nature such as agrifood cooperatives, in which a stable corporate relationship between the member and the cooperative takes place, with a viable business project that helps the efficiency and sustainability of production and the participation of greater added value through the marketing and/or processing of agricultural products.

For this reason, we consider it necessary to design instruments that encourage the integration of producers in cooperatives or economic producer organizations similar to the cooperative model. This objective is a basic condition for rebalancing the value chain, enabling its partners' operations to be more efficient, competitive in the market and environmentally friendly. A more economically sized and organized production sector will be more resilient in the market, and the European environmental challenge and the obligations set by international agreements such as COP21 will be better adapted.

This is also why we are opposed to the development of other types of negotiating or representative like governance POs that do not contribute anything to improving the position of producers in the market, in particular when they could become entities specialised only in raising public funds.

**V. We are aware that the environmental and climate change objectives will be as important as maintaining the competitiveness of the agri-food sector. But without economic sustainability there will be no contribution to environmental sustainability.**

Climate change, its effects and the changing energy model are issues that affect the production and competitiveness of our sector.

Adapting to new challenges and investments will be key to turning this challenge into opportunities for our businesses while we fulfill the EU's commitments. We therefore support the objectives expressed in the Communication on the need to modernise and channel these investments within the framework of the new CAP.

In order to achieve greater impact and greater coherence of the initiatives of farmers and their cooperatives, the Commission needs to encourage and prioritise investments based on collective approaches, for which agri-food cooperatives will play a key role in coordinating, advising and forecasting the most efficient and appropriate investments in farms and cooperative industries to reduce the impact of the sector on climate change.

In the face of resource scarcity, measures need to be designed in such a way as to have greater impact and efficiency, for which cooperative and collective approaches are essential. Without an efficient and coherent business strategy there will be no economic sustainability, and consequently it is difficult for farmers to invest in environmental sustainability.

#### **VI. Need a European regulatory framework for Unfair Trade Practices (UTP) at EU level.**

The existence of UTP is a fact established by the Community institutions and the Member States. Being a European problem, it must have an European approach, since there is a single market and trade transactions go beyond the States, which deal with this issue in a very different way.

The European Commission should submit a proposal setting an EU regulation to control UTP in the agri-food sector. The ideal model would be similar to the Spanish model, which combines a mandatory approach, with an independent public entity that oversees and controls the UTP ex officio, and another volunteer approach assigned by the actors that includes an agile arbitration system at reasonable costs.

#### **VII. A greater subsidiarity in the implementation and control of the CAP through Member States' strategies on the basis of Community objectives should not leading to the re-nationalisation of the CAP and not breaking the unity of the single market.**

The Commission proposes that Member States present Strategic Plans for implementing and monitoring the CAP at national level.

The aim of this measure is to reduce bureaucracy, to adapt measures to the real situation of countries and to judge policies by their outcome rather than by the implementation of measures.

There is concern about this proposal, given that different priorities in the Member States can lead to different production conditions in a single market. There is also concern that the model of ex-post control of measures, in the face of fears of future financial corrections, may lead to excessively restrictive criteria. In Spain, this problem is even more pressing because of its totally decentralized structure in agricultural matters, which can lead to greater complexity and undesirable bureaucratic requirements. Greater subsidiarity cannot break away from the unity of criteria and coordination needed to move forward in the continued consolidation of the single market.

**VIII. The new direct payments models should take into account transparency, promoting competitiveness and not penalising cooperative initiatives.**

The Communication confirms that decoupled direct payments will remain a central element of the future CAP. Although this mechanism alleviates an individual situation, the evidence shows that it is not a unique and effective response for an economic sector in a market affected by continuous episodes of volatility, especially when these payments are still linked to an individualized historic reference that is often disconnected from the present situation. Without entering the debate on the direct payments model, we are convinced that aid must reach producers, especially those who participate in the market.

The debate between professional and non-professional farmers does not address the complexity of this issue, as it raises a conflict between different types of agriculture that are perfectly compatible and necessary. The debate on transparency and the possibility that a recipient of direct payments may not be aware of its legal obligations in relation to its productive activity is relevant. An audit of the recipients of direct payments is key to preventing unfair competition between producers and between companies, avoiding the proliferation of the black market.

For the cooperatives, which are transparent entities and the most audited, they represent a disloyal competition that discourages the entry of young and new farmers into these cooperatives.

The associated payments constitute an important element for encouraging farms to achieve certain objectives on the market, for a series of crops with specific problems to be viable, such as the lack of a territorial base for them, their particular vulnerability (some livestock sectors) or farms located in areas with geographical limitations (island or mountainous areas). Associated payments should therefore continue to occupy a place in the future scheme of direct payments and should give priority to young farmers, those who are committed to innovation, differentiated quality through recognised figures and agriculture in island areas.

Finally, the regulation of payments received by legal persons should not discourage the incorporation of young people into cooperative type productive structures (Cooperativas de explotación comunitaria de la tierra), or in the application of the limit on the receipt of payments when they are received by a joint production cooperative, on behalf of its members.

#### **IX. To attract young farmers and professionals and a greater women involvement in the farming sector.**

The lack young farmers incorporation is a major problem in the farming sector. A rejuvenated sector is essential to maintain competitiveness and address its necessary restructuring in the next decade. Young people will have to apply the new vision and face new challenges. To this end, it is necessary to make the sector more attractive by improving its profitability and competitiveness. The cooperative model is by its link with the territory an ideal instrument to promote generational change in a solid and sustainable way over time.

On the other hand, the inclusion of women in the governing boards and management of cooperatives is another necessary element for modernising the sector. A more active participation of women in the activity will be a catalyst of new services in rural areas. The approach to the entry of young farmers and the greater women involvement should be encouraged through structural and training policies in the medium and long term in both the first and second pillars of the CAP.

# EUROPEAN UNION FINANCIAL FRAMEWORK AFTER 2020

## **Spain must defend an increase in the EU budget**

The European Commission has proposed a reduction of between 15 and 30% in the CAP budget for the next multiannual financial framework to meet the new challenges in defence, security and immigration. This means a reduction in the CAP budget for Spain of between €900 and €1.8 billion per year, not counting the planned reduction in cohesion policies.

The Commission's proposals are aimed at streamlining priorities in terms of the resources available to it and the impact of Brexit. The EU budget should aim to reach 1.3% of the EU's GNI in order to be able to cope with the new priorities and UK withdrawal from the EU, as it has been proposed in the framework of the Agriculture Committee discussions in the European Parliament.



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