



European Association representing the trade in cereals, rice, feedstuffs, oilseeds, olive oil, oils and fats and agrosupply  
Comité du commerce des céréales, aliments du bétail, oléagineux, huile d'olive, huiles et graisses et agrofournitures

17COMM15

Brussels, 05 July 2017

## **COCERAL Position Paper on the Future of European Agriculture Policy Post-2020**

COCERAL, representing trade in cereals, rice, feedstuffs, oilseeds, olive oil, oils and fats and agrosupply, supports a market oriented and competitive Common Agricultural Policy (CAP) for the period after 2020

The CAP should remain a common policy, avoid market distortion and enhance market participant's ability to achieve the best allocation of resources while responding to consumers' demand. Other aspects of the CAP, such as environmental protection, preservation of biodiversity and adapting to climate change should be approached holistically and should take into account EU agriculture's contribution to global food security.

The CAP Post-2020 should modernise existing structures and make best use of EU's resources. The new CAP needs to be fit to address the challenges of European agricultural production and increase the competitiveness of farmers for the coming decades. The EU agriculture should remain competitive and productive enough to play a key role in supplying sufficient quantities of quality raw materials and serve the diverse food, feed and industrial outlets.

### **A truly market-oriented CAP**

Through reforms and stepwise liberalisation, the European agriculture improved in terms of know-how, efficiency and thus competitiveness. The EU agriculture is now deeply integrated into the international markets. COCERAL, representing both the EU-intra and EU-extra trade, welcomed the evolution of CAP over the last decades and continues to recognise the importance of production of high quality agricultural commodities in Europe. Following in the footsteps of previous reforms, the future of European agriculture should continue focusing on market orientation, providing transparent and predictable policy instruments leading to a reliable supply of agricultural goods as part of a global markets.

Direct payments are a useful measure to protect EU farmers against income and productivity volatility that ensures a steady supply of agricultural materials as well as allowing farmers to continue farming if faced by unforeseen circumstances in markets. For the period after 2020, direct payments can continue being an integral component of the CAP, provided they do not create market distortion or favour certain crops over others. Direct payments could also be used as means to compensate for undertaking measures to fight climate change or for financing environmental activities at the farm level.

In the context of a growing world demand, EU policies should aim at bridging the productivity gaps. Effective and efficient use of land and resources for sustainable intensification is an important means to achieving increased agricultural raw material productivity in the EU. The role and potential contribution



European Association representing the trade in cereals, rice, feedstuffs, oilseeds, olive oil, oils and fats and agrosupply  
Comité du commerce des céréales, aliments du bétail, oléagineux, huile d'olive, huiles et graisses et agrofournitures

of investment into agricultural infrastructure and R&D, such as for storage and uptake of new technologies, sharing of knowledge and best practices should be carefully assessed and encouraged.

As far as trade implications of future agricultural policies are concerned, it must be emphasised that the EU is not self-sufficient for a range of raw materials and as cost-benefit analyses repeatedly showed, imports should not be restricted for these of products for which a domestic production strategy is proven to be more costly and less efficient. For commodities such as soybeans, which the EU is relies on imports, substitution-oriented policies would not deliver tangible or meaningful results. The EU should therefore continue to cooperate with its trade partners in order to ensure that EU demand is met.

Over the years, considerable progress has been made in opening up the EU market to international trade and the benefits have been enjoyed by the EU. The EU should continue to capitalise on this openness to trade.

### **A strong EU Single Market**

COCERAL believes that having a strong single market and policy for agriculture is beneficial for farmers, operators and traders alike. For the EU to have competitive productive and sustainable agriculture, it is crucial that any support system is managed at the EU level and that the policies are not re-nationalised. Re-nationalisation of policies which impact the decision of farmers on what to grow or increase transaction costs or perversely create logistic bottlenecks would render the EU Single Market and Agriculture less competitive.

When safeguard measures, such as intervention or in case of unforeseen crisis in the markets, are considered these should be transparent, predictable and not lead to any price impact.

### **Transparent market tools and policy measures**

With exposure to international markets and increasingly unpredictable climatic events, managing risks associated with agricultural production is coming to the centre stage of policy debate. The access of all market participants, including farmers, to financial markets as well as to broader risk management toolkit, to mitigate risks and secure income should be encouraged, in particular for crops where there are no markets or instruments.

The past years have seen the European farmers exposed to more stringent legislative and regulatory environment than their peers in 3rd countries. This not only increases the administrative burden on farmers and operators in the EU agricultural chain, but hampers the potential of EU agricultural produce and isolates the EU produce and consumption on the global markets.

The EU policy has also been lagging behind in embracing new agriculture science and new opportunities for innovation in agriculture, affecting the income potential and competitiveness. The CAP should be modernised to embrace new technologies and practices, and policies to support this should be developed with best available scientific evidence. Moreover, the use of precautionary principle in policy areas that



European Association representing the trade in cereals, rice, feedstuffs, oilseeds, olive oil, oils and fats and agrosupply  
Comité du commerce des céréales, aliments du bétail, oléagineux, huile d'olive, huiles et graisses et agrofournitures

affect EU agricultural production, farm management and rural development needs to be reviewed carefully.

**COCERAL** calls for consistent, liquid and well-functioning futures markets, with sound rules that take into account the particular nature of agricultural commodities and operators so that the typical risks linked to their physical businesses in the food supply chain can be mitigated and hedged.

For grains and oilseeds, futures markets with clear rules is the instrument to cope with volatility for individual farmers, processors, traders or buyers of these commodities. It must be highlighted that there can be no market without non-commercial participants who provide liquidity.

In this respect and for the benefit of EU farmers and consumers, following the entry into force of MiFID II, agricultural operators should not be overburdened with additional requirements.

Public and private schemes (incl. futures) are critical for allowing farmers to continue to invest in the next crop and continue farming at times of disruptive climate and economic conditions.

**COCERAL** is the European association of trade in cereals, rice, feedstuffs oilseeds, olive oil, oils and fats and agrosupply. It represents the interest of the European collectors, traders, importers, exporters and port silo storekeepers of the above mentioned agricultural products. COCERAL's full members are 21 national associations in 15 countries and 1 European association [Unistock]. With about 3500 companies as part of COCERAL national members, the sector trades agricultural raw materials destined to the supply of the food and feed chains, as well as for technical and energy uses. COCERAL has 1 associated member in Switzerland and 2 European Associations (EUROMALT and EUROMAISIER). Gafta is an extraordinary member of COCERAL.