Civil dialogue group on the CAP
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Some comments on the themes of the meeting
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As the subjects covered by the meeting are fairly broad, we will focus on five points:
- Presentation of Tassos Haniotis at the Agricultural Outlook Conference 2016
- Agricultural outlook report 2016-2026
- The Joint Research Center's report on "Cumulative economic impact of future trade agreements on EU agriculture"
- Comments on "Modernizing and simplifying the CAP"
- Which lessons to draw for the CAP from recommendations for the next Farm Bill?

<u>Comments on Tassos Haniotis' presentation</u>

Slide 6 of Tassos Haniotis' presentation shows that the EU has become a net agri-food exporter since 2010, which is false because it does not take into account the huge growing deficit in fish and preparations. Most DG Agriculture documents continue to misuse the concept of agri-food trade when it does not take fish into account and should only talk about agricultural trade, even though food components are dominant.

Table 1 – Balances of EU28's agricultural trade and food trade from 2010 to 2015

€ million	2010	2011	2012	2013	2014	2015	Moyenne
Agricultural	784,7	1114	9458,9	16426,8	15705,2	13311,6	9466,9
Agricultural (+ rubber)	-2051,7	-3425,5	6461,9	14030,5	13862	11611,8	6748,2
Food	-15518,8	-15803,6	-8423,5	-2868,3	-3749,8	-8411,6	-9129,3
Fish & preparations	-14111,6	-15112,9	-14576,9	-15244,2	-16400,2	-17659,6	-15517,6
Agricultural + fish&prep	-13326,9	-13998,9	-5118	1182,6	-694,9	-4348	-6050,7
Agricultural (+rubber)+fish	-16163,3	-18538,4	-8115	-1213,7	-2538,2	-6047,8	-8769,4
Balances of EU28 food trade with developed countries (+ Russia) and developing countries							
Extra EU28	-15518,8	-15803,6	-8423,5	-2868,3	-3749,8	-8411,6	-9129,3
Developed countries	14514,2	15716,4	19069,3	18661,6	16352,4	14173,7	16414,6
Developing countries	-30032,9	-31520,1	-27492,8	-21529,9	-20102,2	-22585,3	-25543,9

Source: Eurostat. Agricultural: according the WTO Agricultural Agreement; food: SITC 01, 11, 22, 4

Table 1 shows that the EU28 experienced an agricultural surplus from 2010 to 2015, at an average of €9.467 billion, and an average food deficit of about €9.129 billion. Adding the balance of agricultural trade to the balance of trade in fish and preparations shows that the EU had only a surplus in 2013 (€1.183 billion) and then its deficit increased sharply to reach €6.051 billion in 2015. In fact, since the Agreement on Agriculture, on which Eurostat and DG Agri are based, does not include crude rubber (HS Code 4001) in agricultural products (unlike the United States) if we take it into account the balance agriculture + fish and preparations has always been in deficit, of which of 1.214 billion euros in 2013.

The table shows also that the food deficit hides a large surplus of €16.415 billion on average from 2010 to 2015 vis-à-vis the developed countries – 9 OECD Western countries (Australia, Canada, New Zealand, USA, Japan, Norway, Switzerland, Iceland, Israel) + Russia – and a structural deficit of €25.544 billion with developing countries (DCs: all other countries). Therefore, far from contributing to feeding countries where hunger prevails, the EU continues to receive a structural food aid from DCs.

These figures call into question the speeches made during this conference, particularly that of President Juncker: "*A country, a continent that cannot feed itself, from a geostrategic point of view, is a country, even a continent, in the process of perdition ... With the entry into force of the common agricultural policy in 1962, Europe has given itself the means to acquire its autonomy in the field of food production*". Unfortunately, we are still a long way off.

Comments on the Agricultural outlook report 2016

This outlook on the likely evolution of agricultural markets for the EU presents a purely commercial view, based on the intangibility of the behaviours of both consumers and producers, driven solely by considerations of maximizing their individual interest in the short term and without any link with the sustainable development goals (SDGs) and the Paris environmental conference adopted globally in 2016. Not to mention the goal of reducing the number of agricultural jobs (AWUs: agricultural working units) in order to maintain the income per AWU. Nothing in these perspectives marks the will to change the behaviour of consumers and producers reflected in the CAP.

For example, is it reasonable to write: "*The consumption of dairy products in milk equivalent is expected to increase in regions with already highest levels (close to 300 kg per head and beyond) such as Australia, the EU and the US*" when it is already three times the world average? All serious studies, on the contrary, suggest that in developed countries, particularly in the EU, the consumption of animal products – meat, dairy products, eggs and fish – should be halved by 2050 if the planet were to feed the expected 9.7 billion people, but it is also a necessity for health in developed countries, which must set an example by changing their diet. See the EU Food Consumption Guidelines[1].

The scenario Afterres2050 of the SOLAGRO French research bureau shows that a change in the French diet in this direction would be beneficial not only to health but also to the environment and agricultural jobs. The Afterres2050 diet results from quantified and modeled compromises, set after consultation with nutritionists[2]. It is a diet that is similar to the Mediterranean diets of today. We should consume less (calories, proteins, sugar), differently (less meat and dairy products) and in a more balanced way (more fruits and vegetables, whole grains and pulses). This implies a division by 2.2 of the bovine cattle (by 1.6 for the milk herd and 3.2 for the meat herd), so as to value the permanent grasslands, favouring grazing instead of concentrates, and the redeployment of mixed breeds. But also to reduce the production of pigs and poultry by 40% through favouring products under label and quality (organic, red label, AOC) and respecting animal welfare. And to add 2.5 million ha of legumes to reduce the use of chemical nitrogen fertilizers and eliminate imports of GMO soybeans.

Afterres2050 anticipates a decrease of 104 million tonnes (Mt) of GHG emissions in CO2 equivalent of French agriculture in 2010 to 51 Mt CO2 equivalent in 2050 whereas the DG Agri Outlook anticipates a reduction of only 1% for the EU28 agriculture from 2008 to 2025 and even a 2% increase per hectare. And Commissionner Vladimir Sucha states in his presentation that "*In 2030 it is anticipated that agricultural emissions will fall by only 2.3% compared to 2005*"[3]. Under these conditions, the EU will not meet its target of reducing GHG emissions by

[1] *Food-Based Dietary Guidelines in Europe*: http://www.eufic.org/article/en/expid/food-based-dietary-guidelines-in-europe/

[2] You can hear the testimony (in French) of Denis Lairon, a nutritionnist researcher at INSERM[2].

[3] https://ec.europa.eu/agriculture/sites/agriculture/files/outlook-conference-2016-12-06-sucha.pdf

30% between 2005 and 2030 in sectors, of which Agriculture[4], not covered by the ETS (Emission Trading Scheme), a goal recalled at the Outlook Conference by the Commissioner for Climate Action and Energy, Miguel Arias CAÑETE[5].

Similarly on the employment front Afterres2050 anticipates the net creation of more than 140,000 AWUs (agricultural working units) in French agriculture over the next 15 years, compared to a business as usual scenario, according to the work carried out by CNRS/CIRED. On the contrary, DG Agri's outlook predicts a 17% decrease in AWUs from 2014-16 to 2026 in the EU28 – following a 17% decline in total agricultural income (and a 14% of total real agricultural income, at constant purchasing power) despite the expected increase of 17% in production because of an 22% increase in production costs – of which 20% in the EU13 of the new Member States and 15% in the EU15. And that in order to increase real agricultural income per AWU by 1% in the EU28 while reducing it by 5% in the EU13. The decrease in AWUs from 9.6 M in 2015 to 7.9 M in 2026 would result from the continued aging of agricultural active farmers and the reduction in the number of small farms. The prospects for rural development and for the balanced management of the European territory are therefore clouded, whereas DG Agri has set itself the objective of promoting jobs and growth in rural areas! And the objectives of achieving the convergence of real agricultural incomes per AWU in EU13 and EU15 will be compromised since the gap of €18,700 observed in 2015 between EU15 (€24,000) and EU13 (€5,300), i.e. a real income per AWU 4.3 times higher, would increase to 19 000 € in 2026.

Solagro's views are shared by the ADEME (French Environment and Energy Agency) which, sharing the objective to divide GHG emissions by 4 in 2050, advocates, besides non-agricultural actions, "*changes in food (reduction of overconsumption of carbohydrates and proteins and rebalancing between animal proteins and vegetable proteins) and agricultural production systems evolving towards more sustainable practices*"[6].

On 23 November 2016, the French Economic and Social Council (CESE) adopted at an overwhelming majority an opinion on "*Agro-ecological transition: challenges and stakes*". The CESE believes that "*It is imperative to give priority to higher-value-added production both for marketing on the domestic market and internationally, and to develop multi-annual contracts between producers. For the supply of feedstuffs to cattle producers at prices disconnected from world prices but taking into account their costs of production. Agroecological objective must, more broadly, be defended within the European Union, of course with CAP support. The adoption of common rules compatible with the implementation of agro-ecological practices, favouring them from an economic, social and environmental point of view, appears indispensable*"[7]. A point of view shared by the Minister of Agriculture, "*describing this alternative production system as the solution that will "anticipate the mutation that is under way, and put France back in the forefront of innovation"*"[8].

It has also been acknowledged that the greening of 30% of the direct payments has not been very effective in fostering agro-ecological practices of most farmers given the lax monitoring of most Member States under the pressures of the dominant farmers' organisations.

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[4] https://ec.europa.eu/clima/policies/strategies/2030_en

[5] https://ec.europa.eu/agriculture/sites/agriculture/files/outlook-conference-2016-12-06-arias-canete-speech.pdf

[6] http://www.ademe.fr/contribution-lademe-a-lelaboration-visions-energetiques-2030-2050

[7] http://www.lecese.fr/sites/default/files/communiques/20161123_CP%20Agro%C3%A9cologie.pdf

[8] http://www.actu-environnement.com/ae/news/transition-agroecologique-changement-global-systeme-agricole-francais-cese-27937.php4

And the DG Agri's Outlook for 2026 anticipates opposite trends in domestic consumption and exports for all animal products:

- Increase in per capita consumption of animal products in the EU from 2015 to 2026: from 18.1 kg to 19.5 kg for cheese, from 4.3 to 4.7 kg for butter, from 68 kg to 68.4 kg for all meats and from 12.6 kg to 13.2 kg for eggs.
- Increased exports from 718,000 tonnes (t) to 1,053 Mt of cheese, from 171,000 t to 274,000 t of butter, from 690,000 t to 953,000 t of skimmed milk powder, from 400,000 t to 480,000 t of fatty milk powder, from 530 000 t to 716 000 t of whey. As 68.8% of EU28 exports of dairy products have been directed to DCs in 2010-2015 (75.5% in 2015), and as this proportion is expected to increase, it is doubtful that these exports would not be challenged in the WTO in view of the huge domestic agricultural subsidies they are using (particularly on feedstuffs), despite their alleged "decoupled" status and notification in the WTO green box. The same applies to all exported products and the decoupling argument would not stand up a prosecution at the WTO[9].
- Increased exports of all meats from 3.761 Mt to 4.679 Mt, and from 2.395 Mt to 3.080 Mt for their net exports given a parallel but lower rise in imports. And increased exports of eggs from 346,000 t to 450,000 t.
- Hence the expected rise in oilseeds imports: from 23.5 Mt of oilcakes (mainly GMO soybeans) in 2015 to 25.8 Mt in 2026 and stabilized imports of oilseeds at 19 Mt. And the Outlook projects "*a further stabilisation of the protein crop area, given the rather low prices of competing feed crops having a bearing on protein crop profitability. A potential policy change restricting the use of pesticides on EFA might affect protein crop production in more intensive production regions such as those in France and the UK. With a share of only 1.4 % of total crop area, the protein crop area will remain limited*".

Comments on the report of the Joint Research Centre of the European Commission on "Cumulative economic impact of future trade agreements on EU agriculture"[10]

The DG Agricultural Outlook for 2016-2026 is based in part on the JRC report on the impact of recently negotiated free trade agreements (FTAs) with 12 countries – USA, Canada, Mercosur, Australia, New Zealand, Japan, Vietnam, Thailand, Turkey, Mexico, Philippines and Indonesia – with the implementation of the reduction in import duties (IDs) in the concluded FTAs with Canada (CETA) and Vietnam and two scenarios for the other 10 countries:
- an ambitious scenario with elimination of IDs on 98.5% of the 6-digit HS tariff lines (TLs) and 50% reduction of the IDs on the remaining 1.5% of TLs considered as sensitive products
- and a conservative scenario with elimination of IDs on 97% of TLs and 25% reduction in IDs on the remaining 3% of TLs.

Only reductions of IDs from the base year 2011 are taken into account but not the non-tariff barriers (NTBs). Similarly, the impact of Brexit is not taken into account.

This report repeats the same ambiguous assertion that "*In 2010, the EU became for the first time net exporter of agri-food products, and since then has consistently had a trade surplus for this type of goods*".

At least the report begins by highlighting its strong methodological limitations, of which the fact that IDs reductions are based on 6-digit TLs whereas IDs are usually applied at 8-digit TLs

[9] *Analysis of the main controversies on domestic agricultural supports*, SOL, July 28, 2016, http://www.sol-asso.fr/analyses-politiques-agricoles-jacques-b/
[10] http://publications.jrc.ec.europa.eu/repository/bitstream/JRC103602/lb-na-28206-en-n_full_report_final.pdf

so that their weighted average may be very different than the ID at 6-digit level. And IDs reductions on sensitive products are based on ad valorem IDs (because of modelling constraints) whereas these products are essentially subject to tariff quotas.

The report concludes that the EU could expect substantial increases in trade revenues on dairy products, pork and wheat but also substantial declines on beef, poultry and sugar.

But this report does not deal with the EPAs (Economic Partnership Agreements) negotiated with ACP countries, particularly of sub-Saharan Africa, even though the stakes for the planet in terms of SDGs and the fight against crime and clandestine migration to the EU are considerable. The EU's fraudulent behaviour has led ACP countries, particularly West Africa (AO) and East Africa (EA) to sign EPAs[11] even if not all of them have yet signed:
- refusal to circulate the last 3 evaluations of the WA EPA concluding on their negative impact
- no mention of the huge loss of import duties on its exports to the countries that signed EPAs
- no additional specific funds for the PAPED for the WA EPA or the EAC EPA
- impossible promise to finance the PAPED at 6.5 billion euros every 5 years until 2035
- interdiction to raise export taxes even though the population will rise by 61% in WA and 71% in EA from 2015 to 2035
- hence impossible promise to cover the net fiscal impact of ACPs having signed EPAs
- in 2010 the EU cancelled its commitment to provide a trade framework equivalent to the Cotonou regime for ACPs refusing to sign EPAs
- it did not propose the two alternatives compatible with the WTO, namely a WTO waiver or the GSP+ status
- huge overestimation of import duties to be paid to the EU if they do not ratify the EPAs
- the EU offers much better access to its market to wealthier developing countries and developed countries that have signed FTAs than to ACP countries that have not signed EPAs
- the EU does not care that countries having signed FTAs are violating human rights
- the percentage of agricultural and fish products liberalized in the WA EPA, based on WA exports from the EU28-UK in 2015, was of 37.5%, which would have implied a loss of import duties of €90 M if the EPA was applied that year, but without taking into account the additional imports and duties losses linked to the gap between EU28-UK FOB value and WA CIF value, the large rise in population, the trade diversion and the losses of VAT on imports up to 2035[12].

Comments on "Modernizing and simplifying the CAP"

The Omnibus Regulation on the modernization and simplification of the CAP essentially aims to give Member States more freedom to simplify the constraints of farmers in obtaining aid. But this cannot be called a modernization of the CAP. In all its recent documents on agricultural markets, DG Agri rightly points out the high volatility of world prices that affects EU agricultural prices and incomes. It has therefore multiplied the patches and additional occasional direct aids to try to curb the crises linked to the fall in prices without calling into question the main instruments of the CAP, and particularly its decoupled payments.

The primary objective of the CAP should be to stabilize farmers' incomes so as to give them medium- and long-term prospects. To do this, it would be very useful to follow the example of the United States (US) to give up decoupled payments and replace them with anti-cyclical aids.

[11] *The EU fraudulent behaviour to extort the signing of the EPAs*, SOL, 11 December 2016 (http://www.sol-asso.fr/analyses-politiques-agricoles-jacques-b/)
[12] *West Africa's losses of customs revenues with the WA EPA or interim EPAs*, SOL, October 5, 2016 (http://www.sol-asso.fr/analyses-politiques-agricoles-jacques-b/)

But not just any. Two of the best US agro-economists, Daryll Ray and D. Schaffer, who are also working on proposals for the next Farm Bill of 2018, have published a series of weekly analyses in the last two months[13] to identify the best policy to be adopted. We will make extensive extracts of their analyses.

"*We believe that farm policies ought to be designed so as to treat the cause of farm problems, not the symptoms. Our concern about the current array of crop programs is that they are designed to treat the symptoms, price variability while prices are at or above the cost of production, while ignoring the possibility of prices that are well below the cost of production and likely to remain there for extended periods of time*"[14].

Then they criticize both decoupled direct aids, deleted by the Farm Bill 2014, as well as the huge aids to agricultural insurance and the past counter-cyclical payments (CCPs).

Their criticism of direct aid, decoupled or not, is all the more appropriate for the EU, since it was inspired by the US example to decouple aids since the 2003 CAP reform: "*We think a direct payment program is politically unsustainable and philosophically unjustifiable… It was argued that these decoupled payments would not distort production decisions, thus they would be seen as not-trade-distorting and thus legal under the rules of the World Trade Organization and its predecessor. That argument never made much sense to us, because any money that farmers receive, whether from off-farm employment or direct payments has an effect on production or at least rental rates for farmland. In addition, it does not make sense and it is politically unsustainable to provide direct payments to farmers during periods of high prices when farmers are making a profit. While decoupled direct payments are no longer a part of farm policy, we do not want to see them return. If we are going to support farmers or farm production, there must be a reason. Giving money to farmers whether they need it or not, weakens the argument for farm programs and we believe there is a reason for well-designed farm programs*"[15].

They criticize counter-cyclical payments (CCPs) because they do not tackle the fundamental problem of the agricultural market: "*CCPs do not address aggregate crop agriculture's basic market problem: its ability to "right" itself after being capsized by persistently low prices*". But they retain as fundamental to maintain the farmers' flexibility to choose what to produce. Unlike Mr Tassos Haniotis who suggested, at the meeting of the Civil Dialogue PAC of 16 December, that production flexibility was linked to decoupled direct aids whereas it is compatible with a supply management programme as shown by D. Ray and D. Schaffer.

They also strongly criticized subsidies to agricultural insurance, which has become the first form of direct payments for several years, even before the 2014 Farm Bill: "*We do not think that the government has any business subsidizing crop revenue insurance that guarantee "prices" that are above the cost of production. If farmers want to do that, they should pay the full premium, though the premium would probably be unaffordable. The reason this kind of insurance would most likely be unaffordable is that while a hailstorm is a relatively random event, price is systemic… We would go further in arguing that revenue insurance has done more to drive up the price of land than any of the older programs revenue insurance replaced. These programs were replaced, in part, because it was argued that the payments were being*

[13] http://www.agpolicy.org/articles16.htm
[14] http://www.agpolicy.org/weekcol/846.html
[15] http://www.agpolicy.org/weekcol/845.html

capitalized into the price of fixed resources like land. As we look at the last decade, it seems to us that the cure (revenue insurance) was worse than the disease (price support programs)".

They also criticize marketing loans in their current form because they subsidize the whole production: "*We do not like programs like the marketing loan program, more commonly known as the Loan Deficit Payment Program (LDP). With LDP, we end up paying on each bushel of production, while the price problem is often a matter of 100 to 500 million bushels in excess over a crop of up to 14 or 15 billion bushels. To target production that exceeds current demand, and at current levels LDP rates are so much lower than the cost of production that they provide farmers with minimal aid*"[16].

And they come to the conclusion that "*If properly instituted, a supply management program would be less expensive than current programs, protecting farmers from extremely low prices and consumers from extremely high prices ... Moreover, government costs would be lower than they have been over the last decade... A key element of supply management is to take excess storable commodities off the market by way of a nonrecourse loan program when prices fall below the loan rate and then release these reserve stocks back into the market when prices exceed a release price… A supply management program works by setting a loan rate (the price at which the commodity is taken into storage) and a release price (the price at which the commodity is made available to the commercial market)… The loan rate serves to establish a floor price that protects farmers from long periods of low prices while the release price protects consumers when supplies are tight as the result of decreased supply or increased demand. By setting these two prices, the program establishes a band within which the commercial market and the forces of supply and demand establish the price that allocates the commodity among various competing uses… Thus the government's investment in the program serves the needs of both the producer and the ultimate consumer by moderating prices at both ends… We also believe that the loan rate for each crop ought to be set at a level, between the variable cost of production and the full cost of production, that will allow farmers to remain in production. This does not guarantee any but the most efficient to earn a profit while enabling most to put in a crop next year. To us it does not make sense to have a loan rate set at one level and a target price set at a higher price and thus two programs. We only need one program—one that works… If the US were to make a supply management program the cornerstone of future agricultural policy, we would suggest starting with the release price set at 175 percent of the loan rate.*

To keep the reserve from exceeding the maximum size, production will have to be reduced which means reducing acreage. In the past, acreage was set crop by crop which led to distortions as the relative usage and prices of the various row crops changed. Any future program would have to allow for planting flexibility and instead take a certain amount of acres out of production, allowing farmers to choose their own crop mixture… In addition, if the loan rate were to be set properly, then the program would be a true Blue Box program under current trade agreements. It would mean that US farmers could not be accused of dumping surplus grain on the world market at prices that are below the cost of production. In addition, particularly for farmers in the least developed countries, this program would put a floor under their prices and provide them with some stability as well".

And to summarize: "*Such a program would allow farmers to take out a short-term, nonrecourse loan on their crop or a portion of their crop. The loan would be made at the loan rate times the amount of production put under loan and the crop would be the collateral for the loan. Farmers*

[16] http://www.agpolicy.org/weekcol/845.html

would be able to pay off the loan plus interest at any time up to the term of the loan, say 9 months. If the price in the marketplace were to be lower than the loan rate, they could then forfeit the covered commodity as full payment of the loan. The government would have no recourse to collect the difference between the amount owed and the value of the crop at the settlement of the loan. When we have done this in the past, the season average price paid to farmers has remained above the loan rate and only a small portion of the crop has been forfeited".

What lessons to draw for the CAP from these recommendations for the next Farm Bill?

Of course, for the EU to switch to this type of price policy, the challenge is enormous, since decoupled aids accounted for 93.5% of direct aids and 69.8% of the EU's agricultural budget in 2014. But the policy pursued by the EU since the CAP reforms of 1992 and 1999, pushed to its paroxysm with the decoupling since the 2003 reform, is a leap forward which only postpones the inexorable deadline when this decoupling will be sued and condemned at the WTO, maybe even by the US – which has been condemned by the Appellate Body in March 2005 as its direct payments were not really decoupled because farmers getting them were prevented to grow fruits and vegetables and wild rice –, once the TTIP enters into force… if it does ever! But under Donald Trump's Presidency, TTIP or not, the probability is greater that the US won't let the EU off lightly.

The EU Commission should remember the golden age of the CAP when the level of agricultural prices shown a relative stability. At least their reduction was deliberately planned, given the sharp rise in yields, to maintain an acceptable level of agricultural incomes, even if they were very unevenly distributed, which fostered a high concentration of farms. The high protection of the internal market has prevented agricultural prices to be destabilized by imports. With the huge exception however, that proved disastrous, of the unprotected imports from the early 1960s of oilseeds (soybeans in particular) and feedstuffs cereals substitutes (cassava, citrus pulp, corn gluten feed). This lack of protection has been the main source of the CAP's major problems: increasing surpluses of cereals, meat, eggs and dairy products, which required huge export subsidies (refunds) and storage costs before exporting these stocks at a huge loss. In that period the CAP practiced a massive dumping which was tolerated by the GATT, but this major flaw could have been avoided. Contrary to the free trade prescriptions of the international institutions – IMF, World Bank, OECD, GATT and WTO –, it is the lack of adequate protection of feedstuffs that generated this dumping but also all the excesses of intensive farming, source of environmental pollutions. As oil had also been very cheap for a long time, that led to an excessive use of chemical fertilizers, another source of pollution and environment degradation.

A primary recommendation to counter the increased volatility of agricultural prices is to come back to an extensive use of variable levies (VLs) – which have been so efficient to raise strongly the EU agricultural production from 1968 to 1994 – to stabilize in euros the entry prices of imported products. The EU is still doing it for some cereals and some fresh fruits and vegetables but this use should be largely expanded, first on feed imports. The fact that the WTO Agreement on agriculture has forbidden their use does not hold water as they are still present under many masks[17].

Of course, aligning the agricultural prices of EU cereals and oilseeds on their average production cost without direct aids would have the double effect of increasing strongly their

[17] *How to regulate agricultural prices*, the English version of J. Berthelot's book "*Réguler les prix agricoles*" (L'Harmattan, 2013), can be downloaded for free on https://www.sol-asso.fr/articles-de-2013/

prices and reducing the competitiveness of EU cereals and animal products, so that these radical changes should be planned over several years. But the gradual increase in food prices is essential in developed countries also for two reasons: to allow the sharp reduction in the share of animal products in households' consumption in order to have enough vegetable products (cereals, tubers, legumes, fruits and vegetables…) and water to feed the 9.7 billion people of 2050, together with the positive effects on Europeans' health; and to reduce food waste at the level of the final consumer, the higher the share of food in households' budget: 115 kg per head in the US, 95 kg in the EU, 11 kg in South and South-East Asia and 6 kg in sub-Saharan Africa[18]. Given that the rise in world prices of cereals, particularly wheat, is almost guaranteed in the medium and long term given the sharp rise in the population of Arab and West Asia countries – whereas sub-Saharan Africa has the possibility of promoting local dry cereals, rice, tubers and plantains –, the plateau on European yields and the inevitable rise in the price of oil products, the EU could then increase its exports of wheat without dumping since its requirements for feed grain would decrease together with domestic consumption of animal products.

In order to stabilize the prices to producers and consumers due to EU domestic factors, it is necessary to draw some lessons from the supply management proposed by D. Ray and D. Schaffer for the US, but also to ponder again on the benefits of the dairy and sugar quotas, avoiding the absurdity to have fixed them from the start at levels far in excess of the needs of the internal market. Without forgetting to put in place a strong policy of better distribution of agricultural land rights in order to reverse the sharp reduction of EU farmers and land concentration, also incompatible with agro-ecological production systems and the relocation of agricultural food chains.

These few preliminary comments are very far from exhausting the many tools to be implemented in the next CAP to contribute positively to its commitments on SDGs and a better protection of the environment. Not to mention the need to stop free trade agreements, particularly the EPAs imposed to sub-Saharan Africa, which can only have boomerang detrimental effects on the influx of clandestine migrants to the EU from an increasingly African youth without a future.

[18] Let us dare to reform the WTO for an equitable development, ROPPA, December 2015, https://www.sol-asso.fr/articles-de-2015/