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# **The EU's Common Agricultural Policy and food security in Sub- Saharan Africa**

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## Introduction

The Common Agricultural Policy (henceforth referred to as CAP) is one of the leading EU policies in terms of funding and scope (Pe'er *et al.*, 2020). With a total budget of €58.4 billion per year as of 2019, it accounts for almost 40% of the EU's general budget (Pe'er *et al.*, 2020). Originally established under the Treaty of Rome in 1957, it was designed to meet several aims: increasing agricultural productivity, ensuring sufficient food supplies at reasonable consumer prices, enhancing the income of European farmers and stabilizing markets (Pe'er *et al.*, 2020). To date, the CAP continues to considerably influence the patterns of agricultural production and food consumption in Europe (Pe'er *et al.*, 2020). However, the CAP's influence extends far beyond the EU. Being a world leader in agricultural trade and ranking among the largest exporters of dairy, meat and wheat, any reforms made to the CAP impact agricultural development around the world (Candel *et al.*, 2014; Fritz, 2011). Especially in the geographical context of Sub-Saharan Africa (SSA), the CAP's impact on agricultural development, which has a high importance for food security, has been debated and often criticized (Kornher and von Braun 2020; Fritz 2011; Matthews and Soldi, 2019). However, these impacts are not straightforward and change continuously under the CAP reforms, which occur recurrently (Pe'er *et al.* 2020).

Currently, the CAP reform for the financial period of 2021-2027 is taking place; with the debate mostly evolving around how the CAP can be made compatible with the Green Deal, climate change and sustainability ambitions (European Commission, 2017; Pe'er *et al.* 2020). However, beyond the CAP, the agricultural relations between the EU and Africa are also affected by the EU's development policies and partnership agreements with African countries. Room for improvement remains when it comes to the policy coherence between the EU's different policies affecting agriculture and food security in Africa (Matthews and Soldi, 2019, p.1). This is why the recent reform also provides an opportunity to minimize the CAP's impact on food security by promoting greater policy coherence with the EU's international development cooperation objectives (Matthews and Soldi, 2019).

This policy brief aims to contribute to the discussion by demonstrating that the current situation warrants an assessment consisting of a nuanced analysis at the level of different agricultural goods and at the individual country context. It stresses the need for an enhanced understanding of the impact of the EU's policies on agricultural development and food security in Sub-Saharan Africa, as this is an important prerequisite for an agenda with heightened policy coherence. The CAP reform provides an excellent opportunity to make agriculture more environmentally and socially sustainable on the European level. In addition, it provides an excellent opportunity to contribute to long-term food security abroad and to simultaneously achieve development objectives (Pe'er *et al.*, 2020).

## Understanding the Basics of the “CAP”

The CAP can be understood as a combination of original goals and recent innovations. Hence, its framework consists of two pillars: the first one comprises income support and market measures and the second one focuses on rural development to promote competitiveness and sustainability (Pe'er *et al.*, 2020). Pillar 1 objectives are granted through different types of Direct Payments –coupled or uncoupled<sup>1</sup>–, calculated per hectare, and conditioned to comply with very environmentally-lax requirements. Pillar 2 is of recent creation and focuses on Rural Development Programmes, involving actions to diversify the mix of producers by supporting rural areas and young farmers (Augère-Granier and Sgueo, 2016). Additionally,

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<sup>1</sup> Coupling payments involves linking the receipt of income support payments and the production of specific products, as a measure to control the production of certain goods that require market support and stabilization.

the second pillar encourages fair and sustainable practices through the allocation of payments to farms that follow AEEM (agri-environment-climate measures), organic farms and Natura 2000 sites and this scheme has since been demonstrated ecologically efficient (Batáry *et al.*, 2015).

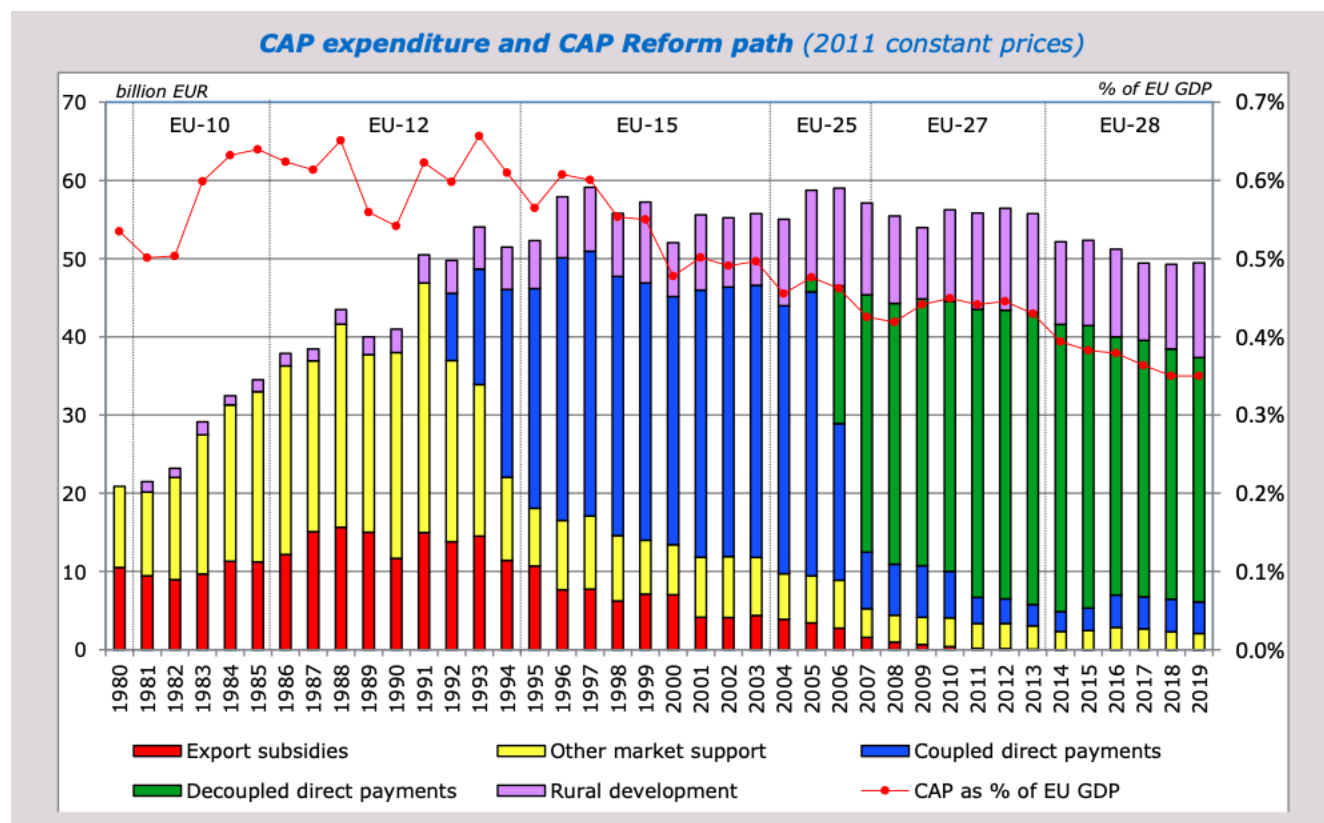


Figure 1: CAP expenditure and CAP reform path (Source: European Commission, DG Agriculture and Rural Development, 2020).

The aforementioned design of the CAP has created distortions in the global market due to the stimulus that farmers receive from intensive and massive production. By coupling the Direct Payments in Pillar 1, farmers are encouraged to produce more, as bigger production leads to bigger subsidies. Consequently, European farmers make use of intensive methods and inputs like fertilizers, pesticides or irrigation water systems that end up degrading the environment. Furthermore, the surplus generated from the market distortion is “dumped” into regional markets like the African market (Levard and Garcia, 2019). The European Union has worked to override these effects by creating the “green payments”, that reward farmers for the public goods they provide (Westhoek *et al.*, 2012); nonetheless, only a 5% of EU’s farmland experienced changes in management, which has proven the greening scheme inefficient (ECA, 2017, p.6). Other CAP schemes face similar situations, like direct payments supporting ANC (Areas of Natural Constraints), who were created to counter gas emissions but ended up supporting practices and sectors with significant GHG emissions (Alliance Environment, 2019; Pe’er *et al.*, 2020).

### The CAP and Policy Coherence for Development

Trade plays a vital role in supplying food products and supporting agricultural markets. However, international organisations, researchers and activist campaigners argue that the CAP has had various adverse impacts, with “low-priced food imports (having) weakened the agricultural sectors of African

countries in the long-term and (having) hindered the development of competitive agricultural production” (Kornher and von Braun, 2020, p.7; Matthews 2008; European Commission 2020). However, correcting these effects will not be possible from one day to the next given that agricultural productivity is highly dependent on long-term investments in innovation as well as favorable framework conditions (Kornher and von Braun 2020).

To increase policy coherence and outcomes in the long run, Pe'er *et al.* (2020) thus recommend that the EU focuses on identifying and addressing the global impacts that the CAP has had in countries in the global South. This will help to “achieve a reduction of environmental leakage and global negative land-use effects as well as market distortions by EU agriculture, and to comply with the EU’s principle of ‘Policy Coherence for Development’”, which is enshrined in Article 208 of the Treaty of the European Union (Pe'er *et al.*, 2020, p.312; European Commission, 2015). The new EU-Africa Strategic Partnership provides an opportunity to improve policy coherence in the domain of agriculture and to simultaneously stimulate further development (European Commission 2020). The Communication to the Parliament and the Council expresses that a partnership on agriculture could help to achieve the Sustainable Development Goal of zero hunger while addressing food security, promoting local food production, and developing environment-friendly agricultural practices that can integrate biodiversity concerns (European Commission 2020). However, as the agricultural profile and food import situation varies from country to country, a case-by-case analysis of imports is warranted. This is illustrated by two case studies on meat and dairy imports.

### **Case Studies: Poultry Meat and Milk**

#### **Milk**

In the case of the dairy sector, the CAP has encouraged a process of “dumping” in the African markets, flooding it with European milk products, specifically milk powders. The main causes are the withdrawal of milk quotas in 2015 and the increase of coupled support payments in the last 7 years. First, by lifting the milk quotas, the production of milk derivatives rocketed and the European market produced a surplus that lowered prices and forced farmers to export it, mostly to West Africa, due to its rising demography and demand (Livingstone, 2018). In addition, direct payments –and therefore, subsidies– stimulated additional production and contributed to the downwards price trend; Burkina Faso for example has faced competency problems, as European-made milk powder costs a third of local pasteurized milk (Broutin *et al.*, 2018).

The effects of these CAP-made market distortions in West Africa range from environmental issues to security vulnerabilities. Since 2016, the main export of the EU to this region has been re-fattened milk powder, that make up 74% of the EU milk powder production and is refattened with palm oil, twelve times cheaper and unsustainable than milk fat (EMB, 2019). Equally important, the lack of competency of the regional market increases unemployment, forcing farmers to migrate to Europe or get into illegal activities and therefore aggravating security in the Sahel and West Africa (Livingstone, 2018). Thus, the European largesse towards its farmers punishes African countries and contravenes the EU’s goals of promoting development and security in Africa, showing the policy’s incoherence with the EU-Africa Strategy.

#### **Poultry Meat**

Approximately one quarter of meat products imported by African countries come from the EU, with an estimated €1 billion worth of meat having been exported from the EU to Africa in 2018 (Kornher and von Braun, 2020). Especially chicken meat is highly popular, with most poultry exports going to South Africa and West African countries including Ghana (Matthews and Soldi, 2019; Kornher and von Braun, 2020).

However, owing to the low demand for poultry in Europe, the EU poultry sector only benefits minimally from CAP subsidies, which causes high European producer prices that are not necessarily a consequence of the CAP (Kornher and von Braun, 2020). Nonetheless, imported poultry from the EU is predominantly cheaper than domestically produced poultry products (Kornher and von Braun, 2020). Moreover, local poultry producers in SSA are currently not competitive with EU producers, for example due to a lack of poultry farming infrastructure, which implicates that “the absence of poultry imports to Africa is not a sufficient condition for domestic poultry production” (Kornher and von Braun, 2020, p.23). Reducing meat, and in particular poultry, exports to Africa would thus primarily cause a supply shortage and burden African consumers with higher costs (Kornher and von Braun, 2020).

Given the impact of meat production on the environment, the climate change and environmental considerations that are supposed to be considered in the CAP reform for 2021-2027, in combination with the European Nitrate Regulation’s implementation, are predicted to reduce the amount of livestock farming and hence meat production in Europe (Kornher and von Braun, 2020). Kornher and von Braun (2020) predict that meat exports, including poultry but especially pork, could decrease by up to 52%. This supply shortage could lead to an increase in meat prices, reducing consumers’ purchasing power and hence influencing food security (Kornher and von Braun, 2020). However, other meat exporters to Africa, such as the US and Brazil, would likely absorb the reduced export of European meat (Kornher and von Braun, 2020).

### Case Study Findings

As the different case studies demonstrate, the agricultural and food sectors in countries across Africa are dependent on EU exports and continue to be affected by the CAP to date. However, the picture is not straightforward: the CAP has had different effects on varying food products, and it is difficult to isolate and measure its impacts because they vary on a commodity-to-commodity and a country-to-country basis (Matthews, 2008; Pe’er *et al.*, 2017). Local food prices and food production are also affected by factors external to the CAP scheme such as the import prices of other major exports and trade partners such as the US and Brazil in the case of poultry, and New Zealand in the case of milk powder (OECD/FAO, 2020; Kornher and von Braun, 2020). The pricing, quality and availability of locally produced products also depends on local factors including production capacities, agricultural policies, governance choices and weather patterns.

### Policy Recommendations

- The current CAP, with the 2013 reform, provides for “inter-pillar flexibility”, making the MS able to transfer up to 15% of total funds between pillars (Augère-Granier and Sgueo, 2016). In addition, the second pillar enables the member states and regions to design freely sub-programmes in order to grant special support to small farms, young and women farmers, biodiversity or climate change mitigation. Therefore, to provide a comprehensive approach to sustainable and fair regulations, the CAP must improve and expand this pillar (Pe’er *et al.*, 2020). The new approach must stem from the transformation of Direct Payments into payments for public goods –aligning environmental and socio-economical interests–, the promotion of innovative approaches to Eco-schemes and prioritizing sustainable-driven actions. In order to reduce the environmental leakage and global negative effects, the European Union is to strengthen environmental monitoring to rapidly address the CAP’s impact in the global South and the European farmland.
- In the scenario where agricultural subsidies are linked to environmental and climate regulations, the cost of agricultural production inside of the EU is expected to increase (Kornher and von Braun

2020). It is expected that this measure would reduce the production and export surpluses of the EU, creating local incentives to invest in domestic agriculture in countries across the African continent (Kornher and von Braun, 2020). Consequently, the solution must stem from better governance and distribution of funds.

- The next CAP reform should aim to improve policy coherence with the EUs development objectives, the European Green Deal, and goals that are addressed in the new Africa- EU Strategy which lie at the nexus of trade, agriculture and development (Matthews and Soldi, 2019).

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