



*Association des Industries de la Chocolaterie,
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CAOBISCO STATEMENT ON THE FUTURE OF THE CAP POST 2013

Through its **2000+** companies, CAOBISCO, the Association of the Chocolate, Biscuits and Confectionery Industries of Europe, represents more than **245,000** direct employees and generates more than **51** billion Euros annual turnover. CAOBISCO industries show a production of **10,4** million tons of products; **4,4** billion Euros of exports, i.e. **10%** of the total value of food exports from the European Union; and an import value of € **1,2** billion. In terms of raw materials usage we represent over **50%** of world cocoa consumption, **30%** of EU sugar consumption and are the major users of dairy and cereals.

CAOBISCO shares the position on the CAP beyond 2013 and especially the **3 key guiding principles** with its umbrella organisation CIAA, the Confederation of the European Food and Drink Industry:

- **Security of supply:** CAOBISCO industries rely on access to adequate supplies of safe, nutritious and sustainable agricultural raw materials that correspond to specific quality criteria and that are competitively priced.
- **Market-orientation:** Have farmers respond to market signals through an efficient functioning of markets without any negative impacts on the downstream food processing industry.
- **Sustainability:** the application of environmentally sustainable and resource-efficient agricultural practices should be a core element of any future agricultural policy.

The future European agricultural policy must remain a **common policy**: this is essential for guaranteeing equitable competition conditions within the EU. Maintaining a single market for agricultural products must remain the guiding principle for the future.

The 2003 CAP reform and the 2008 Health Check have allowed EU farmers to better **respond and react to market signals and conditions**. The future common policy must primarily be dedicated to promoting a **demand-driven production** of agricultural raw materials. We should regard agricultural production as part of the food system, not as an individual objective. A demand-driven agricultural policy focuses on consumers' and customers' needs rather than on farm income and supply control. The transition from coupled payments is one of the most important steps.

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- For CAOBISCO, it is crucial that the primary role of EU agriculture is, and remains, the **production of agricultural raw materials for food and feed**. CAP measures should be designed to ensure and facilitate an adequate supply of raw materials from European production whilst, at times of shortages on agricultural markets, being open to non-EU raw materials, according to the specific needs of CAOBISCO industries.
- The use of current market instruments are most of the time not reflecting the realities of the markets. Fast track actions should be put in place to intervene rapidly when market imbalances occur. **Production quotas should be eliminated** in all common market organisations.
- Competitiveness should also be looked at from the food chain perspective: no competitive agriculture without a **competitive food industry**. Agricultural policy and related trade mechanisms should allow EU food industry to grow and compete among each other and with 3rd country producers. Our export competitiveness should not be hindered by agricultural interests. For example, food processors must be given free and un-bureaucratic access to world market goods for its export business to non-EU countries as an alternative to the lapse of EU export refunds.
- If we have learned anything over the last decade, it is that natural resources, including biodiversity, are finite and should be used in a responsible manner. Agricultural activities are, by nature and design, a major contributor to climate change, water stress and other environmental impacts, both negatively and positively. The consumer increasingly demands food chain partners to **lower the environmental impact** of their products. Agricultural policy should facilitate reaching this objective.
- **Direct subsidies** to farmers should be linked to the accomplishment of cross compliance measures with the purpose to improve the environmental and economic sustainability of agricultural activity as well as the market fluidity of related products. Good agricultural practices, able to combine farming efficiency and sustainability, should be defined in this sense (e.g. precision farming, crop rotation, rational fertilization, integrated pest control, carbon sequestration, soil-water-energy efficient use) and also commercial practices improving market fluidity (e.g. forward and planting contracts, delivery by monthly quotas, innovative pricing formulas).
- While at the same time Caobisco agrees that the provision of **public goods** is a legitimate policy goal, any interference of this policy with markets should be avoided. Public goods are not the exclusive domain of farmers and the policy targeting these public goods should therefore be broader than the CAP. Furthermore, Caobisco does not consider **food security** a public good and fears that including it in this debate will result in promoting protectionist measures. Food security is the result of an efficient private sector supported by a **holistic food policy** that integrates agriculture, environment, social, development, trade policies into one coherent vision.
- **Innovation**. The CAP must support investments in new agricultural technologies, R&D, infrastructure, training of food scientists and knowledge transfer to farmers. Investments should

be aimed at improving good agricultural practices, resource efficiency, increased yields and further improved safety, quality and environmental performance of agricultural raw materials.

- Given a scenario of agricultural markets strongly affected by **price volatility**, the future CAP should encourage and support the adoption and the access to mechanisms and tools useful to better manage and mitigate the risks related to such increasing volatility. A wider availability of derivatives (futures and options) on “listed”, transparent markets properly regulated and an easier access to them, as well as crop insurances, may be considered coherent examples in this sense. Incentives for private storage of agricultural products, in addition to the main positive effect in terms of supply security, may also be considered in a price volatility management perspective. A clear definition of “safety nets”, so as to avoid extreme fluctuations is the first priority. Mechanisms based on market signals should be in place to avoid abuse of these safety nets for political reasons.
- More **market data transparency** is needed at the EU level for all commodities. Clear and complete data on milk production, processed products, public and private stocks and consumption is essential to avoid speculation on the market and organize security of supply. Related to this, futures markets will become important for suppliers and users to budget and plan for the future.
- Finally, CAOBISCO would like to stress that **improved policy coherence across all policy areas driving supply** (food safety requirements, new technologies, environment protection, animal welfare standards, trade, development, competition law, consumer and social policies) is crucial to avoiding potential contradictory objectives. Impact assessments should be a mandatory requirement when changes are made to legislation which could have a significant impact on food supply.
