



Eurocare's response to "The reform of the CAP towards 2020 - Impact Assessment"

January 2011

EUROCARE (The European Alcohol Policy Alliance) is an alliance of non-governmental and public health organisations with around 50 member organisations across 21 European countries advocating the prevention and reduction of alcohol related harm in Europe. EUROCARE is a member of the European Public Health and Agriculture Consortium and broadly supports their consultation response relating to chronic disease and healthy diet, but would like to respond specifically on the issue of CAP and alcohol policy.

Europe is the heaviest drinking region in the world, with a consumption level of 11 litres of alcohol per adult per year¹. This is over 2.5 times the rest of the world average. Alcohol is a key health determinant and is responsible for 7.4% of all ill - health and early death in Europe, which makes it the third leading risk factor after tobacco and high blood pressure².

EUROCARE believes that the CAP can play a profound role in improving health and tackling health inequality, but to do this requires a systematic reform. Production of food and agricultural policy are important social determinants of health. The CAP is an important European policy, but needs to change to reflect current and future challenges and be relevant for its citizens. Reducing levels of alcohol consumption and alcohol related harm, and related social inequalities are a major challenge for the EU. Eurocare would also like to stress that currently chronic diseases are a significant burden in the EU and represent a major barrier to sustainable development in the EU. The cost of alcohol-related harm to the EU's economy has been estimated at €125 billion for 2003, equivalent to 1.3% of GDP³. This estimate includes, amongst others, losses due to underperformance at work, work absenteeism and premature death. The actual spending on alcohol-related problems in the EU is estimated at about €66 billion, e.g. on crime, traffic accidents, health, and disease treatment and prevention⁴. Alcohol consumption, together with diet, physical activity and tobacco use are the primary modifiable determinants of chronic disease. Excessive

¹ WHO, World drink trends

² Top 9 risk factors for ill-health in the EU, Adapted from WHO's Global Burden of Disease study (Rehm et al 2004 Alcohol in Europe Anderson P, Baumberg B, Institute of Alcohol Studies, UK June 2006

³ Report on Alcohol in Europe (Anderson and Baumberg), June 2006

⁴ An Ex Ante Assessment of the Economic Impacts of EU Alcohol Policies, (Rand Corporation), July 2006



consumption of alcohol is a risk factor for Obesity and overweight, Cardio-vascular disease, cancer and diabetes type II.

Eurocare welcomes the opportunity to contribute to the Impact Assessment on the reform of the CAP towards 2020. Although the communication and corresponding impact assessment highlights deals with broad ranging issues relating to food and agriculture policy, Eurocare would like to highlight the role of the CAP relating to alcohol consumption and policy.

QUESTIONS

1. Are the policy scenarios outlined consistent with the objectives of the reform? Could they be improved and how?

We welcome and broadly accept the objectives put forth by the communication on the reform of the CAP and applaud the Commission for recognizing that CAP can play a role in preventing diet related chronic disease by making healthy and nutritious foods more readily accessible. The World Health Organisation (WHO) estimates that 80% of cardiovascular diseases, 90% of type 2 diabetes and 30% of all cancers could be prevented by a healthy diet⁵. Likewise reducing consumption of alcohol in the EU would play an important role in preventing chronic disease. Eurocare would like to highlight the role that CAP plays in subsidizing alcohol production and promotion of alcohol beverages. It is not the relative level of this spending, but more an issue of policy coherence. Addressing these objectives in a consistent manner would provide multiple benefits including a healthier workforce and more inclusive growth.

Building on the commission's text, Eurocare suggests that the headlines in Section 3 should read:

- Developing the agricultural production capacity on a **sustainable, equitable and ethically sound basis** throughout the EU
- Ensuring food security, safety and quality in a manner consistent with public health, environmental and ethical standards and equity

Based on this a policy scenario for sustainable development needs to be devised which draws on elements from the 3 proposed scenarios, which focus on a thoroughly revised policy framework to meet these 4 objectives.

- The Single Payment Scheme (SPS) needs to be changed so that **payments are conditional on** a minimum set of good agriculture practices, environment and **public health criteria** to ensure that EU goals for sustainable development are met.

⁵ World Health Organization (2008) 2008-2013 Action Plan for the Global Strategy for the Prevention and Control of Noncommunicable Diseases, World Health Organization, Geneva.



Additional payments can be received for specific environmental or public-services supporting strategic issues or national priorities.

- The SPS should be harmonized to achieve equality of payments between Members States and within Member States. More equality in Members States can be achieved by capping payments for single beneficiaries and making them subject to conditions relating to environmental and social goals i.e. employment and public health.
- Market measures should incorporate a food systems approach, strengthening the position of consumers and farmers, taking special care not to disrupt developing markets or undermine food security. Promotion funds should be consistent with public health goals, including promotion of products containing alcohol and reducing the impact of alcohol consumption.
- A strengthened approach to strategic targeting and ensuring that policies are coherent with EU goals relating to public health, regional development and inclusive growth.

2. Are there other problems apart from those set in the problem definition section of this document that should be analysed when considering the architecture of the CAP in the post 2013 period? What causes them? What are their consequences? Can you illustrate?

Eurocare believes that the following issues should be brought into the analysis to meet the objectives as defined:

- **Elimination of subsidies for products considered damaging to health:** Regarding public health, the CAP tools should not promote products regarded as damaging to health such as alcohol, whilst the EU increases efforts and funding to encourage its population to refrain from excessive alcohol consumption.

Subsidies for production and promotion of alcoholic beverages are counterproductive to all public health measures that are taken in other EU policies to reduce harm caused by alcohol. Ending subsidies for promotion of alcoholic beverages would lead to greater consistency of the EU legislation and better spending practice of the EU budget.

Nevertheless currently, (mainly through promotion strands) the EU subsidises promotion of alcohol. For instance, the production of wine alone receives €1.5 billion worth of support yearly through the Common Agricultural Policy (CAP)⁶. CAP subsidies for distillation of alcohol should be phased out in the next framework.

⁶*Ibid.*



- **Health and social equity:** Currently, social inequalities in health are major barrier to improving population health, maintaining a healthy and productive workforce and sustainable growth. It is estimated that health inequalities cost the EU €980 billion related to welfare losses or about 9.4% of GDP⁷. About 10 million people live below the poverty line in rural areas within the EU: they include concentrations of poverty and exclusion among certain minorities, including many Roma people, particularly in the new Member States. In most countries, their needs are not effectively addressed by current rural development programmes. Improved economic analysis of policies and programmes that directly or indirectly affect health, social exclusion and distribution of these outcomes⁸ and creating programmes and evidence base for how food and farming needs can strengthen action to reduce health inequities.
- **Policy coherence:** As highlighted above, there are current inconsistencies between policies, both within the CAP and between it and other EU programmes. A future strategy must ensure the coherence of policies across key priorities such as public health, sustainability and the environment.

3. Does the evolution of policy instruments presented in the policy scenarios seem to you suitable for responding to the problems identified? Are there other options for the evolution of policy instruments or the creation of new ones that you would consider adequate to reach the stated objectives?

Eurocare believes that the challenges described in Section 2 of the impact assessment document call for a more dynamic and radical shift of policy than is implied in any of the three central scenarios. Farm incomes are depressed, the farm labour force is falling rapidly, health care costs related to chronic conditions are increasing, greenhouse gas emissions must be cut, loss of biodiversity must be halted, rural vitality must be revived, and public health and food safety must be assured. Gradual evolution of policy, given the challenges faced and speed and scope of change, will not be sufficient. The current reform must mark a decisive shift, into a new paradigm for agriculture policy.

Impacts

4. What do you see as the most significant impacts of the reform scenarios and the related options for policy instruments? Which actors would be particularly affected if these were put in place?

⁷ Mackenbach JP, Meerding WJ, Kunst AEJ, Economic costs of health inequalities in the European Union. *Epidemiol Community Health*. 2010 Dec 19. [Epub ahead of print].

⁸ Closing the gap in a generation. Report of the World Health Organization Commission on the Social Determinants of Health, Geneva, 2008



The question should be - what are the desired impacts of reform and which policy scenario will be most effective in achieving the desired impacts.

Our answers to those questions would include:

- Improved access to and affordability of foods necessary for a healthy and sustainable diet, in order to support public health nutrition objectives
- Phasing out of policies that have a negative public health impact
- Reduction of social inequalities in rural areas
- Further reduction of greenhouse gas emissions (through clear GHG limits in codes of farming practice)
- Reduce the emigration, especially for young citizens from rural areas to urban areas by action to diversify the rural economies and sustain services in these areas.
- Enlist the knowledge, capacities and resources of all stakeholders in the process of agricultural and rural development, by enabling local strategies and local partnerships to flourish throughout rural Europe.

5. To what extent will the strengthening of producer and inter-branch organizations and better access to risk management tools help improve farmers' income levels and stability?

6. What environmental and climate-change benefits would you expect from the environment-targeted payments in the first and the second pillar of the CAP?

7. What opportunities and difficulties do you see arising from significant increase the rural development budget and reinforcing strategic targeting?

8. What would be the most significant impacts of a "no policy" scenario on the competitiveness of the agricultural sector, agricultural income, environment and territorial balance as well as public health?

Eurocare believes that a "no policy" scenario would have devastating social, economic and environmental and lead to further intensification of production in order to sustain their competitiveness. The number of farms, and the farm labour force, would be drastically reduced and employment reduced. Territorial balance would be destroyed; migration from



rural to urban areas would accelerate, with serious consequences for unemployment, urban crowding, public health and pressure on public services. .

Monitoring and evaluation

9. What difficulties would the options analysed be likely to encounter if they were implemented, also with regard to control and compliance? What could be the potential administrative costs and burdens?

10. What indicators would best express the progress towards achieving the objectives of the reform?

Eurocare believes that the following indicators would best express progress towards achieving the objectives described above:

- Socio-economic status of people working in the agricultural sector.
- Measure of equality between people working in non-agricultural and agricultural sector.
- Allocation of promotion funds by sector
- Production levels by sector and type of production
- Indexed production costs, consumer prices, added value and profit margins by sector
- Indicators relating to consumption, including alcohol per country and disaggregated by gender, age and socio-economic-status;
- % of population facing food insecurity

11. Are there factors or elements of uncertainty that could significantly influence the impact of the scenarios assessed? Which are they? What could be their influence?

The speed of recovery from the present economic crisis, particularly in the eurozone. Delays in the recovery could seriously constrain the willingness and ability of Member States to contribute own share to the measures described in the scenarios or in our answers above. Special attention should therefore be given to co-financing and how this will impact on implementation in Member states.

Intensity speed and impact on climate change on agricultural production. Rapid changes in climatic norms, or rapid increase in the incidence of climatic extremes (storms, floods,



droughts, extreme cold or heat), which could disrupt farming, food markets, forests, ecosystems, infrastructure etc

1. PRACTICAL INFORMATION:

Consultation is open until 25th January 2011. Contributions should be sent to the functional mailbox agri-cap-post-2013-consultation@ec.europa.eu

Please address any inquires to:

agri-cap-post-2013-consultation@ec.europa.eu

or:

The European Commission
ISSG CAP post-2013
c/o Pierre BASCOU
130, Rue de la Loi
B 1049 Brussels
Belgium

