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Alan Matthews

Farmer Protests and the 2024 European Parliament Elections

Farmer protests in various cities around Europe have captured headlines in the early months of 2024. Although seemingly initiated by a random series of country-specific issues, they have converged around a series of demands that call for a change in course in the direction set for Europe's agricultural policy in the most recent revision of the Common Agricultural Policy (CAP) and in the agricultural elements of the European Green Deal. The European authorities and national governments have hastily put together a series of responses to what the Commission has described as "a crisis situation in EU agriculture" (European Commission, 2024) in the hope of calming the protests. Meanwhile, a key group of stakeholders are taking part in their individual capacities in a Strategic Dialogue on the Future of Agriculture designed to overcome the polarisation that now characterises farm policy discussions. This Dialogue was called for by Commission President Ursula von der Leyen in her State of the Union address in September 2023 and initiated in January 2024 with a view to bringing about a common vision for the future of agriculture and the food sector by summer 2024. It is thus unlikely to feed into or influence the election campaigns for the European Parliament elections in early June 2024.

At the time of writing (mid-March 2024) farm protests continue. This article looks at the origins of this recent wave of farm protests and asks whether a crisis situation exists in European farming as the Commission has suggested. It examines the measures that have been adopted and proposed in response. These measures, while consistent with the previously existing trend to roll back elements of the Green Deal, are in themselves limited in scope. While signalling a willingness to respond to farmers' concerns, they are unlikely to significantly change their situation. More radical changes have been put on the table, and these elements will play a role in the European Parliament elections in June 2024. Discussions are already beginning on the shape of the CAP post-2027, and a formal legislative proposal will be made by the new Commission. The outcome of the European Parliament elections will be

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crucial in determining the future prospects for the green transition in agriculture and the future extent for environmental and climate ambition in the CAP.

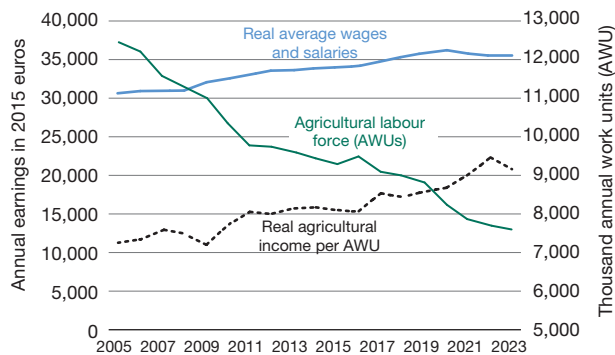
Issues behind the farmer protests

Protests by farmers against farm policies in Europe are not new. The current wave of protests might be traced back to the proposals by the Dutch government to reduce nitrogen emissions in half, including by cutting livestock numbers by up to one-third. This prompted large tractor protests in October 2019, which led to the creation of the Farmer-Citizen Movement (BoerBurgerBeweging, BBB) the following month. The fact that the BBB emerged as the biggest party winning the most seats in all twelve provinces in the Netherlands in the provincial elections in March 2023 was the first demonstration of the political power of agrarian protest and sent shock waves through the political establishment.

Protests by farmers in Germany in mid-January 2024 were instigated by the proposal of the Federal Government to phase out tax breaks on agricultural diesel as an emergency response to the Constitutional Court decision to declare illegal off-budget sources of financing of government spending. Italian protests were prompted by the proposed scrapping of an income tax exemption that had been in force since 2017. Spanish protests have been amplified by drought-induced restrictions on water use, French farmers are angry at supermarket prices, while farmers in central Europe bordering Ukraine want restrictions on Ukrainian imports, which they blame for lowering the prices they receive. A feature of the protests is the role played by social media and informal organisation, with the mainstream farm unions seeking to retain control after the event. This leaves the door open to the potential for disinformation by outside actors (via social media) as well as attempts to influence the protests by non-farm groups.

While the farm protests have a local flavour in each country, there are certain common themes. Farmers complain that farm prices are too low to provide a fair income, that imports not produced to European standards are undermining their markets and that the growing burden of environmental regulations has become intolerable. Farm unions have also used the Russian invasion of Ukraine to re-emphasise the importance of food production as a guarantee of EU food security and thus the need to rebalance priorities between production and environmental objectives.

Figure 1
Relative growth in EU real farm and non-farm incomes, 2005-2023



Source: Own construction based on Eurostat data.

Low farm incomes

Whether these issues add up to a crisis in the agriculture sector is debatable. If we look at farm incomes, for example, there is no doubt that many smaller farms are struggling to earn a decent income. But this is not a new phenomenon. Of the 9 million holdings in the EU (45% of which are in Romania and Poland alone), 65% are smaller than 5 hectares. Agricultural incomes relative to average wages and salaries in the non-farm sector have been steadily improving (from around 40% at the EU level in the mid-2000s to around 60% in the past three years) but as can be seen from Figure 1, a significant productivity and thus income gap remains.

This improvement in the relative income of agricultural workers has been driven mainly by farm consolidation (and the exit of farmers) rather than by an increase in the real value added in the sector overall. What is striking in Figure 1 is that agricultural income in the period 2021-2023 (also in real terms) was never higher. Despite higher input costs due to the war in Ukraine, 2022 was a record year for farm income, as the war also pushed up output prices given the difficulties Ukraine had in exporting to the world market. Farm prices (and input costs) have fallen by 11% from their high point in October 2022 in the year to October 2023 but they are still well ahead of pre-war levels.

For a better understanding of the income situation, an understanding of the great heterogeneity of farms is crucial. Those larger farms that produce the great majority of farm output can make a decent return for their labour at current prices (according to data from the EU Farm Accountancy Data Network, the largest 19% of farms represented by

that sample account for 77% of farm output). Conversely, this implies that many of the remaining 81% of farms are not able to properly remunerate a full-time worker and thus are hardly viable at their current scale in the longer run. The significant productivity gap that remains will only be closed by further farm consolidation. Thanks to the improved education that farmers have given to their children, these children now have a wide range of opportunities also in the non-farm sector. Returning to take over a non-viable family farm is no longer an attractive option. Many farmers feel keenly the lack of a successor to take over their farm. This ongoing process of structural adjustment, however necessary and inevitable, causes frustration, resentment and anger among those involved and is no doubt a deeper factor behind the recent protests.

In the past, farmers may have put up with lower incomes because of the sense of status and respect that came from being a farmer. Farmers are bitter because they feel they are losing this respect. Instead of being seen as heroic producers of a vital commodity, they are increasingly described as environmental villains and climate destroyers. In particular, the steady stream of criticism of those producing animal foods, whether on animal welfare grounds or because of their high climate footprint or their contribution to water and air pollution, has a sapping effect on morale. Instead of taking responsibility for these problems, farmers often adopt a defensive position of denial, manifesting itself in the recent wave of protests.

Environmental regulation

The focus of the protests on the burden of environmental regulation may reflect the introduction of the new CAP regulations in January 2023. The CAP is a subsidy policy and not a regulatory policy, but those farmers who benefit from CAP payments are expected to observe certain conditions. Some of these, the Statutory Management Requirements, are legislative requirements that would have force even in the absence of the CAP. The other conditions, referred to as cross-compliance in the previous CAP (2014-2022) and enhanced conditionality in the 2023-2027 CAP, consist of a series of Good Agricultural and Environmental Condition (GAEC) standards. Administration of these enhanced conditionality standards requires on-farm inspections for a small sample of farms each year, with the risk that farmers can lose some of their direct payments if found to be in default.

The GAEC standards in the new CAP are somewhat more stringent than in the previous CAP. For example, member states are now required to protect wetlands and peatlands (GAEC 2). Arable farmers over a certain size are required to implement crop rotation to improve soil health (GAEC 7)

rather than just crop diversification as under the previous CAP. They are also required to set aside a minimum of 4% of their agricultural area for non-productive features to support biodiversity (GAEC 8), whereas a greater number of options were available under the previous CAP, including production on this land. Despite these higher requirements, there was a significant reduction in the value of the direct payment support that farmers received. This was to some degree because the CAP budget overall was slightly reduced, in part because new eco-schemes are financed out of the direct payments budget, and in part because of further redistribution of existing payments, which inevitably results in losers as well as winners. The complaints about the excessive burden of environmental regulations may reflect this changing context as well as fears about the potential impact of impending legislation (see below).

Trade competition

Another front in the farm protests is the issue of competing imports, where two main concerns have been raised. For farmers in those Central European countries bordering Ukraine, particularly Poland, Hungary, Slovakia and Romania, the issue is imports of Ukrainian farm producers under the so-called “autonomous trade measures”. These were introduced in June 2022 and liberalised imports of agricultural products from Ukraine which had previously been subject to tariffs or tariff rate quotas. In April 2023, several frontline states unilaterally banned or threatened to ban imports of certain agricultural products from Ukraine because of their adverse impact on prices received by their own farmers. The Commission responded by allowing entry of imports of Ukrainian wheat, maize, rapeseed and sunflower seed only to member states other than the five frontline states (Bulgaria, Hungary, Poland, Romania and Slovakia) as well as providing limited financial assistance to farmers in these countries. The autonomous trade measures were extended for one further year in June 2023 but the safeguard measures lapsed in September 2023. At that stage, Poland, Hungary and Slovakia immediately reintroduced their unilateral import bans, and Polish farmers initiated a complete blockade of the Polish-Ukrainian border in February 2024.

For farmers elsewhere in the EU, their argument is that trade agreements encourage imports of products from countries whose farmers are not required to meet the same standards as EU producers, thus putting them at a competitive disadvantage. Farmers oppose the conclusion of free trade agreements that further liberalise agricultural trade such as the EU-Mercosur trade agreement. For trade in general, the demand is that higher environmental standards should be accompanied by mirror

clauses, essentially a requirement that imports into the EU should meet the same standards as demanded of EU producers.

There are many sources of competitive advantage, including access to land and lower labour costs, but also access to cheaper credit, more dynamic sources of innovation, government subsidies and a more effective institutional environment. How cost differences due to differences in environmental standards compare to these other sources of competitive advantage is an empirical question. For import-competing sectors, restricting imports on environmental grounds would be an additional form of protection contributing to higher prices for domestic producers.

Initial responses to the farmer protests

The farmer protests have already brought about changes in the political landscape at the EU level, reflected in a pulling back of the Green Deal legislative agenda, a weakening of some of the environmental initiatives introduced in the recent CAP reform, and the introduction of greater restrictions on imports of Ukrainian agricultural products. These measures, on their own, are unlikely to satisfy the more militant protestors, but more far-reaching changes will depend on the outcome of the European Parliament elections.

Environmental legislation

The argument that food production should be given greater priority in the wake of the Russian invasion of Ukraine, as well as the burden of environmental regulation, were widely used to justify opposition to legislative initiatives proposed by the Commission designed to pursue several of the targets set out in the Farm to Fork and Biodiversity Strategies. These strategies set targets, for example, to halve pesticide use by 2030, to cut fertiliser use by 20%, to devote more land to non-agricultural use and to double organic production. The major political group in the European Parliament, the centre-right European People's Party (EPP), decided to reposition itself as more farmer friendly in the light of several national and regional election results which highlighted growing support for far-right parties in rural areas.

As a result of its stance, the Sustainable Use of Pesticides Directive which would have set member state targets for the reduction in pesticide use was voted down in the European Parliament and subsequently withdrawn by the Commission. The Nature Restoration Law Directive was eventually passed in Parliament as EPP MEPs were divided on this issue, but with several targets relevant

to agricultural ecosystems removed or diluted, following political agreement with the Council. However, several member states subsequently withdrew their support and at the time of writing it appears that the Council may not approve this law despite its previous agreement. The Industrial and Livestock Rearing Emissions Directive (as it will be called) has been approved by Parliament and is expected to receive Council approval, but the Commission's proposal to bring more industrial pig and poultry units as well as large cattle units under its scope was mostly rejected. The Commission also decided not to bring forward a Framework Law on Sustainable Food Systems, intended to mainstream sustainability in all food-related policies, during its current mandate.

Revisions to the new CAP

Following the European Council meeting on 1 February 2024 which called on the Council and Commission to respond to the challenges in the agricultural sector, the Commission proposed a series of amendments to the CAP regulation agreed in 2021 and implemented since 2023. These include some simplification measures to reduce the burden of inspection and control measures for farmers and national administrations, but more importantly some relaxation of the GAEC standards that farmers should observe for eligibility for direct payments.

An initial relaxation of GAEC 8 gave a temporary exemption for one year from the requirement to maintain 4% of arable land as non-productive area by allowing the production of nitrogen-fixing crops or catch crops without pesticides on this land. Rules around the maintenance of permanent grassland (GAEC 1) were also adjusted. GAEC 7 requiring crop rotation on larger arable farms was amended to allow this obligation to be fulfilled by crop diversification. The most significant change has been the removal from GAEC 8 of the obligation to maintain a minimum of 4% of arable land as non-productive areas. Instead, member states will be obliged to introduce an eco-scheme that would pay farmers to take on this obligation. In addition to these responses at EU levels, individual member states have also introduced measures including reinstating tax reliefs and providing additional financial aid.

Parallel with these developments, the Commission has launched a survey to gather farmers' perceptions of the administrative burden of regulations. It is also working on actions to improve the position of farmers in the food chain and protect them against unfair trading practices, with proposals to be presented shortly covering issues such as market transparency, trading practices in the value chain and costs of production.

Tighter restrictions on Ukrainian imports

With three member states continuing their unilateral bans on imports of agricultural products from Ukraine, the Commission proposed in January 2024 a further renewal of the autonomous trade measures for one year from June 2024. To meet objections from the sugar, poultry and egg sectors, additional reinforced safeguards were introduced under which the trade regime for these products would revert to the original tariff rate quotas if imports from Ukraine exceeded the average levels in 2022 and 2023. The Parliament proposed to extend this safeguard to cereals as well as honey, and to include the year 2021 in the baseline for the level of imports to trigger the safeguard clause (thus tightening the trigger as Ukrainian imports were much lower in that year). The trilogue agreement with the Council in March 2024 did cover additional products but not wheat, and did not include 2021 in the baseline for the trigger.

Poland, Hungary and France pushed at the European Council summit on 21-22 March 2024 to adopt the European Parliament's original position, including wheat as well as the year 2021 in the baseline, a move which has been estimated would cost Ukraine €1.2 billion annually. The EU leaders asked the Council and Commission to work to address these issues "in a fair and balanced way while preparing a solution in the framework of the EU-Ukraine Association Agreement/Deep and Comprehensive Free Trade Area" (European Council, 2024). Domestic concerns over the farmer protests turn out to trump promises to aid Ukraine.

Implications for the European Parliament elections

Farmers' leaders are often quoted as saying that farmers want to be listened to and respected, and feel that this is currently not the case. This can seem a strange complaint from an interest group that traditionally has enjoyed unprecedented and privileged access to decision-makers and a historically close relationship with its responsible government ministry. What the complaint most likely reflects is that recent negotiations are no longer a cosy bilateral relationship between the farm unions and the familiar agricultural ministry but now involve a series of new actors with different priorities, including most obviously environmental agencies and interest groups but also public health advocates and climate activists. In this new world, farming interests are no longer the only game in town. It is no wonder that farmers feel they no longer have the ear of governments as readily as in the past.

In support of this assessment, we can point to the division of responsibilities for the Farm to Fork legislation. When

the new Commission took office in December 2019, key responsibilities for implementing the agri-food aspects of the Green Deal were given to the Commissioners for Environment, and Health and Safety, rather than to the Commissioner for Agriculture, while climate legislation was the responsibility of the Commissioner for Climate, who was also the Commission Executive Vice-President with responsibility for implementing the Green Deal (Matthews et al., 2023). These Directorates-General had not only different priorities, but also different cultures and ways of working. Farmers did not have the same relationship with them and found it more difficult to get their views across.

What is at stake in the European Parliament elections is whether these new structures will be dismantled and agricultural policy will return to a narrower focus on market management and farm income support. Some farm leaders would like to see the withdrawal of all Green Deal legislation, the abandonment of climate targets and any proposed limits on emissions, and an end to the regulation of environmental pollutants. These populist demands have been taken up by far-right parties in many countries attracting considerable support. On the other side, the calls for action to prevent biodiversity loss, to avoid the death of marine life in polluted rivers, lakes and coastal waters, to address increasing water scarcity in drought-prone regions, and to limit the adverse consequences of climate change, will only grow louder as these impacts become more obvious. The European Parliament elections will reveal how European voters decide between these priorities.

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