

Farmer Crisis

Is Europe's Dirigiste Ecological Transition Doomed to Fail?

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Over the past few weeks, violent protests by farmers have shaken Europe. At a time when the sector has been hard hit by the war in Ukraine, with rising fuel and fertilizer prices and increased imports of Ukrainian agri-food products into Europe, European farmers are taking action against regulatory constraints and low incomes. It is France that has so far seen the most violent protests. The new Common Agricultural Policy (CAP) introduced in 2023 and the “Farm-to-Fork” strategy of 2020 are at the core of the complaints.

- ▶ At this stage of the crisis, a large number of measures for calming the situation have already been announced, both by the French government and the European Commission. These measures, however, show that public authorities are ready to sacrifice the objectives of the ecological transition for the sake of social peace. This attitude could be further extended to other sectors if new protests arise, with the result that the Green Deal could eventually be pushed aside. Similarly, if European citizens increasingly vote for far-right parties who deny climate change, the transition will also be abandoned, even though our planet is at stake.
- ▶ What are the theoretical solutions? Acceptance will only come by fostering positive economic perspectives alongside increased regulatory effort, and by allowing actors to “own” the ecological transition. Thus, the transition will only succeed if it is also an economic success. In the agricultural sector, this involves consolidation of production, especially in France, as well as enhanced innovation and competition.

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1 The roots of the problem in France: the new CAP 2023, national measures and the war in Ukraine

The discontent being expressed by European farmers stems from the new CAP reforms, which came into force on 1 January 2023 and are supposed to remain in place at least until 2027. It is based on 10 fundamental objectives¹, four of which - protecting the environment, combating climate change, preserving biodiversity and improving product quality - reflect the environmental dimension of the reformed CAP. Reconciling these objectives was also, among other things, at the heart of the "farm-to-fork" strategy², launched in May 2020 and containing two flagship measures to help implement the new CAP: ensuring that 25% of land is dedicated to organic farming by 2030 (compared with 8.1% by 2023 in the EU and 10.7% in France³) and a 50% reduction in pesticide use over the same period⁴. Following presentation of the strategy by the European Commission in May 2020, a roadmap was drawn up in October 2021, proposing 27 legislative texts. Discussions are still underway between the Council of the European Union and the European Parliament regarding the adoption of some of these texts⁵.

France also implemented strong measures in favour of more transition-oriented agriculture. On the issue of greenhouse gas emissions in particular, in April 2023, the French Minister for the Economy, Bruno Le Maire, spoke out in favour of reducing the tax benefits for agricultural non-road diesel fuel (NRD): a gradual increase in taxation would make NRD, not 40% cheaper than road diesel, as in 2023, but only 25% cheaper in 2030⁶. Although the price of NRD is set to remain lower than that of road diesel, these measures to increase fuel prices were a major source of discontent in France, as they add to the very significant energy inflation in a sector where energy costs represent 10 to 20% of production costs.

The war in Ukraine is also having an impact on competition. Besides the dramatic increase in energy and fertilizer prices in 2022 and 2023, and as part of the solidarity corridors policy, customs duties on Ukrainian products were gradually lifted from spring 2022 to support the country's economy. This has resulted in an 11% increase in Ukrainian food imports, even though the production costs of Ukrainian chicken are 25% lower than those of Polish chicken, and up to 75% lower than those of French chicken⁷. The resulting competition is seen as unfair by European producers, who have to comply with increasingly stringent standards, and whose costs make it impossible for them to keep up with prices.

Thus, feeling affected by stricter regulatory constraints, more taxes, more competition, and overall lower revenues, French farmers decided to start an aggressive movement dedicated to improving their working conditions.

¹ European Commission, [Main strategic objectives of the CAP 2023-2027](#), 2024.

² Please find the related [cepPolicyBrief](#).

³ Agence bio, [Key figures](#), 2023.

⁴ Council of the European Union, [From Farm to Fork](#), 2024.

⁵ Touteurope.eu, ["From farm to fork": how the EU wants to green our plates](#), 2023.

⁶ Europe1, [Gazole non routier \(GNR\) : pourquoi le gouvernement pourrait supprimer son avantage fiscal](#), 03.04.2023.

⁷ RFI, [Pourquoi la concurrence de l'Ukraine alimente le malaise des agriculteurs européens](#), 22.01.2024.

2 Measures taken by the European Commission and the French government in response to farmers' discontent

2.1 European Commission

After weeks of protests, a number of adjustments have been announced at European level:

- (1) The Commission has agreed to suspend obligations relating to set-aside. Farmers will now be able to temporarily avoid the 4% set-aside requirement.⁸
- (2) The Commission just announced it was abandoning its target of reducing the use of pesticides in the agricultural sector by 50% in 2030.⁹
- (3) With regard to its recommendations for 2040 targets, the Commission has also withdrawn the target for the agri-food sector to decrease CO2 emissions by at least 30% in 25 years.¹⁰
- (4) In parallel, the Commission has agreed to introduce restrictions on Ukrainian exports. The lifting of customs duties was to remain in force until June 2025¹¹ but Ursula von der Leyen announced the introduction of an emergency brake in accordance with regulation 1308/2013¹² which, in the event of a market crisis, allows Member States and the Commission to take exceptional measures such as market intervention, financial aid to farmers or specific support measures for certain sectors. Ursula von der Leyen has thus announced her intention to stabilize Ukrainian import levels at their 2022-2023 level and avoid any further surge in Ukrainian exports¹³.

These measures will be followed by others dedicated to simplifying regulatory requirements for farmers in the context of the new CAP.

2.2 French government

At the same time, in France, a series of significant measures were announced by French Prime Minister Gabriel Attal:

- (1) The cancellation of the increase in NRD tax announced by Bruno Le Maire in April 2023¹⁴ ;
- (2) A € 150 million aid package for livestock farmers¹⁵ ;
- (3) A stricter application of the Egalim law – which is dedicated to improving the bargaining power of farmers vis à vis distributors – allowing more control¹⁶ ;
- (4) A draft law to protect farmers from abusive claims by neighbours¹⁷ ;
- (5) A food sovereignty law aiming to favor French products over foreign ones – without further clarification¹⁸ ;

⁸ BFM TV, [Jachères : La Commission européenne envisage une nouvelle dérogation aux règles de la PAC](#), 30.01.2024.

⁹ La Croix, [Pesticides : la Commission européenne répond à la colère des agriculteurs](#), 06.02.2024.

¹⁰ Euractiv, [La Commission européenne fait marche arrière sur la réduction des émissions agricoles](#), 07.02.2024.

¹¹ Boursier.com, [EC proposes "emergency brake on Ukrainian agricultural imports"](#), 31.01.2024.

¹² Eur-Lex, [Regulation n°1308/2013 of the European Parliament and of the Council](#), 17.12.2013.

¹³ L'Express, [Colère des agriculteurs : les premières réponses de Bruxelles](#), 31.01.2024.

¹⁴ Europe1, [Colère des agriculteurs : le gouvernement renonce à la hausse de la taxe sur le gazole non routier \(GNR\)](#), 27.01.2024.

¹⁵ Le journal du dimanche, [Souveraineté alimentaire, pesticides, aide de 150 millions d'euros... que faut-il retenir des annonces de Gabriel Attal aux agriculteurs](#), 01.02.2024.

¹⁶ Le Monde, [Quelles mesures le gouvernement a-t-il annoncées pour répondre à la colère des agriculteurs ? Comprendre en trois minutes](#), 07.02.2024.

¹⁷ Ibid.

¹⁸ Ibid.

- (6) A restriction on imports of agricultural products treated with thiacloprid, a pesticide banned in the EU¹⁹ ;
- (7) Facilitation of the transmission of agri-food businesses to new owners.

In total, all these measures will cost the French state € 400 million. In addition, the French government also defended further measures at European level:

- (1) French President Emmanuel Macron has voiced his opposition to the free-trade agreement between the EU and Mercosur²⁰. In particular, he has come out in favour of regulatory conditionality for imported products to reassure farmers about the risk of unfair competition from countries that do not respect European environmental standards.
- (2) The Prime Minister Gabriel Attal promised he would also support the abandonment of the 4% set-aside rule at European level.
- (3) Emmanuel Macron has also floated the idea of a form of transposition from French to European law, recommending the introduction of a European Egalim²¹. More precisely, the Egalim law aims at ensuring the income of agricultural producers by preventing them from bearing the brunt of competition from players in the production chain, notably agri-food companies and distribution channels.

3 How can we make the European ecological transition a success?

What is noticeable about all these measures is that the Commission and the French government are stepping back from CO2 emission reductions and biodiversity protection. This attitude could be further extended to other sectors if new protests arise which could result in the Green Deal eventually being pushed aside. Similarly, if European citizens increasingly vote for far-right parties who deny climate change, the transition will also be abandoned, even though our planet is at stake.

To improve the situation, the Commission could start by setting realistic goals – instead of the 90% reduction in CO2 emissions for 2040, compared to the 1990 level, which is very unlikely to happen given the current pace of transition. But this will not solve the core problem, i.e. that the transition is going to lead to a decrease in the standard of living of a wide range of economic actors, especially those who have to implement it.

What are the theoretical solutions? Acceptance will only come by fostering positive economic perspectives alongside increased regulatory effort, and by allowing actors to “own” the ecological transition. Thus, the transition will only succeed if it is also an economic success. In the agricultural sector, this involves a consolidation of production, especially in France, as well as enhanced innovation and competition.

¹⁹ Ibid.

²⁰ La Tribune, [Agriculteurs : à Bruxelles, Macron se félicite que l'accord avec le Mercosur n'ait " pas été conclu à la va-vite "](#), 01/02/2024.

²¹ L'Express, [Agriculteurs : loi Egalim, "souveraineté alimentaire"... Les annonces du gouvernement](#), 01/02/2024

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