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MEPs demand action on farm inputs

SNP MEP Alyn Smith comments on farm input costs

Alyn Smith MEP, Scottish full member of the European Parliament's Agriculture and Rural Development Committee, has hailed the passage of his colleague Jose Bove's initiative report on farm input costs as sending a strong message to the European Commission and Member States that Europe's farmers demand action against their rising costs.

The report laid out startling evidence on the scale of the problem faced by farmers on their key inputs: input costs have risen by 60% over a decade for energy, by 80% for synthetic fertilisers, 30% for animal feed, 36% for machinery and 30% for seeds. At the same time, farm gate prices have increased by only 25%.

It identifies the monopoly power of a few major input providers in each sector as a key source of the problem, and proposes a broad range of actions to tackle the related problems, including examining the case for bringing anti-trust action against the worst market abusers, and to help farmers "decouple" themselves from high input costs through more sustainable farming practices including crop rotation, saving seed, developing renewable energy sources on-farm and helping Europe eliminate its protein deficit.

Alyn successfully passed an amendment raising awareness of the problems of new entrants: speculation based on Single Farm Payment entitlements based on historical values and transferable without reference to land can price them beyond the means of new entrants, thus acting in effect as a input costs for new farmers. The amendment called for CAP reform to address these issues and ensure that payment entitlements are available for all farmers for the purposes of active production.

Alyn Smith said:

"I'm delighted for my group colleague Jose Bove, who has overwhelmingly passed an excellent report which exposes one of the key issues which farmers face, but one which does not always get the public's attention. It lays bare the shallowness of the analysis of DEFRA, who believe that as some commodity prices are rising, that things are looking up for farmers, who therefore have no long term need for direct payments or income support. In fact, even in sectors like beef where farm gate prices are rising, input costs such as feed and energy have been rising even faster, threatening what little margin they have.

"I think the time is long overdue for a serious investigation by the competition authorities into concentration of production for inputs and the existence of monopoly power: the report shows that 6 companies control 75% of the agrochemicals market and 3 companies control 45% of the seeds market. This wouldn't be accepted for a second by the Commission if it were farmers uniting to force higher-than-market prices, so the same principle should apply to input producers.

"Having said this, we need to accept that certain inputs currently necessary for conventional agriculture have a restricted lifespan - particularly phosphates for fertiliser - and that the only direction for their prices will be up. We need to become more innovative in reducing our long term dependence on these inputs by finding cheaper and more sustainable alternatives through more efficient farming practices, with soil management and the production of renewable energy."

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