

The CSDDD provides a historical opportunity for European farmers

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Over the past weeks, Europe has been witnessing farmer protests in several of its capitals. In Brussels, the images of farmers making their demands heard in front of the European Parliament and Council forced many to think about communities they seldom consider.

The demands are many and varied, ranging from subsidies to imports, free trade agreements and climate legislation. Likewise, the protesters belong to a wide range of farmers groups. However, behind this diversity a common theme emerges: farmers are caught between a rock and a hard place, having to compete in an uneven playing field and being further squeezed by large companies in agricultural value chains.

And these claims are real. To take but one, stark, example, 1 in 5 agricultural households in France found itself below the poverty threshold in 2019 - a proportion that grew to 1 in 4 in some types of farms. In all but a handful of EU countries, farmers' incomes are below average salaries. Combined with unfair competition, this lack of a proper income has contributed to a loss of small family farms. From 2005 to 2020 alone, some 5 million farms closed down across the EU, over 80% of which were small farms. And the situation will worsen as climate change and biodiversity loss develop.

However, despite these twin challenges of environmental sustainability and social dumping, the Corporate Sustainability Due Diligence Directive is conspicuously absent from discussions around farmers and farming in Europe. This Directive - CSDDD for short - negotiated over the better part of 3 years has the potential to break new ground in building fairer and more sustainable value chains - benefitting EU farmers in the process.

The CSDDD would require large European corporations - including in the food and agricultural sectors - to detect and remedy human rights violations and certain environmental impacts on their value chains through a cooperative approach. It would also require these companies to evaluate and address the extent to which their purchasing practices contribute to these impacts. Companies failing to carry out said processes would be exposed to civil liability and potential fines of up to 5% of their turnover. Likewise, European corporations could be accountable for activities occurring in European supply chains. European farmers will benefit from the Directive in two key ways.

First, such a directive will contribute to creating fairer markets for European producers, including European farmers. In fact, by obliging wealthy corporations to increase the environmental and human rights standards of global supply chains, the CSDDD brings global production standards closer in line with those in Europe and allows them to compete on an even field. Farmers have clearly requested this mirroring in the context of trade agreements, and the CSDDD would further promote it.

While today corporations operating on the European market can reduce costs and increase profits by exploiting human rights and environmental standards overseas, under the CSDDD a European corporation purchasing soya from Brazil which was produced in a way that has contributed to deforestation, or importing cocoa beans produced with child labour from the Ivory Coast would be legally responsible and could face heavy fines.

The positive effects of the CSDDD would not be limited to improving human rights, labour and environmental standards abroad. Companies would also be required to behave responsibly in their European value chains. It is no secret that farmers are hurt by unfair practices from large, powerful companies. In fact, the EU took some steps to address the situation with the adoption of the Unfair Treatment Practices Directive in 2019, which seeks to promote good commercial practice and good faith behaviour in European value chains. But its transposition and implementation leave room for improvement. Still, nowadays, 1 in 3 farmers face late payments or unilateral contract changes, and 1 in 4 has to contend with commercial retaliation or requests for payments unrelated to their activity.

The CSDDD's provisions on adapting purchasing practices to contribute to living incomes, providing logistical and financial support to SMEs, and entering into fair and reasonable contracts with SMEs will support the application of the Unfair Treatment Practices Directive and contribute to better business relationships in the farming sector.

However, all of this potential may not be realised. Short-term, electoral infighting within the German government has led Germany to abstain from the file. Together with reported last-minute demands from France, these developments are threatening to sink the deal reached last year between EU institutions. This is especially ironic seeing France's vocal support for mirror clauses in trade agreements and promises from France's new Prime Minister Gabriel Attal and French President Emmanuel Macron to address the concerns of farmers.

Time is running out for agreement on the historic CSDDD, and European policy makers are trying to appease farmers by cutting green rules rather than addressing their concerns and requiring large corporations to behave responsibly. It is now the time for European policy makers to choose solutions that work for both planet and people - including European farmers.