



LTO

European position paper

Introduction

After a quartet of Dutch ministers failed in a last-ditch attempt to loosen European environmental rules, the word 'Brussels' was mentioned 50 times during the debate on the matter which took place shortly after. According to Minister van der Wal, it was "pointless" to ask the European Commission for more flexible Dutch policy because the Netherlands should "first get on with restoring nature, before initiating further discussions." According to the minister, the reason for this was as hard as it was simple: "The European Commission no longer believes the Netherlands. (...) We are really at the bottom of the list when it comes to the state of nature conservation". A few months later, when it became clear that new, stricter manure rules were to be introduced even earlier, the Netherlands again were under pressure from the European Commission. Minister Adema said that "the European Commission does not accept Dutch exceptions anymore". More and more often the Netherlands receive the message from Brussels that certain exceptions cannot be given anymore. This gives Europe a restrictive character.

However, in terms of prosperity, market opportunities and open European borders, Dutch agriculture and horticulture have a strong interest in Europe. Although the sector produces for the Dutch market, it is also heavily dependent on exports. Of every euro earned, 76 cents comes from outside the Netherlands. Trade, therefore, is very important to the Netherlands' position as an agricultural producer, while a transparent market and uniform standards play an important role. Dutch agriculture and horticulture also have a unique starting position. The Netherlands is a fertile delta where the land and space are very suitable for the production of food, flowers, plants and trees. This is one of the reasons why the Netherlands has become the centre of sustainable agricultural production in Europe. In recent decades, innovation has been added to the mix, making the Netherlands internationally renowned for its strong agricultural sector. Moreover, the sector has always been able to adapt to changing societal demands.

However, the word 'Europe' is becoming increasingly unpopular with farmers and growers. Europe is associated with rules, unattainable goals and frustrating forms of micro-management on farm level. More and more European legislation is put in place which will affect the quality of the living environment (nature, water and the environment). But, the Netherlands, a densely populated and highly urbanised delta region, is already reaching the legal limits of implementing previous legislative proposals.

This European position paper provides Dutch political parties with input for the upcoming European elections. In view of chances offered by Europe, we emphasise the importance of Europe for Dutch agriculture and horticulture. However, we demand that new legislation and regulations take into account the feasibility and affordability of legislation in fertile areas like the Netherlands. For example, by defining fertile deltas in Europe as a separate regional context. Furthermore, 'one size fits all' policies, as seen in the implementation of the Soil Strategy, the Birds and Habitats Directives and the Nitrates Directive, lead to further discontinuation of various societal activities.

LTO calls for sufficient attention to be paid to broad prosperity, a healthy food supply and the modernisation of agriculture and horticulture. Events such as the Corona crisis and the war in Ukraine force us to reassess environmental goals in the light of long term economic and strategic objectives. A European food vision that looks at the geopolitical and strategic value of food on the European continent can, for instance, help achieve this. Many problems cannot be solved without a strong agricultural sector and therefore the Dutch agricultural sector is not a part of the problem, but part of the solution.

Summary

Strengthening the European market

The Dutch agriculture and horticulture sector have a strong interest in open European borders, a transparent market and uniform standards. Resultingly, LTO is not opposed to global trade and exports; many Dutch companies supply high-quality products all over the world. An important condition in assessing trade agreements however, is a level playing field: incoming products to the European market should meet the same high quality standards as those applied to European farmers.

Good food

Dutch farmers must be able to continue to earn a respectable income by selling healthy products that are produced with respect for the environment, while this is in line with the demands and wishes of the market and society. LTO endorses the European objectives of making agriculture and horticulture more sustainable and more in balance with the environment and society. However, a socio-economic impact analysis is often missing when enshrining these objectives in law. This often proves disastrous for the future prospects, but also for the income of farmers.

Employment

Many sectors call on the already scarce workforce in the Netherlands and Europe. Given the international nature of the agricultural labour market, working conditions offered by other countries must also be taken into account. It is primarily up to employers to remain attractive and demonstrate good employment practices. The government, on the other hand, will have to work to ensure a level playing field for employers at the European level. This will allow employers to compete with each other on elements which do not involve working conditions. Therefore, LTO believes that a European minimum wage benefits both employees and employers.

Knowledge & innovation

Farmers make use of European and Dutch innovation policy for (future) development and for adjusting to new policies and societal wishes. This makes cooperation in the chain essential. Collective funds should be used to co-finance research. Groups of agricultural entrepreneurs and innovative individual entrepreneurs already actively participate in certain research consortia. LTO calls for additional research programmes which can help farmers in the green transition.

Specifically, LTO advocates for:

- ➔ *Green policies in which farmers and their income are central;*
- ➔ *Subsidiarity - regulating at European level what cannot be regulated at national level;*
- ➔ *A strong Dutch agriculture and horticulture in Europe, while focusing on cooperation, knowledge and innovation;*
- ➔ *Farmers as attractive employers in the future and thus for a level playing field when it comes to wages and labour costs for employers and equal working conditions for employees;*
- ➔ *A well-functioning European single market, with a level playing field;*
- ➔ *Imported products must comply with European production standards.*

1. The role of Dutch agriculture and horticulture in Europe

Dutch agriculture and horticulture have a unique starting position. As said before, the Netherlands is a fertile delta where land and space (especially in a global context) are very suitable for producing food, flowers, plants and trees. In a European context, there are a number of nature and environment directives before us that touch on the quality of the living environment (nature, water and environment).

However, in the Netherlands, a densely populated and highly urbanised delta region, one runs into the legal limits of various European directives, building further on the choices made within an older context. It is therefore important to delineate fertile deltas as a separate regional context in Europa, thus taking into account the feasibility and affordability of legislation in these areas.

Moreover, European ambitions must be intertwined with global geopolitical developments. COVID-19 and the war in Ukraine force us to reassess environmental goals against economic and strategic objectives. Especially now, attention must be paid to broad prosperity, a sound food supply (at European and global level), and the modernisation of agriculture and horticulture.

Specifically, LTO advocates for:

- ➔ *The Netherlands as a fertile delta with a separate regional context, which grants room for flexibility. The Netherlands is already running into the legal limits of implementing previous legislation;*
- ➔ *The development of a European food vision, with sufficient emphasis on the geopolitical and strategic value of healthy and sustainable food and its availability;*
- ➔ *Continued investment in rural development through increase in Elfpo budget;*
- ➔ *Invest in the energy network to promote energy transition for example through the planned reform of the EU electricity market or a REPowerEU 2.0 plan that could prioritise the infrastructural expansion of geothermal, waste heat and electricity in Europe.*

2. Strengthening the European market

Almost four-fifths of Dutch produce is meant for the European market. Therefore the Dutch agricultural and horticultural sector have a strong interest in open European borders, a transparent market and uniform standards. After all, 75 cents of every euro we earn is *not earned* in the Netherlands, but in the EU. For this reason, LTO relates positively to the European Union with regards to prosperity, sales opportunities and the chances of open European borders.

International trade agreements

The Dutch agriculture and horticulture sector have a strong interest in good trade treaties. Resultingly, LTO is not opposed to global trade and exports; many Dutch companies supply high-quality products all over the world. An important condition in the assessment of trade agreements, however, is a level playing field: incoming products to the European market should meet the same high quality standards that apply to European farmers. For example, when it comes to environmental impact and animal welfare requirements.

Role for market in eco-activities

More and more farmers are providing so-called ecosystem services. These include, for instance, restoration and protection of biodiversity, landscape management and preservation and enhancement of the cultural landscape, which has, after all, been shaped by agriculture and horticulture. With regards to the CAP, it is crucial to design clear eco-activities within the basic premiums that allow farmers to contribute to societal demands. However, eco-activities should

always be linked to the market. Eco-activities have to be complemented by the market in order for a real income to be generated by engaging in eco-activities.

Specifically, LTO advocates for:

- ➔ *Inclusion of agriculture (products) in CBAM so that a (carbon) tax is levied on imports of products from outside the European Union if they do not comply with EU nature and climate legislation;*
- ➔ *Equal quality standards for products from inside and outside the European Union: when these are lacking, the conclusion of (new) trade agreement(s) is illogical as far as LTO is concerned.*

3. Good food

At the basis of good food are healthy animals and healthy plants. A balanced diet is essential for our well-being, health and happiness. We don't give eating much thought: eating is almost taken for granted. However, food waste remains a problem and cheap products are still preferred to responsibly and safely produced products. At the same time, many citizens are convinced that food can be produced even more sustainably meaning they can be produced with a lower climate impact, more eye for biodiversity and more attention for the intrinsic value of plants and animals.

When it comes to producing food, the Netherlands is among the world's best: it does so qualitatively, efficiently and with consideration for the immediate environment. To continue doing so, farmers must be able to make the investments needed while still having generating a respectable income. In other words: Dutch farmers must be able to continue to realise a good income while selling healthy products that are produced with respect for the environment.

Sustainability standards

There should be clear standards, which are comparable and have European thresholds. It must also be visible how products score on sustainability. LTO calls upon the Dutch government to advocate for the implementation of this idea, within the European institutions.

Specifically, LTO advocates for:

- ➔ *A number of tools, available to ensure plant health, including chemical plant protection products, as long as there are no or insufficient alternative means and measures available;*
- ➔ *Promoting research, policies, laws and regulations that contribute to the transition towards resilient crop systems;*
- ➔ *Stimulate/encourage authorisations of low-risk substances and the application of new genomic techniques, by setting up an incentive fund for pre-competitive research and by supporting and supervising the authorisations;*
- ➔ *Policy aimed at supporting and rewarding farmers who innovate, with a clear role for the supply chain and consumers;*
- ➔ *Legislative and/or experimental space to apply new breeding techniques (such as CRISPR/Cas), in co-existence with the organic sector;*
- ➔ *Distinction in European directives and regulations for animals intended for recreation, sport and breeding rather than (meat) consumption;*
- ➔ *Animals as a building block in circular agriculture: livestock farming makes an important contribution in the circular approach;*
- ➔ *Developments in welfare legislation that take into account the fact that the Netherlands already excels in keeping healthy animals in an environment that respects the intrinsic value of the animal;*

- *Extracting fertiliser from animal manure (RENURE) and drawing up a fertilisation strategy that can encourage circularity;*
- *Regionalisation of invasive exotic species policy. The EU list of invasive alien species should be given a regional approach. In each habitat it should be assessed whether a species is classified as invasive.*

4. Employment

The agriculture and horticulture sector is an important employer. Good working conditions and healthy, safe and sustainable work are the basis of employment in the Dutch agricultural and horticultural sector. Furthermore, the number of workers in the agricultural and horticultural sector is increasing. This requires commitment and ambition in terms of training, development of employers/employees and good working conditions. However, the availability of sufficient motivated, qualified employees remains a challenge in a labour market that is getting tighter due to an ageing population and economic growth. LTO recognizes that being a good and competitive employer is crucial in this respect.

Given the international nature of part of the agricultural labour market, working conditions offered by other countries must also be taken into account. It is primarily up to employers to remain attractive employers and demonstrate good employment practices. The government, on the other hand, will have to work to ensure a level playing field for employers at European level. Additionally, LTO believes that a European minimum wage benefits both employees and employers.

Specifically, LTO advocates for:

- *A level playing field when it comes to wages and labour costs for employers;*
- *European labour law that remains committed to equal working conditions;*
- *European labour law that promotes sustainable economic growth and ensures sufficient labour migration;*
- *European labour law that does justice to the single market, ensuring that companies compete on a level playing field;*
- *Ending pricing of temporary employment relationships;*
- *The establishment of a European building target for migrant worker housing;*
- *Investing in innovative and technological solutions, more mechanisation and further robotisation of agriculture and horticulture;*
- *The introduction of a fiscal climate reserve for the agricultural and horticultural sector which can offset potential income consequences as a result of climate and market disruptions with previously earned profits.*

5. Knowledge and innovation

With 600,000 employees in some 100,000 companies and an added value of €50 billion a year, the agrifood sector is one of the most important sectors of the Dutch economy. Internationally, the sector has a leading position being the world's second-largest food exporter. The sector stands out for its modern approach while stimulating innovation and entrepreneurship. Through this, the sector has gained a top position through close cooperation between business, knowledge institutions and government (the golden triangle). However, cooperation with the supply chain plays a pivotal role in remaining a renowned sector.

LTO is committed to the green transition transition: more and better, with less input. While the past focused on high productivity with craftsmanship/skills and technology being dominant drivers, the future is centered around the environment, the international market and how agriculture and horticulture can respond and adjust to this.

The European Green Deal initiated this transition and LTO keeps working to grant farmers a leading role and place in it, including sufficient future perspective. Between 2022-2027, €96.5 billion will be allocated to Horizon Europe, the EU's new research programmes. LTO welcomes these programmes and wants them to be coupled to Dutch policies and instruments, such as WBSO.

Specifically, LTO advocates for:

- *Using collective resources as co-financing for research. Groups of agricultural entrepreneurs and innovative individual entrepreneurs already actively participate in consortia and operational groups. LTO therefore calls for additional research programmes in Brussels and The Hague that can help entrepreneurs in the transition;*
- *A research fund and innovation agenda to stimulate and initiate innovative methods and means necessary to achieve European goals. Knowledge & innovation must support the transition of the agricultural and horticultural sector.*