



HOPE BEYOND THE CAP?

FOUR WAYS FOR THE EU TO SUPPORT SMALL FARMERS AND
BEGIN SHAPING DIGITAL AGRICULTURE

LEON KAISER



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SUMMARY

Today's industrial agriculture continues to harm the environment while depopulation threatens the social, cultural and economic welfare of rural areas. The European Union needs to support existing agricultural practices that are sustainable today. Civic agriculture and small farmers are key to meet climate goals and mitigate the ongoing biodiversity loss. Drawing on recent discussions in digital policy, this brief proposes action in four areas that can help support small and family farmers in the EU in the short and long term.

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ABOUT THE AUTHOR

Leon Kaiser was a member of the organization committee of “Bits und Bäume: The Conference for Digitalization and Sustainability” that took place in November 2018. He currently studies in the research master European Studies at Maastricht University.

EDITORIAL TEAM

Marc López (Agenda Pública), Luis Bouza (Universidad Autónoma de Madrid) and Álvaro Oleart (Vrije Universiteit Amsterdam).

Guest editor: Roy Cobby (King's College London).

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The ongoing Corona-virus crisis has again revealed breaking points in the dominant mode of agricultural production. In Germany, seasonal workers, most of them from Eastern European countries, work under conditions that echo late 19th-century high-industrialism. Some are denied the minimum wage and pressured into handing their passports to employers. Others are infected with the novel virus in packed accommodations. At the same time, family- and community-supported agriculture and local distribution networks demonstrate resilience. Citizens continue to rely on local food markets in the face of a pandemic that has disrupted international trade, complex supply-chains and industrial production to a degree we have not seen in decades.

Overall, agriculture continues to have a detrimental impact on the environment. According to the European Environmental Agency, the EU's agricultural policy [contributes to this problem](#), despite the introduction of greening measures in the last decades. [Many scientists](#) and [parliamentarians](#) agree that small farmers and community-supported agriculture are key for the EU to achieve its climate targets, advance sustainability goals and counter the economic and cultural deprivation of rural areas. The EU and its member states offer important financial support to small farmers under the Common Agricultural Policy (CAP). Yet, the land-mass under control of large agricultural actors [has grown significantly](#) between 2005 and 2016. The EU must make use of alternative instruments and support the many small farmers, local markets and communal agricultural projects that already exist today.

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Looking ahead, even a far-reaching reform of the CAP, one that puts small farmers front and center, would likely not be enough to achieve climate targets and sustainability goals. As the next EU budget is not yet agreed upon, the next CAP that covers the years from 2021 to 2027 will also be delayed, [possibly for another two years](#). Moreover, current technological, economic and cultural developments are beyond the scope of the CAP that was first established in the 1960s. While the recently published [Farm to Fork strategy](#) covers a lot of ground, suggestions to shape digital farming and support small farmers are often too vague. Ongoing inertia in areas like antitrust, open innovation and rural development endangers the independence and agency of small farmers who contribute to environmental and social goods while also ensuring access to food for citizens.

In the shadow of the corona-crisis, the EU has [again relaxed competition rules](#) for the agricultural sector: this approach risks further concentration of market power in the hands of few. It is responsible for shocking working conditions and it is exacerbated by the [current state of play in digital farming](#). Incidentally, the challenge that societies face with the outbreak of COVID-19 also brings to the forefront issues of information sharing, privacy and data collection. In the agricultural



sector too, large players amass valuable data and want to establish data exchange platforms. The goal is often simple and reflects business models in the wider digital economy: rather than influence market decisions, these players hope to become the single market. In this context, it is necessary to extend a helping hand to small farmers and cooperatives across the EU who otherwise risk becoming locked into privately-owned platforms—not the least for a lack of alternatives.

Indeed, viable alternatives, accessible digital infrastructure and initiatives that give independent or small actors a say in the scope, types and purposes of innovation are necessary. To take a recent example: As countries struggle with ways to track the epidemic, Apple and Google [joined forces](#) to establish a protocol that helps track physical contacts of people. Researchers, including many from European universities, quickly developed a [decentralized approach](#) to digital contact tracing. Together, they were able to pressure this duopoly in the mobile operating systems market to become more accountable. What, might one ask, would have happened if the researchers, some of whom receive funds from the EU's research funds, had not had the institutional resources to react quickly and propose a technically sound alternative?

Below, I explain in more detail four ideas on how to strengthen small farmers and shape digital agriculture. As far as possible, I try to provide illustrations and concrete examples. I conclude with a short reflection on the current negotiations and work that is needed to frame future versions of the CAP.

- **Update antitrust mechanisms: End exceptions for the agricultural sector and launch investigations into new forms of market dominance**

The agricultural sector has long enjoyed special rules and exceptions from the EU's competition and antitrust rules. Controversial mergers, like two years ago in the case of Bayer and Monsanto, [were often cleared by DG Competition](#), with little conditions to fulfil. To add to this, emerging market dynamics largely play out in the dark, often outside of the eyes of regulators. To reverse this trend, the Commission, in exchange with relevant EU agencies, should continue to collect data and compile regular reports on the concentration of agricultural market power. Importantly, data collection and investigations should not focus on [traditional criteria](#) like market share in types of agricultural products or grocery retail alone.

New assets like data, digital infrastructures as well as relevant market mechanisms facilitated by digital platforms, for instance, network effects and vendor lock-ins, should also be quantified and reported on. In [regulatory discussions of technological companies](#), multiple attempts exist to update and modernize criteria of what exactly is a dominant market position and what the characteristics of new markets are. Taking inspiration from this approach, especially given the recent turn of agribusinesses towards creating integrated digital platforms, similar approaches should be developed for the agricultural sector. As a first step, however, establishing more data sources is necessary to get a better picture of today's existing markets and decide which investigations hold the potential to expose anticompetitive practices and curb consolidation.

- **Support Public Interest Tech: Foster open infrastructure in the agricultural sector**

The integration of software into farming machinery makes small farmers more dependent on servicing contracts, thereby hampering their abilities to repair machines on their own. To counter this



development, the EU should ensure that agricultural machinery and its hardware and software components become more open, repairable and can be used for longer periods. NGO's and environmentalists have long called for a European [right to repair](#) and the Commission took up this idea in its [action plan for the circular economy](#). Germany's environmental ministry [also supports the idea](#). The next EU Council Presidency should, therefore, be able to make progress and build a coalition of member states on this issue.

Further, as with all machines that depend on software, developers must be able to ensure IT-security and data integrity. With the [FOSSA bug bounties fund](#) for Free and Open Source Software, the EU has already set an example of how it can harness the creativity and knowledge of independent developers. In this spirit, the EU should [continue to make](#) Horizon 2020 funds widely available to non-traditional or non-profit organizations and reduce bureaucratic burdens for this type of actors. Bottom-up organizations should be able to access EU funds. This could give innovative projects with a non-profit focus a long-term perspective. Another possibility is to encourage the use of free or open-source software via the Commission's approval process of national plans that are foreseen under the ongoing CAP reform.

- **Be more specific on Open Data: Ensure that essential farming data is not locked into private databases**

Large agricultural players currently develop private platforms and establish standards for data exchange in the hope to strengthen their position in the ecosystem. The EU's recent [Open Data strategy](#) goes some of the way in pointing out this problem. However, there is a lack of specific language and criteria when it comes to establishing a common agricultural data space. In this context, the recent Farm to Fork strategy drops the word "open" altogether, only referring to data. It is necessary to develop more precise and nuanced language about this to prevent actors from entrenching privately-owned data platforms as the default.

The platform and the data on it should be open and serve the public and should not discriminate when it comes to access, circulation and potential value-creation from the data. Instead of some form of data ownership, concepts like [data commons](#) need to be explored; an opportunity to continue the work of Horizon 2020-funded projects that experiment with public digital platforms where data remains under the control of citizens and small producers. Further, mirroring bottom-up approaches, for example in the 'smart city' sector, the EU should support similar initiatives for agricultural and rural areas. These should be equipped with substantial funds, foster open standard-setting and the provision of (tech) handbooks for the agricultural sector. The city of Barcelona has developed extensive guidance on [ethical digital standards](#) that can be adapted to other local needs and contexts across member states. Such handbooks should be designed together with the people who are most affected by them. Concerns and reservations from small farmers, when it comes to digital platforms, should be included from the beginning.

- **Envision new forms of rural development: Support local governments and establish open country innovation hubs**

As indicated in the previous section, the issue of open data and access to it is important. Still, the social benefits and economic potential of 'big data' are often inflated. Currently, concrete benefits and long-term effects are sometimes overstated, if not unknown. Therefore, digital innovation in



farming must be complemented and anchored in physical spaces to provide a long-term perspective. In many cities, open innovation hubs have been established during the past years. In rural areas, this is less so because local governments have fewer resources compared to their sisters in metropolitan areas.

This situation offers an opportunity for the EU to step in and support rural governments in providing infrastructure and fora for small farmers to exchange practices and information. As rightly hinted in the [Farm to Fork strategy](#), providing broadband internet access in rural areas is essential to attract young people who might want to move away from increasing living costs in cities. With sufficient support, local administrations can provide fibre-optic cables and [Open-access networks](#) to ensure that the infrastructure is affordable and built to last. Other decentralized approaches, such as transforming unused barns into deliberative fora or co-working spaces enables citizens to connect and work online as well as offline.

Preparing the ground for future CAP reforms

To be sure, these four sketches alone will not solve problems like the loss of biodiversity or the depopulation and decay of rural areas across Europe. Some issues covered in this brief, for example, access to research funds or the right to repair can be realized outside of the ongoing CAP negotiations. Yet, agriculture still made up [37 % of the overall budget](#) in 2018. Even with a reduced budget, the Common Agricultural Policy holds considerable potential for shaping the future of small farms and rural areas more broadly.

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As the negotiations are relatively advanced, more fundamental changes are not likely to be realized in the next CAP. To add to this, antitrust exceptions for the agricultural sector are deeply ingrained into the institutional set-up of the CAP and [one of the EU's constitutional treaties](#). To get nuanced insights into new market powers, however, modern measurement and investigation mechanisms need to be developed and put into practice now. After all, a strong evidence-basis analysis is necessary to frame future reforms of the CAP.

At the same time, principles that the EU has committed to, for instance, Open Government and Open Data, can also be included in the ongoing reform. For instance, the reform plans to give national governments more leeway in distributing direct payments and rural development funds according to local needs. As many observers argue, it is important to ensure that these funds do not flow into business models that are environmentally or socially destructive. Continuing to make [data available](#), for example by providing more fine-grained insights into the implementation and evaluation of the CAP, enables the public to assess in more detail whether the EU's agricultural policy is indeed on track to fulfil the goals it claims to serve.