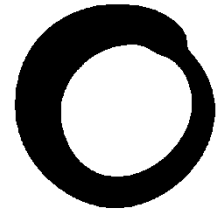


# Media Briefing



**Friends of  
the Earth**

Embargo: 00.01 Monday 27 April 2009

## **Feeding the beast**

### **How public money is propping up factory farms**

#### **1. Factory farms, deforestation and climate change**

In the England, factory farming is propped up with vast amounts of public money - over £700 million each year<sup>1</sup>. Factory farming for meat and dairy is at the heart of a hidden chain that links the food on our plates to rainforest destruction in South America. To make them grow quickly and produce high yields, animals in factory farms are being pumped full of imported soy crops – creating demand for vast plantations that are wiping out forests and forcing communities off their lands in South America.

*If current trends continue, soy farmers and cattle ranchers alone will destroy 40 per cent of the Amazon rainforest by 2040.<sup>2</sup>*

Meanwhile the supermarkets, unchecked and unregulated by the Government, are abusing their buyer power and forcing farmers into ever more intensive farming methods by constantly driving down prices<sup>3</sup>.

Factory farming is thriving at the expense of the climate and Earth's critical life-support systems. The meat and dairy industry – the majority of it intensive – is responsible for more climate-changing emissions than all the world's transport<sup>4</sup>.

#### **1. Where is the money coming from?**

The money propping up factory farming is spent through the EU's Common Agricultural Policy (CAP). The CAP provides support and funding to the agricultural sector in the EU. It accounts for nearly half the EU's total budget and has a major influence on farming policy and practice. The UK CAP budget is €4.215 billion (£3.783 billion), of which the majority, €3.951 billion (£3.546 billion), is spent on direct payments to farmers regardless of the type of farming and its impact. The remainder, €264 million (£237 million), is spent on targeted environmental and social measures.

The CAP has had a significant role in the intensification of EU and UK livestock production. Up until 2005 subsidies, known as coupled payments, were directly linked to the level of production of livestock products, encouraging overproduction. Payments per animal incentivised greater and more intensive production. Price support provided artificially high prices and encouraged production of meat and dairy products without sufficient demand from local markets – resulting in the famous butter mountains. The CAP also granted the food processing industry huge export subsidies which never reached farmers.

The intensive pig and poultry sectors, while never supported by the coupled payments paid to beef and dairy farms, received export subsidies and other market interventions such as buying of surplus stock which maintained prices above a minimum threshold.

The CAP has also delivered cheap animal feed to factory farms, via subsidies on both its cereal and protein components. This has been delivered via:

- Large payments for cereal production and high tariffs on its import, which promoted over

production of cereals in the UK.

- Zero import tariffs on soy ensured access to cheap protein from abroad.

In 2005, changes to the CAP known as decoupling removed the direct link between payments and production of specific crops and livestock. However the CAP is still driving and supporting intensive factory farming in the following ways:

- Payments are still made per hectare of land so the biggest farms still receive the most money
- Payments still calculated on a historic basis mean overproduction continues to be rewarded
- The absence of environmental and social safeguards acts as a hidden subsidy for intensive production
- Pre-2005 CAP policies have created a system of intensive production which will not change without significant targeted measures. 95% of UK CAP payments are untargeted, perpetuating business as usual.
- Import controls such as tariffs on certain agricultural products - and the lack of tariffs on others - continue to affect production decisions.
- Export subsidies still allow dumping

## **2. How much money?**

Friends of the Earth has calculated that an estimated £700 million of English taxpayers' money was spent on propping up factory farming through the CAP in 2008.

Despite the scale of the CAP payments, information is not available on the type and intensity of the farms being supported by this money. This figure is therefore based on the best available information and calculated on the basis of the bullet points above and on subsidies paid for the following:

- Subsidies for cereal production which are used in animal feed in factory farms
- Export subsidies which largely go to companies and processing industries
- Untargeted direct payments which are increasing money being received by the intensive pig and poultry sectors
- Historical payments that award the biggest payments to the biggest farms
- Dairy payments that are based on historical production quotas
- Lowland grazing livestock untargeted subsidies that do not support extensive models adequately and therefore continue to support the increasing tendency to intensify or exit the farming sector

## **3. What needs to change?**

The CAP disproportionately rewards damaging farming practices and is failing to reduce climate-changing emissions and protect wildlife. It is also not supporting the UK, Europe and the rest of the world to feed itself in the long term. Despite changes to the CAP that were designed to remove the link between funding and artificially high production levels, it continues to maintain and support an intensive system. The market forces - particularly through supermarkets - that are driving further concentration in the meat and dairy sector are not countered by the CAP, so small farms are increasingly losing out to big businesses.

The CAP is essential in delivering a thriving farming system in the UK and EU, but it must deliver support for farming that is in the long-term public interest. Achieving a sustainable and secure future for food production in the UK and around the world will require a complete rethink of the CAP's purpose and instruments. Funds must urgently be re-directed away from the most damaging, intensive producers to support sustainable, low input, meat and dairy farming.

### **Short-term solutions**

The current CAP can be modified to support people and planet-friendly farming<sup>5</sup> by:

- Channelling funding via the CAP streams designed to support the disadvantaged sustainable, extensive and grass-based meat and dairy sectors
- Incentivising home-grown protein crop production and utilising crop rotation standards to promote the use of peas, beans and lupins
- Incorporating into the new Rural Development Plans - to be finalised by October 2010 - incentives for farmers to meet new broader environmental challenges such as climate change, global biodiversity loss, and protection of water sources where the market will be unable or too slow to deliver.
- Making funds available to maintain and increase levels of organic and mixed farming systems - with target levels for each and to research and develop these farming systems.

## Long-term solutions

The CAP will go through a full reform in 2013. The UK Government should use this opportunity to push for change that completely transforms agriculture in the UK and Europe.

Planet-friendly farming must be supported through the promotion of agricultural benefits that the market is not rewarding such as food security, climate and biodiversity protection, rural employment, animal welfare and human health. It must also ensure equitable use of land and natural resources across the globe so that UK and EU production and consumption does not damage the environment and communities overseas.

A new CAP must be the engine for change in the meat and dairy industry. It must deliver:

- Targeted support for farming that delivers for the environment and society
- Measures to regulate the market to counter pressure to drive production at the expense of ever lower environmental, social welfare and ethical standards
- Measures to match sustainable production with reduced demand for meat and dairy through awareness-raising programmes and public procurement policy
- An assessment of other measures that can prevent negative environmental impact of intensive systems or shift these systems towards more sustainable farming practices. For example the Government must make far greater efforts to enforce tough pollution controls effectively so that the most intensive livestock systems pay the costs of the damage they cause.

## 4. What else need to change?

While the CAP has a central role to play in revolutionising the way that meat and dairy is produced in the UK, the Government must also tackle the impact of the meat and dairy industry by:

- Introducing new legislation to ensure public money is not spent on environmentally damaging, unhealthy food for schools, hospitals, care homes, the armed forces and prisons
- Addressing the climate change impacts of livestock production, including the worldwide impacts of the global food chain
- Changing global investment policy and stop spending taxpayers' money on finance for damaging intensive livestock schemes
- Making UK companies, including supermarkets, accountable for the impact on people and the environment abroad
- Revising the Sustainable Consumption and Production Strategy so that it addresses the full impacts of livestock production, and recognises the benefits of changed consumption patterns to the environment and human health
- Calling for a review of European Trade Policy and ensure greater priority is given to the environmental and social impacts of global trade.

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<sup>1</sup> The full version of Feeding the beast includes a detailed calculation of the money spent on intensive farming via the CAP. It is available at: [http://www.foe.co.uk/resource/briefings/feeding\\_the\\_beast.pdf](http://www.foe.co.uk/resource/briefings/feeding_the_beast.pdf)

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<sup>2</sup> Friends of the Earth's Food Chain Campaign is calling on MPs to reduce the environmental and social damage caused by the meat and dairy industry. For more information on these impacts, see Friends of the Earth's [What's feeding our food? report](#)

<sup>3</sup> Competition Commission 2008 [grocery market investigation](#)

<sup>4</sup> UN FAO [Livestock's long shadow report](#).

<sup>5</sup> Friends of the Earth defines planet-friendly farming as farming that minimises damaging impacts on the environment and people and maximises positive impacts.