What's wrong with EU agricultural subsidies?

MARITA WIGGERTHALE, July 2005

Slogans such as "Kick all agricultural subsidies" and "Make subsidies history as well"[1] as stated by the Guardian, echo the ever repeated critique of EU agricultural subsides in the liberal press. It is not without reason that the issue of agricultural subsidies is repeatedly on the agenda of the EU, G8, the United Nations and the WTO. But there are some misunderstandings underlying the subsidy debate, that guide the whole debate in the wrong direction. Instead of fuelling an anti-subsidy debate, we need to focus on the reorientation of subsidies towards sustainable agricultural development and ending detrimental dumping. The thesis of this article is, firstly, that subsidies are not per se bad, to the contrary they are an indispensable instrument to provide incentives for needed policy changes in the Common Agricultural Policy. Secondly subsidies are designed in such a way that the benefit goes more to the European Food Industry and big farms than to family agriculture.[2]

When a support is not a subsidy

Before having a closer look at the problems of EU-subsidies, it is worthwhile to detect first what are subsidies and what not. The press, political parties, ministries of development – in Germany our minister of development Wieczorek-Zeul - and some NGOs rely on the "producer support estimate" (PSE) of the OECD as a reliable measure of agricultural support. But communicating the PSE figure as the total amount of subsidies given to the agricultural sector, is not correct, because the PSE does not measure subsidies. Statements such as "farm subsidies hit $378 billion in 2004" and the "2$ per cow per day" are missing the mark. In fact, subsidies present only around one third of the total PSE in OECD countries.[3] At the same time it is evident and not questioned at all that the current design of agricultural subsidies leads to dumping[4] that threatens the livelihoods of small and family farmers in the South.

The major component of the PSE is the market price support (MPS).[5] The market price support is estimated on the difference between domestic price and a chosen undistorted market price for a given commodity. The OECD tends to select the lowest price among exporting countries as the most competitive and therefore undistorted market price (e.g. New Zealand for dairy price support). This selection is rather arbitrary, neglecting, in the case of dairy for example that production costs are unusually low in New Zealand and it's average consumer prices are higher than export prices. But the technical critique is only one side of the coin.[6]

When it comes to dumping, one has to acknowledge that market price support as such is not a problem.[7] Higher internal prices in general make it difficult to sell surpluses on the world market.
Market price support as an instrument does not lead to the export of products at prices below the cost of production. Therefore it is not correct to use the total PSE figure – predominantly composed by MPS – in the context of dumping. In the past it was only because of direct and indirect export subsidies that EU agricultural products could be sold in developing countries at dumping prices.

On the other hand market price support becomes relevant internationally when dealing with border measures, because higher internal prices need a respective level of border protection. But even without the "old MPS" an appropriate level of border protection will be necessary in order to ensure remunerative prices for family agriculture. The legitimate claim for improved market access for developing countries can therefore only be addressed on a product by product basis. This is an issue that merits further discussion in the food sovereignty debate.

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[1] http://kickaas.typepad.com/kickaas/2005/07/who_is_for_subs.html
[2] The data presented are not comprehensive for the EU member states, partly because they are not available, partly because more research is needed.
[3] Wise, Timothy A. (2004): The Paradox of Agricultural Subsidies: Measurement, Issues, Agricultural Dumping, and Policy Reform. Tufts University.
[4] See Oxfam (2005): A Round for free. Oxfam Briefing Paper No. 76; IATP (2003): United States Dumping on World Agricultural Markets and others.
[5] The same holds true for the Aggregate Measurement of Support (AMS) of the WTO.
[6] Wise, Timothy A. (2004): The Paradox of Agricultural Subsidies: Measurement, Issues, Agricultural Dumping, and Policy Reform. Tufts University.
[7] O f course there has been much critics on the "old MPS" with regard to it's distributional, financial and environmental effects.

Secondly the underlying assumption of the measurement of MPS, that a domestic agricultural policy oriented towards domestic prices aligning to world market prices is a sound and desired policy, is highly problematic, because family agriculture will not be able to persist under free market conditions. It has to be kept in mind that agriculture plays an important role as a source of income, in the maintenance of cultural landscapes and in the provision of safe, nutritious and culturally adapted food for the people in the North and the South.

Table 1: Relationship between PSE and AMS

	PSE (OECD)	**AMS (WTO)**
Coverage	All measures that support agriculture	Domestic support without border measures such as tariffs and export subsidies
Calculation of MPS	Wedge between domestic prices and border prices of a specific agricultural commodity, measured at farm-gate level	Wedge between administered support prices and external reference prices (world prices) multiplied by the quantity of production of the product concerned
Commodity coverage of MPS	Only for a number of commodities and the MPS average is then extrapolated to all commodities	Only for commodities where administered prices exist
1998 (EU)	115,3 bn US $	52,2 bn US $

Source: Compiled according to Dimitris Diakosavvas, OECD Peking.[8]

Finally it is also necessary to take into account that the PSE is based on the assumption of perfect competition ignoring oligopolistic pricing practices. But agricultural markets are often dominated by a small number of large traders.[9] As buyers, these companies do have the power to put downward pressure on producer prices and, as sellers, to put upward pressure on the prices of inputs and final products for consumers. This means, that if intermediaries are capturing much of the price gap between domestic and international prices, the producer is not receiving what is being represented as support to the producer, and the consumer may not be receiving the lower prices either.[10]

As long as there is no other appropriate, reliable figure that measures subsidies given to farmers, it is rather recommendable to use the current subsidies figures available - budgetary figures or the notified "subsidies" at the WTO – and start a quality debate from there: Which subsidies do lead to dumping and harm the environment? Who benefits from subsidies? How can fair prices for farmers and affordable prices for consumers be achieved? etc. The agricultural budget of the EU amounted in 2004 to 44,59 bn Euro[11], the subsidies notified to the WTO amounted in 2000/2001 to 46,21 billion Euro (Green Box: 21.84 billion €, Blue Box 22.22 billion €, Amber Box: 2.15 billion €).[12]

EU Subsidies are benefiting food industry

Formerly the EU guarantied minimum prices for agricultural products (supported by intervention purchase of surpluses, massive subsidised exports or destruction and stocking). The **EU-subsidies were not applied to products of farmers**, but to the most important products of the big co-operatives and the food industry. Which means, no support for milk of the farmers, but for butter, skimmed milk powder and cheese of the dairy industry and the creameries; no support for cattle at farm-gate, but for slaughter pieces of the big slaughterhouses; no support for cereals at the farm production stage, but for big volumes of cereals for the cereal wholesalers.[13] So the food industry and the big co-operatives were much benefiting of the support system formerly in place, whereas family farms benefited less.

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[8] Diakosavvas, Dimitris: How to measure the level of agricultural support: comparison of the methodologies applied by OECD and WTO. OECD Peking.
[9] See http://www.marketsharematrix.org/index.html, a new global database website on agribusiness concentration.
[10] Wise, Timothy A. (2004): The Paradox of Agricultural Subsidies: Measurement, Issues, Agricultural Dumping, and Policy Reform. Tufts Univerity. P.8.
[11] Agrarpolitischer Bericht der Bundesregierung 2005. Preliminary figure.
[12] WTO (2004): Notification of the European Communities for the marketing year 2000/2001. G/AG/N/EEC/49.
[13] Nieman, Eckehard: Das Interessengeflecht des Agrobusiness, in: Lief, Thomas, Speth, Rudolf (2003): Die stille Macht. Wiesbaden.

It is even more evident at the level of **export subsidies**, because the trading of agricultural products is done by the food industry and not by farmers. Thanks to the agricultural support system the EU grew between 1975 and 1988 from a mostly food-importing actor to an increasingly important food-exporting actor. Export subsidies were installed in order to dismantle the massive surpluses. The export subsidies amounted to annual US$ 8-12 billion between 1988 and 1994, declining then to 3,4 bn Euro in 2001 and increasing again a little to 3,7 bn Euro in 2003.[14] Export subsidies had and have no other aim than to artificially force down export prices of EU products to a level that is sometimes even below world market level, as the table below indicates for white sugar, SMP and Cheddar.

Table 2: Comparison of refund rates and world prices

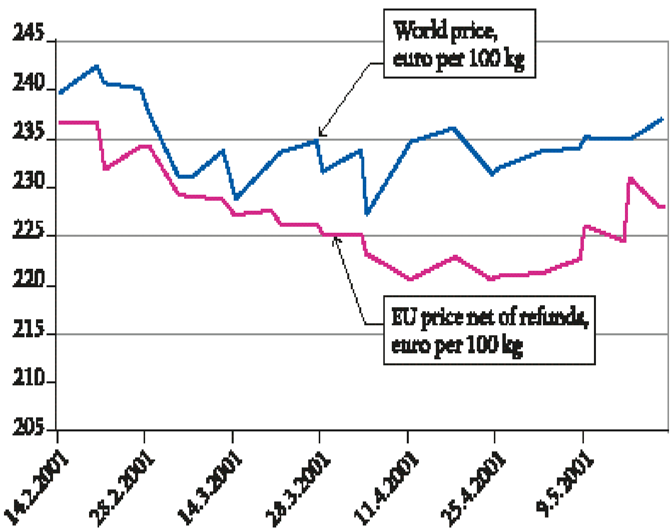
Product	Date	EU price (euro per tonne (1))	World price (euro per tonne (1))	Refund rate (euro per tonne (2))	Refund rate as % of world price
Common wheat	6.1.2000	133,14	90,87	41,49	46
White sugar	3.5.2000	631,90	213,25	488,30	229
Butter	27.12.2000	3 429,00	1 396,00	1 700,00	122
Skimmed milk powder	14.4.2000	2 259,00	1 566,00	722,00	46
Cheddar	27.4.2000	2 949,00	1 870,00	1 175,40	63

(1) Prices as used by the Commission.
(2) As explained in the report, because the Commission has to use indicative prices, there is not an exact correspondence between EU prices on the one hand and the sum of world prices and export refunds on the other.
Source: DG AGRI.

Source: Court of Auditors (2003)[15]

The way of determining the level of export subsidy was especially favouring the **dairy processing and trading companies**. The Court of Auditors was claiming in 2003 that "for significant periods covered by the audit, the Commission's estimates show that the EU price net of refund is below the world price for certain milk products" (see table 2 and graph 1).

Graph 1: Comparison of theoretical EU and world prices for SMP



Source: Court of Auditors (2003)

Table 3: Top Ten EU milk processors in 2001

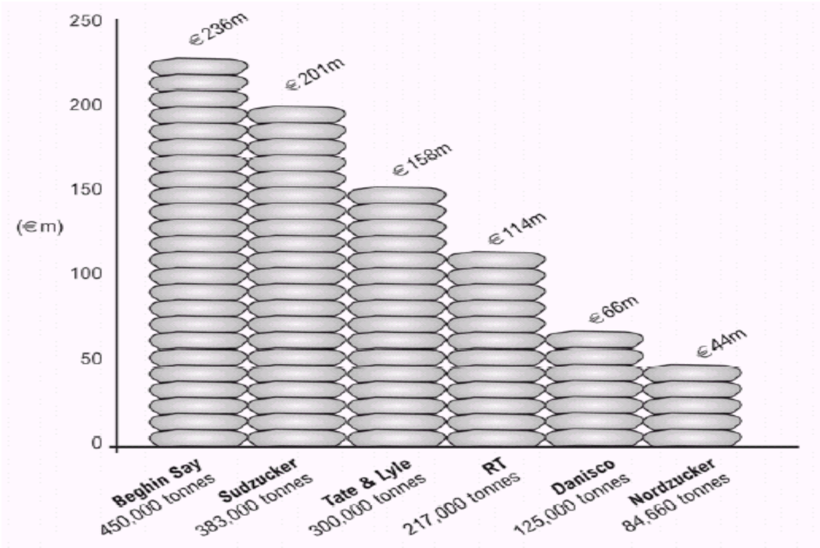
Processor	Private company/ Co-operative	Country of origin	Milk purchases (million litres/year)
Arla	C	Denmark/Sweden	7,200
Lactalis	P	France	7,000
Campina	C	Netherlands	5,750
Friesland	C	Netherlands	5,600
Nordmilch	C	Germany	4,187
Bongrain/CLE	P	France	4,125
Dairy Crest	P	UK	3,000
Nestlé	P	Switzerland	2,800
Humana Milchunion	C	Germany	2,457
Glanbia	C/P	Ireland	2,450

Source: Oxfam (2002): Milking the Cap

[14] http://europa.eu.int/comm/agriculture/agrista/2004/table_en/344.pdf
[15] Court of Auditors (2003): SPECIAL REPORT No 9/2003 concerning the system for setting the rates of subsidy on exports of agricultural products (export refunds), together with the Commission's replies.

The fact, that the EU price, after deducting refunds, was lower that the world price, implied extra gains for the dairy companies. It is not without reason, that the EU is one of the biggest exporters of milk and milk products in the world. At the same time dairy farmers did not receive any subsidy within the "old CAP" system.

Graph 2: The subsidy harvesters: estimated export subsidies to selected companies 2003 (m€)



Source: Oxfam (2004): Dumping on the world. How EU sugar policies hurt poor countries

Another example of an industry benefiting from extraordinary gains is the **European sugar industry**. This time it is a combination of direct export subsidies and indirect export subsidies (cross-subsidisation of exported sugar via a production levy paid by farmers). Despite of high internal sugar prices the EU is with exports of around 5 million tonnes a year, it is second only to Brazil in overall share of the world market. The main beneficiaries of the subsidies are Beghin Say, Südzucker, Tate & Lyle, RT, Danisco and Nordzucker (see graph 2).

Extracts on EU agricultural subsidies to Danish agriculture (June 2004)[16]

[…] Some of the top beneficiaries in 2003 included: Arla Foods (DKK 1.3 billion)[17]; Danish Crown (DKK 119.6 million); and The Danish Institute of Agricultural Sciences (DKK 111.1 million). In 2003 The Danish Agricultural Centre for Advisory Services received DKK 29.9 million - and its Board members (including Peter Gæmelke, Henrik Høegh and Chairman of the Board Gert Karkov) collectively received subsidies totalling DKK 8.9 million in the same year.

Politicians also featured. Four out of 18 ministers (or their spouses) received annual payments from the EU: Mariann Fischer Boel, Minister for Food, Agriculture and Fisheries (DKK 389,702); Ulla Tørnæs, Minister of Education (DKK 487,490); Thor Petersen, Minister for Finance (DKK 139,799); and Bent Bendtsen, Minister for Economic and Business Affairs (DKK 1,841) […]

A number of the current members of the Danish Parliament received EU agricultural subsidies in 2003 - in particular members representing the Danish Liberal-Democratic Party (Venstre), for example: Jens Vibjerg (DKK 74,396); and Jens Kirk (DKK 241,871). Niels Busk Simonsen, a veteran Liberal-Democratic member of the EU Parliament, received a generous subsidy top-up of DKK 295,837 in addition to his annual EU salary during 2003 […]

Potato starch producers are particularly favoured: 4 factories shared DKK 184 million during 2003 which was distributed to producers; similarly, private storage of pork constitutes a favoured branch as 5 bacon factories shared DKK 114 million. The main subsidy schemes applying to Arla are export subsidies and products-in-production subsidies which resulted in DKK 1.0 billion and DKK 286 million, respectively.

[16] See http://www.dicar.dk/research/databank/EUsupport.htm

[17] 1 Danish Krone = 0.13435 Euro as of 31st December 2003 i.e. Arla Foods received in 2003 174,658,761 Euro.

For a long time there has been no transparency at all with regard to the recipients and the amount of (export) subsidies given to them. It was only in June 2004 that **Denmark** set an example. For the first time citizens of an EU member state were able to access the data showing the names of the recipient individuals and companies that share the approx. DKK 10 billion of EU agricultural subsidies handed out to Danish agriculture. Arla Foods, the leading European dairy processing company, got 174,658,761 Euro alone in 2003.

In April 2005 **Great Britain** followed allowing access to information under the FOIA (Freedom of Information Act). Figures revealed that Tate and Lyle, a prominent sugar refiner, received the largest payment by far: more than £233,000,000 in export subsidies over the two-year period.

„Critics of the subsidies complain that they primarily benefit multinational corporations and the wealthiest landowners. "For too long people have been misled to believe that farm subsidies are about protecting small and family farms," Jack Thurston of the Foreign Policy Centre -- which also requested the CAP figures -- told BBC News. "This data shows conclusively that most of the EU's CAP payments goes to large agribusiness and wealthy landowners."[18]

Table 4: The Top 10 Recipients of UK Farm Subsidies

Rank	Customer	£ Payment
1	TATE & LYLE EUROPE	97,559,905.10
2	MEADOW FOODS LTD	25,928,211.37
3	TATE & LYLE EUROPE	20,486,597.30
4	C CZARNIKOW SUGAR LTD	19,559,518.38
5	GRANOX LTD	17,575,049.90
6	CO OP CENTRALE RAIFFEISENBANK	15,171,336.30
7	PHILPOT DAIRY PRODUCTS LTD	14,828,269.09
8	FAYREFIELD FOODS IRELAND LTD	14,328,016.90
9	LISBURN PROTEINS	11,685,958.80
10	NESTLE UK LTD	11,609,923.80

Source: http://www.freedominfo.org/case/cap/

In **Germany** there is no such law allowing access to information. But according to informal EU sources export subsidies were given in 2001 to 99 companies in the cereal sector (total of 53,24 m DM), 136 companies in the dairy sector (total of 130 m DM) and 216 companies in the meat sector (total of 163,66 m DM).

Table 5: Leading German companies in the cereal, dairy, meat and sugar sector

Major cereal companies	Top 5 dairy companies	Top 5 meat companies	Top 4 sugar companies
Töpfer	Humana Milchunion	Moksel AG (belong to Vion Group)	Südzucker
Peter Cremer	Nordmilch	Nordfleisch AG (belong to Danish Vion Group)[19]	Nordzucker
Avebe	Theo Müller GmbH (a.o. Sachsenmilch	Tönnis Fleischwerk Beteiligungs GmbH[20]	Pfeiffer und Langen
Emsland GmbH	Campina GmbH	Westfleisch e.G.	Danisco Zucker GmbH
	Hochwald/ Starmilch	Südfleisch Holding	

Source: Data compiled by Germanwatch.

[18]See http://www.freedominfo.org/case/cap/

[19] http://www.wattnet.com/newsletters/Pig/htm/may05pigenews.htm: Vion is the name that has been adopted for merged Dutch and German meat operations owned by Netherlands-based group Sovion, formerly BestMeat. It is comprised of recently merged Dutch companies Dumeco and Hendrix Meat group, with Moksel and Nordfleisch from Germany.

[20] Http://www.toennies.de: Toennies is the largest privately-owned company producing quality meat in Europe.

Table 5 shows the major companies in the cereal, dairy, meat and sugar sector. Many of them are among the top receivers of export subsidies (see table 6) For example Töpfer International, being a big player in the cereal sector. Töpfer and its shareholders ADM and InTrade cover the entire spectrum of the agricultural business. InTrade is the holding company for a number of significant agricultural co-operatives in the EU and the USA.[21] Töpfer International always supported efforts to liberalise agricultural trade via the EU's grain trade association Coceral.[22]

Table 6: Top Ten recipients of export subsidies in the cereal, dairy and meat sector in Germany

	Top Ten recipients/cereal sector	Top Ten recipients/dairy sector	Top Ten recipients/meat sector
1	Glencore Grain Rotterdam BV	Nordmilch EG	Bonn Fleisch Ex- und Import GmbH[23]
2	Avebe Kartoffelstärkefabrik Prignitz/Wendland GmbH	Deutsches Milch-Kontor GmbH[24]	Carnehansen A/S
3	Alfred C. Töpfer International GmbH	Peter Cremer GmbH[25]	Südfleisch GmbH
4	Emsland-Stärke GmbH	Käserei Champignon Hofmeister GmbH & Co. KG Heising	Westfleisch EG
5	Nordgetreide GmbH & Co[26]	Hochland AG	Danisch Crown Schlachtzentrum Nordfriesland GmbH
6	Zweckgemeinschaft Cerestar-Export (represented by Cerestar Germany)[27]	Euro Cheese Vertriebs-GmbH[28]	Fleisch-Winter GmbH & Co KG
7	Hage Nordland GmbH & Co	Hochwald Nahrungsmittelwerke GmbH	Löblein Fleisch GmbH
8	Raiffeisen Hauptgenossenschaft Nord AG[29]	Nestle Deutschland AG "Export"	Agro Export GmbH
9	Campagnie Commerciale Andre SA	Allgäuland-Käsereien B.V	HNG-Handelskontor Nahrungsmittel GmbH
10	Nidera Handelscompagnie B.V.	Hoogwegt International B.V.	Societe D'Etude et de Commerce
Top Ten: 41,64 m DM		Top Ten: 88,45 m DM	Top Ten: 91,08 m DM
Share of Top Ten/Total: 78,2%		Share of Top Ten/Total: 68%	Share of Top Ten/Total: 55,65%

Source: Compiled according to informal EU sources (2001)

In 1992 the Mc. Sharry reform took place. It marks the turning away from the market price support system towards a **system of direct payments**. At that time the payments were not yet decoupled, but area and livestock payments were introduced (falling under the Blue Box of the Agreement on Agriculture). The amount of export subsidies has been decreasing from around 10bn in the beginning of the 1990ies to 3,7 bn Euro (2003). Producer prices have been decreasing considerably since 1992 in Germany (graph 3).

[21] Cenex Harvest States, Invivo, Deutsche Raiffeisen Warenzentrale, Dansk Landbrugs Grovvareselskab, Irish Agricultural Wholesale Society, RWA Raiffeisen Ware Austria AG, Svenska Lantmännen.

[22] See presentation of Klaus Schuhmacher, Töpfer International at the International Workshop: „Policies against Hunger III: Liberalisation of Agricultural Trade – a Solution?

[23] http://www.bonnfleisch.de/home/homeset.html: This company is a subsidiary of the "Norddeutschen Fleischzentrale GmbH" (Nordfleisch) focussing on the export of beef because of export subsidies, as is said on their own homepage.

[24] See http://www.dmk.de/html/eng/nav/f_unter.html. DMK has become the most important exporter of German dairy products.

[25] Peter Cremer GmbH is trading casein, which is produced from skimmed milk. The distribution is mainly for the following lines of business: bottle labelling glue products, paper industry (cast coated paper & paper size dispersion), building industry (floor levelling compounds & specialised application) and producers of conical paper tubes.

[26] Nordgetreide GmbH & Co was founded by the Peter Cremer Holding in 1966.

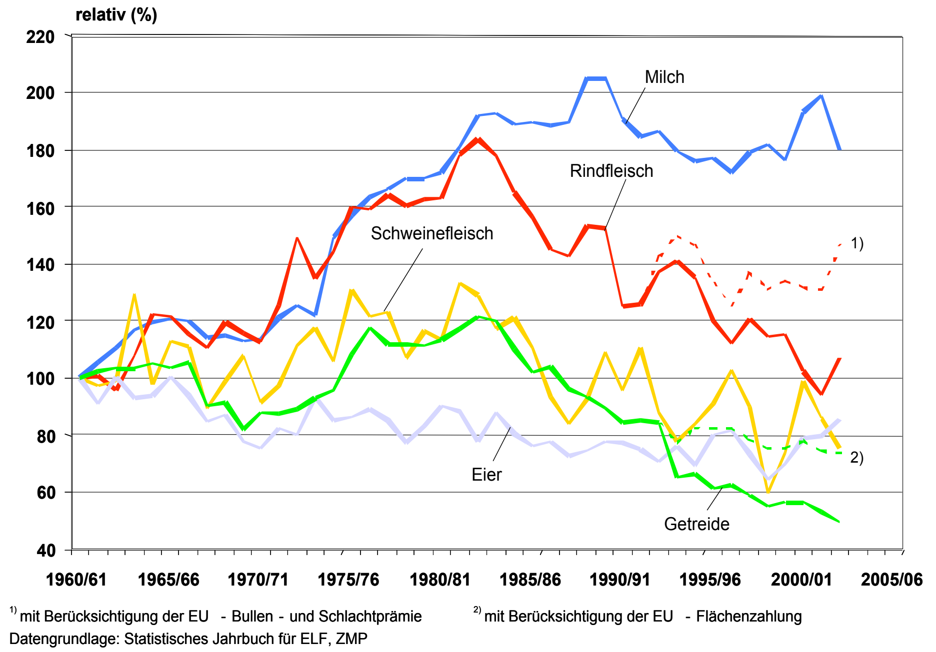
[27] Cerestar is a Cargill Company. Cerestar Food & Pharma Specialties Europe is a business unit of Cargill, Incorporated, an international marketer, processor and distributor of agricultural, food, financial and industrial products and services.

[28] An associate company of the Humana Milch Union Group.

[29] Raiffeisen Hauptgenossenschaft Nord AG merged in 2004 into Agravis Raiffeisen AG. They are a member of the grain traders association of the Hamburg exchange – Verein der Getreidehändler der Hamburger Börse e.V. (VdG) – together with Töpfer International and others. VDG is the official representation of the German external trade in grains, animal feed, oilseeds, fish-meal and pulses.

Then in 2003 the EU member states agreed in Luxembourg to decouple subsidies (some exemptions were left). The intervention prices are to be reduced progressively and direct payments are compensating partly the loss of income (single farm premium or regional premium). Consequently export subsidies will decrease substantially over a period of more or less 10 years. It can be assumed that a further decrease of producer prices will occur.

Graph 3: Producer price trends for selected agricultural products in Germany



Explanations: Blue: dairy, red: beef, yellow: pork, green: cereals, grey: eggs; 1) taking into account the slaughter premium and special premium for producers holding male bovine animals; 2) taking into account the EU area payments

Source: Heißenhuber, H. Hoffmann, G. Bauhuber (2004): Die Zukunftsfähigkeit der deutschen Milchwirtschaft aus ökonomischer Sicht

But the agricultural report 2005 of the federal government in Germany shows that market prices are already too low by now. Many farms would not survive without subsidies. A comparison of an organic farm (100 ha) and a comparable conventional farm indicates a negative income in the absence of subsidies. This means firstly that most farms cannot cover their costs via the market price, secondly that dumping continues because of market prices being below production costs and thirdly that farms will close down without continued direct payments if producer prices do not rise.

Table 7: Organic farms in relation to comparable conventional farms (2003/2004)

	Organic Farm	Conventional comparable farm
Size	100,9 ha	100,5 ha
Labour	2,2	1,7
Unpaid labour (Family)	1,5	1,5
Total farm income incl. direct payments	1,719 €/ha	1,655 €/ha
Direct payments without investment grants	493 €/ha	362€/ha
Total farm costs	1,280€/ha	1,330€/ha
Net Profit	368€/ha	275€/ha
Net profit minus direct payments	- 125 €7ha	- 87 €/ha

Source: Agricultural report 2005 of the federal government (p.29)

A rise of prices is not very likely, to the contrary, even **lower prices for agricultural products** (e.g. dairy, sugar) may become reality for farmers in future. Because this is exactly what the food industry is looking for when export subsidies are going to be phased out. The German Association of the food industry clearly states, that export subsidies have to be continued as long as internal prices for agricultural raw materials are higher than world market prices.[30] The European Confederation of the Food and Drink Industry, CIAA, has the same stand on this issue.[31]

It is not surprising that there is a coincidence between the policy demands of the food industry and the policy line of the EC. The European Commission is keen on taking on board agribusiness demands, as the former EC trade commissioner Lamy pointed out in a meeting with CIAA: "With such five star treatment your industries naturally have [...] excellent relations with the Commissions. [...] It does have the merit of encouraging you to present well-defined positions on trade issues."[32]

Excellent relations are apparently existing also with CAOBISCO, the Association of the Chocolate, Biscuit and Confectionery Industries of the EU. In a position paper on export refunds CAOBISCO demands a price reduction of 33% for sugar[33] And a price cut of 33% was exactly what the EC had proposed in their first proposal for the sugar market reform in 2004. There could be no better proof of what interests the EC is serving when they go for cutting prices for agricultural raw materials.

Besides the subsidies of the agricultural fond "EAGGF Guarantee" there are also "**structural funds**" that are open for the food industry, as long they serve the development and structural adjustment of backward regions within the EU. The EU Commission and the member states (upon approval by the EC) can for example grant aid in order to help creating jobs. This has been the case with the German Müller-Milch-Group that received in 2003 an EU grant of 31,1 m Euro and a grant by the federal state of Saxony of Germany amounting to 40 m Euro for the extension of the creamery "Sachsenmilch" in Leppersdorf (belonging to Müller-Milch) in Eastern Germany. Finally this grant was used to shift the location of Müller-Milch without creating any new jobs, because the creamery Loose (belonging to Müller-Milch) in Vienenberg, Lower Saxony, was shut down – 150 workers were sacked – whereas 148 were created according to the project application presented to the European Commission.[34]

Unequal distribution of subsidies, little support for family agriculture

From an internal European perspective the distributional effects of agricultural subsidies are heavily criticised. In the EU 80% of subsidies are paid to only 20% percent of EU farmers. Most support (PSE) goes to larger farms, especially the richer ones.[35] These findings are underscored by the published information on big receivers of agricultural subsidies in UK, Denmark and Spain.

Table 8: Top receivers in Spain and Denmark

"Seven magnificents" in Spain (currency: Euros)	Top 10 receivers in Denmark (currency: DKK)	
3,608,000 Hermanos Mora Figueroa Domecq	5,750,318.25	Bregentved Godskontor
2,464,000 Hermanos Hernández Barrera	4,437,801.83	Frijsenborg & Wedellsborg
2,291,000 Nicolás Osuna Garcia	3,320,013.05	Overgård Gods
1,885,000 Cayetana Fitz James Stuart and sons	2,378,933.25	Christian D. Lassen
1,752,000 Inigo Arteaga Martin	2,306,753.57	Fiil-Sø A/S
1,457,000 Hermanos López de la Puerta	2,228,349.00	Økologi Birkelse
1,110,000 Samuel Flores	2,131,488.39	Gisselfeld Klosters Landbrug
	2,090,666.02	Rosenfeldt Gods
	2,015,892.40	Ove Christian Sehested Juul
	1,961,807.56	Danish Institute of Agricultural Sciences

Source: Intermon (2005): Goliat contra David and http://www.dmk.de/html/eng/nav/f_unter.html

[30] BVE (2005): Wahlprüfsteine 2005. Forderungen der Ernährungsindustrie an die Politik. Berlin.
[31] CIAA (2005): CIAA priorities in the multilateral trade negotiations of the Doha Development Agenda. Brussels.
[32] Lamy (2003): „From Doha to Cancún – Challenges and opportunities of the WTO negotiations for the food sector", General Assembly of the Confederation of the EU Food and Drink Industries. Brussels, 19 June 2003.
[33] See CAOBISCO (2003): "Impact of the loss of export refunds for CAOBISCO companies". Brussels. According to COABISCO the refunds for the year 2002/2003 are already nearly 20% short of exporters requirements. If there was a further cut of 45%, as in the EU offer from January 2003 to the WTO, then it would take the refund 55% below the level needed for export competitiveness.
[34] Information given by Christiana Schuler, Friends of the Earth Germany.
[35] OECD (2003): Farm Household Incomes in OECD Countries. Paris.

An analysis of the published lists of some regions in **Spain** (Castilla da Mancha, Estremadura, Andalucía, Castilla y Léon) showed that the elite is capturing the bunch of subsidies. The list of "gold names of the CAP" includes 303 farms receiving each more than 300,000 Euros, totalling to 398 m€ annually. This means that every recipient receives more than 3,586 Euros per day. 83 out of this 303 receive more than a million Euro annually. Many of them are agro-industrial firms e.g. in the vine sector. The "seven magnificents" belonging to the nobility class and cattle-breeders (a typical group benefiting from CAP), receive all together 14,5 m Euros annually. This means 5,700 Euros per farm per day and 240 Euros per farm per hour. The other extreme of the chart is constituted by family farms and poor farming communities that are negatively affected by the CAP. 12,700 of Spanish smallest farms do share the same amount than the "seven magnificents".[36]

In **Denmark** there are 109 recipients getting more than 1m DKK annually (i.e. 134,353 Euro). And as in Spain the nobility belongs to the main beneficiaries: "The Danish Royal Family is amongst those receiving some of the largest single payments in the group covering owners of estates that received annual subsidies in excess of DKK 1 million. In 2003, Prince Joakim received subsidies worth DKK 1.4 million for the maintenance of his Schackenborg estate in South Jutland."[37]

Similarly in **Great Britain** the Royal Family is benefiting. The figures show that the Queen received more than £769,000 in EU farm subsidies in 2003-04, while Prince Charles benefited from around £300,000 in agricultural payments to his personal estate, the Duchy of Cornwall, and the Duchy's Home Farm.[38]

In **Germany** there are no such figures existing. One can only estimate the total amount received. For example at the beginning of the year 2000 the Ferdinandshof in Mecklenburg-Western Pomerania held around 22 000 male bovine animals, 7000 ha land and 132 employees. The AbL, a farmer organisation opting for family agriculture, estimates that the Ferdinandshof got around 4,46 Mio. € annually via EU area and livestock payments. This would mean a subsidy of 33.787 € per labour per year whereas family farms in 2001 got on average 10.770 € per labour per year.

The **decline in prices** is in particular harming family farms, especially the smaller ones. Therefore the question how to achieve remunerative prices is of utmost importance. The issue of low agricultural prices is closely linked to the decoupled payments compensating the loss of income, to measures increasing surplus production, to lacking effective supply management schemes (e.g. dairy) and to the threat of a massive reduction in border protection. The subsidy-dumping-debate cannot be dealt with in isolation. Talking about subsidies means finally talking about a different CAP on the basis of food sovereignty and sustainable production.

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[36] Intermon (2005): Goliat contra David. Quién gana y quién pierde con la PAC en España y en los países pobres.
[37] See http://www.dicar.dk/research/databank/EUsupport.htm.
[38] See http://www.freedominfo.org/case/cap/.