



EUROPEAN PARLIAMENT

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THE NEXT TRANSATLATIC CHALLENGE:

HOW DO THE CAP AFTER 2013 AND THE US FARM BILL DELIVER ON THE
GLOBAL CHALLENGES OF FOOD SECURITY AND SUSTAINABILITY?

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I cordially greet all those present, and especially the American Chamber of Commerce for inviting me and giving me the honour to be here today, and for allowing us to have this occasion to discuss the important issue of how the CAP after 2013 and the US Farm Bill deliver on the global challenges of food security and sustainability.

Recent trends in the world economic scenario have called into question the development models of modern society. Intensity of economic growth has progressively used up natural resources and led to a decided increase in pollution level and greenhouse gases, the main factors of global warming.

Growth processes are applying greater pressure on natural resources, reducing the reactive capacity of ecosystems and stressing climatic conditions. More in general, food, water and energy risk being scarce resources as consumption pressure grows together with the world's population and wealth: a scenario of environmental vulnerability that translates into economic and social difficulties and into exceptionally wide-ranging risks for future generations.

We have now entered a historical phase as live participants and are obliged to tackle – with urgency and determination – the issue of the sustainability of population and economic growth. We are in a transition in which development paths, at least in part, need to be reconsidered to make them more balanced and consistent with the challenges for society in the near future.

In this context agriculture appears as a unique economic sector due to its close links with the vulnerabilities we have mentioned: in the fundamental phase of the food chain, agriculture plays a key role in responding to the growth in food demand; as the chief user of water resources, agriculture affects both water availability and quality; as manager of over 35% of

the land surface (without taking into account forest land which occupies a further 32%), it plays a fundamental role in conserving and regenerating natural resources and in fighting climate change. This is why the role of policies for the agricultural sector and for rural areas will be decisive to promote an active role for over 1.3 billion farmers who manage about two-thirds of the Earth's land ensure that this outstanding economic, social and environmental resource, farming, can make a very important contribution in facing the challenges to modern society.

In this context, it could be useful mention some data to realize the situation:

- population growth will be matched by an increase in food demand such as to require about twice the current food production. In this way, there is a real risk of food scarcity being even worse in the future.
- since 1990 global water consumption has multiplied by ten, with almost twice the intensity of population growth. Today 6.7 billion people draw on the planet's water reserves which, in terms of quantity, have remained substantially unchanged since the days of the Roman Empire when the world's population is estimated to have been 300 million . Moreover, the effects of pollution are contributing to reduce them.
- pollution, expansion of urban areas, the dynamics which affect land use, and global warming: these are all factors that have already produced major losses in biodiversity and that risk having an irreversible effect on land and sea populations. To give only one example, in the period 2000 – 2005 the world's forested areas decreased by 73,000 km² annually, significantly reducing the stock of biodiversity and the consequent capacity of ecosystems to absorb polluting emissions.
- the progressive increase in greenhouse gas emissions is contributing to the increase in mean land temperature which, in the last 15 years alone, rose by over half a degree.

In Europe, the original setting of the Common Agricultural Policy (CAP) has been largely reformed since the beginning. This process has supported changes that have led to the reduction in the environmental impact of European agriculture. Unlike the past, the choices of European farmers now mainly focused on markets, and the progressive phasing out of the system of guaranteed prices has solved the problem of structural surpluses of certain commodities, and at the same time reducing the pressure on natural factors. In the same way, the phasing out of a system of subsidies firmly linked to production has made farmers' production goals more environmentally and socially sustainable.

In this sense, the Fischler reform of 2003 represented a turning point, linking the granting of support to compliance with a series of obligations representing wanted social and environmental values. It was an extraordinarily important innovation especially in conceptual terms.

Particularly, this Fischler's reform of 2003 represented a turning point also for the transition from support tied to production to the granting of decoupled aid has been the fundamental element of the new intervention perspective: it has created the basis for sustainable management of the natural farming environment; it has constructed a perspective in which farmers act on the basis of market demands and, at the same time, offer public services that are paid through supplements to their incomes.

Today the environmental and social responsibilities of agriculture are the key issues. Changes under way are marking out the great challenge of the future for agriculture: produce more, pollute less and enhance the quantity and quality of services performed for society. As managers of a huge portion of the EU, farmers can make an extremely important contribution to the production of public goods and services, starting with fighting global warming: with their everyday actions they can aid carbon sequestration by agricultural and forest soils; they can implement a series of virtuous practices in water resources management, perform

functions of habitat, biodiversity and landscape conservation; and produce energy from renewable sources and supply it to society.

Today, as citizens and policy-makers, we are asked to be concrete with our vision of the future. Defining how the CAP as well as the Farm Bill will evolve in the future is an important step to give an appropriate answer to the challenges faced by Europe, the United States, and whole world.

This eventuality would represent a great responsibility to which two important players in the international environment as Europe and U.S. can not abdicate. It would be great to reach these aims, to promote a common reflection that makes it coherent and mutually reinforcing the commitment of Europe and the U.S. in addressing the great challenges of our time. A commitment in which the viability and sustainability of agricultural systems becomes crucial to ensure both more food production and more public goods provision. We have a responsibility to build a future which takes into account this common effort.

If the combination of competitiveness and sustainability is the only prospect able to connect the interests of society and the farm sector, we may formulate the two objectives which, in our opinion, could form the main policy of tomorrow's agricultural sector:

- to promote the competitiveness of European agriculture and contribute to market stability
- to promote the environmental sustainability of farming and the creation of public goods and services.

This is not the place to go deeper into the details of the possible tools that could be used. However, it is clear that there are some key points that can follow this common vision among Europe and the U.S. by have a fruitful exchange of experiences. I am thinking about the actual relevance of risk management in agriculture where U.S. experienced since many years a strong paradigm of public support in this field. At the same time I can not avoid to think that the European experience in the field of public goods and services provided by primary sector could be used by the U.S. Clearly, I have referred at just two very different contexts, but this would represent a future challenge in my mind: how to find a balance between the challenges that our collectivity will face in the future that may be consistent with their diversity