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Recent trends in the world economic scenario have called into question the development models of modern society. Intensity of economic growth has progressively depleted natural resources and led to an increase in the level of polluting emissions and greenhouse gases, the main factors causing global warming.

The imbalance between the use of resources and their capacity to regenerate has assumed ever-increasing importance on the international political agenda, and has led to concerns not only for the short-medium term but for the very conditions on which to build and guarantee welfare for future generations.

In this context agriculture appears as a unique economic sector: in the fundamental phase of the food chain, agriculture plays a decisive 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 a great part of the land surface, it plays a fundamental role in conserving and regenerating natural resources and in combating climate change.

According to UN estimates, the world's population will reach nine billion by the year 2050. The predicted increase is equivalent to over one-third of the Earth's inhabitants recorded in 1995.

Such intense demographic progression will be matched by increases in demand for energy, food and water and by increases in polluting emissions.

Various sources show that population growth will be matched by an increase in food demand such as to require about twice the current food production.

As regards food vulnerability, the response to future needs can only start with agriculture. The possibility of satisfying tomorrow's food requirements presupposes an increase in the sector's production capacity.

But we have to reach this goal strengthening, at the same time, the provision of public goods like carbon sequestration, biodiversity, water management, hydrogeological protection, as well as ensure food security for our citizens.

Our future goal should be to produce more and polluting less.

This road is threatened by uncertainty. In this scenario, in fact, we should also consider the impact of the greater future volatility of food markets: climatic instability and food supply unbalance will translate into high tensions on the markets.

As a result, the frequency of price shocks will increase, thereby increasing exposure to income risk for farmers and leading to farm closure. This eventuality is not only dangerous in terms of farm yield potential, but also to favour conditions for a withdrawal of environmental and social conservation functions.

What has happened in the last few years is the demonstration that we are going towards a new scenario of greater uncertainties that will increase in coming years along with food demand imbalances, which are inevitably reflected in market trends.

One of the main effect generate from this uncertainty is the "land grabbing" phenomenon. Food scarcity is leading to a rapid rise of farmland acquisition in developing countries. This is a reaction which leads richer countries with raw material shortfalls to acquire new areas to be farmed to produce strategic food commodities. Only in 2009 there were transactions for 40 million hectares.

In this context, also at the European level the key question that we face is to provide food security in a sustainable way at reasonable market prices.

This has to be done in a framework which encompasses the enormous agricultural, economic and social diversity within the main structures, conditions and cultures in the 27 Member States.

Now is the time to build a long-term horizon for EU public support to accompany the ambition of our society to build a prospect of economic and social sustainability in the awareness of the importance that the farm production system and rural areas play in this perspective.

In this context, we need to update the tools that are actually envisaged in the CAP framework by underlining the link between the CAP and European citizens.

Europe's Common Agricultural Policy (CAP) has come a long way in the past 20 years, but is in need of further reform. Now we have a real opportunity to undertake the necessary changes in order to provide a modern policy to address the challenges of the 21st century. Designing the aims and tools of the future CAP represents today a key challenge for the entire European society.

Referring to the previous CAP reform, which began in 1992, including the 2003 Mid-term Review, and continued most recently with the CAP Health Check, one common and consistent thread has been to promote a different role for farmers.

It requires land managers to become more market-oriented, highlighting the role of private land in the production of eco-system services, and seeks ways to enhance that role in order to help land managers to better respond to food and environmental challenges.

In the current situation European agricultural interests are particularly at risk, given that in 2013 several new institutional factors will come into play: the implementation of the "*Europe 2020*" strategy for intelligent, sustainable and inclusive growth; the end of the transitional period of the CAP for the newest Member States; possible future accessions; a possible new agricultural agreement resulting from the WTO Doha Round;

In addition, the economic crisis and the measures adopted for economic recovery bring public spending to the centre of political debate, creating pressure on the traditional lines of the European budget.

However, the effects of the global financial and economic crisis also reverberate within the agriculture sector, with farmers facing a decrease in their incomes, as shown by the most recent Eurostat figures.

This situation is exacerbated by increased exposure to the phenomenon of price volatility, with recent experience suggesting this may become an ongoing and systematic factor.

Based on this background a public debate on the future of the CAP was launched by the European Commission in April 2010. On the basis of findings of this

debate, the Commission few days ago has presented the Communication on "*The CAP towards 2020: meeting the food, natural resource and territorial challenges of the future*".

The scope of the Commission Communication is, at this step, very general and the budgetary concerns on the new CAP remain almost entirely absent. In the figurative sense, we have now some pieces of the puzzle, but we do not know the final design or its size.

Most of its elements, announced by the Communication were already developed by the EP Resolution of 8 July 2010 on the future of the Common Agricultural Policy after 2013 and sometimes the EP Resolution is more ambitious and concrete than the Commission has been in its Communication.

I think that starting with objectives, to then review instruments and define resources, means capitalising on the EU's strategic guidelines in terms of competitiveness and sustainability and the efforts made in 30 years of CAP reforms, so as to respond as effectively as possible to the great challenges that we face.

In this context the objectives of the Treaty are still topical: ensuring security and stability of agricultural supply at reasonable prices and promoting sector productivity are desirable aims even today.

If we combine these aims with the framework of new constraints (market liberalisation and environmental sustainability) and new opportunities (production of environmental and social public goods) we will have a strong reference framework in which to generate renewed and stable policies for the farm sector and for rural areas.

Only such a perspective can legitimate the CAP of the future.

If we agree that the challenges facing us in the near future are strictly linked to farming and the land management function performed by the farmer, then promoting the defence of farm production potential while broadening its positive impacts on sustainability becomes one of the basic tasks of the policy maker.

In the EU, approximately 14 million farms manage 45% of the overall land area, employing about 30 million people and supplying a series of essential services. We now need to reflect on how to ensure the continuity of such services and what agricultural policy options to pursue to stimulate their expansion and rise in quality.

This means that we need suitable policies and adequate resources. It also means, undoubtedly, translating such aspirations into a CAP which is more modern and closer to the need to select and reward the socially pro-active behaviour of farmers.

However, it appears evident that this prospect would be hard to achieve if public intervention did not take account of the economic and structural peculiarities of European agriculture.

We should thus consider not only the opportunities to contribute to creating collective values, but also the constraints and threats to which the system is exposed.

If we wish to enhance the contribution of agriculture to creating public goods, we must ensure its presence and economic vitality. This has to be done by promoting interventions upon structures and organizational system with a view to favouring improvements in efficiency and competitive capacity. But also with great attention to the question of risk management, especially market risk.

If the combination of competitiveness and sustainability is the only prospect able to weld the interests of society and the farm sector, we may formulate the two objectives which, in my opinion, could form the cornerstone of tomorrow's CAP:

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

