

## Communication & Opinion



### Sustainable Farming

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\* Opening remarks at the Round table on sustainable farming, European Parliament

I appreciate Syngenta's invitation to help kick off this Round Table discussion on sustainable farming. The first two interventions focused on the food balanced and on GMOs. Mine will look at the wider picture.<sup>1</sup>

With the 2003-2004 Fischler Reform, Europe has made a major step to incorporate multifunctionality objectives in agricultural policy as well as in multilateral trade negotiations. Changing the CAP in order to improve multifunctionality indicators such as biodiversity, landscape, water, soil and air quality, and increase the attractiveness of the rural environment and way of life was necessary, not only per se, but also in order to better justify farm and rural support.

Cross-compliance measures are expected to have a positive impact on agricultural pollution, and land and nature management. Decoupling of farm support from production does not seem to have negative effects regarding land abandonment, that the anti-reform Cassandra's had predicted. While there are no measurable effects yet related to good farm practices, their enforcement is likely to grow in order to avoid ineligibility for Pillar II payments.

CAP reform is of course a work in progress, as one can expect payments to be redistributed over time in order to boost economic, social and environmental sustainability, notably via a growing transfer of support from Pillar I to Pillar II.<sup>2</sup>

The design of the Fischler Reform was based on strategic motives, which were aimed at meeting three challenges for Europe and the world: the environmental challenge, the food challenge and the financial challenge related to both. While the environmental challenge appears the most immediate to-day, potential food scarcity is even more daunting over time.

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<sup>1</sup> The CAP reform of 2003-2004 was aimed at helping European farmers and the up- and downstream industry reconcile the needs of modernization and restructuring with the acknowledgement of their community function, and the recognition of the positive externalities generated by agriculture, rural activities and spaces. Public opinion did no longer tolerate that CAP rules were sacrosanct, while environmental rules were respected only in the breach.

<sup>2</sup> It is of course necessary that national and regional regulations or practices – such as regarding land-use policy, tax systems, and monitoring and control of Pillars I and II CAP measures - do not reduce, let alone nullify the sustainability objectives of the Fischler reform.

As regards **the environmental challenge**, the destruction of natural resources, biodiversity losses, net losses of soils due to water and wind erosion, the lack of fresh water, fossil fuel pollution, gases such as carbon dioxide and methane, toxic chemicals, and so on have been increasing with environmental degradation, population pressure and its impact on the environment, rising living standards, and immigration from low-environmental-impact countries. They are interlinked time bombs with fuses of less than fifty years, which can lead to poverty, political instability, warfare, starvation, disease epidemics, or collapses of societies. Our own higher lifestyles may be eventually affected by waves of immigrants fleeing from collapsing societies and knocking at our doors.

The CAP reform process must from now on take into account the contribution that the EU can make to tackle Europe's and the world's most serious environmental problems. This makes also sense economically over the longer term. It should **not** depend on parallel actions by third countries, unless Europe is prepared to risk eventual collapse of its own environment.

The **food challenge** is to structure EU agricultural policy not just so that a return to over-production in Europe is avoided, but also preserving Europe's capacity to produce enough food in a sustainable way for a world in which food production decline has taken root in many of the world's great bread-baskets – notably in China, the Indian Punjab, America's Great Plains, Australia and Kazakhstan -, and where food scarcity has been occurring in various highly populated areas and is likely to grow.<sup>3</sup>

The big question is: how can we best balance food demand and supply, save energy and water, and preserve the environment, all at the same time, notably in Europe? Bio-mass and bio-fuels reduce energy dependence, without reducing water consumption, but increase food prices and worsen the food balance. We are indeed witnessing a mounting competition between food and fuel and a structural shift in US and European agricultural markets. Isn't it crazy to use diminishing water resources to produce more fuel and less food? Isn't it worrying that the spread of meat demand is boosting feed grain and damping food grain production?<sup>4</sup>

Technology can of course help to increase sustainable food production, but up to a point, and cannot be expected to do more than slow the negative trend.

The overall negative prospect of world food imbalance cannot leave anybody indifferent. With 3 billion people expected to be added to the world by 2050 (two thirds of whom in Asia and Africa) and 8 countries alone<sup>5</sup> accounting then 4.7 billion people, most of whom have neither the climate, nor the soil or other conditions necessary to feed themselves in the future, the political economy of Europe's agriculture cannot ignore the negative trends regarding the *global commons*. Nor can the rest of the world ignore the key role that Europe is called to play in the forthcoming period of food scarcity. Future world demand of food requires that EU

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<sup>3</sup> It has been calculated that the addition of some 70 million people every year claims nearly 3 million hectares for housing and other purposes, nearly 400,000 hectares of which (much of it cropland) for roads, highways and parking lots alone.

<sup>4</sup> Should our newly fashionable policy-focus on renewable energies from crops not rather shift to renewables from waste, to reducing energy consumption and to managing water resources better? After all, water shortages translate into food shortages. While individuals drink only two to four liters of water (in different forms) a day, it takes 2,000 liters of water to produce the food an individual consumes daily.

<sup>5</sup> India (1.5 bill, China (1.4 bill) USA (400 million), Indonesia and Pakistan (300-350 mill each) and Nigeria, Bangladesh and Brazil (with an average of 250 million each)

farmers continue to play their role in feeding the world. Their main challenge is to do it sustainably.<sup>6</sup>

The third challenge we face is the **financial challenge**. It actually is of the essence to continue substantial public support for agriculture world wide (all countries have some form of agricultural policy) in order to help tackle the environmental and the food scarcity challenges just described.

Nevertheless, public financial support for the CAP has already been heading downward. A reduction is warranted only in case of permanent farm-gate price increases.

If net farm income goes down, and European farmers need to keep up with their overseas competitors, they will resort to industrialized, intensive farm practices with all their negative consequences for the environment, the landscape and biodiversity

To sum up, the three challenges I just outlined – environmental sustainability, food balance and appropriate finance - , which concern not only the CAP itself, but also the world as a whole, are the strategic reasons for the last CAP reform and for the continuation of the reform process.

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<sup>6</sup> The new CAP is notably designed to avoid food surpluses. But to the extent that world overproduction may be replaced by food scarcity, we could expect less competition among the producers of staple food for access to food markets, and more likely competition among net-food-importing countries for access to supplies. We would, and probably will then see import barriers in this connection replaced by export limits, and if Europe or other countries producing bulk farm products experienced periods of excess domestic demand, they will tend to repeat what several other countries have already done in such a situation, particularly recently: impose export limits.<sup>6</sup>

After being accused of dumping its food surpluses on world markets, one could well see the EU accused of withholding supplies from hungry people!