

## Communications & Opinions



### Is the objective for European agriculture food, environmental security, or both?\*

Franz Fischler

Chairman, RISE Foundation

Brussels, 27 March 2008.

\* Opening address at the 1st Forum for the future of agriculture

Dear friends,

Let me first appreciate the interest you have shown by registering for this conference in much larger numbers than we had planned for, and warmly welcome you all.

When almost exactly a year ago in Madrid, I launched the Rural Investment Support for Europe or RISE Foundation, together with my former Chief of Staff, Corrado Pirzio Biroli, the ELO<sup>1</sup> and the FCS<sup>2</sup> I highlighted the double, interrelated food and environmental challenge that the world is facing. This challenge was the key motivation for the creation of the new philanthropic instrument RISE, of which I am Chairman.

The RISE Foundation kept spreading the message at seminars and conferences at the CEPS, the European Parliament, in Paris, Rome and elsewhere, and lastly with a Syngenta-sponsored annual keynote address at Westminster. While our presentations raised interest in food and environmental security, they did not quite achieve the degree of awareness that is imperative. Environmental degradation had already taken center stage with Al Gore's Inconvenient Truth documentary and speech tour, but food security has not enjoyed the same attention, at least not until the last few weeks, and most people remain quite unaware of the interconnections between the two challenges regarding food and environment.

This is the reason why we took the initiative to make food and environmental security the subject of this Forum for the Future of Agriculture, the first of several annual events that the ELO and Syngenta sponsor with the backing of the RISE Foundation, the CLA, Hill and Knowlton, and the NFU, and hopefully others as we go along.

Our speakers include representatives of the European Parliament, the Council, Member States, companies and NGOs. Let me add that we do not ignore a third key challenge: energy security. If energy is not a key agenda item today, it is because it was already dealt with by RISE with focus on the biofuel predicament earlier this year (you will find our introduction on the ELO web-site, click "conferences"), and might have otherwise high jacked the other two security concerns that are as fundamental as energy.

My main task here is to set the tone, launch the debate and wrap it up.

---

<sup>1</sup> European Landowners Organization

<sup>2</sup> Friends of the Countryside

To the question for my introduction “Is the objective for European Agriculture: food or environmental security, or both?” my answer is “both”, and let me immediately add that these are equally important and interrelated targets that cannot be left to the market alone, and must be actively pursued with the appropriate tools, not just in Europe’s narrow interest, but in that of the world.

Make no mistake; this is the biggest food crisis since World War II. Britain’s chief scientific adviser has just defined food security as an enormous problem on a par with climate change and FAO Director General Jacques Diouf calls for a coordinated response and a long-term solution to a structural food demand-supply gap. He has warned about growing social unrest and rising global hunger. This week the World Food Programme has launched an “extraordinary emergency appeal” to governments to donate at least \$500m in the next four weeks, because it will otherwise have to cut the rations for 73m recipients of food aid in 80 countries by the 1<sup>st</sup> of May. The current WFP funding gap, after a 20% jump in food prices over the past three weeks, is \$600-700m.

The Financial Times has just published a page-long article titled “Rising costs force food up the political agenda”. It reports that countries such as Russia and China have imposed price freezes on staple foods, France has launched national inquiries on food prices, food exporters such as Argentina and Kazakhstan are imposing foreign sales taxes or export bans to keep their markets supplied. Moreover, net food importing developing countries try to keep prices low for their urban population by dampening domestic food prices in various ways, such as reducing customs import duties, fixing domestic prices, and establishing or increasing food subsidies, with negative effects on government budgets and international indebtedness. Meanwhile, rising costs had called into question public support for biofuels, which compete with food for land, and were pushing governments to review the potential for genetically modified crops for higher yields and water savings.

This explains why the EBRD Agribusiness Director was reported stating that investors in food production “are losing confidence as a result with the increasingly unpredictable politics”.

Food security is at risk of becoming the next serious market failure after climate change, which Nicholas Stern has described as “the biggest market failure in history”.

Without sustainable food security, and energy, water and environmental security, the relevant looming shortages will cause much human suffering and civil strife. Similarly, without more decisive action regarding rural development, rural areas risk to be given back to nature instead of being preserved and developed for people.

Much has been made of the concept of multifunctional agriculture, but the discussion so far has ignored how far it actually is multifunctional. We cannot simply leave it to the market and to technology to find a balance between various, partly contradictory demands across sectors without unpalatable consequences in terms of sectoral outcomes and income distribution within and among countries. The market needs coordinated direction as to what kind of policies regarding soil use, energy, water, transportation, environment and indeed agricultural and rural development are the most appropriate ones to tackle the world’s overall socio-economic and political security requirements, including those of the developing countries. What happens there will have an overall even greater impact than what happens in the advanced industrial countries.

As to technology, it has an essential role to play regarding both food and environment. Low-till or no-till farming techniques help retain water, raise soil carbon content, reduce energy needed for cultivation, as well as wind and water erosion, but cannot alone address the food imbalance. New technologies capable of raising land productivity are shrinking and will be of diminishing help as yields of wheat, rice, and corn press against the ceiling ultimately imposed by the limits of photosynthetic efficiency. A much greater contribution can be expected from biotechnology, provided public opinion is prepared to support it. Current negative attitudes in Europe will need to change as the next GMO generation comes on stream. But this new technology should of course not be introduced without exhaustive impact assessment.

We should be cautious about putting too much capital in the belief that technology alone will allow us to ensure sustainable world food production for all and reduce world hunger in accordance with UN targets, or stop, let alone reverse climate change. This is particularly true if policy signals are half-backed, not to say counterproductive, raising understandable doubts on implementation. Caution is also of the essence in dropping any technology without judgment as to whether the pros outweigh the cons, and whether there is scope for parallel action regarding the demand and trends in life-styles.

There is no lack of critics about the level of CAP expenditure, which accounts for 1% of total public expenditure in the EU. But, farmers must wonder how they can be expected to contribute to satisfy world food demand, save energy and water, and preserve the environment, all at the same time, when farm payments and public support are on the down path.

Weakening, let alone scrapping the CAP, as a growing number of people advocate, would involve a number of risks, and actually mean throwing out the baby with the bath water. The risks include: production intensification with increased pollution, land abandonment with rural desertification and reduced farm output, accelerated urbanization with additional infrastructural and environmental costs, potential difficulties for the internal market, higher world food prices with serious humanitarian, economic and political consequences, in particular for the poor at home and for the net- food-importing developing countries.

However, the status quo is not an option. All countries in the world are called upon to restructure their agricultural policies, so as to produce enough food, improve their environment and open their markets. This notably holds for most food-importing developing countries whose policies favour urbanized people as against farmers. But it obviously holds for the CAP as well.

The CAP reform process is not quite over yet, far from that. Higher food prices do not suggest slashing the CAP budget, but using it in new ways so as to preserve and enhance EU capacity to produce food and a good environment in a sustainable way. Substantial investments will be needed to help respect cross-compliance rules and make farming more sustainable dealing with the negative externalities of production such as water pollution, promoting organic farming, adopting new, expensive technologies at an early stage, and rewarding farmers for the actual delivery of public goods, including the preservation of extensive farming. A real shift in CAP support towards rural development is of the essence. The CAP must substantially increase its assistance to the multifunctional tasks of European agriculture so as to provide the services to society that the market does not pay for.

---

Slashing CAP support as from 2014 would thus mean European Council's failure to appreciate that overexploitation of natural resources together with urbanization and globalization make it more, rather than less important to provide the budgetary means to tackle the challenges that we address here to-day. Besides, budget cuts would be counterproductive, because they would drive farmers to increase unsustainable production intensity, penalizing biodiversity, ecosystems, soils and water resources.

This conference should send out a call for renewed agricultural policy objectives for the next half century and for special action affecting food supplies and environmental improvements. The demands on what we want from our land managers are increasing, they have a critical role in helping secure food and environmental security, there are pervasive market failures surrounding these activities, dealing with these market failures is part of EU policy. This requires the further development of the CAP, as well as the budgetary resources appropriate to meet the food and environmental challenges and produce the required security on both accounts.

---