



OPENING ADDRESS BY FRANZ FISCHLER,

Regional Forum For the Future of Agriculture;

Europe's role in global food security

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Let me first welcome you all in the name of the ELO, SYNGENTA, SAF –agriculteurs de France, and the RISE Foundation, to this regional Forum for the Future of Agriculture. Today we will focus on the options for Europe and France to secure their competitiveness and sustainability in the agricultural sector. Please join me in welcoming all of our speakers, contributors and stakeholders in the audience.

The Forum's formula of attaching equal weight to food and environmental security only becomes more relevant as world population estimates for 2050 move from nine towards ten billion, and global warming predictions increasingly exceed the 2 degree rise.

Our models of consumption and production of food, feed, fuel and fibre need therefore urgently to be discussed and revised so that we can provide not only for *more people* but for more people with a *higher per capita food consumption* as the emerging middle classes move up the food chain. AND we must provide more by using *less resources* as demand growth puts precious resources under increasing pressure. We have been saying since these forums were inaugurated in 2008 that the era of growing production and productivity, and ever decreasing food prices, has come to an end. We will continue to deliver this message as long as demand growth continues to outstrip growth in supply - current trends are showing demand increasing by 4% per annum, while productivity growth is rising by about 1% per annum and by less than 1% in Europe.

This presents significant challenges to the agricultural sector at a time when increasing the agricultural acreage is becoming ever more difficult. We are entering an era of intense competition for land from non-food crops such as bioenergy, the production of which is expected to rise by between 1 and 1.5 million hectares per year, and from urbanization. Indeed, it should be stressed that the expansion of cities and suburbs has a disproportionate effect on agricultural production since 15-20% of total cropland takes place on city parameters. Rural and urban policies should therefore be linked since current suburban models of expansion are likely to put unsustainable pressure on the Utilizable Agricultural Area.

In parallel to the shortage of land and land reserves, we are also entering a new era of natural resource scarcity where resource efficiency is becoming a fundamental goal and



pillar of sustainability. Apart from the pertinent problem of water scarcity recent research shows phosphorus scarcity to be one of the most crucial questions for global food security given that agricultural production today demands continual inputs of non-renewable fertilizers to keep up current productivity levels.

These factors, among many others which I've not time to address today, show that we are facing an acute need for research and the development of sustainable solutions, many of which we will discuss here today.

The global economic context in which we are gathered here today is one of record high food prices - expected to continue rising. While on the one hand this may ease economic pressure on agricultural producers and boost farm incomes, on the other hand this is having detrimental effects for the world's poor who already spend a high proportion of their income on basic food purchases. For those people, even moderate price rises will have a disastrous effect on their purchasing power, nutrition and ultimately their health.

Price volatility since the food price spike of 2008 is being exacerbated by new trends which go far beyond the traditional supply and demand shocks of the past thirty years. These new factors include the emerging energy markets driven by subsidized biofuels production and the increasing financialisation of food markets where speculative activities are being allowed to rapidly destabilize food prices. Until the 1990s there was no correlation between food and financial markets as we are seeing today. There is now an urgent need for more transparency and greater supervision and regulation of commodity markets. The recent creation of the Agricultural Monitoring and Information System by the G20 who met this June could be an important tool to better inform markets and manage risk but much more is needed. Crucially, at that same meeting no agreement was found, for example, on how to deal with the destabilising effect of biofuels on food markets.

In Europe, if not in the G20, we could do something to curb this problem, by eliminating biofuels subsidies and incentive payments allowed in the CAP. Further policy options might include regulating biofuels so that they are produced mainly on degraded land, or better incentivizing biofuels production from crop residues and by-products of the biomass industry. But again attention is needed so that no environmental degradation is not caused through removing vegetative cover from the soil which might lead to erosion.

Arguably the greatest cause of food price volatility is the lack of world food production and low food stocks during times of shocks and crises. This brings me to the important role and responsibilities of Europe in achieving global food security. There are many important measures Europe can take at home and abroad.



Overseas, there is a lot which Europe can improve, notably by helping developing countries where agricultural productivity is significantly lower. The FAO estimates that 30% of the food produced for human consumption is currently lost post-harvest in different parts of the food chain. In developing countries that figure is significantly higher and can be up to 90%. These losses are mainly connected to financial, managerial and technical limitations in harvesting, storage and cooling facilities, to difficult climatic conditions, and upstream infrastructural difficulties. We have the technologies and the expertise to minimize post-harvest losses and create a better enabling environment to build up the production capacity in developing countries. There are still many obstacles but increasing the percentage of overseas development assistance for agricultural development - which has fallen from over 20% in 1980 to less than 5% today - would be an important start.

We know that there is a major imbalance in global supply and demand , that every day, 25 000 people, mostly children and women, die from hunger or malnutrition, while in Europe we have seen in the past weeks the first “fat tax” introduced to combat obesity and heart disease caused by excessive consumption of fats and sugar.

The point I wish to stress is that nutrition and diets are also an important element of food security and these problems deserve to be discussed together at the same table. In other words, we must consider both demand and supply side solutions for food security.

In terms of our domestic policies, Europe’s role as a vital supplier of food to the world is of the essence. And so is its need to pursue a sustainable intensification of agricultural production if sufficient space is to be left for the preservation of the landscapes and the defense of the ecosystems. Sustainable intensification of food and feed production cannot be achieved without a massive increase in R+D in all its forms, state-of-the-art technology, and policies incentivizing farm production and environmental production for the market.

A few days ago, the European Commission released its legislative proposal on the reform of the CAP for the 2014-2020 period. The proposal acknowledged the need for greater emphasis to be placed on innovation and knowledge transfer which is to be welcomed, although details on practical implementation measures are lacking. Another encouraging sign comes from the new Multi-annual Financial Framework which has earmarked 5.1billion euros for spending on agricultural research and innovation. Furthermore, the new CAP also foresees the creation of a new European Innovation Partnership initiative for agricultural productivity and sustainability. These two developments could prove to be an important catalyst for the development of solutions that promote increased food production and sustainability and furthermore, greater investment in RDT will also be crucial for the long-term competitiveness of European agriculture.



However, it must be reminded that spending on RDT, productivity growth and innovation has been woefully low in Europe in recent years and needs to be boosted from both public and private sources in the future. 70% of world spending on agricultural research currently takes place in India, China and Brazil - it's time to increase our share of this spending. Yields of wheat, our most important cereal crop, have been stagnating while soya and maize yields have continued to increase.

Often in Europe, our political leaders are held hostage by negative public opinion surrounding the use of new technologies and innovation. The lack of public confidence in farmers, agro-industry and regulators is a problem that the whole food chain up and down stream should reflect upon since it is a significant barrier to the competitiveness and sustainability of our agriculture. This lack of public confidence could be a symptom of the growing gap between rural and urban life, the related erosion of public knowledge of agriculture and food production, and the stance of parts of the environmental movements which have captured the hearts and minds of a generation of young people nostalgic for a past they have not known.

There are no doubt, multiple causes which need to be examined, explained and in some cases corrected. In the first instance, we urgently need a better dialogue between the scientific community, industry, regulators and civil society to break the stalemate surrounding the introduction of new technological innovations which can help agricultural competitiveness and sustainability. We need to move from conflict, stalemate and inaction to collaborative discussion and action. These forums are part of that search for collaborative, inclusive consensus and I hope that we will be able to move the debate forward considerably here today and at our Brussels forum next March 27th.

But we are also here today to talk about the *sustainability* of European agriculture in the context of world food and environmental security. The RISE Foundation and the ELO have been campaigning for a greater share of CAP money to be spent on incentivizing and supporting farmers and land managers to produce more of the environmental and social public goods society demands but does not pay for.

Allow me to say a few brief words on that reform which will be discussed in more detail during today's meeting. At first sight, it would seem that bold ambitions to green the CAP have gotten somewhat diluted in the efforts to further legitimize direct payments. While the additional greening payment in the first pillar will require that farmers reserve seven per cent of their UAA for ecological focus areas, the effectiveness of this new measure will depend on the types of management actions which will apply and the rules about what is required in practice, which are not yet clear. The extension of monitoring and evaluation requirements from Pillar 2 measures to cover all CAP measures is a positive step forward but



questions about the flexibility of the new pillar 1 measures should be raised since the new green payments will be paid annually and must be applicable to all areas of the EU. This creates real challenges for sustaining substantive environmental improvements over time given that, arguably, payments targeted to local conditions and paid on a multi-annual contractual basis such as the pillar 2 agri-environment payments are the most suitable for public goods delivery. Therefore, it should be lamented that the proposed rural development budget will suffer a decline in real terms for 2014-2020 even though some countries may decide to take advantage of the option to move up to 10 per cent of Pillar 1 funds to Pillar 2. However, the reverse modulation clause offering Member States the possibility to transfer funds from the second to the first pillar to top up direct payments is a great weakness as it opens the door for member states to further weaken the second pillar. The European Parliament and member states must now do their utmost to ensure that the focus on public goods production is optimal.

While many of the public goods should be remunerated through public payments from the CAP budget, it has to be acknowledged that relying on public spending and regulation alone without the participation of the market and the private sector will fail to adequately address the pervasive market failures that have led to the undersupply of public goods. In other words, no matter what the level of general and targeted public support in the CAP, public measures must be accompanied by flanking measures stimulating public goods delivery with the involvement of the private sector.

The problems I have highlighted are in many ways ‘bigger than the institutions’ - in other words, they are too big for any one institution to deal with which is why collaborative efforts are badly needed. The purpose of these regional forums is to discuss global challenges such as Global Food Scarcity, Climate Change or Price Volatility but give regional responses. In the context of the global perspectives I have highlighted, and guided by the perspectives offered by the new CAP reform, the rest of the day’s discussions will be devoted to discussing the best solutions going forward to allow France and Europe to meet the expectations of its own and world citizens who depend on our knowledge and expertise. I look forward to listening to our expert speakers and to the input from our knowledgeable audience in this interactive conference and wish you a fruitful day of discussions.

