

# AN EXTERNAL STRATEGY FOR EUROPEAN AGRICULTURE MEETING FOOD SECURITY AND ENVIRONMENTAL CHALLENGES

Nadège Chambon | *Senior Research Fellow*, Notre Europe - Jacques Delors Institute



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## SUMMARY

The worrying prospect of having 9 billion inhabitants on earth in 2050 and the environmental challenges related to growing demands for food, fuel and fibre put agriculture under scrutiny at the global level. Agriculture must play a key role in poor countries to provide sufficient and affordable food for poor populations. At the same time, growing concerns have emerged regarding the serious consequences conventional farming systems may have on the planet's ability to satisfy basic needs in the medium term. This Policy Paper explores how the EU currently deals with two different major global challenges: insuring food security and the promotion of environmental commitments. This overview suggests that greater coherence between EU policies and actors would help Europeans develop a unified strategic approach to cope with these challenges more efficiently.

This Policy Paper is part of a series entitled "[EU resource management: what European external action strategy?](#)" which also includes contributions by Annika Ahtonen (EPC) and Andrea Frontini (EPC), Sami Andoura (*Notre Europe – Jacques Delors Institute*) and Clémentine d'Oultremont (Egmont), Gonzalo Escibano (Real Instituto Elcano) and Stephen Tindale (CER).

It is a contribution to the project "[Think Global – Act European \(TGAE\). Thinking strategically about the EU's external action](#)" directed by *Notre Europe – Jacques Delors Institute* and involving 16 European think tanks:

Carnegie Europe, CCEIA, CER, CEPS, demosEUROPA, ECFR, EGMONT, EPC, Real Instituto Elcano, Eliamep, Europeum, FRIDE, IAI, Notre Europe – Jacques Delors Institute, SIEPS, SWP.

Four other series of Policy Papers deal with key challenges on defence, EU neighbourhood, migrations and economic policy. The final report presenting the key recommendations of the think tanks will be published in March 2013, under the direction of Elvire Fabry (*Notre Europe – Jacques Delors Institute*, Paris).

## Introduction

For more than half a century, the spectrum of food shortages has been far removed from the minds of citizens, voters and political decision makers in the EU. The modernisation of agriculture after World War II and the success of the Common Agricultural Policy (CAP) – created in 1962 to end food dependency on the US – brought about this new era. A normal consequence of this unprecedented situation in human history is a downgrading of agricultural issues down the list of strategic priorities of European decision makers. However, the 2008-2009 food riots, which in part triggered the Arab revolutions, put those issues back at the top of the international agenda.

### “ THE 2008-2009 FOOD RIOTS PUT AGRICULTURE BACK AT THE TOP OF THE INTERNATIONAL AGENDA ”

The worrying prospect of having 9 billion inhabitants on earth in 2050 and the environmental challenges related to growing demands for food, fuel and fibre (e.g. potential pollution, water shortages, gas emissions, desertification due to soil erosion, biodiversity losses, etc.) put agriculture under scrutiny.

Since the beginning of 2000 and particularly in the last four years, a U-turn in the international public debate about agriculture in developing countries has occurred. The burst of the Washington consensus once the economic crisis was triggered, helped discredit the agricultural policy recommendations of international organisations of the past 25 years—mainly of the World Bank and IMF, yet not the FAO. According to these recommendations, agriculture and agricultural policies were useless for development. Today, to the contrary, international institutions underline the key role agriculture must play in poor countries in providing sufficient and affordable food for poor populations. At the same time, growing concerns have emerged regarding the serious consequences conventional farming systems may have on the planet's ability to satisfy basic needs in the medium term. Moreover, the effects of climate change threaten agricultural systems and will stress food security and food prices. What is the vision and action of the EU on those strategic issues?

Addressing the external dimension of European agriculture as such is quite unusual: habitually only single aspects of it (e.g. food aid) are studied. This overview suggests that greater coherence between EU policies and actors would help Europeans develop a unified strategic approach to cope with these challenges more efficiently.

## 1. Insuring food security and promoting sustainable agricultural practices: two major global challenges for European agriculture

### 1.1. Climate change, demographic change and urbanisation: impending threats on food security and the environment

Three long-term trends are affecting agriculture and food security. First, the world population is expected to reach the famous peak of 9 billion towards 2050, meaning two billion more mouths to feed. Second, urbanisation and an increase in GDP per capita create changes in food patterns and a shift from vegetarian-based diets to meat-based ones. The production of one meat calorie consumes seven plant calories on average. The FAO estimates that if the energy value of produced meat were taken into consideration, the calories lost by feeding cereals to animals instead of using them for human food could meet the annual calorie needs of about 3.5 billion people. Third, climate change will have serious effects on living standards and the environment, by

modifying the current world agricultural map, destroying current productive areas through desertification and by increasing the magnitude of floods and disasters. South Asia, China, the Sahel and the Mediterranean region could be particularly affected by these changes. Such long-term trends will obviously have an impact on food price volatility and the capacity of the poorest to afford food. In the mid-term, agricultural prices may remain high and place growing pressure on demand.

## 1.2. Food security and agriculture: central aspects of development aid policy

Food security in poor countries is related to human and economic development. As long as the basic need for food is not satisfied, increasing investment, employment, productivity and education are compromised. The 2012 FAO-UN State of Food Insecurity in the World report estimates that almost 870 million people were chronically undernourished in 2010-12, including 850 million people living in developing countries, i.e. 15% of the population. The areas concerned are Asia (536 million), Sub-Saharan Africa, (234 million), Latin America and the Caribbean (49 million), North Africa and the Middle East, along with developed countries (16 million). The UN Millennium Development Goals (MDG) of 2000 aim to halve the number of undernourished people between 1990 and 2015.

Agriculture is a new tool for development strategies. Though 75% of the world's poor live in rural areas in developing countries,<sup>1</sup> only 4% of official development assistance went to agriculture before 2008. Paradoxically for the poorest, growth via agriculture is about four times more effective in raising the incomes of extremely poor people than GDP growth outside this sector. For this reason, institutions called for greater investment in agriculture in developing countries and view the sector as a strategic component of the development agenda for halving extreme poverty and hunger. One condition, however, is that investment returns go to labour and employment. Currently there are still 2.5 billion people whose basic livelihood depends on the production of food.

## 1.3. Promoting environmental commitments and ambition through agri-food trade

International trade, key to helping achieve food security for populations at world level, could also become a means of promoting greener agricultural practices. According to the WTO, Europe's share of the agricultural market - around 21% - is comparable with that of other regions (with the exception of Africa, which controls 7%).<sup>2</sup> In terms of food trade, regional trade weighs more heavily than in other sectors (57% versus 53% for other products). Intra-regional exports account for no less than 80% of Europe's total food exports, compared with Latin America's 18% and Africa's 20%.

### “INTERNATIONAL TRADE COULD ALSO BECOME A MEANS OF PROMOTING GREENER AGRICULTURAL PRACTICES”

In this area, Europe is usually torn apart by real differences between Member States. Globally in a negotiations basket with developing countries agriculture is the only field of concessions that our partners may use in exchange of concessions in their own industry and services markets. In a 2005 report, a US Congress advisor said of proposals made by the EU: “Under pressure from France and 12 other EU countries (but not a qualified majority) not to improve its offers, (...) A major criticism of the EU's agricultural proposal is that its market access offer does not provide an inducement for developing countries like Brazil, Thailand, or other G-20 members to make concessions in non-agricultural market access or services”.<sup>3</sup> The Doha Round of multilateral negotiations as well as a significant number of bilateral trade negotiations are at a standstill, as is the EU. Mercosur, in reaction to the economic crisis, increased tariffs in a protectionist decision taken in 2011.

1. World Bank, *World Development Report: Agriculture for Development*, 2008.

2. Jean-Christophe Debar, « Les échanges alimentaires mondiaux : essor de l'Asie et l'Amérique du Sud, marginalisation de l'Afrique », *Note n°1*, FARM, février 2012.

3. Charles Hanrahan and Randy Schnepf, *WTO Doha Round: Agricultural Negotiating Proposals*, CRS Report for Congress, 9.5.2005.

## 2. European strategy for the external challenges of agriculture: active, but discreet and incomplete

### 2.1. The coherence of EU food security policy

The EU provides 55% of all development aid,<sup>4</sup> making it the world's foremost donor of development and food aid. The European Commission, via the European Consensus on Development, aims to improve the coordination and harmonisation of public aid from the EU or Member States. Among the EU's main development priorities – inspired by the Millennium Development Goals – are “the elimination of extreme poverty and hunger” and “(ensuring) environmental sustainability”. The EU, in particular under the work of Commissioner Andris Pieļbāgs, also promotes better coordination and a complementary approach between donors. Joint multiannual programming is based on regional, national and thematic strategies and stresses the importance of implementing this coordination not only in Brussels but at field level as well.

Since the early 1980s, the EU has financed the Technical Centre for Agricultural and Rural Cooperation (CTA), a joint international institution of the African, Caribbean and Pacific Group of States (ACP) and the EU, to work on food and nutritional security, increase prosperity and encourage sound natural resource management in ACP countries. More recently it created a Food Facility in 2008, for which the EU provided €1 billion in funding. In line with the G8 Aquila Food Security Initiative, the EU provided a further €3.8 billion until 2012 towards achieving global food security. It also supports long-term cooperation programmes to boost agriculture and food security and the Food Security Thematic Programme, which has a global, continental, regional and sometimes country-level focus (€250 million per year). In 2011-2012 the EU allocated “€250 million to support immediate recovery activities in the Horn of Africa and €160 million in development assistance to address the root causes of food insecurity in the Sahel”.<sup>5</sup>

These figures show that EU development policy has changed in recent years. Efforts by European development actors to improve coherence seem to be effective, although a lack of coherence between this policy and other EU policies makes it difficult to address the issue of food security in a satisfactory manner. Where trade agreements are concerned, agriculture and the food security of EU partners may be somewhat overlooked from a development point of view. This is the opinion of the European Economic and Social Committee concerning the Eastern Partnership and the eastern dimension of EU policies.<sup>6</sup> Or, to the contrary, bilateral agreements may be useful in promoting the development of agricultural production in developing countries – vegetable production in Morocco is one example. If trade-oriented agriculture (e.g. flowers, fruit) is necessary to help developing countries, it is only a part of the solution in the fight against food scarcity. Long-term pro-poor policies, support for the agricultural sector through investment, technology transfers and the promotion of local- and national-oriented agriculture (e.g. vegetables) are also necessary to provide food for local populations.

As to whether the CAP is coherent with development policy, the EU has been accused of harming agriculture in developing countries. European NGOs like OXFAM insist on the destructive consequences of European farming subsidies. Despite this loud criticism, experts and researchers admit that the effects of the CAP on developing countries nowadays are not as harmful as suggested: “The effects depend on the commodity composition of their trade, whether they are net importers or exporters of commodities protected by the CAP, and whether they have preferential access to the EU market and thus are able to share in some of the benefits of

4. European Commission, DG Environment, *Environment and Development*, 2012.

5. European Commission, DG Development and Cooperation Europeaid, “The EU's long-term action to tackle global hunger and under-nutrition”, 2012.

6. European Economic and Social Committee, “ESC Opinion: The Eastern Partnership and the eastern dimension of EU policies, with emphasis on agriculture”, CESE 1178/2011 - NAT/497, 13-14.07.2011.

CAP protection.”<sup>7</sup> It is also worth mentioning that Doha Round multilateral negotiations did not stall due to Europe’s position on agriculture as the EU has already carried out significant reform. Considering the current CAP reform one can notice the low but remaining export subsidies in the future policy and the existence of remaining distortions on world markets considering the insufficient targeting of direct payments and phasing out of coupled payments.<sup>8</sup>

Lastly, two of the most decisive issues for food security – food price volatility and better coordination on international markets – are being studied by Europeans in cooperation with the FAO following the October meeting of Commissioners Piebalgs, Ciolos and Damanaki with FAO Director General Graziano de Silva, but solutions are not easy to find.

## 2.2. The coherence of EU policies to promote sustainable agriculture at global level

The EU is known as an advocate of high-level environmental standards. Under GATT Article XX, the WTO allows members to adopt policy measures which are inconsistent with GATT disciplines if they aim to protect human, animal or plant life or health, or conserve exhaustible natural resources. This raises the issue of how environmental standards are currently promoted in the framework of the CAP to encourage more sustainable farming practices and whether agri-food importers should be expected to adhere to the same environmental practices. The most commonly cited concerns are higher production costs due to these standards and, therefore, cheaper prices of non-European products. The question of incorporating environmental externalities into the price of agri-food products is particularly important in view of the growing demand for a greener CAP and greener farming practices. Coherence between this internal choice and our trade agreements must therefore be established.

### “ THE QUESTION OF INCORPORATING ENVIRONMENTAL EXTERNALITIES INTO THE PRICE OF AGRI-FOOD PRODUCTS IS KEY”

The trade-off between internal choices and international trade has already been resolved where public health protection is concerned. Thanks to what is called the “three sisters” – the Codex Alimentarius Commission, the World Organisation for Animal Health and the Secretariat of the International Plant Protection Convention – public health is protected and disruption of international food trade is minimised. Since the Uruguay Round, the standards imposed by these organisations are recognised by international trade agreements. No such system or agreement exists which would allow international bodies to produce standards, guidelines and recommendations on environmental issues. Trade partners currently depend on private certification organisations that monitor practices, like the Roundtable on Sustainable Palm Oil (RSPO) does for palm oil producers. Environmental considerations must be included in food trade negotiations without delay in order for biodiversity, climate change and natural resource challenges to be integrated into agricultural practices.

7. Alan Matthews, “Post 2013 EU Common Agricultural Policy, Trade and Development: A Review of Legislative Proposals”, *Issue Paper No. 39*, ICTSD, October 2011.

8. A. Matthews, *ibid.*

## 3. Can European external strategy on agricultural issues help Europeans cope with 21<sup>st</sup> century challenges?

### 3.1. Greater coherence between European policies

Considering the contradictions that exist between European policies, there is definitely space for improvement for the EEAS and the Commission's DGs to increase the coherence and ultimately the efficiency of their policies, developing upholding global food security goals whatever the policy (CAP, development, trade, etc.). By taking clearer political and strategic action for sustainable agriculture and food security, Europeans are likely to strengthen their leadership on environmental issues.

### 3.2. CAP: Is 'Europe feeding the world' an appropriate objective?

Food security challenges give rise to declarations about a necessary intensification of European agriculture in order to help feed the growing number of mouths on earth. This approach is sometimes considered as the EU's main means of contributing to global food security. Even if this approach deserves some attention, Europeans should instead use a wide range of tools to help developing countries insure their own food security. This is a lesson learned from unsuccessful international recommendations made in the last 20 years regarding agriculture in developing countries.

### 3.3. Helping the world produce more with less

Achieving food security in a sustainable way might be possible thanks to improvements in agricultural productivity. Saving natural resources (water, raw materials, etc.) will involve important productivity challenges. Water conservation, for example, is commonly described as requiring "more crops per drops". Another challenge is technology: developments which could help farmers produce more with fewer inputs require major public and private investments. In its next multiannual financial framework, the EU plans to support research programmes related to this issue. Along with this, however, the EU will also have to:

- Use the benefits of innovation to reinforce cooperation of the EU with partner countries and international organisations. That is why the EU must be clearer on its scientific and technical choices on GMOs: in order to concentrate its finance on few research objectives concerning agriculture productivity.
- Support a knowledge-based agriculture that will involve farmers, researchers and experts to address the complex issues of green farming systems.
- Encourage small-scale projects to take into account the diversity and complexity of agro-systems. Currently Leader projects financing local groups and small scale experiences for rural development could be used to boost local innovations to improve agricultural productivity according to the agronomic diversity and complexity. The programming and financing rules of research and agriculture policies must also take into account this need to promote a knowledge-based-agriculture based on small scale projects.

### 3.4. Less production for more consumption

A huge amount of work is being carried out by Europeans to understand and avoid food waste in the food chain, as an estimated 30% of food in the EU is wasted from farm to fork. The knowledge of the EU could help promote efficient food production process models wherever this industry is developing.

## Conclusion

Global food security and environmental challenges are closely related and must be tackled together. To create a unified strategy, a sectoral approach based on agriculture would be useful to eliminate existing contradictions between EU policies while simultaneously taking into account the business dimension of European agriculture. Such an approach would obviously reinforce the voice, influence and legitimacy of Europeans abroad and improve the coherence of its actions and positions outside its borders.

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