BRUSSELS, JULY 2010

3rd ROUNDTABLE OF STAKEHOLDERS ON THE REFORM OF THE CAP

14th JULY 2010

PUBBLIC GOODS AND SUSTAINABLE USE OF RESOURCES

OUTCOME OF THE MEETING

OPERA

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The 3rd Roundtable of Stakeholders on the CAP Reform took place on the 14th of July 2010 and OPERA had the pleasure of welcoming to the debate a wide and equilibrated range of stakeholders.

Priorities of the Belgian presidency

The Representative of the Belgian Presidency Wim Haentjens, underlined the importance of agriculture in the agenda set for the next half year. The primary concern of the Belgian Presidency of the EU is to contribute and facilitate the process of shaping CAP after 2013. Presidency will actively contribute to consultation processes, debate on the communication by European Commission and will schedule the beginning of the debate in Council.

Other topics included in the agricultural agenda refer to simplification of the current agricultural policy as well as an alignment to the Lisbon Treaty.

Activities will continue on developing a quality policy of the agricultural production taking into consideration both EU and global levels.

The revision of the EU's plant health policy and the control and eradication of TSEs are the most important elements in phytosanitary and veterinary fields.

About bio-economy

After the welcoming remarks made by Gianlorenzo Martini, Director of the Lombardia Delegation in Brussels and Prof. Ettore Capri, Director of the OPERA Research Centre, , the subject of bio-economy was introduced by Mr. Timothy Hall, Head of Unit for Agriculture in DG Research.

Building a Bio-Economy by 2020 is the objective set in the economic strategy put forward by the second Barroso Commission. The objective is ambitious but it also goes along with the general tendencies of change in the real economy.

The presentation we had from the European Commission touched upon the general concept of bio-economy; the political and economic context and the influence on agriculture and forestry.

First of all, the concept refers to a sustainable economy that uses biological renewable resources and bio-based processes to green industries and to recycle waste streams.

Being at the forefront of creating an economic system based on renewable resources needs to be based on knowledge, research and innovation. The biggest challenge for the

society is to identify the technological solutions across all industries and economic sectors to use biological resources and in the same time to ensure sustainability.

Recent evaluations depict bio-economy as having a potential market in the EU of over 1,5 trillion of euro and a potential number of jobs exceeding 22 million.

The prospect of exhaustion of certain non-renewable resources (e.g. fossil fuels) and climate change situation exacerbates the competition between different regions of the world to gain the leading place in the global process. Thus, it has become a necessity for the EU to establish ambitious objectives in this direction.

The EU 2020 strategy for a smart, sustainable and inclusive growth for the European economy includes an important role for bioeconomy. The process is based on knowledge, innovation, efficient use of resources, and has ambitious targets to make the whole economy greener, more competitive and creating employment.

To promote smart growth the Commission is putting forward in the EU 2020 strategy seven flagship initiatives among which 2 are directly relevant to bio-economy:

- Innovation Union - to improve framework conditions and access to finance for research and innovation so as to ensure that innovative ideas can be turned into products and services that create growth and jobs, and
- Resources efficient Europe - to help decouple economic growth from the use of resources, support the shift towards a low carbon economy, increasing the use of renewable energy sources, modernise our transport sector and promote energy efficient.

DG Research will prepare a Communication on Sustainable Bio-economy (expected mid 2011) which will provide a vision and action plan for a sustainable and innovative European bio-economy by 2020.

The main elements of this document will tackle the completion of the European Research Area and the improving framework conditions for innovation in the bio-economy sectors. It will also include proposals to encourage the reforms in the Member States of the R&D and innovation systems to enable the development of the bio-economy at national level.

As a complementary action to stimulate development of the bio-economy at national level, the European Research and Innovation strategy (probably adopted in September 2010) will include the creation of European Research & Innovation Partnership between the EU and national levels to speed up the development and deployment of technologies.

A comprehensive and coordinated approach would of course require that the building blocks for bio-economy are also taken into account in the future Common Agricultural Policy and Common Fisheries Policy as these sectors provide the necessary renewable resources.

From the agricultural perspective, moving to bio-economy can represent a multi-sectorial efficient solution to address multiple challenges simultaneously. Indeed, it could be able to provide food security to Europe and globally while adapting to a changing climate, provide healthy food, reduce the environmental impact of agriculture, coping with resource depletion and closing the waste loop. It will contribute also to supporting coastal and rural development, making industry greener and more bio-based; generate sustainable growth with jobs and promoting the Europe on a leading position in bio-science and technologies.

In conclusion Mr Timothy Hall affirmed that to be successful we need to adopt a long term approach where always the science has to be considered as the fundamental base in the decision making.

We take out of this concept that agriculture as main supplier of raw materials will have to face a supplementary pressure to that already envisaged of increasing population and changing dietary habits. The productive resources will have to be used in a more efficient way to fulfil this huge demand.

The present prospects of stagnating agricultural productivity and limited additional land available will probably lead us globally to new price and food availability crisis.

It has to be taken into account that already the competition for land from expanding housing facilities; leisure and recreation; transport and expansion of industrial activities makes it very difficult for agriculture to use more land.

Supporting the research and innovation activities and their quick uptake into production processes could open the gate for an economically, socially and environmentally sustainable agriculture.

Public goods and sustainability

The sustainability debate should begin with the existing standards for agricultural production and their effectiveness. But also, concentrating too much on what are EU values, standards and objectives, without taking into account that we are part of a global world can prove counterproductive and create market and competitiveness distortions.

EU is one of the biggest importers of agricultural products, this means that setting more stringent environmental and quality requirements it would mean to increase the already existing gap between European and Extra-EU systems of production in agriculture.

The representative of the Belgian Presidency, when introducing the topic for discussion explained that is necessary to find a balanced position between the two visions. In the EU this could translate in fixing a reference level of cross-compliance requirements for the direct payments.

Above this level, further instruments can be envisaged to provide positive incentives for farmers to undertake further commitments.
The reduced payment need to be applied for those farmers not complying with the minimum rules.

This level of regulation on the production activity is the essential problem in establishing rules towards sustainability and in judging the public goods provided by agriculture.

Once the reference level has been established, other related considerations should be examined, regarding the level of support for investments to reach a sustainable production activity and the schemes to deliver better farm advisory services.

It seems that there is a broad agreement that agriculture is an efficient platform for the delivery of public goods. This should be pictured as win-win situation with farmers benefiting in terms of income and society in receiving public goods.

Agriculture could best deliver of a range of public goods, from biodiversity to social care on farms, from water and landscape maintenance to food security and rural employment.

The debate

From the participants emerged a complexity of the opinions, seeing the issues at hand from different points of view. Agriculture is subjected to several pressures coming from food production as well as other benefits to deliver.

Aspects as water and land availability, their location in the proper climate areas, should be taken into consideration in finding a trade off to reach both sustainability and productivity

in view of the estimated 9 billion people to feed in few decades.

In the EU Commission, DG AGRI, DG SANCO and DG Research are working together to better share resources in terms of funds but also communication and results. They are also investigating about the possible benefits coming from new technology applications.

Looking in this direction in the long term prospective, the major task of communicating on the benefits of agriculture to society has to be pursued. By comparison in the health sector, in it there is a wider opening to accept new technologies because they provide solutions to cure or improve quality of life. On the other hand, presently the consumer cannot see the advantages that innovation could create in agricultural sector and consequently also to him. This is the reason why communication has a key role in explaining to consumers the positive side of new technologies, in order to better accept changes and to make understand existing dynamics occurring through the food chain.

Even if controversies exist around the size of the EU budget destined to EU agriculture, consistent results in economical and agricultural sustainability can only be achieved if further corresponding resources are invested.

Furthermore some critical concepts are still to be clarified. On one side what Europe considers to be a sustainable agriculture and on the other which should be the parameters to be consider and measure public goods.

OPERA conclusions

- The pressures on the agricultural production and land will further increase deriving from the food and bio-economy related developments.
- At EU level a set of measures are in the pipeline to promote further use of renewable resources. A better coordination of the different policies is needed so that these objectives are aligned with production capacity of the agricultural model.
- Due consideration has to paid to identifying a farming model which can ensure sustainability and deliver to society the public goods in a sufficient quantity.
- Although the scope of public goods delivered to society by agriculture has to be clearly defined for policy purposes, the potential range of goods is extremely complex. Their provision has to be rewarded by the society.
- The two driving forces for the future of European agriculture, increasing demand and sustainability, lead us to believe that intensive and efficient production with due consideration to the sustainable use of resources and public health is the way forward. This can be achieved only if research and innovation opens the pathway to new solutions, ensuring an adequate protection of the environment and delivering the required level of productivity.
- It has also to be kept in mind that these new solutions need to be delivered at farm level through an educational program and multi-disciplinary trainings. Those should take into consideration the needs of the stakeholders and tailored to meet the local specific needs.
- Furthermore, the communication needs to get more importance in the future. Indeed, nowadays, society is not ready to accept all changes and scientific improvements that agriculture it ready to uptake in order to meet the need for productivity, efficiency and sustainability.
- All stakeholders should collaborate to the implementation of an appropriate communication strategy to convince that changes are necessary and beneficial to the society.