

OPERA CONFERENCE, 11 MAY 2010:

EU AGRICULTURAL PRODUCTION AND TRADE:

CAN MORE EFFICIENCY PREVENT INCREASING „LAND-GRABBING“ OUTSIDE OF EUROPE?

OUTCOME OF THE DEBATE

Launch of the study „EU Agricultural production and Trade: Can more efficiency prevent increasing „land-grabbing“ outside of Europe?“ conducted and presented by Prof. Harald von Witzke, Humboldt University of Berlin.

The event organized on the evening of the 11th of May had presented for the consideration of the decision maker facts and figures about the reality of the agricultural trade of the EU with third countries. More specifically, in the study conducted by prof. Harald von Witzke, this trade was accounted for, as surface of land traded by the EU to ensure that the demand on the internal market is satisfied. The traded commodity balance is translated in the corresponding number of hectares necessary for the production of the respective commodities.

In the introductory speech, given on behalf of prof. Ettore Capri, Director of the OPERA Research Centre, it has been pointed out that this study is part of a process to stimulate debate on the reform of the CAP and to unveil some of the internal and international implications of the EU decisions. The trade with other regions of the world is a reality and its positive effects on the economy can not be questioned, but the EU has to analyze if the trade balance is the right one.

In that context, the **EU should decide if it is appropriate to use its own resources in an efficient way to fulfill the food**

demand or if it continues to rely increasingly on external natural resources. It is worth noting that these decisions impact on the international commitments to contribute to global food security. The efficiency of production comes from the technological solutions adopted and through the production systems chosen. EU member states used to be at the forefront of integrating innovation and technology in agriculture. This leading position has been lost now.

Lately, the agricultural community often confronted with the fact that producing food in the necessary quantities and the right quality is taken for granted in EU. This means that society has lost track of the fact that **achieving food security in EU is a continuous process to maintain and enhance the production capabilities.**

Presentation of the study

The study points out that, in 2007/2008, the EU imported virtual agricultural land equivalent to the territory of Germany (ca. 35 million hectares) from other countries to fulfill Europe's demands for food, animal feed and bio-fuels for energy needs. This represents an increase of about 40% compared to 1999 and makes the EU the world's largest net importer of foreign agricultural land. In other words, the EU is the region "grabbing" the largest quantity of virtual land outside its territory.

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About 70 participants and six high level panelists heard this main conclusion of the study „EU Agriculture and Trade: Can more efficiency prevent increasing „land-grabbing“ outside of Europe?“ conducted and presented by Prof. Harald von Witzke, Humboldt University of Berlin at the EU Representation of North-Rhine-Westphalia in Brussels.

To answer the question on efficiency increase to reduce “virtual land grabbing”, von Witzke presented three scenarios assessing how changing technologies and policies might alter agricultural land trade of the EU. It turned out that **only a 0.5% annual increase in land productivity in the EU would lower arable land demand outside Europe by approximately 5 million hectares**, whereas organic farming on 20% of all arable land in the EU would increase demand by additional 10 million hectares. Achieving the EU’s biofuel mandate would increase arable land demand by approximately 3 million hectares compared to the situation in 2007/2008. It thus became clear that policies need to be formulated to reduce the EU “land grabbing” outside its territory.

The panel debate

In the debate following the presentation of the study, panel member MEP Mairead McGuinness concluded that **lack of investment in agricultural research and in transfer of technologies has obviously negative effects** for the developing world. “Those who are well fed do not speak”, she said.

She also insisted on establishing measures to manage price volatility in European agriculture. It was pointed out that the competitive advantage gained by the farmers through their farm investment in technologies and improving their techniques is quickly eroded by the price variations and additional burdens exerted on the agricultural production. Due to price insecurity “we have a very demoralized agricultural population and this will not lead to higher productivity”, McGuinness argued. Decision makers should not wait that high prices attract attention to food supply sources to take the right decisions.

Support for the research and development activities is needed to provide farmers with a choice of tools. Then, farmers will decide to invest more in their production and to take up new solutions to improve their production systems

once they have the economic stability. It has to be ensured that **the investments are covered by a corresponding increase in return since farming is still a business.**

Supporting this argument, Paulo Gouveia, representing Copa-Cogeca, pointed out that European **farmers hesitate to invest because they have little income security** – and increasingly less so. “The goal of the CAP to provide a sufficient income to farmers has not been met yet”, he stated. The gap between the income of agricultural workers and other sectors of the European economy is still there and no signs of improvement have been seen lately.

With regard to the closely related matter of competitiveness of the European agriculture, he pointed out that a level playing field has to be created for the indigenous products and for those imported. **Further pressure on farming and without sufficient tools for productivity increases the EU will be relying increasingly on external resources** with negative social and environmental consequences.

Jacques du Puy, President of the European Crop Protection Association (ECPA) and member of the Executive Committee of Bayer CropScience pointed out that it is very difficult to introduce new agricultural technologies in developing countries. However efforts should be undertaken to support developing countries in continuously striving for improvement in this area. **There is also still room for improvement to optimize resource management in the EU.** A structured support to promote innovation and technological development will also contribute to reaching this target. **Public private partnerships could play an important role in advancing agricultural R&D and its implementation at farm level.**

In terms of lack of investment in agricultural research, Mark Cropper from DG Agri, made clear that 95% of money in research comes from the member states. Therefore member states must be encouraged to strengthen their commitment to avoid a further decrease in agricultural research. At European level an initiative developed together with DG Research aims to create a platform to support and develop agricultural research.

Itumeleng Makabanyane, Agricultural Attaché at the South African Embassy in Brussels, bemoaned the virtual “grabbing” of land in developing countries and pointed out that products imported include also resources such as water and soil

nutrients. With regard to agricultural research in his home country he pointed to the problem of innovation transfer. “There was agricultural research but it was not used”, he stated and added that virtual land grabbing generates political and social implications in his country. **The virtual transfer of resources into the EU should be compensated through transfer of knowledge and technologies as well as direct investment in the agricultural production in third countries.**

In conclusion, von Witzke stressed that he does not interpret his results as a plea for protectionism. **“Free trade is important”** he made clear. Rather, **productivity must be improved by countries** specializing in the crops that they can produce most efficient and sustainable and the existing agricultural land has to be efficiently used. Low productivity production systems would only shift the pressure on the natural resources from other regions of the world.

A prerequisite for productivity increase is, however, investment in R&D and the application of modern technologies.