



The Green Deal ambition and the reformed CAP

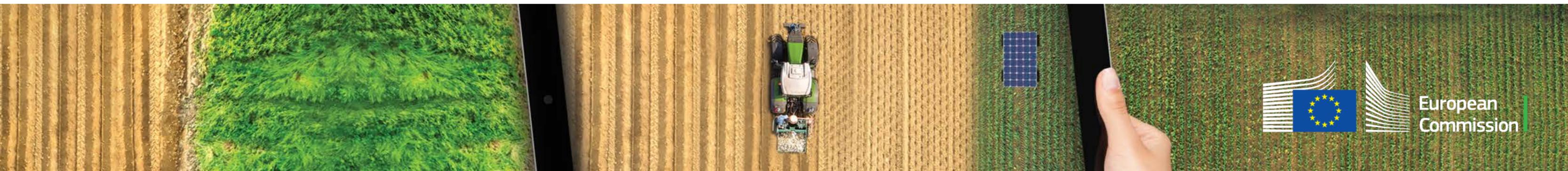
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CDG CAP
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The shifting nature of global food challenges

The world food system is rapidly moving...

- *...from a phase of **solving economic and social problems** (food productivity and food affordability) **at the expense of the environment** (soil, air, water, biodiversity)...*
- *...towards a phase of **potentially solving both economic and environmental problems** (precision farming and digital economy) **with potentially increasing social tensions** (health, knowledge gaps, digital divide, gaps in urban vs rural jobs & growth)...*
- *...that require using **agriculture's unique potential for net job gains in the food chain** to turn this challenge into a **growth strategy to produce more with less***



Main features of the global food system

A major transformation of food supply systems is already taking place (Food and **Farming 4.0**)

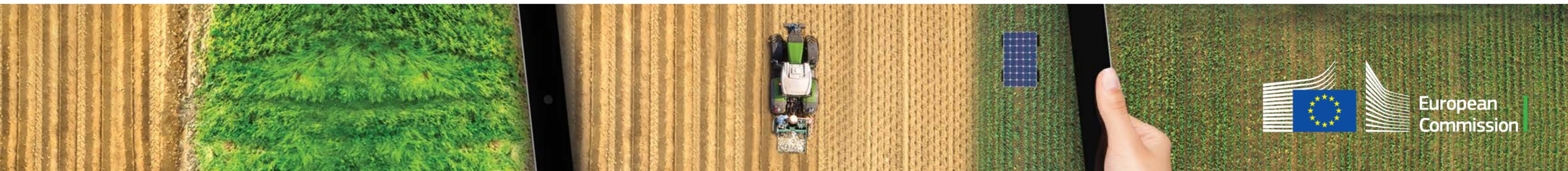
- *...based on the use of **digital** technologies, big data in practices throughout the food chain...*
- *...with huge potential to mitigate increases in **environmental costs** stemming from higher standards...*
- *...but also with significant **gaps** in the **knowledge**, applications and perceptions around these technologies*

Changes also characterise food demand, driven by mixed **shifts in tastes and preferences**

- *...population, income and consumption **trends differ worldwide**, with some regional food deficits...*
- *...but developed-, emerging- and developing-world **dietary patterns differ significantly**...*
- *...while growing **expectations** for solutions **do not always match fact-based analysis** (e.g. livestock sector)*

Globalisation and trade opened up markets and increased economic welfare

- *...but **price volatility** also increased, often driven by exogenous factors (macro, geopolitical, etc...)*
- *...highlighting differences in **costs**, which are driven by different production (and not trade) standards...*
- *...and brought to the forefront the need for mechanisms whereby **“winners” compensate “losers”***



CAP and EU agriculture in transition...

Analysis and public consultation confirmed major **achievements of the CAP...**

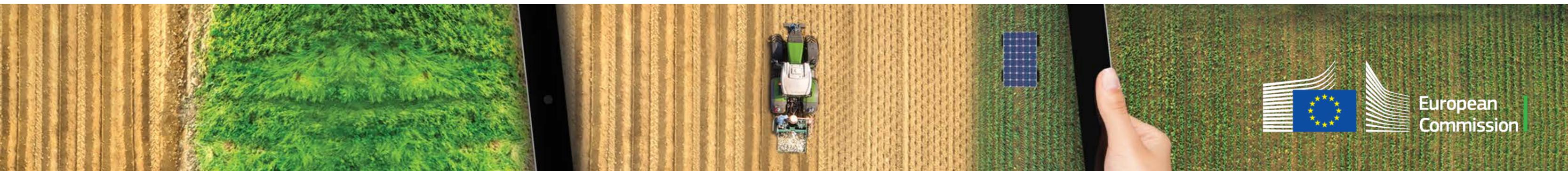
- *increase in EU **competitiveness** turned the EU into a net agro-food value-added exporter...*
- *...positive impact on **jobs, growth and poverty reduction** spread in all EU rural areas...*
- *...relative **income stability** within a very volatile farm-income and commodity-price environments...*

...but analysis and public opinion also reveal **CAP shortcomings** to be addressed...

- *...despite progress, the **environmental performance** of EU agriculture requires improvement...*
- *...**productivity** growth is mainly driven by labour outflow, with recent R&I and investment inroads...*
- *...**equity, safety net and simplicity** questions persist despite CAP efforts to address them*

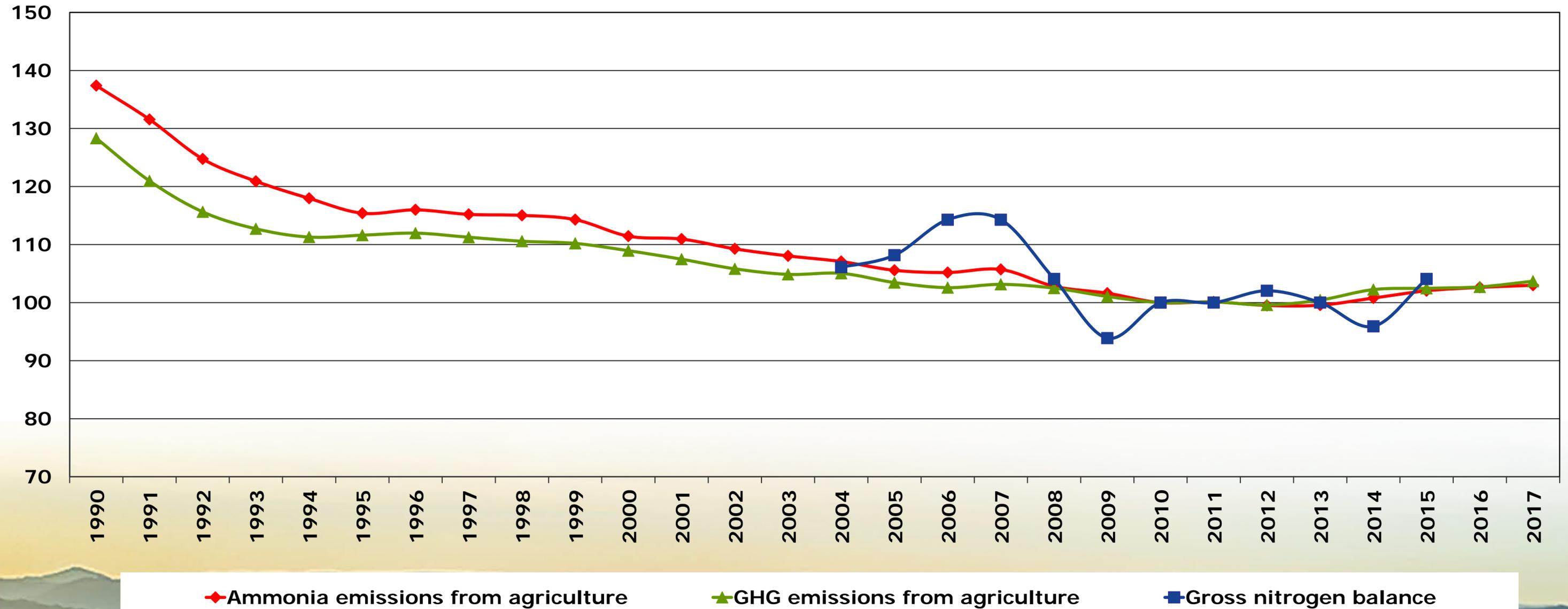
...in a **changing broader environment** within which the CAP operate

- *...expectations about the **level of agricultural and commodity prices** changed from CAP post-2013...*
- *...the **world trade** environment has shifted from multilateral to bilateral/regional agreements...*
- *...new **climate change, environmental and sustainability commitments** stem from COP21 and SDGs*



...and the EU's agricultural footprint

Reduction in environmental impact indicators (2010=100)



European
Commission

Agriculture and
Rural Development

Link of CAP reform to the Green Deal

Green Deal, F2F and the Future CAP imply the need for:

- **Strategic Plans ...**

... which, based on SWOT analysis, **link national climate strategies to CAP policy measures**

- **Significant reduction in input use ...**

... need to be reflected in CAP plans with respect to **fertilisers, pesticides and antibiotics**

- **Boosting organic production ...**

... with measures that ensure a **balanced growth** of both **supply and demand**

