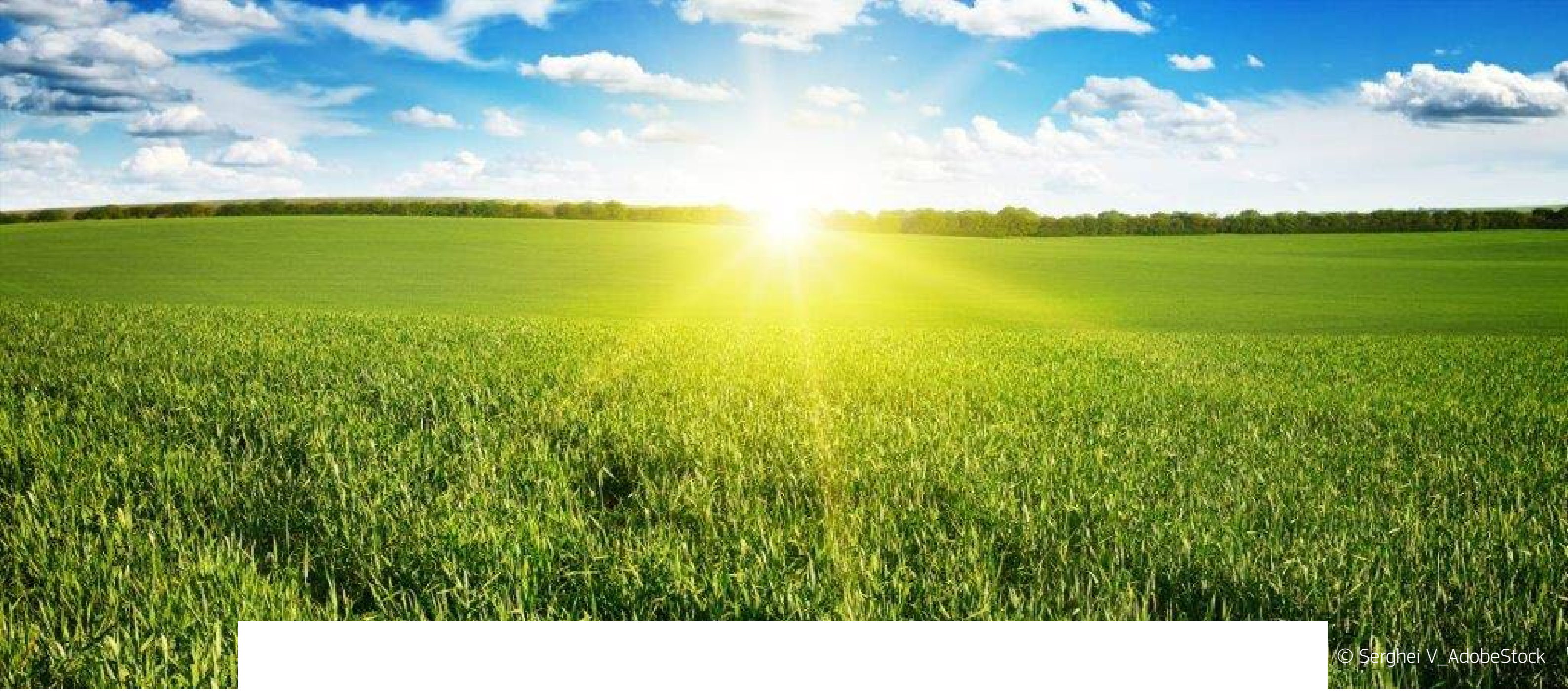
State of Food Security in the EU

A qualitative assessment of food supply and food security in the EU within the framework of the EFSCM

Spring 2024 – Nr 2



CONTENT

In the framework of the Contingency plan for ensuring food supply and food security in times of crisis, the present report is produced twice a year. It consists of a qualitative assessment of the state of food security in the EU which is based on the inputs of the expert group on the European Food Security Crisis preparedness and response Mechanism (EFSCM). The Commission services compiled the replies received through an online survey. In addition to the results of the survey, the Commission prepared a targeted analysis of some data on food security available in its thematical dashboard. This is presented in "Zooming into" part of the report.

The survey was open between January and February 2024 and submitted to members of and observers to the expert group on the EFSCM. Representatives of Member States and different stakeholders' organisations along the EU food chain provided replies. In total, 31 replies were provided (from 9 Member States and regional representatives, 2 non-EU representatives and 9 stakeholders covering different areas – processors, input providers, representatives of retail). Given the size of the sample, and the character of the survey (qualitative assessment), the results do not present a complete view of the expert group.

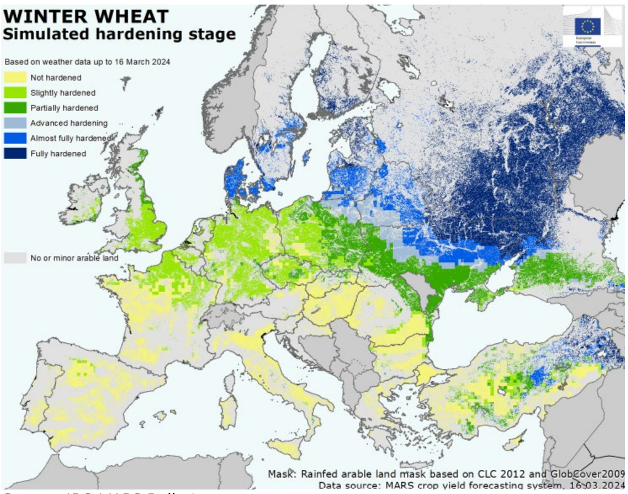
The contents of this publication do not necessarily reflect the position or opinion of individual members of the EFSCM or the European Commission.

1. State of food security in the EU

Perception among respondents remains largely unchanged regarding food supply

In the previous survey (second half of 2023), several factors that could impact EU food supply were identified: extreme weather events, need to import, logistical and transport bottlenecks, input prices volatility, high input costs, commodity prices volatility, high commodity prices and existence/potential to find substitutes. The general perception among respondents for the first half of 2024 seems to remain stable as most respondents indicated such factors were "of the same relevance" as before. However, among Member State authorities, there was a slightly increased concern about extreme weather events, high input costs and commodity prices. On the other hand, stakeholders perceived logistical and transport bottlenecks as becoming more relevant as of the second half of 2023.

Figure 1 Winter wheat – simulated hardening stage



Source: JRC-MARS Bulletin.

Extreme weather events were identified as possible risks affecting the capacity to produce in general. One respondent highlighted their possible impact on the capacity to use inland waterways (if water levels are too low). Some counteracting and prevention actions were reported that address possible future water shortages (overall, not only linked to agriculture) by introducing some water resource management programmes.

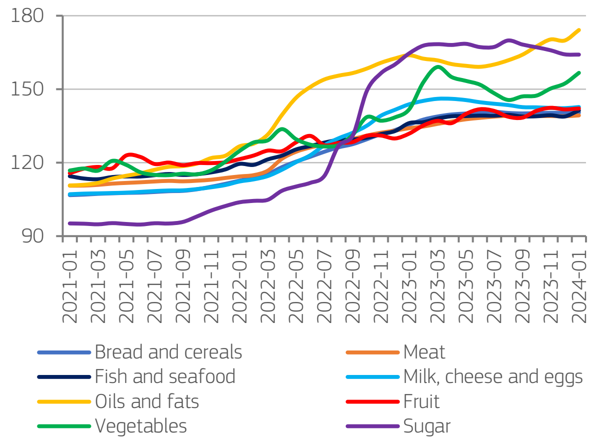
The profitability of some farms is being squeezed by lower agricultural prices

While high commodity prices offset increasing input costs throughout 2022 and a good part of 2023, allowing for an historical good level of income for EU farmers on average, profitability of some farms has started to decrease as commodities prices started to fall later in 2023, especially for crops. While some input costs stabilised or even decreased, a competitive global environment and uneven recovery of food demand added to pressure on profitability. However, input prices remain high compared to previous periods, as well as operating costs, with some additional costs generated also due to lower capacity of storage. According to several respondents and depending on the evolution of producer prices of different products, some farmers might opt for more profitable crops, reduce their overall production, or even switch to non-agricultural activities. All these elements, on top of a still long period until harvest with possible negative weather developments, could impact food supply in 2024.

Food inflation remains a concern for food security, fuelling some increasing tensions along the food chain

Threats to food security identified in the second half of 2023 were around food affordability and uncoordinated actions to address it (by food chain actors). Their relevance for the first half of 2024 is seen by all respondents as stable, and even slightly increased for food affordability.

Figure 2 EU food consumer price indices (2015=100)



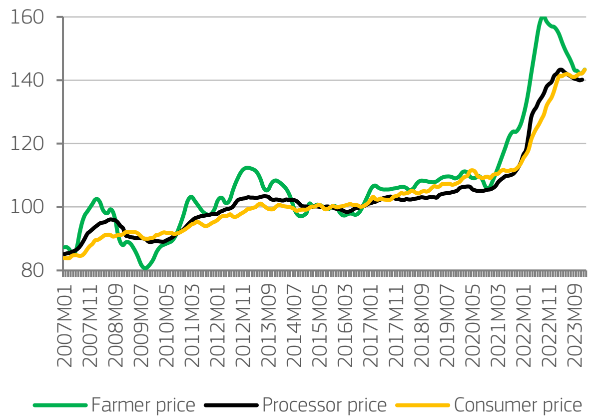
Source: DG Agriculture and Rural Development, based on Eurostat.

Do you know where to find consumer price indices?

https://agridata.ec.europa.eu/extensions/FoodSecurity/FoodSecurity.html

Annual food inflation stabilised, below 5% at the beginning of 2024, and retail food prices even declined in some cases. However, prices remain high compared to two years ago, and the slight price decrease is not really felt by consumers, and especially not by low-income groups which continue facing acute issues of food affordability, especially for healthy and sustainable food options (as quoted by respondents). On the other hand, some respondents suggested that demand recovery for certain products contributed positively to food supply and supported agricultural prices from dropping further. Demand remains weak for food products like fruits and vegetables or meats.

Figure 3 Evolution of price indices along the food chain (2015=100)



Note: EU farmer price indices are not available before January 2015. Before this date, the monthly change is estimated based on Member States data weighted by their share in the agricultural output. Latest Eurostat monthly indices for EU farmer prices are available in June 2023. Since this date, the index is estimated based on cereals, sugar, milk, meat, tomatoes and apples monthly prices weighted by annual production (updated by the latest edition of short-term outlook: [*https://agriculture.ec.europa.eu/data-and-analysis/markets/outlook/short-term_en*](https://agriculture.ec.europa.eu/data-and-analysis/markets/outlook/short-term_en)

Source: DG Agriculture and Rural Development, based on Eurostat and MS notifications.

While agricultural commodity prices fell, this trend has not yet been transmitted to downstream stages of the food chain in a symmetric way. Behind their usual lagged reaction, some increasing tensions were reported among different players (processing and retail stage), which could potentially further delay/ slow down the price transmission mechanism and the relief expected for final consumers. The issue of price transmission and related distribution of value along the supply chain has been an important part of recent farmers' protests, prompting the need for a closer monitoring of price transmission mechanisms. The Commission announced on 15 March that it will launch an observatory of production costs, margins and trading practices to increase transparency in the agri-food supply chain.

Some new worries on the horizon

Respondents were also asked to report on possible new factors that might have impacted EU food supply and food security since mid-2023. Among these, maritime disruptions in the Red Sea were mentioned by many. They were referred to as a cause of increased costs of containers, shipment delays and tighter stocks due to delayed deliveries.

While it remains hard to predict an evolution and impacts of the ongoing Russian aggression in Ukraine, as well as how the weather will evolve in next months, respondents also mentioned some more concrete emerging factors. In particular, many respondents expressed concerns related to the uncertainties linked to the potential impact of the upcoming electoral processes – in the EU, in several EU countries and in the US. The political landscape emerging from upcoming elections will shape to a great extent the future policy and trade environment, globally and regionally in Europe.

Given the period when the survey was conducted (February 2024), respondents also mentioned the farmers' protests in a number of EU countries. To address concerns expressed by farmers and alleviate the administrative pressure weighing on them, the Commission proposed a targeted review of the CAP and actions to support the farmers' position in the food supply chain. The package of measures presented by the Commission on 15 March also delivers on the conclusions of the European Council of 1 February that called on the Commission and Council to address the challenges facing the EU agricultural sector.

…looking strategically towards the future

Some factors impacting food supply and food security might require short-term actions, while others might only materialise and require actions in a longer term. Therefore, some respondents also highlighted several factors which could be considered strategic for future developments. These include potential labour shortages in the farming sector and risks of dependencies related to the lack of diversification in imports, especially when an importer has a dominant market power; and dependency on digital technology that could be compromised in case of energy or network cuts.

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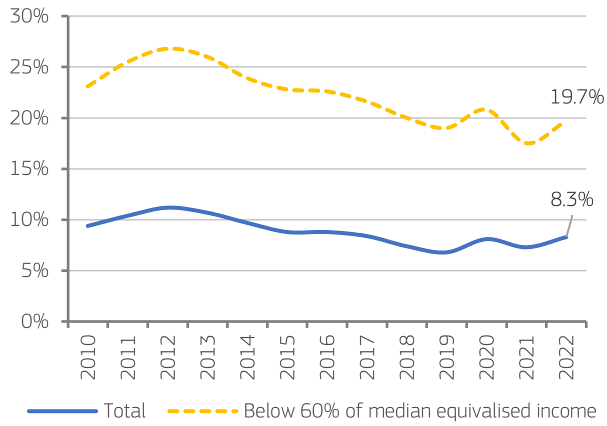
2. Zooming into: Inability to afford a proper meal

Geopolitical conflicts, climate change and related extreme weather events, disruptions across the value chain observed during the COVID-19 pandemic, have put into spotlight the fragility of global food security, including in the EU. In 2022, due to high inflation, 8.3% of EU citizens could not afford a meal, including meat, chicken, fish, or a vegetarian option every other day. This percentage is significantly higher (20%) for households at poverty risk, that comprises households with an income below 60% of the national median equivalised income after social transfers. The indicator measuring the inability to afford a meal in the EU decreased on average by 2.6 percentage points overall and 4.1 percentage points for poorer households from 2010 to 2019. However, COVID-19 pandemic put a break to this trend, as well as recent turbulences due to the Russian's aggression in Ukraine, reversing the progress achieved in the last decade.

Figure 4 Inability to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day - EU-SILC survey



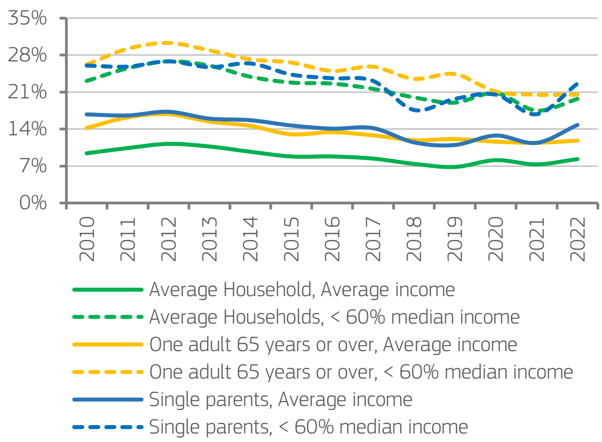
Source: DG Agriculture and Rural Development, based on Eurostat.

Disposable income drives food insecurity

Households at risk of poverty are more than twice as likely to be unable to afford a proper meal compared to average-income households (19.7% compared to 8.3% in 2022).

Furthermore, EU households with dependent children, especially single parents, women, elderly, and young adults, are at higher risk of poverty than other types of households. In 2022, 12% of elderly persons' households and 15% of single-parent households with average incomes reported that they were not being able to afford a proper meal every other day. This is 42% and 78% higher, respectively, than the average-income household. The same pattern applies to households at risk of poverty, although the difference between household types is less pronounced, with rates of 20% for all households at risk of poverty, 21% for low-income elderly persons' households, and 23% for low-income single-parent households.

Figure 5 Inability to afford a proper meal per household types

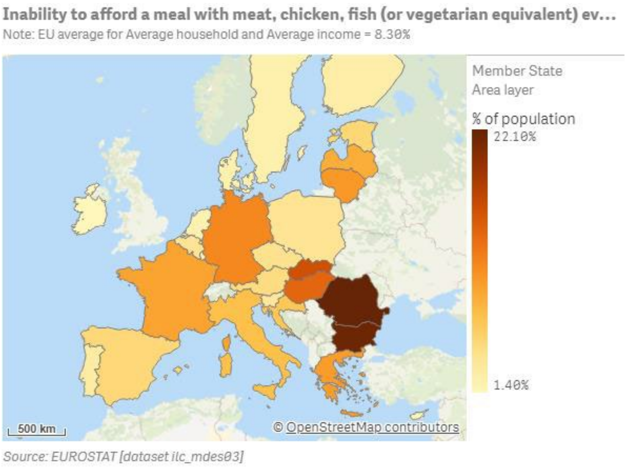


Source: DG Agriculture and Rural Development, based on Eurostat.

Stark variation across EU countries

In 2022, the inability to afford a meal for an average-income household varies significantly across the EU, ranging from 1.4% in Ireland to 22.1% in Romania. Member States which entered the EU before 2004 generally report a lower inability to afford food for the average household compared to others, but with some exceptions: Germany, France, and Greece report a higher than EU-average inability to afford a proper meal, while Poland, Czechia, and Croatia report lower than average rates in 2022. These results suggest the effect of underlying demographic and regional patterns, existing social policy programmes, or households' expense basket compositions, as proposed by literature.

Figure 6 Inability to afford a proper meal in 2022 across the EU



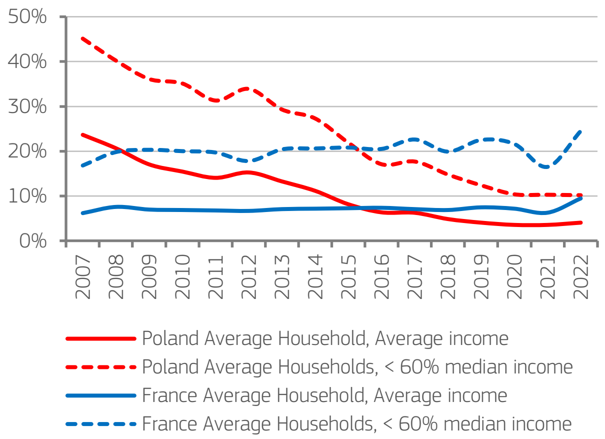
Source: DG Agriculture and Rural Development, based on Eurostat.

Do you know where to find data on inability to afford a proper meal?

https://agridata.ec.europa.eu/extensions/FoodSecurity/FoodSecurity.html

While 2022 values do not show a clear division between the blocs of countries, their longer-term trends did. EU countries which entered the EU after 2004 have been experiencing a downward trend, for the rest it has remained relatively stagnant since the financial crisis. As a result, the EU countries which entered the EU after 2004 have made significant progress in reducing inability to afford a proper meal , with an average decreasing from 18.5% in 2010 to 9.7% in 2022. In comparison, the average for EU countries entering the EU before 2004 remained steady at 4.6% in 2010 and 4.9% in 2022. Particularly for low-income households, newer Member States have seen substantial progress, with a reduction of about one half from 38.5% in 2010 to 23% in 2022, while in the rest of the EU it remained around 13% over the same period.

Figure 7 Trends across EU countries, example of France vs. Poland



Source: DG Agriculture and Rural Development, based on Eurostat.

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