



The 2020 EU Agricultural Outlook Conference
NEXT GENERATION EU AGRICULTURE
from the Covid-19 crisis to green recovery

16-17 December 2020

Agriculture
and Rural
Development



BETWEEN A ROCK AND A HARD PLACE?

*Opportunities, challenges and risks in a
post-COVID world*

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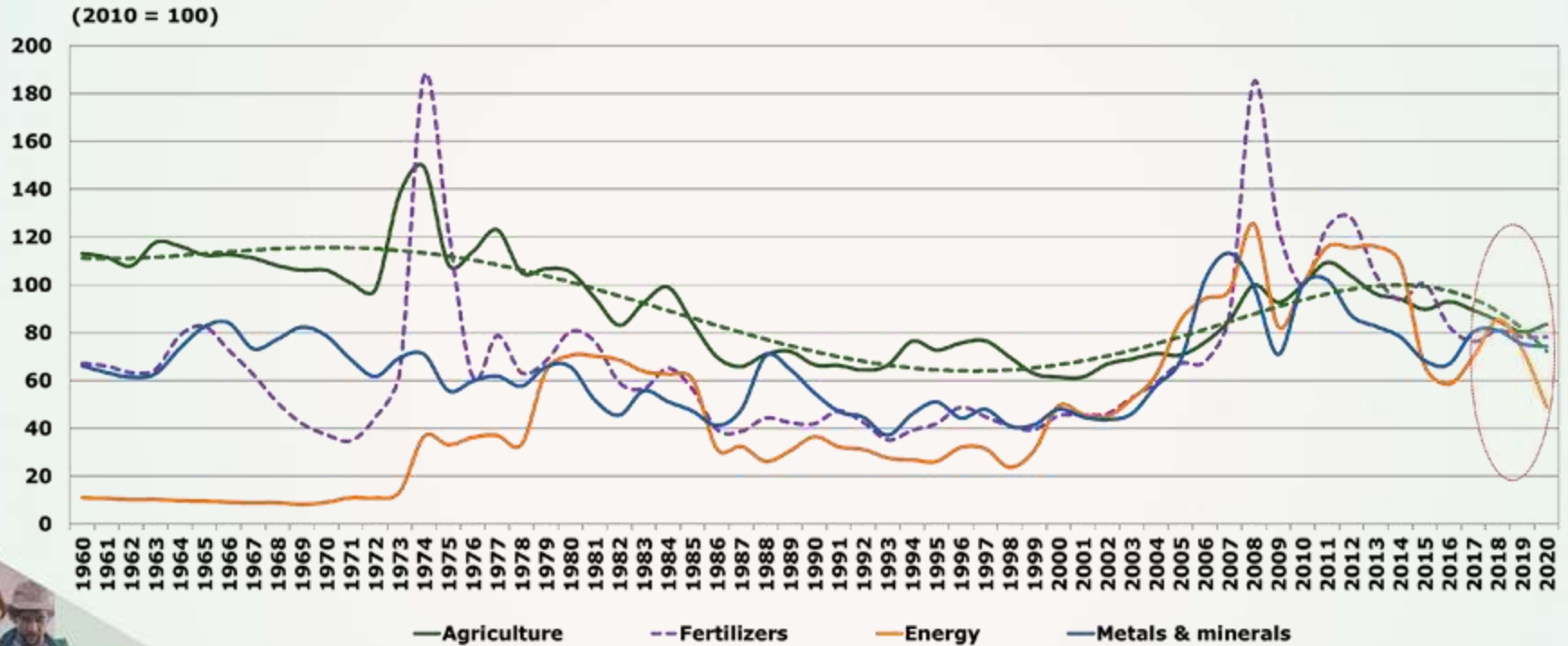


Post-COVID recovery challenges and unknowns

- **World markets:** *agricultural and food price increases*
 - Reflection of fourth consecutive year of mainly **weather-related supply constraints**
 - Small but steady decline in global stocks will focus attention on **future global availabilities**
- **Demand side:** *slow but steady shifts confirming past trends*
 - **Shift to** lower red meat consumption and **healthier diets will continue**
 - **Diversity in tastes and preferences** and income/price considerations are factors to consider
- **Supply side:** *need to address complex sustainability challenges*
 - **Adaptation** to new policy initiatives requires a better link between sometimes conflicting objectives
 - Addressing this challenge requires use of the most relevant practices **enhancing both food and footprint**



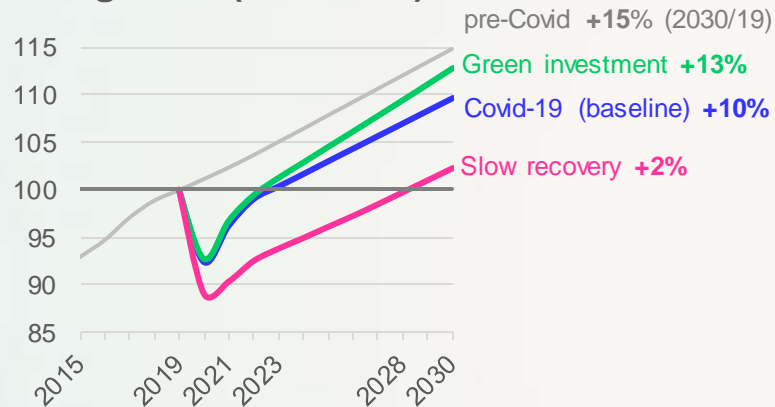
Commodity price developments



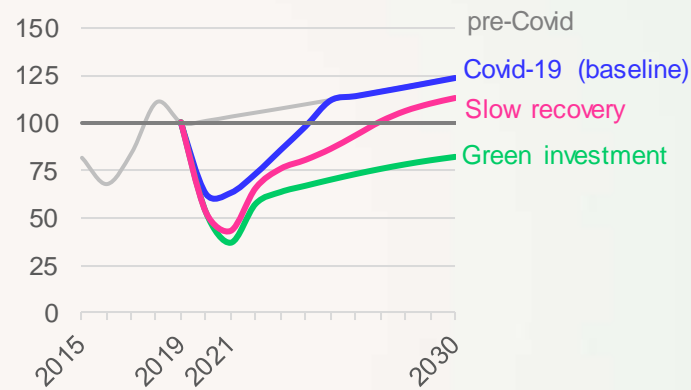
Source: World Bank.

COVID scenarios: economic assumptions

GDP growth (2019=100)



Oil price (2019=100)



Baseline

- based on OECD/IHS projections

Scenarios

- based on IHS projections

- vaccine available by mid-2021

Slow recovery

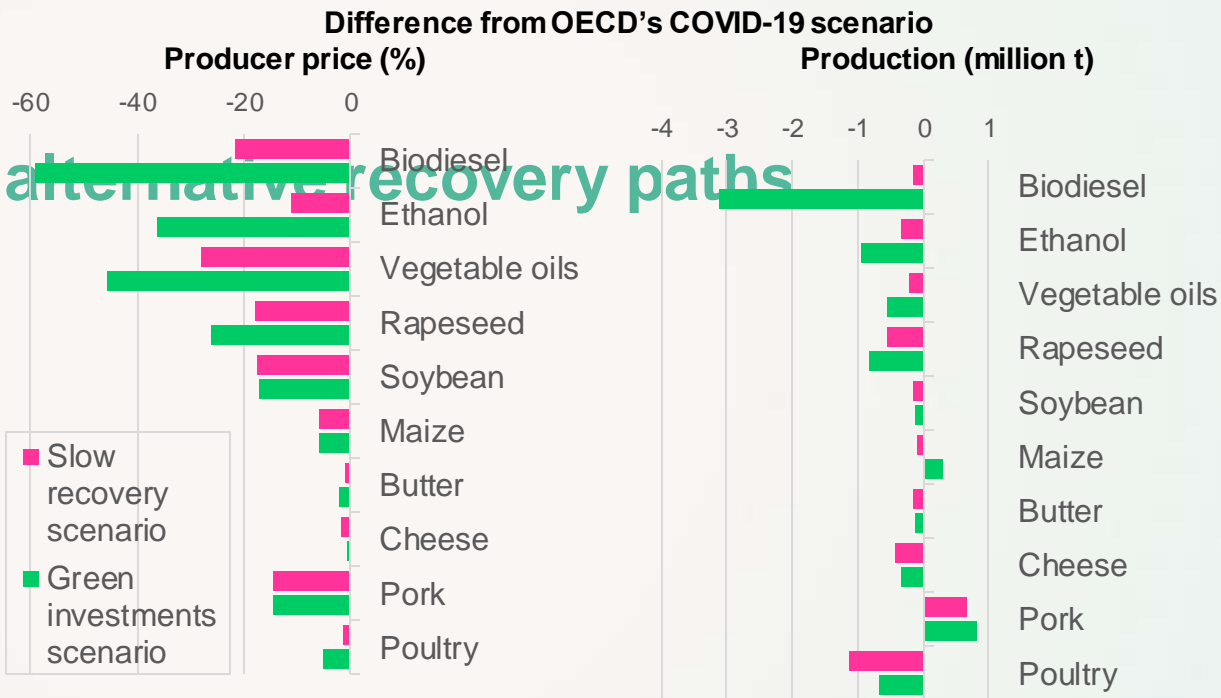
- more lockdowns in 2021, but no fiscal support
- recovery hampered and sluggish towards 2030
- lower demand for energy (as lower income)

Green investment

- research and investment in energy efficiency
- higher growth (esp. in oil importing countries)
- lower demand for energy (less transport fuel)

- **Slow recovery leads to lower income and a demand shock**
- Lower prices and production in most markets
- Biofuels and feedstock most affected by lower transport fuel demand
- Dairy market less affected (but lower net export)
- Pigmear production higher (export driven, higher shocks in other countries)
- **Green investment brings strong effect of lowering oil prices and energy demand**
- Notable difference in price and production of biofuels and some feedstock
- Lower production of biofuels and feedstock
- Meats: 'improvement' compared to slow recovery

The impact of alternative recovery paths



Post-COVID recovery opportunities

- **Research:** *producing the necessary knowledge*
 - Farm-linked **new technologies** “game changer” in generating knowledge to **address sustainability**
 - Resistance to change is often linked to fears and **misperceptions about science** (COVID lessons)
- **Best practices:** *transferring the necessary knowledge for green recovery*
 - A wide spectrum of practices proves **economic and environmental efficiency can be synonyms**
 - AGRI Outlook Conferences provided plenty of **examples** – **need to spread knowledge (farm advice)**
- **Digital transition:** *linking all food actors around sustainability*
 - COVID **accelerated the digital transition**, directly linking in many different ways producers to consumers
 - Mind the gaps: need to bring everyone on board; the **distributive impact of policies** remains **crucial**



Source: AGFORWARD project website

Some new techniques for the Green Transition

- **Carbon farming:** farm-level delivery of climate public goods, such as carbon removal from the atmosphere and lower GHG emissions from ongoing agricultural practices
- Several **national initiatives ongoing** to certify and reward carbon farming to farmers, some examples
 - “Beef carbon” in Ireland (LIFE project) <https://www.teagasc.ie/animals/beef/research/beef-systems/beef-carbon/>
 - “Ferme laitière bas carbone” in France <https://www.ferme-laitiere-bas-carbone.fr/>
- **Agroforestry:**
 - Deliberately grow trees together with arable crops – grassland, suitable also for carbon farming schemes
 - Scientific literature reviews show positive effects on carbon sequestration associated with benefit on all other ecosystem services when compared to cropland without trees
- **The link with the CAP:**
 - Such initiatives could be financed either by eco-schemes or management commitments in the next CAP
 - Key challenge: boost uptake and acceptance across the farming community to enhance positive environmental effect



Source: AGFORWARD project website



Thank you!

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