

EU agriculture between productivity and sustainability objectives

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TECHNICAL WORKSHOP ON SUSTAINABILITY

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OECD Milestones on Agricultural Policy



OECD Agricultural Ministerial

- November 2022
- Declaration on Transformative Solutions for Sustainable Agriculture and Food Systems
- Triple challenge of nutrition, livelihoods and environmental sustainability



Agricultural Policy Monitoring and Evaluation

Annual, 54 countries (OECD +EU +11 emerging), 75% of global agricultural VA
Coherent system to measure and classify support (PSEs)
2023 edition: Focus on climate change adaptation



Productivity-Sustainability-Resilience framework

- A common framework for policy analysis and advice
- Aligned with PSR goals shared by OECD ministers
- A very recent Review on the European Union 2023



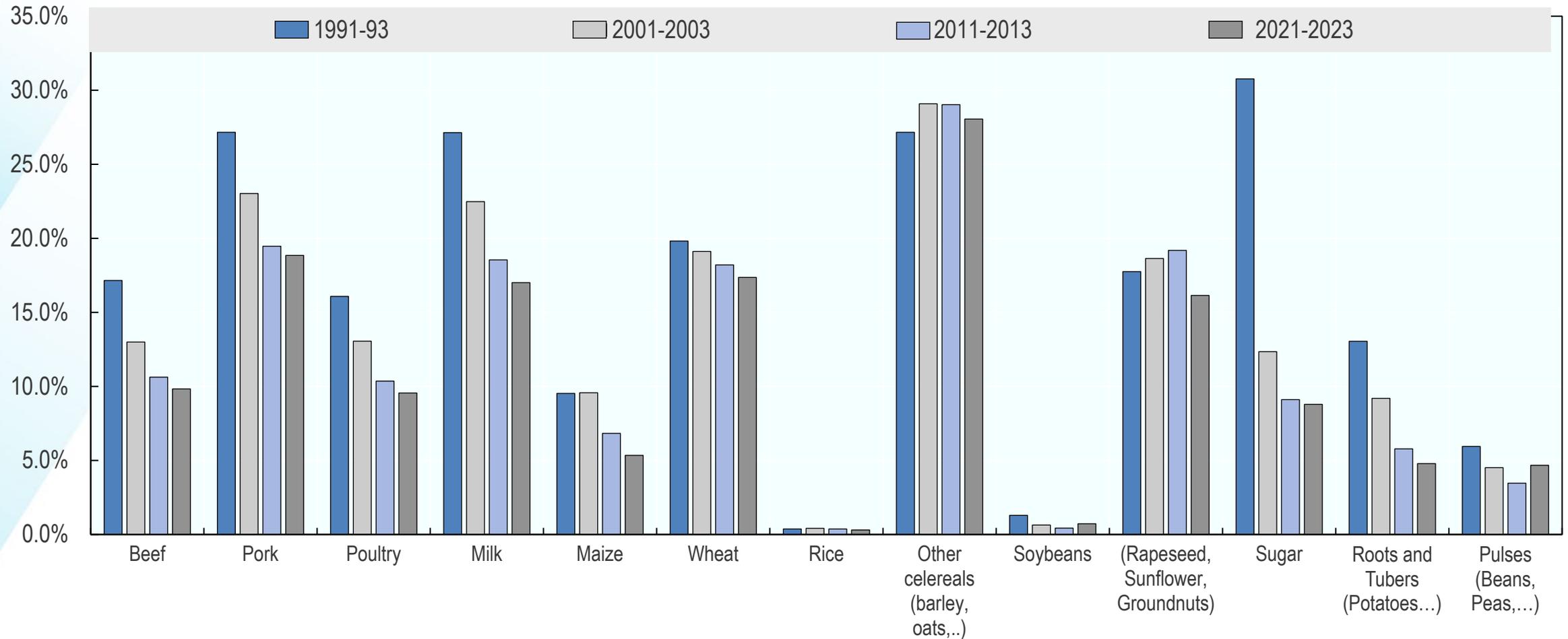
Benchmarking EU agriculture

A mixed and decelerating performance



EU remains a major player in global agriculture production

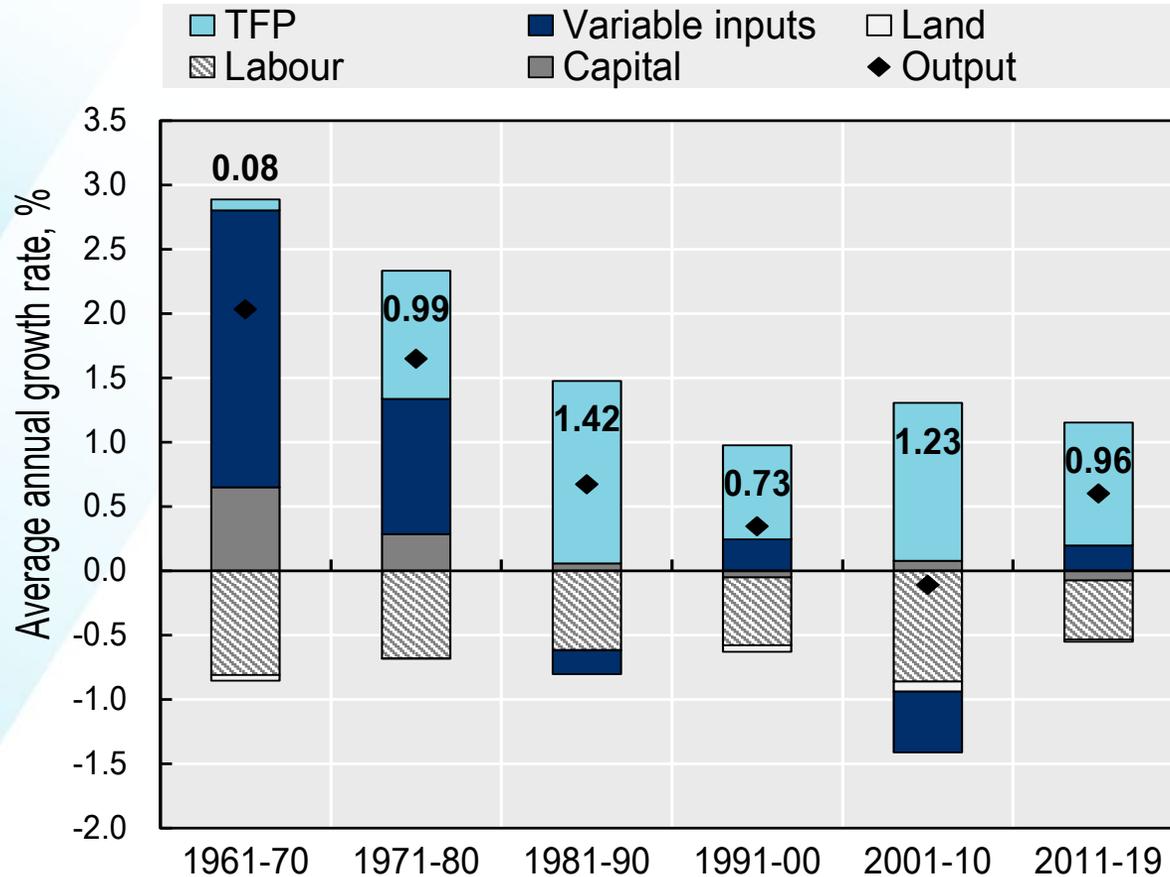
Share of EU in global production





EU output growth driven by agricultural total factor productivity (TFP) growth

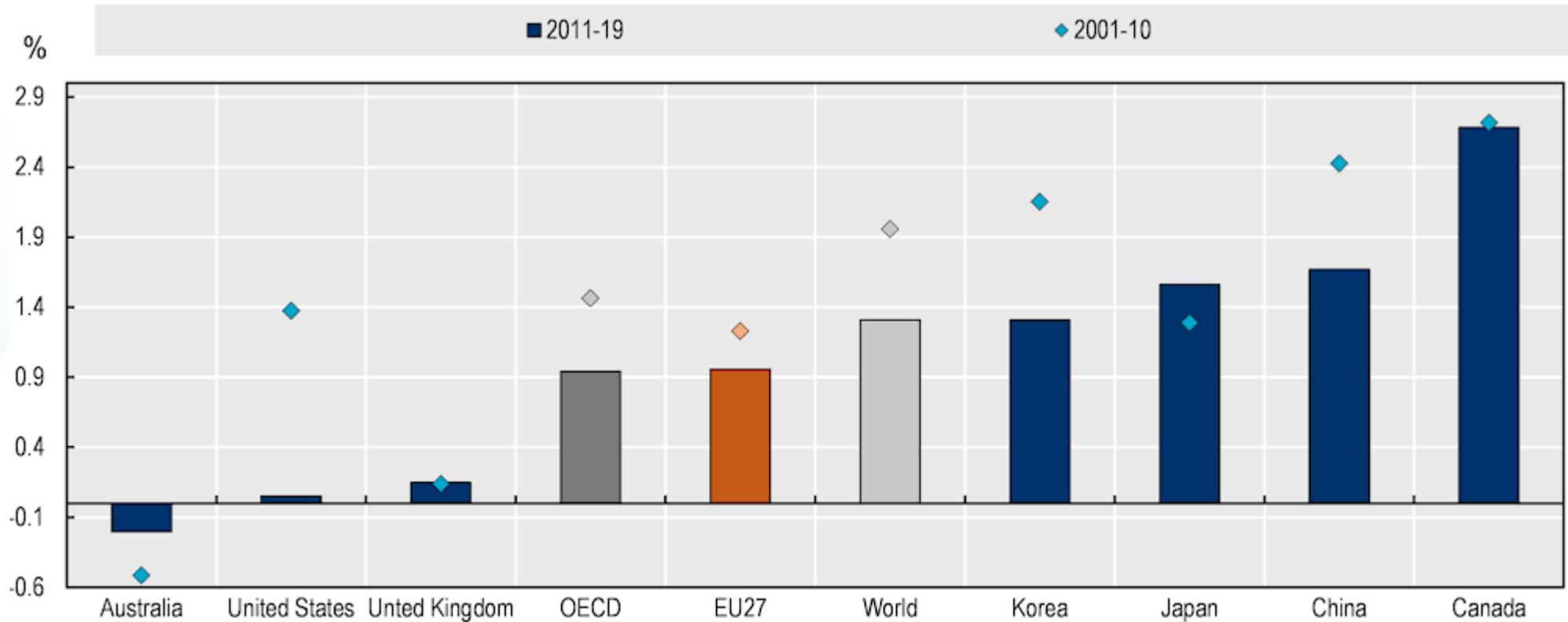
EU27



- TFP measures the ability to use less input to produce a given quantity of output
- TFP accounts only for marketed outputs and inputs, the environmental impacts or the free provision of ecosystem services are overlooked

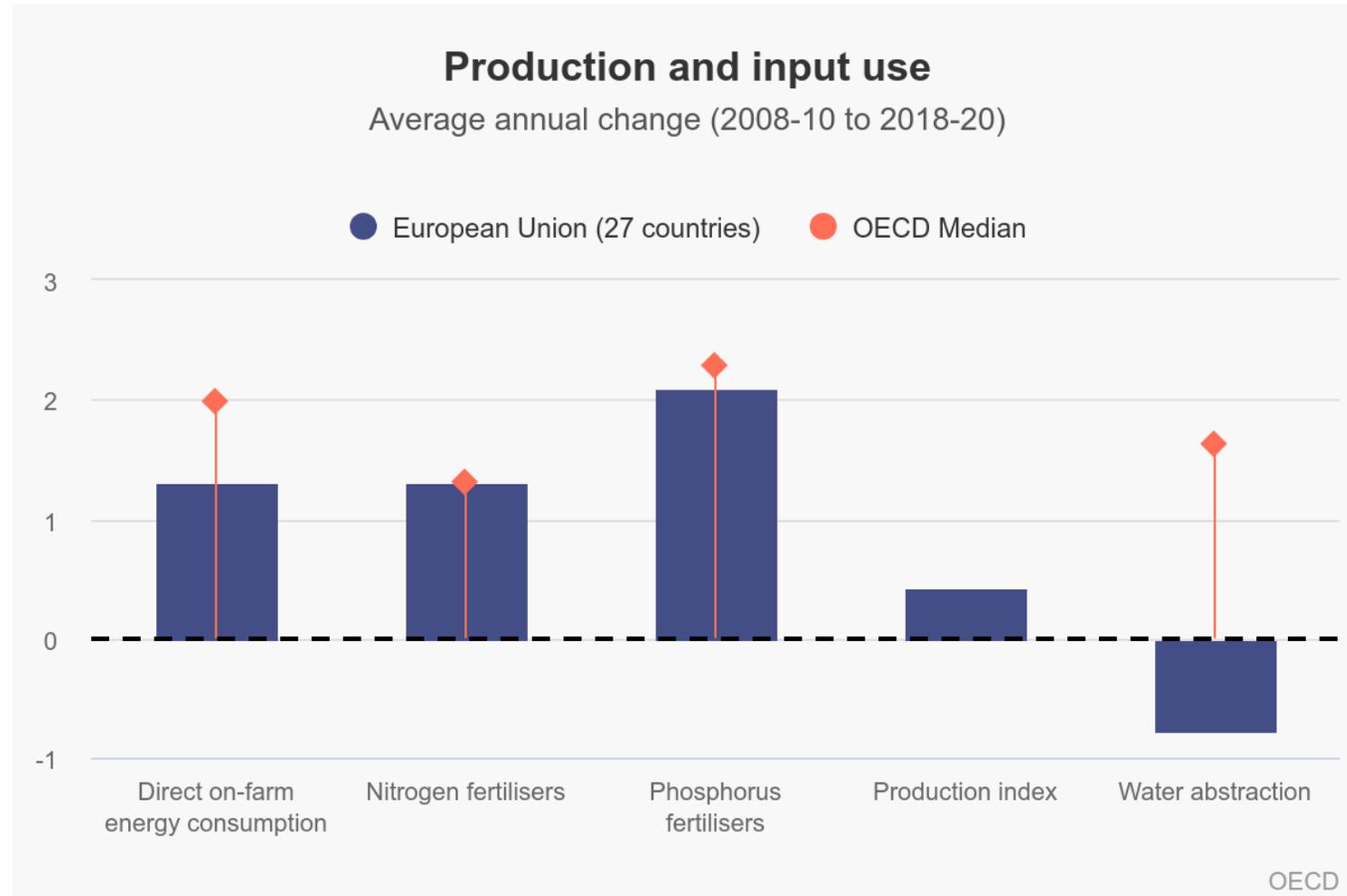


Agricultural TFP growth has been slowing in EU in parallel with other countries



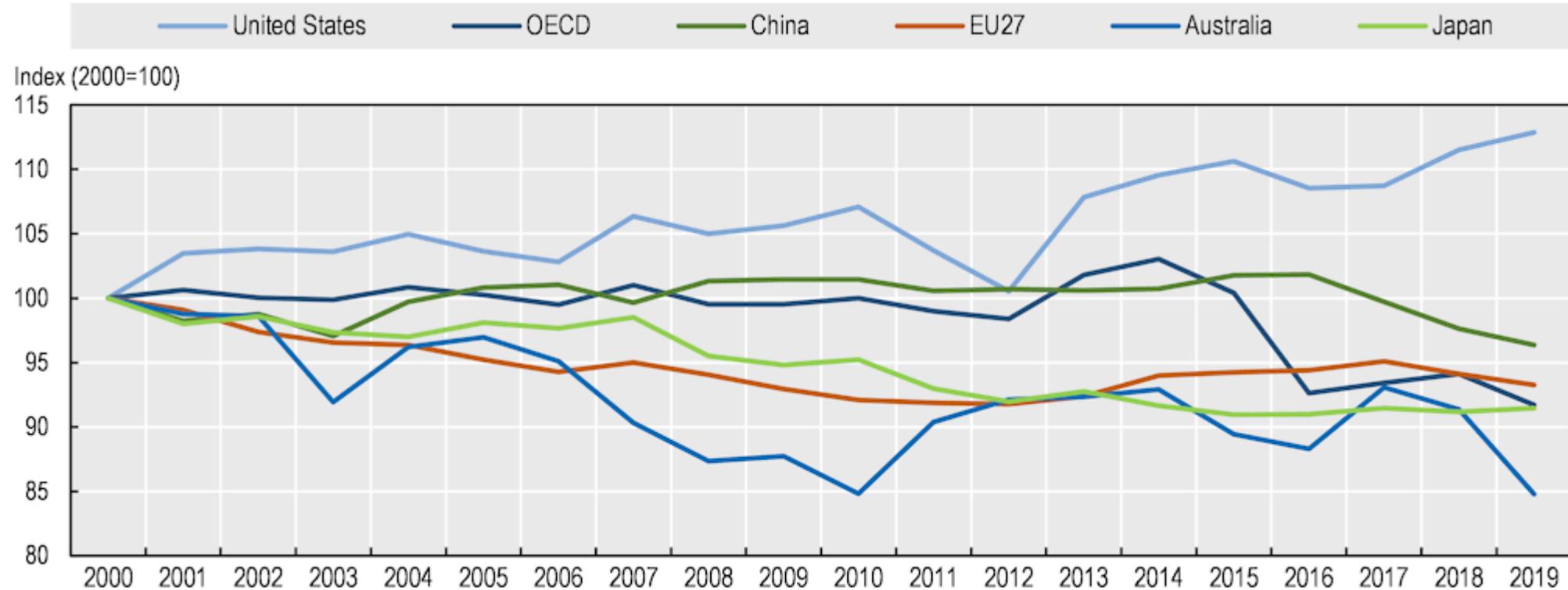


In the last decade, EU agriculture increased input uses at par with OECD countries, except for water





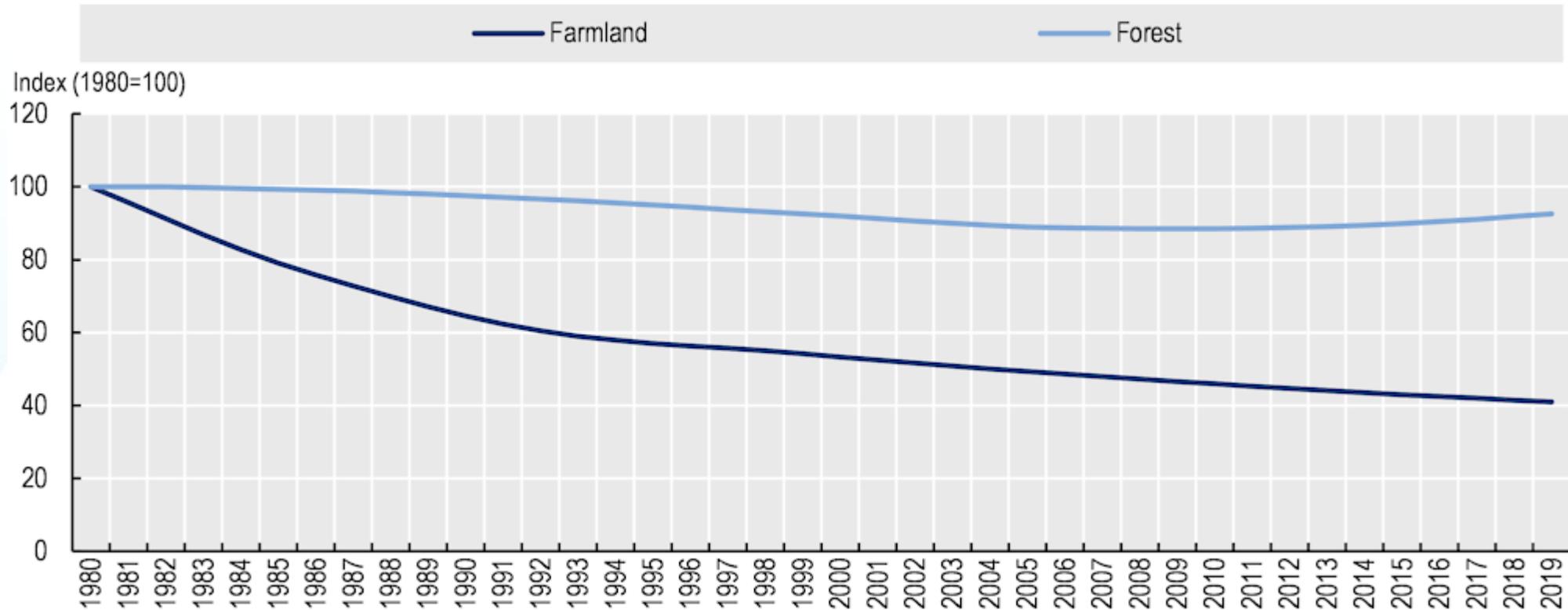
GHG emissions from EU agriculture declined in 2000-2010 to then increased again in 2011-19





EU Farmland bird populations declined continuously

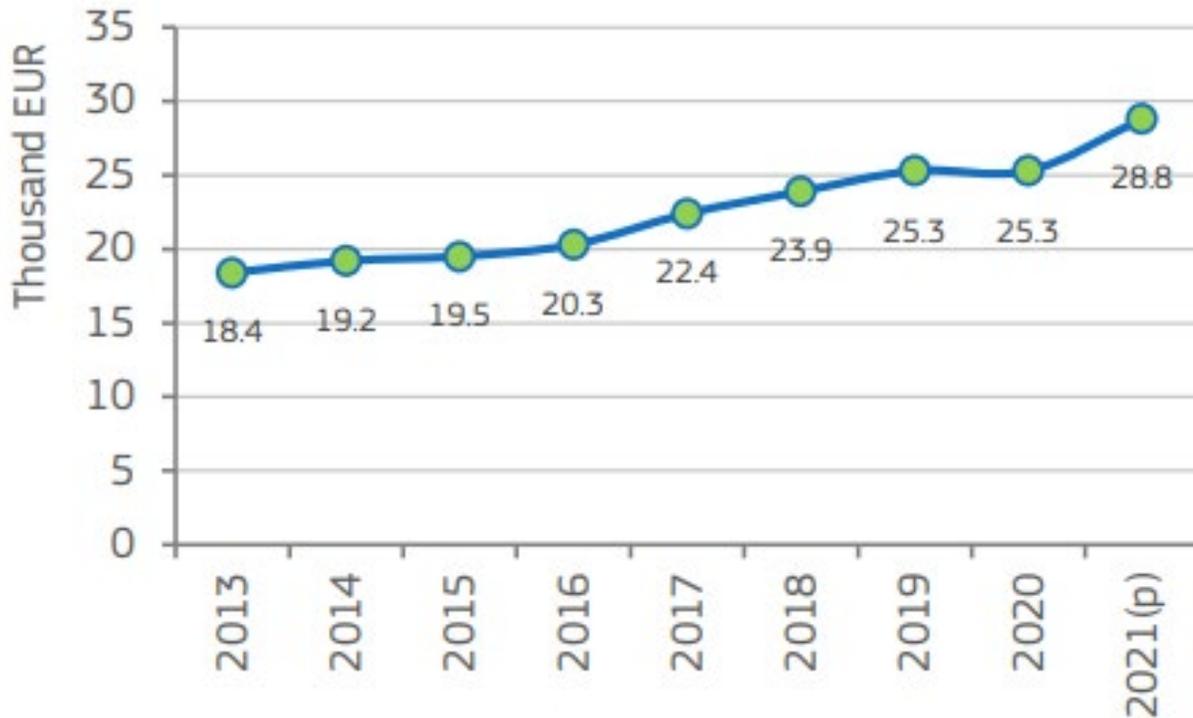
Figure 1.19. Trend in farmland and forest bird populations in the European Union, 1980 to 2019





Agricultural incomes increased and remained high in recent years despite multiple crises, but ...

Income level trend - FNVA/AWU



- The decline in the workforce has been the dominant driver
- Heterogeneity of farms (e.g. higher income for large farms)
- Still high productivity and income gap compared to the nonfarm sectors



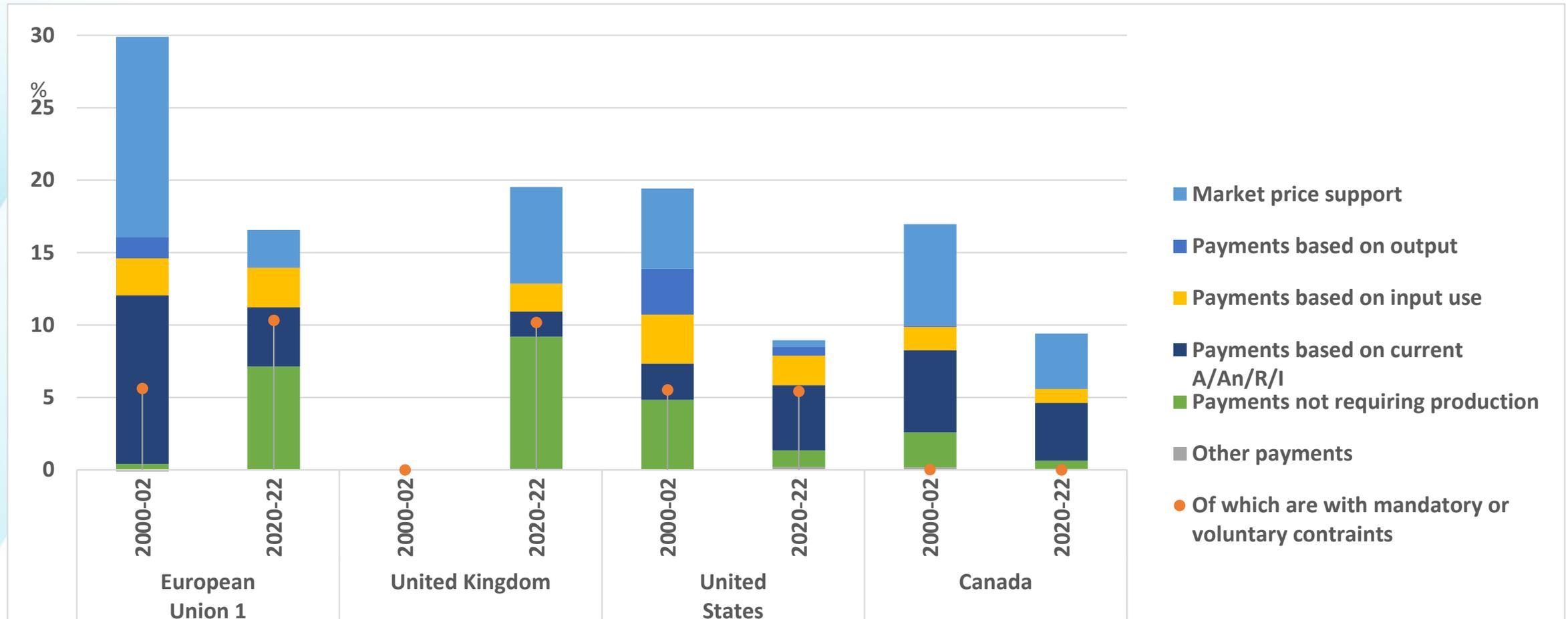
Agricultural policy evolution

A slowing pace of reforms as seen in other
OECD countries



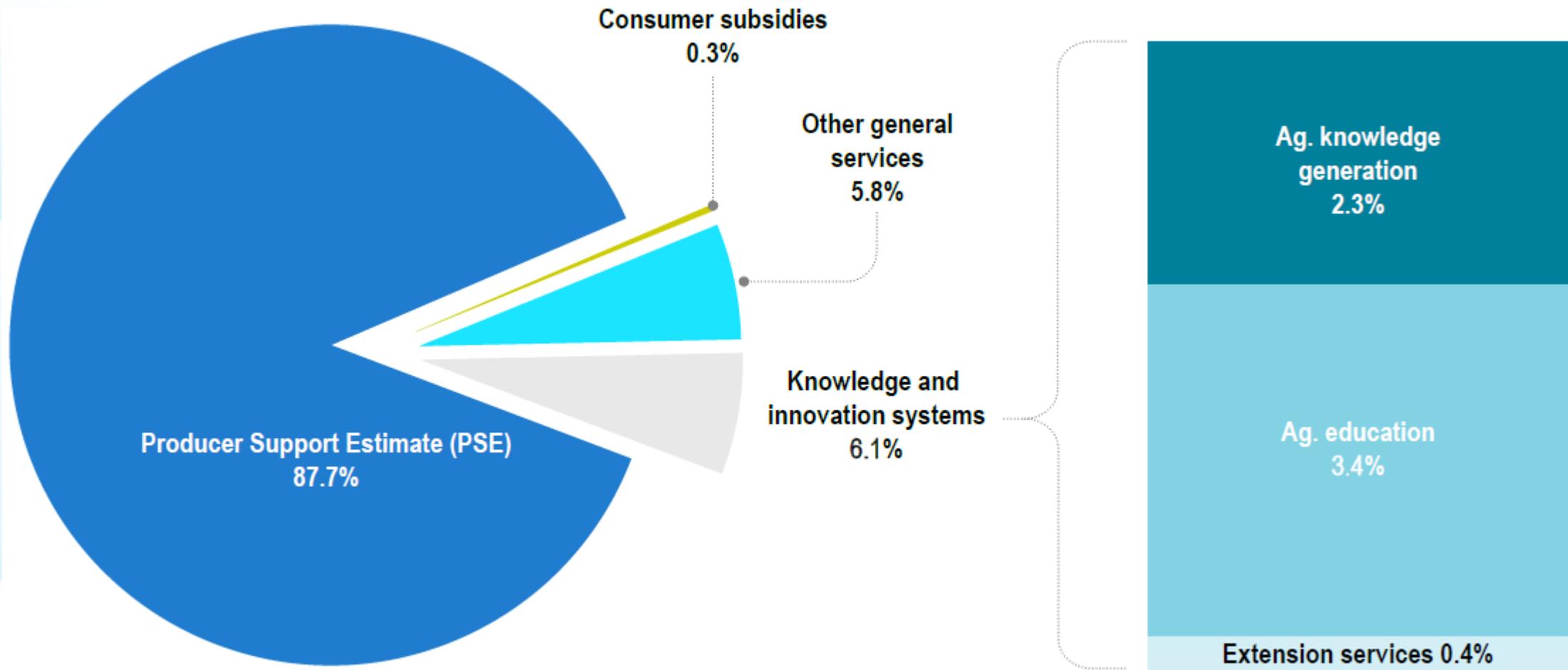
Use and composition of support, selected countries, 2000-02 and 2020-22

(% of gross farm receipts)





EU as a catalyst for research and innovation but resources to AKIS are relatively limited



Note: 2019-21 average. European Union refers EU28 for 2019; and EU27 and the United Kingdom for 2020; and EU27 for 2021.
Source: OECD (2022), "Producer and Consumer Support Estimates" database



Key messages

- The agro-food sector and the CAP are in a **critical juncture**
- **Performance is mixed**
 - *Productivity* keeps growing even if at slower pace than others
 - *Labour productivity* and *incomes* have been increasing but the gap with nonfarm sector remains high
 - Some *environmental sustainability* improvements (nutrient balances), and some stalled progress (GHG, biodiversity)
- **The CAP has had positive reforms** but
 - *Direct payments* still make up the bulk of CAP spending
 - Relatively *low effort to support innovation*



Issues for discussion



Sustainability transition(s)

Agro-food

- **Scales:** field, farm, landscape, territory, global
- **Approaches:** broad range of practices with different synergies and trade-offs (e.g. conventional, organic, agroecology, regenerative)
- **Innovation:** technological, institutional and social

Policy

- **Framing:** preferably food systems but it is a challenge
- **Drivers:** policy targets, social preferences, market dynamics, agri-food stakeholders
- **Timing:** CAP post-2027 is considered crucial



Change of mindset