



## **IPC fall seminar, 15<sup>th</sup> October 2007**

### **Sustainability in the Food & Agricultural Sector the role of the Private Sector & Government**

### **Panel I: Challenges facing Food & Agriculture: the European response?**

**Allan Buckwell**

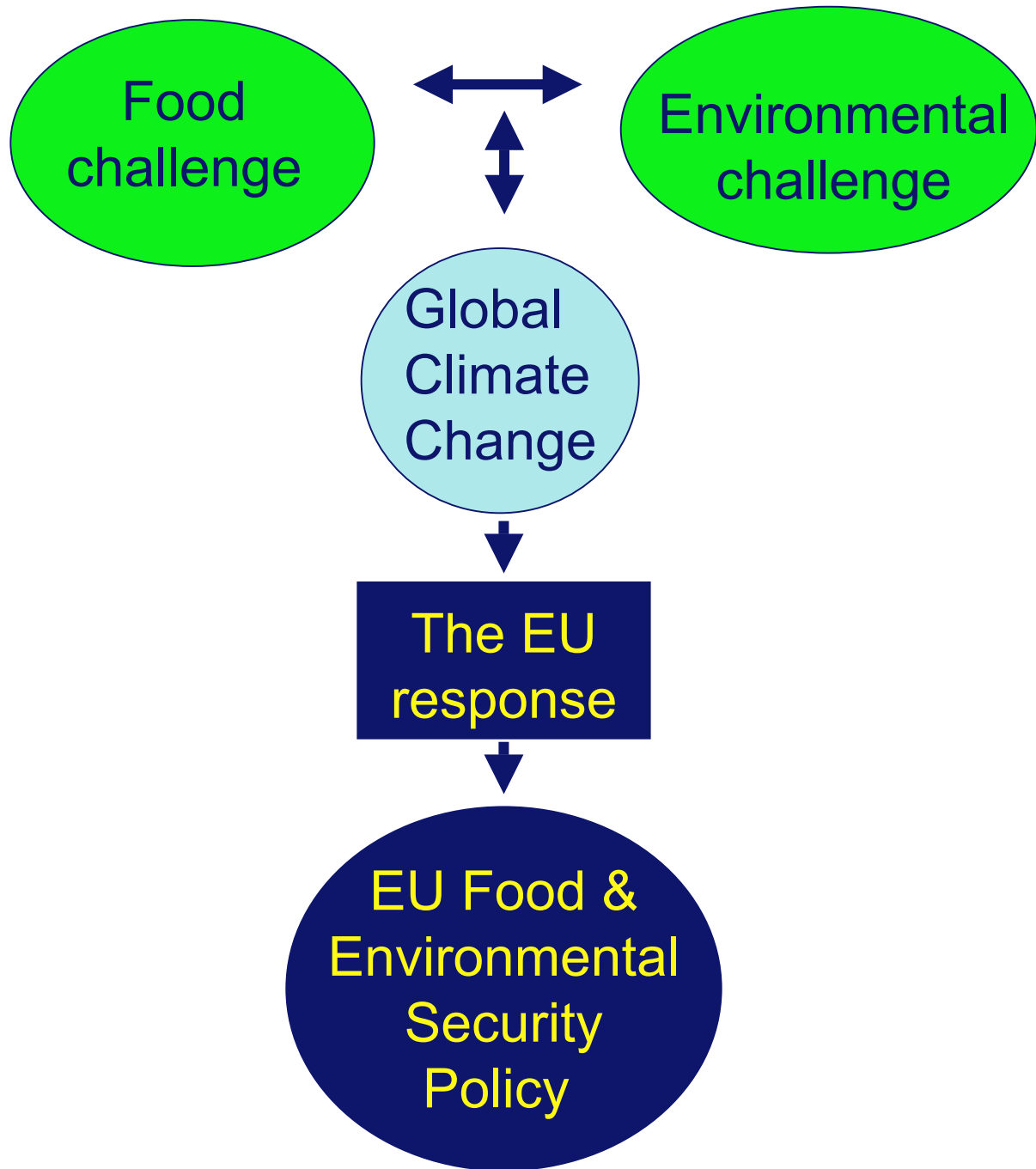
CLA Chief Economist and Head of Land Use  
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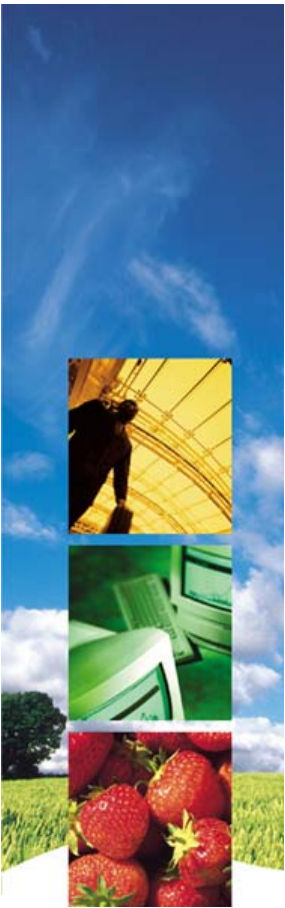
# Challenges facing the Food and Agricultural Sectors: the European Response

- The Food and Environmental Challenges
- Their interactions
- The impacts of Climate Change
- Why there must be an EU response
- The future direction of the CAP





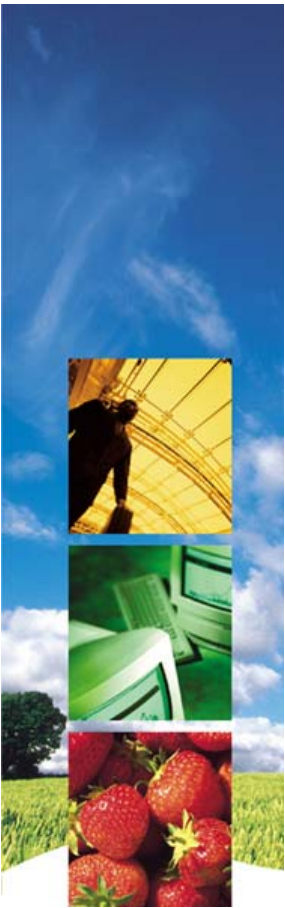
# The food challenge



- Global population
- World Grain production
- Agricultural Land
- Crop yields
- Soil losses
- Water availability

# The environmental challenge

- Biodiversity loss
- Resource protection
  - Soil
  - Water quality and quantity
  - Air
- Maintaining the cultural landscape



# Interaction between these two challenges

- The three generations of agricultural development
  - **Pre-industrial** – low productivity but non-intrusive
  - **Industrial** – highly productive but highly intrusive
  - **Post industrial** – the challenge: maintain and increase productivity; significantly reduce intrusion
- Markets for the marketed outputs
- How to deal with the pervasive market failures?
- Then add
  - Huge **volatility**: markets; weather; pest & disease
  - **Market imperfection**: the inability of farmers to get normal profits from the unbalanced market structure



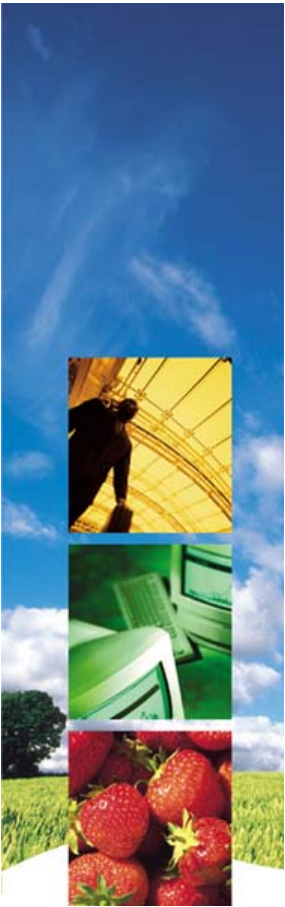
# Now add climate change

- It's happening, it's man made, it's global
- It intensifies the food and environment challenges
- **Impacts on the environment**
  - Competition from agriculture
  - More deforestation & biodiversity loss
  - More irrigation: less water for natural ecosystems
- **Climate impacts on food production capacity**
  - Fertilisation effect of more CO<sub>2</sub> – higher yields
  - Highly dependent on water stress
  - Inundation of arable land
  - Salinity and drought
  - Crop and regional variation
  - More volatility
  - IPCC (2001) if warming below 2.5°C: no price rises



# Climate change: action?

- **Responsibility of mid-latitude developed countries**
  - relatively less badly affected
  - much better placed to adapt
- **Three key actions**
- **Energy efficiency** – transport, buildings, processes
- **Energy substitution** - renewable energy for fossil fuel
- **Material substitution**: timber for concrete, steel & brick
- **Incentivising C sequestration**
  - In forests and especially peaty soils
- **Emission reduction**
  - Exhortation, information, awareness
  - Incentivising behaviour
- **Sensible precaution** – raise sea walls
  - 57% UK Grade 1 land is below 5M above mhw.



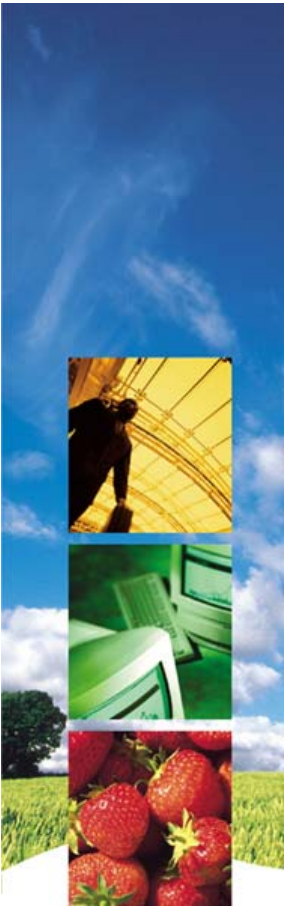
# The European response

- The economic and political importance of Europe
  - Not well endowed with land
  - But favourable conditions and highly productive
  - We are, and will remain, net grain exporters
- The 2008/09 reviews
  - Institutions
  - Policies: including environment policy & CAP
  - Budget
- What is the moral and political role of the EU towards its own food supplies and environment?
  - and for food supplies and environment globally?



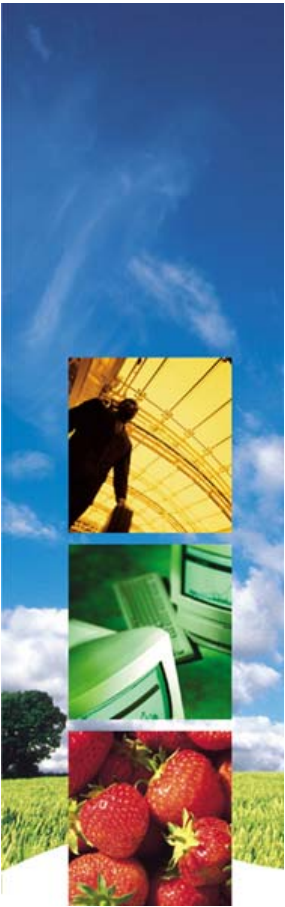
# The case for European Food & Environmental Security Policy

- Why European, why common?
  - The Single Market
  - Food & environment key parts of EU policy
  - Environmental directives
  - Göteborg and Lisbon
  - The transboundary nature of nature and global climate change
- What are the objectives of such policy?



# European Food and Environmental Security Policy

- The objectives should be to:
  - “incentivise private sector rural resource managers to produce the socially optimal quantities of high quality food & fibre, renewable energy, biodiversity, landscape, heritage, and soil, water and air management.
- This can be accomplished within EU Budget heading 2, **Protection and management of natural resources**



# Food security

- Feed the European population – and others too.
- Protect the **long-run food production capacity** of the EU – especially arable land, water, knowledge and skills, research & development
- **This necessitates profitable farming**
- **the measures would be to help**
  - Improve productivity & competitiveness
  - Stimulate private & public R&D & extension
  - Integrate farming & environment & reduce pollution
  - Farmers share resources, work together
  - Raise product quality & marketing
  - Ensure food safety
  - Deal with volatility



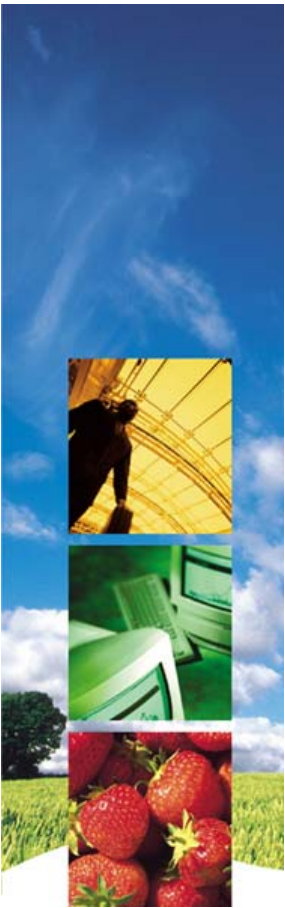
# Environmental security

- Achieve food security goals but without avoidable environmental degradation (= weak sustainability)
- The elements of the policy are to protect and enhance
  - Biodiversity habitats and species
  - Landscape including heritage
  - Support for remote, mountainous and marginal areas
  - Agricultural and forest soils
  - Water quantity and quality
  - Carbon management in soils & forests
  - Land-based renewable energy



# Food and Environmental security together

- Build on experience
  - CAP reform
  - Agri-environment schemes
  - Smart regulation – WFD?
- Liberalisation of markets: necessary not sufficient
- Operational practicality vital
- We have to work to internationalise these ideas



# Summary

- The demands on what we want from our land managers is increasing
- They have a critical role in helping secure food and environmental security
- There are pervasive market failures surrounding these activities
- Dealing with these market failures has, correctly, been allocated to the EU policy
- We must secure the appropriate budget for this for the future and this necessitates further evolution of the CAP





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