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Agriregionieuropa, the Italian scientific review of agricultural economics and policy, available on-line at www.agrireregionieuropa.it, aims to encourage a dialogue between research and all actors and institutions in the fields of agriculture, agro-food systems and rural development. At the same time, **agrireregionieuropa** is aimed at integrating an international dimension, especially the European level, with the regional one.

Une agriculture européenne compétitive, une agriculture européenne pour les citoyens, du point de vue de la Roumanie

Dacian Ciolos

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Pour une Politique Agricole Commune qui assure la compétitivité de l'agriculture européenne sur le marché mondial mais également la diversité des produits agricoles et alimentaires

Dans les années à venir, l'Union européenne va devoir de nouveau effectuer des choix fondamentaux pour l'avenir de l'alimentation, du paysage et de la qualité de vie sur l'intégralité de son territoire. Ces choix à faire seront d'autant plus complexes et difficiles qu'ils devront être faits, non pas par 6, 9 ou 15 Etats membres, mais par 27 Etats membres, sous une nouvelle configuration de l'espace communautaire. Nous croyons, tout d'abord, que l'Union européenne ne peut se dispenser d'une Politique Agricole Commune. Tant que nous parlons d'un marché commun, compte tenu de l'importance stratégique de l'alimentation et des spécificités technologiques et économiques de ce secteur, la politique agricole doit être assumée de manière commune par tous les Etats membres, dans le respect du principe de solidarité. L'agriculture européenne doit en parallèle tendre toujours davantage vers un niveau élevé de compétitivité, qui assure le maintien et l'extension des marchés déjà gagnés, mais également vers des revenus raisonnables pour les producteurs agricoles, par une valorisation adéquate de leur production et la rémunération des services qu'ils rendent directement et indirectement à la société. L'agriculture européenne doit donc être, non seulement une agriculture pour le marché mais également et surtout une agriculture pour les citoyens. Les agriculteurs ne doivent pas être considérés comme des employés « d'usines » de produits alimentaires. Ils agissent sur un milieu vivant, qui au-delà de la matière première alimentaire et industrielle, offre un cadre de vie à valeur publique. Autrement dit, l'agriculture européenne ne doit pas seulement être compétitive du point de vue du marché, mais l'agriculture européenne doit être une agriculture pour les citoyens, en tant qu'activité économique utilisant et gérant des ressources renouvelables d'intérêt public. C'est une telle Politique Agricole Commune que souhaite promouvoir la Roumanie au niveau européen, afin de s'assurer que le patrimoine (foncier, alimentaire, culinaire, variétal, etc.) qu'elle apporte à l'Union européenne en qualité d'Etat membre, soit non seulement valorisé judicieusement d'un point de vue économique, mais également mis en valeur en tant qu'espace public d'intérêt social et écologique.

Une agriculture compétitive

Avec son élargissement vers l'Europe centrale et du sud-est, l'agriculture de l'Union européenne a renforcé de manière significative son potentiel de production. Ainsi, suite à l'intégration des 12 nouveaux Etats membres en 2004 et 2007, la surface agricole a augmenté de 130 à 185 M ha. Une partie des nouveaux Etats membres

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vient avec une tradition agricole qui se traduit non seulement du point de vue du potentiel agricole par une surface agricole, des effectifs d'animaux, mais également par une population agricole importante, surtout dans des pays comme la Pologne et la Roumanie, qui ensemble représentent environ la moitié du total de la population active agricole de l'Union européenne. Il est certain que la population agricole active des nouveaux Etats membres va diminuer, parallèlement à l'augmentation de la compétitivité de l'agriculture, suite aux investissements, transfert technologique, l'organisation des marchés agroalimentaires. Pour éviter un impact social négatif, ces transformations doivent se dérouler progressivement, par étapes, en parallèle avec une politique de développement rural et de soutien à la création d'emplois dans d'autres secteurs qu'agricole. Ce processus de restructuration agricole dans les nouveaux Etats membres se produit en même temps que l'accélération de la libéralisation du commerce des produits agricoles au niveau mondial. La pression concurrentielle issue de l'ouverture du marché communautaire pour les produits qui viennent de cette zone avec un avantage comparatif est un facteur supplémentaire de pression sur l'agriculture est-européenne en pleine restructuration. C'est pour cela que les deux piliers de la PAC revêtent un rôle complémentaire croissant dans ce contexte. Dans le contexte d'une demande croissante pour l'alimentation sur le marché mondial, revient à l'actualité l'intérêt pour la terre, vue comme une valeur, non seulement du point de vue de l'environnement, mais également comme valeur économique, de production. Considérée comme une ressource limitée et renouvelable dans certaines conditions d'entretien et d'exploitation, la terre (agricole) devrait devenir une valeur stratégique publique, comme l'est par exemple le pétrole ou le gaz. Ceci devrait être reconnu par la Politique Agricole Commune, et dans ce cadre, il faudrait identifier des instruments pour le maintien de la fertilité du sol, tant pour des raisons écologiques qu'économiques. Les agriculteurs devraient être rémunérés pour le maintien de cette fertilité; l'accord d'aides financières pour les agriculteurs devraient être davantage conditionné par cet aspect, afin d'éviter la situation dans laquelle la pression concurrentielle conduit à une surexploitation à court-terme d'une ressource, qui n'est renouvelable que dans certaines conditions. L'utilisation de la terre comme ressource économique renouvelable devrait devenir une priorité de plusieurs politiques communautaires, en partant d'une complémentarité des intérêts écologiques, économiques et sociaux en lien avec celle-ci. Par ses deux piliers, par l'application des principes d'éco-conditionnalité et de bien-être animal, la Politique Agricole Commune acquiert de plus en plus, au-delà des valences économiques, des valences écologiques, qui, comme je l'ai décrit précédemment, dans certains cas, interfèrent avec celles économiques. Dans beaucoup d'Etats membres, l'agriculture, au-delà des aspects économiques et de ceux écologiques, a également un important aspect social, en lien avec les traditions, la stabilité sociale en milieu rural, la continuité culturelle, etc. Sur cette base, la Politique Agricole Commune doit assurer le maintien de la relation de l'homme (l'habitant rural) avec la terre et avec l'espace culturel-historique qu'elle définit, liens qui se traduisent tant en économie qu'en écologie agricole, par l'intermédiaire des produits traditionnels, à appellation d'origine, à indication géographique, etc.

Une agriculture pour les citoyens

Les citoyens européens sont non seulement des contribuables au budget communautaire, mais également des consommateurs de produits alimentaires, tout comme des «consommateurs» d'environnement et d'espaces. La Politique Agricole Commune, en tant que l'une des principales bénéficiaires du budget communautaire, doit être en mesure de concilier les intérêts du citoyen européen selon ces différents angles de vue. Autrement dit, le soutien financier de la PAC doit se justifier sous cette perspective trilatérale. Le citoyen européen a le droit d'attendre des produits alimentaires à des prix raisonnables, produits alimentaires sûrs d'un point de vue sanitaire, produits alimentaires de qualité, frais, produits alimentaires divers et sains. Les agricultures pratiquées dans l'UE, compte-tenu du potentiel de production, de la diversité climatique, des sols, sont en mesure de répondre à ces différentes caractéristiques des produits alimentaires. D'un point de vue économique, du fait de cette diversité des conditions de production, les coûts peuvent varier; c'est justement l'un des rôles qui devrait être, en continuation, celui de la PAC: celui d'assurer des conditions équitables de production dans différentes zones de l'UE, compte tenu de l'intérêt général du consommateur (en qualité de bénéficiaire de ces produits) et du contribuable européen. L'agriculture européenne devient un fournisseur de plus en plus important de matière première non alimentaire, orientée plus spécialement vers la production d'énergie verte. Dans les conditions d'une pression en augmentation de la demande de produits alimentaires sur le marché, nous pensons que la production agricole non alimentaire doit être soutenue de manière raisonnable, afin d'éviter qu'elle affecte l'approvisionnement du marché alimentaire, tout comme la qualité et la fertilité du sol européen. Dans certains Etats membres, la population rurale est encore fortement liée à l'activité agricole. Nous pensons que le lien entre l'agricole et le rural doit être maintenu, tant

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dans la perspective de la qualité des produits alimentaires et de leur diversité, de l'accès du consommateur à des produits frais et de proximité (marchés locaux) que dans la perspective des revenus complémentaires que peut assurer l'agriculture dans certaines zones défavorisées de l'UE, pour le maintien de la population en milieu rural. S'inscrivant comme un bien commun («*common good*») de l'Union européenne, comme partie intégrante du principe «l'unité dans la diversité», la petite agriculture et de proximité devrait faire à l'avenir l'objet d'un statut spécifique et de mécanismes de soutien communautaire, dans le cadre de la PAC. La mise en oeuvre d'instruments spécifiques pour le soutien de ce type d'agriculture devrait faire l'objet du principe de subsidiarité, afin d'assurer une meilleure efficacité au niveau local. La politique de soutien doit être une politique commune compte tenu de l'intérêt commun européen au maintien de ce type d'agriculture (du point de vue économique, social, écologique), mais pour une efficacité maximale, l'application devrait faire l'objet du principe de subsidiarité. Dans la perspective du «modèle agricole européen», la qualité (microbiologique, gustative, culturelle) et la diversité des produits agro-alimentaires sont des aspects aussi importants que la compétitivité économique de ces produits sur le marché mondial.

L'agriculture et le développement rural en Roumanie - complémentarité et soutien réciproque

La Roumanie a adhéré à l'Union européenne alors qu'elle est en plein processus de restructuration de son agriculture. En sa qualité d'Etat membre, la Roumanie renforce l'agriculture de l'UE avec environ 14 millions d'hectares de terres agricoles dont environ 9 millions d'hectares de terres arables. Nous ne pouvons pas imaginer une croissance de la compétitivité de l'agriculture de la Roumanie, sans une politique solide de développement rural, en partant d'une agriculture qui mobilise 30% de la population active du pays et d'un milieu rural qui héberge la moitié de la population du pays. En dépit du fait que 45% de la surface arable est exploitée par quelques milliers de fermes d'une surface comprise entre quelques centaines et quelques milliers d'hectares, la plus grande partie de la production d'origine animale, des légumes et des fruits est réalisée dans des fermes de petite dimension. Le consommateur roumain est coutumier d'un approvisionnement de proximité et avec des produits alimentaires qui gardent leur caractère authentique sur le marché. C'est pour cela que l'alignement des produits agroalimentaires aux normes européennes ne devrait pas se faire au dépend de la diversité et de la qualité gustative des aliments, éléments de tradition de l'alimentation selon le consommateur roumain. La stabilité des revenus des agriculteurs, afin d'encourager les investissements nécessaires à la croissance de la compétitivité de la production, l'organisation des marchés, le soutien des investissements de modernisation du processus de production agricole, la formation des agriculteurs, la création d'opportunités de revenus complémentaires, tout cela suppose de grandes attentes vis-à-vis de la Politique agricole commune. C'est pour cela que la Roumanie poursuit le maintien d'un budget consistant de la PAC, partant du prémisses qu'il est dans l'intérêt de l'ensemble de l'Union européenne de mettre en valeur le potentiel productif de l'agriculture roumaine, mais aussi du développement économique du village roumain. La politique de développement rural devra assurer tant la restructuration de l'agriculture que la croissance de la qualité de vie en milieu rural et la diversité de l'économie rurale - autant de priorités selon la perspective roumaine. Cependant, nous comprenons que, dans certaines zones de l'UE ayant un niveau plus élevé de développement de l'agriculture et de l'infrastructure rurale, les préoccupations soient davantage orientées en faveur d'un puissant soutien d'instruments de protection de l'environnement et de la biodiversité. En conclusions, la Roumanie a l'intention de contribuer au maintien du modèle agricole européen soutenu

par une Politique Agricole et de Développement Rural Commune, qui s'avère plus nécessaire que jamais, compte tenu des provocations auxquelles doit faire face l'agriculture de l'Union européenne élargie, tant au regard de la restructuration à laquelle elle est soumise, que dans la perspective de la croissance de la demande des produits alimentaires sur le marché mondial.

The Health Check is concluded; let us now reflect on the CAP post 2013

Franco Sotte, Emilio Chiodo

Introduction¹

After a laborious process that lasted exactly one year, on November 20 last year the Health Check of the CAP was concluded. According to the Agricultural Commissioner, Mrs Fischer Boel, its aim was to "fine-tune the 2003 reform and contribute to the discussion on future priorities in the field of agriculture." (European Commission, 2007). The goal of this article is to evoke a collective reflection. The analysis does not want to enter into the technical details of the complex decisions contained in the concluding document of the Health Check. Rather the objectives of this article are twofold: (a) to examine if, with the final compromise on the Health Check, the Fischler Reform has been completed effectively; (b) to evaluate if and how the conclusions of the Health Check can contribute to define the characteristics of a CAP that is convincing and durable for the post 2013 period.

Has the Health Check completed the Fischler Reform?

To answer this first question it would be a good idea to recall the framework of the 2003 reform. Although having begun as a simple "mid term review" of Agenda 2000, the Fischler reform received very favourable remarks for the global balance of the adopted solutions. On one hand, a decoupling between payments and agricultural production had been realised once and for all (except residual cases of coupling to be eliminated with time); on the other hand, with the Single Payment Scheme, a solution was found that did not penalize those that, in following the indications of the CAP until then in force, had invested in the productive sectors in which prices would no longer be supported. The really positive judgement of the Fischler reform is therefore linked to its capacity to release, without trauma, the farmers of its impairing policies that, while altering artificially the signals of the market, constructed rent positions that: a) impeded business management and generational renewal; b) provoked distorted distributive effects, favouring a limited number of farms and the more endowed territories; c) put obstacles in the way of the process of European integration (in particular to the detriment of the new Member States); d) put Europe in conflict with the rest of the world, in an international context of expansion and of the opening up of markets. But it is evident that the adopted solution had a transitional character. Right from the first proposals, it was clear the Health Check of the CAP did not have this transitional nature, which was the inspiration of the Fischler reform, as a point of reference. It suffices to observe how the starting document was essentially concentrated on the first pillar, only addressing the second pillar indirectly and in a disorganised manner. In fact, despite the declarations by Mrs Fischer Boel: "rural development must form part of the so-called CAP Health Check" (Fischer Böel, 2007a) and "rural development policy this is where music is playing" (Fischer Böel, 2007b), the document lacked an analysis

of the of health state of the second pillar, although it is going through a particularly critical phase of slow and problematic implementation: at the end of the second year of the programming period 2007-2013 a lot of Member States in Europe had not yet put their Rural Development Programmes into full operation. Moreover, Member States often demonstrate that they are quicker in activating the measures that are the easiest ones to manage, while neglecting or postponing the more complex measures, but which are at the same time more innovating and qualifying. For example, until the end of 2007, the rate of implementation at the European level of Axis 2 (environment) was at 81.9%, that of the Axis 1 (competitiveness) was at 15.4% and that of the Axis 3 (rural development) only at 2.2% (European Union, 2008). This difference is not surprising if one considers that Axis 2 is based on the agri-environmental measures and in support to Less Favourable Areas, whose payments were already fixed by contracts of the preceding programming period or consist of annual payments with have a character of continuity connected to the past. The risk is that Member States commit more to spending resources put at their disposal by Brussels, than in spending them well, in a selective manner and based on a strategic vision. Thus, as was mentioned in the past by the European Court of Auditors (2006), Member States run the risk that takes on a dangerous logic of distribution that pays no attention to selection, concentration and finalisation of interventions, and thus to the efficiency and effectiveness of the entire policy. On the other hand, the initial suggestion to increase modulation (from 5% to 13%) could already be considered slight, in comparison to the 20% originally proposed by Fischler in 2002 (if the aim of the Health Check was to complete his reform, why propose a lower rate of modulation than five years before?). As for the "new challenges" (climate change, renewable energies, water management, biodiversity) the Commission has limited itself by merely drawing up a list, although one could just as well adopt them to develop credible suggestions for future European agricultural policy. In some cases, problems that manifested themselves with the further reform of the first pillar were now brought under the second pillar: the question of the dairy producers in sensitive regions in relation to the progressive abolition of the dairy quotas, the environmental effects of the abolition of set-aside, and so on. As far as the first pillar is concerned, the content of the initial proposals were more courageous and more explicitly oriented towards finalising the 2003 reform: completion of decoupling, compulsory regionalization, upper and lower limits to direct payments, complete abolition of supply control measures, reinforcement of the former article 69, and the simplification of cross-compliance. If one views the final results of the Agricultural Council of November 20 in the light of these premises, one can conclude that Mrs Fischer Boel succeeded in defending her position. She has obtained something for practically each of the negotiation points. But, while on the dairy quotas, the abolition of market measures, the complete decoupling as well as on modulation, she had to yield relatively little, on other points such as the regionalization that constituted one of the key elements of her proposals, only remaining as a voluntary option, all will stay in fact unchanged. On other points, such as the new article 68 or the accompanying measures in the dairy sector linked to rural development, the compromise produced ambiguous solutions. In other cases, as for example the additional cut of 4% for the payments over 300,000 Euros, the solution agreed will introduce the principle of an upper limit to the direct payments, but with few practical effects. On the whole, while maintaining a 'low profile' negotiation, close to the interests of the agricultural sector itself, and while focusing the attention of the Health Check on the first pillar, Mrs Fischer Böel promoted changes that, considering the premises and initial suggestions, seem to be rather satisfactory. On the other hand, very hardened resistance had to be overcome. One can therefore conclude that the first objective of the Health Check, "an adjustment of the 2003 reform", has been more or less achieved.

Does the Health Check indicate a solution for the future of the CAP?

Another objective of the Health Check, as stated by Mrs Fischer Boel, was also, as previously stated, to offer "a contribution to the debate on the future priorities in the domain of agriculture". If so, it becomes necessary to wonder if the conclusions of the Health Check are in line with the debate on the CAP post 2013. In other words, does the debate, that was primarily a debate held within the agricultural world itself, entail a convincing and sustainable proposal that can be presented to the negotiation table concerning the Budget Review and the financial perspectives of the next programming period? In fact, at the same time that the conclusions of the Health Check were agreed upon, two other key meetings took place: from October 16th to 17th in Limassol (Cyprus) the conference "Europe's rural areas in action: facing the challenges of tomorrow" (the third big meeting on the rural development policies after the Cork conference of 1996 and Salzburg conference of 2003); and on November 12th in Brussels the conference "Reforming the Budget, Changing Europe". The conclusions of the public consultation on the review of the Union's budget were presented as a contribution to the negotiations, which will probably culminate in 2009-10. Two important pieces of evidence emerged from these meetings: the first one concerned the relationship between the CAP and the future strategies of the EU; the second one concerned the relationship between the agricultural world and the representations of the other European stakeholders.

The characteristics of a sustainable CAP post 2013

Within the European Union a complex debate is under way to come to a new definition of the functions of the Union. After the expansion to the East, the French and Dutch 'no' to the Constitution before and the Irish 'no' to the Treaty of Lisbon after, the recurrent attempts of certain Member States to cut themselves loose from the Union, thus saving on the contributions to the European budget and the effects of the economic crisis, the EU has started questioning its own objectives for the years to come. The risks are the dissolution, if not the defeat, of the European political project and, with that, the role of Europe in a world that is both more open and multipolar. The contributions to the debate are numerous and in general of great importance; the scope of positions is very wide. But one can identify three principal strategic tendencies that meet a wide convergence: Competitiveness, research, innovation: the EU must promote a significant growth in support for research and innovation, and in doing so should aim at converging all its policies towards the objective of competitiveness (following the Lisbon principles) Environment and climate change: it is necessary to designate a bigger part of expenditure in this direction, to promote research and development activities that support environmental objectives, align all policies towards environmental sustainability (following the principles of Göteborg); Energy: the EU must increase its energy security, concentrate research and investments on energy efficiency and the development of the renewable and sustainable sources of energy. These choices imply a great reform of the budget that will weigh heavily on the current balance sheet and, in particular on the items that represent 78.5% of the community's budget: the agricultural policy and the cohesion policy. The question is not *if* the financial support of the EU for agriculture will diminish, but *how much*. It is not by coincidence that, among the results of the public consultation promoted by the DG Budget in the Budget Review, the CAP was

the political item with the largest number of observations. If one summarizes the contents, these observations aim to ask first for a decrease in expenditure and secondly, the transfer of funds from the first to the second pillar, the decrease (if not the suppression) of the Single Farm Payments, and in any case the levelling of the SFP in all the Union, the co-financing of the first pillar and so on. In this context, however, several interventions emphasized that agriculture must be considered a strategic sector, that has to modernize and become competitive; it has also been pointed out that the rural development policy is necessary to confront the "new challenges", climate change, food safety and food security, biodiversity and the protection of natural resources. All this necessitates the alignment of the CAP with the new objectives of the EU, and to explain precisely what the citizens pay and why they pay when they support agriculture; to orient the CAP towards political contracts in which the obligations are laid down which the farmers have to meet in order to get paid with tax payers' money; to proportion the amount of payments of public goods to the increase in cost or the loss of income. This implies a quicker reinforcement of the second pillar; the orientation of public intervention towards the new challenges, competitiveness and innovation; as well as the integration of the CAP in the more complex context of the programming approach, at either EU, national and regional levels. As far as the first pillar is concerned and in particular the SFP, that uses 70% of the total expenditure of the CAP, it is necessary to note that its role as *transitional adjustment assistance* (Buckwell and others 1997) is running on empty and that attempts to defend it as a payment to the "option value" of agriculture runs the risk of appearing weak in the European arena. The survival of agriculture in certain territories is already guaranteed to a large extent by market opportunities (and in this case it is necessary to improve competitiveness); in other cases, as for example in the less favoured regions or the regions that have a high environmental vulnerability, the current right to the SFP is not always sufficient to stop the spread of bad agricultural practices, the decline or the abandonment of agricultural land (with heavy consequences for the environment, hydrological risks and so on). Besides, as is common knowledge, a support linked to the land and not calculated as equivalent of future obligations, translates itself largely in higher land values and costs of using the land, making the exploitation more costly and the realization of higher levels of competitiveness more difficult.

This consideration is valid also in the extreme hypothesis of regionalization of the single farm payment per hectare for the whole territory of the EU, as has been proposed. It is valid for all payments that have a historic basis, based on support received in the years 2000-2002, and through which subsequently, at least up to 2013, the unequal distribution of support between farm holdings and territories will be maintained. The SFP, gradually but quickly, must be abolished in the future of Europe. What will remain after 2013 will only be due to inertia (to path dependency, as economists would say).

Therefore, one should not keep up the defence of this payment. Insisting on this form of payment will isolate agriculture from the debate on the future of the EU and will on the whole weaken the project of a new reformed and sustainable CAP. An indefinite defence to the SFP may result in keeping some more Euro in the budget of the CAP, but the money would be so inadequately utilised and distributed that it would not constitute a good agricultural policy or serve the interests of agriculture. In this respect, one can conclude that what the Health Check is lacking is the promised contribution to the debate on the future priorities for agriculture. The Fischler reform has been completed. But what is being proposed for the future? To bet again on the SFP system totally financed by Brussels after 2013? To wait another five years to make another small step in modulation or to restart with the compulsory regionalization across all the Union? Or what else? The risk is that a true reform of the CAP will be a result of cuts in the Budget Review or the future financial perspectives.

The separation of agriculture

The second piece of evidence that manifests itself from the confrontation between Health Check of the CAP and the two afore mentioned appointments, the one on the Revision of the Budget on November 12 in Brussels and the other one on the Rural Development Policy that took place from October 16-17 in Cyprus, concerns the institutions and the main stakeholders. On one hand, for the sectorial approach that was used, the negotiation on the Health Check was made between the agricultural institutions and lobbies, while the interventions of the other interests and sectors were very limited; on the other hand, at the other two meetings a wide representation of participants was present, while the agricultural world was practically absent. The Health Check, in essence, catalyzed and attracted the representatives of the agricultural world in a debate that was primarily about agriculture, a debate that centred on details, maybe very important for the respective lobbies, but that sometimes lacked economic and strategic substance. As participants were searching for a final compromise, that would include for example an additional reduction of payments over 300,000 euro, an intervention that concerns a mere 0.04% of the European farm holdings, the farming contribution in the other arenas of debate was insufficient or totally absent. The case of the Cyprus conference was exemplary; participation was massive and engaged, showing how the theme of rural development can attract the interest of a numerous and diversified number of institutions and groups. In the first place, the institutions and actors working at territorial and local levels that are bypassed by the interventions of the first pillar (the right to direct payments is passed on directly from Brussels to the beneficiaries), but that are primary protagonists of the second pillar; the local organizations that were created as experiences of new forms of governance introduced by the Leader initiative and by various national participatory initiatives (Local Action Groups, natural parks, rural districts, etc.) ; social and environmental organizations, but also trade unions and associations that have an interest in the preservation of cultural, historic, gastronomic values of the rural regions or in the development of the typical products; and the world of the research and universities. On the other hand, it is embarrassing to note how, with exceptional quickness, the Copa/Cogeca reacted with a pre-emptive "No" to the first proposals of compulsory modulation destined to finance the new challenges of the second pillar, as if the transferred funds from the first to the second pillar would be definitively lost for agriculture, although the national co-financing would double the value. This position was confirmed again on November 20, 2008 at the end of Health Check: "a compromise which weakens farmers' incomes" (joint statement Copa/Cogeca). Thus, even in the "public consultation" on the Budget Revision launched in September 2007, that saw a great participation, with up to the last count more than 300 contributions, representing a wide range of institutions and interests, the agricultural world participated only marginally (http://ec.europa.eu/budget/reform/issues/issues_en.htm). The Copa/Cogeca reaffirmed in a rather predictable text, the validity of the original objectives of the CAP formulated in the Treaty of Rome, in a framework of defence of the interests of the consumers and protection of the environment; the text concludes that "any cuts to the CAP budget will endanger these objectives". Besides this intervention there were reactions made by the European Landowner Organization (ELO) and only five other interventions from the agricultural world (of Great Britain, Denmark, Finland and Germany). For the good of European farming it is evident that it is necessary now to relaunch quickly and with vigour an agricultural presence at the table of the Budget Review and that, with even more urgency, a larger participation of the farming world is necessary to reflect on the future of the whole CAP, in particular on the matter of the second pillar. This transition may be painful, given the large and very strong internal resistance to

all modifications of the CAP, but it is absolutely necessary. The separation of agriculture is harmful, it produces isolation, undermines alliances and will jeopardize crucial appointments for the future of the sector. But especially, it will penalize, within the agricultural sector, the better entrepreneurial forces, the generational transition, and the valuation of the heritage of quality food. In conclusion, it will also hinder the development of an agricultural and food system that can compete in international markets.

A call for debate

This paper was written while taking account of the central role agriculture plays and has to play in Europe. At the same time it wants to recall the basic role that the CAP has had in building Europe, a role that she now risks losing. Her weakness will put the two pillars at risk: the first one because of its ambiguous economic nature and difficult political justification of the Single Farm Payment system; the second pillar for too much absence of a clear strategic vision and of overbearing bureaucracy. The understanding that in Europe new solutions are necessary do not date from today (Buckwell 1997), as there have been recent suggestions for the CAP post 2013 (Bureau Mahé 2008- a, Bureau Mahé 2008-b). But in our opinion, it is necessary and urgent that a collective reflection on the future of the CAP is resumed; the goal of this work is therefore to give a contribution to a return of the debate.

Notes

¹ This article was firstly published in the original version on the Groupe de Bruges website: <http://www.groupebruges.eu/>

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Contribution to the Health Check and the Cap after 2013 Forum

Erik Fahlbeck

Agrireregionieuropa n.18, 2009

Here are some reflections about Sotte's and Chiodo's text. I simply agree with most of it. This approval is probably because of the fact that Sotte (I do not know Chiodo) is an agricultural economist, and that we therefore share the same point of departure, as we both base our analyses and interpretations of among others the CAP on basic economic theory. In other words, I think this document is a good description of both the ongoing process and its outcome in the form of the so-called Health Check. I completely agree with Sotte that the 'MTR' became a much more important outcome than expected (However one should be conscious of the fact that within the commission there have long been people working to change the CAP in the direction of the MTR. At least since the work with the MacSharry reform certain people have strived to get rid of the increasingly complex market regulation and production support and I think it could have been good if Sotte would have shown this link to the 1992 - reform.) If I should discuss some more personal reflections on the document then I could mention that I evaluate the text about the rural development – and environment program (at the end of page 1 but mostly on page 2) as a well-balanced text and I believe that Sotte puts forward an important point when he identifies the large difference in how fast the different member countries have managed to put new initiatives in place and use the funds in this field. Furthermore I understand Sottes text as a clear indirect argument for more evaluations of the rural development and environment program, and I interpret the text as an argument for what within for example medical science is called 'evidence-based treatment' (e.g. that the measures taken should be based on tried treatments that have shown to be effective, rather than on assumptions and political beliefs about which measures give the desired effect.) I agree with Sotte about the analysis of the outcome within the Health Check, in relation to the earlier discussions, the MTR and what Fischer Boel has said. I find the reductions in the payments for those who receive much support, principally doubtful, because the aim and design of the support were not based on economical bearstrength. Furthermore, it is often possible for the concerned companies to adjust size and conditions so that the reduction does not become as noticeable (e.g. by splitting up units and in other ways adjusting the company (or the farm or the land). Probably such adjustments will not turn out to be positive for the company, nor for its competitive power, as this means that one bases his strategy on political rather than business motives. Sotte does not mention this, but I assume he sees exactly the same kind of problems in this issue. Further I believe that Sotte has a more pessimistic evaluation about the future of the EU, than I have, when he discusses the reaction on the so-called financial crisis, under "The characteristics of a Sustainable CAP post 2013". My interpretation is that in the discussion in Sweden the possibility that the EU will disintegrate completely, has not come up. Sottes point about the isolation of agriculture is an important one, in that it is in many ways surely an advantage when the stakeholders in agriculture would participate in a broad debate about which role the agricultural sector will have in the future society, instead of defending central parts of the current CAP. When it comes to farm support I completely agree with Sotte in that it should be abolished, that it mainly capitalizes in market

prices, that it currently lacks legitimacy and that the agricultural sector on the long term does not gain from continuing the support. The agricultural lobby would therefore gain from concentrating more clearly on formulating a vision for an EU agriculture without farm support. Otherwise the risk is that, exactly as Sotte mentions, the CAP budget will decrease enormously in budget negotiations, without alternative measures and actions having been investigated that would help agriculture to adjust so that it becomes more apt for the future than it is today.

La Pac y el desarrollo rural despues del 2013

Eduardo Moyano Estrada

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Introducción

Desde que se aprobó la Agenda 2000 en la que se estructuraba la PAC en dos pilares, el desarrollo rural ha estado indisoluble (y confusamente) unido a la política agraria europea, como una especie de subproducto integrado en el segundo pilar. Y digo confusamente porque lo que realmente se integraba en ese segundo pilar era una concepción restrictiva (agrarista) del desarrollo rural, basada en la idea de que el desarrollo de las áreas rurales era resultado directo del desarrollo de la agricultura. De ahí que se calificara de forma equívoca como desarrollo rural a un segundo pilar de la PAC que, en la práctica, era un conjunto de acciones típicas de las políticas de estructuras agrarias (mejora de las explotaciones, instalación de jóvenes, jubilación anticipada, programa agroambiental,...). El desarrollo rural en sentido amplio (diversificación de actividades en los territorios rurales) se venía implementando al margen de la PAC y era financiada, desde 1992, mediante la iniciativa Leader. Era una política dirigida no a los agricultores, sino al conjunto de la población rural, y consistía en promover la cooperación entre todos los actores sociales y económicos para, de forma ascendente y participativa, poner en marcha estrategias destinada al desarrollo de las áreas rurales. De este modo, coexistieron durante varios años dos formas de entender las políticas de desarrollo rural: una, de orientación agraria (integrada en el segundo pilar de la PAC), y otra, de orientación territorial (integrada en la iniciativa Leader). La aprobación en 2005 del Reglamento 1698/2005 de Desarrollo Rural significó integrar en el marco de la política europea los enfoques agrario y territorial del desarrollo rural. En efecto, las acciones Leader se integraban en el citado Reglamento, con lo que dejaban de ser ya una iniciativa (experimental) de la Comisión Europea para formar parte de una política europea de desarrollo rural financiada por un fondo específico (Feader). Ambos enfoques (agrario y territorial) se materializaban en acciones vertebradas en los tres ejes del citado Reglamento: el primer Eje respondía al enfoque agrario del desarrollo rural (modernización de estructuras agrarias, mejora de la competitividad,...); el tercer Eje se inspiraba en el enfoque territorial (diversificación de actividades); mientras que el segundo Eje reunía acciones dirigidas tanto a la agricultura (programa agroambiental), como al territorio (como la red Natura 2000). Tras cuatro años desde su aprobación, el proceso de implementación del Reglamento de Desarrollo Rural y el fondo Feader en los distintos países de la UE ha mostrado las dificultades de hacer efectiva la integración de los enfoques agrario y territorial del desarrollo rural. En la práctica, lo que realmente se ha producido ha sido una fragmentación de los distintos ejes y una disputa por los recursos del Feader entre, de un lado, los grupos de intereses agrarios (organizaciones profesionales y cooperativas), y de otro lado, los grupos de desarrollo rural (vertebrados en sus correspondientes redes regionales, nacionales y europeas),

uniéndose a esa disputa las asociaciones ambientalistas. En ese escenario, las organizaciones agrarias se resisten a que los recursos de la PAC (que, con un sentido patrimonialista y corporativo, los consideran una conquista del sector agrario) sean transferidos a unas acciones de desarrollo rural que, desde su punto de vista, no benefician a los agricultores, sino al conjunto de la población, como si los agricultores no formaran parte de ella ni habitaran en las áreas rurales. No aceptan que, en un contexto de crisis alimentaria como la actual (en la que habría que activar de nuevo las políticas agrarias de tipo productivista), se restrinjan los fondos destinados a la PAC. A lo sumo, y como mal menor, lo que aceptan las organizaciones agrarias es que puedan transferirse recursos del primer pilar a las políticas de estructuras (Eje 1 del Feader), pero no a financiar acciones de desarrollo territorial (Eje 2 y 3), que ni entienden ni consideran propias de los agricultores. No ven la necesidad de mantener integrados en una sola política europea los enfoques agrario y territorial, al entender que el desarrollo rural es, sobre todo, desarrollo de la agricultura, y que los recursos destinados a la política agraria no deben estar sometidos a restricciones basadas en razones vinculadas a la cohesión de los territorios rurales. Por su parte, las redes de desarrollo rural ven con preocupación cómo, al desaparecer la iniciativa Leader, los grupos de acción local se encuentran en un preocupante terreno de inseguridad jurídica, quedando indefinidas sus funciones como entes promotores del desarrollo, y dependiendo su continuidad de las decisiones que, en cada territorio, adopten los responsables políticos. Observan con decepción cómo la integración de los enfoques agrario y territorial en el Reglamento de Desarrollo Rural, y la inclusión (en su Eje 3) de las acciones destinadas a la diversificación de actividades y de la propia metodología Leader (ascendente y participativa), no han conducido a una consolidación de la política de desarrollo rural/territorial, sino todo lo contrario. Comprueban, en definitiva, que la anhelada integración agrotitorial sólo ha servido para reducir los recursos destinados al desarrollo de los territorios rurales y para situar a los grupos de acción local en una grave situación de indefinición e inseguridad. Finalmente, los grupos ambientalistas, especialmente interesados en la buena aplicación de las directivas Aves y Hábitat en los espacios naturales europeos, observan que, con la fragmentación de las acciones contempladas en el mencionado Reglamento de Desarrollo Rural, se han reducido los recursos destinados a la implementación de esas directivas en las áreas de la Red Natura 2000 (Eje 2), en beneficio de los destinados a la modernización y competitividad de la agricultura (Eje 1), que superan en muchos países la mitad del fondo Feader. Al igual que los grupos agrarios y rurales, aunque por otras razones, tampoco perciben los grupos ambientalistas que la integración agrotitorial y la inclusión de la Red Natura 2000 en el Eje 2 del citado Reglamento, haya tenido efectos positivos para la sostenibilidad de los espacios naturales europeos, ni consideran que se haya dado un paso adelante en la política ambiental de la UE. Ante el nuevo escenario financiero 2014-2020, y a la vista de las reacciones de los distintos grupos de intereses, cabe preguntarse si tiene sentido mantener el actual modelo de integración agrotitorial del Reglamento de Desarrollo Rural como segundo pilar de la PAC, o, por el contrario, habría que buscar nuevos modelos de conexión entre las dimensiones agraria, ambiental y territorial. Unos modelos que permitan avanzar en la modernización de la agricultura sin dificultar el desarrollo de los territorios rurales, y que posibiliten seguir por la senda de la sostenibilidad social, económica y ambiental de los territorios rurales sin entorpecer el desarrollo de la agricultura y la mejora de sus eficiencia y competitividad.

Por la separación de las políticas agraria y territorial

Ante el balance insatisfactorio del Reglamento de Desarrollo Rural y ante el comienzo de las discusiones, a nivel político,

sobre la reforma de la PAC con la perspectiva del escenario 2014-2020, se abren interesantes debates académicos sobre cómo orientar las futuras políticas agraria y rural de la UE. En esos debates se reconocen las dificultades prácticas que encierra el loable objetivo de integrar los enfoques agrario y territorial, coincidiendo en ello con las ya mencionadas posiciones de las organizaciones agrarias, las redes de desarrollo rural y los grupos ambientalistas. De ahí que no deba sorprender que se esté comenzando a plantear la conveniencia de separar, de un lado, las políticas agrarias, cuyo objetivo debiera ser impulsar una nueva fase de modernización de la agricultura europea, y de otro, las políticas orientadas al desarrollo y la cohesión de los territorios rurales. Esa es la cuestión que quiero plantear en este Foro. En el fondo lo que planteo es lo siguiente. Si en el marco de la actual situación alimentaria, la agricultura europea tiene que ser de nuevo reactivada en su dimensión productiva para satisfacer la demanda de alimentos de la población europea y mantener su posición en los mercados mundiales, creo que sería necesario implementar en aquellos territorios de la UE con mayor potencial productivo, una política agraria guiada, de nuevo, por una lógica orientada a la producción y centrada, sobre todo, en la modernización y competitividad de los sistemas alimentarios. Este planteamiento significa, de algún modo, situarse en un escenario marcado por la reactivación del discurso productivista, si bien atemperado hoy por el ya irreversible avance de la sostenibilidad ambiental - que impone a la actividad agraria controles ambientales para reducir sus externalidades negativas - , la eficiencia - con su efecto limitante sobre la explotación de los recursos naturales, especialmente en lo que se refiere al uso del agua, a la utilización de maquinaria y al uso de insumos - y la calidad y sanidad alimentaria - como exigencias cada vez más evidentes de los consumidores - , además de por las restricciones que impone la OMC en la aplicación de determinados mecanismos de intervención. Planteo, incluso, la necesidad de potenciar una política agraria de clara vocación productiva, que gire en torno a un solo eje y a un solo fondo - concentrando los actuales dos pilares de la PAC en uno solo - . Sería un fondo destinado a financiar las acciones dirigidas a regular los mercados, mejorar la competitividad del sector agrario y modernizar las estructuras de las explotaciones agrícolas y ganaderas, así como a conceder incentivos adicionales para que los agricultores, sin abandonar la vocación productiva, afronten el reto de la multifuncionalidad y las implicaciones territoriales y ambientales de su actividad. En resumen, sería potenciar una política agraria que, en la medida en que genere un sector agroalimentario eficiente y competitivo, pueda contribuir al desarrollo de las áreas rurales, pero sin tener que concurrir (a la hora de acceder a los escasos recursos públicos que se prevé para la PAC en el nuevo escenario financiero) con una amplia y variada política de desarrollo territorial cuyo destinatario es la población general y cuya lógica no es económico-productiva (ya que su objetivo es fijar población, diversificar actividades, generar infraestructuras, preservar el entorno natural y paisajístico y mejorar la calidad de vida en esos territorios). Esta política de desarrollo territorial debería ser objeto no de la DG-agricultura, sino de la DG-Regional, y ser financiada no con los recursos de la PAC, sino con otros fondos, contribuyendo también a ello la cofinanciación por parte de los gobiernos nacionales y regionales. A nivel nacional, esa política debería ser implementada no por los departamentos de agricultura, sino por agencias interdepartamentales. En definitiva, lo que propongo para el debate en este Foro es lo siguiente. Si no es posible (por las dificultades que encierra) ni conveniente (por las características del nuevo escenario), integrar los enfoques agrarios y territoriales en el marco de una política común europea, al no tener tampoco los apoyos políticos y sociales necesarios (a la vista de las posiciones de las organizaciones agrarias, rurales y ambientalistas), ¿no sería mejor apostar por la separación de la política agraria y la política de desarrollo de los territorios rurales, dotándolas de sus propios fondos y de sus propios

instrumentos de actuación, y estableciendo los mecanismos de coordinación que sean necesarios?. Sea cual fuere el modelo a debatir, lo importante es que no sea fruto de disputas por espacios de competencia, poder e influencia entre ámbitos institucionales, ni resultado de ejercicios de ingeniería financiera - tal como ocurrió, en parte, en el diseño del Reglamento de Desarrollo Rural y en la creación del FEADER-, sino que sean propuestas bien pensadas y con posibilidades reales de funcionar adecuadamente contribuyendo al desarrollo de la agricultura y al desarrollo y cohesión de los territorios rurales.

Agro-political perspectives after 2013. Austria's attitude towards Common Agricultural Policy

Von Franz Greif

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The "roadmap" of the EU's agricultural policy foresees that in 2010 both a financial perspective as well as Commission proposals are on the way which will furtheron be followed by mid-2011 legislative initiatives while final decisions on agricultural policy will be taken until the end of 2012. This issue, as well as agricultural policy in Austria and Europe in general, is - in close connection to environmental and regional policy - an ongoing opportunity for discussions¹ especially about the future of the EU Common Agricultural Policy, which are permanently gaining special attention by the Austrian public.

General targets for agricultural policy after 2013

Maintaining an efficient, multifunctional and farm-based agriculture Nationwide management and maintenance of settlements in peripheral regions Securing environmental, economic and social sustainability in farm-steads Maintaining a national scope for the design of agricultural policy programs and activities Continuation of successful and accepted policy instruments The very fundament of agricultural policy (and debates) in Austria is the concept of the so-called "Eco-Social Market Economy". It is standing for a balance of environmental, social and economic sustainability. Eco-social economic policy is considered (not only in Austria) to be sustainable because it is responsible towards future generations. It is supported by the belief that all people around the world and future generations have the right to a good life in an unspoilt environment. In this sense, it is also fully consistent with Article 3 (3) of the Treaty of Lisbon. For "market economy" alone will not be able to manage all. It can and should improve the added value of the economy and promote innovative entrepreneurship. However, the market needs clear rules and principles of liability - even at the global level - which not only show the latest dramatic developments in the financial and economic world. Eco-Social Market Economy as the economic model is based on the mechanisms of true costs and polluter pays principle, for its economic principles do mean "business operations with full responsibility".

The "Vienna Principles"

The latest of important preparational steps in factual agricultural politics were the Austro-Bavarian Strategy Meeting (Passau, April 2009), the meeting of eight Agricultural Ministers from EU countries (Vienna, October 2009) and the Conference on mountainous areas of the Alpine states (Tyrol, December 2009), and finally the 57th Austrian "Wintertagung" (Vienna, February 2010). Among other results the Conference of Agriculture

Ministers², provided the so-called “Vienna Principles”, which represent a commitment to the European Common Agricultural Policy after 2013. Their starting point is the fact that European farmers supply high-quality food for 500 million people and maintain the landscape from 27 nations. These core functions should not be questioned. Sustainability and environmental justice are its foundation. The “Vienna principles” include in particular:

- The commitment to a further development of European agriculture, based on a Common Agricultural Policy and ready to meet new challenges.
- The endorsement of the European Community's agricultural budget. The agricultural policy must not be re-nationalized. The farmers need a stable framework and targeted planning ahead.
- A commitment to the two pillars of the Common Agricultural Policy, namely: + a first pillar with direct payments as basic coverage, + a second pillar with payments for additional services such as the management of mountain areas, or organic farming and for innovation and investment, such as the production of renewable energy, farm tourism offers, etc. It also requires a further development of the CAP in response to new societal challenges such as climate and environmental protection and (food and energy) supply security.
- The recognition that new challenges for European agriculture are ahead, ranging from increasing crop losses caused by natural disasters to increasing low cost competition from non-agricultural producers. This increasing risk will continue to require appropriate safety nets and innovative market management.
- The will to strengthen the competitiveness of farmers on European and global markets. Modern agriculture is aiming at “as much market as possible and as much support as necessary”. It is also an appeal to the farmers in Europe to seize their opportunities in this regard.

A strong common agricultural policy with appropriate funding and the resources necessary is essential if a comprehensive agriculture should be guaranteed in Austria and throughout the European Union even after of the current EU budget period is expiring in 2013. In this way only planning security and a competitive economic frame can be given to agriculture, and on the other hand, high-quality food and habitats available for the consumers.

Austria's response to the Presidential Questions

Concerning the document³ of the EU Presidency “Future of the CAP: market management measures post-2013” Austria has positioned herself on the presidential questions as follows:

Question 1: Would the market orientation of European agriculture is enough?	The Austria expresses an affirmative position
Question 2: Do you think that current management tools market is a "safety net" just in a context of increasing price volatility? How could the situation be improved?	The Austrian position is that current tools are not a sufficient "safety net" to cope with volatile prices rising further.
Question 3: Do you think it is appropriate to consider additional tools beyond the current common market organization? What tools and how?	Austria considers necessary to analyze carefully all the tools that can help mitigate the consequences of price volatility (for example, insurance schemes, financial instruments such as futures, etc.). For the examination and analysis of these tools would be useful to set up a commission of experts in the EU.
Question 4: Do you think that the future CAP should include a financial mechanism to respond to crisis situations requiring rapid movement?	Austria is in favor of creating an appropriate financial mechanism for the future of the CAP (eg a multi risk fund).

Main concerns of the future CAP from the Austrian perspective
 No re-nationalization of the CAP. Austria keeps the preservation of common rules on competition and market management tools necessary to guard against speculation, dumping imports and consequences of environmental and social dumping too, in order to prevent massive swings in markets with price rises for consumers or extreme price decreases for farmers. A re-nationalization of the CAP would open the door to discrimination and make the peasants again entirely depend on the national policy. No reduction of the agricultural budget. A reallocation of funds would evtl. result in the same level of farm payments in every EU member country. Considering the different prevailing income, cost and price levels of the 27 EU countries, there is a risk of great social turmoil in many member countries. For in reality, the share in expenditure of public funds for agriculture across the EU (union, states, regions) is not more than 1 percent altogether. For 2010, the EU's budget for the first time provides more money to regional policy (53.6 billion euros) than for agriculture (52.3 billion euros). By 2013, this ratio will change once more in favor of the Structural Funds, with 58.3 billion euros, and the share of agriculture will decrease to one third. And it is especially to prevent the greed of the national treasuries who will try to further shortening or affecting of the amount of the EU's agricultural budget in the financial period 2014 to 2020. Further development of the second pillar. Europe is well advised to maintain the European model of multifunctional agriculture (even if the principle of multifunctionality may not apply for each individual farmer or entrepreneur). This implies in particular an efficient development of the second pillar – rural development – whose best instruments must be preserved. In determining the amount of direct payments the extent of cross-compliance obligations must be taken into account. And in this context, a sound legitimization of direct payments which is also traceable for consumers and the public is particularly important. To listen better to ideas of the society will show that compensation payments can be suitably positioned and better justified. Direct payments with a clear connexion to services will henceforth be indispensable, with the advantage to be tied clearly to different fields of public services (such as water management, landscape management, biodiversity and others).

Payments targeted in such a way are also considered to all concepts currently being elaborated for the realignment of the CAP.

Adjustments already made in the course of the “health check” of the CAP have shown how to handle the challenges in new areas of specific policies (climate change, renewable energy, biodiversity, efficient water management). Compensation of structural handicaps in mountain areas must continue. Due to the difficult natural conditions of production, especially for mountain farms it is impossible to compete with increasingly stringent market conditions. For this reason, the Austrian agricultural policy states it being necessary that improvement of conditions in Alpine mountainous and other disadvantaged areas remain an integral part of rural development also in future. Furthermore, for the viability of rural areas it is crucial to strengthen measures to diversify the rural economy and to increase the quality of life. Especially in deprived regions peasant farms are providing high quality food production in addition to still many benefits for the community as there are, keeping the landscape, safeguarding biodiversity, protecting natural resources, maintaining a minimum level of population, securing (repairing) of infrastructure and the preservation of culture and customs. Nearly three quarters of the Austrian farms are located in the Alpine mountains or in other LFAs of the country. Therefore, Austria is particularly interested in a suitable financial assistance to mountainous areas also in the future. Austria's mountain farming program, payments for other services provided by farmers within these areas and the agri-environmental program as well as investment aid from the Austrian perspective are essential and will be in the future.

Note

¹ The basis of this compilation form speeches and statements of Austrian and international agricultural policy events or results resp., from the years 2008 to 2010, among which particularly comments from Federal Minister Nikolaus Berlakovich, President of the Agricultural Chamber of Austria Gerhard Wlodkowski, Lower Austria's Landesrat Josef Plank, former Commissioner Franz Fischler and Alois Heißenhuber from the University Munich-Weihenstephan.

² At the invitation of the Austrian Minister of agriculture, Nikolaus Berlakovich, the Agricultural Ministers of Finland, Poland, Slovenia, Slovakia, the Czech Republic and Hungary as well as the German State Secretary of Agriculture participated in this meeting.

³ This catalog of questions was preceded by: a general discussion on the future of the CAP under the French presidency, a discussion on the future of the "1st pillar" under the Czech presidency and the future of the "2nd pillar" under the Swedish presidency, and finally on the market management and handling of crises under the Spanish presidency.

My vision on the CAP post 2013

Hans Popp

Agrireunionieuropa n.20, 2010

Preliminary remarks

In my view, there is still need for a CAP. A total renationalization of the agricultural policy is unthinkable. CAP is a strong instrument of European cohesion and unity. However, I will make a plea for more federalism, more national responsibility, following the principle of subsidiarity. I favour a pragmatic – not a revolutionary – approach, building on the existing situation and instruments. EC-money for the CAP is more likely to diminish than to increase.

Main elements of CAP with no - or only minor - changes

Common market, i.e. free flow of products, no internal border protection; and by that *Common market orders* (regulations), price and tariff policy (import protection). But in this field we will have more liberalization (WTO), less market intervention, less supply control (abolition of milk quota?) and less – or even zero - export subsidies. But this also means more instability, more farm price fluctuations, more surplus and shortages. *The land retirement program* will continue and be adapted to market situations (surplus or shortage of food). The same can be said for the production of energy from agricultural products, i.e. depending on the respective prices. *The common policy on food quality and safety and on similar fields* must continue, even be strengthening. *The support of rural development policies*, second pillar measures, co-financed, will increase. But here we need: a clearer strategic vision, less bureaucracy and a better separation (distinction) from regional policy. For more on this see my paper for Tirana Conference (1).

Reform of the direct payment system (DP pillar 1)

In my view there is still need for a decoupled, i.e. not production linked DP-system.

We distinguish 3 groups of DP.

- Generalized DP for all farmers, called SFP by Franco Sotte (2)
- DP for farmers in less favoured areas, e.g. mountain farmers
- DP for special (precious) ecological measures and production methods.

Here I will not dwell on DP nr. (2) and (3), because they are widely accepted and must remain co-financed. For more information see also a new Report of the Swiss Government (3) and (5).

Why generalized DP are still needed

The concept of multifunctionality of European agriculture has been introduced by the Swiss in the GATT Uruguay-Round (1986-94) and is today broadly accepted – in the CAP and in the scientific community, i.e. among agricultural economists: European agriculture produces high quality food, gives food security and delivers public goods (with no market price), such as a nice landscape, a good environment etc., it is part of our cultural heritage and rural settlement. Our society wants these goods and services, and is willing to pay for it. But with the international market liberalization, farm prices went down, below the higher costs of production of European farmers. There are many reasons for higher costs: more requirements on ecology, animal protection, food safety etc. and higher costs connected with the multifunctional characteristics and demands (see 3, 4 and 5). Furthermore, we will have more market instability (see above). Farm incomes go down, and not even efficient farmers would survive in the long run without DP. This income argument implies, that by an eventual future long run rise in farm prices, DP would have to be reduced or even abandoned. Therefore, I favour a flexible DP-system.

A new DP-concept: 2 step co-financing

For the financing of the DP post 2013 I propose a 2 step Co-Financing: First, a basic payment from the EU-budget (e.g. 50 % of the actual payment) with, secondly, the option for each country to add a certain (but maximal) amount of DP, financed from its own treasury, and decided by its own Parliament. The criteria for the EU basic payment would have to be non-discriminatory (equal treatment for each country). The EU would set up certain basic rules for the DP such as

- minimal production standards, i.e. requirements on ecology, animal protection, food safety etc.
- elements of social justice, such as e.g. maximum payments per farm or per unit of farm labour, and/or income ceilings (in Switzerland since 1992)
- WTO-conformity, i.e. not production linked

An adequate national administration and controlling.

Advantages of such a reform, main arguments

- DP are conceptually a payment for public goods produced by farmers. The demand for these goods as well as its costs of production differ from country to country. In countries, where society is willing to pay a higher price for these public goods and services, they should be allowed to do so. With the EU-basic payment, the EU solidarity is assured.
- The administration of the payments, and to a large extent the choice of the criteria could be left to each country, and thereby be better adapted to its natural, social and economic conditions.
- The national influence and also responsibility for the DP would increase – less bureaucracy from Bruxelles, a gain for democracy.
- The argument of renationalisation is not valid, since the major elements of the Common market (see chapter 2) remain unchanged.

But we would have a system better adapted to the countries conditions and demands, closer to the farmers, and a better understanding and acceptance by them as well as by the whole society.

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Post 2013 CAP vision from experiences lived in Czech Republic

Zdenek Linhart

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Introduction

Will EU highly subsidised and over invested agriculture with strict regulation of pollution, welfare, support of biodiversity, and countryside support processes instead of investments as they do in South America after 2013? What balance in agriculture will be preferred? Internal between members of society, relations to nature, and wastes inside of EU or with external World business? This paper was invited by call for discussion about aspects of maintenance of central or internal role of agriculture in Europe's budget and policy. Therefore, the internal vision of Agriculture Association of Czech Republic is compared with viewpoints of other stakeholders. The main differences were identified between EU-10 and EU-15 countries. Comments about World business impact are in the end of this article.

CAP Priorities of Agriculture Association of the Czech Republic after 2013

Motto: Competitive agricultural production with fair income leads to EU prosperity or vice versa. Firstly, production must ensure feed and food sovereignty of every country. Secondly, social, economic, and environmental criteria in rural areas will be also maintained. CAP power is insufficient against global pressure. Economic performance of farms is the weakest part of food chain. Price policy is dictated by supermarket-chains and multinational networks without covering costs of agricultural production. In view of these facts both EU and every member state (MS) are obliged to protect their farmers, namely by legislation (Acts of Law for economic competition, and act of law of minimally guaranteed prices) against power of supermarkets chains whose global power exceeds power of both MS and EU. Still, CAP money will feed global business of supermarkets and collapse farmers in low developed countries and make EU farmers uncompetitive, and dependent on subsidies. CAP measures as direct payments and further financial subsidies, which are to be aimed to keep high European production standards, food quality and safety, animal welfare, soil and water protection and protection of environment, will be still used after the year 2013. These activities will be paid from EAGGF

and EAFRD funds. Simultaneously, the national subsidies and envelopes (state-aid) will be also used frequently. CAP money will split EU. We should avoid the instruments above to cause so called "double speed" CAP. Contrary, they must serve to CAP simplification. Especially, calculations and coefficients of hectare payments must be simple, comparable, and equal. So, we do expect and recommend abolishing historical references between EU-15 and EU- 10 countries for the year 2014. Simultaneously, we would like to eliminate some measures and tools applicable within the Health - Check Directive, namely principle of progressive modulation. This is the only way, how we will be able to set-up equal and fair condition for all farmers across EU, and Worldwide. The 1st Pillar of the CAP-direct payments, which is financially supported from the EAGGF, is the most important and the most effective tool for the support of agriculture. Applications for this support should be presented in advance for five years period but, annual changes can be allowed. We recommend to add to 1st Pillar unused financial funds from EAFRD, which were spent for modernization of agricultural enterprises till now. The major part of direct payments can be aimed on farm land payments (SAPS system is still applied in EU-10 countries). Additionally, simultaneous higher level of these payments would be allocated to support livestock production. The minor part of direct payments should be paid in accordance with number of full time employees in agriculture enterprise. Agriculture Association of the Czech Republic suggests including LFA as integral part of direct payments. CMO will be continuously financed from EAFRD to compensate actual financial and economic depression. New and more effective tools and measures for agricultural market regulation are needed. 2nd Pillar of CAP- Rural Development Program will be still covered from EAGGF with co-financing from national sources after the year 2013. We recommend dividing this program into three parts: A) New Challenges (vulnerable areas, insurance, etc.), B) Agriculture production (higher added value, farm land, AEO), C) Rural areas (forests, landscape...). Part B + C should be implemented into N + 2 procedures. Such a new diversification seems to us as more effective approach. We also cannot underestimate the important role of national subsidies (state-aid paid by individual EU MS governments). Competitive position of EU-10 with EU-15 countries due to difference in power of economy, which allows them to offer to their farmers the higher level of financial support calculated per one hectare of farm land. Because of this, we recommend to fix the level of state-aid across the EU corresponding to country's direct payments. Fixed national subsidies would salvage consumer tax on "green" fuels or diesels used in agricultural production, and unify social and health insurance in case that partly compensated insurance is covered by government. Therefore, these payments should be embodied in national subsidies. We also do recommend removing all direct payments, subsidies and grants in all EU MS from taxation!

History of Czech Agriculture policy and consequences for CAP post 2013

Examples of consequences for agriculture are derived from experiences of Czech Republic were quite significant changes have occurred and author of this article could follow them as he lives there. Agriculture policy after Second World War emphasized self-sufficiency in food products by planned and collective farming. Its productivity, level of subsidies, and product prices are comparable with recent agriculture under EU conditions. Czech farmers have competed for several years almost without any subsidies with World price of agricultural commodities shortly after 1990. Agriculture lost both people and market in that period. Later, in period before and after EU accession in 2004, Czech farmers have lost sugar production from sugar beet when firstly quota was given for free to foreign investor by Czech state who secondly sold it back to EU. EU made farmers happy when volume of subsidies returned to

previous level. Health Check reduced SAPS payments for the majority of Czech farmers as their farms are big. SAPS are paid to land users, not to its owners in Czech Republic. Never the less, pig production collapsed due to lack of competitiveness of domestic fodder production with imported fodder from overseas to EU coastal area. Transported meat is much cheaper than the one from local feed production or transported feed. . The only difference between agricultural policy of self-sufficiency and CAP is its volume. Trade balance of Czech Republic of production became negative by 64 million EUR already in years 1993-1995 from previous self-sufficiency. Restricted assortment of agricultural products in EU damaged the nature and reduced income opportunity in agriculture. Therefore, nature and jobs must be subsidised now. Do we prove that savings by self-sufficient agriculture are bigger than subsidies for damages and projects substituting multifunctional agriculture? Regional policy substituted multifunctional agriculture by investments to pavements and sewage plants in villages. Other subsidies against or for nuclear power stations, removal of sulphur, CO₂, laughing gas or other issues are the same case. For example price of 1 kWh from photovoltaic is 13,20 Czech Crowns, 1 kWh from bio-gas is 4.20 Czech Crowns and energy from bio-fuels is taxed by consumption tax. Investors have gained subsidies for photovoltaic power stations and biogas power stations. Farmers are receiving one half of subsidies for these projects covering damaged multi-functionality and second half of subsidies comes from SAPS. All farmers, as they are getting old, think about sale of their land to investors for whom SAPS subsidies are attractive. Both, liberalisation and nationalisation is well known in new EU countries. Seven years ban for work in EU countries followed stop for purchase of land by foreigners. Also one quarter of SAPS subsidy, which should increase gradually during seven years after accession up to the level of SFP is forcing national contribution to CAP. Richer states will contribute more to own farmers than poorer states. EU is importing more and more agricultural and food products from World. EU is sending more officers to ask for same investments as were requested from EU farmers . But, it rarely happens. Former forest and recently eroded land shows that inspectors didn't probably see it on Google maps. Therefore, palm oil is still imported as sustainable.

Conclusion

Replacement of food commodities by vegetable, fruits from multifunctional agriculture in new CAP is improbable. Cheap agricultural style of New Zealand or South America will be implemented in EU even without CAP. There are four arguments showing why imported food commodities win over EU's food production. Firstly, purchase power of many consumers in second gear countries is hardly enough to buy food commodities. Secondly, argumentation above proved that investment lobby and officers benefit and ability of agriculture to sell its multifunctional culture to politicians by different way it did in the last CAP reform was denied. Thirdly, double gear EU and social cohesion has no impact on elections because able people emigrated, getting higher income, and participating in elections in the new country. Fourthly, regional policy of Greece have shown why cohesion is maintained also in second gear countries. Therefore, maintenance of central role of agriculture in Europe's budget and policy can continue only with recent CAP. Previous CAP principles were against hunger, overproduction, and imports. Each removal of CAP role will move EU under power of officers and lobbyists who buy for consumers imported agriculture products. All these bad habits are included also in recent CAP and will continue if it is not changed. The main drivers of change are investors who are better prepared to take central role in EU policy by taking lump sum payments of SAPS or SFP indirectly from farmers. Investors are using word 'simplified'. This word and tendency should be abandoned to keep subsidies for

farmers, nature and rural areas exclusively. The new CAP should return this defensive policy back to culture, which was based on work of farmer with neighbours and nature. Crop production is competitive with World market and should be removed from any restriction or support of CAP as it happened in sixties of last century with oilseed rape. Czech Agriculture Association asks from central mission of agriculture in EU equal position with farmers of old EU-15 countries who openly declared the wish to keep recent budgetary advantage till 2024 in the form of 10 years transitional period starting from 2014. Secondly, Czech Agriculture Association tries to defend first pillar of CAP due to competitiveness, which is decreased by enormous number of regulations in EU in comparison with non EU countries.

Some reflections about interactions between Agriculture - Energy - Regional Development

Hans Heinrich Rieser

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Agriculture in the widest sense - including breeding and forestry - is a multifunctional business section. Furthermore it is an integral way of life that strongly influences rural areas and their inhabitants.

Agriculture and Energy

Before the beginning of the industrial revolution agriculture was, besides wind and water mills, the main supplier of energy. Wood and residues of agricultural production were used for generating warmth, wood and charcoal supplied with processing energy for business, animals and the growth of fodder and food enabled mobility. After about 150 years agriculture slowly returns to this kind of production. Using new, far more efficient technologies and methods in production of energy it creates a second or third economic pillar. However, the priorities of agriculture's functions have to be determined by a - for the society essential - list:

- Supply with food
- Production of agricultural raw materials, e. g. fibres
- Ecological functions in the widest sense and production of „public goods“, cultivation and preservation of landscape, protection of nature and environment
- Production of energy

If you understand agriculture only as a business section in the setting of unregulated market economy, this list of priorities cannot be adhered to. Production of food, but also activities for points 2 and 3 demand far higher quality, diversity and security, so these cause a far higher risk. The higher costs of these factors are not to be transferred to the prices because of globalisation. Anyway, many activities from point 3 cannot be committed to the price system in a market community. But on the other side demand for „clean“ energy, such as „bio-energy“ is rapidly increasing and its production has only one aim: the highest amount of energy in biomass. These low requirements can easily be transferred in rising prices and reduce the risks while production process visibly. Due to these conditions agricultural production of energy would repress the growth of food as well as points 2 and 3 in many regions - especially in industrial nations - leading to a lack of food supply. On the one hand future agropolicy must have the aim to develop or to preserve frame conditions and incentive systems granting the use of agricultural capacities following the priority list of

social necessities for agricultural aims, on the other hand it has to enable the production of energy giving agriculture - again - an additional stabilizing footing. More explicit: today's promotion of points 1 to 3 has to be brought up to date due to the new challenges caused by the upcoming of agricultural production of energy. Agricultural energy production only must be promoted, if it uses any kind of remnants (rests of wood, from the production of food, defective products or surpluses which not can be used otherways) or capacities which not can be used in an ingenious way for the first three priorities, unfavourable areas or socially caused fallow fields. This often mentioned competition between „dish and tank“ has to be settled in favour of the dish by politics.

Agriculture and regional development

In agricultural societies the small Urban areas are supplementary spaces of rural areas, by providing and improving trade, administration, innovation and safety. In industrial societies, however, and even more in postindustrial societies, rural areas are supplying them with food, resources, water for drinking or the industries, fresh air, areas for recreation and in an increasing amount also energy. This situation meets with the present situation in the EU. Agriculture in the meaning mentioned in the beginning, is the most important motor and regulator of regional development in rural areas. With its actions it forms and determines more than 90 percent of these areas' surface and with it their possibility to fulfill the mentioned functions in supply and welfare. In addition agriculture influences parts of villages and the network of settlements, the regional business, certain infrastructure very much in rural areas. According to this, future agropolicy has to support stabilisation and sustained development of rural areas, in combination with other policies, mainly regional policy, to make them able to survive and continue the supply for Urban areas. Because of agriculture's great importance for this, the policy has to stabilize it. It has to put agriculture in position not only to do justice to its economic function as business section but also to provide services that only agriculture can make available effectively for the whole society: protection and care of the landscape, preservation of recreation areas, nature, plants, animals, the environment (soil, water) and biodiversity, guarantee food supply on long term and many more. In my opinion only an - economical healthy - non-industrial peasant agriculture is able to achieve these aims. So a agropolicy suitable for the whole society has to promote this type of agriculture in a special way; directly with individual promotion for single farms and payments for non-commercializable services, indirectly by ensuring an equivalent development of the rural areas to prevent their bleeding to death. Relating to the interactions between agriculture, energy and regional development: decentral production of energy from renewable sources offers rural areas many advantages and possibilities to develop. The capital for the produced amount of energy flows not out of the region in global „financial systems“ anymore and so promotes the regional economy. The region's potential can be used more comprise, which promotes regional development. The demand for energy can be covered in a „green“ way, by a specific development of existant technologies completely just in a few decades. The regions get back more and more power about their energy supply they lost almost completely. Agriculture can step in this decentral energy supply in multiple ways. It can promote suitable areas for wind power stations and build photovoltaics on roofs of farm and housing buildings. With that it gets a relatively safe additional income. Rests of wood can be sold as fuel (logs, chips, pellets). Other remnants can be used in the farm or - more and more - in cooperative plants for producing energy. At present biogas plants combined with networks for short distance warmth supply are most efficient. They are very flexible in producing electric energy and warmth and the residues from the fermenters can be used as natural fertilizer. However, direct

production of biomass for energetic use has to be examined in every single case, because of the - already mentioned - conflict with the socially more important production of food, be subjected to the same conditions as the production of food and only take place on „free“ capacities. Disadvantages of a shift to energy production would be taken by developing countries and the poor from the industrial nations, threatening the existence of the poor in developing countries. This is not to answer for. In the new member countries of the EU in east and southeast Europe, but also in the countries waiting for joining and the eastern partners of the EU agriculture is changing fundamentally. In many regions the transition has not finished yet and the adaption to EU regularities often just began. In this situation the common agropolicy has to set the course not only to stability in a market community, but also to fulfill all functions of agriculture according to the mentioned points. It has to get agriculture to the position to play its important holistic role for the regional development of rural areas. Any other case would exactly these regions bleed to death and disable them in being supply areas. This is including the integration of energy production as one of the footings of agriculture.

Distortion or fair market advantage? 'Politics of truth' in the negotiation of the Common Agricultural Policy post 2013 in Denmark and Sweden

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Market regulation in European agriculture: distortion or fair advantage?

In the wake of the Health Check, which was completed in the end of 2008, the first visions for the Common Agricultural Policy (CAP) post 2013, are put forward by interest groups in the EU member states. The recent reform in 2003 and the Health Check stimulated the decoupling of production from direct payments, motivated by an ambition of a greater market orientation in accordance with WTO requirements. Some suggest that this aim to reduce international trade distortions has been implemented in parallel with a growing neo-liberal discourse in the agricultural commission (Erjavec and Erjavec, 2009). Yet, the simultaneous progression in conceptualising agriculture through the changing world views of productivism, via post-productivism, to multifunctionality has supported an increasing state regulation of agricultural practices, particularly with regards to agro-environmental measures (e.g. Björkhaug and Richards, 2007). Arguably, this reflects a dominance of two mainstream political steering instruments, namely the use of the market and the normalization of practices through coercion, respectively, which both rather rely on knowledge prescriptive approaches (Steyart and Jiggins, 2007) than on collective national or local negotiations regarding what comprises desirable rural development. Still, the transformation of the agricultural policy into a rural development policy, as manifest e.g. through the modulation used to redistribute benefits between recipients in the Member States (LEI and IEEP, 2009), is widening the spectrum of possible stakeholders. This raises the need for multiple types of knowledge through negotiation and reconciling of interest. A foundational premise is here that what in the regulation of CAP is a 'market distortion' to some, is a 'fair market advantage' to others! Thus, the comparison of resource allocations is framed by divergent perspectives held by different

authorities, interest groups and other stakeholders (see also Dwyer et al., 2008). The deliberations over the future of the CAP equally reflect a negotiation of what constitutes desirable forms of 'sustainable production' and the 'public good'. The 27 member states of the EU thus have a difficult task ahead in agreeing on a CAP suitable for all regions and apt for the future challenges for the countryside, the agricultural sector and the environment. This challenge is well illustrated by the disagreements between blocks of member states on what constitutes the most desirable degree of regulation in the CAP. For instance, in December 2009, the French government organised a meeting to discuss the CAP post 2013 for which all EU member states were invited except for Sweden, Denmark, the Netherlands, Malta and the United Kingdom. The organisers of the meeting felt that these latter countries were too far removed from the other member states in their ambition of a deregulated CAP. This exclusion was experienced as particularly unpleasant for Sweden, which then held the presidency of the EU.

A synthesis of perspectives from Sweden and Denmark

In this essay, the Groupe de Brouges¹ has asked us to sketch out some of the main points of debate regarding the future of the European Common Agricultural Policy in Sweden and Denmark, two nations, which are amongst the foremost spokes-countries for a deregulation of the CAP. We have chosen not to do a review of the respective government policies or lobby documents from interest groups; most of these are written in English and accessible online anyway. Rather, with the above as a backdrop, this essay examines a number of ideas and concerns of people working in and 'on' agriculture, seeking to bring out perspectives from 'the front line', as it were. We draw on interviews with more than 20 people who implement or are recipients of the CAP in Sweden and Denmark, as transposed and operationalised under the current regime. As such, we present a qualitative insight into the current debate, which does not aim to be comprehensive. Similarly, the analysis through which we present their perspectives invariably grow from our own preliminary and personal reflections on these insights, positioned within our experience working with agriculture and rural development. Acknowledging these limitations of what can be communicated in this essay, we still hope it does justice to the complexity of the questions at hand and will be of interest to those who will be involved in negotiating the CAP after 2013. We use a framework which acknowledges that the formulation of visions for CAP post 2013 will now and in the next few years find expression in different forms of discourse regarding the future of agriculture and rural development. With inspiration from Anne-Lise Francois, we hypothesise that many who posit their visions will do so through narratives, which are casting history as necessity and the future as given. Let us illustrate this with an example from the USA, where Francois (2003, p. 44) observes that a "covert determinism is evident when Monsanto and other public defenders of genetically modified organisms (GMOs) talk as if there were only one history of agriculture—a direct, unilateral course leading straight from the first seeds saved by humans to Roundup Ready soybeans". Lest we be criticised for taking a dogmatic anti-GMO stance let us bring also Francois's riposte (2003, p. 43) to an environmental movement dreaming of pristine nature: "What do genetically modified crops and animals threaten: the given world and the possibility of unprompted movement toward the given, or the illusion that there is anything given at all? And if the latter, should we not be celebrating the chance to be set free of our lingering illusions of nature as an Eden whose bounty freely offers itself up?" Below, we view the debate on the CAP as shaped by what Foucault has termed a 'politics of truth' (Barrett, 1991), here meaning the struggle to insert mental frames which determine what is seen as acceptable definitions of for instance the 'public good' in the evaluation of feasible policy options. In particular, we focus on

the disagreements and perspectives on what constitutes fairness and distortion in market regulation under the CAP.

Discussion

Compared to many other EU countries, Denmark and Sweden have a strict regulatory approach on pollution from agriculture. In the greater part of both societies there is a widespread national self-conception that their agriculture is leading with regards to innovation and green agricultural practices, including animal welfare. It is thus expected that promotion of these standards under agro-environmental regulations in the EU will give a competitive edge in the market competition, especially with Southern and Central Europe, and also enable the export of green technologies with an increased economic gain (see also Mills and Dwyer, 2009). Before Sweden entered the European Union in 1995, the country had started to deregulate the agricultural sector, including an abolishment of export subsidies and internal market regulations (Prop. 1997/1998). Instead, the government chose to fund the agricultural sector with direct support for specific public services, such as maintaining a good environment and a diversified cultivation landscape. When Sweden entered the EU, the agricultural sector was re-regulated and many Swedish people felt this as a move backwards. Many Swedish citizens have reservations about the European Union, and especially the direct support to farmers is relatively often referred to as something costly and unnecessary². Ever since entering the EU, the Swedish governments have propagated, not unlike their national policy before, a deregulation of the CAP, a decrease in the CAP-budget and a modulation to rural development and environmental measures. The Danish government similarly argues for a deregulation of the common policy, specifically a complete abolishment of the support under Pillar 1. Under the Health Check, the Danish line was that these funds should be channeled to agro-environmental measures and steps to avoid renationalization in the member states³. It is in this line, that the Danish government strategy for 'Green Growth' from 2009 aims to promote a multifunctional agriculture which dually serves environment and production priorities. This shall happen through a mergence of sectoral concerns enabled by technological innovation, deepened competitive advantage, and further modernising of agricultural legislation. Legislative changes have now been passed which for the first time permit corporate ownership of land and thus a significant upscaling of production. The Danish and Swedish advocacy for deregulation of the CAP is widely seen to be serving the interests of domestic agriculture rather than being simply an ideological push for market liberalization. In Denmark, this is explained by the fact that compared to the more specialized production in Southern Europe, the production is generally much simpler in character and large scale in the production of, for instance, hogs, wheat and rape in large quantities. The large-scale monoculture has a low value-chain effect but can out-compete the more specialized producers on a deregulated European market. Here, a problem rarely factored into the subsidy discussion is the increasing export of environmental problems through appropriation of land in other European countries, which have less agro-environmental regulation. This also reflects a wider concern regarding hidden environmental and social impacts of liberal agricultural trade policies (Würtenberger et al., 2005). It has been suggested that Sweden's position on deregulation can similarly be explained from domestic interests as a deregulation would benefit its "small open economy, highly dependent on trade and [...] therefore traditionally [...] free-trade oriented" (Rabinowicz and Hammarlund, 2008). An alternative discourse to that which is manifest in current government policy making, is embodied by a number of environmental NGOs and labour organizations, who argue that whilst the benefits from export income and employment earlier could legitimate the agricultural 'externalities' on the environment, the environmental impact is now increasingly seen to outweigh these benefits. This

is coupled to the claim raised by some civil servants that the discussion on subsidies frequently disregards the costs borne by the public in the form of tax money channelled to subsidize an indebted agricultural sector. In Denmark, this concern of a 'public burden' is connected to what is seen as a 'bubble' in land prices which makes subsidizing agriculture a high-cost business. It was suggested that many farms are technically insolvent, with farmers living off the rising land prices and subsidies. However, it is clear that also conceptions of what constitutes acceptable types of 'nature' are contested: whilst green NGOs argue for a conversion of unproductive land to more 'pristine' ecosystems, many farmers and other citizens are content with their surrounding landscapes. Whilst environmental NGOs air frustration that targets are not reached, farmer organisations argue that nutrient leaching already is below 1950 levels. In both countries there is a dominant view that the current Single Farm Payment (SFP) represents a significant improvement. A farmer stated that "the Single Farm Payment is a sensible measure as it does not steer production, but leaves the farming strategies to the farmer" but that it would be beneficial with "a small percentage, around 20% of the SFP, for quality support. A support for inspiration and motivation, so that the farmer will undertake targeted actions for the environment and biodiversity." For many of our informants however, goal conflicts between existing payment schemes are a recurrent point of concern. This includes schemes which are seen to support individual farmers to pollute as well as fining/taxing for the same kinds of business. As several farmers in both countries stipulated, whilst the area subsidy is now largely decoupled, it still benefits certain forms of intensive agriculture because of the sheer size of these farms compared to other forms of production. This is explained by the fact that the SFP provides such an overriding influence that smaller and more targeted forms of incentives and schemes are frequently rendered impotent. For instance, one farmer stated that it often costs more (in terms of time) to apply for these funds than it will render (in terms of money) and that he therefore is not interested in them. This is also why a researcher working on the rural development program suggested that the SFP should be phased out as soon as possible, as "it is so broad that it is of no use, it is too diffuse." He warns however that taking away the SFP may have unforeseen and unwanted consequences. In general he would like to see a less complex body of rules, but does not believe in just taking away parts from the existing regulations, because "the difficulty with the support system is that it is so complex that you do not really know what the effect will be. Especially if you simply change one rule or take away a rule." The modulation between pillars in the Rural Development Programme allows each Member State to channel 20 % of the agricultural subsidies to rural development schemes. The size of this allocation is a point of much national discussion in which different discourses justify different allocation models. In Denmark, some rural planners suggest that the current limited national modulation largely benefits farmers and environmental priorities over a wider support to livelihoods in rural areas, where local action groups do not receive the support required. For both countries, this debate can be seen in a context where the liberalisation of agricultural trade and production provokes a fragmentation in the country side, where income and performance gaps have widened between and within regions, with increasing cost of maintaining social cohesion (OECD, 2010). Others find that the modulation could be increased to fund what they see as more ambitious programmes for the development of organic farming or agricultural practices which incorporate climate change mitigation needs.

Conclusions

The European Common Agricultural Policy is, as other regional governance structures, which depend on a negotiation between diverse member states and interest groups, characterized by a high degree of inertia. Thus, it frequently has a hard time

keeping pace with the evolution of the different needs and views of those who are parties to it. This is further complicated by the difficulty, raised by many of the interviewees, that decisions on the appropriate form of regulation more frequently owes to political assumptions of decision makers than the experience of civil servants and other implementers and clients of the policy. In this brief essay, we focused on some questions which emerge at this interface between political ambitions and stakeholder realities, and what they may mean for CAP post 2013. The most significant conclusion, which can be drawn from this brief discussion, is arguably that underlying the national line regarding regulation of agriculture of member states such as Sweden and Denmark is a pallet of perspectives which must be factored in if the future policy regime shall be efficient. This requires that member states enable an inclusive dialogue in which divergent discourses are allowed to meet and negotiate the very differences in definitions of public good and fairness in a liberal market economy. The EU policy post 2013 may also have to provide more space and opportunities for ongoing national adaptation of the community objectives to national context. In Sweden and Denmark, agriculture is, perhaps more than other sectors, characterised by the peculiar situation in which the liberal ideals of free market meets deep rooted values of private ownership and citizen autonomy. This is a main contributing factor to the predominance of so-called 'voluntary' measures under agro-environmental schemes in both countries, reflecting an attempt to strike a balance between state intervention and private control. Arguably, a multifunctional agriculture enabled through voluntary policy instruments requires a high degree of concerted action amongst national interest groups. To date, both Sweden and Denmark are struggling in this endeavour. We believe that there is a need for a greater attention to the 'politics of truth' as a vital part of the future CAP negotiation. This will require a collective deconstruction of broad notions such 'market liberalisation', 'deregulation', and 'distortion', which will have to be reconstituted in a negotiated process.

Note

¹ www.groupedebruges.eu

² The country however benefited much from being part of the internal EU-market and export increased in 1994 to 1996 with 40% (Prop. 1997/1998).

³ See <http://cap2020.ieep.eu/member-states/denmark>

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Future CAP discussion in Austria

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Broad discussion-process for the CAP-future started in Austria. Beside international concerns about re-nationalisation versus EU policy intervention, the internal national struggles for influence and money and has begun. Probably the situation is very similar in other countries. Beside pure technical and "objective" topics there are various other levels and dimensions to consider in the real life policy creation process:

- In a general view agriculture has to argue for the measures and justify them against other sectors of economy and society.
- Going beyond this the different sectors of life sciences claim a share of the money as there are nature-, water-, soil-, climate protection, rural economy, rural life quality, gender aspects.
- In addition, in-between sectors the struggle starts. Grassland farming against cash crop farming, mountain farming against advantaged regions farming, organic against conventional farming, ground water protection against surface water protection, sometimes also botanists against zoologists.
- Another dimension overlaying the previous ones is the level of Provinces in Austria. Similar to the battle for shares of EU Member States, each Austrian province has to have a specific share of the cake and shifts from one to another are hardly to realise.
- A more technical topic is the dispute between market regulation and deregulation as to be observed in the bank sector (also recently in the milk sector). During good times deregulation and private profits are the only objectives, in bad times regulations and responsibility of society is asked.
- Last not least (more likely first) the party politics is very important as at least in Austria farmers mostly support the conservatives, environment concerns the socialists.

Every new measure will be and has to be checked against all these items. Another general fact is that new additional measures are easy to achieve but to skip measures needs an outstanding staying power of politicians. EU CAP after 2013 public discussion and possibility for contributions on <http://ec.europa.eu>

Cornerstones of the Austrian discussion

- Further support of 2 pillars and a strong common agricultural policy for sustainable, multifunctional agriculture
- Central topics food safety and security in supply, climate protection, water resources, sustainable energy
- Decoupled payments and lower administrative burdens
- In times of crisis and price volatility market stabilising instruments are necessary, innovative measures should be developed
- Decoupling for direct payments but in small amounts in sensitive regions or sectors coupling should be possible
- Direct payments without national cofinancing, depression models
- Cofinancing in the 2. pillar measures was successful and opens national scopes of action.
- 2. pillar should cover protection of natural resources and sustainable agricultural production

Estimations for Austria:

- Cash crop farming loses in every model-approach
- Grassland and mountain farming will gain from unified area payments

Effects without CAP:

- Negative effects on agricultural income
- Production only in advantaged regions
- Negative development in disadvantaged regions
- Loss of agricultural areas and ecosystems and biodiversity
- Increasing afforestation
- Loss of production potentials
- Loss of open space and lively rural areas with tourism potential

Albania and the Future CAP

Fatos Fico

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Introduction

The story tells that on Ottoman Europe, the Balkan peasants, perhaps the Romanians, engineered a new variety of maize. In that time, the taxes imposed by the middleman or "shark lands" were at the maximum, therefore the peasants invented this dreadful maize variety knowing it was one grain that rapacious tax officers would not seize, finding there was no market for it. This way the peasants would keep the whole production and use it themselves making an awful maize mush named "mamaliga", the bad mother you call this food, as children hated it, by the way the blame was on the mother.

Beyond the folklore, the story may highlight also "the entrepreneur" spirit of peasants and farmers that want to maximize their outcome and keep as much as possible for themselves as every entrepreneur in every other situation all over the world. Ask for this the young users of the computers, and they will say "bad father" you bought me a computer with conflicting drivers, with viruses, worms, malware, I want a better one. Stories and experiences like the above, the hunger, the very question will I have enough food tomorrow were the bases for the beginning of CAP. And the stories goes that the CAP became a good mother, so good that we constantly ask what's wrong with it that is so good? So, I will reflect about the future of the CAP and Albania, but being indeed in a different position from the EU countries papers, Albania is not covered by CAP. The country has applied in 2009 for the candidacy and aspire to get there soon.

Albanian agriculture

Albanian agriculture continues to be dominated by small farms (350,000), the average size of household farms is 1.14 ha. Only 11,5% of farms are above 2 ha. Agriculture has a vital role in the Albanian economy, accounting for about of 20 % of GDP but is still underdeveloped. Rural areas hosts half the country population who rely on agriculture, livestock, forestry and other rural activities for their livelihoods. During the transition small farmers were left alone to experiment and carry on the costs. Farmers receive very little support and there are limited investments in agriculture infrastructure and advisory services. Moving from subsistence to marketing their produce continues to be a real challenge for small farmers in Albania. Only about 20-30% of agricultural production is marketed. Furthermore, one of the crucial source of cash comes from remittances sent home by young migrants working in EU countries (many of them on working on EU agriculture). This have been critical both for supporting the livelihood and especially for investments made in agriculture in country, in terms of capital but also know-how. With the EU member states being the main trading partners, in fact one of the main problems for Albanian farmers is the competition with agriculture production of the EU. Albania imports of agriculture production and food accounts for more than 500 million Euro/per year, naturally it cannot produce everything, but agro and food export is less than 1/10 of the import and amongst other the country imports products such as vegetables, fruits and dairy that have a good production potential locally, that generally when on the market have higher price than the import, cause of the perceived better quality by the consumers, and many other comparative advantages. One of the main problems expressed constantly by the Albanian farmers is the security to sell. The sale, the finalizing of the product is the big unknown for the unanimity of the farmers. A CAP that would support the selling and to add value to the products is the very base of development for farmers. This doesn't mean to link the production quantity with subsidies, neither guaranteed prices, not protectionisms, but it demands for policies that support farmers: first to be recognised by the CAP itself, the economy and the society that they are farmers, to be able to reach the market; with policies and measures to improve and meet the ever increasing requested standards for the product to enter the market. And after let the market decide. Albanian farmers accept the competition because they grew in a open, unprotected, and almost savage market, totally unsubsidized for many years thus developing entrepreneur spirit and risk taking attitudes but still the linkages with market and the business are ad hoc and underdeveloped. The market connection remain the most important issue yet for farmers and processors, but also for traders and consumers. The CAP should support the organization of the market offer of the small farmers by the ways well known, as example:

- of functioning producers organizations;
- of strong and real cooperation between the farmers, but here the necessary climate must be created first legally and socially;
- the marketing, storage facilities;
- of the needed information and the real support to reach higher and higher market standards.

Albania and CAP measures

But we must put a parenthesis here. Property rights and registrations of land property are the precondition for Albanian agriculture and rural development. Uncontested land property is the base for the development of market economy and overcoming this barrier definitively and quickly remains the priority of the national government in order to project the Albanian agriculture towards the European one.

- Single payment scheme as it is currently applied in EU, given the small size of the majority of the farms, the big number of such and the absence of historical or regional payments, make it difficult if not impossible to be applied in Albania. In the best case this would turn into an indirect social assistance scheme.
- Policies and measures that support,
- land consolidation, prohibit a further land fragmentarisation, support to the land market,
- the cooperation, e.g. cooperatives of producers, agroprocessors, or sellers,
- the facilitation of access to finance, e.g. through facilitated credit
- and supported agriculture specific insurances along with support for functional systems of irrigation and drainages can on the other hand boost production and create fair bases for competition within the economy.
- Stimulation of off farming activities in areas such as example renewable energy (and energy efficiency) will contribute directly to the cost of production and living. This is a virgin and big territory and an adequate strategy for Albania given for e.g. high potential for solar energy, the missing infrastructure for natural gas distribution, the global rising demand for energy and the consecutive rising price will give impressive results if applied. Otherwise the pressure on the forests and on the biomass, the usage of wood for house heating and energy for agro processing will bring them to the extinction, as happened in many areas, with the first visible and grave problem of massive landslides that are effecting large areas, destroying houses, infrastructure and cultivable land, but mining the fundaments of the what is considered "immobiliari", the land.
- More support for Research and Development, farmers training and technical assistance both on farming and farmers multiple role will remain crucial given the large number of small scale farmers and the diversity of agriculture and off farm production they are or might be engaged in. This will also help to counterweight the cyclical risks and project the rural economy on to the future.
- Improving the environment and supporting land management remains the base for rural and agriculture development. In Albania expansionists policies and practices of the socialist era followed by chaotic and aggressive exploitative practices towards natural resources and land use of the transition period have effected very negatively the resources in rural areas and the mindset of people towards the environment and nature. Addressing this at all levels it is vital for Albania and a future CAP should include measures to protect natural resources at community level but simultaneously to provide for the development of institutional capacities at the local and national levels.
- In Albania, farming continues to be considered solely as the main productive activity on the rural areas. CAP should support the multifunctionality of the farms and the multiple roles of farmers, for the environment, the biodiversity, the conservation of nature, the preservation of water resources, the preservation of rural amenities, the preservation of the land vitality and other natural and human created resources. On the current state of the things, farmers have no choice, but also quite all of the rural businesses, to pressurize to the maximum the exploiting of these existing resources. If they are not supported and channelized by other carefully designed and targeted not only financial support, through formative approaches and by an energetic and vigorous enforcement by the institutions of the law these resources will arrive soon at a non returning point.
- The stimulation of off farming activities in areas such as renewable energy, agro tourism, health care farms, etc is essential.
- Sustainable development is linked with the how is applied

and how mature is the democracy on any given country. In Albania the democratization should be a continuous process. Axis Leader is especially important to increase and improve community and stakeholder participation in bottom up approaches not only for the economic development but also for social cohesion and democracy through direct participation in decisions making and direct collaboration between public institutions businesses and communities.

- In the case of Albania, with inexperienced and under resourced local government, it is difficult that sustainable rural development policies become priority if promoted only through local government, therefore the role of CAP remains critical to cover big parts of it.

Experience of the countries with new democratic systems still not functional at full steam and recent crisis not only economical in the EU countries demonstrates that farmers and citizens can be more protected and helped upon when a crisis strike if we are based on shared and agreed democratically EU policies and structures, rather than on distortions of these policies by local populist and vote searching politicians.

Conclusion

The future CAP will be one the policies of the EU that will influence the most not only indirectly, but also directly the Albanian society given the large number of people living and who base their livelihood on the agriculture, rural areas and rural activities. The actual CAP but also a future CAP is not copy paste replicable in Albania. Very ad hoc measures are needed. This measures should undergo a wide democratic process of designation, discussion and negotiation through all of the society and the stakeholders. What Albania need the most are the right agricultural and rural development policies and the right framework. A wider process of consultation and exchanging experiences, networks, etc especially between the new EU member states with strong similarities, like Bulgaria, Rumania, etc with the potential and candidate states should be created, be functional and lessons learned to be put on practice. But here is important to stress again that not only the government must be involved, as it happens with the bureaucracies, but all the stakeholders, the farmers and their associations, the civil society, the consumers, the retail, etc. Continues mass information but also it's very important to keep locally a vital critical mass of knowledge, of institutions and people that are enabled and that can bring forward the discussion and the negotiation process. Axis Leader or ad hoc measures could play an important role on this. CAP is "economy", as it also "democracy", and the single payment scheme will be hardly applicable to Albania, it will for more weaken the entrepreneur spirit of the farmers, their creativity and the linkage to the market. In countries like Albania that have "weak" local governments, especially en regards to develop policies and strategies of sustainable rural development, the future CAP can compensate very well and play a crucial role with its long experience, existing successful schemes and structures. A simple CAP, that continuously check itself and gives the needed space and instruments to the beneficiaries and the society to check how it is functioning is strongly needed, but also based on the region experience there is a risk that another (local or national) layer more bureaucratic and parasitic to cripple the intended EU policies. The further development and the strengthening of the pillar of the Rural Development is essential to Albania. Keeping as much as possible of people rural, in a sustainable way is a condition to Albania. The percentage of people living in rural areas has declined from over 80% to 50%, but the cities can hardly provide new jobs with this rhythm anymore and the emigration is not an practical alternative. Albania is a small country, confined largely by other small countries. All this countries have different agricultural characteristics, climate, geography and traditions and on the

other hand don't have big differences on their economical development. They are all candidates or potential candidates to the EU. The complementarity of the agriculture of the region should be enhanced and countries encouraged to exchange and trade agro and food products for what they have comparative advantages, thus encouraging the specialization and differentiation within and of the whole region. The EU will not have to deal with a desperate multitude of small producers for each country producing everything, but with bigger specialized realities on the regional level. In the case of Albania given the actual state of the economy, the structure and the balance of import and export of agriculture and food shows that if supported by the CAP there is enough room for agriculture to increase the production, to reach EU standards, to fulfill the requests of the society regarding the nature and environment and to develop a sustainable rural development. But this has to happen soon rather than latter.

A future for the CAP? A CAP for the future! A Dutch perspective

Bart Soldaat

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The Dutch agricultural model in crisis

All over the world the Dutch agricultural model is considered a success story to be emulated by others. And not without reason. Over the last 50 years the Dutch agro-food system has been transformed into a world player, combatting with France for being the second biggest exporter of agricultural commodities in the world (after the USA). Some agro-food and retail industries, most of them cooperatives, are among the largest in the world. A remarkable achievement considering that The Netherlands is only a small country of 33,000 km² (1.5 times the size of the Emilia-Romagna region), with 16 million inhabitants (four times that of E-R), 2 million hectares of farm land and currently less than 80,000 farms. This success was based on three pillars. As one of the founding members of the European Community, The Netherlands has from the start been able to profit from the CAP and the unified internal market and has done so fanatically. The (in)famous Mansholt plan of the early 60's was the starting signal for a deep transformation of Dutch agriculture and of its countryside. Secondly, in conjunction with the CAP support, the Dutch government created what has been coined the Golden Triangle: agricultural education - agricultural research - agricultural extension. Funded fully by national public funds this extensive knowledge system operated in unison with each other and with farmers and their unions to promote and implement an agricultural model, based on a unidimensional vision of modernisation and increase of production per hectare or per capita and of productivity per unit of labour. Lastly, and equally important, the Dutch government established an enormous land restructuration programme to improve land and farm structure and to facilitate the use of new technologies and machines. It even went as far as to create new farmland out of lakes and seas. The three pillars combined, based on a vision shared by governments, scientists, researchers, teachers, extension workers, farmers unions and farmers alike, resulted in an unprecedented increase in production and productivity levels: between 1960 and 1990 average production per hectare of wheat, potatoes etc. tripled and the average milk production per cow more than doubled from 4,000 to over 8,000 liter per head. Simultaneously, the number of farms dropped from over 300,000 in 1960 to less than 80,000 in 2009 (-74%) and continues to decrease at a steady rate of 2-3% per year. It is predicted that in 2020 there will be only 40,000 farms left, with

production capacity remaining at the same level. The modernisation process of course also created a series of victims. The restructuration of farmland and intensification of production caused great losses of valuable landscapes and bio diversity. The large bio industry for pig and poultry, that emerged at the end of the 60's, has put great pressure on the quality of soils, ground water and air. Only when the negative effects of this type of production became visible and the European Union at the same was suffocating from enormous surpluses of milk, butter and meat, the Dutch government started to act by imposing some restrictive measures. The subsequent 1992 McSharry reform was also the starting point of the gradual dismantling of the Golden Triangle: farmers had to start paying for advice themselves and scientific research became more distant from agricultural practice. To compensate for the loss of landscapes and bio diversity the national government started a long term programme to convert 200,000 hectares, 10% of all agricultural land, into nature. Tighter national spatial planning and environmental policies, a growing struggle for rural land between farmers, nature conservationist, leisure seekers and housing developers, a growing public scrutiny vis à vis the negative effects of intensive farming and the opening up of world markets as a result of the WTO agreements on agriculture, has put the agricultural sector in the defensive. On the positive side it should be mentioned that, following the CAP reforms and the changing public attitude, a growing number of farms has engaged themselves in what is called multifunctional agriculture. In the nineties a new phenomenon could be witnessed in the development of local farmers' cooperatives whose aims are to integrate management of landscape and bio diversity on their farms with agricultural production. These local coops also seek to make collective long term contracts with regional and national governments and are now preparing themselves to play a role in the public goods debate that currently seems to be the way the discussion on the First Pillar of the CAP is heading. An approach that has met with support from the Dutch government. Other farmers have started new economic activities on their farm, be it in agro-tourism, local products and processing, renewable energy production or, more recently, in health care and wellness farming, in this way trying to develop other sources of income, both through public and private markets.

Why Dutch agriculture continues to need a common policy

Nevertheless, large parts of Dutch agriculture will remain highly dependent on a common policy. Cost of production in the Dutch context is relatively high because of high land prices (land pressure), high labour cost and one of the fiercest tax regimes in the world. Typically an average dairy farmer of 70 milking cows or arable farmer of 80 hectares will receive between € 14,000 and € 32,000 of direct payments annually (€ 400 per hectare), constituting between 40 and sometime up to 80% of their net income. An abrupt dismantling of the SFP would therefore cause severe havoc among those farmers. Furthermore the heavy dependency on export makes the sector more vulnerable to the volatility of international markets and speculation. Currently some 70 per cent of all agricultural commodity production is being exported, mainly to countries in the European Union, but also to a substantial part to countries outside the EU. The internal market therefore remains key for the future of the Dutch agri-food complex as well as bi-lateral and multi-lateral trade agreements. An enlarged and enlarging Union offers new possibilities to find new markets. At the same time, the enlarged internal market could also create stiffer competition from the new MSs. If and when they succeed in modernising their agricultural sector they will probably be able to outcompete Dutch farmers in cost of production. This explains why the Dutch position, as the largest net payer to the European Union, is stressing the need for a level playing field concerning food safety regulations, environmental criteria and labour conditions.

What kind of common policy: the Dutch position

Due to the recent national elections and subsequent formation of a new government, the Dutch Ministry of Agriculture to date has not put forward a final position on the new CAP. In its preliminary outlines it has proposed a new transition, that is, in simple terms, based on three points of departure:

- Improve competitiveness by increasing research and innovation;
- Improve sustainability by replacing the SFP system by a system of rewards for the delivery of clearly defined public goods (animal welfare, bio diversity, landscape management, renewable energies, etc.) that go beyond the current cross-compliance criteria. To achieve pre-set delivery output some public goods lend themselves for a collective, territorial approach, notably the management of landscapes and bio diversity and could be executed by the local farmers cooperatives, mentioned above, in conjunction with other land owners in the form of collective, territorial contracts;
- Non agricultural activities aimed at improving the general socio-economic vitality of rural areas, but that are not related to agricultural activities (axis 3 and 4 of the Rural Development Programme), should no longer be part of the CAP but instead be integrated in the Cohesion policies and only apply for the poorer regions (average income 75% or less than European average).

Such a transition in the eyes of the Ministry is necessary in order to maintain or rather regain public legitimacy for public support of the agricultural sector. In this vision the distinction between the First and Second Pillar will disappear and the possibility of national co-financing of this new payment system is kept open. The Ministry furthermore stresses the need for the creation of emergency measures in cases of market or crop failures, to counter the adverse effects of climate change or other 'natural' disasters. Interestingly, the Ministry recently launched a fourth focal point, which is sustainable food consumption. Alarmed by on the one hand the rise of diet related problems (obesity, diabetes, etc.) and the subsequent rise in public health care cost and on the other hand the level of food wastages along the food chain, the Ministry in collaboration with other Ministries (health, environment, but also education) now actively encourages initiatives that aim at improving sustainable and healthier food consumption patterns among citizens.

In conclusion: evaluation of the Dutch position

The last point, aiming at changing consumer behavior, is touching on a subject that is close to the mind of the Groupe de Bruges as well: agriculture and food production should be more aligned with the needs and wishes of society, but vice versa society has also a key role to play in critically reviewing its own needs and wishes and aligning those with notions on sustainability, health, animal welfare and fairer prices for farmers. It is for the first time that the Ministry of Agriculture so explicitly concerns itself with the shopping bag and the consumption behavior of citizens. Although The Netherlands are an exceptional case in Europe and as a small country have limited political power, this addition to what could be called a Common Agricultural and Food Policy is one worth discussing at the European level, not only with the Agricultural Commissioner, but also his colleagues from other DG's. As far as the abolishment of the SFP system is concerned, this will probably not meet with great resistance in The Netherlands; the national farmers union has already more or less accepted that direct payments coupled to the delivery of public goods will in the long run replace the current SFP system and pleads for a 'soft landing' as well as appropriate market stabilization measures and an increase of WTO's green box. Other stakeholders also have reacted positively, but warn that much is still unclear on

how precisely public goods, the development of clear cut delivery criteria and subsequent payment system as well as an effective and efficient monitoring system should be defined and whether or not and to what extent public goods require national co-financing. An important issue for a successful implementation of a new system, but in general there seems to be clear support for the vision of the Ministry on direct support. If this will also be the case on the Ministries approach to rural development is yet unclear. However, the sums currently dedicated to axis 3 and 4 of the Second Pillar are relatively small - € 28 million compared to € 840 million for direct payments and axis 1 and 2 - that it can be expected that The Netherlands, one of the wealthier members of the Union will forgo on European financing of rural development as a trade off for support of other parts of their plans. What the final Dutch position will be, however, will to a large extent depend on the - expectedly difficult - formation of a new government. Increased nationalistic and sometimes anti-European tendencies, as can be witnessed in more European countries, and the need for a stricter budgetary regime to remedy the effects of the financial and economic crisis could result in less support in The Netherlands, as the biggest net payer per capita to the Union, for maintaining, let alone increasing the European budget in general and for agriculture in particular.

Développement du système des paiements directs

Lukas Barth, Simon Lanz, Christian Hofer, Samuel Vogel

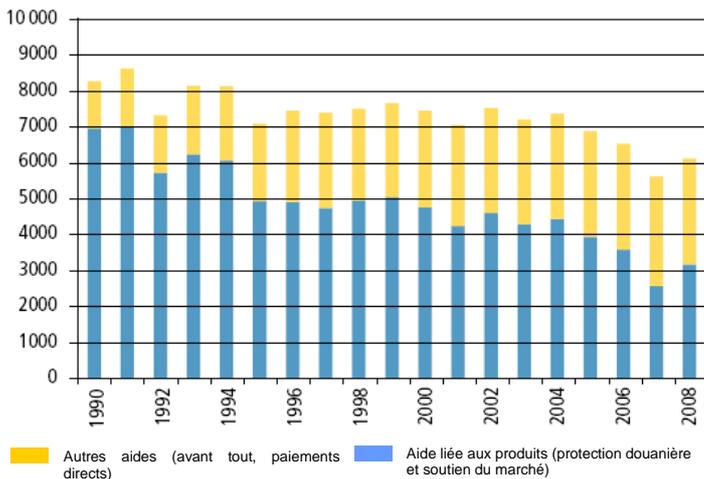
Introduction¹

Le rapport du Conseil fédéral sur le développement du système des paiements directs (2009) a eu pour origine la motion du 10 novembre 2006 de la Commission de l'économie et des redevances du Conseil des Etats. Celle-ci demandait au Conseil fédéral de présenter au plus tard en 2009 un rapport qui permette de juger si le système des paiements directs doit être adapté dans le cadre de la prochaine étape de la réforme agricole.

Réduction et découplage du soutien agricole

La réforme de la politique agricole entamée au début des années nonante (Figure 1) a permis, progressivement, de réduire le soutien agricole et de le découpler de la production.

Figure 1 - Evolution du soutien à l'agriculture selon l'OCDE (PSE) de 1990 à 2008



Source: OCDE

Le soutien total a baissé, passant plus de 8 milliards de francs au début de la réforme à environ 6 milliards aujourd'hui. Si la part du soutien liée aux produits (protection douanière et soutien du marché, subventions à l'exportation comprises) représentait encore plus de 80% du soutien total durant les années 1990 / 92, elle est tombée à quelque 50% en 2009.

En faisant abstraction de la protection douanière pour ne considérer que le soutien financé par les fonds fédéraux, le découplage est même plus marqué.

Au début des années nonante, 60% du budget de l'agriculture et de l'alimentation étaient affectés au soutien du marché; aujourd'hui, cette part ne s'élève plus qu'à 15%.

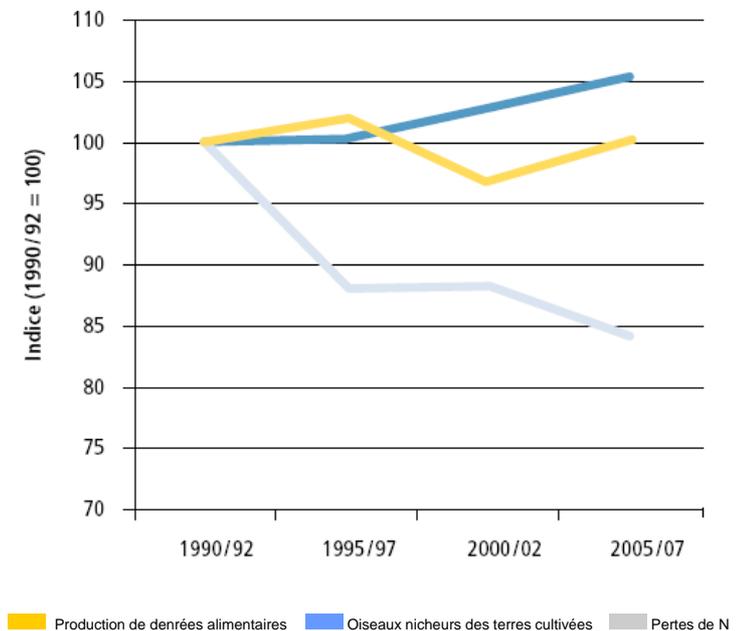
En même temps, le pourcentage des paiements directs non liés aux produits dans les dépenses fédérales est passé d'environ 25 à plus de 70%.

Une réforme actuelle porteuse d'améliorations

La stratégie cohérente de diminution du soutien interne des marchés et de réallocation des fonds aux paiements directs a entraîné de nettes améliorations (Figure 2) :

- la part des surfaces exploitées dans le respect de la nature (compensation écologique, agriculture biologique) a fortement augmenté et le recul des oiseaux nicheurs a pu être enrayeré;
- les répercussions négatives de la production agricole sur l'environnement ont été réduites (p. ex. pertes d'azote: - 15%) ;
- en même temps, la production des calories a augmenté (+ 5%), c'est-à-dire que l'efficacité de l'utilisation des ressources a nettement progressé;
- l'élevage respectueux des animaux de rente s'est développé;
- l'agriculture continue de contribuer substantiellement à l'occupation décentralisée du territoire, en particulier dans les régions rurales périphériques ;
- les exploitations agricoles ont pu effectuer les investissements nécessaires. Le taux de renouvellement du capital s'est même amélioré.

Figure 2 - Evolution de la production alimentaire et des atteintes à l'environnement



Sources: USP, ART, Station ornithologique

Le découplage ne suffit pas

L'expérience montre que le découplage du soutien de la production a conduit à des améliorations notables (OFAG 2009). Toutefois, il ne suffit pas à garantir seul que les prestations d'intérêt public soient effectivement fournies de manière efficiente et dans la mesure attendue par la société. Sans un rapport clairement défini avec des prestations, les paiements directs ne permettent pas d'atteindre les objectifs de la politique agricole s'ils n'ont qu'un caractère compensatoire. L'OCDE (2008) affirme que le découplage ne signifie pas la fin de la réforme de la politique agricole, car il existe encore un potentiel d'optimisation sur le plan de l'efficacité et de l'efficience grâce à une meilleure orientation en fonction des objectifs («targeting») et à un réglage minutieux des instruments («tailoring»; cf. encadré 2). Afin de parvenir à maximiser dans toute la mesure du possible l'efficacité et l'efficience de la politique agricole et des paiements directs, il faut absolument définir des objectifs concrets et vérifiables et établir un rapport clair entre les objectifs et les instruments utilisés.

Faiblesses du système actuel

Le système actuel des paiements directs ne satisfait que partiellement à ces exigences. D'une part, les objectifs ne sont pas toujours clairement définis pour différentes prestations d'intérêt public et, d'autre part, le rapport entre les mesures et les objectifs est parfois incertain. Alors que les paiements directs écologiques ont un rapport clair avec les objectifs dans les domaines de la préservation des ressources naturelles et du bien-être des animaux, les mesures visant à promouvoir la sécurité d'approvisionnement et l'entretien du paysage rural ou à assurer le revenu dans le cadre des paiements directs généraux sont très peu spécifiques. Le ciblage insuffisant des mesures sur les objectifs entraîne des fausses incitations indésirables: Primo, les contributions pour la garde d'animaux consommant des fourrages grossiers (contributions UGBFG) et les contributions pour la garde d'animaux dans des conditions difficiles (contributions GACD) incitent à accroître les effectifs de bétail. Il s'ensuit une intensification de l'élevage, avec des répercussions négatives sur la préservation des ressources naturelles. Le cheptel bovin augmente ainsi de nouveau depuis 2003 (+ 4%). Secundo, les contributions UGBFG concurrencent dans des proportions indésirables la culture des champs, qui revêt une importance cruciale pour la sécurité de l'approvisionnement. Tertio, tous les paiements directs sont aujourd'hui liés aux prestations fournies par rapport aux critères surface exploitée et nombre d'animaux, alors qu'une partie de ces paiements directs ne vise pas à rétribuer la fourniture de prestations, mais à assurer une évolution supportable au plan social. Cela conduit à la constitution de rentes et freine l'évolution structurelle (cf. encadré 5). En outre, les contributions liées aux animaux, notamment, devraient être évaluées de façon critique quant à leur compatibilité avec la Boîte verte de l'OMC

Méthodes:

Proposition du Conseil fédéral

Compte tenu de cette analyse, le Conseil fédéral estime qu'il faut poursuivre le développement du système des paiements directs. Dans son rapport, il définit des objectifs concrets et vérifiables pour toutes les prestations d'intérêt public selon l'art. 104 de la Constitution fédérale (sécurité d'approvisionnement, préservation des ressources naturelles, paysage rural, occupation décentralisée du territoire et bien-être des animaux) et propose un concept d'un système de paiements directs axé d'une manière conséquente sur ces objectifs. L'idée maîtresse de ce système consiste à définir une mesure spécifique pour chaque objectif. Le tableau 1 donne un aperçu des objectifs et des instruments correspondants ainsi que les indicateurs permettant de vérifier la réalisation des objectifs.

Tableau 1 - Prestations, objectifs, mesures et indicateurs

Conservation des ressources vitales naturelles		
L'agriculture apporte une contribution essentielle à la préservation et à la promotion de la biodiversité. Objectif partiel 1: diversité des espèces et diversité des habitats. Objectif partiel 2: diversité génétique au sein des espèces. Objectif partiel 3: biodiversité fonctionnelle.	Contributions à la biodiversité: Versements permanents pour les surfaces favorables à une biodiversité de qualité, par ha SAU et dans la région d'estivage. Versement unique pour des mesures de valorisation définies. Versements uniques et permanents pour des mesures de protection définies des espèces. Versements permanents pour la biodiversité fonctionnelle sur les surfaces de production (y compris pour les approches globales telles que l'agriculture biologique ou la production intégrée).	Surfaces de promotion de la biodiversité (SPB) de qualité en ha. Inventaire et sauvegarde des anciens types de culture et espèces. Fertilité du sol (p. ex. teneur en humus, organismes vivant dans le sol) sur les surfaces de production.
Utilisation durable des ressources naturelles (sol, air, eau).	Maintien des prestations écologiques requises PER et des autres dispositions légales. Poursuite de la promotion de projets environnementaux facultatifs (régionaux ou sectoriels). Contributions temporaires à l'efficience des ressources (au niveau national). Réduction des effets secondaires des instruments PD permanents.	Sol: substances polluantes, érosion et tassement. Eau: nitrates, phosphore, produits phytosanitaires et médicaments. Climat et air: gaz à effet de serre, substances polluantes azotées et suie diesel.
Entretien du paysage rural		
Maintenir un paysage rural ouvert grâce à l'exploitation de toute la surface agricole (aspect quantitatif).	Contributions au paysage cultivé: Contribution de base: montant unique, quelle que soit la zone, par ha SAU. Composante exploitation en conditions difficiles: contribution selon la zone et la pente du terrain par ha SAU. Composante estivage: contribution par pâturage normal estivé.	Surfaces agricoles (ha).
Préserver et promouvoir la variété des paysages ruraux (aspect qualitatif). Les cantons ou d'autres organismes régionaux peuvent fixer des objectifs qualitatifs correspondants selon les prescriptions de la Confédération.	Contributions à la qualité du paysage: Versements en fonction des prestations par ha de surface contractuelle sur la SAU et dans la région d'estivage.	Paysages ruraux diversifiés marqués par l'exploitation agricole. Définition concrète des objectifs et indicateurs sur le plan régional par les responsables de projet.
Occupation décentralisée du territoire		
Au titre de la subsidiarité, les cantons possédant des régions qui se dépeuplent doivent définir leurs propres objectifs en matière d'occupation décentralisée.	Base: promotion passant par d'autres instruments PD. Encouragement spécifique par le biais des aides à l'investissement.	Définition concrète d'objectifs et d'indicateurs sur le plan régional par les cantons.
Bien-être animal		
Participation aussi importante que possible pour les systèmes de stabulation particulièrement respectueux des animaux (valeur indicative: 80%).	Contributions au bien-être animal: SST: paiements permanents par UGB. SRPA: paiements permanents par UGB. Aides à l'investissement plus élevées pour les SST.	Taux de participation aux programmes: Systèmes de stabulation particulièrement respectueux des animaux (SST). Sorties régulières en plein air (SRPA).
Garantie du revenu		
Assurer à long terme la fourniture des prestations d'intérêt public.	Pilotage par le biais du montant des PD liés aux prestations.	Taux de renouvellement du capital. Stabilité financière.
Prévention des situations de détresse sociale dues aux changements des conditions-cadre de la politique agricole.	Contributions à l'adaptation: Paiements temporaires liés à la personne à hauteur de la différence des PD perçus avant et après la réforme.	Changement de structures (modification du nombre d'exploitations et de la main d'oeuvre). Nombre de ménages d'agriculteurs en dessous du minimum vital.

Prestations et objectifs	Misures	Indicateurs
Approvisionnement sûr de la population		
Maintenir la capacité de production à son niveau actuel grâce à une production de calories dans le pays	Contributions à la sécurité de l'approvisionnement: Contribution de base: montant unique, quelle que soit la zone, par ha de surface agricole utile (SAU). Composante exploitation en conditions difficiles: contribution différenciée selon la zone par ha SAU. Composante grandes cultures: montant unique, par ha de terres ouvertes.	Térajoules (TJ) produits en Suisse comme critère de disponibilité de l'infrastructure et du savoir-faire.
	Maintenir un taux minimal de cultures d'importance stratégique	Composante culture particulière: montant unique, quelle que soit la zone, par ha SAU de culture particulière.
Préserver des sols fertiles et cultivables en quantité suffisante	Protection quantitative du sol: Exclusion des paiements directs (PD) pour les surfaces situées en zone à bâtir. Obligation des cantons ou des communes à participer au financement des PD en cas de forte consommation de terres agricoles. Intégration de la protection quantitative du sol dans le concept des projets sur la qualité du paysage.	Sol arable en ha.

Discussion:

Prestations d'intérêt public

Cinq instruments de paiements directs doivent permettre de promouvoir et d'assurer à long terme les prestations d'intérêt public de l'agriculture: les contributions au paysage cultivé visent à maintenir un paysage rural ouvert, grâce à l'exploitation de l'ensemble des surfaces agricoles (y compris les régions d'estivage). Cette condition est essentielle à la fourniture des autres prestations d'intérêt public. Le montant des contributions doit être calculé de façon à ce qu'une exploitation extensive soit possible. Les contributions sont différenciées en fonction des conditions naturelles difficiles et selon la zone et la déclivité du terrain; les contributions à la sécurité de l'approvisionnement visent à maintenir la capacité de production dans le cas d'impasses. Le maintien de la capacité de production (capital, savoir-faire) est réalisé si les ressources naturelles sont utilisées de manière optimale et si le niveau de production de calories reste le même. Cet objectif ne pourrait pas être atteint par le seul effet des contributions au paysage cultivé. Les contributions encouragent une production agricole qui va au-delà de la pure exploitation extensive. Il faut pour cela que des exigences minimales soient fixées aussi bien pour la culture des champs que pour les surfaces herbagères (p. ex. Charge minimale en bétail). En outre, les contributions à la sécurité de l'approvisionnement compensent les difficultés et les désavantages comparatifs des coûts liés aux grandes cultures et contribuent au maintien des cultures stratégiquement importantes; les contributions à la biodiversité contribuent à préserver et à promouvoir la biodiversité. L'incitation à exploiter des surfaces de qualité comme surfaces de promotion de la biodiversité (appelées aujourd'hui surfaces de compensation écologique) doit être renforcée, afin que les objectifs concernés puissent être atteints par ces contributions volontaires. L'exigence selon laquelle une part minimale par exploitation doit être affectée aux surfaces de compensation écologique, prévue dans le cadre des prestations écologiques requises (PER), peut ainsi être progressivement supprimée. Seront en outre encouragés des mesures de revalorisation et des programmes de promotion des espèces axés sur les espèces cibles. Les contributions à la biodiversité seront versées pour l'ensemble de la surface agricole utile et, fait nouveau, pour la zone d'estivage.

L'application à ces surfaces des dispositions figurant dans les inventaires nationaux sera dorénavant mise en oeuvre au travers des contributions à la biodiversité. En outre, les exploitants doivent être encouragés à renoncer à certains produits phytosanitaires et engrais minéraux, pour maintenir la biodiversité fonctionnelle (fertilité du sol, régulation naturelle des organismes nuisibles) sur la surface de production. Il est ainsi possible de promouvoir comme jusqu'à présent des approches conformes au principe de la globalité, qui impliquent l'abandon de certains moyens de production à long terme (comme dans l'agriculture biologique ou en production intégrée, par exemple). Les contributions à la qualité du paysage sont destinées à la préservation, à la promotion et au développement de la diversité des paysages cultivés, avec leurs caractéristiques régionales spécifiques (p. ex. les pasturages boisés). Les objectifs liés au paysage sont fixés à l'échelon régional par les promoteurs dans le cadre d'un processus participatif et suprasectoriel. Les exploitants agricoles concluent des conventions avec les promoteurs sur le mode d'exploitation des surfaces; ces conventions sont examinées par la Confédération et, le cas échéant, approuvées. La Confédération verse une contribution unitaire au promoteur, qui effectue lui-même la redistribution au sein du projet selon fonction des prestations fournies; les contributions au bien-être des animaux visent à obtenir une participation la plus importante possible aux programmes de promotion des systèmes de garde particulièrement respectueux des animaux. Le programme de stabulation particulièrement respectueux des animaux (SST) et celui des sorties régulières en plein air (SRPA), qui tous deux ont fait leurs preuves, doivent être poursuivis. Le montant des contributions est fixé en fonction du coût unique et des frais permanents engendrés par les stabulations particulièrement respectueuses des animaux, en tenant compte des recettes supplémentaires pouvant être réalisées sur le marché grâce à ce type d'élevage; l'occupation décentralisée du territoire sera encouragée indirectement par le biais des autres paiements directs. Les contributions au paysage cultivé et les contributions à la sécurité de l'approvisionnement sont, à cet égard, particulièrement importantes vu qu'elles comprennent chacune une composante destinée à compenser les conditions naturelles difficiles. Il est prévu que le soutien spécifique, le cas échéant, ne passe pas par les paiements directs, mais par les mesures d'améliorations structurelles, celles-ci étant mieux adaptées pour encourager les initiatives locales d'augmentation de la valeur ajoutée.

Utilisation durable des ressources

Pour que les ressources naturelles soient utilisées de manière durable, la fourniture des PER restera la condition d'octroi des paiements directs. En outre, il est prévu de poursuivre les projets régionaux facultatifs visant à prévenir les externalités négatives et à augmenter l'efficacité de l'utilisation des ressources, selon l'art. 62a de la loi sur la protection des eaux et les art. 77a et 77b de la loi sur l'agriculture. Un nouvel instrument clé est introduit: les contributions temporaires à l'efficacité des ressources, destinées à réduire, voire à combler, les lacunes concernant la réalisation des objectifs dans le domaine de l'environnement. Cet instrument vise à promouvoir l'introduction à large échelle de nouvelles techniques préservant les ressources. L'impact sur l'environnement doit durer au-delà du versement des contributions. Une possibilité permettant d'y parvenir consiste à ajouter, au terme de la période d'encouragement, l'utilisation de la technique concernée aux PER en tant que bonne pratique agricole. Le maintien de terres cultivables fertiles dans une optique qualitative et quantitative revêtira une importance capitale à l'avenir. Les paiements directs et les instruments de l'aménagement du territoire pourraient donc être combinés afin de réduire l'incitation au bétonnage des surfaces agricoles (p. ex. par l'exclusion des surfaces se trouvant dans la zone à bâtir des paiements directs).

Développement socialement acceptable

Les contributions à l'adaptation visent à garantir une évolution socialement supportable de l'agriculture. Les contributions sont calculées sur la base de la différence entre les paiements directs octroyés avant et après la réforme de l'agriculture; elles sont complètement découplées de la production et liées à la personne. Limitées dans le temps, elles seront progressivement réduites, à un rythme socialement supportable. La nette séparation entre les instruments destinés à promouvoir les prestations et ceux visant à garantir une évolution socialement supportable permettra de réduire fortement les fausses incitations engendrées par le système actuel des paiements directs et freinant l'évolution structurelle.

Conclusions

Par rapport au système actuel des paiements directs, le régime proposé offre les avantages suivants :

- un ciblage clair sur les objectifs permet d'augmenter l'efficacité des paiements directs ;
- l'amélioration de l'efficacité permet de mieux atteindre les objectifs définis ;
- l'attribution rigoureuse des prestations, objectifs, mesures et indicateurs augmente la transparence et, donc, le pilotage politique;
- la communicabilité des paiements directs augmente. Les contribuables comme les paysans comprennent mieux pourquoi les paiements directs sont versés ;
- la claire distinction entre les instruments axés sur les prestations et axés sur le transfert financier (contributions à l'adaptation) permet d'éliminer les fausses incitations structurelles du système actuel, ce qui augmente la mobilité des surfaces et améliore la compétitivité;
- la compatibilité du système des paiements directs avec la Boîte verte de l'OMC s'améliore. En outre, la proposition va dans la même direction que le développement de la politique agricole au sein de l'UE.

Un meilleur ciblage sur les objectifs comporte toutefois le risque d'une augmentation des tâches d'exécution. Il convient donc d'accorder à l'exécution une attention particulière lors de la mise en oeuvre du concept.

Dans un prochain avenir

Le rapport et le concept proposé sont actuellement discutés au sein des commissions parlementaires compétentes. Le 16 octobre 2009, la commission du Conseil des Etats a présenté une motion chargeant le Conseil fédéral de concrétiser la proposition de concept et de soumettre au Parlement avant fin 2011 un message concernant la modification de la loi sur l'agriculture (motion 09.3973).

Encadrés

Encadré 1: Quelle est la fonction des paiements directs ? Dans le débat politique, on affirme souvent que les paiements directs doivent rémunérer les prestations fournies par l'agriculture dans l'intérêt public, soit les prestations non marchandes. La rétribution des agriculteurs est le produit des ventes des biens privés tels que le lait ou les céréales, tandis que les paiements directs rétribuent les biens publics tels que le paysage ou la biodiversité. Toutefois, cette séparation nette entre les marchés des biens privés et des biens publics n'existe pas dans la réalité. La multifonctionnalité de l'agriculture se caractérise précisément par un couplage étroit entre ces deux types de biens. La production de biens agricoles (privés) est à l'origine des externalités positives considérées comme des biens publics (prestations d'intérêt public). Aux conditions du marché, l'offre de prestations d'intérêt public serait inférieure à la demande sociale. La production indigène serait nettement plus basse et concentrée dans des régions propices (Hättenschwiler et Flury 2007), avec des répercussions négatives sur le paysage, la biodiversité et l'occupation décentralisée du territoire. Les instruments de politique agricole en général et les paiements directs en particulier ont pour objectif de corriger cette défaillance du marché. Si les prestations d'intérêt public étaient

fournies sans l'intervention de l'Etat, elles auraient certes une valeur pour la société, mais personne ne paierait pour leur utilisation. Cette différence entre l'offre privée et la demande sociale rend nécessaire l'intervention de l'Etat. Ainsi, les paiements directs ne sont pas des indemnités, mais des incitations (aides) financières pour la fourniture des prestations d'intérêt public (Huber 2003). Cela signifie aussi que le niveau des paiements directs n'est pas indépendant du prix des produits agricoles. Si les prix sont élevés, le marché contribue par exemple plus au maintien d'un paysage rural ouvert que s'ils sont bas. Selon la situation des prix, les paiements directs doivent être plus ou moins élevés pour que les prestations d'intérêt public soient fournies.

Encadré 2: Définitions. Efficacité: une mesure est qualifiée d'efficace lorsqu'elle permet d'atteindre les objectifs définis. **Efficience:** une mesure est considérée comme efficace lorsqu'elle permet de réduire au mieux le coût de la réalisation des objectifs. **Targeting** (ciblage sur les objectifs): un paiement est donc considéré comme ciblé lorsque les valeurs spécifiques à un objectif défini sont poursuivies et que les transferts non intentionnels et les conséquences négatives sur des tiers (ce qu'on appelle des retombées économiques) sont réduits (OCDE 2007). **Tailoring** (conception sur mesure): le montant et la durée d'un paiement doivent être calculés avec précision afin que l'objectif défini soit atteint. Les incitations qui dépassent le niveau nécessaire à la réalisation de l'objectif sont superflues (OCDE 2003).

Encadré 3: Le bio est-il pris en considération? En dehors des paiements directs octroyés aux exploitations biologiques à travers différents instruments particuliers, il est prévu de continuer à soutenir l'approche globale de l'agriculture biologique. L'utilité supplémentaire essentielle du principe de la globalité bio concerne la biodiversité fonctionnelle. La renonciation aux produits phytosanitaires chimiques de synthèse et aux engrais minéraux est favorable à la fertilité du sol sur les surfaces de production. Il en va de même pour d'autres systèmes de production où l'on renonce à long terme à l'utilisation de ces moyens de production, tels que la production intégrée. La Confédération doit donc continuer à promouvoir des formes de production particulièrement en accord avec la nature et respectueuses de l'environnement et des animaux par des incitations présentant un intérêt économique. Les contributions bio sont entièrement intégrées dans le nouveau concept.

Encadré 4: Potentiel d'amélioration de l'efficacité et contributions à l'adaptation. Selon des comparaisons internationales, l'agriculture suisse possède toujours un potentiel d'amélioration de l'efficacité et de réduction des coûts (Schmid 2009). La politique agricole doit créer des conditions-cadre permettant d'utiliser ce potentiel d'amélioration. Le concept prévoit à cet effet de séparer clairement la promotion des prestations d'intérêt public d'une part et la garantie d'une évolution socialement supportable d'autre part. C'est la fonction des nouvelles contributions à l'adaptation. Elles seront réduites par étape et les fonds devenus disponibles seront réalloués, grâce aux futures ouvertures du marché, à d'autres instruments liés aux prestations. Le Conseil fédéral a l'intention de continuer à soutenir l'agriculture par des moyens financiers de l'ordre du niveau actuel.

Encadré 5: Le lien entre paiements directs et surfaces entrave-t-il la mobilité des surfaces? Selon Mann (2008), le principal facteur influant sur la mobilité des surfaces est le montant total du soutien agricole (protection douanière, soutien du marché, paiements directs), c'est-à-dire la question de l'intérêt que présente l'exploitation d'un hectare de terres. Toute baisse du soutien promeut donc la mobilité des surfaces. Les paiements directs actuels sont avant tout versés en fonction de la surface. Vu la limite d'octroi prévue pour les contributions UGBFG et GACD, plus de 90 % des paiements directs actuels sont liés à la surface. La proposition du Conseil fédéral ne renforce pas le lien entre paiements directs et surface. Certains milieux préconisent l'introduction d'un paiement par unité de main-d'oeuvre standard (UMOS). Cependant, cela renforcerait les flux financiers vers les branches de production exigeant beaucoup de main-d'oeuvre (cultures spéciales, lait). Le renforcement du soutien bénéficiant à ces branches attiserait la concurrence pour les surfaces dans ces domaines, de sorte que la mobilité des surfaces ne s'améliorerait pas. Le critère de l'octroi (surface, animaux, UMOS) est moins important que le fait de calculer correctement les paiements directs et de les cibler sur les objectifs. C'est précisément ce que propose le Conseil fédéral dans son concept. L'introduction des contributions à l'adaptation permet en outre de réduire fortement les fausses incitations et les rentes existant dans le système actuel, ce qui augmente globalement la mobilité des surfaces.

Notes

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Agriculture and Euro-Mediterranean trade liberalization

Implications for quantitative modeling

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Introduction

This paper pays special attention to priorities for research in agricultural economics, with focus on quantitative modeling addressing the impacts of agricultural trade liberalization in the Euro-Mediterranean region. Without neglecting the presence of specific economic and political interests, most of the opposition to deep integration in the Euro-Mediterranean regions is likely connect with the lack of knowledge about potential impacts of the agricultural trade liberalization. Behind this issue there has been a traditional confrontation between the expectations of Mediterranean Partner countries (MPCs) to increase their exports in order to promote their economic growth, and the fear of European Mediterranean farmers that a higher international competition may endanger their own subsistence (see (Garcia-Alvarez-Coque, 2002; Garcia-Alvarez-Coque and Jordan, 2006)). The benefits of a complete integration of agriculture in the free market depend substantially on the institutional capability of the Southern Mediterranean countries and on their domestic policies. However, the benefits from integration for these countries can be reduced if the process impedes them from exploiting new opportunities for their agriculture exports. This was recognized by the Euro-Mediterranean Summit of Heads of States that took place in Barcelona in November 2005, which opened a new road-map to undertake further steps in the agricultural trade liberalization. In the next sections we draw the picture of agricultural trade liberalization in the region, to pay more attentions to the research devoted to assess the quantitative impacts of trade liberalization. We finalize the paper with some implications for further research.

Consequences of further agricultural liberalization

The granting of tariff concessions has been the traditional way agricultural trade liberalization has been considered in the Euro-Mediterranean region. These imply significant price advantages for the preferential countries (Grethe et al., 2005; Martinez, 2007). The experience of the last 25 years of trade preferences has not become a great impulse for the exports dynamic of the MPCs but simply a continuation of the traditional trade flows from these countries to the EU (Garcia Alvarez-Coque and Jordan, 2006). All this past experience should help to dissipate the existing fears in Southern Europe of an agricultural exports avalanche from the Southern Mediterranean countries. Nevertheless, further consideration can be taken about the potential impact if the process moves ahead. In theory, progressing in the reciprocal trade openness, as stated in the

“road-map” established in the Conference held in Barcelona in November 2005, should imply an increase of trade flows in both senses, North-South and South-North, with the generation of new opportunities for the actors of both sides of the Mediterranean. However, it is clear that there are also risks involved in such openness, due to the social consequences arisen from the adjustment required in the less competitive sectors, both in the North and in the South of the region. In the MPCs, the potentially winning sectors by such openness would be those related to agriculture exports, in addition to urban consumers and part of the agricultural and food industry. On the contrary, the impact can be negative for the traditional farming sector and the areas where it is located (Radwan and Reiffers, 2003). In fact, the primary production of the dry farming extensive systems in the SMC can hardly compete with the imports of continental products coming from the EU, given the existing difference between the production methods and the farming structures. In addition, the fear of these countries to commercial openness is increased by direct subsidies granted under the CAP to European farmers, which facilitates the exports of cereals from the EU without needing export subsidies. In the case of the EU, the potentially winning sectors of wider trade openness with the SMC are industry in general, transport and services, as well as the continental farming product exports. By contrast, as it is well-known, the potentially losing sectors are those related to the production of fruits and vegetables. The progressive increase in tariff-rate quotas, after the revision of the Partnership Agreements, shall impulse the exchange of perishable products whose commercialization is concentrated on certain periods of the year. In order to analyze the possible effects of different paths towards trade liberalization, a great deal of quantitative models has been developed during the last twenty years. The experience of quantitative research on agricultural trade models should be valuable to diminish uncertainties implied in the Euro-Mediterranean process.

Lessons from CGE modeling

A number of studies have explored the Association Agreements, largely within a computable general equilibrium (CGE) framework and usually focused on a particular country (see Anania, 2001; Stern, 2001; Kuiper, 2004; Garcia-Alvarez-Coque et al, 2006, for further discussion and review of models of trade liberalization). The aim of such studies has been typically to investigate the impact on production, trade-flows, factor markets and of course overall welfare. The CGE framework has obvious advantages to assess the *ex ante* effects of trade liberalization, including the consideration of the agricultural sector and cross-effects originated in the rest of the economy. Let us make some comments on the usefulness of these quantitative studies (see Garcia Alvarez-Coque and Sarris, 2003):

- the results depend on the assumptions of trade liberalization (e.g. Euro-Mediterranean, unilateral, multilateral liberalization; with and without productivity gains; liberalization of industrial imports vs. liberalization of agricultural imports; with and without increased market access for agricultural products).
- Some models assume mobile capital and labor. Many impacts of trade liberalization are sector-specific and also concentrate on specific territories, where not many alternative opportunities for capital and labor can be found in the short term.
- Except for a few studies, the quantitative simulations make little account of the short-term adjustment costs and social impact of the trade creation.
- Welfare improvements tend to be higher in models when tariff liberalization is accompanied by other reforms, such as the removal of non-tariff barriers, adoption of international standards, multilateral trade reforms and increased market access in the EU. If the “deep integration” is really deep and brings about a strong reduction in “red tape” and a increase

in transparency and competition, its effects will be substantial.

- Typically static welfare effects derived from the Euro-Mediterranean initiative are estimated to be fairly small, and in certain cases negative (it must be recalled that partner countries already had nearly duty-free access to EU markets for industrial goods).

In summary, if MPCs rely only on bilateral tariff liberalization of EU industrial imports, no significant gains appear. Deep integration leading to harmonization of standards may help to improve prospects. Long-term productivity growth, associated to attraction of FDI, contributes to make the balance positive, although there is no guarantee for that. Positive impact will clearly be either the outcome of reciprocal concessions in agricultural trade, or of multilateral trade liberalization involving Mediterranean countries as well as all partners, including the EU. Some studies (see Löfgren, El-Said and Robinson, 2001; and Chemingui and Dessus, 2001, Doukkali, 2003) show a rather optimistic view, namely that agricultural liberalization would help to lessen the traditional anti-agricultural bias in the region by increasing the effective protection of the sector. It is quite common that the standard literature concludes with the argument that domestic economic policies is, at the end of the day, the responsible for achieving the maximum benefits from the Euro-Mediterranean partnership. Nevertheless, the CGE approach has been really able to suggest that any scenario of liberalization of agriculture without reciprocal concessions from the EU would significantly reduce the MPCs' welfare gains (Bchir *et al.* 2002).

Where PE modeling could be appropriate

Political opposition to free trade in the EU is concentrated on a small number of products, which are of interest for SMC as well as for many Southern EU regions, mainly fruit and vegetables. Horticultural markets, which are relevant for SMC, are plenty of complexities that are difficult to capture in CGE models. The crucial role of F&V in deepening the Euro Mediterranean Free Trade Area suggests the interest in moving the modeling framework to PE approaches that allow a detailed description of specific commodities' markets. In fact, the number of contributions modeling horticultural trade in the Mediterranean area is scarce and, when F&V have been considered, it has been in a fairly superficial or general way. Kuiper (2004) reviewed eleven different applied models that quantify the impact of the Euro-Mediterranean Association Agreements but only one of them (Chemingui and Thabet, 2001) took F&V specifically into account when setting its scenarios. Two relatively recent contributions, by Lorca (2000) and Bunte (2005) defined multi-commodity models including some fruit and vegetables, but without a detailed consideration of the policy instruments applied to these products and of the seasonal nature of horticultural trade. Lorca's work is perhaps the one which has better reflected differentiated country effects (Morocco, Egypt, Tunisia and Turkey) and the impact of non-tariff barriers. Other models consider wide range of F&V but with little detail in the description of policy instruments or seasonal effects (Bunte, 2005). Some studies have focused on a single-commodity approach for studying selected F&V trade. The banana trade was, for instance, examined by Vanzetti *et al.* (2005, draft) by means of the GSIM model being a comparative static, partial equilibrium model without stocks. Also for bananas, Guyomard *et al.* (1999) created a single-commodity, multi-country partial equilibrium world market model describing the pre and post 1993 banana's Common Market Organization scenarios. Such single-commodity approach shares and could even deepen some of the problems of PE models. Trade losses and gains will be overestimated because the transfer of resources between sectors is not considered in an explicit way. However, working with a single-commodity model allows for providing a detailed description of specific products that may be

substitutes for the product studied in consumption or production. This in turn should allow for further detail on trade instruments and geographical impacts for perishable products, with seasonal fluctuations. Partial equilibrium is consistent with an imperfect substitution approach that can model product with different origin in an explicit way (see Garcia-Alvarez-Coque *et al.* 2007 for an application to the fresh tomato market).

Some implications for further research

Future research will contribute to clarifying some of the "myths" of Euro-Mediterranean integration. Most of the questions relevant in the past remain open for the future, but research has to provide more precise answers to them. Though the role of market access to the EU in providing gains for SMC exports is increasingly recognized, there is a great deal of methodological and empirical work yet to be undertaken. In any case, a better access to the agricultural market of the EU is not by itself a guarantee of development for these countries. The benefits of a complete integration of agriculture in the free market depend substantially on the institutional capability of the Southern Mediterranean countries and on their domestic policies. This is why, in addition to the quantitative modeling work, there is a need for further research on the behavior of institutions, producer organizations and individual actors in Mediterranean product markets. One line of work, clearly indicated by the 1st *Mediterranean Conference of Agro-food Social Scientists* (Barcelona 23-25 April, 2007) is promoting coordination among research groups working on Mediterranean issues to avoid overlapping and to take advantage of potential synergies. Moreover, project results have to be discussed and disseminated outside the research community.

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Reflexiones sobre el nuevo ministerio

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Introducción

La integración de las competencias de agricultura, pesca, alimentación, desarrollo rural y medio ambiente en un solo ministerio (de Medio Ambiente, de Medio Rural y Marino) con la correspondiente eliminación de dos áreas ministeriales autónomas, es una de las novedades del gobierno Zapatero en su segunda legislatura. Puede parecer una decisión sorprendente, ya que se suprime el Ministerio de Agricultura (MAPA) en un contexto en el que, de nuevo, los temas agrarios adquieren importancia en la agenda política, sobre todo en lo relativo a la producción de alimentos. Asimismo, en lo que respecta a la eliminación del Ministerio de Medio Ambiente (MAM), la decisión causa cierta perplejidad, pues venía siendo norma en los gobiernos de los últimos doce años en España la consolidación de un área ministerial autónoma en materia ambiental, con competencias claramente separadas de las de agricultura, de donde había asumido algunas de ellas (forestales, conservación de la naturaleza, espacios naturales, ...). Aunque el Gobierno ha señalado que con esta decisión pretende mejorar la gestión de los temas agrarios y ambientales, lo inmediato es la percepción ciudadana de que desaparecen dos ministerios bien consolidados: el viejo MAPA (con más de cien años de historia a sus espaldas) y el más reciente MAM (con sólo doce años de historia, pero con una presencia importante en la opinión pública como garante de la protección del medio ambiente). Una vez transcurridas las primeras reacciones ante una medida que no ha dejado indiferente a ninguno de los sectores afectados, puede que tenga sentido analizarla con algo más de sosiego, procurando extraer los elementos que podrían explicar la decisión del presidente Zapatero y diseñar un escenario para el debate. Tal es el objetivo de este artículo, que no pretende exponer opiniones personales sobre la bondad de la decisión, sino mostrar un marco explicativo en el que poder situar la lógica de los hechos y las posiciones esgrimidas por los distintos grupos de intereses (organizaciones agrarias, industrias alimentarias y organizaciones ecologistas). Comencemos afirmando que la idea de reintegrar las competencias agrarias y ambientales en un macro ministerio no es nueva. En efecto, desde hace tiempo se viene opinando a favor de la necesidad de reorientar (e incluso suprimir) el ministerio de Agricultura una vez producida la transferencia de la casi totalidad de las competencias agrarias a las Comunidades Autónomas, y pasado a los gobiernos regionales la gestión de los fondos agrícolas europeos, además de haberse aumentado la participación de estos gobiernos en las instituciones y comités de gestión de la UE. Respecto al tema ambiental, no hay que olvidar que, ya en su día, el proyecto de creación de un ministerio de Medio Ambiente (propuesto inicialmente, aunque sin éxito, por el PSOE, y luego hecho realidad por el PP en el primer gobierno Aznar en 1996) fue motivo de debate y controversia, tal como ocurrió en otros países europeos que habían seguido una pauta similar. Era un debate planteado en los siguientes términos: ¿tiene sentido crear un área ministerial autónoma que se ocupe de temas transversales como los relacionados con el medio ambiente, o es mejor que el principio de sostenibilidad ambiental impregne todas las acciones que se desarrollan en la esfera de la administración pública (sea agricultura, pesca, industria, obras públicas, transporte, espacios naturales, educación, salud,...) sin necesidad de crear un ministerio especializado en ese menester?. Ya entonces hubo voces que

alertaron del riesgo que se corría creando nuevos departamentos de medio ambiente a nivel estatal y regional. Señalaban que tales departamentos podrían fomentar un nuevo espíritu corporativo dentro de la Administración, que, aliado con el movimiento ecologista, conduciría a una especie de fundamentalismo conservacionista, más dañino incluso que el rancio agrarismo anclado en los departamentos de agricultura.

La gestión autónoma del medio ambiente

El predominio del principio de desarrollo sostenible, allá por la primera mitad de los años 90 (con el Informe Brutland como indiscutible referencia), y la fuerte influencia mediática de los temas ambientales, pusieron sordina a las opiniones que dudaban de los beneficios que la creación de un ministerio de Medio Ambiente podía tener para la gestión del medio natural en España. Esas voces críticas advertían del error que suponía confundir entre la gestión del medio ambiente "verde" (rural-natural) y la del medio ambiente "gris" (urbano-industrial), mezclando políticas que debían responder a lógicas diferentes. Argumentaban, además, que en un territorio tan vasto y extenso, como el español, donde la amplia superficie de espacios naturales se basa en una estrecha imbricación entre usos tradicionales del monte, prácticas agroganaderas extensivas y aprovechamiento forestal, no tenía mucho sentido separar las competencias agrarias y ambientales a la hora de gestionar tales espacios, es decir, de gestionar el medio ambiente "verde". En este sentido, señalaban también que muchos de nuestros espacios naturales de gran valor ecológico (por su contribución a la biodiversidad) están ubicados en áreas donde la agricultura sigue siendo un motor importante de desarrollo y un elemento clave para su conservación, lo que, en su opinión, introducía un factor adicional a favor de la no separación de las competencias agrarias y ambientales. Decían que sin agricultura no hay posibilidad en España de conservar de forma sostenible (en términos económicos y sociales, pero también ecológicos) su amplio patrimonio natural. A ello añadían la consideración de las necesidades de regulación hidráulica de un país, como el nuestro, con un déficit crónico de agua, y donde el desarrollo agrícola de muchos territorios rurales depende, en gran medida, de la expansión de la superficie de regadíos, lo que haría más perentoria si cabe una prudente coordinación entre la lógica productiva y la conservacionista, evitando que una se impusiera sobre la otra. Afirmaban, en definitiva, que en una situación tan singular como la española, muy distinta a la de otros países europeos, la separación drástica de las competencias agrarias y las de gestión del territorio y el medio natural en dos ministerios, no auguraba buenos resultados para el medio ambiente "verde". Sin embargo, ante el predominio del discurso proambiental (con la Cumbre de Río, primero, la de Johannesburgo, después, y el Protocolo de Kioto, como telón de fondo), tales críticas eran percibidas como reflejo ya caduco de los intereses corporativos agrarios, unos intereses temerosos (decían) de perder influencia ante la aparición de nuevos departamentos de medio ambiente en lo que entonces se entendía como una importante innovación en la estructura de los gobiernos europeos. A principios de los años 90, el desprestigio de la PAC tras décadas de productivismo a ultranza, la generación de excedentes en muchos productos (sobre todo, cereales, leche y carne) y el despilfarro del gasto público en forma de ayudas a la agricultura no siempre justificadas (con evidentes efectos de desigualdad entre grandes y pequeños agricultores), así como el uso incontrolado de agua en el regadío y la aparición de efectos nocivos de la agricultura intensiva sobre el medio ambiente, eran factores que contribuirían a que el sector de la producción agraria (y su cohorte de dirigentes sindicales, funcionarios e ingenieros agrónomos) fuera percibido como reflejo de inmovilismo y de afán depredador de la naturaleza. Frente a él, emergía la imagen modernizadora de los nuevos departamentos de medio ambiente (inspirados en una lógica de

modernización sostenible, reflexiva y ecológica), con su hornada de gestores de espacios naturales y ambientalistas de diversa procedencia (biólogos, geógrafos, ecólogos, licenciados en ciencias ambientales,...) y con vocación de gestionar de forma conjunta tanto el medio ambiente "verde", como el "gris". En ese contexto, se viviría el empuje arrollador de la política conservacionista dirigida desde estos nuevos departamentos (ministerio y consejerías de medio ambiente). De un lado, en todo lo relativo al medio ambiente "verde" (es decir, la gestión del medio natural), declarando protegida la más grande superficie de espacios naturales de Europa, paralizando (desde la óptica de una nueva cultura del agua) los proyectos de ampliación de la capacidad reguladora de nuestros embalses, aprobando normas restrictivas para limitar el acceso y uso del monte y regular el desarrollo de prácticas como la caza con el argumento de asegurar la biodiversidad. De otro lado, en lo relativo a la gestión del medio ambiente "gris" (urbano-industrial), diseñando ambiciosos planes de actuación para poner freno a la urbanización salvaje de las zonas costeras, promover el almacenamiento y reciclaje de los residuos sólidos tanto urbanos como industriales, reducir la emisión de gases de efecto invernadero, promocionar el transporte colectivo, disminuir los niveles de contaminación atmosférica de origen industrial o la contaminación acústica en las ciudades, así como contribuir a la solución del problema de abastecimiento de agua en algunas regiones mediante opciones alternativas a los trasvases entre cuencas. Sin dejar de reconocer el ímprobo esfuerzo de los funcionarios de medio ambiente en su celo conservacionista, no parece que en estos doce años se haya producido una adecuada integración con los departamentos de agricultura en todo lo relacionado con la gestión del medio ambiente "verde", sino todo lo contrario, surgiendo discrepancias serias, y alguna que otra confrontación, en asuntos tan importantes como la gestión de los espacios de la Red Natura 2000, la aplicación del programa agroambiental, la reforestación de tierras agrícolas, la gestión de los recursos hídricos o el papel de los agricultores en la prevención y lucha contra los incendios forestales. También hay serias dudas de que se hayan logrado los ambiciosos objetivos que justificaron en su día la creación de un ministerio de Medio Ambiente en materia de protección del medio ambiente urbano-industrial, si bien es verdad que todos ellos precisaban de una buena coordinación con los gobiernos de las Comunidades Autónomas y las corporaciones locales, cosa que, en bastantes ocasiones, tampoco se ha producido. Esto explica que, ya antes de las elecciones del 9-M, en plena elaboración de los programas electorales, desde el propio entorno del PSOE algunos grupos de opinión plantearan reparos a la conveniencia de mantener el modelo basado en un ministerio que abarque toda la política relacionada con el medio ambiente (tanto en su dimensión "verde" como "gris"). Tales reparos se planteaban, sobre todo, en términos de eficacia en la gestión, más allá de reconocer el evidente efecto positivo que ha tenido la existencia del Ministerio de Medio Ambiente sobre la opinión pública y los medios de comunicación situando los temas ambientales en un lugar destacado de la agenda política y mediática y promoviendo dinámicas de participación social en temas como las Agendas Locales 21. Pero además de este problema de coordinación interdepartamental (más o menos agudizada según los temas a nivel estatal o en determinadas regiones), hay otros elementos que han configurado un nuevo escenario en las relaciones entre agricultura y medio ambiente, donde habría que situar la decisión de integrar ambas competencias en la gestión de los espacios naturales. De un lado, las nuevas orientaciones de la política europea de desarrollo rural, que promueven la convergencia entre las dimensiones agraria, ambiental y territorial. De otro lado, la crisis energética y alimentaria, que ha inducido cambios importantes en el orden de prioridad entre objetivos productivos y conservacionistas a la hora de gestionar el medio natural; sin olvidar los nuevos planteamientos ambientalistas que abogan por la convergencia entre agricultura extensiva y medio ambiente como la mejor

forma de asegurar la biodiversidad en tales espacios. Y todo ello en un contexto de crisis económica general, de duración imprevisible, pero que se augura intensa en esta legislatura, donde el Gobierno plantea como prioridad el desarrollo urgente de políticas anticíclicas basadas en ambiciosos proyectos de inversiones en el ámbito de las obras públicas, cuya rápida ejecución se vería entorpecida con la exigencia de informes de impacto ambiental realizados desde un departamento autónomo de medio ambiente. A ello habría que añadir la apuesta del nuevo Gobierno por cambiar a medio y largo plazo el modelo español de crecimiento, sustituyendo la dependencia del sector de la construcción inmobiliaria, por el desarrollo de sectores como la agroindustria, la industria aeroespacial, la producción de energía o la biotecnología, sectores todos ellos de todavía efectos imprevisibles sobre el medio ambiente.

Un nuevo escenario

Uno de los elementos del nuevo escenario es, como se ha indicado, la aplicación del Reglamento europeo de Desarrollo Rural (FEADER), que significa una clara apuesta de la UE por integrar las dimensiones agrarias, territoriales y ambientales en la política de desarrollo de las áreas rurales, constituyendo un reto cuyo logro podría verse facilitado mediante la integración de los departamentos de agricultura y medio ambiente o bien intensificando la coordinación entre ambos. El Gobierno opta ahora por la primera fórmula, mientras que la mayoría de los gobiernos de las Comunidades Autónomas parecen haber elegido la segunda al mantener la separación entre esas dos consejerías (como ha sido el caso del nuevo gobierno de la Junta de Andalucía). Una vez aprobados los planes regionales de desarrollo rural, al nuevo Ministerio le correspondería desempeñar una labor de coordinación y de visión integradora, tarea que no se prevé fácil si no hay paralelismo a la hora de estructurar las competencias agrarias, ambientales y territoriales en el ámbito estatal y en los niveles regionales de gobierno. Un segundo elemento es la aprobación (al final de la pasada legislatura) de la Ley de Desarrollo Sostenible del Medio Rural, y el complicado reto del gobierno socialista de aplicarla realmente en los territorios rurales durante esta nueva legislatura. Una ley, como ésta, inspirada en los principios de la multifuncionalidad y con vocación de coordinar las acciones de gobierno con una visión integral del medio rural, exigía que, al menos, dos de los departamentos más relevantes, por sus implicaciones en los ejes de actuación previstos en ella (agricultura, desarrollo territorial y conservación del medio ambiente), integraran sus competencias. Un tercer elemento es la grave crisis energética provocada por la imparable subida del precio del petróleo, que, además de reabrir el debate sobre el uso de la energía nuclear, está planteando la conveniencia de desarrollar los cultivos agroenergéticos para la producción de biocombustibles, orientación que exige una adecuada integración entre objetivos agrarios y ambientales, con objeto de evitar efectos perversos sobre el medio ambiente. Finalmente, las turbulencias en los mercados mundiales de alimentos (con problemas serios de desabastecimiento, debido a causas diversas que no ha lugar a comentar aquí) crean un escenario donde se produce un cambio en la escala de prioridades y una reordenación de las preferencias en el marco de las relaciones entre conservación del medio ambiente y aprovechamiento agrícola de los recursos naturales, además de reactivar el asunto de los cultivos transgénicos. De este modo, el discurso de "producir menos y mejor" (que ha dominado la política agraria europea en las dos últimas décadas y que ha justificado, en cierto modo, la aceptación de restricciones ambientales a la agricultura a partir de una lógica conservacionista del medio natural) comienza hoy a ser sustituido por otro mucho más matizado, por no decir opuesto. Este nuevo discurso (que podríamos calificar de neoagrarista) apuesta por incrementar la producción agraria con fines alimentarios y por relajar las restricciones ambientales sobre la agricultura sólo hasta el nivel

de lo admisible (nivel que se situaría en la prohibición sólo de aquellas prácticas agrícolas y ganaderas de efectos claramente nocivos para el medio ambiente a corto plazo, pero que no debiera ir más allá de eso). En ese contexto se está comenzando a revisar, además, la tesis de la nueva cultura del agua sobre los regadíos agrícolas, apostándose ahora no sólo por el ahorro, sino por aumentar la oferta de recursos hídricos, reactivando proyectos de embalses que habían sido paralizados en la primera mitad de los años 90. Se piensa, en definitiva, que, en un escenario de cambio climático, donde se prevé que las lluvias se concentrarán en periodos reducidos del año, pero con una fuerza torrencial mayor que antes, sería conveniente aumentar la capacidad de regulación de nuestros pantanos para almacenar agua durante esos periodos. Todo ello supone una revisión en profundidad de muchas de las ideas que habían dominado el panorama político de la agricultura y el medio ambiente en las dos últimas décadas, y que habían servido de base argumental para controlar desde fuera (desde los departamentos de medio ambiente) la vocación expansiva del sector agrario. De ser satanizada como símbolo del despilfarro en la utilización de los recursos naturales, y del despropósito en el aprovechamiento de las cuantiosas ayudas económicas destinadas al sector, la agricultura se convierte ahora en un sector económico al que se le pide de nuevo que intensifique la producción y que sea, una vez más, la garantía del abastecimiento alimentario de la población europea. Veremos dentro de unos meses cual es el reflejo de este cambio discursivo en el chequeo que se prevé realizar a la PAC en este año 2008. Es en ese contexto y no en otro donde hay que leer la decisión de Zapatero de crear un Ministerio de Medio Ambiente, Rural y Marino, integrando las competencias de agricultura, desarrollo rural y medio ambiente. La medida es audaz en términos estratégicos (una especie de juego de "suma positiva"), pues se consigue con ella aparentar que ninguno de los dos ministerios anteriores sale perdiendo, y que no se produce la absorción de un ministerio por otro, sino que, de la integración de ambos, emerge un macroministerio de mayor rango político, con dos Secretarías de Estado (una, de Medio Ambiente y Agua, para los temas agrarios y rurales, que conforman el medio ambiente "verde", y otra, de Cambio Climático, para los temas que componen el medio ambiente "gris" o urbano-industrial, y que guardan más relación con los problemas del cambio global en materia de contaminación y sostenibilidad). El hecho de que la sede de este macroministerio continúe siendo la del noble edificio de Atocha (blasón del agrarismo durante más de un siglo) y que siga al frente del mismo la anterior ministra de Agricultura, contribuyen a ello. Aunque este hecho no tiene mayor importancia en términos reales, sí la tiene en términos simbólicos, dándose la impresión de que los intereses agrarios no quedan relegados a un segundo plano en un ministerio del que desaparece la mención a la agricultura, tanto en su denominación general, como en la de las dos Secretarías de Estado que lo componen (cabe preguntarse cuán virulenta hubiera sido la reacción del sector agrario si al frente del nuevo ministerio se hubiera colocado la anterior ministra de Medio Ambiente). Sin embargo, tras esa apariencia de continuidad, se produce la práctica desaparición del Ministerio de Agricultura, algo, que, en ciertos círculos de opinión, se venía reclamando desde hace tiempo. Tal desaparición no debiera, en principio, revestir mayor gravedad, ni teñirse de dramatismo, si tenemos en cuenta que, como se ha comentado al principio, este ministerio se había ido quedando prácticamente sin competencias al producirse la descentralización política y administrativa a las Comunidades Autónomas (CC.AA.) y transferirse a otros organismos temas como el comercio exterior, la investigación agraria, la capacitación y formación profesional, las semillas o la inspección alimentaria, y si consideramos que muchos de sus funcionarios o han sido transferidos en el marco de este proceso descentralizador o están a la espera de la jubilación. De hecho, sólo le quedaba los temas pesqueros, los seguros agrarios (gestionados de forma autónoma a través de la

empresa pública ENESA), la gestión (compartida) de los fondos agrícolas europeos (como el FEADER y el FEGA, que incluso se ha planteado su transferencia al ministerio de Economía) y la representación estatal en los comités de gestión de la PAC en Bruselas (que desde hacía algún tiempo venía haciéndose de forma compartida con representantes de los gobiernos regionales). A ello habría que añadir, sin duda, la loable labor realizada por el servicio de publicaciones del MAPA en la edición y archivo de documentos y estadísticas con una visión integral y estratégica, labor cuya importancia aumenta en un escenario, como el de ahora, donde al tiempo que crece la demanda de información por parte de los ciudadanos, se hacen cada vez más dispersas las fuentes documentales como consecuencia de la descentralización administrativa. En ese contexto, han surgido opiniones que incluso piden aprovechar la oportunidad que supone la creación del nuevo ministerio, para tratar los temas agrarios y alimentarios desde una perspectiva más integral, con una visión interprofesional y de filière, pero incorporando en ella la dimensión territorial, dado que hoy el futuro de muchos espacios rurales pasa por revitalizar el valor del territorio como recurso endógeno.

Reacciones de los diversos grupos sociales

Las reacciones han sido diversas, como corresponde a la variedad de grupos implicados en mayor o menor medida en la gestión del medio ambiente, y más concretamente en todo lo relacionado con el medio ambiente “verde”, es decir, con la agricultura, el medio ambiente y los espacios rurales.

Los ecologistas

Desde posiciones ecologistas, han sido unánimes las voces que han criticado con fuerza la medida, interpretándola como una involución en la tendencia proambientalista que se venía extendiendo desde hace dos décadas en la opinión pública. Basta con leer las reacciones de las organizaciones más destacadas (como Greenpeace, Adena o Ecologistas en Acción), cuyos dirigentes se sienten defraudados por un Gobierno del que esperaban (no sin cierta ingenuidad) un salto cualitativo con la creación incluso de una vicepresidencia sobre sostenibilidad que asumiera la Estrategia sobre el Clima. La creación del nuevo ministerio la perciben como un repliegue del partido socialista ante las presiones de los grupos agrarios y afines contra las políticas de preservación del medio ambiente y concretamente contra la ley del Patrimonio Natural y la Biodiversidad (como ocurrió con la manifestación de las federaciones de cazadores y de algunas organizaciones agrarias en Madrid, días antes de las elecciones del 9-M). No les falta razón a los grupos ecologistas para preocuparse. Ante la apariencia de continuidad (pues, se mantiene la denominación “medio ambiente” en el nuevo ministerio), lo cierto es que el rango político de los temas ambientales desciende al menos un escalón (el que va de haber estado gestionadas por una Ministra a serlo ahora por la nueva Secretaria de Estado de Cambio Climático). Ello conlleva una evidente rebaja en el nivel de interlocución de estos grupos con las instancias del nuevo ministerio, además de los posibles efectos negativos que tal medida pueda tener en la importancia de esos temas en la agenda política y mediática, aunque puedan ser contrarrestados esos efectos en los niveles regionales donde se mantienen las consejerías de medio ambiente. Aun así lo que resulta evidente es que, con la nueva estructura de gobierno, se abandona realmente la tesis (dominante estos doce años) de que los temas ambientales son más eficientemente tratados desde un ministerio específico que abarque el medio ambiente en su totalidad (tanto en su dimensión “verde” o rural-natural, como en su dimensión “gris” o urbano-industrial). A cambio, se recupera la idea de que es mejor integrar sólo las dimensiones agraria y conservacionista en la gestión del medio natural, y dejar que la gestión del medio

ambiente urbano-industrial se lleve a cabo desde los distintos ministerios implicados, confiando en que una extensión generalizada del principio de la sostenibilidad ambiental impregne sus respectivas acciones de gobierno.

Los grupos agrarios

En lo que se refiere al sector agrario, la primera reacción fue la de aplaudir la medida adoptada por Zapatero, ya que se entendía que “las cosas volvían adonde deben estar y de donde no deberían haber salido”, es decir, reintegrando los asuntos ambientales en la agricultura, pues para los agricultores ellos son “la mejor garantía para la conservación de los espacios naturales”. La continuidad en el nuevo ministerio de algunos de los altos cargos del antiguo MAPA (empezando por la propia Ministra, Elena de Espinosa, y el antiguo Secretario de Agricultura, Josep Puxeu) podía dar la apariencia de que las cosas continuarán igual que antes en lo que se refiere a la gestión de los intereses agrarios, pero me da la impresión de que la reforma no es cosmética, sino de mayor calado. Esto parece haberlo presentado las tres organizaciones profesionales agrarias (ASAJA, COAG y UPA) y, en menor medida, la confederación de cooperativas (CCA), que han expresado su preocupación por el cambio, además de lamentar que no se mencione a la agricultura en el nombre del nuevo ministerio. En su fuero interno, sus dirigentes son conscientes de que, con la nueva estructura, disminuye el nivel político que tenían como interlocutores. A partir de ahora saben que encontrarán serias dificultades para establecer una interlocución directa con la responsable de la cartera ministerial, no sólo porque la agenda de la ministra estará obviamente mucho más sobrecargada que antes, sino porque, a partir de ahora, ya no será sólo la “ministra de la agricultura y de los agricultores” (lo cual simbólicamente tiene su importancia). En su nuevo área de responsabilidad, se tendrá que mostrar receptiva a una más amplia gama de intereses, donde intentarán ejercer influencia como interlocutores grupos y asociaciones de diversa naturaleza. Probablemente, las organizaciones profesionales agrarias deberán recurrir a la interlocución directa con una de las dos Secretarías de Estado, pero esto tampoco está nada claro, pues no podemos olvidar que su denominación hace referencia al Medio Rural y el Agua (y no a la agricultura, que ni siquiera se menciona en la nueva Secretaría General), con lo cual tendrán que compartir interlocución, al menos, con las redes de desarrollo rural y las federaciones de regantes. Lo único que les quedaría, por tanto, es el nivel de las direcciones generales más especializadas en los temas agrícolas y ganaderos, un nivel éste de interlocución que, para unas cúpulas dirigentes del sindicalismo agrario acostumbradas a (y necesitadas para su supervivencia de) ser reconocidas como interlocutores al más alto nivel político, puede resultarles poca cosa. Ante esta reacción pudiera pensarse que los temas relacionados con la producción agraria y la alimentación perderán inevitablemente importancia en las prioridades del nuevo ministerio, lo que tendría efectos negativos para un sector tan significativo de nuestra economía en un momento de especial relevancia por los desajustes en los mercados alimentarios, donde se hace necesaria la presencia española en los foros internacionales (FAO, OMC, BM,...). Pero si analizamos con detalle cómo está realmente vertebrado el sector agroalimentario, la conclusión puede ser otra. En efecto, junto a las tres organizaciones profesionales agrarias, que, en mi opinión, son las que deben sentirse realmente preocupadas, existen potentes asociaciones sectoriales (Anrogapor para el porcino, Asoprovac para el vacuno de carne, Intercitrus para los cítricos, Fepex para los productos hortícolas,...), que representan lo más granado del potencial productivo de la agricultura española y cuya interlocución con los poderes públicos no tiene por qué verse afectada con la estructura del nuevo ministerio. Sus instancias de interlocución seguirán donde han estado siempre, es decir, en las direcciones y subdirecciones generales correspondientes y en las jefaturas de

servicio, que son las áreas donde estas organizaciones especializadas por productos centran sus esfuerzos para intercambiar información de cara a las reuniones de los comités de gestión de la UE. Nunca se han mostrado interesadas por establecer interlocución política al más alto nivel (cuyas reuniones son valoradas de poco eficaces, y consideradas una pérdida de tiempo), por lo que no tienen que percibir que su capacidad de influencia disminuirá en el nuevo ministerio. Los intereses sectoriales de la producción agraria no pierden por tanto relevancia, sino que conservarán la que han tenido siempre en el entramado administrativo del antiguo Ministerio de Agricultura, pudiendo continuar ahora con la estrategia instrumental y pragmática de interlocución que caracteriza a estas organizaciones especializadas.

La industria alimentaria

Entre las opiniones favorables a la creación del nuevo ministerio destacan las expresadas por las industrias alimentarias, a través de la FIAB, lo que puede parecer sorprendente a primera vista, ya que los temas que les afectan más directamente quedan diluidos en una macroestructura donde hay que descender hasta el nivel de direcciones o subdirecciones generales para localizarlos. Sin embargo, hay que tener en cuenta dos aspectos para comprender la reacción de la FIAB. El primero, de carácter personal, es la excelente relación que esta Federación ha mantenido con el antiguo Secretario General de Agricultura (Josep Puxeu), convertido ahora en Secretario de Estado, por lo que es lógico que esperen continuar con la interlocución fluida que han venido desarrollando. El segundo aspecto es de carácter institucional, más en la línea de lo señalado anteriormente para las asociaciones especializadas de tipo sectorial. Aunque la cúpula dirigente de las industrias alimentarias (su federación FIAB) tiene, al igual que las tres organizaciones profesionales agrarias, vocación de interlocución política, lo cierto es que las asociaciones sectoriales que la componen (sea, por ejemplo, Asocarne para los mataderos, Fenil para las industrias lácteas, Anierac para las envasadoras y refinadoras de aceites comestibles, o Afhse para las harineras, por citar algunas) suelen estar interesadas, sobre todo, en una interlocución de tipo instrumental con instancias inferiores de la Administración, con objeto de intercambiar información sobre aspectos técnicos de la reglamentación en materia alimentaria, una dinámica ésta de interlocución que no tiene que verse afectada con la creación del nuevo ministerio. Si a eso se le une la sensación que pueden tener de haberse quitado un peso de encima al desaparecer el ministerio de medio ambiente (inasequible en su celo controlador), puede entenderse mejor la reacción de la FIAB.

Conclusiones

En definitiva, con la medida de crear este ministerio de Medio Ambiente, Medio Rural y Marino, el presidente Zapatero toma nota de la necesidad de reorientar las relaciones entre agricultura, territorio y medio ambiente en lo que se refiere a la gestión de los espacios naturales, apostando por integrar estas áreas competenciales siguiendo la estela de lo sucedido en otros países europeos (Reino Unido, Grecia, Alemania,...) como respuesta al nuevo escenario de cambios en la esfera internacional. Lo que ocurre es que esta decisión tiene efectos internos de mayor calado, yendo más allá de la simple integración de áreas competenciales interrelacionadas (como las agroalimentarias, las pesqueras y las ambientales). De hecho, el Gobierno abandona (sin dar más explicaciones, ni hacer balance de la gestión desarrollada, ni haberlo incluido en el programa electoral) el anterior modelo de vehicular en torno a un ministerio exclusivo de Medio Ambiente de el que velar por la aplicación generalizada del principio de sostenibilidad en las distintas áreas de gobierno. Puede argumentarse desde el

Gobierno que, con el nuevo superministerio, este reto sigue presente, pero la realidad es que se acumulan demasiadas competencias en él como para pensar que será una tarea fácil, sobre todo si tenemos en cuenta que la gran mayoría de estas competencias corresponden a materias pertenecientes (de forma exclusiva o compartida) al ámbito de las Comunidades Autónomas. El éxito de su empeño va a depender, por tanto, de varias cosas. En primer lugar, de la capacidad política del equipo que se sitúa al frente de este macroministerio para ejercer el necesario liderazgo en la coordinación de las demás áreas de gobierno en temas ambientales de carácter transversal (tanto en lo que se refiere al medio ambiente "verde" como al "gris"), al tiempo que de su capacidad para afrontar la gestión de la ingente cantidad de temas que ocuparán su agenda política. En segundo lugar, de su habilidad y mesura para encontrar un justo equilibrio entre la lógica productiva y la lógica conservacionista a la hora de tratar los temas relacionados con la agricultura, el medio ambiente y los espacios rurales, aprovechando la sinergia entre funcionarios y técnicos procedentes de áreas hasta ahora dissociadas, e incorporando una cierta visión estratégica a problemas que, en la práctica, serán gestionados por los gobiernos de las CC.AA. En tercer lugar, de su capacidad de interlocución en las correspondientes conferencias sectoriales con estos gobiernos regionales que, en su gran mayoría, mantienen la tradicional separación de las competencias agrarias y ambientales en dos o tres consejerías. Y finalmente, de su amplitud de ideas para tratar los temas agrarios y alimentarios con una visión interprofesional, que no excluya, sino que incorpore, la dimensión territorial como recurso para afrontar los retos de la competitividad y de la cohesión económica y social en las áreas rurales. Por eso, creo que todos los grupos implicados tendrán que hacer un esfuerzo de reflexión sobre las posibilidades que ofrece el nuevo escenario, más allá de que guste más o menos el nombre del nuevo ministerio o que se esté o no de acuerdo con su estructuración interna. Los grupos ecologistas deberán analizar el nuevo escenario como una nueva estructura de oportunidades para combinar concertación y movilización, tras una etapa en la que ha primado más la primera que la segunda dimensión de la acción colectiva y donde algunas organizaciones han sabido situarse mejor que otras. Respecto a las organizaciones profesionales agrarias, tendrán que posicionarse en el nuevo escenario y definir una estrategia apropiada para seguir ejerciendo sus tareas de representación e interlocución. Tal definición debiera comenzar con la consideración de que ya no es posible seguir persiguiendo la exclusividad en el área de la interlocución, pues los temas relacionados con la agricultura han trascendido el ámbito de la producción para extenderse al del consumo, la calidad alimentaria, la salud, la distribución, el territorio o el medio ambiente, ampliándose, por tanto, el abanico de grupos interesados en participar en el debate sobre estos temas. Probablemente, para organizaciones como ASAJA o la CCAE no sea tan urgente replantearse su discurso y estrategia (claramente ya orientados a la producción, los mercados, la competitividad empresarial y la dinámica sectorial), pero para las organizaciones representativas de la pequeña agricultura familiar, sí debería serlo, viendo el nuevo escenario no como una amenaza, sino como una oportunidad. En este escenario, organizaciones como UPA y COAG deben continuar con el esfuerzo que vienen haciendo por ampliar su horizonte de miras y erigirse en representantes de un tipo de agricultura (la denominada "multifuncional") que no es caduca, ni de baja competitividad, sino expresión de una nueva modernidad, de una nueva forma de ser un buen profesional en el sector agrario. En definitiva, de una agricultura que continúa siendo necesaria para el desarrollo de las áreas rurales por su estrecha vinculación social y económica con el territorio. Ahí pueden ocupar estas organizaciones un interesante espacio como referente para muchos agricultores cuya supervivencia dependerá, obviamente, del apoyo social que reciban, pero, sobre todo, de su capacidad para combinar producción agraria y

diversificación de actividades en sus explotaciones, y de su voluntad para implicarse activamente en la dinamización de las comunidades rurales y en la gestión compartida de los espacios naturales circundantes.

International investment in developing country agriculture. Issues and challenges

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The last few years have seen a surge of interest in international investment in developing country agriculture. Purchases and leasing of agricultural land in Africa by investors in various Gulf States for food production in support of their food security strategy have attracted most attention until now, although these are just one of a variety of actual or planned investment flows with different motivations. Other countries outside Africa are also being targeted and major investments have also been made or are being planned by Chinese and South Korean investors among others. Investment companies in Europe and North America are also exploring opportunities motivated by potentially high expected returns on investment partly due to higher food prices and especially where biofuel feedstock production is a possibility. International investment in developing country agriculture is not new, going back to before colonial times. There is a long history of investments by transnational corporations in tropical plantation crops such as rubber or tea. Japan invested heavily in food production in Brazil. More recently, Chinese investments in African agriculture go back at least to 1995 in Zambia. However, it appears that investments have increased in the last three years and that these new investments have a number of novel features and broader implications. The main underlying driver for the recent spate of interest in international investment in food production appears to be food security and a fear arising from the recent high food prices and policy-induced supply shocks that dependence on world markets for food supplies or agricultural raw materials has become more risky. In the first few months of 2008 international food prices reached their highest level in 30 years and more than 50 percent up on 2007 (FAO, 2009). Prices have come down from these peaks, but they are still significantly above the levels observed in recent years and are expected to remain so. Furthermore, even though prices are lower, this is more a reflection of slowing demand than increasing food supplies. The recent volatility of international food prices has understandably provoked concerns about the cost and availability of food in those countries heavily dependent upon imports for their food security. For the richer countries, the concern is not so much the price of imported food as its availability where as in 2007-8 major exporters may resort to export restrictions in times of crisis. In the longer term, the food security concerns of these countries dependent on food imports may be well-founded in the light of population growth, increasing incomes, increasingly binding land and water constraints and climate change. The Gulf countries are among those most reliant on imports with more than 50 percent of calories consumed coming from imported foods. The increase and volatility of international food prices, especially aggravated by export restrictions taken by major grain exporters in the wake of the food price inflation, led to some loss of confidence in international markets, especially in the light of the relative weakness of WTO disciplines relating to export restrictions. Increasing food self-sufficiency is not a plausible option where, as in most Gulf states, land and water constraints are worsening so investment in food production overseas is seen as one possible element of a food security strategy.

At the same time, a number of developing countries in Africa are making strenuous efforts to attract such investments to exploit "surplus" land, encouraging international access to land resources whose ownership and control in the past have typically been entirely national. Not surprisingly, the apparently anomalous situation of food insecure, least developed countries in Africa selling their land assets to rich countries to produce food to be exported to feed their own wealthier people has attracted much media interest, some sensational. Some commentators have argued that these investments could mark the beginning of a fundamental change in the geopolitics of international agriculture. The surge of interest in foreign investment in agricultural land has also attracted substantial international concern more generally, including at the recent G8 summit in L'Aquila where Japan called for "responsible investment" and proposed international cooperation to secure it. Certainly, complex and controversial economic, political, institutional, legal and ethical issues are raised in relation to food security, poverty reduction, rural development, technology and access to land and water. On the other hand, lack of investment in agriculture over decades has meant continuing low productivity and stagnant production in many developing countries, especially in sub-Saharan Africa. Lack of investment has been identified as an underlying cause of the recent food crisis and the difficulties developing countries encountered in dealing with it. FAO estimates that additional investments of \$83 billion annually are needed if developing country agriculture is to meet food needs in 2050 (Schmidhuber et al, 2009). Developing countries' own capacity to fill that gap is limited. The share of public spending on agriculture in developing countries has fallen to around seven percent, even less in Africa, and the share of official development assistance going to agriculture has fallen to as little as five percent. Commercial bank lending going to agriculture in developing countries is also small – less than TEN percent in Sub-Saharan Africa – while microfinance loans are in general too small and not suited to capital formation in agriculture. Private investment funds targeting African agriculture are an interesting recent development but actual investments are still small. Given the limitations of alternative sources of investment finance, foreign direct investment in developing country agriculture could make a significant contribution to bridging the investment gap. The question therefore is not whether foreign direct investment should contribute to meeting investment needs but how its impact can be optimised to maximise the benefits and to minimise the inherent risks for all involved. To answer that question it is necessary to understand what is happening in foreign investment in developing country agriculture and why. This paper provides an overview of the state of knowledge concerning the recent upsurge in foreign investment in developing country agriculture, summarising what is known about the nature of these investments and the reasons for them. It looks at the economic and political issues these investments raise for host countries, investors and the international community. The paper concludes with a consideration of some policy and legal questions including the case for an international code of conduct. There is a focus to some extent on investments in food production and on investments in Africa, although biofuel investments and investments elsewhere obviously raise many of the same issues.

What do we know about recent investments in developing country agriculture?

Unfortunately, there are as yet no detailed data on the extent, nature and impacts of these investments. Available foreign direct investment data lack sufficient detail and are too aggregated to determine just how much investment in agriculture there has been and what forms it takes. It is therefore difficult to say with any precision whether the recent investments are a totally new

development or a continuation of existing trends. Some information is available from the investors themselves and from those developing countries receiving inward investment, although not too much detail is divulged given the sensitivity of the issues surrounding these investments and the need for confidentiality.

Much information is anecdotal, probably exaggerated and difficult to verify. The weakness of the available information points to the importance of country case-studies of the extent and impact of inward investments and these are being undertaken by several international organizations. However, from what limited information is available, a number of observations can be made.

- Foreign investment in developing country agriculture does appear to have increased in the last two years although the number of projects actually implemented is less than the number being planned or reported in the media.
- Foreign investment in developing country agriculture and land is not a new phenomenon.
- The main form of recent investments is acquisition mostly through long-term leasing of up to 99 years of agricultural land for
- Land investments can be large-scale with many involving more than 10 000 hectares and some more than 500 000 hectares.
- The amount of land in Africa acquired by foreign interests in the last three years is estimated at up to 20 million hectares but land under foreign control remains a relatively small proportion of total land areas in host countries.
- Investments often involve infrastructural developments such as construction of road or rail links or port facilities.
- The major current investors are the Gulf States but also China and South Korea.
- The main targets for recent investment are countries in Africa but there are also investments in South-East Asia and South America.
- A particular pattern of bilateral investment flows emerged following established cultural, political and business ties and geographical restrictions on investment funds: Gulf Countries have favoured investments in Sudan and other, mainly African, OIC member states, for example, while outside Asia China has favoured Zambia, Angola and Mozambique.
- Investors are primarily private sector but governments and sovereign wealth funds are also involved in providing finance and other support to private investors or in some cases directly.
- Private sector investors are often investment or holding companies rather than agro-food specialists which means that necessary expertise for managing complex large-scale agricultural investments needs to be acquired.
- In host countries it is governments who are engaged in negotiating investment deals.
- More traditional foreign direct investment continues – in horticulture and flowers in East Africa or bananas in Mozambique, for example – but often emphasising various forms of joint ventures such as contract farming.
- Current investments differ from the previous pattern of foreign direct investment in several respects: they are resource-seeking (land and water) rather than market seeking; they emphasise production of basic foods, including for animal feed, for export back to the investing country rather than tropical crops for wider commercial export; they involve acquisition of land and actual production rather than looser forms of joint venture.
- There may be some signs that the recent upsurge in investment has peaked and of a shift away from Africa and a search for greater local involvement through joint ventures as with foreign direct investment in the past.

Key issues

Why foreign investment?

A major underlying concern of the recent upturn in investments and which perhaps differentiates it from the normal run of foreign investments is food security.

This reflects a fear arising from the recent high food prices and policy-induced supply shocks, notably the result of export controls, that dependence on world markets for food supplies has become more risky. For those countries facing worsening land and water constraints but with increasing populations, incomes and urbanisation and hence increasingly dependent on imported food, these fears provoked a serious reassessment of their food security strategies. Investing in producing food in countries where the land and water constraints faced domestically are not present is seen as one strategic response. This offered investment opportunities to the private sector which governments and financial institutions have been willing to support. Investors outside countries with food security concerns have also seen profitable opportunities for portfolio diversification into food production investments, especially as returns on other investments became less attractive. Others have been motivated by the prospects offered by biofuel developments.

A number of dedicated investment funds – the Africa Transformational Agri Fund, for example - have recently been established to invest in African agriculture with some claiming social as well as financial objectives. Some developing countries are making strenuous efforts to attract and facilitate foreign investment into their agricultural sectors. For them, foreign direct investment is seen as a potentially important contributor to filling the investment gap, although how far these investments go towards meeting their real investments needs is uncertain. The financial benefits to host countries of asset transfers appear to be small. Land rents demanded are typically low or even zero, for example, while the various tax concessions offered to foreign investors mean tax revenues foregone. However, foreign investments are seen as potentially providing developmental benefits through for example technology transfer, employment creation and infrastructural developments. Whether these potential developmental benefits are actually likely to be realised is a key concern. This issue is discussed further below.

Alternatives to foreign direct investment

Land investments are only one strategic response to the food security problems of countries with limited land and water resources and discussion of these investments needs to be set in the wider context of discussion of food security strategies more generally.

A variety of other mechanisms, including creation of regional food reserves, financial instruments to manage risk, bilateral agreements including counter-trade and improvement of international food market information systems can contribute to promoting food security for resource-constrained food importers. Investment could be in much-needed infrastructure and institutions which currently constrain much developing country agriculture especially in Sub-Saharan Africa. This, together with efforts to improve the efficiency and reliability of world markets as sources of food might raise food security for all concerned more generally through expanding production and trade possibilities. Such developmental investments can be similar to official development assistance but with a potential indirect benefit to the donors through increased export availability.

Japan's planned investments to increase food production, especially in Latin America and China's investments in technical research and development to increase rice production in Mozambique are examples.

The “land grab”

The much-publicised “land grab” involving the acquisition of agricultural land in developing countries for food production is just one form of investment and one which arguably is least likely to deliver significant developmental benefits to the host country. Some investors see acquisition of physical land assets as providing a measure of security to their investments. However, it is not clear that it is necessary or desirable: acquisition of land does not necessarily provide immunity from sovereign risk and can provoke social, political and economic conflict. Other forms of investment such as contract farming might offer just as much security of supply. Some developing countries are seeking foreign investments to exploit “surplus” land currently unused or under-utilised. One reason land may not be used to its full potential is that the infrastructural investments needed to bring it into production are so significant as to be beyond the budgetary resources of the country. International investments might bring much-needed infrastructural investments from which all can benefit. However, selling, leasing or providing concessional access to land raises the questions of how the land concerned was previously being utilised, by whom and on what tenurial basis. In many cases, the situation is unclear due to ill-defined property rights, with informal land rights based on tradition and culture. Who actually owns the land in Africa varies from country to country: in some cases, such as Ethiopia, land is owned by the state while elsewhere it may be owned by local or village councils. While much land in Sub-Saharan Africa may currently not be utilised to its full potential, apparently “surplus” land overall does not mean land is unused or unoccupied. Its exploitation under new investments involves reconciling different claims. Change of use and access may involve potentially negative effects on food security and raise complex economic, social and cultural issues. These issues and the questions of entitlement to compensation are more difficult to resolve in the absence of clear land rights (Cotula et al, 2009). Such difficulties at least demand consultation with those with traditional rights to land, and may favour alternative arrangements for investments which explicitly provide for local involvement.

Alternatives to land acquisition

As noted above, foreign investment involving acquisition of land is controversial and carries a number of inherent risks. Other forms of investment such as joint ventures or contract farming and out-grower schemes can in principle offer just as much security of supply to investors. It is interesting to note that in other contexts, vertical coordination tends to be based much more on such non-equity arrangements than on the traditional acquisition of upstream or downstream stages. The involvement of European supermarket chains in the development of East African horticultural production for export is a case in point. Such looser arrangements may be more conducive to the interests of the host country, offering more accessible benefits to smallholders and their associations. However, even here there are likely to be questions as to the compatibility of the volume and quality needs of investors with dispersed smallholder agriculture. Where this leads to increasing size and concentration of suppliers it can raise questions about poverty reduction potential. Nevertheless, joint ventures between foreign investors and local producers or their associations as partners might offer more spillover benefits for the host country. Under contract farming or outgrower schemes, smallholders can be offered inputs including credit, technical advice and a guaranteed market at a fixed price although at the cost of some freedom of choice over crops to be grown. Mixed models are also possible with investments in a large-scale core enterprise at the centre but also involving outgrowers under contracts to supplement core production. Some governments have been active in encouraging foreign involvement in such enterprises,

as in the Tanzanian sugar sector or the so-called “Farm Blocks” in Zambia. What business model is most appropriate will depend on the specific circumstances and the commodity concerned. Where economies of scale are important or supporting infrastructural investments are needed, for example, investors may favour land acquisitions and large scale commercial agriculture. Where these considerations are not significant, contract farming or outgrower schemes involving smallholders may be acceptable.

What are the developmental benefits of foreign investment?

The key issue is the extent to which benefits from foreign investments spillover into the domestic sector in a synergistic and catalytic relationship including with existing smallholder production systems and other value chain actors such as input suppliers. A prerequisite for such a relationship is a domestic agricultural sector with absorptive capacity. Benefits should arise from capital inflows, technology transfer leading to innovation and productivity increase, upgrading domestic production, quality improvement, employment creation, backward and forward linkages and multiplier effects through local sourcing of labour and other inputs and processing of outputs and possibly an increase in food supplies for the domestic market and for export. However, these benefits will not flow if investment results in the creation of an enclave of advanced agriculture in a dualistic system with traditional smallholder agriculture and which smallholders cannot emulate. The necessary conditions for positive spillover benefits may often not be present in which case policy interventions are needed to create them. While information on recent international investments is scarce there is a lot of knowledge and research on foreign direct investment (FDI) more generally in agriculture. In spite of the particular economic and political dimensions of land acquisitions, the general FDI experience can provide some guidance not only on the likely benefits and pitfalls but also the pros and cons of different forms of FDI (Cuffaro, 2009). As noted above, some of the features of the current surge of investment, especially in land, are contrary to trends in FDI more generally which seems to be favouring various looser contractual arrangements rather than actual acquisition of major assets. The historical evidence on the effects of foreign direct investment in agriculture suggests that the claimed benefits do not always materialise and catalogue concerns over highly mechanised production technologies with limited employment creation effects; dependence on imported inputs and hence limited domestic multiplier effects; adverse environmental impacts of production practices such as chemical contamination, land degradation and depletion of water resources; and limited labour rights and poor working conditions. At the same time, there is also evidence of longer-run benefits in terms of improved technology, upgrading of local suppliers, improved product quality and sanitary and phytosanitary standards, for example. In considering the benefits or otherwise of FDI in agriculture it is therefore important to take a dynamic perspective. Additional political and ethical concerns are raised where the receiving country is food insecure. While there is a presumption that investments will increase aggregate food supplies this does not imply that domestic food availability will increase, notably where the intention is that food produced is exported to the investing country. It could even decrease where land and water resources are commandeered by the international investment project at the expense of domestic smallholders or where foreign investments push up land values. Extensive control of land by other countries can also raise questions of political interference and influence.

Policy options and considerations

International investment should bring development benefits to the receiving country in terms of technology transfer,

employment creation, upstream and downstream linkages and so on. In this way, these investments can be “win-win” rather than “neo-colonialism”. However, these beneficial flows are not automatic: care must be taken in the formulation of investment contracts and selection of suitable business models; appropriate legislative and policy frameworks need to be in place to ensure that development benefits are obtained and the risks minimised. However, the information base for design and implementation of effective policies and legislation is very weak. There is therefore an urgent need to monitor the extent, nature and impacts of international investments and to catalogue best practices in law and policy to better inform both host countries and investors. Detailed impact analysis is needed to assess what policies and legislation, whether national or international, are needed and what specific measures are most appropriate. If foreign direct investment is to play an effective role in filling the investment gap facing developing country agriculture, there is a need to reconcile the investment objectives of investors with the investment needs of developing countries. Investment priorities need to be identified in a comprehensive and coherent investment strategy and efforts made to identify the most effective measures to promote the matching-up of capital to opportunities and needs. The onus to attract investments to where strategic needs are greatest and to ensure that those needs are met falls primarily on the host countries. Apart from the financial terms and conditions of the investment, consideration needs to be given to inter alia local sourcing of inputs including labour, social and environmental standards, property rights and stakeholder involvement, consistency with food security strategies, distribution of food produced between export and local markets, and distribution of revenues. Such issues might be part of an investment contract between the investor and the host government although in practice investment contracts tend to be rather short and unspecific on such issues. Obviously, where investments are joint ventures which include host governments as a partner local interests can be better protected, always provided that government recognizes these. The actual investment contract is one element of the legal framework surrounding international investments. Domestic law and international investment agreements provide the legal context for investment contracts with the latter generally prevailing over the former. Investment contracts can also override domestic law, especially where as in many cases domestic law is not comprehensive or clear in terms of defending local stakeholder interests. In general, the legal framework tends to favour the investor rather than the host country and in particular to favour investors’ rights over those of host country stakeholders. This points to the importance of strong investment contracts which reference host country concerns, although the scope for this may be limited where international investment agreements preclude so-called “performance requirements”. Clear and comprehensive domestic law is essential (Smaller and Mann, 2009). Beyond policy and legal frameworks to minimise inherent risks and maximise benefits, a variety of policy measures are available to host countries to attempt to attract international investment and steer it towards priority areas in support of their food security and poverty reduction strategies. Provision of information concerning investments needs and priorities can bring opportunities to the attention of foreign investors and incentives such as tax concessions or local financing initiatives can help focus investment in priority areas. Investing countries can use similar measures to encourage outward investment. Host countries can also create a more positive investment climate through policies which reduce transactions costs and reduce investor risks. Many developing countries have introduced extensive policy reforms in this respect in recent years, liberalizing entry conditions and establishing investment promotion institutions to facilitate inward investment. Many have signed international investment agreements, although as noted above, the commitments these can entail need to be balanced in domestic law. Some participate in bilateral treaties and other international

agreements and conventions for contract enforcement, arbitration and dispute settlement such as the Multilateral Investment Guarantee Agency. Some countries – Ghana, Mozambique, Senegal and Tanzania, for example - have sought to attract and facilitate inward investment through the establishment of investment agencies and authorities which provide a one-stop shop to attract investments and steer investors through the various bureaucratic procedures involved. In the case of Tanzania, the Tanzania Investment Centre not only facilitates foreign investment but also identifies and manages land for investment. However, the frequent lack of clear property rights, especially to land, remains a concern of some international investors. Lack of adequate infrastructure may also be a deterrent to some investors which can be overcome by public infrastructural development: the Zambian Farm Block Development Plan, for example, provides for government investment in basic infrastructure such as roads. However, other foreign investors may see provision of infrastructure as a necessary and integral component of their investments. Policy in a variety of other areas beyond that focused specifically on investment are also relevant in governing international investments. Trade policy is involved where investors intend to export food produced back to their own countries since this may conflict with the host country’s right under WTO rules to impose export controls in times of domestic food crises. Some host countries appear to have offered to waive their rights under WTO rules and agreed not to impose export controls even in food crises. Bilateral investment contracts may by-pass WTO rules more generally and may conflict with commitments under regional trade agreements. Consistency with the Agreement on Trade-related Investment Measures (TRIMS) may be an issue where investment incentives are offered. No matter how successful developing countries are in attracting foreign investments, no positive developmental impacts will result if their agricultural sectors are not capable of capitalising on any spillover benefits of these investments. Appropriate domestic agricultural and rural development policy measures need to be in place to ensure that local agriculture can benefit from new technologies and the local economy can respond to new demands for inputs and services. Policy towards foreign investment needs to be an integral part of comprehensive agricultural and rural development strategies.

Is there a need for an international code of conduct?

Recent large-scale land acquisitions by foreign investors have attracted international concern and the perceived risks attached to such investments are such that there have been calls for an international code of conduct to regulate them. In the absence of strong domestic legislation and equitable investment contracts, such a code could highlight host country interests but could also be seen as a guide for investors to socially responsible investment. The case for a voluntary international code of conduct or guidelines which highlighted the need for transparency, sustainability, involvement of local stakeholders and recognition of their interests and emphasised concerns for domestic food security and rural development appears to have broad political support. FAO, together with UNCTAD, IFAD and the World Bank is developing such a code. A voluntary code of conduct or guidelines based on detailed research concerning the nature, extent and impacts of foreign investment and best practices in law and policy could distil and encapsulate the lessons learned and provide a framework to which national regulations, international investment agreements, global corporate social responsibility initiatives and individual investment contracts might refer. A minimum set of principles for responsible agricultural investment that respects rights, livelihoods and resources proposed by the four organizations

and to be reflected in a code of conduct or guidelines would include the following.

- *respect for land and resource rights*: existing rights to land and natural resources are recognized and respected
- *food security and rural development*: investments do not jeopardize food security and rural development, but rather strengthen it
- *transparency, good governance and enabling environment*: processes for relating to investment in agriculture are transparent, monitored, and ensure accountability by all stakeholders
- *consultation and participation*: all those materially affected are consulted and agreements from consultations are recorded and enforced
- *economic viability and responsible agro-enterprise investing*: projects are viable economically, respect the rule of law, reflect industry best practice, and result in durable shared value
- *social sustainability*: investments generate desirable social and distributional impacts and do not increase vulnerability
- *environmental sustainability*: environmental impacts are quantified and measures taken to encourage sustainable resource use while minimizing and mitigating negative impacts.

However, while there appears to be broad support for a code promulgating these principles, agreement on how to operationalize and implement them is likely to prove more difficult to achieve. A rigorously enforceable international code of conduct embodying these principles is likely to be problematic. However, a voluntary code of conduct or guidelines based on detailed research concerning the nature, extent and impacts of foreign investment and best practices in law and policy could distil and encapsulate the lessons learned and provide a framework to which national regulations, international investment agreements, global corporate social responsibility initiatives and individual investment contracts might refer. The development of a voluntary code of conduct would demand widespread consultation with all stakeholders including governments, farmers' organizations, NGOs, the private sector and civil society more generally. Such a consultative process would inevitably be lengthy but without inclusive, comprehensive and effective consultation and input it is unlikely that a workable code of conduct could be achieved. However, experience shows that the very process of developing codes or guidelines can be beneficial in terms of promoting more responsible investment behaviour.

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Valuation of linkages between climate change, biodiversity and productivity of european agro-ecosystems

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Introduction

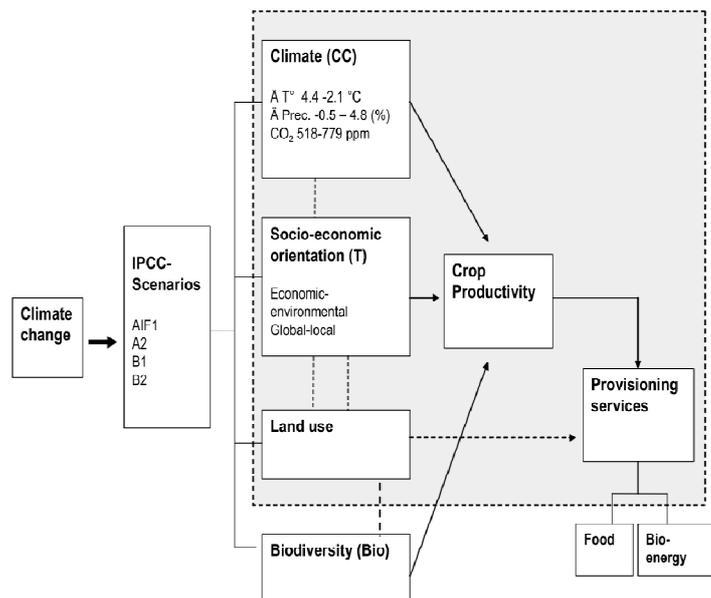
It is clear that climate change involves changes in temperature and precipitation and therefore directly affects land productivity. However, this is not the only channel for climatic change to affect agro-systems. Biodiversity is subject to climatic fluctuations and in its turn may alter land productivity too. Firstly, biodiversity is an input into agro-ecosystems. Secondly, biodiversity supports the functioning of these systems (e.g. the balancing of the nutrient cycle). Thirdly, agro-ecosystems also host important wildlife species which, though not always, play a functional role in land productivity, nonetheless constitute important sources of landscape amenities. The present paper illustrates a unique attempt to economically assess this additional effect climate change may imply on agriculture. This approach depicts the world economy as a system of markets interacting through e-xchanges of inputs, goods and services responding to changes in relative prices induced by climate shocks. To our knowledge, this exercise constitutes an original procedure, at a global level of analysis, in the economic welfare assessment of biodiversity impacts induced by climate change. We first empirically evaluate changes in land productivity due to climatic change effect on temperature, precipitations and biodiversity. Then we estimate the economic cost of biodiversity impact on agro-systems.

Assessing the impact of climate change on the provisioning services of agro-ecosystems

We distinguish between croplands and the grasslands due to the very different types of ecosystem goods and services that these two distinct agro-systems provide. This distinction is essential to the quantitative projections of ecosystem goods and services under the climate change scenarios, and ultimately to the economic valuation exercise. Farmers play a dominant role in the context of agricultural biodiversity by the selection of the present biodiversity stock, by the modification of the abiotic environment and by interventions aimed at the regulation of specific populations. Recent studies of intensive agro-ecosystems have pointed out that permanent grasslands represent "hot spots" of biodiversity (e.g. Giardi *et al.*, 2002, Baglioni *et al.* 2009a, Baglioni *et al.* 2009b). The quality of soil is also higher in permanent grasslands with respect to arable lands as confirmed by the many soil quality indicators. Against this background, the ratio between cropland and grassland can be employed as a proxy indicator for the measurement of the levels biodiversity in agro-ecosystems. This, in turn, can be tested to determine if a significant role is played in the levels of supply of provisioning services. In other words, we can investigate whether this indicator affects the productivity of croplands. Furthermore, we propose to evaluate this link in the context of global climate change. To understand the interface between climate change and the provisioning services of agro-ecosystems, a graphical presentation is given in Figure 1 below. First of all, land productivity for different crops is affected by physical climatic variables (CC) including temperature and precipitation, and by the level of technology (T). In turn, both are anchored in the specific IPCC scenario under consideration

ranging from A1F1 to B2. In addition, a biodiversity variable (*Bio*) is also assumed to impact land productivity.

Figure 1 - Methodological framework for the evaluation of IPCC story lines on agricultural provisioning services



Formally, we propose to estimate the β 's of the following equation:

$$CrP = \beta_0 + \underbrace{[\beta_1 Temp + \beta_2 Temp^2 + \beta_3 P + \beta_4 P^2]}_{CC} + \underbrace{[\beta_5 F + \beta_6 Tr]}_T + \underbrace{[\beta_7 GR/CL]}_{Bio}$$

where CrP is the land productivity of harvested product, measured in t/ha, β_0 is the intercept, $Temp$ is the average annual temperature ($^{\circ}C$), P denotes the annual precipitation (mm), F is the total fertilizer consumption per hectare (Mt), Tr refers to the total tractors used per hectare, and GR/CL is the ratio of grassland to cropland. As expressed by the equation, land productivity is a function of physical variables ($Temp$ and P), technological level (F and Tr) and a proxy of biodiversity (GR/CL). We created a database for the analysis on wheat yields, covering 19 countries over the period 1974 and 2000. Information regarding wheat yield, grassland and cropland areas, total fertilizers used and total tractors is derived from FAO statistics whereas information about temperature and precipitation is derived from the Tyndall database. The regression model results are summarized in Table 1. We can see that the model is statistically significant, as are the other variables selected.

Table 1 - Crop productivity function for the estimation of the effects of biodiversity on wheat yield.

	B	Standard error of B	p-level
Intercept	-0,48	0,518	0,354
Bio (report grassland pasture crops)	0,549	0,075	0
Average annual temperature	0,469	0,058	0
Average annual temperature 2	-0,033	0,003	0
Precipitation	0,004	0,001	0,001
Precipitation 2	0	0	0,006
Fertilizers (t/ha)	10,002	1,075	0
Tractors (n/ha)	1,002	2,334	0,668

R= .74 R²= .55 Adjusted F(7,505)=89.247 p<0.0000 Std.Error of estimate: 1.1959

At this point, it was possible to calculate changes in land productivity due to changes in biodiversity based on the estimated variation of the ratio GR/CL for the IPCC scenarios in 2050.

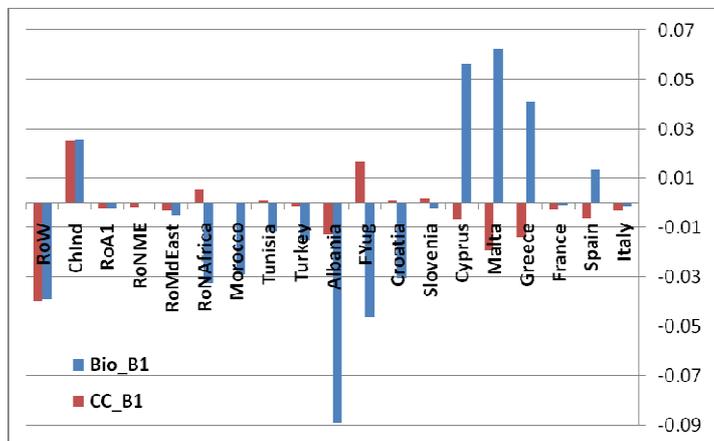
Economic valuation of the linkages between climate change, biodiversity and the productivity of Euro-pean agro-ecosystems

Most of the economic studies of biodiversity end up with sectoral, partial-equilibrium analysis. However, agricultural products are important market commodities for human consumption. The projection of the agricultural output and respective market prices are therefore subject to standard macro-economic theory, determined by the future supply and demands of these commodities under climate change scenarios. For this reason, we apply the quantitative information obtained from the physical projections in the previous section to a computable general equilibrium (CGE) model. This way we are able to evaluate, in economic terms, the impact of climate-change-induced variation in biodiversity on the productivity of agro-systems. We employ a static multi-regional CGE model of the world economy called GTAP-EF (Roson, 2003; Bigano *et al.*, 2006). It is calibrated to replicate regional GDP growth paths consistent with the A2 IPCC scenario and is then used to assess climate change economic impacts in 2050 with respect to 2000. Although regional and industrial disaggregation in the model may vary, the results presented here refer to 19 macro-regions in which several European countries appear disaggregated, as distinct economic entities, whereas the rest of the world is aggregated in four major trading blocks. Regional economies are represented by 19 sectors which can be classified in three major industries, where land using industries are presented in broadest disaggregation possible in GTAP database. Proposed here economic valuation of consequences of climate-change-induced change in biodiversity is fastened in a two step approach. The first step is creating benchmark data-sets for the world economy "without climate change" at year 2050, using the methodology described in Bosello and Zhang (2005). The second step is imposing over this benchmark equilibrium climate-change-induced temperature and precipitations (CC), as well as biodiversity (Bio) impacts on land productivity for crops in different regions employing estimations presented in Table 1. For GTAP-EF regions, which absent from analysis in the previous section, we used values from available countries in same geo-climatic category. We run this model for four scenarios about the climate (A1F1, A2, B1, B2). In this way, GTAP-EF generates three sets of results: a baseline growth for the world economy, in which climate change impacts are ignored, and counterfactual scenarios in which temperature and precipitations, and biodiversity impacts are imposed. The results present a significant effect of biodiversity above direct climatic impact can be observed. The comparison between climate induced temperature (CC) impact with the combined effect of temperature and biodiversity (Bio) on agricultural output and regional GDP allows to detect the marginal effect of biodiversity on these economic variables. As illustrates Figure 2, for some regions, the added effect of biodiversity operates in the same direction as temperature change. However, there are regions where this effect is reversed and in some cases it is even larger than temperature impact so that the overall effect operates in the opposite direction. This GDP pattern presents in all IPCC storylines.

The results bring to the following conclusions: a) for the European Mediterranean countries, the climate-change-induced effects of biodiversity on agricultural productivity, when measured in terms of changes in GDP, are non-negative; b) in particular, for the majority part of the European Mediterranean countries B1 type of climate change scenario, the inclusion of

this valuation transmission mechanism is able to reverse the marginal loss of GDP obtained under climate-change-alone impact evaluation (with the exception of Italy and France); c) for all the rest of the Mediterranean countries as well as for Rest of Middle East region, the climate-change-induced effects of biodiversity on agricultural productivity, when measured in terms of changes in GDP, is negative; i.e. the observed biodiversity impacts will further decrease the level of human welfare of these populations as originally measured by the CGE model. To summarize, despite the fact that in general we are assisting to a worldwide decrease in the levels of biological diversity, from an economic perspective, which is here approached from the productivity of the agro-ecosystems, this stylized fact is not always corresponding to a similar welfare or GDP change pattern to all. In fact not only European countries will experience diverse impacts. Some countries will lose more than others, and some countries will gain, depending on the geographical location, existing markets and profile with respect to biodiversity indicators and land use patterns.

Figure 2 - Change in regional GDP in 2050 due to temperature and biodiversity variation under B1 storyline versus baseline (in %).



Conclusions

Our results indicate that while developed regions lose slightly, or even gain as in the case of Central and Northern Europe, developing regions can lose considerably more. This highlights their greater vulnerability to climatic change with respect to developed economies, a vulnerability that results from a combination of higher degrees of exposure and sensitivity. Particularly enlightening is the case of Mediterranean Europe where initial negative impacts are eventually turned into gains. There, negative direct impacts are in fact counterbalanced by terms of trade improvements. Even in terms of final impacts on economic activity, the developing world is more severely affected than the developed one. We can conclude that economic valuation of climate-change-caused impacts on biodiversity and ecosystem services are multifaceted. This aspect, i.e. climate-change-caused impacts on biodiversity and ecosystem services are not distributed in a uniform way across the European countries under consideration. The crucial point that we raise here is that the economies, which also reflect complex social systems, show different resilience profiles to deal with this type of effects; some economies, and respective social systems, are able to buffer the impacts, others not. Naturally further research is needed to better understand the ecological-social systems interactions and the role of biodiversity as a determinant.

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Demographic trends in rural Europe and international migration to rural areas

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Demographic trends in rural Europe¹

As Europe undergoes a rapid demographic change migrant workers are going to become more and more important. The EU Commission, being fully aware of these developments, issued a Green Paper in 2005, in which it is clearly stated that the EU will need 20 million migrants between 2010 and 2030 to cover the decline of its economically active population. However, the designation and implementation of a Policy Plan for legal migration in 2005 does not seem to be a success story until today (Commission of the European Communities 2005). The EU has not resolved still the contradiction of the acknowledged labour needs and the adoption of restrictive migration policies. Nevertheless, net migration into Europe is still increasing and is now the largest component of population change. In the greatest part of the twentieth century the regional pattern of population change in most European countries was characterised by a 'rural exodus' and increasing urbanisation. However, from the 1970s onwards 'counter urbanisation' became a common trend in the 'well developed' parts of the world. Together with a parallel process of 'de-agriculturalisation' of rural households and an increasing development of non-agricultural activities in rural areas, these processes contributed largely to the formation of a 'new rurality' characterising more and more the rural regions of Europe. Demographic ageing has been an important issue in the rural regions of some Member States, notably Spain, Greece, Portugal and France, where the rural populations are consisted of a higher proportion of people over 65. The same countries show a relatively low ratio of children (0-15) to pensioners (>65), a low ratio of young adults (15-24) to pensioners, and a high overall dependency ratio (total population/ages 15-64). Thus, it comes as no surprise that the ageing of the rural and farm population and the need to accommodate or reduce the flow of young people out of the countryside has been a serious challenge to the generational renewal and the sustainability of the European rural regions. This development reveals the complexity of the rural labour markets and the social mismatch of the demand and supply of employment. Statistics show that almost 17% of rural

population in EU is over retirement age. In the rural regions of France, Greece, Spain and Portugal, in particular, the proportion of retired people is above the EU average and between 18-22% while the dependency ratios are higher. In EU-25 only 10% of farm holders are younger than 35 years old (European Commission 2006). On the other hand, the continued restructuring and modernisation of Europe's agriculture is expected to place a heavy burden on many rural areas. According to a Communication from the Commission (COM 2006 857 final), on the basis of current trends it is to be expected that in EU-15 some 2 million workers on a full time basis will leave the sector by 2014. In addition, 1-2 million full-time workers may potentially leave the sector within the TEN New Member States, and 1-2 million workers in Bulgaria and Romania (European Commission 2007). Particularly those rural areas which are most remote, depopulated or dependent on agriculture face strong challenges as regards growth, jobs and sustainability in the coming years.

Migrants in the rural regions of Europe

Some of these demographic imbalances have been halted so far by two independent developments: 'counter urbanisation', mentioned earlier, and 'international migration'. The paper concentrates on the latter because migration is considered more crucial for both the demographic and the economic revitalisation of rural regions. Strong migration flows to rural regions are a relatively new phenomenon in the European context and they have had a significant and growing impact on peripheral and rural areas. A number of factors can explain that. On the one hand, the restructuring of agriculture has created significant demands for labour which could not be satisfied because of the unfavourable demographic changes in rural areas related to rural exodus and ageing of the population; on the other hand, the indigenous labour rarely has the necessary motivation and mobility for such work and is unwilling to work for low wages and under poor working conditions. Furthermore, the European countryside has, over the past few years, become an arena for the development of non-agricultural activities - manufacturing, tourism, housing expansion, new consumption patterns, connected to leisure and recreation that have increased demand for labour. In such an environment migrants come and fill the gaps left in the rural labour markets by the national population. These gaps are socially defined and regulated rather than strictly economically prescribed. Employees end up in different segments of the labour markets on the basis of their ethnicity, gender and class. For migrants, these sectors consist mainly of agriculture, construction, family handicraft, hospitality/tourism, and domestic services in which they provide their labour for the marginal, least secure, highly exploitative, under-paid and non-insured jobs (Kasimis 2008).

Southern European countries

A number of interdependent factors like globalisation, EU enlargement and the particular socio-economic developments in Southern European countries (improvement of living standards and education, women's integration into the labour market, expansion of the tertiary sector and finally the extended informal economy) have transformed these countries from senders to receivers of migration flows (King 2000). Evidence shows a rapid increase in migrant employment in agriculture and rural regions that expanded in late 1980s and early 1990s. This is connected to agriculture's particular weight in the economies and societies of all Southern European countries. In fact, half of the agriculturally employed population and two-thirds of the farm holdings of the EU - 15 were concentrated in the European South before the enlargement (European Commission 2004). In Italy, migrants are over-represented in agricultural

employment in comparison with the economically active population of the country (13.1 percent as against 5.3 percent). They make up 60 percent of the total seasonal labour force in agriculture, while the majority of them are irregular and mostly seasonally employed in the crop seasons. Two thirds of those employed originate from Eastern European countries like Poland, the Czech Republic, Slovenia and Romania (De Zulueta 2003; Calavita 2006). Spain's 2001 Census showed that 17 percent of all migrants are settled in rural areas and nearly 10% of all insured migrants are employed in the agricultural sector. Moroccans are represented by 40,7% Equadorians by 15,3% and Romanians by 11,5%. Recent evidence shows that Romanians and Bulgarians have nowadays started substituting the once-dominant African migrants (Cánovas Pedreño, 2005; Mendoza, 2001).

Even Portugal's large-scale agriculture now reportedly relies heavily on inexpensive migrant labour. In rural areas, they are employed in construction and the agricultural sector (especially in the Alentejo, Ribatejo, and Oeste regions) (Baganha and Fonseca 2004).

In Greece the percentage of migrants employed in agriculture is over 17% of their total population. They provide nearly one fifth of the total labour days expended in the sector having become the exclusive contributors of wage labour (Kasimis 2008). Arriving from the Balkans, Africa and Asia migrants have fuelled these often labour-intensive regional economies, to work in economically restructured rural areas and increasingly specialising seasonal agriculture.

The latter point involves continually hiring new agricultural labourers from the lowest segments of the job market, assigning them the least skilled jobs and/or hiring them on a casual and irregular basis to work in both entrepreneurial and family farms. However, migrants are not restricted to agriculture. They often play a multifunctional role in rural regions alternating between agriculture, tourism and construction.

They are also engaged in the provision of an overall support of aged populations, especially in marginal or mountainous rural areas. Migrants and women (migrant and indigenous) make up the wage labour in the intensive crops where gender and ethnicity define the terms and conditions of employment. In the South irregular migrants are employed to ensure flexible labour relations in a time of continuous efforts for the deregulation of labour markets.

For that purpose often the institutional treatment of migration reflects the requirements of a social organisation of agriculture in which the social subject of production is often deprived of the citizen rights (Pedone 2005; Mendoza 2001). Migrant labour in the rural regions of Southern Europe constitutes a 'new rural class' the presence of which has often caused social tensions connected directly with their way of life, work conditions and their regime of residence.

On the other hand the continuation of the arrival of irregular migrants services the maintenance of a model of agricultural production that inhibits the process of labour and social integration of migrants in these rural regions.

Northern European countries

In some northern European countries, such as Ireland, Scotland, England, Germany and the Scandinavian countries (particularly Norway), rural areas have particularly benefited from the 2004 EU enlargement. Increasing evidence suggests that the majority of migrant workers from the 2004 accession states have found employment in rural areas rather than in the traditional migration centres. More than one in three agricultural workers in UK (England and Scotland) are estimated to be migrants almost exclusively arriving from Accession 8 countries representing approximately ¼ of the total number of Workers Registration Scheme (WRS) registrations (Jentch 2007). One in three dairy farms in many rural areas are employing Polish workers while

nearly 300,000 Poles and a few thousand Czechs or Romanians flood to Germany each year during the six-week asparagus harvesting season (The Christian Science Monitor 2006). The agricultural sector is among the top receiving branches of migrant workers in the Norwegian economy, especially in the summer season.

Since 1990, when the Norwegian authorities established a seasonal migration quota programme directed towards meeting the demand for labour in the sector, the number of migrant workers employed in agriculture has been rising to reach an estimated number of 22,000 in 2005 (Andrzejewska 2007). An initial analysis of migration patterns to Northern European rural regions shows that migrant work in rural areas is mostly organised legally, is more seasonal than in Urban areas and geographically concentrated in specific sectors: agriculture and the food industry, hospitality, manufacturing, distribution. But migrants working in the rural areas of Northern Europe are not always regular and European. Reports related to the fish and the cockles industries make reference to extensive employment of irregular Chinese labourers.

Irregular employment, deteriorating working conditions and low remunerations are reportedly expanding. Just before the crisis, increasing shortages in labour hands and the demands for an urgent increase in the seasonal agricultural workers were reported. In agriculture (dairy farming, fruit and vegetable), fish farming and processing and hospitality migrant labour has become a structural characteristic of the industries according to the statements of the employers themselves.

At a geographical level, once we examine the phenomenon of migration comparatively, it becomes clear that the European countries under consideration do not constitute a homogeneous frame of reference.

Thus, the theoretical construct of a 'Southern' and a 'Northern' European model of migration could be challenged nowadays. First, Southern European countries are not a 'unified' geographical entity and within each of them - especially Italy and Spain - regional differences are substantial. Second, more emphasis should be placed upon the differences observed between the Southern European countries, mostly in relation to the composition of the migrant population and the relations between the recipient country and the countries of origin.

Hence, the theoretical models of Northern and Southern migration discussed should not be treated as static models given the development of the phenomenon and the changes a number of other developments can bring to most countries.

Changes in the socio-economics and the demographics of migration, as well as the discussion on integration and diversity in the European South, could lead to a convergence of the characteristics of the Southern and the Northern models of migration.

The expected implications of the economic crisis

The present economic crisis has highlighted even more the contradictions of Europe's migration policies and the dangers of losing the contributing factor to rural sustainability in the possibility of a gradual withdrawal of migrants from the rural labour markets.

The crisis is expected to affect migration on 4 levels: employment, return migration, remittances and social integration (Development Research Centre on Migration, Globalisation & Poverty 2009). In agriculture and the food sector international trade pressures, the reform of the CAP and the consequent reduction of subsidies and crop changes, followed by the recent economic crisis, have led to increasing pressures to either reduce the size of migrant employment and/or re-engage more family members in order to cut down labour costs. Such a development would imply a redefinition of labour relations and of family division of labour on and off the farm, in particular, and

may have consequences for the future of migrants in rural regions.

The crisis has also brought changes to the attitudes of indigenous population towards agricultural work. There were indications that Britons were "now applying for some of the more seasonal, agricultural-type jobs" they might have rejected before (The Financial Times 2009). The situation is rather different for the non-EU migrants. Despite the close distance with receiving countries like Greece and Italy, no mass returns are identified for Albanians for example. The family structure and long duration of their stay in parallel with the weak economic prospects in their home country make decisions to return less easy. In other cases too the cost of return, the weak human capital they carry and family conditions make return a difficult decision to take. In the midst of an economic crisis, the direction of the developments and the size of the threats for the sustainability of the rural regions of both receiving and sending countries are still difficult to foresee. It all depends on the depth and duration of the crisis and on the structural characteristics of the labour markets and of the migrants themselves.

Conclusions and implications for policy

Migrants have been employed in many tasks, with differing skills, and significant geographic mobility over the seasons. In short, they have provided a highly flexible labour force.

They have not supplanted native wage labourers; rather, they have improved the organisation and management of farm enterprises, relieving family members of manual tasks. Hired to do arduous, health-threatening, and low-paid jobs, they have greatly served rural areas and have been very important for the agricultural and wider economic development of them. In regions where agriculture holds a significant position in the local economy, the positive consequences of migrant labour have ranged from farm preservation to farm expansion and modernisation. In marginal areas, migrants have provided rural households with the labour necessary for the maintenance of their traditional/cultural life.

This last contribution is key to understanding the social and demographic implications of migrants' presence in the rural regions of Southern Europe in particular. Migrants have offered great services in other forms of rural economic activities such as construction, hospitality/tourism, and personal/domestic services providing the necessary labour at low cost.

They have also improved demographic indicators in many rural regions. In some regions lacking women willing to get married and to stay in rural areas, migrant women offered 'solutions' as spouses, improving fertility rates and keeping young farmers on the land.

While the work of migrants is becoming increasingly important, most Member States have few policies designed to attract, admit, and benefit systematically from the work of migrants.

On the contrary member States design unsuccessfully programmes for the repatriation of migrants when the persisting problems of Europe's agricultural sector and rural regions require policies that will regulate and monitor their employment and integration.

These policies need to adhere to principles of social justice, and should resolve the problems of regularisation, of equal pay for jobs of equal value and of social rights.

They should promote economic efficiency through job training and education. Such an approach must also support the restructuring of the agricultural sector and the development of the countryside.

We must recognise the fact that rural areas also need to deal with the new EU policies of rural environmental protection, the production of quality agricultural goods, and the requirements for multifunctional agriculture, which in addition to producing food and fibre, will preserve the landscape and create rural employment.

Note

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Global leadership to end hunger: the role of the Committee on World Food Security

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The world is failing to reduce world hunger

There are now approximately 1 billion hungry people - an increase of 150 million during the last 2 years. Many developing countries are failing to develop effective policies and plans and to increase investments, which promote the right to food for their citizens. Many rich countries have agriculture and trade policies which impact negatively on food security in developing countries and are failing to honour their commitments to increase aid to promote agriculture and food security. Climate change and global food price volatility threaten to further increase the number of hungry people.

The world is divided

The international political context is characterised by a "blame game" between rich and poor countries. Donor countries, particularly at a time of financial austerity, are increasingly placing emphasis on the failure of many developing country governments to increase action and investment. Poor countries lay the blame for increasing hunger on the policies and practices of rich countries and their failure to increase aid. During the global food price crisis of 2007/2008, many governments called for a "global partnership for agriculture, food security and nutrition" in order to promote better coordinated and coherent global action. However, the world is divided on what a global partnership should look like. Many donor countries are focusing on the L'Aquila Food Security Initiative (AFSI), which aims to channel the \$22bn pledged at the L'Aquila G8 in 2009, in support of country investment plans, a small part through the new Global Agriculture and Food Security Programme (GAFSP) Trust Fund hosted by the World Bank. Many poor country governments and civil society actors criticise the AFSI for being driven by donor countries and promoting policies that are of greater benefit to their own domestic consumers and businesses than to hungry people. Instead, they are promoting a reformed Committee on World Food Security as the foremost international political forum for food security and nutrition, because it guarantees the equal participation of developing country governments, as well as the full range of other stakeholders, including UN agencies, IFIs, civil society and private sector.

Global political leadership urgently needed

High-level political leadership is needed immediately to promote urgent and coordinated global action to achieve the MDG hunger target of reducing by half the proportion of hungry people in the world. National governments are the primary duty bearers for ensuring the right to food for their citizens. Some developing country governments have been able to make progress in promoting food security and increasing the resilience through comprehensive, pro-poor policies including investment in small-scale food production, social protection and trade measures which promote local production and trade. However, many developing country governments require support from the international community, which should provide an enabling international environment for the promotion and protection of the

right to adequate food by performing the following functions

- Develop effective and coherent global policies and regulations to address the trans-boundary causes of food insecurity (e.g. climate change, international investment in land, water and other natural resources, speculation and price volatility, market concentration, trade in food, agricultural subsidies, and management of food stocks);
- Ensure the provision of co-ordinated policy, technical, and financial assistance in support of regional and country-led processes.

However, in the last few years, it has become increasingly apparent that global institutions and forums are failing to perform these roles of global governance. In short, there are two major problems. Firstly, many rich country governments are unwilling to agree on international policies and regulations, which do not favour their own domestic consumers and businesses. Secondly, there is a lack of coherence and coordination between the global institutions with a role to play in providing policy, technical and financial assistance. There is a need for radical reform, especially if the world is to meet a near doubling in demand for food by 2050, in the face of added risks from climate change. Fundamentally this reform requires a shift in the power balance to enable governments, civil society organisations and other actors from developing countries to have a greater influence in political institutions and processes at the international level. There is a need for *one* international, inter-governmental body as the apex of the system of food and agriculture governance. Its role should be to ensure that governments and global institutions work together to tackle global threats to food security and that international assistance is aligned with regional and country led processes. Such a body should meet some key criteria that will ensure its effectiveness:

- *Rights-based*: the ultimate political objective should be to ensure that all people are able to realise their right to adequate food;
- *Inclusive*: it should ensure that the governments and organisations of the people most affected by hunger and food insecurity have an influential voice in decision making;
- *Legitimate*: decisions should only be made by political representatives of nation states;
- *Decentralised*: the international body should only address issues which cannot be adequately addressed at national and regional levels;
- *Evidence based*: political decisions should be informed by objective evaluation of policies and programmes in order to identify good practice;
- *Transparent*: discussions and decision making should be open for public evaluation;
- *Efficient*: decisions and actions should take place within a timeframe which is consistent with the international commitment to reduce hunger by half by 2015.

The CFS: the international forum for high-level political leadership to end hunger

Following the CFS reform of 2009, the CFS is transitioning into a UN system wide body responsible for developing international policies, regulations and guidance and facilitating the provision of coherent and coordinated policy, technical and financial assistance¹. The reform was initiated in recognition of the fragmentation of the international system and the need to strengthen the CFS into the overarching inter-governmental body which could promote international coordination and coherence in alignment with regional and national policies and plans. The CFS involves all governments in the Plenary, has a 13 member government Bureau as its executive arm which is now more empowered to take on-going decisions. Since the reform, the full range of stakeholders are involved through the

CFS Advisory Group and the annual Plenary sessions and efforts are being made to promote linkages with regional and national levels. The CFS has the potential to meet the criteria referred to above and should therefore be actively supported to become the central political pillar of the Global Partnership. However, it also has limitations, which need to be overcome if it is to become both the effective and efficient centre of global food and agriculture governance. The CFS requires the active participation of all stakeholders, particularly from civil society, to ensure that decisions are not politicised, they are informed by evidence and always have hunger reduction and the right to food as their ultimate objective.

A CFS global plan to end world hunger

World leaders should support the CFS as the central political pillar of the Global Partnership on Agriculture, Food Security and Nutrition and empower it to provide the high level political leadership needed to achieve the MDG hunger target. They should ensure that government ministers in charge of food security, agriculture and nutrition attend the annual plenary sessions and are holding their Rome based representatives to account for their actions in implementing the on-going work programme of the CFS. The CFS should develop a Global Plan to support national governments and regional intergovernmental entities to reduce hunger by half by 2015 and promote the right to food for all. The Plan should include the following commitments:

- Governments and regional entities submit plans of action describing how the MDG hunger target by 2015 will be achieved and the right to food promoted, to the CFS Secretariat by end July 2011.
- A global framework outlining the policies needed to address critical global threats to food security and nutrition - including the recent dramatic increase in large scale land investments, climate change and its impacts on food production, and food price volatility - as well as to develop effective and fair social protection mechanisms aided by a reformed Food Aid Convention.
- Country specific, long-term commitments by all governments (from developing and donor countries) to provide their fair share of the resources needed to implement national and regional plans.
- The mapping of actions and resource flows at country to learn lessons, share experiences and coordinate investments aligned with national and regional plans.

Bridging the Divide

No global political forum or institution can substitute for individual national governments upholding their responsibility to ensure the right to food for their citizens and those of other countries. However, some causes of hunger require coordinated and coherent actions between governments. There must be an end to the blame game between countries for failures to reduce hunger. A genuine global partnership must be formed which bridges the divide between nations and ensures that all countries are working together to achieve the MDG hunger target. The CFS provides the political space where this can be achieved. All governments and all global institutions must make use of it. Civil society has a critical role to play in ensuring that they do².

Note

¹ For more information about the CFS and the reform process see www.fao.org.

² For more information on the role that civil society organisations and networks are playing in the CFS, see www.cso4cfs.org and www.foodnutgov.ning.com.

Public policies to contrast obesity: the economics' perspective

W. Bruce Traill

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Introduction

The aim of this paper is to better understand the role of public policy in facing obesity epidemic. Externalities imposed by unhealthy eating warn that health care system will be overwhelmed unless present trends are reversed. The role of public policy is a focus of attention in those areas where markets fail to operate perfectly.

Explanation for poor diets, market and behavioural failure

The utility-maximizing model of behaviour is the basis of the conventional wisdom across economists. The primary cause of increased obesity are technological changes which brought down the price of food (especially of processed-foods) and price of meals eaten away from home. Rising incomes have enabled people to purchase more food and have induced them to eat more often in restaurants or fast-foods. The increase of female labour force plays also an important role because has reduced household time dedicated to meal preparation. Finally, thanks to developments in medical technology, deaths from obesity-related diseases have fallen so sharply that obesity has become less dangerous, and so normal rational people can be less concerned about unhealthy implications. According to the rational choice paradigm obesity inducing lifestyles are an adaptation to external factors, preserving the overall goal of maximizing utility. To decrease obesity rates, it would be coherent – but unrealistic – modifying the external factors mentioned above. Several are the limits to perfect rationality in behaviour. Imperfect and asymmetric information are standard examples of market failure. Nutritional labeling is the obvious policy response, even if requires a high level nutrition education and a willingness to devote time when shopping to read and react to label information. One possible solution to the shortage of time, is using traffic-lights symbols on packaged food. In addition, policymakers could use heuristics – experience-based techniques that help in problem solving – to take advantage of so-called bounded rationality (Simon, 1982). Public authorities, for example, could study effective communication strategies based on immediately effective messages, as the one that healthy eating coincides with the consumption of more fruits and vegetables. The temptation afforded by cheap and unhealthy food leads some people to make choices they will later regret, and to postpone adopting a healthy eating and exercise regime (hyperbolic discounting behaviour). If this is the case, policy makers might consider using food stamps recipients to allow people to make food orders in advance and thus to prevent them from unhealthy choices. As a relative new science behavioural economics remain controversy, especially in relation to its policy implications. Nevertheless has contributed, together with some psychological evidences, to reflect on key concepts as self-control, cognitive load, cognitive dissonance and framing (how information is presented rather than its content alone). Finally, the supply side is also relevant in influencing obesity rates. Several studies demonstrated that people eat what is made available to them rather than that the producers make available what people want to eat. A direct consequence of it, is that people eat, for example, more fast foods in areas with a higher density of fast-food restaurants.

Evidence base to support policy making

At macro-level, policy making in relation to diet and health is relatively new, so the evidence base for what is effected is still limited. Evaluation is complicated not only by the paucity of policies but also by the difficulty in obtaining relevant data. Regarding obesity, the situation is even more complicated because results, if any, will be visible only after years. One useful point of departure is to classify public policies aimed at reducing obesity, and divide them into market and information measures (Mazzocchi, Traill and Shorgen, 2009).

Table 1 - List of nutrition policy instrument classified by type of intervention

Policy measure	Objective in the short term *
Information measures	
Information campaigns	Increasing consumer awareness and influence attitudes
Regulation of advertising	Restrict the advertising of "junk foods" (especially to children)
Nutrition education curriculum	Increased awareness of nutritional requirements and their impact on health
Labelling	Promote consumer awareness by reporting a healthy nutritional components and non-healthy
Nutrition information on menu	Promoting informed choices for consumption outside the home
Regulation of health and nutrition claims	Establish rules and monitor the use of health and nutrition claims in the promotion and labeling of food products
Intervention on the market	
Tax components of foods not healthy	Reduce the consumption of unhealthy foods
Price subsidies for healthier foods or nutritional components	Increase consumption of healthy food
Legislative measures to empower producers	Monetize the negative externalities of the production of healthier foods
Standard nutritional	Establish nutrition standards for processed foods in order to limit the consumption of unhealthy nutritional components and / or lead to higher consumption of healthy ones
Improving accessibility to outlets of the lower income groups	Addressing the problem of dispersion of outlets in low income areas by facilitating their access
Read for catering companies that work in hospitals and / or schools	Improving the nutritional profile of food especially when it is under the control of public institutions

Final objective of all interventions is to improve diets and/or reduce obesity to improve public health

Source: Mazzocchi, Traill & Shogren (2009)

Evidence suggests that information is essential for informed choice but may not promote healthier eating. There are several reasons for the failure – or limited – success of most information policy. Firstly people who already know poor diets have harmful long term health consequences, so they do not respond to confirmation of that knowledge. Second, healthy food may be viewed as less tasty, and consequently a low fat, low sugar or low salt label can lead to higher consumption of the "genuine" full flavor version. Third social marketing has to be well targeted to be effective, as it needs to provide the appropriate message to those specifically at risk. Anyway, even if poor diets can't be changed by information policy alone, is interesting to consider some of its implications. As regard the relationship between information, education and diet, for example, if uninformed or uneducated people overestimate the risks of unhealthy diets, they may respond by eating less healthy once informed or educated. Information measures are also intended to enable people to make private and individual decisions that maximizing their personal welfare. Policymakers should take into account that most people don't consider medical and productivity costs imposed by obesity when making private decisions. Furthermore, it is desirable to examine policy effectiveness by population quantiles rather than estimate mean response.

For example, it would be reasonable to expect that information on the health risk of obesity affects those most at risk, even if this assumption requires evidence. Finally, when evaluating information interventions, it is important to consider the role of market forces. If supply is inelastic, higher demand leads to higher prices rather than higher consumption, which might worsen health inequalities. There is growing interest in the use of fiscal measures to improve diets and make the prices people pay for food reflect their true social cost. The direct economic effect of a tax is that consumers lose welfare because they pay higher prices and consume less of the taxed goods than they would at market price. These losses are balanced by a gain in tax revenue and a gain in public health. For subsidies the situation is reversed: consumers, producers and public health all gain, but taxpayer loses because the subsidy must be paid. Low-income consumers are most responsive to fiscal incentives and they would adjust their consumption more than the rich, thus gaining most in terms of reduced health risks. Even if several studies have shown positive effects on consumers' choice in using tax and subsidies, there are still many doubts about "fat tax" concept. It has been often dismissed as relatively ineffective because wealth consumers are not very responsive to food prices, as regressive because poor consumers spend the largest share of their incomes on food, and as unfair because the tax falls on those who are not obese as well as on those who are. A response to the first point is that previous studies have investigated only low-level taxes, usually at VAT rates. But it is generally accepted that cigarette taxes, for example, have been effective and they are applied at much higher level, as are taxes on alcohol. The evidence base suggests that people respond to large incentives. Furthermore, if the financial burden is chosen judiciously, it won't fall on poor in a disproportionate way.

Conclusions

In determining whether the obesity epidemic and poor diets merit a government response, two aspects have to be carefully considered. Firstly it has to be determined if poor diets are a result of market or behaviour failure, or if is the result of rational choice by informed people. Secondly, it has to be understood if it is possible to say that individual decision impose costs on the rest of the society. In both cases, cost-benefit analysis is needed to ensure intervention is justified. According to the author, we need to further develop the list of evidence-based policy effects. There is also a growing body of research which suggests judicious selection of the targets of taxes, and subsidies can overcome criticisms of their being regressive and ineffective. Great hope is expected for a new EU funded project (EATWELL) whose goals include reanalyzing food consumption data to assess the effectiveness of past interventions wherever feasible.

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Do agricultural policies fatten us? US and international (counter-)evidence

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Introduction

Obesity is a big business. The prevalence of overweight and obesity has increased rapidly in the United States and the related health concerns are priority issues for the U.S. government and the medical community. The prevalence of overweight and obesity is particularly high in the United States but is growing rapidly throughout much of the world. Obese and overweight Americans generate large additional direct and indirect health care expenses. The U.S. government has a stated objective of reducing obesity but the appropriate policy is not clear. Some options are to implement ever-more-vigorous public education programs, to revise the food and nutrition programs administered by the USDA to encourage healthier diets of participants, regulatory or fiscal instruments that attempt to discourage less-healthy and encourage more-healthy consumption choices (e.g. banning certain types of advertising, taxing foods with high fat or high sugar content, or subsidizing healthier foods such as fresh fruit and vegetables). To make a socially beneficial choice among these instruments requires understanding the likely effects of each instrument on food consumption (and other) choices by different types of consumers, the implications of those choices for patterns of obesity, and the consequences for social and private costs. In every instance it is difficult to make clear inferences because the empirical relationships are complicated and hard to quantify with confidence based on available information. Even so, some commentators have been able to take strong positions on the issue. One popular idea is that American farm subsidies contribute significantly to obesity and that reducing these subsidies will go a long way towards solving the problem (Pollan, 2003). Pollan and others making such claims generally treat the issue as essentially self-evident, and do not present details on the mechanism by which farm subsidies are supposed to affect obesity, nor evidence about the size of the impact. We examine the links between farm programs and farm commodity prices in the United States, and the implications of farm policy-induced commodity-price changes for food prices, food consumption, and obesity, drawing on both U.S. data and some international comparisons of farm supports, food prices, and obesity rates. We conclude that U.S. farm programs have had negligible effects on the prices paid by consumers for food and thus negligible influence on dietary patterns and obesity, consistent with some previous work by economists on the issue (e.g., Alston et al., 2006; Miller and Coble, 2007), but contradicting the mainstream view presented in the media.

Farm subsidies, farm commodity prices, food prices, consumption, and obesity

It is conceptually possible that farm subsidy policies contribute to lower relative prices and increased consumption of fattening foods by making certain farm commodities more abundant and therefore cheaper. However, each of several component elements must be true for the effects on obesity to be significant. First, farm subsidies must have made farm commodities that are important ingredients of relatively fattening foods significantly more abundant and cheaper. Second, the lower commodity prices caused by farm subsidies must have resulted in

significantly lower costs to the food industry, cost savings that were passed on to consumers in the form of lower prices of relatively fattening food. Third, food consumption must have changed significantly in response to these policy-induced changes in the relative prices of more- versus less fattening foods. In what follows we examine each link in this chain, and we find that the magnitude of the impact in each case is zero or small.

1. *Farm subsidies have had very modest (and mixed) effects on the total availability and prices of farm commodities that are the most important ingredients in more-fattening foods.* U.S. farm subsidy policies include hundreds of specific provisions for particular commodities including both farm bill programs and trade barriers that raise U.S. farm prices and incomes for favored commodities. These programs support farm incomes either through transfers from taxpayers, or at the expense of consumers, or both. In reality, then, farm commodity programs might make agricultural commodities cheaper or more expensive and might therefore increase or reduce the cost of certain types of food. A simplistic model of farm subsidies and obesity, which is implicit in some writings on the subject, presumes a text-book subsidy policy that results in an increase in both production and consumption of the subsidized good by increasing the net return to producers (the market price plus the subsidy) and lowering the market price paid by consumers. Farm subsidies have resulted in lower U.S. prices of some commodities, such as food grains or feed grains, and consequently lower costs of producing breakfast cereal, bread, or livestock products. But in these cases, the price depressing (and consumption enhancing) effect of subsidies has been contained (or even reversed) by the imposition of additional policies (such as acreage set-asides) that restricted acreage or production. In addition, for the past decade, about half of the total subsidy payments have provided limited incentives to increase production because the amounts paid to producers were based on past acreage and yields rather than current production. Finally, for some commodities (notably sugar, dairy products, and orange juice), the U.S. policy increases U.S. farm prices by restricting imports, with the effect of increasing consumer price and decrease domestic consumption.

2. *Such small commodity price impacts would imply very small effects on costs of food at retail, which, even if fully passed on to consumers would mean very small changes in prices faced by consumers.* The cost of farm commodities as ingredients represents only a small share of the cost of retail food products, on average about 20%, and much less for products such as soda and for meals away from home, which are often implicated in the rise in obesity. Hence, a very large percentage change in commodity prices would be required to have an appreciable percentage effect on food prices. However the effects of U.S. subsidies on farm prices of food commodities have been generally quite small.

3. *Given that food consumption is relatively unresponsive to changes in market prices, the very small food price changes induced by farm subsidies could not have had large effects on food consumption patterns.* A useful perspective on this issue is provided by Miller and Coble (2007) who graphed total expenditure by the U.S. government on direct payments (a type of subsidy expenditure) on the same scale as consumer expenditure on food for the years 1960 through 2003. Over the period, this measure of subsidy expenditure averaged only 1.1% of consumer expenditure on food.

Evidence from international comparisons

Limited use to date has been made of international cross-sectional data, which is probably the most likely context to yield meaningful direct evidence on the links between policy and rates

of obesity. A measure of support for agriculture is the Producer Support Estimate (PSE) computed by the OECD. This measure includes all transfers to producers whether through government expenditure or other means, some of which are at the expense of consumers rather than taxpayers.

Table 1 - Obesity rates compared to rates of support to agriculture, food prices and income

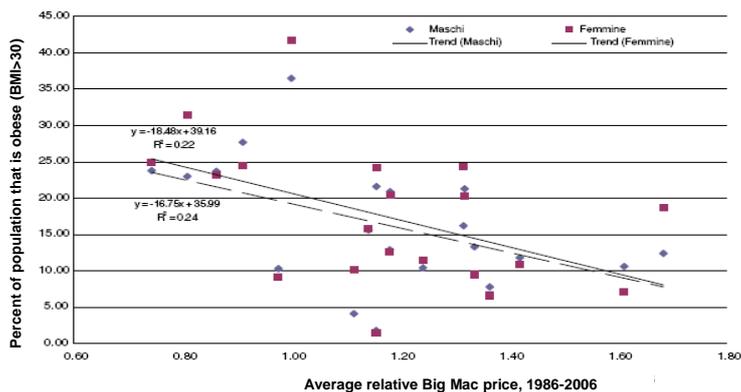
Paese	Percentage of males and females, aged 15 and over who were overweight or obese in 2005				Measures to support agriculture		Big Mac (a)	PIL pro capite (b)
	Overweight (BMI>25)		Obese (BMI>30)		Media 1986-2001			
	Males (%)	Females (%)	Males (%)	Females (%)	PSE (%)	CSE (%)	(Index)	(Index)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
USA	75.6	72.6	36.5	41.8	23.6	-1.5	1.00	1.00
Greece	75.7	61.3	27.7	24.5	54.0	-33.7	0.91	0.35
Australia	72.1	62.7	23.8	24.9	9.6	-5.2	0.74	0.61
Canada	65.1	57.1	23.7	23.2	27.0	-17.0	0.86	0.67
New Zealand	68.7	68.2	23.0	31.5	5.6	-6.3	0.81	0.41
United Kingdom	65.7	61.9	21.6	24.2	54.0	-33.7	1.16	0.72
Austria	61.0	53.2	21.3	20.3	54.0	-33.7	1.32	0.68
Germany	65.1	55.1	20.9	20.4	54.0	-33.7	1.18	0.64
Spain	55.8	47.7	15.6	15.8	54.0	-33.7	1.14	0.42
Portugal	58.5	49.2	13.7	16.1	54.0	-33.7	1.10	0.29
Belgium	51.9	40.7	13.3	9.5	54.0	-33.7	1.34	0.64
Italy	52.7	38.3	12.9	12.6	54.0	-33.7	1.18	0.52
Switzerland	54.1	56.7	12.4	18.7	89.1	-53.7	1.68	0.94
Sweden	54.5	44.9	11.8	10.9	54.0	-33.7	1.42	0.82
Denmark	52.5	39.1	10.6	7.1	54.0	-33.7	1.61	0.85
Netherlands	48.0	44.0	10.4	11.5	54.0	-33.7	1.24	0.66
Ireland	51.5	41.7	10.3	9.1	54.0	-33.7	0.98	0.82
France	45.6	34.7	7.8	6.6	54.0	-33.7	1.36	0.63
South Korea	40.2	43.8	4.1	10.1	72.3	-67.0	1.11	0.36
Japan	27.0	18.1	1.8	1.5	69.9	-55.3	1.16	1.05
Media	57.1	50.0	16.2	17.0	49.9	-32.2	1.17	0.65

Source: Alston et al. (2008)

The counterpart consumer support estimate (CSE) effectively measures the net effect of agricultural policies on consumers from taxpayer expenditures, which benefit them by reducing prices, and other policies such as import tariffs, which raise consumer prices. Table 1 compares rates of obesity in 2005 with rates of overall farm support (measured using PSEs over the period 1986–2001) for a selection of OECD countries. It can be seen that obesity rates are much lower in Japan, South Korea, and France (countries that provide relatively large subsidies to farmers) than in the United States and Canada (countries that provide substantial but smaller subsidies). Obesity rates in Australia and New Zealand, which do not subsidize their farmers much at all, are higher than in France and Japan but still lower than in the United States. This table shows that there is no clear connection between support for farmers in a country and obesity in that country. For instance, the countries of the European Union all have the same farm support policies, under the Common Agricultural Policy, and thus the same PSEs, but their

obesity rates range from close to the highest in the table (Greece) to close to the lowest (France). The more appropriate comparison is between obesity rates and the measure of farm subsidy effects on incentives for consumers, measured using CSEs. From inspection of the numbers in Table 1, we cannot rule out a positive correlation between the CSE and the rate of obesity. Importantly, and as discussed above, the overall average CSE for the United States was negative—indicating that farm subsidies entailed a net tax on consumers—but close to zero such that the magnitude of the effect, if any, must have been very small. More direct, and perhaps corroborating, evidence may be gleaned by considering the consumer prices of food among countries. The Big Mac index from The Economist—the annual country-specific price of a McDonald’s Big Mac hamburger—is useful for this purpose since it holds the characteristics of the food product (representing a bundle of food commodities and other inputs) fairly constant across countries and over time. Reading down Table 1, like the CSE in column (6), the value of the Big Mac index in column (7) generally increases in size, while the corresponding rate of male obesity in column (3) increases. Thus there is some correlation between the effects of policy on consumer costs of food commodities (as measured by the CSE) and both the consumer costs of food (as measured by the Big Mac) and the prevalence of obesity. These correlations are illustrated in Figures 1–3.

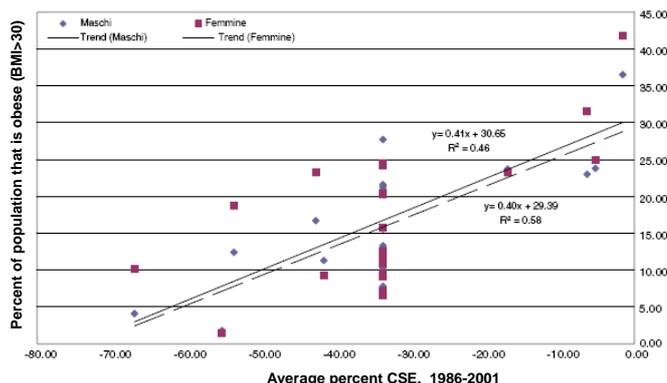
Figure 1 - Obesity and the price of a Big Mac



Source: Alston et al. (2008)

Figure 1 plots the country-specific percentages of men and women who were obese in 2005 against the average value over 1986–2007 of the relative price of the Big Mac (the ratio of the country-specific price in U.S. dollars to the U.S. price). These graphs show that for these relatively rich countries, obesity is negatively correlated with the price of food, as represented by the Big Mac, although there is a great deal of variation around the downward-sloping simple trend line, with the United States (at the top) and Japan (at the bottom) a long way from the line.

Figure 2 - Obesity and CSE



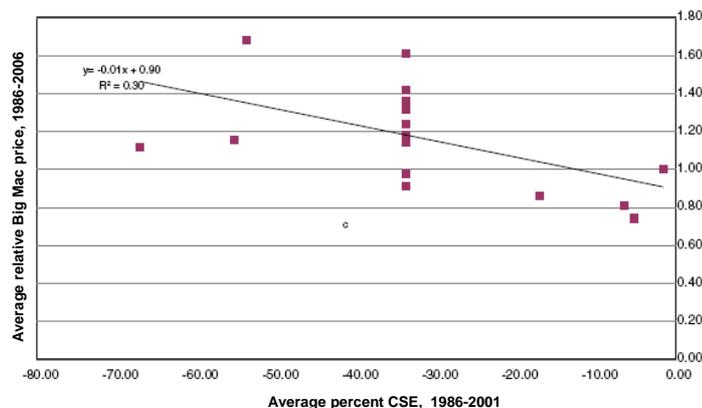
Source: Alston et al. (2008)

Figure 2 plots the country-specific percentages of men and women who were obese in 2005 against the average value over 1986–2001 of the total CSE for food commodities.

For all countries, the CSE was negative indicating that agricultural policies transferred income to producers at least partly at the expense of consumers, by raising the buyer price above the world price. Higher rates of consumer taxation (larger negative CSEs) tend to be associated with lower rates of obesity, but again there is a great deal of variation around the trend.

Figure 3 plots the country-specific average value of the Big Mac index over 1986–2007 against the corresponding country-specific average value of the CSE over 1986–2001. The Figure indicates a generally positive relationship between a higher cost of food commodities in a country (as indicated by a larger negative value of the CSE) and the Big Mac price, supporting a conjecture that those countries that had lower obesity rates associated with higher consumer prices of food may have done so in part because they had policies that raised the buyer cost of food commodities. This informal analysis of correlations among obesity, food prices, food commodity prices, supports a view that policies that reduce (or raise) the domestic price of food commodities can influence food prices, food consumption, and obesity. Thus, even though U.S. farm subsidies in the past have not had significant effects on U.S. rates of obesity, and eliminating them would not contribute significantly to reducing obesity rates, other policies that have (or have had) more significant effects on food commodity prices may well have (or have had) more important effects on obesity (chief among these is public support for agricultural R&D).

Figure 3 - CSE and the price of a Big Mac



Source: Alston et al. (2008)

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Markets and childhood obesity policy

John Cawley

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Introduction

Taking an economic approach, this article shows how markets have contributed to the recent increase in childhood obesity in the United States and identifies possible policy solutions. The health risks associated with children obesity, including asthma, hypertension, type 2 diabetes, cardiovascular disease and depression, have led medical authorities to declare its rise a public health crisis.

How markets may have contributed to the rise in childhood obesity

The most obvious contributor to the increasing calorie surplus is falling food price. According to U.S. Bureau of Labour Statistics, between 1989 and 2005, the real price of fats and oils fell 26.5% and that of sugar and sweets fell of 33.1%, while the real price of fruits and vegetables rose 74.6%. Consequently, energy-dense foods are cheaper than low-energy ones (such as fresh fruits and vegetables). Furthermore the rising wages increased the opportunity costs of food self-preparation, discouraging people to invest time in preparing meals and devoted it to the best available alternative. This assumption is particularly true for college graduates, because on average their salary is higher than the one of less-educated people. At the same time technological changes have reduced the time required to prepare foods and created incentives to use prepackaged meals and processed foods rather than spending time cooking. These innovations contributed to a shift away from home-cooked meals toward processed-food, thus increasing obesity. Scientific evidence demonstrates that people most able to take advantage of technological changes had the greatest increase in weight and, symmetrically, obesity is greatest in countries where people have major access to processed food. Changes in women labour market also contributed to reduce cooking-time. Together with the increasing opportunity-costs of food self preparation, this social change has contributed to the raise in number of people eating away from home. The distinction between food at home and food away is important for two main reasons. Firstly because people do not know calorie content of foods eaten outside, and secondly because the portion sizes have increased during the past three decades. Children obesity is also related to food advertisement. According to research evidence, if a child consumed only the advertised food, his diet would not be consistent with U.S. dietary recommendations. Plus, advertisement for fruits and vegetables have been replaced by ads for fast-food restaurants, breakfast cereals, soft-drinks and snacks. Last but not least, agricultural policy may also play a role in obesity growing rates. Farm policy has been criticized for subsidizing the production of corn and, thereby, of high-fructose corn syrup, which is now common in soft-drinks, fruit juices, jelly and other foods.

Economic rationales for market intervention and strategies to choose among the policy options

Public policies must intervene in markets in order to contain costs and risks related to obesity. There are several economical reasons that justify public intervention and, each of them, can be translated into a political action. First, as in free-markets

producers generally under-provide information, government may directly intervene to provide consumers with nutrition information and help them make informed choice. It has to be said that the Nutrition Labelling and Education Act (NLEA) of 1990 requires producers to print nutrition labels on packaged foods, but still no law requires the release of nutritional information for restaurant food or fountain drinks. As a matter of evidence, one simple way to improve the food markets' efficiency is to expand the NLEA standards to require that detailed nutritional information accompany all foods and menu. The second economic rationale for government intervention is that the cost of obesity are born broadly by society. A 2003 study estimates that through Medicare and Medicaid – the government's medical care programs for the elderly and the indigent – taxpayers pay half the total costs of treating obesity-related illnesses. The third economic rationale concerns specifically childhood obesity. Children are not what economists call "rational consumers": they cannot evaluate information critically and weigh the future consequences of their actions. If the government can correct the problem of incomplete information in a relatively straightforward manner, it cannot so easily fix the other two problems and must turn to second-best practice policies. From the economic perspective, the correct way to choose among different interventions is to analyze their cost-effectiveness. The first step should be estimated all the costs and benefits associated with each intervention and the second is to rank the interventions according to how cheaply they achieve the policy goal, thus allowing policymakers to use a fixed budget most efficiently. Many are second-best practices that can be implemented and analyzed. Policy makers could implement taxes and subsidies that either discourage the consumption of certain food or encourage physical activity. A food tax might sufficiently decrease consumption that obesity would fall, cutting the costs imposed on society. Another major option is to subsidize behaviours that decrease obesity-related society's costs. For example, in the US, some local governments subsidize public parks, pools and other athletic facilities and also provide free physical activity, nutrition education and sports teams in public schools. Local authorities could also require all school to remove vending machines for soda and candy. In the United States one particular venue for intervention is in fact the public school system, even if some observers have advocated banning all food advertising to children in all venues. Government should, for example, protect children from advertisements for junk food. The risk connected with food advertising is related to the fact than children who are a captive audience may increase both their consumption of the advertised food and their risk of obesity. In relation to agricultural policy, Governmenta could promote cost-benefit analysis to assess the net benefit of agricultural production subsidies and price support, in order to identify - and eventually modify or cancel - public programs that contribute to obesity. Cost-effectiveness analysis of anti-obesity initiative is in short supply. Nevertheless, studies have calculated the cost of saving a quality-adjusted-life-year (QALY) associated with specific interventions. The decision rule for cost-effectiveness analysis is, generally, to implement the policy with the lowest cost per QALY and to continue to implement policies until either the initiative's budget is exhausted or the cost per QALY saved rises above some threshold. Is interesting to note that this threshold has been recently raised from \$ 50,000 to \$ 200,000. Recent studies demonstrate that there may be available a variety of cost-effectiveness analysis of cost-effective anti-obesity interventions, some involving prevention, some medical treatments.

Conclusion

Policymakers are invited to evaluate their intervention on the basis of cost-effectiveness studies and, on their side, researchers should address their efforts to conduct such analyses. There is large evidence that even small changes in

behaviour today can substantially decrease childhood obesity in future decades.

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The nutrition transition to 2030. Why developing countries are likely to bear the major burden

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Changes in the overall dietary energy supply (DES)

At the most general level, the nutrition transition can be characterized by the changes in per capita energy supplies. The comparison of today's per capita energy availability with that of 40 years ago shows an almost universal trend towards higher Dietary Energy Supply (DES) levels. At the beginning of the 1960s, the entire developing world - with few exceptions - was suffering from substantive calorie deficits, chronic under-nourishment and in some cases outright and population-wide famines. Many developed countries by contrast were already approaching or even exceeding DES levels of about 3000 kcals/person/day (even among the rich countries large differences remained). The last three decades brought about a radical change in the nutritional situation for many developing countries. Energy supply increased swiftly throughout much of East Asia, Latin America and the Near-East/North African region. By the end of the 1990s, the rather homogeneous picture of low DES levels and hunger of the 1960s had changed drastically. The prevalence of undernourishment had fallen in all major developing regions except for sub-Saharan Africa and a few countries in South Asia to levels below 10%. Outside these areas populations in the more rapidly developing countries have begun to experience the consequences from oversupply of food energy and a growing rise in obesity. And, with unequally distributed incomes in most developing countries, hunger and obesity now often co-exist in the same country or region, creating a growing "double burden of malnutrition". The transition is expected to continue at a fast pace in the next decades. The speed of the nutrition and lifestyle transition, and thus the incidence of overweight people and obesity may even gather pace. A growing number of countries will move into per capita energy supply levels of 2700 kcals and more over the next 30 years. On average, consumers in developing countries will have nearly 3000 kcals per day at their disposal. The number and prevalence of chronically undernourished people will continue to decline; by 2030 only 6% of the developing countries' population are estimated to remain chronically

undernourished (Bruinsma 2003); by then, the hunger problem should be largely limited to sub-Saharan Africa. These averages, however, mask substantial differences both within and across countries. Where the income disparities remain high, hunger and overnutrition are likely to co-exist within the same country. The overall result would be that the double burden of malnutrition will remain unresolved.

Change in the composition of the diet

The transition has not and will not be limited to higher food energy supplies, it will also bring about a marked shift in the composition of the diet. In this perspective the first step of the transition could be described as an "expansion" effect. At low income levels the additional calories come largely from cheaper foodstuffs of vegetable origin (this seems to take place regardless of cultural and religious factors, food traditions or agricultural production patterns). The second step is largely a "substitution" effect and reflects a shift from carbohydrate rich staples (cereals, roots and tubers) to vegetable oils, sugar and foodstuffs of animal sources. This effect exhibits much more country-specificity and is often influenced by cultural or religious food traditions. These factors determine both the extent to which animal products substitute for vegetable products as well as the composition of animal products that enter the diet. Growth in calories intake from animal products was particularly pronounced in East Asia in the past while sub-Saharan African countries showed no growth at all. The rapid expansion in East Asia was dominated by soaring (pig) meat consumption in China. Both China's and India's growth in consumption of animal products are projected to continue over the next 30 years, albeit at a somewhat slower pace. Meat and milk consumption will continue to rise in Latin America and the Near East/North African region. The expansion in the Near East/North Africa region will be driven by higher milk, eggs and poultry consumption, while higher beef and poultry consumption will continue to dominate the expansion in Latin America. The shift towards higher meat and milk consumption has some positive effects on health (increasing both the quantity and the quality of protein, essential minerals and vitamins). Yet, these benefits decline rapidly as intake levels rise further and high intakes are associated with considerable risk and detrimental health effects. Increased consumption of red meat tends to increase the risk of some cancers and increased intakes of saturated fat and cholesterol from meat, dairy products and eggs increases the risk of cardiovascular diseases. In addition, rapid urbanization has and will continue to affect both consumption patterns and energy expenditure. Urbanization creates a new and improved marketing and distribution infrastructure, attracts supermarkets and their food handling systems, improves the access of foreign suppliers and promote a globalization of dietary patterns. Particularly for the Urban poor, the shift towards fast and convenience foods may also imply a shift towards a much more sugary, salty, and fatty diet (Smil, 2000). Moreover a more sedentary lifestyle associated to Urban life will reduce calorie expenditures. The adverse impacts of the rapid nutrition transition are likely to be compounded by a number of other factors that are specific to developing countries. Its adverse impacts are likely to be felt more strongly there.

The nutrition transition in developing countries

In many developed countries, the shift in consumption patterns and lifestyles has already resulted in a rapid increase in the prevalence of overweight individuals, obesity and related non-communicable diseases (NCDs). Many developing countries are in the process of a similar transition and the health impacts of this transition could be severe while the capacities to deal with adverse health impacts are more limited. The main compounding factors of these nutritional changes are a

phenotypic and genotypic predisposition towards developing obesity and NCDs. The phenotypic predisposition is exemplified by how hunger and malnutrition “programme” the next generation to a higher risk of obesity and related NCDs (Hales and Barker 2001). The genotypic predisposition may be important in certain population or ethnic groups which increases their risk of NCDs. The human and economic toll could be dramatic and for many the exit out of food-poverty may be associated with a straight entry into healthpoverty. This means that, while fewer people will suffer from hunger and chronic undernourishment, more will have health problems related to being overweight, obese and NCDs. The effects of NCDs will be felt more severely in developing countries as fewer people have access to appropriate medical treatment even if they can afford more food. The policy messages from these developments are twofold. First, fighting hunger today and thus minimizing the phenotypic predisposition to develop obesity and NCDs should receive extra attention by national policy makers and the international community. Particularly food programmes that help improve pregnancy and pre-pregnancy nutrition should be promoted. By helping to curb a likely NCD epidemic, these programmes will yield an extra return in the future - over and above their current antihunger dividend. Second, given the speed of the nutrition transition and the higher susceptibility of consumers in developing countries towards developing obesity and NCDs, there is a need to design and devise policy measures that help avoid adverse nutritional outcomes in developing countries as soon as possible.

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Obesity and economic research: a “prehistoric” challenge

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Introduction

Diet and health policy can be improved by integrating economics into the core of the biomedical and public health disciplines. This insistent statement is less audacious than it seems, if one accepts the ordinary idea that human behavior underpins public policy toward diet and health. People affect the world within, just as the world within affects them. Understanding the driving factors which affect the decisions on what to eat, when to exercise, how much medical care to demand is crucial; and frequently the relative costs and benefits have something to say about these choices (Mazzocchi, Traill and Shogren, 2009). Integration of private choices with public decisions requires information on the interaction of economic circumstances and biomedical science, knowledge about idiosyncratic private skill to adapt to risks, relative prices of the food and services related to health, and some ideas about how to identify rational choice versus contextual choice.

Trade and biology in the past

Adam Smith said in *The Wealth of Nations* that “[e]very man endeavours to supply by his own industry his own occasional wants as they occur. When he is hungry, he goes to the forest to hunt; when his coat is worn out, he clothes himself with the skin of the first large animal he kills: and when his hut begins to go to ruin, he repairs it, as well as he can, with the trees and the turf that are nearest it.” What was true then is true now. People use natural resources for their own benefit, sometimes at their own expense, sometimes at the expense of others. The goal of economics of food and nutrition is to address these human needs and natural resources limits to define the constraints, to confront them, and to design rules to increase the efficient use of land, forests, and resources. With that in mind, let’s go way back to a time of paleoeconomics. After about 260,000 years of eking out an existence in glacial Eurasia, the Neanderthal (*Homo neanderthalensis*) suddenly became extinct around 30,000 / 40,000 B.P. Early modern humans (*Homo sapiens*), arriving on the Eurasian scene shortly before, are suspected to have been the perpetrator, but exactly how they caused the Neanderthal extinction is unknown. Mellars (2004) summarizes the current state of the Neanderthal extinction debate and suggests that the replacement of Neanderthals by early modern humans is probably a result of competitive exclusion that is, the more efficient population out-competes and ultimately replaces the less efficient population. Horan et al. (2005) developed a paleoeconomic model that supports Mellars’ assessment that behavioral differences could have played an important role in Neanderthal extinction. Their basic story is that in the initial year, Neanderthals are in equilibrium with a population of megafauna their dominant prey base. Humans enter Neanderthal territory, and competition for base resources commences. Fertility is linked to caloric intake, and behavioral exclusion occurs if per capita meat consumption of humans consistently exceeds Neanderthal consumption, or visa versa. Assuming that skilled and unskilled hunters exist in both populations, humans had invented the “institution” of trade. Facilitated by their ability to talk and use symbolic communication, trade provides incentives for specialization and division of labor, and enables “skilled” hunters to focus on the job they do best. Horan et al.’s model suggests the following pattern. Skilled human hunters are scarce at the beginning, but over time they become less so. Natural selection increases the proportion of skilled human hunters to a level that allows for a complete division of labor. Humans retain this division of labor until Neanderthals become extinct over the next few centuries. Even with a higher proportion of skilled hunters, Neanderthals cannot compete against the humans’ economic system. Basic economic forces of scarcity and relative costs and benefits have played integral roles in shaping societies throughout recorded human history.

Integrating economics & biology

Why didn’t Neanderthals ever regain the lost ground even if they did learn to trade? With positive feedbacks between trade, nutrition, and productivity, humans could have kept their competitive advantage. Efficient trade leads to better nutrition, and as a consequence, greater productivity. Hunting megafauna relies on strength and endurance and therefore on good health and nutrition. Caloric intake is associated with increases in maximum oxygen intake, and therefore with fitness. Neanderthals never catch up to the humans who just get more productive. Moreover, Neanderthals die out quicker once productivity effects are included, and humans can withstand even greater biological efficiency differences that favor Neanderthals. In a trading equilibrium, human per capita meat production is more than Neanderthal per capita meat production. In consequence, each human consumes as much if not more meat than a skilled Neanderthal hunter, with less-skilled

Neanderthals consuming even less meat. Greater meat consumption by human hunters implies greater nutrition and hence greater productivity in the following period. In contrast, Neanderthal fertility and nutrition are diminished in following periods as the combination of human and Neanderthal harvests reduce the wildlife stock and hence Neanderthal harvests. The relatively greater nourishment and productivity of humans in these following periods, combined with the lack of nourishment and productivity of Neanderthals, effectively increases the relative biological efficiency of humans. Positive feedbacks exist between productivity and consumption which add to the humans' comparative advantage created by their trade-induced superior economic efficiency. The lesson behind studying the past is that we see how economics works with biological factors to create better or worse nutrition. Biology affects scarcity, which affects trade, which affects scarcity, which affects trade, and so on. Trade can diminish rate of natural selection when one assumes utility and fertility a function of meat consumption. And while traditionally viewed as efficiency-increasing, trade can also reduce efficiency in an evolutionary sense by reducing average skill levels. The open question today is whether and how the economic factors at work now differ from or are the same as our paleoeconomic story. Biology is not destiny, neither is economics; it is the combination captures the actions and reactions between the two systems that matters. If one accepts the idea that neither biology nor economics is providence, the present research challenge is to find mechanisms and institutions that can better integrate economics with epidemiology/medical sciences. The risks we confront from our choices of diet are endogenous. Health policy is designed to reduce risks to human morbidity and mortality. The goal is to invest scarce resources to reduce risks to life and limb for people confronting threats from exposure to unhealthy food. Risk is defined by the combination of two elements: the probabilities (or chances) that good or bad event occurs, and the outcomes or consequences realized when the event actually does occur. Scarce resources create opportunity costs, which renders the idea of a zero-risk society a noble but unattainable goal. Rather our private and collective choices on how to produce food and what food to consume generate risk to ourselves, e.g., we eat salty foods feared to cause high blood pressure. People create their own health lotteries: the gambles people take to increase well-being. Health policy is about changing the probabilities and outcomes such that people and nature face a different lottery, hopefully one with reduced risk. The idea is private actions dominate food and nutrition choices. When confronting risks from pathogens, people can self-protect by washing their hands, storing food, and cooking food well. People buy bottled water if they suspect their drinking water is polluted. People substitute private protection for the care supplied by collective safety programs. Each person's value for any collectively supplied risk reduction program is then conditional on his private preparation and forearming efforts. The endogenous risk perspective is especially relevant to health problems because markets are incomplete, preventing the creation of complete set of claims that allow risk to be perfectly diversified until only the exogenous remain. Fogel (1994), for instance, argues how health improvements over the last century were due to better nutrition and to an enhanced ability of consumers to transform nutrition information into desired health states. Since this ability depends on relative prices and wealth, he called for the joint use of biomedical and economics to examine more deeply the consequences of better nutrition for human well-being. Fogel's plea, however, has rarely been heeded, either in the biomedicine or in the health economics literature. Chen et al. (2002) stress how the biomedical studies works within a mind-body dualism which treats mental and biochemical processes as separable. This view holds that biochemistry and biophysics can explain nutrition choices and human health. Much of the economics of health-nutrition has maintained the mind-body dualism. Nutrition studies which show how health inputs are manifestations of people's choices are

limited in number and appear to reside exclusively in the economics literature (Behrman & Deolalikar, 1988). Those few attempts in biomedicine to introduce behavioral considerations do not formally model how individuals' decisions about what they eat depend on prices and income. The estimated health response to a price-induced change in any one nutrient will be an amalgam of the health responses to changes in consumption of all health inputs induced by the original price change. Recommended changes in one nutrient may induce people to alter their consumption of other health inputs as well. The extent to which they choose to do so depends on factors such as preferences, wages, prices, and income. The everyday health consequences of following the recommendation may differ from the laboratory result. And although conflicts exist between social and health sciences, economics and the biological and medical sciences have many similarities. Both are disciplines of limits how to deal with scarcity. Whether it is a human reaction to a limited budget and unlimited wants or a physiological response to the quantity and quality of food, humans and their bodies must deal with their limits. The limiting factors in both disciplines drive their research efforts. Yet failure to account for joint influences upon these limits in economic systems and biological systems can cause inaccurate perceptions of how each system works and provide misleading policy recommendations.

Economic rationality and actual behaviors

Bad diet and health choices dominate the current policy debate in many developed nations. Rather than too little food, which has been the fear since before Neanderthal time, nowadays too much food of too poor quality is the concern. For instance, seven of TEN people in the United States are classified as overweight or obese. And according to Finkelstein et al. (2004), such obesity and smoking problems account for nearly 10% of all health expenditures in the US. The research challenge for the future is to define and control these seemingly deficient private choices. For economists interested in diet and health, this agenda requires more research into how far people actions deviate from the rational Homo economicus presumed in traditional health economic models (see e.g., Mancino & Kinsey, 2004). Relying on rational choice theory to guide diet and health policy makes more sense if people make, or act as if they make, consistent and systematic choices toward certain and risky events. But nagging questions persist: are diet and health problems a question of market failure, technological advancement, or behavioral failure or some combination? How rational should we assume people are when making health policy? Does the context matter? Do incentives matter really? What role do emotions play in economic behavior toward diet and health? How complicated is a person's utility function? How do institutions affect the nature of this utility function? The lesson for addressing future challenges in the economics of diet and health is to tackle the question of rationality and its breakdown head on. Separating the conditions under which rationality is close enough as a necessary fiction to guide policy from the circumstances when it is not will be major area of research. A fundamental difference exists in debate about what rationality means in a behavioral context. At issue is whether one chooses to believe that rational choice is a property of the individual alone or within the social and economic context within which it is embedded. Neither polar view fully captures the richness of behavior that can arise in a health policy context. People make choices both in non-market settings and socialized market settings. The sensitivity of behavioral failures to the institutional context illustrates how behavior depends on whether a decision is made in isolate, in an active market, or both. Addressing the question of whether rationality is a reliable guide or confused relic will require more information and research based on experiments that control the context of choice and the institutions that exist to alter choices over diet and health.

The deep-rooted message is that economists should continue to challenge themselves to step beyond their usual bounds to work more with biologists, medical scientists, anthropologists, epidemiologists, and behavioral scientists. By integrating economics into the core of these other disciplines, the predictions of behavior, rational or otherwise, can be more precise with a better accounting of private actions and reactions to public health policy, especially for matter so fundamental as diet and health.

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