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From:	Presidency
To:	Delegations
Subject:	Horizontal impact of EU Strategies: Opportunity for food security driven by the coherence of the EU agricultural tools - <i>Exchange of views</i>

With a view to the meeting of the Special Committee on Agriculture on 15 September 2022, delegations will find in the Annex a Presidency document on the above subject.

Horizontal impact of EU Strategies: Opportunity for food security driven by the coherence of the EU agricultural tools

Introduction

Given the current developments at the global level, there are additional challenges that Europe faces in many ways. To maintain the stability of different sectors and provide the expected positive achievement of common objectives, it is necessary to ensure that all available instruments are used to maximum effect. Towards the 2050 climate targets, the EU should be ready to use all available policy tools. This also applies to agriculture, forestry, and rural development. Short-term immediate solutions to react to emergency situations (high prices of energy or agricultural inputs, natural disasters) or long-term strategies with conceptual impact are available. Production stability and the economic aspects must be balanced with the requirements of environmental and social ecosystem services so that the implementation of the EU and global solutions are coherent, reflecting the horizontal interlinkages with the main focus on synergies and complementarities when reaching the main targets and priorities.

Market development

Regarding the situation on global and internal markets, there are clear exceptional factors that have a particular impact for the 2022/2023 period. Following the impact of Covid – 19 pandemic, the EU is constantly monitoring developments in dependence on supply and demand, dependence of some sectors on exports due to changes in global market structure, on consumer's preference (consumer preferences might change in light of high food prices). With regional regularity, we are facing consequences of climate change that may influence the structure of European agricultural production. In terms of the biggest challenges of this year, the discussion concerning the impact of the situation on Ukraine with respect to the European market is ongoing. Food security, availability, and affordability, but also pressure on maintaining regionalisation in case of animal diseases and the overall stabilisation of trade relations with external regions and partners is taking place on all relevant platforms.

As regard the cereals market, last marketing year (2021/2022) production was ample (well above average) and exports were strong. Regarding the 2022/2023 forecast, the total EU cereal production is projected 4,5% below the five-year trimmed average. Compared to July projections this month update result in a drop in the EU total cereal production of 5,8 million tonnes (to 272.7 million tonnes), including a cut of 6,5 million tonnes for maize (to 59.3 million tonnes, -13.7% compared to five-year trimmed average) (mainly due to downward revisions of yield). Soft wheat production was revised up by about 2 million tonnes (to 126 million tonnes, +0.7 compared to five-year trimmed average), mainly due to higher yields in some regions or increased planting areas in specific countries. Given lower maize production and ample availabilities of maize in Ukraine higher maize imports and lower maize exports are expected.

It will be important to continue to monitor further developments for possible immediate response. Similarly, securing agricultural inputs (seeds, fertilizers etc.) in preparation for the upcoming seasons will be a key issue from a food security perspective. The impacts of the last months' drought on ongoing winter sowings (in particular rapeseeds, which starts to be sown already end of August) would have to be carefully monitored.

Production

Production is among the current challenges that have an overlapping impact on food security in Europe. Currently, it is not only the agricultural sector that is struggling with the sufficiency and availability of capacity to ensure the international connectivity, especially in case of affected regions. The export potential of European production to ensure the availability of agricultural outputs in third countries and regions need has been discussed. Structural market changes are linked. In this context, level playing field, marketing standards, as well as flexibility in terms of controls to strengthen further cross border cooperation, need to be reflected. Regarding the availability and affordability of production, the structure of distribution is one of elements to consideration (area of prioritizing transport routes, highlighting only transit transports, or coordinating cross-border cooperation). Successful implementation of proposed EU measures is evident, where a positive trend in terms of trade is evidenced by the growing numbers of exports from the Ukraine.

Climate conditions

The current situation also confirms that the long-term stability of food security in the EU must be seen in the context of the overall EU capacity and the long-term sustainability of the sector.

However, it is essential to observe the different situations across all regions. The implementation of EU instruments must reflect local specificities and take local conditions into account. This is the only way to maximise sustainability in EU production while fulfilling long-term objectives.

Severe drought and extreme weather events are affecting crop yield and cause widespread damages. Reduced water availability has had severe impacts on the energy sector for both hydropower generation and cooling systems of other power plants. Water and heat stress have substantially reduced some crop yields. The most affected crops are maize, soya beans, and sunflowers. Recent precipitation (mid-August) may have alleviated drought conditions in some regions of Europe. However, in some areas, associated thunderstorms caused damage, losses, and may have limited the beneficial effects of precipitation.

Seasonal forecasts for most of Europe, after a long sequence of unusually dry periods, this may not be enough to fully recover from the deficit cumulated in more than half a year, but it will alleviate the critical conditions of many European regions and of the affected sectors. The exceptional water stress and heat stress have substantially reduced yields of the main crops. The August EU yield forecasts for grain maize, soya bean, and sunflowers are the most affected, with reductions (compared to five- years average) estimated to be, respectively: -16%, -15%, -12%.

General description of agricultural tool

In order to meet common EU challenges and to respond to current developments in food security, it is necessary to ensure effective use of available instruments, including consistency in the implementation of individual European policies.

Key policy that addresses common objectives that are economic, environmental, food-related and societal, is the Common Agricultural Policy. It aims to support farmers and improve agricultural productivity, ensure a stable supply of food, enable farmers to make a reasonable living while promoting sustainable management of natural resources and maintaining vibrant rural areas. In addition to CAP, there are other EU policies, initiatives, action plans or measures, which should promote policy coherence at EU and national level, mainstream sustainability and competitiveness, and strengthen the resilience of agriculture and food systems.

Environment and climate ambitions of current tools

Under the field of biodiversity, the attention should be focused on the area of conservation of wild birds and related habitats, as well as on the conservation of natural habitats and wild fauna and flora. Regarding water quality we need to follow a list of rules focusing on water supply as a framework for Community action in the field of water policy or protection of waters against pollution caused by nitrates from agricultural sources. Air quality and cleaner air for Europe, reduction of national emissions of certain atmospheric pollutants and other related legal proposals go hand in hand with the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 and many others. The global targets and objectives are covered under the most relevant umbrella strategies (Green deal, Farm to Fork, biodiversity).

The way forward

In many areas, we are entering the final phase of the ongoing negotiations on the legislative framework or the national implementation itself. It is important to address the final steps of the new CAP, while the discussion on the overall climate package is moving forward, and the EU forestry strategy as well as the biodiversity strategy are clearly defining their requirements. These challenges represent important steps towards further sustainable development. It is important to choose the right steps and make the most of the available potential.

In this context, a strategic discussion on long-term EU priorities while reflecting on the progress already achieved is of utmost importance. In the light of new challenges, progress towards the economic, social and environmental objectives should not be slowed down. Therefore, it is necessary to pave the way for increasing use of available agricultural instruments and EU policies. The coherence of all instruments related to rural areas needs to be ensured.

To complement the discussion that will take place at the informal meeting of Agriculture Ministers concerning the global aspects of the food security, the Presidency will invite the SCA to discuss and prioritize the most relevant and currently available or expected EU tools or instruments in order to ensure agricultural production capacity at affordable level. The main focus of the discussion should be on steps which ensure coherence and effective use of financial sources while strengthening resilience to climate and environment conditions and fulfilling economic and social sustainability.

Q: What are the main available or future tools or instruments which you consider the most relevant for ensuring agricultural production capacity at affordable level while strengthening resilience to climate and environment conditions and fulfilling economic and social sustainability?

During the SCA session the Presidency will suggest to have an informal side activity to prioritize some topics covered under “SWOT” evaluation proposed only for the SCA deliberation.

The participants could choose the individual points (rows) under the chapter of strengths, weaknesses, opportunities or threats, which they would find important to ensure those objectives.

The last column of the table indicates a list of tools, policy initiatives or legal activities that are already implemented, under the process of negotiation or under preparation. At the end of the session, the Presidency may provide some information of possible outcomes.

- Strengths – Quantity, Quality
- Weaknesses - Availability, Affordability
- Opportunities – Education, Long term perspective
- Threats – Loss of Member States / EU / Global ambition

<u>Strengths</u> Quantity and Quality	<u>Description</u> Actions to be driven by Member States (EU) / EU and globally through the available EU tools and instruments	<u>Tools, initiatives or activities</u> Proposed reaction and possible solutions in short and long term perspective
Controlling	High quality standards are ensured through harmonized controlling mechanism, where level playing field in the internal market and global international trade need to be ensured EU coordination / integrated reciprocity on level of legal proposal Import vs. transport flexibilities	Revision of related legal framework (veterinary, fytosanitary, animal welfare)
Market structure	Detailed monitoring on commodity situation as well as on sectorial level needs to continue to react appropriately on demand and supply development Single market / international negotiations	Ongoing free trade agreements negotiations FAO WTO coordination Inputs for new CAP 2027+ Organic Farming Sustainable supply chain Promotion policy focused on sustainable production of full scope. Geographical indications (GIs)

EU tools (CAP, Farm to Fork)	Coherence and multiple effect needs to be ensured based on sound financial management principles Flexibility and subsidiarity / MFF discussion	New financial framework preparation Rural areas involvement
Innovations	Support of the new technologies implementation with close cooperation with stakeholders to ensure 5E approach Farm approach / financial instruments	Financial management Evaluation based on regular reporting of the CAP implementation
Logistic	Communication and technical capacity as a lead activity towards functional single market needs to be further developed with special focus on Solidarity lanes Inter-institutional coordination / EU interconnectivity (technical and systematic) Transport preferences for agriculture products or transit of goods	Solidarity lanes (new activity towards 2023 - flexibility) FAO WTO TTE council
Regionalization	Advantage of EU integration in terms of producers organization on EU level need to be ensured with special focus on high EU standards mechanisms Boost national controlling and monitoring systems / ensure the harmonised approach	Veterinary, phytosanitary revision Food package New marketing standards

<u>Weaknesses- Availability, Affordability</u>	<u>Description</u>	<u>Tools, initiatives or activities</u>
	Actions to be driven by Member States (EU) / EU and globally through the available EU tools and instruments	Proposed reaction and possible solutions in short and long term perspective
Pricing	Input prices and structure of the cash flow need to be monitored to avoid negative impact on the single parts of agri-food chain but also on the final consumer Balanced implementation of EU tools / international negotiations, internal flexibility	Taxonomy
Single market	Discrepancies of the internal markets need to be limited to ensure full functionality with special focus on EU economic integrity Ban on market restriction / speed up the administration processes (state aid, implementation of measures)	Market and trade agenda / monitoring
EU restrictions	Food security needs to be ensured through available input sources based on well calibrated trade balance and equitable redistribution Market coordination / stabilising measures.	Unilateral, inadequate measures in contradiction of WTO rules
Financial instruments	Structure of the envelope needs to be supplement appropriately when supporting private motivation to avoid drop or imbalances of continuity Involving of private sources / MFF reflect on additional requirements	Ecofin State aid De minimis MFF

Opportunities - Education, Long term perspective	Description	Tools, initiatives or activities
Alternatives	<p>Actions to be driven by Member States (EU) / EU and globally through the available EU tools and instruments</p> <p>Continuous supply needs to be accompanied with new sources and technologies</p> <p>Revise the legal framework / speed up the evaluation</p>	<p>Proposed reaction and possible solutions in short and long term perspective</p> <p>Legal reflection - EFSA</p>
Marketing standards	<p>Newly presented objectives and goals of EU policy need to be reflected under the harmonised technical and legal framework</p> <p>Enhance the implementation / reflect on new expectations</p>	<p>Revision of breakfast directives 2022/ 2023</p> <p>Revised marketing standards</p>
One health approach	<p>Coherence of the politics is needed to present milestone in the process of reaching a well-balanced trend of development across the individual sector reflecting the horizontal aspect and crosscutting character</p> <p>Improved complementarity / evidence-based impact assessment enabling proper evaluation</p>	<p>One health strategy</p> <p>Cancer strategy</p> <p>Farm to Fork implementation</p>
Research and advisory services	<p>Exchanging good practice and sharing experience supported by a clear legal framework and methodological guidelines is essential for the process of implementation of new technologies and working methods</p> <p>Further development of advisory services and research infrastructure / full involvement of all stakeholders</p>	<p>LIFE calls</p> <p>large research infrastructures</p> <p>AKIS</p>
Digitalization	<p>New technologies replacing processes with a high error rate must support the reduction of the risk of the negative impacts of the policy being implemented in the wrong way, both substantively and economically</p> <p>Further development of national implementation structures / harmonized approach and metadata availability</p>	<p>Deforestation</p> <p>CAP</p> <p>Sentinel</p> <p>Copernicus</p> <p>Remote sensing</p> <p>SAIO</p> <p>FSDN</p>

Threats - Loss of MS / EU / Global ambition	Description	Tools, initiatives or activities
Resistance awareness	<p>Actions to be driven by Member States (EU) / EU and globally through the available EU tools and instruments</p> <p>Emphasis must be placed on information and awareness-raising, including the transparent presentation of monitoring and evaluation outputs, as well as the promotion and popularisation of key themes</p> <p>Focus on monitoring and evaluation processes / enhance the evidence based approach</p>	<p>Proposed reaction and possible solutions in short and long term perspective</p> <p>Advisory services to be harmonised networking</p>
Administrative burden	<p>Excessive bureaucratic burden resulting from loss of social trust must be replaced by the development of self-reliances and responsibility</p> <p>Limit the “we know best” approach / harmonisation taking subsidiarity into account</p>	<p>Reducing burden subsidiarity enabling Member States to reflect on local needs</p>
Unbalanced approach	<p>Balance and proportionality in all areas can ensure a stable but flexible sector</p> <p>Focus on strengths and opportunities / feasibility and long term perspectives</p>	<p>Internal EU coordination needed</p>
Changes in quality of life	<p>It is essential to clearly define the scope of the requirements, their impact or benefits, and their cost so that the added value and public goods can be fairly and equitably assessed to avoid disproportionate disruption of the quality of life at the individual level, but also of a part of society or a region</p> <p>Public debate / economic and social aspects taken on board</p> <p>Reflection on new challenges</p>	<p>Sensitive issue – horizontal impact evaluation needed</p> <p>Long term strategies</p>
Disintegration	<p>Targeted activities that disrupt unity in diversity must be conceptually devalued</p> <p>Strengthen the general opinion of society, strengthen the education system and strengthen public awareness / avoid disproportionate measures</p>	<p>Fully in progress</p>