

Common Agricultural Policy and global food security

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The Committee on Agriculture and Rural Development adopted an own initiative report by Mairead **McGUINNESS** (EPP-ED, IE) on the Common Agricultural Policy and Global Food Security.

Situation and causes: the report notes that, in the space of two years, world food prices have increased by over 80% on average while cereal stocks have fallen in 2008 to a worrying historic low of 40 days' supply. According to the World Bank, over 860 million people in the world are facing chronic famine and the surge in food prices could push an additional 100 million people into deeper poverty. The FAO and the OECD predict that, while commodity prices may fall from the higher levels of the past year, they are not expected to fall back to pre-2006 levels. Fluctuations in commodity prices may therefore be a more regular feature of the global market. According to the FAO, an investment of EUR 30 billion per year would be enough to ensure the food security of a world population which will reach 9 billion by 2050.

In this context, the report affirms that global food security is a question of the utmost urgency for the European Union and calls for immediate and continual action to ensure food security for EU citizens. It stresses that food should be available at reasonable prices for consumers while, at the same time, a fair standard of living for farmers should be ensured.

Reaffirming the fact that poverty and dependence on food imports are leading causes of food insecurity, the Committee on Agriculture calls for **policy instruments aimed at averting such dramatic and damaging price fluctuations**.

The report stresses the importance of a **comprehensive analysis of rising food prices**, taking into account rising energy prices for end consumers, stronger weather phenomena and increased demand for energy owing to the increased global population. The Commission is called upon to investigate further the possible link between high food prices and rising energy prices, in particular for fuel.

MEPs call for a **global assessment of the impact of the increased production of biofuels on food prices** and for policy coordination at the global level to ensure that food supply is not jeopardised by the push for renewable energy production. They also call for the inclusion in **international and regional agreements** of commitments that the subsidies granted for biofuel production will not jeopardise world food security and will be consistent with applicable rules so as not to affect competition between trading partners.

The report also draws attention to rapidly changing consumer eating habits, particularly in emerging countries with a shift towards more meat and protein consumption requiring more grain. MEPs consider that increasing market concentration in the food retail sector needs to be monitored to prevent it leading to the development of monopolies and call for the adoption of alternative solutions that adjust the balance in favour of small farmers, who find themselves unable to negotiate with the large retailers.

European Union responses: MEPs believe that the CAP should remain the cornerstone of EU food-security policy now and beyond 2013 and should be adapted beyond what was done in the CAP Health Check. In light of the 2008-2009 Budget Review, they call for a **stable and constant level of EU and Member States' expenditure** on the CAP guaranteeing a fair income for farmers and for effective insurance policies to be made available, protecting against massive price fluctuations. The Committee on Agriculture:

- urges the Commission to look at the **impact of climate change mitigation initiatives** in the agriculture sector and to provide resources to this sector so that such measures do not result in decreased EU production;
- calls for a **global food inventory regime and a global system of food stocks** and believes that the European Union should take the lead in devising such a system;
- calls on the Commission to devise an **effective EU market monitoring system** capable of recording the changes and trends in the prices of agricultural products and the cost of inputs;
- considers that an **international observatory** should be set up within the FAO to facilitate the monitoring of **prices of agricultural products**, inputs and food at international level;
- calls for policies under the CAP to incorporate provisions on food security and for trade agreements to incorporate **equal commitments from partners to regulate trade** in a way that does not jeopardise world food security;
- calls on the Commission: **at the WTO negotiations**, to advocate qualified market access, which will ensure that the high environmental standards of EU farming and the right of every State to food security are not undermined by cheap imports; to adopt a **comprehensive strategy** on food security issues so as to achieve coherence among all Community policies; to analyse the **effects of the financial crisis** on the agricultural sector and to consider proposals to ensure the stability of the sector, also in terms of access to loans and credit guarantees;
- calls for **more effective EU coordination** with non-governmental organisations, the FAO and the UN to promote fair access to global food resources and to increase food production in key developing countries while consistently taking into account biodiversity and sustainable development criteria.

Agriculture in the developing world: regretting the reduction in the amount of development aid being devoted to agriculture and rural development, which was 17% in 1980 and only 3% in 2006, MEPs urge the Commission to direct and monitor the contribution of the EU financial support towards achieving agricultural-led growth and to do all in its power to induce governments to spend the amount of 10% of the national budget on the agricultural sector, as they have committed to.

MEPs believe that the **European Development Fund** should be more focused on agriculture - particularly small farms and processing of products on the spot - as the vast majority of the world's poor live in rural areas. Moreover, efforts should be made to establish rules for agricultural trade, which guarantee food supplies in all countries. The **European Investment Bank** is called upon to look into means to provide programmes for local food producers in developing countries with loan guarantees to support access to credit and micro-credit.

MEPs demand that a **permanent food-security fund be created** in support of the world's poorest, under Heading 4 of the General Budget of the European Union to complement other development measures financed by the European Union.

The European Union is also called upon to: (i) recognise developing countries' right to food sovereignty and to support this with targeted measures; (ii) put agriculture back at the centre of its development agenda, giving specific priority to programmes for agricultural development including clear targets for poverty reduction and feasible objectives (particularly measures promoting small-scale agriculture and the production of food for local markets through the use of biodiversity, with a particular focus on capacity-building for small-holder farmers and women).

Moreover, MEPs believe that **further, unregulated liberalisation** of agricultural trade would lead to a further increase in food prices and even higher price volatility. They stress that the worst affected would be the most vulnerable, food-importing developing countries. They also recall that world trade rules must under no circumstances undermine the right of countries or regions to support their farming sectors with a view to ensuring food security for their population. The Commission is called upon to re-assess its free market approach to agricultural trade accordingly.

Research and development: reaffirming their commitment to investment in technology and innovation in agriculture and farm production, MEPs call for an **accelerated programme of research and development** on sustainable and energy-efficient agriculture, suited to its location.

The Commission and Member States are called upon to promote research and development to prevent and adapt to climate change, in particular the use of high-yield energy crops, environmentally friendly fertilisers that are as effective as possible, new agricultural technologies with minimum negative effects on land use, the development of new plant types that are resistant to changes in climate and related diseases and research into ways to use waste in agriculture.