

Europe's Place in World Agriculture
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Good morning everyone. I am delighted to be participating in your congress and in particular to be speaking about 'Europe's Place in World Agriculture'. Just to introduce myself, I am Peter Kendall, President of the National Farmers' Union of England and Wales and Vice President of the European Farmers' Organisation COPA-COGECA. I am an arable farmer in East Anglia growing 1000 hectares of cereals and oils seeds but I represent a wide variety of farmers (livestock, dairy, horticulture), of all sizes and farming in a variety of locations (from the plains of East Anglia to the hill farmers of Wales).

The topic of 'Europe's place in world agriculture' can be approached in a variety of ways; and I am sure it will in the course of the next couple of days. But I would like to start by saying that I firmly believe that there is a great future for Europe in world agriculture and that, to understand where it lies, we need to ask ourselves what are the strengths and characteristics of European agriculture.

Europe's place in world agriculture is defined by the European model of agriculture. This model is based on the belief that we produce goods for sale, and at the same time, public goods for which we are not rewarded in the market place. Europe has opted for high standards of production that, although contributing to the delivery of public goods, can present a real conflict in terms of international competitiveness. It is our choice; but one that is not exempt of challenges, especially as we want Europe to maintain its agricultural sector in the face of increased competition from elsewhere. We operate in a global market, in which most of our competitors do not face the same demands from society or the same level of regulatory costs.

The impact of our European agricultural model (and the higher standards that result from it) on competitiveness could be the subject of a long talk in itself – and not wishing to send you all to

sleep, I will limit myself to a couple of remarks. I am fully aware that realism dictates that in the foreseeable future, trade restrictions will only be allowed where there are genuinely global concerns. Trade in endangered species, is a good example.

This leaves us, at least in the medium term, with a situation in which products produced under lower standards will continue to have access to markets where domestic producers face higher standards and, as a result, higher costs. These are serious issues that include lower welfare standards and deforestation, and in some cases contribute, through their production, to the worsening of climate change.

I do understand that the purpose of freer trade is more consumer choice. But choice should bring with it responsibility and this is not always adequately exercised. **Information is key** – the public needs to know what are the effects of different production methods. And that is precisely a role that I consider crucial for farming organisations such as the NFU and COPA. It is our job to explain to the public the impact of different standards. It is our role to explain to the public **Why Farming Matters – to the economy** (together with sectors up and down the stream, it provides work and income for over 34 million people in Europe), **to the security of food supplies**, **to the environment and landscapes** (farmers manage some half of all European land, with the percentage going up to three quarters in some member states) and **to rural communities** (where it continues to represent a crucial economic activity that underpins many others).

Our priority is to obtain a fair return for our products and that is linked to obtaining a premium in the market for our higher standards. One way is through labelling. EU farmers are increasingly using private assurance schemes and labels (such as the British Red Tractor in the UK) to explain to the public the high welfare and environmental standards and traceability that underlie their produce.

Another way is by introducing a label of origin - mentioning both the EU and the Member State of origin. The use of traditional methods and the geographical origin of products is another potential source of differentiation. This is the reason why the EU wishes to extend the use of

geographical indications beyond the current use for wine and spirits to all specialty products. This approach would also benefit a great number of products from developing countries (such as Assam tea or Kenyan coffee) but it is however, opposed by some other countries, most notably the US.

But not everything can be achieved via the market. There is an increasing demand for responsibly produced agricultural products and a growing awareness of the relationship between agriculture, the provision of public goods - ensuring high standards of environmental protection, maintaining biodiversity, landscape management - and the safeguarding of rural communities and the wider economy.

That is precisely why farmers (and the EU at large) have been keen to highlight the importance of including these so-called 'non-trade concerns' as a fundamental (**so-called fourth pillar**) part of the WTO negotiations. On its own, the market will fail to guarantee the provision of these desirable public goods, or at least it will not be assured to the level required by society.

It is for all of these reasons that EU countries have made a policy choice to provide support for their farmers based on the objective of ensuring a sustainable agricultural sector, including not only economic, but social and environmental criteria as well. It is in this context that the CAP and the ongoing process of CAP reform have to be understood both at the EU level and by our trading partners. I firmly believe that countries should be allowed, under WTO rules, to recognise the important role played by agriculture and the existence of differences in societal preferences. In fact more and more countries are coming to this view - they want to introduce environmental measures but find themselves coming up against WTO rules. If the current rules are not changed the WTO will be seen as discouraging sustainable and environmentally friendly measures.

For example, I believe that non-trade distorting measures aimed at compensating producers for high domestic standards should be treated as Green Box measures and should therefore not be subject to restrictions under global trade rules. We also need to appreciate that we are living in times when changes in market conditions mean that agricultural production cannot, and should not, be taken for granted any more. That is why the issue of security of the supply needs to be acknowledged and must inform agricultural and trade policy. For instance, climate change is

expected to result in increasingly volatile grain markets – it is forecast that, by the end of the year, world grain stocks will be equivalent to less than 60 days of consumption. This compares to a “stocks-to-consumption” ratio of over 120 days a decade ago.

In other markets, concerns about the security of the supply chain arise not because of climate change and extreme weather conditions but as a result of pandemic health scares – the impact of Avian Influenza and Foot and Mouth on international markets are examples of this.

And let us not forget that the agricultural sector is a source not only of food but also of energy. Given the growing uncertainty over energy supplies as a result of new global dynamics, agriculture and land management will play an increasing role in ensuring energy security.

These views are widely acknowledged, even by those that are not particularly popular in some agricultural circles, such as Commissioner Mandelson. In his own words:

“We want to sustain agricultural production in Europe, we want some degree of agricultural self-sufficiency, we want some security of our food supply.” Mr Mandelson has also declared that: “Agriculture is an economic sector that cannot be treated like all others. It is too intimately connected to wider issues such as the environment, food security, the future of the countryside and our distinctive rural way of life. Reform must continue. But it must take account of broader societal interests. And it must be paced to allow adjustment at a speed people can cope with.”

But important as our standards are in defining our place in world agriculture, our competitive advantage needs to be based also on research and innovation. If we want to maintain Europe’s place in world agriculture we cannot stand still. We must look to advance our industry through investment in research, people and technology. Improving our market position will involve developing higher value added products, taking advantage of new production techniques, exploiting new market opportunities and being flexible enough to respond to the changing needs of the consumer.

We need to highlight that agriculture is a modern industry, using high-level technology, requiring investment in R&D. Also of vital importance is the need to bring fresh new ideas and attitudes into our industry. European farming needs dynamic, passionate, committed young

people that will push our industry forward. It is up to those of our generation to nurture young talent and support the next generation of agricultural 'entrepreneurs'.

Finally, I touched on this earlier but I think that you will all agree that the consumer is paramount. I believe that farmers and all of us involved in the food chain need to improve our marketing skills! We need to sell ourselves and our fantastic products.

We need to understand what drives consumer buying decisions, in Europe and elsewhere. We need to tell European consumers why European farming matters and consumers all over the world why European produce is the best in the world.

With growing markets, especially in South East Asia, the importance of addressing consumer needs is higher than ever. Consumers must be better informed about our safety standards, our animal welfare standards and our environmental credentials – in short, about the huge advantages of buying quality products from Europe.

I am truly optimistic about agriculture in Europe and its place in the World. At the end of the day, it will be a balance of European policy and our own (as farmers) success in meeting consumer demands that will guarantee Europe accomplishing the place in world agriculture that I passionately believe it deserves.