AGRICULTURE, A STRATEGIC ISSUE FOR THE EU

PAOLO DI STEFANO IPIFF, NOVEMBER 21, 2024





European Commission 2024-2029

Agri-food priorities & governance interdependencies



Cooperation explicitly mentioned in the mission letters

Issue of common interest

Hierarchical relationship



EVP for Prosperity & Industrial Strategy



EVP for Cohesion & Reforms

Under the guidance of

Ursula Von der Leyen **President**



Cepp

Teresa Ribera Rodríguez

EVP for Clean, Just & Competitive Transition

S&D

Maroš Šefčovič

Trade and Economic Relations & Transparency S&D

dependancies Maria Luís

Albuquerque Financial Services & the avings & Investments Union

Olivér Várhely

Health & Animal Welfare

Marta Kos*

Promote trade reciprocity & an international level playing field, & reduce

Scale up sustainable finance. implement the sustainable finance framework. Foster investment and innovation

Support the organic farming sector, prevent food waste, improve safety & affordability of food production & consumption across the food chain

Contribute to preenlargement policy reviews (special focus on Ukraine)



Prepare a Vision for Agriculture and Food

A

Protect farmers against unfair trading practices

Pursue the objectives of the European Green Deal

Just & Social transition (including through Social Climate Fund & Just Transition Fund)

> An EU-wide sustainability benchmark

Contribute to the **European Water** Resilience Strategy ..

ontribute to the Climate Adaptation Plan. This implies indirectly a contribution to RED & to the technological neutral approach to e-Fuels

Jessika Roswall

Environment, Water Resilience & a Competitive Circular Economy Cepp

Wopke Hoekstra

Climate, Net Zero & Clean Growth

Dan Jørgensen **Energy & Housing**

S&D

Piotr Serafin Budget





A fit for purpose &

efficiently implemented

Common Agricultural

Policy



Christophe Hansen Commissioner for

Agriculture and Food

CAP: CONSTRAINED NEGOTIATIONS

Accession negotiations with Ukraine - 2025 - 203?

Common markets organisation and unfair trading practices.
Strengthening producer organisations and regulating cross-border buying groups

Vision for agriculture and food: by the end of March 2025, the Commission's roadmap

of CAP regulations 2023-2027



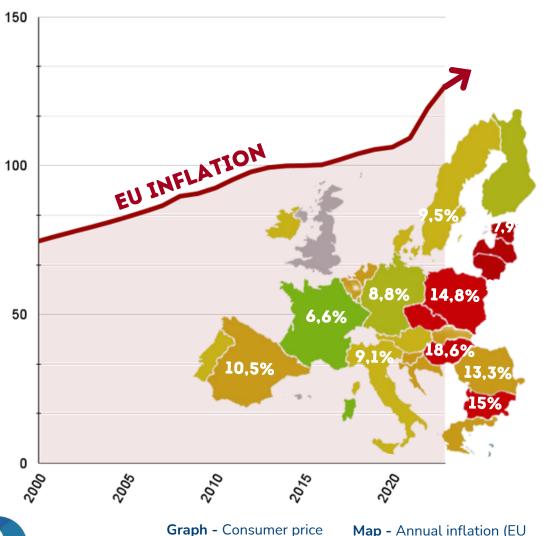
Proposals for CAP reform 2028 - 2034



CAP BUDGET

With its Green Deal and Farm to Fork proposals, the European Commission has regularly suggested that the CAP could offset any negative impact on farm incomes. The "CAP will pay for everything" approach is irresponsible in the face of the decision not to index the CAP budget to inflation.

Average inflation in the EU is close to 10%, far from the 2% forecast in the 2019 negotiations. Some European countries are well above this average. This return to high inflation has reduced the real value of the support provided, which has been slashed by 30% over 20 years and 18% over the 2021-27 period alone.





Graph - Consumer price index (EU HICP). Source:

August 2022). Source: Eurostats.

THE BLIND ALLEY OF AN INFLATION-DRIVEN BUDGET AND A "CAP WILL PAY FOR **EVERYTHING" APPROACH**

CAP BUDGET 2014-2020 415 billion

PAC BUDGET 2021-2027 **387 Billion**

to maintain the 2020 value of the CAP



For 371 million today to have the same value as they would have had in 2020, they vould have to be increased to 481 million.

INFLATION-ADJUSTED BUDGET

Bn € per year

"FUNDING "DEFICIT

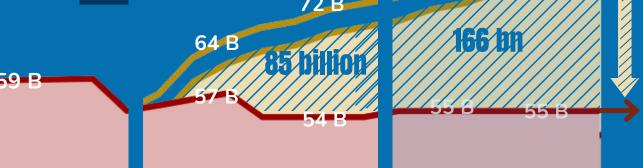
The gap between the two curves corresponds to the theoretical amount that would need to be added to the CAP budget to compensate for the erosion of value due to inflation. This funding "gap" represents a loss of value in real terms.

CAP BUDGET

Bn € per year

Corresponds to the amount of CAP allocated each year.

To avoid CAP funding losing value year after year, it is necessary at the very least to reevaluate the budget each year by adjusting it to inflation. Otherwise, the ambition of a more sovereign European Union that succeeds in its transition will at best be a chimera, and at worst a path of economic, environmental and social regression, as the Draghi report forcefully underlines.



CAP BUDGET 2014-2020: 415 billion

2014

CAP BUDGET 2021-2027: 387 Billion

2020 2021

sed on European Commission data on CAP budget and inflation

(Equivalent value adjusted to 2020 levels = 471 billion)

CAP BUDGET 2028-2034?

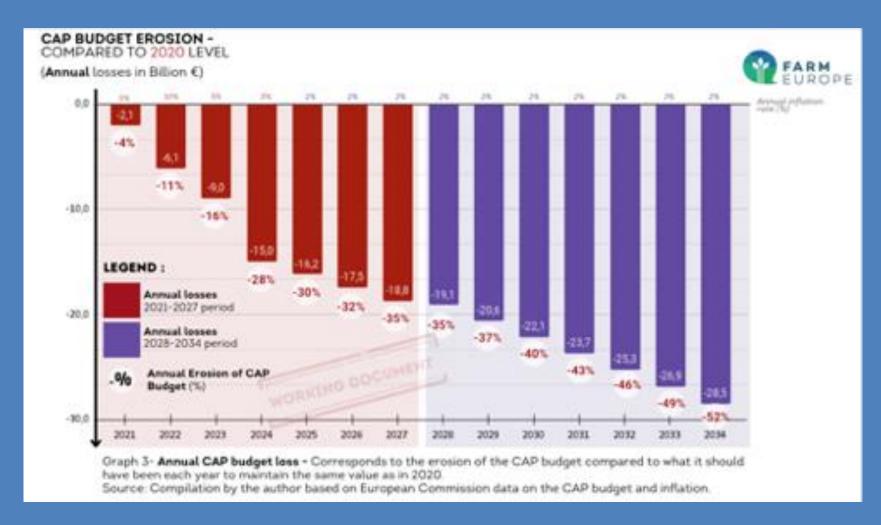
2034

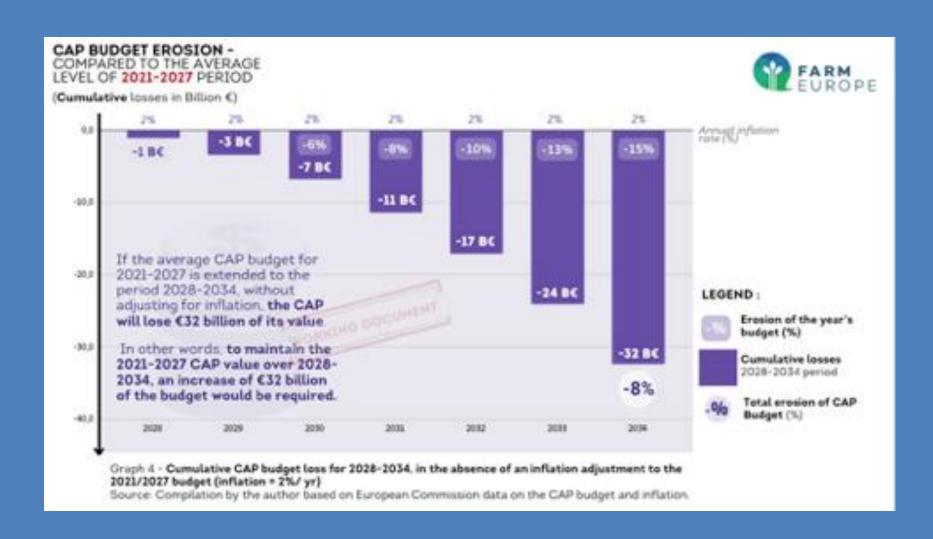
Graph - Trends in the erosion of the real value of the CAP budget. Source: Author's elaboration

2027 2028

HOW TO FINANCE EU AGRICULTURE?

2028-34 CAP BUDGET





NON CAP RESSOURCES?

Creating New Values Carbon Credits, Nature Bank financing, de-risking...

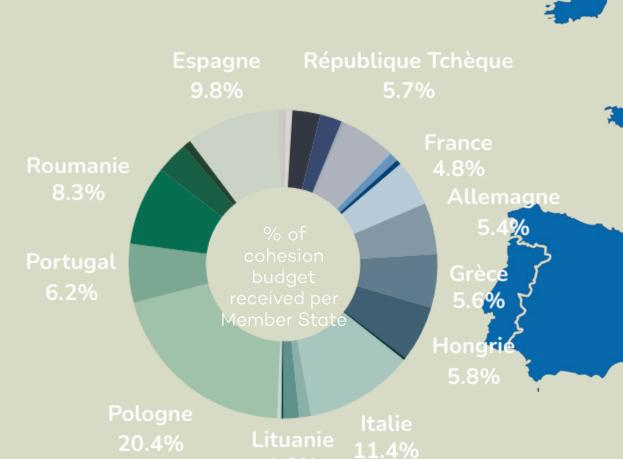


ENLARGEMENT 2028-2034

Behind the discussions on the European financial framework 2028-2034, the prospect of Ukraine's accession to the European Union, its cost and financing, will loom large in everyone's mind.

COHESION BUDGET 2023

Ukraine could claim a substantial share of the budget allocated to cohesion policy (for the record, Poland currently receives just over 20%).





20%

Given the size of its UAA, Ukraine could claim 20% of the CAP budget.

Competitiveness of Ukrainian agriculture: preparing European agricultural sectors for the challenge of accession.

Ukraine benefits from a number of advantages that make it attractive in terms of production costs, which are lower than in the EU: cheaper labor, lower use of fertilizers and plant protection products. The structuring of agro-holdings also enables economies of scale.

Ukrainian soils are particularly fertile: the average nutrient intake (NPK) is 1.5 times lower than in the EU.

While pesticide consumption for all crops combined is half that of the European Union (1.5 v.s 3.2 kg/ha), Ukraine remains less demanding when it comes to pesticide authorization.

AGRICULTURAL COMPETITIVENESS

Structural advantage of between 18% and 39% over European sectors, depending on the sector

EU Sovereignty -> Need + 25% agricultural biomass



- Combining profitability and sustainability: returning to growth in productivity
- Anticipating enlargement to include Ukraine
- More targeted support for farm incomes
- Competitiveness, installation, transition: breaking through a wall of investment in farms / €66 billion
- Managing increasingly severe hazards and crises: climatic, health and market-related









THANK YOU

IPIFF NOVEMBER 21, 2024





