

GLOBAL FOOD FORUM

A new ambition for EU agri-food systems



Introduction

As European citizens, we all share the common responsibility to play an active role in shaping and promoting the European project, going beyond daily priorities and individual interests. This is the key belief at the core of the Farm Europe's DNA and each one of the Think Tank's initiatives.

If we want to build a solid future for the European Union and its agri-food systems, we all need to mobilise our efforts to understand the current challenges taking into account the full picture, devising the right tools to address them and finally adapting our actions and policies in concrete, efficient and practical ways.

The Global Food Forum is an opportunity to engage in a proactive dialogue with a wide range of economic, political and civil society representatives. During 2016, more than 600 political and economic leaders from 18 EU Member States have been involved in this truly participatory working process focusing on building together a new ambition for the EU agri-food systems, and channelling this ambition into coherent EU policies.

Before gathering a new, fresh, thinking process in 2017, this report takes stock of the most pressing topics that were at the core of the debate in 2016, by detailing the main outcomes and recommendations.

It draws lines on how to increase the economic and environmental sustainability of the EU farming sector, how to strengthen the whole EU food chain by building stronger relations. It launches a debate on how to tackle the health&nutrition challenges and sets the ground with a first overview of the new trade landscape within the context of Brexit.

The **full versions** of the notes, background papers and policy briefs are available online on our website:

www.farm-europe.eu

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What I want from Europe?



by
**Mario Guidi, President of the GFF2016
and of Confagricoltura**

The Global Food Forum is a place to leave the usual ready-made speeches at the door – the Line To Take, as we say in Brussels. It is not a place to build woolly consensus, rather to share ideas and visions, building strategies and recommendations.

As President of the Forum, I want to thank all the participants who fully seized this opportunity during the 2016 events and all those who will continue to be involved during 2017 and beyond. I want to take this opportunity to speak as a truly European, as a farmer that has been passionately engaged and involved in the future of the European agri-food chain for more than 30 years. I also want to share with you my concerns, but, more importantly, my hope and expectations of the European Union, in this highly turbulent period.

For more than 3 decades, at EU level, most of the energy has been spent to counter the British tabloids' caricature of Europe and of the Common Agricultural Policy in particular. We spent time to fix internal policy failures as well. And, more positively and rightly, we developed a new policy paths to meet Citizens' expectations.

But what about Farmers' expectations?

Europe has lost touch with its farmers, their expectations and economic ambitions.

We have let ourselves be defeated by pessimism and by the fear of declining, as if permanent crisis would be the new normal. The economic dimension of the agricultural sector – and of the Common Agricultural Policy – has been overlooked.

Time has come for the European Union to discover again its agriculture and its farmers, not only by sending a cheque when political pressure is too high, but reflecting carefully on the best ways to use public spending.

Time has come to table a real economic strategy for EU agriculture.

In doing so, we will restore confidence, regain optimism and build future growth. Farm Europe and the Global Food Forum are a positive place, a place where we believe that Europe can be strong in a multipolar world. There is no room for self-defeating strategies.

Farmers are not trained speakers. They do not have spin-doctors. Farmers are far less numerous than they used to be. Nevertheless, farmers matter whatever their weight in the overall population is. If the European Union is really willing to understand and see what is going on in the agriculture sector, it needs to invest time, to listen carefully. It needs to avoid the usual cost-cutting approach when it comes to the Common Agricultural Policy: this approach freezes policy changes.

I want to thank all the decision-makers who contributed to the Forum. Thank you to all the representatives of the European Parliament, the European Commission and the European Council, namely, Commissioner Hogan, Ministers Martina and Galletti, Mr Dantin, Mr La Via, Ms McGuinness, Mr Arthuis, Mr Plewa, Ms Comi, Ms Delahaye, and also Prime Minister Ciolos, who hosted one of our events in Bucharest.

If Europe takes time to listen carefully, Europe will discover that a silent green revolution is ongoing. If Europe takes time, it will discover that a cultural revolution is ongoing in the countryside as well. Farmers are connected. They want and need to be connected. They are eager for trainings, innovation, investments, new techniques and collaborative approaches. A new generation is coming. Farmers are smart, multi-skilled and global-thinking entrepreneurs.

Thus, what does an entrepreneur with a global-thinking need from Europe?

Certainly not the agriculture policy we had 2, 3 or 4 decades ago. It is not up to the administration to set prices! I say it clearly: I do not want a European Union where Ministers spend nights to set political prices! Farmers want (fair) prices, but they want to be in a position to fight for good prices themselves.

But indeed it is up to the politicians and to our administrations, including the European Commission, to set rules for a fair agri-food economy. We need a thorough review of the supply chain rules, with a relevant food-chain regulation. Time has come for farmers, cooperatives and food companies to work hand in hand. We need a fair competition from farm to fork. Institutions, farmers, cooperatives, food companies, banks, insurance institutions, suppliers: this is our common interest.

What does an entrepreneur need from Europe ?

Visibility. Predictability. Transparency.

Farmers are working on global markets. Drought in New-Zealand, rain in Brazil, economic slowdown in China have a direct impact here on a farm and all across the EU countryside. Farmers are not inward-looking people! The future growth for EU agriculture is in Africa and Asia, not within the European Union.

When we look at global markets, we see that all across the world, all big players are building policy tools to operate efficiently on their local markets and to strengthen their share on international markets (including with promotion tools) and, consistently, they are also equipped with policy tools to cope with the collateral effects of open markets: price instability.

Why? Because uncertainty kills investments. And the lack of investments in the EU farming sector undermines the entire EU food chain. We need resilient farms that recover quickly after a crisis, whether it is a market, environmental or sanitary crisis. Let's do as our competitors – but with our own tools!

Let's build efficient mechanisms to cope with market instability and climate risks.

Let's strengthen the resilience of our farms. We will boost investments.

Efficient insurances, mutual funds, individual provisions – different options are discussed in this report. The Forum focused only on the options that are putting farmers at the core of the decision, in managing their risks, with the support of the European Union, not the opposite.

What does an entrepreneur expect from Europe?

Clarity. Certainty. Trust.

We have reached the limits of what is acceptable when it comes to rules, norms and standards. We need to reset the system, rebuild trust and confidence. As a farmer, I say it boldly: I want my farm to be environmentally sustainable, not only economically. I want to protect my soils, the water and the biodiversity of the farm I will transmit as a heritage to my daughter. I know that I can deliver when it comes to climate change – even if I know there is a cost.

As a farmer, I say it clearly as well: I do not want anyone to tell me how I should farm, and especially not when the rules are requested by people who never put a single foot on a farm.

Nobody enters a bakery to tell the baker how to cook tasty bread. Why would we accept this for wheat?

Smart farming is a new reality, with a huge potential indeed. It is an evolving scenario. Agricultural science is growing fast. With all due respect for EU institutions, I am pretty sure that EU rules will always run behind the more relevant sustainable solutions in the fields. Set the objectives, not the details. We can reconcile economic and environmental sustainability, as well as environment and legislative simplification.

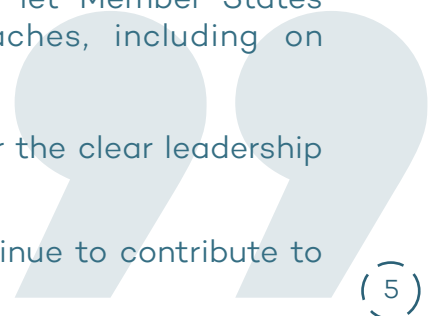
We need a new smart greening, as well as a smart regulation.

Finally, as an entrepreneur, I also want a level playing field on the internal market. And I will conclude on this key concept. I know that I share this concern with all the leaders of the food chain here. The internal market is the most valuable asset for all Europeans, not only for companies but also for citizens. It has been, and it is still being a great source of growth and jobs. However, the internal market is under threat. Not because of the Brexit. The internal market is in danger when the European Union does not take the leadership to build a coherent and efficient approach on labelling and nutrition policy.

The internal market is in danger when the European Union let Member States develop parallel standards, undermining common approaches, including on environmental norms.

We need a dynamic and fully functional European Union, under the clear leadership of the European Union.

We want a better Europe and the Global Food Forum will continue to contribute to build the Europe we want!



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 **Confagricoltura**
We Grow Masterpieces





1

**Risk management tools:
focus on farmers**

The new strategy for resilient agri-food systems in Europe should integrate one fact: more than ever, agriculture is facing growing climate and market disturbances.

For the benefit of the whole EU food chain, the CAP should make available a set of efficient risk management tools to enhance the resilience of the wide range of EU agriculture models.

This will not be obtained through a single instrument at European level, but through a choice of complementary tools, placing farmers at the core of the decisions according to their specific situation and needs. In each Member State, farmers should be free to opt for tailored self-insurances and/or mutual funds.

In 2017, the EU co-legislators should seize the opportunity of the Omnibus regulation to step up these tools, making them much more attractive and efficient.

Price volatility is the new normal



Amplitude in the European Union (2004-2016)

87%

51%

62%

442%

Biggest fall in comparison with average

35%

23%

35%

57%

Source : Eurostat

The Common Agricultural Policy is an economic policy, and one of the fundamental aspects in this regard is to ensure the development of an efficient and sustainable agriculture across the whole European Union. **Its core responsibility is therefore to strengthen the resilience of EU agriculture, which is based on a wide range of diverse family-farm structures.**

At the EU level, the one-size-fits-all approach is not an option to cope with market volatility. In each Member State, farmers should be free to opt for the best stabilisation tools according to their specific situation and needs. **This choice of complementary options must be defined at EU level, through the Risk Management Toolbox.**

Some of these tools already exist in the current EU legislation, but improvements are needed. While, others have to be defined and developed in the future CAP reform.

A centerpiece of the Risk Management Toolbox is the **climatic insurance** that shields farmers from economic losses arising from adverse weather events. Climatic insurance is partly covered by existing legislation, and successfully tested in some Member States.

The analysis shows that climatic insurance stands ready to be applied to the whole range of arable crops, vineyards and fruit crops, as well as pastures. Such a tool can be co-financed under the present CAP. Even in the extreme case scenario where it would be adopted by all EU farmers it would cost around 4 billion euros per year to the CAP budget.

The rate of subscription of climatic insurance in the CAP has however been too low. One reason is that Risk Management Tools are not at the center of the current policy. To this adds the fact that insurance payments only kick-in when losses are higher than 30%. This is too far high a threshold, and leads to a lack of interest by farmers to subscribe insurance as it only intervenes in rare catastrophic circumstances. In order to render this tool efficient the threshold should be lowered to 20%.

The co-financing by the CAP could thus no longer be accounted for in the WTO “green box” but this should not prevent the EU from better protecting its farmers as it enjoys a more than sufficient margin to do so, in particular under the de minimis provision of the WTO Agreement on Agriculture.

Building on the basic climatic insurance, farmers should be offered effective **income stabilisation tools**, as is the case for mutual funds. **Mutual funds** could be developed in strategic sectors like the dairy industry. The Commission has just proposed to include sectorial income stabilisation tools in the CAP toolbox, which is a wise move that we welcome.

For sectorial income stabilisation tools to become attractive though, they should on top of paying losses above the reduced 20% threshold consider only the income that accrues from specific production and not the whole farm income, which appears to be ineffective.

By the same token, the CAP should co-finance either the compensation provided by mutual funds to farmers when incomes drop, or the annual contributions to the funds, in order to increase the options available to farmers and mutual funds. It should also allow the use of appropriate indexes to assess the income loss of farmers, and thereby facilitate and speed-up the compensation process.

The Commission proposal for the “Financial Omnibus” is the opportunity that European decision makers should seize to better equip the European farming sector to cope with climate and market volatility as from 2018. EU institutions should not miss this window of opportunity to respond to one of the major challenges faced by EU agri-food sector.

On top of that, complementary options have to be assessed in the perspective of a post 2020 reformed CAP:

- **A precautionary saving mechanism** allowing farmers to manage their own self-insurance system by building up cash reserves and benefit at the same time from income tax stabilisation over several years. Although tax policies depends on Member States, such scheme should enter an EU framework with a few common principles (dedicated account, freedom of withdrawal, etc.). The mechanism could benefit from an EU top-up.

- Experiences should be encouraged to fine-tune **revenue, margin or income insurance**.

All these tools aim to strengthen both farmers and industry resilience to crises, while increasing their ability to invest during favourable periods. They are coherent with **the need to develop new concrete and efficient options for risk management, while keeping a sufficient level of direct payments** whose legitimacy remains untouched taking into account societal requests on EU agriculture and the production of public goods.

#Action 1: New income protections



Climate & environmental risks

155 Million hectares covered
(Crops, vineyards & pastures)

means **€4,7 billion**
for the CAP budget

Milk Mutual Fund

+9% income

€1,4 billion
for the CAP budget

No milk crisis
in 2009, 2012 & 2014

Farm Europe's simulations for the period 2005-2015 with 20% losses triggering a 80% compensation ; 65% of the premium subsidised ; **if 100% EU farmers apply on a voluntary basis.**



2

**Building a new deal
across the food chain**

The lack of cooperation within the EU food chain is undermining the capacity of the sector to cope with the challenges posed by globalisation and investment.

The new deal should first reaffirm the prominence of the CAP over general competition rules. This principle should also be applied by national competition authorities.

Transparency should be improved, including when it comes to prices and volumes at first processing level and final consumer level.

Contractual relations should be encouraged on the basis of clearer rules, allowing collective contract negotiations at Producer Organisation level or by Groups of Producer Organisations.

In order to encourage cooperation among farmers and food producers, a branch approach for volumes and price negotiation should be explicitly authorised to guarantee a better repartition of the value when prices are going both up or down.

These approaches should be seen bearing in mind that the relevant markets for the main agricultural products are more often at European scale than national or regional.

When it comes to Unfair Commercial Practices, a clear set of practices should be prohibited, with clear and dissuasive sanction mechanisms, fully securing the identity of the complainants.

1 100 000
farms produce
80% of EU
agriculture
production



3 000
Food companies
generate 50% of
the total turnover



5 retailers
control between
43% to 69% of
each EU national
food markets



In a context of fragmentation of the agricultural sector and a limited and very partial access for farmers to relevant information on market trends and the value of products, **the three pillars of the EU food chain do not act collectively.**

Increased price volatility since 2007 has fundamentally changed the rules of the game, due to the impact of harsh global price movements on the different actors in the food chain.

- During periods of falling prices, farmers represent the main shock absorber for the entire industry. They see their margins shrink rapidly, and this undermines their already fragile economic balances.
- Price declines are rarely passed on to consumers in the EU market, except in the case of highly perishable products such as fresh fruits and vegetables. Both processors and distributors thus benefit from the shock absorbing effect born by farmers, and can even benefit from some improvement of the margins for processed products on the EU market.
- When prices are rising, the ability of farmers to benefit from these surges depends on the nature of their agricultural products, and more precisely on whether they can be sold directly on the market or not. As such, when agricultural products need a stage of processing (e.g. sugar) or processing and packaging before they can be sold on the markets (e.g. milk), the capacity of farmers to pass price increases in the food chain seems limited, or involves long periods of delay.

In this context and without delay, initiatives should be taken by EU legislators to address this unbalanced situation. Not mentioning the importance of the regulation on Unfair Trade Practices, it is most urgent that legislators bring answers to each of the following necessary adjustments:

- to foresee that Member States decide to make the use of **contracts compulsory** at the request of farmers, or their producer organisations. Indeed, the use of contracts helps to reinforce the responsibility of operators and to increase their awareness of the need to better take into account market signals, to improve price transmission and to adapt supply to demand. The use of contracts would help to avoid certain unfair practices, thus protecting farmers against abuses in the chain.

- to extend the provisions of the **dairy package** beyond 30 June 2020 as they appear to constitute a necessary foundation for improving the economic conditions of dairy farmers.

- to adopt a provision, which allows **Producer Organisations**, notably constituted by beef and veal farmers, or their associations, to **collectively negotiate** terms, including price, with a processor or a purchaser, for some or all of their members' production. Their bargaining power vis-à-vis processors should be strengthened and it should result in a fairer distribution of added value along the supply chain.

- to allow **interbranch organisations** to negotiate agreements on value sharing clauses, including market bonuses and losses, as they might facilitate a better transmission of market signals and reinforce the functioning of the chain.

- to consider the EU as the appropriate geographical level for the definition of the **relevant market** provided for in Art. 207 of the single Common Market Organisation, as the application of common rules has led over time to a higher level of integration of agriculture markets.

#Action 2: **A new deal in the food chain**



**Europe as
the relevant market**



Contracts as a right



**The right to get
organised, to
negotiate price,
volume and value
added repartition**



3

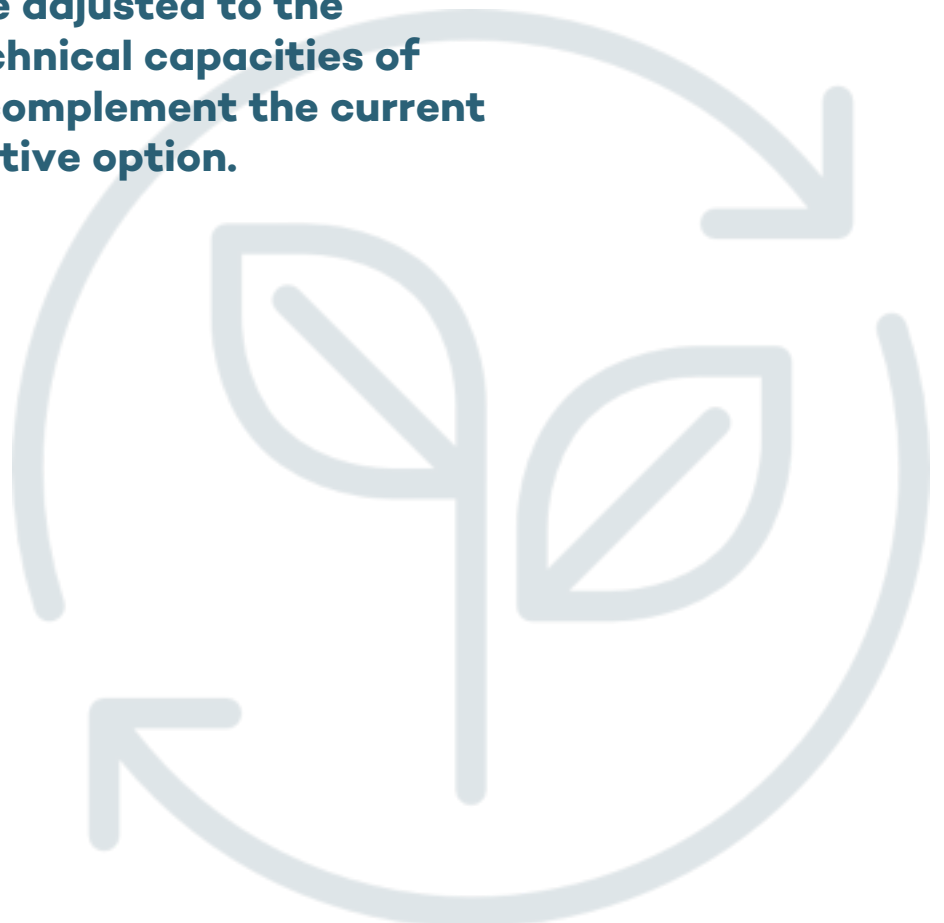
**Environmental sustainability:
focus on results**

Technological advancements in the agricultural sector create new opportunities for environmental and sustainability policies at the European level.

The EU institutions can seize the enormous potential of innovations to build simple and effective policies and reduce the amount of bureaucratic procedures for farmers.

The European Union should consider a shift from a prescriptive policy to a real results-based policy that would be complementary with the current greening criteria and based on the will of farmers themselves. (Producers could opt for the existing policies or a results-based approach).

Such a new option for the greening requirements would be based on quantifiable objectives that are adjusted to the knowledge and technical capacities of farmers. It would complement the current rules as an alternative option.





Considering the rise in global food demand and increasing concerns about the impact of climate change, a major challenge for the EU agricultural sector will be to **maintain its high level of production while ensuring a more sustainable use of its natural resources.**

The COP 21 Paris Agreement on Climate Change, in which the EU has pledged to **reduce its greenhouse gas emissions by at least 40% by 2030**, will have a substantial impact on the EU agenda for various policy domains.

In July 2016, the European Commission proposed an 'Effort Sharing Regulation' (ESR), in order to ensure that these commitments would be accomplished.

High-tech farm practices are able to provide clear positive results in better managing farms and optimise the use of inputs, thus reducing the environmental impact of the agricultural sector and increasing competitiveness, and at the end of the day, producing more with less.

However, the adoption of these high-tech practices by farmers still remains low and differs widely among EU Member States.

Considering these technological advancements, the EU institutions should seize the enormous potential of innovation to build simple and effective policies which promote sustainability and competitiveness and reduce the amount of bureaucratic procedures for farmers.

Within the next six years, the European Union should encourage its farmers to shift to a digitalised agriculture and food chain.

In that respect, a revised CAP should invest massively in innovation and propose an ambitious program for a double (economic and environmental) competitiveness of the European agriculture.

Such an ambitious European policy should be built on three integrated components :

- **Investments** in sustainable high competitiveness. The European Union should elaborate and put in place, through an ambitious CAP, its « Marshall plan » for a truly double competitive agriculture, modern, in full harmony with citizens expectations. A CAP based on smart farming allowing strong food production commitments, efficient environmental deliveries, lively agricultural communities and balanced rural development

- **Protection** of farmers:

- * to find a balanced position in the food chain and be no more the weakest part supporting "lows" without benefiting from the "highs"

- * to face crises, using tools managed by the economic actors and co-financed by the CAP (Insurance tools, mutual funds and precautionary savings), complementing direct payments whose legitimacy remains fully

- a **shift from a prescriptive CAP to a real results-based policy** on environment and climate change actions, that is complementary with the current greening criteria and based on the will of the farmers themselves. Producers having the choice to opt either for the existing policies or a result-based approach.

This would be a new paradigm for the CAP, with a tool based on quantifiable objectives, adjusted to the knowledge and technical capacities of farmers.

Smart Agriculture methods that show benefits for the sustainability of our food production system, should be promoted in three ways :

- Include in the renewed CAP the priority of a **European programme for Smart Farming. Would a 60% of European agricultural production covered by 2027 be a realistic target for smart farming?**

The CAP must strongly support innovation on farms and in the food chain by focusing, during this whole period, on investments combining both economic and environmental competitiveness, by devoting an important part of the budget to it and by putting in place genuine training measures with incentive rates and European co-financing.

- At the same time, policies should provide **specific support** to those farmers, who are willing **to make the transition towards Smart Agriculture**.

This support would cover the initial extra-costs for farmers, associated with the knowledge transfers, investments and risks that are inherent to the adoption of new technologies.

- Finally, the possibility to establish a **mechanism for promoting Smart Farming practices** and new farming techniques. Such a mechanism should be simple, responsive, flexible and open to all the actors in the food chain, who follow the concept of Smart Farming in the implementation of their techniques with clear impact on the environment.

In this framework, farming practices that follow the sustainability criteria of the greening measures could be automatically validated, and it would result consequently in a reduction of administrative costs for both farmers and public administrations.

#Action 3: Sustainability

Investments for an innovative and modern agriculture

Securing the economic environment to encourage green investments

A new results-oriented regulatory approach



4

**Economic sustainability:
focus on investments**

The ambition of keeping a dynamic agri-food industry all across the EU should be transformed into reality.

Over the past 10 years, the competitiveness of the EU agricultural sector decreased. The total EU farm productivity growth dropped by 54% and capital productivity turned negative.

Europe must not limit its actions to a set of initiatives aiming at accompanying a slowing down of its farming sector. Neither should it accept to limit its ambition to an agriculture of conservation of the most fragile areas.

On the contrary, the European policy framework should focus on launching dynamic and targeted economic strategies to revive investment all across the EU food chain.

The **economic dimension of the Common Agricultural Policy should be renewed.**

Every year, Europe is losing farmers & farmland



-0,3
Million
farmers



- 1
Million
hectares



+0,1
Million
hectares



+0,6
Million
hectares

The Common Agricultural Policy is first and foremost an economic policy, and one of the fundamental aspects in this regard is to ensure the development of an efficient and sustainable agriculture across the whole territory of the European Union. Nevertheless, it is too often regarded as a policy that assists passively to the structural adjustment ongoing in the farming sector, rather than **being a policy with a real economic ambition, especially when it comes to fragile and intermediate areas.**

The European Union is diverse. It consists of some highly competitive areas on the world stage, but it also involves regions with a **structural deficit in terms of competitiveness**. Beyond the economic ambition for the CAP, that should address the challenges of EU agriculture everywhere, including in the most competitive areas, specific tools must be mobilised for fragile and intermediate areas, otherwise they will be exposed to an inexorable decline in the number of farms and the level of production, with a chain reaction involving the processing industry, the tourism sector and other related jobs.

Coupled Payments and Less Favoured Areas Payments remain and will remain relevant as a solidarity tool. Nevertheless the budgetary transfer policy has shown its limits, and could hardly stop the haemorrhage of the farming sector in these deprived areas, confronted with sharp competition.

First, there is no single answer to the competitiveness challenges. **Myriads of measures already exist, which is perhaps in itself a part of the problem:** this multitude should not lead to a dispersion of resources, which undermines the effectiveness of such measures and can even lead in some cases, to decision-making that is far-removed from those who live locally on the land and work in the agricultural sector.

Second, consistency is key. Therefore, it is above all necessary to reflect on how we can **improve governance** to mobilise the necessary tools at the local level, in

order to **develop truly economic projects and a growth ambition** for these areas.

For some regions, such as mountain areas, a policy focusing on **quality and market segmentation** may be the appropriate response to trigger economic development, allowing sectors not to be in direct competition on the European and global markets with the most competitive areas in terms of production.

Many success stories already exist across the European continent. New initiatives in terms of market segmentation might be useful, especially when it comes to the meat sector.

However, marketing and **geographical indications cannot be the single answer.**

For areas that do not have the necessary foundations to build a process of segmentation, further reflection is needed on strategies involving territorial and economic projects. These plans should put the will of the industry into action by mobilising resources as well as clear and straightforward tools to turn these plans into reality.

Development in a truly industrial spirit – « **chain approach** » – has been a success factor for the development of the sugar industry in productive areas. Meanwhile, in areas with a productivity gap, the development of the biofuels industry can be taken as an example, given its capacity to provide a stable demand for local agriculture while responding at the same time to the sustainability expectations of society.

In addition to that, at farm level, and for some areas, time has come to question the specialisation trend. We should explore a new highly efficient type of **mixed crop and stock farm holding**. Associated with agronomic knowledge and management of ecosystems, these renewal of diverse farms might be an efficient option. In other areas with lower income per hectare, whose immediate challenge is to resist to competition from well-performing

regions, when all the models explored previously cannot bring satisfactory answers, the question of farm expansion via intensification or extensification in order to generate **economies of scale** should not be avoided as well, or at least it must not be hindered for ideological reasons.

#Action 4: A new dynamism for LFA & intermediate areas

Improve governance of public support to encourage economic strategies

**Support market segmentation, whenever possible
Encourage non-food investments and wide branch approaches**

Strengthen farm structures



5

**Nutrition and health:
strengthening trust**

The European food chain is facing the challenge of finding a harmonious and positive relationship between diet and health.

To do this, a number of obstacles must be overcome: a clear and joint strategy from all the actors of the food chain (agriculture, industry, trade) should be defined, the credibility of EFSA as a the pole of excellence and reference of EU legislator should be strengthened, the scientific consensus, as well as media and institutional communication should be improved to avoid confusion among consumers and law should be based on real and credible scientific evidence, not assumptions.

In addition, dialogue with Civil Society should be encouraged in order to build a new consensus and go beyond ideological positions. The lack of debate between public and private actors around the issue of food and health is unacceptable.

This challenge must be tackled seriously, at EU level in order to **build trust among the actors and define a real European vision and solution.**

kcal

While there is a growing sentiment against the supposedly negative effects of some foods on health, the fact is that there is no real debate, i.e. each stakeholder sticks to its own position. Experience shows us that there is no “one-size-fits-all” effective solution. **Science, sound analysis and clear communication should be at the core of EU policy making.**

At EU level, the public debate on nutrition and health has become a battlefield, resulting in a complete freeze of the EU initiatives in this regard. Apart from the lack of dialogue and cooperation between the different stakeholders, some other bottlenecks can be identified :

- Confusion among consumers: as the public debate and communication is not sufficiently based in adequate scientific grounds, misinterpretation of complex information make it difficult to avoid confusion among the general public;
- The absence of a common food chain strategy;
- Lack of a minimum scientific consensus;
- A European weakness and a great room for manoeuvre of the Member States, with non-concerted actions heading to different directions;

Experience shows us that there is no “one-size-fits-all” effective solution. Time has come to overcome this situation, by building bridges, accepting compromises and proposing actions involving all the actors of the food chain in a broad sense. Greater cooperation along the food chain is necessary. The chain has to define a clear agenda, shaped with all its stakeholders, and which has to be implemented proactively.

We need to improve a certain basic consensus on critical food and nutrition issues, in order to avoid misunderstandings, consumer confusion and wrong decision-making. We need to separate opinion from science and to better serve regulators.

The “European Code of Conduct for Research Integrity” – supported by the EU Council, December 2015 - could be the basis for this consensus.

It could be adapted to the issue of food and health. EFSA must continue to be respected as the reference for excellence on science and food. Action is needed to make the agency stronger, more recognised and trusted as the European pole of competence for science and evaluation in nutrition and health recommendations, and as a fully reliable source of information on nutrition, health and science. In order to feed a sound, well-informed public debate, a framework for action should be set up, gathering all the stakeholders involved, media included. Communication is key for better informed and educated consumers, as long as promoting magic wand nutrients and demonising others does not make a proper nutrition policy and generate confusion. The EU needs to come out of the mist on the nutrition and health domain by investing sufficient resources to build a stronger strategy shared with all the stakeholders and Member States with a firm EU dynamic, avoiding any fragmentation via national, regional or local initiatives. In this context, **Europe needs a more concrete framework for action to fully preserve the functioning of the internal market as well as preventing contradictory national initiatives.** The Commission has to lead the set-up and implementation of the framework at EU and national level when it comes to food and health policy, to prevent those malfunctions and clarify the rules of the game for national administrations and operators. The fight against Non Communicable Diseases (NCDs) in the European Union implies a renewed way of thinking and action based on convergence and concerted action among all the actors of the food chain, in the broadest sense.

This ambition must bring together the will of all the actors, exceeding personal and particular interests, based on a sound compromise to work in a concerted way, among all the parties involved in the food chain and in favour of a common, European collective good.

In this framework, **a first task is to build with all proactive parties, from the scientific, agricultural, citizenship, agri-food, trade and media stance, together**

with legislators - with the European Parliament and the Commission in a first stance – **a common code of conduct to be agreed and subscribed on a voluntary basis by the political, economic, social, civil society and scientific actors.**

For the first time, a clear signal of objectivity and willingness to go a step ahead in the fight against NCDs would be launched.

#Action 5: **Nutrition**

Stop the battlefield approach of the EU food chain on nutrition & health issues

Build a sound regulatory approach, based on science & clear guidelines

Develop a framework for action to lay down the foundations of a more efficient communication

Restore the “Common” market approach under a truly EU leadership



6

**Brexit and trade:
focus on EU interests**


Most of the EU countries have substantial trade interests in the UK market when it comes to the agri-food sector.

Whatever the result of the EU/UK negotiations, both the internal policy shift in the UK and diverging trade strategies between the EU and UK will lead to medium and long term changes for the EU agri-food sector.

This should not be underestimated now, even more following the clear commitment of the new British leaders to create “the biggest open economy in the world”. This strategy will make it difficult to achieve a full free trade agreement between the EU and the UK, without any safeguards.

The common line for the challenges of Brexit and freer trade is enhanced competition for the EU-27 agri-food sector across the borders and a very daunting challenge notably to the beef sector.

When it comes to the overall EU trade agenda, Brexit may be the occasion to review the way that mandates for negotiations are given to the European Commission, and to **relaunch the EU trade policy on a new governance, more transparent and thus more acceptable to civil society.**



Brexit and enhanced trade openings represent a double challenge for a sector, which is already showing a number of strains, investing less than it should, experienced lower productivity and seen its revenues stagnate.

On one hand, when Brexit will materialise, it will lead to a serious reshuffling of the agri-food landscape both within the UK and all across the EU, both politically and economically. The Brexit will be a serious hit for the overall EU budget, although the EU financial ministers would have to keep in mind the Fontainebleau Agreement of June 1984 on the British rebate.

There is little doubt that the UK and agri-food sector will be open to full-fledged free trade arrangements, with the EU and with other trading partners across the world. The consequences of the UK position is that, irrespective of the model of the future UK-EU relationship, the UK market will be a new market for EU products as they will face much more competition from other suppliers. This should not be underestimated, even more following the clear commitment of the new British leaders to create “the biggest open economy in the world”. This strategy will make it **difficult to achieve a full free trade agreement between the EU and the UK without any safeguards. Otherwise, London’s trade strategy would de facto become the EU’s strategy**, whether we would like it or not.

Today, nearly €1 billion of EU beef meat products are routed to the UK every year, mostly from Ireland (more than €700 billion). This is an additional sword of Damocles for the whole EU beef sector, which is already under pressure from the EU trade agenda, while facing a structural crisis at the same time. It is clear that the real game for the future of this trade flow is not tied to the EU-UK

negotiations, but rather more with the upcoming Free Trade Agreements between the UK and the rest of the world.

The UK wine market seems to have stabilised for traditional EU wine makers at €1,8 billion. The willingness of the UK to open its wine sector market to New World countries might further erode its market share.

The challenge of Brexit for the milk sector is more than significant with €2,5 billion EU exports. UK FTAs with New Zealand and the US would inevitably bring added competition in the UK market for EU exporters. The losses in the UK market could lead to increased pressure on the EU-27 internal market.

On the other hand, international trade deals have become a topic of heated debate and increased public skepticism regarding the possible benefits for the common citizen. Brexit inevitably leads to a re-evaluation of the balance of current negotiations.

Existing FTAs have been negotiated for a market that included the UK, and tariff rate quotas (TRQs) for sensitive products have been calculated accordingly. Logically, the UK share in current FTA and TRQ’s should be extracted. However, the consequences of a member leaving a custom union in existing FTAs or Art. XXIV concessions is not foreseen: **WTO rules are designed to open up markets.**

Freer trade terms are set in stone and reversals are not part of the rules (or are subject to dispute settlement). When the Commission seeks to divide the WTO import quotas with the UK to reflect the new reality, it will have to jointly present the new arrangements to the other WTO members which have negotiating rights.

Regarding current or prospective trade deals negotiations, there are sectors where the EU is generally poised to benefit, such as wine and spirits, olive oil, and processed products.

Other sectors offer a much more complex picture. Further trade openings would bring a surge in imports in the meat sector, a big shock in the making for a sector which has structural problems of its own.

The losses in the UK market as a result of Brexit will compound the negative effects of FTAs under negotiation (with the exception of Japan) or to come. The sugar sector would face further competition from imports and a loss of the UK market. For the other sectors, the results will very much depend on the terms agreed, but the underlying force will be more competition in the EU market

The EU should not just wait and see what the consequences might be. The EU agri-food sector has an asset that should be fully used to reinforce the sector, make it more resilient and competitive: the CAP.

The question is whether the current CAP is fully designed to meet those challenges. The best response to more competition from other countries is to improve your own position. In order to achieve that, the EU agri-food sector should seek to improve its competitiveness, increase its market share at the global level and become more resilient to external shocks. To improve competitiveness, while better protecting the environment, the sector needs more and better targeted investments. To improve its resilience to external shocks, it needs policies that protect farmers' incomes against climatic and economic events.

#Action 6: Trade & Brexit

Set efficient safeguards in the future EU/UK FTA to keep control of EU trade strategy

Get prepared for more competition on UK market & pressure on CAP budget

Develop sectorial strategies to better cope with global competition



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Thank you to all the speakers, participants & active contributors of the **#GFF2016**



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