FARM FOUNDATION® FORUM

UNDERSTANDING THE EU FARM TO FORK STRATEGY AND ITS IMPLICATIONS FOR U.S. AGRICULTURE

APRIL 27, 2021

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#FarmFoundationForum
MEET FARM FOUNDATION

A 501(C)(3) NON-PROFIT AT THE INTERSECTION OF AGRICULTURE AND SOCIETY
Farm Foundation is an ACCELERATOR of practical solutions for agriculture.

We accelerate PEOPLE AND IDEAS into ACTION.
OUR MISSION AND VISION
GUIDE OUR WORK

MISSION:
To build trust and understanding at the intersections of agriculture and society.

VISION:
To build a future for farmers, our communities and our world.
BILL BRYANT
Chairman
Bryant Christie, Inc.
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Director of Public Affairs
CropLife Europe
Understanding the EU Farm to Fork Strategy and its Implications for U.S. Agriculture

Dr Alan Hardacre
Director Public Affairs CropLife Europe
CropLife Europe ...

...represents the **highly innovative, R&D-driven crop protection industry** in Europe

- 22 companies; 32 national associations; 26,000 people in the sector

...advocates **policies and legislation that foster innovation**

- giving Europe’s farmers the tools they need to help meet the world’s growing food demand in a sustainable way

...promotes good agricultural practices through **the complementarity of its crop protection solutions**

- ensuring safe and affordable food; safeguarding water; enhancing biodiversity; protecting the health of farmers and the public
Farm to Fork Landscape (ambitious and complex)

ANNEX

27 Initiatives to be launched between 2021 and 2023...with the final pieces unlikely to be finalized until 2024-2025
Difficult to Understand Potential Impacts *(right now)*

- Early in the process – with many stakeholders to have a say
- Many live and interlinked files running concurrently with upstream and downstream impacts
- Lack of data (and difficult to get effective data) right now…with a flurry of data to come…
But the Debate is Shaping Up
What we observe *(so far)*

- Innovation-technology: role still up for debate
- GMOs (cultivation) – still (very) negatively viewed (impacting PBI)
- Growing ‘level playing field’ narrative within the European Parliament and EU farming circles
stay tuned...
More to Come!

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TASSOS HANIOTIS
Director – Strategy, Simplification & Policy Analysis
Directorate General for Agriculture & Rural Development
European Commission
The Farm to Fork for US beginners!

Tassos HANIOTIS
DG AGRI - European Commission

Understanding the EU Farm to Fork Strategy and Its Implications for U.S. Agriculture

Farm Foundation Forum
27 April 2021
Two years after the #FutureofCAP proposal...

• What is the same?
  • The need to guarantee an enhanced climate and environmental ambition
  • The EU food system’s recognition for sophistication, innovation and resilience during COVID-19
  • the EU Copernicus system that observes, collects and transfers environmentally pertinent data

• What has changed in the meantime?
  • COVID: the demonstration of benefits from common EU response to crises and risks
  • The Farm to Fork EU targets: common EU response to environmental & climate challenges
  • CAP Strategic Plans: growing societal expectations on their delivery as part of the future CAP

• What needs to be done to better link the CAP to the Green Deal?
  • Retain key elements of the proposal in the final legislation currently negotiated in “trilogues”
  • Identify areas where certain improvements can close identified gaps in MS SWOT analysis
  • Accelerate shift to digitalisation to exploit the benefits from knowledge-based best practices
The takeaway on the CAP

• There is continuum, but also breaks in the nature of CAP reforms

  • The Farm to Fork is placing a process already in place with the 2018 proposal for the Future CAP in a broader framework, that of the Green Deal. The orientation does not change, but is strengthened by aiming to link all actors in the food chain in an ambitious project driven by needs and priorities.
From Farm to Fork (and from ECON 101 to Farming 4.0)

Mind the gaps!

Knowledge
Applications
Perceptions

Supply shifts!
with opposing shifts from
technologies and costs!
[the “farm” part]

In order to respond to

- Citizens’ demands
- Globalisation challenges
- COP21/SDGs commitments

Demand shifts!
from changes in income,
tastes and preferences
[the “fork” part]

Farming 4.0 must produce
More food with lower cost
The takeaway on best practices

• There is continuum, but also breaks in the nature of CAP reforms

  The Farm to Fork is placing a process already in place with the 2018 proposal for the Future CAP in a broader framework, that of the Green Deal. The orientation does not change, but is strengthened by aiming to link all actors in the food chain in an ambitious project driven by needs and priorities.

• The importance of best practices

  There is no monopoly of best practices when it comes to sustainability, but rather a healthy competition amongst them when it comes to simultaneously increasing economic efficiency and reducing the environmental footprint. It is measurable results, rather than claims that should matter!
The takeaway on science

- There is continuum, but also breaks in the nature of CAP reforms

  The Farm to Fork is placing a process already in place with the 2018 proposal for the Future CAP in a broader framework, that of the Green Deal. The orientation does not change, but is strengthened by aiming to link all actors in the food chain in an ambitious project driven by needs and priorities.

- The importance of best practices

  There is no monopoly of best practices when it comes to sustainability, but rather a healthy competition amongst them when it comes to simultaneously increasing economic efficiency and reducing the environmental footprint. It is measurable results, rather than claims that should matter!

- The role of science in accelerating an ongoing transition

  Greater focus on strategic planning, performance, knowledge-based agricultural practices, and a strong research focus on soil aim to accelerate the ongoing digital and green transition of EU’s agriculture.
Thank you!

#EUGreenDeal
#FutureofCAP
MARTA MESSA
Director
Slow Food Europe
Economic and Food Security Impacts of European Union Farm to Fork Strategies

Jayson Beckman, Maros Ivanic, Jeremy Jelliffe, Felix Baquedano, and Sara Scott

The findings and conclusions in this presentation are those of the authors and should not be construed to represent any official USDA or U.S. Government determination or policy.
EU Green Deal: Plan to Make the EU’s Economy Sustainable

Farm to Fork and Biodiversity Strategies were released in May 2020 under the Commission’s larger Green Deal

To promote sustainability, there are four areas of improvement:

1. sustainable food production
2. sustainable food consumption
3. sustainable food processing and distribution
4. food loss and waste prevention

Our work focuses on (1), specifically, how does changing agricultural inputs affect food production and security
EU Green Deal: Farm to Fork & Biodiversity Strategies

Input Reductions:
- Pesticides (↓50%)
- Fertilizers (↓20%)
- Land (↓10%)
- Antimicrobial (↓50%)

Scenarios Analyzed:
- (1) EU-Only
- (2) Middle
- (3) Global
  - Import restrictions
EU Green Deal: Farm to Fork & Biodiversity Strategies

**Analysis Excludes:**

Market factors:
- Labeling
- Pesticide “risk” (use only)
- Animal welfare
- Organic production

Environmental impacts:
- Potential costs (e.g., compliance)
- Potential benefits (more honeybees)
- Productivity changes
Middle Scenario

“The EU will support the global transition to sustainable agri-food systems through its trade policies and international cooperation instruments”

-Countries with high share of agricultural exports to EU join EU’s F2F Strategies, includes Sub-Saharan Africa and:

<table>
<thead>
<tr>
<th>Iceland</th>
<th>Switzerland</th>
<th>Norway</th>
<th>Liechtenstein</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ukraine</td>
<td>Turkey</td>
<td>Albania</td>
<td>Serbia</td>
</tr>
<tr>
<td>Egypt</td>
<td>Israel</td>
<td>Tunisia</td>
<td>Morocco</td>
</tr>
</tbody>
</table>

50% reduction in agriculture trade between F2F adopters and ROW
Global Trade Analysis Project (GTAP)
## Scenario (1) EU-Only Adopts Farm to Fork

<table>
<thead>
<tr>
<th>Impact</th>
<th>EU</th>
<th>US</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>-12%</td>
<td>+0%</td>
<td>-1%</td>
</tr>
<tr>
<td>Prices</td>
<td>+17%</td>
<td>+5%</td>
<td>+9%</td>
</tr>
<tr>
<td>Imports</td>
<td>+2%</td>
<td>-3%</td>
<td>-2%</td>
</tr>
<tr>
<td>Exports</td>
<td>-20%</td>
<td>+6%</td>
<td>-2%</td>
</tr>
<tr>
<td>Farm Income</td>
<td>-16%</td>
<td>+6%</td>
<td>+2%</td>
</tr>
<tr>
<td>Food Cost*</td>
<td>+$153</td>
<td>+$59</td>
<td>+$51</td>
</tr>
<tr>
<td>Food Insecurity*</td>
<td>---</td>
<td>---</td>
<td>+22 million</td>
</tr>
<tr>
<td>GDP</td>
<td>-$71 billion</td>
<td>-$2 billion</td>
<td>-$94 billion</td>
</tr>
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</table>

*Per capita annual; * Food insecurity estimates limited to 76 poorest countries in the world.
### Scenario (2) Middle: EU & Some Trade Partners

<table>
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<tr>
<th>Impact</th>
<th>EU</th>
<th>US</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>-11%</td>
<td>+0%</td>
<td>-4%</td>
</tr>
<tr>
<td>Prices</td>
<td>+60%</td>
<td>+1%</td>
<td>+21%</td>
</tr>
<tr>
<td>Imports</td>
<td>-10%</td>
<td>-7%</td>
<td>-9%</td>
</tr>
<tr>
<td>Exports</td>
<td>-10%</td>
<td>-2%</td>
<td></td>
</tr>
<tr>
<td>Farm Income</td>
<td>+8%</td>
<td>+1%</td>
<td>+4%</td>
</tr>
<tr>
<td>Food Cost*</td>
<td>+$651</td>
<td>+$16</td>
<td>+$159</td>
</tr>
<tr>
<td>Food Insecurity*</td>
<td>---</td>
<td>---</td>
<td>+103 million</td>
</tr>
<tr>
<td>GDP</td>
<td>-$186 billion</td>
<td>-$86 million</td>
<td>-$381 billion</td>
</tr>
</tbody>
</table>

*Per capita annual; *Food insecurity estimates limited to 76 poorest countries in the world.
## Scenario (3) Global Adoption of Farm to Fork

<table>
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<th>Impact</th>
<th>EU</th>
<th>US</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>-7%</td>
<td>-9%</td>
<td>-11%</td>
</tr>
<tr>
<td>Prices</td>
<td>+53%</td>
<td>+62%</td>
<td>+89%</td>
</tr>
<tr>
<td>Imports</td>
<td>-5%</td>
<td>-15%</td>
<td>-4%</td>
</tr>
<tr>
<td>Exports</td>
<td>+2%</td>
<td>+3%</td>
<td></td>
</tr>
<tr>
<td>Farm Income</td>
<td>+15%</td>
<td>+34%</td>
<td>+17%</td>
</tr>
<tr>
<td>Food Cost*</td>
<td>+$602</td>
<td>+$512</td>
<td>+$450</td>
</tr>
<tr>
<td>Food Insecurity*</td>
<td>---</td>
<td>---</td>
<td>+185 million</td>
</tr>
<tr>
<td>GDP</td>
<td>-$133 billion</td>
<td>-$74 billion</td>
<td>-$1.1 trillion</td>
</tr>
</tbody>
</table>

*Per capita annual; *Food insecurity estimates limited to 76 poorest countries in the world.
Results:
Change in Global Agricultural Output by Commodity

Key points:
Severe reduction in output across crops, animals, and processed food
Results:
Global Food Price Changes by Commodity

Key points:
Substantial increases in agricultural commodities and food prices
Results:
Change in Food Insecurity Headcount (2030)

Key points:

Africa and Other Asia account for most of the increase of food insecure people

Reflecting sensitivity to food price increases
Farming Under EU Green Deal’s Farm to Fork

Key point:

Economic principles suggest that shifting supply leads to higher prices and less demand.
Summary:
Agriculture Under EU Green Deal

Notable responses from EU media and researchers:

• Yes, market impacts expected, but...
• Consumer diet preferences changing (more vegetarians)
• Productivity growth projections are “gloomy”
  • We agree, ongoing work has estimated how much productivity is needed to mitigate market impacts
• Trade restrictions unlikely

We have not seen information regarding potential environmental impacts from the EU, but they are key.
THANK YOU!

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- Biologicals in Agriculture: Innovation, Science and Promise
  May 25, 2021

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