

Perspectives for EU agricultural markets and policy

Conference “Serbian agriculture - Export potential and supply of domestic market”

Francesca BIGNAMI | Belgrade, Serbia 05.04.2012

Outline

1. State of the EU agricultural market and sector
2. New global challenges
3. Copa-Cogeca proposals on the Common Agricultural Policy (CAP) after 2013

Who are Copa and Cogeca?

Copa: European farmers

Bringing together 56 EU farmers' organisations

Cogeca: European agri-cooperatives

Bringing together 31 EU agricultural cooperative organisations

Two organisations...

- representing 13.4 million farmers and their families
- as well as around 38 000 cooperatives in the EU
- with strong links to other European countries: Croatia, Iceland, Norway, Switzerland and Turkey



State of the EU agricultural market and sector

Facts and figures on the EU agriculture

1. Employment for almost 28 million people in agriculture and over 40 million people in the agri-food chain as a whole
2. Agricultural production worth €350 billion
3. An average size of farms of 13 hectares
4. An overwhelming majority of European citizens consider that agriculture and the rural environment are vital issues for Europe's future

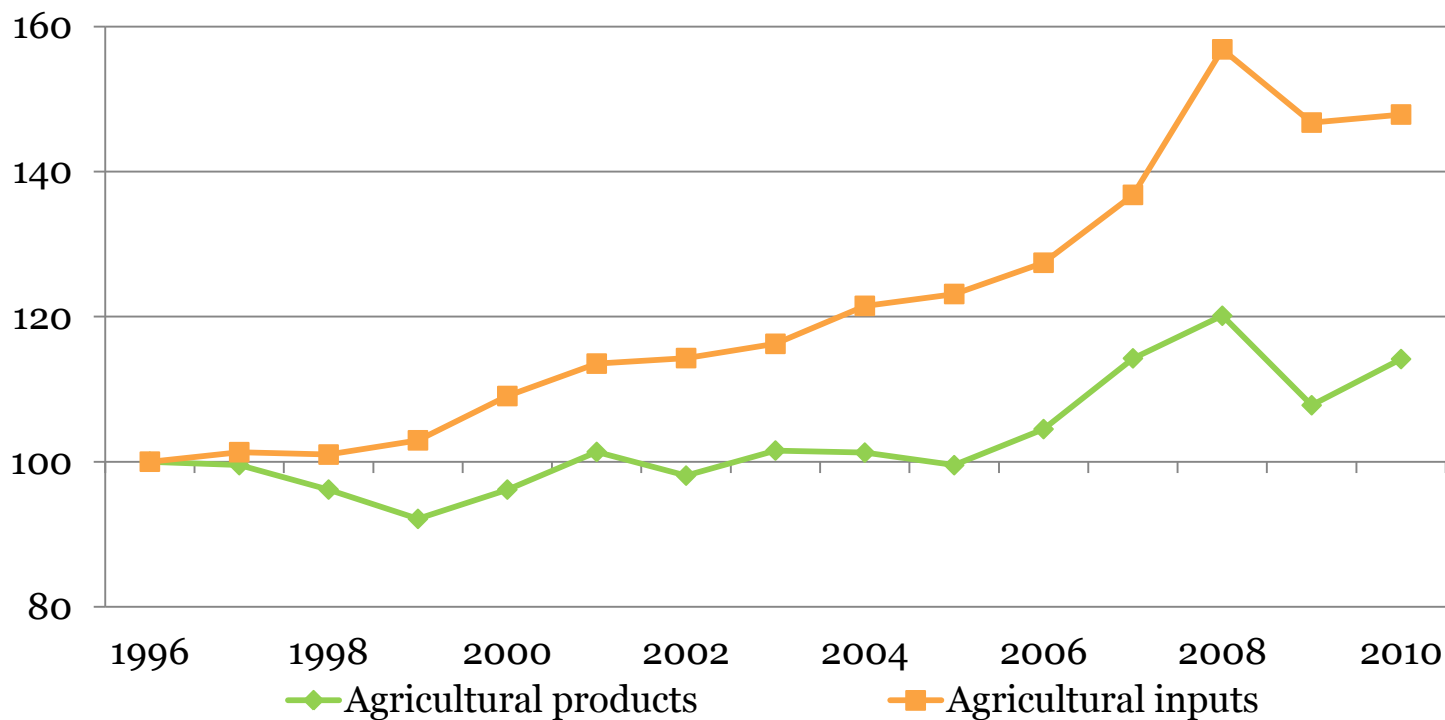
The EU agricultural markets

1. Today EU farmers are more market-orientated
2. The “cost-price” squeeze: since 1996, agricultural output prices +1.1%/year while input prices +2.9%/year in nominal terms
3. Agricultural prices are following a slower and more volatile trend compared to food prices.
4. As a consequence, the share of value-added in the food supply chain going to agriculture has fallen from 31% in 1995 to 21% in 2009, to the benefit of the food industry, wholesale and retail

The “cost-price squeeze”

Agricultural price indices in the EU-25

Index base year 1996=100, nominal terms



The EU: a major player in global agricultural trade

1. The EU is the world biggest importer and second largest exporter of foodstuffs
2. The EU is a net exporter of cereals, olive oil, wine, dairy products and pigmeat but a net importer of fruit & vegetables, feed, poultrymeat, beefmeat and sheep and goatmeat
3. Export subsidies are now less than 2% of the CAP budget
4. The EU plays a leading role in establishing global trade agreements in the World Trade Organisation (WTO)

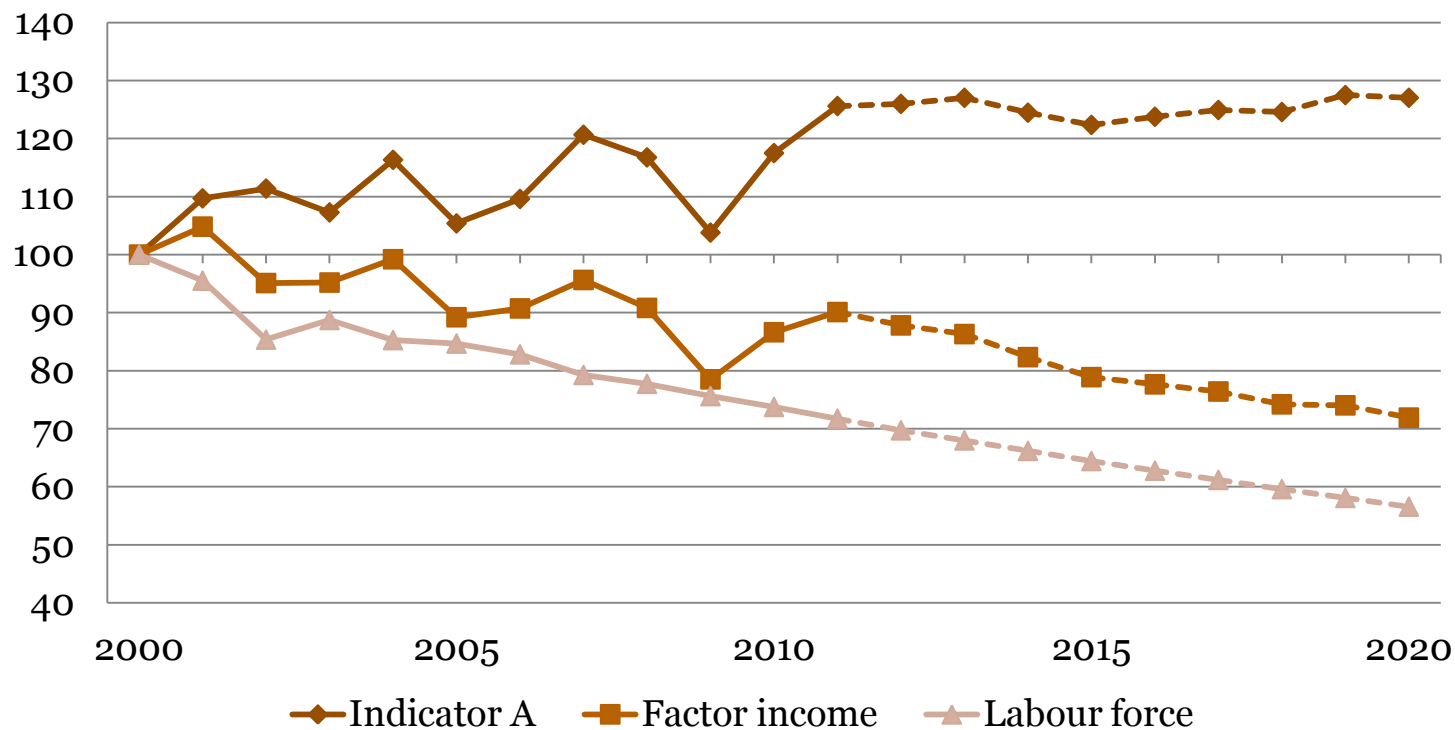
A fair income for farmers?

1. 65% of EU farms are unable to cover all their production costs (i.e. remuneration of own factors included)
2. Income shows moderate growth over the past decade thanks to a constant flow of labour force leaving the sector while net value added decreases continuously
3. All CAP support represents two-thirds of farmers' incomes
4. Farmers' incomes still equate to less than half an average salary

A fair income for farmers? (2)

Agricultural income in the EU-27

Index base year 2000=100, real terms





New global challenges

New global challenges

Food demand



Food production under pressure

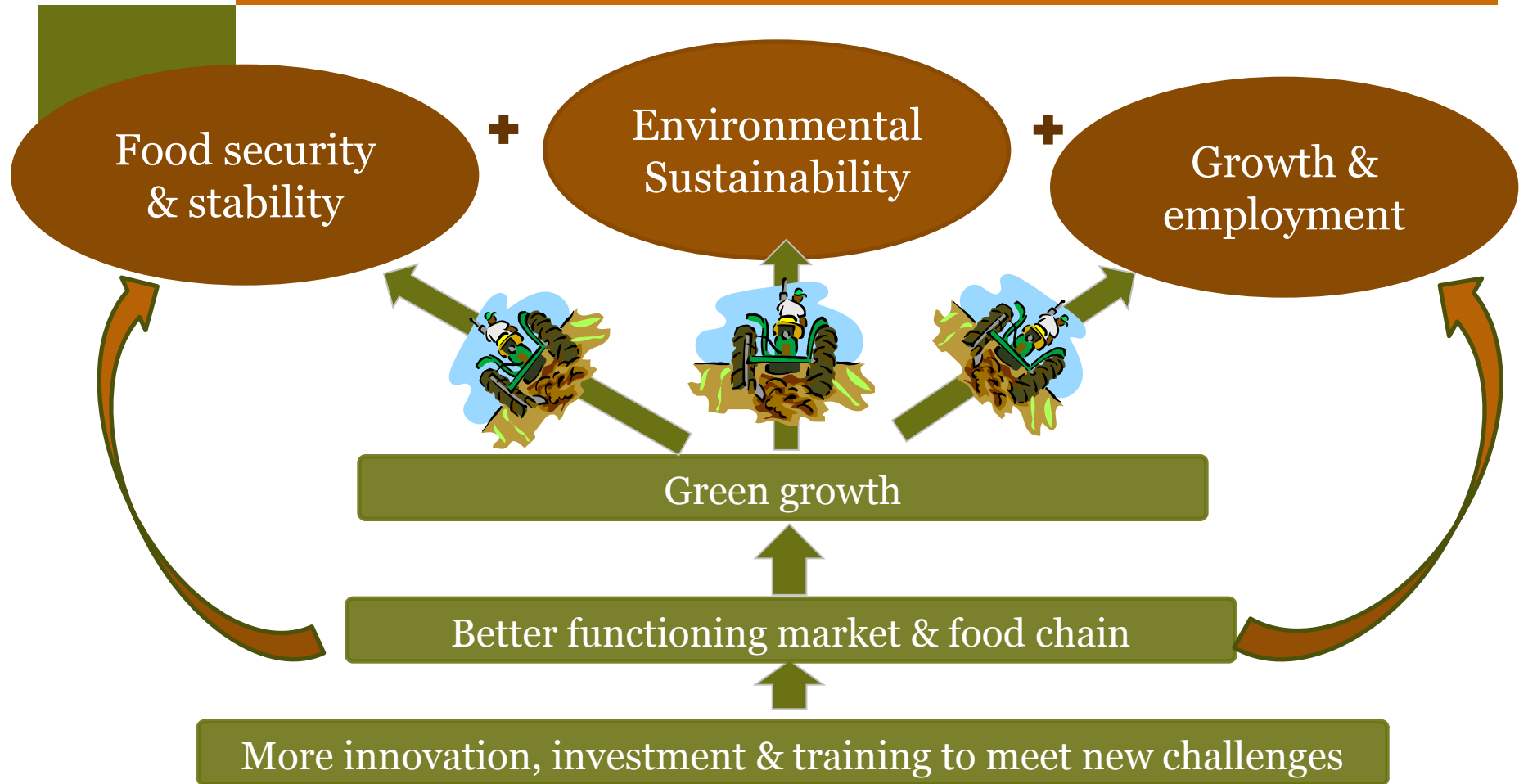
- Higher commodity prices... but higher costs...
- ... as well as higher price volatility
- land & water resources management
- climate change:
 - more risks of extremes: floods, drought
 - long-term changes in climate

+ Europe urgently needs more growth & employment



Copa-Cogeca proposals on the CAP after 2013

Need a strong CAP more than ever to ensure:



The future CAP

If European agriculture & the CAP can ensure:

- food security & stability in an increasingly uncertain world
- & contribute to greater growth & employment
- & do it in an environmentally sustainable way

Cost of the CAP – less than 1% of total EU public expenditure – is an excellent investment



Copa-Cogeca

Promote the European model of agriculture

Thank you
www.copa-cogeca.eu