

## AGRICULTURE AND ENVIRONMENT COMMISSION

**“Agriculture and environment inevitably must go hand in hand to generate economic growth and food safety”**

**Bucharest, May 27<sup>th</sup> 2014**

*The recent decision of the European League for Economic Cooperation (ELEC) to broaden the scope of its “Agriculture Commission” to “Agriculture and Environment Commission” proved to be fully justified. At a Bucharest conference where the new-style commission was launched, the overwhelming conclusion was that agriculture and environment inevitably must go hand in hand. To generate economic growth and food safety, modern-day agriculture has to make a healthy and sustainable environment its primary concern, not in the least in Central and Eastern Europe.*

The Conference “Agriculture and Environmental Protection in Central and Eastern Europe: their Contribution to Growth and Employment” took place on May 27<sup>th</sup> on the premises of the National Bank of Romania in Bucharest. It was attended by some 130 stakeholders from a wide range of disciplines. With this initiative the European League for Economic Cooperation wanted to launch its broadened working commission. The new **president of the Agriculture and Environment Commission** - and chairman of the Bucharest conference - is **Valeriu Steriu**, member of the Romanian parliament and former secretary of state for agriculture in charge of European integration.

The meeting was opened with a word of welcome by **Florin Georgescu**, first vice-governor of the **National Bank of Romania** and by **Radu Deac**, president of **ELEC Romania**.

**Driver of growth**

In his speech, **Daniel Constantin**, the **Romanian agriculture minister**, stressed that in Romania agriculture is a key driver of economic growth, with a 5.6% share in gdp. The country is number one in sunflower production and number six in wheat production. Romania tries to strike a between its agriculture potential and environmental protection. Its use of fertilizers was only 46 kg per hectare in the 2010-13 period, versus 51 in the UK and 108 in Austria. The financing that was obtained from the EU will help to increase production and productivity. The challenges are irrigation, lower energy consumption and a healthier sunflower production.



**Environment minister Attila Korodi** confirmed that Romania is committed to the European policies of environmental protection. The preservation of species and their habitat is important in a country where 20% of the territory is claimed by agriculture. Intensive agriculture is linked to the fertilizer problem. Therefore the Romanian government is in close contact with its municipalities and it does a lot of mapping and modelling to canalize EU and Worldbank funds to vulnerable areas. National parks and forests receive specific government aid. This is complemented by a national strategy on bio-diversity, the use of modern technology and economic initiatives. The climate change



requires a long term policy. Korodi concluded that agriculture and environment institutions need a common strategy.

### ***Implementing EU directives***

On behalf of the **director general for environment of the European Commission**, the floor was taken by **Pia Bucella, director of the Natural Capital division**. Agriculture and forestry – taking up three quarters of land use in the EU – are of the utmost importance for the environment. Agriculture and environment need each other, as is clear in floods, health, landscapes, tourism. Farmers claim that they are the guardians of land and environment, but when the productivity in the dairy sector increases, the species and ecosystems come under pressure. Only 7% of the habitat is in good environmental state: erosion threatens the soil quality, water is polluted and not used efficiently by the irrigation systems. So this implies that changes are due in the production and in the production system. The EU has proclaimed a large number of directives, also in agriculture, but everything depends on their implementation by member states. The more they apply the regulations, the less public money has to be spend in the end. On growth and employment, Bucella stressed that one cannot have economic growth if the environment is not cared for. On the contrary, environment services offer real job opportunities. Furthermore, a country such as Romania has high value areas and tourism possibilities. She congratulated Romania on recently winning the first Natura 2000 socio-economic benefits award for the Sighișoara-Târnava Mare project in Transylvania that provides economic growth and sustainable livelihoods in a rural area for 2.300 farming families.



A much awaited speaker – not in the least judged by the media assault afterwards – was **Dacian Ciolos, the (Romanian) EU commissioner for agriculture**. He stressed that this conference was not only about agriculture and environment, but most of all about health. On the one hand, one has to take into account that the demand for food has grown enormously. The number of food consumers is rising in all segments: young and old, in continents such as Asia and others, and all of them demand more qualitative food. At the same time, the loss in the food chain is unacceptably high, amounting to 30% in the EU, mostly in the upper side. The increasing demand for food is confronted with natural resources that are impeded by soil erosion, urbanization, loss of land fertility, losses in biodiversity etc. We have to deal with this, if not our competitiveness will suffer. Furthermore health



hazards may trigger economic risks because they can disrupt stable markets and entire economies. The EU must consider global issues. The reform of agriculture policies should include risk management, national resource management and the public goods theory that takes into account farmers, tax payers and consumers. “Sustainable competitiveness” will be the issue, so commissioner Ciolos stressed. This will require not only preventive measures but also more innovation and research. The EU agriculture market still has growth potential, certainly in

Eastern Europe, but it should include sustainability and aim at diversity, not at a single policy. At the same time, volatility of prices and income discourages farmers and investors. Internationally, poor countries are not helped by export subsidies that create artificial low prices. Instead, we should focus on a production policy. In international trade the EU should promote high value added products, not raw materials, it should give attention to health and the social-economic component (the fight against poverty) and environmental protection. The synergy of all these factors should lead to sustainable competitiveness.

### ***Romanian characteristics***

The keynote speeches were followed by two panel discussion. In the first panel on agriculture, **Nicusor Serban, general director of the farming company Agroserv Mariuta** complained that the EU does not take into account the characteristics of Romanian farming that is composed of ingredients as diverse as Swiss and American farming. That is why money is spent in vain. Lower subsidies and aid are a tragedy for farmers and Romania. Higher subsidies not only create high income, but also high economic growth. Forestation may be necessary, but the measures are extreme, focusing on some areas and forgetting others. The Romanian fertilizers suffer from a lack of water, making them less efficient. In allocating funds, the Common Agriculture Policy (CAP) should focus on experienced people.



Practical recommendations were given by **Robert Rekkers, general director of Agricover Credit IFN**, a non-banking financial institution that provides services to farmers by pointing out investment alternatives other than the traditional activities. When exploring investments and development, farmers should think out of the box. If the present situation is unsatisfactory, why not buy more land, expand into milling or bakery, develop energy such as wind or biogas, build silos, add trading and distribution, trade cereals, develop animal feed, service farmers, or start livestock breeding or fruit and vegetable growing on their current plot of land? Diversification and integration of activities can generate benefits, increase the performance per hectare, or give access to EU funding.

On behalf of ELEC France, **Patrick Breaud** took the floor, after chairman Steriu noted that France is the first agriculture producer in the EU. Breaud first of all congratulated Radu Deac of ELEC Romania on the glorious revival of the Agriculture Commission. The CAP was the result of helping economic development. Thanks to its clear orientations and federal basis, it was a global success for our continent and – contrary to the financial system – avoided crises during the last ten years. The CAP should of course learn from its errors and adapt to new approaches in production, markets and structures. In revenues, a blind *versement par hectare* should be avoided by using a more equitable approach.

In the very animated debate with the conference participants that followed, several farmers complained about the strict environmental rules. Romania almost lost its sunflower and maize production when pests destroyed the crops. The EU has issued a two year ban on neonicotinoids until the end of this year. “At least tell us what will happen then”, someone desperately asked. The EU is too strict on the use of fertilizers and on genetically modified organisms. It should listen more to Romanian research. The remark that Romania should keep its own national specificities was applauded. “And why can’t we use the underground water resources more?” a farmer asked. One farmer demanded the help of ELEC in getting more cooperation between the different ministries and the help of the National Bank of Romania to push banks to finance farmers. A participant from Bulgaria stressed that his country faces the same problems and what is needed are not only

subsidies, but investments in competent people. A speaker from the UNESCO remarked that half of the world food production is generated by small farmers. A participant from the European Landowners' Organization warned that the common approach of agriculture and environment should first of all lead to profitable business, if not farmers leave.

### ***Corporate social responsibility***

The second panel was devoted to the environment. **Katerina Spasovska of the Regional Rural Development Standing Working Group SWG** described how her organization brought together in regional cooperation on agriculture, water and forestry, countries from South Eastern Europe and the Balkans that are not yet members of the EU. These stakeholders face common challenges such as remote regions and floods. Solid waste is sadly spoiling the splendid touristic landscapes. Sustainable development is their only way out.

**Mugur Cozmanniuc, member of the Romanian parliament**, remarked that discussions usually link environment to industry, now agriculture takes its turn. The environment can have a positive impact on agriculture if it is included in a policy that leads to sustainable growth. EU funding should promote research and innovation and also corporate social responsibility wherein companies take up their responsibility for the environment. If we fail to do so, we will not be able to overcome the environmental challenges, e.g. in soil erosion. Romania is often not the best pupil, but the Sighişoara-Târnava Mare project is a positive example of creating growth and jobs.



**Petru Lificiu, founder of The Ecologist Forum in Romania and former environment minister**, acknowledged that the potential conflict between agriculture and the environment is real but that it can be tackled. We should not destroy the environment but neither should we overprotect it. In this age of global warming, food is the new oil, land is the new gold. Romania possesses an immense natural heritage with its Carpathian virgin mountains, the Danube delta and the Black Sea area. The country has 1.300 national parks and monuments. To protect the environment taxes should be reoriented. This demands a Copernican revolution and debate forums such as this.

During the discussion with the audience, a banker pleaded for rural micro financing to promote social inclusion of poor farmers. One participant said that EU regulations already bring agriculture and environment together, but they should strike a balance with the economy. A farmer said he lived a dream at this conference: the National Bank, banks, Europe, all working together with resource owners. On the other hand the issue was raised that farmers pay a lot of taxes but do not get much in return. A Bulgarian participant pointed at the competitive problem of the EU versus the US. American farmers benefit from softer regulation and cheap energy. Chairman Steriu concluded that the debate gave a large overview of all kind of issues, and this without even discussing the delicate topic of energy generated by agriculture.

### ***Continuing the dialogue***

The preliminary conclusions of the conference were drawn by **Pia Bucella of DG Environment**. "We heard such an overwhelming number of contributions, as if this was the first time farmers, politicians and other stakeholders came together!" This dialogue must continue. The real conclusions will come



later, after we have taken them home. Bucella pointed out that farmers clearly put some issues on the European table: half of world food is produced by small family farmers and half of the Romanian population are farmers. There are no miracle solutions, but there are possible ways of solutions. Two issues clearly surfaced: the use of neonicotinoids and the need for good soil. Neonicotinoids may be good pest killers, but they also kill the environment and bees. Farmers may not like the European moratorium, but let us not forget that exactly the opposite is true for bee farmers. Mrs. Bucella underlined that everybody recognized that agriculture and environment have common problems. “Nobody said that the environment is not a problem”. For the future we need on the one hand corporate social responsibility that looks at the positive and negative effects our activities, and on the other hand more research, both on a global scale and tailor-made to national problems. The EU foresees several billions of euros of research funds until 2020. Other solutions might be taxation that could one day be levied at the EU level, funding that is not directed to incomes but to investments in infrastructure and tourism, a better European neighborhood partnership and more common discussions on what the problems are. There is a need for communication, and Mrs. Bucella thanked ELEC for offering this platform.



In his final conclusions, **ELEC president Bernard Snoy** said that ELEC seeks solutions, but that does



not mean that all members agree. Agriculture was one of the first working commission of ELEC. Since then the world changed. The CAP even led to production surpluses. It is clear that the environment is to be part of ELEC’s agricultural discussions and that all kinds of agriculture should be included in the debate. The message for ELEC is that it should organize the dialogue and increase awareness. Snoy thanked and congratulated the new Agriculture and Environment Commission president Valeriu Steriu who has an important task before him, and also ELEC Romania president Deac and the National Bank of

Romania. “This is the beginning of something new, hopeful and sustainable”, the ELEC president concluded.