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New Working Paper:

## **Food Security and the EU's Common Agricultural Policy: Facts Against Fears**

**Since food prices surged in 2007/08, the traditional concerns over low farm incomes, the decline of rural communities, and the landscaping benefits of farming look like dispensable luxuries when compared to this potential threat to survival. Therefore, the European Commission, the European Parliament and many member states have proposed food security as a key selling point for the post-2013 CAP. As the FAO world food price index exceeded its 2008 peak in December 2010, concerns over food security will gain further strength. But food security is a weak argument for a 'strong' CAP.**

Valentin Zahrt, author of the study and Senior Fellow at ECIPE, says: "EU food production per capita has constantly increased in the past and far outstrips dietary energy requirements. The share of income that households spend on food has steadily declined. By now, food prices are so low compared to income that even a 10-fold increase in the farm gate price of staple crops would be far off from provoking food scarcity in the EU. Forecasts predict roughly stable or increasing production quantities for the EU – even in the case of subsidy and tariff cuts. The expected main effect of climate change during the coming decades will be to shift production from southern to northern Europe without significantly curtailing overall production."

A good example of the size of EU production is cereals that deliver the brunt of a European's calorie intake. At its lowest point during the last two decades, in 1992, more than 500 kg of cereals were produced per citizen in the EU. Putting aside use of cereals for feed, seeds, processing and other waste, approximately 4000 calories/person/day – or twice the recommended intake – were thus available from cereal production alone, even during the weakest production year.

If food prices rose dramatically, the EU could increase the agricultural area used for growing cereals; in particular, by cutting back on biofuel and livestock production. Furthermore, agricultural labor and capital input could be multiplied. An additional measure would be to enhance investments into agricultural productivity.

Therefore, the EU does not depend on imports for its food security. In any case, most EU imports are not staple necessities but luxury items, such as coffee, tea and flowers, or feedstuff. Nevertheless, it is worth mentioning that EU food imports are reasonably reliable. World food trade is expanding; the number of countries with strong food exporting capabilities is increasing; export restrictions are rare and limited in scope; and key EU trading partners have stable, liberal

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trading regimes. Furthermore, food is a homogenous good traded on stock markets – that is, any one supplier can easily be replaced by another.

Valentin Zahrnt says: “The claim that the EU should massively invest in food security – and current subsidy and tariff levels result in massive costs – builds on attitudes like ‘better safe than sorry’ and ‘you never know’. There are a number of threats out there about which we cannot have absolute certainty: attacks by Martians, killer mummies from the Pyramids and dinosaurs escaping from Jurassic Parks. Serious policy makers have to analyze and weigh these risks. Food security does not pass the test; there is no reasonably discernible threat during the coming decades.”

## **Publication details:**

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