

Causes and Prospects of the Agricultural Crisis in Europe

Introduction

Russia's invasion of Ukraine in February 2022 has exacerbated a global food crisis that was already being strongly felt because of the COVID-19 pandemic restrictions and the disruption of supply chains. There has been a surge in the price of cereals, fertilizers, and some types of feed, most notably in short supply in Africa and the Middle East.

Meanwhile, due to some reforms of the European Union (EU), farmers' protests have been going on for several weeks in many European countries, including the Czech Republic, France, Germany, Greece, Italy, and Poland. Farmers are protesting low agricultural prices, the European Green Deal, and cheap agricultural imports from outside the EU especially from Ukraine.

The European Green Deal is a package of initiatives designed in 2020 to put the EU on a path of environmental transformation to achieve climate neutrality by 2050. The package includes initiatives in the fields of climate, environment, energy, transport, industry, and sustainable financing, and places many obligations on farmers. The European Commission (EC) is the executive organ that manages among others the day-to-day business of implementing common policies such as the previously mentioned Green Deal which is a part of the Common Agricultural Policy (CAP) of Europe. Since its establishment in 1962, the CAP is the EU main instrument for agricultural planning.¹

Background

Russian military action, the blockade of Black Sea ports, and attacks on transport infrastructure and crops in Ukraine have prevented the export of Ukrainian agricultural products, threatening food supplies for millions of the most vulnerable people. Many countries, particularly in Africa and the Middle East, depend on exports from Ukraine, which is the world's fifth-largest exporter of wheat.² In general, Ukraine is among the world's largest producers and exporters of many field crops, including grains and oilseeds, sunflower oil, and other cereals, especially barley. Ukraine accounts for a total of twenty percent of the world's barley production, being the fourth world's largest exporter. As for sunflower seeds, Ukraine accounts for twenty-five percent of the world's exports of sunflower oil.³ In terms of maize production, Ukraine accounts for less than three percent of the world's total production and is the world's

¹ Source: <https://www.consilium.europa.eu/en/policies/green-deal/>, accessed on March 11th, 2024

² Source: <https://fas.usda.gov/sites/default/files/2022-04/Ukraine-Factsheet-April2022.pdf>, accessed on February, 26th 2024

³ Source: <https://www.dw.com/en/five-facts-on-grain-and-the-war-in-ukraine/a-62601467>, accessed on April 25th, 2023

third-largest maize exporter (Mustafa 2022: 1). That is why Ukraine is a major node in the food industry for most of the countries of the world. The invasion of Ukraine led to major disequilibrium and to loss in terms of supply of basic food products which were exported all over the world. This leads to another consequence of the Russian aggression over Ukraine which is the increase in prices of food products. Its lowest availability combined with rising energy costs drives up the prices of agricultural products on international markets.

Moreover, the influx of agricultural products from Ukraine, the restrictions imposed on farmers by the Green Deal such as strict rules on the use of carbon fertilizers, reducing fertilizer use by twenty percent, doubling organic production to twenty-five percent of all EU farmland⁴, or the overly stringent environmental requirements in the CAP are the causes of a crisis that threatens the survival of farms in Europe.

The farmers' revolt, which reached its peak in January and February 2024, is affecting most EU Member States (Rabbi, M. F., Ben Hassen, T., El Bilali, H., Raheem, D., & Raposo, A. (2023: 3). It is motivated by rising production costs, foreign competition, falling incomes, environmental constraints, and administrative procedures. Certain causes are more specific to certain countries.

In countries of Central Europe such as Poland, Slovakia, and Hungary, it was the fall in cereal prices,⁵ due to the influx of products imported from Ukraine following the closure of the Black Sea shipping route and the suspension of customs duties regulated by the EC in May 2022, that provoked the anger of farmers. It even led to the resignation of Henryk Kowalczyk, the Polish Minister of Agriculture in April 2023. Farmers have been protesting in Poland since 9 February. They oppose the introduction of the European Green Deal and the influx of agri-food goods from Ukraine.⁶

In Germany, as in France, the governments planned to reduce tax rebates on agricultural diesel which triggered farmers' protests and led to motorway blockades in January 2024. Farmers' discontent had already manifested itself quietly in France in the autumn by turning over road signs at the entrances to rural towns.

The initial measures taken or announced by governments and the EC helped to calm farmers' anger, but the farm protests then spread to Italy and Spain. These initial measures consist of the limitation of agricultural imports from Ukraine and more flexibility on rules for

⁴ Source: <https://www.consilium.europa.eu/en/policies/green-deal/>, accessed on March 11th, 2024

⁵ Source: https://www.liberation.fr/international/europe/il-faut-aider-lukraine-mais-pas-au-detriments-de-nos-agriculteurs-en-pologne-la-fronde-agricole-senhardt-20240218_M5VVYQKJXNGO5FAAM3X2PBIXGA/, accessed on February 26th, 2024

⁶ Source <https://www.breakingnews.ie/world/farmers-in-spain-italy-and-poland-stage-further-protests-over-eu-policies-1586603.html>, accessed on February 26th, 2024

fallow land. The EC offered also to extend the suspension of import duties on Ukrainian exports for another year to June 2025. They were originally suspended in 2022 to support Ukraine's economy following the Russian invasion, which has hit shipments via the traditional Black Sea route.

Given the scale of the farmers' protests across Europe, on 25 January the President of the EC launched a strategic dialogue on the future of agriculture in the EU⁷, led by a German academic, Peter Stroh Schneider, whose conclusions are due by the end of the summer 2024. The conclusions should inform the next Commission and prepare the programming of CAP from 2028.

The President of the EC Ursula von der Leyen announced the strategic dialogue in her 2023 State of the Union speech, and it was formally inaugurated on January 25, 2024. A wide range of stakeholders in the European agri-food sector are together to discuss shared solutions that will benefit all parties.⁸

A common vision of the future EU agricultural and food system is to be developed by participants from all phases of the agri-food chain, including farmers, cooperatives, agribusinesses, and rural communities, in addition to representatives from NGOs and civil society, financial institutions, and academia. This is the goal of the Strategic Dialogue on the Future of EU Agriculture.

Ecologic issues

While the EC had a very restrictive position on GMOs, in July 2023 it presented a proposal to allow the development of new genomic techniques which stirred farmers' protest. The proposal has just been approved by the European Parliament and must now be submitted to the Council.

The Green Deal is about reducing high carbon emissions from agricultural activities, but not only. As recalled by the Guardian newspaper, the Green Deal strategy⁹ also includes, among other things, reducing pesticide use by thirty percent by 2030, reducing fertilizer use by twenty percent, as well as antibiotics, allocating more land to non-agricultural use, and increasing the amount of land used for organic production. The farmers are angry at competition from cheap imports from countries where the EU's relatively high standards do not have to be met. The farmers are also criticizing the Green Deal as green targets (such as the reduction of the environmental and climate footprint of the EU food system) as well as

⁷ Source: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/agriculture-and-green-deal/strategic-dialogue-future-eu-agriculture_en, accessed on February, 26th 2024.

⁸ Source: https://ec.europa.eu/commission/presscorner/detail/en/ip_24_417, accessed on March, 11th 2024.

⁹ Source <https://www.consilium.europa.eu/en/policies/green-deal/>, accessed on March, 11th 2024

the GMO issue had difficulties in their business. For instance, in Germany, the government of Olaf Scholz decided, in December 2023 to eliminate so-called "climate-damaging" subsidies overnight, in particular public aid for agricultural diesel.¹⁰

On the other side on Tuesday 27 February, members of the European Parliament voted in favor of a law requiring the restoration of at least twenty percent of ecosystems by 2030.¹¹With three months to go before the European elections, this text has been largely unraveled after a vast anti-environmental offensive by the right and far right.

The challenges facing Russian and Ukrainian agriculture

European agriculture has been doubly affected by the conflict between Ukraine and Russia since the latter illegally annexed Crimea in 2014. The first was the Russian embargo on agricultural and food products from the EU in retaliation for the sanctions imposed by the EU. The closure of the Russian market was a major cause of the dairy crisis in 2015 and 2016, especially as it came after the abolition of milk quotas had led to an excessive increase in production in certain Member States such as the Netherlands.¹²It was also disrupted by competition from Russia, which became the world's leading wheat exporter in 2017, on markets in North and Sub-Saharan Africa and the Middle East, to the detriment of France in particular.

As for Ukraine, since November 2014, under its association agreement with the EU¹³, it has taken advantage of the great potential of its agriculture and its low production costs, which are less than half those in Europe, to increase its exports of maize and sunflowers to the European market.

Finding and implications

The invasion of Ukraine by the Russian Federation has highlighted the vulnerability of the global food system, demonstrating the importance of restructuring the food system to improve resilience to future unexpected stresses. From a different perspective, The EU is not threatened by food shortages thanks to the strong position of EU agriculture supported by the EU Common Agricultural Policy. The EU-27 self-sufficiency rate for selected agricultural products in 2022 is: olive oil: 142%, skimmed milk powder: 216%, cereals: 116%.¹⁴

¹⁰ Source: <https://www.cleanenergywire.org/news/german-government-will-stick-planned-diesel-fuel-subsidy-cuts-farmers-scholz>, accessed on March, 4th 2024

¹¹ Source: <https://fne.asso.fr/communiqu%C3%A9-presse/victoire-pour-la-nature-l-ue-adapte-un-reglement-historique-malgre-les-tentatives>, accessed on February, 28th 2024

¹² Source: <https://www.statista.com/statistics/658128/dairy-production-volume-change-in-the-netherlands-by-dairy-product-type/>, accessed on March, 11th 2024

¹³ Source: <https://trade.ec.europa.eu/access-to-markets/en/content/eu-ukraine-deep-and-comprehensive-free-trade-area>, accessed on February, 24th 2024

¹⁴ Source: <https://www.consilium.europa.eu/pl/infographics/how-eu-countries-are-addressing-the-global-food-crisis/>, accessed on February, 28th 2024

The EU's trade policy must be brought into line with its ambitious environmental and climate policy, by better controlling its openness to imports of low-cost products that do not comply with the stricter environmental, health and social rules imposed on farmers in Europe. As far as the environment and climate change are concerned, the EU needs to change its approach to agriculture, relying less on regulatory constraints and taking greater account of the complexity of agricultural activity and the diversity of national, regional, and local situations. These are the conditions needed to support the necessary agroecological transition, which involves the participation of farmers, and thus reconciles agriculture and the environment.

When it comes to the Green Deal The introduction of more stringent ecological standards in the EU may make agricultural products imported from outside the EU, which do not have to meet the same requirements, cheaper and more competitive on the market. This, in turn, may lead to difficulties in selling products of domestic farmers and destabilization of the domestic agricultural market.

The requirements of the Green Deal may also require significant structural changes in the agricultural sector, which may have negative social consequences. Many traditional farms may have difficulty adapting to new regulations, which may lead to bankruptcies and migration of rural people to cities.

In addition, the lack of regulation related to the import of cheap, low-quality crops from Ukraine is hitting European but especially Polish farmers. In addition to the lack of quality requirements, a lack of competitiveness is imposed.

When it comes to Poland, there is concern that excessive restrictions on agriculture could impact Polish food security. If domestic production is reduced due to financial difficulties or other obstacles, the country may become more dependent on food imports, with risks related to external factors such as climate change or global crises.

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