

# GERMANY'S AGRICULTURAL CHALLENGES

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*If green growth goes hand-in-hand with factors like deforestation, then the Green Economy has to be called into question. [Shutterstock]*

## Agricultural policy: At the limits of green growth

The Green Economy is meant to create wealth and protect the environment at the same time. But experts are increasingly doubtful about the concept and are calling it a whitewash.

At a rural development conference in Cork at the beginning of the month, 330 stakeholders were brought together to consider the challenges facing the agricultural sector. One can only speculate what was meant by the following sentence, found in the preamble to the declaration that was signed at its conclusion: "Persuaded that economic growth and sustainability are not mutually exclusive."

The sentence symbolises one of the main problems of European agriculture and begs the question, what constitutes a sustainable enterprise? The various politicians and industrialists brought together by Agriculture Commissioner Phil Hogan discussed this issue at length during the two-day-long meeting.

Achieving balance between growth and sustainability has come to be known as the Green Economy. It is an idea that has taken off in recent years

and involves using green technology to halt or even reverse the effects of climate change, without impeding the onwards march of capitalism.

The fact that the EU organised the Cork meeting, as well as another in Bratislava recently, shows how the concept has taken hold in Brussels.

The term has also entered the day-to-day vocabulary of the industry. The German Farmers Association (DBV), one of the biggest interest groups in the sector, has said for years that greening is the "right answer to the challenges of our time". Trading conglomerate BayWa called on seed producers in its annual prospectus to switch the sustainable farming techniques and to "sow green growth".

### Critique of the Green Revolution

But the optimism about the Green Revolution is not shared by all. More and more experts are beginning to doubt that the Green Economy can lead our current one towards real sustainability.

The authors of the book Critique of the Green Economy dismantle these promises by highlighting that more growth and more consumption are not sustainable through increased use of green technology.

For example, using biofuel for transport, instead of conventional petrol, is on the one hand a "green" alternative, but increased use of

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substances like biogas can have a devastating impact on the environment, by taking up arable land or polluting the soil.

The main argument in favour of green growth is efficiency. With modern production methods and high-tech machinery, it isn't just yields that can be increased. Resources can be conserved too. So a piece of land can produce more, but consume less.

Agricultural giant Monsanto has pioneered modern methods like genetic engineering and computer-aided precision farming so that "every hectare of arable land, every drop of water and every unit of energy can generate more", for example.

Critics argue that increased efficiency does not automatically mean environmentally friendly credentials, especially when lower prices are the be-all and end-all. Reinhild Benning and Tilman Santarius warned in their Critical Agriculture Report 2016 that this new found green philosophy could add to the problems instead of the solutions.

The authors admitted that it is obviously a good thing when agriculture is more efficient and uses less resources per hectare. But if efficiency ultimately leads to lower costs and higher demand, then everyone's a loser, apart from the companies producing more.

If our eating and consumption habits do not change, if production is not adjusted or demand is exploited by manufacturers, then green growth is just going to descend into a whitewash, the report argued.

## INTERVIEW

# German researcher: Free trade can cushion impact of climate change on agriculture

Poor harvests, hunger and rising food prices: climate change threatens food production around the world. The solution to all of this could be free trade, researcher Hermann Lotze-Campen told EurActiv Germany.

*Hermann Lotze-Campen is chair of the department for Climate Impacts and Vulnerabilities at the Postdam Institute for Climate Impact Research (PIK) and is the co-author of a new study on the influence of climate change on economic losses in agriculture.*

*He spoke to EurActiv.de's Nicole Sagener.*

**A new PIK study, which you co-authored, says that even a small increase in average temperature may have consequences on regional crops. Can this be quantified?**

We brought together two global computer simulation models. One calculated crop yield changes as a result of climate change, based on temperature change and fluctuating rainfall levels. The other was an agro-economic model that takes into account changing crop yields. By bringing them together, we have tried to determine how agricultural prices are going to change and what kind of losses producers and consumers can expect to experience.

One thing is certain: Crop yield fluctuations as a result of climate change will lead to economic losses towards the end of the century. These losses will total about 0.8% of global economic output or about \$2.5 trillion. If, in what we call scenario one, trade is not further liberalised and stays at the same level it is today, then the figure will be even higher.

In scenario two, if agricultural trade is liberalised even further and a part of food production moved to other regions, then the figure could be more than halved to about 0.3% of global economic output. Production could take place in areas where the effects of climate change are less profound or where there are more options to be had.

**What exactly are we talking about when you say free trade?**

At the moment, completely free trade is obviously not going to happen. It's more a question of gradually reducing trade barriers in the agricultural sector, like tariffs and other measures, in order to make agricultural trade easier. This matter has already been discussed at length, particularly by the World Trade Organisation.

**What positive conclusions can be drawn from your investigation?**

We can generally assume that the temperate zones will be less affected by climate change and could even benefit from a slight increase, for example in Scandinavia and Canada. Poorer countries, however, in the tropics and sub-tropics will be harder hit. If trade were to be more open and more diversified, then these countries could import more when their harvests are poor or fail completely. In a more open trade system, food prices would decrease and the population of poorer countries would be hugely benefitted.

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However, this is a simplification. One must naturally take into account that some exports will also have to be made, however, our specific agricultural sector model did not factor this in.

**Wouldn't more free trade mean that EU exports would muscle out food production in developing countries or would make future enterprises less likely to be set up?**

Agricultural trade and its political aspects are undoubtedly a complex web. At the moment, rich countries ring-fence and protect domestic production of sugar, meat and cotton. These products can be competitively produced in many tropical countries under fair conditions.

Our model assumes that the market would be opened in both directions though. Free trade can't just be a one-way street. Markets would have to be opened in conjunction with better education, social security systems and improvements to local technology and technology transfer measures in poor countries.

**In 2050, there will be around 9 billion people on this planet and it is a figure that is often used to justify policies about industrial agriculture. But a 2008 report by over 400 scientists, commissioned by the World Bank and the UN, showed that we already produce enough food to feed that many people, but the hungry are too poor to buy it. Why is free trade still important then?**

We want to dispel the myth that every country has to or should be able to produce enough food to feed itself. Anywhere, even Germany, can experience crop failure. That is why we argue that countries shouldn't target self-sufficiency, because of the threat to food security posed by climate change. They should concentrate on being able to react quickly and flexibly.

North America, Europe and parts of Asia are comparatively moderate in



their approaches towards this, but as they consist of the countries that have contributed most to climate change and will be less affected by it, this whole issue becomes a matter of justice.

**What role does resource protection have to play?**

Of course, use of land for agriculture will increase if not kept in check. If there were more flexible trading systems in place then production could be shifted to where conditions are more favourable. This could mean more efficient use of resources and better land management. Supportive policy measures to prevent, in particular, deforestation in tropical areas have to be implemented independent of trade of course.

Trade is not the only deciding factor. Of course, other measures have to be taken in order to counter the potential negative effects of international trade. Politically, this has to be complemented by an adequate framework for water, nature and soil protection.

**Soil quality is becoming a more prevalent issue, is enough being done politically?**

Land use rights and soil protection need to be put under the spotlight more,

because they are going to play an ever greater role in the future. Regulation will become ever more important in ensuring that agricultural land and forests are managed correctly. In Europe, a soil protection directive has been banded about for years at EU level. Our analysis was ultimately about whether we should plump for higher or lower national self-sufficiency and for more flexibility when it comes to the global food supply.

## German agriculture: Short-term crisis management or long-term strategy?

Numerous agricultural crises in Germany have made life difficult for the Agriculture Ministry lately, especially in light of much-needed structural changes to the sector.

Germany's new budget for 2017 would see the Ministry for Food and Agriculture receive an extra €300 million, bringing its total spending power to €5.9 billion.

However, questions remain as to whether this increase will be enough to drag German agriculture out of multiple crises – ranging from the Russian embargo on European farm products to overproduction in the dairy and livestock sectors.

Christian Schmidt (CSU), Germany's agriculture minister, announced a series of measures in a speech to the Bundestag recently.

Schmidt promised German farmers "further tax reductions" and subsidies worth about €178 million in accident insurance. Dairy farmers are also set to benefit from €150 million in EU aid intended to help reduce milk production, an amount that will be topped up by a further €58 million in aid.

Schmidt wants to complement the EU's injection of cash and double it with national funds to €117 million and make reducing milk production compulsory, as the agriculture minister is not prepared to "perpetuate the status quo".

With so many millions poured into the sector, the pressure to ensure German agriculture finally becomes economically



*The German agriculture minister wants to make milk reduction schemes compulsory. [USDA/Flickr]*

and ecologically sustainable has never been higher.

"Most German regions were competitive in crop production without financial aid," said Professor Folkhard Isermeyer of the Johann Heinrich von Thünen Institute, adding that "competitiveness concerns only exist in the rearing of livestock".

Instead, Isermeyer insisted that agricultural production methods and structures, in line with social requirements, are the main needs of Germany's agricultural sector. Bringing these in line with each other is a job for politicians.

According to different expert groups, livestock farming and environmental protection are high up on the social agenda, closely followed by soil sealing and degradation, phosphorus consumption, rural development, social structures and other factors.

Isermeyer said that the second pillar of the Common Agricultural Policy is an effective but insufficient means of approaching these concerns, as they "promote individual operations" rather than "achieving social objectives".

### Overproduction, glyphosate and CETA

The German regions' agricultural ministers, during an autumn conference at the beginning of the month, tried to find a solution to the social needs of German agriculture. The fruit of the efforts was

a programme called "Milk and the CAP up to 2020", which takes in everything from free trade agreements to reducing bureaucracy and consumer protection.

At this point in time, it is important that "the Common Agricultural Policy is crisis-proof in the long run," the plan stated. In the field of market management, instruments have to be put in place in order to better insulate the market from crises and prevent German agricultural product prices from plummeting.

In order for European milk producers to once again tap into their traditional markets, the German regions' agriculture ministers called on Berlin to work towards lifting the EU's Russia embargo.

Even though the ministers welcomed certain federal measures, like a coordinated strategy on food waste, they were unable to come to a unified position on the most important issues on the agenda.

The reaction of the ministers to consumer protection and the agriculture ministry's report on the implementation of international sustainability goals suggests there is little common ground between regional and federal policy. The ministers "once again strongly" called on Berlin to take their comments into account when adopting the German sustainability strategy in November and asked why they had not been already.

Whether German agricultural policy will, in reality, feel an obligation towards safeguarding social factors in agriculture remains to be seen in the long run.

# Industrial agriculture threatens to drive German smallholders into ruin

The existence of many farms in Germany is dependent on the level of economic pressure and competition brought by larger scale holdings. More and more small farmers are being driven into ruin and the environment is paying a hefty price.

"The world has changed," said Stephanie Wild from the Solidarische Landwirtschaft network (SOLAWI), a community-supported agriculture project. "Agriculture, which hoovers up resources, is all about short-term yields, but is not sustainable," she claimed.

Since the beginning of industrial agriculture, the world has lost about 40% of its fertile soil, she said. How we produce meat and milk is also highly questionable. "We produce all of this animal feed all over the world, keep animals in bad conditions and overuse medication, creating anti-biotic resistance."

SOLAWI wants to fight against these wrongs. The idea behind the network, which was started in the mid-1970s in Japan and which today provides a million people with organically-produced food, is simple: a group supports a local farm, taking on the costs for seeds, wages, rent etc.

In return, they are entitled to a share of everything the farm produces, giving them access to high quality organic food.

A United Nations IAASTD report from 2008 and another from 2011 concluded that industrial agriculture is not the



*Small scale, diverse farming has been hailed as the future, but it needs political support to succeed. [Shutterstock]*

only answer to global hunger, and cited Germany's 110 initiatives as credible alternatives. A further 100 initiatives are in the planning phase.

In 2050, the world population will reach nine billion, a figure often cited to support further industrialisation of agriculture. But a team of 400 scientists concluded in a UN-backed report that the world is already capable of feeding that many people.

The best chance to improve production, according to the same report, is to promote smallholders. Larger farms, more technology, more chemicals is a "rat race" that will lead to even more farmers losing their livelihoods, it claimed.

Nevertheless, smaller producers are still barely promoted. Agricultural subsidies are still aimed at big landowners.

According to an OECD report, 28% of EU funds in Germany went to just 1.8% of producers, in 2013. Fewer and fewer farms are cultivating more and more tracks of land. In the same year, about 94% of cultivated land was done so by conventional agriculture, the report claimed.

So does the classic farm, which produces a wide-variety of food in a small space, have a future?

SOLAWI expert Stephanie Wild insisted that "it is the only model for the future". Ultimately though, it will depend

under what kind of economic pressure farmers are operating.

"Politicians have to offer funding under the polluter pays principle," Wild claimed. Under this principle, the production costs should be passed onto those who are responsible for future costs caused by loss of biodiversity, loss of livelihoods, soil fertility depletion and contamination of groundwater. Conventional agriculture should no longer be encouraged and taxes should be levied on pesticide use, she said.

But this isn't going to happen anytime soon in Germany. Organic farmers in particular are having a hard time of things. Organic seeds are more expensive than conventional supplies, the workload needed to keep their crops free of weeds is heavier while more crop rotation translates into reduced yields.

Still, Germany sees more and more small projects dedicated to improving soil fertility and supporting biodiversity, such as Regionalwert AG and Ökonauten eG.

How smaller enterprises are going to sustainably sell their products is another question that needs answering, said Wild. "The market is complex and expensive," she said. But policy has a role to play for example by making it mandatory for school canteens to ensure a certain percentage of food is bought from local initiatives.

# German farmers divided over EU-Canada trade deal

Despite protests around Europe, the EU still wants to conclude the CETA agreement with Canada within the next five weeks. The German agricultural sector is divided in its opinion of the deal: large farms relish the advantages and small enterprises fear the competition.



*Smaller farming enterprises fear they will be squeezed out by larger companies under the CETA deal. [Shutterstock]*

On 17 October, the EU and Canada want to vote on adopting the CETA agreement. Apart from a few amendment requests and pushback from individual member states, it seems like CETA is inevitable. Civil society and opposition party protests against the deal look doomed to failure.

Although German farmers have participated in anti-CETA demonstrations, the sector is still divided on the agreement. The German Farmers' Association (DBV), which represents about 90% of German farmers, has highlighted the importance of the Canadian market to German exports.

The association has admitted that there will be challenges from the increased competition brought by CETA, but maintains that there are more opportunities to be had from opening up markets.

## Milk and meat

The most controversial issues at play in the sector are to do with the milk and meat markets. Unlike most other tradeable goods, which are often traded duty-free across the Atlantic, the EU and Canada both levy above average tariffs on milk and meat.

European cheese, for example, is currently hit with a 245% tariff, on average. The EU has countered with a 37% charge on Canadian pork and a massive 407% tariff on beef. The tariff for more other goods ranges between 2% and 3% on average.

Methods used to safeguard these "sensitive products" are not eliminated totally by CETA, but have been significantly scaled back. Tariff rate quotas will have a significant impact on European milk and Canadian meat.

Many farmers fear that high tariff rates would mostly benefit larger companies, which would be better placed to survive in a liberalised market.

The consortium of traditional farmers (AbL) expects the meat sector to come under "considerable price pressure" from Canadian imports. While meat producers could hope for increased profits, "small farmers could die out".

Even though the DBV welcomed CETA in principle, it has admitted that it anticipates "turmoil in the meat market". Domestic producers will come under additional competitive pressure, experience "structural adjustments" and a drop off in production could be the result.

Many farmers also fear that CETA could be a way for genetic engineering to make its way in through the backdoor.

## Irreconcilable positions

Essentially, both parties have irreconcilable positions on the issue. In Canada, if research shows it causes no harm, then the product can be approved. In the EU, the precautionary principle

applies and genetically modified crops can be banned even if there are only negligible doubts about safety.

CETA critics like the AbL now fear that genetically engineered plants could make their way onto the European market, on the basis of Article 25 of the agreement, which deals with cooperation on biotechnological matters.

The deal's detractors also fear that the EU institutions will eventually cave in, through fear of not meeting its obligations, and open up the bloc to GM foodstuffs.

For example, the Canadian soy association recently wrote to European Commission President Jean-Claude Juncker, asking the executive to implement its "commitments under the CETA agreement". The Commission in turn promised to deal with it "as soon as possible within the defined requirements of the EU's approval structure".

Whether the EU will defend their safeguarding procedures or gradually wilt under the pressure exerted by an in-force CETA deal remains to be seen. But it seems very likely that there will be fierce disagreements about the introduction of GM crops into the EU.

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