On market trends and uncertainties

Challenges for sustainable productivity
Outline

- What major changes are observed in world markets?
- How do they affect the desired “green transition”?
- What new challenges and old/new opportunities emerge?
Commodity prices move in longer, asymmetric cycles ...
... but lately differ on what prices farmers receive and consumers pay
Implications from a changing market environment

❖ When basic assumptions change, what’s to be done?
  ➢ Most basic assumptions made following the Paris Agreement must be revisited and, where necessary, adapted
  ➢ This need applies not just to commodity markets (agriculture, energy, fertiliser) but the macroeconomy as well
  ➢ Trade flows are also dramatically affected by geostrategic tensions with risks of unknown duration and resolution

❖ There is a need for a strategic rethinking of the desired path
  ➢ Did we put the cart in front of the horses in the soil/water/air/biodiversity sequence, forgetting soil’s priority?
  ➢ Do we have the right balance between adaptation and mitigation strategies with respect to known best practices?
  ➢ Do “holistic approaches” recognize existing asymmetries in crucial interlinkages in both models and the real world?

❖ Some solutions are in front of our eyes and around our ears, yet elude the policy discussion
  ➢ There is a well-established multitude of best practices that demonstrate what, and under which conditions, works!
  ➢ A huge increase in research money, prioritising climate action and (to a lesser extent) food security is available
  ➢ Relying on productivity, science and trade, with all their caveats, continue to be essential to address global issues
Policy issues that need to be revisited

❖ What to expect from the “Fork” side of the F2F?

➢ To adjust, the farming sector needs to know which path EU citizens will follow as consumers
➢ Farm prices can resume their long-term downward trend in terms-of-trade, but what about food prices?
➢ The role of livestock, ag biotech and food waste are typical examples where facts often do not match perceptions

❖ What impact on EU agriculture from the energy transition?

➢ The EU fertiliser industry heavily depends on prospects of natural gas and hydrogen markets
➢ While crude oil drove energy markets, asymmetric natural gas price developments lead energy markets nowadays
➢ EU import dependence on minerals that are crucial for the green transition complicates market outlook prospects

❖ What to do with the wealth of existing data?

➢ Farm policy leverage is potentially stronger in land management and can certainly become more targeted
➢ Prioritising a few soil health indicators could lead to common interpretation among scientific disciplines
➢ How to better link natural and social sciences, often lost in the translation of apparently similar concepts?
Thank you!


Views expressed are strictly personal and are not in any way related to my previous professional activity in the Commission, or my current research affiliation.

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