

AMBIÇÃO AGRO 2020-30

CAP 
AGRICULTORES DE PORTUGAL

THE ROLE OF AGRICULTURE IN THE
ECONOMIC RECOVERY OF PORTUGAL

CONTRIBUTION OF THE CONFEDERATION OF PORTUGUESE FARMERS



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INTRODUCTION

Portugal needs to consolidate a model of continuous and sustainable development that allows (i) to maintain a path of social and economic progress and (ii) to overcome the deep crisis that, as a result of the current pandemic, has frozen the momentum that had been built.

Faced with the set of decisions taken at European level to enable the countries of the Union to recover economic activity, CAP, as a social force and representing Portuguese Farmers, introduces a package of proposals that, when framed in the decisions that the government is preparing to announce, will create a development strategy for the agro-forestry sector as well as a boost to social cohesion and progress.

A contribution to the recovery of the national economy.



FRAMEWORK

Over the last two decades the agricultural sector has developed a path of investment, modernization, competitiveness and exports with increased national value, thus affirming its importance for the economy.

In 2019 the agri-food and agro-forestry sector together represented more than 8% of Portugal's gdp, and about 20% of the country's exports of goods, growing more than 50% between 2010 and 2019.

Currently, the trade balance of the agro-forestry sector has a surplus of about 0.5% of Portugal's gdp, and is a national success, which has been progressively achieved with increased investment and confidence in the sector by Portuguese farmers.

The progress of national agriculture is, in turn, a factor in the development of industrial activity, namely the agri-food industry, the manufacture of agricultural equipment as well as bio and chemical products.

Agriculture and related industries are economic activities with potential gains in productivity, with added value (GVA), with export opportunities, and with higher technological content than sectors for which Portugal is better known.

Agriculture and industry are also the anchor sectors for achieving a balanced economic and social development of the national territory, by opening up opportunities for entrepreneurship

and the creation of qualified and stable employment in the rural inland regions. Furthermore, rural communities with their activities based on local agriculture and industry, counteract the harmful environmental effects resulting from the unbridled growth of large cities.

The recent pandemic crisis has confirmed the resilience of the agro-food sector not only in moments of growth but also in the face of the most adverse situations, thus demonstrating its particular added value for the national economy. In fact, faced with a generalized crisis in consumption, particularly in the restaurant and hotel sectors, a fall in prices and, consequently, in profits, producers promised - "Agriculture does not stop" - and guaranteed production and the maintenance of supply chains and, as a consequence, the stability of the agri-food sector, assuring the population access to food in quantity and quality.

Having fulfilled this promise and taking into account the ambition shown by the European institutions in terms of economic recovery, environmental protection, and the increase in biodiversity, namely through the recently approved European Recovery Plan and the European Ecological Pact - "Green Deal" - the Confederation of Portuguese Farmers (CAP) considers this the right moment to present a set of strategic options aimed at accelerating the modernisation of the national economy, boosting agricultural activity as well as the industries linked to agriculture.

This contribution also aims to promote a vision for the growth of the economy and the development of the more fragile regions of the country, involving various activities of the primary, secondary and tertiary sectors linked directly or indirectly to agriculture and forestry, in a way that is appealing to young people, asustainable and in line with modern concepts of environmental protection, mitigation of climate change, and the fight against desertification.

As a contribution to the recovery of the national economy, CAP presents a set of horizontal actions that enhance the development of the agricultural sector in a way that is in line with the desired progress of the country.





RENEWABLE ENERGIES AND ENVIRONMENTAL SUSTAINABILITY

In line with the European ambition to promote the use of renewable energy and to meet the challenges of climate change, CAP advocates a program that incentivizes Portuguese farmers to produce renewable energy, through a three year average balance of annual or intra-annual supply and consumption of energy, which considers the specificity and seasonality of agriculture. As an example, the creation of a "current account" that allows energy production during the day and the corresponding consumption during the night, thus promoting decarbonization, cancelling out the corresponding "footprint" and contributing effectively to competitiveness.

A fraction of own production, measured in volume, and compatible with the overall supply index for each farm, ought to be considered, for all purposes, as renewable self-consumption.

However, from a circular national economy perspective, it is also important to create a framework that allows for the efficient and integral use of endogenous energy resources associated with agriculture, forestry and livestock, making it possible to share the resulting electricity and thermal energy with neighboring facilities under appropriate regulatory conditions.

This investment in renewable energies, allocated to agricultural production and processing, with emphasis on photovoltaics, is a vital factor in ensuring the competitiveness and economic stability of farms, for two reasons:

- in Portugal electricity costs are much higher than in other countries that compete directly with national production (according to Eurostat, Portugal is the 8th EU country with the most expensive non-residential energy);
- in the medium to long run, any need for conversion of crops or type of production, whether for technological or market reasons, will lead to significant energy consumption.

In order to allow the production of renewable energy in volume, compatible with an overall supply index for each farm, a second factor is added, inseparable from the first, which aims to balance production and energy consumption, boosting the impact of "Zero Emissions". Such balance is possible in many farms and activities. To achieve this additional factor it is necessary to adopt technical and economic measures that bring the prices of production and consumption closer.

These objectives could be achieved by mobilizing European and national funds for climate action and energy transition, based on the incorporation of renewables and increased energy efficiency, including, where appropriate, the new recovery and resilience mechanisms.

TECHNOLOGY AND DIGITALIZATION

Given that Portuguese agriculture has already made its development path based on mechanization, it becomes preponderant to move decisively towards precision agriculture, based on the implementation of digital technological systems, with the use of robots, satellites and drones, complemented by data processing that allows detailed intervention at the level of each square meter of land, with evident gains in the management of all the elements necessary for agricultural production (water, nutrients, pesticides) and, consequently, with significant advantages in terms of economic competitiveness, minimization of environmental footprint, promotion of biodiversity and protection of resources.

Considering the advantages inherent to the use of sensors in the soil and air for the localized and precise application of fertilizers and plant protection products, as well as in irrigation water management, CAP proposes the contribution of digital systems for soil and water management, as well as crop development, in parallel with a necessary and urgent implementation of advanced technology based on broadband, throughout the country or, alternatively, the use of UHF/ VHF white spaces in the radio spectrum normally used for television.

In order to make better use of agricultural production and avoid inefficiencies, waste and delays, CAP also proposes a program of partnerships with leading technology companies, with a view to creating intelligent logistics' chains at the national level, which allow forecasting based on analytical data as well as interactively managing information on demand, supplies, production, storage, transport and distribution.

Instruments with this level of sophistication will enhance the specialization of technicians of both the Organizations of Producers and Farmers' Associations, boosting qualified employment in the area of digitalization and support services to farmers.

These investments could be financed by E U cohesion funds, in regard to broadband infrastructure, business technological development and digital training, complemented by the agricultural functions for the incorporation of digital technology in farms, which is in line with the European Union "Green Deal"





WATER AND SOIL MANAGEMENT AND COMBATING DESERTIFICATION

Water is a key production factor for Mediterranean agriculture, without which the maintenance of a very significant part of our production will not be able to continue in the medium to long term, taking into account what can already be observed today in terms of the impact of climate change on national agricultural production and desertification of the territory.

Portugal has a number of hydro-agricultural plants in operation that are responsible for significant regional development and socio-economic progress. However, due to the passage of time and the erosion of equipments and concepts, they will require the strengthening of rehabilitation and modernization programs both already underway or on the agenda.

All these as well as the large investments made by the private sector in recent years, are not, however, in CAP's opinion, sufficient to cope with the rapidly approaching future.

In order to mitigate the effects of climate change in several agricultural areas of the national territory, thus allowing the continuity of production and the indispensable use of water for this purpose, CAP advocates the implementation of new infrastructure for retention, storage and distribution of water for multiple purposes, including agricultural activity, promoting the necessary fixation of population on the territory as well as contributing to mitigate the danger of fire in rural areas.

In this sense, the storage and proper management of water resources, along with the efficient use of water, is a preponderant element for the sector to continue to assert its competitiveness in relation to other European regions, where water scarcity is not a critical issue.

In the region of the globe where Portugal is located, suffering the effects of the ascent of the North African desert, with long dry periods, high temperatures, concentrated and sparse rainfall only through a sensible and intelligent use of water resources will it be possible to mount a barrier to desertification. Therefore, in the CAP's vision, it is necessary to boost the expansion of irrigated crops that today, as a result of new irrigation techniques and lower endowments, maximize the potential use of water, achieving sharp productivity gains in production and greater crop diversity.

The pathway already covered in recent years, with gains in efficiency in water use associated with new agricultural practices, is a consolidated process that is constantly being updated by farmers, particularly the youngest.

The implementation of infrastructure for the retention, storage and distribution of water for multiple purposes could be financed by E U cohesion funds, complemented with recovery and resilience mechanisms based on a prioritization and timing of interventions, taking into account the urgent need of the country to address the problem of climate change and desertification.

COMMERCIAL PROMOTION AND INTERNAL AND EXTERNAL VALORISATION

Considering the heterogeneity of Portugal's agriculture, and in order to ensure products of recognized quality, access to modern mechanisms of promotion and commercial enhancement in national and international markets, CAP proposes the creation of regional structures aimed at the promotion and enhancement of national agricultural production, in which producers aggregate and gain a greater share of domestic and foreign markets, while retaining in farmers and in Portugal a considerable part of the added value associated with this enhancement.

This process becomes crucial so that vast areas of our territory can be showcased in markets through participation in international marketing actions and also through e-commerce and other innovative forms of communication and sales, adding value to the domestic product and contributing to the growth of the economy, as well as providing the countryside greater economic sustainability and reversing the effects of depopulation and aging of recent decades.

Retail and industry can have in this regard a decisive action, if they recognize the need for a fair value of the national products.

For a stronger promotional action, it is necessary that Portugal defines and adopts a single symbol that identifies what is Portuguese in all economic areas. This decision is fundamental so that national and international consumers can immediately recognize Portuguese products and services. The proximity and connection to the Atlantic, responsible for an enormous positive differentiation compared to the rest of Southern Europe, should also be associated with this new image or be a part of a signature of the new symbol.

There is no real advantage for the Portuguese State to use numerous different trademarks to identify Portuguese products and services as is currently the case.

Considering the importance of this initiative for the development of a region or territory, it is proposed to finance it within the framework of EU cohesion funds, complemented by support measures for rural development.



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FORESTS AND SUSTAINABILITY OF THE TERRITORY

Portugal is experiencing a fundamental crisis in its forestry sector. The land structure of a very large part of the forest areas, associated with depopulation and cultural changes on the one hand, and the decrease in the value of forest products on the other, have led the country to a Gordian knot that has not yet been untied.

The events of recent years, with vast rural areas and forests have been devastated by huge fires, increasingly exacerbated by the effects of climate change, require several solutions for the sector that, when taken together, change the current scenario.

In a long-term strategic perspective, with a view to effectively reduce the risks of fire and simultaneously promote land management, CAP proposes a national plan for the installation of a primary network and a peri-urban network of fuel management bands.

This public investment in civil protection will make it possible to substantially reduce the risks in rural areas and boost an economically viable agroforestry activity, and it should, in its installation phase, promote the land rearrangement of these strategic spaces, as well as provide due compensation to the land owners who provide this service to the populations on their properties.

Such an initiative should also in its maintenance phase, once the fuel load has annual growth include an innovative element that aggregates a robust and differentiating economic model for increasing the value of waste from these areas,

while simultaneously promoting the use of forest biomass in the heating of farmhouses and rural towns . At the same time, a support program for the national production, acquisition and installation of individual forest biomass heating systems should be implemented.

This measure fits into the areas of climate action, energy efficiency and transition, import substitution and improvement of social conditions and sustainability of life in rural areas. Besides contributing to the reduction of the risks and effects of rural fires, it also promotes the use of clean energy and the reduction in the use of fossil fuels. In addition to environmental advantages, this measure brings obvious social benefits by improving housing comfort conditions and economic savings.

With the ambition of increasing the economic growth in the rural areas and reversing the demographic loss curve in course and in parallel with the investment in agriculture, industry and new technologies, the implementation of this measure contributes to the "cleaning of the forests", which recovers a rural practice of sustainable use of forest resources, as well as an increase in service businesses, inherent to the development of the whole process of collection, management and consumption of forest materials.

This program could be financed by a climate change fund or decarbonization of the economy, in a comprehensive vision that is appropriate to the national reality of what is considered necessary for a just transition.

INDUSTRIAL DEVELOPMENT, AGRO-INDUSTRIAL AND AGRO-FOOD

In recent decades the Portuguese economy has become an economy of services. On one hand, it has become specialized in the tourism and construction sectors and on the other it has seen a very significant reduction in industry. However, an economy that is based mainly on intermediation without its own manufacture and on trade without production, is incomplete, creates dependence and does not offer the right conditions to retain qualified labour.

Portugal trains technicians needed by modern agriculture and industry who, often for lack of employability, are forced to emigrate, a brain drain that contributes to the economic enrichment of other countries. Portugal needs more agro-industry, with a solid technical component and based on intelligent supply chains that connect the producer to the consumer with greater ease.

As agriculture is the central activity of a vast area of Portugal, particularly in the areas most in need of measures to combat depopulation, it can contribute to stimulate a number of related industries, for example the production of equipment used by the agroforestry sector as it grows and becomes part of the country's infrastructure. Portugal needs to create synergies that incentivize national production and the creation of employment of skilled labor, which, without such stimulus, ends up migrating to the coast or abroad, thus aggravating the problem of depopulation of the interior.

The agri-food industry should also be a part of this development, where entrepreneurship, valorization and regional differentiation, will contribute to the growth of the desirable added value and enhance the fixation of wealth in farming communities.

In order to achieve these objectives, which would have a wide-ranging impact, it is considered important to deepen the complementarity that currently exists in the interventions financed by the European Agricultural and Rural Development Fund and the European Regional Development Fund.

Nowadays, no social and technological development can take place separated from knowledge. Research and Development (R&D) increases the added value, wealth and protection of cultures and production processes. In our geography, markedly Atlantic and Mediterranean, very important cultures such as cork, vineyards, olive groves, fruit growing and horticulture, livestock farming, the production of milk and its derivatives and also aquaculture and mariculture, will benefit considerably from applied research centers and laboratories.

CAP understands the advantages of adopting a policy that concentrates areas of knowledge in clusters that collaborate and have a great practical sense to meet the needs of agriculture. In this sense, CAP recommends encouraging the creation, and even the relocation of R&D centers out of large urban centers, to locations where they are most useful and necessary.





NATIONAL RESEARCH & DEVELOPMENT CENTERS

The practice of identifying R&D centers with locations has long existed in other European countries and has the advantage of identifying brand knowledge (institutes) with its source (local). Institutes where knowledge is created and developed cannot be separated from the sources which they should serve.

This action requires a profound change in the current R&D system in order to improve its operability, its articulation with research and knowledge produced in universities and its geographical framework in relation to the realities to be observed - which would also represent an important contribution to territorial cohesion, to the socio-economic development of the interior of the country and to the fight against depopulation.

In this context, it is important to support a model of CO-Labs – laboratories from various scientific institutions that actively collaborate among themselves. Such model effectively contributes to intensify knowledge-based activities in the whole country by the creation of formal teams between scientific and technologic departments at universities and companies. The investment in R&D also involves the development and deepening of international partnerships to share and transfer applied knowledge.

The sector cannot be left out of future science-based innovation policies, initially involving support for Startups and SMEs, oriented towards the export of high value-added products and processes. The emergence of new players aimed at providing services to companies and non-profits also offers an opportunity for the Agro sector to provide all sorts of R&D services that aim at increasing the value added of agri-products and services in international markets.

The future of the agroforestry sector also depends on qualification, both through the increase of young graduates, masters and doctors in the area, and through short term offers. In this area, it is essential to invest in lifelong training by supporting the reconversion (re-skilling) and upgrading (up-skilling) of active adults, through short-term training in higher education, at initial and postgraduate levels, in conjunction with employers, R&D units and innovation centers.

The Horizon Europe - Framework Program for Research and Innovation may be a source of funding for this paradigm shift in research and innovation in Portugal.

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