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# The geopolitics of European wheat

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With its twenty-seven Member States, the European Union is a major agricultural and cereal-producing power. And with 450 million inhabitants, it is the world's second largest consumer of wheat after China[1]. More than just a single market, the EU has also become the world's largest wheat producer, although the Middle Kingdom regularly challenges this position[2], especially when the harvests on the Old Continent are not as good. The European Union is also now the world's second largest wheat exporter, behind Russia but ahead of the United States[3]. These geo-economic advantages are based on a political project: union. The figures on European wheat, disaggregated and observed by member state, would not be so comforting. But is the European Union aware of its agricultural strengths and does it want to maintain them in the 21st century? Why does wheat embody both power as well as a dose of experimentation?[4]

## EUROPEAN INTEGRATION SHAPED BY AGRICULTURE

Bled dry at the end of the Second World War, Europe had to import a large share of its wheat - about 5 million tonnes - to feed its population. In the early 1950s, when Western Europe had a large deficit in agricultural products, France mooted the idea of creating the European Agriculture and Food Community. Although finally this project did not see the light of day, agriculture was nonetheless to become a major lever in terms of European integration. Europe is a grain farming area. In this landscape, France, Germany and Poland dominate. Even regarding rice, two thirds of consumption is provided by European production (Italy and Spain). However, wheat, with 45% of the cereals grown in the

Union, remains the most important European asset. Europe is a huge granary with excellent soil and climate conditions[5], this makes it a particularly favourable place to grow wheat within a vast triangle linking London, the Paris Basin and Berlin, and completed, further east, by the Danube Basin. The advantage of the European Union also lies in the legal and economic framework of markets, allowing farmers to develop with the long-term in mind. This governance has driven the success of Europe's [Common Agricultural Policy \(CAP\)](#) as well as cereal production. This history needs to be studied to assess Europe's future ambitions with regard to its cereals.

At the time of the signing of the Treaty of Rome in 1957, which founded the European Economic Community (EEC), the agricultural sector still represented one in three jobs and accounted for an average of 20% of GDP in the six founding countries. Around 23 million tonnes of wheat were produced in the EEC in 1960. The establishment of the Common Agricultural Policy (CAP) in 1962 aimed to develop productivity, ensure a fair standard of living for the agricultural population, stabilise markets, guarantee security of supply and reasonable prices for consumers. Food security for the continent was the strategic perspective. These objectives were developed within the single market, where Community preference, together with a common customs tariff, was the cornerstone of the system. What the CAP aimed to achieve was no mean feat: translating the boldness of the founding fathers into agricultural terms required solid measures. It was decided, for example, to regulate the cereals market by setting minimum prices controlled by public storage, high customs duties and if necessary, export subsidies. At the same

[1] According to International Grains Council (IGC) data, China has been consuming an average of 140 Mt of wheat per year since 2020, followed by the EU and India with 110 and 105 Mt respectively.

[2] The EU has produced an annual average of 137 Mt of wheat since 2020, closely followed by China (136 Mt) and then India (108 Mt), according to ICC data.

[3] Since 2020, the EU has exported an average of 33 Mt of wheat per year, compared to 23 Mt for the United States. On the other hand, the ICC data highlights Russia's position as world leader, with 38 Mt per year of wheat exports.

[4] Sébastien Abis, *Géopolitique du blé*, Armand Colin, February 2023.

[5] Internal climate of the soil, characterized by seasonal conditions of temperature, hydromorphy, aeration, partial pressure in CO<sub>2</sub>, Larousse

time, agricultural research institutes were mobilised to disseminate good practices and advance scientific knowledge in a sector classified as strategic. Farms were reorganised, machinery was introduced, and the use of synthetic fertilisers and high-performance seeds gradually became part of farmers' work. Farmers were motivated by a stimulating Community framework. By guaranteeing them a long-term minimum remunerative price, Europe encouraged farmers to invest, train, structure themselves and develop their output. Under these conditions, European agriculture developed considerably: output increased in line with productivity. In 1980, the six members of the EEC almost doubled their wheat harvests, which now stood at around 50 million tonnes, with an average yield of 4.4 tonnes/ha [6], much better than that observed in the United States at the time. The main reason for this was a dramatic improvement in yields, which had doubled in twenty years. While high domestic prices led to the import of products replacing cereals in animal feed - such as Thai manioc or maize grains from American glucose mills - the use of domestic wheat in animal feed was limited. Thus, from the end of the 1970s, the EEC became a regular net exporter of wheat, a remarkable result compared to the situation that had prevailed a few years earlier. However, during the 1980s, the system faced its own turpitudes: cereal producers continued to force their way into supplying public stocks, which eventually rose to almost 25 million tonnes at the end of the 1990s. This was the problem, known and publicised at the time, of the 'mountains' of meat, milk powder and butter in the Community. Criticism of the CAP was growing. It came from within, particularly from the British, who criticised its budgetary cost, but also from outside, on the grounds that subsidised European exports were unfair and that they were destabilising world markets.

#### A CHANGE OF CYCLE FOR THE NEW MILLENNIUM

In 1992, there was a major change of direction under the impetus of Ray MacSharry, the then European Commissioner for Agriculture: the Member States chose to overhaul the CAP by drastically reducing public intervention prices - by 35% for cereals - and by compensating for the decrease in farmers' incomes

through the introduction of direct aid. From price support, the CAP therefore shifted to income support. Moreover, depending on the size of the farm, this aid was now conditioned by the obligatory land set-aside - a system that ended in 2008. The aim of this, which represented between 5 and 15% of cereal-growing areas, was to limit the quantities produced and thus to limit export budgets. Thus, financial considerations took precedence over the initial strategic issues. However, the new CAP made it possible to use wheat for animal feed making it more competitive with imported products. At international level, this adjusted agricultural policy intended to facilitate the conclusion of the [Uruguay Round](#). The major objectives of the 1992 CAP reform were in fact part of a multilateral trade framework that was undergoing transformation - in particular the Marrakesh agreements of April 1994, which established the WTO - but also a European context that was also in the midst of profound change - with the fall of the Berlin Wall, and then its enlargement to 15 Member States in 1995.

A new fundamental step in the history of the CAP was taken in 1999 with the so-called [Agenda 2000](#). The Commission continued to work on reducing intervention price levels, bringing the European market closer to the world market and limiting the risk of surpluses that would not be properly controlled in view of the accession of the Central and Eastern European countries (CEECs). But the real innovation of this reform was the creation of the CAP's 'second pillar'. This covered all of the measures that aimed to promote, alongside agricultural production itself - the "first pillar" - other functions linked to agriculture: land use planning, land maintenance and the maintenance of biodiversity. This was a timely development, which emphasised the multifunctionality of agriculture, but which altered the original meaning of the CAP: there was a noticeable shift from an initial food security objective aimed at eliminating fears of scarcity on the continent to this approach, which positioned the CAP as a tool for the well-being of consumers and the countryside. In addition to this strategic shift, there were budgetary adjustments, which were deepened in the 2003, 2008 and 2013 reviews. At the same time, the compatibility of the CAP with the WTO and the Doha Round of negotiations had become a major concern. There were

[6] Agricultural yield is expressed in tonnes per hectare (t/ha) for water-rich products or in metric quintals (1q = 100kg) per hectare (q/ha) for grains.

numerous requests from third countries. In 2003, the European Union decided to decouple aid from the act of production. Farmers would henceforth receive an annual payment with no obligation to produce. While income security was guaranteed for the producer, the visibility of the European agricultural strategy was clouded.

### FOCUS ON THE ENVIRONMENT, BUT INSECURITIES RETURN

For the period 2014-2020, the CAP reform established in 2013 aimed to better legitimise agricultural spending in the eyes of European society in terms of efficiency, sustainability and equity. It also aimed to increase the convergence of support levels between countries and within regions, while confirming the environmental shift - states reserved up to 30% of their national ceiling of direct payments to reward mandatory practices beneficial to the climate and the environment. States were also given more room for manoeuvre regarding budgets, aid distribution and the second pillar. In practice, this gradually made the CAP less 'common' than when it was created.

These trends towards the greening and individualisation of the CAP have increased in recent years. Initially planned for the period 2021-2027, the new CAP reform came into force in January 2023. Although the Covid pandemic has passed, it should also be noted that the negotiations between Brussels and the Member States have been plagued by numerous obstacles due to the guidelines promoted by the Green Deal. The Green Deal, which aims to make the European Union carbon neutral by 2050, is the European Commission's main strategic axis, around which all sectoral policies must be developed. This applies to agriculture, through two key strategies - [Farm to Fork](#) and [Biodiversity](#) - established from 2019 to 2021. On 24 and 25 June 2021, the European Parliament, the ministers and the Commission finally agreed on the texts of the new CAP. By 2030, the European Union is expected to devote 25% of its agricultural land to organic farming, reduce the use of chemical fertilisers by 20% and cut the use of plant protection products and antibiotics in livestock farming by 50%, while setting aside 10% of the Union's

agricultural land. On the greening front, "eco-regimes", premiums rewarding farmers for their environmental programmes, will account for 25% of direct aid paid. In addition, the new CAP is part of a "renationalisation" process with National Strategic Plans (NSP) for each of the 27 Member States. For European farmers, this is no small concern, as production objectives are no longer a priority and aspects of economic competitiveness are relatively absent from the considerations that govern this new CAP. Already in 2022, due to the repercussions of the war in Ukraine and inflation in production costs, the European Commission was forced to revise certain measures on a provisional basis, such as set-aside, so as to limit quantitative shocks on the markets.

The geopolitical upheaval on the European continent puts into perspective the polarisation of the agricultural debate on the sole environmental variable. Undeniably, the fight against climate change must be conducted considering the reshaped strategic aspects with which the European Union must deal[7]. At a time when the EU is talking about food autonomy and sovereignty, it would be surprising, to say the least, to see it abandon the agricultural and productive forces that have long been the basis of the stability and security of the European area. Several studies on the Green Deal and the Farm to Fork strategy have concluded that the volume of crops harvested will fall and that imports from outside the EU will have to increase. The [COCERAL](#), the European association representing, among others, the cereals trade, estimates, for example, in the prospective analysis it carried out[8], that wheat production could fall by 15% (around 20 million tonnes) by 2030 and more by 2050, in a median scenario of the implementation of the Green Deal.

In this perspective, the European Union would become a net importer of cereals, and would be much worse off in terms of wheat, with a gradual erosion of trade in this product towards world markets. The study[9] from the Dutch University of Wageningen, an international reference in agricultural education and research, converges with these analyses: a 10 to 20% decrease in European field crop production, an increase in food prices in the European Union and an increase in imports from international markets, creating potential trade destabilization if the European Union were to become a structural buyer of certain products with significantly

[7] Sébastien Abis (under the management of), *Agriculture et alimentation : la durabilité à l'épreuve des faits*, Le Déméter 2023, IRIS Éditions et Club DEMETER, February 2023.

[8] COCERAL, *EU Farm To Fork Strategy COCERAL Impact Assessment*, June 2021.

[9] J. Bremmer, A. Gonzalez-Martinez, R. Jongeneel, H. Huiting, R. Stokkers, M. Ruijs, *Impact assessment of EC 2030 Green Deal Targets for sustainable crop production.*, Report Wageningen Economic Research; no 2021-150, December 2021.

greater needs. The study also suggests that the environmental benefit of moving to 25% organic land does not apply to all crops, including wheat. Other research, however, sees the Farm to Fork strategy and the wider Green Deal as vehicles for the development of more sustainable and resilient food and farming systems in Europe. By estimating that Europe cannot hope to produce more, some studies recommend a major reorganisation of the CAP and European guidelines in favour of agro-ecological models, without this resulting in a reduction in its role in the world food and cereal balance[10]. Controversies therefore remain numerous, as always, concerning the CAP, despite its driving role in European integration, from the budget still allocated to it by the Commission (the largest item of Community expenditure in the Multiannual Financial Framework 2021-2027), to the tensions that animate the relationship between sustainability and geostrategy[11].

#### NEW FRONTIERS FOR EUROPEAN WHEAT

It seems pertinent to place the question of wheat in the context of these constant transformations of the CAP and the debates that have agitated European

agriculture in recent years between productive, economic and climatic challenges. This can be done by using the notion of borders. In 1995, the European Union had a wheat area of 12 Mha and produced 75 million tonnes, of which 16 to 18 million tonnes were exported. Since then, there have been four enlargements (1995, 2004, 2007 and 2013), which have seldom been reported to have increased the EU's agricultural potential, especially in terms of cereals. With twenty-seven Member States, the European Union is a major player on the international scene, despite the exit of the United Kingdom in 2020. The area under wheat cultivation is 22 Mha, i.e. 10% of the world total. Annual production has fluctuated between 125 and 140 million tonnes in recent years and exports regularly exceed the 30 million tonne mark. Since the beginning of the century, in twenty-two harvests, the European Union will have exported half a billion tonnes of wheat, i.e. about 100 million tonnes less than the United States but 100 million more than Russia over the same period.

[10] M. Schiavo, C. Le Mouél, X. Poux, P.-M. Aubert, *An agroecological Europe by 2050: What impact on land use, trade and global food security?* IDDRI, Study n°08, July 2021.

[11] To understand these issues, please refer to T. Pouch, « L'Europe par temps de crises, à la recherche d'une boussole stratégique », in S. Abis and M. Brun (under the management), *Le Déméter 2022. Alimentation: les nouvelles frontières*, Club DEMETER, IRIS Editions, February 2022, pp. 235-247 ; Read also the analysis of B. Valiorgue, « Quelle raison d'être pour la PAC à l'heure de l'Anthropocène ? », in *Pour*, n° 243, Spring 2022, pp. 73-79.

## Trends in the performance of the world's major wheat exporting countries since 2000 (million tonnes)

YEARS	EU	USA	Argentina	Australia	France	Canada	Russia	Ukraine	Kazakhstan	Total top 8	Total world exports
2000/01	16	28	11	17	19	17	1	0	4	97	102
2001/02	13	26	12	16	12	17	4	5	4	96	108
2002/03	18	23	6	11	17	9	13	7	6	92	107
2003/04	10	32	7	15	14	16	3	0	4	91	104
2004/05	15	28	14	16	17	15	8	4	3	105	114
2005/06	16	27	8	15	17	16	11	6	4	104	114
2006/07	14	25	12	11	15	19	11	3	8	104	116
2007/08	12	34	10	7	12	17	12	1	8	101	116
2008/09	25	27	9	13	16	19	18	13	6	121	143
2009/10	22	24	5	14	17	19	19	9	8	115	134
2010/11	23	36	8	18	20	17	4	4	5	112	133
2011/12	17	28	12	23	16	18	22	5	11	135	153
2012/13	22	27	7	21	17	19	11	7	7	116	147
2013/14	32	32	2	18	19	22	19	10	8	130	162
2014/15	36	23	5	17	19	24	22	11	6	127	153
2015/16	35	21	10	16	20	22	26	17	7	139	166
2016/17	28	29	14	23	11	20	28	18	7	150	178
2017/18	24	25	13	14	17	22	41	18	8	158	176
2018/19	24	26	13	9	17	24	36	16	9	150	168
2019/20	39	26	14	9	20	26	34	21	7	157	185
2020/21	30	27	11	24	14	26	38	17	8	165	190
2021/22	33	21	15	26	18	15	33	19	8	155	190
<b>Totals 2000-2022</b>	504	595	218	353	364	419	414	211	146	2720	3159
<b>Totals 2017-2022</b>	150	125	66	82	86	113	182	91	40	785	909

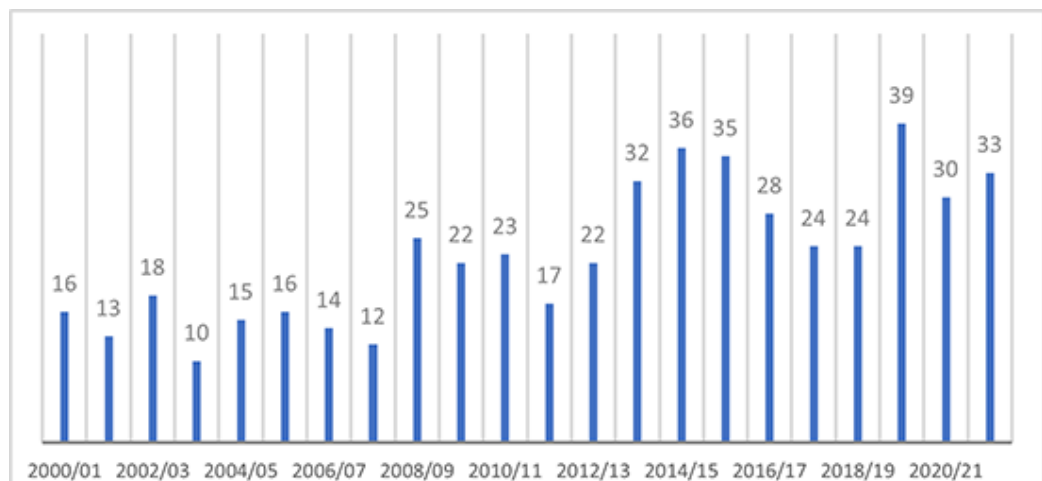
Source: Author's calculations, based on ICC data

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Enlargement has therefore boosted both the EU's production and export capacity. Of the 500 Mt exported, half was exported between 2015 and 2022. The destinations are mainly international, with Algeria, Egypt, Morocco, China and Nigeria as the main customers, but 40% of the volumes are intra-EU trade. France alone accounts for an average of one third of the wheat exported by the European Union. Romania follows with nearly 20% of the volumes, then come Germany (15%), Lithuania (7%), Latvia and Bulgaria (6% each). The Eastern European countries, which joined the European Union in the 21st century, account for 40% of total European wheat exports. The

enlargement of the European Union since the middle of the 1990s has led to an approximate doubling of wheat areas, harvests and exports. European funds have certainly favoured the development and modernisation of farms in the east of the continent, which had long been locked into the collectivist system of the USSR. However, it should not be forgotten that the European Union also imports wheat, up to 4 to 6 Mt per year, a third of which is durum wheat, making Canada one of its main suppliers. Wheat from Ukraine, Russia, the United States, Moldova and the United Kingdom also finds its way onto the EU market.

### Trends in world wheat exports from the EU since the beginning of the century in million tonnes (Mt)



One of the advantages of the European area lies in its great stability of production, compared to other countries and granaries in the world, where interannual variations are much more marked, in Australia for example. The temperate and humid climate is well suited to the cultivation of wheat, which is not very "stressed", to use an agronomic expression, by a climate where accidents are less frequent than in other areas of the world. This climate, coupled with the know-how of European farmers and the means deployed by the CAP for more than half a century, makes it easier to obtain high yields: 5.5 t/ha for the European Union, but 7 in France and almost as much in Germany, well above the world average and

[12] op.cit

better than those of North American or Black Sea competitors. Nineteen Member States are thus among the thirty best national wheat yields in the world[12]. But what has long been an asset for the European Union could quickly change, given the acceleration of climate change and the extreme phenomena that the Old Continent is beginning to experience with greater frequency: droughts are more pronounced, longer and therefore have a greater impact on cereals. Can yields still increase in Europe? On the contrary, will they decline, or will there be significant differences between harvests or between regions of the same country? The year 2022 is emblematic in this respect, although it should be stressed that the production shock will be on

maize and very little on wheat, a crop with a different calendar and whose resilience to meteorological hazards is perhaps greater.

The climate challenge is obviously one of the key factors in the European Union's future agricultural equation and the future of wheat production. In this perspective, the relationship with innovation and science will remain a major issue for the future of European agriculture. Indeed, if societal and democratic debates are to exist and be maintained, European countries will have to adapt to climate change by possibly integrating the possibilities offered by new plant breeding techniques (New Genomics Techniques, NGTs), just as the rediscovery of old and traditional practices might prove useful. The European continent will not escape this: tomorrow's agriculture will be more combinatorial than ever. Furthermore, while there is widespread advocacy for Europe's protein sovereignty, as a way out of dependence on soybeans from the Americas, a product condemned for its role in Amazon deforestation, it should be noted that the prospects for increased development of oilseeds (sunflower, soya, rapeseed) on European soil may come at the expense of areas currently dedicated to wheat. Here too, the boundaries are narrow: there is little additional land available within the European Union (especially if set-aside is required on 10% of agricultural land!) and trade-offs to be made between major crops (choice of producers according to soil and climatic conditions and prices, support from public policies in this area, etc.).

In addition to these climatic, agronomic and scientific frontiers, it is worth asking what Europe's intentions are in terms of geopolitical frontiers for its agriculture and cereals. Firstly, should the European Union export its production? If so, to which destinations and with what means to support this trade with an appropriate strategic tone? As a unit, the European Union is a major agro-exporting power for wheat, accounting for an average of 17% of world flows for more than ten years. However, rarely has this enlargement to the East of the continent been commented on in positive terms with regard to agriculture, while the Eastern States were strengthening and diversifying community production. Wouldn't this wider range of European

wheat deserve to be valued on international markets? In short, agriculture will have symbolised for some time the failure of a vision of Europe as a power and the strategic sectors to embody it. Instead of examining complementarities to support European sovereignties and play on the multiplication of assets to carry weight in the world, agricultural debates have remained technical and geopolitically illegible. While the CAP serves as a reference framework as an instrument of organisation and internal regulation, there is no common external agricultural (or cereal) policy. The French, German or Romanian origins of wheat compete with each other once they cross the Union's borders. The statistical data goes up in smoke. Wouldn't it be better to think about this at a time when Europe, shaken by the pandemic and the return of war to its gates, is rediscovering the necessary geostrategic culture to develop? Tomorrow, to lend credibility to its international offer and ensure that the European origin is safe for importers, but also to enhance the complementarity and quality of its cereals, this is undoubtedly a fertile field of reflection.

#### **UKRAINE IS REVIVING THE GEOPOLITICS OF EUROPEAN WHEAT**

It seems difficult to avoid such a subject now that the hypothesis of Ukraine's accession is clearly posed. The process will be long, since the application for accelerated accession will not be possible in principle, but the scenario of Ukraine as a member of the Union should be considered now. With the new CAP coming into force in 2023, it is likely that the next major reform will take place at the end of this decade. Will Brussels include Ukraine's agricultural parameters in its plans for the 2030s, both for its internal and external borders? The competitiveness of agriculture in Ukraine may weaken certain internal balances in the European Union and provoke serious tensions in countries where production and regulatory compliance costs will be much higher than in Ukraine. This is already a hot topic in 2023! Ukrainian grain is coming to Europe through the solidarity lines opened in spring 2022 so that it can leave by land, rail and water. This initiative, developed as part of the [initiative FARM \(Food and Agriculture Resilience Mission\)](#), under the French Presidency of the Council is more than commendable,

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as it is crucial to help Ukraine export its cereals. They are both eagerly awaited on the world market and are essential to the country's economy[13]. Nevertheless, this Ukrainian production has been competing with that of its neighbours (Poland, Romania, Slovakia, Bulgaria, Hungary), as it is cheaper, in addition to being less reliable in terms of health safety. Ukrainian wheat has therefore been loaded onto ships for export to the detriment of European wheat, which has provoked the anger of certain aggrieved farmers in these Member States, not to mention the many political upheavals at the highest level in April 2023 (resignation of the Polish Minister of Agriculture, trade imbroglio between certain countries and the European Commission, etc.). This is an example of agricultural tension that is entirely predictable and that the European Union should not underestimate, as it could recur in the coming years and become a major problem on the road to future Ukrainian membership.

Another question concerning a new approach to the future: on the external level, with Ukraine boosted by agricultural trade on the open sea, can the European Union turn its back on globalisation and confine the CAP to a solely continental mission? Statistically, in the early 2020s, the European Union and Ukraine together account for a quarter of world wheat exports. Is this a performance to be considered in the future so as to maintain it and thus place the European Union as a sustainable and credible cereal power in the eyes of the major importing areas? Would it not be desirable to have, at the very least, a geographically targeted approach

to the wheat requirements of the Mediterranean basin, where the slightest socio-political upheaval creates upheaval right into European territories? Cereals, and more broadly agriculture, must be one of the resources that the European Union puts forward as an expression of its sovereign power. Wouldn't a Europe that is capable of continuing to green its agricultural systems, of placing its crops at the heart of a climate strategy combining decarbonisation, adaptation and innovation, and which, at the same time, would give a mobilising horizon to the CAP, simply be the answer to the injunctions of Brussels, which wishes to develop the Green Deal and become geopolitical again? In a world in transition, Europe must safeguard its assets and look at what it could do at Community level that could be in synergy with its external action. It is not called upon to feed the world, but to contribute to the global food balance. It is through this course that it will be able to maintain its competitiveness vis-à-vis competitors who are increasingly determined to make agriculture and wheat major instruments in the expression of their power.

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[13] Moreover, the volumes of grain leaving through these European routes between August 2022 and April 2023 will have been roughly equivalent to those of the Black Sea corridor established by the United Nations (around 25 Mt for each 'route').

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