POLICY BRIEF

CONSOLIDATE AND SCALE UP FAIR, ACCESSIBLE, SUSTAINABLE AND SHORT FOOD CHAINS FOR THE EUROPEAN UNION

The challenges of the EU food system

The globalization and industrialization of the agri-food sector after World War II[1] have been based on the aspiration to **supply large volumes of food**, feed and fuel via an increase in productivity and trading. The approach has led to interconnected markets, to the integration of food producers into complex value chains, and contributed to a stable increase in the availability of food and a change in diets in middle-income countries.[2] However, the last decades of cheap prices, intensification and globalization have come at a **high environmental and socioeconomic cost**: the current global food system is a primary driver of climate change and degradation of ecosystems, more than a billion people is still food insecure across the world, inequalities in remuneration along the food chains are leading to suicides and loss of job, and workers are exploited at all levels of the chains, both within the EU and in the food system that feeds the region. Furthermore, the recent Covid-19 and Ukraine crisis have highlighted the structural vulnerability of globalized and conventional supply chains and the need to rethink production, distribution and consumption.

While the EU food system is a leading world agri-food exporter and the second importer[3], and performs well under various economic indicators, its agri-food system is also characterized by prominent environmental and socioeconomic challenges (see Box 1). Environmentally, the Union needs to address the multiple crises of soil depletion, excessive use of synthetic pesticides and fertilizers which **negatively affect soil, water, and biodiversity**, and the contribution of the food system to climate change and loss in biodiversity. Socio-economically, the vertical integration of upstream and downstream agri-food actors produces an **unfair distribution of risks, costs, and profits along supply chains** that feed the EU: farmers are not adequately remunerated, workers are victims of abuses, and few actors concentrate bargaining power and assets. At the same time, millions of people in the EU suffer for food insecurity, lines at the food banks get longer, and have seldom access to healthy diets.

Vis-à-vis these challenges, the European Commission launched the ambitious **"Farm to Fork"** (F2F) strategy and is in the process of discussing a Sustainable Food System law for the future of food in the European Union (SFS). F2F and SFS adopt a systemic approach that goes beyond usual fragmentation and are characterized by the recognition of the role of public policies in promoting sustainability and healthy diets in every step of food supply chains. While the F2F includes a set of quantified but **non-legally binding targets** (e.g., achieving at least 25% of organic agricultural land by 2030), SFS aspires to identify clear interventions that may steer the EU food system (including global food chains) towards more sustainable and healthy directions. For sure, both strategies are characterized by a desire to re-localize EU food systems and to improve the social and environmental impact of producing and consuming food in the European Union. Yet, fragmentation among Directorate Generals and distance between Brussels and the ground represent a hurdle to be overcome.

Box 1: The negative impacts connected with the EU food system

- Agriculture (excluding land use/land use change) accounts for 10.3% of all EU GHG emissions, with its share on the rise since 2012[4].
- It is also the source of 59% of EU renewable freshwater withdrawals[5].
- There is robust evidence of severe habitats and species population decline linked to the use of synthetic pesticides and fertilizers[6].
- About 26% of EU's total final energy consumption is used to cultivate, process, pack and bring the food to European citizens tables[7].
- Estimates indicate that food waste could amount to roughly 20% of the food produced in the EU[8].
- 11% of Europeans declare to be unable to afford a meal with a source of protein every other day[9] while 52.7% of adults are overweight[10]. Almost one in five deaths/year in the EU is linked to unhealthy diets[11].
- EU farmers' incomes are 40% lower than average salaries, as they are subjected to systematic abusive oligopolist and oligopsonist practices in agri-food supply chains[12].
- The exploitation of agricultural workforce (especially migrants) is widespread and well documented through all EU countries[13].
- In rural areas incomes are lower, job opportunities are fewer, access to services is limited; women are at greater risk of poverty and exclusion[14].

Learning from practitioners

Undertaken jointly by IOB[15], WFTO-Europe[16], and FTAO[17], the FASS-Food EU research project aims at studying and supporting **Fair, Accessible, Short and Sustainable** (FASS) food chains in the EU. Through a participatory research approach, FASS-Food EU has studied the direct engagement of three territorial initiatives across the EU that were inspired by the principles of a FASS food chain (see Box 2). The main questions concerned the obstacles that different actors are facing, the points of leverage that they identified and the strategies that they deployed – or could be deployed - to develop FASS food chains in the EU.

Box 2: The three FASS-Food EU case studies

1. Kort'om Leuven (Belgium)


"We simply didn't have the men or the time to do it ourselves" **[Farmer member of Kort'om Leuven]**

Kort'om is a farmers cooperative set up in Leuven in 2020 under the impulse of the development cooperation NGO Rikolto. It has been created thanks to substantial funding from public actors as well as counselling and support from various CSOs. Kort'om key innovations are represented by an online B2B platform, which matches farmers' offer with local customers' demand (supermarkets, restaurants, school canteens...). The cooperative allows for the mutualization of costs about human resources and vehicles as well as for the coordination of logistic operations. This allows local producers to improve their incomes and outlets, while cutting middlemen and satisfying local markets' demand, as the city benefits from a re-localization of the offer and transportation of food products.

2. Solidale Italiano (Italy)



"We know that our work and that of other Italian producers whose common denominator is the gratification of work, the ethics of production, and the possibility to reaching the consumer directly, is embedded in that label" **[Farmer partner of Solidale Italiano]**

Solidale Italiano is a domestic fair trade label and a partnership that was launched in 2010 between cooperatives of certified organic Italian producers (paying special attention to vulnerable workforce, mafia issues, and rural development) and two fair trade intermediaries. While processed food is distributed by Altromercato (the leading fair trade consortium in Italy), fresh agricultural products are distributed by CTM-AgroFair (a fair trade intermediary working with Altromercato). Seasonal prices are established by producers themselves. CTM-AgroFair also acts as supply chain manager, coordinating logistics and connecting farmers with retailers. These are mainly fair-trade shops, supermarkets, Italian or EU quality wholesalers and small retailers. The initiative allows improving sale opportunities and incomes for socially and environmentally responsible Italian farmers, while satisfying the increasing consumers' demand for sustainable and ethical products in Italy.

3. Syn Allois (Greece)



"We ask the producer: 'what price is fair for you?' " **[Member of Syn Allois]**

Syn Allois is a Greek retail and wholesale workers' cooperative that was created in 2011. It is committed towards guaranteeing fair revenues to producers and accessible prices to the consumers, as well as promoting sustainable agriculture and rural development. As a retailer, Syn Allois owns a shop in Athens through which it sells local food products from Greek small producers or manufacturers and fair trade products from the Global South (especially coffee from Chiapas' producers in Mexico).

FASS-Food strategies

1. **Farmers' cooperatives** – local farmers use cooperatives as legal and organizational structures (a) to self-manage internal decision-making processes, (b) to mutualize logistic costs, and (c) to sell their products to supermarkets and restaurants.

> *"We are now able to sell at a higher price [...]From year to year there is a move towards a more stable price"*
>
> Farmer member of Kort'om Leuven

2. **Distinctive labels** – fair trade logistic operators integrate local farmers in their supply chain network through long term partnerships that allow farmers to sell their product in local supermarkets and fair-trade shops under a common distinctive label.

> *"We can plan the share of production they think they will be able to absorb for the season, which for producers means working much more peacefully"*
>
> Farmer partner of Solidale Italiano

3. **Value-based networks of consumers and farmers** – local consumers use cooperatives as legal and organizational structures to establish long-term partnerships with local farmers enabling the latter to provide the former with local fair and sustainable agri-food products.

> *"We have created many connections with other actors, and we feel we are part of an ecosystem of solidarity economy"*
>
> Member of Syn Allois

Behavioural and policy blockers

! **Retailers' unilateral standards and requirements:** the monopsonist structure of current food systems create power asymmetries that result into the imposition of unilateral standards by bug retailers that hamper the development of local-specific and small-scale food initiatives.

! **Lack of awareness about sustainable food:** buying behaviour is disproportionately influenced by corporate marketing strategies that do not address consumers' awareness about the impact of food choices on health, environment, social inclusion, and working conditions.

! **Limited affordability of sustainable food products:** inequalities in consumers' financial and material resources, combined with unaccounting of externality costs of conventional products which makes them cheaper, diverts vulnerable segments of the population from buying sustainable food.

! **Difficult access to conventional financial instruments:** conventional finance institutions tend to reject funding sustainable food initiatives since they generally pursue the remuneration of work and social or environmental objectives, rather than the sole maximization of profit, thus representing a "riskier" investment.

! **Narrow focus on cheap food:** the current interpretation of the aim of the food system is characterized by an exclusive concern with cheap prices and large availability of products as a measure of consumer's welfare. This has repercussion in the agricultural matrix, but also in the structure of the food system, with mergers justified in the name of cheaper goods that have generated significant concentrations of market power in few conventional agri-food actors, and the adoption of market strategies that overlook social and environmental justice dimensions in the name of volumes and market shares.

Policy recommendations

The results of the learnings from practitioners underscore the urgence of taking a series of actions in order to create enabling environments for food chains, inspired by FASS principles:

Fair → ***Promote food councils:*** building community-based multistakeholder spaces (farmers' organizations, interested consumers, restaurants and groceries, schools and universities…), public authorities can foster the identification of local issues and best practices, as well as the vertical and horizontal coordination of food system actors, thus enhancing the relevancy and adequacy of the policy-making process and synergizing actions on food environmental and social justice.

Accessible → ***Set up food welfare policies:*** information campaigns and more transparency alone may not trigger increased sustainable consumption, especially for those lacking the means to pay higher prices. Public programs that support families and individuals' food purchasing power are fundamental to ensure the right to food and the universal access of the EU population to healthy and nutritious food that meets their dietary needs and preferences, parallelly bolstering sustainable agricultural practices and fair incomes for producers.

Short → ***Implement local urban/rural food policies:*** various actions, such as (a) the implementation of local initiatives promoting transparency and information on food, nutrition, and environment, (b) the creation of financial support or expertise advise schemes to kick-off and consolidate sustainable local food chains, (c) the re-establishment of dismantled local-scale networks of food facilities and infrastructure (small-scale mills, slaughterhouses, canning factories, etc.), can improve the valorization and the outlets of local food products, as well as reduce food waste.

Sustainable → ***Transform public procurement into an actual leverage of change:*** by being required to apply mandatory socially and ecologically responsible criteria for public procurement (not just the lowest bid nor voluntary guidelines), public authorities can shape markets and consumers' choices. For example, they can support agroecological farming practices, ensure fair incomes and working conditions, favor social and professional inclusion, and increase the access of citizens to healthy food. Best practices exist around the EU and they can be replicated, scaled up and institutionalized.

[1] This "Green revolution" has been based on a package of energy-intensive innovations such as the specialization and mechanization of plant and livestock production, the selection of uniform and high-yielding vegetal and animal varieties/breeds, the use of synthetic fertilizers and pesticides, the large scale processing and distribution of standardized food products.

[2] Evenson, R. E., & Gollin, D. (2003). Assessing the impact of the Green Revolution, 1960 to 2000. *Science*, Vol. 300, pp. 758-762.

[3] European Commission (2022, 23 March). *Monitoring EU agri-food trade: developments until December 2021.*

[4] European Environmental Agency (2019). *Annual European Union greenhouse gas inventory 1990-2017 and Inventory report 2019.*

[5] European Environmental Agency (2020*). European environment – State and outlook 2020.*

[6] Ibidem

[7] European Commission Joint Research Centre (2015). *Energy use in the EU food sector: state of play and opportunities for improvement*. JRC Science and Policy Report. Luxembourg: Publications Office of the European Union

[8] European Environmental Agency (2020). *European environment – State and outlook 2020.*

[9] Loopstra et al., 2016 Loopstra, R., Reevesab, A., McKee, M., Stucklera, D. (2016). Food insecurity and social protection in Europe: quasi-natural experiment of Europe's great recessions 2004–2012. *Preventive Medicine*, Vol. 89, pp. 44-50

[10] Eurostat (2019). Retrieved from: https://ec.europa.eu/eurostat/statisticsexplained/index.php/Overweight_and_obesity_-_BMI_statistics

[11] Knowledge for Policy (2017). *EU burden from non-communicable diseases and key risk factors*. Retrieved from: https://knowledge4policy.ec.europa.eu/health-promotion-knowledgegateway/eu-burden-non-communicable-diseases-key-risk-factors_en

[12] European Committee of the Regions. Retrieved from: https://cor.europa.eu/mt/news/Pages/protection-agriculteurs.aspx

[13] IPES-FOOD (2017*). Too big to feed: exploring the impacts of mega-mergers, consolidation and concentration of power in the agri-food sector*. Brussels

[14] European Parliamentary Research Service (2017, March). *Rural Poverty in the European Union.*

[15] Institute of Development Policy of the University of Antwerp

[16] European branch of the World Fair Trade Organization

[17] Fair Trade Advocacy Office