VALUMICS

Food Systems Dynamics

WORKPACKAGE 8 WORKSHOPS

VALUMICS WORKSHOPS VOL # 6

VALUE CHAIN DYNAMICS

STAKEHOLDER CO-CREATION

STAKEHOLDER VALIDATION

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The VALUMICS stakeholder meeting in Brussels gathered eight stakeholders around a simple, yet not so well discussed, question:

How could / should European food value chains (FVC) be transformed in terms of their structure, governance, business models, etc., to accompany a transition towards a truly sustainable, fairer and more resilient European food system?

The VALUMICS methodological approach to this question was presented along with preliminary hypotheses to launch the discussion between stakeholders. In a nutshell, the VALUMICS foresight exercise proposes to use the EAT-Lancet diet (as presented in Springmann et al, 2018) as a starting point to define a 2050 sustainable food system, and to derive from it (based on a global model) levels of production, consumption and trade for major agricultural products. According to Springmann et al's projection, most European food value chains will have to be drastically transformed by 2050, some of them because levels of production, consumption and trade are projected to decrease sharply (e.g. ruminant meat and dairy products) while others because of a sharp increase (fresh fruits and vegetables, leguminous crops, etc.). The VALUMICS project proposes to explore how such transformation could occur from a policy and business perspective, exploring contrasting strategies to get there and assessing to what extent such transformation could result in an equally fair, sustainable and resilient food system.

Four main discussion points from stakeholder feedback are retained and summarised. However, this does not encompass fully the richness of the interesting debates that took place during the workshop, which will be further explored in the project.

MAIN OUTCOME

1. **First, stakeholders pointed out the necessity to make explicit scenario hypotheses regarding farming systems evolution – which are not explicit at all in Springmann et al approach.** They insisted on the fact that contrasted and divergent visions do co-exist today in the debate (especially regarding the role of livestock production systems in the overall sustainability of the food system, which is largely downplayed by Springmann et al) and that relying on one or the other of those visions has huge consequences on the final scenarios in terms of levels of production and consumption. This points to a difficult tension to reconcile in the work to be carried out in the foresight exercise: we indeed want to make sure our scenarios are within planetary boundaries at the global scale and, following stakeholders, we should aim at displaying what those scenarios mean at the farm level – different assumptions at the farm level leading ultimately to different impacts at the global level[1].

2. **Second, different visions were discussed regarding the extent to which changes in diets should straightforwardly result in changes in production levels.** The question in turn relates to the role which trade is given in our scenarios. To put it simply: while the need to change average diets in Europe was widely acknowledged by stakeholders (and the general direction is more or less consensual based on health and sustainability considerations; less calories, less proteins, a re-balancing of animal vs vegetal proteins favouring the later, more fresh fruits and vegetables), the question of whether we should produce less of what will be less eaten, and more of what will be more eaten, remains entire. This applies in particular to milk / dairy and meat: if consumption decreases, should we produce less – as assumed in Springmann's data – or, on the contrary, continue to produce a similar quantity and export surpluses, based on the fact that production systems are far more efficient in Europe? Another important sector is that of fresh fruits and vegetables: what if Europe grows more of what Europeans need, in particular for Southern countries supplying the European market with such products? The question points to how trade could / should be organized and what role could / should Europe play in the functioning of the global food system.[2]

1] In that respect, it is worth reminding that the choice to rely on the Springmann et al (2018) paper as a reference scenario was precisely because it was the only modelling work published to date that explicitly considers planetary boundaries at the global level, while providing detailed data on production, consumption and trade at national levels. However, it indeed suffers from different biases / weaknesses on how it approaches environmental sustainability at the production stage, as it relies on average footprint per kg of each production (for GHG emission, water, land, N), not taking into consideration how different farming systems affect very differently local / national / global ecosystems, and not factoring in its projection systemic / agronomic changes at the farm and landscape level (e.g. reintroducing leguminous crops in rotation, lengthening and complexifying rotation, reconnecting crops and livestock systems, etc).

[2] However, here again, the model underpinning the Springmann et al paper does not allow to analyse in details those questions. The maintaining of the current market structure is indeed the "by default" hypothesis of the model, in that it is assumed that each country will continue to supply / depend on global markets at a similar level as today. The application of "trade shocks" in the different VALUMICS scenario (± 70% compared to today) does not allow to transform this market structure but only increases the level of exchanges, which does not result in contrasted implications for partner countries.

3. The question of trade and of the role Europe could / should play in the global food system was further elaborated by stakeholders and a clearer link was made with the first above mentioned item on farming systems / landscapes.

Two contrasted visions of the EU food system were put forth, and stakeholders urged us to better reflect such contrasted situations in our foresight exercise to assess their distinctive impacts:

- one in which Europe (tries to) continue to play a role as "exporter" or food provider for the rest of the world, while its market share will be progressively declining considering the growth in production in other major agricultural countries (Brazil, US, Canada, South Africa, Indonesia, etc.). In such a configuration, it was assumed that the EU would have to apply productivity recipes in most landscapes and thus to uniform its modes of production;
- another option would be for Europe to defend and promote its specificities in terms of food and landscape diversity, notably by acknowledging it has only a limited role to play in supplying the rest of the world with proteins and calories. In such a configuration, food production levels in the EU would be slightly lower but landscapes would evolve in different ways through valorising the specificity of different pedo-climatic zones.

4. A fourth area of discussion concerned how the different assumptions in production and consumption would translate in food value chains structure and governance, as well as in value chain actors' business models and how those changes would in turn impact upon the level of fairness for different stakeholders (from producers to consumers).

This last dimension is basically at the core of the VALUMICS project and its foresight exercise. However, what precedes will demonstrate that discussing the value chain transformations is far less usual to stakeholders than discussing the overall vision. One explanation for that could be that discussing the overall vision is considered as a priority as the one eventually adopted / promoted in a foresight exercise will result in very different challenges for FVC transformations / governance.

Three main aspects were explored:

- the role of (changes in) the competition regulation was underlined in two respects; at the production level, in line with recent inflexions, to enable producers to co-ordinate vis-à-vis their buyers and hence reverse / compensate power asymmetries in FVCs; and at the processor / retailer level, underpinning the fact that existing competition law is presented as an obstacle by those actors in that it is deemed to limit the potential of collaboration in terms of increasing the level of sustainability of what they put on shelves.
- The importance of changing business models at the processing stage to truly transform the food system: what is needed are not "light" adaptations by businesses but structural changes of their models. The respective interests of private businesses vs cooperatives in view of such transformations were discussed: cooperatives could be at the heart of a transformation putting farmers at the center of the transformation, with different size of cooperatives targeting different markets, ensuring a fair transformation for farmers.

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- This vision was challenged by putting emphasis on the limited capacity of cooperatives to structurally change their models by contrast with private businesses. The example of the dairy sector was made to illustrate that point: while private actors are gradually shifting to plant based products, cooperatives seem to be much slower to invest in this area and to, on the contrary, continue to invest in similar product lines. Those different points would be emphasized in our different scenarios.

- the question of the future of farmers in relationship to fairness was also raised: based on the hardship of the farming sector, the idea that the EU needs to retain its farmers by limiting farm size growth was challenged; "*if technology enables to produce with one farmer what is today produced by four of them, why should we force three farmers to stay in business*"?

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