

63. INTERNATIONAL COORDINATION & CONTINGENCY ARRANGEMENTS TO ENSURE CONTINUITY OF AGRI-FOOD TRADE FLOWS

ACTION AREA	UNIVERSAL FOOD ACCESS TO BUILD RESILIENCE
SOLUTION CLUSTER	PANDEMIC-RESILIENT FOOD SYSTEMS
THEMATIC AREA	PANDEMIC-RESILIENT FOOD SYSTEMS
SUBMITTED BY	EU, CHINA, JAPAN

PROBLEM/CHALLENGE ADDRESSED IN RELATION TO FOOD SYSTEMS RESILIENCE

In times of shock and stress, the weaker actors of the chain, farmers, fishers and aquaculture producers in the food supply chain in particular, but also small food processors and retailers, that play a key role in the supply of food, are even more vulnerable. Longer and global value chains may be more resilient and big players more able to resist to a certain extent thanks to economies of scale. However, the COVID pandemics showed that a balance in food systems between different length of value chain & different economic scales of operators involved allow mitigating the impact of crises. e.g., in the EU food retail concentrated in smaller local shops of city centres and e-commerce than in large hypermarkets in the cities' outskirts.

DESCRIPTION OF THE SOLUTION PROPOSED

Increased horizontal cooperation (e.g. actors within the same stage of the food supply chain working together, e.g. in cooperatives) can in particular be an effective tool to better withstand vulnerabilities, shocks and stress, including for women active in primary production. Enhanced vertical cooperation in a structured framework (e.g. primary producers cooperating with manufacturers or traders, for example in interbranch organisations or within voluntary initiatives such as codes of conduct or via longer term contracts) also has the potential to mitigate the short-term impacts of crises, by favouring coordination and planning of production and trade.

Legal frameworks and agri-food policies should further favour such cooperative arrangements, including by providing the appropriate incentive funding, by creating certainty in their legal frameworks and by allowing, when needed, derogation to competition rules (in times of crises (eg the crisis cooperation measures in the EU, article 222 CMO).

Enhancing horizontal cooperation helps primary producers reduce transaction costs and collaborate when processing and marketing their products. Producer organisations strengthen the collective bargaining power of farmers by for example concentrating supply, improving marketing, providing technical and logistical assistance to their members, helping with quality management and transferring knowledge and selling jointly their produce. Informal temporary cooperation mechanisms, such as buying clubs enabled by modern IT technology can drive down costs of production for farmers and cost of food for consumers. While an important number of relatively small family farms operate independently of each other, there is a far higher concentration amongst both processors and retailers. This asymmetry of bargaining positions

makes it difficult for farmers, fishers and aquaculture producers to defend their interests when negotiating with other actors in the supply chain. Cooperation is thus a means to strengthen the farmers' and fishermen's collective bargaining power and better resist to crises. Shortening the supply chain through direct cooperation between primary producers and consumers can also enhance resilience of the food system.

Other forms of cooperation, such as mutual insurance schemes can contribute to efficient risk management mechanisms.

The role of producer organisations and vertical cooperation arrangements for crisis management has been recognised for example for better coping with risk, production planning, developing new alternative channels or markets.⁴⁷

Enhanced vertical cooperation allows farmers and e.g. processors or traders in the supply chain to come together and adopt measures to govern the chain. This can take the form of formal organisations or of more informal arrangements such as codes of conduct or guidelines or mutual funds structures. Such initiatives serve as a platform for dialogue, promoting best practices and market transparency.

These benefits have been confirmed recently with regard to the COVID-19 crisis, with examples of primary producers or food processors sharing facilities to ensure continuity of their business and avoid food waste as well as with examples of sharing information, communicating and agreeing on common positions throughout the chain on possible threats of disruption in the food supply chains.

A political commitment could be formulated in terms of e.g. a certain percentage of primary producers organised in cooperatives and other types of producer organisations by 2030, and/or a number of platforms of dialogue covering several stages of the food supply chain

IMPACT

The impact of this action would be better functioning food supply chains with a more balanced situation for all actors, including the weakest ones. This is of general and global interest.

This impact would be felt throughout the world, in particular in those countries where smallholders and SMEs are predominant in the different stages of the food supply chain.

Horizontal and vertical cooperation would help strengthening the position of farmers and fishermen in the food supply chain and thus increase their potential to resist to crises. It would also favour cooperative approaches to managing crises and shocks and mutualise the risks and potential benefits. Systems supporting food production and food supply chains would be improved.

By mitigating the negative impacts during the acute phases of a crisis involving risks to food security, this game changer will help all other action tracks to achieve better their expected results in post crisis situations.

Increasing the position of the weakest links in the chain would contribute to improving at the same time the living conditions for the population in rural areas, in particular women.

The impact of this action could be measure through the increase in percentage of the number of primary producers organised in horizontal and the number of vertical cooperative arrangements.

⁴⁷ Improving crisis prevention and management criteria and strategies in the agricultural sector <https://op.europa.eu/en/publication-detail/-/publication/89d71bfa-43e1-11ea-b81b-01aa75ed71a1>

SUSTAINABILITY (ABILITY TO KEEP DELIVERING TO 2030 AND BEYOND)

Cooperation arrangements are improving economic and social aspects of sustainability of the food systems. They can also be instrumental for the improvement of climate and environmental dimensions of sustainability

ACTORS INVOLVED

Primary producers (farmers, fishermen and aquaculture producers), food manufacturers, traders, retailers and food services, consumers