

Forum on Best Practices in the Agri-Food Supply Chain

Seminar - 3rd meeting

The 3rd meeting of the forum focussed on how stakeholders in the food supply chain are facing the cost-of-living crisis, exploring causes, consequences and solutions with representatives from across the value chain and with Member State representatives. Participants had rich discussions about how agri-food market actors and consumers are coping with the green and digital transition in the context of inflation and higher costs and exchanged views about the medium- to long-term implications for the green and digital transition.

Welcome messages and introduction to the day

David Lamb (CAPI CP, EU CAP Network) introduced the event, setting out the agenda of the day. **Fabien Santini (DG AGRI)** then welcomed Forum participants stating that networking and sharing ideas between stakeholders of the food supply chain are useful tools to help maintain momentum for everyone working towards fair, resilient and sustainable EU agri-food systems. **Cristina Rascón (CAPI CP, EU CAP Network)**, presented an [icebreaker activity](#) drawing up a map of the countries of origin of the participants, as well as the stakeholder group that they were representing.

Framing presentations on food inflation: experiences from Member States

Three presentations framed the debate, illustrating various approaches to tackling food inflation.



Susanna Sällström Matthews, Swedish Competition Authority, offered an overview of the egg sector in Sweden, in the context of inflation. The high concentration in the retail sector and related market power issues, and the reduction of the volume due to avian influenza and other sanitary reasons, were presented as the main causes of the eggs price increase for consumers. Susanna also highlighted that this increase in consumer price was not reflected in the amount paid to eggs producers, for whom margins were squeezed. According to the data provided during the presentation, the consumer price increase is higher than the producer price increase of eggs. Susanna explained that the retail concentration in the chain functioned as a dam preventing increased prices to flow back to farmers to allow them to invest and address the scarcity of eggs.

Event Information

Date: 16 November 2023

Location: Brussels, Belgium

Organisers: EU CAP Network (CAP Implementation Contact Point - CAPI CP) and European Commission

Participants: 107 participants from 17 EU Member States and from across the food chain, including producers, agri-cooperatives, retailers, consumer organisations, researchers and policy makers.

Outcomes: The third meeting of the 'Forum on Best Practices in the Agri-Food Supply Chain' witnessed an exchange of views, ideas and concrete experiences about how supply chain actors and Member States with regulatory approaches responded to increased costs and increased prices and how food inflation could potentially have an impact on the achievement of the green and digital transition of the food system.

Web page: https://eu-cap-network.ec.europa.eu/events/eu-cap-network-event-3rd-meeting-farm-fork-forum_en

Such investment and subsequent increased production would result in prices rebalancing downwards.



Isabelle Senand, French Federation of Trade and Distribution, spoke about the various responses to the cost-of-living crisis in France. Isabelle presented

the public and private interventions, including the French government setting maximum prices for energy and providing cash support to citizens. One of the initiatives highlighted was the agreement with food retailers to offer customers "the lowest possible prices" for a three-month period on a selected basket of food items.

EGALIM laws and the French specific annual cycle of contractual price negotiation has smoothened up and delayed food inflation (which has been lower than the EU average in France for a while but is now higher).



David Gouveia, Portuguese Ministry of Agriculture, presented data on the food inflation rate in Portugal, and the anti-inflation measures taken by the government. Portugal reduced VAT to 0% for 46 food products, including some healthy and sustainable options. The VAT reduction was introduced on 18 April 2023 and subsequently extended to December 2023. The effect of this measure has enabled a price reduction for consumers of around 8 to 10%. Portugal has also supported its agricultural producers through financial state aid support to compensate for rising costs and stabilise producer prices. In addition, the Portuguese government has been observing prices through an agri-food supply chain price observatory, which has resulted in increased transparency on costs, prices and margins. Portuguese government is now considering to better target to the most deprived through vouchers or other solutions, while phasing out the general VAT-reduction that benefitted all consumers indifferently from the income level.

Panel discussion - Food inflation, challenges for consumers and producers



Pieter Verhelst (Boerenbond & COPA COGECA), **Evelyne Dollet (Food Drink Europe)**, **Alexis Waravka (Independent Retail Europe)** and **Camille Perrin (BEUC, the European Consumer Organisation)** shared their experiences about how the different actors of the value chain are facing the cost-of-living crisis, discussing the causes, effects and potential solutions.

There was a consensus among panellists about the need to increase market transparency within the supply chain concerning profit margins and price transmission, as well as fostering the capacity of the supply chain to enable consumers to change their consumption patterns. An intensified dialogue between the different stakeholders of the food value chain is needed. Such dialogue would foster trust, confidence, cooperation and long-term relationships between the food chain stakeholders, all fundamental elements to make the transition to more sustainable food systems viable. In that sense, the new exclusion from competition rules, introduced with Article 210a of the Common Markets Organisation (CMO) Regulation on sustainability initiatives, was referred to several times as a potential key enabling factor, although it only focuses on mainly environmental sustainability dimension.

Panellists agreed that greenwashing cartels must be avoided, and it was mentioned that there is a need to have an intermediate layer of legislation - governing the food chain - between the [CMO](#) and the [Unfair Trading Practices \(UTP\) Directive](#), around a better initiative and framework on voluntary agreements.

The social dimension of food inflation was also raised several times in the debate, highlighting the need to target support for access to sustainable and healthy food products for the most vulnerable population.

Framing presentation on enhancing sustainability: Inflation and the economics of the green and digital transition in the agri-food supply chain



Dr Alan Matthews, Emeritus Professor of European Agricultural Policy Trinity College Dublin, Ireland, spoke about food price inflation dynamics between

2021 and 2023, exposing the consumer responses in the context of COVID-19 vs cost of living impacts, in a context of sustainability transition and food chain. Reactions of consumers to food inflation were presented: reduction of sales of food in volumes (-3 to 4% compared to pre-COVID), switching towards lower priced foods as discounters or retailers' food labels. Dr Matthews also highlighted other changes in consumer behaviour, with some consumers being more conscious and more aware of the value of food and turning to higher value-added foods for part of their purchases. He also presented the expected impacts of the green and digital transition for food prices over the longer term, and the changes in consumption patterns (for example, changing diets resulting in savings in food expenditure).

He also mentioned the recent report entitled [Sustainable Food Consumption](#), published in 2023 by a group of Chief Scientific Advisors, which concluded that there is clear evidence that setting the pricing of products according to their environmental impacts is effective. Such measures may include repurposing agricultural support, subsidising the consumption of sustainable foods, promoting technological developments in alternative proteins and defining targeted income support for vulnerable households.





Parallel Group discussions



The members of the five groups discussed how different actors along the value chain are facing food inflation and the rise in production and consumption costs, and what the medium- to long-term implications of the green and digital transition are on costs and food prices for the value chain.

Introductory remarks on the above issues were made by representatives of different actors respectively:

- Young farmers: **Anna van de Moosdijk**, (European Council of Young Farmers - CEJA)
- Food industry: **Luca Contrino**, (Assembly of European Regions producing Fruits, Vegetables and Ornamental Plants - AREFLH)
- Retail sector: **Leena Whittaker** (EuroCommerce)
- Research and university sector: **José Manuel Moreno Rojas** (Andalusian Institute for Agricultural, Fishing, Food and Organic Production Research and Training - IFAPA)
- Consumers: **Luisa Crisigiovanni** (Euroconsumers)

Key conclusions from the group discussions included:

- **Cooperation** between farmers is key to enhancing their position in the value chain.
- There is a need for **dialogue** and greater **transparency between all the actors** along the food supply value chain around prices and production methods.
- There is a need for **increased consumer awareness** about the life cycle of food, e.g. how food is produced, where it comes from and who produces it.
- **Knowledge and skills improvement** are needed, and advisory services and networking activities are key in that sense.
- **Investment in research, innovation and digitisation** is critical to the transition. Key areas include adding value to by-products, circular bioeconomy and the development of healthy products for consumers.
- **Investment in generational renewal** is crucial to enable the future viability and vitality of food chains, rural areas and rural businesses, for a thriving food supply value chain, and life in rural areas.
- **Economic viability** is needed to finance the investments needed for the green and digital transition.

Conclusions and closing remarks



Fabien Santini (DG AGRI) stressed how useful it had been to share experiences and promote debate between food supply value chain actors to foster co-operation and transparency all along the food chain. The value of sharing experiences was underlined as it helps the EU accelerate its transition to a green and digital food system by enhancing co-operation within the food chain.

