celcaa

the voice of European traders in agri-food commodities

HOW TO ACHIEVE SUSTAINABLE AGRI-FOOD TRADE

CELCAA Sector Vision and Policy Recommendations

How to achieve sustainable agri-food trade – CELCAA Sector Vision and Policy Recommendations

Concluding from this substantial assessment process, CELCAA and its members have identified key elements which would contribute to the future resilience of the European agri-food trade sector within EU and international food systems:

1. Better integration of the interests of agri-food trade in current policy discussions: More attention will be needed to include agri-food trade in regulatory discussions to ensure an enabling policy environment that respects the unique needs of this essential sector toward a sustainable transition. Current EU policies focusing on sustainability objectives through the Green Deal and F2F-Strategy mostly target parts of the supply chain that are dedicated to production or consumption elements or affect agri-food trade on a broader scope level (Corporate Sustainability Due Diligence Directive, CBAM, Deforestation) without considering the specific challenges and requirements agri-food trade is facing.

2. Better cohesion and coordination of policies affecting agri-food trade through a designated contact point in EU policy-making: In light of the growing importance of agri-food trade in the upcoming decade, better representation will be needed within the EU policy-making environment to ensure policy cohesion and dedicated focus. CELCAA recommends structural changes by way of introducing a dedicated unit, a cross-directorate task force, or a Special Advisor to focus on 1.) ensuring cohesion of EU policies and efficiency and 2.) developing pro-active enabling tools to support the resilient transition of agri-food trade. Such a unit could further ensure a systemic and cohesive value chain approach in all EU policies.

3. Policy tools for enhancing a sustainable transition: The focus of policy makers will have to shift towards "enablers of a sustainable" transition. Agri-food trade will need tools to counter challenges arising from climate change as well as through conflicts or exceptional global events affecting the resilience of the supply chain. The sector acknowledges that greening supply chains provides further opportunities for new business opportunities and welcomes policy leadership when it is coherent, realistic, and enabling. This could be:

a) Broad, fair, and diverse market access: Access to food and nutrition is a universal right, and as such, the ambition of policymakers should be to create the widest possible access for a broad diversity of agri-food products with third-country partners at a bilateral as well as multilateral level. Further flexibility to respond to crisis situations should be a priority in this context.

b) Strengthening circularity in agri-food and its trade: Enabling policies and tools that focus on the circularity of agri-food and the reusage or further processing of "food waste" will be needed to unleash the potential for creating new business models through innovation and investment.

c) Acceleration of digitalization in agri-food production and trade: The potential of digitalization, AI, and technologies for climate-smart food systems for agri-food production and trade has not yet been exploited fast enough. The use of new technologies will help to create more efficient and, hence, more sustainable food trade operations by creating digital ecosystems for farmers, traders, and retailers to improve the management of sourcing and trade flows. Electronic certification has already proven its contribution to the resilience of the agri-food chain during the acute COVID pandemic but has not been advanced enough. Further connectivity as well as the advancement of second-mile infrastructure (AI, blockchain, apps, and usage of big data) within the Single Market but also with third countries will be essential to strengthening the resilience of the EU and global food systems. Therefore, investments in digital infrastructure for agri-food production and trade should become an essential part of future EU trade negotiations.

d) Climate-smart and climate-resilient infrastructure: Infrastructural and transport policies should be looking with priority towards the greening of agri-food storage, transport, and logistics by reviewing the value chain in a systematic manner by creating, e.g., strategic corridors for green agri-food trade, reviewing (cold) storage infrastructure, and continuing to focus on incentives for the adoption of regenerative fuels rather than fossil fuels or any kind of new transport opportunity. Moreover, increased reflections will be needed regarding climate-resilient infrastructure, ensuring the safe storage and transport of agri-food under changing climatic conditions.

e) New perspectives on food and nutrition security: Fair and equal access to food and nutrition as part of an inclusive agri-food production and trade strategy with a focus on both the Single Market and the world must become a priority of future discussions about sustainable food systems. Reducing production of certain food groups to the benefit of increasing the production of other food groups, while access to nutrients is not equal across the globe, is disregarding the importance of access to food and nutrients in the global context[4]. For example, mechanisms and tools that enable the redistribution of "excess nutrients" could create a healthier society by limiting unilateral oversupply in one region and enabling access in less nutrient-dense regions, and they could additionally create new business models (e.g., SWAP models).

f) Sustainable production and trading operations as added value and quality incentives for buyers and consumers: It will be essential to emphasize the added value and quality gains for agri-food products through more sustainable operations. Therefore, the sustainable option must become by default the more affordable option, e.g., by incentivizing green options along the supply chain.

4. Sustainable agri-food trade policies in FTAs and international trade: It will be essential to further address structural concerns for market access and the comparability of standards with long-term solutions in FTA negotiations.

a) Sustainability equivalence: More investment and policy engagement will be needed to create a level playing field for the comparability of sustainability standards, e.g., in production and trading methods. This includes further development of methodology and KPIs, following the example of SPS equivalency. This will not only allow a better understanding of the mutual state of play but also a demystification of the allegedly diverging standard.

b) Sustainable Food Systems Chapters: We welcome the Sustainable Food Systems Chapter as an acknowledgment of the global interconnectedness of food systems and the need for strengthened cooperation. At the same time, we also understand this chapter as a commitment not to compromise each other's economic, social, and environmental sustainability. As such, we'd like to see future equipment for the SFS chapter with concrete tools for enforcement and a system of checks and balances. The SFS chapter has the potential to manage and, if needed, compensate for shortcomings from market access chapters.

c) Management tools focusing on demand and supply patterns: Future FTA negotiations should include the creation of digital management tools to create more transparency in forecasting and understanding mutual excess and deficit supplies and periods (with reference to Point 3b). Ever-changing food systems caused by climatic and geopolitical conditions or diseases will cause changing supply and demand patterns, about which we need better knowledge and management. This will also help to counter concerns about competitive losses. Therefore, investments in digital infrastructure for agri-food production and trade should become an essential part of future EU trade negotiations.

d) Tackling global fragmentation in environmental standard setting: Stronger engagement in trade and environmental sustainability policies will be needed at a multilateral level, as the impact of arising environmental regulations is having an imminent impact on global agri-food production and trade. Growing fragmentation of environmental regulations is already creating a fragmented level playing field with increasing complexity in compliance and costs. More reflections on the common standard setting for environmental regulations, including reflections on emission counting methodologies, will need to take place in multilateral forums and with stronger linkage to the WTO.

5. Incentives for transition: Stronger financial incentives and clearer, and more tangible KPI's will be needed for those operators, who show motivation to accelerate more sustainable operations.

6. Forecasting and anticipating food systems challenges and respective contingency planning: Stronger research and assessment will be needed in research, tracking down changes to production and trading patterns within the EU Single Market as well as research about international agri-food markets. In that regard the FAO report on "The State of Agricultural Commodity Markets 2022 -The geography of food and agricultural trade: Policy approaches for sustainable development" could be a first entry point. A deep analysis will be needed to understand the needs of agri-food production in future and how agri-food producers and traders need to prepare on these changes by e.g. accelerating the roll-out of climate resilient crops, climate resilient infrastructure, storage and transport, reviewing sustainable intensification.

7. Stockholding and strategy adjustment of Green Deal objectives before the new legislative period. Before entering the next legislative period after the European elections in 2024, we recommend a cross-sectoral reality check/ evaluation of the objectives of the Farm2Fork strategy. It will be essential to use the lessons of the current legislative period, to adjust the Green Deal/F2F strategy. This could be done and conducted in form of a selected evaluation committee consisting of Commission, Parliament, Council, and stakeholders.

CELCAA and its members are strongly committed to engage into a constructive and solution-oriented process at EU as well as at multilateral level. In that regard, CELCAA members will continue the debate in ongoing working mode, to ensure an enabling environment for agri-food trade as an essential pillar to EU and international food and farming systems.

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CELCAA is the European Liaison Committee for Agricultural and Agri-Food Trade and, as such, represents at European level the most essential food sectors such as meat and livestock, dairy, cereals, grain, and oilseed trade, eggs, egg whites, and egg yolks, wine and aromatized wine products, hops, tea, and herbal infusions, tobacco, and the butcher craft sector and their trade.

We represent, in total, more than 25.000 agri-food producers and traders in Europe. Our vision is to create open, fair and sustainable agri-food trade by ensuring that agri-food trade is recognized as an essential pillar of sustainable and resilient EU and international food and farming system.