

Sustainability transition in the European farming sector: a scenario perspective on public policy needs

Short abstract

This paper adopts a multi-level perspective on sustainability transitions to discuss policies that could support a sustainable transition of European farmers. It is based on a scenario exercise which intends to explore how European producers' sustainability could be enhanced by 2030. Four food system narratives are developed to test the relevance and the potential impacts on producers' sustainability of a number of policy options in a variety of configurations. Five main drivers are considered to build those narratives: the organisation of food chains, European diets, trade policies, the technology and innovation system, and the level of demand on international agricultural markets.

Keywords

scenario; sustainability transition; policy instruments; agricultural sector

Developed abstract:

This paper is based on data gathered as part of the SUFISA project in 11 countries across Europe. It adopts a multi-level perspective on sustainability transitions to discuss policies that could support a sustainable transition of European farmers. The whole project is based on a conceptual framework that links the *conditions* affecting producers' decision-making processes, with the *strategies* they develop in response to it, and with their sustainability *performances*. This conceptual framework has been used to look at 22 case studies in contrasted settings all over Europe. This work has notably exposed the wide diversity of the strategies that producers have developed beyond the conventional concentration-specialisation-intensification pathway, as a way to cope with various conditions. It has also set the scene for a more systematic exploration of the kind of solutions – the term encompasses here both public policies and collective strategies – that could be developed to address some of the most stringent sustainability issues faced by farmers and which they cannot fix at the farm level.

This paper draws on the theoretical framework mentioned above and on preliminary results gathered in the 22 case studies to explore how European producers' sustainability could be enhanced by 2030. It develops four food system narratives to test the relevance and the potential impacts on producers' sustainability of a number of policy options and collective strategies in a variety of configurations. Its aim is twofold:

- (i) to explore how the business environment of primary producers could evolve by 2030 and what sustainability challenges this could pose, taking into account the following drivers: the organisation of food chains, European diets, trade policies, the technology and innovation system, and the level of demand on international agricultural markets. Four contrasted “food system narratives” are explored and their consequences for the sustainability of primary producers are examined;
- (ii) to identify policy options which could be implemented to cope with these changes in producers' conditions, along with an analysis of how each of them could be adopted and implemented, with which impact on the sustainability of producers across Europe under each narrative. More specifically, the idea is to discuss the “domain of validity” of different solutions commonly discussed for the agricultural sector (e.g. risk management instruments, vertical coordination through interbranch organisation, increased market power for producers through producer organisations, etc.), and the kind of sustainability transition they can contribute to in different contexts.

A comparative analysis of the four scenarios developed allows to yield the following results.

First, the significant number of sustainability solutions developed in each scenario, and the fact that these solutions differ quite notably from one scenario to the other well illustrates two facts. One is that each food

system narrative encapsulates specific sustainability issues; the other is that under each narrative, specific power relationships develop between actors, which make some solutions more likely to be implemented than others, even if the solutions that are unlikely to be adopted would be highly desirable from a purely sustainability point of view. As a consequence, each narrative *frames* to a certain extent the level of sustainability that it will be possible to reach in the end. In this perspective, our food system narratives play a role that is similar to the one played by the shared socio-economic pathways, although we built them using a forecasting rather than a backcasting approach.

Second, the level of sustainability than can be reached under each narrative is quite different:

- (i) In the three scenarios built by prolonging current trends (called International competition, Europeanization Dualization), the level of sustainability reached by 2030 is low on average, as producers' strategies continue to be mainly oriented towards agro-industrial and productivist approaches whose negative externalities – both from an environmental and from a societal point of view – are difficult to “correct” only through public policies. From a farmer perspective, the economic viability of the farm continues to depend on different tools and financial instruments; and the nature itself of the farm business could well radically change by 2030 if the level of capital intensity continues to increase along the concentration-specialization-intensification trend.
- (ii) On the contrary, under the Ecologization scenario, the level of sustainability reached is much higher, which illustrates a fundamental result of transition management studies: the idea that for alternative (and possibly more sustainable) strategies to become dominant (or quasi dominant) and alter the dominant socio-technical regime, what is needed is much more than changes in sectoral / agricultural policies: without radical changes in consumer behaviours, trade policies and research policies, those strategies could possibly develop as “niches” but not alter the regime.

Third, regarding the policy options identified, few comments can be made:

- (i) None of the solutions proposed in this document is totally new. Although additional efforts could have been done to imagine entirely new solutions, it is also worth mentioning that in the scenario development process, each time we identified a sustainability issue for which a solution was needed, we were able to find either a report proposing something close to what we were looking for, or even an existing measure that is, as of today, not widely implemented or still at an early stage of development for numerous reasons. In our view, this mainly points to the fact that over the three last decades, decision makers have mostly tried to accommodate the demand of heterogeneous and often competing visions expressed by numerous stakeholders engaged in the European agriculture sector, rather than assuming a clear orientation towards one or the other direction. As a result, the agricultural sector is today endowed with many policy tools and measures, each tailored to a specific issue, but which together do not form “a” policy, as they more than often contradict each other¹.
- (ii) Amongst the 14 solutions identified during the scenario building process, some are used in all scenarios. They concern support to producers' organisations, measures to manage the way out of producers not able to achieve the changes needed to maintain their activity, and the opening of the agricultural sector to external financial actors. This relates to the evolutions that are likely to apply in all scenarios, whatever the narratives we consider: the need to reverse fundamental power asymmetries in food chains; the fact that the agricultural sector is changing quickly – whatever the direction it will eventually take – and that following and adapting to those changes is often costly; and finally, what is today considered as a heavy trend but which could well reverse within the next 5 years: given the fact that public funds will continue to decrease and given the high level of capital intensity of the agricultural sector, external financial actors will be needed to ensure the reproduction of the system.

¹ The example of food chain organisation well illustrates this point. At the moment, two types of policy measures co-exist in the EU. On the one hand, some instruments, more particularly FTA, aim at increasing the volumes exported by the EU agrifood sector; on the other hand, other types of instrument intend to favour the development of short food chains or local food systems, as they are supposed to provide multiple benefits to farmers and citizens alike. It is often said that the co-existence of different policy tools is a way to nurture the diversity of the European agricultural system. However, such a statement might well miss at least three important aspects. One is the fact that the so-called “alternative” and “conventional” producers strategies not only co-exist, but also compete for acceding production factors (Sonnino & Marsden, 2006). A second one is that the different existing measures are not endowed with the same amount of resources, leading to structural imbalances in the support of one or the other strategy (e.g. the CAP second pillar budget has never exceeded 25 % of the overall CAP budget). Last but not least, as Knickel et al. have well shown, “the concentration of production and wealth in some regions, [...] is directly linked with the marginalisation of other regions and farms” (2017, p. 3).

- (iii) Conversely, some of the solutions we mentioned are implemented in only one or two scenarios. This is the case of measures pertaining to land market regulation, social and fiscal harmonization, and the strengthening of extension services. One should not understand here that such policy measures could only be relevant in the scenario in which they are mentioned. There are good reasons to think that whatever the narrative, such measures could yield interesting benefits for farmers and citizens. However, in the scenario development process, these solutions emerged as both relevant and potentially adoptable – given the social configuration implied by each narrative – only in one or two scenarios. One should note that they all pertain to domains that are as of today managed at the Member State level, where the Commission has no prerogative.