

## **ACT Alliance Advocacy to the EU**

### **Submission to public consultation on EU Green Deal: Farm to Fork Strategy – Sustainable Food**

*ACT Alliance EU is a network of European church-based humanitarian and development agencies whose purpose is to influence EU policy and practice, in order to provide sustainable benefits to and improvements in the lives of people affected by poverty and injustice around the world.*

**13 March 2020**

#### Concrete commitments for transition to sustainable and resilient food systems

As part of a wider EU Food Policy Coalition ([Open Letter on the Farm to Fork strategy to achieve sustainable food systems dd 13/12/ 2019](#)), ACT Alliance EU supports the call for systemic changes that are needed in our food systems. For the Farm to Fork Strategy to deliver, it needs to contain concrete commitments to drive a fundamental transition to sustainable and resilient food systems and adopt clear and ambitious targets. The agroecology vision should be reflected in all these targets:

- Set at least 50% of land being managed under agroecology and organic agriculture by 2050, with ambitious targets by 2030,
- Reduce agro-chemicals use and dependency, by phasing out synthetic pesticides use by 80% by 2030,
- Drive a transition to sustainable and healthy, more plant-rich diets with fewer and better animal products, by halving global meat consumption by 2050,
- Drastically reduce loss and waste of food at all stages of the food system,
- Reverse biodiversity loss due to intensive agricultural practices at the latest by 2030, by supporting a transition towards agroecological practices,
- Set a legally binding target for land degradation neutrality by 2030,
- Increase the production and consumption of organic food; an emphasis should be on taking effective measures to promote and ease the consumption of organic food.

#### Voluntary Sustainability Standards at a Crossroad

**ACT Alliance EU proposes to reflect on a co-regulatory function of the EU on the Voluntary Sustainability Standards for food that addresses the international dimension and *all* stakeholders and actors in the food chain and its functioning within a sustainable and resilient food systems; ensuring that small-scale food producers in developing countries are benefitting from the increasing EU demand for sustainable food.**

The Commission Communication on The European Green Deal (11 December 2019) states under Point 2.1.6, Farm to Fork, that “European food is famous for being safe, nutritious and of high quality. It should now also become the global standard for sustainability.” And it continues, saying that “There are new opportunities for all operators in the food value chain. New technologies and scientific discoveries, combined with increasing public awareness and demand for sustainable food, will benefit all stakeholders.” The Farm to Fork Strategy aims at launching a “broad stakeholder debate covering all the stages of the food chain, and paving the way to formulating a more sustainable food policy.” It goes on to refer to “Imported food that does not comply with relevant EU environmental standards is not allowed on EU markets.” Later, it says “The Farm to Fork strategy will also contain proposals to improve the position of farmers in the value chain.”

The Communication relates to the international dimensions, whether directly or indirectly, when addressing *all* operators to benefit from new opportunities, when looking at *all* stages of the food chain or when referring to *imported food* on EU markets. The Communication also makes commitments to work towards demand for sustainable food to benefit *all* stakeholders, and to improve the position of farmers in the value chain. ACT Alliance EU argues this must include small-scale farmers in the South who are part of the value chains. However, the Farm to Fork Road Map is rather vague and not explicit on how it intends to address the international dimension of sustainable and resilient food systems. It does not make specific reference to how to ensure that small-scale farmers both in the North and South benefit from new opportunities provided to *all* operators, or how to include all stakeholders in the design of policy and regulatory frameworks that address EU food imports. What is more, in the context of sustainable and resilient food systems, it is also important to reflect the perspective of food and social security in producing countries beyond the limits of a food chain scope. This far, the Road Map on the Farm to Fork fails to deliver or to propose specific actions in this regard. This missing gap should be addressed and bridged.

The Farm to Food Road Map does not refer to the Voluntary Sustainability Standards (VSS) on food, whether mandatory (such as a good number of organic standards) or not. VSS have become a major governing framework for (global) food value chains. ACT Alliance EU calls for this gap to be addressed, and wants to contribute to looking at the missing definition on ‘What is sustainable food? And what is a sustainable and resilient food system?’

Within the EU, the General Food Law (Regulation 178/2002) provides some general concepts, obligations and principles for food safety. It recognises as main actors’ public authorities, consumers and food/feed business operators and it requires that food imported into the EU complies with its relevant requirements. In EU food law, no reference is made to food security nor to Article 11 ICESCR (International Covenant on Economic, Social and Cultural Rights) on right to food, which, therefore, is generally not considered to be an enforceable right in the EU and its Member States. The general accepted definition of food security is the one by FAO, referring to access and availability of sufficient and adequate food. Food security is mainly relevant to EU measures in third countries under international cooperation.

While clear definitions of both food safety and food security exist, the missing link is a definition or EU framework on ‘Sustainable Food’ that could encompass the Right to Food, and environmental sustainability, nutritional intake and climate-resilience and food safety laws. A regulatory or policy framework for ‘Sustainable Food’ could support food safety and food security elements taking due account of the EU actions as a global standard setter and the impact of EU policies on developing countries (Policy Coherence for Sustainable Development). One suggestion put forward to describe ‘Food Sustainability’ is to look at a pentagon shape, labelling its 5 sides as follows: Reduction of poverty and inequality, Right to Food, Food security, Social-ecological resilience, Environmental integrity.

**The proposal put forward is for the EU to engage in developing a general framework on Sustainable and Resilient Food Systems. The mix of hard and soft law is something the EU is already looking into with increasing interest in other sectors. The suggestion is for a co-regulatory function of the EU on the Voluntary Sustainability Standards for food that addresses the international dimension and all stakeholders and actors in the food chain and its functioning within a sustainable and resilient food system; ensuring that small-scale food producers in developing countries are benefitting from the increasing EU demand for sustainable food. Omitting the international dimension means ignoring a major part of the actors, of the problems and of the solutions.**

The recently founded UN Forum on Sustainability Standards (UNFSS) gathers experience and is a major source of expertise on the issue.

Voluntary Sustainability Standards at a Crossroad:

- How to substantiate claims in the Green Deal proposal on sustainability in the Standard Methodology?
- How could co-regulation of private and public sector look like?
- What could a mix of hard and soft law contribute?
- How to ensure that benefits of sustainability standards are beneficial to smallholder producers and not only to international retailers?
- How to avoid that Sustainability Standards are not (only) driven by EU consumers or supermarkets while they have major global impacts and remits?

Key questions to address and to consider:

- Green consumerism, green economy and corporate social responsibility at the age of hyper-globalisation: What is the role and what are the drivers of VSS?
- Pros and Cons of VSS?
- Can VSS governed markets be really mainstreamed and leave the niche market?
- Can VSS really work for smallholders and SMEs (in the South)?
- Can VSS indeed become effective tools for making international trade fairer?
- Can VSS actually become transformational sustainability tools, in the future and what associated action is required?
- What can VSS strategically achieve and what are their limits?
- How to ensure coherence between sectoral, development and trade policies while using VSS: what proactive role for governments?
- Why have VSS failed to provide a sufficient income level for most producers that guarantee sustainable economic conditions?

An important precedence for an EU co-regulatory framework on Sustainable Food is the recently adopted EU legal framework on Sustainable Finance strategy, which demonstrates that 'sustainability' standards for sustainable finance can be and are further defined. This shows that it is possible to define what is 'sustainable' also in the food sector. (Council of the EU, 17 December 2019, Proposal for a Regulation on the establishment of a framework to facilitate sustainable investment, 2018/0178 (COD); and European Commission (January 2020) Study on due diligence requirements through the supply chain. Final Report).

In a nutshell, layers and elements to be considered in a co-regulated Sustainable Food strategy would be: First, a solid 'basement' is an appropriate supply-chain regulatory framework as currently under discussion (see member states initiatives in France, Germany). Second, VSS should build on and go reasonably beyond the minimum regulatory requirements. Third, effective measures should be put in place to combat asymmetrical market power in supply chains and facilitate forms of direct marketing. Fourth, a far-going reform of CAP aimed at discouraging industrial and encouraging agro-ecological farming (i.e. multifunctionality) is needed. Fifth, review international trade policy, including the reform of bilateral trade and investment agreements. Sixth, better align international supply and demand of sustainably produced food products through various forms of international agreements or accords with the aim of achieving an appropriate price and income level for producers.

## Annex

Below is a summary of key questions and issues from assessments of the strengths and weaknesses, the pros and cons of Voluntary Sustainability Standards and commercial Private Standards.

*This summary is based on two references: R. Buntzel, F. Mari (2016) Gutes Essen- arme Erzeuger. Wie die Agrarwirtschaft mit Standards die Nahrungsmärkte beherrscht. And Ulrich Hoffmann (forthcoming in 2020) Voluntary Sustainability Standards: A conceptual analysis.*

### Key points for further discussion

- Dualistic Market Development: are highly regulated and centrally controlled and territorial markets for domestic preferences of consumers with little formal arrangements.
- Informal Markets: territorial markets neglected by domestic policies where conditions are rough.
- Formal Markets: are often tightly regulated by state and private rules luring producers with premium payments (G.A.P), claiming to be the only version of 'sustainable agriculture', and thus 'modern farming', where the structure is hierarchical ordered, and most prominent feature is the international private food standards, interwoven with public food safety.
- Standards: formal markets are characterised by regulatory intervention of multiple private standards, which become an 'imbroglio' and major technical barrier for farmers to access markets; and absence of any public registrar or overarching legal framework.
- The organic and fair-trade label have participative and transformative objectives and are thus fundamentally different from other business-guided labels. ACT Alliance EU member agencies have been part of fair-trade movement and supported organic agricultural projects all over the world and is a strong supporter of the basic ideas.
- Nowadays, private global commercial standards dominate and receive strong support from agribusiness in the global North, with producers in the global South having simply to comply. This is resulting in liability shifting to primary producers, and in the use of standards to manage global supply chains and competition for reputation, while costs for compliance and certification are passed on to farmers.
- Business to Business Standards (B2B) are designed as assurance systems for retailers and processing companies, running a set of different requirements and control-points. The prove of compliance rests with farmers, which results in a bias against smallholders' participation, and favouring of large-scale (industrial) undertakings. Often, there is also a risk that B2B lock farmers into specific technological pathways of external-input-intensive, factory-like production methods, which make it very difficult, if not impossible to switch to locally well-adapted agro-ecological and agro-forestry farming.
- Certification schemes each require their system of verification and come along with an expensive and growing certification service industry at global level.
- Private standards pros: they often allow more planning security, may open markets for new crops, provide for a flexible on-the job training and learning system, and are the entry ticket to global supply chains.
- Private standards cons: present a strong intervention in the management system of a farm, and modern B2B are prescriptive and lead to loss of control, to devaluing of farmers knowledge and interest. They are operating on a universal mode of sustainable farming, neglecting or complicating context specific adaption and territorial markets. They are not fixed but change frequently and the burden of adjustment rests on farmers. Participation in certification often depends on additional external support, leading to strong new dependencies.
- Supermarkets: hold extraordinary economic power in formal food markets all over the world. Contractual relations with 'chain captains' organise the supply chain management. Their strategy is one of expansion and conquest of new markets, supported by bilateral and multilateral free

trade agreements reaching out or invading rural areas and poor people's informal markets with convenience stores. In some countries, we see regional supermarket chains thrive, however, to various degrees they start enforcing global standards. Supermarkets are the 'sluice' by which private (global) standards enter the domestic markets of developing countries.

- Agricultural and food policies of developing countries: are often falling prey to either too much or too little support for global standards, risking to build elitist market relations and excluding peasant farmers, or neglecting to regulate the national food system resulting in imports of high quality food, of food dumping, or exclusion of export markets. Governments must be aware of a delicate equilibrium between standards and exclusion. Formal markets presume certain state regulation, services and enforcements, technical competences for analysis on soils, pesticides and residues, advisory services, or existing seed laws. For such an equilibrium, functioning watchdogs of people's organisations or NGOs are needed.
- With very few exceptions, Voluntary Sustainability Standards have not succeeded in improving the economic sustainability of a large part of producers. In fact, for several food products with the highest number and market share of VSS (e.g. cocoa, coffee, tea, and bananas) living incomes and wages remain far behind required levels for a decent living. Policy intervention at national and international level is required to alter this situation. This, in fact, is the Achilles heel of many current international food markets, not only applying to farmers in developing countries, but also to many farmers in developed once.
- As market shares of VSS-compliant food products increase, competitive market pressure (both from other VSS-compliant producers and from conventional producers with less problematic production methods) increases, putting VSS-certified producers in a cost-treadmill. This often leads to oversupply of VSS-certified produce, which is then sold off at discounts in conventional markets.

#### Advocating for a general framework on Sustainable and Resilient Food Systems

- Private food standards have advantages over state regulations and some observers believe that government should not interfere letting business take its own corporate responsibility. Others advocate for the opposite, requesting more interference providing for public overview, transparency, fairness (protection from Unfair Trading Practices) and a qualification of the system of Voluntary Sustainability Standards. But neither 'laissez faire' nor 'dirigisme' are adequate or realistic. And there is already substantial overlap between government food (safety) regulation and private (sustainability) regulation, between global and national standards.
- There is some merit for suggesting an international mechanism to register, to monitor, to inspect and to assess the performance of food (sustainability) standards. However, it is unlikely that even with the existence of a register and an assessment system, the nature of VSS-dominated food markets changes significantly. For example, the ITC already has a data bank on VSS and ISEAL Alliance regularly reports on VSS implementation effectiveness. But both organisations are biased to the extent that they don't address or deal with power asymmetry along the supply chains. Related to this, the key challenge of how to achieve sustainable economic conditions and living incomes/wages for food producers has not been addressed. In conclusion, what is rather important is to define and set minimum requirements for Sustainability through binding supply-chain regulation.

#### Recommendation

The suggestion put forward is to explore and engage in a critical analysis of the following suggestions, jointly with EU institutions, stakeholders and partners from the South:

- Strengthen the regulatory framework on sustainable food systems and define and set minimum requirements for supply chains. This could be done within regulation on supply chains (including respecting minimum and living wages and combating undesirable trade and management practices) and more effective use of competition policy instruments. Governments could also create framework standards for specific markets spelling out the minimum requirements for the supply chain (such as the nascent German Green Button standard). VSS can then go beyond these limits.
- All companies and standard organizations applying VSS must incorporate the provisions of the UN Guiding Principles on Business and Human Rights and fully satisfy their Nation Action Plans in the involved countries of the global value chain.
- This should be accompanied by forums of national stakeholders including the governments, that are subject to a global framework to guide how international standards are adapted to national and local conditions.