Agriculture: models and conflicts

A multifunctional agriculture in the bio-economy era:
The global and local challenges

Prof. Dr. Dr. h.c. Guido Van Huyslenbroeck
Professor in agricultural and rural environmental economics
Ghent University
President of ICA
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1. The global challenges
The context

– Growing world population
– Biodiversity decline and climate change
– Price volatility and speculation
– Scarcity of natural resources
– Growing competition for biomass
– Urbanisation and increasing demand for public good services
World population growth between 2010 - 2025

- 4%
- 8%
- 32%
- 56%
Increase in population – increase in food demand

Global food demand, 1961=100

- Meat
- Dairy
- Cereals
- Starchy roots

Source: Food and Agriculture Organisation
Deforestation

Consuming the Amazon

“Meat reared on rainforest soya”

Climate change
Price volatility and speculation
Land shortage and land degradation constrain production

Change in NDVI from 1982-2006
Baseline: 1982-1986
Endline: 2002-2006

Change in Mean-NDVI (1982-2006)

Increase: 0.35
Decrease: -0.24

42% of the poor live in degraded areas
Total arable land is limited

- Climate change, urbanization and degradation affect arable land
- Protection of forests imposes further environmental limits
Growing foreign land acquisitions: internationalization of land use markets

Other uses of biomass: feed versus fuel
World wide trend of urbanisation
The demand for space and public goods and services
2. Challenges for EU agriculture
Agriculture in Europe

- Highly diversified production possibilities and thus high diversified production systems in the 25 member states
- High density of population and thus high presence of consumers, but also high pressure of citizens
- Highly productive agriculture but depending on external (often imported) inputs
- High labour costs in comparison with competitors
- Strong regulatory framework resulting in higher costs
EU agriculture: Strong increases in productivity

<table>
<thead>
<tr>
<th>Productiviteitsstijging NL-Idb</th>
<th>1960</th>
<th>1985</th>
<th>2010</th>
</tr>
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<tbody>
<tr>
<td>Tarwe (kg/ha)</td>
<td>100</td>
<td>144</td>
<td>210</td>
</tr>
<tr>
<td>Aardappelen (kg/ha)</td>
<td>100</td>
<td>144</td>
<td>157</td>
</tr>
<tr>
<td>Tomaten (kg/m²)</td>
<td>100</td>
<td>183</td>
<td>320</td>
</tr>
<tr>
<td>Melkproductie/koe/jaar</td>
<td>100</td>
<td>127</td>
<td>203</td>
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<tr>
<td>Grootgebrachte biggen/zeug/jaar</td>
<td>100</td>
<td>119</td>
<td>179</td>
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Figure 2.18 – Costs of compliance with animal welfare legislation for pigs in selected countries

Source: preliminary results of Contract No 30-CE-0467350/00-79 for DG Agriculture and Rural Development.
Figure 2.17 – Costs of compliance with environment legislation for pigs in selected countries

Cost of compliance: Environment

€/100 kg slaughter weight

DK  DE  NL  PL  BR  USA
Figure 2.19 – Costs of compliance with food safety legislation for pigs in selected countries
Fundamental problems

- Price erosion through globalisation
- Cost increases because of increased regulation
- Treadmill of scale enlargement, specialisation, technological progress and labour reduction
- Agricultural policy fighting the symptoms rather than facilitating structural solutions
- Model of intensification is socially questioned
- Need of a new model? Can this be ‘multifunctional’ agriculture?
3. Multifunctionality and bio-based economy: A basis for innovation?
Vision on EU agriculture

The vision on EU agriculture as expressed by EU in 2000:

“The fundamental difference between the European model and that of our main competitors lies in the **multifunctional role of agriculture** in Europe and in the role it plays in the economy, for the environment, in society and in the conservation of the countryside. Hence the need for maintaining agriculture all over the EU and protecting the farmers’ income” (EC, 2000)
The multifunctionality paradigm

- Multifunctionality means to accept that farming combines food production, biomass production for non-food applications (commodity outputs) with non-food functions (non-commodity outputs)
- Moyer and Josling (2002) call multifunctionality ‘a third model’ between the old protectionist model and the liberal competitive model
- MF is not a soft paradigm that states that we should keep subsidising non-competitive farms or only support diversification but is arguing for new ways to define efficiency and competitiveness
- Farmers should be performant in responding to all societal needs both with regard to food and non-food issues
- This creates new possibilities for value creation both at regional as at individual farm level
Possible services by agriculture

**Green**
- Landscape management
- Biodiversity
- Animal welfare
- Wild fauna management

**Bleu**
- Water management
- Flood control

**Red**
- Bio-energy production
- Other energy forms
- Bio-chemicals

**Yellow**
- Rural cohesion
- Rural heritage
- Regional identity
- Tourism
- Green care services

**White**
- Food safety
- Food security
MF agriculture fits in the transition towards a bio-based and green economy

**Why:** Fossil resources are non-renewable and exhaustible, thus not sustainable. They are affected by high price volatility and influence our economy and environment. Therefore there is a need to replace them.

**What:** A bio-based economy is an economy in which the building blocks of materials, chemicals and energy are derived from renewable resources, thus mainly biomass and in which loops are closed (green economy).

This will change and enlarge the role of agriculture in society: from provider of food towards provider of biomass, recycling sector for waste, provider of rural recreation, ....
Production, Exploitation and Utilisation of Biomass...

...by Media
- Earth
- Water
- Culture Media

...in the Sectors of
- Agriculture
- Fishery & Aquaculture
- Forestry
- Microbial Production
- Waste Industry

Application and Processing

Products
- Foodstuffs
- Animal feed
- Biobased chemicals
- Biofuels
- Biomaterials
- Knowledge

Biodiversity

Energy Supply

Health

Waste Material
Biobased economy = Broadening the role of agriculture = multifunctionality
4. New farm models
New types of rural companies:
- chain companies
- partnerships

Source: visiontext of Flemish Policy Centre for Sustainable Agriculture
Option 1: chain companies

`Chain company`
- bundling of supply, production, processing and distribution
- farmers as franchise takers
- different establishments (others in NL, D, F)
- Sell to 'Crossroads' (retail group, food services, ...)

`Readymade`
- strong auto-control and traceability
- eco-efficiency and industrial ecology
- redistribution of value when necessary
- go beyond EU regulations, proactive, own R&D division (in joint venture with Food Solutions, a University spin-off)
Smart innovation

Genomics (better use of genes):
  ▪ Faster selection of varieties/races (biotech ?)
  ▪ Better control of diseases

Precision agriculture (ICT use)
  ▪ More with less
  ▪ Use of agro-ecology

Post-harvest techniques (max taste/min waste)
  ▪ Food technology
  ▪ Intelligent post-harvest techniques
  ▪ Bio-refinery (waste = byproduct)
Smart intensification = increased control of production factors
Smart intensification = less use of environment
New ways of creating value

Past and present:
- Mass production
- Lowest price
- Consumer as threat
- Supply driven chains

Future:
- Customized, flexible
- Correct price
- Consumer and retail as active actor in co-creation
- Consumer-centered networks
Chain companies = agriculture in the global value chain
Option 2: partnership farm

- 7 farms, 1 society for nature conservation,
  - 4 municipalities, 1 food team and 1 countryside team

- the whole is not a family firm

- Activities of the partners are complementary

- Own products supplemented with those of neighbouring partnerships; with local identity
- Marketing via own channels (e.g. farmers markets, food teams and central farm shop)
- Highly customized (e.g. order by computer)
- Nature and landscape management, walking and cycling paths, water management
- Income both from market as from society support mechanisms (agri-environmental payments, ...)
New income opportunities for local farmers

The LATTE concept:
Local
Authentic
Trustworthy
Traceable,
Ethic
LATTE concept and creating added value
5. Conclusions
Closing the global and local innovation gap

- Both models will co-exist and have their place in the market
- Smart intensification by chain companies = leaving room for other uses of land (= partnership companies)
- Smart intensification = reducing inputs and less pressure on environment
- Bio-based economy and MF agriculture require moving from individual strategies to network and system strategies involving the whole value chain and the whole portfolio of possible outputs of agriculture
Bio-based economy = a multifunctional agriculture integrated in the global economy
Requirements

- Scientific and technical innovation: increase in productivity and efficiency in all aspects of production and uses of resources
- Social innovation: mobilising stakeholders around a common project (agreements and conflicts) at regional level
- Institutional innovation: new ways of sharing added value in the global value chain
- Embedding agriculture in a regional economic strategy:
  - Rural – urban relations
  - Branding of regions and products
  - New financing mechanisms to pay for local public goods
Embedding agriculture in the global and local economy = thinking about vertical and horizontal linkages

- Global bio-based economy
- Local environment (recreation/biodiversity)
- The place and role of local Agriculture
- Science and technology
- Regional food economy
Thank you for your attention