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**Local farming and short supply chains:
enhancing the local dimension of the
common agricultural policy**

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

Conference *Local agriculture and short food supply chains*

Brussels, 20 April 2012

Ladies and Gentlemen,

Thank you all for coming.

I decided to organise this event on short supply chains because it is obvious that their potential is considerable. However, the subject suffers from both contradictions and prejudices.

The fact is that the demand is there, but it is not structured well enough, it has not been sufficiently well identified, and it is not accessible enough. There is a lack of research, which is something that will probably come up repeatedly in the discussions. Nonetheless, all the available studies concur that there is high consumer demand for local products. This was highlighted once again by surveys conducted in the UK and Germany as recently as last year.

According to a Eurobarometer survey, one in two consumers regret that local products are hard to find and difficult to distinguish from other products. Yet, there is a structural failure to meet these concerns and certain political and business circles harbour deep-rooted prejudices against this type of marketing.

Short supply chains have too long been overlooked. Yet, available data show that already, despite the lack of recognition and support, 15% of EU farms sell more than half of their produce locally.

I have to say, since I took office as Commissioner, I have often been asked: 'Why do you talk about short supply chains? You promote small and uncompetitive farms that cater to the richest consumers'. I am sure that this conference will enable us to demonstrate the opposite, to break down these prejudices, to create a new approach to short supply chains and to find effective solutions to end the contradictions that I have just highlighted.

At least, this is what I hope, because I am convinced that 'local food supply services' have tremendous potential.

They present a modern view of our relationship to food as well as a certain vision of the economic competitiveness of farming and its social and environmental efficiency.

Not only do they eliminate the need for long-haul transport, they also boost local economies and empower consumers to play an active part in the economic development of their local area.

The employment figures speak for themselves. I have been shown a study of 26 farms involved in direct selling around Paris (France). These 26 farms alone generate a total of 170 permanent and 200 seasonal jobs, which is far more than conventional farms.

I also want to emphasise that there are local supply chains for all levels of income and in all Member States. They are not the preserve of an elite, or the opposite, as I often hear.

According to an Italian study, more than one in two Italians made purchases through a short supply chain in 2008. I just mentioned the UK, where the first farmers' market was established in 1997. More than 7 500 are now held there every year. I could also have mentioned Slovakia, Romania, or Greece, where short supply chains are probably the most widespread, especially since they received a boost as a result of the crisis, for the benefit of farmers and consumers alike. The economic woes in Greece sparked the creation of a direct channel for selling potatoes at attractive prices, 60% cheaper than through the conventional channels. This experiment will be extended to other products.

All of this represents riches that must be preserved and a potential that is still not fully tapped. But let me be clear on one point: this is not about creating new barriers or pitting the big players against the small, the short chains against the long chains of supply.

Obviously, small farms tend to be the most dynamic and most creative in their use of short supply chains, due to their reactivity and the types of product they offer. But larger farms can also find an outlet in these channels. In any event, we need all forms of farming.

To be truly competitive and sustainable, Europe must value all its agricultural models, without prejudice. Each farm should be able to set its own development strategy. A major public policy such as the CAP should support all of these choices, without exception.

Clearly, short supply chains are a part of agricultural diversity that has not been given due consideration. They are a key element in our overall strategy to restore farmers' value added by encouraging them not to put all their eggs in one basket (that of the few players in the supermarket business).

Whenever I meet farmers who have experience with direct selling or short supply chains, they tend to say the same thing: this activity may account for just a small part of their turnover, but it is nonetheless a part that is vital for the profitability of the farm and often for its viability.

However I am well aware that it will not be easy to develop this potential.

First of all, this presents a challenge to farmers. They need to learn or to relearn the sales trade. A certain type of agricultural policy, which focused entirely on the markets, made them forget this aspect of farming.

This will call for new skills, and investments. For many products, selling locally or via short supply chains requires dedicated buildings and activities for the processing of products on the farm.

To encourage more farmers to take this step, we as public authorities need to clearly flag up our commitment to supporting local channels of supply. That is why it is also a task for Europe, for the Member States, the regions and local authorities to rethink the way that food is supplied.

Some measures have been proposed as part of CAP reform. The conference will be an important occasion to highlight these proposals, ensure that everyone takes ownership and explore alternatives.

We have to solve many issues:

- How do we identify local supply chains in order to ensure their credibility and improve their visibility?
- How can we ensure spotless hygiene and food safety, without discouraging the creation of small production units? These do not have the investment resources that larger units have. Are the current exemptions sufficient and is raising awareness and providing training to farmers enough? We are addressing this and we are ready to tackle these issues in depth in partnership with Commissioner Dalli, whom I thank for engaging with me on this topic.
- How do we restore the link between consumers in towns and cities and production centres nearby? We must enable the CAP to reach into towns and cities and support the initiatives of urban markets. This is included in the review of our rural development policy post-2013.

- How do we encourage farmers to invest? After 2013, a range of support measures to strengthen entrepreneurship in rural areas will be available to Member States. The Commission representatives will tell you more on this later. This is a key part of our ambition to design an agricultural policy for all and for all farms.

I am aware that developing these types of marketing is not always easy. Farmers and public authorities alike need to take a big step forward. To leave their routine behind them.

However, despite these difficulties, I am convinced that selling a larger part of agricultural produce locally will bring concrete solutions to many of the challenges facing our society:

- Solutions for consumers, who value the quality, wealth and traditions of farm products.
- Solutions for the economic health of the farming sector. Even if they will not become the norm, or anything like it, short supply chains do create extra value added, which is much needed.
- Solutions to problems of waste. Energy waste caused by unnecessary transport of goods; waste of food lost at different stages of the supply chain.

We must get a better understanding of this type of marketing. We need to rediscover it. Once the analyses and reflections are done, the actual way in which these new food supply systems operate will probably have to be improved, to give them their rightful place and allow them to develop even further, in the right conditions.

Thank you for attending and for the views you will be sharing in the discussions today.