

Improving competitiveness of the EU agri-food sector

The EU aims to become the most competitive and dynamic knowledge-based economy in the world, and the agri-food sector could play a major role, but current research shows wide differentials in performance of member states.

What are the research findings?

The EU agri-food sector is strategically important, accounting for 5% added value and 7% of total employment in 2009 but:

- Convergence in productivity between member states is limited.
- Markets are poorly integrated across the EU.
- Competitiveness is driven by a few successful EU countries such as Netherlands, France and Spain.
- New member states are performing less well and further catching up is required.
- Changes in global demand and competing emerging economies will pose further challenges.
- The EU agri-food trade is generally biased towards exports of processed goods, while imports are geared to low value added products such as semi processed foods and commodities that require different climatic conditions (e.g. coffee, bananas).

Which areas need to be targeted?

If the sector is to become more cohesive and competitive the EU will need to address multiple problems in the new member states, particularly Bulgaria and Romania which are hindered by:

- Low levels of physical capital.
- Weak local purchasing power.
- Fragmented farm structure.
- Problems in credit and input markets
- Inability to capture potential added value via organic and other labelling.

How could EU policy address these problems?

EU policymakers could consider additional measures to:

- Target support for low input start-ups to areas where adding value to products would provide most benefit.
- Extend and promote quality labelling schemes.
- Simplify registration systems and promote consortium formation for quality schemes.
- Stimulate innovation and invest in research and development.

This research draws on the COMPETE project, an EU-funded research under Framework Seven Programme (FP-7-KBBE.2012.1.4-06). The project focused on the evaluation of competitiveness and determinants of competitiveness of various European agri-food supply chains in order to provide better targeted and evidence based policies at both EU and national levels. It was coordinated by the The Leibniz Institute of Agricultural Development in Transition Economies (IAMO), Germany, and brought together academics, trade bodies, NGOs, agricultural co-operatives, industry representative advisory services across 10 European countries. Newcastle team, which included staff from both the Business School and AFRD, was responsible for several work packages. More information about Compete is available at <http://www.compete-project.eu>.

Further information:

Tocco B, Hubbard C and Gorton, M. Competitiveness of the EU agri-food sector: a synthesis of findings from the COMPETE project, Compete Project, Working paper N.16, August 2015, available at
http://projects.iamo.de/fileadmin/compete/files/working_paper/COMPETE_Working_Paper_16_Synthesis_of_findings.pdf

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CRE Policy Brief No 26

December 2016