

Towards a food policy

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Towards a Food Policy

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I INTRODUCTION

The Netherlands has a prominent position in the world of agrifood. The Dutch agrifood sector is held in high regard internationally for its efficient production of foodstuffs. The Netherlands is the world's second-largest exporter of agrifood products (including substantial transit trade). It is home to major international agrifood companies and to several internationally renowned agrifood research institutes. Contributing ten percent of GDP, the sector is a major factor in the Dutch economy. For Dutch citizens, food is available in abundance and – at historically low prices – is more affordable than ever. At the same time, food has increasingly become the subject of public concern.

Industrial-scale livestock farming, animal welfare, intellectual property rights, environmental issues and the use of antibiotics have become subjects of – often quite heated – public debate. Food-safety scares have attracted wide media attention. Simultaneously, there is an abundance of initiatives to stimulate local food chains like farmers' markets and city vegetable gardens, and to experiment with new types of farming practices (e.g. roof-top farming). As food touches on many divergent values, as well as on public and private interests, it is hardly surprising that food is firmly in the public eye.

Government policy has contributed significantly to attaining the prominent and favourable position enjoyed by the Netherlands. For a long time Dutch national policy was primarily aimed at increasing agricultural productivity, both for export and domestic consumption. When agriculture became one of the first domains of its common market policy, the EU adopted a similar stance. In subsequent decades additional efforts were undertaken – at both national and EU level – to address new policy challenges such as environmental issues, animal welfare and rural affairs. However, the traditional focus remained.

While these policies were being pursued – and in fact partly because of them – both the food supply system and food consumption patterns changed significantly. The issues that induce public concern often exceed the local, national and even EU level. The WRR report *Towards a Food Policy* assesses the consequences of the international developments for the Netherlands. Based on its analysis, the WRR advises the Dutch government to develop a comprehensive food policy.

II GLOBAL CHALLENGES

There is a growing awareness that the global food system faces important challenges. The uneven distribution of food remains a major concern. The world is confronted simultaneously with undernourishment and with the effects of an overabundance of food. With the expected growth of the world population and changes in diets related to increasing urbanisation, both problems will become more acute. Reports published in the past decade by leading research and international advisory organisations, governments and the industry attest to the fact that the global food supply system is facing three major challenges: (1) ecological sustainability; (2) public health; and (3) robustness.

Ecological sustainability: Food production is closely intertwined with the environment and has an important ecological impact. The global food supply system imposes demands on natural resources (arable land, water and fossil fuel, used both for energy and fertilisers) and on raw materials. It also contributes to environmental degradation, greenhouse gas emissions and loss of biodiversity. The ecological impact will rebound onto the food supply system. To feed the growing world population, the production of food will have to increase. However, agricultural productivity is threatened by soil degradation, by diminishing stocks of fresh water, by a potential scarcity of raw materials, by the effects of climate change, and by the decline in biodiversity. Between now and 2050, the challenge will be to roughly double food production using about half the resource base of land, water and minerals.

Public health: The public health challenge relates both to risks within and around production facilities, and to unhealthy diets. The use of antibiotics in industrial-scale live-stock farming has substantially increased the risk of multi-resistant bacteria. The development and spread of zoonoses (diseases transmitted from animals to humans) remain an important concern. Recent decades have seen significant changes in diets (growing consumption of animal products and processed foods and declining consumption of vegetables). Current diets contribute to rising levels of overweight, obesity and diet-related diseases.

Robustness: Robustness pertains to the capacity of the food supply system to cope with shocks and – under a variety of scenarios – to adapt to gradual change. There are various reasons to expect a more volatile environment in the near future. Geopolitical developments (partly in anticipation of the expected scarcity of natural resources) and more extreme weather conditions are two major factors. Increasing concentration of companies and a decreasing variety of crop species, livestock and ecological systems used for food production pose risks to the robustness of the food supply system.

III FOOD NET

These global challenges arise within a food system that has changed remarkably over the past decades. Four developments have been of particular significance. Firstly, both agriculture and fishery have become industrialised and operate on ever-larger scales. Secondly, the food supply system has become more globalised. Trade and foreign direct investment have expanded, while production chains have become longer and more international. Thirdly, the power of non-agricultural players has increased significantly. Producers of seed, fertilisers and animal feed, the food processing industry, traders and supermarkets have all become more powerful relative to agricultural producers. There has also been a strong concentration in these sectors, with major markets being dominated by only a small number of companies. Fourthly, there have been significant changes in consumption patterns, with increasing consumption of meat and other animal products, as well as of processed food.

In recent decades, the route from farm to fork has become much longer and more complex. What has developed over time is a dynamic and complex combination of flows of materials that are processed and combined into food products. The report refers to this network of material flows as the 'food net'. The food net transcends national borders and hence jurisdictions, and it involves a large number of interdependent actors. No single player has a complete overview; none has the capacity to determine the functioning of the network as a whole. However, the food net does comprise hubs that have a major influence on what goes on elsewhere within the net. Seed companies and procurement organisations of supermarkets are examples of such hubs. Both vertical integration and industry standards introduced by co-operating businesses have led to increasing standardisation of products and processes that substantially affect the power relations within the food net. Increasingly, market competition is no longer between individual firms, but between chains of firms.

The food net poses specific policy challenges. To address the issues at stake, it is not sufficient to focus on the places where they first manifest themselves, i.e. to conceive the ecological sustainability of food production primarily as an agricultural issue, and food-related public health problems as issues of consumer choices. To address the current and future challenges concerning ecological sustainability, public health, and the robustness of the food supply system, the complex interdependencies within the food net need to be taken into account.

IV A REORIENTATION OF DUTCH POLICY

The three challenges of ecological sustainability, public health and the robustness of the food system manifest themselves in a food net that transcends national borders and that is characterised by many interdependencies and interconnections. A magic bullet that targets the core of all problems is not available. What has functioned as such in the past – an increase in production - can no longer provide the whole answer. The ecological sustainability of this approach has been called into question, and it does not provide an answer to the challenges of public health and robustness. The transition towards a food net that is more sustainable, healthier and more robust requires action by many different players. Businesses, ngos, consumers and government will all have to play a role.

The Netherlands' prominent position in the world of food brings with it vulnerabilities, opportunities and responsibilities. The challenges outlined above also concern the Netherlands: it contributes to these global challenges as well bears their effects. The ecological footprint of Dutch production and consumption is substantial and to a large extent it lies abroad. The Netherlands is also confronted with more changeable weather conditions, degradation of soil, diminishing biodiversity and an expected scarcity of resources. As a major hub in the global food net it is not immune to the threats of zoonoses and multi-resistant bacteria. In the Netherlands, too, changing diets have led to an increase in overweight, obesity and diet-related diseases. The robustness of the food net is also a vital Dutch concern. Given the close intertwining of the Dutch agrifood sector with the global food supply system, proper functioning of the food net evidently affects the Netherlands directly.

Given its state-of-the-art knowledge in agrifood and its potential for innovation, the Netherlands may also be expected to contribute to a more sustainable and healthy global food net. Developing innovative food products and production methods that explicitly address the challenges could also generate additional export opportunities.

To address the global challenges facing the food net and their repercussions for the Netherlands, and given the growing complexities and uncertainties that policymakers have to face, the WRR recommends two major shifts in policy orientation:

- From an agricultural policy towards a food policy.
- Focus on the resilience of the food net.

V TOWARDS A FOOD POLICY

For many decades, the Dutch government has pursued a successful agricultural policy. However, the time has come for the development of a comprehensive food policy, i.e. a policy that addresses the global challenges and takes the new context of the food net into account. This does not mean that agriculture has become less important, it does mean that policies should be designed with a view not only to the role of agriculture, but also to the role of other players in the food net. A food policy means taking into account (1) the different values associated with food; (2) the interdependence of food production and consumption; and (3) the changing power relations in the food net.

Different values

Food touches on a wide range of values; economic interests, public health, sustainability, animal welfare, spatial planning, cultural identity and social issues all matter. A food policy will need to take this variety of values into account. Bringing about the necessary policy shift will require time, discussion and vigour. It should lead to a long-term orientation and to institutional anchoring of a wider range of values.

A national and EU food strategy that addresses the trade-offs and the choices that have to be made would provide a clear and reliable long-term perspective for the agrifood world and for society as a whole. It can build upon the growing awareness in both civil society and leading parts of the business world that the food system needs to become more sustainable, healthier and more resilient. This will undoubtedly mean that difficult choices have to be made. To mention just one: both ecology and public health will benefit from policies that promote a shift from animal products to plant products, while this would have an economic impact on parts of the agrifood sector.

A food policy that takes the variety of values into account needs to offer sufficient opportunities for voicing alternative views. Within the existing policy, the economic values of free trade and the business interests of the sector have often been dominant, leaving little room for other values. A comprehensive food policy requires better institutional anchoring of the values of ecological sustainability, public health and the resilience of the food supply system at all levels – national, EU and global. An example at the international level are the WTO regulations. Within the existing free trade policies, it can be difficult to assign more weight to ecological sustainability. Enhancing sustainability will often require adjustments to production processes. However, under current WTO regulations, governments can only impose requirements on products, not on processes. This issue should also be taken into account during the current negotiations on the Transatlantic Trade Investment Partnership.

Interdependence between consumption and production

A comprehensive food policy should consider the production, processing, distribution and consumption of food as inextricably linked. This first of all requires a broadening of the available policy information. Information about agricultural production is available in abundance; by contrast, surprisingly little information is publicly available about food processing and consumption. Broadening the policy and taking into account the link between production and consumption necessitates a more comprehensive policy information base.

It also means that to address today's issues it is no longer sufficient to conceive ecological sustainability primarily as a problem for agriculture and food-related health problems purely as issues of consumer choice. Leverage points for effective policy are often located at places other than where problems arise. To improve ecological sustainability, policies should also be aimed at feed and seed production, at the processing and the consumption of food. With a view to improving public health, a broad spectrum of measures is desirable, including measures aimed at production, processing and retail.

Changing power relations

The power relations within the food supply system have changed. Where in the past agricultural organisations, national government and knowledge institutes jointly determined Dutch agricultural policy, today non-agricultural players (seed and feed companies, the food processing industry, traders and supermarkets), consumers, NGOs and international organisations also play an important role. Food policy will need to adapt to this changed reality and involve these prominent players in its food policy.

The changing power relations also affect the role of government. A transition towards an ecologically sustainable, healthy and resilient food net will require action and cooperation from both the business world and civil-society organisations. Government should encourage this and remove potential barriers. EU and national competition policy could hamper initiatives to enhance the ecological sustainability of food supply chains, the WRR therefore recommends that existing EU competition law be reviewed in this light. The societal dynamics that surround food can also be supported by the provision of adequate information. For example, public information on waste and residual flows of materials from agrifood companies would facilitate innovation, leading to a more circular system. Reducing the multitude of logos and claims on food products to a limited number of logos (e.g. one on health and one on ecological sustainability) would enable consumers to make better-informed choices.

VI TOWARDS A RESILIENT FOOD NET

To address the challenges the food system faces, there are many concrete measures that could be taken now, at both national and EU level. However, policymakers should be aware that they also face uncertainties. Forecasts of future developments and issues are all based on models and estimates with limited projective power. Long-term geopolitical, market and technological developments are at best the subject of informed guesswork. The complexity of ecological systems adds to these uncertainties. Ecological systems that remain stable for a long time may suddenly start to behave differently after a ‘tipping point’ has been reached, with unpredictable consequences.

The world of food is heading towards a more volatile and in many respects more uncertain environment. The second main recommendation of the WRR is therefore to adopt policies that help to enhance the resilience of the food net. Resilience can be increased by (1) stimulating variety; (2) organising sustainable management of resources; and (3) developing learning capacity.

Variety

Resilience requires sufficient variety in the food net – a variety of players, but also of crop species, animal breeds and materials. Competition law is concerned with the variety of players. However, its focus is on consumer prices and market power, not on resilience. Due to standardisation, even in fully competitive markets uniformity may emerge at the level of material flows. To enhance variety in the food net, the government can intensify its innovation policy aimed at increasing the variety of crop species used for food production, and at developing alternative protein sources. Promoting variety will require support for business ‘challengers’, not only during the pilot phase, but also during the phase of upscaling production levels. Intellectual property legislation should also be perceived from the perspective of its effects on the resilience of the food net.

Sustainable resources

To cope with sudden, short-term shocks and to secure adequate long-term functioning, a resilient food net requires sustainable management of natural resources. There are many initiatives already in place, involving businesses, governments and ngos. There is more to managing resources than choosing between government regulation and the invisible hand of the market. Successful examples involve various kinds of institutions for the sustainable management of ‘common pool resources’. Food policy should encourage and facilitate such initiatives. In addition, efficient use and recycling of raw

materials – for example phosphates – are crucial. Sustainable management of resources also requires increased efforts to reduce waste and to re-use residual flows at the highest possible value.

Learning capacity

Resilience requires learning capacity and adaptability on the part of all players within the food net. Learning to deal with changing circumstances requires room for experimentation and selection based on results. It may require governments to allow temporary exemptions from established regulation. Enhancing learning capacity requires a permanent exchange of knowledge and experience between businesses, ngos, consumers and government.

VII CONCLUSION

For many decades, the Dutch government has pursued an implicit food policy that coincided with a successful agricultural and food safety policy. Over the course of time, other food policy goals were addressed by accompanying policies.

However, the world of food has changed and is facing substantial challenges that also concern the Netherlands. These factors call for a reorientation of policy.

The time has come for an explicit, comprehensive *food policy*.

HOW TO ORDER

The report *Towards a Food Policy* (ISBN 978 90 8964 9461) is commercially available in Dutch and can be ordered from Amsterdam University Press. A PDF of the report can also be downloaded from www.wrr.nl.



Naar een voedselbeleid,
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Towards a food policy

The Netherlands has for years pursued a successful agricultural policy. However, the world of food has changed and food has become the subject of intense public debate. The issues that are important in the Netherlands cannot be seen in isolation from global developments.

The challenges at global level relate to ecological sustainability, public health and the robustness of the food supply. In *Towards a food policy*, the WRR explores the consequences of those challenges for the Netherlands and the specific vulnerabilities, opportunities and responsibilities they create for the Dutch government and Dutch society.

It is time for an explicit food policy; a policy that takes into account the diversity of values in relation to food, the relationship between production and consumption and the changing power relations in the food system. In this report, the Council also highlights the need to invest in the resilience of the food system.