

European Alliance Against Coronavirus

Thursday 11th June 2020 at 8:30

Analysis of Disruptions in the Agri-food Ecosystem

Working format is based on “Gilles Rules”:

1. conceptual framework
2. needs and disruptions
3. solutions

Speakers:

- Katarina Blicklingová, [BioEconomy Cluster](#)
- Grigoris Chatzikostas, [AgriFood Lithuania](#)

[Link to session's recording](#)

1. Conceptual framework

BioEconomy Cluster during the crisis

Katarina speech was focused on the **customers behaviour's impact on the value chain**. During the crisis, the agri-food companies being an essential pillar of our societies didn't stop to work. They noted that customers started to stock food and cook more.

This **change of behaviour** had main consequences:

- An **increase of competition** between local and global as well as between small and big producers
- An increase in homemade and local food was registered as opposed to a **decrease in restaurants customers**
- **Environment and waste management**: an increase in packaging was registered because of costumers feeling safer if the food is double packed
- **New models for stores**

As the policy makers dealt with immediate needs, **circular economy policies were postponed**.

AgriFood Lithuania's Response Letter

Grigoris highlighted the interconnections in the value chains and quoted the response letter written by AgriFood Lithuania. After the Covid crisis, the Agrifood industry needs to:

- point out the problems in the supply chain in order to **forecast more accurately** (short term)
- start over with **new framework and landscape** (mid-term)
- **accelerate digital and circular transformation** (mid-term)
- **enable the transition to sustainability**

AgriFood Lithuania shared a “[Letter of response](#)” written in April 2020 to extend the invitation to collaborate in the study of disruptions and the identification of possible solutions in the European Agri-Food Ecosystem.

2. Identification of disruptions

First disruption: border closures immobilise imports and exports

Source: Katarina Blicklingova (SK), Grigoris Chatzikostas (LT), Felix Arion (RO)

Evidence: The agri-food sector is one of the few sectors that couldn't stop their production and the pandemic spread just to coincide with the harvesting period. In addition, border closures affected all the stages of the value chains. Many products, in different countries, come from abroad.

As a consequence of the mobility restrictions policies, the decline in tourism has an impact on the HORECA sector, strictly affected by the emergency. No food demands from hotels, restaurants, and catering.

Logistics, even if it is becoming slower and expensive, is not the main issue anymore. It had its peak in the immediate emergency situation. But regarding a possible rebound or a future new blockage of borders, it is important to find solutions and alternatives. In the past, there were three pillars of sustainability: economic, social, and environmental. Resilience is needed to become the fourth pillar.

Geographical impact: Global

Stage of value chain: Sales

Character of the disruption: lack of mobility and exchanges

Time frame: short term

EU actions needed:

- **Coordination**
 - Collecting solutions and alternatives to build resilience
 - Create a guideline dealing with best practices to be shared with EU members

Recommendation:

- Promote and deliver genuine products (also coming from countryside) by using ecommerce platforms for local market
- Ecommerce is needed for local producers /sellers to stay alive, to keep the supply chain open and to have the product reach the market and not to be cut away from the market
- Find solutions to forecast better, adapting the models to "new normality"

Second disruption: consumer behaviour changes

Source: Katarina Blicklingova (SK), Felix Arion (RO)

Evidence: During the crisis, people prefer to consume local products, because of the belief they are safer. As a main consequence in Romania, the competition between small/local and big companies is increasing. Local companies increasingly use e-commerce solutions to directly connect with the customers, thus breaking the usual supply chain via retailers. There are many difficulties in making good predictions and forecasts.

The “new normality” is highlighting the increasing of plastic waste used to package and deliver food to encounter new consumer behaviours; this is also impacting the environment and circular economy processes.

Geographical impact: EU

Stage of value chain: Sales and marketing

Character of the disruption: consumer behaviours

Time frame: short and medium term

EU actions needed:

- **Coordination:**
 - A transition plan is needed in order to restart with new frameworks based on circular economy, digital transformation and technologies
 - Help companies connecting producers and consumers by using new tools and software

Recommendation:

- Accelerate the digital transformation by using ecommerce to deliver local food in local markets
- Addressing the urgency to find solutions both in the short, to be quickly responsive, and in the medium term, in order to rethink and redesign the whole value chain
- Deeply analyse the disruption in a specific session, in order to stress the topic more, keep the opportunities and influence the policy makers
- Circular economy and digital transformation are going to be the two main drivers to develop the “new normality”

Third disruption: lack of workforce for harvesting

Source: Felix Arion (RO), Aurora Baptsista (PT), Grigoris Chatzikostas (LT)

Evidence: Harvesting is a seasonal job related to the cycle of nature. The pandemic spread in the most extensive work period. Due to lockdown and restriction mobility, workforces were not able to move easily within countries. More robotic and technologies in harvesting are needed for a possible rebound.

Geographical impact: EU

Stage of value chain: Production

Character of the disruption: lack of workforces

Time frame: short period

Recommendation:

- Accelerate the digital transformation and promote the use of technologies and robot in harvesting field

- Support for local government
- Safe return of agricultural workforces for harvesting
- Educate student and people from HORECA sector to work in agriculture in order to have new skilled workforces and develop new activities

Fourth disruption: unsold stocks generate economical losses

Source: Grigoris Chatzikostas (LT), Felix Arion (RO)

Evidence: The border closures generated a lot of unsold stock composed by short-life products, such as milk. In Slovakia, the unsold stock has been stored in a state reserve, which could be a good practice to share with other countries. Unfortunately, the ecosystem shows its inability of being resilient and transforming short-life products.

Geographical impact: EU

Stage of value chain: production and sales

Character of the disruption: unsold stocks

Time frame: short term

EU actions needed:

- **Coordination:** Help government and clusters to develop company resilience and share a guideline with best practices

Recommendation:

- A more efficient way to collect food is needed
- Find solutions regarding production decrease or price reduction

3. Identification of needs

- Build a “Transition plan” to be shared with local governments

Source: Grigoris Chatzikostas (LT)

- Respond quickly to the crisis: identify and financially support solutions coming from companies and startup

Source: Grigoris Chatzikostas (LT)

- Be ready for the future possible rebound

Source: Aurora Baptista (PT), Grigoris Chatzikostas (LT)