



Press Release

November, 2015

We are pleased to announce that the COMPETE collaborative research EU project, gaining a more comprehensive view on the different elements of the European agri-food sector competitiveness, was successfully completed.

After three years of intense work and successful private-public partnership, the COMPETE consortium that brings together academics, trade bodies, NGOs, agricultural co-operative, and industry representative advisory services managed to achieve in-depth knowledge on the agri-food sector. Based on these COMPETE is able to provide single market policies that are shaped flexible enough to increase international competitiveness and respond to the needs of the whole value chain.

Main project findings:

- The **EU** and in particular the EU-15 are still **highly competitive in trade performance** especially for high value added food products on global markets. The EU quality schemes (organic, protected designation of origin, protected geographical indication, and traditional speciality guaranteed) **may constitute an innovative governance mechanism for adding value to agri-food production**, and thus for upgrading the competitiveness of the sector. However, there is strong and increasing competition from emerging countries, e.g. BRICS, who were able to gain market shares on the world agri-food markets.
- **Productivity differences in agricultural production** among and within member states remain substantial, **with a low rate of convergence or catch-up**, especially of the new member states.
- Significant **differences in technologies across the member states** also characterise the **food processing industry**. The adoption and spread of **innovation** constitutes the **most important factor in total factor productivity growth**.
- The analysis on the efficiency of **domestic agricultural markets** indicates that markets **are not perfectly integrated**. Especially the analysis of the convergence of the new member states with the EU-15 indicates that the process is still ongoing.
- The break-up of linkages between farmers and the processing industry can lead to a sharp decline in production. As a consequence, the establishment of **coordination mechanisms between upstream and downstream firms is crucial**, for the successful governance of economic relations and the well-functioning of input and output markets.

Policy recommendations:

- **EU policy makers should promote exports** by providing incentives to export of agri-food products **on global markets**, which are consistent with WTO requirements
- **Private producer associations should play a greater role to increase economies of scale in production and marketing**. Also cross-country cooperation between EU-28 member states in promotion of good practices in international competitiveness should be supported.
- Policy makers should therefore **increase the support of research and development to keep the lead in quality competition**.
- The food chains are now fundamentally retailer-driven, giving retailers the potential power to extract more value than other food chain stakeholders. **Policy makers should be aware of restructuring in the supply-chain, support networks and avoid power asymmetries**.

- **Policy actions that aim at correcting asymmetric pricing should target both upstream and downstream sectors.** This seems to be particularly important for countries/settings where considerable structural changes are still expected.

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For more information, please visit <http://www.compete-project.eu/>