Keynote speech on the challenges and transition of EU agri-food value chains and the need for their financing

Johan Swinnen, Director General of the International Food Policy Research Institute (IFPRI) and Managing Director of the Systems Transformation Science Group of CGIAR

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Financing EU agri-food systems in times of global challenges and disorder

Johan Swinnen

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World View | Published: 09 September 2025

World view

Financing food systems in times of global disorder

Johan Swinnen

Nature Food **6**, 819–820 (2025) | Cite this article

Global development financing is transforming alongside trade and political disruptions. We should focus on creating a more diverse and efficient food finance system, including repurposing public support and leveraging private investments, says Johan Swinnen.

Some of the recent changes seen in the global development financing landscape have been abrupt and unexpected, whereas others result from more gradual structural shifts. In combination, they pose substantial challenges but also opportunities for global food systems.

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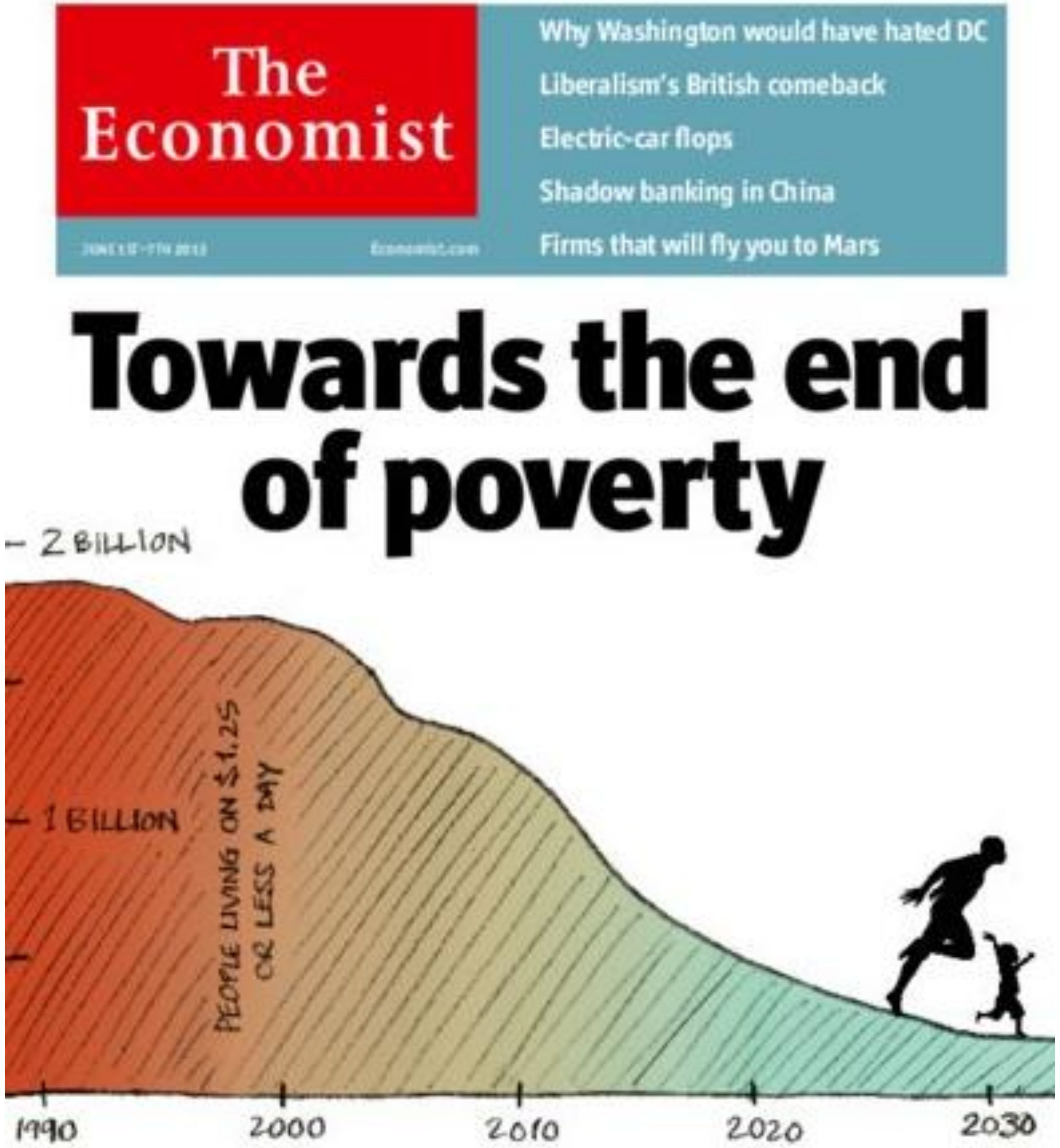
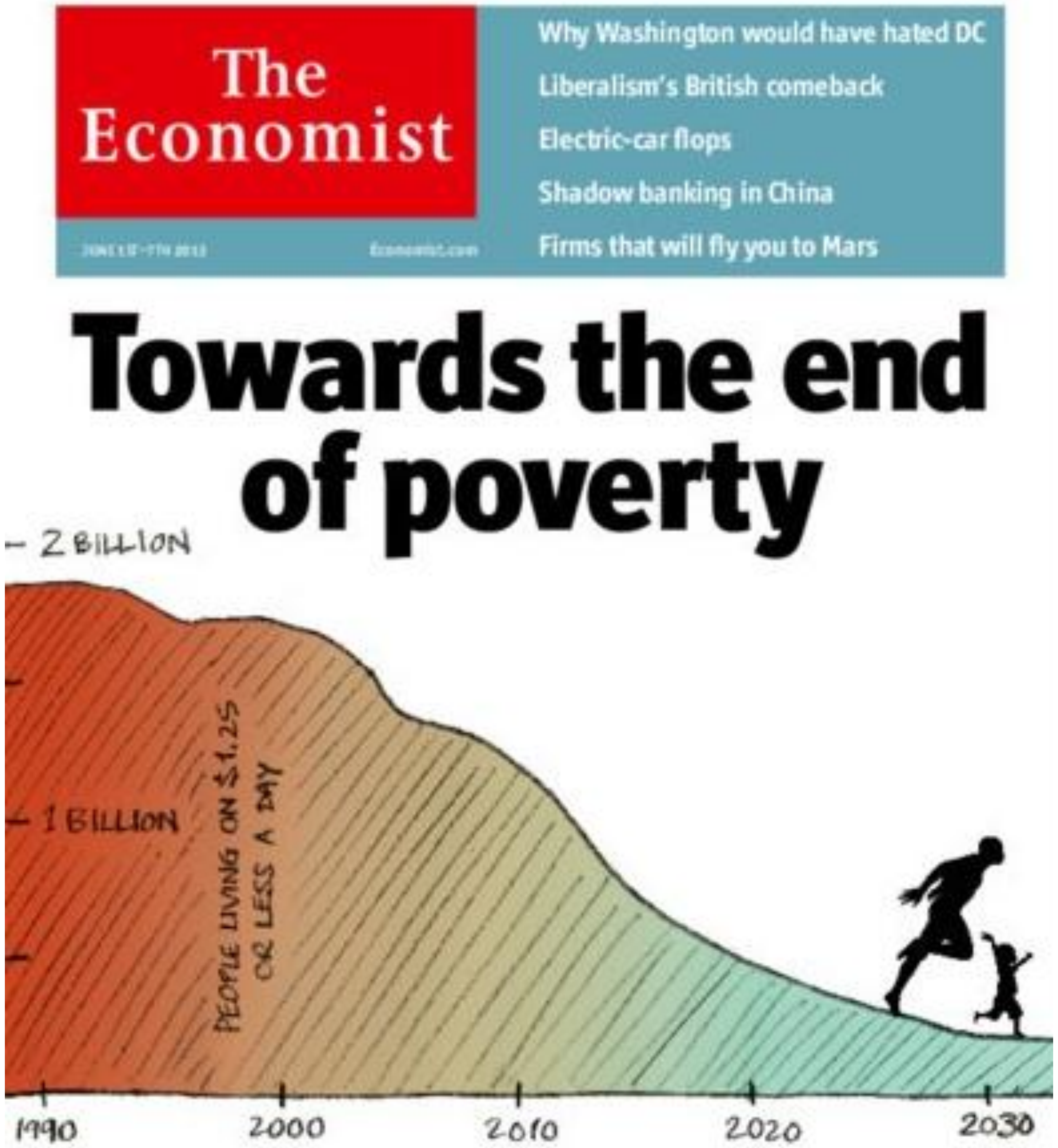
From June 2013 ...

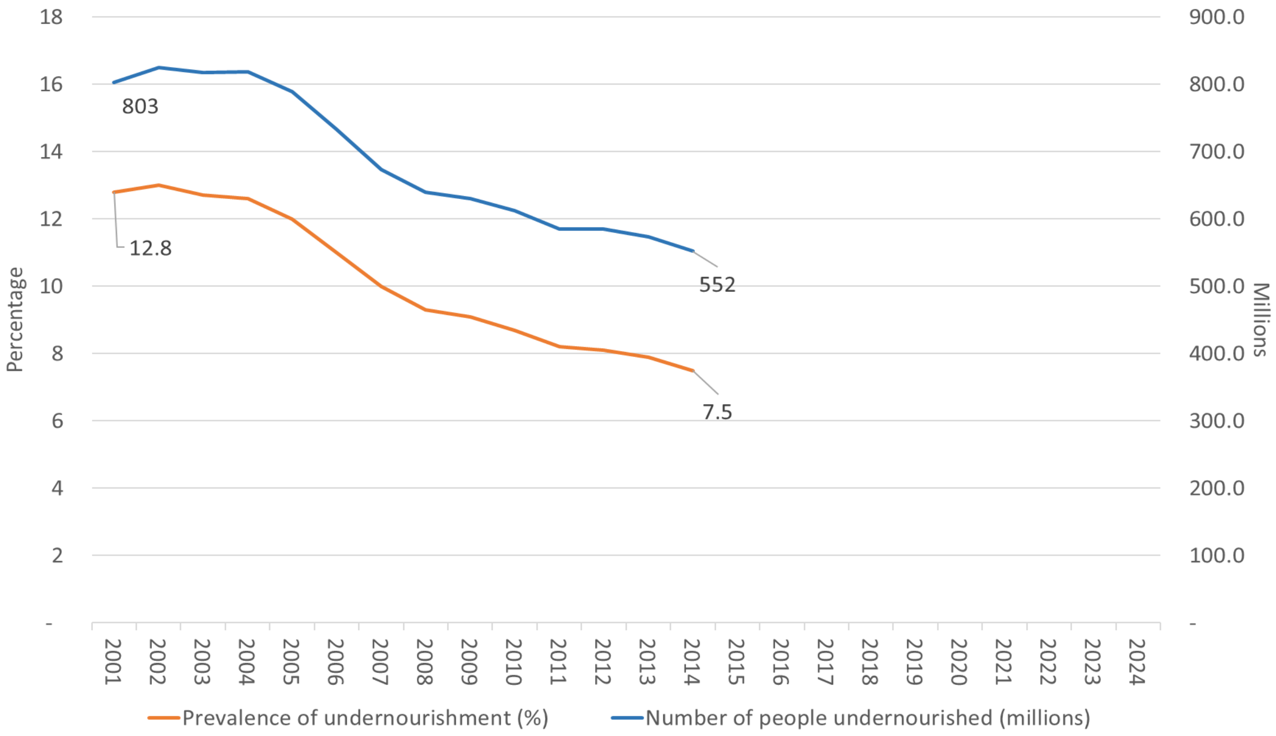


Source: FAO 2025

From June 2013 ...

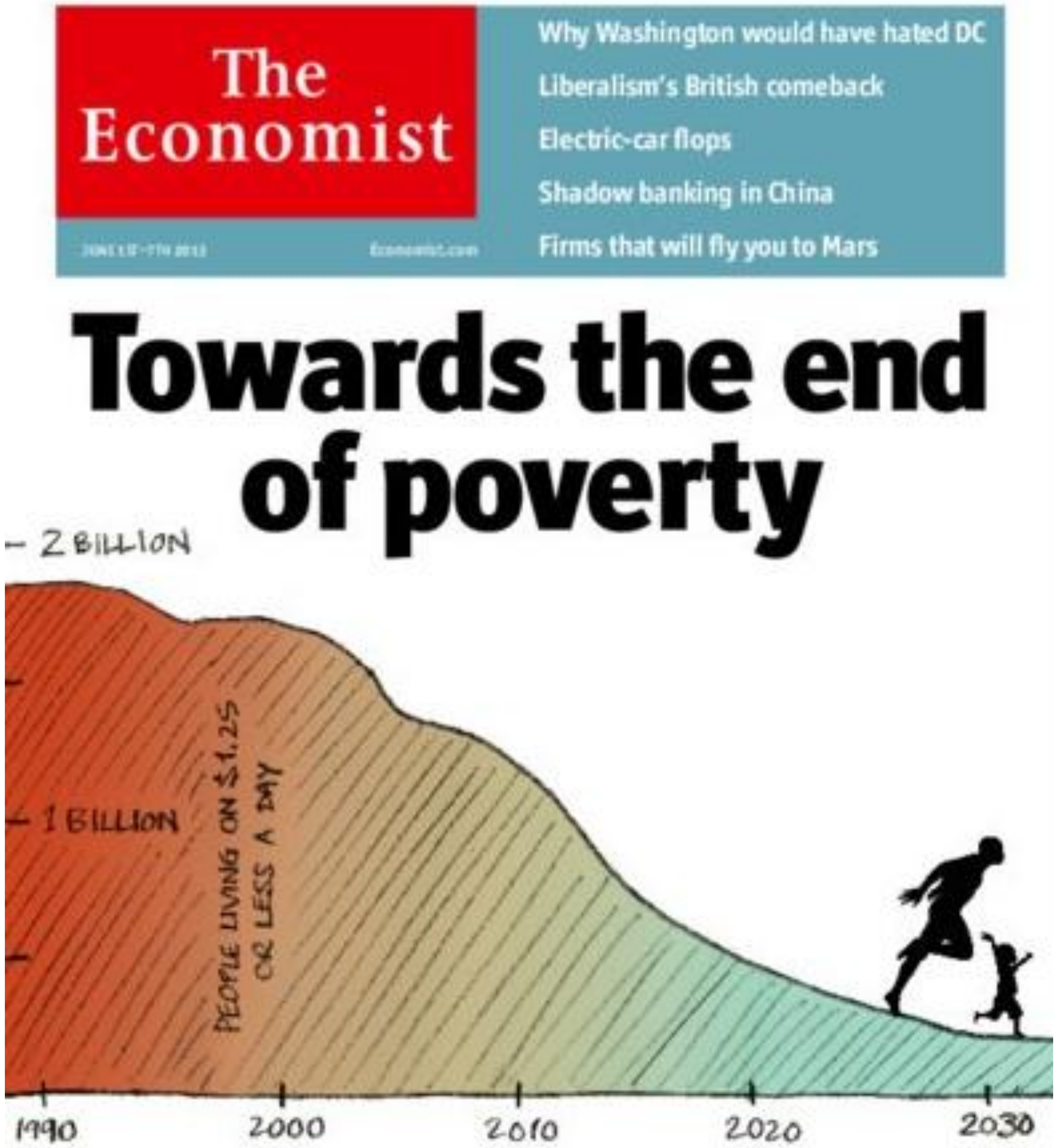


Towards the end of hunger ...

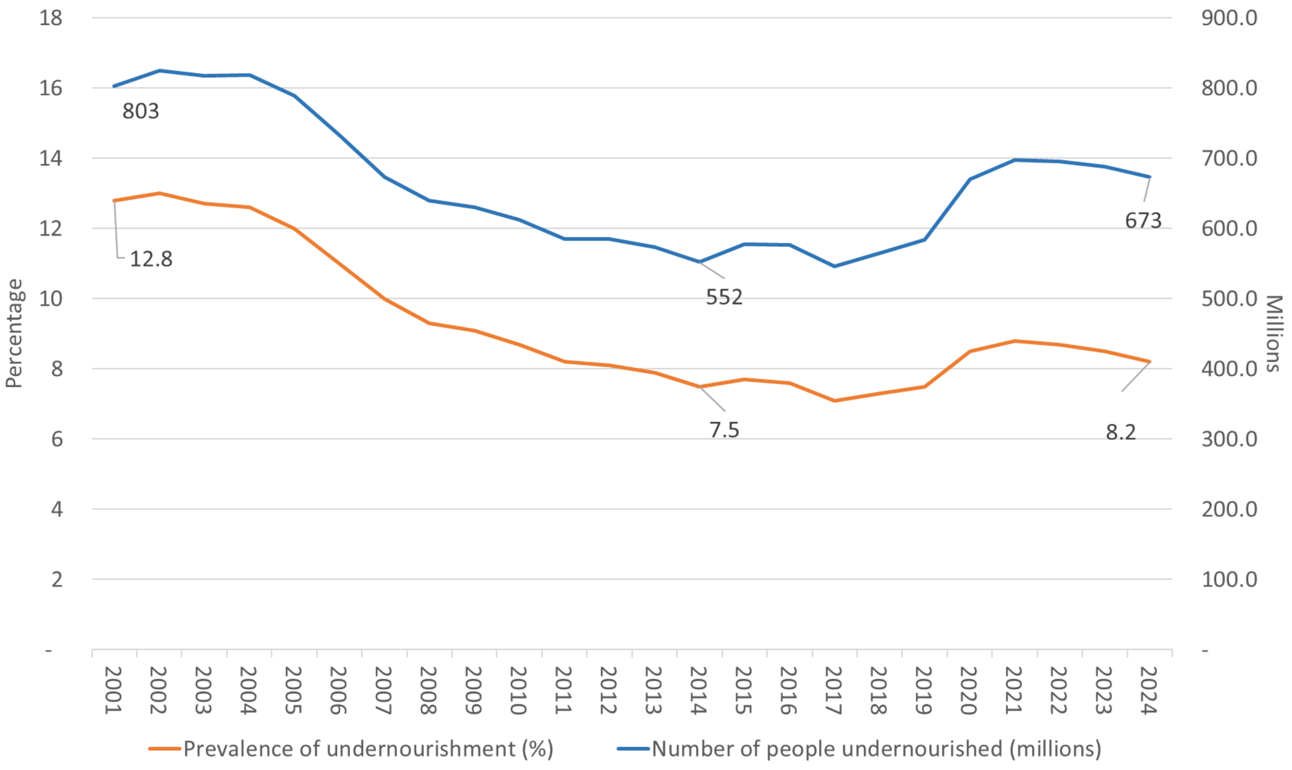


Source: FAO 2023

From June 2013 ...

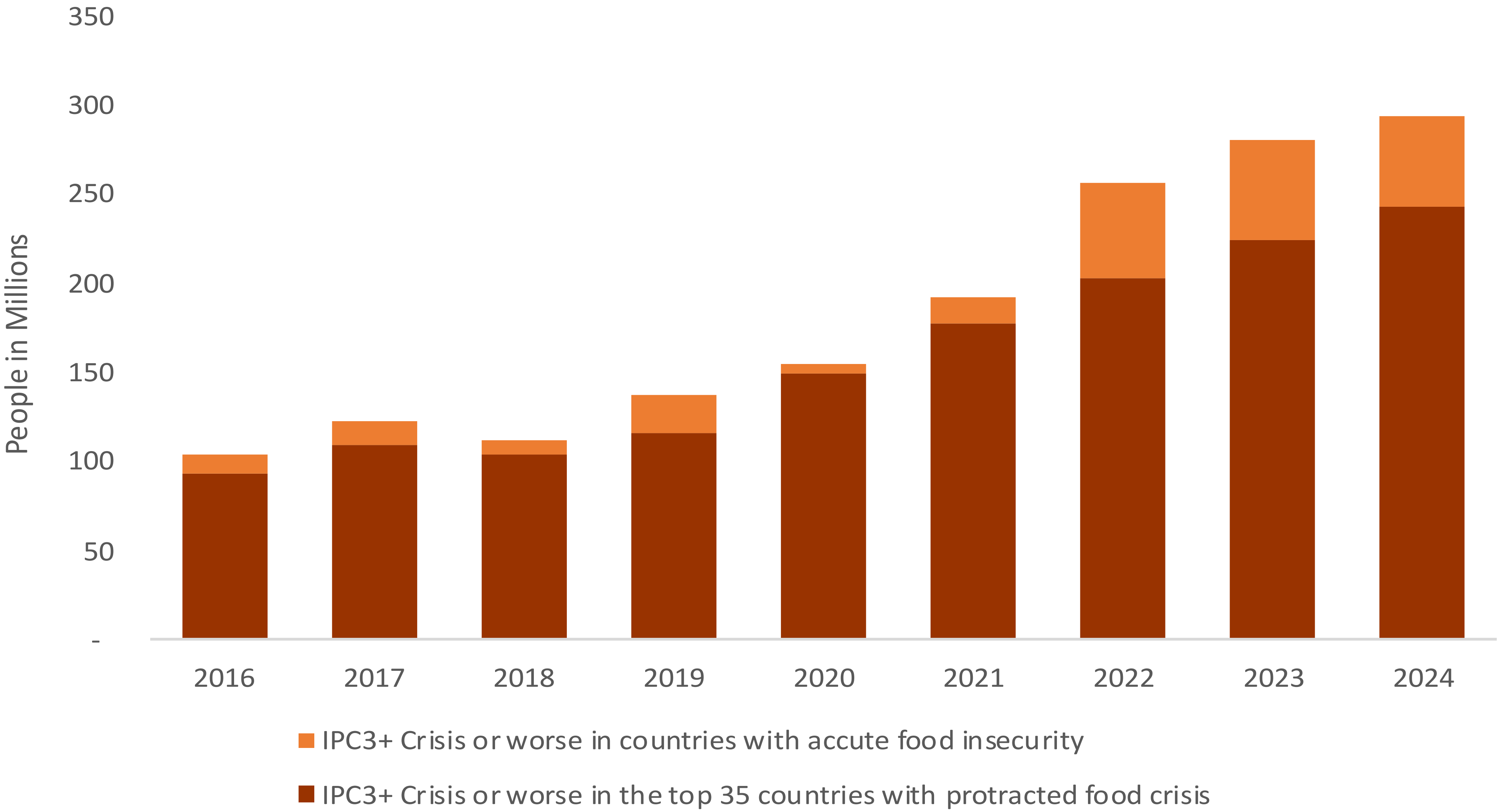


Towards the end of hunger ... ?



Source: FAO 2025

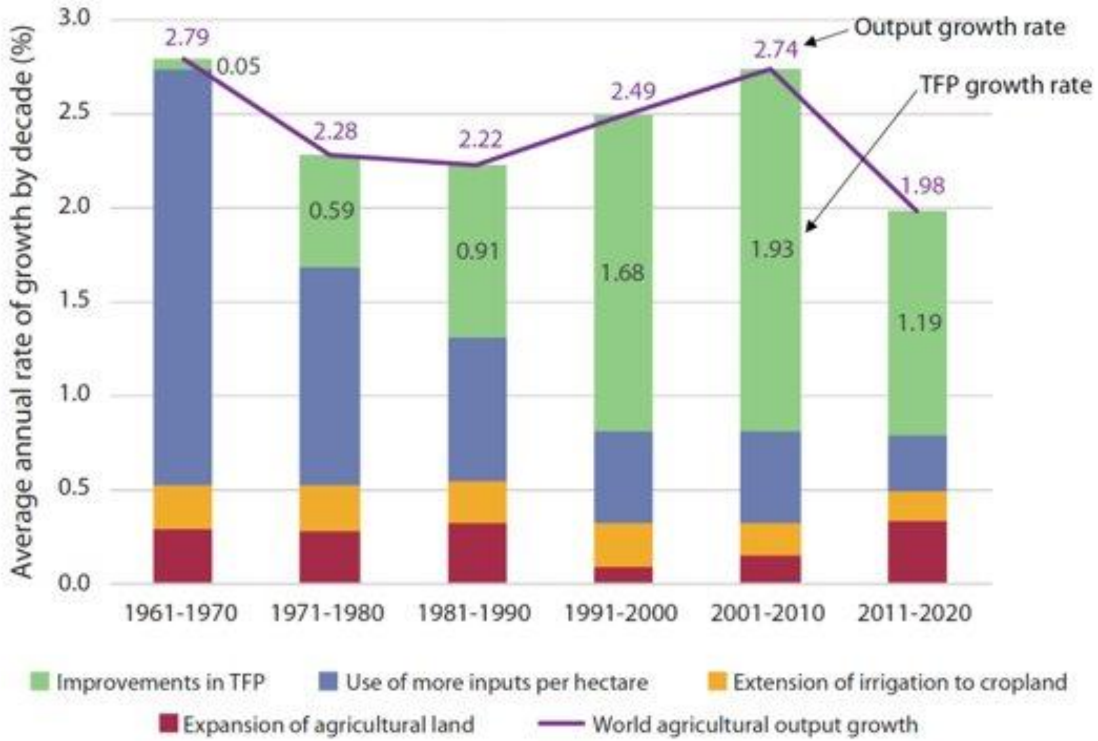
Acute food insecurity tripled since 2016



Source: Global Report on Food Crises

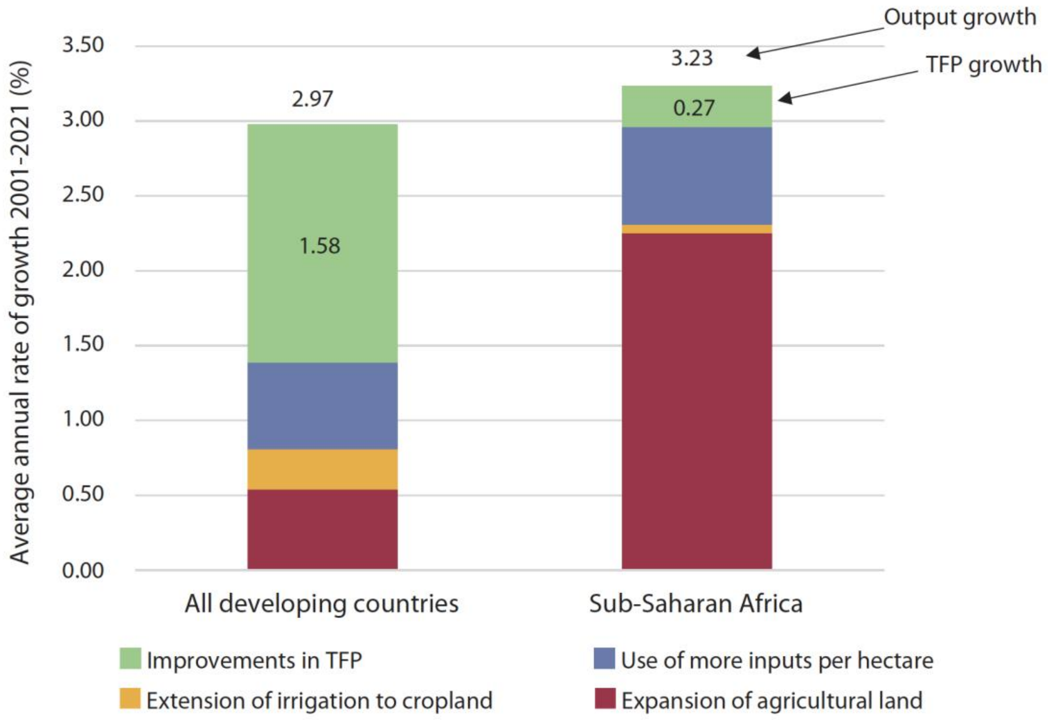
Slowdown of agricultural productivity growth

Agricultural growth globally has largely been driven by productivity growth since the 1970s, but productivity growth slowed down in recent years



Source: USDA-ERS (2023).
Note: TFP = total factor productivity.

And in many developing regions, and especially in Africa, output growth has been largely driven by area expansion

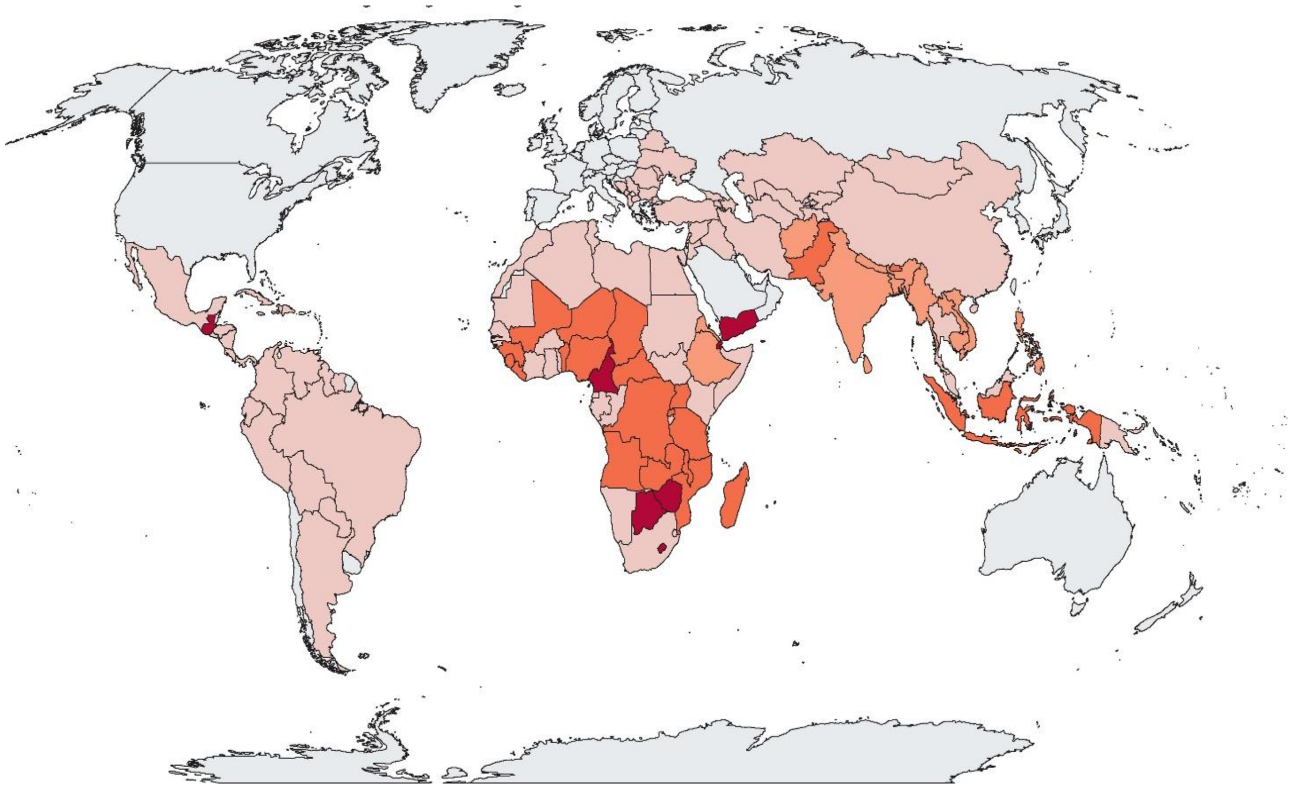


Source: Jayne et al. (2021), updated with data from USDA-ERS (2023).
Note: TFP = total factor productivity.

Triple burden of malnutrition

Coexistence of **undernutrition**, **micronutrient deficiencies**, and **overweight and obesity**

Countries with both undernutrition and overweight, 2010



Source: Popkin et al. 2020

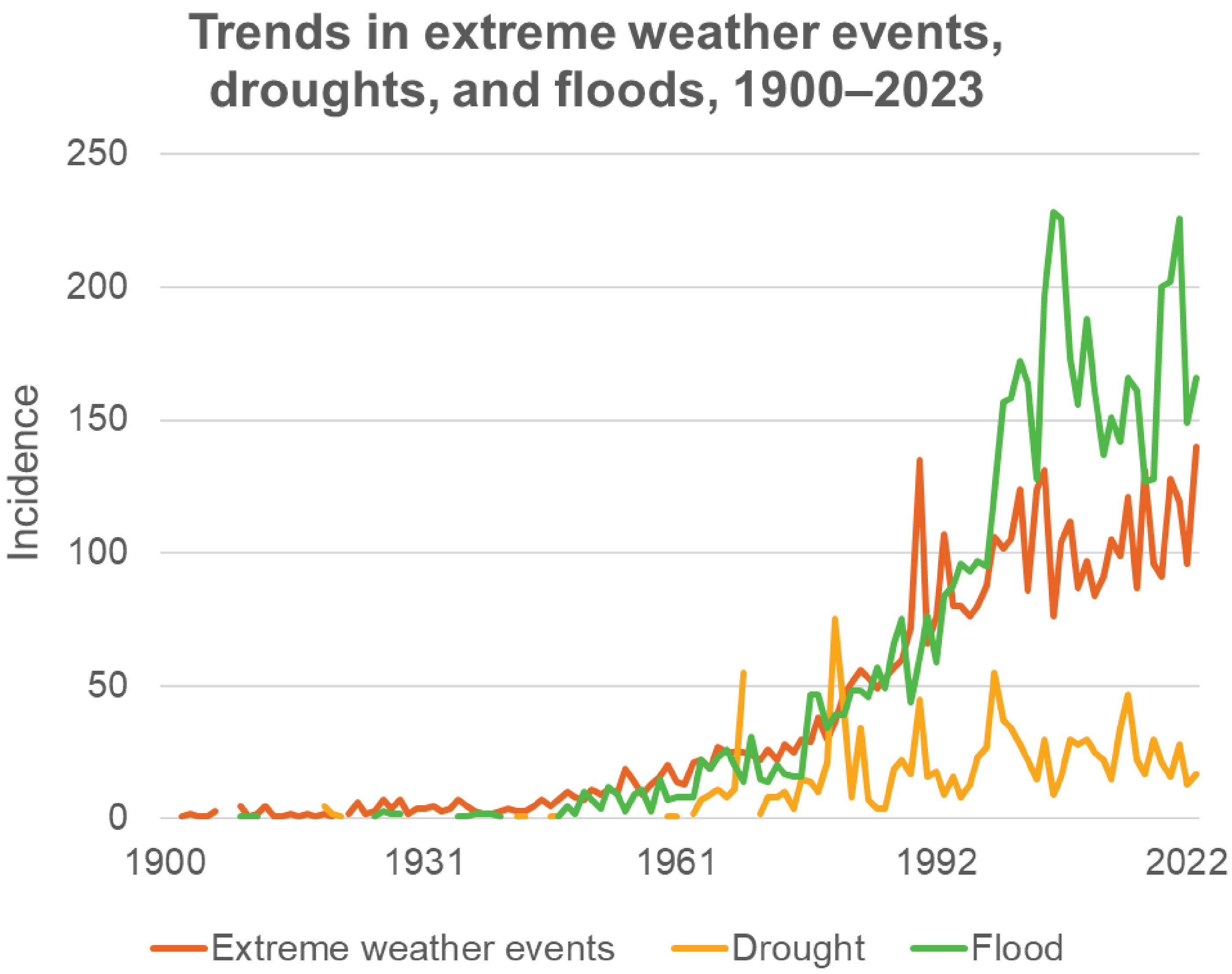
- **3 billion** people **cannot** afford **a healthy diet**
- **2 billion** people have **micronutrient deficiencies**
- **2 billion** people are **overweight** or **obese**
- **A third** of LMI countries face **undernutrition** and **obesity**

Source: Ruel 2019, Leroy 2019, Van Wesenbeeck et al. 2018

Food systems and climate change

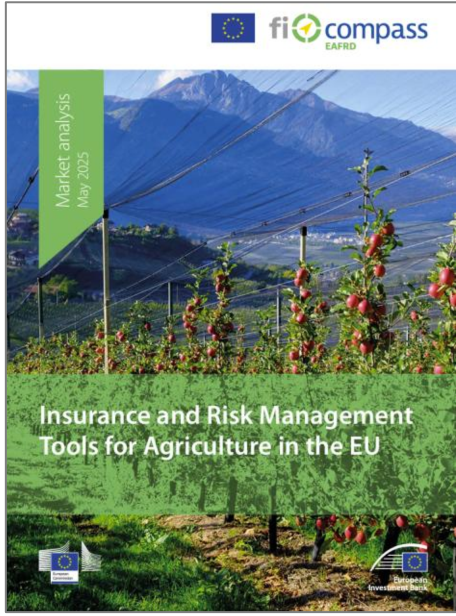
The global food system consumes >30% of energy and produces >20% of GHG emissions

- Two-way relationship
- Major cause
  - "Official recognition" only at COP-28
- Potential major (part of) solution
- Impacts are real now



Source: EM-DAT

Climate and Weather Risk for EU agriculture



Current situation

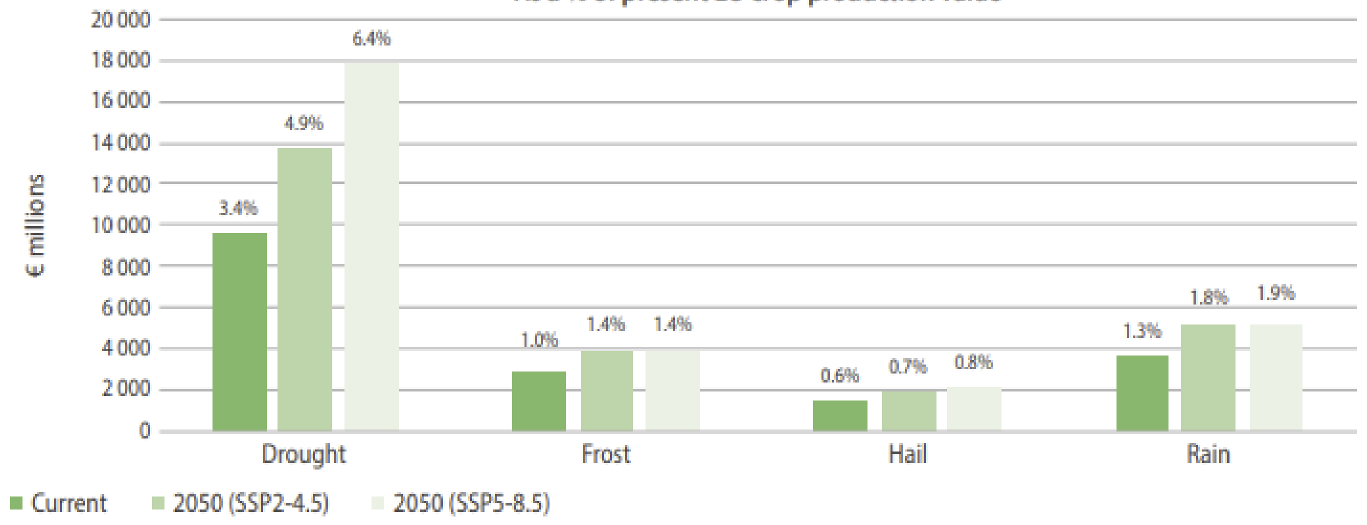
- Annual Average Loss (AAL): **€28.3 billion** for EU-27
- **Drought** (50%), frost, hail and excess precipitation) drive **80%** of climate-related agricultural losses
- Probable Maximum Loss (PML) in a catastrophic year estimated at **€57.5 billion**

Only 20-30% of climate-related losses are insured via public, private or mutual system

Future - 2050

- AAL: **Up to €40 billion** (business-as-usual)
- PML for crop and livestock combined could rise to **€90 billion**

EU Crop AALs from Primary Perils. Current and 2050 (SSP2-4.5 & SSP5-8.5).
As a % of present EU crop production value



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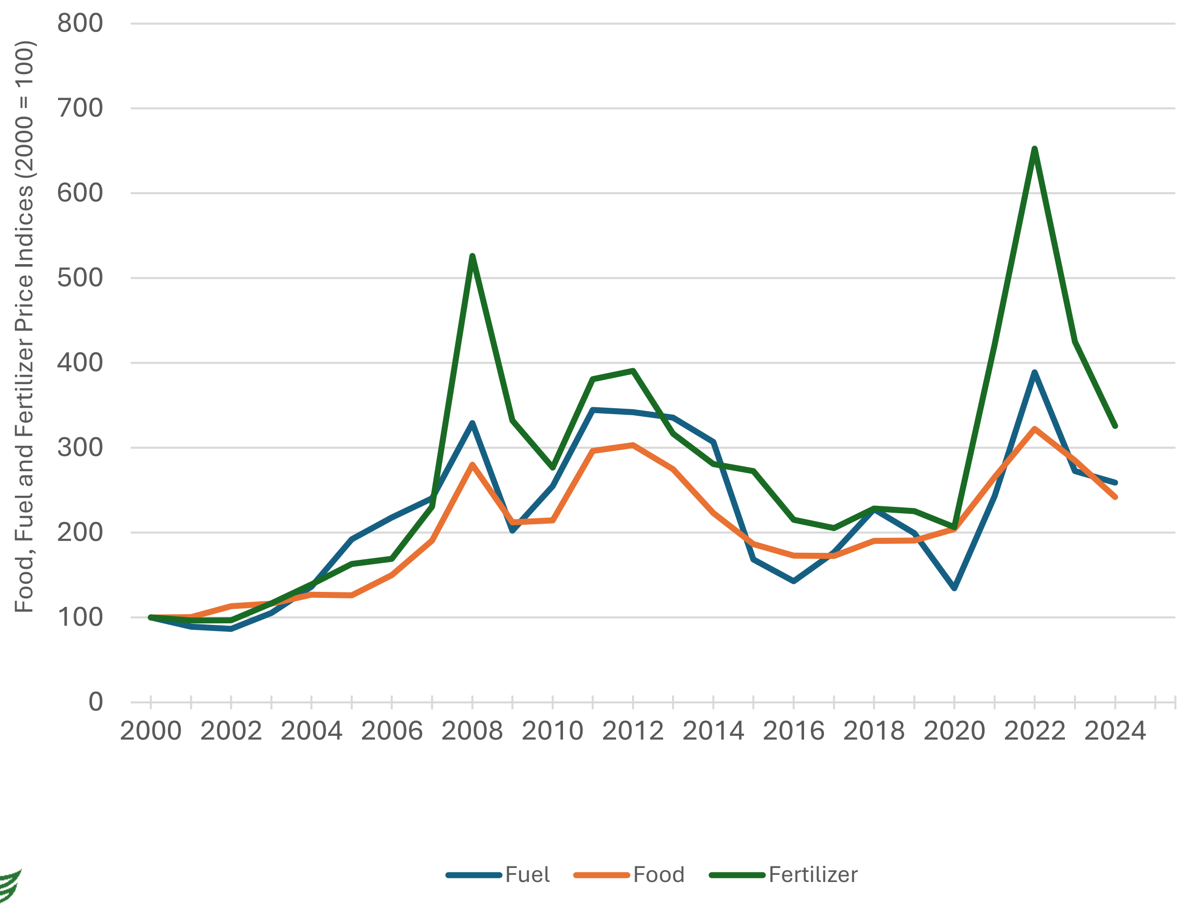
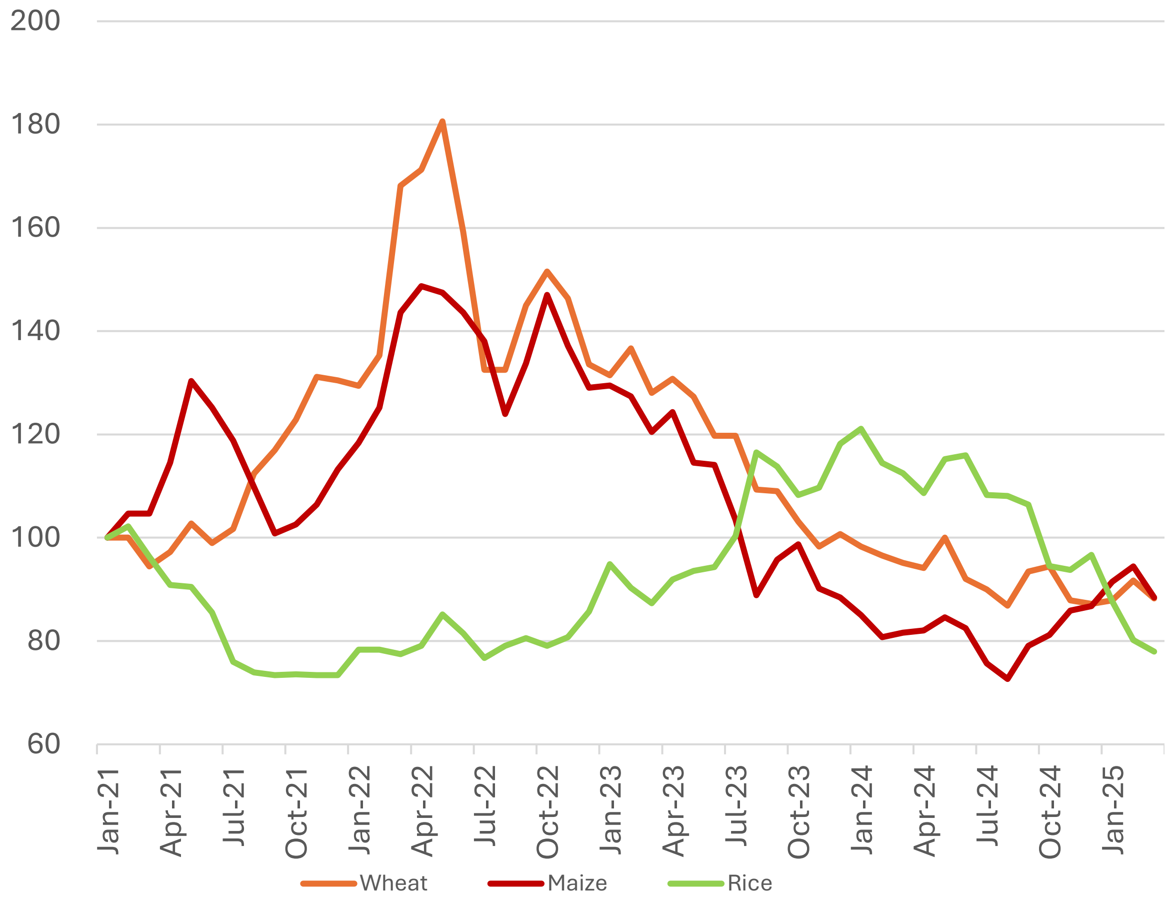
Price shocks and volatility: “the new normal’ ?

Food, fertilizer, oil prices 2000-2024



Source: World Bank

Cereal Price Indexes (January 2021=100)



Source: World Bank

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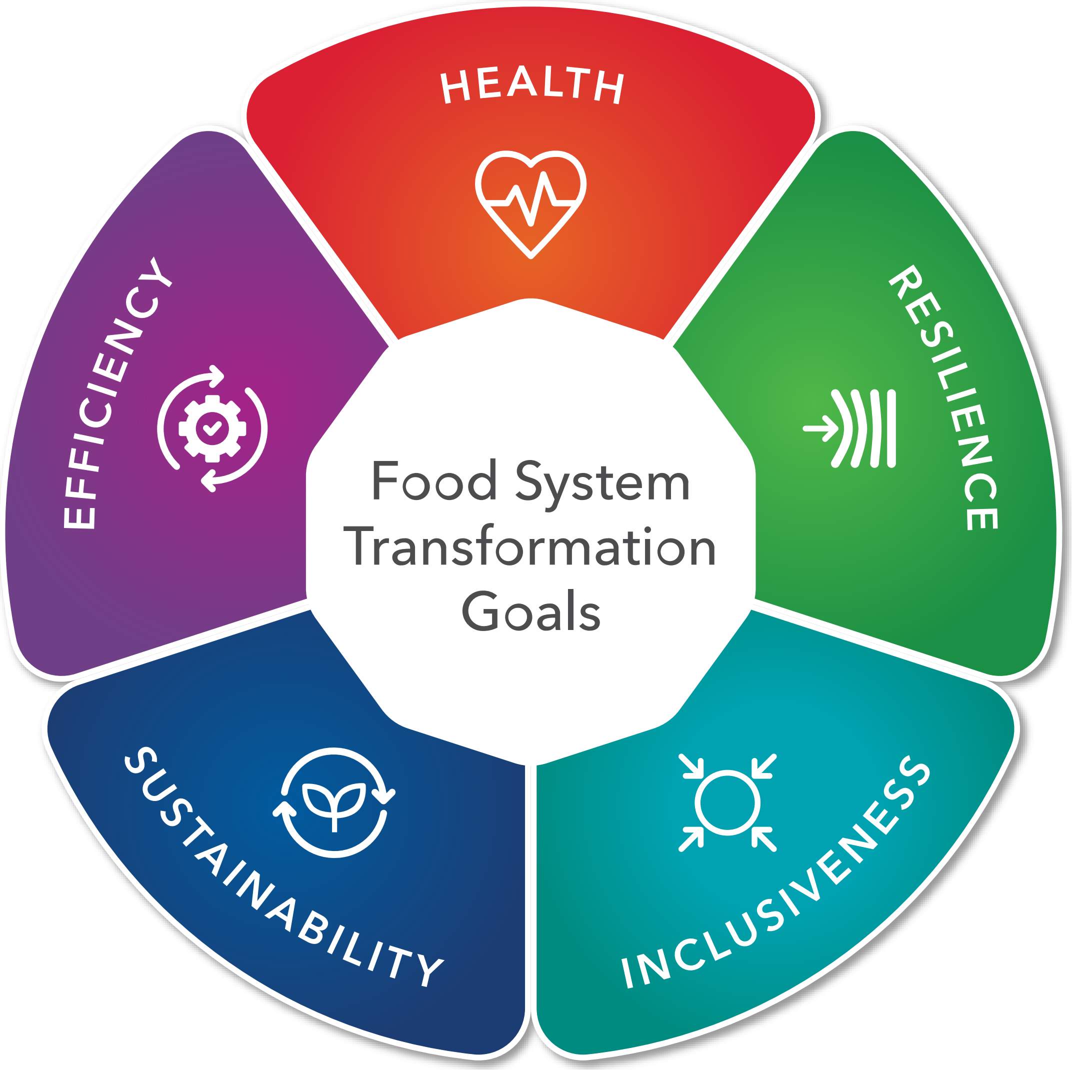
Transforming agri-food systems requires finance

FSEC (2024):

Globally 500 billion $ investment for 5-10 trillion $ net benefits

Half of this for investments on agri-food supply side

EU plays crucial role because of its size and potentially as model and inspiration



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Value chains are crucial for financing agri-food system and for agriculture

- Share of off-farm
- Differences in finance access along the VC
- Differences in volatility and risk along the VC
- Institutional organization and finance
- Standards along the supply chain
- Equity and efficiency (UTPs)
- Political economy: building coalitions
- EU as laboratory and inspiration for the world


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Harness agrifood value chains to help farmers be climate smart

Incentives and structures exist to improve farming practices

By Johan Swinnen[1], Loraine Ronchi[2], Thomas Reardon[3,1]

vide opportunities to address problems in accessing technologies, introducing man-

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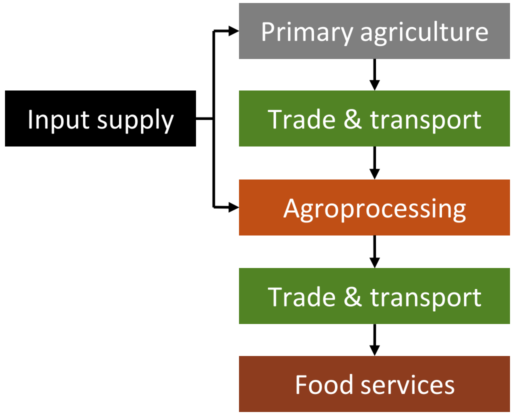
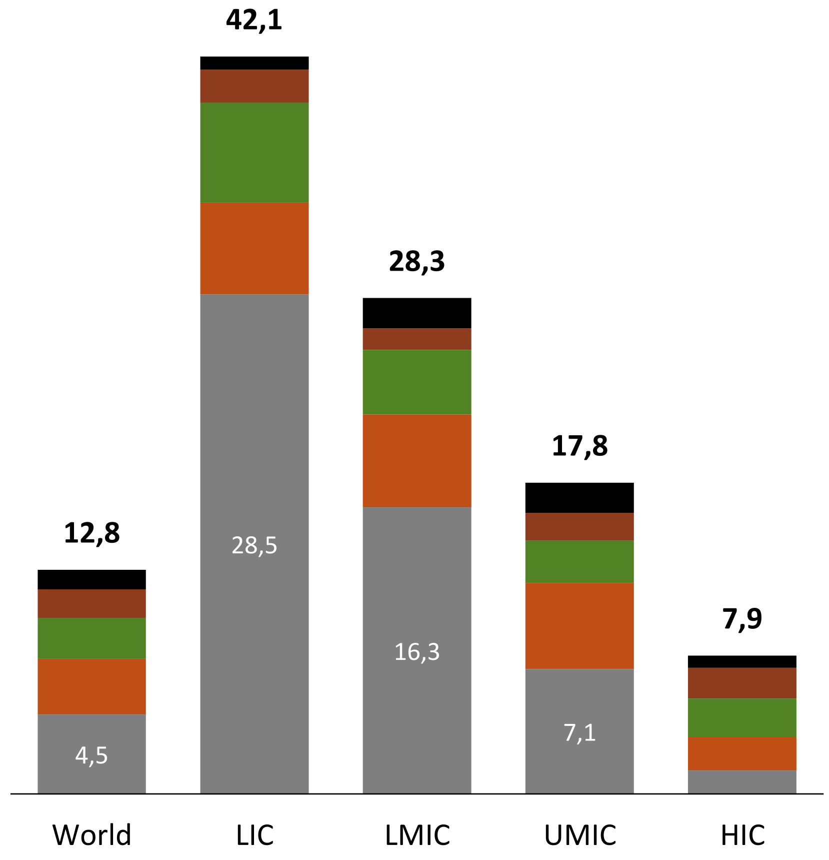
Agri-food Value Chain GDP

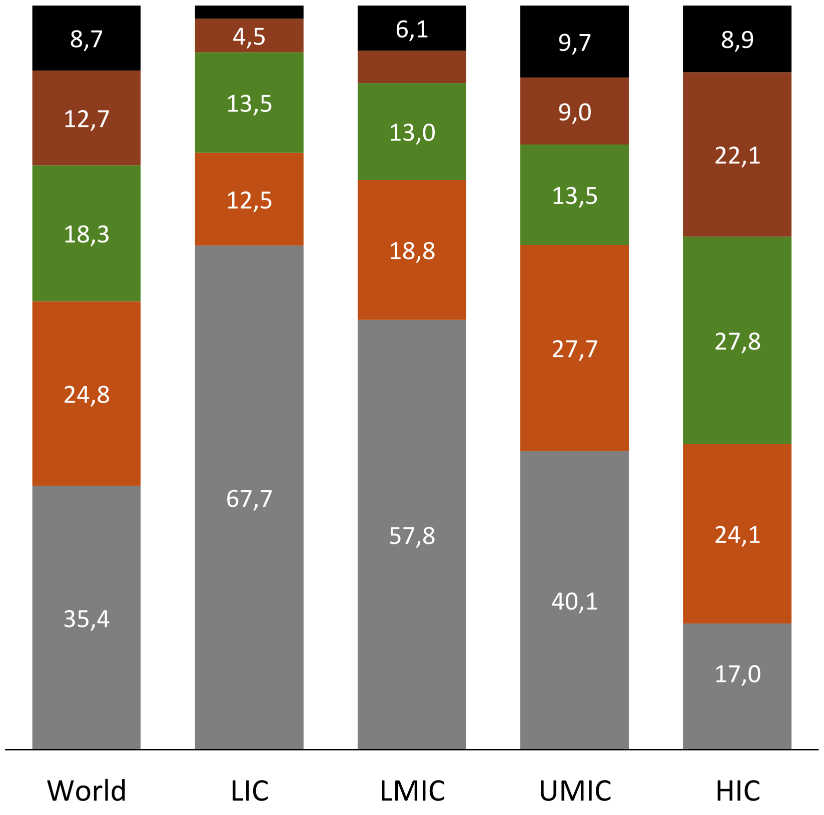


AFS GDP = $11.7 trillion in 2021 (13% of global GDP | 62% in developing countries)
AFS employment = 1.3 billion workers in 2021 (38% of global workforce | 95% in developing countries)

Share of AVC in total GDP (%)



Share of agric in AVC GDP (%)



LIC = low-income | LMIC = low-middle | UMIC = upper-middle | HIC = high-income

Source: IFPRI Global Agrifood System Database of 217 countries (2023)

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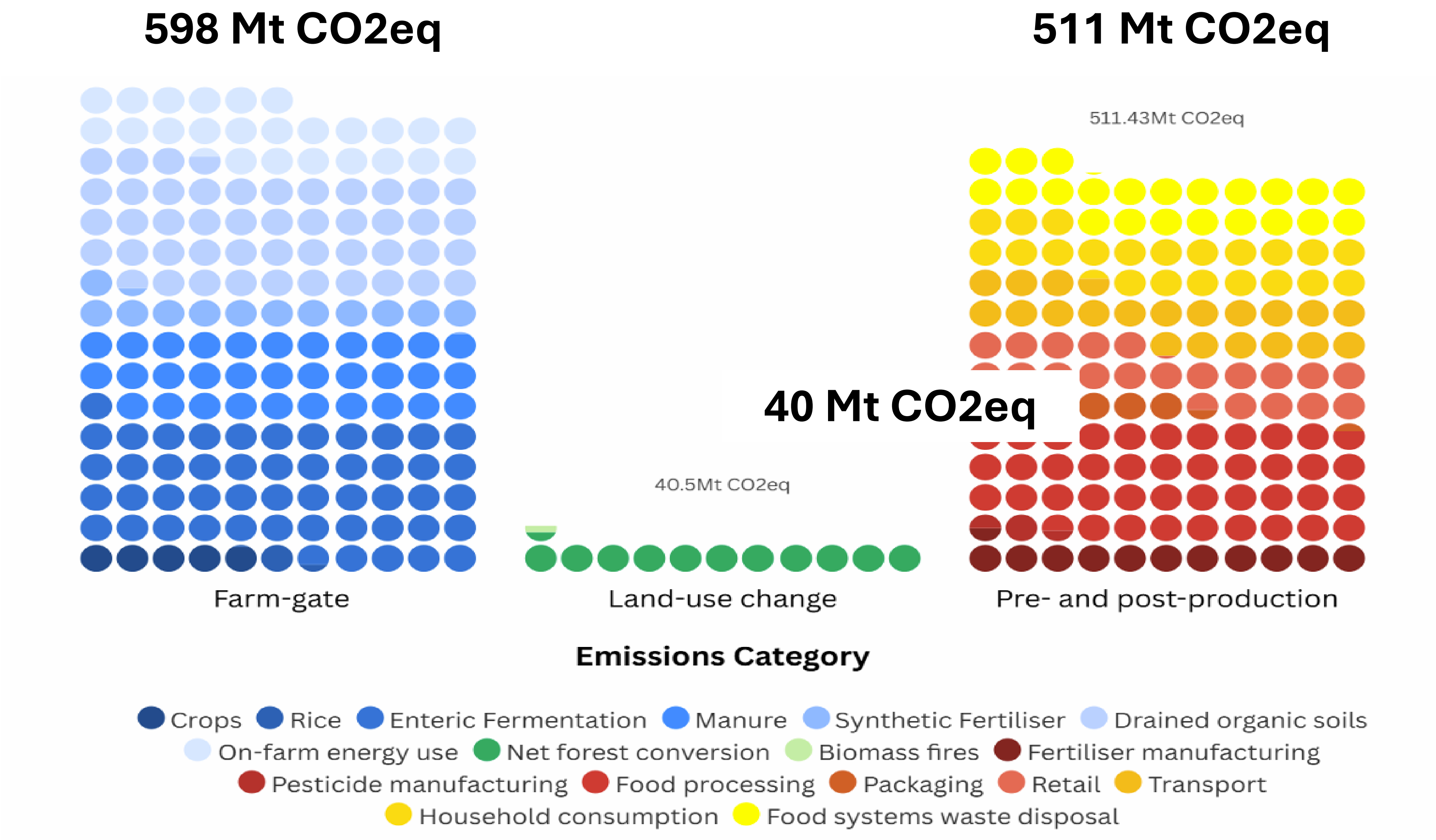
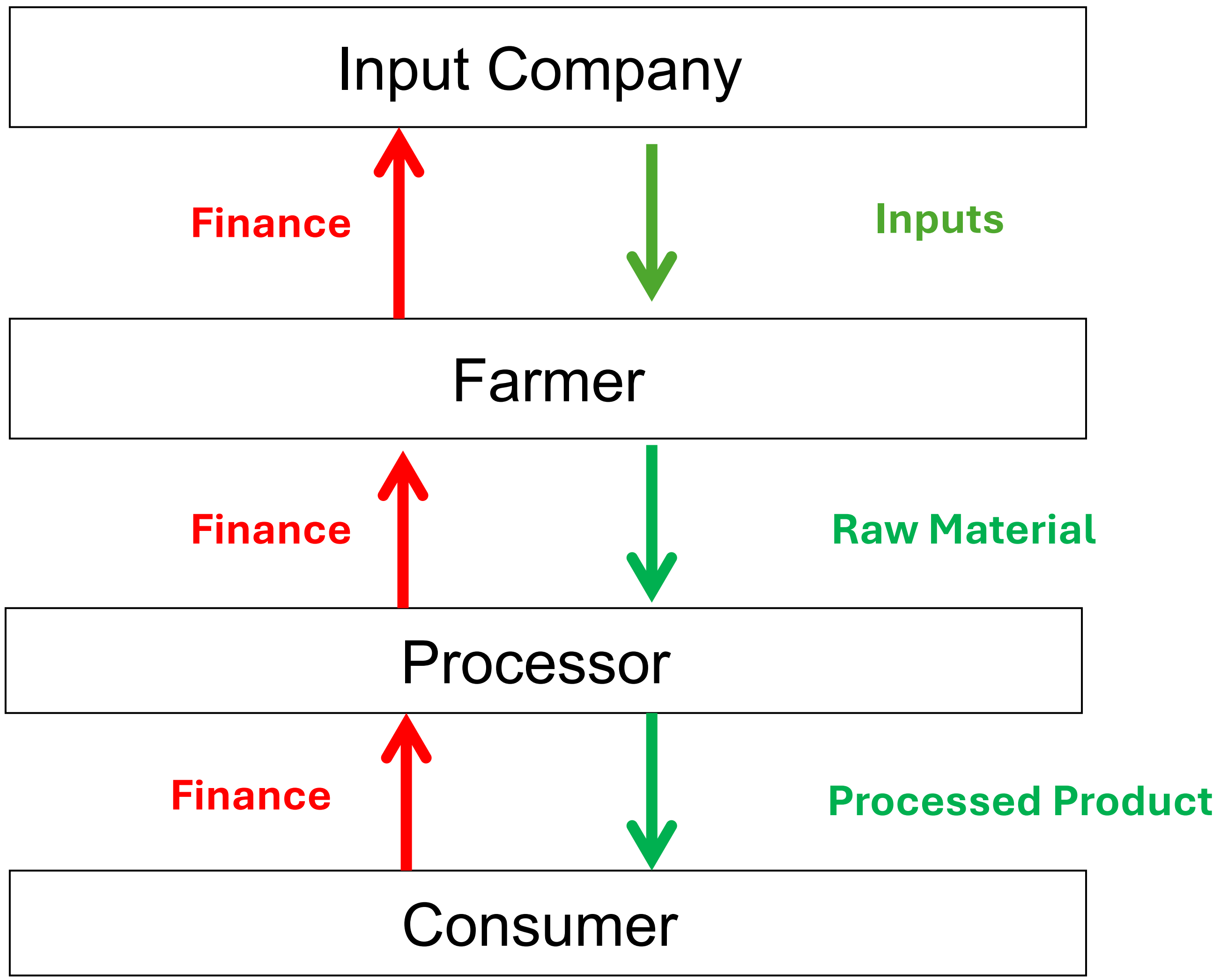
Agri-food Value Chain GHG emissions

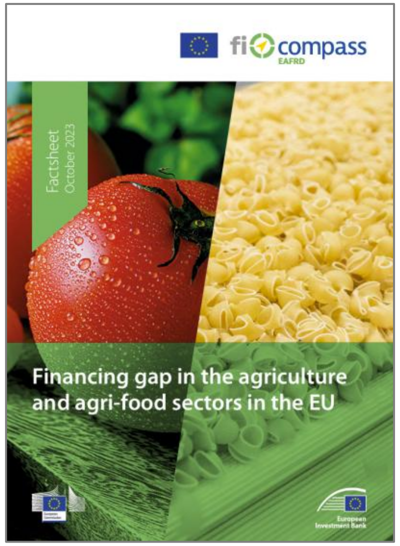


Source: [IATP 2025]

A simple model of finance in value chains



Financing gaps in the EU agri-food and agricultural sector (EUR Billion), 2018 vs. 2022



Farms

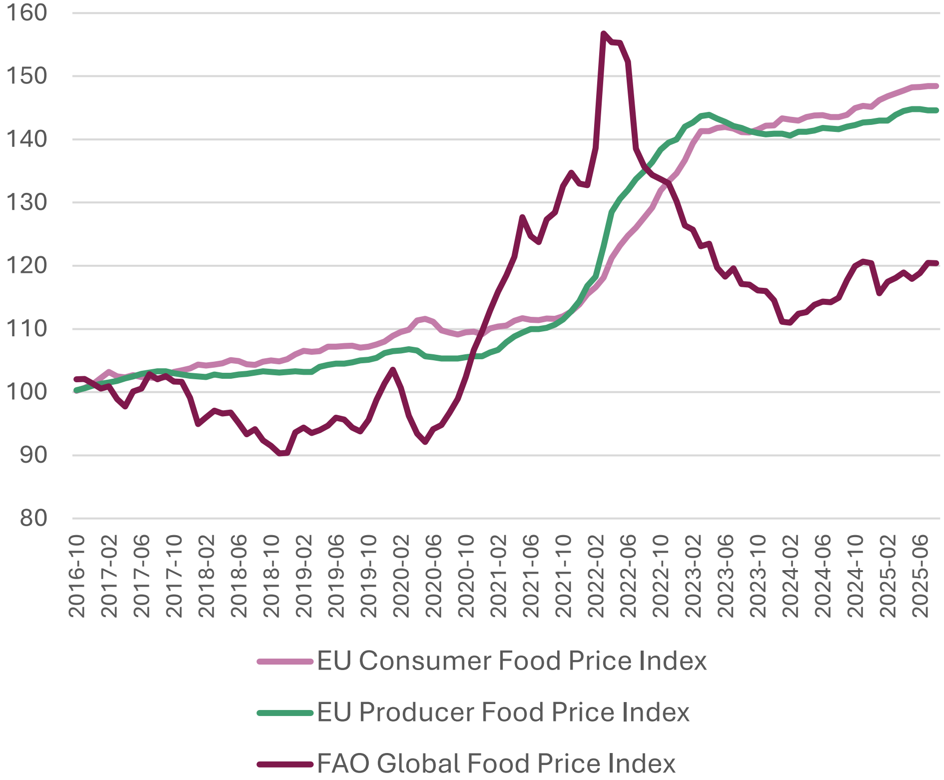
	2018	2022
Total	**46.6**	**62.3**
Enterprise Size		
Small	35.2	**38.6**
Medium	7.3	14.3
Large	4	9.5
Loan Length		
Small	3.7	7.4
Medium	10.3	10.8
Long	28.7	**36.3**

Small- and Medium-Sized Enterprises (SMEs)

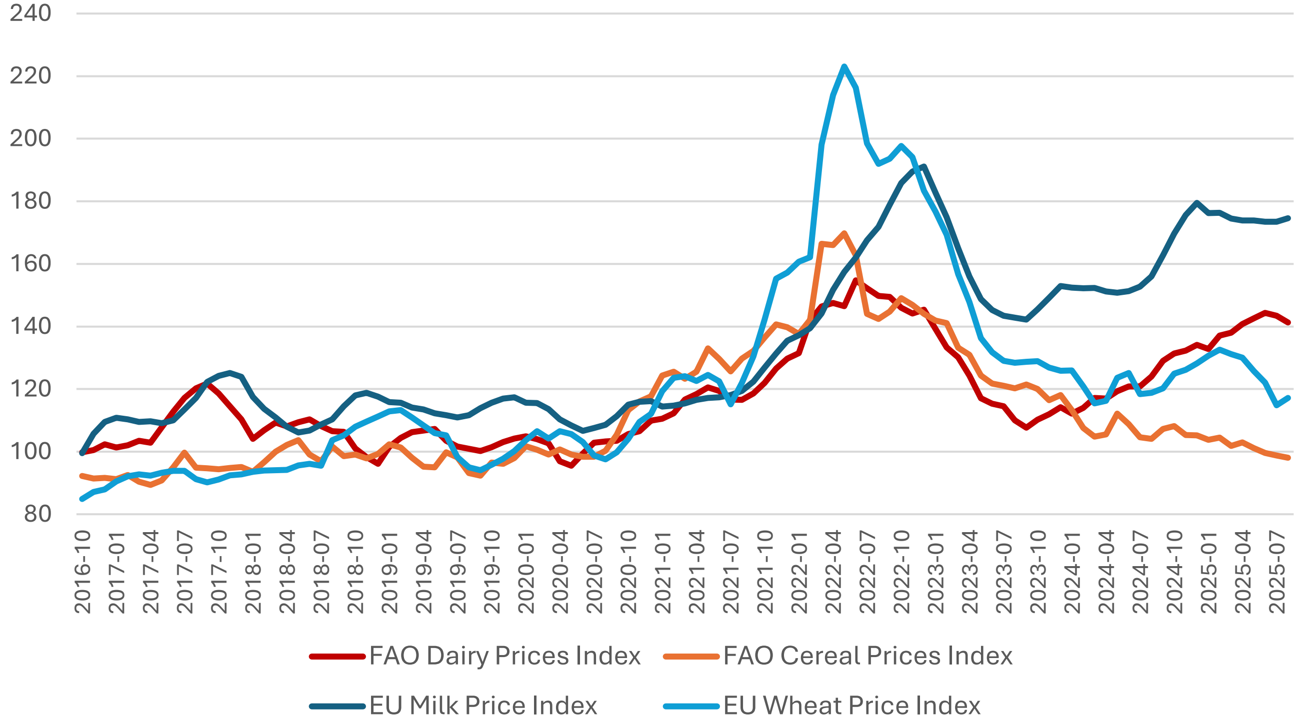
	2018	2022
Total	**11.7**	**5.5**
Enterprise Size		
Small	9.8	4
Medium	2	1.5
Loan Length		
Small	1.5	1.4
Medium	2	1.3
Long	6.7	2

Volatility in EU value chains

EU-27 and World Food Price Indices, 2016-2025
(2015=100)



EU-27 and World Food Price Indices for Specific Commodities, 2016-2025
(2015=100)



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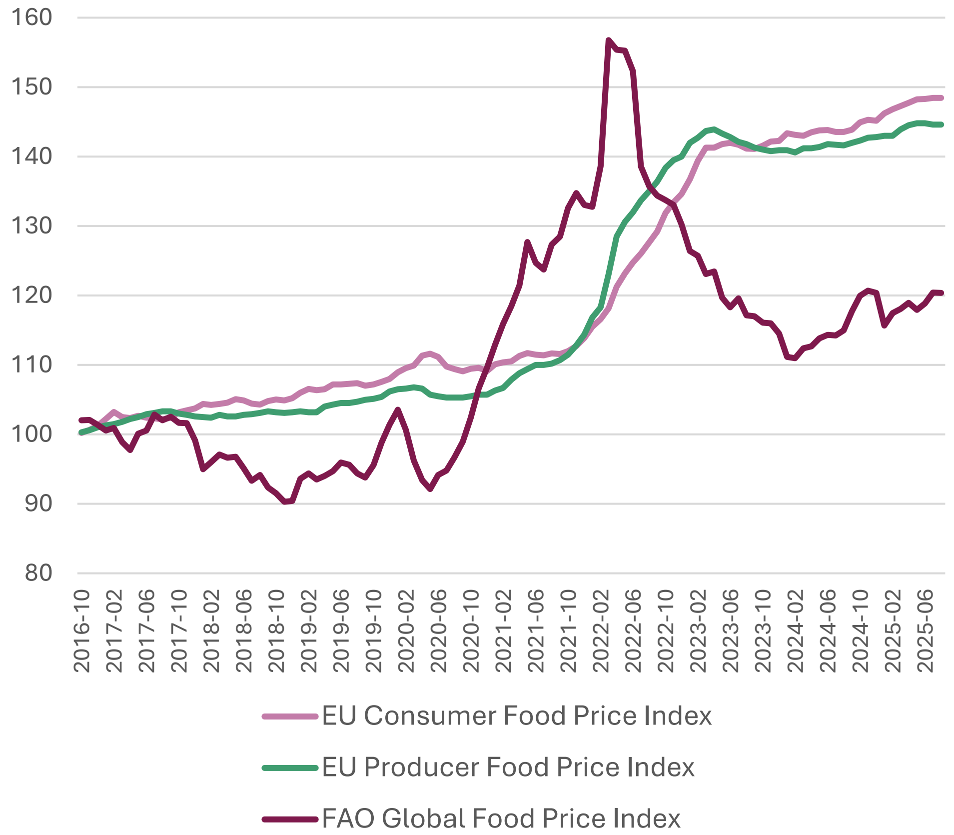
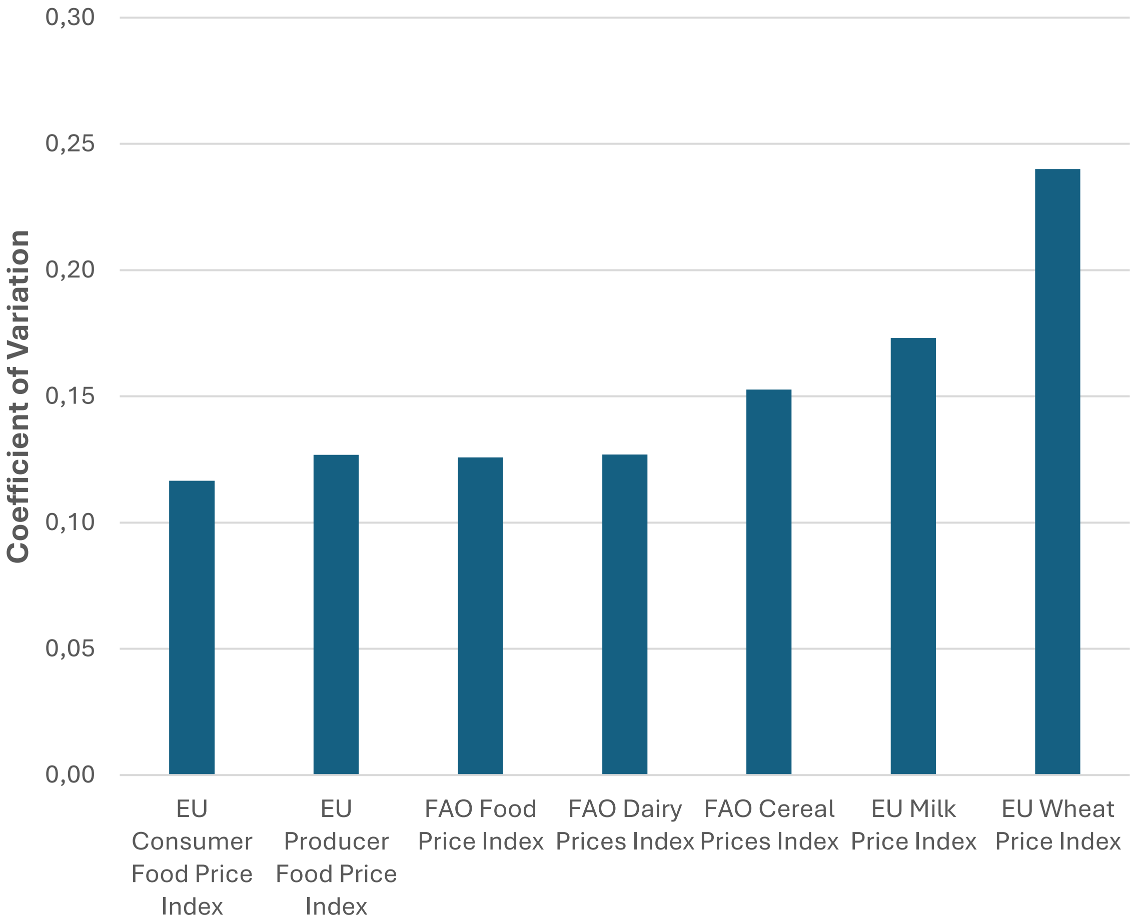
Source: FAO and Eurostat

Volatility in EU value chains

EU-27 and World Food Price Indices, 2016-2025
(2015=100)

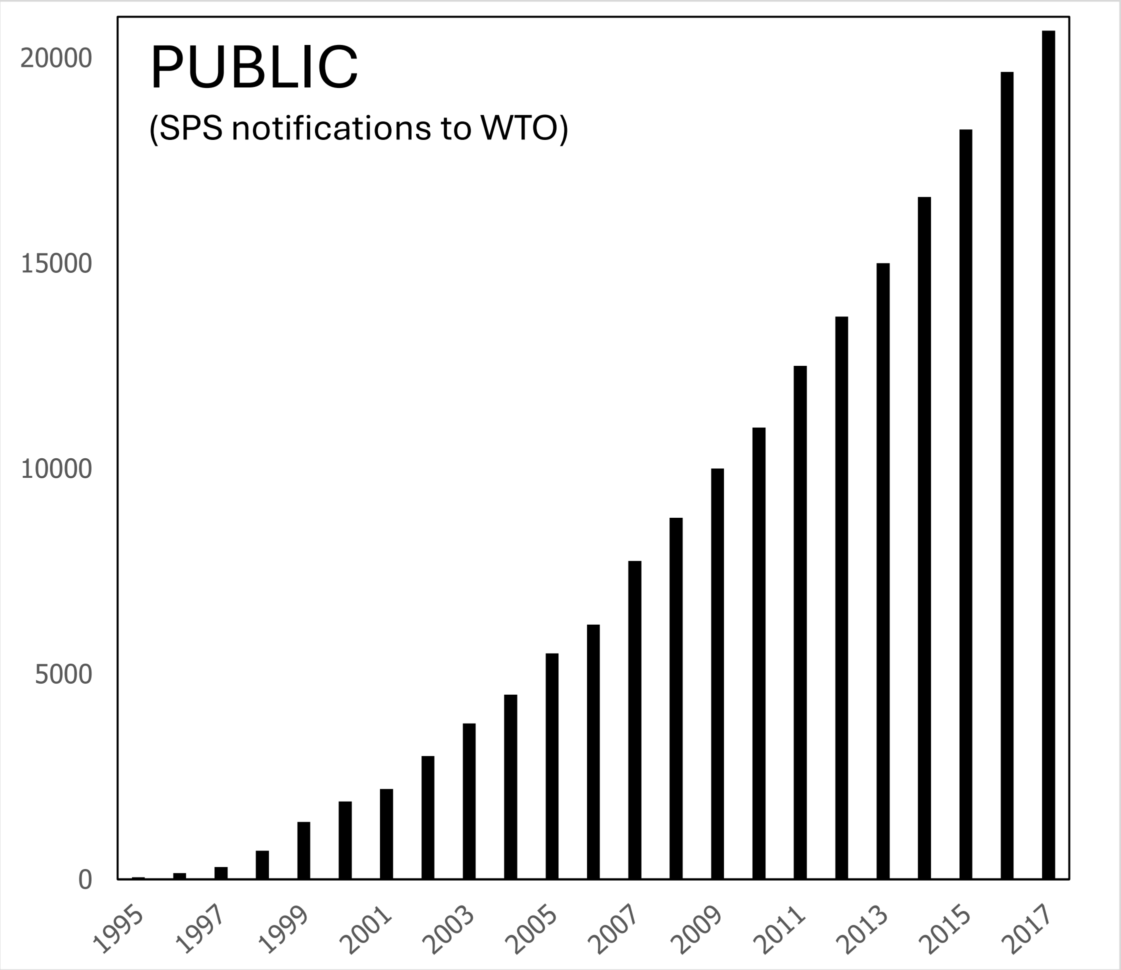


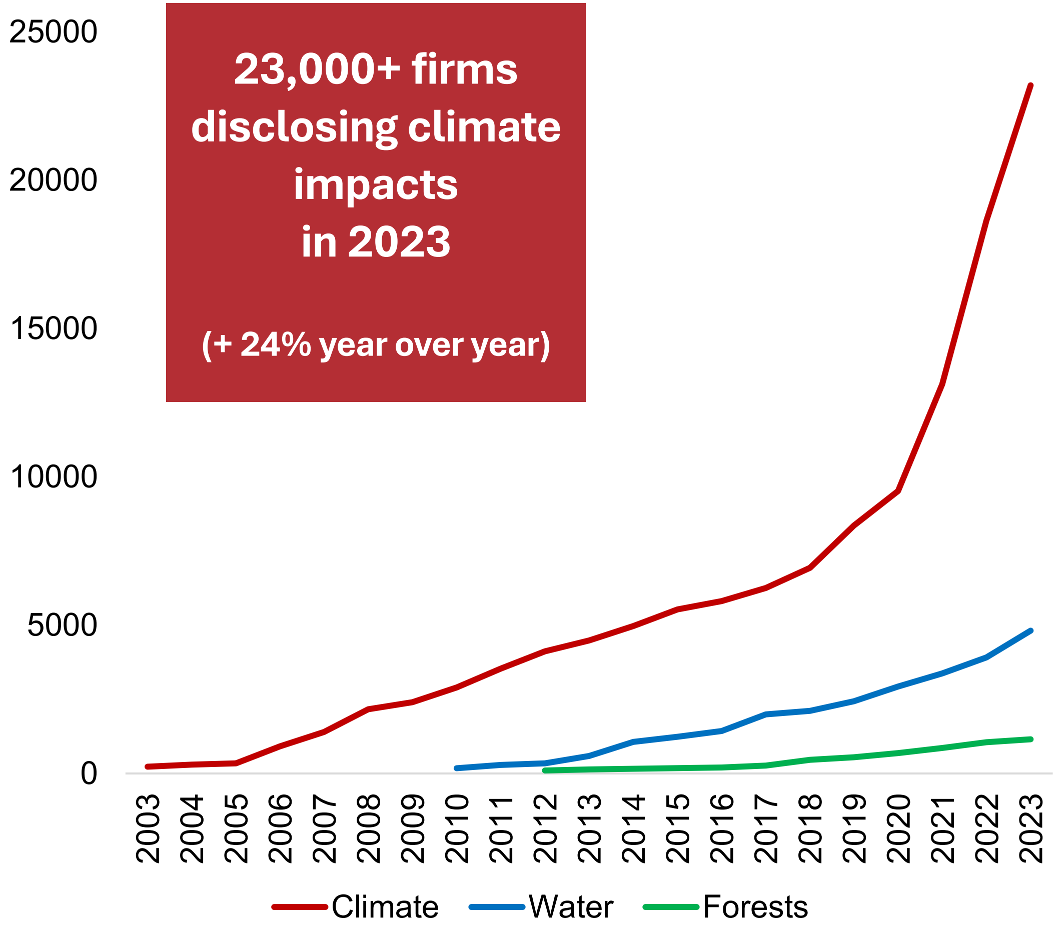
EU-27 and World Food Price Indices: Coefficient of Variation
2020 - 2025



Source: FAO and Eurostat

From safety and quality to sustainability standards in agri-food value chains





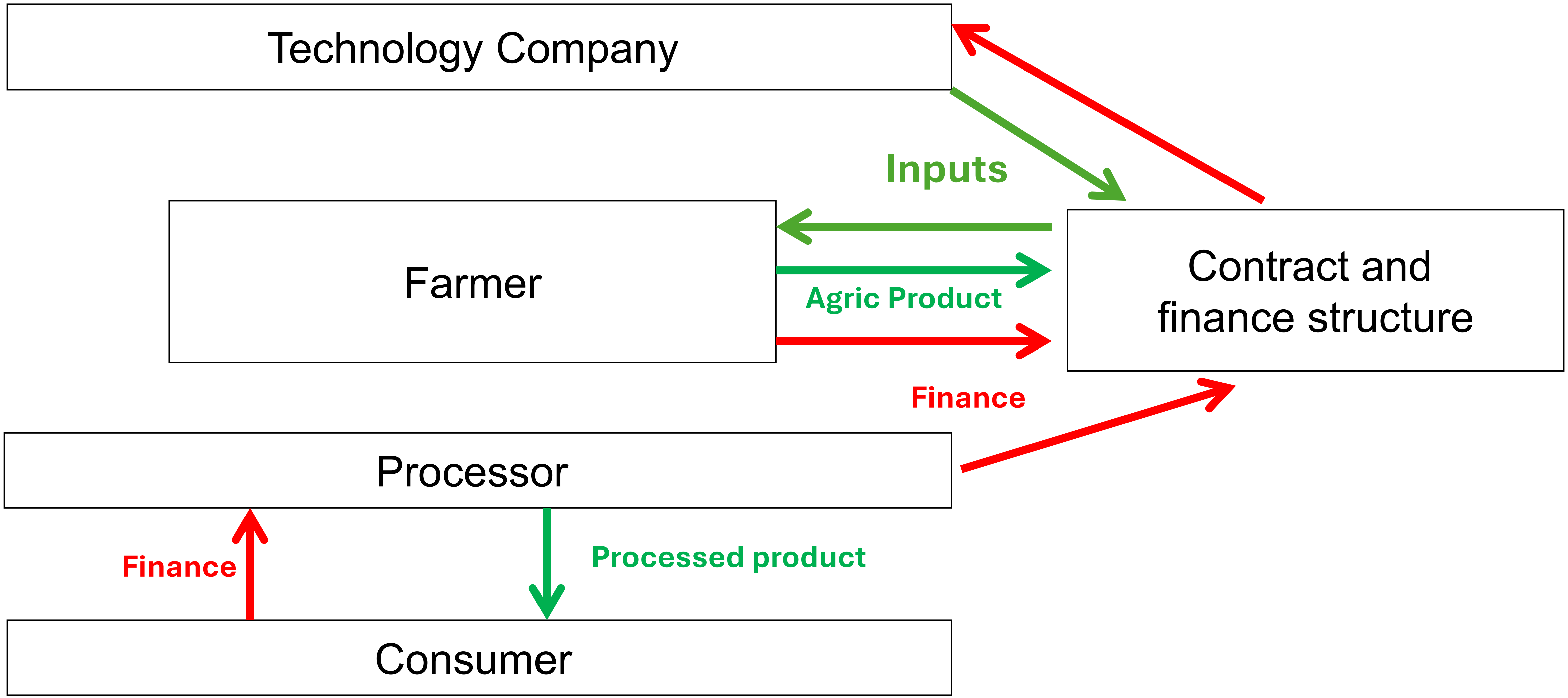
Source: Deconinck et al. 2023

From safety and quality to sustainability:

FAST and FURIOUS GROWTH

Source: Deconinck et al. 2023

Value chain innovations to address Investment requirements and finance constraints



Efficiency and equity in agro-food value chains

AGRICULTURAL ECONOMICS
The Journal of the International Association of Agricultural Economists
IAAE

ORIGINAL ARTICLE | Full Access

From unfair prices to unfair trading practices: Political economy, value chains and 21st century agri-food policy

Johan Swinnen, Alessandro Olper, Senne Vandevelde

First published: 10 July 2021 | https://doi.org/10.1111/agec.12653 | Citations: 24

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Abstract

This article analyzes how value chains play a role in the political economy of agricultural and food policy by (1) discussing historical insights; (2) reviewing an emerging literature on political economy of trade policy and value chains and drawing implications for agricultural and food policy; (3) discussing market power issues with increasing concentration in agri-food value chains and its implications for government regulations; and (4) presenting a political economy case study of recent regulations that have explicitly targeted value chain structures in the agri-food sector: the EU regulations on "*unfair trading practices (UTPs)*". The case study is of wider relevance since it addresses a key concern in global value chains.

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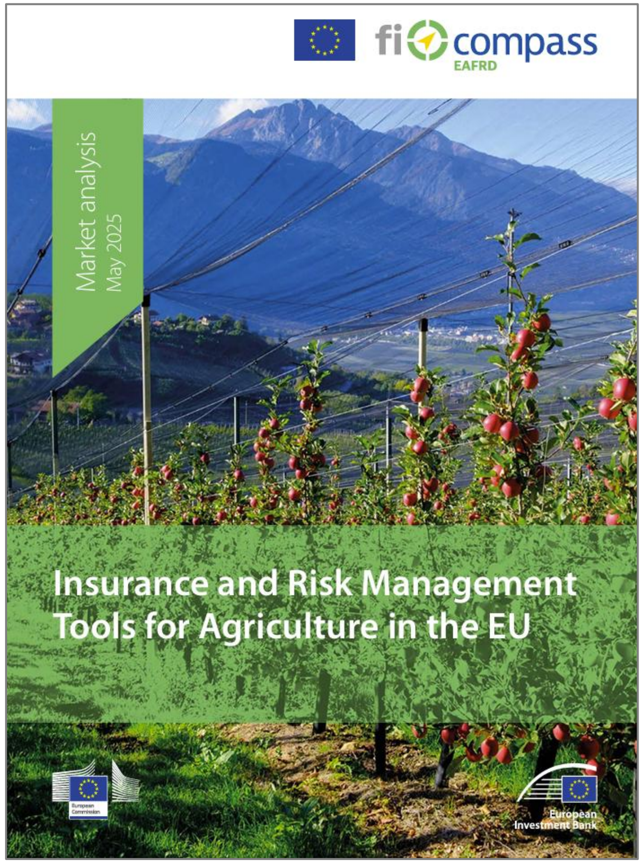
Variety of EU agricultural finance and insurance systems

- Heterogeneity in EU in finance and insurance models
  - Public, private, PPP/blending
  - Subsidized or not
  - Wide or small coverage

- Presents challenge but also opportunity

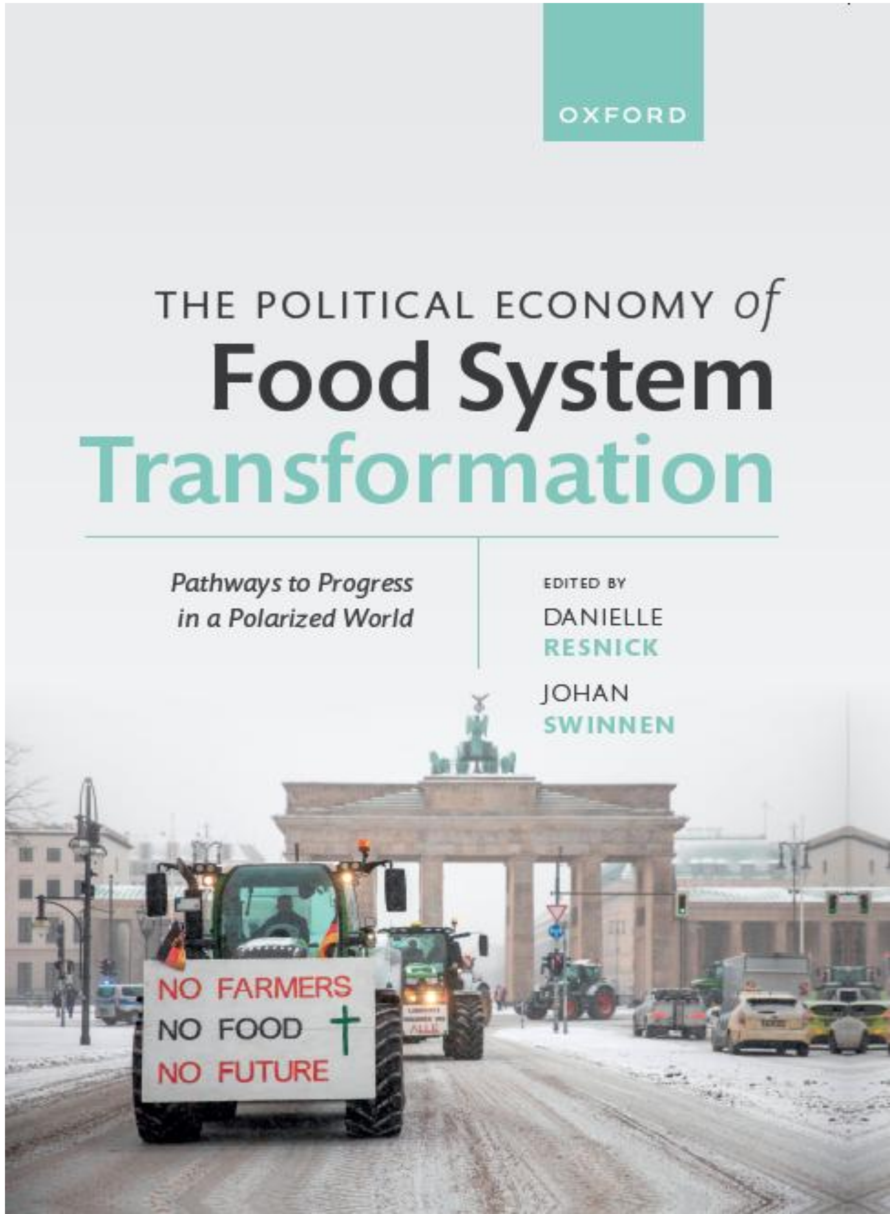
- Drawing lessons and scaling up of most successful models

- Important for EU – and the world



Combining the best public policies and private strategies

- Building (non-traditional) coalitions
- Bundling of innovations/strategies is important for economic and political reasons
- Identifying trade-offs and win-wins in complex challenges
- Using evidence to overcome information gaps and opposition in polarized societies
- External shocks can trigger reforms or constrain them



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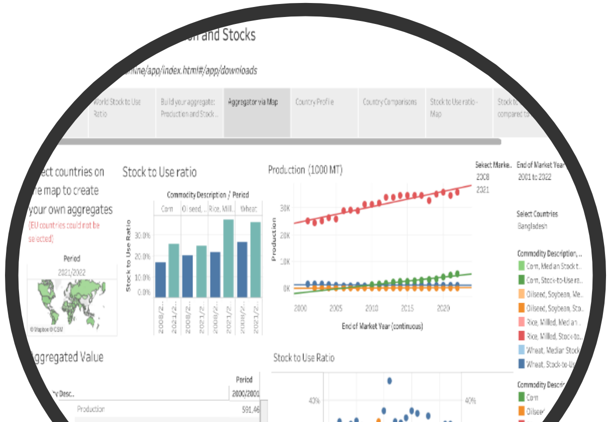
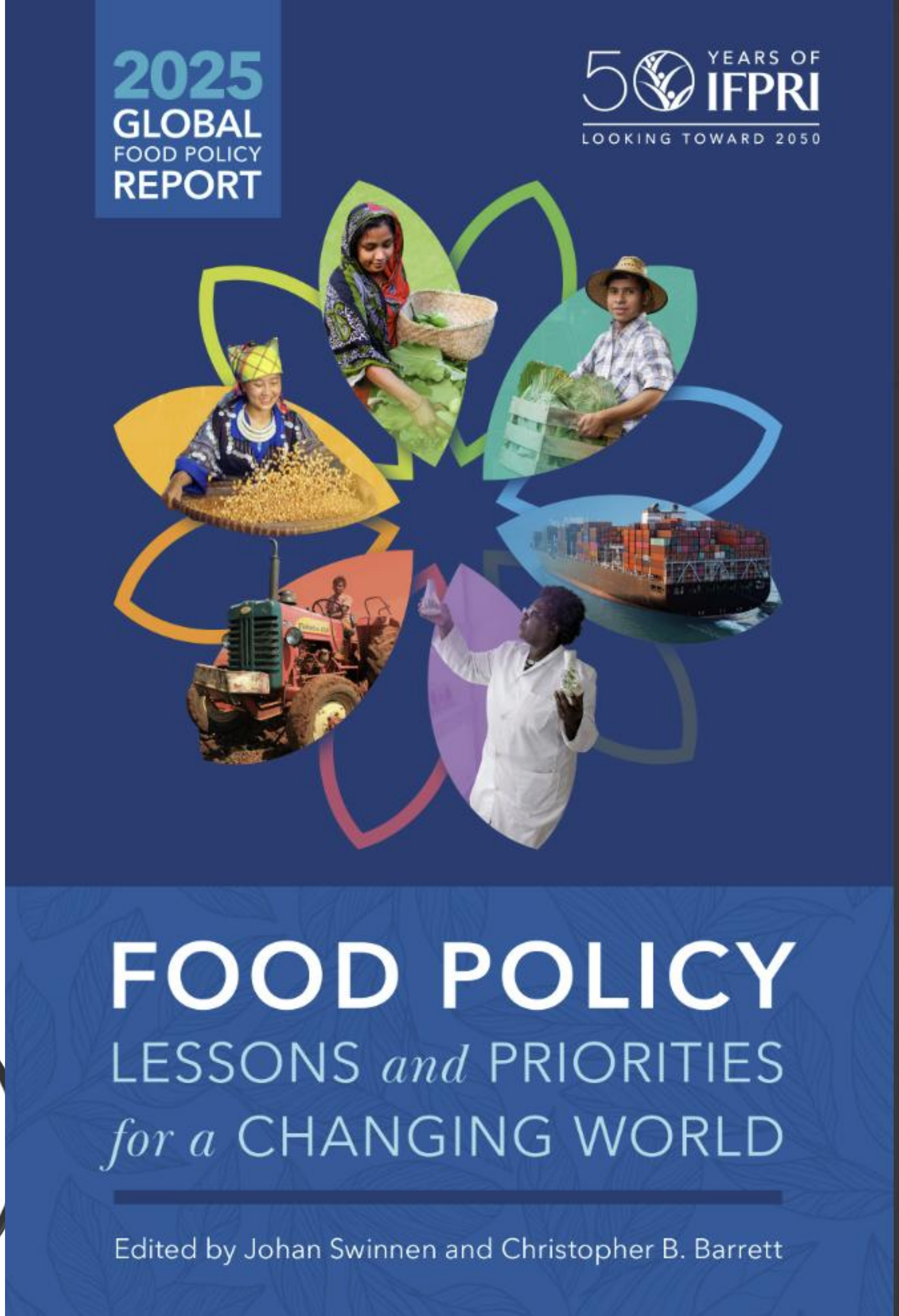
  - *Food Stock-Use Monitoring System*
  - *Fertilizer Market Dashboard*
  - *Food security and nutrition dashboard*





- The Commission’s Directorate-General for Climate Action has commissioned a new study to improve the understanding of **climate change mitigation policy options** across the agri-food value chain for the post-2030 framework.

- Follow-up from 2023 exploratory study

Policy options being considered

1. **Carbon Farming Procurement:** Public procurement of carbon credits and voluntary carbon trading
2. **Mandatory Climate Standards**
   - For feed producers and/or food processors
   - For retailers
3. **Mandatory Emissions Trading:** Agri-Food Emissions Trading System (ETS)
   - For feed producers and food processors
   - On-farm

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Mandatory climate standards along the AVC

- Engages middle-of-the-chain actors in the supply chain, which usually escape scrutiny

- This and other policy options face challenges with **tracking** and assigning GHG emission reductions across supply chains
  - Traceability costs may adversely affect small- and medium-sized firms
  - Non-green subsidies can be redirected to support better information and traceability infrastructure for reporting emissions

- The **EU Carbon Removal and Carbon Farming Certification (CRCF) Regulation** may not be compatible because it is designed for carbon offsetting, not a shift to sustainable farming systems
  - May not fit diverse models of small-scale farms
  - Emissions pricing is one step; a policy mix is required
  - Carbon removal does not replace the need for permanent GHG emissions reductions

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Source: IATP 2025

EU standards are already shaping value chains

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