The sustainability of agri-food imported in Belgium

How can Belgian federal authorities pave the way towards more sustainable global agrifood supply chains?

RESEARCH REPORT

Fair Trade ADVOCACY OFFICE

BASIC

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List of Acronyms

CSDDD – Corporate Sustainability Due Diligence Directive

EUTR – EU Timber Regulation

F2F – Farm to Fork

FERCs – Forests and ecosystems risk commodities

GDP – Gross Domestic Product

GHG Emissions – Green House Gaz Emissions

GPP – Green Public Procurement

HGL – Horizontal Guidelines

HREDD – Human Rights and Environmental Due Diligence

ICA – International Commodity Agreement

ICCAs – International Cocoa Agreements

ICCPR – International Covenant on Civil and Political Rights | OHCHR

ICESCR – International Covenant on Economic, Social and Cultural Rights

ICOAs – International Coffee Agreements

IGA – International Grains Arrangement

ILO – International Labour Organisation

INRAs – International Natural Rubber Agreements

ISAs – International Sugar Agreements

ISCOs – Initiatives on Sustainable Cocoa

ITAs – International Tin Agreements

IWAs – International Wheat Agreements

MSIs – Multi-stakeholder initiatives

NIEO – New International Economic Order

OECD – Organisation for Economic Cooperation and Development

OFAR – Office of Foreign Agricultural Relationships

RSPO – Roundtable on Sustainable Palm Oil

RTRS – Roundtable on Responsible Soy

SFS – Sustainable Food System

SPP – Sustainable Public Procurement

TSD Chapters – Trade and Sustainable Development Chapters

UDHR – Universal Declaration of Human Rights

UNCTAD – United Nations Conference on Trade and Development

UNGA – United Nations General Assembly

UNGP – United Nations Guiding Principles

UTP – Unfair Trading Practices

WTO – World Trade Organization

Introduction

Food production is today the main cause of environmental impact on a global scale, as shown by the recent work of the EAT-Lancet commission[1]: agriculture occupies about 40% of the world's land area, and food production and consumption are responsible for 30% of global greenhouse gas emissions as well as 70% of freshwater use; the conversion of natural ecosystems to cropland and pasture is the main driver of species extinction, biodiversity loss, and deforestation; while the overuse and misuse of nitrogen and phosphorus lead to water pollution and damages to natural habitats worldwide.

In socio-economic terms, the situation is equally bleak[2]: although most agricultural chains are profitable overall, the terms of trade for agricultural producers have deteriorated in recent decades, the gap between farm prices and consumer prices has widened, and in the Global South family farmers find themselves excluded from higher value markets. Workers in plantations face very hard-working conditions, while reports of human right violations in some global value chains are still very frequent.

As recognised by the World Bank in its "World Development Report" published in 2019[3], globalised value chains have a major responsibility for these environmental and social degradations, despite the Gross Domestic Product (GDP) growth they have helped to generate in many countries since the 1990s. This has to do with several factors like the multiplication of geographies of production, the continuous search for cheap inputs, the global competitiveness that puts farmers against each other and drives down remunerations, and the lack of transparency and accountability.

In this context, the number of international, European and national initiatives has been multiplied in recent years, with an attempt to address some sustainability issues of global food chains through the mobilisation and empowerment of private actors, in particular on issues related to living wage and living income, respect for human and labour rights and the fight against deforestation. Among them:

- The OECD Guidelines for Multinational Enterprises
- The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)
- The OECD-FAO guide for responsible agricultural supply chains
- The New York Declaration on forests and the Amsterdam Declarations Partnership
- Diverse Communications, strategies and legislative proposals of the European Commission such as the EU Communication on Stepping up EU Action to Protect and Restore the World's

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1 Willett, Walter, Johan Rockström, Brent Loken, Marco Springmann, Tim Lang, Sonja Vermeulen, Tara Garnett, et al. « Food in the Anthropocene: The EAT–Lancet Commission on Healthy Diets from Sustainable Food Systems ». The Lancet 393, n° 10170 (2019): 447-92. https://doi.org/10.1016/S0140-6736(18)31788-4

2 IIED, hiVos and Mainumby Ñakurutú, Small producer agency in the globalised market, 2012; Oxfam, Ripe for Change: ending human suffering in supermarket supply chains, 2018

3 World Bank, World Development Report 2020: Trading for Development in the age of Global Value Chains, October 2019

Forests, Farm to Fork Strategy, EU Biodiversity Strategy, or legislative proposals on deforestation-free products or on corporate sustainability due diligence.

In line with these various initiatives, a general framework was established in Belgium in 2016 with the Belgian International Development SDG Charter, then in 2017 through the national sustainable development strategy, the National Action Plan "Business and Human Rights" and the Federal Authority's #BeBiodiversity strategy.

In 2020, the Societal Responsibility working group of the Interdepartmental Commission for Sustainable Development drew up a proposal for a federal strategy called "Beyond Food" which aims at "contributing to a transition of the agri-food sector towards sustainable food import chains, through the empowerment and cooperation of all relevant actors in Belgium". This strategy is in line with the vision of a sustainable food system as described by the FAO and builds on the experience of the "Beyond Chocolate" initiative set up by the previous Minister for Development Cooperation. This initiative brings together more than 50 actors from the private sector, civil society, academia, retailers, investors and the Belgian government to make the Belgian cocoa sector 100% sustainable by 2025.

In this context, the Federal Institute for Sustainable Development has decided to deepen the "Beyond Food" strategy proposal by commissioning an in-depth analysis of international agri-food supply chains imported to Belgium from a sustainability perspective, in order to prioritise those for which new ecological and social transition trajectories can be put in place.

A consortium that combines the skills of three organisations has been formed to carry out the task commissioned by the Federal Institute for Sustainable Development. It is composed of:

- The French research institute BASIC (Bureau d'Analyse Sociétale d'Intérêt Collectif – https://lebasic.com/en) has brought the expertise and tools it has developed over the past 10 years on analysing the sustainability of agricultural and food value chains.
- Stichting Fair Trade Advocacy Office (FTAO - https://fairtrade-advocacy.org/) has brought its expertise on ongoing EU legislative processes, the role of public policies for sustainable and fair supply chains, its network of contacts and its know-how in consultation and mobilisation of public, private and civil society actors.
- The University of Antwerp Law and Development Research Group has brought its expertise in legal analysis of value chain issues, initiatives and public regulation policies in the context of regulatory implications and distributional impact.

The objectives of the study conducted by the consortium are the following:

1. Identify the main international food chains whose products are imported into Belgium, and which have a link with or "originate" in Developing Countries (as defined by the International Monetary Fund) or in Newly Industrialised/Emerging Countries.

2. Identify the main sustainability issues faced by the selected agri-food supply chains. In this context, special attention was given to the following issues:

- fair wages and decent living standards for agricultural producers and workers
- respect for human rights and ILO conventions (including children's rights and decent work)

- elimination of discrimination against women and gender equality
- preservation and restoration of biodiversity (including the fight against imported deforestation)
- combating climate change and pollution deriving from agricultural inputs

3. Identify and analyse the potential of various public and private initiatives as well as legislative tools that already exist or are currently being developed in Belgium and Europe to effectively address these issues

4. Develop a scoring mechanism to rank international food chains to be addressed in order to make them more sustainable. This scoring mechanism takes into account both the sustainability risks and severity of social and environmental impacts of these food supply chains as well as the (potential) levers that are at the disposal of Belgian authorities to make these international chains more sustainable

5. Establish a prioritisation list of international food chains in Belgium based on the scoring mechanism to identify ten priority agri-food supply chains in Belgium, in consultation with the Steering Committee

7. Propose concrete action points and policy recommendations that can be taken by the Belgian federal government at national, European and international level to foster the transition towards sustainable agri-food supply chains.

The following report describes the results of this analysis and sequentially outlines:

- the methodology for identifying the global agri-food value chains to be analysed
- the social and environmental impacts of the selected global agri-food chains
- the lessons learnt from existing multi-Stakeholder initiatives
- the ecosystem of legislative initiatives that are relevant to the transition of agri-food supply chains, along priorities and principles to guide the Belgian government's transition choices for sustainable food systems
- the scoring mechanism developed to prioritize global agri-food chains
- and cross-cutting recommendations.

Methodology for identifying the global agri-food value chains to be analysed

What customs data say about agri-food global supply chains in Belgium

The first phase of the project has been dedicated to identifying the different global agri-food value chains that originate outside OECD countries and whose products are imported into Belgium. Given the scope of the 'Beyond Food' strategy, only food chains that link Belgium with developing, emerging or newly industrialised countries have been analysed. This has some repercussions on the kind of commodity chains that were assessed and the percentage of food imports that was accounted for.

To do so, BASIC has used its internal IT tools that enable an exhaustive collection and processing of customs data. These data provide information on the volume (in kg or litres) and value (in euros) of each detailed category of products imported annually into Belgium.

Several layers of analysis and data processing have been deemed necessary in order to identify the main food import chains into Belgium.

First of all, a choice had to be made between available databases on customs statistics. Databases use indeed different reporting methodologies with implications on the results obtained, and the relevance for our study.

Four main databases were available for the implementation of the present study, which are listed below, together with their advantages and drawbacks, as well as their reporting methodology.

Public database	Owner/author	Advantages	Drawbacks	Reporting methodologies
NBB Stat https://stat.nbb.be	Banque Nationale de Belgique	Direct source of data	High difficulty to retrieve a large amount of data	• National concept • Community concept
Eurostat https://ec.europa.eu/eurostat	European Union	Consolidation of all EU member states data	Relatively complex interface to retrieve data	• Community concept
FAOSTAT https://www.fao.org/faostat/en/	Food & Agriculture Organization	Easy to use interface	Lack of cross-check of data provided by states	• Community concept
UN Comtrade https://comtrade.un.org https://comtrade.un.org	United Nations	Easy to use interface Cross-check and cleansing of data	Values in dollar which require to convert back in euro	• National concept

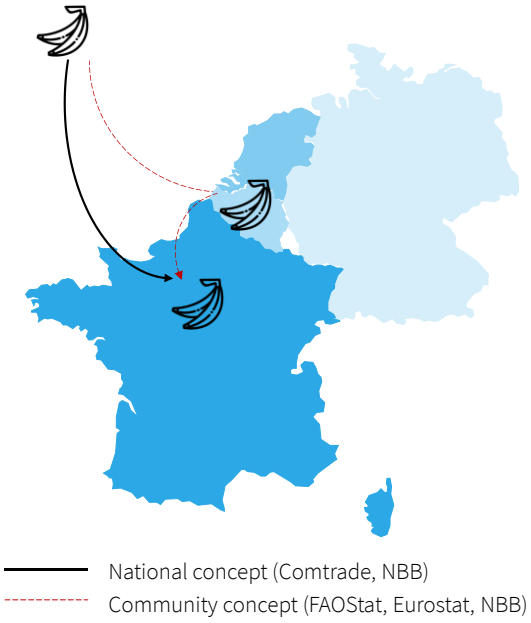
Among the 4 main databases identified, UN Comtrade managed by the United Nations turned out to provide the highest level of cleansing and cross-checking of data. Indeed, the Comtrade teams are dedicating additional efforts to trace back the first country of origin for the different categories of products in close contact with reporting countries. Combined with the possibilities of its interface which makes it easier to retrieve large amounts of data, this database appeared better adapted for our study (its only drawback being the use of dollar as the common currency, which was not a problem as the internal information system of BASIC already enabled to make automatic currency conversions towards the euro based on the official rates of the European Central Bank).

The database of the Belgium National Bank (NBB) was another equally relevant option as it is the direct source of data, but its complex interface created important barriers of implementation given the constraints of time and resources for the study. Another relevant possibility was to use the FAOSTAT database which provides a more efficient interface, its only disadvantage with Comtrade being its lower level of cross-checking.

Beyond these first considerations, when analysing the statistics provided by these 4 databases, we discovered the existence of 2 distinct reporting methods for customs data, either the "national concept" or the "community concept". The main difference between these two methods is that the "national concept" excludes "quasi-transit" from the reported statistics which corresponds to goods that are cleared through customs and immediately dispatched to another State by a company which operates from a foreign country (in our case from other EU Member States other than Belgium) without having a legal entity based in the country of import.[4] This leads to very different numbers for certain categories of products.

4 Eurostat, Quality report on European statistics on international trade in goods, 2020 edition available at: https://ec.europa.eu/eurostat/documents/7870049/12102376/KS-FT-20-008-EN-N.pdf/edc78e7f-c482-39c8-58df-3b6858050827?t=1608283804372

Figure 1. Illustration of reporting methodologies for customs data

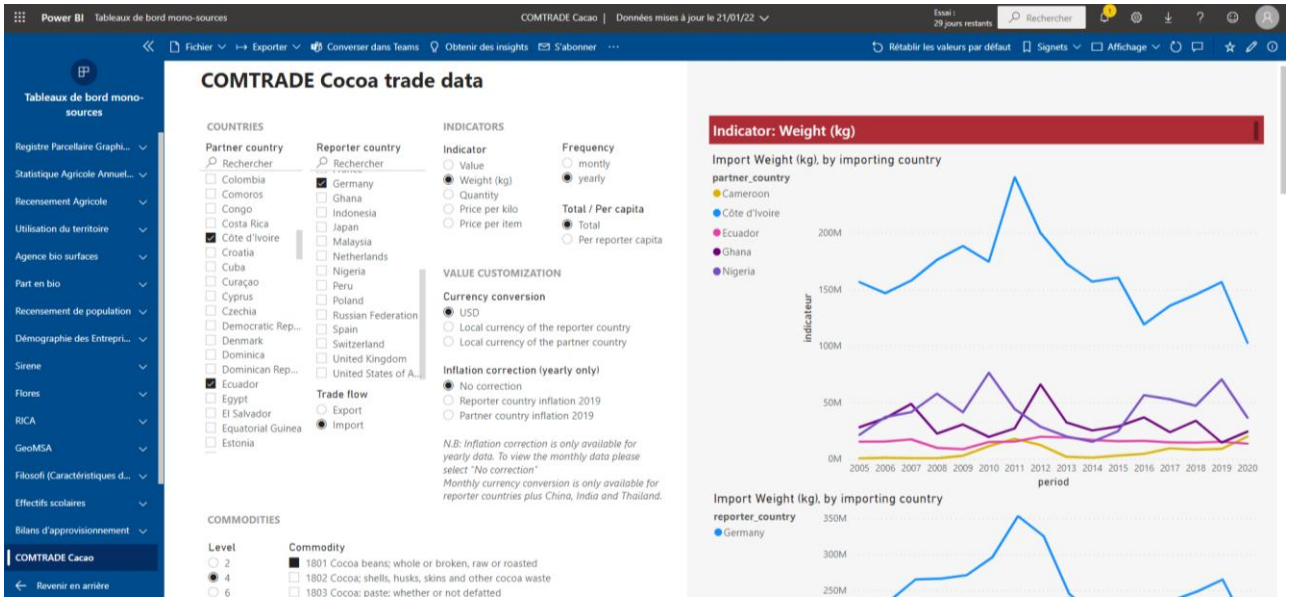


Source: BASIC

This is best exemplified by the case of bananas. The above diagram illustrates the example of containers being imported in France via the port of Antwerp. Under the national concept method, the volume and value of these imported containers are only reported in the French customs statistics. Under the community concept method, they are reported both in the Belgian and the French customs statistics, although the imports are directly managed by a French company which has no legal entity based in Belgium. This has big impacts on the import data for Belgium as the country is a central hub for the banana trade in Europe: the volume and value of banana imports reported under the community concept are 4 times higher than when reported under the national concept (banana being the category of products with by far the highest discrepancy among all food products reported).

Given that the objective of the study is to identify the ways Belgian public and private actors could improve the sustainability of global agri-food value chains, we considered that using the community concept would be misleading as it would take into account imports related to foreign companies which would not be concerned as they are not established in Belgium and do not create added value there. As a result, we decided to exclude the FAOSTAT and the Eurostat databases for our work, and we have favoured the Comtrade database because of its simplicity of use and higher reliability.

Figure 2. BASIC dashboard analysing the Belgian customs data of Comtrade (2019)

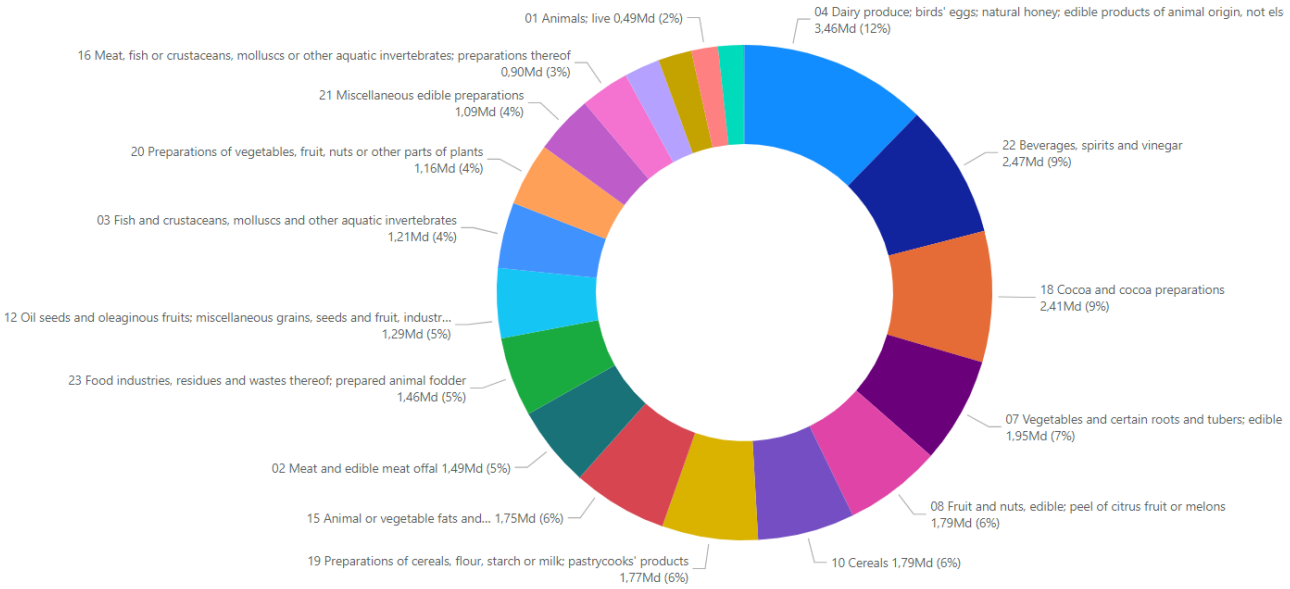


Based on this choice, we have retrieved all the data needed for our study from Comtrade database and integrated it in the internal information system of BASIC (see above illustration for cocoa):

- the reference year chosen for the data was 2019, in order to avoid the potential disruptions in import statistics induced by the Covid19 crisis in 2020 and 2021;
- the categories of products used for the extraction of data were all HS codes from 01 to 23 (agriculture products), at the exclusion of 05 (non-edible animal products) and 06 (non-edible plants) in order to compile the statistics for food products;
- the countries of origin considered were all individual world countries, in order to have a comprehensive view of all the imports of food products into Belgium.

In total, we collected and processed data from 130 different categories (i.e., HS codes). We decided to analyse the obtained data in value terms (i.e., in euros) instead of volume terms in order to avoid the bias created by the differences of product densities which would have favoured heavy products (for example bananas at the expense of tea). The consolidated results are the following.

Figure 3. Categories of food products imported to Belgium from non-OECD countries



Source: BASIC calculations with Comtrade data (2019)

As illustrated above, the breakdown of import value per product category demonstrated a quite diverse pattern, dairy products being the largest one with 12% of the total value, and the last category being starch and milled products with 1.6% of the total value.

Table 1: Value and volume of imports to Belgium (2019)

	Belgian imports in 2019	
	VALUE	VOLUME
Total imports from all world countries	28.3 Bn €[5] 100%	38.2 Mn tonnes 100%
… sub-total **direct imports** from developing & emerging countries	2.5 Bn € **8,9%**	3.3 Mn tonnes **8,7%**
… sub-total **import from EU countries**	23 Bn € **80%**	32.6 Mn tonnes **86%**

When looking in geographical terms, the data obtained show that the vast majority of the imports of food products are actually originating from other EU member states (80% of the total value and 86% of the total volumes). In comparison, the **imports originating from the countries included in the scope**

5 For information, the total value of imports in 2019 reported under the community concept reaches roughly 35 Bn €, which is approximately 25% higher than under the national concept. The vast majority of the 7 Bn € difference between the two totals is mainly explained by bananas (around 80% of the difference).

of the study barely represent 9% of the total value and volume of Belgian food imports (i.e., those imports that originate from non-OECD countries which can be considered as equivalent to the combination of developing countries defined by the International Monetary Fund, newly industrialised and emerging countries).

However, the more detailed analysis of the imports of food products from other EU Member States into Belgium has revealed that they include a significant proportion of products that are not grown in Europe such as palm oil, soya cake, cocoa, coffee, etc.

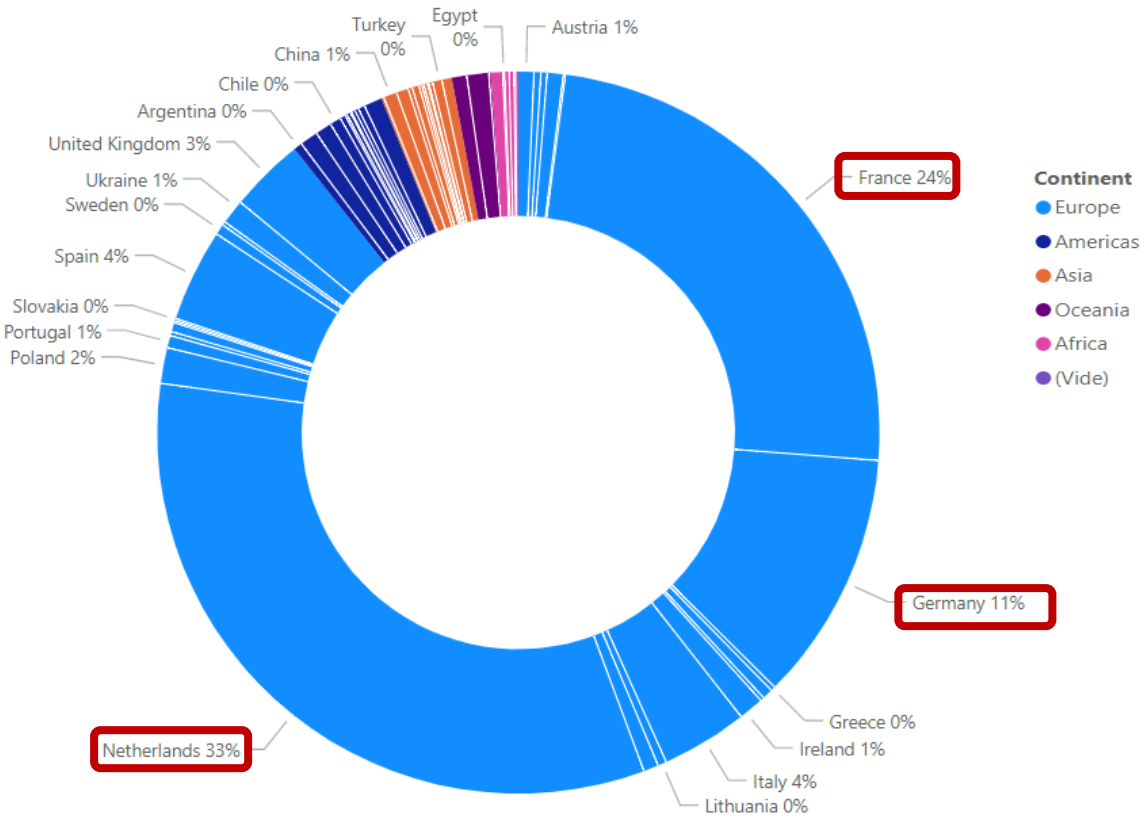
This is a well-documented limitation for the categories of products which are processed: for example, most imports of processed palm oil and palm kernel oil recorded by Belgium originate from the Netherlands where these products are processed from crude oil which is imported mainly from Indonesia and Malaysia. In such cases, the Belgian customs authorities currently do not trace the origin of the raw material back to Indonesia and Malaysia because the HS code used in customs databases is different for the processed product and the raw material, and no link is made between the two. This problem is even worsened in the case of processed products made up from multiple ingredients such as chocolate products (which mix cocoa and sugar from different origins), meat and fish preparations (which mix different meats or fishes from different origins), prepared ready meals, etc. At least 20 product categories among the 130 analysed for this study fall into such cases of lack of traceability because the raw material originating from non-OECD countries (at least partially) are processed into different products on the EU territory. Resources should be allocated to customs services in order to lift the veil of opacity that exists for these categories of processed products, and to ensure sufficient traceability in order to properly assess the risks linked to these imports.

In the end, around 50 categories of products could not be integrated in our analysis of social and environmental risks because they are processed from a mix of different raw ingredients that could not be traced back to origin. Nonetheless, we have managed to include in our analysis the products processed from a single ingredient such as palm oil, palm kernel oil, soya oil cake, etc.

An additional problem arose: our analysis revealed that a similar level of opacity also existed for the categories of agricultural products which are kept in a raw form (i.e., non-processed) as a significant proportion of the related Belgian imports was indicated as coming from other European countries where they obviously cannot be grown (such as coffee beans, cocoa beans, etc.). This was a big surprise as for most other EU countries in the Comtrade database, the proportion of such imports that lack traceability to the real country of origin is minimal. This situation is apparently linked to the fact that Belgium is a major hub of imports of food products in the European Union, and customs authorities are probably insufficiently resourced to ensure a systematic traceability to origin of all the food product categories.

In order to compensate for this bias, we have decided to include the indirect imports transiting from other EU Member States for the 80 food product categories that we managed to include in our scope of analysis (after removing the 50 categories of products processed from a mix of different ingredients for which the origin of the raw material could not be traced).

Figure 4. Origin countries of direct imports to Belgium



Source: BASIC calculations with Comtrade data (2019)

In order to assess these indirect imports, we have first analysed the origin of food products imports in Belgium, which has revealed that **3 countries only were accounting for 68% of the related total value**: Netherlands, France and Germany (see above). As a result, and given the time and resource constraints of our study, we have decided to focus on these 3 countries for the **estimation of indirect imports of food products which are grown in non-OECD countries and which transit via these EU hubs before reaching Belgium** (whether they remain in their raw form or after being processed in these hubs).

These estimations are based on the following assumptions:

- for products that are only grown in non-OECD countries, the percentages of each country of first origin in the indirect imports of Belgium are calculated as follows (whether or not there is processing taking place in the transit country, or only trading activities):
  % of origin country in indirect imports of Belgium (in value terms)
  = % of the same origin country in direct imports of EU transit country (Netherlands, France or Germany) multiplied by % of the EU transit country in the direct imports of Belgium
- for products that are also grown in the EU transit countries (Netherlands, France and Germany), the percentages of each country of first origin in the indirect imports of Belgium are calculated as follows:
  % of origin country in indirect imports of Belgium (in value terms)
  = % of the same origin country in the sum of (direct imports of EU transit country + production within the EU transit country) multiplied by % of the EU transit country in the direct imports of Belgium

Table 2: Value and volumes of direct and indirect imports of agricultural commodities imported from non-OECD countries to Belgium

PRODUCT CATEGORY	TOTAL VALUE (DIRECT + INDIRECT)	TOTAL VOLUME (DIRECT + INDIRECT)	UNIT VALUE (=VALUE/VOLUME)
Cocoa	1 085 688 095 €	308 038 t	3,5 €/kg
Coffee	544 450 362 €	179 098 t	3,0 €/kg
Palm oil	376 237 732 €	655 851 t	0,6 €/kg
Soy	278 895 498 €	813 701 t	0,3 €/kg
Shrimp	193 480 084 €	22 915 t	8,4 €/kg
Banana	170 436 990 €	206 438 t	0,8 €/kg
Rice	158 061 128 €	272 102 t	0,6 €/kg
Orange juice	51 235 579 €	71 297 t	0,7 €/kg
Cashew nut	46 682 784 €	6 090 t	7,7 €/kg
Avocado	43 953 026 €	14 553 t	3,0 €/kg
Tea	37 647 842 €	5 846 t	6,4 €/kg
Sugarcane	36 696 032 €	145 995 t	0,3 €/kg
Grape	37 913 492 €	17 471 t	2,2 €/kg
Onion	24 378 268 €	27 260 t	0,9 €/kg
Citruses	23 716 405 €	28 598 t	0,8 €/kg
Honey	21 892 970 €	11 978 t	1,8 €/kg
Bovine meat	21 540 501 €	4 117 t	5,2 €/kg
Hazelnut	18 873 046 €	13 259 677 t	6,2 €/kg
Horsemeat	18 802 142 €	4 070 t	4,6 €/kg
Pineapple	17 040 344 €	16 432 t	1,0 €/kg
Processed tomatoes	*9 202 509 €*	*8 608 t*	*1,1 €/kg*

Source: BASIC calculations with Comtrade data (year 2019)

As illustrated above, the obtained data made it possible to identify a panel of 20 food product categories that are the most significant in Belgian imports from non-OECD countries (making up more than 90% of the related total value). These product categories are all above a threshold of 10 Mn € import value for 2019 (i.e., they are all above 0.04% of the total value of imports). This threshold has been set in the light of the significant gap that appears between the 20th and the 21st largest categories of product in descending order of import value (pineapple that totalled 17 Mn € import value in 2019 and processed tomatoes that totalled 9 Mn € import value).

Criteria for selecting the global agri-food supply chains

Based on the previously obtained results, we have then analysed each of the 20 product categories identified in order to select the ones that were relevant for the assessment of social and environmental risks.

In particular, we looked at the main non-OECD countries of origin of both direct and indirect imports in Belgium, and we investigated the percentage that these countries represent among total Belgian imports so as to side-line categories which would represent a too low percentage of imports (which would make discussions little relevant in the eyes of Belgian private actors of the related sector).

The following pages present the results of our analysis per commodity.

Cocoa

Cocoa
(beans, paste/liquor, butter, powder)

90% small producers
(notable proportion of women)

	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
Ivory Coast	140,569,150 €	370,445,692 €	511,014,842 €
Ghana	41,295,534 €	107,105,220 €	148,400,754 €
Nigeria	9,535,009 €	102,818,019 €	112,353,028 €
Ecuador	9,624,377 €	31,144,279 €	40,768,657 €
Papua New Guinea	*7,308,184 €*	*566,036 €*	*7,874,220 €*
Total	201,024,070 €	611,513,211 €	812,537,281 €

Country % in the total imports sector in Belgium	75%
Total imports of the sector	1,085,688,095 €

The cocoa chain tops the list of Belgian food imports from non-OECD countries in terms of value. In terms of product scope, this category includes cocoa beans, cocoa paste/liquor, cocoa butter and cocoa powder, the processing taking place either in Europe or in origin countries (but chocolate products could not be included as they result from the mix of multiple ingredients: cocoa, sugar, milk, nuts… in unknown quantities). The indirect imports via the Netherlands, Germany and France are 3 times higher than the direct imports of Belgium. The 4 main origin countries are in descending order: Cote d'Ivoire, Ghana, Nigeria and Ecuador, which are also the 4 leading world producer countries (followed in Belgian imports and at a significant distance by Papua New Guinea). Altogether, these 4 countries account for 75% of the total value of cocoa products imported in Belgium. In these producing countries, 90% of cocoa volumes are cultivated by smallholder farmers with a significant share of women producers.

Coffee

Coffee
(green arabica and robusta coffee)

70% small producers (notable proportion of women)

30% worker plantations (>60% in Brazil)

	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
Brazil	76,922,139 €	26,603,231 €	103,525,370 €
Vietnam	48,883,892 €	12,426,957 €	61,310,849 €
Honduras	43,439,961 €	7,953,263 €	51,393,224 €
Peru	26,537,332 €	5,598,973 €	32,136,304 €
Colombia	*23,270,169 €*	*6,481,251 €*	*29,751,420 €*
Total	195,783,324 €	52,582,424 €	248,365,748 €

Country % in the total imports sector in Belgium	46%
Total imports of the sector	544,450,362 €

Coffee accounts for the second highest value of Belgian food imports from non-OECD countries in 2019. In terms of product scope, this category includes green coffee beans, Arabica and Robusta, which are fully processed in Europe. The vast majority of imports is direct, the value transiting via the Netherlands, Germany and France only accounting for 20% of the total value. The 5 main origin countries are in descending order: Brazil, Vietnam, Honduras and Peru and Colombia. The top four of these countries make up 46% of the total value of coffee products imported in Belgium. In these producing countries except Brazil, 70% of coffee volumes are cultivated by smallholder farmers with a significant share of women producers. In Brazil, more than 60% of the production is made by plantations using hired labour.

Palm oil

Palm oil
(oil – kernel and fruit)

worker plantations

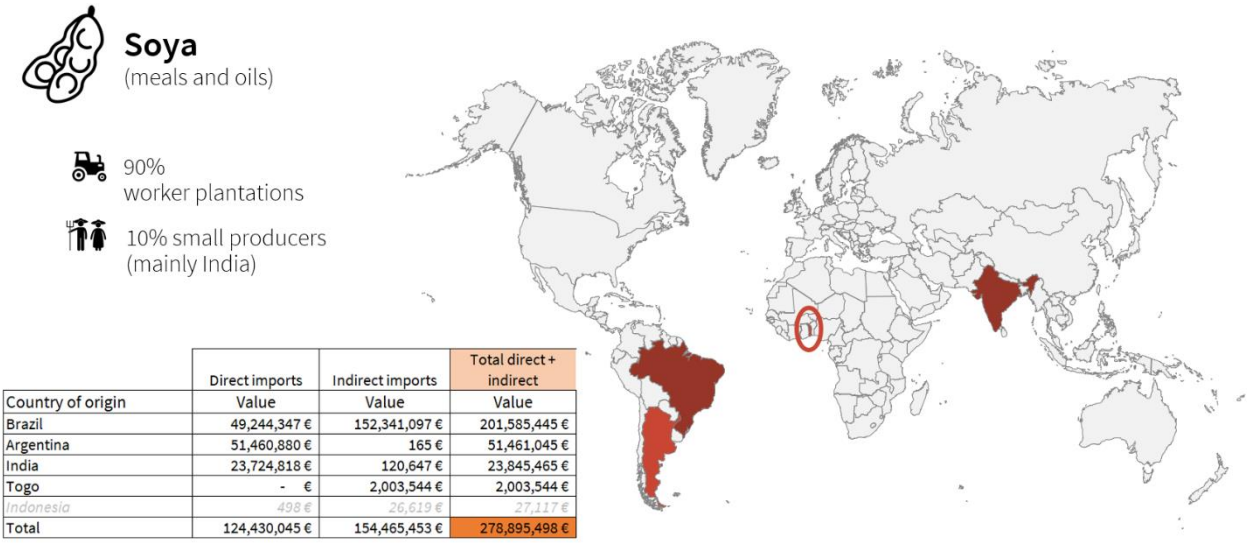
40% small producers

	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
Indonesia	31,689,316 €	77,494,393 €	109,183,709 €
Malaysia	30,931,537 €	70,755,365 €	101,686,902 €
Papua New Guinea	12,693,136 €	41,740,763 €	54,433,900 €
Colombia	490,375 €	23,859,537 €	24,349,912 €
Honduras	*482,031 €*	*23,508,531 €*	*23,990,562 €*
Total	75,804,365 €	213,850,058 €	289,654,423 €

Country % in the total imports sector in Belgium	77%
Total imports of the sector	376,237,732 €

Palm Oil is in 3rd position in the list of highest Belgian food imports from non-OECD countries in 2019. In terms of product scope, this category comprises processed palm oil and processed palm kernel oil products which are fully manufactured in Europe, mainly in the Netherlands, from imported crude palm oil (CPO) and crude palm kernel oil (PKO). As in the case of cocoa, the indirect imports via the Netherlands, Germany and France are 3 times higher than the direct imports of Belgium. The 5 main origin countries are in descending order: Indonesia, Malaysia, Papua New Guinea, Colombia and Honduras. The top four of these countries account for 77% of the total value of imported palm oil products. In these producing countries, 60% of volumes are cultivated by large plantations, the smallholder farmers acting as buffer producers by plantations to complement their production and adapt to the volatility of demand.

Soya



Country of origin	Direct imports Value	Indirect imports Value	Total direct + indirect Value
Brazil	49,244,347 €	152,341,097 €	201,585,445 €
Argentina	51,460,880 €	165 €	51,461,045 €
India	23,724,818 €	120,647 €	23,845,465 €
Togo	- €	2,003,544 €	2,003,544 €
Indonesia	*498 €*	*26,619 €*	*27,117 €*
Total	124,430,045 €	154,465,453 €	278,895,498 €
Country % in the total imports sector in Belgium			45%
Total imports of the sector			*622,622,206 €*

Soya is in 4th position in the list of highest Belgian food import value from non-OECD countries in 2019. In terms of product scope, this category includes processed soybean oil and oil cake which are only partially manufactured in Europe (the soybean cake being used as a critical component of cattle feeding in Europe). The indirect imports via the Netherlands, Germany and France reach the same order of magnitude as the direct imports into Belgium. The 3 main origin countries are in descending order: Brazil, Argentina and India (followed at a significant distance by Togo and Indonesia). When combined, the top four of these countries account for 45% of the total value of imported soya products (noting that a minority but significant proportion of soya imported each year in Belgium is grown in Europe). In producing countries, the bulk of volumes (90%) is cultivated by plantations, and the smallholder farmers only provide small buffer volumes to plantations that enable them to adapt to the volatility of demand.

Shrimp

Shrimp
(shelled)

55% aquaculture

45% fishing

1st transformer factories; mainly employ women

	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
India	61,441,552 €	15,008,167 €	76,449,719 €
Vietnam	41,885,644 €	23,101,687 €	64,987,331 €
Bangladesh	30,564,499 €	12,586,792 €	43,151,291 €
Ecuador	4,955,362 €	3,936,382 €	8,891,743 €
Indonesia	*4,024,841 €*	*3,388,124 €*	*7,412,965 €*
Total	138,847,056 €	54,633,028 €	193,480,084 €

Country % in the total imports sector in Belgium	58%
Total sector imports	*331,677,602 €*

Shrimp account for the 5th highest value of Belgian food imports from non-OECD countries in 2019. In terms of product scope, this category includes mainly processed peeled shrimps (without the head) as well as frozen shrimps. The majority of imports is direct, the value transiting via the Netherlands, Germany and France only accounting for 27% of the total value. The 5 main origin countries are in descending order: India, Vietnam, Bangladesh, Ecuador and Indonesia. The top four of these countries account for 58% of the total value of imported shrimps. In these producing countries 55% of shrimp volumes are produced through aquaculture and 45% are caught by fishing boats. There is a high proportion of women in the value chain who are essentially employed in the factories of 1st processing (peeling and head removing) in the countries of export.

Banana

Bananas
(Cavendish dessert , fresh and dried)

90% worker plantations

10% small producers (Ecuador, Dom. Rep., Colombia)

	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
Colombia	35,771,699 €	1,011,533 €	36,783,232 €
Ecuador	20,744,354 €	8,150,838 €	28,895,191 €
Costa Rica	7,334,610 €	13,904,270 €	21,238,880 €
Dominican Republic	6,052,141 €	2,610,072 €	8,662,213 €
Peru	*6,085,097 €*	*1,759,095 €*	*7,844,192 €*
Total	69,902,804 €	25,676,712 €	95,579,516 €

Country % in the total imports sector in Belgium	56%
Total imports of the sector	170,436,990 €

Bananas account for the 6th highest value of Belgian food imports from non-OECD countries in 2019. In terms of product scope, this category includes mainly fresh banana of the Cavendish variety (the sole one which is exported among the more than 130 varieties that exist worldwide). These bananas are fully ripened in Europe before being sold to consumers. In addition, there are also very small volumes of plantain bananas and dried bananas. The majority of imports is direct, the value transiting via the Netherlands, Germany and France only accounting for 26% of the total value. The 5 main origin countries are in descending order: Colombia, Ecuador, Costa Rica, Dominican Republic and Peru (the two latter ones producing mainly organic bananas). The top four of these countries make up 56% of the total value of imported bananas (a minority but significant proportion being grown in France – Guadeloupe & Martinique – Spain – Baleares – and Portugal – Madeira). In Latin American producing countries, the bulk of volumes (90%) is cultivated by large plantations, and the smallholder farmers are only used by plantations as buffer producers to complement their exports and adapt to the volatility of demand (except in Dominican Republic and Peru where some smallholder farmers have managed to form cooperatives and export directly their bananas to the Fair Trade and organic markets).

Rice

Rice
(basmati, thai, etc.)

90% small producers

Country of origin	Direct imports Value	Indirect imports Value	Total direct + indirect Value
Pakistan	42,006,462 €	27,200,935 €	69,207,397 €
Thailand	25,338,410 €	14,946,555 €	40,284,965 €
Burma	27,139,747 €	6,343,538 €	33,483,286 €
Cambodia	6,856,001 €	8,229,480 €	15,085,480 €
Guyana	*114,975 €*	*8,229,480 €*	*5,971,161 €*
Total	101,340,620 €	56,720,508 €	158,061,128 €

Country % in the total imports sector in Belgium	61%
Total imports of the sector	*258,966,867 €*

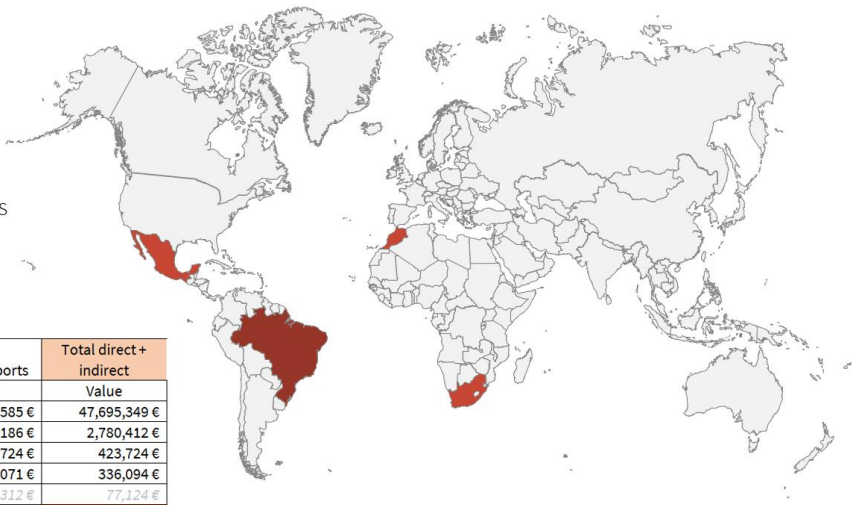
Rice is in 7th position in the list of highest Belgian food import value from non-OECD countries in 2019. In terms of product scope, this category comprises wholly milled, semi-milled and whole grain rice of different varieties like Basmati, Thai, etc. (in addition, a tiny proportion is made up of pre-cooked rice which is fully manufactured in Europe). The majority of imports is direct into Belgium, the value transiting via the Netherlands, Germany and France only accounting for 1/3 of the total value. The 4 main origin countries are in descending order: Pakistan, Thailand, Myanmar and Cambodia. When combined, these 4 countries make up 61% of the total value of imported rice. In these producing countries, 90% of volumes are cultivated by smallholder farmers, for the majority under contract production (i.e., non-organised and dependent on a large buyer for channelling their production) and the rest are organised in cooperatives or associations.

Orange juice

Orange juice
(fresh & frozen concentrate)

70%
worker plantations

30% small/medium producers



	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
Brazil	14,269,764 €	33,425,585 €	47,695,349 €
Mexico	30,226 €	2,750,186 €	2,780,412 €
South Africa	- €	423,724 €	423,724 €
Morocco	33,023 €	303,071 €	336,094 €
Turkey	*52,813 €*	*24,312 €*	*77,124 €*
Total	14,333,013 €	33,425,585 €	51,235,579 €

Country % in the total imports sector in Belgium	51%
Total imports of the sector	*99,885,537 €*

Orange Juice accounts for the 8th highest value of Belgian food imports from non-OECD countries in 2019. In terms of product scope, this category comprises frozen and refrigerated concentrate of juice which is fully processed at origin in the export countries (this concentrate is then diluted and bottled in Europe before being sold to consumers). The indirect imports via the Netherlands, Germany and France are twice higher than the direct imports of Belgium. The main country of origin is by far Brazil which is the largest world producer of orange juice concentrate, and which combined with Mexico, South Africa, and Morocco makes up more than 51% of the orange juice concentrate imported in Belgium each year. In Brazil, the majority of volumes (70%) is cultivated by large plantations, and the smallholder farmers are only used by plantations as buffer producers to complement their exports and adapt to the volatility of demand.

Cashew nut

Cashew nuts
(fresh and shelled)

60% small producers
40%
worker plantations

	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
Vietnam	1,067,591 €	25,718,670 €	26,786,261 €
India	49,462 €	6,331,548 €	6,381,009 €
Brazil	28,195 €	2,116,535 €	2,144,730 €
Benin	361,514 €	226,925 €	588,438 €
Indonesia	167 €	- €	167 €
Total	1,506,761 €	34,393,678 €	35,900,439 €

Country % in the total imports sector in Belgium	77%
Total imports of the sector	46,682,784 €

Cashew nuts are in 9th position in the list of highest Belgian food import value from non-OECD countries in 2019. In terms of product scope, this category includes fresh and shelled cashew nuts. The vast majority of imports transits via the Netherlands, Germany and France, the direct imports into Belgium only accounting for 4% of the total value. The 4 main origin countries are in descending order: Vietnam, India, Brazil and Benin. Altogether, these countries account for 77% of the total value of imported cashew nut. In these producing countries, 60% of volumes are cultivated by smallholder farmers, for the majority under contract production (i.e., non-organised and dependent on a large buyer for channelling their production) and the rest is produced by plantations.

Avocado

Avocado
(fresh and dried)

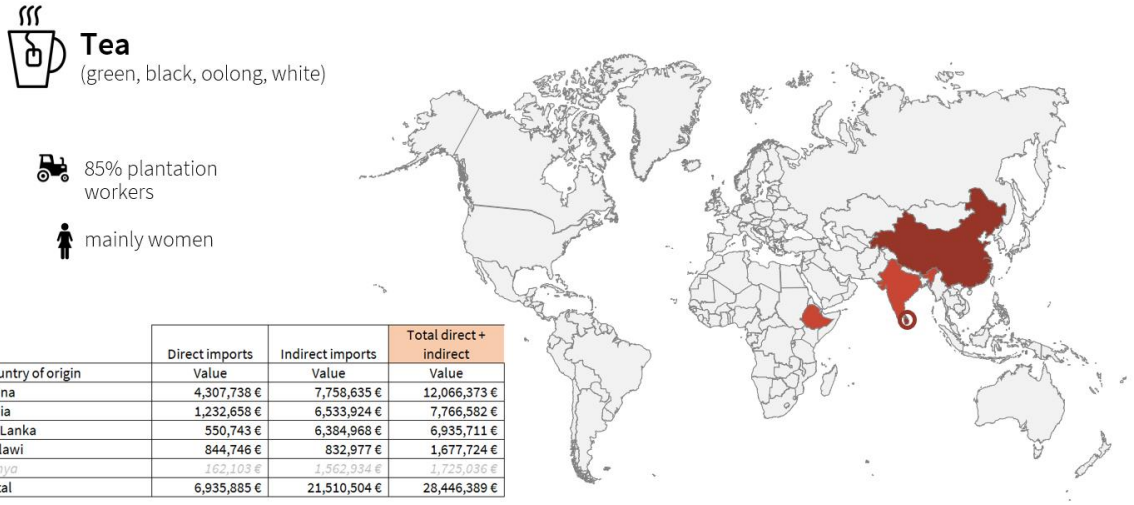
95%
worker plantations

	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
Chile	21,099,089 €	9,800,901 €	30,899,990 €
Peru	5,700,082 €	6,570,475 €	12,270,556 €
Brazil	271,280 €	129,841 €	401,121 €
Colombia	237,526 €	143,832 €	381,358 €
South Africa	*167,935 €*	*129,381 €*	*297,316 €*
Total	27,307,977 €	16,645,049 €	43,953,026 €

Country % in the total imports sector in Belgium	57%
Total imports of the sector	*77,729,520 €*

Avocado accounts for the 10th highest value of Belgian food imports from non-OECD countries in 2019. In terms of product scope, this category comprises mainly fresh avocadoes, as well as small quantities of dried avocadoes. As in the case of bananas, fresh avocadoes are fully ripened in Europe before being sold to consumers. The majority of imports is direct, the value transiting via the Netherlands, Germany and France only accounting for 37% of the total value. The 2 main origin countries are in descending order Chile and Peru which together account for 57% of avocado imports in Belgium (it is interesting to note that Mexico, by far the largest exporter of avocadoes worldwide, but also a country presenting the highest social risks because of the documented involvement of narcotraffic actors in the sector, is not a source of Belgian imports). In these producing countries, the bulk of volumes (95%) is cultivated by large plantations.

Tea

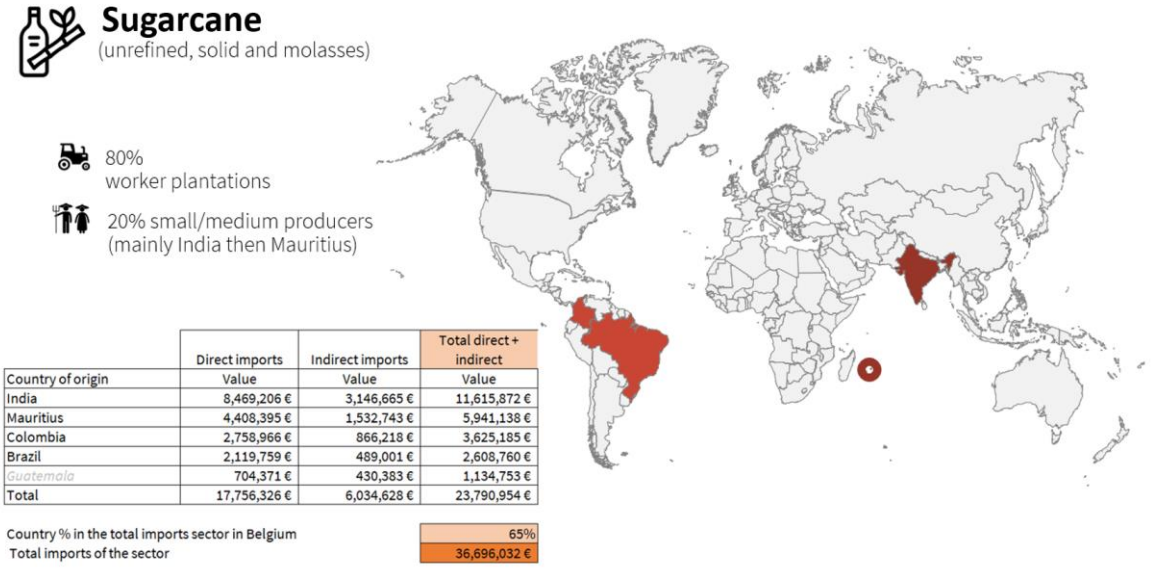


	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
China	4,307,738 €	7,758,635 €	12,066,373 €
India	1,232,658 €	6,533,924 €	7,766,582 €
Sri Lanka	550,743 €	6,384,968 €	6,935,711 €
Malawi	844,746 €	832,977 €	1,677,724 €
Kenya	*162,103 €*	*1,562,934 €*	*1,725,036 €*
Total	6,935,885 €	21,510,504 €	28,446,389 €

Country % in the total imports sector in Belgium	76%
Total imports of the sector	37,647,842 €

Tea accounts for the 11th highest value of Belgian food imports from non-OECD countries in 2019. In terms of product scope, this category includes green, black, oolong and white tea which are all different types of processing of the same plant leaves, Camellia Sinensis. As fresh tea leaves are highly perishable, tea is fully processed at origin in exporting countries. As in the case of cocoa and palm oil, the indirect imports via the Netherlands, Germany and France are more than 3 times higher than the direct imports of Belgium. The 5 main origin countries are in descending order: China, India, Sri Lanka, Malawi and Kenya. When combined, the top four of these countries account for 76% of the total value of Belgian imports of tea. In these producing countries, the bulk of volumes (85%) is cultivated by large plantations which employ a majority of women for the hand picking of tea leaves. Over the past 10 years, confronted with the stiff decrease of profitability, the volumes produced by plantations are increasingly eroding, being replaced by smallholder farmers producing fresh tea leaves which they sell to Bought Leaf Factories (BLF), especially in India (Assam), Sri Lanka and China.

Sugarcane



	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
India	8,469,206 €	3,146,665 €	11,615,872 €
Mauritius	4,408,395 €	1,532,743 €	5,941,138 €
Colombia	2,758,966 €	866,218 €	3,625,185 €
Brazil	2,119,759 €	489,001 €	2,608,760 €
Guatemala	704,371 €	430,383 €	1,134,753 €
Total	17,756,326 €	6,034,628 €	23,790,954 €

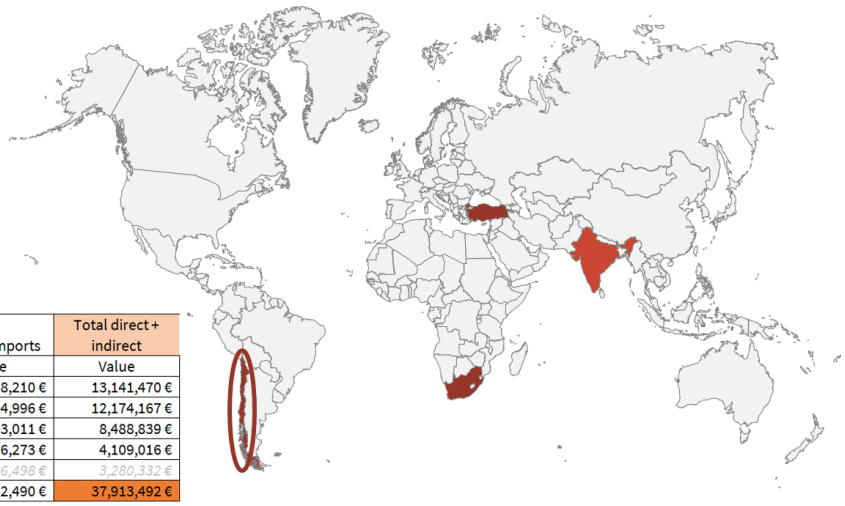
Country % in the total imports sector in Belgium	65%
Total imports of the sector	36,696,032 €

Sugarcane is in 12th position in the list of highest Belgian food import value from non-OECD countries in 2019. In terms of product scope, this category includes unrefined sugar, solid sugar and molasses (such as bagasse). As freshly cut sugarcane is highly perishable, the first processing of sugarcane juice is fully performed at origin in production countries. The majority of imports is direct, the value transiting via the Netherlands, Germany and France only accounting for 25% of the total value. The 5 main origin countries are in descending order: India, Mauritius, Colombia, Brazil and Guatemala. The top four of these countries make up 69% of the total value of the sugarcane products imported each year in Belgium. In these producing countries, the bulk of volumes (80%) is cultivated by large plantations, the smallholder farmers acting as buffer producers on the world market to complement exports and adapt to the volatility of demand (essentially in India and Mauritius).

Grape

Grape
(fresh and dried)

95%
worker plantations



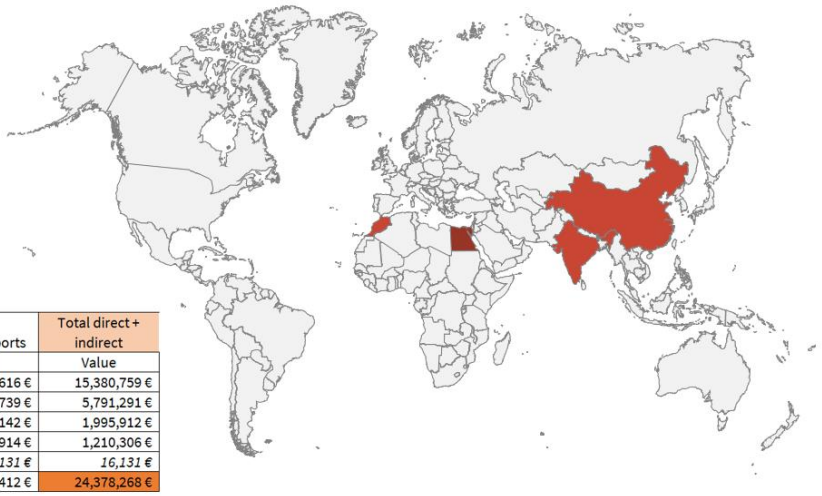
	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
Turkey	11,103,260 €	2,038,210 €	13,141,470 €
South Africa	3,719,171 €	8,454,996 €	12,174,167 €
Chile	3,085,827 €	5,403,011 €	8,488,839 €
India	72,744 €	4,036,273 €	4,109,016 €
China	*2,923,835 €*	*356,498 €*	*3,280,332 €*
Total	17,981,002 €	19,932,490 €	37,913,492 €

Country % in the total imports sector in Belgium	31%
Total imports of the sector	*122,236,259 €*

Grapes account for the 13th highest value of Belgian food imports from non-OECD countries in 2019. In terms of product scope, this category comprises both fresh grapes and dried raisin (the latter being fully processed at origin). As in the case of soya, indirect imports via the Netherlands, Germany and France reach the same order of magnitude as the direct imports into Belgium. The 5 main origin countries are in descending order: Turkey (in majority providing dried raisin), South Africa and Chile (these two countries providing fresh grapes in winter transported by plane to satisfy off-season consumer demand in Europe when no other country in the world can cultivate this product) and finally India and China (again mainly for dried raisin). The top four of these countries account for 31% of the total value of fresh grapes and raisin imported in Belgium each year (noting that a majority of fresh grapes are grown and imported each year from Spain, Italy and France). In non-OECD producing countries, the bulk of volumes (95%) is cultivated by large plantations with very little, if any, smallholder farmer production.

Onion

Onions

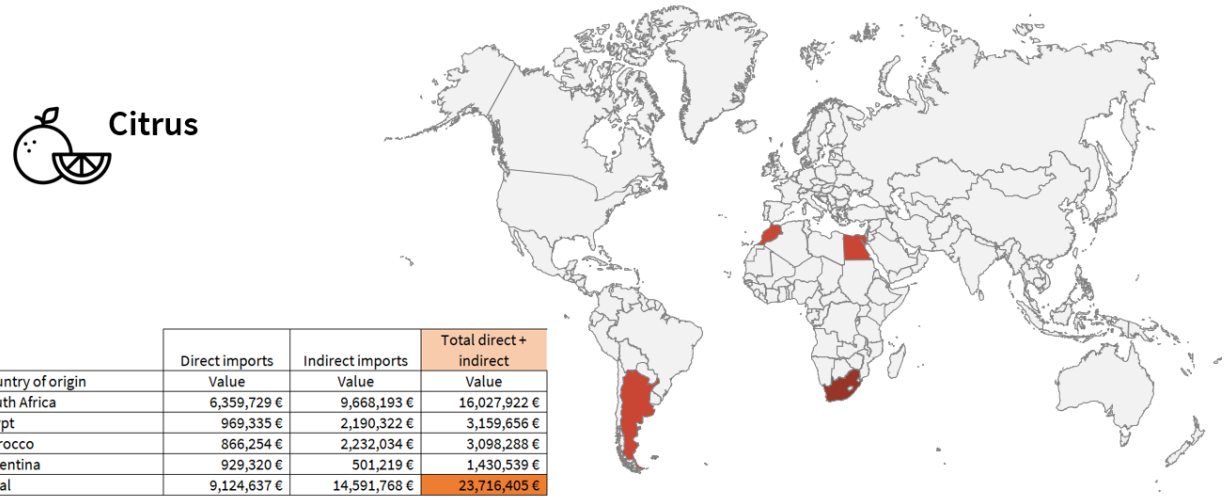


	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
Egypt	978,143 €	14,402,616 €	15,380,759 €
India	5,293,552 €	497,739 €	5,791,291 €
China	678,770 €	1,317,142 €	1,995,912 €
Morocco	8,392 €	1,201,914 €	1,210,306 €
Turkey	- €	*16,131 €*	*16,131 €*
Total	6,958,856 €	17,419,412 €	24,378,268 €

Country % in the total imports sector in Belgium	28%
Total imports of the sector	*85,984,694 €*

Onions are in 14th position in the list of highest Belgian food import value from non-OECD countries in 2019. In terms of product scope, this category includes fresh, refrigerated and dried onions. As for the case of orange juice concentrate, the indirect imports via the Netherlands, Germany and France are more than twice higher than the direct imports of Belgium. Egypt is by far the largest non-OECD origin, followed by India, China and Morocco. The top four of these countries make up less than 30% of the total value of onion products imported in Belgium and most imported onions are grown in other EU countries. In addition, it is important to recall that Belgium produces 4 times more onions (in volume terms) than the quantities imported. Hence, the percentage of onions originating from non-OECD countries in the total of domestic production plus imports is actually lower than 6%, which is why we decided not to include this group of products in the rest of our analysis. Indeed, this percentage is much too small and would be considered in good faith as non-relevant by Belgian actors.

Citrus

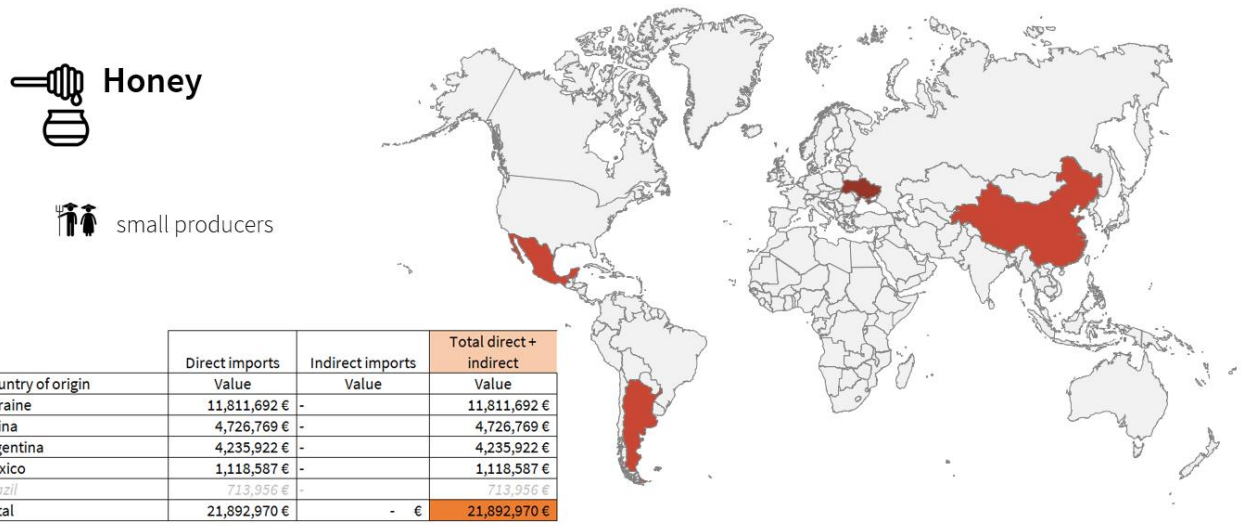


	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
South Africa	6,359,729 €	9,668,193 €	16,027,922 €
Egypt	969,335 €	2,190,322 €	3,159,656 €
Morocco	866,254 €	2,232,034 €	3,098,288 €
Argentina	929,320 €	501,219 €	1,430,539 €
Total	9,124,637 €	14,591,768 €	23,716,405 €

Country % in the total imports sector in Belgium	11%
Total imports of the sector	*207,003,920 €*

The case of citrus is quite similar to the previous one. Citruses are in 15th position in the list of highest Belgian food import value from non-OECD countries. In terms of product scope, this category comprises oranges, mandarins, clementines, tangerines, etc. Direct and indirect imports via the Netherlands, Germany and France are close to being of the same order of magnitude. South Africa is by far the largest non-OECD origin (mainly for off-season consumption), followed by Egypt, Morocco and Argentina, the vast majority of citruses being grown and imported in Belgium from other EU countries. As the percentage of citruses originating from non-OECD countries in the total of Belgian imports is only 11%, we decided not to include this group of products in the rest of our analysis (like for the previous case of onions).

Honey



	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
Ukraine	11,811,692 €	-	11,811,692 €
China	4,726,769 €	-	4,726,769 €
Argentina	4,235,922 €	-	4,235,922 €
Mexico	1,118,587 €	-	1,118,587 €
Brazil	*713,956 €*	-	*713,956 €*
Total	21,892,970 €	- €	21,892,970 €

Country % in the total imports sector in Belgium	55%
Total imports of the sector	*39,683,855 €*

Honey accounts for the second highest value of Belgian food imports from non-OECD countries in 2019. The bulk of imports is direct. The 5 main origin countries are in descending order: Ukraine, China, Argentina, Mexico, and at a significant distance, Brazil. The top four of these countries make up 55% of the total value of the honey imported in Belgium. In these producing countries except the essential part of the quantities produced are made by smallholder farmers.

Bovine meat

Bovine meat

	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
Brazil	19,870,501 €	1,670,000 €	21,540,501 €
EU Countries	*399,563,717 €*		*399,563,717 €*
Total			21,540,501 €

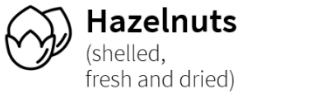
Country % in the total imports sector in Belgium	5%
Total imports of the sector	*423,180,697 €*

Bovine meat accounts for the 17th highest value of Belgian food imports from non-OECD countries in 2019. In terms of product scope, this category is complex and comprises:

- Meat of bovine animals, fresh or chilled (HS code 0201)
- Meat of bovine animals, frozen (HS code 0202)
- Meat and edible meat offal of bovine animals, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal of bovine animals (HS code 0210.20)
- Sausages and similar products of meat, meat offal or blood of bovine animals (HS code 1601)
- Prepared or preserved meat, meat offal or blood of bovine animals (HS code 1602.50).

The only non-OECD origin country that appears in the 5 product groups mentioned above is Brazil and only for the last category of meat preparations (destined to contract catering). Altogether, more than 95% of the total value of imports of the 5 product categories listed above (423 million €) is from Other EU countries and Great Britain. In addition to these imports, the total beef production in Belgium amounted to 1.23 billion € in 2019 (for the same set of products). As a result, beef imports from Brazil represent barely more than 1% of total of beef imports plus production in Belgium. This figure appears far too low to be considered relevant for the Belgian actors of the sector.

Hazelnuts



	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
Turkey	8,084,777 €	6,314,210 €	14,398,987 €
Chile	- €	3,470,232 €	3,470,232 €
Azerbaijan	- €	684,167 €	684,167 €
Georgia	- €	319,659 €	319,659 €
Iran	*- €*	*547 €*	*547 €*
Total	8,084,777 €	10,788,269 €	18,873,046 €

Country % in the total imports sector in Belgium	89%
Total imports of the sector	*21,191,795 €*

Hazelnuts are in 18th position in the list of highest Belgian food import value from non-OECD countries in 2019. In terms of product scope, this category includes fresh, shelled and dried hazelnuts. As in the case of soya and grapes, indirect imports via the Netherlands, Germany and France reach the same order of magnitude as the direct imports into Belgium. The main origin country is by far Turkey (76% of the total value), followed at a significant distance by Chile. Altogether, these 2 countries account for 89% of the total value of hazelnuts imported each year in Belgium. In these producing countries, 90% of volumes are cultivated by smallholder farmers, for the majority under contract production (i.e. non-organised and dependent on a large buyer for channelling their production).

Horsemeat

	Direct imports	Indirect imports	Total direct + indirect
Country of origin	Value	Value	Value
Argentina	10,538,430 €	6,059,429 €	16,597,859 €
Uruguay	1,566,148 €	638,135 €	2,204,283 €
Total	12,104,578 €	6,697,564 €	18,802,142 €

Country % in the total imports sector in Belgium	37%
Total imports of the sector	*50,256,062 €*

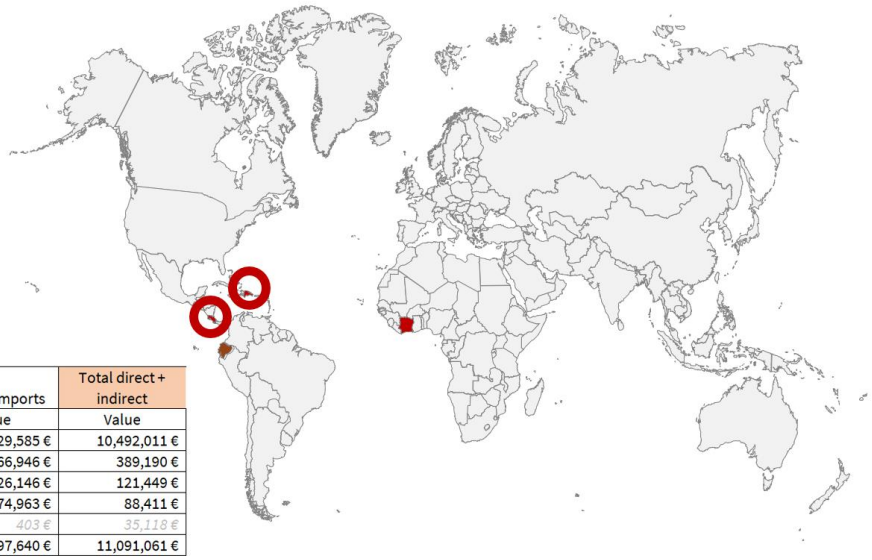
Horsemeat accounts for the 19th highest value of Belgian food imports from non-OECD countries in 2019. The majority of imports is direct, the value transiting via the Netherlands, Germany and France

only accounting for 35% of the total value. Argentina is by far the largest origin, followed at distance by Uruguay. As the percentage of horsemeat originating from non-OECD countries in the total of Belgian imports is only 37%, and even more so because of the high specificities of this small sector of activity, we decided not to include this group of products in the rest of our analysis.

Pineapple

Pineapple
(fresh and dried)

95%
worker plantations



Country of origin	Direct imports Value	Indirect imports Value	Total direct + indirect Value
Costa Rica	1,462,426 €	9,029,585 €	10,492,011 €
Ecuador	222,244 €	166,946 €	389,190 €
Dominican Republic	95,304 €	26,146 €	121,449 €
Ivory Coast	13,447 €	74,963 €	88,411 €
Brazil	*34,715 €*	*403 €*	*35,118 €*
Total	1,793,421 €	9,297,640 €	11,091,061 €

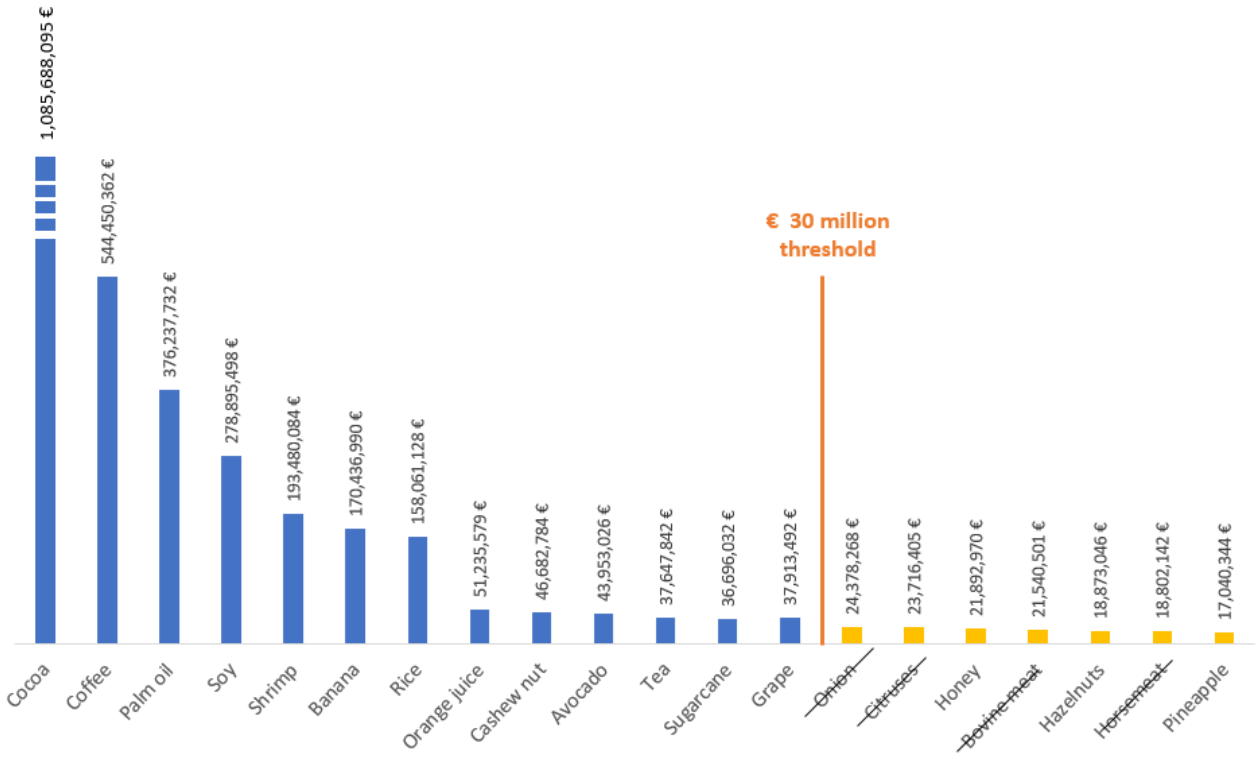
Country % in the total imports sector in Belgium	65%
Total imports of the sector	17,040,344 €

Pineapple is the 20th highest value of Belgian food imports from non-OECD countries in 2019 and the last in our list. In terms of product scope, this category comprises mainly fresh pineapples of the hybrid variety 'Extra Sweet' (or MD-2 in technical terms), as well as small volumes of dried pineapple. The fresh pineapples are fully ripened in Europe before being sold to consumers. The large majority of imports transit via the Netherlands, Germany and France which account for 85% of the total value. The main origin country is by far Costa Rica which is also the biggest world exporter, and which alone makes up 69% of the total value of Belgian imports of pineapple. In Costa Rica, the essential part of volumes is cultivated by large plantations.

List of product categories selected for the socio-environmental analysis

Based on the analysis of Belgian direct and indirect food imports from non-OECD countries - and of the related origins detailed in the previous section - we have compiled a selection of 16 categories of products and related value chains which is illustrated below.

Figure 5. The 16 main global agri-food value chains imported from non-OECD countries



Source: BASIC calculations based on Comtrade data (year 2019)

As shown above, we have removed 4 categories of imported products because less than 50% of their total direct and indirect imports is coming from non-OECD countries (onions, citruses, bovine meat and horsemeat). This left us with a list of 16 products and related value chains to be analysed in the following stage of the work that is dedicated to investigating the social and environmental risks and issues that they generate.

Social and environmental impacts of the selected global agri-food chains

A unified compass to review sustainability

Theoretical bases of the sustainability compass

To get a handle on the sustainability issues in the 16 sectors to be analysed, we first conducted a bibliographic research in order to review the major reference frameworks in this area, in particular:

- The United Nations SAFA grid (Sustainable Assessment of Food and Agriculture Systems)[6] as well as an FAO note on the sustainability of food systems[7]
- The duALine study, in particular its chapter 10 which offers a critical overview of various sustainability assessment grids[8]
- An article by Béné et al., which proposes a framework for analysing sustainability on a global scale[9]
- An article by Schader et al., which is a meta-analysis of around thirty food sustainability analysis grids[10]
- Two Metabolic reports, one on a systems approach to analysing food sustainability in Europe,[11] the other on the global food system.[12]

This first bibliographical exercise enabled us to enumerate and document the most exhaustive possible inventory of the problems caused to the environment and society due to the current functioning of our food systems, in Belgium and worldwide.

In order to organise these different issues into coherent categories, we decided to rely on the "donut theory" developed by the British economist Kate Raworth.[13]

6FAO, "SAFA 3.0: Sustainable Assessment of Food and Agriculture Systems Guidelines". 2014.
7FAO, "Sustainable food systems: Concept and framework". 2018
8INRA and CIRAD, "DuALIne: food sustainability facing new challenges". 2011
9Béné, Christophe, Steven D. Prager, Harold AE Achicanoy, Patricia Alvarez Toro, Lea Lamotte, Camila Bonilla, and Brendan R. Mapes. "Global Map and Indicators of Food System Sustainability". Scientific Data 6, No. 1 (December 2019): 279. https://doi.org/10.1038/s41597-019-0301-5.
10Schader, Christian, Jan Grenz, Matthias Meier, and Matthias Stolze. "Scope and Precision of Sustainability Assessment Approaches to Food Systems". Ecology and Society 19, n º 3 (September 12, 2014). https://doi.org/10.5751/ES-06866-190342.
11metabolic. "Using systems thinking to transform society: The European Food System as a Case Study". 2018
12metabolic. "The global food system: an analysis". 2017.
13 K. Raworth, Donut Economics. Seven Ways to Think Like a 21st-Century Economist, 2017

This theory is based on academic work which, over the last decades, has highlighted the ecological limits of the planet which constitute a "ceiling" that must not be exceeded in order to preserve ecosystems and life on Earth.[14] Raworth added to this environmental framework a "floor" of social justice; this social “floor” is constituted of items such as human rights and the essential needs attached to each person to ensure their development, without which there can be no social sustainability.

The visual donut metaphor associated with this theory can be illustrated as follows:

- The outer circle represents the environmental imperatives associated with 9 processes that regulate the stability and resilience of the Earth system (interactions between the Earth's crust, ocean, atmosphere and living things) and which together provide the conditions for existence on which our societies depend. Thresholds not to be exceeded are defined for each of them; they must not be overshot, lest the stability of the system and therefore the very possibility of life on Earth be threatened (climate, biodiversity, land use, use of fresh water, chemical pollution, etc.).
- The inner circle lists all the basic needs that must be covered in order to live well, according to the Universal Declaration of Human Rights and the United Nations Sustainable Development Goals and consensus among international political leaders. It includes access to drinking water, food, decent housing, sanitation, energy, education, health care, as well as the right to an income, to political expression and gender equality. Any individual who does not have access to these minima lives in the "hole" of the donut. In order to go beyond a solely anthropocentric view of these basic needs, we have included animal welfare in this inner circle, following the IUCN World Declaration on the Environmental Rule of Law[15] and a growing number of international texts (which thus go beyond the work of Kate Raworth).

This framework is in line with older academic work, in particular the research of Meadows et al. exposed in their report to the Club of Rome in 1972[16] or those of René Passet published in his book "L'Économique et le Vivant" in 1979,[17] which inspired the concept of "strong sustainability" which recognises the existence of several non-substitutable capitals (natural and human/social) that need to be protected separately from each other, and separately from economic and financial capital, with the aim of sustainable human well-being.

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14 Rockström, Johan, Will Steffen, Kevin Noone, Åsa Persson, F. Stuart Chapin, Eric F. Lambin, Timothy M. Lenton, et al. “A Safe Operating Space for Humanity”. Nature 461, No. 7263 (2009): 472-75 . https://doi.org/10.1038/461472a. Steffen, W., Richardson, K., Rockström, J., Cornell, SE, Fetzer, I., Bennett, EM, Biggs, R., Carpenter, SR, de Vries, W., de Wit, CA, Folke, C., Gerten, D., Heinke, J., Mace, GM, Persson, LM, Ramanathan, V., Reyers, B. & Sörlin, S. Planetary boundaries: Guiding human development on a changing planet. Science, 2015

15 IUCN, World Commission on Environmental Law, IUCN Global Statement on the Rule of Environmental Law, 2016

16 Meadows, Donella H., Dennis L. Meadows, Jorgen Randers, and William W. Behrens, The Limits to growth; a report for the Club of Rome's project on the predicament of mankind. New York: Universe Books, 1972

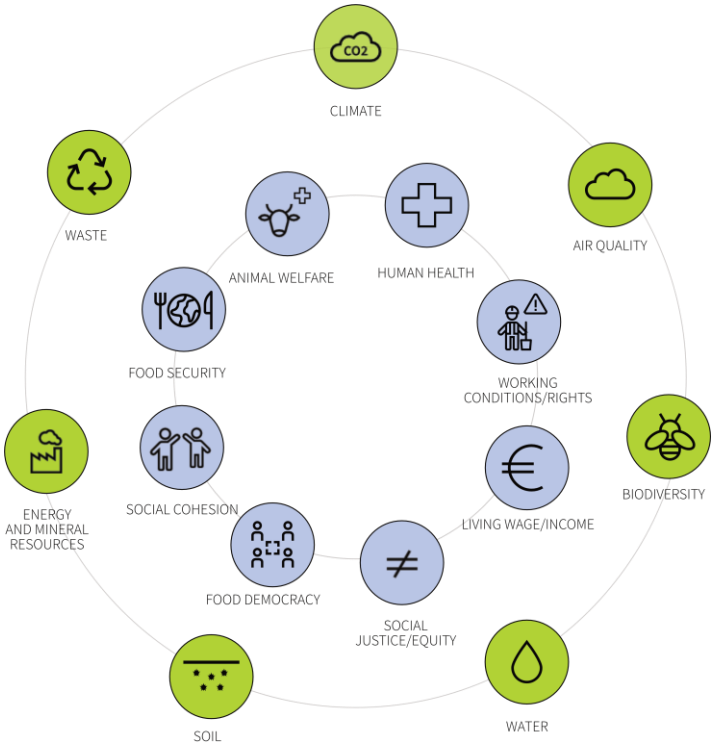
17Passet, R. The Economic and the Living, 1979

Description of the 15 components of the compass

On the basis of an exhaustive bibliographical review and relying on the theory of the donut, we formalised and grouped the main issues generated by the food chains (agricultural production, product processing, transport of goods, retail sale, catering, consumption, etc.) into two categories:

- Environmental issues associated with the "ceiling" of planetary boundaries: climate, air quality, water resources, soils, biodiversity, etc.
- Socio-economic issues associated with the "floor" of human rights. In doing so, we do not consider the creation of economic value as an end in itself, but as a means to achieve a social end: a more equitable and more united society, allowing everyone to live with dignity and in better health. We have also chosen to classify animal welfare in this section, in order to go beyond a solely anthropocentric vision of fundamental rights, following in this a growing number of international texts.[18]

Figure 6. The 15 issues of the food sustainability compass by BASIC



Source: BASIC

The environmental issues selected for our compass are seven in number:

1. climate change, caused by the various greenhouse gas emissions (carbon dioxide, methane, nitrous oxide) and by carbon storage losses (in particular due to changes in land use and their artificialisation, but also deforestation)

18IUCN, World Commission on Environmental Law, IUCN Global Statement on the Rule of Environmental Law, 2016

2. air pollution associated with the formation of tropospheric ozone, the formation of primary and secondary fine particles,[19] volatilization of toxic substances and heavy metals
3. the erosion of biodiversity caused by the risks of exposure of wild species to toxic substances, the degradation and fragmentation of natural habitats
4. the degradation of water resources due to the scarcity of drawn water reserves (irrigation, lower water retention capacities, installations, etc.) and pollution of waterways and groundwater (nitrates, phosphates, pesticides, antibiotics, plastics, etc.)
5. soil degradation associated with the decline in their physical, biological and organic quality, their chemical degradation and the loss of soil linked to erosion and artificialization
6. the depletion of non-renewable resources, whether fossil (oil, gas) or mineral (phosphorus, potassium, aluminium, etc.)
7. the capacity of ecosystems to assimilate the waste generated throughout food chains. One of the main causes of this problem is waste, which also amplifies all the impacts mentioned above, by increasing the need for raw materials, thereby increasing the environmental pressure of the food system.

Similarly, 8 socio-economic issues were included in the sustainability compass:

1. the impacts on human health caused by losses in the nutritional quality of food, problems with the sanitary quality of food, the risks of disease and physical and psychosocial risks at work
2. poor working conditions and breaches of labour law due to discrimination, arduous work, job insecurity, breaches of freedom of association and physical and psychosocial risks at work
3. achieving a decent income to remedy the problem of sub-decent pay levels, income instability, and lack of economic visibility
4. socio-economic inequalities linked to differences in income and wealth, and unequal access to public and private services
5. the obstacles to food democracy, which take the form of obstacles preventing access to reliable and independent information on the food system and its impacts, the right to be involved in the definition of agricultural/food policies and to be heard in case of damages, as well as individual and collective freedom of choice (of diet, of agricultural model, etc.).
6. the deterioration of social cohesion caused by the lack of social and professional diversity, the disintegration of links within sectors, social isolation, and the rise of socio-economic inequalities
7. food security risks posed by threats of supply disruption, inability to meet demand from own/local resources (at the macro level) and household food insecurity (at the micro level)

19 Fine particles are categorised according to their mode of formation. They are said to be primary when they are emitted as such into the atmosphere and secondary when they are formed in the air by physico-chemical reactions from other pollutants, for example nitrogen oxides (NOx) and ammonia (NH3).

8. harm to animal welfare - harm to the only non-anthropocentric fundamental right of the socio-economic sphere - which is linked to painful practices, poor state of health, lack of freedom of movement, small areas per animal, etc.

These elements were discussed and consolidated with European academics who work on the operational implementation of the donut theory at local scales, particularly on food issues, in particular Géraldine Thiry, associate professor in economics at the Catholic University of Leuven and at the ICHEC Brussels Management School.

Identification of the causes of degradation of the components of the compass

Each of the 15 previous issues listed was first broken down into sub-issues based on a multidisciplinary bibliographic review, which enabled us to review dozens of publications from the academic world, public research institutes and authorities published over the last 2 decades.

For example, the issue of climate change is most often structured around the various greenhouse gas emissions that are at its source – essentially carbon dioxide, methane and nitrous oxide – as well as loss of carbon storage.

When the framing of the issues was less consensual or still emerging, in particular in the socio-economic field, we relied on the expertise consolidated over 10 years by BASIC, in particular the interviews of experts and researchers carried out within the framework of our studies published to date and which have made it possible to identify the constituent sub-problems.[20] This is, for example, the case of the failure to achieve a decent standard of living, the main sub-problems of which have been framed from the various studies carried out by BASIC on the subject: insufficient income, lack of visibility on income, and income instability.[21]

Once the sub-problems were defined, the question arose of the identification of the determinants of food chains social and environmental unsustainability.

We call "drivers" the facts or phenomena, social or biophysical, which underlie the current functioning of the food system and constitute either a direct cause of an environmental or socio-economic sub-problem, or an indirect cause through other determinants. “Drivers” are the complex “root causes” that operate underneath the 15 issues that are simplified in the compass. Each driver

20 See for instance: BASIC, Study of Assam tea value chain, 2019; BASIC, Behind the Success Story, 2018; BASIC, Pineapple value chain from Costa Rica to Germany, 2016; BASIC, Banana value chains in Europe and the consequences of Unfair Trading Practices, 2015; BASIC, Analysis of agricultural value chains between South Africa and Germany: Case studies of table grape, wine and rooibos, 2015;

21 See for instance: BASIC, Analysis of the distribution of value, costs, taxes, and net margins along the German cocoa and chocolate value chains, 2022; BASIC, Comparative study on the distribution of value in French chocolate chains, 2020

can be directly linked to one or more sub-issues and conversely, each sub-issue can be caused by one or more determinants.

The drivers are interconnected by presumed causal links which have been documented and mapped in a "Kumu" tool freely available[22], based on the multidisciplinary bibliography we have compiled. Any driver which is an immediate cause of a sub-problem (without intermediary) is called “direct driver” of this (sub-)problem.

We have then used this tool to guide our analysis of the literature review we have performed for each of the 16 commodities. In particular, this tool has enabled us to:

- ensure we have investigated comprehensively all the main possible environmental and social issues associated with the commodity at stake
- identify for each issue the main root causes through a rigorous and systematic methodology
- display the results using the BASIC’s sustainability compass which enables to have a comprehensive and systemic view of the main issues and causes for each commodity.

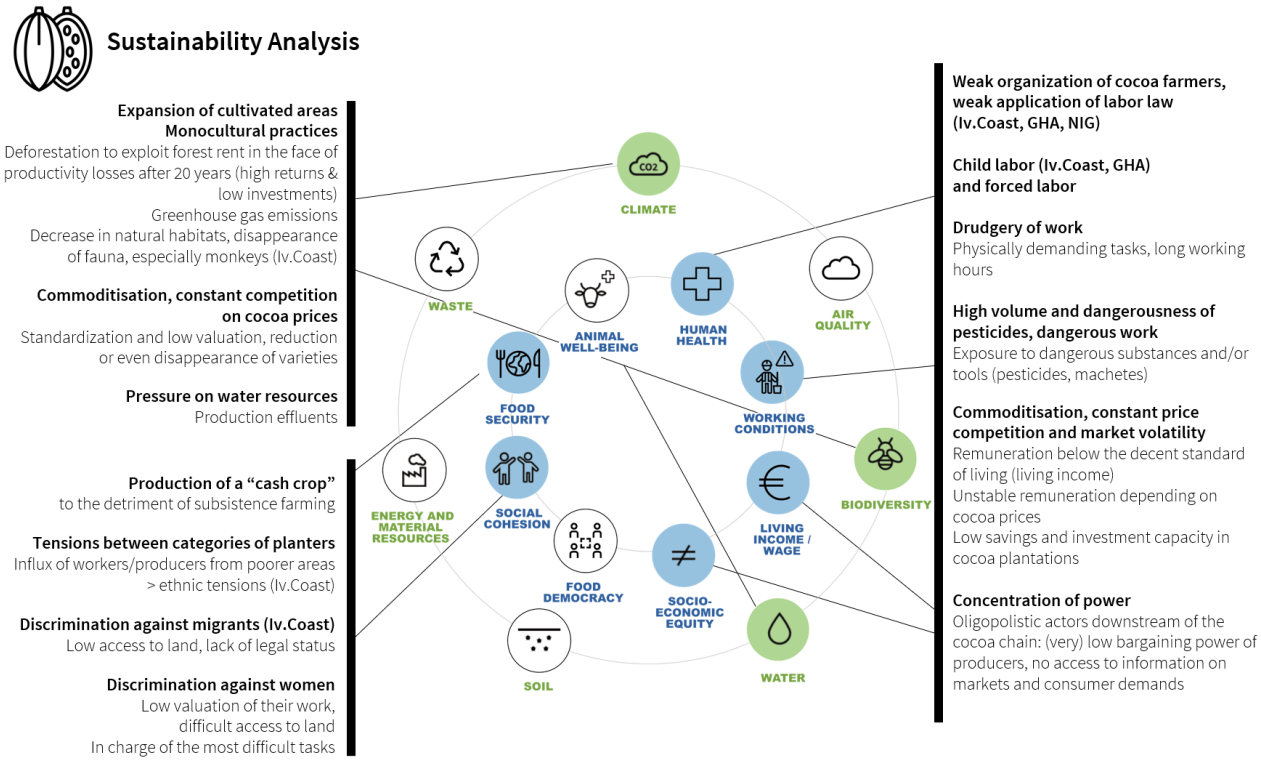
22 At the following web address: https://kumu.io/BASIC/grille-de-non-durabilite -de-lalimentation-v2022#untitled-map

Review of the 16 supply chains' sustainability

Cocoa

The figure below summarises the main socio-economic and environmental impacts of the banana value chain, at the global level and with a focus on the following production countries: Côte d'Ivoire, Ghana, Nigeria and Ecuador.

Figure 7. Analysis of the sustainability of the cocoa value chain.



Source: BASIC, 2022.

Main environmental impacts

Long reserved for the wealthy, chocolate has now become a common food around the world. Its consumption has been multiplied by 16 since the beginning of the 20th century, a "boom" in demand which has accelerated further in recent years. Today, 4 million tons of chocolate are sold each year.

To allow such an evolution, the cultivation of cocoa has continued to grow in surface area, generating a significant share of deforestation in producing countries, corresponding to more than 730,000 hectares of forest lost per year between 2005 and 2017. In a context of weakness and volatility of cocoa prices, cocoa farmers are pushed to find solutions to reduce their production costs as much as possible. One of them is to expand into the forest to benefit from the richness of recently deforested soils (forest rent) rather than investing to continue to exploit ageing cocoa trees, whose productivity decreases significantly after their twentieth year.

Cocoa plantations thus take over previously unexploited areas, leading to the loss of valuable ecosystems and natural habitats for fauna and flora. Beyond this, the implementation of monocultural cocoa practices, with so-called light cultivation in West African countries and certain Ecuadorian plantations, is a trend still at work which amplifies the dynamics of impoverishment of soils and ecosystems (biodiversity). These monocultural practices are also the source of effluents which cause significant pressure on water resources in the production countries.

Furthermore, the standardisation of cocoa exchanged via international trade imposes strong constraints on agricultural production and limits the number of varieties of cocoa grown, several of them not being valued by the market (thereby reducing the potential for agricultural diversity). In economic terms, this standardisation has given rise to a global cocoa market where buyers engage in incessant price competition and generate constant pressure on producers, which is all the greater since the majority of cocoa beans are produced by a multitude of producers in different countries perceived as strictly interchangeable.

Main socio-economic impacts

Ninety percent (90%) of cocoa is grown by small independent producers. Mostly not organised into cooperatives in West Africa (Côte d'Ivoire, Ghana, Nigeria), these small producers are “price takers” with a low bargaining power vis-à-vis a very small number of buyers. Their selling prices are generally too low to allow them to achieve a decent income (living income). In addition, price volatility caused by unstable and too-low world cocoa prices prevents producers from covering their production costs and saving and investing in the maintenance and/or modernisation of their farms. The low level and volatility of their remuneration is one of the contributing factors that explains the use of forced labour and child labour still observed in Côte d'Ivoire and Ghana, as well as in certain areas of Latin America.

The insecurity of income generated by cocoa farming is all the more problematic as the beans are a “cash crop” (production intended for export) which are sometimes cultivated to the detriment of subsistence agriculture. Financial insecurity over cocoa can thus give rise to an additional phenomenon of food insecurity.

In addition, the work of cocoa farmers is characterized by high hardship (physically hard tasks, long working hours) and significant exposure to hazardous substances used to increase yields and protect cocoa trees from disease. These dangerous substances primarily deteriorate the health of family producers, but also that of seasonal employees and, more broadly, of neighbouring populations living near the farms.

These problems are amplified for migrants and women who are widely discriminated against, although they represent a significant part of the cocoa farming population. Because of their gender or their origins, both are confined to the hardest tasks, are structurally paid less and have even more difficulties in accessing land ownership and financing mechanisms. More particularly in Côte d'Ivoire, migrants from neighbouring countries (Burkina Faso among others) are subject to increased discrimination because of their often-illegal status and the fact that many are minors. Social conflicts regularly resurface on the basis of poverty and ethnic tensions.

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Florence Pendrill et al. Deforestation risk embodied in production and consumption of agricultural and forestry commodities 2005-2017, 2019

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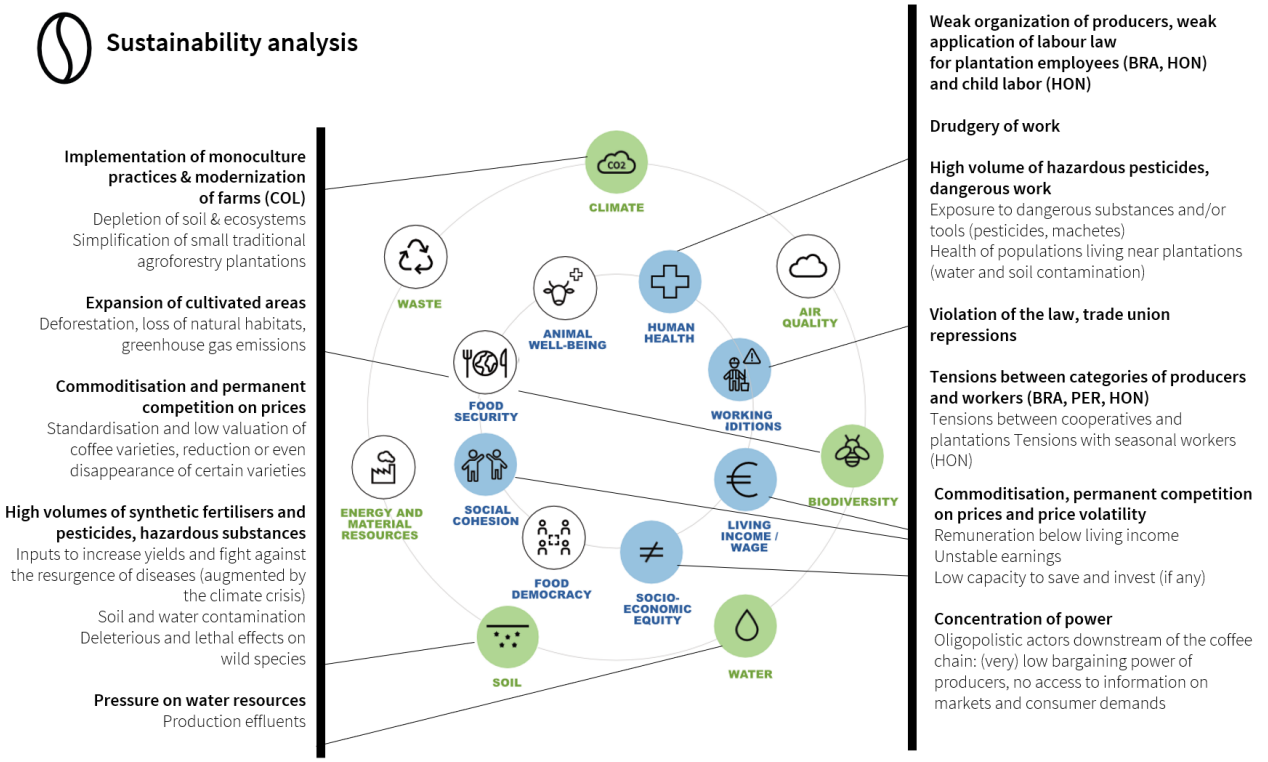
Coffee

The figure below summarises the main socio-economic and environmental impacts of the coffee sector, at the international level and more particularly in the following producing countries: Brazil, Vietnam, Honduras and Peru.

Figure 8. Analysis of the sustainability of the coffee value chain.



Source: BASIC, 2022.

Main environmental impacts

Coffee is one of the first beverages to have been widely consumed in most regions of the world, thanks to the development of consumer products sold in supermarkets (ground coffee, soluble coffee, pods) and large coffee distribution chains (such as Starbucks). With more than 400 million cups per year, it is today the second-most consumed drink in the world after water (tied with tea). World coffee production has thus increased tenfold since 1900, exceeding 10 million tonnes in 2019/2020.

In most coffee-producing countries, this strong growth has been made possible by a dynamic of agricultural modernization coupled with the development of monocultural practices – including in countries such as Peru, Honduras or Ethiopia where historical and traditional coffee production was on a smaller scale. This dynamic leads to an increase in the average size of the plantations which takes over previously unexploited areas, leading to deforestation and a reduction in natural habitats. This dynamic is driven both by large plantations (especially in Brazil) and by more family-based agriculture (as in Peru) and is often promoted and supported by public authorities. It tends to make traditional systems of coffee growing in agroforestry disappear, generating significant negative effects in terms of impoverishment of soils and ecosystems (biodiversity).

Added to this are the constraints of coffee standardisation imposed by international trade, which lead to the reduction or even the virtual disappearance of many varieties of coffee not valued by buyers, and thus amplify the loss of agricultural diversity. On the world market, competition and pressure on coffee prices are permanent and all the stronger since the majority of coffee beans are produced by

a multitude of small producers in different countries who are perceived by most economic players as strictly interchangeable.

At the agricultural level, this pressure on prices feeds a constant search for maximising yields and the fight against diseases, in particular that of rust, which are on the rise due to climate change. These trends in turn drive the use of large-scale chemical inputs that contaminate soil and water. As a corollary, the volume and dangerousness of the pesticides used have deleterious or even lethal effects on the ecosystems of neighbouring plantations. As for synthetic fertilisers, which are increasingly used, they are also the source of significant contamination of water resources in watersheds (particularly in Colombia and Brazil). Finally, the primary processing and washing of products generates large quantities of effluent which puts an important pressure on water resources.

Main socio-economic impacts

Seventy percent (70%) of Arabica and Robusta green coffee is grown by small independent producers. At the international level, the majority of small producers are not organised into cooperatives, and these family producers have a very weak bargaining power vis-à-vis the small number of international buyers and roasters. Selling prices are generally too low to allow coffee growers to achieve a decent living income and are highly fluctuating due to the volatility of world prices. These low and unstable selling prices do not enable the majority of producers to cover their production costs or to save or invest in the maintenance and/or modernisation of their farms.

The remaining 30% of world production of green coffee for export is provided by large plantations – particularly in Brazil where this percentage rises to 60%. Like small producers, coffee plantation employees are poorly organised, often victims of union repression when they try to unionise/organise, and mostly earn a salary below the living wage due to insufficient respect for labour law in the countries of production.

To make things worse, the pressure on selling prices and their volatility sometimes even push producers such as plantation owners to resort to child labour to grow coffee, in order to minimize their production costs as much as possible (a phenomenon particularly noted in Honduras).

Whether we examine small independent producers or the employees of the coffee plantations, they all carry out a difficult job marked by physically difficult tasks and long working hours in often degraded conditions. Violations of labour and union rights are widely documented (particularly on plantations in Brazil and Honduras), and many seasonal workers (hired for harvesting) find themselves in a precarious trap, whether in terms of contract as a status more broadly.

In addition to harsh working conditions, both agricultural producers and salaried workers in the coffee sector are highly exposed to hazardous substances (pesticides) that they handle, and which are used to increase yields and protect coffee trees from disease. These dangerous substances primarily deteriorate the health of small producers and workers, but also that of neighbouring populations.

Finally, strong social tensions exist between producers' cooperatives and large plantations for access to the market as well as to public/state support (notably in Brazil, Peru and Honduras). Within the

Honduran plantations, social tensions are also to be noted towards seasonal workers who are often immigrants.

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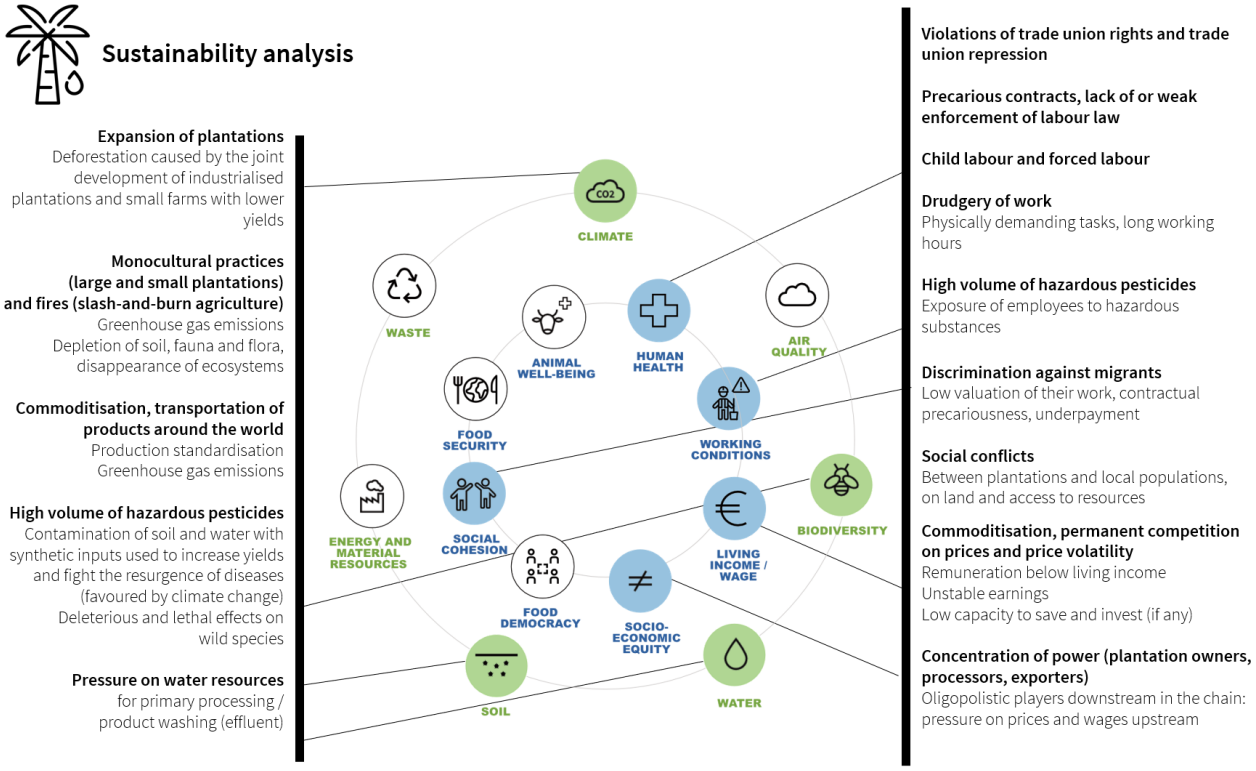
Palm oil

The figure below summarises the main socio-economic and environmental impacts of the palm oil sector, mainly in Indonesia and Malaysia.

Figure 9. Analysis of the sustainability of the palm oil value chain.



Source: BASIC, 2022.

Main environmental impacts

Palm oil is an extremely versatile oil whose consumption has been growing steadily for decades. With more than 70 million tonnes produced per year, it now dominates the world market for vegetable oils, far ahead of its main competitors, soybean, rapeseed, and sunflower oils. It is widely used by the food industry because it is naturally solid at room temperature, resists frying temperatures and allows longer shelf life of products. It is also and above all the least expensive of all vegetable oils due to the exceptional yield of oil palm which reaches nearly four tonnes of oil per hectare on average, i.e. six to ten times more than other comparable oils.

The multiplication and expansion of the average size of industrialised oil palm plantations, like small farms with lower yields, is generating large-scale deforestation, particularly in Malaysia and Indonesia, which are by far the two largest producers in the world. At the international level, a collective academic expertise published in 2019 estimates that more than 5.5 million hectares would

thus have been deforested each year between 2005 and 2017 due to the cultivation of oil palm.[23] Moreover, the monocultural practices implemented in the two farming systems – plantations as well as family farming – aggravate the dynamics of impoverishment of soils and ecosystems. To make things worse, the practice of slash-and-burn agriculture sometimes generates uncontrolled and large-scale fires which are very destructive for biodiversity and which emit large volumes of greenhouse gases.

The standardisation of agricultural production methods and the associated processed products (palm and palm kernel oil) have enabled buyers to consider these products as strictly interchangeable, alongside the constitution of an international market which seeks the massification of volumes at the lowest price. This only increases competition and structural downward pressure on world prices.

The search for maximising yields and the fight against the resurgence of diseases that are on the rise due to climate change are increasing the use of ever more chemical inputs, which contaminate the soil and water on a large scale. The volume and dangerousness of the pesticides used (partly substances prohibited in Europe) also have deleterious or even lethal effects on plants and animals in the vicinity of the plantations.

Finally, the primary processing and washing of products generates large quantities of effluent and puts heavy pressure on water resources, leading to direct competition with the needs of neighbouring populations and the ecosystems that also depend on them.

Main socio-economic impacts

The cultivation of oil palm is labour-intensive due to the lack of mechanical harvesting systems at competitive costs (but the very high yields offered by this plant make it possible to largely compensate for these additional costs to make oil palm, the cheapest of all vegetable oils).

Globally, 60% of palm oil is produced by large plantations employing workers. The employees of these plantations carry out heavy work - physically hard tasks and long working hours - in degraded conditions. International institutions observe significant and constant violations of labour and trade union rights, coupled with highly precarious statuses and contracts, in particular for seasonal workers. The constant pressure on prices exerted by the world market is passed on by the owners of the plantations to their employees, who mainly receive a salary below the living wage. These problems are amplified for migrants who are largely discriminated against: because of their origins, they are confined to the hardest tasks and are structurally paid less, in addition to sometimes working illegally.

The remaining 40% of production is provided by independent producers who cultivate oil palm on a small scale. Mostly not organised into cooperatives, these producers have a (very) weak bargaining power (“price takers”) vis-à-vis a small number of buyers, often the owners of the plantations who use

23 Florence Pendrill et al . Deforestation risk embodied in production and consumption of agricultural and forestry commodities 2005-2017, 2019

their remuneration as an adjustment variable when there are market fluctuations. Their selling prices are too low to allow them to achieve a decent income (living income) and do not allow them to cover their production costs or save. As an aggravating phenomenon, the high volatility of these prices does not allow them to plan for the future, to invest in maintenance or to modernise their operations.

Transversely speaking, the pressure on prices and the volatility of world prices are pushing producers and plantation owners to resort to forced labour and child labour in order to minimise their production costs as much as possible. In addition, the working conditions documented in the field are very often degraded, with exposure of producers and workers to dangerous substances (pesticides) used to increase yields and protect palm trees from diseases, thus impacting their health as well as that of neighbouring populations.

Finally, many social conflicts are documented in the sector, in connection with farms (large and small): the strong development of palm oil production driven by international demand has had and continues to generate growing competition for the access to resources (forestry and water) and access to land between oil palm plantations and neighbouring populations.

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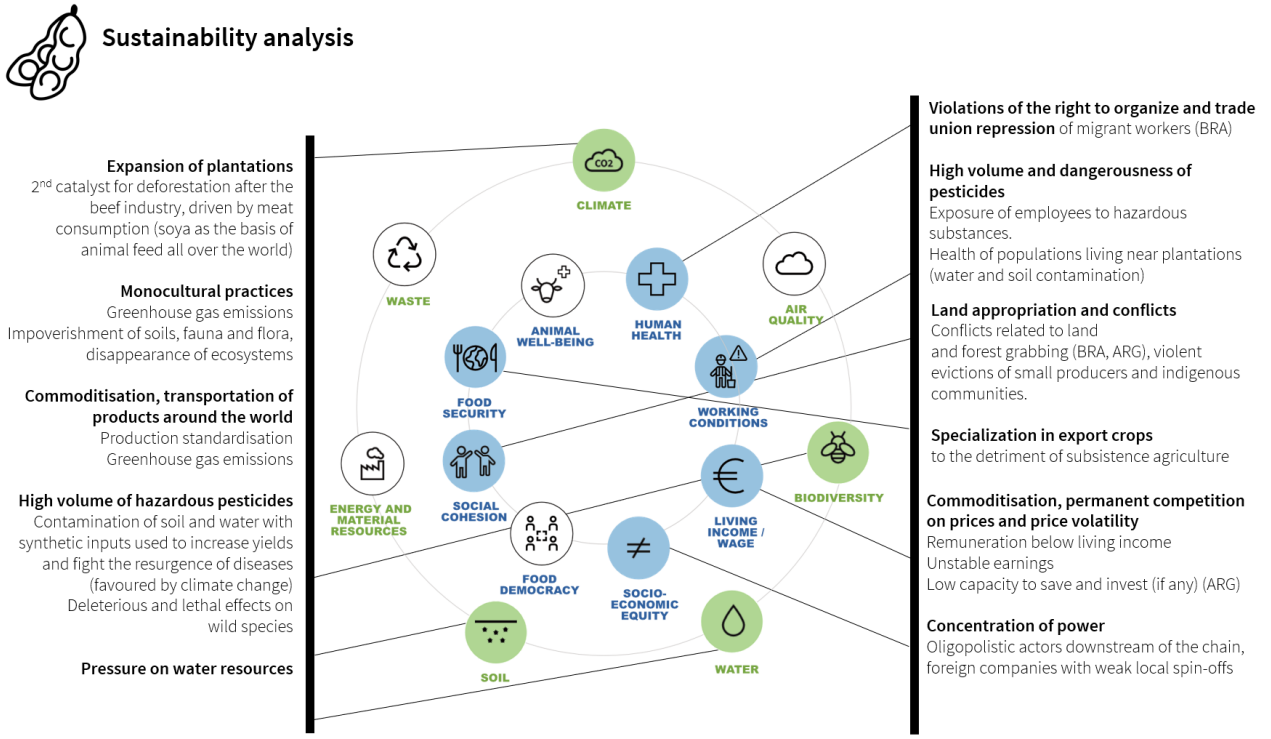
Soya

The figure below summarises the main socio-economic and environmental impacts of the soybean sector, at the international level and more particularly in the following production countries: Brazil, Argentina, India and Togo.

Figure 10. Analysis of the sustainability of the soya value chain.



Source: BASIC, 2022.

Main environmental impacts

The soy industry holds a central place in the global food system for three reasons:

- the now unavoidable place of soy in animal feed (in particular to feed cattle, but also pigs and poultry)
- the importance of soya oil among the world's vegetable fats (soya is the second source at the international level, after palm oil and ahead of rapeseed)
- and the importance of soy in the vegetarian diet because of its protein and amino acid content.

This situation is the reflection of several decades of evolution at the international level where public and private strategies have continued to move towards an increasing specialisation of agriculture and the production of a small number of highly productive vegetable crops, adapted to industrial farming systems and grown on a large scale, especially soya. In turn, this development has acted as a catalyst for the rapid growth of the livestock sector and the consumption of meat and dairy products on a global scale thanks to the availability of large quantities of low-cost animal feed.

At the agricultural production stage of soya, this dynamic has resulted in an increasing multiplication and enlargement of the size of soya farms and plantations, which generate large-scale deforestation. At the international level, a collective academic report published in 2019 estimates that more than 5 million hectares would thus have been deforested each year between 2005 and 2017 due to the cultivation of soya. This dynamic is aggravated by the ever-increasing adoption of monocultural practices, which amplify the dynamics of impoverishment of soils and ecosystems.

These issues also arise from the standardisation of agricultural production methods and associated processed products, which pushes buyers to consider these products as strictly interchangeable; this is accompanied by the constitution of an international market which seeks the massification of volumes at the lowest possible price. This only increases competition and exerts structurally downward pressure on world prices.

These economic dynamics in turn generate an incessant search for maximising yields and the fight against the resurgence of diseases linked to climate change, and therefore an ever-greater use of chemical inputs which contaminate the soil and water, the volume and the dangerousness of the pesticides used (partly substances banned in Europe) causing deleterious or even lethal effects on plants and animals in the vicinity of the plantations.

Main socio-economic impacts

Globally, 90% of soy is produced by large plantations employing workers. International institutions observe significant and constant violations of labour and trade union rights, coupled with highly precarious statuses and contracts, especially for seasonal workers. The constant pressure on prices exerted by the world market is passed on by the owners of the plantations to their employees, who mainly receive a salary below the living wage. Added to these problems is the hardship of work on farms, which is marked by physically demanding tasks and long working hours in often degraded conditions with significant exposure to dangerous substances (pesticides) used en masse to increase yields and protect crops from diseases, thus impacting their health as well as that of neighbouring populations.

The remaining 10% of production is provided by independent producers who grow soya on a smaller scale, particularly in India and Argentina. Mostly unorganized, these producers have a (very) weak bargaining power when faced with a small number of buyers, often the plantation owners who use them as an adjustment variable to adapt to fluctuations in the market. Their selling prices are too low to allow them to achieve a decent income (living income) and do not allow them to cover their production costs or save.

Finally, many social tensions are documented in the sector, in connection with the large plantations. The strong development of soya production driven by international demand thus generates growing competition for access to resources (forestry and water) and for access to land which can degenerate into eviction/expropriation of small producers and indigenous communities (particularly in Brazil and Argentina), and the associated violence and conflict.

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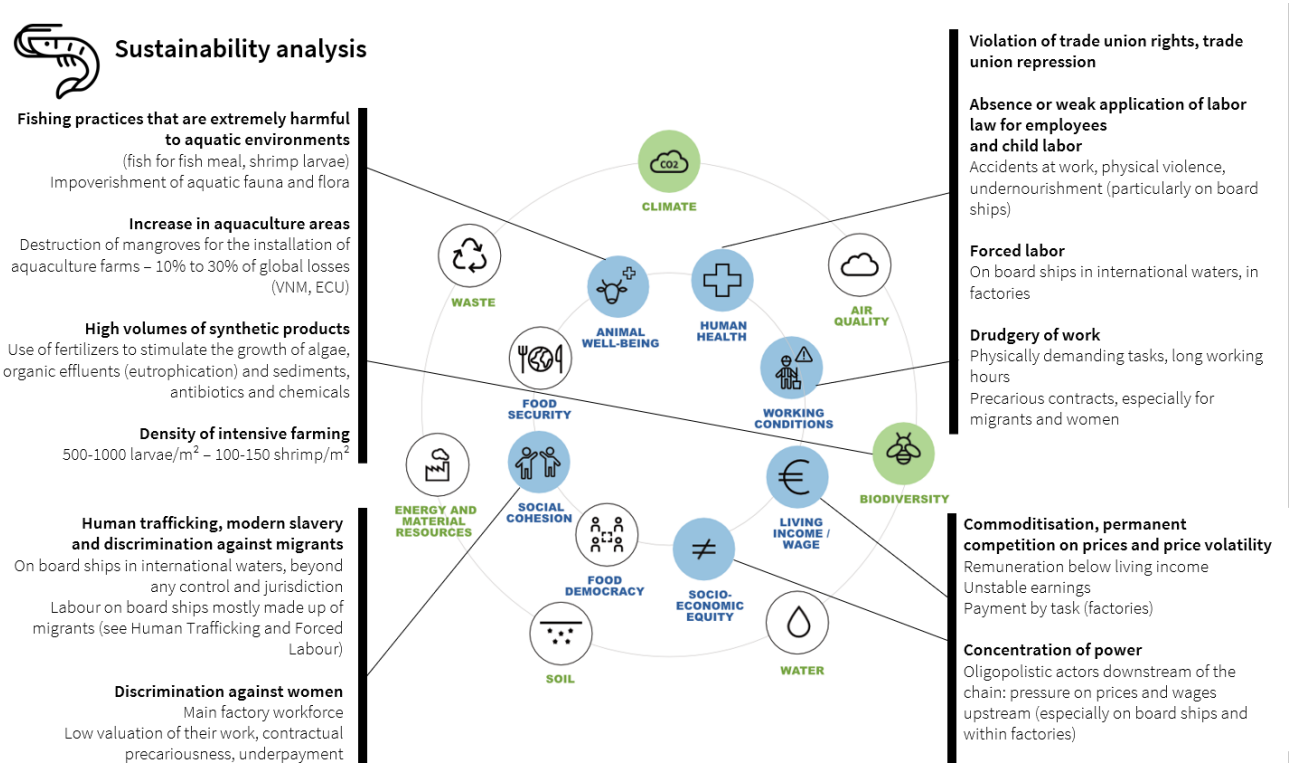
Shrimp

The figure below summarises the main socio-economic and environmental impacts of the shrimp industry, at the global level and with a focus on the following production countries: India, Vietnam, Bangladesh, Ecuador and Indonesia.

Figure 11. Analysis of the sustainability of the shrimp value chain.



Source: BASIC, 2022.

Main environmental impacts

Shrimp is one of the most valued fishery products in the world. This sector alone represents a flow of 8 million tonnes per year and 15% of the total value of seafood products traded internationally. These figures are the result of very strong growth over the past decades, fuelled by ever-increasing consumer demand in Europe, North America and increasingly in the emerging economies of East Asia, from Russia and the Middle East.

In producer countries, the response to mass consumer demand has above all been made possible by the development of aquaculture in countries with low labour costs, which has grown from 5% of world production in 1980 to 55% today. This “boom” in aquaculture has been the catalyst for a 7-fold increase in volumes of shrimp traded internationally over the past 40 years. This boom was accompanied by a drop in prices of almost 30%, transforming shrimp into one of the most affordable seafood products on the market. This fall is the consequence of the standardisation of the product, which has allowed incessant competition on prices and constant pressure on the producing countries now perceived as strictly interchangeable.

The environmental consequences of this development are very significant. First, the increase in aquaculture areas along the coasts has come to the detriment of many pre-existing natural areas, shrimp farming now being the primary cause of the disappearance of mangroves at the international level (up to 30% of the losses according to some estimates), particularly in Vietnam and Ecuador where these particularly rich ecosystems are very poorly protected.

Beyond that, the resulting destruction of biodiversity is amplified by the high volumes of synthetic products used by shrimp farms: fertilisers to stimulate the growth of algae, antibiotics and chemicals to limit the resurgence of diseases that are favoured by the high density (which, in the tanks, can reach 500 to 1,000 larvae per m^2 and 100 to 150 shrimp per m^2). Added to this are the discharges of large quantities of organic effluents and sediments in coastal areas and waterways. These various types of pollution increase the problems of eutrophication and the accumulation of toxic substances in watercourses, the exposure of aquatic species, the disruption of their living conditions and the destruction of their habitats in the vicinity of farms.

Two last notable issues arise at the production level: animal abuse in the basins which are marked by very high breeding densities and the overfishing of fish to make food for the shrimps of the aquaculture farms.

Main socio-economic impacts

Wild prawns make up around 45% of the world's supply and generate income for around 900,000 fishers and boat workers. The sector is highly dependent on migrant workers for labour due to its poor reputation for working conditions. Fishing vessels, often operating in international waters and thus avoiding the surveillance of the authorities, use forced labour in a systemic way. Many scandals related to modern slavery and human trafficking have been documented in the media, especially regarding Thai and Indonesian boats. Victims described being forced to work long hours, being beaten or drugged, and even witnessing murders. As for their level of remuneration, it is very much lower than the living wage.

The remaining 55% of global production comes from small and medium-sized open-air aquaculture operations, mainly in Southeast Asia and South America where land and labour costs are low to satisfy the global appetite for cheap shrimp. Selling prices for small aquaculture farm owners are generally too low to allow them to achieve a decent living income and too unstable to allow them to cover their production costs and invest in maintenance and/or modernisation of their operations. Added to this is the (very) low level of organisation of farm workers, which leads to frequent non-compliance with labour law, coupled with significant precariousness of statutes and contracts and sometimes even the use of child labour.

Finally, socio-economic issues are not limited to the first link in the chain. Indeed, to lift the brake on the mass consumption of shrimp, the product was increasingly marketed (pre)cooked and shelled in supermarkets, which was made possible by the proliferation of primary processing plants in countries in Southeast Asia and Latin America where labour is cheap enough (Vietnam, Bangladesh, Ecuador, Indonesia, etc.). The employees of these factories are mostly women who are either under informal status or hired by subcontractors to manage the outsourced work at the lowest cost. When these women are lucky enough to have contracts, these are of short duration. In any case,

remuneration is mostly based on the weight of shrimp processed per day, which encourages excessive hours and prevents workers from being able to earn a living wage.

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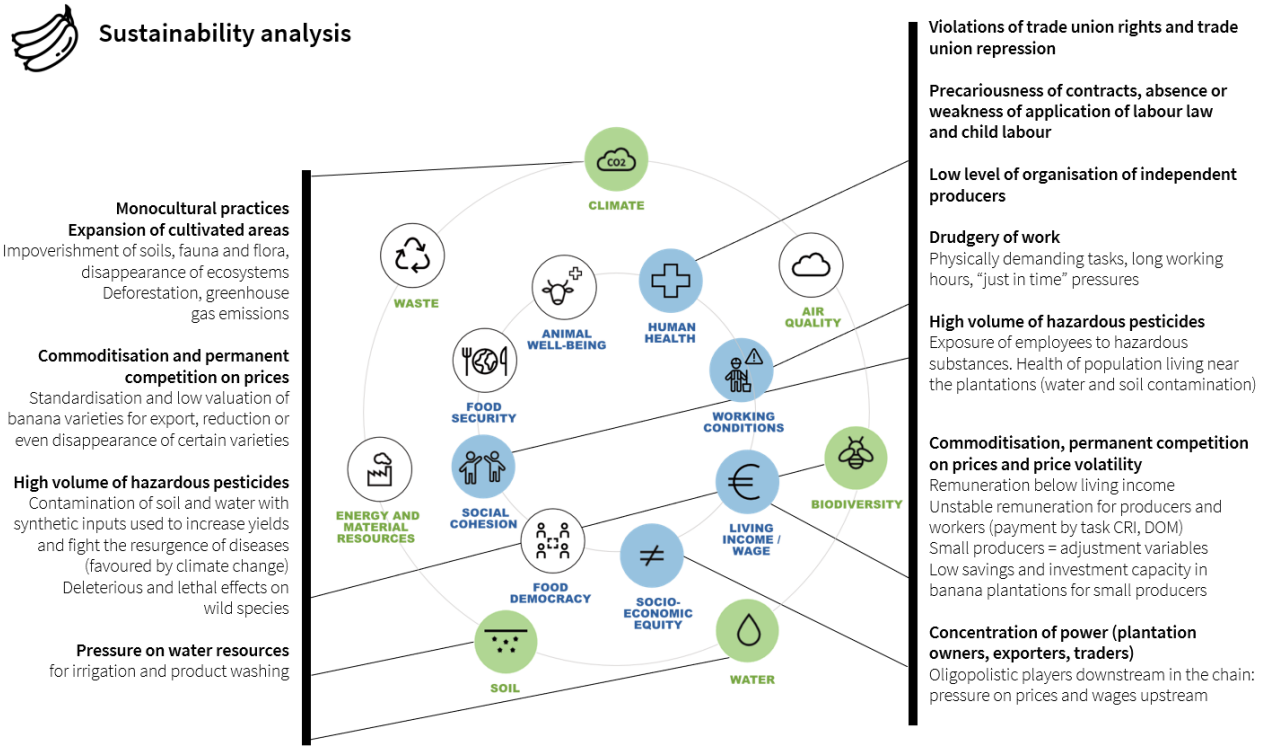
Banana

The figure below summarises the main socio-economic and environmental impacts of the banana sector, at the international level and more particularly in the following production countries: Colombia, Ecuador, Costa Rica, and Dominican Republic.

Figure 12. Analysis of the sustainability of the banana value chain.



Source: BASIC, 2022.

Main environmental impacts

The banana is a starchy fruit that is the daily staple food in dozens of countries (especially tropical countries). The largest banana-producing countries, such as India or Brazil, therefore reserve most of the volumes for domestic consumption; more than 80% of world production remains in the country where the banana is grown. Only one variety (or almost) is exported, the Cavendish variety, because of its high yields which make it profitable to trade internationally (while there are more than 1,000 varieties of bananas in the world). At the other end of the chain, the banana is the most consumed fruit in Europe and North America, which alone represent more than 70% of the world consumption of imported bananas.

In the producing countries, the Cavendish banana is mainly cultivated in large-scale monoculture, generating an impoverishment of soils, ecosystems, and diversity of planted crops. The fragility of this banana variety, coupled with a constant quest to maximise yields and fight against the resurgence of diseases favoured by climate change, generates a high use of chemical inputs that contaminate soil and water. The high volumes of dangerous pesticides used in banana plantations (partly substances banned in Europe) have deleterious or even lethal effects on ecosystems.

Continuous irrigation of banana plantations and fruit washing stations located within each plantation also create strong pressure on water resources, in direct competition with the needs of local populations and ecosystems. Finally, the expansion of the surface of plantations sometimes also takes over previously unexploited areas, thus contributing to the disappearance of forested areas.

At the commercial level, the almost exclusive cultivation of the Cavendish banana for export meets the standardisation requirements of international trade. This also generates competition that is all the stronger between buyers as this fruit is a "loss leader" for most supermarkets who promote its low price to attract consumers to their stores. This incessant pressure on prices in turn pushes producers to seek ever higher yields, creating more incentives to resort to monocultural practices.

Main socio-economic impacts

Ninety percent (90%) of the Cavendish banana intended for export is produced by large plantations which are owned either by independent owners or vertically integrated within the large global fruit trading companies (the latter case having been in constant decline for 20 years). In a context of weak organization of workers, international institutions observe significant and constant violations of labour and trade union rights, coupled with highly precarious statutes and contracts and sometimes even the use of child labour. The employees of these plantations carry out heavy work: physically hard tasks, long working hours, pressure on the harvest in just-in-time. In addition to these harsh working conditions, the employees of the banana plantations are highly exposed to dangerous pesticides, which they handle individually but which are also sometimes sprayed by plane even when they are working in the plots. These substances, which are used to increase yields and protect banana trees from disease, have significant negative consequences in the short and long term on the health of employees but also on that of neighbouring populations.

The constant pressure on prices exerted by the world market is passed on by the owners of the plantations to their employees who mainly receive a salary below the living wage, especially since they are frequently paid by the task (i.e., depending on the volume of fruit harvested).

The remaining 10% of world production of Cavendish bananas is provided by small independent producers who serve as an adjustment variable for large plantations and are mainly located in Ecuador, the Dominican Republic and Colombia. Mostly not organised into cooperatives, these small producers have a very weak bargaining power vis-à-vis the limited number of players who buy their fruits – most often the owners of large plantations who are also their main competitors. The selling prices they obtain are most often too low to allow them to achieve a decent income (living income) and are marked by high volatility which prevents them from covering their production costs, saving, or investing in maintenance for their plots.

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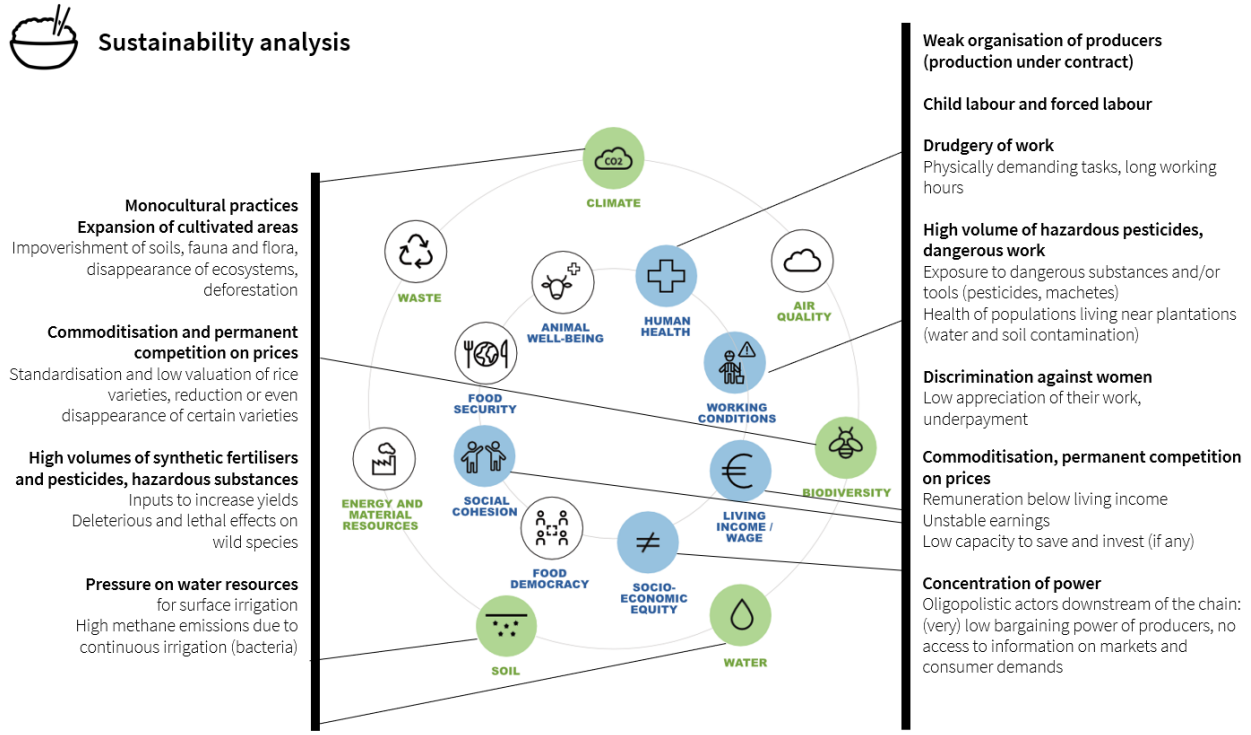
Rice

The figure below summarises the main socio-economic and environmental impacts of the rice value chain, at the global level and with a focus on the following production countries: Pakistan, Thailand, Burma and Cambodia.

Figure 13. Analysis of the sustainability of the rice value chain.



Source: BASIC, 2022.

Main environmental impacts

Globally, rice production has increased considerably since the 1960s, in line with the growth of the population that depends on it for its food needs, mainly in Asia but also increasingly in Latin America and Africa. Many countries that previously produced limited quantities have become self-sufficient and have sometimes managed to export surpluses. The volumes traded on the world market which were once very limited are now significant, having been multiplied by 4 since 1990.

On the production side, world rice volumes have tripled since 1960, a boom mainly attributed to improved yields, with harvested area only increasing by a third over the same period. These record increases in rice production are the result of what has been called the "green revolution" which has led to the widespread dissemination of new varieties of rice that can be planted up to three times a year and fertilised with nitrogen-based fertiliser. Today, these varieties that are grown on irrigated land contribute nearly three-quarters of the world's total rice production.

The resulting modernisation of rice paddies, which continues to be carried out, entails an increase in the average size of farms which may take on previously unexploited areas and on natural ecosystems

and is accompanied by the implementation of monocultural practices generating soil impoverishment.

The search for yield maximisation, coupled with the phenomenon of contract production (see next section), encourages the use of chemical inputs (fertilisers and pesticides) which contaminate the soil and water, and can have an impact on the health both of producers handling these toxic substances and of neighbouring populations dependent on the same natural resources (soil and water).

Finally, the continuous irrigation of rice fields creates pressure on water resources for neighbouring populations, in terms of availability and quality, and leads to the development of bacteria that generate high methane emissions representing 4% of worldwide greenhouse gas emissions according to the IPCC.

Main socio-economic impacts

Ninety percent (90%) of world rice production is carried out by small independent producers, mostly unorganized and with (very) poor access to market information. Most of them have very limited bargaining power against the small number of traders to whom they sell their merchandise. A non-negligible proportion of rice growers is even led to carry out "contract production" agriculture: this is a form of agricultural organisation that leaves little room for the autonomy of producers since they are bound by a limited-term contract with a buyer who has the exclusivity of the harvest, who stipulates the conditions of production and the purchase price, and who provides or even imposes in return the (chemical) inputs for the production.

In general, the selling prices of rice obtained by the producers are too low to enable them to achieve a decent income (living income), in addition to being unstable because they fluctuate according to world prices. They do not allow them to cover their production costs or to save or invest in the maintenance of their farms. Only rice farmers producing specific varieties in more profitable niche markets seem to be able to manage.

In the rice farms, the tasks to be carried out are physically hard, and the working hours are long. These working conditions, in addition to the dangerous pesticides used to increase yields and protect plants from diseases, often have strong impacts on the health of producers.

These problems are amplified in the case of women because of the gender discrimination they suffer. However, they are more and more likely to be at the head of farms, particularly in Southeast Asia due to the migration of men to urban areas to work in factories, but their work remains less well-paid and they generally have a much more limited access to funding.

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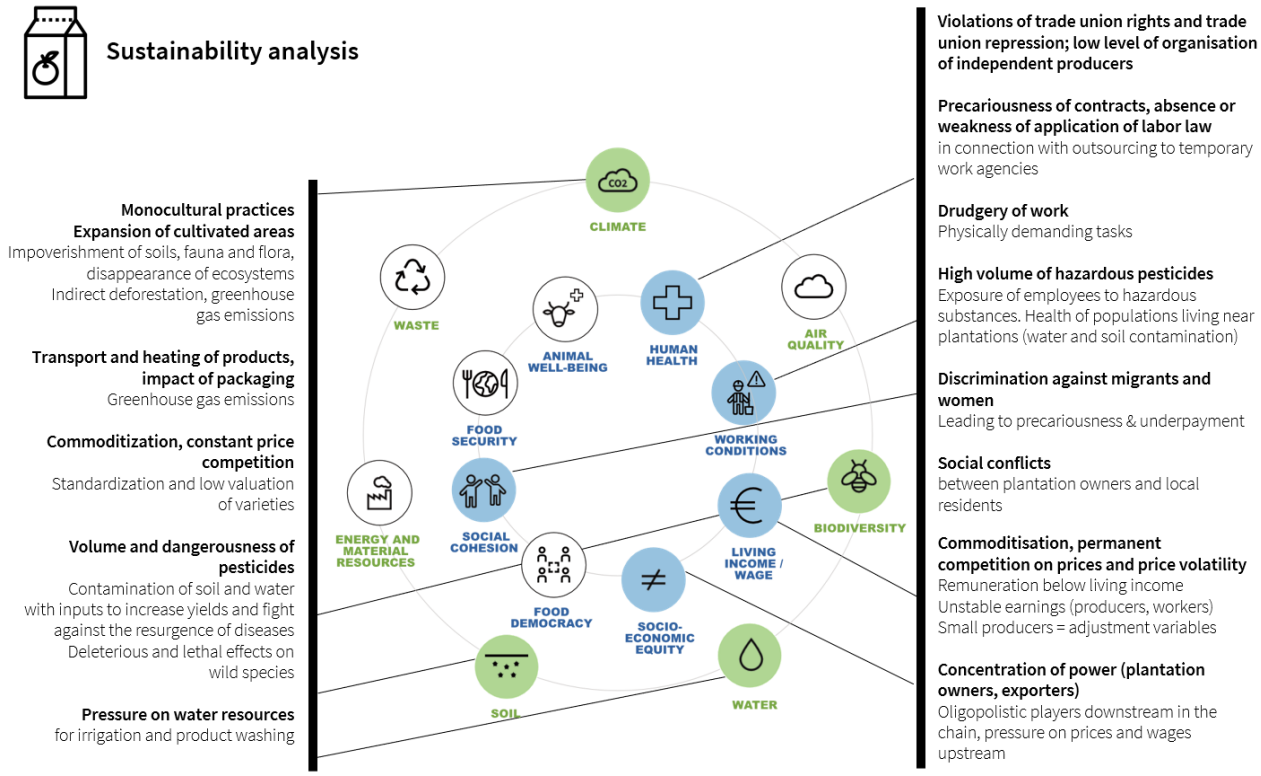
Orange juice

The figure below summarises the main socio-economic and environmental impacts of the orange juice value chain, at the global level and with a focus on Brazil.

Figure 14. Analysis of the sustainability of the orange juice value chain.



Source: BASIC, 2022.

Main environmental impacts

Fruit juices and nectars represent about 5% of global beverage consumption, or about 38 billion litres per year. The most common flavour is orange juice, which represents 34% of the international fruit juice market. The main producing country is by far Brazil, which alone accounts for 1/3 of orange cultivation in the world, 40% of the world production of orange juice (all formats combined: pressed, concentrated and pasteurised) and 80% of that of concentrated orange juice.

In this country, as more generally in most producing countries, oranges are grown in monoculture over very large areas. In Brazil, this extension of farms (most of which are located in the state of São Paulo) sometimes leads to an exodus of populations to other regions, particularly forest regions, to redevelop agricultural land.

Few varieties of oranges meet the standardisation and conservation constraints imposed by the market for the production of fruit juices, in particular from concentrate. The latter has become an interchangeable product worldwide, regardless of its origin, which allows market players to maintain strong pressure on prices.

The consequent monoculture practices in orange plantations tend to impoverish the soil and are very vulnerable to pests and diseases. At the end of the 1930s, the "Tristeza" virus thus destroyed almost the entire orange crop in Brazil. After years of experimentation, selective breeding has produced new resistant varieties that require intensive treatment with chemical pesticides, some of which are dangerous. The latter cause significant contamination of soil and water, and deleterious or even lethal effects on contaminated neighbouring ecosystems.

In terms of processing oranges into concentrate, heating the juice to extract the water, then refrigerating or even freezing it for transport generates high energy consumption and significant greenhouse gas emissions.

Main socio-economic impacts

Seventy percent (70%) of the oranges in Brazil which are intended for the manufacture of orange juice for export are produced by plantations held by a very small number of owners, including the concentrate manufacturing companies (the 3 main ones – Citrusco, Cutrale and Louis Dreyfus – representing more than 80% of this production and owning more than 40% of the orange groves in the country).

The employees of these plantations carry out heavy work (physically hard tasks and long working hours) in difficult conditions: violations (or absence) of labour and trade union rights, precariousness of statuses... Most of them being migrant workers from other rural areas of Brazil, they do not have a permanent contract; instead, they are most often recruited by local temp agencies which constantly monitor their performance and decide whether or not they will be taken on when the job is done for the next harvest. Most of them are paid below the living wage, especially since they are paid according to the quantity of oranges harvested. In terms of health and safety, injuries and accidents related to falls from ladders during harvesting are common. Chemicals are often sprayed while workers harvest the fields, causing allergic reactions and other health problems, and protective clothing is often non-existent or inadequate.

These problems are amplified for women who are widely discriminated against and yet constitute a significant part of the salaried workforce, particularly in concentrate manufacturing plants.

The remaining 30% of production is ensured by small and medium-sized independent producers, serving most of the time as an adjustment variable for large farms. Mostly not organised into cooperatives, these producers have a weak bargaining power vis-à-vis the owners of plantations and processing plants. Their selling prices are generally too low to allow them to achieve a decent income (living income), in addition to being unstable, and the low prices do not allow them to cover their production costs or to invest in their plots (this occurs whether the producers have signed fixed price contracts or riskier variable price contracts).

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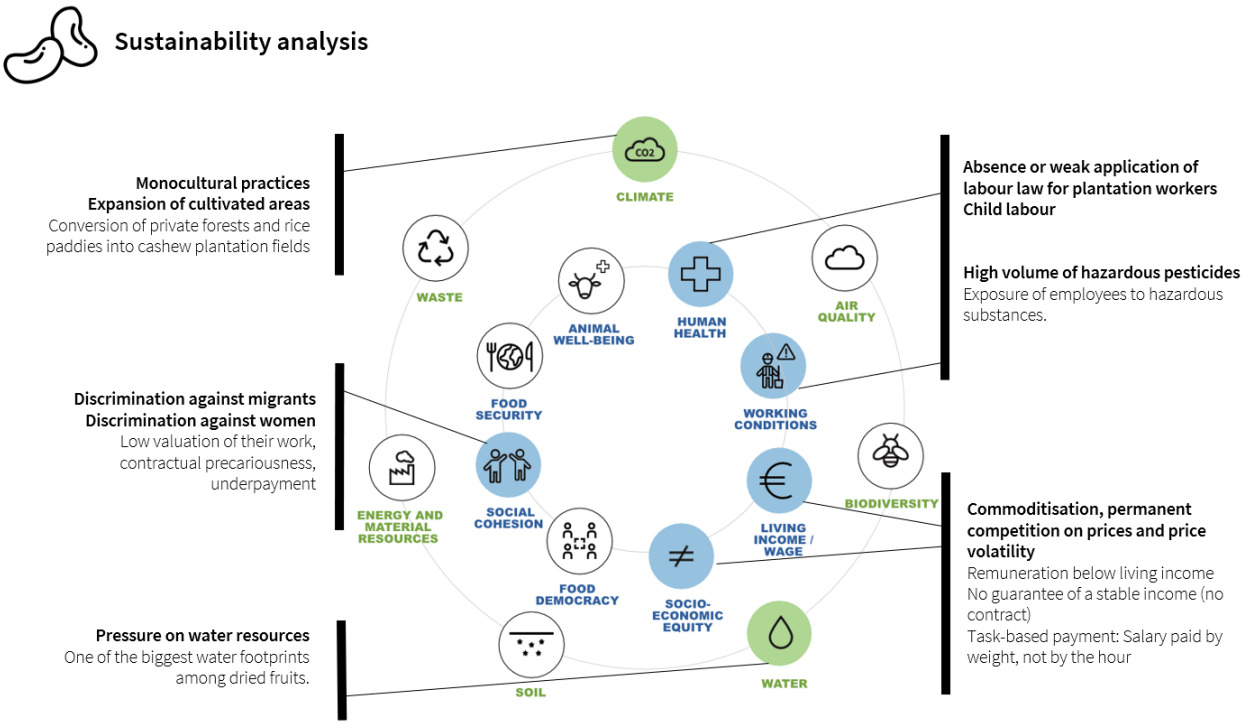
Cashew nut

The graph below summarizes the main socio-economic and environmental impacts of the cashew nut value chain, at the global level with a focus on the following producing countries: Vietnam, India, Brazil and Benin.

Figure 15. Analysis of the sustainability of the cashew nut value chain



Source: BASIC, 2022.

Main environmental impacts

The total area under cashew cultivation has increased tenfold since 1980 at the international level and the volumes traded on the world market have more than doubled since 2000 in response to growing consumer demand. While India and Brazil were for a long time the main cashew producing countries, Africa has become the backbone of global production over the past 20 years, with the continent producing more than half of the cashew nuts harvested annually (and Côte d'Ivoire 50% of this harvest). Most of this African production is exported to India, Vietnam and Cambodia for processing (to be shelled, roasted, salted, etc.) before being re-exported to Europe and North America for consumption. This intercontinental circuit does not make it possible to trace the origin of the cashew nut and is explained by the lack of processing capacity on the African continent due to the low price of cashew on the world market, which does not make it possible to make new investments profitable (compared to those already made on a large scale in Asia).

The strong growth in world production has been made possible by a dynamic of agricultural modernisation coupled with the development of monocultural practices that were encouraged by the Green Revolution, particularly in India and South-East Asia (as for rice). This dynamic continues to lead to an expansion of the world's area dedicated to cashew nuts, which takes over previously

unused areas, leading to deforestation and a reduction in natural habitats. This development is often promoted and supported by the public authorities. In addition, the standardisation of cashew nuts imposed by international trade has led to the reduction or even the virtual disappearance of many cashew varieties in favour of a few high-yielding ones.

The international competition between cashew producers, who are considered interchangeable by buyers, and the resulting permanent pressure on prices, constantly pushes for the maximisation of yields and the fight against diseases, the latter being on the rise due to climate change and the fragility of the high-yield varieties cultivated. These trends in turn encourage the use of chemical inputs that contaminate soil and water, while the hazardous pesticides most often used have deleterious and even lethal effects on the ecosystems surrounding the plantations. Cashew cultivation is also documented as having one of the largest water footprints of any dry fruit production.

Main socio-economic impacts

Sixty percent (60%) of cashew nuts are grown by family farmers cultivating small plots. These producers sell their nuts either to intermediaries on local markets or indirectly to a processing plant through a trader. They have a (very) low bargaining power towards their buyers and their selling prices are generally too low to allow them to achieve a decent living income, even though cashew nuts often fetch a better price than other crops in the same agricultural regions situated from drylands to tropical zones. What makes matters worse is that the volatility and uncertainty of the prices they receive do not allow them to cover their production costs or to invest in the maintenance and/or modernisation of their farms. As a result, cashew cultivation often attracts producers from areas of endemic poverty who are seeking a better life even if they remain in precarious conditions, similar to the dynamics also documented for cocoa.

The remaining forty percent (40%) of the world's cashew nut production for export is produced on (larger) plantations. Like the small producers, the workers on these plantations mostly earn a salary below the living wage threshold in a context of poor respect for labour law and precariousness of their status. These problems are further amplified in the case of migrants and women, who are often confined to the hardest and lowest paid jobs.

In addition to these difficult working conditions, both producers and plantation workers are highly exposed to the dangerous substances they handle (pesticides), which are used to increase yields and protect cashew plants from disease.

Finally, further downstream, the shelling work in the factories is mostly done by women who are paid below the living wage, employed in precarious conditions (lack of contracts, etc.) and with documented violations of labour and trade union rights. Their work, which is done solely by hand, is tiring, lasts for long hours and brings them into contact with the acid and caustic products contained inside the nuts with little adapted protective equipment. Some cases of child labour have even been documented in factories in India.

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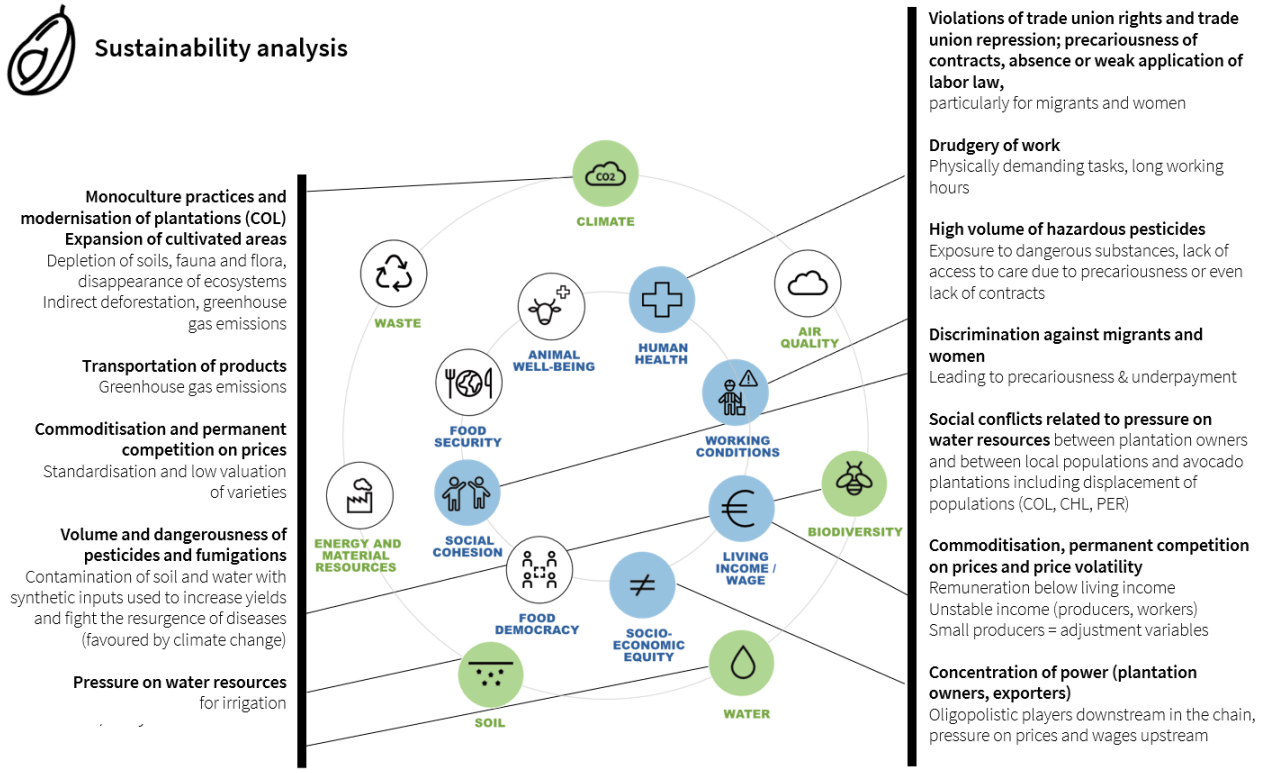
Avocado

The figure below summarises the main socio-economic and environmental impacts of the avocado value chain, at the global level and with a focus on the following production countries: Chile, Peru, Brazil and Colombia.

Figure 16. Analysis of the sustainability of the avocado value chain



Source: BASIC, 2022.

Main environmental impacts

The avocado is a tree native to Central America that is now grown in tropical and Mediterranean climates around the world. Globally, avocado consumption has quadrupled since the 1970s, reaching an estimated volume of 5,000 tonnes per year. The avocado remains mainly consumed in the countries where it is produced, while exports represent around a quarter of production volumes. More recently, export growth has accelerated (more than 40% growth since 2010) due to the growing sensitivity of European and North American consumers to foods considered “healthy” and the increase in disposable income in the emerging economies.

To meet this demand, avocado plantations have continued to be modernised, particularly in Peru and Colombia, resulting in an increase in the average size of farms and the generalisation of monocultural practices, the cause of soil impoverishment and of biodiversity. The search for maximising yields and the fight against the resurgence of diseases favoured by the climate crisis are leading to the use of chemical inputs which contaminate the soil and water. The volume and

dangerousness of the pesticides used generate deleterious or even lethal effects to neighbouring ecosystems. In addition, the continuous irrigation of avocado plantations creates strong pressure on water resources, leading to direct competition with the needs of the populations and ecosystems that depend on them.

Among the 500 existing varieties of avocado, few of them are valued by the international market for export (mainly Hass); those that do not meet the physical and conservation requirements imposed by (among others) supermarkets tend to be less and less grown. The result is international trade marked by the standardisation of avocado, constant pressure on prices, and direct competition between many agricultural producers who are considered interchangeable by major buyers, regardless of their country of establishment.

Main socio-economic impacts

Ninety-five percent (95%) of avocados are produced by plantations which mainly employ hired labour. The employees of these plantations carry out heavy work (physically hard tasks) with long hours in degraded conditions: violations (or even absence) of labour law and trade union law, precariousness of statutes and sometimes absence of contracts, documented by the international institutions and civil society organisations. These employees mainly receive remuneration below the living wage. These problems are amplified for migrants and women: because of their gender or their origins, both are often confined to the hardest and least paid tasks, in addition to sometimes working illegally.

Added to this is the use of hazardous substances used to increase yields and protect avocados from disease, with significant consequences for the health of employees and neighbouring populations.

In addition, tensions regularly oppose the latter to the owners of the plantations, the two being in competition for the same resources in tension, in particular access to land and water resources. In Colombia, Chile and Peru, some local populations have even been displaced against their will, creating sometimes violent conflicts.

It is interesting to note that Mexico, by far the largest exporter of avocados in the world, and the country with the highest social risks due to the proven involvement of drug trafficking actors in the avocado, is not a source of Belgian imports.

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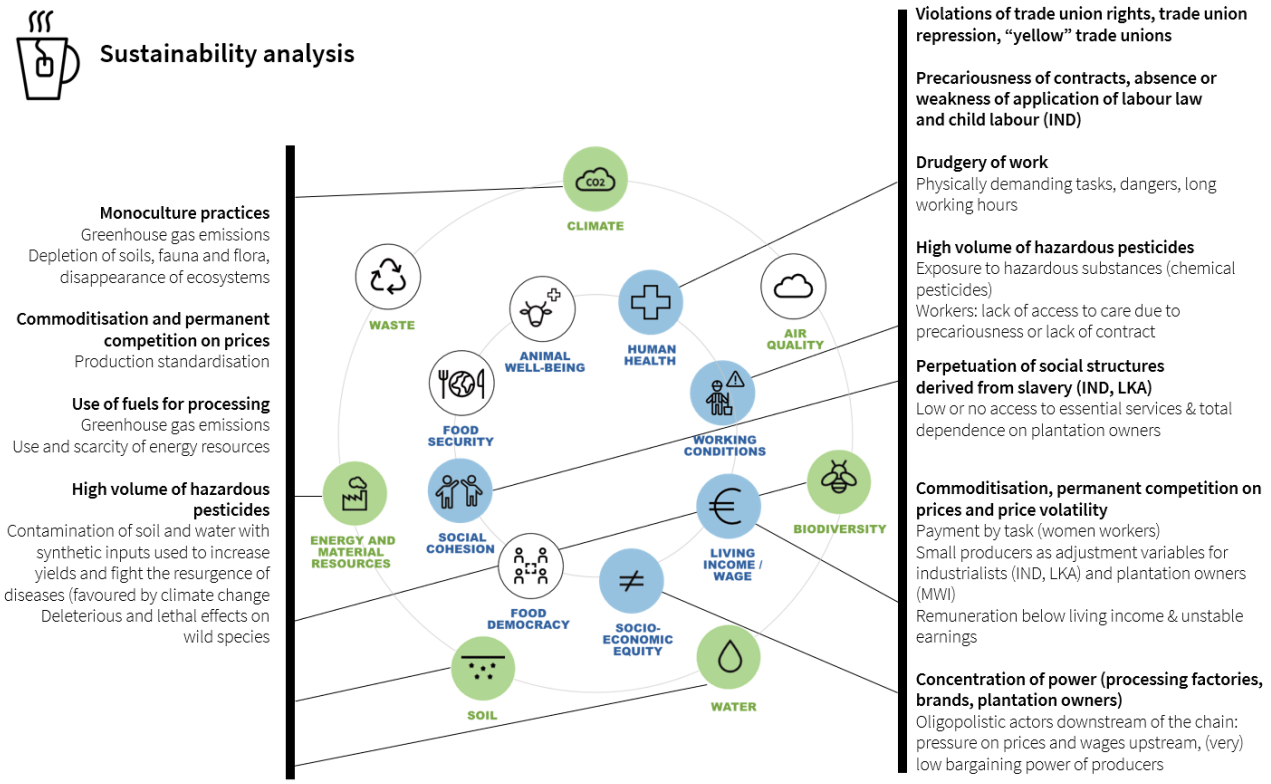
Tea

The figure below summarises the main socio-economic and environmental impacts of the tea value chain, at the global level with a focus on the following production countries: China, India, Sri Lanka and Malawi.

Figure 17. Analysis of the sustainability of the tea value chain



Source: BASIC, 2022.

Main environmental impacts

Today, tea is (along with coffee) the second-most consumed beverage in the world after water, averaging 35 litres per person per year. It is also the most consumed hot drink in the countries that produce it (around 69% of volumes, particularly in China and India); it is therefore the least traded at the international level relative to its production. Since the early 2000s, demand has increased, especially in emerging economies in Asia, Latin America and Africa, driven by rapidly growing income levels and the promotion of tea for its health benefits.

At the other end of the chain, tea comes from a single plant (*Camellia sinensis*) grown mainly in monoculture on plantations (whether in China, India, Sri Lanka or Malawi), thus generating an impoverishment of soils and ecosystems. These agricultural practices, coupled with a constant search for maximising yields and combating the resurgence of diseases favoured by climate change, are pushing the use of chemical inputs that contaminate soil and water. The volume and

dangerousness of the pesticides used, some of which are banned in Europe, have deleterious or even lethal effects on neighbouring ecosystems. This pollution is even found in the cups of end consumers.

Beyond the agricultural link, the primary processing of tea consumes a sizeable amount of fuel to dry the product, generating significant greenhouse gas emissions. It is the differences in the level of fermentation during this transformation that make it possible to obtain the different types of products that are black tea, green tea, oolong and white tea.

Under pressure from international trade, tea production is highly standardised to meet the constraints of export, international trade, and consumption in distant markets. This standardisation has allowed direct competition between producers and constant pressure on prices because tea is perceived as strictly interchangeable within the same type (black, green, etc.).

Main socio-economic impacts

Eighty-five percent (85%) of the tea intended for export is produced by plantations which employ paid labour, the vast majority of workers who are responsible for picking the tea. The employees of these plantations carry out heavy work (physically hard tasks) with long working hours in difficult conditions: high temperatures, risk of snake or spider bites, exposure to dangerous substances used to increase yields and protect tea plants from disease…

International institutions and civil society organisations have been listing for many years systemic and widespread violations of labour and trade union rights as well as a strong precariousness of statutes and contracts, amplified by the weakness of collective workers' organisations (some of the unions, when they exist, being bribed by the plantation owners - they are called yellow unions).

In economic terms, employees in most cases earn a salary below the living wage, in particular women whose remuneration is unstable since they are paid by the task (i.e. say depending on the amount of tea harvested). Women workers are also those who are the most discriminated against: confined to the hardest tasks and sometimes victims of harassment, they are structurally paid less, in addition to sometimes working illegally, which makes their access to healthcare even more difficult.

More generally, the culture of tea is part of a context of strong social inequalities which remain very salient in India and Sri Lanka. As a legacy of a violent history, tea cultivation in these two countries perpetuates social structures resulting from colonisation and slavery: plantation workers thus have access to essential services (running water, electricity, education, health care) only through the plantation that employs them. They continue living in a strongly paternalistic system and are dependent on the landowners who employ them, thereby reducing their ability to negotiate better wages and working conditions. In this context, the younger generations are increasingly seeking to escape this system to seek work elsewhere in the city, and the arrival of migrants is no longer sufficient to compensate for these declines in numbers (particularly in India and Sri Lanka).

This explains the rise of small independent tea producers who already represent 15% of the world volumes produced each year, provided by small independent producers (and more than half in regions such as Assam in India, which is the first producing area of tea in the world). These small growers sell their freshly harvested leaves to processing plants (called Bought Leaf Factories or BLF),

therefore having very little bargaining power since the tea must be dried and fermented just a few hours after it is picked in order not to lose its aromas. Mostly not organized into cooperatives, these producers are "price takers" with selling prices generally far too low to allow them to achieve a decent income (living income), in addition to being unstable. Most are unable to cover their production costs or invest in the maintenance and/or modernisation of their farms.

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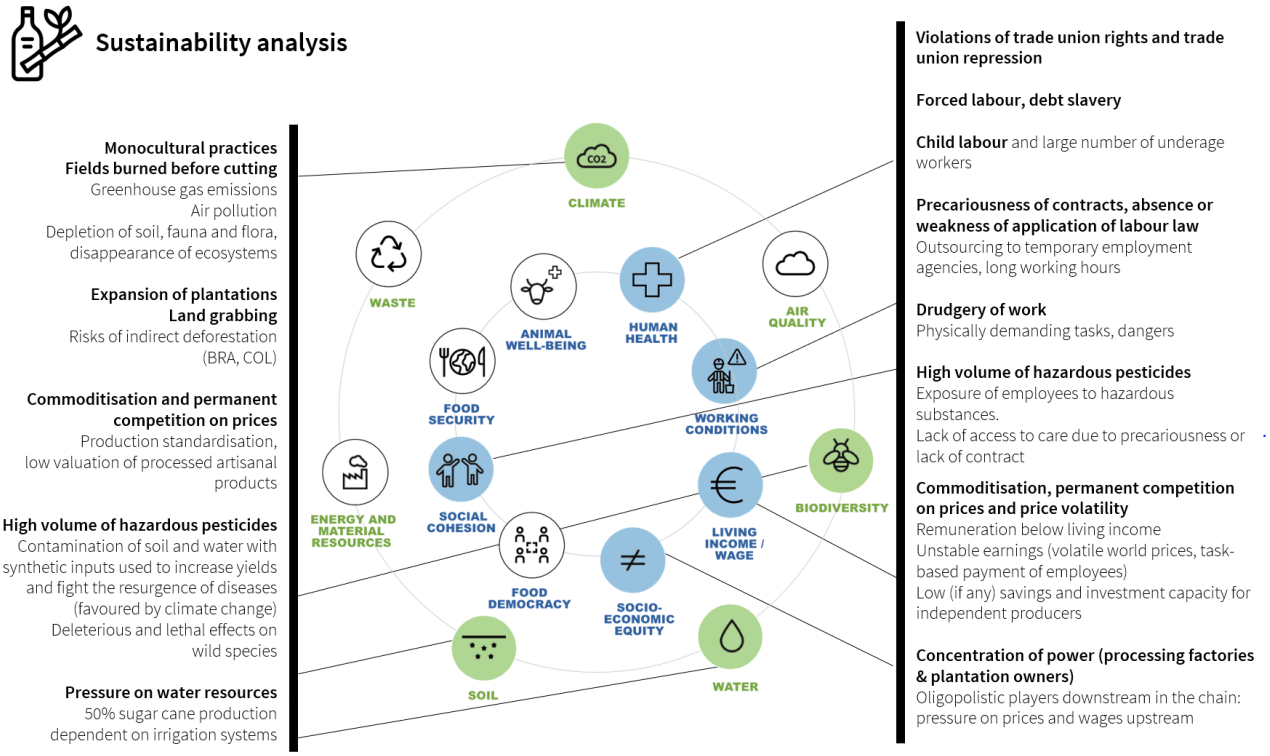
Sugarcane

The figure below summarises the main socioeconomic and environmental impacts of the sugarcanes sector, globally and with a focus on the following production countries: India, Mauritius, Colombia, and Brazil.

Figure 18. Analysis of the sustainability of the sugarcane value chain



Source: BASIC, 2022.

Main environmental impacts

Since the beginning of the 20th century, global sugar consumption has grown exponentially. From 5 kg per inhabitant per year in 1900, it rose to 12 kg in 1930, and to more than 20 kg today. This increase in individual consumption is explained by the growing urbanisation of populations and has been amplified by the growth of world demography and the non-food uses of this product (mainly the production of ethanol). The result is a world demand for sugar which has increased from 10 million tonnes in 1900 to 50 million tonnes in 1960 and 186 million tonnes in 2022. Cane sugar alone accounts for 87% of these world volumes.

To meet this demand, sugarcane is mainly grown in monoculture in the various export countries. The extension of associated cultivation areas takes over forest areas and natural ecosystems that were not exploited beforehand. It also generates phenomena of land grabbing and a significant exodus of populations to other areas, particularly forests, to develop agricultural land. In doing so, the cultivation of sugarcane generates significant direct and indirect deforestation, documented in particular in Brazil and Colombia.

The search for maximizing yields and the fight against the resurgence of diseases favoured by climate change generates a high use of chemical inputs which impoverishes the soil, the volume and the dangerousness of the pesticides used having deleterious or even lethal effects on neighbouring ecosystems. Added to this is the use of large quantities of water throughout the year, with continuous irrigation used on half of the cultivated areas of sugarcane. Even in areas where agriculture is rainfed, its production can affect the level of rivers by capturing water from catchment areas, and exert strong pressure on groundwater reserves in direct competition with the needs of populations and ecosystems that depend on it. In addition, the harvest is most often done after burning the cane on the stalk; this generates an almost complete combustion of the leaves, consequently generating significant emissions of greenhouse gases and air pollutants. These environmental impacts are reinforced by the refining stage, which also consumes large quantities of fuel and water and generates numerous effluents.

The constraints imposed by international trade amplify these impacts due to the extreme standardisation of cane sugar (like beet), with constant competition between the multiplicity of producers perceived as totally substitutable, and constant downward pressure on the prices. Meanwhile, traditional artisanal products made from sugarcane (such as panela , rapadura or muscovado) are poorly valued and struggle to find outlets beyond consumer niches.

Main socio-economic impacts

Sugarcane production is very labour-intensive, with harvesting still being done mostly by hand, in regions where labour is cheap. It plays a key role in the economies of several least developed countries.

Eighty percent (80%) of the sugarcane intended for export is produced by worker plantations. Their employees carry out physically demanding work during long working hours. Frequent and systemic cases of violations of labour and trade union rights are listed by international institutions. The status of workers is most often precarious, with frequent recourse to outsourcing of employment via temporary agencies. These workers receive remuneration that is most often below the living wage, which is more unstable due to the task-based systems of payment of labour according to the quantity of sugarcane harvested. Added to this are the problems caused by the use of dangerous pesticides, some of which are banned in Europe, to which workers are exposed with (too) little protective equipment and significant deleterious consequences for their health like that of populations neighbouring plantations.

The remaining 20% of production is provided by independent producers. Mostly not organized into cooperatives, these producers are “price takers” with a (very) weak bargaining power vis-à-vis the factories which adjoin the growing areas and have a quasi-monopoly in their supply area. Small sugarcane producers are dependent on these factories, which are the only way to sell their production, obtain essential inputs, and market their production very quickly after harvest before it loses its sucrose content. The selling prices they receive are generally too low and fluctuating to enable them to achieve a decent income (living income), cover their production costs, and maintain their farms.

Furthermore, across the board, the pressure on selling prices and their volatility are pushing independent producers – and to a certain extent plantation owners – to frequently resort to minors to cultivate sugarcane/to child labour, in order to minimize their production costs. The tasks entrusted to them (sowing, weeding, harvesting) are emblematic of the "grey zone" which exists between customary work on the one hand and the worst forms of child labour on the other.

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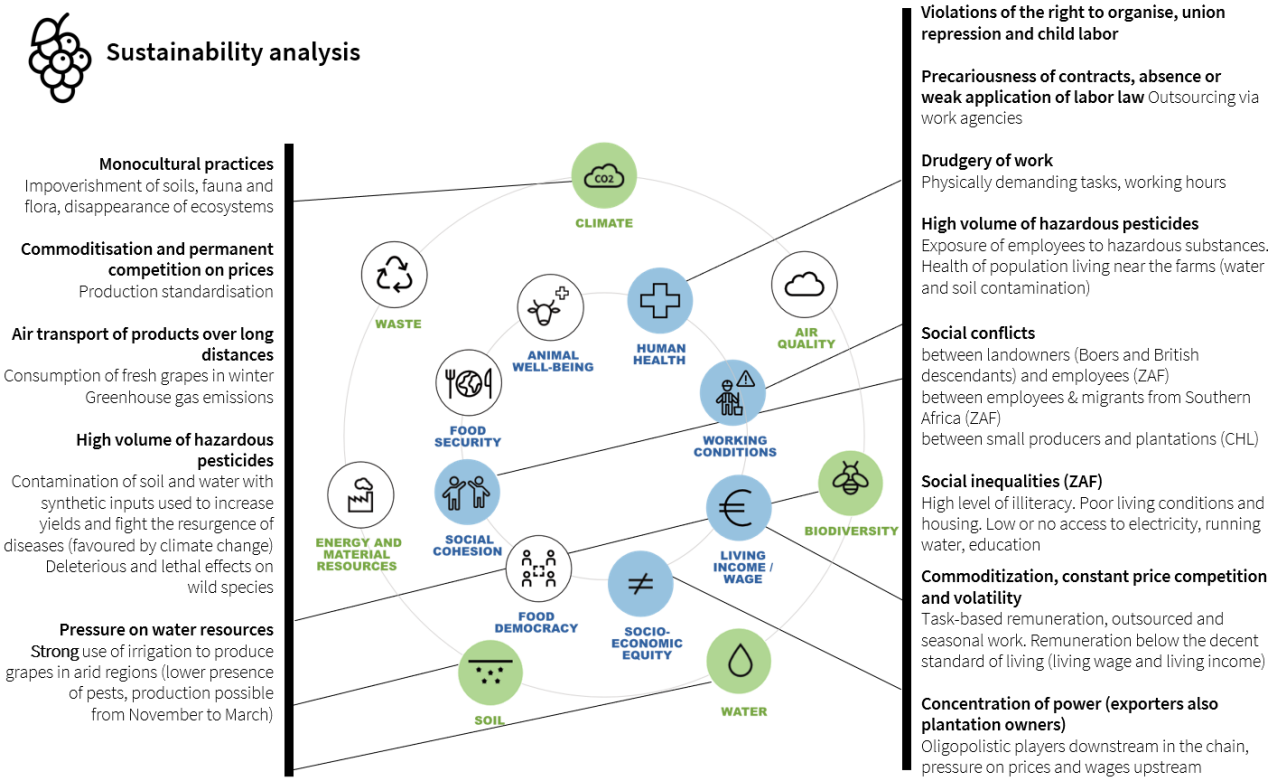
Grape

The figure below summarises the main socio-economic and environmental impacts of the grape value chain, at the global level and with a focus on South Africa and Chile.

Figure 19. Analysis of the sustainability of the grape value chain



Source: BASIC, 2022.

Main environmental impacts

The table grape has gradually grown to be considered as a standardised product, in order to make it available to consumers throughout the year in supermarkets in Europe and North America. It is now treated as an "undifferentiated product" (like wheat, soya, cocoa or sugar) and characterised by high price sensitivity and a high level of standardisation. Trading companies can buy it quickly and at low cost using globalised supply chains, and they can substitute origins thanks to the specifications used by the main players in the sector which impose the same technical specifications for the product on all producers (appearance, weight, etc.).

This results in an annual supply cycle for table grapes, which is as follows in Europe: the main winter supplier is Peru, followed by Brazil, Chile, South Africa and Argentina. In early spring, shipments of grapes begin to arrive from India, Israel, Egypt and Morocco. Finally, the first European grapes arrive in June from Spain, followed by Italy and Greece. The substitutability between these different origins has given rise to an international market where producers are constantly in competition and there is constant pressure on prices.

In the countries of production, grape is almost always cultivated in monoculture, thus contributing to the impoverishment of the soils and the biodiversity. The constant search for maximising yields and the fight against the resurgence of diseases favoured by the climate crisis are driving the use of chemical inputs that can contaminate soil and water. When imported into Europe, grapes are among the most controlled products in terms of pesticide residues, generating additional pressure on producers who must absorb the related costs.

In order to offer the possibility of consuming fresh grapes in the countries of the northern hemisphere in winter, the vines have been developed in arid areas – in particular in South Africa and Chile – where the cultivation of grapes is possible from November to March, in addition to being less prone to diseases and pests. In these water-stressed production areas, the monoculture of grapes is dependent on irrigation, which generates a race for access to water resources for plantation owners, to the detriment of other agricultural uses such as local populations and the natural ecosystems that depend on them for their life or survival.

Added to this are the high greenhouse gas emissions generated by the transport of fresh grapes by air and over long distances to deliver them on time to consumers in Europe and North America during the winter months.

Main socio-economic impacts

Ninety-five percent (95%) of the grapes intended for export, fresh or dry, are produced by workers' plantations. The employees of these plantations carry out heavy work: physically hard tasks, long working hours, pressure on deadlines to meet just-in-time production to supply the Northern Hemisphere in winter... To make things worse, workers are often exposed to dangerous substances used to increase yields and protect vines from diseases without the benefit of adequate protective equipment, with significant consequences for their health.

To cope with the pressure on prices imposed by buyers in consumer countries, a large proportion of plantations (particularly in South Africa and Chile) have reduced their workforce to a core of highly-qualified permanent workers (who generally live on the farm and benefit from better living conditions), which supervises a very predominantly seasonal, temporary and migrant labour force which is (very) unskilled. Most of the time, the latter receive a remuneration below the living wage, which is moreover unstable since they are remunerated according to the quantities harvested. These problems are amplified for migrants because of their origins, often confined to the hardest and least paid tasks, in addition to working illegally.

Poorly organised, these workers suffer frequent violations of labour and trade union rights that are widely documented by international institutions and civil society organisations. They are often forced to accept particularly precarious and poorly protective statuses through the heavy outsourcing of employment by the plantations to external temporary work agencies.

In South Africa, this situation is part of a context of deeply rooted social inequalities in the country: plantation workers often come from groups that cut across ethnic groups and social classes that are discriminated against and characterised by a high rate of illiteracy, poor working conditions, degraded living conditions and housing, as well as poor access to basic public services (running

water, electricity, education). The new generations thus tend to turn away from precarious and badly paid work on the plantations, and the owners (Boers and British descendants) increasingly resort to migrant workers from Southern Africa (Zimbabwe, Namibia) for the grape cultivation. This dynamic is at the origin of sometimes violent tensions and conflicts which oppose migrants and neighbouring populations in a context of rampant unemployment and poverty. In Chile, social conflicts are crystallizing between the owners of large vineyards and small producers.

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Honey

The graph below summarizes the main socio-economic and environmental impacts of the honey value chain, at the global level with a focus on the following producing countries: Ukraine, China, Argentina and Mexico.

Figure 20. Analysis of the sustainability of the honey value chain

Sustainability analysis

Environmental indicators

- Sign of a rich biodiversity

Socio-economic indicators

- Consumer health

One of the biggest challenges in honey production is adulteration, i.e. the deliberate act of altering the quality of the product (estimated at 2/3 of Chinese production).

- Decent standard of living

Volatility of producers' incomes due to the lethal effects of synthetic pesticides and the destruction of natural habitats

Source: BASIC, 2022.

Honey is quite distinct to the other products analysed in this study. Indeed, it is very dependent on biodiversity as it cannot function without honeybees which are disappearing significantly with the exposure to chemical pesticides in many areas. Moreover, it has (very) low social and environmental impacts compared to the other global agri-food value chain studied.

But it is not totally immune to challenges. The majority of honey nowadays is produced on mid to large farms, where beekeepers, during the winter, take all their honey and either substitute it with a substandard syrup simply to keep them alive or just end up killing a significant part of them to avoid feeding them during the season when the bees cannot forage for nectar.

In addition, only one species of bees – apis mellifera – is kept in hives, whereas there exists hundreds of wild bees and pollinators (such as bumblebees, carpenter and digger bees, etc.) which are more effective pollinators because both male and female often pollinate (but as they have lower yields than honeybees, their produce is not worth the effort as it costs more than what it would earn). As a result of the competition with honeybees for accessing nectar and flowers, the wild pollinators are on the strong decline in most regions of the world.

Finally, at consumer end, there is the additional challenge of adulteration by which unscrupulous producers alter the quality of honey by the addition of sugar in order to maximize their profits (estimated at 2/3 of the Chinese production, the main world exporter of honey).

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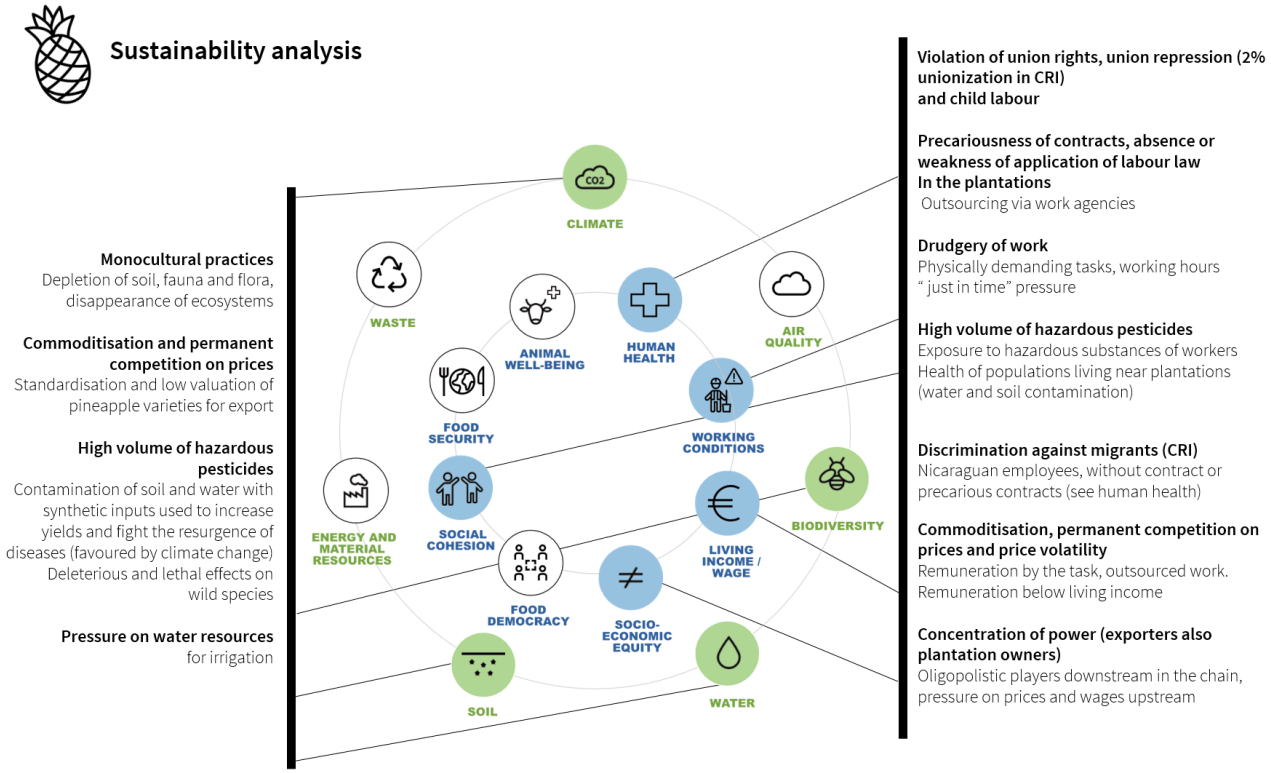
Pineapple

The figure below summarises the main socio-economic and environmental impacts of the pineapple sector in Costa Rica, the world's leading pineapple exporter.

Figure 21. Analysis of the sustainability of the pineapple value chain



Source: BASIC, 2022.

Main environmental impacts

About 70% of global pineapple production is consumed on the domestic or regional market of the countries that produce it (notably in Brazil and Thailand, the world's leading producers). By contrast, Costa Rica has multiplied its exports by 6 since 2000, thus becoming the world's leading supplier of fresh pineapple and alone representing 84% of international trade in this product. This is due to the success of the hybrid variety of pineapple called “Extra Sweet» or MD-2 which was introduced there from the end of the 1990s, and which very quickly won over consumers throughout Europe and North America, not only for its sweet taste, but also for its regular and constant quality and juiciness. Pineapples are imported there by the major international banana traders, using the same ships for transport.

In the producing countries, the “Extra Sweet” pineapple is mainly grown in large-scale monoculture, generating an impoverishment of soils, ecosystems and diversity of cultivated varieties. The fragility of this variety, coupled with a constant search for maximising yields and fighting against the resurgence of diseases favoured by climate change, generates a high use of chemical inputs which contaminate the soil and water. The high volumes of dangerous pesticides used in plantations (partly substances banned in Europe) have deleterious or even lethal effects on ecosystems.

At the level of international trade, the almost exclusive cultivation of the “Extra Sweet” pineapple for export meets the standardisation requirements of buyers, and generates competition that is all the stronger since this fruit - like banana - is often a loss leader in supermarkets which highlight its low price to attract consumers to their stores. This incessant pressure on prices in turn pushes producers to seek ever higher yields and feeds the resort to monocultural practices.

Main socio-economic impacts

Ninety-five percent (95%) of “Extra Sweet” pineapple production is produced by large plantations which are either owned by independent owners or vertically integrated within large global fruit trading companies. International institutions have noted in Costa Rica significant and constant violations of labour and trade union rights, coupled with highly precarious statuses and contracts, in a context of low levels of worker organisation. The employees of these plantations carry out heavy work: physically hard tasks, long working hours, pressure on the harvest in a just-in-time context. In addition to these harsh working conditions, the employees of the plantations are highly exposed to dangerous pesticides, some of which are banned in Europe, which they handle and which are also sprayed by plane sometimes even while they work in the plots. These substances, which are used to increase yields and protect pineapples from disease, have significant short- and long-term negative consequences on the health of employees but also on that of neighbouring populations.

The constant pressure on prices exerted by the world market is passed on by the owners of the plantations to their employees, who mainly receive a salary below the living wage, especially since they are frequently paid by the task, that is to say according to the volume of fruit harvested.

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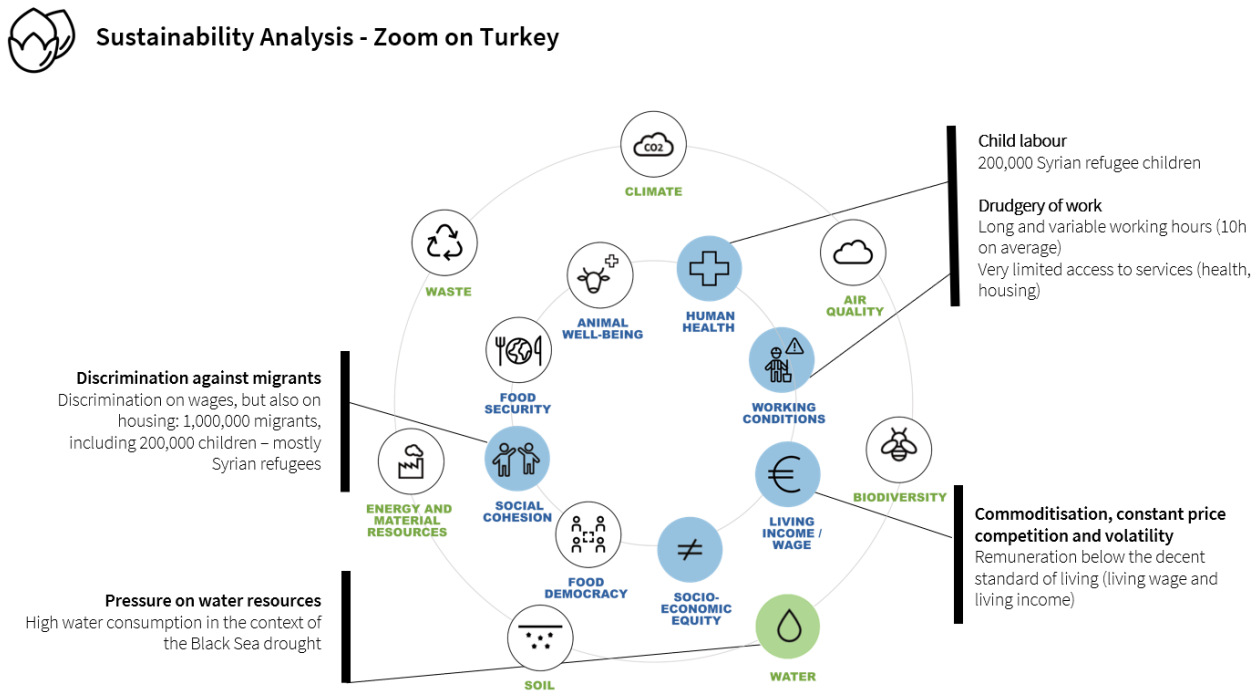
Hazelnut

The graph below summarizes the main socio-economic and environmental impacts of the hazelnut value chain, at the global level with a focus on Turkey.

Figure 22. Analysis of the sustainability of the hazelnut value chain



Source: BASIC, 2022.

Main environmental impacts

World hazelnut production has increased fourfold since 1960, reaching more than 860,000 tonnes in 2018, in response to the growing appetite of consumers in Europe, North America and increasingly in emerging countries. More than 80% of the total volume of hazelnuts is used in chocolate confectionery and spreads (including the famous Nutella), 15% in biscuits and 5% for aperitifs. On the world market, Turkey enjoys a unique oligopolistic position: this country alone represents 3/4 of the total area cultivated with hazelnuts, 64% of world production and 2/3 of the quantities exported internationally.

The strong growth in world hazelnut production has been made possible by the adoption of monocultural practices that have been encouraged by successive Turkish government policies to support the sector. At the level of international trade, the competition between producers considered as interchangeable by buyers - and the resulting permanent pressure on prices - pushes growers to increase their production area (+50% of cultivated area in Turkey since 2000) in order to increase their family income, especially as most of them have few other agricultural alternatives than hazelnut growing. In addition, large quantities of chemical inputs (pesticides and synthetic fertilisers) are used to maximise yields and to combat diseases that are on the increase due to climate change. These

uses contaminate the soil and water, and the volume and dangerousness of the pesticides used have deleterious or even lethal effects on the ecosystems surrounding the orchards.

Main socio-economic impacts

Turkish hazelnut production is mainly located in the Black Sea region and is carried out by farmers who own an average of 2 hectares of land, who rely on their family labour (except for the harvest) and who sometimes do this activity part-time to supplement their main income. The production costs of hazelnuts in this region are thus unbeatable due to the low price of land and family labour (compared to other producing countries and even to other Turkish regions).

Hazelnut producers have a (very) low bargaining power vis-à-vis local traders who buy their production (for resale to processors and then to exporters). Their selling prices are generally too low to allow them to achieve a decent income (living income) despite the public price support measures implemented by the Turkish government in times of surplus, which encourage the structural overproduction of the sector and therefore the low world prices. The volatility and uncertainty of the prices received by the producers do not allow them to cover their production costs or to invest in the maintenance and/or modernisation of their farms. In addition to the difficult working conditions, producers are also exposed to the dangerous substances they handle (pesticides), which are used to increase yields and protect hazelnut trees from diseases.

Moreover, at harvest time, hazelnut cultivation attracts tens of thousands of seasonal workers from regions marked by poverty and unemployment, particularly in south-western Turkey. These workers, indebted to the contractors who hire them, tend to travel with their families, with some of their children doing difficult work in the fields during the harvest. Significant and constant violations of labour and trade union law are observed in the field, coupled with a high degree of insecurity of status due to the frequent absence of employment contracts in a context of low levels of organisation of seasonal workers. The wages received by these workers are systematically lower than those of the producers and well below the level of a decent wage. In recent years, this situation has even extended to Syrian refugees in Turkey, for whom seasonal agricultural activity is one of the only permitted activities. Many of them travel to the Black Sea region to harvest hazelnuts, accepting wages well below the legal minimum due to their often illegal status and the absence of other sources of income to ensure their family's survival, even going so far as to make their children work alongside them during the long hours of harvesting.

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Conclusion on the main drivers of unsustainability

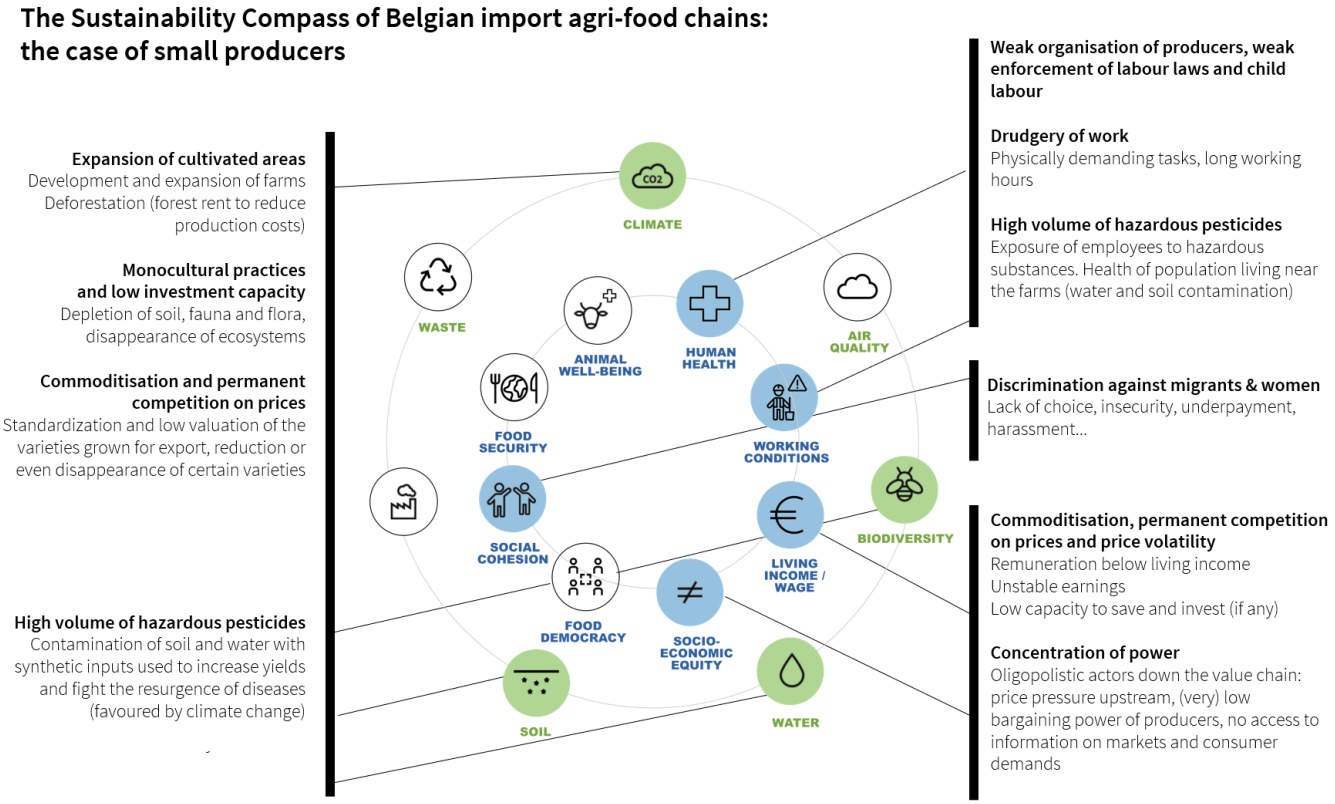
Following the analysis of the main drivers of social and environmental impacts of the 16 global agri-food value chains importing into Belgium, we propose to summarise the findings in the next two sub-sections. Many drivers are found to be similar within two types of agricultural production:

- agricultural commodities produced by family farmers
- agricultural commodities produced by workers in plantations.

Case of supply chains with a majority of family farmers

The main import products in Belgium which are mostly grown by family farmers on small plots are cocoa, coffee, rice, cashew nuts, hazelnuts and honey. In addition, a minority but substantial share of the world's production of orange juice, palm oil, tea, sugarcane, bananas and soybeans are also produced by family farmers who often serve as an adjustment variable for traders and processors.

Figure 23. Sustainability compass in Belgian agri-food supply chains: case of small producers



Source: BASIC, 2022

Main environmental impacts

Over the last few decades, the strong growth in consumer demand for these different products has generated an uninterrupted increase in the agricultural area needed to cultivate them on a global scale. This extension of surfaces has been combined with ever stronger standardisation requirements

enacted by international trade players who weigh on agricultural production, limit the number of varieties cultivated, and create competition between the multitude of farmers who produce them, the vast majority of them being perceived as interchangeable. Creating a context of constant pressure on prices and high volatility of these raw materials, producers are pushed to find solutions to reduce their production costs and maximise their yields.

For some products, cost reduction is achieved by taking from the forest to benefit from the richness of recently deforested soils (as is the case, for example, with cocoa, palm oil, soy, and coffee), resulting in significant loss of natural habitats and the animal and plant species that live there. More generally, monocultural practices and the use of chemical inputs tend to become widespread for most of these productions, generating a vicious circle of soil impoverishment and degradation of biodiversity. Some of them are also water-intensive (especially for rice, sugarcane and soya) and generate effluents (especially for palm oil and coffee), which cause significant pressure on the water resources in producing countries.

Main socio-economic impacts

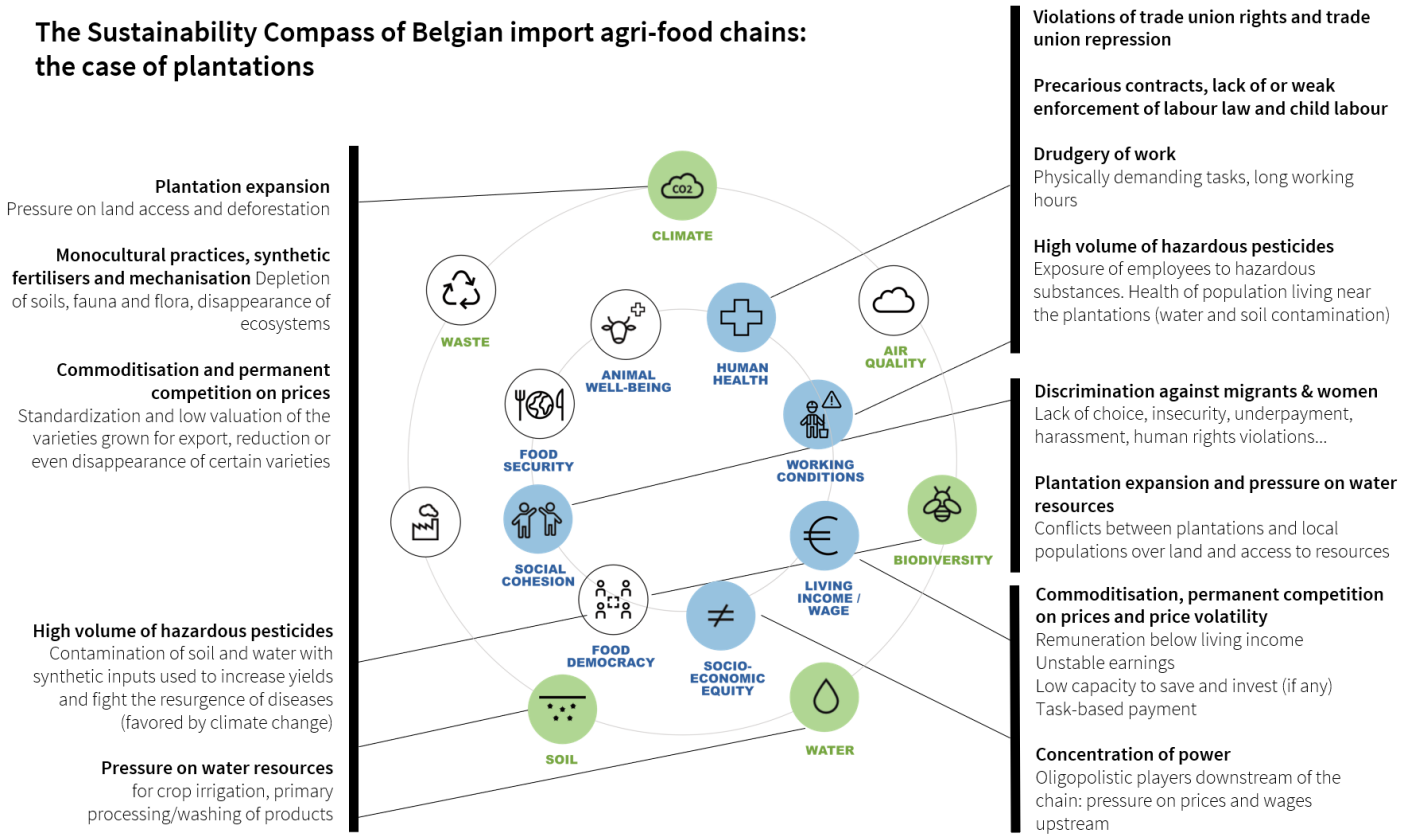
The work of family farmers on the different products studied is generally characterised by high hardship (physically hard tasks, long working hours) and exposure to dangerous pesticides used to increase yields and protect plants, several of which are banned in Europe (notably for palm oil, soya, banana, tea and sugarcane). These toxic substances primarily deteriorate the health of farmers, but also that of seasonal workers and, more broadly, neighbouring populations living close to farms. These problems are amplified for migrants and women who are often discriminated against: because of their gender or their origins, they are confined to the hardest tasks, are structurally less paid and have increased difficulties in accessing land ownership and financial services. The situation of illegal migrants in a country can lead to serious abuses (case of Syrian migrants in Turkey in the hazelnut sector), and sometimes violent social conflicts can arise regularly against a backdrop of poverty and ethnic tensions (case of Malian migrants and Burkinabe for cocoa in Côte d'Ivoire).

In economic terms, the family farmers of the various products studied are for the most part “price takers” with a (very) weak bargaining power vis-à-vis the small number of players who buy their products, especially since they are rarely organised collectively (whether in the form of cooperatives, associations…). Their selling prices are generally too low to allow them to achieve a decent income (living income). Combined with high price volatility (including for publicly traded products such as coffee, cocoa), their incomes are too low and unstable to allow producers to cover their production costs and invest in maintenance and /or the modernisation of their farms. These too low and fluctuating incomes also largely explain the use of child labour (coffee, cocoa, rice, cashew nuts and hazelnuts), even forced labour (coffee, cocoa). In some cases, the financial insecurity of producers can be coupled with an additional problem of food insecurity when production intended for export (“cash crop”) is favoured to the detriment of subsistence farming.

Case of supply chains with a majority of plantations

The root causes of socio-environmental impacts documented in the abovementioned case of family farmers are found in a very similar way in the case of value chains where plantations predominate. They are amplified by (much) larger-scale models of agricultural production and by the greater asymmetry of power between landowners and the workers they employ. The main products concerned in the context of this study are bananas, pineapples, grapes (fresh), avocado, orange juice, tea, sugarcane, palm oil, soya, and to a lesser extent coffee and cashew nuts (plantations being a minority for these last two products).

Figure 24. Sustainability compass in Belgian agri-food chains: case of plantations



Source: BASIC, 2022

Main environmental impacts

As in the case of products grown by family farmers, it is the ever-increasing consumer demand on an international scale that has accelerated the development of large-scale monoculture-based agricultural production. This mode of production generates an impoverishment of soils, ecosystems, and the diversity of cultivated species. The growth in cultivation areas associated with this agricultural production is also the cause of direct and indirect deforestation, in particular in the case of palm oil, soya and sugarcane.

To meet the requirements of international trade, plantations often choose to exploit an almost exclusive and (very) standardised variety, in particular for bananas, pineapples, avocados, palm oil, soya, tea, and orange. This feeds the substitutability of these producers, their constant competition, and the incessant pressure on prices and price volatility. This economic pressure in turn pushes the plantations to seek ever higher yields and feeds their "confinement" in monocultural practices. The small number of varieties grown for export increases their vulnerability to diseases and pests which are also favoured by climate change. This generates a high use of chemical inputs (some of which are banned in Europe) which contaminate the soil and water, which are the cause of deleterious or even lethal effects on ecosystems.

An additional problem is the large-scale continuous irrigation developed by some of these plantations (particularly in the cases of grapes, sugarcane, and avocado) and the water used in the fruit washing stations (in the case of bananas). This creates strong pressure on water resources, in direct competition with the needs of local populations and ecosystems that depend on them.

Main socio-economic impacts

Whether in plantations held by independent owners or in plantations that are vertically integrated into large global companies, international institutions have observed significant and frequent violations of labour and trade union rights, coupled with a strong precariousness of statutes and contracts, amplified in cases where the use of labour is outsourced to temporary work agencies (notably in the cases of grapes and sugarcane). Some plantations also sometimes use child labour (case of palm oil, bananas, tea) or even forced labour (palm oil, sugarcane, tea). At the root of these problems is the constant pressure on prices exerted by the world market, which is passed on by the owners of the plantations to their employees, who for the most part receive remuneration below the living wage, especially since they are frequently paid by the task (i.e. according to the volume of fruit harvested) and that their low level of organisation and unionisation most often puts them in a very weak negotiating position vis-à-vis their employer.

Plantation employees perform heavy work: physically hard tasks, long working hours, pressure on the harvest which is conducted in a "just-in-time" manner. In addition to these harsh working conditions, the employees are highly exposed to dangerous pesticides which they handle. Some pesticides are even sprayed by plane on the plots while workers are on-site (for example in banana plantations). These substances, which are used to increase yields and protect plants, have significant short- and long-term negative consequences on the health of employees, but also on that of neighbouring populations, especially since some of them they are banned in Europe because of their toxicity (notably those used on palm oil, soya, banana, tea and sugarcane).

Beyond these elements, the research report contains a fact sheet describing the very specific social and environmental impacts of the shrimp sector, resulting from aquaculture and fishing. As for honey, it is very dependent on biodiversity and generates (very) low socio-environmental impacts compared to the other sectors studied.

What lessons learnt from Multi-Stakeholder Initiatives

Multi-Stakeholder Initiatives as hybrid forms of governance

Multi-Stakeholder Initiatives ('MSIs') are increasingly experimented all over the world as new ways of addressing social and environmental externalities produced by global forms of production. This specific form of bringing different actors around the table is presented as a more inclusive form of the Public-Private Partnerships ('PPPs'), whose aim is not only to create a bridge between states and economic actors but involve a wider range of stakeholders who share a common interest, geographical scope or area of operation. In the name of dialogue and collaboration, these hybrid forms of governance are mostly characterised by the voluntary nature of the participation, the lack or soft-nature of their enforcement mechanisms (loss of a label, internal monetary fees, etc), and the focus on incentivizing positive practices rather than sanctioning misconducts.

Most of the times, these spaces of interaction emerge from the initiative of private actors, either as an attempt of jointly addressing a common problem (and therefore avoid the cost of being the 'first mover'), as a reaction to a specific event (as in the case of the Bangladesh Accord on Fire and Building Safety in Bangladesh[24] and the Alliance for Bangladesh Worker Safety[25] that were established in the aftermath of the collapse of the Rana Plaza garment factory) or as a way of positioning specific chains as more sustainable and curbing out opportunities of competitive advantage vis-à-vis other players that do not join the scheme. However, public-initiated and public-led initiatives are not uncommon and will be discussed below.

In the last years, there has been a proliferation of MSIs adopting a "chain-based approach" to food governance, mostly as the outcome of private initiatives and in response to pressure exercised by consumers, workers or civil society organizations. The focus of this study is not to provide an elaborated account of all differences and specificities of existing MSIs in the food system. Rather, our main task was to engage strategically with existing initiatives in order to assess their value, possibilities for improvement and the scope for imitation and reproduction of existing examples. To this end, we collected some of the most recent academic and non-academic literature on the topic, offer a qualitative and comparative reflection on "Beyond Chocolate" by means of literature review, a multi-stakeholder workshop and semi-structured interviews, and provide specific recommendations to the Federal Institute of Sustainable Development and the Belgian Federal Government with regards to the possible expansion of MSIs in the future, the opportunities and limitations.

24 More info available here: https://bangladeshaccord.org/

25 More info available here: https://www.bangladeshworkersafety.org/

The main finding is that there is an increasing consensus, both within Belgium and internationally, that MSIs as private and voluntary initiatives are not fit for the long-term purpose of achieving and maintaining socially and environmentally sustainable food systems on their own. Therefore, there is the need for public authorities to thoroughly consider their role in these spaces and the function that legislation and regulation play in improving social and environmental performances of global food supply chains. This has been recognised at the European level, where the European Commission is considering a combination between minimum regulatory standards and existing private initiatives, and by states that are adopting a more proactive attitude vis-a-vis the regulation and governance of the chains that provide food and other commodities.

In the first part of this chapter, we provide a short account of the main food related MSIs that have been launched, to then expand on the shortcomings and constructive feedback that was collected during our research. In the second part, we then engage with legislative and regulatory initiatives that could have an impact (bigger than MSIs) in creating the conditions for sustainable food systems both in Belgium and in the countries that currently provide the raw materials. In the third part, we then look at other areas of complementary intervention that may be pursued, including trade policies, development cooperation plans and the improvement of custom transparency and availability of data.

An underlying issue that permeates the whole document and that is important to mention at the onset is that the focus on transnational food chains should not become a way to normalize the global market for food: as recently discussed by the UN Special Rapporteur on the Right to Food, Professor Michael Fakhri, international trade in food commodities often clashes in a structural way with fundamental human rights and with the ecological boundaries of the planet.[26] Respecting social and planetary boundaries may require, therefore, to reduce the global exchange of food commodities and to work for the establishment of adaptive, sustainable and regional food systems.

Multi-Stakeholderism in global food chains

The global food system is witnessing a multiplication of multi-stakeholder initiatives as forms of transnational governance. Like other sectors, food-related MSIs can be 'spaces' where actors from the whole chain gather or can be organised around actors at the same level of the chain. In the former case, the MSI is meant - in general terms - for producers, civil society, national and international NGOs, traders, processors, retailers, etc. to get together and find a common way forward. In some cases, like Beyond Chocolate and the World Banana Foundation, financial institutions are involved too. There is no one definition of MSI, and concrete examples are characterised by a wide variety of structures, purposes and governance.

Generally speaking, there is an understanding that 'one size does not fit all' although there are several cases of circulation of models and attempts to reproduce and adapt experiences from other chains or other countries. As discussed below, in some cases MSIs come to being through the intervention of the public authority, which maintain more or less leverage on the processes of the MSI. In other

26 Michael Kahri, The right to food in the context of international trade and policy, A/75/2019, available here: https://www.ohchr.org/en/special-procedures/sr-food/right-food-context-international-trade-law-and-policy

circumstances, MSIs are conceived as global platforms of coordination between stakeholders, whereas in other cases the MSIs is also associated with a label or certification that reflects the adoption of the criteria and standards discussed in the MSI.

Among all these categories, the most common form of MSIs is the one that brings together stakeholders from various levels of the chain, and in this we find known initiatives like the Roundtable on Sustainable Oil Production (RSPO), Bonsucro, Fairtrade International, the Forest Stewardship Council, the Marine Stewardship Council and the Aquaculture Stewardship Council, the Roundtable on Responsible Soy, the World Banana Forum, the Ethical Trading Initiative, the Fair Labor Association, the Belgian "Beyond Chocolate" initiative along the other Initiatives on Sustainable Cocoa launched by Germany, the Netherlands, Switzerland and more recently France.

Even within this group, the actual structure of the MSI varies across commodity chains (like between RSPO or The Marine Stewardship Council), but also within chains for the same commodity, like cocoa (I.e., Beyond Chocolate and the German GISCO are two initiatives that rotate around the same commodity but have differences that will be discussed below). The differences concern the socio-environmental drivers that are covered, but also the structure of governance, and the way in which MSIs are - or not - capable of exercising transformative pressure on their members and on the overall chains. Some MSIs are just opportunities for diverse actors to gather and share information. In other cases, they also involve the (voluntary) commitment to the improvement of social and/or environmental practices. Sometimes, like in the case of RSPO and Bonsucro, for example, they also establish certification criteria and issue labels that can be used on goods. It can also be the case, like in Beyond Chocolate, that MSIs refer to the criteria and certification schemes of other MSIs in order to identify sustainable food and identify the goals to be reached. Given the lack of a clear definition of MSI, for the sake of this report we consider that a MSI is a voluntary initiative that brings together actors from different levels of a food chain and that engages with social/environmental aspects of the chain and its governance.[27]

As it is shown in Erreur ! Source du renvoi introuvable. below, the most popular MSIs in the area of food cover several of the drivers that have been put at the centre of this research. With few exceptions (monoculture, mechanization, price volatility and concentration of power), the MSIs have standards or criteria that refer to all the other instances that have been identified. However, not all issues receive the same level of attention and not issues are addressed in a truly transformative way. For example, the study "Destruction: Certified" that was realised in 2020 by Greenpeace has assessed some food-related MSIs (Fairtrade International, RSPO and Rainforest Alliance/UTZ) and has identified the difference in attention to the link between agricultural practices, deforestation and rights of local communities.[28] For Greenpeace, "While some certification schemes have strong standards, weak

27 We thus consider Fairtrade International as a multistakeholder platform. This is aligned with the MSI Integrity report and with the reaction to the report by Fairtrade International itself (see here: https://www.fairtrade.net/issue/fit-for-purpose).

28 The study concluded that "Certification is not a solution to deforestation, forest degradation and other ecosystem conversion" and that the existence of these private schemes "has not helped companies meet their 2020 commitments to exclude deforestation from their supply chains." Source: https://www.greenpeace.org/international/publication/46812/destruction-certified/

implementation combined with a lack of transparency and product traceability means even these schemes have major failings," which is a reminder of the importance of going beyond the criteria and engaging with the material impact of the MSI.

In another key area, the use of fertilizers and pesticides, most of the MSIs have an indicator or criteria, but we did not always find clear, time-bound and quantitative targets to significantly reduce fertilizers and pesticides use below certain thresholds in the optic of a transition towards organic and/or agroecological agriculture. For the Roundtable on Responsible Soy, "7.4.4 Records of fertilizer inputs are maintained". For RSPO, "7.2 Pesticides are used in ways that do not endanger health of workers, families, communities or the environment."29 However, "due to problems in the accuracy of measurement, monitoring of pesticide toxicity is not applicable to Independent Smallholders."30 For Bonsucro, the Use of fertilizer should be aligned "with evidence of need provided by professional soil/fertilization specialist." Therefore, although the issue may be mentioned in the text of the standards or the mission, it is not always supported by clear targets for reduction nor indications of practices to adopt and standards to enforce. Bottom-up assessments and critical analyses of the MSIs are therefore needed in order to best understand their transformative (or absence of transformative) capacity, along with a clear knowledge of the national and international regulatory framework in which they operate.

Table 3: Main food-chain related MSIs

MSI	Started	Market Share	Grievance mechanism	Drivers Covered
Aquaculture Stewardship Council (ASC) : Shrimp Aquaculture	2014	2.8%[31]	Y	Expansion of surfaces (to the detriment of the forest), Dangerous pesticides, Water consumption, Violation of labor law and precarious employment, Work fatigue, Health and safety at work, Discrimination
Better Sugar Initiative (Bonsucro) : Sugarcane	2004	27% land under cane globally is in membership[32]	Y	Expansion of surfaces (to the detriment of the forest), Synthetic fertilization, Dangerous pesticides, Water consumption, Violation of labor law and precarious employment, Work fatigue, Health and safety at work, Discrimination

29 RSPO, PRINCIPLES AND CRITERIA FOR THE PRODUCTION OF SUSTAINABLE PALM OIL, 2013, p. 19, available at https://rspo.org/wp-content/uploads/rspo-std-t01-001-v1.0-eng_rspo-pc-2013_.pdf
30 RSPO, PRINCIPLES AND CRITERIA FOR THE PRODUCTION OF SUSTAINABLE PALM OIL, 2013, p. 21, available at: https://rspo.org/wp-content/uploads/rspo-std-t01-001-v1.0-eng_rspo-pc-2013_.pdf
31 Source: https://www.asc-aqua.org/what-we-do/how-we-make-a-difference/annual-report/

32 Source: https://bonsucro.com/

Ethical Tea Partnership (ETP) : Tea	1997	2% of global tea workers	N	Expansion of surfaces (to the detriment of the forest); Synthetic fertilization; Dangerous pesticides; Water consumption; Violation of labor law and precarious employment; Work arduousness; Health and safety at work; Discrimination
Fairtrade International (Fairtrade) : Avocado Banana Cashew Cocoa Coffee Honey Orange juice Rice Sugarcane Tea		Banana 20% Chocolate 17% Coffee 5%	Y	Expansion of surfaces (to the detriment of forests); Synthetic fertilization, Dangerous pesticides, Water consumption, Capacities of investment of small producers, Violation of labor law and precarious employment, Work arduousness, Health, Safety at work, Discrimination, "Commoditization/Low prices".
Marine Stewardship Council (MSC): Fisheries	1999	12% of global capture production; 50% of whitefish market; 0,5% of tuna market[33]	Y	Violation of labor law and precarious employment; Work fatigue.
Rainforest Alliance/UTZ (RA): Avocado Banana Cocoa Coffee Hazelnuts Orange Juice Palm Oil Tea		15%[34] in coffee (2021) In 2021, 7% of all cocoa was RA certified and 22% was UTZ certified[35] 22% for tea in 2021.[36]	Y	Expansion of surfaces (to the detriment of the forest); Synthetic fertilization; Dangerous pesticides; Water consumption; Capacities of investment of small producers; Violation of labor law and precarious employment; Work arduousness; Health and safety at work; Discrimination; "Commoditization/Low prices".
Roundtable on Responsible Soy (RTRS): Soybeans	2004	1% in 2019[37]	Y	Expansion of surfaces (to the detriment of the forest); Synthetic fertilization; Dangerous pesticides; Water consumption; Violation of labor law and precarious employment; Work arduousness; Health and safety at work; Discrimination

33 https://www.msc.org/

34https://www.rainforest-alliance.org/wp-content/uploads/2022/05/Coffee-Certification-Data-Report-2021.pdf

35https://www.rainforest-alliance.org/wp-content/uploads/2022/05/Cocoa-Certification-Data-Report-2021.pdf

36 https://www.rainforest-alliance.org/wp-content/uploads/2022/05/Banana-Certification-Data-Report-2021.pdf. For bananas, the percentage is less clear.

37 Source: https://www.solidaridadnetwork.org/news/responsible-soy-10-years-on/

Roundtable on Sustainable Palm Oil (RSPO): Palm Oil	2003	21%[38]	Y	Expansion of surfaces (to the detriment of the forest); Synthetic fertilization; Dangerous pesticides; Water consumption; Capacities of investment of small producers; Violation of labor law and precarious employment; Work arduousness; Health safety at work; Discrimination
World Banana Forum (WBF): Bananas	2000	85% of world market is represented	N	Expansion of surfaces (to the detriment of the forest); Synthetic fertilization; Dangerous pesticides; Water consumption; Violation of labor law and precarious employment; Work fatigue; Health and safety at work; Discrimination.
World Cocoa Foundation (WCF): Cocoa	2000	80% global cocoa and chocolate market	N	Expansion of surfaces (to the detriment of the forest); Dangerous pesticides; Capacities of investment of small producers; Violation of labor law and precarious employment.

One point to consider, which has implications on the 'political' assessment of the MSIs that has been proposed, is that not all MSIs receive the same level of attention and participation, nor do they have the same success. As presented in the box above (Erreur ! Source du renvoi introuvable.); MSIs do not cover the same percentage of the market: for example, the Aquaculture Stewardship Council currently concerns the 2.8% of the global market of farmed shrimps, while the Roundtable on Sustainable Palm Oil is now certifying around 20% of the globally produced palm oil. The difference in the share of the market means also a different capacity of the initiative to stimulate a transformation of the whole market rather than becoming a niche initiative for more expensive or higher quality food. At the same time, the limited share should not be considered as a 'market' dynamic, but rather as an area of convergence and dialogue between MSIs and public authorities. Initiatives and requirements (like mandatory public procurement of MSI-related food or mandatory requirement for goods introduced in the country) would contribute to boosting the market share of a specific MSI and therefore nudge a more structural transition of the rest of the sector.

Among the procedural elements that clearly distinguish the MSIs, several can be highlighted:

- the presence and role of public authorities
- the existence of internal sanctioning processes that can give 'teeth' to the initiative
- whether or not the MSI is associated with a set of standards, criteria and a label

38 Source: https://rspo.org/about/goodbadpalmoil

- whether or not the MSI allows for the purchase of certificates that represent sustainable production, rather than the purchase of the commodities produced according to the standards[39]
- the representation of small-scale producers and the provision of funding in order to guarantee access and presence
- the representation of workers, unions, indigenous people and other strong voices from the countries of origin who are not involved in production but potentially affected by it
- the request of detailed annual reporting and the publication of the raw data received from members
- the provision of technical support for the implementation of the criteria
- the adoption or not of a system of governance that addresses the power and economic inequalities that characterize the chain, i.e., tries to counterbalance existing inequalities by allocating voting rights accordingly
- the voluntary or mandatory nature of the participation to the scheme and to its meetings
- the possibility to vote by proxy or electronically, which has an impact on representation
- the existence of veto rights for some actors or categories
- the existence of a system of grievance for people and civil society organizations to raise concerns and violations
- Do members sign a clause that requires them not to denigrate the works of the platform or to face penalties or exclusion?[40]
- the procedure behind the elaboration of standards and their redefinition
- the possibility of being excluded from the MSI, etc.

Rather than mere technical elements, all these aspects have a repercussion on the functioning of the platforms and the role that they can play in challenging, changing or normalizing existing practices in the value chain. In that sense, the example of the Initiatives on Sustainable Cocoa offers a valuable opportunity to highlight the existence of both procedural and substantive differences that may have consequences on the effectiveness and speed of the change that is sought. We summarised the main

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39 This is the case of both RSPO and RTRS. In the case of RSPO, Ruysschaert and colleagues state that "Downstream firms buy palm oil from the conventional global market and cover their purchases by buying these certificates. A certificate costs about 4 dollars per palm oil tonne, which amounts to less than 1% of the price of palm oil sold on the international market (which fluctuates between 500 and 800 dollars per tonne), an insignificant cost compared to that generated by the physical segregation of palm oil (which amounts to between 30 and 70 dollars per tonne). Denis Ruysschaert, Caitriona Carter, Emmanuelle Cheyns, 2019, Territorializing effects of global standards: What is at stake in the case of 'sustainable' palm oil?, Geoforum (104), 1-12, p. 6.

40 This is the case, for example, of the RSPO, where in 2015 resolution 6c was passed "to amend the RSPO code of conduct" that imposed upon RSPO members the necessity "to promote and not to denigrate the aims and goals of RSPO."

elements in the table above (Erreur ! Source du renvoi introuvable.) and created a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis that has been realised on the basis of the interviews with participants to these platforms. The diversity in the area of cocoa and chocolate, including in terms of opinions, outcome, and legitimacy of the process, is in itself an indication of the importance for the Belgian Federal Government to consider the value of reproducing the model of Beyond Chocolate in other chains. As we discuss below, our opinion is that the public authority should not see MSIs as the solution to the problems, but one of the tools that can complement regulatory and policy interventions that deal with the structural and systemic problems that affect international food chains.

Table 4 : A comparative look at the ISCOs

MSI	German Initiative on Sustainable Cocoa (GISCO)	Swiss Initiative on Sustainable Cocoa (SWISSCO)	Beyond Chocolate (Belgian Initiative)	Dutch Initiative on Sustainable Cocoa (DISCO)	French Initiative on Sustainable Cocoa
Date of launch	June 2012 (registered association since April 2014)	2017	2018	2020	2021
Sectors	4 different sectors - Public sector (Economic Cooperation and Development & Food and Agriculture) - German Cocoa, Chocolate & Confectionery Industry - German Retail Grocery Trade - Civil society (including NGOs such as standard-setting organisations) - 7 Supporting members and institutions with consultative status	- Manufacturers & Traders - Retail Sector - Public Sector - Ngos & Civil society - Research - Associated partners	9 different sectors: - Belgian Public Sector, - Chocolate sector (manufacturers), - Retailers, - Certification Standards, - NGOs, - Social Impact Investors, - Knowledge institutions, - Trade unions	- Traders and processors - Manufacturers and brands - Retail - Government - Certification - Civil Society - Service providers & Knowledge institutes - Secretariat	- Manufacturers & Traders - Retail Sector - Public Sector - Ngos & Civil society - Research - Associated Partners
Number of members	70	62	60	36	No

Presence of producers	No	No	No	No	No
Presence of Trade Unions	No	No	3 Belgian trade unions	No	French Syndicat du Chocolat
Environmental Goals	Y, goals 1 to 5	Y	Y	Y	Y
Social Goals	Y, goals 6 to 9	Y	Y	Y	Y
Mandatory commitment to Living Income/Wage	N	N	N	N	N
Internal Compliance System	No (only monitoring through reports)	No	No	No	No
Grievance Mechanism	No	No	No	No	No
Role of the State	Convenor + sponsor	Convenor + sponsor	Convenor + sponsor	Convenor + sponsor	Convenor + sponsor

Market share in 2021 (%)	Consequently, the estimated share of the volume of cocoa contained in the consumer products sold on the German market that is covered by the member reporting increased considerably from an estimated 35% for 2020 to an estimated 78% for 2021. 89% of the combined total volume brought to the German consumer market by members was reported to be certified.15 Retailers report close to 100% of certification for their own brands, compared to 83% of cocoa in cocoa-containing end products sold reported by industry members.	71% of cocoa equivalents imported into Switzerland were sourced from sustainable production; 92% of all cocoa bean equivalents imported into Switzerland were by members of the Platform. 77% were imported from sustainable production when only imports from Platform members are taken into account. 97% of the cocoa beans imported into Switzerland were from sustainable production. Cocoa beans represented 44% of all cocoa imports into Switzerland in 2021.	The 60 partner companies cover about 90% of the Belgian chocolate production market and 57% of the Belgian chocolate consumption market. 65% of the produced chocolate is certified.	Not yet disclosed	Launched in 2021

Are MSI “fit for purpose”?

After two decades of implementation of MSIs-based governance of the global food system, institutions, researchers and field actors have amply spoken up on the shortcomings of such approaches. For example, a 2021 report by MSI Integrity based on the analysis of 40 international standard setting MSIs all over the world and in different chains has concluded that MSIs in their current form are “not fit for purpose.” The need for a concerned and critical approach to the capacity of multi-stakeholder mechanisms to deliver the promised environmental and social improvements has been confirmed by the majority of the semi-structured interviews that we have conducted with representatives of organizations directly involved in the “Beyond Chocolate” initiative, by a recent report of the Conseil consultatif sur la cohérence des politiques en faveur du développement,41 and by a 2013 analysis of the IDH-led “Trade for Sustainable development initiative” realised by the Dutch independent think-tank IOB for the Dutch government.42 The SWOT analysis of the ISCOs (Strengths, Weaknesses, Opportunities and Threats) realised on the basis of interviews and our workshop held with relevant stakeholders in November 2022, shows already some of the tensions and points of concern that we expand in this part of the document.

41Conseil consultatif sur la cohérence des politiques en faveur du développement, Avis: La cohérence des politiques en faveur du développement (CPD) dans l’Avant-Projet de Plan Fédéral de Développement Durable (2021-2025).

42 IOB, 'Riding the Wave of Sustainable Commodity Sourcing, Review of the Sustainable Trade Initiative IDH 2008-2013', 2015, available here https://www.government.nl/documents/reports/2015/04/28/iob-riding-the-wave-of-sustainable-commodity-sourcing-review-of-the-sustainable-trade-initiative-idh-2008-2013; Commission Interdépartementale pour le Développement Durable, “Avant-Projet de Plan Fédéral de Développement Durable.”

Table 5: A SWOT analysis of the ISCOs

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
➢ Unique platform in pre-competitive space to engage in constructive, transparent dialogue and seek consensus beyond divergencies ➢ Create common understanding of main sustainability issues in the cocoa supply chain ➢ Create a common floor of commitments while leaving the door open to individual higher commitments ➢ Foster trust building, knowledge exchange, peer learning and support members in reaching their commitments ➢ Diversity of actors within a single supply chain represented ➢ Allow for financing schemes for pilot projects, useful to gain better or new understanding of structural and/or emerging challenges in producing countries, test high impact models and build the business case for more sustainable agri-food supply chains	➢ Spatial and temporally heterogeneous adoption and implementation of commitments ➢ Only partial market coverage - inhibits action due to "first mover risk" and related competitive disadvantage ➢ Only limited number of SMEs involved in ➢ Lack of concrete tools to aim at impact at scale ➢ Lack of individual accountability ➢ Lack of a strong economic dimension ➢ Difficulties to produce actual deliverables - Lack of efficiency in the absence of a strong enabling regulatory and policy environment ➢ Rarely look at power dynamics within the supply chains, the way value and margins are distributed and how this impacts the sustainability of food system	➢ Together with the upcoming EU legislations (e.g., CSDD, Deforestation), become part of an impactful smart mix that is needed to raise the bar – collective lever for complementary action ➢ Enabling environment to support members in an effective implementation of upcoming EU legislation requirements and beyond ➢ Can bring in a product/commodity specific approach – useful input for the implementation of future EU Regulation ➢ Potential to strengthen local civil society involvement that can challenge sustainability achievements of companies ➢ Can drive change within market dynamics ➢ Enhanced level playing field ➢ MSIs can provide the right framework to discuss and determine key features that would allow members to embed Living Income into core business practices, without resulting in a competitive disadvantage	➢ Used as substitutes to the need for strong regulatory frameworks ➢ Perception of risk of compliance with competition law ➢ Silo approach between environmental and social objectives relevant to sustainable food systems (e.g., deforestation and living income) ➢ Different levels of ambitions and commitments across ISCOs landscape may encourage alignment on lowest common denominator, thus slowing or discouraging leadership and innovation ➢ Different calculation and reporting frameworks and methodologies ➢ Lack of clear accountability may lead to "fair/greenwashing" of unchecked commitments and continuation of business as usual

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
➢ Co-financing structure enables partners to implement more innovative and risky projects ➢ Added value of reporting mechanisms based on a common third-party framework ➢ Help achieve cost efficiencies in analysis and learning, saving resources to be directed towards origin investments instead of duplicative measurement activities	➢ While price is a major determinant of farmers' income and their possibility to cover the costs of more sustainable production paths, only a limited number of MSIs have set time-bound and quantified objectives to improve farm gate prices ➢ Top-down approach - absence of producing countries, producers and/or cooperatives representatives and local communities at the table ➢ Data collection and aggregation is often done in a non-transparent way ➢ Lack of transparency regarding concrete impacts and scalability of pilot projects ➢ Restricted donor vs beneficiary relationship with governments – absence of joint long term vision ➢ Lack of transversal business ownership of the objectives: Companies' teams involved in ISCOs (e.g., sustainability teams) are often not the same than the ones having influence on final buying decisions (e.g., procurement or commercial teams) ➢ Lack of entry/membership criteria to assess the goodwill to drive effective change	➢ Drive race to the top through commitments of front-runner companies ➢ Potential for impact at scale and support to sector-wide change if members represent a large share of the national production of a commodity ➢ Benefits arising from the participation of cross value chain stakeholders – market diversification approaches vs traditional focus on individual value chains ➢ Potential to use lessons learned from the cocoa ISCOs do drive change in other sectors ➢ Strengthen sector wide, cross MSIs coordination systems	➢ Risk that companies running a government-funded ambitious pilot project continue in parallel to buy the biggest share of their volume at a price that does not allow for a Living Income ➢ Volatility of national political support – absence of long term vision and commitment ➢ Ambiguity between ISCOs seen as a safe space for members based on transparency vs. the limits to this concept linked to anti-trust policies that prevent displaying confidential or sensitive information about companies' practices including on price

Other relevant information is also contained in ISCO Scorecard produced in 2021 report by The Mighty Earth' aimed at comparing the social and environmental capacity of the different platforms around the world, and where they conclude that "Most ISCOs performed well on overall ambition of their platforms, accessibility of information and efforts to address child labour categories [...]. All platforms, however, failed on traceability and transparency of cocoa supply chains and performed poorly on deforestation and climate."

Table 6: ISCOs scorecard

TABLE 1

Ranking by criteria

Good Fair Poor

Platform	1. Composition	2. Accessibility of Info	3. Deforestation and Climate	4. Support for Regulation	5. Traceability and Transparency	6. Living Income	7. Agroforestry	8. Governance	9. Money for Environment	10. Child Labor	11. Ambition	12. Chemical
GISCO	Fair	Good	Fair	Fair	Poor	Fair	Good	Good	Fair	Fair	Good	Fair
SWISSCO	Good	Good	Fair	Poor	Poor	Good	Fair	Fair	Fair	Good	Good	Fair
BISCO	Fair	Good	Fair	Poor	Poor	Good	Fair	Poor	Poor	Good	Good	Poor
DISCO	Fair	Fair	Poor	Good	Poor	Fair	Fair	Fair	Fair	Good	Good	Poor
FRISCO	Poor	Poor	Fair	Good	Poor	Fair	Poor	Fair	Fair	Good	Fair	Poor
JAPANISCO	Fair	Poor	Poor	Fair	Poor	Poor	Poor	Fair	Fair	Fair	Poor	Poor
UK	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor
USA	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor

Source: Mighty Earth, ISCO Scorecard, 2021

MSIs often lack of 'teeth'

First of all, it is important not to fall into the trap of thinking that MSIs will be capable of addressing the structural and pervasive problems of commodity chains without adequate and binding exterior supervision, especially when the global market involves a multiplicity of layers, cuts across numerous jurisdictions and is characterised by high levels of opacity and unaccountability. In addition, voluntary schemes often imply that (a large) part of the market will not be covered. In 2021, Beyond Chocolate gathered consumer brands and retailers that cover roughly 57% of the market in terms of

volumes, and 76% of the chocolate sold was covered by a certification scheme or internal measure of sustainability. This means that only 43% of the chocolate sold in Belgium is aligned with the goals of the main Belgian MSI.

According to a representative of an international NGO closely involved in the preparation and management of "Beyond Chocolate:"

"We need to work on the complementarity between the public authorities and the private sector. There are already many laws against child labour, and there have been for a long time. But they are not effective enough. The problem is not the existence of a legislative framework, but its practicality. Are there support actions? A reporting framework? It's not or-or."[43]

A similar conclusion is reached by the Advice of the Independent Consultative Council (Conseil Consultatif) and by several of the experts that we interviewed for this study. According to the 'Conseil Consultatif', that dedicated ad hoc attention to Beyond Food and its capacity to achieve the Sustainable Development Goals:

"Beyond Food will have only a marginal impact on contributing to the transformation of food systems and the achievement of the SDGs, especially since its approach is voluntary. The necessary transformation of food systems is however an emergency recognised at the international and European levels [...] These initiatives are insufficient to begin the necessary transformation of food systems in all dimensions of sustainable development (economic, ecological, social). They must be anchored in a normative and governance framework accompanying this transformation."[44]

For NGOs experts from the cocoa and banana sector, the aspiration of seeing more binding interventions and a stronger combination between MSIs and regulation, is equally central. For one interviewee active in the cocoa value chain:

"*ISCOs have been very bad at delivering on individual responsibility. I haven't seen any change in the way that corporations operate in source countries due to the participation of ISCOs. Binding regulation, on the contrary, is changing the game. You need individual responsibility and reporting and accountability otherwise there will be free riding."*

For a representative of an NGO working on socio-environmental sustainability in the banana chains: *"Binding regulation clears the mind of value chain actors".*

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43 "Il faut travailler la complémentarité entre les pouvoirs publics et le secteur privé. Des lois contre le travail des enfants, il en existe déjà beaucoup, et depuis longtemps. Mais elles ne sont pas effectives. Le problème, ce n'est pas l'existence d'un cadre législatif, c'est sa praticité. Existe-t-il des actions de soutien ? Un cadre de reporting ? C'est pas or-or, c'est and-and."

44 Source: Conseil consultatif sur la cohérence des politiques en faveur du développement, Avis: La cohérence des politiques en faveur du développement (CPD) dans l'Avant-Projet de Plan Fédéral de Développement Durable (2021-2025), p. 8. "Beyond Food n'aura qu'un impact marginal sur la contribution à la transformation des systèmes alimentaires et à la réalisation des ODD, d'autant plus que son approche est volontaire. La nécessaire transformation des systèmes alimentaires est pourtant une urgence reconnue aux niveaux international et européen […] Ces initiatives sont insuffisantes pour entamer la transformation nécessaire des systèmes alimentaires dans l'ensemble des dimensions du développement durable (économique, écologique, social). Elles doivent être ancrées dans un cadre normatif et de gouvernance accompagnant cette transformation."

One reaction to fragmentation and lack of transparency has been the conclusion of a Memorandum of Understanding (MoU) among some of the main national Initiatives on Sustainable Cocoa (ISCO) in Europe. Although the alignment among different national ISCOs is seen positively, the adoption of common standards and reporting frameworks (and timing) is not guarantee that the data self-reported by the companies is reflective of the reality on the ground, nor that accountability is achieved. Furthermore, data provided by the companies are not specifically linked to cocoa or chocolate that is sold to Belgium, but to their global market, and they are presented in an aggregate way that significantly reduces the possibility of any observer to identify points of leverage, weaknesses and areas of intervention. The 2021 assessment of Beyond Chocolate realised by IDH recognizes the reporting and methodological limits of the whole scheme and that "the monitoring remains a work of constant improvement,"[45] but still considers that the data is enough to provide an image of the impact of the Belgium-based initiative.

MSIs often discard market power and existing inequalities within value chains

Secondly, the IOB report reminds us that MSIs like Beyond Chocolate are often implemented in a way that discards the role that market power and bargaining inequalities play in the production of social and environmental externalities. Most MSIs are inspired by the ambition of leveling the playing field in a commodity market, i.e., by the idea that all the actors of the chain (or at least the virtuous ones that participate in the scheme) can be brought to a new and more sustainable level by the introduction of higher standards. For the IOB, this is short-sighted in itself: once all producers are aligned and there is no competition or factors of differentiation between their products anymore, the status of commodity producers comes back with force.

Buyers aim for the lowest price possible, with the excuse that there are so many more like them waiting outside of the farm gate. "Leveling the playing field" in a market structure where products are expected to be leveled, fungible, indiscernible, for buyers to be able to freely exchange them without regards from their origin, will not in and by itself have a de facto positive impact on producers who, after having stepped up their game and followed all the sets of restrictions, face an everlasting problem in a transnational value chains: the absence of negotiating power. New standards may improve livelihood and open spaces for better environmental practices, but they do not alter structural dynamics that contribute to dependency and uneven distribution of value along the chain (even if more value stays with the producers).

For Krauss and Barrientos, who worked extensively on the cocoa supply chain and the adoption of Fair Trade standards, the technical and procedural nature of MSI cannot be disconnected from the pre-existing power dynamics in which they occur. Therefore, in their opinion: "Who sets what priorities, how these are taken to scale, and who serves as a source of credibility, is shifting the balance in asymmetrical power relations and forms of embeddedness in cocoa production. This has

45 IDH, Beyond Chocolate 2021 Report, p. 18.

implications for the trajectory of standards in the cocoa sector, and sustainability standards more broadly."[46]

Even within commodity-based initiatives, like the German Initiative on Sustainable Cocoa (GISCO), qualitative academic research has revealed that conflicting interests and the power distribution that pre-dates the MSI and that is produced by the instrument's bylaws are often key obstacles towards the adoption of adequate solutions. For example, in a 2022 paper published by Schuster and Mossig based on 18 semi-structured interviews, the author concludes that "institutionally defined subgroups with similar actors (stakeholder groups) collectively represent their interest in the MSI. All stakeholder groups thus have a specific form of group-based organizational power. Our study shows that these are not negotiated; consequently, the MSI faces constraints in terms of dysfunctional power relations, as well as obstacles to finding solutions for sustainability issues on a global scale."[47] Existing and potential MSIs should thus address pre-existing power dynamics among actors that operate at different levels of the chain and within the same group of actors, and draft bylaws and governance structures that aim at redressing and balancing them, rather than ignoring them and thus reproducing them.

MSIs tend to divide what is 'within' the chain from what is 'outside'

Thirdly, MSIs are characterised either by a chain-based approach or by the attempt to improve one level of the chain such as production or trade. In both circumstances, the risk is high to create an artificial separation between what and who are 'inside' the chain and the world 'outside' of it, with limited attention to the way in which socio-environmental issues are not only defined by actions and policies internal to the chains, but by decisions and actors that do participate in the MSI or are not 'chain actors'. As discussed by a senior member of an international NGO with long experience in the area of food system and transnational food governance:

"*I am sceptical of the value chain approach: given all the issues we face in food systems, we should build a more general approach and be critical of multi-stakeholder initiatives."*[48]

The risk of a siloed approach by commodity chain and consumer market is to clean only the top of the pile of the global chocolate market, to source only from this "clean" fraction of the market, and to leave the rest to others - thus displacing the problem instead of building comprehensive solutions to systemic challenges.

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46 Judith E. Krauss and Stephanie Barrientos, 2021, Fairtrade and beyond: Shifting dynamics in cocoa sustainability production networks, Geoforum 120, 186–197.

47 Schuster, D. and Mossig, I. Power Relations in Multistakeholder Initiatives—A Case Study of the German Initiative on Sustainable Cocoa (GISCO). Sustainability 2022, 14, 11279. https://doi.org/10.3390/su141811279.

48 « Je suis sceptique de l'approche par chaîne de valeur : vu l'ensemble des enjeux auxquels on fait face dans les systèmes alimentaires, il faudrait construire une approche plus générale et être critique vis-à-vis des multistakeholder initiatives »

For this reason, the experts interviewed insist on the importance of rethinking the entire system of development cooperation. The current agenda's main goal is to reduce the role of development cooperation, without building more sustainable value chains. This limited approach cannot be effective, since (I) the majority of the world's citizens are not fed by international value chains and (II) all chains are integrated in a legislative, political and socio-cultural system that defines several elements of the value chain. With regard to this point, a representative of a key NGO in the Beyond Chocolate initiative concluded that *"We need a political vision and partnership with the producing countries. Today, we have the platform in Belgium Beyond Chocolate, but little cooperation with development agencies in Ghana or Cote d'Ivoire, or with Enabel or the financial development institutions."*

The lack of coordination between an MSI and value chain approach, on the one hand, and structural elements on the other relies often too much on 'borderline sectors' of the national economy and on the expected 'trickle down' effect of improvements made at the chain level. (e.g., not considering structural elements such as power differentials among value chain actors, private and international debt and public policies on education, health, labor, inequality in access to land and means of production, accessibility of food by the local population, etc.).

MSIs normalize global value chains as future form of economy

A further point that has been raised concern the link between investing in MSIs and the reproduction of a commodity-based economy in the countries of origin, which is often linked with a limited diversification of the productive matrix, global competitiveness, a strong dependence on international trade and international traders, and the dismissal of alternative forms of local development and food systems that do not link producers to transnational chains but to local or regional markets. Evidence also exists that facilitating the integration of small-scale farmers in global value chains' become an alternative to providing funding and support to agriculture, with an annexed reduction of public budget and increased dependency on selling commodities. When MSIs become the preferred form of governing the global economy, the implicit consequence is that global value chains become normalised. Both in their structure, the role that actors play and in limiting the possibilities of thinking at alternative forms of organizing the economy that do not have a global character. This has several repercussions.

First of all, the geographical distribution of actors who participate in food MSIs and the role that they play is significantly characterised by historical inequality in the distribution of resources and funds. It is not a case that traders, processors and retailers of global commodities are mostly located in the Global North, whereas farmers and providers of raw materials are located in the Global South. This has a historical origin, and socio-economic implications in terms of distribution of revenues, dependency and capacity of the Global South to 'catch up' with the countries in the Global North. According to Nobel Laureate in Economics Paul Krugman, a small 'head start' for one region in terms of industrial, technological and financial capacity will accumulate over time, with exports of manufactures from the leading region crowding out the industrial sector in lagging regions. In this sense, trading raw materials with industrialised countries will intensify the gap and prevent

industrialization in less-developed countries.[49] If trade is a way of filling the gap between developed and developing countries, and if developing countries export commodities and import manufactured goods, they would have to export more and more in order to import less and less, echoing the nineteenth-century Russian lament that "we export even though we die."

Secondly, the normalization of global food chains increases global competitiveness because it takes for granted that companies (traders, retailers, etc.) can source from all over the world. If the goal is that of addressing the social implications of transnational food chains, this cannot be achieved by embracing a notion of global trade that is embedded in more competition among farmers, workers and SMEs – including those who are part of the Fair-Trade network. For example, the EU-Mercosur agreement would reduce tariffs for import of Brazilian coffee so that Brazilian producers have a tariff advantage vis-à-vis Colombian or Vietnamese farmers. Competitiveness means uncertainty and struggle rather than rights and sustainability.

In addition, the idea that the future is made of global value chains is blind to the incompatibility between an increase in international trade, the expansion of consumption patterns, the need for more commodities, the surge in GHG linked with shipping and both the planetary and social boundaries. According to a 2015 study of the Organization for Economic Cooperation and Development (OECD) and the International Transport Forum (ITF) on all transport of goods (maritime freights, road transport and air freights), the role of international trade-related freight transport in contributing to climate change should be central to any considerations about the future of trade. In the study, the OECD and ITF report that "international trade-related freight transport [accounted in 2015] for around 30% of all transport-related CO2 emissions from fuel combustion, and more than 7% of global emissions."[50]

According to the same study, a baseline scenario of economic growth of 3.5% per year would lead to longer supply chains – mainly due to the growth in trade corridors connecting emerging economies and non-OECD countries-, an increase in volume of traded goods, an annual increase in world trade by 3.5% and an overall increase of trade-related freight transport emissions by a factor of 3.9%, the equivalent of a +400% increase in GHG emissions from trade-related freights only. Even assuming technological development and efficiency improvement over the next three-and-a-half decades, the OECD and ITF conclude, "CO2 emissions from international trade-related freight transport will grow by 290% in the baseline scenario, i.e., to nearly three times today's level."[51] Because MSIs normalize the idea of global food chains, they equally normalize the contamination that is associated with moving goods across the planet.

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49 Krugman, P. (1980) Trade, accumulation and uneven development, Journal of Development Economics 8, 149-161.

50 [1] OECD/ITF, The Carbon Footprint of Global Trade, OECD/ITF, 2015, available at: https://www.itf-oecd.org/carbon-footprint-global-trade [last accessed 21 October 2020].

51 Ibid, p. 8.

MSIs tend to have regressive social impacts

Another hindrance that was closely scrutinised by the 2013 report by the IOB and that has been the object of several academic and non-academic work in the last decade concerns the social impact of MSIs and certifications, and in particular the social and financial capacity of producers to follow through with standards and certifications. This falls under the idea of equitable nature of MSIs and chain-based forms of governance. For example, in 2019 Ruysschaert and colleagues published a paper on the territorial implications of the Roundtable on Sustainable Palm Oil and concluded that according to the 2017 data published by RSPO it was clear that:

« Obtaining a premium much lower than certification costs, producers have little economic incentive to certify. As a consequence, only the largest world producers have become certified to access European markets, or more broadly speaking Western markets. This amounts to 73 producers certifying 2.7 million hectares in total."[52] And they continue stating that "Independent smallholders have by and large been excluded. By early 2017, nine years after the launching of the certification system, they contributed to 11,880 ha of certified areas, which represented less than 0.1% of global certified oil palm plantations (reference omitted). Indeed, fixed certification costs have proved prohibitive for smallholders, with at least 50 dollars per tonne for certified palm oil (reference omitted) – and this does not include either recurring costs for additional management practices, nor reorganization costs to keep certification on-going."[53]

Similar concerns were elaborated by a NGO representative that we interviewed, according to whom "Too often, the responsibility is put on producers to step up in the certification or MSIs train, and the blame is on them if they do not. But we fail to address the real, systemic reasons that hinder small producers' capacity to align.»[54] As a matter of fact, the labor and financial burden that the certification process requires have the effect of driving out smaller producers, keeping in the loop of the project only the bigger players and the so-called « long hanging fruits ».

The fact that not all producers are in the condition to harness the benefits of the opportunities created by a voluntary scheme is also highlighted in the 2021 Beyond Chocolate report, where the authors state that « limited number of farmers are today benefitting from these innovative approaches aiming at going beyond the business as usual. Most partners are still struggling to get a clear picture of the living income/living wage gaps in their supply chain. Available data shows that farmers in West-Africa and workers are still far from earning a living income/living wage."[55]

This is the case in the perspective of the producers themselves, who need to put in extra work and money to get certified, but also from the perspective of the buyer, who, facing the burden of keeping

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52 Denis Ruysschaert, Caitriona Carter, Emmanuelle Cheyns, 2019, Territorializing effects of global standards: What is at stake in the case of 'sustainable' palm oil?, Geoforum (104), 1-12, p. 6.

53 Ibid

54 IOB, 'Riding the Wave of Sustainable Commodity Sourcing, Review of the Sustainable Trade Initiative IDH 2008-2013', 2015, available here : https://www.government.nl/documents/reports/2015/04/28/iob-riding-the-wave-of-sustainable-commodity-sourcing-review-of-the-sustainable-trade-initiative-idh-2008-2013.

55 IDH, Beyond Chocolate 2021 Report, p. 6.

track of every origin, method of production and income, prefer having to deal with fewer, bigger producers rather than a multitude of isolated small or micro-producers. Even a contribution to the initial cost of obtaining the certification without assuming the long-term cost of it, as in the case of the IDH Trade for Sustainable Development Initiative, has potential regressive implications and can contribute to the further de-peasantization, the consolidation of farms and the breach of Sustainable Development Goal 11 «Not leaving anyone behind ». For Tennhard et al, who write about environmentally-friendly cocoa chains, there is no doubt that « Future interventions require approaches that target underrepresented sustainability issues and enable synergistic effects between environmental, social, and economic sustainability for cocoa farms."[56]

What future for food-chains MSIs in the Beyond Food Strategy? Regulate, coordinate and re-invest

Our research reveals that the public authority has a role to play in facilitating the transition away from unsustainable food systems into social and environmental sustainability. This has also been recognised by the European Commission, whose plans for an EU framework for a Sustainable Food System Law include multiple references to a smart-mix of public interventions and market-based solutions. In this context, MSIs could become one of the components of a systemic approach to the governance of transnational food chains based on a combination between mandatory regulations (push factors such as higher and binding standards for all actions of the food chain, individual human rights and environmental due diligence with a system of public access to information and justice, and mandatory sustainable public procurement), and systems of premia and incentive (pull factors such as labeling, transparency, information, etc.)

According to the experts we consulted and our experience on the ground, one of the key components of this smart mix will have to be codification of the payment of a living income and living wage as a first step towards a redistribution of the value generated by the producers and the workers. Too often, the discourse on income and wage is framed as a standalone concept deriving from the automatic result of an abstract market structure's operation, as farmers' income and workers' wages were independent considerations vis-à-vis the generation and appropriation of value that happen at all levels of the chain.

To be adequate, living income and living wages must be represented by monetary transfers towards producers and workers, calculated according to their material and socio-cultural needs, as discussed by several methodologies already proposed by a wide variety of organizations and academics[57] that adopt a systemic approach and consider the broader socio-economic structures in which farmers

56 Lina Tennhardt, Gianna Lazzarini, Rainer Weisshaidinger and Christian Schader, 2022, Do environmentally-friendly cocoa farms yield social and economic co-benefits?, Ecological Economics, Volume 197, 1-19.

57 List of Living Income Reference Prices established by Fairtrade International: https://www.fairtrade.net/issue/living-income ; International Coffee Organisation Public-Private Taskforce's living income calculator https://www.internationalcoffeecouncil.com/taskforce ; living income differential as calculated by the CIGHCI https://www.cighci.org/category/publication-of-cocoa-origin-differentials-for-cote-divoire-and-ghana/;

and workers operate.[58] For example, Ecuador has a "decent wage" policy, called "*Salario Digno"*, whose amount is based on a "cost of living" approach and goes beyond one-dimensional poverty lines, and takes into account costs of education, healthy diets and housing for a typical household.[59] Similarly, the International Coffee Organisation Public-Private Taskforce in Peru has a goal of economic resilience with living Income and living wage as a milestone on the path to prosperity.

On the contrary, when it comes to private initiatives around living income and living wage some schemes calculate at the pre-certification phase, without the cost of sustainability programmes, as costs of production were those of non-certified farming. However, once farmers undergo training and get certification, they need to incur higher costs of production and often end up with a lower net income than before the scheme was applied, even if the new wage amount is actually higher than the pre-certification wage. Such was the case, for example, of one study of coffee and cocoa farmers where average yield increase was of 14% while net-income increase was of 7% only.[60]

In addition, MSIs partners usually advise for "income diversification" and "increased resiliency" on the part of producers, as if the only way to increase income was to source other sources of it. This overlooks the responsibility that end of chain buyers have in remunerating producers in a decent way for the value they bring them, but also the fact that replacing living income and living wage with 'diversification' and 'efficient use of resources' shifts the burden on the least powerful actors in the value chain and – once more – does not take into consideration the structural limits that these individuals are embedded in a larger socio-economic framework beyond the value chain.

Among the interviewees, a common call for action was the need to address purchasing practices, to prevent the value of the product from getting extracted from local constituencies without proper remuneration. One NGO representative is stark about it:

""The problem is not the need for diversification. The real problem is the lack of economic opportunity. There is under-investment at the producer and cooperative level. We need to invest in local market development, in African companies that are currently dependent on extractive economies."[61]

Furthermore, leaving the call for diversification into the hands of the private sector risks to be a dead letter or to intensify the gap between the most marginalised producers and the low hanging fruits, given the interest that commodity chains actors have in an increase in productivity rather than a reduction of total output.

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58 Waarts, Y.R., Janssen, V., Aryeetey, R. et al. Multiple pathways towards achieving a living income for different types of smallholder tree-crop commodity farmers. Food Sec. 13, 1467–1496 (2021). https://doi.org/10.1007/s12571-021-01220-5; van de Ven, G.W.J., de Valença, A., Marinus, W. et al. Living income benchmarking of rural households in low-income countries. Food Sec. 13, 729–749 (2021). https://doi.org/10.1007

59 Fair Trade Advocacy Office, "The Role of Governments in Enabling Living Income in Global Agriculture Value Chains," 25.

60Voice Network, Cocoa barometer 2022, https://voicenetwork.cc/cocoa-barometer/

61 « Le problème ce n'est pas le besoin de diversification. Le vrai problème, c'est le manque d'opportunité économique. Il y a un sous-investissement au niveau des producteurs et des coopératives. Il faut investir dans le développement du marché local, dans des sociétés africaines qui sont pour le moment dépendantes d'économies extractives."

For a member of an international NGO that we interviewed:

"Diversification is too often used as an excuse for lack of action and economic and political responsibility. Companies point to the lack of diversification as the main cause of poverty, while at the same time all their actions are geared toward intensifying cocoa production."[62]

With this in mind, the issuance of binding regulation on living income and living wage, and its implementation by means of public enforcement, appear as priorities for any future attempt to build more sustainable food chains.

If MSIs are part of the smart-mix of measures introduced by the public authority, it is important that they are coordinated by public actors rather than left to the self-organization of the private members. According to Belgian experts who have been active in Beyond Chocolate, one of the weaknesses was represented by the lack of a clear steer by the public actors, which reduced the effectiveness of the space and its pace. For some of our interviewees, the model to follow and improve could be that of the German GISCO, with public authority that convenes the meetings, define the agenda, and proactively engage with the respect of the substantive and procedural requirements (e.g. non-financial disclosure, due diligence, accounting, transparency of purchasing practices and distribution of value), the enforcement of individual responsibility (rather than sectorial or collective one) and the provision of resources in order to facilitate the work of the platform, rather than relying on private contributions.

Moreover, the financial component of MSIs have been identified by the actors we interviewed as a key element. According to them, investing in sustainable food chains would have a positive return for Belgium that would overcome the cost. Conversely, not committing an adequate amount of funds may intensify the social and environmental risks, and costs dependent on them. For the experts, both internationally and internally, Belgium would benefit from strengthening its position and influence within the sector, beyond just the Belgian market. It would also allow Belgium to have a role as a reformer of the chocolate sector beyond simply reforming the chocolate market on Belgian soil - and the other sectors in which the government was engaged.

According to a leading NGO actor in Beyond Chocolate that we interviewed:

"If we want to change the system, we have to take responsibility. We must take political responsibility. Today, this responsibility is non-existent/insufficient. Yes, we have put 2.5 M or 5 M for a sustainability program, but it is not much compared to the wealth of the sector behind: in Belgium, cocoa is 5 to 6 billion in revenue; especially on the taxes of 35K jobs created. And then especially 2M, compared to other budgetary elements of Belgium's program, is very little. You have to check the priorities."[63]

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62 « La diversification est trop souvent utilisée comme une excuse pour le manque d'action et de prise de responsabilité économique et politique. Les entreprises pointent du doigt le manque de diversification comme cause principale de pauvreté, alors que, dans un même temps, toutes leurs actions s'orientent vers l'intensification de la production de cacao. »

63 « Si on veut changer le système, on doit prendre nos responsabilités. On doit prendre les responsabilités politiques. Aujourd'hui cette prise de responsabilité est inexistante/insuffisante. Oui, on a mis 2,5 M ou 5 M pour un programme de durabilité, mais ce n'est pas beaucoup comparé à la richesse du secteur derrière : en Belgique, le cacao c'est 5 à 6 milliards

For the representative of a leading NGO dealing with the socio-environmental sustainability of banana chains, the public sector is the only one that can promote the adoption and financing of decisions that respond to the social and planetary needs but are not aligned with the vision and priorities of the private sector. Providing a very concrete example, the expert concluded that "there is enough value in the Belgian banana chain to invest into agroecology and in the transition away from banana plantations towards agroecological production, but it's never going to happen if the government is not involved." If agroecology is an objective, and if it is not aligned with the priorities of the corporate members of an MSI, it would thus be up to the public authority to promote and enforce the use of part of the resources produced by the value chain to reform it.

For another NGO representative: *"We must insist on a fair transition. It would be interesting if the (existing) cocoa money was really invested in a conversion to sustainable agriculture. Cocoa, we can see it as an extractivist system, the profits should be invested in conversion to sustainable/diversified systems."*[64]

Similarly, public coordination and steering of value chains (and MSIs initiatives) could also mean the collection of dedicated resources from the value chains to be used in development projects in the countries that play a key role in those chains. For one of the NGOs experts with whom we talked, the future of transnational food chains' governance should be seen as a way for the Belgian State to *"give back. One can imagine Beyond Chocolate, Enabel and BIO providing direct support to the local public sector (dev transparency, national traceability systems, etc). With the "claimed'' Belgian chocolate, one could create a "pot of money" to invest in one or the other region and aim to strengthen development aid thanks to a percentage of the resources that Belgium obtains thanks to the chocolate sector or other sectors."*[65]

In conclusion, the presence of multiple multi-stakeholder initiatives across the different commodities covered by our study indicates a certain level of maturity in the pre-competitive spaces on food sustainability issues, but also some limits that are unlikely to be overcome from within. The current scenario of global food governance and the regional sustainability initiatives offer a favourable ground to move to a higher level of social and environmental sustainability, but it is from enough to transition at speed that is needed. In that sense, strong regulatory frameworks, both at national and European level appear like both a prerequisite to fully unlock the potential of those voluntary interventions and address some of their main identified weaknesses such as the lack of individual accountability mechanisms. This is evident in the posture that the European Commission is adopting vis-a-vis some of the main challenges of the global food chains (i.e., commodity driven deforestation,

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de revenus ; notamment sur les impôts des 35K emplois créés. Et puis surtout 2M, comparé à d'autres éléments budgétaires du programme de la Belgique, c'est très peu. Il faut vérifier les priorités."

64 « Il faut insister sur une juste transition. Ce serait intéressant que l'argent du cacao (existant) soit investi réellement dans une conversion vers une agriculture durable. Le cacao, on peut le voir comme un système extractiviste, les profits devraient être investis dans la conversion vers des systèmes durables/diversifiés. »

65 On peut imaginer Beyond Chocolate, Enabel et BIO qui fournissent un soutien direct au secteur public local (dev transparence, système de traçabilité nationaux, etc). Avec le « claimed » chocolat belge, on pourrait créer un "pot of money" à investir dans l'une ou l'autre région et viser de renforcer l'aide au développement grâce à un pourcentage des ressources que la Belgiqu obtient grâce à la filière du chocolat ou grâce à d'autres filières.

violation of children and workers' rights) and by other Member States that have adopted or facilitated public interventions. The Belgian Federal State certainly is at the forefront when it comes to the chocolate sector and the creation of a space of dialogue and confrontation, but more can be done. Here below we engage with the various possibilities and provide concrete elements to reflect on the link between regulation and the drivers of unsustainability, along with suggestions on how to intervene.

Legislating for socio-environmental impact - Priorities and principles to guide the Belgian government's transition choices for sustainable food systems

To inform the choice of initial transition steps, and as part of the third stage of our research, we have selected for a more in-depth analysis a set of existing and upcoming regulatory interventions, focusing on:

- The ones with the highest potential to impulse concrete positive change on the retained supply chains and their main identified sustainability issues
- Those for which Belgian authorities have concrete levers at their disposal.

These levers can be found at EU level through the ordinary legislative process and the role EU Member States play as part of the Council of the EU. In the first half of 2024, Belgium will hold the Presidency of the Council of the European Union which provides the government with a unique chance to exert even greater influence on the European agenda. But impacts can also be created at national level through the release of strong standalone legislation, guidance documents, action plans, or ambitious transposition laws that can help remedy potential weaknesses of EU legislation. Same goes for EU laws set to be evolutive, offering to governments, through planned reviews, an additional layer of opportunities to adjust and refine its content towards enhanced positive impacts on agri-food supply chains.

To help set the stage for future positioning or actions of Belgian authorities within the international, European and national regulatory landscapes, our aim is to provide a comprehensive analysis of different existing or upcoming regulatory interventions, provide guidance on opportunities, along with indications on what could be done or prioritize.

To this end, for each selected regulatory intervention, we reviewed the type of process and expected timeline, the scope and its interaction with the list of selected supply chains, before undertaking an assessment of the potential sustainability impacts of the latter, with particular attention given to the components of the sustainability compass.

Accordingly, we have been looking at existing levers for Belgian authorities to help regulatory interventions reach their full potential – showcasing how supportive political leadership both at national and European level as part of a coherent and strategic approach towards sustainable food systems levels can help make the difference.

Below our main findings, setting out practical steps for Belgian authorities to support, through regulatory interventions, the transition process of food systems.

Legislating at the EU level

The EU and its Member States have committed to supporting the global transition to more sustainable food systems as part of their priorities within the EU Green Deal objectives, the Farm to Fork and Biodiversity Strategies. In the past years, we have witnessed a burst of sustainability-related legislative activity by the European Commission, many of these new proposals being of direct relevance to the agri-food sector. However, important steps remain to be taken to ensure their transition from a current sub-optimal state to one where they can fully support a global transition towards food systems that are environmentally, economically, and socially sustainable.

Whether it's the upcoming horizontal Corporate Sustainability Due Diligence framework or the upcoming EU Regulation on Deforestation free products – well-crafted due diligence laws can generate significant benefits on the sustainability of agri-food supply chains by putting an end to agri-business as usual and creating a true level playing field.

Many of these upcoming regulatory frameworks are based on individual corporate responsibility coupled with a penalty system in cases of infringement – providing them with a true potential to address some of the identified weaknesses of voluntary initiatives such as the lack of clear accountability mechanisms. They are expected to become powerful tools to remedy spatial and temporally heterogeneous adoption and implementation of voluntary commitments and address their partial market coverage by instead enhancing a true level playing field among agri-food companies. However, this is provided some key recommendations are taken into account.

Disclaimer: Many of the interventions analysed below are ongoing legislative processes. The recommendations made in this report should therefore be considered in relation to the state of the process at the time of the last revision of the report: 1 December 2022.

Corporate Sustainability due diligence Directive

The human rights and environmental due diligence (HREDD) process was developed in the UN Guiding Principles on Business and Human Rights (UNGP, 2011), which have crystallised the global consensus that companies have a responsibility to respect human rights. Based on the UNGP, the process was also integrated in OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

At this stage, Most EU member states have adopted National Action Plans (NAPs) and some states adopted national legislation such as the French Duty of Vigilance, the Dutch Child Labour Due

Diligence and the German Supply Chain Law. The growing number of national laws coupled with a unified perspective of different stakeholders that a legislation is needed, led to the Commission's proposal for the Corporate Sustainability Due Diligence Directive (CSDDD) published in February 2022. The latter corresponds with other EU legislative initiatives on corporate accountability such as the Corporate Sustainability Reporting Directive or the Taxonomy Regulation.

Type of process

The Directive will set a minimum standard and thus allow some discretion to Member States in how they transpose specific elements into their existing legal frameworks, opening opportunities for Belgium to put in higher standards of obligation than the ones contained in the EU legislation.

The CSDDD proposal includes references to accompanying measures that might be developed to support the future implementation of the directive by different actors and could include for instance sector-specific guidelines. Furthermore, the proposal foresees measures to support the implementation of CSDDD more widely in the EU and third countries through the facilitation of joint stakeholder initiatives by Member States and the Commission.

Timeline

The legislative process is currently on the side of the co-legislators which are formulating their negotiating position and are expected to engage in trialogues in the second half of 2023. According to this timeline, the Directive will be adopted at the end of 2023 at the earliest, followed by a two-year transposition period by 2026.

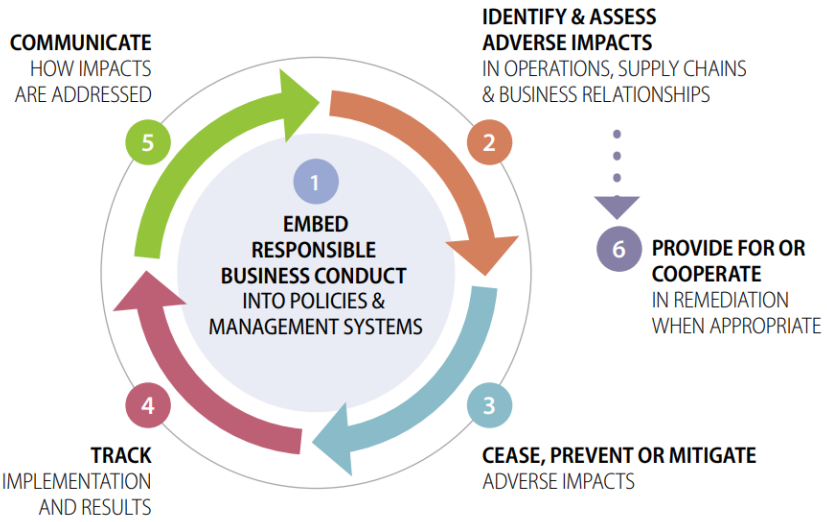
There is no clear timeline for the planned guidelines and other accompanying measures. As the text of the Directive is still being discussed, some of the supporting mechanisms might be developed from the start of 2024 onwards so that they build on top of confirmed obligations under the CSDDD. However, other supporting measures are already being shaped by the relevant DGs in the Commission, offering to Belgium authorities both short and long-term opportunities.

Short description and overall aim

The legislative proposal is based on Article 50 and Article 114 of the Treaty on the Functioning of the European Union (TFEU) and is so written within the context of company law.

The CSDDD has been devised on the basis of the UNGPs and the OECD Guidelines as a circular process depicted in the following graphic.

Figure 25: Due diligence process as depicted by the OECD



Source: OECD Due diligence guidance for responsible business conduct

The aim of the legislative proposal is to ensure that the behaviour of companies across all sectors of the economy becomes conducive to the Union's transition plan to a climate-neutral and green economy, and on its objectives to deliver on the UN Sustainable Development Goals.

The companies under its scope, will need to:

1. identify actual and potential adverse impacts arising from their operations or those of their subsidiaries and, where relevant to their value chains, from their established business relationships
2. prevent potential adverse impacts
3. bring actual adverse impacts to an end
4. carry out periodic assessments of their own operations and measures
5. communicate about their due diligence process
6. set up a complaint mechanism.

In addition to the obligation for companies to set up an in-house complaint mechanism, the proposed Directive foresees both administrative and civil sanctions for companies not fulfilling their duty. Member states will also need to set up national Supervisory Authorities which will have the power to order the cessation of infringements, impose pecuniary sanctions, and adopt interim measures to avoid the risk of severe and irreparable harm. At the same time, companies whose lack of due diligence led to actual harm, could be held liable in front of EU courts.

Material scope

The CSDDD will be a horizontal framework covering all sectors, including agriculture. As proposed by the Commission, the Directive would only apply to very large EU companies and non-EU companies with more than €150 millions of turnover in the EU. A slightly adapted rule would apply to EU companies with more than 250 employees and more than 40 million turnover worldwide and non-EU companies with more than €40 40 million turnover in the EU, that are operating in high-impact

sectors. Apart from the financial sector, the proposed list of high-impact sectors is the same as those covered by existing sectoral OECD guidance and includes agriculture, forestry, and fisheries. It would thus cover large companies across the different commodities covered by this research.

Additionally, as the proposal foresees the use of contractual clauses that cascade the obligation to comply with the company's codes of conduct to their suppliers, requiring them to do the same with their suppliers, this might mean that the CSDDD will lead to indirect obligations on companies that are in the supply chains of the large companies covered by the Directive.

Effectiveness - How will the legislation likely affect sustainability of agri-food supply chains?

The legislation will oblige companies across sectors to assess both potential and actual human rights and environmental adverse impacts in their value chains. The lists contained in its Annex specify the types of impacts companies will have to identify, assess, mitigate, and remedy in their own operations and in their value chains, depending on their leverage or the ability to increase their leverage towards their business relationships. It includes the violation of rights and prohibitions including the international human rights agreements (Part I Section 1), human rights and fundamental freedoms conventions (Part I Section 2), and the violation of internationally recognised objectives and prohibitions included in environmental conventions (Part II).

It is a vital step towards more transparent global value chains and can have substantial positive impacts on the agri-food sector. The CSDDD will require companies to map their own value chains and will shed more light on currently unknown occurrences. It connects to the Corporate Sustainability Reporting Directive and includes a reporting obligation that will aim for increased transparency of the findings. Through the implementation of the Directive, more data will be available on actual and potential adverse impacts on human rights and the environment which in turn will facilitate wider adoption of better practices across global agri-food value chains. Most importantly, the Directive is set to address the accountability gap when it comes to corporate abuses in global agri-food value chains and provide avenues for victims to access justice and adequate remedies before European courts.[66]

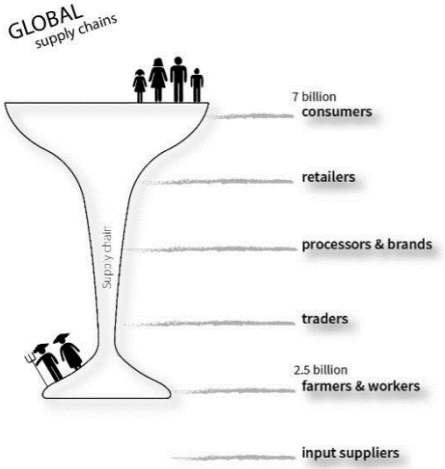
However, all of these points will depend on the strength of the Directive, its transposition and enforcement in EU member states.

In this context, it seems crucial for co-legislators to assess the desired impacts of the future legislation from the perspective of rights holders, with special attention given those already in vulnerable positions.

The agrifood supply chains, characterised by huge concentrations of power at buyer's level, have long resulted in buyers unilaterally imposing asymmetric terms and conditions on suppliers to provide goods at very low cost or within very short and sometimes changing lead times, without long-term purchasing commitments. Looking at the agricultural sector, six European and American sugar traders for example control about two-thirds of the global sugar trade. This dynamic is widespread in many other commodity supply chains such as in the cocoa sector and its hour-shaped market.

66 More details can be found in the Explanatory memorandum to the CSDDD proposal

Figure 26: Imbalances in global agri-food supply chains



Source: Report commissioned by FTAO, PFCE, Traidcraft, and Fairtrade Deutschland, Who's got the power - tackling imbalances in agricultural supply chains

A survey conducted by the ILO[67] in 2017 found that more than a third of producers accepted orders worth less than the cost of production. Producers operating on thin margins and sometimes with very limited resources are automatically less well-positioned to comply with international labour standards or to invest in sustainable agricultural practices, impacting the overall sustainability of a whole supply chain.

These patterns will also come into play with the upcoming HREDD framework. OECD research looking at the application of their voluntary standards in the minerals supply chains[68] found that stronger actors are likely to take advantage of their ability to transfer the costs of conducting due diligence to their suppliers, with a disproportionate burden falling onto suppliers in the most vulnerable position.

Keeping this in mind, any due diligence framework would need to be specifically designed to ensure that companies are not merely inserting codes of conduct into their contracts with suppliers but are also obliged to assess and adapt their own contribution to actual or potential harms such as through their own purchasing practices. While not absolving supply chain actors from their responsibility to respect human rights and the environment, unfair purchasing practices do lead to human rights violations as they burden and disable suppliers, especially small actors like smallholder farmers to earn a living income, pay their workers and employees a living wage, or ensure workers safety and environmental protection.

To contribute to more sustainable production processes in agricultural supply chains, the CSDDD will need to be designed and implemented through a collaborative lens. The current legislative proposal places substantial weight on creating codes of conduct and passing them on to supply chains

67 ILO INWORK Policy Brief No. 10, Purchasing practices and working conditions in global supply chains: Global Survey results

68 OECD (2021), Costs and Value of Due Diligence in Mineral Supply Chains - OECD Position Paper

through contractual clauses. In cases where supply chains are characterised with strong power imbalances between retailers, processors, traders and farmers, this approach to due diligence can lead to a transfer of costs and responsibility instead of action that leads to actual positive change within supply chains. Mechanisms would need to be put in place to counterbalance these effects in agrifood supply chains and instead empower smallholder farmers and workers to participate in due diligence processes as stakeholders to be able to benefit from the intended positive effects of the CSDDD.

In agrifood supply chains, many human rights violations and environmental harm are systemically embedded in the business model of the supply chain and will need to be addressed as such. Recurrent violations such as child labour can often be linked to lacking infrastructure, insufficient social security but also prices that fall below the costs of production and perpetuate a state of generational poverty. Due to these factors, the risk of child labour can often be located in a particular geographical area or a particular commodity. This could create incentives for companies to either relocate their sourcing to countries or regions with a lower risk assessment or to move away from smallholder farmers to larger plantations with centralised oversight.[69]

According to the Food and Agricultural Organisation, 90% of farms around the world are run by individual families[70] and there is existing concern that their transition to complying with upcoming requirements of their buyers to comply with their codes of conduct, would be impossible to fulfil without a joint approach. Any due diligence framework should thus be based on cooperative improvement based on time-bound plans that set up responsibilities for both buyers and suppliers. This goes hand in hand with provisions for responsible disengagement. Termination of business relationships should be seen as a last-resort action only where mitigation is not possible, unacceptable or attempts of mitigation have failed to instead enable continuous improvement. In the context of smallholder agriculture, many salient sustainability issues are systemic - these can only be addressed through a step-by-step process and phased out over time.

In theory, the HREDD framework is an important enabler for the transition towards sustainable food systems. In practice, it will need to be designed with the realities of different groups of rights holders in mind. In the case of smallholder farmers, that would mean that any legislation accounts for the power imbalances in global value chains:

- Obligations for both, buyers and suppliers
- Responsible purchasing practices including pricing
- Living income living wages
- Centred around the needs of rights holders through stakeholder engagement and investment

69 V. Nelson, O. Martin-Ortega and M. Flint (2020) 'Making Human Rights Due Diligence Work: An Analysis of Impact and Legal Options'. University of Greenwich Report commissioned by the Fair Trade Advocacy Office and Brot für die Welt; Chatham: UK.

70 FAO, The State of Food and Agriculture

If these conditions are not met, the legislation could act instead as a blocker by either excluding a large part of agricultural producers from international value chains or by imposing additional burdens.

While smallholders can be active drivers of sustainable development, including climate change mitigation, the conditions for them to do so, and produce their goods in a sustainable way, are lacking. They need conditions to generate sufficient income from their operations to be able to meet the needs of their farm and their household, and to conduct effective due diligence. While the proposed directive recognises in Recital 49 the need to pay specific attention to the challenges faced by smallholders in third countries, the core provisions of the CSDDD must ensure that companies implement policies and practices which can effectively contribute to reverse current trends depicted above.

Interactions with content of the sustainability compass

Forced and child labour: According to the Commission, the CSDDD proposal 'will play an essential role in tackling the use of forced labour the global value chains[71].' It remains to be seen what this will look like in practice but coupled with the proposal for the ban on products made with forced labour, the due diligence framework proposed by the Directive will pay special attention to risks of forced labour.

Forced labour impacts are covered by the proposed directive on corporate sustainability due diligence. In particular, the Annex to the proposed directive lists forced labour among the violations of rights and prohibitions, as included in relevant international agreements, such as the ILO Convention No.29 on forced labour, Protocol of 2014 to the Forced Labour Convention, and the ILO Convention No.105 on the abolition of forced labour.

To effectively address the underlying drivers of forced labour, it will be key that the upcoming due diligence framework includes purchasing practices, as insufficient prices play a determinant role in the occurrence of both child labour and forced labour. A due diligence legislation might be able to ensure that products entering Belgium are free from forced labour or child labour but to ensure actual change in producing countries, active and long-term engagement with producers, producer organisations, and local CSOs will be needed.

The legislative proposal by the Commission already recognises that *'In order to enable continuous engagement with the value chain business partner instead of termination of business relations (disengagement) and possibly exacerbating adverse impacts, this Directive should ensure that disengagement is a last-resort action, in line with the Union`s policy of zero-tolerance on child labour. Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts*.'[72]

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71 Explanatory memorandum of the CSDDD proposal

72 Recital 32 of the CSDDD proposal

Child labour is often rooted in endemic poverty and wider systemic issues, so in addition to a well-designed due diligence framework, targeted accompanying measures would have to be put in place.

Living wage/Living income: The proposed CSDDD includes all internationally recognised human rights, including the ones contained in the Universal Declaration on Human Rights (UDHR) and the International Covenant on Economic, Social, and Cultural Rights (CESCR) with the right to 'fair wages and equal remuneration for work of equal value' and the right to 'an adequate standard of living'.[73] General Comment 23 on Article 7 of the ICESCR also refers to living wages as including wages of self-employed people and small farmers.[74] On the basis of these rights, it is possible to make the case, that living incomes and living wages are human rights themselves but also serve as preconditions for the fulfilment of other human rights such as the right to adequate housing and food[75]. Specifically, in the context of agricultural production, Living Income also needs to cover the costs of sustainable production to ensure long-term resilience in the face of climate change impacts and the overall need to transition toward more sustainable agricultural practices.

In the case of agribusiness value chains engaging smallholder agriculture, the lack of access to living incomes for farmers may be the most salient sustainability risk as recognised in the UN Global Compact 'Improving wages to advance decent work in Supply Chains' (2021). Considering that due diligence frameworks generally allow for a prioritization of risks on the basis of their salience and irremediability, this might further enable the CSDDD to contribute to an improvement in living incomes.

The prohibition of withholding a living wage is already included in the Annex to the legislative proposal (Part 1, para 17). Living wages refer to the remuneration a worker receives on the basis of an employment contract. By contrast, living income is not yet protected in the Annex to the legislative proposal, and will not be protected through the reference to living wages.

An explicit reference in the Annex is thus essential.76 A specific provision on living income should be included in Part I A of the Annex, in reference to the right to an adequate standard of living – in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) and Article 25 of the Universal Declaration of Human Rights.

Working conditions: As due diligence frameworks like the UNGPs generally cover all internationally recognised human rights, including the rights enshrined in the UDHR, ICESCR, ICCPR, and the 8 core ILO conventions will most likely be included in any legal reiteration of the standard. This would mean

73 ICESCR, Articles 7 and 11

74 General Comment No 23 (2016) on Article 7 of ICESCR: Right to just and favourable conditions of work

75 V. Nelson, O. Martin-Ortega and M. Flint (2020) 'Making Human Rights Due Diligence Work: An Analysis of Impact and Legal Options'. University of Greenwich Report commissioned by the Fair Trade Advocacy Office and Brot für die Welt; Chatham: UK.

76 Fair Trade Advocacy Office, What is Living Income and why it needs to be included in the Corporate Sustainability Due Diligence, November 2022

that for example the right to the enjoyment of just and favourable conditions of work[77] would be included. The Annex to the proposed CSDDD explicitly singles this right out.

Gender discriminations: The beginnings of HREDD did not consider specific risks faced by women and girls. However, since then, the Working Group on the issue of human rights and transnational corporations and other business enterprises has published a report 'Gender dimensions of the Guiding Principles on Business and Human Rights' highlighting 'the differentiated and disproportionate impact of business activities on women and girls'[78].

There are clear authoritative guidelines on how gender aspects must be included in HREDD frameworks. The EU proposal for the CSDDD remains, however, gender blind. The text does not refer to the need to assess actual or potential risks with a gender lens nor to the need to ensure that stakeholder inclusion is gender sensitive and inclusive. When speaking about gendered impacts, it is similarly crucial that other basis for discrimination such as race, caste, migrant status and others are evaluated[79].

Biodiversity: An HREDD framework should assess and address any adverse environmental impacts a company causes or contributes to and therefore also include actual or potential risks to biodiversity. In practice, the level of strength and impact will highly depend on the international instruments that the due diligence framework cites as being in the scope of the obligation. The proposed CSDDD refers to:

> '*Violation of the obligation to take the necessary measures related to the use of biological resources in order to avoid or minimize adverse impacts on biological diversity, in line with Article 10 (b) of the 1992 Convention on Biological Diversity and [taking into account possible amendments following the post 2020 UN Convention on Biological Diversity], including the obligations of the Cartagena Protocol on the development, handling, transport, use, transfer and release of living modified organisms and of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity of 12 October 2014*'[80]

Climate change: In the agricultural sector, climate change adaptation and mitigation are key issues that should be accounted for by companies in their due diligence process. Following the UNGPs, a due diligence process should prioritize impacts that are most severe, judged by their scale, scope and irremediable character. For many stakeholders in global value chains, including smallholder farmers, climate change is posing an immediate, wide scale and irremediable threat. On the other hand, there

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77 ICESCR, Art 7

78 United Nations Development Programme (UNDP) and the United Nations Working Group on Business and Human Rights, Gender Dimensions of the Guiding Principles on Business and Human Rights, 2019

79 CSDDD-Gender-responsiveness-open-letter-to-EC-MEPs-and-Council.pdf (fairtrade-advocacy.org).

80 CSDDD, Annex, Part II, para 1.

is a risk that certain supply chains contribute to climate change through unsustainable farming practices causing for instance deforestation. Including climate change impacts within the scope of the due diligence obligation would help contribute to higher environmental accountability of companies and incentivise better practices.

However, whether climate change will be included in the CSDDD due diligence obligation is still not clear as several EU member states are opposing this addition. The most explicit reference to climate change in the proposed CSDDD comes in Article 15, which sets out responsibilities of companies regarding the establishment of transition plans aligned with the 1.5C goal of the Paris Agreement. However, this formulation is so far not sufficient to embed climate due diligence into the proposal.[81]

To contribute to mitigation of climate change and its impacts, the Annex which sets the scope of the due diligence obligation more widely than just the establishment of transition plans, should explicitly refer to the Paris agreement. Direct and indirect contributions to climate change should be explicitly included in the due diligence obligation to identify, prevent, mitigate and remedy for all companies. Article 15 applies to the biggest companies in scope, while it should apply to all companies in scope, particularly those in high-impact sectors. The obligation is only linked to a company's own operations and is explicitly focused on 'risks to the company' and not on the risks to rights holders in the company's value chains. Furthermore, as it stands, the obligations related to climate change would not be subject to civil liability as the rest of due diligence obligations under the CSDDD.

Under the CSDDD, all companies should be obliged to conduct due diligence on climate risks and implement an effective transition plan in line with the Paris Agreement with clear, time bound targets, which is enforceable by public authorities. The extent of the contribution in the own value chains of companies should be assessed, and prevention, mitigation and remediation measures should include halting deforestation or better purchasing practices that would allow smallholders to transition towards future-proofed sustainable agricultural practices. The CSDDD should account for the direct and indirect contribution of companies to climate change and incentivise co-investment in climate change adaptation and mitigation in companies' value chains.

Pollution and other environmental adverse impacts: as it stands, Part II of the annex is insufficient to address the full spectrum of adverse environmental impacts a company actually or potentially causes or contributes to.

Feasibility: Existing levers and recommendations to the Belgian Government

81 Gore, T. and Meysner, A. (2022) 'EU Climate Change Due Diligence: Addressing climate change in the Corporate Sustainability Due Diligence proposal', Discussion Paper, Institute for European Environmental Policy

For the upcoming due diligence rules to cause companies to demonstrate improved behaviour, and deliver on key identified sustainability issues in agri-food supply chains, they should:

- Include an obligation to prevent and end adverse human rights and environmental impacts across the entire value chain, in a risk-based and proportionate manner
- Cover all internationally recognised human rights and environmental standards, including living income and living wages
- Have a strong provision on civil liability and access to justice, with a reversed burden of proof
- Include provisions for non-financial remedies such as restitution, rehabilitation, apologies or guarantees of non-repetition
- Include climate due within the scope of the due diligence obligations of companies;
- Include all companies under its scope and not only the largest companies
- Include meaningful and ongoing engagement, including mandatory and proactive consultation with workers, trade unions, migrant workers, smallholder farmers and local community members and other relevant or affected stakeholders, through each step of the due diligence process, with special attention to vulnerable stakeholders, gendered impacts and other grounds of discrimination
- Not rely on codes of conduct but require meaningful assessment and adaptation of own purchasing practices
- Specifically protect human rights defenders
- Require responsible disengagement[82]
- Clarify the directors' duty of care and the responsibility to provide oversight of the due diligence process, including transition plans and sustainability targets
- Be combined with accompanying measures for companies under its scope, as well as companies in third countries that will be indirectly impacted by a due diligence framework
- Be accompanied through cooperative action of EU Member States with third countries whose producers will be indirectly impacted by a due diligence framework, to set up an enabling environment and targeted support
- Include guidelines on high impact sectors, responsible disengagement, stakeholder engagement, mutual contract clauses based on dual responsibility
- Be coherent with other legislative instruments on sustainable value chains such as the Corporate Sustainability Reporting Directive and the Taxonomy Regulation.

Belgian authorities can help realise these elements through an ambitious leadership, championing the above-mentioned components of an effective due diligence. In that context, Belgium could carry

82 Civil society statement on the proposed EU Corporate sustainability due diligence directive

out additional consultations with stakeholders in global value chains in their partner countries – including smallholder farmers and cooperatives to feed the legislative process through an evidence-based approach.

At a later stage, it is recommended for Belgium to use the margin of manoeuvre offered by the national transposition of the Directive to close any potential loopholes of the EU legislation. Once the EU Directive is transposed, Belgium will be able to set up a strong and pre-emptive national authority working on a bottom-up basis – paying close attention to the perspective of relevant civil society actors or where possible rights holders and their representatives.

Finally, the CSDDD proposal foresees the creation of accompanying measures such as multi-stakeholder initiatives. Belgium could exercise its leverage and experience to make sure that any of these MSIs won't be used as a safe harbour but instead support the implementation of the CSDDD by addressing for instance power imbalances in global value chains and allowing an active role for the actors of producing countries.

The EU process should however not halt Belgium to pursue its ambition to adopt a strong national legislation on mandatory HREDD. More information on the national process and related recommendations can be found in the section below on national legislation.

The importance of purchasing practices

As part of embedding responsible business conduct (RBC) into policies and management systems, the OECD Due Diligence Guidance for Responsible Business Conduct points out that companies should: seek to understand and address barriers arising from the enterprise's way of doing business that may impede the ability of suppliers and other business relationships to implement RBC policies, such as the enterprise's purchasing practices and commercial incentives.[83]

83 file://C:\\Users\Advocacy Assistant\FAIR TRADE ADVOCACY OFFICE\FAIR TRADE ADVOCACY OFFICE Team Site - Documents\EU policies\per issue\Supply chain in Europe\Purchasing practices\OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf, p. 24

OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector also include purchasing practices and price setting as policies that companies should include in their risk assessment.[84]

The German legislation sets in Article 6 (3) 2: *If there are risks identified the company must take appropriate preventive measures. Purchasing practices is mentioned as one preventive measure in their own business area. Development and implementation of appropriate procurement and purchasing practices in order to minimize or prevent asserted risks.*[85]

EU Regulation on deforestation-free products

Forests play multifunctional roles worldwide as climate regulators, as habitats for flora and fauna, sources of food and medicines as well as providers of a range of economic resources for smallholders and local communities. According to the World Bank, around 1.2 billion people worldwide rely on forests, in addition to 300 to 350 million people living within or adjacent to forests and depending on the latter for their subsistence and livelihoods. But forests are today under major threat. The FAO estimates that an average of 420 million hectares have been lost between 1990 and 2020.

In July 2019, the European Commission adopted a Communication on Stepping up EU Action to Protect and Restore the World's Forests,[86] setting out five priorities with the objective to protect and improve the health of existing forests, especially primary forests, and significantly increase sustainable, biodiverse forest coverage worldwide. Following the European Parliament's legislative own-initiative report in 2020 calling for an ambitious legislative intervention, the European Commission has published in November 2021 its proposal for a Regulation on deforestation-free products.

Type of process

84https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en , p. 54

85 Lieferkettensorgfaltspflichtengesetz. 2021. Bundesgesetzblatt Jahrgang 2021 Teil I Nr. 46. https://bit.ly/37aUffl

86 2019 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Stepping up EU Action to Protect and Restore the World's Forests

The EU Regulation requires no transposition into national legislation of EU Member States, thus allowing the establishment of a harmonised new EU legislative framework that won't be subject to national discretion.

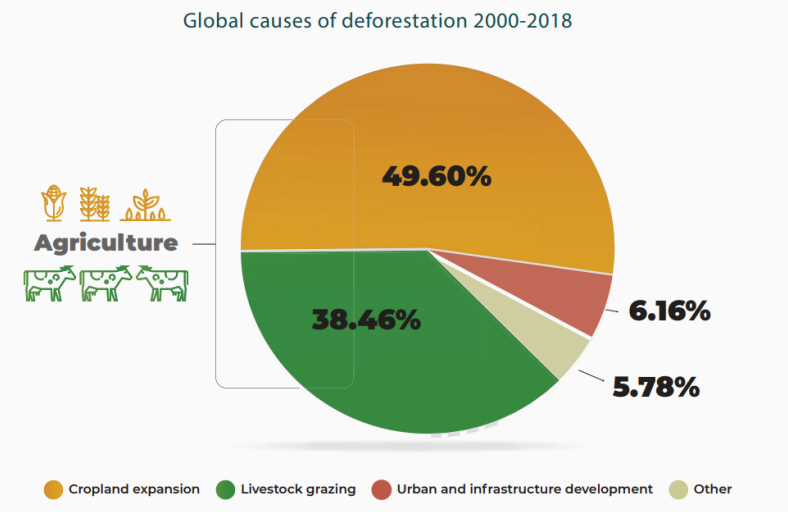
Timeline

Following the release of the proposal, both the Council and the European Parliament have adopted their respective negotiating positions in June and September 2022. The Regulation is expected to be published in the EU Official Journal by mid 2023.The Regulation foresees a transition period that will allow operators and traders to adapt to their new obligations under the Regulation before the latter enters into force. The foreseen reviews of the Regulation offer to EU co-legislators the opportunity to strengthen the initial text and close potential loopholes.

Short description and overall aim

The upcoming legislation seeks to address and minimize the EU's deforestation and forest degradation footprint, thus reducing EU's global contribution to GHG Emissions and global biodiversity loss. More specifically, the Regulation should help minimize the consumption of products whose supply chains are associated with deforestation or forest degradation and instead enlarge the demand for deforestation-free commodities. While existing EU legislation already addresses some drivers of deforestation such as biofuel consumption or illegal logging,[87] the Regulation, given its material scope, aims at specifically targeting the conversion of forests to agricultural land use. Up to 90%[88] of global deforestation is nowadays driven by the expansion of agricultural land linked to the demand for commodities, with the highest share being attributable to cropland expansion.

Figure 27: Global causes of deforestation 2000-2018



87 E.g., the EU Timber Regulation (EUTR)

88 FAO Remote Sensing Survey reveals tropical rainforests under pressure as agricultural expansion drives global deforestation

Source : FAO Remote Sensing Survey reveals Tropical rainforests under pressure as agricultural expansion drives global deforestation

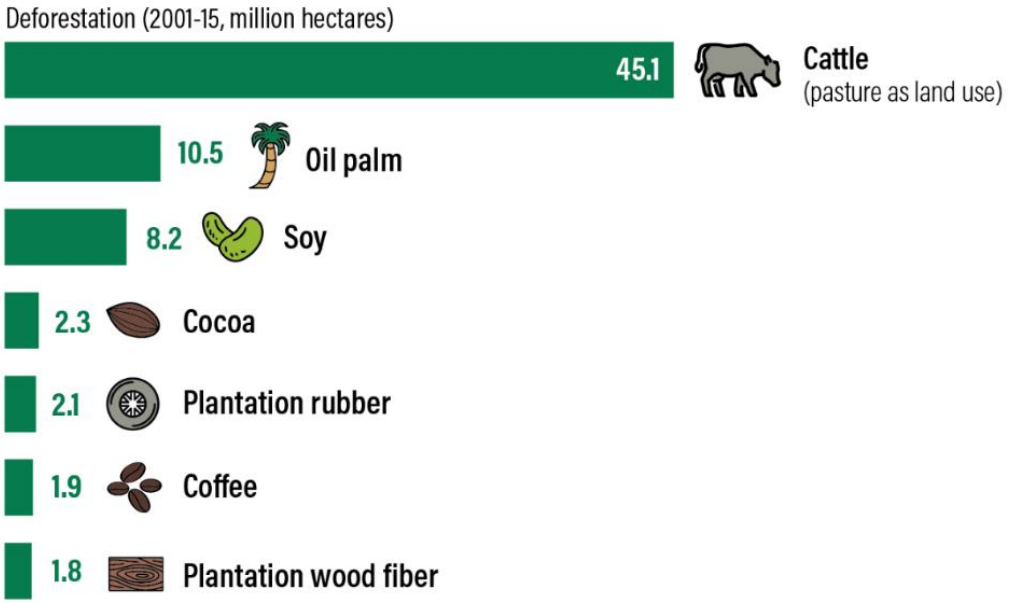
Based on a set of mandatory due diligence rules for economic operators, the upcoming EU regulation articulates an obligation of results that would ensure products covered by the regulation that are being either exported from, imported to the EU, or made available on its market are not linked to deforestation or forest degradation. Unlike existing EU legislative tools such as the EU Timber Regulation, the Regulation intends to not only rely on a legality criterion, guaranteeing that products are compliant with relevant national laws in the countries of production but adds to the latter a "deforestation-free criterion" based on the definition retained by the EU.

Material scope and interaction with preliminary list of selected supply chains

The Regulation covers both import as well as domestic agri-food production and has a limited material scope, set to be enlarged through upcoming reviews. Based on an evaluation of the impact of EU consumption as well as the commodities for which an EU policy intervention could bring highest benefits per unit value of trade, the Commission has limited its proposal to a determined list of forest and ecosystem-risk commodities (FERC).

The upcoming EU Regulation covers four of the preliminary selected supply chains in step one of our research, namely cocoa, coffee, soy and palm oil. These commodities can be found simultaneously among the top 4 imported commodities from non-OECD countries to Belgium, as well as among the leading top 7 agricultural commodities that drive deforestation worldwide[89] according to Global Forest Watch.

Figure 28: Forest replacement per commodity (2001-2015)



Source: Global Forest Watch and World Resources Institute

89 Deforestation Linked to 7 Agricultural Commodities| GFW Blog (globalforestwatch.org) & Home | Global Forest Review (wri.org)

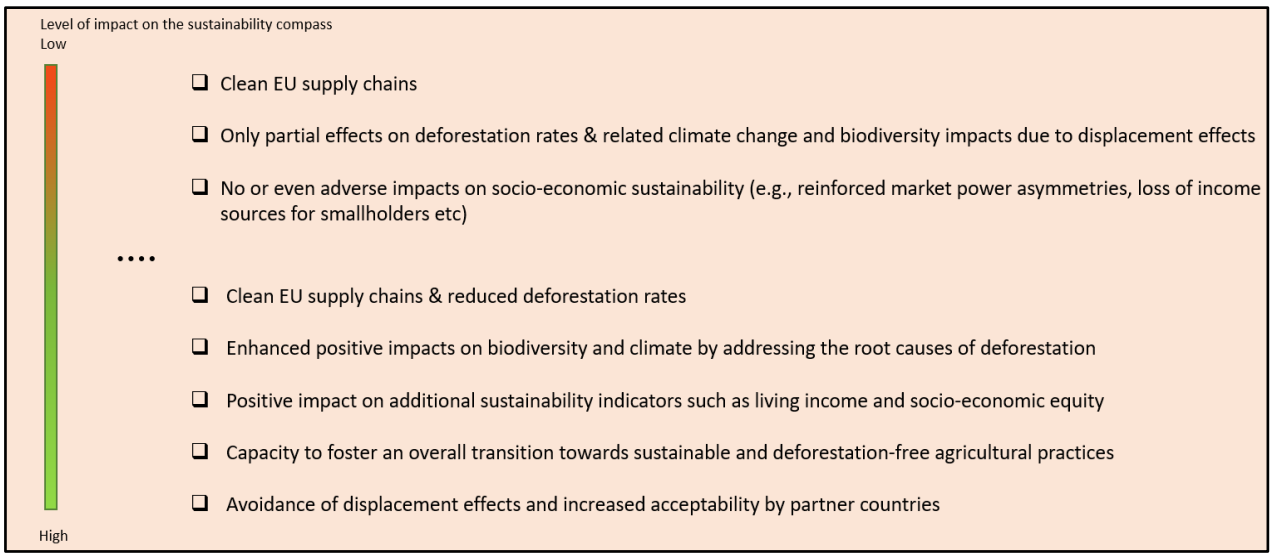
Depending on regional context, commercial agriculture for export often accounts for a larger percentage of commodity-induced deforestation compared to local or subsistence agriculture[90], thus increasing the potential leverage of external trade-related interventions to effectively trigger positive change within those supply chains.

Furthermore, a 2018 feasibility study on options to step up EU action against deforestation found that EU consumption of globally traded agricultural products coming from supply chains associated with deforestation might stagnate for some (e.g., cattle, soy, pulpwood), but would increase for other (e.g., palm oil, cocoa and coffee)[91], underlining the necessity of urgent actions regarding the latter.

Effectiveness - Potential impact on sustainability of agri-food supply chains

Our analysis shows substantial co-benefits that could be reached by shaping a holistic sustainability trajectory for supply chains known as being key drivers of deforestation. However, the analysis also shows that the impact magnitude of this Regulation can be highly fluctuant depending on the level of ambition of policymarkers and the overall approach chosen, smallholder inclusive or not, leading to divergent scenarios as outlined in the table below:

Table 7: Expected impacts depending on the level of inclusiveness of the Regulation



Source: FTAO

90 Commercial agriculture is for instance more than two times more relevant than local/subsistence farming as driver of deforestation in Latin America, while subsistence farming and commercial farming are equally important drivers in Africa and the subtropical and tropical regions of Asia - Hosonuma et al. 2012. An assessment of deforestation and forest degradation drivers in developing countries. Environ. Res. Lett. 7 044009. Available at https://iopscience.iop.org/article/10.1088/1748-9326/7/4/044009/pdf

91 COWI. 2018. Feasibility study on options to step up EU action against deforestation. Available at COWI. 2018. Feasibility study on options to step up EU action against deforestation. Available at https://ec.europa.eu/environment/forests/pdf/feasibility_study_deforestation_kh0418199enn_main_report.pdf

The upcoming market-oriented legislation, based on individual corporate responsibility, a reporting mechanism, and coupled with a penalty system in cases of infringement, has the potential to close some loopholes of the voluntary "free rider system" that has shown its inherent limits. Enhancing the level playing field across the sectors covered by the Regulation can help advantage frontrunner companies that were so far forced to compete on equal terms on markets with actors that do not implement the same levels of sustainability. Ambitious and well-designed mandatory due diligence rules[92] conditioning the access to the EU market can become a powerful and enforceable tool to foster in-depth changes within corporate practices provided the rules are robust enough, applicable to both economic operators and large traders, and coupled with a strong and comprehensive enforcement framework as well as targeted support measures to the most vulnerable.

Learning from the experiences of existing EU legislation such as the EU Timber Regulation, the Regulation intends to hinder access to the market of deforestation-related production deemed legal in the country of origin provided they clash with the regulation's own definition of "deforestation-free". This would help address potential weaknesses of national regulatory frameworks and prevent wrong incentives for partner countries, who might be tempted to lighten environmental standards to facilitate or maintain access of their products to the EU market.

However, the legislation does not come without potential leakage effects.

The overall effectiveness of the Regulation will largely depend on how the realities and capacities of compliance of specific actors involved in the supply chains such as smallholders are taken into consideration. If the Regulation fails to adopt an inclusive approach that puts social and environmental sustainability on equal footing, it might reinforce existing market power asymmetries and lead de facto to the market exclusion of the most vulnerable supply chain actors. This risk is particularly high in smallholder intensive sectors such as cocoa or coffee.

It could trigger a double trade dynamic, in which the EU market would attract clean products while deforestation-related goods would be directed towards consumer markets with less stringent sustainability criteria. Furthermore, it could result in the production shifting towards commodities or activities that are not subject to restricted market access, exacerbating pressure on natural ecosystems and economic vulnerability of supply chain actors.

Interactions with the sustainability compass

Forests play a multifunctional role to support the achievement of a large set of SDGs - thus the potential interaction of the Regulation with the sustainability compass are multiple.

92 Due diligence obligations of the EU Regulation on deforestation-free products differ from the CSDDD process depicted above in the report, and rely on a 3 steps process (information requirements, risk assessment, risk mitigation)

Figure 29: Forest goods and services supporting the UN Sustainable Development Goals

1 Income from forest products
2 Nourishment from wild fruit and game
3 Medicinal plants
6 Freshwater for drinking and irrigation
8 Sustainable and inclusive economic growth and decent work for all
10 Reduced income inequality
12 Sustainable consumption and production patterns
13 Carbon capture and storage
15 Biodiversity

Source: 2019 European Commission Communication - Stepping up EU Action to Protect and Restore the World's Forests

Climate change: Forest and other natural ecosystems are among the largest terrestrial carbon sink and an essential cornerstone of global strategies to mitigate climate change effects[93]. Cutting down trees adds new carbon dioxide to the air - deforestation being the second-largest contributor to global greenhouse gas emissions after fossil fuel use, but also decreases the ability of a powerful ally to absorb existing carbon dioxide, and our own capacity to cope with global warming.

It has been estimated that the food system is responsible for 21 to 37% of total net anthropogenic greenhouse gas emissions when including pre- and post-production activities[94].

The interlinkages between Climate change and deforestation are particularly salient for some sectors covered by our study. Coffee supply chains are for instance expected to face significant disruption in the upcoming years due to climate change effects that will lead to a shortage of available and suitable land for the cultivation. The shift of coffee production landscapes towards areas less affected by these effects may lead to significant increase in deforestation rates, especially in Central America, the Andes as well as in Indonesia as outlined in a new report by Conservation International.[95]

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93 IPCC, 2019: Climate Change and Land: an IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems Available at https://www.ipcc.ch/site/assets/uploads/sites/4/2021/02/210202-IPCCJ7230-SRCCL-Complete-BOOK-HRES.pdf

94 Pörtner, H.O., Scholes, R.J., Agard, J., Archer, E., Arneth, A., Bai, X., Barnes, D., Burrows, M., Chan, L., Cheung, W.L., Diamond, S., Donatti, C., Duarte, C., Eisenhauer, N., Foden, W., Gasalla, M. A., Handa, C., Hickler, T., Hoegh-Guldberg, O., Ichii, K., Jacob, U., Insarov, G., Kiessling, W., Leadley, P., Leemans, R., Levin, L., Lim, M., Maharaj, S., Managi, S., Marquet, P. A., McElwee, P., Midgley, G., Oberdorff, T., Obura, D., Osman, E., Pandit, R., Pascual, U., Pires, A. P. F., Popp, A., ReyesGarcía, V., Sankaran, M., Settele, J., Shin, Y. J., Sintayehu, D. W., Smith, P., Steiner, N., Strassburg, B., Sukumar, R., Trisos, C., Val, A.L., Wu, J., Aldrian, E., Parmesan, C., Pichs-Madruga, R., Roberts, D.C., Rogers, A.D., Díaz, S., Fischer, M., Hashimoto, S., Lavorel, S., Wu, N., Ngo, H.T. 2021. IPBES-IPCC co-sponsored workshop report on biodiversity and climate change; IPBES and IPCC. DOI:10.5281/zenodo.4782538

95 Report available at: https://www.conservation.org/docs/default-source/publication-pdfs/ci-coffee-report.pdf

According to the EU impact assessment conducted in light of the future Regulation, it is expected that, without this new regulatory intervention, the EU would provoke 248,000 hectares of deforestation and 110 million metric tons of carbon dioxide emissions per year by 2030 via the consumption and production of the six commodities included in the initial product scope.

Water use: A recent paper of the Stockholm Environment Institute has furthermore highlighted the strong interlinkages between deforestation and water use in global agricultural supply chains. Agriculture relies currently on both blue water and green water use (moisture sourced from precipitation). The forest-risk commodities imported into the EU and associated with the highest tropical deforestation rates rely however almost exclusively on green water resources, whose availability depends on regional climate and precipitation and is strongly impacted by deforestation.

Healthy forests play a key role in sustaining regional water cycles.[96] They supply downwind precipitation and moderate local temperatures. By expanding agricultural land through deforestation, green water resources are being appropriated for food production and are no longer available to play their climate regulating role. On the other hand, reduced precipitation affects yields and can push farmers to opt for increased irrigation (blue water resources) to secure future agricultural production, nurturing hereby a vicious cycle.

Biodiversity: Deforestation, forest degradation as well as other types of land use changes linked to agricultural expansion are among the top drivers of biodiversity loss and extinction of endangered wild species. An average of around 25 percent of species in animal and plant groups are currently under threat[97]. Natural ecosystems across the globe are significantly affected, thus altering natural ecosystems' vital contribution and services to people. The loss of biodiversity poses a serious risk to food production and global food security worldwide, undermining the resilience of existing agricultural systems to pathogens and climate change effects.

To address the twin climate and biodiversity crisis in an effective way, the regulation needs to depart from a narrow approach and instead use its leverage to prevent the conversion of both forests as well as other valuable ecosystems that are today under major threat due to EU food production. This is especially relevant for some supply chains covered by the project such as soy. In the Brazilian Cerrado, the area converted to soy production has more than doubled over the last 20 years. Between 2003-2013, loss of non-forest vegetation accounted for over 70% of emissions due to cropland expansion in the Cerrado, whereas deforestation accounted only for less than 30% of emissions.[98] Between 2015 and 2020, 82% of land converted from natural vegetation to agricultural use in the

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96 Stockholm Environment Institute, Beyond deforestation: water use in global agricultural commodity supply chains

97 IPBES (2019): Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. S. Díaz, J. Settele, E. S. Brondízio E.S., H. T. Ngo, M. Guèze, J. Agard, A. Arneth, P. Balvanera, K. A. Brauman, S. H. M. Butchart, K. M. A. Chan, L. A. Garibaldi, K. Ichii, J. Liu, S. M. Subramanian, G. F. Midgley, P. Miloslavich, Z. Molnár, D. Obura, A. Pfaff, S. Polasky, A. Purvis, J. Razzaque, B. Reyers, R. Roy Chowdhury, Y. J. Shin, I. J. Visseren-Hamakers, K. J. Willis, and C. N. Zayas (eds.). Report available here: ipbes_global_assessment_report_summary_for_policymakers_en.pdf

98 Rod Taylor, Anne Rosenbarger, Leah Samberg* and Jeff Milder , It's Time for Supply Chains to Go Conversion Free — For the Climate's Sake — Land & Carbon Lab (landcarbonlab.org)

Cerrado was not classed as forest according to a Trase analysis[99], thus, underlining the need for a holistic approach.

Gender: By representing nearly 37 percent of the workforce globally in the agricultural sector (ILO, 2020),[100] women are crucial actors within global agri-food supply chains worldwide. Despite their key role in harvesting, processing, and the overall production of food crops especially within small-scale farming systems, they often are prevented from earning the full benefits arising from it because of gender related barriers and challenges. The latter include among others limited access to land[101] and land titles[102], information, formal markets and financial credits as well as poor working conditions and significant lower revenues.

The Fair Labour Association estimates that women make up 58% of the cocoa industry's workforce in Côte d'Ivoire, but only earn 21% of the revenue generated. Women thus own less capital which increases their dependency upon free access to natural forest resources.[103] This also means they have fewer possibilities of investments to meet new market access sustainability standards as the ones put in place by the EU Regulation, reinforcing the competitive advantage of large-scale male producers if not addressed adequately.

Any impacts of the Regulation on small-scale farming and smallholders may disproportionately affect women, underlining the importance to integrate intersectional analysis of potential side-effects and promote a gender-transformative approach that encompasses their voices and needs.

Human Rights: At least a quarter of the global land area is traditionally owned, managed, used or occupied by indigenous peoples.[104] According to the 2022 FAO State of the World's Forests, deforestation rates tend to be lower on Indigenous People's lands than in surrounding forests,

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99 Trase Insights - James Richens, EU urged to widen deforestation law, June 2022

100 OECD-FAO. 2021. Integrating a gender perspective into supply chain due diligence. OECD Publishing, Paris. https://mneguidelines.oecd.org/Integrating-a-gender-perspective-into-supply-chain-due-diligence.pdf

101 Only 15 percent of all agricultural land is owned directly and formally by women

102 Women reported owners are less likely than men to have a legal document proving ownership of their plots or to have their names on the land ownership document. FAO 2018. The gender gap in land rights. Available at: http://www.fao.org/3/I8796EN/i8796en.pdf

103 Milena Bernal, Chithira Vijayakumar and Simone Lovera, A gendered perspective of the proposed Regulation on deforestation-free products deforestation Regulation, October 2022 (Study commissioned by Fern)

104IPBES (2019): Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. S. Díaz, J. Settele, E. S. Brondízio E.S., H. T. Ngo, M. Guèze, J. Agard, A. Arneth, P. Balvanera, K. A. Brauman, S. H. M. Butchart, K. M. A. Chan, L. A. Garibaldi, K. Ichii, J. Liu, S. M. Subramanian, G. F. Midgley, P. Miloslavich, Z. Molnár, D. Obura, A. Pfaff, S. Polasky, A. Purvis, J. Razzaque, B. Reyers, R. Roy Chowdhury, Y. J. Shin, I. J. Visseren-Hamakers, K. J. Willis, and C. N. Zayas (eds.). Report available here: ipbes_global_assessment_report_summary_for_policymakers_en.pdf

including in protected areas.[105] Recent studies also show that securing their rights could be a highly cost-effective method to halt deforestation and reduce climate change effects.[106]

Indigenous People and local communities are facing growing pressure due to food commodity production, related transport and infrastructures and are often denied the rights to the land they live on for several generations. Deforestation caused by agricultural expansion deemed at feeding global and EU food supply chains has been directly linked to widespread human rights abuses of forest communities, among others in the form of violence against Indigenous Peoples and illegal land grabbing. In 2020, scientists found that among the undesignated public forests in the Brazilian Amazon under state and federal responsibility and not yet allocated to any use category, 23% were illegally registered as private rural properties[107], a context in which the aggression of environmental defenders, small-scale farmers and Indigenous people trying to protect their land or natural environment is becoming too common. The Regulation's effectiveness will therefore be seriously compromised if it does not effectively protect the customary tenure rights of Indigenous Peoples and local communities, who are among the most effective protectors of forests.

Living Income in smallholder intensive sectors: While the Regulation anticipates positive changes in the systems of production of commodities that supply the EU market, it so far fails to take into account adequately certain parameters. Smallholders form the backbone of the economy in many partner countries, while often being in an extremely vulnerable position in global supply chains. Some of the key commodities covered by the EU proposal and retained in the preliminary list of supply chains for our study are produced primarily by smallholders. For example, it is estimated that:

- 90% of global cocoa production relies on about 5 million smallholders
- 73% of global coffee production takes place on 12 million farms of less than 5 hectares
- 25-30% of global palm oil production results from the work of smallholders.

Smallholders face increased sustainability requirements to maintain access to global markets while being offered no financial support or appropriate incentives to meet these requirements. Considering the issue at stake, ensuring a just transition towards sustainable and deforestation-free farming practices is vital for the upcoming Regulation to help keep forest standing while securing the livelihoods of smallholders and local communities.

Smallholders from the cocoa sector have publicly expressed their support to the Regulation.[108] If shaped the right way, reinforced traceability rules could help reduce complexity and opacity of supply chains. Geolocation requirements may accelerate national infrastructure extension as well as the mainstreaming of electronic and secured payments that would ensure a credible and sustainable

105 FAO State of the World's Forests 2022, 5.1 Forest-based pathways need to be attractive to land users (fao.org)

106 Baragwanath, K. & Bayi, E. 2020. Collective property rights reduce deforestation in the Brazilian Amazon. Proceedings of the National Academy of Sciences, 117(34): 20495–20502. https://doi.org/10.1073/pnas.1917874117.

107 IPAM Amazônia - | Scientists map land grabbing in public forests in the Brazilian Amazon

108 Lettre-aux-membres-du-conseil-et-du-parlement-europeen_Finale.pdf (ongidef.org)

source of supply, help combat the fraud and facilitate farmers to receive potential payments for environmental services.

Condition therefore is however to create the right enabling environment that would allow farmers to comply with the Regulation and avoid their exclusion from the EU market due to lack of compliance.

In this context, higher income should be seen as a precondition for the structural changes needed to happen, by allowing farmers to grow their business out of poverty and invest in more sustainable farming practices that respect planetary boundaries. If smallholders can't cover the costs of production and lack savings for additional investments, the transition toward a resilient and deforestation-free agricultural sector moves out of reach. As long as this blind spot remains untouched, smallholders will see themselves trapped in economic realities where expanding their land through deforestation and forest degradation is the only economically viable solution left to secure their livelihoods. Only a price increase that would translate into a net income increase would reverse that trend in the long run. The recent living income compendium of the Voice network highlights as depicted below the three main pillars towards a living income for cocoa farmers.

Figure 30: The path to living income in the cocoa sector

Source: Living Income Compendium, Voice network 2022

Agricultural production, sustainable economic growth and halting deforestation should not be seen as mutually exclusive objectives. All the above-mentioned points show substantial co-benefits by adopting a holistic approach. However, this is provided that policymakers manage to go beyond a single environmental metric and include a truly comprehensive approach to sustainable agri-food supply chains.

Feasibility - Existing levers and recommendations to the Belgian Government

The long-term impact of the legislative framework will largely depend on the way EU policymakers, including Member states Governments, use its potential for altering business-as-usual activities driving directly or indirectly deforestation and other ecosystems degradation. The Regulation is set

to evolve in time, offering to the Belgium Government multiple opportunities to steer its content in the most efficient direction by closing potential remaining loopholes.

For the Regulation to reach its full potential and not only create "clean EU supply chains" but effectively drive change on deforestation rates, a smart mix of measures, both on demand and supply side are needed. Belgium can hereby play a leading role in championing the points outlined below:

I. The Regulation should take account of the characteristics of smallholder intensive sectors, and hereby recognize the rights and roles of smallholders and local communities as a vital part of the systemic solution to effectively reduce global deforestation linked to food production. It is hereby recommended for Belgium to endorse a proactive role and frontrunner position in policy debates around smallholders.

For Belgium, this could mean pushing to avoid market exclusion of economic players that are in the most vulnerable situation, and instead foster their compliance, notably by:

- Ensuring that the costs of compliance are not pushed down to producers, but shared fairly amongst actors of supply chains, in accordance with their respective capacities
- Ensuring quality due diligence processes of companies, informed by an obligation to engage meaningfully with vulnerable stakeholders in their supply chains, such as smallholders, indigenous peoples and local communities
- Ensuring that those same vulnerable stakeholders receive adequate assistance from economic operators (both financially and technically).

The latter should however not distract from the need for the Regulation to simultaneously address structural underlying patterns, such as extreme low prices and adverse purchasing practices, that prevent smallholders from producing and investing in deforestation-free production methods. As long as the Regulation omits to put in place an obligation for economic operators to undertake efforts to support the compliance of smallholders by paying them a fair price, a real paradigm shift remains out of reach.

In that context, Belgium could also become vocal about the need for the European Commission to conduct a "needs assessment" as requested by more than 50 CSOs and producer networks across the world[109]. The study could provide among others an analysis of the specificities of smallholder-intensive sectors, coupled with an in-depth assessment of the capacities and costs for smallholders to adapt to the new EU market access requirements and transition towards more sustainable production methods. It would serve as an official baseline to develop a comprehensive set of support measures for at-risk stakeholder groups that reflect the needs on the ground. Such a study is to be a steppingstone for future reviews and the overall monitoring of the implementation of the regulation.

II. It is furthermore the right timing for Belgium to push for the establishment of a coherent, time-bound and inclusive EU Strategic Framework for Partnerships with producer countries that would

109 CSOs open letter, 'It is urgent to assess the needs of smallholders and communities in the Global South to respond to the EU regulation on deforestation-free products', June 2022

help reverse a so far rather top-down approach in the way the proposal has been developed and communicated to them. This is an essential step to regenerate trust, trigger greater acceptance and willingness to cooperate to allow for a successful implementation of the Regulation. The latter can be supported also through government-to-government diplomatic channels.

Working in partnership with producer countries was identified as one of the five priority action areas by the 2019 Communication on Stepping up EU action to protect and restore the world's forests, from which the Regulation stems. While acknowledging the important role of planned interventions or initiatives such as the EU Forest Partnerships, they should by no means be considered as an efficient substitute for such a Strategic Plan on partnerships as they do not aim at supporting the implementation of the Regulation.

EU Member states should ensure that any partnership-based mechanisms developed by the European Commission allows for full and effective representation and participation of relevant local stakeholders (CSOs, smallholders, local communities, and Indigenous People) and pays specific attention to their needs for compliance as well as to underlying drivers of deforestation such as poor governance and law enforcement, systemic poverty, lack of access to land, income, information, finance, markets and social justice[110]. Such partnerships should be seen as a means to go even beyond the restricted objectives of the Regulation by supporting the overall transition to sustainable agriculture and forestry sectors.

Existing cooperation programs, both at national and EU level, should be assessed to see whether and how they could provide effective support in the implementation phase of the Regulation, thereby maximizing impact and resources. A shift in mindset needs to happen, towards "a heightened recognition of deforestation as a development challenge in addition to an environmental one"[111].

Finally, it appears key to consider potential new trade or economic incentives, in order to create rewards for positive progress. Ultimately, a successful and long-lasting transition will require making the business case for sustainability and creating new economic perspectives where trees are worth more standing than cut.

III. Enhanced impact on biodiversity and climate change will be reached by securing a set of ambitious, clear and robust definitions, covering practices that impact negatively on nature. Furthermore, the current proposal adopts a narrow approach focusing only on forested areas. To align the Regulation with broader policy aims under the Convention on Biodiversity and the EU Biodiversity Strategy, and meet the Regulation's objective related to climate change, its scope must be expanded to include other non-forest ecosystems like savannas, grasslands, wetlands, drylands, and non-forested peatlands so as to avoid adverse displacement effects detailed above that would bypass the Regulation's benefice. Voluntary corporate commitments on deforestation-free

110 Fair Trade Advocacy Office, Fern, IUCN NL, Solidaridad and Tropenbos International. (2021) Including smallholders in EU action to protect and restore the world's forests. Briefing paper.

111 Leggett, M. and Lawrence, L. 2021. The Forest First Approach. A new framing that addresses supply chain risk and reduces deforestation at the forest and farm frontier. Wildlife Conservation Society, New York, US

agricultural supply chains often fail to take properly into account the full spectrum of commodity-suitable ecosystems that are under risk to be destroyed through agricultural expansion, thus underlining the urgency for any legislative binding measure to secure a holistic approach.

IV. Enhanced impacts on gender equality could be reached among others by:

- Adopting a transversal gendered lens by assessing the impacts the new Regulation could have on women, especially on smallholders in sectors that provide significant sources of income for women, in line with the EU's commitments under the Gender Equality Strategy 2020 – 2025 and the third EU Action Plan on Gender Equality and Women's Empowerment in External Action 2021–2025 (GAP III)
- Integrating gender as a cross-cutting responsible business conduct consideration for companies operating in agri-food sectors
- Enhance future prospects and windows of opportunities for women by looking also beyond international global value chains (e.g., pathways to foster sustainable and deforestation-free production for local food markets which might help to strengthen women's economic position at national level).

V. Finally, it will be key to ensure greater consistency between this Regulation and other closely connected legislations such as the upcoming Corporate Sustainability Due Diligence Directive or the EU regulatory framework on sustainable finance (Sustainable Finance Disclosure Regulation, the Corporate Sustainability Reporting Directive and the EU Taxonomy Regulation). These emerging due diligence legislative tools in the EU and elsewhere can be most effective in breaking the link between agricultural supply chains and deforestation. For governmental authorities, this means working towards an overall ambitious and harmonised policy framework, reflected in a consistent level of due diligence requirements applicable to agri-food economic operators and other relevant stakeholders, that would help support an effective implementation of the new legislations.

The EU Regulation on deforestation-free products relies on the so-called "Brussels effect" where the impact on the ground of the EU legislation is expected to be bigger than the actual market share of the EU's trade thanks to trading partner countries taking over EU standards[112]. However, it remains necessary to reinforce at this stage dialogue and interactions with consumer markets and trading blocs to jointly work towards greater harmonization of the regulatory framework that applies to agri-food actors so as to avoid, or at least mitigate, some of the potential displacement effects mentioned above.

The overall strong correlation between key commodities entering into Belgium and their role in deforestation, coupled with the upcoming binding EU legislative frameworks that will force economic

112 Pascal Lamy, Geneviève Pons, Sophia Hub, Deforestation-free agri-food supply chains: will the new EU regulation be up to the challenge? Greening Agri-food policies in the EU, Institut Jacques Delors policy paper, October 2022

agri-food operators to undertake changes within their global food supply chains, underpins that it is the right timing for Belgium to make a political bold move to ensure the highest impact of the Regulation, facilitate a fair implementation and accelerate successful delivery.

While consumer-oriented campaigns have played an important role in incentivizing initial corporate commitments and the emergence of regulatory proposals linked to deforestation, strong political commitments in the future should also be facilitated by the outstanding support expressed by EU citizens in favour of efficient policies prohibiting the marketing and selling of deforestation-related products.

A recent poll conducted in September 2022 in nine countries across the North, South, East and West of the European Union for a broad coalition of consumer and conservation organizations shows that most Europeans believe deforestation is the biggest environmental issue and that it is the government's role to ban the products that have a negative impact on forests[113]. As this regulation is meant to provide a guarantee to EU citizens that products made available on the EU market do not contribute to deforestation, EU consumers' trust is also at stake, notably when it comes to the quantity and quality of performed checks on products before entering the EU market. The above-mentioned action points could therefore be coupled with targeted country level intervention on increased traceability for instance at port level.

Moreover, reducing the deforestation footprint linked to our food systems is also closely connected to changing consumers habits and diets. Here as well, complementary national measures linked to citizens' awareness could be undertaken.

Finally, deforestation is a good example on how a strong regulatory framework could ideally work in tandem with voluntary corporate commitments as well as states-led multi-stakeholder initiatives to deliver on common goals.

Interplay between the future EU Regulation and voluntary initiatives

Due to increased pressure by consumers and civil society organizations, voluntary initiatives and 'zero deforestation' corporate commitments in several food supply chains have seen their number increasing in recent years, however without delivering the promised results[114]. Corporate pledges not to buy soybeans produced on land deforested after 2006 have for instance reduced tree clearance in the Brazilian Amazon by only 1.6% between 2006 and 2015[115]. A strong regulatory framework might help reverse that trend by catalyzing an effective implementation of zero-deforestation pledges that

113 EU Legislation Opinion Poll Measuring opinions on proposed EU legislation for deforestation-linked products, September 2022

114 While voluntary corporate commitments among small and medium sized enterprises are still lagging, the latest Forest 500 ranking, that tracks the policies and performance of the 350 most influential companies and 150 financial institutions linked to deforestation in their supply chains and investments, highlights yet another year of non or poor performance. More information available at: Executive summary - Forest 500 (globalcanopy.org)

115 Florian Gollnow et al 2022 Environ. Res. Lett. 17 114003, Gaps in adoption and implementation limit the current and potential effectiveness of zero-deforestation supply chain policies for soy (iop.org)

was so far lacking and open the door to scaled-up corporate commitments in the context of MSIs as well as ambitious revisions of certification standards.

While mandatory demand-side measures such as the EU's draft regulation are an essential step forward, they also leave the room open for stakeholders to further increase collaboration within specific sectors, focusing on projects at scale on increased traceability for instance, joint engagement with local governments, or ways to join forces to improve the monitoring and enforcement of these upcoming regulatory frameworks.

Involvement of Belgium in the Amsterdam Declarations Partnership Agreement

In 2021, Belgium has decided to join forces with France, Denmark, Germany, the Netherlands, the United Kingdom, Norway, Italy, and Spain by becoming a member of the Amsterdam Declarations Partnership. Launched in 2015 in the context of the Paris Climate Agreement, the Partnership builds around a joint commitment to eliminate deforestation in relation to agricultural commodities until 2025.

In that context, and under the umbrella of its Beyond Food strategy, Belgium could help steer the agenda and action points of the partnership, in view of achieving:

- Scaled-up commitments and reinforcing action on supply chains already covered by the Partnership
- Strengthened cooperation and reinforced diplomatic dialogue with key producing countries to prepare for a successful implementation of the Regulation and help build strong partnerships
- Increased exchanges with local stakeholders (CSOs, producer representatives etc) to enhance joint understanding of main challenges and facilitate fit-for purpose interventions and support measures
- Stronger synergies with other existing multi-stakeholder initiatives and partnerships that could help facilitate cross-commodity learnings, landscape-level action, and help overall implement the regulation.[116]

Belgium has furthermore the opportunity to take the political leadership within the Partnership in order to expand its scope to other key forest-risk commodities such as coffee.

EU Regulation on prohibiting products made with forced labour on the Union market

More recently, the European Commission has moved on with its plan to ban products made with forced labour from the EU market. A year after the announcement made by President Von der

116 ADP Policy Brief Coffee - 2022

Leyen[117], the European Commission finally unveiled in September 2022 its proposal for an EU Regulation on prohibiting products made with forced labour on the EU market[118].

While the latter could in theory accelerate efforts towards increasing responsible business conduct and traceability, working hand in hand with the CSDDD proposal as a concrete enforcement tool, much remains to be done to avoid counterproductive effects and effectively address the root causes of forced labour within global agricultural value chains.

Type of process

EU Regulation that requires no transposition into national legislation of EU Member States, thus allowing the establishment of a harmonised new EU legislative framework and uniform enforcement.

Timeline

The proposal is currently in the hand of the co-legislators, who are adopting their own negotiating positions before entering into the trilogue negotiation process. Both steps offer opportunities to for Belgium to influence the content of the Regulation. The Regulation should be applied 24 months after its entry into force. It can be expected that a final agreement could be reached by the end 2023/beginning 2024, which would mean that the Regulation would come into force by end 2025/beginning 2026.

Description and overall aim

The EU Charter of Fundamental Rights in its Article 5(2) explicitly prohibits forced labour. In July 2021, the Commission and the European External Action Service published Guidance to assist EU businesses in taking appropriate measures to address the risk of forced labour in their operations and supply chains, as a bridge towards mandatory horizontal due diligence legislation. Later on, beginning of 2022, the Commission released its Communication on Decent Work Worldwide, which outlines both internal and external policies' the EU uses to implement decent work worldwide, including through international partnerships, trade, EU neighbourhood and enlargement, trafficking and public procurement.

Forced labour is a form of labour exploitation already punishable under Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims. However, existing EU legislation so far did not tackle, only partially or inadequately the placing of products made with forced labour on the market. While due diligence initiatives such as the upcoming CSDD Directive addresses adverse corporate behaviours and might include forced labour within their scope, they do not provide specific provisions intended to prevent the placing or making available on the market of products linked to forced labour. The upcoming Regulation is expected to fill this legal vacuum.

In essence, through a market mechanism combined with border controls, the initiative aims to keep the EU market free from products made, extracted or harvested with forced labour, the latter being understood by the proposal as forced or compulsory labour as defined in Article 2 of the Convention

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117 https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_21_4701

118 COM(2022) 453 - Proposal for a regulation on prohibiting products made with forced labour on the Union market | Internal Market, Industry, Entrepreneurship and SMEs (europa.eu)

on Forced Labour, 1930 (No. 29) of the International Labour Organization, including forced child labour.

Member States will appoint competent national authorities to monitor the risks of forced labour and initiate investigations in cases of a substantiated concern. As a product-based mechanism, if the investigation reveals that the products in question were made with forced labour, the national authority shall prohibit the products from being placed or made available on the market; order the products to be withdrawn from the market and its destruction, donation or disposal.

Material scope and interaction with selected supply chains

Salient issues such as forced labour and human trafficking are of global concern and not limited to developing countries. According to the US labour consultancy Verité, "161 countries are either a source, transit or destination country for human trafficking."[119] Particularly, trafficking in persons is a grave concern in the agricultural sector that affects both adults and children, resulting from high levels of informality and a lack of oversight and protection[120].

Services, manufacturing and agriculture are among the five sectors where the majority of total forced labour can be found.[121] The EU ban will apply to domestic products, exports and imports alike and irrespectively of the products' type or provenance. This means that the regulation will in theory cover all agricultural products of the preliminary selected supply chains of our study.

Of the estimated 27.6 million people trapped in forced labour, 17.3 million are exploited in the private sector, 6.3 million in forced commercial sexual exploitation, and 3.9 million in state imposed forced labour[122]. It is essential for policymakers to be mindful that failing to pay specific attention to the multiple realities falling within the scope of the Regulation may result in adverse impacts for the people it seeks to protect.

Reports suggest that forced labour cases occur in particular in raw materials production in the lower tiers of supply chains of consumer goods bound for markets in the Global North[123]. Many sectors are deemed at being high risk for forced labour, including agriculture. Some of the selected supply chains are considered more at risk - according to the 2022 *US List of Goods Produced by Child Labor or Forced*

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119 Verité (2011) – "Help Wanted: Toolkit for Fair Hiring Worldwide"

120 https://documents-dds-ny.un.org/doc/UNDOC/GEN/G22/327/46/PDF/G2232746.pdf?OpenElement

121 Global Estimates of Modern Slavery: Forced Labour and Forced Marriage International Labour Organization (ILO), Walk Free, and International Organization for Migration (IOM), Geneva, 2022

122 ILO facts and figures on forced labour

123Recognising forced labour risks in global supply chains, Sedex findings from 100,000 social audits, available at http://www.antislaverycommissioner.co.uk/media/1683/sedex-recognising-forced-labour-risks-in-global-supply-chains-october-2021.pdf

Labor, cocoa, coffee, palm oil, tea, sugarcane, rice, shrimp, and soy[124] are among the supply chains where forced labour is the most prominent.

Forced labour in smallholder-driven agricultural supply chains such as cocoa is furthermore a particularly complex issue, with systemic underlying risk factors that can be found in the extremely low and volatile income of farmers, lack of access to education, and awareness on workers' rights.

Effectiveness - Potential impact of sustainability in food supply chains

The following sustainability blockers and market failures could – directly or indirectly - be addressed through an effective ban on products involving forced labour:

- Poor work conditions
- Lack of transparency in supply chains
- Lack of coherence between food policy and socio-economic policy.

Consequently, it could contribute to an enabling environment for products to be made in fair conditions and in respect of Human Rights, and thus, contributing to achievement of social sustainability in the EU food system.

If rightly and effectively polished, the regulation will be able to target several components of the sustainability compass. It could directly positively impact the working conditions, socio-economic equity, living wages and income, as well as the health of workers.

Working conditions would likely improve, as the use of forced labour would decrease if the related products cannot be placed on the EU market. EU consumers would be reassured that the products they buy and consume are produced ethically, without labour exploitation.

Furthermore, while being able to show the absence of forced labour in their supply chain may have a tangible reputational value for companies, businesses involved in supply chains potentially associated with forced labour could also see their production costs rise in order to ensure compliance in the supply chain. On the other hand, the playing field would level for companies that already ensure their products are made free of forced labour as companies already doing proper forced labour due diligence will be able to rely on this.

Indirectly, it could also positively contribute to environmental indicators. By improving work conditions and contributing to the improvement of living wages and living incomes, the Regulation would increase producers and workers capacities to transition towards environmentally friendly practices.

However, in its current form, the proposed regulation would not be very effective neither in contributing to international efforts to eradicate forced labour, nor in prohibiting the placing on the EU market of products made with forced labour.

The proposal presents several shortcomings that risks tampering with the effectiveness of the instrument, namely:

124https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2021/2022-TVPRA-List-of-Goods-v3.pdf

- The primary focus of the proposal that does not lie in the eradication of forced labour globally but rather on the prohibition to place on the EU market products made with forced labour, thus restricting largely its potential to act beyond a sole EU consumer-centred tool
- The current proposal fails to properly encompass the role of inadequate migration policies despite the fact that the displacement of communities can act as an accelerator, as migrant workers see themselves often deprived of their basic human rights because of their condition of irregularity and are thus more vulnerable to be exposed to forced labour
- Under the current design of enforcement, and in contradiction with the end purpose of the instrument, products made with forced labour could still be placed and sold on the EU market
- Lack of remedies for affected workers
- Lack of provisions about responsible disengagement and the need for economic operators to revise the behaviours and actions carried out that contribute directly or can facilitate forced labour: no mapping of supply chains; unfair purchasing prices; excessively low prices; etc.
- The current proposal does not contain any provisions for implementation of accompanying measures nor provisions impeding the transfer of cost of compliance further down the supply chain.

Feasibility – Existing levers and recommendations to the Belgian Government

Addressing the shortcomings of the current proposal is timely and relevant for Belgium. Political leadership within the Council will be needed to improve the proposal towards a more ambitious scenario, to ensure the upcoming legislation is not only used as an asset to prevent products made with forced labour from entering and circulating on the EU market but becomes an actual lever to impact forced labour rates more globally as a systemic issue within agri-food supply chains.

The Regulation must be designed to place workers and their interest at the heart. This requires the latter to be designed to ensure the provision of adequate remediation to workers trapped in forced labour, but also to prevent the potential of any unintended consequences[125]. Furthermore, stronger requirements on mapping, tracing and public disclosure of supply chains will be needed.

Finally, a human rights-based import ban system is unlikely to deliver on its own. Looking at the broader picture, and as part of its explicit human rights mandate, the EU should use its trade leverage and partnership potential more effectively, and recognise the importance of eradicating forced labour as part of the obligations to promote and respect human rights, as well as part of the commitments made in Trade and Sustainable Development Chapters ('TSD'). As a result, serious violations of ILO principles should effectively lead to sanctions or temporary suspension of the agreements. In addition, the findings obtained through implementation of this regulation shall be

125Progressing the proposed EU Regulation on prohibiting products made with forced labour: A Model Law , Available at: GreensEFA_Forced-Labour_A-Model-Law_.pdf (business-humanrights.org)

linked to the country-by-country priorities set out in TSD chapters. To that end, as well, the role of EU delegations and the Domestic Advisory Groups should be further detailed.

Finally, the Belgian government has the opportunity to establish coherence between this regulation and its enforcement and that of both the deforestation regulation and due diligence directive. These three legislations present linkages in terms of authorities responsible for enforcement and provide space for Member States to determine which authorities are responsible. This grants the Belgian government the opportunity to reduce unnecessary administrative or other burdens on national authorities and hereby increase powerful implementation.

EU Directive on Unfair Trading Practices (UTPs) in business-to-business relationships within the agricultural and food supply chain and its upcoming Revision

The food supply chain is particularly vulnerable to unfair trading practices (UTPs) due to stark power asymmetries between buyers and suppliers. A minimum mandatory standard of protection against unfair trading practices has therefore been introduced by the EU to reduce the occurrence of these practices and improve the protection of farmers and small and medium sized suppliers.

Unfair trading practices are defined as "business-to-business practices that deviate from good commercial conduct and are contrary to good faith and fair dealing and are unilaterally imposed by one trading partner on another". The food supply chain is particularly vulnerable to UTPs, due to stark power asymmetries between operators. UTPs can occur at all stages of the supply chain, and UTPs originating at one level of the chain may have effects on other parts of the chain, depending on the market power of the actors involved[126].

The concentration of bargaining power has led to the abuse of positions of dominance, causing weaker operators to become increasingly vulnerable to UTPs. This transfers economic risk from the market up the supply chain and has a particularly negative impact on consumers and some operators, farmers, workers and SMEs. According to the Commission, the problem of UTPs has been acknowledged by all stakeholders in the food supply chain, and it has been reported that most operators have experienced UTPs[127]. These practices concretely hinder suppliers' capacity, including smallholder farmers, to cover the cost of sustainable production (from a social and environmental perspective).

A minimum mandatory standard of protection against unfair trading practices has therefore been introduced to reduce the occurrence of these practices and improve the protection of farmers and small and medium sized suppliers at EU and non-EU level through a 2019 EU Directive[128].

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126 Agri-Market Task Force, 2016.

127 EC Communication, Tackling unfair trading practices in the business-to-business food supply chain, 2014.

128 Directive (EU) 2019/633 of the European Parliament and of the Council of 17 April 2019 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain

Type of process

Directive (EU) 2019/633 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain was published in 2019. It was transposed two years later into national legislation by EU Member States. They were able to maintain or introduce national rules designed to combat unfair trading practices that do not fall within the scope of this Directive or are subject to the limits of Union law applicable to the functioning of the internal market, provided that such rules are proportionate.

National rules could also go beyond the Directive, for example as regards the scope of products, the size of operators covered or the number and type of prohibited unfair trading practices listed in this Directive.

Timeline

The national transposition laws for the Unfair Trading Practices (UTPs) Directive entered officially into force the 1st of November 2021. By 1st of November 2025, the Commission shall carry out the first evaluation of this Directive and present a report on the main findings of that evaluation to the European Parliament and to the Council, as well as to the European Economic and Social Committee and the Committee of the Regions. Such a report will be accompanied, if appropriate, by legislative proposals as a response to the evaluation the Commission will carry out.

The evaluation of the UTP Directive shall be based on the annual reports each Member State needs to submit to the European Commission. These reports shall include, inter alia, the number of complaints received, and the number of investigations opened or closed during the previous year.

Certain national transposition laws foresee a revision even before 2025 such as the Belgian law that stipulates a revision on 1st December 2024. More on the Belgian national transposition can be found in the section dedicated to national regulatory interventions.

These interconnected processes provide multiple opportunities for Belgian authorities to assess and if needed correct the tools to maximize their impact.

Short description and overall aim

Many farmers within the EU and beyond do not necessarily have the legal and financial means or courage to launch costly litigation procedures against buyers that used trading practices against them that are unfair[129].

In 2016, the European Commission published a report indicating that the industry-led voluntary system must be given time to improve. However, later in 2016, the European Parliament has called for legislation with support for non-EU producers to access support.

On its side, the EESC supports strong legislation and access for non-EU-farmers; the Agri Market Task Force report calls for sensible framework legislation at EU level, and for transparency; and the Council

129 EU-Directive.pdf (fairtrade-advocacy.org)

emits conclusions where "[voluntary initiatives] could be complemented by a regulatory approach at EU level".

This has resulted in an important step forward to tackle asymmetry in trade relations, where in 2019, the European Union introduced the EU directive on unfair trading practices in the agricultural and food supply chain.

Its overall objective is to improve the protection of suppliers, at EU and non-EU level and along the entire agri-food supply chain by providing mandatory rules that outlaw certain unfair trading practices. For this purpose, the Directive distinguishes between 'black' and 'grey' practices. Whereas black unfair trading practices are prohibited, whatever the circumstances, grey practices are allowed if the supplier and the buyer agree on them beforehand in a clear and unambiguous manner.

Table 8 : Distinction between black and grey unfair trading practices as contained in the EU Directive

Source: FTAO Guidance Document on UTPs

Material scope

The Directive establishes a minimum list of prohibited unfair trading practices in relations between buyers and suppliers in the agricultural and food supply chain. Agricultural and food products, in context of the Directive, means products listed in Annex I to the TFEU as well as products not listed in that Annex, but processed for use as food using products listed in that Annex.

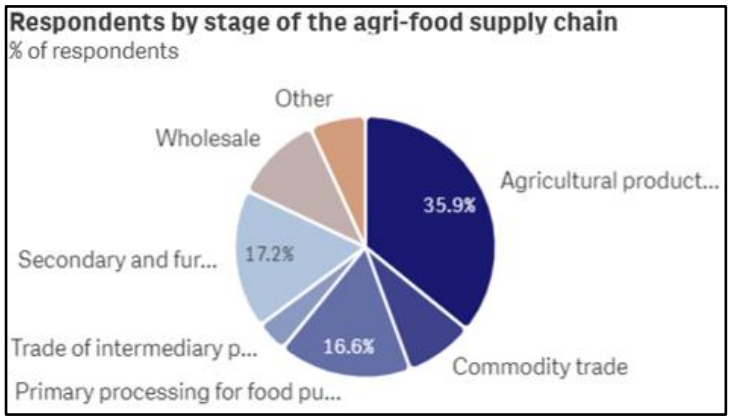
This means that the EU Directive, and the respective national transposition laws, covers all preliminarily selected supply chains of our study.[130]

Connectedly, to assess the effectiveness of measures taken by Member States in the context of this Directive, the Commission carries out annual surveys. The second survey for 2022 shows that

130 E.g., Palm oil as a vegetable oil; soy and rice as edible seeds; shrimp as crustaceans; banana and grapes as edible fruits; orange juice as processed for use as food using products listed in Annex I (edible fruits); cashew as edible nuts, avocado as edible vegetables.

respondents attesting about effectiveness of Member States measures pertain largely to the stage of agricultural production (as shown in graph below).

Figure 31: Answers to the annual survey on UTPs carried out by the European Commission



Source: European Commission Survey

Effectiveness - Potential impact of sustainability in food supply chains

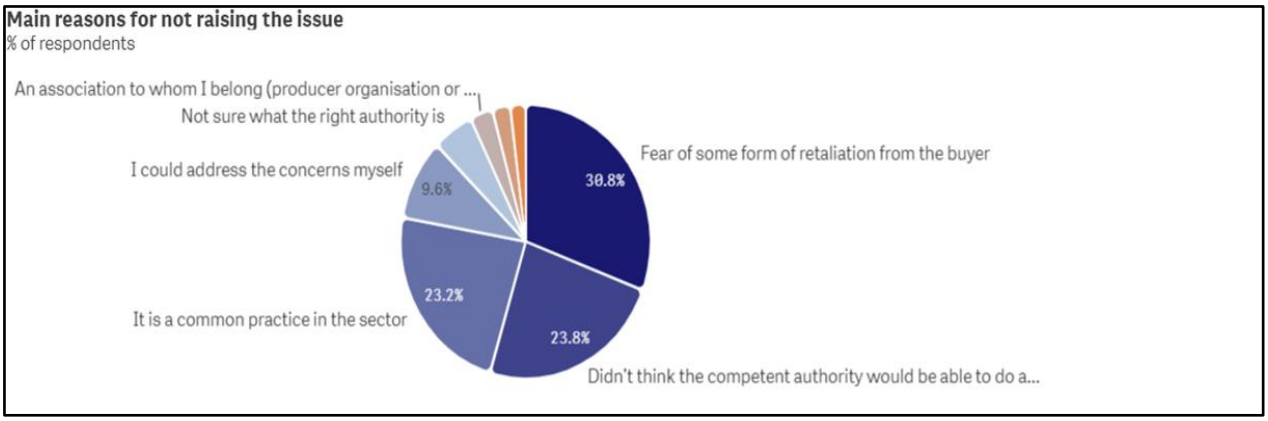
Our analysis shows that while the legislation overall acts as an enabler for more sustainable food systems, some elements of the Directive (and the transposition laws) make it less effective, namely:

- Risk of no complaints being introduced from farmers or producers in the Global South, as the Directive requires direct connection with EU buyers and UTPs may take place in other stages of the supply chain besides the direct relation between EU buyer and supplier
- Different authorities on each Member State dealing with UTPs
- Lack of communication about this protection at Member State level and to non-EU relevant stakeholders
- Lack of information about buyer's turnover to check if it is possible to introduce a complaint
- Lack of accessibility to complaints platforms, as many times information is only available in the language of the country
- Sanctions regime is not deterrent enough. Competent authorities can impose fines (or other equally effective penalties) on the author of infringement. However, this may differ in Member States and imposition of a fine, if not implicating considerable amounts, may not be deterrent enough as to remediate behaviour
- Fear of retaliation from buyers.

This has also been accounted for in the Food Supply Chain - UTPs - survey results (2nd round) 2022,131 as shown in the figure below:

131 This survey by the Joint Research Centre and the Directorate-General for Agriculture and Rural Development of the European Commission was carried out across all Member States and it targets suppliers covered by the Directive at the different stages of the agri-food supply chain.

Figure 32: Results of the annual survey on UTPs conducted by the European Commission – main reasons for not raising the issue



Source: Survey by the Joint Research Centre and the Directorate-General for Agriculture and Rural Development of the European Commission carried out across all Member States that targets suppliers covered by the UTP Directive at the different stages of the agri-food supply chain

Despite these elements for improvement, the UTP Directive is overall an enabler for more sustainable food systems. By restricting adverse behaviour that buyers can have towards suppliers that prevent the latter to produce in a way that is environmentally and socially responsible, the Directive is seen as a useful tool to contribute to increased socio-economic equity, decent working conditions, living incomes and living wages, as well as an overall improvement of environmental impacts of food supply chains.

Particularly, the evaluation of the Directive could address current shortcomings of the Directive and/or to include in the Directive good practices introduced by Member States that for instance directly address low prices paid for agri-food products and contributes that way to rebalance power in agricultural trading relationships that would allow for better farming practices.

Feasibility – Existing levers and recommendations for the Belgian Government

The Belgian government has an important opportunity to improve the impact of the UTP Directive on agri-food supply chains, firstly under the nationally established revision in 2024, and, secondly, under the European Commission evaluation in 2025 and by dialoguing with other Member States in order to raise the bar based on learnings and good practices. At the Belgian level, the government can use the results of the annual reports on complaints to evaluate how effective the Directive has been. However, the annual reports that are meant to focus on reporting complaints should also look beyond the latter. In case a limited number of complaints have been submitted, the Belgian Government should investigate the reasons of that weak occurrence of complaints, such as the ones enumerated above. The Belgian government should also examine the appearance of UTPs in the most relevant commodities at Belgian level according to this study.

Running a thorough and ambitious revision of the Belgian UTP law could very well feed into the revision the Commission will be carrying out later in 2025. The Belgian government could already in the annual reports go beyond the minimum set out by the UTP Directive. Detailed recommendations linked the Belgian implementation of the UTP Directive are provided below in the part on national legislation.

EU Competition law - Revision of the Horizontal Guidelines

Competition law has played a key role in the shaping of modern-day global food supply chains. Reviewing the history of competition law makes it clear that the aims and objectives of competition law have been neither consistent nor immutable but adjusted according to dominant political contexts. They need to change now to echo the demands of a rethought economy that respects planetary boundaries and upholds social foundations.[132]

In recent years, the food system has witnessed increasing levels of concentration in market power, in particular, in sectors such as seeds, pesticides, food processing and retailing. In the meantime, farmers' revenues are being squeezed by the imbalance in bargaining power, while the environmental impacts of competition are often dismissed. At the heart of the problem lies the current antitrust mantra by the EU and National Competition Authorities, based on the paradigm of consumer welfare and the overall idea that 'cheap is good'. Competition laws have generally allowed and contributed to the creation of markets disregarding the welfare of the producers, society at large, and the environment.

However, this is not inevitable. On the contrary, several steps into the right direction have been taken over the last 3 years by the Directorate for Competition of the European Commission based on their acknowledgement that EU competition law does not exist in a vacuum and that competition rules must work hand in hand with green policies as well as the EU and member states' overall ambitions for a sustainable transition.[133] Looking at the EU treaties in their entirety, it becomes clear that it is not the core framework for competition law that is restrictive, rather its current interpretation. Although the academic debate has looked into mergers and acquisitions, state aid and the restrictions to horizontal agreement,[134] attention of policy makers and corporate actors has mostly gone towards redefining the rules that limit cartels and horizontal partnership among competitors.

Type of process

The Commission has stated in its Communication on the Farm to Fork Strategy that it 'envisages clarifying the competition rules for collective initiatives that promote sustainability in supply chains'[135]. One of the processes that deserve particular attention is hereby the European Commission's initiative to revise the Horizontal Guidelines (HGs) on EU Competition Law. The latter provide guidance on how to self-assess compliance with Article 101(1) and Article 101(3) of the Treaty

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132Claudio Lombardi and Tomaso Ferrando, report "EU Competition Law and Sustainability in Food Systems: Addressing the Broken Links" issued by the FTAO in 2019

133 https://ec.europa.eu/commission/commissioners/2019-2024/vestager/announcements/competition-policy-support-green-deal_en.

134 Claudio Lombardi and Tomaso Ferrando, An environmentally and socially broken global food system: what role for competition law?, Concurrences, 2021.

135 Commission Communication on Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system COM(2020) 381 final, p 10.

of the Functioning of the EU[136]. The purpose of the Horizontal Block Exemption Regulations, including the Horizontal Guidelines, is to make it easier for undertakings to cooperate in ways that are economically desirable and without adverse effects from the point of view of competition policy.

Process

The evaluation of the Horizontal Guidelines was launched in September 2019 in order to gather evidence on their functioning. As part of the process three rounds of public consultations have been taking place since then - aiming to collect evidence and views from stakeholders.

The draft revised Horizontal Guidelines, published in March 2022 aims at adapting the current rules in specific areas where the above-mentioned evaluation found that they were not fully adjusted to the economic and societal developments that occurred over the last ten years. One of the proposed changes to the HGs is the inclusion of a new chapter on the assessment of horizontal agreements pursuing sustainability objectives.

Timeline

Since the launch of the impact assessment in June 2021, the Commission has gathered further evidence on possible changes to the current rule. This evidence has been taken into account in the drafting of the revised Horizontal Guidelines.

Following several rounds of consultation processes, workshops with stakeholders and inter service consultation, the Commission has published its draft Horizontal Guidelines for stakeholder comments. Through the consultation processes, the Commission aimed to gather stakeholder feedback on the changes it proposes to address the issues identified in the evaluation of the current rules. The evaluation, however, identified areas for possible improvement in terms of effectiveness, relevance and coherence. The evaluation also identified a number of areas where the texts of the Horizontal Guidelines are considered insufficiently clear, overly strict or otherwise difficult to interpret. Sustainability was one of the identified areas.

The European Commission is currently about to finalize the draft Horizontal Guidelines, which are expected to be published in 2023.

Material scope and interaction with preliminary list of selected supply chains

The European Commission's initiative to revise the Horizontal Guidelines on EU Competition Law is looking into sustainability agreements regardless of its specific supply chain. The new guidelines would apply to all supply chains that are of higher interest for Belgium. The impact on each supply chain would then vary depending on the case and agreements taken.

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136 Art. 101(1) of the Treaty prohibits agreements between undertakings that restrict competition unless they contribute to improving the production or distribution of goods or to promoting technical or economic progress, while allowing consumers a fair share of the resulting benefits, in accordance with Art. 101(3) of the Treaty. The prohibition of Art. 101(1) of the Treaty covers amongst others co-operation agreements between actual or potential competitors (horizontal co-operation agreements).

Popular national examples have taken place in the Netherlands (animal welfare) and Germany (banana sector and animal welfare).

Case examples:

The Chicken of Tomorrow (Netherlands)

In 2013, the Dutch Government concluded the multi-stakeholder Energy Agreement for Sustainable Growth 'with employers, trade unions, environmental organizations and others' for 'energy conservation, boosting energy from renewable sources and job creation.' According to the government, it was 'a major step towards a fully sustainable energy supply[137].' The closure of coal-fuelled power plants built in the 1980s was also initially part of the agreement. When the Dutch competition authority (ACM) was asked to analyze the closure under Article 101,[138] the authority simply classified the coordinated closure by competitors as an output restriction within the meaning of Article 101(1) TFEU, despite the broader context of the Energy Agreement. The ACM then conducted the exemption analysis under Article 101(3). The authority monetised the environmental benefits based on shadow prices and avoided costs that would have been incurred due to other environmental measures. It then balanced this against the expected price increase in electricity in a cost-benefit analysis. Since the costs largely outweighed the benefits, the plan was taken out of the Energy Agreement. In 2014, the ACM gave its opinion on another sustainability agreement, this time for animal welfare[139]. Dutch supermarkets, the poultry processing industry, and chicken farmers wanted to switch to the 'Chicken of Tomorrow' raised under a set of minimum standards targeted to increase poultry welfare, such as less antibiotics and more space, and additional environmental measures. All sector participants would adhere to these minimum standards; therefore, the less sustainable chickens would no longer be available to consumers. The agreement was found to restrict competition under Article 101(1). Under Article 101(3) the authority conducted a 'willingness-to-pay' analysis. Since it found that there would be a € 0.64 negative effect on consumer surplus, the ACM did not give its greenlight to the Chicken of Tomorrow.

Living Wages in the Banana Sector (Germany)

The Bundeskartellamt concluded in the beginning of 2022 the examination of business cooperation and sustainability initiatives. Amongst others, the following initiative launched by the German retail sector and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH to introduce living wages in the banana sector: On behalf of the Federal Ministry for Economic Cooperation and Development, GIZ and German retailers intend to introduce pilot measures to promote living wages in the banana sector. For this purpose and against the backdrop of the Act on Corporate Due Diligence in Supply Chains, which will enter into force in 2023, a sector cooperation in the food retail

137 https://www.government.nl/documents/publications/2013/09/06/energy-agreement-for-sustainable-growth

138 https://www.acm.nl/sites/default/files/old_publication/publicaties/12082_acm-analysis-of-closing-down-5-coal-power-plants-as-part-of-ser-energieakkoord.pdf

139 https://www.acm.nl/sites/default/files/old_publication/publicaties/13789_analysis-chicken-of-tomorrow-acm-2015-01-26.pdf.pdf

industry is to agree on voluntary common standards and strategic goals along the private-label banana supply chain. The core objective is to jointly introduce responsible procurement practices and develop processes to monitor transparent wages. At the same time, the participating companies are planning to gradually increase the sales volume of bananas which are produced and procured in line with living-wages criteria. In this context, no information on procurement prices, other costs, production volumes or margins is exchanged. Nor are compulsory minimum prices or surcharges introduced at any point of the supply chain.

After its assessment the Bundeskartellamt stated that it has no competition concerns about the food retail sector's voluntary commitment to set common standards for wages in the banana sector. The Bundeskartellamt acknowledges that sustainability initiatives often consist of agreements concluded between competing companies on issues related to competition, such as prices and conditions, so that competition law criteria also have to be taken into account. The Bundeskartellamt claims to make sure that sustainability and public interest objectives are achieved and choices are available to consumers in line with competition requirements.

Andreas Mundt, President of the Bundeskartellamt: "*Competition law does not stand in the way of cooperation for achieving sustainability objectives – on the contrary. Effective competition is part of the solution since sustainability requires innovation, which in turn only emerges in a competitive environment. If a cooperation impedes competition, it must be assessed under competition law. However, our work with various initiatives has shown that competition law is flexible enough to support sustainability initiatives especially in setting common standards while making sure that the conditions are fair and transparent. But there are also limits to this. Cooperation has to genuinely improve sustainability and must not only aim to increase the margins of a few companies*."[140]

Effectiveness - potential impact on sustainability of agri-food supply chains

Competition policy should enable business to cooperate for the purpose of improving their sustainability performance, for which they may have certain legal obligations[141]. However, the competition regulation and policy framework so far did not provide enough legal certainty for agreements between market actors aimed at achieving legitimate sustainability goals. A 2019 study by the Fairtrade Foundation, incorporating a series of interviews with businesses, retailers and industry experts, including not-for-profit organizations presented evidence for instance that 'an unclear legal landscape around potential collaboration in relation to low farm-gate prices restrict[s] progress towards working collaboratively to secure living wages and incomes across supply chains'. Whenever pricing is mentioned such as in the context of the recently launched EU Alliance for

140 https://www.bundeskartellamt.de/SharedDocs/Meldung/EN/Pressemitteilungen/2022/18_01_2022_Nachhaltigkeit.html?nn=3599398

141 Horizontal agreements between companies – revision of EU competition rules, ClientEarth and Simon Holmes' contribution to the Commission's consultation, 2021

Sustainable cocoa, there are recurrent and predictable concerns raised by corporations, the top one being potential barriers linked to competition law.

Furthermore, seeing that sustainability cooperation agreements are increasingly reviewed by national competition authorities, a clear EU-wide legal framework is also needed to avoid a patchwork of divergent approaches.

Instead, having a clear guidance on sustainability agreements in the area of antitrust, could facilitate and encourage genuine multi-stakeholder sustainability agreements involving competitors, while making clear that sustainability cannot be invoked as a smokescreen for anti-competitive behavior. It could help companies go further and faster than the above-mentioned laws do by for instance opening up the door for companies to engage on so far "tabou" topics within MSIs such as price issues, as the latter have been identified as the key entry points to address many adverse sustainability impacts of food supply chains.

Interlinkages with sustainability compass: The upcoming Horizontal Guidelines by the European Commision are in a position to address a broad range of sustainability aspects and introduce the missing legal certainty around sustainability agreements.

To that end, and as requested by the respondents to the Commission's public consultation on horizontal agreements, a separate section on 'Sustainability Agreements' should be added to the revised HGs in the spirit of 2001 HGs' section on environmental agreements but going beyond its limited scope[142]. Furthermore, standardization agreements for sustainability should also be clearly addressed in the revised HGs[143], either under the section on standardization agreements or under sustainability agreements.

By introducing such a standalone section on the application of competition law to sustainability agreements, the EC takes important steps to allow competitors to cooperate on issues to the extent that is necessary to meet the EU's sustainability goals. It provides guidance on assessing conditions, in particular by clarifying when sustainability benefits can be taken into account as qualitative or quantitative efficiency gains in the assessment under Article 101(3). The chapter also lays out safe harbour conditions and provides case examples.

The strong focus on the environmental aspects of sustainability in the core text of the draft HGs tends to however obscure the indivisible nature of the sustainability pillars. This would for instance not bring the expected clarity around sustainability initiative on Living Incomes and Living Wages, hence not unfold the HGs full potential. A more balanced approach is hereby needed if the European Commission would like to truly reconcile EU competition law with its efforts towards a more sustainable development.

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142 The scope of this section was limited to environmental agreements (as opposed to sustainability in general), and it set forth a narrow cost-benefit analysis under Article 101(3). Commission, 'Guidelines on the applicability of Article 81 of the EC Treaty to horizontal cooperation agreements' [2001] OJ C 003, Section 7.4.

143 HGs include an example on environmental standards but the revised HGLs should go beyond a mere example and discuss sustainability standards in more detail.

Feasibility - Existing levers and recommendations to the Belgian Government

Our recommendations to Belgian authorities would be to actively participate in the European discussion on the Horizontal Guidelines. Concretely speaking this would include going into exchange with the European Commission and DG Competition in particular. Hereby, stating the need for sustainability cooperation agreements between market actors to reach ambitious and key sustainability objectives. At the same time, urging for more clarity on sustainability agreements in the scope of EU competition rules, in particular around social sustainability aspects, as this has been less developed within the draft Horizontal Guidelines for the moment.

Outside direct engagement with the European Commission, National Competition Authorities are in a position to shape the discussions around the EUs Horizontal Guidelines by drafting their own guidance documents and assessing co-operations and agreements with the perspective of more flexibility towards sustainable development goals.

Recent examples:

- This has been done by the Dutch Authority for Consumer and Markets with its Guidelines on Sustainability Agreements by the Dutch Competition Authority and has sparked the discussion on EU level.
- In 2022 the Bundeskartellamt has concluded the examination of two separate business cooperation and sustainability initiatives: An initiative launched by the German retail sector and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH to introduce living wages in the banana sector as well as current plans on expanding the animal welfare initiative "Initiative Tierwohl" to include cattle fattening. These reviews were part of the authority's offer to advise businesses on cooperation and provided guidance especially on how to ensure that sustainability strategies are embedded in competition law[144]. Such reviews can give a direction and lay out the ground of to what extent market actors can come together on issues similar to the ones reviewed.

EU Public procurement rules

Procurement is the first tool local authorities use when starting to address their food systems. Sustainable food procurement has the potential to address all the challenges of the EU food system as outlined in the Farm to Fork Strategy, and the purchasing power of public administrations to drive change is vast. At the European level, the sustainability potential behind public procurement has been captured by a series of Directive adopted in 2014 and setting the framework for a 'new generation' of public procurement rules as outlined below.

144 https://www.bundeskartellamt.de/SharedDocs/Meldung/EN/Pressemitteilungen/2022/18_01_2022_Nachhaltigkeit.html?nn=3599398

In the specific sector of food chains, the EU issued the EU's Green Public Procurement (GPP) Criteria for food, catering services and vending machines, updated in 2019, as both a policy instrument and a technical tool to help improve the environmental impacts of public purchases. Public procurement as a "strong stimulus for eco-innovation" is also one of the main actions that the European Commission envisions as part of the upcoming Sustainable Food Systems Framework and that will be the object of specific policy debates in the coming months.

At the moment, however, the current EU landscape governing procurement of food appears fragmented and not yet fully up to speed to enable a sustainable transition.

Type of process

Public procurement processes are covered by the 2014 Directives on public procurement which aim to ensure fair competition, non-discrimination and transparency in purchasing processes. This is a horizontal legislation applying to public procurement of all products and services.

The EU's Green Public Procurement (GPP) Criteria for food, catering services and vending machines provide concrete examples and guidelines for Member States and local administrations. The GPP is a voluntary instrument that according to the European Commission should play a key role in stimulating a critical mass of demand for more sustainable goods and services which otherwise would be difficult to get onto the market.[145]The updated criteria focus on a select number of approaches to minimize key environmental impacts related to food procurement activities, promoting in particular:

- An increased uptake of organic food products
- More environmentally responsible marine and aquaculture products
- An increased offer of plant-based menus
- More environmentally responsible vegetable fats
- Better food and beverage waste prevention
- Improved prevention, sorting and disposal of other wastes
- Lower energy use and water consumption in kitchens
- Reduced emissions from food transportation
- Products produced following higher animal welfare standards
- Products labelled in accordance with fair and ethical trade standards
- Staff training on the aspects covered by the GPP criteria.

The Farm 2 Fork strategy refers furthermore a policy initiative as part of the upcoming EU Sustainable Food System (SFS) Framework that aims at determining the best modalities for setting minimum mandatory criteria for sustainable food procurement to promote healthy and sustainable diets, including organic products, in schools and public institutions.

Timeline

The Directives on public procurement have been revised in 2014. Only in 2018, all member states had updated their national provisions in accordance with the EU framework.

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145 More here: https://ec.europa.eu/environment/gpp/index_en.htm.

It is likely that another revision will take place during the time of the next Commission mandate starting in 2024 which will open an opportunity to strengthen the provisions on sustainable public procurement.

Though initially announced for 2021, the F2F initiative to set up minimum mandatory criteria for sustainable food procurement has still not been published.

Short description and overall aim

The 2014 revision allowed for the inclusion of sustainability considerations in the public procurement process. According to the European Commission, Sustainable public procurement (SPP) is understood as a 'process by which public authorities seek to achieve the appropriate balance between the three pillars of sustainable development - economic, social and environmental - when procuring goods, services or works at all stages of the project.

This means that SPP always includes considerations of long-term impacts of each purchase, especially in relation to already existing goals such as resource efficiency, climate change, or social responsibility.[146] Recital 97 for example, states that: 'Criteria and conditions relating to trading and its conditions can for instance refer to the fact that the product concerned is of fair trade origin, including the requirement to pay a minimum price and price premium to producers.'

The Directive itself also links public procurement to sustainable development both, in recitals and provisions[147]. Article 18(2) clarifies that States shall take the appropriate measures to ensure that in the performance of public contracts economic operators comply with applicable obligations in the fields of environmental, social, and labour law established by Union law, national law, collective agreements or by the international, social, and labour law provisions listed in the Annex, which cover the eight core ILO Conventions, but does not include the basic human rights instruments such as the Bill of Human Rights.[148]

In practice, the 2014 Directives allows the inclusion of sustainability considerations into the elements of quality when assessing quality vs price during award procedures. It makes it possible to assess 'environmental and/or social aspects, the specific process of production, provision or trading of those works, supplies or services'[149]. The aim of this change was to make it possible for public procurers to also evaluate sustainability impacts of their purchases and to award public contracts to those offers with the best balance between sustainability and price instead of only targeting the cheapest offer.

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146 Procura+ manual, p. 8

147 Recitals 1, 41, 47, 91, 93, 95, 96, 123, Arts. 2(22), 18(2), 42(3)(a), 43, 68, 70.

148 Annex X: 8 ILO core conventions and several environmental conventions: Vienna Convention for the protection of the Ozone Layer and its Montreal Protocol on substances that deplete the Ozone Layer; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (Basel Convention); Stockholm Convention on Persistent Organic Pollutants (Stockholm POPs Convention); Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (UNEP/FAO) (The PIC Convention) Rotterdam, 10 September 1998, and its 3 regional Protocols.

149 Article 67

However, SPP is still only voluntary, and it has so not been integrated into many public procurement processes across Europe. The lack of clarity due to the voluntary nature of SPP produces a "chilling effect" on efforts by public procurers to integrate human rights and environmental standards into procurement by leaving uncertainty over their scope for action, consistent with procurement law so-called primary objectives such as non-discrimination between bidders, as well as objectives such as promoting accessibility of public contracts to SMEs.

This is starting to be addressed by EU authorities by proposing mandatory public procurement criteria in specific sectors, including in the agricultural sector. To improve the availability and price of sustainable food and to promote healthy and sustainable diets in institutional catering, the Commission is expected to determine the best way of setting minimum mandatory criteria for sustainable food procurement. This will help cities, regions and public authorities to play their part by sourcing sustainable food for schools, hospitals and public institutions and it will also boost sustainable farming systems, such as organic farming.

For this objective, the European Commission has anticipated the following possible policy options:

Figure 33: Options in the EU Framework on Sustainable Food Systems for pull measures: Sustainable Public Procurement (SPP) of Food

Options in the FSFS for pull measures: Sustainable Public Procurement (SPP) of Food			
Option 0	**Option 1**	**Option 2**	**Option 3**
Do nothing	**Voluntary**	**General provisions and requirements aiming to raise awareness and improve skills and knowledge of SPP procurement, capacity building and support local authorities in using public procurement strategically**	**Mandatory general and specific requirements**
Maintain the baseline, implementation of Directive 2014/24/EU on public procurement, and the use of current Commission guidance documents: • EU Green Public Procurement (GPP) criteria for food, catering services and vending machines. • Buying Social - a guide to taking account of social considerations in public procurement	Extend current guidance on Green Public Procurement (GPP) to cover the three dimensions of sustainability, and in particular healthy diets. No legislative action foreseen.	• Extend the European Commission E-competence center with tools and information to help public buyers with sustainable food public procurement; • Establish an EU network of food procurement professionals; • Create centralized MS focal points. • Require MS to set up national action plans	• Introduction of a general mandatory requirement of procuring sustainably with a clear reference to the environmental, social-health and economic dimension of sustainability of food products and some related operations. • Empowerment to the Commission to adopt delegated/implementing acts to specify the SPP criteria. • Providing for the setting of national minimum (mandatory) targets with timelines as part of national action plans.

Source: European Union publication (2022)

Material scope

Food public procurement can cover all products of the preliminary selected supply chains in Step 1 of the study. The impact on each supply chain, however, varies depending on specific criteria selected or that ideally should be implemented. For instance, shall there be mandatory criteria on procurement of socially responsible products that are verified by the use of certain sustainability labels, then products such as bananas, coffee, cocoa, tea, sugarcane, etc. could see an increase in their procurement.

Public procurement should go beyond addressing solely environmental issues - that is, green public procurement (GPP). In fact, public procurement has an enormous potential to deliver 'co-benefits'[150] for a wide range of sustainability dimensions, such as:

- health (human, animal, environmental)
- circular economy
- greenhouse gas (GHG) reductions
- fair working conditions
- supporting small and medium sized enterprises (SMEs), small family farmers and social cooperatives
- improving animal welfare
- preserving land for food production
- supporting reconversion of land to organic food
- integration of vulnerable groups
- job creation, and gender equality.

Effectiveness - potential impact on sustainability of agri-food supply chains

The significant role of public procurement in national economies (about 12% of the GDP in OECD Countries) means public procurement can be a useful market lever to promote the achievement of the UN 2030 Agenda and its Sustainable Development Goals. Public procurement, in general, has been identified as one of the most relevant enablers for sustainable food systems[151]. Sustainable food public procurement could directly contribute to making sustainable products the default and accessible choice for EU consumers.

By introducing minimum criteria for sustainable food public procurement around the following 7 axis (healthy food; organic and other agro-ecological products; small scale farmers' support; climate action; decent working conditions; Fair Trade; and animal welfare) would have a direct effect in all the identified indicators.

Concretely, minimum mandatory criteria also related to social sustainability aspects (socially responsible public procurement), would contribute to offering EU consumers with fair food products - extracted, harvested or produced in fair and decent conditions, respecting labour standards and covering a minimum price for production of sustainable products, as central elements.

Strategic public procurement is more effective when procurement is used to achieve wider societal objectives, such as to support climate protection actions and social ambition. This makes sustainable

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150 https://apps.who.int/iris/handle/10665/331979

151 FAO, Alliance of Bioversity International and CIAT and Editora da UFRGS. 2021. Public food procurement for sustainable food systems and healthy diets - Volume 2. Rome, Available at: Public food procurement for sustainable food systems and healthy diets - Volume 2 (fao.org)

food procurement a strategic instrument which strengthens strategic policy targets at local, regional, national and EU government levels. Procurement changes in the public sector also have spillover effects into private household consumption[152] and individual consumption by helping create enabling food environments for healthy and sustainable diets[153].

More specifically, strategic food procurement would address the urgency of biodiversity loss and climate heating and contribute to tackling the high levels of obesity and diet-related non-communicable diseases. For example, through increased organic food content and requiring more varieties of fruit and vegetables, as well as more plant-rich food and less food waste[154].

Furthermore, school food procurement has an enormous potential to address childhood obesity, provide healthy meals to support adequate nutrition and reduce health inequalities by providing access to good food for all, regardless of income (public health), reconnect children with nature (biodiversity) and use the transformational power of young people (food system change)[155].

Food systems are a primary cause of environmental degradation. Intensive livestock farming has a far more negative impact on the environment than other forms of agriculture. Healthy plant-rich menus as the default option in public canteens, in combination with higher welfare criteria for the smaller proportion of animal products that are still served, will have a significant impact on climate change mitigation, and is of direct relevance to the F2F and the EU Green Deal agenda as well as to the SDGs.[156]

Public purchases requiring organic food content use fewer pesticides, reduce soil erosion, clearly benefit water and biodiversity quality, are less energy intensive and improve animal welfare.[157]

Strategic use of procurement criteria can also support food waste reduction targets. Only in the EU Food waste produces 170 million tonnes of CO2 a year.[158]

Feasibility - Existing levers and recommendations to the Belgian Government

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152 Simcoe, Timothy & Toffel, Michael. (2014). Government green procurement spillovers: evidence from municipal building Policies in California. Journal of Environmental Economics and Management. 68. 10.1016/j.jeem.2014.09.001

153 EPHA & HCWH, Discussion paper I Public procurement for sustainable food environments, 2019

154 Thorsen, Sabinsky & Trolle (2014) Madspild i forbindelse med økologiomlægning i offentlige køkkener. DTU Fødevareinstituttet. Reduced waste in public kitchens, https://docplayer.dk/17269308-Madspild-i-forbindelse-med-oekologiomlaegning.html

155 Ekasasi S. R., The role of children in family decision making: A Theoretical Review, 2005; Ketchum's Food2020 survey (2016), according to which 49% of interviewed parents declared that their children take an active part in decision making when it comes to food shopping

156 Sustainable Public Procurement of food: A goal within reach, EU Food Policy Coalition (EU FPC), 2021

157 Thünen Institute, Public benefits of organic agriculture for environment and society (Comparative study based on 12,000 studies, 2019).

158 European Commission. Food Waste. Available here: https://ec.europa.eu/food/safety/food_waste_en

According to the Commission, these reforms detailed above were meant to provide Member States with the tools to modernize their procurement practices, to digitally transform public procurement, and to move from simply regulating procurement to implementing 'strategic' public procurement.

In 2017, the Commission issued a Communication assessing the impact of the 2014 modernisation of public procurement rules and concluded that strategic procurement opportunities are insufficiently used. In particular, the Communication highlights that in more than half of procurement cases, the lowest price remains the only award criteria used, whereas Directive 2014/24/EU offers the possibility to include a range of award criteria and allows contracting authorities to choose the offer that provides best value for money, not limited to cost alone (best price-quality ratio).

On the basis of national good practice examples, Belgium could help reverse that trend and create additional leverage to support an ambitious revision of the 2014 Directives during the time of the next Commission.

This means among others reviewing the current 2014 Public Procurement Directive, with a view to:

- Prohibit lowest price criteria, making only possible in some well-justified exceptional cases
- Make it the norm that the price quality ratio considers sustainable criteria
- Add the term "social" to Article 42(3)(a) referring to technical specifications
- Refer to all internationally recognised human rights, including a reference to Living Incomes as a precondition for the fulfilment of other human rights
- Make it mandatory for public procurers to conduct Human Rights and Environmental Due Diligence (HREDD) and address the direct and indirect impacts of own purchasing practices, including prices. Enable the option to contract authorities to favours suppliers that source themselves from smallholder farmer organisations and social economy actors, such as social enterprises.

Furthermore, when developing "minimum mandatory criteria for sustainable food procurement" as foreseen in the EU Farm to Fork strategy, it is crucial to bear in mind that minimum mandatory food procurement criteria must go beyond Green Public Procurement, and consider health but also social sustainability concerns, such as Fair Trade criteria.

Targeted recommendations on public procurement at national level can be found in the section on national legislation.

EU new legislative framework on sustainable food systems

The Commission's commitment to develop in the upcoming year a so far lacking integrated EU approach to food through a new legislative framework on sustainable food systems ('SFS') comes at a critical time. As outlined by the Farm to Fork Strategy, the aim of the latter would be to "promote policy coherence at EU and national level, mainstream sustainability in all food-related policies and strengthen the resilience of food systems".

While different pieces of EU legislation already address certain components of food sustainability individually (e.g., pesticides, GMOs, food waste etc), none of them does it holistically. Furthermore, a fitness check of the General Food Law of 2018[159] has identified that the current regulatory framework is largely inadequate to address the new challenges of food sustainability[160], making the case for a rethought EU legislative framework.

Type of process

Against that background, the European Commission has announced adoption of a horizontal framework law. This intends to become a guiding framework instrument that coordinates and drives changes across the food systems as well as an operational tool within and across its different sectors to overall improve the sustainability of the EU food system[161].

The anticipated policy options to achieve the objectives are the following:

Figure 34: Options in the EU Framework on Sustainable Food Systems for push measures

OPTIONS IN THE FSFS FOR PUSH MEASURES					
Option 0	Option 1	Regulatory options			
		Option 2	Option 3		Option 4
Do nothing	Voluntary	Increasing compliance with sustainability standards by explicitly establishing the primary responsibility of business operators (strengthened due diligence) for sustainability purposes	Elimination from the Union market of the least sustainable food system operations/products by setting minimum sustainability requirements based on the – 'do no harm principle'		A combination of both options 2 (primary responsibility) and 3 (sustainability requirement)
			3 A - Only products produced in the EU	3 B – Products produced and placed in the EU (imports are covered in the scope)	
The baseline is characterised by the "no policy change" scenario, where the current acquis would remain unchanged and all current measures and processes in the food system remain in force.	Voluntary approaches that go beyond legal requirements, such as policy guidelines and/or private initiatives such as codes of conducts. No legislative initiatives.	A general primary responsibility **(strengthened due diligence)** for business operators involved in the food system to ensure that their internal operations/ processes and/or products, within their businesses and under their control satisfy any sustainability-related requirements of EU/national law and to verify that such requirements are met.	Minimum sustainability requirements, based on the 'no harm' principle, requiring business operators to ensure that their operations on the EU territory and the food or feed that they are placing on the EU market do not significantly harm identified sustainability objectives, focusing on certain "non-negotiable" qualifiers around the three dimensions of sustainability.	Minimum sustainability requirements, based on the 'no harm' principle requiring business operators (EU and non EU) to ensure that their operations and the food or feed produced and placed on the EU market do not significantly harm identified sustainability objectives, focusing on certain "non-negotiable" qualifiers around the three dimensions of sustainability.	Cumulative 2 and 3

Source: DG Sante, EESC Expert hearing 'Towards a sustainable food labelling framework to empower consumers to make sustainable food choices', 20 May 2022

Option 4 refers to the establishment of a new comprehensive framework legislation on the sustainability of the Union food system. Firstly, through a *lex generalis* that sets the basis for an integrated approach for *lex specialis*. Secondly, *lex specialis* with push provisions that would

159 It is a comprehensive policy evaluation assessing whether the legislative framework introduced by the General Food Law Regulation for the entire food and feed sector is 'fit for purpose' and whether it captures and reflects policy trends of today. More information can be found here: https://food.ec.europa.eu/system/files/2018-01/gfl_fitc_executive_summary_2018_en.pdf

160 More information can be found here: https://food.ec.europa.eu/system/files/2021-11/aw_platform_20211110_pres03.pdf

161https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13174-Sustainable-EU-food-system-new-initiative_en

introduce minimum requirements for food products and related operations. For the food operations and products that meet the minimum requirements and are on the market, pull provisions would set incentives for producers to go beyond the minimal requirements.

Timeline

The Farm to Fork Strategy includes in its action plan a proposal for a legislative framework for sustainable food systems that should be introduced in Q4 2023.

Firstly, a roadmap consultation took place from 28 September 2021 - 26 October 2021. Later a public consultation was conducted from 28 April 2022 - 21 July 2022.

In parallel, a consultant is organizing workshops with different stakeholders, including civil society, and is also carrying out targeted consultations; all which will feed the final result introduced by the European Commission.

Short description and overall aim

The overall objective of this initiative is to ensure that all foods placed on the EU market increasingly become sustainable through a socially responsible food value chain. From that general objective, the Commission has identified the following sub-objectives[162]:

- Ensure an enabling environment for future policy and legislation, placing it at the heart of the Union and national decision-making processes and of the Union food system in general by raising the political and legal profile of the sustainability, including climate neutrality concepts of the food system
- Ensure coherence with all EU food related policies in terms of sustainability objectives, including biodiversity and climate objectives
- Ensure that a favorable and transparent food environment makes it easier to choose healthy and sustainable diets providing benefits for consumers' health and contributing to the reduction of the environmental footprint of the food system as well as attracting investments into sustainable production methods
- Avoid externalization of unsustainable practices and to raise global standards, while remaining within planetary boundaries
- Optimize the production, distribution and consumption of food, so as to increase resource efficiency and reduce food loss and waste
- Ensure that when producing/placing food on the Union market, sustainability considerations are taken into account beyond the food safety-based considerations that already apply.

162https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13174-Sustainable-EU-food-system-new-initiative_en

By addressing the entire food system, going beyond the linear food supply chain approach, this initiative aims to establish new foundations for future food policies by introducing sustainability objectives and principles on the basis of an integrated food system approach[163].

Material scope

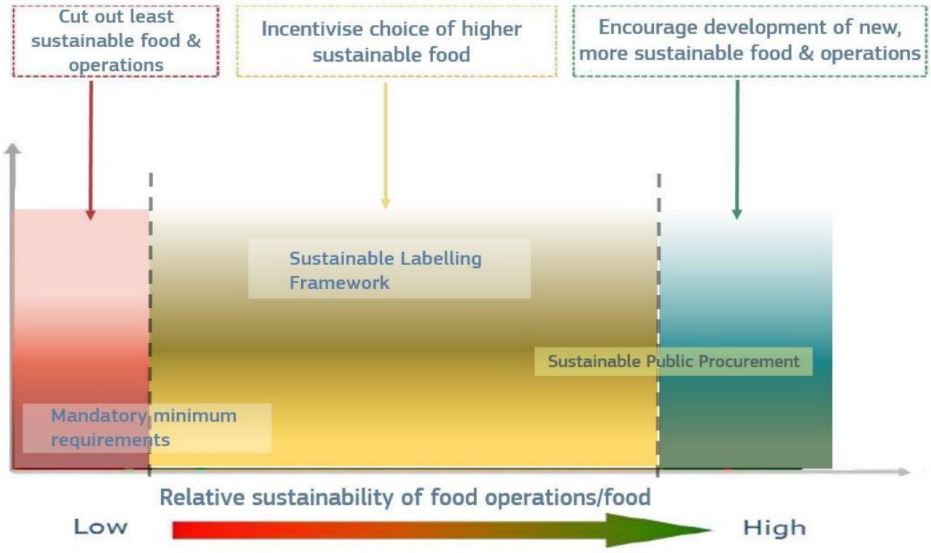
As the proposal is yet being designed, it is not possible to ascertain with certainty what the material scope will be. Nonetheless, by analyzing the information currently available it is possible to estimate that this legislative proposal would cover all products of the preliminary selected supply chains.

Effectiveness - potential impact on sustainability of agri-food supply chains

This initiative from the F2F strategy can be identified as one of main enablers for sustainable food systems. A well-designed framework could address several sustainability issues as it would, potentially, establish obligations and responsibilities for all (or most) actors involved in the EU food system.

The way the European Commission is envisioning the F2F regulatory framework for sustainable food systems is as follows:

Figure 35: EU regulatory framework for sustainable food systems



Source: European Commission

A positive element of this initiative, in its preliminary assessment, is that it recognizes that the problems of sustainability in food systems have an EU and international dimension, as food system

163 https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13174-Sustainable-EU-food-system-new-initiative_en

actors operate across borders. It has recognised that food systems are transnational, and failures are systemic[164].

As anticipated impacts, the Commission has indicated that in the longer term, they envision[165]:

- Change in production and consumption patterns: where the demand for sustainable food increases and sustainable foods and production methods should become more widely used with positive economies of scale for sustainable production methods
- A competitive advantage to those that have transitioned to sustainable production methods
- Reduction of overall cost of sustainable production methods in part due to lower negative environmental externalities and improved resilience with possibly positive food security effects
- More accessibility to a sustainable diet for EU consumers, following reduction of cost for sustainable production
- By ensuring a common understanding of the sustainability concept and related objectives, public and private investors will find it easier to search for, identify and assess investments supporting sustainable food systems. This initiative would furthermore help steer private and public financial flows towards sustainable food value chain activities.

Regarding interlinkages with sustainability indicators, we can already anticipate positive effects both in environmental and social sustainability components of the compass.

Regarding environmental impacts, the framework might help:

- fighting climate change, by reducing greenhouse gas emissions along the food chain
- reversing biodiversity loss and fostering the efficient use of resources
- preserving the quality of natural resources and preventing pollution (e.g., by reducing pesticides use)
- reducing pressure from the food system as a whole, such as the pressure resulting from use of vegetated land, deforestation and freshwater withdrawals due to agriculture.

The European Commission has preliminarily assessed[166] that this initiative may have the potential to – directly or indirectly - contribute to achieving a number of objectives of the Charter of Fundamental Rights of the EU such as those relating to fair and just working conditions, child labour, environmental as well as consumer protection and sustainable development.

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164 https://food.ec.europa.eu/system/files/2022-02/f2f_legis_iia_fsfs_5902055.pdf

165 https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13174-Sustainable-EU-food-system-new-initiative_en

166https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13174-Sustainable-EU-food-system-new-initiative_en

Feasibility - Existing levers and recommendations to the Belgian Government

As this proposal is not yet published, there is space for the Belgian Government to assess objectives that should be encompassed in the legislative proposal. This would help determine an ambitious strategy for when it comes to the Council's discussion over the proposal. There is also an opportunity to raise specific issues on supply chains and/or commodities that would be relevant to target with this proposal.

Concretely regarding the design of the sustainable food systems framework, it is recommended that the Belgian government:

- ➔ Supports and pushes for development of this initiative in the anticipated timeline, e.g., during 2024[167].

- ➔ Supports design of a high-level framework law: setting an overarching umbrella law which will frame and steer other agri-food policies and legislation to deliver an ambitious, just, and systemic transition to environmentally-sound, fair and healthy food systems. Sustainable Food System law should trigger greater policy coherence, providing strategic direction for various sectoral policies affecting food systems, and make social, economic, and environmental sustainability a central objective of all EU agri-food policies and laws.

Concretely, it should set overarching principles and objectives; set time-bound quantitative targets; make social, economic, and environmental sustainability a priority for EU food policy and impose obligation on the European Commission to ensure policy coherence and adopt legislative proposals to revise legislation not aligned with the Sustainable Food System framework.
In addition, the SFS Law should set clear, time-bound and legally binding targets, to guide policies and steer public and private actors to achieve change.

- ➔ Ensures that this framework takes a comprehensive and cross-cutting food systems and rights-based approach: the law must address food growth, collection, production, processing, distribution, and consumption, in and outside the EU, and recognise these are all parts of a complex system which must be governed holistically.

The scope of the SFS law must cover the entire food system and must be grounded on a food systems-approach, rather than exclusively on food products. Taking a rights-based approach to food policy places the onus of creating an environment in which our fundamental rights can be guaranteed firmly on public authorities. Moreover, human rights are universal by nature and thereby necessarily require that those same public authorities work to enable everyone, especially the most vulnerable and marginalised, to fully express and enjoy the relevant rights[168]

167https://foodpolicycoalition.eu/wp-content/uploads/2022/09/Joint-open-letter-on-the-need-to-include-the-FSFS-in-EC-work-programme-2023.pdf

168 https://eeb.org/wp-content/uploads/2022/10/EEB-Sustainable-Food-Systems-Law-report.pdf

➔ Advocates for establishment of responsibilities for food system actors: Sustainable Food System framework must place obligations on public authorities and large agri-food businesses. Mandatory Human Rights and Environmental Due Diligence must also apply to the agri-food industry but must be carefully designed and applied so that it does not translate the cost of compliance to small farmers or producers and actually encourages companies to improve their commercial practices; pushes up the prices paid to weak suppliers and forbids to sell below production cost. True cost accounting and value pricing shall be embodied as well.

It is important to change incentives for actors in the middle of the food supply chain and not to place all responsibility on consumers. For this, the EU Code of Conduct on Responsible Food Business and Marketing Practices [169]should be binding, and marketing and promotion of non-truly sustainable products should be avoided.

➔ Ensures that the SFS law fosters enabling food environments: the Sustainable Food System law should create an action-oriented framework to make sustainable food choices the easy and default option. The responsibility must shift from consumers to the EU -as enabler- and spill over the entire supply chain.

In light of the stark power imbalances that define food environments, policy makers should pay particular attention to the most powerful actors in the agri-food sector, who have the greatest ability to shape food environments, particularly in the middle of the food supply chain – retailers, wholesalers, manufacturers, advertisers, procurers and food services. By acting on food environments and focussing obligations on the biggest players, public authorities can deliver much fairer and more effective policies, which harness individual diets as powerful levers of change[170].
Resort to truly sustainable and fair and ethical certification schemes should be introduced; guided by minimum criteria on social, economic, and environmental sustainability. Connectedly, promotion of sustainable business models and incentives to adopt them must be included.
Mandatory criteria and targets for socially responsible and green food public procurement shall be introduced. For that, the Belgian government can resort to the criteria developed by the Food Policy Coalition. In this, the Belgian government has already leveraged the best practice case of the city of Ghent.

➔ Pushes for strong governance in SFS law: Sustainable Food System law should have a strong governance framework to guarantee proper implementation and policy coherence. Including robust monitoring and evaluation framework; effective accountability mechanisms and access to justice for civil society in general in and outside the EU.

169https://food.ec.europa.eu/horizontal-topics/farm-fork-strategy/sustainable-food-processing/code-conduct_en

170 https://eeb.org/wp-content/uploads/2022/10/EEB-Sustainable-Food-Systems-Law-report.pdf

The participation of all food systems actors (in and outside the EU) is relevant and cross-sectoral, multi-level collaboration is needed to draft the Sustainable Food Systems Framework.
To achieve a fairer distribution of power, the SFS Law should aim to restructure governance in the food system entirely. Some concrete efforts in this direction could be made by widening the scope of EU competition rules to also cover contractual imbalances between small and medium-sized suppliers and buyers with disproportionate bargaining power, currently only addressed in the EU Directive on Unfair Trading Practices (UTP).[171]

- ➔ Ensures involvement of non-EU actors: when designing this Sustainable Food System framework is important to ensure that the Commission remains engaged with involved actors from outside the EU. A sustainable food system cannot be understood as only for the EU, this would ignore the reality of the high level of food products coming to the EU from non-EU countries.[172] Thus, it is crucial for the EU to remain in constant dialogue with non-EU countries as to ensure that whatever policy for sustainable food systems is introduced in the EU, does not negatively affect 3rd countries that are supplying the EU (e.g., as it was the case with the New EU Organic Legislation, that is reportedly negatively affecting non-EU countries.)[173]

- ➔ Support the inclusion of National Sustainable Food Plans: The SFS Law should set a legal framework for National Sustainable Food Plans through which national and local authorities should set out how they will deliver on the objectives of the SFS Law.

National Sustainable Food Plans should build on existing national and local policies and deploy measures at the local and regional level. Member states would set more specific targets adapted to national contexts but contributing to the overarching high-level targets set by the SFS Law.
The plans should open food policy processes up to all relevant stakeholders at the regional and local level, therefore supporting the establishment of participatory and inclusive governance systems managing food policymaking.[174] Supporting the establishment of National Sustainable Food Plans at Member State level would give influence for the Belgian government over its own food systems, allowing scope to be more ambitious on the points where the SFS law could potentially be less ambitious.

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171 EEB Sustainable Food Systems Law report, October 2022, Available at: https://eeb.org/wp-content/uploads/2022/10/EEB-Sustainable-Food-Systems-Law-report.pdf

172 European Commission, 'Monitoring EU Agri-food trade: Developments January-August 2020' (August 2020) available at https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/trade/documents/monitoring-agri-food-trade_august2020_en.pdf

173 Fairtrade International, 'Changes to EU organic rules threaten farmers' livelihoods' (February 2020) available at https://www.fairtrade.net/news/changes-to-eu-organic-rules-threaten-farmers-livelihoods

174 Hiller, N., Bas-Defossez, F., Baldock, D. (2021). Building blocks for food system resilience in Europe – towards systemic agricultural change post-COVID-19, Policy Report, Institute for European Environmental Policy. Source: https://ieep.eu/uploads/articles/attachments/6cd62eb1-6dd0-4609-a353-8ddc00fdb989/Building%20blocks%20for%20food%20system%20resilience%20in%20Europe-IEEP%20(2021).pdf?v=63801364811

Intervening at the Federal level

The third prong of our research focussed on the legislative interventions that may be undertaken at the national level in order to introduce rules and incentives that may accelerate the transition towards sustainable food chains. Although the Federal Parliament has residual competence in specific areas that directly relate to the subject matter, such as international trade, foreign policies, development cooperation and public health, we are aware that the allocation of competences often departs from the formal distribution contained in the special law 8 August 1980. When we talk about national legislative interventions, it may thus be that in some cases Federal competence is harder to identify, and that in other instances there will be the need to engage regions and communities as legislators. Given that the identification of the competent authority does not fall in the scope of our mandate, we have decided to identify possible legislative interventions without entering into the details of the authority that should be leading the process.

Public procurement practices

It is increasingly recognized that collective catering (including schools, kindergartens, hospitals, retirement homes, prisons and public administrations), are powerful levers for changing food systems and introducing virtuous practices. Not only with regards to regional food practices, but also to transnational food chains. For example, the adoption of sustainable procurement practices combined with the provision of universal services can create demand for tropical food that is certified slave free or organic, be used to guarantee the payment of living income and living wage, strengthen the demand for seasonal food that is produced organically and releases less greenhouse gases when transported (and therefore contribute to lowering their price and attracting more farmers interested in this kind of production), increase access by the population to healthy and nutritious food, help promoting more sustainable diets, and foster transformation and processing economy when associated with local kitchens that produce close to consumption.[175] In the case of schools and hospitals, guaranteeing all children and patients a hot, healthy, sustainable and agro-ecological meal would be an important step towards realizing the right to food.

The EU framework has already been discussed in the section above. Belgian authorities however do not have to wait for a reform of the regional discipline and can act in order to anticipate forthcoming changes and to promote sustainable food consumption through their public purchase power. Public procurement is a major economic issue in Belgium: 40 to 50 billion euros, or nearly 20,000 public

175 See, e.g., Luana F J Swensson, Danny Hunter, Sergio Schneider and Florence Tartanac, Public food procurement as a game changer for food system transformation, The Lancet Planetary Health, volume 5(8) 2021; Olivier De Schutter, Institutional food purchasing as a tool for food system reform. In: Global Alliance for the Future of Food. Advancing health and well-being in food systems: strategic opportunities for funders. Toronto, Canada. 2015: 13–60. https://futureoffood.org/insights/advancing-health-and-well-being-in-food-systems-strategic-opportunities-for-funders/; Luana F J Swensson, Danny Hunter, Sergio Schneider and Florence Tartanac, Introduction. In: Public food procurement for sustainable food systems and healthy diets. FAO, Alliance of Bioversity International and CIAT–Porto Alegre: Editora da UFRGS, Rome 2021.

contracts launched each year. This represents more than 15% of the Belgian GDP. However, public procurement is the competence of various authorities, with school canteens that fall for instance under the responsibility of each municipality. In addition, with few exceptions, the approach seems to be that of aiming for the cheapest products without introducing considerations of 'true cost', socio-environmental implications, and virtuous cycles that can be triggered by the integration of sustainability criteria in the procurement strategy. According to the online page of Federal public procurement « *La politique d'achats fédérale vise à trouver un bon équilibre entre la centralisation et la décentralisation, l'objectif final étant toujours d'acquérir les produits/services les plus appropriés au meilleur prix*."[176]

As a result, progressive practices are not numerous, but some are attempting to take a more systemic approach. In 2018, the government of the Walloon Region launched the Green Deal Cantines Durables, a voluntary agreement that encourages school canteens to improve their menus by turning to local producers or/and organic food. In particular, the Eat Tomorrow vision focuses on the role of public canteens (schools, universities, hospitals, etc.) and promotes a transition of food systems by redefining public procurement rules and providing direct technical support to public administrations. By joining the initiatives, food actors (including from the private sector) commit (via the signing of a transition agreement) to actions in favour of sustainable food supply. Since 2019, the project has brought together many actors, including 304 canteens representing the equivalent of 120,000 hot meals, who are gradually committing to more sustainability.

In the Brussels-Capital Region, since 2009, a ministerial circular imposes the integration of ecological, social and ethical criteria in public procurement contracts, particularly for the purchase of canteen products such as water, coffee, tea, milk, sugar, soft drinks, hot and cold meals, etc. More recently, the municipality has launched a voluntary label that rewards good practices and highlights success stories so that they can be replicated: Label Cantine Good Food.[177] This free label is aimed at Brussels canteens in schools, hospitals, nursing homes, companies, crèches, caterers, etc. The criteria give priority to local, fresh, seasonal products, vegetable proteins and environmentally friendly products, with some mandatory requirements and some optional criteria.

In Flanders, the City of Ghent has taken a lead on sustainability and has established itself as a frontrunner in experimenting with sustainable innovations. This is also reflected in its food strategy and public procurement, which procures for the city, the social services and public schools and kindergartens, and which revolves around the following seven main pillars:

1. Minimizing environmental impact
2. Encouraging sustainable employment of disadvantaged groups
3. Encouraging sustainable product innovation
4. Fostering local economies

176 "Federal procurement policy seeks to strike a good balance between centralization and decentralization, with the ultimate goal always being to acquire the most appropriate products/services at the best price."

177 https://environnement.brussels/services-et-demandes/conseils-et-accompagnement/label-cantine-good-food

5. Incorporating fair trade principles
6. Encouraging sustainable entrepreneurship
7. Striving towards excellence in procurement.

With regard to food procurement, some elements of this strategy include cutting food waste through reduced portion sizes, phasing-out single-use plastics, reducing the size of tenders to make them better accessible to smaller-scale suppliers, conducting market research surveys to better understand the needs and challenges faced by local suppliers, reserving certain tenders for actors in the social economy, specifying environmental standards for delivery vehicles and so forth. Similarly, since 2017 the municipality of Woluwe-Saint-Pierre has undertaken a policy journey, via its Local Agenda 21 service, to implement a voluntary policy of sustainable development that goes beyond the current mandatory requirements. This concerns the 9 communal crèches, which represent 344 children and about 100 workers. Each of these crèches has its own kitchen allowing it to prepare meals on site and defines its own order.

Looking beyond Belgium, several examples exist all over Europe of States and municipalities (See box below) that have been improving their public procurement requirements and that are trying to use their market share in order to redefine food chains and food systems. In terms of states, both Finland and Latvia have introduced higher standards than the average EU countries. Latvia, for example, made it mandatory in 2014 to apply green public procurement (GPP) criteria in the procurement of food and catering services in both state and local government institutions, including schools. On the other hand, in 2016, the Finnish Government adopted a new policy to increase the quality and overall sustainability of publicly procured food with the aim to prioritize products obtained using more environmentally friendly and higher animal welfare methods. Nutritional and social welfare criteria have also been introduced as part of the policy, and a guide to promote responsible food procurement was produced.

Good practice from Austria - The potential of sustainable food procurement in hospitals:

With approximately 30,000 employees, the Vienna Hospital Association association cares for nearly 295,000 inpatients and 2.8 million outpatients each year, and serves approximately 30,000 meals per day - 34% of food served is organic, coming mostly from local suppliers.

The 2010 “Natürlich gut Teller” [naturally good dish], is a programme of the City of Vienna for sustainable nutrition that established mandatory criteria for procurement:

- At least one main component of the dish must be organic.
- Only use seasonal fruit and vegetables
- Portions may contain a maximum gross weight of 90g of meat.
- Fish must be sourced from sustainable Austrian fisheries or organic farms

Between 2011-2016 approximately 4.4 million meals were consumed under the programme.

- 24,000kg of organic fruit and vegetables is used annually, equivalent to 12 hectares of agricultural land farmed organically;
- 190,000kg of seasonal fruit and vegetables is purchased preventing 21,600 tonnes of CO2 emissions;
- The reduction in meat portions has annually saved 57,000 euro, seven cows, 65 pigs and 853 chickens. Water use is also reduced by 233,000 m^3;
- By using only local fish, a further annual saving of 150,000 euro is achieved.

This programme brings many environmental benefits - the proportion of organic food in the City of Vienna has already saved approximately 11,700 tonnes of CO2 equivalent per year; savings between 2008-2012 amounted to approximately 58,600 tonnes of CO2 equivalent.

In Italy, public procurement for collective catering has been the object of a specific regulatory discipline, which now includes mandatory minimum environmental requirements (*Criteri Minimi Ambientali*).[178] The CAM are applied to public contracts for the supply of foodstuffs and provide some specific indications and guidelines to contracting authorities to strengthen their effectiveness from an environmental point of view. They apply to all contract catering services for schools of all levels, including kindergartens, offices, universities and barracks; hospitals and welfare, socio-medical and detention facilities, such as, for example, district homes, rest homes, day care centers, and family homes. The goal of the CAM is to use the purchasing power of public authorities to support environmentally improved agricultural and livestock production models by creating a higher demand and absorbing products realized according to those production methods. In order to do so, the CAM introduce a mandatory percentage of organic products that must be guaranteed by the providers of the catering, require the feeding of less overexploited and endangered species fished at sea, and promote a diet based on lower consumption of animal protein in order to reduce deforestation, the use of water and to increase the availability of crops for human consumption. In the name of the environment, public criteria can have a positive effect across boundaries and territories.

A different, but relevant, example is that of the Fairtrade towns, Fairtrade universities and Fairtrade schools that Fairtrade International has been undertaking in Germany, Finland, Belgium and across the world. More than 2000 “Fairtrade cities’ are currently mapped around the world,[179] and many more are the schools, universities and organizations that have adhered to this scheme. The voluntary initiative, promoted by Fairtrade International, aims at increasing the percentage of Fairtrade labelled goods purchased by municipalities and other ‘collective’ buyers of food. In light of the mission of Fairtrade International, the initiative mostly aims at food that is imported from outside the

178 More info here (in Italian): https://ambo.ausl.bologna.it/temi/sostenibilita/alimentazione/i-criteri-ambientali-minimi-nella-ristorazione-collettiva.

179 https://www.fairtradetowns.org/

European Union, and in particular at food that is produced in the Global South (mostly by small-scale farmers). Although the initiative is voluntary and the Fairtrade label may not cover the entirety of spectrum of the structural drivers of socio-environmental unsustainability (and it does not yet guarantee living income and living wage), the implementation of a similar initiative by the Belgian Federal Government and other Belgian public administration would give a strong message to the market and consumers, and may have a relevant implication in terms of increasing the demand for fairly produced goods. As a matter of fact, the Belgian government is asking private food actors to improve their practices, so it should take the responsibility of doing the same and to facilitate the transition towards sustainable food systems.

In light of the examples and reflections above, there is no doubt that public procurement for food canteens should play a key role in the transition of the food systems towards social and environmental sustainability. The positive experiences within Belgium and abroad, both in terms of promoting sustainable food systems and providing eaters with healthy, nutritious and socially respectful food, suggest that a change in the public procurement discipline represents a priority for the Beyond Food Strategy. This would also align with the content of the Farm to Fork and allow Belgium to be a precursor in the use of public procurement powers to build sustainable food systems, as indicated in the ongoing legislative debate at the European Union level. However, there are hardly any legislative incentives for a sustainable and healthy diet at school, which leads to a narrow focus on price and contributes to the reproduction of food systems that are unhealthy for people and the planet. Similarly, there are no obligations and no clear indications of the role of public actors in improving the food systems rather than reproducing the status quo.

The link between public procurement and the Beyond Food strategy is also strengthened by the fact that the legislative and political interventions in this area could be associated with the establishment and consolidation of multi-stakeholder initiatives, labeling and certification schemes. Similar to what the city of Brussels and Ghent, the Wallonia region or the Fairtrade cities have been doing, potentially going beyond the voluntary nature of the initiative and introducing binding requirements for fair and sustainable food procurement. As a matter of fact, Belgian Federal authorities could follow existing terms of reference (like Finland, Latvia, Italy or the Fairtrade canteens), but also introduce their own criteria, priorities and mechanisms to ensure that food purchases contribute to the improvement of the social and environmental sustainability of the underlying chains. This could (or should) be done in collaboration with the regional and communal authorities, and in constant dialogue both with civil society organizations and the private actors that would provide the sustainable foodstuff, so that the reality on the ground and the practical needs of the canteens are taken into consideration, but a more homogeneous structure of financial and logistic support is provided. Most importantly, this should be done in a holistic way that guarantees that fairness and sustainability are not obtained to the detriment of accessibility. Shorter food chains (in the sense of less intermediaries but also less geographical distance), and mandatory sustainable procurement requirements would be key steps in the right direction.

Ban on sale abroad of pesticides produced in Belgium that are illegal according to national and EU law

The 2022 Pesticide Atlas indicates that global pesticide use has soared by 80% since 1990, with the world market set to hit $130bn in 2013.[180] The increase in use of pesticides directly clashes with the idea of sustainable food chains. As a matter of fact, the use of pesticides has significant repercussions in terms of health of the people consuming food, but not only. As indicated by the former UN Special Rapporteur on the Right to Food, Hilal Elver:

"Pesticides cause a great deal of damage. Runoff from treated crops regularly pollutes the surrounding ecosystem and beyond, with unpredictable ecological consequences. In addition, declining pest populations disrupt the complex balance between predators and prey in the food chain, destabilizing the ecosystem. Pesticides can also damage soil biodiversity and contribute to nitrogen fixation, which can lead to a significant drop in crop yields and pose food security concerns. Exposure to pesticides can have serious implications for the enjoyment of human rights, in particular the right to adequate food, as well as the right to health. The right to food requires States to implement safeguards and develop food safety requirements to ensure that food products are safe, free of pesticides and of adequate quality. In addition, human rights standards require states to protect vulnerable groups, such as agricultural workers and farming communities, children and pregnant women, from the effects of pesticides."[181]

The reduction in the use of pesticides and chemical inputs is thus one of the priorities for the future of the European Union, as clearly indicated in the Farm to Fork Strategy, where two key targets for pesticides have been introduced:

- Target 1: to reduce by 50% the use and risk of chemical pesticides by 2030
- Target 2: to reduce by 50% the use of more hazardous pesticides by 2030

Because of the transnational nature of some food chains, and the need for certain products to be exposed to more chemical substances in order to resist longer journeys and slowed down ripening processes, the attention cannot be limited to agricultural production that takes place within the EU but must be extended to the import of products that contain these substances. On the other hand, it is key to recognise that European corporations are key players in the production and export of chemical products that are used in agriculture elsewhere in the world, including products that are banned or withdrawn from the EU market.

According to the data contained in the recently published PesticideAtlas:

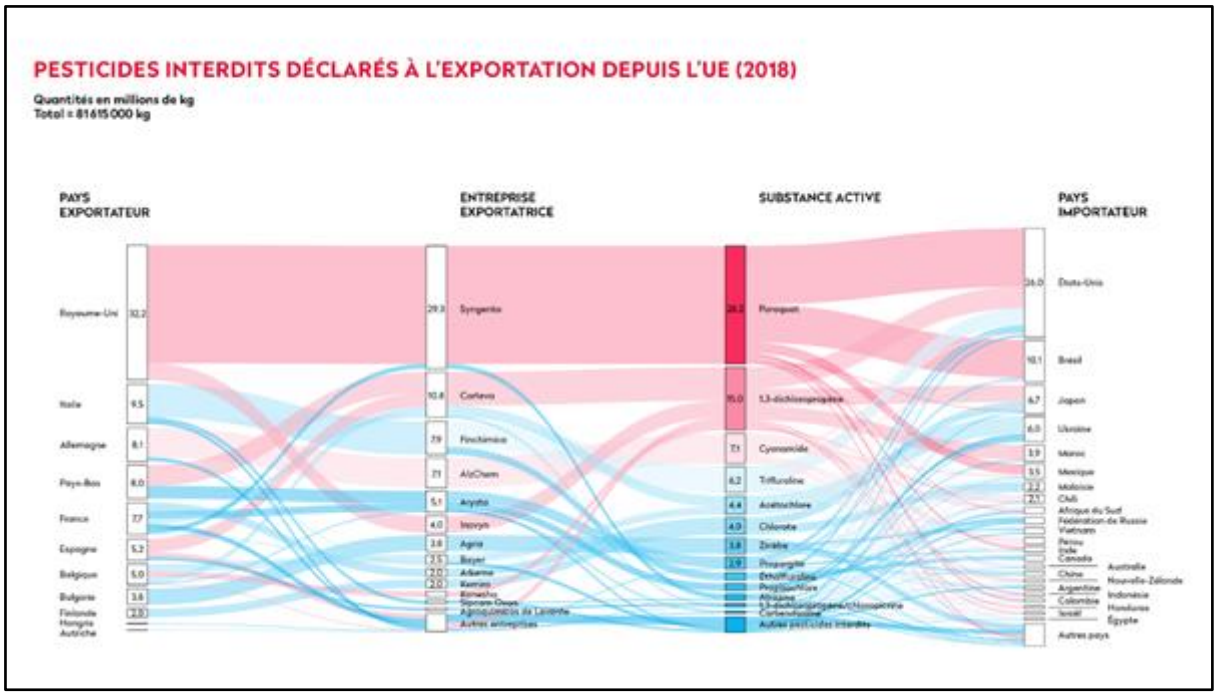
"In 2018, European agrochemical companies planned to export 81,000 tonnes of pesticides prohibited on their own fields. In the same year, more than 40% of all pesticides used in Mali and Kenya were found to be highly hazardous, as were 65% of all pesticides used in four states of Nigeria. Of the 385m pesticide

180 https://eu.boell.org/en/PesticideAtlas

181 Hilal Elver, Report to the UN Special Rapporteur to the UN General Assembly, https://documents-dds-ny.un.org/doc/UNDOC/GEN/G17/017/88/PDF/G1701788.pdf?OpenElement

poisoning cases logged in the atlas, 255m were in Asia and more than 100m in Africa, but just 1.6m were in Europe."[182]

Figure 36: Banned pesticides exported from EU (2018)



Source: Public Eye et Unearthed

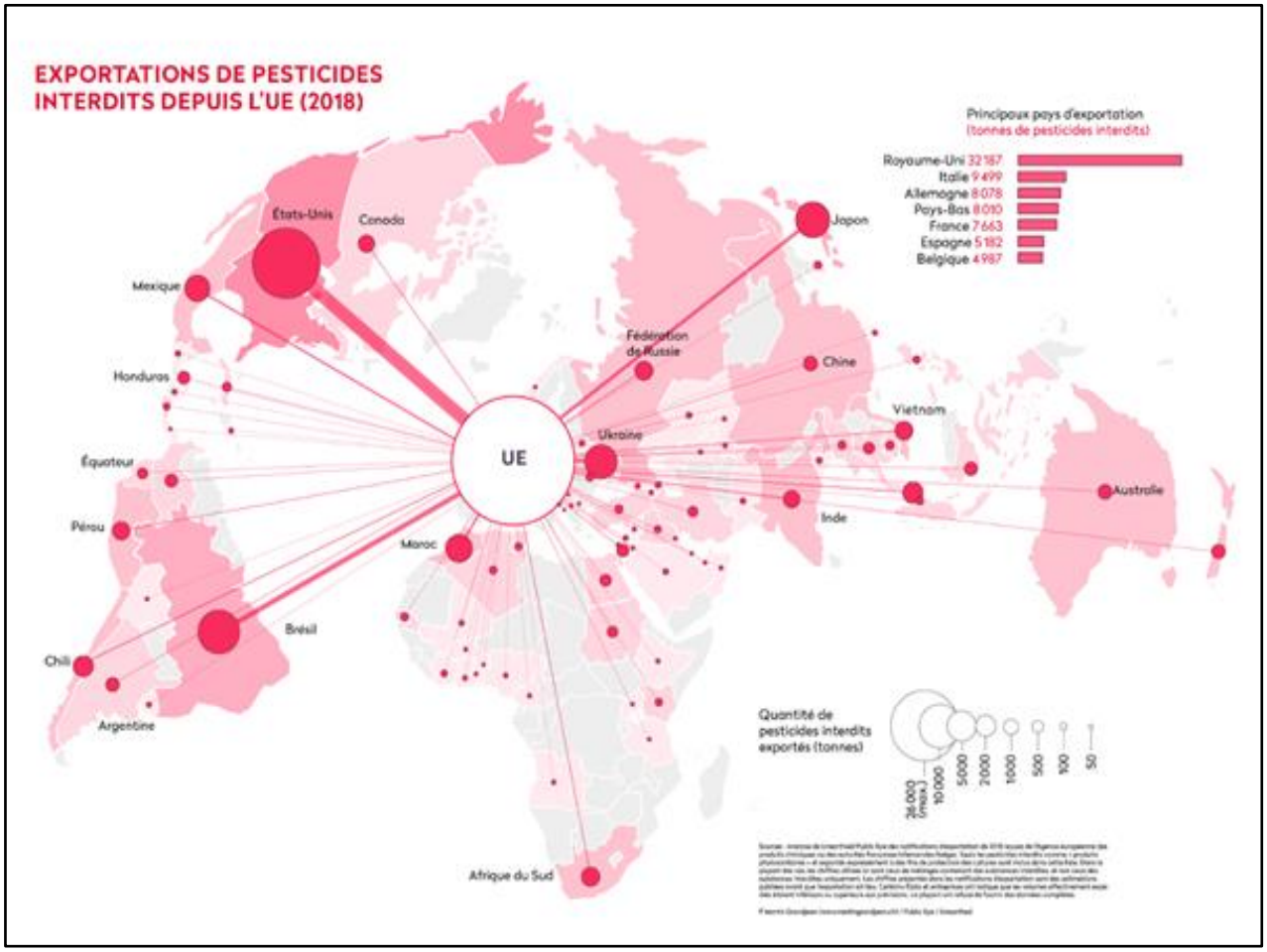
In addition, a study released in 2022 study by the Swiss NGO Public Eye also identified that:

"In 2018, European Union (EU) countries approved the export of 81,615 tons of pesticides containing substances banned for use in their fields due to unacceptable risks to human health or the environment. The United Kingdom, Italy, the Netherlands, Germany, France, Belgium and Spain cover more than 90% of the volumes. These exports were destined for 85 countries, three-quarters of which are developing or emerging countries, where regulations are weaker, and risks are higher."[183]

182 https://eu.boell.org/en/PesticideAtlas

183 Public Eye, 'Pesticides interdits : plus de 80'000 tonnes exportées depuis l'UE, dont un tiers par Syngenta', 10 September 2022, available at https://www.publiceye.ch/fr/coin-medias/communiques-de-presse/detail/pesticides-interdits-plus-de-80000-tonnes-exportees-depuis-lue.

Figure 37: Volume of banned pesticides exported from the EU (2018)



Source: Public Eye et Unearthed

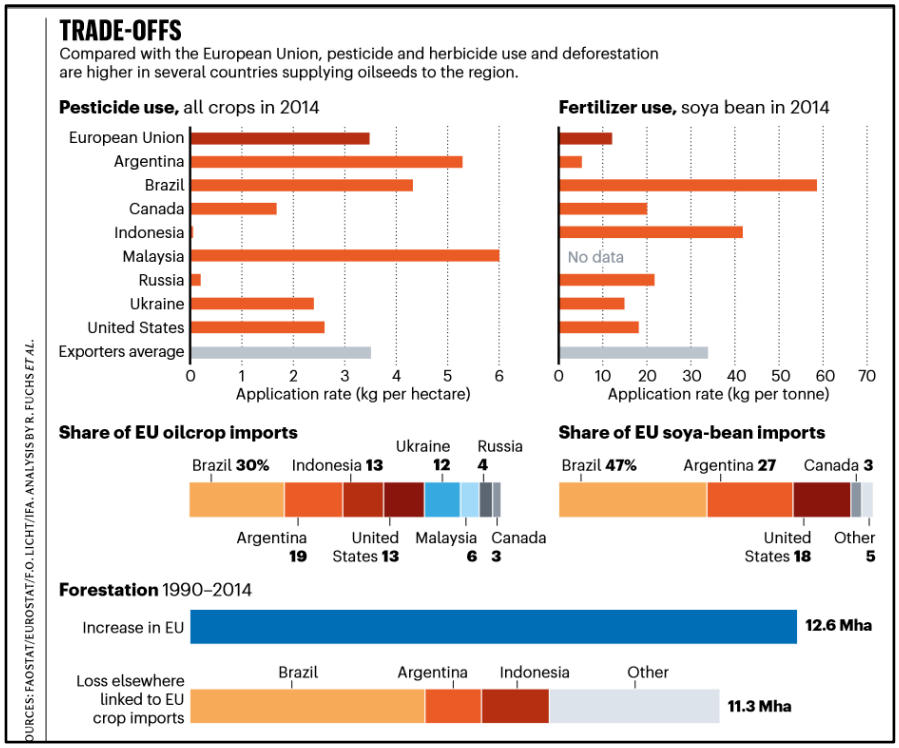
For the UN Special Rapporteur on toxics, Baskut Tuncak: *"The ability to manufacture and export toxic substances banned from use domestically is one, albeit large, element of how States have institutionalised externalities through discriminatory national laws and an outdated system of global governance for chemicals and wastes."* Belgium is one of the EU countries whose laws currently allow the export of toxic weed killers banned on the continent to developing countries with weaker regulations, a situation that can be addressed nationally and without the need to obtain any input from the European regulator. Although it is hard to say whether there is a direct connection between the export of illegal pesticides and the chains that have been identified in this study, there is little doubt that addressing the export of certain chemical products would be a matter of policy coherence for development and of improving the sustainability of food chains that may ended up feeding Belgian citizens. As such, it would be a policy particularly fit for the purpose in the context of the Beyond Food strategy.

Similarly, the Federal authorities have the power and jurisdiction to address the production and export of chemical products that have not been declared illegal but have been withdrawn from the EU market by their manufacturers when it became clear to them that they would not meet EU's approval criteria. According to a 2020 Greenpeace's report, *"residues of the herbicide glufosinate, which may damage fertility or foetuses, are permitted in fruits, nuts, soya and meat. Likewise, residues*

of carbendazim, which may cause genetic defects, are permitted in cereals, vegetables, fruits and nuts. These pesticides were not banned by the EU but withdrawn from the market by their manufacturers when it became clear that they did not meet EU's approval criteria."[184]

The use of pesticide and chemical inputs at the beginning of food chains is very hard to assess and detect from the final end. However, there are strong elements to conclude that the Belgian federal authority has a role to play in reducing the global use of pesticides and chemical inputs that have been declared unsustainable, or that are not commercialized anymore in the EU due to their negative impact on the environment. As a country whose companies are world leaders in the production of these products, Belgium has the jurisdictional space and the opportunity to concretely contribute to the global sustainability of food chains. Moreover, it has a legal obligation to do so.

Figure 38: Comparison of pesticides and fertilizer use between the EU and countries supplying oilseeds to the region



Source: FAOStat/EuroStat/F.O.Licht/IFA Analysis by R. Fuchs and all

According to a Legal Analysis on the "Export of banned pesticides to Africa and Central America"[185] realized by the Center for International Environmental Law (CIEL), the continuous export of banned or unapproved pesticides from European Member states represents a violation of the Bamako Convention in Africa and the Central American Agreement, a violation under the Basel Convention on the Control of Transboundary Movements of Hazardous Waste and Their Disposal, and broader

184 More info here : https://www.greenpeace.org/eu-unit/issues/nature-food/2656/eu-must-stop-exporting-and-importing-banned-pesticides/

185 CIEL, he Export of Banned Pesticides to Africa and Central America, Legal Opinion of the Center for International Environmental Law (CIEL), 2022, available from https://www.ciel.org/wp-content/uploads/2022/09/Legal-Analysis_Exports-of-Banned-Pesticides_FINAL.pdf

human rights obligations that the Member States have adopted by ratifying international conventions on human and environmental rights. Potentially, a violation of the Convention on Biological Diversity and a violation of the Paris Agreement on Climate may also be envisaged.

In addition, as a country that is a leader in the import of food commodities that are often associated with the excessive use of chemical inputs (e.g., cocoa and coffee), Belgium has also a role to play in increasing the health and sanitary controls at the border and reducing the possibility for unsustainably produced goods to enter the market. All, of course, recognizing the social and economic impact of limiting access to the Belgian market and the need to adopt adequate and coherent policies that support farmers in the transition towards sustainable practices (e.g., mandatory living income and living wage).

In order to improve the social and environmental sustainability of the food chains that feed Belgium, the Federal Legislator should:

- Adopt policies that align with the objectives of the Farm to Fork with regards to national use of pesticides
- Ban the production and export of pesticides that are banned in the European Union or no more commercialized
- Increase the sanitary controls over imported commodities (food and animal fed) that are often associated with high levels of pesticides and/or countries associated with a higher consumption of toxic products
- Extend the ban to the import of products that contain residues of products that have been withdrawn from the EU market, even without being banned.

Belgian Due Diligence legislative proposal

In April 2021, a legislative proposal was tabled in the Belgian Federal Parliament to implement a mandatory value chain due diligence for all Belgian companies and the set-up of a preventive 'plan of care' by large companies and high-impact SMEs.[186] The bill is based on the French *Loi sur le devoir de vigilance des entreprises*, but contains some elements of diversity that elaborate on the French and German experience, and that benefit from the internal dialogue with civil society organizations. However, multiple examples exist within and outside the European Union that can be taken as an inspiration, and that can be combined with the forthcoming European regulation in order to shape a national framework that positions Belgium and Belgian food chains at the forefront of social and environmental sustainability.

This is not only the case of the German and French Due Diligence laws (French law on due diligence and German National Action Plan Human Rights), but also of the Norwegian Law on Transparency, the UK Modern Slavery Act, the California transparency in supply chains act of 2010, the 2018 Australian "Modern Slavery Act of 2018" and the Dutch *Wet zorgplicht kinderarbeid (*"Child Labour Due Diligence Law") which requires companies registered in the Netherlands and companies from abroad

186 https://www.dekamer.be/FLWB/PDF/55/1903/55K1903001.pdf

selling goods and delivering services to Dutch customers to report that they have carried out supply chain due diligence pertaining to child labour and set out action plans to address and prevent child labour from happening.[187] Recently, the Dutch Government also announced that a Due Diligence proposal would be tabled by the end of 2023.[188] In addition, legislators and the judiciary in several countries have introduced legal innovations that have changed the way in which value chains are understood and governed nationally. Each of these initiatives offers the Belgian legislator and broader society with tools and guidelines on how to improve the human rights performance of transnational chains, and a laboratory to identify what has worked and what has not.

In addition, existing legislation has been the object of academic and non-academic scrutiny, which has identified the potential and weaknesses of existing solutions. For example, attention has been put on the importance of identifying sectors and countries with a higher risk profile and consequent higher duties, but without creating a 'safe haven' for all other actors and chains. Similarly, criticisms have been raised against legislations that limit standing or do not provide adequate funding and institutional protection to victims and whistle-blowers. Likewise, dissent has formed against the choice of the Californian legislation to limit corporates' obligations to the provision of a due diligence plan without an objective responsibility for existing human rights violations in the chain, and against the UK Modern Slavery Act's narrow obligation to publish the due diligence plan, with almost no requirement in terms of content and adequacy.

It is therefore noteworthy that the Belgian bill goes beyond some of the obligations of the current EU Directive proposal and of some of the other initiatives. We therefore believe that it is key that the Belgian implementation maintains the current level of ambitions, maybe with further elements derived from the experience of other countries. For example, the Belgian initiative:

- would be based on the double obligation of diligence and reparation for the harm caused.
- would recognise that companies that have control or exercise control over the value chain have an obligation of results (preventing human rights, labour and environmental violations) and not only an obligation of means (establishing the due diligence plan).
- would introduce the joint and several responsibilities of enterprises that are involved in the generation of the same harm, so that each one could be held responsible for the totality of the harm.
- would introduce stricter requirements for large enterprises and would expand it also to Small and Medium Enterprises operating in 'high-risk' sectors to conflict minerals, extractive industry and finance (beyond agriculture, minerals and garment) and regions.[189]

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187 The Belgian Bill recognizes the diversity of initiatives and has been informed by a memorandum prepared for the French legislative process, entitled Evaluation de la mise en oeuvre de la loi n° 2017-399 du 27 mars 2017 relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre, rapport à Monsieur le ministre de l'économie et des finances établi par Anne Duthilleul et Matthias de Jovenel, janvier 2020. Source: https://www.economie.gouv.fr/cge/devoir-vigilances-entreprises

188 https://corporatejustice.org/news/dutch-minister-announces-national-corporate-due-diligence-legislation/

189 Par secteurs d'activité économique à haut risque, nous entendons en particulier les secteurs susceptibles d'alimenter, directement ou indirectement, les conflits armés, les violations des droits humains, et de soutenir la corruption et le blanchiment d'argent, comme par exemple le commerce des minéraux et des métaux suivants: l'or,

- would be a frontrunner in the introduction of the specific recognition of liability for harms that the due diligence should have prevented, a presumption of liability and reversal of the burden of proof (companies must prove they conducted due diligence and that they could not avoid the harm - art 24), a way of addressing the unequal distribution of power and resources that usually characterizes the victim/perpetrator dynamics.
- would adopt a broad definition of environmental harm that goes beyond the narrow guidelines of the EU Directive.
- would define Belgian law and Belgian jurisdiction as the applicable ones even if the harm occurred abroad, unless claimant chooses otherwise, significantly boosting justiciability and the likelihood of redressal in cases where local jurisdictions are not open to human rights and environmental claims (Art. 28 and 29).
- would include through article 19 a provision on collective redress *ratione personae* in a process of collective reparation of the people who are individually harmed by a common cause, and also the possibility for accredited civil society organisations and trade unions to be able to represent victims and take legal action on their behalf (art. 20).
- would be capable of giving 'teeth' to due diligence because of the power of the State authority that will be identified as competent to order injunctive measures, issue fines (up to €100,000 and include exclusion from public procurement) and publish useful data, but also because of the introduction of criminal liability of the responsible director even if not directly linked to the commission of the human, labour or environmental harm.

At the same time, civil society organizations have stressed the importance of going even further and to make sure that the Belgian State uses its public authority to fully adhere to its international social and environmental obligations and achieve them. In particular, it has been stressed the importance of imposing a duty of transparency and engagement with all stakeholders in the redaction and implementation of the due diligence plan, with particular attention to local communities, workers, trade unions and trade union delegations, civil society and human rights organisations, human rights defenders and indigenous people. For FIAN Belgium "All affected persons or groups must be guaranteed to be consulted and to be able to express themselves and actively participate without the risk of reprisals. Such public enquiries by companies can in no way harm communities, nor can they replace independent or public consultations."

Similarly, there is currently no specific reference to pricing and purchasing practices in the articles of the bill. The only mention of it can be found in the recitals of the proposal, a recognition of the close link between prices and sustainability. The implementation guidelines provided should fill this gap, and require companies to pay their suppliers at a price that is in line with human rights and allows suppliers to respect the environment they work in. In that sense, the 'plan of care' would be a useful

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l'étain, le tantale et le tungstène; ce commerce étant visé dans le règlement (UE) 2017/821. Il s'agit également des secteurs à risque en matière de violation des droits humains et sociaux, pour lesquels l'OCDE a élaboré des guides sectoriels spécifiques en matière de diligence, tels ceux relatifs aux minéraux, aux produits agricoles, à l'habillement et au secteur de la chaussure ainsi que ceux relatifs aux secteurs des industries extractives et de la finance. Pour assurer la sécurité juridique, une habilitation permet au Roi de dresser la liste des secteurs d'activité économique et des régions à haut risque.

instrument to check the effective implementation of adequate measures and access to justice a space to enforce it.

Another point that has been raised concerns the establishment of "effective complaints mechanism to quickly identify negative effects and protect whistle-blowers" which also involves the establishment of an independent authority that is not too close to the market that it aims to regulate,[190] the provision of adequate fundings for plaintiffs and a broad definition of standing. According to a Memorandum published in 2020 by Belgian civil society representatives active in the human rights and environmental space:

"Any legal or natural person (victims, trade unions, NGOs, consumer associations, etc.), whether they reside in Belgium or abroad, who has an interest in taking legal action, has the right to bring a case before a Belgian judge. The law must guarantee access to justice by providing for free legal assistance, sufficiently long statutes of limitations that take into account the complexity of international disputes, the possibility of bringing collective redress actions, and the possibility for non-governmental actors to represent victims before courts and tribunals."[191]

The legislative process is now on hold, as the EU CSDD Directive proposal presented above seems to have halted the Belgian legislative process. However, it is our opinion that the existence of a EU framework should not prevent national interventions. On the contrary, the adoption of the EU CSDD Directive will require Belgium to translate its content into national legislation and to adapt it to its aspirations and the aspirations of its constituency. A national debate on CSDD is therefore a prerequisite for the predisposition of an ambitious national plan, an opportunity to make sure that Belgium and its enterprises are leading the pack in the transition towards socially and environmentally sustainable food chains rather than legging behind and 'missing the train' of sustainability. in that sense, the ambitions of the Bill appear as a valuable starting point, and its dialogue with the Beyond Food strategy a possible term of reference for other Member States.

Leveraging the Belgian Unfair Trading Practices Law

As mentioned above, the EU has adopted the European UTP Directive 2019/633 on unfair trading practices in business-to-business relations in the agricultural and food supply chain. As all Directives, the law leaves some space of manoeuvre to the Member States, especially in terms of prohibition, definitions, sanctions and confidentiality. For example, Member States can expand the list of forbidden UTPs by prohibiting some of the "grey" practices. They can also include abusive practices

190 According to Article 4.4 "Surveillance de l'application de la loi", Le Roi est habilité à désigner l'organisme chargé de la surveillance concernant l'application de la loi. Vu l'article 107 de la Constitution, le législateur n'est en effet pas habilité à déterminer cet organisme. On peut cependant supposer que ce sera le SPF Économie. However, criticisms have been raised against the idea that the Service Public Federale Economie is the adequate place, given that "Le SPF Économie, PME, Classes moyennes et Énergie est le service public fédéral belge qui a pour mission de créer les conditions d'un fonctionnement compétitif, durable et équilibré du marché des biens et services en Belgique."

191 Memorandum, Fondements essentiels pour une loi belge sur le devoir de vigilance, Octobre 2020, available here: https://www.fian.be/La-premiere-audition-sur-la-loi-belge-sur-le-devoir-de-diligence?lang=fr

beyond the ones listed in the directive or, even better, institute a general ban on all UTPs without distinction between black or grey practices. Theoretically, they could also expand the scope of their laws so that they do not only concern UTPs happening in agri-food supply chains, but also in other supply chains, such as textiles.

It is thus important to provide a short summary of the state of the art in Belgium and identify positive elements as much as possible margins for improvement.

Although with some delay, the European UTP Directive has been transposed into Belgian law by the Law of 28 November 2021. It was published on 15 December 2021 and entered into force on 25 December 2021, with one year of transitional period. Agreements that were concluded before the UTP Law's publication on 15 December 2021 benefit from a transitional period of 12 months to comply with the new rules. The Federal legislator transposed the UTP Directive's provisions into Book VI of the Code of Economic Law, in which specific provisions relating to unfair business-to-business practices and unfair contract terms were already inserted.

Interestingly, the national law broadens the scope of the EU Directive, modifying a few key elements concerning its application and the list of prohibited actions. Differently from the Directive, which identifies a series of 'steps' based on the annual turnover and allows the use of the law only when businesses are of different size, the Belgian UTP Law does get rid of the various threshold and provides the possibility of triggering the UTP procedure by any business with less than 350 million of annual turnover on a global basis.[192] The rationale behind the choice was the consideration that it would be impractical for the parties involved to have to check the other party's turnover and that this figure is likely to change on an annual basis, so that a lawful practice on one year due to the size of the parties could be prohibited the following year given a new turnover.[193]

One exception to the rule occurs if the supplier is a recognised producer organisation. These specific food actors are not barred from using the UTP law even if their consolidated turnover is higher than the threshold. Given that they are considered to be in a vulnerable position due to the market situation, the Belgian legislator decided to grant them the same level of protection. This provision appears very important in the case of global food chains, given the role that recognized producer organisations play as suppliers of key tropical commodities like coffee, cocoa and banana.

Another important characteristic of the Belgian UTP Law is that it does not include a distinction between products intended for human consumption and products intended for animal consumption, nor between perishable and non-perishable agri-food products. The protection against unfair trading practices applies to all suppliers of any of these products in the same way. The lack of a distinction between human and animal consumption may have some relevance when we talk about soybeans and – to a certain extent – corn and wheat (that are not discussed in this study). The absence of a distinction between perishable and non-perishable and the fact that the latter are

192 The threshold is calculated on the basis of the consolidated worldwide annual turnover. According to the Belgian legislator, suppliers with a turnover exceeding EUR 350 million are not to be considered as weak parties and therefore do not need to be explicitly protected.

193 Economie, Annual Report on Unfair Trading Practices in Business-to-Business Relationships in the Agricultural and Food Supply Chain, 2021.

subject to the higher level of protection guaranteed by the former assumes significance given that the internationally traded commodities are mostly non-perishable, although some key commodities have a short life span.

A consequence of the absence of the perishable/non-perishable distinction is that the new article VI.109/5 of the Code of Economic Law containing the 'black list' of market practices that are considered as being unfair and prohibited under all circumstances provides a higher level of protection to the supplier of non-perishable goods than the EU Directive. For the UTP law:

- The maximum payment period is of 30 days for both perishable and non-perishable agri-food products, whereas the maximum payment period set out in the EU UTP Directive is 60 days for non-perishable agri-food products.
- The principle that a buyer cannot cancel an order within 30 days applies not only to perishable agri-food products but also to non-perishable agri-food products.

In addition, article VI.109/6 of the Code of Economic Law reproduces the 'grey' list of the EU Directive. However, the Directive mentions that the lists are not fixed, providing an opportunity to push the bar of sustainability even higher. Following the indications of the UTP Directive, article VI.109/7 of the UTP Law gives the King the ability to amend or extend these lists by Royal Decree. According to the procedure, the King may – by decree deliberated in the Council of Ministers, on the joint proposal of the Ministers responsible for the Economy, the Self-Employed and Agriculture, and after obtaining the opinion of the High Council for the Self-Employed and SMEs and the Central Economic Council – amend or extend the black and grey lists. Although it is noteworthy that the procedure does not involve the Minister of Development and Cooperation, the possibility of amending the lists offers a unique and key point of entrance for aiming to higher levels of fairness in supply chains, and in particular to include some of the key points that have been raised by the participants to our workshops and interviews.

Firstly, an expanded list of 'black' practices could be an effective way towards living income and living wage, by banning any contractual relationships that do not guarantee them. Along with the payment of adequate prices, the UTP Law could be the instrument to guarantee high levels of transparency and information for suppliers, so as to address the information asymmetry that usually characterizes their relationship with buyers. *For one of our interviewees: 'The most important factor for improvement is price, along with the tendering process. We need transparent costing at both sides of the line. Retailers are asking producers to open their books and show their finances; but they then never disclose their own costs, margins, etc.'* By favouring disclosure and a better understanding of market dynamics, an ambitious UTP law could thus provide tools to suppliers to obtain more information on their counterpart and increase their negotiating power.

We believe it would be appropriate to follow the example of Spain, and introduce via the "black list" of UTP a ban of selling below farmers' production costs. The practice of selling below cost is extremely problematic in global value chains with a concentrated end market and a non-elastic demand curve. This has been raised with intensity in the banana sector. While retailers may want to sell stock below cost-price as a marketing mechanism, or because of shelf-life and therefore food waste considerations, retailers should always ensure that suppliers receive payment covering at least the cost of production. Buying and selling below cost is structurally against sustainability because it

creates an inherent incentive to look for cheap products and not remunerate the social and environmental inputs needed to make food possible.

Another element that could be addressed by a reform of the list is the adoption of purchasing practices that intensify competitiveness and force suppliers to cut costs in order to have access to the market. For example, the Decree could be used to ban the use of 'double-race auctions', that are mechanisms used by buyers to place suppliers against each other in short-notice online auctions, in which they are incentivised to offer their products at the lowest possible price. Suppliers will often offer at a price below the cost of production, with inevitably negative effects on the farmers and workers in the groceries supply chain. The use of these auctions has been linked to widespread human rights abuses in the Italian tomato sector. Although suppliers are not technically obliged to take part in such auctions, when it is their only way of securing a market for their produce they are left with little choice.

Moreover, the King's Decree could be used to better protect suppliers against retaliatory de-listing. Suppliers in the agricultural sector are typically reluctant to complain of unfair or illegal treatment by a buyer owing to concerns that they might be de-listed. While Article 3.1h) of the Directive protects suppliers from 'acts of commercial retaliation', it may be difficult to objectively define what this might entail. The vulnerable position of many suppliers would be strengthened by a provision requiring a buyer to communicate all de-listing decisions with reasonable notice and by citing genuine commercial reasons.

In addition, the national legislation could be more ambitious than the Directive by extending the possibility of lodging a complaint to associations and civil society organizations with an interest in the preservation of social and environmental sustainability in the food chains. This would be a significant 'game-changer' in the case of suppliers and producers who reside outside of the European Union and who may not be in the conditions of filing a complaint or even directly aware of their rights.

Finally, a reform of the law could be introduced to eliminate the thresholds to present complaints as this would allow more complainants to introduce their reclamations regardless of turnover considerations. As far as possible under Contract Law, the agreements or contracts between supplier and buyer should contain certain minimum terms, as this would *ex ante* forbid unfair trading practices and avoid risk of contract pressure upon suppliers in a weaker position against bigger EU buyers.

For example, supply agreements or contracts:

- ➔ Should include a reference to Directive 2019/633 on UTP in the food supply chain, and the corresponding transposition law as binding norms governing the contract
- ➔ Should not contain any provisions or terms that aim at limiting the property or responsibility of the buyer with the products purchased from the supplier, or share/transfer such responsibility to the supplier
- ➔ Should clearly set the price for the supply of products, and such prices should cover the cost of production of the farmer/supplier (fixed and variable/marginal costs).

Our opinion is that an improvement of the system would require the Belgian government to examine the presence of UTPs in the most relevant commodities at Belgian level; e.g., banana, coffee, cacao.

These food chains are central to the issue of lack of fair prices or prices not covering cost of (sustainable) production, with an indirect consequence on the environment, workers' health and work conditions of suppliers, and ultimately the health of the crops.[194] As a frontrunner in the pathway towards more sustainable food chains, the Belgian Federal Government could commission specific studies and make sure that the contractual and economic regulations are up to the task of getting rid of Unfair Trading Practices in the agri-food chains.

Conducting a thorough and ambitious revision of the Belgian UTP law based on the elements mentioned above could raise the ambition of the revision the new Commission will be carrying out.

Biofuel and feedstock: regulating chains beyond human consumption

Some crops can be used for other purposes that are not human consumption. This is the case for crops that become fed for livestock and crops that are burned as biofuels. To use Saturnino Borras and colleagues' words: "The most recent commercially significant by-product for soya is perhaps biodiesel. Sugarcane has multiple food-oriented uses and is also famous for jumpstarting modern-day bioethanol in the 1970s. Corn is a classic crop with multiple uses: sweetener, livestock feed and ethanol. Palm oil has been a popular vegetable oil for cooking and other foodstuffs. But by-products from producing palm oil – palm kernel cake, palm oil sludge and palm pressed fibre – are increasingly important commercial animal feedstuffs, and so is biodiesel from palm oil (Alonso-Fradejas et al. forthcoming)."[195]

According to Borras and colleagues, these 'flexi-crops' are part of global value chains the governance of which cannot be confined to human consumption and the existence of which has direct repercussions on the volatility of prices, on the prices paid to farmers, on the concentration of market and on the creation of both social and environmental externalities. For Borras, the global market for flexi-crops allows "for a more diversified product portfolio, thereby enabling investors to better anticipate – and more nimbly react to – changing prices, e.g., to better exploit price spikes or withstand price shocks."

When thinking Beyond Food, the Federal Government should therefore also think about the crops that are not used as food for humans and reflect on the following questions: what are their social and environmental impacts? How does the use of food for other purposes impact food value chains, and how is it linked with food insecurity?

The percentage of imports to Belgium that end up being used for another purpose that is not human food is not an available datum, and it would be useful if the Federal Government was to gather it. In 2015, for example, it was revealed that "Some 53% of EU biodiesel is made with imported feedstock,

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194https://www.fao.org/fileadmin/templates/banana/documents/IIWBF/contributions/FT_Banana_Summary1.pdf

195 Saturnino M. Borras Jr., Jennifer C. Franco, S. Ryan Isakson, Les Levidow, Pietje Vervest,The rise of flex crops and commodities: implications for research, Journal of Peasant Studies, 43 (2016) 93-115.

and almost half of imported palm oil is burned in car engines."[196] In the last few years, the use of soy oil in biofuels has risen in the EU, reaching around a million tonnes. The EU is the fourth largest consumer of soy oil for biofuels on a global scale, behind Brazil and the United States – both of whom use 4.3 million tonnes – and Argentina, which consumes 1.7 million tonnes.[197]

Whether crops are used as or and feed, their consumption in other forms rather than human food means that the Beyond Food Strategy cannot intervene only at the level of human consumption (public procurement, taxation, etc.) and not only with regards to goods that are bought by the consumers on a daily basis. Specific attention must thus be given also to imported products that do not make it to supermarkets, canteens or households. At least not in their raw form (soybeans are indirectly consumed through the animals that are then sold on the market as meat).

Whereas the relationship between meat and soybeans has been widely discussed, especially with regards to deforestation for soybeans production, the production, transportation and burning of crops has been at the centre of less debates, although it was one of the main drivers of the anti-land grabbing campaigns around the 2010s. Including after 2012, when the EU issued a revised version of its Renewable Energy Directive (RED II), the increased import of crops for biofuels was strongly criticized for the link with land conversion and for the social and environmental implications of extending agricultural surface to produce energy. When the REDII Directive was issued, the aim of the EU was to decrease the negative impacts associated with the growing demand for biofuels (i.e., land grabbing and deforestation). There is little doubt that the import and burning of soybeans, sugar and palm oil for the production of fuel may have an impact on all the state of the indicators used in Le BASIC's compass. Here below we indicate some of the main concerns.

a) Possibility that overall GHG emissions are higher than petrochemical fuels

Taking into account their full life cycle (including indirect effects, such as land use change), the use of biodiesel can lead in some cases to increased CO2 emissions. This is particularly the case for biodiesel based on palm and soybean oils. The life cycle emissions of palm oil are three times higher than those of fossil diesel. For soybean oil biodiesel, the carbon footprint is twice that of conventional diesel. Rapeseed is closer, but slightly higher than the benchmark diesel.

196 White, Samuel. "More than Half of EU Biodiesel Made from Imported Crops, Study Finds." www.euractiv.com, October 18, 2017.

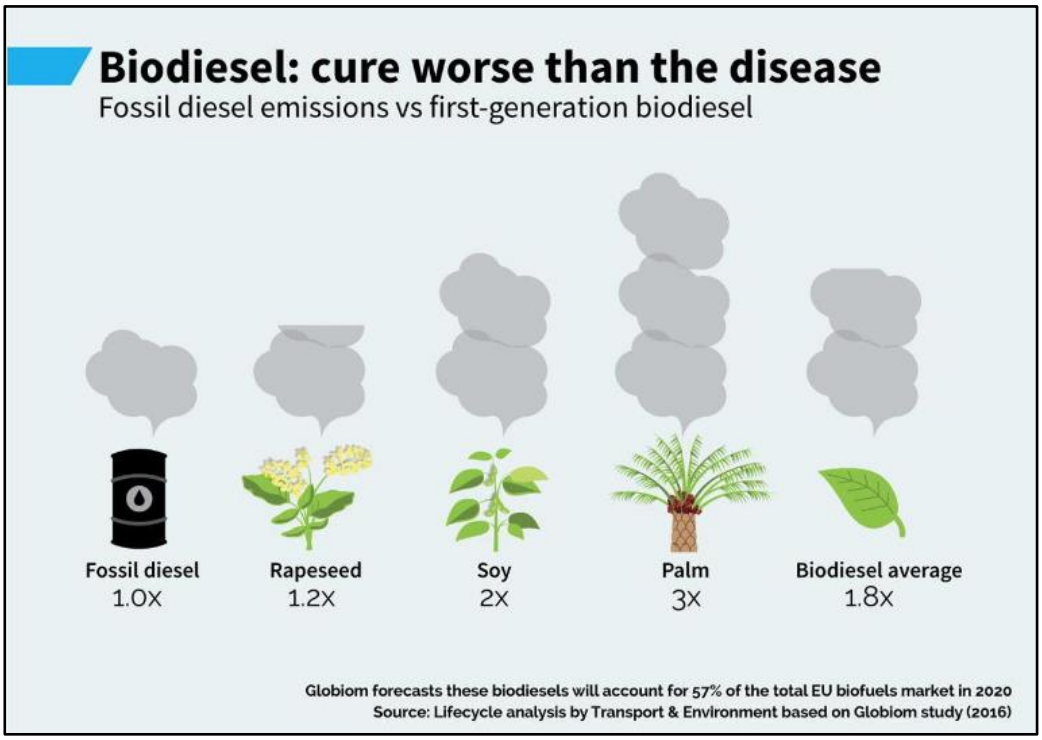
https://www.euractiv.com/section/agriculture-food/news/more-than-half-of-eu-biodiesel-made-from-imported-crops-study-finds/

197 Transport & Environment. "Fueling Our Crises: How Europe's Move to Soy in Biofuels Contributes to Our Climate Crisis, Food Insecurity and the Collapse of the Amazon.," November 4, 2022. https://www.transportenvironment.org/wp-content/uploads/2022/11/Soy_Study_TE_2022_final_embargoed_Friday_4_Nov-1.pdf.

"The use of biodiesel in Belgium currently produces a surplus of greenhouse gas emissions equivalent to the emissions of the entire Belgian transport sector for 10 days."[198]

This was also recently highlighted by an opinion of the Belgian Central Economic Council, according to which "*"The advisory bodies wish to recall that they have already pointed out that, compared to traditional fuels, the use of biodiesel can lead in some cases to increased CO2 emissions, taking into account the full life cycle (including indirect effects, such as land use change), in particular biodiesels based on palm and soybean oils. They therefore recommend again that the European and Belgian authorities restrict and eliminate the use of the problematic alternatives soy and palm oil (highrisk ILUC), which emit more GHGs on a full life cycle basis than the fossil fuel they replace. "*[199]

Figure 39: Fossil diesel emissions vs first-generation biodiesel



Source: Lifecycle analysis by Transport and Environment based on Globiom study (2016)

b) Risk of use of higher pesticide and chemical inputs to produce biofuel crops rather than food for consumption

198 Inter-Environnement Wallonie, Oxfam, FIAN Belgium, CNCD, and CETRI. "Evaluation de La Politique Belge d'incorporation d'agrocarburants: a côté de l'huile de palme, de plus en plus d'huile de soja dans nos moteurs." No 2, January 2019. https://www.cncd.be/IMG/pdf/rapport_evaluation_agrocarburants_belgique_no2_-_palme_et_soja_.pdf.

199 Conseil Central de l'Economie, Conseil fédéral du développement durable, and Commission consultative spéciale Consommation. "AVIS - Carburants Destinés Au Secteur Du Transport d'origine Renouvelable," June 7, 2021, p. 5, §6, https://www.ccecrb.fgov.be/p/fr/864/carburants-d-origine-renouvelable-destines-au-secteur-du-transport

The fact that the crops are transformed into oil and then burned rather than consumed by human beings or animal may lead to a higher use of pesticides and chemical inputs. This would have a significant impact on the health of people and planet in the countries of origin, including on biodiversity, climate, soil resources, air quality, animal welfare, labor conditions and rights (intensive agriculture on the model of the robotic plantation).

c) Tendency of being produced in monocultures and mechanized way

The fact that the products are not for human consumption reduces the need to cultivate and harvest in ways that would produce goods that are aesthetically pleasant. This can increase the use of machinery and mechanization, but also the expansion on large surfaces and monocultural production. Although in an anecdotal way, it appears intuitive that agroecological production and small-scale peasantry would not be involved in producing commodities for biofuels. This impacts climate, biodiversity, energy and material resources, water resources, soil resources, biodiversity, air quality, food security, socio-economic equity (concentration of power in the hands of large producers).

d) Deforestation and land use change

An increase in the consumption of a food commodity, even if it is biofuel or animal feed, is likely to be associated with deforestation or indirect land use change. This is a point that has been at the centre of numerous campaigns in the early 2010s and that must also become central to the future climate policies of the Belgian Federal State. According to the OECD, the US, Canada and the EU-15 would have to devote between 30% and 60% of their respective current cultivated areas to replace a mere 10% of their fuel consumption by biofuels. According to INRA (French National Institute for Agricultural Research), the incorporation of 5.75% of agricultural fuels in vehicles by 2010 led to transition of 18% to 20% of arable land into biofuels production. And this only reduced oil imports by 3%. Belgium is not spared by these conversations.

Belgium's land footprint is not negligible. According to Noé Lecocq, expert at Inter Environnement, *"For soybean oil used in Belgian diesel, the production area is equivalent to five times the total area of the Brussels Region*".[200] For Minister Katthabi, who addressed the issue in 2021, "*The use of the most harmful biofuel, palm oil, has increased tenfold on the Belgian market between 2019 and 2020 to 231 million litters. To produce the quantity of biodiesel for the Belgian market, palm oil plantations are needed with a total area of more than 100,000 football pitches. We know from studies that at least half of these palm oil plantations are planted on land that has been deforested in the recent past*."[201]

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200 De Muelenaere, Michel. "Les réservoirs belges toujours plus gourmands en huile de soja." Le Soir, January 21, 2019. https://www.lesoir.be/201686/article/2019-01-21/les-reservoirs-belges-toujours-plus-gourmands-en-huile-de-soja; Inter-Environnement Wallonie, Oxfam, FIAN Belgium, CNCD, and CETRI. "Evaluation de La Politique Belge d'incorporation d'agrocarburants: a côté de l'huile de palme, de plus en plus d'huile de soja dans nos moteurs." No 2, January 2019 https://www.cncd.be/IMG/pdf/rapport_evaluation_agrocarburants_belgique_no2_-_palme_et_soja_.pdf

201Le Soir, Belgium to ban soy and palm oil from biofuel in 2021, 13 April 2021, source https://www.brusselstimes.com/news/belgium-all-news/164687/belgium-to-ban-soy-and-palm-oil-in-biofuels-from-2022-environment-climate-zakia-khattabi-sustainability-amsterdam-declatation-partnership

e) Land use and land grabbing: land resources; socio-economic equity; social cohesion; decent living standards; food security

For years, the expansion of the consumption of biofuel in the EU was criticized because of the direct connection with the grabbing of land in the Global South. Although biofuels may drive less attention from the broad public and may not be a central issue for consumers (who may never encounter a biofuel or not be aware of the fact that they are using them), the environmental and social impact are potentially higher than with food chains.[202] This is because of the push towards the expansion of the agricultural surface and the fact that this process is justified in the name of climate change mitigation.[203] Cases of land grabbing are also emerging with regards to Belgian capital. For example, Oxfam reports that Belgium and the Netherlands have co-invested in the development of an agrofuels project in northern Peru that has left thousands of people in northern Peru without land. Belgian market was the beneficiary[204].

f) Food security

In addition, the current growth in agrofuel production happens partly at the expense of food production. This is despite the fact that it has been estimated that farming the entire agricultural areas of the planet would not be sufficient to replace all oil fuels by biofuels. Only shifting to biofuels is not going to take the world within the limits of the Paris Agreement, and may have significant repercussions on local food security, environmental dynamics, loss of biodiversity and human rights. In addition, the competition between human uses and other uses is such that the growth in demand for biofuels drives up agricultural prices. Regulating these chains is, therefore, also an indirect way of regulating the social impact of food systems in terms of accessibility.

Existing legislation on agrofuels and possible evolution:

The import and use of agrofuels is disciplined by several pieces of legislation, both European and federal. At the same time, they are the object of recent policy requests that have highlighted the need to reform the existing framework to properly account for the social and environmental impacts in the countries of origin of the raw material, and the implications in terms of food security and overall greenhouse gas emissions.

Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, in particular its recitals 25 and 45, obliges Member States to ensure that their energy and climate policies and National Energy-Climate Plans

202 GRAIN, Land grabbing for biofuels must stop, 23 February 2013, https://grain.org/article/entries/4653-land-grabbing-for-biofuels-must-stop

203 Lorenzo Cotula, 'Land grabbing' in Africa: Biofuels are not off the hook, IIED, 2013, https://iied.org/land-grabbing-africa-biofuels-are-not-hook

204 Oxfam Belgique, Notre addiction aux agrocarburants bafoue les droits humains au Pérou, 27 September 2021, https://www.oxfambelgique.be/notre-addiction-aux-agrocarburants-bafoue-les-droits-humains-au-perou

are consistent with and contribute to the achievement of the UN Sustainable Development Goals (SDGs), and respect and promote human rights and gender equality. To this extent, the use of agrofuels for environmental reasons cannot be dissociated from the social impact.

Directive (EU) 2018/2011 on the promotion of the use of renewable energy from renewable sources (RED II Directive) is a key term of reference. Especially after its revision that took place in 2019 and that led the Commission to issue a Delegated Act where it categorized palm oil as a high-emitting biofuel crop and therefore decided to 'freeze and phase out' its use as agrofuel starting in 2030. Whereas palm oil was blacklisted, the Delegated Act provided some exemptions for smallholders and spared soybeans from the delegated act's provisions, sparking the criticisms of soybeans producers but also of palm oil producing countries that sued the EU at the World Trade Organization.[205] At the European level, the position vis-a-vis biofuels and their negative implications is thus still open and has somehow overshadowed the considerations in terms of social impact of producing biofuels on large-surface and of burning food. The fact that the EU Deforestation Regulation may concern products that contain, have been fed with or have been made using relevant commodities (including sugar, palm oil and soybeans) suggests that the link between agrofuels and deforestation could be addressed beyond palm oil.

At the Federal level, the Minister for the Environment and Climate Zakia Khattabi has recently decided to anticipate the EU plans on biofuels and Indirect Land Use Change (ILUC) and go beyond them, and to ban the use of palm oil and soya as raw materials. What was supposed to happen in 2021 and 2022 should now occur in January and July 2023 respectively.[206] In addition, the Belgian Minister of Energy Tinne Van der Straeten's draft "RED II" law, under which *"support for first generation biofuels will be phased out*."[207] First-generation agrofuels are produced from types of biomasses that are often used for food, such as corn, soy, and sugar- cane. These agrofuels are made through fermentation or chemical processes that convert the oils, sugars, and starches in the biomass into liquid fuels. On the contrary, second-generation crops for agrofuel should not be obtained from crops that are also food, but 'just' include woody crops (biomass), agricultural residues or waste, as well as dedicated non-food energy crops grown on marginal land unsuitable for food production.

Oxfam, FIAN Belgium, CANOPEA, Greenpeace and the Bond Beter Leefmilieu have welcomed, in a press release, the agreement reached within the federal government to reduce the share of first generation agrofuels in transport in Belgium. "However, it remains insufficient" for the coalition,

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205 Indonesia—the world's largest palm oil producer and exporter started a proceeding at the World Trade Organization (WTO) targeting the new EU rules on biofuels in March 2020. Indonesia does not only question the effectiveness of the new EU legislation in terms of sustainability but also argues that it unfairly singles out palm oil and thus violates WTO law. Source Stefan Mayr, Birgit Hollaus, Verena Madner, Palm oil, the RED II and WTO law: EU sustainable biofuel policy tangled up in green?, RECIEL, 2020.

206 Source: https://khattabi.belgium.be/fr/le-soja-et-lhuile-de-palme-ne-feront-bient%C3%B4t-plus-partie-des-biocarburants

207https://news.belgium.be/fr/normes-europeennes-pour-lenergie-renouvelable-dansles-carburants-fossiles

which called for an end "as soon as possible" to the mandatory incorporation of biodiesel and bioethanol from agricultural production and for the establishment of an effective human rights framework in its renewable energy policy. This is due to the fact that the environmental and social implications of producing agricultural crops for energy go beyond the competition between food and energy, as presented in the previous part of this analysis.

A Preliminary Royal Decree currently in draft form is establishing product standards for fuels for the transport sector of renewable origin, with the aim of transposing Directive (EU) 2018/2001 (RED II). This draft goes further than the RED II draft law. Article 24 of the Royal Decree draft provides for a broader and more accelerated phase-out of agrofuels than the draft law. The Royal Decree draft would prohibit the placing on the market of agrofuels and biogas made from palm oil or other products derived directly or indirectly from palm oil as of 1 July 2022. Starting from 1 January 2023, this ban would extend to agrofuels and biogas produced from soya oil or other products derived directly or indirectly from the soya.

The draft Royal Decree has also been analyzed in an opinion by the Central Economic Council which concurs on the fact that first-generation agrofuels are too polluting and that it is important to define a policy for Renewable Energy that is systemic and takes into consideration both social and environmental implications, both in the country of origin and in the countries of destination (or where the food is not distributed). For the Council, the objective should be to promote:[208]

- *Social justice and a just transition, respecting the five pillars of social justice: Social dialogue, job creation (investment, research and development, innovation), training and skills, respect for human rights and workers' rights and strong concerted social protection*
- *Policy coherence for climate and sustainable development ensuring that the transition in Belgium is not at the expense of sustainable development in developing countries.*

Finally, in Royal Decree of 17/12/2021 establishing product standards for fuels for the transport sector of renewable origin and for fuels based on recycled carbon for the transport sector[209], the pressure that these agrofuels exert on biodiversity and soil is also scrutinized, as well as land grabbing caused to the detriment of local populations. It thus looks like the Federal government is moving in the right direction in terms of requiring that the environmental impact of agrofuels is considered and adequately addressed before they are put on the market. The same should happen with regards to the social impact, especially in terms of labor conditions and impact on local communities and indigenous people. Some intermediary measures could be adopted, like the removal of tax incentives for palm oil as agrofuel that was approved in France in 2018: it downgraded palm oil and made its

208 Conseil Central de l'Economie, Conseil fédéral du développement durable, and Commission consultative spéciale Consommation. "AVIS - Carburants Destinés Au Secteur Du Transport d'origine Renouvelable," June 7, 2021. https://www.ccecrb.fgov.be/p/fr/864/carburants-d-origine-renouvelable-destines-au-secteur-du-transport.

209 SPF Santé Publique et Sécurité Chaine Alimentaire. "Arrêté Royal du 17/12/2021 établissant des normes de produits pour les carburants destinés au secteur du transport d'origine renouvelable et pour les combustibles ou carburants à base de carbone recyclé destinés au secteur des transports.", etaamb.openjustice.be. Moniteur Belge, December 17, 2021. https://etaamb.openjustice.be/fr/arrete-royal-du-17-decembre-2021_n2022020021.html.

conversion into agrofuel economically unprofitable.[210] At the same time, the Government could make sure that these sectors are adequately addressed in the Human Rights and Environmental Due Diligence Law and in the implementation of the Non-Financial Disclosure Directive.

The recent decision by the Federal Government and the commitments that they have taken show that there is a certain level of sensitivity vis-a-vis the social and environmental risks behind food chains that end up fuelling tanks, houses and industries rather than feeding people. This provides the authors of this report with the confidence that the Beyond Food Strategy will not only be a strategy for human food, but a strategy for food chains that also encompasses biofuels and animal feed. However, the complexity of the 'flexi-crops' and the interactions between agrofuels and fossil fuels require particular attention and an ad hoc engagement that goes beyond the increase in social and environmental sustainability. As a matter of fact, there is no doubt that certain agrofuels have significant negative consequences on both people and the planet, and that in some cases they generate more GHG than burning fossil fuels. However, it is the opinion of the writers that the attention to the social and environmental impact of producing agrofuels should not become an opportunity to slow down the energy transition and the alignment with the international obligations contained in the Paris Agreement. Flexi-crops are not like any other crop, including because of the high level of speculation and the volatility of the markets. Even more than with the other crops, for these the Beyond Food Strategy cannot be limited to the chain and isolated from other, more systemic, considerations.

Taxation, fiscal support and sustainable consumption practices

The Federal Government is in a good position to intervene on the cost of sustainable and unsustainable diets by redefining the duties and levies that are associated with the consumption of certain food. This can be done by lowering the Value Added Tax on sustainable goods, by reducing import tax on sustainable goods or by establishing a Federal Social Security scheme for food that increases the demand for sustainable food (*Securité Sociale de l'Alimentation*). On the other hand, the government could increase taxation on unsustainable food.

As discussed below, each measure has legal foundations and has been experimented elsewhere in Europe or outside of Europe. However, each measure also has its procedural requirements and its possible negative implications. In particular, we would like to stress the importance of associating fiscal measures with broader and more systemic policies, and with a clear focus on the most marginalized members of society who experience food poverty and have less disposable income. Moreover, it is important to highlight that fiscal measures may need a longer time to achieve the goals than more direct interventions such as ban of certain products, a reform of public procurement and the Social Security of Alimentation. However, all these measures can be utilized to favour or disfavour

210 Barbière, Cécile. "En France, l'huile de palme n'est plus un biocarburant"; "Le Conseil d'Etat confirme l'exclusion de l'huile de palme de la liste des biocarburants."; https://www.canopee-asso.org/wp-content/uploads/2021/02/AVISCEHUILEDEPALME.pdf

products that touch upon all the main challenges of the 'compass'. Fiscal measures are, therefore, one of the initiatives that can both concern only specific chains or cut across chains.

Higher or lower Value Added Tax (VAT)

The European Union has adopted an approach that recognizes that states can 'play' with the final cost of products in order to incentivize or disincentivize the consumption of products depending on their impact on people and the planet. This can be done by reducing or increasing the % of Value Added Tax (VAT) that is applied on consumption goods. On 5 April 2022, Council Directive (EU) 2022/542 was adopted amending Directives 2006/112/EC and (EU) 2020/285 as regards rates of value added tax. It was published in the Official Journal on 6 April 2022.[211] The amendment updates the list of goods and services (Annex III to the VAT Directive) to which all Member States can apply reduced VAT rates, now including products that:

- protect public health
- are good for the environment
- support the digital transition.

Once the rules come into force, Member States will also for the first time be able to exempt from VAT certain listed goods and services considered to cover basic needs.[212]

On the other hand, the amendment also removes the possibility (by 2030), for Member States, to apply reduced rates and exemptions to goods and services deemed detrimental to the environment and to the EU's climate change objectives.

At the Belgian level, VAT rates are applied by the ministry of finances (SPF Finances). Currently, the standard rate is of 21%, with reduced rates for different types of products:

- 0% rate-zero: certain newspapers
- 6% reduced rate: most food, water, medicine, books, transport...
- 12% intermediate rate (R02): restaurants, social housing, margarine...

For now, all food products are taxed at the same rate of 6%,[213] although since 2015 there is an extra-duty imposed over sugary drinks (*droits d'accises*), amounting to a few cents per liter, aimed at

211 Source: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2022.107.01.0001.01.ENG&toc=OJ%3AL%3A2022%3A107%3ATOC

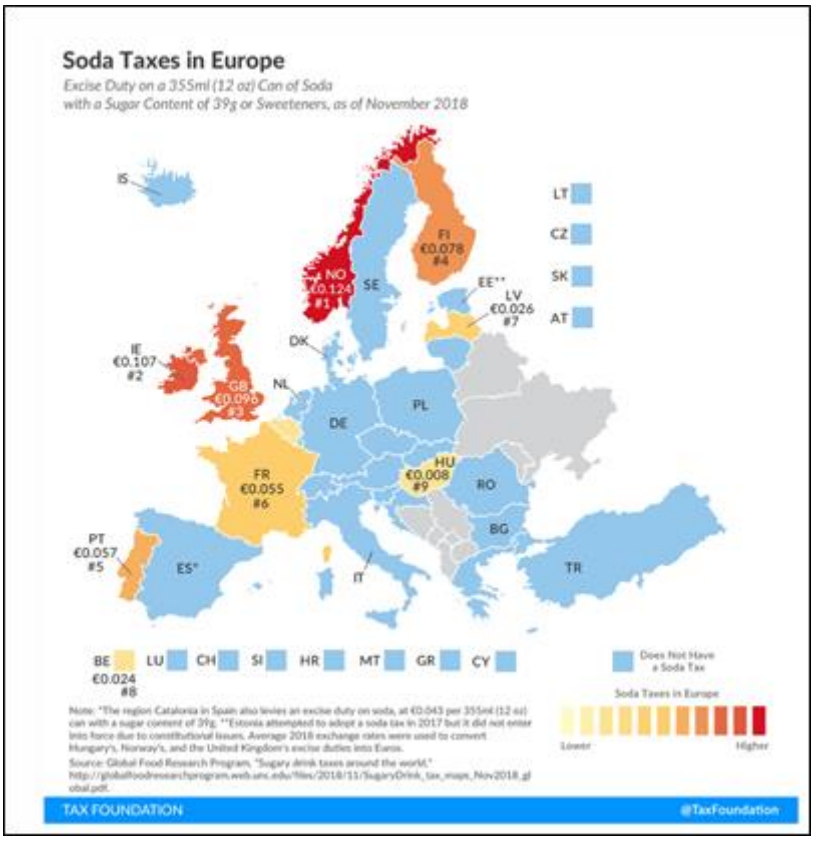
212 Source: https://ec.europa.eu/commission/presscorner/detail/en/ip_21_6608;

https://www.consilium.europa.eu/en/press/press-releases/2021/12/07/council-reaches-agreement-on-updated-rules-for-vat-rates/#:~:text=The%20Council%20agreed%20to%20phase,farmers%20more%20time%20to%20adapt

213 Source: https://finance.belgium.be/en/enterprises/vat/vat-obligation/rates-and-calculation/vat-rates#q1

reducing the consumption for health reasons,[214] even if its effectiveness is contested both by associations that claim that higher prices disfavour the poorest in society, both by groups that claim that the duty should be higher and associated with adequate campaigns of information and measures that increase access to healthy food.

Figure 40: Soda taxes in Europe



Source: https://taxfoundation.org/soda-taxes-europe-2019/ (as of 2018)

Other countries have introduced measures that reduce or increase VAT in order to achieve specific objects of social and environmental policy. For example, Spain applies a differential 4% rate for products of "first necessity" (fruits and vegetables, eggs, flour, …), while the standard rate for food is 10%.[215] On the contrary, since 2021, France has applied a 5% rate on all food, except for beverages containing added sugar ("soda tax"). Similar measures aimed at reducing the consumption of sugary

214 Source: https://www.test-achats.be/sante/alimentation-et-nutrition/alimentation-saine/news/inflation-soda

215 https://www.lemonde.fr/planete/article/2021/09/10/les-eurodeputes-lancent-le-debat-sur-une-tva-renforcee-pour-la-viande-et-supprimee-pour-les-fruits-et-legumes_6094239_3244.html

food have also been introduced by Italy,[216] Ireland[217] and Hungary, which taxes pre-packaged foods high in added-sugar content (i.e., chocolates, sweets, biscuits and ice creams).[218]

From the perspective of Beyond Food, these multiple examples and the EU dispositions show that it would be possible for the Belgian Federal government to intervene at the level of VAT in order to increase accessibility of products that are sustainable and to reduce access to products that are more responsible for environmental and social degradation (in case they are not excluded from the market). According to two actors that we interviewed, higher levels of taxation on unsustainable practices would become an opportunity to raise funds needed to finance development and cooperation projects aimed at facilitating the transition towards sustainable practices on the ground, including the agroecological transition and the strengthening of local food sovereign systems. In the words of the interviewees:

'*The question of financing is also key. Countries make a lot of money out of cocoa. Tax revenues on cocoa of countries of origin and processors are unequally distributed. As an importer country, you've got a responsibility to see how you can finance and strengthen local infrastructures. There's a responsibility attached to being an importer of global commodities. When you buy from someone, there should be a 'social contract' or a way of sharing risk and responsibility'.*

'You can levy a lot through taxation. One solution might be proactive tax reduction for meeting sustainability targets. There's enough value in the Belgian VC to invest in agroecology, but it's never going to happen if the government is not involved.'

Using the 'compass' provided by this study, the Federal Government could decide to reduce the cost of food that is associated with positive environmental and social practices (i.e., a social and environmental certifications, but also ad hoc statements to be filled by everyone willing to obtain a reduced VAT with adequate evidence), as long as the measure is applied in a non-discriminatory way and does not fall under the category of state aid. On the other hand, the Federal Government may utilize the VAT to do exactly the opposite, that is to increase the cost of accessing goods that are not associated with positive environmental or social impacts, or whose producers, traders and sellers have not been capable of proving the lack of positive features.

Academic work on the positive and negative implications of taxes and incentives on food consumption is increasing. Thow et al.[219] review 38 studies analyzing the effectiveness of taxes and subsidies on food consumption and find a consistent effect on improved intakes in terms of obesity and chronic disease prevention. Nutrition-targeted taxes have become a popular measure in the

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216https://www.ey.com/en_gl/tax-alerts/italy-s-sugar-tax-will-enter-into-force-on-1-january-2023#:~:text=Under%20Italy's%20Budget%20Law%20for,and%20subsequently%20postponed%20several%20times.

217 Ireland imposed a 0,30 cent per liter imposed on sugary drinks since 2018 https://www.irishtimes.com/news/health/sugar-tax-to-come-into-effect-next-week-1.3473163

218 Holt E. Hungary to introduce broad range of fat taxes. Lancet 2011;378:755.

219 https://www.sciencedirect.com/science/article/pii/S2211912420300912#bib42

recent past, due to their comparative effectiveness in influencing consumption behaviour.[220] On the other hand, it is also recognized in academia and policy circles that monetary instruments alone will not suffice in order to reach nutrition and sustainability objectives. Complementary measures able to support a change in the behaviour of large consumer groups are needed alongside price signals. These could be a mix of non-fiscal interventions (e.g., information campaigns, product labeling or target group-specific interventions to increase awareness, acceptability and willingness of consumers to change to sustainable and healthy diets) but also broader measures that support the expenditure of families for goods that are sustainable and healthy.

In addition, it is important to highlight that higher costs of consumption may reduce the profit of certain companies that cannot put sustainable goods on the market, and that they could use the lower margin as an excuse not to invest in sustainability. As mentioned by one of our interviewees: "*As a result, if we increase taxes, we increase production costs, which will make it more difficult to negotiate a better price for producers: companies will argue that their production costs have exploded and that there is no longer a budget to pay back to producers.*"

However, higher prices for unsustainable foods should represent a strong incentive towards the adoption of sustainable practices rather than an excuse not to do anything. And, as a matter of fact, higher prices are almost inevitably linked with sustainable food chains, so it is important for the Federal Government to start reflecting on what are the implications of higher costs of food and what it can do in order to reduce the cost of sustainable and healthy products.

Social Security of Sustainable and Fair Alimentation

Given the importance of accessibility and the structural problems when it is left to individual purchasing capacity, the authors of this study consider that the Federal Government should take into consideration the possibility of directly intervening in supporting the consumption of sustainable and fair products as per our study. In light of recent conversations that are taking place in Belgium,[221] we look with favour at the possibility of developing a 'Social Security of the Alimentation' scheme (Securite' Sociale de l'Alimentation -SSA) with both a regional and international component.[222] The SSA, as it is known in the Belgian law and politics of food circles, consists in a scheme that raises funds from citizens (workers or high-net-worth individuals) to support the consumption of healthy, fair and sustainable food in the form of vouchers.

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220 https://www.sciencedirect.com/science/article/pii/S2211912420300912#bib26

221 https://www.youtube.com/watch?v=F7pLqQn4TeQ

222 https://www.fian.be/Extension-de-la-securite-sociale-vers-un-pilier-alimentaire-1943?lang=fr; https://rencontredescontinents.be/Une-Securite-sociale-de-l-alimentation.html.

The idea of a social security for food is to implement a public institution, inspired by the social security for health, with a double objective:

- to guarantee everyone a supplementary income by means of a monthly allowance specifically intended for food (between 50 and 150 euros)
- to constrain the possible uses of this allowance to food products that meet the criteria of sustainability, short circuit and fair income for producers.

This allocation is an incentive for economic actors to develop sustainable and fair channels. It re-localises the power of decision concerning food in the hands of the public institution, which would encourage democratic participation. The public fund will be financed by a mix of employee and employer contributions on labour, and/or public allocations, possibly financed by specific additional taxes.

As a form of cash transfer, the SSA would be conditioned to the use of the funds for the purchase of food that is produced and distributed according to strict social and environmental values, in order to reproduce the same virtuous circle that would be produced by a reform of public procurement. Whenever sustainable and healthy food is not produced regionally, like in the case of several of the commodities discussed in this study, the SSA could be opened to sustainable commodities. In this way, the financial support to sustainable consumption would not be only in the form of a reduction of the VAT but would consist in the public support to the purchase of goods that are better for people and the planet.

Although no country has yet implemented the full scheme, many pilot projects are already in place on a limited scale. The city of Montpellier in France has set up a test project by establishing a local fund, encouraging the participation of the underprivileged public to improve their daily lives and the sale of products yet to be selected.[223] In Belgium, two partnerships between Public Social Welfare Centers (CPAS) and cooperative supermarkets allow disadvantaged people to access quality products from supermarkets.[224]

Indirect taxation or incentives on trade and ingredients

Along with VAT and the SSA, the Federal Government could also design indirect taxes or incentives on import/export on non-sustainable food or on ingredients before they are processed. In any case, it would be essential to identify the standards that are required in order not to be subject to the extra-levy, the products on which it is imposed, and make sure that it does not have a regressive impact that disfavours the most marginalized members of society.

223 https://tav-montpellier.xyz/?PagePrincipale

224 https://drive.google.com/file/d/15eIM3gQbViNmPzjQc5ni7UiJQEBW5i9O/view?usp=share_link

Food-chains requirements and guidelines for Non-Financial Disclosure obligations

In 2014, the European Union issued Directive 2014/95/EU regarding the disclosure of non-financial and diversity information by certain large undertakings and groups (NFRD). The NFRD was transposed into Belgian law by the law of September 3, 2017, and is mainly derived from the transposition of the NFI Directive. Thus, in Belgium, companies meeting all of the following conditions are required to prepare a non-financial statement once a year:

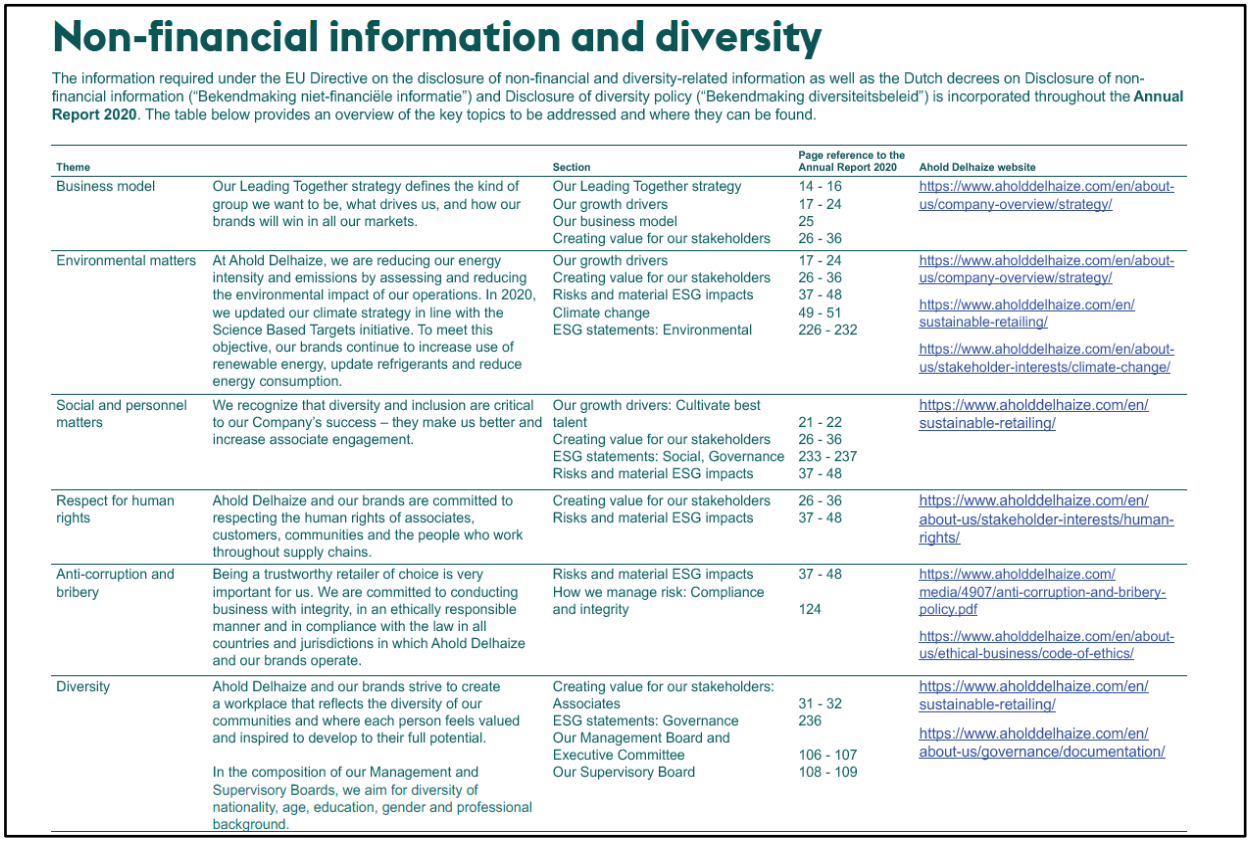
- The company is a public interest entity
- The company exceeds, on the balance sheet date of the last closed financial year, the criterion of an average number of 500 employees over the financial year
- The company exceeds, as of the balance sheet date of the last completed financial year, at least one of the following two criteria: a) total assets of EUR 17 million; or b) annual turnover of EUR 34 million excluding VAT.

According to the European discipline and the Belgian transposition, undertakings (including financial investors) of a certain economic relevance have to report on environmental, social and human rights matters that may have a financial implication on the performance of the company and - indirectly - on the share value. Deforestation, loss of biodiversity, deprivation of rights of local communities, pollution and contamination are all issues that can potentially raise financial responsibility because of the legal risk (of having to pay a fine), the regulatory risk (of being deemed illegal and banned), reputational, or of even economic risk (riots and protests that may affect the operations of the value chain). For this reason, most of the drivers identified by this study should receive attention in the NFD statements of food-related Belgian actors.

The obligation does not only concern the practices of the holding and the subsidiaries, but of the whole supply chain insofar as it is deemed relevant and proportionate by the company when reporting on due diligence processes and principal risks. Despite the unclear formulation (and the need for a stronger definition that aligns with the forthcoming CSDDD), this means that Belgian actors who benefit from supply chains that may cause financial risk should be reporting on them and the way in which they plan to address those risks. This is the case of importers and processors, but also of retailers and financial institutions like Belgian banks and investors. The NFD Directive is, therefore, another way of bringing together all main actors involved in transnational food chains, including the financial players that invest their resources in companies and operations across them.

The actual analysis of existing reporting goes beyond the scope of this study. However, three examples are provided to indicate the need for a closer control over the reporting of food actors and investors in food, and potentially introducing specific guidelines and minimum standards on NFD reporting. The first example is a synthesis of the 2020 NFD reporting of Ahold Delhaize (figure 40), the parent company of two of the largest food retailers in Belgium, Delhaize and Albert Heijn. The non-financial risk is not fully elaborated in a separate document, but along the 2020 Annual Report, which makes the reading and identification of criticalities harder.

Figure 41: Non financial information and diversity



Non-financial information and diversity

The information required under the EU Directive on the disclosure of non-financial and diversity-related information as well as the Dutch decrees on Disclosure of non-financial information ("Bekendmaking niet-financiële informatie") and Disclosure of diversity policy ("Bekendmaking diversiteitsbeleid") is incorporated throughout the **Annual Report 2020**. The table below provides an overview of the key topics to be addressed and where they can be found.

Theme		Section	Page reference to the Annual Report 2020	Ahold Delhaize website
Business model	Our Leading Together strategy defines the kind of group we want to be, what drives us, and how our brands will win in all our markets.	Our Leading Together strategy Our growth drivers Our business model Creating value for our stakeholders	14 - 16 17 - 24 25 26 - 36	https://www.aholddelhaize.com/en/about-us/company-overview/strategy/
Environmental matters	At Ahold Delhaize, we are reducing our energy intensity and emissions by assessing and reducing the environmental impact of our operations. In 2020, we updated our climate strategy in line with the Science Based Targets initiative. To meet this objective, our brands continue to increase use of renewable energy, update refrigerants and reduce energy consumption.	Our growth drivers Creating value for our stakeholders Risks and material ESG impacts Climate change ESG statements: Environmental	17 - 24 26 - 36 37 - 48 49 - 51 226 - 232	https://www.aholddelhaize.com/en/about-us/company-overview/strategy/ https://www.aholddelhaize.com/en/sustainable-retailing/ https://www.aholddelhaize.com/en/about-us/stakeholder-interests/climate-change/
Social and personnel matters	We recognize that diversity and inclusion are critical to our Company's success – they make us better and increase associate engagement.	Our growth drivers: Cultivate best talent Creating value for our stakeholders ESG statements: Social, Governance Risks and material ESG impacts	21 - 22 26 - 36 233 - 237 37 - 48	https://www.aholddelhaize.com/en/sustainable-retailing/
Respect for human rights	Ahold Delhaize and our brands are committed to respecting the human rights of associates, customers, communities and the people who work throughout supply chains.	Creating value for our stakeholders Risks and material ESG impacts	26 - 36 37 - 48	https://www.aholddelhaize.com/en/about-us/stakeholder-interests/human-rights/
Anti-corruption and bribery	Being a trustworthy retailer of choice is very important for us. We are committed to conducting business with integrity, in an ethically responsible manner and in compliance with the law in all countries and jurisdictions in which Ahold Delhaize and our brands operate.	Risks and material ESG impacts How we manage risk: Compliance and integrity	37 - 48 124	https://www.aholddelhaize.com/media/4907/anti-corruption-and-bribery-policy.pdf https://www.aholddelhaize.com/en/about-us/ethical-business/code-of-ethics/
Diversity	Ahold Delhaize and our brands strive to create a workplace that reflects the diversity of our communities and where each person feels valued and inspired to develop to their full potential. In the composition of our Management and Supervisory Boards, we aim for diversity of nationality, age, education, gender and professional background.	Creating value for our stakeholders: Associates ESG statements: Governance Our Management Board and Executive Committee Our Supervisory Board	31 - 32 236 106 - 107 108 - 109	https://www.aholddelhaize.com/en/sustainable-retailing/ https://www.aholddelhaize.com/en/about-us/governance/documentation/

Source: Ahold Delhaize 2020 Annual Report on Financial Disclosure Reporting

We investigated the 2021 Report and read about the commitment adopted to have "100% sustainable sourcing of soy, palm oil, cocoa, coffee, tea and wood fibre for our own-brand products. We already have specific policies taking the High Conservation Value approach and the No Deforestation, No Peat, and No Exploitation principle into account on soy, palm oil, wood fibre and beef. We use risk assessments to detect other forms of deforestation or conversion."[225] Similarly, on the website we read that the group aims at "100% of own-brand seafood product sales certified against an acceptable standard, from sustainable sources assessed by a credible third party, or from credible FIPs/AIPs (currently 98%) 100% of own-brand seafood product sales with an identified farm/fishery of origin"[226] and that it also has a commitment towards:

"*100% of the volume of palm oil in our own brand products is certified sustainable against the standard of the Roundtable on Sustainable Palm Oil (RSPO). The RSPO's principles and criteria aims (sic) to protect the environment where palm oil is grown, as well as the people and communities who produce it. In 2021, 100% of palm oil volume in own brand products was certified to an acceptable standard or to RSPO Book & Claim. 85% of palm oil volume in own brand products was certified against an*

225 Ahold Delhaize, Annual report 2021, p. 61.

226 https://www.aholddelhaize.com/en/sustainability/our-position-on-societal-and-environmental-topics/seafood/

acceptable standard (Mass Balance or Segregated supply chain option). 15% of palm oil volume in own brand products was offset by purchase of Roundtable on Sustainable Palm Oil (RSPO) Book & Claim."[227]

Similar pledges are advanced with regards to coffee and tea, while in the case of Soja, the solution is not that of buying certified soja but that of having in 2021 "100% of high priority (South American) direct and embedded (Tier 1, 2 and 3) soy volumes in the supply chain of own-brand products [that] was certified against an acceptable standard by using soy credits that are purchased through the Roundtable on Responsible Soy (RTRS)."[228] In this case, the retailer is not guaranteeing that the soja used has been obtained according to the standards that are required by the certification, but they have bought the equivalent of certified soja, although the commodity is sold to someone else (as non-certified).[229]

Few considerations arise from this initial analysis of the communication of non-financial risk that should be taken into consideration for future legislative interventions:

- The dispersion of information in multiple documents reduces the capacity of having a systemic understanding
- The attention is on own-brands, and not on the chains of all the other products that arrive on the supermarkets' shelves. The lack of specific requirement to engage with the risk of other products reduces therefore the attention that is paid (but not the fact that products with high social and environmental risk may be on the shelves)
- The solutions adopted to address the risk (acceptable standards or certificate) vary as there is no legislative requirement to guarantee a minimum standard when it comes to social and environmental performance of the enterprise
- In the Annual Report 2021 there is no reference to child labour or modern slavery (and the same is for the online pages of the selected commodities), which represents a significant gap vis-a-vis some of the main concerns that our study has raised.

The second example is that of the Puratos Group, a Belgian multinational that is a member of Beyond Chocolate. When we look at the Non-Financial Disclosure of the company (image below), we read that 17 relevant topics have been identified via a materiality assessment, and that 'environmentally friendly products and sustainable ingredients' are considered to have both a high influence on stakeholders' decisions and significance for Puratos' and that transparent and responsible sourcing[230] is equally considered as one of the main priorities.

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227 https://www.aholddelhaize.com/en/sustainability/our-position-on-societal-and-environmental-topics/palm-oil/

228 https://www.aholddelhaize.com/en/sustainability/our-position-on-societal-and-environmental-topics/soy/

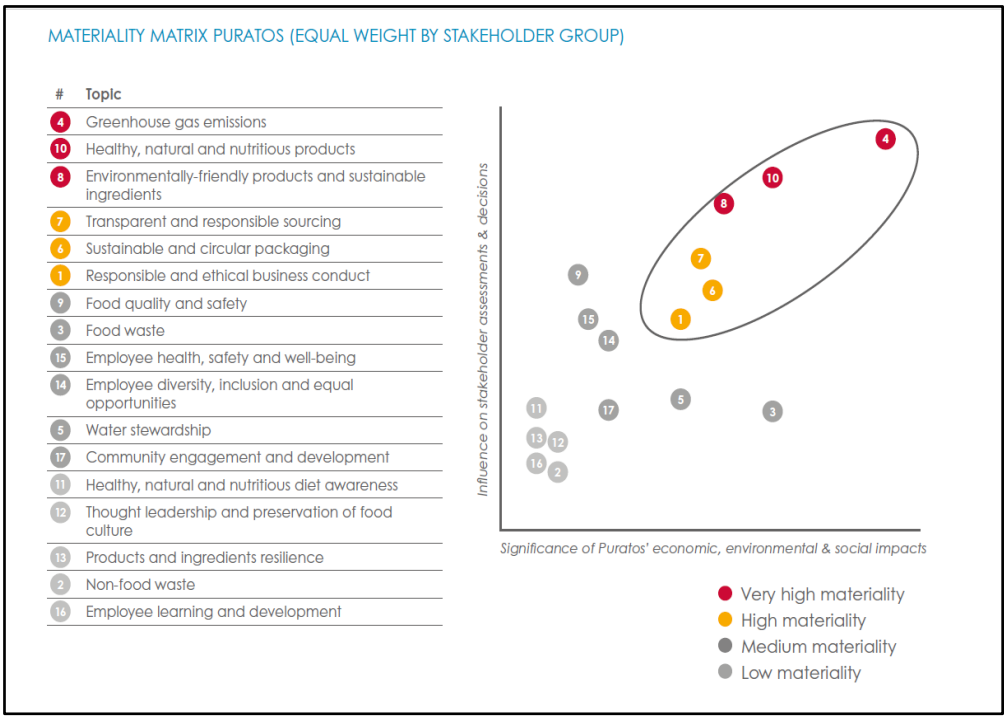
229 https://responsiblesoy.org/material-rtrs?lang=en#creditos

230 The company defines it as "Ensuring responsibility and ethics in our supply chain by having our

suppliers sign our Code of Conduct and comply with our commitments (e.g. regarding human rights, forced and child labour, living income and living wage, animal welfare) and improving the transparency of our organisation

and products by promoting the traceability of our ingredients and the correct and honest labeling of our products."

Figure 42: Materiality matric purator (Equal weight by stakeholder group) - Non-Financial Disclosure Reporting of Puratos



Source: Puratos Group

Although the reader receives information on the broad issues, the document contains limited elements on the material impacts and the way in which specific risks have been addressed, for example with regards to countries with lower index of human rights performance or with production areas associated with higher levels of deforestation. In the words of the Puratos Group "We concluded that, except for sustainable and circular packaging, which is quite new compared to our previous materiality assessment, all other very high and high material topics are already extensively covered in our current strategy."[231] From the NFD we thus learn about general issues and that there is a strategy, but we do not learn about specific and detailed measures that have been adopted, including with regards to chains of products that are used in the manufacturing of chocolate and that are not cocoa beans and paste.

The third example is that of the port of Antwerp, a key logistical hub and a member of Beyond Chocolate. According to a recent survey, most of the companies (62%) have no reporting on sustainability issues on their website or in their annual reports. 53 (7%) companies do not have a website or their website is still under construction. 12% have little reporting, 9% have average reporting, 4% high reporting and 6% very high reporting. In the case of international companies, the international website was investigated. POA companies with low sustainability reporting (i.e.,

231 Puratos, Annual Report 2021. Our commitment to you and future generations. Available online at:

including only a few sentences) tended to disclose general, qualitative information, without specifying material issues.[232]

This diversity in the NF reporting is evidence of the fact that not all value chains that pass through the port of Antwerp achieve the same level of transparency and accountability. Given that NFD reporting is mandatory for certain enterprises, and that is an instrument that has been introduced by a EU Directive, we believe that there is space for the Belgian Government to introduce detailed and specific requirements for food actors whose value chains are linked with 'risk commodities' and/or 'risk countries', and that these guidelines should cover all the drivers that have been identified in the first part of this study. In this sense, guided NDFs can become an opportunity for the government to nudge the transition towards more sustainable food chains, but also a space of enquire and intervention for civil society organizations and other watchdogs who may use the NDFs as sources of information or as a term of reference to control the alignment between statements and the reality.

This intervention, to be realized by matter of Federal Law, would also allow the Belgian Government to lead by example in the context of a reform that is happening at the European level. As a matter of fact, on 21 April 2021 the Commission adopted a proposal for a Corporate Sustainability Reporting Directive (CSRD), which would amend the existing reporting requirements of the NFRD and expand the requirements. The proposal:

- extends the scope to all large companies and all companies listed on regulated markets (except listed micro-enterprises)
- requires the audit (assurance) of reported information
- introduces more detailed reporting requirements, and a requirement to report according to mandatory EU sustainability reporting standards
- requires companies to digitally 'tag' the reported information, so it is machine readable and feeds into the European single access point envisaged in the capital markets union action

Adapting the NDFs framework and providing adequate support to the Belgian companies who have to report would thus anticipate a change that is likely to be required by the European legislator, and potentially create a space of comparative advantage for Belgian actors already aligned with the new requirements. In addition, NDFs would dialogue with the due diligence requirement and provide all stakeholders with a specific space where human rights and environmental issues are both presented as specific material risks and as targets of specific actions. In our opinion, the priorities identified in this report, along with the 'risk commodities' and 'risk countries' contained in Belgian and European legislation would be a strong starting point for this exercise.

Curbing speculation on food commodities and global volatility

Low prices and volatility are some of the key drivers highlighted by this research. Whereas low prices can be addressed with the introduction of mandatory living income and living wage, or with a

232 Source: https://www.antwerpmanagementschool.be/en/research/sustainable-transformation/research-1/sustainability-review-companies-port-of-antwerp

premium, no instrument that has been discussed, either private or public, addressed the issue of global volatility of prices. This is because, for all commodities but bananas, the volatility of prices is linked with the existence of a global market and - increasingly - by the speculative practices of financial investors.

We thus find it important, as a matter of indication and to open new spaces of intervention, to mention the importance for the Belgian Government, and the EU and other Member States, to take into consideration the link between volatility, finance and the unsustainability of food chains. There are many ways in which it occurs, but two are the most relevant:

- Prices paid to farmers are linked with the value of the commodity on the international market of reference. Because of the role of speculation and financial capital, that price can be much lower than what market fundamentals and availability would suggest. In addition, this price can be much lower than what would allow for a living income and living wage. Although a 'fair price' or 'minimum price' are partial solutions to the issue, the remaining problem is represented by the fluctuation of the market and by the fact that farmers' income is dependent on a value that is financially defined.
- Small-scale farmers do not have access (on average) to financial markets and financial products. On the contrary, traders, retailers, processors and other actors of the food chain (including banks and financial institutions) do. This creates an unbalanced situation where small-scale farmers are excluded from the potential benefits of financial instruments, while other food actors can increase their profits by managing their risk or betting on the fluctuations of the underlying commodities. The fact that traders and buyers have access to financial instruments that farmers have no access to also changes the power dynamics. When a financial instrument is available, the party may not be interested in buying commodities that are too expensive, therefore limiting demand and driving prices down. by accessing financial instruments, buyers can thus avoid having to pay farmers more than what their business models allow. This pushes prices down and reduces the bargaining power of farmers.

Given the fact that Belgium is not a hub for international trade in food commodities, it has a limited role to play in the governance structure that is needed. However, it has a role to play vis-a-vis Belgian actors (corporations and financial institutions) who are involved in the speculation around food commodities or the trading of financial instruments that may have a repercussion on the volatility of prices and the sustainability of the value chains.

For this reason, the following recommendations are made:

- The Belgian Government could introduce specific guidelines for the way in which rating agencies assess the ESG rating of Belgian corporations, in a way that covers the issue of food speculation and the trading in financial instruments linked to food chains. If Belgian actors are involved in highly speculative trading or excessive stockpiling of physical commodities, the overall ESG rating must be adapted accordingly. This is not currently the case, and Belgium could be a leader in this reform.
- The Belgian government could limit access to derivative/hedging only to qualified and knowledgeable investors and traders, that is to actors of the food system who are genuinely

concerned about the underlying agricultural commodities and not to financial actors who only intervene for speculative purposes.
- Moreover, a Federal law could require banks and other public and private financial actors to divest from speculative assets that increase volatility in the food system. This is specifically the case of Exchange-Traded Funds (ETF).

Banning import of specific products and/or food from selected origins due to violation of human rights or high risk of negative environmental impact

Global food chains are governed by the rules of international trade (see below point 3.b for more details). Although it is often assumed that trade means freedom of exchange, it is also the case that the rules of the World Trade Organization allow for exceptions. According to Article XX of the General Agreement on Trade and Tariffs (GATT), states can unilaterally limit trade with countries due to environmental and social concerns. This is the legal window that is utilized by the EU Deforestation Regulation. However, the scope of Article XX is wider and creates the conditions for other kinds of unilateral interventions:

- banning the import of products from regions with high levels of human rights instability and violations, like the case of the EU Conflict Minerals Regulation
- banning the import of products associated with other forms of environmental degradation (water, soil, GHG emissions, etc.)
- banning products associated with human rights violations, like in the case of the proposed EU Regulation on the import on products of slave labour and other severe violations of workers' rights, or the recent legislation adopted by the Irish state with regards to the import of products realized in the illegal colonies in the Occupied Palestinian Territories.[233]
- adding a tax on the import of certain goods in order to balance the non-internalized environmental and/or social costs, like in the case of the Carbon Border Adjustment Mechanism discussed at the European level.

Although international trade agreements are only concluded at the European level, individual Member States still hold the power to introduce specific bills that prohibit and sanction the importation or sale of specific goods when their presence on the national market would be incoherent with the human rights obligations of the country and with its development and cooperation policy. This has been the case, already mentioned, of the Irish "Control of Economic Activity (Occupied Territories) 2018" Act, an example that demonstrates the possibility of unilateral (but carefully drafted) measures adopted by Member States.

The Federal Government could adopt a legislation that identifies specific products that should not be present on the Belgian territory, and therefore imported or sold in Belgium, due to the associated human rights violations and/or the environmental risk associated with those commodities. The

233 Control of Economic Activity (Occupied Territories) 2018. Available here: https://data.oireachtas.ie/ie/oireachtas/bill/2018/6/eng/initiated/b0618s.pdf

starting point is that the State's international obligations are not fulfilled the moment where the Belgian market is offering products obtained in violation of human rights or that are incompatible with the international climate and environmental agreements. One of the fastest ways to make sure that these products are not commercialized in Belgium is by banning their import within the country (along with their production in Belgium, of course) and the sale of the products.

As mentioned, the unilateral decision could be based on the product or/and on specific countries. it would be essential for the measure to be proportional and justified with hard evidence that shows the link between banning the products and the goals pursued by the Federal State. At the same time, the measure should be anticipated by a carefully drafted ex-ante Environmental and Social Impact Assessment, capable of identifying the consequences that the ban can generate on the countries and economies of origin of these products. Wide literature exists, in fact, that questions the legitimacy of unilateral measures and that highlights the fact that these initiatives tend to unequally impact the most disadvantaged members of society more than the people and corporations that actually benefit from violence and exploitation.

Given the sensitivity of unilateral measures and given the risk of adopting a neo-colonial or insensitive approach to the complex reality of the countries of origin, it is suggested that measures are not adopted in a country-based way but linking to specific circumstances that are incompatible with the social and environmental obligations of the Belgian State. At the same time, the measure should be structured like the Irish Bill and target actors who fall under the jurisdiction of the Belgian State, i.e.,:

- (a) a person who is a Belgian citizen or ordinarily resident in the State
- (b) a company incorporated under the Belgian company law
- (c) an unincorporated body whose centre of control is exercised in Belgium.

In terms of actions, the bill could look at the Importation of specific goods or goods coming from specific regions and decide that:

(1) It shall be an offense for a person to import or attempt to import specific goods or goods coming from specific regions

(2) It shall be an offense for a person to assist another person to import or attempt to import specific goods or goods coming from specific regions.

It could also deal with the sale of specific goods or goods coming from specific regions

(1) It shall be an offense for a person to sell or attempt to sell specific goods or goods coming from specific regions

(2) It shall be an offense for a person to assist another person to sell or attempt to sell specific goods or goods coming from specific regions.

The first part of our research that shows the combination between issues, chains and countries offer a relevant term of reference to consider which elements to prioritize and implement. In this sense, the Federal Government could decide to close its borders to goods obtained in territories that are illegally occupied, territories with high levels of human rights violations (including against Indigenous people, environmental defenders, human rights defenders, etc.) reported by international indexes, or territories that are associated with high levels of environmental degradation and destruction (due to deforestation, land grabbing, use of pesticide). This measure would consider the region of origin

rather than the product, therefore would not require a proof of the violation embedded in the product. As such, it would have a wider impact and would be easier to implement but would potentially trigger several issues in terms of legitimacy, unexpected consequences, diversion effect (products sold elsewhere), and negative impact on actors who are respecting both human rights and the environment. A proof of positive practices could be a possibility (like the case of the Conflict Minerals law and the 'non-containing Conflict Minerals' statement).

Likewise, the Federal Government could decide to sanction the import or to ban any product associated with specific issues raised in this report. In this sense, the intervention would align with the EU legislative proposal on slavery-free goods. As per the other set of measures, the unilateral nature of the intervention would raise concerns in terms of legitimacy, identification of the standards, qualification of the issue, enforcement and potential unexpected consequences. However, asking for proof of positive processes in order to be imported (like the due diligence and certification required in the case of the EU Timber Regulation).

A combination of the two would consist in the ban of specific high-risk products coming from high-risk areas and could be associated with the forthcoming Due Diligence Legislation. Belgian Companies and actors operating in high-risk countries for social and environmental reasons or importing products with high risk social and environmental content, would be prevented from importing certain goods unless they are capable of providing the proof of adequate remedies and procedures.

It is expected that such a legislative debate would take more or less time depending on the sensitivity of the products that are the object of a sanction. The measure could be applied to any good whenever the underlying conditions are adequately proved.

The ban would have an immediate impact, although it would require a larger adoption of the same measure to trigger an actual change in the production practices at the origin of the value chain. The existence of precedents, like the Irish Bill and the proposal that has been advanced to the Federal Governments with regards to the products originating from the illegal settlements in the Occupied Palestinian Territories offer a term of reference for unilateral measures for other commodities. However, it would be of extreme importance to make sure that the unilateral intervention is coordinated with the victims of the violations that the measure wants to redress and that there are programs in place that support the transition of the economic sector towards sustainable practices. Unilateralism without legitimacy and measures adopted without the adequate consideration of the local context and consequences would not only be problematic but would also raise deeper concerns regarding their legality.

The International level and other complementary interventions

Leaving aside the internal distribution of competences and the way in which Belgian position is formed, an analysis of possible interventions must inevitably include the consideration of the international arena. As a matter of fact, the multi-national nature of global food chains is such that a multilateral or bilateral intervention appears often to be more appropriate. Such approach, in fact, has multiple advantages:

- It increases the legitimacy of the intervention – which is more limited when the action is unilaterally adopted
- It allows for the adoption of measures that operate across territories and that reduce the risk of free riding or avoidance of the regulatory framework, which is more likely when neighbour countries do not adopt the same standard
- It is characterized by the consideration of the diversity of contexts and the possibility of adapting the measures depending on the latter
- Once adopted, international agreements and laws must then be implemented at the national level, which creates local opportunities to increase implementation and respect.

Of course, the international arena also has limitations, which are mostly due to the length of the process, the need to find an agreement between parties with conflicting interests, and the fact that international law and agreements are not always provided with 'teeth' nor efficiently utilized at the national level.

As a member of the international community of States, Belgium however not only has a vote in key organizations that have a direct say in the construction and governance of global food chains like the United Nations General Assembly (UNGA) and the World Trade Organization (WTO) but can also enter in bilateral and multilateral agreements with other countries in order to address issues that are proper of their economic, social, historical or trade relationships. For this reason, in our analysis of the possible avenues of international law, we identified three different actions that differ in terms of scope and implications:

- The conclusion of new International Commodity Agreements with commodity producing and commodity importing countries
- The integration of social and environmental sustainability concerns in the position that the Belgian State adopts during the negotiations for the future of the World Trade Organization
- The endorsement of the Legally Binding Instrument on Transnational Corporations that is currently in the phase of negotiations within the Human Rights Council intergovernmental working group.

Advocate for and conclude new International Commodity Agreements

It is often unknown, but the recent history of international trade is populated by "international commodity agreement" (henceforth ICA) as treaties between governments of producing and consuming countries that aims at regulating the terms of international trade in a specified commodity.

Although the first ICA was concluded in 1933 (on wheat) it was the absence of the institutional structures which the Havana Charter aimed to create that nudged interested governments into negotiating self-standing trade agreements on specific commodities. Since 1933, there have been six ICAs which had "economic" clauses that allowed or required public interventions in the stabilization

of prices through regulation of supply and demand: the International Cocoa Agreements (ICCAs), the International Coffee Agreements (ICOAs), the International Natural Rubber Agreements (INRAs), the International Sugar Agreements (ISAs), the International Tin Agreements (ITAs) and the International Wheat Agreements (IWAs).

The motivation of the early post-War commodity agreements was the avoidance of excess supply and the associated low prices that would have had a negative effect on the productive texture of producing countries. These agreements operated largely through supply management, principally export controls, although the IWA was built around multilateral contracting. Through the control of trade, commodity agreements in tropical commodities were also seen as opportunities to guarantee higher prices to the exporting countries and as mechanisms to guarantee regional cooperation rather than race to the bottom. Article 1 of the 1972 International Cocoa Agreement, for example, clearly stated that the objective of the Agreements was:

- to alleviate serious economic difficulties which would persist if adjustment between the production and consumption of cocoa cannot be affected by normal market forces alone as rapidly as circumstances require
- to prevent excessive fluctuations in the price of cocoa which affect adversely the long-term interest of both producers and consumers
- to make arrangements which will help stabilize and increase the export earnings from cocoa of producing countries, thereby helping to provide such countries with resources for accelerated economic growth and social development, while at the same time taking into account the interests of consumers in importing count
- to assure adequate supplies at reasonable prices, equitable to producers and consumers
- to facilitate expansion of consumption and, if necessary, and insofar as possible, an adjustment of production, so as to secure an equilibrium in the long term between supply and demand.[234]

Similarly, the International Grains Arrangement (IGA) of 1967 was an agreement whereby importing countries agreed to buy a certain percentage of their total imports from participating exporting countries, within a set price range. Exporting countries agreed to make available to the importing countries, within a certain price range, a sufficient quantity to satisfy their needs. When prices rose above the maximum price range, the producing countries had to sell stipulated quantities to consuming countries and the maximum price. When prices fell below the minimum price range, consuming countries were obliged to purchase stipulated quantities from producing countries at the minimum price within the range.

Although each ICA provided different instruments to be deployed (e.g., export quotas, buffer stocks and multilateral contracts), they were all based on the idea of cooperation between participants to avoid the negative consequences of price fluctuations, with a minimum and a maximum price and an indication of quantities to be traded. Consumer countries would be protected from high prices and producer countries would be relying on a minimum threshold for their sales, which should be reflected in higher prices for producers and better socio-environmental practices.

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234 International Cocoa Agreement, United Nations, Treaty Series , vol. 882, 1972, p. 67

For example, multilateral contracts would act as forward contracts and would pre-determine the price of a commodity sold between two countries for several years. Therefore, producer countries could be required to sell commodities at the high of a certain price range to consumer countries, although the actual open market price is well above the high of the agreed-on price range.

Another example is an ICA employing the buffer stock device. In this instance, a significant increase in the price of the commodity may be reversed to the benefit of the consumer countries when the manager of a buffer fund, that has stockpiled commodities coming from the exporting country, sells the commodity in the open market and reduces the high prices.

Finally, there is the IGA example of employing export quota devices: when prices in the open market rise above the price range agreed to in the IGA, producer countries are required to sell their commodities to consumer countries at lower prices than the open market.

ICAs, including in the agricultural sector, were also accepted by the USA Office of Foreign Agricultural Relationships, which considered ICAs an essential instrument against the slow response that the agricultural sector has vis-à-vis fluctuations of prices. The Great Depression had demonstrated that farmers who have invested heavily in production cannot easily scale back and convert the land to other uses, therefore they needed to be protected against the instability of a price increasingly determined by global demand and supply (financial investors had not started pouring money into food commodities, yet). On the contrary, the State Department accepted their use only as "temporary expedients," considering that governmental intervention would *render the marketplace concept of comparative advantage meaningless*.

Exporting countries and authors were looking at multilateral contracts, buffer funds and quotas as fair ways of building trade post-II World War. For many, ICAs would guarantee affordable goods to producers and fair and minimum prices to exporting countries while limiting the race to the bottom between competing economies. ICAs as a source of higher income for farmers were also discussed as a potential ally of production in the Global North, and in particular in the United States. There, the Office of Foreign Agricultural Relationships (OFAR) claimed that there was "a basic need for government aid to agriculture resulting from differences between agriculture and other aspects of the national and world economy" and from the nature of agricultural production: farmers could not adjust to changing market conditions as readily as manufacturers. When demand increased, as in World War I and again in World War II, farmers expanded production rapidly, but they could not easily cut production when demand slackened as it did during the interwar years. "Agricultural production cycles and limited options (such as acreage, capital, climate and soil constraints) prevented farmers from rapidly shifting their production plans if the prices for a particular commodity began to fall. At times, as during the Depression, any shift at all proved to be futile when prices for almost all commodities entered a general decline. Farmers had few choices but to keep on producing in the short run (even trying to increase production in order to improve their marginal returns)."[235]

The role of ICAs in pushing for a more equitable distribution of resources to producing countries while expanding international trade was clear in the work of the United Nations Conference on Trade and Development (UNCTAD), which was in charge of ICAs since 1964 and sought, from 1976, to stimulate

235 Berton E. Henningson, The Historical Case for International Commodity Agreements, League of Rural Voters, 2014.

the negotiation of new agreements as part of the Integrated Programme for Commodities (IPC) in connection with the so-called New International Economic Order (NIEO). UNCTAD's work stressed the need for price stabilization and that the objectives of ICAs should include increased export earnings for developing countries, re-allocation of resources, and increased consumption. In its first Final Act, the UNCTAD concluded that ICAs stimulate

"*a dynamic and steady growth and ensuring reasonable predictability on the real export earnings of the developing countries so as to provide them with expanding resources for their economic and social development, while taking into account the interests of consumers in importing countries, through remunerative, equitable and stable prices for primary commodities, having due regard to their import purchasing power, assured satisfactory access and increased imports and consumption, as well as coordination of production and marketing policies*."[236]

The link between International Commodity Agreements and thinking beyond contemporary food chains appears clear. And at least for two reasons. On the one hand, the future of food chains must be based on a strong social component that recognizes the need to increase remuneration for local producers but, at the same time, aim at supporting industrialization, upgrading and the rupture of the commodity-based economies. On the other hand, there is no doubt that the proliferation of private schemes, certifications and attempts to improve the quality of transnational food chains has its origins in "the collapse of the International Coffee Agreement which had been designed to regulate production and stabilize world market prices."[237] The collapse of the Coffee Agreement was not the only relevant event that changed the pattern of global trade and investments. Starting in the 80s, the Washington Consensus of liberalization, free trade, austerity and debt brought NIEO to an end, and with it also the idea that was promoted at the Bretton Woods conference of a coordinated and collaborative global economy with a strong social component. The International Trade Organization never came into being. The World Bank and the International Monetary Fund began pushing for structural adjustment programs that promote privatization, the end of commodity boards, export-led policies and the intensification of the uneven development based on the export of raw materials.

As a part of the UN General Assembly and the EU, the Belgian Federal State would have a role to play in pushing for a new round of International Commodity Agreements that learn from the positive and negative outcomes of the past and are inspired by the need to rapidly address the multiple crises that affect the planet and that are linked to the ways in which global food systems operate. In the previous round of ICAs, resources were seldom distributed in a way that supported the smallest and most-marginalized farmers, but rather increased the revenues of large players and public administrations acting as intermediaries. In addition, limited attention was paid to climate change and the environment, whereas extractivism and shipping goods around were identified as goals to achieve, though under national ownership of developing countries.

Today, the stabilization of commodity prices through a new Integrated Programme for Commodities would not be enough to fulfil the double goal of respecting the planetary boundaries while upholding

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236 Proceedings of the United Nations Conference on Trade and Development, Geneva, 23 March-16 June 1964, Vol. I, Final act, Art. 37.

237 Id., p. 106.

human rights and guaranteeing high living standards for all workers.[238] Along with a legislative fix of minimum prices, there would be the need for a broader regulatory, political and ideological transformation of the international trade regime and within each country: this should concern the redistribution of value, the diversification of production, the strengthening of local economies and the establishment of a trade and investment system capable of respecting the ecological balance. Looking backward should not be a reason for melancholia or regret. On the contrary, it should act as an opportunity to learn and a reminder that governments do not have to reinvent the wheel and that we must learn from the achievements and mistakes of the past.

Advocate for a reform of international trade in food commodities

The sections above on regulatory interventions addressed mainly EU unilateral regulations that shall apply also to non-EU suppliers, exporters, producers and farmers. However, it is also relevant to refer to the role of bilateral or multilateral agreements between the EU and partner countries as commitments that are jointly agreed upon by the parties.

On this subject, close attention should be given to the trade and sustainable development ('TSD') chapters and the sustainable food systems chapter. TSD chapters are a set of commitments included in the so-called 'new generation' trade agreements. They contain a comprehensive set of binding provisions, which are anchored in multilateral standards, notably International Labour Organisation (ILO) conventions and Multilateral Environmental Agreements. They seek to promote effective implementation of the fundamental international labour conventions and multilateral environmental agreements, promote a level playing field by not lowering labour and environmental standards for the purpose of improving trade or attracting investment and ensuring effective implementation and promote sustainable management of natural resources.

TSD Chapters are currently present in 19 trade agreements either in force, in process of ratification or under negotiation.

Similarly, sustainable food system chapters are novelty chapters present, so far, in the agreements with New Zealand, Indonesia, India and Chile. They seek to strengthen policies and define programmes that contribute to the development of sustainable, inclusive, healthy and resilient food systems as well as to establish close cooperation between the parties to jointly engage in the transition towards sustainable food systems.

It is worth considering that trade policies, Economic Partnership Agreements, Free Trade Agreements and the rules of the World Trade Organization, have a clear impact on the form and implications of the EU food system. They determine access to raw materials located outside of the EU and the way in which EU products reach foreign markets.

In general, EU trade policy and, particularly, the free trade agreement model have often been identified as policy blockers for a swift transition towards sustainable food systems. This can be for various reasons varying from zero tariff models that may create dumping in the EU market because of the lower social and environmental standards that are adopted by exporting countries; their

238 Kate Raworth, Doughnut Economics.

contribution to degradation of natural resources in partner countries and poor working conditions for the need to produce and export more at lower prices; etc. For those reasons it is relevant to negotiate and implement EU trade agreements so that they can positively contribute to acceleration of the transition towards sustainable food systems for Europe and beyond, as part of a broader redefinition of the trade agenda that moves away from the current premises and focuses on social and climate justice.

This approach to international trade must entail a joint reflection on needs and impacts to convert to sustainable practices that is equally achieved at EU and partner countries' level. So that EU trade agreements can become an enabler for sustainable food systems, whereby trade agreements do not contribute to negative trade-offs at EU and global level.

In more details, this shall be reflected in trade agreements as:

- Making sustainable food systems for the EU and partner countries an explicit objective of trade agreements.
- Designing commitments in trade agreements that positively impact sustainability in all countries as part of the agreement and that explicitly avoid creating adverse economic incentives that can push development in the wrong direction. Current proposals for sustainable food systems chapters are not enough to achieve this objective as they do not take into consideration the long-term implications in terms of food and agricultural matrices and food and nutrition security.
- The role of the EU as one of the top importers of commodities that are associated with adverse social and environmental externalities in third countries must be addressed.
- For both TSD chapters and sustainable food systems chapters, it is of the essence to negotiate relevant binding and enforceable sustainability provisions in trade agreements; and constantly monitor both sides' effective implementation of these commitments, as well as the impact the implementation of trade agreement is having in countries part of agreement.
- The EU should explore sector-specific cooperation agreements to ensure products entering the EU market are produced in a sustainable manner.

Support the Legally Binding Instrument on Transnational Corporations

In September 2013, Ecuador proposed the creation of an open-ended intergovernmental working group to negotiate a treaty instrument in the United Nations (UN) framework over the human rights responsibility of transnational corporations. The initiative won strong support from civil society organizations, but limited support from the members of the Human Rights Committee moderate. Ecuador's resolution (A/HRC/26/9) on the "Elaboration of an international legally binding instrument on transnational corporations and other business enterprises with respect to human rights" was tabled at the 26th UNHRC Session on 26 June 2014 and co-sponsored by Bolivia, Cuba, South Africa and Venezuela. It was adopted with only 20 votes in favour, 14 against and 13 abstentions. All the industrialized members of the Committee voted against, including the EU Member States sitting on the UNHRC (Austria, Czech Republic, Estonia, France, Germany, Ireland, Italy, Romania and the United Kingdom of Great Britain and Northern Ireland).

The main outcome of the resolution was the establishment of "an open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights, whose mandate shall be to elaborate an international legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises." Since 2016, seven sessions have taken place, with the last one in late October 2022. Since then, conversations and negotiations have been multiplying, with some tensions but also an increase in the realization of the importance of such instruments. The aim of the working group is to create an international legally binding framework that aims to guarantee the respect, promotion and protection of human rights against violations or abuses resulting from the activities of TNCs and OBEs, in order to:

- ensure civil, administrative and criminal liability of TNCs and OBEs regarding human rights violations or abuses
- include mechanisms to guarantee the access to justice and effective remedy for such human rights violations or abuses committed by TNCs and OBEs, including 4 adequate remediation and guarantees of non-repetition, as well as the strengthening of international cooperation between all relevant actors
- include obligations to prevent such adverse human rights impacts
- reaffirm that State Parties' obligations regarding the protection of human rights do not stop at their territorial borders.

The aim of the treaty and the key elements that should be contained in it are particularly relevant when it comes to regulating transnational food chains that originate outside of the EU and enter its territory. In particular:

- The primary responsibility of the State to protect against human rights violations or abuses within their territory and/or jurisdiction by third parties, including TNCs and OBEs
- The responsibility of TNCs and OBEs to respect all human rights, regardless of their size, sector, operational context, ownership and structure
- The recognition of the necessity of a special protection of the following human rights: inter alia, self-determination; access to justice; access to effective remedy, participation and inclusion and non-discrimination
- The duty of the State Parties to prepare human rights impact assessments prior to the conclusion of trade and investment agreements, including to identify any potential inconsistency between pre-existing human rights treaties and subsequent trade or investment agreements, and to refrain from entering into such agreements where such inconsistencies are found to exist
- The recognition of the primacy of human rights obligations over trade and investment agreements. Recognition of the responsibility of the State for private acts if they fail to act with due diligence to prevent violations or abuses of rights or to investigate and punish acts of violence, and for providing compensation.

As a Member State of the United Nations, Belgium has the right to participate in the sessions where the text is discussed and negotiated. Although it did not participate to the first session in 2016, it attended all the other session afterwards, with one recorded intervention during the fourth session in 2019, where the Belgian representative aligned with the position of the European Union in stressing

the existence of other instruments and that the problem resides more in the limited knowledge of the instruments for redressal than in the need for another international agreement.[239]

If the reduction of the negative social and environmental impact of global food chains (and other value chains) represents a priority for the Belgian Government, it is our opinion that the position adopted vis-à-vis the Legally Binding Instruments should be reviewed. According to a growing number of academics, states and civil society organizations, an international instrument would be able to address some of the main challenges of global governance: a) the competition between jurisdictions and the use of jurisdictional spaces by corporations to find legal impunity or reducing their accountability; b) the lack of adequate teeth in the implementation of international human rights law and environmental law; c) the inadequate protection that people and planet receive when corporate actors all along the chain commit or aid and abet violations of their rights or of the environment.

The need to shift away from voluntary principles and fragmented jurisdictions was already highlighted by the Special Rapporteur on the rights of indigenous peoples, who intervened as keynote speaker in the first session of the intergovernmental group. For the Special Rapporteur "an international legally binding instrument on transnational corporations and other business enterprises and human rights could contribute to redressing gaps and imbalances in the international legal order that undermine human rights and could address the lack of remedy procedures for victims of corporate human right abuses."[240] Similarly, the need for an international agreement is clearly explained by a recent briefing document published by the European Parliament, according to which:

"*With its extended value chains, economic globalization has brought numerous opportunities while also creating specific challenges, including in the area of human rights protection. Loose regulatory frameworks in developing countries, corruption, and a lack of accountability resulting from legal rules shielding corporate interests have facilitated human rights abuses related to operations of transnational corporations, their subsidiaries and supply chains. This situation has created a pressing need to establish an international normative framework for business operations in relation to human rights. So far, the preferred approach has been 'soft', consisting of the adoption of voluntary guidelines for businesses, such as the United Nations Guiding Principles on Business and Human Rights.*

239 "Il est important de souligner à cet égard que nos discussions aujourd'hui s'inscrivent dans un contexte où il existe déjà dans un bon nombre de pays - compris en Belgique - un large éventail d'instruments judiciaires et non judiciaires à disposition afin que les victimes fassent valoir leurs droits. La Belgique est toutefois consciente que des obstacles variés peuvent entraver l'accès effectif à un mécanisme de réparation et qu'il convient de remédier à cette situation. Il peut s'agir aussi d'un manque de connaissance des recours existants de la part des victimes." Source: Human Rights Council, Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development, Addendum to the report on the fourth session of the open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights, Fortieth session, 25 February–22 March 2019, Agenda item 3.

240 Human Rights Council, Report on the first session of the open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights, with the mandate of elaborating an international legally binding instrument, 5 February 2016.

Nevertheless, while such voluntary commitments are clearly useful, they cannot entirely prevent gross human rights violations."[241]

Belgian civil society has been active in the process and several organizations have released a statement in the context of the seventh session, where they praised the shift from a voluntary to mandatory model of corporate accountability across value chains, and made the following recommendations:

- Replace the term 'victim' with the more inclusive and affirmative 'right-holder'
- Reinforce further provisions on right-holders' access to justice, in particular by clarifying provisions on the choice of applicable jurisdiction, reversal of burden of proof, and the removal of monetary and non-monetary obstacles
- State unambiguously that a business enterprise's formal compliance with due diligence standards shall not absolve it from liability
- Include the possibility for right-holders, be they indigenous communities or other affected right-holders, to explicitly deny consent to business activities in their territories. If given, such denial should be operationalized and result in ceasing of the activities or preventing them from taking place in the first place
- Include measures for protecting human rights and environmental defenders, particularly women and indigenous people, and the specific threats they face
- Ensure and operationalize the primacy of human rights over trade and investment agreements, especially in the context of arbitration mechanisms such as ISDS.[242]

As experts who engage with global value chains, we agree that the Legally Binding Instrument has the potential to address some of the main regulatory asymmetries that favour corporations embedded in global food chains. In particular, the instrument would imply the recognition of clear obligations for value chain actors and would increase access to justice in the country where the corporations have their headquarters or main activities. The binding instrument would increase the legal leverage of communities and individuals whose rights and environments are threatened or exploited. Thus, it could enable communities and local actors to achieve a higher level of protection of their rights or at least to access remedy and compensation.

One of the advantages of the binding treaty is that it would not be limited to specific food chains nor to specific countries but would put at the centre a holistic vision of human rights and environmental rights as universal. Considering the extraterritorial nature of human rights obligations, and the universality of the Sustainable Development Goals, we believe therefore that the binding treaty represents an opportunity to accelerate the transition. The Belgian Government should adopt a clear position in support of a Treaty with 'teeth' that goes beyond both the non-binding 'Business and Human Rights principles' as well as beyond a risk-based approach to due diligence. As a State that hosts corporations with legal and economic ties with multiple countries around the world, the

241 Ionel Zamfir, Towards a binding treaty on business and human rights. Despite progress, still no final outcome in view, European Parliament, May 2022.

242 Human Rights Council, Annex to the report on the seventh session of the open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights (A/HRC/49/65).

Belgian government should thus recognise its obligation to regulate Belgian corporate actors also through international law by negotiating, adopting, and ratifying a strong treaty that recognizes strong substantive and procedural rights, and that limits the possibility to avoid accountability for occurred violations by means of due diligence plans and risk assessment.

Unlocking finance to support sustainable practices

Large-scale changes needed to bring global agri-food systems on a sustainability path require investments that are often being perceived as too risky or less profitable to attract mainstream finance mechanisms. Governments such as Belgium have at their disposal the right tools and incentives to reverse that trend by unlocking, reorienting or mobilizing additional private and public finance schemes. The potential hereby is to:

- Enlarge the total amount of available resources to drive the transition
- Secure a holistic approach where investments equally address the three pillars of sustainability to ensure transformative effects on the long run
- Nurture greater inclusivity of global agri-food supply chains, by targeting among the main receiver local communities, women-owned or youth-led enterprises, initiatives, or projects;
- Address existing sustainable finance gaps by enabling smallholders and SMEs to access capital as well as other useful financial products or services that can help them invest and develop their activities in a sustainable and climate resilient way. Financial inclusion mechanisms should pay specific attention to the needs of female headed households
- Facilitate the access and uptake of digital technologies to accelerate an inclusive transition pathway of our food systems.

More broadly, closer attention should be given on alignment between public fundings and overall sustainability goals. Ahead of the COP 27, in the context of the OECD Meeting of Agriculture Ministers in November 2022, OECD Secretary General Mathias Cormann urged governments to move public spending away from inefficient subsidies in the farming and food sector, by phasing out 'distortive' farming subsidies that are socially and environmentally harmful. This is also true when it comes to development financing tools as outlined below.

The complementary role of multilateral cooperation

Many of the identified adverse impacts in agricultural value chains won't be tackled in an efficient way if only addressed through unilateral due diligence measures or mandatory market access requirements but will instead require broader systemic changes. For this to happen, development and cooperation politics needs to be seen as an integral part of a coherent whole-of-government policy package.

Through its trusted relations with partner countries, Belgium can contribute to counteract the current environment of mistrust – as most of the relevant agri-food EU legislative files currently under development (e.g., Deforestation Regulation, CSDDD) and analysed above are often still perceived rather as a punitive framework then a real opportunity to move ahead on joint sustainability objectives.

To ensure inclusive and effective law enforcement, cooperation channels, being it under the EU or national umbrella, need to actively support the timely dissemination of information. It is recommended to start carrying out inclusive consultation processes and analytical work with relevant local stakeholders to identify fit for purpose and targeted support measures that would increase compliance level with upcoming legislations, mitigate unintended consequences and tackle adjustment challenges for those that are the most at risk of suffering from adverse repercussions.

Cooperation-related interventions should be seen as powerful tools to ensure the impacts of the analysed interventions extend to tangible results in agri-food supply chains and are not underpinned by local institutional or structural obstacles. They can help put in place the right enabling environment by supporting for instance ongoing governance reforms and in-country participatory processes. In line with the domestic priorities of countries of origin, areas of common interest should be explored such as the establishment or strengthening of strong national traceability systems. Such systems are for instance being currently developed in Ghana and Côte d'Ivoire regarding cocoa supply chains.

Governments need to further ensure that the financial support provided as part of cooperation programs for agricultural, rural and urban development in partner countries does not counter a socially and environmentally responsible transition. Instead, projects and funds carried out under Belgian development priorities can help bridge one of the identified blind spots of the analysed regulatory frameworks by supporting the shift from monocultures that expose farmers to market and environmental hazards towards more diversified production paths such as agroecological systems, in accordance with the European consensus on sustainable development, the cornerstone of the EU's development policy.

At European level, it is recommended for Belgium to voice the need for the EU to build strategic partnership pathways as part of a smart mix of demand and supply side measures to ensure effective and inclusive law enforcement, especially for the upcoming EU Regulation on deforestation-free products. The latter would allow for a much-needed cross-commodity approach, focusing on the realities and specific challenges of origin countries.

Finally, Belgium could help facilitate the development of multi-country and multistakeholder Green Alliances on sustainable food systems with its main partners.

In conclusion, food systems are complex. They are composed of many subsystems and components that are in constant interaction. Instead of being addressed through a case-by-case silo approach, the dynamic interplays depicted above need to take centre stage when defining the new metrics of success towards more sustainable agri-food supply chains. The need for "joined-up" policies both at national and EU level that communicate efficiently with each other is more important than ever. The role of the international legal framework must also be taken into consideration and addressed by adopting adequate positions within the WTO and at the level of multilateral engagements.

The comprehensive analysis undertaken above has identified concrete priority interventions for Belgian authorities to unlock the full potential of their regulatory power, both at the national, European, and international levels. By starting with an analysis of the multi-stakeholder initiatives and their 'fitness for purpose', our report shows the limitations of voluntary governance, even when

supported by national authorities, and how strong regulatory frameworks are necessary to supplement and close identified loopholes of multi-stakeholder initiatives, while helping the latter to become fully operational.

The analysis has underlined some transversal guiding priorities and principles when designing or reframing food supply chains sustainability policies. Among them the following recommendations for the Belgian government as policymaker to:

- Implement cross-sectoral approaches that consider linkages and interconnections among value chains, rather than limiting the intervention to one specific commodity or one set of countries of origin of the food
- Consider a comprehensive and smart mix of demand and supply side measures, with the recognition that more sustainable food chains require a redistribution of resources and value towards production, which favours the adoption of better social and environmental practices
- Oblige private sector actors to change their behaviour in a way that is conducive to national and European goals on sustainable food systems. This means looking beyond narrow compliance and a tick boxing exercise towards an overall transformation of trading and purchasing practices that would allow producers and workers to earn a living income/living wage and cover the costs of sustainable production paths. Concretely, this requires the implementation of strong accountability mechanisms and full transparency, but can be associated with better public procurement rules and a redefinition of the role that MSIs play in the gathering of information, data and best practices
- Integrate gender as a cross-cutting responsible business conduct consideration for companies operating in agri-food sectors as well as a transversal priority when assessing the impact of any new legislation
- Recognize that more sustainable food systems require to promote a global transition through sustained commitments and genuine cooperation with producing countries, local stakeholders such as civil society organisations and producers' representatives to help build ownership of joint objectives, and create enhanced collaboration and trust that is needed to gradually improve the situation and generate positive long-term impact
- Recognize that human rights and environmental commitments toward sustainability may also require financing and regulating a transition away from global value chains and the construction of regional and stronger food systems for the countries of origin. The current stage of global value chains should not be normalized nor taken for granted for the future of food, people and the planet
- Secure meaningful engagement with relevant stakeholders towards enhanced transparency and accountability. In that sense, increase inclusive consultation processes with agri-food supply chains actors, including potentially marginalized food systems actors, to shape evidence-based regulatory frameworks, that truly echo the needs and realities in producing countries. This also results in integrating meaningful stakeholder engagement as part of the due diligence obligations of economic operators to ensure an informed, inclusive and qualitative process

- ➢ Place smallholders and local communities at the heart of the agroecological and sustainable transition - smallholders are responsible for producing a third of the world's food supply and form the backbone of the economy in many origin countries producing the commodities of the selected supply chains. Recognising the rights and roles of smallholders and local communities as part of a systemic solution to tackle unsustainability is the prerequisite for any transformational change, along with the recognition of the tensions between expanding global food chains and guaranteeing the right to food and food sovereignty

- ➢ Avoid an inward-looking approach – Instead of addressing the symptoms, focus on the root causes of identified challenges. Unilateral, trade-related measures should not be seen as end measures in themselves; these instruments must instead be supported by strong accompanying supply-side measures that address the drivers giving rise to these problems in the first place

- ➢ In support of binding regulatory interventions and effective 'push' measures, map and confront potential identified trade-offs and allow for nuanced conversations across concerned stakeholder groups to find adequate remedies.

A transversal priority hereby is to ensure a just transition where all actors of the food supply chain, including those in the most vulnerable situation, can equally benefit from by ensuring that any upcoming interventions reduce inequalities rather than increase it.

It is overall recommended for the Belgian government to focus on interventions and related political positioning that have the capacity to simultaneously produce multiple co-benefits. Unless adequately addressed, the failure for instance to properly account for the potential of any legislation that primarily focuses on the environment to also foster positive change on the two other pillars of sustainability imperils progress and long-lasting change within food supply chains. From a simple "do not harm" approach, state authorities should rather embrace complexity by considering all the variables at play and look for greater synergies between social and environmental ambitions. In that sense, the example of the upcoming EU Regulation on deforestation-free products is particularly eloquent, showing the urgency for policymakers to look beyond a single metric and embrace a truly systemic approach towards the future of sustainable (food) supply chains. As shown in the analysis, this should be possible both for horizontal frameworks as well as within sector-specific regulations but must be identified as a methodological and paradigmatic priority.

The upcoming national strategy "Beyond Food'" offers a unique opportunity in that sense to move from competing to merging priorities by connecting the dots. Recognising that sustainable food systems can contribute to multiple policy agendas and vice versa, there is an increased need to trigger greater complementarity and policy coherence in the current legislative patchwork to ensure facilitated implementation and reinforced impact on global value chains.

Finally, the upcoming agenda of socially and environmentally sustainable transition needs to look at the broader picture, beyond targeted voluntary and regulatory tools that are limited to specific chains or 'riskier' areas or sectors. Supporting the transition requires aligned interventions in different policy areas. While global trade often compounds the main challenges of the global food systems, several opportunities do exist to reduce its harmful social and environmental costs by considering the way in which trade is conducted, the accountability of the main actors, and the role of countries that

import raw materials from the Global South. As the largest importer of food in the world, the EU and its member states are particularly well placed to develop new levers to stimulate or impose sustainable trade practices that do not cancel the effect of ambitious regulatory interventions.

Simultaneously, closer attention should be given on how investments, cooperation policies and programs can create an enabling environment that help deliver the objectives of these regulatory frameworks, especially regarding the protection of the most vulnerable during the transition, for instance through targeted financial and measures to support their compliance to new sustainability requirements of the Belgian and/or European Market.

Scoring mechanism developed to prioritise global agri-food chains

Following the request made by Belgian authorities, the BASIC-FTAO- Antwerp University consortium was tasked with elaborating a methodology to guide and prioritise where to intervene among the global agri-food value chains whose products are imported in Belgium. To do so, the consortium developed a methodology for an objective scoring across the 16 global value chains selected in the first stage of the study. This methodology is described step by step in this section.

The first element of the methodology is scoring each agri-food value chain according to its social and environmental impacts. Secondly, a complementary score has been developed, the "leverage score", to assess the capacity of Belgian legislation, European legislation and private stakeholders' collective initiatives to mitigate these impacts. In other words, this "leverage score" shows the potential of various private and regulatory initiatives to improve the sustainability of the 16 global agri-food value chains examined in this study. Both scores have then been aggregated to obtain a list of priority commodities on which to act first.

This section, along with the next one containing a summary of recommendations, has been devised to serve as a roadmap to show priorities for any political intervention by Belgian authorities, helping them to decide which global value chain to prioritise, on which root cause to act, and through which vehicle to intervene.

Methodology for the scoring of social and environmental risks

The analysis of the social and environmental impacts of each of the 16 global value chains selected in the first stage of the study has been conducted using a common and comprehensive methodological framework (the BASIC food sustainability compass). This framework enables not only to identify the root causes of these impacts (detailed in the second stage of the study), but also to assess and compare qualitatively the severity of the impacts across product categories for each social and environmental issue that has been investigated.

One important limit though, is the lack of common quantified indicators that enable us to further assess and compare the scale of impacts between value chains, at least for the main social and environmental ones. In order to overcome this limitation, we have conducted a large literature review to try to identify such indicators.

Our research has revealed the difficulty of finding such quantified indicators. The lack of data appeared the most glaring in the social field. Only two of the eight social elements of the BASIC sustainability compass could be documented with numbers that cut across the value chains. They are the following:

- Child and forced labour: this issue can be quantified in terms of number of countries concerned for each agricultural commodity, based on the annual list of goods produced using child or forced labour published by the Bureau of International Labour Affairs (ILAB) which is

an entity of the US Department of Labour.[243] Its latest edition released in 2022 points to highest risks in cocoa, coffee, palm oil, tea, cane sugar, rice, shrimp and soy.

- The living income gap and the living wage gap: these indicators measure the difference between the actual wage or income received by workers / farmers and the living wage or living income that the person should receive in order to ensure a decent living for himself/herself and his/her family[244]. These estimates are built on a benchmark methodology which has been developed more than 10 years ago by Richard and Martha Anker and which is now widely used in academic research and institutional reports funded by the international cooperation.[245]

Regarding environmental impacts, we have managed to find quantitative indicators for a majority of the issues documented in the BASIC's sustainability compass:

- Climate change, using the greenhouse gas emissions published in the "Agribalyse" reference database published by the French Agency for Ecological Transition (Ademe), which consolidates the main results of life cycle analyses available to date on food products.[246]
- Biodiversity loss, measured via estimates of the annual average deforestation between 2005 and 2017, which has been published in 2019 by Pendril *et al.* in the academic journal *Environmental Research Letters.*[247] This academic study enables not only to estimate the annual level of deforestation in each country, but most importantly to link it to the agricultural commodities (and other products) that cause it, whether directly or indirectly.
- Water abstraction and water pollution, which can be both measured via the water footprint concept (blue water for the abstraction and grey water for the pollution) which has been developed by A. Hoekstra et al. almost 20 years ago, and which results (by commodity and by country of production) have been widely published, in particular by the Institute for Water Education of UNESCO.[248]

This collection of quantitative indicators has been conducted first at global level and then for the 5 main countries of origin linked to Belgian food imports from non-OECD countries. The main results are detailed on the following page. It should be noted that the impacts described here concern only the agricultural production and the first stage of processing that take place in the countries of origin. We have not been able to quantitatively document the impacts on the rest of the value chain (transport, 2nd processing, packaging, etc.). As a result, it appears to us that quantifying impacts along the entire value chain, from producers to end consumers, should be an issue for public research at European level. The objective would be to gradually fill the current lack of quantitative data, in order to better assess the severity of the social and environmental impacts created by agri-food chains, so as to enable decision-makers to build relevant public policies and assess their consequences over time.

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243 https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2021/2022-TVPRA-List-of-Goods-v3.pdf

244 The components of a decent standard of living include nutritious and culturally adapted food, access to water, decent housing, access to education, health, transport, clothing and a minimum saving capacity to overcome unforeseen events.

245 A majority of the studies used to construct this indicator on living wage gap and living income gap are compiled and published by the Global Living Wage Coalition: https://www.isealalliance.org/about-iseal/our-work/global-living-wage-coalition

246 https://agribalyse.ademe.fr

247 Florence Pendrill et al. Deforestation risk embodied in production and consumption of agricultural and forestry commodities 2005-2017, 2019

248 Hoekstra, A.Y. et al. The water footprint assessment manual: Setting the global standard, Earthscan, London, UK, 2011.

Table 9: Numerical indicators of the environmental impacts of the 16 main global agri-food value chains importing into Belgium

Impact	Environmental							
Problem/theme	Climate		Biodiversity		Water resources		Water resources	
Indicator	**GHG emissions**		**Deforestation**		**"Grey" water**		**"Blue" water**	
Definition	Corresponds to the modification of the climate, affecting the global ecosystem. The indicator refers to the increase in global temperature due to greenhouse gas emissions linked to the product's life cycle analysis (LCA).		Number of hectares of direct and indirect deforestation generated each year by each agricultural commodity between 2005 and 2017		Volume of fresh water needed to dilute to an acceptable level the pollution generated by discharges from the various production processes		The amount of surface and groundwater consumed (evaporated) resulting from the production of a product.	
Source	*Agribalyse*		*Pendrill et al. (2020).*		*Water Footprint - UNESCO Institute for Water Education*		*Water Footprint - UNESCO Institute for Water Education*	
Unit of measurement	kg CO_2 eq/kg of product	Total Belgian imports	hectares / year	Total Belgian imports result	m^3 / tonne	Total Belgian imports result	m^3 / tonne	Total Belgian imports result
Cocoa	17,11	3 986 539 165 666	732 498	280 297	179	41 721 740 480	4	932 329 396
Coffee	9,4	1 139 498 051 501	503 321	230 284	532	64 490 740 787	116	14 061 890 848
Palm oil	5,59	2 690 977 153 192	5 479 420	5 290 759	40	19 255 650 470	0	0
Soya	3,89	3 152 389 958 912	5 012 100	3 790 996	37	29 984 171 846	70	56 726 811 600
Shrimp	7,06	161 781 727 056	NA		NA	NA	NA	NA
Bananas	1,87	225 822 243 289	198 185	18 053	33	3 985 098 411	97	11 713 774 117
Rice	2,16	587 739 585 765	2 867 565	244 156	187	50 883 010 434	341	92 786 666 086
Orange juice	0,9	64 167 208 225	69 243	21 600	90	6 416 720 823	199	14 188 082 708
Cashew nut	8,45	41 109 712 239	334 906	61 663	444	2 160 084 288	921	4 480 715 381
Avocado	2,75	39 577 790 296	40 616	9 185	849	12 218 743 259	283	4 072 914 420
Tea	0,05	282 079 627	39 301	11 168	726	4 095 796 178	898	5 066 150 094
Sugarcane	1,15	126 337 801 743	470 103	189 952	104	11 425 331 636	455	49 985 825 907
Grape	0,63	11 232 777 152	13 020	1 553	87	1 551 193 035	97	1 729 491 085
Honey	1,15	13 774 594 200	NA		NA	NA	NA	NA
Pineapple	1,15	12 250 724 515	59 354	15 919	31	330 236 922	9	95 875 235
Hazelnut	4,51	10 943 591 463	1 443	1 275	354	2 644 903 480	1090	858 987 002

Table 10: Numerical indicators of the social impacts of the 16 main global agri-food value chains importing into Belgium

Impact	Socio-Economic				
Problem/theme	Working conditions		Working conditions		Decent standard of living
Indicator	**Child labour**		**Forced labour**		**Living Income/Wage**
Definition	Child labour (according to the ILO): the child is between 7-11 years old and economically active; between 12-14 and working more than 14h/week; between 14-17 years old involved in the "worst forms of work" (slavery, prostitution, pornography, drug trafficking, deplorable conditions etc.).		Any work performed by a person under threat of a penalty for which the person does not work voluntarily.		The standard remuneration received for weekly work allowing a decent standard of living for that person and his family.
Source	*US Department of Labor*		*US Department of Labor*		*Global Living Wage Coalition* *BASIC studies*
Unit of measurement	No. of countries affected by child labour	Total Belgian import result	No. of countries affected by forced labour	Total Belgian imports result	Ratio between current income/wage and living income/wage
Cocoa	7	3	2	2	53%
Coffee	17	3	2	1	49%
Palm oil	3	2	2	2	81%
Soya	NA	NA	NA	NA	43%
Shrimp	3	1	2	0	80%
Bananas	5	1	0	0	89%
Rice	12	1	3	0	49%
Orange juice	NA	NA	NA	NA	56%
Cashew nut	3	2	0	0	N/A
Avocado	NA	NA	NA	NA	91%
Tea	6	2	1	1	44%
Sugarcane	19	4	5	1	36%
Grape	2	0	0	0	53%
Honey	NA	NA	NA	NA	N/A
Pineapple	1	1	0	0	74%
Hazelnut	1	1	0	0	51%

On the basis of the above analyses, we have developed a sustainability score for each of the 16 main agri-food products imported into Belgium from non-OECD countries. This score is founded firstly on the qualitative analysis of social and environmental impacts detailed in the second section of this report, and then on the quantitative indicators which are described above. The value chains were then rated according to the following principles

- a 3-level gradient (from the least negative = 1 to the most negative = 3) has been developed to estimate the severity of the impacts on 8 themes of the BASIC's sustainability compass (the information collected on air quality, waste management and food democracy being insufficient to be integrated).
- the rating of each sector has then been performed according to this gradient on the basis of the results of the qualitative analysis of each product described in the second of this report, complemented with the quantified common indicators described in the previous pages, when such numbers are available.

The combined use of the qualitative and quantitative analysis thus made it possible to fill in the gaps and assess the main sustainability issues, including in the social field (see table below).

Table 11: Methodology for scoring the social and environmental impacts of the value chains

Scoring	Level 1	Level 2	Level 3
Climate	Emissions > 0	Emissions > 0.1 billion t	Emissions > 1 billion t
Biodiversity	Exposure of species to hazardous substances	Exposure of species AND destruction of habitats	Exposure of species AND destruction of habitats AND deforestation > 1 Mn Ha
Water	Overconsumption OR contamination	Overconsumption AND contamination	Overconsumption and contamination AND water footprint > 40 billion m^3
Soils	Pollution OR soil depletion	Pollution AND soil depletion	N/A
Health	Worker health damage	Health damage to workers AND local populations	Health damage to workers AND local populations AND significant number of deaths
Labour law	Hardship OR child/forced labor OR repression	Hardship AND child/forced labor OR repression	Hardship AND child/forced labor AND repression
Living income	Income between 75% and 100% of the living wage / living income	Income between 50% and 75% of living wage /living income	Income below 50% wage /living income
Social cohesion	Tensions between groups of actors	Conflicts between groups of actors	Modern slavery

Source: BASIC

As illustrated in the above table:

- Climate change impacts have been rated essentially using the quantified indicators of greenhouse gas emissions, with 3 thresholds: emissions superior to zero (grade 1), above 0.1-million-ton eq CO2 per year (grade 2) and above 1-million-ton eq CO2 per year (grade 3).
- Biodiversity loss impacts have been rated firstly according to the qualitative analysis: grade 1 corresponds only to cases where the agricultural production causes an exposure of natural species to toxic and dangerous substances via mainly the use of pesticides, and grade 2 corresponds to cases where the problem is amplified because of the loss of natural habitat due to documented deforestation. Finally, grade 3 has been defined using the quantified indicator on annual deforestation, considering in this category the cases of commodities which have generated more than 1 million hectares of deforestation per year between 2005 and 2017.
- Water resource impacts have been rated in a similar way as for biodiversity loss: grade 1 corresponds to cases of commodities which are associated either with problems of water overconsumption (given the water scarcity in the region where agricultural production takes place) or with problems of water contamination (due to the use of synthetic pesticides and/or fertilizers); grade 2 corresponds to cases where the two problems of water contamination and overconsumption are combined, and finally grade 3 is based on the use of the quantified water footprint indicator, considering in this category the commodities associated with a total water footprint above 40 billion m3 per year (blue and grey water combined).
- The impacts on soil have been rated more simply because of the lack of quantified indicator. There are only two grades: grade 1 corresponds to cases of commodities which are associated either with problems of soil depletion caused by the monoculture practices implemented in the farms/plantations or with problems of soil contamination caused by the use of synthetic pesticides and/or fertilizers. At the next level, grade 2 corresponds to cases where the two problems of soil depletion and soil contamination are combined.
- In the social field, human health impacts have been measured only through the qualitative analysis. Grade 1 corresponds to commodities associated with significant occupational health risks caused by the exposure to dangerous and toxic substances (essentially chemical pesticides) in the absence of (sufficient) personal protective equipment which can be combined with risks of accidents (cuts, falls, etc.). At the next level, grade 2 corresponds to cases where the local population living nearby the farms and plantations are also exposed to dangerous and toxic pesticides because of water, air and soil contamination. Finally, grade 3 correspond to cases where there are also significant cases of death in the workplace which have been documented by institutions and civil society organizations (as for example in the case of boats used for shrimp fishing).
- Labour conditions and labour rights issues have been rated in a pretty similar way as human health issues, but with a small use of the quantified indicators collected. Grade 1 corresponds to commodities associated with hardship of the tasks performed (long hours, difficulty of work, etc.). At the next level, grade 2 corresponds to commodities which are also associated either with documented cases of child and forced labour, or with documented cases of trade union repression. Finally, grade 3 includes the commodities for which all these problems are combined: hardship of the work, child labour and/or forced labour, union repression.

- The living wage and living income gaps are the only social issue which has been rated essentially using the quantified indicators collected. To do so, we have defined 3 thresholds: firstly, the commodities in which the farmers/workers earn between 75% and less than 100% of the living income/wage (grade 1), then the cases where they earn between 50% and 75% of the living income/wage (grade 2), and finally the case where they earn less than 50%.
- Finally, the social cohesion impacts have been purely graded according to the qualitative analysis, where grade 1 corresponds to cases where there are documented cases of social tensions between groups of actors at the stage of agricultural production (as in the case of bananas, between large plantations and social farmers, but also between local and migrant workers). At the next stage, grade 2 corresponds to commodities where such tensions escalate into conflicts (such as in soya, caused by land grabbing phenomenon) and finally grade 3 corresponds to the documented cases of modern slavery (as for example in shrimps).

This grading system has been used for the 16 commodities selected in the first stage of the study and analyzed in the second stage of our work. It has only been applied to the 5 main countries of origin (non-OECD) which are associated with the Belgian food imports. Honey has not been scored due to its very limited impacts in comparisons with the other commodities (see the related section for further details).

The results are provided in the next page (it should be noted that the total number of points may vary from one commodity to another depending on the issues that are relevant to it).

In the end, 10 value chains stand out, with an impact score greater than or equal to 15 (see below).

Table 12: Sustainability risk score of the 16 global agri-food value chains imported into Belgium

Value chain	Climate	Air quality	Bio-diversity	Water	Soil	Material/ energy resources	Waste	Health	Labour conditions / rights	Living income /wage	Fairness/ Social justice	Food demo-cracy	Social cohesion	Food security	Animal well-being	SCORE	TOTAL NB POINTS
Coffee	3		2	3	2	1		2	3	3	2		2	1	N/A	24	/ 26
Soya	3		3	3	2	1		1	2	3	2		2	1	N/A	23	/ 26
Sugarcane	2		2	3	2	1		1	3	3	2		1	1	N/A	21	/ 26
Palm oil	3		3	2	2	N/D		2	3	1	2		1	1	N/A	20	/ 25
Shrimp	2		2	2	N/D	N/D		3	3	1	2		3	1	1	20	/ 24
Tea	1		1	1	2	1		2	3	3	2		3	N/D	N/A	19	/ 25
Cocoa	3		2	3	1	N/D		1	2	2	2		2	1	N/A	19	/ 24
Rice	2		2	3	2	N/D		2	1	3	2		1	N/D	N/A	18	/ 25
Orange juice	1		1	2	2	1		2	2	2	2		1	N/D	N/A	16	/ 25
Grapes	1		1	1	2	1		1	2	2	2		2	1	N/A	16	/ 26
Banana	2		1	2	2	N/D		2	2	1	2		1	N/D	N/A	15	/ 24
Pineapple	1		1	1	2	N/D		1	2	2	2		1	N/D	N/A	13	/ 24
Avocado	1		1	1	N/D	N/D		1	2	1	2		1	N/D	N/A	10	/ 22
Hazelnut	N/D		N/D	1	N/D	N/D		1	2	2	2		1	N/D	N/A	9	/ 16
Cashew nut	1		N/D	1	N/D	N/D		1	1	1	2		1	N/D	N/A	8	/ 19
Honey																0	/ 0

Source: BASIC

Methodology for calculating the leverage scoring

The methodology for assessing leverage (i.e., the capacity to act), of both the public authorities and the private sector, for each of the 16 global agri-food value chains, follows three stages:

- A mapping of voluntary initiatives and legislative interventions (at both European and national levels) that can act positively on the root causes of the value chains' social and environmental impacts (see above)
- Assessing their potential or proven impact on these root causes
- Cross-check per selected commodity, according to the type and numbers of levers that can be activated (voluntary or regulatory interventions or a combination of both).

The consortium identified and assessed several multi-stakeholder initiatives using a combination of qualitative and quantitative methods (see the MSIs section above). For the assessment, the process started with a series of ad hoc interviews with MSI experts or stakeholders involved in MSIs. The interviews were then complemented with a literature review and an analysis of public documents published by the Belgian federal government concerning these instruments. The qualitative and quantitative indications were then combined with the results of the socio-environmental analysis carried out by BASIC and presented in the second section of the report, so that only the MSIs involved in the identified value chains were finally analysed. We identified 11 MSIs to be assessed in detail, plus three additional ISCOs that were analysed through the prism of a SWOT analysis.

In parallel, we defined a scoring grid to assess the role of these MSIs in addressing the root causes of the environmental and social challenges highlighted by BASIC. The score ranges from 0 to 3, indicating whether the instruments they implement does address the issue (not at all at one extreme of the score) and whether the instrument is able to generate a significant impact on the root cause such that no public intervention is required (at the other extreme).

Based on this grid, we proceeded with the scoring, which was itself the result of a combination of qualitative and quantitative analysis. We consulted the latest versions of the MSI standards and materials available online and looked to see if they contained guidance with regards to the root causes of the social and environmental issues analysed in the second stage of our research. In addition, we conducted ad hoc interviews and email exchanges with MSI actors in order to gain a better understanding of their 'real life' implementation. To complete the scoring, we also took into account existing academic and non-academic literature on the effectiveness of the instruments and their transformative capacity, to ensure that the analysis took into account both the potential and the current shortcomings of the instruments deployed by MSIs. Once the scoring was completed, the data was submitted to some of the stakeholders interviewed for validation and additional feedback. Although the exercise may appear subjective, it shows how transformative are the existing and future instruments of MSIs when their full potential is triggered.

Table 13: Scoring of the MSIs' leverage on root causes of the social and environmental impacts of global agri-food value chains

Voluntary initiative	Expansion of agri. spaces (to detriment of forest)	Mono-crop models	Synthetic fertilisation	Mecha ni-sation	Dangerous pesticides	Water consumption	Investment capacities (small producers)	Labour law violation	Precarious employment - Difficult work	Occupational health and safety	Discri-mination	Commodifi-cation / Low prices	Price volatility	Concen-tration of power
Beyond Chocolate *	2	0	2	0	2	2	2	2	2	2	2	2	1	0
World Banana Forum	0	1	1	1	2	2	2	1	2	1	2	2	2	0
World Cocoa Foundation	1	0	0	0	1	0	1	1	0	0	0	0	0	0
Ethical Tea Partnership	1	0	1	0	1	1	1	1	1	1	1	0	0	0
Fairtrade International	2	0	2	0	2	2	2	2	2	2	2	2	1	0
Rainforest Alliance	2	0	2	0	2	2	1	2	2	2	2	1	1	0
Bonsucro	1	0	1	0	1	1	1	1	1	1	1	0	0	0
ASC shrimp	1	0	0	0	1	1	0	1	1	1	1	0	0	0

MSC & Chain of Custody	0	0	0	0	0	0	0	1	1	1	0	0	0	0
RSPO	2	0	1	0	1	2	2	1	1	1	2	0	0	0
RTRS	2	1	1	0	2	1	0	2	2	2	2	0	0	0

Voluntary initiatives scoring	
0	No specific reference
1	Reference to the question is made in the text, but no specific objective is introduced
2	The problem is discussed, and specific objectives are identified
3	Specific objectives responding to the issue are determined & the verifiable positive impact is such that regulatory intervention is not necessary

** The authors acknowledge that the Beyond Chocolate initiative launched by the Belgian government contains a commitment by 2025 for all actors who are members of the initiative to exclusively use or market cocoa that meets the certification standards or cocoa obtained under corporate sustainability programs, that deforestation associated with cocoa production must be eliminated by 2030 and that by the same date all associated producers must earn at least a living income. It is therefore the highest potential of Beyond Chocolate that has been retained in the above scoring with the adoption of the highest standards among the existing certifications and compliance with the objectives. Aware that stakeholders can decide to adopt less demanding standards, without any legal responsibility for not doing so, the potential of Beyond Chocolate can be greatly undermined, unless public authorities play a leading role and provide for a binding legal framework on some dimensions.*

In addition, our research also developed a thorough analysis of a wide range of existing and future legislative interventions at both the European and Belgian levels (see below), with a common framework for analysis which allows to determine, for each piece of legislation analysed:

- The type of process and its provisional timetable
- The scope and interaction with the list of selected global value chains linked to Belgian imports
- The assessment of its potential sustainability impacts, with particular attention to the components of the BASIC's sustainability compass and the possible links between social and environmental ambitions.

On the basis of the analysis conducted, a complementary assessment grid was developed to assess the European and Belgian initiatives according to their potential of influence on the different root causes of social and environmental impacts. We have scored them according to the following grading:

- 0 - when the intervention does not contain a specific reference and no indirect impact is expected
- 1 - when the analysis has detected a potential impact but no specific objective is or can be introduced a priori
- 2 - where the analysis has identified a potential for the instrument to incorporate specific targets that would positively impact on the root cause
- 3 - when the root cause in question is a central objective of the intervention

Table 14: Scoring of the ability of European legislation to act on the root causes of social and environmental issues in global agri-food value chains

European legislation	Expansion of agri. spaces (to detriment of forest)	Mono-crop models	Synthetic fertilisation	Mechani-sation	Dangerous pesticides	Water consumption	Investment capacities (small producers)	Labour law violation	Precarious employment - Difficult work	Occupational health and safety	Discri-mination	Commodifi-cation / Low prices	Price volatility	Concen-tration of power	TOTAL of 42
Sustainable public procurement (introduction of EU minimum criteria/Green Public Procurement)	2	2	2	2	2	2	2	2	2	2	2	2	2	0	26
Forthcoming legislative EU framework on sustainable food systems	2	2	2	0	2	1	2	1	2	1	0	1	2	0	18
Corporate Sustainability Due Diligence Directive (CSDD)	1	0	2	0	2	1	2	2	1	2	2	1	1	0	17
EU Directive on Unfair Trading Practices in agri-food supply chains and its upcoming Revision	0	0	1	0	1	0	2	2	2	0	1	2	0	2	14
EU Competition law - Revision of the Horizontal Guidelines	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14
EU Regulation on deforestation-free products	3	1	0	0	0	1	2	1	0	0	1	2	1	1	13
EU Regulation on forced labour	0	0	0	0	0	0	0	3	2	2	1	0	0	1	9

Potential of European public interventions:

0	No specific baseline or indirect positive impact expected
1	Potential impact, but no specific objective is introduced
2	The problem is discussed and specific targets are identified
3	The problem is at the core of the instrument

Table 15: Scoring of the ability of Belgian legislation to act on the root causes of the social and environmental issues of global agri-food value chains

Belgian legislation	Expansion of agri. spaces (to detriment of forest)	Mono-crop models	Synthetic fertilisation	Mechani-sation	Dangerous pesticides	Water consumption	Investment capacities (small producers)	Labour law violation	Precarious employment - Difficult work	Occupational health and safety	Discri-mination	Commodifi-cation / Low prices	Price volatility	Concen-tration of power	TOTAL of 42
Sustainable public procurement	3	2	3	2	3	3	3	2	2	2	2	3	2	2	34
Due diligence legislative proposal	2	0	2	0	2	2	2	3	2	2	2	3	1	0	23
Ban on sales of pesticides produced in Belgium that are illegal according to national and EU law	1	2	2	2	2	2	0	0	2	2	0	0	0	1	16
Belgian Unfair Trading Practices Law (application of EU Directive + potential revision)	0	1	1	0	1	0	2	2	2	0	1	2	0	3	15
Competition law	0	0	1	0	1	0	0	1	1	1	0	2	1	3	11
Curbing speculation on food commodities and global volatility	0	0	1	0	1	0	0	1	1	0	0	2	2	2	10
Non-financial information	1	0	1	0	1	1	0	1	1	1	2	0	0	0	9
Fiscal system and VAT	0	1	1	0	1	1	1	0	0	0	0	0	0	0	5
Legislation on biofuels and feedstocks	2	0	0	0	0	0	0	0	0	0	0	0	0	0	2

Potential of Belgian public interventions:

0	No specific baseline or indirect positive impact expected
1	Potential impact, but no specific objective is introduced
2	The problem is discussed and specific targets are identified
3	The problem is at the core of the instrument

Based on the assessment of the leverage capacity of both of the public authorities (at European and Belgian levels) and of the private sector (leverage of the MSIs) for each of the 16 value chains, the project carried out a cross-check and an integrated assessment of the levers identified which can be activated for each of the commodities.

The following scoring was adopted:

0- In the absence of a specific lever in the global value chain
1- Existence of at least one instrument (public or private) that can be used
2- Possibility of combining both public and private instruments, however the public instrument does not specifically address the global value chain in question
3- Possibility of combining both public and private instruments, and the public instrument specifically targets this global value chain (or has the potential to be reformed in this direction).

Unsurprisingly, it is the cocoa and coffee sectors that appear to be the most amenable to influence. Paradoxically, some supply chains that alone concentrate a very high number of issues, with a high unsustainability score such as those for shrimp, have a very low leverage rating.

Given the socio-environmental stakes of such global value chains and the way public and private initiatives engage with the root causes, we have tried to combine these elements in a single graph.

The table is an approximation of the sustainability potential that exists in each global value chain based on the public and private instruments that are already available, that will be implemented or that could be implemented. We are aware of the subjective and speculative nature of the exercise and also of the fact that the capacity for action depends on the way the existing instruments (public and private) are implemented and - even more - on the way future instruments will be developed. This is why we provide in the report detailed suggestions on the content of future initiatives and on how to redefine existing initiatives (see previous sections). In addition, our scoring shows is that no private initiative is sufficient on its own and that a solid and adapted mandatory framework should be a requirement for the "Beyond Food" strategy.

Table 16: Scoring of the leverage on global agri-food value chains

Value chain	Expansion of agri. spaces (to detriment of forest)	Mono-crop models	Synthetic fertilisation	Mechani-sation	Dangerous pesticides	Water consumption	Investment capacities (small producers)	Labour law violation	Precarious employment - Difficult work	Occupational health and safety	Discri-mination	Commodifi-cation / Low prices	Price volatility	Concen-tration of power	TOTAL of 42
Cocoa	3	1	2	1	2	2	2	2	2	2	2	2	1	1	25
Coffee	3	1	2	1	2	2	2	2	2	2	2	2	1	1	25
Palm oil	3	1	2	1	2	1	2	1	1	2	2	2	1	1	22
Soya	3	1	2	1	2	1	1	2	2	2	2	2	1	1	23
Tea	2	1	2	1	2	2	2	2	2	2	2	2	1	1	24
Rice	2	1	2	1	2	2	2	2	2	2	2	2	1	1	24
Banana	2	1	2	1	2	1	2	2	2	2	2	2	0	1	22
Sugarcane	2	1	2	1	2	2	2	2	2	2	2	2	0	1	23
Pineapple	2	1	2	1	2	2	2	2	2	2	2	2	0	1	23
Cashew nut	2	1	2	1	2	2	2	2	2	2	1	2	0	1	22
Orange juice	2	1	2	1	2	2	2	2	2	2	1	2	0	1	22
Avocado	2	1	2	1	2	2	2	2	2	2	1	2	0	1	22
Grape	2	1	2	1	2	2	2	2	2	2	1	2	0	1	22
Hazelnut	1	1	1	1	1	1	1	1	1	2	1	2	0	1	15
Shrimp	1	1	1	1	1	1	1	1	1	2	1	2	0	1	15
Honey															0

Which global value chains to prioritise

The objective of this project has been to develop a weighting framework to prioritise global agrifood value chains linked to Belgian imports and originating from non-OECD countries. The scoring has been based on:

- the risks to sustainability issues (bith social and environmental) in these chains
- the potential levers of the Belgian authorities and private actors to make these chains more sustainable
- the potential links with the partner countries of the Belgian development cooperation.

The 14 priority countries for Belgian cooperation are essentially in sub-Saharan Africa[249] and do not correspond to the first five importing countries identified for each agro-food value chain, except for Benin (which accounts for a very low proportion of the total imported value). Linkages with partner countries of Belgian cooperation has thus not been retained in the final score.

The aggregation of the sustainability risk score and the leverage score indicates a prioritisation of the global agri-food value chain on which to act first. The aggregate score was obtained by simply adding the non-sustainability score and the leverage score:

Table 17: Aggregate score to prioritise the 16 global agri-food value chains importing to Belgium

Non-sustainability score	
Coffee	24
Soya	23
Sugarcane	21
Palm oil	20
Shrimp	20
Tea	19
Cocoa	19
Rice	18
Orange juice	16
Grape	16
Banana	15
Pineapple	*13*
Avocado	*10*
Hazelnut	*9*
Cashew nut	*8*
Honey	*0*

Leverage score	
Cocoa	25
Coffee	25
Palm oil	22
Soya	23
Tea	24
Rice	24
Bananas	22
Sugarcane	23
Pineapple	23
Cashew nut	22
Orange juice	22
Avocado	*22*
Grape	*22*
Hazelnut	*15*
Shrimp	*15*
Honey	*0*

Aggregate score	
Coffee	49
Cocoa	44
Soya	46
Palm oil	42
Sugarcane	44
Tea	43
Rice	42
Shrimp	35
Bananas	37
Orange juice	38
Grape	38
Pineapple	*26*
Avocado	*22*
Cashew nut	*21*
Hazelnut	*20*
Honey	*0*

Source: BASIC, University of Antwerp and FTAO

249 The 14 countries are Benin, Burkina Faso, Burundi, Democratic Republic of Congo, Guinea, Mali, Marocco, Mozambique, Niger, Uganda, Occupied Palestinian Territories, Rwanda, Senegal and Tanzania : https://diplomatie.belgium.be/fr/politique/cooperation-au-developpement-et-aide-humanitaire/pays

In terms of the severity of social and environmental impacts and the capacity to intervene, it should be noted that the same four global value chains appear to be priorities:

- coffee
- cocoa
- soya
- palm oil.

For the fifth place, on the other hand, the result is very different depending on the score:

- shrimp appears as the commodity chain with the worst impacts, particularly social impacts (modern slavery)
- tea appears to be the commodity chain with the greatest capacity to act
- but at the level of the aggregate score, it is the sugarcane value chain that appears as the priority sector for intervention.

The groups of priority value chains appear to be similar, with the exception of two chains:

- the grape sector and the shrimp sector have severe impacts, but do not appear in the priority value chains on which there is a leverage
- Conversely, the pineapple and cashew value chains have relatively less impact, but the capacity to intervene on these value chains is easier.

For the BASIC-FTAO-University of Antwerp consortium, such a prioritisation of commodity value chains does not constitute an encouragement to work on a silo approach, commodity by commodity, in order to mitigate their social and environmental impacts. On the contrary, the above analysis of initiatives at national and European level emphasises some lessons learned that are essential for effective policy action:

- A number of minimum requirements to make a multi-stakeholder initiative for a value chain actionable
- A binding regulatory framework to realise the full potential of multi-stakeholder initiatives for the governance of the value chains
- Strong regulatory initiatives across the different value chains.

The recommendations of the project are detailed in the following section.to underline the importance for the Belgian federal government to consider going beyond a simple prioritisation of sectors, in a more holistic approach.

Cross-cutting recommendations

The need to develop a systemic approach

In addition to the technical recommendations contained in each section of this research report and the scoring of the different global value chains, our analysis led us to identify certain cross-cutting lessons which, we hope, can help guide Belgium's future strategy.

We believe that, in contrast to an approach that would be more restrictive (by commodity or country, for instance), the most appropriate approach is one that is systemic and that considers the multiple interconnections and similarities beyond the specificities of each sector. This is of particular importance given that many deep-rooted causes and drivers appear to be cross-cutting (e.g., the low valuation of raw materials, or producers' inability to forecast income, thus hampering their ability to make investments that would increase the sustainability of their production).

Similarly, we recommend that the Belgian authorities move away from a "silo" approach to sustainability; instead, they should favour interventions and political positionings that are capable of triggering multiple co-benefits along the different pillars of sustainability. In that sense, the analysis shows that tangible progress within supply chains can be jeopardised when, for instance, a legislation whose primary objective is of an environmental nature is not leveraged to drive also positive change on socio-economic factors.

In that sense, the national "Beyond Food" strategy offers a unique opportunity to move from competing to converging priorities, by linking analysis and intervention. The establishment of sustainable food systems can contribute to multiple policy objectives and vice versa: this means that complementarity and policy coherence must be strengthened to remedy the current legislative patchwork, in order for these policies and laws to have a lasting impact on global agri-food value chains. This systemic approach and the policy coherence must be reflected institutionally through increased cooperation and inter departmental work.

Going beyond the limits of voluntary multi-stakeholder initiatives

When creating any new form of multi-stakeholder initiative for the governance of a global agri-food value chain – or just in order to improve the existing ones – it is necessary for the initiative to follow minimum principles that would increase its transformative capacity and the accountability of its members such as:

- ✓ An effective and stable role played by public authorities over time, beyond a narrow donor-beneficiary relationship and towards a common long-term vision on joint sustainability objectives
- ✓ A governance system that balances power inequities in the value chain
- ✓ The accountability and transparency of members for the information to be collected and/or published
- ✓ The existence of a grievance and internal control mechanisms
- ✓ The adoption of a transparent normative framework to be enforced (internationally recognised standards, criteria, certification), with an obligation to comply

- ✓ The ability to sanction or exclude certain actors in breach of the normative framework
- ✓ The inclusion of representatives of the countries of production: producers' organisations, trade unions, civil society organisations, including those affected by agricultural production, as well as government representatives.

From the perspective of consumer countries such as Belgium, it also seems wise to integrate stakeholders from international cooperation more actively into these platforms.

Multi-stakeholder initiatives in international agri-food value chains, as we have seen, can achieve a better valuation of the production and make it more sustainable. However, this should not exempt these initiatives from reflecting on the redistribution of the value created within a given global value chain. In this context, we believe it is important to rethink the current order of priorities. A multitude of sustainability programs have been developed in recent years under the umbrella of these multi-stakeholder initiatives. Although we do not question their usefulness, we stress that these programs are not intended to tackle the underlying causes of non-sustainability. It therefore seems essential to reverse the logic by considering the issue of the redistribution of value as the main entry point, and by using these pre-competitive spaces to progress on the latter.

To trigger a sustainable social and environmental transition in the sector, the way profits are distributed along the chain must change. The reinvestment of the profits made by actors of a global value chain linked to a multi-stakeholder initiative must not be decided by processors, brands or distributors (via corporate social programs for example). There is concentration of power and asymmetry of information at these levels of the chain that causes a number of socio-environmental impacts. Today, the burden of following regulatory constraints or joining voluntary initiatives to improve the social and environmental impact of global agri-food chains falls on farmers and producers, without giving them a voice in the matter. They must be part of the decision to reinvest value – which without them would not be created.

Implement binding, (more) ambitious public interventions

The analysis undertaken allows us to highlight a few cross-cutting priorities and guiding principles when designing or reframing food supply chain sustainability policies.[250]

First, many human rights violations and environmental abuses are systemically embedded in food supply chains and will need to be addressed as such. Instead of focusing on the symptoms, any legislation that wants to be truly transformative will need to put in place specific provisions with leverage on underlying drivers of these problems. As concerns legislative tools based on a due diligence process, this calls for the establishment of strict obligations for companies to change their purchasing practices to allow producers to earn an income that is sufficient to cover the costs of socially and environmentally responsible production.

A consumer country downstream of a global agri-food value chain should properly take into account the various linkages across production, processing and marketing levels in the value chain, as well as the constraints of each actor to meet new sustainability requirements. To ensure the inclusiveness of

250 The project's research report contains a number of specific recommendations for each of the Belgian or European regulatory initiatives analysed.

the transition process, it is particularly relevant for Belgium to push for the amendment of legislative instruments to avoid negative repercussions on, or even the exclusion from the market of, economic players who are in the most vulnerable situation. It is critical to ensure that the costs of compliance with the new sustainability requirements are shared equitably between actors across the supply chains, in line with their respective capacity to contribute.

The issue of stakeholder engagement in producing countries should also be seen as central to improving inclusiveness, transparency, and accountability within agri-food value chains. It is therefore recommended that the Belgian authorities increase the consultation process with actors of the agri-food supply chains, including the most marginalised, in order to shape regulatory frameworks that reflect the needs and realities of the producing countries. This also involves integrating meaningful stakeholder engagement into the core due diligence obligations of economic actors, to ensure an inclusive, informed, and high-quality process.

Furthermore, building a just and sustainable transition requires placing smallholders and local communities and their economic reality at the heart of the legislative tools that are likely to affect them. Smallholders are responsible for producing a third of the world's food supply and form the backbone of the economy in many partner countries. They must be part of the equation. This notably involves carrying out impact studies prior to any new legislative intervention, setting up specific measures to support producers' compliance with new sustainability requirements, and overall putting in place solid partnerships with producing countries that take these realities into account.

Finally, the effectiveness of the transition will also depend on the level of overall policy so that policies and legislative tools communicate effectively with each other, and mutually reinforce each other.

Create an enabling environment towards ecological and social transition

Informed public policies

The globalisation of the agri-food value chains has contributed to increasing the opacity of the system, partially due to multiplication of the steps from production to consumption and, thus, of the territories and actors impacted. We found out throughout the project the lack of tangible and comparable data on these agri-food value chains for both researchers and political leaders. To remedy this situation at Belgian and European level, it is recommended:

- To invest in research programs on the social and environmental impacts of agri-food sectors with quantitative indicators across the various steps of the global value chains and territories. Research should have a spectrum as broad as the 15 themes of the BASIC food sustainability compass, in order to cover both environmental and social topics (discrimination, child labour or forced labour, etc.) and to target subjects that have not yet been systematically studied on the various global value chains (the capacity to recycle waste, greenhouse gas emissions, animal welfare, etc.)
- To set up a scientific corpus which would cover many global value chains and countries. This could then be used by political leaders to go beyond the current legislative approaches which require companies to demonstrate that they are virtuous in their management of risks throughout their supply chain (due diligence), and thus reverse the burden of proof every time the risk of a significant violation is proven in relation to a specific global agrifood value chain

and a specific geographical area. Similar to what was proposed in the Belgian corporate due diligence law proposal, the United States passed a legislation in 2005 which mandates public authorities to draw up the list of the value chains and countries where the risk of forced labour and child labour is proven,[251] making it possible for any person to have information for each of the countries and value chains analysed in this project.

In this perspective, the Belgian authorities should revise the recording of their customs data to increase transparency on the supply of their international agri-food chains (and those of their European neighbours), on two specific points:

- The traceability of products imported from the common European market,[252] to know the country of origin of the commodity
- The traceability of the origin of the raw material in the case of import of semi-processed products.

A coherent set of public policies in favour of a sustainable transition of food systems.

Any reflection on the sustainability of the global agri-food value chains imported into Belgium should include a reflection on the role of Belgium at the multilateral level. As a member of the international community of States, Belgium as the right to vote in key organisations that have a direct influence on the construction and governance of global agri-food value chains, such as the United Nations General Assembly and the World Trade Organization. Belgium can also enter into bilateral and multilateral agreements with other countries to address issues specific to their economic, social, historical, or trade relations.

The different processes on which Belgium could intervene at the multilateral level are described in a the research report and include:

- Drawing up and adopting new international agreements on agricultural commodities with the producing and importing countries of agricultural commodities
- The integration of social and environmental sustainability concerns in the position that the Belgian State will adopt during the negotiations on the future of the World Trade Organization (WTO)
- The approval of the legally binding instrument on transnational corporations which is currently in the negotiation phase within the intergovernmental working group of the UN Human Rights Council.

Many of the negative externalities identified in agricultural value chains will not be effectively tackled if they are only addressed through unilateral legislative measures or mandatory market access requirements. Addressing these externalities require broader systemic changes.

Global trade in its current configuration and the model of free trade agreements are often perceived as worsening the main challenges faced by food systems. However, the EU and its Member States are

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251This is the Trafficking Victims Protection Reauthorization Act (TVPRA) adopted in 2005. The list of countries and sectors is available at the following link: https://www.dol.gov/agencies/ilab/reports/child-labor/list -of-goods .
252Imports from the EU in 2019 accounted for 80% of the total value of imports into Belgium and 86% of the total volume imported into Belgium (see research report by BASIC, FTAO and University of Antwerp).

particularly well placed to reverse this trend by ensuring that sustainability objectives are systematically embedded among the core objectives of trade agreements. In doing so, it is a question of banning any commercial practice that would cancel, contradict, or water down the positive incidence generated by ambitious legislative interventions. It is especially desirable to mainstream Trade and Sustainable Development (TSD) chapters as well as Chapters on sustainable food systems in Trade Agreements. It is also critical to address their degree of impact and their effective implementation.

Beyond a sole focus on international trade patterns, a renewed ambition in terms of the sustainability of global agri-food chains will also require reinforced support to regional food systems in partner countries of Belgium.

At the same time, more attention needs to be paid to how cooperation programs and policies could foster an enabling environment for the achievement of the objectives set out by the legislative instruments. This can be a powerful lever to guarantee that the instruments analysed translate into tangible results, and that they are not hampered by local institutional or structural obstacles – this may require supporting governance reforms and national participatory processes. Cooperation programs can also serve as an effective tool to protect those who are most vulnerable in the transition of international agri-food chains.

More generally, it will be necessary to ensure that the financial support dedicated to agricultural, rural and urban development in partner countries is fully aligned with the overall objective of a socially and ecologically responsible transition. This financial support can contribute to address the gaps identified in the regulatory frameworks: for instance, these initiatives could support the transition from a production system based on monoculture, which exposes farmers to commercial and environmental risks, to more sustainable production methods based on agroecological principles.

Consumption transition

Reducing the social and environmental footprint of our food systems is also closely linked to changing consumer habits and diets. Here again, additional national measures linked to the awareness of citizens could be taken. Creating more sustainable global agri-food value chains is a demand issue: the greater the demand for significant volumes of non-European products at low prices, the greater the pressure is on the sustainability of production and processing in the countries of origin. Belgian and European public policies have a role to play in reducing the excessive consumption of certain products in the context of health prevention (fat and sugar). The modification of current dietary habits should also concern the consumption reduction of certain specific products (tropical products, meat – and indirectly imported cereals, such as soya, consumed by animals, and agricultural products which are transformed into biofuel, such as palm oil and sugarcane). The range of public policies to do this is very wide: health prevention, tax policies, public procurement rules for public services, school lunches, etc.