Could you explain the overarching objective and structure of the International Comparisons of Product Supply Chains in the Agri-food Sectors: Determinants of their Competitiveness and Performance on EU and International Markets (COMPETE) project?

The general aim of COMPETE is to investigate the European agri-food supply chain in order to gain a more comprehensive view of the different elements that contribute to its competitiveness. We expect that accomplishing this will enable us to provide better targeted and evidence-based policies for the whole EU, which will also apply at the domestic level.

How did you come to develop a research interest in the functioning of food and agricultural markets?

The sources of my research interest in this area are twofold. On the one hand, we have ongoing globalisation trends that create increasing international links, and precipitate a more intense exchange of goods through exports and imports. This makes it imperative that countries improve their competitive position and continue to participate in and benefit from international trade. On the other hand, we observe that EU agricultural policy is placing increasingly greater emphasis on the importance of market forces. These two reasons complement each other, since well-developed markets can be seen as a prerequisite for improving a country’s competitive position in the world markets. Analysing the functioning of national agri-food markets is crucial to understanding the competitiveness of European agri-food markets as a whole.

COMPETE comprises 16 partners from 10 European countries. In what ways do you ensure effective communication and workflow across the consortium?

We have regular consortium meetings with all the partners to examine the progress of the project, to discuss urgent financial and administrative problems and to plan further steps. In addition, we stay in contact via email and phone to solve minor problems relatively quickly. Major documents, interim results and dissemination materials from the project are available on the COMPETE internal website so that all partners can make use of this information, distribute it and give their feedback.

The COMPETE consortium includes academics, trade bodies, industry representative advisory bodies and agricultural cooperatives. What are the main benefits associated with bringing together partners from such diverse areas?

The main benefits result from the direct interactions help us to focus our research on relevant questions, shape the way we present our research results and disseminate our findings. The various stakeholders get access to easily understandable research outputs relatively quickly.

The representatives we work with, who are practically involved in the field, support our project with their expertise and by addressing the specific needs of stakeholders and problematic issues, and providing additional knowledge regarding national and regional policy and development. The non-scientific partners have supported the consortium in solving a number of research issues. In particular, they were crucial in identifying future challenges facing the agri-food sector against the background of their particular experience. They were also involved in the development of a dissemination strategy, and helped us to disseminate our research results using their own networks. Finally, they aided us in collecting feedback from stakeholders.

Now that the project is coming to an end, we see the role of our non-scientific partners as a support system in the development of policy recommendations and the identification of social, institutional and research needs for the future.

In addition to COMPETE, you are also involved in the Economic and Natural Potentials of Agricultural Production and Carbon Trade-
Keeping any regional industry competitive can be a challenge – especially as agriculture is very diverse across Europe and must meet several environmental and social needs. It is for this reason that economic researchers at the Leibniz Institute of Agricultural Development in Transition Economies in Germany are concerned with bolstering Europe’s agri-food supply chains. A chance to COMPETE opens up new consumers for the products of European agriculture and represents new competitors – with strong opponents like the US and China being well positioned to supply their needs. Remaining competitive amid the new markets emerging all over the world will require more than the agriculture industry operating at maximum capacity; it is crucial that, in the years to come, the European agri-food supply chain is also optimised. Achieving this will involve looking at basic productivity and the business environment in which practitioners operate, but also taking a broader view of how policy and market organisation can be updated.

For the last three years, a consortium of European researchers has been making great headway in this area, revealing information about the market that will be of value to practitioners and policy makers in future. Professor Dr Heinrich Hockmann is Deputy Head of the Department of Agricultural Markets at the Leibniz Institute of Agricultural Development in Transition Economies (IAMO); he is also one of the leading investigators on International Comparisons of Product Supply Chains in the Agri-food Sectors: Determinants of their Competitiveness and Performance on EU and International Markets (COMPETE), a project designed to address the issue of competitiveness in European agri-food supply chains.

What do you consider to have been the project’s greatest success to date?

We have developed and improved tools that enable consistent multilateral comparisons of the productivity and efficiency of agricultural production. We find that Eastern Europe is still lacking behind in productivity in comparison to Western Europe. Astonishingly, we did not find any indication for convergence in productivities. Furthermore, we created a tool that allows users to assess the function of the food market. We did not find empirical evidence that food processors in the EU exploit their position in the food value chain in an oligopolistic or oligopsonistic way.

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LINKS IN THE CHAIN

GERUKA and EPIKUR deal with grain production in one of the most dynamic economic regions in the world. In recent years, these countries have become major players on the world markets for wheat and grain in general. From this point of view, our results in these projects are of interest to the COMPETE group. Wheat is also one of the major export crops of the EU, and Russia and the Ukraine are major competitors of the EU on the world wheat market.

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INTERNATIONAL COMPARISONS OF PRODUCT SUPPLY CHAINS IN THE AGRI-FOOD SECTORS: DETERMINANTS OF THEIR COMPETITIVENESS AND PERFORMANCE ON EU AND INTERNATIONAL MARKETS

OBJECTIVE
To gain a comprehensive understanding of the European agri-food supply chain, paying particular attention to the diverse factors that impact its competitiveness in order to develop appropriate, evidence-based policies for implementation on the continent and at the national level.

PARTNERS
Institute of Agricultural Economics, Romania • Wageningen University, Netherlands • University of Primorska, Slovenia • Czech University of Life Sciences Prague, Czech Republic • University of Milan, Italy • University of Newcastle upon Tyne, UK • Faculty of Economics, University of Belgrade, Serbia • Institute of Economics, Centre for Economic and Regional Studies, Hungary • University of Warsaw, Poland • VOD Jetichovec, Czech Republic • Federation of the Food and Drink Industries of the Czech Republic • Balkan Security Network, Serbia • The Romanian Association of Rural and Agri-Food Economy ‘Virgil Madgearu’, Romania • The Federation of German Food and Drink Industries, Germany • Federalealimentare Federazione Italiana dell’Industria Alimentare, Italy

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HEINRICH HOCKMANN studied agricultural sciences at the University of Göttingen. In 1992, following his PhD, he spend one year at the University of California, Berkeley. After his return to Göttingen, Hockmann started to pursue his habilitation. Subsequently, he joined IAMO and worked in the Department of Agricultural Markets, Marketing and World Agricultural Trade. In 2002, he was appointed as Deputy Head of the Department and in 2004, secured a part-time professorship at the Martin Luther University Halle Wittenberg.

THE TERMS OF ENGAGEMENT
How does a research group go about investigating ‘competitiveness’ as a quality? In the case of COMPETE, the project began with the establishment of a basic conceptual framework, and the identification of theoretical approaches that could be helpful in defining the attribute – tools like trade theory, production economics and institutional economics. The richness of this approach allowed for the development of a comprehensive definition capturing economic, environmental and social aspects – a strong basis that would allow the results gathered to be widely relevant and highly useful.

Defining competitiveness was a prominent issue at the beginning of the endeavour – but as COMPETE progressed, another challenge became evident. Data collection across different countries, even within the EU, can vary widely and, as results were gathered, the consortium increasingly found that comparable data could be hard to come by. Depending on the task at hand, the team used a number of strategies to counteract this inhomogeneity; when complete datasets were available, as they were with farm production and food prices, they were used – but when this was not the case, they restricted the scope of their analysis or conducted qualitative research to support the quantitative data. This was necessary, for example, when it came to determining the role of policy regulations, innovation and vertical integration in supply chains.

The key outcomes of COMPETE will soon become available, in the form of salient policy recommendations directed at EU, regional and national decision makers and practical advice for farmers and processors. One recommendation will concern how the productivity gap between Central and Western Europe can be reduced by action in the field of more intense vertical integration and fostering the development and adoption of innovation. These recommendations, in addition to being relevant, will be easily accessible to the stakeholders involved and easy to implement, because COMPETE has made a point of including non-scientific partners in the project from an early stage. As they helped to reach the conclusions that have been drawn here, practitioners and policy makers are sure to attain maximal value from the lessons of COMPETE.

Perhaps one of the greatest achievements of the project, however, has been the opening of a new dialogue on the subject of competitiveness in the European agri-food industry. The world markets for agri-food products are changing fast, and sustainable competitiveness should be a watchword of this industry in future; Europe has the power to retain its global standing – but will it?