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Agriculture and sustainability of the welfare: the role of the short supply chain

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Abstract

The lengthening of the supply chain developed over the last decades – due to the multiplication of intermediaries - has produced effects from an environmental, economic, social and territorial point of view cannot pass unnoticed. As a matter of fact, the excessive amount of participants taking part in all the phases of the supply chain has created the basis for an increase of environmental impacts due to many factors: the implementation of farming methods, which are getting more and more intensive, put pressure on the environment, on the sustainability of the agricultural industrial production process and increase the number of kilometres the goods have to travel in order to be distributed.

Moreover, the extension of the supply chain has produced a decrease of its share of value-added to the benefit of the farmers and, as a consequence, has excluded many small producers from the market and caused a negative impact on rural areas (unemployment, depopulation due to migration). From the customers’ point of view, the increase of intermediaries has created an informative asymmetry due to the impossibility to track their shipment as well as to a lowering of their quality standards, caused by an increasingly standardized production process.

During the last years, the interest of policy-makers in short supply chain has grown. It appears to be a tool able to incentivize a sustainable agricultural productions and to provide environmental, economic and social benefits. In fact, the short supply chain other than reducing costs, which are cut down by decreasing the number of intermediaries that take the product from the producer to the consumer, creates a positive environmental externalities and, above all, promotes the local areas.

This work highlights the central role taken on by the implementation of new forms of marketing in the short supply chain and its importance in influencing the concept of sustainable development in the agricultural supply chain.

Moreover, this work aims to find evidence-based guidelines for policy-makers seeking to support the development of these new forms of marketing, whose potential lies in the customers’ attention to ethical and environmental issues and their need for natural and healthy food.

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1. Introduction

The lengthening of the supply chain seen in the last decades - through the multiplication of intermediaries - has produced effects from an environmental, economic, social and territorial point of view that cannot pass unnoticed. As a matter of fact, the excessive amount of participants taking part in all the phases of the supply chain has created the basis for an increase of environmental impacts due to many factors: The implementation of farming methods, which are getting more and more intensive, put pressure on the environment, on the sustainability of the agricultural industrial production process and increase the number of kilometres the goods have to travel in order to be distributed. Moreover, the extension of the supply chain has produced a decrease of its share of added value to the benefit of the farmers and, as a consequence, has excluded many small producers from the market and caused a negative impact on rural areas (unemployment, depopulation due to migration).

From the customers' point of view, the increase of intermediaries has created an informative asymmetry due to the impossibility to track their shipment as well as to a lowering of their quality standards, caused by an increasingly standardized production process. Furthermore, the long supply chain has considerably reduced the local production, impoverishing the agricultural biodiversity.

Starting from the 1990s, there has been an evolution of taste on the customers' behalf, who have started asking for natural, healthy and high-quality food products. The evolution of the market demand has lead to economic opportunities for farms that, by working through short supply trade channels, have had the possibility to retrieve both their entrepreneurial functions and of a part of they share of added value of their agricultural production. In this scenario, the first short supply chains ventures started to develop, by decreasing or removing the number of intermediaries between the producer and the consumer.

During the years, various short supply chain enterprises have developed and have taken on various characteristics and organizational forms, that vary from the simpler direct trade with the farmers' markets, to box schemes, to ethical purchasing groups and so on.

It is interesting to highlight how the interest has grown on behalf of policy makers towards short-food supply chains. Short supply chains seem to be a tool able to incentivise the sustainability of agricultural productions and to generate an environmental, economic and social benefits on the local area. As a matter of fact, the shortening of the supply chain, beyond reducing costs by cutting down the number of intermediaries existing between the producer and the consumer – which is beneficial both for the producer and the consumer – it also creates positive externalities on the environment and, in particular, it contributes to the enhancement of the regional and local identity.

2. Short supply chains and the Rural Development Policy 2014-2020

The new common agricultural policy (CAP) 2014-2020 and especially the measures adopted concerning the rural development, “Sviluppo Rurale”, specific interventions aimed at promoting a more competitive and balanced supply chain have been organized. In fact, the need to support both the producers' organizations and direct trading, which would strengthen the farmers' situation, is highlighted. It is for this reason that one of the goals of the new PAC is to *“promote the organization of the food supply chain and the management of the risks of the agricultural sector, with particular attention towards: a better integration of the primary producers in the food supply chain in accordance with quality assurance schemes, the promotion of the products in the local markets, the short supply chain, the producers' associations and the inter-professional organizations”*. It is evident that a special attention is given to the producers who are part of the agricultural supply chain and that short supply trade channels are considered a means that needs to be supported in order to allow these producers a better integration in the supply chain.

If until now the interventions on the short supply chain had been activated using measures addressed towards the development of rural areas, the new CAP organises measures that directly support the short supply chain. As a matter of fact, with the proposal of the new PAC, the EU gives a definition of the short supply chain for the first

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