

# Lighting on the road to explore future directions for agricultural modelling in the EU – some considerations on what needs to be done\*

Ana Gonzalez-Martinez, Roel Jongeneel, and Petra Salamon

*Wageningen Economic Research, The Netherlands; Wageningen University and Research, Wageningen Economic Research, The Netherlands; Thünen-Institute of Market Analysis, Germany*  
[ana.gonzalezmartinez@wur.nl](mailto:ana.gonzalezmartinez@wur.nl); [roel.jongeneel@wur.nl](mailto:roel.jongeneel@wur.nl); [petra.salamon@thuenen.de](mailto:petra.salamon@thuenen.de)

## ABSTRACT

In the field of agri-food, impact assessments to support policy decision-making are often based on simulations delivered by models. The increasing complexity of policies affecting agri-food sectors requires improving the capacities of current models, connecting or redesigning them to deliver forward-looking insights on policy objectives. The EU-Project 'Support for Policy Relevant Modelling of Agriculture' (SUPREMA) has identified upcoming needs in the research and policy agenda, while exploring the feasibility of those potential modelling exercises by testing the existing tools. The assessment has pointed out necessities for model extensions and development of new tools. Besides, it has revealed the potential of model integration and collaboration to supplement the outcomes of individual models. This is supported in view of the food system approach that is becoming the fundamental framework for analysing the dynamics of the agri-food sector when considering it from a broad perspective. This paper describes shortly how the assessment was conducted and presents the outcomes and lessons learnt from the project. It pays special attention to the challenges and the policy priorities that are expected to become important issues in the policy agenda in the coming years.

*Keywords: Common Agricultural Policy, Agriculture, Modelling, Model interaction, Policy Assessment.*

## 1 Introduction

Policies related to agriculture are supposed to address an increasing number of objectives as demanded by society. Central challenges for the future CAP are: (i) promoting research and innovation in agricultural and food production; (ii) fostering a smart and resilient agricultural sector; (iii) enhancing the environmental care and climate action; (iv) strengthening the socio-economic conditions of rural areas; and (v) addressing citizens' concerns in the areas of health, nutrition, food waste and animal welfare.

The increasing need for impact assessments in the field of agriculture that are (partly) based on forward-looking outcomes delivered by models has led to their frequent maintenance and further development. Nowadays, modellers should keep their tools well prepared for assessing (sometimes at a very short notice) a broad range of issues, including: (i) the impact of upcoming policies, e.g. the new CAP reform, SDGs, Paris climate agreement and the Green deal; (ii) the effects of disease outbreaks, e.g. the African Swine Fever (ASF) disease, the Covid-19 syndrome; (iii) the consequences of changes in the existing body of legislation, e.g. the so-called 'N' problem in the Netherlands, etc. These maintenance and development tasks are not a trivial issue and might require a considerable amount of resources in terms of labour, time, sector knowledge, computing capacity, etc.

Keeping in mind this background, SUPREMA has identified upcoming needs and challenges in the

---

\* The authors want to thank all persons that contributed to the SUPREMA project. The activities on which this paper is based were financed through the H2020 project SUPREMA (Grant Agreement No 773499). More specifically, the content of this paper is based on deliverable D1.10.

research/policy agenda, while exploring the feasibility of those potential modelling exercises by using the existing tools. The SUPREMA model family includes 'core models' already used in support of key European impact assessments in agriculture, trade, climate and bioenergy policies (MAGNET, GLOBIOM, CAPRI, AGMEMOD, MITERRA, IFM-CAP). The findings of several applications of the SUPREMA core models with enhanced linking, as well as the outcomes of extensive discussions with stakeholders in three workshops have provided input into a Roadmap for future directions for agricultural modelling in Europe.<sup>†</sup> Additional assessments have been made of recent policy documents and expert opinions, while special attention has been paid to the upcoming agricultural policy framework by using the 'food system approach' as the cornerstone. Priorities have shifted from a pursued 'productivity' paradigm to a 'sustainability' paradigm whereas environmental and climate issues are become increasingly important subjects of policy interventions. Social issues and farm income remain important, while the Covid-19 pandemic underscored the relevance of food provision.

Another interesting topic explored in the project and in this paper is the need for integrated model use.<sup>‡</sup> This requirement is apparently underlined by the food system approach which requires a clear strategy to link and harmonise models. Model maintenance is considered as crucial in order to ensure a good model performance. Model cross-validation is also important to assess the credibility of the results. However, these topics are not discussed in detail in the following considerations but are regarded as necessary conditions to conduct model-based analysis to support policy decisions. It is important to acknowledge that they shape to a great deal model development. Data is the core of models, being its proper management crucial. The availability of data is often steered by activities outside the realm of models which limit often their representation and their possible field of application.

Moreover, a SUPREMA governance structure beyond individual models was developed in order to enable enhanced and broader assessments. In short, SUPREMA has allowed the different modelling teams involved to conclude that there is an urgent need for cooperation and integrated model use in view of the complexity of the assessments for upcoming CAP discussions (Hanotis, 2020).<sup>§</sup>

After this introduction, the remainder of this paper is structured as follows. Section 2 focuses on the modelling needs that have been identified, linking them with a food system framework. Section 3 discusses the potential use of models in an integrated manner. Section 4 concentrates on the challenges that the agricultural modelling community will encounter in the near future when supporting the policy-making process. Finally, Section 5 provides some lessons learnt and concludes.

## **2 Understanding the modelling needs from a food system approach perspective**

### **2.1 The notion of 'food system'**

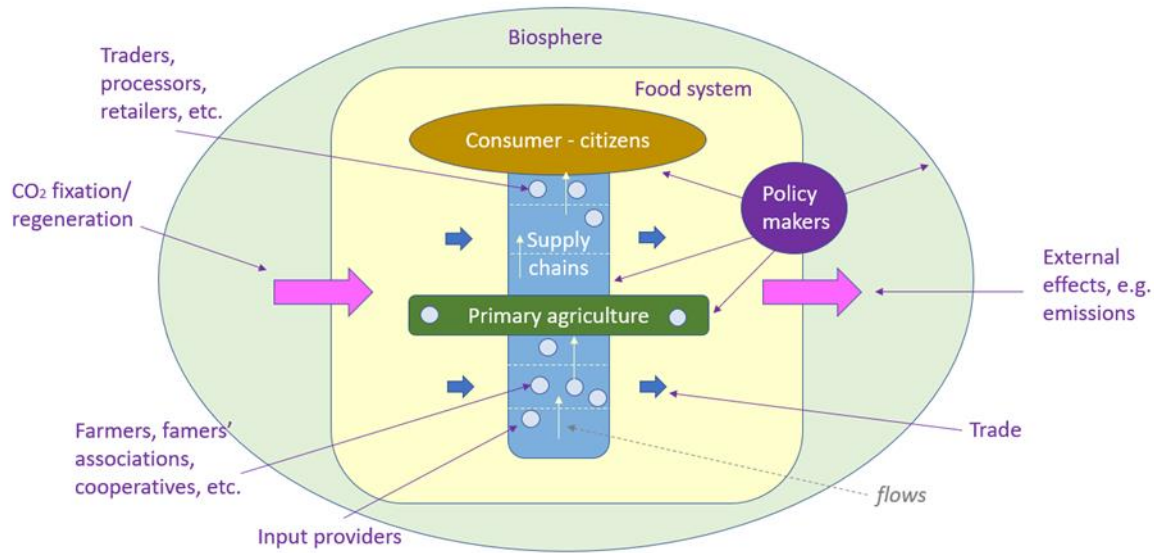
'Food system' is a relatively new concept that is gaining importance in the current context in which supply chains are becoming more complex and individuals are asking themselves more questions about the implications of their diets (EAT-Lancet Commission, 2019). Within the policy domain, there is an increasing interest in seeing agriculture not as a standalone activity, but as contributor to the provision of healthy food supplies that are produced in a sustainable manner. At this stage, it is important to provide the reader with a clear and comprehensive definition of food systems. More specifically, HLPE (2017) suggests that food systems are 'all the elements (environment, people, inputs, processes, infrastructures, institutions, etc.) and activities that relate to the production, processing, distribution, preparation and consumption of food, and the outputs of these activities, including socio-economic and environmental outcomes. As explained by Hoes et al. (2019) food systems can be understood as complex webs of actors, hardware, data, food, environments, institutions, etc. that interact with each other. Therefore, the first step in the 'food system' ladder is a primary agricultural sector that can deliver sufficient, safe, healthy and affordable food for all (Figure 1).

---

<sup>†</sup> The roadmap document (deliverable D1.10) is available at: <https://www.suprema-project.eu/output/deliverables/work-package-1>.

<sup>‡</sup> See, PAGE (2017), for further discussion on the integrated use of models in the context of the green economy.

<sup>§</sup> The reader is referred to D1.10 for further details on the models included in SUPREMA.



**Figure 1. Food system framework**  
Source: Authors' elaboration based on various sources.

Moreover, Hoes et al. (2019) highlight that a food system framework considers the interactions and feedback loops between food systems activities (supply and demand) and the ecological and socioeconomic context in which these activities take place. A better knowledge of the interactions and feedback loops provides relevant insights to carry out a possible mapping of opportunities for a more efficient use of natural resources (beyond one product and/or value chain). It also reveals the importance of the food system's socio-economic context. Another relevant outcome of having a better understanding of the interactions and feedback loops between the different elements of the food system is that it shows the implications of the food system for health, nutrition, livelihoods and the environment. At the same time it helps to shed light on the trade-offs between different intervention strategies. Having a proper understanding of the dynamics also contributes to clearly represent the non-linear processes and feedback loops in the food system that might go beyond more 'obvious' relationships that only emerge when all elements are taking into consideration.

Linked to the notion of food systems, a new field of applied research was born. In general terms, the so-called 'food system analysis' focuses on how different types of policy incentives or business innovations can influence the relationships between multiple stakeholders, e.g. input providers, farmers, traders, public officials, processors, retailers), changing the interaction between the different components of the system (consumption, distribution, processing, production). Therefore, all this implies that more attention needs to be paid to the role of food supply chains and dietary aspects (see, for further discussion, FAO (2013b) and Nordhagen (2020) among others), as well as on environmental and animal welfare issues (Place, 2018). Bearing in mind this background, it is essential to identify the challenges that agricultural modelling will face in the coming years.

## 2.2 Identifying future needs

Looking at Figure 1, a first thought that one could have is the necessity of interacting with a variety of stakeholders in order to understand their priorities and concerns. That was the reason why a series of workshops were organised in the context of SUPREMA in order to facilitate the exchange between economic modellers, EU policy makers, researchers, ministry officials from several member states and industry associations among others. The findings of this exercise are described as follows.

Consensus has been reached around the fact that the current and upcoming topics of interest and relevant research questions are having a stronger cross-cutting focus. This illustrates the need for further developing the existing models by carrying out model adaptations, enhancements or developing interlinkages since by definition a model is a simplification of reality and cannot cover everything (van Tongeren et al., 2001; Ouliaris, 2011). This way forward will deliver the capacity for assessing impacts across different spatial scales and layers including upstream and downstream sectors, for example, by having a proper representation of decision units like farmers, consumers, processors, traders, policy units in models, as well as their respective behaviours. Moreover, the establishment of model linkages has been identified as a potential solution to obtain deeper and better insights into the interactions among different actors in the supply chain. The process of developing model linkages is not exempt from challenges since it will involve important efforts for further harmonisation among models and model outcomes. Moreover, additional actions in order to solve problems in data requirements, availability and

access would be also needed.

Focusing on the EU Common Agricultural Policy (CAP) a number of topics appeared as relevant. Further research, and a better representation within the modelling tools, will be important in order to understand and assess issues related to income generation, the degradation of soil and water, as well as the loss of biodiversity. Another important element is to study the impacts of policy and market shocks on incomes covering all relevant groups. Moreover, the potential consequences of implementing measures for adaptation, introducing mitigation strategies or adopting new technologies is also a key topic associated to the cost and their transmission along the supply chain to consumers (see, Garnett (2011) for further details). Having a proper representation and modelling of water (Kersebaum et al., 2007) is another relevant area in which models are expected to be improved in order to cover aspects such as quantity (scarcities and sudden surplus) and quality (see, Querner and Zanen (2013) for an example in the case of the Limpopo River). The modelling of GHG emission reductions, including mitigation and adaptation options towards climate change is another direction for model improvement, by paying special attention to the long-term perspective and the assessment of impacts on this time horizon (see, Eory, et al., 2018). This context reinforces the necessity of linking and somehow coupling modelling tools in order to capture the complexities associated with these topics.

Innovation processes, new technologies and its diffusion play an important role in GHG mitigation and climate adaptation, therefore, in how agriculture can deal to climate change (Dessart et al., 2019; Finger et al., 2019). However, technology and innovation processes are, until now, considered as an exogenous element in the vast majority of models. Therefore, the uptake is potentially restricted over time by some assumed technology adoption rates. In this regard, there is a need for models to consider adjustments due to innovation in inputs, input use and in production systems with respect to climate change in more detail. This is key in order to ensure realistic outcomes and enable technology adjustment to differ between countries. Other elements that should be considering when modelling the development of agriculture in the near future are the adoption of new technologies concerning digitalization; micro robots and automated processes at farm level as well as further along the supply chain.

Another important element that needs to be captured by the models is sustainability, including its economic, environmental and social dimension. In terms of climate change, a good biophysical representation of agricultural production, including its interaction with the biosphere in the core is also a pressing issue to be accounted for in the existing modelling tools.<sup>††</sup> Currently, efforts are on primary production with respect to CO<sub>2</sub>-equivalent emissions. However, CO<sub>2</sub> or methane footprints should cover the whole supply chain. A circularity approach should be used when modelling the closing of nutrient cycles and the reduction of mineral fertilizer use. The combination with life cycle assessment (LCA) becomes relevant in this regard.

Furthermore, challenges identified refer to modelling changes in consumer preferences and the behaviour of economic agents. Dietary changes towards more sustainable diets that have a lower content of animal protein might be driven by changes in consumer preferences which eventually could have an important impact on GHG emissions (Clark et al., 2019). Therefore, changes in consumer decisions take increasingly into account their perception of production processes with respect to ethical issues, sustainability issues and regarding aspects of fairness. To what extent changes might materialise at the point of sale will depend on the individual circumstances like e.g. availability, labelling, income situation, health concerns, ethical upbringing and environmental reasons, etc. Although demand shifts in society are evolving quite smoothly, disruptive changes may occur quite suddenly, often in combination with quality, hygienic, diseases or animal welfare problems.<sup>‡‡</sup> Keeping in mind this background, there is a need for improving the representation of consumer preferences within the existing models. Some previous experiences of how consumer preferences can be modelled in the case of different products are provided by Pazarlioğlu et al. (2007) and Dubé (2018).

Similarly, strategies towards a more bio-based economy are an important element to consider.<sup>§§</sup> In this

---

<sup>\*\*</sup> See, Gonzalez-Martinez et al. (2021), for an illustration of how model collaboration can be used in order to assess the impact of implementing alternative mitigation packages in the context of the Dutch agriculture. This study relies on the modelling system AGMEMOD-MITERRA, which is linked to an optimisation model that represents the current environmental policy framework of the Netherlands.

<sup>††</sup> See, Castro et al. (2018), for additional discussion on the use of bio-economic models to inform the decision-making process regarding land use planning.

<sup>‡‡</sup> Jongeneel et al. (2020) provide an assessment of potential consequences of the 2019 African Swine Fever outbreak by simulating several recovery scenarios for a mid-term horizon. This assessment relies on an equilibrium displacement model (EDM).

<sup>§§</sup> See, Oudendag et al. (2020), for an application in the case of the MAGNET model.

respect, the focus is on the strong relation that exists to a low carbon and circular economy, particularly in a global context. From the modelling perspective, both challenges will call for a more integrated approach that includes the utilisation of different models in a harmonised way. Since this process is quite uncertain, research is needed for modelling this transition. Within models, bioeconomy and, here, in particular bio-materials and bio-chemicals, are only represented to a limited degree.\*\*\* For a proper representation of the bioeconomy an important data challenge needs to be overcome. Flows of food and feed, bio-material and bioenergy, waste, residues and other uses with substitutions of fossil-based resources data and parameters are scarcely registered, with mostly 'isolated' values that refers to a single year scattered in reports. In order to better reflect circularity, models are required to provide a more detailed representation of product-flows that includes by-products, intermediate products, re-used products, product waste.

Therefore, it is evident that models should evolve along with policy questions, changing with societal needs and economic development. An illustration of this 'natural' trend is the current shift towards sustainability in the EU policy context and the increased reliance on policy measures addressing individual farms, e.g. 'voluntary-adoption' kind of measures. All these changes create a need to align policy directions and tools for an appropriate model assessment.

The complexity of the questions that researchers in the field of agricultural economics would need to explore is illustrated in Table 1.

**Table 1.**  
**Overview modelling needs by broad research topic**

Topic/Subject	Strength	Weaknesses	Examples
Primary agriculture economy	Response to market signals and trade policies	Explain risk management behaviour and scheme/technology adoption	Technology adoption and eco-schemes
Supply chains	-	Poor representation of supply chains (stages, firms, flows)	C4 of EU dairy processing industry at MS level
Consumer-citizen interests	Consumer demand (apparent cons), other demands	Consumer profiles, consumer age structure, representation of product quality and product attributes (e.g. production systems)	Consumer red meat preference shift
Bioeconomy	Bioenergy reasonably covered	Bio materials and chemicals its infancy	Bio-based plastics
Food-system: trade	Trade value well represented (bilateral trade and net trade)	Value added 'trade' poorly represented	GTAP involvement, data issues

\*\*\* In order to fill this gap, the H2020 BioMonitor project focuses on the development of a model tool-box that represents the bioeconomy and permits the quantitative assessment of forward-looking scenarios. Further details are available at: <https://biomonitor.eu/>.

Sustainability and circularity	Models have set of sustainability indicators, including GHG/climate	Circularity and C-linkages poorly represented, but work ongoing	EU P balance (Nutri2Cycle)
--------------------------------	---	---	----------------------------

Source: Authors' elaboration based on the outcomes of the workshops that were organised in the context of the SUPREMA project (WP1).

### 3 Integrated modelling use: From theory to practice

On a practical note, the study of aspects such as sustainability related to agriculture, the development of the bioeconomy and its contribution to the SDGs imply that no model can cover all dimensions. Therefore, cooperation between different approaches (model types) and the linking of models provide a possible way forward to address these complex and multi-dimensional questions.<sup>†††</sup> Improved cooperation between the different approaches offers possibilities to 'fill' the gaps that a single model/approach has and strengthen the capacity to assess the direct and indirect impacts of a particular shock. Therefore, model collaboration can improve the quality of information for policy-makers and contribute to better-informed decision-making (Wicke et al., 2015). In the context of SUPREMA, harmonisation and model comparison have led to the identification of synergies between models and possible valuable links between modelling tools, e.g. the link AGMEMOD-MITERRA. However, model comparison should: (i) guide and improve the alignment and harmonisation of models; (ii) identify additional options for model linkages; and (iii) improve the insight into specific contributions that different models can make. The linkages can be further developed and possibly (partly) automatised.<sup>†††</sup> In this sense, modular approaches facilitate the linking and the activation of a certain model configuration that permits to have a tool for analysis tailored to a particular policy question. All these could benefit from the development of a meta-platform that embeds good data management protocols, preserves and enhances linkages between model components.

Another important aspect that should be considered when using models in an integrated manner is to perform a cross-validation exercise. Model cross-validation is important to assess the credibility of modelling results and can take place in different ways, e.g. market expert assessments, statistical tests, client feedback, academic and professional review processes, etc. This exercise also has a role to play in the learning process of modellers and can become the 'seed' for additional model improvements. For calibrated models, it is important that the base year, to which the model is calibrated, becomes not too 'distant' from the current reality.

With respect to their governance, the different models considered in this piece of research have each their own approach, which reflect their origin, history and current institutional embeddedness. In particular, when many researchers at different institutions from different countries are working with the same model a clear direction is needed, which usually is provided by a 'leading' institute, e.g. MAGNET, a concise core team, e.g. AGMEMOD, or the 'owning' institute, e.g. GLOBIOM, IFM-CAP. Data is the corner stone of models and their proper management is a crucial but maybe sometimes a bit neglected element in modelling activities. The modelling platform initiative of the EU (iMAP) has been important as a stimulus to improve the data management, including issues like data storage (together with metadata), and also to the interoperability and re-use of data.<sup>§§§</sup> The FAIR-data principles provide a good guideline for data management and could be used as the basis for making or developing model-specific data management plans.<sup>\*\*\*\*</sup> Therefore, it has become evident the need of a governance structure for the SUPREMA models that goes beyond the level of individual tools and permits broader and cross-cutting assessments that can substantially contribute to the upcoming policy agenda.

Furthermore, model comparison, model linking and model improvement can notably benefit from

<sup>†††</sup> For theoretical discussion and some examples of model linkages, see also, Perez-Dominguez et al. (2008), Von Lampe et al. (2014), Wicke et al. (2015) and Gonzalez-Martinez et al. (forthcoming).

<sup>†††</sup> An example of how model linkages can be automatised is the Model Junction linkage Tool (MOJITO). This tool links GLOBIOM, AGMEMOD and MAGNET. Further details on the structure and functionalities of the tool are available at Wolf and Bouma (2016).

<sup>§§§</sup> See, also, Helaine et al. (2013) and M'Bareck et al. (2015). The DataM platform that is a tool for flexible management, extension and integration of (model) databases which was developed by JRC is available at:

<https://datam.jrc.ec.europa.eu/datam/public/pages/index.xhtml>.

<sup>\*\*\*\*</sup> See, also: <https://www.go-fair.org/fair-principles/>.

networking. One element that could shape the strategy of networking is the organisation of activities through a meta-platform, including the access to financial resources. In this sense, it is important to interact with existing platforms, stakeholders and other experts which eventually could bring to fruition a long-term European meta-platform which supports modelling in agriculture with respect to a broad range of topics. This list of topics includes the functioning of the EU agri-food sectors and their integration with up- and downstream sectors at different spatial scales. This meta-platform will cover a huge variety of existing policy and future policy options affecting agriculture, the agri-food value chain, global integration, sustainable development goals, adoption of technologies, land use, low-carbon economy and climate change.

## 4 Challenges

All the challenges that have been identified require ‘solutions’ to better serve policy makers. The mentioned challenges cover a broad range topics/activities: (i) improved representation of products (fruits and vegetables, Mediterranean products) and inputs (use and cost); (ii) adoption of voluntary policy measures; (iii) implementation of CAP elements affecting sustainability; (iv) land use modelling; (v) better representation of biodiversity, adaptation and mitigation measures; (vi) supply chains issues (standards, contractual arrangements, price formation and price transmission); (vii) the role of standards and other non-tariff measures (NTMs) in trade; (viii) better representation of the demand side of the agri-food market with changing consumption patterns (environment and health) and population’s age structure; (ix) modelling of food waste; and (xi) the representation of the bioeconomy. All these elements are further discussed in this section.

To begin with the modelling of primary production, an aspect that needs attention is the representation of production activities and sectors, in particular regarding fruits and vegetables and Mediterranean products, and with respect to the representation of products under EU quality schemes.<sup>\*\*\*\*</sup> Another challenge is the delivery of a refined representation of specific input use (fertilizers, antibiotics) and production costs, where the latter is attributed to the proper production activities and disaggregated to the level needed to better address current and upcoming policy priorities with respect to farm input use, e.g. pesticides, fertilizers, antibiotics, etc. Moreover, a pending task is the representation of farmers’ behaviour, which needs to reflect the key trade-offs as these are playing a role in reality, and account for objectives (e.g. profit maximization), decision-making rules (e.g. farming practices, agent-based modelling, etc.), and relevant farmer interaction effects, as well as the adoption of voluntary policy measures, farm management practices and technological innovations.

Technological and social innovations (as well as their adoption) are complex and still more efforts are needed to better understand them. Before integrating the results into the larger scale sector models, first the assessment of a number of detailed case studies is still welcomed. Results from detailed econometric studies enable the modelling of endogenous technological change, by introducing R&D investments in macroeconomic models. The empirical studies assess the rate of return and factor biasedness of technological change and *ex-ante* models quantify the sustainability impacts of these developments.

Turning to the modelling of land use, the present exercise permits us to point at some specific elements within the CAP that affect the sustainability of farming practices, e.g. eco-schemes, as well the importance of an appropriate land use (and land management practices) for the achievement of other objectives that will become key in the context of agricultural policy, i.e. biodiversity and climate neutrality. Apart from that, models with a proper representation of land use and forestry are increasingly important for any assessment about the evolution and contribution of the bioeconomy. Since land use is closely related to the role of technological innovation, agricultural modellers will need to devote resources to endogenously model technology and its progress for a better assessment of the implications of climate change as well as the potential of mitigation and adaptation options.

Regarding the bioeconomy, a key challenge is to introduce all potential new bioeconomy applications within the modelling framework. Much progress has been achieved for bio-fuels and to a lesser extend bioenergy but the introduction of bio-based materials and especially bio-based chemicals is a huge challenge. The latter is partly caused by the fact that bio-based materials\chemicals are very heterogenous and technological change quickly transform them.

With respect to biodiversity, it has been argued that the current status of the models which have been considered is rather weak.<sup>\*\*\*\*</sup> There is an important locality issue surrounding the concept of biodiversity,

<sup>\*\*\*\*</sup> An important contribution in terms of modelling agricultural production is Carpentier et al. (2015).

<sup>\*\*\*\*</sup> See, Tschardtke et al. (2005) and Chopin et al. (2019) for further discussion on biodiversity and its modelling.

requiring its proper representation a high level of geographical disaggregation within the model. This level of granularity is not always compatible with large-scale modelling tools which provide a representation of the system at EU, global level, etc. Therefore, additional efforts are needed to improve the policy impact assessment models and update them by using insights from the latest results obtained from the ecological literature. Related to this, it has been identified that environmental issues are becoming increasingly important in agricultural policies. Besides climate change mitigation, more focus will be set on the preservation and enhancing of biodiversity. However, modelling of biodiversity impacts is only to a rather limited extent included in the existing agricultural and economic models. This weak modelling status does not reflect the importance attached to biodiversity objectives in the CAP. Often only indirect aspects of biodiversity have been modelled, such as changes in land use, and modelling of emissions, which can be seen as an indicator for the risk of loss of biodiversity. Direct impacts on the impacts of species, e.g. number of red list species in a region or effects on population sizes of certain key species, etc., cannot be modelled yet and might constitute another point for development/model linkage in the future. Further discussion on the importance of biodiversity and how it is addressed in the context of the CAP is provided by Poláková et al. (2011).

Focusing on the EU policy framework, i.e. the EU Green Deal, achieving climate neutrality by 2050 is a key objective which is encouraging agricultural models to provide a better representation of adaptation and mitigation measures, leading to improved quantification of GHG emissions. Once again, the representation of measures as such should be also accompanied with an appropriate modelling of their adoption and diffusion through the agricultural sector. Insights into marginal abatement costs curves, associated with the mitigation measures, could help to provide cost-effective solutions to climate policy objectives with respect to agriculture. In particular, the CAPRI experienced gained through the EcAMPA projects (Pérez-Domínguez et al., 2016) could provide a set of good practices and lessons learnt which could be used when thinking of potential model improvements and further developments for the rest of the SUPREMA models. Moreover, another important topic to be considering when modelling/assessing the impact of climate change on agriculture is the role that can be played by extreme weather events which could severely affect yield evolution. Important studies in this regard are Pérez-Domínguez and Fellmann (2017) and Hristov et al. (2020).

Another element whose representation will bring several challenges is the modelling of supply chains (Dixon and Rimmer, 2019). Supply chains are important and complex parts of the food system, with a far-reaching impact that covers issues such as standards (e.g. food safety, animal welfare), contractual arrangements (including sustainability requirements), price formation and price transmission-issues (McCorrison et al., 2001; Commission of the European Communities, 2009). From the assessment made, it turned out that their role needs a better understanding. Models considered in this piece of research have a very poor representation of supply chains. This holds for CGE models as well as for PE models whose key limitation is that they do not model firms, nor make use of indicators characterising industry structure. From the literature assessment, it follows that considering supply chain characteristics and the behaviour of different players along the supply chain is important for understanding the evolution of the farmer-retail price spread. A general suggestion from the supply chain and price transmission literature is that competition is often characterised by some form of oligopoly/oligopsony rather than by full competition, which could give rise to market power issues, and its abuse. Given the previous observations, the overall conclusion is that it is important to put more efforts in modelling supply chains. Rather than integrating supply chain representations into the models that were used in SUPREMA, a more fruitful approach maybe to develop special supply chain models for key agricultural supply chains.<sup>§§§§</sup> Nevertheless, a big limitation for pursuing this type of modelling is that the type of data that might be needed at this level is not generally available.

Drawing attention to the modelling of trade flows, this assessment permits us to make several observations. First of all, although multilateral trade liberalisation may face its difficulties, still a number of key issues with respect to trade play a role, including standards and other non-tariff measures, as well as the relationship between value added and trade, with a special focus on global value chains (Beghin et al., 2015). Whereas agricultural sector models are traditionally taking trade flows into account (it is implicitly always playing a role, even from a data perspective; e.g. balance closure), two prominent items that deserve more effort are the modelling of non-tariff measures and global value chains. With respect to the non-tariff measure (NTM) modelling work has been done, but more refinement and validation are needed. Moreover, it was found that there might be a need to better understand and measure the impact of NTMs by applying specific case studies, using complementary approaches such as cost benefit analyses.

---

<sup>§§§§</sup> Equilibrium displacement modelling (EDM) could be a helpful approach to follow when working on this direction. See, for further details on the EDM approach, Muth (1964), Sumner and Wohlgenant (1985) and Wohlgenant (1993). See, also, for empirical applications, Jongeneel et al. (2018; 2020).



Even at a theoretical level there are still a number of issues that need further development. One aspect is how to incorporate global value chain representations in sectoral models. Instead of fully integrating them, the current state of the art seems to be to combine separate value chain models with large-scale sector models.

Finally, some other modelling challenges have been identified when considering the role of food from a broader perspective. In this respect, public health outcomes and environment effects are important issues that could benefit from a reduction in consumption (and associated production) of certain products, e.g. meat. Therefore, dietary changes should be a priority within the EU since livestock consumption and production are not within appropriate 'planetary' boundaries (see, RISE (2018) for further details). Transitioning towards a plant-based diet is a multi-dimensional phenomenon that requires the engagement of the public sector, all actors involved in the supply chain and consumers. In the same vein, the benefits associated with transitioning towards more healthy diets will not be limited to a reduction in the cost of medical services. Reductions in CO<sub>2</sub> emissions and acidification of soil and air, as well as improvements in the sustainability of food systems can be expected. The preference shift towards more plant-based diets will also contribute to bring the livestock sector within the EU into a more sustainable path. Another important issue that needs to be somehow captured by the modelling tools is the potential of reducing food waste for mitigating the negative environmental consequences of food production. \*\*\*\*\* In this regard, it is important to highlight the huge challenge that modellers will face when looking for sufficient and robust data to use as an input for the assessment.

## 5 Conclusions

This article is an attempt to bring some light on the priorities for future modelling of different aspects related to the agri-food sector, relying on the assessment of recent policy documents, inputs from stakeholder workshops and expert opinions. In particular, special attention should be paid to the current (and upcoming) agricultural policy framework, and the notion of 'food system approach' as an overarching framework that covers the food market from a broad perspective. Therefore, it seems that there is a transition with regard to the paradigm to be followed when understanding agriculture, i.e. from a traditional 'productivity' paradigm towards a 'sustainability' paradigm. As such environmental impacts and climate issues are becoming increasingly important and also subject to expected further future policy interventions. Besides climate change mitigation, more focus has also to be set on the preservation and enhancing of biodiversity. However, modelling of biodiversity impacts, is only to a rather limited extent included in the current agricultural and economic models. At the same time social and farm income objectives stay important, while also the Covid-19 pandemic underscored the vital role of agriculture in ensuring a safe and adequate food provision, even when circumstances become extreme.

Another important issue, which also links to the policy priority of making agriculture more circular, is the potential of reducing food waste for mitigating the negative environmental consequences of food production. Hence, it is important to highlight the huge challenge that modellers will face when looking for sufficient and robust data to use as an input for such an assessment. Moreover, circularity emphasises the importance of improving resource efficiency, the reuse of by-products and the need to think in terms of integrated or system-sustainability rather than individual sector sustainability.

With respect to general issues of agricultural economic modelling, it is concluded that the need for integrated model use is increasing, with the proposed food systems approach being the cornerstone for analysing the dynamics of the agri-food system. However, this requires a clear strategy with respect to integrated model use and a better recognition of different ways to link models. Baseline harmonisation efforts between key models are important for policy makers and modellers. Harmonisation contributes to the comparability of modelling results, while providing insights into modelling result differences, model-limitations, and the different approaches to understanding economic phenomena. Linked to the harmonisation item, it is also key to have solid basis underlying the modelling tools. This goes beyond data/estimation issues and includes the need of having a good understanding of the theoretical underpinnings of the different models that will work together. Moreover, model maintenance is also considered as a crucial task to ensure a good model performance. Nevertheless, this is a very resource-intensive task, many times problematic to get funded. Apart from the regular improvements made by having the models being used to answer client demands, care should be taken that investments are made to address 'larger maintenance' issues, e.g. re-estimating parameters, adding/extending specific modules.

This contribution has permitted to draw some policy recommendations that are applicable to the SUPREMA modelling community and can be extrapolated to other models in the agricultural field and

---

\*\*\*\*\* See, FAO (2011, 2013a), for further discussion on food waste.

beyond. First of all, elements such as quality control, model (cross-)validation, transparency, data management and research networks have been identified as paramount. In particular, they become of increasing importance when more models and a plurality in modelling approaches are allowed for. In this sense, the provision of services and platform-function by international organisations such the European Commission has been recognised in the past and needs to be strengthened for the future. Secondly, increasing the number of academic publications on models and their applications could largely contribute to the cooperation among modelling teams, as well as increasing the impact of the research and the visibility of its findings. Positive outcomes in terms of transparency and knowledge sharing can also be expected from an increasing body of specialised literature. Finally, there is a need for a SUPREMA governance structure. The aim of this structure is to guide long-term model developments, identify new potential interesting models, preserve and build stable bridges between models and enable better policy research related to the Green Deal, the Farm to Fork Strategy and the Sustainable Development Goals (SDGs) among others.

## References

- Beghin, J.C., Maertens, M., Swinnen, J. (2015). Nontariff measures and standards in trade and global value chains. *Annu. Rev. Resour. Econ.* **7** (1): 425-450.
- Castro, L.M., Härtl, F., Ochoa, S., Calvas, B., Izquierdo, L., Knoke, T. (2018). Integrated bio-economic models as tools to support land-use decision making: a review of potential and limitations. *Journal of Bioeconomics* **20**: 183-211.
- Carpentier, A., Gohin, A., Sckokai, P., Thomas, A. (2015). Economic modelling of agricultural production: past advances and new challenges. *Revue d'Etudes en Agriculture et Environnement - Review of agricultural and environmental studies* **96** (1): 131-165.
- Clark, M.A., Springmann, M., Hill, J., Tilman, D. (2019). Multiple Health and Environmental Impacts of Foods. *PNAS* **116** (46): 23357–23362.
- Chopin, P., Bergkvist, G., Hossard, L. (2019). Modelling biodiversity change in agricultural landscape scenarios – A review and prospects for future research. *Biological Conservation*, **235**: 1-17.
- Commission of the European Communities. (2009). Analysis of Price Transmission along the Food Supply Chain in the EU. Edited by SEC(2009) 1450, Brussels, Belgium.
- Dessart, F.J., Barreiro-Hurlé, J., van Bavel, R. (2019). Behavioural Factors Affecting the Adoption of Sustainable Farming Practices: A Policy-oriented Review. *European Review of Agricultural Economics*, **46** (3): 417-471. doi:10.1093/erae/jbz019.
- Dixon, P., and Rimmer M. (2019). Integrating a Global Supply Chain Model with a Computable General Equilibrium Model. CoPS Working Paper No.G-292. Victoria University, Melbourne, Australia.
- Dubé, J.P.H. (2018). Microeconomic models of consumer demand. Working Paper No. 25215, National Bureau of Economic Research, Cambridge, M.A., United States.
- EAT-Lancet Commission. (2019). The EAT-Lancet Commission on Food, Planet, Health. EAT-Lancet Commission, Stockholm, Sweden.
- Eory, V., Pellerin, S., Carmona Garcia, G., Lehtonen, H., Licite, I., Mattila, H., Lund-Sørensen, T., Muldowney, J., Popluga, D., Strandmark, L., Schulte, R. (2018). Marginal abatement cost curves for agricultural climate policy: State-of-the art, lessons learnt and future potential. *Journal of Cleaner Production*, **182**: 705-716.
- FAO. (2011). Global food losses and food waste – Extent, causes and prevention. FAO, Rome, Italy.
- FAO. (2013a). Food wastage footprint - Impacts on natural resources. FAO, Rome, Italy.
- FAO. (2013b). Food supply chains for better nutrition. In FAO (eds.) Food systems for better nutrition (pp. 37-48), Chapter 4. Rome, Italy, FAO.
- Finger, R., Swinton, S.M., El Benni, N., Walter, A. (2019). Precision Farming at the Nexus of Agricultural Production and the Environment. *Annual Review of Resource Economics* **11**: 313-35. doi.org/10.1146/annurev-resource-100518-093929.
- Garnett, T. (2011). Where are the best opportunities for reducing greenhouse gas emissions in the food system (including the food chain)? *Food Policy* **36**: s23-s32.
- Gonzalez-Martinez, A.R., Jongeneel, R., Kros, H., Lesschen, J. P., de Vries, M., Reijers, J., Verhoog, D. (2021). Aligning Agricultural Production and Environmental Regulation in the Netherlands: An Exercise for Bringing together Economic and Biophysical Models. *Land Use Policy*, forthcoming.
- Haniotis, T. (2020, 4 March). The CAP, its challenges and the European Green Deal. Presentation delivered at the AGMEMOD Workshop on 'Medium-term development of agri-food markets in EU member States', Brussels, Belgium.
- Helaine, S., Himics, M., M'Barek, R., and Caivano A. (2013). DataM – Data on Agriculture, Trade and Models: A tool for Flexible Management, extension and integration of (model) databases. Publications Office of the European Union, Luxembourg, Luxembourg.
- HLPE. (2017). Nutrition and food systems. A report by the High Level Panel of Experts on Food Security and Nutrition of the Committee on World Food Security, Rome, Italy.
- Hoes, A.C., Jongeneel, R., van Berkum, S., and Poppe K. (2019). Towards Sustainable Food Systems: A Dutch Approach. Wageningen Economic Research, Den Haag, The Netherlands.

- Hristov, J., Toret, A., Pérez Domínguez, I., Dentener, F., Fellmann, T., Elleby C., Ceglar, A., Fumagalli, D., Niemeyer, S., Cerrani, I., Panarello, L., and Bratu M. (2020). Analysis of climate change impacts on EU agriculture by 2050. Publications Office of the European Union, Luxembourg, Luxembourg.
- Ouliaris, S. (2011). What Are Economic Models? How Economists Try to Simulate Reality. *IFM Finance & Development* **48** (2): 46-47.
- Jongeneel, R., Silvis, H., Verhoog, D., and Daatselaar C. (2018). Effects of selling public intervention stocks of skimmed milk powder. Report 2018-046, Wageningen Economic Research, Den Haag, The Netherlands.
- Jongeneel, R., Gonzalez-Martinez, A., Lesschen, J.P., van Meijl, H., Heckeley, T., and Salamon P. (2020). Deliverable 1.10 The SUPREMA Roadmap exploring future directions for agricultural modelling in the EU. Report published in the context of the Project Support for Policy Relevant Modelling of Agriculture (SUPREMA). Available at: <https://www.suprema-project.eu>.
- Jongeneel, R., Gonzalez-Martinez, A.R., Hoste, R. (2020). An uncertain fate for the EU pig sector: Potential consequences of the 2019 African Swine Fever outbreak in East Asia. *EuroChoices*. <https://doi.org/10.1111/1746-692X.12274>.
- Kersebaum, K.C., Hecker, J.-M., Mirschel, W., and Wegehenkel, M. (2007). *Modelling water and nutrient dynamics in soil-crop systems*. Dordrecht, Netherlands, Springer, doi: 10.1007/978-1-4020-4479-3.
- M'Barek, R., and Delince J. (2015). iMAP, an integrated Modelling Platform for Agro-economic Commodity and Policy Analysis. Publications Office of the European Union, Luxembourg, Luxembourg.
- McCorriston, S., Morgan, C., Rayner, A. (2001). Price Transmission: The Interaction between Market Power and Returns to Scale. *Review of European Review of Agricultural Economics* **28** (2):143-59.
- Muth, R.F. (1964). The Derived Demand Curve for a Productive Factor and the Industry Supply Curve. *Oxford Economic Papers* **16** (2): 221-234.
- Nordhagen, S. (2020). Food supply chains and child and adolescent diets: A review. *Global Food Security*, **27**. <https://doi.org/10.1016/j.gfs.2020.100443>.
- Oudendag, D., Verma, M., Tabeau, A., and Phillipides G. (2020). MAGNET – Development and Application to BioEconomy Modelling. JRC Deliverable, Joint Research Centre, Seville, Spain.
- PAGE. (2017). The Integrated Green Economy Modelling Framework – Technical Document. PAGE Secretariat, Chatelaine-Geneva, Switzerland.
- Pazarlıoğlu, M.V., Miran, B., Üçdoğruk, S., Abay, C. (2007). Using econometric modelling to predict demand for fluid and farm milk: A case study from Turkey. *Food Quality and Preference* **18** (2): 416-424.
- Place, S.E. (2018). Animal welfare and environmental issues. In Mench J.A. (eds.) Woodhead Publishing Series in Food Science, Technology and Nutrition, Advances in Agricultural Animal Welfare (pp. 69-89), Sawston, United Kingdom, Woodhead Publishing.
- Perez-Dominguez, I., Gay, S.H., M'Barek, R. (2008). An Integrated Model Platform for the Economic Assessment of Agricultural Policies in the European Union. *Agrarwirtschaft* **57** (8): 379-385.
- Pérez Domínguez, I., Fellmann, T., Weiss, F., Witzke, P., Barreiro-Hurlé, J., Himics, M., Jansson, T., Salputra, G., and Leip A. (2016). An economic assessment of GHG mitigation policy options for EU agriculture (EcAMPA 2). JRC Science for Policy Report, Joint Research Centre, Seville, Spain.
- Perez-Dominguez I., and Fellman T. (2017). Challenges of Global Agriculture in a Climate Change Context by 2050. Joint Research Centre Science for Policy Report, Joint Research Centre, Seville, Spain.
- Poláková, J., Tucker, G., Hart, K., Dwyer, J., and Rayment M. (2011). Addressing biodiversity and habitat preservation through Measures applied under the Common Agricultural Policy. IEEP Report prepared for DG Agriculture and Rural Development, London, United Kingdom.
- Querner, E.P., and Zanen M. (2013). Modelling water quantity and quality using SWAT: A case study in the Limpopo River basin, South Africa. Wageningen (Alterra-report 2405), Wageningen, The Netherlands.
- RISE. (2018). What is the Safe Operating Space for the EU livestock? RISE Foundation Report, Brussels, Belgium.
- Sumner, D., Wohlgenant, M. (1985). Effects of an Increase in the Federal Excise Tax on Cigarettes. *American Journal of Agricultural Economics* **67** (2): 235-242.
- Tscharntke, T., Klein, A.M., Kruess, A., Steffan-Dewenter, I., Thies. C. (2005). Landscape perspectives on agricultural intensification and biodiversity-ecosystem service management. *Ecology Letters* **8**: 857- 874.
- Van Tongeren, F., Van Meijl, H., Surry, Y. (2001). Global models applied to agricultural and trade policies: a review and assessment. *Agricultural Economics* **26** (2): 149-172.
- Von Lampe, M., Willenbockel, D., Ahammad, H., Blanc, E., Cai, Y., Calvin, K., Fujimori, S., Hasegawa, T., Havlik, P., Heyhoe, E., Kyle, P., Lotze-Campen, H., Mason d'Croz, D., Nelson, G. C., Sands, R. D., Schmitz, C., Tabeau, A., Valin, H., van der Mensbrugge, D., van Meijl, H. (2014). Why do global long-term scenarios for agriculture differ? An overview of the AgMIP Global Economic Model Intercomparison. *Agricultural Economics* **45** (1): 3-20.
- Wicke, B., Verweij, P., van Meijl, H., van Vuuren, D.P., Faaij. A.P.C. (2012). Indirect land use change: review of existing models and strategies for mitigation. *Biofuels* **3** (1): 87-100.
- Wohlgenant, M.K. (1993). Distribution of Gains from Research and Promotion in Multi-State Production Systems: The Case of the U.S. Beef and Pork Industries. *American Journal of Agricultural Economics* **75** (3): 642-651.
- Wolf, V., and Bouma F. (2016). Deliverable 5.7: Operating system of combined models. AGRICISTRATE Project Report.

