FoodDrinkEurope views on the EU 'Fit for 55' package

Forewords

The food and drink industry welcomes the Commission's 'Fit for 55' package. The proposed set of measures will help cut greenhouse gas (GHG) emissions by at least 55% by 2030 and ultimately reach climate neutrality in the EU by 2050.

Discussions held during COP 26 reinforced the importance of this goal through several key actions[1]. It is urgent to reduce GHG emissions significantly, and rapidly, to prevent a rise in global temperatures with devastating impacts on people, biodiversity, the environment, and our food production.

Food production from farm-to-fork represents 30% of total carbon emissions within the EU, with the manufacturing process accounting for 11% of this share, and 3% of the total[2]. The European food and drink industry can thus play a key role in the fight against climate change. Our sector is committed to helping the EU become the first climate-neutral continent by 2050, and to achieve the Paris Agreement objective to keep the global temperature increase below 2°C above 1990 levels.

Over the years, our companies have been integrating climate change in their business strategies and are continuously working to minimise the environmental impacts of their products based on a life-cycle approach. Food and drink manufacturers have increased the uptake of renewable energy, reduced food waste and are moving towards a circular economy, including making the use of more sustainable packaging[3].

While we are on the right path, we need to accelerate efforts but we can only do this if there are cooperation and partnerships between public and private actors across the EU. As shown in the new 'Code of Conduct on Responsible Food Business and Marketing Practices'[4] adopted earlier this year, we also need supportive measures to play our part in the path to climate neutrality and to deliver on its own commitment (i.e. 55% reduction of GHG emissions by 2030).

Hereunder are our preliminary views on the EU 'Fit for 55' package.

Implementation of decarbonisation targets in the food and drink sector

The food and drink sector uses many different processes with a very high diversity of products therefore each plant will need specific decarbonisation measures to be selected and implemented.

[1] Glasgow Climate Pact (COP26)
[2] 'Decarbonisation roadmap for the food and drink sector' (Ricardo) 2021
[3] Between 2008-2018 the food and drink industry achieved a 21% reduction in carbon emissions per unit of value added (Eurostat, 2021)
[4] EU 'Code of Conduct on Responsible Food Business and Marketing Practices'

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Modern clean technologies have a key role to play. As many of these technologies are immature (i.e green hydrogen, refrigeration heat recovery) and not yet fully available, it will be important to keep track of emerging techniques that can help reduce GHG emissions.

Access to these technologies is also essential considering the very widespread geographic location of food and drink installations.

Logistics thus also play an important part in the food and drink sector's activities and carbon footprint therefore the uptake of and access to renewable fuels, e-trucks, railway systems should be facilitated, especially for big fleets.

The implementation of decarbonisation targets will require substantial transformation that will entail significant costs for the food and drink sector, not least in terms of new infrastructure (e.g. the availability of grid and/or green hydrogen). Financial support thus should be established, especially for SMEs.

The role of the EU and national authorities

EU and national authorities should work closely with industry and other relevant stakeholders to develop an enabling environment for the transition to carbon neutrality. For example, financial support mechanisms will be vital for implementing the wide range of measures by 2030 (e.g. Carbon Contracts for Difference – CCfD).

Clear and stable regulatory requirements and government support will also be necessary to facilitate investment decisions both in the short and long term. National governments and competent authorities should assign budgets for funds and/or investment in infrastructure for decarbonisation technologies (i.e. green electricity/hydrogen).

Food installations in rural areas, especially campaign operation, often suffer from deficit situation of electrical grid and in future will likely have no access to hydrogen grid. The use of biomass, especially own-produced (from residues and waste), in combination with the partial conversion to renewable electricity, is a more promising avenue. The use of these own produced biomass combustible feedstock at factory level should therefore also be supported by National and EU authorities for contributing to the self-decarbonation of installations.

Tools such as the adopted Climate, Energy and Environmental State aid guidelines (CEEAG) are instrumental to keep ensuring that the various food and drink sub-sectors support the achievement of the EU's climate targets. The Commission should allow adding new sub-sectors to the guidelines as needed, such as those covered by the Emissions Trading System (ETS) and included in the carbon leakage list.

Reduced free allocations in the context of rising carbon prices in the EU ETS could lead to significant higher carbon costs and leakage thus strongly impact the food and drink industry. To this end, careful considerations should be made when reviewing benchmarks for free emission allowances.

Supporting SMEs

SMEs represent 99% of the EU food and drink sector[5]. Measures and guidance for SMEs should thus be established to help them contribute to the EU's carbon neutrality target. This

[5] FoodDrinkEurope's 2020 '[Data and Trends]' report

could facilitate access to capital and technology information and help them attract qualified professionals to drive decision-making on energy and emission matters.

Synergies and cooperation between industries

The proper implementation of the 'Fit for 55' package requires the involvement and cooperation of a wide range of sectors in the European economy. Public authorities should build on, and further encourage, partnerships between different sectors such as energy, transport, logistics and agriculture. Cooperation and sharing of best practices should also be encouraged and facilitated.

Working with farmers

To achieve such emissions reduction target highlighted in the 'Fit for 55' package, collaboration along the food chain is key. Food and drink processors are working together with farmers in the transition towards more sustainable farming systems. In this context, the proposed revised LULUCF regulation offers significant climate mitigation potential, by introducing a carbon removal certification scheme as from 2036, and therefore paying farmers to implement climate-friendly farm management practices.

Policy coherence and alignment

The European Commission (EC) should provide a stable policy environment that strongly incentivises the shift towards greener energy sources and the uptake of zero emission technologies, alongside ensuring a level playing field.

The EC should also ensure that the package with its GHG reduction targets is coherent and streamlined across other key policies such as the Industrial Emissions Directive (IED), Farm to Fork Directive, Circular Economy Action Plan, and the initiative on substantiating green claims.

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