

PRES/001/23E

Dr Ursula VON DER LEYEN
President of the European Commission

Dr Roberta METSOLA
President of the European Parliament

Mr Ulf KRISTERSSON
Prime Minister of Sweden
Chair, Presidency of the Council of the
EU

By e-mail

Brussels, 15 March 2023

Subject: A Green Deal Industrial Plan for agri-food ('EU Food Investment & Resilience Plan')

Dear President Von der Leyen,
Dear President Metsola,
Dear Prime Minister Kristersson,

Europe's agri-food chain has shown great resilience in recent years, providing quality food and drink to consumers despite major disruptions from the Covid pandemic, war in Ukraine and difficult weather events. However, faced by ongoing vulnerabilities, **food availability and affordability remain under severe pressure in the EU today, and the global competitiveness of one of Europe's most critically important sectors is eroding.**¹

We strongly believe that the EU must support its agri-food sector now.

Whereas we welcome your recent focus on the long-term competitiveness of the EU, we are concerned that **the European Commission's proposal for a Green Deal Industrial Plan, while well-intended, is not sufficient to help the agri-food sector scale-up the transition to sustainable food systems** and allow the sector to remain globally competitive. More than that, critical economic sectors such as agri-food seem to have been omitted entirely from the Industrial Plan.

Given that agri-food remains the bedrock of a functioning European society, is an economic powerhouse for the EU and is central to efforts to reach climate neutrality, **we strongly believe that the EU needs a Food Investment and Resilience Plan**, along similar lines of – or to be integrated into – the Green Deal Industrial Plan.

Currently, the EU Farm to Fork Strategy is not properly resourced or equipped to deal with today's market realities and future pressures. Funding instruments, such as the Common Agricultural Policy

¹ Recent and ongoing weather challenges, such as severe droughts as well as floods in parts of Europe affecting agricultural harvests, are illustrative of the increasing fragility of Europe's ability to produce sufficient food for citizens at affordable prices. The high inflation rates in many EU countries are symptomatic of the continuously increasing cost pressures faced by farmers and food companies as a consequence of the Russian invasion of Ukraine, energy uncertainties and vulnerable global agricultural commodity markets.

(CAP) and the EU Recovery Fund, are insufficient to scale-up and de-risk the transition to more sustainable agricultural practices while safeguarding farmers' incomes and to provide fundamental conditions to move to truly circular, sustainable food systems. Consequently, **the EU agri-food sector is suffering from an investment deficit which harms its competitiveness and hinders innovation to accelerate the sustainability transition.** The private sector is willing to play its part, but cannot progress sufficiently without further public support. Success will only be possible with enabling conditions that allow businesses along the food value chain to be real solution providers at scale.

Now is the moment for the EU to take a bold step in investing and creating the right market conditions for farmers and agri-food businesses to become more sustainable and more competitive. Maintaining our leading economic position in the world while accelerating the transition towards sustainable food systems will help preserve Europe's food security, food sovereignty and long-term competitiveness.

Concretely, an EU Food Investment and Resilience Plan must put competitiveness and resilience of the agri-food sector central by:

1. Stimulating public-private investment to facilitate the transition to sustainable food systems (for example on regenerative agricultural practices, infrastructure to support food packaging circularity, etc.);
2. Encouraging innovations that will give farmers and food operators confidence to invest in and use cutting-edge technology (for example, societally-beneficial NGTs, chemical recycling, etc.);
3. Unlocking new trade opportunities through an ambitious EU trade agenda to promote European agri-food products;
4. Creating a dedicated Directorate for Food ("DG Food"), or similar, that recognises the strategic importance of food in the EU and ensures **policy coherence and coordination** under the next Commission mandate, **streamlining the regulatory framework for agri-food** to provide more predictability and stability, and reduced regulatory/administrative burden, for food chain actors.

In the annex to this letter, you will find further detailed preliminary recommendations, including a benchmarking vis-à-vis the US Inflation Reduction Act which does indeed foresee (additional) funding for the US agri-food sector on top of the US Farm Bill, for your consideration.

We consider that the EU Institutions have an important task to support the competitiveness and resilience of one of Europe's largest and societally-critical sectors on the road to climate neutrality.

FoodDrinkEurope stands ready to further participate in developing an enabling approach for the agri-food sector together and are at your disposal for further exchanges with you and/or your Services.

Yours sincerely,

Marco SETTEMBRI
FoodDrinkEurope President

Dirk JACOBS
FoodDrinkEurope Director General

Annex: Preliminary elements / recommendations for an EU Food Investment and Resilience Plan

1. Stimulate public and private investment to facilitate the transition to sustainable food systems

Current funding instruments for agri-food systems, such as the Common Agricultural Policy (CAP), are insufficient to meet a growing business need to scale-up, accelerate and de-risk the transition while preserving farmers' incomes. The eco-schemes foreseen in the CAP are far from sufficient to de-risk the transition that needs to happen before 2027.

In contrast, it is to be noted that the United States (US) Inflation Reduction Act foresees a [historic \\$20 billion investment](#) in agricultural conservation programs that offer substantial opportunities to tackle climate change, and provide huge down payments to bolster regenerative agriculture and soil health as tools for combatting the climate crisis.

In order to create competitive carbon markets in agri-food in Europe, it is estimated that the transition to [regenerative agricultural practices](#) would require an injection of roughly €8 billion of *new money* on average per year in the EU.

Another example is [food and drink packaging circularity](#), where the EU has to close an investment gap of at least €6.7 billion to meet its target of reaching 10 million tons of plastic recycles in products on the EU market by 2025, according to a new [study](#) from the European Investment Bank (EIB). Priority access for food and drink sector is needed to ensure food grade recycles and full food and drink circularity instead of downcycling.

While the focus should be on transitional support needed [today](#), an additional and concerted funding approach for the agri-food transition could benefit upcoming discussions on the Multi-Annual Financial Framework (MFF) and the review of the CAP post-2027.

2. Encourage innovations that will give farmers and food operators confidence to invest in cutting edge technology

Societally-beneficial New Genomic and breeding Techniques, novel foods, chemical recycling, new nutritious product development and digital solutions are essential to cut emissions, protect nature and produce quality food products, and the agri-food sector needs them now. Beyond existing Horizon Europe funding, public-private collaboration in the context of the [Sustainable Food Systems Partnership for People, Planet and Climate](#) should be further built-out and major barriers to innovation in the agri-food sector, including faster procedures to access climate-positive technologies, should be identified with the sector and addressed without delay.

3. Unlock new trade opportunities through an ambitious EU trade agenda to promote European agri-food products

In the EU, there are 9 million farms and [294,000 food and drink manufacturers](#) making finished products for people all over the world to enjoy. Rules-based international trade and the EU's network of trade agreements provide the EU agri-food sector with significant opportunities to internationalise and diversify, as well as the necessary legal certainty and predictability to take effective trade and investment decisions.

A concerted plan to promote globally the excellence of the EU's agri-food production should be developed, similar to agri-food trade promotion by other regions in the world. In the context of

the US IRA, the US Department of Agriculture aims to expand markets by investing \$1 billion in partnerships to support America's climate-smart farmers, ranchers and forest landowners.

A mapping of critical global supply chains for agri-food must be made to further identify vulnerabilities for Europe's food production. Additionally, unjustified trade barriers to the Internal Market for food and drinks should be addressed with force and without delay.

4. **Integrated a “Farm to Fork” approach into the governance of the European Commission.**

A Directorate for food (“DG Food”), or similar, which takes an integrated “Farm to Fork” approach, should resolve the current scattering of food-related policies across various Commission DGs, which is leading to policy incoherence and inconsistency. Given the central role of food in (international) politics and the European Green Deal, this would also reaffirm its political and strategic weight for the EU.
