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# A food chain under pressure: how to ensure long-term resilience

EVENT REPORT



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## Kickstarting the transition to a sustainable food system

“No one can doubt the considerable consensus that our food system is economically, socially and environmentally unsustainable,” said Faustine Bas-Defossez, Director of External Impact at the Institute for European Environmental Policy, at the start of the event entitled ‘A food chain under pressure: how to ensure long-term resilience’, organised by Friends of Europe on 28 September.

Participants shared the perspective that the transition towards sustainable food systems must continue, despite the pressures of rising energy and food prices. We cannot abandon the long-term goals for quick fixes.

The urgency of the situation is clear. “Crisis is the new norm,” said moderator Dharmendra Kanani, Chief Operating Officer and Spokesperson at Friends of Europe. Dirk Jacobs, Director General of FoodDrinkEurope, highlighted that current national measures negatively impact the internal market. An EU coordinated approach to address the current crisis is urgently needed. “The outlook for our industry is quite bleak, and the worst has yet to come.”

Giacomo Mattino, Head of Unit for Food, Retail and Health at the European Commission Directorate-General for the Internal Market, Industry, Entrepreneurship & SMEs (DG GROW), highlighted the importance of “close collaboration” between public and private actors.

Recognising the need to think holistically around the food chain, steps for a just transition must consider the needs of all stakeholders involved, notably SMEs.

## A new mindset is needed

Crisis is the new norm in Europe and there are concerns about what might happen to the value of currency and food. We need to adjust our mindsets accordingly, which will shatter our sense of entitlement.

“ the EU can enable a more resilient and independent agri-food system while achieving a sustainable and just transition to climate neutrality.

The results of the Italian election on 25 September 2022 have shown the extent to which EU member states have failed to think about those citizens who are neither seeing nor experiencing economic growth. At the same time, Europe is facing an energy crisis that is particularly disruptive. This has huge implications for small and medium-sized enterprises (SMEs), at risk because their electricity bills are doubling, and could result in 40% of SMEs closing their doors. If Europe does not respond to this energy crisis today, it will face worse consequences in 2023.

The aim of the Friends of Europe event held on 28 September was to begin to think holistically about the food chain. Participants were invited to explore the ways in which the EU can enable a more resilient and independent agri-food system while achieving

a sustainable and just transition to climate neutrality.

The recommendations of the event will feed into Friends of Europe's paper, to be finalised at the end of 2023, on the Renewed Social Contract. This in turn will help the European Commission rethink the role of public, private and civil society actors.

### The state of the food industry

The food and drink industry has been resilient in providing food to people during the pandemic but is now moving from a shortage crisis to a cost crisis. The outlook is quite bleak, and the worst has yet to come. Many contracts are renewed at the end of the year and the industry is expecting much higher prices, not just for energy, but also for packaging, transport, machinery, labour and fertilisers.

Funding needs to be channelled in the right direction with the aim of creating incentives for companies to move towards sustainability, without punishing them economically.

The EU needs to reduce its dependency on unreliable countries and unsustainable practices such as fossil fuel use and the utilisation of certain chemicals.

99% of the food and drink sector consists of SMEs - these companies need to work towards sustainability at a reasonable pace. There is a lot of goodwill within the industry to accelerate the transition, but this is not always possible because of lacking infrastructure or compatible projects.

## “ The EU needs to reduce its dependency on unreliable countries and unsustainable practices

There also needs to be some consideration for maintaining farmers' production as Europe moves towards sustainable food systems. Technologies are expensive, but money alone does not solve all the problems that small farmers are facing: adapting to new procedures, methods and tools is not an easy task. While acknowledging that agriculture is a slow-changing sector, Europe needs to take steps towards facilitating the green transition for farmers.

### Europe's unsustainable food system

Europe's food system is economically, socially and environmentally unsustainable. While this might look like a new crisis, the system has actually been in crisis for a long time.

Hot and dry summers show that the European farm system is itself a victim of climate change – and it will not get better. Our current production has negative impacts on biodiversity, leading to a decline in pollinators and increase in land degradation, which will in turn damage food supply.

A striking 20% of EU food production is still wasted on a yearly basis. The food system is responsible for more than a third of worldwide greenhouse gas emissions, and the food and drink sector remains a major energy user despite cuts to its energy consumption.

“ The food system is responsible for more than a third of worldwide greenhouse gas emissions

Every stakeholder, from EU institutions to national member states, from the private sector to academics and NGOs, shared their support to the EU's Farm to Fork Strategy and the Green Deal as key building blocks of the transition towards sustainable food.

### Importance of collaboration among all stakeholders

The Farm to Fork Strategy sets a plan to achieve long-term goals and its strategy should not be derailed by quick fixes but rather implemented now. but rather implemented now.

The European institutions recognise the urgency of the current situation, but they are not well equipped to move quickly. During the COVID-19 pandemic, however, the institutions provided immense added value to coordination at an EU level, and the same approach should be taken to address food security.

On the day of the event, the food and drink industry issued a paper on how to build resilience with nine recommendations, one of which is prioritising the agri-food sector in times of crises.

The European Commission is determined to achieve the transition to sustainable food systems, but it cannot do it alone. It needs political support from EU member states.

Public-private partnerships are important to overcoming these challenges too. There continues to be clear collaboration within the Commission and with stakeholders from both the public and private sectors. This is essential as there needs to be a cost-benefit logic for each measure and all stakeholders.

“ The Farm to Fork Strategy sets a plan to achieve long-term goals and its strategy should not be derailed by quick fixes

## Our proposals

### Stick with the current objectives in the Green Deal and Farm to Fork Strategy and accelerate where possible

Despite the current crisis, Europe should not abandon its long-term goals for quick fixes. There is a need to kickstart the transition in our food system and Europe does not have the time to procrastinate. It needs to stick to the objectives of the Green Deal and the Farm to Fork Strategy and accelerate the process in a clever way. Europe must enable companies to innovate and target funding to the right places.

There is also concern about the impact of the food crisis on health, given the large increase in the number of people who suffer from hunger and who now have reduced access to a healthy diet. Today's diets are an underlying cause of non-communicable diseases, such as obesity, which has become a major health problem in the EU.

#### Recommendations

1. Identifying possible winners and losers is a first critical step towards designing a just transition in our food system. Compensation should be provided where it is fair, reasonable and effective, alongside the capacity to regulate where necessary.
2. Identify the kinds of wins that Europe can implement immediately when it comes to sustainability to allow companies to make the transformation without taking a financial hit.
3. Put in place the right incentives to encourage industry to change, while promoting actions such as VAT reductions or exemptions to support the less wealthy.
4. Abandon EU-funded advertising campaigns for unsustainable products that are not in line with the Green Deal and Farm to Fork Strategy.

### Strengthen the single market

The solution to the food crisis needs to come from Europe. Today's national, regional and local measures that go against EU policy or attempt to provide diverging national interpretations to EU rules are only disrupting the single market. Europe needs EU-coordinated measures. The importance of the food sector needs to be understood and plans of action need to be mapped out before emergencies hit. Europe can become crisis-proof through the shock-resistant structures.

#### Recommendations

1. The European Commission should put a structural system in place to tackle crises efficiently across borders.
2. Prioritise the agricultural sector when discussing the emergency measures and marry short-term emergency measures with practical measures that companies can really work with.

### **Establish new funding mechanisms and support for a just transition**

Europe needs alternative funding mechanisms. While there is a lot of funding in the Common Agricultural Policy (CAP), the Farm to Fork strategy has no funding and this needs to change. Coordination between sectors and stakeholders to channel funds through the right incentives needs to be reinforced so that no one is left behind.

This means accompanying all farmers, from small-scale to industrial, towards a just transition, so that they have support in the implementation of technology and new farming methods, such as regenerative agriculture, both in terms of financial means as well as knowledge-sharing and skills.

The potential shortage of key inputs such as fertilisers has also highlighted the importance of trade as well as Europe's dependence on a few key inputs.

### **Recommendations**

1. Ensure that farmers have the necessary financial and technical support to allow them to contribute to the transition towards sustainable food systems.
2. Stimulate the digital transition in the agricultural sector, as well as in the food and drink sector.
3. Diversify the EU's trade partners to support sustainable alternatives and reduce reliance on a handful of unreliable exporters.

