

## **EU Specialty Food Ingredients President's intervention at the EFF-EJD event: "Taking stock of the Farm to Fork Strategy: Reflecting, Rethinking, Rebuilding"**

European Parliament - 31 January 2024

### **Background**

- EU Specialty Food Ingredients (EU SFI) represents over 200 manufacturers of specialty food ingredients. Specialty food ingredients are ingredients like vitamins, minerals, food additives, functional carbohydrates, special proteins & fats etc., which are added by the food industry to staple ingredients to bring a technological and/or nutritional value to their recipes; about 22% of our members are SMEs, contributing to the competitiveness of the EU food and drink industry worldwide.
- The EU food and drink industry is the largest manufacturing sector of the EU with about 1 trillion annual turnover and the world leader exporter of processed agricultural products (PAPs). Most of them wouldn't exist without specialty food ingredients.
- Our sector is characterized by a high level of investment in innovation (3-8 % of the turnover is dedicated to research and development) and innovation is one of the cornerstones of Farm to Fork strategy (F2F).
- EU SFI and its members have endorsed the Green Deal and the Farm to Fork strategy and companies have led the way by working to reduce the environmental impact of their products, support suppliers to adopt sustainable agricultural practices and supporting customers to realize their sustainability goals by investing in innovative ingredients for a sustainable food chain.
- EUSFI is a frontrunner in promoting initiatives to integrate sustainability in corporate practices; it was one of the first signatories of the EU Code of Conduct on Responsible Food Business and Marketing Practices and it participated in several consultations in the framework of F2F initiatives (i.e. framework for a sustainable food system and sustainable food labelling).

### **Challenges and obstacles that hinder the transition towards more sustainable practices**

- **Affordability:** the geopolitical and macro-economic environment (wars on the European continent, the fall out of the pandemic and resulting inflation across the EU especially impacting food prices has had a serious effect on the affordability of food products and has delayed the shift towards more sustainable food consumption
- **Competitiveness:** the geopolitical situation and resulting inflation and supply chain shocks have increased energy and raw material costs for food manufacturers putting European producers at a competitive disadvantage compared to international competitors. On top comes a regulatory environment which does not fully support innovative solutions. Both are serious concerns for the viability of the EU food and drink industry. The world market has changed: the gaps between EU food and drink production standards and those of third countries are further widening. The EU

legislators should take this into account and propose concrete measures to restore a level of playing field in the EU food and drinks market.

- The need to redefine novel Food Systems at Scale: the transition triggers the creation of novel food value chain interactions and novel food value chain products. For the transition to succeed, the new 'systems' need to be not only better than the old, but they need to be scalable to provide safe and healthy nutrition for all European citizens in a way which guarantees food security.

### **How to move forward on the "F2F" ambitions**

- Constructive dialogue with the food and drink industry: in the last 4 years the EU food and drink industry, has actively participated in a considerable number of consultations. Yet, what is needed is a true partnership which is based on a good understanding of the realities of food production – the supply chains, the processing, the economic and environmental contributions, the skills and employment needs, the innovation pathways. More specifically for our sector, the European sector of specialty food ingredients should be granted more attention for the role it plays in the future of F2F such as loss and waste prevention, efficient and circular use of agricultural raw materials and the development of new and healthy ingredients.
- Scaling up provisions: Despite all headwinds over the last years the EU food industry has continued on the innovation journey and has delivered on the next level of innovations (minerals and vitamins enriched dairy products, functional ingredients for maintaining normal blood cholesterol concentration, texturizers for gluten-free alternatives, vegetal alternative proteins for vegans and vegetarians, sodium substitutes alternative for replacing less healthy alternatives); some of them have been financed by specific funding schemes (Horizon) or partnerships (Bio-Based Industry Undertaking), but most of them do not reach the market distribution or remain isolated examples. These innovations need to be supported and scaled up with coordinated and long-term policies.

Scaling up in the food sector innovation is crucial as one of the characteristics of the EU food supply chain is the presence of SMEs. Food SMEs do not always have the necessary means to invest in innovation. For instance, investing in new food ingredients or functional food, similar to pharmaceuticals, pays back after about 15 years.

- Adapt to changes in diets and societal changes: the F2F initiatives should reflect the current and future societal changes and not be based on abstract models. They should reflect household composition, lifestyles, demography, purchasing power, as well as the increasing demand for new food products with specific characteristics (i.e. substitution of allergenic ingredients, vitamins, fibres). To this end, innovation and research are crucial elements that need to be supported by a conducive long-term unbiased legislative and regulatory framework.

This aspect should be considered in the sight of the assessment of past and current F2F objectives. For instance, implementing several ambitious policies at once, without taking into consideration the current economic context, can be unrealistic and to the detriment of the sustainable transition. Consumers should not be trapped in trade-off decisions (i.e. affordable food vs sustainable food or healthy food).

**Priorities for the next legislative period (not negotiable elements)**

- A systems approach: food system transformation can only be successful if an integrated systems approach is taken instead of the current 'silo' approach. To take an example – if we were to only focus on having European farmers produce more plant-based protein but not on the regulatory frameworks to allow new ingredients based on these proteins to come to market quickly and serve food, feed and industrial markets – both the affordability of consumer products and the economic viability/competitiveness of the food industry will be affected.
- Innovation and conducive regulatory environment: to meet the UN SDGs and F2F objectives innovation is crucial. Despite mentioning innovation as a driver of the F2F goals, innovation fails to come to the EU market, as cumbersome approval procedures and the resulting uncertainty of return on investment impede innovation. This is the case of the approval procedure for EU Novel Foods, and for the application of the transparency regulation and EFSA continuously changing risk assessment targets for the application of new food ingredients.  
The EU food industry needs a fair, transparent and predictable regulatory system, and strategic long-term ambitions to support the resilience of the EU food sector.
- Measures to foster resilience and competitiveness: EU legislators should engage in open dialogues with the stakeholders drafting any proposal with an on-the-ground approach. The economic viability of the EU food and drink sector cannot be put under threat as the economic dimension is, along with the social and environmental, part of the sustainability strategy. Besides enhancing the resilience and sustainability of value chains is a pillar of the EU as emphasized in the objectives of the EU 2021 Trade Policy Review. We equally support the Belgian EU presidency agenda on competitiveness.

The F2F Strategy lies at the core of the Green Deal and forms the foundation of the EU's green diplomacy. Even though commitments were made towards a sustainable food transition about four years ago, there is still much to be accomplished. An increasing dissatisfaction from some stakeholders combined with the challenging economic and international circumstances could jeopardize this transition.

The EU Specialty Food Ingredients believes that F2F is a great opportunity to boost innovation in the food sector. Therefore, we urge the EU Institution to remain committed to the F2F goals and adopt measures that reflect the current context for a fair and viable EU food system transition.