Copa-Cogeca’s position paper on the Commission’s Sustainable Food System Framework initiative

One of the main initiatives of the Farm to Fork Strategy is the Sustainable Food System Framework Initiative (SFSF), which aims to ensure that all food placed on the EU market becomes more sustainable. Copa and Cogeca fully support this overall objective and are dedicated to making EU food systems more sustainable.

To achieve this objective, the Commission proposes to create a guiding framework that would ensure a coherent implementation of actions to improve food sustainability across all sectors, actors and aspects of food systems. Copa and Cogeca welcome this approach because we believe that in order for it to be successful, it needs to encompass the whole food value chain including consumers. Food sustainability is a very complex issue due to the interconnectivity between the three pillars of sustainability (economic, environmental and social) and the broad spectrum and diversity of sectors, products/commodities, actors, and legislation it encompasses.

In its Inception Impact Assessment (IIA) on this initiative, the Commission presented four different options for this framework:

- Option 1 – Baseline
- Option 2 – Voluntary approaches
- Option 3 – Reinforcing existing legislation
- Option 4 – New comprehensive framework legislation on the sustainability of the Union food system

Copa and Cogeca believe that the right approach for such a framework would most probably be situated at the crossroad of overarching legislation on sustainability of food systems, voluntary approaches and the already ongoing reinforcement of the existing legislation. In the following paragraphs, we detail both the general and specific elements that such a framework should include to successfully contribute to enhancing the sustainability of the EU’s food systems.

1. General comments on the framework

- Set general principles, ensure coherence, avoid duplication and leave the specificities to the dedicated legislations

A framework legislation on the sustainability of food systems would play an important role when it comes to establishing general definitions and principles that are still missing, such as a proper EU definition for the sustainability of food systems, sustainable diets as well as principles regarding the elements to take into account when aiming to achieve sustainability. A definition of sustainable agriculture with general rules that would allow for the recognition of sustainable agricultural practices at EU-level is especially needed (see point a) in the section “Elements not present in the IIA that would need to be included in the framework”).

Nevertheless, we believe that this framework legislation should not cover specific topics or sectors that are already dealt with in other specialised legislation (e.g. marketing standards, animal welfare, sustainable use of pesticides, antibiotics, etc.) as it is likely to create confusion and duplication. Instead, it should focus on topics that are currently not (or not sufficiently) addressed by EU legislation (i.e. sustainability labelling, public procurement, due diligence, fairer distribution of consumer spending across actors of the food chain (fair distribution of value among the actors in the food chain and correct and stable income for farmers) and EU recognition of sustainable agricultural practices other than organic).

- **Ensure that all three pillars of sustainability are taken into account in a balanced manner**
  As most definitions of sustainability clearly state, a truly sustainable food system takes into account all three pillars of sustainability (environmental, economic and social) and recognises the importance of the people and the economy in the fight against climate change and allows them to meet their own needs within the limits of nature. Copa and Cogeca believe that environmental sustainability needs to be further improved and that it is an essential part of sustainability. However, all too often, the economic and social pillars are ignored when defining targets. Environmental measures which are not conducive to securing decent livelihoods for those in rural areas (including on farmers’ income) and which do not maintain the competitiveness of EU agricultural products should not be presented as an option. Sustainability is a necessary policy field and it is unrealistic to think that improving one-third of sustainability while forgetting about the other two-thirds will lead to a viable transition. We thus insist that all the different elements of this legislative framework must include and take into account each of the three pillars of sustainability in a balanced manner.

- **Ensure that all actors are involved**
  A holistic view of the value chain is required, assigning responsibilities to the respective partners along the food chain, including consumers. Therefore the term “sustainable production and consumption” is essential.

- **No sector or method of production should be excluded or discriminated against**
  The EU food system, and especially its agriculture, is composed of a great variety of sectors and methods of production, all adapted to the specificities of particular regions, their resources, landscape, location and capacities. This diversity is part of what makes the EU food system so resilient compared to others, as it was demonstrated during the Covid-19 crisis. It would be a mistake to believe that there is a one-size-fits-all solution and to aim to erase the diversity of our production methods. With crises like the war in Ukraine, it is essential to preserve this diversity to reinforce the resilience of our food production. Furthermore, all methods of production have their strengths and weaknesses when it comes to sustainability. For this reason, Copa-Cogeca believes that all sectors and should be given the opportunity to contribute to a more sustainable food system.

- **Food security should not be compromised, both at EU and global level**
  As Covid-19 and the invasion of Ukraine clearly illustrate, food security is an issue that we forget about all too often when considering food systems. European farmers and cooperatives are committed to continue providing consumers with safe, affordable and quality food on a daily basis, ensuring food security. Copa and Cogeca would like to insist on the fact that this framework should ensure that all the principles and provisions it establishes take food security into account and do not compromise food production in terms of quality and quantity. The productivity of farms cannot be compromised. Food production and sustainability are perfectly compatible, and this symbiosis is essential for food security. In that context, the EU Institutions need to speed up the work on providing EU agriculture with innovative tools allowing us to achieve the ambitious EU objectives without reducing our production (e.g. NGTs, low risk substances). We also would like to recall the fact that as a major food exporter, the EU plays a major role in ensuring global food security and eradicating hunger (SDG goal 2). Indeed, due to their natural constraints some third countries are highly dependent on EU food production. Finally, a reduction of food production does not only affect food security, but also food
affordability (triggering social unrest in some cases), and could lead to leakage in terms of carbon, environmental impacts, etc.

- **Economic sustainability and fair distribution of costs and benefits**
  As mentioned above, the diversity of EU food production, both in terms of actors and methods of production, constitutes one of its main strengths and is central to its great resilience capacity. However, to preserve this diversity and economic and social sustainability, it is essential to ensure that the costs and benefits of all environmental sustainability measures are fairly distributed among all actors of the food chain, paying specific attention to the agricultural sector, especially given the current context of soaring production and processing costs. Generally, most of the extra costs end up falling on primary producers and processors while most of the added value created only benefits upstream actors of the food chain. The consequence of this reality is that in the majority of cases food production will become economically non-viable for producers and their cooperatives, especially micro and small undertakings which already face fierce third-country competition. This will lead to concentration of production as the only way for producers to bear the costs will be to increase the size of their business to allow for cost-effectiveness or stop their activity if they cannot increase the size of their business. Copa and Cogeca thus call on the Commission to ensure a better functioning of the food supply chain, including a fairer distribution of costs and benefits among all actors as well as a more transparent food chain without unfair trading practices. This would contribute to maintaining the diversity of EU food system and prevent the undue emergence of food production monopolies.

  In this respect, it is also important to recognise and strengthen the role of cooperatives. They are key structures in rural areas that enable the achievement of ambitious environmental objectives while preserving the profitability of their production systems and social equity, sharing costs and benefits more fairly along the chain. Copa and Cogeca call on the European Commission to further promote farmer cooperatives as a tool to add value to produce and pass it back onto their farmer members who own these cooperative enterprises.

- **Ensure and promote diverse forms of enterprise in the EU agri-food value chain**
  Preserving and promoting diverse forms of enterprise in the EU agri-food value chain is very important for meeting the objectives of the Farm to Fork strategy, improving the functioning of the agri-food chain and boosting competitiveness and social cohesion in rural areas. It is important to promote the diverseness and plurality of forms of enterprise and look at the cooperative model as an instrument to support farmers in the transition and improve the functioning of the food supply chain.

  By concentrating the food supply, agri-food cooperatives add value to the produce and strengthening farmers bargaining power can create cost-effectiveness in the market. These farmer-owned enterprises allow the implementation of innovative and sustainable actions that create employment in depopulated rural areas and benefit farmers, consumers and the overall functioning of the value chain. The interlinked value-adding activities involved in the production, aggregation, processing, distribution, and even the disposal or re-use of by-products and waste which originate from agriculture and processing allow farmers to holistically target the three pillars of sustainability and benefit from them.

  Agri-cooperatives are indeed a mechanism designed by and for farmers and belonging to them. Cooperatives accompany and advise their members in order to be more efficient and sustainable in farming, processing, transport and input supply, as well as to interact with other key systems, such as energy, manufacture and technological and digital systems. Moreover, it should be duly acknowledged that, in the agri-cooperative sector, many of the performance indicators are measured more in terms of their benefit to stakeholders, including local producers, customers, rural communities, and employees as opposed to being based on corporate profit and revenues. Long-termism therefore tends to prevail over sole short-term economic objectives. This long-termism also means that agri-cooperatives are well placed to meet the European Green Deal and Farm to Fork strategy objectives.
Cooperatives are an extension of the farm and owned by farmers. If there are to be EU farmers in the future, they must earn a decent and stable income. This is a priority: without farmers tomorrow, there will be no agriculture. Without wealth creation, there will be no employment in EU rural areas. Cooperatives support a fair and equitable distribution of value within the value chain. Copa and Cogeca, therefore, stress the need to carefully promote the specificities of these farmer-owned enterprises to avoid jeopardising the positive environmental, economic and social externalities they created.

- **A place for bio-economy**
  The Bioeconomy can help expedite economic and social sustainability measures through promoting resource efficiency and the circularity principle whilst reducing or eliminating waste through circularity. Agri-cooperatives could contribute towards achieving this by delivering new products and markets for renewable raw materials produced by farmers without impacting food security. These additional co-products and by-products will range from high value chemicals, pharmaceuticals and cosmetics to food and feed ingredients, biopolymers, materials and fibres for construction and other uses, fuel and energy.

- **The framework needs to follow a market-based approach**
  To compensate for the extra production costs associated with higher sustainability, added value needs to be created. This added value is only possible if there is a demand from consumers and if they are ready to pay for it. It is important to bear in mind that experience to date has demonstrated that there is a mismatch between what consumers purportedly prefer (more sustainable or organic food) and what they purchase.

Consequently, the system must be based on a market approach, responding to the priorities and preferences of consumers (real, not aspirational). It must also be based on a strong and structured agri-food system which allows farmers to cover their production costs with fairer distribution of costs and added value, which is also the right way to achieve ambitious environmental and climate objectives while remaining competitive in a global market.

- **A legislative framework leaving room for innovation**
  Opportunities must be created for research and innovation that can contribute to the development of sustainable food systems. At the same time, it should be ensured that the legislation becomes more flexible and does not limit sustainable solutions and/or delay the implementation of more sustainable solutions.

- **Ensure fair, balanced, and transparent trade**
  We expect the EU trade policy to help to develop fair competition between all operators in international trade. We must promote all aspects of sustainability and extend the benefits of trade to farm level.

EU policies will continue to push up production costs. Several studies on the F2F strategy foresee a drop in EU competitiveness, farmer income and increasing EU dependency on imports from third countries but also a clear food security and sustainability risk for the developing countries.

With an increasing gap between standards applied to the EU and third countries, EU production faces a serious risk of being undermined by leakage due to a significant loss of competitiveness on the internal market against imports. It should also be noted that European production would lose competitiveness in third-country markets where it is currently successful, unable to compete in economic terms against less sustainability-conscious markets. This is not fully taken into account in international trade negotiations. If we face tighter production restrictions and higher production standards due to the EU framework, we would expect that, in principle, imports into the EU should have to mirror the high requirements that EU farmers and agri-cooperatives have to implement. Ensuring compatibility with WTO rules and the principle of reciprocity must be assessed. The Commission has also published a new TSD approach to trade agreements (europa.eu).

It is also important to ensure that any type of support (preferential treatment, direct funding or exemptions from tariffs, duties etc.) related to sustainability requirements is not granted
without a clear and sound definition of these criteria. In order to benefit from this support, all actors, both European and non-European, must comply with the definition and criteria of sustainability.

WTO negotiations should continue to form the cornerstone of the EU’s trade negotiation strategy for the agricultural sector. From an EU perspective, it is essential that production standards (e.g. animal welfare) and all the aspects of sustainability (economic, environmental and social) be accompanied by clear enforcement mechanisms. This applies in particular when it comes to integrating the Paris climate agreement into the trade system and developing CBAM for agriculture.

We encourage the Commission to promote our high standards in international trade.

2. Comments on specific elements of the framework as presented in the IIA

- **Definition of sustainable food system**
  It is essential that any framework on food sustainability provides a clear definition for food sustainability which can be used to harmonise actions around it. This definition of food sustainability should encompass and give equal importance to all three pillars of sustainability, namely the environmental, the social, and the economic pillar. It should also allow for adaptation to the particularities of each sector. The FAO’s definition\(^2\) of a sustainable food system could constitute a good basis for such a definition, to which the central role of primary producers and agri-cooperatives should be added. There was a development in the recent sustainability initiatives (Sustainable Finance Taxonomy, Deforestation and CBAM) to create sustainability criteria based on ‘Do No Significant Harm’ or ‘Substantial Contribution’ principles. The same development should not be applied on the sustainable food systems.

- **Minimum standards and responsibilities**
  The IIA suggests the creation of minimum standards for food produced in or placed on the EU market and the related food operations, as well as the establishment of responsibilities for food operators. Copa and Cogeca believes that for both minimum standards as well as responsibilities, the framework should not regulate elements for which EU legislation already exists but solely focus on those for which no EU legislation exists. Furthermore, such responsibilities should be proportionate to and commensurate with the power that the different food system actors hold in the food chain.

  Copa and Cogeca believe that the minimum mandatory requirements should be based on existing legal requirements. Furthermore, those minimum mandatory requirements should be set in the legislative text of the Framework itself (not through delegated acts) and should be applicable to both EU products and products from third countries imported into the EU market. For more sustainable products, voluntarily using the EU sustainability labelling scheme to be established by the Framework could be an option. This scheme would be based on key objectives for all three pillars of sustainability defined in the framework legislation. The practical criteria for those objectives should be sector-specific and outlined in the regulation itself instead of through delegated acts. Such a system would be aligned with a market-based approach which is the only way to ensure competitiveness and economic sustainability and viability.

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\(^2\) *Sustainable food systems Concept and framework (PDF) (Report). Food and Agriculture Organization of the United Nations.* “A sustainable food system is one that delivers food security and nutrition for all in such a way that the economic, social and environmental bases to generate food security and nutrition for future generation is not compromised. This means that it is profitable throughout, ensuring economic sustainability, it has broad-based benefits for society, securing social sustainability, and that it has a positive or neutral impact on the natural resource environment, safeguarding the sustainability of the environment.”
• **Sustainability analysis**

The Commission’s IIA suggests the creation of a sustainability analysis approach for food products similar to the one we currently have for food safety, which EFSA is in charge of. Regarding this proposal, Copa and Cogeca would like to underline that such an analysis must not result in distinction between products considered “sustainable” or “not sustainable”. Sustainability is not an absolute, but rather a state of progress. Thus, it would not make sense to differentiate between products that are “sustainable” or “not sustainable”. Sustainability analysis should instead establish a certain level of sustainability for all products, which they can potentially improve.

It is also important that any sustainability analysis of food products takes into account the three pillars of sustainability. Sustainability analysis based only on environmental sustainability would be misleading and in total contradiction with the concept of sustainability itself. Concretely, this means that there should be evaluation criteria for all three pillars, with a minimum threshold for each of those pillars for different levels of sustainability.

As mentioned in the points on sectors and methods of production, the EU food system is composed of a great diversity of sectors and production methods, each adapted to the specific realities of a region, its resources, landscape, location and capacities. Therefore, the sustainability analysis of each product should be adapted to all methods of production and sectors, taking into account their specificities when it comes to environmental sustainability. The objective is to allow for all methods of production and sectors to improve their environmental sustainability and contribute to the general aim of a more sustainable food system.

The sustainability analysis should not determine whether or not a product can be marketed in the EU, but rather its access to support policies and other incentives. The criteria and the agency for such an analysis would need to be agreed upon with the stakeholders of the food value chain.

It is also important to underline that such sustainability analyses would be difficult to implement in practice and there would be a risk of significant delays in carrying out those assessments.

• **Sustainability labelling**

The IIA specifies that the framework will also focus on sustainability labelling. Several private sustainability labelling schemes already exist in the EU. However, most of those schemes only focus on the environmental aspect of sustainability, which completely overshadows the socio-economic aspect of the products. A product cannot be considered sustainable if the primary producers and agri-cooperatives are not fairly remunerated.

We would favour a harmonised EU label on a voluntary basis for all products (not only the most sustainable ones) including those from third countries, and with category-specific criteria. It does not make sense to use the same criteria to compare the sustainability of completely different food products. Providing incentives to drive improvements within a category and take into account the specificities of the respective regions should also be possible. The fact that products within the food system can be part of the circular economy or substitute fossil-based products should also be taken into account.

Of course, the EU sustainability labelling should take into account all three sustainability pillars. It is also essential that this scheme allows consumers to judge how much a product contributes to fair distribution of value between all the actors of the food chain and provides a fair remuneration for farmers. This will enhance transparency surrounding price and margins for food products. In addition, it will give an incentive to retailers not to sell products below cost and lead to added value being better distributed along the food chain.

Regarding the environmental aspects of sustainability labelling schemes, the framework should also establish rules ensuring that the considered criteria have been discussed and agreed upon with primary producers and stakeholders and have not been unilaterally imposed by retailers.

The rules in the framework should also ensure fair distribution of the added value and costs linked to the implementation of such labelling between primary producers, manufacturers and retailers.
Public food procurement
In the IIA, the Commission suggests including minimum mandatory criteria in the framework for public food procurement to enhance its sustainability. Copa and Cogeca are in favour of mandatory general and specific EU requirements for public food procurement as long as:
  - No specific sector, production method or product should be discriminated.
  - Criteria should take into account all three pillars of sustainability, not only the environmental pillar.
  - Public food procurement should promote all sustainable agricultural practices and not be solely restricted to organic.

Governance and monitoring
All actors involved in food production should be involved in the governance of this framework. Their representation should be proportionate to both their role in this production and the number of individuals they represent. Regarding the monitoring framework for the sustainability of the food systems, it is crucial to once again take into account all three pillars of sustainability. It should also be run by an independent EU Agency.

3. Elements not present in the IIA that would need to be included in the framework

A system providing official EU recognition for all sustainable agricultural practices
Today, there are many sustainable agricultural practices. However, organic production is the only one currently recognised as sustainable at EU level with a legal basis defining its specificities. Copa and Cogeca consider this a real issue because, due to this lack of official EU recognition, many other sustainable agricultural practices that actively contribute to increasing the sustainability of the EU food system are not sufficiently supported by EU policies and legislations. We thus call for the framework to include a general definition of sustainable agriculture with a sector-specific definition and general rules that would allow, through a system of equivalence, for recognition of sustainable agricultural practices at EU-level which are already recognised by private or national schemes. These rules should be based on the existing sustainable agricultural methods already recognised as such on a national level either by national authorities or through private schemes.

General rules to ensure a fair distribution of costs and benefits among actors of the food chain
Currently, the EU Directive 2019/633 on Unfair Trading Practices (UTPs) defines a baseline of rules regarding contractual relationships in the food supply chain. We certainly welcome those rules, which protect primary producers against unfair trading practices such as unilateral contract changes and last-minute cancellations of order, late payments or the inclusion of some questionable costs (e.g. promotion, stocking, advertising, etc.). Nevertheless, this Directive does not include any rules regarding a fair remuneration of producers and a fair distribution of extra production costs linked to additional requirements (such as animal welfare and environmental sustainability) or the unexpected increase of input prices (e.g. energy, fertilizers, feed). Copa and Cogeca thus call on the Commission to include in the framework general rules protecting primary producers that contribute to a fairer functioning of the food supply chain by ensuring a better distribution of consumer spending between all actors of the food chain. Sustainability also includes socio-economic sustainability for primary producers and agri-cooperatives, which is why such rules should be an integral part of this framework. Some EU Member States have already started to implement such rules at national level, they could be used as examples for the design of such a system.

In addition, Copa and Cogeca call on the Commission to include in the framework rules forbidding selling below cost. The selling price of products should always reflect their production costs, including those associated with higher environmental sustainability requirements. Promotion and advertising campaigns of agricultural products in supermarkets
should also respect the rule that sales prices cannot be lower than the cost of a product. In addition to threatening the economic sustainability of primary producers, this type of campaign leads to food waste and unsustainable consumption.

- **Access to finance**
  If this framework is supposed to truly support the transition to a more sustainable EU food system, it should ensure access for farmers and agri-cooperatives to financial tools, to investments in technologies and innovation, and incentives to enhance the sustainability of food production. The framework should thus establish tools to facilitate access to finance for sustainability projects, provide upskilling and education opportunities for primary producers, promote targeted advisory services and support research and innovation in agricultural production.

**Conclusion**

EU farmers and agri-cooperatives can certainly contribute to further improving the sustainability of food products. In this respect, we welcome a comprehensive approach based on a framework that ensures coherence and coordination across all sectors and actors. For this framework to be successful, we believe it is essential to maintain a balance between the three pillars of sustainability to ensure a fair distribution of costs and opportunities across all actors and to provide the necessary means while also taking into account international aspects such as trade with third countries and their respective level of sustainability requirements.