

**EUROPEAN COMMISSION**

Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs

ISC/2020/01398 Farm to Fork Strategy**DG GROW COMMENTS****I. Overall comments**

DG GROW welcomes the text of the communication and attached action plan. We welcome the inclusion of initiatives to support SMEs in the food chain and actions in relation to the sustainability performance of operators downstream in the chain. DG GROW supports the need for decisive action in the international domain and ensuring a level playing field for EU food producers.

Nonetheless, DG GROW considers necessary to rethink and reformulate certain sections, particularly in relation to fertiliser use, country of origin labelling and front-of-pack nutritional labelling. More detailed input on these and further comments on other issues are presented below per chapter. It is of high importance that any action related to the strategy does not pose a threat to the functioning of the Single Market, as fragmentation may also have undesired effects on sustainability.

II. Specific Comments per chapter**1. Need for action**

On page 2, DG GROW suggests to

replace *‘progress is still needed to reduce dependency on pesticides and fertilisers’*

with *‘progress is still needed to reduce dependency on pesticides and excess of nutrients from fertilisers in the environment’*.

replace *‘They are **part of the** solution but require the right incentives and support throughout the transition. Other actors across the value chain, including manufacturers and retailers also have an important responsibility to deliver change and a fairer and more efficient food system’*.

with: *‘They are part of the solution but require the right incentives and support throughout the transition. Other actors across the value chain, including manufacturers and retailers also have an important responsibility and need support and incentives to deliver change and a fairer and more efficient food system’*.

replace *“Nevertheless, citizens’ demand is evolving. Consumers’ habits are driving significant change to the food market. Citizens increasingly pay attention to*

environmental, health and ethical issues. They want green, organic food, with less pesticides, sugar and additives. Even as societies become more urbanised, citizens want to feel closer to their food, having it fresher, less processed and locally sourced. Consumers expect transparency across the entire supply chain to be sure that they are buying ‘healthy food from a healthy planet’. Food processors and retailers play a key role in ensuring that such demand is met. In recent years, consumer trust has been eroded through intentional violations of food supply rules. Achieving a sustainable food system requires a zero tolerance policy as regards food fraud.”

With: ‘Nevertheless, citizens’ demand is evolving. Consumers’ habits are driving significant change to the food market, which farmers, food processors and retailers play a key role in meeting. Citizens increasingly pay attention to environmental, health and ethical issues. They want green, organic food, with less pesticides, sugar and additives. Even as societies become more urbanised, citizens want to feel closer to their food, having it fresher, less processed and responsibly/sustainably sourced. Consumers expect transparency across the entire supply chain to be sure that they are buying “healthy food from a healthy planet”. In recent years, consumer trust has been eroded through intentional violations of food supply rules. Achieving a sustainable food system requires a zero tolerance policy as regards food fraud.”

Rationale: With regard to fertilizers, please see page 3. Furthermore, GROW proposes to replace the term “locally sourced” with “*responsibly sourced*” or “*sustainably sourced*” as local is not always synonymous with more sustainable. In addition, it would be contradictory for the Commission to refer to local sourcing when it has recently launched infringement proceedings against certain Member States to prevent them from imposing requirements on retailers to stock certain percentages of nationally produced products on their shelves, which is contrary to Article 34 (the free movement of goods).

In addition, the positioning of the sentences, “Food processors and retailers play a key role in ensuring that such demand is met” and “In recent years, consumers trust has been eroded through intentional violations of foods supply rules”, can be read as it only relates to retailers and manufacturers, when all actors in the food chain bear their responsibility.

2. The way forward

2.1 Ensuring sustainable food production

On page 4, DG GROW suggests to:

replace ‘to deliver better environmental results, increase climate resilience and reduce input use (e.g. pesticides, fertilisers)

with ‘to deliver better environmental results, increase climate resilience and reduce the use of pesticides and the surplus in the environment of nutrients from fertilisers’

replace ‘The excessive use of nutrients in agriculture i.e. those that are not absorbed by plants,’

with ‘The excess of nutrients in the environment, stemming from the fact that not all nutrients used in agriculture are effectively absorbed by plants,’

replace ‘The overuse of fertilisers’

by 'It'.

On page 5, DG GROW suggests to:

replace *'The Commission will take actions to reduce by XX% the use of fertilisers by 2030. This will be achieved by the full implementation and enforcement of the relevant environmental and climate legislation, identifying with Member States the nutrient reduction loads needed'*.

by *'The Commission will take actions to increase the nitrogen use efficiency of fertilisers. This will be achieved by the full implementation and enforcement of the relevant environmental and climate legislation, identifying with Member States the nutrient load reductions needed'*.

On page 5, in relation to the Bio economy DG GROW suggests to mention bio based products, hence to replace: *'New innovative techniques, including biotechnology, may play a role in increasing sustainability provided they are safe for consumers...'*

with *'New innovative techniques, including biotechnology and the development of bio based products, may play a role in increasing sustainability provided they are safe for consumers...'*.

Rationale: When nutrient use efficiency increases, the loss of nutrients to the environment decreases and farmers' yields and incomes increase. In other words, a nutrient use efficiency target would support both the 0-pollution ambition and the just transition objective. We note that one of the objectives of the Farm to Fork Strategy is to deliver better environmental results and higher profits by supporting i.e. research, innovation, digitalisation, technology and knowledge sharing. All these activities are necessary in the field of nutrient use efficiency, a field in which indicators are already available and applied to some extent, but where much more could be done in terms of research, innovation, digital tools, and knowledge sharing. Both research and innovation are much more advanced for nitrogen than for phosphorus. A target of nitrogen use efficiency increase is deemed efficient and realistic by experts.

Fertilisers cannot be subject to the same objectives as pesticides. Whereas pesticides are toxic substances intended to kill living organisms, fertilisers are simply nutrients for plants. It is not possible to reduce crops' "dependency" on nutrients – with insufficient access to nutrients, the growth of crops (as of human and animal bodies) will simply be suboptimal, and so will farmers' income. A simple use reduction target for fertilisers would therefore inevitably reduce agricultural productivity, and thus not reflect the just transition objective of the Green Deal and the Farm to Fork Strategy. Furthermore, it would not necessarily lead to better protection of the environment, as even a reduced use will lead to surplus in the environment as long as the core issue is not addressed, i.e. crops' inefficient absorption of the nutrients present in the fertilisers used. We also note that the target has not been quantified in the draft, and wonder whether any assessment has been made supporting any quantified use reduction target, both in terms of environmental impact and in terms of impact on farmers' yields.

2.2 Stimulating sustainable food processing, wholesale, retail, hospitality and food services' practices

On page 7, DG GROW suggests to replace *“They have the power to influence consumers’ dietary choices by promoting more or less healthy and sustainable products.”*

with *“They have the power to influence consumers’ dietary choices by promoting healthy and sustainable products and responding to citizens’ evolving demands.”*

Rationale: The paragraph should better recognise the fact that food processors, food service operators and retailers are bound to react to consumer trends.

On page 7 DG GROW suggests to:

replace ‘The food industry itself should show the way by increasing the availability and affordability of healthy, sustainable food options. To promote such practices and engage food industry in a transparent and participatory process, the Commission will, as a priority, develop an EU Code of Conduct, and its accompanying monitoring framework, for responsible business conduct and marketing practices. It will seek commitments from companies to: reformulate their food products in line with guidelines for healthy, sustainable diets; reduce their environmental footprint; adapt their marketing and advertising strategies taking into account the needs of the most vulnerable; ensure that campaigns relating to food prices do not undermine citizens' perception of the value of food and reduce packaging (cf. new CEAP). In the longer term, this could lead to rules on sustainable corporate governance that will require the food industry to integrate sustainability into corporate strategies’.

with ‘The EU food industry and distribution, should show the way by increasing the availability and affordability of healthy, sustainable food options. To promote this, (together with food processors, retailers, consumer organizations and other relevant stakeholders), the Commission will develop an EU Code of Conduct, and its accompanying monitoring framework, for responsible business conduct and marketing practices. The Code will be developed in a transparent and participatory process and build on the experience gathered to date through relevant initiatives. It will seek timely commitments from companies and organisations to take concrete actions on sustainability. [These can be commitments to reduce the environmental footprint and increase overall sustainability of production (including social aspects); reduce over-packaging (cf. new CEAP); reformulate food products in line with guidelines on healthy, sustainable diets; adapt marketing and advertising strategies to take into account the needs of the most vulnerable; ensure that campaigns on food prices do not undermine citizens' perception of the value of food etc.]. In the longer term, this could lead to rules on sustainable corporate governance that will require food chain operators to integrate sustainability into corporate strategies’.

Rationale: On the Code for responsible business conduct, it can be contradictory after saying that the Commission will engage with stakeholders in a transparent and participatory process to then prescribe exactly what the code will include. A more nuanced approach may be better perceived, hence more effective and leave the door open for other actions that are supported and realistic for stakeholders to implement in a timely manner. The Commission can build on existing and completed initiatives such as the work of the

Retailer Sustainability Forum, the High Level Food Forum, work on best environmental management practices and international guidelines on responsible business conduct. DG GROW would work closely with other DGs on this.

2.3 Promoting sustainable food consumption, facilitating the shift towards healthy, sustainable diets

On page 8, regarding **mandatory front-of-pack nutrition labelling**: DG GROW supports efforts to harmonise labelling requirements in the Single Market. Yet, the proposal in the Communication goes beyond what has been agreed in the ISSG on the front-of-pack labelling report. The report aims at harmonising front-of-pack labelling, whereas the Farm to Fork strategy text proposes to make it mandatory. Mandatory front-of-pack labelling requirements can be particularly burdensome, especially for SMEs (considering higher costs and major difficulty to reformulate products in relation to labelling). DG GROW would also like to clarify what ‘taking into account the diversity of diets’ exactly means: if for example this would translate into specific exemptions for some foods or in some MS with a particular diet. If so, this could entail further renationalisation of the regulatory framework and, therefore, a step back for the objective of harmonisation and free movement of foods. DG GROW believes this should be further discussed in detail among services before being announced in the strategy, and a comprehensive assessment of the impacts of mandatory labelling should be carried out beforehand.

The text can be amended as follows to reflect the intention: *“To this end, it will propose to introduce **harmonised front-of-pack nutritional labelling**”*.

DG GROW **does not support the proposal to extend mandatory (country of) origin indication** to milk as well as milk and meat used as an ingredient. Recent experience with national initiatives in this area clearly shows that mandatory country of origin labelling for these foodstuffs has proven negative impacts on the Single Market, it can incite consumers to buy local/domestic products (irrespective of their quality or sustainability indications), to the detriment of similar products originating from other Member States. This contradicts the free movement of goods principle (Art. 34 TFEU), as well as the narrative on showing the benefits of the single market for goods, in terms of consumer access to a wide diversity of products, better prices, etc.

The relevance of mandatory origin indication at national level (“country of origin”) should be assessed against the specific objectives of the Farm to fork strategy and the risk to simply feed “gastro nationalism” and hence fragmentation. Same country of origin cannot be considered as synonymous to having the same quality or sustainability features (e.g., the milk produced in Lille could have more similarities with the one produced in Belgium than the one produced in Corsica). The argument that origin indication would support farmers as part of short supply chains does not account for the wellbeing of farmers in other parts of the Internal Market (who could potentially be more sustainable).

Here as well, DG GROW believes that this should be discussed in detail among services before being announced in the strategy and a comprehensive assessment of the impacts of mandatory labelling should be carried out beforehand.

DG GROW would like to be involved in the discussions on sustainable labelling.

3. Enabling the transition

3.2. Advisory services, data and knowledge sharing

On p.10, DG GROW suggests to:

Replace: ‘The Commission will ensure support to SME food processors, small retail and food service operators with tailored solutions to promote new skills and business models, while avoiding administrative and cost burden. It will develop and SME-friendly Sustainability Manual for Food processors and for retailers to disseminate best environmental management practices. The Enterprise Europe Network will provide advisory services on sustainability for SMEs, foster dissemination of best practices and improve their access to finance.’

With: ‘The Commission will also ensure support to SME food processors, small retail and food service operators with tailored solutions to promote new skills and business models, while avoiding administrative and cost burden. It will encourage through guidance how retailers and food processors can adopt best practices on sustainability. The Enterprise Europe Network will provide advisory services on sustainability for SMEs and foster dissemination of best practices. The Commission will further facilitate access to finance for SMEs in line with the EU SME Strategy objectives.’

Rationale: allow space for designing the best instrument for SMEs guidance (which could be a Sustainability Manual, but may include also other means).

3.3 Promoting the global transition

DG GROW supports stronger action in relation to third countries to ensure a level playing field for EU food producers and promote EU exports of sustainable food products (including as a means for strengthening the markets for sustainable food in other countries). EU food companies need certainty of supply of reliable, sustainably produced raw materials. We support actions on transparent supply chains. The EU promotion policy can be further used to promote EU food exports as ‘sustainability champions’.

We would like to be further informed regarding the developments on ‘Further measures to be added based on discussions at political level’ mentioned on p.11.

General comment: Across the board, it is important to clarify the status of the targets currently set as xx% (whether these are put as aspirational targets or if a number will be given before the official launch of the strategy; if so how these will be defined and on what scientific grounds.)

In the Action plan

GROW suggest to word the action on the Code of conduct as below, to be coherent with the wording under section 2.2, keeping in mind that transparency is included in the concept of responsible business conduct (RBC).

‘Develop an EU code, and monitoring framework, for responsible business and marketing conduct’ in the food supply chain’.