



## The Vital Link in the Food Chain

14 January 2025

REF: 25PFP001

### PFP contribution to EU Vision for Agriculture & Food

[PFP](#) represents the European primary food processing industry, a vital link in the food chain, efficiently delivering high-quality and safe food for its customers and consumers. The primary food processing industry uses around 220 million tonnes of agricultural raw materials (cereals, sugar beet, rapeseeds, soybeans, sunflower seeds, crude vegetable oils, starch potatoes, cocoa beans...) a year, while directly employing over 120,000 people in Europe. As such, we are a critical partner for EU farmers and for European food security. We also work closely with policymakers to address the competitiveness and decarbonisation of the EU agro-food value chain.

We welcome the initiative to develop an EU Vision for Agriculture & Food. We need an approach to agriculture and our food system as a whole that brings stakeholders together to continue dialogue and collaboration across the agrifood value chains and increase the long-term sustainability and competitiveness of farmers and other agrifood chain players as they face climate, environmental, and geopolitical challenges as well as food availability and affordability threats.

As the EU develops this Vision, it will be imperative to ensure a coherent link with the Clean Industrial Deal for the users and processors of agricultural products. This path would involve massive investment plans that require predictability, stability and coherence of public policies to maintain competitiveness.

We also welcome the decision to establish a new, permanent European stakeholder board for agri-food (EBAF), to which PFP jointly applied, and we will be happy to contribute if selected.

PFP takes this opportunity to share perspectives, ambitions, concerns, and proposed solutions relating to: the Common Agricultural Policy; trade; carbon emissions reduction; and additional support to farmers outside the CAP.

#### Common Agricultural Policy

Our industries cannot function without a reliable supply of safe, high-quality EU raw materials at competitive prices. Therefore, it is our primary interest that European farmers are put in the best condition to produce and thrive in the EU economy.

PFP advocates for a comprehensive approach across the value chain to increase farmers' living standards and enhance rural communities' economic perspectives. A comprehensive approach would ensure that also the profitability and social & economic sustainability of the processing sector is maintained to guarantee stable offtake of EU agricultural output. The Common Agricultural Policy (CAP) is the key tool to support the farming community and should be reformed to reflect an increasingly challenging environment and keep European agriculture profitable. The profitability of the first processing sector is essential to guarantee a stable offtake of EU agricultural output and, therefore, will be a fundamental success factor of the European agri-food strategy in the coming years.

Unfortunately, the EU's Common Agricultural Policy (CAP) has endured successive real terms budget cuts over the past decades. The overall financial means allocated to the agri-food system should reflect the strategic importance of these sectors. Therefore, the CAP budget for the next multiannual financial period should be increased in line with inflation and reflect the enhanced policy ambitions of this instrument in terms of sustainability objectives.

In addition, the administrative burden of compliance for farmers should be reduced, and requirements should be harmonised between Member States.

The European Commission should adopt a more proactive approach to market management, utilising tools under the Single Common Markets Organisation (CMO) Regulation to mitigate threats of market disturbance effectively.

Ukraine is a major agricultural producer and exporter. The EU's enlargement to Ukraine will therefore significantly impact the organisation of the CAP. The EU's enlargement to Ukraine should be treated carefully and with a gradual approach. The EU should also conduct a thorough assessment to estimate and, if necessary, mitigate the undesired effects of Ukraine's accession on the European agri-food sector.

**PFP recommends:**

- **Recognise the importance of primary food processors to European food security and competitiveness by accepting PFP as a full member of the incoming European Board on Agriculture and Food (EBAF).**
- **The CAP budget should be increased in line with inflation and increased policy ambitions (e.g. on sustainability).**
- **The European Commission should adopt a more proactive approach to market management.**
- **Enlargement to Ukraine should be carefully managed in close dialogue with all stakeholders concerned and should be accompanied by a robust assessment on the impacts for EU agri-food sector.**

## Trade

Global trade will remain a strong component of global and EU food security and resilience. While recognising the essential role of trade to promote a bright and thriving future for Europe's food system amidst global competition, we advocate for policies that ensure a level playing field for EU agriculture, encourage sustainability, and support the competitiveness of EU food producers in international markets.

A level playing field is fundamental to supporting EU farmers and the primary food processing industry competing on the EU and world markets. The EU's high social, environmental and food safety standards must be maintained and promoted as much as possible. We encourage the EU to assume a leading role in the global harmonisation of standards, particularly concerning environmental and social sustainability and food safety, to foster a more equitable and sustainable global agricultural system. This should include enhancing efforts, in compliance with WTO rules, to ensure international standards, notably at Codex level, undergo updated assessments and lead to similar references for maximum levels of residues. It will also require incentivising the use of alternative, more sustainable active substances and supporting third-country producers to meet these standards. Such support should also extend to environmental and social sustainability standards.

The EU should be vigilant to the dumping of third country food and bio-based products on the EU market and to government subsidies that could distort the level playing field with EU primary food processors and farmers.

For many processed agricultural commodities and food ingredients, the EU's border tariffs are important in preventing distortions of competition and protecting strategic EU agri-food production from third-country imports that are not facing equivalent food safety, energy, labour and environmental requirements. These tariffs have gradually diminished in recent years with the conclusion of free trade agreements, exposing these supply chains to increased pressure from third country competition. Any tariff liberalisation should be conducted in a balanced and reciprocal way with special consideration for sensitive agricultural products.

### **PFPP recommends:**

- **A framework for cooperation with third countries with a view to raising sustainability standards in agriculture and to avoid undesired indirect effects such as leakage.**
- **A vigilant approach to dumped or subsidised imports from third countries that could distort the level playing field with EU primary food processors and farmers.**

## **Reducing industrial emissions in primary food processing**

PFPP sectors have acted over the last mandate in support of the EU Green Deal's decarbonization efforts and will continue to contribute to Europe's climate goals. Primary food processing

installations are industrial facilities that face many of the same challenges that heavy industry encounters when it comes to decarbonisation.

We call for a market-based and harmonised framework that incentivises cooperation for enhanced sustainability and that rewards the reduction and the removal of carbon emissions. Such framework should stress the need for farmers to obtain accurate data on emissions and ensure that calculation methods for qualifying carbon removals are science-based and publicly verified.

As we aim at strengthening the competitiveness of the agri-food chain, it is imperative to consider different carbon-reduction options of energy-intensive primary food processors. We jointly identified three fundamental drivers for carbon reduction in our industries, that we urge European policymakers to address. These are a) accelerate industrial electrification; b) energetic use of residues and c) public funding.

#### *a) Process electrification*

Process electrification will play an important role to reduce carbon emissions and guaranteeing energy independency for the EU industrial sectors in the incoming years. Unfortunately, this is currently hampered by high electricity prices; furthermore, in some areas of the EU, electricity is in short supply or not available due to lack of infrastructure.

Primary food processors need urgently access to long term contracts with competitive electricity price based on production costs. In addition, the upgrade and extension of the EU's electricity grids must be accelerated. Unfortunately, permitting processes for electricity grids can be a major obstacle to decarbonisation projects based on electrification. Innovative solutions may need to be considered for energy-intensive industries located in rural areas. The extension of electricity grids must be done efficiently, to avoid any increase in grid costs to be paid by the consumer. Reducing taxes, tariffs and levies (e.g. grid usage fees, renewable energy surcharges) is another straightforward way to bring electricity prices down.

#### *b) Energetic use of residues*

The use of primary food processing residues as an energy feedstock to fuel factory processes is an important carbon reduction pathway for primary food processors. Residue status, when granted, is sufficient for the zero-rating of upstream emissions under the RED. This ensures that energy produced from primary food processing residues are able to meet the stricter sustainability criteria under the RED III. The use of primary food processing residues for energy is aligned with the objective of the Clean Industrial Deal to develop the use of renewable energy at affordable cost.

#### *c) Additional public funding*

Primary food processors need public funding to decarbonise. This goes for both capital expenditure (CAPEX) and operational expenditure (OPEX). Unfortunately, existing EU funding programmes do not provide adequate support for the decarbonisation of primary food processing. Certain Member States have offered grants and loans to co-finance decarbonisation

of some primary food processing factories, but this is not always the case and has led to the development of an uneven playing field within the EU

Current EU-level funding programmes focuses on innovative technologies while the PFP decarbonisation pathway is based on mature and proven technologies. PFP encourages the creation of European competitiveness fund in the Clean Industrial Deal to support mature technologies for decarbonisation.

The Industrial Decarbonisation Accelerator Act (IDAA) should address the three above-mentioned policy needs and remedy the related shortcomings. It must address the challenges faced by all energy-intensive industries. Although relatively small in size, the primary food processing industry, being positioned in the middle of the agrifood value chain, is critical for both European food sovereignty and industrial competitiveness, and therefore, it should not be overlooked by the EU's energy strategy.

**PFP recommends:**

- **A strong Clean Industrial Deal to reduce electricity prices and drive process electrification.**
- **Accelerate connection to electric grid by simplifying permitting procedures for energy intensive industries.**
- **More funding for the decarbonisation of primary food processing, including both innovation and mature decarbonisation technologies**
- **The Industrial Decarbonisation Accelerator Act should introduce new funding possibilities for energy-intensive primary food processing industries.**

## **Research & Development and market demand**

To harness the immense opportunities offered by knowledge and technological innovation, we advocate for a framework that counts on adequate accessibility for operators of new knowledge and technologies, including education, support for adoption, promotion of knowledge transfer, appropriate legal frameworks, and investment in research and development.

We need a dedicated EU Food Investment and Resilience Plan to support the development of the economy across the value chain. This plan would enhance industries' research and development capabilities while allowing them to invest in this transition and remain financially resilient and competitive, potentially increasing added value and sustainability for all value chain operators.

Technical assistance, including regulatory, administrative, and innovation support across the agri-food value chain, is essential for the operators to uptake the existing opportunities for circularity, waste reduction, the creation of innovative food/feed/industrial products, and energy efficiency.

The European Protein Strategy can play an important role for enhancing Europe's resilience and its independence from imports and can contribute to generating new income opportunities for farmers and their partners in the agri-food value chain. The different requirements from the food and feed markets must be considered for designing a comprehensive strategy extending from the development of new protein crop varieties (e.g. with improved taste and texture for human food, more resilience) to incentivising market demand.

Primary food processing industries need alternative markets such as green chemistry or biofuels to enhance their competitiveness and manage market fluctuations. The diversification of raw material outlets is an indispensable tool for the resilience of both our industries and the agriculture sector, especially as these food and non-food synergies are well understood and implemented in non-EU countries. Therefore, we demand an ambitious revision of the Bioeconomy Action Plan which should be implemented in its entirety to boost the demand for biobased products, across food and feed, and industrial applications, including replacing fossil-based alternatives in public procurement and among consumers.

**PFP recommends:**

- **the EU must better plan and implement R&D solutions, including via an EU Food Investment & Resilience Plan**
- **Strengthening and implementation of the European Protein Strategy**
- **An ambitious revision of the Bioeconomy Strategy and Circular Economy Action plan**
- **Food and non-food synergies resulting from the transformation of food and feedstocks must be better valorised.**

**More support for farmers outside the CAP**

Agricultural yields must be supported by providing farmers with a complete toolbox relevant to their crop and location.

This means *inter alia* a future legal framework for New Genomic Techniques (NGTs) for plants that is proportionate, fit for purpose and excludes conventional-like category 1 NGT plants and products from labelling and traceability requirements.

In addition, the EU should move towards a science- and risk-based approach to food safety, including when approving new active substances and developing approaches such as biocontrol. The approval of new active substances should be accelerated.

Innovative farming techniques, including exploiting AI applications for agriculture, must be mainstreamed among European farmers through communication and technical assistance.

Carbon markets should be strengthened to compensate farmers for carbon sequestration practices, acting as a financial incentive for environmentally friendly agriculture. Keeping carbon credits within the agri-food supply chain is of the utmost importance to further enhance

the resilience and prosperity of Europe's agricultural sector. These incentives should not, however, replace neither partially nor totally, CAP direct payments, but rather serve as an additional tool to support carbon reduction and long-term sustainability of the European farming sector.

**PFP recommends: the EU must maximise the availability of tools to farmers, including NGTs, new active substances, innovative farming techniques such as biocontrol and digital precision farming, and carbon markets.**

The Primary Food Processors of the EU (PFP) is composed of:

European Association of Sugar Manufacturers ([CEFS](#))  
European Cocoa Association ([ECA](#))  
European Flour Milling Association ([European Flour Millers](#))  
European Starch Industry Association ([Starch Europe](#))  
European Vegetable Protein Association ([EUVEPRO](#))  
European Vegetable Oil and Proteinmeal Industry ([FEDIOL](#))

PFP members process approximately **220 million tons of raw materials** (cereals, sugar beet, rapeseeds, soybeans, sunflower seeds, crude vegetable oil, cocoa beans, starch potatoes...) **employing over 120 000 people** in the European Union.