



## The Vital Link in the Food Chain

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### PFP expectations from the EU Clean Industrial Deal

[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. Primary Food Processors are critical partners for EU farmers, the decarbonisation of the EU's food system, and for ensuring food security in the EU,

The EU's primary food processing sectors welcome the initiative to develop a Clean Industrial Deal. Clear ambitions to support agro-industry's adaptation efforts are needed to ensure the long-term sustainability of our sector: **we need energy, climate policies, trade, and a strong agricultural sector, as well as regulatory and innovation frameworks that work in favour of the EU primary food processing.**

**Supporting and accelerating the transition of energy-intensive agri-food processors** PFP 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. Therefore, we see a strong need for a dedicated Action Plan for the Food Industry - with primary food processing at its heart - to support its strategic importance. This requires the inclusion and recognition of the agri-food industry as a priority sector in the Clean Industrial Deal, alongside the steel, metal, and chemical industries, to address substantial threats to the competitiveness of these essential industries. 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 and adequately inset within the value chain.

As we aim at strengthening the competitiveness of the agri-food chain, it is imperative to consider different carbon-reduction options of 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) adequate public fundings for decarbonisation investments.

#### *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 an major obstacle to decarbonisation projects based on electrification. Innovative solutions may need to be considered, especially 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) Adequate 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 Clean Industrial Deal should develop pathways for an 'easy access' approach to public funding, based on a permanently accessible public service desk, streamlined processing of applications, and mechanisms for adjusting aid in response to cost fluctuations at the outset of decarbonisation investments. The Industrial Decarbonisation Accelerator Act (IDAA) should

address the four above- mentioned policy needs and remedy the related shortcomings. It must address the challenges faced by all industries, especially those which are energy-intensive. 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.

The above considerations should further guide the discussions on the upcoming new State Aid Framework.

**PFP recommends:**

- **A strong Clean Industrial Deal to reduce electricity prices and drive process electrification.**
- **A dedicated Action Plan for the Food Industry to support its strategic importance**
- **Accelerate connection to electric grid by simplifying permitting procedures for agri-food industries, especially those which are energy intensive.**
- **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.
- **'Easy access' approach to public funding, based on a permanently accessible public service desk**

## **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.

The Action Plan for the Food Industry must include a section dedicated to enhancing industries' research and development capabilities in order to remain financially resilient and competitive.

A fit-for-purpose regulatory framework in addition to 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. Synergies between

the different parts of the value chain, that invest in data management, should be promoted at EU level.

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 promoting their adoption among consumers.

**PFP recommends:**

- **Better planning and implementation of 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.**

## **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.

The Primary Food Processors of the EU (PFPP) 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](#))

PFPP 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.