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OPTA position paper on the Green Deal and the "Farm to fork" strategy

Part 1: Reflections on the Green Deal and the Strategy "Farm to Fork"

Introduction

With the "Farm to Fork" strategy as part of the European Green Deal, the EU Commission has presented very positive signals on the transformation to a sustainable economy and a healthy food & farming system. Most remarkable elements in the strategy are the extension of organic farming to 25% of Europe's agricultural land and the reduction of chemical pesticides and fertilizers with 50% and antibiotics with 20%. These objectives are a clear recognition of the achievements of organic farming for a sustainable and healthy food economy. We see the proposal of 25% organic farmland as an important first step forward to an achievement of 100% organic food and farming in Europe.

The Commission has presented bold and visionary strategies. However, their publication is not the end of a political process, but just the beginning. An important first step in the political process with the EU Parliament and the EU Council that will take place in the coming months. And, if this process has been successfully completed, a beginning of a practical implementation from "Farm to Fork"; farmers, processors, trading companies, retail, food service and last but not least the consumers.

Economic operators must act as sparring partners for policy makers by clarifying feasibility and showing practical ways, how the ambitious goals can be realized. These theoretical approaches will only lead to changes if they are also implemented in practice. OPTA aims with this position paper on the Green Deal and the "Farm to Fork" strategy to contribute on the practical level and make the aims realistic and achievable.

While the "Farm to Fork" strategy is specified as a strategy for a fair, healthy and environmentally friendly food system, the concrete measures are strongly focused on agricultural issues. Many very concrete and ambitious objectives have been set for agriculture. Approaches to food processing, trade and consumption, but also to consumer education, are less developed and concrete. **The question of food culture and style of nutrition as decisive factors for the transformation of the food system is addressed but backed up only by a few concrete measures.** This is a weak part of the strategy, where economic actors from the organic food system can contribute with their experience.

Sustainable Economy & Responsibility

We must continue to follow the direction taken by the Green Deal and the 'Farm to Fork' strategy. Because only sustainable management and the construction of a true circular economy can bring economics and ecology together. In the food industry, eco-actors in particular show how cycle-oriented production can succeed. **The decisive key-factor is to ensure that it is not economic growth (and financial profit) itself that counts, but the use of resources without externalizing costs to environment, health and depending suppliers.** The entire food industry is facing major challenges in this regard. The biggest is certainly the making available of municipal waste for agricultural production systems. Due to the massive pollution of waste water and other municipal waste, it is now impossible to close the nutrient cycles. The Green Deal therefore rightly proposes **a "zero pollutant target for a pollutant-free environment"**. This is the only sensible way to successfully and safely close or restore natural nutrient cycles. It needs nothing less than a radical "detox - detox" of all areas of production and consumption. In this context, the laudable objective of reducing the burden on the food system by halving food waste by 2030 must also be taken into account.

With regard to agriculture, the strategy makes bold proposals. Unfortunately, it has not been dared to address this in the processing of food and to ask ourselves whether the still **very large catalogue of additives** (and other equivalent substances) could not be significantly reduced for food production. For example, some of these substances have a high potential to set unhealthy consumption incentives. Many manufacturers of organic foods, as well as many conventional companies that pursue "clean label" policies, have shown that the whole range of foods can be produced with a **significantly less choice of these substances.** There is a need to catch up in the strategy.

The condition for the success of sustainable change is the esteem we place in the economy and also as a society for agriculture and food production and food. This must be systematically promoted through awareness-raising and experience. **Only on the basis of an awareness of the value of food and its production can responsibility be assumed as a producer and consumer.** This is a responsibility for a very central aspect of our diet life and thus the most intensive interaction with our environment. This question is not sufficiently discussed in the 'Farm to Fork' strategy.

Prizes are an expression of appreciation. In terms of food, this has been reversed for many years – the mantra is “the cheaper, the better for the customer”. The share of household spending on food has fallen steadily in recent decades, and so the appreciation for food, otherwise an enormous amount of food would not end up as **waste in the trash barrel.**

And food prices don't tell the truth. On the one hand, they are distorted by an unfortunate subsidy policy for agriculture and, secondly, many environmental costs are externalized, especially in the food production chain. That is passed on to the general public. **True food prices** are a very effective tool in the market economy and can steer consumers towards sustainable consumption and increase the appreciation for food. The "Farm to Fork" strategy is moving boldly with new targets for more organic farming and fewer pesticides and antibiotics. And it is rightly said that **the most sustainable and healthy foods should be the most affordable.**

However, it is not really clear how this is to be implemented. The strategy is about environmental accounting in processing and retail, and speaks only nebulously of a "code of conduct for responsible corporate and marketing practices". One point of improvement would be to **impose an environmental health and social accounting system for the food industry,** to make it fiscally effective and part of the true prices. Legally secured accounting systems are in place – the 'Farm to Fork' strategy should be bolder here. The **proposal to reduce VAT** is to be welcomed first of all by reducing organic fruit and vegetables for the environmental contributions made, thereby making them more attractive to customers. This should be extended to all organic food to reduce the price gap with conventional food.

The strategy rightly addresses the socio-economic dimension. Fair prices for farmers and all other actors in the food-chain are the best guarantee for sustainable and healthy food. Furthermore the Corona crisis has shown how dependent the food industry in many European countries is on

migrant workers who perform tasks on terms that people in their respective countries would not be willing to do. The implementation of the National Action Plan on Human Rights in national EU-countries must apply not only to emerging and developing countries, but also to the national EU countries. This also has something to do with appreciation for these tasks and the products and thus also with the question of prices. The strategy talks about strengthening an European pillar of social rights. But that was it – **there is an urgent need for concrete and improvement.**

Healthy Food & Consumption

The “Farm to Fork” strategy directly links unhealthy food systems to the health of consumer. First of all, as Covid-19 shows, there is a link between the production systems of animals and the risks of diseases for humans. Especially zoonoses, diseases that go from animal to human, are up to 50% directly related to the farming system. Furthermore in 2017 one fifth of the people that died by diseases in the EU were directly food related, mostly cancer and cardiovascular diseases. Half of the population of the EU is overweight and obesity is a wide spread problem related to eating and nutrition behaviour. Better food could reduce health risks and the costs for health care tremendously. Also, health costs should be related to the true cost of food. Organic ingredients in combination with a reduction of processing techniques and additives is a fast step forward.

But... "It is clear that the transition cannot be made without **a change in people's dietary behavior,**" the strategy says. A very clear and correct statement. However, the strategy does not really propose bold measures here. It is essentially exhausted in voluntary agreements and appeals to industry and labelling rules. Proposals such as nutrition labelling are also not promising. This is because they can only be used effectively if people have the knowledge and experience to prepare their food and produce it. This would require **further measures, such as nutrition education at a practical level, especially for children and adolescents.** To experience food cultivation, production and preparation, but also to get to know the enjoyable food – this raises awareness and competence **gives citizens the opportunity and ability to take responsibility for their own consumption.** We need to improve on this.

True cost instruments as an important consumer control element have already been discussed above. Expenditure on advertising materials for food far exceeds public funding for prevention

and nutrition education. This imbalance leads to distorted perceptions of healthy eating among consumers. Therefore, **guidelines for communication and advertising of food need to be reviewed** in order to systematically reduce "unhealthy" consumption incentives.

Regional & Global

The strategy rightly addresses the **Corona situation**. And calls for a rethink of the previous procedures. Globalization must be approached more consciously and its status quo critically questioned: where do we need globalized structures, where are they justified? **How can we sustainably globalize and export social and environmental values?** This is taken up by the strategy. Which areas should be only partially globalized, or where do we need robust regional structures? We need them, particularly in nutrition and in other system-critical and important sectors, such as medicine. In these areas, regional structures must be promoted and, if possible, globalization reduced in order to achieve a stable and resilient system.

Unfortunately, this question remains somewhat nebulous in the strategy until the very end. **Sustainable cultivation and environmentally responsible food production globally, combined with true prices (see above), would lead to a more resilient procurement structure worldwide.** The costs of logistics and transport worldwide must be priced in with their environmental and socio-economic impacts in order to strengthen and promote regional markets.

Furthermore, SME's are the mainstay of the food industry and, while it is mentioned, **SME's should be supported in this transformation process** and that additional financial and administrative burdens from change should be avoided. What is missing, however, is the question of why this enormous 'extinction' of SME's in the food sector is taking place. Exemption from new additional requirements will be of little use. The strategy must be consistently complemented here by systematically focusing on cutting red tape and reviewing legal requirements to ensure that these SME's are not improperly penalized. Unfortunately, this is often the case today. A significant step forward would be, for example, an appropriate assessment of hygienic risks in the area of tension between large and small enterprises. Furthermore, the strategy fails to make it clear that the **funds from the second pillar of the CAP should be used much more for sustainable regional development concepts**, i.e. in the sense of sustainable regional value chains. Not least to preserve the food culture that distinguishes Europe in all its wonderful culinary diversity.

However, we must not forget that we are a world community and that local, regional structures are not a panacea for everything. Conscious, global thinking and acting – where possible and meaningful – should be the motto.

Agricultural policy

In the area of food in particular, security of supply depends on conscious globalization: the strategy "Ever bigger, ever more central" leads to a dead end. **Agricultural policy must move away from constant growth and unbridled globalization.** On the other hand, small structures in primary food production promote and strengthen them. These are the crisis-proof structures. The most effective lever here is the internalization of costs for biodiversity and healthy soils, as also called for in the Green Deal. Small farms and regional supply structures in particular must be systematically supported and promoted as a counterweight to the advancing globalization. As mentioned above, the second pillar of the CAP should be further developed and used for this objective.

Market development

To realize the goal of 25% organic farmland in 2030 the transition to organic farming has to grow with more than 10% per year in the coming decade. The only way to achieve this goal is an integrated Action Plan that goes far beyond promoting the conversion to organic farming through CAP agricultural subsidies. The safest way to expand organic farming is to promote demand. A stable and growing demand for organic products encourages farmers to switch through good and adequate prices.

Due to the currently limited size of the organic markets, these are very volatile. A balanced development of markets and agriculture is therefore necessary. When considering market developments, it should also be kept in mind that around 3.3 million tonnes of organic products were imported into the EU in 2019.

The Commission's plan to raise the share of organic products in public catering facilities like schools and hospitals is a concrete step towards revitalizing the market. This aspect is of special importance if one realizes that in 2018 Europeans on average use 12.1% of their household expenditures for food and non-alcoholic beverages¹ while at the same time they use 7% of their household expenditures for eating-out in canteens, restaurants etc.²

Another interesting proposal is to reduce VAT on organic fruit and vegetables.

However, more is needed to keep supply and demand in balance in terms of a 25% target. Without an integrated Action Plan, the Commission's objective is not only doomed to failure, but risks disappointing organic farmers. In order to enable 'fair prices', much more needs to be done than just expanding the area of organic farming, such as the internalization of environmental costs into food prices. Thus, the prices of organic and conventional food would speak the ecological truth and reduce the actual price gap.

As already mentioned, for a successful strategy it is also necessary to take the transformation of consumer behavior into account.

¹ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Household_consumption_by_purpose#Evolution_of_shares_over_time

² <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/EDN-20200101-2>

Part 2: OPTA ABCD-proposals for an integrated approach

Based on the reflections on the Green Deal and “Farm to Fork” strategy OPTA proposes the following actions.

A. Financial tax measures that consistently internalizes environmental costs.

1. Gradually introduce a climate tax on CO₂ emissions for all companies in the food system, including all logistics (part of the Green Deal).
2. Include a relevant potentially harm-related taxation of the most polluting equipment such as chemical pesticides, fertilizers and antibiotics.
3. The setting by EU Member States of a 0% VAT rate for sustainable organic products (part of the strategy “From Farm to Fork”);
4. Introduce mandatory environmental accounting for all companies (food industry) and tax assessment of accounting results.

These tax instruments directly increase price truth and give economic operators business incentives to act in an environmentally friendly manner. Furthermore, these measures would reduce the price difference to organic products and thus promote their sales.

B. Measures to support the 25% organic farmland target in 2030 with a demand driven approach

1. Ambitious communication and advertising program for organic food - an overarching EU communication strategy implemented and supported by the Commission and the Member States for the values of the organic food industry.
2. SME retailers selling at least 25% of organic products may receive up to 25% subsidy for advertising for organic products.
3. Introduce clear rules for the certification and labelling of organic products in catering and restaurants as communication tool.
4. Systematically focus the public procurement criteria on sustainable and ecological products and healthy food compositions, with at least 50% organic food as obligatory requirement.
5. Activation of financial support schemes, including advice at national and EU level, to promote regional organic food chains supplying at least 90% organic food, in close cooperation with existing market players SMEs. (Regional support structures, CAP - second pillar, Leader Program ...)

C. Measures to create consumer awareness and support transition to a healthy and sustainable food and life-style

1. The incorporation of nutrition education (including practical application such as cultivation, harvesting, preparation and collective consumption) already in kindergartens and as a compulsory school subject in all school types to systematically promote competence and awareness of food and thus lay the foundation for healthy "lifestyles" that save society in the medium and long term considerable medical costs and considerable individual suffering.
2. Increase funding for consumer information and education on healthy food and life-style.
3. Introduce a new EU-wide harmonized labelling of the ecological footprint of food based on organic production. With the aim of informing consumers, giving them easier choices and enabling comparisons of products within product categories (already set out in the "Farm to Fork" Strategy).
4. Support the establishment of standardized and open digital technologies for the food and agriculture sector, which will allow for greater transparency and traceability and support food and agricultural operators in introducing new elements such as environmental labelling or fair pricing into their business/marketing concepts.

D. Additional measures for green investments, green logistics, SME support and improvement of healthy food processing

1. Strengthening tax-eligible environmentally sound financing concepts for companies investing in the processing and sale of organic products.
2. Review of the legal requirements for SMEs in the food sector with a view to removing barriers and inefficient targets.
3. Providing guidance and training services to all SME actors along the food chain.
4. Review of the authorization of additives and other equivalent substances like flavorings their actual technological necessity, timeliness and potential to support (un)healthy dietary styles, with the aim of focusing the lists of authorized substances on the substances actually necessary and not facilitating unhealthy consumption styles.
5. Development of a pan European strategy for "green logistics". For the target to shifting transports to more environmentally friendly transport systems, this should in particular rely on intelligent digital systems for networking transport systems, optimizing capacity utilization and avoiding transport.



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