



## **Position Paper: Green Deal**

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# The Green Deal and "Farm to Fork" strategy

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

The EU Commission's "Green Deal" and "Farm to Fork" strategy are bold and visionary papers that send very positive signals regarding the sustainable restructuring of the economy. The description of the challenges and the proposed solutions detailed in the documents are ground-breaking and focus on the key issues.

However, the publication of the strategies is not the end of a political process, but rather the beginning. The economic operators must act as sparring partners for the political decision-makers by illustrating feasibility and demonstrating practical methods, as these theoretical approaches will only lead to changes if they are implemented in practice.

The "Farm to Fork" strategy is captioned as a strategy for a fair, healthy and environmentally friendly food system, but there is a strong focus on agricultural issues in the concrete measures. For agriculture, a large number of very specific and ambitious intermediate goals are named. These are important first steps! Of course, at the end of the process, 100% organic farming and food fit for future generations must have been established.

Concepts for food processing, retail and consumption, as well as for consumer education, are less well developed and less specific. The question of food culture and eating habits as decisive factors for restructuring the food system is clearly addressed, but is only backed up by a small number of concrete measures. This is a pronounced weakness of the strategy.

### **Sustainable economy and responsibility**

The direction taken by the "Green Deal" and the "Farm to Fork" strategy must be further expanded because (only) sustainable economies and the establishment of a circular economy can bring together economics and ecology. In the food industry in particular, the organic players demonstrate how circular production can succeed. Economic growth has to be decoupled from resource use. The entire food industry faces major challenges in this regard. The biggest is surely to make municipal waste available for agricultural production systems. Due to the high level of pollution of waste water and other municipal waste, it is currently impossible to close the nutrient cycles. The Green Deal 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 will require nothing less than a radical "detoxification" of all areas of production and consumption. An element in this is also the commendable objective of reducing the burden on the food system by halving food waste by 2030.

The strategy makes bold proposals in relation to agriculture. Unfortunately, this boldness does not extend to addressing this issue in relation to the processing of food, for example by asking whether the still very extensive list of additives (and other similar substances) used in food production could be significantly shortened. Many processors of organic food, and also many conventional companies that pursue a "clean label" policy, have shown that the entire range of food can be produced with a significantly smaller number of these additives. The strategy needs to go much further in addressing this issue.

## **Appreciation**

A very important condition for the success of sustainable change is the appreciation that we in the economy and also as a society should show for agriculture, food production, retailers and the food itself. This appreciation must be systematically promoted through practical experience and the raising of awareness. It is only possible to take responsibility – as producers and consumers – on the basis of an awareness of the value of food and its production. This involves taking responsibility for a very central aspect of our lives – nutrition, the strongest material interaction we have with our environment. This question is not adequately discussed in the "Farm to Fork" strategy.

Prices are an expression of appreciation. With regard to food, this has been largely reversed for many years, following the mantra that the cheaper the food, the better for the customer. The percentage of household expenditure spent on food has steadily decreased in the past few decades and with it, so has the appreciation of food, otherwise not as much food would end up in the bin.

Food prices do not reflect reality. Firstly, they are distorted by very high subsidies for agriculture, and secondly, many environmental costs are socialised, especially in the food production chain, which means that they are passed on to the general public. True prices for food are a very effective tool in the market economy, and can steer consumers towards sustainable consumption and increase the appreciation of food. The "Farm to Fork" strategy is boldly moving forward with new goals for more organic farming and fewer pesticides and antibiotics. And it rightly mentions that the most sustainable food should be the most affordable.

However, it is not entirely clear how this should be achieved. The strategy expresses a demand for environmental accounting in processing and retail and speaks only vaguely of an "EU code for responsible corporate and marketing practices". One area for improvement would be to stipulate an objective environmental accounting system for the food industry, making it effective in tax terms and ensuring it is reflected in the prices. Legally assured accounting systems are available – the "Farm to Fork" strategy should be bolder here. The proposal first of all to reduce the VAT on organic fruit and vegetables to take

account of their environmental contribution, thus making them more attractive for customers, is very welcome.

The strategy rightly addresses the socio-economic dimension. The coronavirus crisis has shown how dependent the food industry in many European countries is on migrant workers who perform tasks with conditions that people in the respective countries would not be willing to accept themselves. The implementation of the National Action Plan on Human Rights in Germany must not only apply to emerging and developing countries, but also to Germany itself. This is also related to the appreciation of these jobs and the products and thus also to the question of price. The strategy talks about strengthening a European pillar of social rights. But that is as far as it goes, so there is an urgent need for clarification and improvement here.

### **Nutritional education and consumption**

According to the strategy, "It is clear that the transition will not happen without a shift in people's diets". A very clear and correct statement. However, the strategy does not propose really bold measures here. It is essentially limited to voluntary agreements and appeals to the economy and labelling regulations. Even proposals such as nutrition labelling are not very promising because they can only be employed effectively if people have the knowledge and experience regarding the preparation of their food and its production and manufacture. This would require further measures on a practical level, such as nutritional education – especially for children and adolescents. These are proposed in the strategy, but must now be resolutely taken up and implemented by the Member States. Learning about and experiencing food cultivation, production and preparation, but also discovering the pleasure of eating all helps to create awareness and gives people the opportunity and ability to take responsibility for their own consumption. This key topic needs to be improved and consistently applied.

We have already talked about prices as an important element for controlling consumption. Expenditure on food advertising far exceeds the public funds for prevention and nutritional education. This imbalance leads to consumers getting distorted ideas about healthy eating. Therefore, guidelines on communication and advertising for food need to be reviewed in order to systematically reduce "non-healthy" consumption stimuli.

### **Regional and global**

The strategy rightly addresses the coronavirus situation and calls for a rethink of the previous approaches. Globalisation needs to be approached in a more deliberate way and

the current status quo needs to be critically examined: where do we need globalised structures, where are they justified? How can we sustainably globalise and export social and ecological values? The strategy takes up this issue. But the question of what areas should only be globalised to a limited extent and where we need robust regional structures also needs to be asked. We need these particularly in the food and other systemically relevant sectors, such as medicine. In these areas, regional structures must be promoted and globalisation may have to be restricted in order to achieve a stable and resilient system. Unfortunately, this issue remains somewhat vague in the strategy. Sustainable cultivation and ecologically responsible production of food globally in connection with true prices (see above) would lead to a more resilient procurement structure worldwide. The costs of logistics and transport worldwide, including their negative environmental impact and socio-economic effects, must be factored in to strengthen and promote regional markets.

There are still a number of challenges to be overcome, particularly in relation to the transportation of goods. In order to minimise the impact on the climate, in addition to the shift in transport from road to rail and waterways, as well as CO<sub>2</sub> pricing, which are mentioned in the Green Deal, other measures promoting "green logistics" are absolutely essential. For example, many transport vehicles are still underutilised, leading to unnecessary or low-load journeys. This is just one example of how intelligent solutions using digital concepts can contribute to massive cost savings and increases in environmental efficiency.

### **Small and medium-sized enterprises (SMEs)**

SMEs are the mainstay of the food industry. The strategy addresses the fact that SMEs should be supported in this transition process and that additional financial and administrative burdens resulting from the transition should be avoided. However, what is missing is an examination of the question of why so many SMEs go out of business in the food sector. This needs to be scientifically examined and the reasons remedied. Simply ensuring there are no new additional requirements will be of little use. The entire strategy needs to be amended in this regard, for example by systematically focusing on reducing bureaucracy and reviewing the legal requirements to see whether these SMEs are being unfairly disadvantaged, as this is unfortunately often the case today. A considerable advance would, for example, be a proper assessment of hygiene risks comparing large and small companies. Furthermore, the strategy fails to make it clear that the funds from the second pillar of the CAP, the GWR and other funding programmes should be used much more for sustainable regional development concepts, i.e. in the sense of sustainable regional value chains. This is important not least to preserve the nutritional culture that distinguishes Europe in all its wonderful culinary diversity.

However, we must not forget that we are a global community and that local and regional structures are not a panacea. Conscious, global thinking and action, where this is possible and appropriate, should be the motto.

## **Agricultural policy**

In the food sector in particular, security of supply depends on conscious globalisation, and therefore the strategy of "ever bigger, ever more central" leads to a dead end. Agricultural policy must move away from constant growth and unchecked globalisation and, in contrast, promote and strengthen small structures involved in primary food production. That is because these are the crisis-proof structures. The most effective lever here is the internalisation of costs, as called for in the Green Deal. The aim is to avoid environmental costs. Small farms and regional supply structures in particular must be systematically supported and promoted as a counterbalance to advancing globalisation. As mentioned above, the second pillar of the CAP should be further developed and used for this aim.

### **Suggestions for further measures:**

#### **A. Concept for internalising environmental costs**

First of all, an integrated political concept must be developed that consistently internalises environmental costs in order to avoid environmental pollution and thus costs. The aim is to fully enlist the market mechanisms and stimuli for entrepreneurial activity to serve sustainable restructuring.

Suggestions are:

1. the gradual introduction of a climate tax on CO<sub>2</sub> emissions for all companies in the food system, including the entire logistics chain (part of the Green Deal),
2. relevant taxation of environmentally harmful materials, such as chemical pesticides, fertilisers and antibiotics based on potential damage,
3. the setting of a VAT rate of 0 percent for sustainable organic products by EU Member States (part of the "Farm to Fork" strategy) and
4. mandatory and objective environmental accounting for all companies (in the food industry) and tax concessions based on the accounting results.

These control instruments directly ensure that prices are more true and give the economic players commercial incentives to act in an environmentally friendly way. These measures would also reduce the price difference between non-organic and organic products, helping to promote organic sales.

#### **B. Accompanying measures:**

1. Increase in funding for consumer information and education.  
Revision of the EU School Programme, as indicated in Action 25 of the Action Plan for the "Farm to Fork" strategy, supported by the inclusion of nutritional education (including its practical application, such as cultivation, harvesting, preparation and eating together) in nursery schools and as a compulsory subject in all types of school in order to systematically promote skills and awareness of food and thus lay the foundation for healthy "lifestyles" that save society a substantial amount in terms of medical costs and individual suffering in the medium and long term.
2. Introduction of new EU-wide harmonised labelling of the environmental footprint of food based on organic production to support the proposal mentioned in Action 23 of the Action Plan on the "Farm to Fork" strategy to create a framework for sustainable food labelling.  
The aim is to inform consumers, and to give them easier choices and enable comparisons of products within the product categories (already laid out in the "Farm to Fork" strategy).
3. Development of a pan-European strategy for modern "green logistics".  
In addition to shifting transportation over to more environmentally friendly transport systems, in particular this should make use of intelligent digital systems for networking transport systems, optimising capacity utilisation and avoiding transportation.
4. Further expand the ecological criteria for public procurement.  
As in Action 22 of the Action Plan, these should ensure sustainable food procurement and systematically focus on sustainable and organic products and a healthy selection of food.
5. Strengthening of the environmentally friendly financing concepts with tax concessions for companies that invest in the processing and sale of organic products.
6. Support for the establishment of standardised and open digital technologies for the food and agricultural sector that enable more transparency and traceability and support the operators in this sector when introducing new elements, such as environmental labelling or fair pricing, into their business or marketing concepts. These efforts must go well beyond the non-legislative increase in transparency mentioned in Action 11 and the information networks mentioned in Action 9 of the Action Plan.
7. Review of the approval of additives and similar substances.  
In order to support actual technological necessity, current relevance and the potential of healthy eating habits, the lists of approved additives and substances should focus on beneficial substances that are actually necessary.
8. Promotion and establishment of renewable raw materials for packaging, power, textiles, etc. based on sustainable ecological agricultural systems. A revision of the EU legislation on food contact materials exclusively with a view to reducing the

environmental footprint as in Action 17 of the Action Plan could be just a good first step.

9. Review of the legal requirements for SMEs in the food industry with the aim of reducing obstacles and inefficient stipulations. Including maintaining fair taxation, for example compared to corporations.
10. Provision of advice and training services to all SME actors along the food chain.

## **Part 2: Comments on the target of 25 percent organic farming in ten years - a recipe for success**

The EU Commission's "Farm to Fork" strategy, published on 20 May 2020, proposes the expansion of organic farming to 25 percent of the agricultural land in Europe. This objective is a clear recognition of the contributions of organic farming and other sustainability strategies to achieving a sustainable food industry and an important intermediate step for the greening of the food industry. A recognition of their contributions towards reducing nitrogen displacement and promoting biodiversity, animal welfare and human health, for example.

This 25 percent target corresponds to an estimated annual growth rate of 11 percent for the whole of the present EU, where currently (2019) around 8.5 percent of the land is farmed organically. Only a few countries with a strong demand market and a targeted national support policy (France, Denmark, Sweden, Austria and Germany) or with a strong export-oriented organic market (Italy and Spain) have been able to achieve this level of growth in the past. However, other EU countries are lagging behind.

In order to achieve the EU's 25 percent target, political initiatives (action plan) are required, which, in addition to consistently promoting the retention and conversion to organic farming, include sales promotion measures.

The currently limited size of the organic markets makes them very volatile. A balanced development of the markets and agriculture is necessary. When looking at market developments, it is also necessary to take into account that around 3.3 million tonnes of organic products were imported into the EU in 2019. The Commission's plan to use a lot more organic products for catering in public institutions is a concrete step to stimulate the market. Another interesting proposal is the reduction of VAT on organic fruits and vegetables.

In order to keep supply and demand in balance while pursuing a 25 percent target in 10 years, further measures are required.

## Suggestions for the Action Plan for Organic Farming.

1. The most reliable way to expand organic farming is to promote demand. A stable and growing demand for organic products will encourage farmers to switch due to good and adequate prices.
2. The established cost-efficient food production system is characterised by the fact that as many environmental costs as possible are externalised. This relates to the costs to society caused by the use of chemical pesticides, fertilisers and antibiotics in agriculture, for example. This has an impact on health, biodiversity, the climate and animal welfare, as well as in terms of "poor" working conditions - as was clearly highlighted during the COVID-19 crisis.
3. As a rule, the costs of avoiding external effects are much lower than the costs of subsequent compensation and repair. The failure to consistently address the internalisation of environmental costs is one of the weaknesses of the "Farm to Fork" strategy. There is clearly room for improvement here.

See also the suggestions in point A in the previous section.

In addition to the suggestions made in the first section, we ask you to consider the following measures.

1. Ambitious communication and advertising programme for organic food.  
An overarching EU communication strategy implemented and supported by the Commission and the Member States promoting the values of the organic food industry.
2. Introduction of clear rules for the certification and labelling of organic products in the restaurant and catering sector and other types of public catering.
3. Mandatory use of at least 25 percent organic food in catering provided in public institutions such as nurseries, schools, universities and public authorities (laid out in the "Farm to Fork" strategy).
4. SME retail companies that sell at least 25 percent organic products can receive a subsidy of up to 25 percent for advertising for organic products.
5. Creation of financial support systems, including advice at national and EU level, to promote regional organic food chains (regional support structures, GWR, CAP - second pillar, Leader programme ...) in close cooperation with existing SME market players.
6. Targeted provision of advice and training services to all actors along the organic food chain.

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The Assoziation ökologischer Lebensmittelhersteller (Association of Organic Food Manufacturers) is an alliance of over 110 food companies. Its European members generate organic sales worth over 4 billion euros. The core focus of its work is the representation of political interests as well as the promotion of exchanges and cooperation between the members.

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