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Joint food distribution industry statement

Food distribution sector calls on EU to exempt medium sized businesses from costly NIS 2 cybersecurity obligations

The Commission [proposal for a NIS 2 Directive](#) would expand the scope of cybersecurity obligations to all medium sized enterprises in the food distribution sector. Such a wide scope would entail massive compliance costs for these companies, even though they are not 'critical' (in the sense of the Directive) for local food supply. The signatories of this statement call on EU institutions to exempt from the NIS 2 Directive all medium sized food distribution companies, or ensure that only such companies supplying a critical share of the population be covered.

The European Commission proposal for a NIS 2 Directive widens the scope of the existing Directive to cover all large and medium sized enterprises in selected critical/essential sectors. The new scope would include food distribution, with the objective of avoiding food shortages in case of a cyberattack.

The signatories of this statement, representing SMEs in the food distribution sector at large (e.g. retailers, local food shops, restaurant services, wholesalers, etc.), warn that **the extension of the scope to all medium sized food distribution businesses is not proportionate to the risks and leads to very high un-necessary compliance costs**¹. The impact would be particularly high, as food distribution SMEs are characterised by very low-profit margins, and a significant number (e.g. hospitality, wholesale, etc.) are still struggling to recover from the COVID-19 crisis.

To ensure the resilience of critical supply chains in case of a cyberattack, NIS 2 should only cover food distribution companies of systemic relevance, meaning entities for which a cyberattack would create a critical threat to the food supply of populations. Individually, **medium sized food distribution (retailers, restaurants, etc.) companies are not critical in this sense**: they only represent a small share of the food distribution market, while there are always many local convenient alternatives available to consumers, even if a cybersecurity incident hit a specific SME. Also, although some medium-sized food businesses (e.g. bakeries, butchers, etc.) are essential in the context of regional food production, they are not critical with regards to the network of the entire food supply chain. In the case of a cybersecurity attack, the food production process would not be affected.

Therefore, **we call on EU institutions to amend the scope of application of the NIS 2 proposal for the food distribution sector** and ensure that:

- either medium sized food distribution companies are exempt from NIS 2; or
- it exclusively covers businesses supplying more than 0,5% of the population of a given Member State- reflecting their importance to the food supply of Member States.

¹ As reported in the European Commission's impact assessment (p 70-80).

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About Independent Retail Europe

[Independent Retail Europe](#) is the European association that acts as an umbrella organisation for groups of independent retailers in the food and non-food sectors. Our members are groups of independent retailers, associations representing them as well as wider service organizations built to support independent retailers. Independent Retail Europe represents 24 groups and their 386.602 independent retailers, who manage more than 753.000 sales outlets, with a combined retail turnover of more than 944 billion euros and generating a combined wholesale turnover of 297 billion euros. This represents a total employment of more than 6.603.270 persons. Find more information on our website, on [Twitter](#), and on [LinkedIn](#).

About SMEunited

[SMEunited](#), formerly known as UEAPME, is the association of crafts and SMEs in Europe with around 70 member organisations from over 30 European countries. SMEunited is a recognised employers' organisation and European Social Partner and acts on behalf of crafts and SMEs in the European Social Dialogue and in discussions with the EU institutions. We represent national cross-sectoral Craft and SME federations, European SME branch organisations and associate members. We speak on behalf of the 22,5 million SMEs in Europe which employ almost 82,4 million people.

About HOTREC

[HOTREC](#) represents the hotel, restaurant and café industry at European level. The sector counts in total around 2 million businesses, being 99,5% small and medium sized enterprises (90% are micro enterprises, i.e. employing less than 10 people). These businesses make up some 60% of value added. The industry provides almost 12,5 million jobs in the EU alone (2017). Together with the other tourism industries, the sector is the 3rd largest industry in Europe. HOTREC brings together 45 national associations representing the interest of this industry in 33 different European countries.

About Serving Europe

[Serving Europe](#) represents the branded food and beverage service chains at European level. Our members provide innovative and valued opportunities to enjoy meals, refreshment or a moment of indulgence, in tune with the needs and expectations of the customers they serve. At the same time we guarantee the quality, choice, style and convenience that match the varied and active lives that people lead today. In greater Europe, current members account for approximately 18,500 outlets, over 700,000 employees and over 20 million customers served daily.

About EuroCommerce

[EuroCommerce](#) is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 28 countries and 5 million companies, both leading global players such as Carrefour, Ikea, Metro and Tesco, and many small businesses. Retail and wholesale is the link between producers and consumers. Over a billion times a day, retailers and wholesalers distribute goods and provide an essential service to millions of business and individual customers. The sector generates 1 in 7 jobs, offering a varied career to 26 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.