

The Agri-Food Transition Pathway – The Retail & Wholesale Perspective

Introduction

EuroCommerce welcomes the opportunity to contribute to the co-creation process for the Agri-food Ecosystem Transition Pathway. Retail and wholesale is a key actor in the agri-food ecosystem, as the distributor of goods enabling them to reach customers. **Retail and wholesale supports millions of further jobs throughout the supply chain, including middle-of-the-chain actors**, from small local suppliers to international businesses. Due to **its position in the value chain**, retailers and wholesalers **can drive sustainability, and Scope 3 decarbonisation**, to **improve resource efficiency, biodiversity, fair pay**, and **nudge consumers** toward healthier, sustainable choices. Therefore,

EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 27 countries sector associations and leading global players. 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. EuroCommerce is the recognised European social partner for the retail and wholesale sector.

This position paper **offers clarification** on the issues raised in the Commission's Staff Working Document and **makes suggestions for other factors that should be** taken into consideration and **included in the Transition Pathway**. It contains **examples of what retailers and wholesalers are already doing** to contribute to a more resilient, sustainable and digital agri-food ecosystem.

It also contains **suggestions and ideas** in complement to the responses to the public consultation and **identifies actions that could be taken** to help achieve the shared vision. **The Annex contains answers to the questions raised in the Staff Working Document** that are not addressed in the public consultation.

Key messages

- Retail and wholesale are key actors in the agri-food ecosystem that can support middle-of-the-chain actors and drive its sustainability and energy transition, increase its resilience and the use of digital technologies; as well as provide a vital link to consumers.
- EuroCommerce believes the following will accelerate the speed of change toward a shared vision of a more resilient, digital and sustainable Agri-Food ecosystem:
 1. **A well-functioning Single Market will support a well-functioning Agri-Food ecosystem:** This requires effective removal and prevention of barriers, action to address territorial supply constraints and, for retail alliances to operate to bring consumer benefits.
 2. **A correctly informed understanding of how the agri-food value chain operates & collaborates:** This requires dialogue, recognition of the importance of diversification of supply chains and fair and competitive markets and trade policies,

and, an understanding of how freedom to negotiate affects products in-store location and marketing and the relationship with consumer prices.

3. **Action to overcome the barriers to investment:** This requires financial support and incentives, understanding why there is a limited uptake of R&I funding or development of public-private partnerships and action to resolve this, a manageable regulatory environment that does not limit the ability to invest, has minimum burdens and offers support for implementation, and, action to address the skills gap.
4. **Improved visibility of best practices:** Sharing what retailers and wholesalers are already doing and achieving, including the capacity building of suppliers, developments in private label, advancements in decarbonisation, packaging, reduction of food waste, recycling, consumer communication; and highlighting career opportunities.
5. **Strengthening collaboration & consumer awareness:** Enabling action on Scope 3 through a common carbon language, facilitated by data traceability and transmission, based on international and open product identifiers; ensuring consumers are aware of their role in food waste, the impact of their choices on the planet and nutrition; and matching infrastructure and technological advancements with needs.

Relationship with commitments made under the Code of Conduct on Responsible Business and Marketing Practices

EuroCommerce together with other signatories of the Code of Conduct in July 2023 [indicated their commitment](#) to continuing to work together in contributing to its aspirational objectives. Every day food retailers and wholesalers take action and you can find some examples on the [EuroCommerce Sustainable Commerce website](#).

The Code and the commitments made by EuroCommerce and its members should be read in conjunction with this response to the public consultation. Commitments made under the Code should also guide the types of actions necessary for the future resilience and sustainability of the agri-food ecosystem considered in Agri-food Transition Pathway.

1. The agri-food industrial ecosystem: Main Challenges

EuroCommerce welcomes the description of the main challenges affecting the agri-food ecosystem and would like to offer some reflections that should also be taken into consideration.

The consumer is a significant driver of change

Suggested action

- Refer further to the challenges driven by consumers in the agri-food ecosystem.

Further reflection should be made on challenges driven by consumers. Consumers are a significant driver of change and retailers and wholesalers need to respond to their needs. These include:

- **Changing consumer demands:** For example:
 - Growing interest in short supply chains¹ and sustainability.
 - Growing interest in information on production methods, origin and sustainability aspects.
 - Mismatch between supply and demand (e.g. experience of organic, difficulties in ensuring a sufficient supply of the expected quality).
 - Increasing online sales and use of new forms of digital sales and communication channels.

¹ See below for reflections on local supply chains.

- Increasing market share for other business models, such as meal boxes and takeaway ready made meals.
- **Consumer demographics** (e.g. aging population, single households, growing middle class).
- **Growth of urban populations.**

The challenges in the staff working document do not describe challenges faced in food service in detail. Food wholesalers are suppliers to hotels, restaurants, hospitals, prisons, etc. as well as grocery stores.

The effect of inflation and energy prices on food retail's outlook

Suggested actions

- Call for the recognition of agri-food as an essential sector of strategic importance at EU or national level for energy supplies, including retail and wholesale.
- Refer to the effect on competition of government measures put in place to help consumers with the cost-of-living crisis and call on Member States to remove them and ensure a return to a competitive market that avoids long-term distortive effects.
- Make reference to the role of the agri-food ecosystem, particularly retailers and wholesalers who can reduce the emissions of fluorinated greenhouse gases if they are given support by Member States to invest in replacing refrigeration and equipment.
- Highlight the need for innovative and progressive solutions for refrigeration and call on the EU and Member States to put in place the right conditions to enable the investment in R&I.

The impact on **inflation has affected retail and wholesale on several fronts**. The sector has faced **increased costs** (e.g. more expensive products, increase in interest rates on finance, staff, rent and energy costs) at the same time as **consumers are downtrading and spending less**.²

Government measures put in place to help consumers with the cost-of-living crisis often are distorting a well-function market and should be removed as soon as possible when the inflationary crisis is over. This means a return to a competitive market, with full price competition, avoiding any long-term distortive effects.

Government measures that focus on increasing price transparency, for example, by creating online price monitoring platforms, **can in a concentrated market encourage price convergence**. Such initiatives, while having the intention to improve consumer welfare, **should be deployed with caution and consider competition principles**.³

The following **key findings from the EuroCommerce/McKinsey report on State of Grocery 2023** should be taken into account to understand developments in the agri-food ecosystem:

- **Search for cheaper food:** Consumers are trading down and looking for more affordable options due to the significant pressure on household economy caused by inflation. Even a lot of high-income users started looking for ways to save money on their groceries. For the first time in recent memory, the share of high-income consumers trying to spend less is almost as high as for low-income consumers.
- **Consumer downtrading leading to growth for private labels:** Across Europe, increased price sensitivity consumer downtrading led to substantial growth for private labels. Most consumers shifting towards private label products say they see it as a way to save money, without sacrificing quality.
- **Gradual normalization of price and volume:** During a period of unprecedented inflation and increasing consumer price sensitivity, grocery sector volumes declined sharply. We expect volumes to stabilise in the second half of 2023 as food inflation continues its strong decline.

² [State of Grocery Retail 2023](#) (McKinsey & Eurocommerce)

³ See: [Cost of living – key messages on inflation and taxation - EuroCommerce](#). Further information can be provided on request.

- **Discounters gaining market share:** Consumers also try to save money by doing more of their shopping at discounters. Discounters are the only brick& mortar grocery retail format that avoided volume declines, gaining 1,4 percent market share in Europe relative to 2021.
- **E-grocery and Meal Delivery stand strong:** While volumes were down for grocery retail, e-grocery and meal delivery services held strong, having an average yearly growth of 18% and 28% respectively. By 2030 we expect over 10% of grocery turnover to be realised in e-grocery.
- **Continued margin and cost pressure:** Dealing with the increased margin pressure has become the key concern for CEOs of grocery retailers.
- **Race for economies of scale:** The increased margin pressure pushes grocery retailers towards achieving more economies of scale, to satisfy the increasingly price-sensitive consumer.
- **Intensified collaboration with suppliers for sustainability:** Sustainability is another top concern for grocery retail CEOs, with the big challenge being that over 95% of emission in their value chains come from other parts in the value chain, both up- and downstream.
- **Investment rates need to double:** The total additional investment needed to deal with the triple transformation of sustainability, digitalization, and skills and talent by 2030 equates to up to €600 billion.

Food retail and wholesale in particular, is a high consumer of energy (e.g. due to refrigeration, systems which have been running 24/7, etc.). Retailers and wholesalers are making efforts to increase energy efficiency⁴, reducing an important cost driver. **If any measures are taken that prioritise agri-food as an essential sector of strategic importance at EU level or at national level for energy supplies, they should include food retail and wholesale.**

As refrigeration and cooling are important for shops, warehouses and logistics, retailers and wholesalers are **implementing requirements driven by regulations such as the F-Gas Regulation⁵** to replace equipment and refrigerants and other voluntary efforts⁶. These efforts **come at huge cost** and particularly affect the agri-food ecosystem given the importance of the cold chain. These efforts to reduce fluorinated greenhouse gas emissions **need financial support to accelerate the speed of change**. The transition will also require innovative and progressive solutions for refrigeration and the EU and Member States need to put in place the incentives and conditions to foster that R&I investment and enable such innovation to come quickly to the market.

Relationships with other food supply chain actors

Suggested actions

- Treat the examination of unfair trading practices in the food supply chain as a consultation already in course, and therefore, outside of the Transition Pathway.
- Present a balanced view of the challenges to farmers and fishers income that is evidence based and based on a proper understanding of relationships in the value chain.
- Highlight the importance of collaboration in the value chain. This could include examples that demonstrate how retailers and wholesalers are working together by providing supply chain finance and the move toward a less energy-intensive and a more sustainable food system to increase understanding and encourage others to learn from these best practice examples.

EuroCommerce recognises that some farmers and fishers earn on average lower incomes compared to other economic actors, and often represent the weakest link in terms of power distribution downstream (processors and retailers). The weaker position of farmers and the challenges with their income cannot be due to alleged power imbalances at retail level, especially considering the following:

- Part of EU agricultural production is not destined for human consumption but for other uses (industrial uses, animal feed);

⁴ See reflections on energy efficiency (section 2.3)

⁵ [EUR-Lex - 32014R0517 - EN - EUR-Lex \(europa.eu\)](#)

⁶ <https://www.eurocommerce.eu/sustainable-commerce/cooling-and-heating-systems/>

- Much of the EU agricultural production is destined for export – and therefore is not for EU food consumption;
- Part of EU agricultural production is destined for out-of-home consumption;
- Only a fraction of EU agricultural production is purchased by retailers directly from farmers – with often many intermediaries (wholesalers, the food industry, agriculture cooperatives) that create complex chains that have an impact on value chains and price transmission.
- The complexity of these chains – as well as other important issues such as commodities and energy prices and weather events – have a significant impact on the position of farmers and fishers.

In addition, the Commission has announced it has recently launched the evaluation of the Directive (EU) 2019/633 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain⁷. **Examination of unfair trading practices, therefore, should be considered as a consultation already ‘in course’ and excluded and separated from this co-creation process.**

It is also important to understand another aspect of collaboration is how retailers and wholesalers enter into mutually beneficial arrangements including on **payment terms. Suppliers benefit from good and viable customers not going bankrupt because of external shocks.** This mutual understanding led to a long-held tradition of suppliers and buyers collaborating to better match the timing of costs and revenues along the supply chain and **acceptance by suppliers of longer payment terms for retailers.**

Payments should be made on time, but the freedom to negotiate the timing of payments is important to retain. Removing this valuable option from the contractual negotiations with their suppliers will constrain the cash flow of retailers and wholesalers. As the Commission’s proposal for a Regulation on combating late payment in commercial transactions proposes a strict 30 day payment cap for food there is a risk to **an economically optimised solution that benefits both parties in the long run.** In particular, **fixing strict payment terms will affect all elements of negotiations, including prices.** The purchase price of a good derives from a combination of elements, including payment terms, other fees, original prices, discounts, and other payment conditions (currencies, administrative fees). Fixing one condition by law in too strict a manner will influence all others. In its technical report for the European Commission on unfair trading practices in the agri-food supply chain, economics professor Richard Sexton warned that *‘proscribing behaviours that are efficiency enhancing will reduce the surplus to a transaction and likely harm both parties to it.’*⁸ This is because **prohibiting efficiency-enhancing practices reduces the total gains from the transactions to be shared between the trading partners.** Similarly, **payment intervals are an important source of finance for SME buyers.** SME retailers and wholesalers are neither attractive prospects for traditional bank finance nor the usual targets for EU funds or national support schemes. This difficult access to external sources of finance, combined with a business model that inevitably ties up a lot of financial resources in stock and expensive real estate, makes having enough cash flow a constant concern.

It should also be remembered that **the long-term transition to a less energy-intensive and sustainable food system, will need collaboration.**⁹

2. Sustainable Competitiveness

EuroCommerce welcomes the overview of the key issues affecting the agri-food ecosystem’s sustainable competitiveness. Some further considerations for reflection are set out below.

⁷ [Parliamentary question | Answer for question E-001623/23 | E-001623/2023\(ASW\) | European Parliament \(europa.eu\)](#)

⁸ [Commission Staff Working Document SWD\(2018\) 92 Impact assessment - Initiative to improve the food supply chain \(unfair trading practices\), paragraph 473](#)

⁹ See: [Supporting Energy Transition - EuroCommerce](#) and [Transforming the EU Retail & Wholesale Sector - EuroCommerce](#)

2.1. Economic sustainability

Food Security & Stability of Supplies

Suggested actions

- Highlight the importance of diversification of supply sources as an important contributor to food security and food safety, including making the link to the risks of food fraud because of restricted access to some raw materials.
- Refer to the potential of retail and wholesale to reliable energy prices if support for investment is given and call on Member States to create incentives to encourage easy and quick procedures to grant permits, and incentives, to install of solar panels, heat pumps, wind power, etc.

Recent crises (such as the Covid pandemic and the consequences of the Russian invasion of Ukraine) **demonstrated the resilience of agri-food chains** in Europe, which minimised the impact of such events on food security (i.e. food availability and food affordability) in the EU.

The EU Single Market for food is well integrated and any disruption in one Member State or at one border **has knock-on effects on the whole chain**. Interventions by the EU institutions (for instance during the early stages of the Covid pandemic with its communications on green lanes and seasonal workers) was key to preserve the Single Market vis-à-vis reactions by certain Member States with measures such as border closures. However, **more could be done, for instance to offer flexibility on labelling when there is a collapse in supply** for example, when the invasion of Ukraine created a need to substitute peanut oil for sunflower oil.

The European Commission has recognised in its work on food security as part of the European Food Security Crisis preparedness and response Mechanism (EFSCM), that **diversification of supply sources is crucial** to further strengthen the resilience and sustainability of our food systems. **Diversification is positive for resilience, food security, food safety and health.**

The **EU's open trade policy allows for diversification of supply of food and key inputs** including those that cannot be produced locally or that a local crisis has affected. As demonstrated by the energy crisis, **overreliance on certain inputs** – in the specific case, energy as well as fertilisers and cereal from Russia – **can affect the whole supply chain** and in certain instances **created food affordability and availability issues** for consumers (e.g. there were shortages of sunflower oil). **Where there are also shortages of certain raw materials, it can create a risk of food fraud**¹⁰. This is also a necessary element of food security that needs to be considered and could be countered by diversification.

The Single Market is a cornerstone of EU food security as it **enables a diversity of supplies coming from different climatic zones in the EU**. Every day, EU food supply chains provide Europeans with a wide variety of high-quality food. This is thanks to the diversity and competitiveness of its agriculture, fisheries, aquaculture and food sectors and its market orientation where farmers and fishers can react to market signals.¹¹

Diversification in the food available to consumers is also beneficial for health, leading to a more balanced diet between vegetables, fruit, cereals and animal-based sources of proteins.¹²

The potential role of retail and wholesale in enabling access to reliable energy sources at affordable prices should be recognised. Creating incentives to increase investments in net zero operations, including the generation and storage of green energy itself, can offer win-win outcomes. These benefits will help provide the EU with the opportunity to meet its climate goals and will encourage improvements in energy efficiency and innovation by businesses. This, in turn, will help reduce energy price volatility and offer more stable prices for EU citizens, improving the competitiveness of our EU businesses and the competitiveness of the EU itself, simultaneously.

¹⁰ [Warning issued over food fraud with new suppliers – FoodIndustryNetwork](#)

¹¹ [Commission Staff working document \(SWD\) on Drivers of food security](#)

¹² https://agriculture.ec.europa.eu/system/files/2023-07/efscm-recommendations-improvement-diversity-sources-supply_en.pdf

Retailers and wholesalers need to invest up to €190 billion between now and 2030 to switch to renewable energy, as part of their investment in net zero stores (which requires an investment of up to €50 billion) and net zero warehouses (which requires an investment of up to €140 billion), **it could help the EU achieve its ambition to cut greenhouse gas emissions by 55%, compared to 1990 levels in accordance with the Fit for 55 Strategy.** Action by retailers and wholesalers toward net zero operations can **potentially reduce the sector's Scope 1 and Scope 2 emissions by 50-90% by 2030.**

There is huge potential when you consider the size of the real estate in the sector. It is estimated there is approximately 500 million sqm of real estate in the EU. One distribution centre for example, can be the equivalent in area of 28 football pitches.

2.2. International trade and food security

Food Security & International trade

Suggested action

- Refer to the importance of international trade and the effect that additional health and environmental standards can have including on trade flows, on the control and enforcement of such standards, and the consequences of non-compliance – as well as the additional administrative burden this creates.

The import of key agricultural and food products that are forced labour and deforestation- free, as well, as well as **compliance with corporate sustainability due diligence will have an impact on retailers and wholesalers.**

The EU has successfully concluded several bilateral free trade agreements with partner countries and regions across the globe. **The application of additional health and environmental standards beyond the existing rules for imports should be firmly rooted in science and subject to a risk assessment to fully understand the benefits for health and the environment.** This also needs to keep in mind that certain EU health and environmental standards are difficult to directly apply to non-EU producing countries or regions due to different prerequisites as the climate situation or the presence of pests, which do not exist in the EU.

Similarly, it should also be noted that the application of EU health and environmental standards on imported agricultural and food products would be globally considered a protectionist measure by the EU serving the interests of certain groups by imposing additional barriers to trade on third countries. **It is very likely that this could provoke trade retaliation measures** which would probably affect related and unrelated sectors in the EU. Furthermore, **it is unclear how these standards would be controlled and enforced without setting up complex systems in the country of origin which would require effective (possibly digital) traceability systems to be set up in partner countries, or what the consequences of non-compliance would be.** Implementation could put an additional burden on importers who cannot control the entire supply chain.

2.3. Environmental sustainability

Role of retail and wholesale in driving change in the value chain & matching demand with supply

Suggested actions

- Highlight the importance of collaboration in the value chain and include examples that demonstrate how retailers and wholesalers are supporting primary producers, and SME manufacturers in the transition.
- Highlight the role the Commission can play, as well as call on Member States, to encourage, facilitate and provide visibility to collaborative initiatives that promote sustainability in supply chains and throughout the sector.

While the focus of the transition pathway is on the middle of the chain, **retailers and wholesalers play a key role in the value chain and can drive changes with suppliers and their own brand**

/private label assortment. These efforts cannot be achieved without collaboration and there are many examples, of collaboration with other supply chain actors.¹³

Retailers and wholesalers need efficient, innovative, and sustainable suppliers, including farmers, to meet ever-changing customer demand. Sustainability involves overcoming some major challenges and the sector acts to help farmers in the transition process. **Retailers and wholesalers have launched a wide range of initiatives to improve sustainability - phasing out certain non-sustainable products, working with local actors in the supply chain, and improving production conditions and environmental impacts of what they buy and sell.** However, retailers have only very few direct dealings with farmers (less than 5%) and sustainability needs action from all parts of the chain.

Retailers have over the years invested in supporting local farmers in offering differentiation and choice to consumers and encouraging sustainable production. **Schemes such as dedicated supplier networks, tri-partite contracts, and voluntary initiatives help address emerging trends in reducing pesticide use and enhanced animal welfare and often include a direct reward to farmers investing in these changes.** They also **offer flexibility** to quickly respond to market needs, help **raise standards** ahead of legislation, and are **already contributing to many of the targets proposed under the Farm to Fork strategy for pesticides, fertilisers, and antibiotic use,** as well as **organic production.** The Commission and public authorities can help by supporting primary producers in the transition, but also by encouraging and facilitating collaborative initiatives that promote sustainability in supply chains and throughout the sector.

In addition, **retailers and wholesalers can support suppliers in the energy transition, through capacity building.** For example, supporting the transition to more resource efficiency (e.g. in planning routes), improving energy efficiency, and greener logistics and delivery.¹⁴

The food environment

Suggested actions

- Highlight the role the Commission can play in creating a framework to enable food business operators to market and make claims about their products' sustainability credentials.
- Explain how in-store location is determined and marketing and advertising negotiated. This will help ensure initiatives aimed at helping consumers with their purchasing decisions match how marketing and advertising are organised and how shelf space is allocated. Contractual negotiations can limit free choice but the ability to freely contract can enable retailers and wholesalers to strike deals that help reduce consumer prices.
- Call on Member States to develop national initiatives that further develop consumer interest in sustainable products or the impact of their behaviour on the planet, working together with consumer representatives, NGOs, and education providers.

Retailers and wholesalers are key players in nudging consumers towards healthier and more sustainable choices and supporting market growth for sustainable and healthier products. Additionally, in the case of larger retailers, consumers can benefit from economies of scale (e.g. larger pack sizes) and thus have access to sustainable and healthy products at more affordable prices. Retailers and wholesalers invest time, effort and money into voluntary initiatives and schemes. These initiatives should be acknowledged, valued and combine with efforts made by the EU, Member States and consumers themselves to play their role in advancing sustainability.

To justify the investment in sustainable food systems, food business operators will need to market and make claims about their products' sustainability credentials. Robust criteria based on which claims can be made are essential to prevent misleading claims.

Structuring public space and the food environment to facilitate sustainable consumption is an interesting, positive trend. This could **help raise the profile of what the established actors (retailers, processors) are doing locally to help meet sustainability objectives** and support

¹³ [Farm to Fork - EuroCommerce](#)

¹⁴ [McKinsey/EuroCommerce, Transforming the EU retail and wholesale sector](#), pages 22-25

retailers as the conduit for bringing those items to consumers. It could raise the profile of retailers locally, investing in sustainable choices and working with local producers.

As regards **in-store location**, the sector serves a wide range of consumers, offering a broad choice, and helping consumers with their purchasing decisions in line with their lifestyle and ethical considerations. **Since the allocation of shelf space is part of contractual negotiations**, it is important to acknowledge that **choices are not free and involve complex interactions between actors in the supply chain**. The same situation applies to advertising and marketing campaigns.

Generally, **advice, information, education, incentives, and convenience in a supportive and positive spirit** are what drive the sector toward nudging consumers. This helps secure their consumer base, building rapport, and nudging them towards a healthy and sustainable lifestyle.

Consumers have a choice for their purchases and exert that choice. **The sector has been pioneering organic and ‘free-from’ products, offering local foods and specialties, vegan choices, and alternatives to animal-based products, using third-party and private quality standards for their own brand products to ensure product quality and guide consumer choice**. For example, pre-Covid, organic food sales grew 12% per annum across Europe, with growth driven particularly by larger, mainstream retailers who make up more than half of organic sales to consumers. A study undertaken by DG Competition in 2014¹⁵ showed that private labels contributed to increased consumer choice. These labels continue to play an important role in innovation.¹⁵

National initiatives that further develop consumer interest in sustainable products or the impact of their behaviour on the planet should be considered in discussions on the food environment. Retailers and wholesalers are raising consumer awareness¹⁶ and action taken by other actors such as the Commission, education authorities and providers who could adapt school curricula, and consumer representatives or NGOs could drive further change.

Packaging & Packaging Waste

Suggested actions

- Highlight the role of packaging to help reduce food waste, support handling, distribution and storage, prevent cross-contamination and contribute to consumer information and product distinction.
- Highlight how retailers and wholesalers are collaborating toward reducing packaging and packaging waste to increase understanding and encourage others to learn from these best practice examples.

Retailers and wholesalers support harmonising EU rules for packaging and a true Single Market for waste. **The future Packaging and Packaging Waste Regulation needs to update the rules for all packaging placed on the EU market**, including recyclable packaging, reusable packaging and recycled content in packaging. It is estimated that retailers and wholesalers need to invest €10-20 billion up to 2030 to increase the circularity of packaging¹⁷. All packaging and food-related regulations should support our members in their efforts and provide clarity and legal certainty.

Packaging fulfils several functions to protect products and allow them to be handled along the whole supply chain and sold to the consumer. Besides the important packaging functions mentioned in the Staff Working Document, **packaging is also essential to help reduce food waste, support handling, distribution and storage, prevent cross-contamination** (e.g. for allergens, conventionally farmed produce to organic produce) **and also contributes to consumer information and product differentiation**.

Retailers are best placed to consider offering unpacked produce based on their assortment assessment and many retailers and wholesalers are doing this already and plan to extend the offer

¹⁵ For example, [Congratulations to This Year's Retail Winners | PLMA's 2023 International Salute to Excellence Awards \(plmasalute.com\)](https://plmasalute.com/)

¹⁶ [Education & Lifestyle - EuroCommerce](#)

¹⁷ [McKinsey/EuroCommerce, Transforming the EU retail and wholesale sector](#)

of unpacked fresh produce.¹⁸ **There is no one-size-fits-all solution** for packaging reduction and for offering unpackaged fresh fruits and vegetables. Careful assessment is needed to prevent unintended consequences resulting in increased food waste, especially with a proposal¹⁹ for binding food waste reduction targets now published. **Additional food waste, cross-contamination, and overly complicated regulation should be avoided for an issue that retailers and wholesalers and their suppliers already tackle** while balancing packaging reduction with food waste prevention.

Food waste

Suggested actions

- Highlight that only 7% of food waste in 2020 was generated by the retail and wholesale sector and the examples of initiatives, including the ambitious targets set by some retailers and wholesalers, to increase understanding and encourage others to learn from these best practices.
- Call on Member States to develop proportionate and feasible national food waste strategies and plans to prioritise consumer awareness campaigns and reduce the uncertainty concerning food safety. These should run in complement to the EU driving the agenda through the European Semester, its own communication campaign, exchange of best practices or working with progressive cities similarly to the Intelligent Cities Challenges.

Reducing food loss and waste is essential for both economic and environmental reasons and requires action across the food supply chain. The sector's priority is to prevent food waste and surpluses from occurring in the first place. It is too simplistic to lay responsibility for waste in primary production on one sector alone. It requires a **collaborative, whole-chain approach** to identify and implement multiple solutions.

Retailers and wholesalers pursue a range of measures to avoid food waste along the entire supply chain - from pre-delivery to in-store and beyond. In addition to **initiatives like the 2012 Retail Agreement on Waste and commitments** outlined in the EU Code of Conduct, they adopt their **own initiatives and targets and collaborate with national associations**²⁰ to go beyond what legislation requires. Acknowledging the urgency of addressing food waste as a pressing global issue, retailers and wholesalers support and **participate in international initiatives such as the Consumer Goods Forum Food Waste Resolution**²¹, under which leading food companies and retailers have pledged to halve the amount of food waste within by operations by 2025 and World Resources Institute's 10x20x30 initiative²², where over 10 global retailers have committed to engaging and guiding at least 20 of their suppliers to halve food loss and waste by 2030.

Retailers and wholesalers are also looking for further ways to remove resource inefficiency within supply chains. Optimising planning and control systems and using automated ordering and forecasting systems based on sales data from previous years to support this.²³ There are also **business opportunities to collaborating with industry to develop products from by-products**.

They are also **working to find alternative uses for unavoidable food waste** – either as in animal feed or as inputs for renewable energy production. Where surpluses cannot be avoided, it is used in line with the food waste hierarchy. Preference is given to selling, donating or reusing surplus food to feed people before redirecting it to livestock.

According to the first [EU-wide monitoring of food waste data](#) published by Eurostat (2022), the retail and wholesale sector generated the least amount of food waste in 2020, accounting for only 7%. This demonstrates the dedication of retailers and wholesalers in actively combating food waste.

¹⁸ [Packaging - EuroCommerce](#)

¹⁹ [Food waste reduction targets \(europa.eu\)](#)

²⁰ [Food Waste - EuroCommerce](#)

²¹ [The Consumer Goods Forum Launches Food Waste Coalition of Action - The Consumer Goods Forum](#)

²² [RELEASE: Major Food Retailers & Providers Join New "10x20x30" Food Loss and Waste Initiative | World Resources Institute \(wri.org\)](#)

²³ See below for further explanations of how advanced analytics can improve resource efficiency.

However, it is important to note that **food safety is non-negotiable and precompetitive**. **Strict rules exist** for all actors in the supply chain. Amending use by and best before dates is a good step however, **consumers might still throwaway foodstuff if they are not certain**.

Consumers generate the most food waste (53%). Retailers and wholesalers employ various strategies, including campaigns and education to help consumers reduce the amount of food waste at home. However, retailers and wholesalers, do not have direct influence or control over food waste at the household level. **It is essential for national food waste strategies and plans to prioritise consumer awareness campaigns to address this issue effectively**. This also requires Member States to have in place the infrastructure to collect, sort, and re-use food waste from homes and possible incentives to ensure they are used.

To encourage further action on food waste, **the EU for example, could drive further change nationally through messages in the European Semester or raise awareness** (e.g. through a communication campaign on simple ways to reduce food waste collecting best practices from agri-food ecosystem actors). Similarly, **engaging at the city level, with the most progressive cities, could encourage best practice exchange on initiatives and encourage replication** (e.g. in a similar manner to the Intelligent Cities Challenge). Such strategies need to be proportionate and feasible, taking into account the capacity particularly of SMEs.

Collaboration in the chain & Scope 3

Suggested actions

- Call on Member States and supply chain actors to engage in a dialogue to create a common understanding of the scale and scope of Scope 3 emissions and expectations of the actors, which avoids fragmentation of the Single Market.
- Highlight and encourage the creation of a common carbon language, including calculating emissions at supplier and use level.
- Call for action and commitments to facilitate end-to-end data transparency – data transmission along the supply chain.

Actions by retailers and wholesalers to advance toward net zero operations in stores, warehouses and logistics is estimated to require investments of between €120 and €300 billion from now until 2030. This has the potential to help retailers and wholesalers reduced Scope 1 and Scope 2 greenhouse gas emission by 50-90% by 2030 and make progress in reducing Scope 3 emissions. Scope 2 in this respect can include emissions of suppliers, e.g. those producing private label products.²⁴

EuroCommerce is an accelerator for the Race to Zero 2030 Breakthroughs: Retail Campaign. This is a commitment to drive climate action and support EU's retailers and wholesalers in setting out their plans to half greenhouse gas emissions by 2030 and achieve net-zero carbon emissions by 2050 at the latest.²⁵

However, **the need to have and collect data about scope 3 emissions is an enormous task** and some initiatives at national level (e.g. GS1 Spain²⁶, UK cooperation of main supermarket chains to have reporting template for suppliers²⁷) try to find a way to ensure data flows along the supply chain. **This requires a Single Market approach** that avoids national standalone measures that cause fragmentation where Member States wish to be more ambitious. There is therefore, **a need for more dialogue to create a common understanding of the scale and scope of Scope 3 emissions and expectations of the actors in the agri-food ecosystem**.

²⁴ [McKinsey/EuroCommerce, Transforming the EU retail and wholesale sector](#)

²⁵ [Race to Zero - EuroCommerce](#)

²⁶ [Home - GS1 Spain \(gs1es.org\)](#)

²⁷ [Monitor, Measure and Report Scope 3 Emissions \(brc.org.uk\)](#)

Suggested actions

- Highlight the need for increasing the use of advanced analytics in a manner that balances transparency and respect of commercial interests, which should be built on international and open product identifiers.
- Explain how the regulatory framework and prices are determined in practice to help ensure initiatives that are proposed to reduce food waste and increase price transparency using data match reality.

The potential of advanced analytics in retail and wholesale is estimated to require investments of between €5 and €10 billion from now until 2030.²⁸ **Advanced analytics will enable better supply chain management, help optimise routes, truck-fill rates, and distribution networks, recycling practices, improved assortment selection in stores and more personalised customer interaction.**

The potential to optimise **the use of advanced analytics also needs a balance to be found between transparency and respect of commercial interests.**²⁹ It also should be built on international and open product identifiers.

A discussion on **flexible production, and its potential to reduce food waste, needs to consider the regulatory framework.** Article 3(1)(b) of Directive 2019/633 on unfair trading practices in the food supply chain³⁰ prohibits last-minute cancellations by buyers. In addition, rules such as those that exist in Germany that ban retailers demanding suppliers replace for free perishable goods whose best before date has run out, also affect flexibility and matching production with sales outlets. Such prohibitions also arguably lead to more food waste, particularly where there is a potential secondary market (e.g. animal feed).

A discussion on the use of data to support price transparency also needs to be understood with how prices are determined in practice. Food retailers often organise prices per product category/department – at times across many stores, rather than per product. **Increasing and making available data that takes a more linear view creates risks of misinterpretation.** For example, leading to conclusions that a fair distribution of costs is not occurring where a profit margin on a product, rather than a product category, is taken as a measure of who is reaping more of the benefit of others in the supply chain.

Suggested actions

- Highlight the level of demand to add new information on packaging or directly on the product and its effect on communication of key mandatory requirements.
- Highlight how retailers and wholesalers are using digital means to communicate with consumers to increase understanding and encourage others to learn from these best practice examples.

Digital traceability has the potential to optimise transparency in the food supply chain, provided that it is based on international and open product identifiers. Digitalisation has the potential to improve other B2B operations in the supply chain (e.g. resource optimisation, demand forecasting) as described above.

²⁸ [McKinsey/EuroCommerce, Transforming the EU retail and wholesale sector](#)

²⁹ The same principle is discussed and valued in the Commission communication: Towards a Common European Tourism Data Space: boosting data sharing and innovation across the tourism ecosystem, Brussels, 20.7.2023 C(2023) 4787 final [C 2023 4787 1 EN ACT part1 v4.pdf \(europa.eu\)](#)

³⁰ [EUR-Lex - 32019L0633 - EN - EUR-Lex \(europa.eu\)](#)

Retailers communicate with millions of consumers every day through product labels, point of sale information, leaflets, and websites and increasingly through modern means of communication. Over time, information and labelling requirements have continued to grow due to regulatory requirements for food and non-food products. In addition, companies develop voluntary initiatives to meet new and increasing demands for information from (increasingly connected) consumers. **Demand to add new information on packaging or directly on the product is reaching saturation and the (limited) space on the packaging is needed for communicating key mandatory requirements.**

With **new digital technologies, new information applications, including apps**, have developed that can **convey much of the required information to the consumer in a dynamic and relevant way**. Retailers and wholesalers are using digital communication with consumers and such initiatives can be of inspiration to others.³¹

Grocery Ecommerce

Suggested action

- Highlight that customers are demanding more personalised offers and services which they highly appreciate, but the policy debate and new legal requirements make it more and more difficult to make such offers.

The State of Grocery Retail 2023 report offers important economic background information:

- **E-grocery is growing:** While grocery retail volumes declined since the start of the cost-of-living crisis, e-grocery and meal delivery services held strong, having an average yearly growth of 18% and 28% respectively between 2019 and 2022. By 2030 we expect over 10% of grocery turnover to be realised in e-grocery. Especially several Central and Eastern European Member States have a lot of untapped e-grocery potential, because, according to Eurostat, a far lower percentage of its population are online, than in the rest of the EU.
- **Stagnation of online penetration in most Member States outside the CEE:** Online penetration mostly stagnated in 2022, except for the United Kingdom and Sweden, where it declined by about one percentage point.
- **Profitable online growth:** After a period of post-pandemic stagnation, e-grocery is expected to return to moderate growth in Western and Northern Europe with a strong focus on attaining profitability. In Southern Europe and CEE, we expect the focus to remain on growth, as larger parts of their populations start coming online.
- **Retail media expansion:** One of the few successful techniques to turn the often slightly negative operating margins, positive, is by developing Retail Media as an extra source of revenue.

A discussion about the potential of individualisation of offers through increasing use of social media and availability of customers' data, needs to be considered in the context and direction of the regulatory framework. On top of the **need to balance transparency with commercial interests**, the GDPR, Digital Services Act and the Digital Markets Act also restrict the use of personal data and introduce safeguards. In addition, national initiatives can restrict what personal data can be used. For example, a recent decision in Norway³² limits the possibility for targeted advertising on Meta except for that available in the 'about you' profile section. As Norway is part of the Single Market and has referred its decision to the European Data Protection Authority, this could have wider implications in the EU. Without disputing the objectives and necessity of these rules, variations in implementation and enforcement across the Single Market, as well as national rules, inhibit the development of personalisation.

Using technology to reduce food waste

Suggested action

- Highlight how retailers and wholesalers are using technology to help reduce food waste to increase understanding and encourage others to learn from these best practice examples.

³¹ [SmartWithFood - Step by step towards a healthier life](#), [K Group to introduce the first purchase data-based nutritional calculator in the Nordics \(kesko.fi\)](#)

³² [DT-brev 360 \(datatilsynet.no\)](#)

Many retailers and wholesalers have developed initiatives that use technology to help reduce food waste. This includes the 'Too Good to Go' app that uses smartphones to identify unsold food baskets at low prices.³³ Others have developed analytical models to calculate the probability of sale of each product close to the expiration date in each store and at different price brackets. This information enables the fine-tuning of the selling strategy and minimises food waste.³⁴

Drivers of digital transformation

The problems that are affecting the acceleration of digital transformation include the lack of ability of invest driven by the short-term priorities and low margins. It is estimated that retailers and wholesalers need to invest up to €77 billion between now and 2030 to modernise their IT systems in the next three to five years.³⁵ **A decent IT system can contribute to improvements in advanced analytics across the supply chain and also, enable the use of data in digital product passports for advancing circularity.**

3. Public Governance

3.1 An enabling policy framework for the agri-food ecosystem

EuroCommerce welcomes the overview of the existing policy framework for the agri-food ecosystem. It invites the Commission to take note of its positions in relation to the following initiatives:

- The EU Farm to Fork strategy.³⁶
- Legislative Framework for Sustainable Food Systems.³⁷
- Response to the evidence review report and policy recommendations by the EU Scientific Advice Mechanism (SAM) on Sustainable Food Consumption.³⁸
- Commitments made under the EU Code of Conduct on Responsible Food Business and Marketing Practices.³⁹
- Key recommendations made under the EU Platform on Food Losses and Food Waste.⁴⁰
- European Food Security Crisis preparedness and response mechanism.⁴¹
- Communication on Safeguarding food security and reinforcing the resilience of food systems.⁴²
- RePowerEU plan.⁴³
- Packaging and Packaging Waste Directive.⁴⁴
- Feedback on the proposal for a Green Claims Directive.⁴⁵
- EU Regulation on deforestation-free products.⁴⁶
- Trade Policy review – an open, sustainable and assertive trade policy.⁴⁷

³³ [Combatting food waste | Carrefour Group](#); [CONTINENTE JOINS TOO GOOD TO GO - MC \(sonae.pt\)](#)

³⁴ [Continente Saves Tonnes Of Fruit And Vegetables From Wastage | ESM Magazine](#)

³⁶ [Publications Archive - EuroCommerce](#), search term : 'farm to fork'.

³⁷ [2022.04.28-Sustainable-food-initiative.pdf \(eurocommerce.eu\)](#). Further information can be provided on request.

³⁸ Further information can be provided on request.

³⁹ <https://www.eurocommerce.eu/farm-to-fork/eu-code-of-conduct/>

⁴⁰ [EU Platform on Food Losses and Food Waste \(europa.eu\)](#)

⁴¹ [2022.03.23-Food-security-4-actions-for-policymakers.pdf \(eurocommerce.eu\)](#) ; [EuroCommerce's Feedback to the Commission's Roadmap on a Contingency plan ensuring food supply and food security](#)

⁴² As above.

⁴³ [2022.05.18-REPowerEU.pdf \(eurocommerce.eu\)](#)

⁴⁴ [Publications Archive - EuroCommerce](#), search terms : 'packaging'.

⁴⁵ [2023.03.22-Retailers-and-wholesalers-support-clear-rules-on-green-claims.pdf \(eurocommerce.eu\)](#)

⁴⁶ [Experience by retail and wholesale to fight deforestation \(eurocommerce.eu\)](#)

⁴⁷ [2021.02.18-Trade-Policy-Review.pdf \(eurocommerce.eu\)](#)

Suggested action

- Highlight the voluntary certification schemes that are successfully operating on the market and their positive role.

Certification schemes can help shift to more sustainability, especially when they are developed and applied extensively and respond to a specific demand, for example, driven by consumers or an identified need in the supply chain. **Where such schemes gain consumer trust, they should be recognised and valorised**, rather than starting something new.

Voluntary schemes have provided a basis for positive and mutually beneficial relationships between producers, purchasers, and NGOs to raise sustainability standards, such as on animal welfare, the environment, social, trade etc. **These standards allow for flexibility for supply chain operators to drive the sustainability agenda more ambitiously and effectively than regulation**. In a highly competitive market, they allow retail and wholesale to stand out from their competitors and provide a tool for consumers.

Many such initiatives are currently operating successfully on the market. The commitments under the Code of Conduct further provide a good insight into the breadth and depth of existing initiatives, creating market opportunities and responding to consumer expectations. **The positive role** of such private quality standards and schemes, their practicality, replicability, and their contribution to a sustainable food system together with other actors should be considered.

The use of initiatives especially when they vary between Member States can have an impact on the free movement of goods in the Single Market. This requires a balance.⁴⁸

Retailers and wholesalers often centrally source or centralise production for example of private label products destined for different Member States, to benefit from economies of scale that can translate to cost savings for consumers. **The proliferation of national certification schemes can be detrimental to these efficiencies and create barriers to the free movement of goods**.

Similarly, retailers and wholesalers have invested in their own certification schemes and built consumer trust. **The development of additional certification schemes can result in consumer confusion or undermine the incentive to develop such schemes**.

Where certification schemes are not transparent or lack a robust methodology, their use can pose risks of damage to credibility and accusations of greenwashing. This is particularly the case where responsibility is placed on retailers and wholesalers irrespective of what may be within their control or the information they have access to.

3.2 The EU's digital strategy and agri-food

EuroCommerce welcomes the overview of the existing policy framework for the agri-food ecosystem. It invites the Commission to take note of its positions in relation to the following initiatives:

- The Data Governance Act⁴⁹
- Coordinate Plan on AI.⁵⁰

⁴⁸ See also section below, 'National labelling'.

⁴⁹ [2022.02.23-Data-Act—getting-the-right-framework-key-to-digital-transformation-and-business-competitiveness.pdf \(eurocommerce.eu\)](#) ; [Proposal for a Data Act: Promote measures for an innovative data economy \(eurocommerce.eu\)](#)

⁵⁰ [Adapting product liability rules to the digital age and Artificial Intelligence \(eurocommerce.eu\)](#)

4. The Social Dimension

4.1 A just transition

Food donations

Suggested action

- Call for action to incentivise food donations, such as exemption donations from VAT.

Many retailers and wholesalers are making donations to food banks and even provide logistic-related help to food banks. For example, providing suitable refrigerator equipment and transportation of non-dry food products. However, **there is often a lack of incentives for retailers. This could be tackled, for example, by exempting food donations from VAT.**

Local supply chains

Suggested action

- Recognise the complexity of supply chains and their contribution to sustainability in the description of local supply chains and urban agriculture, to ensure that initiatives that seek to increase these are properly informed.

Retailers have an extensive network of agreements with their suppliers to promote local foods and shorter chains. There is a demand for local products such as fresh food (fruit, vegetables and meat).

The link between short supply chains and sustainability is not however, proven. Local should not be used as a proxy for lower emissions as there are other elements that impact a product's carbon footprint to a greater extent than transport. The JRC notes that transport contributes to 5% of greenhouse gas emissions from food systems, mostly from regional road transport.⁵¹ Local food systems may also require more intensive farming and jeopardise biodiversity.

In addition, they **also need to be balanced with the importance of diversifying supply chains and the impact this could have on the Single Market.**

At the city level, the same considerations in relation to **urban agriculture** should apply. In particular, urban agriculture should not be used as a proxy for lower emissions and be assumed to be more sustainable.

Food retail sector attractiveness

Suggested action

- Call for action by the Commission with other agri-food representative associations and actors to develop a joint communication of opportunities in the ecosystem including in retail and wholesale.

To attract workers and talent to the food retail and wholesale sector, the sector needs to present itself as a place for career progression. The lack of attractiveness is based on a lack of knowledge rather than lack of fair working conditions. It is also important to note that **retailers and wholesalers are able to offer more non-standard forms of work**, with a high proportion of part-time and women working in the sector, a large number of entry level workers and a diverse work force.

Being able to attract investment will help the sector further invest in skills and increase its chance to become a magnet for talent. It is estimated that between €25 to €30 billion for upskilling, which is 40 to 60% more than what the sector spends now. **Joint communication of the opportunities**

⁵¹ [JRC Publications Repository - Short Food Supply Chains and Local Food Systems in the EU. A State of Play of their Socio-Economic Characteristics. \(europa.eu\)](#)

(e.g. through roadshow, job fairs) could enable EuroCommerce, some national associations and companies to present their opportunities together with the European Commission.

Ensuring access to healthy & nutritious food

Suggested action

- The Commission, together with a call on Member States, could develop national initiatives that raise awareness of the importance of healthy and nutritious food.

Retailers and wholesalers are supporting access to healthy and nutritious food⁵² and are helping consumers with the cost-of-living crisis⁵³. Alongside the food environment⁵⁴, Member States and other stakeholders need to play a role in increasing consumer understanding of the importance of healthy and nutritious food and education systems should adapt to ensure future generations are aware of the health consequences. **The EU for example, could further drive change, for example, through messages in the European Semester or raising awareness (e.g. through a European Year of Nutrition, or European Year of Food).**

Ensuring access to food in rural areas

Suggested actions

- The Commission, together with a call on Member States, could develop ambitious programmes for the revitalisation of town centres, in particular smaller towns, villages and rural areas that could revitalise local economies and communities and help attract retail to rural areas.
- The Commission could call on Member States to adapt their town and country planning frameworks and procedures be more agile and, so it is easier and quicker to grant permits to make establishment easier.

Retailers and wholesalers are present across the EU in all types of locations, including remote and rural areas. **Where locations may be less profitable for food retailers and wholesalers, incentives could be provided to encourage establishment.**

This could include **encouragement to Member States to adapt their town and country planning frameworks and procedures to be more agile, including in (historic) town centres, so that it is easier and quicker to grant permits** (e.g. to repurpose real estate, to adapt stores to provide an experience and to allow experimentation with new business models). Similarly, to **enable new warehouses and fulfilment centres**, including dark stores, in a manner that take into account the interest of all stakeholders so that there can be ‘peaceful co-existence’ of such business models that may serve local populations. As well as **engaging all actors⁵⁵** involved with town and country planning procedures and decisions **to understand and facilitate the changes needed.**

In addition, **the Commission could develop, together with Member States, ambitious programmes for the revitalisation of town centres, in particular smaller towns, villages and rural areas, placing the retail and wholesale sector in the centre of such plans as a keystone of local community life.** This could be coupled with joint EuroCommerce and EU communication campaigns to encourage action to revitalise local economies and communities (e.g. by sharing stories, providing practical guidance to enable local authorities to push for support at national level for local revitalisation).

⁵² Examples are provided in the publication, ‘Retail & Wholesale working for a healthy lifestyle’ and the position paper on sustainable food systems.

⁵³ See section above ‘inflation’.

⁵⁴ See section above ‘food environment’.

⁵⁵ For example, through roundtables that enable exchanges between all key local actors such as local authorities, residents, property owners, banks and local businesses engaged in tourism, leisure activities, horeca, etc.

4.2 The role of digital tools for a just transition

Development of consumer apps

Retailers and wholesalers are investing in consumer apps⁵⁶ that are science-based. These present opportunities for differentiation and could be improved through the development of standards that can improve traceability and transparency, and where there are incentives for their development. For example, encouraging dialogue rather than complaints of greenwashing to improve methodologies. If there are policy initiatives in this area, building on what already exists in the market, rather than reinvention, respecting the investment made on innovative ideas and not deterring investment in such areas. See the section above on digital traceability and consumer information.

R&I and Technological Solutions

5.1 Key R&I Initiatives for sustainability and digitalisation

Retail & Wholesale innovation

Suggested action

- Highlight how retail and wholesale, together with their suppliers, are innovators using examples from their private label products to highlight the potential and raise the profile.

Retailers and wholesalers are at the forefront of innovation. This is shown in the strength of private label products, where consumers surveyed noted that they were highly satisfied with private label products and 84% of respondents saying the quality is similar to, or better than, the quality of branded products.⁵⁷ In 2022, there was a strong correlation between market share development and the attractiveness of grocery retailer's private labels as perceived by consumers. This is expected to stay true in 2023.

According to a [2022 study](#) in Italy,⁵⁸ 72% of consumers believe that private label assortments in Italian retailers allow them to buy high quality products at affordable prices – for instance, 68% of surveyed consumers state that private label allow them to buy organic products at good prices. 55% of Italian consumers see private label products as important for sustainability and the environment.

Horizon programmes

Suggested action

- The Commission together with the Member States could examine barriers to investment and identify how to address these to encourage more involvement and EU funding of projects in food retail and the food service sector.

Retailers and wholesalers are not currently very involved with Horizon programmes. While some examples exist⁵⁹, only 1% of relevant EU funding went to projects in food retail and the food service sector.⁶⁰ As they play a key role in bringing innovation to the market, encouraging further partnerships or consultation with the sector would help accelerate the deployment of innovation.

The sector needs to develop new business models and technologies as have support for their commercial adoption. This means **significantly more public funding is needed for the sector's research, development and innovation work.**

⁵⁶ See footnote 32 above.

⁵⁷ https://www.eurocommerce.eu/app/uploads/2023/04/State-of-grocery-2023_Low-res.pdf

⁵⁸ ADM/Ambrosetti/Ipsos *Marca del distributore e consumatore nella società che cambia* 2022.

⁵⁹ [RIS Consumer Engagement Labs - EIT Food](#)

⁶⁰ <https://op.europa.eu/en/publication-detail/-/publication/1747dc15-be80-11ed-8912-01aa75ed71a1>

In the Commission's report on the research and innovation investment gap in food systems⁶¹, challenges were country specific but in all EU Member States, **part of the reasoning was the fragmentation of food policy between different entities and the lack of a specific institution with overarching responsibility for food systems as a whole**. This is said to reflect fragmentation in the sector among different actors in the food value chain, as well as some sectors (logistics, food retail and food service, networking and knowledge exchange) receiving less funding compared to the primary production sector. **The cause is suggested to be linked to the Ministry of Agriculture, which has a remit focused on primary production**, being viewed de facto as the primary stakeholder with regard to food policy in most countries.

Fostering a dialogue between the Commission and the Member States to understand why levels of involvement are low could help address barriers and address the investment gap.

5.2 R&I Infrastructures and new technologies

Sorting & Recycling technologies

Suggested actions

- Highlight the need to clarify responsibility, including for costs, to incentivise the development of infrastructure to collect, sort, reuse and recycle plastic or food waste, or achieve higher rates of closed-loop recycling.
- Call on Member States to develop and incentivise opportunities through public-private partnerships.

Retailers and Wholesalers are innovating and developing their own infrastructure to collect, sort, reuse and recycle plastic waste or food, to achieve higher rates of closed-loop recycling.⁶²

For these to be wider deployed, **there needs to be clarity on responsibilities, including for costs, and more development of opportunities through public-private partnerships**. Practically, such investments can be supported through **easier and quicker procedures to grant permits** to allow structural changes (e.g. to install onsite recycling facilities).⁶³

New trends

Suggested action

- Include examples of experiments by retailers and wholesalers to increase understanding of new trends and consumer interest in them.

Retailers and wholesalers are also experimenting with new trends on price transparency in the food supply chain⁶⁴ and alternative proteins.⁶⁵ These experiments and experiences should be taken into account for example, for best practice exchange on how bottlenecks such as those caused by legislation, lack of standards, food safety, certification, etc. can be addressed and overcome to enable innovation. They also may give insights on the external costs for society from externalities, enabling greater comparison of production methods per product groups, to see the differences in impact (e.g. greenhouse gas emissions, air pollution, water use, animal welfare) and help assess where action in the supply chain is best targeted. This could support supply chain actors as well as policymakers and consumer representatives. It could also offer an opportunity for differentiation if it could support transparency on sustainability, and increase consumer trust.

⁶¹ [Food systems - Publications Office of the EU \(europa.eu\)](https://ec.europa.eu/food/food/food_systems/publications)

⁶² [McKinsey/EuroCommerce, Transforming the EU retail and wholesale sector](https://www.mckinsey.com/industries/retail/our-insights/eurocommerce-transforming-the-eu-retail-and-wholesale-sector)

⁶³ See also the section above 'food waste' for additional ideas.

⁶⁴ [PENNY labels its first products with "true prices" - REWE Group \(rewe-group.com\)](https://www.rewe-group.com/en/news/penny-labels-its-first-products-with-true-prices)

⁶⁵ [Differentiated Solutions | Health through Food | Jerónimo Martins \(jeronimomartins.com\)](https://www.jeronimomartins.com/en/differentiated-solutions-health-through-food)

The Single Market and Infrastructure

Market barriers and trade disruption

Suggested actions

- Highlight the preventative steps that could be taken to reduce the number of barriers arising and seek commitments from Member States to reduce these. For example to improve notification and the submission of a proportionality assessment.
- Identify how the Commission could improve enforcement in the agri-food ecosystem to protect the functioning of the Single Market and well-functioning agri-food markets.

On a regular basis Member States introduce measures (both at national and local level) that potentially may disrupt the agrifood supply chain (see the regularly updated [EuroCommerce Single Market Barriers Overview](#)). These measures can infringe the free movement of goods, freedom of establishment and competition law.

Some of these laws as illustrated in the EuroCommerce Single Market Barriers overview are often introduced without an impact assessment and not always notified to the Commission. They are also often based on a lack of understanding of how local and EU agrifood markets function. Some may lead to adverse effects on the local agrifood market, disturbing relationships in the supply chain, creating high costs, and even undermine the position of SMEs. This was also the case during the Covid pandemic where certain Member States used emergency procedures to introduce new restrictions.

Preventative steps can be taken to reduce the number of barriers arising. For example:

- **The Commission could improve enforcement** in the agri-food chain to protect the functioning of the Single Market and well-functioning agri-food markets.
- The Commission and Member States should **ensure that relevant draft measures are notified** (as illustrated in our examples above) are notified e.g. via the Single Market Transparency Directive (EU) 2015/1535, when necessary with a proportionality assessment.
- The Commission should **create and implement a fast-track notification procedure for temporary crisis-related measures**.
- The Commission could take action to eliminate unnecessary and unjustified national barriers and aim for maximum harmonisation, for example in products and sustainability to reduce the risk of fragmenting the Single Market further.

Remove Territorial Supply Constraints

Suggested action

- The Commission, together with, Member States and middle of the chain actors should take action to put an end to the use of territorial supply constraints.

Territorial Supply Constraints (TSCs) have detrimental effects on the Single Market and are actions by the middle of the chain that adversely affects the functioning of the agri-food ecosystem. These are restrictions imposed by large international manufacturers that prevent retailers and wholesalers from sourcing where they can find the best deal in the Single Market. This means retailers cannot make use of the Single Market and source a wider choice of products for better prices. If retailers could source across the Single Market, they would have no choice but to pass the savings to consumers, because of strong competition on the retail market. A Commission study found that the restrictions cost EU consumers more than €14 billion.⁶⁶ Addressing TSCs now is more important than ever as EU consumers face a cost-of-living crisis.⁶⁷

TSCs manifest themselves in practices such as refusals to supply or threats to stop supplies to distributor, limits in the quantities available for sale, the language options for product packaging or differentiations of product ranges and prices between Member States for unexplained reasons.

⁶⁶ [Study on territorial supply constraints in the EU retail sector, European Commission, 2020](#)

⁶⁷ [EuroCommerce campaign: making the Single Market work for everyone](#)

At the same time, large consumer goods manufacturers benefit from the Single Market by concentrating their production in a few sites to deliver their products across Europe and sourcing ingredients where they see fit. But this option is not given to retailers and wholesalers, who brings closer the product to the final consumer. **The Commission, Member States and middle of the chain actors should take action to put an end to TSCs.**

Such action could be by the Commission:

- Making better use of competition enforcement measures (e.g. through investigations like that into [AB InBev](#)'s deliberate strategy to fragment the beer market).
- Declaring as not acceptable practices that artificially segment the Single Market and prevent the circulation of products across borders; building on the findings of the AB InBev case, the Commission study on TSCs, and the vertical guidelines.
- Monitoring the progress in stopping TSCs through an annual review process.

Labelling

Suggested actions

- Highlight the effect labels have on the Single Market and need for respect for the mutual recognition principle, as well as the consequences for businesses operating in the Single Market.
- Call on Member States to examine national and regional mandatory labelling requirements and to examine their efficiency and practicality.
- Highlight the need for a coordinated approach to allow for digital means to provide product information, which should be voluntary and consider how this will affect the ability of SMEs and consumers who are not digital adept.
- Highlight the need for clarify of responsibility and obligations in relation to product information.

Labelling is a way for retailers to communicate with millions of consumers every day so they can make informed purchasing choices. **Labels should be safeguarded by the Single Market principles allowing free movement of goods. Labels established at national level should not give legal basis to break the mutual recognition principle.** To ensure this, the EU should go back to the basics. **Goods and services legally placed in a Member State should be allowed to be marketed all over the Single Market.**

National mandatory labelling initiatives and their impact on trade should be closely examined and their efficiency/practicality should be questioned at times. It is possible for national initiatives to pose a risk on the free movement of goods and the ability of economic operators to expand their assortments and reach out to more European customers by offering them a greater variety of products at competitive prices. In practical terms, **if such initiatives are adopted, then retailers will have to bear the costs of relabelling their products and/or redesigning their packaging**, thus imposing significant administrative and financial burdens on their businesses, especially on SMEs. This problem is also compounded by the growing interest in regional labelling.⁶⁸

Digital information channels provide retailers and wholesalers with another alternative to satisfy consumers' demands for more information. **The European Commission should adopt a coordinated approach to allow for digital means to provide product information.** Any digital labelling developments **should remain voluntary, and consideration should always be given to small enterprises as well as to consumers who are not digitally adept.** Importantly, clarity is needed on the responsibilities and obligations of different business actors regarding the provision,

⁶⁸ For example, Article 128.1: Law 22/2010 of the Catalan Consumer Code: Products made available to consumers in Catalonia must be labelled in Catalan, including information, safety warnings, precautions, warranties, handling instructions, etc. Article 83: Law 4/2023 of Consumers Status in the Basque Country: Obligation for large retailers to make certain elements (signs, notices, communications, written or verbal, offers, forms, contracts, etc.) available in Basque and Spanish or bilingually.

security, access and quality of this information; the current state should be maintained and any shift in responsibilities should be avoided.

Ensure the operation of retail alliances in the Single Market

Suggested action

- Highlight the benefits that retail alliances bring to consumers in terms of better prices and more choice and are an effective way for retailers to address the imbalance of power with large manufacturers.

The recently approved Commission's [Horizontal Guidelines](#) recognise that **buying alliances** exist in many sectors; for retailers and wholesalers, they **are an effective way for retailers to address the imbalance of power with large manufacturers**.

The 2023 Commission Guidelines recognise the value of pooling demand to countervail the market power of large suppliers to the benefit of consumers, who enjoy better prices and more choice.

In [closing](#) investigations into retail alliances AgeCore and Coopernic, the Commission analyses their contracts and negotiating practices and found that:

- The contracts are 'intrinsically linked to the purchase of goods by retailers from manufacturers and are similar to some of the terms used at national level for the same transactions;
- 'the rebates contributed to the retailers' overall pricing strategies allowing them to reduce retail prices to match or undercut competitors' pricing.'

In closing its investigations, the European Commission found that the alliances had allowed retailers to exert a higher bargaining power vis-à-vis their large suppliers and allowed them to reduce prices to consumers, a key objective of competition policy.

The Staff Working Document should recognise the important role of European alliances in helping offset the negative effects of territorial supply constraints by centralising negotiations and purchases of European retailers.

Despite the recognised negative impact of territorial supply constraints and the positive role of alliances in the EU Single Market, France recently approved [Loi n° 2023-221 du 30 mars 2023](#) (also known as Loi Descrozaille or Egalim 3). The law would make it impossible for retailers and wholesalers active in France to negotiate contracts with their suppliers under the jurisdiction of other EU member states.

The law prevents retailers and wholesalers from sourcing centrally (either alone or with other retailers and wholesalers) in the EU Single Market, further fragmenting an already segmented market to the benefit of large multinational suppliers, who prevent retailers to make use of the EU Single Market by imposing territorial supply constraints costing EU consumers €14 billion.

To ensure that retail alliances do not face Single Market barriers, the Commission should:

- Prioritise and swiftly act against Member States that impose rules that prevent the operation of alliances in the Single Market, specifically the Loi Descrozaille before it is replicated by other Member States and brings the Single Market to an end.
- Ensure consistent enforcement by competition authorities of competition rules such as the horizontal guidelines.
- Take an evidence- and fact-based approach in relation to national legislation and Commission action (e.g. investigations) on alliances.

European Food Security Crisis preparedness and response Mechanism (EFSCM)

EuroCommerce is supporting the work of the EFSCM. Improvements that could be made to its functioning have been shared in response to an ongoing survey.

Skills

Suggested action

- The Commission could map to identify and monitor common skills shortages across ecosystems and work with Member States to encourage reform to national education curricula to address skills gaps or help prioritise action on the barriers to free movement of third country nationals that may have the most critical skills and qualifications.

Retailers and wholesalers are working on the Retail Skills Partnership and addressing issues there relevant to food and non-food.

Therefore, we do not propose in-depth comments. However, **synergies that could be explored across ecosystems for example, where there are common skills shortages** (e.g. STEM, green skills, digital skills). If these are common to multiple ecosystems and **if mapped, it could help the Commission focus on strategies that will help address the most common skills shortages**. For example, through **focusing European Semester skills narratives on building up talent** where the most critical shortages are through encouraging reforms to national education systems. Alternatively, **encouraging collaboration with all actors** (e.g. trade unions, industry experts, education and training providers, public authorities, etc.), to develop, implement and monitor skills-related strategies and initiatives at the local, national, and European levels to tackle acute skills shortages. This could also help **identify which skills and qualifications of third-country nationals are most critical and help prioritise addressing barriers to their free movement**.

Investments & Funding

8.1 Financing the transition

Suggested action

- The Commission could map where existing EU funds intended to help industry with the cost of transition are being spent focussing and ensure that sufficient resources are allocated to the agri-food ecosystem. As well as identify barriers and find solutions to increase their take-up.

It is estimated that retailers and wholesalers will need to invest up to €600 billion between now and 2030 to transform sustainably and digitally.⁶⁹ New talent is also needed to support and drive this challenge.

However, **short-term priorities distract the sector from focussing on the future** (e.g. recovery from COVID-19 closures, high inflation and energy costs, climate events, disrupted supply chains) compromising longer term investment. In addition, legislation and the cost of compliance is drawing resources away from innovation and investment. **Already low margins have been further squeezed by above inflation price rises from large suppliers, and efforts made to cushion consumers from price rises and ensure food remains affordable.**⁷⁰ Retailers and wholesalers compete with technology companies in much of their business but their spend on investment in IT falls far short. European players spend 2.1% of revenues on IT compared to the 4.5-4.6% of leading digital players.

These circumstances make retailers and wholesalers appear high risk and less attractive to traditional bank finance, and makes the need for alternative investments more acute. As public authorities have not prioritised the sector when rolling out transformation programmes, and complicated and overwhelming administrative requirements deter businesses from seeking public finance, **retailers and wholesalers' lack of investment is compromising their competitiveness.** **This could have devastating knock-on effects that could compromise the essential service and choice of products, services, channels, and experiences** the sector provides consumers. It also,

⁶⁹ [McKinsey/EuroCommerce, Transforming the EU retail and wholesale sector](#)

⁷⁰ https://www.konj.se/download/18.6676cd7e184b91b518f77591/1671031379000/SpecialStudie_RUP.pdf ; <https://www.kfst.dk/pressemeddelelser/kfst/2023/20230303-danske-priser-har-generelt-fulgt-udlandets/>

could ignore the potential of the sector to drive change in the value chain and beyond, which will have adverse consequences not just for the sector, but for Europe and the planet.⁷¹

Support through EU financial instruments is welcome, but these need sufficient resources or top-ups from the Multi-annual Financial Framework to ensure they are not too quickly exhausted⁷². Additionally, **more examination of how and who has benefitted from programmes rolled out by the Member States pursuant to funds received from the Recovery and Resilience Facility** are needed. In particular, **to understand if one sector or industry has been the more favoured recipient**. As well as to see how this varies between Member States. Collecting this data from the Member States will enable a picture of how money has been spent, whether they are reaching the industries that need the most support and enable action to ensure that the level playing field in the Single Market is restored and funds are fairly distributed to industry and more uniformly across the EU.

8. 2 Digital Investment

Suggested action

- The Commission together with the Member States could examine why retailers and wholesalers have not been traditional recipients or targets of EU programmes and address the barriers to increase uptake.

Retailers and wholesalers have not been the traditional recipients or targets of EU programmes of financial or advisory programmes. The causes of this could be investigated to understand whether it is due to lack of eligibility, lack of knowledge, or the complexity of getting involved. This situation could be improved.

9. Key Performance Indicators

Suggested action

- When choosing key performance indicators, and designing the methodology to collect them, this should be done, in collaboration with the affected companies, so as to ensure their effectiveness for all stakeholders in accordance with the principles set out below.

EuroCommerce welcomes the intention to monitor commitments through key performance indicators. However, **these indicators should not translate into more reporting requirements or a net increase in administrative burden.**

A sensitive and efficient approach should be adopted, aimed at creating positive feedback loops, **guided by principles such as:**

- **only require the minimum amount of data, and re-use existing data** (e.g. already required by legislation, from trusted market data providers, from the TRIS notification system and from the Code of Conduct for Responsible Business & Marketing Practices);
- **treat all shared information sensitively** so that is not open to misinterpretation or could be used in a manner that could damage company reputation;
- **avoid duplication;**
- **always remain in line with competition rules**, avoiding data that is core to the competitive strategy of our enterprises;
- **turn KPI-dashboards into useful tools for companies** (e.g. to benchmark and improve their performance, to spread best practices).

⁷¹ See: [The Value of European Retail - EuroCommerce](https://www.eurocommerce.eu/2022/10/transforming-the-retail-and-wholesale-sector-key-measures-to-support-europes-largest-private-sector-employer/);
<https://www.eurocommerce.eu/2022/10/transforming-the-retail-and-wholesale-sector-key-measures-to-support-europes-largest-private-sector-employer/>.

⁷² [Feedback from: EuroCommerce \(europa.eu\)](https://www.eurocommerce.eu/2022/10/transforming-the-retail-and-wholesale-sector-key-measures-to-support-europes-largest-private-sector-employer/)

Conclusion & Next Steps

EuroCommerce looks forward to continue participating in the co-creation process and the chance to explain these views at the forthcoming workshops.

Annex: Responses to questions to Stakeholders

Sustainable Competitiveness

The responses below complement the replies provided in the public consultation and address the questions that are not included in the public consultation or where the word limit restricts a full explanation.

1. How does the ecosystem compare to similar ecosystems outside of the EU when it comes to sustainability and digitalisation?

- See reply to the public consultation.

2. What would be the best practices to foster a more resilient agri-food ecosystem to external shocks? How could sustainability and digitalisation contribute to improving the global competitiveness of the ecosystem, especially of its SMEs, and what challenges could this potentially create?

Best practices include:

- Continuing to **attach importance to the diversification of supply chains** and minimal interference with **businesses' autonomy to evaluate and perform risk assessments of their supply chains.**
- **Ensuring and improving stakeholder dialogue** and coordination before proposing legislation or solutions, even during an emergency.
- **Notification to and assessment of (draft) emergency measures by the European Commission.**

Improving global competitiveness could be supported by **unlocking the potential of retail and wholesale as a driver of technological and sustainability transformation.** If retailers and wholesalers were given support for their investment in the following areas, this would contribute to the overall competitiveness of the agri-food ecosystem:

- **Developing programmes** (e.g. capacity building workshops, providing analytical support) **to help suppliers in the middle of the chain** (e.g. suppliers of private label products, SMEs) to:
 - decarbonise manufacturing and advance other aspects of sustainability (e.g. resource efficiency, biodiversity) and increase sustainable options.
 - to use more recycled or bio-based plastics/materials in plastic packaging or products and promote waste reduction.
- **Upgrading IT systems, their operating models, and strengthening cybersecurity.** This would enable retailers and wholesalers to deploy advanced analytics across the supply chain. For example, to enable the advance to net zero and reduce waste by improving demand forecasting or the better use of waste streams. It could also improve the use of data in digital product passports for circularity.
- **Creating cross-functional centres of excellence** to help retailers and wholesalers deploy and execute use cases throughout their organisations to take full advantage of advanced analytics and better use of data. This would contribute to the better use of advanced analytics across the supply chain, including those in the middle of the chain.

Actions taken in the EU to address improve the agri-food ecosystem's competitiveness could potentially create challenges. Those challenges could be addressed in the following ways:

- **Actions taken in the EU should not undermine trade policies,** especially where global supply chains support the agri-food ecosystem and help manage risks through **diversification of supply chains.**
- **Actions should not undermine free competition, price competition and the level playing field that exists in the Single Market.**
- Actions should be **channel neutral,** and not favour one business model over another.

3. How could enhanced sustainability and digitalisation in the middle part of the food chain help to improve the environmental and socio-economic performance of the entire chain (including of farmers and fishers)?

The retail and wholesale value chain contributes to 40% of the EU's greenhouse gas emissions. Less than 5% is directly attributable to the operations of retailers and wholesalers, meaning that the remainder of the supply chain needs to act to reduce their emissions.

Therefore, **actions by the middle of chain could enhance sustainability for the rest of the chain** in the following ways:

- **by decarbonising manufacturing and advancing other aspects of sustainability** (e.g. resource efficiency, biodiversity) would **enable other actors** in the supply chain (e.g. retailers and wholesalers) **to reduce their Scope 3 emissions** and reduce their environmental impact.
- **by increasing the availability, choice and affordability of sustainable options** and satisfy increasing consumer demand.
- **by increasing the use of more recycled or bio-based plastics/materials in plastic packaging or products** that could enable other actors in the supply chain (e.g. retailers and wholesalers, food service, etc.) to offer alternatives to plastic packaging and offer innovative solutions.
- **reducing waste in early stages of production.**

In addition, if the middle of the chain **collaborated upstream and downstream within the boundaries of competition rules or by using regulatory sandboxes (if available)**, this could encourage the use of recycled or bio-based plastic packing or products, or horizontal agreements that favour sourcing of more sustainable products.

Digitalisation and the better use of advanced analytics could improve amongst others, forecasting and traceability. For example:

- If middle of the chain actors **were able to use tools that could measure and track sustainability impacts that rely on international and open product identifiers**, and deploy **harmonised standards and methods** based on what is available on the market (e.g. GS1, benchmarking, international standards, product environmental footprints), this would enable other actors in the supply chain to better explain the sustainability of products and increase consumer trust.
- If middle of the chain actors **voluntarily shared data, or were supported in sharing data** (e.g. through the development of digital tools that made the traceability or transfer of data easier, were able to access information on how to protect that data, trade secrets and intellectual property rights, or were given model contract clauses that helped protect data and facilitate data sharing by SMEs) this could further support other actors in the chain to verify and increase consumer trust in green claims.

4. Which actions tackling the middle part of the chain should be envisaged? What are the enablers needed to achieve the digital and sustainability transition of the eco-system (particularly for SMEs)?

See responses to questions 2 and 3 above.

5. Are there dynamic SME (Small and Medium sized Enterprises) and start-up communities in the ecosystem contributing to sustainability and digitalisation? How can such communities be supported including at local/regional level?

- Retailers and wholesalers already work with dynamic SMEs and start-up communities.
- Examples are included in the EuroCommerce sustainable commerce website.⁷³
- **Such communities can be supported by ensuring the supply side matches the demand side.**
- To encourage SME retailers and wholesalers to also play a role in the transformation, matchmaking with them on the demand side, **could be encouraged through providing adequate funding to national, local and regional retail and wholesale associations.** They could facilitate connections between relevant clusters.

6. Are there enough collaborative networks or industrial clusters in the ecosystem contributing to sustainability and digitalisation? How could those networks be reinforced?

- See answer to question 5.

⁷³ [Farm to Fork - EuroCommerce](#)

7. ***What synergies between the agri-food ecosystem and other ecosystems can contribute to improving resilience and increasing open strategic autonomy? What actions could exploit these synergies?***
 - See reply to the public consultation.
8. ***Are there strategic dependencies that could reduce the resilience of the ecosystem inside and outside the EU? If there are potential “chokepoints” (dependencies on critical inputs) - are there contingency plans in place to make sure those are addressed?***
 - See comments in relation to food security and diversification. See section 2.1 above.
9. ***How can the ecosystem benefit better from integration in the global economy from the perspectives of supply diversification? What solutions are available for the diversification of supplies (including energy)? How can the agri-food ecosystem improve its overall sustainability and competitiveness performance in international trade (including for food SMEs)?***
 - See comments above in relation to food security and diversification. See section 2.1 above.
 - The potential role of retail and wholesale in enabling access to reliable energy sources at affordable prices should be recognised. See section 2.1 above.
10. ***What are ways to reduce energy consumption, increase energy efficiency and the share of renewable energy (e.g., used for transport, heating and cooling) and promote the collaboration with partners along the system on overall defossilisation?***
 - See answer to question 2.
11. ***How can the circular food economy be boosted? What measures and (new) business models could be adopted to quickly integrate innovative solutions enhancing circularity of materials and resource efficiency?***
 - **Further developing consumer interest in circularity** (e.g. rolling out digital product passports for non-food products including food packaging, increasing the offer of circular packaging models such as bulk or refill sales)
 - **Supporting retailers and wholesalers in capacity building of their suppliers**, e.g. in relation to the use of more recycled or bio-based plastics/materials (see answer to question 3 above) or other circularity models.
12. ***What synergies between the agri-food ecosystem and other ecosystems can contribute to the deployment of a sustainable and circular bioeconomy?***
 - See response to the public consultation.

Questions to stakeholders: Regulations and public governance

1. ***How can governance at all levels improve the situation of food SMEs and facilitate their green and digital transition?***
 - See response to the public consultation.
2. ***Are there unmet needs for business operators in relation to the green transition in the ecosystem? What standardisation actions could accommodate these needs?***
 - See response to the public consultation.
3. ***Are there existing public-private partnerships or other public and/or private initiatives that can support the green transition in the ecosystem by means of digitalisation?***

4. *What synergies could be achieved by better coordination between the different partnerships and initiatives to realise the green transition in the ecosystem by means of digitalisation?*
 - **Matchmaking the supply side with the demand side** could better enable the types of digital solution that are needed in practice. This requires **collaboration** and **dialogue**.
 - Where initiatives **are targetting SMEs**, it is necessary for them to **be communicated** (e.g. use the trusted advisors offered by local associations to reach networks), **free or at a low cost**, **tested** as fit for purpose by SMEs, and **adapted to the level of digitalisation** of the SME.
5. *Have exercises similar to the transition pathway exercise taken place for this ecosystem at a national or regional level (also cross- border) with a focus on the green and digital transition? What could be learned from these exercises to the benefit of this transition pathway?*
 - See response to the public consultation.
6. *Which tools can be fast-tracked (particularly at Member State and local levels) to accelerate the green and digital transition (e.g., permits), particularly when fast responses are needed in critical situations?*
 - **Procedures to grant permits to make structural changes** (e.g. to install solar panels, heat pumps, electric vehicle charging stations), including on commercially rented premises.
 - **Ensure quick implementation and availability of funds** e.g. the European Hydrogen Bank, **to encourage investments** (e.g. the rollout of hydrogen fleets).
 - **Incentives to encourage the installation of solar panels** and the transfer of excess energy back to the grid.
 - **Enabling innovation to come quickly to the market** (e.g. by fast approval of standards, intellectual property protection, lower administrative burdens).

The role of digital tools for a just transition

5. How can social partners be involved in the implementation of sustainability and digitalisation to ensure a successful twin transition?

Initiatives could potentially be explored through sectoral social dialogue. The work programme for the commerce sector is currently being negotiated and will include the sustainability and digital transformation.

R&I and Technological Solutions

1. *Which techniques and technological solutions can be rapidly deployed to increase the efficiency of the agri-food industrial ecosystem in the short run? What existing solutions could help to achieve sustainability and digitalisation of the ecosystem?*
 - See reply to the public consultation.
2. *Which are the most promising and scalable technologies for the ecosystem that could also be deployed by SMEs?*
 - See reply to the public consultation.
3. *What actions are needed to stimulate R&I at national level?*
 - See reply to the public consultation.
4. *What are the unmet R&I (including technology and prototyping) needs in realising the sustainability and digitalisation of the ecosystem? What actions could help meet the identified needs?*

5. Are there barriers to the knowledge and technology transfer from research institutions to industry? What actions could help overcome the barriers?

Improving dialogue and the development of public private partnerships may support this.

6. What techniques or changes to business models could accelerate the sustainability and digitalisation of the ecosystem? What actions could help identify and promote such techniques and business models?

7. What innovation, technologies and partnerships can support pan-European infrastructure for food production?

- Development of new technological solutions.
- Recognition of the role of wholesalers in supporting the clean energy transition (e.g. in electrical and construction wholesale) and greater involvement of them as partners.
- Collaboration, including voluntary data sharing and increased data transparency.
- Improvements in the supply and production of energy efficient options at affordable prices.

8. Are there any critical technologies or technological infrastructures for which special protective measures should be planned (including the development of new innovations)? How can EU programmes, such as Horizon Europe, contribute for this effort?

- Improvements to connectivity (e.g. 5G, fibre optic).
- Improving access to microchips (e.g. for data processors).
- Renewable energy facilities (solar panels, heat pumps).
- Energy efficient apparatus (e.g. light bulbs, electric vehicle charging, hydrogen).
- Bio-based packaging.
- Green energy.
- Smart meters and energy infrastructure and tools (e.g. power purchase agreements).

The Single Market and Infrastructure

1. What events could put at risk the development, expansion or maintenance of the Single Market necessary for the resilience of this ecosystem?

- See response to the public consultation

2. What actions could support the realisation of the Digital Single Market to benefit the food system?

3. What actions could prepare this ecosystem or improve the adaptability for such disruptions?

4. Are there any infrastructure related issues, that suggest bottlenecks may arise in the future that may significantly affect the ecosystem's ability to undertake the sustainability and digital transition?

Retailers and wholesalers are part and users of existing reuse systems, deposit return schemes, collection systems for glass and paper, extended producer responsibility systems and registers for manufacturers and distributors of packaging. **The establishment of new Deposit Return schemes need to avoid hamper the functioning of the internal market, for example by contributing to territorial supply constraints.** Such systems need to achieve both the collection goals and the Internal Market goal to ensure free movement of goods within Member States and cross-border.

Regarding **the infrastructure for collection, sorting and recycling of (packaging) waste** we see **a potential bottleneck in the lack of appropriate infrastructure.** The secondary raw material market will need to be strengthened in the EU to ensure that for example, the volume of recycled plastic is available, affordable and of sufficient quality. **This requires vast**

investments⁷⁴ in upscaling public and private waste sorting and recycling infrastructure in the EU.

5. *What infrastructure improvements can be proposed to ensure quality public infrastructures in the current economic and geopolitical situation? What actions could help meet the identified infrastructural needs (with a special focus on SME-specific needs)?*
6. *As new infrastructures must be adapted to the needs of industry to achieve efficiency of the ecosystem, can clusters be a valuable way to study and collect these needs?*

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⁷⁴ The European Court of Auditors warned in 2020 that significant and concerted action is required if the EU wants to only almost double the amount of plastic packaging waste it recycles by 2030. To cover all packaging requires even more investment.

<https://www.eca.europa.eu/en/Pages/NewsItem.aspx?nid=14480>