# Agri-Food Transition Pathway – Proposed responses to consultation questions

## Sustainable Competitiveness

1. *To what extend do you agree or disagree with the following statement: The EU agri-food ecosystem performs well in comparison to other non-EU countries when it comes to sustainable competitiveness.*

   Disagree/Rather disagree/ Neutral/Rather agree/Agree

   *Please explain your choice (1000 characters)*

   Retailers and wholesalers operate within a legislative framework offered by the Green Deal. This is helpful for the sustainability transformation of the agri-food ecosystem. However, problems exist due to **fragmentation in the Single Market** (e.g. where there is minimum harmonisation and national rules pursue higher sustainability objectives), **lack of a level playing field or competitiveness** with non-EU countries, where there is a **lack of quality legislation** (e.g. the wrong allocation of responsibilities in the value chain, or multiple definitions making compliance harder, lack of due diligence prior to announcements of policy initiatives), a **lack of transparency** (e.g. to enable the verification of sustainability claims), a **lack of support for investment** (e.g. through public financing (subsidies, preferential loans), public-private partnerships, etc. and difficulties in access to finance particularly for SMEs), a **lack of enforcement**, the **high number of reporting requirements,** and the **volume of legislation** with many delays in the adoption of implementing and delegated acts, guidelines, or lack of supporting measures to enable compliance.

2. *Which are the main challenges that the agri-food ecosystem faces in terms of sustainable competitiveness? Please name a maximum of five and explain (1000 characters)*

   1. **Administrative and cumulative regulatory burden**, **lack of support for investment & difficulties with access to finance** (see answer to question 1) and the fact retail and wholesale is often not the recipient of EU funds, the target of national programmes, nor in scope of initiatives (e.g. recent initiatives on net zero which do not target retail and wholesale as the demand side).
   2. **Fragmentation of the Single Market**: minimum harmonisation, lack of enforcement, lack of notification by member states, protectionism, and the action of private actors (e.g. large manufacturers who use territorial supply constraints to fragment the Single Market and reduce the ability of retail and wholesale to freely source in the Single Market).
   3. **Need for a better understanding of responsibility for Scope 3 greenhouse gas emissions.**
   4. **Being at the forefront of crisis:** each of the COVID-19, energy, Russian invasion of Ukraine, inflation, cost of living crisis, etc. affects the agri-food ecosystem. Meaning that actors, such as retail and wholesale, are constantly reacting to crisis, limiting their ability to prepare and invest in the future.
   5. **Low margins & balance with food affordability**: Food retail typically has margins of 1-3% . This compromises the ability to invest, particularly for SMEs. The ability to pass on costs is also limited due to the balance that also needs to be struck with food affordability.

3. *What are the enablers needed to help increase the sustainable competitiveness and resilience of the agri-food ecosystem? Maximum of 5, 2000 characters maximum.*

1. **Support the acceleration of digitalisation**: providing the necessary support and funding to access artificial intelligence-enabled systems and ensuring that regulation allocates responsibilities to the actor who develops the system, not its users; encouraging data sharing based on voluntary arrangements; encourage new technological solutions to increase their availability at reasonable or no cost; make more information available on cybersecurity threats; and ensure those that outsource or use software as a service can contract based on balanced terms of service.
2. **Support the advance to net zero**: providing incentives to switch to green energy providers, match decarbonisation and sustainability targets in legislation or strategies with mechanisms that can support such investment; create incentives to install solar panels and transfer excess energy back to the grid; easier and quicker procedures to grant permits; ensure competition rules are consistently applied and enforced to ensure legal certainty and predictability for those that collaborate across the supply chain; create a common understanding of the scale and scope of Scope 3 emissions and expectations of each agri-food actor; evaluate mobility plans to encourage green alternatives.
3. **Prioritise circularity & waste reduction**: harmonise standards and methods based on what is available in the market; develop public-private partnerships to work in collaboration with supply chain actors to enable circularity;
4. **Build and develop skills** (e.g. through continued engagement with the Pact for Skills, supporting the investment in online learning platforms so skills can be deployed at scale, and expand scholarship/sponsorship/apprenticeship programmes.
5. **Improve the quality of legislation and prioritise a well-functioning and competitive Single Market,** underpinned by effective and efficient enforcement of existing rules, e.g. on free movement or competition.

4. *What synergies between the agri-food ecosystem and other industrial ecosystems can contribute to improving resilience and increasing EU strategic autonomy (from third countries)? Please name a maximum of five.*

1. **A cross-ecosystem approach** can help coordinate policy action, drive partnerships, dialogue and collaboration, help scale initiatives and identify common needs (e.g. skills shortages, experts able to provide certification).
2. **Driving structural reforms** by supporting the member states to put in place infrastructure that will provide the foundations for more resilience and strategic autonomy. For example, 5G, waste collection and sorting facilities, transport infrastructure and mobility plans, and reforms of the education system.
3. A **more robust use of the competitiveness check** and **assessment of cumulative regulatory burden in impact assessments**. This can ensure that the impact of sectoral competitiveness, including where a sector may be indirectly affected, is carried out using Better Regulation Toolbox 21 more effectively. The agri-food sector can be particularly affected by multiple types of regulation due to its complexity (e.g. dealing with a multitude of products, transport, logistics, use of chemicals, health and safety, etc.).
4. **Improve policymakers' awareness and assessment of the implications for businesses and lead-in times for the implementation** of regulations, **including tracking the other expectations on the ecosystem** that come from other pieces of legislation. This could help reduce cumulative burden or ensure sufficient time is afforded for implementation, particularly where penalties apply for non-compliance.
5. **Reduce delays in providing support materials for implementation** (e.g. implementing acts, delegated acts, guidelines); or adjust implementation dates accordingly. This is especially important where rules apply across complex supply chains to enable time to work with suppliers, including those in third countries. It also requires coherence and a clear division of obligations and liabilities. Involvement of stakeholders in the process of developing delegated and implementing acts to the strengthened.

5. *What are the main challenges the agri-food ecosystem has to overcome during (potential) crises? Please name a maximum of five and explain.*

This would depend on the nature of the crisis. Recent experience highlights the importance of the following to the agri-food ecosystem operation:

1. **Open borders**
2. **National protectionist initiatives that may fragment the Single Market**
3. **Clear communication and stakeholder involvement**

4. **Quick and effective enforcement**
5. **Fast-track notification procedures**

In addition, the work of the EFSCM should be taken into consideration in assessing the challenges, as well as the EuroCommerce contribution to the Single Market Emergency Instrument (see: [Safeguarding the Single Market freedoms during times of crisis (eurocommerce.eu)](#)).

6. *What solutions are necessary to foster a more resilient agri-food ecosystem to external shocks and address the above-named challenges? Please name a maximum of five. 2000 character(s) maximum*

   See reply to question 3.

7. *What can be done to support Small and Medium Enterprises (SMEs) to be more competitive and sustainable?*

   **Encouraging and supporting collaboration with other supply chain actors.** By **unlocking the potential of retail and wholesale as a driver of technological and sustainability transformation,** SMEs could be supported through:

   - Retailers and wholesalers having their investments supported so they can **develop 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:
     o decarbonise manufacturing and advance other aspects of sustainability (e.g. resource efficiency, biodiversity) and increase sustainable options.
     o to use more recycled or bio-based plastics/materials in plastic packaging or products and promote waste reduction.

   See the attached EuroCommerce position paper and responses to the questions to stakeholders for further information.

8. *Are you aware of any activities (legislative initiatives, industrial projects, etc.) taking place in your region/country that contribute to the green and digital transition of the agri-food ecosystem? If so, please name a maximum of ten.*

## Public governance
9. *How can governance at all levels improve the situation of food SMEs and facilitate their green and digital transition?*

   - **Ensuring competition rules and their enforcement provide legal certainty and predictability** on how actors can collaborate across the supply chain. This requires consistent interpretation and enforcement by the member states of guidelines, such as the Horizontal Block Exemption Regulation and guidelines, and the forthcoming guidelines related to Article 210 of the CMO Regulation. Where there are doubts the European Competition Network should take a role in discussing best practices. The recent decision by the German Competition Authority in relation to the Initiative Tierwohl prohibited a practice, which otherwise would have been permitted under the Commission guidelines.
   - **Providing regulatory sandboxes** where necessary to test collaboration without falling foul of competition rules and the prompt issuing of **comfort letters** that can offer legal certainty**.**
   - **Enabling transparency** for example, where negotiations are conducted through intermediaries (e.g. producer organisations) and retailers and wholesalers are not aware of how the price they pay is distributed to the producers, many of whom may be SMEs.
   - **Provide necessary funding and support to access artificial intelligence-enabled systems**.
   - **Encourage data sharing based on voluntary arrangements.**
   - Ensure that those that outsource or use software as a service (e.g. for cloud computing, artificial intelligence, or data) can contract those services, especially where there are limited number of service providers, based on **balanced terms of service**.

10. *Are there unmet needs for business operators in relation to the green and digital transition of the ecosystem? What standardisation or other actions could accommodate these needs? Please name a maximum of ten.*

1. **Harmonised standards and methods** based on what is available on the market (e.g. GS1, benchmarking, international standards), that could enable other actors in the supply chain to better **explain the sustainability of products** and increase consumer trust.
2. **Easier and quicker procedures to grant permits** to allow structural changes to premises (e.g. to install solar panels, heat pumps) including on commercially rented premises.
3. **Incentives to encourage the switch to green energy providers.**
4. **Matching targets in legislation and strategies**
5. **Creation of a common understanding of the scale and scope of Scope 3 emissions** and expectations of the ecosystem.
6. **Creation of incentives to encourage the installation of solar panels** and transfer the excess energy back to the grid (e.g. through input tariffs to make this attractive).
7. **Streamlining reporting requirements** and reducing administrative burden.

11. *What other exercises similar to this agri-food transition pathway exercise have or are taking place at a national or regional level with a focus on the green and digital transition?* **Name a maximum of five.**

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## Social Dimension

**Answers are not proposed for this section (except for a cross-reference to sectoral social dialogue), given the focus on the middle of the chain. Answers will be provided for similar questions for the retail ecosystem transition pathway.**

12. *What are the main social challenges of the agri-food ecosystem (e.g., precarious employment, safe working conditions, access to the labour market for young people, migrants, people with disabilities, gender balance, gender pay gap, etc.)?* **Please name a maximum of five and explain.**

13. *What enablers are needed to strengthen these social factors in relation to the agri-food industrial ecosystem?* **Name a maximum of ten and explain.**

14. *What actions can be taken to support the workforce and increase the attractiveness of the ecosystem for young talent?* **Name a maximum of five.**

15. *How can social partners be involved successfully in the sustainability and digital transition and help overcome possible social barriers?*

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.

## Research & Innovation

16. *What existing solutions could help improve the sustainability and digitalisation of the ecosystem? Please name a maximum of ten and explain.*

17. *Which are the most promising and scalable technologies for the agri-food ecosystem that could also be deployed by SMEs? Please name a maximum of ten and explain.*

   **1. Artificial intelligence systems.**
   **2. Improving communication networks:** This will help better monitor sustainability criteria.

18. *What actions are needed to stimulate R&I at national level? Please name a maximum of ten and explain.*

1. **Clearer information on access to finance:** Increasing the availability of simple and easy to understand information on what funds are available for investment or where and how public private partnerships could be entered. This should be coupled with quick approvals and minimal requests for information.

2. **Less complicated procedures to access finance:** Reducing the complexity and the administrative burden associated with access to finance (e.g. reducing reporting burdens, simplifying applications, introducing one-stop shops, using public information where available, improving the transfer of data (subject to consent) between different parts of public administration to ensure a once-only principle, providing advisors).

3. **Partnering with associations:** working in partnership, as well as financially supporting associations, to help support businesses understand the opportunities and availability of funds to help investment in R&I.

4. **Reducing risk:** For example, ensuring competition rules remove the first mover disadvantage, which requires quick provision of comfort letters, regulatory sandboxes, and consistent enforcement of HBER/sustainability guidelines, to encourage collaboration. Ensuring that loans and guarantees offer favourable terms and conditions to reduce exposure in case things do not go to plan.

5. **Reducing overall administrative burden:** Increasing the capacity for investment by reducing the costs of compliance and freeing up resources for investment (e.g. better regulation).

6. **Increasing opportunities for investment:** For example, enabling the whole of industry to benefit from access to finance and support for investment, not just SMEs and start-ups.

7. *Match-making the development of new products and technologies with the potential end-users*: to ensure they are suited to the market's needs and work together in partnership with retail and wholesale. Retailers can support the pre-validation of new products with consumers to help avoid failure when innovation comes to the market.

8. **Better understanding of barriers to investment:** Given the low rate of Horizon projects, understanding why there is a low take up and action to address/find solutions could increase and stimulate R&I.

19. *What techniques, best practices or business models could accelerate the sustainability and digitalisation of the ecosystem?*


# Single Market and Infrastructure

20. *What events or issues could put at risk the development, maintenance or expansion of the Single Market for food and drinks? Please name a maximum of five.*

   1. **Fragmentation via national product legislation** e.g. labelling requirements (front of pack labelling, national labels, sustainability labels, etc).
   2. **Fragmentation via national services legislation** e.g. Loi Descrozailles in France, Romanian UTP Directive transposition
   3. **Excessive inspections that force retailers to change their behaviour in an unjustified way** e.g. to sell more local products, lower prices, etc.
   4. **Territorial Supply Constraints.**
   5. **The restriction of the operation of retail alliances in the Single Market.**

21. *What initiatives related to market barriers could improve the ability to adapt to such issues to strengthen the agri-food ecosystem particularly for SMEs? Please name a maximum of five.*

   1. **All national laws affecting the free movement of goods and services should be notified and accompanied by an Impact Assessment.**
   2. **Evidence-based policy making** will make it clearer how legislation may affect SMEs. In certain cases due to new legislation, food retailers have to discontinue longstanding good relationships with SMEs because SMEs cannot meet the new legal requirements (e.g. payments, supply, labelling, etc).

22. *What actions can be taken at national and local level to ensure the proper functioning of the Single Market for the agri-food ecosystem? Please name a maximum of five.*

Respect the **better regulation principles and rule of law**:
1. Ensure **proper involvement and consultation** of all stakeholders in the decision-making process.
2. **Improve quality of legislation**:
   - **Local decision-makers should not adopt a law which they know infringes EU law,** which happens regularly.
   - **National transposition laws should not go beyond the minimum requirements** and not introduce new unrelated measures.
3. **All national (draft) measures should be notified** to the Commission with an impact assessment.
4. **Ensure a well-functioning local judiciary**: in certain Member States companies cannot get proper redress via local courts: cases take too long, are not taken up, prohibition refer a case to the CJEU, etc.

23. *What infrastructural improvements can be proposed to ensure a stable and efficient infrastructure for the agri-food ecosystem in the current economic and geopolitical situation? Please name a maximum of five.*

# Skills

24. *What are the skills needed for the agri-food ecosystem to achieve sustainability and remain resilient? Please name a maximum of ten.*

25. *Are you aware of such initiatives on national or regional level? If so, please name a maximum of ten*

26. *How can Social Dialogue (employers' and workers' negotiations) be used in the development of skills strategies relating to sustainability and resilience?*

## Investments and Funding
27. *What are the main investment needs of the ecosystem? Please name a maximum of five.*

*1.* **Digitalisation:** to enable IT systems to be upgraded and cybersecurity strengthened, investment in building digital channels (ecommerce) or developing new business models, automation, and deployment of advanced analytics.
*2.* **Modernisation of real estate:** to take on new functions and accommodate new business models, or offer a seamless omnichannel experience, and have adapted, expanded, relocated, and new warehouses and fulfilment centres to support distribution of agri-food products.
*3.* **Advancements to Net Zero**: to enable investment in clean energy solutions (e.g. solar panels, heat pumps), to enable access to wind power, refurbishment of real estate, switching fleets and last-mile delivery to greener alternatives, and developing capacity building programmes to support suppliers advance to net zero.
*4*. **Circularity & Waste Reduction:** to enable investment in infrastructure to collect, sort, reuse and recycle and achieve higher rates of closed loop recycling; develop consumer interest in circularity (e.g. through digital product passports, offering new business models such as bulk and refill); developing capacity building programmes to support suppliers use of recycled materials in packaging.
*5*. **Skills:** to enable investment in training programmes at scale; expansion of scholarship/sponsorship/apprenticeship programmes; to collaborate with education and training institutions and local associations to develop learning initiatives; and run campaigns to attract talent.

28. *Which new investment needs have emerged in the agri-food ecosystem to mitigate the effects of the current economic and geopolitical situation?*

- **Acceleration of the advance to net zero:** investments in improving energy efficiency; harnessing the potential to generate clean energy (e.g. from real estate); investment

in innovation (e.g. reducing the carbon footprint of private label products, collaboration in the food supply chain); smart solutions (e.g. in refrigeration).

- **Diversification of supply chains:** investments in risk assessments, development of alternative supply chains.
- **Consumer education:** investment to better educate and inform/nudge consumers toward more sustainable choices and practices, reductions of food waste, etc.
- **Advanced analytics:** investment in IT infrastructure to increase resource efficiency (e.g. to optimise routes and truck loads, to improve demand forecasting, improve pricing).
- **Sector attractiveness:** investment in campaigns to attract (e.g. data scientists, skilled labour) and showcase the sector as a place for career development; development of initiatives (e.g. apprenticeship schemes) to lead more graduates to a career in the sector.

29. *Are there any systemic barriers specifically for the agri-food ecosystem to access to funding or investments, both private and public (particularly for SMEs)? Please name a maximum of five.*

1. **High number of SMEs** in the agrifood sector with limited resources and skills to access funding **and typically low margins** in the agri-food ecosystem.
2. Responsibilities in relation to **food affordability**, which restrict the ability to pass on costs to consumers and squeeze margins, limiting the ability to invest.
3. **Pressure from competitive markets** and competition by online pure players/disruptive new business models, sometimes compounded by the lack of a level field with non-EU players.
4. **Investment typically targeting manufacturers** compared to services and a greater focus on innovative **startups.**
5. **Onerous requirements** which result from legislation (e.g. Corporate Sustainability Reporting Directive), which makes it difficult for SMEs who also lack financial literacy, time and knowledge to access funding or present their business case or may not have the knowledge or expertise to comply with legislative requirements.

30. *What actions could help overcome these barriers? Please name a maximum of five.*

- **Enabling supply chain finance:** Avoiding regulatory action that compromises freedom of contract in the proposal for a Regulation on Late Payments or the Unfair Trading Practices Directive, which could restrict payment terms or introduce stricter caps that compromises the efficiencies brought to suppliers and buyers in the form of access to finance through supply chain finance that helps cash flow.
- **Support from EU and national governments:** For example, through making fiscal incentives, subsidies, loans and guarantees available directly to companies and their representative associations, entering into public private partnerships, providing clearers guidance and help on how to (easily) access EU, national, R&D and innovation programmes and eliminating the complexity and administrative burden linked to programmes (e.g. the uptake of European Social Fund financing by SMEs).
- **National programmes focussed on the ecosystem** to encourage and support investment, support the uptake of skills training.
- **Empowering local associations:** With funding, associations can offer digital maturity assessments or training in basic skills; create partnerships with initiatives such as European Digital Innovation Hubs; provide tools to measure the impact and cost of different decarbonisation measures; share information to help companies make more sustainable choices; offer sustainability maturity assessments; help companies find talent or trusted partners to outsource functions to; obtain and share market insights.

- **Raising awareness & streamlining access to financial assistance**: At the EU level, such as the ESF+ and the Recovery and Resilience Facility (RRF), for business associations/employers' organisations, and equivalent national funds.

31. *What are the most relevant funding schemes (in terms of impact) at EU and national/regional level for the agri-food ecosystem? Please name a maximum of ten.*

32. *What actions are needed to make those schemes more accessible? Please name a maximum of five.*

   - Reduction in administrative burden.
   - Better communication.
   - Sector-specific initiatives/
   - Advisory services.
   - Simpler procedures.

33. *What actions can the private sector take to make the agri-food ecosystem particularly attractive for investors? Please name a maximum of five.*

   - Develop digital tools that could enable SMEs to more easily collect financial data that could help them make a business case for investment (e.g. to support SMEs that may not have a full set of entrepreneurial skills or financial literacy).

34. *What measures could be proposed to incentivize public and private investments in agri-food SMEs?*

35. *What information and advice on funding and investment opportunities are needed by stakeholders?*