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From: Presidency
To: Permanent Representatives Committee/Council

Subject: Challenges faced by the EU food chain
– *Information from the Presidency*
– *Exchange of views*

With a view to the Council meeting ("Agriculture and Fisheries") on 21-22 October 2024, delegations will find in the Annex a note from the Presidency on the above-mentioned subject.

Challenges faced by the EU food chain

Information from the Presidency

The EU food chain, which includes agriculture, food and beverage processing, wholesale and retail of food and beverages, as well as catering, employs 29 million people (14% of persons employed in the EU) and creates 800 billion EUR in value added (20% of gross value added in the EU).¹

EU food chain operators² face expected and unexpected challenges throughout their operations. The increase in the spread of animal diseases (e.g. African swine fever, avian influenza) and plant pests (e.g. *Xylella fastidiosa*) has occurred quite unexpectedly – as highlighted at the EU-Western Balkans Summit of Veterinary Services and the Meeting of EU Chief Plant Health Officers, both held in Budapest this autumn. Competent authorities' emergency actions to prevent potential veterinary/phytosanitary crises amounted to more than 900 million EUR in 2021-2022 only³. The economic losses of food chain operators due to epidemiological measures, movement restrictions and export bans are not included in this amount.

¹ Key figures on the European food chain, Eurostat, 2023

² 'Food business operators' as defined in Article 3 of Regulation (EC) 178/2002; 'operators' as defined in Article 4 of Regulation (EU) 2016/429; 'professional operators' as defined in Article 2 of Regulation (EU) 2016/2031

³ Based on Member States' grant applications

The Single Market Programme⁴ sets out the legal basis for the EU contribution to these actions. Based on previous years, the annual amount of co-financing was set at 40 million EUR for the EU with a co-financing rate of 50-75% (based on the GNI per capita of the requesting Member States). The Commission services have made considerable efforts to reallocate the available funds, as requested by a large majority of Member States at the Council (Agriculture and Fisheries) meeting on 17 and 18 October 2022⁵. Nevertheless, the overall budget for co-financing has already been set until the end of 2027 in the current MFF, which resulted in reduced rate of co-financing. However, the spread of emerging and re-emerging diseases and pests (Bluetongue, Peste des petits ruminants, etc.) continues to pose challenges to EU food chain operators and national competent authorities, as reiterated in the Council conclusions on the Union co-financing of phytosanitary and veterinary programmes and emergency measures adopted on 24 June 2024⁶.

Besides economic factors, the prevention of animal diseases is also crucial in the fight against antimicrobial resistance. Antimicrobial resistance, which is one of the most complex One Health issues worldwide, not only threatens human health, but also strongly affects food safety and food security.

The Single Market is one of the greatest achievements of European integration. It has facilitated the daily lives of European businesses and citizens, including their travel, purchase, and career opportunities. More than thirty years after its creation, the Single Market remains an essential tool for growth, prosperity, and solidarity in the EU. However, as in other cases, the will and desire for improvement can never be excluded.

⁴ Regulation (EU) 2021/690 of the European Parliament and of the Council of 28 April 2021 establishing a programme for the internal market, competitiveness of enterprises, including small and medium-sized enterprises, the area of plants, animals, food and feed, and European statistics (Single Market Programme) and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014 and (EU) No 652/2014

⁵ 13491/1/22 REV 1

⁶ 11601/24

One of the recommendations highlighted by former Italian Prime Minister Enrico Letta⁷ is to improve the quality of information to help consumers make informed purchases. Already a decade ago, 901 voluntary food labelling schemes were identified⁸ across the EU, and their number has increased since then. More and more new aspects are giving rise to public or private initiatives aiming to provide more information on supply chain circumstances (welfare in production, pesticide residues, carbon footprint, etc.). Non-harmonized initiatives could better reply to local/regional, or sectoral information needs, however EU food chain operators could better harvest the benefits of the Single Market with harmonized solutions. The possible information overload faced by consumers should also be taken into account.

The European Green Deal and the Farm to Fork Strategy⁹ provided for the development of Green Alliances on sustainable food systems between the EU and all its partners in bilateral, regional and multilateral fora. Despite the inclusion of provisions on Trade and Sustainable Development and/or Sustainable Food Systems in newly negotiated bilateral trade agreements, the trade implications as regards disparity between EU and third country production standards vary considerably between veterinary/phytosanitary issues and animal welfare, sustainability and consumer information issues.

Do you share the list of challenges highlighted, do you see other major challenges that the EU food chain could face in the coming years?

In your view, which measures would add value and help reconcile the competitiveness of the EU food chain, while continuing to provide safe and nutritious food in sufficient amount to EU citizens?

⁷ Former Italian Prime Minister Enrico Letta's report on the future of the Single Market, 2024

⁸ Consumer market Study on the functioning of voluntary food labelling schemes for consumers in the European Union EAHC/FWC/2012 86 04, 2013

⁹ Communication of the Commission 'A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system', 2020