

Sustainable food system framework initiative

A DAIRY TRADE PERSPECTIVE

Eucolait supports the shift towards increasingly sustainable food systems and the overall objectives of this initiative. We have followed the progress of the EU's Farm to Fork strategy (F2F) with interest and were actively involved in the discussions around and are a signatory of the Code of Conduct for responsible business and marketing practices.

From our perspective, the starting point needs to be an honest and thorough assessment of where Europe's food system stands in terms of its sustainability performance. There should also be recognition of the actions already taken by operators in the food supply chain to move towards climate neutral and circular business models, to reduce waste, to further improve animal welfare or to increase nutritional and health benefits through innovative products. The "shift to a sustainable food system", as mentioned in the roadmap, does not start from scratch.

Dairy is one of the most important agricultural sectors in Europe, be it in terms of its economic weight, its role for rural communities and landscapes or its contribution to healthy and balanced diets. Within the dairy sector, trade plays an important part by matching supply and demand and ensuring the best possible valorisation of all milk components, thereby increasing the efficiency of the market and reducing food waste.

Eucolait welcomes the integrated food systems approach laid out in the roadmap and is not opposed to a horizontal regulatory framework at EU level. However, we also believe that regulatory intervention should be limited to areas where there is a proven need for it. As a general principle, incentives should be prioritised over regulation, carrot over stick. A market driven strategy focusing on outcomes and providing businesses with the right tools and financial incentives, encouraging investment in new technologies for instance, is bound to be more efficient and less trade disruptive than regulating all aspects of the food supply chain.

A truly sustainable food system in the EU should encompass all three pillars of sustainability: people, planet, and profit. Consideration for economic sustainability appears to be somewhat lacking in the roadmap and yet the progress on the other two pillars can only take place if a

business is also economically viable. Additional costs in the short to medium term must not be so great as to render the transition impossible. The extra costs that are entailed within a move to more sustainable food systems need to be accompanied by appropriate 'pull factors' in the form of financial support, tax rebates etc.

The climate crisis is a global one, necessitating a global response, including addressing deficiencies in the global food system. Cooperation with trading partners, bilaterally and especially within the relevant international organisations to raise global standards will be crucial. EU food policy must not lead to a scenario where food production in Europe is being scaled down and replaced by increased output in places with less environmentally friendly practices. It is good to be a first mover but if the gap between the EU and certain third countries is too big, externalization of unsustainable practices is likely to take place. Any initiatives taken should be fully WTO compliant and sensitive to the balance that must be struck between the measures applying to products placed on the EU market on the one hand and maintaining competitiveness on the world market and our reputation as a reliable trading partner on the other hand. Care must be taken to ensure minimal disruption to supply chains and minimal backlash from third country partners who may, directly or indirectly, be exposed to the consequences of policy changes on EU level.

Moreover, we wish to reiterate the importance of trade for food security and for well-functioning sustainable supply chains. It is evident that numerous food products, including dairy, need to be redistributed from surplus to deficit regions. It is not economically or environmentally viable to produce milk in all parts of the world, and certainly not in the exact quantities required by the population of each country or region. The environmental impacts of transport are offset by far by the differences in environmental footprint per kg of milk produced between regions well suited for milk production and those less suitable. Local foods and short supply chains are trendy concepts, but neither can be used as proxy for lower GHG emissions or better environmental performance in general. Each product needs to be assessed on its own merits instead of taking a blanket approach. In this context, we completely reject any suggested link between mandatory origin labelling and sustainability. The mistake of equating 'local' production with 'sustainable' production must not be made.

We agree with the need for a robust, resilient, and sustainable food system. In our view, this requires a combination of EU initiatives, mainly in the form of incentives, and strong cooperation with other key actors on the global stage to make sure everyone is pulling in the same direction. As the leading actor in global trade in agricultural products, EU is well placed to push for global standards and commitments, while avoiding disruption of global supply chains that are a prerequisite to food security.