

POLICY PRIORITIES FOR THE AGRI-FOOD SECTOR IN EUROPE

Perspectives of the European vegetable oil and protein meal sector



Foreword

Global demand for food is expected to increase dramatically in the coming decades, fuelled by rapid population growth, rising incomes and changing consumption patterns, especially in emerging economies.

At the same time, agricultural production is under severe pressure in different ways. Factors ranging from climate change and diminishing yields to competing demands for food, feed and biomaterials risk creating bottlenecks and disruptions in supplies.

These challenges require considered, coordinated and forward-looking responses – with policymakers, industry and civil society working together to identify the most appropriate solutions.

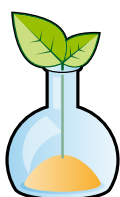
The European vegetable oil and protein meal industry is a central link in bioeconomy value chains. Striking the right balance between satisfying an increased demand for food and feed, while harnessing the potential of emerging bio-industrial solutions, is at the heart of both the opportunities and challenges faced by our sector.

FEDIOL members believe that a sustainable, innovative and efficient EU agri-food system is critical to ensuring security of supply in and outside the EU. **As a sector, we are committed to engaging with supply chain partners, policy makers and other stakeholders, to find collective responses to common challenges.**

John Grossmann
President, FEDIOL

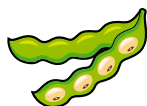
Executive summary

As the EU enters a new five-year legislative term, which will be critical in shaping the future of Europe on many fronts, FEDIOL calls on MEPs and Commissioners to support the transformation of our food system and unleash the potential of a sustainable bioeconomy in the following ways:



Fostering an environment for safety, quality and innovation in Europe

- **Maintaining the highest safety standards via a science-based approach** based on EFSA opinions, while allowing for the most effective combination of regulation, self-regulation and co-regulation.
- **Empowering consumers to make informed choices through effective food labelling**, driven by health and nutritional considerations, rather than other politicised and potentially counterproductive approaches.
- **Harnessing innovation to produce more with less**, through a policy framework that provides farmers with access to new technologies and leverages the potential of plant breeding innovations.



Driving sustainable use of agricultural raw materials in Europe

- **Addressing Europe's protein deficit**, via a comprehensive protein plan that ensures consistency across different policy areas and creates market incentives for higher production of protein-rich crops.
- **Maximising the value of bio-materials to contribute to global sustainability goals**, by fostering policy synergies to ensure sufficient supply of biomass and putting in place concrete measures to promote the production and consumption of bio-based products.



Promoting responsible supply chains around the world

- **Driving best practices and supporting European competitiveness through trade and cooperation**, by promoting sustainable models outside the EU in areas such as pesticides and consistently assessing the impact of domestic regulations on global supply chains.
- **Supporting public and private cooperation to tackle unsustainable production practices in value chains**, including availing of different development cooperation instruments to work with partner countries in combatting deforestation at source.



FEDIOL, the EU vegetable oil and proteinmeal industry association, represents the interests of the European oilseed crushers, vegetable oil refiners and bottlers.

FEDIOL members are 12 national associations and associated company members in 5 other EU countries. With about 180 facilities in Europe, the sector provides 20,000 direct employments. Its members process approximately 55 million tonnes of commodities a year, both of EU origin and imported from third country markets. The sector crushes oilseeds, notably rapeseed, sunflower seed, soybeans and linseed into oils and meals and refines those crude oils from crushing and crude tropical oils, notably palm oil, palm kernel oil and coconut oil. The meals and the crude and refined oils are sold for food, feed, technical and energy uses essentially on the European market.

Our Manifesto

Fostering an environment for safety, quality and innovation in Europe

Science and innovation are at the core of our sector's vision to supply safe and nutritious products in a sustainable way. Delivering on this ambition requires a regulatory framework that fosters innovation, while ensuring the highest standards in safety, and empowers consumers to make informed choices on the back of evidence-based policy making. FEDIOL supports and contributes to policy discussions by sharing expertise and promoting greater transparency and best practice across supply chains.

1. Maintaining the highest safety standards via a science-based approach

Food and feed safety is the #1 priority for FEDIOL members. Safety standards in Europe are already among the highest in the world. However, our members are continuously looking to improve the safety performance of products and process, wherever technically feasible and scientifically justified.

FEDIOL calls upon legislators to apply a science-driven and risk-based approach based on EFSA opinions in all food and feed safety issues. Such an approach should build on the sectors' know-how and leave space for self-regulatory or co-regulatory approaches (guides or codes of practice) that can foster innovation and either complement existing regulation or inform the development of new rules. **An example is the voluntary initiative of an entire supply chain, which helped reduce glucosinolate levels in rapeseed meal and contribute to more nutritious, easily digestible, higher quality feed.**



The EU system should also strive to be as efficient as possible. This includes assessing risks to food and feed rapidly and effectively, to ensure the smooth flow of raw materials and transformed products.

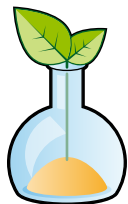
Finally, FEDIOL supports a General Food Law which ensures transparency in the risk assessment and management process. At the same time, as the system relies on the voluntary provision of sensitive company data in non-regulated sectors, protecting confidentiality where appropriate can contribute to better quality data and enhanced consumer safety.

FEDIOL calls for:

- Science-driven and risk-based policy making, based on EFSA opinions.
- Openness to the most effective combination of regulatory, self-regulatory and co-regulatory approaches.
- A transparent risk assessment and management system protective of confidential information.

2. Empowering consumers to make informed choices through effective food labelling

Vegetable oils and fats play an important role in a healthy and balanced diet. EU labelling and nutrition policies should be conducive to investment in innovation that can lead to technological advances and enhanced nutritional benefits from their use in different foods.



Customers' and consumers' concerns, preferences and requirements drive how we operate as an industry. For example, industry initiatives to define best practice for refining and reformulating oil blends have proved very effective in responding to public health concerns on trans-fatty acids (TFA) across a number of EU countries, thereby reducing TFA levels significantly.

Regulators can help consumers make healthy and informed choices through effective labelling and nutrition policies. Nevertheless, food labelling policies can be driven by considerations that go beyond health and nutrition concerns and/or scientific evidence. Requirements such as a mandatory country of origin labelling, or poorly substantiated nutrient profiles, can negatively impact the development of nutritionally enhanced products and ultimately prove counter-productive.

Mandatory country of origin labelling risks misleading consumers on a non-substantiated link between safety or quality and a specific origin. Quality is dependent on the know-how of a refiner, while processing removes natural components that would otherwise affect the taste, colour, odour, safety and stability of the oil.

Meanwhile, in areas where regulation already exists or is under development, such as maximum levels for TFAs, maintaining labelling requirements for partially/fully hydrogenated oil would be redundant and even confusing for consumers.

FEDIOL calls for:

- A regulatory framework conducive to technological advances that enhance the quality of food.
- Food labelling requirements that empower consumers to make informed choices.

3. Harnessing innovation to produce more with less

Increased global demand for food, feed and renewable energy, creates additional pressure on the EU to produce its fair share of the agricultural raw material to meet the needs of a growing global population. This challenge requires collective efforts to address diminishing or stagnating yields and encourage generational renewal to prevent farmland abandonment. At the same time, climate and environmental considerations are increasing pressure to produce more food with fewer inputs.



Agro-technologies, including digitalization, precision farming, and plant breeding innovation, are essential to the development of smart agriculture and sustainable intensification of production. Allowing farmers access to these new technologies is essential. This requires a policy framework that is open to new technologies.

It has become increasingly clear that the EU's GMO directive is no longer fit for purpose. FEDIOL believes that plants obtained with new breeding methods should not be considered GMOs when they could also have been obtained through earlier breeding methods or resulted from spontaneous processes in nature.

FEDIOL calls for:

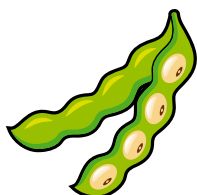
- Access for farmers to new industry technologies.
- Plant breeding innovations to be treated differently to GMOs, in order to leverage their potential to contribute to sustainability goals.

Driving sustainable use of agricultural raw materials in Europe

The challenge for policy makers and industry is to strike the right balance between production of raw materials for food, feed and industrial purposes. With global demand for protein expected to continue to rise, the EU should adopt coherent policies and regulations to promote the production of protein-rich crops. In parallel, effective market measures can help unleash the potential of the bio-based industrial sector and foster the transition to a sustainable economy in Europe.

4. Addressing Europe's protein deficit

Europe faces a large deficit in protein-rich crops, while global demand for protein is expected to rise substantially in the coming years. To meet this challenge, the EU should look to increase production of crops that are suited to the European climate, while maintaining an effective trading system that complements domestic production. Targeted market incentives and coherent regulation will be essential in this regard.



Production should focus on crops that already produce protein-rich products, such as rapeseed, soybean, sunflower and linseed. Further technological advances are needed to enhance the economic viability of cultivating specific protein crops, such as field peas, beans, pulses and lupines, which are more sensitive to certain pests and require a longer rotation to maintain yields.

From a regulatory standpoint, consistency and coherency are essential to ensuring that access to existing protein sources is not impaired by conflicting legislation in different policy areas. To this end, FEDIOL supports a comprehensive EU Protein Plan that would link all different EU policies with a direct or indirect connection to protein supply.

FEDIOL calls for:

- A comprehensive EU Protein Plan that ensures consistency and coherency among related legislations.
- Market incentives to achieve a higher production of protein-rich crops, based on maintaining existing and expanding soybean production in the EU.

5. Maximising the value of bio-materials to contribute to global sustainability goals

Sustainably produced agricultural raw materials can make a significant contribution to decarbonisation and broader sustainability objectives. Bio-industrial solutions also have the potential to drive growth and create quality jobs in the EU.



The vegetable oil and protein meal industry is a central link in the bioeconomy. Through the processing of agricultural raw materials, EU oilseed crushers and refiners produce food and feed as well as bio-chemicals, biofuels and other bio-materials. Companies within our sector operate as bio-refineries and convert agricultural biomass into bio-materials with a continuous production process.

However, the lack of a level playing field with fossil-based chemicals constitute a substantial barrier to the development of the renewable sector.

FEDIOL members are committed to contributing to the objectives of the new European Bioeconomy Strategy. The key to the success of this strategy will be “joined-up thinking”. Synergies between different policies can help ensure the supply of sufficient quantities of biomass through smart and productive agricultural systems. Furthermore, market incentives for the uptake of bio-based products can facilitate the establishment of a long-term sustainable circular bioeconomy in Europe, while communication and standardization can support its further recognition.

FEDIOL calls for:

- Market-creation measures geared towards increasing funding and improving coherence of financing mechanisms for the bioeconomy.
- Promotion of bio-based products vis-à-vis their fossil-based counterparts.

Promoting responsible supply chains around the world

The EU has a key role to play in championing fair trade and promoting sustainable development around the world. This requires not only external trade and development policies that help address unsustainable practices in third countries, but also assessing the impact of domestic regulations on global supply chains.

6. Driving best practices and supporting European competitiveness through trade and cooperation

The EU is constantly looking to broaden and strengthen its trading relationship with third countries. However, in certain sectors it risks being cut off from international markets as a result of regulation that significantly diverges from practices in other parts of the world.

The impact of EU regulatory changes on the ability of operators to continue sourcing from global markets needs to be assessed with great care. Overlooking external effects of domestic policy initiatives risks leading to unintended consequences, such as the outsourcing of processing capacities and imports of products processed from the very same raw materials that EU operators cannot access.



A case in point is when the EU Maximum Residue Level of the haloxyfop active substance used for pest control in linseed was reduced through a regulatory process that was difficult to follow. European SMEs processing the crop realized that they would be essentially cut off from their main supply markets (Kazakhstan, Russia) only when the decision was made public. Attempts to encourage a change in local farming practices in a very short space of time proved impractical. More than one and a half years elapsed between the introduction of the dossier and the corresponding EFSA assessment, while the approved import tolerance, initially meant to be published in the official journal in March 2019, has been delayed by an objection in the European Parliament. This is just one example of how a regulatory process can be detached from business realities.

In a competitive, global environment where Europe is no longer the leading importer of oilseeds, EU crushers alone do not have sufficient weight to influence pesticide practices in sourcing areas. Active support is therefore needed from EU policymakers to engage with trading partners with a view to promoting a sustainable pesticide model outside the EU.

FEDIOL calls for:

- A robust trading system to balance markets and meet supply needs.
- Thorough impact assessments prior to important EU policy changes and proposals that foresee potential mitigation measures.
- Engagement with EU trading partners to promote a sustainable approach to the authorisation and use of plant protection products.

7. Supporting public and private cooperation to tackle unsustainable production practices in value chains

A range of corporate initiatives has been put in place to respond to challenges of deforestation and peat land expansion in tropical and sub-tropical areas in the absence of local enforcement of forest protection legislation.

Tackling illegal deforestation requires cooperation between governments in countries of origin and in destination markets. With the involvement and active support of official authorities, initiatives by private actors can benefit from a multiplier effect, gain better visibility and momentum, and help deliver comprehensive and lasting results.



The vegetable oil and protein meal industry is actively engaged in initiatives and commitments aimed at curbing illegal deforestation in its supply chains. Over the past decade, in partnership with other stakeholders, companies within our sector have developed basic criteria for the sustainable production of palm oil and soybean through initiatives such as the Roundtable on Sustainable Palm Oil (RSPO) and the Roundtable on Responsible Soy (RTRS). Third party certification has been set up to provide a minimum assurance that these criteria are respected. However, despite being a useful accelerator of changes in behaviours, experience shows that certification alone cannot solve all sustainability issues in agriculture practices.

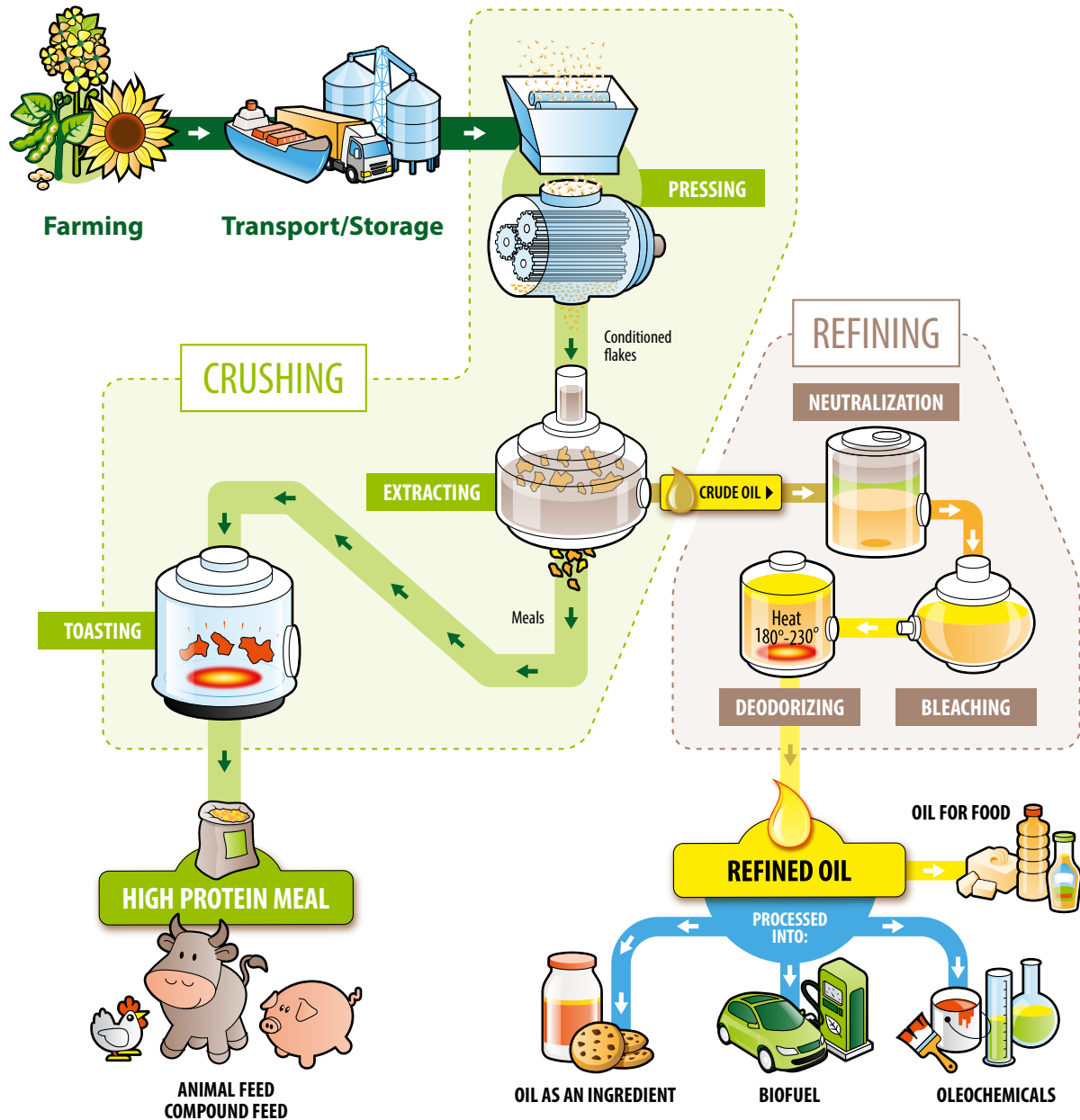
To improve its “forest footprint”, the EU should consider promoting even stronger cooperation with partner countries to deliver targeted results at source. As deforestation is closely correlated with economic and social development of communities, the use of bilateral agreements and development cooperation can be an effective means to support local public and private stakeholders.

In contrast, FEDIOL recommends caution with regards to measures such as taxes, bans or labels. These risk being distortive and discriminatory and, ultimately, much less effective in reducing or even halting deforestation at source.

FEDIOL calls for:

- Promoting collaboration between public and private sectors and civil society to address environmental, social and human rights concerns, and foster inclusive development.
- Using the whole array of development cooperation instruments, including private sector development, to help create sustainable global value chains.

The EU vegetable oil and protein meal sector in the bioeconomy



~58% of protein meals

consumed as feed in Europe is produced by companies in our sector, an increase of almost 20% in the past decade.

>90% of vegetable oils

consumed as food in Europe is refined by companies in our sector.