



EAPF POSITION PAPER

Towards a Level Playing Field for Plant-based Foods in Europe

July 2021

With the European Green Deal¹, and in line with the Paris Agreement, the European Union (EU) is committed to improving its resilience to climate change and becoming a carbon-neutral, competitive economy by 2050. The agri-food sector plays a crucial role in this transformation; hence, the ambition of the **EU Farm to Fork (F2F) Strategy² to foster the transition towards sustainable food systems in Europe.**

Based on the F2F Strategy, the 2030 Biodiversity Strategy and Europe's Beating Cancer Plan³ (Cancer Plan), sustainable food systems shall be based on two essential principles: **sustainable food** – through both production and consumption – and **healthy diets** – balanced diets contributing to good health. Both the F2F Strategy and the Cancer Plan acknowledge the need to reduce our consumption of red and processed meat, and call for a **shift to more plant-based diets⁴.**

The European Alliance for Plant-based Foods (EAPF) welcomes this strong political commitment, and is eager to support the European institutions, national governments, and stakeholders across the agri-food value chain in completing this transition. This requires adapting existing policies and legislation to make sustainable and healthy foods the default option, encouraging their production and making them accessible and affordable to citizens across the EU. Yet, barriers exist on the EU Single Market, which contribute to more expensive, less accessible plant-based foods compared to animal-based products. Meat and dairy benefit from more favourable fiscal and market access measures, unlike plant-based foods with similar purposes and functionality.

EAPF thus calls on the EU institutions and Member States to **secure a level playing field through fiscal and market measures to facilitate the uptake of sustainable and healthy diets**, including plant-based foods. This can be achieved through three complementary and parallel routes:

1. Adapting market mechanisms for better access and affordability of plant-based foods
2. Better public and private incentives for sustainable food systems
3. Aligning existing EU legislation with the Farm to Fork Strategy

¹ European Commission, [European Green Deal](#), December 2019.

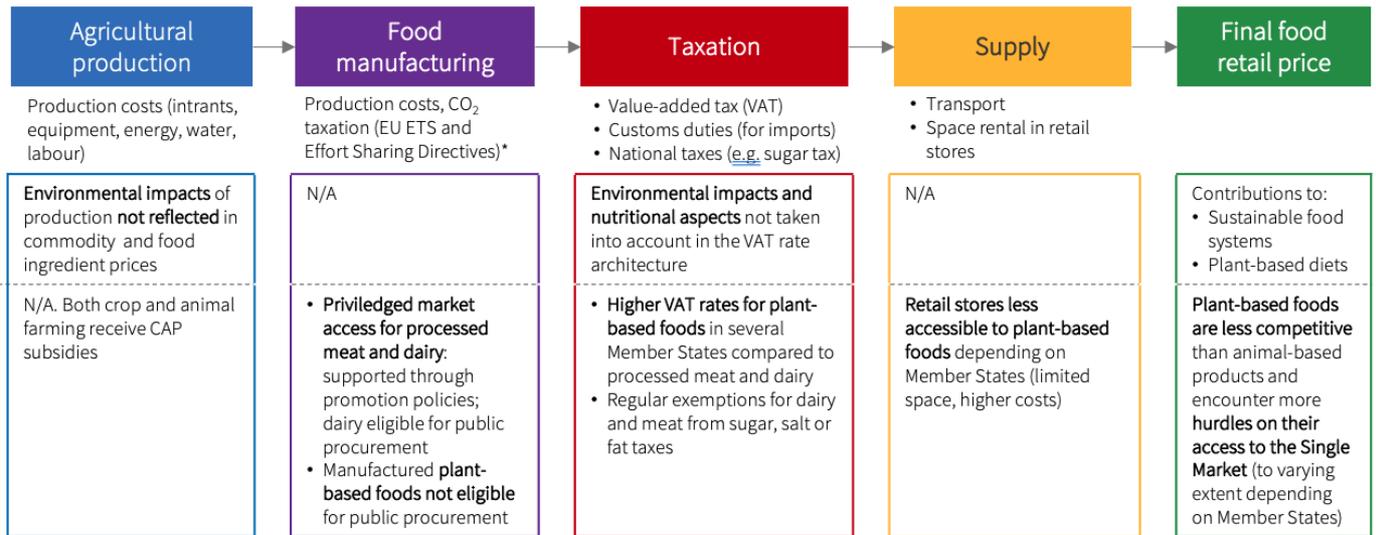
² European Commission, [A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system](#), May 2020.

³ European Commission, [Europe's Beating Cancer Plan](#), February 2021.

⁴ This is also in line with the Intergovernmental Panel on Climate Change's recommendations to policymakers. IPCC, [Climate Change and Land Special Report](#), August 2019.

1. Adapting market mechanisms for better access and affordability of plant-based foods

Plant-based foods are often less affordable and accessible to consumers across the EU, compared to meat and dairy products they provide alternatives to. Several market and regulatory distorting mechanisms add up along the food value chain (see figure below), which contribute to far less competitive plant-based foods compared to meat and dairy.



* Manufacturing subject to the EU Emissions Trading Scheme and Effort Sharing Directive.

Tackling hurdles along the chain is a priority in order to narrow this price gap, and effectively empower more sustainable food consumption.

a. Transparent food pricing

Fostering a level playing field for plant-based foods in Europe starts with transparent pricing. The **environmental and health impacts should be calculated in the economic value of foods**, in addition to the production (inputs) and supply costs. Those criteria should further **guide a revision of subsidy schemes** to agriculture.

The price of vegetables and various plant-based foods has consistently increased in the past years, contrary to the price of meat and dairy. For instance, comparing year on year (April 2021 against April 2020), the price of dairy increased by 0.6%, against 2% for oils and fats.⁵ This discrepancy is influenced by economic factors (trade, economic crisis following the pandemic), and does not account for the environmental impacts of products. Over 60% of the EU's greenhouse gas (GHG) emissions in agriculture are attributed to livestock farming. For instance, beef production generates 'up to 105 kg GHG per 100

⁵ European Commission, [Price Dashboard No 107](#), April 2021.



g of protein, while tofu produces less than 3.5 kg'.⁶ Livestock farming would also represent 78% of the EU agriculture's negative impact on biodiversity, according to the European Court of Auditors.⁷

The Intergovernmental Panel on Climate Change (IPCC) encourages the diversification of the food system, whereby '[b]alanced diets, featuring plant-based foods, such as those based on coarse grains, legumes, fruits and vegetables, nuts and seeds, and animal-sourced food produced in resilient, sustainable and low-GHG emission systems, present major opportunities for adaptation and mitigation while generating significant co-benefits in terms of human health' (2019).⁸

A **shift towards more plant-based diets** is a pillar of sustainable food systems⁹, fundamental to rebalance the global emissions of the agricultural sector and mitigate climate change.¹⁰ Public authorities must ensure that foods belonging to sustainable diets are accessible and affordable, in order to avoid food insecurity and inequality. To that end, a revision of current subsidy schemes – through the national CAP implementation plans – would be instrumental in supporting farmers in their transition to more sustainable production. More subsidies should thus go to food crop and legume production for food purpose, while the Just Transition Mechanism could help finance their operational transformation with a view to progressively reducing their dependence on subsidies. Such system would contribute to lowering the price of sustainable foods and create better opportunities for crop farmers to increase their income.

b. Public policies supporting plant-based foods

Public policies can shape and foster new production and consumption patterns through two equally important mechanisms: **agricultural promotion policies** and **sustainable public procurement** (including **school schemes**).

First, and foremost, the **EU and national agricultural promotion policies** are important instruments to spearhead the transformation of the agri-food chain. Thus far, however, the EU and the Member States have fallen short of **promoting less carbon-intensive agricultural practices**, and provide greater incentives for plant-based diets.

Whereas consumer demand is growing fast, the share of plant-based foods in the EU promotion policy budget for 2014-2020 remained low. While raw materials (crops, fruit and vegetables) production, exports and consumption are well supported (overall budget of € 209 million), plant-based foods – processed foods made from crops, fruit, vegetables, pulses and fermentation-derived products – have

⁶ Poore, J., and Nemecek, T., '[Reducing Food's environmental impacts through producers and consumers](#)', 2018; quoted in The Guardian, '[Avoiding meat and dairy is "single biggest way" to reduce your impact on Earth](#)', 2018.

⁷ European Court of Auditors, Biodiversity in Farming, Audit Preview, May 2019.

⁸ [Special Report on Climate Change and Land](#). Section B. 2019.

⁹ "[Food System Impacts on Biodiversity Loss: Three levers for food system transformation in support of nature](#)", Chatham House, 3 February 2021; "Food in the Anthropocene: the EAT-Lancet Commission on healthy diets from sustainable food systems", The Lancet, January 2019, 1-147.

¹⁰; Clark, M. A., Domingo, N. G., Colgan, K., Thakrar, S. K., Tilman, D., Lynch, J., ... & Hill, J. D. (2020). "Global food system emissions could preclude achieving the 1.5° and 2° C climate change targets", Science, 370(6517), 705-708; IPCC Report "Climate Change and Land", Section 5, August 2019.



been relatively absent from the EU policy. Only a few products (vegetable oils, some processed fruits in the form of jam or compote and fruit juice) have been supported up to now, representing about 20% (€ 45 million) of the budget allocated to meat and dairy products (€ 223 million) over the past seven years¹¹. Such imbalance should be corrected if we intend to encourage plant-based diets.¹²

In order to enable the shift towards more plant-based diets, the EU should **broaden the scope of eligible products under the agricultural promotion policy** (Article 5 of Regulation (EU) 1114/2014¹³) **to include plant-based foods** made from EU crops. Following on the Council's call for an EU Protein Transition Strategy, the EU needs to stir protein autonomy through more diversified protein sources and the production of plant protein crops for food consumption¹⁴. It is also critical to further build the resilience of the EU agri-food sector and enable a post-COVID19 green recovery which taps into the sustainability potential of plant-based foods.

Second, **public procurement (including the rules for school schemes)** can facilitate access to nutritious and sustainable food in institutional settings (e.g. schools, public hospitals, retirement homes and so forth), especially for low-income households. Such instrument has the power to influence dietary habits and (re)shape markets, whilst ensuring the efficient use of public funds.

Yet, tendering processes easily reward most affordable offers and vastly disregard the sustainability and nutritional value of the foods and diets proposed. As a result, food procurement regularly favours traditional products with high environmental impacts, such as meat and dairy, and is not in line with evolving consumer demand, sustainability standards, and market changes.

Setting **common EU mandatory minimum thresholds for plant-based food in public procurement** would be a meaningful step forward and would encourage the uptake of more sustainable and diverse foods, such as plant-based foods. Some Member States have adopted similar measures, e.g. Denmark and Sweden impose on food/catering suppliers to provide at least one plant-based meal in public kitchens and catering. In so doing, they are raising public awareness about healthy and sustainable diets, and they cover the needs of individuals suffering from intolerances or allergies.

c. Equal VAT rates for plant-based and animal-based foods

The value-added tax (VAT) stands for a significant component of the high price of fruit, vegetables and plant-based foods. The latter and their animal counterparts are often subject to different VAT rates. For instance, VAT on soy drinks can reach 23% in some EU countries, against a low rate of 6% for milk. In a similar way, low rates can apply to meat whereas meat alternatives are taxed at 19%.

¹¹ [“Marketing Meat: How EU promotional funds favour meat and dairy”](#), Greenpeace, April 2021.

¹² [“The development of plant proteins in the European Union”](#), 22 November 2018, page 6-7.

¹³ [Regulation \(EU\) 1114/2014 on information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries and repealing Council Regulation \(EC\) No 3/2008](#)

¹⁴ Council's conclusions on the Farm to Fork Strategy, October 2020.



Such practices **distort competition**, disregard the environmental impacts of food production, and **penalise consumers who opt for plant-based foods** – whether for medical, health, ethical or environmental reasons.

A new EU approach to VAT is thus necessary to secure a level playing field, whereby **plant-based and animal products fulfilling the same purpose and function would be subject to the same rate**. Several Member States already embraced this mechanism (e.g. Belgium, France, the Netherlands, Finland); others have adopted stronger measures, aiming for virtually zero VAT on fruit, vegetables and plant-based foods, e.g. Germany the lowest VAT category of 0-6%.

In addition to a novel approach to value-added taxation, EAPF would be supportive of initiatives to better identify plant-based foods through customs codes. Due to imprecise classification systems, plant-based products are assessed differently across Member States, being reported under different tariffs codes and applied different taxation rates depending on the category.

Policy recommendations

Addressing those three points of the food value chain would contribute to more affordable and competitive plant-based foods, thus providing effective choice for consumers to shift to more plant-based diets. EAPF thus calls on the EU and Member States to take the necessary measures to:

- **Ensure transparent food pricing for meat, dairy and plant-based products**, whereby the environmental externalities of production and the role of the food in a healthy and balanced diet are factored into the retail price.
- **Revise the eligibility criteria of the EU agricultural promotion policy and for sustainable public procurement** in the food sector to include plant-based foods made from crops, pulses, fermented substances (e.g. fungi), and algae.
- **Foster at minimum equal VAT rates for plant-based and animal-based foods** for fair competition.

2. Better public and private incentives for sustainable food systems

a. Funding for R&I on sustainable and healthy foods

Public funding for research and innovation (R&I) contributes to guiding societal and industrial transformations in line with long-term policy goals. It is an essential policy instrument to enable the development of sustainable food systems, and of plant-based foods therein. Thus far, the former EU large-scale R&I funding programme, Horizon 2020, made relatively little space for supporting innovation in plant-based foods – compared to animal-derived proteins.

By contrast, the new seven-year EU R&I funding programme, **Horizon Europe (2021-2027)** presents an opportunity to redirect public funding towards agri-food activities and products that participate from



the objectives of the European Green Deal, the F2F Strategy, the Biodiversity Strategy and Europe's Beating Cancer Plan. This entails agri-food practices and outputs contributing to:

- Promoting R&I in and the production of environmentally-friendly plant-derived protein sources contributing to biodiversity restoration. At the farm level, research should thus enable solutions that improve the carbon sequestration properties of crops, enhance their resilience to climate change and water scarcity, and decrease the use of fertilisers and pesticides.
- **Facilitating the shift to healthy, sustainable diets based on plant-based.** Calls for proposals under Horizon Europe should therefore be oriented towards understanding the barriers to the uptake of plant-based foods, discovering organoleptic properties such as taste, smell and texture of plant-based processed foods to optimise their nutritional profile, analysing consumer perception and understanding of plant-based food terms (e.g. vegan cheese), as well as how to best label plant-based food products.

EU R&I funding programmes should contribute to creating the right framework for helping consumers turn to sustainable, plant-based diets.

b. Incentives for sustainable finance in agri-food

Private investors and banks also take part in shaping markets. Yet, the financial sector is torn between supporting conventional agri-food practices that benefit from governmental support, on the one hand, and investing in innovative businesses whose capital expenditures may bring about higher risks, on the other hand. The EU should help mitigate those risks by providing the right incentives and creating a sustainable investment climate in favour of future-proof food systems.

The current share of plant-based foods is relatively modest – representing 0.7% of the meat market and 2.5% of the dairy. Nonetheless, it is a fast-growing sector. Retail sales have been growing by almost 10% year on year between 2010 and 2020. The sector is projected to become a €7.5 billion market in the EU by 2025. This will sustain and boost economic growth and employment in the EU agri-food chain, creating new opportunities for crop farmers with better yields and return on investment. **Policy incentives defining and guiding sustainable finance would not only reassure investors in plant-based food innovation, but also speed up the shift towards more plant-based diets in Europe.**



The **EU Taxonomy Regulation**¹⁵ is already a landmark in this regard. The plant-based sector contributes to several of its environmental objectives, i.e. climate change adaptation, biodiversity protection, and the transition to circular economy¹⁶. Technical criteria will be established through delegated acts, which will foster a common understanding of environmentally sustainable economic activities per sector. However, while the first delegated act was approved in April 2021, criteria for agriculture were postponed until the conclusions of the political negotiations on the Common Agricultural Policy (CAP).

Policy recommendations

EAPF calls on the European Commission to:

- **Ensure that R&I funding under Horizon Europe and FOOD2030 are sufficiently dedicated to improving the sustainability of EU food systems**, and to enabling the shift towards plant-based diets – from production to providing food information to consumers.
- **Set criteria for sustainable finance in agriculture** without further due. It is essential to redirect investments from unsustainable livestock farming to sustainable crop farming intended for food manufacturing and consumption.

3. Aligning existing EU agri-food legislation with the Farm to Fork Strategy

Most of the EU agri-food policy applicable today was established over a decade ago. It has proven effective in reinforcing the resilience and safety of the European food chain – from production to consumption. However, it does not adequately integrate the sustainability dimension, and is ill-suited to innovative solutions, such as plant-based foods. Of particular concern:

- **Legislation contradicting the transition to sustainable food systems.** For instance, two key objectives of the Farm to Fork Strategy could be counter-productive on the long term, namely to foster the shift to more plant-based diets and to achieve 25% of the EU agricultural land dedicated to organic farming by 2030¹⁷. Council Regulation (EC) No 834/2006 on organic production and labelling of organic products currently does not allow plant-based foods to be labelled organic, as it prohibits the use of fortification – even it is intended to provide essential vitamins and minerals to consumers. Yet, dairy milk can pretend to the organic label despite fortification through animal feed. Without certain flexibility, those two objectives could be counterproductive on the long term.
- **Unfit legislation.** Some EU laws in place fail to account for the specificities of plant-based foods. For example, certain additives necessary to plant-based food manufacturing are not yet

¹⁵ European Commission, [EU Taxonomy Regulation \(EU\) 2020/852](#), 2020.

¹⁶ Six environmental objectives of the EU Taxonomy Regulation: 1) Climate change mitigation, 2) climate change adaptation, 3) sustainable use and protection of water and marine resources, 4) transition to a circular economy, 5) pollution prevention and control, and 6) protection and restoration of biodiversity and ecosystems.

¹⁷ European Commission, [EU Organic Action Plan](#), March 2021.



approved under Regulation (EU) No 1333/2008. In a similar vein, legislation pertaining to EU school schemes, marketing standards, and food labelling need revising.

- **National decisions.** Recent developments at national and local levels raise concerns about the increasing fragmentation of the EU Single Market. From the Nutri-Score to restrictions on food denominations for plant-based products, there are several examples thereof. In the absence of strong EU actions, new trade barriers on the European territory could become common place and further contribute to unfair competition and the resurgence of protectionist measures.

This results in further market distortions and delays the shift towards more plant-based diets.

Policy recommendation

EAPF encourages the European Commission and Member States to see to a **consistent, enabling regulatory framework for sustainable food systems**, and to align existing legislation with the ambitions of the Farm to Fork Strategy.

Conclusion

The transition towards more plant-based food systems cannot occur without ensuring fair competition between the animal- and the plant-based food sectors. The latter is currently at a disadvantage in terms of market access, pricing and taxation. **Levelling the playing field thus requires an integrated approach to agri-food, marketing and taxation policies.**

EAPF welcomes the Commission's intention to use tax incentives to drive sustainable consumption – by also including the 'environmental price' of food products. The EU should mobilise financial instruments to restore the balance on the agri-food single market, thus contributing to greater availability of sustainable and healthy food for consumers, while enhancing the livelihood of crop farmers.

The European Alliance for Plant-Based Foods (EAPF) brings together like-minded organisations in the plant-based value chain around a unique mission: To put plant-based foods at the heart of the transition towards more sustainable and healthy food systems. The Alliance represents companies and organisations supporting and promoting plant-based foods.