



Alarm bells ringing for EU agri-food sector as energy crisis bites

Brussels, 8 September 2022

Many operators in the EU's agri-food sector are struggling to maintain business in the face of rapidly rising input costs and extreme weather events, according to agri-food chain associations Copa-Cogeca, the Primary Food Processors (PFP) and FoodDrinkEurope.

In this statement, the associations have highlighted the state of the agri-food sector, ahead of the Extraordinary Energy Council on Friday 9 September and European Commission President Ursula von der Leyen's annual State of the Union speech next week.

Agri-food chain statement:

Over the past year, the European agri-food sector's production costs have increased dramatically. Natural gas, electricity, fertilisers, transport fuel, packaging and external labour have all risen.

Cost increases were initially due to a post-Covid rebound in demand and supply chain constraints, but they have been severely exacerbated by the Russian invasion of Ukraine.

These cost and inflationary pressures come in a context of extreme weather events – droughts, storms and frosts – that have already caused major impacts on the farming community and agri-food businesses¹.

The latest increases in energy prices, especially natural gas and electricity, threaten the continuity of agri-food production cycles and therefore the ability to continue delivering essential agricultural commodities, food ingredient and products, and feed materials.

More and more companies in the EU agri-food chain are struggling to maintain their operations, with some companies faced with the choice of stopping production, laying off staff or going out of business.

The agri-food chain backed the European Commission's recent "Save Gas for a Safe Winter" Communication, which singles out the critical importance of Europe's agri-food supply chain and the need for a secure supply of gas to maintain food security.

However, to continue operating and to maintain a fully functioning food supply chain, the sector needs certainty on the access to energy and stable prices.

Specifically, the Commission must support Member States to intervene to bring energy prices down and increase liquidity on energy markets, diversify energy supply, boost sustainable energy generation, and support the competitiveness of operators.

¹ According to the JRC Global Drought Observatory report, at the beginning of August 2022, 47% of the EU territory was under a drought warning and forecasts for grain maize, soybeans and sunflowers were respectively 16%, 15% and 12% lower than the five-year average.

More EU oversight of Member State gas rationing plans is also needed, to make sure they prioritise the agri-food sector.

In addition, a further revision of the Temporary Crisis Framework is urgent, to ensure that it can be used by Member States and businesses.

We hope Energy Ministers reflect on the impact on the agri-food sector at their meeting, and that President von der Leyen will acknowledge the vital importance of the agri-food sector at her State of the Union address.

As during the Covid-19 crisis, we are committed to working with the European Institutions to provide a continuous supply of high-quality and affordable products.

About us:

[Copa and Cogeca](#) are the united voice of farmers and agri-cooperatives in the EU. Together, they ensure that EU agriculture is sustainable, innovative and competitive, guaranteeing food security to half a billion people throughout Europe. Copa represents over 22 million farmers and their families whilst Cogeca represents the interests of 22,000 agricultural cooperatives. They have 66 member organisations from the EU member states.

[FoodDrinkEurope](#) is the organisation of the food and drink manufacturing industry. Made up of 290,000 businesses and 4.5 million workers, the food and drink industry buys 70% of all EU agricultural produce and is Europe's largest manufacturing industry.

[Primary Food Processors](#) is the association for the European primary food processing industry. Its members process approximately 220 million tons of raw materials (cereals, sugar beet, rapeseeds, soybeans, sunflower seeds, crude vegetable oil, cocoa products and starch potatoes) employing over 120 000 people in the European Union.