

Food distribution at the heart of the European economy

The European Commission has identified trade and food as two of the fourteen key ecosystems for post-COVID recovery under the EU's new industrial policy. This approach is supported by the more than five million businesses of all sizes covering both areas, the almost forty million workers they employ, their 13.7% contribution to European GDP and the revitalisation of local communities that their activities encourage, both in rural and urban areas.

The health crisis has highlighted the essential role of trade overall, but food in particular, in safeguarding the well-being of families. Trade ensures that agricultural producers and fishermen have access to consumers and, in turn, that citizens can obtain the goods they need for their everyday lives.

Food distribution has proven its resilience over the past months, although we know that recovery will be hard for all. Food is defined as having high fixed costs and low margins, which make it vulnerable to uncertain economic situations. What is more, the sector is not all the same: wholesale distributors serving the hospitality sector have suffered from the restrictions since the start of the pandemic, in the form of a sharp drop in their sales. On top of this, retail distributors in the most touristic areas are looking forward to a swift and vital economic recovery following the mass vaccination programme.

In light of this, one of the major lessons we can draw is the need to safeguard trade networks that have enabled society to continue to function. In the case of food distribution, we have seen that an efficient system must be supported by a broad balance between businesses and different models and by a strong service orientation towards the consumer. This means safeguarding the ability of citizens, wherever they live, to have access to a varied, safe and full range of competitively-priced food.

Looking to the future, resilience means preserving the sector's ability to adapt to consumer demand and to continue serving society, from large urban centres to the most depopulated areas. And to build this resilience, we need the support of public administrations with simple, harmonised and less costly regulation for businesses. Over the past months, trade as a whole has demonstrated its ability to very quickly put in place the necessary health and safety measures to protect employees and customers and to continue serving society in uncertain and difficult conditions. It therefore deserves a vote of confidence with simple regulation.



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If we manage, among all other things, to lay the foundations of a strong distribution system for the future, we will also be helping to build on the sector's major contributions to two key European Commission objectives set out in the Green Deal: digital transition and sustainability of the economy. Food distribution is a key factor in the Green Deal for several reasons: its close and continuous contact with consumers, and its ability to act as a lever for change within the agri-food sector to help meet shared objectives.

The European Commission has recognised this and has outlined its roadmap for the agri-food sector in the Farm to Fork Strategy. It includes the main guidelines for future development, taking account of the sector as a whole and looking at it as a chain, setting out objectives and commitments for all operators and moving beyond the stage of regulating unfair commercial practices in order to lay the foundations for what this strategic sector – or ecosystem – must represent for Europe and its economic recovery.

We have a few vital months to secure the economic revival. The situation calls for a solid approach to the discussions on the development of the Strategy that are already taking place within the Community framework. The "essential dual ecosystem" of food distribution places this sector at the heart of the recovery. The foundations for trade based on balanced, accessible, circular and digital proximity have been laid. It is now up to all to build on the benefits of the system and correct imbalances so as to emerge stronger from this crisis.



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