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# FEFAC contribution to the Call for Evidence regarding

# "Critical products – diversifying supply chains"

FEFAC representing the European manufacturers of premixtures and compound feed for food producing animals would like to welcome the EU Commission initiative to propose a diversification package of measures to strengthen supply chain resilience and reduce dependencies for critical products.

**Food Security should more than ever be regarded as top priority and threats to EU food independency addressed as a matter of urgency.** This is all the more relevant for the EU feed and livestock chain, which the Vision for Agriculture and Food[1] and the Joint Communication on Strengthening EU Economic Security[2] identified as an area with a "*need to reduce strategic dependencies, notably where the EU relies on a handful of partners for imports of feed and feed additives".*

These dependencies were further characterised in the EU Commission Protein Action Plan[3]. FEFAC held an in-depth analysis of the **EU dependency for essential vitamins and amino acids**[4] issued in September 2025, completed in March 2026 by Recommendations on potential measures to mitigate the EU vulnerability[5].The Contribution to this Call for Evidence is based essentially on these recommendations.

FEFAC generally agrees with the EU Commission analysis in the Call for Evidence regarding "Critical products – diversifying supply chains". We would like to emphasise the following:

- Diversification in terms of third countries of origin is essential to mitigate geopolitical risks. Feed Trade Agreements are an essential tool for diversification, in the sense that it gives EU purchasers more confidence in the robustness of their commercial partnership, although the reliability of the supplier itself and its own vulnerability remain an uncertainty factor to be mitigated via contracts.
- Dependency should be assessed not only by the number of suppliers, but also by where supply is concentrated and the associated geopolitical and economic-security risks. Dependence on a single third country with high geopolitical or economic-security risk cannot be treated in the same way as reliance on EU production or diversified supply from reliable, like-minded countries. At the same time, supplier concentration remains a relevant operational risk (e.g. in case of an industrial accident, wherever it happens, including at EU level) and should also be considered.

[1] COM/2024/75 of 19 February 2025
[2] JOIN(2025) 977 final of 3 December 2025
[3] COM/2026/355 final of 7 July 2026
[4] FEFAC study on EU Vulnerability for the sourcing of essential nutritional feed additives
[5] Contribution to ongoing reflection on future measures and tools to mitigate the EU strategic dependency regarding access to essential vitamins and amino acids

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- When qualifying the level of trust in a non-EU country as alternative source of a critical substance/product, attention should be paid also to logistical questions, in particular as regards the need to use certain sensitive maritime routes, as recent developments show with the Strait of Hormuz. In this sense, a differentiation may be established between trusted European and trusted non-European countries.
- A baseline to any diversification policy should be to keep alive existing suppliers, whether based in the EU or in trusted Third Countries. Particular priority should be given where high dependency coincides with the risk of losing strategically important or last-of-its-kind European production capacity. Strategies based on increasing production capacity should be considered in partnership with "friendly" countries, so as to preserve the number of producers and limit the risk of creating monopolies
- As rightly pointed in the Call for Evidence, diversification means extra costs for purchasers, to be “weighed against the significantly higher economic and security risks of continued exposure to critical dependencies…”. These costs for the downstream users shall not be underestimated, as is often the case in Anti-Dumping investigations. We appreciate the diagnosis of the EU Commission that there may be also a gap in terms of incentives to absorb or spread the costs of de-risking. A supply chain is as strong as its weakest link, and the feed and livestock chain have no possibility to absorb extra costs. Any measure taken to improve the competitiveness of the upstream part of the chain should minimize extra costs for the downstream part of the chain, and, where material impacts cannot be avoided, be accompanied by appropriate mitigating or compensation measures.
- Stimulating diversification requires defining KPIs and setting targets. We would very much encourage the establishment of aspirational targets or resilience benchmarks by opposition to legally binding thresholds. The European Commission’s economic-security framework identifies 60% or more of EU supply controlled by a single third country or operator as an indicator of high-risk dependency. For essential products significantly above this level as is the case for many vitamins, the Commission should establish product-specific resilience roadmaps towards a defined “safe landing point”. For vitamins and amino acids, reducing dependency towards approximately 60% on a single third country could provide a pragmatic first direction of travel, supported by viable European production and diversified, reliable external supply. The objective should not be full self-sufficiency, but to progressively reduce excessive dependency to a more resilient level. A certain flexibility should remain to accommodate with unexpected developments.
- The policy response should be progressively stronger to the severity and criticality of the dependency identified. The greater the dependency and criticality, the stronger and faster the policy response should be.
- Although we agree that an exhaustive impact assessment may not be possible to complete in a short period of time, it should not prevent the EU Commission from initiating sectoral impact assessment where possible. In the feed area, a number of studies, either by stakeholders (FEFAC, IFEEDER) or by public authorities (ongoing JRC study on EU dependency on vitamins and amino acids) should be taken into considering when assessing the level of priority to be granted to feed and to analyse the potential costs for the whole of the chain of any measure taken in particular to improve the competitiveness of the upstream part of the supply chain.

More specifically, here are FEFAC views on specific questions asked by the EU Commission in the Call for Evidence.

- <u>The prioritisation of actions required to accelerate supply diversification in critical sectors;</u>

In its recommendations issued in March 2026, FEFAC put priority on Free Trade Agreements. International cooperation with like-minded countries should be prioritised to secure sufficient production capacity and move away from single trusted country supplier.

FEFAC prioritised also supportive measures to EU-based producers, i.e. those measures meant to reduce production costs (cheaper energy) and help invest in more efficient, modern and sustainable technologies.

FEFAC considers protective measures via import tariffs as potentially damaging for the resilience of the downstream part of the chain, unless compensated by specific measures to maintain the competitiveness of the feed and livestock chain vs. Third Country competitors. Protective measures via technical standards not justified by safety consideration should be avoided. The present proposal of the EU Commission to lower MRLs to technical 0 for the most hazardous pesticides not authorised in the EU is typically the kind of measure that goes against diversification. Contingency measures should be introduced in sectorial legislation to avoid compromising food security.

- The legal framework and the incentives needed to support business in strengthening their resilience, particularly when facing critical dependencies;

The Critical Chemical Alliance identified in its Working Group 3 a number of initiatives to support the competitiveness of EU producers of critical substances. FEFAC generally welcomes these: easier access to finance, national aids, lower energy costs for EU producing facilities are supported.

Beyond the implementation of these measures, DiversifyEU should help close the current gap between trade-defence instruments and resilience policy, enabling targeted action where critical dependencies are already established, and European capacity is underutilized or at risk.

A legal framework to stimulate diversification would be useful, although the nature of the measures should be carefully evaluated before decided. We would also recommend the setting of aspirational, non-legally binding targets for independency, combining the strategic importance of the substance, the production capacity and the number of producers / suppliers in EU and trusted non-EU countries. When defining these resilience benchmarks, attention should be paid also to the risk presented by critical maritime routes such as Strait of Hormuz when rating the trust level of Third Countries.

Where diversification is not possible in the short or middle term, measures should be taken to compensate for costs of stockpiling, for the sake of preparedness. We do understand that stockpiling remains a prerogative of Member States but a coordination at EU level for the sake of preserving the Internal market and secure mutual assistance among countries would be helpful.

- Whether certain supply chains or sectors should be prioritised over others on the basis of their criticality or high levels of dependence, and if so, which ones;

Clearly the Feed and Food Chains should be ranked as top priority. There is no effective Defence of Health Policy without a robust, resilient feed and food chain. As far as food of animal origin is concerned, the EU faces a serious strategic dependency on Third Countries for almost all of the essential vitamins and amino-acids it needs to feed animals. Furthermore, China holds an ultra-dominant position on the global market of these substances, and even a quasi-monopoly for some molecules like biotin or folic acid. This means in practice that the EU feed, livestock and aquaculture sectors have very limited opportunities to diversify their sourcing. This was clearly shown by FEFAC in its study on **EU strategic dependency regarding access to essential vitamins and amino acids issued in September 2025, with an** impact of a rupture of the supply chain of vitamins from China to the EU on the output of the EU livestock sector estimated by FEFAC **at 29 bio €/year**, without counting the knock-on economic impact on the whole of the food chain, the social impact for the EU farming sector and the welfare and health of the nutritionally deficient animals and the additional threat to EU food security[6].

[6] https://fefac.eu/priorities/markets-trade/feed-additives/

- The extent to which the approach should address both existing and potential dependencies, where these can be identified;

There may indeed be hidden dependencies, most of the time due to insufficient granularity regarding CN Codes for trade data. Substance specific codes would most likely reveal unsuspected dependencies.

- The type of support measures (financial or non-financial) that could accompany the package to mitigate the possible costs associated with stronger diversification measures;

Whenever import duties are perceived, the amount should be redistributed to downstream users to compensate for higher sourcing costs. Also when considering the risk of circumvention, monitoring should not only consider the product subject to specific tariffs but also products derived thereof, which, in the case of vitamins and amino acids, include animal products.

- The challenges private businesses are currently facing in their diversification efforts;

The level of transparency along the supply chain does not always allow operators downstream to evaluate properly the level of risk their own suppliers / importers are exposed to and implement effective diversification measures.

The main challenge for the EU feed industry is to supply cost competitive feed to the EU livestock and fish farmers to help them resist to Third Country competitors.

- The level of cooperation between the Commission, national authorities and private businesses in implementing diversification measures, including as regards improved information sharing on EU supply chains.

We do understand that sharing information with authorities is essential for the sake of optimisation of the use of resources. FEFAC provided to the EU Commission a detailed analysis of the vitamins and amino acids supply chain, showing its clear commitment to help better evaluate the level of EU dependencies upon Third Countries.