

Labelling Provisions under the CMO and Implications for EU Competitiveness, Investment and Agriculture

FOR CONSIDERATION IN
TRILOGUE NEGOTIATIONS
(5 MARCH)



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KEY ANALYTICAL POINTS

- A restrictive regulatory pathway for plant-based and alternative proteins is associated, in Systemiq's modelling, with approximately €56 billion lower projected annual gross value added (GVA) in 2040.
- Employment divergence between scenarios is approximately 234,000 FTE positions in 2040
- Under Moderate Policy Support, modelling indicates expanded opportunities for EU arable agriculture, including increased demand for pulses and reduced protein import dependency.
- Labelling terminology restrictions are not modelled in isolation but are consistent with the type of restrictive regulatory stance associated with the Low Ambition pathway.
- Trilogues may therefore wish to consider whether terminology provisions under the CMO are proportionate and aligned with the EU's objectives on competitiveness, strategic autonomy and rural development.



1. PURPOSE OF THIS BRIEF:

This memorandum provides economic and agricultural analysis relevant to trilogue negotiations concerning proposed terminology restrictions for plant-based products under the CMO framework.

It draws on Systemiq analysis commissioned by the Good Food Institute Europe (GFI Europe), presented in *Seizing the Economic Opportunity of Alternative Proteins in Europe*^[1], and outlines the economic and agricultural implications associated with a more restrictive regulatory trajectory for plant-based and alternative proteins (AP).

2. LEGISLATIVE CONTEXT:

The European Parliament has advanced proposals that would restrict the use of familiar format descriptors (e.g. “burger”, “sausage”, “steak”, ...) for plant-based products, extending beyond the Commission’s original approach.

The forthcoming trilogue will determine whether such terminology restrictions are retained in the final text. While the proposal concerns labelling, its implications extend beyond terminology. In capital-intensive innovation sectors, regulatory signals materially influence investment location, production infrastructure and long-term competitiveness.

Alternative protein technologies are not siloed markets. Plant-based, precision fermentation and cultivated approaches are expected to operate in combination over time, with fermentation-derived ingredients and cultivated components enhancing plant-based products in areas such as functionality, texture, nutrition and cost efficiency. Regulatory signals affecting plant-based product development may therefore have implications across the wider alternative protein ecosystem, including upstream biomanufacturing, ingredient supply chains and hybrid product innovation.

[1] Systemiq (2026). [Seizing the economic opportunity of alternative proteins in Europe: Delivering prosperity from farm to factory.](#)



3. SCENARIO MODELLING:

Systemiq modelling compares three pathways to 2040:

- Low Ambition (Business as Usual)
- Moderate Policy Support
- High Ambition

The difference between Low Ambition and Moderate Policy Support is associated with approximately:

- €56 billion lower projected annual gross value added in 2040
- 234,000 fewer FTE positions in 2040

These figures reflect differences in regulatory stance, public investment, private investment attraction, and infrastructure deployment. Terminology restrictions are consistent with the type of “restrictive regulatory stance toward new technologies” identified within the Low Ambition pathway assumptions (Table 1).

Key assumptions across scenarios			
EU AP scenarios	Low Ambition (Business as Usual)	Moderate Policy Support	High Ambition
EU AP adoption	EU falls behind from leader in plant-based to laggard in global AP	EU keeps pace with global AP growth, innovation & production	EU amongst leaders of global AP adoption, including novel AP
Regulatory support	Restrictive regulatory stance towards new technologies (authorisation and labelling) limits growth	Regulation embraces plant-based alternatives, improved with other AP	Significant efficient & streamlined support and permissive regulation
Public investment	Low public investment given scepticism regarding novel solutions	Increased public funding in R&D and some on infrastructure development	Material public spending on R&D and de-risking of infrastructure scale-up
Private investment	Limited private funding; migrates to more welcoming EU/global jurisdictions	Funding and reg. approvals attract additional private investment	Significant private investment crowded in to rapidly scale production

TABLE 1. KEY ASSUMPTIONS ACROSS SCENARIOS. SOURCE: SYSTEMIQ.



4. QUANTIFIED SCENARIO OUTCOMES TO 2040

The tables below summarise the quantified outcomes under the Low Ambition and Moderate Policy Support pathways to 2040.

The divergence between scenarios is material across market size, export performance, gross value added (GVA), and employment.

Low Ambition

Unit	2040				
	Plant based	Cultivated*	Precision	Biomass	All AP
	EUR bn	EUR mn	EUR bn	EUR bn	EUR bn
Domestic AP sales	21.7	0.3	0.0	1.5	23.2
Total domestic market	31.9	0.6	0.0	2.4	34.2
Export AP sales	15.4	0.3	0.0	1.1	16.5
Total export market	24.9	0.6	0.0	1.7	26.6
Gross Value Added	50.1	1.2	0.0	5.1	55.2

Moderate Policy Support

Unit	2040				
	Plant based	Cultivated*	Precision	Biomass	All AP
	EUR bn	EUR mn	EUR bn	EUR bn	EUR bn
Domestic AP sales	45.5	1.7	0.5	7.3	53.4
Total domestic market	67.0	2.8	0.8	11.4	79.2
Export AP sales	31.9	1.1	0.3	5.0	37.2
Total export market	51.4	2.2	0.6	8.0	60
Gross Value Added	89.6	5.0	1.4	20.3	111.3

TABLE 2. SUMMARY RESULTS OF SCENARIO MODELLING: MARKET SIZES.
SOURCE: SYSTEMIQ.

Under Moderate Policy Support, total annual AP gross value added rises to €111.3 billion. Under the Low Ambition pathway, annual total AP gross value added in 2040 reaches €55.2 billion. This represents a difference of approximately €56 billion in annual GVA in 2040.

Key market divergences include:

- Domestic AP sales:
 - €23.2 bn (Low Ambition) vs €53.4 bn (Moderate Support). Difference of €30.2 bn.
- Total export market:
 - €26.6 bn (Low Ambition) vs €60 bn (Moderate Support). Difference of €33.4 bn.

The largest proportional divergences occur in fermentation-based technologies and export markets, reflecting sensitivity to regulatory posture and investment conditions. Under Moderate Policy Support, export AP sales more than double relative to Low Ambition (€37.2 bn vs €16.5 bn), indicating that regulatory environment materially influences the EU's ability to capture global value chains.



The modelling therefore associates regulatory stance not only with domestic market growth, but with Europe's export competitiveness and industrial positioning. These turnover indicators are not additive, as export market figures include upstream inputs and machinery already embedded within broader value chain totals. The headline economic differential is therefore most appropriately reflected in Gross Value Added.

The modelling indicates that cultivated meat represents a small share of total projected alternative protein market value within the 2040 horizon under both scenarios. Given the early-stage nature of this segment and the modelling approach used, the pillar-level breakdown should be interpreted directionally rather than as a precise forecast. The principal value creation effects identified in the analysis arise from plant-based products and fermentation-related value chains.

While cultivated meat does not constitute a material economic threat to the EU livestock sector within the modelling horizon, additional early-stage regulatory constraints may affect investment decisions in a nascent, capital-intensive industry.

Low Ambition

Units	2040				
	Plant based	Cultivated	Precision	Biomass	All AP
	Jobs (FTE)	Jobs (FTE)	Jobs (FTE)	Jobs (FTE)	Jobs (FTE)
AP Production	91,544	2	11	6,812	98,368
Crop inputs	25,861	0	2	2,514	28,376
Specialised inputs	14,575	2	3	515	15,094
Standard machinery	22,942	0	4	810	23,757
Specialised machinery	12,931	0	5	1,827	14,763
Total jobs	167,853	4	24	12,477	180,358

Moderate Policy Support

Units	2040				
	Plant based	Cultivated	Precision	Biomass	All AP
	Jobs (FTE)	Jobs (FTE)	Jobs (FTE)	Jobs (FTE)	Jobs (FTE)
AP Production	191,106	10	2,889	32,187	226,191
Crop inputs	54,184	0	619	11,964	66,768
Specialised inputs	30,381	4	327	2,425	33,137
Standard machinery	47,710	2	509	3,799	52,020
Specialised machinery	26,892	2	571	8,566	36,030
Total jobs	350,273	17	4,914	58,942	414,146

TABLE 3: SUMMARY RESULTS OF SCENARIO MODELLING – JOBS. SOURCE: SYSTEMIQ.



The divergence in employment outcomes is similarly pronounced. Total jobs (FTE) in 2040:

- **Low Ambition:** 180,358
- **Moderate Policy Support:** 414,146

This represents a difference of approximately 234,000 FTE positions by 2040 relative to the Low Ambition pathway. The distribution of these jobs is significant:

Plant-based value chain

- 167,853 jobs (Low Ambition)
- 350,273 jobs (Moderate Support)

Biomass fermentation

- 12,477 jobs
- 58,942 jobs

The fermentation segment shows the greatest proportional increase under Moderate Support, reflecting the capital-intensive and infrastructure-dependent nature of this sub-sector.

Importantly, employment growth extends beyond finished product manufacturing:

Under Moderate Policy Support:

- Crop inputs: 66,768 jobs (vs 28,376 under Low Ambition)
- Standard machinery: 52,020 jobs (vs 23,757)
- Specialised machinery: 36,030 jobs (vs 14,763)

This indicates that divergence between pathways is driven not only by consumer sales but by upstream agricultural inputs, equipment manufacturing, and industrial supply chains.

The modelling similarly indicates that cultivated meat represents a very small proportion of total projected alternative protein employment within the 2040 modelling horizon under both scenarios. As with market value, these figures should be interpreted directionally rather than as precise forecasts, reflecting the early-stage status of the sector. The principal employment effects identified in the modelling arise from plant-based production, crop inputs and industrial supply chains.



5. ECONOMIC IMPLICATIONS

In early-stage biomanufacturing sectors, regulatory predictability is a primary determinant of investment location.

Restrictive labelling provisions:

- Increase compliance and rebranding costs across the Single Market
- Signal regulatory scepticism toward sector growth
- Raise perceived political risk for long-term CAPEX decisions

Under the Low Ambition pathway, reduced regulatory predictability is associated with lower private investment retention and increased capital allocation to more supportive jurisdictions outside the EU. A greater share of EU alternative protein demand would consequently be expected to be met through imports rather than domestic production, increasing dependence on external supply chains for high-value AP products and associated machinery.

However, under Moderate Policy Support, the EU could:

- Develop significant domestic market value in AP foods and ingredients
- Capture export opportunities in specialised inputs and production infrastructure
- Anchor bioprocessing and fermentation capacity within the EU

Terminology restrictions do not directly determine this outcome, but they constitute a visible policy signal consistent with the Low Ambition pathway.

6. INTERPRETATION

The gap between €55.2 bn and €111.3 bn GVA does not arise from demand assumptions alone. It reflects compounding effects across

- Regulatory treatment of emerging technologies
- Public R&D and infrastructure deployment
- Private investment attraction
- Export capacity development
- Value chain integration

Under Low Ambition, constrained regulatory support reduces investment and infrastructure build-out, limiting scaling and export competitiveness. Under Moderate Policy Support, regulatory predictability and targeted investment enable expansion across plant-based and fermentation segments, resulting in doubled GVA and more than doubled employment by 2040.

Terminology restrictions should therefore be assessed within this analytical framework: while labelling provisions alone do not determine scenario outcomes, they form part of the regulatory stance that differentiates the two trajectories. In innovation-intensive sectors, visible regulatory signals influence capital allocation decisions. Over time, these decisions compound into materially different economic outcomes.



7. IMPLICATIONS FOR EU FARMERS

The labelling debate has frequently framed terminology restrictions as protective of livestock producers. However, scenario modelling indicates broader agricultural and value-chain implications.

Under Moderate Policy Support:

- Demand for field peas, fava beans and chickpeas approximately doubles
- Lentil demand increases significantly
- Domestic soybean production gains new food-grade markets
- Sugar beet and cereals supply fermentation and ingredient production
- EU protein import dependency declines

Agricultural impacts were modelled under the Moderate Policy Support pathway. Under Low Ambition, the absence of comparable sector growth would be expected to result in more limited impacts on crop diversification, domestic protein production and rural value chain development relative to the Moderate Policy Support scenario. This has implications for:

- Rural income diversification
- Protein self-sufficiency
- Exposure to global feed market volatility
- Anchoring processing infrastructure in agricultural regions

The central policy question is therefore not whether livestock producers face competitive dynamics – these arise from global trade and evolving consumption patterns – but whether EU farmers are afforded access to emerging food-grade protein markets. Within the modelling horizon, cultivated meat represents a very small share of projected market value and employment, underscoring that it does not pose a material or systemic competitive threat to the EU livestock industry.



8. POLICY CONSIDERATIONS FOR TRILOGUE NEGOTIATORS

The following considerations may assist negotiators:

1. Terminology restrictions are not required to ensure consumer clarity where clear qualifiers (“plant-based”, “vegetarian”, “vegan”) are used.
2. Regulatory predictability is essential to attracting R&D and CAPEX in emerging biomanufacturing sectors.
3. Signalling a restrictive stance may contribute to the Low Ambition pathway associated with reduced economic value creation and employment.
4. Agricultural diversification opportunities should be considered alongside livestock sector concerns.

The forthcoming trilogue decision concerns terminology provisions under the CMO. However, within the analytical framework presented above, it also functions as a signal of the EU’s broader regulatory trajectory for an emerging bioeconomy sector.

Scenario modelling associates a Low Ambition pathway with approximately €56 billion lower annual gross value added in 2040 and roughly 234,000 fewer FTE positions relative to a Moderate Support pathway. While terminology provisions alone do not determine these outcomes, they contribute to the regulatory posture that influences long-term investment, industrial location and value chain development.

A proportionate approach that preserves established format descriptors with clear plant-based qualifiers would allow the broader CMO framework to proceed while avoiding regulatory signals associated with the Low Ambition pathway. This would support competitiveness, agricultural diversification and investment retention without compromising consumer clarity.

The trilogue therefore presents a narrow but consequential opportunity to ensure that terminology provisions are aligned with the EU’s wider objectives on competitiveness, strategic autonomy and rural development. Decisions taken at this stage will shape the structural conditions under which Europe competes in the next generation of food and biomanufacturing technologies.



9. ORGANISATIONS SUPPORTING THIS POLICY BRIEF

This memorandum is supported by the undersigned organisations active across the European food, agriculture, innovation and sustainability ecosystem. The signatories endorse the policy considerations outlined above in relation to terminology provisions under the CMO.



REFERENCES:

[1] Systemiq (2026). Seizing the economic opportunity of alternative proteins in Europe: Delivering prosperity from farm to factory.

This is an adaptation of “Systemiq (2026). Seizing the economic opportunity of alternative proteins in Europe: Delivering prosperity from farm to factory.” The views and opinions in this adaptation have not been reviewed or approved by Systemiq.

