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BULLETIN

WHAT IS SWEDEN'S ROLE IN LEADING SUSTAINABLE FOOD AND FOOD TECH INNOVATION?

In this bulletin you will find:

- An overview of the global food market, highlighting achievements, challenges, and the growing movement towards sustainability.
- Market trends, challenges, and enabling conditions for change.
- Insights into market entry strategies, emphasizing the importance of engaging with key stakeholders, regulatory bodies, and understanding certification processes.
- A list of the key players in the sustainable Swedish food market, organizations supporting the transformation of the food industry, and recommended information sources.
- Extracts from interviews with Johan Jörgensen, the founder of Sweden FoodTech, and Jonas Carlberg, the Public Affairs Manager at KRAV.

INTRODUCTION

The global food market presents a mix of significant achievements and challenges. Technological and agricultural advancements have bolstered food production and variety, benefiting a growing global population. However, industrialization and globalization have led to environmental issues such as soil degradation, water scarcity, deforestation, and high greenhouse gas emissions. Food waste remains a major problem, and the prevalence of processed foods has led to health concerns such as rising obesity and diabetes rates.

Economic disparities are stark, with farmers often lacking resources for sustainable practices. Nevertheless, there is a growing movement towards sustainability, with initiatives like organic farming and alternative proteins. Governments and international bodies are creating policies for sustainable agriculture and food security, although progress varies. Consumer demand for transparency and healthful food is driving companies to innovate. Technological advancements promise more sustainable and resilient food systems, but achieving this requires coordinated and innovative solutions to address sustainability, health, and equity challenges.

"Food is essentially something positive, but we have turned it into something else. This is very interesting because if we don't fix food, there's no chance we can fix climate. If we don't fix food, we cannot fix health. If we don't fix food, we cannot fix productivity either. Today, we produce more negative effects from food than the value of the food sector itself. In economic terms, we have massive negative externalities that we need to address. And that means making food sustainable and healthy."

Johan Jörgensen, Sweden FoodTech

A unique feature of Sweden's food market is its strong commitment to sustainability, which is deeply ingrained in consumer habits. The Swedish food industry is renowned for its emphasis on locally sourced, organic, and eco-friendly products, reflecting the nation's dedication to environmental stewardship. Swedish consumers are highly informed about sustainability issues and make purchasing decisions based on environmental impact. This widespread awareness drives demand for sustainable products and encourages businesses to adopt greener practices.

The goal of this bulletin is to take a closer look at the situation in Sweden in terms of food production. To delve into the peculiarities of the Swedish food market, we interviewed Johan Jörgensen, the founder of Sweden FoodTech – a world leading think-tank with ambition to build the next generation food-system based on tech, data, sustainability and health, and Jonas Carlberg, the Public Affairs Manager at KRAV, which is a label for organic food, produced without artificial chemical pesticides.

FOOD INDUSTRY IN NUMBERS

The food industry is one of the largest sectors of the global economy, providing essential nourishment to the global population while generating significant employment and revenue.

- Sweden's self-sufficiency in food production is around 50%, meaning that the country produces about half of the food it consumes domestically, while the remaining food is imported from other countries.
- Around 20% of Sweden's agricultural land is used for organic farming, making it one of the leading countries in Europe for organic agriculture.
- The market share for organic food in Sweden was 8.2% in 2023, ranking 6th in the world, while the global average is 1.9%.
- Sweden is proactive in reducing food waste, aiming to halve food waste by 2030.
- Sweden is committed to sustainable fishing practices. A large proportion of seafood consumed in Sweden is certified by the Marine Stewardship Council (MSC), ensuring it is sustainably sourced.

"In Sweden, I think roughly one-third of every meal served outside the home is a public meal, which includes meals in schools, daycare centers, or healthcare facilities. So, there's a lot of food being served through that model. This model is becoming really sustainable and data-driven. It's probably the most advanced sector overall."

Johan Jörgensen, Sweden FoodTech



MARKET TRENDS AND CHALLENGES

In Sweden, sustainable food trends include a growing consumer demand for organic and locally sourced products, an increasing focus on reducing food waste, and a rising interest in plant-based and vegan options. There is a growing movement towards transparency in the food supply chain, with consumers showing more interest in understanding the origins of their food and the sustainability practices of the companies producing it.

"People in this nation are crazy about sustainability. That's the only thing we care about. Basically, everything starts from the vantage point of sustainability, and you cannot be seen doing something that's unsustainable. [...] And it's not a trend, it's a fact."

Johan Jörgensen, Sweden FoodTech

In Sweden, sustainable food trends include a growing consumer demand for organic and locally sourced products, an increasing focus on reducing food waste, and a rising interest in plant-based and vegan options. There is a growing movement towards transparency in the food supply chain, with consumers showing As proof of this commitment to sustainability the organic food label KRAV is recognized by 99% of Swedes, signifying high environmental standards, animal welfare, health, and social responsibility. Farmers and producers adhering to KRAV standards are required to follow stringent guidelines that promote biodiversity, reduce chemical usage, and ensure fair labor practices. The influence of the KRAV label extends beyond individual purchasing decisions. It shapes market trends, as retailers and foodservice providers increasingly prioritize KRAV-certified products to meet consumer expectations and differentiate themselves in a competitive market.

Despite significant strides in organic and KRAV-certified food production in Sweden, profitability issues have caused some organic farms to revert to conventional methods, highlighting the financial pressures faced by farmers and the need for better support and incentives to sustain organic practices. more interest in understanding the origins of their food and the sustainability practices of the companies producing it.

"What we see, which is a little bit problematic, is that some organic farms are reverting to conventional production at this point in time due to profitability problems. You need better payment when you have organic and KRAV-certified production compared to conventional production. The margins between the higher payment for our products and conventional products are not big enough in certain areas. Additionally, the costs have also risen for the farmers. So, in 2023, quite a few dairy farmers left organic production. We hope to regain them in the Swedish market because we see now that there is a balance or a slight deficit in milk collection when it comes to dairy."

Jonas Carlberg, KRAV

It's clear that the development trajectory is not straightforward. The demand for KRAV-labeled products can be significantly influenced by external factors. "If I look back to mid-2015, we had a huge increase in organic production, both at the farm level and in companies developing and producing KRAV-labeled food. Then, after 2019, it stabilized and started to decline a little bit. I think this has something to do with the fact that we have more country-of-origin labels in Sweden, for instance, From Sweden' label.

Consumers started seeing these alternatives—locally produced products with the 'From Sweden' label—so the competition among different labels became much higher. So, we saw a bit of a decline there. And then, of course, with the tragic events and the war in Ukraine in 2022, we had a completely new situation with inflation rates going up, increasing energy prices, interest rates, and also food prices. At that point, we saw a fairly sharp decline in demand for our products. However, in the second half of 2023, the market stabilized. In the fourth quarter, we even saw an increase in sales for organic products overall." - Jonas Carlberg

ENABLING CONDITIONS FOR CHANGE

Sweden's culinary landscape is as diverse as its picturesque scenery, blending traditional flavors with modern innovations. But there is one more unique factor that could be considered a significant enabler for change - the country's flexible approach to food culture.

"Food can be something different in Sweden since it's not as entrenched in the past as it is in other places. [...] Basically, we're not stuck in a food culture or tradition too much. And this is actually a good thing because food is such a massive endeavor on the planet. In places where the current food system is very strong, like France or Italy, you have those traditions binding you. But when you don't have those traditions, you can start to see food a little more freely. [...] People here are pretty open-minded about change. We're not stuck in a specific food tradition." - Johan Jörgensen

Organic farming is particularly prominent, with many farms adopting eco-friendly practices to meet the high demand for organic products. "Sweden has perfect conditions for organic production, with its cold climate, clean water, and clean air. We work a lot on animal welfare, and the competence and skills of our farmers are very high. So, we think that we are in a very good position to work on increasing organic production." - Jonas Carlberg

As we look towards the future, it's clear that collaboration and innovation will play crucial roles in transforming our food systems. The combined efforts of the Nordic and Baltic regions, leveraging their shared values and diverse strengths, can drive significant advancements in this area.

"There's a lot of innovation that can come into this game, and that's what we should pursue in the Nordics and the Baltics regarding this topic. [...] And we should ensure that these innovations flow freely between our nations [...] because we will reap enormous benefits if we can transform our food system into something healthy and sustainable." - Johan Jörgensen



NATIONAL STRATEGY

Sweden does not have a single, comprehensive national strategy specifically dedicated to sustainable food. However, several policies and initiatives contribute to sustainable food practices. One such policy is the National Food Strategy (2017-2030), which aims to increase sustainable food production, promote healthy eating habits, and ensure food security. This strategy, however, is now considered somewhat outdated and is scheduled for an update in the fourth quarter of this year.

While the National Food Strategy provides a framework, it has its limitations. As it stands, the strategy primarily focuses on producing more of the same types of food but in a slightly more eco-friendly and organic way.

"In Sweden, we have a traditional food production strategy that basically says we need to produce more of the stuff we already produce, but in a slightly more eco-friendly and organic way. Whereas there are a lot of private initiatives to make food more sustainable, Sweden doesn't have a comprehensive food strategy or even think about food in smart ways, as the citizens of this nation do. It's an excellent test market in many ways, but as a nation, no, we missed that." - Johan Jörgensen

In addition to the National Food Strategy, other initiatives and policies also play a role in promoting sustainable food practices. These include:

- Environmental Objectives: Sweden has 16 environmental quality objectives, some of which relate to sustainable food production.
- Organic Production Goals: The country has set ambitious targets for organic farming, aiming for 30% of agricultural land to be organically farmed by 2030.
- Food Waste Reduction: Sweden is committed to reducing food waste in line with the United Nations Sustainable Development Goals (SDGs).
- Sustainable Public Procurement: Public sector procurement policies often prioritize sustainable and organic food options for schools, hospitals, and other institutions.

"I think the whole transformation of food is going to be fueled by aggressive policymakers who understand and can embrace strategic insights around food, then act accordingly. Sometimes, I guess, you need fast-moving societies to achieve that. Unfortunately, in Sweden, the consensus-driven nature of the nation means that any directional change takes an enormous amount of time." -

Johan Jörgensen, Sweden FoodTech

INDUSTRY PLAYERS AND INFORMATION SOURCES

The current key players in the sustainable Swedish food market are companies that are leading the way in innovative solutions. For example, Oatly Group AB, a Swedish food company, specializes in producing dairy alternatives from oats, including oat milk. Another notable company is Nick's, a rapidly expanding confectionary brand sold in over 10 countries. Nick's offers consumers healthy snacks, all of which are free from gluten, palm oil, and sugar. The sweetness is derived from plant-based sweeteners like stevia and xylitol.

Additionally, there are companies that actively invest in and support the transformation of the food industry.

- **Re:food** makes long-term investments in entrepreneurs who are addressing the structural issues within the food system, ensuring sustainable solutions for generations to come;
- **Axel Johnson** is a prominent Swedish family-owned enterprise that is dedicated to constructing and nurturing robust, enduring businesses that actively contribute to addressing societal challenges in crucial areas. Given Axel Johnson's significant presence in the food sector, it particularly aims to contribute to a positive development within the food system;
- Incubator and science park **Krinova** has uniquely positioned itself in the Swedish food sector, with a mission to develop the food industry in Skåne and across the nation. Through innovation and development support, Krinova contributes to Sweden's self-sufficiency and ensures that the food sector is at the forefront of development, even from an international perspective;
- **Solvable** is one of the fastest growing FoodTech/AgTech-focused investment syndicates, bringing together serial entrepreneurs, angels, and family offices to back some of the strongest FoodTech and AgTech founders globally.

To stay updated on the latest trends and developments, consider subscribing to the newsletter "Food Tech Weekly" by Daniel Skavén Ruben. As the Founding Editor, Daniel has extensively covered the evolution of the future food system across numerous issues.

Additionally, Daniel is a well-known keynote speaker, moderator, and panelist on topics related to food systems, FoodTech, and the Future of Food, and has delivered lectures worldwide.

To do not miss out on the current tendencies, consider joining Sweden Foodtech's leading conference "The Big Meet". This annual event brings together key figures in foodtech to educate others about innovations in food technology. Additionally, Stockholm Impact Week gathers the world's most impactful and influential startups, talent, investors, business leaders, and policymakers to spotlight global issues that require attention, and to collaborate on solutions to address them.

For a comprehensive understanding of the FoodTech landscape in Stockholm as well as looking for guidance before starting up in Stockholm, it is recommended to read "The future of food in Stockholm" guide. This guide covers the intersection of food and technology, showcasing how technology is used to enhance agriculture, food production, supply chains, distribution channels, and consumption. It provides an overview of the Stockholm food scene, highlighting the city's position as the gastronomical epicenter of the Nordics, its tech innovations, and progressive sustainable values. The guide also shares insights into the latest investment statistics, trends, and changes in the FoodTech scene in Stockholm, including a detailed mapping of over 208 startups and key players in the industry. Additionally, it features a collection of FoodTech stories that represent the diverse nature of the Stockholm FoodTech ecosystem and the individuals driving innovation in the sector.

Please follow the link:

<https://press.investstockholm.com/media/220144/stockholm-foodtech>

OPPORTUNITIES AND KEY TIPS

When considering entry into the Swedish food market, it's crucial to engage with key stakeholders and regulatory bodies to gain a comprehensive understanding of the market landscape. This includes meeting with retailers to understand their perspectives and exploring certification processes with control companies. This proactive approach allows for a deeper insight into market demands and regulatory requirements, ensuring a well-informed entry strategy.

"It's a growing realization that health and sustainability are probably the new religions of our time, and those are the ones we adhere to. We tend to approach this with knowledge from big process industries: biotech, pharma, tech, and, of course, tech innovation. These can then be deployed to build a next-gen food system."

Johan Jörgensen, Sweden FoodTech

"The bread market in Sweden currently offers very few organic options. It would be intriguing to introduce bread products from other parts of the European Union to diversify the bread selection in the Swedish market. There is a growing demand for organic meat production. Additionally, there appears to be a slight shortage in the dairy market. The decrease in the production of organic products in 2022 and 2023 has impacted the supply, leading to shortages as demand returns. Retailers are also seeking more organic products due to the tight supply situation in Sweden. While we aim to increase organic product availability, we welcome competition and products from other countries." - Jonas Carlberg



THANK YOU!

We sincerely thank the interviewed experts for sharing their knowledge and advice to help Lithuanian companies broaden their understanding about the Swedish food market.



Jonas Carlberg



Johan Jörgensen

We also extend our sincere gratitude to our Club Board Member Amanda Riškus for interviewing experts and preparing the text for this bulletin!



Amanda Riškus

TO BE CONTINUED...

This is the sixth information bulletin that Lithuanian Professionals in Stockholm Club has issued. The series of bulletins aim to provide local knowledge on various topics that are important for Lithuanian businesses aiming to expand or start in Sweden.

In preparing bulletins we utilize our network and professional contacts that own specific knowledge so that bulletins are comprehensive, competent, and useful for Lithuanian businesses.

LITHUANIAN PROFESSIONALS IN STOCKHOLM

We are a non-profit organisation which unites Lithuanian professionals in Sweden to support each other's professional growth, promote Lithuania, and enjoy joint activities.

Our Strategic Directions are:

1. Lithuanian business enablement in Sweden
2. Better visibility and image of Lithuania in Sweden
3. Networking, fun, high professionalism and knowledge of our members.

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<https://eimin.lrv.lt/en/>



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