

➤ FOOD AFFORDABILITY: HOW FRAGMENTED FOOD POLICIES DRIVE UP GROCERY PRICES



Every day, manufacturers across the food and beverage supply chain bring safe and nutritious food from farms to factory floors to families' kitchen tables across America. **Food affordability is shaped by many factors, including how food is regulated and how those regulations are designed and implemented.**

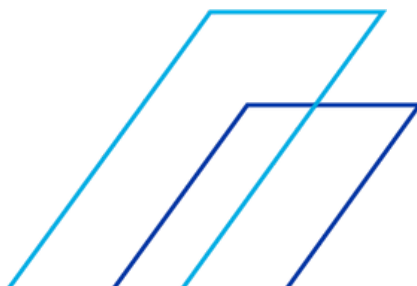
Manufacturers support strong food safety oversight and informed consumer choice, but a growing set of overlapping policies collectively threaten to increase complexity and costs throughout the food system—to the detriment of American consumers.

Processing-based food definitions, regulatory changes to the GRAS framework without appropriate statutory authority, a patchwork of inconsistent state laws, and labeling confusion **all add costs to the food and beverage supply chain and raise prices for families at the grocery store.**

The Food Supply Chain Is Cost-Sensitive

Manufacturers operate within a highly integrated national system spanning agriculture, ingredient production, product manufacturing, packaging, transportation, and retail or food service. This system is designed to produce food and beverage options at scale, keeping products affordable and widely available. **When one part becomes more complex or expensive, the costs move through the entire system.**

Regulatory uncertainty or duplication at any point in the supply chain creates inefficiencies that compound as food moves from production to store shelves. Even modest increases in compliance costs can significantly affect final prices paid by consumers. Protecting affordability requires coordinated federal policy that recognizes how interconnected the supply chain truly is.



How Current Policy Proposals Drive Higher Prices

Policy proposals under consideration would introduce new regulatory requirements that could increase costs across the food and beverage supply chain.

- Classifying foods and beverages according to level of processing instead of nutritional value creates the wrong incentives. Measuring healthfulness this way could incentivize or force reformulation and packaging changes for foods that are safe and nutritionally important, increasing production costs and potentially confusing or misleading consumers without clear evidence of public health benefits.
- Changes to the GRAS framework that do not adequately account for industry input and changes to real-world effectiveness would slow innovation, strain regulatory resources, and increase ingredient approval and manufacturing costs.
- State-by-state food rules risk breaking the national food system into smaller, more expensive segments that require different formulations and labels for different states, increasing manufacturing, packaging, inventory, and distribution costs.

Collectively, these policies can significantly raise the cost of producing and delivering food to the American people. Higher production and compliance costs ultimately reach consumers. When that happens, food prices increase—disproportionately affecting low-income households and rural communities that rely on affordable, shelf-stable, and widely distributed foods.

A Better Approach

Manufacturers support a food policy framework that:

- Relies on science-based, nutrient-focused standards
- Preserves GRAS as a statutory, risk-based system
- Establishes strong federal preemption and national consistency
- Modernizes labeling through coordinated federal leadership

› THE BOTTOM LINE:

Aligning food and beverage policy around coordinated, science-based federal standards protects consumers while enabling manufacturers to continue delivering trusted and nutritious food nationwide. A thoughtfully coordinated federal approach to food policy can ensure that the products American families rely on remain safe, available, and affordable for all.