Brussels, the 30th of September 2025

IPIFF Position Paper
28th Regime
An opportunity to support the scale-up of the EU innovative sector of insect production

1. Introduction

The International Platform of Insects for Food and Feed (IPIFF) is the umbrella organisation of the European insect-producing sector towards European institutions. Bringing together 75 members – most of which are European insect-producing companies - IPIFF promotes the use insects and insect-derived products as a top-tier source of nutrients for human consumption, animal feed and plant nutrition.

The insect industry has emerged as one of the fastest-scaling sectors among industrial start-ups and innovations in Europe, offering a promising pathway to meet Europe's ambitious goals of reindustrialisation and transitioning to a climate-responsible economy. EU support measures should be stepped up to address the specific needs of the sector during its critical phase of scaling up.

The EU insect sector has over 250 production facilities across Europe, predominantly SME's and Start-ups. The sector has passed a critical threshold and has set its mark to be commercially interesting. Production is scaling up to meet the needs of food-feed-plants markets, while building up know-how. The EU insect sector is responsible for 3,500 jobs created until today (incl. above 1,000 direct jobs) and expected to deliver up to 30,000 jobs by 2030.

At the same time, there is a great diversity in types of farms, operational sizes and production models (e.g. 'full liners' vs. decentralized models) and higher level of integration with several other production systems (e.g. 'colocation' with agro-industries, partnerships with farmers).

2. The Potential of the European insect sector, current challenges and opportunities opened by the 'Start-up and Scale-up Strategy'

The recent reports from Enrico Letta on the future of the EU single market and Mario Draghi on European competitiveness have emphasised the vital role of innovation in driving Europe's competitiveness and economic growth. Both reports advocate for the alignment and integration of various public and private initiatives to facilitate the growth of startups and scaleups, which are catalysers for innovation across the continent.

Over the recent years, Europe has shown promising success in generating innovative startups: number is now comparable to those in the United States. Nonetheless, many European startups and scaleups active in industrial projects encounter significant challenges when it comes to scaling within the EU single market.

The European is insect sector is among those: *'(while) our sector has entered into a new phase, reaching important milestones in its efforts to achieve the required level of scalability to realise its full potential (…) it goes along with the mutations and challenges that are traditionally faced by 'novel' and capital-intensive industries: Operators are focusing on further innovations, attracting capital, reducing cost prices, increasing production capacities, and advocating for regulatory changes, all with the objective to become profitable. Recently, these challenges have been exacerbated by difficulties operators face when attracting capital, in the context of ever-scarcer financial resources'*.

In this context, IPIFF highlights the Thematic Study conducted by the European Investment Bank, titled *'Scale-up Gap: Financial Market Constraints Holding Back Innovative Firms in the European Union.'*

This study succinctly encapsulates the challenges faced by the EU insect production sector and underscores the urgent need for support from EU institutions for innovative sectors like ours, particularly in terms of financial resources and regulatory frameworks:

'Closing the gap in finance for scale-up companies is essential for the European Union to maintain its edge in technology and thrive amid the green and digital transitions. European innovators grapple with significant constraints when seeking investment, particularly as they transition from startups to growth-stage companies. This often compels promising firms to seek financing abroad or even relocate their operations overseas. Europe needs to bolster its support for innovation by deepening capital markets and nurturing the venture capital scene. Removing investment barriers and implementing targeted public interventions can generate a virtuous cycle, redirecting investments from institutional investors to this strategic market segment.'

3. About this initiative

IPIFF welcomes the European Commission's initiative to create an optional '28th regime' for an EU corporate legal framework. We strongly believe that this initiative, if designed effectively, can be a pivotal tool to unlock the growth potential of innovative sectors like ours. This paper outlines our support and provides specific recommendations to ensure the framework optimally addresses the unique regulatory and financial challenges faced by EU insect producers.

IPIFF supports the objectives of the 28th regime to reduce fragmentation, simplify cross-border operations, and enhance access to finance. For the capital-intensive and rapidly scaling insect sector, this initiative can:

- **Accelerate Scale-Up:** Simplify the establishment of production facilities across the Single Market.
- **Unlock Investment:** Create a recognisable "EU brand" that de-risks and attracts crucial venture capital and private equity.
- **Reduce Administrative Burden:** Free up resources currently spent on navigating 27 different national systems, allowing a greater focus on innovation and production.

We urge the Commission to consider our sector-specific recommendations in the Impact Assessment to ensure the 28th regime becomes a catalyst for the European bioeconomy.

4. The Insect Production Sector: A Paradigm of EU Innovation and Scaling Challenges

The EU insect sector is a textbook example of the innovative, cross-border SMEs and scale-ups this initiative aims to support. Our members are:

- **Inherently Cross-Border:** They can source approved organic side-streams from one Member State, they can operate production facilities in another and can sell protein to feed manufacturers across the EU.
- **Capital-Intensive:** Building industrial-scale production requires significant upfront investment in R&D and infrastructure.
- **Regulation-Dependent:** They operate within a complex EU regulatory landscape (e.g., novel food, animal by-products, waste management) while simultaneously navigating divergent national company laws.

The current fragmentation of national corporate laws directly impedes our sector's growth, creating unnecessary cost, complexity, and deterring the very investors we need to scale.

5. IPIFF Recommendations for a Fit-for-Purpose 28th Regime

To ensure the 28th regime effectively supports biobased and circular economy sectors, IPIFF recommends the following:

A) On Structure and Core Elements: Creating a Recognisable "EU Bio-Economy Brand"

- **Recommendation 1:** The distinct name and abbreviation for the 28th regime companies should be clearly linked to its EU identity (e.g., "European Company (ECo)" or "EU S.A.") to maximise its brand value and instant recognisability for investors.
- **Recommendation 2:** The regime must be truly accessible to SMEs and scale-ups. We caution against setting prohibitively high **minimum capital requirements** that would exclude the very innovators it seeks to help. A low, symbolic capital requirement should be considered.

B) On Simple, Flexible and Fast Procedures: Enabling Agile Cross-Border Expansion

- **Recommendation 3:** The **48-hour digital setup** goal is highly welcome. This process must be seamless and integrated with other relevant digital tools, specifically the **EU Business Wallet**. The Wallet should be designed to store not only corporate data but also relevant regulatory approvals (e.g., Novel Food authorisations) to facilitate cross-border business operations.
- **Recommendation 4:** The ‘once-only’ principle must be comprehensively applied. For an insect producer, this means company information provided once should be seamlessly shared with business registers, tax authorities, **and relevant sectoral authorities** (e.g., those governing food safety or environmental permits) to the greatest extent possible, reducing duplicate reporting burdens.

C) On Attracting Investment: Unlocking Capital for Scale-Up

- **Recommendation 5:** The inclusion of **flexible share classes** is critical. The regime must explicitly allow for the creation of preferred shares, non-voting shares, and other structures commonly used by venture capital and private equity firms. This standardisation will make 28th regime companies a familiar and attractive investment vehicle globally.
- **Recommendation 6:** The rules for **digital transfers of shares** and standardised **private equity investment agreements** should be prioritised. This will drastically reduce the legal costs and complexity of investment rounds, making it easier for our members to secure growth capital.

D) On the Broader Legal Framework: Addressing the Full Company Lifecycle

- **Recommendation 7:** IPIFF strongly supports the modular approach to include **labour and tax law**. The regime should facilitate the secondment of specialised staff (e.g., R&D scientists, engineers) across borders with minimal administrative hurdles.
- **Recommendation 8:** Harmonised and simplified **insolvency rules** are essential. A predictable and efficient process for business failure, while not desired, is a reality of innovation. Reducing the "cost of failure" encourages entrepreneurial risk-taking, which is the lifeblood of our sector.

5. Conclusion

The proposed 28th regime presents a unique opportunity to build a corporate legal framework fit for the 21st century, empowering innovative European sectors to compete and lead globally.

'IPIFF and its members are ready to act as a pilot community for this initiative. We offer our sector's expertise and stand ready to participate in targeted consultations to ensure the final design of the 28th regime effectively supports the growth of the European insect sector and the broader circular bioeconomy'.

IPIFF, the International Platform of Insects for Food and Feed, Brussels, the 30th of September 2025