CIAA Policy Recommendations

Input into the High Level Group on the Competitiveness of the Agro-food Industry

CIAA

Confédération des industries agro-alimentaires de l'UE
Confederation of the food and drink industries of the EU

Foreword

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Following several years of raising awareness about the performance of the food and drink industry, the creation of the High Level Group on the competitiveness of the EU food and drink industry allows for a step change in addressing competitiveness issues. The High Level Group, which is working under the leadership of Vice-President Verheugen, provides an opportunity for active and coordinated impetus to efforts aimed at enhancing the competitiveness of the food and drink industry and actively contributing to the achievement of the Lisbon Agenda.

Given the global economic slowdown and the key role of the food and drink sector in the economy, it is critical that the right framework conditions are created for the food and drink industry to remain competitive. European policy makers need to create a stimulating business environment. Serious efforts to improve the business environment in support of competitiveness need to be sustained and rigidities in the market due to the regulatory environment need to be removed. Industry has responsibility for making appropriate business decisions, embracing latest techniques and streamlining management.

Improving competitiveness will contribute to sustainable food and drink industry activity in Europe and will allow companies to continue serving European consumers efficiently while responding even more rapidly to their changing needs.

These CIAA policy recommendations are an addition to the CIAA 2008 Report on the EU food and drink industry competitiveness indicators published earlier this year. They are divided into five broad items.

1. Provide access to competitive agricultural raw materials
2. Improve access to export markets for EU food and drink products
3. Support research, development and innovation
4. Improve the EU regulatory framework
5. Improve functioning of the food chain and address resource issues

These recommendations represent the CIAA's input into the work of the High Level Group on the competitiveness of the agro-food industry. CIAA is strongly committed to actively contribute to this exercise. We are confident that the work of the High Level Group will lead, in Spring 2009, to a set of recommendations that will be relevant for the food and drink sector and which will, over the years to come, be translated into actionable decisions and measurable improvements for our industry.

Jean Martin,
President of CIAA

BUILDING THE FUTURE OF THE FOOD AND DRINK INDUSTRY IN EUROPE

CIAA Vision

The European food and drink industry will continue to be a world leader within its industry sector. It will provide consumers and society with a wide choice of safe, wholesome, nutritious, sustainable and affordable food and drink products, for markets inside and outside Europe.

For the industry to grow, prosper, invest, innovate and realise its vision, it will need soundly based economic, social and environmental development. The surrounding business environment should be one of encouragement, with policies appropriate to sectors and business size. The industry in turn will provide significant and worthwhile economic and employment prospects.

In delivering this vision the industry will strive to ensure the sustainability and impact of its operations, whilst maintaining transparency concerning its products and production methods.

Food and drink industry: context & challenges

As the largest EU manufacturing sector with a turnover of over € 870 billion in 2006, the food and drink industry represents an important pillar of the European economy and plays an integral part in delivering the targets set by the Lisbon declaration.

The European food and drink industry is integrated in global networks for the sourcing of its raw materials, for business relations and contracts, for the transport and distribution of goods and for investments. Market functioning throughout the chain is key to allow fair competition for all players. Companies are operating at a local and global scale. Both dimensions have to be considered to address competitiveness issues.

EU policies must pursue the objective of an optimal business environment and a well-functioning internal market. They must integrate globalization as a factor of additional pressure on industry competitiveness as well as a considerable opportunity for further development.

As a global leader, the European food and drink industry is conscious of its responsibilities and can live up to the expectations of consumers and society. Europe's traditions related to food are an expression of its cultural diversity and represent a clear asset on which the sector can build. To achieve the food and drink industry's overall objectives, the ability to produce and market products without undue constraints is essential.

There are two key ways of achieving sustained growth for the EU food and drink industry: by reaching out to rapidly expanding markets and by developing products with higher added value, hence moving up the value chain through research, development and innovation.

Promoting an integrated food policy

Both industry and policy makers need to reflect on the appropriate responses to the current challenges to the competitiveness of the European economy. National, EU and even global policies and developments impact on the competitive position of EU industry. An integrated approach encompassing all these policies is needed.

Horizontal as well as more sector-specific policies developed by different Commission Directorates-General all have an impact on the food and drink industry. Whether these policies are relative to agriculture, health and safety, energy, environment, trade, consumer protection, customs or research, they require effective coordination and prioritization of key objectives. A strengthened Enterprise Directorate-General would be better suited to ensure such coordination among services.

Policies directly or indirectly related to food production must be approached in an integrated manner, which must focus on the needs and role of the sector as a whole. An integrated food policy should assess measures from different policy areas for their applicability to the food and drink industry and should eliminate contradictions (e.g. the setting of a mandatory minimum font size for labelling which could have the unintended consequence of forcing companies to introduce bigger pack sizes).

Improving the business environment

I Approach for the development of policies

Government-driven policies should address general business concerns and needs. Policy objectives should start from a clearly identified issue and problem definition. Objectives should be expressed in terms of goals, rather than tools or processes. In an open and flexible approach to identify the appropriate policy response to a given issue, a broad range of policy options need to be envisaged and then assessed.

It is essential for the further process that an early engagement of key stakeholders is ensured. Business involvement from the earliest steps in the mapping of issues and throughout the whole decision-making process, including Council and Parliament, is a prerequisite.

II Assessment of policy options

The broad range of possible policy options needs to be assessed as to impact on the food and drink industry, with a particular emphasis on and analysis of the implications for SMEs. Based on factual priorities and considerations, the impact assessment should then lead to a hierarchy within the list of pre-defined policy options. Finally the design of the preferred option can be fine-tuned in order to enhance its application.

III Criteria to assess policy options

The assessment of policy options should take into account food and drink industry priorities, and should cover a number of factors along the 3 pillars building a sustainable food policy.

- Economic pillar - net economic growth should be the objective when assessing the impact of a policy on the food and drink industry as a whole. It could also extend to: availability of raw materials, innovation, reformulation, communication, export activity and performance, and proportionality. Cost-benefit analyses should be part of the assessment of policy options.
- Social pillar - assessing the impact of policies on product safety, consumer protection and consumer information plays an important role for risk management. It should, however, not undermined the science-base in any new approach or legislation.
- Environmental pillar: assessment of policy on environmental effects should cover, for example, resource efficiency.

IV Key food and drink industry criteria as regards existing policy and new initiatives

The framework within which the food and drink industry operates must be less complex and less burdensome. It must stimulate innovation and give due attention to the particularities and limited capacities of SMEs. Alternatives to legislation can provide equivalent or even more effective guidelines to market players and must be given due consideration. Legislation must always be science-based, predictable and proportionate. Legal certainty and enforceability should prevail. The impact of existing and new legislation on the international competitiveness of the sector must be considered.

- Existing and all new legislation impacting food products should be evaluated in the light of these recommendations. Where necessary, existing legislation should be replaced with legislation that supports the global competitiveness of the food and drink industry without posing a risk to food safety.
- Administrative burdens should be reduced and approval procedures, where possible, should be enhanced by fast track procedures.
- The introduction of new governance principles should never have the potential to undermine the functioning of the Internal Market (e.g. by allowing national schemes to be developed as is the case with the current proposal on the food information package).
- Politisation of scientific issues should be avoided. Public pressure should not interfere with decisions for which scientific advice has already been given, even if they are not in line with public opinion.

V Action Plan in support of enhancing competitiveness of the agri-food sector

- A roadmap must be developed with clear objectives, actions, deadlines and responsibilities;
- Benchmarks need to be set to support an effective implementation of policy recommendations;
- A stakeholder group should monitor progress;
- The issues and action points outlined hereafter provide insights into the key issues and recommendations for the competitiveness of the food and drink industry.

CIAA RECOMMENDATIONS ON IMPROVING THE COMPETITIVENESS OF THE FOOD AND DRINK INDUSTRY : VISION AND ACTION

Provide access to competitive agricultural raw materials of required quantity and quality

1. Availability of EU agricultural raw materials

Issue: The food and drink industry concerns as regards quality, quantity and price of available agricultural raw materials, notably EU produced, are particularly prominent. The CAP, biofuels policy (competition for existing raw materials between food and non-food uses), plant protection product regulations, GMO policies and other legislation are directly and indirectly impacting supply, on top of natural climatic factors.

Vision: The CAP must be market-oriented; the CAP must ensure the competitiveness of the food and drink industries through the preservation of the primary role of agriculture that is the production of agricultural raw materials for food and feed. Industry needs raw material supplies that correspond to specific quality criteria, are in sufficient quantity and are competitively priced.

EU policies, which have an impact on food production, must be based on comprehensive impact assessments incorporating food supply concerns.

Action:
The issue requires responses affecting several EU policies.

a. Ensure comprehensive assessment of the impact of policies directly affecting EU industry supplies in raw materials, in particular bio-fuels and rules on the use of plant protection products, but also GMOs.

b. Review legislation and take appropriate action, notably when supplies are at risk. In particular: carry out a review of the biofuels target at mid-term of the 2020 deadline taking into account availability of sustainable supplies of second-generation biofuels, and impact of the policy on raw materials for food production. Furthermore, ensure that the review of the European plant protection products legislation is balanced and does not lead to excessive changes as regards its impact on agricultural production and hence food supplies.

c. In order to enhance agricultural productivity, research and the use of new technologies must be promoted and supported.

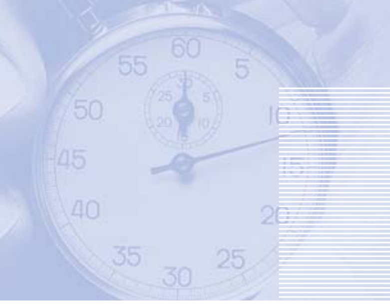
d. Continue and enhance monitoring of the price and availability of agricultural raw materials and market developments with a view to taking appropriate action, as necessary.

e. Make use of market management instruments (suspension of duties, support for storage, creation or extension of tariff rate quota's (TRQ's), …) in a balanced way so as to cushion the high volatility in raw material availability and prices, taking into account the interests of users and producers.

f. When considering the future development of the EU's agricultural policy, the CAP is and must remain a truly common policy with common objectives and instruments. The European budget must therefore provide the means for such policy. The CAP must not only be supportive of efficient production, but should offer measures for dynamic change and evolution in the agricultural sector.

2. EU Policy on genetically modified organisms (GMOs)

Issue: The global use of GMO crops, which have not yet been approved in the EU, is increasing considerably. The current zero tolerance policy for EU-unapproved GMOs, although these have been approved in other countries according to Codex plant guidelines, will have considerable consequences for the food and feed sector.



Vision: Industry needs to trade with non-EU countries and, at the same time, to manufacture products which respond to consumer preferences.

A workable and realistic threshold is needed for the low level adventitious presence of GMOs, not yet approvaed in the EU but approved elsewhere according to Codex plant guidelines.

The use of GMOs must be put into a global perspective.

Action:

a. The approval process needs to be speeded-up within the EU.

b. It is also imperative to allow a low-level presence of GM events, approved in the exporting country, although not yet approved in the importing country. Such a solution must imperatively apply to both food and feed. Thresholds must be set at a level allowing variations in sampling and testing methods.

c. The Commission should open a debate on the long-term future of EU GMO policies.

3. Agricultural raw material price gaps

Issue: Price differences between raw materials paid by EU companies and those paid by some of their competitors still remain, creating competitiveness problems for certain EU food and drink products on world markets. The elimination of export refunds or the setting of rates at zero will lead to sizeable losses for companies exporting annex or non-annex I products, as long as these price gaps exist.

Vision: Over time, the reform of agricultural policy contributes to reducing, even closing the price gaps with agricultural products traded on world markets. This trend will continue, but alternative solutions must be provided when and where necessary.

Action:

a. In the short to medium term: the Commission must allow the use of export refunds where it is necessary to bridge price gaps between internal and external markets.

b. The modernisation of the Community Custom's Code (Regulation 450/2008) must go hand in hand with the improvement of the functioning of the Inward Processing Regime (IPR), including:

   I. The reversal of the burden of proof should restrict the examination of the economic conditions to a limited number of problematic cases.

   II. The list of sensitive products needs to be short and well defined. The economic test, undertaken at EU level, should bring transparency to the process and guarantee a more uniform application, based on common parameters, of the rules governing the examination.

   III. It is key that the review of rules on technical issues such as the time limit for granting IPR authorisation, period of validity of the IPR authorisation and period of discharge, leads to reduced complexity and paperwork requirements.

   IV. Eliminate Annex 74, paragraph 7 of the CCC (equivalency rules for dairy products).

4. Quality assurance specific quality schemes

Issue: The existence of many different quality certification schemes has triggered a debate. When suppliers find themselves having to comply with different requirements, this results in unnecessary costs and duplication of efforts (adaptation of management structure, inspections). This is burdensome for SMEs notably.

The EU Scheme to support geographic indications (GIs) has led to a plethora of product registrations without assessment of their economic value and their ability to exploit the opportunities of this registration scheme.

Vision: Quality assurance schemes (QAS), as well as brands, Protected Geographical Identifications (PGIs) and Protected Denominations of Origin (PDOs) are instruments aimed at enabling EU-based industries to sell products at premium prices. These are of company (private) competence, but the development of quality schemes is market-driven.

Private food chain standards need to be streamlined to avoid unnecessary and costly duplication of certifications.

PDO and PGIs must continue to provide real value added to consumers and industries.

Action:

a. Industry-driven efforts must continue to recognize the use of international standards (i.e. ISO 22000) as a common basis for retailers' food safety standards and cover additional specifications through a common set of standards (PAS -Publicly Available Specifications)

b. A set of guidelines could contribute to improving the transparency of quality schemes vis-à-vis other stakeholders in the supply chain. The following elements should be part of the guidelines as "baseline" of certification schemes: the normative document to be made available to the public; guidance for the certification of the implementation of the normative document; certification to be undertaken by an accredited body.

c. Review Council Regulation 510/2006 with a particular emphasis on inserting an economic criterium for the evaluation of new PDOs and PGIs and set-up national bodies to better enforce protection at EU level.

Improve access to export markets and enhance a level playing field

5. Distortion on global agricultural markets

Issue: Agricultural policies and their support systems can cause distortions on global markets which cannot be addressed in a bilateral context. Trade in agricultural raw materials and in food and drink products faces numerous tariff and non-tariff obstacles. In the absence of clear disciplines, trade partners tend to resort to the WTO dispute settlement procedure to solve trade issues.

Objective: The multilateral approach remains the key objective for improving international trade; reaching a balanced agreement under the WTO, as part of a Single Undertaking, remains a priority. There is much to gain from a multilateral agreement for the EU food and drink industry, such as a better framework to ensure disciplined agricultural support, a single, clear set of rules, increased competition on the EU market and enhanced trade opportunities for food and drink industry products.

Action:

a. The EU Commission should pursue the objective of reaching a balanced and comprehensive WTO agreement including Agriculture, NAMA, Services, Trade Facilitation and rules;

b. To reach a balanced agreement, the current draft modalities text on agriculture must take into account in particular food and drink industry concerns regarding: tariff simplification, parallelism in export competition, differential export taxes, tropical products definition and treatment, geographical indications.

6. Access to export markets

Issue: The EU needs more market access opportunities, notably in the absence of a multilateral trade agreement. The EU risks loosing trade opportunities due to the increase of free trade agreements negotiated by key EU trade partners.

Vision: Bilateral Free Trade Agreements (FTAs) are complementary to the multilateral process. The bilateral process needs to be concluded in key regions where the EU has particular interests, where markets register strong growth and where trade agreements with other trade partners risk putting the EU at a disadvantage. Bilateral negotiations need to address the many non-tariff barriers faced by food and drink products, including counterfeiting, regulatory and standard issues that are not solved at the multilateral level.

For products with offensive interests free trade agreements represent an opportunity and import duties and charges should be dismantled on the basis of reciprocity. However, sector-specific treatment (for example limited number of tariff line exclusions, longer lead-in times for specific products, etc…) may have to be provided in order to respond to the particularities of some sectors that have defensive interests in FTAs.

Action:

a. The European Commission should give particular priority to the conclusion of ambitious Free Trade Agreements with the Ukraine, South Korea, India and ASEAN countries. The interests of the food and drink industry must be given the same weight as other industries;

b. The Commission should give particular attention to enhancing trade relations and addressing trade issues with China, Mercosur, Canada and with neighbouring countries such as Russia and Norway;

c. More effort needs to be put into addressing and preventing trade barriers between the EU and the US; in particular regulatory issues that develop into trade barriers, such as 100% scanning, certification by accredited certifying agents, provisions on port of entry and origin labelling (which are under consideration in the US Food Safety Import Bill);

d. Bilateral trade agreements need to include chapters on food safety (SPS), on food regulatory issues, on TRIPS (including GIs), the environment and on customs cooperation; they should promote the use of international standards;

e. Trade barriers (sanitary and phyto-sanitary provisions, regulatory constraints, additional taxes, issues related to intellectual property rights) need to be actively addressed in a coordinated way, in cooperation with business, using all available instruments for bilateral dialogue, as developed within the Market Access Strategy. Promotion of the Quality Standard ISO22000 would help in this respect.

f. Existing Intellectual Property Rights need to be effectively implemented and enforced. European trade policy, particularly through bilateral trade agreements, must consider the mechanisms necessary to ensure that third countries adhere to brand registration and protection regulation.

7. Promotion - Reaching out to export markets

Issue: Opening markets outside the EU is costly; it requires considerable investments in time and money, posing a problem for SMEs in particular. Export promotion programmes exist at both EU and national level, but the EU schemes are complex and ill adapted to exporters' needs. Contractors are hampered by numerous procedures and bureaucratic monitoring from European and national officials.

Vision: Any EU food and drink export strategy must include a more ambitious export promotion activity. The core objective of the EU promotion policy -to support the image of European agri-food products and to emphasise their ability to meet different consumer requirements- remains totally valid. This policy has a clear role to play in communicating the key assets of European agri-food products, i.e. diversity, tradition, high quality and safety standards, towards consumers and trade (importers and retailers) in non-EU countries. Export promotion should be considered as a strong instrument to support SMEs and to complement their general lack of finance and human resources to develop and sustain export activity. This is a long term investment for SMEs.

Action:

a. Council Regulation (EC) No 3/2008 of 17 December 2007 and Commission Regulation (EC) 501/2008 of 5 June 2008 should be reviewed with the following objectives:
   - Introduce clear provisions allowing branded products to be shown in fairs and exhibitions,
   - Facilitate the management of cross-country programmes,
   - Simplify a number of procedures, such as the amendment of the initial programme, monitoring and payments.

b. Aim for an extension of the scheme to all processed products and fish products and ensure that the available budget to support such export promotion schemes is suitably adapted to the needs

c. Specific measures to support SMEs, such as dedicated export help-desks, should be set up.

8. Regulatory level playing field

Issue: EU companies are subject to increasingly stringent regulations. Companies have to compete on both the EU internal market and on third country markets whith producers and products which are subject to much lower constraints as regards food production standards, environmental provisions, social laws and animal welfare rules. This can lead to a competitive disadvantage for EU manufacturers.

Vision: The differences in compliance with regulatory provisions between EU manufacturers and third country competitors need to be reduced, the more so as manufacturers operate in a global market. More efforts need to be put on promoting international standards, including ISO22000 and their adoption by trade partners.

Action:

a. Active Commission involvement in international standard setting bodies;

b. Adoption and implementation of international standards at EU levels as appropriate so as not to put EU companies at a competitive disadvantage;

c. Promote adoption of international standards in bilateral relations;

d. The Commission must ensure that robust impact assessments are undertaken to ensure that unnecessary administrative burdens for industry are avoided.

9. Customs formalities

Issues: Trade in food and drink products is administratively burdensome. The sector is subjected to more serious constrains than other industrial sectors, due to extensive food and feed legislation and to numerous provisions linked to the Common Agriculture Policy. National interpretation of the Community Customs code in 27 Member States creates additional costs and barriers to trade.

Vision: EU Customs policy needs to be conducive to trade and not hamper exports or imports, while taking into account interests of users and producers. There should be a genuine single market for Customs in the EU with a paperless environment and controls based on risk assessment.

Action:

- Ensure rapid implementation of the Single window: promote the one-stop-shop for all documents, including food safety certificates, etc. ;
- Promote international cooperation and multilateral agreement on trade facilitation under the DDA;
- Authorised Economic Operators (AEO) in the agri-food sector must benefit from real simplification.
- The implementing provision of the new modernized Customs code, currently under discussion, must prevent distortions between Member States.

Boost R&D programmes and innovation

10. Research and innovation funding

Issue: The food sector is facing key challenges and given limited R&D funding, there is a very real need for R&D to be clearly targeted and for industry to be a key partner in identifying how this should be done.

Objective: Funding for food-related programmes (research, innovation) must reflect the changing needs of the agro-food industry and those of the consumer.

Action:
Areas that have been identified as requiring research funding:

a. Obesity: As obesity is a key public health issue, further work should be carried out to understand all of the causes and to identify potential corrective measures.

b. Sustainability of food production: The potential impact of climate change on primary food production in the EU and on the supply of food from non-EU countries needs to be better understood.

c. Communication and consumer trust in the food chain: New scientific opportunities need to be communicated to consumers in such a way as to make them understandable as positive opportunities and not simply as new risks.

d. Provide enhanced support to the European Technology Platform ETP Food for Life.

e. Use other EU funding sources, through networks such as ERA-Net; the creation of a Food and Health ERA-Net would prove helpful.

11. R&D - Transfer of knowledge and technology - Communication

Issue: SMEs have very little R&D capability of their own and seldom possess the financial and human resources needed to participate in collaborative projects with universities and other research centres. Transfer of research results and of innovative technologies to SMEs in a usable form is thus problematic.

Vision: Targeted public-private partnerships (PPPs) involving SMEs need to be established to better enable SME's to benefit from innovative new technological developments. PPPs must take into account the limited technical and financial resources.

Action:

a. Techno-scientific mediators should be established as a way to create better and stronger linkages between industry and researchers and to implement more effectively innovative technologies. These mediators can also operate as translators of the more and more sophisticated environment in which companies work.

b. Guidelines for technology transfer can be promoted.

c. Improve public-private partnership and promote high-level education in the food field through both a Knowledge Innovation Community for the food sector within the European Institute of Technology and of a Joint Technology Initiative (JTI) for the food sector.

d. National R&D Platforms should be encouraged and where still necessary, developed.

e. Efficient communication tools are needed for the dissemination of effective innovative technologies and of success stories.

f. Develop techno/science parks that help spin-off creation; create clusters in which companies can enhance cooperation.

12. Lead market initiative

Issue: The food and drink industry needs a focussed R&D programme which will address the issues which both help and hinder the development of innovative new products with genuine nutritional benefits for consumers in the EU.

Vision: The factors need to be understood that mitigate against successful innovation as these have the potential to both deprive consumers of genuinely useful and nutritious new products and also to put the EU food industry at a disadvantage with respect to its international competitors. Possible corrective action should be identified.

Action:

a. The food and drink industry-driven "Vision to a Lead Market Initiative (for Food)" should be supported. As the EU agro-food industry was not included in the lead market initiative for 2008 it should be considered in 2009.

b. Three specific food types are targeted in the lead market initiative, chosen by the food industry. These are:

   1. foods for weight management and control of obesity;
   2. foods that promote optimal development and respond to the specific concerns of the elderly;
   3. foods that enhance intestinal health and resistance to pathogens and disease.

c. It should include recommendations on a policy mix concerning regulation, standards, IPR, procurement and risk capital.

Improve the EU regulatory framework, ensure enforcement and work with non-legal instruments where appropriate

13. Administrative burdens for SMEs

Issue: The costs of compliance with EU legislation for SMEs are particularly burdensome. Frequent changes and lack of harmonization, for example concerning labelling requirements, create burdens for SMEs and can provide obstacles to growth. There are delays in the regulatory procedures for the authorization of innovative products or ingredients. The complexity, cost and time involved in making an application under the Novel Foods regulation means that this is really not an option open to SMEs.

Vision: The legal framework must become more flexible in order to be more SME friendly and to this end, accurate impact assessments for the possible implementation of new measures must be carried out. Reasonable transition periods are needed for compliance with new regulations. Recourse to new legislative measures should be taken only when strictly necessary and the alternatives of voluntary measures, codes of practice etc. should always be considered first.

Action:

a. Set timescales for new legislative measures which take into account the needs and limited resources of SMEs.

b. A simplified authorisation procedure, rather than the Novel Foods Regulation, should be used whenever the product in question uses only previously approved food ingredients.

c. Ensure that Impact assessments particularly take into account the impact on SMEs.

14. Harmonised implementation and enforcement of existing legislation

Issue: Non-harmonised national regulations and the different ways in which EU Directives are sometimes transcribed into national regulations can pose a particular problem. Any difference in national requirements prevents the proper functioning of the Internal market and has a negative impact on the competitiveness of the EU food and drink industry.

Moreover, the rapid alert system (RASFF) has been operating in its current form since February 2002 and should be reviewed. In particular, the different measures, which Member States invoke in response to the same incident communicated via the RASFF, can cause both unnecessary costs and confusion on the part of the consumer.

Vision/objective: Emphasis should be put on the harmonisation of the administration and enforcement of existing rules instead of constantly developing new legislation. Clear implementation rules should enable the same measures to be put in place by Member States responding to the Rapid Alert System.

Action:

Labelling

a. Harmonise the implementation of food legislation.

b. Different enforcement and administration of food legislation should be avoided (such as “top-ups” in labelling).

c. Ensure enforcement of the legibility aspect in the current labelling legislation (2000/13).

Rapid Alert Systems for Food and Feed (RASFF)

d. Develop clear implementation rules to prevent diverging interpretation of Rapid Alert Systems for Food and Feed (RASFF) at Member State level to the detriment of the food industry.

e. Ensure responsible rapid alerts, as the RASFF should prevent unnecessary triggering of incidents. Therefore an evaluation of the impact of the event should be conducted before issuing a rapid alert.

f. Industry should be a partner in the debate and in the evaluation of the impact. It should share observations with governmental experts in order to improve the functioning of the system and to prevent diverging interpretation.

15. Unique risk assessment

Issue: Further to the European Food Safety Authority (EFSA), most Member States have their own Food Safety Agencies. Opinions and Risk Assessments are not always the same from these different Agencies. As a consequence, scientific risk assessment carried out at national level can differ from equivalent assessments undertaken by EFSA. This in turn may lead to different risk management measures and may not only affect the functioning of the Internal Market but it can also dramatically damage trust in science and risk assessment capabilities of EFSA.

Objective: EFSA's competence is unique and should be fully used: it is pan-European in operation, solely involved in Risk Assessment, transparent in execution and independent of government, industry and other stakeholders when developing its opinions. EFSA should therefore be recognised as the EU body for carrying out scientific risk assessment.

Action:

a. All public health risk management measures should be completely based on scientific risk assessments.

b. Member States should make more use of their ability to call on EFSA to carry out risk assessment in areas of concern at national level, but with potential implications at European level.

c. EFSA should be responsible for coordinating Risk Assessment work with Member State agencies and for agreeing on joint work programmes.

16. Clarity and coherence of information for consumers

Issue: The existing regulations on information to appear on food and beverage packaging are complex and often lead to practical problems for manufacturers. The challenge to provide the consumer with responsible and helpful information about the nutrients in food and drink products has led to the development of Guideline Daily Amounts (GDAs) on the basis of the CIAA agreed scientific reference values. This tool allows the consumer to assess the contribution of a specific food product to a balanced diet. Too simplistic or coloured information about the nutrient content of a product risks distracting from the right information and confusing the consumer.

Objective: The Commission Proposal on food information (COM 2008/40) was published in January 2008 and is broadly welcomed for its potential to guarantee the Single Market and to enable the consumer to make informed choices. The cooperation with public authorities in devising strategies to improve consumer understanding should be increased and supported. CIAA members encourage public authorities and other stakeholders to develop a harmonized approach using GDAs on a voluntary basis. This would allow manufacturers to provide additional nutritional information on packaging where appropriate.

Action:

a. Existing and future legislation should avoid contradictions and provide the flexibility to adapt quickly to changing consumer needs and interest.

b. The reduction of administrative burdens should be achieved especially for small and medium sized companies.

c. Preference and reinforcement of fully harmonized rules for nutritional information across the European Union to guarantee the functioning of the Single Market.

d. National systems or schemes must be excluded as they lead to technical barriers to trade while confusing the consumer.

e. Self-Regulation should be considered as a complementary tool to existing regulation.

f. The role of information and education for the consumer in the context of a healthy and balanced diet and lifestyle should become more focused to prevent in particular obesity and alcohol misuse.

17. New technological and scientific developments resulting in societal challenges

Issue: New developments, new technologies (such as GMOs, animal cloning, nanotechnology) can raise particular concerns with consumers. Yet, they are developed and used at global level.

Objective: Food science related issues must be demystified. Consumers need to understand these new developments in order to maintain their confidence in technology. This requires confidence and trust in food operators, risk assessors and risk managers, to properly handle emerging issues, such as new technologies. Innovation is important and should be presented in a positive way to citizens and to consumers.

Action:

a. Develop and support objective communication on new technologies by all parties concerned.

b. Ensure issues are adequately addressed in a stakeholder dialogue.

18. General environmental policy

Issue: The agro-food industry will continue to play an important role in reducing the overall environmental impacts of EU consumption and production. A number of drivers push for continuous environmental improvement, such as rising energy and resource prices, which have become a notable cost factor, an increasing amount of environmental legislation and increasing consumer awareness concerning the sustainability of food production.

Objective: Environmental policy should support the sector in managing the transition towards a resource-constrained economy whilst increasing its economic competitiveness and helping it capture new business opportunities.

Action:
When designing EU environmental policy apply the following principles:

- Define the key environmental challenges along the food chain in a science-based way and set clear environmental objectives, while granting industry the necessary flexibility to develop the most efficient practical solutions.
- Engage all the actors along the food chain in the design of environmental policies and allocate responsibilities. Apply the life-cycle principle.
- Foster global approaches to environmental governance, in particular in the area of climate and energy, to safeguard international competitiveness.
- Foster a balanced approach between supply-side (process and production related) and demand-side (consumer related) measures.
- Ensure that consumer related measures use science-based, clear and uniform product assessment methodologies across the EU.
- Avoid disguised environmental protectionism to protect the Internal Market.

19. Sustainable energy

Issue: While the food manufacturing sector - if viewed at an aggregate level - is characterised by relatively low energy-intensity, some sub-sectors show energy-intensities comparable to that of other manufacturing sectors and sharply rising energy prices have become an important cost factor in those sectors. EU climate change policies put additional pressure on food manufactures to cut energy use and GHG emissions.

Objective: To support agro-food companies in cutting energy consumption and costs while moving towards low-carbon and renewable energy sources.

Action:

a. Public authorities and energy agencies to help agro-food companies, especially SMEs, to improve their energy efficiency (e.g. provision of free energy audits and other relevant expertise)

b. Financial support schemes at EU and national level to overcome existing barriers to investment in low-carbon technologies, including on-site generation:

   1. Combined heat and power (CHP), tri- and poly-generation
   2. Bio-gas from food processing by-products, waste, process water,
   3. Use of by-products as renewable fuels
   4. Other renewable energy sources (wind, solar)

20. Emission trading system (ETS)

Issue: The current EU ETS is binding for food manufactures operating combustion installations above a 20 MW capacity. About 900 EU ETS installations are on food and drink manufacturing sites. While the majority of the sector's ETS installations are small emitters, there are also some larger installations in sub-sectors such as sugar, starch, oils, brewing, dairy, yeast, malt and potato processing.

Objective: To support emissions trading as an efficient tool to cut greenhouse gas (GHG) emissions from large installations.

Priority areas for improvement of the current Directive include the treatment of small installations, the need for more harmonisation in the EU ETS implementation across the EU, the impacts of auctioning on more energy-intensive sub-sectors, and the promotion of CHP.

Action:

a. **Auctioning:** Auctioning involves significant costs for more energy intensive sub-sectors. Their international competitiveness could be negatively impacted by 100% auctioning. Free allocation to exposed sub-sectors, based on clear efficiency benchmarks. Base future ETS burdens for EU industry on the outcome of international negotiations.

b. **Small installations:** Allow installations below 25 000 t CO_2/year to opt-out of the EU ETS. The ETS compliance burden is disproportionate to the low level of their emissions.

c. **CHP (cogeneration):** Support the uptake of cogeneration (combined heat and power) in the agro-food sector through 100% free allocation to both heat and power from CHP installations.

d. **Harmonisation:** Ensure a harmonised definition of “combustion installation” and uniform rules on new entrants, site closures and allowance transfers.

21. Eco-innovation

Issue: There is a big potential in environmental R&D and eco-innovation in the food chain with the dissemination of existing environmental technologies and best practices across the sector. Especially SMEs have considerably less resources in these fields, while accounting for about 50% of the turnover of the sector. Eco-innovation also spurs the continuous improvement of Best Available Techniques (BATs).

Objective: Investment in environmental R&D and eco-innovation needs to be increased in order to tackle major future environmental challenges. Beneficial results of R&D must be disseminated broadly across the sector, through technology transfer, including to SMEs.

Action:

a. The priority areas for environmental R&D in the food sector should be identified and prioritised in order to address major challenges such as climate change, water usage and bio-diversity.

b. The transfer of knowledge and technology from large research centres and corporate leaders to agro-food SMEs should be better facilitated. Barriers to increased investment in eco-efficient technology should be identified and removed.

c. EU legislation must take account of the current state of play in R&D and eco-innovation, especially concerning the availability of safe, reliable and commercially viable alternative technologies (e.g. regulation on HCFCs and HCFs used in refrigeration).

22. Environmental information to consumers

Issue: There is an increasing proliferation of different and inconsistent environmental product information initiatives across the EU, which risk confusing or even misleading the consumer, if the information provided is not scientifically reliable and/or not comparable.

Objective: Voluntary consumer information on all relevant product characteristics, including their environmental performance is only admissible if the information provided is clear, scientifically reliable and based on uniform product assessment methodologies across the EU.

Action:

Develop an “EU Code of Conduct on Environmental Product Assessment and Voluntary Communication to Consumers”, providing for a set of harmonised reference methodologies, covering the most significant life-cycle stages and impacts. This Code of Conduct should be developed together with the whole food chain in addition to policy makers and scientists. For this purpose, an SCP Roundtable open to all key food chain actors and stakeholders should be established.

Improve functioning of the food chain and address resource issues

23. The position and buying power of food retailers in the food chain

Issue: The retail sector in Europe is highly concentrated. Its impact on the entire food chain should not be underestimated. The market share of the 5 TOP retailers is above 50% in 12 EU Member States and above 70% in 5 Member States. The market share of private labels is continuing to increase; It has gone beyond 20% in 9 EU Member States and up to 40% in some. This situation calls for a close examination of the role of the retail sector in the food chain, especially with a view to protect SMEs who often are entirely or for a very considerable part dependent on one or two customer/retailer(s).

Vision: In order to promote a proper and optimal functioning of the entire food chain the Commission should pay particular attention to the positions of large retailers and/or buying groups in Member States of the EU. This has been the subject of extensive study over recent months in several Member States. On the one hand, a well functioning internal market and effective competition between grocery retailers is the best way to ensure that the effect of higher commodity prices on consumer prices, is minimized and that consumers are provided with a wide choice. However, the concentration of retailers in Europe, even if it is below the actual threshold of market dominance, causes a special need of protection of the food and drink industry, particularly SMEs.

Action:
The recommendation expressed by the European Parliament in its written declaration 88 of 2007 on "investigating and remedying the abuse of power by large supermarkets operating in the EU" adopted in February 2008 should be given appropriate follow up. The Commission and national competition authorities should carefully examine how various actors in the food chain operate and address competition issues:

1. The definition of "dominance" when applied to retailer positions in procurement markets;
2. The way retailers apply their near-dominant positions in day-to-day commercial practice (e.g. unilateral and/or retrospective adaptation of commercial terms);
3. The position of buying alliances;

The specific position retailers find themselves in --from a competition law point of view--by virtue of the fact that they own the private label and have a very thorough knowledge of price structures, etc while at the same time they continually negotiate with all major suppliers and have detailed knowledge of their commercial terms and plans to introduce new products. Retailers are thus both customer and competitor and find themselves in the centre of so-called hub and spoke relationships.

24. Late payments and grossly unfair commercial practices

Issue: Directive 35/2000 has helped address late payments, but has not eliminated this practice in a number of EU countries. The attempt to address "grossly unfair provisions" in this Directive has proven insufficient to provide a framework for business relations between industry and retail. Companies producing for retailers private labels are facing particular pressure and many complain about the absence of brand visibility towards the consumer.

Vision: The review of Directive 35/2000 should be used to strengthen the provisions relating to late payments. It should also help in addressing long payment terms and should also be a support for setting a framework for fair business-to-business relations.

Action:

a. The review of the Directive 35/2000 should improve the late payment provisions:
   - Setting a harmonised payment period would considerably enhance legal certainty across Europe and be supportive of intra-Community exchanges.
   - Setting an automatic and fixed late payment fee would act as a better deterrent than the current compensation through interest rates.
   - Representative organisations should have the full legitimacy to file a complaint on behalf of their members.
   - The harmonisation and limitation of the steps necessary to lodge a claim would be beneficial, introducing a 60-day procedure to obtain an enforceable title.
   - The legislation should request Member States to report on late payments and on contract terms.

- Director responsibility based on civil liability in case a company does not meet its legal obligations, is a way to avoid excuses of heavy bureaucracy to pay late.

b. Enhance discipline as regards grossly unfair contractual terms and practices

- "Grossly unfair commercial practices" need to be disciplined in a more effective way than what is offered by the current late payments Directive. This should include both formal and informal ways to avoid abusive contractual clauses in commercial relations, and abnormal practices or informal agreements (absence of control on services rendered, payments for promotional services, discounts and premium, blind tenders….).
- The European Commission Communication on the Monitoring of the Retail Sector scheduled for 2009 should consider the different means through which certain practices that are a threat to companies, in particular to SMEs, can be addressed and resolved.
- Offer solutions to companies that are producing retailer private labels and chose to be visible to consumers.

25. SME resources and access to finance

Issues: SME main issues are their lack of time, resources and capital. They have difficulties in accessing the various financial instruments and capital for their development. They need further financial support to maintain their competitiveness. To this end fiscal policy and taxation are key. In parallel, SMEs face barriers in their efforts to innovate as they have limited resources for R&D.

Vision: Access to knowledge, technology and capital are among the key factors that need to be considered. Moreover, strong entrepreneurship and leadership are one key to companies' enhanced capability to look for growth opportunities whether in innovative markets or on world markets.

Action:

a. Provide systematically designed financial support, fund reduced interest rates.

b. Support business angel approaches.

c. Set-up one-stop-shops where SMEs can easily find information (on setting up a business, on administrative procedures, on regulations, on funding options);

d. National authorities should strengthen their programmes for the support and further development of leadership in the food and drink industry sector.

e. By making use of and supporting the bodies that are closest to them. For example specific sector associations through which SMEs should be able to receive sector specific information (change in regulations, practical implications on their daily activity).

26. Attractiveness of EU Agro-Food Industry - Education

Issue: There is a lack of food engineers, of researchers and of food-educated employees. For this reason, interest in food-specific scientific qualifications needs to be triggered in the early stages of education, so as to ensure that more students study food and drink related degrees.

Vision: A positive image of the sector needs to be promoted to young people, with the aim of reinforcing the attractiveness of the industry. Industry specific skills must be developed in order that employees can follow market developments and contribute to the competitiveness of their companies.

Action:

a. Creating relevant competitions and dedicating prizes for innovative ideas as an incentive to this end.

b. National authorities should cooperate with the industries that do best in this respect in order to identify the specific qualifications needed and, at the same time, establish combinations of theoretical studies and practical experience during relevant university studies.

c. Lifelong learning schemes need to be promoted further in the EU's Member States.

CIAA review of key competitiveness indicators

2008 report

CIAA

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