



Memorandum of the European food and drink industry to the Greek Presidency of the EU



CIAA

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



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CIAA is the voice of the EU food and drink industry – the largest industrial sector in the European Union. Our mission is to represent the Food and Drink Industry to the European and International institutions to contribute to the development of a legislative framework combining competitiveness of industries, food quality, consumer protection and respect of the environment.

CIAA membership is made up of 21 national federations, including 6 observers from Central and Eastern Europe and the EEA, 32 European sector associations and European food & drink companies grouped in a Liaison Committee.

Manufacturers from all the countries of the European Union provide broad and in-depth expertise through CIAA expert groups and policy committees, establishing policy guidelines which are aimed at a Community or international audience.

CIAA in Brussels executes policy guidelines and keeps relevant contacts at EU level and world-wide.

As a result of its longstanding work in the international field, CIAA has become a favoured partner of Community institutions on horizontal food issues including food safety, nutrition and health, novel foods, labelling, the environment, the Common Agricultural Policy, international trade issues and enlargement.

CIAA fulfils its role as a leader in the representation of EU food manufacturers by:

- **helping the industry to maintain consumer confidence;**
- **establishing close and fruitful co-operation between all links in the food chain;**
- **ensuring maximum co-ordination of the varied sectoral and geographical groups that make up the EU food and drink industry.**

Please visit our website at: <http://www.ciaa.be>

THE EU FOOD & DRINK INDUSTRY:

- is the leading manufacturing sector in Europe with a turnover of over €600 billion per year;
- buys and adds value to 70% of EU agricultural produce;
- offers 370 million consumers a wide range of safe, wholesome, enjoyable, nutritious and affordable food and drink products;
- comprises over 26,000 companies;
- employs more than 2.6 million people;
- exports products worth more than €45 billion per year.



Brussels, January 2003

Important matters affecting the competitiveness of the food and drink sector are tabled for discussion during the six months of the Greek Presidency.

With a view to contributing to the work of the Greek Presidency, this memorandum of the European food and drink industry sets out priorities, with special reference to the following issues:

- The CAP reform and the WTO negotiations;
- Enlargement;
- Food safety;
- Traceability and labelling of GMOs and products derived from GMOs;
- Packaging;
- Innovation;
- Sustainable development.

With this memorandum, the European food and drink industry is willing to take a constructive part in the debate and to contribute to the success of the Greek Presidency.

Our organisation is entirely at your disposal to explain any of the terms of this document in more detail. May we also take this opportunity to wish you every success with the presidency of the Council of the European Union.

A handwritten signature in black ink, appearing to read 'Jean Martin'.

Jean Martin
President of CIAA

CIAA PRIORITIES ON THE AGENDA OF THE EU PRESIDENCY

Mid-term review of Agenda 2000 and EU agricultural policy

CIAA has given its overall support to the Commission's Agenda 2000 mid-term review proposals released in July. Industry considered that the proposals were able not only to better address the concerns of the competitiveness of agricultural raw materials, but also to improve the EU negotiation position at the WTO. CIAA considered that:

- replacing the support to product by a support to producers would respond to the need to bring European agriculture closer to the market, but calls also for a thorough examination of the consequences of decoupling both on the agricultural markets and on supply to the food and drink industry.
- making payments of the decoupled aid and other direct aid conditional on environmental standards, food safety, animal welfare and occupational safety requirements promotes a sustainable agriculture;
- efforts to define good agricultural practices appears to be an essential step towards harmonising existing national initiatives and avoiding distortion of competition;
- introducing, within the second pillar, a chapter on food quality would help to maintain and enhance public trust and confidence in the safety, wholesomeness and quality of food. The creation of a "start-off" subsidy, limited in time, and which should not be an instrument of permanent support would be appropriate, but it is equally important to focus on improving, in general, the quality of agricultural production according to objective and scientific criteria;
- compulsory modulation would allow for a more rational distribution of Community support and/or an increased budgetary means for other measures.

Whatever conclusions are to be drawn from the Brussels Summit held in October, the debate over the future of the CAP should, according to CIAA, not be postponed. Necessary reform measures should be implemented as soon as possible. CIAA looks forward to the publication of the legislative proposals following the Communication on MTR early next year.

- For the food and drink industry, the CAP should achieve two major objectives: guarantee supply and improve competitiveness.
- It is necessary to develop a global approach based on an agricultural and food policy where the quality and safety of products are part of a sustainable development strategy, but where the concept of quality is not limited to certified products.

WTO agricultural negotiations

The implementation of the Uruguay Round Agriculture Agreement resulted in important constraints and made it difficult for processed food and drink exports to increase or even maintain their market share.

CIAA is, therefore, concerned about potential future WTO commitments and stresses the need for EU negotiators to keep a **coherent approach** between the three chapters of the negotiations and between the reduction commitments in these chapters: market access, internal support and export competition.

In the current WTO negotiations on agriculture, the EU should prevent any cut in **export refunds** that does not go hand in hand with falls in internal raw material prices, because this would ultimately force European companies to relocate outside the EU. In addition, no concessions on export competition should be made, unless other instruments of support, such as export credits, are duly reviewed.

While pushing for improvements in **market access** for processed food and drink products, the EU should make sure that its proposed Community tariff reductions are in line with internal price support cuts and that efforts from other trading partners are equivalent to Community efforts in this respect. Most food and drink industry sectors

consider that **tariffs** should be reduced on the basis of the past Uruguay Round formula: an overall average reduction and a minimum reduction per tariff heading. This would take into account both offensive and defensive industry interests. Some sectors have more ambitious expectations and would favour additional reductions of tariffs applying to their high value-added products, including for example zero-for-zero negotiation.

Support to agriculture should be the least trade distorting. The so-called amber box measures should be further reduced. Decoupling of EU direct aids, as suggested in the MTR proposals, would avoid long debates on the blue box. Measures of the green box could be reviewed, but they should not be subject to any reduction commitments.

Geographical indications, other than wines and spirits should obtain a better protection based on the current additional protection provided for wines and spirits. CIAA supports the establishment of a system to register wines and spirits at international level in order to provide improved legal security for GI holders.

CIAA believes that strong guiding principles are needed to ensure more coherence in the course of the negotiation: firstly, agricultural products and processed goods must be treated on an equal footing; secondly, the three areas of the WTO - market access, internal support and export competition - are inextricably linked and must be dealt with in a coherent way. The negotiation position presented by the Commission in December 2002 offers an overall balanced approach with significant reduction commitments.

EU enlargement

CIAA has welcomed the conclusion of the enlargement negotiations at the Copenhagen Summit, paving the way for the accession of 10 new members in 2004.

For CIAA, the work to ensure that the application of the acquis is in place before the date of accession needs to be continued. Indeed, the complexity of certain food regulations and CAP rules requires an adjustment phase for operators and administrations. The food and drink industry supports the particular attention the Commission is giving to the implementation of certain essential veterinary and sanitary legislation and to customs controls at the future new EU borders.

CIAA has been actively engaged in giving support to the reinforcement of the role and structures of federations in the

food and drink sector within the CEECs through its participation in the "Business Support Programme" (Phare) financed by the European Commission. As of this year the follow up Programme should be implemented with a view to focusing on the implementation and enforcement of the EU acquis in candidate countries.

CIAA is in favour of liberalising trade flows in advance of accession as a means of promoting rapid integration. However the negotiations on the so-called double profit approach, aimed at eliminating both import tariffs and



.../... EU Enlargement

export refunds have raised a number of concerns as regards both administration and competition. Due to the very limited period of implementation, this will result in increased

costs for EU exporters that risk not being outweighed by trade advantages.

- A post-closing monitoring activity will ensure that national legislation that remains in force in the transition period is not in flagrant contradiction with EU norms and that it will, at any rate, become invalid when Community legislation enters into force.
- CIAA is committed to engage in further co-operation efforts with CEEC industry federations in order to optimise industry adjustments before accession.

Negotiations for an EU-Mercosur agreement

The food and drink industry is in favour of strengthening economic relations between the EU and countries of South America. Due to the development potential of Mercosur in the agri-food sector, these negotiations between two important players in the agri-food business are an important challenge.

For the European food and drink industry, its products and know-how, Mercosur is an attractive market despite the severe economic difficulties some of its members are now facing. But today, the trade balance for agri-food products is largely unfavourable to the EU.

CIAA believes that a specific chapter should be dedicated to legislation applying to food products, such as phyto-sanitary, veterinary and hygiene rules. An effective improvement of trade flows will require commitments in the area of mutual recognition. In the case of non-respect of trade commitments, CIAA is in favour of an efficient dispute settlement system.

- The trade section of the draft agreement should be based on the gradual liberalisation of trade in food and drink products in coherence with the CAP.
- CIAA considers that discussions on the handling of sensitive products should be based on direct co-ordination with the sectors involved.



Proposals on traceability and labelling of GMOs and products derived

CIAA strongly opposes the “technology-based labelling” that will lead to the labelling of products “produced from GMOs but not containing GMOs”, when they do not, in fact, contain any residual DNA or protein. To label products that are analytically indistinguishable from identity-preserved products will create significant extra burdens to food chain operators with no consumer benefit.

The European food industry is pleased that the EU Agriculture Ministers, at the Agriculture Council of 29 November, reached a compromise and that the principle of a community procedure has been maintained for the authorisation of new GM food and feed. However, the food and drink manufacturing industry strongly regrets that the Member States did not take into consideration its concerns on the practical implications of the agreed labelling rules, not only for food operators but also for enforcement authorities.

Whilst a uniform and single legal basis for the traceability of foods and food ingredients should be welcomed, it should be dealt with in the context of food safety and not be limited to GMOs. Regulation 178/2002 establishing the

general principles of food law appropriately addresses this objective in its Article 18.

These provisions risk isolating Europe and placing the EU food and drink industry in a situation of competitive disadvantage at the global level.

The proportionality, workability, practicability and enforceability of the current proposals, which address current concerns without considering future implications, are highly questionable. CIAA believes that current GM labelling provisions are adequate and urges the Council to promote coherence in the EU and international legal framework, with a view to ensuring the competitiveness of the European Union on the future global market.

Proposal for a regulation on the hygiene of foodstuffs

CIAA supports the principles on which the new package is based: food safety is, and must remain, an absolute and non-negotiable priority for all food businesses.

- There is a big risk of lack of consistency between the general hygiene rules and hygiene rules for foods of animal origin. CIAA would still favour an approach where the two proposed regulations be part of a single body of legislation, composed of general hygiene rules applying to all products and more specific hygiene rules if specific risks related to processing conditions have to be considered.
- In addition, CIAA considers that retail trade should not be excluded from the proposed hygiene legislation and that primary production should also apply the risk-based approach laid down in the proposal. Only through an integrated approach, with the contribution of producers, manufacturers, and retailers, will we be able to achieve our shared goal of a safe food chain from farm to fork.

CIAA believes that the only way to ensure that the requirements of consumer health protection are fulfilled throughout the entire food chain is by making all food businesses, regardless of their size, geographical location or point in the chain, comply with the same Community hygiene rules. CIAA agrees that the progressive implementation of the HACCP principles by all operators is the central part of the proposal. Derogations should not be allowed if they compromise safety. Exemptions should be established at the European level in a transparent manner, as part of a risk-based approach that offers the necessary flexibility to ensure that hygiene rules are proportionate to the risk involved.



Proposal amending directive 2000/13 Labelling of allergens – Rules for compound ingredients

The Commission proposal addresses two separate issues: allergen labelling and full ingredient labelling (deletion of the 25% rule).

Allergen labelling is a delicate issue and CIAA has established contacts with associations of allergic people in order to gain knowledge of their needs and find the best way to make product information available and understandable to consumers suffering from food-borne allergies. The labelling of all products derived from ingredient sources which may contain allergenic proteins in their raw or partially refined state is not the best way to provide accurate information to consumers when the protein causing the allergic reaction is

no longer present in the final product. Efforts should be made by Industry and the authorities to find better ways of helping people with allergies make informed food choices.

Whilst it should not be forgotten that this important issue needs some urgent work to be done by EFSA, CIAA is satisfied by the terms of the compromise reached and adopted by the Council on 14/11/02.

Having drawn the attention to a major imperfection in the proposed new rules - that all derivatives from the allergens listed in Annex IIIa have to be labelled with the name of the allergens they are derived from, even in cases where the protein causing the allergic reaction is no longer present in the final product - CIAA welcomes the compromise adopted by the Council on 14/11/02 in view of the establishment of a Common Position. However, CIAA underlines the necessity for EFSA to urgently undertake work to exclude where possible derivatives having no allergenic potential from the list provided by Annex IIIa. For the sake of the clarity of labelling, it is essential to consider only not increasing the information provided to consumers on the label, but also to focus on the quality of the information and the consideration of means other than labelling to inform the consumer.

Proposal on official food and feed controls

CIAA welcomes the announced Commission proposal and fully supports its aim to have a clear Community framework for control systems, as well as a harmonised, co-ordinated and effective system of controls on imports of food and feed.

CIAA considers that enforcement should be carried out on the basis of the risk involved.

Enforcement authorities should be familiar with the premises and processes of the companies, and should respect their auto control systems both within the production sites, and in respect of their sourcing of raw materials (both from the EU and imported). In this respect, the partnership between food operators and the control authorities needs to be further developed in order to ensure that the objectives of control and enforcement are achieved.

Enforcement provisions should aim to ensure the highest degree of compliance with legislation. Their role should be both to encourage positive measures at industries' level and to deal with non-compliance controls and reporting.

CIAA believes it is vital that enforcement checks and inspections of materials and processes should be respected in all parts of the Community. Similarly, approval given to food production business should be respected by food authorities elsewhere in the EU.

- Recognition of auto-control systems: the official control system should recognise the systems that businesses have established, as the primary responsibility lies with the food businesses.
- Enforcement and control objectives can only be achieved through partnership between food operators and control authorities.
- Fees, if any, levied on industry should represent only the true variable costs applicable.



Proposal to amend the sweeteners directive 94/35

CIAA welcomes the Commission proposal to amend the Sweeteners Directive which proposes to include conditions of use for sucralose and the salt aspartame-acesulfame, two new sweeteners evaluated as safe by the Scientific Committee on Food. A wider variety of sweeteners that can be used in food will support innovation and offer wider consumer choice.

The proposal also includes the revision of cyclamate uses. The Commission has proposed a reduction in the maximum level of cyclamate which CIAA considers is not scientifically justified.

The approval of new sweeteners at EU level will result in a harmonisation of EU sweeteners legislation with the rest of the world and will enable our members to innovate and produce new energy-reduced products and offer wider consumer choice.

Forthcoming proposal on the fortification of foodstuffs

At a time when changing lifestyles and modifications of dietary habits are increasing the risk of micronutrient deficiencies, food fortification is one of the best tools to contribute to the dietary balance of the population.

CIAA is awaiting a proposal from the Commission that should attempt to bring harmonisation in a field where no single market exists and failure to apply even the mutual recognition principle has severely restricted consumer choice across Europe.

CIAA experts have worked intensively to inform consumers, public authorities and other stakeholders of the benefits that food fortification with vitamins and minerals can offer to the population. CIAA hopes that the forthcoming proposal will allow an open and thorough debate on the scientific, marketing and legal aspects of the issue.

- As far as the scientific principles are concerned, CIAA reiterates that the safety approach is the only way conducive to genuine Europe-wide rules;
- From the market viewpoint, statistics strongly prove that liberal regulations on fortification have not led to the indiscriminate use of fortified foods;
- As regards legal concerns on the marketability of a product, any potential restriction should be defined on a case-by-case basis and should be fully justified on public health grounds.



Forthcoming proposal on claims

In its effort to respond to consumer demand and governmental guidelines, the food and drink industry has invested considerably in research on and development of products with health and nutrition benefits. But to continue on this path, manufacturers must be able to communicate these benefits to consumers by making claims.

CIAA welcomes DG Sanco's decision to address all types of claims and in particular disease risk reduction claims in a proposal expected in early 2003.

Considering the complexity of the substantiation of claims, CIAA favours an approach distinguishing generally

recognised science on the one hand and innovative science on the other hand. The communication of the claim as such (wording of the claim) should remain the responsibility of the food operator.

CIAA believes that the criteria for the substantiation should be the same for all types of claims in terms of evidence. The process of evaluation however may differ. The principle of proportionality should apply to both the level of substantiation that is required to make a claim and to the marketing procedures applicable to products bearing claims. CIAA is opposed to a priori prohibition of claims on certain categories of food and a priori prohibition of claims worded in general terms. CIAA shares the opinion that, whatever type of food is bearing the claim, it should be allowed if it is scientifically substantiated in the context of the total diet and if it is well understood by the consumer.



Revision of directive 94/62 on packaging and packaging waste

The 1994 directive set out targets for the recovery and recycling of packaging materials, and established a hierarchy of waste management systems that favours the prevention of waste, followed by recovery schemes, with waste disposal as a last option.

These EU rules are fully supported by the European food and drink industry, which has already achieved a great amount of progress in this area.

However, it must be stressed that packaging is a vital component of food products, since it preserves foodstuffs against handling damage, spoilage and contamination. To minimise further the packaging may endanger the safety and quality of our products. Packaging is also an important

communication tool, conveying essential information to the consumer.

Finally, CIAA invites legislators to consider the fact that the general picture conceals wide disparities among Member States, as some are much more advanced than others in reaching existing targets. Also, in certain countries preference is given to specific packaging materials and different selective collection systems are in place.

CIAA believes that the revision of directive 94/62 should be limited to the strict review of the targets. At this stage, a broader revision addressing other aspects of the directive such as prevention, reuse or producer responsibility could not be based on a sound evaluation of options and would delay further the adoption of the revised targets.

The current structure of the directive should also be kept, as it allows the flexibility the various national situations require and therefore ensures a good functioning of the internal market.

Any review of the recycling and recovery targets should be realistic, achievable and proportionate to local conditions in all Member States. Scaling up too rapidly in pursuit of an over-ambitious increase in targets would generate disproportionate absolute costs.

Integrated pollution prevention and control and best available techniques

The proper implementation of the 1996 Integrated Pollution Prevention and Control (IPPC) Directive is a key priority for CIAA. This issue is particularly important for CIAA as environmental permits will be granted to food and drink installations if they conform to the Best Available Techniques (BATs). Our installations already apply BATs whenever it is technically feasible and economically viable.

With regard to IPPC, the CIAA is actively co-operating with the Commission in drawing up a reference list of BATs that will be conducive to adequate guidelines for authorisations in our sector.

CIAA believes that there should be flexibility in the pollution control techniques applied, so as to take into account the wide range of activities existing within the food and drink industry.

Proper consideration should also be given to the geographical location and local environmental conditions of industrial plants.

To ensure competitiveness, BATs should be carefully appraised by weighing up the environmental benefits against the economic cost.



Integrated product policy

The Green Paper on IPP proposes a strategy to strengthen product-related environmental policies and promotes a market for “greener products”.

CIAA recalls that product policy should be driven by industry and business and the IPP framework should set objectives but not prescribe the means to achieve them. CIAA considers that IPP is already a reality for food products because our industry has taken environmental considerations into account throughout the supply chain [including

support for sustainable agriculture, adoption of cleaner production, minimisation of packaging and optimisation of transport]. Companies already meet existing environmental rules and often opt to go further by setting environmental management schemes and international standards such as ISO 14000.

CIAA strongly believes that IPP should not aim at classifying and creating discriminations between so-called “greener” products and non-green products.

IPP should not be a tool for imposing new regulations or alternative instruments such as eco-taxes and charges. Based on the principle of shared responsibility, it should open a positive dialogue with other stakeholders, especially with consumers, the media and NGOs.



CIAA POSITIONS ON OTHER ISSUES ON THE AGENDA OF THE EU PRESIDENCY



EU strategy for sustainable development

CIAA welcomes the outcome of the Johannesburg Summit and stresses the importance of the EU taking the lead in ensuring demonstrable progress towards sustainable development globally and in the EU.

At the World Summit, the CIAA presented its report on the contribution of the food and drink sector to sustainability. This report is an overview of progress achieved by our industry in the environmental, social and economic dimensions in the last decade and it also highlights the challenges that lie before us. It offers testimony to the determination of the food and drink industry to understand and integrate sustainability into its business culture and processes.

Food and drink companies are already committed to raising their environmental performance through on-going improvements to their products and processes. Social and environmental considerations are becoming more and more part of strategic investments and also part of the companies' day-to-day management.

Since the 1992 Earth Summit in Rio de Janeiro, the EU food and drink industry has made sustainable development one of its key priorities.

The food and drink industry report on sustainability provides a framework for the elaboration of a coherent and comprehensive sustainable development strategy. It constitutes a starting point and our efforts to enhance the sustainability performance of the food and drink sector and to improve reporting on the progress achieved will continue.

Nutrition policy

Earlier this century, discussions on diet related problems were centred on deficiencies of essential nutrients, particularly proteins, vitamins and minerals.

Whilst the significance of nutrient deficiency diseases to the European population as a whole has diminished, in part because the food industry provides an ever-increasing range and availability of foods, they still have an impact on certain groups of the population.

More recently, attention has tended to concentrate on the so-called "diseases of affluence", for example obesity, coronary heart disease and cancer. These medical conditions are generally recognised as having multi-factorial causes and diet certainly plays a role. But other life-style factors such as

smoking, levels of physical activity, genetic, socio-economic and environmental factors, also play a role. Any dietary modification that is to be recommended for either individuals or whole communities must be based on an objective evaluation of the available evidence within the context of these lifestyle factors.

CIAA believes that dietary guidelines need to promote a healthy balanced diet rather than the attainment of specific numerical goals. Acceptable and appropriate dietary recommendations are to be found in the FAO booklet, *Get the best from your food*, which advocates the following simple guidance for the general public:

- enjoy a variety of foods;
- eat to meet your needs;
- protect the quality and safety of your food; and
- keep active and stay fit.

But, such guidelines need to be supplemented by nutrition education programmes if they are to have tangible results. While the responsibility for such educational programmes falls outside the jurisdiction of the food and drink manufacturing industry, the latter can still be a useful partner in the education process - especially, but not exclusively - by providing nutritional information about its products.

The CIAA is willing to contribute with the know-how and expertise of its members in a joint effort to further the health and well-being of Europe's citizens.



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