CIAA ANNUAL REPORT

2002

The Voice of the European Food and Drink Industry

CIAA

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

Role and Mission of the CIAA

THE EU FOOD & DRINK INDUSTRY:

- is the leading manufacturing sector in Europe with a turnover of over 600 billion euros 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 2.7 million people;
- exports food products worth more than 45 billion euros per year.

Please visit our website at:

www.ciaa.be

CIAA is the voice of the EU food and drink industry – the first industrial sector, major employer and exporter in the EU. The CIAA mission is to represent the food and drink industries' interests at the level of the European and international institutions, in order to contribute to the development of a European and international legislative and economic framework addressing the competitiveness of industry, food quality and safety, consumer protection and respect for the environment.

CIAA membership is made up of 22 national federations, including 7 observers from Central and Eastern Europe and the European Economic Area (EEA), 32 European sector associations and major European food & drink companies grouped in a Liaison Committee (see member lists p. 33-34).

The permanent secretariat of the CIAA, based in Brussels, maintains close contact with European and international institutions on food-related developments and co-ordinates the work of more than 500 experts, grouped in committees and working groups around the following three themes:

Trade and Competitiveness

Food and Consumer Policy

Environment

Through these committees and expert groups, manufacturers from all the countries of the European Union provide broad and in-depth expertise. They contribute to establishing CIAA positions on key issues which, once approved, are communicated to European and international decision makers.

As a result of its longstanding work in the European and international field, CIAA has become a favoured partner of Community and international institutions on horizontal food issues such as food quality and safety, nutrition and health, novel foods, labelling, sustainable development and respect for 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.

MESSAGE FROM Robert Raeber

President of the CIAA (2000-2002)

In 2002, the CIAA made considerable achievements and successfully met a series of major challenges.

The CIAA has continued to use its expertise to serve the food industry federations in Central and Eastern Europe and effectively contributed, through the BSP programme, to a more rapid integration of the Community Acquis. As a result of the success of this programme, the Commission has entrusted the CIAA with carrying out the next part of this programme.

The CIAA has further increased its representativeness by welcoming new members. The Norwegian and Slovak federations joined the CIAA as observers. The companies ADM, Interbrew and Pepsico became members of the CIAA Liaison Committee.

Finally, we can also be pleased with the adoption of the Regulation laying down the basic principles of Food Law and with the setting up of the EFSA and of its Management Board in which our representative takes an active part.

Most importantly, the CIAA has considerably increased its visibility and credibility, especially on issues such as sustainable development and the stakeholders' dialogue within the food chain.

The CIAA has indeed significantly contributed to promoting the food and drink industry commitment towards sustainability by taking the initiative to draft the first global food industry report on sustainable development for the Johannesburg Summit.

It has been a particular honour for me to preside the CIAA during the last two years. I am confident that the organisation I am handing over to my successor, Jean Martin, is strong, credible and well respected on the European scene.

Robert Raeber,
President

MESSAGE FROM THE **President**

After just a short time in the position of President that was entrusted to me by the Board, I would like, first of all, to pay tribute to my predecessor, Robert Raeber, and to all the people who, together with him, in the Board, in the Executive Committee, in the Secretariat and in the Committees and expert groups have enabled our Confederation to achieve remarkable progress during the past two years.

I would also like to pay tribute to the constructive role played by all of our Members in the National Federations, the Sectors and in the Liaison Committee for their support in this progress.

My ambition is to continue this work and to promote, at all levels, the constructive dialogue that the CIAA has established with the authorities and institutions of the European Union.

The declaration of the Lisbon European Council and the Industrial policy for an enlarged Europe recently published by the Commission, give us a framework and objectives to improve the competitiveness of our companies.

In the coming months I hope that, together, we can reflect on the opportunities and challenges that our industry will be faced with in the next five to ten years and that, together, we can define a 'road map' for the CIAA with the objective of helping our companies to achieve the Lisbon objectives.

I am convinced that the CIAA, equipped in this way with a medium-term vision of the priorities for our industry, strong in its unity and rich in its diversity, will continue to play a major role in enhancing the competitiveness of our companies, be they small, medium or large.

I fully intend to apply myself to this.

Jean Martin,
President

INTRODUCTION BY THE DIRECTOR GENERAL

The food and drink sector is, in general, not particularly cyclical in nature and has therefore been less affected than many others by the prevailing economic downturn.

Of course our sector has its own structural problems: a saturated market in terms of volume, the dominant position of major retailers, so-called food safety scares which in fact stem more often than not from further upstream in the production chain. However, the turnover of our companies has, despite everything, slightly increased to just over 600 billion euros.

The dynamic nature of the food and drink industry is based in particular on the evolution of demand which is linked to demographic factors and new consumption patters. Finished products are progressing to the detriment of unprocessed products, whilst snacks and health foods are gaining ground.

The strategy of the food and drink companies has focused on the consolidation of market shares, the increase in profit margins and wider geographic implantation.

The maturity of the European market, the pressure of the major retailers and the demands of the financial markets have led to a number of mergers and acquisitions which have considerably altered the face of the European industry and this trend is likely to continue for some time yet.

In the areas of activity covered by the CIAA, 2002 was as usual, rich in activity. The report will give the details, but I personally would like to highlight some important aspects which have mobilised the CIAA secretariat throughout the year.

GMOs

European decision-makers have reached an agreement on a legal framework that industry will, of course, implement when it enters into force in 2003, even if our concerns, voiced on many occasions, have not been taken into consideration.

There is today a scientific consensus that GMOs do not pose a risk to public health. The new regulatory framework will not, however, respond to the demands for increased information by consumers, as it contains a number of inherent contradictions: some products will have to be labelled GM when they do not in fact contain any GMOs, whereas others in which there is an 'adventitious' presence will not have to be labelled.

Finally, the full traceability requirements as they would appear to be set out will require a considerable amount of administrative effort on the part of industry, the effectiveness of which will be questionable given the potential for fraud throughout the chain.

Food safety

Food safety continues to be one of our most important issues. A number of different new initiatives were launched in 2002 in which we took an active part.

The food and drink industry is pleased to have a high level representative on the management board of EFSA (the European Food Safety Authority). Industry will actively contribute to ensure the effective setting up of the Authority and we hope that it will quickly settle into the important role that has been envisaged for it.

The CIAA has also been working in collaboration with the CIES (*Comité International des Entreprises à Succursales*) which represents major international retailers, and participates in the working group set up to deal with the definition of standards and certification.

The CIES and the CIAA are also working together on a common risk management system, which should serve as guidance for the 2 partners in the case of an alert.

Finally, the CIAA presented to its major partners in the food chain a project for a food safety platform to ensure the coherent implementation of new food legislation.

With an export value of 45 billion euros, Europe is the second biggest exporter of processed food products and growth in this area is increasing rapidly. It is therefore crucial that the competitiveness of the industry is maintained.

Enlargement

Five candidate countries have already joined CIAA as observer members: Estonia, Hungary, the Czech Republic, Slovakia and Poland. The BSP Programme (Business Support Programme), launched in 2000, came to an end in July 2002 and helped to pave the way for enlargement by ensuring good implementation of the Community acquis in the field of food law.

The CIAA has received the green light from the Commission for a new programme which should get off the ground at the beginning of 2003.

A conference on the same subject organised at the SIAL identified the areas that still need some improvement. The CIAA has insisted on the need for the ten candidate countries to fully respect Community norms in the area of food safety.

Reform of the CAP-WTO

The CIAA welcomed the Commission proposals on the Mid-term Review of the CAP. These proposals should help make agricultural raw materials more competitive and should enable the EU to strengthen its position in the WTO negotiations.

With an export value of 45 billion euros, Europe is the second biggest exporter of processed food products and growth in this area is increasing rapidly. It is therefore crucial that the competitiveness of the industry is maintained.

As far as WTO negotiations are concerned, the European Commission's latest proposals provoked a degree of surprise, particularly in relation to the significant reductions of 36% on average for import duties and 45% for export subsidies.

The CIAA welcomed the Commission's efforts to present detailed and ambitious proposals. However, the CIAA continues to insist on the necessary coherence between WTO commitments and the need to guarantee the competitiveness of the industry, or there is a real danger of relocation.

Sustainable Development

The CIAA actively participated in the Johannesburg Summit where it presented the report drafted in the framework of UNEP (the United Nations Environment Programme). This report, which required a significant degree of input from sister associations, sets out the achievements of the food and drink industry in the environmental, social and economic fields.

It also sets out the challenges that industry will be faced with in the coming years and demonstrates its willingness to actively pursue the integration of sustainability in its business culture and production processes.

Organisation

Two new Members have joined the CIAA with observer status – Slovakia and Norway – and the companies ADM, Interbrew and Pepsico have become members of the Liaison Committee of Large European Food and Drink Companies. Two sectors have left the CIAA – ENSCA (natural sausage casing) and AICV (fruit cider and wine).

Communication actions have continued to be reinforced, in particular with a high level Congress in Brussels in April. The CIAA is also increasingly present in the European Parliament thanks to the excellent co-ordination with its members.

In November, the nominations for board members took place and the Executive Committee was also renewed. We thank the members who have left the Committee for their support and their active participation.

The new Board elected Mr Jean Martin, Business Group President Unilever, as President of CIAA who takes over from Mr Robert Raeber whom we thank for his two years of hard work and full support of the secretariat.

Raymond Destin,
Director General

THE YEAR IN PROGRESS

2002 Events

February

EU Entry into force of Regulation 178/2002 laying down the general principles and requirements of food law and establishing the European Food Safety Authority (EFSA).

WHO/FAO The CIAA participates in a pan-European conference on food safety and quality.

March

EU Commissioner Fischler organises a stakeholder consultation on the Mid-term Review of the CAP.

WTO The extraordinary session of the Agriculture Committee of the WTO adopts a detailed work programme in view of the conclusion of an agreement on trade in agricultural products.

April

CIAA The CIAA organises meetings with MEPs in Strasbourg to introduce them to the food industry candidates for the Management Board of EFSA.

CIAA More than 300 people attend the European Food Summit organised by CIAA on the theme "Quality for a confident consumer".

May

UNEP The United Nations Environment Programme officially presents in Paris the 22 sectorial reports on sustainable development, including the one drafted by CIAA for the food and drink industry.

CIAA CIAA organises a multi-disciplinary seminar "The Role of Food" in collaboration with the Université Libre de Bruxelles.

June

CIAA Copenhagen. A CIAA delegation meets with Danish government representatives to present them with the priorities of the food industry in view of the Danish Presidency of the EU.

EU First reading vote in the European Parliament on the Revision of the Labelling Directive.

CIAA Presentation of the CIAA report on sustainable development to the press, EU institutions and industry representatives.

CIAA CIAA participates in the Agra-Europe conference on European Food Law.

July

EU First reading vote in the European Parliament on the two GMO proposals (GM food and feed and GM traceability and labelling).

EU The CIAA takes part in a stakeholder consultation organised by DG SANCO on the draft proposal for a Regulation on Claims, including health claims.

EU Commissioner Fishler presents his Communication on the Mid-term Review of the CAP.

EU The Commission adopts a proposal on the Revision of the Sweeteners Directive, the aim of which is to authorise two new substances. For the food and drink industry, this is an important step forward for innovation.

August

INT The CIAA actively participates in the World Summit on Sustainable Development in Johannesburg.

September

EU First Reading vote in the European Parliament on the Revision of the Packaging and Packaging Waste Directive.

EU First meeting of the Management Board of the European Food Safety Authority.

CIES Geneva. CIAA participates in the 2nd International Conference on Food Safety.

CIAA CONGRILAIT, 26th World Dairy Congress. The CIAA participates in the session on health claims.

October

CIAA Annual CIAA European Parliament Evening focussing on the reform of the CAP.

EU Environment Ministers reach political agreement on the Revision of the Packaging and Packaging Waste Directive.

CIAA The CIAA takes part in SIAL in Paris. More than 120 people attend the CIAA conference 'Food Quality and Safety in an enlarged Europe".

EU The Brussels Summit reaches a compromise on agricultural policy paving the way for a formal political agreement on enlargement.

November

CIAA The Board elects Jean Martin, Business Group President Unilever, as new CIAA President.

EU Council political agreement on the Revision of the Labelling Directive.

EU The CIAA participates in the 2nd Annual Conference on Food Law organised by the weekly "European Voice".

EU Agriculture Ministers reach a political agreement on GMOs, including in particular a centralised procedure at European level for the authorisation of new GMOs.

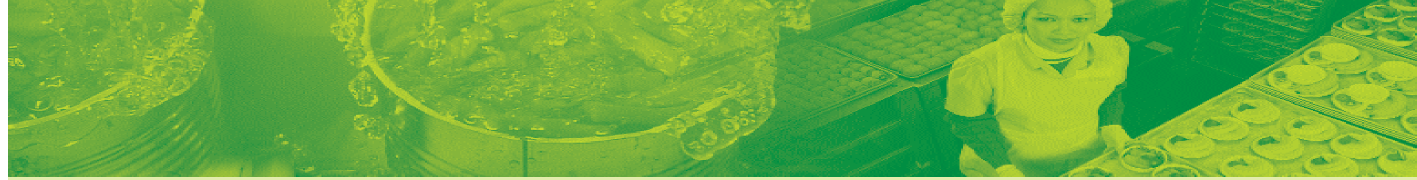
December

CIAA Athens. The CIAA presents its priorities to the Greek authorities in view of the Greek Presidency of the EU.

EU Environment Ministers reach political agreement on the traceability and labelling of GMOs.

EU Formal political agreement on enlargement at the European Summit in Copenhagen.

EU The Commission presents its "modalities" for the WTO agriculture negotiations.



Contents

THE FOOD AND DRINK INDUSTRY:

structure jobs

Stability is the key feature of 2001 and 2002

Key figures

Economic trends in the food and drink industry

The structural data available for 2001 attest to the capacity for resistance of the EU food and drink industry in a period of economic downturn, exacerbated by the events of 11 September, from which the EU has not been exempt.

Stability is the key feature of 2001 and 2002:

- a production value of about €600 billion;
- 2.7 million employees;
- more than 26,000 companies.

The first data available for 2002 indicates a similar trend. The food and drink industry would even appear to have improved on its 2001 results.

Trends in European food and drink production (growth in %)

	'96	'97	'98	'99	'00	'01	Average	'02*
EU-15	1.0	3.0	0.6	1.6	1.4	0.4	1.3	2.0

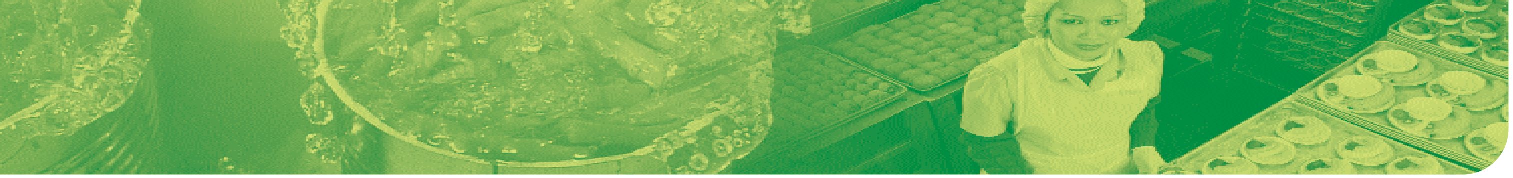
(*) 1st half 2002

Source: Eurostat

The food and drink industry: a major and diversified sector in the EU economy

In 2001 the food and drink industry reaffirmed its position as the first European industrial sector. With 13% of the total production value in the manufacturing sector, it comes ahead of the automobile, chemical, machinery and equipment industries. It is ranked first in many Member States. France, Germany and the UK, three countries with large consumption markets, represent more than 50% of European food and drink production. France comes top with a production value of €115 billion.

The food and drink industry is extremely diversified, both from the point of view of the final products and the types of activities and structures. The key figures, consolidated for the EU and brought together in the table opposite, only give a partial view of this diversified sector. The most recent EU data available relates to structures of more than 20 employees. However, the food and drink industry is characterized by a large number of small companies, in particular family businesses in the Mediterranean countries. Among the sectors within the industry, the meat processing, dairy and beverage sectors constitute half of the total food production value. The category "various food products" dominated by the bakery, pastry and confectionary industries also makes up a significant part of Community food production.



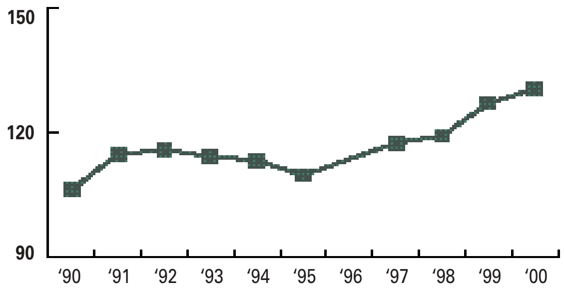
Structure/production by country

Estim. 2001	Production*	Value added**	Employees***	No. of companies
EU	**626**	**145**	**2,796**	**29,635**
B	24 [1]	5	62	723
DK	17 [1]	4	87 [1]	450
D	110	27	597	6,035
EL	5	1	43	1,036 [1]
E	67 [1]	14	371 [1]	3,040
F	115 [2]	21	392 [2]	3,604
IRL	15	4	47	687
I	93	24	268	6,800 [3]
L [1]	1	0	4	226
NL	39 [1]	6	147 [1]	855
A	11 [1]	2	79 [1]	1,264 [1]
P	10 [1]	2	104 [1]	1,916 [3]
FIN	8	2	34	336
S	13	3	53	344
UK	98 [1]	30	506 [1]	2,319

Source: Eurostat
(*) current prices (€ billion)
(**) € billion
(***) x1000

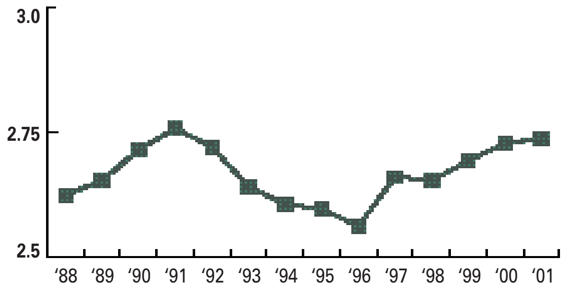
companies with more than 20 employees
except:
(1) more than 1 employee
(2) more than 3 employees
(3) more than 9 employees

Value added at factor cost at constant prices (€ billion)



Source: Eurostat

Employment (million)



Source: Eurostat

Structure/production by sector

Estimates 2001	Production		Added value		Employees	
	€ billion	%	€ billion	%	1000	%
Meat products	126	20.1	23	15.9	624	22.3
Fish products	15	2.4	2	1.4	93	3.3
Processed fruit & vegetables	36	5.8	9	6.2	168	6.0
Oils & fats	25	4.0	3	2.1	48	1.7
Dairy products	96	15.3	16	11.0	274	9.8
Flour & starch products	27	4.3	6	4.1	78	2.8
Animal feed	40	6.4	6	4.1	98	3.5
Various food products	163	26.0	48	33.1	1,078	38.6
Beverages	98	15.7	32	22.1	335	12.0
TOTAL	**626**	**100**	**145**	**100**	**2,796**	**100**

Source: Eurostat

Note: - for the definition of the variables see www.datashop.org
- the food and drink industry is covered by division15 of the nomenclature Nace Rev1

The competitiveness of industry depends on innovation

From fortified foods to those which can reduce the risk of diseases, there are a large number of products which are currently being put on the market in response to increasing consumer demands: to combine pleasure, well-being and health.

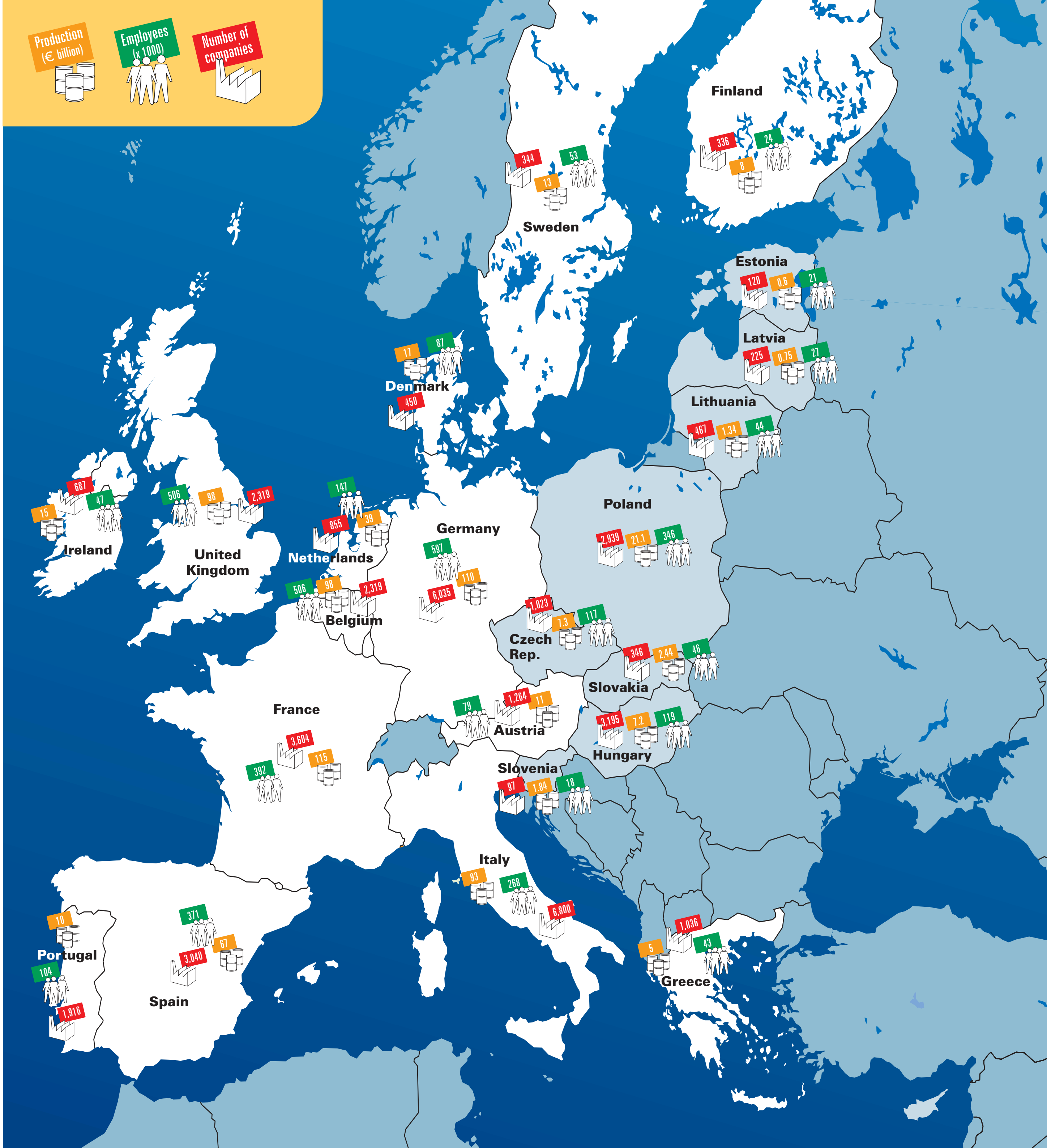
In the area of innovation a number of trends can be observed:

- The health benefits of food remains a major trend in innovation, reflecting increasing consumer concerns to have control over their bodies, to relax and to lead a more healthy life;
- The revival of traditional values is reflected in the food sector by the increasing popularity of traditional and local products, which are adapted to the demands of today and easy to prepare;
- The enthusiasm for tourism and exoticism has led to the marketing of products influenced by "ethnic" and regional culinary traditions;
- Convenience is one of the key driving forces behind innovation. The trend is to develop products that are easy to use by specific types of consumers (children, older people,…). The need for freedom and mobility encourages industrialists to develop "nomadic" products, which can be used at any time in any place without the need for traditional implements (plates, cutlery,…).

Consumer demands, which mirror the sea change in social values, lifestyles and demographic trends, are numerous. In order to be able to respond to this, industrialists need a harmonised legal framework which allows them to utilise the results of their research.

At the Lisbon Summit in 2000, Europe fixed the objective of being the most competitive economy in the world by 2010. The stimulus of innovation, the intensification of actions in the area of education and the strengthening of entrepreneurial capacity are key for Europe to achieve this objective and to catch up with the United States.

source: Trends and innovations, SIAL, 2002



FOOD AND DRINK PRODUCTS ON THE world markets

2001 and 2002 on the whole confirmed the increase in trade

Key figures for trade in raw and processed agricultural products in 2001 (€ billion)

	Exports	Imports	Balance
Agricultural raw materials	9.7	28.3	-18.6
Food and drink products	45.0	38.4	6.6
of which non-Annex I	*16.0*	*3.9*	*12.1*
All raw and processed agric. products (total)	54.7	66.7	-12.0

Source: Eurostat

2001 and the first half of 2002 on the whole confirmed the increase in trade after the crisis years of 1999 and 1998. The export of Community food and drink products to third countries increased in 2001 (+5%) although this was still less than in 2000 (+12%). In 2001, exports of food and drink products reached a value of €45 billion.

The trade balance remains at €6.6 billion. This positive balance is a contributing factor in the reduction of the deficit recorded for agricultural raw materials (-€18.6 million). Of note is also the good performance of high value added products, covered by the category "non- Annex I", with a trade surplus of €12 billion.

The United States remains the first export destination of European food and drink products and represents a quarter of the export market. The trends in trade by country reflect the international situation: significant increase in trade with CEECs compared to 2000 (+14%) in the context of the pre-accession stage, an upturn in exports to Russia (+27%), a major decrease in exports to Latin America and in particular to Argentina (-21%).

(1) High value added food products not listed in the annex of the Treaty of Rome. For example, pasta, biscuits, chocolate, ice-cream, beer, yoghurt which contains fruit or cocoa, starch products, spirits...

5 main export destinations in 2001

Country	€ billion
United States	9.1
Japan	3.7
Switzerland	2.6
Russia	2.6
Canada	1.4
Total World	45.0

Source: Eurostat

5 main import origins in 2001

Country	€ billion
Brazil	4.0
United States	3.4
Argentina	2.9
China	1.5
New Zealand	1.4
Total World	38.4

Source: Eurostat

Initial trends for 2002

The overall growth in the exports of the sector during the first half of 2002 is generally positive at almost 5%, although this is less than the 10% recorded during the same period in 2001. An analysis of exports by country of destination confirms the trends observed above.

Exports: 1st halves 2001 and 2002 (%)

	January to June		Evolution in
	2001 € billion	2002 € billion	2002/2001 (%)
NAFTA**	4.9	5.6	13.6
CEECs***	1.9	2.2	15.9
Mercosur	0.3	0.4	-28.9
CIS*	1.4	1.6	9.8
Total	21.4	22.5	4.7

(*) Ex-USSR (except Baltic states)
(**) Canada, United States, Mexico
(***) Central and Eastern European countries

Source: Eurostat

Performance by sector

Over and above the generally positive balance, there are some disparities between sectors. The best performances in terms of trade between the EU and third countries are in the beverage sector and "various products", where the trade surplus totals €9.6 billion and €7.4 billion respectively. These two sectors are also first in terms of export volumes.

Exports by sector in 2001 (%)

Beverages	29.4
Various food products	25.5
Dairy products	11.5
Meat products	10.0
Animal and vegetables oils & fats	6.0
Processed fruit & vegetables	5.7
Fish products	4.2
Flour & starch products	4.0
Animal feed	2.6
Others	1.0

Various food products: confectionery, biscuits, food preparations...

Source: Eurostat

Focus on SMEs

SMEs generate almost half of the production and added value of the sector

A diverse industry

The vast majority of food and drink companies in the EU are small and medium sized enterprises (SMEs) with less than 250 employees. In 1999, 99.3% of the total were SMEs. 8 out of 10 companies have less than 10 employees.

As far as their economic impact is concerned, SMEs generate almost half of the production and added value of the sector. About two thirds of employees in the food and drink industry work for an SME that has between 1 and 249 employees.

The large structural differences in the food and drink industry between northern and southern Member States is clear in the table below, which indicates the average number of employees per company. The fragmented structure in the southern countries can be explained, in part, by historical factors linked to the importance of small family businesses.

Average number of employees per company - 1999

European Union	14.1
Ireland	69.0
Finland	21.2
Germany	19.4
Spain	14.6
Portugal	13.3
Belgium	11.1
France	9.0
Italy	6.3

Source: Eurostat

Food and drink companies – key figures (1999)

		Production (%)	Value added at factor cost (%)	Number of companies (%)	Number of employees (%)
Micro companies	1 to 9 employees	7.7	9.9	80.5	19.2
Small companies	10 to 49 employees				
	of which 10 to 19	6.1	6.4	10.9	10.6
	20 to 49	10.5	9.5	5.0	11.0
Middle-sized comp.	50 to 249 employees				
	of which 50 to 99	9.6	8.2	1.7	8.5
	100 to 200	17.2	14.4	1.2	13.1
Large companies	+ 250 employees				
	of which 250 to 499	14.7	14.0	0.4	10.6
	500 to 999	11.2	11.1	0.2	10.1
	>1000	23	26.6	0.1	16.9
Eu industry		€ 589 billion	€ 145 billion	252,472	3,548,000

Source: Eurostat

The apparent labour productivity

The apparent labour productivity, measured by the added value generated per person employed, is a gauge of the competitiveness of companies. In all Member States, large companies have higher productivity rates than SMEs, in particular those with less than 20 employees.

Apparent labour productivity by size of company (2000) (€1000)

		B	Dk	F*	D	I	P	E
Companies	1 to 19 empl.	26.2	28.9	28.4	15.9	24.0	8.8	20.7
Companies	+ 20 empl.							
	of which 50 à 99	n.a.	43.7	41.2	35.4	53.9	20.3	n.a.
	>1000	87.3	56.6	72.1	n.a.	n.a.	67.0	n.a.
Average product.	49.6	48.5	43.3	35.7	39.6	20.5	36.6	

(*) 1999
(n.a.) not available

Source: Eurostat

Food
SAFETY AND QUALITY

Towards risk evaluation at the European level

European Food Law

Background

In the framework of the implementation of the White Paper on Food Safety, the Commission published at the end of 2000 a draft Regulation laying down the general principles of food law and establishing the European Food Safety Authority (EFSA). The provisions contained in this Regulation entail significant changes for the whole food chain:

- all operators in the chain will be subjected to the same requirements as far as responsibility and traceability are concerned;
- EFSA will be responsible at the European level for risk evaluation and communication, thus contributing to increased consumer confidence and also as a stimulus for innovation;
- finally, the Regulation lays down the principles and the basic definitions that should apply to all future food legislation, therefore meeting the need for coherence and harmonisation which has been repeatedly called for by the food industry.

Achievements

The CIAA welcomed the rapid adoption by the European institutions of this essential Regulation for the food chain.

Published in the Official Journal on 1 February 2002, Regulation 178/2002 came into force on 20 February. A number of the provisions, including those relating to EFSA, came into effect immediately, others will not be implemented until the 1 January 2005.

Challenges

It will be necessary to assess the impact on companies of the implementation of the new requirements, in particular as far as traceability and responsibility are concerned. The Regulation gives the European institutions increased powers in the area of risk management and the Commission a crisis management unit, which will be operational when the need arises. However, to be really effective, this unit should be a permanent one.

European Food Safety Authority

Background

One of the immediate consequences of the entry into force of Regulation 178/2002 on 20 February was the official setting up of EFSA. Once the last legislative obstacle was overcome, the administrative structures had to be put in place so that EFSA could function properly. In July, the Management Board was appointed. It is made up of 14 independent experts and one Commission representative. Its first task was to appoint the Executive Director, Geoffrey Podger, former Chief Executive of the UK Food Standards Agency (who officially took up the position on 1 February 2003).

Achievements

The CIAA closely followed the developments leading to the setting up of EFSA.

The two candidates CIAA put forward are on the Management Board. The food and drink industry is thus contributing to the setting up of EFSA. The fact that all the links in the food chain are represented on the EFSA Board, including industry, is a guarantee of its representativeness and credibility.

Why is EFSA needed? Europe needs an independent body responsible for identifying and evaluating risks, and communicating the results to consumers. This need was confirmed by the acrylamide crisis which came to the fore in April following the publication in Sweden of the results of research which had revealed significant levels of acrylamide in some food products. Had EFSA been operational, it would have had a key role to play in the evaluation of this risk.

As the body responsible at the European level for the evaluation of new products and ingredients, EFSA should be a real driving force for innovation.

Challenges

The real challenge for EFSA in 2003 will be to demonstrate its authority and credibility in order to fulfil the expectations of all partners in the food chain, from agricultural producers to consumers, without forgetting industry. But in order to do this, EFSA will need the necessary human and budgetary resources, which it may be deprived of for some time to come given the lack of a decision on the location of the Authority. *(Cont. p.13)*

INTERVIEW WITH Andrew Stimpson

Spokesman for EFSA

Towards an integrated approach for food safety in the EU

After the official entry into force of the Regulation establishing the EFSA in early 2002, the remainder of the year was devoted to setting up the initial elements of the Authority. These activities included such things as obtaining temporary accommodation, setting up basic infrastructure and staff, setting in place the Management Board and recruiting an Executive Director. What will be the main priorities for 2003?

Now that Geoffrey Podger, the Executive Director of EFSA, has taken up his new position (on 1st February), the major challenges for 2003 will be to provide the Authority with the core resources necessary to fulfil its objectives. These are the Advisory Forum, the Scientific Committee and panels and, of course, the Authority's full time support staff. The Advisory Forum had its first meeting on 6-7th March, and it is anticipated that, following an open call for expressions of interest, the Scientific Committee and panels will begin to operate in May. By the end of 2003, EFSA has also targeted a full time scientific, communications and administrative staff of around 90 people. However, the effective recruitment of the staff and operation of the panels are dependent on the full EFSA budget being released by the European Parliament. EFSA will sit at the heart of a European food safety scientific network, and another of our main, early priorities will be to begin the setting up of the initial elements of this network, in collaboration with the key stakeholders. However, these activities will also be delayed if the full EFSA budget is not released quickly.

What is the current situation with respect to the EFSA budget?

Approximately one half of the full 16 million euros EFSA budget for 2003 has been held in reserve by the European Parliament. The Chairman of the EFSA Board has sent a letter to the Parliament explaining the very serious consequences of withholding the funds. These include a slowing down in staff recruitment and delays in making the Scientific Committee and panels fully operational. Once they are in place, the Scientific Committee and panels will be responsible for answering questions put by the Commission, the Parliament, the Member State governments or by the Authority itself. However, the ability to accept these questions will largely depend on the availability of funds for holding committee, panel and working group meetings, and on the support staff it is possible to recruit within the budgetary constraints.

How will the co-ordination be organised with the Member States?

Each Member State has been invited to nominate representatives who will be members of the EFSA Advisory Forum. This forum will allow us to have an effectively integrated relationship with the Member States. It will allow for a two-way flow of information and a highly effective interface with the risk assessors, and also with the risk managers and communicators, in each of the EU countries. One of the most significant challenges will be to cope with a diversity of organisations and remits. The food safety authorities are not organised in the same way in all the Member States. Most, but not all, countries have the equivalent of a food safety authority. However, while all existing food authorities have a risk assessment responsibility; in some countries, such as Great Britain, Ireland and the Netherlands, they are also responsible for risk management. Risk communication responsibilities also vary from country to country. Given such diversity, it is of particular importance that a high quality network is set up in order to ensure effective information sharing and input to decisions.

How can the stakeholders in the food chain become involved?

There is very important scientific expertise within the food supply chain. One of our main priorities will be to involve as many top scientists as possible in the risk assessment process. However, all activities must proceed within a framework of impartiality and openness. It is therefore clear that, while the best expertise will be sought, no individual party will be allowed to have a privileged position. Therefore, dialogue will take place with as many major stakeholders as possible, during 2003, to identify the most appropriate mechanisms for ensuring scientific excellence, impartiality, openness and a fully integrated approach to EU food safety.

Do you think it will be possible to obtain a decision on a long term EFSA seat during 2003?

This decision is not in our hands. We have done everything possible to encourage the Council to make a decision but, at the moment, the situation remains uncertain. We have pointed out that this uncertainty will have a negative effect on the functioning of EFSA and, in particular, is likely to discourage many competent people from applying for positions.

Looking back to 2002, what would have been different if EFSA was already fully operational?

If the Management Board, Advisory Forum, Scientific Committee and panels and the Executive Director and his full complement of 250 staff had already been in place at the beginning of 2002, the situation would have been quite different. Through the Advisory Forum, we would have the capability to effectively interact with the Member States so as to obtain a more integrated EU approach to all food safety issues. Through the Scientific Committee and panels, we would have access to a high quality scientific network capable of assessing risks relatively quickly and effectively. Through our risk communication network, we would be able to quickly get the most appropriate information to consumers and other stakeholders in a timely fashion. Each of these activities would be extensively supported by the Authority's full time staff. In short, we would have the EFSA that the EU needs.

Food safety and quality

GMOs

Background

Throughout 2002 the two Commission proposals on GMOs, one on GM food and feed, the other on the traceability and labelling of GMOs, continued on their legislative path through the Parliament and Council. In practical terms, these proposals have as their objective the labelling of products containing ingredients derived from GMOs, even if the modified protein is not present and cannot be detected in the final product. Labelling will therefore be based on certificates provided by the different suppliers rather than on analytical tests which are the basis of the present system.

Achievements

At the beginning of 2002 the CIAA set up a platform to coordinate the actions of all industrial associations concerned, in order to develop a viable alternative. As far as industry is concerned, labelling should be based on the detectability, in the final product, of the protein or DNA resulting from the genetic modification. Although the food and drink industry reiterated on many occasions the difficulties that the new requirements will entail for food operators and control authorities, this view was not shared by MEPs during the first reading vote in the plenary session on 3 July. Other arguments put forward by industry were, however, taken on board - MEPs rejected the amendments which would have required the labelling of products derived from animals fed with GM feed.

After the vote in the Parliament, the discussions in Council revealed significant differences between Member States, in particular on the threshold levels and on the evaluation procedures for new GMOs. At the end of 2002 Agriculture Ministers did, however, reach a compromise which provides for a centralised Community procedure, based on the scientific opinion of EFSA, for the authorisation of new GMOs.

Challenges

Following the political agreement reached in the Council at the end of 2002, the Council will adopt a Common Position which the European Parliament will vote on in its second reading. Then the regulations will enter into force. It is therefore of the utmost importance that solutions be found to ensure that the new requirements can be implemented by operators.

Hygiene and official controls

Background

In July 2000 the Commission adopted a package of five proposals on hygiene, one on general hygiene requirements, the four others relating to products of animal origin. In June 2002 the Council reached political agreement on the general hygiene rules. Three other elements of the package, relating to rules on hygiene and animal health, were also adopted. The Council will adopt a Common Position on the new hygiene legislation once the Parliament has voted on the final proposal on official controls on products of animal origin intended for human consumption.

Achievements

The Council and Parliament agreed to deal with the general hygiene rules and those relating to products of animal origin as a package in order to avoid inconsistencies.

For industry, it is essential that all operators in the food chain, including primary producers and retailers, irrespective of their geographic location or size, are subjected to the same hygiene rules. This is a sine qua non for the respect of public health requirements all along the food chain.

Challenges

The setting up of a coherent Community framework for control systems is essential in order to guarantee the effectiveness of the new hygiene rules. The proposal the Commission published at the beginning of 2003 on official controls will therefore play a key role. It should in particular impose the same controls on third countries exporting food and feed products to Europe. This approach will harmonise controls throughout the EU and this in turn should enhance the competitiveness of the European industry.

Food ingredients

Background

The CIAA has followed closely the legislative developments in the area of food ingredients. On 11 July the Commission adopted a proposal on the revision of the Sweeteners Directive which was then transmitted to the European Parliament and the Council. The Commission continued to work on its proposal to revise the legislative framework for flavourings. This revision has as a particular objective the simplification of the authorisation procedure for new flavourings.

Achievements

The Revision of the flavourings Directive: the setting up of a simple and efficient system for the authorisation of new flavourings, based on a centralised evaluation procedure by EFSA, would meet industry's objectives.

The proposal to approve two new sweeteners (sucralose and the salt of aspartame-acesulfame) should allow industry to continue to innovate and respond to consumer demands for energy reduced products.

The Commission has also proposed to reduce the maximum levels for the use of another sweetener, cyclamate. As far as the CIAA is concerned, the reduction is not scientifically justified.

Challenges

The simplification of authorisation procedures should be the basis for all future revisions of European legislation on food ingredients. For the food and drink industry, any future revision of the framework directive for food additives should have as its objective the setting up of a centralised evaluation system for new additives by EFSA and the replacement of the current authorisation procedure based on co-decision by the comitology procedure.

Consumer INFORMATION

Labelling: emphasis should be placed on the quality of information

Labelling of allergens

Background

In September 2001 the Commission adopted a proposal to amend the labelling Directive. The main objective of the proposal is to give a complete and detailed list of all ingredients present in a foodstuff by deleting the 25% rule (which allowed for a compound ingredient to be designated under its specific name when it comprised less than 25% of the final product) and in so doing to provide improved information to food allergy sufferers. During 2002 this proposal was the subject of heated debate in the Parliament and in Council where Ministers reached a political agreement in November.

Achievements

Certain technical adjustments have been proposed to limit the impact of the deletion of the 25% rule and to give food manufacturers a degree of flexibility when labelling their products. A number of exemptions to the labelling rules for certain ingredients present in small quantities means that manufacturers will not have to modify the label each time there is a very minor change to the list of ingredients.

However, these exemptions do not apply to the ingredients identified as having potentially allergenic properties in the proposed amendment to the Directive. These substances must always be labelled.

The technical adjustments are necessary to manage production costs and to guarantee the availability of ingredients on the market at stable prices.

Challenges

The information provided on the label should enable the consumer to make an informed choice. The emphasis should therefore be placed on the quality and not the quantity of the information provisions: too much information can indeed have more of a detrimental than beneficial effect ! Listing after each ingredient the allergenic source from which it is derived when the ingredient concerned no longer contains the allergy provoking protein is not useful information for the consumer. The choice of products for allergy sufferers will be seriously reduced when in fact the foods concerned do not present a risk.

Labelling:

key underlying principles for the food industry

All European labelling legislation should not only respond to the needs of consumers, but also take account of the practical constraints placed on operators and ensure the good functioning of the internal market. Future labelling requirements should be guided by four key underlying principles:

- **Consumer understanding:** any new labelling requirements should correspond to a genuine need for more information;
- **Clarity:** on-label information should always be concise, instructive and useful to the majority of consumers;
- **Consolidation and harmonisation** of existing labelling provisions;
- EU labelling legislation should facilitate the **free movement** of foodstuffs and **promote intra-community trade** by harmonising provisions at the European level.

Informing consumers about the health benefits of foods

Background

Research carried out in the area of nutrition and health has demonstrated the beneficial properties of certain foods, which could include the reduction in the risk of developing certain diseases. Food manufacturers should be able to make use of these research results by using, in particular, health claims to communicate the benefits to consumers. Legislation at the European level is needed in this area as there are significant differences between Member States.

Achievements

By agreeing to distinguish between disease prevention and disease risk reduction the Commission has paved the way for all health claims to be regulated at the European level.

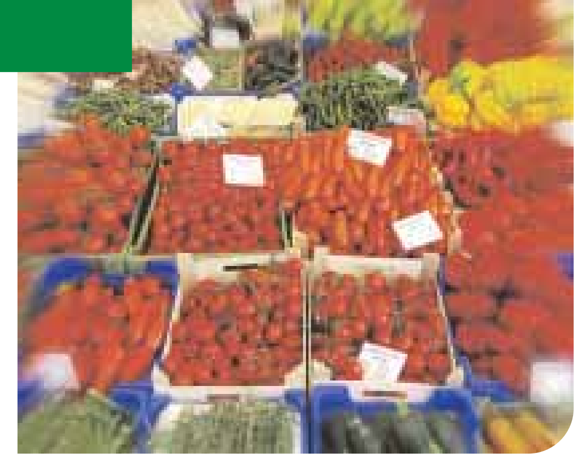
At the beginning of July 2002, the Commission presented its draft proposal, which included health claims, to all stakeholders.

The DG SANCO proposal went into interservice consultation at the end of January 2003. The CIAA awaits with interest the final Commission proposal which should be published before summer 2003.

Challenges

The future regulatory provisions will allow consumers to benefit from a larger choice of innovative products which are beneficial to people's health. In view of this, industry should be able to make claims on all kinds of products provided that the claim is based on scientific evidence and is well understood by the consumer.

Nutrition & health



Foods fortified with vitamins and minerals

Background

As rapidly changing lifestyles and eating habits increase the risks of micro-nutrient deficiencies, the fortification of foodstuffs could prove to be one of the best ways to contribute to the balanced dietary requirements of the population. A European regulatory framework for fortified foodstuffs is essential to enable the food and drink industry to meet consumer demands.

Achievements

In February the European Parliament and the Council adopted the Directive on Food Supplements. This adoption was a crucial step for the food and drink industry as it was to pave the way for the Commission to present a proposal on the fortification of foodstuffs with vitamins and minerals.

CIAA experts continued to provide information to national and European authorities on the advantages of fortification. The Directorate General for Health and Consumer Protection circulated a first draft proposal on fortified foods in view of a stakeholder consultation in February 2003.

This proposal should contribute to harmonising the rules in an area where the internal market is far from a reality. The Regulation should ensure a high level of consumer protection but also allow consumers to benefit from a wider range of innovative products.

Challenges

In the context of a balanced diet every food has a role to play. Therefore, as long as safety is guaranteed, the fortification of all categories of foods with vitamins and minerals should be allowed.

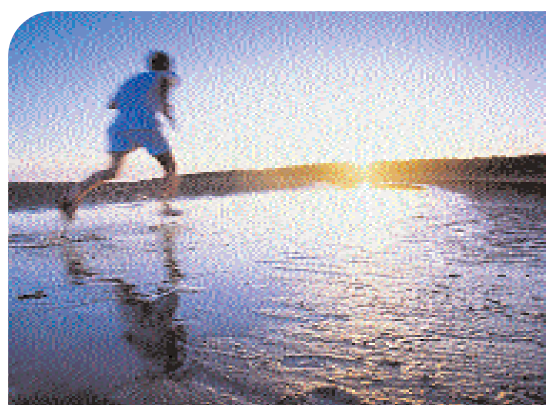
Diet, nutrition and well-being

Background

In April 2002 the World Health Organisation (WHO) published a draft report prepared by a joint WHO/FAO expert consultation on diet, nutrition and the prevention of chronic diseases. This report highlighted the increase in certain so-called ‘diseases of affluence’ such as obesity or cardiovascular diseases linked in part to diet.

Achievements

These “diseases of affluence” stem from a multitude of factors linked to changing lifestyles and reduced rates of physical activity. Industry believes that it can play a role, in cooperation with all other stakeholders, to promote a more healthy lifestyle based on a balanced diet and increased levels of physical activity.

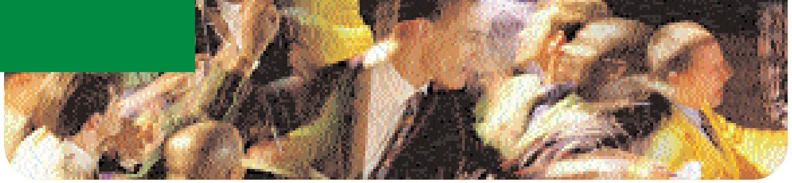


How can consumers be persuaded to change their eating behaviour? This was the question put to a dozen independent experts during a seminar organised by the CIAA on 30 and 31 May: “The Role of Food: Influences on Consumer Food Choice and Eating Behaviour”.

The experts were from a range of different fields such as nutrition, public health, communications, anthropology, psychology, sociology, health care and economics. Their task was to try to provide an overview of European dietary patterns and to identify the key success criteria for initiating positive changes to diet and lifestyle habits. The experts also explored the role of the food industry in this context. The three major areas identified for action were nutrition, communication and education.

Challenges

At the end of 2002 the CIAA set up a Task Force “Diet, physical activity and health” which has been given the task of developing an action plan in co-operation with other stakeholders.



Bilateral and International Trade

WTO Negotiations

Background

Following the agreement on the Doha Development Agenda reached at the 4th WTO Ministerial conference in 2001, the pace of the agricultural negotiations accelerated in June 2002 and a calendar with precise deadlines was set. The comprehensive American offer containing an offensive stance on market access had a strong impact on WTO members and their positions. This triggered the Cairns Group to present a new offer that was even more extreme on internal support. As a result of these developments, the position of the European Union was weakened. The offer made by the Commission at the end of December, which indicated its level of ambition through proposed reduction commitments, could only partially reverse this trend.

Achievements

The CIAA started technical work at the start of the year on the elements of the negotiation. A study amongst CIAA members was carried out to establish the offensive and defensive priorities in different sectors, primarily for market access issues, but also for the other areas of the agriculture negotiations. This work was completed in June and was then sent to the European Institutions as a basis for discussion with the different Commission services.

On three occasions, small CIAA delegations went to Geneva to meet with experts from the WTO, the EU and a number of third countries. These missions were undertaken to develop contacts and to promote the interests of the food and drink industries. In January 2003, another set of meetings was organised at the WTO and a delegation of food and drink industry representatives met with Stuart Harbinson, president of the special negotiating session of the Committee on Agriculture.

In mid-December, when the Commission presented its proposals for the agriculture negotiations, the CIAA welcomed the fact that the Commission had quantified the offer made by the EU. It gave a clear indication of its level of ambition and served as a counterweight to the other proposals. Based on a detailed analysis, the CIAA broadly supported the Community offer. With respect to market access, the Uruguay Round formula seems to have gained a lot of support, although some members considered it not to be ambitious enough for their offensive interests. Concerning the 45% average budgetary reduction for export refunds, the CIAA recalled that for some categories of products there is no room for manoeuvre.

Challenges

The end of March deadline to establish the "modalities" of an agreement is fast approaching. The lack of a strong will to negotiate amongst the WTO members is preventing the convergence of positions. The agriculture negotiations therefore risk being drawn out. They will most likely be on the agenda of the next Ministerial Conference in Cancun.

Non-Annex I Products

Background

An export regime for high value-added products (non-Annex I products) entered into force in 2000. The objective of this regime was to manage access for exporters to the limited budget for refunds as well as to ensure the respect of the budgetary constraints of the WTO. After one year of practical experience, the regime has undergone an in-depth review, leading to a first adjustment process that has been widely supported by industry. In addition, with a view to continuing exports despite the budget constraints, an additional inward processing regime has been implemented. This regime allows raw materials to be imported at world prices without paying tariffs with the objective of exporting the processed goods.

Achievements

Three concrete requests for amendments have been tabled to the Commission concerning non-Annex I products: the increase of the annual threshold for "small exporters", the improvement of the transfer opportunities concerning certificates and the elimination of the 30th September validity deadline for certificates. Thanks to coordinated action and to contacts with the management committee, both of the first two requests were adopted and are applicable as of the 2002/2003 campaign. DG Agriculture opposed removing the 30th September deadline and the issue is not being pursued for the moment. The CIAA made suggestions to improve the regime for non-Annex I products at the management committee at the beginning of November. This also extended to the additional IPR which is rather complicated and which raises problems in some sectors due to the restrictive definition of "equivalency".

Challenges

The complexity of the additional IPR risks discouraging its use. If this were to happen, efforts to relieve the budget for export refunds would have been wasted. Appropriate remedies need to be found, but there should be no new action to restrict the list of non-Annex I products that can benefit from refunds and no arbitrary reduction of refund amounts. Therefore, the regime should be regularly and closely followed.

As the WTO is negotiating the continuation of the process of liberalisation of the agricultural sector, respecting the commitments made in the Uruguay Round is still creating a great deal of practical problems

Export Procedures

Background

Exporters using the export refund regime have now for many years been experiencing a significant increase in administrative pressure. Some countries have refused to apply substitution checks in the case of broken seals. In another area, the Court of Auditors, having examined the validity of the pre-financing regime, revealed, among other things, that the regime was being used to obtain extensions on the limit of validity of certificates. Even before the final publication of this report, the Commission took the initiative to propose adjusting the validity of pre-financing to the one applicable for export certificates.

Achievements

Alerted by the industry of the refusal by some customs officials to carry out the substitution checks, resulting in the loss of refunds, the CIAA informed the Commission of the problem. The Commission has put together a document that has been examined within the management committee with a view to clarifying and harmonising national practices.

The project to modify the pre-financing regime was blocked and delayed on several occasions, due to the support of the management committee, as it was awaiting the results of the Court of Auditors' report.

Challenges

The increasing pressure placed on the Commission with regards to the management of Community funds for export refunds risks leading to the reinforcement of controls or of administrative procedures at any moment. Without challenging the objectives of such a development, it is important to make sure that the measures are compatible with the activities of the exporters and do not create unjustified export barriers.

The report and the recommendations of the Court of Auditors should be examined as a whole, not partially as was envisaged by the Commission. Pre-financing remains an important regime, notably for those who risk being penalised by the late payment of export refunds.

Bilateral Trade Agreements

The CIAA has been following closely the bilateral trade negotiations with a number of third countries, which are major exporters of food products.

The EU-Mercosur/Chile Agreement

The Commission has been engaging in a dialogue with stakeholders with respect to negotiations with Mercosur and Chile. The negotiations with Chile have been completed and the agreement was signed on 10 June 2002.

Despite the strong support of European and Mercosur officials, the proposed trade agreement between the two parties has advanced little. Of course progress has been made on a political dialogue concerning trade cooperation and facilitation but the trade negotiations have been held up both because the Mercosur common market is not fully integrated and because of the economic crisis in Argentina.

The EU-ACP Negotiations

On 27 September 2002 the EU officially launched negotiations with the ACP countries (African, Caribbean and Pacific Island countries) in order to sign mutual Economic Partnership Agreements. These agreements should improve economic and trading partnerships with the ACP countries and will replace the Lomé IV Agreement which expires in 2008.

EU-Norway Negotiations

The negotiations with Norway have intensified and were concluded at the end of December. The aim is to improve the current bilateral agreement currently in place in the European Economic Area. The negotiations have focused largely on agricultural and industrial protection.

EU-Switzerland Negotiations

The negotiations with Switzerland have been partially completed (for non-Annex I products). The Commission negotiated a net compensation system for the difference between the Swiss and European agricultural prices, taking into consideration that prices in Switzerland are generally higher. In practice, this agreement eliminates export refunds and Community import tariffs. For Switzerland, import tariffs and export refunds will be reduced.

AGRICULTURAL Policy

In the context of the strengthening of multilateral rules on trade in agricultural products, it is essential to continue the CAP reform process. The reform of the CAP should also ensure the survival of the different agricultural sectors which supply the EU food and drink industry.

The reform of the CAP

Background

On 10 July the Commission presented, in its Communication on the Mid-term Review of Agenda 2000, its proposals for the reform of the Common Agricultural Policy. The main elements were the shift from support for production to support for producers (decoupling) and the introduction of compulsory modulation to allow for funds to be transferred to rural development measures. The Commission Communication provoked intense and difficult discussions in Council between the Member States for whom the proposals, particularly regarding decoupling, went far beyond the initial mandate of the Commission and those who considered that, on the contrary, the reforms did not go far enough. At the Brussels Summit in October 2002, the Council took the decision to fix a ceiling for the CAP budget for the period 2007-2013, which called into question the ability of the EU to carry out the proposed reforms. In the legislative proposals published on 22 January 2003, the Commission maintained the main thrust of its initial proposals.

Achievements

The day after the publication of the proposals in July 2002 the CIAA on the whole welcomed the measures proposed:

- further decoupling of support would make agriculture more market oriented and increase the competitiveness of agricultural production. Nonetheless, the scope of decoupling raised concerns as regards the supply of industry;
- making aid payments conditional on the respect of certain minimum standards is part of the strategy for the promotion of agricultural practices which are more environmentally friendly and of food safety criteria which the food and drink industry fully supports;
- finally, modulation would allow for a transfer in the budget to reinforce rural development measures.

European agricultural production is a major source of supply for the food and drink industry. The CIAA has therefore reiterated that the Commission should carry out a detailed impact assessment on the possible consequences of decoupling on food and drink industry supply.

During the second half of 2002 the CIAA repeatedly voiced its position and took an active part in the debate during the European parliamentary evening, at the European Voice Conference on the CAP (see the Events section on p. 28) and also during a series of bilateral meetings with MEPs.

Challenges

In the context of the strengthening of multilateral rules on trade in agricultural products, it is essential to continue the CAP reform process. Without a genuine reform of agricultural policy, which should aim to enhance the competitiveness of Community agricultural products, European food products will be put under increased strain both on the internal and the world markets. However, the reform of the CAP should also ensure the survival of the different agricultural sectors which supply the EU food and drink industry. *(Cont. p.20)*

Joseph Daul

There is a need for an open and constructive dialogue between the food and drink industry and agriculture

Member of the European Parliament (EPP)

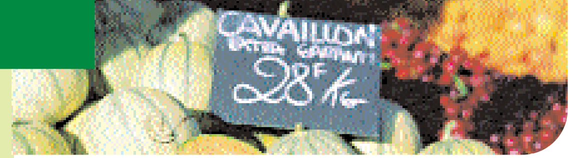
Chairman of the Committee on Agriculture and Rural Development

In 2002 there were two major events of significance in the area of European agriculture: the publication by the Commission of its proposals for the Mid-term Review of the CAP and the negotiations on the enlargement of the EU. In addition, the forthcoming WTO negotiations will be very sensitive as far as agriculture is concerned.

All stakeholders in the agricultural sector are called on to give their contribution to these discussions to ensure that the right decisions are taken.

The CIAA is not exempt from these challenges and has an extremely important role to play. The food and drink industry is very much affected by the reform of the CAP which will bring with it new demands, in particular in the areas of food safety, environmental protection and animal welfare.

I count on the continuation of an open and constructive dialogue between the food and drink industry and agriculture so that the debate can go forward and the genuine reforms that are needed are carried out, so that European agriculture maintains its specificity and its competitiveness at the international level.



Agricultural Policy

As an essential link in the food chain, the primary objective of the industry is to promote a competitive, professional and efficient agricultural sector.

The EU food and drink industry: the first client of the agricultural sector

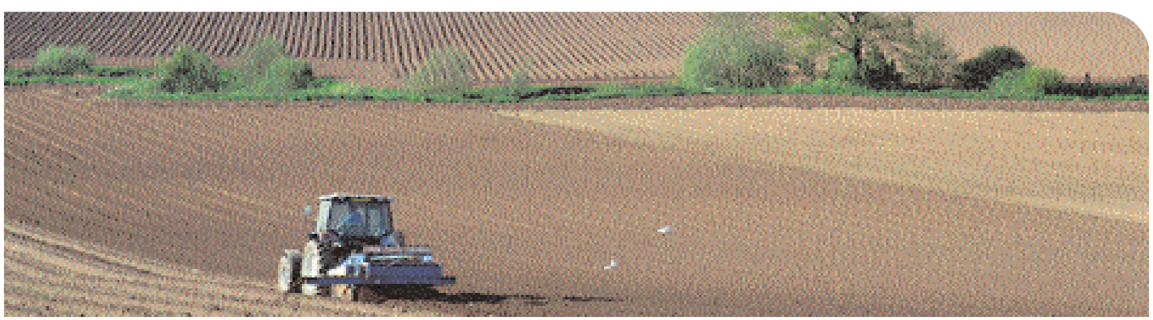
The interest of the food and drink industry in agriculture is clear, given that 70% of Community agricultural production is processed by European food and drink companies. As an essential link in the food chain, the primary objective of the industry is to promote a competitive, professional and efficient agricultural sector.

The Common Agricultural Policy should provide industry with a supply of raw materials that meet its needs in terms of quantity, price and quality. The CIAA welcomed the Commission's resolve to meet the expectations of consumers in the areas of sustainability, quality and food safety. Of course, it is essential that all partners in the food chain face up to their own responsibilities.

In this context, the CIAA supported a number of the instruments proposed by the Commission, in particular the cross-compliance of aids, combined with a farm advisory system and sanctions when the need arises. This system is part of the sustainable development strategy of the Community agri-food policy. All measures which go in this direction will reinforce the trust of consumers in the production of Community food products and will contribute to the improvement of the consumer's perception of quality using objective and scientific criteria.

Over and above the essential legal requirements, companies have various means of increasing the added value of their products. Industry welcomed transitional instruments aimed at promoting the production of specific types of foods in the EU, for example, organic production, indications linked to local production and production processes.

Quality should not, however, be subjected to regulatory systems and cannot be reduced to certain specific attributes of quality. Quality should remain a concept that is defined by the markets. And it is above all up to the consumer to judge the quality of a product.



Glossary

Decoupling:

decoupled support can be provided through an aid to support the farmer's income that is disconnected from production or production factors.

Modulation:

a system whereby resources from the first pillar (market spending) are transferred to the second (rural development).

Cross-compliance:

decoupled direct aids and other direct payments will be conditional on respecting standards on the environment, animal welfare, food safety and occupational safety measures.

Rural development:

the second pillar of the CAP is designed to ensure coherence between the prices and market policy and rural development. The objectives are to improve agricultural holdings, to guarantee the safety and quality of products, to ensure fair and stable incomes, to ensure environmental issues are taken into account, to develop complementary and alternative activities that generate employment and slow the depopulation of the countryside and to promote equal opportunities.

Enlargement

Over and above the political negotiations, the implementation of the Acquis on the ground

The agricultural negotiations

Background

The negotiations with the 10 candidate countries on the agriculture chapter steadily progressed. The main stumbling blocks were direct aids and quotas. At the Brussels Summit in October a compromise on direct aids was reached. As from accession, the direct aids paid to farmers in the new Member States will be limited to 25% of EU subsidies and will be gradually increased to reach 100% in 2013. The candidate countries can top up this reduced amount with national subsidies and this provision contributed to the conclusion of the formal agreement on enlargement to the 10 countries at the Copenhagen Summit in December.

Achievements

The CIAA welcomed the compromise reached in Brussels in October 2002, which paved the way for political agreement on the accession of the ten candidate countries by the end of the Danish Presidency. CIAA had highlighted on many occasions that structural aids for rural development were better adapted to the agriculture of the candidate countries.

As far as quotas are concerned, the CIAA reiterated its support for the Commission's approach based on historical statistical data rather than on the projected evolution of market demand.

Finally, for the industry it is crucial that the candidate countries implement European norms in food safety and veterinary and sanitary hygiene. The CIAA has insisted that companies that are granted a transition period in this area should only be able to sell their products on the local market.

Challenges

From now until accession the candidate countries must increase efforts to integrate the management and control systems of the common agricultural policy and, above all, ensure that the new external borders of the Union are respected.

Trade with the candidate countries

Background

So-called "double zero agreements" have been reached with the majority of the candidate countries for agricultural products. The agreements for the "non-Annex I" products should come into force in spring 2003. These agreements are aimed at eliminating customs duties and export refunds for certain categories of products in order to stimulate trade with the CEECs.

Achievements

The food and drink industry, which already generates a large part of its turnover in the candidate countries, is in favour of gradual trade liberalisation. The CIAA has, however, reiterated on many occasions that the double zero approach has inherent risks for industry. These agreements would require the setting up of complex and expensive administrative systems.

Challenges

These agreements were aimed at stimulating investment and softening the effects on the markets of too rapid an integration. However, given the limited period they will be in force, it is doubtful whether they will be able to fulfil this objective.

The European food an drink industry contributes to the effective integration of the Acquis

From July 2000, the CIAA was awarded the task of co-ordinating two projects, BSP 1 and BSP 2, in the framework of the PHARE Business Support Programme. The aim of these projects was to strengthen industry representative organisations in the CEECs and to improve the understanding of European food law. The food industry now has operational and competent national federations in the majority of the CEECs. The CIAA has organised more than 50 seminars on communication, lobbying and the technical aspects of European food legislation. Representatives from the CEEC federations have also undertaken training periods in the national federations of the CIAA. Following the success of these two projects, which came to an end in June 2002, the CIAA was given responsibility for the new BSP following a call for tender by the Commission. The new BSP programme will be devoted to the implementation on the ground of European food law and the introduction of voluntary codes in the area of good hygiene practices.

Sustainable

Development

World Summit on Sustainable Development

Background

The Earth Summit II took place in Johannesburg from 26 August to 4 September. This Summit marked the tenth anniversary of the Rio Summit in 1992. Whereas the objective of Rio was to set the norms and principles for sustainable development, the Johannesburg Summit focused on the concrete implementation of sustainable development and drew up an action plan with a specific timeframe and targets.

Achievements

The outcome of the World Summit on Sustainable Development is clearly open to very contrasting interpretations. On the one hand, the texts adopted are not really binding on States. On the other hand, there was the richness of debate and the mixture of participants representing the social, economic and environmental aspects of sustainable development. This is one of the main reasons why, after Johannesburg, the concept of sustainable development is more authentic than ever.

The food and drink industry was strongly represented among the participants and used this opportunity to demonstrate its commitment to sustainable development. The sector was thus able to demonstrate what it has accomplished to date in the area of sustainability and the challenges that still lie ahead.

Challenges

The food and drink industry has a key role to play to ensure this transition to real sustainability. There are 4 major elements that actions should focus on: the efficient use of natural resources, in particular water and energy; the promotion of sustainable agriculture; the

ecologically viable production of foodstuffs; and improvements in communicating the progress made in the economic, social and environmental areas by using reports and performance indicators.

An industry heading for sustainability

Background

The CIAA drafted the first global report on the progress of the food and drink industry towards sustainability for the World Summit on Sustainable Development in Johannesburg. This report was drafted in the framework of the 22 sectoral reports launched by UNEP (United Nations Environment Programme). The CIAA report offers testimony to the determination of industry to understand and integrate sustainability into its business culture and processes.

Achievements

For the food and drink industry sustainable development is the long-term combination of three objectives:

- to protect the environment which supplies its raw materials and in which it operates;
- to improve consumer access to food which is healthy and of high quality;
- to stimulate economic growth.

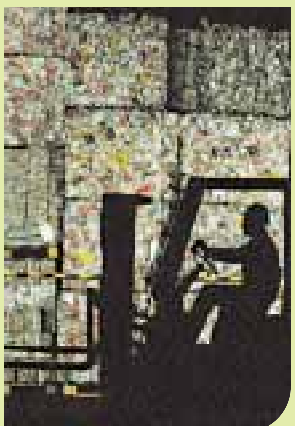
This report gives an insight into the efforts undertaken by companies in the food and drink sector to enhance their environmental performance by continuously improving their products and production processes. Many companies have already integrated environmental considerations throughout the food chain, for example by promoting sustainable agricultural practices, by increasing the eco-efficiency of their production and/or by optimising the use of packaging and transportation.

This report also demonstrates the important contributions made by the sector to society as a whole by, for example, improving access to safe, wholesome and high quality products.

Challenges

This first report on sustainability enabled the industry to make a first assessment of its progress towards sustainability and to look at the challenges ahead, achievements and our commitment. It is a starting point for subsequent efforts to enhance our sustainability performance and improve reporting on our progress.

Environment



Packaging and Packaging Waste

Background

In 2001 the Commission tabled a proposal to amend the 1994 Packaging and Packaging Waste Directive that aims at increasing the recycling and recovery targets. The European Parliament voted on the proposal in September. In October Ministers reached a political agreement paving the way for the adoption of the Common Position by spring 2003.

Achievements

During the first half of 2002 the EP Environment Committee examined the proposal in detail and radical positions emerged. MEPs advocated widening the scope of the revision and supported very strict measures in the area of prevention.

In September, during the vote in the plenary session, MEPs rejected the most damaging elements for our industry. However, the EP did adopt strict recycling provisions and fixed a minimum overall recycling target of 65% to be reached by the end of 2006. MEPs also upheld material-specific targets and the introduction of a packaging environment indicator.

In the political agreement reached by Environment Ministers industry's concerns were taken into account. The Council proposed realistic targets (55 - 80% for recycling, 60% for recovery) and adopted a reasonable timescale with which to comply (2008). The Council also put back the debate on prevention until 2005.

Challenges

The amended Packaging Directive should be a harmonising directive and set realistic recycling/recovery targets which take into account local conditions (infrastructure, markets, etc.).

A sharp increase in the targets could widen the gap between some Member States and thus create distortions of competition and hamper the smooth functioning of the internal market.

In addition, issues relating to prevention, reuse, producer responsibility and essential requirements, which are indeed important elements in the Directive, should not be integrated at this stage and require a more detailed evaluation before embarking on any revision.

Integrated Pollution Prevention and Control (IPPC) / Best Available Techniques (BATs)

Dossier

The 1996 Directive on Integrated Pollution Prevention and Control (IPPC) sets forth a European framework for cross-media (water, air, soil) pollution within the Member States. The food and drink installations covered by this Directive will have to obtain an environmental permit from the competent national authorities. This permit will set out the basic conditions under which the factory can operate based on Best Available Techniques (BATs).

Achievements

In the context of the implementation of the IPPC Directive, the Commission is working on a European reference document (BREF) on BATs for the food and drink industry. This BREF should provide Member States with guidance on the granting of environmental permits.

The CIAA has made a substantial contribution to the future Commission document. The first version of the BREF, published in April, globally corresponds to the expectations of our sector, as much in the content as in the structure. The Commission has resigned itself to following the horizontal approach proposed by industry

(Cont. p.25)

INTERVIEW WITH William Duncan

Packaging and Packaging Waste Directive: a revision in perspective

Managing Director ASSURRE - Association for the sustainable use and recovery of resources in Europe

In limiting its proposal to a revision of the recovery and recycling targets, the Commission recognised that a broader review of other aspects of the Directive at the same time would not have been based on a sound evaluation of options.

Recommendations for new targets were essentially based on a cost benefit analysis by RDC/Pira which suggested optimal ranges of recycling for specific materials in each individual Member State.

While the limited scope of the revision and analytical approach were fully supported by industry, the results of the study were by no means conclusive and left room for political interpretation.

In proposing to more than double the overall recycling minimum level from 25% to 55% and downplay both the scope and desirability of energy recovery, this became in essence a recycling directive. Member States will now have to achieve ambitious new recycling levels for each of four specific materials as well as on an overall basis.

But analysis of the EU average mix of packaging materials placed on the market shows that achieving these new specific targets will not be enough in itself to meet the overall recycling target. A gap of some 12% percentage points remains to be closed by exceeding these targets and recycling other non specified materials.

As if this were not enough of a challenge, the European Parliament is pushing to raise the new minimum overall recycling target even higher to 65%. No case has been presented to explain if the environmental benefit would ever justify the cost impact of their aspirations.

For most of the current EU 15, this would require an increase of more than 50% over year 2000 levels – and that presuming there would be no growth in packaging material tonnage placed on the market.

But the trend to increased consumer use of pre packaged goods is expected to continue. Data from France, for example, show a 10.3% overall increase in packaged food products between 1994 and 2000. This trend is driven by demographic shifts such as smaller households and population growth, as well as changing social values which place greater emphasis on food safety, on convenience, and on mobility.

The combined effect of these changes means more tonnes need to be recycled and financed just to maintain current percentage based performance levels.

The obstacles to overcome are not only to increase collection rates and improve the yield from separated waste, but significantly also to find and grow economically sustainable end use markets able to absorb these materials.

A significant increase in mechanical recycling will be particularly difficult for plastics where only four Member States have reached the current 15% target while 11 Member States have still to reach 10%.

Investing in a substantial scale up of capacity will represent a heavy cost for industry, which already spends more than EUR 7.5 billion per annum in support of collection and treatment systems, and for local governments who face the additional challenge of persuading their citizens to actively contribute time and effort to make collection schemes work effectively.

The 10 Accession Countries each face their own individual challenge of building infrastructure and utilising it effectively.

Recognising that these changes will not happen overnight, the timing to achieve new targets needs to be realistic, and the initial proposal of June 2006 clearly needs to be revised – logically to December 2008, as the Revision is now unlikely to be adopted before end 2003.

As far as the overall recycling target itself is concerned, analysis and forecasts based on year 2000 data support nothing higher than 50% recycling as likely, even under the most optimistic improvement scenarios, in the larger Member States (France, Italy, Spain, UK) by a 2008 deadline.

Perhaps it should come as no surprise therefore that the European Parliament is impatient to see more action on the prevention of unnecessary packaging, the promotion of reusable packaging, and the reduction of packaging's environmental impact by "greening" its design, and these issues are now to be included in a new Commission study as the basis for renewed dialogue in 2005.

Since people buy products, not packaging, we would hope that this study will be wise enough to take all the environmental, economic and social advantages of packaged products into its life cycle equation, and not just the environmental impact of treating packaging waste once these benefits have been delivered.

www.assurre.org

Environment

For the food and drink industry the sustainable use of soil is inextricably linked to both sustainable agriculture and food safety.

and is concentrating on production processes and their impact on the environment rather than following a sectorial approach.

The second draft of the Food and Drink BREF should be adopted by spring 2003 and the final version presented to the Technical Working Group after summer 2003.

The dialogue and active collaboration established between the food and drink industry and the IPPC Bureau is continuing in order to be able to identify the BATs for our sector.

Challenges

The major challenge is that this BREF ensures a flexible approach for the BATs used in the food and drink industry. A certain flexibility will be necessary in the application of the pollution control techniques so as to take into account the wide range of activities in the sector. Proper consideration should also be given to the geographical location and local environmental conditions of industrial plants in deciding the techniques to be applied.

This BREF should also guarantee an environmental and economically efficient approach. To ensure the competitiveness of the food and drink industry, BATs should be carefully costed with the environmental benefits weighed against the economic cost. Quality and food safety are also important constraints that have to be considered in the selection of BATs.

Soil protection

Background

One of the objectives of the Sixth Environment Action Programme is the protection of soil against erosion and pollution. In view of this, the Commission published a Communication in April which outlines the development of a soil protection strategy. Two legislative initiatives are foreseen within this framework: the revision of the sewage sludge Directive which is scheduled for 2003 and a Directive on compost and other biowaste in 2004.

Achievements

The Commission Communication is in general in line with the demands of the European food and drink industry, which fully supports any initiative that will ensure the integrity of the soil in the context of food safety. Safety is an absolute priority for our industry and constitutes a non negotiable factor in the quality of our products. Soil plays a crucial role in this context as it constitutes the medium for the cultivation of the industry's raw materials.

The Communication also identifies the threats European soils are exposed to, such as a decline in organic matter and contamination. It recognises that the food and drink industry and the agricultural sector could have a pivotal role to play in re-injecting the soil with the organic matter it needs thanks to the spreading of their "bioresidues" (limes, the sewage sludge from food and drink industries) which have agronomical and environmental qualities. The Commission has however fixed strict standards and is imposing a series of treatments before the spreading of sludge that are open to criticism.

Challenges

The CIAA strongly supports the Commission initiative to develop a European soil strategy and hopes that the Commission will use this opportunity to promote the use of "bioresidues" produced by the food and drink industry in the context of the sustainable use of soil. It should also have as an objective the restoration of public confidence in land spreading.

For the food and drink industry the sustainable use of soil is inextricably linked to both sustainable agriculture and food safety.

FOCUS ON

CEECs

Eight countries from Central and Eastern Europe will soon join the European Union. These countries will contribute significantly to the diversity and richness of food traditions in Europe. As many as 10 000 food companies are active in the CEECs and they employ almost one million people. The food sector today faces major changes. After a rapid increase in the number of companies being set up, in a lot of countries a certain degree of consolidation is now taking place. Products with higher added value are also expected to develop more rapidly than more traditional sectors.

In each of these countries, the food and drink industry plays a key role in the national economy. The share of the food and drink industry in total industrial production (in terms of added value) is significant (an average of 20% as opposed to 10.7% in the EU). In the same context, the food and drink industry represents 15% of industrial jobs (12% in the EU). Generally, the share of household consumption devoted to food (an average of 22%) is largely above the one registered in the EU 15 (13%).

The food and drink industry in the CEECs

Estim. 2001	Production (€ billion)	Employees (x 1000)	Comp.	Main sectors (% of food industy production)
Estonia	0.62	21	120	Dairy prod. (29), beverages (18)
Hungary	7.20	119	3,195	Meat, poultry and fish (29), dairy prod. (11)
Latvia	0.75	27	225 [1]	Various food prod. (24), dairy prod. (20)
Poland [2]	21.10	346	2,939	Meat (21), various food prod. (21)
Czech Rep.	7.30	117	1,023	Various food prod. (24), meat (20.5)
Slovakia [1]	2.44	46	346	Various food prod. (22), beverages (20)
Slovenia [1]	1.84	18	97	Various food prod. (20), meat (19)
Lithuania	1.34	44	467	Dairy prod. (26), various food prod. (19)
Romania [1] Accession 2007	4.20	165	1,725	Beverages (31), various food prod. (23)
Bulgaria Accession 2007	1.50	92	n.a.	Beverages (26), various food prod. (20)

(1) More than 20 employees
(2) More than 5 employees
(n.a.) not available
The category "various food products"comprises amongst others confectionery, biscuits and food preparations.

Source: CEEC federations

The importance of the F&D industry in the economies of the CEECs

Estim. 2000	% of total industrial added value*	% of industrial jobs*	Share of food and drink in household consumption**
Estonia	17	17	29
Hungary	14	13	21
Latvia	32	16	26
Poland	19	19	22
Czech Rep.	13	11	20
Slovakia	11	10	27
Slovenia	11	9	19
Lithuania	27	23	32
Romania Accession 2007	30	11.5	n.a.
Bulgaria Accession 2007	25	17	n.a.
Average PECO	25	15	22
Average EU	11	12	13

(n.a.) not available
(*) 2000, IAMO Study (DG AGRI)
(**) 2002, Eurostat

Source: Eurostat

Interview

Elena Jablonická, Manager for external relations of the Union of Entrepreneurs and Employers of Food Industry of the Slovak Republic and Vice President of Regional Food Chamber.

The food industry federation of the Slovak Republic became a member of the CIAA in 2002. What are the benefits for the Slovakian federation in joining the European industry association?

It was key for us to be able to take part in the expert discussions at the European level and to benefit from a useful exchange of information. CIAA membership also brings us closer to EU standards.

On the eve of accession to the EU, what are the most difficult aspects for the food and drink industry?

Over-regulation, CAP Reform and the "Sugar regime". The possible implementation of the so-called "Sugar regime" could significantly influence the position of our food industry. Packaging legislation also creates significant difficulties. The Slovak way of implementing the Packaging Directive is one of the most costly in Europe for producers. Food safety and quality are the priorities of interest to the Slovak Food Industry. We are organising food safety discussion forums with consumers, control bodies, raw material producers and the trade sector. Our aim is to develop preventive and communication mechanisms to support food safety and the trust of the consumer in our products.

Enlargement poses a lot of challenges for the Slovak food industry but it also creates major opportunities, what are they?

Thanks to the harmonisation of legislation and the liberalization of trade, enlargement opens up new markets for us. Enlargement has also enabled us to raise the quality standards of our products.

Network

CIAA

In order to enhance its effectiveness, the CIAA ensures the co-ordination of actions taken by its members at the national and sectoral level. On more specific and specialised technical subjects, the CIAA works in close collaboration with other industry associations in order to develop synergies.

The CIAA has developed a partnership with the other links in the food chain, from the agricultural sector to consumers, at the European as well as the international level. The CIAA aims to play a leadership role in order to reinforce the links throughout this chain and to develop a common awareness of the challenges that lie ahead.

The CIAA represents the food and drink industry at the European and international level. When there are important international subjects of particular relevance to the food and drink industry, the CIAA engages in a constructive dialogue with industry associations throughout the world.

The CIAA is active in the International Association of Food Producers (IAFPA) which groups industry associations of several countries such as the United States, Canada, Brazil, Japan, Russia,...

FOOD CHAIN

COPA-COGECA
European Committee of agricultural producers and co-operatives

CELCAA
European liaison Committee of food and drink traders

Eurocommerce
European Association of retail sectors

CIES
International Committee of major retailers

BEUC
European Consumers' Organisation

EUROCOOP
European Committee of consumer co-operatives

INFORMATION AND COMMUNICATION

EUFIC
European Food Information Council

ILSI
International Life Sciences Institute

INDUSTRY

UNICE
Union of Industrial and Employers' Confederations of Europe

AIM
European Brands Association

FEFANA
European Federation of Animal Feed Additive Manufacturers

FEFAC
European Feed Manufacturers Federation

ESA
European Seeds Association

ELC
Federation of European Food Additives and Food Enzymes Industries

ISA
International Sweeteners Association

AMFEP
Association of Manufacturers and Formulators of Enzyme Products

Europabio
European Association of biotechnology industries

ASSURRE
Association for the Sustainable Use and Recovery of Resources in Europe

EUROPEN
European Organisation for Packaging and the Environment

CIAA

F&D INDUSTRIES

EU

European Commission

European Parliament

Council

European Food Safety Authority (EFSA)

Economic and Social Committee

INTERNATIONAL

CODEX ALIMENTARIUS

WTO

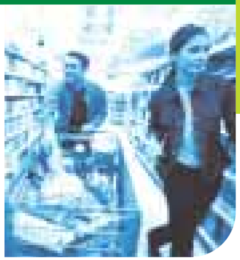
WHO / FAO

UNEP
United Nations Environment Programme

OECD

Communication

ACTIONS



Brussels, 11-12 April 2002

European Food Summit
Quality for a Confident Consumer

The highlight of 2002 was undoubtedly the European Food Summit. Around 300 participants, including 47 journalists, attended the conference. Quality and confidence were the overarching themes of a programme that was focused on the food chain, from the agricultural sector to consumers, not forgetting industry and retailers. The European Food Summit raised the profile of the CIAA following the extended press coverage of the event.

One of the defining moments of the European Food Summit was the announcement of the results of a pan-European consumer survey especially carried out for the Summit by the international research institute Environics. According to this study more than 60% of Europeans were convinced that their food was safe.

Debate with all stakeholders of the foodchain

Consumer confidence is a key priority for the food and drink industry. This was the message conveyed by the CEOs of the large companies present at the Summit: Antony Burgmans, Chief Executive Officer of Unilever, Roger K. Deromedi, Chief Executive Officer of Kraft Foods International and Peter Brabeck-Letmathe, Chief Executive Officer of Nestlé. One of the issues discussed was that, although European food policy should of course contribute to restoring confidence by ensuring a high level of consumer protection, this principle should not put a break on innovation.

Commissioners Franz Fishler and David Byrne, responsible respectively for agriculture and consumer protection, emphasised the necessity to reinforce quality rather than quantity and on the key role of the food chain to guarantee food safety from farm to fork.

Left to right, top to bottom: A. Burgmans, F. Fischler, , R.K. Deromedi, P. Brabeck-Letmathe

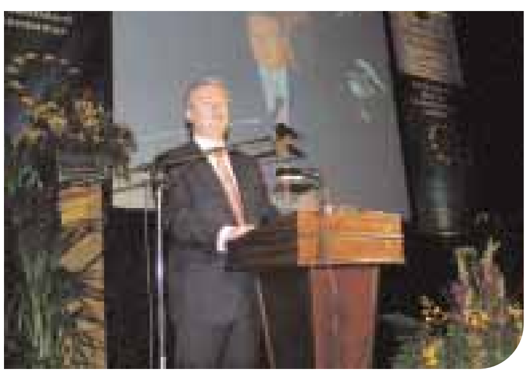
More than 60% of Europeans are convinced that their food is safe

R. Raeber

At the invitation of the CIAA the entire food chain was represented at the Summit: Gerd Sonnleitner, President of COPA (Committee of Agricultural Organisations in the EU), Claude Hauser, President of the Board of MIGROS and Ann Davison, Member of the Economic and Social Committee and Director of 'Foodaware' (Consumer's Food Group).

Another highlight of the summit was the participation of François-Xavier Simon, journalist at Agra-Europe specialised in European agricultural affairs. Food policy is now at the centre of the European media stage. Mr Simon emphasised that industry should be more vocal in its relations with other partners in the food chain.

The European Food Summit was definitely an important step in this direction.



Commissioner D. Byrne at the European Food Summit

Brussels, 20 June 2002

The CIAA presents the first food industry global report on sustainable development

"Since Rio the food and drink industry has made huge progress in the area of environmental protection and is firmly committed to sustainable development". This was the message put forward by Irina du Bois, President of the CIAA Environment Committee, during an event organised by the CIAA for the publication of the food industry global report on sustainability. At the end of August, the CIAA organised a similar event in Johannesburg during the World Summit on Sustainable Development.

I. du Bois, President Environment Committee, CIAA

Brussels, 8 October 2002

Annual Reception of the CIAA at the European Parliament

About 200 people, including more than 70 MEPs, attended the fourth CIAA parliamentary evening. This year the evening was sponsored by Joseph Daul MEP (EPP) and the focus of the event was the Common Agricultural Policy. Addressing MEPs, Mr Raeber, President of CIAA, highlighted the importance of the food and drink industry in the debate on the reform of the CAP. Joseph Daul MEP emphasised that the CAP had been one of the pillars of European construction. He said that he counted on the support of industry to ensure the future viability of European agriculture. The CIAA evening has also gained its reputation thanks to a buffet with culinary specialities from the fifteen Member States and the convivial atmosphere. This fourth event was no exception. *(Cont. p.30)*

J. Daul MEP

Communication

"Enlargement should not compromise the high levels of food safety in the EU"

Paola Testori (DG SANCO), CIAA conference at SIAL, October 2002

Paris, 20-24 October 2002

The CIAA participates in SIAL 2002

For the first time the CIAA participated in SIAL in close collaboration with ANIA (National Association of Food and Drink Industries of France). The CIAA-ANIA stand welcomed a large number of visitors. The CIAA conference "Food quality and safety in an enlarged Europe", which attracted more than 120 people, was one of the highlights of the event.

To speak on this theme, the CIAA had invited Mrs Paola Testori, Director for food safety at the European Commission (DG SANCO), Mr Rudolph Jansky, Czech Deputy Minister for food production and trade and Frank Riboud, Chief Executive Officer of Danone Group.

Mrs Testori emphasised that nothing should compromise the level of food safety in the EU. Significant effort will of course be needed from now until accession, especially in the area of sanitary and veterinary controls at the external borders of the Union, but the candidates should be ready by then. This opinion was shared by Mr Jansky who thought his country well advanced in this area.

Enlargement would not constitute a revolution for Danone as the group has been implanted in the candidate countries since the beginning of the 1990s. "We implement food safety standards which often go beyond the legal requirements. The safety and quality of our products are essential no matter where we produce" underlined Frank Riboud, Chief Executive Officer of the Danone Group.

In his closing speech Robert Raeber, President of CIAA, emphasised the key role played by the food and drink industry in helping these countries to meet European standards.

Brussels, 25-26 November 2002

European Voice Conference on Future Food Policy

CIAA was one of the official partners at the conference organised by the weekly "European Voice" which had as its overarching theme the reform of the Common Agricultural Policy. Dietrich Oetzel, President of the CIAA Trade and Competitiveness Committee, represented CIAA during the session focusing on 'CAP and WTO: reform is essential to ensure competitiveness".

"The debate on the reform of the CAP must continue as it is a key prerequisite for reinforcing the competitiveness of the EU on world markets" he declared.

D. Oetzel, President CIAA Trade and Competitiveness Committee

Other communication actions

Throughout the year CIAA multiplied actions to reinforce its visibility and enhance its dialogue with the media, both European and national. CIAA organised two factory visits, press breakfasts and communicated its positions to the media on a more regular basis. Finally, the new CIAA President has started to visit different Member States in order to meet the local press.

INFORMATION AND publications

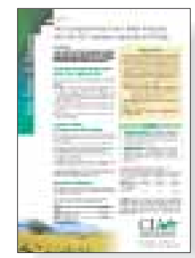
CIAA, information source on the European food industry

The voice of the European food and drink industry on the Internet

www.ciaa.be

CIAA report on Sustainable Development

Industry facts and figures: the food industry and the CAP



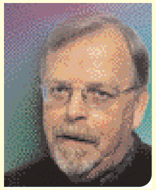
Data and trends of the EU food and drink industry

Summary positions

CIAA Status report on Food Law soon in a CD-Rom version

Committees

AND EXPERT GROUPS



Food & Consumer Policy Committee

- ***President:*** Gert Schipper (UNILEVER)
  Replaced in January 2003
  by John Wood (FDF)

- ***Steering Group***
  Michael Blass (FIAA)
  Thierry Geslain (ANIA)
  Matthias Horst (BLL-BVE)
  Guido Kayaert (NESTLE / FEVIA)
  Michael Knowles (COCA-COLA / UNESDA)
  Daniele Rossi (FEDERALIMENTARE)
  Pilar Velazquez (FIAB)

- ***Expert Groups***

Consumer information
Angelika Mrohs (BLL-BVE)

Food ingredients
Ludwig Bercht (VAI)
Joy Hardinge (FDF)

Nutrition policy
Marta Baffigo (KRAFT FOODS / CAOBISCO)

Novel foods
Agnès Davi (DANONE / ANIA)

Addition of nutrients
Jean-Loup Allain (IDACE)

Contaminants
Andy Crimes (UNILEVER / FDF)

Food contact materials
Michael Knowles (COCA-COLA / UNESDA)

Claims
Marie-Odile Gailing (NESTLE / ANIA)

Hygiene
Pilar Velázquez (FIAB)

International standards
Guido Kayaert (NESTLE / FEVIA)

Traceability
Roland Stalder (NESTLE / ANIA)

Acrylamide
John Wood (FDF)

Environment Committee

- ***President:*** Irina du Bois
  (NESTLE / AFCASOLE-EUROGLACES)

- ***Steering Group***
  David Bellamy (FDF)
  Claire Bosch (FEVIA)
  Jean-Yves Dupré (DANONE / ANIA)
  Franki Grilli (FERRERO / CAOBISCO)
  Greet Keppens (AMYLUM / AAC)
  Joop F. Kleibeuker (EDA)
  Thomas Ingermann (KRAFT FOODS)

- ***Expert Groups***

Packaging
Joop F. Kleibeuker (EDA)

Sludges/biowaste
Greet Keppens (AMYLUM / AAC)

Secondary raw materials
Claire Bosch (FEVIA)

Integrated product policy
Franki Grilli (FERRERO / CAOBISCO)

Best available techniques
Dave A. Williams (UNILEVER / FDF)

Trade and Competitiveness Committee

- ***President:*** Dietrich Oetzel (MARS / BLL-BVE)

- ***Steering Group:***
  Eduard Arruga i Valeri (NESTLE / AFCASOLE)
  Elvio Biancotti (FIAL)
  Horacio González Alemán (FIAB)
  Bruno Guichard (FIAB)
  Eberhard Hetzner (ASSIFONTE / BLL-BVE)
  Willem J. Laan (UNILEVER / VAI / IMACE)
  Jonathan Peel (FDF)
  Jean-Luc Pelletier (USIPA / ANIA)

- ***Expert Groups***

Agricultural policy
Bruno Guichard (FIAB)

Import/export procedures
Eduard Arruga i Valeri (NESTLE / AFCASOLE)

Trade
Jean-Luc Pelletier (USIPA / ANIA)

Enlargement
Eberhard Hetzner (ASSIFONTE / BLL-BVE)

Updated 14.03.03

BOARD members

President: Mr. J. MARTIN

Austria

Mr. F. GANTNER
Honorary President of the Austrian
Soft Drink Association

Mr. O. BLODER*
Director General, Unilever

Belgium

Mr. G. KAYAERT
Vice-President, Nestlé

Mr. A. DARDENNE*
Delegate Administrator, Tiense
Suikerraffinaderij

Denmark

Mr. M. RAHBEK HANSEN
Chief Executive Officer, Rahbekfisk A/S

Mr. O. L. JUUL*
Director, FI (Danish food and drink industry
federation)

Finland

Mr. B. PAULIG
President, Paulig Oy

Mr. K. HEMILÄ*
Director General, ETL (Finnish food and
drink industry federation)

France

Mr. G. CASALA
Director General International Strategies,
Danone

Mr. O. DESFORGES
Vice-President, Unilever-Bestfoods France

Germany

Mr. T. SPETTMANN
Speaker of the Board, Südzucker AG

Mr. H. VON KEMPEN
Speaker of the Committee of Directors,
Rich. Hengstenberg GmbH

Greece

Mr. D. DASKALOPOULOS
President, SEVT (Greek food and drink
industry federation)
Chief Executive Officer, Delta Dairy SA

Mr. I. YIOTIS *
Vice-President, SEVT (Greek food and drink
industry federation)

Ireland

Mr. C. BROWNLEY
Assistant Managing Director, Diageo

Mr. C. FITZGERALD *
Director, FDF (Irish food and drink industry
federation)

Italy

Mr. L. ROSSI DI MONTELERA
President, Federalimentare (Italian food and
drink industry federation)
Chief Executive Officer, Martini & Rossi

Mr. M. VITALE
President Azzozucchero

Luxemburg

Mr. P-M. BRUNETTI
Director European General Affairs, Ferrero

Mr. E. MÜLLER*
President, FIAL (Federation of food and drink
industries of Luxembourg)

The Netherlands

Mr. H. JONGENEELEN
Senior Vice-President External Affairs, Unilever

Mr. F. TUMMERS*
President, VAI (Dutch food and drink
industry federation)

Portugal

Mr. J. HENRIQUES PEREIRA
President, FIPA (Portuguese food and drink
industry federation)

Mr. C. CATTANEO*
Vice-President, Parmalat Portugal SA

Spain

Mr. C. DE JAUREGUIZAR SERRANO
Chief Executive Officer, Heineken Spain

Mr. J. CAMIN TORRENS
Deputy Director, Nestlé
Vice-Pesident, FIAB (Spanish food and drink
industry federation)

Sweden

Mr. P. ELVING
Executive Vice-President–Area Director,
Kraft Foods

Mr. H. AHLQVIST*
President, LI (Swedish food and drink
industry federation)
President, Cerealia AB

United Kingdom

Mrs A. RICHARDS
Vice-President Supplier Development,
Mars Confectionary

Sir Richard GEORGE
Chairman & Managing Director,
Weetabix Ltd

European Committee of large food and drink companies

Mrs C. PIWNICA
Vice-Chairman Government Affairs,
Tate & Lyle

Sectors

Mr. Y. GOEMANS
President EUVEPRO, Intermediary products

Mr. R. de LOOZ-CORSWAREM
Secretary General CBMC, 2nd transforma-
tion liquid

Mr. J. MARIHART
President CEFS, 1st transformation vegetal

Mr. E. VAN DER PLUYM
President CLITRAVI, Animal origin products

Mr. D. ZIMMER
Secretary General CAOBISCO,
2nd transformation solid

(*) Substitute

CIAA MEMBERS

NATIONAL FÉDÉRATIONS

Austria
FIAA - FACHVERBAND LEBENSMITTELINDUSTRIE

Belgium
FEVIA - FEDERATION DE L'INDUSTRIE ALIMENTAIRE/ FEDERATIE VOEDINGSINDUSTRIE

Denmark
FI - FOEDEVAREINDUSTRIEN

Finland
ETL - ELINTARVIKETEOLLISUUSLIITTO RY

France
ANIA - ASSOCIATION NATIONALE DES INDUSTRIES ALIMENTAIRES

Germany
BLL/BVE - BUNDESVEREINIGUNG DER DEUTSCHEN ERNÄHRUNGSINDUSTRIEN/BUND FUR LEBENSMITTEL-RECHT UND LEBENSMITTELKUNDE

Greece
SEVT - FEDERATION OF HELLENIC FOOD INDUSTRIES

Ireland
FDF - FOOD AND DRINK FEDERATION IRELAND

Italy
FEDERALIMENTARE - FEDERAZIONE ITALIANA DELL'INDUSTRIA ALIMENTARE - ALIMENTARE SERVIZI

Luxemburg
FIAL - FEDERATION DES INDUSTRIES AGRO-ALIMENTAIRES LUXEMBOURGEOISES

The Netherlands
VAI - NEDERLANDSE VOEDINGSMIDDELEN INDUSTRIE

Portugal
FIPA - FEDERAÇÃO DAS INDUSTRIAS PORTUGUESES AGRO-ALIMENTARES

Spain
FIAB - FEDERACIÓN ESPAÑOLA DE INDUSTRIA DE LA ALIMENTACIÓN Y BEBIDAS

Sweden
LI - LIVSMEDELSFÖRETAGEN

United Kingdom
FDF - FOOD & DRINK FEDERATION

Observers:

Czech Republic
PKCR - FEDERATION OF THE FOOD & DRINK INDUSTRIES OF THE CZECH REPUBLIC

Estonia
ETL - ESTONIAN NATIONAL FOOD & DRINK FEDERATION

Hungary
FHFI (EFOSZ) - FEDERATION OF HUNGARIAN FOOD INDUSTRIES

Norway
NBL - NORVEGIAN FOOD INDUSTRY FEDERATION

Poland
PFFI (PFPZ) - POLISH FEDERATION OF FOOD INDUSTRY

Slovakia
SLOVAKIA FOOD FEDERATION

Slovenia
FOOD INDUSTRIES ASSOCIATION OF SLOVENIA (since 2003)

EUROPEAN COMMITTEE OF LARGE FOOD AND DRINK COMPANIES

ADM
CARGILL
CERESTAR
COCA-COLA
DANONE
FERRERO
HEINEKEN
INTERBREW
KRAFT FOODS
MASTERFOODS
NESTLE EUROPE
PEPSICO
PERNOD RICARD*
SARA LEE
SÜDZUCKER
TATE & LYLE
UNILEVER

(*) since 2003

SECTORS

Beer
CBMC – The Brewers of Europe

Breakfast cereals
CEEREAL – European Breakfast Cereal Association

Chocolate, biscuits and confectionery
CAOBISCO – Association of the Chocolate, Biscuit and Confectionery Industries

Dairy products
EDA – European Dairy Association

Dietetic products
IDACE – Association of the Food Industries for Particular Nutritional Uses of the EU

Flours
GAM – European Flour Milling Association

Frozen products
FAFPAS – Federation of the Frozen Products' Producers Associations in the EU

Fruit and vegetable conserves
OEITFL – Association of European Fruit and Vegetable Processing Industries

Fruit and vegetable juices
AIJN – Association of the Industry of Juices and Nectar from Fruits and Vegetables

Ice cream
EUROGLACES – Association of the Ice-Cream Industries of the EU

Isoglucose
API – Association of the Producers of Isoglucose of the EU

Margarine
IMACE – International Margarine Association of the Countries of Europe

Mineral waters
UNESEM – Union of mineral water industries

Oils
FEDIOL – EU Seed Crushers' and Oil Processors' Federation

Pasta
UNAFPA – Association of Organisations of Manufacturers of Pasta Products in the EU

Pet food
FEDIAF – European federation of pet food industries

Processed meat
CLITRAVI – Liaison Centre for the Meat Processing Industry in the EU

Raw material and improvers for bakery and pastry
FEDIMA – Intermediate Products Industries for the Bakery and Confectionery Trades in the EEA

Roasted coffee
EUCA/ECF – European Federation of Coffee Roasting Associations

Salt
ESPA – European Salt Producers' Association

Sauces and spices
FIC EUROPE – Federation of the Condiment Sauce Industries

Semolina
ITALMOPA (SEMOULIERS) – Union of semolina producers associations of the EU

Snacks
ESA – European Snacks Association

Soft drinks
UNESDA – Union of the EU Soft Drinks Associations

Soluble coffee
AFCASOLE – Association of Soluble Coffee Manufacturers of the European Union

Starch
AAC – European Cereals Starch Association

Stocks and soups
FAIBP – Federation of the Stocks and Soups Industry Associations in the EU

Sugar
CEFS – European Sugar Manufacturers Committee

Tea
ETC – European Tea Committee

Transformed potatoes
UEITP – European Association of Potato Processing Industries

Vegetal proteins
EUVEPRO – European Vegetable Protein Federation

Yeast
COFALEC – Committee of the Yeast producers in the EU

THE CIAA secretariat IN BRUSSELS

Director General

Raymond Destin

Scientific & Regulatory Affairs

Dominique Taeymans
Sabine Nafziger
Juliana Martínez Sánchez
Marta Bertran Esteve*
Sophie Margetis

Environmental Affairs

Elisabeth Comère
Donata Nickel

Economic Affairs

Nathalie Lecocq
Evelyne Dollet
Jeremy Streatfeild
Samantha Naccachian

Business Support Programme

Giorgio Bosetti Carcano

Communications

Thierry Dieu

Parliamentary Affairs

Katie Carson

Administration

Régine Mynsberghe
Jacqueline Maréchal

(*) Also for Environmental Affairs

For more information:

Avenue des Arts 43
B-1040 Brussels

Phone
+32 (0)2 514 11 11

Fax:
+32 (0)2 511 29 05

e-mail:
ciaa@ciaa.be

www.ciaa.be

The CIAA team would like to pay tribute to Michèle Van Cauter who has worked for the CIAA since 1989 and is currently on extended sick leave.

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

Avenue des Arts 43
B-1040 Brussels
Belgium

Phone: +32.2.514 11 11
Fax: +32.2.511 29 05
E-mail: ciaa@ciaa.be
www.ciaa.be