CIAA review of key competitiveness indicators

2008 report

CIAA

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

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Foreword

Following some years of steadily increasing awareness of the food and drink industry competitiveness perspectives, 2008 appears to be a real milestone. The High Level Group on the competitiveness of the EU food and drink industry has been established and is starting its work under the leadership of Vice-President Verheugen. This work will provide an opportunity to give active and coordinated impetus to efforts aimed at enhancing the competitiveness of the food and drink industry and actively contribute to the achievement of the Lisbon Agenda.

This process was first announced on the occasion of the DG Enterprise Conference "Promoting the leadership of the Agro-Food Industry", held in November 2007. The Conference identified the key issues that influence the competitiveness of the EU food and drink industry, most of which had been raised in CIAA Benchmarking reports.

The food and drink sector is currently operating in a delicate economic context, characterised by increasing prices of almost all raw materials, by rigidities in the market due to the regulatory environment, and to a slowdown of key economies.

The end of the legislative period and the renewal of the EU's executive body must not result in a stagnation of political action. Efforts to improve the business environment in support of competitiveness need to be sustained.

This year's CIAA Report on the competitiveness of the food and drink industry presents first a review of key EU food and drink industry competitiveness indicators. The 2008 competitiveness review extends to both general economic indicators as well as food and drink industry specific indicators. It provides, where possible, a comparison of key EU data with the performance of food and drink industries from other countries. Comprehensive and recent data sets, however, are not always available. Therefore, a sound assessment of industry performance in certain critical areas is difficult.

As in previous versions of the CIAA Benchmarking report, we have focussed on food and drink industry specific issues and put particular emphasis on the framework, which is largely influenced by EU policy and legislation. For SMEs, which represent 99% of food and drink companies and contribute 48% to the total turnover, these issues are at least as relevant.

The indicators will be complemented at a later stage by policy recommendations, which will provide guidance on CIAA's objectives addressed to the members of the High Level Group. The 2008 CIAA competitiveness review includes, at this stage, the CIAA strategic vision on the food and drink industry's activities and the general requirements for its development.

Jean Martin,
President of CIAA

CIAA's vision on general requirements for the food and drink industry's competitiveness

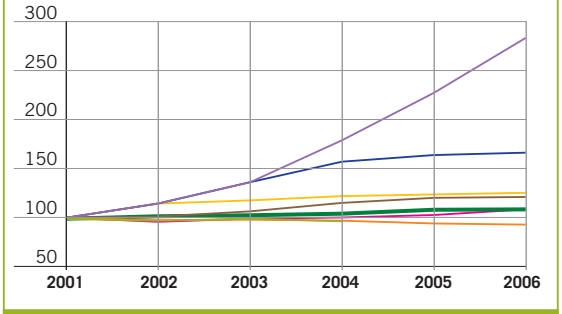
- The food and drink industry's overall objective is to provide consumers and society with a wide variety of safe, wholesome, nutritious, sustainable and affordable food and drink products.
- The European food and drink industry today is integrated in global networks for sourcing its raw materials, for business relations and contracts, for the transport and distribution of goods and for investments. Companies are operating at a local, regional and global scale. All these dimensions have to be considered to address competitiveness issues. EU policies need to pursue the objective of a well-functioning Internal Market, and must integrate globalization as a factor of additional pressure on industry competitiveness as well as a considerable opportunity for further development.
- As a leader in global markets, the food and drink industry is conscious of its own responsibilities and is able to live up to expectations from consumers and society. To achieve the food and drink industry's overall objectives, the ability to produce and market products without undue constraints is essential. There are two key ways of achieving sustained growth for the EU food and drink industry: by reaching out to rapidly expanding markets and by developing products with higher value added, hence moving up the value chain through research, development and innovation. This must include appropriate transfer of technology and knowledge to involve the numerous SMEs of the sector.
- The framework within which the food and drink industry operates needs to be sufficiently flexible, business-friendly and take into account capacities of SMEs. Legislation is imperative in certain areas, but it must be science-based, proportionate and enforceable. However, legislation is not the only possible approach. Alternatives to legislation can provide equivalent or even more effective guidelines to market players and must be given due consideration.
- A holistic and integrated food policy is needed, which must focus on the needs and role of the sector as a whole. Interventions from different Commission Directorates-General, according to the policies they develop for example in agriculture, health and safety, environment, trade and research require better coordination and prioritization of key objectives.

Main Competitiveness Indicators

1 Production Value

The production value of the EU food and drink industry shows a slow growth as compared to the same industry in Brazil and China notably. Over the past 5 years the European industry grew by merely 6% while the Brazilian and Chinese industry grew by 67 and 186 % respectively. The figures reflect the considerable expansion of emerging markets. European markets are mature and growth of production value is only slightly better than in Japan and Canada, but below the growth rate of the US food and drink industry.

Fig. 1 Evolution of production value in various food and drink industries (2001 = 100)



Source: OECD STAN Database, National Bureau of Statistics of China, Canada's business and consumer site, AFFA, Japanese Ministry of Economy, Trade and Industry, New Zealand's Economic Development Agency, U.S. Department of Commerce.

2 Productivity

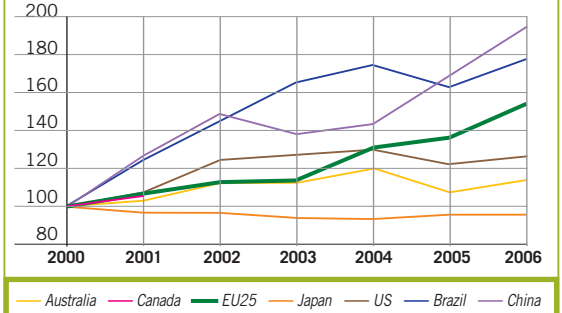
Table 1 - Labour productivity in euro, 2006 (value added/employee)

United States	*92,287*
Canada	*75,316*
Japan	*65,298*
Australia	*59,239*
EU 25	***58,000***
Brazil	*25,489*
China	*12,804*

Source: OECD STAN Database, National Bureau of Statistics of China, Canada's business and consumer site, AFFA, Japanese Ministry of Economy, Trade and Industry, New Zealand's Economic Development Agency, U.S. Department of Commerce, Eurostat.

The labour productivity growth of EU food and drink industry shows a positive trend (8% growth in 2006), with stronger growth than the US (3%), Canada or Japan. The growth of labour productivity in Brazil and China, however, remains higher (15 and 14% respectively). In absolute terms, the gap in labour productivity with the US continues to slowly reduce.

Fig. 2 Evolution of labour productivity (value added/employee) growth in various food and drink industries (2000=100)

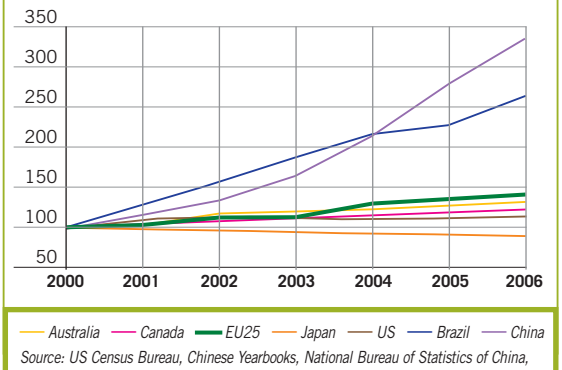


Source: US Census Bureau, Chinese Yearbooks, National Bureau of Statistics of China, Statistics Bureau Japan, Statistics Canada, Australian Department of Agriculture, Fisheries and Forestry, Eurostat. Instituto Brasileiro de Geografia e Estatística.

3 Value Added

The trend in value added growth of the EU food and drink industry is positive (6.6% growth in 2006). It is again higher than the value added growth registered by Australia, the USA (2.1%), Canada and Japan, but considerably lower than the growth reached by China and even Brazil (17.7 and 22.5 % respectively).

Fig. 3 Evolution of value added (value added/employee) growth in various food and drink industries (2000=100)

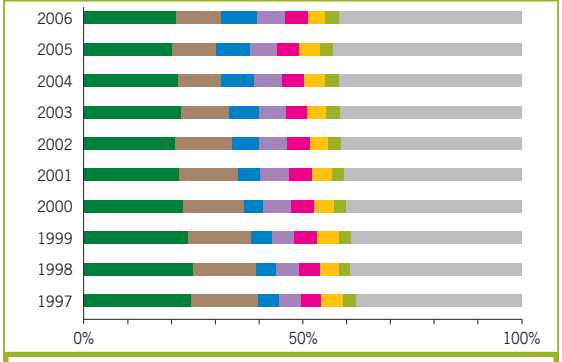


Source: US Census Bureau, Chinese Yearbooks, National Bureau of Statistics of China, Statistics Bureau Japan, Statistics Canada, Australian Department of Agriculture, Fisheries and Forestry, Eurostat. Instituto Brasileiro de Geografia e Estatística.

4 Share in World Markets

The share of EU exports in world markets has reduced over the last ten years from 24% up to 20% to the benefit of other agricultural players, such as Brazil. Having reached the lowest level in 2005, the share of EU exports in global markets has slightly recovered as of 2006. Over the same period, Brazil and China exports continue their expansion. The EU food and drink industry remains the first exporter on global markets.

Fig. 4 Shares of various countries in global food and drink exports (% of total expressed in $)



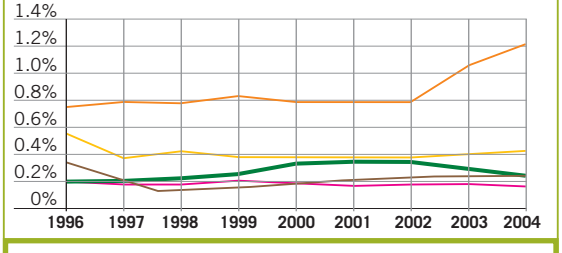
Source: WITS Database, Eurostat.

II Specific food and drink industry benchmarks

1 R&D investment and innovation performance

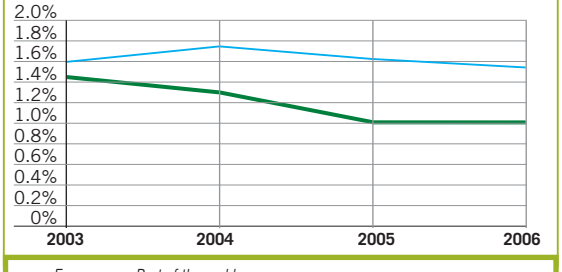
In 2004[1], Research and Development (R&D) investment by the EU15 food and drink industry reached 0.24% of the total output of the EU15 food and drink industry, as compared to 0.29% in 2003, and it was below the R&D spending of the food and drink industry in most other developed countries.

Fig. 5 Business expenditure on R&D by food and drink industries in various countries (% of industry output)



Source: OECD main Science and Technology Indicators, 2005.

Fig. 6 R&D intensity in EU and non- EU food and drink companies* (%)



(*) 2006 & 2007: top 1000 EU and top 1000 non-EU companies, 2005: top 700 EU and top 700 non EU companies .

Source : Industrial Research and Innovation. Industrial R&D investment Scoreboard, 2007.

When comparing the research intensity of the largest EU and non-EU food and drink companies[2], the same trend emerges.

There is, however, a substantial level of diverse innovation activity in the sector, much linked to small changes in products and processes. The sectors that are most - active in innovation among the food and drink industry are dairy products, water and soft drinks, frozen foods, biscuits, snacks and cheeses with 5-10% product innovation.

Evolution of SME participation in R&D programmes

Data on the participation by SMEs in the FP7 "Cooperation programme", show that an increasing number of SMEs are participating in the various R&D themes, as compared to the participation registered in FP6. Around 29% (22.5% in FP6) of participants in the calls of the Cooperation programme are SMEs. The simplification of administrative procedures and the increase in R&D funding levels for SMEs (from 50% available in FP6 to the 75% in FP7) are likely to have played an important role in achieving this result. If this positive trend continues, it is estimated that, on average, 1 billion euros of the total 32 billion euros available withing FP7, will be made available to SMEs annually via FP7 for R&D activities. Currently about 10% of total SME participation is in "Agri, Food, Fish and Biotechnology", one of the 10 themes of the cooperation programme.

Source: European Commission, DG Research, SMI Techweb.

(1) The OECD STAN database (Analytical Business Enterprise Research and Development) latest publication dates from 2005/2006 (latest data on 2004). Due to resources allocation issues the work on the R&D Expenditure in industry database may be discontinued.

(2) Based on the Industrial R&D investment Scoreboard, which analyses the R&D activity of the top 700-1338 companies of the world.

2 Impact of the regulatory environment on business activity

2.1 The food regulatory area

The environment in which companies operate is complex, often unnecessarily burdensome and not always adapted to business activity. Better regulation, including an assessment of policy objectives, envisaged provisions, procedures and lead-in times can prevent burden and costs for industry and improve the regulatory environment. Several cases and assessments illustrate the impact of legislation on industry decisions and activity.

Labelling: frequency of changes

The potential impact of labelling changes on businesses can be reduced if the changes are incorporated into the usual lifecycle of a label that is through adequate transitional periods.

Table 2 - Percentage of labels changed

	Once a year	*Once every 2 years*	*Once every 3 years*	*Other*
RAND Survey	*37%*	*26%*	*20%*	*18%*
SME Panel Survey	*29%*	*26%*	*25%*	*19%*

Source : Rand Cooperation study: Assessing the impact of revisions to the EU nutrition labelling legislation, Prepared for the European Commission, 2008.

Mandatory nutrition labelling: estimated companies' costs and impact on end-cost to consumers

The labelling changes affect smaller companies relatively stronger than larger companies. Among the companies with less than € 2 million turnover, 62 % consider that the cost incurred through the introduction of mandatory labelling will have significant impact on the end cost for the consumer. The percentage decreases to 59 % for medium-sized companies and to 44% for companies with a turnover beyond € 50 million.

Novel foods: delays, costs and return on investment

Although both systems are not directly comparable, the comparison in EU and US figures do suggest greater willingness to seek authorisation in US.

Table 4 - Comparison of the US (GRAS) and the EU (novel foods)

	USA	*EU*
Total number of applications since 1997	*218*	*61*
Annual average number of applications	*24*	*7*

Source: G. Brookes. The impact of the EU novel food regulation.

The cost of bringing a novel food to the market varies considerably. Further to global cost (4-24 million euros, inclusive of R&D costs), there are global regulatory requirements (safety, efficacy studies etc of 0.5-4.5 million euro) and EU-specific regulatory costs (ie, in addition to meeting common requirements of most regulatory systems): 0.3-0.75 million euros.

Delays in approval procedures provide major disincentive to bring products to EU market (industry return on research investments can be marginal with 2.5-3yr delays). Legal uncertainty adds costs and loss of market opportunities (up to 5 million euros in some cases). The current system favours "followers" or secondary applicants who can avoid regulatory costs and time delays.

Table 3 - Impact of labelling changes on end costs for consumers according to company size

	< 2 million euro turnover	2-50 million euro turnover	< 50 million turnover
Companies in survey (Sample size)	*20*	*64*	*119*
Average cost of tabular 7 labelling (euro)	*322,490*	*1,190,376*	*6,155,496*
Impact on the end costs to consumers			
Significant	*62%*	*59%*	*44%*
Marginal	*25%*	*26%*	*51%*
No impact	*13%*	*15%*	*5%*

Source: The Introduction of mandatory nutrition labelling in the EU, Impact Assessment undertaken for DG Sanco, EAS, 2004.

GMO - Zero tolerance

The asynchronous nature of GMO approval procedures, coupled with the application of a zero tolerance threshold for the low level presence (LLP) of GMOs not yet approved in the EU, has already had an impact on the food sector.

It is increasingly difficult, if not impossible, to ban minute levels of GM varieties deemed safe according to international standards without risking major disruptions to the European food sector. Guaranteeing the total absence of GM traces on imports from countries where GM crops are widely grown, is not compatible with agricultural production, harvesting and handling techniques. The immediate costs of finding traces of unapproved GMOs, deemed safe, in the soybean and derivative supply chain, is estimated to range between € 1 billion and € 2.8 billion. The primary negative effects of the current zero tolerance policy are:

- Additional cost burden on the EU food supply chain;
- Legal uncertainty for importers and processors damaging business confidence;
- Disruption to EU processing, and possible relocation of processing outside the EU;
- Reduced income and employment generation in the EU food industry. Those at greatest risk are small and medium-sized businesses that dominate the EU food sector.

In August 2006, minute traces of unapproved GM rice were detected in imports of US long-grain rice. The incident led to a 90% cut in US rice imports and the costs incurred by up to 15 European rice millers are estimated to range between € 3.5 and € 7.4 million, putting the total current cost in the range of € 52 and € 111 million and pushing the average EU rice miller into debt.

Table 5 - Typical costs incurred by EU rice millers as a result of the GMO LL601 event adventitious presence issues arising post August 2006

Category of cost	Value (Euros: '000s)	Comments
Testing & cleaning of plant/equipment	*20-40*	
Product withdrawal	*600-800*	*Returns of stock from customers, removal and disposal/destruction of stocks*
Replacement of affected stock & arrangements	*400-600*	*Identification of alternative supplies, costs of obtaining, procuring, testing. Having to pay higher prices for alternative supplies than those now replaced*
Legal cost	*20-100*	*For dealing with customer legal cases against companies and issuing claims against suppliers*
Adverse impact on brands/company reputation	*1,000-2,500*	*Withdrawal of advertising and promotional activities, loss of placement/listing fees paid for produce not subsequently supplied, payment of withdrawal/penalties, loss of market share (lost in short term and not subsequently regained)*
Financial charges	*200-400*	*Payment of higher interest rates on borrowing, higher insurance renewal premiums*
Compensation paid outside insurance policies	*500-1,750*	
Staff time	*100-250*	
Loss of profits	*700-1,000*	
Total	***3,540-7,440***	

Source: Brookes, Graham. GBC Ltd. Economic impacts of low level presence of not yet approved GMO's on the EU food and drink sector. Briefing document, p. 18-19.2008.

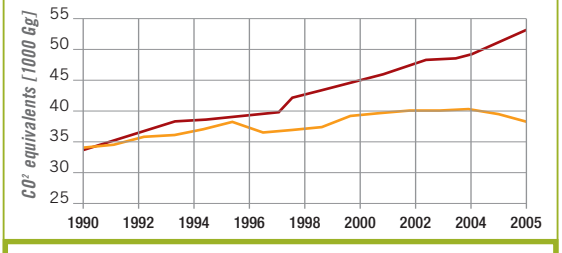
2.2 The environmental area

For many years, food and drink industry companies have shown leadership in environmental sustainability. This includes voluntarily cutting energy use, water consumption and waste generation and increasing resource efficiency because of its inherent benefits. Unclear or wrongly designed regulatory provisions can considerably affect industry activity.

Trends in CO_2 emmissions

Between 1990 and 2005, the economic value of the food and drink industry's production output has grown 51% while CO_2 emissions in the sector has been limited to 13% over the same period, reflecting a relative decoupling of economic growth from CO_2 emissions. This has been achieved despite significant life-style changes increasingly shifting consumer demand towards food and drink products that often require additional processing by manufacturers, e.g. chilled foods, ready meals, 'life-style' foods, and smaller and more convenient package sizes.

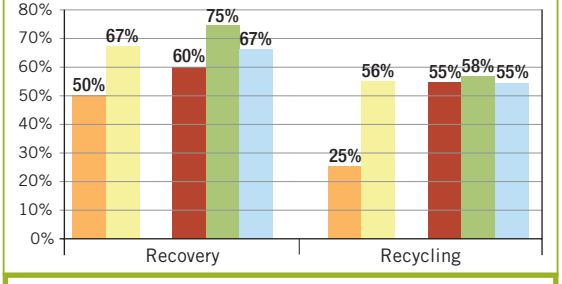
Fig. 7 EU 15 food and drink manufacturing industries Energy intensity reduced by 25% between 1990 and 2005



Economic growth: +51% since 1990
Direct CO_2 emissions: +13% since 1990

Source: EEA

Fig. 8 Achieved recycling and recovery rates (2002,2005) against targets for 2001 and 2008



Target 2001 (for EU-12*)
Target 2008 (for EU-12*)
Achieved rates 2002 (EU-12*)
Achieved rates 2005 (EU-12)
Achieved rates 2005 (EU-23**)

(*) EU-12 stands for EU-15 minus Greece Ireland and Portugal. Average of individual Member States' results.
(**) EU-23 stands for EU-25 minus Malta and Slovakia for which data is not available. Average of individual Member States' results.

Source: European Commission.

Recycling and recovery

In order to meet national and EU legislation, industry (with the support of authorities) has developed and financed packaging recovery schemes, which take over the take-back and recovery obligations under EU legislation. In 2002, all packaging and recycling targets under EU waste legislation applicable to the EU15 have been achieved. Several EU Member States had already reached the new targets for 2008 by 2005. In 2005 more than 14.7 million tonnes of used packaging were recovered and recycled by recovery and recycling schemes set up in 23 EU Member States.

By-products: impact of wrongly considering food and drink industry by-products as waste

If the revised Waste Framework Directive (WFD) does not provide a clear set of criteria to distinguish between by-products and waste, considerable quantities of these products may be affected. Each year, 85 million tonnes of by-products from food manufacturing are used in animal feed in compliance with extensive EU food and feed legislation (60 million tonnes are used for compound feed production and 25 million tonnes are used as direct feed). The wrong classification of these by-products as waste would not only result in negative environmental impacts, but would also cause significant and unnecessary economic and administrative costs for both producers and customers of by-products. A conservative estimate of the average market value of these by-products (120 €/tonne) would thus lead to a total market value of these by-products of at least 7.0 billion €/year. [3]

Table 6 - Main By-products from food manufacturing that are further used as food, feed or in compound feed

By-Products	*Quantity (million tons)*	*Origin*	*Destination*
Oilseed meal	*18.6*	*Oilseed crushing*	*Direct feed, compound feed*
Pressed sugar beet pulp	*8.0*	*Sugar manufact.*	*Direct feed, compound feed*
Dried pulp	*5.5*	*Sugar manufact.*	*Direct feed, compound feed*
Corn gluten feed and corn gluten meal	*1.3*	*Starch manufact.*	*Compound feed*
Maize germs	*0.38*	*Starch manufact.*	*Food, compound feed*
Wheat protein	*0.47*	*Starch manufact.*	*Food, compound feed*
Rice, corn and cereal scraps, etc	*12.1*	*Milling industry*	*Direct feed, compound feed*
Cereal screenings, malt rootlets, cereal fines	*0.5*	*Malt industries*	*Compound feed*
Brewers grain	*5.5*	*Breweries*	*Direct feed, compound feed*

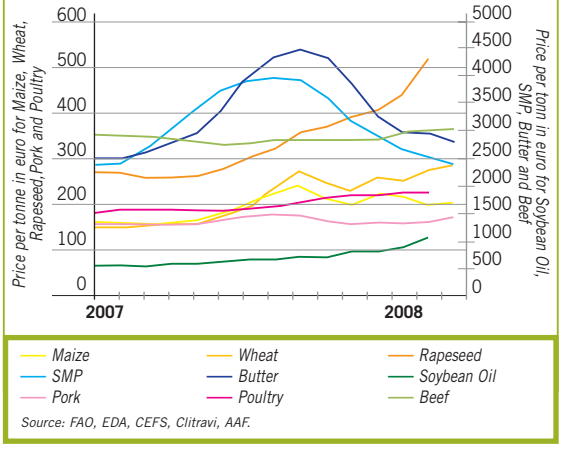
Source: CIAA members.

(3) This estimate is supported by the fact that the EU feed industry produces annually 145 mio. tonnes of compound feed at an average compound feed price of around 240 €/t. Feed ingredients (including by-products) represent more than 80% of the compound feed price, which means an average price of feed ingredients around 190 €/t. Soybean meal (200 €/t) being the most expensive and the most important by-product used in the feed industry, an average price for by-products of 150 €/t would be very realistic, rather than the 120 €/tonnes proposed here above.

3 Business input costs and agricultural raw materials

Raw material costs rose significantly during 2007, in Europe as well as on world markets.
The EU food and drink industry has not always been able to pass these higher costs onto the consumers. These price increases are due to agricultural raw material costs, but also to increased costs of energy, packaging, transport and cost of legislation. Margins are getting smaller and pressure on the industry is increasing.

Fig. 9 Evolution of EU raw material prices since January 2007



Source: FAO, EDA, CEFS, Clitravi, AAF.

Most prices for raw materials on European markets remain higher than on world markets. In order to ensure reliable access to raw materials for exporters and suppliers of the internal markets, it is absolutely necessary that EU policy makers set up a framework for a competitive, market-oriented and sustainable agricultural sector.

Fig. 10 Price developments for main agricultural inputs in the EU and other markets

Source: FAO, EDA, CEFS, Clitravi, AAF.

Table 7 - Electricity prices in euro/kWh

	2004	2005	2006	2007
EU 27		0.0672	0.0752	0.0820
EU 25	0.0623	0.0672	0.0755	0.0825
EU 15	0.0634	0.0682	0.0766	0.0837

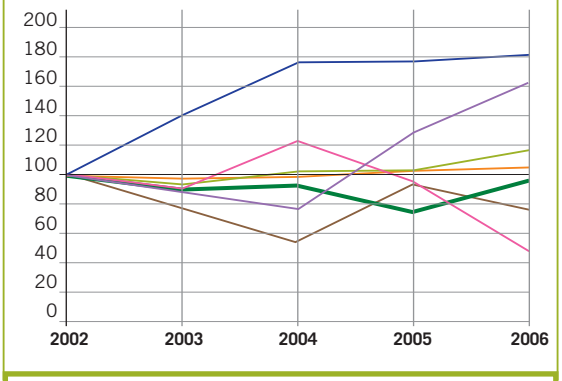
Source : Eurostat

Other input costs have increased over recent years. This is the case for electricity, which increased by over 22% over 2005/2007, but also for packaging and transport, mostly due to the increase in petrol prices.

4 Trade performance

The EU trade balance, exports minus imports of products from the food and drink industry, is relatively stable. After a slight fall in 2005, the EU trade balance recovered completely in 2006.

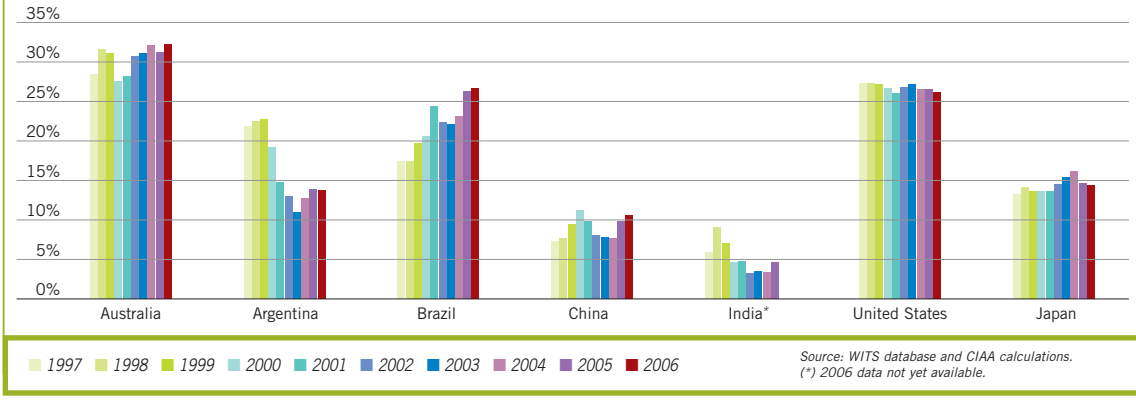
Fig. 11 External Trade Balance (2002 = 100)



Source: Eurostat.

The USA remains the main market for EU exports of food and drink products. However, the EU share in total US food and drink imports is under pressure from competitors. The same trend can be observed in Japan, Argentina and India.

Fig. 12 Share of EU 25 products in total food & drink products of various countries



Source: WITS database and CIAA calculations.
(*) 2006 data not yet available.

5 Power relations in the value chain

The retail sector is highly concentrated

Concentration in the retail sector results in an imbalance of power between the suppliers (food industry) and the buyers (retail). As a result, the pressure on industry suppliers is increasing; they lack the power and the means to resist or fight abusive contractual terms and practices.

In almost all EU countries the three largest food retailers represent more than half of the market share, and in Nordic countries, even more than 80%.

The largest retailers in the EU are almost twice as big in terms of sales as the largest food and drink companies. As a result, their bargaining power is considerably higher when discussing contracts.

Table 9 - Retail versus F&D industry top players

Retail			
Rank	**Country**	**Name**	**Sales US$/M**
2º	France	Carrefour	92.7
4º	UK	Tesco	79.2
5º	Germany	Metro	31.8
Food industry			
Rank	**Country**	**Name**	**Sales US$/M**
1º	Switzerland	Nestlé	54.4
3º	UK/NL	Unilever	45.8
10º	France	Danone	12.8

Source: Rabobank Ubifrance

Table 8 - Food retail market share of top 3 in selected countries

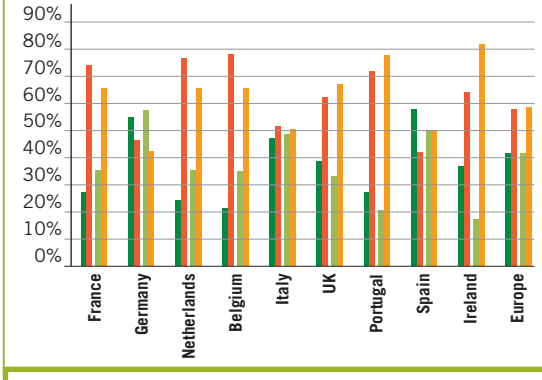
	Number 1	**Number 2**	**Number 3**	**Market share of top 3 retailers (%)**
Sweden	Ica	Axfood	KF	91
Denmark	Coop	Dansk supermarket	Supergros	86
Norway	Norgesgruppen	Coop	Hakon	83
Finland	Kesko	Sok	Tradeka	80
Switzerland	Migros	Coop	Denner	77
Austria	Bml-Rewe	Spar	Hofer-Aldi	68
Belgium	Carrefour	Delhaize	Colruyt	68
France	Carrefour	Leclerc/Systu	Intermarché	64
Netherlands	Ahold	Laurus	Tsm	59
UK	Tesco	Sainsbury	Asda	58
Ireland	Tesco	Dunnes	Supervalue	58
Germany	Edeka	Rewe	Aldi	55
Spain	Carrefour	Mercadona	Eroski Group	54
Portugal	Sonae	Jmr	Intermarché	47
Greece	Carrefour	Alfabeta	Slnavomotos	38
Italy	Coop	Conad	Carrefour	27

Source: ACNielsen, 2004.

Food and drink companies, especially SMEs, are negatively affected by lack of power vis-à-vis the retail sector

SMEs are particularly vulnerable to problems of long contractual terms, late payments and even no payment, which cause an income loss of 2% in average throughout the EU. The Directive 2000/35 on late payments has overall improved the situation and reduced late payments in most countries. However, important divergences remain and late payments continue to affect business performance negatively.

Fig. 13 Payment trends in Europe (2001, 2006)



Source: Dun and Bradstreet. Survey and review of the effectiveness of European Community legislation in combating late payments.

III Conclusion

The CIAA 2008 competitiveness indicators review offers an insight into the contribution of the food and drink industry to the progress made on the path to achieving the objectives of the Lisbon agenda. Firstly, the report examines most recent key competitiveness indicators of the EU food and drink industry

- Growth of production value remains slow even as compared to other developed countries and the gap in labour productivity between the United States and the European Union is still considerable.
- However, there are some positive signs. Labour productivity and value added of the EU food and drink industry remains higher as compared to the food and drink industry of all developed countries considered in this report. However, the EU does not reach the growth figures of Brazil and China. Having achieved the lowest level of 20 % in 2005, the share of EU exports in global markets has slightly recovered.

Furthermore, the report provides a review of specific food and drink industry benchmarks, of case studies and of quantitative assessments illustrating the impact of legislation on business activity. These benchmarks are a necessary element of a comprehensive assessment of the food and drink industry's ability to effectively compete and enhance its competitiveness as compared to third country competitors.

1. Despite the fact that the food and drink industry sector is innovative, the business expenditure in the area of R&D remains an area of concern;
2. Although efforts are made, EU food legislation is not always addressing the burden and cost factors for business sufficiently; examples concerning novel foods, zero tolerance on GMO, by-products, etc. illustrate this.
3. Business input costs have considerably increased over the last two years and the gaps with world market prices have not been bridged. The fact that the price of most agricultural raw materials increased, has taken a prominent place in the debate, but other input factors have experienced price increases as well.
4. The ability of EU food and drink products to reach out for markets that are strongly expanding is contributing to improve its competitiveness and its position as key global market player.
5. Food and drink companies, notably SMEs lack power to resist requests and practices imposed by a highly concentrated retail sector. The problem of late payments, for example, has been addressed, but is still far from solved.

This third assessment of the food and drink industry competitiveness comes at a moment of increasing political focus with the creation of the High Level Group on the competitiveness of the EU food and drink industry which is starting its work under the leadership of Vice-President Verheugen.

Based on these competitiveness indicators, policy recommendations, expressing CIAA's objectives for the work of the High Level Group, will be added to the assessment. The work of the High Level Group, to be concluded early 2009, will provide an opportunity to give active and coordinated impetus to efforts aimed at enhancing the food and drink industry competitiveness.

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Acronyms

AAF	*European Starch Industry Association*
ABIA	*Associação Brasileira das Indústrias da Alimentação*
CAP	*Common Agricultural Plolicy*
CEPS	*European Committee of Sugar Manufacturers*
CIAA	*Confédération des industries agro-alimentaires/Confederation of the food and drink industries of the EU*
CLITRAVI	*Liaison Centre for the Meat Processing Industries*
EDA	*European Dairy Association*
EEA	*European Environment Agency*
EFSA	*European Food Safety Agency*
EU15	*European Union (15 members before the enlargement of 1 May 2004*
EU25	*European Union (25 members since 1 May 2004)*
F&D	*Food and Drink*
FAO	*Food and Agriculture Organization*
FP	*Framework Programme*
GM	*Genetically Modified*
GMO	*Genetically Modified Organism*
IBGE	*Instituto Brasileiro de Geografia e Estatística*
LLP	*Low level presence*
OECD	*Organisation for economic co-operation and development*
R&D	*Research and Development*
STAN	*Structural Analysis Database (from the OECD)*
SMEs	*Small and Medium-sized Enterprises*
WITS	*World Integrated Trade Solution (from the WTO)*

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