



Jul 2008 - Dec 2008

CIAA Priorities

for the **French Presidency** of the EU

CIAA

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



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The EU food and drink industry is an important pillar of the European economy, serving almost 500 million consumers with a vast variety of safe and high quality products. It is the largest manufacturing sector in Europe, with a turnover of Euro 870 billion a year, and provides employment to over 4 million people.

CIAA represents the European food and drink industry and its mission is to help pro-actively develop an environment (enlarged EU and global markets) in which all European F&D companies, whatever their size, can compete effectively for sustainable growth, meeting the needs of consumers and playing their part in delivering the targets set by the Lisbon declaration of the European Council.

CIAA's permanent secretariat, based in Brussels, maintains close contacts with European and international institutions and has become a major partner in consultations on food-related developments.

CIAA has become a trusted partner as a result of its long-standing work, in particular on horizontal food issues such as food quality and safety, nutrition and health, novel foods, labelling, the Common Agricultural Policy, international trade issues, sustainable development, respect for the environment and enlargement.

Membership of CIAA is made up of:

- 25 national federations, including 2 observers;
 - 28 EU sector associations;
 - 20 major food and drink companies.
- CIAA co-ordinates the work of more than 700 experts, grouped in Committees and Expert Groups around the following three themes:

Trade and Competitiveness



Food and Consumer Policy



Environment



Through these Committees and Expert Groups, manufacturers from all EU countries 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.

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

- helping the food and drink industry to maintain consumer confidence;
- establishing close and fruitful cooperation between all links in the food chain;
- ensuring maximum coordination between the various sectoral and geographical groups that make up the EU food and drink industry.

SOME FACTS AND FIGURES ABOUT THE EU FOOD AND DRINK INDUSTRY

- largest manufacturing sector in Europe, with a turnover of € 870 billion;
- purchases and processes 70% of EU agricultural production;
- exports some € 52 billion of food and drink products to third countries;
- contributes to a positive trade balance of around € 3.7 billion;
- offers almost 500 million consumers a wide range of safe, wholesome, enjoyable, nutritious and affordable food and drink products;
- directly employs 4.3 million people.

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Supply in Agricultural Raw Materials

The EU food and drink industry is an important pillar of the European economy using around 70% of EU agricultural production and serving approximately 480 million consumers with a large variety of safe and high quality products. EU policies affecting raw material supplies of EU food and drink industries must be coherent and based on clearly identified priorities; they must be designed to ensure access to competitive agricultural raw materials to offer food at reasonable prices to consumers.

In view of enhancing the food industry's long-term health and prosperity, the primary goal of EU agriculture must remain the production of agricultural materials for food and feed. The food and drink industry needs to secure raw material supply that corresponds to specific quality criteria, be in sufficient quantity and competitively priced.

Over the last two years, costs of most agricultural raw materials underwent sudden and steep

increases. Demand in agricultural raw materials is expected to continue increasing due to growing food, feed and non-food uses. Mechanisms to monitor and prevent crisis situation on the EU markets must be available. In the context of global market pressure, CIAA supports measures that are favourable to increased production (research and development, removal of inappropriate regulatory constraints, etc.)

CIAA fully supports a policy approach that takes into account the specific needs of the food and drink industry. Agricultural policy must continue to remain a common policy with the production of food being its first priority. Furthermore, there must be coherence between European policy objectives, such as agricultural production, environment protection, bio-fuels promotion, food safety requirements, the use of GMOs and trade. Detailed objectives include:

CAP Health Check

The food and drink industry generally welcomes the legislative proposals on the CAP Health Check, which is following on from the 2003 reform. They are on most points in coherence with the CIAA approach regarding agricultural policy.

- The review of the CAP has to take the new situations of increased prices on most agricultural markets into account in view of preventing major market imbalances and disruptions, hence steps leading to the elimination of instruments constraining production is in principle welcome.
- The CAP must set the framework for a competitive, market-oriented and sustainable agriculture. It must enable farmers to respond to market signals and to increase production as a reaction to growing demand.
- Certain market-related instruments, acting as a "safety net" to protect against exceptional circumstances, should, however, be retained.

Low Level Presence of GM Events

It is becoming impossible to reconcile the EU's zero tolerance policy with increased commercialisation of GM products on world markets. Analysis indicates that the impact on the current zero tolerance policy for EU-unapproved GMOs could have considerable consequences on the food sector. It is important that this situation gets the necessary recognition by policy makers.

Renewable Energy Policy

The draft directive on the promotion of renewable energy introduced in January 2008 represents a major challenge in a context of generalised increase of agricultural raw material prices. Renewable energy and bio-fuel policies trigger fierce competition between food, non-food and energy outlets for agricultural production. The sectors are competing for the same agricultural raw materials and for the same limited resources (water, soil). CIAA will continue to argue that food must remain the primary outlet for agricultural products and that the consequences of bio-fuels promotion need to be comprehensively assessed to avoid market imbalances that could prove damaging to the EU food and drink industry as well as for European consumers.



Novel Foods

The revision of the regulation should stimulate innovation in the food and drink industry, protect the functioning of the internal market as well as public health and, at the same time, facilitate market access for novel food products

In 2007, the European Commission announced its intention to revise Regulation 258/97/EC on Novel Foods and Novel Foods Ingredients. CIAA welcomed this announcement as initial discussions revealed that administrative burdens, timing and legal uncertainty add costs to the overall procedure. In response to the proposed amendment, CIAA together with the Platform for Ingredients in Europe (PIE), commissioned a UK economist Graham Brookes to undertake an extensive study with leading European food and drink ingredients companies to look at why the industry is reluctant to come forward with new products. The report confirmed that food innovation in Europe is not possible without a fundamental reform of current procedures. Exclusive access to the market for innovative products, combined with short, predictable and proportionate procedures, have

been consistent demands from the food and drink industry.

On 14 January 2008, the European Commission adopted the proposed revision of the Novel Foods Regulation. The proposal meets several of the demands raised by the food and drink industry. In particular, it introduced a centralised authorisation procedure and includes data protection provisions for newly developed innovative food. The initial applicant would be authorised to market the food for five years before it becomes a generic foodstuff that can be produced and marketed by others. The proposal also makes provisions for food which has never been consumed in Europe, but which has a history of safe use elsewhere. For such foodstuffs, the authorisation procedure is simplified.

CIAA welcomed the European Commission's intention to amend the existing European rules governing novel foods (Regulation 97/258/EC), which cover all new foods without a significant history of consumption within the European Union before 1997.

CIAA maintains that the following areas need to be further reviewed to ensure that the competitiveness of the food and drink industry is safeguarded and that particularly SMEs can in the future profit from easier procedures, thereby encouraging them to invest in innovation:

- Establishing a more explicit link between a novel food authorisation and the applicant company.
- Providing appropriate transitional mechanisms for pending novel food applications.
- Ensuring an operable relationship between the Novel Foods and Health Claims Regulation.
- Introducing a simplified notification procedure for foods and ingredients with a history of safe use, such as foods and ingredients that are used in food supplements, which are intended to be used in a novel food.



European Commission Proposal on the provisions of food information to consumers

CIAA appreciates the recognition granted to the food and drink industry's self-regulatory commitment, its Guideline Daily Amounts (GDA) scheme and reference values, but believes that the efforts and achievements so far by industry should be further encouraged.

In January 2008, the European Commission adopted a proposal to revise existing EU labelling rules (Directive 2000/13/EC), which also includes nutrition labelling (Directive 90/496/EC). Initially, CIAA welcomed the European Commission's intention to revise the EU labelling rules in the spirit of Better Regulation, asking to focus specifically on the simplification of existing legislative measures and the reduction of administrative burden, by allowing other means to provide information to consumers in addition to the label.

It is important to note the context in which the European Commission's proposal is being introduced. Consumer information including labelling is also one of the areas for action in the framework of the EU Platform for Action on Diet, Physical Activity and Health, where stakeholders commit to specific actions to improve consumer

understanding in relation to the nutritional composition of their food and help them to make informed choices thereby encouraging them to lead healthier lifestyles.

CIAA's Nutrition Labelling Scheme, which was introduced in June 2006, has made rapid progress with an increasing number of companies adopting the voluntary scheme. The scheme is based on internationally accepted and scientifically derived GDAs and aims to help consumers choose a balanced diet as part of an overall healthy lifestyle.

By the end of 2008, at least 1,030 brands around the EU will be using the scheme, and by the end of 2009, at least ten of the biggest food and drink companies in Europe will be using the labelling system on 100% of their products. Other large companies as well as SMEs are not far behind.

CIAA welcomes EU harmonisation in relation to food information. We strongly believe that EU harmonisation is the only means to guarantee the single market and the free movement of goods whilst protecting the competitiveness of producers and enabling consumers to make informed choices.

However, CIAA has some major concerns that include:

- The development of national schemes, which substantially weaken the single market. CIAA is in favour of a Regulation that goes for full harmonisation while at the same time providing operators with the flexibility to offer additional voluntary information.
- What is proposed under article 14 is impractical and imposes a disproportionate burden on manufacturers. To address both the issue of clarity and legibility, CIAA recommends the development of guidelines, which represent a more flexible tool enabling a case-by-case application.
- The ongoing implementation of the voluntary CIAA scheme should be encouraged by public authorities, notably through the adoption of a Regulation that is compatible with the CIAA nutrition labelling scheme.
- The guiding principle for the proposed origin labelling provisions should continue to be to avoid misleading consumers. CIAA therefore believes that there is no need for further legal requirements since the law already requires origin labelling when the absence of such a provision may mislead the consumer as to the true origin of the product. The same rules apply for the provision of information regarding origin on a voluntary basis.



Sustainable Consumption and Production

EU food and drink manufactures depend on a healthy natural environment for the sustainable supply of high quality agricultural raw materials. Environmental sustainability is thus a long-standing priority for the sector. The industry is engaged in a broad range of voluntary initiatives and partnerships that continuously improve the management of natural resources, energy, water and waste in the sector (see the CIAA Environment Report 2007, <http://envi.ciaa.eu>).

The European Commission is tabling an Action Plan on Sustainable Consumption and Production (SCP). The aim of the Action Plan is to change consumption and production patterns through

extended eco-design and eco-labelling rules linked with financial incentives and green public procurement.

CIAA would like to highlight the following success factors with regard to the SCP Action Plan:

General principles:

- EU SCP policies should address the three pillars of sustainability (environmental, social, economic) in an integrated manner.
- Effective SCP policies depend on the active involvement of the entire food chain, including farmers, manufacturers, transport, retailers and consumers. CIAA supports the establishment of an SCP Roundtable, including all relevant supply chain players as well as EU policy makers, with a view to facilitate effective voluntary action across the chain and to ensure the consistency of ongoing initiatives at EU, national and company level, especially with regard to the development of methodologies to assess the environmental performance of products and communication with consumers.
- SCP policies should promote continuous environmental improvement by promoting increased R&D, eco-innovation and the sharing of best practice and technologies across the supply chain, including SMEs. This will help EU industry to improve its competitiveness and manage the transition towards a resource-restrained economy.

Eco-design:

The quality of food products critically depends on the quality of the ingredients that are grown in the natural environment. Their composition in recipes is driven by factors such as taste, health, food safety, nutritional and cultural diversity in compliance with extensive EU food legislation. CIAA therefore believes that mandatory eco-design requirements, as currently applied to energy using products, are not a suitable route to improve the sustainability of food products. The key to sustainable food production lies in the continuous application of best available practices along the food chain, from farming to processing, packaging, transport, consumption and end-of-life.

Eco-label:

CIAA supports voluntary consumer information on all relevant product characteristics, including their environmental performance, on the condition that it is

- scientifically reliable,
- based on uniform methodologies across the EU in line with international standards,
- relevant for the consumer and not misleading or confusing (e.g. proliferation of labels),
- covers the most significant environmental impacts along the supply chain,
- contributes effectively to environmental improvement,
- avoids disproportionate financial or administrative burden, especially on SMEs,
- safeguards innovation and the functioning of the internal market.



There is currently no uniformly applied methodology to assess and communicate environmental information at the food product level specifically, which is due to the complexity of the food chain and its environmental impacts and the high diversity of food products. CIAA supports a structured dialogue among all food chain partners and policy makers to assess the practical implications of various routes to environmental consumer information and to define effective and consistent strategies and actions. Labels are not the only tool to inform consumers. Information can also be provided on shelves, websites, in CSR reports, leaflets, etc. All suitable means of communication should be considered.

The French Presidency will play a pivotal role in progressing this important topic and CIAA looks forward to working together with the relevant stakeholders to ensure that work-able solutions are found.





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Published in June 2008



This report is printed on Novatech coated paper,
a paper produced from well-managed forests and
certified by the FSC, with vegetable based inks.