

# *Memorandum*

of the **European food and drink industry**  
to the **Slovenian 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 approximately 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 in 2006, and provides direct 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 longstanding 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 an annual turnover in excess of € 870 billion (2006);
- 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;
- employs 4,3 million people.

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# CIAA PRIORITIES FOR THE SLOVENIAN PRESIDENCY OF THE EU



Slovenia will move centre-stage during the first half of 2008 when it will preside over the EU Council; it will be the first of the ten Member States that joined the European Union in 2004, to do so. Presidency of the EU represents both prestige and a great responsibility for Prime Minister Janez Janša's government.

Taking over from Portugal and Germany within the 'triple Presidency' system, Slovenia will endeavour to fulfil the remaining tasks set out in the 18-month programme and to ensure continuity of EU policies including revitalising the implementation of the Lisbon Strategy, energy & climate change issues, and activities related to strengthening the area of freedom, security and justice.

Creating the conditions for greater EU economic competitiveness as well as more innovation and jobs are issues that are of great importance to CIAA. As the largest manufacturing sector, major employer and exporter in the EU, the EU food and drink industry is one of the most regulated sectors in Europe.

Better regulation, including self-regulation, can deliver benefits to European consumers faster and help promote higher growth and employment. A better functioning single market, fewer administrative burdens and a more supportive business environment are all essential tools to help, in particular, small and medium-sized companies that account for half of our industry's turnover.

The interest in the food we eat has never been greater. Consumers feel passionately about it - how and where it is produced, its quality, and its price. The relationship between diet, health and lifestyle has become a top priority issue for many EU governments as they struggle to deal with rising obesity levels.

The EU food and drink industry continues to be committed to serve European consumers efficiently and to respond to their ever more rapidly changing needs. In turn, European policy makers are responsible for fostering a stimulating business environment to ensure that the food and drink industry can remain competitive in an increasingly global market.

CIAA looks forward to working closely with the Slovenian Presidency, contributing to its success and making progress in the areas that are key to Europe's food and drink industry.

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

Jean MARTIN  
*President of CIAA*

## Competitiveness of the food and drink industry

# A new High Level Group (HLG) to strengthen food and drink industry competitiveness

As an important step in the delivery of the new Lisbon "Partnership for Growth and Jobs", the European Commission has set out a new integrated approach for industrial policy by adopting, in October 2005, a Communication on "A Policy Framework to Strengthen EU Manufacturing - towards a more integrated approach for Industrial Policy." This new policy aims to improve the coherence between different policy dimensions and develops both horizontal and sector specific approaches and instruments to address competitiveness issues.

The EU food and drink industry is an important pillar of the European economy serving approximately 495 million consumers with a large variety of safe and high quality products. However, it is also a highly diversified sector - made up of 99% SMEs that produce about 50% of the total turnover - and operates in a mature market in Europe. Concentrated retail and distribution sectors are putting strong pressure on the EU food and drink industry's competitive position. All these factors contribute to a number of constraints that need to be overcome when addressing these challenges with a view to enhancing competitiveness and sustaining growth.

The situation has been assessed at a Conference organised by DG Enterprise in November 2007: "Promoting Leadership of Agro-Industries". Speakers from the European Institutions, Businesses and Science screened the various sectors and challenges faced by the food and drink industry. They concurred that there are essentially two ways of generating growth in this sector: moving up the value chain by producing higher-value added goods or by putting more emphasis on innovative products and making better use of growth opportunities in international markets. They also called on the European Commission to address the imbalance of power in the food chain between few retail players and numerous industry suppliers. Commissioner Verheugen announced the creation of a HLG on the food and drink industry early 2008 to find practical solutions to the industry's competitiveness issues.

The update of the CIAA Benchmarking report 2007, which also examines the performance of the food and drink industry in an international comparison and identifies a

number of weaknesses gives recommendations on how these challenges can be met. The report identifies necessary framework conditions that are required to put the EU food and drink industry in a position for generating stronger and more sustained growth. These include:

- *Increasing investment in research and development and in innovation in order to move upwards along the value added curve.* Actions that continue to support and promote greater investment in R&D must continue to be sustained.
- *A better, simpler and more proportionate EU regulatory framework to reduce administrative burdens and to ensure competitiveness.* The EU's food and drink sector is still hampered in its development by a legislative environment, which is not conducive to innovation. The better regulation approach has not yet met expectations and experience with impact assessments has triggered concern as to the credibility of the approach.
- *Availability of competitive agricultural raw materials, which represent a large part of input costs.* The Common Agricultural Policy (CAP) reform is providing and has introduced a useful enhanced market-orientation into agricultural policy. However, different factors that influence production and prices need to be given greater attention.
- *An EU trade policy that provides new market opportunities in rapidly growing economies.* The EU food and drink industry must be able to find further growth outside the EU. Therefore both multilateral and targeted bilateral approaches need to be pursued.

CIAA fully supports a policy approach that takes into account the specific needs of the food and drink industry and the ability to deliver concrete results in areas identified as critical for the food and drink industry competitiveness. The Food and Drink Industry HLG should aim at developing a comprehensive and consistent strategy to strengthen the competitiveness of the European food and drink industry, including its numerous SMEs. The European institutions can already now contribute to this objective through:

- support for enhanced investment in R&D and dissemination of research results, along the guidelines and objectives identified by the food and drink industry;
- appropriate use of the better regulation approach to create a legislative environment in the EU that is more conducive to innovation;
- continuation and review of the CAP reform process, taking into account that supply in agricultural raw materials can be influenced by other EU policies which must therefore be considered in conjunction;
- definition of an EU trade policy that enhances access of EU food and drink products to foreign markets, especially those of emerging markets.



# Better Regulation

Launched in Spring 2005, the better regulation approach is the centrepiece of the European Commission's "Partnership for Growth and Jobs." Since then, the European Commission has continued to review annually its priorities for better regulation. These include: withdrawal or modification of pending texts, simplification of existing legislation and improving the quality of new proposals through systematic use of impact assessments and public consultations.

From the outset CIAA has been supportive of the approach and contributed to identifying its own priority areas for better regulation. For businesses, this appears as an excellent means to track excessive costs related to administrative burden and inappropriate legislation, which negatively affect the competitive position of companies.

Better regulation has been the basis for various reviews in the area of food legislation, in environment and for the

CAP simplification. Despite considerable efforts, the results are, overall, limited. Better regulation per se, has not yet resulted in terms of a substantial improvement of the legislative environment, due in part to the length of legislative procedures. In addition, inconsistency towards the better regulation approach throughout the decision-making process and ill designed impact assessments and consultation processes have contributed to raising concerns.

**Better regulation remains a cornerstone of the European Commission's strategy for enhancing growth and jobs, but it must deliver the benefits for the increased efforts:**

- Ultimately the exercise must lead to a legislative environment in the EU that is conducive to innovation.
- The objective of the better regulation approach must be equally shared and must lead to effective commitments by all EU Institutions and Member States through the decision making process.
- New legislative initiatives need to be preceded by thorough impact assessments, weighing up the costs against the benefits. CIAA continues to call for the early involvement of industry in the preparation stage prior to the consultation process to ensure that the questions submitted to industry are meaningful and relevant.



## Trade policy and procedures

# Multilateral and bilateral trade policy

The EU exported a record €52.9 billion of food and drink industry products in 2006 and imported products totalling €47.7 billion. However, EU food and drink companies face strong international competition from countries with comparative advantages in basic food production. Establishing balanced international trade rules and developing closer links with trade partners on both a multilateral and bilateral basis is a pre-requisite for achieving sustained growth and market share on both European and third country markets.

Concluding a balanced agreement remains a priority for CIAA. Considering the process of reform undertaken by the EU, there is a clear need for the main trade partners to also agree on new disciplines which provide for increased export competition and reduced levels of domestic support through a multilateral negotiation process. These cannot be achieved by bilateral agreements alone.

This constructive approach must now lead to progress on key issues, specifically on domestic support disciplines, market access and export competition commitments (export credits, STEs, food aid and differential export taxes). The negotiations must deliver gains for EU food and drink industry businesses. With regard to the issue of market access, CIAA has always agreed with special and differential treatment, however, questions have arisen on the amount and the extent of carve-outs drafted for developing countries.

Issues that attract less focus, such as tariff simplification, are as important and must follow more closely the EU food and drink industry approach.

The WTO negotiations are unlikely to deliver sufficient market access in non-EU markets, notably in emerging economies where growth rates are highest. CIAA therefore supports the European Commission's "Global Europe" initiative on bilateral trade agreements that foresees enhancing market access in non-EU countries for European exporters. This strategy should improve market access possibilities, effectively address non-tariff barriers, tackle other trade restrictions, and successfully protect intellectual property rights, notably Geographical Indications.

The ability to compete on foreign food and drink markets also depends on how internal EU policies are designed. Access to competitive supply of EU agricultural products, for example, is also dependent on the CAP. Internal EU rules, whether they are related to food law, environment or other policies should take into account external considerations and should aim for a better consistency with the main trading partners.

- The EU industry's competitiveness needs to be supported by both a multilateral and a bilateral strategy, with a view to providing targeted market access in third countries.
- EU companies are ready to take on the challenge of increased competition in an open global market, but the EU needs to assess internal and trade policies with regard to their direct or indirect influence on the EU's ability to invest, trade and maintain its competitive edge.

## Trade relations with Russia

Russia has become a very important trade partner for the European Union. EU food and drink exports to Russia increased by 24% in the last year reaching €4.9 billion in 2006. However, trade in food and drink products is giving rise to concern. EU exporters not only face tariff barriers, but also non-tariff barriers such as veterinary or sanitary certificates and other discriminatory procedures.

The ban on Polish meat exports has finally been solved following considerable efforts from EU officials, long technical discussions and high-level political interventions. This should pave the way for a resumption of talks on a new broad agreement to replace the existing Partnership and

Cooperation Agreement. There are indeed a series of problem areas, mostly of regulatory nature, that should be addressed. For example, complying with the Russian authorisation procedure for processing sites remains a non-transparent and uncertain process.

Russia's WTO accession should be a key step in allowing some of the current problems to be addressed more effectively. Improving EU-Russia cooperation and trade relations further remains a priority for CIAA members.



## Trade relations with the United States of America

The United States of America is the EU's most important trading partner, which applies also to the food and drink manufacturers. In 2006, annual exports to the US exceeded € 11.5 billion, whilst EU imports of US goods accounted for € 3.1 billion. The EU-US summit in 2005 adopted a joint declaration on strengthening the bilateral economic partnership. The EU and the USA issued a road map for regulatory cooperation (one of the sectoral activities includes nutritional labelling and food safety). A High-level Regulatory Cooperation Forum has been set up to provide a platform for high-level political engagement and to facilitate the horizontal and sector-specific regulatory dialogue.

At the last EU-US Summit on 30 April 2007, EU and US signed the Framework for Advancing Transatlantic Economic Integration. Key elements of this framework were the adoption of a work programme of cooperation and the establishment of the Transatlantic Economic Council (TEC) to oversee, guide and accelerate the implementation of this work programme.

Despite apparent wealth of EU-US trade in food and drink products, there are some problems caused by diverging legislation in the area of food safety, by disputes or by market incidents such as low level presence of unauthorised GM substances.

- Most barriers to trade are of a regulatory nature rather than tariffs and should therefore be addressed in a structured and constructive manner.
- CIAA strongly favours enhanced cooperation as focussed regulatory issues and integration efforts on both sides can further support bilateral trade expansion. The Slovenian Presidency should maintain this issue as an area of priority.

## EU trade strategy towards South Korea, India, ASEAN

In April 2007, the European Council awarded negotiation mandates to the European Commission to start free trade talks and negotiate so-called "new generation" bilateral agreements with South Korea, India, and ASEAN. These negotiations provide a complementary approach to an agreement under the Doha negotiations. EU food and drink manufacturers' exports to South Korea exceed € 1 billion in 2006, those to ASEAN reached € 2.4 billion, but exports to India were only at € 0.12 billion in the same period.

Since negotiations started first with South Korea in May 2007, the European Commission and the Asian partner countries expressed their desire to advance talks rapidly and to allow for a quick conclusion of negotiations. Considering the problems and hesitations raised during the last months of negotiations, it should be recalled that rapidity is not a key criteria. Priority should be that these agreements provide a sufficient level of ambition in terms of scope and ultimate degree of liberalisation.

- CIAA welcomes the bilateral trade initiatives as a complement to multilateral WTO negotiations; these have the potential to considerably enhance EU export potential by treating specific market access problems and addressing standards related issues (environmental and safety).
- EU food and drink producers are particularly interested in addressing tariffs, sanitary or phyto-sanitary measures, technical barriers to trade and other regulatory issues such as rules of origin.



## Economic Partnership Agreements (EPA)

In 2000, the European Commission and African, Caribbean and Pacific (ACP) countries decided to start EPAs to advance development and economic growth. In June 2002, EU Member States mandated the European Commission to negotiate with the ambition of allowing EPAs to enter into force from the beginning of 2008.

The EPA negotiations with the six regions of 'West Africa', 'Central Africa', 'Eastern and Southern Africa', the 'Caribbean' the 'Southern African Development Community' and 'Pacific' have advanced at different speeds, generally more slowly than expected, and were about to miss the 2008 deadline. The decision to opt for a two-step negotiation and the push in the last month to conclude interim agreements with limited scope, but still covering trade in goods, has ultimately prevented trade disruption as of January 2008.

The disadvantage of this rushed process will include important differences in scope and treatment between the different groups of countries, also within the groups. Individual country market access offers, as well as joint offers within one country group, will increase complexity and difficulty for the consolidation and finalisation of the EPAs by the end of 2008.

Rules of origin should be carefully considered.

CIAA agrees that the gradual managed transition for trade liberalisation should allow ACP countries to participate in the global trading system and should also foster economic development. The partnership agreements foresee not only market openings but also the implementation of policies that foster regional integration and development and strengthen supply side capacities. CIAA welcomes the focus on facilitating trade. Trade facilitation and other measures that limit and reduce existing non-tariff barriers are important to foster trade and development. Technical assistance and capacity building is and will be an important tool to overcome difficulties, notably for the underdeveloped economic and social infrastructure, which in many ACP countries effectively hinders trade and investment.

- CIAA welcomes this initiative, notably the specific focus on regional integration and on facilitating trade; capacity-building measures will be playing an important and necessary role.
- It will be important, during 2008, to level out the differences in scope and treatment of the market access offers concluded by the EU with individual countries and groups of countries of one region to avoid unnecessary complexity in the consolidation and finalisation of EPAs.

## Modernised Customs Code

The proposal for a Modernised Customs Code, adopted by the European Commission in November 2005, is under a co-decision procedure. It should be approved during Spring 2008. This proposal will simplify customs procedures, thereby facilitating trade whilst ensuring more efficient customs controls. The process is closely linked to the creation of a paper-free electronic work environment with simplified mutual exchanges of information.

CIAA is strongly in favour of radically simplifying and modernising the customs legislation. The trade facilitation aspect is essential in the context of the Lisbon strategy, as it should reduce administrative burdens and thus costs faced by EU companies. Moreover, the industry supports all initiatives enabling the creation of a genuine single market for customs in the EU. Dealing with different interpretations of the Customs Code in the 27 Member States creates additional costs and hampers trade.

The European Commission has already started to review the implementing provisions of the Customs Code. CIAA believes that the modernisation of the Customs Code has to

lead to a thorough simplification of the management of the Inward Processing Regime (IPR) both at national and Community levels. The economic importance of IPR will increase in the years to come, particularly with the progressive phasing out of export refunds. Rules on equivalence, diverse provisions regarding authorisation procedures and deadlines allocated to the various stages of these procedures make IPR particularly difficult to use for several sectors of the food and drink industry. Apart from these technical issues, the modernisation of the examination of the economic conditions is of utmost importance for companies using this custom procedure.

- CIAA is strongly in favour of modernising and simplifying customs legislation.
- Rationalising customs procedures, making electronic communication standard and developing a common approach to risk analysis are fully supported by the industry, as it should reduce costs linked to customs procedures.
- The fundamental revision of the Customs Code must allow food and drink operators to obtain substantial improvements regarding Inward Processing Relief (IPR).
- IPR can contribute to the competitiveness of food and drink companies on world markets. Its implementing provisions should not jeopardise the objective of this customs procedure.



# Preferential rules of origin

In March 2005, the European Commission presented a Communication outlining a new approach for the determination of rules of origin in preferential agreements with non-EU countries. After two years of internal discussions, the European Commission released a draft regulation in October 2007, which proposes a reform of rules of origin in the GSP context. These rules are based on new criteria for determining the origin of a product.

The declared objective of the European Commission is to simplify the rules of origin principle and to relax these rules to encourage integration of developing countries in world trade. DG Taxud worked on proposals that would develop fair, uniform and flexible rules of origin. The new approach would apply in the context of the Generalised System of Preferences (GSP) in a first instance. In a second step, the European Commission intends to expand the new approach to all existing and future preferential arrangements. DG Taxud proposes a two-step approach:

1. a single criterion, corresponding to a threshold of 30% of local value added in the beneficiary country, would apply to all food and drink products

2. a list of sensitive products, a specific, additional condition, based on the current tolerance rule, is then defined to ensure that raw materials continue to be sourced locally.

The draft regulation would introduce another major change: the origin certification by pre-registered exporters in the origin country. This would shift responsibility for the establishment of the origin status from non-EU authorities to private sectors.

Each food and drink sector has assessed the suggested approach and the diversity of responses reflects individual sectors' specific needs and diversity of interests. Operators need rules of origin that are adapted to the products they trade and to the structure of production in world market.

- The food and drink industry can understand and to a certain point share the objectives of simplicity and of development-friendliness, but the new criteria cannot lead to overlooking the need for economic viability of such a regime.
- The increased responsibility of the importer is a major concern for EU operators as, for confidentiality reasons, most EU importers will not be in a position to make the necessary checks with their supplier.
- Further to effective criterion for determining the origin, procedures and controls are essential to deliver the European Commission's expected results in terms of development and simplification and to provide the certainty that is important for operators.
- For a number of food and drink sectors, the additional conditions are essential to maintain the effect of present rules of origin.
- For some other agrifood sectors, the value-added criterion would bring major confusion and difficulties in trade. Amendments to address these most critical questions are needed and they could take the form of specific rules of origin.



## Agricultural Policy Issues

# CAP Health Check

The Commission's Communication on the CAP Health Check, released in November 2007, will lead to an adjustment of the CAP and a continuation of the modernisation process. It will also prepare for the reflection on the CAP beyond 2013.

The successive CAP reforms have led to a more market-oriented agricultural policy. CIAA has welcomed this. It enables farmers to take decisions according to market developments and their subsequent expected returns. Agricultural markets are currently facing important price increases, which completely change future demand and supply assessment in agriculture. The reasons for the surge of agricultural raw materials' prices are multi-factorial and include both short-term temporary as well as long-term structural changes in supply and demand. These factors lead to availability concerns for food production. The review of the CAP reform has to take this situation into

account in view of preventing major market imbalances and disruptions.

The primary role of agriculture is, and should remain, the production of agricultural raw materials for food and feed. Based on an adequate balance between the first and second pillar, the CAP has to pursue its role of supporting the sustainable production of agricultural raw materials and thus contributing to the competitiveness of the food and drink industries. Indeed, industry needs raw material supply that corresponds to specific quality criteria, be in sufficient quantity and competitively priced.

The long-term objective of the EU food and drink industry is to promote a competitive, efficient and more sustainable agricultural production in Europe. Therefore the CAP should achieve two major objectives: guarantee supply and improve competitiveness. Indeed, industry supply should correspond to specific quality criteria, namely, be sufficient in quantity and be adequately priced.

- CIAA welcomed the 2003 CAP reform, notably decoupling and cross compliance, and considers that the Health Check should both consolidate the 2003 reform and provide the necessary adjustments to the CAP.
- CIAA supports full decoupling of direct aids, considering some exceptions in a few sectors where full decoupling may not secure appropriate supply for the industry. CIAA favours compulsory modulation compared to voluntary modulation, the review of the energy crop premium, the assessment of market tools on a sector basis. The majority of CIAA members support the end of the set aside scheme.

## Promotion of agri-food products

The promotion policy is currently under scrutiny in the context of the technical simplification process and the periodical review of the scheme. In this context, CIAA considers that there is a clear opportunity for improving the EU promotion policy. The objectives of this instrument remain valid both internally and on expanding world markets, but its implementation, needs to be substantially improved.

The 2006 Commission report on the implementation of promotion regulations was very succinct as DG Agriculture considered that it was too early to put forward new proposals, following the latest legal changes made in 2004-2005. The European Commission proposed, however, a recasting and merging of the two existing texts into one single Council regulation and a single Commission regulation. The proposal for a single Council regulation was adopted in December 2007, but, as it stands, it does not provide operators with the necessary improvements to the promotion regime.

CIAA shares the European Commission's concerns regarding the reduced take-up of the EU budget available for

promotion actions. The administrative prerequisites, the complexity to manage programmes and the lack of clear and transparent criteria to guide operators contribute to this under-use of the scheme. The food and drink industry regrets the lack of ambition to adapt the EU promotion policy to the reality of markets and companies. It considers that the existing rules tend to jeopardise the objectives of the regime. Whereas contractors should focus on key messages to be delivered in the promotion programme, they are hampered by numerous procedures to be respected and by bureaucratic monitoring from European and national officials.

CIAA urges the EU Institutions to identify the promotion of EU agri-food products as a political priority over the next few years. The EU promotion scheme should be reviewed in order to provide the simplification and the flexibility necessary for an efficient functioning of the system and effective use of limited funds.

- Together, COPA-COGECA, CELCAA and CIAA have highlighted the importance of this policy and the need for improvements. These key organisations of the agri-food sector represent major users of the EU promotion regime. The practical experiences of operators from these organisations in running EU co-financed programmes should enable them to be active in the discussions on the promotion policy in order to find pragmatic and flexible solutions.
- Issues that need to be reviewed are, the facilitation of cross-country programmes' management and the improved balance between generic promotion and trademarks in non-EU countries. These all need to be addressed in order to substantially improve the scheme.

## Renewable Energy Policy

# EU strategy on renewable energy and bio-fuels

The March 2007 European Summit endorsed the European Commissions Renewable Energy Roadmap as part of a comprehensive energy-climate change package. This roadmap includes a binding target to have 20% of the EU's overall energy consumption coming from renewable sources by 2020, and as part of the overall target, a binding minimum target for each Member State to achieve at least 10% of their transport fuel consumption from bio-fuels. However, the binding character of this target is "subject to production being sustainable" and to "second-generation bio-fuels becoming commercially available".

CIAA has carried out an assessment of the impact on production and demand. This assessment has not led to the same level of comfort and certainty as regards to the likely scenarios, on EU production of feedstock for food and non-food markets, and on the possibility of substituting a potential lack of EU second generation bio-fuels.

For CIAA, the development of bio-fuels needs to be accompanied by measures or instruments that prevent major market imbalances and disruptions which would prove damaging for the EU food and drink industry and for European consumers alike.

- Member States need flexibility to develop renewable energies according to their specific potential and national capacities and by differentiating bio-diesel and bio-ethanol markets.

- A review clause should be included in the legislation to allow for a re-assessment of the situation, at least in 2015, with regard to the availability of second-generation bio-fuels.

- The EU should facilitate access to agricultural raw materials by addressing trade barriers to EU imports, such as asynchronous GMO approvals, and by discouraging trade-distorting practices, such as differential export taxes.

- Measures functioning as temporary mechanisms (TRQ opening, temporary suspension of tariffs, target opt-out clauses) will be needed, in the absence of other options, to prevent crisis situations.



CIAA strongly believes that it is important to ensure that food production remains the primary outlet for EU farming activity.

- The EU framework must provide sufficient flexibility to take into account national circumstances. In the run-up to 2020, no binding intermediate should be set. In the event of a serious crisis in the supply of feedstock for food and feed uses, Member States must have the possibility to deviate from their bio-fuel targets.
- Research and development of the most efficient feedstock for the use as bio-fuels must be encouraged to increase possible sources of raw materials, to enhance feedstock availability and promote development of second generation biofuels. A review clause should be built into the legislation.

## Research

CIAA is expecting more funds dedicated to food research via future calls for proposals (including 2008) under the EU's 7th Research Framework Programme (FP7). CIAA firmly believes in the importance of developing a coherent research strategy for the agri-food sector, based upon the common vision of its diverse stakeholders, including the food and drink industry. In July 2005 and under the auspices of CIAA, the European Technology Platform (ETP) Food For Life, reflecting innovation in the agri-food chain, was launched with this objective in mind. A paper reflecting the Vision for 2020 and beyond was published.

In April 2006, expert panels of academics and representatives of industry and consumer bodies submitted a Stakeholder Strategic Research Agenda to the European Commission (available on <http://etp.ciaa.eu>). This outline identifies seven trans-disciplinary challenges deemed necessary to stimulate innovation, including: ensuring that the healthy choice is the easy choice for consumers; delivering a healthy diet; developing value-added food products with superior quality, convenience, availability and affordability, and assuring safe foods that consumers can trust.

With the publication of the Strategic Research Agenda (SRA) in September 2007, the ETP reached an important milestone.

Funding is crucial, and CIAA believes that European, national and industry funds are complementary and necessary to achieve the SRA. It's timely and successful implementation of this SRA will require further prioritisation which should take into account the importance of societal challenges, the level of economic impact, and the need for a major, sustained investment in multi-disciplinary, trans-national knowledge generation and dissemination.

Three key thrusts emerge after application of these criteria, each drives research that will improve competitiveness of the EU food and drink industry by developing new products, processes and tools that:

- improve health, well-being and longevity,
- build consumer trust in the food chain
- derive from sustainable and ethical production systems.

The final Implementation Plan, which includes an inventory of research priorities at national level, will be available in July 2008.

Activities undertaken for the implementation phase include:

- Initial discussions on the IP working document were held at a stakeholders' meeting held on 13 September.
- The ETP Food for Life and CIAA initiated a network of more than 30 National Food Platforms and two meetings were organised in Rome in April and in Brussels in September 2007
- A SMEs Task Force has been established and has the objective of exploring opportunities for supporting the improvement of competitiveness of SMEs in the food sector.
- The ongoing formation of a mirror group, composed of national representatives of ministries or funding agencies, will facilitate the coordination of national research policies.

CIAA appreciates the Presidency's recognition that promoting research, knowledge and innovation is key to stimulating growth, competitiveness and creating jobs.



- The 2008 calls for proposals within FP7, published on 30 November 2007, took into account the SRA proposed by the ETP Food for Life. CIAA is expecting that SRA priorities will be reflected in the next calls for proposals in a balanced way with the others topics of the Theme 2 "Agriculture, Food and Biotechnology."
- CIAA welcomes the European Commission Competitiveness and Innovation Framework Programme (2007-2013); an initiative aiming to fill the gap between research results and innovation.

## EU “Hygiene Package”

CIAA welcomes the European Commission review of the EU food hygiene legislative package, which is due to be completed in May 2009.

In May 2007, CIAA submitted formal comments on the implementation of the Hygiene Package to a working group meeting of the European Commission Advisory Group of the Food Chain and Animal Health, dedicated to exchanging views on experience gained to date from the application of the Package. CIAA has continued to actively contribute to the review process.

Although the “Hygiene Package” has generally benefited food business operators, due to its integrated approach, the introduction of the primary sector, its harmonisation of national legislation and its inbuilt flexibility, the implementation of the hygiene package has revealed some areas where improvement may have some merit.

CIAA also maintains its opposition to the proposal issued by the European Commission in March 2007 to amend Regulation 852/2004 on the hygiene of foodstuffs in order

to exempt micro-businesses from Hazard Analysis and Critical Control Points (HACCP) obligations contained within the legislation. Although CIAA has always agreed with the need for a flexible approach to HACCP for very small operations, without compromising food safety, we believe that sufficient flexibility for such businesses is already firmly incorporated within EU hygiene legislation. In view of this flexible framework, a blanket exemption from the requirements to put in place, implement and maintain a permanent procedure based on the HACCP principles could risk lowering the level of consumer protection, given that food safety incidents can arise from even the smallest of enterprises, for example during the production of minced meat by butchers or patisserie by bakeries. CIAA considers it important to modify the proposal in order to reflect the risks posed by the businesses concerned, rather than their size, and will follow future discussions with great interest.

- CIAA strongly recommends that the risk-based approach adopted by the Hygiene Package should be extended to processed products of animal origin.
- CIAA encourages the Slovenian Presidency to support efforts to improve the legislative package.

## Contaminants

CIAA welcomes Commission stakeholder dialogue on EU maximum levels for Fusarium Toxins.

In January 2007, CIAA participated in a stakeholder Fusarium Toxin Forum, hosted by the European Commission with a view to considering the revision of EU maximum levels for Fusarium toxins in foodstuffs. Following an in-depth consultation, Regulation 1126/2007, establishing revised limits for fusarium toxins in maize and maize products, was published in the Official Journal in September 2007. The revised limits apply to maximum levels for the Fusarium toxins deoxynivalenol, zearalenone and fumonisins. The new limits entered into force in October.

More recently, CIAA has cooperated actively with other food chain partners in order to provide a holistic

contribution to a further Commission Fusarium Toxin Forum, this time focused on T-2 and HT-2 toxins. The Forum, which took place in January 2008, aimed at channeling stakeholder input into a discussion on the maximum levels for T-2 and HT-2. In its contributions to the Forum, CIAA also underlined that although the substantial efforts undertaken by the European Commission to review maximum levels for Fusarium were wholeheartedly appreciated, a number of concerns remained on the part of the food industry with regard to the revised levels for deoxynivalenol, zearalenone and fumonisins, due to harvest conditions in 2007, amongst other factors.



CIAA continues to steadfastly support Commission efforts to maintain a dialogue with stakeholders on maximum levels for Fusarium Toxins. While doing so, however, CIAA encourages the European Commission and Member States alike to ensure that existing levels are also realistically achievable, in other words which:

- Ensure the protection of consumer health
- Are set in accordance with a risk-benefit (e.g. safety, nutrition, quality) approach
- Take agricultural feasibility into account (seasonal and geographic variations, longer-term impact of global warming, etc);
- Recognize the limitations of processing.

## Rapid Alert System

The Rapid Alert System for Foodstuffs and Feedstuffs (RASFF) is operated by the European Commission (DG SANCO) and has its legal basis in Regulation EC/178/2002, the General Food law. Although CIAA understands that the RASFF is first and foremost designed for national control authorities, it is undisputable that operators themselves are affected by certain elements of its functioning or the measures that it triggers.

CIAA fully supports the overall objective of increasing consumer confidence in the safety of the food supply. The proper functioning of the RASFF is crucial in facilitating appropriate risk management actions by the Member States and food business operators. To ensure that this system can achieve its objectives, it should involve the concerned food business operator at the earliest possible stage.

The latter is vital to judge the seriousness of an emerging issue, as the food business operator might possess crucial information, which could put the issue in the correct context. The food industry has assessed the function of the system and came to the conclusion that procedures must be harmonised to avoid different interpretations of Rapid Alerts by national authorities.

CIAA finds it important to carefully evaluate the validity, accuracy and necessity of notifications and to make the outside reader aware of existing national legislation that could trigger alerts. To use the system as an effective communication tool such information is important and it is necessary to avoid misleading/contradictory warnings, as some warnings are not food safety related.

The operator concerned should be informed as part of the procedure as early as possible, and must have the right to provide further information, such as test results, in order to add quality to the evaluation. Operators could play an effective role with regard to the provision of information on emerging risks.

- In view of the fact that the RASFF has been operating in its current form since February 2002, and although some improvements have been made as regards the presentation of the notification tables, CIAA believes that it would be timely for the European Commission and the National Competent Authorities to assess the efficiency of the system in practice. CIAA therefore welcomes the opportunity to be consulted on the new draft implementation plan for the System, which is currently under development by the European Commission.
- The Slovenian Presidency should encourage and support efforts to discuss improvements of the functioning of this system.



## Novel Foods

**Administrative burdens, timing and legal uncertainty can prevent food processors from submitting novel food dossiers to Competent Authorities.**

In August 2006, CIAA contributed to the European Commission impact assessment of a revision of Regulation 258/97 on Novel Foods and Novel Food Ingredients.

Discussions revealed that administrative burdens, timing and legal uncertainty add costs to the overall procedure. This counteracts any likely benefit from the widely promoted European-wide innovation policy, and do not contribute to the competitiveness of the European food and drink industry. This could act as a barrier to the creation of new jobs and also undermine consumer choice.

Legal uncertainty begins with the interpretation of the term "novel," which could lead to costly legal assessments

before considering a novel food application, and is currently preventing the food and drink industry from innovating more.

Discussions with CIAA member companies have revealed that the current EU novel foods legislation poses serious obstacles to the development of new products, as companies frequently encounter significant administrative difficulties when trying to obtain EU approval for novel food products. The burden and lengthy duration of current extensive administrative procedures can be a deterrent for EU food and drink companies wishing to invest in R&D and in innovative products.

In order to stimulate innovation in the food and drink industry and to facilitate market access for those products, CIAA is urgently awaiting the proposal for a Regulation on novel foods and novel food ingredients, which would amend Regulation 97/258/EC.

The objective of the revised Regulation should remain the protection of the functioning of the internal market within the Community, the protection of public health and at the same time the facilitation of market access for these products

- It is important that companies having invested in the development of novel foods get an appropriate return in investment. This could be achieved retaining the principle of applicant-linked approvals combined with a period of data protection of some of the scientific and technical information brought by the applicant.
- CIAA calls for decisions to be taken on the basis of science.
- CIAA expects that the revised Novel Food legislation will take account of the impact assessments as transmitted by stakeholders and that proper weight is given to the concerns raised by the applicants, in this case the food industry.

It is clear that in the revised Regulation, the approval procedure needs to be adjusted to the nature of all the applications as a result of the proportionality rule. Such possibility of adjustment should not be reserved solely to imported products from third countries because the concept it relies on - the history of safe use - also applies to some products of traditional use within the EU, which require a novel food application because the food and drink industry is willing to use them in a way which is deemed novel. This in return would have a substantial influence on the duration of the application process and consequently on the return of investment for our industry. It would also allow SMEs, for example, to make easier use of the procedures and thus encourage them to invest in innovation.

## Low-level presence of Recombinant-DNA plant material in food

In the light of increased global use of GMO crops outside Europe, which have not yet obtained approval in the EU, it is necessary to consider any low-level presence of GM events approved in the exporting country, which have not been approved in the importing country. DG Agriculture's study on unapproved GMOs in EU feed imports and on livestock production, undertaken in 2007, highlighted the economic implications of current GM policy on the feed sector.

Preliminary analyses indicate that the impact of the current zero tolerance policy for EU-unapproved GMOs would be as devastating for the food sector as for the feed sector.

An important step has been set by Codex Alimentarius. In 2005, the Codex Ad-Hoc Intergovernmental Task Force on Food Derived from Biotechnology considered a proposal by the USA to undertake new work on the low-level presence of unauthorised recombinant-DNA plant material.

In March 2007, the Working Group discussed the latest proposal presented by the USA, which is a draft Annex to the Codex Guideline for the conduct of food safety assessment of food derived from recombinant - DNA Plants.

The assessment of food safety consideration from low-level presence of recombinant- DNA plants was submitted to the Codex ad-hoc Intergovernmental Task Force on Food Derived

from Biotechnology in Chiba, Japan, September 24-28, 2007.

CIAA welcomes the progress made during these meetings to enable a safety assessment in situations of low-level presence in which a recombinant-DNA plant has already been found to be safe and authorised for commercialisation for food by one or more countries through an assessment performed according to the Codex Plant Guideline, but where the importing country has not determined its food safety.

CIAA also welcomes the agreement to work on methods for data sharing, while respecting the rules of confidentiality as well as the provision of testing methods.



- The conclusion of the Seventh Session of the Codex ad hoc Intergovernmental Task Force on Foods Derived from Biotechnology will be considered by the 31st Session of the Codex Alimentarius Commission (Geneva, Switzerland, 30 June-5 July 2008).
- CIAA encourages the Slovenian Presidency to support the adoption at Step 5/8 of the guidelines:
- In the light of the possible implication on business, CIAA trusts that the Slovenian presidency will do it's utmost to address the issue of zero tolerance at European political level.

# Package of Proposals on Food Improvement Agents

(Regulations on Food Additives, Food Enzymes, Flavourings & Food Ingredients with Flavouring Properties, Common Authorisation procedures)\*

CIAA generally welcomes the package of proposals, which will review and update current additives and flavourings legislation and harmonise the safety assessment and authorisation of food enzymes used in the Community. CIAA strongly supports the introduction of the Comitology procedure for all technical provisions and a centralised risk assessment process, to be undertaken by the European Food Safety Authority (EFSA).

## **Co-ordinated Negotiation:**

While the European Council is discussing the four proposals as a package, the European Parliament has split the proposals and assigned responsibility for their negotiation to three different Rapporteurs. CIAA believes that a high level of co-ordination between the three Rapporteurs as well as between the Parliament and the Council is needed to ensure coherence across the package, particularly as the proposals share several articles in common. It is also important to ensure coherence with respect to the framework already in place for over 15 years for additives and for flavourings. The following areas in particular need a consistent and coherent approach:

■ **Avoiding unnecessary duplication:** Where the safety of an additive or enzyme has already been assessed and only a change in production methods or starting materials has taken place, it should be sufficient for the new methods and/or materials to comply, as necessary, with any additional legislation that may regulate their use. The respective articles on food additives, enzymes, and flavourings falling under Regulation (EC) No 1829/2003 on genetically modified food and feed, for example, should recognise this general principle.

■ **Supporting innovation through data protection:** CIAA believes that it is necessary for applicants who submit new proprietary data to be able to benefit from data protection for a limited period of time. This would favour innovation in the European food and drink industry by providing businesses with innovative ingredients that can be used to provide a broad range of high quality food and drinks that better meet the demands of consumers. Failing to provide a minimum protection of intellectual property and know-how would disadvantage EU industry vis-à-vis international competitors. It would also fail to protect return on investment, which provides the incentive to innovate and supports a competitive economy.

■ **Making sound decisions and assessing impact:** The re-evaluation of the safety of food additives / enzymes / flavourings should be done on a risk based approach on the basis of new scientific evidence as and when available. Decisions should consider a variety of factors, including economic and social impact and the feasibility of controls, especially as this relates to the use of traditional products.

## **Proposals on Food Additives and Food Enzymes**

### **Support for innovation through data protection**

CIAA welcomes the Commission's proposal to harmonise European legislation on additives and to create a framework for the safety evaluation of enzymes at Community level. In developing the positive Community list of food enzymes it will be important to adopt a pragmatic approach toward the setting of any conditions of use for food enzymes. Otherwise, product innovation will be inhibited. CIAA supports the Council wording on Article 6.2 C & D, which protects product innovation.

As regards the transfer of permitted additives into Annex II of the additives proposal, i.e. the Community list of food additives approved for use in foods and conditions of use, CIAA supports the introduction of transitional measures to authorize new additives and new conditions of permitted additives after their safety assessment by EFSA while this work is pending completion. This is necessary to ensure that food innovation is not put on hold. Failure to introduce a specific mechanism that would be directly applicable in all Member States could put a break on food innovation for an additional 2 to 3 years.

CIAA believes that business-to-business labelling of foodstuffs in general should be avoided as the 2000/13/EC Directive remains the cornerstone of labelling provisions. Additional rules such as the provisions for the labelling of food additives and enzymes not intended for sale to the final consumer are unnecessarily prescriptive and compromise intellectual property.



(\* COM (2007) 673 final, COM (2007) 670 final, COM (2007) 671 final and COM (2007) 672 final

## Proposal on Food Flavourings

### **Basing decisions on sound science**

CIAA understands the efforts that are being made to assist in the control of biologically active principles (BAPs). CIAA expresses its concern on the difficulties for the maximum levels set in Annex III B to be controlled and implemented, in particular for food manufacturers who will be responsible for ensuring the compliance of compound foods, given that the listed substances can occur at varying levels in a wide range of herbs and spices, possibly containing more than one active principle. There exists a lack of appropriate analytical measures to accurately measure BAPs, which is necessary to enforce legislation.

### **Properly assessing impact**

CIAA has supported the position that the term 'natural' + 'name of the source' may only be used if a minimum 90% of the flavouring component has been obtained from the source material referred to and the remaining maximum 10% must be natural. This is representative of current industry practice. The current proposal increases this percentage to 95% and places unnecessary and unworkable restrictions on the taste of the remaining 5%, which not only goes against current practice, but results in the need for costly product reformulations and may affect product consistency and quality. The new provisions for the use of the term "natural" also split "natural flavourings" into different categories, which would unnecessarily complicate the labelling of products and could confuse consumers.

The category "natural flavouring" has been in use for over 15 years under EU law and CIAA believes that any change in labelling terms should properly consider the advantages and disadvantages of doing so and properly assess the impact on industry.

## Proposal for a Common Authorisation Procedure

### **Protecting return on investment**

CIAA believes that confidentiality treatment of information provided by applicants should be thoroughly integrated into the proposal for establishing a common authorisation procedure for food additives, food enzymes, and food flavourings.

CIAA supports the Council proposal for Article 12.3 to consult applicants about the confidentiality of information submitted. CIAA also supports the Council proposal for Article 12.6 protecting the confidentiality of withdrawn applications.

While CIAA recognises the attempts that have been made to more properly address confidentiality issues, CIAA believes that explicit wording should be integrated into Article 12 to protect applicant return on investment for a period of five years from the date of authorisation, unless the applicant has agreed to circumstances with other parties that may share costs as appropriate. Protecting return on investment is necessary for supporting innovation and competitiveness in the food and drink industry.

CIAA welcomes the package of proposals affecting food additives, enzymes, and flavourings, and establishing a common authorisation procedure. We also support the Commission's intentions to ensure coherence with respect to the framework already in place for over 15 years.

Despite general satisfaction with the progress that has been made, it is clear that many hurdles remain. If not properly addressed, these hurdles could negatively impact the competitiveness of European industry and innovation, with no proven benefits to consumer health or the European economy.

A competitive European food and drink industry requires proper protection of intellectual property, transitional measures that support innovation, and better regulation. CIAA hopes that the Slovenian Presidency will work with the food and drink industry to properly address these issues in the first half of 2008 and to ensure that the package of proposals on food improvement agents will contribute to a more competitive Europe.



# Regulation on nutrition and health claims made on foods

CIAA supports the general objective of the Regulation as adopted by the Council on 18 October 2006, which is to establish a harmonised regulatory framework encompassing all types of claims, including disease risk reduction claims.

All claims that are scientifically substantiated and well understood by consumers should be permitted. The communication of the claim (wording of the claim) should remain the responsibility of the food operator. CIAA believes that the criteria for the substantiation of a claim should be the same for all types of claims in terms of evidence; however, the process of evaluation may differ.

The principle of proportionality should apply to both the level of substantiation that is required to make a claim and to the marketing procedures applicable to products bearing claims. The procedures should be pragmatic and entail clear, reasonable and mandatory time limits.

CIAA draws the attention of the Slovenian Presidency to the work that lies ahead for both institutions and stakeholders in relation to the implementation of the new rules. The focus should be on two key areas:

## 1. Article 4 and the development of a nutrient profiling scheme by EFSA

The food and drink industry believes that the following principles need to be considered when discussing the setting of nutrient profiles in the context of the forthcoming Regulation on claims. Nutrition profiles should:

- be based on scientific knowledge about diet, nutrition and the relation to health;
- be set so as to encourage innovation;
- be set at Community level and not at regional or national level;
- consider foods by category, be non-discriminatory, simple and applicable by all food operators;
- consider contribution and the importance of the food (or categories of foods) to diet;
- consider dietary habits and consumption patterns in the various Member States;
- consider the quantities of certain nutrients and other substances of the food or food categories;
- consider the overall nutritional composition of the food or food categories;
- be applicable to foods as consumed.

In addition, the food and drink industry sees five main strands in the process of establishing nutrient profiles:

- Define a system including food categories for use in applying nutrient profiles;
- Identify nutrients that are of importance from a public health perspective and their relevance for the various food categories;
- Establish reference values / ranges for those nutrients that were identified in the step above;
- Establish criteria for the application of the reference values: scoring system or threshold;
- Test the system and if necessary go back to step one (iterative process).

## 2. Article 13 relating to the list of claim/relationships based on generally accepted scientific substantiation.

Since all Member States will be called to provide input to EFSA to establish this EU list, it is essential that a common methodology be agreed between the contributors with the following aims:

- The establishment of a list of relationships rather than a list of claims based on generally accepted scientific substantiation taking into account the totality of the evidence;
- Such a list should relate to the beneficial effect of nutrients, food components or foods on health;
- The list should be established by EFSA on the basis of scientific contributions gathered but not evaluated by national authorities. Industry has developed a list of well-established relationships for consideration by authorities and EFSA.



## Regulation on addition of vitamins, minerals and certain other substances to foods

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

CIAA welcomes the Regulation adopted by the Council on 18 October 2006 as a positive step towards the creation of a real single market for fortified foods. The new regulation should ensure a high level of consumer protection while at the same time offering all European consumers a varied

choice of foods adapted to modern life constraints and contributing to nutritional balance.

In general, all foods contribute to a healthy diet. Food variety itself is vital in achieving a healthy and balanced diet and fortified foods are part of this diet.

- CIAA supports the decision to base the harmonised regulatory framework for fortified foods on safety grounds.
- Consumer safety must be the only criterion when setting maximum levels for the addition of vitamins and minerals to foods. CIAA is preparing input on this issue and welcomes the opportunity to engage with decision makers to provide knowledge and expertise in this area.

## Revision of the European legislation on labelling (including nutrition labelling)

CIAA welcomes the European Commission's intention to revise the EU labelling rules in the spirit of Better Regulation. From industry's perspective, Better Regulation in relation to labelling, refers in particular to the following two aspects:

- Simplification of existing legislative measures, which should be neither too prescriptive nor too detailed, leaving room for operators to adapt to changing consumer needs and interests. In our view simplification involves more than merging and/or eliminating legislation. In this case it also involves making information to the consumer less confusing.
- Reduction of administrative burdens by allowing for different means to provide information to consumers.

While CIAA does appreciate the recognition granted to its self-regulatory commitment, its Guideline Daily Amounts (GDA) scheme and reference values, we do have some concerns in relation to the proposed approach:

- Nutritional labelling - Providing energy information on front-of-pack (as in the CIAA scheme) with possibly a clear reference to the full nutrition facts (up to 8 nutrients) shown on the back-of-pack is an effective way of informing consumers. Consumer research indicates that consumer want simple, at-a-glance information and that providing too many nutrients on front-of-pack would not necessarily enhance consumer understanding.
- Safeguarding the Internal Market - Additional regulatory initiatives by individual Member States should not be allowed. Such possibility would substantially weaken the

single market and, consequently, the competitiveness of the European F&D Industry.

- Portion size - self-regulatory initiatives in relation to the definition of the portion size are ongoing and delivering a good basis for consensus.
- Font size - Legibility is a key issue for manufacturers, who want to provide clear information to consumers. But this is more than a simple question of font size. It is about providing the right information while taking account of account real-life constraints such as package size and space for branding.
- Reasonable transition periods and exemptions for "small packs" are necessary. Removal of superfluous labelling obligations (for example: labelling of kJ/ kcal) is needed.
- Origin labelling - The existing requirement for mandatory indication of origin is fulfilling its purpose of avoiding that consumers are misled and should therefore remain unchanged. When indication of origin is provided on a voluntary basis, we recommend that it is only linked to last place of processing. Adding the country of origin or place of provenance of ingredient(s) is unmanageable.

It is important to note the context in which the European Commission's proposal is being introduced. CIAA's voluntary nutrition labelling scheme, which was introduced



in June 2006, has been making rapid progress with an increasing number of companies adopting Guideline Daily Amounts, including some major retailers. The "critical mass" which is being created is, as we hoped and expected, triggering a "snow balling" effect. By the end of 2008,

1,030 brands around the EU will use GDA labelling. For example, 80% of all soft drinks and branded breakfast cereals in the EU will be using GDA labels by the end of this year. Many major EU manufacturers will have GDA labels on all of their products by the end of 2009.

CIAA welcomes the opportunity to discuss these points with the Slovenian Presidency.

## Diet, physical activity and health

There is a broad consensus that the causes of obesity and its related diseases are multifactorial (diet, sedentary lifestyles, genetic predisposition, socio-economic factors, etc). CIAA believes that the responsibility of addressing this issue requires multiple strategies, the integrated efforts of many stakeholders (governments, research, health professionals, retailers, consumers, media, the food industry, etc), and indeed, long-term resolve. Any intervention must be evidence-based and will require the involvement of several sectors due to the multifactorial nature of the problem.

The **European Platform for Action on Diet, Physical Activity and Health** was launched in March 2005. Since then, CIAA has supported its work and has committed to concrete action for the promotion of balanced diets and healthy lifestyles.

To date, the European Platform has been a successful forum in bringing together diverse stakeholders to share best practices and strengthen commitments for the promotion of healthy lifestyles and physical activity. The CIAA commitments for action, addressed at the EU Platform at the end of 2005, identified the following areas where the food and drink industry, working in partnership with the rest of the food chain, the advertising industry and other partners, has concentrated efforts:

1. Partnership
2. Public education in relation to healthy lifestyles
3. Consumer Information
4. Advertising and marketing to children
5. Products and choice
6. Research

Under these headings, commitments made by CIAA members have already borne fruit in a range of different areas. In total, Platform members made 211 commitments in 2005, and of these, 146 came from industry. The commitments of CIAA members and the verifiable actions undertaken to ensure their realisation prove that Europe's food and drink industry is committed to playing a responsible role and in promoting healthier lifestyles. Across the board, CIAA members continue to make progress in areas related to nutrition, consumer information and labelling, marketing and advertising, product reformulation as well as public-private partnerships and healthy lifestyle education. Proof of this features in the recent publication of

a CIAA report entitled *Promoting Balanced Diets and Healthy Lifestyles - Europe's food and drink industry in action*. The report can be downloaded from [www.ciaa.eu](http://www.ciaa.eu)

The European food and drink industry has committed to monitoring compliance of its activities in a transparent, participative and accountable way. This is particularly important in the area of advertising and marketing. The food industry is responding to the issue through self-regulation, improving the standards that guide the content, and placement of food and beverage advertising and marketing, as reflected in the *ICC Framework for Responsible Food and Beverage Communications*. The results of the code compliance monitoring can be found at <http://www.wfanet.org/>

CIAA considers it important to empower consumers with consistent information for making an informed choice about the products they buy. In turn, CIAA is actively promoting improved nutrition labelling and nutrition education throughout Europe. As part of the CIAA commitments put forward under the European Platform, CIAA adopted a nutrition labelling recommendation in June 2006. The CIAA scheme, as it is progressively implemented on a voluntary basis by the Industry, will help to provide nutrition information in a consistent manner in relation to food and drink products marketed in the EU. It includes front-of-pack and back-of-pack, and is based on a uniform list of nutrients, nutrition information per serving and the introduction of Guideline Daily Amounts (GDAs). From an initial seven companies (Coca-Cola, Groupe Danone, Kellogg, Kraft Foods, Nestlé, PepsiCo and Unilever) that have committed to implement the scheme in full, this has now risen to 11 with the recent addition of Mars, the Campbell Soup Company, Cadbury Schweppes, and Orangina.

Diet and nutrition make an important contribution to public health and CIAA will continue to play its part, along with all stakeholders, in improving the health status of European citizens. Together, we are demonstrating that voluntary measures are a fast and effective tool to promote balanced diets and healthy lifestyles.

The Slovenian Presidency should continue the significant effort that was made by the Portuguese Presidency in focusing on the multi-factorial aspects of obesity and its related illnesses.



## Commission White Paper: “A Strategy for Europe on Nutrition, Overweight and Obesity related health issues”

Improving the health of European citizens through better diets and greater physical activity is crucial to preventing a range of non-communicable diseases and improving the quality of life for millions of people. CIAA supported and welcomed the European Commission's initiative to launch a public consultation for the development of an integrated European strategy on nutrition, overweight and obesity related health issues, and actively contributed to the Green Paper consultation.

CIAA believes that any Community strategy for the prevention of overweight, obesity and chronic diseases should be established in a way that respects:

- Free and informed choice for all European consumers.
- Dietary diversity and cultural identity in the member States and regions of Europe.
- The need for a strong scientific basis for all policy development.
- The need for EU policy to give added value over and above what is developed by the Member States.
- The principle of proportionality.
- The need for all policy options to be evaluated to determine whether they are meeting the health goals set out for them.

CIAA welcomed the European Commission's White Paper published in May 2007. CIAA particularly emphasises and

supports the success and achievements of public-private partnerships already underway, such as the EU Platform for action on diet, physical activity and health. Effective self-regulation and voluntary cooperation with stakeholders is the most effective way to bring together resources and forces to be successful in the promotion of healthy diets and physical activity. CIAA believes that the development of effective partnerships among all relevant stakeholders including public health authorities has to be basis of the overall Community strategy. Commission policy initiatives that focus solely on food and food manufacturing will not be effective in addressing all the different causes and factors related to overweight, obesity and chronic diseases. CIAA is also pleased with the recognition given by the White Paper to the role of the self-regulatory approach. The voluntary approach can act quickly and effectively to tackle rising overweight and obesity rates.

CIAA will continue to build on its commitment to promote balanced diets and healthy lifestyles in Europe. In relation to informing consumers better, making healthier options available, adopting and implementing self-regulatory codes on food and drink advertising and marketing, developing compliance monitoring systems and encouraging greater physical activity - CIAA will continue to push forward in a positive and constructive manner.



## EU Emission Trading Scheme

The current EU Greenhouse Gas Emission Trading Scheme (ETS) is mandatory for food and drink companies operating combustion installations with a rated thermal input exceeding 20 MW. In France, for example, 13.6% of all EU

ETS phase 1 installations are food and drink sites. On 23 January 2008, the European Commission tabled a proposal for a revised EU ETS Directive.

For the European food and drink industry, the following issues are of particular importance in this review process.

- CIAA is supportive of the system of emissions trading to reduce greenhouse gas emissions from large installations and supports the continuation of the regime in the post-2012 period. The sector strongly supports the drive towards greater harmonisation of the EU ETS across Member States in order to ensure consistent application and interpretation and to help create a level playing field.
- For small installations, compliance with the ETS constitutes a heavy administrative burden, which is often disproportionate to the low level of their actual emissions. CIAA favours the exclusion of lowest emitters from the scope of the ETS (i.e. below 25 kt CO<sub>2</sub>/year or an increased MW threshold).
- In their national allocation plans for the first ETS phase, Member States applied different definitions to the term 'combustion installation' in Annex 1 of the ETS Directive. These inconsistencies in the scope of the ETS lead to competitive distortions amongst companies and sectors. CIAA therefore strongly supports a harmonised interpretation of the term 'combustion installation'.
- CIAA calls for sharing the emission reduction burdens across all economic sectors, both inside and outside the ETS, and emphasises the urgent need to establish a global climate protection agreement.

## Sustainable Consumption and Production

The European Commission is preparing an Action Plan on Sustainable Consumption and Production (SCP), which will be published in spring 2008. This Action Plan will comprise a number of measures aimed at shifting incentives for both companies and consumers. To this end, the European Commission will address the issues of innovation, better products, leaner and cleaner production, smarter consumption and global markets.

For the EU food and drink industries, long-term sustainability of production and consumption patterns is a strategic priority. As an industry responsible for providing almost 500 million EU citizens every day with safe, high-quality, healthy, enjoyable and affordable food, the sector is working intensively and successfully to continuously

improve its management of resources, energy, water and waste. Long-term sustainability objectives will require further continued efforts, priority setting and cooperative action. CIAA is firmly committed to engage in an open and constructive dialogue with all relevant stakeholders.

CIAA considers the following generic principles as essential in the further SCP process:

- Environmental sustainability in the food chain requires the integrated involvement of all life-cycle stages and actors. All food chain players - including farmers, packaging suppliers, manufacturers, transport, retailers and consumers - must be involved in the SCP process.
- SCP policies should be geared to facilitate eco-innovation and EU competitiveness by supporting companies in managing the difficult transition towards a resource-restrained economy. SCP should not impose regulatory barriers that could restrict industry's capability to innovate.
- SCP should build on the principle of continuous improvement, based on innovation and the proliferation of best practice and technology.
- All three pillars of sustainability - environmental, social and economic - must be considered.
- CIAA does not support discrimination against certain food and drink products on purely environmental grounds. Consumers base their purchasing decisions not only on environmental considerations, but on a much wider range of essential parameters, including health, nutritional composition, quality and freshness, fitness, convenience, life-style and cultural affiliation.
- The food and drink industry supports consumer information on all relevant product characteristics, including their environmental performance, on the condition that it is reliable and science-based, meaningful and verifiable, not misleading or confusing the consumer and contributes to environmental improvement in a cost-efficient manner.



# Revision of the Waste Framework Directive

Early in 2008, the Council Commission Position on a revised Waste Framework Directive (WFD) will be officially submitted to the European Parliament for second reading.

CIAA welcomes the review process, which should be used to clarify several key legal concepts:

## **By-products:**

In order to ensure legal certainty, it is vital that the revised Directive provide the urgently needed clarification of the distinction between waste and non-waste with regard to by-products.

- Besides its core products, the EU food and drink industry produces many additional products (so-called by-products) that are used in a wide range of different economic applications, ranging from animal feed to fertilisers, cosmetics, pharmaceuticals, lubricants, bio-plastics, bio-fuels and others.
- These products are subject to intensive product-related legislation and offer significant environmental and economic benefits. They contribute to improved resource efficiency, higher industrial productivity, prevention of biodegradable waste and increased use of renewable resources.
- The current lack of legal clarity under EU legislation regarding the distinction between waste and non-waste can hamper the efficient use of these by-products, especially when national authorities, often over-burdened with legal ambiguities, wrongly classify by-products as "waste".
- CIAA fully supports new Article 4 of the Council Common Position, which provides for a clarification of the distinction between by-products and waste on the basis of existing ECJ jurisprudence. The criteria laid down in Article 4 should

apply directly to all by-products in the economy, while additional interpretative measures may be developed under comitology procedure for specific types of materials. These measures should be based on, and confined to, the criteria in Article 4.

## **Waste hierarchy:**

CIAA fully agrees with the European Commission that the waste hierarchy should be understood as a flexible policy guideline that should never impose rigid waste management preferences.

- Re-use, recycling and other forms of recovery all make an important contribution to environmentally sound waste management depending on the type of product and waste stream as well as local environmental conditions and existing infrastructure.
- The waste hierarchy should provide sufficient flexibility for non-bureaucratic deviations. CIAA supports Article 11 para. 2 of the Council Common Position, requiring a deviation from the hierarchy on the basis of environmental life-cycle thinking and the consideration of the overall environmental, human health, economic and social impacts.
- CIAA does not support the European Parliament's 1st reading proposal to require a full scientific Life-Cycle Analysis (LCA) in each individual case that deviates from the hierarchy. This would result in excessive costs and administrative burden for local authorities and in rigid procedures triggering undesirable environmental outcomes.



## Packaging and Packaging Waste Directive

In December 2006, the European Commission published a Report to the European Council and the European Parliament on the implementation of Directive 94/62/EC on packaging and packaging waste and its impact on the environment, as well as the functioning of the internal market.

CIAA welcomes the European Commission's report and supports its main findings. The report concludes that the environmental objectives of the Directive are being achieved. In 2002, all recycling and recovery targets under

EU legislation have been met and several Member States have already achieved their targets for 2008. The amount of packaging waste sent for disposal fell by more than 20% between 1997 and 2004.

- Despite these positive environmental achievements, the European Commission's report confirms that more work is needed to accomplish the Directive's internal market objectives for the free movement of packaging and packaged goods, and to avoid distortions of competition.
- Member States should not be allowed to introduce discriminatory national packaging measures, such as eco-taxes, product fees or mandatory deposits, which are not justified on environmental grounds. In particular, there is no need to systematically promote re-usable packaging. The European Commission observes in its report that "most studies found reusable packaging to be better in situations with generally low transport distances and high return rates" while packaging recoverable by other means is "better in situations with generally high transport distances and low return rates". In addition, no hierarchy exists between the reuse and recycling under Directive 94/62/EC.

## Integrated Pollution Prevention and Control

Directive 96/61/EC on Integrated Pollution Prevention and Control (IPPC) aims at minimising pollution from industrial sources throughout the EU by laying down rules on the environmental permitting of industrial installations by national authorities.

Over many years, CIAA has closely co-operated with the European Commission and the IPPC Bureau to draw up a reference list of Best Available Techniques (BATs) (BREF

document) for the food, drink and milk sectors (FDM), which has been published in the Official Journal of the EU in October 2006.

In December 2007, the European Commission tabled a legislative proposal for a revised IPPC Directive. In order to allow for a meaningful assessment of the functioning of the current IPPC Directive and the FDM BREF document, CIAA believes that, with regard to food, drink and milk installations, the revision should be confined to the following key issues:

- In order to ensure a uniform implementation of the Directive in all Member States, CIAA supports a technical revision of Annex 1 of the IPPC Directive, in particular to better define the thresholds of activities and installations covered.
- Due to the very recent adoption of the BREF for the food, drink and milk sectors, CIAA believes that sufficient time is needed to assess the implementation and functioning of the current BREF before any revision of the document can be considered.
- In its implementation, the BREF document should be applied as 'reference document' that should never impose a 'one-technique-fits-all' approach applicable to all cases. Proper consideration should be given to local environmental conditions, hygiene and food quality constraints when deciding the techniques to be applied. CIAA does not support a move towards a more rigid application of the BREFs by national authorities.
- CIAA strongly supports the "Sevilla Process", in which the BREF documents are developed in close cooperation between the IPPC Bureau, Member States, industry and NGOs.



## National Federations

### **Austria**

FIAA – Fachverband Lebensmittelindustrie

### **Belgium**

FEVIA – Fédération de l'Industrie Alimentaire /  
Federatie Voedingsindustrie

### **Czech Republic**

PKCR - Potravinářská Komora České Republiky

### **Denmark**

FI – Foedevareindustrien

### **Estonia**

ETL – Eesti Toiduainetööstuse Liit

### **Finland**

ETL – Elintarviketeollisuusliitto

### **France**

ANIA – Association Nationale des Industries Alimentaires

### **Germany**

BLL – Bund für Lebensmittelrecht und

Lebensmittelkunde

BVE – Bundesvereinigung der Deutschen

Ernährungsindustrie

### **Greece**

SEVT – Σύνδεσμος Ελληνικών Βιομηχανιών Τροφίμων /

Federation of Hellenic Food Industries

### **Hungary**

EFOSZ – Élelmiszerfeldolgozók Országos Szövetsége

### **Ireland**

FDII – Food & Drink Industry Ireland

### **Italy**

FEDERALIMENTARE – Federazione Italiana dell'industria  
Alimentare

### **Latvia**

LPUF – Latvijas Pārtikas Uzņēmumu Federācija

### **Luxembourg**

FIAL – Fédération des Industries Agro-alimentaires

Luxembourgeoises

### **Poland**

PPZ – Polska Federacja Producentów Żywności

### **Portugal**

FIPA – Federação das Indústrias Portuguesas Agro-  
alimentares

### **Romania**

Romalimenta – Federatia Patronala din Industria  
Alimentara

### **Slovakia**

UPZPPS – Unia podnikatel'ov a zamestnávateľ'ov  
v potravinárskom priemysle na Slovensku

PKS – Potravinářská Komora Slovenska

### **Slovenia**

GZS – Zbornica kmetijskih in zivilskih podjetij

### **Spain**

FIAB – Federación Española de Industrias de la  
Alimentación y Bebidas

### **Sweden**

LI – Livsmedelsföretagen

### **The Netherlands**

FNLI – Federatie Nederlandse Levensmiddelen Industrie

### **United Kingdom**

FDI – Food & Drink Federation

### **Observers:**

### **Norway**

NBL – Næringsmiddelbedriftenes Landsforening

### **Turkey**

GDF - Türkiye Gıda ve İçecek Sanayii Dernekleri  
Federasyonu

## Sectors

### **Bakery**

AIBI

### **Beer**

THE BREWERS OF EUROPE

### **Bottled waters**

EFBW

### **Breakfast cereal**

CEEREAL

### **Broth & soup**

FAIBP

### **Chocolate, biscuits & confectionery**

CAOBISCO

### **Dairy products**

EDA

### **Dietetic products**

IDACE

### **Fruit & vegetable juices**

AIJN

### **Fruit & vegetable preserves**

OEITFL

### **Ice cream**

EUROGLACES

### **Intermediate products for bakery & confectionery**

FEDIMA

### **Margarine**

IMACE

### **Non-alcoholic beverages**

UNESDA

### **Oils**

FEDIOL

### **Pasta**

UNAFPA

### **Pet food**

FEDIAF

### **Processed meat**

CLITRAVI

### **Processed potatoes**

UEITP

### **Sauce & condiment**

FIC

### **Snacks**

ESA

### **Soluble & roasted coffee**

ECF

### **Spices**

ESA

### **Starch**

AAF

### **Sugar**

CEFS

### **Tea & herbal infusions**

EHIA/ETC

### **Vegetable proteins**

EUVEPRO

### **Yeast**

COFALEC

## Major food and drink companies

ADM

BUNGE

CADBURY SCHWEPES

CAMPBELL FRANCE HOLDING

CARGILL

COCA-COLA

DANONE

FERRERO

GENERAL MILLS

HEINEKEN

HEINZ

KELLOGG'S

KRAFT FOODS

MARS

NESTLE EUROPE

PEPSICO

PROCTER & GAMBLE

SÜDZUCKER

TATE & LYLE

UNILEVER







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

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