



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



CIAA

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



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

CIAA membership is made up of 22 national federations, including 7 observers from Central and Eastern Europe and the EEA, 32 European sector associations and European food & drink companies grouped in a Liaison Committee.

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

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

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

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

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

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

THE EU FOOD & DRINK INDUSTRY:

- is the leading manufacturing sector in Europe with a turnover of over 600 billion euros per year;
- buys and adds value to 70% of EU agricultural produce;
- offers 370 million consumers a wide range of safe, wholesome, enjoyable, nutritious and affordable food and drink products;
- comprises over 26,000 companies;
- employs more than 2.7 million people;
- exports products worth more than 45 billion euros per year.



Brussels/ Rome, July 2003

Food issues and other important matters affecting the food and drink industry are tabled for discussion during the six months of the Italian Presidency.

This memorandum aims to set out the priorities and to recall the position of the European food and drink industry on a series of key issues such as:

- The WTO negotiations;
- Enlargement;
- The EU-Mercosur agreement;
- Traceability and labelling of GMOs and products derived from GMOs;
- Food safety;
- Nutrition and health claims;
- Packaging and
- Sustainable development.

With this memorandum, the CIAA demonstrates its willingness to take a constructive part in the debate and to contribute to the success of the Italian Presidency.

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

Jean Martin
President of CIAA

CIAA PRIORITIES ON THE AGENDA OF THE EU PRESIDENCY

EU agricultural policy

CIAA welcomed the agreement reached by EU Agriculture Ministers at the end of June as a major breakthrough for the agri-food sector. It is in line with the long term objective of the EU food and drink industry to promote a competitive, efficient and more sustainable agriculture in Europe. The agreement should improve the EU's position in WTO negotiations.

The decoupling provisions retained by the Council represent a decisive step towards the opening of the European agricultural sector to market forces. CIAA notes, however, that the relatively complex outcome is unlikely to bring the expected simplification of agricultural policy instruments. It also regrets the considerable possibilities of adjustment of the measures at national level. It will be important to monitor these developments and ensure that they do not ultimately result in distortion of competition within the EU.

The CIAA welcomes the fact that the payment of decoupled aid will be linked to the respect of EU regulatory requirements and of good agricultural conditions and supports the reinforcement of rural development measures.

From a more general perspective, European agriculture already provides the consumer with products that respect a high and increasing level of requirements, notably in the area of environment and food safety. In order to pursue this path, industry considers that the concept of sustainable agriculture must not be inflexible, but should allow for constant evolution and improvement.

It is essential to separate the concept of food safety from that of quality. Food safety is of fundamental importance to the food and drink industry and should be based on strict Community legislation. Quality on the other hand, must be subject to evaluation by the market, and should not be addressed through any regulatory prescription. The consumer will express his or her confidence and appreciation by repeated purchase of the product. Industries in turn add value to products that they market through brands or specific labels that communicate to the consumer the guaranteed organoleptic characteristics, appearance, the origin of the agricultural material processed and convenience of use of the final product. Therefore, encouragement for farmers participating in Community or national quality schemes is helpful, but must be strictly limited in time. CIAA considers that organic products target niche markets. Even if these products meet a growing consumer demand, they are a small proportion of those offered on the market.

- For the food and drink industry, the CAP should achieve two major objectives: guarantee supply and improve competitiveness.
- The agreement on CAP reform is an important breakthrough. The new orientation given to the CAP, including decoupling, cross-compliance, reinforcement of rural development are overall welcomed. On the contrary, flexibilities granted to Member States may be a matter of concern for the food and drink industry.

WTO agricultural negotiations

CIAA was disappointed that the draft “modalities” document for further commitments in agricultural negotiations, presented by the Chairman Stuart Harbinson, failed to provide common ground for establishing these “modalities”. In fact, the draft modalities’ text proposes uneven efforts and commitments on specific disciplines to be applied to WTO members.

The decisions made by EU ministers on reforming the CAP are giving a positive signal to other trade partners. They also provide the EU with additional margins that can be used in the course of the negotiations, provided trade partners make equivalent commitments to reduce distorting support. For EU agri-food companies, it is essential that EU CAP reform and WTO agriculture negotiations lead to coherent results. The reform process in international agricultural policies must lead to a clear set of trade rules creating a fairer playing field for WTO members and create a framework that improves competitiveness and secures agro-industrial investments in the EU.

The EU Food and Drink Industry agenda for the Cancun Ministerial Conference includes the objective of

- finalising modalities for agriculture negotiations.

- making progress on geographical indications by agreeing on a common approach for establishing the register for wines and spirits and decide on the extension of “additional protection” to other food products.
- launching negotiations on “Singapore” issues, with a particular focus on “trade facilitation”.

Developing countries are not all the same. To be fair, the agriculture agreement has to differentiate or graduate the treatment of developing countries according to the real economic needs. The efforts to reduce agricultural support and protection on a world scale must be undertaken in a balanced and coherent way. Progress now relies on a constructive negotiating attitude from all WTO members in trying to identify realistic solutions.

CIAA believes that strong guiding principles are needed to ensure more coherence in the course of the negotiation: firstly, agricultural products and processed goods must be treated on an equal footing; secondly, the three areas of the WTO - market access, internal support and export competition - are inextricably linked and must be dealt with in a coherent way.

EU enlargement

CIAA has welcomed the result of the Copenhagen Summit and the outlook of EU enlargement to 10 new members as of 1st May 2004.

Until then, the work to ensure that the application of the acquis is in place before the date of accession needs to be continued. Indeed, the complexity of certain food regulations and CAP rules requires an adjustment phase for operators and administrations. The Commission report on the monitoring of the implementation of EU legislation to be released before the end of the year, should highlight the areas in which efforts will require particular attention.

CIAA has been actively engaged in giving support to the reinforcement of the role and structures of federations in the food and drink sector within the CEECs through its participation in the “Business Support Programme” (Phare) financed by the European Commission. The follow-up Programme focussing on the implementation and enforcement of EU acquis in candidate countries has now been started.

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



Negotiations for an EU-Mercosur agreement

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

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

CIAA welcomes the recent acceleration given to the negotiation process and the enhanced commitments from Mercosur partners. CIAA supports the EU's level of ambitions aimed at addressing a wide range of issues and favours the negotiation of a specific chapter dedicated to legislation applying to food products, such as phyto-sanitary, veterinary and hygiene rules. An effective improvement of trade flows will require commitments in the area of mutual recognition. In the case of non-respect of trade commitments, CIAA is in favour of an efficient dispute settlement system.

- CIAA welcomes the important EU efforts to move forward in trade negotiations. The trade section of the draft agreement should be based on the gradual liberalisation of trade in food and drink products in coherence with the CAP. Discussions on the handling of sensitive products should be based on direct co-ordination with the sectors involved.
- The Mercosur offer still requires improvements, including a speeding up of the liberalisation applied to processed food products.



Proposals on traceability and labelling of GMOs and derived products

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

On July 2nd, the EP voted in second reading on the proposals on GM food and feed and on the traceability and labelling of GMOs. MEPs have supported the Council Common Position on traceability and labelling of GMOs and voted in favour of the compromise on GM Food and Feed negotiated with the Council. They therefore kept reasonable thresholds for adventitious presence of both authorised GMOs and those pending authorisation in the EU.

When the Council officially confirms the second reading results, the two regulations will be published in the Official Journal and enter into force 20 days later. Food business operators will then have 6 months to comply with the new provisions, which also include new labelling requirements. These requirements extend labelling to all foods produced from GMOs irrespective of whether there is DNA or protein of GM origin in the final product.

Whilst a uniform and single legal basis for the traceability of foods and food ingredients should be welcomed, it should be dealt with in the context of food safety and not be limited to GMOs. Regulation 178/2002 establishing the general principles of food law appropriately addresses this objective in its Article 18.

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

The CIAA remains deeply concerned by the practical difficulties the implementation of this legislation will create for operators and for enforcement authorities. It is therefore essential to assess the practical consequences of these new requirements for food business operators and to determine, with national authorities, how they will enforce the new rules.

Proposal for a regulation on the hygiene of foodstuffs

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

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

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



Proposal on official food and feed controls

The Commission adopted its proposal on 5 February. The CIAA fully supports its aim to set up a clear Community framework for control systems throughout the entire food chain, as well as a harmonised, co-ordinated and effective system of controls on imports of food and feed.

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

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

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

CIAA supports the idea that fees, if any, to support the cost of the enforcement of food and feed law should be harmonised across the EU, but not to the highest level. Furthermore, where industry is paying for the inspection service, it has the right to expect a high quality performance and to seek compensation if this should fail.

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

Proposal to amend the sweeteners directive 94/35

CIAA welcomed the Commission proposal to amend the Sweeteners Directive in order to include conditions of use for sucralose and the salt aspartame-acesulfame, two new sweeteners evaluated as safe by the Scientific Committee on Food. A wider variety of sweeteners that can be used in food will support innovation and offer wider consumer choice. The proposal also foresaw a reduction in the maximum level of cyclamate use.

The CIAA was pleased that in its common position adopted end of June, the Council confirmed the support for the authorisation, at the EU level, of two new sweeteners, sucralose and aspartame-acesulfame salt. CIAA regretted however that the Council maintained the decision to reduce maximum levels for cyclamate despite the lack of scientific justification and the possible economic consequences, especially for the soft drinks industry.

The approval of new sweeteners at EU level will result in a harmonisation of EU sweeteners legislation with the rest of the world and will enable our members to innovate and produce new energy-reduced products and offer wider consumer choice. The CIAA would urge the European Parliament and the Member States to take into account the consequences of a reformulation of products due to any reduction in the maximum permitted level of cyclamates.



Forthcoming proposal on the fortification of foodstuffs

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

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

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

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

Proposal on claims

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

The CIAA supports the general principle of the Commission proposal adopted on 16 July to establish a harmonised regulatory framework encompassing all types of claims, including disease risk reduction claims. The CIAA, however, strongly opposes any a priori prohibition of claims or exclusion of categories of foods from the possibility of communicating nutrition or health benefits to consumers.

All claims that are scientifically substantiated and well understood by the consumers should be permitted.

The communication of the claim as such (wording of the claim) should remain the responsibility of the food operator.

CIAA believes that the criteria for the substantiation should be the same for all types of claims in terms of evidence. The process of evaluation however may differ. The principle of proportionality should apply to both the level of substantiation that is required to make a claim and to the marketing procedures applicable to products bearing claims. The procedures should be pragmatic and entail clear, reasonable and mandatory time limits. CIAA is opposed to any a priori prohibition of claims and to the possible exclusion of categories of food from the ability to communicate nutrition or health benefits to consumers. CIAA shares the opinion that, every type of food should be allowed to bear a claim if such claim is scientifically substantiated in the context of the total diet and if it is well understood by the consumer.



Revision of directive 94/62 on packaging and packaging waste

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

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

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

communication tool, conveying essential information to the consumer.

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

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

Besides, given the many obstacles to overcome: lack of infrastructure, collection rates to be improved, need to develop markets for recycled materials, a realistic timetable to achieve ambitious targets has to be set.

Any other aspects of the Directive such as prevention measures, reuse or producer responsibility should not be addressed at this stage. These issues require further analysis and discussion with stakeholders, in the context of the thematic strategies on waste recycling and prevention and sustainable management of resources.

Integrated pollution prevention and control and best available techniques

The proper implementation of the 1996 Integrated Pollution Prevention and Control (IPPC) Directive is a key priority for CIAA.

This issue is particularly important for CIAA as environmental permits will be granted to food and drink installations if they conform to the Best Available Techniques (BATs). Our installations already apply BATs whenever it is technically feasible and economically viable.

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



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

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

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

Integrated product policy

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

CIAA recalls that product policy should be driven by industry and business and the IPP framework should set objectives but not prescribe the means to achieve them.

Besides, environmental considerations have already been integrated throughout the food supply chain. This includes:

support for sustainable agriculture, eco-efficiency in production, efficient distribution, optimisation of end-of-life products. The European food and drink industry is indeed firmly committed to the continuous improvement of its product and process performance along the principles of sustainable development.

Given:

- the specificity of the food products, ingested by consumers, and the resulting heavy regulation already existing on food and drink products,
- the risk of interference between existing legal requirements and possible new requirements created by IPP, and the confusion resulting for the consumer,
- the numerous voluntary steps food and drink companies have been taking to continuously meet consumer needs in an environmentally sound and sustainable manner,

CIAA considers that food products should be excluded from the scope of IPP.



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

EU strategy for sustainable development

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

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

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

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

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

Nutrition policy

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

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

More recently, attention has tended to concentrate on the so-called "diseases of affluence", for example obesity, coronary heart disease and cancer. These medical conditions are generally recognised as having multi-factorial causes and diet certainly plays a role. But other life-style factors such as smoking, levels of physical activity, genetic, socio-economic and environmental factors, also play a role. Any dietary modification that is to be recommended for either individuals or whole communities must be based on an objective evaluation of the available evidence within the context of these lifestyle factors.

CIAA believes that dietary guidelines need to promote a healthy balanced diet rather than the attainment of specific numerical goals. Acceptable and appropriate dietary

recommendations are to be found in the FAO booklet, *Get the best from your food*, which advocates the following simple guidance for the general public:

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

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

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

July 2003



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Avenue des Arts, 43
B-1040 Bruxelles

Tel.: +32 2 514 11 11
Fax: +32 2 511 29 05
<http://www.ciaa.be>
E-mail: ciaa@ciaa.be