

CIAA reply to the consultation on the future “EU 2020” Strategy

The CIAA, the Confederation of food and drink industries in the EU, welcomes the Commission’s “EU 2020” strategy proposal to deliver a more sustainable, social, greener and knowledge-based EU market economy.

Transforming today’s challenges (such as the effects of the economic downturn and globalisation, world demographic trends, resource depletion, climate change, competition over land use for food and fuel and food security) into opportunities is necessary if we are to meet the EU’s 2020 strategic objectives and improve the competitive capacities of the EU food and drink industry.

As the single largest manufacturing sector in terms of value added, turnover and employment the EU food and drink industry will be a major player in the implementation of the EU 2020 strategy. The setting of specific strategies for the food industry as part of an overall European food policy will facilitate meeting the EU objectives.

The recommendations and the action plan adopted in 2009 by the High Level Group for the Competitiveness of the Agro -Food Industry provide a sound basis for such a policy that will allow sustainable growth for the sector.

The HLG recognized that a holistic approach and policy coherence are essential for all food related legislation. Further consistency between policies is necessary in all areas touching upon the food and drink industry, such as agriculture, food safety, industrial policy, environment, trade, financial markets or research and innovation in order to be able to meet the general EU food policy objectives."

The CIAA counts on the continued support of the Commission in overseeing the swift implementation of the HLG Recommendations as this will unlock further opportunities for the EU food and drink industry and enable manufacturers to equip themselves with the tools they need to be competitive in the global environment.

Based on the three key pillars of the EU 2020 Strategy, CIAA believes that the following areas should be considered as a matter of priority:

1. Supporting competitiveness

The EU food and drink industry represents the biggest manufacturing sector and a main exporter of European products worldwide¹. Our companies have been leading the way in the areas of innovation, consumer information, R&D and job creation. The food and drink sector has also committed itself to be at the forefront of sustainable production and consumption, while ensuring food availability and affordability for consumers.

¹ Valued at more than 50 bn € per year (2008)

- **Re-emphasise the spirit of the Single Market:** EU food and drink manufacturers call for the harmonisation goals of the Single Market to be reinforced and strong EU Commission efforts to ensure compliance, particularly in the context of diverging approaches at national levels². Further collaboration among policy makers within different directorates of the European Commission, Committees in the European Parliament and the Council should be encouraged in order to achieve the strategic objectives of the EU 2020 vision successfully.
- **Better functioning of the food supply chain:** Better contractual relations between food chain operators are essential for an improved functioning of the supply chain. For food and drink companies, relations along the food chain have a huge impact on competitiveness. A European framework is needed to bring large and small business partners onto a more equal footing.
- **Smarter regulation:** A better regulatory environment in Europe is essential if EU food and drink industry manufacturers are to emerge stronger and more robust, to withstand global challenges in the aftermath of the crisis. This regulatory framework should bring policy coherence and any new legislation should be based on impact assessments. Key stakeholders should be involved in discussions at the very early stages of the decision-making process.
- **Industrial policy:** A new general industrial policy that takes note of current and future challenges is needed, particularly with regard to the risk of “carbon leakage” or delocalisation on the grounds of the regulatory burden and high cost placed on businesses in the EU (particularly SMEs).
- **Better access to finance:** Equally important is the need to maintain and improve both large and small companies’ access to finance. Throughout the economic crisis, the food industry has continued to grow and invest in innovation in spite of problems to gain access to finance, thereby achieving the long-term business objectives of the industry.
- **Improved skills:** Policies should focus on improving the level of skills and on making EU manufacturing industries more attractive for trained professionals. This would ensure higher labour productivity, competitiveness and knowledge-driven innovation. Appropriate levels of investment, resources and skills for the next generation of European food scientists and technologists are urgently needed in order to stimulate careers in the food, nutritional sciences and industrial research domain.
- **Balanced access to raw materials:** EU food and drink industries rely on access to adequate supplies of safe and sustainable agricultural raw materials that are competitively priced and which correspond to specific high quality criteria. The design of the future, market-oriented common agricultural policy (CAP) should safeguard and facilitate the production of adequate levels of European raw materials, whilst at the same time, be open to non-EU raw material, according to the specific needs of the food and drink industry.
- **Trade:** Together with access to non-EU raw materials, EU food and drink companies, as producers of high quality foodstuffs, should be able to take part in the global expansion of markets resulting from population growth and higher standards of living. The EU food and drink industry considers trade as a fundamental part of the global food security solution. International trade can help to balance global supply and mitigate the risk of shortages.

Meanwhile, whether the EU food sector can preserve its position as a global leader depends largely on the potential for improved access to export markets and an enhanced level playing field at the global level. The multilateral approach and a balanced WTO agreement, remain a priority to address distortions on global agricultural markets. The food and drink industry also looks forward to the conclusion and implementation of ambitious free trade agreements. Complementing multilateral rules, bilateral agreements should provide a better framework on food safety (SPS) and other food regulatory issues, reduce burdensome customs procedures, improve protection of intellectual property rights (including GIs) and promote international standards in partner countries.

² For example, environmental labelling schemes, retail codes, discriminatory taxes on different product categories.

- **Promotion:** While competition is increasing on expanding world markets, the assets of European food and drink products (including diversity, tradition, high quality and safety standards), should be actively promoted. An efficient European product promotion and support policy for SMEs (which represent over 99% of the EU food and drink industry) should help to develop and sustain exports.

2. Leading on Climate Change and reaching green growth

Environmental aspects of agricultural and industrial production in addition to consumption should be regarded as both a challenge and an opportunity.

- **Environmental sustainability:** The European food and drink industry considers climate change as one of the key sustainability challenges of the 21st century. The food and drink industry is particularly vulnerable to the possible adverse impacts of climate change, e.g. on agricultural productivity. Climate change has the potential to negatively affect the long-term economic sustainability of the food and drink sector.

At the same time, it is vital to take a holistic approach to environmental policy-making by taking account of other, equally pressing environmental challenges, most notably, water use, but also biodiversity and land use change, all of which are intrinsically linked. Focussing on GHG emissions alone would result in overlooking other key sustainability aspects along the life cycle. This principle is particularly important in the food sector, given the dependence of food products on the environmental complexities of agriculture.

- **Climate change:** It is vital that the challenge of climate change be addressed on a global basis, both to ensure effectiveness and to avoid compromising the competitiveness of EU industries, which would result in relocation outside Europe and increased levels of global GHG emissions. Industrial sectors exposed to international competition must have equivalent obligations. Moreover, we believe that there are other means to ensure a level playing field than by imposing trade restrictions such as border adjustment taxes.

The EU commitments made in view of 2020 and 2050 must reflect the binding commitments made by industrialised countries and emerging economies worldwide. Energy-intensive EU manufacturing sectors subject to international competition must receive free allowances under the EU ETS until their global competitors are made subject to equivalent emission reduction burdens.

- **Adaptation and mitigation:** In the event that a global agreement cannot be reached, it is essential that national governments and EU authorities provide comprehensive support to EU manufacturing industries with a view to ensuring continued cuts in EU GHG emissions while guaranteeing a global level playing field.

Apart from mitigation, the negative effects of climate change, in particular on agriculture, also require an effective adaptation strategy in Europe and at the global level.

- **Sustainable Consumption and Production:** Actors within the food supply chain are already grouped together today under the European Food Sustainable Consumption and Production (SCP) Round Table initiative in order to face current and future sustainability challenges. The Round Table is a multi-stakeholder forum comprised of 23 European food chain organisations, co-chaired by the European Commission, aiming to (i) establish common principles and methodologies for the environmental assessment of food and drink products, (ii) identify suitable communication tools to consumers and (iii) promote continuous environmental improvement initiatives along the whole food chain.

3. Boosting innovation-based growth

CIAA calls for the development of a coherent research strategy for the agri-food sector, based on a common vision. This strategy should take into account societal challenges, levels of economic impact and the need for major, sustained levels of investment in multi-disciplinary, inter-EU knowledge transfer.

- **Research and knowledge infrastructure:** The EU 2020 strategy should aim to develop a connected, research and knowledge infrastructure, facilitated by the EU Commission, fostering stronger links between businesses, universities and research institutions. Better links between businesses and research institutions can promote bringing new innovative processing technology and cutting-edge techniques to the market to improve efficiency and create new products. 3. .

- **An “Innovation Union”:** The EU must revitalise its innovation strategy. The size and scope of EU initiatives must be increased; the governance structure aimed at promoting enhanced coordination of national policies and links with public funding bodies must be reinforced. To enable the EU to become an “Innovation Union”, a strong link between the private sector, academia and research institutions is urgently needed. Successful examples of such a partnership are the European Technology Platforms and the ETP “Food for Life” programme⁴. Comprehensive research activities, which crosscut different disciplines, are also fundamental.

Moreover, SMEs must be supported in order to cultivate their innovation capacities and increase their involvement in research programmes.

Lastly, to tap into the wide range of new opportunities in the field of innovation, investment is urgently needed in skills and resources. Effective partnerships built on public and private funding are necessary in order to align the most important research needs and to pool resources.

- **Research Strategy:** In addition to an integrated approach to food quality and innovation, the importance of sustainable production and safety cannot be overlooked. A coherent research strategy is paramount.

The future success of the EU agri-food industry lies in its capacity to produce value-added, quality products. Consumer preferences for quality, convenience, diversity and health, and their justifiable expectations of safety, ethics and sustainable food production, highlight the numerous opportunities for innovation that exist.

Such a research strategy is needed to support a competitive pan-European agri-food industry, successful in global business activities, leading to job creation, improving national and European economies, promoting sustainable and ethical production systems and increasing consumer confidence.

³ Innovative European designs are often bought by foreign countries or fail to get past early states of development.

⁴ This platform brings together academia, researchers and industry representatives to explore research possibilities based on a clearly identified Strategic Research Agenda. More information on this initiative is available at: <http://etp.ciaa.be/asp/home/welcome.asp>.