

## **PROGRESS REPORT ON THE HIGH LEVEL GROUP ON THE COMPETITIVENESS OF THE AGRO-FOOD INDUSTRY**

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### **1. - INTRODUCTION**

This report is a temporary working document that aims to give an overview of the main issues discussed within the three Workstream sessions and twelve working groups organised between the 14<sup>th</sup> and 18<sup>th</sup> of July and on the 4<sup>th</sup> of September 2008 in the framework of the High Level Group. The participants expressed their concerns during the sessions, having as a starting point the annotated agendas available for each.

The report is structured according to each Workstream and refers to the main issues raised during the discussions. However, as many issues were raised in several working groups, efforts have been made to group the concerns according to their content.

At this point, it is important to notice that this document is a first draft prepared in view of the wrap-up sessions and for a first presentation of the concerns to the Sherpa Group. It is not to be considered as an official proposal of the European Commission but as an element to support further discussions and reflections under the framework of the High Level Group exercise. To this end, any comments or suggestions are greatly welcome.

**Composition:** The participation in the working groups was open to all stakeholders and included experts from various companies, professional associations, federations, consultancies and ministries of the Member States.

**Chairmanship:** DG Enterprise chaired all these working groups in order to facilitate the coordination of the work, but it was fully supported by colleagues from other DGs according to the topics in discussion.

## Workstream 1: Access to raw materials and Trade issues

### Trade Issues

- **Multilateral agreements:** The participants agreed that the multilateral approach should remain the key objective for improving international trade.  
**Proposal:** Reaching a balanced WTO agreement has to remain a priority.
  
- **Bilateral agreements:** These have to be pursued in key regions where the EU has particular interests (i.e. large importers of PDO-PGI) or where trade agreements with other trade partners risk putting EU at a disadvantage. At the same time, bilateral agreements can be used as a solution to particular problems that were not solved in the multilateral approach.  
**Proposals:** FTAs with South Korea, India and ASEAN countries should be promoted and trade relations with China, Mercosur, Russia and Ukraine are opportunities that need to be addressed. Finally, exploiting trade with Japan was one of the suggestions to be included in the future recommendations.
  
- **Export support:** Concerns were expressed on the way of phasing out the export refunds.  
**Proposal:** In this direction, it was mentioned that refunds for food products considered to have a high added value and strong image of the EU quality, need to be abolished as late as possible.
  
- **Export promotion:** Not only simplification of the existing export promotion procedures is greatly needed, but also additional support measures should be established for the Agro-Food industry that are also easily accessible for SMEs.  
**Proposals:** Various participants noted that the basic regulation requires review and that these programmes need to be extended to all processed and fish products.
  
- Some participants **suggested** that it would be of great support to launch a SWOT analysis study in order to define the position of the EU Agro-Food industry in the

global market with the aim to target EU strategies based on the specific opportunities.

- **Non-Tariff Barriers:** Non-tariff barriers, such as regulatory constraints, additional taxes, sanitary and phyto-sanitary provisions, intellectual property rights and GMOs were considered as issues to be addressed under the framework of the bilateral negotiations.
  
- **International Standards:**  
**Proposals:** To secure trade and to make the trade terms more harmonized for the trade partners, it is necessary to promote international standards (i.e. CODEX) in the context of bilateral agreements.
  
- **Counterfeiting:** Participants agreed that counterfeiting has become issue of great importance for companies, because among other food safety issues arise.  
**Proposals:** In this direction, there is a need for a better enforcement of the TRIPS agreement. In parallel a supervisory organization for each Member State or of national organizations can be established with the aim to monitor and investigate the situation. The funding for such proposal could be achieved in the framework of the Regulation 510/2006 (Council Regulation on the protection of geographical indications and designations of origin for agricultural products and foodstuffs).

### **CAP and Access to Raw material**

- **GMOs:** The EU Agro-Food Industry raised the difficulties it faces for the access to raw materials due to the GMOs policy (drawing a clear distinction between the issue of access to imported GM products –mainly for feed- and the potential contribution GM products could make to increase the productivity of the farm sector). Thus taking into consideration the increased use of GMO crops outside Europe, which have not yet obtained approval in the EU, it considers necessary to speed up the approval process within the EU both for food and feed in order to maintain the competitiveness of the industry.

**Proposals:** A large number of participants suggested establishing a tolerance threshold for non-EU authorized GMOs, both for food and feed purposes.

- **Biofuels:** Biofuels policy has led to some competition between the food and the energy sector for the existing raw materials, a fact that has resulted in additional costs for the Agro-Food Industry.

**Proposals:** Under the existing increase of food prices it was recommended to review the bioenergy objectives that the EU has set for 2010 and proposed for 2020 and make them price sensitive. In the same direction it was suggested that a full impact assessment could be commissioned to consider the availability of second generation biofuels. Moreover, sources such as biomass and animal waste could constitute a valid base for producing energy in the future.

- **CAP:** Beyond discussing issues related to the CAP Health Check that they broadly supported, many participants noted the need to increase both productivity and production through higher spending on research and expressed their concerns about the various effects of high price volatility. They also required better policy predictability and the maintenance of some market policy instruments

**Proposals:** Participants recommended medium/long term contract agreements between the producers and the food industry to be promoted in the framework of the CAP so as to ensure appropriate production, while other noted the necessity to examine specific market instruments, private storage or safety nets, to consider the supply availability.

- **Geographical indications (GI):** The conclusions of the discussion were that in the context of agro-piracy it is important to improve the protection of geographical indications. At the same time, there is an extreme recognition of geographical indications on the other hand.

**Proposals:** Some participants called for obtaining an extension of the additional protection under the TRIPS agreements to other products than wines and spirits. Furthermore they stressed the need to address the issues of GI in the bilateral negotiations. As far as the EU-process of approval for GI is concerned, it was suggested setting a minimum economic level of growth below which the product would be unlikely to meet the costs of the controls and exploit the EU registration

opportunities. In this way, the economic characteristics of each of the products will be taken into account, a fact that will lead to a less complex and costly protection system.

- **Pesticides Directive:** The revision of the Directive 91/414/EEC proposes “cut off” criteria that will lead to limiting the usage of pesticides within the EU. This may result not only in the reduction of the crop yields, but also, it might cause problems in the storage of grains. At the same this creates in addition risks for the importers as these pesticides continue to be used outside the EU.

**Proposals:** Before the revision is approved by the European Parliament, it was suggested to perform a full impact assessment on the envisaged revision on raw material supplies.

## **Price Issues**

- **Market Monitoring Mechanism:**

**Proposals:** Some participants noted the need to improve the monitoring of agricultural raw material costs. Many suggested that as food prices are increasing and also vary across the Member States, a price monitoring mechanism for the food supply chain would be useful to enhance the transparency and visibility of the EU agro-food sector and improve the evaluation of the economic situation. Such a mechanism would monitor prices, quantities as well as levels of import/exports for each stage of the food supply chain from the primary sector up to the distribution channels and the consumer. In this way it might be made possible to observe the level of efficiency in the internal market and the consequences of policy reforms (such as the CAP health check), as well as to understand the differences between the Member States in order to proceed with policy measures, if considered to be necessary. At this point it should be mentioned that other participants opposed strongly to this recommendation pointing out the need to evaluate its feasibility and that it is better to concentrate efforts on imposing the existing competition rules in the internal market as the market itself when functioning properly can balance the cases when extreme profits occur for some of the players.

- **Contracts with farmers:**

**Proposals:** One way of boosting competitiveness, ensuring a sufficient level of production, reducing uncertainty and improving the distribution of the value added along the food supply chain is the establishment of contracts between farmers and the processing industry or the retailers. This instrument is currently a useful tool in sectors like the fruits and vegetable market. At the same time, although not suitable for general applications, cooperation between the various farmers could be promoted to create a more stable environment.

- **Instruments to cope with the increase of food prices:**

**Proposals:** A large number of participants agreed that the removal of production limitations, the suspension of import duties as well as the diminishing of non-tariff barriers (GMOs legislation) will contribute to mitigate the global increase of food prices.

- **Factors driving the rise in food prices:** Some participants pointed out that the quantitative impact of the various factors behind the recent rise in commodity prices (such as speculation, world food demand growth, slow down in productivity growth and biofuels) as presented in European Commission's recent communication<sup>1</sup> needs further analysis.

**Proposals:** There is a need for more comprehensive investigation of the impact of each factor on the increase of food prices.

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<sup>1</sup> European Commission Communication setting out potential policy responses to mitigate the effects of rising food prices of 20 May 2008.

## **2. - NEXT STEPS**

On 15<sup>th</sup> September 2008 a wrap-up session of the aforementioned Workstream will take place. The participation will be open to all the interested stakeholders, whether they already participated or not in the discussions during the working groups.

The aim of this wrap-up session is to finalise the list of issues being the main concerns for the High Level Group in order to be presented in the Sherpa meeting. Moreover, the session will also serve as an opportunity to take on board other issues that were not considered so far and prioritize them for future actions.

## Workstream 2: Food chain structure

### Price setting along the chain and commercial practices

- **Relationship between producers/industry and distribution channels:** A number of participants pointed out that there are imbalances in terms of power in the relationship between industries and the distributors, a fact that may lead to pressure on the prices particularly for SMEs. To this direction, some national authorities in the member states have started investigations on this matter.

**Proposal:** The associations should promote the relevant claims of their members anonymously so as companies can easier report the usage of unfair practices if these occur.

- **Late Payments Directive:** Participants agreed that the revision of the directive improved the situation of late payments but it did not lead to a solution.

**Proposals:** They suggested changing the directive into a regulation and to enhance legislative provisions on possible unfair practices. Furthermore, other participants recommended setting a harmonized payment period if no solution to this problem can be found through contractualization of the relationships along the chain.

- **Discounts and Premiums:** Some participants pointed out, that enterprises are charged with some of the premiums, discounts and promotional services which retailers offer to the customers as well as they have to contribute to the opening of new distribution stores

- **Auditing Systems of the distribution channels:** It was noticed that suppliers are forced to comply with the auditing systems of the various retailers which are not at all cases the same, a fact that results in additional costs for the companies.

**Proposals:** It was suggested to establish a common auditing system such as the ISO 2000 to reduce the cost burden.

- **Primary sector:**

**Proposals:** In order to secure both for processing industries and retailers the time supply and quality of products, support to the primary sector was recommended as in this way the whole supply chain could become more competitive.

○ **Specific EU regulation framework for retailers:**

**Proposals:** As large retailers usually operate in various different countries and are part of the internal market, an EU scheme for contractual relations was proposed to be established in order to solve the problems along the supply chain.

## SMEs

- **Administrative Burdens:** The costs of compliance with the EU legislation for SMEs are relatively higher than for larger companies. Several participants mentioned that issues such as frequent changes and lack of harmonization in the regulations, as well as labelling requirements create burden to SMEs and are obstacles to their development. It was emphasized that such a reality is important to be taken into consideration when designing EU regulations.

**Proposals:** Policy simplification and coordination was suggested in this direction. The legal framework has to become more flexible in order to be more SME friendly and to this end, impact assessments for the possible transformations of measures have to be carried out in advance and at the same time longer transition periods have to be established. Moreover in some cases mandatory requirements can become voluntary measures to contribute further to the development of SMEs. However, most of the participants pointed out that the hygiene legislation (HACCP) is necessary to secure the trust of the consumers in the quality of the products.

- **Access to Finance and Innovation:** SMEs have difficulties in accessing the various financial instruments and capital for their development. Furthermore, they need to make quick decisions facing the risks of possible price volatilities. Therefore, it was noted that there is a considerable need for further financial support to maintain their competitiveness and to this end fiscal policy and taxation

modifications were proposed. In parallel, SMEs face various barriers in their efforts to innovate as they have limited resources for R&D.

**Proposals:** Access to knowledge, information and technology are among the key factors that need to be considered. On the whole, it was unanimously agreed that systematically designed financial support at all stages of the development of SMEs is necessary.

- **Private Labels:** SMEs face the problem of the private retail labels. That is, retailers promote products under their own labels without indicating the actual producer of the good. This fact is of great concern as, on the one hand there is a drop in the value of the suppliers who may become easily replaceable and, on the other consumers cannot choose among the various producers due to the lack of information. Therefore there is great risk for SMEs and some participants pointed out that measures have to be established for their protection.

**Proposals:** An obligation imposed by the EC to indicate the producer in a way visible to the consumer can curb this risk.

- **Export Promotion:** Developing exports is costly and requires investments. For this reason, SMEs face barriers in their efforts to promote their products outside the local borders.

**Proposals:** Need for review of the existing EU export promotion instruments as well as establishment of export networks to facilitate easier access to the global markets for SMEs.

## **Human Capital and Employment**

- **Attractiveness of EU Agro-Food Industry:** For the further development of the EU Agro-Food industry, a positive image of the sector has to be promoted especially to the young people, with the aim to reinforce the workforce of the industry. As most participants agreed, there is a lack of food engineers and researchers and for this reason, the interest for food-specific scientific qualifications needs to be triggered at the early stages of education so as to ensure that more students go for food and drink related degrees.

**Proposals:** Setting up relevant competitions and dedicating prizes for innovative ideas can be an incentive to this end.

- **Education:** The workforce of the Agro-Food sector needs to develop the industry specific skills in order to be able to follow the market evolutions and contribute to the competitiveness of the companies.

**Proposals:** It was suggested that the national authorities should cooperate with the several industries that do better in this respect in order to identify the specific qualifications needed and at the same time to establish a combinations of both theoretical studies and practical experience during the university studies. Moreover, lifelong learning schemes need also to be promoted further in the EU Member States.

- **Entrepreneurship:**

**Proposals:** As entrepreneurship is a necessary skill for the leadership of the Agro-Food industry, it was suggested that the national authorities should strengthen their programs for its support and further development.

- **Mobility of the workforce:** Most participants noticed that there are difficulties in the mobility of the workers between the Member States. This problem exists not only because of lack of information but also because of the cultural differences.

**Proposals:** It was proposed to tackle the incentives and promote further the mobility of the workforce.

## **Consumers Values and Perceptions**

- **Food safety/ new challenges:** GMOs, animal cloning, nanotechnology.

**Proposals:** Participants agreed that it will be necessary to focus on educating consumers to understand these new issues, maintaining consumers' confidence in technology. Innovation is important and should be presented in a positive way to consumers. Otherwise, there is a high risk of opposition.

- **Clarity, coherency and comprehensibility information for consumers:** An informed consumer can make better choices to maximize his/her utility. To this respect, a number of participants pointed out the need for better education for consumers, coming both from parents and schools to provide them with the tools to make informed choices. At the same time, the convenience of the traffic light system was discussed but it was considered simplistic by most of the participants.
- **Obesity and well being:** For the majority of the participants, education is a key factor to fight obesity and secure well being.  
**Proposals:** One way of fighting the obesity phenomena is via labelling but as suggested there are also other ways that should be exploited, such as supporting the role of physical activity. These “other ways” can be found through researching new methods. In this context it is important to tackle the diversity of perceptions on behalf of consumers from different countries.

## **Research&Innovation**

- **Transfer of knowledge and technology-Communication:** The majority of the participants expressed their concern about the transfer of research results and innovative technologies to the various companies operating in the food sector. They stressed that companies, SMEs mainly, do not always possess the financial and human resources to create direct collaboration with universities and other research centres.  
**Proposals:** To overcome this situation, the establishment of *techno-scientific mediators* was proposed as a way to create better and stronger linkages between industry and researchers and to implement more effectively the innovative technologies. These mediators can also operate as translators of the more and more sophisticated environment in which companies work. At the same time clusters can be established and guidelines for technology transfer can be promoted. In addition the creation of both a *Knowledge Innovation Community for the food sector* within the European Institute of Technology and of a *Joint Technology Initiative* (JTI) for the food sector was proposed as a way to improve public-private partnership and to promote high level education in the food field.

○ **Lead Market Initiative:**

**Proposal:** As the EU Agro-Food industry was not included in the lead market initiative for 2008, various participants expressed the need to be a candidate for those in 2009 in order to be able to identify and exploit future opportunities of the market.

○ **Research and innovation funding to respond to the challenges faced by the food sector:**

The food sector is facing key challenges identified by several participants and needs increased research and innovation funding:

- **Public health and especially obesity:** As obesity is a key issue of today's reality, it was proposed to launch a study to understand its determinants and if these are connected mainly to food and nutrition, to establish measures to overcome the situation.
- **Sustainability of the food production:** In the context of global warming, a priority is to increase the production efficiency so that more output is produced with less input at affordable prices for the consumer.
- **Communication and consumer trust in the food chain:** Science results need to be properly explained to the consumer to avoid fear and rejection of new technologies.

**Proposal:** The participants stressed the need to increase the funding for food-related programs (research, innovation and others) in order to be able to reflect and contribute to the changing needs of the Agro-food industry.

○ **Specific needs for SMEs innovation**

A large number of participants noticed that SMEs have a limited capability to deal with the uncertainty and the risks related to innovation as well as research and development (risk aversion). On the other side, in some cases also consumers need time to familiarize themselves with the innovative products. For this reason, SMEs tend to avoid being involved in innovative procedures, fact that creates obstacles to investments on the new technologies.

**Proposals:** Several participants pointed out the need 1) to increase financial support for SMEs to fund research and innovation, 2) to promote the reduction in tax for research investments as a fiscal incentive for SMEs, and 3) to develop techno/science parks that help spin-off creation.

- **Authorization Procedures for innovative products:** A number of participants pointed out that there are problems of delays in the regulatory procedures for the authorization of innovative products or ingredients. For this reason, it takes a long period of time for them to enter the markets. Moreover, these procedures are not predictable, too complex, especially for the SMEs to implement, fact that hinders investments.

**Proposal:** In this direction the participants proposed to simplify and make more predictable the authorization procedures in order to reduce the cost for the companies.

- **IPR:** In this respect, participants pointed out the need for further data protection through IPR and patents.

### **Business services to the food chain**

- **Transport:** Some participants stated that it is important to improve the transportation methods that companies use for their products with the aim to reduce the cost for the environment. At this point it is important to mention that various participants stated that recycling of products leads to increase of transportation. Especially retailers face important losses due to these costs of recycling.

## **2. - NEXT STEPS**

On 16<sup>th</sup> September 2008 a wrap-up session of the aforementioned Workstream will take place. The participation will be open to all the interested stakeholders, whether they already participated or not in the discussions during the working groups.

The aim of this wrap-up session is to finalise the list of issues being the main concerns for the High Level Group in order to be presented in the Sherpa meeting. Moreover, the session will also serve as an opportunity to take on board other issues that were not considered so far and prioritize them for future actions.

## Workstream 3: Regulatory environment

### Food law

- **Complexity of EU Food law:** Necessity of simplification and coordination.

All participants agreed that EU legislation has become too complicated to reach its target audience. The Food and Drink industries are at the same time effected by regulations arising in different policy areas, such as food safety, agriculture, trade, environment, research, etc, that are not always coordinated. This complexity provokes even greater and substantial costs as well as bureaucratic obligations. SMEs are particularly affected by this situation.

**Proposals:** It would be necessary to choose the right instruments and avoid overregulation as well as to develop easily manageable databases for the relevant regulations. Moreover, a holistic and integrated approach of all policies and regulations should remain the key objective.

- **Inappropriate legislation with respect to innovation:** Nutrition and Health claims, pre-market requirements for GMOs, novel food.

**Proposals:** Participants pointed out the necessity of combining competitiveness, protection of innovation and food safety.

- **Necessity of self regulation:** Some participants agreed that regulation and self regulation are both of great importance. Self regulatory commitments have the benefit of reducing the administrative burdens as well as serve as an opportunity to promote commitment in the sector.

- **Advisability of taking decisions based on science and on proper impact assessments, avoiding political influence**

- **Enforcement of existing legislation:** Several participants noticed that the enforcement of existing rules should be promoted instead of creating new legislation.

**Proposals:** Implementation and interpretation of EC law in Member States should be harmonized. European Commission should look up the possible distortions caused by national implementations. Some of the participants even described national schemes as a big danger to the internal market. Therefore, it was stressed that the EU Institutions must play a compulsory role and in this framework it would be useful the introduction of harmonized guidelines for implementation of the food regulations by the Member States.

- **Introduction of clear implementation rules for the Rapid Alert Systems for Food and Feed (RASFF):**

**Proposals:** Industry should be a partner in the debate and evaluation of the impact and share observations with governmental experts in order to improve the functioning of the system and to prevent diverging interpretation.

- **Information to consumers and Nutrition labelling:** The new draft regulation demands too many contents on a labelling. Concerning the 3 mm obligation, participants expressed the opinion that a label should be readable, but it would be also necessary that the principle of proportionality is respected. Participants agreed that it would be impossible to put all the applicable rules in a single regulation but at least to procure the accessibility of information. One of the members suggested to create a database. Moreover, it was mentioned that nutrition labelling and environment labelling should be compatible

**Proposals:** Some participants proposed the adoption of self regulatory initiatives, such as the adoption of the CIAA voluntary nutrition labelling scheme.

- **Strict compliance with deadlines in the framework of decision making process for authorizations:** The authorization procedures should be less lengthy in order to secure return in investments and to ensure access to raw materials.

**Proposals:** Some participants proposed the introduction of fast track procedures.

- **Time to focus on competitiveness and not only on food safety:** The existing and all new food legislation should be evaluated and where necessary revised with legislation that supports the global competitiveness in the food sectors while taking into account food safety.

**Proposal:** To this end, as the EU food industry is deeply concerned on the cost burden that the REACH might add to the food industry, it was proposed to update the relevant annexes with aim the exempt from registration safe food and feed substances the have also non food applications.

- **Impracticability of some regulations:** For instance GMOs legislation. Participants believe that it is becoming impossible to reconcile EU's GMOs tolerance policy with increased approval commercialization of GM products on world markets. EU-unapproved GMOs could have considerable consequences on the food sector in Europe.

**Proposals:** European legislation should live up to international standards and mutual recognition of safety assessment.

- **Private labels/Origin labelling:** Some participants focused on one hand on the risks of private labels for consumers (i.e. lack of transparency, influence over purchase decisions and reduced scope of choice for the consumer) and, on the other hand on the risks for Europe's production system (i.e. drop in the value and marginalisation for the brands of the producing companies, transformation of the producing companies into simple producers to order, or sub suppliers).

**Proposals:** A proposed recommendation was that the European Commission imposes the obligation for all private label products to always indicate the producer/packer of the food, in its review and amendment of directive 2000/13/EC. This indication should be present with a character size, colour, etc that makes it suitably visible to the consumer.

## **Environment policy**

- **The objectives of the environmental policy:** Participants noted that the administrative and cost burden varies from sub-sector to sub-sector. To this respect, it would be very useful to launch a study in order to obtain more information on this issue related to environmental policy.

- **IPPC:** Various participants agreed that the current IPPC Directive provides the necessary framework for the authorisation of the industrial and agricultural installations and is supported by the industry.  
**Proposal:** The general recommendation was that the IPPC requirements (including the BREF application by national authorities) should maintain their flexibility to take account of the local environmental and infra-structure conditions, a fact that will contribute to the reduction of red tape so that the industry can operate and develop efficiently. In this context the Best available Practises should not become mandatory.
  
- **EU Emissions Trading Scheme:** Although emissions trading was generally supported for large installations, the participants expressed their concern that for small installations the ETS compliance causes disproportionate administrative burden vis-à-vis the large industrial installations. Moreover, the impact of auctioning on competitiveness of more energy dependent sub-sectors (i.e. sugar, oils, etc) was discussed.  
**Proposal:** Several stakeholders suggested that a *de minimis* rule of about 25kt CO<sub>2</sub>/year could be introduced, so that the competitiveness of the small installations is ensured. In parallel, an impact assessment on the internationally operating sub-sectors in the allocation process could be carried out.
  
- **Eco-innovation:** The main idea of the discussions was that there is a big potential in Eco-Research and Development, especially today that we face the challenges of the climate change, scarcity of water and bio-diversity. However, there is not enough motivation to have eco-innovation between the stakeholders, especially for SMEs that have considerably less resources to invest in R&D.  
**Proposal:** The recommendation of some participants was that the key areas in Eco R&D have to be prioritized and further, the transfer of knowledge and technology from large research centres and large corporate leaders to agro-food SMEs should be better facilitated.
  
- **Eco-label:** Some participants agreed that such an issue should be approached by the *whole food chain* in order to trigger the good feeling of the consumers towards the eco-products. Labels are not the only mean to provide environmental

information, but as a broader notion, education should be promoted. In parallel, several consumers noted that the accelerating proliferation of competing schemes developed by various actors may confuse consumers and create complexities to the operators along the supply chain.

**Proposal:** A more harmonized and scientifically reliable approach needs to be developed with the collaboration of the whole supply chain, the policy makers and the scientists.

## **Customs**

- **Customs procedures:** The majority of the participants admitted that the customs procedures, in general, are complex and often burdensome. Despite efforts to simplify and streamline them, customs procedures are still giving rise to difficulties for both exporters and importers. Companies spend a lot of time coping with administrative requirements, managing paperwork and procedures.

**Proposal:** Participants stressed the need to create a single window for the simplification of the procedures.

- **New Community Customs Code-IPR:** The Modernised Customs code has recently been published (R 450/2008 in L145 of 4 June 2008). The implementing rules are currently being drafted and it will enter into force with the introduction of the electronic documents in the sector. At the same time, the participants noticed that the IPR has generally a great potential, which unfortunately is not being realised due to the different ways of application in the Member States.,

**Proposal:** To this end, some participants stressed the need to make the IPR rules more operational, a common interpretation of IPR – instead of 27, according to each Member State – would be preferable. What is more, some suggested that merging IPR and the process under Custom Control is inappropriate, due to the fact that the first is export oriented, whereas the second import oriented.

- **Administrative burden:** The majority of the participants expressed the concern that the European measures have as a consequence the increase of prices due to the administrative burdens.

**Proposal:** For the beef sector which is confronted with an increase in costs, the conclusion was that a “one-stop-shop” would be necessary for all types of communication, including veterinary. It was mentioned that for the future, the electronic custom form will also include the veterinary aspects.

- **Refunds:** Several participants expressed the opinion that such an instrument should be maintained until 2013 and used when necessary. Since price differences still exist, this instrument was considered to be necessary as a condition to ensure competitiveness on the world markets. Other participants suggested that the refunds should be kept in place as long as the price gaps are also maintained.
- **Facilitated inward processing:** The majority of the participants expressed the view that the sector should encourage the use of Regulation 1488/2001 as a bridge between the phasing out of refunds (after expiration of the 10 months certificates) and the entering into force of the modernised Custom Code.

### **3. - NEXT STEPS**

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The aim of this wrap-up session is to finalise the list of issues being the main concerns for the High Level Group in order to be presented in the Sherpa meeting. Moreover, the session will also serve as an opportunity to take on board other issues that were not considered so far and prioritize them for future actions.