Country of origin labelling

*Perspectives and experiences from the European food and drink manufacturing sector*

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Director Consumer Information, Diet and Health

AGRI-ENVI Public Hearing on the “Labelling of Origin for Agricultural and Food Products”, 4 June 2018, European Parliament
FoodDrinkEurope

27 EU Sector Associations

25 National Federations

21 Liaison Companies
The EU food and drink manufacturing sector in a snapshot

**EU FOOD AND DRINK INDUSTRY FIGURES**

- **TURNOVER**
  - €1,098 billion
    - Largest manufacturing sector in the EU

- **EMPLOYMENT**
  - 4.24 million people
    - Leading employer in the EU

- **SALES WITHIN THE SINGLE MARKET**
  - 90% of food and drink turnover

- **EXTERNAL TRADE**
  - €102 billion
    - Exports
  - €71.9 billion
    - Imports

- **VALUE ADDED**
  - 1.7% of EU gross value added

- **NUMBER OF COMPANIES**
  - 289,000

- **CONSUMPTION**
  - 14% of household expenditure on food and drink products

- **R&D EXPENDITURE**
  - €2.8 billion

- **SMEs**
  - 48.3% of food and drink turnover

- **EU SHARE OF GLOBAL EXPORTS**
  - 17.3%

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1 For definition, see page 24

Source: Eurostat, INEC, UN COMTRADE
Intra-EU trade: Single Market is crucial

- Sales in the Single Market: 90% of food and drink turnover
- Intra-EU trade: +250 billion euros annually
  - Substantial trade in raw materials
  - Integrated supply chains
- 70% of EU agricultural produce used in food processing
### EU legal framework

<table>
<thead>
<tr>
<th>Mandatory</th>
<th>‘Impact assessment’</th>
<th>Voluntary/de facto mandatory</th>
</tr>
</thead>
<tbody>
<tr>
<td>“When the absence of [origin information] may mislead the consumer as to the true origin of the product, in particular if the information accompanying the food or the label as a whole would otherwise imply that the food has a different country of origin or place of provenance.”</td>
<td>Meat other than beef, pig, poultry, sheep and goat</td>
<td>PDO, PGI, TSG</td>
</tr>
<tr>
<td>Honey</td>
<td>Meat used as ingredient</td>
<td>Voluntary national/regional “quality” certification schemes (e.g. “Made in Italy”)</td>
</tr>
<tr>
<td>Eggs</td>
<td>Milk</td>
<td>Where the origin of a food is given and where it is not the same as that of its primary ingredient</td>
</tr>
<tr>
<td>Fruits &amp; Vegetables</td>
<td>Milk used as ingredient in dairy products</td>
<td></td>
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<tr>
<td>Olive Oil</td>
<td>Unprocessed food</td>
<td></td>
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<tr>
<td>Fish (catch area)</td>
<td>Single ingredient products</td>
<td></td>
</tr>
<tr>
<td>Poultry of non-EU origin</td>
<td>Ingredients more than 50% of a food</td>
<td></td>
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<tr>
<td>Wine</td>
<td></td>
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<tr>
<td>Beef</td>
<td></td>
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<tr>
<td>Pig, poultry, sheep and goat meat (unprocessed)</td>
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</tbody>
</table>
The business case for origin labelling

Business opportunities to provide origin information when:

a) There is **consumer interest**
b) There is **willingness to pay**
c) It is **operationally feasible**
Voluntary schemes (PDO, PGI, TSG, quality certification, etc.) allow producers to:

- provide value to regional and traditional production
- value the processing methods
- promote high quality of EU food & drink products worldwide
## National measures on mandatory origin labelling

<table>
<thead>
<tr>
<th>Country</th>
<th>Scope</th>
<th>Timing</th>
<th>Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>Milk, milk as ingredient, meat as ingredient</td>
<td>1 January 2017 - 31 December 2018</td>
<td>Expected by 31 December 2018</td>
</tr>
<tr>
<td>Italy</td>
<td>- Milk and milk as ingredient</td>
<td>18 April 2017 - 31 March 2019</td>
<td>By 31 December 2018</td>
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<td></td>
<td>- Durum wheat in pasta</td>
<td>14 February 2018 – 31 December 2020</td>
<td>No Report foreseen, but supposed to be withdrawn when IR on 26(3) comes into force; now extended until 31 March 2020</td>
</tr>
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<td></td>
<td>- Rice</td>
<td>13 February 2018 – 31 December 2020</td>
<td>Idem</td>
</tr>
<tr>
<td></td>
<td>- Tomato products</td>
<td>26 February 2018 – 31 December 2020</td>
<td>Report to be submitted by 30 September 2020. Supposed to be withdrawn when IR on 26(3) comes into force; now extended until 31 March 2020</td>
</tr>
<tr>
<td>Lithuania</td>
<td>Milk and milk as ingredient</td>
<td>Unclear</td>
<td></td>
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<tr>
<td>Greece</td>
<td>Milk, milk as ingredient</td>
<td>Unclear</td>
<td></td>
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<tr>
<td></td>
<td>Rabbit meat</td>
<td></td>
<td></td>
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<td></td>
<td>Royal jelly</td>
<td></td>
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<tr>
<td>Romania</td>
<td>Milk and dairy products</td>
<td></td>
<td></td>
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<tr>
<td>Portugal</td>
<td>Milk and milk as ingredient</td>
<td></td>
<td></td>
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<tr>
<td>Finland</td>
<td>Milk, milk as ingredient, meat as ingredient</td>
<td></td>
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<tr>
<td></td>
<td>Meat and fish as ingredients in unprocessed foods.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>Milk and milk as ingredient</td>
<td>Not adopted yet</td>
<td>To be withdrawn when IR on Art. 26(3) comes into force.</td>
</tr>
</tbody>
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Experiments limited in time (2 years) – first national reports to be submitted by end of this year
Impact of national measures on business and trade

• Presented as “pilots/experiments”, but **business impact immediate**

• Mutual recognition clauses insufficient to prevent **re-nationalisation of supply**

• Changes in supplying practices – transport, production, labelling and storage – leading to **lost contracts/revenues and less efficiency (incl. waste)**

• Impact on intra-EU trade, leading to a **less efficient and less competitive industry**

• Higher raw material prices may also translate into **higher consumer prices**
Impact of national measures on business and trade

• Impact likely biggest for:
  • SMEs
  • Companies located in border regions
  • Companies in smaller countries with an open economy
  • Companies in areas which are not self-sufficient with regard to relevant foods/ingredients

• EC ‘Impact Assessment’ reports:
  • Meat as an ingredient: from 15-20% up to 50% higher operational costs
  • Milk in dairy: up to 45% in particularly disadvantageous circumstances
Impact of national measures on business and trade

A significant decrease in Belgian exports of milk to France following the French decree...

Source figures: Eurostat

-17.7% in first 12 months
Impact of national measures on business and trade

...and an even bigger decrease of Belgian exports of milk powder and other milk!

Source figures: Eurostat
Impact of national measures on business and trade

Exports of dairy also down from Germany to France since spring 2016

Source figures: ZMB, Eurostat
Legal, procedural and other concerns

1. Evidence
   - Conditions set out in Article 39(2) of FIC met?
   - Objectives: genuine consumer interest or national protectionism?

2. Respect for the rule of law

3. Notification of national decrees to WTO

4. Transparency
EC “Impact Assessment” Reports/Studies

“The overall strong consumer interest in origin labelling, (a) ranks behind price and quality/sensory aspects in terms of the most important factors affecting consumer choice and (b) it is not reflected in the relevant consumer "willingness to pay"; at price increases of less than 10%, the "willingness to pay" falls by 60-80%.”

Source: EC report on meat as ingredient (Dec 2013)

“Mandatory origin labelling at the EU level and even more at the level of the country is highly complex to implement in many areas of food, leading to substantial increases of costs of production, which ultimately would be passed on to consumers.”

Source: EC report on unprocessed foods, single ingredient products, ingredients that represent more than 50% of a food (May 2015)

Voluntary origin labelling “maintains selling prices at current levels and still allows consumers to choose products with specific origins if they want to, while it does not affect the competitiveness of food business operators and does not impact internal market and international trade”

Source: EC report on other types of meat, milk and milk as ingredient in dairy (May 2015)
Primary ingredient origin labelling

- EU harmonised approach on Article 26(3) welcomed

- End of national measures?
  - Explicit reference to withdrawal of some national decrees upon entry into force of Commission Implementing Regulation
  - Cross-over of national and EU rules not feasible & undesirable

- Need for more clarity/guidance on interpretation and implementation well in advance of the date of application (1 April 2020)
Conclusions

• Food supply chains don’t end at a country’s border

• Fragmentation & re-nationalisation of the Single Market is a zero-sum game

• Protectionism ≠ the answer: political leadership needed to transcend “gastro-nationalism”

• Current EU legal framework on origin labelling adequately ensures consumers are protected from being misled

• Voluntary origin labelling/schemes: let’s promote EU high quality agri-food produce & products worldwide!
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