

Country of origin labelling

Perspectives and experiences from the European food and drink manufacturing sector

Dirk Jacobs

Deputy Director General

Director Consumer Information, Diet and Health

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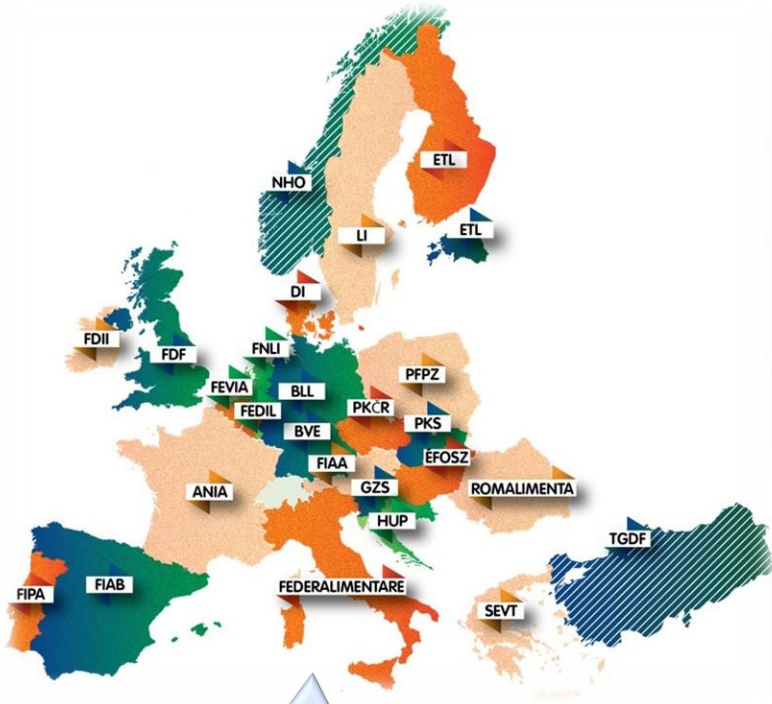


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27 EU Sector Associations

25 National Federations

21 Liaison Companies

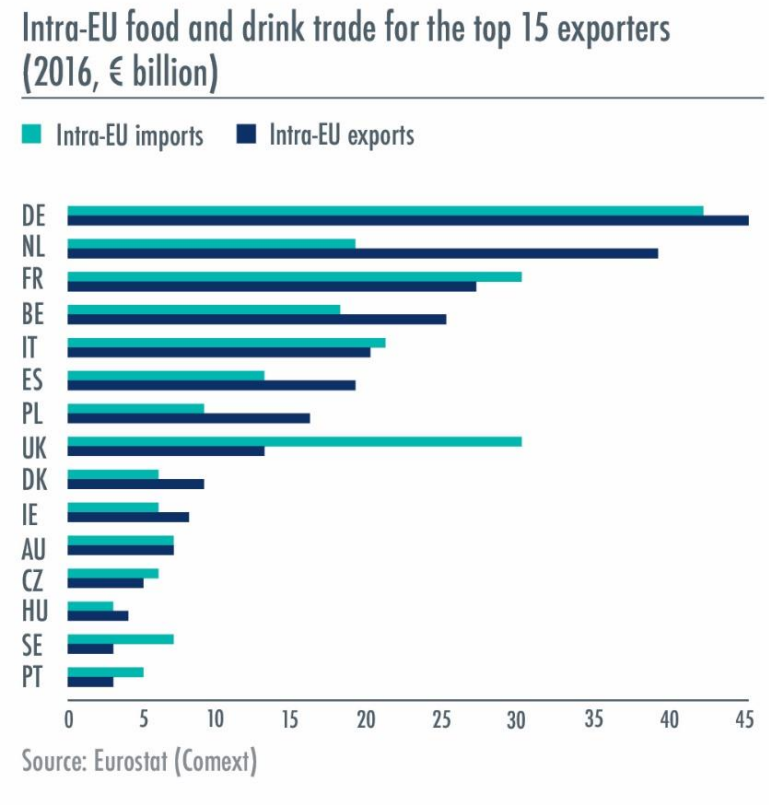


The EU food and drink manufacturing sector in a snapshot




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

Mandatory	'Impact assessment'	Voluntary/ <i>de facto</i> mandatory
<i>"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."</i>	Meat other than beef, pig, poultry, sheep and goat	PDO, PGI, TSG 
Honey	Meat used as ingredient	Voluntary national/regional "quality" certification schemes (e.g. "Made in Italy")
Eggs	Milk	Where the origin of a food is given and where it is not the same as that of its primary ingredient
Fruits & Vegetables	Milk used as ingredient in dairy products	
Olive Oil	Unprocessed food	
Fish (catch area)	Single ingredient products	
Poultry of non-EU origin	Ingredients more than 50% of a food	
Wine		
Beef		
Pig, poultry, sheep and goat meat (unprocessed)		

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



The business case for origin labelling

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

Country	Scope	Timing	Report
France	Milk, milk as ingredient, meat as ingredient	1 January 2017 - 31 December 2018	Expected by 31 December 2018
Italy	<ul style="list-style-type: none"> Milk and milk as ingredient Durum wheat in pasta Rice Tomato products 	18 April 2017 - 31 March 2019	By 31 December 2018
		14 February 2018 – 31 December 2020	No Report foreseen, but supposed to be withdrawn when IR on 26(3) comes into force; now extended until 31 March 2020)
		13 February 2018 – 31 December 2020	Idem
		26 February 2018 – 31 December 2020	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
Lithuania	Milk and milk as ingredient	Unclear	
Greece	Milk, milk as ingredient Rabbit meat Royal jelly	Unclear	
Romania	Milk and dairy products		
Portugal	Milk and milk as ingredient		
Finland	Milk, milk as ingredient, meat as ingredient.		IR on Art.
	Meat and fish as ingredients in unprocessed foods.	Not adopted yet	
Spain	Milk and milk as ingredient	Not adopted yet	To be withdrawn when IR on Art. 26(3) comes into force.

**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

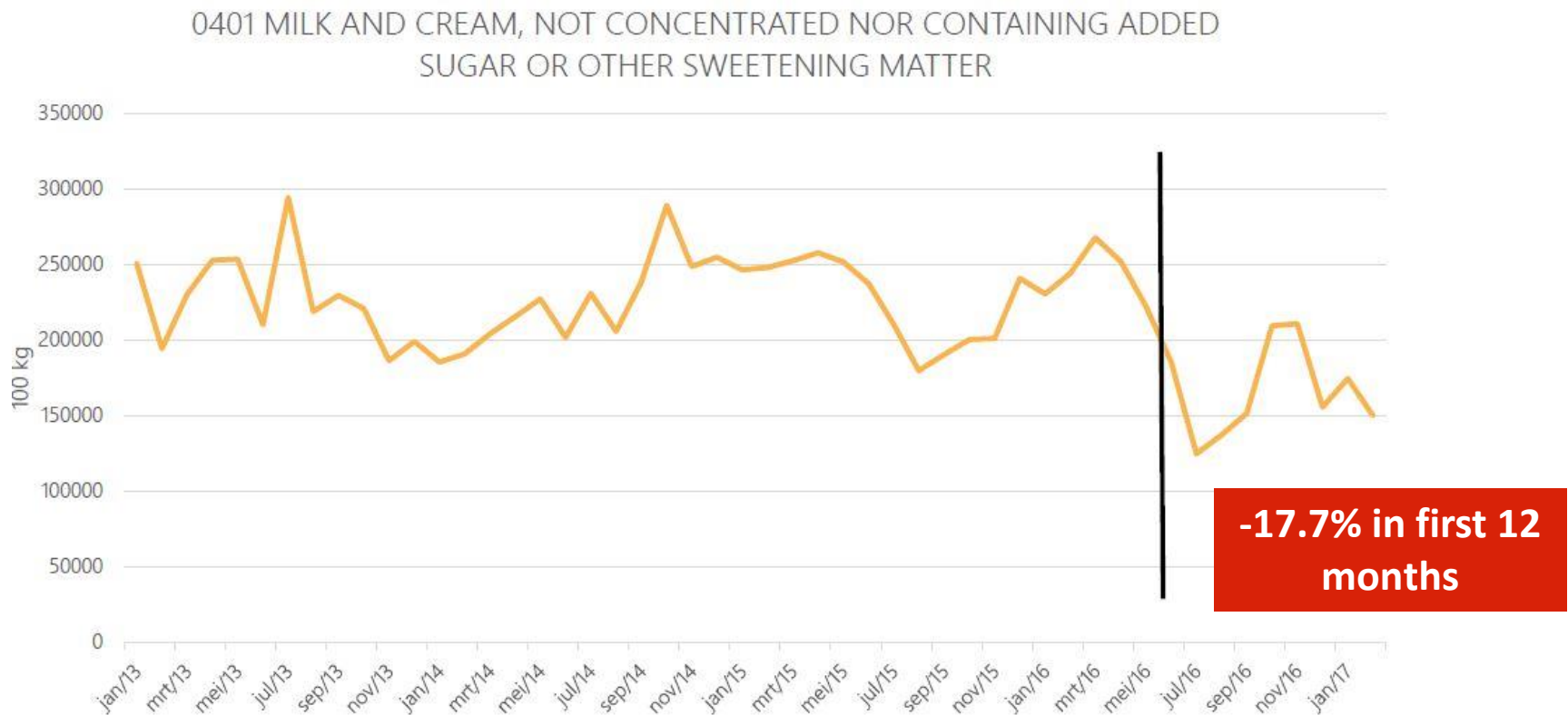
- Presented as “pilots/experiments”, but **business impact immediate**
 - Mutual recognition clauses insufficient to prevent **re-nationalisation of supply**
 - Changes in supplying practices – transport, production, labelling and storage – leading to **lost contracts/revenues and less efficiency (incl. 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**
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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
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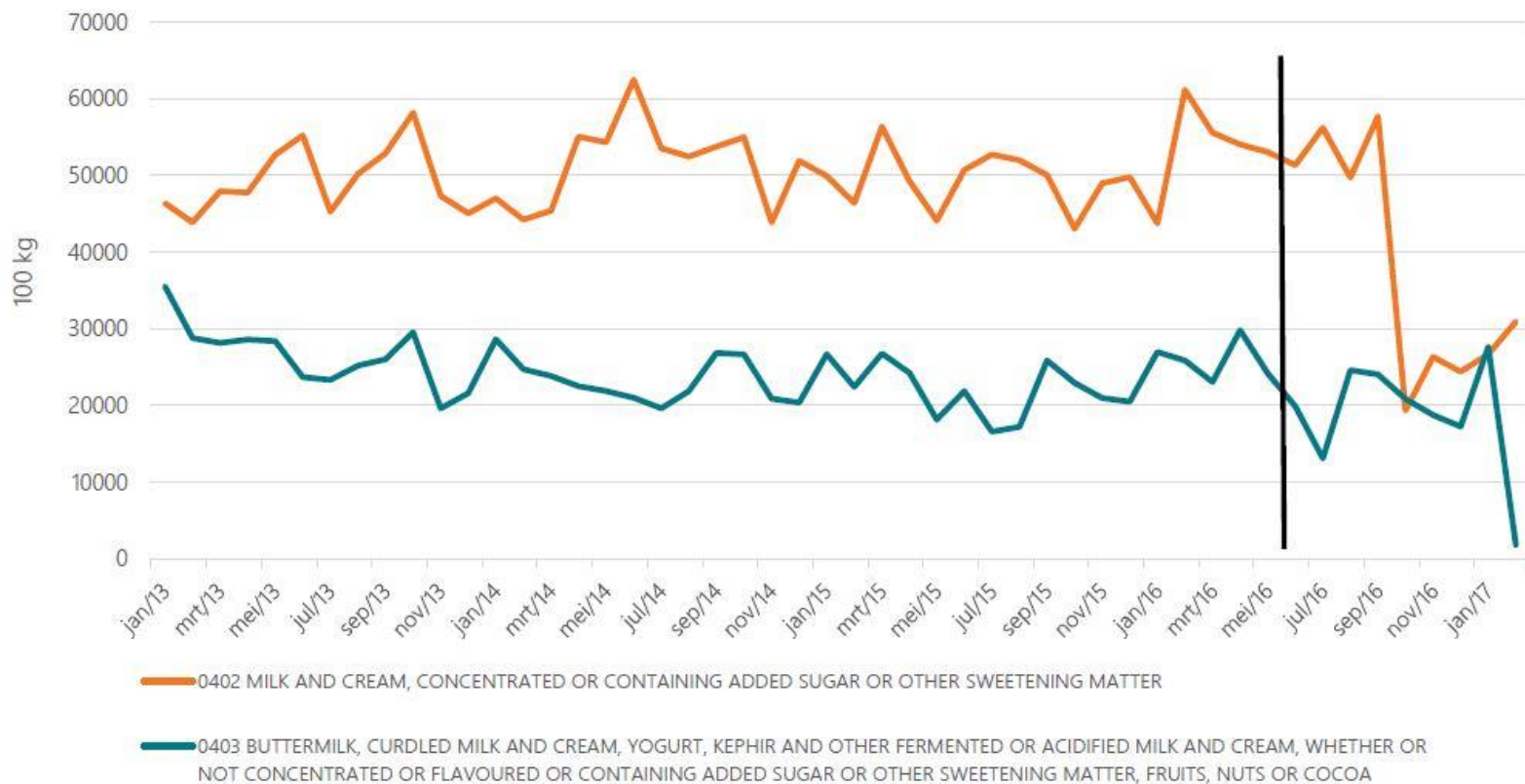
Impact of national measures on business and trade

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



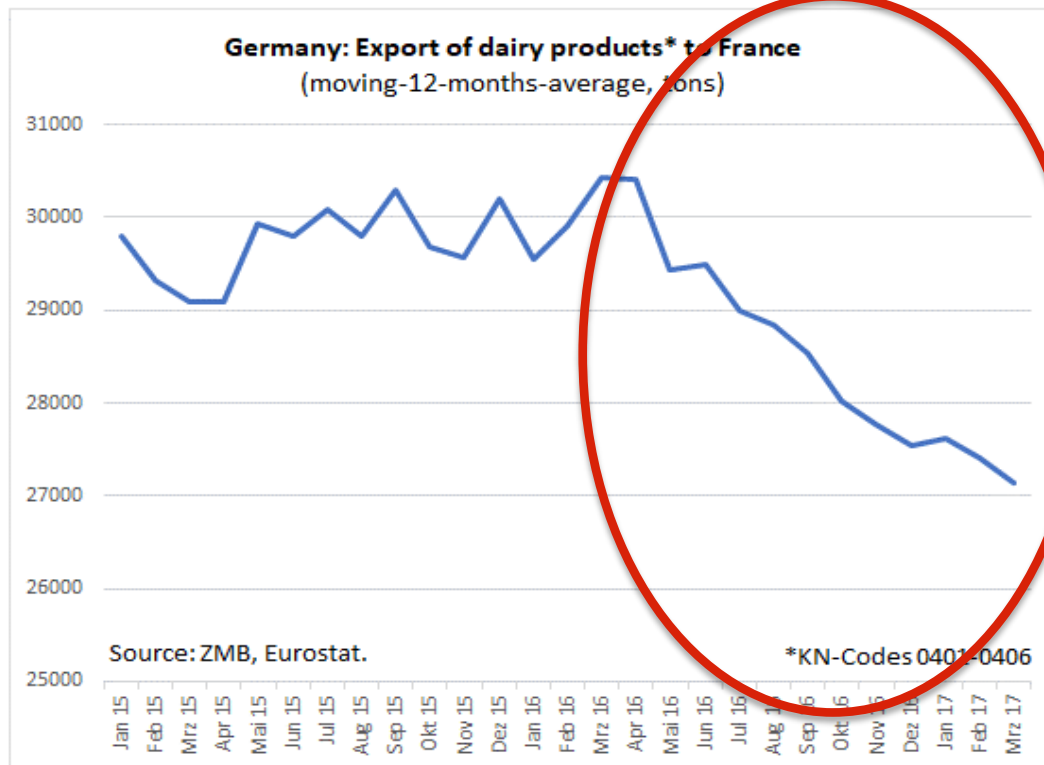
Impact of national measures on business and trade

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



Impact of national measures on business and trade

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



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)
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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 \neq 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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