Implementing the EU Food and Drink Industry's Ambition for Growth and Jobs
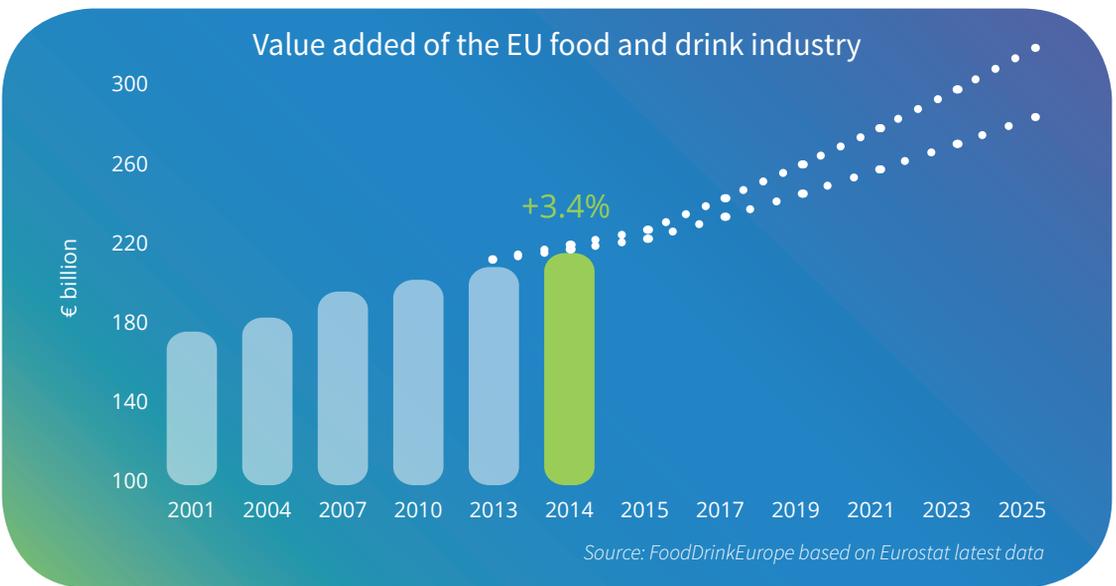
FOODDRINK
EUROPE

Food and drink industry's growth ambition for 2025: progress update

The food and drink industry is Europe's leading manufacturing sector, with a €1,098 billion turnover, and a key job provider, with 4.2 million employees. The food and drink sector is inextricably intertwined in Europe's social, cultural and economic fabric. It is also a global champion, as the largest exporter of food and drinks in the world.

Thanks to its ongoing ambition to increase value added by 2.5-3.5% per year by 2025, the industry will continue to provide economic growth and jobs for EU citizens, ensure the satisfaction and well-being of consumers and secure environmental sustainability.

For the time being, the EU food and drink industry is on track with its growth ambition: value added grew by 3.4% between 2013 and 2014.

Value added of the EU food and drink industry

+3.4%

€ billion

	2001	2004	2007	2010	2013	2014	2015	2017	2019	2021	2023	2025

Source: FoodDrinkEurope based on Eurostat latest data

This ambition is however threatened and a well-functioning Single Market is becoming the industry's most important priority. Brexit is adding one more level of complexity and uncertainty for businesses on both sides of the channel.

While the Single Market is the EU food and drink industry's main market, generating around 90% of its turnover, access to third country markets opens up new opportunities.
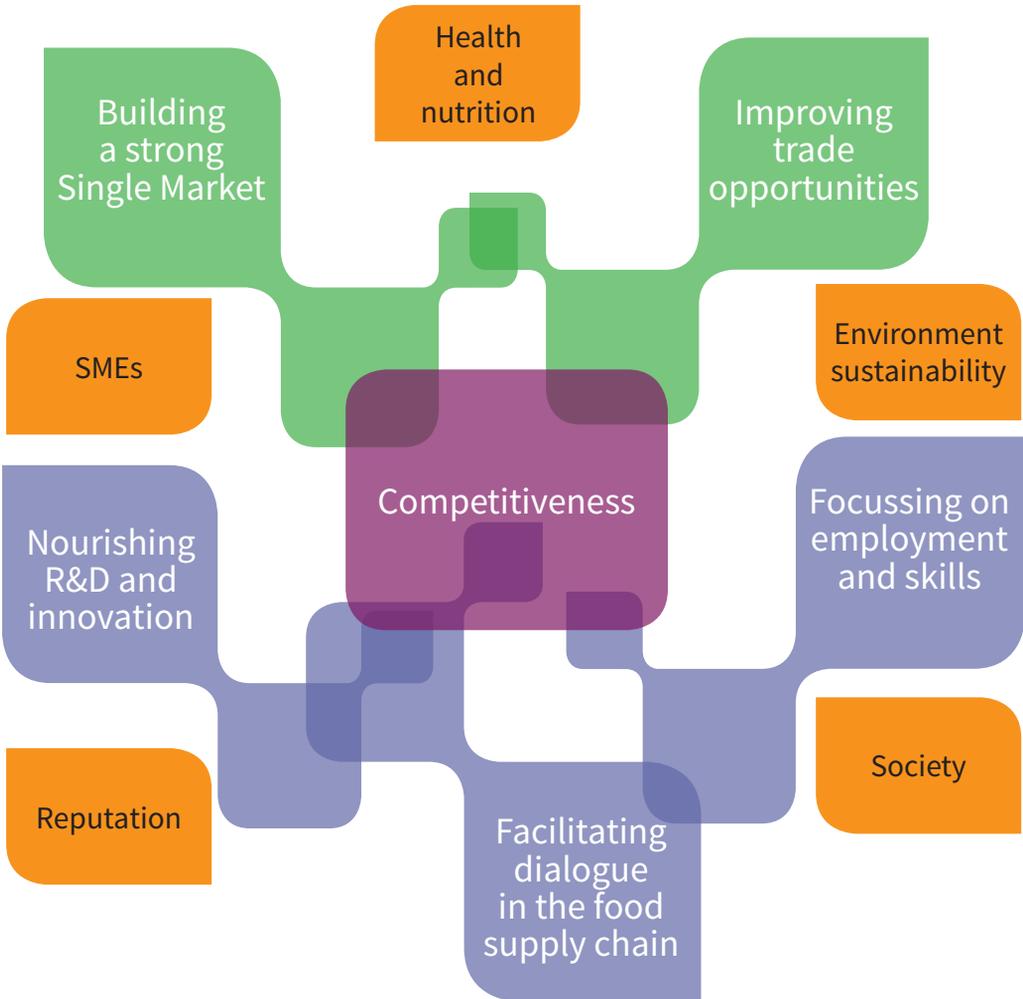
For more information, please read FoodDrinkEurope's report "A Competitive EU Food and Drink Industry for Growth and Jobs", 2016.

Europe's food and drink manufacturers are committed to promote sustainable practices and aim to make a major contribution to the targets set within the UN 2030 Agenda for Sustainable Development, strengthening the links between food, people and the planet.

Science and science-based regulation also have an important role to play in helping the industry meet the challenges it faces. In October 2016, the European Commission announced a new policy framework, FOOD 2030, to better structure, connect and scale-up Research and Innovation (R&I) for food and nutrition security that will help every consumer attain a safe, affordable, healthy and sustainable diet.

While the food and drink industry continues to operate responsibly, it relies on an enabling policy framework to effectively tackle the challenges and seize the opportunities. This will be of immense importance for the sector's contribution to the success of the EU growth and jobs agenda.

FoodDrinkEurope policy priorities and recommendations

Health and nutrition

Building a strong Single Market

Improving trade opportunities

SMEs

Environment sustainability

Nourishing R&D and innovation

Competitiveness

Focussing on employment and skills

Reputation

Society

Facilitating dialogue in the food supply chain

Policy priorities and recommendations for 2018

A strong and ambitious EU food and drink industry

The European food and drink industry makes a major contribution to the EU economy. It is deeply integrated in the economic fabric of each Member State, being the first manufacturing sector in half of them. Product diversity, know-how, high quality and safety standards are the cornerstones of the EU food and drink industry's ambition, combining pleasure, innovation and tradition in the food and drink products it supplies. To help the food and drink industry remain a global champion and a leading employer, it is vital for policy-makers to engage in a strong and ambitious European industrial strategy that supports it.

Single Market

The Single Market is one of the EU's greatest achievements, but renationalisation, different interpretations and "gold-plating" of EU laws increasingly lead to barriers for food and drink companies within the Single Market.
In the context of an ambitious and comprehensive Single Market strategy, the European Commission should step up its role to make sure that EU legislation is correctly enforced and that national legislation does not fragment the Single Market in areas where food legislation is harmonised. In areas where it is not (yet) harmonised, simplifying and clarifying the functioning of Mutual Recognition is essential.

The Common Agricultural Policy (CAP)

The CAP is crucial for ensuring the security of supply of safe, high quality and competitively priced raw materials for the production of food. In the ongoing "Modernisation and Simplification of the CAP", FoodDrinkEurope supports a truly common agricultural policy, to underpin a strong and well-functioning Single Market. Besides, the CAP must promote a market-oriented agriculture, as the most efficient approach to improve the competitiveness of EU farmers.

International trade

FoodDrinkEurope welcomes the EU's dedication to facilitate global trade with international partners, while ensuring fair terms of competition and a level playing field for domestic producers. The EU should continue to support a transparent and rules-based multilateral trading system administered by the World Trade Organization.

In parallel, the EU should move ahead with its bilateral trade agenda securing ambitious and balanced trade deals with tangible benefits for the food and drink industry. Timely ratification, implementation and robust enforcement of negotiated agreements is equally important (e.g. Vietnam, Japan), as are complementary efforts of the EU Market Access Partnership, and foreign diplomatic and trade missions.

EU R&I Framework Programme

Throughout the years, the EU has successfully supported R&I through the EU R&I Framework Programmes. FoodDrinkEurope calls on the EU Institutions to develop an ambitious next EU R&I Framework Programme (FP9) and ensure an appropriate budget for it - including increased support for R&I in areas relevant to the food and drink sector. FP9 should keep a right balance across the whole R&I chain, from generating new knowledge to exploiting available solutions, including special actions tailored to the needs of Small and Medium-sized Enterprises (SMEs).

Unfair Trading Practices (UTPs) and the Supply Chain Initiative (SCI)

FoodDrinkEurope welcomes the EU Institutions' high interest in this topic as food and drink companies of all sizes can face UTPs on the market. Any future framework legislation needs to: - reflect the SCI principles; - cover the entire food chain; - focus on increasing enforcement; - and allow to maintain existing efficient national approaches. Tackling UTPs that occur at any stage of the food chain while avoiding overregulation should be at the heart of the Commission's initiative. The EU action should fully take into account the complexity of the chain, as well as the development of European retail alliances.

Brexit

The UK is the largest trading partner of the EU27 in food and drinks, and supply chains are closely integrated. Transitional arrangements will be essential for businesses to prepare for the future EU27-UK relationship. The duration of these transitional arrangements should be determined by business needs to get ready for the new EU27-UK trade regime and not by political requirements. Moreover, negotiators on both sides must work towards establishing an ambitious and balanced agreement that enables businesses to remain competitive.

Discriminatory food taxes

Governments of some EU Member States have over the past few years introduced taxes on specific food categories and food ingredients under the pretext of addressing obesity. Whereas evidence remains scarce that such taxes have any positive impact on health, this situation is negatively impacting the competitiveness of the agri-food sector; this has been confirmed, amongst others, by the European Commission in a report from 2014.

Rather than imposing discriminatory food and drink-related taxes, FoodDrinkEurope calls on authorities to work together with the industry on an ambitious, positive and collaborative agenda to promote more balanced diets and healthier lifestyles.

Circular Economy

To unlock further sustainable growth and innovation for a resource-efficient circular economy, the food and drink industry recommends: - taking food waste prevention actions that address the whole food chain; - maximising the value of raw materials by allowing more materials to remain products or be classified as by-products; - promoting continuous improvement of the environmental performance of food and drink products along their life-cycle; - protecting the Single Market for packaged goods; - prioritising the protective function of packaging; - and promoting investment in recycling techniques.

REFIT evaluation of the EU legislation on Plant Protection Products (PPPs) and pesticides residues

In its evaluation and fitness check roadmap, the Commission sets out the objectives of the assessment of the implementation of the legislation on PPPs and pesticide residues.

Various issues that shall be subject to evaluation are particularly relevant for the food and drink industry, such as the scope of the Regulation, and the procedures for setting, modifying, deleting and reviewing Maximum Residue Levels. Of particular importance is the review of the definition of PPPs, given that certain substances might be detected in food, which originate from sources other than a pesticide application, but which are currently formally considered as PPPs and therefore leading to frequent regulatory challenges.

Environmental footprint

In view of the future potential application of the Product Environmental Footprint (PEF) methodology to EU policy, we recommend PEF to be integrated in a harmonised, voluntary and flexible framework, supported by industry. The policy framework should support the use of PEF as a diagnostic tool for identifying hotspots and promoting continuous improvement.

Jobs and Skills

The food and drink industry needs to ensure a qualified and sustainable labour supply for the sector. We recommend to EU policy-makers to provide a framework that fosters stronger connections between the worlds of business and education, to drive up qualifications and foster innovation as provided for example in the New Skills Agenda for Europe and in European Sector Skills Councils.

The EU food and drink industry is…

TURNOVER

€1,098 billion

Largest manufacturing sector in the EU

VALUE ADDED

1.7%

of EU gross value added

CONSUMPTION

14%

of household expenditure on food and drink products

EMPLOYMENT

4.24 million people

Leading employer in the EU

NUMBER OF COMPANIES

289,000

R&D EXPENDITURE

€2.8 billion

SALES WITHIN THE SINGLE MARKET

90%

of food and drink turnover

SMEs

48.3%

of food and drink turnover

62.1%

of food and drink employment

EXTERNAL TRADE

€102 billion

Exports

€71.9 billion

Imports

17.3%

EU share of global exports

€30.1 billion

Trade balance

Sources: Eurostat; JRC; UN COMTRADE

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