

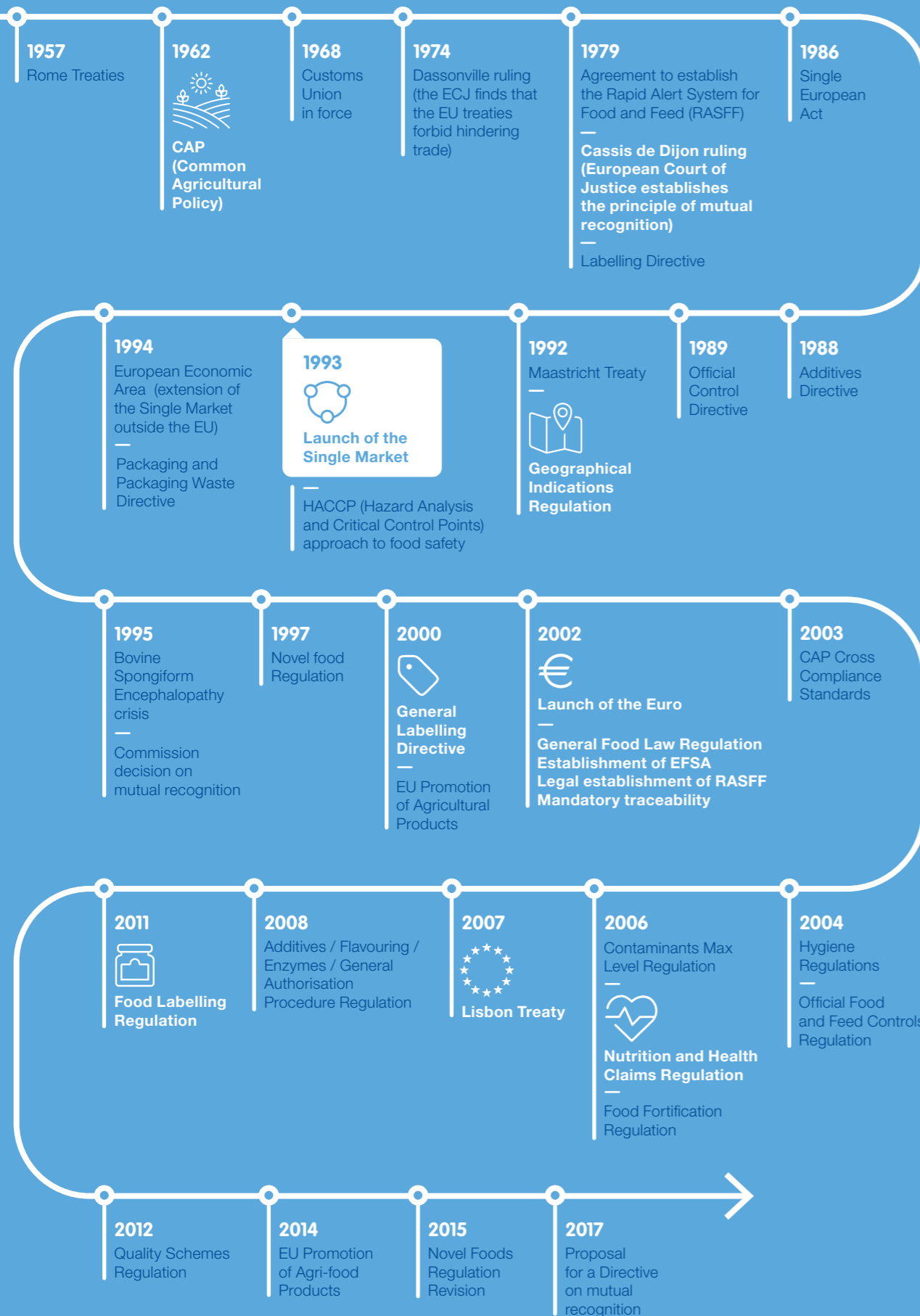
For a Single Market with a purpose

A FoodDrinkEurope Manifesto



enjoy food,
today and tomorrow

Policy Milestones of the Single Market for Food & Drink



Vytenis Andriukaitis

European Commissioner for Health & Food Safety

The European Single Market is celebrating this year its 25th anniversary and we must seize this celebration as a chance to highlight all the things we take for granted. We are happy to mark this occasion as the overall achievement of a success story.

As Europe's largest manufacturing industry, the food and drink sector has benefited from the Single Market, which has allowed for the free circulation of products to a level never known until now. Facilitating innovation, creating the right regulatory environment, establishing standards which make European food and drink products the safest in the world are milestones we can be proud of. I look at the coming 25 years and hope that we can now reinforce this sound basis for the benefit of all.



The Single Market for the food and drink industry in figures

Single Market key facts

90% of the food and drink industry's turnover generated within the Single Market

More than **€1,100 billion** spent by EU consumers on food and drink products

€255 billion intra-EU exports of food and drink products

4.24 million employees Leading employer in the EU



Intra-EU exports

Almost **¾** of EU food and drink products exported by Member States are destined for the Single Market.

Intra-EU exports account for more than **25%** of the food and drink industry turnover. In some Member States, such as Belgium and the Netherlands, more than **50%** of the turnover is generated by exports to other Member States.

For most sectors, intra-EU exports by far **exceed** extra-EU exports, with the exception of drinks.

The EU Single Market has contributed to substantial **growth** in intra-EU trade. Since 1995, intra-EU exports, as % of GDP, have increased by **45%**.

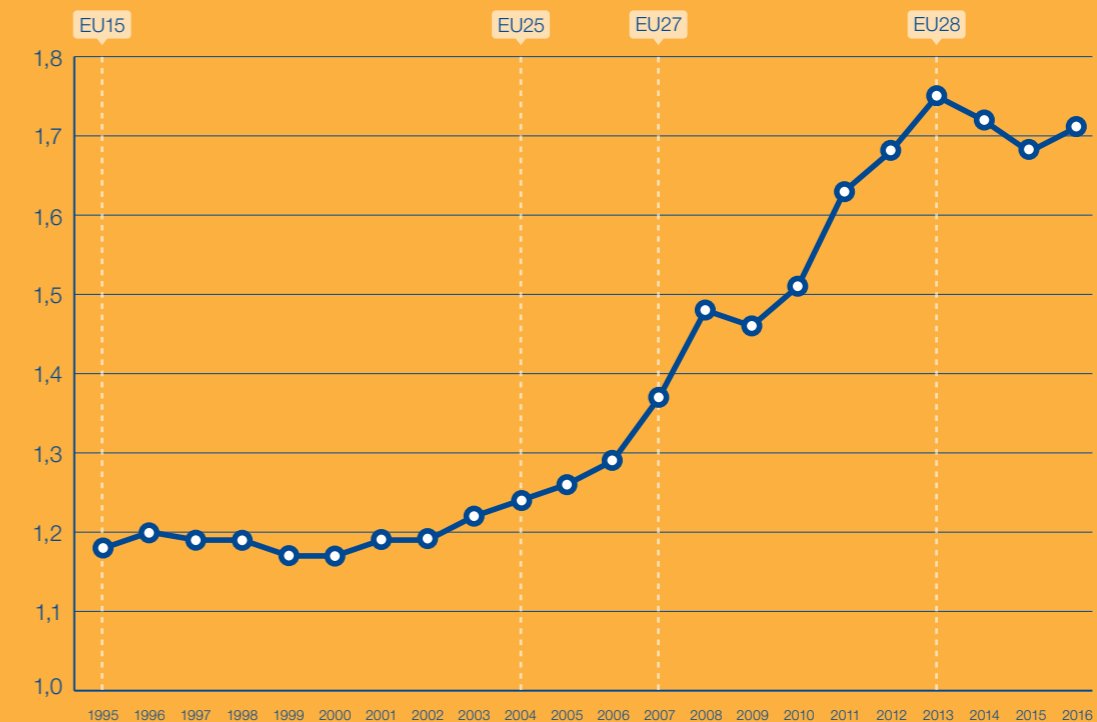
However, after a decade of steady growth (2003-2013), intra-EU trade, as % of GDP, has **slowed** in recent years.

SMEs

SMEs make up **99%** of the food and drink industry and **62%** of its jobs.

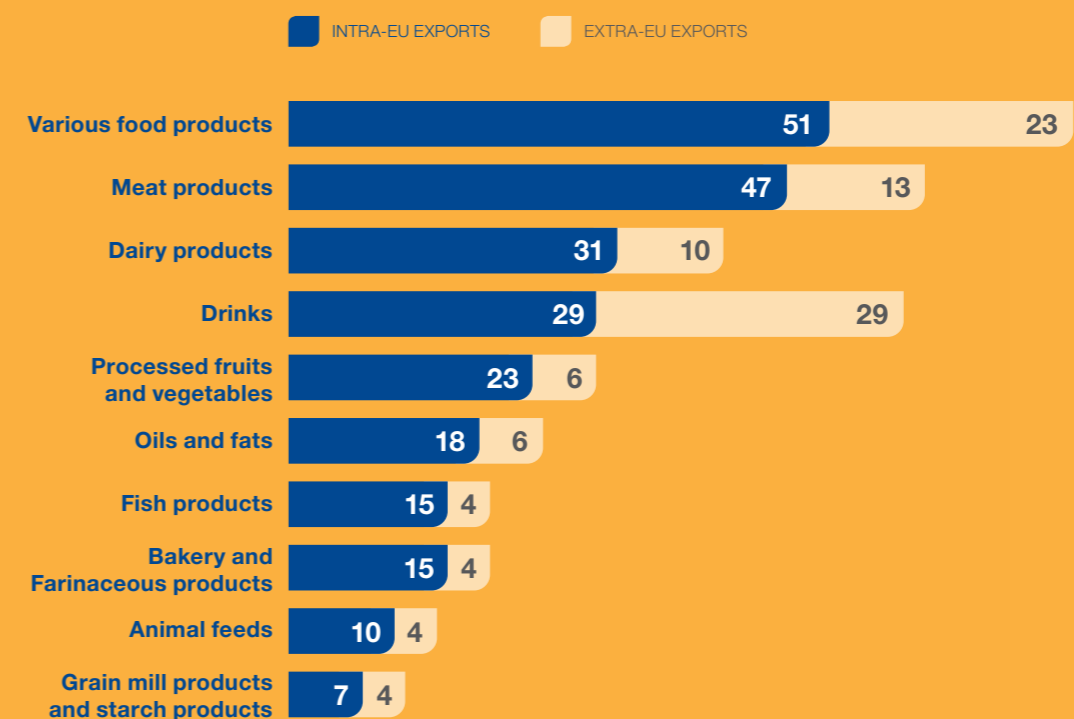
92% of EU food and drink companies that export their products to other Member States are SMEs.

Intra-EU food and drink exports as share of GDP (%)



Source: Eurostat

Intra- and extra-EU exports of sectors (2016, € billion)



Source: Eurostat



GLENISK

YOGURT AND DAIRY



The EU has given us a platform for accessing not just other European countries, but further out as well. For most SMEs on a day-to-day basis you may not think Europe plays much of a role in your business, but it does! Whether that's because you're part of a **trading block** that has partners or because it means you have some **security in your supply chain**. It's key.



MASCARÓ

WINEMAKERS AND DISTILLERS



25 years ago Mascaró had to invest in new bottling lines to comply with the EU legislation on fixed bottle sizes in Europe. The process was complicated but worthwhile: we can now sell our Mascaró spirits to consumers in **Italy, Germany, UK and Denmark without barriers**. It is beneficial for all of us: consumers **never face deception** from misleading bottles; producers benefit from **fair competition** and the **greater efficiency** of bottling lines is **good news for the environment**.



STERILTOM

TOMATO PULP



Steriltom has been exporting its products for years to Europe and all over the world. In the last years, following the trend of the market, Steriltom is betting more and more on **high quality, sustainability and healthiness** for its products. It's fundamental to have a Single Market that protects all the players through **shared rules and same market conditions**.

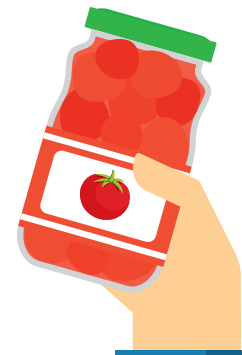
Benefits of the Single Market

Thanks to the Single Market:

- ✓ **Availability** of food and drinks at **affordable** prices has increased
- ✓ Consumers are able to access increased **choice and diversity** of food and drink products they can enjoy every day
- ✓ Food and drink manufacturers enjoy healthy competition, offering **products of high quality** to the benefit of consumers
- ✓ Europe has one of the best track records for **food safety** in the world, thanks to a robust regulatory framework and day-in-day-out dedication by Europe's food and drink companies

The Single Market is a chance to meet consumer demand while at the same time growing business and ensuring jobs

- ✓ **Harmonisation** of policies and procedures at EU level has made it easier for companies to trade between EU countries
- ✓ **Mutual recognition in non-harmonised areas** has resulted in the opportunity for most products lawfully sold in one EU country to be sold in another, so national rules don't have to be obstacles to trade
- ✓ Companies operate in an overall **stable regulatory framework**, which is a crucial factor for investment decisions in the EU
- ✓ This means that food and drink companies, especially SMEs, enjoy **increased protection of rights** (Geographical Indications, Community trademarks, etc.)
- ✓ They have also benefitted from **reduction of red tape**, reducing bureaucracy and compliance costs
- ✓ All of this creates an environment for **healthy competition, improving efficiency and raising the quality** of food and drink products all over Europe, and allows the EU to achieve economies of scale while trading as a block



Unlocked potential – What are the main outstanding challenges?

The food and drink sector is heavily regulated and often perceived as an example of great achievements but in reality, it is currently facing a clear trend towards re-nationalisation of regulatory measures, making it more and more difficult to fully benefit from the Single Market.

- ! An increasing trend by individual Member States to **re-nationalise policy measures**, for example in the area of origin labelling
- ! **Non-harmonised implementation of EU law** by Member States
- ! **Non-functioning mutual recognition** in non-harmonised policy areas
- ! Introduction of **different national legislation** in non-harmonised areas
- ! **No effective means of appeal** but long and expensive court cases for breaches against Single Market rights
- ! **Differing risk assessments** between EFSA and national authorities, leading to different rules
- ! Non-harmonised approaches in case of **emergencies**
- ! An **incomplete Digital Single Market**

All of these can cause:

- ! Additional **costs and burdens**
- ! **Uncertainty** for operators and consumers
- ! More **food waste** due to removal of products which are compliant in one country but not in another



LICOR BEIRÃO

SPIRITS



The biggest challenge for Licor Beirão stems from the **heavy bureaucratic and tax charge on alcoholic drinks**. And especially in the spirits category where 28 Member States equals 28 different sets of fiscal and legal rules applying to their commercialization. This is definitely an area where we'd like to see change: **simplifying access** to the Single Market for spirits, through a single set of common rules across 28 Member States. We need a **uniform approach**.



BALSNACK

SNACKS



We were surprised that in some ways it takes more effort to export to European than to non-European markets. Packaging and pricing negotiations and sending samples always tend to take a long time. Furthermore, it is the **difficulties surrounding certification** that prove to be the biggest **barrier to growth** in European export markets.



AFEPADI

SUPPLEMENTS



The Single Market has delivered benefits and led to numerous successes for the Spanish dietetic and food supplements industries, and it is essential to our growth. Directive 2002/46 regulates vitamins and minerals. Thanks to the principle of **mutual recognition**, the food supplements containing other substances can be **freely marketed** within the European Union. However, the **lack of proper implementation** of this principle in Spain is making cross-border trade **highly complex**.

How to ensure an effective Single Market for Food and Drink?

Six policy recommendations

As Europe's largest manufacturing sector, the food and drink industry represents different profiles, stories, approaches, sizes, products, etc.; but together it is advocating for a real Single Market.

To that end, FoodDrinkEurope calls for:

- I. High-level political commitment towards the Single Market, leading to a long-term vision with regular action plans for the years to come
- II. Prioritisation of Single Market issues in an EU level platform focusing on a strong, competitive and sustainable supply chain
- III. High-level coordination to ensure a relevant regulatory framework to support European industry in general
- IV. Improved functioning of mutual recognition in the non-harmonised areas
- V. A more effective functioning of TRIS¹, SOLVIT², EU Pilot³ and REFIT⁴
- VI. Rapid implementation of Single Market initiatives currently underway (Digital Single Market, etc.)



Let's Innovate! A suggestion:

There exists no efficient complaint system for companies to turn to when the Single Market is not functioning, not implemented or not recognised. Where existing structures and ideas are proving insufficient or inadequate to allow for a truly effective Single Market, FoodDrinkEurope would also like to suggest a possible new initiative:

To create an independent enforcement body – Ombudsman? Agency? Independent Authority? – which, free from political pressure, would devise tools to ensure the proper implementation of regulation in all Member States; and where companies and consumers would be able to report complaints and discuss Single Market breaches, whether in terms of free circulation of people, services, capitals or goods.

1. **TRIS** is a notification procedure established by Directive (EU) 2015/1535 as a tool for information, prevention and dialogue in the field of technical regulations on products and Information Society services. It helps anticipate and prevent the creation of barriers to trade likely to affect activities.
2. **SOLVIT** is a mediation network which can help with family benefits, pension rights, residence, entry visas for non-EU relatives of EU nationals, car registration, driving licences, professional qualification, VAT reimbursement, market access for products and services, discrimination.
3. **EU Pilot** is an informal dialogue between the Commission and the Member State concerned on issues related to potential non-compliance with EU law, prior to launching a formal infringement procedure
4. The Commission's Regulatory Fitness and Performance (**REFIT**) programme ensures that EU legislation delivers results for citizens and businesses effectively, efficiently and at minimum cost. REFIT aims to keep EU law simple, remove unnecessary burdens and adapt existing legislation without compromising on policy objectives.

Celebrating 25 years of food & drink diversity thanks to the Single Market





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