DEVELOPING SINGLE MARKET RESILIENCE

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Policymakers and relevant stakeholders want a further deepening of the Single Market, but they also consider it of great importance to keep ‘the EU’s main asset’ safe from internal and external shocks.

Celebrating the Single Market’s 25th anniversary last year, EU lawmakers called for a move away from simple rhetoric towards real delivery and completion of the market.

Risks of further fragmentation among the member states could be posed by the rise of protectionism in various forms, so there is a need, for instance, to avoid re-nationalising the next Common Agricultural Policy (CAP).

In this manifesto report, EURACTIV talks to manufacturers and policymakers about the future challenges for the Single Market, using as reference the food and drinks industry, one of the biggest contributors to the EU’s internal market.
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‘EU’s best asset’ needs to be safeguarded, not only improved

By Gerardo Fortuna | EURACTIV.com

While celebrating the 25th anniversary of the Single Market last year, the Commission called it ‘Europe's best asset in a changing world’. But Single Market’s resilience to internal and external shocks still needs to be strengthened further.

In the European Council's conclusions of 13-14 December 2018, the EU leaders acknowledged the European internal market as the bloc's main asset for ensuring citizens’ welfare, inclusive growth and job creation, and as the essential driver of investment and global competitiveness.

The Single Market has upgraded the lives of citizens and businesses across Europe, creating one of the world's largest economies and bringing economic benefits estimated to be worth the equivalent of 8.5% of EU GDP.

In spite all these achievements, the Commission Vice-President in charge of competitiveness, Jyrki Katainen, warned during the anniversary celebration at the Berlaymont that it is worth reminding the citizens again of how the Single Market improves our daily lives ahead of the crucial European elections.

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“There is the risk that today people take Single Market for granted. We actively discuss it within our members,” Hubert Weber, president of FoodDrinkEurope and president for Europe of Mondelēz International, told EURACTIV.com.

Weber’s association represents the EU food and drinks sector, who can look at the big picture from a privileged perspective, as the biggest contributor to the EU economy in terms of turnover in manufacturing, jobs and EU gross value added.

“The message that the Single Market is good for the economy, for business, for workers, for consumers, has to come out more clearly,” said Industry Commissioner Elżbieta Bieńkowska, who has also described the Single Market as the beating heart of the EU in past declarations.

SMES

Small and medium-sized enterprises (SMEs) in food and drink industry, representing nine out of 10 manufacturers in the sector, could serve as a paradigm for highlighting the next challenges, as they have benefited the most from the creation of a single market.

The European Commission proposed a new €4 billion Single Market programme in its proposal for the 2021-2027 EU budget just for enabling Europe’s SMEs to unleash the potential of a well-functioning EU market.

“Large companies can deal more easily with the different requirements of different geographies,” said FoodDrinkEurope’s Weber, “but if SMEs did not have a single market, they would concentrate their business on one country again, eliminating the variety and the choice that exists today on foodstuffs in Europe.”

Probably the toughest political battle during the expiring legislative term was the one fought against the unfair trade practices (UTPs), aimed at enabling SMEs and small farmers to take full advantage of the Single Market.

The new UTPs legislation aimed to restore the imbalances in the EU food supply chain created by large operators against trading partners with weak bargaining power.

“If I have to pick one UTP we cared about the most, I would go for the abuse of dominant position on conditions and payment terms,” Weber said, adding that they will continue to monitor the implementation of this new EU law in the member states through FoodDrinkEurope’s national members.

LABELLING AND DIGITAL

Another internal threat to the delivery of the Single Market comes from the long-standing and unsolved issue of food labelling.

“On country of origin indication, we’ve been very frustrated that Juncker’s Commission has not taken ownership of defining EU principles, also allowing certain member states to implement voluntary national labelling schemes,” said Weber.

He said the trend of national labelling’s proliferation, which hinders trade within the internal market, is also present in the nutrients information, with certain member states developing different schemes, like France did with the so-called ‘nutriscore’. The UK did the same with its traffic light system.

“If you are a small company, you cannot do a different packaging for each country,” he said, adding that not agreeing on a framework at EU level will only drive smaller companies to exit certain markets.

In today’s digital world, technologies like QR codes may help food labelling provide tonnes of information that consumer have increasingly required.

However, when it comes to the potential of a digital Single Market for food, Weber doesn’t expect a boom of online retail in the coming years. The reason is the proximity of food stores almost anywhere in Europe, but also the fact that European consumers want to select personally the fresh foodstuff they buy.

EXTERNAL THREATS

Single Market also needs to increase the resilience to external shocks, like Brexit and global trade tensions have recently shown.

UK’s tax authority (HMRC) estimates that the total administrative burden from post-Brexit customs declaration alone will cost more than €15 billion on both sides of the border.

The entire food chain, represented by farmers’ association Copa-Cogeca, the umbrella group of agricultural commodities traders CELCAA, and FoodDrinkEurope, has recently called for considering ‘pragmatic and temporary’ measures related to customs, labelling, food safety and logistics.

But along the immediate goal of avoiding the harsh impact of a no-deal Brexit, there is also the long-term one of building a positive relationship for the future, in the spirit of good neighbourliness.
Although member states will play a greater role in the future EU Common Agricultural Policy (CAP), it will not lose its ‘Common’ dimension as the Commission will continue to watch over the implementation of national plans, Commissioner Phil Hogan told EURACTIV.com in an interview.

Phil Hogan is the European Commissioner for Agriculture and Rural Development. He spoke to EURACTIV’s Gerardo Fortuna.

Are the concerns about a possible re-nationalisation of the next CAP justified?

No, there is no basis to such claims and the reality is that the Commission’s legislative proposal for the future CAP will in no way, shape or form lead to a re-nationalisation of the CAP.

The Commission will always guarantee that the CAP remains a truly
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can be too.

In our proposal, we are simply finding a more balanced and effective approach, designed to achieve more results while making the policy simpler. This will bring significant benefits to both our farmers and our citizens.

A common policy will be maintained at the EU level, but member states will be given far more flexibility to better target their measures in line with their needs.

But will the rebalanced responsibilities between the EU and the member states cause CAP to lose the C (Common), as many fear?

The ‘C’ in the CAP will be maintained by the requirement on member states to undertake a SWOT (strengths, weaknesses, opportunities and threats) and needs analysis, engage with stakeholders and civil society and submit a draft plan to the Commission. The Commission will check the draft plan by reference to the criteria explicitly set down in the Regulation before approving it.

Each member state must design a CAP Strategic Plan, explaining how they will meet nine key EU level objectives (three economic, three social, three environmental). Within this common framework, member states will design intervention strategies, using the EU-level menu of tools and adapting them to their particular circumstances.

The Commission will maintain a strong watchdog role, working closely with the member states to make sure their plans are on track, and taking remedial action where necessary.

What do you answer to the critical voices that the next CAP will increase controls and red tape, resulting only in CAP being rejected by the farmers at the end?

Simplification has been my number one priority since being appointed a Commissioner, and we have already succeeded in implementing a significant number of very important simplifying changes to the CAP.

As I took office, we screened the whole agricultural acquis. We received 1,500 simplification proposals from the member states and other EU institutions and stakeholders and, soon afterwards, we amended a number of provisions to benefit farmers.

Greening was identified as the biggest source of complexity in the CAP, as confirmed in the public consultation on the future CAP. In 2016, we launched the greening review which resulted in 2017 in the amendment of certain rules, especially for crop diversification and EFA.

Having advanced as much as possible without re-opening the basic act, the proposal for the future CAP now offers the chance to go further and tackle the issue in a systemic way.

I am convinced that the new delivery model of the future CAP will deliver further simplification by shifting focus from rules and compliance to results and performance. The fact is that not alone can the move from a rules-based, compliance-based approach bring real simplification for farmers and administrators alike, but it is essential that we break away from such an approach if we are to achieve the kind of simplification that everybody demands.

Farmers will have improved access to impartial farm advice, assistance in their applications for support, and reporting requirements for administrations will be streamlined.

The use of new technologies will simplify, speed-up and automate many of the administrative procedures. Freely available earth observation data captured by the Copernicus Sentinel satellites and other innovative technologies provide significant information on agricultural activities across the EU.

Using these technologies will modernise the administration, monitoring and overall operation of the CAP and have multiple benefits for farmers and member states’ administrations.

The future CAP will use a system based on systematic, year-round remote observation of agricultural activities. This will serve the dual purpose of ensuring, at a comparatively low cost, the availability of EU-wide comprehensive and comparable data for policy monitoring purposes as well as replacing classical control methods like on-the-spot checks, which should reduce the administrative burden and the control burden on farmers.

What makes the last-minute deal on unfair trade practices (UTPs) so important and what made it so hard to finalise?

The directive to outlaw certain UTPs is hugely significant because it is the first time laws have been made at European level to strengthen the position of the farmer in the EU food supply chain.

This represents a major win for European farmers who will now be better protected against unfair trading practices.

It reflects a Europe that protects and it will contribute to an environment where farmers are in a stronger position to claim their fair part of the value added in the chain.

The profession of being a farmer will be more attractive for it.

Is it the main achievement of this legislative term when it comes to the agrifood sector, according to you?

This is one of many significant achievements for the agri-food sector during this mandate. Others include:

- prudent market management

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and €1 billion in additional support for EU farmers during the 2015/2016 markets crisis arising from the Russian ban;
• new rules governing organic production and the operation of the School Schemes;
• the EU’s impressive global trade profile in agri-food, including the conclusion of the Canada and Japan trade deals;
• the Cork 2.0 Declaration (“A better life in rural areas”) elaborating a 10 point plan for EU rural development policy in the 2020s;
• an updated EU bioeconomy strategy;
• the establishment of the Task Force Rural Africa to improve EU-Africa cooperation in the field of agriculture and sustainable, responsible rural investment.

Indeed, the new EU bioeconomy strategy of the Commission has put food and nutrition security as one of its main objectives, but how can this new frontier bring benefits to the food sector in the coming 5 years?

The bioeconomy holds enormous potential for the economic and environmental development of our rural areas. There are fantastic projects already happening all across Europe. Now we must build on this foundation and so much more and the revised EU Bioeconomy Strategy points the way forward.

For the next EU budget, spanning the years 2021-2027, the Commission is proposing €100 billion for Horizon Europe – the most ambitious research and innovation programme ever.

Of this, €10 billion is dedicated to the primary sectors including the bioeconomy: a real breakthrough.

My own portfolio of agriculture and rural development will also support the bioeconomy more strongly than ever before.

One key element of the strategy is to make innovative solutions and relevant research more widely available to final users: in other words, farmers, foresters, rural businesses and the rural population at large.

We estimate that bio-based industries can generate up to one million new jobs by 2030.

At the same time, the bioeconomy will make a major contribution to meeting our renewable energy targets of 27% in 2020 and 32% in 2030.

But there is still much work to do. At the national level, despite the fact that the number of national bioeconomy strategies has been increasing, many member states still remain without one.

It is imperative that all member states develop a clear bioeconomy strategy which is coherent with the EU’s objectives.

The Commission’s proposal for the future CAP will be helpful in this context. Each member state will be tasked with drawing up a CAP Strategic Plan to outline their targets and expected results according to nine key objectives, and the bioeconomy is one of these.
FoodDrinkEurope is ready to step up to the plate! Europe’s food and drink industry has now launched its priorities for the EU Institutions.

If you want a better sense of FoodDrinkEurope’s work with policymakers, its policy goals, and its vision for a stronger Europe, watch this video and visit the website at:

https://www.fooddrinkeurope.eu/publication/food-and-drink-industry-launches-priorities-for-the-eu-institutions/
Let’s step up to the plate
Europe’s Food and Drink Industry
Priorities for the EU Institutions
2019-2024

We’re putting food on the table
Europe’s food and drink industry:

- Has a turnover of over €1 trillion
- Is the largest manufacturing sector in the EU
- Employs 4.6 million people directly across the EU
- Provides at least 1.5 billion meals every day
- €230 billion added value
- The EU is the largest exporter of food and drink products in the world
We’re ready to step up to the plate

Food and drinks represent some of our society’s greatest traditions. Europeans take pride that our wonderful and diverse cuisine is enjoyed by millions all over the world. Food and drink brings joy to our families every day, is part of every celebration, and acts as the thread throughout many of our warmest memories. Our food culture is one of the EU’s greatest success stories. However, it is only when we move forward together, that success takes care of itself.

We need your help to:

- Recognise the importance of food in the EU policies
- Enable a better dialogue amongst industry, citizens and law-makers
- Ensure better regulation with less fragmentation of our Single Market
- Invest in food education
- Set a strong food trade agenda in the current global context
- Implement an ambitious food research and innovation policy
- Guarantee a fair and strong agri-food supply chain

FoodDrinkEurope is the organisation of Europe’s food and drink industry

25 National Associations  27 European Sector Associations  22 Food & Drink Companies

#StepUpToThePlate

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