



Agricultural raw materials – Challenges ahead!

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Overview

- **The F&D industry in figures**
- **CIAA structure and functioning; Role of sectors**
- **EU F&D industry: agricultural raw materials**
- **CIAA approach to EU policy (Common Agricultural Policy, biofuels, food supply chain, MRL/pesticides)**
- **CAP post-2013: draft timetable**



The EU F&D industry in figures in 2007 (1)

The food industry plays a key role in maintaining competitive industrial activities across the EU territory:

- Largest manufacturing sector;
- Leading employer with 4.3 million workers in 308,000 companies;
- Fragmented industry, dominated by SMEs (50% of the turnover)



The EU F&D industry in figures in 2007 (2)

Turnover	Employment	R&D
€ 913 billion (+4.2% compared to 2006)	4.3 million people (-0.6% compared to 2006)	0.24% of total output
SMEs	Number of companies	Household expenditure
48.5% of the F&D turnover 63.0% of the F&D employment	308,000	12.6%
EU market share of global exports		
19.8% (24.6% in 1998) Global markets		



The EU F&D industry in figures in 2007 (3)

Top 15 exporters of food and drink products, 2007

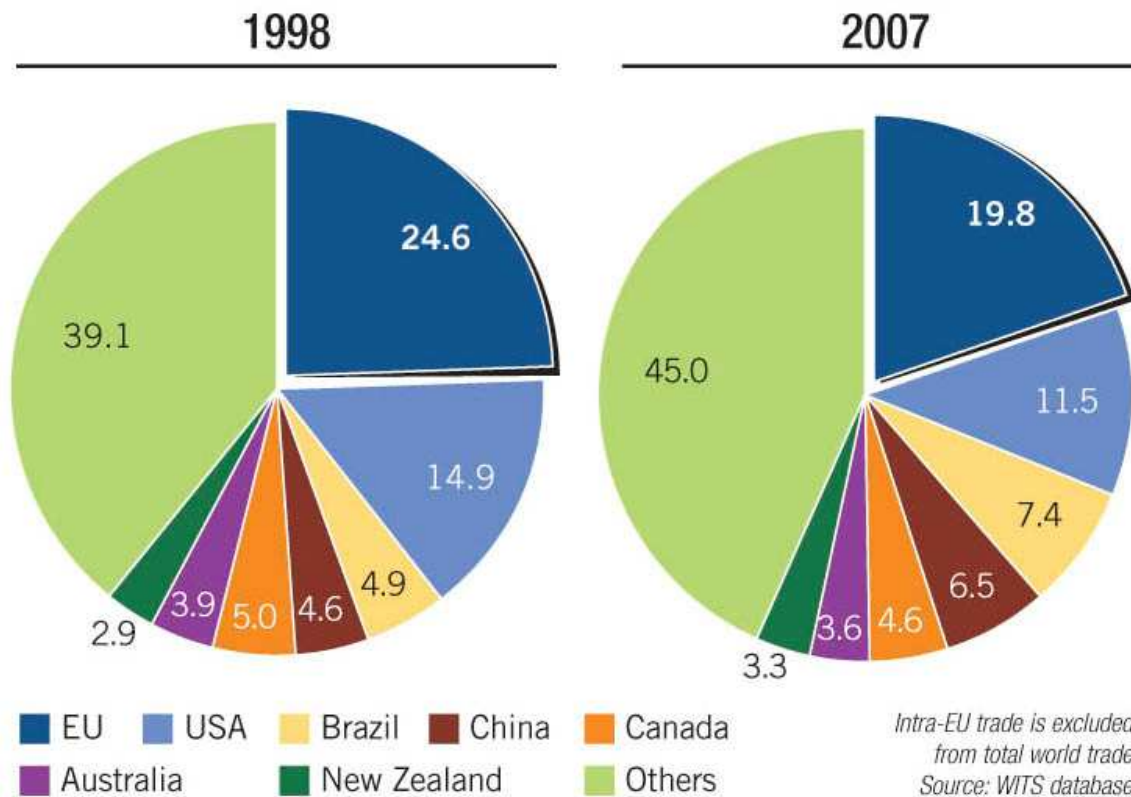
	<i>Exports (\$ billion)</i>	<i>Share in world (%)</i>
EU	74.3	19.8
United States	43.0	11.5
Brazil	27.6	7.4
China	24.5	6.5
Argentina	17.7	4.7
Canada	17.1	4.6
Thailand	16.7	4.5
Australia	13.7	3.6
New Zealand	0.5	3.3
Indonesia	10.5	2.8
Malaysia	10.0	2.7
Mexico	8.3	2.2
India	7.5	2.0
Vietnam	7.0	1.9
Norway	4.2	1.1

The EU is the number one exporter of food and drink products.



The EU F&D industry in figures in 2007 (4)

Market shares of world food and drink exports, 1998-2007 (%)



Shrinking EU market share from 24.6% to 19.8%



Structure and functioning (1)

- **COUNTRIES**
 - 26 National Food Industry Federations
 - Including 3 observers (Norway, Turkey and Croatia)
- **SECTORS**
 - 29 European Sector Associations
- **COMPANIES**
 - 20 major companies producing in the EU

As of June 2009



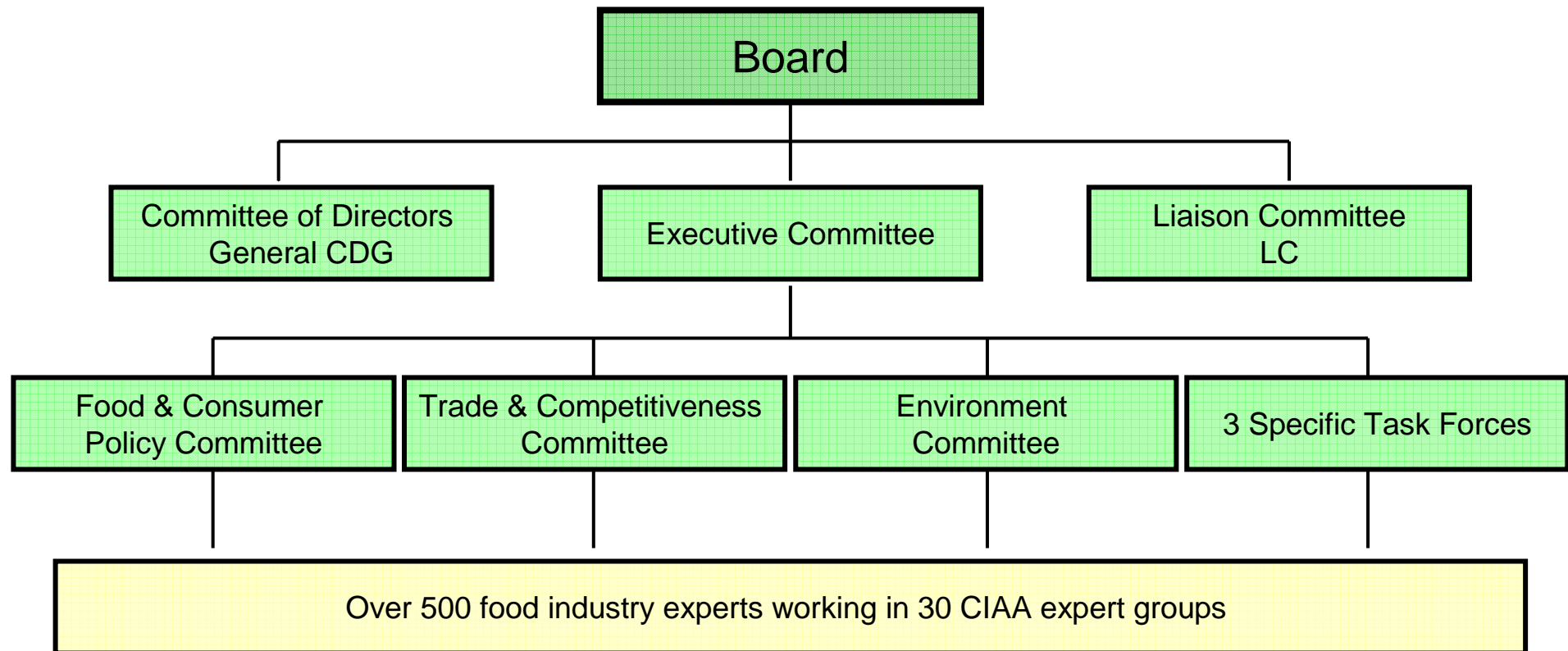
Structure and functioning (2)

Scope of action

- Horizontal issues common to all sectors.
- **Food and Consumer Policy:** Food safety – Crisis management – R&D – Food Technology Platform – New technologies – EU Platform for Action on Diet, Physical Activity and Health – Health claims – Nutritional labelling– WHO action plan, etc..
- **Economic affairs:** CAP – WTO – Competitiveness of the Agro food industries– High Level Group etc..
- **Environment:** Food chain Sustainable Production and Consumption Roundtable – Emission trading scheme – Waste, IPPC, Water...



Structure and functioning (3)





Structure and functioning (4)

New Governance:

- **General Assembly:** composed of all the members of CIAA (approves the “roadmap”, the annual accounts, the budget and elects the members of the Board).
- **Board of Directors:** 17 CEOs (9+6+2): decides on the vision, the priorities and strategies, elects the President, the 3 Vice-Presidents and designates the 5 other Directors who together will compose the Executive Committee
- **Executive Committee:** (9) carries out the the strategies decided by the Board pursuant to the Road map.
- **Committee of Directors General:** under the authority of the CIAA Director General, provides input to the Executive Committee and to the Board and ensures the optimal follow up of their decisions.

As of 16 July 2009



Structure and functioning (5)

Role of the sectors

- 29 sectorial associations play a key role in establishing CIIA positions on the different topics.
- Sectorial expertise in Working Groups and Committees is essential in CIIA daily work.
- In addition to CIIA horizontal actions, individual sectors handle sector-specific issues (with CIIA support if required).



Agricultural raw materials

- 70% of the EU agricultural production is processed by EU food and drink companies.
 - Agricultural raw materials are essential components for all processed products.
 - Agricultural raw materials represent a large share of production costs (between 30 to 80%).
- ⇒ The F&D industry needs access to steady supplies of raw materials that are safe, that correspond to specific quality criteria and that are competitively priced.



Access to raw materials (1)

- The primary role of EU agriculture must remain the production of agricultural raw materials for food and feed.
- Farming systems must be sustainable.

The 3 elements of sustainable agriculture:

- Economic dimension
- Social dimension
- Environmental dimension



Access to raw materials (2)

- Access to competitive raw materials is essential for industries' performance on both the internal and the external markets.
 - CAP reform contributed to reducing price gaps with agricultural products on world markets
 - Alternative solutions must be provided when and where necessary (Inward processing regime reform in 2013)



CIAA approach to EU policy for raw materials (1)

EU legislation has direct or indirect impact on the supply of raw materials, in particular:

- Common Agricultural Policy,
- Renewable Energy Directive (in particular on biofuels),
- Functioning of the supply chain,
- Pesticides/MRLs.

⇒ Need for greater coherence across all these policies



CIAA approach to EU policy for raw materials : the CAP (2)

CIAA general objectives for the future CAP:

⇒ The CAP must not only be supportive of an efficient production but also needs to offer measures for a dynamic change and evolution of the agriculture sector.

⇒ The CAP must remain a truly common policy with both common objectives and common instruments in view of setting the framework for a competitive, market-oriented and sustainable agriculture.

⇒ The EU budget must provide the means for such policy.



CIAA approach to EU policy for raw materials : the CAP (3)

CIAA general objectives for the future CAP:

- Market instruments (suspension of duties, support for storage, creation of extension of TRQ..) as a “safety-net” to protect against high volatility of prices and in crisis situations.
- Research and innovation must be promoted and supported to address new environmental and productivity challenges



CIAA approach to EU policy for raw materials : biofuels (4)

CIAA general objectives on the Renewable Energy Directive:

- **National Action Plan:** When developing the NAP, MS should use the flexibility offered by the Directive in order to ensure that the promotion of renewable energy for transport avoids competing with food and feed production.
 - The increasing share of the renewable energy feedstocks, that will be used to fulfill the 10% 2020 target, should not compete with the raw materials required by the food and feed industry.
- ⇒ The f&d industry supports the setting of **specific targets at national level** to promote the use of electricity, hydrogen and 2nd generation biofuels.



CIAA approach to EU policy for raw materials : supply chain (5)

CIAA objectives on proposed Commission roadmap to improve the functioning of the food supply chain:

⇒ CIAA welcomes the proposed 'Roadmap' set up by the Commission in its December 2008 Communication of Food Prices in Europe.



CIAA approach for the design of EU policy framework: supply chain (6)

CIAA objectives on proposed Commission roadmap to improve the functioning of the food supply chain:

In particular:

- Promote the competitiveness of the food supply chain;
- Provide better information to consumers, public authorities and market operators by setting up a permanent European monitoring system for the food supply chain;
- Examine measures to discourage speculation to the detriment of commercial operators in agricultural commodity markets.



CIAA approach for the design of EU policy framework: MRL (7)

- CIAA fully supports the harmonisation of MRLs (Maximum Residue Levels) at EU level.
- Improved risk/benefit communication at EU and national level is an essential pre-requisite for the adequate explanation of the stringent regulatory approach in place in the EU.



CAP post-2013: first timetable

- Communication on the future of the CAP after 2013 in mid-2010.
- Formal legislative proposals on the post-2013 CAP will follow in mid-2011.
- Commission proposals for the post-2013 Financial Perspectives in mid-2011.

⇒ CIAA has started in depth discussions on these topics.



Further Information About CIAA

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Access to news, positions and publications

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Congratulations for your 50th
anniversary!

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