European Commission

DG ENTR Consumer Goods Directorate

Competitive Agro-Food Industry

Norvegian Mission to EU
28 September 2009

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EUROPEAN FOOD INDUSTRY

- Food Sector: Biggest sector in Europe





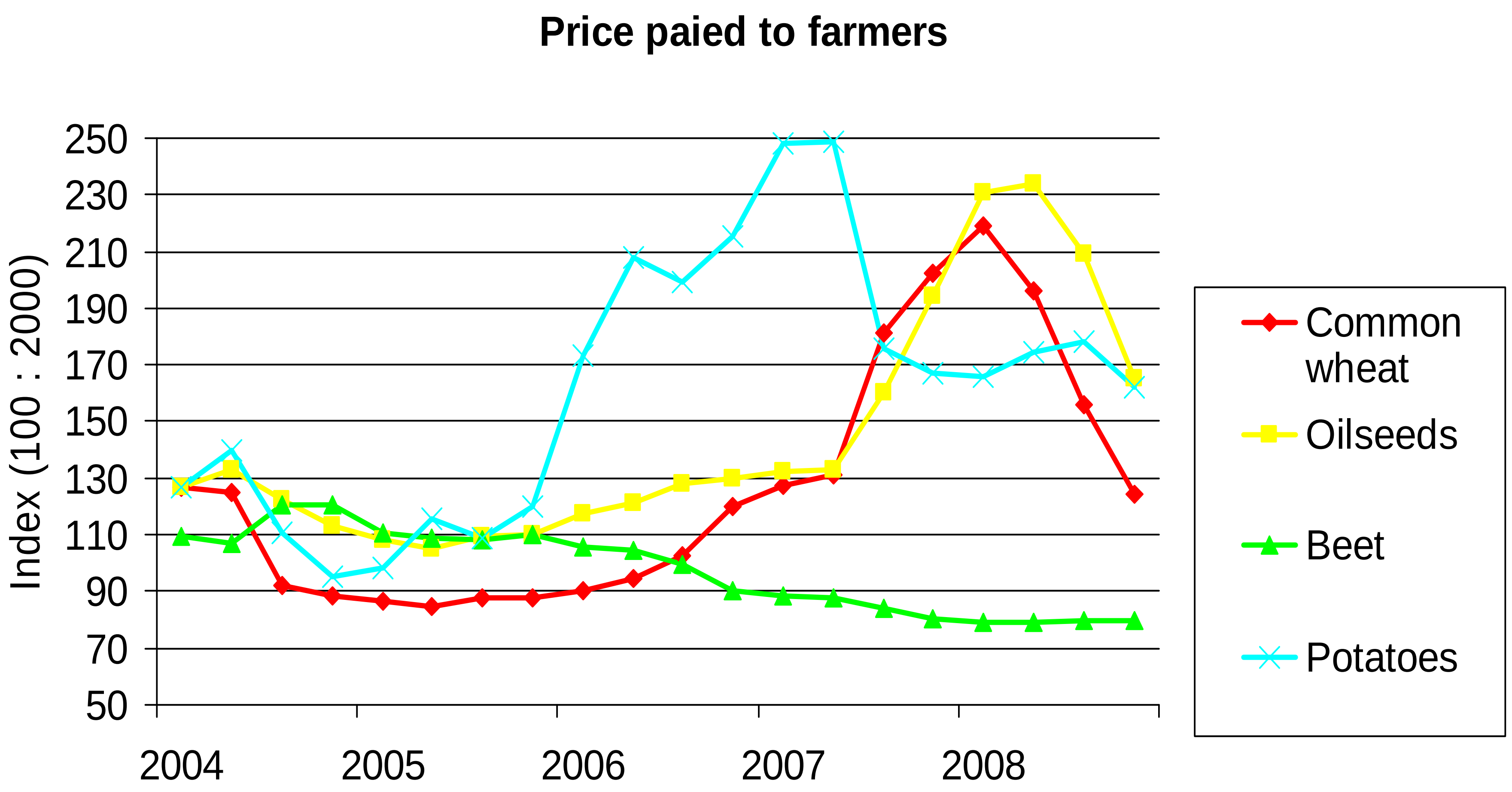

- More than 90% of companies are SME's
- Large export / import – positive trade balance

EUROPEAN FOOD INDUSTRY

Today, the world is changing…

- Globalization
- Population changes
- Consumers' needs and tastes are modified
- Demand for high quality products at affordable prices
- Technology

The HLG and the high volatility of agricultural commodities prices



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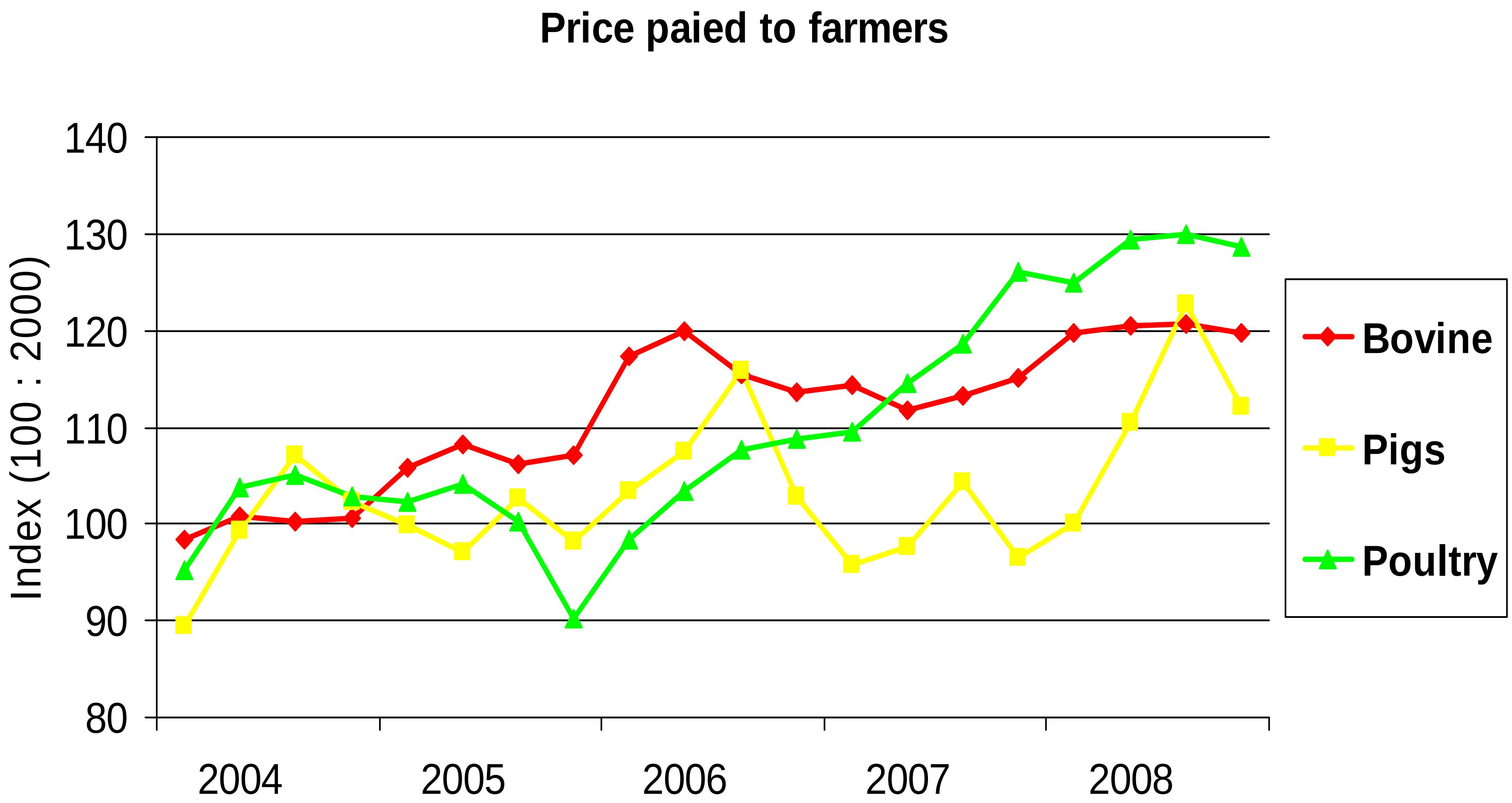
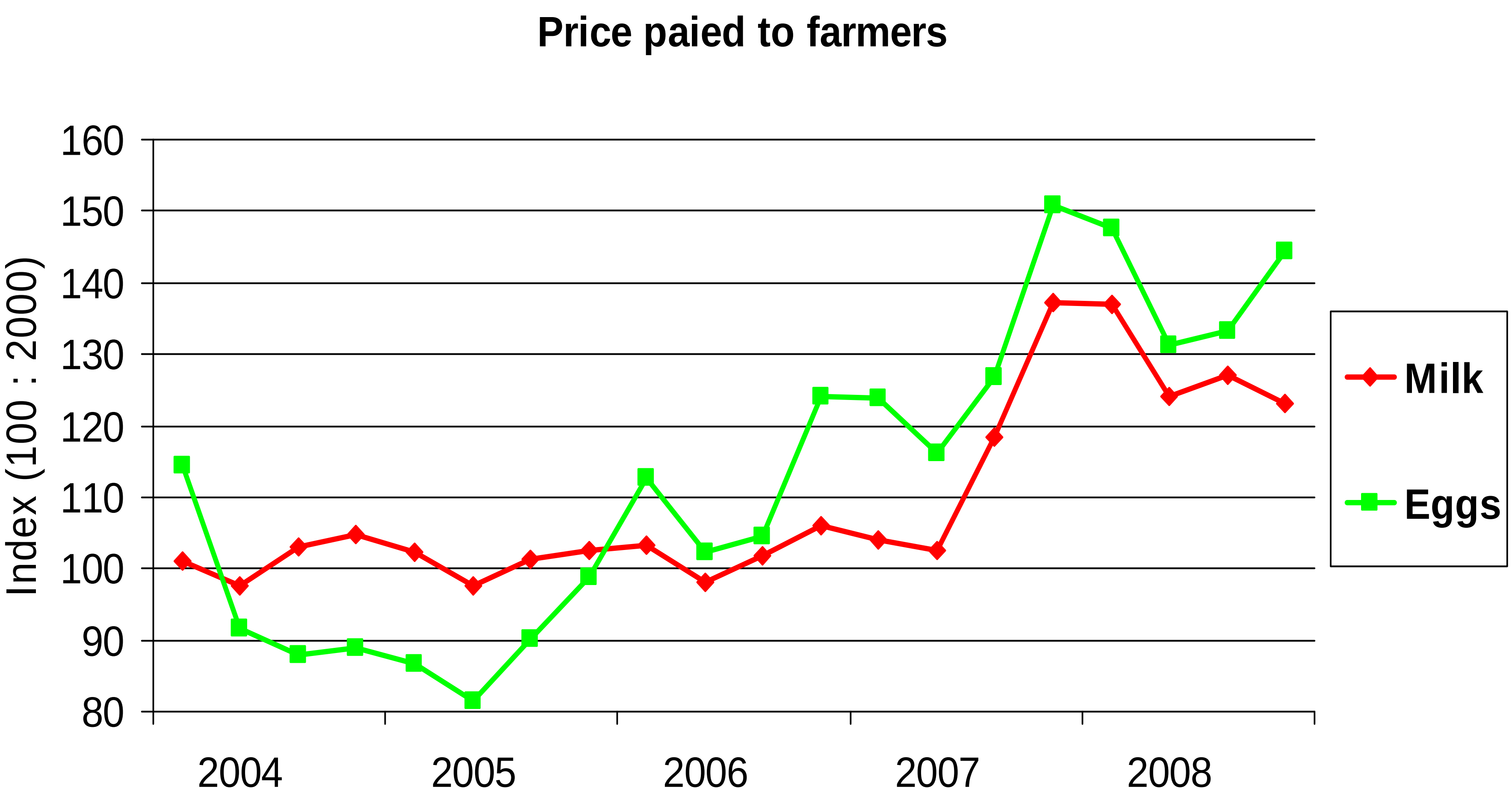
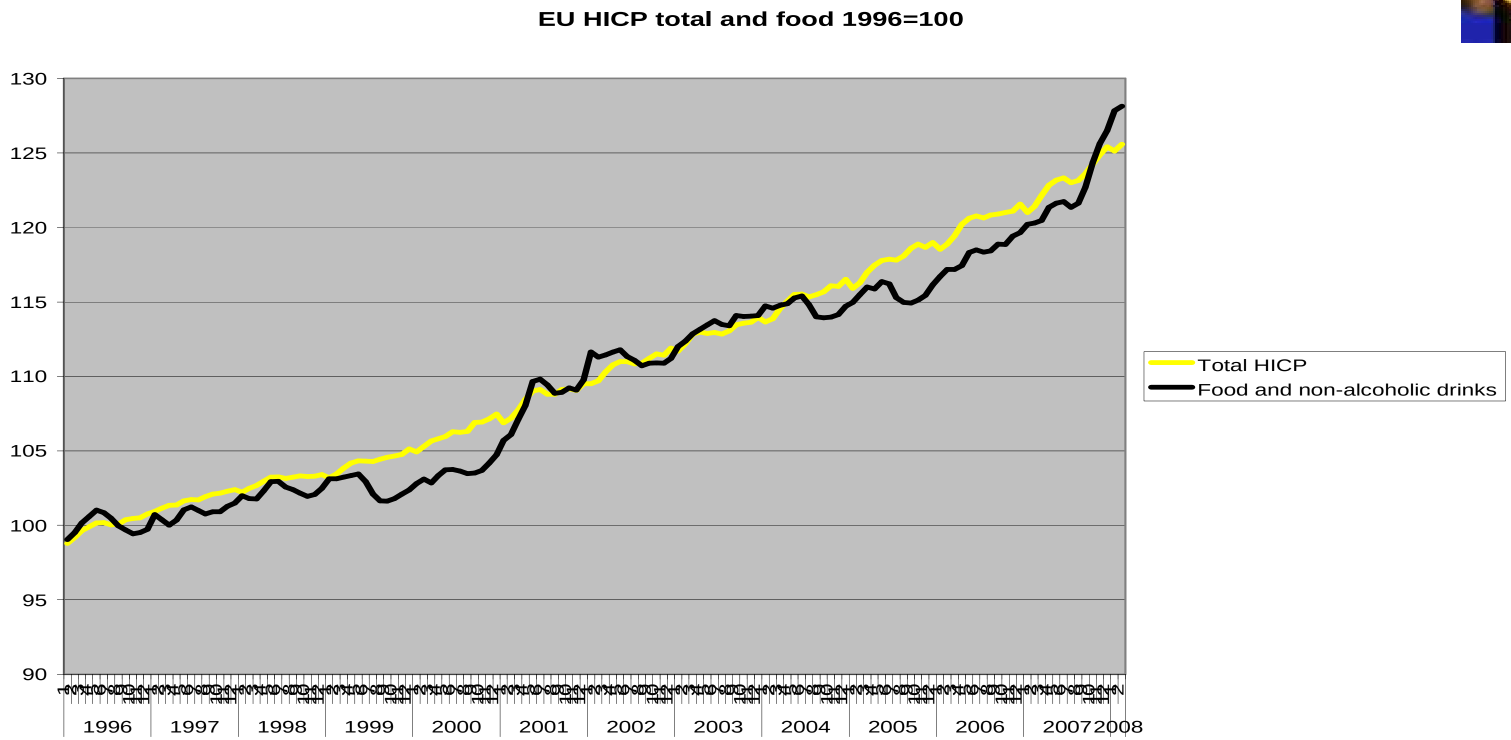


The HLG and the high volatility of agricultural commodities prices



EUROPEAN FOOD INDUSTRY

- Prices are increasing:



EUROPEAN FOOD INDUSTRY

Due to:

- Increasing demand from emerging economies
- Change of habits

- High energy prices
- Difficult access to raw materials

- Financial speculation

EVOLUTION

- Food is closely related to culture

"La Table: Réalités multiples

Une culture avec les rites et les codes

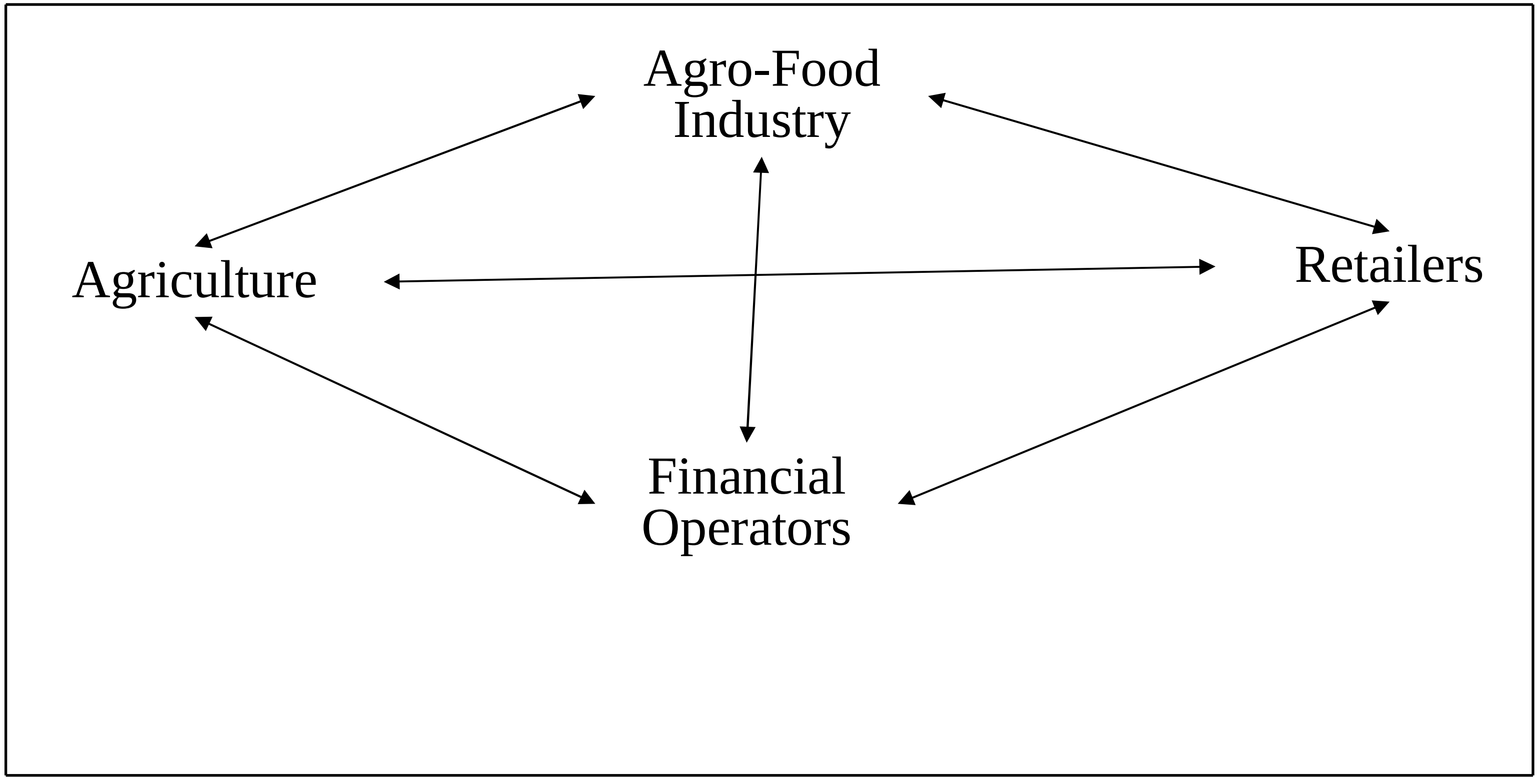
Une industrie façonnée au fil du progrès de la science."

- *Need to be addressed at global level*

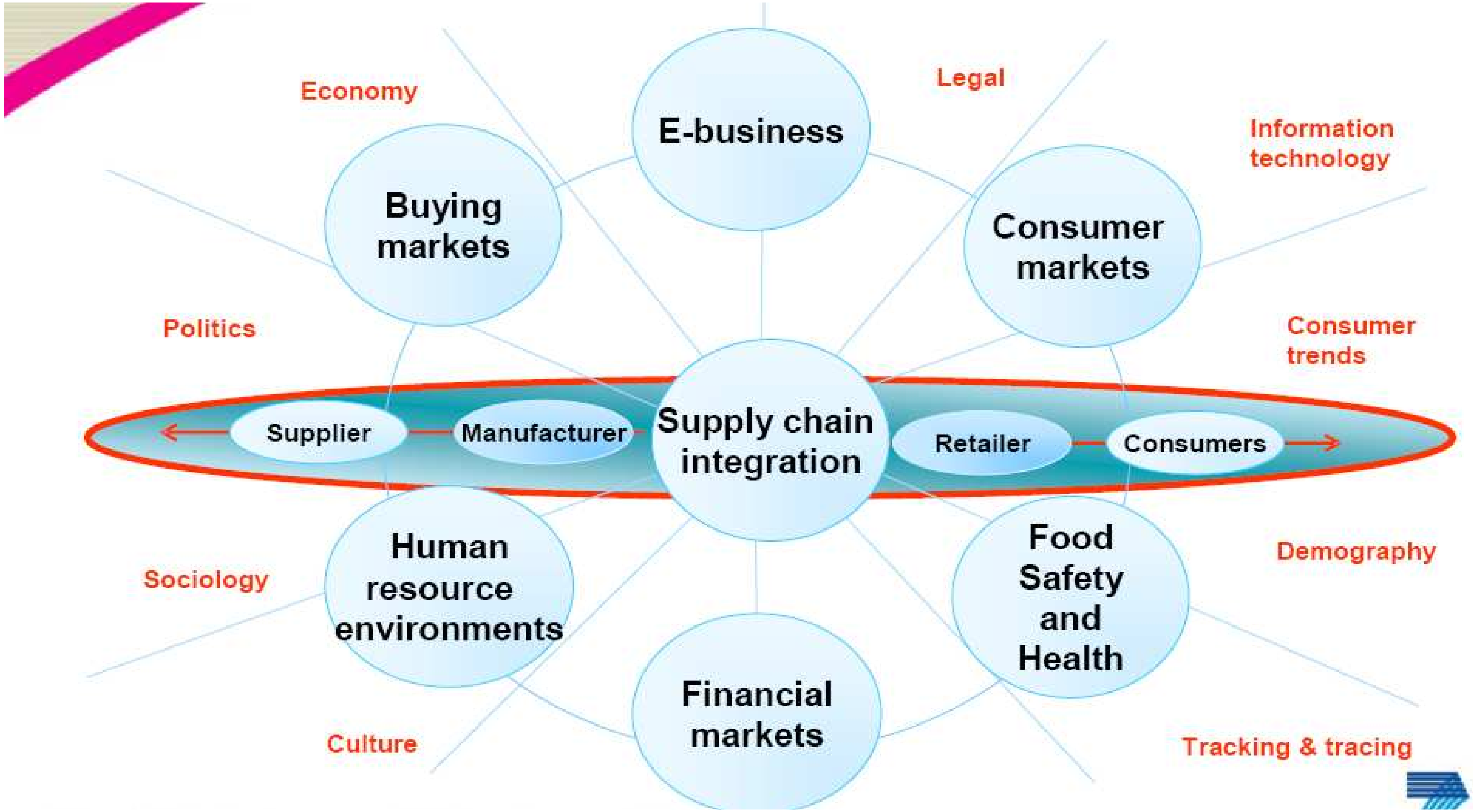
FOOD CHAIN

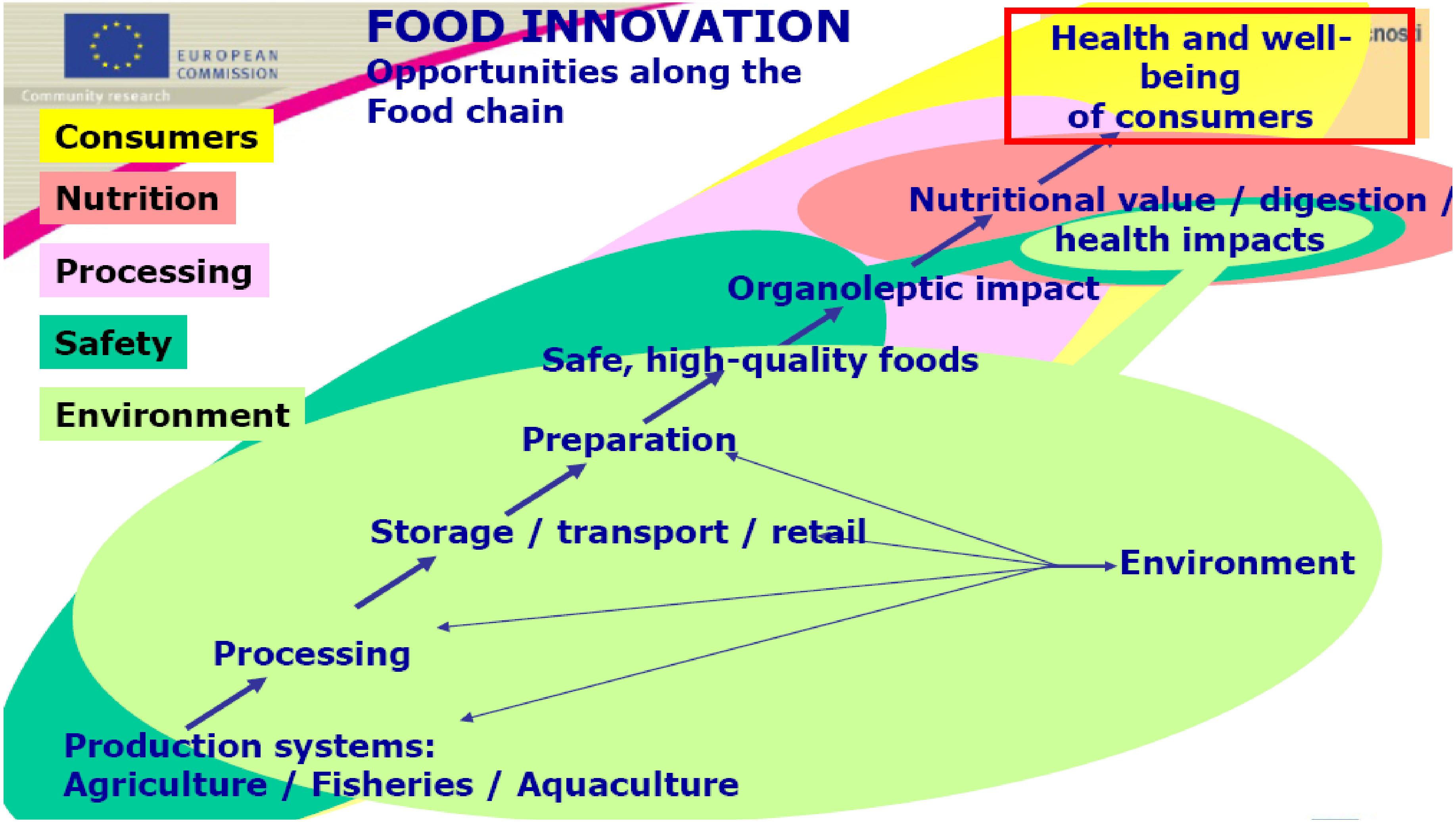
There are multiple interactions:

New close links with Industry



The Food System




EUROPEAN COMMISSION
Community research
FOOD INNOVATION
Opportunities along the Food chain
Consumers
Nutrition
Processing
Safety
Environment
Health and well-being of consumers
Nutritional value / digestion / health impacts
Organoleptic impact
Safe, high-quality foods
Preparation
Storage / transport / retail
Environment
Processing
Production systems:
Agriculture / Fisheries / Aquaculture

KEY WORDS

Consumer choice

Competitiveness

Collaboration

Social responsibility

Agro-logistics

Be responsible

Clustering

Bio-based economy

Sustainability

Innovation

Moving society

COMPETITIVENESS

- Lots of constraints that need to be balanced.

  The European food industry is highly ***competitive***, but competitiveness is a relative good and if we look at the indicators, it might be the case that we are going down with respect to the worldwide competitors.

The High Level Group on the competitiveness of the Agro-Food Industry

- Initiated in 2008
- Objective: Identify the factors that influence the competitive position and sustainability of the Community Agro-Food Industry, including future challenges and trends.
- Composition:
  - 4 Commissioners (Chair: VP Verheugen) + 1 MEP
  - 8 Member States representatives (Ministers)
  - 13 industry leaders + 6 associations representatives

Conclusions and recommendations

- An integrated approach, cover 5 areas of interest:
  - Agricultural and Environmental Policy
  - The Internal Market for Food
  - The Operation of the Food Chain
  - Research and Innovation
  - Trade and Exports
- 30 recommendations issued on 17/03/2009
- Roadmap of concrete actions adopted in July

POLICY ENVIRONMENT

Today, the market environment is influenced by lots of different policies such as:

- CAP
- SME's Policies
- Health Safety and Consumer
- Taxation
- Trade
- Research and Development
- Environmental policy
- Social aspects (Ethics)

IMPACT of Food Legislation on Competitiveness

With focus on potential to innovate there should be an adequate balance between legislative burden and efficiency:

- Benefits of Food legislation
- Weaknesses of Food legislation

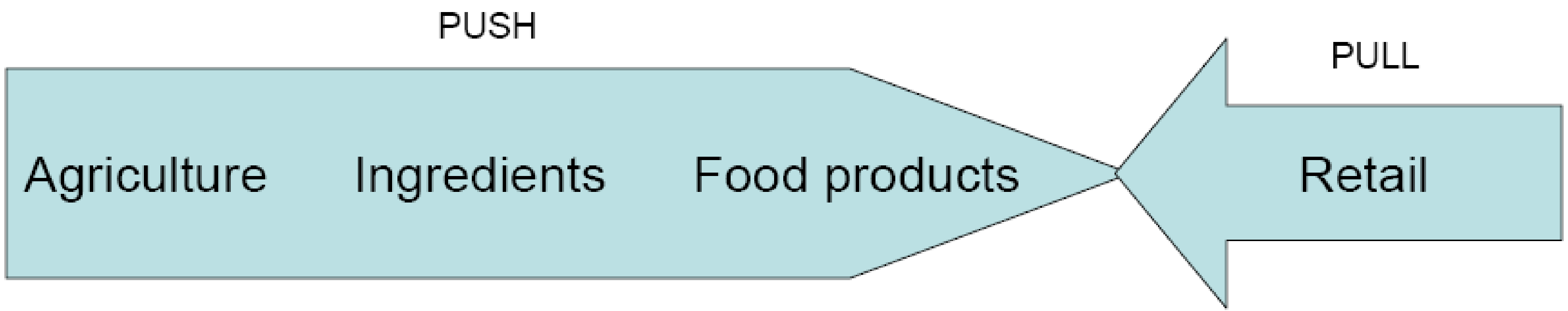
Encourage Partnership

New alliance Agri-BioScience

Chemical =
Pharma = ========== New markets
Food =
and Energy……….

- **Think in terms of opportunities vs. security and**
  How to live with risks?
- **EU is big enough but threshold is high**

Agro-food Value Chain Specifics



- Many operators upstream (farms)
- Largely a push supply chain
- Contact with the consumer dominated by retail

Vision of the Future (HLG)

- ***A competitive industry that provides the world with sustainable, safe and healthy food at affordable prices.***

- *High-Added value products under the umbrella of international standards .*

- *International framework level playing field with 3rd countries.*

Vision of the Future

- *Simplified customs facilities.*

- *Administrative simplification,Better regulation. Harmonized interpretation of EU food legislation. Scientific based decision.*

- *Balance in relationship within the whole food chain (retailers/producers/ manufacturers).*

Vision of the Future

- *SME support: Small Business Act.*
- *Healthier, safer, more confident consumers.*

  Better communication towards consumers enabled to make informed choices.

  Nutrition and Health claims on food.
- *Price structure and monitoring.*

Vision of the Future

- *Sustainable supplies in agricultural raw materials of appropriate quality, quantity and price.*
- *Continued support for an ambitious development of the CAP.*
- *Sustainable Consumer and Production policy*

Vision of the Future

- *Attractiveness and positive image of the agro-food industry*

- *Funding reflecting changing societal needs and challenges.*

  Innovation leadership - Benefits of R&D.

<u>Ensure a holistic approach for the</u>

<u>European agro-food industry</u> (chain)

Thank you