

15 March 2017

## **PROMOTION FoodDrinkEurope contribution to the 2018 work programme**

The EU food and drink industry has committed to generating value added growth of 2.5-3.5% per year by 2025 to step up its contribution to the jobs and growth agenda of the Juncker Commission. To this end, the industry has prepared an ambitious roadmap, which includes making a wider variety of products accessible to all consumers across EU Member States and expanding its international position as leading supplier of value-added products<sup>1</sup>.

Success with our roadmap will also rely on an enabling policy framework, including the EU promotion policy, with its expanded product coverage to processed products, enhanced budget and simplified administrative procedures.

The annual work programme is an important tool, which allows the promotion policy to be consistent with and complement other Commission initiatives, namely the business delegation visits of Commissioner Hogan to third countries, and, on a broader level, the EU trade agenda and market access strategy. This comprehensive set of policies will play an essential role in strengthening the position of EU food and drink products on traditional and emerging markets.

We thank DG AGRI for the opportunity to share our preliminary priorities for the 2018 work programme. We would of course be happy to discuss them with you in more detail, including at the next CDG on 'quality and promotion' on 30 June.

### **1. FoodDrinkEurope preliminary priorities for the 2018 annual work programme**

#### **a. Multi programmes**

Multi programmes provide a truly European added value to the promotion policy, by allowing exchange of experiences between Member States and increased efficiency. Hence, FoodDrinkEurope welcomes the planned increase in the budget for multi programmes in 2018<sup>2</sup>.

#### **b. Target markets**

Key facts and figures to consider in the context of the promotion policy are:

- The EU is the world's largest exporter of food and drink products<sup>3</sup>;
- The EU share in global food and drink exports has decreased over the past decade due to growing competition on the international market place;

---

<sup>1</sup> For more information, please read the FoodDrinkEurope report "[A competitive EU Food and Drink Industry for Growth and Jobs](#)".

<sup>2</sup> Financial statement accompanying the legislative proposal, COM/2013/812.

<sup>3</sup> In 2015, extra-EU exports amounted to €98.1 billion and extra-EU imports to €72.9 billion, resulting in a positive trade balance of €25.2 billion. Food and drink industry is defined by NACE rev.2 nomenclature, codes C10 (manufacture of food) and C11 (manufacture of drinks). Source: [FoodDrinkEurope Data & Trends 2016](#).

- Extra-EU agri-food exports (€129.2 billion) contain a considerable share of products of the food and drink industry, including so-called processed agricultural products (PAPs)<sup>4</sup>.

FoodDrinkEurope supports the emphasis on third countries and considers that the promotion policy has a key role to play in increasing the export opportunities of European operators.

We welcome the more limited number of actions and the broader geographical areas that have been used in the 2017 work programme compared to the 2016 work programme for simple programmes in third countries. Sufficient funding should also be available for programmes targeting “other regions”. This could reduce the burden for programmes that target several countries at the same time.

The promotion policy is also an important tool in the EU single market, which is the first outlet of EU food and drink products. In 2014, EU household expenditure on food and drink products surpassed €1 billion<sup>5</sup>.

### **c. Products/Sectors**

The annual work programme should be demand-driven and operators should be able to use all the possibilities offered by the markets. Hence, FoodDrinkEurope considers that the work programme should maintain a geographical approach and not restrict the products eligible in the calls<sup>6</sup>.

While the extended product coverage of the promotion policy was a major achievement of the reform and greatly supported by FoodDrinkEurope, the calls must be defined in a manner that allows all products, including processed products, to apply and qualify for such programmes.

Finally, we support the objective of increasing consumers’ awareness and recognition of EU quality schemes, however we would welcome a more balanced budget allocation within the 2018 work programme.

### **d. Learning from the experience with the new promotion policy**

Experience with the first years of the new promotion policy should also contribute to shape the priorities for 2018. Therefore, once the 2017 calls to present project proposals for promotion campaigns close, we invite the Commission to analyse the schemes and markets targeted by the applicants and discuss the outcome and next steps with stakeholders.

### **e. Market analysis**

FoodDrinkEurope welcomes the new agri-food promotion portal recently launched by the Commission, which contains valuable information on entering new export markets, including market reports outlining business opportunities in different third country markets.

Likewise, we highly appreciated the Commission’s macro-economic market analysis and export projections for EU agri-food products, which fed into the 2017 work programme. We strongly encourage the Commission to conduct this analysis for the preparation of the 2018 work programme and to make it available for business operators.

---

<sup>4</sup> Source: [DG Agri – factsheet for EU total agri-food trade \(extra EU-28\)](#).

<sup>5</sup> Source: [FoodDrinkEurope Data & Trends 2016](#).

<sup>6</sup> Except for possible specific programmes which may address the difficult market situation of certain sectors.

## 2. FoodDrinkEurope specific priorities for promotion programmes targeting third-country markets

### ▪ Japan

Japan is the European food and drink industry's 4<sup>th</sup> largest export market. Japanese consumers are increasingly open to consuming non-traditional foodstuffs and consumer demand cannot be met by Japan's own domestic production. The European food and drink industry is particularly supportive of the on-going EU-Japan FTA negotiations which, once concluded and implemented, should allow the industry to fully tap into the market and respond to the changing Japanese eating habits. Meanwhile, promotion efforts can help EU manufacturers prepare for the Japanese market and boost utilisation of trade preferences under the future FTA.

### ▪ Canada

Canada is amongst the top 10 export markets of the European food and drink industry. The EU-Canada CETA agreement which should start to apply provisionally in the coming weeks is expected to further enhance trade in agri-food products including processed agricultural products. Despite its comparatively small market size of 35 million people, Canada's strong purchasing power, the historical ties with Europe, appreciation of European culture and cuisine are promising factors when it comes to further expanding EU exports. Promotional activities could well complement the new opportunities created by the EU-Canada CETA agreement.

### ▪ China

EU export growth to China is largely driven by China's growing middle class, changing consumption patterns, and appreciation for high-quality European food and drink products. This growth is expected to continue.

### ▪ USA

USA is the first export market for the European food and drink industry. However, the EU market share of US food drink imports appears to have shrunk over the past decade. The EU promotion policy can help reverse this trend and strengthen the position of EU food and drink products on the US market.

### ▪ South Korea

South Korea is one of the largest food importing countries in the world. In 2015, South Korea ranked as 12<sup>th</sup> largest export market for EU food and drink products. Its population of 51 million people, high and growing purchasing power, and strong and evolving consumer demand for high quality imported foods create the conditions for continued growth and market potential for imported food and drink products from the EU. EU promotional efforts targeted at South Korea could play a complementary role to the preferential market access enjoyed under the EU-Korea FTA, and help create greater awareness in South Korea about the quality attributes of EU food and drink products.

Furthermore, the promotional efforts should also help EU manufacturers take full advantage of the market potential in other third countries / regions such as:

- **Central and South America;**
- **ASEAN region;**
- **North Africa;**
- **GCC countries;**
- **Iran;**
- **Sub-Saharan Africa (West Africa, Central Africa, Eastern and Southern Africa).**