

High Level Forum for a Better Functioning Food Supply Chain

Expert platform on the competitiveness of the agro-food industry

Report on Food Labelling Practices

Background

On 12 July 2011 the Workshop on Labelling Practices was organized following a request of the Competitiveness Platform of the High Level Forum on the Competitiveness of the Food Chain. The mandate for the objectives of the Workshop was:

- to explore best practices and identify benefits of labels for both consumers and business operators;
- to address certain issues raised by members of the Platform regarding labelling practices, such as the proliferation of labels, consumers' confusion, burden on business operators and unfair practices;
- to discuss possible ways to tackle such issues and possible future actions.

The Directorate General for Health and Consumers made a presentation on the new European legislation on general and nutritional labelling, which was recently reviewed, with the aim of modernising and harmonising the existing legal framework. Issues considered in the context of the review of the legislation and covered by the new rules, such as the mandatory labelling requirements, were not discussed or put into question.

In the course of the Workshop, the Commission confirmed its commitment for a holistic approach across Directorates General on food labelling policies.

Thanks to relevant contributions both from the Commission and from involved stakeholders, a general agreement was reached on the following issues:

- food labelling is a win-win tool for business and consumers;
- harmonised standards are generally desired, even for voluntary labels and national schemes;
- new technologies (e.g. smartphones) and innovation could become possible means of labelling for food in the future;
- consumer expectations and behaviour must be studied so that policy directions can be based on their input.

The Commission will report on the Workshop and its outcomes to the Sherpa meeting on 20 October 2011 and to the High Level Forum on 29 November 2011.

Main areas of future work

As largely agreed by stakeholders, labels are a win-win tool with relevant positive benefits for both consumers and business operators. They help consumers to make informed choices and give economic added value to businesses¹.

To prevent possible risks that could undermine these positive effects, further areas of future work have been identified.

1. Prevent risk of proliferation of labelling schemes and excessive market fragmentation

As agreed in the course of the Workshop, the existing legal framework for labelling is to be considered as satisfactory. Legal requirements ensure that consumers are provided with the information that is necessary to make informed and healthy choices.

Based on the existing European regulations, food operators have the possibility to differentiate their products by introducing additional voluntary information on labels.

Notwithstanding the positive effects of labelling, the risk of proliferation of and lack of convergence between voluntary labelling schemes are issues to be addressed in order to avoid overload of information, consumer confusion and market fragmentation, both at national and EU level.

Proliferation can be concluded from the Food Labelling Mapping/Overview presented by the Commission, and in line with the inventory done for the Commission in 2010². The Commission will further develop this mapping and all stakeholders are encouraged to contribute to this exercise.

The Commission has recently published guidelines for the implementation of voluntary certification schemes for agricultural products and foodstuffs³. These guidelines can be a useful tool to address the risk of market fragmentation and to ensure more harmonised criteria for effective and reliable voluntary labelling schemes. The aim of these guidelines is to highlight the best practices on how to:

- avoid consumer confusion and increase the transparency and clarity of the scheme requirements;
- reduce financial and administrative burden on farmers and producers;
- ensure compliance with internal market rules and principles of certification.

These Guidelines provide a detailed set of recommendations regarding:

- scheme participation and development;
- scheme requirements and corresponding claims;

¹ The information provided by food labelling is relevant for consumers' health. Based on this assumption, the New European labelling legislation sets minimal requirements ensuring food hygiene and safety. One of the conclusions of behavioural studies is that well structured labels giving information on energy and key nutrients (fat, saturated fat, sugar, salt), improve attention to food labelling, lead to good understanding, and facilitate healthy choices. These conclusion were provided by Flabel's presentation: "Behavioural economics: what drives consumer expectations?".

² http://ec.europa.eu/agriculture/quality/certification/index_en.htm.

³ http://ec.europa.eu/agriculture/quality/policy/quality-package-2010/certification-guidelines_en.pdf.

- certification and inspections;
- mutual recognition and benchmark/overlap with other schemes.

An area where certification schemes are particularly common is sustainability. To address the risk of proliferation of schemes referring to environmental impact, and to achieve a harmonised approach, the Commission is involved in a number of initiatives, among which the EU Food Sustainable Consumption and Production Roundtable⁴ with the following objectives:

- to establish scientifically reliable and uniform environmental assessment methodologies for food and drinks;
- to identify suitable tools and guidance for voluntary environmental communication to consumers and other stakeholders;
- to promote continuous environmental improvement measures along the entire food supply chain.

In addition, the Commission is working on establishing a harmonised environmental footprint methodology for products and companies, following the call for action in the Single Market Act⁵ and the Council conclusions on the Sustainable Consumption and Production Action Plan⁶. The project aims at establishing the final methodological guidance in the second half of 2012.

Even if they are designed for a particular type of scheme (e.g. quality of agricultural products or environmental), many of these recommendations can be applicable to other areas. Solutions to address proliferation should also take into account differences in the demand for local labels which are tailored to consumer needs. Solutions could range from pictorial symbols (to overcome language issues), through technology-based tools up to mixed solutions. Additionally, some Member States would welcome a database with all existing legislation on food labelling, also for the use of national authorities.

Actions:

- Further development of the Food Labelling Mapping/Overview;
- Explore recommendation on a possible database.

2. Consumer empowerment: the contribution of behavioural studies

Empowered consumers can make better choices, not only to their benefit - they also reward competitive businesses. Consumer empowerment consists of, among others, consumer confidence and skills (including numerical skills or capacity to read logos and labels), awareness of consumer protection legislation and consumer engagement⁷.

Continuous efforts should be put in place to constantly increase the level of consumer empowerment.

⁴ The EU Food Sustainable Consumption and Production Roundtable is a multi-stakeholder initiative co-chaired by the Commission and food chain partners; <http://www.food-scp.eu/>.

⁵ http://ec.europa.eu/internal_market/smact/index_en.htm.

⁶ <http://register.consilium.europa.eu/pdf/en/08/st16/st16914.en08.pdf>.

⁷ http://ec.europa.eu/consumers/consumer_empowerment/index_en.htm.

Education, training and awareness raising campaigns were suggested in the workshop as tools to help consumers fully understand the message included on labels, and to recognise the efforts of business operators. However, the outcomes of the behavioural studies suggest that simple and standardised information given to consumers in the moment of decision making is more helpful than education. Consumer education should be rather included in the school programmes and adult learning where children and adults could get acquainted with basic rules of being an aware and empowered consumer.

Representatives of the food industry proposed the setting up of a working group under the High Level Forum which would gather examples of best practices of provision of information to consumers.

Behavioural and consumer studies can further support the designing and implementing of requirements regarding consumer information. They can help avoid the risk of a gap that might exist between providing useful and reliable information and influencing consumer behaviour.

Actions:

- Further exchange of best practices in consumer information between business operators, between relevant authorities, as well as between businesses and authorities (also across Member States).
- Further development of behavioural and consumer studies in the area of food information.
- Better exchange and implementation of study results.

3. New technologies and innovative communication tools

Consumer information is a broader context in which labels should be considered. In store, the consumer takes 3 to 5 seconds to choose a product⁸. In order to obtain information tailored to their specific needs, consumers are increasingly turning to the internet, where they are helped by search applications to obtain additional information.

Alternative means of communication (e.g. information given via scanning of bar codes through smart phones: "Proxi-Produit"⁹), including their potential, their limitations and wider policy implications, have also been considered. Information must remain reliable. Responsibilities at the different levels of the food supply chains as well as consequences arising from the use of such tools need also to be explored. A European-level action/regulation on the use of the digital means was amongst the solutions suggested, in order to avoid a fragmentation of these information systems.

Minimum European wide standards, e.g. on data quality, have been hinted as means to ensure both reliability for consumers and manageable costs for industry-linked digital information.

⁸ As outlined in Auchan's presentation.

⁹ A presentation of the Proxi-Produit project was given during the Workshop. The project is particularly innovative because of its coordinated approach between stakeholders.

Even though the growing diffusion of new technologies is an established trend, not all consumers have access to such tools. Therefore, it was generally accepted that all essential information for consumer safety and protection must remain on the product label.

Actions:

- Continue to follow the evolution of the use of new technologies and gather information on their potential use and outreach possibilities.
- Consider the need for regulation on the use of the digital means of communication with consumers, including minimum EU-wide standards.

4. The costs of labelling

Labelling requirements might change the way in which products are designed or developed. Stakeholders pointed to the influence of new requirements on costs for businesses and on organisational behaviour. However, the actual level of these costs remains largely unknown to policy makers. The Commission underlined that more data about costs and benefits of labelling should be provided by business operators in order to assess the economic and competitive impact of information requirements and of labelling practices. Members of the Competitiveness Platform as well as other participants of the workshop were therefore encouraged to communicate relevant data or studies in this respect.

In the course of the Workshop, there was a call for a debate on how to recognise, possibly in a formal way, the costs of production and the efforts of European farmers/producers.

Actions:

- Information on the costs linked to labelling requirements carried by operators.

5. Including SMEs

The needs of small and medium size enterprises (SMEs), that are very important in the agro-food chain and often cannot afford high-tech solutions, must be taken into account in future actions. Several stakeholders called for legal frameworks that are adapted to the specific needs of small craft businesses, with labelling rules that are easy and flexible. A particular call for simple and flexible origin labelling schemes came from meat producers. There were requests that the impact assessments of new rules should pay particular attention to impacts on SMEs and the proportionality of the efforts required to implement new rules.

It was also suggested to create a database of existing labelling legislation in order to facilitate business activity of small producers and operators who might find difficulties in discovering and understanding the rules they should apply. The database could be a one-stop-shop for compulsory EU and national level legislation.

Actions:

- Explore possibilities of creating a database of existing labelling legislation for operators, including SMEs. As recommended by stakeholders, the possibility of including also voluntary food labelling schemes in such a database will be examined. This could help to provide guidance for both businesses and consumers, as well as lead to further harmonisation concerning voluntary schemes (see point 1).

Conclusions

Giving accessible and user-friendly information concerning voluntary and mandatory labelling schemes has been identified as a best practice to develop successful labels with benefits for both consumers and producers. Research on the use of the new technologies would be welcome and studies on consumer behaviour need to be pursued to develop concepts and work out realistic solutions. Consumer empowerment in general and, more specifically, well designed information can help to enable consumers to fully recognise the efforts made by producers in assuring high standards of quality and safety, and to make optimal choices on, for example, health aspects, quality or environmental performance of a product. As regards producers, the creation of a database of labelling legislation and standards might be the solution to cut red tape and reduce costs, especially for SMEs, and therefore enhance their competitiveness. The next step is therefore to better define how to develop (with the help of research) these information tools. The holistic approach across Directorates General of the European Commission to food labelling policies will be continued.

The Commission will consider the stakeholders' suggestion to create a joint working group under the High Level Forum on information to consumers and best practices¹⁰ on the basis of inputs provided by the meeting of the Sherpa Group on 20 October 2011.

¹⁰ Recommendation made by FoodDrinkEurope and supported by other stakeholders.