



European Snacks Association

Country of Origin or Place of Provenance Labelling

October 2014

1) Background

- The Food Information to Consumers (FIC) Regulation 1169/2011 foresees that mandatory country of origin or place of provenance labelling should be provided for some types of meat and for certain other foodstuffs **if failure to do so would mislead consumers**. In addition, the Regulation requires the European Commission to submit reports examining the possible extension of mandatory country of origin or place of provenance to further products including unprocessed foods, single-ingredient products, and ingredients that represent more than 50% of a food.
- The European Snacks Association (ESA), representing savoury snack producers and their suppliers, welcomes the use of an impact assessment as the preferred route for the **European Commission to provide such reports** and within this context is pleased to submit the following comments on this issue.

2) Executive summary

- **The European Snacks Association (ESA) is concerned that calls for mandatory country of origin or place of provenance labelling fail to acknowledge the complex supply chains involved in the production of processed foods such as savoury snacks.** Any approach to enforce mandatory origin provisions would cause severe difficulties for manufacturers who source and purchase ingredients from multiple origins, according to factors such as availability or seasonal variations. Such a move would add significant multi-million euro costs to the manufacturing operation and significantly impact on factory efficiencies, without adding any value for consumers. Furthermore for some products the requirement for mandatory country of origin labelling (MCOOL)¹ would be commercially non-viable resulting in product(s) being taken off the market with consequential losses in turnover, jobs and consumer choice.
- As ESA members comply with European HACCP and traceability requirements they are in a position to promptly disclose origins and destination to competent authorities should any post-production issues be identified with respect to quality and food safety. Thus, **traceability guarantees that adequate procedures are in place to withdraw products from the market where a risk to consumer health is posed.** Origin should remain part of industry's role to provide

¹ In this position paper, ESA refers to "MCOOL", i.e. "mandatory country of origin labelling" to simplify discussions.

safe food instead of contributing to information overload on-pack which can be counterproductive.

- **ESA supports maintaining the existing framework for origin labelling.** Current EU law already requires country of origin information where failure to indicate this might mislead the consumer as to the genuine country of origin or place of provenance of the food. **Should the EU institutions decide to consider extension of the rules on mandatory country of origin/place of provenance, ESA would support an impact assessment report within three years of the entry into force of the food information regulation before additional food categories could be subject to these extensive new requirements.** Stakeholders should be part of the impact assessment process.
- **In the meantime, ESA would like to point out that a mandatory declaration of country of origin or place of provenance for the ingredients of composite products, for single-ingredient products or for unprocessed products would result in a tremendous burden for industry.** Some of the categories singled out by the EU institutions cover a very broad range of foodstuffs, and general rules for the entire category would be extremely difficult to apply:
 - **Mandatory country of origin or place of provenance for ingredients of composite products is hampered by the complexity, and necessary flexibility, in sourcing many ingredients,** particularly seasonal ingredients, to ensure a consistent supply of appropriate quality and quantity.
 - **Mandatory country of origin or place of provenance for “single-ingredients” would fail to ensure a level playing field for industry.** While a bag of a single nuts variety, for example raw almonds, would have to be labelled, a nut mixture, consisting of diverse nuts and raisins, for example, would not have to be labelled.
 - **Furthermore, “unprocessed foods” is not a well defined category.** Based on the definitions of “processed” and “unprocessed” according to the Hygiene legislation, some nuts and seeds categories would be in the scope of “unprocessed food”.
- **ESA believes that the definitions of both country of origin and place of provenance should be retained according to the Food Information to Consumers (FIC) Regulation 1169/2011, whilst ensuring that it is either the country of origin or place of provenance that would have to be declared; only in case mandatory origin labelling would be considered.**

3) Mandatory country of origin or place of provenance labelling – Overview on impacts and case studies

Mandatory country of origin or place of provenance labelling disregards existing obligations for traceability

- The savoury snacks industry is committed to providing consumers with factual, science-based, objective and consistent nutrition information that they need in order to be able to make an informed choice. Members of the ESA comply with existing legislation that already foresees

providing the origin of foodstuffs when the absence of this indication could mislead consumers as to the genuine origin of the product.

- **ESA believes that adding mandatory origin information on pack would bring no added value to consumers.** Consumers look for consistent products which meet their expectations as regards taste, nutritional standards and value. Our members already invest significant resources to ensure that our products are safe and meet the highest quality standards. Flexible supply chains, guaranteeing continuous supply of fresh raw materials, are crucial to maintain consumer confidence, and provide the value they demand.
- As regards the supply chain, this means that **our members comply with HACCP² and traceability requirements. All savoury snacks manufacturers are in a position to promptly disclose origins and destination to competent authorities.** The latter point is ensured by Regulation 178/2002/EC, where Article 18 introduced the principle of traceability.³ According to this principle, the European food and feedstuff businesses must be capable of identifying the source of raw material supply and the recipients of their products. This occurs when necessary, i.e. in case of a possible incident in the production, food business operators ensure that food can be traced and tracked, and suppliers and customers can be identified immediately.
- **Thus, traceability guarantees that adequate procedures are in place to withdraw products from the market where a risk to consumer health is posed. Origin should remain part of industry's role to provide safe food instead of contributing to information overload on-pack which can be counterproductive.**

Mandatory country of origin or place of provenance labelling does not provide added value as to understanding environmental costs

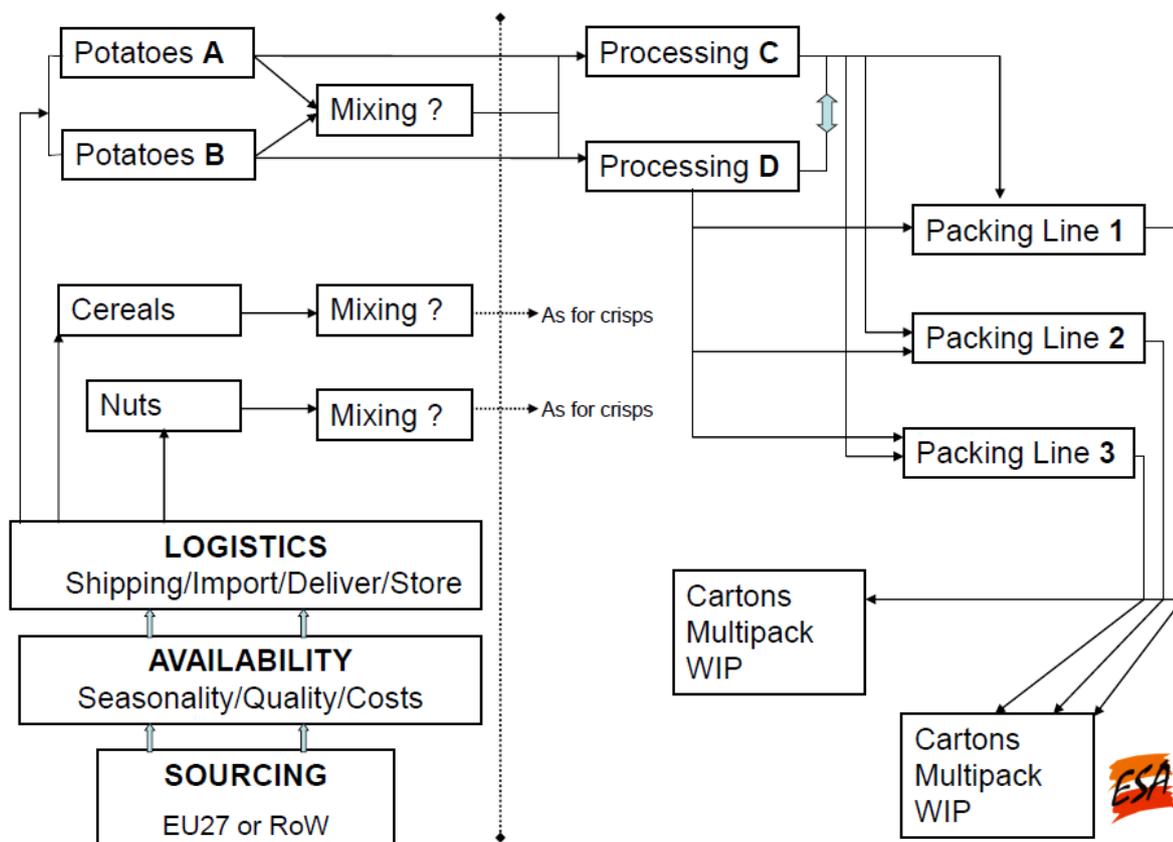
- Origin labelling may also result in consumer confusion regarding the environmental costs of production. In this respect, **it is important to take into account the entire lifecycle of a product (including details of how each phase contributes), and not just its origin, before calculating costs related to environment and sustainability.**
- Some foods that travel long distances, for example, may have an environmental advantage over local products. A UK study, for example, has pointed out that procedures such as drying and canning result in products with a longer shelf life that can be carried by sea, rather than air-freighted, and add value for local producers.⁴

² Hazard Analysis Critical Control Point, see EC 852/2004: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:226:0003:0021:EN:PDF>

³ See: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2002:031:0001:0024:EN:PDF>

⁴ Comparative merits of consuming vegetables produced locally and overseas: Fair and evidence based carbon labelling: <http://www.relu.ac.uk/news/policy%20and%20practice%20notes/Edwards-Jones.pdf>

Schematic Outline of Simplified Process from Raw Material sourcing to Finished Product



Mandatory country of origin or place of provenance labelling underestimates frequency of changes of raw materials supply

- **Mandatory country of origin labelling ultimately denies the market reality of a highly integrated European food industry and will restrict trade to the detriment of the European single market.**
- It would be impossible to change the label each time raw materials supply for a production plant is sourced from a different country. Deviation or differentiation of sourcing often occurs at short intervals (e.g. changing the source of ingredients from country A to country B due to extreme weather conditions, quality, or delivery problems).
- An internal ESA survey found that **the origin of potatoes purchased by savoury snacks manufacturers changes up to 6 times per year, with members relying on several countries of origin.** One of our members in the UK, for example, constantly relies on four countries for potato supply (UK, Belgium, France and Germany).
- ESA members also develop snacks made from **cereal or vegetable based raw materials**, offering not only interesting flavours and textures but also improved levels of fibre and micro-nutrients. Snacks manufacturers purchase these raw materials from different sources so as to ensure products of a consistent and high nutritional quality all year long.

- A leading snacks manufacturer has indicated that **the origin of corn flour changes once every half year (three countries of origin involved), whereas the origin of corn meal even changes once per month (three countries of origin involved).**
- Another ESA member explained that their supplier processes wheat from different origins within Europe. Based on wheat qualities, different batches of wheat varieties are mixed in changing ratios all over the year to achieve best quality. To limit the supplier to particular origins would impact adversely on the quality of the flour, and hence the end-product quality. In these circumstances we would also expect increased raw material costs, with the reduced availability of acceptable raw material supply.

World origin map of some major nuts categories



- **The situation is even more complex as regards nuts:** all ESA members pursue a multi origin sourcing strategy in growing regions around the globe, depending on quality, harvesting and availability of nuts. **A major manufacturer has indicated that the origin of nuts supply changes 60 to 70 times a year.** If the origin of nuts has to be indicated on-pack, the flexibility to purchase nuts will be unnecessarily restricted and pricing will go up for this manufacturer by about **3 to 5 Mio EUR** per year.
- Another member has highlighted that manufacturers depend on a multi sourcing strategy, buying nuts from various origins around the world. Due to fluctuating market conditions, harvest yields etc. manufacturers would never be able to accurately forecast the use of a single origin at any one point in time. **Companies would therefore need to include a number of potential origins on the packaging, which drives no real benefit to the end consumer.** Alternatively, companies would need to increase their packaging portfolio in order to have origin specific film for every single product manufactured. **This would drive a significant on-cost to the business and would be very complicated to manage at an operational level.**

Mandatory country of origin or place of provenance labelling results in tremendous burden for industry

- MCOOL would remove all flexibility for food industries to differentiate sourcing, and impose a major cost burden, particularly on SMEs. **The constant adaptation of food labels – whenever the origin of the raw material is amended – would lead to higher costs, and related, rising packaging waste.** An internal ESA survey found that artwork changes alone results in up to **2.0 Mio EUR additional costs per year** for a leading snacks manufacturer.
- Costs are particularly high for those members who operate in several EU member states and produce both branded goods and private labels: it is worth remembering that such packs are **labelled in up to 10 languages**, making it quite impossible to modify information by codification.



Image kindly provided by Heat and Control

Example: Potato crisps plant - Calls for mandatory country of origin labelling underestimate the sheer scale of supply logistics

- Larger crisp manufacturing lines can use as many as 24 tonnes of potatoes an hour, resulting in 6 tonnes of crisps per hour or more than 1 000 tonnes per week. The potatoes used as raw material in this process can be sourced from just one grower or a number of them in different countries; to try and change the packaging on each line every time the country of origin of the supplies changes is completely impractical.
- Some factories get **bulk supplies by lorry which will contain potatoes from more than one grower**. Many plants are on 24 hour working for a minimum of 120 hours per week. This means that **over 1,400 tonnes of potatoes are processed through each crisp line per week**.

- **MCOOL would also require considerable investments in supply logistics.** Indeed, MCOOL can result in unforeseen logistics problems such as delayed raw material supplies.
- Specific problems arise if single ingredients are sourced from different countries (depending on availabilities on the global market place) but stored and processed together. **Country of origin/place of provenance on-pack would not be possible without introducing specific measures such as separate storage and/or processing.** A leading manufacturer has estimated that due to these investments, total costs resulting from MCOOL would be particularly high in the first year, at around **11 Mio EUR** , and **annual costs of 3.5 Mio EUR in the following years** for this company. Investments include infrastructure for the separation of raw materials from different origins, additional cylinders for printing, and administrative costs, etc.

Mandatory country of origin or place of provenance labelling distorts competition among manufacturers of similar food products

- **Furthermore, the provisions on “single-ingredients” fail to ensure a level playing field for industry.** While a bag of a single nuts variety, e.g. raw almonds, would have to be labelled, a nut mixture, consisting of diverse nuts and raisins, for example, would not have to be labelled.
- In its First reading vote to the FIC Regulation on 16 June 2011, the Parliament acknowledged that it might be “impractical to label the country of origin”. **The proposed alternative, however, adding the statement “of unspecified origin” on pack, would be misleading** as it implies that the manufacturer is not able to indicate the origin of foodstuffs. Thus, manufacturers producing a single nuts variety would suffer discrimination as consumers are likely to choose nut mixtures which would not bear the doubtful statement “of unspecified origin”.
- **ESA would also like to point out that “unprocessed foods” is not a well defined category.** Based on the definitions of “processed” and “unprocessed” according to the Hygiene legislation, some nuts and seeds categories would be in the scope of “unprocessed food”.
- Most nuts can be described as “unprocessed” if they are not oil fried or dry roast like macadamias, cashew nuts, brazil nuts, walnuts, almonds, peanuts, hazelnuts etc. A single package of peanuts or pistachios (which are usually roasted) would be considered “processed” yet a single package of almonds or walnuts would not. Some nuts might be “blanched” (a light heat treatment to help skin removal) such as hazel nuts or cashews, but that is not considered “processed”. **Thus, provisions for “unprocessed foods” would cause severe difficulties for some manufacturers due to unclear legal definitions.**

4) ESA Comments about voluntary country of origin or place of provenance

- The possibility to voluntarily label the origin is the preferred approach in comparison to mandatory information on-pack, since this would allow food business operators to analyse consumers’ interests concerning different sectors and different products in line with their expectations. Indeed, the vast majority of consumers do not understand what is actually meant by such labelling, i.e. is it the place of first production, collection, manufacture or final transformation?⁵
- Providing origin labelling voluntarily will involve significant additional costs for the producer, and ultimately the consumer. At the moment manufacturers can evaluate consumers’ interest in the provision of country of origin for a particular product as well as their willingness to pay the cost for it. This should remain the case.

⁵ UK FSA Survey January 2010 : <http://www.food.gov.uk/news/newsarchive/2010/jan/coolresearch>

The European Snacks Association (ESA) is Europe's only trade organisation dedicated to advancing the savoury snacks industry on behalf of member snack manufacturers and suppliers. Founded in 1961, our members are national and international snack producers and industry suppliers, who together are involved in the manufacture of potato crisps, corn chips /tortillas, pellet snacks, baked snacks, crackers, pretzels, savoury biscuits, popcorn, pork rinds, meat snacks, fruit snacks, peanuts, other snack nuts and various other savoury snacks in this category.

ESA represents member companies' interests at national, European and International level and is proactive in its anticipation and fielding of potential issues of relevance to the industry.

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