Traceability and the new CAP

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Traceability and the new CAP

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Abstract. The Common Agricultural Policy (CAP) was strongly criticized for the food safety crises of the 1990s which included Bovine Spongiform Encephalopathy (BSE), dioxin, foot and mouth disease and swine fever to name a few. Even though the first rules on food safety date from the very early days of the EU, a need was recognized to replace a number of these rules accumulated through the years, whose implementation was difficult to monitor, with a simpler and more comprehensive approach. The result was the General Food Law (REGULATION (EC) No 178/2002). A core concept introduced was traceability, namely “the ability to trace and follow food, feed, and ingredients through all stages of production, processing and distribution”. Furthermore after the General Agreement on Tariffs and Trade (GATT) Agreements on Agriculture (AoA) stated at the Uruguay Round and the current negotiations within the World Trade Organization (WTO), the EU has to transform a number of domestic support policies in order to be compliant with the Green Box criteria and non- or minimally trade distorting. Lastly taking into account the great concern of consumers worldwide for safe and healthy agricultural and food products, traceability would be suitable for motivating the European agricultural and food producers to differentiate their products from other competitors.

The aim of this paper is to study how traceability has been included within the framework of the new CAP. In the first part of this paper we review the ways in which the issues of food safety were taken into consideration in the various reforms of the CAP from the beginning until the Agenda 2000. In the second part we briefly present the objectives and aims of the General Food Law, paying special attention to the meaning and content of traceability. Finally, in the third part we investigate the ways in which the issue of traceability has affected the shaping of the Mid-term Review of the CAP (2003) and the “Health check on CAP” (2008) through the aspects of Cross Compliance, Market Orientation and Rural Development.

Keywords: Traceability, CAP reforms, Cross Compliance, Market Orientation, Rural Development

1. Introduction

The Common Agricultural Policy (CAP) has always sought to guarantee the food safety and the consumer’s good health. But since the early years, there was a greater emphasis on ensuring that the EU had sufficient food, in bad years as well as good. Later on, CAP was strongly criticized for the food safety crises of the 1990s which included Bovine Spongiform Encephalopathy (BSE), dioxin, foot and mouth disease and swine fever to name a few. Therefore, the issues of food safety started to overtake a core position within the various reforms of the policy, during the last two decades.

Furthermore after the General Agreement on Tariffs and Trade (GATT) Agreements on Agriculture (AoA) stated at the Uruguay Round and the current negotiations within the World Trade Organization (WTO), the EU has to transform a number of domestic support policies in order to be compliant with the Green Box criteria and non- or minimally trade distorting. Lastly taking into account the great concern of consumers worldwide for safe and healthy agricultural and food products, traceability would be suitable for motivating the European agricultural and food producers to differentiate their products from other competitors.

Consequently, the new CAP motivates farmers to improve their agricultural practices taking into consideration food safety and environmental issues, in accordance to the General Food Law (REGULATION (EC) No 178/2002) and traceability, namely “the ability to trace and follow food, feed, and ingredients through all stages of production, processing and distribution”.

This paper presents a brief description of how traceability has been included within the framework of the new CAP. In the first part of this paper we review the ways in which the issues of food
safety were taken into consideration in the various reforms of the CAP from the beginning until the Agenda 2000. In the second part we present the objectives and aims of the General Food Law, paying special attention to the meaning and content of traceability. Finally, in the third part we investigate the ways in which the issue of traceability has affected the shaping of the Mid-term Review of the CAP (2003) and the “Health check on CAP” (2008) through the aspects of Cross Compliance, Market Orientation and Rural Development.

2. Food safety and the CAP- a historical review

European food industries have historically been characterized by significant public intervention in regulating agriculture and food production. The CAP entered into a phase of crisis in the mid-1980s, when it continued to stimulate production increases in the context of stagnating demand both within and outside European markets, thus generating huge stocks of unsold agricultural products. Therefore a series of major reforms in 1992 (Mc Sharry Reform), 1999 (Agenda 2000), 2003 (Mid Term Review) and 2008 (Health check on CAP), where implemented with the objective of reintroducing market forces to the European agricultural and food production system. The key scope of these reforms has been the effective use of market liberalization and the emerging food safety concerns. Additionally, “agricultural reforms were also considered to advantage food producers operating in the downstream segment of European agri-food chains by allowing greater market choice in their sourcing of agricultural and primary processed inputs”.

Even if the first rules on food safety date from the very early days of the EU, only during the mid-1980’s a comprehensive set of rules was introduced. With the growth in cross-border activities within the European Community (EC), there has been a growing need for action at the Community level to ensure fair competition and to protect consumers: the food industry as well as other sectors has been concerned in this process. The removal of barriers to intra-EC trade created the need to harmonize national legislation, a need reinforced by the achievement of the Single Market in 1992: laws relating to food production at various stages have been a significant element.

With increased consumer concern over the safety of food products, food law has taken on still greater importance. Following a number of health scares- over hormones in beef production, salmonella in poultry meat, etc. - this concern became even more acute following the admission, in 1996, that “mad cow” disease may be transmissible to humans. Adverse publicity concerning “genetically modified organisms” has been a further factor. A “Euro-barometer” survey published in May 1997 found that 35% of EU consumers thought that food offered in their country was not safe. Such a degree of anxiety is certainly exaggerated: nevertheless, public confidence has been shaken and appropriate response was required.

With this background, a “new approach” to harmonization of national laws became possible, spelling the end of the previous “recipe law” approach. The Commission’s 1985 White paper on the Internal Market was accompanied by a communication on foodstuffs which stated that further proposals would be limited to those justified by the need to promote public health, provide consumers with information and protection in matters other than health, ensure fair trading, provide for necessary public controls.

In a further Communication, explained that its strategy essentially consists in combining the adoption of harmonized rules at Community level, which are applicable to all foodstuffs marketed in the community, with the principle of mutual recognition of national regulations and standards for matters which do not require the adoption of Community legislative measures.

Important “horizontal” harmonization measures in the food and drink sector (some of which amended previous legislation) were adopted under the new approach, in the context of the aim to complete the “Single Market” by the end of 1992. Besides legislation in the food sector, there was also a substantial programme of harmonization related to animal and plant health.

As a result of the above procedures, during 1980’s and the beginning of the 1990’s, in both the 1992 and 1998 CAP reforms food safety and environmental considerations where taken into account and there was a clear description of the so called “environmental friendly practices” as well as “food safety and quality”.
3. The objectives and the aims of the “General Food Law”

[“Food Law” means the laws, regulations and administrative provisions governing food in general, and food safety in particular, whether at Community or national level; it covers any stage of production, processing and distribution of food, and also of feed produced for, or fed to, food producing animals;]

Even though the first rules on food safety date from the very early days of the EU, a need was recognized to replace a number of these rules accumulated through the years, whose implementation was difficult to monitor, with a simpler and more comprehensive approach. The result was the General Food Law (REGULATION (EC) No 178/2002). “This law not only set out the principles applying to food safety. It also: introduced the concept of ‘traceability’. In other words, food and feed businesses – whether they are producers, processors or importers – must make sure that all foodstuffs, animal feed and feed ingredients can be traced right through the food chain, from farm to fork. Each business must be able to identify its supplier and which businesses it supplied. This is known as the ‘one-step- backward, one-step-forward’ approach”.

The General Food Law obliges all parts of the European food chain to register from which supplier they buy food products and to whom they sell it. EU 178/2002 has no extraterritorial effect; this means that imported food should not be traced back further than the importer (EU standing committee on the food chain and animal health, 2002). The European Commission implemented a system for the identification and registration of bovine animals (EU directive 1760/2000) at the production stage and created a beef labelling system specific to the EU. The EU legislation involves that bovine meat has to be labelled to provide information concerning the identification of the animal (or batch), the slaughterhouse and the cutting facility, if any, information on the country of birth of the animal and on all those countries in which the animal has lived. The directive provides regulations for the traceability. E.g. live poultry and hatching eggs must be traceable to their original group and stock.

3.1 The Objectives of the General Food Law

Among others, the General Food Law gives special attention to the requirements for feed, including its production and use where that feed is intended for food-producing, whether food or feed is traded on the internal market or internationally. Within the above framework, it is crucial to monitor all the different stages of the food production chain from the production of animal feed up to the supply of food to the consumer, including other practices and agricultural inputs at the level of primary production and their potential effect on the overall safety of food.

The safety and confidence of consumers within the Community, and internationally, are considered of a great importance. As the EU is a major global trader in food and feed market contributes, through international trade agreements, to the development of international standards for the adoption of fair and ethical trading practices. For that reason it is crucial to promote the general principles upon which food and feed may be traded according to the international standards and trade agreements.

Within the Community, the Member States do not always apply the same criteria for establishing food safety. Consequently, it is necessary to establish a comprehensive system of traceability within food and feed businesses. Therefore, the establishment of the Authority should enable Member States to become more closely involved in scientific procedures. This can be enabled through the close cooperation between the Authority and the Member States. In particular, the Authority should be able to assign certain tasks to organisations in the Member States.

As the Commission remains fully responsible for communicating risk management measures, close cooperation between the Authorities, the Commission and the Member States is a key factor to ensure the effective monitoring of the whole process. Additionally, appropriate cooperation with the Member States and other interested parties is necessary in the specific field of public information campaigns to take into account any regional parameters and any correlation with health policy.

Last but not least it is mentioned that, “it is necessary and appropriate for the achievement of the basic objectives of this Regulation to provide for the approximation of the concepts, principles and procedures forming a common basis for food law in the Community and to establish a European Food Safety Authority”.
3.2. Aim and scope of the General Food Law

In Chapter 1- Article 1 of the General Food Law, is provided the basis for “the assurance of a high level of protection of human health and consumers’ interest in relation to food, taking into account in particular the diversity in the supply of food including traditional products, whilst ensuring the effective functioning of the internal market”. For that reason common principles and responsibilities are established, as well as the means “to provide a strong science base, efficient organisational arrangements and procedures to underpin decision-making in matters of food and feed safety”. This Regulation provides a framework of the general principles governing food and feed in general, and food and feed safety in particular, within the Community and worldwide.

Additionally, it establishes the European Food Safety Authority, and provides a number of procedures for issues with a direct or indirect impact on food and feed safety, concerning all stages of production, processing and distribution of food and feed.

In Section 3- Articles 11, 12 and 13 are described the general obligations of food trade with special attention to food and feed imported into the Community and exported from the Community as well. In all cases an integrated approach is promoted taking into consideration the Community requirements and the international standards respectively. More specifically, in Article 13 is mentioned that all the Member states should contribute to the development of international technical standards, promote the coordination between government and nongovernmental organizations, contribute to the development of agreements for food and feed-related measures, “while ensuring that the high level of protection adopted in the Community is not reduced”.

In Section 4- Articles 14to 17, are set the general requirements of food law including food and feed safety requirements, the labelling, advertising and presentation of food or feed. A special attention is given “to the information provided to the consumer, including information on the label, or other information generally available to the consumer concerning the avoidance of specific adverse health effects from a particular food or category of foods”. Also the feed requirements are considered of a great importance as “feed shall not be placed on the market or fed to any food-producing animal if it is unsafe”. Furthermore, the responsibilities of the food and feed business operators at all stages of production, processing and distribution are described, as well as the significant role of the Member States to “enforce food law, and monitor and verify that the relevant requirements of food law are fulfilled by food and feed business operators at all stages of production, processing and distribution”.

3.3. Traceability

Traceability appears as a key term within the framework of the General Food Law. The term traceability is used to describe “the ability to trace and follow food, feed, and ingredients through all stages of production, processing and distribution”. In article 18 are presented the principles of traceability as follows:

1. The traceability of food, feed, food-producing animals, and any other substance intended to be, or expected to be, incorporated into a food or feed shall be established at all stages of production, processing and distribution.
2. Food and feed business operators shall be able to identify any person from whom they have been supplied with a food, a feed, a food-producing animal, or any substance intended to be, or expected to be, incorporated into a food or feed. To this end, such operators shall have in place systems and procedures which allow for this information to be made available to the competent authorities on demand.
3. Food and feed business operators shall have in place systems and procedures to identify the other businesses to which their products have been supplied. This information shall be made available to the competent authorities on demand.
4. Food or feed which is placed on the market or is likely to be placed on the market in the Community shall be adequately labelled or identified to facilitate its traceability, through relevant documentation or information in accordance with the relevant requirements of more specific provisions.
5. Provisions for the purpose of applying the requirements of this Article in respect of specific sectors may be adopted in accordance with the procedure laid down in Article 58(2).

As it can be drawn from the above principles, traceability can be used for a wide range of aspects, including the management of food safety and public health issues, control and verification,
supply chain management and for assurance schemes around food quality and provenance. Consequently, traceability plays a key role within the food safety context of the European Union (EU) and one of the shaping factors of the new CAP, especially within the current international framework where great concerns arise for safe and healthy agricultural products.

4. Traceability and the shaping of the “Mid Term Review” and the “Health check on CAP”

Under the pressure of forthcoming international events (EU enlargement and the next round of WTO negotiations), the European Commission issued a major new reform plan in July 2002. Among others, the Commission identified that should do more to ensure high-quality food and animal welfare, as well as the preservation of the environment. Another step for further reform of the European agrarian sector was done with the "Health Check" of the CAP in 2008. As it will be shown the content of the key aspects of those recent reforms- namely, cross compliance, market orientation and rural development- is influenced by the principles of traceability.

On 26 June 2003, EU farm ministers adopted a fundamental reform of the CAP known as the “Mid Term Review”. The reform radically changed the support mechanisms towards the EU farmers and introduced a "single farm payment" independent from production. According to the key elements of the reformed CAP, “this new mechanism will be linked to the respect of environmental, food safety and animal welfare standards, as well as the requirement to keep all farmland in good agricultural and environmental condition (cross-compliance)”. Additionally, more money will be available to farmers for environmental, quality or animal welfare programmes by reducing direct payments for bigger farms.

As it is mentioned in Regulation 1 of the implementation of the reform, “the provisions with regard to cross compliance are one of the new key elements in the CAP reform, which make the future Single Farm Payment dependant on the farmers respecting public health, animal health, environmental and animal welfare, EU norms and good agricultural practice”.

Furthermore Regulation 2 introduced the term of the “Single Farm Payment”, “where the payment will no longer be linked to production (decoupling).” This seeks to motivate the farmers to cultivate more market oriented agricultural products. Additionally, “decoupled payments will mean that a major share of the support to agriculture is moved from the trade distorting classification under World Trade Organization (WTO) rules (Amber Box) towards the minimal or non-trade distorting category (Green Box)”.

Within the “Health Check” of the Common Agricultural Policy framework, the Rural Development Policy pays a crucial role. As it is included in the agreement of the EU agriculture ministers, on the 20th of November 2008, “all farmers receiving more than €5,000 in direct aid have their payments reduced by 5 percent and the money is transferred into the Rural Development budget. This rate will be increased to 10 percent by 2012. An additional cut of 4 percent will be made on payments above €300,000 a year. The funding obtained this way may be used by Member States to reinforce programmes in the fields of climate change, renewable energy, water management, biodiversity, innovation linked to the previous four points and for accompanying measures in the dairy sector”.

As the European food industry faces significant pressures within the current highly competitive global environment, the new CAP mechanisms, which focus upon good agricultural practices and food safety, provide some response to these demands. The principles of traceability, such as the management of food safety and public health issues, can be identified in the aspects of cross-compliance, market orientation and rural development as they give significant attention to public health, animal health and environmental issues. Furthermore the financial aid towards the farmers that fulfil the above conditions are considered to have a minimal impact on trade and therefore can be included in the Green Box of the WTO negotiations.
5. Conclusions

This paper presents an overview of the developments in food safety policies within the framework of the European agriculture during the last three decades. Agriculture remains one of the main sectors of the European economy and the EU appears as a key player both in the farm sector and in the food industry. Additionally the food safety concerns and the consequent impact upon the health of the consumers accelerate, both within the community and internationally. Furthermore the negotiations at the WTO drive the future policies away of any direct supporting mechanism.

Thus the strategic option for the Community would be to promote the transparency of the operations across the European food chain in order to convince the consumers worldwide about the safety of the European agricultural products.

As it was demonstrated, central role in the current European food chain plays the General Food Law and the aspect of traceability. It was revealed that the main tools of the new CAP (“Mid Term Review” and the “Health check on CAP”), namely- Cross Compliance, Market Orientation and Rural Development- promote the basic aims of the General Food Law and are compatible with the content of traceability.

References


