



Council of the
European Union

Brussels, 10 July 2017
(OR. en)

11135/17

AGRI 384
DENLEG 50

NOTE

From: General Secretariat of the Council
To: Council

Subject: **Agriculture and Fisheries Council** meeting on 17-18 July 2017
Consequences of the mandatory labelling of the country of origin on the
internal market
- Information from the Belgian delegation

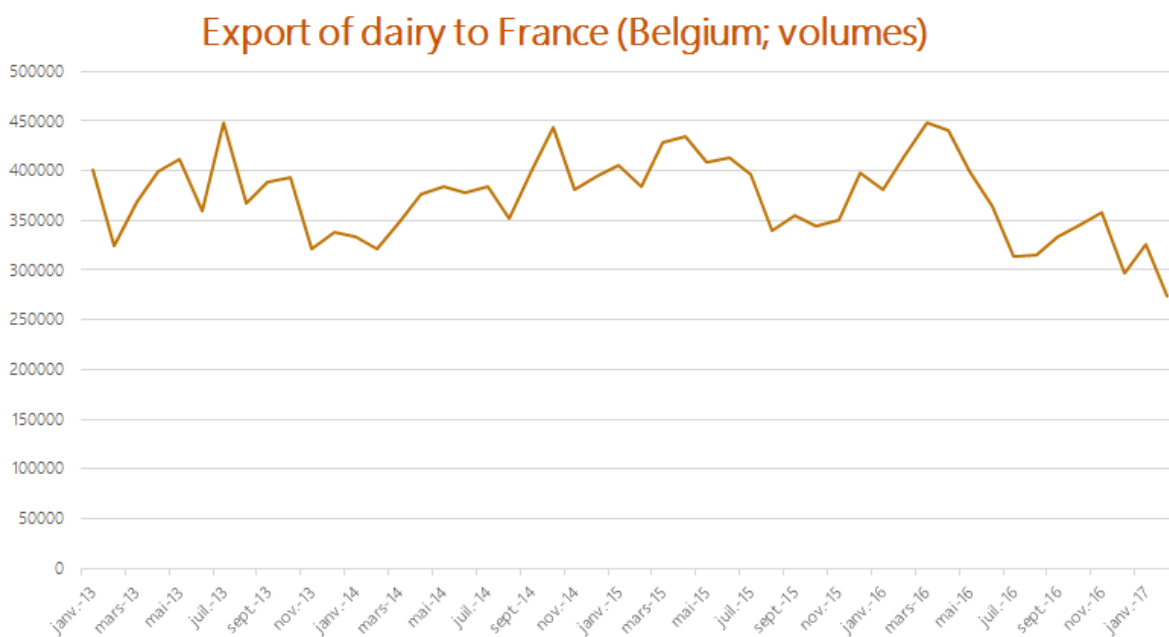
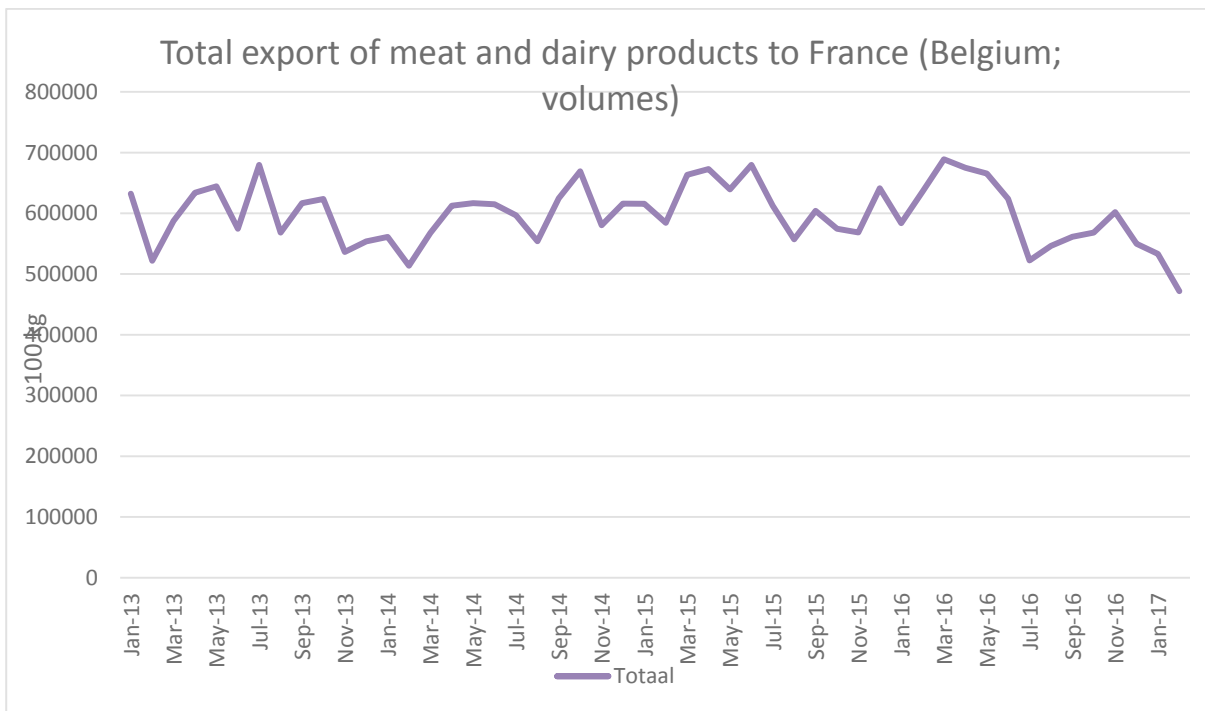
Delegations will find in the Annex an information note submitted by the Belgian delegation to be presented under the agenda point "Any other business" at the meeting of the Council ("Agriculture and Fisheries") on 17-18 July 2017.

Consequences of the mandatory labelling of the country of origin on the internal market

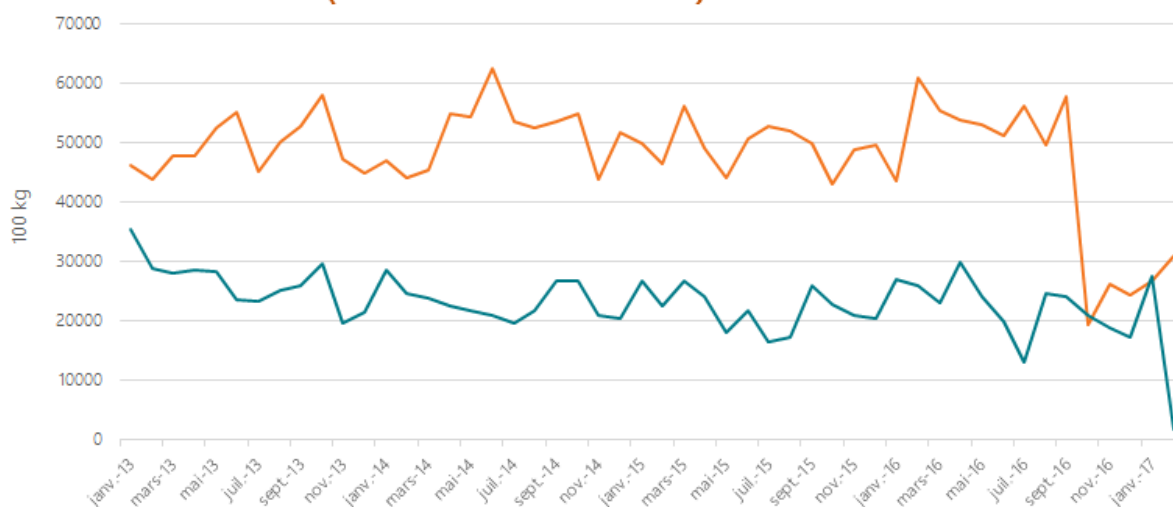
The labelling of foodstuffs is regulated by Regulation 1169/2011 (the so-called “FIC regulation”), which introduces a set of provisions regarding origin labelling of food. Certain measures of the FIC regulation can be supplemented by national rules, under strict conditions. This is the case for the mandatory labelling of the country of origin of food. Last year several member states notified national rules for milk and foodstuffs containing milk or meat as an ingredient to the European Commission. Although a strict link between the quality of the product and the origin had to be proven and several member states did not agree with the notification, the European Commission did not react to the notification and tacitly accepted those national measures considered as “test measures”. The first one entered into force in the beginning of 2017.

As anticipated by Belgium and other Member States, these national measures show to have an impact on the internal market.

The example we can use to show the effects of these measures, is the flow of trade from Belgium to France. The Belgian food industry warned us months ago already about the effects of these measures. The first reactions came over already almost a year ago. The national measure was announced for the first time in the summer of 2016. As many contracts in the retail sector are fixed-term contracts, some were abandoned or not renewed in order to prepare for the national rules. It seems that some major multinational retail companies, with big buying power, have increased the pressure on the other partners of the food chain to adapt for these national rules. Especially fresh milk producing dairy companies felt an impact immediately. The monitoring of the meat and dairy product volumes to France closely checked by the sector and the figures of the Belgian National Bank also show decreasing exports. The first hint of trouble came with the announcement of the sector in the spring of 2016 that there was a decline of 17% for milk compared to the same period in 2015. A further decline came with the actual start of the measure at the end of last year and is still ongoing.



Export of milk powder (0402 – line under) and "other milk" (0403 – line above) to France



These figures of the sector show that the internal market is under pressure because of this national initiative. By comparison, the export of dairy from Belgium to similar markets (Germany, the Netherlands,...) remained stable over the same period.

Therefore, Belgium urges the European Commission to take action. We ask the Commission to come with an intermediate impact evaluation of the effects of the different national measures on the internal market after one year, as of the implementation of the first national decree. We further invite other member states as well to timely gather correct figures on the evolution of the different flows of trade.

In line with the conclusions of the Agricultural Markets Task Force, we also ask for a close follow-up of the trade practices between retailers and other partners of the food chain. Those national measures will have an impact on the outer parts of the food chain, namely farmers and consumers. Especially the effect on the price at different levels (farmer/consumer) has to be closely monitored.