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EU POLICY OPTIONS TO ENCOURAGE MORE SUSTAINABLE FOOD CHOICES

Commissioned report

EU POLICY OPTIONS TO ENCOURAGE MORE SUSTAINABLE FOOD CHOICES

FINAL REPORT

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1 PURPOSE OF THE STUDY

This study has been commissioned under the LiveWell for LIFE project, whose overarching aim is '*to contribute to the reduction of greenhouse gas (GHG) emissions from the EU food supply chain, so they fall below 1990 levels by 2020, in line with international agreements'*. In particular it identifies the range of EU policy options that are both available and feasible to encourage a shift towards more sustainable and low carbon diets as epitomised through the LiveWell plates that have been developed in France, Spain, Sweden and the UK. The focus is specifically on those policy options that are thought to be feasible to operationalise in the short term, but with an eye on those that may become more relevant in the medium to longer term. It provides a contribution to the current policy debates surrounding sustainable production and consumption, especially the forthcoming European Commission Communication on the Sustainability of the Food System and provides information to inform discussions on suitable implementation pathways in the LiveWell pilot countries.

The focus of this study is to identify policy instruments that have a bearing on the sustainability of what people eat, including issues surrounding food choices, the sustainability of food production and the way in which supply chains more generally can support the availability of sustainable food products. However, the issue of food waste by consumers and other parts of the supply chain is not within the scope of the study.

For the purposes of this study, the focus is not limited to 'low carbon diets', but considers sustainable diets more broadly, as defined by the UN Food and Agricultural Organisation: *'…those diets with low environmental impacts which contribute to food and nutrition security and to healthy life for present and future generations. Sustainable diets are protective and respectful of biodiversity and ecosystems, culturally acceptable, accessible, economically fair and affordable; nutritionally adequate, safe and healthy; while optimizing natural and human resources.'(FAO, 2012a).*

Engendering a shift towards more sustainable diets is an important part of a solution to addressing the wide range of environmental, climate and health challenges facing society in the 21st century. It has been calculated that food accounts for almost one quarter of mankind's ecological footprint (WWF, 2012) and obesity affects 10-30 per cent of adults in EU countries, with Europeans eating around 1000 kcal more than is recommended per day. How this shift is to be achieved is not a new area of investigation. Over the years there has been considerable focus on promoting healthy diets[1], particularly increasing the consumption of fresh food and vegetables and grains and reducing intake of salt and saturated fat. In many ways, the more recent focus on the environmental sustainability of diets involves many of the same messages, but requires a focus also on the way in which food is produced[2] and transported as well as consumer choices about which types of food to eat.

[1] There is no standardised agreement on what is a healthy diet in Europe, largely due to the variety of food cultures and patterns in different countries.

[2] It should be noted that although there is a need to keep overall messages simple, the provenance of food (fish, meat, vegetables etc) and their means of production is critical to their sustainable credentials. For example a lettuce produced on peat soils and heavily irrigated is not necessarily as sustainable as one grown on less carbon rich soils. Equally the sustainability of a piece of fish will depend on the species as well as the

2 POLICY CONTEXT

It is acknowledged increasingly that current food systems produce waste and result in over consumption leading to widespread health problems as well as contributing to significant pressures on the environment – water, soils, biodiversity – and substantial greenhouse gas emissions (see for example EEA, 2010a and b).

Two of the key drivers affecting demand for food are population size and levels of economic performance. As societies become more affluent, they tend to consume more processed foods of all types, more livestock products (dairy produce, eggs and meat) and to be more wasteful with food at the consumption stage. Further, as animals are inefficient converters of energy, dietary transitions towards livestock products significantly increase the demand for land for crops for animal feed, both carbohydrates and protein. Much of Europe has experienced considerable economic growth until recently and this has had a major impact on diets. These sorts of dietary transitions are very well progressed in Europe as a result and the knock on impacts on the environment and health are well documented. Transition economies such as China, some other parts of Asia and Brazil also are fast moving along these dietary change paths.

In terms of population growth, although the growth of the 1950s-1970s has now slowed, there is still a large expansion in global population forecast[3]. In Europe, population levels are expected to peak by the mid-2030s and then start to decline. However, just as a growing population and incomes drive expanding demand for food, there is every reason to expect that a larger, higher paid, better fed and better informed population also starts to care more about the environment and the services that nature provides, as demonstrated by an increasing body of evidence (for example, TEEB, 2011). More recently, in more affluent parts of the EU there have been some discernible (albeit small) shifts towards the purchase of higher value added food products, such as organic, as well as increased consumption of fresh fruit and vegetables although this has slowed down in recent years since the economic recession. If these shifts could be encouraged across society as a whole then there would be considerable benefits for the environment, climate and health.

Despite this, the fact remains that in the EU, our patterns of consumption are beyond the capacity of the Earth to provide sustainably (WWF, 2012; European Commission, 2013a, Vanham et al, 2013). Demand increases, for food as well as many other commodities, need to be mitigated through behavioural change and structural changes in food systems and supply chains[4] (EEA, 2010b; Freibauer *et al*, 2011, FAO, 2012b). Indeed, a recent report from the UK's International Development Committee reinforced this message in relation to meat consumption, stating that, 'the rate of increase in global meat consumption is unsustainable: the consequence is a growth in the production of grain-fed livestock, with

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state of the stocks in which it was caught. Similar issues are also true for different types of meat. Care is needed, therefore to ensure that any policies to encourage sustainable diets are suitably designed and tailored to take these specificities into account.

[3] The United Nation's medium projections show global population reaching 9 billion by mid-century and levelling off at around 10 billion towards the end of this century, with the greatest growth rate in Africa (UN-DESA, 2011)

[4] http://ec.europa.eu/research/agriculture/scar/pdf/scar_feg_ultimate_version.pdf

crops used to feed livestock instead of humans. Clearly this does not mean that the world should stop consuming meat: this would be disproportionate and unrealistic. However, in the longer-term it may be appropriate to focus on sustainable systems such as pasture-fed cattle rather than on grain-fed livestock, with meat promoted as an occasional product rather than an everyday staple' (HoC, 2013).

As a result of these serious challenges facing global food systems there is an urgent need to take action to address food security as well as the serious problems of climate change, environmental degradation and resource depletion more generally. The need to encourage more sustainable diets as a means of reducing pressure on our natural ecosystems and to address health issues associated with overconsumption therefore has risen up the political and policy agenda in recent years as part of a broader debate on sustainable consumption. There is now a range of political and policy commitments at the international, EU and national level relating to the sustainable production and consumption of food. The recent UN High Level Panel on post 2015 development agenda concluded that environmental sustainability was critical for ending poverty (UN, 2013). Promoting more sustainable consumption and production patterns is central to this. The report states that 'national and local governments, businesses and individuals must transform the way they generate and consume energy, travel and transport goods, use water and grow food' (UN, 2013). The commitments made at the international Rio+20 conference in 2012 are set out in Box 1 and Table 1 provides a summary of EU commitments.

Policy responses that lead to the more sustainable production of food, its supply and changes to the choices made by consumers are core to reducing pressure on land resources in Europe and in those countries from which the EU import large volumes of commodities. Indeed clear political and policy signals are critical to encourage a greater proportion of businesses to take positive action in relation to sustainable food production, sourcing and supply and with time and appropriate action can affect consumer awareness and purchasing choices.

Box 1: Rio Vision for sustainable food consumption and production

The Rio vision requires that both food consumption and production systems achieve more with less

Improving agricultural and food systems is thus essential for achieving healthier populations and more stable and resilient ecosystems. We need to harness improvements in consumption, production and the value chains that link them in an integrated drive to make agricultural and food systems more economically, socially and environmentally sustainable.

On the consumption side, we need to reduce over-consumption, shift to nutritious diets with a lower environmental footprint and reduce food losses and waste throughout the food system.

On the production side, we need to assess how the diverse range of agricultural and food systems around the world can be improved to reduce negative environmental impacts (including soil, water and nutrient depletion, greenhouse gas emissions and pollution, and degradation of natural ecosystems). We also need to protect and harness ecosystem services to achieve efficient and resilient growth and provide global public environmental goods such as biodiversity conservation, climate change mitigation and watershed protection.

Source: FAO, 2012b

2.1 EU policy commitments related to the promotion of sustainable diets

Although the focus in this report is on EU policy initiatives and commitments, including those that derive from international agreements, it should be noted that some Member State governments are also advancing national policy initiatives to encourage more sustainable food choices, some more actively than others. Some of these are covered in Chapter 3, when considering the specific policy instruments available.

The issue of encouraging more sustainable food choices, set within the broader context of debates on sustainable consumption and sustainable food systems is a priority at EU level. It is relevant to several strategic EU policy strategies and initiatives designed to reduce the resource intensity of the food sector. Amongst the high level strategies highlighting the issue are the Europe 2020 strategy for smart, sustainable and inclusive growth, the Seventh Environment Action Programme (EAP), the Roadmap to a Resource Efficient Europe as well as the priorities for research set for 2014-2020 (see Table 1). A Commission Communication on the Sustainability of the Food System is eagerly awaited later in 2013, a consultation on which was launched in July 2013.

Amongst some of the commitments made within these strategies, some of particular relevance here include: developing ecological footprinting requirements for products and organisations (including food); increasing the application of Green Public Procurement (GPP) in public tenders; looking ahead to develop a nutrition policy for 2050; and the potential extension of the EU Ecolabel approach to food. Some preliminary actions have been taken forward under the auspices of the European Commission's 2008 Sustainable Consumption and Production Action Plan, where progress has been slower recently and through the range of advisory group and fora that operate in Brussels (see Annex 2). However, there are also many other means of supporting change via other areas of policy where there is some degree of EU competence, including the use of economic incentives and fiscal measures, and other means of improving consumer awareness and encouraging greater commitment to sustainability by actors involved throughout the food chain. This is the focus of chapters 3 and 4.

Existing political and policy commitments and the recognition of the imperative to address the environmental pressures facing the planet to underpin economic prosperity and social equity provide a new impetus to take action. More concrete and coordinated policy action is needed to engender real change and ensure that there is a step change in the sustainability of our food systems and consumption patterns.

Table 1: EU policy commitments with relevance to sustainable diets

Policy Initiative	Key elements related to sustainable diets
Existing commitments	
Treaty on the Functioning of the European Union	Article 11: environmental protection requirements must be integrated into the definition and implementation of the Union's policies and activities, in particular with a view to promoting sustainable development'
Rio+20 and 'A decent life for all' COM(2013)92	Rio+20 overarching goal: to achieve sustainable development and poverty eradication, and strengthening global collaboration for sustainable development. As part of a shift towards a green economy is the need to 'promote sustainable consumption and production patterns'

	EU response: - Action is needed to promote corporate sustainability reporting, which will encourage a broad range of businesses to engage in responsible practices. (Section 4.1.3) - each country to ensure that resources are used in an environmentally responsible manner and, with respect to resources such as land, forests, rivers and oceans, so that they will also benefit future generations (section 4.1.3) - enhanced cooperation between countries to manage shared resources, such as fish stocks and marine biodiversity, in areas beyond national jurisdiction.
Millennium Development Goals (MDG)	GOAL 7: Ensure Environmental Sustainability Target 7.A:Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss. Target 7.C: Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation
Nagoya Protocol – Access and Benefit Sharing Protocol (ABS)	Objective (Art.1): 'the fair and equitable sharing of the benefits arising from the utilization of genetic resources, including by access to these resources, technology transfer and funding'. The purpose of this is to contribute to the conservation of biological diversity and the sustainable use of its components
EU2020 Strategy COM(2010) 2020 final of 3.3.2010	As part of the Resource Efficiency Flagship, it is a priority: 'To establish a vision of structural and technological changes required to move to a low carbon, resource efficient and climate resilient economy by 2050 which will allow the EU to achieve its emissions reduction and biodiversity targets; this includes disaster prevention and response, harnessing the contribution of cohesion, agricultural, rural development, and maritime policies to address climate change, in particular through adaptation measures based on more efficient use of resources, which will also contribute to improving global food security.' Member States will need to: - phase out environmentally harmful subsidies, limiting exceptions to people with social needs; - deploy market-based instruments such as fiscal incentives and procurement to adapt production and consumption methods; It also recognises the importance of Education for Sustainable Development (ESD) for developing social resilience and promoting sustainable lifestyles.
Seventh Environmental Action Programme	Specifically in relation to sustainable production and consumption of food, the 7EAP commits to: Under priority objective 2: to turn the EU into a resource-efficient, green and competitive low-carbon economy: • Produce a framework that gives appropriate signals to producers and consumers to promote resource efficiency and the circular economy – this would be supported by lifecycle indicators and address the fragmentation and scope limitations of the existing Sustainable Consumption and Production (SCP) acquis and identify and where necessary fill gaps in policy, incentives and legislation to ensure minimum requirements for environmental performance of products and services (Article 33); • Give consideration to indicators and targets for land, water, material and carbon footprints as well as their role in the European Semester (Article 35);

	• Member States should take further steps to reach the target of applying green procurement criteria to at least 50% of public tenders (Article 36); • By 2020, structural changes in production, technology and innovation, as well as consumption patterns and lifestyles have reduced the overall environmental impact of production and consumption, in particular in the food, housing and mobility sectors.(Article 40)
EU2020's Roadmap to a Resource Efficient Europe	By 2020, incentives to healthier and more sustainable food production and consumption will be widespread and will have driven a 20% reduction in the food chain's resource inputs. Disposal of edible food waste should have been halved in the EU. The Commission commits to: a) Further assess how best to limit waste throughout the food supply chain, and consider ways to lower the environmental impact of food production and consumption patterns; and b) Develop a methodology for sustainability criteria for key food commodities (by2014)
A roadmap for moving to a competitive low carbon economy in 2050 – COM(2011) 112 final	i. By 2050 the agriculture sector can reduce non-CO2 emissions by between 42 and 49% compared to 1990 i. Reversing existing trends of food waste and re-orienting consumption towards less carbon intensive food would be desirable
EU biodiversity strategy to 2020 COM(2011) 244	**2020 target:** Halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restoring them in so far as feasible, while stepping up the EU contribution to averting global biodiversity loss. Specific targets for agriculture (target 3) and fisheries (target 4)
Action Plan on Sustainable Consumption and Production (SCP) and Sustainable Industrial Policy (SIP) - 2008	Political goal to change economic patterns to reduce the use of energy, natural resources and create new opportunities in the green economy
Strategy for Europe on Nutrition, Overweight and Obesity-related Health Issues COM(2007) 279	Developing the evidence base to inform future policies – includes own research plus strong cooperation with World Health Organisation (WHO) Europe is in place to monitor food, nutrition and physical activity policies in the European Union
Communication on setting up a European retail action plan COM(2013) 36	Focuses on the optimisation of a sustainable retail supply chain, to include inter alia 'sustainable sourcing' (other priorities are: reduction of food related waste and unnecessary packaging, improved energy efficiency)
Horizon 2020 - framework Programme for Research and Innovation (2014-2020) COM(2011) 808	Sustainable development will be an overarching objective of Horizon 2020 with at least 60% of total budget relating to this theme. Amongst the 6 societal challenges to be addressed are: i. Health, demographic change and well-being v. Food security, sustainable agriculture, marine and maritime research and the bio-economy v. Climate action, resource efficiency and raw materials
EU Health Strategy 'Together for Health' COM(2007) 630 final	'Work on health at Community level adds value to Member States' actions, particularly in the area of prevention of illness, including work on food safety and nutrition….' A 2011 evaluation concluded that the principles and objectives identified in 2007 will remain valid for the next decade in the context of Europe 2020.
Anticipated	
Communication on the Sustainability of the Food System	To be launched in 2013, to propose ways of lowering the environmental impact of food production and consumption patterns.

	Ongoing consultation (until 1.10.2013) asks, *inter alia*, to provide input into a definition of 'sustainable food'.
Post-2015 development agenda – outcomes of the UN High Level Panel	Identifies a series of shifts in emphasis that are needed. Of these, the second is to 'put sustainable development at the core' This states *inter alia* that: • For twenty years, the international community has aspired to integrate the social, economic, and environmental dimensions of sustainability, but no country has yet achieved patterns of consumption and production that could sustain global prosperity in the coming decades. A new agenda will need to set out the core elements of sustainable lifestyles that can work for all. • Developing a single, sustainable development agenda is critical. Without ending poverty, we cannot build prosperity; too many people get left behind. Without building prosperity, we cannot tackle environmental challenges; we need to mobilise massive investments in new technologies to reduce the footprint of unsustainable production and consumption patterns. Without environmental sustainability, we cannot end poverty
European Food Sustainable Consumption and Production Round Table	Will develop a toolkit with an agreed methodology on how to evaluate the environmental footprint of a food item.
EU Land Use Communication	Anticipated in 2015 to outline priorities for ensuring the sustainable use of land to 2050.

Source: own compilation

Given the multiple factors influencing sustainable diets and the range of actions in different policy areas required to engender a long-term shift in behaviour, many Directorates of the Commission have an interest in or are involved in this policy area. These include: DG Environment, DG Climate Action, DG Agriculture and Rural Development, DG Health and Consumers, DG Maritime Affairs and Fisheries, DG Research and Innovation, DG Enterprise and Industry, DG Taxation and Customs Union, DG Education and Culture, DG Justice and DG Internal Market and Services.

3 POLICY TOOLS AND THE POTENTIAL FOR THEIR DEVELOPMENT

3.1 Introduction

This chapter identifies a range of EU policy instruments and tools that have the potential to influence a shift towards more sustainable consumption patterns in the EU. It considers how these tools have been used to date in different parts of the EU, some of their strengths and weaknesses and the opportunities and recommendations for their development in the future. It also considers the sorts of supporting measures that need to be in place to underpin an improvement set of policies for promoting the sustainable production and consumption of food.

The study's focus is limited to those policy instruments where the EU has some form of competence and is therefore empowered to take action in some shape or form. In some cases this may be rather limited, but the role of the EU in ensuring the harmonisation of policy tools used nationally, as well as in supporting and promoting the sharing of best practice, the harmonisation of data and indicators, setting reporting requirements and ensuring high quality monitoring and evaluation is carried out can be just as important in terms of engendering change as putting legislation in place. The EU's competencies and areas of subsidiarity are set out in the Treaty of the Functioning of the European Union (TFEU). However any policy action taken by the EU also has to comply with international commitments and agreements on global governance, such as the rules governing international trade[5] (WTO). The preamble of the Marrakesh Agreement establishing the World Trade Organisation (WTO) expressly acknowledges the importance of coordinating policies on trade and the environment.

All elements of the food supply chain need to be addressed if society's consumption patterns are to become more sustainable. For this reason the study considers policy instruments that influence:

a) Consumer choices in relation to the food they purchase and consume;
b) The behaviour of suppliers (e.g. retailers, caterers, retailers, etc...); and
c) The behaviour of producers in terms of their management and production methods

The range of policy instruments have been divided into two main meta groups: those to support more informed choices; and policy tools that change the market environment (following Capacci *et al*, 2012). These have categorised according to whether or not they influence consumer choice or supplier and producer behaviour, as set out in

Table 2. The cross-cutting supporting tools that need to be in place to ensure that these policy tools operate effectively and can be evaluated and improved over time are also identified in the table.

[5] The relevant legislation is available on-line:
WTO legal texts: http://www.wto.org/english/docs_e/legal_e/legal_e.htm
Art. III GATT: http://www.wto.org/english/docs_e/legal_e/gatt47_01_e.htm
Technical barriers to trade (TBT) agreement: https://www.wto.org/english/docs_e/legal_e/17-tbt_e.htm

Table 2: Categorisation of policy instruments considered

	Consumption	Supplier Interface	Production
Policy instruments to support more informed choices			
Behavioural tools	• Education	• Training, capacity building	• Training, capacity building
Communication/ Information provision tools	• Advertising/ marketing and promotional campaigns • Food labelling • Non-financial reporting • Food price monitoring	• Ecological footprinting and Life Cycle Analysis (products and organisations) • Non-financial reporting	• Product certification
Tools that change the market environment			
Economic/Fiscal tools	• Taxation, including excise taxes, reduced VAT rates on food • Minimum prices for food	• Green Public Procurement	• Pesticide / fertiliser tax • Reduced VAT on agricultural inputs and water • Water pricing • Sectoral policies/incentives (e.g. via Common Agricultural Policy, Common Fisheries Policy) • Green Public Procurement
Regulatory tools	• Regulations influencing food quality, food sales / advertising, etc...		• Regulations influencing food production (environmental, food safety, animal welfare)
Supporting Tools			
• Development of a more coherent and integrated policy framework • Target setting and data reporting • Research: filling data and methodological gaps: • Sharing best practice			

Source: own compilation

Each of the policy tools is described in more detail below and summarised in tabular form in Annex 1.

3.2 Policy instruments to support more informed choices

There is a wide range of tools already used and under development that seek to influence consumers' choices about the types of products they purchase. In relation to food, many of these tools have tended to focus on the health dimension than the sustainability aspects of different foodstuffs, predominantly to encourage greater consumption of fresh fruit and vegetables. However, even these health focussed initiatives have had limited behavioural impacts (European Commission, 2010c). Incentivising voluntary behaviour change in a significant way can be challenging, sometimes going against cultural norms and fighting

embodied stereotypes. Such approaches require significant and sustained effort often through costly awareness raising and support.

One of the key barriers to engendering a shift towards more sustainable consumption patterns is the lack of awareness by the majority of the population that food has an environment impact. As the Food Ethics Council puts it, *'People don't expect to be able to buy unsustainable products or to eat unhealthy foods as day-to-day staples*[6]*.* Other barriers identified include: the perceived higher cost of more sustainable food products; a lack of cooking knowledge and ability, making consumers wary of buying fresh produce; reluctance of politicians to introduce policy measures that infringe consumers' choice (WWF, 2013a). This highlights the importance of these types of measures and the need to find ways of communicating these sorts of messages.

For many of the tools used to influence consumer choice, an additional issue is the definition of the term 'sustainable' to allow common standards or labels to be developed that are based on a core set of agreed criteria that can be clearly communicated to the consumer. This has proved problematic in relation to food beyond the organic standard and the Marine Stewardship Council criteria.

Some of the key current initiatives and tools being used or which are under development are set out below as well as recommendation on what changes are needed if the policy tools are to have greater traction in engendering a shift towards more sustainable food choices in the EU. These are:

- Ecological footprinting and life cycle analysis
- Financial Reporting
- Product Labelling
- Advertising, marketing and promotional activities
- Education

3.2.1 Ecological Footprinting and Life Cycle Analysis

Having a standard set of principles, criteria and indicators for determining the sustainability of food products is fundamental if food sustainability issues are to be more fully integrated into policy tools and clearly communicated to the consumer. However, environmental sustainability is multi-dimensional and food production systems are extremely varied, being influenced by a whole range of natural, climatic and technological factors alongside market and policy drivers. Any assessment of the environmental sustainability of a food product must, therefore take account of its full environmental footprint, taking into account impacts in relation to carbon, water, land, biodiversity at all points of the supply chain. This is an area of considerable research effort, with some useful methods developed to date on water and carbon footprints and emerging work on material and land footprints (see for example SERI, 2012 for an overview).

At the EU level, to respond to the need to remove the ambiguity surrounding what constitutes a truly 'green' product and a 'green' organisation, the Commission launched the

[6] http://www.foodethicscouncil.org/topic/Consumer%2Bchoice

Single Market for Green Products Initiative[7] in early 2013. This is intended to help provide *'the right incentives for citizens and public authorities to choose the most resource efficient products through appropriate price signals and clear environmental information'*, one of the 2020 milestones set out in the Roadmap for a Resource Efficient Europe. It is intended that, by establishing methods to measure environmental performance throughout the lifecycle, both for products (the Product Environmental Footprint (PEF)) and organisations (Organisation Environmental Footprint (OEF)) market uptake of resource efficient products should improve and the supply of such products should increase. A recent Eurobarometer survey found that the majority of people in the EU would consider buying more environmentally-friendly products if they had more information about the environmental credentials of the product and had more confidence in the claims being made (Eurobarometer, 2013).

The initiative aims to develop methodologies for PEF and OEF and promote the use of such methods to Member States, companies, private organisations and the financial community through a Commission Recommendation. The methods for individual product types and sector specific rules are to be tested over a three year period through a multi-stakeholder process. Both the PEF and the OEF are relevant in relation to food, although the process of implementing and monitoring a multi-criteria assessment for food across the whole life-cycle and at an EU level is not straightforward.

The harmonised methodologies have been developed by the European Commission's Joint Research Centre (JRC) in collaboration with other Commission services, based on existing, extensively tested and used methods. Calls for the development and testing of environmental footprint rules for food products are to be opened in 2014. One example where lifecycle analysis is already being put in place to assess the environmental footprint of food products is Unilever who use this sort of approach to measure the greenhouse gases emissions, waste production, embedded water and water use associated with its food (and other) products[8]. In addition, members of the European Food SCP Round Table have developed an environmental assessment methodology to apply to food and drink (ENVIFOOD Protocol 0.1) which is currently subject to pilot testing[9].

Recommended Action:

Support the Commission's proposals for the development of a Single Market for Green Products (COM(2013)196) and the development of Product Environmental Footprinting (PEF) and Organisation Environmental Footprinting (PEF) and associated category (PEFCR) and sector (OEFSR) rules.

To be successful, the initiative needs to:

- make sure there is sufficient stakeholder engagement in the three year testing phase for development of PEF and OEF categories and rules that accompany them (the call for testing examples of products and organisations excluding food and feed closes 26 July 2013 / the call for food, feed and drink sectors will take place in 2014);
- ensure that the development of PEFCR and OEFSRs to establish 'model products' results in

[7] COM(2013)196 http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0196:FIN:EN:PDF

[8] One of the objectives of the Unilever Sustainable Living Plan is to halve the environmental footprint of the making and use of our products: http://www.unilever.com/sustainable-living/uslp/

[9] For more information see: http://www.food-scp.eu/node/25

appropriate baselines and standards;

- involve stakeholders in the development of the Life Cycle Assessment (LCA) methodology[10] on which to assess PEF and OEF categories including system boundaries, how products and organisations report on these categories etc;
- ensure that any PEF rules for food are workable for Member States and organisations so as to ensure sufficient uptake (the approach is considered voluntary);
- engage all the DGs and the relevant units who have responsibility for different elements of the food chain from production (DG AGRI), processing and marketing (DG SANCO) and the proposed environmental assessment and labelling (DG ENV).

3.2.2 Non-financial Reporting

The European Commission has proposed new rules[11] to enhance the transparency of certain large companies on social and environmental matters. The aim of the proposed directive is to increase EU companies' transparency and performance on environmental and social matters, and, therefore, to contribute effectively to long-term economic growth and employment. Companies concerned[12] will need to disclose information on policies, risks and results as regards environmental matters, social and employee-related aspects, respect for human rights, anti-corruption and bribery issues, and diversity on the boards of directors.

The Commission's Communication on the Single Market Act (SMA II)[13], stresses the importance of strengthening consumer trust and confidence in the EU market, and achieving a highly competitive social market economy with sustainable economic growth. The SMA aims to redefine the role of business in today's economy focusing on improving transparency, particularly in the areas of environment, human rights and sustainable development and on ways to enhance corporate functioning. A recent report from the UN High Level panel on post 2015 development highlights that globally only 25 per cent of large companies report to shareholders on sustainability practices today and advocates that by 2030, this should be commonplace. (UN, 2013)

Although the proposed new non-financial reporting requirements only apply to companies over a certain size (>500 people), the principle is important in that it would improve the transparency and environmental accounting of businesses and could even encourage businesses to improve their environmental performance. In relation to the sustainable food agenda this would impact upon retailers and food suppliers. However, the degree to which such a mechanism would improve the availability of information to consumers and therefore impact upon their food choices is limited as it would depend upon this information being made public and the relevance of the information to food choices made clear.

[10] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:124:0001:0210:EN:PDF

[11] adopted on 16 April 2013 - This Directive amends the Accounting Directives (Fourth and Seventh Accounting Directives on Annual and Consolidated Accounts, 78/660/EEC and 83/349/EEC, respectively). http://ec.europa.eu/internal_market/accounting/non-financial_reporting/index_en.htm

[12] Large companies with more than 500 employees would be required to disclose relevant and material environmental and social information in their annual reports. The approach taken ensures administrative burdens are kept to a minimum

[13] SMA II (COM(2012) 573 final of 3.10.2012 http://ec.europa.eu/internal_market/smact/index_en.htm

Recommended Action:

- To ensure that non-financial information provided by companies under the new rules is made available to the public in an easily accessible and digestible form. EU citizens should be able to interrogate the information simply and data should be categorised in a way that allows meaningful analysis, for example by sector.
- Environmental Criteria / Indicators should be developed against which companies must report, for example the carbon footprint and companies required to provide information on how they plan to improve performance over time.

Directorate General responsible: DG MARKT

3.2.3 Product labelling and certification

Regulation 1169/2011 on the provision of food information to consumers states among its "general objectives" that "the provision of food information shall pursue a high level of protection of consumers' health and interests by providing a basis for final consumers to make informed choices and to make safe use of food, with particular regard to health, economic, **environmental**, social and ethical considerations (Art. 3(1) (emphasis added), also see recital 3).

There have been many initiatives both at EU and national and regional level that have sought to improve the information provided on products to inform consumer choice. Many of these have been health related, focussing on the calorific, fat and salt content of processed food. Labels also exist for fresh produce, such as fruit, vegetables, meat and fish, relating to the sustainability of the productions methods and processing of the products. Such labels offer assurance that specified production methods and other stated standards have been compiled with. They can apply to any stage of the food supply chain, including pre-/post-farm gate, processing and packaging. There is an EU framework for certification schemes with guidelines in place which aims to improve 'the transparency, credibility and effectiveness of voluntary certification schemes' and avoid any potential conflicts with regulatory requirements (European Commission, 2010b).

Voluntary certification schemes tend to be more popular in Member States that favour non-regulatory approaches. For example, regulations governing food production are deemed to to provide sufficient environmental safeguards in Finland that the role for assurance schemes has not been found necessary. However, in the UK, there is a drive to minimise regulation and increase voluntary industry standards thus explaining why the UK has more certification schemes than most other Member States (Lewis *et al*, 2010). Having said that, those that go beyond minimum legal standards or standards of good practice are few and far between.

In principle such labels enable consumers to make informed decisions about their purchases and, with sufficient consumer demand, can shape producer standards to be more sustainable. However there are a multitude of such labels in existence, operating at global, national and regional levels, which can lead to confusion amongst consumers. The reason for such variability is linked to different levels of consumer confidence, strictness of national regulation, consumer values and consumer standards of living (Lewis *et al*, 2010). Two labels that operate at a broader scale and have wider recognition amongst the EU public are the

EU organic standard and the global Marine Stewardship Council accreditation (see Box 2). Other global sustainability standards that have been developed for specific products that can be used for food and feed (as well as biofuels) whose production have been shown to have significant environmental impacts, include those for palm oil and soy. In 2012, the Global Roundtable for Sustainable Beef was formed and the principles for beef sustainability are currently under development. The benefits of such schemes currently may be more on the side of the producers than the consumers, for example, through improving market access (European Commission, 2010b). However, over time, as sustainability certification develops further, this will allow society to hold firms to account over the production, sale and purchase of products in line with sustainability standards, which in turn should encourage the much greater availability of sustainable products on the market (UN, 2013).

Box 2: The Organic and Marine Stewardship certification schemes

Organic Certification: The regulation for organic products was reformed in 2007 (based on its 1991 predecessor) and came into effect in 2009 (Reg. 834/2007)[14]. It stipulates that organic certification schemes that would like to use the EU label must comply with regulations on production, control and labelling. It consists of objectives, principles and general rules. The regulation intends to support the on-going development of the EU organic sector via sustainable land management and high quality output whilst ensuring the protection of the environment, biodiversity and animal welfare standards. Generally, in order to receive the EU organic label, a scheme must ensure that at least 95 per cent of the agricultural ingredients are organic. Given the wide range of variations between Member States, climatic, cultural and structural differences are all taken into account through the flexibility rules set out in the regulation.

There are a number of organic certification schemes across the EU. According to the 2010 inventory of certification schemes operating in the EU, 86 of the 424 identified included requirements linked to organic production (Areté, 2010). A high proportion of these schemes operate in Germany, Austria and Italy.

Despite having a common framework under Regulation 834/2007, there is a great variance between schemes. This is caused by the various interpretations of the production rules and varying approved synthetic substances as permitted under the flexibility rules.

The key benefits of the organic certification are that it does provide a minimum set of common rules for organic production, it has led to a more stringent control process, and the introduction of a widely understood EU logo.

Source: Areté, 2010.

The Marine Stewardship Council standard: The Marine Stewardship Council (MSC) offers certification for sustainable seafood. It is a global organisation which aims to use its blue MSC ecolabel to safeguard global seafood stocks. The standard was developed between 1997 and 1999 based on the FAO Code of Conduct for Responsible Fisheries and other international conservation instruments. It works with multiple stakeholders to ensure the on-going development and effectiveness of the scheme for sustainable marine stewardship (including fishers, retailers, processors, consumers among others).

In order to receive the MSC ecolabel, fishers must comply with the scheme standards. There are 31 standards which are based on three principles, to sustainable fishing stocks, minimising environmental impact and effective management. To ensure the credibility of the scheme, the MSC is collaborating with the ISEAL Alliance to explore the development of a Code of Good Practice on Measuring the Impact of Certification to

[14] Regulation (EC) No 834/2007 on organic production and labelling of organic products (OJ L 189, 20.7.2007, p. 1), http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:189:0001:0023:EN:PDF

enable the MSC to develop its own Monitoring and Evaluation Framework.

The MSC scheme is under regular review. To ensure transparency in the review process, there are open consultations and all areas of review are itemised on a publically available database.

In terms of its market success, there is a premium price for produce with the MSC ecolabel. For example, in the UK the premium ranges between 10-25 per cent. Fishers are also reported to benefit from access to new markets and new processing opportunities. In terms of its environmental success, reports indicate reduced numbers of seabird kills, reduced by-catch and increases in seafood populations. A difficulty assessing the environmental success of the label is lack of data prior to the scheme, thus there is no benchmark to monitor success against (Golden *et al*, 2010).

However, there are some restricting factors concerning accessibility of the scheme for small fishers. The MSC label is targeted at large-scale fisheries to ensure that it can meet demand and reduce the risk for retailers with the label deemed too expensive for small fishers to partake in. Uptake is limited with just 64 certified fisheries currently under the label, accounting for 4 million metric tons (7 per cent of the global seafood capture). An additional factor which might limit success is that a recent evaluation found the success of the label to rely on a strong third party supplier as a necessary component of the scheme providing credibility to the label among consumers. In the absence of a strong third party supplier, it is unclear if the label would have the same success (Golden *et al*, 2010).

Sources: Golden et al (2010); Marine Stewardship Council (2010); Website: http://www.msc.org/

There is an absence of certification schemes that cover the whole supply chain, which means that they can only provide a partial picture of the sustainability of a product. There have been some attempts to label products with information on their overall carbon or water footprint, but these also only give part of the picture in terms of overall sustainability. In addition, the wide variability of the different standards, many of which do not go very far beyond compliance with regulatory standards, coupled with the lack of details about the standards on the packaging, means that consumers have imperfect information on which to base their decisions. At an EU level, there has been no review of existing certification schemes. A pan-European inventory was carried out in 2010 (Areté, 2010); however, it did not assess their strengths and weaknesses.

The **EU Ecolabel** offers an opportunity for an additional label that could be applied to food to identify its sustainable credentials. Established in 1992 as a voluntary environmental labelling scheme for a range of products and services available on the EU market, it applies to all stages of a products life, including the extraction of the raw material, production, packaging, transport, and disposal with the aim of making production and consumption more sustainable. Since 2009, the EU Ecolabel Regulation 66/2010 aims to streamline its labelling with other national and global labelling schemes and ensure that the sustainability criteria are accessible and credible. It also aims to ensure that there is a high level of awareness among consumers across all Member States and that there is a greater share of products with the EU Ecolabel available on the shelves for consumers[15].

The EU Ecolabel does not yet apply to food and feed products. However, the viability of extending it to food and feed products was explored in a feasibility study which also examined the impact and added value of establishing new criteria, particularly in relation to

[15] Regulation (EC) No 66/2010 on the EU Ecolabel, OJ L 27, 30.1.2010, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32010R0066:EN:NOT

organically certified products (Sengstschmid *et al,* 2011). The study found that there were no labels in place to assess the environmental impact of the whole lifecycle for food and feed products and that, generally, the environmental labels that exist, focus on primary production[16]. Thus, the lifecycle approach taken by the EU Ecolabel could provide added value for food and feed products. Another potential area of added-value is that existing labelling schemes tend to rely on input or practice based criteria whereas output-based standards would offer more transparency for added environmental value and be more economically efficient, for example developing criteria based on the environmental footprint of the product (Sengstschmid *et al,* 2011).

However, several barriers to implementation have been identified. The experience from existing national competent bodies is considered to be inadequate to effectively implement the EU Ecolabel. Moreover, the process of implementing and monitoring a multi-criteria assessment would likely be resource intensive and expensive. Another challenge identified for extending the EU Ecolabel to the food and feed sector is consumer confusion between the use of the Ecolabel and the 'eco' labelling used to depict organic produce. The findings from the study suggest that if the EU Ecolabel was extended to the food and feed sectors it would require an information campaign to avoid such consumer confusion. There is also a risk that a switch from existing labels to the EU Ecolabel could result in no environmental gain if it were poorly designed (Sengstschmid *et al,* 2011).

Determining the environmental footprint of food products is being explored under the **Single Market for Green Products Initiative** (see above) and therefore extending the EU Ecolabel to food may become a more viable option in the medium to longer term, once some of the methodological issues have been resolved.

The WTO is very alert to international trade issues that labelling schemes may raise, if they become mandatory, notably, in relation to the implementation of the Technical barriers to trade (TBT) Agreement (see Box 3). These issues are the subject of ongoing discussions in the WTO Committee on Trade and Environment (CTE). Two provisions of the TBT Agreement need to be considered:

Article 2.1 TBT Agreement[17]: Under this provision, in respect of a technical regulation applicable in a WTO Member – such as mandatory EU environmental labelling for food – the treatment accorded to imported products shall not be less favourable than that accorded to like products of national origin.

The evaluation of the conformity of a mandatory EU environmental labelling for food with this TBT provision can only be done on a case-by-case basis, depending on the scope and criteria to be taken into account in implementing such a label scheme. For instance, if the carbon footprint were to be the main criterion to be taken into account in imposing an environmental label on certain food products, then products imported over long distance, from China or Australia say, might be considered as getting *de facto* a less favourable treatment than EU food products.

[16] Ie excluding processing, packaging and transport

[17] *"Members shall ensure that in respect of technical regulations, products imported from the territory of any Member shall be accorded treatment* ***no less favourable than that accorded to like products of national origin and to like products originating in any other country****."*

Article 2.2 TBT Agreement[18]: While WTO Members remain free to decide which policy objectives they wish to pursue (e.g. protection of the environment and information to consumers regarding the environmental impact of some food production),Article 2.2 imposes some limits on the regulatory autonomy of Members when adopting technical regulations. A two-step analysis has to be carried out to assess the conformity of a technical regulation with this provision: 1) the technical regulation shall pursue a "legitimate objective" (e.g. *protection of human health or safety, animal or plant life or health, or the environment*) and 2) it shall not be more trade-restrictive than "necessary" to fulfil that legitimate objective (taking into account the risks non-fulfilment would create).

Box 3: International trade issues in relation to environmental labelling

Two examples of WTO concerns arising from the imposition of environmental labelling demonstrate the issues that need to be taken into consideration.

French environmental labelling ("Grenelle 2 Law"): Members of the WTO raised concerns about the negative trade impact of France's Grenelle 2 Law which included provisions on product carbon footprint labelling and environmental lifecycle analysis. The law will put into place a one-year trial programme of carbon footprint labelling as of 1 July 2011. In particular, concerns focused on the inclusion of transportation emissions in the product carbon footprint, and the fact that carbon footprint labelling could eventually be made mandatory in France. Members argued that this law could disadvantage imported goods in the French market.

Several WTO delegations raised new concerns regarding Chile's proposed amendments to its Food Health Regulations — which would place "STOP" signs on junk food. Pursuant to the amendment, certain categories of food would need to bear labels designated to inform and encourage consumers to avoid excessive intake which may lead to obesity and related non-communicable diseases. Moreover, products containing a critical amount of certain substances (e.g. fat, sugar, salt) would have to bear labels such as "high in salt", "high in calories" or equivalent warnings. These warnings would need to be placed in the middle of an octagonal icon (i.e. a STOP sign) occupying no less than 20% of the main surface of the package, be located in the upper right corner, and have a size of at least 4 square centimetres. Delegations were concerned that the amendment was not based on the relevant guidelines of Codex on nutrition labelling, that it would create unnecessary obstacles to international trade, and that it had not been notified to the TBT Committee. Chile said that the measure responded to an epidemic of obesity, especially among young people, and that the measure was necessary to provide easily understandable warnings on products.

In the short term, use could be made of the possibilities under Regulation 1151/2012 on **quality schemes for agricultural products and foodstuffs** to create new optional terms for sustainable products or those sourced from sustainable farming systems. The regulation combines several existing EU quality schemes (Protected Designation of Origin, PDO; Protected Geographic Identification, PGI; and Traditional Specialty Guaranteed, TSG) within one single legal instrument to create a simplified policy framework. The new optional term

[18] "*Members shall ensure that technical regulations are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to international trade. For this purpose, technical regulations shall not be more trade-restrictive than necessary to fulfil a legitimate objective, taking account of the risks non-fulfilment would create. Such legitimate objectives are, inter alia: national security requirements; the prevention of deceptive practices; protection of human health or safety, animal or plant life or health, or the environment. In assessing such risks, relevant elements of consideration are, inter alia: available scientific and technical information, related processing technology or intended end-uses of products.*

'mountain products' was created and the basis laid for the creation of an optional term for 'island products'. The criteria to be applied focus on the location of production and processing rather than the sustainability of the system and there may be merit in seeking to incorporate sustainability (including climate related) criteria into all quality labelling schemes. There are also environmentally beneficial farming systems (such as High Nature Value farming systems) whose products are not differentiated on the market and it may be worth exploring the possibility of creating an optional term for products from such systems, as has been suggested in the past (European Commission, 2009).

Other labelling opportunities, although not linked to the sustainability credentials of the product itself, include marking the approximate **portion size** contained in pre-packed food, differentiated for adults and children. This could help improve consumers' awareness about healthy portion sizes, discourage overconsumption, particularly of products that have a high environmental footprint, and in turn could also help avoid unnecessary food waste.

Recommended Actions:

1. **Extend Ecolabel to food** - it is unlikely that the Ecolabel will be extended to food products in the short term, due to the difficulty in determining the criteria which would apply to foodstuffs (beyond organic) to warrant the label, this is an option that is worthy of consideration in the medium to longer term. In particular attention should be given to establishing criteria for identifying 'sustainable' and 'low-carbon' foodstuffs. Two options for achieving this could be considered.
    1- to identify criteria by which to assess all the certification schemes operating in the EU-28 and provide a short-list of those which could be allocated the Eco-label
    2 – to use the PEF work in relation to food to ascertain which foodstuffs are sufficiently 'green' to be awarded the Eco-label

    Directorate General responsible: DG ENV

2. The EU should continue to support actively industry and stakeholder led initiatives to **develop sustainable certification schemes for products with a high environmental footprint,** such as those already underway (eg the Roundtable for Sustainable Palm Oil, the Roundtable on Sustainable Soy and the Global Roundtable for sustainable beef)

3. The EU should carry out a review of the effectiveness of the different certification and labelling schemes in place in different parts of the EU in terms of their impact on influencing consumer purchasing behaviour as well as on the uptake of global certification schemes for soy, palm oil etc..

4. **Suggest amendments to** quality products regulation (1151/2012):
    1. That some criteria should be developed to ensure that all quality labelling schemes also need to adhere to a set of sustainability (including climate) criteria.
    2. That environmentally beneficial farming systems are also provided with some form of identification via this regulation, for example High Nature Value farming systems, as mentioned in the Commission's Communication in 2009 on agricultural product quality policy (COM(2009)234)

Directorate General responsible: DG AGRI

5. **Labelling on recommended portion sizes:** As an offshoot of the debate of reducing food waste, indicating the right portion sizes on food could be a means of helping consumers to avoid 'overshopping'. It could be made mandatory for pre-packed food to indicate the approximate portion size for adults and children.

This would require a review of Dir. 76/211/EEC, Dir. 2007/45/EC and Dir. 2009/34/EC with a view to establish criteria for the establishment of portion sizes. Establishing additional particulars for specific types of foodstuff (Art. 10 of Reg. 1169/2011) by adding a category 7 to Annex III to Reg. 1169/2011 by delegated act.

This is an entirely novel proposal. Would require political momentum, impact assessment and new legislation (if delegated act proves not to be available) in order to succeed.

Directorate General responsible: DG SANCO

3.2.4 Advertising, marketing and promotional activities

Promotion of sustainable diets is linked to the trustworthiness of promotional efforts undertaken. Consumer distrust in commercial communication on food is widespread and as a result, confidence in statements like 'low-carbon product' may easily be shaken. Sustainability claims on food need to be substantiated and correct. Consumer trust goes hand in hand with suppliers' interest in using, with confidence and legal certainty, green claims on food in their promotional material. Part of a package of awareness raising and communication activities, advertising and marketing is aimed at influencing consumer behaviour, in this case encouraging more sustainable food choices and lifestyle through the purchasing of certain products. This can be pursued for either public or commercial benefit and be applied through a range of different media from newspapers, billboards, television adverts etc.

There are two areas where the EU has some influence: firstly in relation to controlling environmental, nutrition and health claims in relation to advertising and marketing practices and secondly the active promotion of both products and healthy/sustainable eating choices.

Controlling advertising and marketing practices
The EU *acquis communautaire* related to advertising and marketing practices is well developed in both the non-food and the food sector. Health claims on food are heavily regulated. Environmental claims (or 'green claims') on food are subject to horizontal rules (based on the law on unfair commercial practices). Interest in environmental claims, however, is growing among enforcers and regulators, and this interest includes claims on the 'environmental footprint' of food.

The EU and national independent agencies have a responsibility to ensure that advertising and marketing of food products, including claims about dietary or environmental benefits or the targeted advertising of some foods, operate within an agreed set of rules or codes. The rules follow EU legislation in different sectors. For example food, health and nutrition related advertisements are subject to Regulation (EC) No 1924/2006 on nutrition and health claims made on foods (the Health Claims Regulation). The Health Claims Regulation is mandatory and seeks to protect consumers from misleading or false claims. Specific conditions of use associated with authorised health and nutrition claims are determined at a European level. The EU Register of nutrition and health claims lists all authorised nutrition and health claims as well as non-authorised health claims that have been rejected[19].

[19] http://ec.europa.eu/nuhclaims/

Environmental considerations are covered also, although the EU regulations governing environmental requirements of foodstuffs are limited, with regulations focusing on energy or energy-related products (Directive 2010/30/EU). Member States may choose to implement requirements on environmental related claims in relation to food.

There are already guidelines in place to restrict the advertising of 'unhealthy' food and drinks to children on television. Box 4 shows how these have been applied in the UK. There may be some potential to extend these restrictions to include unsustainable food.

Box 4: UK Advertising Standards Agency - Food and Drink advertising rules

In 2007, following increased concerns surrounding childhood obesity and misleading food adverts, the UK introduced new stricter advertising rules around food and soft drink. The rules apply to under 16s, though they also contain an extra layer of restrictions for children of primary school age and younger.

The Advertising Codes place significant restrictions on the content of ads and on the scheduling of television ads. It means that advertisers have to follow strict rules on, for example, the use of celebrities and promotional offers in ads aimed at children. Advertss for food and soft drinks must not:

- condone or encourage poor nutritional habits or an unhealthy lifestyle in children;
- encourage excessive consumption of food or drink products;
- use promotional offers in an irresponsible way;
- use 'high pressure' or 'hard sell' techniques;
- use licensed characters or celebrities popular with children if ads are targeted directly at pre- school or primary school children;
- give a misleading impression of the nutritional benefit of products.

A lot of on-going work has been undertaken to monitor the effectiveness of the tightened food rules. Since 2007, the Advertsing Standards Agency (ASA) has conducted three proactive monitoring surveys of the food and soft drink sector to gauge compliance rates. Its latest 2009 survey revealed an overall compliance rate of 99.4%. Evidence to date suggests that the current rules are a proportionate and reasonable response to concerns about food and soft drinks advertising to children. The ASA will continue to monitor ads pro-actively to ensure compliance rates remain high.

Source: http://www.asa.org.uk/News-resources/Hot-Topics/~/media/Files/ASA/Hot%20Topics/Food%20and%20drink%20hot%20topic.ashx

The Unfair Commercial Practices Directive 2005/29/EC is the main instrument of horizontal legislation for assessing environmental claims and establishing whether a claim is misleading either in its content or the way it is presented to the consumer (European Commission, 2013c). Given that consumer confidence in commercial communication on foodstuffs advertised as advantageous for the environment is easily dented, it is important to guard against bogus 'greenwashing' of food offered to consumers.

Recommended Actions:

Environmental claims on food: Establishing criteria for substantiated 'green claims' on food and defining 'sustainable diet' in an amended version of Commission 2009 "UCP-Guidelines" currently under revision (introducing new topic for guidelines). No change to legislation required – improvements are to soft law-tool) Updating and amending the Commission Guidelines is already projected. If carefully argued, inclusion of "green food" could be included.

Directorate General responsible: DG JUSTICE

TV-advertising: The restrictions in place on advertising of food and drinks in children's programmes could be amended to include criteria that prevent adverts promoting unsustainable food choices or lifestles for children and other vulnerable consumers. This would require amendment to Art. 9(2) of Dir. 2010/13/EU and/or revision of 2004 Commission TV-Guidelines. This is an entirely novel proposal. Would require political momentum, impact assessment and the introduction of new legislation (if amending TV-Guidelines is not an option) in order to succeed.

Directorate General responsible: DG CNECT

Active Promotion

While most consumers are vaguely informed of the environmental impact of, for instance, driving a car, it is far less common knowledge that food production, processing and transport have a significant impact on the environment. At the same time, consumers are concerned about the environmental impact of the products they purchase20. There is therefore considerable effort required to increase awareness of the general public about the impacts of their food choices on the environment and health as well as provide them with the tools they need to be able to make informed choices regarding the sustainability of the food they buy. A range of promotional activities are covered in this section, including the promotion of veggie days, funding for the promotion of agricultural products as well as new ideas about the promotion an provision of information on sustainable fish.

Publicity campaigns on sustainable and healthy eating

A number of publicity campaigns are in place in Member States to encourage greater uptake of fruit and vegetables as well as the more niche 'Meat Free Days' (MFD)[21] or 'Veggie Days'. The former have generally been developed as part of healthy eating campaigns, such as in the UK 'five-a-day' campaign. Other promotional campaigns focussing on reducing meat consumption and raising awareness of the environmental and health impacts of overconsumption of animal products have developed largely around advertising campaigns and promotional events, This is not a new concept and the idea of having a day a week when meat is not consumed is something that was far more common in the past, for example for religious reasons, rationing or economic reasons. Nowadays the revival of meat free days is driven largely by animal welfare as well as environmental reasons. Where meat free days have been implemented they have experienced some success (see), although monitoring the impact of public behaviour change is notoriously challenging, particularly in relation to food consumption patterns. Although the environmental and health benefits of a reduced meat diet may have traction with the public this may, in the current economic

[20] http://europa.eu/rapid/press-release_IP-13-653_en.htm

[21] Referred to often as Vegetarian, or Vegan days.

situation, be overshadowed by concerns over food price and weekly bills. There may also be socio-cultural barriers to implementing meat free days in some regions or Member States, particular where meat plays a significant role in diets or tradition.

In terms of the success of campaigns to promote greater consumption of fruit and vegetable, an evaluation of the five-a-day campaign in the UK has shown that, on the one hand the five a day message remains one of the most memorable and simplest diet related advertising in the country, but on the other hand, a decade after its introduction only about a third of UK adults consume five portions of fruit and vegetables per day (Bates et al, 2012).

One of the key barriers to this type of approach is that it is requires the voluntary action of the public to implement and therefore results cannot be guaranteed or expected in the same way that might be seen through more direct approaches to influence diets.

Although the EU does not have a specific competence in this area, the ambition and promotion of meat free days fits within a number of EU initiatives relating to sustainable consumption and production (SCP). Where the EU could play a role is through active promotions within the EU institutions own canteens of increasing consumption of fruit and vegetables and reducing meat consumption.

Box 5: Examples of meat free days operating in the EU and United States

Donderdag Veggiedag in Ghent, Belgium: Ghent, in the Flanders region of Belgium was one of the first cities in the world to implement a citywide initiative to go meat free for a day. This initiative aims to achieve a range of objectives: meeting climate emissions goals; improving health; reducing overall environmental impacts; improved animal welfare; and sustainable consumption. After Ghent launched its meat-free day in 2009, it has been copied by a number of EU cities such as Bremen and Helsinki as well as cities outside of the EU including, San Francisco, Cape Town, and São Paulo.

In 2009 the Board of Mayor and Deputy-Mayors decided to support the Thursday Veggie Day campaign, launched initially by the environment NGO Ethical Vegetarian Alternative (EVA), Belgium's biggest vegetarian organisation, on the level of the City of Ghent. The entire municipality backed up the project.

The initiative has not simply been a pledge from the Mayor by has received significant support to all sectors of government, private organisations and the public. These include vegetarian lunches provided in schools, adapted nursery rhymes, high profile public events, influencing tourists and hotels, recipes and training days for restaurant staff etc. The success of the initiative can be attributed to the wide scale support offered throughout the city, particularly through EVA who is contracted by the city especially for its expert information and communication services.

As with all meat free days the actual tangible impacts are difficult to quantify. However promotional information for Donderdag Veggiedag suggests that if all 243,000 inhabitants of Ghent participate in Thursday Veggie Day, they reduce greenhouse gas emissions to the same extent as it 19,000 cars were taken off the road. Each of Ghent's citizens could reduce their consumption by 250 animals during their lifetime, reduce water consumption from meat production by just 3,750 litres each meat free day[22], and improve their own fibre intake.

[22] The production of one kg of beef requires 15,000 litres of water (STAD GENT 2011), it is assumed each person eats approximately 250g of meat per day.

Sources: (STAD GENT 2011); http://www.donderdagveggiedag.be/; http://www.evavzw.be/ and http://wwf.panda.org/?204421/ghent

Meat-free-Mondays in the UK: Meat-free-Mondays in the UK was launched 2009 by Paul, Stella and Mary McCartney as a simple and straightforward idea to show everyone the value of eating less meat and to make it easier for us all to do so.

The website promotes the benefits of going meat free for a day and provides support through recipes and guides. Individuals, universities, businesses, and schools can sign up, or pledge to go meat free for a week, demonstrating their commitment to helping the planet. 836,148 people and organisations have signed up so far but the tangible impacts have not been evaluated.

The website references work by Oxford University's department of public health, which found that eating meat no more than three times a week could prevent 31,000 deaths from heart disease, 9,000 deaths from cancer and 5,000 deaths from stroke, as well as save the NHS £1.2 billion in costs each year.

Source: http://meatfreemondays.com/

US VegWeek: Launched in 2009 by the Maryland based animal welfare organisation Compassion Over Killing, US VegWeek is now in its fifth year and has expanded to become a national event. The idea behind this initiative is for people to make a pledge on the website to go meat free for seven days. The VegWeek website provides support and information for those making the pledge including recipes and nutrition guides. The promotional aspects of the initiative centre around three aims: for animals, for better health and for the planet.

The initiative appears to have been a relative success, expanding into a national initiative and having the support of a number of US Senators and celebrities and sports personalities.

Source: http://usvegweek.com/

Recommended Actions

1. To underpin and justify all other policy recommendations, an information tool may be developed to spread knowledge of the environmental impact of their food choices.

2. Meat-free days/weeks in the EU-institutions canteens may be introduced to promote the idea of meat-reduced diets for environmental reasons as well as to demonstrate the cost to the environment of intensive meat production.

These proposals would be in accordance with Art. 191 TFEU and Art. 3(1) of Reg. 1169/2011 on food information to consumers calls for information on food that enables consumers to make environmentally informed choices.

Directorate General responsible: DG ENV

Funding for the promotion of farm products

Under the auspices of EU agricultural policy, there is funding in place for projects that promote EU farm products, manufactured foodstuffs and production methods within Europe and abroad. This funding is not currently focussed specifically at promoting sustainable food products, although organic products are included within the list of products (see

Box 6).

A significant vlume of public money is allocated each year to these promotional activitires (approximately €25million/year). Funding is usually for professional producer groups and used to highlight the quality, the nutritional value, safety elements, labelling, animal welfare and environmental methods of production. Activities funded include: advertising, press campaigns (TV/radio/internet), point-of-sale promotions, exhibitions and fairs.

Eligible products are listed in Annex I.A and Annex II to Regulation (EC) No 501/2008. The promotion of branded products is not eligible for part-financing by the EU. Any reference to the origin of the products must be ancillary to the main message, although the origin of products with a designation in accordance with Community legislation (PDO, PGI, TSG or RUP) may be mentioned. The type of farm product or foodstuff that can be promoted varies depending on whether the campaign takes place inside or outside the EU as shown in the table below:

Box 6: Farm products eligible for promotional funding within and outside the EU

Campaigns taking place within the EU	Campaigns taking place outside the EU
• fresh fruit and vegetables • processed fruit and vegetables • fibre flax • live plants and ornamental horticulture products • olive oil and table olives • seed oils • milk and dairy products • fresh, chilled and frozen meat produced under EU or national quality schemes • Marking of eggs for human consumption • honey and beekeeping products • wines with a protected designation of origin or a protected geographical indication, wines with an indication of the wine grape variety • the graphic symbol for the outermost regions • products with a protected designation of origin (PDO), protected geographical indication (PGI) or traditional speciality guaranteed (TSG) • organic farming and organic products • poultry meat.	• fresh, chilled and frozen beef, veal and pig meat, food preparations based on these products • quality poultry meat • milk products • olive oil and table olives • wines with a protected designation of origin or a protected geographical indication, wines with an indication of the wine grape variety • spirits drinks with a protected geographical indication • fresh and processed fruit and vegetables • products processed from cereals and rice • fibre flax • live plants and ornamental horticulture products • products with a protected designation of origin (PDO), a protected geographical indication (PGI) or traditional speciality guaranteed (TSG) • organic farming and organic products

Box 7: Agricultural products promoted within the EU

Funding for the promotion of agricultural products is currently used to promote a wide range of products, not all of which are produced sustainably. In 2011 26 programmes in 13 Member States were approved for promotion within the EU. Projects run for between one and three years. Total budget - €75.1 million (of which EU contributed €37.6 million). The selected programmes cover wine, PDOs (Protected Designations of Origin), PGIs (Protected Geographical Indications) and TSGs (Traditional Specialities Guaranteed), organic food and farming, fruit and vegetables, horticulture, milk and milk products, olive oil and table olives, eggs, seed oil and meat as shown in the table:

MS	Products	Target MS	EU Funding (€) (3 yrs)
BG	Processed F&V	DE+PL+RO	1,491,484
RO	Organic farming and organic products	DE+RO	700,000
FR	Outermost regions	ES+FR+PT	3,519,000
	Wine = PDO + PGI + TSG	IE+UK	486.42
	Organic farming and organic products	FR	2.067.155
IT	Wine = PDO + PGI + TSG	IE+UK	1,087,042
	Olive oil and table olives	BE+DK+IT+NL	2,594,461
	PDO + PGI + TSG	DE+IT+NL+CZ	739,566 (*)
ES	Outermost regions	ES+FR+PT	3,519,000
	Wine	BE+ES+UK+PL	991,919
	Milk and milk products	ES	960,000
	PDO + PGI + TSG	DE+DK+PL	33,279
LV	Ornamental horticulture	LV	378,066
	Fresh and Proc. F&V	LV	301,649
PL	Seed oil	LV+PL	824,963
	Quality meat	DE+PL	1,997,022
	Fresh and Proc. F&V	PL+RO	1,913,126
PT	Wine	DE+PT+UK+SE	1,558,917
	Outermost regions (?)	ES+FR+PT	450,000
	Wine = PDO + PGI + TSG	IE+UK	486,42
EL	PDO + PGI + TSG	DE+EL+SE+FI	1,225,000
BE	Organic farming and organic products	BE	679,500
DE	Fresh and Proc. F&V	DE	600,000
	Proc. F&V + Quality meat	DE	750,000
	Ornamental horticulture	DE + FR +NL +UK +PL	1,063,417
NL	Eggs	NL	100,000
	Fresh F&V	DE+NL+UK	900,000
AT	Wine	AT	891,090
SK	Milk and milk products	SK	1,708,475
UK	Quality meat	DE+FR+UK+IT	1,974,057

Explanatory note: (*) Program ran only for 2 years

Source: http://ec.europa.eu/agriculture/promotion/campaigns/internal/2011_en.pdf

Following the Green Paper consultation in 2011, the Commission adopted a communication in March 2012 on promotion measures and information provision for agricultural products: a reinforced value-added European strategy for promoting the tastes of Europe (COM(2012)148). This proposes that 'In addition to providing information on and promoting agricultural and food products, activities could also deliver thematic messages illustrating the special characteristics of European products and, in particular, their quality, gastronomical aspects, health issues, sustainable development or animal well-being. As a means of bringing consumers closer to producers, it might be worth using new technologies that would make it possible to visualise the implementation of good production practices on farms or sell products online more easily.'

Legislative proposals are anticipated in autumn 2013. Currently, although promotion of the environmental and/or health aspects of products is eligible for support, the vast majority of products promoted have no sustainability of health aspects linked to them. These aspects could be made a far more central element of the requirements for support.

Recommended Action:

Funding for the promotion of EU farm products: To stop funding products that are not sustainable and encourage a greater focus on those that are sustainable, sustainability and health criteria should be included as part of the approval process for funding applications from Member States. New legislative proposals on promotional measures are anticipated in October 2013, there is therefore a window of opportunity to influence their final content.

Directorate responsible: DG AGRI

Promoting sustainable fish products

Fish is often promoted as a healthy alternative to meat in publicity surrounding food choices for consumers. However, there is a need to encourage a shift in consumer behaviour to ensure that the fish that are purchased come from sustainable fish stocks and have been caught using sustainable methods. Currently there are a number of fish certification schemes available, the most well-known of which is the Marine Stewardship Council certification scheme (see above). However, faced with a range of different labels, many of which have slightly different requirements, it remains confusing for the consumer to make an informed choice about the sustainability of the fish they purchase.

To overcome this issue, there are a number of possible options that could be pursued. Firstly the marketing measures available under the EMFF could be used more proactively to market fish from sustainable stocks and caught using sustainable fishing methods, particularly highlighting less commonly known species. Secondly the European Commission could facilitate an increased awareness amongst the EU public about the sustainability of different types of fish, by providing an easily accessible source of information, summarising for example the requirements of different certification labels, information on when fisheries are closed and the sustainability of different fishing methods. This could be done via a dedicated website or webpage, perhaps with an associated App for easy access by consumers.

The majority of fish consumed in the UK comes from the big five: salmon, cod, haddock, tuna and prawns. There are numerous seafood species that are caught locally using low impact fishing methods for which there is not a large market as they are unfamiliar to consumers both in terms of their names and their appearance (eg dab, cuttlefish). There is an opportunity for the EU to develop a marketing initiative to help the fish sector to promote a much wider range of fish, focussing on those that have been sustainably sourced. The recently agreed discard ban has the potential to lead to greater quantities of less familiar fish species being landed and thereby presents a timely opportunity to change consumer habits.

Recommended Actions:

1. **EMFF Marketing measures**: to provide greater guidance to Member States on how these measures can be used, encouraging the use of funding to promote fish that have been sustainably sourced (from sustainable stocks and using sustainable fishing methods), including a focus on a wider range of fish, including those that consumers are less familiar with.

2. **EU awareness raising/information activities:** DG Mare could develop a website/webpage and associated App to provide an easily accessible source of information for consumers about the sustainability of different types of fish depending on where they have been caught and the fishing methods used. This could provide information on *inter alia:* the requirements of different certification labels, which fisheries are closed at any given point in time; the sustainability of different fishing methods; information on what practices are legal and illegal.

Directorate responsible: DG MARE

3.2.5 Education

The strategic framework for European cooperation in education and training ('ET 2020') highlights the key role of enhancing education and training as a prerequisite for meeting the many socio-economic, demographic, environmental and technological challenges facing Europe in the short and long term perspective[23]. This indispensable role that education plays in achieving a more sustainable Europe is also emphasised in the Europe 2020 Strategy for jobs and growth. It recognizes the importance of Education for Sustainable Development (ESD) in the course of lifelong learning, as well as of developing social resilience and promoting sustainable lifestyles. This also plays a key role in changing long-term consumption patterns. In many Member States, ESD and its teaching approaches have already been integrated in the environmental, global, health, peace, citizenship, human rights, consumer, financial and development education and this could be extended to issues surrounding food.

Eating habits are formed early in a person's life, particularly in situations where school canteens and university catering do not source their food sustainability. Countermeasures are needed to break the trend (see also proposals on green public procurement). Knowledge about sustainable diets may reach the consumer through official campaigning and private marketing (see above). The introduction of 'Food, Nutrition and the Environment' as a compulsory subject for the school curricula, however could be a new

[23] http://ec.europa.eu/education/lifelong-learning-policy/exchange_en.htm

initiative, with the aim of putting health promotion and environmental policy on a level with sports and physical exercise to live up to the classical ideal of *mens sana in corpore sano*.

Ensuring a basic understanding of the sustainability issues surrounding food is important, not least because food information law (defined as a concept in Art. 2(2)(b) of the Food Information Regulation 1169/2011) relies on consumer information (through labelling, advertisement and commercial communication generally) for conveying key messages on food to the consumer, including information on sustainability. The success of this strategy depends on the idealised 'average consumer' ("reasonably well-informed and reasonably observant and circumspect"; Case C-210/96 – Gut Springenheide), a legal concept increasingly under pressure from social science that denounces it as fiction.

Under the Europe 2020 strategy, DG Education and Culture (DG EAC) provides support for member states through policy cooperation and dialogue about how to modernise and improve education systems via the Open Method of Coordination (OMC). This encompasses three spheres of action. Firstly, DG EAC brings added value to national policies by supporting new initiatives, endorsing EU level benchmarks and thus facilitating peer-learning and exchange of good practices among member states. Secondly, it provides targeted country analysis capacity and ensures policy guidance by means of Country Specific Recommendations (CSR). Thirdly, the OMC provides funding or complements the actions of Member States. A significant portion of funding is attributed to mobility programs, as well as to the creation of multi-stakeholders dialogue (industry, regional or local authorities, civil society, academia) through trans-national partnership or networks, and also through innovative instruments bringing together public and private resources[24]. It does not have any influence over curricular content in Member States.

Box 8: Consumer classroom (all-EU)

Consumer Classroom is a collaborative website for teachers from across the EU. It provides high quality resources and interactive tools to equip 12 – 18 year olds with the practical consumer skills they need.

Funded by the European Commission, it is aimed at developing the skills of children to become astute consumers and avoiding the trappings of advanced consumer markets. It is not specifically aimed at teaching eating habits or cooking skills. However, it could be used as a model to help teachers to develop courses where students learn about food and sustainable food consumption.
http://www.consumerclassroom.eu

There is an increasing body of research highlighting the role of school gardens in developing agriculture literacy, knowledge of food chain, nutrition and also promoting healthier diets (Sigman, 2007), (Ozer, 2006). These types of projects developed in relation to food sustainability should also target young people with learning difficulties and disabilities, helping them to build a sense of trust, responsibility, engagement, while also gaining valuable knowledge about plants and animals, nutritious food, farming and healthy lifestyles (Quale, 2008).

[24] http://ec.europa.eu/education/news/20130515_en.htm

Recommended Action:

1. **Introducing food, nutrition and the environment into the school curriculum** - Building on the tools developed by DG EAC, the EU collaboration with the Member States could provide help with funding and capacity building in initializing and implementing a blueprint for 'Food, Nutrition and the Environment' classes. The focus would be on incorporating more practical and dynamic educational approaches, such as designing active farms or gardens to teach children on biodiversity and healthy food.

   The limited competences of the EU on education might be mitigated by the fact that soft law tools are politically easier to pursue. Indeed, the Commission's Comenius Programme provides an existing tool.

Directorate General responsible: DG EAC

The School Fruit Scheme (Common Agricultural Policy)

The School Fruit Scheme has been in place since school year 2009/10. It allows Member States to apply for funding (which must be co-financed) to supply fruit and vegetables, processed fruit and vegetables and banana products to children in educational establishments. According to the annual monitoring reports, in 2010/2011, more than 54,000 schools and 8.1 million children have taken part in the School Fruit Scheme in 24 participating Member States. Under the CAP reform the annual budget has increased from €90 million to €150 million. One example of an initiative funded via the School Fruit Scheme is the Food Dudes programme (see Box 9).

Box 9: Food dudes – Healthy Eating Programme (EU support)

Food Dudes is a project developed by the University of Wales, Bangor, aimed at encouraging children to eat more fruit and vegetables both in school and at home, and promoting a healthy balanced diet. The project was themed around the Food Dudes characters (concept of positive role models), and was implemented in primary schools in England and Wales, and pilot studies in schools in Ireland. The programme comprised of 2 phases:

Phase 1 an intensive intervention which lasts 16 days. During this time, children are given fruits and vegetables are stimulated to consume them under the guidance of videos with their Food Dudes Heroes and rewarding schemes.

Phase 2 the involvement of parents in the Food Dudes Programme by encouraging the children to bring their own fruit and vegetables to school in special Food Dudes containers and aiming at shifting consumption behaviours in the longer term.

The success of the project was translated into an increase of fruit consumption from 20% to 69%, and of vegetable consumption from 35% to 55%. In recognition of its leading role in promoting child health, the Food Dudes Programme in Ireland received a 'counteracting obesity' award from the World Health Organisation (WHO) in 2006. The Programme is currently also being implemented in schools across England and as far afield as Milan, Italy; and Utah and California in the United States.

The project received financial support from the Department of Agriculture, Food & the Marine and the European Union through the School Fruit Scheme. Source: http://www.fooddudes.ie/main.html

The current implementing regulation already aims to exclude unhealthy fruit products from being funded under the scheme: 'So as to ensure that the products eligible for aid offer a high level of health protection to children and to promote healthy eating habits, the Member States should exclude products with added sugar, fat, salt or sweeteners from their strategy, except where, in duly justified cases, Member States provide in their strategy that such products may be eligible under their scheme. In all cases, a Member State's list of eligible products should be endorsed by the competent national health authority.' Recommendations could be added to encourage sustainable sourcing of the fruit, for example from local sources and if possible subject to some form of environmental certification.

Recommended Actions:

1. To improve the sustainability dimension of the way in which the School Fruit Scheme is implemented:

    a) **Sustainability** recommendations should be written into the rules on the criteria for sourcing fruit to encourage sustainable sourcing. This needs to be included within the implementing and delegated acts, which will be drafted by November 2013.

    The draft Single CMO regulation states (Article 22(2)) that 'In order to ensure that the healthy eating habits of children are taken into account/promoted, the Commission may adopt rules on a number of areas via delegated act, including the products that are ineligible for the scheme.

    Article 21 of the draft regulation also states that 'Member States shall choose their products on the basis of objective criteria which may include seasonality, availability of produce or environmental concerns'. The importance of taking into account the environmental dimension should be emphasised and promoted so that Member States give preference to fruit that has been grown subject to the requirements of an environmental certification scheme.

    b) Member States can also adopt **accompanying measures** to ensure the successful implementation of their scheme. The Commission should be encouraged to highlight the importance of using such measures to promote awareness raising for children on the importance of fruit and vegetables as part of healthy eating habits, as well as the importance of sustainability of production in the implementing regulations.

3.3 Policy Instruments that influence the market environment

There is a range of policy instruments that can be used to promote more sustainable food production, supply and consumption by influencing the market environment. These are more commonly used currently to influence production and suppliers and retailers than consumer choice. Green public procurement is probably the most widely promoted policy instrument in this regard, with targets in the 7EAP to apply green procurement criteria to at least 50% of public tenders by 2020.

However, there is growing interest in the use of economic and fiscal measures to modify society's food consumption patterns and influence more sustainable consumption, given the limited impact of soft measures, such as those discussed in the previous section. Some countries have started to explore the use of taxes to reduce the consumption of unhealthy

food and /or promote the consumption of healthy products. Although the main driver for this shift has been health related (eg reducing obesity, heart problems and diabetes), these tools could also be used to promote environmentally sustainable and low carbon products. Indeed if political commitments are to be achieved then ways need to be found of internalising external costs into the price of food.

These are typically tools that governments have shied away from in the past and care needs to be taken that they are designed appropriately to avoid having unintended effects. Nonetheless, there is considerable potential to do more in this area and the EU can play an important role in supporting and promoting Member State initiatives as well as promoting EU-wide approaches where this is deemed appropriate.

The range of policy tools considered here are:

- Green Public Procurement
- Taxation – VAT and other excise taxes
- Price Surveillance
- Price Control
- Sectoral instruments – the Common Agricultural Policy and the Common Fisheries Policy
- Novel Foods
- International trade

3.3.1 Green Public Procurement

Green public procurement (GPP) is a mechanism aimed at encouraging public bodies to procure goods and services in a manner that considers the principles of sustainable development. It covers a range of materials and services. In the sphere of supply and procurement of food, GPP seeks to influence consumption of those partaking in food on government or other public premises, such as in hospitals or government buildings. The policy operates at all levels of government with higher levels of GPP found in regional and local government authorities (67 per cent) as opposed to national governments (60 per cent) (CEPS and College of Europe 2012).

In the context of promoting sustainable consumption, the objectives of GPP can be summarised as to:

- promote food safety and increase the consumption of healthy and nutritious food;
- mainstream good practice in food procurement and supply, for example by increasing tenders from small and local producers and their ability to do business; increasing co-operation among buyers, producers and along supply chains; and improving the sustainability and efficiency of public food procurement and catering services; and
- improve sustainable performance at each stage of the food chain - production, processing and distribution (adapted from Deloitte 2009).

To achieve these objectives GPP policies seek often to increase demand for organic and other certified foods; promote animal welfare; and improve data collection and measurements of performance.

At the EU level GPP forms part of the EU's Sustainable Consumption and Production and Sustainable Industry Action Plan (COM(2008) 397) and the Commission Communication on procurement for a better environment (COM(2008) 400). GPP can mobilise the substantial purchasing power of European public authorities to help shape production and consumption trends and to create or enlarge markets for environmentally friendly products and services. In practice, GPP is based on a set of common environmental criteria for a range of products and services, divided between 'core' and 'comprehensive' criteria[25] and including established markers such as the EU Ecolabel criteria[26]. The European Commission handbook on GPP sets out indicative criteria on which public institutions should conduct tendering processes to ensure GPP of food (European Commission 2011).[27]

The GPP criteria for the 'Catering and Food' sector outline the impact of 'unsustainable' approaches and the means by which GPP seeks to reduce the impacts (Table 3).

Table 3: Environmental impact and GPP response

Impact	GPP approach
Soil erosion, forest destruction and loss of biodiversity caused by inappropriate agricultural practices, over-intensive animal production and intense fishing and aquaculture practices	• Procurement of livestock products with high welfare standards • Procurement of seasonal products • Procurement in bulk or in packaging that has a high recycled content • Use of reusable cutlery, crockery, glassware and tablecloths • Use of environmentally friendly paper products • Selective waste collection and staff training • Procurement of water and energy efficient kitchen appliances • Improvement of transport routes and energy efficiency and reduction of emissions by vehicles used to carry out the catering services
High energy and water consumption in food production and processing	
CO_2 and other pollutant emissions as a result of modes of transport used to carry out the catering services	

Source: (European Commission 2008c) Note: These are only the selected criteria and responses associated specifically with low carbon and sustainable diets.

Recent estimates suggest that GPP in its broader sense has influenced over €44bn in public procurement contracts between 2009 and 2010 (CEPS and College of Europe 2012). Where implemented, the approach appears to be effective in reducing the drivers of environmental impacts. However the uptake of GGP remains fragmented across the EU with a number of barriers to its implementation. Furthermore the scope of GPP is limited largely to public

[25] Core criteria focus on the key areas of environmental performance of a product. Comprehensive criteria take into account further aspects or higher levels of environmental performance (COM(2008)400).

[26] (European Commission 2000) (Although an Ecolabel standard for food has yet to be produced)

[27] Specify a minimum percentage of food that must be organically produced. Provide additional points during the award stage for percentages above the minimum requirement; Specify minimum percentages and/or award points for the use of fruit and vegetables that are in season, and sustainably harvested marine products; Include contract clauses on minimising food waste and waste from food packaging; Apply selection criteria for caterers based on applying appropriate environmental management measures, such as training for staff.

procurement contracts, although the approach has been used in some private sector organisations.

In 2008 only 14 Member States had implemented national action plans for GPP, of which sustainable food procurement is a subset. There are four top performing countries, Belgium, Denmark, Netherlands and Sweden (CEPS and College of Europe 2012). Limited examples of the use of GPP in Eastern and Mediterranean Member States are available. However, despite the limited implementation of national action plans in 2008, a 2011 review found that the majority of EU-27 Member States were operating some form of GPP (CEPS and College of Europe 2012).

A wide range of GPP examples can be found in Commission reports and handbooks on GPP policy (European Commission 2012, 2011; CEPS and College of Europe 2012). A selection of those relating to the procurement of sustainable food is set out in Box 10.

Box 10: GPP of sustainable food

Sustainable school meals in Scotland, UK - East Ayrshire Council is responsible for 44 primary and nine secondary schools, offering approximately 1.3m school meals per year. A contract was advertised in 2008 to cover the supply of food and beverages to 30 schools for a period of up to three years. The objectives were to transform the menus on offer to reduce reliance on processed food and ensure good nutritional standards. At the same time, reductions in packaging and a switch to organic produce were intended to reduce the environmental impact of school meals. The result of this initiative saw an increase of up to 90 per cent use of fresh and unprocessed food and 30 per cent use of organic food. Independent research carried out by the Scottish Environment Protection Agency indicated that the CO_2 emission savings associated with the change in food sourcing for one school alone amounts to 37.7 tonnes per annum. This initiative also helped to influence the certification of suppliers, with one individual promising to convert to organic production as part of the tendering process.

Source: (European Commission 2012) this initiative is part of the wider Scottish Government initiative for promoting healthy and nutritious food in Scottish schools (Anon, 2002)

GPP in Rome - In Rome, the All for Quality food programme has been in place since 2001. In January 2010, Rome's Council adopted a decision on GPP for food and canteens. More than 144,000 meals are served daily across 550 nurseries, primary and secondary schools. 92% of the meals are prepared on site with 69% of them including organic food. A vast number of nutritionists and dieticians advise and monitor the service, which also counts on the involvement of canteen commissions comprised of parents and school canteen staff. According to information about the life-cycle analysis of different types of meat (http://www.lcafood.dk/), in Rome it is estimated that one kilogramme (kg) of meat served in their schools accounts for 14kg of CO_2 equivalents. Based on the amount of meat served in Roman schools (maximum of twice a week), savings of approximately 8,887 tonnes of CO_2 equivalents are achieved in an annual school year. Savings in water consumption associated with the reduced consumption of meat are estimated at 5,783 m^3 annually. Plastic plates and other serving utensils were previously used to serve meals. These are now replaced with earthenware and other reusable material, resulting in savings estimated at 1,800 tonnes of plastic over an annual school year.

Source: http://ec.europa.eu/environment/gpp/pdf/news_alert/Issue14_Case_Study34_Rome_food.pdf

GPP in Malmö Sweden - Malmö's goal is to serve 100 per cent organic food in all of its public catering services by 2020. A pilot procurement for Djupadal school set a number of requirements such as for organic products to be included in the product assortment, for fish products to comply with the Marine Stewardship Council criteria (or equivalent), and for deliveries to be made once per week, with the vehicles meeting the city's transport sustainability criteria. By the end of the pilot 97 per cent of food served in the canteen was organic. Impact on the budget was minimised by a shift from meat products towards seasonal vegetables.
Source: (European Commission 2011)

At the EU level, the primary barriers to adoption of GPP have been identified as decision making in relation to cost criteria as well as foreseen difficulties in integrating GPP criteria into the purchasing process (CEPS and College of Europe 2012). The issue of cost is highlighted as particularly significant with the majority of public procurement contracts awarded on 'least cost' criteria rather than life cycle costing criteria.

More specific barriers to the adoption of GGP were highlighted in the Commission's communication on public procurement for a better environment (COM(2008) 400). These are:

- Limited established environmental criteria for products / services – or insufficient mechanisms, such as databases, to publicise them;
- Insufficient information on life cycle costing of products and the relative costs of environmentally friendly products / services;
- Low awareness of the benefits of environmentally friendly products and services;
- Uncertainty about the legal possibilities to include environmental criteria in tender documents.
- The lack of political support and resulting in limited resources for implementing / promoting GPP (improved training is particularly necessary);
- The lack of a coordinated exchange of best practice and information between regions and local authorities.

A review in the UK highlighted many of the same issues, but also highlighted that, in relation to using GPP for promoting sustainable diets, a significant barrier surrounded the lack of clarity about what the term 'sustainable diet' actually meant (Deloitte, 2009). With no common definition, the term is interpreted in different ways, which means that it is difficult to develop common metrics by which to measure progress. The complexity of sustainability in terms of food procurement can also be challenging. In addition, it was felt that GPP policies often focus on the demand side and do not pay sufficient attention to supply. For example suppliers and producers may have insufficient capacity to supply some product categories (such as low carbon or certified food); small and local producers that supply low environmental impact foods, may find it difficult to break into existing supply chains; and there are impracticalities for public departments to operate number contracts with a wide range of suppliers.

Recommended Actions:

In order to better encourage a move towards more sustainable diets through GPP three primary areas could be amended:

- The **core and comprehensive criteria on which GPP is assessed should be amended** to include a wider suite of specifications and award criteria reflecting sustainable diets. These include: considerations of transport methods; environmental footprint; proportions of land managed for environmental purposes on farms; application of existing animal welfare standards more explicitly including free range; and possible requirements for certification against agreed environmental labels such as Marine Stewardship Council.
- The **guidance documentation to help the implementation of GPP and the training toolkit could be amended** to include more reference to positive environmental management activities undertaken by farmers and foresters in the EU. This would help to promote more environmentally beneficial land management through GPP policy. Guidance documentation should also be produced in a format that is accessible and available to private organisations and institutions to help promote wider Green

Private Procurement (GPrP) which could provide private companies and organisations with additional tools to make their businesses more sustainable and contribute towards Corporate and Social Responsibility (CSR) reporting and non-financial reporting (NFR) as well as wider communication activities.

- **The implementation of GPP policy should be embedded in the core operating procedure of the main EU institutional organisations** including the European Commission and services, the European Parliament and services and the European Council. This would show leadership and commitment in this area and demonstrate the effectiveness of GPP policy in major institutional structures. GPP implementation should also be more widely promoted and include private organisations and companies.

DG responsible - DG Environment.

3.3.2 Taxation

There are a number of ways in which consumption patterns and means of production can be influenced via taxation, either through the Value Added Tax (VAT) system or by applying higher rates of excise tax to particular foodstuffs, or particular components of a food product. Views are divided on the ethics of introducing excise taxes on particular components of food. Critics argue that such taxes should not be introduced because they interfere with individual's rights. However the World Health Organisation highlights taxes on saturated fat in products, for example, as a relevant policy option to encourage people to make healthier eating choices, although they urge caution in making sure that such taxes do not have unintended regressive effects (WHO, 2004; Alemanno and Carreño, 2013)

Taxation systems in Member States change periodically and the EU's competence in this area is one of ensuring harmonisation between countries, to ensure that national taxation is in line with the general provisions of the TFEU concerning the functioning of the internal market. The decision to apply differential tax rates lies with the Member State, but they must do so within the framework set by the Treaty of the Functioning of the European Union (TFEU) (Articles 28, 30, 110 and 113) and related regulations. The EU could also put pressure on Member States via the European Semester[28] to develop and place more emphasis on introducing taxes for environmental purposes.

Food taxes

Placing a higher tax rate on specific types of food or specific components of food (eg fat, sugar, salt) can be used to influence consumers' behaviour away from the consumption of unhealthy foods towards healthier diets. At the same time they are a useful means of raising revenue for government. The tax is justified on the basis that the price of the product does not reflect the true social or environmental cost of their consumption (OECD, 2010; Alemanno and Carreño, 2013). If effective, they can also act as a catalyst to stimulate change in the food industry (eg removal of salt, sugar, saturated fats and trans-fats from foods), by offering an opportunity for retailers to restructure their price setting, product sizing, and adapt their marketing strategy and an incentive for manufacturers of processed

[28] A yearly cycle of economic policy coordination carried out by the European Commission, who undertake a detailed analysis of EU Member States' programmes of economic and structural reforms and provide them with recommendations for the next 12-18 months - http://ec.europa.eu/europe2020/making-it-happen/

foods based on saturated fat, salt and sugar, for example to minimise the proportion of ingredients in their products subject to taxation.

Revenue from such taxes can be hypothecated for specific purposes to improve diets and prevent obesity, such as health care to address diet related illnesses, education and awareness raising activities or sports activities, but more often than not this is not the case and the revenue raised goes back into general government reserves.

In the EU to date, three Member States have introduced excise taxes on the consumption of unhealthy food, by placing a tax on foods high in saturated fat, salt and/or sugar. These are Hungary, Denmark (since abolished) and Finland. Such taxes have been dubbed 'fat taxes' or 'junk food taxes'. Interest in such taxes is spreading across Europe, with Member States like Romania considering the introduction of a tax on fast food, soft drinks and sweets. Other countries have established excise taxes on sugar sweetened beverages, for example France. Outside the EU, examples of taxes being imposed on unhealthy foodstuffs are found in Norway (sugar, chocolate and sugary drinks), US (sugar sweetened drinks) and Australia (soft drinks, confectionary, biscuits and bakery products).

Box 11: Experiences with food taxes in Demark and Hungary

Danish tax on saturated fat: Demark introduced a saturated fat tax in October 2011 as a supplement to existing taxes on sugar, chocolate, candy and soft drinks. The fat tax was different in that it targeted a component of a product instead of specific category of food. The rate was DKK 16/kg saturated fat (€2.15) on domestic and imported products with more than 2.3% saturated fat: meat, dairy products, animal fats and oils (drinking milk was exempt from taxation). However, the tax was only implemented for a short period of time, and was abolished in January 2013. The anticipated revenue from the tax was €200 million/year.

The effects of the Danish fat tax have been assessed insofar as this was possible, given that it was operational for such a short period of time (Jensen and Smed, 2012). This concluded that the consumption of butter, butter-blends, margarine and oils decreased by 20% to 30% compared to rates prior to the introduction of the tax. However, the analysis also indicated other changes in purchasing patterns, including: a change in consumers' preference from shopping in supermarkets to discount stores, a tendency to substitute cheaper products rather than change the types of products purchased, as well as those near the border with Germany choosing to travel across the border for their food shopping.

The limited commitment of stakeholders as well as the administrative burden it placed on the authorities, industry, and experts proved to be particularly challenging to justify politically. This led to the abolition of the tax, justified on the basis of needing to protect jobs.

Source: Jensen and Smed (2012)

Food tax in Hungary – In September 2012, Hungary introduced a tax on foods high in sugar, fat, salt and sugary drinks. The rate varies according to the food group. Hungarians have to pay a 10 forint (€ 0.037) tax on foods with high fat, sugar and salt content, as well as higher tariffs on sugar sweetened drinks.

The anticipated tax revenue is €70m/yr, and it is intended that this should be used to help finance the health care system. It will also cover the costs associated with addressing the country's 18.8% obesity rate, which is more than 3% higher than the European Union average of 15.5% (OECD, 2010).

A major criticism attributed to the tax refers to its regressive nature, with the financial burden highest for low-income households.

Source: EU Platform for Action on Diet, Physical Activity and Health (2012); OECD, 2012; Holt, 2012;

Box 12: Potential for a food tax in Romania

The Romanian government has proposed a tax on fast food, soft drinks and sweets, but this has not yet been implemented. The Minister of Health, Attila Cseke, declared in 2010: 'We intend to introduce a tax on fast-food, sweets, soda drinks except for the natural juices, in order to support health and infrastructural investment programmes'.

The Romanian Government sees the implementation of a food tax as a way to improve the composition of typical diets. Romanian MEP Oana Antonescu (EPP Group) has emphasized the need to create a European-wide programme aimed at promoting healthy food consumption and reducing the disease incidence of an unhealthy diet, including fast-food.

The envisioned fat tax is targeted at reducing the consumption of unhealthy food especially amongst the young and elderly to reduce the incidence of diet related diseases. Although the introduction of taxes may seem a challenging decision to make in Romania in a period of economic recession, this initiative is presented as having a strong educational purpose. It is proposed that the revenues generated would be directed exclusively towards information campaigns on public health.

Source: http://www.oanaantonescu.ro/anti-obezitate/387/taxa-fast-food-romania-si-ue/ and http://www.ms.gov.ro/

From the relatively limited experience to date, evidence suggests that food taxes have a relatively small impact on consumers' food choices, largely due to the resistance of consumers to change their consumption patterns (Carpacci et al, 2012, IVM, 2008; Jensen and Smed, 2007). One research study, looking at the impact of fiscal policies on dietary intake, based on a scenario in a controlled environment, indicated that price decreases were effective in stimulating healthy food purchases but that price increases on unhealthier products did not significantly affect food choice amongst consumers (Jensen and Smed, 2007). There are a variety of reasons for this. In part any impact on consumer behaviour is linked to the level of the tax applied, which has been fairly low in the three EU countries in which such taxes have been applied (see Box 11). It has been suggested that this type of tax would need to be at least 20% in order to have an impact on decreasing the incidence of obesity and cardiovascular diseases (Mytton et al, 2012). Another reason is what is called the substitution effect, whereby people shift to the purchase of alternative brands that are cheaper, but have the same or similar content (Smed, 2012). Part of the reason for this seems to be the inelasticity of the price of nutrients, such as saturated fat and sugar (see for example, Yaniv et al, 2009). Indeed, healthier substitutes need to be as affordable or less expensive in order to encourage consumers to change their purchasing habits. Other reasons for limited impacts include consumers changing the location of their food shopping, for example to discount stores or even in neighbouring countries that have lower taxes on the same products (Smed, 2012). A further criticism of food taxes is that they are socially regressive, affecting low income households disproportionately, making them often politically unpalatable.

Less attention has been paid to date to imposing taxes on foodstuffs according to their greenhouse gas emissions per unit of product produced. A recent report from Sweden proposes the introduction of a carbon tax on meat, with different levels of tax for different

types of meat, according to the emissions associated with their production. The report states that there would be considerable difficulties in designing an efficient carbon tax, taking into account the full lifecycle emissions of the product, but that the potential benefits of a tax in changing consumer behaviour towards both lower consumption of high GHG emitting products and greater consumption of low GHG emitting products would be worth trying to explore the possibilities further (Jordbruksverket, 2013). The work on establishing a methodology for assessing the environmental footprint of food may help in determining the relative GHG emissions of different types of food.

At the EU level, one of the key issues is the extent to which the European Union should propose the application of these types of food taxes in all Member State, or leave this decision to Member States' discretion (Alemanno and Carreño, 2013). Currently, there are no specific harmonised EU legislative provisions. DG TAXUD ensures that national taxation is in line and complies with the general provisions of EU law concerning the functioning of the internal market. As such, Member States can act in the framework set by the EU's primary law and mainly the Treaty provisions of the TFEU

There have been a number of parliamentary questions raised on the subject of food taxes in the European Parliament, asking the Commission to clarify their view on national initiatives introducing so-called 'fat taxes'.[29] The Commission has stated that it does not see, at this stage, the need for an EU-wide legal initiative for a tax on food or agricultural produce.[30]

Even without the promotion of food taxes as an EU wide approach, it could make a difference to those Member States who are considering the introduction of such taxes, if the European Commission were actively to support the development of these sorts of taxes.

In the context of discussions regarding the scope, criteria and modalities of introducing taxes on "unsustainable" food products, international trade law provisions (i.e. General Agreement on Tariffs and Trade – GATT 1994) have to be taken into account. The key articles that have to be adhered to are set out in

[29] Written Question E-003100/2012 by Anne Delvaux "Reduction in VAT on fruit and vegetables and tax on junk food" with answer by Commissioner Šemeta of 30.4.2012; Written Question E-010819-12 by Philippe Boulland "Combating obesity, in particular among children: 'fat tax' or prevention" with answer by Commissioner Borg of 22.1.2013

[30] Written Question E-011112-12 by Ivo Belet "Nutella taks" with answer by Commissioner Potočnik of 14.2.2013

Box 13.

Box 13: International trade rules and their application to excise tax on food

Art. III GATT 1994: The purpose of Article III.1[31] is to ensure that internal measures, such as internal taxes, are not applied to imported or domestic products so as to afford protection to domestic production. Members of the WTO are obliged to provide « *equality of competitive conditions for imported products in relation to domestic products* » (*Canada — Periodicals)*.

More generally, under Article III.4, imported products shall not be accorded a less favourable treatment than alike domestic products by any national law or regulation. A violation of the provision requires that the following three elements shall be met (*Korea — Various Measures on Beef)*: that the imported and domestic products at issue are 'like products'; that the measure in question is a 'law, regulation, or requirement affecting their internal sale, offering for sale, purchase, transportation, distribution, or use'; and that the imported products are accorded 'less favourable' treatment than that accorded to like domestic products.

A tax on unsustainable food products must be in conformity with these provisions. The criteria used to determine and assess what an "unsustainable" food is will be fundamental in assessing the workability of such tax from an international trade law point of view. One may argue that if the carbon footprint is the main criteria to qualify a product as "unsustainable", this may be considered as affording protection to domestic products or to a less favourable treatment to imported foodstuffs. Imported food products coming from very far would indeed be less attractive to consumers than alike domestic food products.

Art. XX GATT 1994: According to this provision, Member are allowed to adopt measures which are necessary to protect their environment, and more specifically necessary to protect "*human, animal or plant life or health*". However, such measures "*shall not constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade*". Again, criteria to be adopted for determining the notion of "unsustainable" food product as well as the conditions to be established for the implementation of such tax would need to be elaborated carefully so as to avoid leading to a general unjustifiable discrimination or a disguised restriction on international trade.

Recommended Actions

1. That the European Commission should actively support the development of food taxes on unsustainable and unhealthy foods, such as through relevant statements in the European Semester. The European Commission could also promote the benefits of hypothecating the revenues to promote healthy and sustainable eating patterns, perhaps through the funding of awareness raising activities, health campaigns, fitness activities etc.

2. That the European Commission considers the value of introducing an EU-wide requirement relating to the taxation of unsustainable and unhealthy foods, or components of food insofar as Article 113 of the TFEU permits.

3. That the European Commission supports research to develop a robust methodology for applying a carbon tax to different types of food, particularly meat.

Directorate General responsible: DG TAXUD / SECGEN

[31] Art. III.1. GATT: The contracting parties recognise that internal taxes and other internal charges, and laws, regulations and requirements affecting the internal sale, offering for sale, purchase, transportation, distribution or use of products, and internal quantitative regulations requiring the mixture, processing or use of products in specified amounts or proportions, should not be applied to imported or domestic products so as to afford protection to domestic production.

Input Taxes

To influence the sustainability of food production, taxes on agricultural inputs can act as a means of discouraging and limiting the use of pesticide products and the application of fertilisers to reduce the risk of pollution of surface and groundwater. Taxes can be levied on dose (eg kg of active ingredient) and *ad valorem* taxes ('according to value').

Taxes on pesticides and fertilisers are uncommon in the EU and some Member States chose to abandon such taxes on their accession (for example the Austrian and Finnish fertiliser tax) (Ecotec *et al,* 2001). Taxes are imposed on pesticide products in Denmark, France, Italy and Sweden, and on fertiliser products in Italy and Sweden. Revenue data from fertiliser and pesticides taxes data are only available for Denmark and Sweden (European Commission, 2013d). The greater focus on pesticide taxes rather than fertiliser taxes is due to the fact that the Nitrates Directive is considered a more effective and efficient means of reducing fertiliser use (Ecotec et al, 2001). It will be interesting to see whether the introduction of the Sustainable Use of Pesticides Directive leads to a reduction in the number of countries applying taxes on pesticides in the future. Outside the EU, Norway operates a tax on pesticides (Eurostat, 2013). Taxes on pesticides are also applied in Canada, and on fertilisers in the USA, in Louisiana.

Box 14: Pesticides and fertilisers taxes operating in the EU-27

Sweden: The use of pesticides in Sweden varies by region with limited use in the north due low input and output agricultural systems which benefit from premium prices for organic produce compared to more intensive farming systems in the south. The main pesticides used in Sweden are herbicides and fungicides with a relatively low use of insecticides.

The first charge on pesticides was introduced in 1984 as part of an initiative to reduce pesticide use by 75 per cent by 1996. This charge directly financed the pesticide action programme. In 1995, it was decided to replace the charge with a tax which contributes to the general state budget (and subsequently the pesticide action programmes which are financed via the general budget). Similarly, the tax on fertilisers in Sweden was first established as a charge in 1984, and then a tax in 1994.

The current Swedish **tax on pesticides** is applied to every kilogram of active agent in the pesticide. The tax targets pesticide manufacturers and importers and is complemented by other policy instruments such as an advisory service and research and development. This makes it difficult to ascertain the direct impact of the tax on user behaviour. A recent evaluation concluded that: 'The Swedish tax on pesticides has only contributed to a small decrease in sales of pesticides as the rate of tax is too low to have a marked effect on use. The tax may, however, have worked as an indirect steering tool, for example through the financing of information campaigns.' (UN, 2012)[32]

Since 1994-2001, the **tax on fertiliser** accounts for ~20 per cent of the price of fertiliser. It excludes potassium, as this is not considered to have a detrimental environmental impact. The tax is charged directly to the fertiliser manufacturers and importers. A recent evaluation found that: 'Sweden's tax on cadmium in commercial fertiliser is judged to have had a clearly favourable effect in reducing the input of cadmium to Swedish arable land and in bringing cadmium inputs down to the low level they are at today, and thus also in reducing the risk of adverse health effects' (UN, 2012)

Source: Ecotec et al, 2001; UN, 2012

Denmark: The pesticides tax in Denmark was first introduced in 1986 as part of the Danish National Pesticide Action Plan. The main objectives were to reduce pesticide consumption by 50 per cent over ten years, and to

[32] http://sustainabledevelopment.un.org/dsd_aofw_ni/ni_pdfs/NationalReports/sweden/Full_text.pdf

encourage a shift towards less harmful substances and the optimisation of fertiliser use by reducing the frequency of applications by 30-40 per cent.

Similarly to Sweden, the tax on pesticides is calculated according to the amount of active ingredient in the product. This approach was chosen as other indicators regarding health and environment impacts were deemed too complex. In addition to the amount of active ingredient, the tax is applied according the doses applied per hectare. The tax targets pesticide manufacturers and importers when the product is made / sold for use in agriculture. Exports are exempt from the tax. The revenue generated from the pesticide tax supports property tax reductions in agriculture and a pesticide policy package which includes an advisory service to farmers regarding pesticide use.

In addition to an advisory service and tax, the pesticide action plan relies on regulation and voluntary agreements. It is difficult, therefore to attribute the reduced pesticide use in Denmark to one factor.

Sources: Ecotec *et al*, 2001; Larsen, 2005

In theory, input taxes are considered to be an economically efficient means of applying the 'polluter-pays-principle' (Fraser, 2005). The environmental benefits of taxes are generally greatest where the tax has a broad reach in terms of the geographic area to which it applies. This also reduces the risks of tax avoidance. In practice, however, the effectiveness of these sorts of taxes has been shown to be limited. For example, taxing the fertiliser itself does not necessarily address the issue of nitrate pollution due to the fact that it is the way in which the product is applied in relation to natural characteristics such as soil type and proximity to water bodies that plays a far more important role. For input taxes to be more effective, it has been proposed that the tax should be applied to the surplus, not the total amount applied to the crop (Ecotec et al, 2001). To maximise the effectiveness of taxes they need to operate in conjunction with soft measures such as training and extension services.

Reduced VAT

Reduced rates of VAT are permitted for a number of product groups (as listed in Annex 3, 2006/112/EC), and this comprises: foodstuffs (including beverages but excluding alcoholic beverages) for human and animal consumption, live animals, seeds, plants and ingredients normally intended for use in the preparation of foodstuffs, and products normally used to supplement foodstuffs or as a substitute for foodstuffs. It also includes goods and services of a kind normally intended for use in agricultural production (but excluding capital goods such as machinery or buildings) and water supply.

If reduced VAT rates were to be applied to only sustainable products or foodstuffs, this could act as the corollary to any increased tax rates applied to unsustainable products outlined above. This would be in keeping with the Europe 2020 Strategy and the Roadmap to a Resource Efficient Europe, in that it would prioritise through the use of VAT the key natural resources and the goods and services that affect their quality by taxing the bads and not the goods. Implementing reduced VAT rates necessarily results in reduced public revenue. However, this can be compensated for through increases in other forms of tax.

Food: Most EU Member States currently apply a reduced VAT rate to food and food products[33], and some of them even a zero rate (eg the UK and Malta). However, reduced rates are not exclusively used to promote sustainable food. The only countries not to apply reduced VAT rates to food are Bulgaria, Denmark, Latvia, Lithuania, Estonia and Romania. Often the justification for applying reduced VAT rates on food is claimed to be social, to ensure the affordability of basic foodstuffs. But the fact that these Member States do not apply reduced VAT on food suggests perhaps that this justification is misplaced and the impacts of differential VAT rates on food need revisiting

Box 15: Differentiated reduced VAT rate for foodstuffs in the UK and Poland

In the **United Kingdom**, most foods are zero-rated for VAT, but exceptions include take-away and restaurant meals and certain categories of processed foods, including soft drinks and confectionery.

Although not specifically intended to promote healthy eating (they were originally viewed as a tax on the processing and service elements of food), on balance, most healthy foods are exempt from VAT. There are notable exceptions, such as fruit-based smoothies, which attract VAT, and chocolate-covered cakes, which are zero rated.

In **Poland**, the basic rate of tax on goods and services is 22%, while the rate is lower (7%) for goods related to farming and forestry and even lower (3%) for unprocessed and minimally processed food products.

Source: Capacci et al, 2012

As with higher tax rates, the evidence is inconclusive on the degree to which changing the relative price of specific products influences consumer behaviour (see for example IVM, 2008; Jensen and Smed, 2007). Theoretically, research findings indicate that a reduction in VAT rates on organic products in the meat and dairy sector would help diminish the price differential between organic and conventional produce and trigger consumers substituting conventional products with organic products, with associated environmental benefits (IVM, 2008). On the other hand, consumers may simply choose to substitute with a cheaper but similar product. Cross border trading with countries where VAT rates have not been differentiated between products may also occur.

Jensen and Smed (2007) suggested that reduced prices of healthy products could influence consumer behaviour to a greater extent that placing higher taxes on unhealthy products. However, this assumes that a healthy or sustainable product can be distinguished from an unhealthy or unsustainable one. Differentiating clearly which products fall into which group is difficult (Capacci et al, 2012), although this should be possible in certain clear cut situations, such as organic produce or products certified according to other agreed sustainability criteria. This may be easier once the methodologies for establishing a product's environmental footprint are further developed in relation to food (see above).

[33] Super reduced rates for foodstuffs (less than 5%) exist in Spain (4%), Ireland (4.8%), Italy (4%), Luxembourg (3%), Malta (0%) and the UK (0%). For other Member States, the reduced VAT rates on foodstuffs are as follows: Austria – 10%, Belgium (6%), Cyprus (5%), Czech Republic (15%), Finland (14%), France (5.5%), Denmark (7%), Greece (13%), Hungary (18%), Netherlands (6%), Poland (5%), Portugal (6%), Slovakia (10%), Slovenia (8.5%), Sweden (12%).

Indeed the Commission's current consultation on the sustainability of the food system[34] expressly asks for views about the sort of criteria that could be sued to define 'sustainable food', pointing to a future where such distinctions could be made.

However, there is a 'window of opportunity' for implementing VAT differentiation according to the environmental impacts of products as a result of the development of methodologies for assessing the environmental impacts of the whole lifecycle of foodstuffs, such as that being carried out under the auspice of the single market for green products.

Recommended Actions:

1. Carry out an EU-wide review of the impacts of reduced VAT rates on consumption patterns and the likely social, economic and environmental impacts of phasing out reduced rates on unhealthy and unsustainable food products.

2. Phase out reduced VAT rates on foodstuff with negative health impacts and high environmental footprint (to be identified via the work being done on PEF – see above)

3. Allow Member States to use reduced VAT rates for sustainable food as a tool to promote healthy and sustainable foodstuffs and to keep the purchase of healthy and sustainable food affordable for all.

   .Epeans, including the needy so that these products become a more attractive choice for consumers

Directorate General responsible: DG TAXUD

Fertilisers and pesticides: Pesticides and fertilisers are listed Annex 3 of Directive 2006/112/EC amongst the products eligible for a reduction in VAT rates[35].

In 2013, reduced VAT rates for pesticides and fertilisers were applied in six EU countries and tend to be focussed on non-chemical inputs[36]:

- Belgium: reduced rate of 12% only on phytopharmaceutical products recognised by the Ministry of Agriculture
- Denmark: reduced rate of 7% on biological (not chemical) fertilisers
- Ireland: 0% on supplies of certain fertilisers in units of not less than 10 kg
- Italy: reduced rate of 4% on organisms used in organic agriculture
- Lithuania: reduced rate of 15% on certain phytopharmaceutical products
- Austria: reduced rate of 10% applies to animal or vegetable fertilisers (except guano), whether or not mixed together (but not chemically treated)

From a sustainability perspective confining reduced VAT rates on fertilisers and pesticides to non-chemical plant protection chemicals is preferable and could be a formal requirement within the directive. In this way, products based on harmful active substances would have to be charged at the standard rate of VAT. No evidence was found on the extent to which

[34] http://ec.europa.eu/environment/consultations/food_en.htm

[35] under the category of goods and services of a kind normally intended for use in agricultural production (but excluding capital goods such as machinery or buildings)

[36] DG TAXUD (2008) Reduced VAT for environmentally friendly products, Final Report, *Copenhagen Economics*, http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/how_vat_works/rates/vat_rates_en.pdf

reduced VAT rates influence farmers' choice of inputs, but given the evidence on the impacts of changing pricing on other products, it is assumed that to be effective it would need to be complemented by other policy initiatives, such as advice and awareness raising.

Recommended Action:

1. To phase out reduced VAT rates for chemical fertilisers and pesticides

2. To maintain and encourage greater use of reduced VAT rates for non-chemical (biological) fertilisers and pesticides

Directorate General responsible: DG TAXUD

Water: The supply of water is one of the product groups for which reduced VAT rates are permitted under Annex 3 of Directive 2006/112/EC. VAT reductions on water supply are already in place in 17 Member States, although this does not distinguish between the supply of water for different sectors.

The reduced rates are as follows: Belgium (6%), Czech Republic (15%), Denmark (7%), Greece (13%, with an exemption where the water is provided by public authorities), Spain (10%), France (5.5%), Ireland (standard VAT with exemption for water that is provided by local authorities), Italy (10%), Cyprus (5%), Luxemburg(3%), Malta (0%), Netherlands (6%), Austria (10%), Poland (8%), Portugal (6%), Sweden (8.5%) and UK (0%).

The reduced VAT rate for water is motivated primarily by social considerations, since access to drinking water is a basic human right and a basic need for every household. However, within the context of the environmental and resource efficiency objectives of the Water Framework Directive[37], as well as of the current and anticipated future shortages in water supply, the sustainability of implementing reduced VAT rates for a resource that is becoming increasingly scarce is questionable. This is particularly the case for non-essential uses of water, such as swimming pools, irrigation of lawns or other horticultural landscapes, but reduced VAT rates may also discourage or delay the implementation of strategies for the minimisation and more efficient use of water by households and by the agricultural sector.

Recommended Action:

- To phase out reduced rates for water supplies and distribution

Directorate General responsible: DG TAXUD

[37] The Water Framework Directive spells out that Member States shall ensure that water pricing policies create the necessary incentives for reinforcing water resource efficiency and delivering the environmental objectives.

3.3.3 Water Pricing

In order to ensure greater efficiency in the use of water resources, Article 9 of the Water Framework Directive[38] requires that pricing policies should be implemented and that the costs of water services (including environmental and resource costs) are recovered by applying the 'polluter pays principle'. A study conducted by OECD (2009) highlighted that putting the right price on water would deal with both the drivers and pressures of water scarcity and droughts, thus providing benefits to social and economic development, and also to land governance, and technological innovation.

Irrigation accounts for the greatest proportion of agricultural water use and has pricing structures that vary considerably across and within Member States. Where irrigation water is provided by public or private sector suppliers or via collective irrigation systems, tariffs are typically set to cover only the operational and maintenance costs (Molle and Berkoff, 2007) with governments often subsidising capital costs (OECD, 2010). There is also a continuing major issue with unauthorised water abstraction. Although it has been discussed extensively, the Commission and some Member States still disagree on whether agricultural irrigation or self-abstraction should be considered as a water service under the Water Framework Directive, with implications for the application of the principle of cost recovery, requiring that prices include environmental and resource costs (Dworak et al, 2010).

Despite the introduction of water pricing requirements under the Water Framework Directive, it is not applied across all Member States and water-using sectors transparently. There are a range of approaches to water pricing, the most common of which are:

- flat rates, where a fixed charge applies unrelated the quantity of water consumed
- volumetric rates, where a fixed amount is paid for each cubic meter of water consumed or polluted, often imposed in conjunction with a fixed access charge
- increasing block tariffs, where the volumetric rate raises with the amount of consumption or pollution
- decreasing block tariffs, where the volumetric rate decreases with the amount consumed (OECD, 2010).

The approach to water pricing in agriculture varies across Europe. In some locations, predominantly in southern Europe, flat rate charges are still applied and hence provide little incentive for farmers to use less water. A combination of fixed fee and volumetric pricing is common in several countries, while volumetric charges are implemented in Malta, Cyprus and Luxembourg. In general, implementation of the 'user pays' principle (European Commission, 2007) is limited, although some EU Member States report increasing implementation of metering in agriculture (European Commission, 2012c). Currently, only 49 per cent of the River Basin Management Plans (RBMPs) envisage changing the water pricing system to foster a more efficient use of water and only 40 per cent include measures to improve water metering (European Commission, 2012c).

[38] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ%3AL%3A2000%3A327%3A0001%3A0072%3AEN%3APDF

While increasing irrigation water prices to meet full cost recovery would maximise water use efficiency, social considerations and implementation issues pose practical limitations and prices need to be set at a level that are both socially and politically acceptable.

Recommended Actions:

1. To continue enforcement action to ensure compliance with Article 9 of the WFD
2. To ensure enforcement of the *ex ante* conditionality relating to water pricing for the EAFRD and Structural Funds so that funding is not provided if appropriate water pricing measures are not in place
3. Support the Commission's efforts to improve the methodology for an adequate cost-recovery that includes environmental costs

3.3.4 Price surveillance

Sustainable diets should be affordable for the average but also the less affluent European. A clear picture is needed, therefore, of the situation at the supermarket checkout. Solid data will help to argue, for instance, for tax policies to be designed to make sustainable food more easily available.

The European Commission's Directorate-General Enterprise (DG ENTR) has set up a "High Level Forum for a Better Functioning Food Supply Chain" (2010) "to implement a roadmap of initiatives to improve the competitiveness of the agro-food industry in cooperation with the stakeholders" (following the 2009 Commission Communication "A better functioning food supply chain in Europe" (COM(2009) 591). The Forum also looks into prices with which food is traded in the supply chain (from the perspective of competitiveness) and collects statistical data for that purpose. For the research necessary it has created a monitoring tool for food prices[39].

As part of this initiative it has developed the European Food Prices Monitoring Tool, designed to research competitiveness in the Business to Business (B2B) and Business to Client (B2C) food supply chain in order to measure imbalances in the market. There is no requirement to differentiate between sustainable and non-sustainable food when monitoring prices, but this could be an interesting development for the future. A prerequisite for this, however, would be the development of a practicable distinction between what constitutes 'sustainable food' and 'unsustainable food' in order to make statistical research possible. This may be easier once the methodologies for establishing a product's environmental footprint are further developed in relation to food (see above). It should also be noted that the Commission's current consultation on the sustainability of the food system asks for views regarding the development of a standard definition for 'sustainable food'

[39] http://ec.europa.eu/enterprise/sectors/food/competitiveness/prices_monitoring_en.htm

Recommended Action:

To include into the mandate of the European Food Prices Monitoring Tool the objective of comparing prices for sustainable food with unsustainable varieties. The task of comparing prices of different kinds of food would be incorporated into the objectives of the next work programme.

The data collection mandate for EuroStat would need to be extended to include the collection of data on retail prices of sustainable and unsustainable food.

This would raise awareness of the 'price factor' in the debate on sustainable diets: the environmentally friendly choice should come along at an affordable price for the consumer and makes use of an existing tool in order to broaden the knowledge base of a "sustainable food" policy.

Directorate General responsible: DG ENTR + EuroStat

3.3.5 Price Control

In Union law, the CAP provides for price fixing measures in the common marketing organisation for agricultural products. In addition some Member States have passed laws that establish price-thresholds for foodstuffs considered satisfying basic dietary needs (e.g. certain types of bread in Spain and Cyprus) with the effect of not permitting prices to exceed a fixed level. In other Member States minimum prices are set for food and beverages considered potentially harmful (per unit of alcohol in beverages in Scotland (cf. Written Question E-1241/2012) with the effect of making the product more expensive.

Price controls are controversial as they are massive intervention into how prices are fixed. However, the principle could be extended to impose price limits on certain sustainable and healthy products to encourage their consumption, or alternatively minimum prices could be set on unsustainable or unhealthy products to ensure that prices do not fall below a certain level. The European Commission could encourage Member States to do this as long as what is proposed does not discriminate against goods imported from other Member States.

Many would consider that this sort of intervention infringes market orthodoxy and any such proposals would be likely to be contested in the judiciary of Member States and eventually the ECJ as the Scottish example demonstrates.

3.3.6 Sectoral Policies – influencing sustainable production

Two key sectoral policies – agriculture and fisheries - have an important role to play in improving sustainable consumption by influencing the sustainability of the way in which the primary products are produced. Both the Common Agricultural Policy (CAP) and the Common Fisheries Policy (CFP) have been through a lengthy reform process recently (not yet concluded), during which sustainability issues were at the forefront of many of the debates. Although the outcomes for the environment, particularly in relation to the CAP, did not go as far as many had hoped, the emphasis now is on trying to ensure that the changes that have been agreed deliver as much for the environment as possible, as well as looking to the longer term to prepare the ground for the next reforms in seven years' time.

To examine the detailed elements of both the CAP and CFP in relation to their impacts on sustainable production is not within the scope of this study. Where these policies offer opportunities for promoting sustainable consumption patterns, these measures have been addressed separately in previous sections. Here, a brief overview of the relationship between the policies and sustainable production is provided in light of the recent reforms, with recommendations for policy changes needed in the short and longer term.

The **Common Fisheries Policy** clearly has a role in improving sustainable consumption by increasing the sustainability of fisheries production. Environmental sustainability is one of the core objectives of the policy, and although it has not achieved this goal so far (European Commission, 2009), the recently agreed reform of the CFP basic regulation is expected to help this happen. One of the main elements of the reformed regulation that will contribute towards sustainability is the introduction of a binding target to rebuild fish stocks above biomass levels that can produce the maximum sustainable yield (ie the highest yield that can be continuously taken from a stock without affecting reproduction) (Council Secretariat, 2013). Fish stocks must be exploited at levels that will achieve maximum sustainable yield by 2015 where possible, and by 2020 at the latest for all stocks. It introduces a new framework for managing fish stocks in the form of multi-annual plans, which should set clear goals for sustainable management of specific stocks and map out the path to achieving them.

Another very significant change is the introduction of a discard ban, which requires all fish that are caught to be landed and counted against the vessel's quota. The agreed text also includes a commitment to develop biologically sensitive protected areas, including spawning grounds and areas where there are many fish below a minimum conservation size, in which fishing activities may be restricted or banned. These reforms could have been more ambitious, particularly with respect to the timetable for stock recovery (WWF, 2013b), nevertheless they constitute a transition towards a sustainable fisheries policy. It is important to note that the European Maritime and Fisheries Fund has not yet been agreed which will have a major effect on the direction of the policy.

The Common Agricultural Policy has an extremely important role to play in the sustainability of agricultural production patterns in the EU (and indirectly production in third countries). The sustainable management of natural resources and climate action is one of three core objectives for the policy and the recent CAP reform has seen the inclusion of environmental payments into Pillar 1 (direct payments) for the first time. There are a number of distinct elements of the CAP (post reform) that are important for encouraging increased sustainability of production methods. These include:

- the suite of cross-compliance requirements, including the standards of Good Agricultural and Environmental Condition, with which all farmers must comply in order to receive their income support payments;
- the new 'green' measures in Pillar 1, which require crop diversification and Ecological Focus Areas to be implemented on certain arable land above a certain size and the maintenance of permanent grassland at national or regional level;
- rural development policy which provides funding for Member States to apply a range of measures, according to their needs, to deliver against a range of objectives, including enhancing the environment and mitigating and adapting to climate change.

The main opportunities for achieving any improvements to the sustainable management of agricultural land (as opposed to maintaining existing practices) lies with rural development policy and over the coming seven years, the significant decrease in the budget available for this policy area will make it increasingly important that Member States focus the funding in ways that enhance not just the sustainability of production, but also make the most of marketing and other information measures to promote such products to consumers.

In the longer term, efforts will be needed to secure environmental and climate objectives at the centre of the CAP, both in terms of practical implementation as well as the rhetoric.

Recommended Actions:

CAP

1. To ensure that the implementing regulations and delegated acts are drafted in such a way as to ensure sustainable outcomes, putting safeguards in place to avoid environmental harmful activities
2. To encourage Member States to:
   - Use the facility to transfer funds from Pillar 1 to Pillar 2
   - Discourage transfers of funds from Pillar 2 to Pillar 1
   - To influence the design and delivering of Pillar 2 funding to support sustainable production as well as use of measures for marketing products or other information type measures to be focussed on sustainability and to promote the use of the Leader approach to develop community based activities in relation to sustainable and healthy food/eating/diets.
   - to try and make sure that cross-compliance, Pillar 1 greening and Pillar 2 environmental measures are implemented in a coherent, effective and efficient manner to deliver sustainable outcomes

CFP

1. To ensure that the implementing regulations and delegated acts are drafted in such a way as to ensure sustainable outcomes, putting safeguards in place to avoid environmental harmful activities or outcomes
2. To encourage Member States to:
   - Set total allowable catches at levels that will produce stocks at levels above the maximum sustainable yield, and in case of poor data, follow the precautionary approach to setting exploitation rates
   - Implement the discard ban while doing their utmost to reduce unwanted catches, prioritising selective fishing methods, and allocating quotas to reflect the expected catch composition of species in the fisheries
   - To influence the design and delivering of EMFF funding to support sustainable production as well as use of measures for marketing products or other information type measures to be focussed on sustainability and to promote community based activities in relation to sustainable and healthy food/eating/diets.

3.3.7 International trade

Existing agricultural production and trade patterns have a significant impact on the environment. As the biggest importer of agricultural products globally, the EU requires significant areas of land to be cultivated for food and feed in third countries. The principal sources of the largest volume of agricultural imports into the EU are Argentina and Brazil for oilcakes and animal feed, Brazil for coffee, and Indonesia for vegetable oils (palm oil). The pattern changes slightly when imports and exports are considered in relation to the embedded land requirements, with the greatest imports expressed as equivalent land area being from China, followed by Brazil and Argentina (Global 2000 et al, 2013). The environmental impacts of the production of some of the EU's major imports for feed and

food (as well as biofuels), such as soy and palm oil, are well documented (see for example Wilcove and Koh, 2010; Fearnside, 2011; Westhoek et al, 2011;Global 2000 *et al*, 2013) and some of the mechanisms for minimising the environmental impacts of supply chains in other parts of the world, such as the development of sustainable certification standards for certain products, have been highlighted in earlier sections.

However, the question arises whether there is more than can be done through international trade agreements or restrictions to ensure that only food and feed that is sustainably sourced can enter the EU. WTO members have a large measure of autonomy to determine their own policies on the environment (including its relationship with trade), their environmental objectives and the environmental legislation they enact and implement. However, that autonomy is circumscribed by the need to respect the requirements of the General Agreement on Tariffs and Trade (GATT) and the other agreements (for instance the TBT-Agreement).

The EU supports liberalised commercial trade through multilateral agreements in WTO, and regional and bilateral trade agreements and the current political view is not in favour of seeking to regulate trade. Indeed the theory is that liberalised trade allows producers to use resources more efficiently and should encourage sustainable production, as long as impacts on the environment and on natural resources are appropriately priced. Of course the problem arises, because the environmental impacts of production are not yet internalised fully into the price of the end product. Where it has been possible to put trade restrictions in place is in relation to the trade of illegal timber, with the introduction in March 2013 of the EU Timber Regulation[40], and the sustainability criteria attached to the production of biofuel feedstocks that must be adhered to if they are to count towards EU targets for renewable energy.

However it is not quite so straightforward to prevent the sale of agricultural products not produced to high environmental standards on the EU market. Restrictions can be put in place for food safety and human health reasons, but how to do so to prevent products entering the EU market that have led to significant resource depletion in the country of origin is problematic because of WTO rules which seeks to prevent 'green protectionism'. There may be some mileage in investigating the potential to develop new multi-lateral international agreements to restrict production methods that are harmful to the environment, perhaps focussing particularly on those that destroy natural habitats. If such agreements were put in place then this would restrict or ban trade in any products that had been produced as a result of the destruction of natural habitat, unless such destruction had been approved through an agreed national process, such as those put in place for offsetting in some countries, such as America and Australia (ten Kate, 2013). Such agreements could be accompanied by development-assistance instruments, for example to help build administrative, scientific and advisory capacity, support the enforcement of legislation, or even create protected areas. This is an area that would benefit from further investigation.

[40] This prohibits trade of illegally harvested timber on the EU market and requires operators to provide information about the origin of timber and timber products harvested and/or traded within the EU

Recommended Action:

- For the EU to build on the findings of ongoing research studies to consider ways of using trade policy to restrict products onto the EU market that have a high environmental footprint, particularly those that have been produced as a result of the destruction of natural habitat.

Directorate General responsible: DG TRADE and DG AGRI

3.3.8 Assessing the potential of novel foods

Given the GHG emissions associated with certain types of protein, such as meat, that form a significant proportion of Western diets, attention has started to turn to encouraging novel forms of protein to form a greater part of our diets. One such area that has received some publicity over recent months is the consumption of insects, since they are low-carbon food used in many countries in the world and can be produced in high volumes without requiring a lot of space (FAO, 2013) [41].

Within Europe, because insects have "hitherto not be used for human consumption to a significant degree within the Community" they therefore qualify as "Novel Food". A novel food needs authorisation before become marketable in Europe.[42] This is currently a cumbersome process. However, a review of the Novel Food Regulation 258/97 is proposed for the end of 2013 by the Commission, divided into two separate legislative proposals (a first attempt for reform failed in 2011). The review will aim, amongst other things, to render the market-entry easier for certain products, for instance, exotic fruit hitherto not consumed in Europe (creating import opportunities for developing countries) as well as insects as food.

Recommended Action:

- To encourage the consideration of novel foods such as plant-based foods and low-carbon protein sources, such as insects as part of the reform of the Novel Food Regulation (Reg. 258/97)

Directorate General responsible: DG SANCO

3.4 Supporting tools

Many of the policy options and instruments discussed in this chapter will need to be underpinned by a range of other supporting actions if they are to be developed to address sustainability concerns more fully and lead ultimately to consumers making more sustainable food choice. The EU can play an important role in helping promote and such actions. Those identified as being of most importance are as follows:

Development of a more coherent and integrated policy framework: As can be seen from the range of policy tools examined in this section, encouraging a shift towards more sustainable production and consumption in relation to food requires action on many fronts, involving policy areas that are the responsibility of many different parts of the Commission.

[41] http://www.fao.org/news/story/en/item/175922/icode
[42] http://ec.europa.eu/food/food/biotechnology/novelfood/index_en.htm

Although some joining up of the broader SCP agenda has already taken place through the 2008 SCP action plan, there is a need to develop a more integrated approach specifically in relation to food. The European Commission could build on its forthcoming Communication on the Sustainability of the Food System to develop a more coherent policy framework for this area, creating a sustainable food strategy and action plan, with associated targets set out within it. Alongside specific targets to measure progress against achieving greater sustainability of the food system, other broader targets will also be relevant, such as those that promote reductions in overall resource use[43] or no net loss of biodiversity[44].

Target setting and data reporting: To assess progress against priorities and targets set for sustainable food consumption and production it will be important to ensure that sufficient monitoring and evaluation requirements are in place. This will require baseline information to be gathered from Member States and a suitable set of indicators developed. Reporting against these indicators would need to take place on a regular basis and mechanisms for such reporting and the subsequent compilation of data at EU level would need to be put in place. Some reporting, particularly on the degree to which economic measures have been put in place to achieve sustainable food goals, could be required through the European Semester.

Research: filling data and methodological gaps: There is a range of information gaps that exist in relation to sustainable diets, which need to be filled so that they do not hamper progress in taking forward this policy agenda. The EU could play an important role in helping to fill these gaps through the work of their own services, such as the Joint Research Centre, data provided through Eurostat or through funding calls under Horizon 2020. Some of the areas that warrant attention include:

- Finding criteria or principles to determine what constitutes a sustainable food product. Significant efforts are being made in this area, with life cycle analysis an increasingly widely used method, although complex to apply to foodstuffs. A variety of alternative methods need to be considered and pursued with some urgency to find workable solutions that can be applied in the short to medium term.
- Bringing together the information on the external health and environmental costs of food and finding ways of internalising these costs within prices.
- Thought also needs to be given to the nature of the data that is needed in order to report progress against targets set for sustainable food production and consumption.
- Commissioning reviews and evaluations of the suite of existing policy options in place in Member States to promote sustainable food choices;
- To invest in research into innovative technology solutions to help consumers make more informed judgements about their shopping choices (for example in relation to the digital agenda);
- To compile and review existing research on behavioural change and food to inform policy developments and to consider ways to overcome some of the current barriers to uptake of more sustainable diets.

[43] For example the milestone set out in the Roadmap to a Resource Efficient Europe for a 20% reduction in the food chain's resource inputs to have been achieved by 2020.

[44] As required under the 2020 EU Biodiversity Strategy

Sharing best practice: The EU could enabling information exchange between Member States in relation to the range of policy tools used to encourage sustainable food choices, examining the strengths and weaknesses of different approaches and some of the barriers to implementation and ways found to overcome these. Sharing of experiences in different parts of the EU could encourage more creative and innovative approaches and may help overcome resistance to the use of some of the less well used policy tools (such as economic and fiscal measures). The EU could provide the forum within which this information exchange could take place. Examples of other ways in which the European Commission could facilitate the sharing of best practice would be through producing guidance information for Member States on the types of tools available and the ways in which they might be used, as well as creating an online hub for sharing information, including examples of best practice. This already exists in relation to green public procurement, for example, but a specific resource focussed on sustainable food consumption and production would be a helpful development.

As these supporting tools and data are developed and improved over time, they can in turn help inform further development of more robust measures at a European level and lead to more ambitious policy tools being put in place in the longer term.

4 PRIORITY OPTIONS

Building on the assessment of different policies and initiatives in Chapter 3, this chapter brings together the policy recommendations proposed and prioritises them, both in terms of the timescale of the opportunity for action (short/medium/long term) as well as the type of policy change that would be required (eg requiring the introduction of new legislation, legislative changes or changes to soft law (eg guidance documents).

In identifying the types of policy instruments that could be used to support a shift towards more sustainable diets, it has become clear that:

- A mix of policy measures is needed to address the range of factors that influence sustainable diets;
- The issues surrounding sustainable consumption in relation to food are very politically sensitive;
- Food cost issues are a major and growing concern in much of the EU;
- Consensus around what is meant by the term 'sustainable' in relation to food is not strong. The lack of an agreed definition of what constitutes 'sustainable food' therefore hampers the ability to take forward many initiatives to promote more sustainable consumption patterns;
- Due to the fact that food sustainability is affected by so many different factors, there are many issues facing the effective implementation of these policy measures and the risk of unintended perverse effects is high;
- Assessments on the effectiveness of different policy measures in bringing about changes in the sustainability of consumption, production and supply of food are few and far between. This is due to the fact that: a) the measures used predominantly to date are 'soft' measures to bring about behavioural change and evaluating the success of such measures is not straightforward; b) problems with identifying the counterfactual situation; c) identifying the impact of one particular policy measure when impacts result from a complex mix of drivers; and d) the long time frame over which policies need to operate to demonstrate behavioural change.

To date there is a clear distinction between the types of policy tools used to influence consumers' food choices and those used to encourage more sustainable production, processing and supply. Information tools have been favoured far more to influence the former, given the political sensitivities surrounding freedom of choice in relation to diet. In contrast, production methods are far more suited to economic and fiscal measure that try to change management practices, for example, by influencing the market environment.

However, more recently, more attention is turning to the potential offered by economic and fiscal measures as a means of making unhealthy products less economically attractive. Although the opportunities for using taxes is focussed on unhealthy elements of food and not the sustainability of products at this stage, the principle could be extended to sustainability too, once the metrics are in place to determine what constitutes a sustainable product.

Intervening through policy to influence consumption patterns of consumers is a politically sensitive area and the degree to which the EU can or should play a stronger role than is

currently the case is subject to much debate. The European Parliament have been pushing for the EU to provide greater direction and coordination in the area of sustainable consumption and production in relation to food. In particular MEPs have called for levies to be put on products produced in an environmentally unsustainable manner and for the issue of household food waste to be addressed (outwith the scope of this study).

The Commission acknowledges that food is a key area where sustainability issues must be addressed and, since the publication of the Roadmap to a Resource Efficient Europe, has pointed to the commitments in this document and the forthcoming Commission Communication on the Sustainability of the Food System as the forum in which such action will be taken. The Communication on the Sustainability of the Food System will be a significant step forward in demonstrating a recognition of and commitment to the need to address sustainable consumption and production issues in relation to food. However, the degree to which it will engender any significant change will depend on the breadth and ambition of its final contents.

4.1 Policy options to be pursued to encourage more sustainable food choices

The assessment of current and potential policy instruments and options for their development in Chapter 3 has demonstrated that some bold changes to the current policy mix will be needed to address the health and environmental sustainability issues facing society. More concrete and coordinated policy action is needed to engender real change and ensure that there is a step change in the sustainability of our food systems and consumption patterns. As the 7EAP notes, the current *acquis* relating to SCP is very fragmented. Due to the broad nature of the issues that need to be addressed to achieve SCP, there is an array of different initiatives and strategies in play, with different parts of the Commission leading those focussing on the issues for which they have a lead. If SCP in relation to food is to make substantial progress, a much more holistic and joined up approach is needed, including much greater cooperation between the different Commission directorate generals with an interest in this area.

The impetus provided by international commitments provides the European Commission with the opportunity to demonstrate how it can play a leading role in this area through the Communication on the Sustainability of the Food System and any subsequent Sustainable Food Strategy and Action Plan that might ensue. Taking action only where it is politically palatable is unlikely to solve the environmental and health problems facing the EU. Not addressing these issues, however, may lead to a worse outcome in the long term than taking decisive action now.

Given the fragmented nature of the policies for supporting and encouraging more sustainable food choices, it is easy to become lost in the plethora of different actions that could be taken on multiple fronts. However, from the review carried out in Chapter 3, perhaps four overarching priorities emerge. These are:

1. The need to **raise awareness amongst civil society** of the environmental impacts of food – unless this lack of awareness is addressed, it will hamper attempts to bring about behavioural change amongst consumers;

2. Much more **information** needs to be available for consumers about what constitutes a sustainable and healthy diet and information on the sustainability and health credentials of a product clearly available to enable appropriate choices to be made;
3. The **external costs** (health and environmental) **need to be internalised within food prices** to reflect the true cost of the product;
4. The **sustainability of production of food and feed** needs to be improved significantly in all parts of the world and policies put in place to encourage more sustainable practices and importantly to disincentivise production that is environmental harmful.

To achieve these priorities there are some key actions that are needed, where the EU can play a leading role. These include:

- Producing an integrated and holistic strategy and action plan for sustainable food production and consumption, building on the forthcoming Communication on the Sustainability of the Food System;
- Making sure that all strategies and policy tools that have a bearing on food production, supply, retail and consumption include environmental criteria within their objectives, in keeping with TFEU Article 11;
- As a priority, establish a definition of what constitutes a sustainable diet, to enable a distinction to be made between foodstuffs that are deemed to be 'sustainable' and those that are 'unsustainable'
- Remove all environmentally harmful subsidies;
- Encourage the use of public funding for the promotion of unsustainable products and prevent its use to promote those that are unsustainable;
- Prioritise research efforts to:
    - improve the quantification of the environmental and health external costs associated with food and ways of internalising such costs;
    - Establish a clear and transparent methodology for establishing the environmental impact of food products, taking into account all aspects of the supply chain via lifecycle analysis. This is already underway via the work being carried out to establish a product's environmental footprint through single market for green products initiative, but the importance of the successful conclusion of this area of work in relation to food to underpin many of the policy options identified should not be underestimated.
- Extend the debate on environmental taxes and subsidies, including the use of excise taxes and VAT to promote sustainable and healthy food – both production and consumption - and discourage consumption of foodstuffs that are unhealthy and unsustainable;
- Continue to engage actively with business and support them in driving change towards greater sustainability by ensuring that the policy framework in place enables them to make positive change.

Table 4 provides a summary of all the recommendations identified in Chapter 3, highlighting which options could be used to contribute to each of the priorities identified above. For most of the options put forward there are opportunities to make progress over the next couple of years. Where a longer-term time frame is needed, this is stated.

Table 4: Summary of policy recommendations to encourage more sustainable food choices

Policy area	Policy Recommendation	Opportunity and legal implications	DG Responsible	Overarching priority to which option could contribute
SHORT TERM (2013/2014)				
Promotional campaigns / Awareness raising of the general public:	As an information tool to underpin and justify all other policy recommendations, information tools could be developed to spread knowledge of the carbon impact of food: • Meat-free days/weeks in the EU-institutions canteens may be introduced to demonstrate the cost to the environment of intensive meat production. • EU awareness raising/information activities relating to sustainable fish: DG Mare could develop a website/webpage and associated App to provide an easily accessible source of information for consumers about the sustainability of different types of fish depending on where they have been caught and the fishing methods used. This could provide information on inter alia: the requirements of different certification labels, which fisheries are closed at any given point in time; the sustainability of different fishing methods; information on what practices are legal and illegal. • EMFF Marketing measures: to provide greater guidance to Member States on how these measures can be used, encouraging the use of funding to promote fish that have been sustainably sourced (from sustainable stocks and using sustainable fishing methods), including a focus on a wider range of fish, including those with which consumers are less familiar.	Art. 191 TFEU. Art. 3(1) of Reg. 1169/2011 on food information to consumers calls for information on food that enables consumers to make environmentally informed choices.	DG ENV to lead DG MARE DG MARE	Priority 1 – awareness raising
Ecological footprinting	Support the Commission in their proposals for the development of a Single Market for Green Products (COM(2013)196) and the development of Product Environmental Footpring (PEF) and associated category (PEFCR) rules for food	The call for testing examples of products in food, feed and drink sectors will take place in 2014	DG ENV JRC	Priority 2 – Informing consumers

		Based on non- binding (Art. 288 TFEU) Commission Recommendation 2013/179/EU (OJ L 124, 4.5.2013, p. 1).		
Green Public Procurement (GPP)	In order to better encourage a move towards more sustainable diets through GPP three primary areas could be amended: • Amend the core and comprehensive criteria on which GPP is assessed to include a wider suite of criteria reflecting sustainability. • Amend the guidance documentation to help the implementation of GPP and the training toolkit to include more reference to positive environmental management activities undertaken by farmers and foresters in the EU. • Embed the implementation of GPP policy in the core operating procedure of the main EU institutional organisations to show leadership and commitment in this area and demonstrate the effectiveness of GPP policy in major institutional structures.		DG ENV	Priority 2 – Informing consumers Priority 4 – encouraging more sustainable production
Water Pricing	To continue enforcement action to ensure compliance with Article 9 of the WFD Enforcement of the *ex ante* conditionality relating to water pricing for the EAFRD and Structural Funds so that funding is not provided if appropriate water pricing measures are not in place Support the Commission's efforts to improve the methodology for an adequate cost-recovery that includes environmental costs	Better enforcement and application of existing regulatory requirements	DG ENV	Priority 3 – internalising external costs
Education	**Develop and implement a blueprint for 'Food, Nutrition and the Environment'** classes as part of the school curriculum, with a focus on incorporating more practical and dynamic educational approaches, such as designing active farms or gardens to teach children on biodiversity and healthy food. **School Fruit Scheme**: To improve the sustainability dimension of the way in which the School Fruit Scheme is implemented by: • Incorporating health and sustainability criteria into the rules surrounding the types of products eligible for funding and the criteria that Member States must use for sourcing the fruit.	New Initiative To include within the implementing and delegated acts, which will be drafted by November 2013.	DG EAC	Priority 1 – awareness raising

	• Providing guidance to Member States on including health and sustainability dimension to any accompanying measures introduced to ensure the successful implementation of their scheme.			
Direct (local) sales from farm	Ensure that sustainability issues are included within the criteria for the proposed new optional quality term 'product from my farm' as a means of using farmgate sales as a promotional tool for local sales and short food supply chains with gains for the carbon footprint of food.	Commission resolved to put in place a policy facilitating direct sales of farm products ('product of my farm') in line with Art. 55 of the "Quality Regulation" 1151/2012, mainly by putting a place a local farming and direct sales labelling scheme by delegated act Requires delegated act (based on Art. 30 of Reg. 1151/2012) required for establishing the optional quality term 'product from my farm'.	DG AGRI	Priority 2 – Informing consumers
Development of sustainability certification schemes	**The EU should continue to support actively industry and stakeholder led initiatives to** develop sustainable certification schemes for products with a high environmental footprint, **such as those already underway (eg the Roundtable for Sustainable Palm Oil, the Roundtable on Sustainable Soy and the Global Roundtable for sustainable beef)**	Ongoing process		Priority 2 – Informing consumers
CAP	To ensure that the implementing regulations and delegated acts are drafted in such a way as to ensure sustainable outcomes, putting safeguards in place to avoid environmental harmful activities To encourage Member States to: • Use the facility to transfer funds from Pillar 1 to Pillar 2 • Discourage transfers of funds from Pillar 2 to Pillar 1 • To influence the design and delivering of Pillar 2 funding to support sustainable production as well as use of measures for marketing products or other information type measures to be focussed on sustainability and to promote the use of the Leader approach to develop community based activities in relation to sustainable and healthy food/eating/diets. • to try and make sure that cross-compliance, Pillar 1 greening and Pillar 2 environmental measures are implemented in a coherent, effective and	Feeds into finalisation of reform process	DG AGRI	Priority 4 – encouraging more sustainable production Priority 2 – Informing consumers

	efficient manner to deliver sustainable outcomes			
CFP	To ensure that the implementing regulations and delegated acts are drafted in such a way as to ensure sustainable outcomes, putting safeguards in place to avoid environmental harmful activities or outcomes To encourage Member States to: • Set total allowable catches at levels that will produce stocks at levels above the maximum sustainable yield, and in case of poor data, follow the precautionary approach to setting exploitation rates • Implement the discard ban while doing their utmost to reduce unwanted catches, prioritising selective fishing methods, and allocating quotas to reflect the expected catch composition of species in the fisheries To influence the design and delivering of EMFF funding to support sustainable production as well as use of measures for marketing products or other information type measures to be focussed on sustainability and to promote community based activities in relation to sustainable and healthy food/eating/diets	Feeds into finalisation of reform process	DG MARE	Priority 4 – encouraging more sustainable production Priority 2 – Informing consumers
Labelling on recommended portion sizes	To review Dir. 76/211/EEC, Dir. 2007/45/EC and Dir. 2009/34/EC with a view to establish criteria for the establishment of portion sizes. Establishing additional particulars for specific types of foodstuff (Art. 10 of Reg. 1169/2011) by adding a category 7 to Annex III to Reg. 1169/2011 by delegated act. Challenges Entirely novel proposal. Would require political momentum, impact assessment and the labours of lawmaking (if delegated act proves not to be available) in order to succeed. Directorate General responsible:	Novel proposal EU-legislation (ordinary legislative procedure) required for amending Directives on packaging. Delegated act required for amending Annex III to Reg. 1169/2011 (if considered non-essential in compliance with Art. 290 TFEU).	DG SANCO	Priority 2 – Informing consumers
Food Taxes (Excise Taxes –Consumer taxes)	That the European Commission should actively **support the development of food taxes on unsustainable and unhealthy foods**, such as through relevant statements in the European Semester. The European Commission could also promote the benefits of hypothecating the revenues to promote healthy and sustainable eating patterns, perhaps through the funding of awareness raising activities, health campaigns, fitness activities etc. That the European Commission considers the value of **introducing an EU-wide**	Scenario 1: Member States to charge excise tax on unsustainable food: Art. 110 TFEU Scenario 2: EU legislation introducing excise tax on	DG TAXUD / SECGEN	Priority 3 – internalising external costs

	requirement relating to the taxation of unsustainable and unhealthy foods, or components of food insofar as Article 113 of the TFEU permits. That the European Commission supports research to **develop a robust methodology for applying a carbon tax** to different types of food, particularly meat.	unsustainable food: as far as Art. 113 TFEU permits Art. 113 TFEU		
Reduced VAT (foodsuffs/inputs/water)	Member States to use reduced VAT rates for sustainable food as a tool for keeping the purchase of healthy and sustainable food affordable for all Europeans, including the needy: In relation to water, reduced rates for water supplies and distribution should be phased out In relation to inputs: reduced VAT rates for chemical fertilisers and pesticides should be phased out and for non-chemical (biological) fertilisers and pesticides they should be maintained	Requires amendment to VAT-Directive 2006/112/EC	DG TAXUD	Priority 3 – internalising external costs
TV-advertisement	The restrictions in place on advertising of food and drinks in children's programmes could be amended to include criteria that prevent adverts promoting unsustainable food choices or lifestles for children and other vulnerable consumers. .	New proposal Requires amendment to Art. 9(2) of the Audiovisual Media Services Directive Dir. 2010/13/EU *OR* Revision of 2004 Commission TV-Guidelines	DG CNECT	Priority 1 – awareness raising
Environmental claims on food	To establish criteria for substantiated 'green claims' on food and defining 'sustainable diet' in an amended version of Commission 2009 "UCP-Guidelines" currently under revision (introducing new topic for guidelines).	No legislation changes required to UCP Directive (2005/29/EC) Amendments to guidelines – review already underway.	DG JUSTICE	Priority 2 – Informing consumers
Funding for the promotion of EU farm products (CAP Market Measures)	To push for the inclusion of sustainability and health criteria as part of the approval process for funding applications from Member States in order to stop funding products that are not sustainable and encourage a greater focus on those that are sustainable.	Proposals for revised criteria expected in November 2013 – need to try and influence their final content.	DG AGRI	Priority 2 – Informing consumers
Sustainable food price monitoring	Extending mandate of European Food Prices Monitoring Tool to collect data on retail prices of sustainable and unsustainable food.	Would need to redefine the requirements for EuroStat in relation to the High Level Forum for a Better Functioning Food Supply Chain.	DG ENTR + EuroStat	Priority 2 – Informing consumers

		Extending mandate of Commission Decision of 30.7.2010 not necessary *(has just been prolonged anyway)*		
Non-financial reporting	• To ensure that non-financial information provided by companies under the new rules is made available to the public in an easily accessible and digestible form. EU citizens should be able to interrogate the information simply and data should be categorised in a way that allows meaningful analysis, for example by sector. • Environmental Criteria / Indicators should be developed against which companies must report, for example the carbon footprint and companies required to provide information on how they plan to improve performance over time.	Should be incorporated into the implementation rules for the new non-financial reporting Directive	DG MARKT	Priority 2 – Informing consumers
Novel foods	To use the proposed revision of the Novel Food Regulation with a view in particular to promote plant-based foods and low-carbon protein source insects.	The reform of the Novel Food Regulation 258/97 (a first attempt for reform failed in 2011) will be undertaken by the Commission by the end of 2013 Requires amendment to Reg. 258/97 (ordinary legislative procedure, Art. 294 TFEU). Should be relatively uncontroversial outside the area of nanotechnology & food and food from cloned animals. No implications for trade law.	DG SANCO	
LONGER TERM – 2017 and beyond				
Food labelling	**Extend Ecolabel to food** - once criteria have been established for identifying 'sustainable' and 'low-carbon' foodstuffs. Two options for achieving this could be considered. 1- to identify criteria by which to assess all the certification schemes operating in the EU-28 and provide a short-list of those which could be allocated the Eco-label 2 – to use the PEF work in relation to food to ascertain which foodstuffs are	Legal base for food Ecolabel provided by Art. 6(5) of Regulation (EC) No 66/2010	DG ENV	Priority 2 – Informing consumers

	sufficiently 'green' to be awarded the Eco-label Under Regulation 1151/2012 on quality schemes for agricultural products and foodstuffs : 1. to develop some criteria to ensure that all quality labelling schemes also need to adhere to a set of sustainability criteria. 2. to provide environmentally beneficial farming systems with some form of identification via this regulation, for example High Nature Value farming systems, as mentioned in the Commission's Communication in 2009 on agricultural product quality policy (COM(2009)234)	Delegated acts on the basis of Art. 31 and 32 of Reg. 1151/2012 to include sustainability criteria	DG AGRI	
Restrictions on international trade	To build on the findings of ongoing research studies to consider ways of using trade policy to restrict products onto the EU market that have a high environmental footprint, particularly those that have been produced as a result of the destruction of natural habitat	Needs to be in keeping with WTO rules	DG TRADE DG AGRI	Priority 3 – internalising external costs
Price Control	Member States may be encouraged to impose price limits, set minimum prices / price thresholds on certain products, provided they do not discriminate against goods imported from other Member States. This suggests a massive intervention into how prices are fixed. Infringes market orthodoxy and will be, if implemented, contested in the judiciary of Member States and eventually the ECJ as has already been the case in Scotland in relation to alcohol.	Member States may enact laws establishing price margins for sustainable food respectively unsustainable food, respecting the limits imposed by Art. 34 TFEU (free movement of goods) in the interpretation of the ECJ (Case C-13/77 -ATAB and Case C-16-20/79 -Danis).	n/a (recommendation to Member States)	Priority 3 – internalising external costs

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ANNEX 1 - Overview of policy instruments identified , their purpose, EU competence and legal basis

	Policy	Purpose and description	EU competence	Commission DG responsible	Legal basis (primary and secondary legislation) / EU programme or initiative
Supporting more informed choices					
Consumption	Advertising/ marketing campaigns	To promote the environmental / health / sustainability credentials of food and encourage greater consumption of these products To avoid the advertisement or promotion of over consumption and unhealthy / unsustainable food products NB: advertising associated with other initiatives such as meat-free days, local and seasonal food, food labelling or standards is not included here	The EU acquis communautaire related to advertisement and marketing practices is well-developed in both the non-food and the food sector. Health claims on food are tightly regulated. Environmental claims (or 'green claims') on food are subject to horizontal rules (based on the law on unfair commercial practices); few specific laws have as yet been enacted although interest is growing.	DG JUST DG SANCO DG CNECT	Existing relevant EU legislation includes: •Unfair Commercial Practices Directive 2005/29/EC - UCP-Guidelines under revision •Regulation (EC) No 1924/2006 on nutrition and health claims made on foods •Audiovisual Media Services Directive 2010/13/EU - Revision of Commission television guidelines underway
	Government Advice	To encourage consumers to adopt healthier and more sustainable diets To encourage the development of policy action to promote a shift to more sustainable diets	No	n/a	n/a
	Food labelling	To promote clear information on packaging about the environmental sustainability and health attributes of products [out of scope]: extending the list of food products that do not require a date of minimum durability as a means of reducing food waste.	Yes – to set overarching rules and provide guidance of what constitutes 'quality' produce (cf. Art. 3(1) FIC-Reg. 1169/2011)	DG SANCO DG AGRI DG ENV	Relevant EU legislation •Regulation 1169/2011 on provision of food information to consumers •Organic Food Regulation 834/2007 – under review •Ecolabel Regulation 66/2010
	Funding for the promotion of EU products	Aims to promote farm products, manufactured foodstuffs and production methods within Europe and abroad Funding is usually for professional producer groups and used to highlight the quality, the nutritional value, safety elements, labelling, animal welfare and environmental issues. Activities funded include: advertising, press campaigns (TV/radio/internet), point-of-sale promotions, exhibitions and fairs	Yes, EU initiative, providing up to 60% of costs	DG AGRI	
	Veggie Days / No	Encourages consumers to try a	No	For new EU	For new EU initiative:

	meat Days	meat free diet for a set period of time. Aim tends to be to reduce the consumption of meat or animal based products rather than promoting an increased consumption of fruit and vegetables	But the ambition fits within EU initiatives relating to sustainable consumption and production. Similar initiative could be introduced for canteens of EU institutions along the lines of 'Vegetarian May-week – A spring break from meat'.	initiative: DG ENV	Art. 191 TFEU Art. 169 TFEU Art. 41(b) TFEU
	Promotion of local / seasonal/ low carbon food *Link to food labelling and product certification*	To encourage consumers to buy food that is seasonal and locally produced or that is low carbon To promote shorter supply chains and reduce distance that food must travel NB: Caution needed here as there is a lack of evidence to suggest that local/seasonal food is necessarily more climate/environment friendly	Commitment under Reg 1152/2012 for the Commission to put forward the *'case for a new local farming and direct sales labelling scheme to assist producers in marketing their produce locally… [to] focus on the availability of the farmer to add value to his produce through the new label, and should take into account other criteria, such as the possibilities of* ***reducing carbon emissions*** *and waste through short production and distribution chains.'* The report shall, if necessary, be accompanied by appropriate legislative proposals on the creation of a local farming and direct sales labelling scheme As part of a broader package of communication and promotion activities about sustainable food and diet	DG AGRI	Art. 41(b) TFEU? Regulation (EU) No 1151/2012 – Quality schemes for agricultural products and foodstuffs
	Education (School)	Support with funding and capacity building in initializing and implementing a blueprint for 'Food, Nutrition and the Environment' classes To provide Education on Sustainable Development (ESD) to equip individuals and groups with the knowledge, skills and attitudes they need to make conscious choices aimed at achieving and preserving a world which both they and future generations will deem fit to live and work in	DG Education and Culture (DG EAC) provides support for Member States (MSs) through policy cooperation and dialogue about how to modernise and improve education systems via the Open Method of Coordination (OMC). Main responsibility remains with MSs	DG EAC DG AGRI	Comenius Programme Decision 1720/2006/EC Art. 165 TFEU
	Sustainable food price monitoring	Fact finding – to include into the mandate of the European Food Prices Monitoring Tool the objective of comparing prices for sustainable food with unsustainable varieties	Would be a new element to an existing scheme Relates to the 2009 Commission Communication "A better	DG ENTR ESTAT	Commission Decision establishing the High Level Forum for a Better Functioning Food Chain

		To make use of an existing tool in order to broaden the knowledge base of a "sustainable food" policy Raising awareness on 'price factors' in the debate on sustainable diets	functioning food supply chain in Europe" (COM(2009) 591).		Art. 173 TFEU
	Non-financial reporting	To enhance the transparency of certain large companies on social and environmental matters	Yes - COM(2013) 207 final of 16 April 2013 amends promotes the disclosure of nonfinancial and diversity information by certain large companies and groups – amends current accounting directives	DG MARKT	Art 50(1) TFEU
Supply chain	Ecological footprinting and Life Cycle Analysis (products and organisations)	To provide a standardised means of determining the sustainability of a product To provide the consumer with greater clarity and transparency about the sustainability of a product To improve the sustainability of products throughout its lifecycle	Development of PEF/OEF as part of the Single Market for Green Products Initiative Call for developing environmental footprint rules for food products to be opened in 2014	DG ENV	
Production	Product certification *Link to food labelling/ PEF*	To encourage an increase in environmental components in certification schemes in the EU to encourage the wider adoption of sustainable production practices for agricultural, marine as well as other products. To ensure that the products that consumers can choose from are more sustainable in terms of their production methods.	Yes: - EU quality schemes (PDO, PGI and TSG) - Organic Farming Regulation (834/2007) - EU framework and guidelines for certification schemes Also, private-led initiatives that are MS specific.	DG AGRI DG MARE	
	The European Innovation Partnership 'Agricultural Productivity and Sustainability'	'To provide a working interface between agriculture, bio-economy, science and others at EU, national and regional level' in order to promote innovative ways of producing more in a more sustainable manner.	Yes Provides the overarching framework; funding for research under Horizon 2020; funding for innovation and setting up of partnership groups under the CAP (Pillar 2 – EAFRD) from 2014	DG AGRI DG RTD	Horizon 2020 CAP - EAFRD
Changing the market environment: Economic / Fiscal measures					
Consumption	Taxation – sales taxes	To change the relative price of healthy and unhealthy foods or nutrients	Not subject to specific harmonised EU legislative provisions EC ensures that national taxation is in line with the general provisions of EU law concerning the functioning of the internal market Member States can act in the framework set by Art. 113 TFEU	DG TAXUD	Arti 28 and 30 TFEU Art. 110 TFEU Art. 113 TFEU National legislation
	Taxation - reduced VAT rates	To change the relative price of healthy and unhealthy foods or nutrients	Yes, product groups for which reduced rates are permitted are listed in	DG TAXUD	Art. 113 TFEU Council Directive

			Annex 3, Directive 2006/112/EC) – this includes: •Foodstuffs for human and animal consumption; live animals, seeds, plants and ingredients normally intended for use in the preparation of foodstuffs; products normally used to supplement foodstuffs or as a substitute for foodstuffs (and see below re input taxes)		2006/112/EC Art. 1(3) of Directive 2008/118/EC National legislation
Supply Chain	Green Public Procurement (GPP)	To encourage public bodies to procure goods and services in a manner that considers the principles of sustainable development. In the context of sustainable diets GPP aims at promoting food safety and increase the consumption of healthy and nutritious food; mainstream good practice in food procurement and supply; and improve sustainable performance at each stage of the food chain. GPP is based on a set of common environmental criteria for a range of products and services, divided between 'core' and 'comprehensive' criteria and including established markers such as the EU Ecolabel criteria.	Part of the EU's Sustainable Consumption and Production and Sustainable Industry Action Plan (COM(2008)397) Communication on procurement for a better environment (COM(2008)400)	DG ENV	
Production	Pesticide / fertiliser taxes	To act as an incentive to reduce the use of certain pesticides products and to limit the application of fertilisers to avoid nitrogen surpluses			
	Water pricing	- Provides an incentive to use water efficiently. - Powerful awareness-raising tool for consumers - combines environmental with economic benefits, while stimulating innovation	Yes - requirement set out in Article 9 of the Water Framework directive	DG ENV	
	Reduced VAT rates for agricultural inputs and water	-	Yes, product groups for which reduced rates are permitted are listed in Annex 3, Directive 2006/112/EC) Includes: •Supply of water; •Supply of goods and services of a kind normally intended for use in agricultural production but excluding capital goods such as machinery or buildings; Member States can then decide whether or not to apply these		

	Sectoral policies/incentives (e.g. via CAP, CFP)	To promote more sustainable production/fishing methods and to phase out incentives that are not delivering public goods Could be used to provide improved information to consumers on sustainable products – particularly fish	Yes	DG AGRI DG MARE	
	Green Public Procurement	See above			
Consumption	Food *NB: overlap with information tools above*	To ensure minimum standards relating to (inter alia): - Nutrition information on processed foods; - Origin labelling of fresh meat from pigs, sheep, goats and poultry To ensure that claims made about food are justified To provide guidelines on advertising	Yes	DG SANCO DG AGRI DG JUST DG CNCT	
Production	Environmental regulations	To ensure minimum environmental standards	Yes	DG ENV	
	Food safety regulations	To ensure minimum food safety standards	Yes	DG SANCO	
	Animal Welfare Regulations	To ensure minimum animal welfare standards	Yes	DG SANCO	

NB: All within the context of sustainable and healthy diets

Sources: ARCADIS, 2012;CEPS and College of Europe, 2012; Council of the European Union, 2010; Deloitte, 2009; Ecotec et al, 2001; European Commission, 2008a and b; European Commission, 2012d; EEA, 2012; European Commission, 2013; Larsen, 2005; Mytton and Rayner, 2012; OECD, 2012; UN, 2012;Waterlander et al, 2012;

ANNEX 2 – Groups and *fora* led by the European Commission of relevance to policies to inform sustainable diets

Name of group	Topics covered	Membership	Lead DG	Source
Retail Forum	The Retail Forum is a multi-stakeholder platform set up in order to exchange best practices on sustainability in the European retail sector and to identify opportunities and barriers that may further or hinder the achievement of sustainable consumption and production.	Membership is voluntary, accessible to participating retailers of the Retailers Environmental Action Programme. To date, there are 20 retailers and 6 retail organisations	DG ENV Associated DG: ENTR, JRC, MARKT, SANCO.	http://ec.europa.eu/environment/industry/retail/index_en.htm
Integrated Product Policy (IPP) Working Group	There are two working groups, the first covers progress reports regarding the implementation of the IPP. The second assesses life cycle information throughout the product chain to see where improvements could be made.	The first group consists of the European Environment Agency, the European Topic Centre of Waste and Resource Management, with the Commission. The second group consists of 12 experts from government, industry and NGO.	DG ENV Associated DG: ENTR, JRC, MARKT	http://ec.europa.eu/environment/ipp/ipp_wg.htm
Green Public Procurement (GPP) Advisory Group	Members discuss progress on the implementation of GPP and development of GPP criteria	Members meet twice a year. Hosted by the Commission. Membership consists of EU public authorities, corporate representatives, third country representatives and NGO representatives	DG ENV Associated DG: ENTR; JRC; MARKT; ENER; MOVE	http://ec.europa.eu/environment/gpp/expert_meeting_en.htm
The European Resource Efficiency Platform	The Platform aims to guide key stakeholders on the transition process towards more resource-efficient economy. • Recommendations on how to achieve milestones in the roadmap; • Support the coherent and effective delivery of the priority measures for 2012-2013; • Advise on policy instruments and governance structures; • Propose indicators and targets for resource	Membership consists of European Commission (4), European Parliament (4), MS representatives (4), international organisation representatives (3), local/regional authorities (1), industry representatives (8), civil society representatives (4) and academia/think tank (3)	DG ENV	http://ec.europa.eu/environment/resource_efficiency/re_platform/about/objective_mandate/index_en.htm

	efficiency			
CLIMATE-ADAPT, European Climate Adaptation Platform	Aims to support Europe in adapting to climate change. Offers information on: • Expected climate change; • Current and future vulnerabilities; • Adaptation strategies; • Adaptation case studies and potential adaptation options; • Tools that support adaptation planning.	Led by the Commission and the EEA. Open membership	DG CLIMA	http://climate-adapt.eea.europa.eu/web/guest/home
Expert Group for sustainability and quality of agriculture and rural development	Advise Commission on sustainability and quality of agriculture and rural development and support Commission in the preparation of delegated acts. Relevant subgroups: • Organic farming; • Genetic resources; • Agriculture and climate change	Chair nominated by group	DG AGRI	http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=2733
High Level Steering Board for the European Innovation Partnership	Support the Commission in the preparation of legislation and policy	Membership consists of individual experts and organisations ranging from NGOs, international organisations, associations, and corporates. Listed here.	DG AGRI Associated DG: RTD	http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=2844
High Level Group on Nutrition and Physical activity	• EU obesity related health issues; • Overview of EU policies on nutrition and physical activity; • Platform for sharing policy ideas and practices (such as redesigning areas to encourage cycling/walking and reformulating food products to contain less sugar/salt/fat); • Platform for governments and the EU platform for Diet, Physical Activity and Health to facilitate public-private partnerships.	Government representatives from 28MSs and the two EFTA countries (Norway and Switzerland). They meet three times a year and has regular joint meetings with the EU Platform for Diet, Physical Activity and Health	DG SANCO	http://ec.europa.eu/health/nutrition_physical_activity/high_level_group/index_en.htm
European Platform	To implement actions in contribution to the EU	Membership mostly consists of international	DG SANCO	http://ec.europa.eu/transparency/re

for Action on Diet, Physical Activity and Health	strategy on nutrition and physical activity and to exchange on public private Partnership good practices	organisations with a few NGOs, and EU bodies and agencies. MS representatives for 11 MSs (AT, BE, FR, DE, HU, IE, LU, NL, PL, PT, UK)		gexpert/index.cfm?do=groupDetail.groupDetail&groupID=845
Advisory Group on the Food Chain and Animal and Plant Health	Provides the European Commission with guidance on: • labelling and presentation of food and feed • food and feed safety • human nutrition in relation to food legislation • animal health and welfare and plant health .	45 stakeholder organisations representing farmers, the food industry, retailers and consumer organisations. Two plenary sessions per year to discuss general policy issues; ad hoc working groups convene to consider more technical issues.	DG SANCO	http://ec.europa.eu/food/committees/advisory/index_en.htm
Standing Committee on the Food Chain and Animal Health	The Committee's mandate covers the entire food supply chain - from animal health issues on the farm to the product on the consumer's table - helping the EU deal effectively with health risks any every stage of the production chain. It is chaired by a European Commission representative.	Members consist of MS representatives and from governments and public authorities	DG SANCO	http://ec.europa.eu/dgs/health_consumer/dgs_consultations/regulatory_committees_en.htm
Consumer Policy Network	Facilitate information exchange between consumer policymakers in MSs	Membership consists of MS public authorities and third country representatives for Iceland, Norway and Liechtenstein	DG SANCO	http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=861
Expert Group on the provision of food information to consumers	With regards the provision of food information to consumers, facilitate information exchange between MSs and support in the preparation of delegated acts.	Membership consists of ISPRA, EFSA, third countries and MS public authorities	DG SANCO	http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=2857
Thematic strategy on sustainable use of pesticides	To assist in the development and improvement of guidance/best practices as regards sustainable pesticide use.	Membership consists of international organisations and industry and MS public authorities	DG SANCO Associated DG: AGRI	http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=441
The European Food Sustainable	Aims to ensure the food chain contributes towards SC&P in Europe. It has three main objectives: to identify scientifically reliable and	Co-chaired by the European Commission and food supply chain partners	DG ENTR	http://www.food-scp.eu/

Consumption and Production Roundtable	consistent environmental assessment methodologies for food and drink products (taking into account whole life-cycle analysis); to identify appropriate communication tools to consumers and other relevant stakeholders; and to promote continuous environmental development and reporting of this development to encourage open discussion			