



21.2.2017

WORKING DOCUMENT

on ECA Special Report 34/2016 (2016 Discharge): Combating Food Waste: an opportunity for the EU to improve the resource-efficiency of the food supply chain

Committee on Budgetary Control

Rapporteur: Tomáš Zdechovský

Introduction

Food waste is a recognised problem that has gained political and social importance in recent years. Numerous high level political statements formulated in the last decade express the need to combat food waste. It is generated all along the food supply chain at the stages of production, processing, retailing and consumption. Food waste can be defined in many different ways and there is not unique methodology for measuring it. Nevertheless, it is generally recognised that, at global level, around one third of the food produced for human consumption is wasted or lost, with a consequent economic and environmental cost.

Against this backdrop, the Court examined the role the EU can play in combating food waste. At present, there is no agreed definition of food waste at the EU level. Thus for the purpose of this report, food waste refers to any product or part of a product grown, caught or processed for human consumption that could have been eaten if handled or stored differently.

A waste hierarchy prioritises waste treatment actions from the most preferred to the least preferred based on environmental sustainability. According to the definition of food waste used for this report, the focus of this audit is on **prevention** and **donation**, the two highest layers in the hierarchy.

According to the Commission, around 88 million tonnes of food are wasted annually in the EU. It is estimated that it will raise to approximately 126 million tonnes by 2020 unless additional preventive action or measures are taken. Data on food waste varies significantly due to the different interpretation of what constitutes food waste and the different methodologies used for measuring it. However, it is certain that it occurs along the entire food supply chain - production, processing, retail and consumers.

The cost associated with food waste is made up of at least two different types of costs: the economic and the environmental costs. The economic cost includes the cost linked to the value of the products themselves, the costs linked to the production, transport and storage of the wasted products and their treatment costs. From an environmental point of view, food waste represents a waste of the resources throughout the products' life cycle such as land, water, energy and other inputs and the consequent increase in greenhouse gas emissions.

The Food and Agriculture Organisation (FAO) of the United Nations estimated the economic cost of food waste of 1 trillion USD per year and the environmental costs reaching around 700 billion USD. The reasons why food waste is generated are intrinsically linked with the issue of who pays for the cost associated with the food wasted. As regards the economic cost of food waste, there are at least three different groups of actors who pay for it: consumers, specific food supply chain operators and charities. The environmental cost of food waste is paid for by society as a whole mainly through the growing scarcity of natural resources.

Food waste is a global problem. Even though the EU's action as regards food waste will have, by definition, limited effects at world level, the EU, as an important actor on the international scene, may influence the volume of food waste generated through the different policies for which it is responsible. The DG for Health and Food Safety in the European Commission (EC) is responsible for actions and communication initiatives in this context. The responsibility that MS bear as regards food waste is equally important. MS can favour or hinder food waste prevention and food donation depending on the way they enact EU provisions.

The policies and legal provisions reviewed within the context of this audit have objectives other than of preventing food waste. While not specifically addressing the problem of food waste, different EU instruments nevertheless have an effect on the behaviour of the different actors in the food chain. The EU has the ability to influence food waste through the different funds at its disposal and through the different provisions that affect the functioning of the actors in the food supply chain.

The main objective of the audit was to assess whether the EU's legal provisions and their implementation by MS contribute to positive behaviour in relation to food waste by the various actors in the food supply chain. The overall audit question was: Does the EU contribute to a resource-efficient food supply chain by combating food waste effectively?

This ECA report firstly assesses the extent to which the Commission has translated the high-level political statements to fight food waste into action. Secondly, it describes the opportunities to combat food waste that existing policies have missed.

The time frame covered by the audit was: for the common agricultural policy (CAP) funds: 2007-2013 and 2014-2020 periods; for European Fisheries Fund (EFF) and the European Maritime and Fisheries Fund (EMFF) 2007-2013 and 2014-2020 periods; for Fund for European Aid to the Most Deprived (FEAD): 2014-2020 period; and as regards the legal provisions not linked to funds: the audit took into account those legal provisions in place at the time of the audit as well as published proposals for new provisions.

The audit was carried out from July 2015 to May 2016 and included relevant political statements on the topic up to July 2016. Six Commission DGs were concerned, five MS were visited as well as relevant stakeholders¹.

European Court of Auditors' (ECA) observations

High-level political statements have not been translated into sufficient action

In recent years, the fight against food waste has gained in importance and has begun to appear on public agendas at all political levels. The European Parliament repeatedly asked the Commission (in 2011, 2012, 2015 and 2016) to take action towards reducing food waste. MS have started setting targets to reduce food waste, and the Council of the EU, the G20 and the United Nations have highlighted the need to combat food waste all along the food supply chain.

Despite the repeated political statements' the Commission's response has decreased in ambition over time and the action taken until now has been fragmented and intermittent.

Since 2011, the Commission has published a "Roadmap to a Resource Efficient Europe", where the EC identified food as one of the key sectors where resource efficiency should be improved. After a public consultation by the Commission in the summer of 2013 on the 'sustainability of the food system', which included a section on preventing and reducing food waste, in July 2014, the Commission published a proposal for a directive of the EP and of the

¹ DGs SANTE, GROW, AGRI, ENV, MARE and EMPL. MS visited Italy, the Netherlands, Portugal, Romania and Finland. The stakeholders consulted: Copa, Cogeca, Independent Retail Europe, WRAP (UK Charity), Somaro (Romanian NGO), EU research project Fusions and representatives from the French National Assembly, the UK House of Lords and the UNECE standards committee.

Council amending, among others, the waste directive. The proposal for a new directive on waste was withdrawn in December 2014. In December 2015, the Commission adopted a Circular Economy Package, which included revised legislative proposals on waste. The issue of combating food waste is integrated in these proposals.

To illustrate the Commission's decreased ambition, the Court's highlights that, in its current proposal, waste reduction targets have been lowered, the obligation for MS to report on food waste has been delayed, the deadline for the Commission to adopt an implementing act to establish a common methodology for measuring food waste has been repeatedly postponed and there is still no EU-wide definition for food waste. Together with this, a baseline (a reference level for a given year) from which to target reduction in food waste has never been defined.

While there is no specific EU policy on food waste, various EU policies have or could have an impact on it. However, the Commission has not reviewed these policies in order to assess whether they are sufficiently aligned with the need to combat food waste. MS have recognised the need to fight food waste and, given the lack of coordinated policy at EU level, have tackled the issue in a range of different ways including legislative approaches and inviting the Commission to take action at EU level.

The Commission's action at technical level has been limited to establishing working and expert groups. These groups were set up to consult stakeholders and to support the Commission as well as MS in identifying ways to prevent and reduce food waste without compromising food safety. In 2012, it established a Working Group on food losses/food waste. In 2014, an Expert Group on food losses and food waste and in April 2016 the Commission published a call for proposals to participate in the new platform launched to deal with food waste issues.

The meetings of the working and expert groups did not take place often enough to create a momentum for real change. Moreover, action on food waste suffered from a lack of continuity due to changes in the areas of responsibility within the Commission on the one hand, and to a change in the meeting participants on the other hand.

Existing policies could be better aligned to combat food waste more effectively

There are a number of EU policy areas that are likely to influence the behaviour of the different actors in the food supply chain with respect to food waste (agriculture, fisheries, food safety, environment, social affairs and taxation). Whilst avoiding food waste is not a primary objective of these policies, the Court's work focused on those aspects that could either help to prevent food waste or facilitate the donation of food.

Through direct payments, market measures and rural development payments, the Common agricultural policy (CAP) can have an influence on the generation of food waste in the production, the processing and the retail stages of the food supply chain. In addition, given that the new CAP strongly emphasises the concept of resource-efficiency, it is reasonable to expect that the subject of food waste would also be addressed by the CAP.

The historical evolution of the CAP and current nature of direct payments has probably already contributed to reduce food waste. However, the Court is concerned that through

coupled support¹, where EU direct payments are linked to production, there may be a stimulus to the production of specific products for which there is a risk that demand does not exist.

Market intervention measures (public intervention, private storage, market withdrawals, green harvesting and non-harvesting) represent a small proportion of the CAP budget, and their use has steadily declined since mid-1990s. These measures are used to support the removal of (future) supplies that are surplus to demand when prices become weak. The products may either be stored until the market price increases and then returned to the market for sale, export or donation, or may be disposed of in another way. Therefore market measures directly generate, in the case of green harvesting and non-harvesting, food waste and may result, particularly for market withdrawals, in food being wasted.

According to figures from August 2016, the stock of products stored under public intervention, such as milk, have recently started to increase again. In this context, the possibility of distributing products free of charge may gain importance. However, the legal arrangements to make this possible are currently not in place.

Between 2008 and 2015, in the EU, 1.8 million tonnes of fruit and vegetables were withdrawn from the market and over 45 500 ha of land were harvested before maturity or have not been harvested. The EU paid 380 million euros in compensation for this to the producers concerned. According to the Commission's figures, 66% of the products withdrawn were wasted. Besides this direct cost, the total cost of food waste should take into account the production costs and transport costs of the products as well as the costs of treating the waste generated. In addition, the associated environmental costs throughout the products' life cycle should be taken into account.

Export subsidies are since the WTO meeting 19 December 2015 globally agreed to be abolished.

Under the School Milk Scheme, the EU subsidises the cost of various milk products distributed to children in schools. Under the School Fruit Scheme, the EU provides schoolchildren with fruit and vegetables, with the aim of encouraging good eating habits in young people. Both schemes provide for accompanying measures, namely for education and combating food wastage. However, at the time of the audit, MS had not yet taken the opportunity to use the accompanying measures.

The European Agricultural Fund for Rural Development (EAFRD) has the potential to contribute to reducing food waste in primary production and in the food-processing sector. Action to reduce food waste can be financed through several measures foreseen in the EAFRD Regulation. However, the Commission has not specifically encouraged MS to use EAFRD funds to combat food waste. For their part, the MS audited did not specifically mention food waste or refer to combating food waste as a need or objective of their programme for 2007-2013 and 2014-2020 even though they had the opportunity to do so.

In 2013, the reform of the common fisheries policy (CFP) was approved, introducing the

¹ Coupled support 'may only be granted to those sectors or to those regions of a MS where specific types of farming or specific agricultural sectors that are particularly important for economic, social or environmental reasons undergo certain difficulties' - article 52(3) of Regulation (EU) No 1307/2013 of the EP and the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy [...]

landing obligation. Through the European fisheries funds - European Fisheries Fund and European and Maritime Fisheries Fund (EFF and EMFF), MS had/have the opportunity to finance projects for preparing the landing obligation and for positively influencing the survival rate of fish in aquaculture. Another element of the CFP reform that potentially affects food waste generation is the abolition of compensation for market withdrawals of fish.

The landing obligation establishes that all catches have to be kept on board, landed and counted against the quotas and is being introduced gradually between 2015 and 2019. According to the Commission, the aim is to reduce discard rates from 15-25% to 5%. It is clear that it has the potential to reduce food waste if it is correctly implemented. At the same time, it is important to have reliable data on catches and discards in order to obtain accurate information on the scale of food waste in relation to fish. However, some of these data are not available.

Both EFF and EMFF can potentially help to reduce food waste, even if this is not explicitly stated in the relevant regulations. This potential has yet to be fully realised in the MS visited.

In the 2007-2013 period, the EU paid compensation to MS for withdrawing fish from the market when the price of fish was too low. 25.4 million euros was paid to MS for fish withdrawn (on average 3.2 million euros per year). This corresponds to 51 386 tons of fish (on average 6 423 tons of fish per year). No information on the final destination of the fish is available.

With regard to food safety policy, food safety and hygiene rules are primarily intended to guarantee that foodstuffs are safe for consumption. Nevertheless, when implementing such rules in practice, care should be taken not to risk generating food waste by exceeding the essential requirements of food safety. The audit identified a number of areas where further efforts are still necessary by the Commission and MS with respect to preventing food waste, related to the exchange of good hygiene practices, traceability requirements and date labelling.

The EC keeps a register of national guides to good hygiene practices with the aim of exchanging good practice between MS and food business operators. However, among several MS visited, there is insufficient exchange of knowledge in this area at EU level.

In case of product recalls or withdrawals for reasons of food safety, traceability is crucial. The General Food law requires operators to have a traceability system capable of tracing a product by a 'one step forward and one step back' approach. The information gathered in the MS visited showed that the quantities recalled are sometimes difficult to estimate and often the information required to identify the products in need of recall is too vague.

Ambiguous date labelling of foodstuffs is a major factor contributing to confusion about safety among consumers. Date labels should be sufficiently clear for consumers in order to avoid unsafe food from being eaten and safe food from being discarded. The 'best before' and 'use by' dates are used in different and sometimes confusing ways by producers/processors/retailers, resulting in perfectly edible food being thrown away. Consumers are not fully aware of the differences among those expressions either.

Donating food is the second most preferred option before food constitutes waste. In the EU, there is a strong culture of food donation, and the Commission has recognised the importance

of facilitating food donation as a way to reduce food waste in the EU. There are still a number of barriers to donation, such as a lack of clarity in existing legal provisions, missing legal provisions or legal provisions that are not used in practice. Overcoming these barriers would contribute to aligning the EU policies for facilitating the donation of food.

The EU texts do not clarify whether donated food should be counted as wasted food or, on the contrary, whether donation should be considered a way of preventing food from being wasted.

Since 2013, several MS have themselves developed their own guidelines for food banks and charities, clarifying donation with regard to liability issues and explaining how to interpret food safety factors such as expiry dates, traceability, labelling and freezing of foodstuffs. The Commission has now gathered national and sectorial guidelines on food redistribution shared by various actors on its website to promote the exchange of good practice between MS. In June 2016, the Commission indicated that they were still working on a first draft of these guidelines.

Fiscal incentives for food donation are seen by many stakeholders as the most powerful tool for incentivising donation. Interpretation of VAT legislation by certain MS may still represent a barrier to donate food.

The Fund for European Aid to the most Deprived (FEAD) provides material and non-material assistance to the most deprived since its creation in 2014. However, the Commission has not actively promoted food donation already foreseen in the FEAD regulation among the MS.

With regard to the free distribution of withdrawn fruit and vegetables to certain public establishments, although compensations are foreseen in the EU legislation for donations, it was noted by MS that, according to EU law, free distribution is not permitted to replace quantities normally bought in by such establishments. This provision discouraged some authorities from donating products at all.

Conclusions

The Court overall conclusion is that the EU does not combat food waste effectively. Many of the potential improvements do not require new initiatives or more public funding but rather involve the better alignment of existing policies, improved coordination within the Commission and between the Commission and MS, and clearly identifying the reduction of food waste as one of the objectives of the existing policies.

The action taken to date to combat food waste has been fragmented and intermittent, there is not an agreed EU-wide strategy and the coordination at Commission level is lacking. In addition, the Commission's ambition on this matter has decreased over time. The absence of a common definition for food waste and an agreed baseline from which to target reductions in waste has hampered further progress in this area.

The Court concluded that action should be targeted all along the food supply chain with potential benefits for all those involved. Thus, emphasis should be put on prevention, as the benefits of avoiding waste largely outweigh those of dealing with it later.

Whilst there are a number of EU policies that have the potential to combat food waste, this potential has not been fully exploited. There has been a notable lack of assessment of the

impact of the various EU policies on the fight against food waste. Major policy areas such as the common agricultural policy, including rural development, the common fisheries policy and the food safety policy have a role to play. Over time, policy changes have had a positive impact in combating food waste, but this impact was coincidental rather than a result of a targeted policy action.

Donation of food that would otherwise be wasted already occurs in the EU. Nevertheless, a number of barriers still exist to donation, and a lack of clarity and consistency in certain legal provisions relating to donation. A number of opportunities to facilitate the donation of food that otherwise would be wasted have not been taken.

ECA's recommendations

1. The EU efforts to combat food waste should be strengthened and better coordinated; in doing this, the EU could take a greater role in the appropriate forums at a global level. This implies concerted action by the EU bodies and MS to agree a common strategy as soon as possible.

At the technical level, the Commission should now develop an action plan for the years ahead covering various policy areas. This should include agreed descriptions of what constitutes food waste at all stages of the food chain and a methodology for measuring the impacts of its strategy.

2. In order to coordinate the various policies with the potential to combat food waste the Commission should consider it in future impact assessments. The Commission should better align the different policies and consider ways in which they could be developed to target the problem. In particular:
 - a) As regards the CAP, the topic of food waste should be included in the forthcoming review of the policy. The Commission should also encourage MS to prioritise the objective of combating food waste when programming future expenditures.
 - b) As regards the CFP, closer monitoring of landing obligation for fish is needed and the Commission should from now on facilitate the use of available EU funds for investments that combat food waste.
 - c) When developing its food safety policy, the Commission should further facilitate the exchange of good practices on hygiene and traceability. As regards food labelling, it should assess the need to intervene in order to prevent labelling practices that generate food waste.
3. The Commission should promote the option of donating food that is safe for consumption and that would otherwise be wasted. In particular, and as soon as is practicable, by:
 - a) clarifying the interpretation of legal provisions that discourage the donation of food, in particular with reference to the waste framework directive and the General Food Law;
 - b) carrying out an assessment of the impact of extending donation to those policy

areas where it is not taking place, particularly in relation to the CFP;

- c) completing the legislative requirement to allow the use of food from agricultural stocks from public intervention; and
- d) promoting among MS the use of existing provisions for donation, with particular reference to fruit and vegetables withdrawn from the market and to the FEAD.

European Commission's replies

The Commission fully recognises that food waste is a global problem and is taking action to prevent food waste and optimise resource use all along the food value chain. In 2015, as part of the Circular Economy Package, the Commission reconfirmed the EU's commitment to the food waste reduction target laid down in the global 2030 Sustainable Development Agenda. The Circular Economy Package recognises food waste prevention as a priority area and proposes to tackle it in a multifaceted action plan developed in a collegial manner by all directorates-general.

The Commission accepts recommendation 1 concerning its own role in supporting efforts in the EU MS. It does not accept recommendation 2a), however it will consider food losses and food waste in its work for the preparation of the next CAP. The Commission accepts recommendations 2b) and c).

The Commission accepts and is already implementing recommendation 3a). It does not accept recommendation 3b) for the reason that in the framework of the reform of the CFP and of one of its pillars - the CMO¹ - the Commission proposed to 'distribute landed products free of charge to philanthropic or charitable purposes' and this was rejected by the Council and the Parliament. The Commission accepts recommendations 3c) and d), and it is taking steps to promote food donation.

Recommendations by the rapporteur:

The European Parliament:

1. Welcomes the Court's report scrutinizing the efficacy of the European Union in combating food waste, endorses the Court's recommendations and calls on the Commission to take these recommendations into account;
2. Notes with deep concern that according to estimates, around one third of the food produced for human consumption is wasted or lost globally; deplores that the European Union does not combat food waste effectively and that so far it has provided only incoherent and fragmented action;
3. Stresses that the European Union has a great potential to address the problem of food waste by adjusting the existing policies without incurring additional costs and should aspire to do so; however notes with regret that despite the hopeful rhetoric, there has been a lack of political will to translate the commitments into policy measures;

¹ Common Market Organisation.

4. Deeply regrets that demonstrably the ambitions of the European Commission in combating food waste have rather decreased over time; deplores that a targeted policy action in the area of food waste is missing and arising positive effects of some policy areas are rather coincidental; looks forward to assessing the results of the Circular Economy Package in the area of combating food waste;
5. Considers it to be a sign of inconsistent approach of the European Commission that a) while the EU is regarded as a leader in combating climate change, it offers only insufficient commitment to combating food waste that directly contributes to negative climate effects, and b) while the EU annually invests hundreds of millions EUR in development aid, fight against hunger and compliance with fair trade, it does not sufficiently address the issue of combating food waste that is one of the direct driving forces behind the above mentioned problems;
6. Reiterates its call on the European Commission to take immediate action against food waste; calls on the Commission to deliver on its commitments with regard to relevant policy documents related to combating food waste;
7. Calls on the Commission to provide a complex coordination on the EU level and on the national level in order to unify the different approaches of various Member States with regard to food waste prevention, food donation, food safety and good hygiene practices; calls on the Commission to build-up a platform for sharing the best practices in combating food waste that would better align its work with the activities of the Member States;
8. Regrets that the Commission's action on a technical level has been limited to establishing working and expert groups, that have nevertheless not delivered any applicable input; calls on the Commission to improve its action on a technical level and deliver concrete results; invites the Commission to establish closer cooperation with the European agencies EEA and EIT that are able to provide solid expert and technical assistance;
9. Regrets that the Commission does not consider it necessary to create a common definition of food waste and does not consider it necessary to lay down a specific food waste hierarchy; calls on the Commission to prepare in cooperation with the Member States a common definition of food waste, a common methodology for measuring and monitoring food waste, and guidelines on use of waste hierarchy in the case of food waste;
10. Calls on the Commission to draft an action plan that would identify policy areas with potential to address food waste, with stress on prevention and donation, and to define the opportunities that could be exploited in the framework of these policies; calls on the Commission to draft action plans that would include measurable targets and performance indicators and to draft impact assessments in specific policy areas;
11. Regrets that although food donation represents the second most preferred option in preventing food waste, there has been many obstacles on various levels that make food donation underutilized; draws attention to the difficulties faced by Member States' authorities to comply with the current legal framework applying particularly to the food donation; calls on the Commission to create a specific platform for exchange of good practices among the Member States in order to facilitate food donation; invites the Commission to take into account the local and regional authorities' contributions in revision of relevant legal provisions;

12. Invites the Commission to finalize and publish the guidelines on food redistribution and donation, including tax arrangements for donors, that would be based on best practices shared between the Member States that currently take active action in combating food waste; encourages the Commission to draw up guidelines on overcoming various obstacles in food donation and on tax concessions for chains and companies that donate food;
13. Regrets that the concepts 'best before' and 'use by' are generally unclear to the participants at all levels of the food supply chain; calls on the Commission to clarify these concepts and make the guidelines on its usage binding in order to avoid any misconception;
14. Encourages the Member States to provide for necessary education in the area of food management and food waste among general public;
15. Deplores that, despite individual and limited initiatives in some of the EU institutions, the European bodies have neither legislative framework nor common guidelines that would regulate handling of unconsumed food provided by the institutions' catering services; calls on the Commission to draft common provisions addressing the issue of food waste in the European institutions, including guidelines on food waste prevention and rules on food waste donation in order to minimize the food waste caused by the European institutions.