



## ACRONYMS USED

APO	Asian Productivity Organization
BAI	Bureau of Animal Industry
BETP	Bureau of Export Trade Promotion
BFAD	Bureau of Food and Drug
BFAR	Bureau of Fisheries and Aquatic Resources
BRC	British Retail Consortium
CITEM	Center for International Trade Exposition and Mission
CBI	Center for the Promotion of Imports from Developing Countries
EFSA	European Food Safety Authority
DA	Department of Agriculture
DOST	Department of Science and Technology
DTI	Department of Trade and Industry
EC	European Commission
EUREP	Euro-Retailer Produce Working Group
EU	European Union
EMS	Environmental Management Systems
FAO	Food and Agriculture Organization
FNRI	Food and Nutrition Research Institute
EDC	Export Development Council
FTSC	Foreign Trade Service Corps
FDC	Food Development Center
GAP	Good Agricultural Practices
GMO	Genetically Modified Organism
GSP	General System of Preferences
HACCP	Hazard Analysis Critical Control Points
ITDI	Industrial Technology Development Institute
ISO	International Standards Organization
MSC	Marine Stewardship Council
MFN	Most Favored Nation
NMIS	National Meat Inspection Service
OHS	Occupational Health and Safety
PTIC	Philippine Trade and Investment Center
PTTC	Philippine Trade Training Center
QMS	Quality Management Systems
RASFF	Rapid Alert System for Food and Feed
SA	Social Accountability

## Table of Contents

1.	Executive Summary -----	7
2.	Overview -----	10
2.1	Philippine Food Export to the European Union -----	10
2.1.1	Food export to EU vs. total export -----	10
2.1.2	Export markets of Philippine food -----	10
2.1.3	Export markets of Philippine food in EU -----	11
2.1.4	Food export to EU by major product groupings -----	12
2.1.5	Export products for each major product grouping -----	14
2.2	EU General Market Access Requirements -----	17
2.2.1.	Consumer health and safety market access requirements -----	18
2.2.2.	Environmental market access requirements -----	19
2.2.3.	Social market access requirements -----	20
2.2.4.	Quality market access requirements -----	21
2.3	EU Legislations on Food Products -----	21
2.3.1.	Selected EU legislations affecting food in general -----	22
2.3.1.1	Additives -----	23
2.3.1.2.	Contaminants -----	24
2.3.1.3.	Food labeling -----	25
2.3.2.	EU legislations relevant to specific Philippine food -----	27
2.3.2.1.	Fish and fishery products -----	27
2.3.2.2.	Meat and meat-based products -----	31
2.3.2.3.	Sauces, mixes and condiments -----	32
2.3.2.4.	Biscuits and confectionery . -----	33
3.	EU Market Access Barriers and Limitations -----	34
3.1.	Market Access Barriers Based on the Rapid Alert System for Food and Feed (RASFF) -----	34
3.1.1	Description of RASFF -----	34
3.1.2	RASFF notices for the Philippines in 2005-2006 -----	37
3.1.2.1	Classified RASFF notices for the Philippines in 2005 ---	39
3.1.2.1.1	Additives: colours/preservatives -----	40
3.1.2.1.2	Contaminants -----	40
3.1.2.2	Classified RASFF notices for the Philippines in 2006 ---	41
3.1.2.2.1	Additives -----	43
3.1.2.2.2	Contaminants -----	43
3.1.2.2.3	Required EU accreditation for meat products ---	43

3.2.	Market Access Barriers and Limitations based on Focus Group	
	Discussions and Interviews -----	44
3.2.1.	Summary of market access barriers and limitations -----	44
3.2.2.	Concerns common to the sub-sectors -----	47
3.2.2.1.	Lack of awareness and updated information on EU legislations -----	47
3.2.2.2.	Lack of local testing facilities for GMO and irradiation treatment -----	48
3.2.2.3.	High cost and stringent parameters of certifications -----	48
3.2.2.4.	Lack of regulations/code of ethics on parallel shipment -	49
3.2.3.	Concerns of sauces, mixes and condiments sub-sector -----	51
3.2.3.1.	Lack of methodology/ equipment for testing very low levels of 3-MCPD -----	51
3.2.3.2.	Lack of production technology to control 3-MCPD level --	51
3.2.4.	Concerns of meat and meat-based products sub-sector -----	51
3.2.4.1.	Required accreditation as country supplier of meat products -----	51
3.2.4.2.	Lack of information on acceptability of meat ingredients sourced from EU- accredited countries. -----	52
3.2.4.3	Loss of opportunity in the market -----	52
3.2.5.	Concerns of fish and fishery products sub-sector -----	52
3.2.5.1.	Limited resources of BFAR -----	53
3.2.5.2.	Lack of clarity on BFAR's system of certification -----	53
3.2.5.3.	Lack of modern facilities, fish ports and laboratories -----	53
4.	Ways of Overcoming Market Access Barriers and Limitations -----	53
4.1	Compliance to EU legislations relative to RASFF notices -----	54
4.2	Recommendations from public and private sectors -----	55
4.2.1.	Recommendations on EU legislations -----	60
4.2.2.	Recommendations on GMO/irradiation treatment -----	61
4.2.3.	Recommendations on management systems and certifications -----	61
4.2.4.	Recommendations on country accreditation as supplier of meat Products -----	61
4.2.5.	Recommendations on tariff barriers -----	62
4.2.6	Recommendations on other limitations related to market access ----	63
4.2.6.1.	Common to the food industry -----	63
4.2.6.2.	Sauces, mixes and condiments sub-sector -----	63
4.2.6.3.	Meat and meat-based products sub-sector -----	64
4.2.6.4.	Fish and fishery products sub-sector -----	64
4.2.7.	Recommendations on other concerns -----	65
4.2.7.1.	Market niches -----	65
4.2.7.2.	Distance and freight cost -----	65
4.2.7.3.	Government budget for promotion activities -----	66
4.3.	The EU Focus Strategy -----	66

## LIST OF TABLES

Table 1. RP food export to EU vs total merchandise export and total food export -----	10
Table 2. Summary of RP food export to EU by major product Groupings -----	12
Table 3. Annual growth rate of RP food export to EU by major product groupings -----	13
Table 4. RASFF notices for the Philippines, 2005-2006 -----	36
Table 5. Classification of RASFF notices for the Philippines, 2005 -----	39
Table 6. Classification of RASFF notices for the Philippines, 2006 -----	40
Table 7. Summary of EU market access barriers, issues/concerns and industry limitations -----	44
Table 8. EU requirements relative to RASFF notices for the Philippines, 2005 – 2006 -----	54
Table 9. Summary of EU market access barriers and limitations and recommendations to address them -----	55
Table 10. The EU Focus Strategy: objectives, recommended programs and responsible groups -----	66

## LIST OF FIGURES

Figure 1. RP food export to EU vs. Total food export to all countries -----	11
Figure 2. Leading export markets of Philippine food, 2005 -----	11
Figure 3. Top ten export markets of Philippine food in EU, 2005 -----	12
Figure 4. RP food export to EU by major product groupings , 2005 -----	13
Figure 5. RP processed food export to EU, 2005 -----	15
Figure 6. RP marine product exports to EU, 2005 -----	16
Figure 7. RP fresh food export to EU, 2005 -----	17
Figure 8. Flow chart for information transmission under RASFF system -----	36

## I. Executive Summary

The European Union with its 25 member states and 480 million consumers has remained an untapped market for Philippine food products. Philippine food export to EU accounted for only 1.93% to 2.09% of total merchandise export to EU from 2002 to 2005. It also accounted for only 8.89% of total food export in 2005. No EU country has landed in the top ten list of export markets for Philippine food.

RP food export to EU consists of processed food, fresh food and marine products. In 2005, processed food contributed the largest share at 77.3%, followed by marine products, 22.3%, and fresh food, 0.3%. The bulk of processed food was made up of nuts/coconut products (46.02%) and processed fruits (43.71%). For marine products, the bulk was in the form of canned tuna (70.22%) and shrimps/prawns (9.90%). Fresh food was mainly in the form of fresh fruits (89.17%).

Exporters to EU should comply with EU legislations and be aware of the market requirements. Apart from import tariffs and quotas, EU's non-tariff barriers play an important role in exporting to EU. They are considered very stringent by Philippine exporters who are inclined to prioritize other markets. EU market access requirements can be classified into two types, namely, legislative and non-legislative. The first type involves EU legislative requirements which are in the form of regulations and directives. Regulations are mandatory to all EU countries. They must be implemented in their enacted forms by member states which are not allowed flexibility in interpretations. Directives, on the other hand, can either be adopted in *toto*, or laws that approximate them may be passed by member states which in this case are allowed flexibility in interpretations.

The non-legislative type refers to EU importers' requirements from suppliers, such as labels, codes and management systems. EU market access requirements can be classified into the following categories: 1.) consumer health and safety, 2.) environmental, 3.) social, and 4.) quality. EU trading partners increasingly need guarantees from suppliers that products are healthy and safe, production methods and packaging materials are environment-friendly, and working conditions (labor, occupational health and safety) are fair, in addition to business requirements on quality.

Food legislation in EU is in the process of being fully harmonized so that the same legislation will apply to all EU member states. However, differences still exist since EU member states are free in the implementation of EU directives. In this study, selected legislations are discussed, ranging from those affecting Philippine food in general to those for specific products, such as fish and fishery products, meat and meat products, sauces/mixes/condiments and biscuits/confectionery. They include food additives (sweeteners, colouring, flavorings), contaminants, and food labelling/packaging.

Market access barriers encountered by the Philippines were identified thru the Rapid Alert System for Food and Feed (RASFF) notices issued to the Philippines in 2005-2006, and thru interviews/focus group discussions (FGD) conducted among exporters, EU buyers, trade and agriculture attaches based in EU and government agencies concerned. Problems encountered by Philippine exporters were food additives, contaminants and lack of country accreditation for meat exports. Food additives included unauthorized use of colour (amaranth, tartrazine, erythrosine and azorubine), unauthorized food additive (TBHQ), unauthorized sweetener (neotame), and too high content of preservative (benzoic acid and sulphite). RASFF notices for affected products came from Cyprus and United Kingdom.

Problems on contaminants involved 3-mcpd in soy sauce, aflatoxin in nuts and peanut butter, histamine in canned tuna and cadmium in canned sardines. RASFF notices came from UK, Finland and Greece. Moreover, Philippine meat products and products with very small amount of meat (chicken/bacon spread, noodle soup) in Italy were considered by EU as coming from an unauthorized establishment since the country is not yet accredited by EU as country supplier of meat products.

Combining the findings from RASFF notices and interviews/FGDs, the market access barriers and non-tariff trade barriers were identified as follows: 1) EU legislations on food additives, labeling/ language translation, and contaminants, relative to differing interpretation and implementation among EU member states; 2) required testing for genetically modified (GM) materials and irradiation treatment; 3) required certification for management systems and 4) required accreditation of Philippines as country supplier of meat/meat-based products. The tariff barrier identified was the 20.5% tariff imposed on canned tuna and sardines.

The industry limitations relative to the market access barriers included the following: 1) lack of awareness and updated information on EU legislation; 2) lack of local testing facilities for GM and irradiation treatment; 3) high cost and stringent parameters of certifications for management systems; 4) constraints in answering the EU questionnaire, in terms of time, manpower and budget resources, to start off the country accreditation process for meat products. On tariff barrier, Philippine companies have difficulty competing with former colonies of EU which enjoy 0% tariff on canned tuna and sardines.

Other limitations related to market access were also identified by exporters. Common to the industry is the lack of regulations/ code of ethics on parallel shipment of non-compliant products. For the sauces, mixes and condiments, the limitations are the lack of methodology/equipment for testing low 3-mcpd levels and lack of production technology to control 3-mcpd levels. For meat and meat-based products, the exporters do not have information on whether products with meat ingredients sourced from EU-accredited countries are acceptable to EU. For fish and fishery products, exporters identified the limitations on resources of BFAR, the competent authority, in terms of manpower and budget, the lack of clarity on BFAR's system of certification, as well as the lack of modern facilities, fish ports and laboratories which are basic to EU compliance.

Other limitations that were cited are: 1) limited awareness and/or limited pursuit of market niches favored by EU, such as the fair trade and organic markets; 2) distance between EU and the Philippines, and high freight cost; and 3) limited government budget for promotion activities.

The areas for intervention were classified according to the 4 major functions in business, namely: marketing, operations, human resources and finance. For a market-driven approach, the recommendation is the development and implementation of a marketing strategy based on solid market information, giving focus on market niches and certifications for management systems favored in EU, along with strategic alliances with EU partners.

For the operation function, the areas are: 1) scale-up accreditation of fisheries establishments; 2) fast tracking the accreditation of the Philippines as country supplier of meat/meat-based products; 3) intensified negotiation with EU for identified market access issues; 4) modernization of facilities (fish ports, laboratories, establishments); and 5) global technology search and R and D on natural products. Areas for human resources development include the following: 1) regular training program on EU requirements and certifications relative to management systems; 2) convenient access to technical advice and resources; and 3) code of ethics for exporters. For the programs to be implemented, active sourcing of funds by the government and private sector is a must.

To facilitate the implementation, it is further recommended that a Task Force on EU Focus Strategy for the Food Sector be formed by a network similar to the DTI Business Development Teams for Food and for Marine Products. The Task Force, composed of government and private sector, should monitor the various programs and assess the results after a predetermined period of time. A regular forum for the sharing of best practices and developments will help to sustain interest and commitment of various stakeholders. A framework for the work process of the proposed EU Focus Strategy for the Food Sector is recommended in this study.

## 2. Overview

### 2.1. Philippine Food Export to the European Union (EU)

The European Union, with its 25 member states and 480 million consumers, remains an untapped market for Philippine food products.

#### 2.1.1. Food Export to EU vs. Total Export

In terms of share of food export to total Philippine merchandise export to EU, Philippine food export to EU accounted for only 1.93% to 2.09% of the total from 2002 to 2005, as indicated in Table 1.

**Table 1. Share of RP food export to EU to total RP merchandise export and total food export ( FOB value in million US dollar)**

	2002	2003	2004	2005
RP food export to EU	125	143	142	146
Total RP merchandise export to EU	6,493	6,016	6,811	7,000
% Share of RP food export to total RP merchandise export to EU	1.93%	2.38%	2.08%	2.09%
RP food export to EU	125	143	142	146
Total RP food export to the world	1,396	1,566	1,574	1,650
% share of RP food export to EU to total food export	9.00%	9.14%	9.04%	8.89%

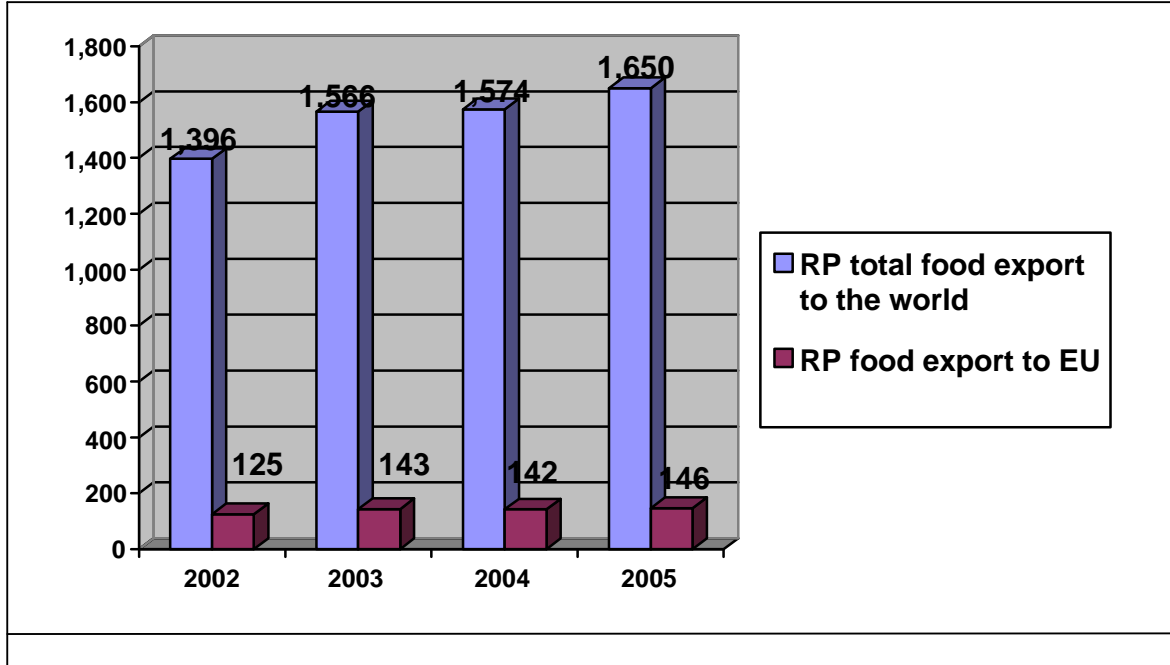
*Source: Bureau of Export Trade Promotion, DTI (BETP-DTI)*

In terms of share of food export to total food export, Philippine food export to EU accounted for only 9.00% of total RP food export to all countries in 2002. The share slightly increased to 9.14% in 2003 but decreased to 9.04% in 2004 and 8.89% in 2005, as summarized in Table 1 and shown in Figure 1.

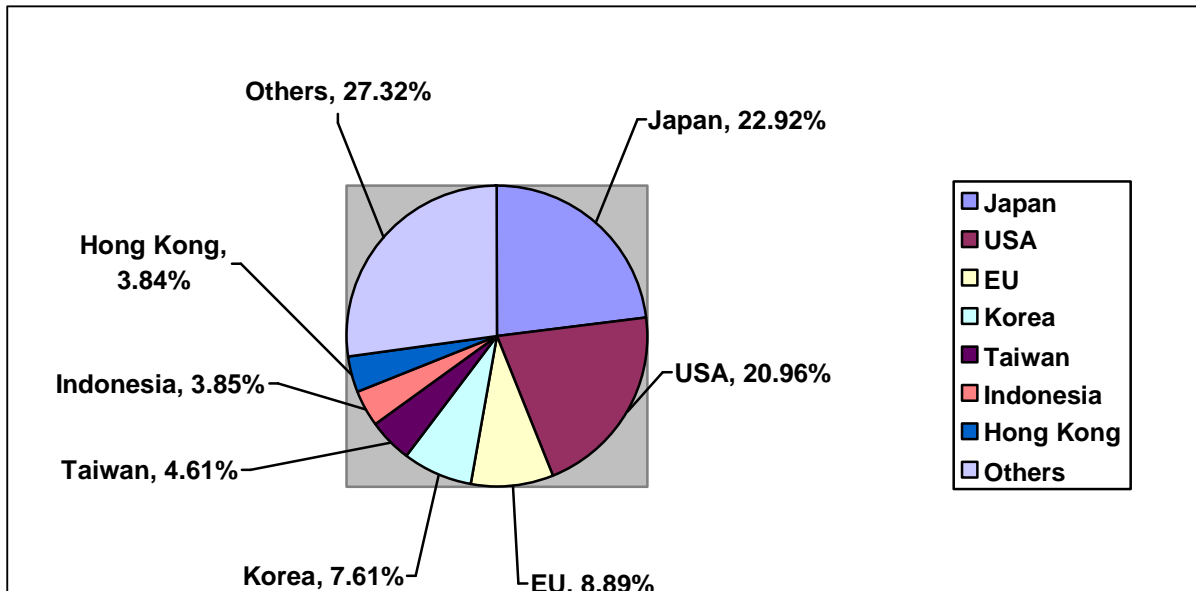
#### 2.1.2. Export Markets of Philippine Food

The leading markets for Philippine food exports in 2005 are Japan, U.S.A., Korea, Taiwan, Indonesia, Hong Kong, Thailand, China, Malaysia and the United Arab Emirates. No EU country is in the top ten list of leading markets. Great Britain, Germany and Netherlands ranked 15<sup>th</sup>, 16<sup>th</sup> and 17<sup>th</sup>, respectively in 2005. Taken as a block, the EU share is 8.89%, next to Japan and the U.S.A., as shown in Figure 2.

**Fig. 1. Share of RP food export to EU to total RP food export to all countries (in million US dollars). Source: BETP-DTI**

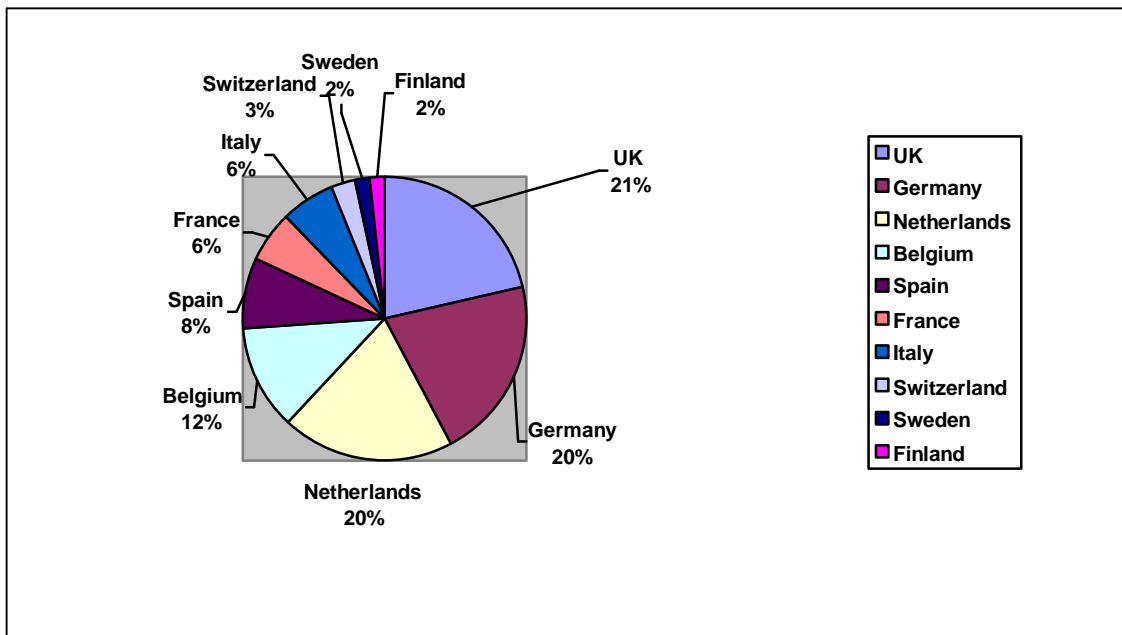


**Fig. 2. Leading export markets of Philippine food, 2005 Source: BETP-DTI**



Among EU countries, the top ten markets are United Kingdom (UK), Germany, Netherlands, Belgium, Spain, France, Italy, Switzerland, Sweden and Finland. Figure 3 shows the share of each country.

**Fig. 3. Top ten export markets of Philippine food in EU, 2005.**  
Source: BETP-DTI



#### 2.1.4. RP Food Export to EU by Major Product Groupings

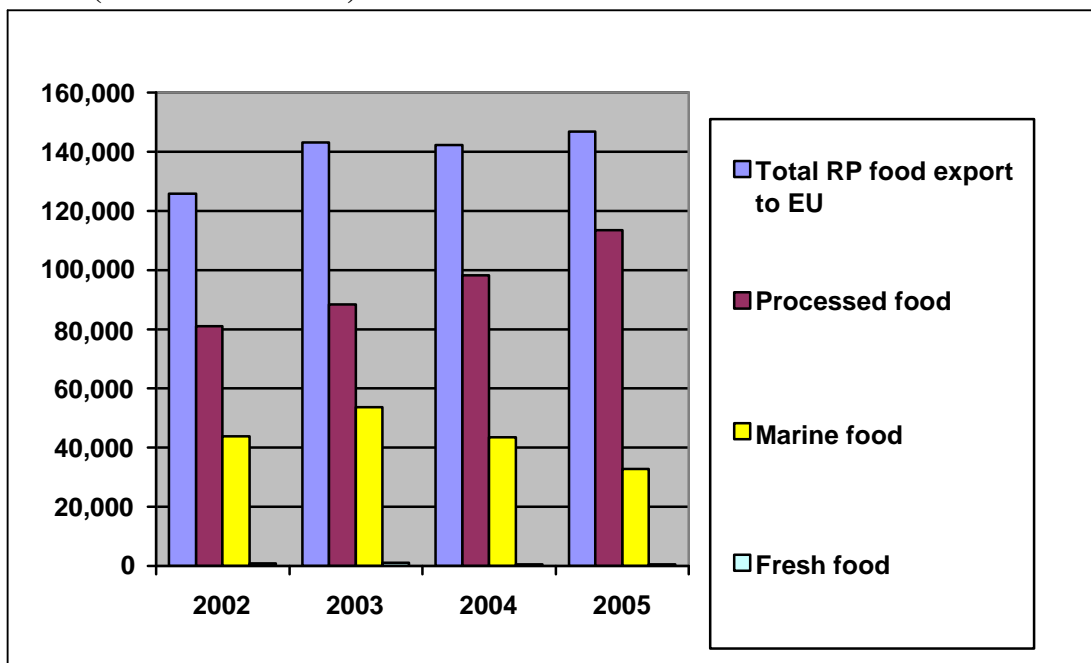
RP food export is classified into 3 major categories, namely: processed food, fresh food and marine products. Table 2 provides a summary of RP food export to EU by major product groupings, while a graphical illustration is shown in Figure 4.

**Table 2. Summary of RP food export to EU by major product grouping.**  
(FOB value in 000 dollars)

	2002	% Share	2003	% Share	2004	% Share	2005	% Share
Total RP food export to EU	125,721	<b>100.0</b>	143,231	<b>100.0</b>	142,344	<b>100</b>	146,823	<b>100</b>
Processed food	81,027	<b>64.4</b>	88,388	<b>61.7</b>	98,298	<b>69.0</b>	113,550	<b>77.3</b>
Fresh food	814	<b>0.6</b>	1,133	<b>0.7</b>	496	<b>0.3</b>	532	<b>0.3</b>
Marine products	43,879	<b>34.9</b>	53,709	<b>37.5</b>	43,549	<b>30.6</b>	32,740	<b>22.3</b>

Source: BETP-DTI

**Fig. 4. RP food export to EU by major product groupings.**  
(in '000 US dollars). Source: BETP-DTI



As shown in Figure 4, the bulk of Philippine food export to EU equivalent to 99.6% is accounted by processed food and marine products. Processed food accounted for the bulk of food export, starting from a share of 64.4% in 2002 to 77.3% in 2005. In contrast, marine products started with a share of 34.9% in 2002 but decreased to 22.3%. Understandably, the fresh food share is very minimal considering the perishable nature of the products, distance of Philippines from EU and the high airfreight cost if air transport is used. Its value is too small to be shown in the chart.

Table 3 shows the annual growth rate for each product grouping for the period 2002-2005 based on Table 2 data.

**Table 3. Annual growth rate (%) of RP food export to EU by major product groupings**

Year	Total RP food export to EU (%)	Processed food (%)	Marine products (%)	Fresh food (%)
2005-2004	3.14	15.51	-24.80	7.25
2004-2003	-0.61	11.21	-18.90	-56.22
2003-2002	13.92	9.08	22.40	39.18
Average growth rate 2005-2002	5.48	11.93	-7.10	-3.26

Processed food accounted not only for the highest share but also for the steady, increasing growth rate from 9.08% in 2003-2002, 11.21% in 2004-2003 to 15.51% in 2005-2004. The average growth rate for the period is 11.93% which is higher than the average growth rate of 5.48% for total RP food export to EU.

Marine products, on the other hand, started with an impressive growth rate of 22.40% in 2003-2002. However, export decreased at the rate of -18.90% in 2004-2003 and -24.80% in 2005-2004.

As will be further discussed in succeeding sections, marine products are covered by EU regulations on products of animal origin which are more stringent than those for products of non-animal origin. The decrease in export for marine products can be attributed to the failure to comply with the EU regulations by RP firms, which resulted in de-listing of many EU- accredited plants for fish and fishery products. In 2003, there was an EU ban on aquaculture exports coming from the Philippines, and in 2004, the EC Inspection Team identified major deficiencies in the standards being applied by fisheries establishments, resulting in the de-listing of accredited processing plants (de la Pena, 2005).

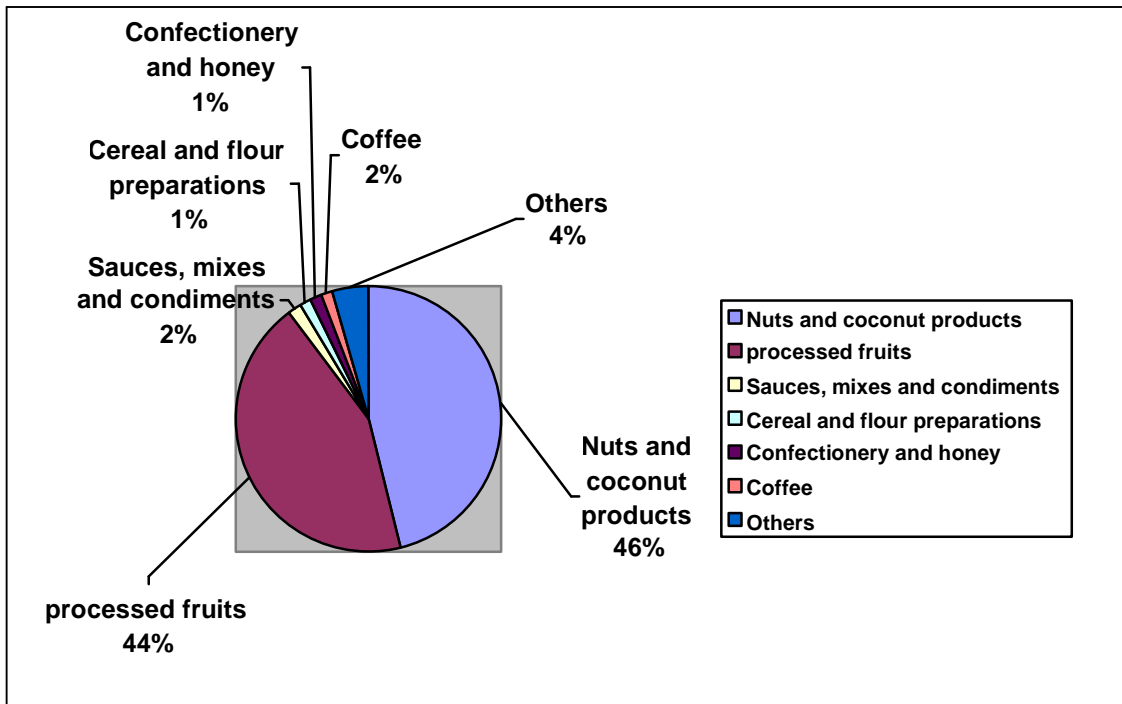
On the other hand, many of the products under processed foods are of non-animal origin, making export to EU relatively less stringent compared with marine products. No prior country accreditation by EU is required for such processed food. Thus, increasing growth in export of processed food is observed in the above data.

### **2.1.5. Export Products for Each Major Product Grouping**

For an overview of the processed food export to EU, the share of each product group to total processed food export is shown in Figure 5. The bulk of processed food export in 2005 is accounted by processed fruits, at 43.71% and nuts/ coconut products, at 46.02, equivalent to a total of 89.73%.

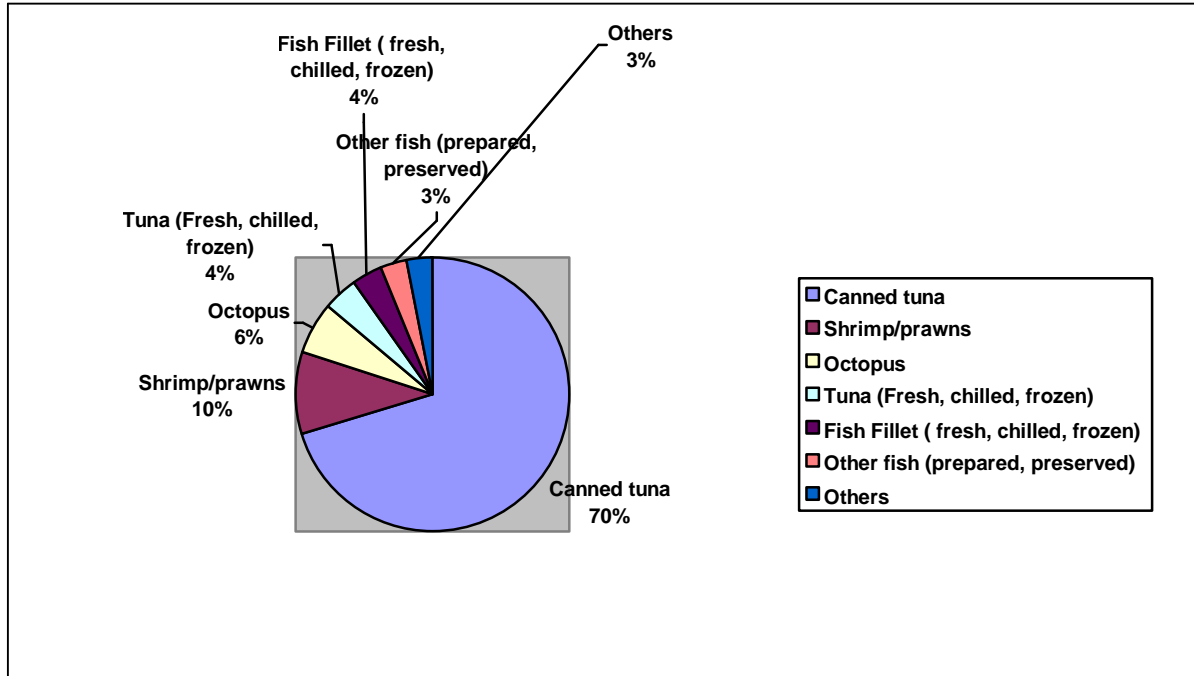
Processed fruits include dried, prepared/preserved fruits and juices/purees and concentrates. Others not included in Figure 5 because of small values are meat/ meat preparations, dairy products bird's eggs, margarine/ vegetable fats, processed vegetables, processed cocoa, alcoholic/ non-alcoholic beverages, tea and mate, and other edible preparations.

**Fig. 5. RP processed food exports to EU,2005**  
**Source: BETP-DTI**



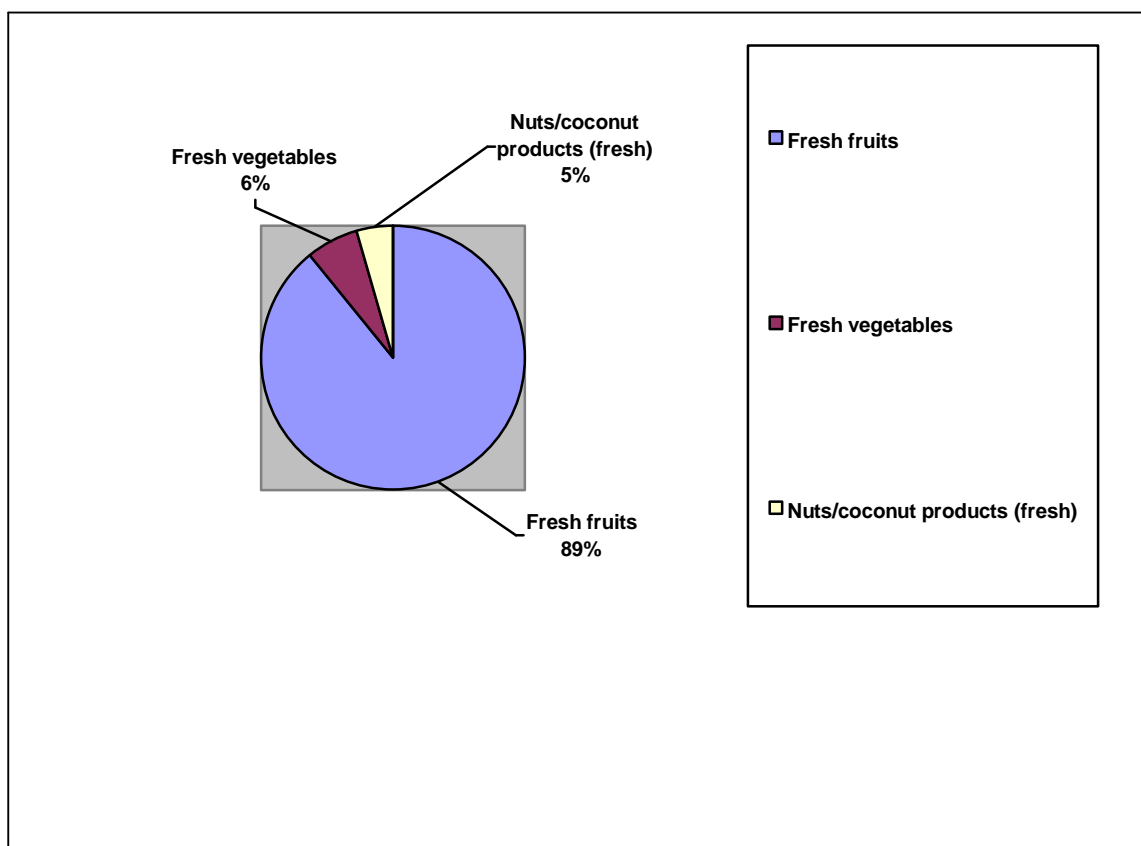
For marine product export, the share of each product group is shown in Figure 6. Canned tuna accounted for the bulk of marine product export at 70.22%. Others not included in Figure 6 are live fish, fresh/chilled/frozen fish, milkfish (fresh/chilled/frozen and dried/canned), dried/salted fish and other mollusks.

**Fig. 6. RP marine product exports to EU, 2005**  
Source: BETP-DTI



For fresh food export, the bulk of export equivalent to 89.17% is in the form of fresh fruits, as shown in Figure 7.

**Fig. 7. RP fresh food exports to EU, 2005**  
Source: BETP-DTI



## 2.2. EU General Market Access Requirements

As a background, the European Union is a treaty-based association of sovereign states. It is currently made-up of 25 member states with around 480 million people. The member states are Belgium, Germany, France, Italy, Luxembourg, The Netherlands, Denmark, Ireland, United Kingdom, Greece, Spain, Portugal, Austria, Finland and Sweden. Others which joined recently are Estonia, Poland, Hungary, Czech Republic, Slovenia, Cyprus, Latvia, Lithuania, Slovakia and Malta.

Based on the information database of the CBI of the Netherlands ([www.cbi.eu/marketinfo](http://www.cbi.eu/marketinfo) and [www.cbi.nl/accessguide](http://www.cbi.nl/accessguide)), EU market access requirements can be classified into two types, namely, legislative and non-legislative. The first type involves EU legislative requirements in the form of regulations and directives.

Regulations are mandatory, i.e., they must be implemented by all member states as enacted. Flexibility in interpretations by member states is not allowed for regulations.

Directives, on the other hand, can either be adopted in toto or laws that approximate them may be passed by member states. In contrast to regulations, member states are given flexibility in interpreting directives.

EU market access requirements can be classified into the following categories:

- Consumer health and safety
- Environmental
- Social
- Quality

Compliance with environmental, health and food safety legislations is a must to gain market access to EU. The European harmonization of legislation is considered to be largely completed, and therefore most of the legislation applies throughout the EU. However, there are some European countries, like France and Italy, which may apply more strict national legislation than those stipulated by the European Commission. Consequently, there may be products rejected by the national authorities of these countries although such products may comply with EU requirements (CBI, 2005).

### **2.2.1. Consumer Health and Safety Market Access Requirements**

EU product legislation on environmental and consumer health and safety issues is of utmost importance since compulsory. Of significance are legal requirements on environmental contamination with pesticides, heavy metals and other pollutants. Moreover, with the increasing demand of European consumers on food safety, requirements on hygiene, sanitary and phyto-sanitary issues are also critical.

In recent years, regulation on food products has become more complex and stringent. With the adoption of Regulation EC 178/2002 in 2002, commonly known as the General Food Law, it is now necessary to establish a comprehensive system of traceability within food business. Thus, more attention is now given to tracking and tracing in the production chain in order to control production thru its entire life cycle. Increasing consumer attention for food safety has pressured the industry to start initiatives focusing on chain management and labeling systems so that products can be traced back to the original producer.

Some of these food safety initiatives are the EUREPGAP on Good Agricultural Practices (GAP) and BRC Technical Standard. EUREPGAP is an initiative of retailers belonging to the Euro- Retailer Produce Working Group (EUREP). Adopted widely in the area of fresh fruits and vegetables, EUREPGAP consists of a set of standards to assure safety, quality, and environmental impact of food products. The British Retail Consortium introduced and developed the BRC Food Technical Standard in 1998 to evaluate manufacturers of retailers' own branded food products. It is now used outside the United Kingdom, evolving into a Global Standard used not only to assess suppliers of retailers,

but also as a framework that many companies use in supplier assessment programs and manufacture of their branded products.

All food processors in the EU member countries are legally bound to have an HACCP system or they must be working on implementing an HACCP system. HACCP stands for Hazard Analysis Critical Control Points and the system is applicable to firms which process, treat, pack, transport, distribute or trade food products. Firms are required to understand and address possible hazards associated with all stages of food production from growing, processing, manufacture and distribution until the point of consumption. For products coming from other countries, EU importers are legally held responsible for such products. Since responsibility is passed all along the production chain, EU importers usually require exporters from developing countries to have HACCP.

### **2.2.2. Environmental Market Access Requirements**

On environment, EU is an exponent of sustainable development which refers to development that meets the needs of the present, without compromising the ability of future generations to meet their own needs. Thus, environmental aspects of a product play a vital role in exporting to the EU, not only because of government legislations but also because of a strong consumer movement especially in countries like Scandinavia, Germany, Netherlands and the United Kingdom.

EU makes use of financial instruments to promote environmentally sound products. Examples are the awarding of tariff preferences or the levying of “environmental taxes” on products. Under the General System of Preference (GSP) encouragement regime, import tariff for countries producing in an environmentally friendly and humane way may be reduced by 15-35% for select products. On the other hand, specific taxes are imposed to discourage the entrance of polluting products in the EU market. One example is the so-called “eco-tax” which is placed on energy consumption.

Government and the private sector in EU have created “green” marketing tools such as eco-labels (for products) and environmental management standards (for the organization) in order to recognize the environmentally sound approach of a company towards its products and production process. Eco-labels are hallmarks which indicate that a product, including its full manufacturing process has a reduced impact on the environment when compared to similar products. Examples are organic labels which are considered important since organic agriculture is the strictest of the environmentally sound agricultural practices.

Organic agriculture is focused mainly on minimizing environmental damage and on building and sustaining soil fertility. With the growing demand for organic food in EU, organic food products can offer market opportunities for exports in developing countries. Exporters of organic food must satisfy the EU requirement that the imported goods have been produced according to rules equivalent to those of EU and that an organic certification is obtained from an international organization/s recognized by EU. Important

EU certifying organizations include SKAL (Netherlands), Naturland (Germany), Ecocert (Germany, France, Belgium and Italy), Soil Association (U.K.) and KRAV (Sweden).

In addition to eco-labels which are aimed at the products, a manufacturer may want to indicate that he is manufacturing in an environmentally sound way. Thus, he may pursue a certification for ISO 14001, an environmental management standard based on the ISO 9000 series of standards for quality management. With ISO 9001 and ISO 9002 quality standards becoming necessary for doing global business due to customer pressure, the ISO 14001 environmental management standard may become a “de facto” requirement by EU importers.

The impact of production processes on local environments is given increasing attention in EU. The environmental impact starts with the use of pesticides and fertilizers during crop cultivation, storage, transport and processing. Thus, environmentally sound production (ESP) system on farm management and food processing may be requested by EU buyers from suppliers based in developing countries.

### **2.2.3. Social Market Access Requirements**

EU trading partners increasingly request a minimum of social requirements from suppliers in developing countries thru social or ethical trading requirements and suppliers declaration. Social responsibility has become a new selection criterion during the consumer purchasing process. Ways to demonstrate concern for social issues include social labels, codes of conduct and management systems.

Social requirements that focus on improving labor standards in developing countries are of growing importance. Examples are fair trade labels which serve as guarantees that the products are grown or manufactured under fair conditions. These are promoted by fair trade organizations which work towards the development of self reliance and empowerment among small farmers in developing countries. Max Havelaar Foundation and TransFair International are two of the fair trade organizations which guard the interest of small farmers in developing countries by promoting the sale of their products in EU.

The growing concern in Europe about social conditions in the production countries has encouraged the development of occupational health and safety (OHS) requirements. OHS is related to the risks for employees while working. During processing, employees could be exposed to different health and safety risks which should be addressed by taking appropriate measures to create safe working conditions.

There are management systems related to social issues. The most accepted management system on social accountability is SA8000 while OHSAS 18000 is recognized on occupational health and safety.

#### **2.2.4. Quality Market Access Requirements**

Quality is not only related to products but to various business processes. There are various quality requirements relative to the following aspects:

- Satisfaction of consumer's expectations
- Compliance with applicable standards and specifications
- Compliance with applicable regulations of society
- Availability at competitive prices
- Efficiency of process

One of the main quality aspects is the food safety of the product. The HACCP (Hazard Analysis Critical Control Points) system in a food processing plant serves to guarantee the food safety of a product. As noted in the succeeding section, this is a requirement for food processors in EU, as well as for foreign firms selling their products in the EU market.

The ISO 9000 standards for quality management do not address product safety and quality but they provide a framework for standardizing procedures and working methods. They cover quality control of the entire organization, from purchasing to processing, quality control, sales and administration. ISO 9000 requires that processes are described exactly and procedures are followed exactly.

EU importers and buyers are increasingly more concerned with traceability of products, adequate labeling and packaging, and compliance with EU, member states and customer standards, in line with quality requirements. Constant and on-time delivery of products, competitive pricing, and use of environment-friendly materials and production methods are considered as quality related market requirements.

### **2.3. EU Legislations on Food Products**

The food legislation in EU is in the process of being fully harmonized, i.e. the same legislation will apply to all EU member states. However, differences may still exist between EU member states as of date. Member states are free in the implementation of EU directives and may have their own legislation. Exporters should be aware of the legislation of the particular EU member state where product will be exported.

A summary of selected EU-wide legislations is provided in Appendix A with the corresponding links/websites to view the regulations and directives.

#### **2.3.1. EU Legislations Affecting Food in General**

In view of several food scandals that erupted in some EU countries, ranging from mad cow's disease to dioxin in chicken meat, EU legislation has become more stringent and

complex in recent years. In 2002, EU's General Food Law (Regulation EC 178/2002) has been adopted, laying down the general principles and requirements of food legislation, establishing the European Food Safety Authority and laying down procedure in matters of food safety. It has an umbrella function over all existing EU food legislation.

One of the features of the General Food Law relevant to exporters relates to the traceability of food. A producer or importer putting a product on the market in any EU country should be able to provide information on the origin of all ingredients, including batch of production and the chain of supply, upon request by a food inspector within a few hours. Such requirements may not apply to countries outside the EU, but European importers will most likely require their suppliers from these countries to have an accurate tracing system in place.

Another important legislation (Regulation EC 852/2004) relates to hygiene of foodstuffs. This regulation required that "foodstuff imported into the EU must comply with the relevant provisions of food legislation or the requirement which the EU deems to be at least equivalent" Thus, this regulation enforced the same requirements for food imported into the EU as for food produced within the EU provided for by Directive 93/43/EEC, with 1 January 2006 as date of effectivity. One of the requirements is HACCP (Hazard Analysis Critical Control Point) under directive 93/43/EEC which stipulates that, "foodstuff companies shall identify each aspect of their activities which has a bearing on the safety of foodstuffs and ensure that suitable safety procedures are established, applied, maintained and revised on the basis of the HACPP systems."

EU legislation distinguishes food imports into 3 categories, namely a) products of animal origin, b) products of plant origin and c) other foodstuffs. Products of animal origin include fresh meat, meat-based products, poultry, fish and fisheries products, dairy products, live bivalve mollusks and game meat.

For products of animal origin to enter EU, a competent authority of the exporting country should first be accredited by EU. The competent authorities in the exporting country are responsible for 1) inspecting, 2) certifying and 3) monitoring the companies export compliance. Establishments in the exporting countries must appear in a list of authorized establishments. This list is sent to the European Commission then to Border Inspection Posts of member states.

Presently, the Philippines' only competent authority recognized by EU is the Bureau of Fisheries and Aquatic Resources (BFAR) to accredit establishments for export of fishery and aquatic products. For products of non-animal origin and other foodstuffs, the EU accreditation of a competent authority is not required.

In addition to the general market access requirements previously described, EU has also legislated liability for defective products. This is related to giving more emphasis to tracking and tracing in the production chain in order to control production through its entire life cycle. This aims to approximate the laws concerning liability of products and to ensure a high level of consumer protection. In 1999 the scope of the Directive was

extended to primary agricultural products, such as meat, cereals, fruits and vegetables and game products.

The Directive holds the European importer responsible for the products he puts on the market. He may, however, pass on a claim to the manufacturer or exporter which means that the liability may also cover the producers from outside the EU.

#### **2.3.1.1. Food additives**

Food additives are substances added intentionally to foodstuffs to perform certain technological functions, for example to colour, to sweeten or to preserve. The use of food additives is harmonized in the EU. It is thus legislated at EU level instead of having different requirements at national level in the member states. Only substances that are explicitly authorized may be used. Before additives are authorized in the EU market, they are evaluated for their safety by the Scientific Committee on Food. Food additives are authorized for use when the following criteria are satisfied:

- there is a technological need for their use
- they do not mislead the consumer
- they present no hazard to the health of the consumer

A product which has food additives must be marked with an identification number, a so-called 'E-number.' The number indicating the level of additive must be preceded by an 'E'.

Directive 89/107/EEC concerning food additives authorized for use in foodstuffs intended for human consumption lays down the framework for legislation on additives in the EU. The Directive provides:

- a list of authorized additives to the exclusion of others
- a list of foodstuffs to which these additives can be used
- rules on additives used as carrier substances and solvents
- requirements related to the marking of food additives.

Based on the provisions in this Directive, specific legislation is laid down for sweeteners, colours, and remaining food additives.

Directive 94/35/EC applies to sweeteners which are used to impart a sweet taste to foodstuffs and as table-top sweeteners. It provides a list of sweeteners that may be placed on the market with a view to sell to the ultimate consumer or use in the manufacture of foodstuff. It may be of interest to exporters to know that the Directorate for Asia of the External Relations Directorate General of the European Commission brought to the attention of the Charge d Affaires of the Philippine Mission to the European Union a notification received via the Rapid Alert System for Food and Feed (RASFF) concerning the unauthorized sweetener neotame in root beer dispatched from the Philippines. In

addition to provisions relating to sweeteners, Directive 95/31/EC lays down specific criteria of purity for sweeteners used in foodstuff.

Flavourings are substances used to give taste and/or smell to food. Various types of flavourings can be classified as

- Natural, natural-identical or artificial flavouring substances
- Flavouring preparations of plant or animal origin
- Process flavourings which evolve flavour after heating
- Smoke flavourings.

At the moment the legislation for flavourings is not completely harmonized, but the EU is in the process of completely harmonizing it in all member states. Thus, there may be some variations between the members states national legislation concerning authorization of flavourings. Council Directive 88/388/EEC is an approximation of the laws of the member states relating to flavourings for use in foodstuffs.

On food additives other than colors and sweeteners, Directive 95/2/EEC and its amendments describe which additives may be used in foodstuffs intended for human consumption other than colours and sweeteners. Examples are thickeners and gelling agents. Directive 96/77/EC and its amendments lay down specific purity criteria on food additives other than colours and sweeteners.

### **2.3.1.2. Contaminants**

Regulation (EC) 466/2001 sets maximum levels for contaminants in foodstuffs marketed in the EU. The Regulation is applicable in all member states which means the legislation is completely harmonized in the whole EU. The Regulation seeks to guarantee food safety in the EU by setting acceptable levels of contaminants in foodstuffs and covers fruits and vegetables, meat, fish, cereals, spices, dairy products etc.

Contaminants are divided into seven different groups which are further divided into subgroups because the entire group may not be relevant for one particular foodstuff.

The following groups of contaminants are included in the Regulation:

- Nitrates
- Mycotoxins (Aflatoxins, Ochratoxin A, Patulin)
- Heavy metals (lead, cadmium, mercury)
- 3-monochloropropane-1,2-diol (3-MCPD)
- Dioxins
- Tin (inorganic)
- Polycyclic aromatic hydrocarbons (PAH)

Maximum acceptable levels of contaminants are contained in Regulation (EC) 466/2001 (particularly Article 4).

### **2.3.1.3. Food labeling**

There are two kinds of legislations on food labeling in the EU. The first is called horizontal which pertains to labeling requirements that cut across all food products. These are contained in Directive 2000/13/EC. The second type is vertical which is specific to food types, for example, sugar, quick frozen foodstuffs or foodstuffs that used genetically engineered ingredients. There are additional legislations that cover these and other specific food products.

Directive 2000/13/EC lays down requirements on the labelling, presentation and advertising of foodstuffs in the European Union. The Directive is amended by the following two Directives:

- Directive 2001/101/EC
- Directive 2003/89/EC in terms of indicating the ingredients present in foodstuffs.

The primary aim of food labelling is to inform and protect the consumer. By establishing labeling rules at the EU level, it is foreseen that labelling requirements in all EU member states will be harmonised. The Directive makes food labelling compulsory for all pre-packaged foodstuffs to be delivered to the ultimate consumer or to restaurants, hospitals, canteens and other similar mass caterers.

In general, the Directive lays down that the labelling, presentation and advertising of foodstuffs may not:

- Mislead the consumer as to the foodstuff's characteristics or effects
- Attribute to a foodstuff's properties for the prevention, treatment or cure of a human illness.

Moreover, it lays down the compulsory labelling particulars. The labelling of foodstuffs must contain the following:

- the name under which the product is sold
- the list of ingredients
- the quantity of certain ingredients or categories of ingredients
- in the case of pre-packaged foodstuffs, the net quantity
- the date of minimum durability or, in the case of foodstuffs which, from the microbiological point of view, are highly perishable, the "use by" date
- any special storage conditions or conditions of use
- the name or business name and address of the manufacturer or packager, or of a seller established in the EU
- particulars of the place of origin or provenance where failure to give such particulars might mislead the consumer to a material degree as to the true origin or provenance of the foodstuff
- instructions for use when it would be impossible to make appropriate use of the foodstuff in the absence of such instructions

- with respect to beverages containing more than 1.2% by volume of alcohol, the actual alcoholic strength by volume

The particulars to be provided must be easy to understand, easily visible, clearly legible and indelible. However, special provisions apply to:

- Reusable glass bottles and small packaging items and containers;
- Pre-packaged foodstuffs:  
The compulsory particulars must appear on the pre-packaging or on a label attached to it. For pre-packaged foodstuffs marketed at a stage prior to sale to the consumer or are supplied to mass caterers for processing, the particulars may appear only on the commercial documents, provided that the product name, expiry date and the details of the manufacturer/packager appear on the outer packaging.
- Foodstuffs offered for sale without pre-packaging and foodstuffs packaged on the sales premises at the consumer's request.

The particulars must be indicated in a language easily understood by the consumer (normally the language spoken in the member state). A product can be labelled in more than one language.

#### *Labeling of allergens.*

Directive 2003/89/EC, amending Directive 2000/13/EC, lays down the requirement that all substances on an allergen hit list have to be labelled as ingredients. An allergen is a substance that causes an allergy. In developed countries, food allergies are quite common, especially among children.

The EU allergen hit list is indicated in Annex IIIa of the food labeling Directive. A recent amendment, Directive 2005/26/EC, provisionally excludes certain products that fall within the group of ingredients and substances listed in the allergens hit list. The amendment entered into force on 25 November 2005.

#### *Nutrition labelling*

Directive 90/496/EEC governs nutrition labelling of foodstuffs. The Directive applies to foodstuffs to be delivered to the final consumer, but also applies to foodstuffs intended for supply to restaurants, hospitals, canteens and other similar mass caterers. It does not apply to mineral waters and diet integrators/food supplements. According to the Directive, nutrition labelling means any information appearing on labelling relating to :

- Energy value
- The following nutrients:
  - protein
  - carbohydrate
  - fat
  - fibre

- sodium
- vitamins and minerals listed in the Annex of the Directive.

Nutrition labelling is optional, but if a **nutrition claim** appears on a food label, in presentation or in advertising, nutrition labelling is **compulsory**.

#### *Labelling of caffeine and quinine*

Directive 2002/67/EC introduces specific label requirements on products that contain caffeine and quinine. According to the Directive, caffeine and/or quinine used as flavourings in food products must be mentioned by name in the list of ingredients immediately after the term 'flavouring'.

If the beverage intended for final consumption contains caffeine exceeding 150mg/l, "High caffeine content" must appear on the label, followed by the caffeine content in brackets expressed in mg/100ml. This requirement does not apply to products that include "coffee" or "tea" in the name under which they are sold. Effective 1 July 2004, products that do not comply with the Directive are prohibited from entering the EU market.

### **2.3.2. EU Legislations Relevant to Specific Philippine Food**

This section covers EU regulations that are relevant to products which have export potentials to the EU, namely, fish and fishery products; meat and meat products; processed fruits, nuts, and coconut products; biscuits and confectionery, sauces, mixes and condiments. The information contained in each food category would prove helpful to Philippine exporters and future exporters to the EU. As observed when the research for this purpose was conducted and for which exporters have to be aware of is the non-static nature of the Directives. These are amended as the need arises. The information offered herein are those available in [www.cbi.eu/marketinfo](http://www.cbi.eu/marketinfo) , [www.cbi.nl/accessguide](http://www.cbi.nl/accessguide) and [http://ec.europa.eu/food/food/index\\_en.htm](http://ec.europa.eu/food/food/index_en.htm) or <http://export-help.cec.eu.int/>.

#### **2.3.2.1. Fish and fishery products**

At present, the Philippines is only accredited by the EU to export fish and fish based products except bivalve mollusks. The Philippines is not yet accredited as an exporter of other animal and animal-based products. This means that any food product containing animal-based ingredients (meat, poultry, milk and milk-based) are not allowed to enter the EU.

Based on CBI Market Survey on fishery products (2005), EU is the second largest consumer of fishery products in the world next to Japan. Its total market equivalent in tons in 2002 was 9,962 thousand which is 10% of the world consumption of fishery products in the same period. The demand for the following fishery products in EU is expected to continue to rise:

- Live fish

- Frozen fishery products
- Prepared or preserved fish
- Fish fillets and meat
- Crustaceans
- Mollusks
- Value-added fishery products

Exporters of fish and fishery products to EU need to hurdle both non-tariff trade barriers and tariffs and quota. Market requirements specific to fishery products include product legislation, occupational health and safety, environmentally sound production, and packaging, marking and labeling.

*1. Product legislation includes the following health and food safety measures:*

- Establishments must be approved by competent bodies which means that fishery products imported from countries which are not EU member states into the EU must come from a preparation, processing, packaging or storage facility ('establishment') which is approved by the EU-recognized competent body in the country concerned.
- Imports of fishery and aquaculture products into the EU must be accompanied by a health certificate that lists the conditions and the veterinary checks that must have been performed before the products are allowed into the EU market.
- Maximum levels for certain contaminants in foodstuffs, particularly for mercury, cadmium and lead, should not be exceeded.
- Use of certain substances with a hormonal and thyreostatic performance is prohibited.
- Maximum residue limits of veterinary medicinal products should not be exceeded.
- Total volatile basic nitrogen limit values for certain categories of fishery products and the methods of analysis to be used should be followed.
- Only allowed packaging materials can be used.

*2. Market requirements.*

In Europe market requirements include demonstration on the part of the third country exporters to meet requirements involving environmental and social issues. A relevant issue related to this matter is over exploitation of wild fishery stock. While aquaculture is the answer to this threat, managed in an unsustainable way, aquaculture activities can be more harmful than beneficial to the environment. As a safeguard against environmental degradation, the Euro-Retailer Produce Working Group (EUREP) introduced a set of initiatives called the EurepGAP which comprises a set of standard to assure safety, quality and environmental impact of food products. It has been adopted widely in the area of fresh fruits and vegetables. Since December 2004, a new standard has been introduced for farmed fish.

To meet the need for enhanced food safety, ensure consumer protection, strengthen consumer confidence, set requirements for food safety schemes and improve cost

efficiency throughout the food supply chain, the Global Food Safety Initiative was launched in May 2000. The Initiative developed Key Requirements against which existing food safety standards have been benchmarked.

Another market requirement is certification for Hazard Analysis Critical Control Points (HACCP), a system for food safety control to minimize the risk of contamination of food products during processing. HACCP certification is mandatory in trade and exports. As of January 2006, parties from third countries wishing to export their food products to the EU need to have a HACCP certificate and fulfill other EU food safety control matters (Commission Regulation No 852/2004 and Commission Regulation No 853/2004).

Using the muscle of the market to promote environmental protection, the MSC label is a reward for environmentally sustainable fishing management and practices. The MSC label is the most important label for capture fisheries. The Marine Stewardship Council (MSC) is an independent global nonprofit organization which has developed an environmental standard for sustainable and well-managed fisheries. Other important labels refer to the safety of dolphins in tuna fishing, including the labels 'dolphin friendly', 'dolphin-safe' and the 'Flipper Seal of Approval'. These labels are particularly important in the US, where dolphin safety is a major issue, but products with dolphin-friendly labels can also be found in Europe. A 'turtle-safe' label exists for shrimps and prawns. Consumers who want the environment to be protected are guided by these labels.

Another market requirement identified in the 2005 Survey is the FAO Code which encourages states to adopt principles and standards for the conservation, management and development of all capture fisheries. FAO is committed to helping developing countries to implement the Code.

### *3. Occupational health and safety requirements.*

These are developed because of the growing concern in Europe about the local production conditions in which fish is being caught and processed. During the processing of fish products, employees could be exposed to different health and safety risks which may vary, but present, nonetheless according to the activities of the company – open sea-fishing, aquaculture or fish processing.

### *4. Environmentally sound production is concerned about the impact of production processes on local environment.*

### *5. Packaging, marking and labeling legislations require the following:*

- all packages bear the country of origin and the approval number of the establishment of origin and must be written or printed indelibly
- labels in many languages may be used
- three information are compulsory on the label of any fishery and aquaculture

products on sale at retailers, namely: (a) the commercial name of the species, (b) the production method, e.g., “caught in fresh water..” or “farmed “ or “cultivated,” and (c) catch area must be indicated (For example, “Pacific Ocean” if caught at sea)

In order to ensure perfect traceability at all stages of the marketing process, fishery and aquaculture products have to be accompanied by a document indicating the following information:

<b>Fresh and chilled products</b>	<b>Frozen products</b>	<b>Live bivalve mollusks</b>	<b>Canned products</b>
<ul style="list-style-type: none"> <li>-Species</li> <li>-Country of origin (Roman letters, min, 2 cm)</li> <li>-Presentation (whole, gutted, fillet, etc.)</li> <li>-Freshness grade and size category for species with common standards, min 5 cm)</li> <li>-Net weight in kg (except for standard boxes, average net weight is enough)</li> <li>-Date of grading and dispatch</li> <li>-Name and address (city + state) + “sanitary authority approval #” of processor/packer</li> <li>-Freshness grading only applies to whole/gutted fresh fish</li> </ul>	<ul style="list-style-type: none"> <li>-Species followed by the word “frozen”</li> <li>-Country of origin presentation (may be included with the name of the species net weight in kg</li> <li>-List of ingredients (except if fish only)</li> <li>-Date of minimum durability (month/year) or “best before”date (see Directive 2000/13/EC)</li> <li>-Special storage conditions (to be maintained at -18 degrees centigrade</li> <li>-Instructions for use (if not obvious), including “do not freeze again once thawed,” name and address of the manufacturer, or of a seller in the EC</li> <li>“Sanitary Authority approval #” of the packer (CFN).</li> <li>-Lot # (it must begin with “L” or “LOT” (not always mandatory)</li> <li>-The lot # is defined by the processor in order to be able to trace a product history in case of problem. It can be the production date.</li> </ul>	<ul style="list-style-type: none"> <li>-Species (common name and scientific name)</li> <li>-Country of dispatch, date of wrapping (at least day and month)</li> <li>-Date of durability or “these animals must be alive when sold”</li> <li>-Net weight (kg)</li> <li>Identification of the dispatch centre by its approval number</li> <li>-Name and address (city + state) of packer + Sanitary Authority approval #”</li> </ul>	<ul style="list-style-type: none"> <li>-Name of product</li> <li>-Country of origin</li> <li>-Net weight in grams (or litre for liquid products)</li> <li>-Net drained weight (in case of solid packed in a usually-not-consumed liquid)</li> <li>-List of ingredients (added water is an ingredient)</li> <li>-Date of minimum durability (year)</li> <li>-Any special storage conditions or conditions of use</li> <li>-Instructions for use (if not obvious)</li> </ul>

### 2.3.2.2 Meat and meat-based products

The European Commission's Directorate-General for Health and Consumer Protection describes the general rules for meat and meat products in the following statement : *Imports of fresh meat and meat products into the European Union are subject to veterinary certification – which is based on the recognition of the competent authority of the non-EU country by the Directorate-General for Health and Consumer Protection. This formal recognition of the reliability of the competent authority is a pre-requisite for the country to be eligible and authorized for export to the European Union. Legally legitimate and adequately empowered authorities in the exporting country must ensure credible inspection and controls throughout the production chain, which cover all relevant aspects of hygiene, animal health and public health. All bilateral negotiations and other relevant dialogue concerning imports of meat and meat products must be undertaken by the national competent veterinary authority. All other interested parties and private businesses should contact their competent authority and communicate with the European Union via this channel.*

COMMISSION DECISION of 3 June 2005 lays down animal and public health rules for the importation into the European Community for consignments of certain meat products, including the list of third countries and parts of third countries from which the importation of such products shall be authorized. The Decision also contains the model public and animal health certificates and rules on treatments required for those products.

The list of authorized territories (either whole country or part(s) of a country) which can export meat and meat products does not include the Philippines. Member states can authorize import of meat products obtained from fresh meat that complies with the Community public health requirements for the importation of such meat into the Community.

Any third country desiring to export meat and meat products to the EU must undergo a multiple-step procedure for the evaluation of its eligibility for such purpose:

1. The national authority of a third country must submit a formal request to the Directorate General for Health and Consumer Protection of the European Commission to export meat or meat products to the EU. The request should contain confirmation that the authority can fulfill all relevant legal provisions to satisfy EU requirements.
2. The Directorate-General for Health and Consumer Protection sends out a questionnaire which should be completed and returned.
3. The residue monitoring plan of the exporting country must be submitted and approved at this stage (if not already done).
4. If the evaluation of the residue monitoring plan and the questionnaire is positive, an inspection by the Food and Veterinary Office is carried out to assess the situation on

the spot.

5. Based on the results of the inspection and the guarantees given by the exporting country, the Directorate General for Health and Consumer Protection proposes the listing of the country, the specific conditions under which imports from that country will be authorized and the list of approved establishments in the country. These are then discussed with representatives of all EU Member States.
6. If the member states have a favourable opinion on the proposal, the European Commission adopts the specific import conditions. Lists of eligible establishments can be amended at the request of the exporting country and are made available for the public on the internet :

<http://forum.europa.eu.int/irc/sanco/vets/info/data/listes/table0.html>

The non-eligibility of the Philippines as authorized meat and meat products exporter to the EU gave rise to numerous and repetitive notifications received by the Philippine Mission to the European Commission owing to the shipment of Lady's Choice products (ham and bacon spread) and Knorr Chicken Noodle Soup to Italy. Since the Philippines is not in the list of authorized exporters of meat and meat products to EU, exports emanating thereat that contain meat ingredients are denied entry to the EU market.

#### **2.3.2.3. Sauces, mixes and condiments**

- Sauces with Animal Origin

There are strict rules for importing from non-EU countries sauces which contain products of animal origin like meat, poultry, eggs and egg products, honey etc, and which contain more than 10% of shellfish, fish and their products. They must be accompanied by a health certificate issued by the competent authority in the country of origin. Examples of such products include carbonara sauce, meat gravy, cheese sauce, mayonnaise, hollandaise sauce and stock cubes.

- Sauces without Animal Origin

Imports of table sauces which do not contain products of animal origin, preserves (but not honey), pickles and chutneys from countries outside EU must meet the same or equivalent food hygiene and compositional standards and procedures as food produced in the UK or other EU member states. Normally, there is no need to have a health certificate to import table sauces, preserves (but not honey), pickles and chutney.

- Import Restrictions

There are some import restrictions/requirements that can apply to sauces, preserves, pickles and chutneys of which importers need to be aware. One is aflatoxin level. There are European Commission legislations covering aflatoxin contamination in certain foods.

If the sauces, preserves, pickles and chutneys contain any dried fruit, spices or nuts, the EU legislations on aflatoxin may apply.

Regarding dried chilli and products containing dried chill, Sudan I, II, III and IV are sometimes used. These are red dyes that are used for colouring solvents, non-edible oils, waxes, petrol, and shoe and floor polishes. It is illegal to add these colourings to food in the UK and the rest of the EU. In animal studies, it has been shown to cause cancer and thus, their import to the UK and EU is banned. These illegal colourings have mostly been detected in foods that contain chilli powder, curry powder, paprika, turmeric and palm oil as well as in other food products.

Sampling of foods previously found to contain Sudan I – IV could still be undertaken at the ports of entry to the UK. In the absence of analytical report, relevant products will be detained under official supervision until product has been tested and an analytical report provided confirming that the product is free from Sudan I, II, III or IV. Consignments found to contain these products will be seized and destroyed.

#### **2.3.2.4. Biscuits and confectionery**

There is no need for health certificate when exporting biscuit and confectionery. The aflatoxin limits provided for in EU legislations on contaminants apply to nuts or dried fruit contained in confectionery products. Jelly mini-cup sweets have import restrictions because these present choking hazard to children. Chocolates/biscuits with fresh cream or butter filling are considered products of animal origin due to the meat-based ingredients. On the other hand, chocolates, cakes, biscuits, pastries with small amount of eggs, butter, milk are not normally considered products of animal origin in view of the processing treatment that these products undergo. As mentioned earlier, products of animal origin need EU accreditation of factory, and veterinary checks at the point of entry.

The use of food additives is harmonized in the EU. The additives that are allowed entry to EU are subject to EU regulations and directives. The groups of additives are as follows:

1. Antioxidants
2. Colours
3. Emulsifiers, Stabilisers, Thickeners and Gelling agents.
4. Preservatives
5. Sweeteners
6. Others

### **3. Market Access Barriers and Limitations**

Market access barriers encountered by the Philippines are identified thru the Rapid Alert System for Food and Feed (RASFF) notices, interviews and Focus Group Discussions (FGD) conducted with exporters, buyers and commercial/agriculture attaches. The RASFF notices indicate non-compliance with EU legislations while inputs from exporters and buyers reveal not only non-compliance with EU legislations but also other requirements and limitations encountered by the industry, as well as ways to overcome the barriers and limitations

#### **3.1. Market Access Barriers Based on RASFF notices**

##### **3.1.1. Description of RASFF**

The Rapid Alert System for Food and Feed or RASFF was established by Regulation (EC) No. 178/2002 which laid down the general principles and requirements of the food law, established the European Food Safety Authority (EFSA) and laid down procedures in matters of food safety. The purpose of RASFF is to provide control authorities with an effective tool for exchange of information on measures taken to ensure food safety. A RASFF notification implies that measures have been or are in the process of being taken.

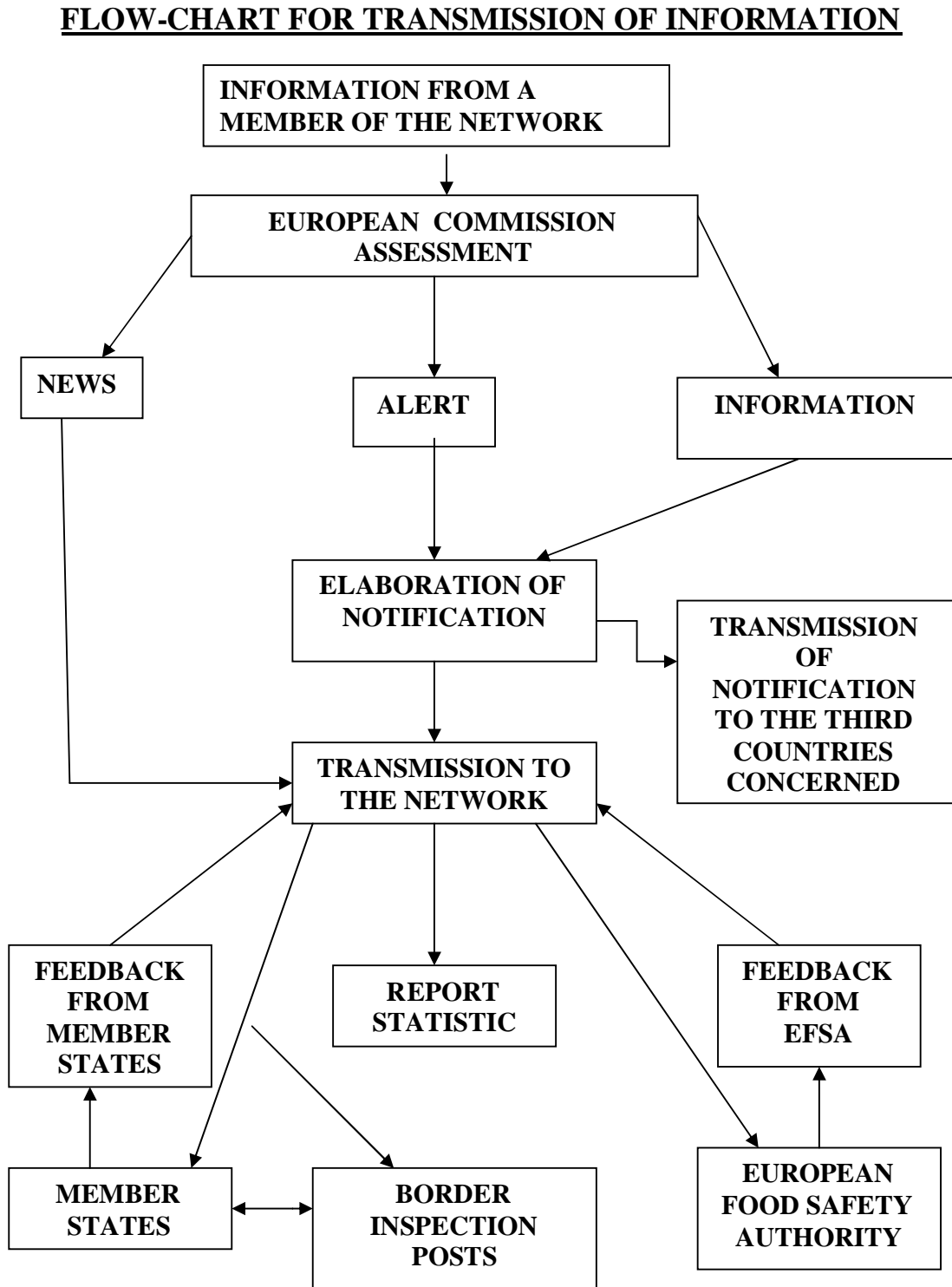
RASFF notifications are classified either as alert or information notifications, described as follows:

“ Alert notifications are sent when the food or feed presenting the risk is on the market and when immediate action is required. Alerts are triggered by the Member State that detects the problem and has initiated the relevant measures, such as withdrawal/ recall. The notification aims at giving all the members of the network the information to verify whether the concerned product is on their market, so that they can take the necessary measures.” (Source: <http://europa.eu.int/comm/food/food/rapidalert/> )

“ Information notifications concern a food and feed for which a risk has been identified, but for which the other members of the network do not have to take immediate action because the product has not reached their market. These notifications mostly concern food and feed consignments that have been tested and rejected at the external borders of the EU. They avoid attempts to import them thru another point of entry, thus preventing the placing on the market of a food or feed which presents a risk to the consumer.” (Source: <http://europa.eu.int/comm/food/food/rapidalert/> )

In addition to alert and information notifications, other information related to food safety and considered interesting for control authorities is made available under the heading “News” for members of the RASFF network.

Fig. 8. Flow chart for information transmission under RASFF System



The European Commission publishes a weekly overview of notifications thru the RASFF Weekly On line. To strike the balance between openness and protection of commercial information, trade names and identity of individual companies are not published.

Fig. 8 shows the flow chart for transmission of information under the RASFF System.

The information once received from the member country is disseminated at once to 25 countries.

### 3.1.2. RASFF Notices for the Philippines

For the last two (2) years, 2005-2006, the number of RASFF notices for the Philippines reached a total of 40 as shown in Table 4. There were only 7 RASFF notices in 2005, and in 2006, the number rose to 33. The increase in number was a result of the effectivity of EU's general food and feed hygiene regulation (Regulation EC 852/2004) on 1 January 2006. According to Mr. J.P. Inigo, Commercial Attaché of the Philippine Trade and Investment Center (PTIC) in Brussels, thru a memorandum dated 27 June 2006, EU member states are now obliged to follow and implement all EU- wide food legislations to the letter. Prior to this date, products containing small doses of meat- based ingredients, which may not conform to EU- wide regulations on meat products, managed to enter the EU market and were retailed without any problem.

Now, EU member states are on the look-out for shipments containing such products. Further, random sampling is done by EU inspectors in retail establishments and, if non-compliant products are found, these are reported via RASFF. As noted by Ms. Marie Lami of the Philippine Trade and Investment Center (PTIC) in Italy, “ creative declaration” in shipping documents is no longer effective since local health units now inspect retail stores. Health authorities have recently ordered the immediate removal of Philippine-made chicken broth/soup from store shelves.

**Table 4. RASFF notices for Philippines (2005-2006)**

Source: <http://ec.europa.eu/food/food/rapidalert/report>

Date	Notified by	Reasons for Notifying	Country Origin
24/1/05	Italy	Unauthorized colour ( amaranth E-123) in sugar confectionary	Philippines
02/05/05	Italy	Carbon monoxide treatment of frozen yellowfin tuna loin ( Thunnus Albacores)	Philippines via Netherlands
09/06/05	Belgium	3-monochlor-1,2 propanediol (3-MCPD) in soy sauce	Philippines via Netherlands
09/08/05	Cyprus	colour E 102- tartrazine in flour sticks	Philippines
30/09/05	Spain	too high content of sulphites in desiccated coconut	Philippines

11/10/05	Germany	carbon monoxide treatment of frozen yellowfin tuna ( <i>thunnus albacus</i> )	Philippines via Netherlands
28/11/05	UK	3 monochlor-1,2 propanediol (3-MCPD) in soy sauce	Philippines
10/1/06	UK	3 monochlor-1,2 propanediol (3-MCPD) in soy sauce	Philippines
13/01/06	UK	aflatoxin in garlic cracker nuts	Philippines
15/03/06	UK	3 monochlor-1,2 propanediol in soy sauce	Philippines
17/03/06	UK	3 monochlor-1, 2 propanediol in soy sauce	Philippines
23/3/06	Finland	histamine in canned tuna in brine	Philippines
07/06/06	Italy	unauthorized establishment for chicken spread	Philippines
06/06/06	UK	unauthorized sweetener neotame in root	Philippines
06/06/06	UK	too high content of E 210-benzoic acid in dalandan drink	Philippines via Singapore
07/06/06	Italy	unauthorized establishment for bacon spread	Philippines
07/06/06	Italy	Unauthorized establishment for ham spread	Philippines
07/06/06	Italy	Unauthorized establishment for chicken noodle soup	Philippines
06/07/06	Italy	Illegal import of corned beef with onions	Philippines
06/07/07	Italy	Illegal import of various meat products	Philippines
06/07/06	Italy	Illegal import of corned beef	Philippines
06/07/06	Italy	Illegal import of prepared dishes	Philippines
06/07/06	Italy	Illegal import of canned meat products	Philippines
06/07/06	Italy	Illegal import of liver spread	Philippines
06/07/06	Italy	Illegal import of beef loaf	Philippines
06/07/06	Italy	Illegal import of meat loaf	Philippines

06/07/06	Italy	Illegal import of canned corned beef	Philippines
06/07/06	Italy	Illegal import of instant meals	Philippines
06/07/06	Italy	Illegal import of bacon and ham spread	Philippines
10/7/06	UK	3 monochlor-1,2 propanediol (3-MCPD) in soy sauce	Philippines
1/08/06	UK	Aflatoxin in peanut butter	Philippines
09/08/06	Cyprus	Too high content of sulphites in dried papaya	Philippines
09/08/06	Cyprus	Too high content of E 210- benzoic acid in mango juice drink	Philippines
18/8/06	UK	Too high content of colour E 210- azorubine in citrus flavour drink	Philippines
18/8/06	UK	Too high content of E 210 benzoic acid in root beer	Philippines
18/8/06	UK	Too high content of benzoic acid in carbonated drink	Philippines
18/8/06	UK	Unauthorized food additive TBHQ- tertiary butylhydroquinine in mixed nuts	Philippines
16/10/06	UK	3 monochlor-1, 2 propanediol (3-MCPD) in soy sauce	Philippines
19/10/06	Cyprus	Unauthorized use of colour E 127- erythrosine in salted shrimp fry	Philippines
6/11/06	Greece	Cadmium in canned sardines in tomato sauce	Philippines

### 3.1.2.1. RASFF notices for the Philippines in 2005

In 2005, RASFF notices involving Philippine products came from six (6) countries, namely: Italy, Belgium, Cyprus, Spain, Germany and UK. Based on the data in Table 4, the RASFF notices in 2005 are classified based on their categories under EU legislations as market access barriers, as shown in Table 5.

**Table 5. Classified RASFF notices for the Philippines, 2005**

Market access barriers	Particulars	Products concerned	Notified by	Frequency of notices
EU legislations on: Additives Colour	Unauthorized colours			
	E-123 Amaranth	Sugar confectionery	Italy	1x
	E-102 Tartrazine	Flour sticks	Cyprus	1x
Preservatives	Too high content of sulphite	Desiccated coconut	Spain	1x
	Carbon monoxide treatment	Frozen yellow fin tuna	Italy Germany	2x
Contaminant	3- monochlor-1,2 propanediol ( 3-MCPD)	Soy sauce	UK	1x

### 3.1.2.1.1. Additives: colours/preservatives

Amaranth ( E-123) and Tartrazine ( E-102) are included in the list of additives currently permitted in food in EU. However, these were subject of RASFF notices in 2005 in view of unauthorized use in the products as indicated. Under Directive 94/36/EEC, there are some foodstuffs to which only certain permitted colours may be added (e.g jam) and there are some colours permitted for certain use only (e.g. E174 Silver for decoration of chocolates). The Directive lays down which colours may be used and regulates which foodstuffs may not contain added colours. Furthermore, there are requirements on specific purity criteria concerning colours for use in foodstuffs as laid down by Directive 95/45/EC.

Sulphite is classified as a conditionally permitted preservative and is useful to prevent product discoloration. Various forms of sulphites, namely: E-221 Sodium sulphite, E-222 Sodium hydrogen sulphite, E-223 Sodium metabisulphite, and E-224 Potassium metabisulphite are included under the currently EU permitted list of additives ( last updated 23/07/06). Council Directive 95/2/EC lays down the allowable level of usage of sulphites and non-compliance results in issuance of RASFF notices.

Carbon monoxide is not included under the EU list of additives currently permitted so it is unauthorized.

### 3.1.2.1.2. Contaminants

Under Regulation (EC) No. 466/2001, 3-monochloropropane-1,2-diol ( 3-MCPD) is listed as a contaminant. It is created during food processing under certain conditions, particularly “during the manufacture of the savoury food ingredient / hydrolysed vegetable protein’ that is produced thru the acid hydrolysis method (acid- HVP).” High levels have been reported in soy sauce products. Adjustment in the production process is reported to decrease the levels of 3-MCPD. The EU SCF ( Standing Committee on Foodstuffs) advised, in its opinion of 16 December 1994, confirmed on 12 June 1997, that 3-MCPD should be regarded as a genotoxic carcinogen and that residues of 3-MCPD should be undetectable.

However, recent toxicological studies indicated that 3-MCPD acts as a non-genotoxic carcinogen in vivo. Thus, in the light of new studies, the SCF will reevaluate the toxicity of 3-MCPD. The adequacy of the maximum levels should be reconsidered as soon as the new SCF opinion is available.

### 3.1.2.2. RASFF notices for the Philippines in 2006

In 2006, RASFF notices for Philippine products came from 5 countries, namely: UK, Finland, Italy, Cyprus and Greece. Of the 33 RASFF notices, 13 came from UK, 15 from Italy, 3 from Cyprus and 1 from Greece. Based on the data in Table 4, the RASFF notices in 2006 are classified based on their categories under EU legislations as market access barriers, as shown in Table 6.

**Table 6. Classified RASFF notices for the Philippines, 2006**

Market access barriers :	Particulars	Product Concerned	Notified by	Frequency of Notices
<b>EU legislations on:</b> Additives Colour	Unauthorized use of colour E 127-erythrosine	Salted shrimp fry	Cyprus	1x
	Too high content of colour E 122-azorubine	Citrus flavor drink	UK	1x
Anti-oxidants	Unauthorized food	Mixed nuts	UK	1x

	additive: TBHQ- tertiary butylhydroquinine			
Sweetener	Unauthorized sweetener neotame	Rootbeer	UK	1x
Preservative	Too high content of E 240 benzoic acid	Dalandan drink	UK	1x
	Too high content of E 240 Benzoic acid	Mango juice drink	Cyprus	1x
	Too high content of E 240 Benzoic acid	Citrus flavor drink	UK	1x
	Too high content of E 240 Benzoic acid	Rootbeer	UK	1x
	Too high content of E 240 Benzoic acid	Carbonated drink	UK	1x
	Too high content of sulphites	Dried papaya	Cyprus	1x
Contaminant	3- monochlor-1, 2 propanediol ( 3- MCPD)	Soy sauce	UK	4x
	Aflatoxin	Garlic cracker nuts	UK	1x
	Aflatoxin	Peanut butter	UK	1x
	Histamine	Canned tuna in brine	Finland	1x
	Cadmium	Canned sardines	Greece	1x

Products of Animal Origin: EU required accreditation for meat and meat-based products	Unauthorized establishment	Chicken spread, bacon	Italy	4x
		Chicken noodle soup	Italy	1x
		Corned beef, canned meat, beef meat loaf, liver spread, various meat products	Italy	8x
		Prepared dishes/ instant meals	Italy	2x

### 3.1.2.2.1.1. Additives

On food additives, the subject of RASFF notices includes color, antioxidants, sweetener and preservatives. The use of additives is either unauthorized or the level of use is too high, i.e. beyond the allowable levels. The colour E 127- erythrosine is included in the permitted list but it is not allowed for salted shrimp fry. The colour E 122- Azorubine is permitted for the citrus drink but its level of use is beyond allowable level.

On the antioxidant ( TBHQ) and sweetener ( neotame), these are not listed in the list of additives currently permitted in EU. On preservatives, benzoic acid and sulphites are permitted but levels of usage per RASFF notices are beyond the allowable limit.

### 3.1.2.2.2. Contaminants

On contaminants, 3-MCPD in soy sauce again reappeared 4x in the RASFF record notified by UK. This is an indication of the difficulty of Philippine exporters to comply with the allowable limit of EU.

### 3.1.2.2.3. Required EU accreditation for meat/meat-based products

On products of animal origin like products with meat or meat- based ingredients, EU requires a competent authority in the country origin as mentioned previously. However, the Philippines is not yet accredited as exporter of fresh meat and chicken, a pre-requisite to be accredited as exporter of processed forms of meat and chicken, according to Ms. Ana Abejuela, Agriculture Attaché in Belgium.

Thus, with the implementation of the EU food hygiene laws starting 1 January 2006, the bulk of RASFF notices ( 15 out of 33) for the Philippines in 2006 concerned meat products and products with small quantities of meat-based ingredients. All the RASFF notices came from one country, Italy. It should be noted that in 2005, there was no RASFF notice on meat products. Prior to 2006, these products managed to enter EU as part of consolidated shipment declared as assorted foodstuffs. Inspection in retail outlets in EU was not normally done prior to 2006.

### **3.2. Market Access Barriers and Limitations Based on Focus Group Discussion and Interviews**

The Focus Group Discussions, interviews and communications with food manufacturers/exporters, and inputs from foreign buyers, Trade attaches and Agricultural attaché surfaced mostly the food industry's limitations relative to the market access barriers.

The FGDs were conducted in cooperation with the Bureau of Export Trade Promotion (BETP) and Center for International Trade Expositions and Missions (CITEM) with the following sub-sectors:

- Sauces, mixes and condiments
- Biscuits, confectionery and other cereal preparations
- Processed fruits/ coconuts
- Fish and fishery products
- Meat and meat based products

To differentiate between market access barriers and limitations in this study, the market access barriers would refer to legislative and non-legislative requirements that EU imposes on products entering the EU market, while limitations would refer to the food industry's capability to deal with the barriers.

#### **3.2.1 Summary of Market Access Barriers and Limitations**

A summary of the market access barriers, along with related issues/concerns raised by the participants, and industry limitations is found in Table.7..

**Table 7. Summary of market access barriers, issues/concerns and industry limitations.**

Market access Barriers	Issues/ Concerns	Industry Limitations
A. Non- tariff barriers		
1. For the food industry as a whole		
Nature and allowable level of food additives	<p>EU imposes very low allowable limits for certain food additives. EU member countries may have allowable limits different from each other.</p> <p>The unauthorized additive may not be directly added by manufacturers but comes from ingredient used.</p>	<p>Exporters lack relevant information and guidance on EU regulations affecting Philippine food products, particularly on allowable food additives.</p> <p>Exporters are not aware that they use ingredients like oil which contains unauthorized antioxidant like TBHQ.</p>
Rules on labelling, language translation, customs and health requirements of different EU countries	Rules vary with different destinations	Exporters lack updated information on rules for each country.
Required certification on use of ingredients which were genetically modified or subjected to irradiation treatment	Suppliers are required to give proof on genetically modified organism – (GMO) free ingredients as well as non-use of irradiation treatment.	There are no existing facilities in the country for testing on whether ingredients are GMO- free or have not undergone irradiation treatment.
Required certifications for management systems like HACCP, ISO, GAP and SA 8000 ( Social accountability)	<p>EU buyers require certifications from exporters.</p> <p>Some criteria required for SA 8000 certification may not apply to a developing country like the Philippines</p>	<p>The cost of obtaining certifications is very high and difficult for small and medium scale enterprises.</p> <p>Workers of food companies prefer to work overtime in order to increase their wages. However, overtime</p>

		has to be limited to obtain SA certification.
2. For meat and meat-based products		
Required country accreditation for export of meat and meat-based products to EU	<p>Philippines is not yet accredited as country supplier of meat and meat-based products.</p> <p>Products containing very little amount of meat and meat-based ingredients, like ham/bacon/chicken spread, chicken broth and instant noodles are not allowed entry. Market for these products is growing because of the growing Filipino community.</p> <p>EU importers, particularly the new ones, who were unaware of the EU requirement, lost a lot of money for shipments not allowed entry or withdrawn from stores/ retail outlets.</p>	<p>BAI and NMIS are not yet ready to submit EU questionnaire, a requirement in applying for country accreditation. They reported difficulty in getting data from the regions.</p> <p>Exporters are not clear on whether Philippine products with meat/ meat based ingredients sourced from EU- accredited countries will be accepted in EU.</p> <p>There are no established regulations or code of ethics in the Philippines for parallel shipment of non-compliant products.</p>
3. For fish and fishery products		
Required country accreditation for export of fish and fishery products	<p>The Philippines is accredited as country supplier with BFAR as recognized competent authority. However, in recent months, there has been a delisting of EU accredited companies from the original 91 to only 26. The net result is a big reduction in export to EU.</p>	<p>BFAR is constrained by limited resources like manpower and budget</p> <p>Exporters are not clear on procedure and system of BFAR's inspection and certification</p> <p>There is lack of modern/ improved facilities such as fish ports, laboratories and</p>

		equipment to support and sustain EU accreditation status.
<b>B. Tariff barriers</b>		
High tariff of 20% is imposed on Philippine tuna and sardines	Former colonies of EU like the ACP countries enjoy 0% tariff	The Philippines has difficulty in competing with former EU colonies in view of the big difference in tariff duties.

In general, there is a stigma among exporters that Europe is hard to penetrate due to non-tariff barriers. Most of the exporters are small and medium scale enterprises (SMEs) with limited resources. Their compliance with non-tariff barriers such as requirements on management systems and testing procedures will stretch their limited resources. Thus, they prioritize the traditional markets nearer the Philippines and concentrate on the Filipino overseas market.

Among the sub-sectors, those with the least concern on EU market access barriers are those in the processed fruit and coconut sub-sector, the major products of which consist of pineapple products, banana chips and desiccated coconut. The products are processed in their natural forms with little or no food additives. Another successful group is the canned tuna export under the fish and fisheries sub-sector. The EU accreditation of the country as supplier paves the way for canned tuna exporters to sell to EU. Many of them are large companies with resources. Their export experience, production capacity, skill in maximizing the opportunities offered by the EU market, and ability to face the challenges of market access barriers help them to lead in the RP export to Europe.

Sub-sectors that have the most concerns are the sauces, mixes and condiments; biscuits, confectionery and other cereal preparation; and the meat and meat-based products. This is true for products that utilize food additives, small amount of meat ingredients on spread, soup and instant noodles, and milk on biscuits and confectionery products, among others. Further, the delisting of many seafood establishments from EU-accredited list raised concern among the fish and fisheries sub-sector.

### **3.2.2. Concerns Common to the Sub-sectors**

Market access barriers encountered which are common to the sub-sectors are EU legislations on food additives, labeling, language translation, customs and health requirements which vary with different EU countries. Also encountered are required certificates on GMO and irradiation treatment and on management systems by EU buyers.

### **3.2.2.1 Lack of awareness and updated information on EU legislations**

On EU legislations, exporters generally lack awareness and they tend to depend on the advice given to them by their EU importers. Philippine manufacturers are not aware or lack information on which additives are permitted in all EU countries, the allowable levels of use and on what products they can be used. The problem arises if the EU buyer is new and is not knowledgeable on EU requirements. One example is the problem encountered by a major Philippine exporter of dried fruits and fruit juices which exported to a new buyer in Cyprus. Since the buyer was not familiar with EU requirements, products acceptable to U.S. standards were the ones exported by the company to Cyprus. It was discovered later that the sulfur dioxide level which they normally used was not acceptable since it was higher than the maximum limit allowed by the regulatory agency in Cyprus. It was also found out that sodium benzoate in fruit juices was not allowed in Cyprus. The exporter learned this only after shipping their products to Cyprus.

Exporters and manufacturers reported that they lack updated information on customs and health requirements of different EU countries. On labeling and language translations, rules sometimes vary in UK, Scandinavia, Germany and France. What seems to be acceptable in Germany and France would not be so in UK and Switzerland.

It should be noted the EU's legislations are divided into two categories, namely: regulations and directives. Regulations are mandatory at the EU level and must be followed by all member countries. Directives, on the other hand, are not mandatory and member countries are allowed flexibility in applying the rules to their own country. Thus, the exporters' perception of variation or inconsistency of rules in different EU countries can be the result of flexible application of directives by the EU countries.

Recognizing the difficulty involved in using food additives, manufacturers decided to refrain from using food additives. However, a major exporter of instant noodles and biscuits found out from EU tests on shipment that the ingredient they used, which they bought from a supplier, contained an unauthorized additive. The example is the oil used in instant noodles which contained TBHQ, an unauthorized antioxidant in EU.

Further, EU legislations may be found in the internet, such as via [www.cbi.nl/accessguide](http://www.cbi.nl/accessguide) and [www.cbi.eu/marketinfo](http://www.cbi.eu/marketinfo) but there may be amendments made by the EU member countries and these may not be included in the consolidated text of the regulation or directive available on-line.

### **3.2.2.2. Lack of local testing facilities for GMO and irradiation treatment**

Another difficulty of exporters is on the ingredients used in the processing of products. The imported ingredients like soy beans and corn may be genetically modified. Others like spices used in soup and instant noodles may have undergone irradiation treatment. Exporters have to prove to EU importers that their products do not contain genetically modified ingredients and products were not subjected to irradiation. However, the exporters are not aware of testing facilities in the country for this purpose.

### **3.2.2.3. High cost and stringent parameters of certifications**

The high cost of obtaining certification for management systems such as HACCP, ISO and GAP ( Good Agricultural Practices) is a big constraint for small and medium enterprises (SMEs). In order to qualify for certifications, SMEs have to improve their processing facilities (plant and equipment) and systems in their operations which require investment on their part. For raw materials, GAP is not yet widely practised among farms in the country. Thus, a food manufacturer may not be ready to supply to an EU buyer if the raw materials are required to come from a GAP- certified farm.

Another certification which is not yet widely pursued in the country is SA 8000. SA stands for social accountability. Presently, Monde Nissin Corporation, one of the biggest companies in the Philippines engaged in the manufacture of biscuits and noodles, seems to be the only company actively seeking an SA certification.

Based on its experience, Monde Nissin Corporation thru its Export Manager, Mr. Ferdie Chanpongco, noted that some of the requirements needed for an SA certification are not applicable in the Asian setting, particularly in the Filipino setting. One example is the limit on overtime. Western countries where SA policies are applicable have limited working hours, shorter than what we have in the Philippines. While Western counterpart would prefer not to work overtime, Filipino employees, on the other hand would like to work overtime in order to increase their income. However, under SA policies, such overtime practice can disqualify a company from getting an SA certification. In addition, SA policies require that suppliers to a company applying for SA should be certified also for SA. Monde Nissin found the parameters difficult to comply with.

### **3.2.2.4. Lack of regulations on parallel shipment of non-compliant products**

A major limitation pointed out by the sub-sectors is in line with the practice of parallel shipment of non-compliant products. This refers to shipment to EU undertaken by export consolidators who source various assortments of products from local wholesalers or supermarkets, instead of buying from manufacturers themselves. Products from local wholesalers and supermarkets may cost lower than what the manufacturers offer as export price to their EU buyers. However, products geared for the local market are different from those bound for export, according to the manufacturers. The product formulation of an export product may be different from the local product in order to comply to the export requirement and thus, production cost is higher for the export product..

Manufacturers like Silver Swan and Piñakamasarap have been adversely affected by the practice of export consolidators who sourced their soy sauce products from wholesalers in the local market. These products normally do not comply with EU regulations ( i.e. 3-MCPD level ) since they are not intended for the EU market by the manufacturers. Other non- compliant products that have been reported are those with small amount of meat and meat-based ingredients like chicken/beef broth, ham/bacon/chicken spread and meat

flavored noodles. These are non-compliant products because the Philippines is not accredited by EU as a country supplier of meat products. Specific products mentioned by PTIC in Italy are Reno liver spread, Libby's Vienna sausage, Tentay Patis, Rufina Patis and Carnation Condensed.

In the past, non-compliant products were able to enter EU if they were consolidated with other products for the oriental and Filipino market and declared as assorted foodstuff. Entry was facilitated either by misdeclaration or non-declaration. However, beginning January 2006, EU inspectors are not only conducting inspection at the port of entry but they also conduct random test sampling among retail outlets in EU member countries. If found non-compliant, the information is disseminated immediately to 25 EU member countries thru RASFF. Under EU rules, the importer is liable and may share its liability to the exporter that sent the shipment.

The food manufacturers and the trade and agricultural attaches in Belgium and Italy expressed their concerns on the parallel shipment of non-compliant products, as follows:

- EU importers, especially the new ones who were not aware of EU rules, are now hesitant to handle Philippine products after their shipment was not allowed entry to EU. According to PTIC Italy, new importers experienced disastrous financial problems and were eventually discouraged from continuing import of Philippine products. They relied heavily on their Philippine exporters to provide the necessary documents for customs clearance.
- RP manufacturers are concerned that the RASFF notices will create a negative impression for their products and that as manufacturers; they might have liability on the non-compliant products.

(It should be noted that RASFF notices that appear on line do not bear the trade names and identity of manufacturers and that liability is on the EU importer according to EU rules. The EU importer can share the liability to its exporter in the Philippines who may be a trader consolidator, not a manufacturer).

- RP manufacturers have difficulty competing on price with export consolidators regarding parallel shipment of some products. Due to the many EU requirements that must be complied with, the manufacturer has to increase its price for products geared for Europe to cover additional expenses. However, the products geared for the local market will have lower price. These products when bought by an export consolidator from a local wholesaler can be offered to EU buyers at prices lower than what the manufacturer would offer for its EU-bound products.

Although major players in the sauce industry would like to upgrade their facilities and standards, they are constrained by the "price war." Upgrading their facilities will require investment which they have to pass on to the consumers by increasing their prices.

The industry limitation lies on the lack of local regulations and code of ethics governing exporters and trader- consolidators. Manufacturers recognize the very important role of consolidators in the export of foodstuff. They answer the need of importers and foreign buyers to buy a wide assortment of products in small quantities, as well as the need of small manufacturers to export but on a limited basis due to production constraint. However, without regulations/ code of ethics, parallel shipment of non-compliant products can lead to detention, loss of confidence among importers, and competition with manufacturers.

### **3.2.3. Concerns of the Sauces, Mixes and Condiment Sub-sector**

Exporters of soy sauce have been hard hit by EU's legislation on allowable limit of 3-MCPD which is considered a contaminant produced during soy sauce production. EU's allowable limit is only .02 mg/kg which is much lower than what is allowed in other markets like the USA, the maximum limit of which is 1.0 mg/kg

#### **3.2.3.1.Lack of methodology/ equipment for testing very low levels of 3-mcpd**

There are existing laboratories in the country that can detect 3-mcpd at 1.0 mg/kg. However, at .02 mg/kg level, exporters reported that there is no methodology available as well as a testing facility in the country to detect this level. Presently, exporters have to send samples for testing to other countries like UK, Finland and Singapore. Testing fee ranges from P 15,000 to P 25,000 per test.

#### **3.2.3.2. Lack of production technology to control 3-MCPD level**

Exporters reported that they lack the knowledge and technology to control the level of 3-mcpd in the production of soy sauce and similar products. Present technology in making soy sauce is acid hydrolysis thru natural fermentation. The process takes time, about 12 months, and the 3-mcpd level that results using this method is higher than EU's allowable limit of .02 mg/kg. Manufacturers are not aware of an accelerated fermentation technology which can yield low levels of 3-mcpd.

### **3. 2.4. Concerns of Meat and Meat-based Products Sub-sector**

Based on the memorandum ( 12 December 2003) sent by the Agriculture attaché in Brussels, Ms. Ana Abejuela, to then DA Secretary Luis Lorenzo Jr., the EU on a case to case basis now allows imports of livestock products from recognized foot and mouth disease (FMD)- free areas or region of a country, although the country is not declared FMD- free. The declaration of some areas in the Philippines as FMD- free like Mindanao, Palawan and Cebu has given encouragement to pursue the EU accreditation process. The Philippines ( FMD-free areas) has to be accredited as exporter of fresh meat in order to be accredited as exporter of processed meat and dairy products.

#### **3.2.4.1. Constraints in completing the EU questionnaire**

The Commercial and Agriculture attachés in Brussels, Mr. JP Inigo, and Ms. Ana Abejuela, respectively, initiated the EU application for accreditation of the Philippines as meat exporter. The first step in the country accreditation process is accomplishing the EU questionnaire which was given in December 2004 to Bureau of Animal Industry (BAI), which handles animal health, and to National Meat Inspection Service (NMIS), which handles food safety of meat products. BAI and NMIS are the recognized competent authorities on these areas.

However, in a meeting organized by the Export Development Council (EDC) on 19 September 2006, the NMIS representative expressed difficulty in answering the EU questionnaire, particularly in getting data from the regions. Further, EU is not yet prioritized according to NMIS. NMIS which has budget and manpower constraints is presently working on accreditation for nearby Asian markets. There is also a need to clarify as to who should be the competent authority between the two agencies, BAI or NMIS. In case the EU questionnaire is finally accomplished, it is estimated by Mr. Inigo that another 2 years is required to process the application for accreditation.

#### **3.2.4.2. Lack of information on acceptability of meat ingredients from EU-accredited countries**

Since the EU questionnaire and the accreditation process will take time, exporters need information on whether meat ingredients sourced from EU or EU-accredited countries will be acceptable to EU. These ingredients include pork fat which is sourced from an EU country and is used for chicharon, as well as dairy products (butter, cheese, milk) for biscuit and confectionery.

Since the meat ingredients are used in small amounts for products like instant noodles, spreads and soup, exporters would like to know if a 2% level is allowable. This level, according to exporters, is accepted in the U.S.

#### **3.2.4.3. Loss of opportunity in the market**

According to a major importer of Philippine products in Italy, Mr. Luigi Sun of Union Trade, Italy is a flourishing market for Philippine products. There are more than 300,000 Filipinos who are looking for ethnic Philippine food. The Filipino community is growing and 90% of Filipino products entering Italy goes to Filipinos. Union Trade supplies to 700-800 stores in Italy.

However, Mr. Sun had to drop many Filipino items because of issues on non-compliance to EU legislation. His company had to recall recently from several stores Philippine products that contained very small amount of meat ingredients after EU inspectors conducted random sampling on some stores.

Further discussion on parallel shipment is found under the section on Concerns Common to the Food Industry.

### **3.2.5. Concerns of Fish and Fishery Products Sub-sector**

The delisting of EU accredited establishments from the original 91 to only 26 pulled down Philippine export of fish and fishery products from USD 43.54 million in 2004 to USD 32.74 million in 2005. According to a major exporter of canned sardines, the competency of BFAR as EU's accrediting authority in the country is under question and need validation by EU because of results of unannounced inspection made by EU inspectors to some factories.

#### **3.2.5.1. Limited resources of BFAR**

BFAR is constrained by limited resources such as manpower and budget. It needs time and funds to train BFAR inspectors, particularly in handling efficiently the more than 50 applications for EU accreditation. There is no separate office in BFAR which is dedicated to EU accreditation work alone. Constant monitoring by inspectors is needed to maintain the integrity of the accreditation of establishments.

#### **3.2.5.2. Lack of clarity on BFAR's system of certification**

In a meeting called by the Export Development Council on 19 September 2006, exporters expressed their dilemma on BFAR's procedure and system in assessing compliance of establishments to EU's requirements for accreditation. They reported that there are no manuals of inspection and certification that should clarify the process. Further, there is no system of appeal on BFAR decision. According to exporters, there is a conflict on the role of BFAR as a regulatory agency and as a development agency for fisheries export. BFAR committed to be ready with their manuals on inspection and certification prior to the visit of EU inspectors. As of date (January 2007), BFAR reported that their manuals are now ready.

#### **3.2.5.3. Lack of modern facilities, fish ports and laboratories**

Exporters expressed their need for fish ports to be renovated and modernized in order to comply with EU requirements for accreditation. The fish ports play an important role in handling and storage of fishery products. Further, they need laboratories with competencies on testing for aquaculture feeds, histamine, among others.

#### **3.2.5.4. High tariff on canned tuna/ sardines**

Among the sub-sectors, only the fishery product group raised their concern on tariff. Presently, they face a 20.5% tariff on canned tuna/ sardines. This is after deducting the 3.5% GSP from 24% MFN rate. This is very high compared to the 0% tariff enjoyed by competitor countries, particularly the ACP countries which were formerly European colonies.

## 4. Ways of Overcoming Market Access Barriers and Limitations

To determine ways of overcoming the market access barriers and limitations encountered by the food industry, there are three (3) approaches used in this study, as follows:

- Determining the EU legislations applicable to the RASFF notices issued to the Philippines from 2005-2006.
- Identifying the recommendations from government and private sector to address the specific market access barriers and limitations.
- Setting up the EU Focus Strategy with proposed objectives and programs based on the recommendations, as well as identifying the agencies/ groups responsible to plan and implement the programs.

### 4.1. Compliance to EU Legislations Relative to RASFF Notices

It should be noted that the E numbers on food additives indicate that the colors and preservatives are included in the EU currently permitted list. However, manufacturers and exporters should take note that these can be used only for certain products as indicated. Further, the EU maximum levels can even be lower than what other countries like the U.S. allows as in the case of a contaminant, 3-mcpd.

On the use of unauthorized colours, Directive 94/36/EC provides the list of permitted colours (Annex I of the Directive) and the list of foodstuffs where colours may not be used (Annex II). The colours used in Philippine products which were the subject of RASFF notices are permitted colours (Annex I) but the products to which they were used appeared in Annex II. The Philippine products are sugar confectionery, flour sticks, and salted shrimp fry. These could have been considered by EU authorities as falling under the following categories in Annex II: sugar, including all mono- and disaccharides; flour and other milled products; pasta and gnocchi; fish, mollusks and crustaceans as well as their preparations. EU legislation does not allow the use of colours on these products

In the case of citrus flavor drink, the high content of E-122 azorubine was noted in the RASFF notice. According to Directive 94/36/EC, the level of this colour for non-alcoholic flavoured drink should not exceed 50 mg/kg or mg/l. Exporters to EU should first verify from this Directive (Appendix A) on whether their food colour is permitted and if the use is authorized in the products that will be exported.

As mentioned in the preceding sections, the use of food additives is harmonized in the EU, thus, it is legislated at EU level instead of having different requirements at national level in the members states. Manufacturers and exporters should refer to Directive 89/107/EEC concerning food additives authorized for use in foodstuffs, the list of foodstuffs to which these additives can be used, rules on additives used as carrier substances and solvents, and requirements related to the marking of food additives.

However, since this is a Directive and not a Regulation, EU member countries have flexibility in interpreting the rules. They have the option to adopt the Directive in *toto* or pass laws which approximate it. Thus, there may be variations among EU countries on rules relative to additives.

For other substances which were the subject of RASFF notices issued to the Philippines in 2005-2006, Table 8 provides the authorized usage and corresponding maximum levels based on EU legislations to make the products compliant.

**Table 8. EU requirements relative to RASFF notices for the Philippines (2005-2006)**

	Product concerned	Maximum level	EU regulations
1. Additives			
1.1 Preservative			
Sulphite	Other dried fruits. (dried papaya)	500 mg/kg expressed as SO <sub>2</sub>	Directive 95/2/EC
E-210 benzoic acid	Non-alcoholic flavored drinks	150 mg/kg	Directive 95/2/EC
2. Contaminants			
2.1 Aflatoxin	Garlic cracker nuts Peanut butter (for direct human consumption, no further physical treatment)	2.0-4.0 microgram/kg	Commission Directive 98/53/EC
2.2 Cadmium	Muscle meat of sardines	0.10 mg/kg wet weight	Directive 2001/22/EC
2.3 3-MCPD	Soy sauce	.02 mg/kg	Directive 2001/22/EC

In the case of histamine content in canned tuna, the level should be around 100 mg/kg and not exceeding 200 mg/kg, according to CBI Market Survey on Fishery Products (2005).

#### **4.2. Recommendations from Public and Private Sectors**

Table 9 shows a summary of EU market access barriers and limitations together with the recommendations gathered from the private sector, government and other sources

through focus group discussions, interviews and research. The non-tariff barriers which are due to EU legislations are delineated from industry limitations. Other limitations related to market accesses which are common to the food industry and specific to the sub-sectors concerned are also included.

**Table 9. Summary of EU market access barriers and limitations and recommendations to overcome them.**

Market access barriers/(MAB) Industry limitations (IL)	Recommendations
Non-tariff Barriers	
<p>(MAB) EU legislations on food additives; labeling, language translation, customs and health requirements relative to varying interpretation and implementation among EU member countries</p> <p>(IL) Lack of awareness and updated information on EU legislations</p>	<p>Clarify with EU if there are EU member countries with differing interpretation and implementation of legislations, particularly on food additives, and how to source the information specific to the countries concerned.</p> <p>Establish an Export Business Center on-line to assist and protect firms. The Bureau of Export Trade Promotion (BETP) and Foreign Trade Service Corps of DTI may consider including this in their present line-up of services.</p> <p>Have an agency which advises/ confirms on EU compliance of products ( products other than fisheries and meat). An existing agency like the Food Development Center (FDC), which is accredited by the U.S. and Australia, can be tapped.for this service.</p> <p>Conduct awareness/ education campaign on management systems/certifications and updated EU requirements:</p> <ol style="list-style-type: none"> <li>1. Provide more support to “ Global Challenge of Food Safety and Compliance Symposium” series.</li> <li>2. Make available references/ guides that consolidate information on EU requirements</li> </ol> <p>Set-up a regular training program on EU</p>

	<p>market compliance</p> <p>1. Conduct a regular course on EU compliance at PTTC-DTI</p> <p>2. Invite EU retired experts as resource persons</p> <p>Conduct R and D on naturally occurring colors/natural ingredients in plants .as alternative to synthetic or chemically processed additives</p>
<p>(MAB) Required testing for GMO and irradiation treatment</p> <p>(IL) Lack of local testing facilities for GMO and irradiation treatment</p>	<p>Source raw materials/ ingredients from reliable suppliers which can provide the necessary documents (particularly foreign suppliers of soy beans, corn and spices)</p> <p>Tie-up with PHILRICE for the GMO testing facility</p>
<p>(MAB) Required accreditation of Philippines as country supplier of meat and meat-based products</p> <p>(IL) There are constraints in terms of limited budget, manpower and time needed to complete the EU questionnaire</p>	<p>Provide support to the National Meat Inspection Service (NMIS) to facilitate the completion and submission of the required EU questionnaire. NMIS should organize a Technical Working Group together with the Bureau of Animal Industry.</p> <p>NMIS must consider outsourcing other required services from competent individuals or groups to fast track the completion and submission of the required EU questionnaire.</p>
<p>(MAB) Required certifications for management systems like HACCP, ISO, GAP, SA 8000, etc.</p> <p>(IL) High cost and stringent parameters of certifications</p>	<p>Make available technical and funding support to SMEs to obtain certification for management systems</p> <p>Tie-up with UK-based NGO for training/ curriculum on EU management systems.</p> <p>Review parameters for SA 8000 to determine appropriateness to Asian/Philippine setting</p>

	Develop strategic alliance/creative partnerships with European investors
Tariff Barrier	
(MAB) Required 20% tariff imposed by EU on tuna and sardines  (IL) Philippine companies have difficulty competing with former colonies of EU which enjoy 0% tariff	Negotiate for lower tariff on Philippine tuna/sardines; study EU's special incentive arrangements relative to labor and environment protection for the reduction of tariff.
Other limitations related to market access	
<b>Common to industry</b>  Lack of regulations/ code of ethics on parallel shipment of non-compliant products	Develop /implement code of ethics and appropriate regulations for exporters handling parallel shipment
<b>Sauces, mixes and sauces sub-sector</b>  Lack of methodology/equipment for testing very low levels of 3-mcpd  Lack of production technology to control 3-mcpd levels	Negotiate with EU to relax the 3-mcpd limit from 0.02 mg/kg or ppm to 1.0 ppm  Conduct research on methodology to analyze 3-mcpd level lower than 1.0ppm  Develop/ build-up reputable testing facilities/ laboratories recognized by international standards agencies  Conduct R and D on accelerated fermentation technology for soy sauce or an alternative technology to reduce 3-mcpd level  Conduct productivity missions to study soy sauce technology and benchmark with Japan, Thailand and China

<p><b>Meat and meat-based products sub-sector</b></p> <p>Losses for both EU importers and RP exporters on returned shipment and recalled products; loss of market opportunity in EU</p>	<p>Negotiate with EU the acceptance of products with small amount of meat and meat-based ingredients, and the acceptance of products with similar ingredients that are sourced from EU accredited countries.</p>
<p><b>Fish and fishery products sub-sector</b></p> <p>Limited resources of BFAR in terms of manpower and budget</p>	<p>BFAR must outsource and/or recognize the services of competent agencies like FDC, SGS for private sector which are required for compliance with BFAR certification.</p>
<p>Lack of clarity on BFAR's system of certification</p>	<p>Strengthen BFAR's training on development of inspectors, particularly towards achieving harmonized understanding of criteria/requirements for compliance</p> <p>Conduct a regular training course by PTTC on EU market compliance for the private sector; use this as venue to explain BFAR's manuals on inspection and certification</p>
<p>Lack of modern facilities, fish ports and laboratories</p>	<p>Promote investment opportunities to investors, particularly OFWs and wealthy overseas Filipinos and foreign investors.</p> <p>Develop strategies to help in making investment decisions and provide incentives to investors.</p> <p>Develop strategic alliances with European partners to modernize facilities/equipment.</p>
<p>Other limitations</p>	
<p>Limited awareness and/or limited pursuit of market niches favored by EU, such as the fair trade and organic markets</p>	<p>Food companies should study the appropriate market niches. They should tie-up with the fair trade movement to learn</p>

	fair-trade practices and seek fair trade certification. They should develop organic products or organic versions of existing products.
Distance between EU and the Philippines, and freight cost	Open up Philippine seas and skies to foreign airlines and shipping companies
Limited government budget for promotion activities like participation in major trade fair abroad	<p>Increase government support to participation in international trade fairs to create a positive image for the country as supplier of food products</p> <p>Study creative ways to find the right buyers as alternative strategy to companies with budget constraints on fair participation. Tie-up with mainstream retailers in select countries for a corner/space for Filipino products.</p>

#### 4.2.1. Recommendations on EU Legislations

On lack of awareness and updated information on EU legislations; a number of measures have been recommended. Exporters suggest to have an Export Business Center on-line that can readily provide information on market access requirements not only for EU but also for other countries. The available information can include database and resources needed by exporters. The Bureau of Export Trade Promotion (BETP) and Foreign Trade Service Corps (FTSC) of the DTI should consider including this in their line up of services for exporters.

It is also suggested that this Center develops linkage with regulatory agencies abroad so that information exchange and facilitation of entry of Philippine goods to other countries can be done. Relative to this is the recommendation to have an agency that has the capability to provide technical advice to exporters to confirm if the products for export are EU-compliant. Other countries like the U.S.A., Canada and Australia have accredited agencies like Food Development Center and Bureau of Food and Drug for products entering their markets.

Although EU's system is to accredit a competent authority in the country for products of animal origin, i.e. for marine and meat products, it will be very helpful for exporters of other products to have an agency for this purpose. According to Mr. Albert Cariso, Deputy Director of the Food Development Center (FDC), FDC is open to provide such assistance if government and private sector will request and authorize FDC to render this service. Since FDC will need support to carry out this task effectively, it may explore the

European Commission's assistance on technical expertise and facilities for institutional capacity building, in accordance with the Agreement on Sanitary and Phyto-sanitary measures of the World Trade Organization. .

To strengthen the awareness and education campaign on management systems, certifications and updated EU requirements, there is a need to make an existing initiative like the "Global Challenge of Food Safety and Compliance" symposium series of the DTI to be done on a more regular basis. The proceedings should be documented and disseminated widely. Small and medium enterprises, particularly those in the regions, will find very useful the documented and consolidated information on EU food requirements to guide them in their decisions and preparation for export to EU.

Further, a regular training program in the form of a module or course on EU compliance for food products should be set in place. The course should also include in-depth coaching on the process of inspection and certification of BFAR for marine products. This is needed especially by exporters of marine products to make the BFAR certification process clear to them. BFAR does not conduct such a course for exporters. Its training program is for its inspectors. Another resource that should be fully maximized is the expertise of EU retirees who can be made available by EU countries thru their development programs involving dispatch of EU retired experts.

To avoid the use of synthetic colors and other additives which are restricted under EU rules, exporters recommend that R and D on naturally occurring colors and natural ingredients be pursued. An example of a naturally occurring color is annato (achuete) which provides yellow-orange color to food preparation.

It should be noted that schools offering food technology as a course may have studies on natural colours and ingredients which students conducted as special studies or thesis. These can be used as basis for further studies to commercialize the natural colors and ingredients. Another option for exporters who need the natural substances immediately is to source these from other countries. Many of these naturally occurring colours and ingredients produced in other countries appear in international Food Ingredient Shows in Europe, U.S. and Asia.

#### **4.2.2. Recommendations on GMO/ Irradiation Treatment**

Since EU is strict on the presence of genetically modified ingredients and the use of irradiation treatment, suppliers should be able to provide certifications on whether or not the ingredients used are GMO-free, as in the case of soybeans and corn, or have not undergone irradiation treatment, as in the case of spices. Food manufacturers and exporters should be able to source these from reliable suppliers with the required certifications. In cases when this is not possible, access to testing facilities based locally must be made available. One institution that suppliers and exporters should tap is PHILRICE in Muñoz, Nueva Ecija which reported that it has a GMO testing facility.

#### **4.2.3. Recommendations on Country Accreditation as Supplier of Meat Products**

According to Dr. Edna Gray of NMIS, the EU is not yet a priority market based on past consultation made with some meat industry players. Asian countries like China, Singapore and Indonesia are prioritized in view of their proximity to the Philippines. This is true for manufacturers of fresh/ frozen meat products. However, for other players like manufacturers of products such as noodles, soup, and spread with very little meat on them, as well as cookies and biscuit with egg and milk ingredients, EU is a big potential market.

NMIS must organize a Technical Working Group or TWG together with the Bureau of Animal Industry to facilitate the completion and submission of the EU questionnaire, which is required by EU to start the country accreditation process. However, NMIS is constrained with limitations on manpower, time and budget. NMIS should therefore consider outsourcing services from competent individuals or groups to facilitate the completion and submission of the EU questionnaire. Funding support is needed by NMIS for this purpose.

NMIS should also explore the technical assistance and facilities for institutional capacity building which the European Commission offers to developing countries in accordance with the Agreement on Sanitary and Phyto-sanitary measures of the World Trade Organization.

#### **4.2.4. Recommendations on Management Systems and Certifications**

Environmental management system (EMS) and quality management systems (QMS) and their certifications among food establishments are now the basis for competitive positioning in the export market, particularly EU.

Small and medium scale enterprises should be able to upgrade their standards, processes and facilities. They need not only technical but also funding support in order to comply with certification requirements.

According to Mr. Nick Orledge and British Speaker in the 3<sup>rd</sup> Global Challenge of Food Safety and Compliance Symposium 2006 held on 15 August 2006 and organized by CITEM-DTI, the Philippines should tie-up with a non-government organization in the United Kingdom which provides training and curricula on management system and standards. Thailand and Malaysia availed of this assistance ten years ago, one reason why many of their firms have HACCP certifications.

Further, requirements for SA 8000 certification (Social accountability) should be reviewed by the certifying agency. Current requirements are based on Western culture and setting. According to Monde Nissin Corporation, there should be another set of requirements for Asia which is appropriate to Asian or Philippine culture and economic situation. One example is the limit on overtime which Western employees favor. Filipino employees, on the other hand, generally prefer longer hours of overtime in order to earn

more. Under the SA 8000 requirement, the overtime cannot go beyond a specified period of time.

Another recommendation is for creative partnerships to be explored between EU and Philippine companies. Considering that most of the Philippine exporters are SMEs with limited resources, strategic alliances which are mutually beneficial for both partners should be developed. One example is to seek EU investors who are looking for partner firms that can serve as manufacturing base for products that are supplied to EU member states and other countries. Under such arrangement, EU assistance may be made available to upgrade facilities/ technologies of Philippine companies. This can pave the way for the improvement of their management systems and enable them to obtain the needed certifications. The use of Philippine resources such as land, raw materials and manpower can be offered to EU partners in return under a mutually beneficial arrangement.

#### **4.2.5. Recommendations on Tariff Barriers**

Exporters recommended that developing countries like the Philippines should be given special consideration by EU by lowering the 20.5% tariff imposed on canned tuna and sardines. Former EU colonies enjoy 0% tariff and are relatively nearer to EU than the Philippines. The Philippine government should negotiate for the lowering of the tariff to enable Philippine firms to better compete with other suppliers to EU.

The Philippine government should look into the special incentive arrangements that EU's GSP (Generalized System of Preferences) provides to GSP beneficiary countries like the Philippines. Under the scheme, EU grants either duty-free access or tariff reduction to products imported from countries that implement certain labor standards to protect labor rights, or implement standards for the sustainable management of tropical forests to protect the environment.

#### **4.2.6. Recommendations on Other Limitations Related to Market Access**

##### **4.2.6.1. Common to the food industry**

Parallel shipment of non-compliant products by export consolidators other than the manufacturers has been a big issue among Filipino food manufacturers and EU importers. Based on EU legislation, the EU importer is liable for such shipment and can pass/share the liability to the exporter.

Many importers who are new in importing Philippine products reportedly lost a lot of money for the recall and return of non-compliant shipment. EU importers, in order to go back to the Philippines as a source, need confidence on hassle-free importation of Philippine products. Thus, manufacturers and exporters recommend that a Code of Ethics and appropriate regulations be developed, implemented and monitored by the government for parallel shipment. Initiatives done before by a group of exporters, traders and consolidators on this issue should be sustained.

#### **4.2.6.2 Sauces, mixes and condiments sub-sector**

Exporters recommend that negotiation be made so that EU will reconsider and increase its maximum allowable limit for 3-mcpd from 0.02 mg/kg or ppm level to 1.0 ppm which the U.S. allows. According to Mr. Luigi Sun, a big importer of Philippine food in Italy, the British Standards Agency has reported that there is no convincing proof of infertility caused by 3-mcpd.

Since low levels of 3-mcpd may be imposed in the future on foodstuffs other than soy sauce, a methodology to analyze 3-mcpd levels lower than 1.0 ppm is urgently needed. Presently, the available testing facility in the country is for 1.0 ppm or higher. Thus, exporters recommend that in-country accredited laboratories capable of testing and analyzing technical determinants for food compliance, from microbiological, chemical to physical aspects, should be developed. The industry needs reputable testing facilities which are recognized by food standards and inspection agencies around the world.

It is important to attain the lowest level of 3-mcpd in the production of soy sauce and similar products to conform to mandatory market requirements. It has been reported that 3-mcpd is created during food processing under certain conditions and that by adjusting production processes, a significant decrease of 3-mcpd has been achieved ( Source: Regulation (EC) No. 466/2001). Thus, an alternative technology other than the current technology, which is the acid hydrolysis method or acid-HVP, should be studied. One possibility is to develop an accelerated process or technology that can meet the desired 3-mcpd level of .02ppm or lower.

Further, in line with the search for technology on soy sauce production, exporters recommend that productivity missions be conducted in Japan, Thailand and China to benchmark with them. The Asian Productivity Organization or APO which is based in Japan and has satellite offices in Asian countries can be tapped for this purpose. APO's office in the Philippines is located at the Development Academy of the Philippines.

#### **4.2.6.3. Meat and meat- based products sub-sector**

In a meeting called by the Export Development Council on August 15, 2006, exporters recommended to clarify if products with small amount of meat ingredients could be allowed entry in EU, considering that the level of use is very minimal and most of the ingredients are imported from EU member countries.

Mr. J.P. Inigo of PTIC Brussels was consulted by the researchers on this issue. In his reply dated 2 November 2006, Mr. Inigo said that the EU will not allow entry because the issue stems from the Origin of the Product as well as on food safety issues. He noted that raw materials imported from an EU accredited country lost their origin once transformation occurs from one HS heading to another HS heading. "Hence, the raw material when cooked or transformed into a finished product becomes originating in the country where it was processed."

Mr. Inigo further noted that there is a current discussion on the issue of composite foods which may allow products with “traces” or flavourings of meat into the EU. However, since the EU does not have a regulation on composite products at the moment, all meat products are subject to the EU Food and Safety Regulation of 2006 where country accreditation is required. He added that our best bet really is for the RP government and meat industry to get their act together and go for country accreditation.

It is therefore recommended that negotiation with EU be done on the following issues:

- Acceptance of Philippine products containing meat and meat-based ingredients which were sourced from EU- accredited countries.
- Acceptance of Philippine products with very low levels of meat and meat-based ingredients. (According to exporters, the U.S. accepts levels up to 2%)

#### **4.2.6.4. Fish and fishery products sub-sector**

Considering the limited resources of BFAR in terms of manpower and budget, exporters recommend that BFAR must outsource and/or recognize the services of competent agencies like Food Development Center and SGS. Such services can be accessed by the private sector to fast-track their compliance with BFAR certification, instead of waiting for BFAR to conduct the tests or certification.

BFAR should also strengthen its training on development of its pool of inspectors. They must have harmonized understanding of criteria and requirements for compliance. BFAR should explore tie-ups with schools that have specialization on fisheries and food technology to institutionalize an inspectors’ training program in various regions. This is also important to have a steady stream of technologists whose expertise can be harnessed by BFAR and the private sector.

Further, since the EU system is a very rigid system, manufacturers and exporters should be well-versed with the EU food law. They should know it by heart, according to BFAR’s Ms. Muriel Camu. For this purpose, a regular training course on EU market compliance for the private sector should be put in place. This course can be used as venue to explain BFAR’s manuals on inspection and certification. BFAR is not mandated to conduct such training for the private sector but it can provide BFAR personnel to serve as resource persons. It is therefore recommended that the Philippine Trade Training Center or PTTC of DTI conduct such a regular training course for the private sector.

Support infrastructure in the form of modern facilities, fish ports and laboratories is critical to facilitate compliance to EU accreditation requirements. Since the government has limited resources, investment opportunities on these areas should be promoted to potential investors, such as the overseas Filipino workers (OFW), wealthy Filipinos based overseas and foreign investors. This is a possible avenue for wealth generated abroad to be utilized to create more wealth for the countryside.

Strategies should be determined to enable potential investors to make investment decisions, with incentives being provided by the government. Moreover, the food manufacturers and exporters should seek strategic alliances with European partners to modernize their facilities and equipment under a mutually beneficial arrangement.

#### **4.2.7. Recommendations on Other Concerns**

##### **4.2.7.1. Market niches**

Considering that the EU market tends to favor products produced under the fair trade and organic systems, Philippine exporters should study how they can gain a foothold on these market niches. There are existing organizations like the Advocate of the Philippine Fair Trade and Asia Fair Trade Forum which are part of the worldwide network of the fair trade movement. Exporters, particularly the SMEs, should tie-up with them to learn fair trade practices and seek fair trade certification.

Another option is to develop organic products or organic versions of existing products. There are organic certifying bodies available in the country and there are also international certifiers with locally based inspectors. Exporters should seek fair trade and/or organic certifications and use these as their competitive positioning in developing the EU market.

##### **4.2.7.2. Distance and freight cost**

The distance between EU and the Philippines, and the corresponding high freight cost have been cited as major obstacles for exporters targeting the EU market. Exporters believe that there are windows of opportunities if Philippine seas and skies will be open up to foreign airlines and shipping companies to reduce the cost of freight.

Presently, the cost of freight from Mindanao to Manila is higher than that of Manila to Hongkong, as cited by exporters. There is a demand for Philippine fresh mangoes in EU but the freight cost has hampered the development of the market.

##### **4.2.7.3. Government budget for promotion activities**

Exporters recommend that government budget for promotion activities like participation in major trade fairs abroad ( i.e. ANUGA Food Fair in Germany and SIAL Food Fair in France) should be increased. More government subsidy will enable exporters, especially SMEs, to participate in these major fairs for the food industry worldwide. Further, a bigger budget can expand the size of the Philippine booth and enhance its appearance, an important tool in developing the country image as a supplier of food products.

In addition to trade fair participation which can be very costly, government and industry should study creative ways to find the right buyers at minimal cost. Trade missions can

be an alternative option although exposure to a worldwide audience of trade buyers and to global market trends is not possible.

Other Asian countries have tied-up with mainstream retailers in select countries, like TESCO chain of stores in UK, for a corner/space for their products. According to Mr. Nick Orledge, British speaker in CITEM's 3<sup>rd</sup> Global Challenge of Food Safety and Compliance, Philippine companies, with the support of DTI, should pursue similar tie-ups considering that Filipino communities are growing in some EU countries like Italy and United Kingdom.

### 4.3 The EU Focus Strategy

To facilitate implementation of the above recommendations, an EU Focus Strategy for the Food Sector should be set in place. The EU Focus Strategy will have for its over-all goal the increase in export of Philippine food products to EU by addressing the market access limitations and barriers. Its objectives and programs will be based on the recommendations in Table 9 as expressed by the public and private sectors. The recommendations are classified according to the four (4) major functions of business, namely: marketing, operations, human resources and finance (Asian Institute of Management, 2004). The objectives are then identified and corresponding programs are determined. The responsible agencies and groups which can handle the implementation are also identified. Table 10 shows a summary of the proposed objectives, recommended programs and responsible groups that will plan and implement the EU Focus Strategy.

**Table 10. The EU Focus Strategy: objectives, recommended programs and responsible groups.**

<b>Objectives</b>	<b>Recommended Programs</b>	<b>Responsible Agencies/Groups</b>
<b>Marketing</b>		
To develop a marketing strategy, with focus on market niches favored by EU	<b>EU Market Development Program</b> Develop marketing strategy based on solid market research  Study and develop market niches favored by EU: fair trade, organic and natural products market	BETP/CITEM/Academe/FTSC  with business support organization (BSO) or private sector
<b>Operations</b>		
To negotiate with EU for non-tariff barriers and	<b>EU Negotiation Program</b>	

tariff barriers	<p>Relax the 3-mcpd limit from .02ppm to 1.0ppm</p> <p>Reduce the 20.5% tariff on canned tuna/sardines</p> <p>Allow entry of Philippine products containing meat ingredients from EU-accredited countries, or those with minimal amount of meat ingredients</p>	<p>BITR, FTSC and BAFPS</p> <p>BITR, FTSC and BAFPS</p> <p>BITR, FTSC and BAFPS</p>
To obtain EU accreditation of Philippines as meat exporter	<p><b>Country Accreditation Program: Meat and Meat-based Products</b></p> <p>Facilitate completion and submission of EU questionnaire; organize the Technical Working Group with NMIS and BAI</p>	<p>NMIS, BAI</p>
To scale-up accreditation of fisheries establishments	<p><b>Scale-up Accreditation Program: Fish and Fishery products</b></p> <p>Address manpower constraint by outsourcing or recognizing services of other competent agencies.</p> <p>Intensify inspectors' training towards harmonized understanding and application of standards</p> <p>Provide information manuals on certification procedures and conduct regular dialogue with private sector.</p>	<p>BFAR</p> <p>BFAR</p> <p>BFAR</p>
To access required technology on identified areas	<p><b>R and D Program</b></p> <p>Conduct R and D/ technology search on the following areas: accelerated fermentation technology for soy sauce, naturally occurring colors and natural ingredients to replace artificial substances, methodology for 3-mcpd analysis (.02ppm or less).</p>	<p>DOST, ITDI and FNRI</p>
To upgrade facilities and promote investment towards modernization	<p><b>Modernization Program</b></p> <p>Upgrade testing facilities/ laboratories</p>	<p>DOST/ private laboratories</p>

	<p>Upgrade fishing port facilities</p> <p>Promote investment on state-of-the-art facilities and develop strategic alliances with EU partners</p>	<p>BFAR</p> <p>BOI</p>
<b>Human Resources Development</b>		
<p>To create high level of awareness/education on EU requirements and certifications for management systems</p> <p>To achieve easy access to technical advice and resources</p> <p>To develop and implement a Code of Ethics for exporters/traders</p>	<p><b>Training and Certification Program</b></p> <p>Conduct a regular training module for exporters on EU compliance</p> <p>Tie-up with UK-based NGO for training on management systems; tap the assistance of EU retired experts thru development agencies</p> <p>Strengthen the Global Challenge of Food Safety and Compliance symposium series</p> <p>Produce references/guides on EU market requirements</p> <p><b>Technical Advisory Center</b></p> <p>Provide market access information and advice thru:</p> <ul style="list-style-type: none"> <li>• Export Business Center</li> <li>• Agency advising on EU technical compliance (non-fisheries)</li> </ul> <p><b>Excellence in the Marketplace Program for Exporters</b></p> <p>Conduct values/excellence training and formulate code of ethics among exporters</p>	<p>PTTC, BPS, BFAR</p> <p>DTI Business Development Team</p> <p>CITEM, BETP</p> <p>Academe/researches</p> <p>BETP, FTSC FDC</p> <p>PTTC BETP/ BAFPS with export consolidators</p>
<b>Finance</b>		
To build up financial resources to sustain the EU Focus Strategy	<p><b>Fund Sourcing Program</b></p> <p>Active sourcing of funds from government, development assistance</p>	<p>DTI Business Development Teams for</p>

	groups and foreign NGOs to implement above programs	Food, Marine and Organic Products
	Provision of funding support to qualified exporters to enable them to secure certifications	PHILEXPORT, development banks

The recommended government agencies that can support based on their mandates are grouped according to respective Departments, as follows:

1. Department of Trade and Industry (DTI)

- Foreign Trade Service Corps (FTSC)
- Philippine Trade and Investment Centers in EU
- Bureau of International Trade Relations (BITR)
- Bureau of Export Trade Promotion (BETP)
- Bureau of Product Standards (BPS)
- Center for International Trade Expositions and Missions (CITEM)
- Board of Investments (BOI)
- Philippine Trade Training Center (PTTC)

2. Department of Agriculture (DA)

- Bureau of Fisheries and Aquatic Resources (BFAR)
- National Meat Inspection Service (NMIS)
- Bureau of Animal Industry (BAI)
- Bureau of Agriculture and Fisheries Product Standards (BAFPS)
- Food Development Center (FDC)
- Office of the Agricultural Attache, Brussels

3. Department of Science and Technology (DOST)

- Industrial Technology Development Institute (ITDI)
- Food and Nutrition Research Institute (FNRI)

Other groups mentioned are the Business Development Teams of DTI for food, marine and organic sectors. Each team is composed of a DTI Business Manager and members from various DTI agencies concerned with the sector. The teams network with agencies or groups outside of the DTI to plan, implement and monitor selected programs for the sector.

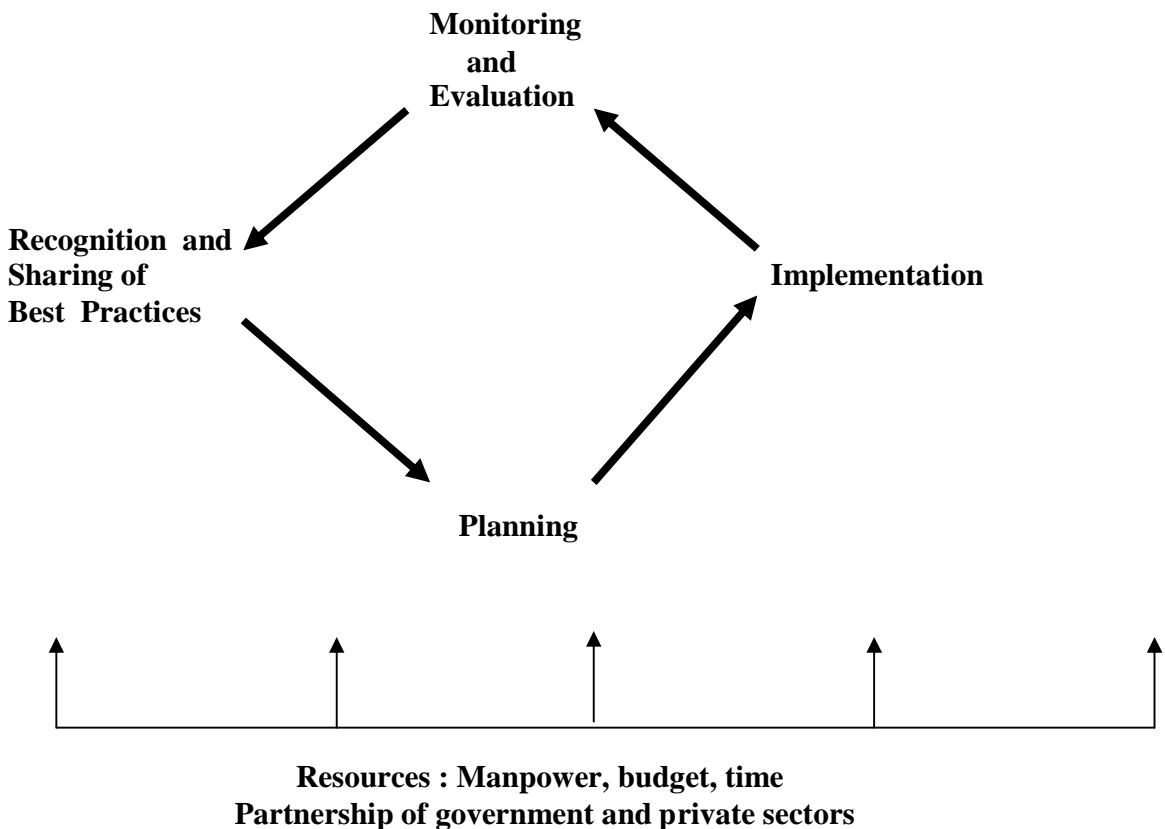
Also with special roles to play are private laboratories, which may have resources to upgrade their facilities, and the academe which can support the training and research requirements of the industry. The Business Support Organizations (BSO) would refer to groups like the Organic Producers Trade Association and Advocate of Philippine Fair Trade which are supportive of the organic and fair trade movements.

PHILEXPORT, the umbrella organization of various export organizations in the country,

can play an important role in increasing the number of Filipino food companies with certifications on management systems, fair trade or organic. Likewise, development banks are important as funding sources to enable small and medium scale food companies improve their facilities necessary to pass the requirements for certifications.

To facilitate and sustain the implementation and monitoring of the activities, a Task Force for the EU Focus Strategy for the Food Sector composed of government agencies and food exporters should be formed. It is recommended that the DTI Business Development Teams for Food and for Marine Products initiate this Task Force which will focus on the planning, implementation and monitoring of identified activities.

The areas for intervention and activities should be “projectized” with timetables and deliverables. Follow-up and updating of project status are necessary to make sure that implementation is on track. Incentives and recognition should be awarded to those who have performed well towards achieving the goals of the program. Regular sharing of best practices and development updates should be conducted to sustain interest and commitment of the various stakeholders. The process is illustrated by the following diagram:



## APPENDIX A

### SELECTED EU-WIDE LEGISLATIONS COVERING FOOD PRODUCTS

Source: PTIC Brussels

Product	EU Legislations in place
<p><b><u>General Food Law</u></b></p>	<p><b><i>Regulation of the European Parliament and Council 178/2002</i></b></p> <p>Lays down, the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety.</p> <p>Included in the legislation is the implementation of the Rapid Alert System on Food and Feed ( RASSF) whereby member states are obliged to notify any direct or indirect risk to human health, animal health or the environment with a network consisting of national competent authorities, the EFSA and the European Commission.</p> <p>To access the regulation, please click:  <a href="http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_031/l_03120020201en00010024.pdf">http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_031/l_03120020201en00010024.pdf</a></p>
<p><b><u>Food Hygiene Regulations</u></b></p>	<p><b><u>Directive 93/43/EEC</u></b></p> <p><a href="http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/1993/L/01993L0043-20031120-en.pdf">http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/1993/L/01993L0043-20031120-en.pdf</a>  <a href="http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/1996/L/01996L0003-20040211-en.pdf">http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/1996/L/01996L0003-20040211-en.pdf</a></p> <p>Unless a derogation applies, food businesses are required to comply with the rules governing the hygiene for foodstuffs during the preparation, processing, manufacture, packaging, storage, transport, distribution, handling, sale and supply of foodstuffs. They must also use HACCPs.</p> <p>Application of the EN 29 000 series of European standards (ISO 9000 series on quality and quality assurance systems) is recommended, wherever appropriate, as a means of ensuring compliance with general food hygiene regulations and the guides to good practice.</p> <p>Member States will encourage the sectors concerned to draw up guides to good hygiene practices to which businesses will be able to refer on a voluntary basis. These guides will serve as a reference for observing</p>

good hygiene practice.

A series of crises concerning human food and animal feed (e.g. the dioxin and the BSE crises) have exposed weaknesses in the design and application of food legislation within the EU. As a result, reforming the current food safety legislation and promoting a high level of food safety has become one of the EU policy priorities. Particular attention is given to improving quality standards and reinforcing systems of checks throughout the food chain: from farm to table. Besides a general food law ( Regulation (EC) 178/2002), three main Regulations (EC) 882/2004, 852/2004 and (EC) 853/2004 aimed to simplify and uniform current hygiene legislation have been recently adopted.

Together these regulations cover topics as traceability, feed and food control, general and specific hygiene rules, HACCP regarding feed and food products of non-animal and animal origin.

#### **Regulation (EC) 852/2004 on hygiene of foodstuffs**

[http://europa.eu.int/eur-lex/pri/en/oj/dat/2004/l\\_226/l\\_22620040625en00030021.pdf](http://europa.eu.int/eur-lex/pri/en/oj/dat/2004/l_226/l_22620040625en00030021.pdf)

A new Regulation (EC) 852/2004 has been passed that will enforce the same requirements for food imported into the EU as for food produced within the EU provided for by Directive 93/43/EEC. The applications under the new Regulation came into force on 1 January 2006.

#### **Regulation(EC) NO 853/2004 laying down specific hygiene of foodstuffs of animal origin**

[http://europa.eu.int/eur-lex/pri/en/oj/dat/2004/l\\_226/l\\_22620040625en00220082.pdf](http://europa.eu.int/eur-lex/pri/en/oj/dat/2004/l_226/l_22620040625en00220082.pdf)

Regulation (EC) 853/2004 lays down specific rules for hygiene on food of animal origin for food business operators, as some products pose specific hazards to human health. These specific rules are supplementary to those laid down in Regulation 852/2004.

#### **Regulation (EC) No 882/2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules**

[http://europa.eu.int/eur-lex/pri/en/oj/dat/2004/l\\_191/l\\_19120040528en00010052.pdf](http://europa.eu.int/eur-lex/pri/en/oj/dat/2004/l_191/l_19120040528en00010052.pdf)

	<p>Regulation (EU) 882/2004 (food and feed controls) lays down the procedures for official controls in order to establish whether food and feed laws are abided and rules regarding animal health and welfare are complied with. The Regulation focuses on procedures for and responsibilities of Member States. However, the general principle is that products from third countries meet EU standards or standards equivalent to EU standards.</p>
<p><b><u>Chemical Safety of Food</u></b></p>	<p><b>FOOD ADDITIVES:</b></p> <p>The community legislation on food additives consists of a framework Directive (Council Directive 89/107/EEC and three specific Directives- colours (European and Council Directives 94/36/EC), sweeteners (European Parliament and Council Directive 94/35/EC), and other food additives ( European Parliament and Council Directive 95/2/EC)</p> <p><i>Council Directive 89/107/EEC-</i></p> <p>Council Directive 89/107/EEC provides for the approximation of the laws of the Member States concerning food additives authorized for use in foodstuffs intended for human consumption. The framework Directive is based on the principle that only those additives explicitly authorized may be used in foodstuffs. Most food additives may only be used in limited quantities in certain foodstuffs.</p> <p><a href="http://europa.eu.int/eur-lex/en/consleg/pdf/1989/en_1989L0107_do_001.pdf">http://europa.eu.int/eur-lex/en/consleg/pdf/1989/en_1989L0107_do_001.pdf</a></p> <p><b>Food Colours:</b></p> <p><i>European Parliament and Council Directive 94/36/EC-</i></p> <p>Directive 94/36/EC covers all food colouring matters authorized by the EU to be used in foodstuffs. Food colouring not explicitly authorized in this Directive and consequently the products containing them are not allowed to enter the EU market. Likewise, certain food colours are only permitted for specific uses.</p> <p><u>Please refer to ANNEX A</u></p>

***Commission Directive 95/45/EC-***

Said directive specifies the purity criteria required for food colours authorized under Directive 94/36/EC. Exporters/manufacturers should make sure that colouring matters, other than being authorized, should comply with the purity criteria provided for in Directive 94/45/EC. To access the regulation, please click:

<http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/1995/L/01995L0045-20040510-en.pdf>

**Sweeteners:**

***European Parliament and Council Directive 94/35/EC-***

The subject Directives provides for a positive list of sweeteners to be used in the manufacture of selected (positive list) of food products. Consequently, food products not included in the list are not allowed to contain any sweetener. A maximum usable dose is indicated for each product or quantum satis as the case may be.

[http://europa.eu.int/eur-lex/en/consleg/pdf/1994/en\\_1994L0035\\_do\\_001.pdf](http://europa.eu.int/eur-lex/en/consleg/pdf/1994/en_1994L0035_do_001.pdf)

***Commision Directive 95/31/EC-***

Like in food colouring, Directive 95/31/EC lays down purity criteria for sweeteners used in foodstuffs. To access subject Directive, please click:

[http://europa.eu.int/eur-lex/en/consleg/pdf/1995/en\\_1995L0031\\_do\\_001.pdf](http://europa.eu.int/eur-lex/en/consleg/pdf/1995/en_1995L0031_do_001.pdf)

**Food Additive other than colours and sweeteners:**

***European Parliament and Council Directive 95/2/EC as amended***

In summary, Directive 95/2/EC as amended provides for the list of food additives other than colours and sweeteners allowed to be used in the manufacturer of foodstuffs. Like in the Directives for colours and sweeteners, food products containing additives not explicitly authorized in Directive 95/2/EC are not allowed to enter the EU. Also, the regulation

provides for maximum levels of food additives in specific products as well as specific products which may contain on selected food additives. To access the Directives, please click:

[http://europa.eu.int/eur-lex/en/consleg/pdf/1995/en\\_1995L0002\\_do\\_001.pdf](http://europa.eu.int/eur-lex/en/consleg/pdf/1995/en_1995L0002_do_001.pdf)

[http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l\\_084/l\\_08420020328en00690070.pdf](http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_084/l_08420020328en00690070.pdf)

***Commission Directive 96/77/EC-***  
***Commission Directive 2002/30/EC-***

Like in the cases of colours and sweeteners, the above directives lays down the purity criteria for food additives other than colours and sweeteners. To access the documents, please click:

[http://europa.eu.int/eur-lex/en/consleg/pdf/1996/en\\_1996L0077\\_do\\_001.pdf](http://europa.eu.int/eur-lex/en/consleg/pdf/1996/en_1996L0077_do_001.pdf)

[http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l\\_292/l\\_29220021028en00010028.pdf](http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_292/l_29220021028en00010028.pdf)

#### **FOOD FLAVOURINGS:**

Council Directive 88/388/ EEC as completed by Commission Directive 91/71/EEC, sets out the definition of flavourings, general rules on their use, labeling requirements as well as their maximum levels.

[http://europa.eu.int/eur-lex/en/consleg/pdf/1988/en\\_1988L0388\\_do\\_001.pdf](http://europa.eu.int/eur-lex/en/consleg/pdf/1988/en_1988L0388_do_001.pdf)

European Parliament and Council Regulation 2232/96 sets out the basic rules for the use of flavouring substances in or on foodstuffs. Further, the regulation lays down a procedure for the establishment of an EU-wide positive list of flavouring substances, the deadline of which is July 2005 at the latest.

<http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/1996/R/01966R2232-20031120-en.pdf>

#### **Smoke flavourings**

The European Parliament and the Council adopted on 10 November 2003

Regulation (EC) 2065/2003 on smoke flavourings used or intended for use in or on foods. The Regulation establishes a Community procedures for the safety assessment and the authorization of smoke flavourings intended for use in or on foods in order to ensure a high level of protection of human health and protection of consumer's interest, as well as to ensure fair trade practices.

[http://europa.eu.int/eur-lex/pri/en/oj/dat/2003/l\\_309/l\\_309200361126en00010008.pdf](http://europa.eu.int/eur-lex/pri/en/oj/dat/2003/l_309/l_309200361126en00010008.pdf)

#### **CONTAMINANTS IN FOODSTUFFS- Commission Regulation 446/2001-**

There is only one Regulation in the European Union which regulates the presence of specified contaminants in food. Regulation (EC) No. 466/2001 and its amendments lay down threshold limits for specific food products for nitrates, mycotoxins and other contaminants.

<http://europa.eu.int/eurlex/lex/LexUriServ/site/en/consleg/2001/R/02001R0466-2004041-en.pdf>

[http://europa.eu.int/eur-lex/pri/en/oj/dat/2004/l\\_106/l\\_10620040415en00060007.pdf](http://europa.eu.int/eur-lex/pri/en/oj/dat/2004/l_106/l_10620040415en00060007.pdf)

[http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2005/l\\_016/l\\_01620050120en00430045.pdf](http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2005/l_016/l_01620050120en00430045.pdf)

[http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2005/l\\_025/l\\_02520050128en00030005.pdf](http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2005/l_025/l_02520050128en00030005.pdf)

#### **FOOD CONTACT MATERIALS:**

The European Union has laid down rules for materials and articles coming into contact with food (including packaging) in order to prevent circumstances in which certain materials and articles may endanger human health or bring about an unacceptable change in the composition of the foodstuff or a deterioration of their organoleptic properties.

Regulation (EC) No. 1935/2004 replaces and repeals Directive 89/109/EEC and serves as the framework Regulation that lays down the common principles and rules for food contact materials. Besides the general requirement, it also lists certain specific materials and articles coming into contact with food, which may be regulated by additional Directives. Directives already exist for plastics, regenerated cellulose film, ceramics; vinyl chloride monomer, N-nitrosamines and N-

	<p>nitrosatable substances from elastomer or rubber teats and soothers and certain epoxy derivatives. Other Directives on materials like glass and wood will follow in due course. Among the new requirements in Regulation 1935/2004 are requirements for active and intelligent food packaging.</p> <p><a href="http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2004/l_338/l_33820041113en00040017.pdf">http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2004/l_338/l_33820041113en00040017.pdf</a></p> <p>The specific legislations covering food contact materials are as follows</p> <p><b>For epoxy-</b>  <a href="http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/2002/L/02002L0016-20040219-en.pdf">http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/2002/L/02002L0016-20040219-en.pdf</a></p> <p><b>For plastics-</b>  <a href="http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/2002/L/02002L0072-20040330-en.pdf">http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/2002/L/02002L0072-20040330-en.pdf</a></p> <p><b>For vynil chloride monomer-</b>  <a href="http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/1978/L/01978L0142-19780201-en.pdf">http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/1978/L/01978L0142-19780201-en.pdf</a></p> <p><b>For regenerated cellulose film-</b>  <a href="http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/1993/L/01993L0010-20040219-en.pdf">http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/1993/L/01993L0010-20040219-en.pdf</a></p>
<p><b><u>Specific for processed fruits</u></b></p>	<p><b>SPECIFIC DIRECTIVES ON FRUIT JUICES/JAMS ETC.</b></p> <p>Fruit juice:</p> <p>Council Directive 2001/112/EC provides the definitions on the types of fruit juices and as well as the authorized ingredients, treatment and substances.</p> <p><a href="http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_010/l_01020020112en00580066.pdf">http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_010/l_01020020112en00580066.pdf</a></p> <p>Jams, jellies, marmalades etc. from fruits:</p> <p>Council Directive 2001/113/EC covers EU-wide legislations relating to the production, specifications and labeling of fruit jams, jellies and marmalades and sweetened chestnut puree.</p> <p><a href="http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_010/l_01020020112en00670072.pdf">http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_010/l_01020020112en00670072.pdf</a></p>

<p><b><u>Fishery and aquaculture products</u></b></p>	<p>In the European Union legislation relevant to fishery products including aquaculture animals and products is outlined in numerous Directives. The key feature of the current EU Directives is that all fishery products imported from third countries (non-EU member states) into the EU must come from a preparation, processing, packaging or storage facility ('establishment') which is approved by the EU recognized competent body in the country concerned. Basically this implies that the national authorities (i.e. governments) in the non-EU Member States should be able to demonstrate that certain fundamental principles are satisfied, before approval for import to the EU is considered.</p> <p>The Philippine has been accredited by the EU as an exporter of fishery and aquaculture products since 1996. The accreditation, however, does not include bivalve mollusks, echinoderms, tunicates and marine gastropod. The list of accredited establishments can be accessed at <a href="http://forum.europa.eu.int/irc/sanco/vets/info/data/listes/list_all.html#P">http://forum.europa.eu.int/irc/sanco/vets/info/data/listes/list_all.html#P</a></p> <p>The Bureau of Fisheries and Aquatic Resources (BFAR) of the Department of Agriculture (DA) is the competent authority in the Philippines authorized by the EU to issue the recommendation of Philippine companies and certify their compliance with EU regulations on fish and fish/aquaculture products.</p> <p>Inquiries on accreditation and updates on the list of accredited Philippines companies should be directed to:</p> <p>Mrs. Flor Abella  Chief, Post Harvest Technology Division  Bureau of Fisheries and Aquatic Resources  860 Quezon Avenue, Quezon City  Tel. No. +63 2 372.50.45  Fax No. +63 2 372.50.49</p>
<p><b><u>Novel Food</u></b></p>	<p>Novel foods are foods and food ingredients that have not been used for human consumption to a significant degree within the Community before 15 May 1997. Regulation EC 258/97 of 27 January 1997 of the European Parliament and the Council lays out detailed rules for the authorization of novel foods and novel food ingredients.</p> <p>Foods commercialized in at least one Member States before the entry into force of the regulation on Novel foods on 15 May 1997, are on the EU market under the 'principle of mutual recognition'. In order to ensure the highest level of protection of human health, novel foods must undergo a safety assessment before being placed on the EU market. Only those</p>

	<p>products considered to be safe for human consumption are authorized for marketing.</p> <p><a href="http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/1997/R/01997R0258-20040418-en.pdf">http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/1997/R/01997R0258-20040418-en.pdf</a></p>
<b><u>Food Supplements</u></b>	<p>Food supplements are concentrated sources of nutrients or other substances with a nutritional or physiological effect whose purpose is to supplement the intake of nutrients in the normal diet. They are marketed 'in dose' form i.e. as pills, tablets, capsules, liquids in measures doses etc.</p> <p>Annex II of Directive 2002/46/EC is a list of permitted vitamin or mineral preparations that may be added for specific nutritional purposes in food supplements. Additional substances may be considered for inclusion in the list based on the evaluation of an appropriate scientific dossier concerning the safety and bioavailability of the individual substance.</p> <p><a href="http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_183/l_18320020712en00510057.pdf">http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_183/l_18320020712en00510057.pdf</a></p>
<b><u>Food treated with ionizing radiation</u></b>	<p>Irradiation is a physical treatment of food with high-energy, ionizing radiation. It can be used to prolong the shelf life of food products and/or to reduce health hazards associated with certain products due to the presence of pathogenic micro-organisms.</p> <p>The treatment may be applied for different purposes, such as:</p> <ol style="list-style-type: none"> <li>a. Prevention of germination and sprouting of potatoes, onions and garlic</li> <li>b. Disinfection by killing or sterilizing insects which infest grains, dried fruit, vegetables or nuts</li> <li>c. Retardation of ripening and ageing of fruit and vegetables.</li> <li>d. Prolongation of the shelf life and prevention of food-borne diseases by reducing the number of viable micro-organisms in meat, poultry and seafood</li> <li>e. Reduction of micro-organism in spices and herbs.</li> </ol> <p><a href="http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/1999/L/01999L0002-20031120-en.pdf">http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/1999/L/01999L0002-20031120-en.pdf</a></p> <p><a href="http://europa.eu.int/eur-lex/pri/en/oj/dat/1999/l_066/l_06619990313en00240025.pdf">http://europa.eu.int/eur-lex/pri/en/oj/dat/1999/l_066/l_06619990313en00240025.pdf</a></p>
<b><u>Food in general</u></b>	<p><b>LABELING REGULATIONS:</b></p> <p>1. <i>Directive 2000/13/EC</i> on the approximation of the laws of the Member States relating to the labeling, presentation and advertising of foodstuffs</p>

Indication of the following particulars are compulsory on the labeling of foodstuffs:

1. Name of the product
2. List of ingredients
3. Quantity of certain ingredients
4. For pre-packed food, the net quantity
5. Date of minimum durability
6. Any special storage conditions or conditions for use
7. Name and address of the manufacturer/ packages or of the importer
8. Particulars of the place of origin
9. Instruction for use when it is impossible to make appropriate use of the foodstuff without such instructions
10. With respect to beverages containing more than 1.2% alcohol by volume of the alcohol, actual alcoholic strength by volume

**It is important to note that the labeling of the foodstuff should be in a language easily understood by the direct consumer.**

The Annexes to the Directive are:

**Annex I- Categories of ingredients which may be designated by the name of the category rather than the specific name.**

**Annex II- Categories of ingredients which must be designated by the name of their category followed by their specific name or EC number**

**Annex III- Designation of the flavourings in the list of ingredients**

To access the Directive + corrections, please click:

<http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/consleg/2000/L/02000L0013-20031125-en.pdf>

**Labeling:**

The use of food additives must always be labeled on the packaging of the food product by their category (anti-oxidant, preservative, colour, etc.) with their name or E-number. The detailed labeling rules on food additives are laid down in Directive 2000/13/EC on general food labeling and Directive 89/107/EEC of food additives.

## APPENDIX B

### SOURCES OF INFORMATION

#### I. Internet sites

[www.cbi.nl](http://www.cbi.nl)  
[www.cbi.eu/marketinfo](http://www.cbi.eu/marketinfo)  
[www.cbi.nl/accessguide](http://www.cbi.nl/accessguide)  
[www.europa.int/eur-lex](http://www.europa.int/eur-lex)  
[www.ec.europa.eu/food/food/index](http://www.ec.europa.eu/food/food/index)  
[www.fas.usda.gov](http://www.fas.usda.gov)  
[www.food.gov.uk](http://www.food.gov.uk)  
[www.usembassy.org.uk](http://www.usembassy.org.uk)  
<http://europa.eu.int/comm/food/food/rapidalert>  
<http://export-help.cec.eu.int/>  
<http://mkaccdb.eu.int/>  
[www.spis.da.gov.ph](http://www.spis.da.gov.ph)  
[www.dti.gov.ph](http://www.dti.gov.ph)

#### II. Resource persons

##### A. Buyers

1. Mr. Nick Orledge, Tesco Stores Ltd. (UK)
2. Ms. Malou Hueck, Lim and Co. GMBH (Germany)
3. Mr. James Law, S. Colomer Casas (Spain)
4. Mr. Luigi Sun, Union Trade (Italy)

##### B. Philippine Trade/Agriculture offices in EU

1. Ms. Marie Lami, Philippine Trade and Investment Center (Italy)
2. Mr. John Paul Inigo, Philippine Trade and Investment Center (Brussels)
3. Ms. Rosalie Evangelista, Philippine Trade and Investment Center (Germany)
4. Ms. Ana Abejuela, Office of the Agriculture Attaché (Brussels)
5. Ms. Enrica Navarro-Elbern, Philippine Trade and Investment Center (Hamburg)

##### C. Government

1. Ms. Rosemarie Castillo, Bureau of Export Trade Promotion, DTI
2. Ms. Myrna Almarines, Bureau of Export Trade Promotion, DTI
3. Dr. Edna Gray, National Meat Inspection Services, DA

4. Ms. Muriel Camu, Bureau of Fisheries and Aquatic Resources, DA

D. Private Sector

1. Mr. Justin Uy, President, Profood International
2. Mr. Ferdie Chanpongco, Export Manager, Monde Nissin Corporation
3. Mr. Rorie Ong Yiu, President, Celebes Agricultural Corporation
4. Mr. Tom Medina, President, Branded Food and Ingredients Corp.
5. Mr. William Tiu Lim, President, Mega Fishing Corporation
6. Ms. Odette Miranda, Coffee Blends Export Corp.
7. Mr. Tony Tiu, President, Mabuhay 2000
8. Ms. Jennifer Paterno, Asst. Bus. Devt. Manager, Unilever Foods Philippines

E. Groups/ Sub-sectors

1. Sauces, mixes and condiments sub-sector
2. Biscuit and confectionery sub-sector
3. CITEM participants in ANUGA 2006, Germany

Alliance Tuna International, Inc.  
B.G. Fruits and Nuts Mfg. Corporation  
Celebes Canning Corporation  
El Coco Mfg. and Trading Corporation  
Florence Foods Corporation  
Primex Coco Products Inc.  
Reyson Exim International Inc.

4. Participants to Export Development Council meeting, September 19, 2006  
BETP-DTI, Makati City

FDC  
BFAR  
NMIS  
BETP  
BOI  
Meat Products Manufacturers  
Fishery Products Manufacturers

5. Participants to Seminar on Export Documentary Requirements, November 2006  
NPAL, BPI Compound, Quezon City

BAFPS  
BFAR  
NMIS  
BFAD  
BETP

BOC  
Meat Products Manufacturers

Fishery Products Manufacturers  
Ethnic Food Manufacturers

7. Participants to the National Organic Conference, December 6-7, 2006  
Baras, Rizal

BAFPS  
OPTA  
Organic and Natural Products Manufacturers

### **III. Others:**

1. Asian Institute of Management: Entrepreneurship Course for Social and Development Entrepreneurs. 2004
2. CBI Market Survey: Fishery Products. 2005
3. CBI Market Survey: Preserved Fruits and Vegetables. 2005
4. CBI Market Survey: Organic Products.2005
5. De la Pena, A. et. al. (2005). "Study: needs assessment for trade related assistance- Philippines." A study funded by EU and implemented by Equinoccio SRL.