

Origin and husbandry labelling in the supply chain including HoReCa businesses

The Federal Government has announced that it will present proposals on animal husbandry labelling and the animal welfare levy in the near future and that it will include the food service sector in the scope of application. For us as a wholesale business with HoReCa clients, the involvement of the food service industry is of particular relevance. Together with various partners, we are looking for feasible solutions that enable information transparency and do not place an additional burden on the industry, which has been weakened by the pandemic and inflation.

1. Animal husbandry labelling

Coalition agreement: "We will introduce **mandatory livestock labelling** from 2022, which will include transport and slaughter." (p.43, 2021 Coalition Agreement)

Requirements for the introduction of husbandry labelling:

- **Avoid paid certification:** If a private label similar to the Animal Welfare Initiative were introduced, this would mean the legal introduction of regular audits and individual certification of more than 100,000 HoReCa businesses. For SMEs, this is a tremendous amount of bureaucracy. Especially after the pandemic, many HoReCa businesses have hardly any resources. In the case of a government label, the certification fee would be eliminated.
- **Labels on packaging are not a solution for the HoReCa industry,** as restaurant patrons, for example, do not see the food packaging. Printed slips of paper as a means of displaying information are not an alternative in the digital age and with changing menus.
- **Digital solutions offer an alternative.** Already today, codes for fish and meat products can be scanned in many cases and customers can thus be provided with additional information on their origin. Restaurateurs need to be empowered to use this information. Where this has not been possible so far, there is often also a lack of adequate supply chain data. Harmonised standards for the collection and transfer of data are necessary in order to achieve more transparency and the transfer of information. Small and micro enterprises need to be supported in this regard.

2. Animal welfare levy

"To this end, we strive to **develop a financial system supported by market participants**, the revenues from which are earmarked to offset the running costs of farms and to promote investments **without imposing a bureaucratic burden on trade.**" (p. 43, 2021 Coalition Agreement)

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We are critical of an additional tax on food. When introducing an animal welfare levy, it must be ensured that there is **no double taxation**, i.e. wholesale and restaurant businesses must not each be taxed with the animal welfare levy. With the Animal Welfare Initiative, both we and all our customers would have to bear costs that go beyond the animal welfare levy.

It remains unclear to what extent such an animal welfare levy is compatible with European law. Discrimination against producers from other EU countries is prohibited. Therefore, the scope of application will be limited to Germany ("discrimination against nationals"). This will lead to a competitive disadvantage for all HoReCa businesses in border areas.

3. Origin labelling

- **Background EU level:** The EU Commission has announced that it will present a proposal in the near future. Instead of waiting for harmonised EU regulation, France and Austria have already introduced national laws. This leads to problems for companies which are now confronted with different regulations within the EU single market.
- **Background German Federal Government:** Federal Minister of Food and Agriculture Özdemir has stated that a European solution is being sought. If this does not succeed, Germany will submit its own proposal. Harmonised European regulation is to be supported.
- **Challenge:** A national patchwork of different national regulations on origin labelling would constitute a barrier in the EU internal market and create costs for all traders operating beyond national borders. These costs also burden HoReCa businesses.
- **Necessary conditions:** Digital traceability is already possible in many cases for meat and fish. What is problematic is the provision and onward transfer of data at the beginning of the supply chain. Transparent traceability can only be achieved if the legislator introduces **harmonised standards for the collection and transfer of data**. Paper-based documentation cannot be a solution. Essentially, the aim is to support small and micro-enterprises that face challenges with the provision of data.

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