

of note

Regulatory
horizon scanning:
**three things you
need to know**



How might important aspects of the food and beverage industry be regulated in the future? Legislative uncertainty is rife in the sector. But regulatory horizon scanning can mitigate risk and boost organizational resilience, whatever the future may hold.

Understanding forthcoming and proposed food and beverage legislation is critical for informed decision making. But what about the future developments that you don't know about yet? This is where horizon scanning comes in. Used strategically and intelligently, it's an effective way to keep abreast of environmental, macroeconomic, market and consumer factors that could shape regulatory developments and impact your business. It also allows businesses to influence developing legislation before it is published.

If you want to know what might be in store across all the markets you operate in, bear these three points in mind.

1 Official documents are just the tip of the iceberg

When it comes to changes that are already in the pipeline, checking official journals and documents is sufficient. But true regulatory horizon scanning starts much earlier and goes far deeper than this. It operates at a global level to monitor stakeholder discussions and other indicators of potential long-term change. And it follows developments right through to the stage where draft or proposed regulations are published.

Regulatory change is driven by the full spectrum of PESTLE (political, economic, social, technological, legal and environmental) factors. So, it is important that horizon scanning works systematically to cover a wide base that goes beyond legal sources.

Recent activity surrounding the levels of salt and sugar in products illustrates how this can manifest itself in practice. The obesity epidemic and other food-related health issues such as heart disease and Type 2 diabetes have long been a concern in developed nations. They receive attention at a governmental level, in the media

and from other stakeholder groups such as medical and dental representative bodies. Over time, this has led to developments such as the 'sugar tax' on soft drinks in the UK and a government initiative to gradually reduce levels of salt in bread in Spain.

Going forward, if it transpires that such measures don't have a positive impact on consumption and consumer health, it may be that stricter regulatory parameters are introduced. For instance, certain compositional food and beverage products may be allocated a maximum level of added sugar or salt. In Switzerland, there is already legislation surrounding how much salt can be used in salted butter.

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2 There's a complex global web of influence

Many developments are based on existing regulations in other markets; in some cases another country's legislation is copied in its entirety. It follows that PESTLE factors should be considered alongside legislative movements at a global level. Major players typically setting standards which are later adopted internationally include the EU (particularly Germany, France and the UK) as well as the USA and Japan. Codex Alimentarius is also highly influential.

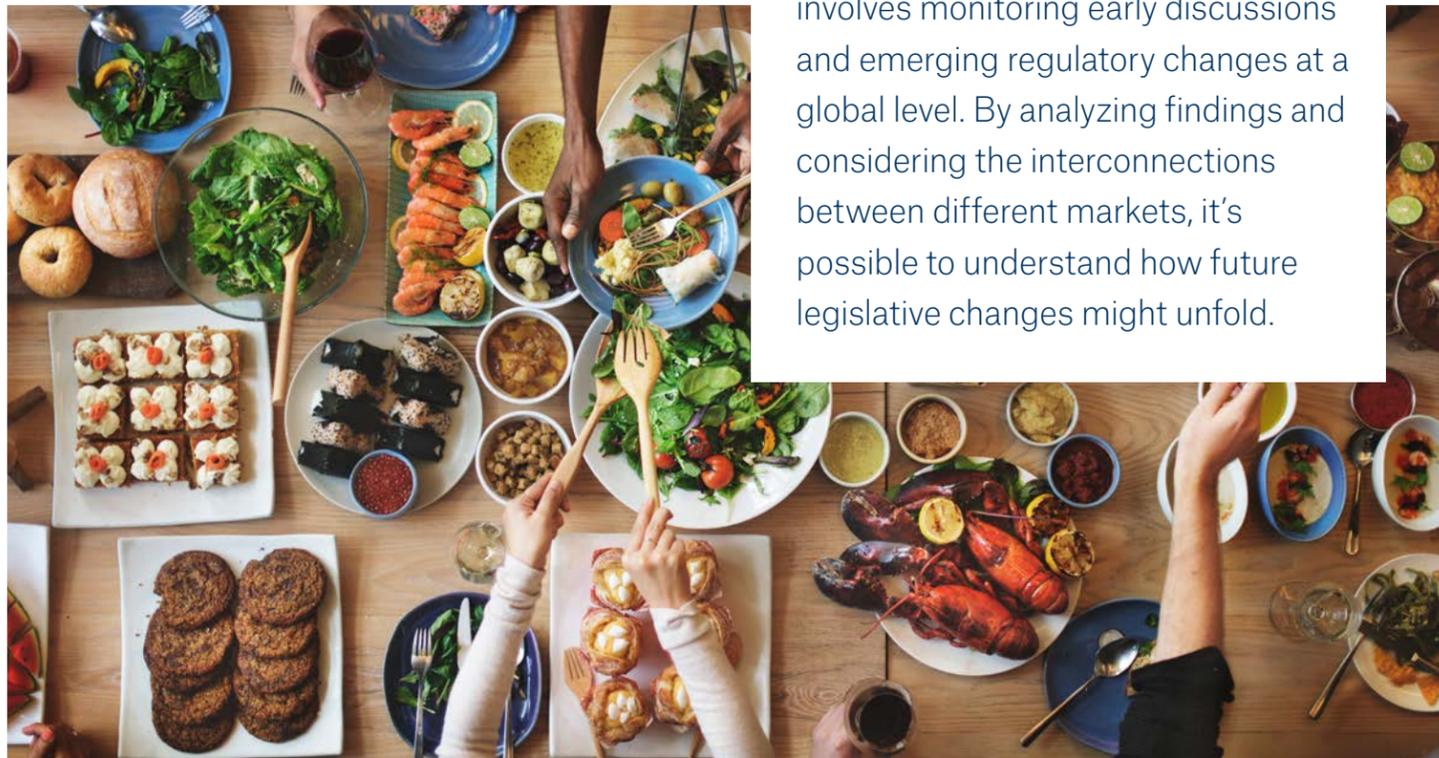
For instance, in certain markets such as Turkey, legislation is heavily based on that of the EU, and many Middle Eastern and African nations firmly align their requirements with Codex standards. However, in addition to these broad, general similarities there can be unexpected parallels in specific regulatory areas. Mexican additive

legislation is very similar to that of Japan. And the new EU novel food legislation has elements of the Australian novel food standard, as well as some of Japan's 'food for specified health uses' requirements.

When a new or amended legislation is initiated or drafted on a specific topic, it's common for government departments to screen the legislation of other major markets. So, an important element of food and beverage regulatory horizon scanning involves monitoring early discussions and emerging regulatory changes at a global level. By analyzing findings and considering the interconnections between different markets, it's possible to understand how future legislative changes might unfold.



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3 It's about evidence-based decision making, not crystal-balling

Regulatory horizon scanning goes further than simply predicting legal requirements that might emerge to disrupt 'business as usual' for food and beverage manufacturers. It covers the full spectrum of existing related factors and considers how they are likely to develop.

Future regulation of processing aids, such as filtering or bleaching agents, is one area in the horizon scanning spotlight at present. Currently, legislation for these substances varies around the world. In Japan and Russia, they are regulated alongside additives. Some markets, such as France, use a positive list system of permissible substances,

whereas others, such as Spain, regulate them as part of the specific compositional standards of food.

As it stands, very few of the major, influential markets have established a specific, positive list system for processing aids. However, more than a decade ago, Codex began a discussion on whether a positive list might be a realistic goal. Since then, China and New Zealand have led the development of an inventory of substances currently used as processing aids within the Codex Committee on Food Additives. This is likely to trigger discussions surrounding the merits of a positive list in the EU. If Codex and the EU go ahead and develop positive lists, history indicates that this will cause a ripple effect across other global markets.

Business planning in any sector involves making important decisions in the face of uncertainties. But for the food and beverage industry, the potential scale and complexity of emerging regulatory issues is immense. It's not just the products themselves that are at stake, but the way they are packaged and presented to consumers.

In this scenario, regulatory horizon scanning is critical to underpin risk-based decision making. It provides robust, evidence-led insights that enable you to prepare for an uncertain future with a resilient and agile business.

US Regulatory Day 2018

We're hosting an exclusive, members-only event in Washington DC on September 26-27 2018, where we'll take a detailed look at regulatory horizon scanning. We'll also update members on the latest government and authority discussions in the US, EU, Japan, Brazil and within Codex, and consider how these may influence the future regulatory landscape. If you'd like to request attendance, please email leatherhead@leatherheadfood.com.

How Leatherhead can help

Leatherhead Food Research's global regulatory team provides a comprehensive advisory service to guide food and beverage innovation. We help clients define and understand how to manage challenges and opportunities related to ingredients, formulation, labeling or product claims in key markets. Our 30-strong multilingual team includes native and fluent speakers across more than 20 languages, enabling us to interpret the nuances and variations of local regulations.

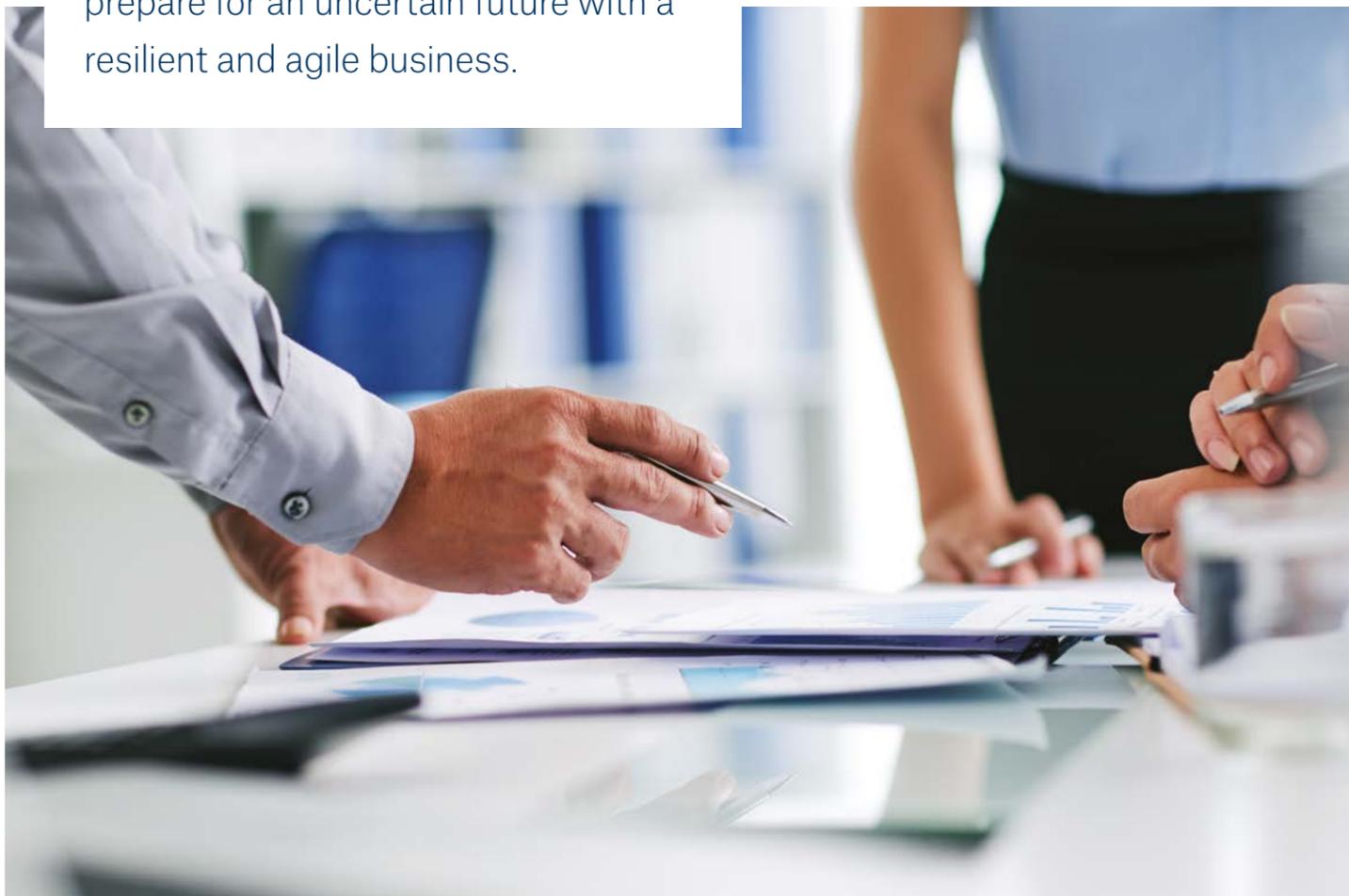
Interested in discussing a potential project?

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About the author

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Mariko has extensive experience managing global landscaping projects on regulatory matters and devising efficient approaches to global compliance. Fluent in Japanese, English and German, Mariko also has strong analytical and project management skills. She has a BSc in Public Health Nutrition from Oxford Brookes University.

About Leatherhead Food Research ▾

Leatherhead Food Research provides expertise and support to the global food and drink sector with practical solutions that cover all stages of a product's life cycle from consumer insight, ingredient innovation and sensory testing to food safety consultancy and global regulatory advice. Leatherhead operates a membership program which represents a who's who of the global food and drinks industry. Supporting all members and clients, large or small, Leatherhead provides consultancy and advice, as well as training, market news, published reports and bespoke projects. Alongside the member support and project work, our world-renowned experts deliver cutting-edge research in areas that drive long term commercial benefit for the food and drink industry. Leatherhead Food Research is a trading name of Leatherhead Research Ltd, a Science Group Company.

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