

6.2 What are the impacts on the income of farmers of any other measures applied in case of surpluses in the fruit and vegetables sector? - EQ.6

The purpose of the evaluation question is to assess the impact of other measures applied in the case of surpluses in the fruit and vegetable sector.

Additional measures adopted at various levels (government, POs, individual producers) fall into three different categories, depending on the general objectives:

- Measures aimed at increasing market demand in general and/or the specific market demand of individual organizations.
- Measures aimed at reducing supply in the EU fresh-produce market.
- Measures aimed at protecting producers from income loss due to a crisis of overproduction.

6.2.1 Judgement criteria and indicators

The proposed method for answering this evaluation question is based on the following criteria and indicators:

Judgement criteria	Indicators
1. In the case of a surplus crisis, measures aimed at increasing market demand are activated at a national, local or farm level.	1.1 Identification of measures adopted at different levels, and their frequency
2. In the case of a surplus crisis, measures aimed at limiting supply are activated at a national, local or farm level.	2.1. Identification of measures adopted at different levels, and their frequency
3. In the case of a surplus crisis, measures aimed at protecting producers from income loss at the national, local or farm level.	3.1. Identification of measures adopted at different levels, and their frequency

6.2.2 Methodology, data sources and limits

The methodology used is based on the identification of strategies, adopted at various levels (government, POs and individual producers), aimed at preventing or limiting a market crisis due to a structural or short-term imbalance in the supply/demand relationship, in addition to or in place of product withdrawal. Furthermore, the analysis examined the measures available to protect producers from income losses following a market crisis and how those measures were implemented.

The analysis was carried out by collecting information directly (interviews) from the different production sectors under review at three levels:

- Central government (ministries of agriculture, funding agencies);
- Local government in the specific regions under examination;
- POs operating in the specific regions under examination.

Furthermore, the interviews attempted to identify particularly serious crisis periods and why they occurred. In addition to the strategies and initiatives adopted at various levels, the interviews attempted to gather quantitative information in order to estimate their effect on producers' income. In this case, however, the responses of interviewees were generally inadequate or totally absent. This made it impossible to develop simulation analyses. The answers therefore are purely qualitative in nature.

6.2.3 Measures aimed at increasing market demand

6.2.3.1 Institutional promotion of the product

This type of action is aimed at increasing general demand for a product, regardless of its origin and source. In some cases promotional activity was carried out by entities representing the product and subsidized by the European Community, in the context stipulated by EC regulations.

Institutional campaigns were launched in 1997/98 and in 1999/2000 for apples (in some Member States) and citrus fruit (particularly in Italy, Spain and in some non-producing Member States). These campaigns focused on publicizing the nutritional value and health benefits of citrus fruit and apples.

Specifically, the promotional campaigns focused on increasing awareness of the traditional advantages of the two products; that is, health. In particular, the campaign touted the products' disease-preventing benefits (in the case of apples, metabolizing cholesterol, prevention of cardiovascular disease, vitamin content and oral hygiene; in the case of citrus fruits, prevention of colds).

Young people were a major target of the campaigns because they represent the age group that is least informed and most vulnerable to advertising pressure from processed foods. The purpose of the campaign was to broaden the demand base.

In some cases campaigns promoted the use of the product in a variety of ways (for example, using apples in cooking).

It should be emphasized that operators did not have a particularly positive opinion of these initiatives. In fact, although the financial burden (limited, thanks to subsidies) was borne only by the promoting POs or APOs, the resulting benefits were enjoyed by all the producers and, paradoxically, even by producers from exporting countries (for example, apples from Chile and oranges from Morocco).

Other institutional campaigns were subsidized by the governments of Member States or regions, in order to increase demand of products.

In the case of citrus fruits, campaigns were subsidized by the Sicily Region (at the end of the 1990s and beginning of the 2000s) to promote wider use of the product; specifically, increased use of oranges to make fresh juice in snack bars, using special juicers.

In the case of cauliflowers, POs and economic committees in the Bretagne Basin carried out regular institutional campaigns on a regional and national basis, with the assistance of national subsidies. There were two types of campaigns. The first, which was yearly, was aimed directly at the end consumer (communication about the product). The second, used exclusively in times of market crisis, targeted distributors (products with special packaging at the lowest prices) in order to sell large quantities rapidly.

In the case of apples, the French Ministry of Agriculture (National Department Apples) undertakes, every year and regardless of possible crises, a promotional campaign at a national level (television and radio ads and posters) to stimulate the national consumption of the product.

Moreover, in the case of short-term crises, marketing institutional actions are promoted at a regional level (e.g. by the *Conseil Général de Lot et Garonne* and the *Comité de Bassin Grand Sud Ouest*) close to the French GDO. Usually, these involve promotions in supermarkets aimed at promoting products subject to quality specifications.

In Spain (Murcia) an international campaign was undertaken to publicize the health benefits of fruits and vegetables, including tomatoes. The campaign (called "5 a day") was implemented from 2004 to 2006 and recommended that five servings of fruits and vegetables be eaten every day, specifically targeting young people. In Murcia, in addition to the "5 a day" campaign, national campaigns promoting the consumption of fresh tomatoes in schools have been carried out in the past.

Institutional initiatives aimed at increasing demand for products with origin label (Protected Designation of Origin-PDO, Protected Geographical Indication-PGI) are becoming increasingly important⁷⁶.

The PGI label was recently obtained for Trentino apples, Limousin apples, Calabria clementines, Calahorra (La Rioja) cauliflower and Valencia citrus fruits. Advertising campaigns have promoted labels to consumers as well as distributors using different methods (for example, campaigns for Calabria clementines included newspaper, radio and television advertisements, as well as participation in international trade fairs).

It should be pointed out, however, that these labels and publicity initiatives were aimed at stimulating a purchase choice by consumers in favour of labelled products, and therefore implied the use of particular products in the place of products from other sources. It therefore follows that (other conditions being equal) global demand remained fundamentally unchanged. Any benefits for producers from regions with label products were offset by a disadvantage for other producers (it was therefore a zero-sum mechanism).

6.2.3.2 Brand-name strategies and promotional and advertising actions for the brand

Brand-name strategies and related communications aimed at influencing consumers' buying habits are not particularly widespread because, to be effective, organizations must be large enough (critical product mass) to justify investment and generate positive financial returns.

It should be emphasized that, even more than in the case of promotion of labels denominated "original," the purpose of the strategies adopted by POs and/or private entities was (in general) to increase and/or maintain market share by building customer (and distributor) loyalty.

Aside from possible limited spillover effects on demand in general, these strategies were nevertheless implemented against competitors in the same business area. In essence, therefore, these actions did not lead to an increase in global demand, but tended to increase or maintain demand in the specific market of one organization to the detriment of products of other organizations.

The most significant case (because of the strong financial effort associated with the strategy) involved the apples of Trentino POs (the Melinda brand, since 1990, and Trentina), which were advertised and backed by significant investments in promotion using traditional media (television, radio, press).

Field interviews revealed additional brand-name strategies.

With regard to citrus fruits, a PO in Calabria had for some time used a commercial brand name (OSAS-Sibarit) that was widely distributed locally, nationally and in the European Community. This brand also profited from the promotion of the PGI label of Calabria clementines.

In the case of apples, some French POs use their own brand (e.g. *Ovalie* in Lot et Garonne; *Arlequine* and *La Reinette* in Maine et Loire)⁷⁷.

Brand-name strategies were carried out in Cataluña by an APO (Catalana Calidad brand) for apples and other APO produce.

⁷⁶ A PDO (Protected Designation of Origin) covers the term used to describe foodstuffs which are produced, processed and prepared in a given geographical area using recognised know-how. In the case of the PGI (Protected Geographical Indication) the geographic link must occur in at least one of the stages of production, processing or preparation. Furthermore, the product can benefit from a good reputation.

⁷⁷ However, in France, producers' brands have been progressively substituted by commercial brands of the GDO.

For table tomatoes, a brand-name strategy was developed by a PO from Murcia (La Vieja Huerta brand, also advertised on the radio), used exclusively by the distribution chain El Corte Ingles. In the Netherlands, the PO The Greenery developed a brand name for a specific variety of tomato (Tasty Tom). It should be emphasized that in the Netherlands advertising and promotional campaigns (television and radio) were generally adopted by POs and other private commercial entities, in collaboration (including financial) with large distribution chains.

In Bretagne POs commercialise through the CERAFEL brand (the economic agricultural committee for fruit and vegetables in Bretagne)⁷⁸. The use of the brand is subject to the observance of trademark specifications.

Promotional campaigns are part of a general communication strategy for fruits and vegetables produced in Bretagne.

6.2.3.3 Actions to extend the period of availability of products on the market (delaying supply)

These actions were aimed at stemming a concentrated inflow of produce onto the market during a limited time period, which would cause a short-term imbalance between supply and demand and cause prices to fall. The objective was, therefore, to make the same quantity of produce available for purchase, but distribute it over a longer period of time. Extending the period in this way leads to increased demand (increased number of purchases by consumers).

Two steps were taken:

- **Storage of the product:** In addition to the need to fund this measure, implementing this type of action depended on whether the product could be stored for long periods under refrigeration (in a normal or controlled atmosphere). Apples can be stored for long periods (up to a year), but tomatoes and cauliflowers have an extremely limited storage life (10-15 days).

Apples were typically refrigerated in a controlled environment (low oxygen concentration) by some POs in Cataluña, in Maine et Loire and in Lot et Garonne, and by POs in Trentino (which have made significant investments in this sector and use very advanced technology). According to Trentino operators, the extension of the marketing period of the product thanks to storage allowed them to recoup at least 30 percent of the price at the time of highest concentration of supply on the market. In the case of Trentino, the economic advantage of refrigeration (which involved depreciation and management costs of the facilities) was clear from the improved product/market position (premium price) achieved with the brand-name strategy. However, in other producing regions that were analyzed, investments in refrigeration have been of limited value. This is the case, for example, of POs in Vaucluse: in this region apple production is early (which represents a competitive advantage) and the strategy is to market produce as soon as possible, before the entry in the market of apples from other regions. Storage (some 10% of production) is aimed at slightly extending the regular supply to clients.

Citrus fruit's harvest period (winter months) limits the need for refrigeration, even though some POs use it. In Calabria, for example, some POs have used funds from the *Piano Operativo Regionale* (Regional Operating Plan 2000-2006) to establish conditioning and storage centres. Some producers are however unwilling to pay warehousing and refrigeration costs.

Cauliflowers are not currently kept in storage. However, initiatives are being developed in Spain (la Rioja) using subsidies from Operational Programmes.

- **Delay in harvesting and/or harvesting in several stages.** Here as well, implementing this type of action depended on the product involved, and was limited to citrus fruits and some varieties of tomato. In Calabria and in the Comunidad Valenciana, this practice was usually applied to citrus fruits (and was preferred by farmers to refrigeration), even though it extends the supply period

⁷⁸ Historically, the brand has been created by one PO. Subsequently, the brand was sold to CERAFEL.

only slightly (2-3 weeks beyond the critical period of greatest concentration of supply on the market). In Puglia, in the event of an overproduction crisis, delay in harvesting is implemented in the cherry tomato sector. For cauliflowers, it should be noted that harvesting cannot be delayed. Once ripe, cauliflowers must be harvested immediately and eaten within 5-6 days.

6.2.3.4 Actions to improve marketing

All actions aimed at improving marketing for the purpose of increasing demand were of strategic importance to the POs interviewed, regardless of their production sector. The marketing improvements (diversification of distribution channels, sales planning, stronger contracts with distribution chains, quality guarantees, packaging, etc.) were crucial competitive factors in guaranteeing (or at least facilitating) the sale of the product.

Among the principal actions aimed at improving marketing, the use of a variety of sales outlets – large distribution companies, wholesalers, brokers, traditional retailers and exporters – was the strategy chosen by many of the POs interviewed, in order to minimize risk. It should, however, be noted that using a variety of sales channels implies that the PO had the necessary size and organizational structure. In this sense, some forms of horizontal integration adopted by some POs have been helpful in realizing this strategy. This was the case with POs in Trentino (apples), in Lot et Garonne, Maine et Loire, Vaucluse (apples) and the Comunidad Valenciana (citrus fruits).

In Lot et Garonne, the *Union des Coopératives Blue Whale*, has created an independent commercial office (*Blue Whale SA*) with the status of a joint-stock company (separation between commercial and agricultural activity). *Blue Whale SA* trades not only the cooperatives' products but also other products of the *Vallée de la Loire*, of the South East and of the Alpes, with the aim of obtaining a critical mass able to satisfy national and foreign GDO needs. Similarly, four POs of the Maine et Loire adopted a common centralised office (BVL) to trade their products. In Vaucluse, some producers of a PO created a common sales office (Pom'azur).

In Comunidad Valenciana, the POs marketed through ANECOOP, which acts as a direct wholesaler and exporter.⁷⁹ In addition, Calabria POs (citrus fruits) have turned the marketing of their excess produce over to an import-export company (Boc Fruit), which works to find more profitable markets at the national and international levels.

Greater size and improved organizational structure also put the POs in a better negotiating position with large sales distribution centers. This has facilitated the growth and maintenance of market shares and the development of a more accurate sales plan. As an example, in Trentino, before 1996, 34 producer cooperatives managed the market and the marketing of apples. Today there are only 5 POs. As a result of this significant concentration process, POs have become a powerful force in the market. Four POs are organized in a single consortium (APOT), which, in the year 2000, was also given the right to regulate integrated production.

⁷⁹ ANECOOP currently includes about 800 cooperatives nationwide operating in various production sectors. The organization was founded in 1976 to facilitate fruit and vegetable marketing and to strengthen the influence of cooperatives in the marketplace.

6.2.4 Measures aimed at controlling product supply in the fresh-produce market

6.2.4.1 Production planning based on market trends

In general, production planning based on market trends was an effective measure, particularly in the countries/regions where supply is very concentrated and POs are able to coordinate most local production. On the other hand, as a whole, this measure was not (or would not be) effective in controlling market supply and price where there is a lack of organization at the agricultural level (that is, where more farmers are not members of POs and where product marketing is carried out by brokers or private wholesalers).

In general, depending on the specific case involved, production planning was carried out primarily in three ways:

- reduction of cultivated land and product conversion;
- reduction of per hectare yield;
- adjusting seasonal production cycles (tomatoes).

In the apple sector, POs in Trentino developed a planning policy to reduce and control per hectare yield, which was regulated by APOT.⁸⁰ In addition, land used for orchards was reduced on less specifically designated parcels. In Cataluña there has been a gradual reduction in the amount of land used for apple production (trees were uprooted, particularly in 1997/98 and in 2001), with conversion to perennial crops (nuts, peaches, plums, apricots), particularly in farms run by younger entrepreneurs. According to those interviewed, the quality of Cataluña apples is markedly lower than that of the French or Italian product, and cannot stand up to the competition. Gradually ceasing production was, therefore, a strategic decision. Due to the extirpation of the worst orchards, the quality of apples in Cataluña has improved.

In the French regions, the reduction of apple growing surfaces has been implemented several times through national extirpation plans (partial and/or total), and has concerned mainly the lowest quality orchards. For example, the adoption of this measure has allowed a reduction of 11-12% of the surfaces in Lot et Garonne and in Maine et Loire (vis-à-vis 1990). In Vaucluse, in addition to extirpation plans, the reduction of surfaces has been made through a change of destination of lands⁸¹.

In the citrus fruit sector (Calabria and the Comunidad Valenciana), production planning through the reduction of yields per hectare has been most effective in the case of oranges, where about 60 percent of the product is managed by POs. Conversely, the measure has been less effective in the case of clementines, where POs manage only 40 percent (on average) of regional production.

In the cauliflower sector, reduction of planting is overseen by POs in Bretagne, where they control about 98 percent of production in the area, and production was switched to vegetable growing (broccoli, fennel) and non-vegetable cultivation of low-labour-intensive crops (cereals). Nevertheless, in some cases reducing the amount of land devoted to growing cauliflower was followed by abandoning the land altogether. In Spain, depending on market predictions (when possible), POs have tried to restrict the cultivation of cauliflower and encouraged member producers to grow other crops (tomatoes, broccoli or animal feed in Navarra, cereals in La Rioja).

⁸⁰ The reduction of yield per hectare, achieved by means of pruning techniques, also produces a greater proportion of high-quality product (better commercial quality).

⁸¹ In Vaucluse, which is a very touristy region, many producers have sold farmlands close to cities for building purposes.

In the tomato sector, production planning was carried out primarily through seasonal adjustments to production. This is possible only for farms with an “industrial” system of production (greenhouses and hydroponic cultivation). This is typically the case in the Netherlands (all tomato production takes place in greenhouses), where production is planned by POs based on supply contracts with distribution companies. To a lesser extent this technique is also used in Murcia, but would be difficult to apply in Puglia, where only 2 percent of production is controlled by POs and where there is less greenhouse cultivation.

6.2.4.2 Diversification of varieties

Diversification of varieties aims for a more effective adaptation of production to demand preferences. In the citrus fruit sector, both in Calabria and in the Comunidad Valenciana, the diversification of varieties led to less production of oranges and lemons in favour of clementines and mandarin oranges.

In the apple sector a five-year variety conversion plan was implemented in Cataluña to improve the degree to which supply met the needs of demand. In the French regions, POs have developed a strong re-conversion and variety diversification scheme (also using Operational Programmes) even if the standard varieties (such as Golden) remain. Some new varieties have been developed: *Pink Lady* in Lot et Garonne, *Ariane*, *Tentation*, *Jazz*, *Honey Crunch* in Maine et Loire. On the other hand, in Vaucluse variety diversification has been implemented only in the recent years (*Gala*, *Pink Lady*, *Tentation*, *Juliette*).

In the tomato sector, in general, diversification of varieties is an established practice. Dutch POs adapt varieties based on market demand, market studies (consumer preference) and distribution supply contracts. In Murcia there is an effort to develop the production of specific varieties that are not grown in other regions/countries (for example, the RAF and Kumato varieties, which are niche products, sold at higher prices), and to drop the varieties most widely available on the market.

In the cauliflower sector diversification is a less viable option. Only in Bretagne are POs carrying out the measure through the use of hybrid varieties that produce products of a different size. Moreover, the diversification of varieties allows production all year long.

6.2.4.3 Sending products to the food-processing industry

In the case of perennial crops (citrus fruits and apples) sending a more or less significant portion of production for food processing is limited by physical factors. Top-quality production (products that can be sold in the fresh-produce market) has always been associated with the production of second- and third-rate products that cannot be sold or are difficult to sell on the fresh-produce market. In Trentino second- and third-rate apples represent between 5 and 11 percent of total production, and are used in the distillation industry. In Cataluña, the percentage rises to 10-15 percent. In the French regions, 10%-20% of apple production does not meet quality rules for fresh products, and is directed to the processing industry (concentrated juices, direct juices, compotes, peeled apples). However, we can observe that, in these regions, a strategy is being implemented to reduce the refuse percentage (systems to prevent hail damage, changes to production and harvesting methods)⁸².

Similarly, in Calabria and in the Comunidad Valenciana, second- and third-rate citrus fruit can represent 25-30 percent of production. Some of this production is routinely sent for juice production. As noted, in the citrus fruit sector production changes have been beneficial and are preferable to the alternative, which is to cease production altogether.

Beyond the physical factors, the most common reason for selling products for food processing is a crisis in the fresh-produce market in all areas of production. The food-processing industry, therefore,

⁸² According to interviewed operators, following this strategy the apple supply to the processing industry has decreased, and prices have increased.

is a particularly useful safety valve when large amounts of surplus produce need to be removed from the market, even if the price paid is obviously very low.

As far as cauliflower is concerned, the extent to which this measure can be used depends on whether there is a local food-processing industry. In the case of Navarra, the presence of some food-processing industries (frozen foods) has allowed farmers to allocate a significant portion of their produce for processing. Furthermore, a portion of the product (about 60 percent) is routinely allocated for this purpose (the Matra variety). In the event of a market crisis, the portion sent for processing can be increased, within the limits of the demand from industry. Nevertheless, a PO in Navarra tended (in general) to limit the proportion of produce sold to the food-processing industry because of the low revenues it brought farmers. In the same way, a portion of cauliflower production (around 15 percent) was sent to food-processing plants in Bretagne (for freezing)⁸³. In the La Rioja region, on the other hand, the absence of food processing plants precluded the use of this measure.

In the table tomato sector, the option of selling to the food-processing industry was not exercised.

6.2.4.4 Recourse to exportation to third countries

If there is a crisis of overproduction in the European Community market, the largest POs are able to export additional amounts (beyond the amounts normally exported) to markets outside the European Union in order to relieve pressure on the internal market. This measure is most easily carried out by organizations already selling in foreign markets, where consumer loyalty has already been established over time. In some cases the export differential is overcome with a sales promotion strategy (lowering prices with the aim of selling off substantial amounts in a brief period of time).

In the citrus fruit sector, Calabria and Comunidad Valenciana POs are able to sell additional production to European third countries (such as Switzerland, and North-East Europe countries).

In the apple sector POs in Cataluña have increased their exports to European third countries and to Brazil. POs in Trentino have increased exports to Russia and Ukraine. The French POs have enlarged their exports to Russia, South America and to the Middle and Far East. Furthermore, in France measures have been implemented to facilitate and subsidise exports. In particular:

- *Maghreb* operation: in the case of a surplus crisis, a state aid was paid for exports (through a professional fund of the National Department of Apples). However, after 2003, this aid has been removed.
- *Outre Mer* operation: this is a national financial institution aimed at favouring exports to the Far East, Asia and American countries. This institution is financed to the extent of 50% by Viniflor and 50% by operators (POs, exporters, etc.)

In the tomato sector, Dutch POs have increased exports to third countries in Europe, to Russia, the United States and Japan.

On the other hand, in the cauliflower sector, this measure has occasionally been adopted by some POs, until 2003, through “Fresh contracts”.

6.2.4.5 Not harvesting the product

Not harvesting the product in the event of a market crisis avoids harvesting expenses, which are a significant part of total production costs (from 40-60 percent, depending on the product and the extent to which harvesting is mechanized). This measure was therefore based on an economic evaluation (on

⁸³ It should be pointed out that the food-processing option is of limited value. It is effective only if years of overproduction are sufficiently far apart, in order to allow the industry to sell off any reserve. If there are already high stock levels, or there is too much production surplus, the demand from the food-processing industry will be limited.

the part of producers) of the different options, including the withdrawal of products. Still, according to interviewees, the choice not to harvest products was implemented very rarely because of its negative impact on the environment (pollution of water and soil, increase in phytopathogens) and on productivity (lower yield the subsequent year).

In the case of cauliflowers, a Navarra PO stated that the decision not to harvest was made only in a few cases when it was absolutely necessary, when supply was greater than market demand (for fresh and processed products). In La Rioja a limited amount of product was not harvested only in 2001, and the decision not to harvest, rather than to withdraw products, was based on cost. Harvesting expenses and administrative costs associated with withdrawing products would not have made the operation economically feasible. In Bretagne the option of not harvesting is never practised because it is considered extremely harmful to the soil and waterways.

In the citrus sector, produce was occasionally partially harvested, only in the case of second- and third-crop clementines and mandarin oranges⁸⁴, both in Calabria and in the Comunidad Valenciana. In these cases not harvesting does not mean leaving the fruit on the tree but picking it and leaving it on the ground. Leaving the fruit on the tree would negatively affect the productivity of the tree in the following year. Still, leaving fruit on the ground is an environmental hazard. In any case, the decision not to harvest was not made by the POs but by individual producers. The option of not harvesting was adopted only in years with a large surplus, when excess produce was greater than the amount of expected withdrawals (5 percent of production brought to market) and the amount under contract with the food-processing industry.

In the tomato sector in Puglia, the decision not to harvest part of the product was rarely made and was limited to field production.

In the apple sector (Cataluña and Trentino) the option not to harvest was not exercised because of its negative agronomic consequences (increase in parasites and harm to tree roots). In the French regions the use of the “not harvesting” measure for the apples of second and third range has been implemented since 1996 (in particular in 2005) if processing industry demand is saturated. However, the decision “not to harvest” is taken voluntarily by the single operator and not by POs. This can happen when producers judge the recourse to withdrawals not economically convenient, due to harvesting and disposal costs.

6.2.5 Measures aimed at insuring producers in the event of income loss due to a crisis of overproduction

These are purely financial measures aimed at insuring against any loss of producer revenue due to a crisis in the market. They are *ex post* initiatives that have nothing to do with either product supply or demand. The interviews emphasized two potential instruments: insurance contracts to cover lost income and the creation of funds to cover risk during periods of crisis.

6.2.5.1 Insuring producers' revenue

From the interviews conducted, it became clear that nothing of this type had been implemented to cover a crisis in overproduction in the countries and regions studied. In all the regions (with the exception of Calabria), insurance systems are in place to cover against damages or lost revenue due to natural disasters (hail, drought, etc.), which would obviously apply in the event of lost productivity, but not overproduction.

⁸⁴ Unlike oranges, clementine and mandarin harvesting is done in several stages. If there is a crisis, some producers prefer not to harvest in the final stage.

6.2.5.2 Funds to cover crisis risk

In general, no funds to cover crisis risk have been created in any country or region, with the exception of Bretagne. In Bretagne, CERAFEL (the economic agricultural committee for fruit and vegetables in Bretagne) established an equalization fund. Until 2002 payments to this fund were made both by members and the government. As of 2003 the government no longer makes payments to the fund. Member payments are made by deducting from cauliflower sales. If there is a seasonal overproduction crisis, the fund is activated, compensating producers for part of their revenue lost because of increased sales to the food-processing industry (at lower prices) and from the withdrawal of products.

In some cases individual (particularly well-organized and large) POs have acted independently. A PO in Navarra established a “median price fund” that allowed its members to receive the same median price over the course of the entire season and thus to have a more stable income. In greater detail, the PO, through production planning and the study of price trends, calculated the weighted average of prices for a season (the weight is the amount produced for each week of the year). In this way the same price was guaranteed for all producers and they were therefore not subject to sudden price changes during the year. At the end of the season, the high- and low-price variations, in general, evened out.

In the Netherlands, a PO in the tomato sector established a communal fund maintained by its members. The purpose of the fund was to promote initiatives for the common good, and a small portion of it was occasionally used to compensate members during a market crisis.

In France, in the apple sector, a system of storage contracts was implemented by the *Association Française Interprofessionnelle des Fruits et Légumes à Destination Multiples* (AFIDEM) in order to favour supply to the processing industry. The principle of the contract is that producers commit themselves to store a part of their production, at a price established in advance, for the processing industry. A financial institution, at a national level, has been designated to indemnify both the processing industries and producers in case of price fluctuations during the marketing year. This institution was financed, until 2002, by the “*Plans de Campagne*” and by operators. Since 2003 this support (*Plans de Campagne*) has been removed further to a request from the European Commission. At the present time, the financial institution is financed only by operators (producers and processing industries).

6.2.6 Evaluation judgement

Analysis of the field interviews at different levels (national and regional government, PO) revealed that wide arrays of actions were used as an alternative or in addition to withdrawing products. These measures were aimed at both preventing and managing crises of overproduction. Those actions were always part of general strategies involving the synergistic and/or complementary use of various measures aimed, on the one hand, at sustaining intermediate and final demand (both as a whole and at the individual farm level) and, on the other, reducing supply pressures on the European Union market by exploring alternative outlets.

Adopted measures varied among the different regions and for different products. As the table below (which summarises the results of the analysis) reveals, apples (in Trentino, in the French regions and in Cataluña) and citrus fruit (in the Comunidad Valenciana and Calabria) were the products/regions where alternative/complementary measures to withdrawals were used most frequently, whereas the cauliflower sector in La Rioja and tomato sectors in Murcia and Puglia made less use of initiatives other than withdrawals.

Improved marketing was the most frequently adopted measure aimed at increasing demand, and the diversification of varieties was the most frequently used strategy to reduce supply pressure on specific production segments, those most vulnerable to recurring market crises.

Tab. 1 - Summary of steps taken in different production sectors and regions

		CITRUS		CAULIFLOWER			APPLES					TOMATOES			Total	
		Calabria	Comunidad Valenciana	Bretagne	La Rioja	Navarra	Cataluña	Lot et Garonne	Maine et Loire	Vaucluse	Trentino	Murcia	The Netherlands	Puglia		
A - Measures to increase demand	A.1. Institutional promotional activity	&	&	&	&			&	&	&	&				8	
	A.2. Promotional activities of the brand-name product	*		*			*	*	*		*	*	#		8	
	A.3. Supply delay	A.3.1. Product storage						*	*	*		*				4
		A.3.2. Delaying harvest	§	§											§	3
A.4. Activity to improve marketing	*	*	*	*	*	*	*	*	*	*	*	*	*	*	13	
B - Measures to reduce supply	B.1. Production planning	B.1.1.Reduction of cultivated land			*	*	*	&	&	&	&	*			8	
		B.1.2. Reduction of per hectare yield	*	*								*			3	
		B.1.3. Seasonal adjustment of production cycles											*	*		2
	B.2. Variety diversification of the same product	&	&	*			&	*	*	*	*	*	*	*	11	
	B.3. Recourse to food-processing industry	*	*	*		*	*	*	*	*	*				9	
	B.4. Recourse to exporting to third countries	*	*				*	&	&	&	*		*		8	
B.5. Recourse to not harvesting a portion of the product	§	§		§	§		§	§	§				§	8		
C - Measures to insure producers against lost revenue	C.1. Insurance on producers' revenue														0	
	C.2. Funds			*		*		#	#	#			*		6	
Total		9	8	7	4	5	7	10	10	8	9	4	6	4		

Legend:

& = governments or governments + POs

* = POs

= POs + private operators

§ = single growers

Source: based on case studies data

Since POs have implemented a significant part of those measures, it is reasonable to believe that most of the benefits have accrued to the members of POs rather than to producers that do not belong to these organisations.

Generally speaking, these measures are likely to have had a positive impact on producer incomes. However, the lack of quantitative information makes it impossible to express a quantitative evaluation about their actual impact.