

- **Food quality certification conference**
- **Date: 5 February 2007**
- **Place: Brussels**

Opening speech: Quality is the (present and) future for European agriculture

Ladies and gentlemen,

Let me welcome you very warmly to this conference on Food Quality Certification, organised by the European Commission's Directorate-General for Agriculture and Rural Development.

I'm very pleased to see so many people here. I hope you have been looking forward to this conference as much as I have. Certainly, a lot of work has gone into it and I'm sure that we have some thought-provoking discussions ahead of us.

I'm very glad to be joined this morning by Commissioner Kyprianou, Minister Seehofer, and MEP Jan Mulder – who has done some very thorough and valuable work to promote the high quality of European agriculture.

Perhaps I could start the substance of my comments to you with a question: "What do you expect to get out of this conference?"

There are many possible answers to this. But I suspect that there's one answer to which most people would assent, even if they would not actually say it aloud as their first reply. That answer would be: "A good lunch".

If you can't get a good lunch at a conference on food quality near the heart of Brussels, I don't know where you can get one.

I don't say this to put pressure on our caterers for today: I'm sure they have done an excellent job. I say it to make a point: for many of us, being particular about our food is central to our quality of life.

Over the next few hours in Brussels alone, thousands of business lunches will take place. The business people who sit down together will expect to enjoy their meal, not simply pass the time. Later, there will be evenings out in restaurants, and experiments in the kitchen at home (some of them successful).

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So even in one city, in just 24 hours, there will be considerable demand for food that tastes particularly good. In the world as a whole, that demand will be that much greater.

We should take encouragement from this fact. Because all too often, when we look at the processes which are transforming our world, we assume that they are bad news for our farmers and food producers.

We look at globalisation. And we see that the world is contracting in an astonishing way. Supply chains and mass communication become more sophisticated all the time, raising our exposure to competition and to choice.

Then we look at the world's low-cost agricultural exporters. We see a country like Brazil, whose agri-food sector works with low costs and draws on enormous resources of land. And we feel nervous.

But globalisation cuts more than one way. In a world of multilateral trade disciplines, openings for others often mean openings for us as well.

China gives us a good example. Stories about Shanghai bankers drinking two bottles a day of top-of-the-range Bordeaux perhaps reflect the exception rather than the rule. Nevertheless, in a country with a large population and growing wealth, the potential growth in the market for high-value food and drink is enormous.

Globalisation does not mean the end for our agri-food sector. It is a powerful force which we can harness – with the right strategy.

We have some very innovative, competitive producers of commodities in the European Union. They are world-beaters and will continue to succeed on world markets. Biofuels and bioenergy may well bring fresh opportunities in bulk production in the years ahead, as we address the problems of climate change and energy insecurity.

But alongside commodity production, many of our producers will compete best in the high-added-value, high-quality markets.

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We can do this.

We can do this because we have a food tradition that is the envy of the world. In fact I should say "food traditions". For centuries, in the various landscapes and climates which make up the wonderful diversity of Europe, producers have been choosing ingredients, refining techniques, building reputations. People all over the world want what we produce, and will pay well for it.

The balance of our farm exports already tilts firmly towards items with a high added value – meats, for example – rather than basic commodities. From 1999 to 2004, such items made up more than two-thirds of the agricultural exports of the European Union of 15 Member States.

Of course, not all of these exports were covered by specific quality schemes and labels. But the products concerned are generally products to which it is possible to add particular "qualities", and certify them. So we have a solid foundation on which to build.

At this point, we should remind ourselves that the word "quality" includes a wide range of meanings in this context. Among these, I might include the following:

- organoleptic characteristics: what food and drink do for the senses – mainly in terms of taste;
- nutritional value and other health-giving attributes (beyond being basically safe);
- specific production methods, such as integrated production;
- use of particular ingredients;
- origin; and
- relationship to the physical environment.

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This is not an exhaustive list. We could define "quality" attributes more generally as characteristics about the food or its production method that the farmer wants to get across to the consumer, and that consumers want to know about.

In various ways, the Common Agricultural Policy (CAP) has been giving growing support to our agri-food sector in its efforts to compete on quality of different kinds.

The CAP reforms of 2003 and subsequent years are enormous steps in the right direction. Under these reforms, we are essentially cutting the link between direct agricultural payments and production. This leaves farmers free to follow market signals from consumers, instead of sitting up at night worrying over possible subsidy combinations.

Quality is also firmly embedded in rural development policy – the "second pillar" of the CAP.

Since 2003, there has been a specific chapter on food quality in our Rural Development Regulation. This offers financial incentives for farmers to get involved in European or national schemes which improve product quality and production processes, or which certify product quality for consumers.

There is also money to help the food chain co-operate in developing new products, processes and technologies.

And it goes without saying that our rural policy offers a range of ways of making farming more environmentally friendly – thus producing goods with the sound ecological credentials that many consumers value.

Therefore, policy is making a strong contribution to our efforts to compete through high-quality production. But of course, production is only one side of the coin. The other is communication and marketing. We cannot afford to neglect this side.

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There is little to be gained from growing the best apples in the world if no one knows how good they are. Likewise, making pork from pigs reared on high-welfare or free-range farms, may be a loss-making activity if the consumer does not know what standards have been respected, and therefore will not pay a higher price.

This is where certification comes into the equation.

As you know, we run a number of certification and labelling schemes at the European level.

But there are also hundreds of schemes which have been introduced over the last few years by local and regional authorities, retailers and the agri-food sector.

These cover a large portion of the market for food and drink products, by assuring and highlighting particular qualities. Many of them have successfully passed clear messages to the consumer and brought producers a better return for their efforts.

The time is ripe to take a closer look at many aspects of these schemes – to understand more clearly how they work, and to check whether anything can be done to help them work better.

We have picked out four areas to be put under the microscope today.

Our first workshop will examine the economics of food quality schemes in greater detail. How much will consumers pay for certified food? Where in the food chain do the schemes add value, and how much? To what extent do farmers and others in the retail chain benefit? And what impact do these schemes have on wider rural development, in terms of tourism, infrastructure and employment?

Our second workshop will be about the rules under which certification schemes operate in the European Union. What types of schemes are there? What is the level of understanding of rules governing labelling, competition and the single market? Can certification schemes help EU farmers communicate better their high production standards?

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The third workshop will address the international context. How do our schemes fit in? What impact do they have on imports from third countries? How can we help developing-country suppliers get involved?

The fourth workshop will examine the practical details. What are the difficulties and opportunities of operating schemes? What makes a certification scheme successful? Which schemes work the best in terms of certification and control, benchmarking and mutual recognition?

The Commission is in a good position to organise a conference which examines all these questions, and more. But let me emphasise that I am not waiting eagerly to step in with new rules.

I want to help people to use their energy and creativity. Over-regulation is the kiss of death to such things.

If there are problems - if the single market is threatened, if certification schemes are leading to waste and added cost without benefit, and if regulation is the only way to address these issues - of course I will be open to this.

However, if possible, I would rather give encouragement, guidance and co-ordination. I suspect that we should continue with "light touch" regulation.

On one point I can be crystal-clear. Although we must sustain our success in **achieving** quality, **marketing** that quality must not take a back-seat. We must produce what people want, and **be seen** to produce what people want. Only then can our quality policy deliver what is needed.

You can rely on me to take a very close interest in this challenge of marketing European quality.

Ladies and gentlemen, thank you once again for coming, and I very much look forward to hearing what you have to say. I hope you enjoy the conference. And I should add: I hope you enjoy your lunch....

Thank you.