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accompanying the

Report from the Commission to the European Parliament and the Council on the application of Council Regulation (EC) No 3/2008 on information provision and promotion measures for agricultural products on the internal market and in third countries

ANNEX 1

Changes introduced to the promotion regime since the Report 2006

In addition of the changes already mentioned under the heading II.A.1 of the report, many other adaptations was introduced in order to improve the promotion regime:

In 2006, a tailor-made computer application MPP (Management of Promotional Programmes) was made operational. This application allows consulting the database with financial and other important data on promotional programmes and related contracts, and serves as a source for ad-hoc statistical analysis. All programmes accepted since the beginning of the regime have been introduced into MPP. Since then, by using this IT tool, the Commission services are in a position to better monitor the regime by having an instantaneous and complete picture of all programmes as well as their financial execution.

The procedure for selection of programmes was improved, notably by the adoption of a uniform evaluation grid. Since February 2009, this new quantitative evaluation tool has allowed a more objective selection of the programmes submitted to be co-financed. Furthermore, based on running programmes and other sources, a sample of cost elements for the various measures (fairs, visits, press conferences, ...) included in the proposed programmes have been identified and are being used when evaluating programmes for co-financing.

New impact assessment requirements were defined within the guidelines elaborated and introduced in the Complementary Notes in the Annex of the existing Application Form to be used by the proposing organisations when submitting a programme. Furthermore the part of the budget allowed for an ex-post impact assessment of each programme, was increased from 3 to 5%.

It is to be underlined that these improvements are in line with the Court of Auditors recommendations, as shown in point III.B of the Report.

Regulations changes affecting the Promotion regime between 2006 and 2010

Several adaptations concerning either the promotion regime as a whole, or the promotion of some particular product sectors were introduced by new regulations:

- A new provision was introduced by Regulation (EC) No 1182/2007 of the Council, to increase fruits and vegetables consumption by the schoolchildren. The maximum % of the Community co-financing was increased from 50 to 60% for these particular promotion measures.
- The amended designations of Community wines, adopted by Council Regulation (EC) No 479/2008, have been introduced in the Annexes of Commission Regulation (EC) No 501/2008, by Regulation (EC) No 1313/2008.
- In order to face the avian influenza crisis' consequences, new guidelines were introduced on time by the Commission (see Annex II of Regulation (EC) No 501/2008), allowing the stakeholders to introduce by an exceptionally fast procedure, promotion programmes targeting the information of the consumer

and the re-establishment of the consumer confidence and consequently consumption.

- In addition, taking into account that the milk sector experienced a period of acute economic difficulty which was likely to endanger the economic survival of a large number of holdings, the Commission, by its Regulation (EC) No 698/2009, allowed € 20 mio for specific promotion programmes within this sector, as well as appropriate disposals in order to fight that crisis.
- Council Regulation (EC) No 153/2009 has been adopted: it modifies Regulation (EC) No 3/2008, allowing the Member States to accept an international organisation as implementing body, in particular within the olive oil sector, in the cases where these Member States are implementing their own promotion programmes in third countries.

Last but not least, by its Decisions 2007/243/CE¹ and 2008/960/CE², the Commission has imposed financial corrections on Member States which have been found not to comply with regulatory provisions. The main reasons were "Deficiencies in accounting and technical controls", and "Late payments and weaknesses in key controls". Those corrections were of a total amount of € 6.003.792,02 recovered after conclusive controls in IT (€ 4.678.229,72) and in SP (€ 1.325.562,30).

¹ JO L 106 of 24.4.2007, p. 55.

² JO L 340 of 19.12.2008, p. 99.

ANNEX 2

Promotion activities managed directly by DG AGRI

1. High level missions

Within the framework set up by Article 2(3) of Council Regulation (EC) No 3/2008, from 2007 to 2010, several high level missions were organised in India, China and South Africa. Those visits offered the opportunity to carry out a very busy agenda of activities including seminars, meetings with the press, participation in trade fairs, "business-to-business" meetings and events at the local chambers of commerce. In each case, they were backed up by systematic public relations efforts, both during and after the mission. During the reporting period, the budget appropriation for high level missions was € 1 million/year. As one can see from the figures below, real expenditure has been significantly lower.

For 2010 a high level mission is planned in Moscow (14-17 September 2010).

High level commercial mission in India (6-10 March 2007)

For the mission in India the Commissioner was accompanied by a delegation of 28 representatives from European food and drinks companies from 15 countries representing most sectors. During the visit, a very busy programme of activities was carried out both in New Delhi and in Mumbai. The EU was also present with a stand at the food and drinks "Aahar trade fair" in New Delhi. During and after the mission, the visit was backed up by a systematic and sustained effort of public relations. Cost of the high level commercial mission in India: € 603.458,81.

Promotional campaign in China (14 to 16 May 2008)

Given the success of the India mission, a similar mission was organised in China in May 2008, with the objective this time to reinforce the visibility of Community products mainly for the professionals and the media, but also towards the consumers of the middle-class. The mission rests on 3 promotional axes: i) a "Tasty Europe" stand on the SIAL Shanghai food and drinks trade fair, one of the most important of its kind in Asia, ii) a seminar on EU quality labels within the framework of the fair; and iii) 2 "European Weeks" promoting Community products. Cost of the promotional campaign in China: € 657.690,45.

Promotional event in Cape Town (South Africa: 8-10 September 2008)

A promotional event was organised in Cape Town (South Africa) in the framework of the presence, as guest of honour, of Commissioner Fischer Boel at the 17th World Meat Congress from 8 to 10 September 2008. The objective of this operation was to deliver to the world meat community an objective message centred on the quality and safety of Community meat. Cost of the promotional event in Cape Town: € 74.194,06.

High level trade mission to China (18-22 May 2009)

For the mission to China the Commissioner was accompanied by a delegation of 11 businessmen representing 8 Member States and the main agro-food sectors. The mission consisted in a more promotional first part in Shanghai followed by a second part in Beijing more focused on political dialogue. The promotional campaign was centred on the participation of the EU with a stand in the 10th edition of the SIAL Shanghai food and drinks trade fair, which was inaugurated by Mrs Fischer Boel as guest of honour. About

15 Community exporters were involved at the EU stand in Shanghai. Cost of the high level commercial mission in China: € 738,618.50.

Promotional event in Hong Kong (4-6 may 2009)

In order to launch the campaign in China, an operation was organised in Hong Kong in the framework of the HOFEX trade fair which took place from 4 to 6 May 2009. The EU was represented with a stand and several events were organised: an opening cocktail, a seminar on geographical indications for professionals and a “European Delicacies festival”. The organisation of the event benefited from the active involvement of the working group made up of all trade representatives from EU Member States present on the territory. Cost of the promotional operation in Hong Kong: € 147.985,40.

2. Promotion campaign for organic food and farming

Work on this campaign started in 2006 within the framework set up by Council Regulation (EC) No 2826/2000 (later repealed by Council Regulation (EC) No 3/2008) to follow up Action 1 of the European Action Plan for organic food and farming. With a budget of a maximum value of € 3 million over 3 years and covering all 27 Member States, the campaign was conceived to complement national promotional activities. It was launched on 25 July 2008.

Within the campaign, a multilingual website www.organic-farming.europa.eu was developed in 22 languages, offering a multitude of information on organic farming to different target groups, including organic and conventional farmers, stakeholders' organisations, final consumers and their associations, students, and children. The website is also used as a platform for distributing promotional material from a "toolbox" available free of charge in 22 languages to anyone wishing to promote organic food and farming in the EU.

Visitors to the website can find information on organic farming in general, EU policy in the fields of environment, animal welfare, consumer confidence, and relevant institutions in the field of organic farming. There is also a kids' corner. After the launch of the website, the focus was shifted to the promotion of this campaign all over Europe to stakeholders, which are the primary target group of this campaign. In this perspective, the campaign has been introduced at 17 promotional events all over Europe.

Since the beginning, the development of the promotional campaign has been closely monitored by the expert group (made up of both governmental and private members) for the promotion of organic farming. National experts followed the development of the content of the website and the toolbox. They also provided useful help with the revision of texts made available to the public on those supports.

Even though the contract for the provision of services linked to the promotional campaign expired in March 2010, this does not mean that the campaign has come to its end. The website served as the basis for the selection procedure of the new EU logo for organic farming and once this logo was officially adopted by the Commission, both the site and the tools have been adapted consequently. The marketing tools which have been developed within the framework of this campaign will remain at the disposal of the stakeholders, and the website will be regularly updated. The results of this campaign have been very positive as shown under point III.E.2 of the Report.

3. Other expenses under direct management

- External experts for selecting promotion programmes

In order to ensure the "greatest expertise" on the selection of the promotion programmes to be co-financed, the competent Commission services benefited from the know-how of consultants, chosen under tender procedure, in order to give their advice on the merits, qualities or drawbacks of the submitted proposals. The maximum value of this framework contract between 2007 and 2009 (3 years) was € 90.000.

- Evaluation studies

A number of evaluations of EU co-financed information and promotion programmes for agricultural products implemented on the internal market and in third countries were carried out between 2006 and 2008 by two consulting companies under respective framework contracts.

As regards the internal market, the evaluations covered programmes in the organic sector, wine, fruit and vegetables, and dairy sectors. Third countries promotion programmes implemented in the USA, Canada, Norway, Switzerland, Russia, Japan, China, India and South East Asia were also evaluated.

The maximum value of these contracts was € 1.500.000 for 3 years and for the internal market and € 2.250.000 for 3 years for the evaluation of the promotion programmes in third countries.

ANNEX 3

Statistical data for the period covered by the Report

January 2006 – July 2010

Table 1: Number of programmes (IM + TC) accepted and EU co-financing

Member State	Number of programmes	EU co-financing <i>in million of €</i>
Multi MS	19	40,3
Italy	32	39,8
France	12	29,8
Greece	17	26,0
Germany	13	18,0
Poland	10	14,4
Netherlands	11	14,1
Spain	6	13,0
Portugal	9	11,3
Austria	7	9,4
United Kingdom	5	5,9
Belgium	4	5,1
Cyprus	2	2,3
Denmark	2	2,2
Hungary	3	2,1
Slovenia	4	2,0
Slovakia	1	1,8
Finland	5	1,6
Bulgaria	1	1,6
Ireland	2	1,6

Sweden	3	1,4
Latvia	6	1,4
Czech Republic	4	1,2
Lithuania	1	1,2
Luxembourg	1	0,7
Malta	1	0,3
Estonia	2	0,2
Total	183	248,6

Graph 1: Number of programmes accepted and EU co-financing

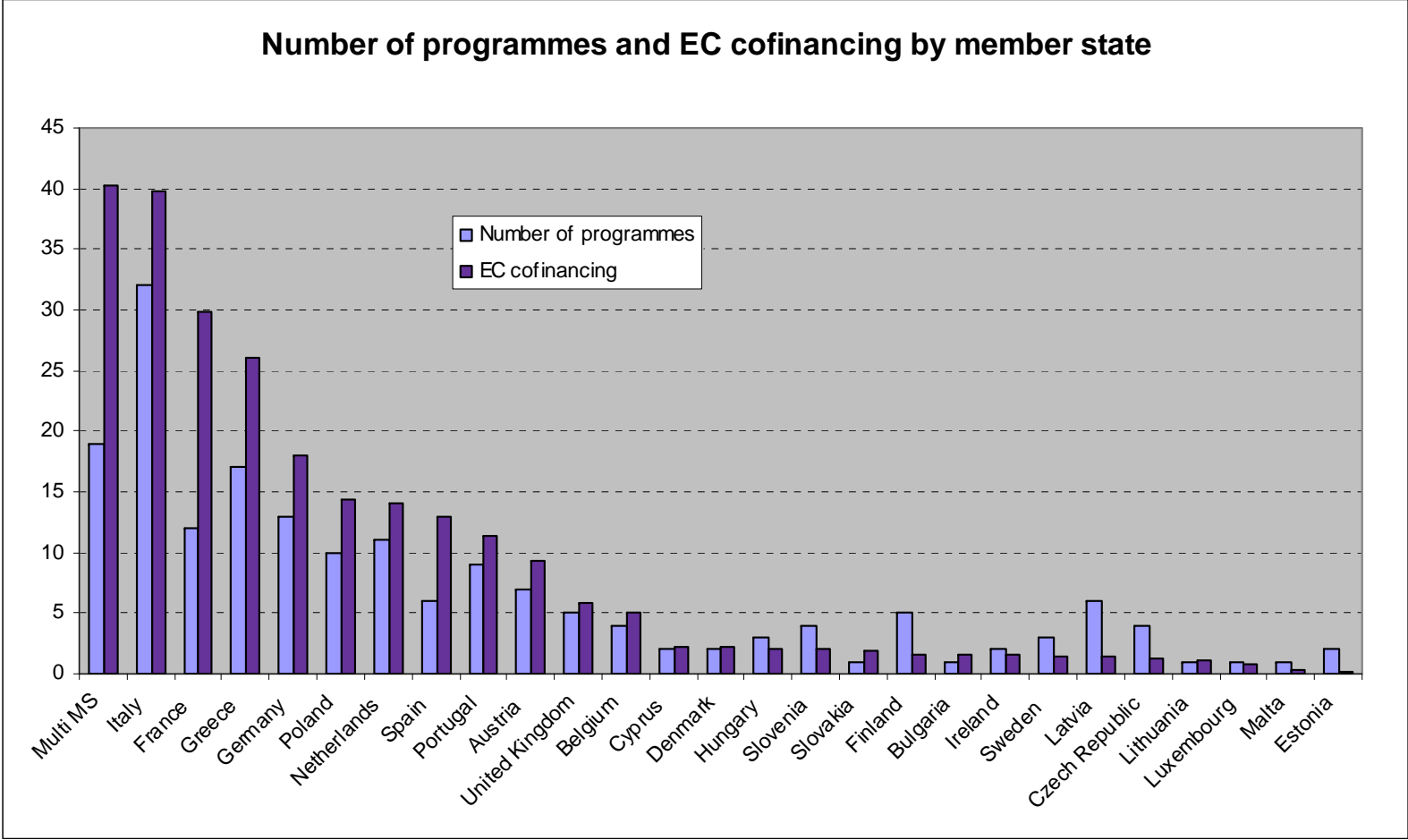


Table 2: Internal market: number of programmes accepted and EU co-financing

Member State	Number of programmes	EU co-financing
Multi MS	13	31,7
France	11	28,9
Italy	17	22,7
Netherlands	10	14,0
Germany	9	13,2
Spain	6	13,0
Greece	7	11,5
Poland	7	10,8
Austria	7	9,4
Portugal	6	8,5
United Kingdom	5	5,9
Belgium	4	5,1
Denmark	2	2,2
Slovakia	1	1,8
Finland	5	1,6
Bulgaria	1	1,6
Sweden	3	1,4
Hungary	2	1,4
Latvia	6	1,4
Ireland	1	1,3
Czech Republic	4	1,2
Slovenia	3	1,2
Luxembourg	1	0,7
Malta	1	0,3
Estonia	2	0,2
Total	134	191,0

Graph 2: Internal market - number of programmes accepted and EU co-financing

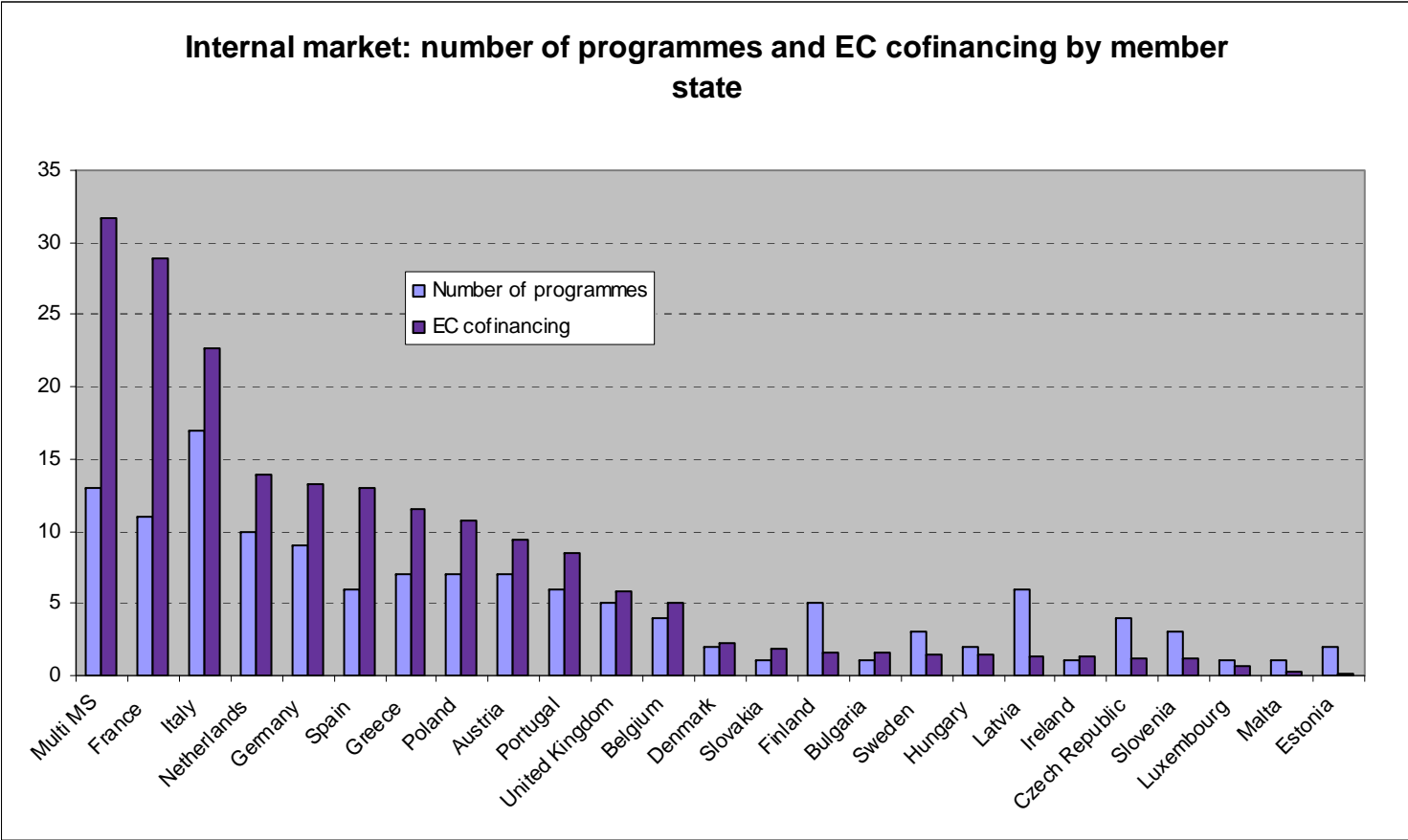


Table 3: Internal market - number of programmes by target country and proposing Member State

Target country	Proposing member state																								Total number of programmes		
	AT	BE	BG	CZ	DK	EE	FI	FR	DE	GR	HU	IE	IT	LV	LU	MT	Multi MS	NL	PL	PT	SK	SI	ES	SE		UK	
Austria	7										1	1		1													12
Belgium		4						1						2			4				3			1		1	16
Bulgaria											1																1
Cyprus											3						1										4
Czech Republic				4							1	1		1							1						8
Denmark					2						1			1			1	1			1						7
Estonia						2								2													4
Finland							5							1					1								7
France								11			1			6			7	1		2			1			1	30
Germany			1						9	5	2		9				2	3	2	3			2				38
Greece										6				1			1										8
Hungary	1										1										1						3
Ireland											1						1										2
Italy	1							1		1				11			1	1			1					1	18
Latvia											1			3	6												10
Lithuania														2													2
Luxembourg																1		1			1						3
Malta																1											1
Netherlands										1			1				5	8		2			1			1	19
Poland	1										1	2		4						7	1			1			17
Portugal																					6			1			7
Romania										1				2										1			3
Slovakia	1																					1			3		2
Slovenia																					1		3				4
Spain			1														2			2			6				11
Sweden											2			2					2		1				3		10
United Kingdom											3	1	1	7			4	1			3			2		5	27

Table 4: Internal market - number of programmes by product group and proposing Member State

Target country	Proposing member state																							Number of programmes		
	AT	BE	BG	CZ	DK	EE	FI	FR	DE	GR	HU	IE	IT	LV	LU	MT	Multi MS	NL	PL	PT	SK	SI	ES		SE	UK
Fibre flax								1																		1
Fresh fruit and vegetables	1	1			2			2	1	1		1	2	2			4	3							1	21
Honey and beekeeping products				2		1	1			1				1			1		1							8
Labelling of eggs									1																	1
Milk and milk products	2	1	1	1			3	3	2	1			1	2	1	1	3	2	1	2	1	2	1		1	32
Multi Products													1				2		1	1						5
Olive oil and table olives								1		1			1											1		4
Organic farming and Products	2			1				1	1				2	1					1			1		1	1	12
Ornamental horticulture	1								1				1				1	3							1	8
Outermost Regions								1																1		2
PDO, PGI and TSG								1	1	2			5											1		10
Poultrymeat		1				1			1				1					1						1		6
Processed fruit and vegetables										1							1		1							3
Quality meat	1	1					1	1	1								1	1	2						2	11
Seed oils																									1	1
Wines											2		3								3			1		9

Table 5: Third countries: number of programmes accepted and EU co-financing

Member State	Number of programmes	EU co-financing
Italy	15	17,2
Greece	10	14,5
Multi MS	6	8,6
Germany	4	4,8
Poland	3	3,6
Portugal	3	2,8
Cyprus	2	2,3
Lithuania	1	1,2
France	1	0,9
Slovenia	1	0,8
Hungary	1	0,7
Ireland	1	0,2
Netherlands	1	0,1
Total	49	57,6

Graph 3: Third countries - number of programmes accepted and EU co-financing

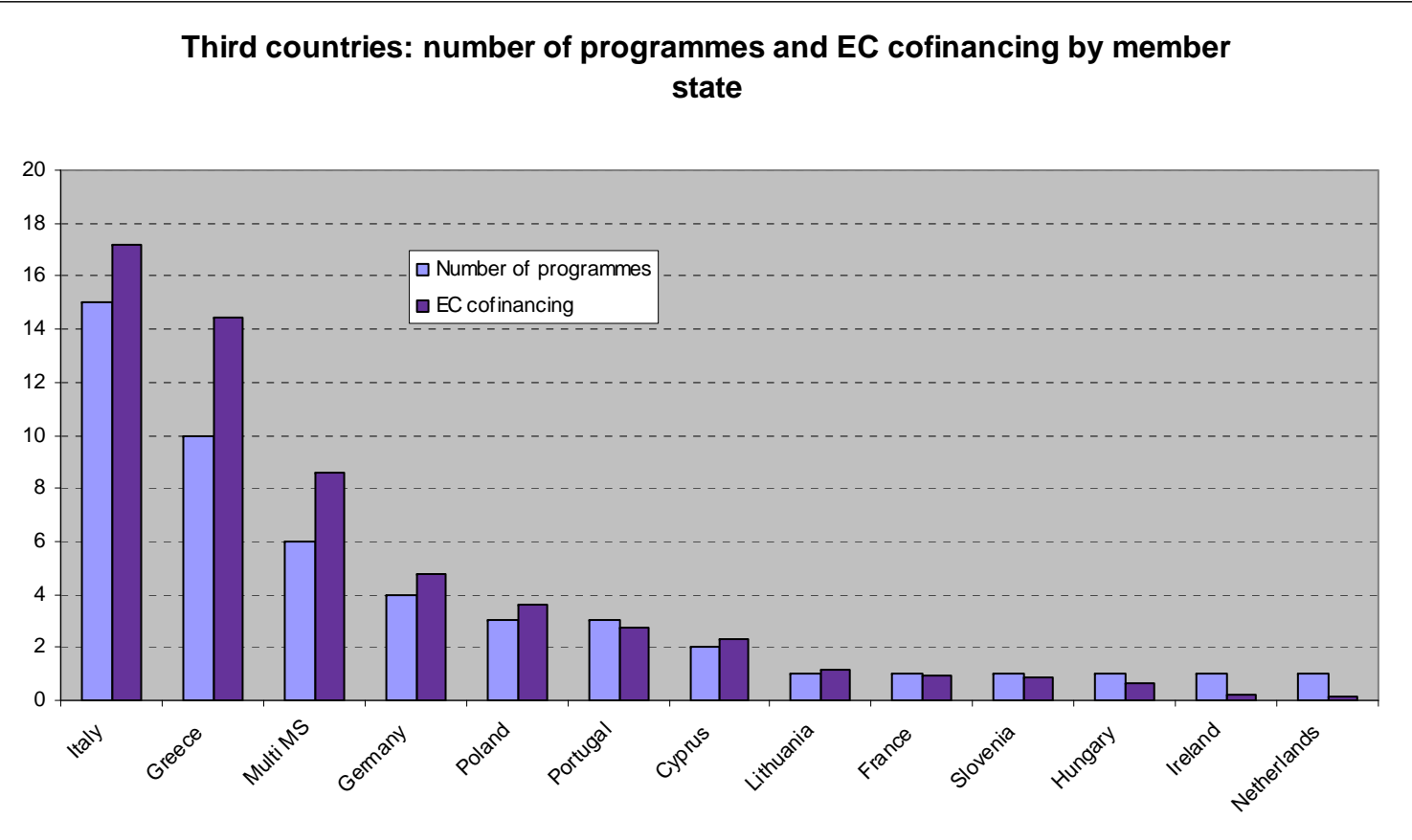


Table 6: Internal Market accepted programmes by budget

Total programme budget (million €)	No of programmes		Total budget	
	Number	%	Million €	%
0-1,0	30	22,4%	15,0	3,8%
1,0-2,0	29	21,6%	40,7	10,4%
2,0-4,0	45	33,6%	131,1	33,7%
>4,0	30	22,4%	202,8	52,1%
Total	134,0	100,0%	389,5	100,0%

Table 7: Internal Market accepted programmes by duration

	Total budget (million €)	EU co-financing (million €)	%	No approved programmes
1 Year	6,9	3,5	1,81%	4
2 Years	27,9	14	7,30%	19
3 Years	354,6	173,6	90,88%	111
Total	389,5	191	100,00%	134

Table 8: Third countries accepted programmes by budget distribution

Total programme budget (million €)	No of programmes		Total budget	
	Number	%	million €	%
0-1,0	7	14,3%	5,2	4,5%
1,0-2,0	16	32,7%	23,2	20,2%
2,0-4,0	21	42,9%	63,2	54,9%
>4,0	5	10,2%	23,6	20,5%
Total	49	100,0%	115,2	100,0%

Table 9: Third Countries accepted programmes by duration

Duration	No of programmes	EU co-financing	
		Million €	Percentage
1 year	0	0	0,0%
2 years	10	7,6	13,3%
3 years	39	50,0	86,7%
Total	49	57,6	100,0%

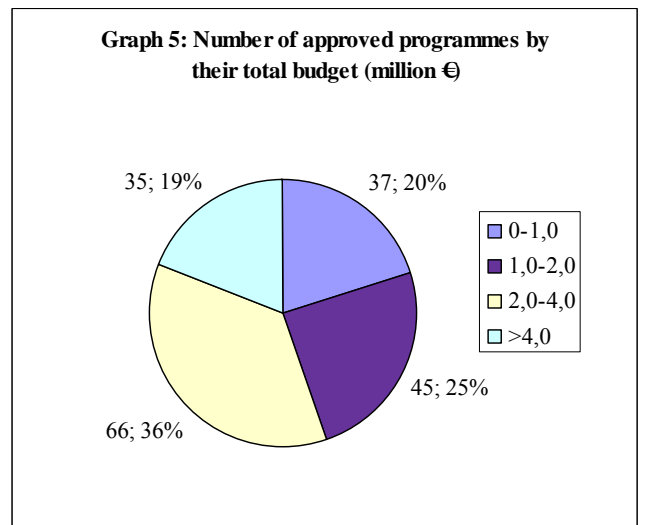
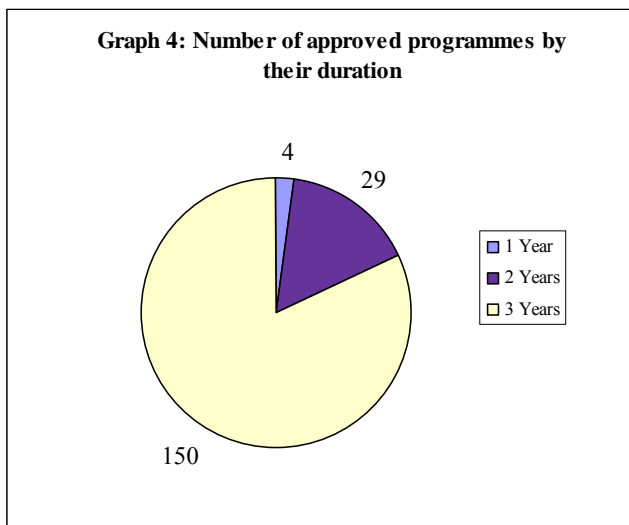


Table 10: Third Countries accepted programmes by Member State and target country

Target country	Multi MS	CY	DE	FR	GR	HU	IE	IT	LT	NL	PL	PT	SI	No of programmes
Australia		1			1									2
Bosnia and Herzegovina													1	1
China	1			1	2	1	1	3	1		2	1		13
Croatia													1	1
FYROM													1	1
India			1		1			4				1		7
Japan	3				1		1	5			1			11
Latin America	1											3		4
Middle and Near East	1	1			3				1					6
North America		1	2	1	3	1		7	1	1	1	3		21
Norway	2				2			1				2		7
Russia	3	1	1	1	6	1		5			1	1		20
Serbia					1								1	2
South Korea											1			1
South-east Asia	1										1			2
Switzerland					1			3				2		6
Ukraine	2		1		3						2			8

Table 11: Financial corrections within the Report's period 2006-July 2010

	MS	Budget line	Fin. Year	Amount in €	Reason Text
3855	ES	B013800325	2003	-20.244,02	Ineligibility of a programme
3818	ES	B013800	2003	-315.810,80	Deficiencies in accounting and technical controls
3822	ES	B013801	2003	-122.971,30	Deficiencies in accounting and technical controls
5200	IT	050804013801	2004	-267.629,30	Late payments and weaknesses in key controls
3819	ES	050804013800	2004	-423.488,23	Deficiencies in accounting and technical controls
5196	IT	050804013800	2004	-437.025,92	Late payments and weaknesses in key controls
5195	IT	050804013800	2004	-1.224,48	Late payments and weaknesses in key controls
3856	ES	050804013800	2004	-70.997,92	Ineligibility of a programme
3823	ES	050804013801	2004	-76.670,71	Deficiencies in accounting and technical controls
3820	ES	050804013800	2005	-202.329,72	Deficiencies in accounting and technical controls
3824	ES	050804013801	2005	-60.156,79	Deficiencies in accounting and technical controls
5197	IT	050804013800	2005	-899.332,00	Late payments and weaknesses in key controls
5201	IT	050804013800	2005	-550.739,86	Late payments and weaknesses in key controls
3821	ES	050804013800	2006	-26.751,08	Deficiencies in accounting and technical controls
5198	IT	050804013800	2006	-1.343.791,60	Late payments and weaknesses in key controls
5202	IT	050804013800	2006	-822.921,46	Late payments and weaknesses in key controls
3825	ES	050210013801	2006	-6.142,77	Deficiencies in accounting and technical controls
5203	IT	050210013800	2007	-135.044,28	Late payments and weaknesses in key controls
5199	IT	050210013800	2007	-220.520,88	Late payments and weaknesses in key controls

GRAND TOTAL**-6.003.722,02**