



EUROPEAN COMMISSION  
IMPACT ASSESSMENT BOARD

04 OCT. 2010

Brussels,  
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## Opinion

### Title

**DG AGRI – Impact Assessments on legislative initiatives included in the Agricultural Product Quality Package:**

- **Geographical Indications**
- **Traditional Specialities Guaranteed**
- **Mountain Products in Agriculture**

**(Resubmitted drafts: versions of 20 September 2010)**

### **(A) Context**

Extensive stakeholder consultation in the field of quality policy has been carried out since 2006, including the Green Paper (COM(2008) 641) on Agricultural Product Quality. In 2009 the Commission adopted a Communication on Agricultural Product Quality Policy (COM(2009)234) which set out strategic orientations for future policy review. The Council conclusions and the resolution of the European Parliament followed in June 2009 and May 2010 respectively. As follow up, the Commission now intends to adopt the Agricultural Product Quality Package, which includes *inter alia* proposals to:

- review the Geographical Indications<sup>1</sup> scheme
- review the Traditional Specialities Guaranteed<sup>2</sup> scheme and
- introduce the EU level optional reserved term<sup>3</sup> for 'mountain products'.

The three impact assessment reports aim to identify the best way forward for each of these measures.

### **(B) Overall assessment**

**While the conclusions of the revised reports are now more cautious, the Board notes that the evidence base underpinning the need for and value added of the EU measures considered remains extremely weak, and that this is especially the case for Traditional Specialities Guaranteed and Mountain Products. The revised reports make clear that not enough information and appropriate methodology has been available to assess the economic impacts of these measures.**

**The Board recommends that further efforts be made to clarify the need for EU action in the case of Traditional Specialties Guaranteed and Mountain Products and to discuss in more detail the impacts that the introduction of a generic European-level 'mountain product' definition might have on national schemes and the quality of information provided to consumers. Finally the report should address some further analytical shortcomings and inconsistencies.**

### **(C) Main recommendations for improvements**

**(1) Clarify whether there is a need for EU action for Traditional Specialities Guaranteed and Mountain Products.** The case for EU action in the case of Geographical Indications has been strengthened by indicating the scale of cross-border sales (about 20%) and providing data on demand and value added of the EU scheme.

The report on Traditional Specialities Guaranteed still provides very limited evidence on demand for and value added of the scheme. The report now concludes that there is no justification for continuing the scheme *without reservation* of the name, but suggests maintaining the part of the scheme *with reservation* of the name. It justifies this on the grounds that national schemes cannot provide protection throughout the EU. The report still needs to demonstrate, however, that there is a demand of appropriate level for such a measure, given that since 1992 only 11 names with reservation have been registered, with 9 applications currently being processed. The analysis also shows that the administration of this part of the scheme would remain costly and complex, and that future demand to register names is likely to remain limited (p. 28).

The Mountain Products report states that no evidence is available to demonstrate the need or demand for and value-added of the EU measure, but mentions the 'intrinsic cross-border and trans-national dimension of upland regions'. Given that the report also shows that the characteristics of mountain farming vary across Member States and that certain Member States already have effective national schemes in place (France and Italy), it should justify further 'the need for a common meaning throughout the single market for product of mountain farming' (p. 22).

**(2) Assess in more detail the impacts of the EU optional reserved term 'mountain product' on national schemes and on consumer information.** The revised Mountain Products report has developed sub-options with different criteria for how to define a 'mountain product'. The analysis of these sub-options reveals that there are inevitable trade-offs between making the definition sufficiently simple and accessible to small scale producers, and being sufficiently complete to provide appropriate information to consumers. Given that the evidence for the need for EU action is ambivalent, but that there is stakeholder demand for action, the report concludes that a light instrument, such as an optional reserved term, could be a solution. The report should consider in more detail, however, the possible negative impacts of such a light and generic EU 'mountain product' definition on existing (or future) national schemes, which are more stringent, in particular from the view-point of the quality of information for consumers. This potential impact of the sub-options on producers and consumers who currently benefit from national measures should be made more visible in the comparison of options and in the executive summary of the Mountain Products report. Finally, given that the Traditional Specialities Guaranteed report dismissed the option of using an optional reserved term 'traditional' because of difficulties of establishing such a definition without eroding the value of 'real traditional products' (p.28), and also mentioned that industry is opposed to the idea of legislating optional reserved terms (p.14), the report on Mountain Products needs to explain whether the same concerns apply to the 'mountain product' definition.

**(3) The report should address some further analytical shortcomings and inconsistencies.** In order to improve the analysis, the reports should consider the following:

- The Geographical Indications and Traditional Specialities Guaranteed reports mention high certification costs, but this issue has not been followed up in the subsequent analysis. The reports should explicitly state whether the initiatives aim to improve this situation given that these costs are considered to affect take-up of the schemes in particular by small producers.
- The Geographical Indications report needs to explain whether the initiative aims to reduce the variation in application procedures at Member State level, which is identified as a problem with current implementation.
- The Traditional Specialities Guaranteed report should be more concrete about the expected adjustment costs for the registered names under Option 2 (abolishing the whole scheme) and Option 3 (abolishing the part covering registration without the name reservation), given the small number of registrations (27). It should indicate concretely what alternatives (e.g. other EU schemes) would be available to them.
- The Mountain Products report should discuss in more detail the derogations that might be needed under sub-option B1 (processing and raw materials – both in mountain areas), and the specific impact these would have, for example, on complexity and uptake of the label. It should also elaborate the comparison of sub-options, as currently it is unclear why the sub-options with completely different effectiveness scores (p.39) are considered to lead to the same improvements in terms of the specific objectives (p.38).
- Clarify why the executive summary of the Mountain Products report concludes that the other measures in the Quality Package 'would not likely address mountain specificities', while the Mountain Products report states that the research project 2002-2004 identified that 26 of 122 mountain products studied did benefit from other EU schemes (p.32). There is also evidence that many Italian (p.16) and French (p.21) producers located in mountain areas benefit from the Geographical Indications and Traditional Specialities Guaranteed schemes.

*The more technical comments which were transmitted directly to the author DG prior to the Board's first opinion are expected to be incorporated in the final version of the impact assessment reports.*

#### **(D) Procedure and presentation**

The overview paper on Agricultural Product Quality Package provides useful background and context to the three impact assessments. The executive summaries of all three reports should include presentation of any quantified benefits and costs of the options. Those for Geographical Indications and Mountain Products should include the subsidiarity analysis. The sections on analysis of impacts in the executive summaries should reflect more comprehensively the results of the analysis in the reports (e.g. the executive summary on Traditional Specialities Guaranteed report should mention that even after the revision of the scheme its take-up is expected to be low). All three reports would benefit from final proof-reading. Serious efforts should be made to bring the Geographical Indications report closer to the 30 page limit laid down in the Impact Assessment Guidelines.

<b>(E) IAB scrutiny process</b>	
Reference number	DG/2010/010 (CWP 2010, Annex II)
External expertise used	No
Date of Board Meeting	Written procedure The present opinion concerns a resubmitted draft IA reports. The first opinion was issued on 13/9/2010.

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- <sup>1</sup> *GI* is used to demonstrate a link between the geographical origin of the product and a given quality, reputation or other characteristics derived from that origin; it also provides intellectual property protection to the names.
- <sup>2</sup> *TSG* scheme includes registered names of agricultural products of foodstuffs that are produced using traditional raw material or methods of production. *TSG* names can be registered with or without the reservation of the name
- <sup>3</sup> *Optional reserved term* is used to communicate special characteristics of the product. Its use is not mandatory, but if applied, it must comply with the definition or criteria laid down by EU legislation.