

## **Minutes of the enlarged Advisory Group on Quality of agricultural production**

**Brussels, 9 October 2009**

### **Welcome speech**

Mr. Jörg Rieke, President of the AGQ welcomed the participants. He noted that the Commission Communication on quality of 28 May 2009 constitutes the basis for the discussion on the future agricultural product quality policy. Mr. Rieke congratulated the Commission for its work on the subject during the past months. The high number of contributions received on the Green Paper and the discussions that have taken place after the adoption of the Communication, in particular within the AGQ, clearly demonstrate the huge stakeholder interest in this topic. Mr. Rieke confirmed a previous statement made by Commissioner Mariann Fischer Boel by insisting on the importance of maintaining the good reputation of the European agriculture in order to remain competitive on the world market. Naturally, there are different views on how to develop our quality policy. The task of this group is to debate in an open and constructive manner with a view of identifying the best possible options for the legislative proposals to come.

### **Opening address**

Mrs. Fischer Boel being unable to attend, the opening address was given by a member of her Cabinet, Mr. Bianchi, who gave a summary of the main elements contained in the Communication on quality. On marketing standards, he pointed out that the Commission had no intention to abolish the present system but merely to simplify the legislation in force. The position of the Commission was summarised as follows: it has to be examined which standards have to remain obligatory at Community level and what can be left to the initiative of stakeholders and in particular producers.

In the context of marketing standards, optional reserved terms should be laid down, in particular for “product of mountain farming”. However, a clear definition has to be set.

Mr. Bianchi then addressed the controversial subject of place of farming/origin labelling. Whereas agricultural production within the EU should be promoted, this could be the appropriate instrument to do so. He nevertheless acknowledged that such labelling could cause problems when it comes to processed products.

On the subject of geographical indications, Mr. Bianchi spoke in favour of merging the three quality schemes for wines, spirits and agricultural products and foodstuffs into a single structure, for simplification purposes. This merger would preserve the specificities of each system. Another possibility to be examined is the merging of PDO and PGI definitions. The pros and cons of such unification will need to be carefully examined. In any case, every step towards simplification has to fully take into account the fundamental principle of the system, namely the link between the geographical area and the product specificities. Finally, Mr. Bianchi insisted on the point made by Mrs. Fischer Boel that PDOs and PGIs are systems with the objective of regulating quality, not quantity. Consequently, such powers should not be given to the consortiums.

Mr. Bianchi concluded by stating that no legislative proposals exist so far, the process being thus completely open.

The president thanked Mr. Bianchi and opened the discussion.

### **Open discussion**

**CEEV** noted that simplification should not add bureaucracy or create confusion but genuinely bring simplification for operators. The merging of the three geographical indication systems should be carefully examined. Information to consumers should be improved instead of further confusing them, the current system being already quite complicated.

**BEUC** confirmed the importance of consumer information by stating that the final addressee of quality is the consumer. A global view on agricultural production also taking into account sustainability considerations would be necessary. It was further pointed out that the coherence of EU legislation should be examined as the same terms would sometimes have different meanings. With regard to marketing standards, it is not sufficient to reflect on what should be maintained compulsory. From a consumer perspective, there is a need to go further than that, in particular on origin labelling.

**CNAOL** criticised the Commission for not being willing to give consortiums the possibility to control production volumes as this is seen as indispensable for ensuring optimal quality.

**COPA-COGECA** stated on marketing standards that the current trend needs to be reversed. The need to simplify is understood but the diversity of products will also have to be taken into account. Voluntary quality standards and schemes mainly create confusion and should not be encouraged. It was further mentioned that the position of the association on geographical indications is not yet finalised. In general terms, COPA-COGECA is in favour of all measures that improve quality.

**CELCAA** pointed out that simplification should also mean simplification for operators and not merely a transfer of administrative burden from public authorities to companies. More coherence was requested in the sense that stakeholders should always be consulted before adopting relevant legislation which was not always the case. CELCAA is opposed to place of farming labelling as it would confuse consumers who would not necessarily distinguish such labelling from geographical indications (see also CELCAA presentation on marketing standards). As regards PDOs and PGIs, the mechanisms as such enjoy CELCAA support. However, strong reservations persist towards any restrictions on packaging and processing operations such as grating or cutting outside the defined geographical area (region of production). These measures are seen as limitations to the principle of free movement of goods which cannot be justified by quality or traceability considerations. The resulting lack of competition increases costs which are in the end supported by consumers. For certification schemes, agri-produce traders welcome the COM intention to establish guidelines. Any scheme should provide

added value to consumers by clearly going beyond legal requirements. This issue is also to be strictly separated from food safety considerations. The latter is a condition of placing food on the market and is not a marketing issue. Finally, CELCAA raises doubts as to the voluntary nature of certification schemes as compliance is often de facto obligatory in order to have access to final consumer markets.

**EUROCOMMERCE** clarified that the retail sector has never been in favour of simplification or dismantling of marketing standards. The current standards bring consistency and should not be changed. Retailers rely on these standards as they define absolute minimum requirements which are necessary for a healthy commerce. Nevertheless, some information particulars are not of interest to consumers and should only be applied between operators (B2B).

**UECBV** asked for simplification of beef labelling which should be integrated into the horizontal rules on food information to consumers. UECBV also enquired whether a definition of place of farming exists at EU level.

In response, **Eurogroup for animal welfare** requested extension of beef-labelling to other meat as the group considers that consumers have the right to know where the consumed meat comes from, how the animals have been treated, transported and where they have been slaughtered.

**IFOAM EU** reminded that as a label for organic products already exists, an additional eco-label might be misleading. Agreeing with some previous speakers, IFOAM EU pleaded for careful examination when it comes to origin labelling. It should be avoided that a double labelling is necessary if other regulation requires origin labelling too. Further, the concept of indicating regional production should be rethought as currently if not at least 98% products are of same origin this quality cannot be claimed.

**Fédération label-rouge** emphasised its support for (EU-) origin labelling in order to maintain and improve European product quality. On animal welfare, there should not be a new logo but rather the current system should be extended.

**Scotch Whiskey association** welcomes the fact that the relevant marketing standards are not to be amended as they are essential to the producers. Scotch Whiskey is essentially exported so GI protection is indispensable. Therefore, the association is very nervous about any simplification or amendment plans.

**CIAA** explained that when it comes to origin labelling, the origin should be understood as the place of processing when this phase gives to the product its specific characteristics. CIAA also insisted on the protection of Traditional Specialities Guaranteed given that they constitute our gastronomic legacy which is not necessarily linked to the region of production.

The president summarised the statements made and concluded that two major points were addressed: marketing standards (in particular place of farming labelling) and geographical indications. He asked the Commission to comment on these points.

In his reply, Mr. Bianchi asked the participants for more concrete suggestions and insisted on the fundamental principles of transparency and quality. On place of farming, he pointed out that PDOs and PGIs only represent 3% of the production so that another mechanism is required to promote European production as a whole. On the system of geographical indications, he assured the participants that the objective of the simplification was not to make the specificities of certain sectors disappear.

### **Marketing standards**

On marketing standards in general, a representative of the fruit and vegetable sector of Copa-Cogeca made a presentation in which they underlined the difficulties the sector is going through resulting from the deletion of 16 marketing standards for fruit and vegetables. The speaker underlined that the Commission went over its mandate from the Council and drastically reduced the list of product specific marketing standards. It was deplored that a system which established clear communication to the consumer and price formation according to product categories has been dismantled. It was underlined that administrative simplification is welcome but should not harm the consumers and producers of the fruit and vegetable sector.

The European Dairy Association representative underlined the need for preserving and modernizing standards in the dairy industry. The mandatory labelling of the place of farming would be against the open market in the EU, especially since for the milk industry there is no distinction of raw materials. Furthermore, dairy industry also uses a variety of agricultural raw materials in their processed products, which would render origin labelling impracticable. The representative called upon the Commission to exclude also processed products from the scope of mandatory place of farming labelling. This measure will only increase the costs for the consumer and will add to administrative burden.

CELCAA referred to inconsistencies of the Commission in dealing with marketing standards for different product categories and that EU policy should be more coordinated. Economic stakeholders agree to simplification in the content of marketing standards and in their adjustment to market developments and scientific advice. Marketing standards assist in establishing a common language in a highly fragmented supply base and are needed to differentiate certain characteristics and quality aspects of agri-produce. On mandatory labelling of the place of farming CELCAA argued that such obligation for agri-bulk commodities (cereals) as well as for dairy products and potatoes for processing will lead to a general price increase for staple food products impacting in particular on socially vulnerable consumer groups. Place of farming labelling for these products will not bring any added value for consumers. Such mandatory labelling would also increase protectionist tendencies, which might be contested at the WTO (see Canada on the US Country of Origin Labelling legislation). Origin labelling of food products should only be mandatory for those provisions foreseen under article 3§1(8) of [directive 2000/13](#).

The representatives of the fruit and vegetable sector (Copa/Cogeca and Freshfel) highlighted the need for proper in advance consultations of stakeholders on simplification of marketing standards for fruit and vegetables. Though the fruit and vegetable sector fully supports any initiative to simplify regulations, they still fail to understand why the Commission sought to drastically reduce the number of product specific marketing standards, while the sector has never asked for them to be revoked. . The sector now refers to international UN-ECE standards, which are in certain cases not yet in line with business practices and increased the number of marketing standards to comply with (e.g. pineapples). This would lead to confusion along the supply chain and a reduction in the quality choice of fresh produce offered to the consumer. EuroCommerce noted that retailers see the importance of having marketing standards in order to have coherence and a common basis for the market. It enables consumers to make their best possible choice for fresh produce. Instead of switching to generic standards they should adapt to current demand.

COM noted the general strategic orientation to consider international standards (see article 5§3 of [regulation 178/2002](#)) and enquired why operators consider the international UN-ECE standards as insufficient.

CEEV noted that international standards are important. They requested a greater common involvement of the EU in international agreements in order to have a strong negotiating position on international standards. The President referred e.g. to standards of the Codex Alimentarius for cheeses adopted with the agreement of the Commission, which should be taken into account in future food law development.

COPA/COGECA observed their general refusal of proposals concerning marketing standards made in the [Commission Communication \(2009\) 234 final on the agricultural product quality policy](#). In particular the inappropriateness of CEN in establishing marketing standards was emphasised.

On marketing standards COM concluded that there is a general agreement that marketing standards are important for a agricultural product quality policy. Economic stakeholders would have reservations on simple generic standards, prefer not to leave them entirely to voluntary initiatives and favour not to rely entirely on international standards. For the fruit and vegetable sector the simplification was introduced on the 1st of July and should still be given time to mature and adapt to the market.

The President summarised the debate noting the necessity to simplify marketing standards but not at the expense of quality insurance and to adapt them to sector specific market developments in consideration of international standards.

The European Dairy Association representative asked for a clarification of the interest in mandatory place of farming labelling. Copa/Cogeca clarified that there is no commonly adopted position on mandatory place of farming labelling yet.

The Commission referred to the current legal [proposal on the provision of food information to consumers](#). The wording of article 3§1(8) of directive 2000/13 has been taken over, i.e. labelling of origin is only mandatory where the failure of such information is misleading consumers. This is interpreted very tightly and has only been used in very few concise cases. However, the new legal proposal would also foresee labelling of a processed food product (e.g. bacon) if the place of farming for the agricultural raw material (e.g. rearing of the pig) is different from the place of processing. Furthermore, origin labelling is already obligatory for different food products (wine, olive oil, eggs, imported fresh poultry meat). COM noted that the option suggested may concern mandatory EU – non EU labelling of the place of farming and only for Annex 1 products (those covered by the single CMO and marketing standards). COM noted that place of farming labelling is demanded by consumers and certain Member States. They will examine whether place of farming labelling interferes with provisions of the internal market and would lead to a price increase.

### **Geographical indications**

Mr. Stefano Fanti, Director of the Consorzio di Prosciutto di Parma gave a presentation on the subject. The key request of Mr. Fanti was the strengthening of the role of consortiums as they are the only forum through which PDO/PGI producers can make themselves heard. To this end, regulation 510/2006 should be modified accordingly. GIs cannot act downstream for their products as is the case for trade marks. The organisations have to cover these activities notably the control of the distribution. In agreement with a previous statement, he explained that quantity control is necessary for maintaining quality. The protection of GIs ex officio needs to be guaranteed within the whole EU. He requested the publication of a list of national organisations in charge of controls in each Member State. He called upon a simplified procedure for the recognition of GIs and expressed himself in favour of merging registers for wine, spirits and agro-food products while keeping the sectoral specificities. However, he opposed the fusion of IGP and PDO. Furthermore, protection at international level should be improved, bilaterally and within the WTO. On multilateral level the multilateral register and the extension to agri-food products need to come to a conclusion. Finally, the relation with trademarks should be clarified.

Mr. Péter Molnár, President of Tokaj wines (HU) gave a presentation on quality policy in Tokaj. After a brief historic overview, Mr. Molnar explained how quality policy is implemented in the Tokaj Wine Region. Only half of the possible production zone is planted. As the previous speaker, he h pleaded for the strengthening of PDOs and PGIs, including outside the EU, and for the need to regulate production for quality purposes.

During the discussion that followed, it was once again pointed out that neither the merging of sectors (wine, spirits and foodstuffs), nor of PDOs and PGIs, is desirable.

**CIAA** mentioned it would be good to have a framework regulation and not merely guidelines on the use of PDOs/PGIs in processed products.

Clarification of the relation with other intellectual property rights, especially trademarks, was requested.

**Jamon Serrano** confirmed the views expressed by Mr. Fanti and also asked for clarification on the use of PDOs and PGIs in processed goods.

**CEEV** insisted on the importance for a organisation to be able to manage the whole production and marketing chain. However, they oppose disproportionate solutions which have nothing to do with quality. A generalised plantation right is not the solution. A management of an adapted potential could be foreseen through the interprofession. Concerning international negotiations CEEV noted that the strategy to extend the register would block harvesting current advances in creating a real multilateral register for wine and spirits, notably through bilateral negotiation, which would create a precedent.

**COPA-COGECA** noted that merging of PDOs and PGIs would be difficult to explain to producers who have made the effort to comply with PDO requirements. A better option would be to improve communication on the difference between the two schemes. The importance of geographical indications for rural development was also mentioned. The association is strongly opposed to the abolition of the TSG-scheme and to the insertion of sustainability considerations, which have nothing to do with the concept of a GI, into product specifications.

**CELCAA** pointed out that the effective functioning and protection of the single market should also be considered and not only consumer protection. Therefore, the Commission was once again asked not to allow restrictions on grating, packaging etc. outside the area of production as it constitutes a technical barrier to trade.

**ORIGIN** raised questions on the international protection of GIs. It wanted to know whether there had been major advancements with regard to the informal negotiations on GI extension led by Mr. Lamy at the WTO and what is the overall Commission's strategy on GI extension. It also questioned the Commission on bilateral agreements and on the discussion on a short list of priority GIs agreed at the 133 Committee asking about the criteria chosen to draw this list and how can GI producers contribute to the drafting of these lists. Finally, oriGIn asked the Commission about the latest news on the negotiations of the Anti Counterfeiting Trade Agreement (ACTA) and for some information on a recent study conducted on the impact of GIs in the EU which shows that GI have important economic impact in the UK and Germany.

On the international dimension of GI protection, the **Commission** reported that good progress has been made with South Korea due to a special article on the subject introduced in the draft Free Trade Agreement. Multilateral negotiations on the subject are quite difficult but the Commission continues working on the issue at WTO level. It was noted that the possibility extending PDOs and PGIs to processed products containing such ingredients was already mentioned in the Communication on quality but no comments were received on the subject. The AGQ will be consulted when a new regulation is drafted.

### **Food quality certification schemes**

Mr. David Clarke from COPA/COGECA clearly differentiated between certification schemes and labelling schemes. Certification schemes have to comply with transparent and independent certification standards and inspection procedures. He noted that certification schemes assist business operators in complying with their responsibilities and in meeting consumer expectations. Mr. Clarke noted that certification schemes should go beyond legislation and complement it according to consumer demand. The right balance of involvement of stakeholders in the elaboration of the certification schemes has to be ensured. Positive for producers would be access to new markets as negative he stressed the costs of inspection and compliance. In order to reduce the burden of inspection for economic operators a mutual recognition or a benchmarking exercise between the various certification schemes was recommended. A further suggestion to avoid duplication of controls was to take into account “quality assurance programmes” in the planning of official controls and to delegate specific tasks to self control under the schemes.

Mr. Alexander Rogge representing EuroCommerce presented characteristics of food quality certification schemes and the retailers’ view on guidelines for certification scheme. He differentiated between Business-to-business (B2B) and business-to-consumers (B2C) attributes of certification schemes. While B2B serves retailers in ensuring compliance with legal obligations and responsibilities linked to own brand products, B2C serves in product differentiation and market segmentation. While B2B standards reduced over the last years, B2C schemes increased in number. Concerning guidelines for certification schemes he highlighted the need of clarity and accuracy of requirements, the independence of certification audits and controls, active involvement of all parties concerned and transparency concerning ownership, governance and decision making process. He noted that B2C certification schemes should go beyond legal requirements and should have an added value for consumers. In this case the additional burden for certification would be compensated by higher market returns.

A short discussion followed the presentations. IFOAM emphasised their reservation on the proposal, subject to a feasibility study, in part 5.1 of the Commission Communication to extend the eco-label to feed and food as this would confuse consumers in relation to organic agriculture and organic food products. Organic agricultural is ecological.

COPA/COGECA highlighted the proliferation of voluntary certification schemes in the EU which is not adequately addressed by the Communication. These serve as some form of protection for private brands of supermarkets which is not extended to the producer. The intended guidelines of the Commission should clarify how to deal with quality assurance schemes, how to use them and what these schemes have to comply with. Further, there should be standard definitions on what notions/words could be used voluntarily on labels of certification schemes.

## **Closing remarks**

In his speech, Mr. Jean-Luc Demarty emphasised the importance of the AGQ input for the Commission. Concerning marketing standards, simplification is seen as the key element. Mr. Demarty insisted on the importance of having common basic standards applicable to all products, whilst preserving the specific sectoral standards where necessary to maintain the effective functioning of the single market. With regard to place of origin labelling, he stated that this is in no way a revolutionary idea as such indications already exist in several sectors. The extension of this obligatory indication would merely bring more coherence to the system and better information to consumers.

As regards GIs, the reform of the wine and spirits sectors and the establishment of co-decision with the Lisbon Treaty have removed any possible arguments against a merger of the three registers. The merging of PDO and PGI definitions however requires further reflexion. A firm "no" was given to any form of quantity controls as well as to the possibility to limit the access of new producers to a GI. Mr. Demarty also ensured the participants that the Commission will continue negotiating on better GI protection at WTO level.

He welcomed the support for private and national certification schemes and said that concrete proposals (guidelines) will be drawn up as foreseen in the Communication.

In conclusion, Mr. Demarty thanked Mrs. Fischer Boel for making quality policy one of the priorities of DG AGRI. The next steps will be the development of guidelines for certification schemes and, in approximately a year, legislative proposals on geographical indications in particular.

## **Conclusions**

By summarising the positions put forward, Mr. Rieke concluded that further discussion on the subject will be necessary. Impact assessment is very important in this context. It can be said that the points of view differ when it comes to marketing standards and in particular place of farming labelling. The general attitude towards optional reserved terms (e.g. mountain farming) as well as traditional specialities guaranteed can be described as positive. As regards geographical indications, the merger and simplification plans caused distrust among many participants. On certification schemes, stakeholders and the Commission agree that guidelines should be developed.

As a final remark, the President noted that while it is necessary to notify problems within this Advisory Group, concrete proposals assisting in finding compromises and solutions should also be made. The next meeting will take place in spring 2010, with no date set yet.

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